COVER SHEET

CS200930354

SEC Registration Number

DOUBLEDRAGON PROPERTIES CORP.

(Company's Full Name)

DD MERIDIAN PARK BAY AREA CORNER MACAPAGAL AVE. & EDSA EXTENSION BOULEVARD BRGY. 76 ZONE 10 SAN RAFAEL, PASAY CITY, PHILIPPINES

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

ATTY. JOSELITO L. BARRERA, JR.

(Contact Person)

8856-7111

(Company Telephone Number)

12 31

Month *Day*

(Fiscal Year)

20-IS

(Form Type)

September 30, 2020

Month *Day*

(Annual Meeting)

Definitive Information Statement

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

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:	**DOUBLEDRAGON PROPERTIES CORP.**
3. Country of Incorporation:	**PHILIPPINES**
4. SEC Identification Number:	**CS200930354**
5. BIR Tax Identification Code:	**287-191-423-000**
6. Address of the principal office:	**DoubleDragon Headquarters, 10th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila**
7. Registrant's telephone number, including area code:	**(02) 88567111**
8. Date, time and place of the meeting of security holders:	**September 30, 2020** **10:00 am; by Remote Communication Via Zoom. The Link will be provided at least three (3) days prior to the meeting.**
9. Approximate date on which the Information Statement is first to be sent or given to security holders:	**September 9, 2020**
10. In case of proxy solicitation:	
i. Name of Person filing the statement/solicitor:	**FERDINAND J. SIA**
ii. Address and telephone No.:	**DoubleDragon Headquarters, 10th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila / (02) 88567111**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each class	**Number of Shares of Stock Outstanding or Amount of Debt Outstanding**
Common	**2,367,528,600** (net of treasury shares)
Preferred	**100,000,000**

12. Are any or all of registrant's securities listed in a Stock Exchange? Yes [✓] No [ ]

The 2,367,528,600 Common Shares and 100,000,000 Preferred Shares are listed with the Philippine Stock Exchange ("PSE").

NOTICE OF ANNUAL STOCKHOLDERS' MEETING
September 30, 2020, 10:00 AM Via Zoom.

To All Stockholders:

Kindly take notice that the Annual Stockholders' Meeting of **DoubleDragon Properties Corp.** (the "**Company**") for the year 2020 will be held on September 30, 2020, 10:00 AM through remote communicaton via Zoom**.** The link will be provided at least three (3) days prior to the meeting. Registration for the said meeting will be from 9:00 AM September 13, 2020 to 6:00 PM of September 23, 2020.

The agenda of the meeting is set forth below:

1) Call to Order;
2) Certification by the Corporate Secretary of the Presence of Quorum;
3) Reading and Approval of the Minutes of the Previous Stockholders' Meeting;
4) Company Updates and Report;
5) Approval of the 2019 Audited Financial Statements and the 2019 Annual Report;
6) Ratification of the Actions of the Board of Directors and Officers;
7) Election of Directors;
8) Appointment of External Auditors;
9) Other Matters; and
10) Adjournment

The Board of Directors fixed the end of trading hours of the Philippine Stock Exchange ("PSE") on **September 8, 2020** as the record date (the "**Record Date**") for the determination of the common stockholders who are entitled to notice and to vote at the meeting and any adjournment thereof.

To participate in the annual meeting, the stockholders must register from 9:00 AM September 13, 2020 to 6:00 PM of September 23, 2020. The procedure for participation in the annual meeting via remote communication and voting in absentia are contained in Annex "A" to this Information Statement.

In the event that you cannot personally join the meeting, you are hereby requested to accomplish the attached proxy form, which need not be notarized, and email the same at corporatesecretary@doubledragon.com.ph or return the same to the office of the Corporate Secretary at DoubleDragon Headquarters, 10th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila no later than 6:00 P.M. on September 25, 2020. Kindly refer to Annex "A" for the requirements for registration.

Thank you very much.

Pasay City, August 24, 2020.

BY THE ORDER OF THE BOARD OF DIRECTORS

Ferdinand J. Sia
President

NOTE:

It is important that all stockholders be represented at the meeting. Common Stockholders who are unable to attend in person are requested to immediately sign, date, and email the accompanying proxy form. In the event a stockholder decides to personally participate in the meeting, he/she may, if he/she wishes, revoke the proxy and vote his/her shares in person.

ANNEX TO NOTICE OF ANNUAL STOCKHOLDERS' MEETING OF DOUBLEDRAGON PROPERTIES CORP.

AGENDA
SEPTEMBER 30, 2020 ANNUAL STOCKHOLDERS' MEETING

1) **Call to Order**

The Chairman or, in his absence, a president to be chosen by the stockholders will formally open the 2020 Annual Stockholders' Meeting (the "**Meeting**"). The directors and officers of the Company will be introduced.

2) **Certification by the Corporate Secretary of the Presence of Quorum**

The Corporate Secretary will certify that the copies of the Notice and the Information Statement were duly sent to stockholders as of the Record Date.

3) **Reading and Approval of the Minutes of the Previous Stockholders' Meeting**

The stockholders may examine the minutes of the previous meeting. Said minutes will also be available on the Company's website on or before September 1, 2020. The resolution for adoption will be the approval of the minutes of the previous stockholders' meeting.

4) **Company Updates and Report**

The report of the Chairman of the Board of Directors highlighting the Company's achievements and milestones for the previous year will be presented to the stockholders.

5) **Approval of the 2019 Audited Financial Statements and the 2019 Annual Report**

The 2019 Audited Financial Statements (the "AFS") of the Company audited by KPMG R.G. Manabat & Co., the Company's independent external auditor, along with the 2019 Annual Report (the "Report") will be presented. The AFS and the Report will be incorporated in the Definitive Information Statement which will be distributed to the stockholders. Copies of the Definitive Information Statement will also be made available on the Company's website. The resolution for adoption will be the approval of the AFS and the Report for the fiscal year ended December 31, 2019.

6) **Ratification of the Actions of the Board of Directors and Officers**

The Company's performance for the year 2019, as detailed in the Report, is attributed to the key policies and well-planned directions set by the members of the Board of Directors, and the management team's effective execution of and compliance with said policies and directions in conformity with excellent corporate governance and ethical best practices. The resolution for adoption will be the approval of the actions of the Board of Directors and the Company's officers.

7) Election of Directors

The same set of directors has been duly evaluated and recommended by the Nomination Committee for re-election. Their competence, expertise, and qualifications will aid in sustaining the Company's solid performance. The profiles of the directors are available in the Company's website and are attached herewith for reference. The election of the directors will be held at the Meeting.

8) Appointment of External Auditor

The Board of Directors concurred with the recommendation of the Audit Committee to re-appoint KPMG R.G. Manabat & Co. as the Company's external auditor for 2020. The resolution for adoption will be the approval of the appointment of KPMG R.G. Manabat & Co. as the Company's external auditor for 2020.

9) Other Matters

Matters relevant to and appropriate for the Annual Stockholders' Meeting may be taken up.

10) Adjournment

PROFILES OF THE BOARD OF DIRECTORS

Edgar J. Sia II, age 43, Filipino, is the Chairman and Chief Executive Officer of Injap Investments Inc. Mr. Sia II is also the Founder of Mang Inasal Philippines, Inc. and various other companies. He obtained his Doctorate Degree from the University of San Agustin Honoris Causa Major in Management in 2012.

Tony Tan Caktiong, age 67, Filipino, is the Chairman of Honeystar Holdings Corporation, and the current Chairman of Jollibee Foods Corporation, since 1978. Mr. Tan Caktiong is also a Director of First Gen Corporation since 2005 and a member of the Board of Trustees of Jollibee Group Foundation, Temasek Foundation, and St. Luke's Medical Center. He graduated from the University of Santo Tomas in 1975 with a degree in Chemical Engineering. On February 15, 2018, the University of Santo Tomas conferred the honorary Degree Doctor of Business Administration to Mr. Tan Caktiong.

Ferdinand J. Sia, age 41, Filipino, is the President and Chief Operating Officer of Injap Investments Inc. He also served as a Director of Mang Inasal Philippines, Inc. from 2006-2016. He graduated from the University of the Philippines Visayas with a degree in Bachelor of Arts in Political Science and took up law in Arellano University School of Law.

Rizza Marie Joy J. Sia, age 30, Filipino, is the Treasurer and Chief Finance Officer of Injap Investments Inc. She serves as the Treasurer of People's Hotel Corp. and as a Director of Hotel of Asia, Inc. since 2008. She graduated from the University of the Philippines Visayas with a degree in Bachelor of Science in Accountancy and is a Certified Public Accountant.

William Tan Untiong, age 66, Filipino, has been a Director of Jollibee Foods Corporation since 1993 and likewise serves as a director and treasurer of Honeystar Holdings Corporation. He is the Vice President for Real Estate of Jollibee Foods Corporation since 1989. He was appointed as Chief Real Estate Officer in 2015.

Joseph Tanbuntiong, age 56, is the President of Jollibee Philippines starting July 1, 2013. He is the former President of Red Ribbon Philippines, having served there since 2008. He graduated from Ateneo de Manila University with a degree in Management Engineering.

Gary P. Cheng, age 55, Filipino, is an investment banking professional with over 20 years of corporate finance and capital markets experience. He is currently the Managing Director and co-founder of Fortman Cline Capital Markets Limited since 2007. Dr. Cheng served as the former President/CEO of Amalgamated Investment Bancorporation from 2003 and 2008 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2001. Dr. Cheng obtained his doctorate in Philosophy from the University of Leeds, England in 1991.

Vicente S. Perez, Jr., age 61, served as the Secretary of the Department of Energy from 2001 to 2005 and Managing Director of the Board of Investments in 2001. He is also the current Chairman of WWF Philippines and a member of WWF – International. Mr. Perez has a Master's Degree in Business Administration – International Finance from the Wharton School University of Pennsylvania and a Bachelor's Degree in Business Economics from the University of the Philippines.

ADVISERS TO THE BOARD

Chief Justice Artemio V. Panganiban, age 83, Filipino, is a retired Chief Justice of the Supreme Court of the Republic of the Philippines. He sits as an independent director of several listed companies including Meralco, Petron Corporation, First Philippine Holdings Corp., Philippine Long Distance Telephone Company (PLDT), Metro Pacific Investment Corp., and GMA Network, Inc., among others.

Ernesto Tanmantiong, age 62, Filipino, serves as President and Chief Executive Officer of Jollibee Foods Corporation. He is also a director of Fresh N' Famous Foods, Inc. – Chowking, Honeystar Holdings Corp., and various other companies.

PART I
INFORMATION REQUIRED IN THE INFORMATION STATEMENT
Company/Registrant: DoubleDragon Properties Corp.

A. GENERAL INFORMATION

Item 1. Date, Time, and Place of Meeting of the Stockholders

Date:	**September 30, 2020**
Time:	**10:00 AM**
Place	**DoubleDragon Headquarters 10th Floor Tower 1, DoubleDragon Plaza, Macapagal Corner EDSA Extension, Pasay City. Via Zoom. The link will be provided at least three (3) days prior to the meeting.**
Mailing Address:	**DoubleDragon Headquarters, 10th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila 1302**

Copies of this Information Statement will be sent on or around September 9, 2020 to all stockholders of record as of September 8, 2020. A copy of the Information Statement can be downloaded from the Company's website at http://www.doubledragon.com.ph/home.

Stockholders who cannot join the Meeting may accomplish the attached Proxy Form and submit the same, through email at corporatesecretary@doubledragon.com.ph, on or before 6:00PM of September 25, 2020. Voting procedures are contained in Annex A to this Information Statement. Cumulative voting is allowed. In that regard, kindly refer to Item 4 for an explanation on cumulative voting.

Item 2. Dissenters' Right of Appraisal

There is no corporate matter or action to be taken during the Meeting which will entitle a stockholder to a Right of Appraisal as provided under Section 80, Title X of the Revised Corporation Code of the Philippines ("Revised Corporation Code").

For the information of the stockholders, any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares only in the following instances, as provided for by the Revised Corporation Code:

1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of the corporate existence;

2) In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets;

3) In case of merger or consolidation; and

4) In case of investment of corporate fund for any purpose other than the primary purpose of the Company.

The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the Company for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken: provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the Company shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If, within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and the award shall be paid by the Company within thirty (30) days after such award is made: provided, that no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment: provided, further, that upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the Company.

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

None of the officers or directors or any of their associates has any substantial interest, direct or indirect, by security holdings or otherwise, in any matters to be acted upon in the Meeting, other than election to office.

No incumbent director has informed the Company in writing of an intention to oppose any action to be taken in the Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of August 31, 2020

Issued Shares	**Shares Allowed To Foreigners (40% equity)**	**Shares Owned By Foreigners (17.12%)**	**Shares Owned By Filipinos (82.88%)**
2,367,528,600 (net of treasury shares)	**947,011,440**	**405,421,619**	**1,962,106,981**

As of August 31, 2020, there were 2,367,528,600 outstanding common shares of stock of the Company which are entitled to vote. Each common share of stock of the Company is entitled to one (1) vote.

Only holders of the Company's common stock as of the close of business on Record Date on September 8, 2020 are entitled to notice and to vote at the Meeting to be held on September 30, 2020.

RECORD DATE

All common stockholders of record as of September 8, 2020 are entitled to notice of and to vote at the Meeting.

MANNER OF VOTING AND ELECTION OF DIRECTORS (Cumulative Voting)

Each common share of the Company owned by a stockholder as of the Record Date is entitled to one (1) vote (each, a "Voting Share") except in the election of directors where one share is entitled to as many votes as there are directors to be elected. The election of directors shall be by ballot and each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him, for as many persons as there are to be elected as directors, or he may cumulate or give to one candidate 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 candidates as he may see fit, provided that the whole number of the votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected. Thus, since there are eight directors to be elected, each Voting Share is entitled to eight (8) votes.

The shareholder holding a Voting Share may vote in absentia or by proxy. If he chooses to vote through proxy, the Company's By-Laws requires the submission of a Proxy Form to the Corporate Secretary no later than 6:00 P.M. on September 25, 2020 thorugh email at corporatesecretary@doubledragon.com.ph.

Validation of proxies, chaired by the Corporate Secretary or by the Assistant Corporate Secretary, and attended by the Company's stock and transfer agent and the external auditors, shall be convened on September 28, 2020, 3:00 P.M. at the DoubleDragon Headquarters, 10th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila. Any questions and issues relating to the validity and sufficiency, both as to form and substance, of proxies shall only be resolved by the Corporate Secretary or Assistant Corporate Secretary at that forum. The Corporate Secretary or Assistant Corporate Secretary's decision shall be final and binding on the stockholders, and those not settled at such forum shall be deemed waived and may no longer be raised during the Meeting.

Refer to Annex "A" of this Information Statement for a detailed procedures and requirements for participation and voting in the Meeting.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of August 31, 2020, the following are the owners of the Company's common stock in excess of 5% of the total outstanding shares:

Title of Class	*Name, Address of Record Owner and Relationship with the Issuer*	*Name of Beneficial Owner and Relationship with the Issuer*	*Citizenship*	*No. of Shares*	*Percentage*
Common Share	**Injap Investments Inc.** Corner Fuentes and Delgado Streets, Iloilo City **Stockholder**	**Injap Investments Inc.** **Stockholder**	**Filipino**	**824,996,999**	**34.846%**
Common Shares	**Honeystar Holdings Corp.** 10F Jollibee Plaza 10F Ortigas, Jr. Avenue, Ortigas Center, Pasig City **Stockholder**	**Honeystar Holdings Corp.** **Stockholder**	**Filipino**	**824,996,999**	**34.846%**
Common Shares	**PCD Nominee Corporation (Filipino)** Tower I, The Enterprise Center, 6766 Ayala Ave. corner Paseo de Roxas, Makati City **Stockholder**	**PCD Nominee Corporation (Filipino)** **Stockholder**	**Filipino**	**306,905,913**	**12.963%**
Common	**PCD Nominee Corporation**	**PCD Nominee Corporation**	**Non-Filipino**	**405,261,128**	**17.117%**

Shares	**(Non-Filipino)** Tower I, The Enterprise Center, 6766 Ayala Ave. corner Paseo de Roxas, Makati City **Stockholder**	**(Non-Filipino)** **Stockholder**

The natural persons who will be the duly authorized representative to vote the common shares of Injap Investments Inc. and Honeystar Holdings Corp., respectively, will be decided and voted upon by their respective Board of Directors in a separate meeting held for that purpose.

There are no persons holding more than 5% of a class under a voting trust or any similar agreements as of balance sheet date.

SECURITY OWNERSHIP OF MANAGEMENT
(As of June 30, 2020)

Title of Class	*Name of the Beneficial Owner*	*Amount and the Nature of the Beneficial Ownership*		*Citizenship*	*Percent of Class*
		Direct	*Indirect*		
Common	**Edgar J. Sia II**	**1,173,190**	**0**	**Filipino**	**0.02%**
Common	**Tony Tan Caktiong**	**1,000**	**0**	**Filipino**	**0.00%**
Common	**Ferdinand J. Sia**	**615,200**	**0**	**Filipino**	**0.01%**
Common	**Rizza Marie Joy J. Sia**	**1,000**	**0**	**Filipino**	**0.00%**
Common	**William Tan Untiong**	**3,501,000**	**0**	**Filipino**	**0.15%**
Common	**Joseph C. Tanbuntiong**	**4,001,000**	**0**	**Filipino**	**0.17%**
Common	**Gary P. Cheng**	**250,001**	**0**	**Filipino**	**0.01%**
Common	**Vicente Perez, Jr.**	**250,001**	**0**	**Filipino**	**0.01%**

The aggregate number of common shares for all directors and officers is 9,792,392.

CHANGES IN CONTROL

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since beginning of its last fiscal year.

There are no existing or planned stock warrant offerings. There are no arrangements that may result in a change in control of the Company.

Item 5. Directors and Executive Officers

The incumbent Directors and Executive Officers of the Company are as follows:

Office	Name	Age	Citizenship
Chairman	Edgar J. Sia II	43	Filipino
Co-Chairman	Tony Tan Caktiong	67	Filipino
Director and President	Ferdinand J. Sia	41	Filipino
Director, Treasurer and CFO	Rizza Marie Joy J. Sia	30	Filipino
Director and Corp. Secretary	William Tan Untiong	66	Filipino
Director and Asst. Corp. Secretary	Joseph Tanbuntiong	56	Filipino
Independent Director	Gary P. Cheng	55	Filipino
Independent Director	Vicente S. Perez, Jr.	61	Filipino
Adviser to the Board	Chief Justice Artemio V. Panganiban	83	Filipino
Adviser to the Board	Ernesto Tanmantiong	62	Filipino

BOARD OF DIRECTORS

The Directors of the Company are elected at the Meeting to hold office until the succeeding annual stockholder's meeting and until their respective successors have been appointed or elected and qualified.

The following are the business experience/s of the Company's Directors for the last five (5) years (*or more)*:

Edgar J. Sia II, age 43, Filipino, is the Chairman and Chief Executive Officer of Injap Investments Inc., MerryMart Consumer Corp. and MerryMart Grocery Centers Inc. Mr. Sia II is also the Founder of Mang Inasal Philippines, Inc. and various other companies. He obtained his Doctorate Degree from the University of San Agustin Honoris Causa Major in Management in 2012.

Tony Tan Caktiong, age 67, Filipino, is the Chairman of Honeystar Holdings Corporation, and the current Chairman of Jollibee Foods Corporation, since 1978. Mr. Tan Caktiong is also a Director of First Gen Corporation since 2005 and a member of the Board of Trustees of Jollibee Group Foundation, Temasek Foundation, and St. Luke's Medical Center. He graduated from the University of Santo Tomas in 1975 with a degree in Chemical Engineering. On February 15, 2018, the University of Santo Tomas conferred the honorary Degree Doctor of Business Administration to Mr. Tan Caktiong.

Other directorships and trusteeships are:

Director	Fresh N' Famous Foods, Inc.
Director	Mang Inasal Phils. Inc.
Director	BKTitans, Inc.
Director	PFN Holdings Corporation
Director	Perf Restaurants, Inc.
Director	Perf Trinoma, Inc.

Director	Perf MOA Pasay, Inc.
Director	RRB Holdings, Inc.
Director	Red Ribbon Bakeshop, Inc.
Director	Chanceux, Inc.
Director	Bee Good! Inc.
Director	SJBF LLC
Director	Honeybee Foods (Canada) Corporation
Director	Honeybee Foods Corp.
Director	Red Ribbon Bakeshop Inc. (USA)
Director	Chowking Food Corporation (USA)
Director	Yong He Holdings Co. Ltd.
Director	Centenary Ventures Limited
Director	Southsea Binaries Limited
Director	Belmont Enterprises Ventures Ltd.
Director	Jollibee International (BVI) Ltd.
Director	WJ Investments Limited[2]
Director	Jollibee Worldwide Pte. Ltd.
Director	JSF Investments Pte. Ltd.
Director	Golden Cup Pte. Ltd.
Director	Golden Plate Pte. Ltd.
Director	Golden Beeworks Pte. Ltd.
Director	Happy Bee Foods Processing Pte. Ltd.

Ferdinand J. Sia, age 41, Filipino, is the President and Chief Operating Officer of Injap Investments Inc. and and MerryMart Consumer Corp. He also served as a Director of Mang Inasal Philippines, Inc. from 2006-2016. He graduated from the University of the Philippines Visayas with a degree in Bachelor of Arts in Political Science and took up law in Arellano University School of Law.

Rizza Marie Joy J. Sia, age 30, Filipino, is the Treasurer and Chief Finance Officer of Injap Investments Inc. She serves as the Treasurer of People's Hotel Corp. and as a Director of Hotel of Asia, Inc. since 2008. She also serves as a Comptroller of MerryMart Consumer Corp. and MerryMart Grocery Centers Inc. since January 2020. She graduated from the University of the Philippines Visayas with a degree in Bachelor of Science in Accountancy and is a Certified Public Accountant.

William Tan Untiong, age 66, Filipino, has been a Director of Jollibee Foods Corporation since 1993 and likewise serves as a director and treasurer of Honeystar Holdings Corporation. He is the Vice President for Real Estate of Jollibee Foods Corporation since 1989. He was appointed as Chief Real Estate Officer in 2015.

Other directorships and trusteeships are:

Director	Fresh N' Famous Foods Inc.
Director	Mang Inasal Phils. Inc.
Director	BKTitans Inc.
Director	Chanceux, Inc.
Director	RRB Holdings, Inc.
Director	Red Ribbon Bakeshop, Inc.
Director	Grandworth Resources Corporation
Director	Zenith Foods Corporation
Director	Belmont Enterprises Ventures Ltd. (BVI)
Director	Yong He Holdings Co. Ltd.

Director	Centenary Ventures Limited
Director	Honeybee Foods (Canada) Corporation
Director	Honeybee Foods Corporation
Director	Red Ribbon Bakeshop Inc. (USA)
Director	Chowking Food Corporation (USA)
Director	WJ Investments Limited[9]
Director	Golden Plate Pte. Ltd.
Director	Golden Cup Pte. Ltd.
Director	Entrek (B) SDN BHD
Director	Jollibee (China) Food & Beverage Management Co. Ltd.
Director	Hangzhou Yong He Food and Beverage Co. Ltd.
Director	Tianjin Yong He King Food & Beverage Co. Ltd.
Director	Beijing Yong He King Food and Beverage Co. Ltd.
Director	Shenzhen Yong He King Food and Beverage Co. Ltd.
Director	Wuhan Yong He King Food and Beverage Co. Ltd.
Director	Beijing Golden Coffee Cup Food & Beverage Management Co. Ltd.
Director	Adgraphix, Inc.
Director	JC Properties & Ventures Corporation[10]
Director	Centregold Corporation
Director	Winall Holding Corporation
Director	Iconnect Multimedia Network, Inc.
Director	Mainspring Resources Corporation
Director	Queenbee Resources Corporation
Director	Hyper Dynamic Corporation
Director	Kingsworth Corporation
Director	Honeysea Corporation
Trustee	Jollibee Group Foundation, Inc.

Joseph Tanbuntiong, age 56, is the President of Jollibee Philippines starting July 1, 2013. He is the former President of Red Ribbon Philippines, having served there since 2008. He graduated from Ateneo de Manila University with a degree in Management Engineering.

Other directorships are:

Director	Red Ribbon Bakeshop, Inc.
Director	RRB Holdings, Inc.
Director	BKTitans, Inc.
Director	Perf Restaurants, Inc.
Director	Perf MOA Pasay, Inc.
Director	Perf Trinoma, Inc.
Director	PFN Holdings Corporation
Director	JSF Investments Pte. Ltd.
Director	SF Vung Tau Joint Stock Company
Director	Golden Bee Foods Restaurant LLC
Director	Honeystar Holdings Corporation
Director	Jaysforjay, Inc.
Director	4Jays San Juan Holdings, Inc.
Trustee	Jollibee Group Foundation, Inc.

Gary P. Cheng, age 55, Filipino, is an investment banking professional with over 20 years of corporate finance and capital markets experience. He is currently the Managing Director and co-founder of Fortman Cline Capital Markets Limited since 2007. Dr. Cheng served as the former President/CEO of Amalgamated Investment Bancorporation from 2003 and 2008 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2001. Dr. Cheng obtained his doctorate in Philosophy from the University of Leeds, England in 1991.

Other directorships and affiliations are:

Company/Organization	Position/Relationship	Period of Service
Wealth Development Bank	Independent Director	November 2016 - Present
Artists Theatre UK Limited	Member of the Board of Advisor	April 2016 - Present
Institute of Corporate Directors	Fellow	July 2004 - Present
British Alumni Association	Member	2004 - Present
Peregrine Eye and Laser Institute	Board Director	May 2012 - Present

Vicente S. Perez, Jr., age 61, served as the Secretary of the Department of Energy from 2001 to 2005 and Managing Director of the Board of Investments in 2001. He is also the current Chairman of WWF Philippines and a member of WWF – International. Mr. Perez has a Master's Degree in Business Administration – International Finance from the Wharton School University of Pennsylvania and a Bachelor's Degree in Business Economics from the University of the Philippines.

Other directorships and affiliations are:

Company/Organization	Position/Relationship	Period of Service
Alternergy Philippine Holdings Corporation	President	August 21, 2008 - Present
Alternergy Philippine Investments Corporation	President	August 28, 2009 – Present
Alternergy Abra de Ilog Wind Corporation	President	August 25, 2011 – Present
Alternergy Holdings Corporation	Chairman	June 22, 2009 – Present
Pililla AVPC Corporation	President	August 22, 2013 – Present
Alternergy Mini Hydro Holdings Corporation	Chairman	January 30, 2013 – Present
Alternergy Hydro Partners Corporation	Chairman	December 18, 2013 – Present
Ibulao Mini Hydro Corporation	Chairman	April 19, 2016 - Present
Kiangan Mini Hydro Corporation	Chairman	November 14, 2014 – Present
Green Energy Supply Solutions, Inc.	Chairman	November 10, 2016 – Present
Alternergy Holdings Ltd.	Director	December 19, 2017 – Present
Solar Pacific Energy Corporation	President	January 30, 2013 – Present
Kirahon Solar Energy Corporation	Chairman and President	November 5, 2013 - Present
Solar Pacific CitySun Corporation	President	June 26, 2015 - Present
Merritt Partners Pte. Ltd	Chairman	November 18, 2005 - Present

(Singapore)		
NCP Advisors Philippines, Inc.	Chairman	December 18, 1996 - Present
QBL ECO Corporation	President	August 26, 2011 - Present
Kadluan Management Corporation	Chairman	May 2005 - Present
Kadluan Properties, Inc.	Chairman	April 23, 1993 - Present
Clean Climate Professionals, Inc.	Chairman	August 16, 2016 – Present
Vespers Holdings Corporation	President	February 13, 2018
Singapore Technologies Telemedia Pte. Ltd. (Singapore)	Non-executive Director	September 1, 2006 - Present
STT Communications Ltd. (Singapore)	Non-Executive Director	September 1, 2006 - Present
BDO Unibank, Inc.	Independent Director	April 22, 2019 - Present
BDO Leasing and Finance, Inc.	Independent Director	April 7, 2017 - Present
Worldwide Fund for Nature (WWF) - China	Trustee	April 19, 2017 - Present
Worldwide Fund for Nature (WWF) – U.S.	Board Member	October 2017 – October 2020
Asian Conservation Foundation, Inc.	President	May 22, 2008 – Present
Bhutan Foundation	National Council	April 2, 2014
Philippine Map Collectors Society	Treasurer	January 1, 2015
Center for Business & Environment at Yale (CBEY)	Member of the Advisory Board	March 25, 2009 – Present
New Zealand Trade Enterprise (Beachheads Network)	Advisor	November 1, 2016 - Present
Pictet Clean Energy Fund	Member of the Advisory Board	October 2010 – Present
Roxas Holdings, Inc.	Member of the Advisory Board	June 2009 - Present

ADVISERS TO THE BOARD

Chief Justice Artemio V. Panganiban, age 83, Filipino, is a retired Chief Justice of the Supreme Court of the Republic of the Philippines. He sits as an independent director of several listed companies including Meralco, Petron Corporation, First Philippine Holdings Corp., Philippine Long Distance Telephone Company (PLDT), Metro Pacific Investment Corp., and GMA Network, Inc., among others.

Other directorships and affiliations are:

Listed Companies

Independent Director	Asian Terminals, Inc.
Independent Director	First Philippine Holdings Corp.
Independent Director	GMA Network, Inc.

Independent Director	GMA Holdings, Inc.
Independent Director	MERALCO
Independent Director	Metro Pacific Investment Corp.
Independent Director	Petron Corporation
Independent Director	Philippine Long Distance Telephone Company
Independent Director	Robinsons Land Corp.
Senior Adviser	Metropolitan Bank and Trust Company
Member, Advisory Council	Bank of the Philippine Islands

<u>Non-listed Companies</u>

Independent Director	Asian Hospital Inc.
Independent Director	Liberty Telecoms Holdings Inc.
Independent Director	Metro Pacific Tollways Corp.
Independent Director	Tollways Management Corporation
Director	TeaM Energy Corporation
Chairman, Board of Advisors	Metrobank Foundation
Chairman, Board of Directors	Pan Philippine Resources Corp.
Chairman, Board of Directors	Peecee Holdings Corporation
Chairman, Board of Trustees	Foundation for Liberty and Prosperity
Chairman, Board of Trustees	Philippine Judges Foundation
Chairman, Philippine Chapter	ASEAN Law Association
Chairman Emeritus	Philippine Dispute Resolution Center, Inc.
President	Manila Metropolitan Cathedral – Basilica Foundation
Trustee	Tan Yan Kee Foundation, Claudio Teehankee Foundation, Speaker Laurel Foundation and ASEAN Law Foundation
Adviser	Asian Institute of Management Corporate Governance Center, World Bank (Philippines) and Johann Strauss Society
Consultant	Judicial and Bar Council
Member	Permanent Court of Arbitration, The Hague, Netherlands

<u>Ernesto Tanmantiong</u>, age 62, Filipino, serves as President and Chief Executive Officer of Jollibee Foods Corporation. He is also a director of Fresh N' Famous Foods, Inc. – Chowking, Honeystar Holdings Corp., and various other companies.

Other directorships and trusteeships are:

Director	Fresh N' Famous Foods, Inc.
Director	BKTitans, Inc.
Director	Chanceux, Inc.
Director	Red Ribbon Bakeshop, Inc.
Director	RRB Holdings, Inc.
Director	Grandworth Resources Corp.
Director	C-Joy Poultry Meats Production Inc.
Director	C-Joy Poultry Realty Inc.
Director	Bee World UK Limited
Director	Cibo Felice S.R.L.
Director	Bee World Spain SRL
Director	Honeybee Foods (Canada) Corporation
Director	Honeybee Foods Corporation

Director	Red Ribbon Bakeshop Inc. (USA)
Director	Chowking Food Corporation (USA)
Director	SJBF LLC
Director	Jollibee Worldwide Pte. Ltd.
Director	Golden Plate Pte. Ltd.
Director	Golden Beeworks Pte. Ltd.
Director	Happy Bee Foods Processing Pte. Ltd.
Director	Yong He Holdings Co. Ltd.
Director	Centenary Ventures Limited
Director	Belmont Enterprises Ventures Ltd.
Director	Jollibee International (BVI) Ltd.
Director	Jollibee Hong Kong Ltd.
Director	Hanover Holdings Ltd.
Commissioner	P.T. Jollibee Indonesia
Commissioner	P.T. Chowking Indonesia
Director	Jollibee Vietnam Co. Ltd.
Director	Golden Bee Foods Restaurant LLC
Director	Happy Bee Foods Processing (Anhui) Co. Ltd.
Director	Jollibee (China) Food & Beverage Management Co. Ltd.
Director	Hangzhou Yonghe Food and Beverage Co. Ltd.
Director	Tianjin Yong He King Food & Beverage Co. Ltd.
Director	Beijing Yong He King Food and Beverage Co. Ltd.
Director	Wuhan Yonghe King Food and Beverage Co. Ltd.
Director	Adgraphix, Inc.
Director	EST58 Corporation
Director	Kingsworth Corporation
Director	Imperial Premium Treasures, Inc.
Director	Honeystar Holdings Corporation
Director	Hyper Dynamic Corporation
Director	Centregold Corporation
Director	Honeysea Corporation
Director	Queenbee Resources Corporation
Director	Winall Holding Corporation
Director	Mainspring Resources Corporation
Trustee	Jollibee Group Foundation, Inc.

*Independent Director - the Company has complied with the Guidelines set forth by Securities Regulation Code (SRC) Rule 38 regarding the Nomination and Election of Independent Director. The Company's By-Laws, **as amended on April 10, 2013,** incorporate the procedures for the nomination and election of independent director/s in accordance with the requirements of the said rule.

(The Company amended its By-Laws on April 10, 2013 to incorporate the provisions of the SRC Rule 38.)

PERIOD OF DIRECTORSHIP

Name	*Period Served*
Edgar J. Sia II	2009 to present
Tony Tan Caktiong	2012 to present
Ferdinand J. Sia	2009 to present
Rizza Marie Joy J. Sia	2009 to present
William Tan Untiong	2012 to present
Joseph Tanbuntiong	2012 to present
Gary P. Cheng	2014 to present
Vicente S. Perez, Jr.	2014 to present

The Directors of the Company are elected at the Meeting to hold office until the next succeeding annual stockholders' meeting and until their respective successors have been appointed or elected and qualified. The same set of directors will be nominated in the coming annual stockholders' meeting. The Directors possess all the qualifications and none of the disqualifications provided for in the SRC and its Implementing Rules and Regulations.

Nomination of Independent Directors shall be conducted by the Nomination Committee prior to the Meeting. The Nomination Committee shall prepare a Final List of Candidates from those who have passed the Guidelines, Screening Policies and Parameters for nomination of independent directors and which list shall contain all the information about these nominees. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director. No other nomination shall be entertained or allowed on the floor during the actual Meeting. In case of resignation, disqualification or cessation of independent directorship and only after notice has been made to the Nomination Committee within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Nomination Committee otherwise, said vacancies shall be filled by stockholders in a regular or special meeting called for that purpose. An Independent Director so elected to fill a vacancy shall serve only for the unexpired term of his or her predecessor in office.

The members of the Company's Nomination Committee are the following:

Chairman	:	Ret. Chief Justice Artemio V. Panganiban
Members	:	William Tan Untiong
		Rizza Marie Joy J. Sia

Since the last annual stockholder's meeting, no director has resigned or has declined to stand re-election to the Board of Directors, and no director has had any disagreement with the Company on any matter relating to the Company's operations, policies, or practices. Atty. Jacqueline Gomez nominated Mr. Gary P. Cheng and Mr. Vicente S. Perez, Jr. for inclusion in the List of Candidates for Independent Directors. Atty. Jacqueline Gomez is not related to Mr. Gary P. Cheng and Mr. Vicente S. Perez, Jr. The Company has complied with the guidelines set forth by SRC Rule 38, as amended, regarding the Nomination and Election of Independent Director. The same provision has been incorporated in the Amended By-Laws of the Company last April 10, 2013.

SIGNIFICANT EMPLOYEES

The Company has no significant employee who is not an Executive Officer but is expected by the Company to make significant contributions to the business.

FAMILY RELATIONSHIPS

Mr. Edgar J. Sia II, Mr. Ferdinand J. Sia and Ms. Rizza Marie Joy J. Sia are siblings. Mr. Tony Tan Caktiong, Mr. William Tan Untiong, Mr. Joseph Tanbuntiong and Mr. Ernesto Tanmantiong are also siblings. There are no other family relationships known to the Company other than the ones disclosed herein.

INVOLVEMENT IN LEGAL PROCEEDINGS OUT OF THE ORDINARY COURSE OF BUSINESS

Neither the Company nor any of its subsidiaries are involved in, or the subject of, any legal proceedings which, if determined adversely to the Company or the relevant subsidiary's interests, would have a material effect on the business or financial position of the Company or any of its subsidiaries.

The Company is not involved in any bankruptcy, receivership or similar proceedings. Neither is it aware of any bankruptcy, receivership or similar proceedings involving any of its Subsidiaries.

As of June 30, 2020, there is no existing serious question relating to the ability or integrity of any of the Company's Directors and Corporate Officers to serve as such for the past five years.

However, in the ordinary course of business, the Company is involved in the following legal proceedings as of June 30, 2020, which while the Company believes are nuisance cases and without any merit, are being disclosed for the investor's convenience only. These do not pose any serious question on the integrity or capability of the Corporation or any of its directors, executive officer, promoter or control person.

1. The Integrated Bar of the Philippines (Guimaras Chapter) Represented by its President, Atty. Vincent Pascal T. De Asis, Vice Governor B. De Asis, Atty. Roma Joy Jordan, Danilo Lamparero, Sem Galve, and Jovito R. Atienza vs. The City Government of Iloilo Represented by Mayor Jed Patrick Mabilog, The Sangguniang Panglungsod of Iloilo City, Represented by Vice Mayor Jose Espinosa III, the Double Dragon Properties Corp., and the Iloilo-Guimaras Ferry Terminal Corp. (Regional Trial Court of Iloilo City, Branch 37 (Civil Case No. 15-32669))

Since the arguments contained in Complainants' prayer for issuance of the writ of preliminary injunction are practically identical to the contentions contained in the main Complaint, the denial of the issuance of the writ leads to a reasonable belief that dismissal is highly likely.

This is a case for Rescission of Contract, Injunction with Prayer for Issuance of Restraining Order/ Preliminary Injunction. In the Amended Complaint dated June 24, 2015, plaintiffs alleged that the Metro Iloilo-Guimaras Development Council ("Council") was formed under authority of Executive Order No. 559 to spearhead the establishment and development of a unified ferry terminal system for and in the service of both Iloilo and Guimaras. In 2012, however, plaintiffs discovered that the City Government of Iloilo and the two defendant corporations entered into a Joint Venture Agreement ("JVA") intentionally omitting Guimaras and other relevant stakeholders (LGUs of Buenavista and Jordan) from participating. The Council was not involved in the development of said project. Moreover, the project allegedly violated Proclamation No. 207 dated July 19, 2011, which set aside the project site for the specific purpose of building an office or headquarters for the City Government of Iloilo. The Amended Complaint further alleged that the project started illegally and with great haste, as at the time of construction, there was no master plan, locational clearance, building permit and electrical plan. Also, the City Government of Iloilo had no authority to contract that the terminal fee must be pegged at ₱11.00 and that other ferry terminals (Ortiz and Parola wharfs) will be closed. Plaintiffs prayed for the issuance of a temporary restraining order/preliminary injunction alleging that the continued construction of the terminal will endanger the workers and the commuting public, as the project is being constructed without the appropriate permits. Plaintiffs also prayed for the (i) nullification of the Joint Venture Agreement between the City Government of Iloilo and the two defendant corporations; and (ii) directive for a renegotiation of the Project with the participation of the Provincial Government of Guimaras following the concept of the Metro Iloilo-Guimaras Development Council.

In response, the City Government of Iloilo claimed that —

1. The issues relating to the alleged lack of necessary permits and plans are properly for the cognizance of the City Planning and Development Office and Building Official, and not the Courts;
2. The instant case is not a taxpayer suit as there is no allegation of illegal disbursement of public funds;
3. The challenged JVA was executed pursuant to Section 22 of the Local Government Code on the corporate powers of local government units;
4. Proclamation No. 207 does not make any conditions as to how the Iloilo City Government should use the parcel of land hence the allocation/use of the property is valid;
5. P.D. No. 559 does not state that the Metro Iloilo-Guimaras Development Council shall spearhead the establishment and development of a unified ferry terminal system in the service of both the City of Iloilo and the Province of Guimaras but merely requires coordination with it; and
6. The prayer for the issuance of preliminary injunction may not be granted in view of Section 1 of P.D. 1818 that prohibits the courts from issuing any restraining order or preliminary injunction against a government infrastructure program.

The Company and Iloilo-Guimaras Ferry Terminal Corp., for their part, claimed that (i) plaintiffs are not real parties in interest not being parties to the JVA; and (ii) the corporations are in possession of the required Master Development Plan, Locational Clearance, Building Permit and Electrical Permit. Defendant corporations prayed for payment of damages. On June 17, 2016, the Court issued an order denying the prayer for the issuance of a Writ of Preliminary Injunction ("Writ") on the grounds that plaintiffs failed to establish their right to the Writ and that the subject Building Permit for the project had already been acquired. The case was set for mediation and, thereafter, for Judicial Dispute Resolution. In view of the failure of the parties to settle, the case was set for the continuation of proceedings. During pre-trial, the Company and Iloilo Guimaras Ferry Terminal Corp. filed a motion to hear affirmative defenses for the speedy disposition of the case. The arguments raised in the prayer for issuance of the Writ are identical to the contentions raised in the Complaint. With the denial of the issuance of the Writ, the Company believes that the dismissal of the Complaint will most likely follow.

2. Cesar Tirol, Vicente G. Tirol, and Conception Tirol-Viray vs. CityMall Commercial Centers, Inc. (Regional Trial Court of Buruanga, Aklan – Branch 6 (Civil Case No. 10558))

The unfounded case was filed despite the valid Lease Agreement entered into by CityMall Commercial Centers Inc. (CM) with the other heirs of the decedent who own the subject lot. Plaintiffs' failure to allege and show proof of prior physical possession of the subject property in its complaint, an essential element to prove forcible entry, led the lower court to ***dismiss the case*** *on December 28, 2016.*

On April 30, 2015, Cesar Tirol, Vicente G. Tirol, and Conception Tirol-Viray (collectively referred to as the "Plaintiffs") filed a complaint for Forcible Entry with Damages against CityMall Commercial Centers Inc. ("CM") in relation to a parcel of land in Boracay, which is currently being leased by CM. Plaintiffs, as second generation heirs of the late spouses Ciriaco Tirol and Trinidad Hontiveros, claimed to be co-owners of the subject land who did not give their consent to the lease. On July 24, 2015, CM filed its Answer praying for the dismissal based on the following: (i) there is no allegation that Plaintiffs have prior possession of the land; (ii) CM did not employ strategy or stealth in entering the land; and (iii) even assuming that Plaintiffs are co-owners of the subject property, the complaint must be dismissed for failure to implead the co-owners. On February 4, 2016, Leonard Tirol and Antonio Cyrian Gonzales (the "Oppositors") filed their Motion for Leave for the admission of their Opposition where they confirmed that Plaintiffs were never in possession of the property and that they (the Oppositors) have the right to enter into a Lease Agreement with CM. On December 8, 2016, the case was dismissed for lack of jurisdiction and lack of cause of action. Plaintiffs appealed the dismissal of the case in February 2017, and the parties have filed their respective appeal memoranda. Oppositors also filed an Omnibus Motion to Intervene and to Admit Memorandum. Failing to reach an amicable settlement during the Judicial Dispute Resolution Stage at the Regional Trial Court level, an order was issued stating that Oppositors' Omnibus Motion is submitted for resolution.

3. Aldwin S. Calubad vs. Globe Asiatique Realty Holdings Corporation and Rizal Commercial Banking Corporation (Office of the President (O.P. Case No. 13-D-081))

With the parties having reached an amicable settlement, ***the case is expected to be dismissed*** *by the Office of the President.*

Aldwin S. Calubad ("Complainant") bought a condominium unit and parking space in G.A. Sky Suites ("Sky Suites") from Globe Asiatique Realty Holdings Corporation ("GARHC"), then developer of Sky Suites. The total purchase price was fully paid as of end of June 2011 but no deeds of sale were executed. Subsequently, RCBC acquired the project through a foreclosure proceeding. The construction was completely stopped and that led to the filing of the complaint with the HLURB for the rescission of the Contract to Sell and refund of payments. HLURB rendered a Decision on November 22, 2012 in favor of the Complainant. Noting that RCBC is now the owner, Complainant appealed and prayed that RCBC be held jointly and severally liable with GARHC. This was granted on April 11, 2013. RCBC appealed the decision before the Office of the President. During the pendency of the case, the Company acquired Sky Suites from RCBC. As the new owner of Sky Suites, the

Company, while not a party to the case, coordinated with the Complainant for a possible settlement. This resulted to the execution of a new Contract to Sell in light of the Complainant's decision to continue with the acquisition. Complainant also executed a Deed of Rescission rescinding the Contract to Sell with GARHC and a Deed of Assignment of his receivables from GARHC to the Company. Complainant, on April 26, 2016, filed a Motion to Dismiss with the Office of the President. On March 12, 2019 a Joint Motion for Approval of Compromise Agreement with Motion to Dismiss was likewise filed by Complainant-Appellee and the Company. Both motions are still pending resolution with the Office of the President.

4. Alma S. Enano vs. Globe Asiatique Realty Holdings Corporation represented by its President Delfin S. Lee, and Rizal Commercial Banking Corporation (Office of the President (O.P Case No. 13-D-081; HLURB Case No. REM- 051711-14514))

There is a good probability of the dismissal of the instant case *as the parties have shown their willingness to enter into negotiations in order to arrive at a cordial resolution of the dispute.*

This is a case for refund and payment of damages. In a Complaint dated May 16, 2011, Alma S. Enano ("Enano) claimed that she entered into a Reservation Agreement with Globe Asiatique on October 2, 2009 for the purchase of Unit 614 of G.A. Sky Suites (the "Project"), for the total price of ₱3,711,000.00. Pursuant to the said Agreement, Enano paid Globe Asiatique the total amount of ₱501,755.70 plus ₱20,000.00 initial payment from June 1, 2009 to December 10, 2010. On September 29, 2010, Rizal Commercial Banking Corporation ("RCBC) acquired the Project through an extra-judicial foreclosure. Enano was advised by RCBC that she should continue paying the amortization for the said unit. Of the aforesaid amount paid by Enano to Globe Asiatique, only ₱33,632.60 was remitted to RCBC. The construction was completely stopped in October 2010 prompting Enano to file a Complaint with the HLURB for: (i) refund of ₱521,755.70 plus 12% interest from the filing of the Complaint until full payment; (ii) moral damages in the amount of ₱50,000.00; (iii) exemplary damages in the amount of ₱25,000.00; and (iv) attorney's fees in the amount of ₱50,000.00. In a Decision dated September 11, 2012, HLURB ordered -- (i) Globe Asiatique to pay Enano the amount of ₱488,123.10 with legal interest from the date of the filing of the Complaint until fully paid; (ii) RCBC to refund Enano ₱33,632.20 with legal interest from filing of the Complaint until fully paid; and (iii) Globe Asiatique to pay ₱50,000.00 moral damages, ₱50,000.00 exemplary damages and ₱25,000.00 attorney's fees. Upon Motion for Reconsideration, HLRUB modified the Decision and directed Globe Asiatique and RCBC to jointly and severally: (i) refund Enano ₱521,755.70 with legal interest at 6% from filing of the Complaint until finality of the Decision and 12% per annum from finality until fully paid; and (ii) to pay Enano ₱50,000.00 moral damages, ₱50,000.00 exemplary damages and ₱25,000.00 attorney's fees. RCBC appealed the instant case to the Office of the President. On April 27, 2015, Enano filed her *Motion to Implead Double Dragon Properties, Inc. with Manifestation* praying that the Company be impleaded as indispensable party and that RCBC's appeal be dismissed. Subsequently, RCBC and the Company filed a Joint Motion for Substitution dated October 22, 2015. As of the date hereof, the Office of the President has not yet issued any resolution on the motions filed by both parties. Even if not yet impleaded, the Company, as the new developer, has taken upon itself to amicably settle the case with Enano.

5. Anthonette T. Tan & Gerald A. Tan vs. DoubleDragon Properties Corp. & Globe Asiatique Realty Holdings Corp. (HLURB ENCR, Quezon City (HLURB Case No. REM-070816-16012))

With the Complainants seeking for the ***exoneration of DoubleDragon Properties Corp. ("the Company")*** *in their appeal to the HLURB, which is already tantamount to a* ***withdrawal of the charges filed****, there exists no more ground for the HLURB to impose any liability against DD.*

Spouses Anthonette and Gerald Tan ("Complainants") signed a Reservation Agreement for the purchase of a condominium unit at the G.A. Sky Suites from Globe Asiatique Realty Holdings Corporation ("GARHC"). The Complainants paid their monthly installments until the construction of the condominium project was halted after which they decided to stop paying due to their loss of confidence with GAHRC.

The condominium project was foreclosed from GARHC by RCBC and was subsequently purchased by the Company. The Company initiated efforts to contact the Complainants in order to discuss the continuation of the purchase of the unit but the Complainants declined the offer and requested for a full refund of their payments, which was the subject of the Complaint against the Company and GAHRC.

The Company filed its Amended Answer on July 29, 2016 seeking for the dismissal of the Complaint on the ground that the Company was not a party to the Reservation Agreement between the Complainants and GARHC and that it is not in delay in the development and delivery of the condominium project. The Company also filed a counterclaim against the Complainants for the frivolous suit.

The HL Arbiter issued a resolution dismissing the Complaint on the ground that it was prematurely filed. Complainants then filed an appeal with the HLURB but only against GAHRC, specifically praying for the exoneration of the Company. On November 29, 2017, the HLURB Board of Commissioners rendered a decision remanding the case to the HL Arbiter who was directed to implead RCBC as an indispensable party.

6. Mia Ross D. Delgado vs. Zion Land Development Ph, Inc. (Office of the President (O.P. Case No. 17-E-119; HLURB Case No. WVR-REM-2016-0090))

A proper appreciation by the Office of the President of the pertinent laws applicable to the instant case ***may lead to a reversal of the ruling of the HLURB and dismissal of the instant case****.*

Complainant Mia Ross D. Delgado (Delgado) filed a case for Rescission with Damages against DD HappyHomes Residential Centers Inc. (DDHH), formerly Zion Land Development Ph, Inc. (Zion), claiming that DDHH was in delay in starting the construction of the housing unit which was the subject of a Reservation Agreement entered between Delgado and Zion.

DDHH for its defense questioned the jurisdiction of the HL Arbiter and Complainant's failure to comply with the HLURB Rules of Procedure. DDHH also assailed the validity of Delgado's claim as Complainant failed to produce any evidence to show delay on the part of DDHH.

The HL Arbiter issued a ruling in favor of Complainant based merely on the absence of DD HappyHomes-Mandurriao's Certificate of Completion of Land Development in the records of the HLURB Western Visayas Regional Office. Said ruling was appealed by DDHH to the HLURB Board, which affirmed the ruling of the HL Arbiter. DDHH elevated the case to the Office of the President, on the ground of the reversible errors in the application of pertinent laws to the instant case.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Contracts may be entered into by the Company with any of its directors, executive officers or stockholders or with companies associated with the majority stockholders of the Company (the "Related Parties"), provided the terms thereof are at least favorable to the Company as would be obtainable in arm's-length dealings with unrelated third persons. This policy is to prevent conflicts of interest between the Company and Related Parties, which may result in action taken by the Company that does not fully reflect the interests of all stockholders of the Company.

The Company, in the normal course of business, enters into transactions with related companies primarily consisting of lease of properties and advances for real estate transactions, working capital requirements and other business-related purposes. Rental for leased properties are within market rates while there are no interest on advances. Related parties are able to settle their obligations in connection with transactions with the Company and the Company does not foresee risks or contingencies arising from these transactions. Additional information on related party transactions is provided in the Notes to the Audited Financial Statements of the Company attached hereto and incorporated herein by reference.

The summary of the Company's transactions with its related parties for the six months ended June 30, 2020 and the years ended December 31, 2019 and the related outstanding balances as of December 31, 2018 are as follows:

			Outstanding Balances		
Category	**Year**	**Amount of Transaction**	**Due from Related Parties**	**Due to Related Parties**	**Terms and Conditions**
Parent Company's Key Management - Personnel					
Management fees	**2020**	**P1,339,286**	**P -**	**P -**	**Demandable; non-interest bearing; unsecured; payable in cash**
	2019	2,678,571	-	-	Demandable; non-interest bearing; unsecured; payable in cash
	2018	2,678,571	-	-	Demandable; non-interest bearing; unsecured; payable in cash
	2017	2,678,571	-	-	Demandable; non-interest bearing; unsecured; payable in cash
Stockholders					
Rent expense	2017	3,397,207	-	-	Demandable; non-interest bearing; unsecured; payable in cash
Acquisition of HOA	**2020**	**-**	**-**	**429,944,449**	**Payable by way of DD shares**
	2019	-	-	429,944,449	Payable by way of DD shares
	2018	-	-	429,944,449	Payable by way of DD shares
	2017	-	-	429,944,449	Payable by way of DD shares
Other Related Parties					
Land acquired	**2020**	**-**	**-**	**383,281,305**	**Demandable; non-interest bearing; unsecured; payable in cash**
	2019	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in cash
	2018	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in cash
	2017	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in cash
	2020	**-**	-	**167,858,000**	**Payable by way of condo units**
	2019	-	-	167,858,000	Payable by way of condo units
	2018	45,458,000	-	167,858,000	Payable by way of condo units
	2017	-	-	122,400,000	Demandable; non-interest bearing; unsecured; payable in cash
Cash advances received	**2020**	**30,603,794**	**55,150,000**	**37,842,948**	**Demandable; non-interest bearing; unsecured; collectible in cash; no impairment**
	2019	7,239,154	55,150,000	7,239,154	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2018	7,277,476	97,212,820	(968,246)	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment

	2017	1,713,562	103,522,051	9,094,657	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
Rent income	**2020**	**207,893,336**	**-**	**-**	**Demandable; non-interest bearing; unsecured; collectible in cash; no impairment**
	2019	513,109,441	-	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2018	518,057,037	-	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2017	189,941,376	-	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2020		**P55,150,000**	**P1,018,926,702**	
	2019		55,150,000	988,322,908	
	2018		97,212,820	980,115,508	

The various agreements of the Company with the Related Parties as follows:

a) Executive Management Services Agreement

- The Company entered into an agreement with a shareholder for executive corporate, strategic, administrative and financial oversight services relative to the real estate business of the Company. The term of this agreement is one year effective January 1, 2012. This is renewable under the same terms and conditions upon mutual agreement of the parties. On December 8, 2016, the Company's Board authorized the extension of the aforesaid agreement from January 1 to December 31, 2017 under the same terms and conditions set out in 2016, payable on a quarterly basis. On December 6, 2017, the Company's Board again authorized the extension of the aforesaid agreement from January 1 to December 31, 2018. On December 17, 2018, the Company's Board again authorized the extension of the aforesaid agreement from January 1 to December 31, 2019. The Company's Board extended aforesaid agreement until December 31, 2020. The fee, which includes staffing costs for services rendered by the shareholder, amounted to P2.68 million for the years ended December 31, 2019, 2018 and 2017.

b) Acquisition of Hotel of Asia, Inc.

- DoubleDragon Properties Corp. entered into a Share Purchase Agreement ("SPA") with Injap Investments Inc. ("III") with the consideration amounting to the fair value of its shares to be issued to III, as consideration transferred in exchange for III's 40% share in Hotel of Asia, Inc. ("HOA"). As of December 31, 2018, the Financial Analysis and Audit Division of the SEC interposed no objection to the transaction. As of June 30, 2020, the share swap application is still in process.

d) Advances

- The amount pertains to the unsecured non-interest bearing advances granted to and received from related parties for working capital requirements. These advances are generally settled within one year from the date of grant.

e) Land Acquisitions

- The Company has outstanding liabilities to minority shareholders of Prime DDG

Commercial Centers Inc. amounting to P383.28 Million for the acquisition of certain parcels which will be used for the Company's CityMalls. The stated unsecured, non-interest bearing liabilities are expected to be settled by the Company in 2020.

- In 2016, HOA entered into a Memorandum of Agreement and Deed of Absolute Conveyance with a minority shareholder wherein HOA, in consideration of the land owned by the minority shareholder, settled to pay the latter in kind by way of condominium hotel (condotel) units in Hotel 101 – The Fort project (32-storey) totaling 60 condotel units plus a portion of the deck referred to as the "Deck Unit".

  In 2018, HOA entered into a Memorandum of Agreement with a minority shareholder wherein HOA, in consideration of the land owned by the minority shareholder, settled to pay the latter in kind by way of eight (80) condominium hotel (condotel) units and fifty percent (50%) of the ground floor commercial units in the Hotel101-Davao project.

f) Cash Advances

- The amount pertains to unsecured, non-interest bearing advances granted to and received from related parties for working capital requirements. These advances are generally settled within one year from the date of grant.

g) Lease of Mall Spaces

- The Company entered into various lease agreements with related parties covering its investment property portfolio. The amount pertains to the rent income earned by the Company from leasing out some of its commercial spaces in Dragon8 Mall and its CityMalls to JFC and the SM Group. These leases generally provide for either a fixed monthly rent subject to escalation rates or a certain percentage of gross sales with a minimum guaranteed rent. The terms of the leases are for periods ranging from 5 to 15 years. The fixed monthly rent shall escalate by an average of 5% to 10% each year. The corresponding receivables from related party tenants are recorded in the "Rent Receivables" account.

h) Key Management Personnel Compensation

- Short-term benefits of key management personnel amounted to P36.50 million, P33.60 million and P20.10 million in 2019, 2018 and 2017, respectively. Long-term benefits of key management personnel amounted to P0.86 million, P0.16 million and P1.31 million in 2019, 2018 and 2017, respectively. Directors' fee paid amounted to P0.96 million, P0.90 million and P0.81 million in 2019, 2018 and 2017, respectively.

j) Security Deposits

- On October 16, 2019, the Company received a Letter of Intent from ITM Investment Corp., other related party, for the lease of certain units in the Skysuites Tower. Advance deposit received from the intent to lease amounted P713.77 million and was recorded as "Security deposits" under "Accounts payable and other current liabilities" account in the consolidated statements of financial position as at

December 31, 2019. The advance deposit is to be applied to the future rent payment.

Other than the foregoing, the Company has not had any material transaction in which any Related Party has had a direct or indirect material interest in the last two (2) years.

Item 6. Compensation of Directors and Executive Officers

Injap Investments Inc., through an Executive Management Services Agreement, provides executive, corporate, strategic, administrative and financial oversight services related to the real estate business of the Company. Total fees paid under this agreement amounted to Three Million Pesos (P3,000,000.00) for each of the years ended December 31, 2017, 2018 and 2019 which covers positions of the Chairman and Chief Executive Officer, the President and the Treasurer and Chief Financial Officer of the Company.

For each of the years ended December 31, 2017, 2018 and 2019 the total salaries and allowances and bonuses paid to top five (5) officers and all other officers of the Company as a group:

Name and Position		Salary	Bonus	Total
Edgar Sia II (Chairman)	2017	P12,997486.88	P2,484,850.18	P15,482,337.06
Ferdinand J. Sia (President)	2018	14,155,560.48	1,949,310.79	16,104,871.27
Rizza Marie Joy J. Sia (Treasurer/CFO)	2019	15,579284.36	2,144,705.72	17,723,990.08
Marriana Yulo (CIO/SVP) Charnette Afable (GM Property Management)	2020*	16,358,248.58	2,251,941.01	18,610,189.58
All other officers as a group	2017	35,431,373.86	1,626,445.14	37,057,819.00
	2018	41,418,677.39	1,342,497.61	42,761,175.00
	2019	45,574,040.53	2,018,959.47	47,493,000.00
	2020*	45,211,937.56	2,119,907.44	47,331,845.00

**2020 estimated*
**Amounts include compensation due to the officers under the Company's target incentive plan*

On November 11, 2015, the Board of Directors approved the creation of the Senior Management Stock Option Plan. The Plan covers the Senior Management of the company as identified by the Chairman and Chief Executive Officer. The Plan allows all covered Senior Management to acquire at market price at grant date such number of shares of stock not exceeding two percent (2%) of the issued and outstanding capital stock of the company or equivalent to 45,504,693 shares, after a vesting period of three (3) years. Vesting is conditional on the employment of the participant in the company. The option will vest at the rate of twenty percent (20%) of the shares granted on the first year; thirty percent (30%) of the shares granted on the second year; and 50% of the shares granted on the third year. The Option is exercisable within seven (7) years from the grant date.

The approval of this Stock Option Plan has been ratified by the Shareholders on January 5, 2016.

	Options Granted	Options Exercised	Remaining Option Shares
Directors	4,000,000	-	4,000,000
Officers and Department Heads	5,235,000	-	5,235,000

On December 8, 2016, the Company's Board of Directors resolved to expand the coverage of the plan to include rank and file regular employees of DoubleDragon Properties Cop.

On September 25, 2017, the Securities and Exchange Commission issued a Resolution stating that the proposed issuance of 9,850,000 common shares pursuant to the Employee Stock Option Plan is exempt from registration requirement in accordance with Sec. 10.2 of the Securities Regulation Code.

On January 11, 2019, the Philippine Stock Exchange gave its approval to the Stock Option Plan.

On March 30, 2020, the Securities and Exchange Commission issued a Resolution stating that the proposed issuance of 23,120,000 common shares pursuant to the Employee Stock Option Plan is exempt from registration requirement in accordance with Sec. 10.2 of the Securities Regulation Code.

Compensation of Directors

Independent directors receive a standard per diem for attendance in Board meetings. For the years ended December 31, 2019, 2018 and 2017, the Company paid a total of P960,000.00, P900,000.00, and P810,000.00, respectively. Except as stated above, the Directors did not receive other allowances or per diems for the past and ensuing year. There are no other existing arrangements/agreements under which directors are to be compensated during the last completed fiscal year and the ensuing year.

The chart below sets forth the compensation received by the Directors of the company for the past three fiscal years:

Remuneration Item	***Executive Directors***	***Non-Executive Directors (other than independent directors)***	***Independent Directors***
(a) Fixed Remuneration	As directors, they do not receive compensation for services rendered. They receive compensation as officers of the	None	None

	corporation if they hold position as such.		
(b) *Variable Remuneration*	None	None	None
(c) *Per diem Allowance*	None	None	P2,190,000.00
(d) *Bonuses*	None	None	None
(e) *Stock Options and/or other financial instruments*	None	None	None
(f) *Others (Specify)*	None	None	None
Total	_	_	P2,190,000.00

Item 7. Independent Public Accountant

The accounting firm of KPMG R.G. Manabat & Co. ("KPMG") was appointed as the Company's auditor to audit the Company's year end financial statements. Since their appointment, the Company has no disagreement with them on any matters relating to accounting principles and practices, financial statement disclosures or auditing scope or procedures. The same auditing firm has been endorsed for re-appointment by the Audit Committee to the Executive Committee.

The following are the External Audit Fees paid to KPMG for its services, particularly for the audit of the financial statements for the year 2019 and 2018, to the Company as well as to its subsidiaries.

	2018	2019
	(₱)	
Audit and Audit-Related Fees	7,352,000	7,952,000
All Other Fees	993,000	949,600
Tax Fees	0	0
Total	8,345,000	8,901,600

All Other Fees
These are out of pocket expenses by the auditors arising from the audit of the Company's financial statements.

Tax Fees
The Company does not engage KPMG for professional services covering tax accounting or any other form of tax services.

The members of the Company's Audit Committee are the following:

Chairman	:	Gary P. Cheng
Members	:	Ferdinand J. Sia Rizza Marie Joy J. Sia

The partner-in-charge for the ensuing year is Mr. Darwin P. Virocel of KPMG R.G. Manabat & Co. SRC Rule 68, Part 3(b)(iv)(ix) provides that "the independent auditors or in the case of an audit firm, the signing partner, of the aforementioned regulated entities shall be rotated after every five (5) years of engagement. A two-year cooling-off period shall be observed in the engagement of the same signing partner or individual auditor". The Company is compliant with this rule.

The resolution for adoption will be the approval of the appointment of KPMG as the Company's independent external auditor.

Except for the preparation of the financial statements required for the Company's annual filing with the SEC and the submission of the required financial statements in relation to the registration of its securities, the aforementioned independent public accountants provide no other type of services.

In relation to the audit of the Company's annual financial statements, the Company's Audit Committee shall, among other activities, (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of our policies, controls, processes and activities; (ii) ensure that other non-audit work provided by the external auditors, if any, are not in conflict with their functions as external auditors; and (iii) ensure our compliance with acceptable auditing and accounting standards and regulations.

Representatives from the KPMG R.G. Manabat are expected to present at the meeting and be expected to be available to respond to appropriate queries and make statements

Item 8. Employee Compensation Plans

No action is to be taken during the Annual Stockholders' Meeting 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

1. On August 07, 2017, the Board of Directors approved the plan for a follow on offering of up to P7.5 Billion or 150,000,000 common shares from the Company's authorized but unissued portion of its capital stock which is expected to enhance the Company's trading liquidity and to further strengthen its balance sheet with higher equity levels. The following resolution has been adopted and approved by the Board of Directors:

> "RESOLVE, AS IT IS HEREBY RESOLVED, that the Company be, as it is hereby, authorized and empowered to conduct a stock rights offering or follow on offering to raise up to Pesos: Seven Billion Five Hundred Million (Php 7,500,000,000) or issue up to 150,000,000 common shares from the Company's authorized but unissued portion of its capital stock, for the purpose of funding the general corporate requirements and capital expenditures of the Corporation's projects and its subsidiaries and under such further terms and conditions as shall be determined by the management (the "Follow on Offering");
>
> RESOLVED, FURTHER, that the Corporation be authorized to apply for (i) the registration and licensing of the Follow on Offering with the Securities and Exchange

Commission ("SEC") and (ii) listing thereof with the Philippine Stock Exchange ("PSE");

RESOLVED, FURTHERMORE, that pursuant to the offer and issue of the Follow on Offering, the Corporation be authorized to engage the services and appoint the underwriter/s, issue managers and arrangers, selling agents, advisors, legal counsel, and such other parties and agents as may be necessary, proper or desirable to effect and implement the registration and licensing of the Follow on Offering with the SEC, the listing of the shares with the PSE and the offer of the same to the public and investors, under such terms and conditions as management may deem to be fair and reasonable and in the best interest of the Corporation;

RESOLVED, MOREOVER, that the following individuals are hereby authorized and empowered to represent the Corporation to sign, execute and deliver, for and on behalf of the Corporation, the Registration Statement with the SEC, the Listing Application with PSE, and to sign, execute and perform such other deeds, documents, contracts, agreements and instruments as may be necessary, convenient or appropriate, to give force and effect to these resolutions:

1. Edgar J. Sia II	Chairman of the Board and CEO
2. Ferdinand J. Sia	President
3. William Tan Untiong	Corporate Secretary
4. Joseph Tanbuntiong	Assistant Corporate Secretary
5. Rizza Marie Joy J. Sia	Treasurer and CFO

RESOLVE, FINALLY, that the Board of Directors of the Corporation hereby approves the disclosures contained in the Registration Statement, of which they are aware of, and assume responsibility for the information contained in the Registration Statement, listing application and the prospectus, and any attachments, amendments or supplements thereto."

On June 28, 2018, the Company has informed the PSE that it has priced its Primary Offer of up to 135,000,000 Common Shares, with an Over-allotment Option of up to 15,000,000 Common Shares ("The Offer") at an Offer Price of P30.00 per share which would create an aggregate amount of up to P4.5 Billion.

The proceeds from the Firm Offer will be used to fully fund the roll-out of 100,000 square meters of leasable industrial warehouse space to be located in various parts of the Philippines as well as fuel the Company's hospitality arm to achieve its goal of reaching 5,000 hotel rooms by 2020.

2. Preferred Shares of the Company

On November 11, 2015, the Company approved the increase in the authorized capital stock from P500 million to P20.5 billion with P100 par value. The increase in the authorized capital stock was ratified by the Company's stockholders on January 5, 2016. On the same date, the Board and the stockholders approved the creation and issuance of 200,000,000 non-voting Preferred Shares with a P100 par value.

On March 28, 2016, the SEC rendered effective the Registration Statement and other papers and documents attached thereto filed by the Company and issued the Order of Registration of Subscriptions to Preferred Shares amounting to P10 billion cumulative, non-voting, non-participating, redeemable at the option of the Company, convertible at the ratio of 1 Preferred Share to 1 Common Share, perpetual Preferred Shares at an offer price of P100 per share. The Certificate of Permit to Offer Securities for Sale was issued by the SEC on the same date. On April 14, 2016, the Parent Company has secured approval from the SEC to issue Preferred Shares following the successful offer and distribution of subscriptions to 100,000,000 preferred shares amounting to P10,000,000,000.

On June 23, 2016, the BOD declared regular cash dividends of P1.619 per share and special cash dividends of P0.0867 per share, amounting to P170.57 million to preferred stockholders of record as of July 8, 2016 and were paid on July 16, 2016.

On September 20, 2016, the BOD declared cash dividends of P1.6199 per share equivalent to P161.95 million to preferred stockholders of record as of October 4, 2016 and were paid on October 14, 2016.

On December 8, 2016, the BOD declared cash dividends of P1.61945 per share equivalent to P161.95 million to preferred stockholders of record as of January 4, 2017 and were paid on January 14, 2017.

On March 21, 2017, the BOD declared cash dividends of P1.161945 per share to preferred stockholders of record as of April 4, 2017 and were paid on April 17, 2017.

On June 21, 2017, the BOD declared cash dividends of P1.61945 per share equivalent to P161.95 million to preferred stockholders of record as at July 6, 2017 and were paid on July 14, 2017.

On September 27, 2017, the BOD declared cash dividends of P1.61945 per share equivalent to P161.95 million to preferred stockholders of record as at October 11, 2017 and were paid on October 16, 2017.

On December 6, 2017, the BOD declared cash dividends of P1.61945 per share equivalent to P161.95 million to preferred stockholders of record as at January 2, 2018 and were paid on January 15, 2018.

On March 22, 2018, the BOD declared cash dividends of P1.61945 per share equivalent to P161.95 million to preferred stockholders of record as at April 10, 2018 and were paid on April 16, 2018.

On June 19, 2018, the BOD declared cash dividends of P1.61945 per share equivalent to P161.95 million to preferred stockholders of record as at July 03, 2018 and were paid on July 16, 2018.

On September 18, 2018, the BOD declared cash dividends of P1.61945 per share equivalent to P161.95 million to preferred stockholders of record as at October 02, 2018 and were paid on October 15, 2018.

On December 14, 2018, the BOD declared cash dividends of P1.61945 per share equivalent to P161.95 million to preferred stockholders of record as at January 03, 2019 and were paid on January 14, 2019.

On March 22, 2019, the BOD declared cash dividends of P1.61945 per share equivalent to P161.95 million to preferred stockholders of record as at April 5, 2019 and were paid on April 15, 2019.

On June 19, 2019, the BOD declared cash dividends of P1.61945 per share equivalent to P161.95 million to preferred stockholders of record as at July 03, 2019 and were paid on July 15, 2019.

On September 16, 2019, the BOD declared cash dividends of P1.61945 per share equivalent to P161.95 million to preferred stockholders of record as at September 30, 2019 and were paid on October 14, 2019.

On December 10, 2019, the BOD declared cash dividends of P1.61945 per share equivalent to P161.95 million to preferred stockholders of record as at December 26, 2019 and were paid on January 14, 2020.

The total number of preferred shareholders as of December 31, 2019 and 2018 are 90 and 90, respectively.

3. Issuance of Fixed-Rate Retail Bonds

On November 28, 2016, the Securities and Exchange Commission approved the Company's application for the shelf registration of fixed-rate bonds with an aggregate principal amount of P15 billion, to be offered in one or several tranches. The aggregate principal amount for the first tranche issued amounted to P5.30 billion.

The first tranche which was issued on December 15, 2016 will carry a due date of December 15, 2026 and fixed interest rate of 5.97% per annum. Interest is payable quarterly in arrears on March 15, June 15, September 15, and December 15 of each year. Related costs from the issuance amounted to P82.34 million. Interest expense from this bond amounted to P14.07 million in 2016.
The Company issued the second tranche on July 21, 2017. The Company set the coupon rate for its 7-year peso-denominated Fixed Rate Retail at 6.0952% p.a. Due to strong demand for the retail bonds, the coupon rate was set at the bottom-end of the pricing range. The issuance will have a base size of P6.5 Billion with an option to issue an additional P3.2 Billion in oversubscription.

The principal amount of P15 billion is expected to complete the fund requirements for all of the Company's core projects in the pipeline in relation to the Company's goal of 1 million square meters of leasable space by 2020.

Amortization of bond issue costs as at December 31, 2018 and 2017 amounted to P25.18 million and P10.84 million, respectively. Total interest expense, exclusive of the capitalized borrowing cost, recognized in profit or loss amounted to P191.93 million, P643.83 million, and P330.24 million in 2018, 2017, and 2016 respectively.

Item 10. Modification or Exchange of Securities

No action will be presented for the stockholders' approval at the Meeting which involves the modification of any class of the Company's securities or the issuance of one class of securities in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

The Company's audited consolidated financial statements for the year ended December 31, 2018 and the unaudited financial statements are attached herein as **Annex B** and are incorporated by reference.

The resolution for adoption will be the approval of the audited consolidated financial statements for the year ended December 31, 2018.

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

No action will be presented for the stockholders' approval at the Meeting which involves:

1) The merger or consolidation of the Company into or with any other person, or of any other person into or with the Company.

2) Acquisition by the Company or of its shareholders of the securities of another person.

3) Acquisition by the Company of any other going business or of the assets thereof.

4) Sale or transfer of all or substantially all of the Company's assets.

5) Liquidation or the dissolution of the Company.

Item 13. Acquisition or Disposition of Property

In the normal course of business, the Company and its subsidiaries buy real estate properties for future business sites.

No action will be presented for the stockholders' approval at the Meeting which involves acquisition or disposition of the property of the Company.

Item 14. Restatement of Account

No action will be presented for the stockholders' approval at the Meeting which involves the restatement of any of the Company's assets, capital, or surplus account.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

Action is to be taken on the reading and approval of the following:

1) **Reading and Approval of the Previous Minutes.**

   The minutes of the previous stockholders' meeting will be posted on the website of the Company and will be available for the inspection of the stockholders.

   The resolution for adoption will be the approval of the minutes of the previous meeting.

2) **Management Reports**

   The Company's Management Report will be submitted for approval by the stockholders. A copy of the Management Report is attached to this Information Statement as **Annex B**.

   The resolution for adoption will be the approval of the Management Report for the year ended December 31, 2019.

3) **General Ratification of the Acts of the Board of Directors and the Officers**

   The acts of the Board of Directors and Officers of the Company are covered by resolutions of the Board of Directors duly-adopted in the normal course of trade or business. Said acts include, but are not limited to, the following:

   a) Approval of projects and land acquisitions including the execution of various construction contracts for project development.

   b) Treasury matters related to opening of accounts and transactions with banks.

   c) Appointment of signatories of bank accounts and contracts and amendments thereof.

   d) Other contracts for the operations of the Company.

   The resolution for adoption will be the approval and ratification of the acts of the Board of Directors and the Officers of the Company.

Item 16. Matters not Required to be Submitted

There is no action to be taken with respect to any matter which is required to be submitted to a vote of the stockholders. Ratification of the acts of the Board, corporate officers and management in 2019 refers only to acts done in the ordinary course of business and operations of the Company. Ratification is being sought for the purpose of transparency. Below is a summary of board meetings and board resolutions approved by the Board of Directors as of June 30, 2020:

1. Application for Permits, Licenses, Clearances, Accreditations, and Registrations for Properties;
2. Opening and Maintenance of Bank Accounts and other Bank Transactions;
3. Guarantee by the Corporation of the U.S. $ 75,000,000.00 Notes ("Notes")issued by its subsidiary, DDPC Worldwide Pte Ld., with registerd address at One Marina Boulevard Singapore, its Offering, t and the Transaction Documents executed;
4. Property Acquisitions, Leases and Joint Ventures;
5. Appointment of Representatives in Various Proceedings;
6. Adoption and Ratification of a Fit and Proper Rule for Selection of Directors and Officers;
7. Approval to enter into any contract necessary for the operation of the Company and the designation of signatories; and
8. Declaration of Quarterly Dividends for Preferred Shares.

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

There is no action to be taken with respect to any amendment of the Company's charter, by-laws or other documents as to which no information is required.

Item 18. Other Proposed Action

(a) Approval of the minutes of the Previous Stockholder's Meeting

(b) Approval of the 2019 Audited Financial Statements and 2019 Annual Report

This proposal is for the purpose of informing the stockholders of the key results of the Company's operations in 2019, in accordance with Section 74 of the Revised Corporation Code. The Company's audited financial statements as of December 31, 2019 is integrated and made part of the Company's 2020 Information Statement.

(c) Ratification of Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers and Management from the date the last shareholders meeting.

The purpose of the proposal is to allow the stockholders to ratify the acts of the Board of Directors and Officers of the Company as a matter of procedure or policy. The resolutions approved by the Board in its regular and special meetings refer only to acts done by the Board, Corporate Officers and Management in the ordinary course of business.

(d) Election of the members of the Board of Directors, including the independent directors, for the ensuing year.

(e) Appointment of KPMG R.G. Manabat & Co. as Independent External Auditor.
The proposal is intended to appoint an auditing firm which can provide assurance to the directors and stockholders of the integrity of the Company's financial statements and adequacy of its internal controls.

Item 19. Voting Procedures

Stockholders as of the September 8, 2020 Record Date may participate and vote in absentia. Registration of the stockholders and proxies attending the Meeting will be from 9:00 am September 13, 2020 to 6:00PM September 23, 2020. See **Annex A** of this Information Statement for the Procedures and Requirements for Voting and Participation in the 2020 Annual Stockholder's Meeting.

Approval of the resolutions or matters requiring the stockholder action as set forth in the Agenda and this Information Statement would require the affirmative vote of the stockholders owning at least a majority of the outstanding capital stock.

In the election of directors, cumulative voting may be adopted. Cumulative voting is explained under Item 4 of this Information Statement.

Stockholders shall be entitled to vote either in absentia or by proxy. The procedure for voting, validating and tabulating the Proxies and ballots are set forth under Item 4 of this Information Statement.

The Company's Stock and Transfer Agent, RCBC Trust and Stock Transfer Operations Department, is tasked and authorized to count votes on any matter properly brought to the vote of the stockholders, and they have also been appointed to validate the ballots when necessary.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF SEC FORM 17-A (ANNUAL REPORT) FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED THERETO WHICH SHALL BE CHARGED AT COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED AS FOLLOWS:

DoubleDragon Properties Corp.
DoubleDragon Headquarters, 10th Floor, Tower 1, DoubleDragon Plaza,
DD Meridian Park, Corner Macapagal Avenue and EDSA Extension,
Bay Area, Pasay City, Metro Manila 1302

Attention: Atty. Joselito L. Barrera, Jr.

PART II

PLEASE FILL-UP AND SIGN THIS PROXY FORM AND IMMEDIATELY RETURN TO THE CORPORATE SECRETARY. A RETURN ENVELOPE IS PROVIDED FOR YOUR CONVENIENCE.

PROXY FORM

STOCKHOLDER'S NAME: ____________________________ **NO. OF SHARES:** ________

The undersigned stockholder of **DoubleDragon Properties Corp.** (the "**Company**") hereby appoints **Mr. Ferdinand J. Sia**, or in his absence, the Chairman of the Meeting, as attorney and proxy, with full powers of substitution, to represent and vote all shares registered in the name of the undersigned stockholder at the Annual Stockholders' Meeting of the Company to be held by remote communication via Zoom on September 30, 2020 at 10:00AM, and at any of the adjournments thereof for the purpose of acting on the following matters:

<table>
<tr><td>(a) Approval of the minutes of the previous meeting:

[ ] YES [ ] NO [ ] ABSTAIN</td><td rowspan="3">(e) Appointment of KPMG R.G. Manabat & Co. as independent external auditors

[ ] YES [ ] NO [ ] ABSTAIN</td></tr>
<tr><td>(b) Approval of the 2019 Audited Financial Statements and the 2019 Annual Report

[ ] YES [ ] NO [ ] ABSTAIN</td></tr>
<tr><td>(c) Ratification of the actions of the Board of Directors and Officers
[ ] YES [ ] NO [ ] ABSTAIN</td></tr>
<tr><td colspan="2">(d) Election of Directors
[ ] VOTE FOR ALL NOMINEES LISTED BELOW

Edgar J. Sia II
Tony Tan Caktiong
Ferdinand J. Sia
Rizza Marie Joy J. Sia
William Tan Untiong
Joseph Tanbuntiong
Gary P. Cheng
Vicente S. Perez, Jr.

[ ] WITHHOLD AUTHORITY FOR ALL NOMINEES LISTED ABOVE
[ ] WITHHOLD AUTHORITY TO VOTE FOR THE NOMINEES LISTED BELOW
______________ ______________
______________ ______________
______________ ______________
______________ ______________</td></tr>
<tr><td colspan="2">At their discretion, the proxy named above is authorized to vote upon such matters as may properly come before the Meeting.</td></tr>
<tr><td colspan="2">
____
(SIGNATURE OVER PRINTED NAME OF STOCKHOLDER/ AUTHORIZED REPRESENTATIVE AND DATE)</td></tr>
</table>

THIS PROXY FORM SHOULD BE SENT BY EMAIL TO corporatesecretry@doubledragon.com.ph ON OR BEFORE 6:OO PM OF SEPTEMBER 25, 2020.

THIS PROXY, 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, INCLUDING MATTERS WHICH THE SOLICITOR(S) DID NOT COME TO KNOW WITHIN A REASONABLE TIME PRIOR TO THE PRESENTMENT OF THIS SOLICITATION IN THE MEETING, IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A PROXY SUBMITTED BY A CORPORATION SHOULD BE ACCOMPANIED BY A CORPORATE SECRETARY'S CERTIFICATE QUOTING THE BOARD RESOLUTION DESIGNATING A CORPORATE OFFICER TO EXECUTE THE PROXY. PROXIES EXECUTED BY BROKERS MUST BE ACCOMPANIED BY A CERTIFICATION UNDER OATH STATING THAT THE BROKER HAS OBTAINED THE WRITTEN CONSENT OF THE ACCOUNT HOLDER.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSES HIS INTENTION TO VOTE IN PERSON. THE PROXY SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE HEREOF UNLESS OTHERWISE INDICATED IN THE BOX HEREIN PROVIDED.

NO DIRECTOR OR EXECUTIVE OFFICER, NOMINEE FOR ELECTION AS DIRECTOR, OR ASSOCIATE OF SUCH DIRECTOR, EXECUTIVE OFFICER OR NOMINEE, OF THE COMPANY AT ANY TIME SINCE THE BEGINNING OF THE LAST FISCAL YEAR, HAS ANY SUBSTANTIAL INTEREST, DIRECT OR INDIRECT, BY SECURITY HOLDINGS OR OTHERWISE IN ANY OF THE MATTERS TO BE ACTED UPON IN THE MEETING, OTHER THAN ELECTION TO OFFICE.

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 Pasay on September 8, 2020.

Registrant
DOUBLEDRAGON PROPERTIES CORP.
By:

Ferdinand J. Sia
President

REPUBLIC OF THE PHILIPPINES)
PASAY CITY) S.S.

UNDERTAKING

I, **Atty. Joselito L. Barrera, Jr.,** Filipino, of legal age, with office address at DD Headquarters, 10th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park Corner Macapagal Avenue & EDSA Extension, Bay Area, Pasay City, after having been duly sworn to in accordance with law, hereby depose and state that:

1. I am the Chief Compliance Officer of DoubleDragon Properties Corp. (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with office address at DD Headquarters, 10th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park Corner Macapagal Avenue & EDSA Extension, Bay Area, Pasay City, Metro Manila;

2. None of the directors or officers of the Corporation are connected with any government agencies or instrumentalities.

IN WITNESS WHEREOF, I have hereunto affixed my signature at Pasay City, on SEP 0 2 2020.

Atty. Joselito L. Barrera, Jr.
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME on SEP 0 2 2020 at Pasay City, affiant exhibiting to me his Passport No. P0172310A issued by DFA Pampanga and valid until September 4, 2021.

Doc. No. 149
Page No. 31
Book No. 1
Series of 2020.

ERIKA ESTEL G. CUSI
Notary Public for Pasay
Until December 31, 2021
Commission No. 20-27
Roll No. 63306
IBP Lifetime Member No. 012614 03/28/2014
PTR No. 7043503 01/10/2020/Pasay City
DoubleDragon Headquarters, 10th Floor, Tower 1
DoubleDragon Plaza, DD Meridian Park
Cor. Macapagal Avenue & EDSA Ext., Bay Area, Pasay City

Republic of the Philippines)
PASAY CITY) S.S.

AFFIDAVIT OF UNDERTAKING

I, **JOSELITO L. BARRERA, JR.**, of legal age, Filipino and with office address at 10th Floor Tower 1 DoubleDragon Plaza, Macapagal Avenue corner EDSA Extension, Pasay City, Metro Manila, Philippines do hereby depose and say that;

1. I am the Compliance Officer of DoubleDragon Properties Corp. (the "Company"), a corporation duly organized and existing under the laws of the Philippines, with office address at 10th Floor Tower 1 DoubleDragon Plaza, Macapagal Avenue corner EDSA Extension, Pasay City, Philippines;

2. Due to the distance and inaccessibility of both of the Company's Independent Directors, the Certification of the Company's two Independent Directors bearing their electronic signatures were attached to the Definitive Information Statement;

3. I undertake to submit to the Securities and Exchange Commission their duly signed and notarized Certification of Independent Directors immediately when possible.

IN WITNESS WHEREOF, I have hereto set my hand this 08 SEP 2020 day of ______ at PASAY CITY.

JOSELITO L. BARRERA, JR.
Affiant

SUBSCRIBED AND SWORN TO before me this ~~7th~~ 08 Sep 2020 day of September 2020 at Pasay City, Philippines, affiant exhibited to me his PAG-IBIG card no. 1020-0058-7469.

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Page No. 4
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ATTY. PEDRO D. GENATO
NOTARY PUBLIC UNTIL DEC.31,2020
NOTARIAL COMMISSION 2019-011
IBP #012432 PASIG 7-27-17 UNTIL 2020
PTR # MLA 9112244-1-3-2020
ROLL # 2000, TIN #132-436-587
MCLE COMPL.NO VI-0021170 4-14-2022

REPUBLIC OF THE PHILIPPINES)
________________________________) S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Gary P. Cheng**, Filipino, of legal age, with office address at 7th Floor, Unit 703, Liberty Center Building, 104 HV Dela Costa St., Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1.) I am a nominee for independent director of DoubleDragon Properties Corp. (the "Company") and have been its independent director since January 2014;

2.) I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
1. Fortman Cline Capital Markets Limited	Co-Founder and Managing Director	February 2007 - Present
2. Wealth Development Bank	Independent Director	November 2016 - Present
3. Artists Theatre UK Limited	Member of the Board of Advisor	April 2016 - Present
4. Institute of Corporate Directors	Fellow	July 2004 - Present
5. British Alumni Association	Member	2004 - Present
6. Peregrine Eye and Laser Institute	Board Director	May 2012 - Present

3.) I possess all of the qualifications and none of the disqualifications to serve as an independent director of the Company, as provided for in Section 38 of the Securities Regulation Code and its implementing rules and regulations;

4.) I am not related to any of the director/officer/substantial shareholder of the Company, its subsidiaries and affiliates, nor by way of relationship as provided under Rule 38.2.3 of the Securities Regulation Code;

5.) To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding;

6.) I am not connected with any government agency or instrumentality;

7.) I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code;

8.) I shall inform the Company's corporate secretary of any changes in the abovementioned information within five (5) days from its occurrence.

(Signature on the next page)

IN WITNESS WHEREOF, I have hereunto affixed my signature at _______________, on _________________.

____
Gary P. Cheng
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME, this ________________, at _________________, affiant exhibiting to me his Passport No. P7178698A issued by DFA Manila and expiring on 15 May 2028.

Doc. _______
Page _______
Book _______
Series of 2020.

REPUBLIC OF THE PHILIPPINES)
________________________________) S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Vicente S. Perez, Jr.**, Filipino, of legal age, with office address at 3B 111 Paseo de Roxas Building, Paseo de Roxas corner Legaspi, Legaspi Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1.) I am a nominee for independent director of DoubleDragon Properties Corp. (the "Company") and have been its independent director since February 17, 2014;

2.) I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
1. Alternergy Philippine Holdings Corporation	President	August 21, 2008 - Present
2. Alternergy Philippine Investments Corporation	President	August 28, 2009 – Present
3. Alternergy Abra de Ilog Wind Corporation	President	August 25, 2011 – Present
4. Alternergy Holdings Corporation	Chairman	June 22, 2009 – Present
5. Pililla AVPC Corporation	President	August 22, 2013 – Present
6. Alternergy Mini Hydro Holdings Corporation	Chairman	January 30, 2013 – Present
7. Alternergy Hydro Partners Corporation	Chairman	December 18, 2013 – Present
8. Ibulao Mini Hydro Corporation	Chairman	April 19, 2016 - Present
9. Kiangan Mini Hydro Corporation	Chairman	November 14, 2014 – Present
10. Green Energy Supply Solutions, Inc.	Chairman	November 10, 2016 – Present
11. Alternergy Holdings Ltd.	Director	December 19, 2017 – Present
12. Solar Pacific Energy Corporation	President	January 30, 2013 – Present
13. Kirahon Solar Energy Corporation	Chairman and President	November 5, 2013 - Present
14. Solar Pacific CitySun Corporation	President	June 26, 2015 - Present
15. Merritt Partners Pte. Ltd (Singapore)	Chairman	November 18, 2005 - Present
16. NCP Advisors Philippines, Inc.	Chairman	December 18, 1996 - Present
17. QBL ECO Corporation	President	August 26, 2011 - Present

18. Kadluan Management Corporation	Chairman	May 2005 - Present
19. Kadluan Properties, Inc.	Chairman	April 23, 1993 - Present
20. Clean Climate Professionals, Inc.	Chairman	August 16, 2016 – Present
21. Vespers Holdings Corporation	President	February 13, 2018
22. Singapore Technologies Telemedia Pte. Ltd. (Singapore)	Non-executive Director	September 1, 2006 - Present
23. STT Communications Ltd. (Singapore)	Non-Executive Director	September 1, 2006 - Present
24. BDO Unibank, Inc.	Independent Director	April 22, 2019 - Present
25. BDO Leasing and Finance, Inc.	Independent Director	April 7, 2017 - Present
26. Worldwide Fund for Nature (WWF) - China	Trustee	April 19, 2017 - Present
27. Worldwide Fund for Nature (WWF) – U.S.	Board Member	October 2017 – October 2020
28. Asian Conservation Foundation, Inc.	President	May 22, 2008 – Present
29. Bhutan Foundation	National Council	April 2, 2014
30. Philippine Map Collectors Society	Treasurer	January 1, 2015
31. Center for Business & Environment at Yale (CBEY)	Member of the Advisory Board	March 25, 2009 – Present
32. New Zealand Trade Enterprise (Beachheads Network)	Advisor	November 1, 2016 - Present
33. Pictet Clean Energy Fund	Member of the Advisory Board	October 2010 – Present
34. Roxas Holdings, Inc.	Member of the Advisory Board	June 2009 - Present

3.) I possess all of the qualifications and none of the disqualifications to serve as an independent director of the Company, as provided for in Section 38 of the Securities Regulation Code and its implementing rules and regulations;

4.) I am not related to any of the director/officer/substantial shareholder of the Company, its subsidiaries and affiliates, nor by way of relationship as provided under Rule 38.2.3 of the Securities Regulation Code;

5.) To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding;

6.) I am not connected with any government agency or instrumentality;

7.) I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code;

8.) I shall inform the Company's corporate secretary of any changes in the abovementioned information within five (5) days from its occurrence.

(Signature on the next page)

IN WITNESS WHEREOF, I have hereunto affixed my signature at _____________, on _______________.

Vicente S. Perez, Jr.
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME, this _______________, at _______________, affiant exhibiting to me his Passport EC6678686 issued by DFA Manila and expiring on 06 February 2021.

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Annex A

PROCEDURES AND REQUIREMENTS FOR PARTICIPATION AND VOTING

PROCEDURES AND REQUIREMENTS FOR PARTICIPATION AND VOTING IN THE

2020 ANNUAL STOCKHOLDER'S MEETING

To ensure the safety of our stockholders during these times of pandemic crisis and in compliance with the guidelines of the government on social distancing and prohibition on mass gatherings, DOUBLEDRAGON PROPERTIES CORP. (the "Corporation") will conduct the 2020 ASM scheduled on September 30, 2020 at 10:00 AM by remote communication and will conduct voting in absentia or by proxy.

Only stockholders of record as of September 8, 2020 are entitled to participate and vote in the 2020 ASM.

The Corporation has adopted the following procedures and requirements to enable its stockholders to register, participate and vote in the 2020 ASM.

I. ONLINE REGISTRATION STEPS AND REQUIREMENTS

A. Stockholders may register from 9:00 AM of September 10, 2020 until 6:00 PM of September 23 2020 to signify his/her/its intention to participate in the 2020 ASM by remote communication. The registration steps and requirements are available in the Company's website http://www.doubledragon.com.ph/ASM2020

B. To register, stockholder shall submit the following requirements to the Office of the Corporate Secretary via email at corporatesecretary@doubledragon.com.ph.

B.1 For Individual Stockholders –

(i) Scanned copy of stock certificate issued in the name of the individual stockholder or

(ii) Valid email address and active contact number; and

(iii) Scanned copy of valid government-issued identification card.

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 the stock certificate issued in the name of the joint stockholders;

(iii) Valid email address and active contact number of the authorized stockholder; and

(iv) Scanned copy of valid government-issued identification card of the authorized stockholder.

B.3 For stockholders under PCD Participant/Brokers Account or holding 'Scripless Share'

(i) Stockholders should coordinate with their broker and request for the full account name and reference number or account number they provided the Company;

(ii) Broker's Certification on the stockholder's number of shareholdings;

(iii) Valid email address and active contact number of the stockholder; and

(iv) Scanned copy of valid government-issued identification card of stockholder.

B.4 For Corporate Stockholders –

(i) Secretary's Certificate attesting to the authority of the representative to vote the shares on behalf of the corporate stockholders.

(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.

II. ELECTRONIC VOTING IN ABSENTIA

A. Duly registered stockholders have the option to vote for the matters contained in the agenda for the 2020 ASM through electronic voting in absentia. The deadline for registration is 6:00PM of September 23, 2020. Beyond this date, stockholders may no longer avail of the option to vote in absentia.

B. After verification, the Company shall send a ballot to the registered stockholder through his/her/its email address which shall contain all the agenda items for approval as indicated in the Notice of Meeting and the registered stockholder may vote as follows:

(1) For items other than Election of Directors, the registered stockholder has the option to vote: In Favor of, Against or Abstain. The vote is considered cast for all the registered stockholder's share.

(2) For the election of Directors, the registered stockholder may vote for all nominees, not for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. The total number of votes the stockholder is allowed to cast shall be based on the number of shares he/she or it owns.

(3) Once voting on the agenda items is finished, the stockholder can proceed to submit the accomplished ballot via email to corporatesecretary@doubledragon.com.ph

(4) After the ballot has been submitted, the stockholder may no longer change his/her vote. The stockholder will receive a confirmation email that his/her vote has been recorded.

C. The Office of the Corporate Secretary shall tabulate all valid and confirmed votes cast through electronic voting; together with the votes through proxies, subject to validation by representatives of the Company's external auditors.

D. Registered stockholders shall have until 6:00 PM of September 25, 2020 to cast their votes in absentia.

E. Stockholders will not be allowed to cast votes during the proceedings of the 2020 ASM.

III. VOTING BY PROXY

A. For individual stockholders holding certificated shares of the Company – Download the proxy form that is available at http://www.doubledragon.com.ph/ASM2020

B. For stockholders holding 'scripless' shares or shares held under PCD Participant/Broker – Download the proxy form that is available at http://www.doubledragon.com.ph/ASM2020. Stockholders are advised to coordinate with their brokers first for the execution of this type of proxy.

C. For corporate stockholders – Download the proxy form that is available at http://www.doubledragon.com.ph/ASM2020. A copy of the duly signed and notarized Secretary's Certificate must be submitted together with the proxy form.

D. GENERAL INSTRUCTION ON VOTING BY PROXY:

(1) Download and fill up the appropriate 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 proxy form via email to corporatesecretary@doubledragon.com.ph or submit the original proxy form to the Office of the Corporate Secretary c/o Atty. Joselito L. Barrera, Jr. at DoubleDragon Headquarters 10th Floor Tower 1 DoubleDragon Plaza, Macapagal corner EDSA Ext Avenues Pasay City 1302.
(3) Deadline for the submission of proxies is at 6:00PM of September 25,2020.
(4) Validation of proxies will be at 3:00 PM, September 28, 2020.

(5) If a stockholder avails the option to cast his/her vote in absentia and also issues proxy votes with differing instructions, the duly accomplished ballots sent through email shall replace the proxy votes issued by the stockholder.

IV. PARTICIPATION BY REMOTE COMMUNICATION

A. Only duly registered stockholders will be included in determining the existence of a quorum.
B. Duly registered stockholder may send their question and/or comments prior to the ASM through email at asm2020@doubledragon.com . The deadline for submitting questions shall be at 6:00 pm of September 25, 2020.
C. The proceedings during the 2020 ASM will be recorded.

For any clarifications, please contact the Office of the Corporate Secretary via email at corporatesecretary@doubledragon.com.ph

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Annex B

MANAGEMENT REPORT

(Management's Discussion and Analysis of Financial Condition and Results of Operations)

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. Business

DoubleDragon Properties Corp. is a real estate company in the Philippines, principally engaged in the ownership and operation of a portfolio of leasable properties through its four principal business segments: retail leasing, office leasing, hospitality and industrial leasing, with the aim of becoming one of the leading property players in the Philippines with the highest percentage of recurring revenue. The Company's two principal shareholders are Injap Investments Inc., controlled by the Sia family, and Honeystar Holdings Corp. controlled by the Tan and Ang families, who also control Jollibee Foods Corporation ("JFC"), the largest fast food company in the Philippines.

The Company targets to complete a leasable portfolio of 1.2 Million square meters by 2022 spread across its four core business segments: provincial retail leasing, office leasing, industrial leasing and hotels.

As of December 31, 2019, through its subsidiary, CityMall Commercial Centers Inc. ("CMCCI"), the Company owns and operates CityMalls in key strategic locations in Luzon, Visayas and Mindanao. CMCCI is 66% owned by the Company.

The Company's office leasing segment primarily consists of two key projects - DD Meridian Park and Jollibee Tower. DD Meridian Park, a 4.8-hectare project located in the Bay Area, Pasay City, Metro Manila and which is 70%-owned by the Company, consists of approximately 250,000 sqm. of leasable space. The space will primarily be used for BPO, outsourcing and support service offices, and corporate offices and constructed in four phases. The first phase of the DD Meridian Park, which consists of Towers 1-4 of DoubleDragon Plaza, was completed in 2018, the second phase which consists of DoubleDragon Center East and DoubleDragon Center West were completed in 2019 and the rest of the phases are already on full swing construction. Jollibee Tower is a Grade A 41-storey commercial and office tower with approximately 50,000 sqm. of leasable space and is situated in the heart of the Ortigas central business district in Metro Manila. The project is a joint venture between the Company and JFC, who will serve as the building's anchor tenant. Jollibee Tower was likewise completed in 2019. In addition to DD Meridian Park and Jollibee Tower, the Company also owns The SkySuites Tower which is composed of two towers which includes an office tower which has already been completed and is being leased out.

The Company's hospitality segment is operated through its subsidiary, Hotel of Asia, Inc. ("HOA"), which is 70%-owned by the Company. The hospitality operations are comprised of 876 operating hotel rooms, including the Company's own hotel brand, "Hotel 101", which currently has one operating hotel in the Bay Area near the Mall of Asia. CSI Hotels, Inc., a 50%-owned subsidiary of HOA, is the Philippines' master franchisee of the "Jinjiang Inn" brand, with three hotels in operation in Ortigas, Makati, Metro Manila, and Boracay. Hotel 101 Management Corporation, a wholly owned subsidiary of HOA, operates and manages all of the Company's hotel properties including Injap Tower, a 21-storey condotel located in Iloilo City. As of December 31, 2019, the Company had two hotels under construction, the Hotel101-Fort and Hotel101-Davao, and eight more hotels in the planning and development stage.

The Company recently announced its latest project Hotel 101 Libis which will be a 745-room hotel and the eighth Hotel 101 project of HOA. The Company now has a portfolio of 5,828 rooms which include both operational and rooms in the pipeline. Occupancy across its major operational hotels averaged 84.8% in 2019 as compared to only 78.3% in 2018.

The Company's Board of Directors approved the creation of international wholly-owned selling arm subsidiaries in Singapore, Hong Kong, Japan, London, Italy and the USA to focus on the international pre-selling of Hotel101 projects in the Philippines. The next step is to set up several more sales teams in preparation for the pre-selling activities of the next Hotel101 projects in Cebu, Boracay, Bohol, Palawan and Libis.

The Company's latest venture into the growing industrial leasing segment is through its wholly owned subsidiary, CentralHub Industrial Centers Inc. ("CHICI"). Industrial warehouse leasing is one of DoubleDragon's four pillars of growth in line with its vision to be a primarily recurring revenue-focused property company.

In 2017, the Company, through CHICI, acquired a 6.2-hectare lot in the Luisita Industrial Park in Tarlac for its first industrial hub. The CentralHub-Tarlac is expected to cover 32,000 sq. m. of industrial space built over four phases.

For its second CentralHub complex, the Company acquired a 3.9-hectare property in Iloilo strategically located along Iloilo R3 Road approximately 5kms from the Iloilo International Airport and 10km to the Iloilo City Proper. The site is along the national highway enroute to the Iloilo International Airport from Iloilo City Proper.

The Company acquired its third CentralHub industrial complex in Danao, Cebu. CentralHub-Cebu will have an initial area of 5.2 hectares with a planned capacity of 27,212 square meters of industrial warehouse space. This is second major hub of CentralHub in the Visayas region following the acquisition of CentralHub-Iloilo.

CentralHub developed its fourth CentralHub industrial complex located in Davao City. CentralHub-Davao has an area of 8.2 hectares with a capacity of 40,392 square meters of leasable industrial warehouse space. This will be the first CentralHub in Mindanao and DoubleDragon's fourth CentralHub nationwide.

Within 2019, the Company has also developed its fifth CentralHub industrial warehouse complex located in Capiz province. The 4.2-hectare industrial warehouse complex is now completed and 100% leased to tenants such as the area distributors of Prifood and Nestlé.

Each hub will contain modern standardized multi-use warehouses which is expected to fulfill the requirements of the top fast-moving consumer goods (FMCG) companies, retailers, fast food brands, cold storage providers, logistics operators and e-commerce companies alike.

CentralHub is envisioned to become the leading provider of industrial warehouses in the Philippines through the development of its first eight (8) CentralHub complexes. These first eight (8) CentralHub warehouse complexes are projected to have a total capacity of up to 400,000 square meters of leasable industrial warehouse space. The Company aims to initially have at least 100,000 square meters of leasable industrial warehouse space across these 8 sites. The long-term expansion plan is to have a CentralHub industrial warehouse complex in each of the 81 provinces in the Philippines. As of December 31, 2019, the Company owns five CentralHub sites across the country, with a total of 27.5 hectares of prime industrial land and a total capacity of 126,033 square meters of leasable industrial warehouse space.

The Company reports Net Income figures for the year-ended 2019 has reached Php 10.65 Billion, an increase of 43.53% compared to Net Income of Php 7.42 Billion in 2018. More importantly, DoubleDragon's recurring revenue grew by 30.13% to Php 3.95 Billion in 2019 compared to Php 3.03 Billion the prior year primarily from the growth of its rental revenues which grew 31.02% to Php 3.27 Billion in 2019 compared to Php 2.50 Billion in the prior year. Likewise, hotel revenues also grew 25.94% to Php 672.06 Million in 2019 compared to only Php 533.62 Million in the prior year due to higher occupancy and room rates in the Company's operating hotel properties.

Total Assets of the Company rose 37.61% year-on-year to Php 113.55 Billion in 2019 compared to only Php 82.51 Billion in 2018. Total Equity likewise increased by 33.54% to Php 43.92 Billion in 2019 as compared to only Php 32.89 Billion in the prior year equating to a healthier Gross Debt-to- Equity ratio of 1.03x.

Because of the significant growth of the Company's equity, total equity is now almost at parity with total debt displaying solid financial strength. This went hand in hand with a substantial improvement in the Company's Debt Service Coverage Ratio (DSCR), which improved even further to 5.52x in 2019 from 3.84x in 2018.

Other highlights outlining the progress of the Company are as follows:

1. DoubleDragon now has completed a portfolio of 803,735 square meters of leasable space which is equivalent to 80.3% of its 2020 target set during its IPO.
2. DoubleDragon's retail community malls nationwide maintain 93.4% occupancy with some CityMall tenants focused on basic essentials hitting double-digit same store sales growth in 2019.
3. DoubleDragon completed 3 new office towers in 2019 which include Jollibee Tower in Ortigas Central Business District and DoubleDragon Center East and West which form the second phase of DD Meridian Park in the Bay Area. Its 6 completed office towers in DD Meridian Park is now 98.9% leased out.
4. DoubleDragon has secured a total of 7 new Hotel 101 projects in addition to the operational Hotel 101 Manila, bringing its total new project inventory to Php 20.22 Billion of which Php 3.22 Billion has already been sold.
5. DoubleDragon's hotel portfolio has increased to 5,828 rooms which include both operational and rooms in the pipeline. Occupancy across its major operational hotels averaged 84.8% in 2019 as compared to only 78.3% in 2018.
6. DoubleDragon continues to expand its chain of CentralHub warehouse complexes nationwide.
7. The Covid19 global pandemic has made the strategic relevance and resilience of DoubleDragon's portfolio more positively pronounced, and will keep its 4 pillars of growth as is and adjust its growth target to complete its 1.2 million leasable space portfolio by 2022.

DoubleDragon continues to find ways to further optimize its revenues such as tapping new rental revenue streams from leasing of roof space for solar, advertising spaces in its string of strategic properties around the country, and from roof deck space leasing for common telco towers. The Company has already started leasing out its roof spaces to Solar companies. Both CityMall community malls and CentralHub warehouses are expected to lease out a total of 100 MW of solar space which is expected to translate to Php 100 Million annual rental income from solar roof lease alone, excluding the rental income from advertising and common telco towers. In 2019, solar panels were installed at the rooftop of DoubleDragon Plaza, DD Meridian Park, these solar panels are expected to displace 418 tons of CO_2, equaling to over 13,565 trees planted.

DoubleDragon has acquired its basket of prime properties from 2014 to 2016, and the land values started to move up significantly starting in 2017, enabling the company to benefit both from the appreciation as well as gain strong foothold position with its portfolio of prime hard assets.

DoubleDragon's four pillars of growth continue to strengthen in provincial retail leasing, office leasing, industrial leasing and hotels which will provide the Company with a diversified source of recurring revenues backed by a string of appreciating hard assets.

HISTORY

The Company, formerly named Injap Land Corporation, was incorporated and registered with the SEC on December 9, 2009, and began commercial operations in November 2010 with the primary purpose of engaging in real estate development and real estate related ventures. The Company was originally a wholly owned subsidiary of Injap Investments Inc., the holding company of the Sia family. On June 29, 2012, the Company became a 50-50 joint venture between Injap Investments and Honeystar Holdings Corporation ("Honeystar") when Honeystar, headed by Tony Tan Caktiong, Founder and Chairman of JFC, invested in the Company. The Company eventually changed its corporate name to DoubleDragon Properties Corp. on July 30, 2012.

The Company, prior to the entry of Honeystar, was originally the Sia family's initial foray into real estate development. The Company's first venture, People's Condominium project, was the first condominium project in Iloilo City. People's Condominium was completed in November 2011 and was fully sold within a few months from commencing pre-selling activities. Other projects developed by the Company in Iloilo City include Injap Tower, a 21-storey commercial and condotel tower, The Uptown Place, a five-storey premium commercial and residential condominium, as well as horizontal developments FirstHomes and HappyHomes, both located in Mandurriao – Iloilo.

It was after the entry of Honeystar and the renaming of the Company into DoubleDragon Properties Corp. that the Company's Chairman and Co-Chairman, Edgar "Injap" Sia II and Tony Tan Caktiong, both born in the year of the dragon, established a clear vision for the Company's future. They identified a unique opportunity to capitalize on the modernization of retail in the provinces by building a chain of community malls to become the venue for this transition. The Company targeted second- and third-tier provincial cities for the rollout of their CityMall branded concept. CMCCI was incorporated on December 27, 2013 to serve as the vehicle for this rollout.

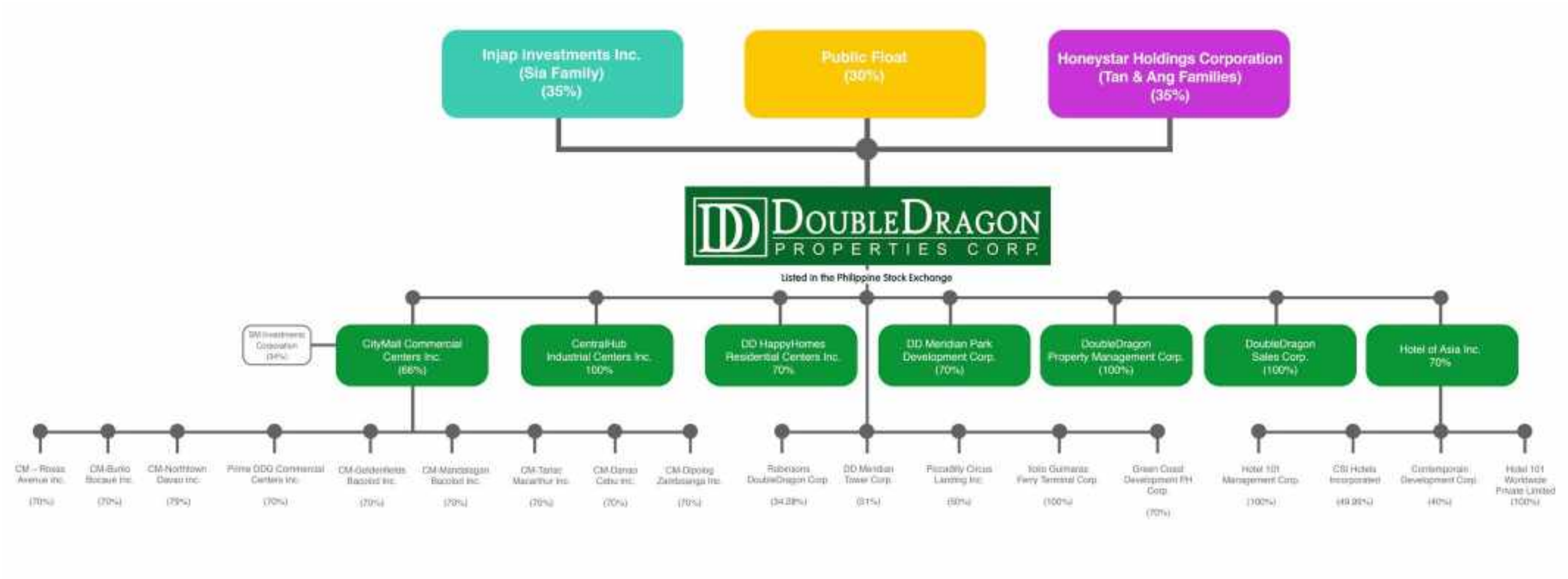
To further diversify and attain the goal of operating mostly recurring revenue properties, the Company began to develop commercial office projects in Metro Manila through its flagship commercial office project, DD Meridian Park. The Company's further entry into the office space segment occurred in August 2015 when it entered into joint venture with JFC to build a 41-storey commercial and office tower in the Ortigas central business district that will serve as the corporate center for JFC, one of the country's leading fast food companies.

The Company's shares debuted on the Philippine Stock Exchange's ("PSE") Small, Medium, and Emerging Board ("SME Board") on April 7, 2014 under the stock symbol "DD" through an initial public offering of 26% of its outstanding common shares. On July 6, 2015, the Company's shares transferred from the SME Board to the PSE Main Board. On November 30, 2015, the Company's shares were included in the Morgan Stanley Capital International Small Cap Philippine Index. On March 14, 2016 the Company was included in the property sector index of the PSE. On April 14, 2016, the Company issued ₱10,000,000,000 worth of Preferred Shares, which were subsequently listed in the PSE Main Board on July 26, 2016. On September 12, 2016, the Company was included as one of five listed companies in the PSEi reserve list.

On July 13, 2018, the Company listed an additional 143,370,600 shares via Follow On Offering at Php 30.00 per share. The follow on offering resulted in the increase of the Company's total equity, further strengthening its financial position.

CORPORATE STRUCTURE

The Company’s corporate structure is presented in the diagram below:



On November 14, 2019, the Company entered into a subscription agreement for the 70% ownership in GCDPC, for the subscription price of P179.67 million. The acquisition of GCDPC is accounted for as an asset acquisition since the acquired set of assets and activities does not constitute a business as defined in PFRS 3. Non-controlling interests from the acquisition amounted to P52.84 million.

On December 26, 2019, the Group invested P335.14 million, equivalent to 34.28% ownership, in Robinsons DoubleDragon Corp, a corporation incorporated and operating in the Philippines. The principal activity of RDC is real estate development.

SUBSIDIARIES

The following is a brief description of each of the Company's Subsidiaries:

1. **DoubleDragon Sales Corp. ("DDSC"),** incorporated on November 12, 2012, is engaged in the business of selling or marketing real estate products, including, but not limited to land, buildings, condominium units, townhouses, apartments, house and lot packages and all other forms of real estate products.

2. **DoubleDragon Property Management Corp. ("DDPMC")**, incorporated on January 17, 2012, is engaged in the business of maintaining, preserving, preparing and cleaning buildings, condominiums, townhouses, hotels, amusement or recreational places or counters, office premises, factories, shops, equipment and facilities, as well as to render janitorial services, window cleaning, to undertake additional carpentry works, plumbing, electrical, painting, landscaping, gardening, ground maintenance services of any and all kinds of buildings.

3. **CityMall Commercial Centers Inc. ("CMCCI")**, incorporated on December 27, 2013, is engaged in the business of commercial shopping centers or malls focused on provincial retail leasing.

4. **Piccadilly Circus Landing Inc. ("PCLI")** was incorporated on October 10, 2012. Its primary purpose is to engage, operate, hold or manage real estate business.

5. **DD HappyHomes Residential Centers Inc. ("DDHH")** was incorporated on September 15, 2011. Its primary purpose is to engage, operate, hold or manage real estate business.

6. **DD Meridian Park Development Corp. ("DDMPDC")** was incorporated on October 27, 2014. Its primary purpose is to engage in the business of real estate development including but not limited to residential and commercial subdivisions, buildings, and condominium projects in accordance with Republic Act No. 4726 (otherwise known as The Condominium Act) as amended.

7. **Hotel of Asia, Inc. ("HOA")** was incorporated on June 8, 2011. Its primary purpose is to engage in and carry on the business of operating hotels and resorts and to operate and maintain any and all services and facilities incident thereto.

8. **Iloilo-Guimaras Ferry Terminal Corp. ("IGFTC")** was incorporated on June 10, 2016. Its primary purpose is to finance, design, construct, develop, operate and maintain the Iloilo-City Guimaras Ferry Terminal and its surrounding areas within the Parola Port.

9. **CentralHub Industrial Centers, Inc. ("CHICI")** was incorporated on August 31, 2017. Its primary purpose is to engage in and carry on a business of receiving, accepting, unloading, storing and/or deposit of goods, chattels, fungibles, parcels, boxes, documents, mail, products, money, vehicles, animals, articles, cargoes, and effects of all kinds and provide facilities, amenities, conveniences, features, services and/or accommodations in relation and necessary to said business. This is the Company's subsidiary focused on industrial warehouse leasing.

10. **DD Meridian Tower Corp. ("DDMTC")** was incorporated on October 2, 2018. Its primary purpose is to engage in the business of real estate development including but not limited to residential and commercial subdivisions, buildings, and condominium projects in accordance with Republic Act No. 4726 (otherwise known as The Condominium Act) as amended.

11. **Green Coast Development PH Corp. ("GCDPC")** was incorporated and registered with the SEC on May 10, 2013 primarily to acquire by purchase, lease, donation or to own, use, improve, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether improve manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances. GCDPC has not yet started its commercial operations as at December 31, 2019.

The following table presents the primary business activities the Company and the Company's Subsidiaries are engaged in:

Industrial leasing	CHICI
Hospitality business	HOA
Retail Leasing	CMCCI, PCLI
Office Leasing	DDMPDC, DDMTC
Real Estate Residential	DD, DDHH
Others	DDSC, IGFTC, DDPMC, GCDPC

COMPETITIVE STRENGTHS

Fast growing real estate property group transitioning to a business that will be supported by a diversified recurring income platform from four property pillars across provincial retail, office, hotels and industrial leasing segments

The Company is predominantly a developer and owner of a portfolio of investment properties with a total value of ₱89.2 Billion as of December 31, 2019. The Company continues to ramp up its pace of growth and widen its presence and deepen penetration across the Philippines, with plans to increase its portfolio's leasable area to 1.2 million sqm., spanning across the retail, office, hospitality and industrial segments by 2022. The Company is moving towards a business model where it expects to derive a significant majority of its revenues from recurring income streams by 2020.

The Company intends to establish a nationwide presence of CityMalls in prime locations within the natural daily movement of the general population that the Company serves. CityMall sites are secured in areas located along main roads to increase visibility and maximize exposure and accessibility to its target market.

The Company believes that there remains significant organic growth within its CityMall business model. l lease revenues grew 6.10% year-on-year in 2019 vs. 2018.

DD Meridian Park is DoubleDragon's flagship Metro Manila office project located along the corners of Macapagal, EDSA Extension and Roxas Boulevard in the Bay Area. DoubleDragon Plaza, which comprises four office towers of the DD Meridian Park project is fully operational in 2018 and is now 100% leased. DoubleDragon Center East, the 5th office tower is now 100% leased and has been turned over to tenants while DoubleDragon Center West has already started turning over to tenants. On a blended basis the entire development is 98.9% leased out. Complementing DD Meridian Park is Jollibee Tower in Ortigas central business district, a premium-grade high-rise office tower which will be the future headquarters of JFC.

Through the Company's three-star hotel chains – Hotel101 and Jinjiang Inn – under the Company's Subsidiary, HOA, the Company expects to benefit from the strong growth of the Philippine economy and the expected healthy tourism sector performance. Expedia awarded Hotel101-Manila as the winner of Top 3-Star Hotel in Metro Manila category and Ctrip 2019 Golden Dolphin Award for Service Excellence. In 2018, Booking.com ranked Hotel101-Manila as the #1 Most Booked Hotel in Pasay city against its competitive set, and #2 Most Booked Hotel in the entire Metro Manila against 2,929 other hotels. Hotel101-Manila is also Expedia's 2018 awardee for Most Booked Hotel in all of Metro Manila. Hotel101-Manila with its 518 rooms posted an average annual occupancy rate of %.

Pre-selling of Hotel101-Fort and Hotel101-Davao reached P2.2 Billion and P522.5 Million by the end of 2019. Hotel101-Fort is the second Hotel101 project of the Company after fully selling out Hotel 101-Manila prior to its completion. The Company intends to launch P20.22 Billion of new Hotel101 inventory across its Hotel101 projects in Fort, Davao, Boracay, Bohol, Palawan, Cebu and Libis.

CSI Hotels, Inc., a 50% subsidiary of HOA, is the exclusive master franchisee of the Chinese hotel chain Jinjiang Inn in the country – awarded the Best Local Hotel Brand in 2016 / 2017 by City Traveler and is one of the largest hotel chains in China. With

Jinjiang Inn's strong mainland China customer base and familiarity with the brand, the Company believes that it is well positioned to benefit from the growing inbound Chinese tourists across its Jinjiang Inns nationwide.

All of the hotels under both brands are strategically located in areas which are in close proximity to one or all of the following: tourist destination, business hubs, shopping malls, and dining options.

In addition, the Company formed its wholly owned subsidiary CentralHub Industrial Centers Inc. ("CHICI") as its industrial leasing arm. The Company envisions CHICI to be a branded modern institutional quality logistics facility suited for commissaries, cold storage and logistic centers. The Company, as of December 31, 2019, has secured five (5) CentralHub sites, with two sites already operational.

Well-defined execution capability with proven track record of delivering growth

Leveraging the Company's end-to-end capabilities as a real estate developer and owner, encompassing site identification, master planning, development, marketing, leasing, events, client relationship management, data analytics, the Company believes that it has the ability and resources to create a market leading business model.

- **Standard project blueprint enables a highly cost efficient rapid roll-out strategy across it business segments.** The Company remains focused on growing its business segments to achieve economies of scale and drive cost efficiencies. For example, with its aim to be the largest community mall player in first class municipalities and second- and third-class cities, the rollout of its expansion plans allows the Company to achieve operational efficiencies as it has the optionality to offer multiple CityMall construction projects to the contractors within the same province. As a result of repeated transactions with the local contractors, not only does the Company have direct interaction with workers who have better on-the-ground experience in sourcing labor and local materials, the Company believes that it gains familiarity with the execution process to ensure that its development timelines are met. Similar to CityMalls, the Company plans to scale up significantly to dominate and be the largest player in the Philippines hospitality and industrial segments to benefit from economies of scale. To ensure rapid roll-out to achieve economies of scale, the Company has developed and adopted a standardized approach to the development and marketing of its business segments. Similarly, the Company is adopting a standardized approach in developing its hotels and industrial leasing businesses to shorten the development-to-cash generating cycle.

- **Proven execution ability in delivery.** The Company believes that it has an established execution track record. In just over four years since listing, the Company has managed to build up an investment property portfolio with a total value of ₱89.2 Billion as of December 31, 2019.

  The Company's confidence in raising its target is also due to its standardized and scalable operational model, which enables it to establish a track record of timely delivery of its projects.

  Strategic acquisitions to enter into new business segments. The Company has already made swift and strategic acquisitions to enter into the hospitality and industrial leasing businesses. In October 2016, the Company acquired 70% of

HOA. The Company plans to expand HOA to eventually contribute revenues from operations of 5,828 rooms which currently includes its pipeline of projects to be developed. As of December 31, 2019, the Company already acquired five (5) sites for its industrial leasing business in Tarlac, Iloilo, Davao, Cebu and Capiz with a total capacity of 126,033 sqm. of industrial leasing area once fully built, with a target to acquire 4 more sites: 1 more site in North Luzon, 2 in South Luzon and 1 more site in Mindanao.

- **Proven ability to raise funding.** The Company has demonstrated a strong ability to secure funding, raising approximately ₱50.8 billion in long-term capital in the last six years to fund the Company's plan of to build 1.2 million sqm. of leasable space. The Company has also been able to diversify sources of funds which include bank borrowings, and issuance of Preferred Shares and fixed-rate corporate bonds, which enhance the Company's financial flexibility in raising capital. All of the Company's long-term funds raised are peso-denominated, with fixed interest rates not subject to re-pricing with no key maturities until November 2021. On July 13, 2018, the Company listed an additional 143,370,600 shares via Follow On Offering at Php 30.00 per share raising total gross proceeds of ₱4,301,118,000. The follow on offering resulted in the increase of the Company's total equity further strengthening its financial position. The Company maintains a low Gross Debt-to-Equity (D/E) ratio of [illegible]x vs. its debt covenant which allows the Company to maintain a maximum [illegible] Debt-to-Equity ratio of 2.33x. Importantly, the ability to raise funding has allowed the Company to react faster to growth and any potential inorganic opportunities that is value accretive for its business.

Leading community mall business model in first class municipalities and second- and third-class cities

The Company believes that it is currently the dominant player in the modern format branded community mall segment across Philippines.

The Company believes that it is one of the first movers at the forefront of retail modernization in first class municipalities and second- and third-class cities, and has created a business model that is positioned to significantly benefit from the transition from traditional retail to modern retail, attributed to high barriers of entry for foreign players and varying strategic focus of local players.

Foreign players face issues including the following: (i) constitutional restrictions, which limit foreign ownership to not more than 40% for companies that own land and retail businesses, among others, and (ii) a lack of local relationships, existing local network and knowledge, preventing them from gaining access to land bank and expanding on a similar scale. Based on Savills' research, there is little competition from foreign developers present in the market. Other domestic entrants in the community malls segment include Waltermart Supermarket, Inc., Gaisano Grand Group, Gaisano Capital, Robinsons and Vista Land, but the pace of their expansion and existing network across first class municipalities and second- and third-class cities has not been as extensive as CityMall's. In addition, most of these companies' business models focus on supermarkets, unlike a typical CityMall which seeks to offer the all-in-one modern shopping retail format (e.g. cinema, shopping, food and beverage, and grocery shopping). Even for the larger local players, the focus remains on Metro Manila and bigger cities.

Well-positioned to benefit from positive macroeconomic fundamentals, political tailwinds and emerging opportunities within the industry sectors

The Philippines's positive macroeconomic fundamentals support its strong growth story trajectory. The Philippine retail market is currently evolving from unorganized retail formats to multi-tenanted malls, the latter providing a compelling alternative to traditional retail pathways such as wet markets and provision shops, and introducing the modern shopping experience to the local communities. The modern retail format is attractive to customers as this provides them a one-stop platform for both discretionary and non-discretionary consumption. In particular, the presence of a clean, air-conditioned indoor one-stop mall in first class municipalities and second- and third-class cities is expected to be highly attractive to the cities' population. It is also attractive to tenants given significantly higher footfall and sales per sq. m. achieved compared to unorganized retail, and this format provides quality control with guaranteed infrastructure and logistics that helps to build brand equity. The Company believes this trend is only starting to occur in first class municipalities and second- and third-class cities, and its entry into these markets is well-timed to take advantage of this shift.

The administration plans to refocus development towards the agriculture, manufacturing and trade industries in the countryside and disperse economic opportunity across all socioeconomic levels. In addition, initiatives are being put in place to minimize red tape and streamline regulatory procedures in order to accelerate development. This could accelerate economic growth in first class municipalities and second- and third-class cities, increasing populations as more businesses entering such areas, and potentially prompting increased demand for retail space in such areas given stronger expected foot traffic amid new population migrating for jobs, and increased disposable income. The current political thrust to decentralize economic growth is also expected to benefit its CityMalls in first class municipalities and second- and third-class cities.

Moreover, the Philippine economy has been expanding by greater than 6% per annum since 2010. The robust growth reflects not just the sustained dynamism of the BPO-led services sector but also the expansion of other key economic sub-sectors such as construction, telecommunications, banking and finance, warehousing and logistics, and manufacturing. Companies engaged in these businesses were compelled to expand and thus occupy larger and high-quality office space. Demand for office real estate is also expected to benefit from the growing trend of offshore gaming in the Philippines given similar space and infrastructure requirements as BPO offices. The Philippine Amusement and Gaming Corp. (PAGCOR) has been granting recently established POGO licenses for foreign nationals, as revenues from online gaming is expected to eventually match revenues from traditional casinos.

The Philippine Department of Tourism recorded an all-time high 8.2 million international tourist arrivals in 2019, with tourism revenue reached a total of USD9.31 billion in 2019, up by 20.81 percent from USD7.71 billion receipts in 2018. The growth of the Philippine tourism sector is expected to be sustained by the influx of visitors from the country's traditional markets such as South Korea, USA and China. The top visitor market South Korea posted the highest tourism spending of about

USD2,614,685,263 followed by China with USD2,330,491,557 and the United States with USD1,208,907,514. Warming relations between the Chinese and Philippine governments should also result in more Chinese tourists.

The Philippines' favorable macroeconomic dynamics is expected to translate into strong and sustainable demand for logistics facilities underpinned by limited stock of logistics facilities, in particular modern logistics facilities in the Philippines. Strong real GDP growth, private consumption, as well as a large and rapidly growing middle-income population is expected to boost the Philippine consumer market. Notably, most of the Company's current CityMall tenants are big time users of logistics space. However, a majority of the current stock of logistics warehouses is old generation properties and fragmented, which provide less efficient warehousing conditions. In contrast, modern logistics warehouses carry features such as large floor areas, high ceilings of 14 meters high, high load tolerances, wide column spacing within the warehousing area, modern loading docks and enhanced safety systems which provide greater accessibility and efficiency. According to Savills, demand for logistics facilities and warehousing facilities is expected to grown with the expansion of the modern retailing format in the Philippines and the growth of the manufacturing sector, together with the improved infrastructure in the Philippines as a result of Government-initiated infrastructure projects nationwide.

Strong shareholders and partnerships with Philippines' leading business groups validate the Company's vision and business model

The ability to attract and establish strategic relationships with the JFC, SM, and ABS-CBN Groups validates its vision, positioning and execution capabilities as the leading owner, operator, and developer of branded community malls across first class municipalities and second- and third-class cities in the Philippines. The SM Group's "SaveMore" supermarket brand is one of the anchor tenants in CityMalls. The JFC Group food brands anchor the "FoodWorld" section of every CityMall and the Company consider this to be an irreplaceable advantage of the partnership and highly attractive for its consumers. In addition, the Company have also teamed up with broadcasting giant ABS-CBN to roll out cinemas in CityMalls branches nationwide. Together, these strategic partnerships are expected to solidify the dominance of CityMalls all over the Philippines.

Its partnerships with other business groups have also provided it with the ability to rapidly and significantly expand into the hospitality and office sectors and gain access to valuable land sites. The Company acquired a 70% stake in HOA, which will now serve as its hospitality arm through three star hotels Hotel 101 and Jinjiang Inn located in prime locations across key cities in the Philippines. Its strategic partnership with JFC also includes the establishment of a joint venture to develop Jollibee Tower, a 40-storey commercial and office tower on a prime commercial lot in Ortigas. DD Meridian Park, a joint venture between DD (70%) and the initial land owner (30%), is strategically located as it is situated in the corner of EDSA, Roxas Boulevard and Macapagal Avenue, main thoroughfares in Metro Manila close to the Entertainment City and the SM Mall of Asia complex.

Experienced board and management team with strong corporate governance

The Company's board of directors is highly experienced, with an average of 30 years of experience in the Philippine real estate and commercial sectors. The board is led at the helm by its Chairman and Chief Executive Officer, Edgar "Injap" Sia, whose experience stems from growing the Mang Inasal chain from one branch in his hometown of Iloilo City in 2003 to over 338 branches nationwide by 2010. Its Co-Chairman Tony Tan Caktiong opened his first ice cream parlor at the age of 22, and since then, Jollibee has grown to become the largest fast food chain in the Philippines. Injap's and Tony's foresight in entering the QSR business ahead of competitors and the knowledge they have obtained from expanding their businesses in first class municipalities and second- and third-class cities will be instrumental in growing the Company and enabling it to achieve its targets.

Similarly, the Company's senior management team has a proven track record in developing, investing in, managing, and enhancing commercial real estate, possessing an average of 12 years of experience on average in the Philippine real estate and commercial sectors. The team covers the entire value chain of the business, including asset development and enhancement, asset management, and commercial operations.

The Company has also adopted governance policies and mechanisms to serve as its foundation and guiding principle for good governance. The Company also continues to adopt policies and mechanisms in accordance with established rules and best practices.

BUSINESS STRATEGIES

A nationwide expansion plan to grow recurring income stream across 4 property pillars: retail, office, industrial and hospitality

The Company is working towards building a strong base of recurring revenue through the accumulation of 1.2 million sq. m. of leasable space nationwide by 2022, across the retail, office, industrial and industrial property segments. The Company has established a successful track record of expansion by accumulating an investment property portfolio with a total value of ₱89.2 Billion as of December 31, 2019. The significant pace of execution was achieved through two key success factors:

- Direct access to land bank opportunities, and a high level of familiarity with first class municipalities and second- and third-class cities resulting in the ability to transact quickly; and
- Adaptable approach to site acquisition by entering into joint ventures or strategic alliances with landowners, which contribute land to the joint venture while the Group provides its development expertise.

The Company intends to establish a nationwide footprint through strategically selected projects that are located in prime locations both in Metro Manila and the different provinces in the Philippines. The Company believes that the combination of macroeconomic factors and sector trends across the country is expected to support a robust outlook in the near and medium term period. This would allow the Company to diversify its recurring income source through a balance of stable growth and high growth industries. Specifically, while the Metro Manila office leasing space provides a stable base of income stream, the Company believes that the remaining portfolio is well positioned for upside given exposure to the following trends:

- **Transition of traditional retail to modern retail.** According to Savills, modern retail is still in its early stages in first class municipalities and second- and third-class cities, which, coupled with the significant GDP and population growth the

Philippines, indicates that the Philippine retail market is geared towards significant growth.

- **Strong and sustainable demand for logistics facilities underpinned by limited supply, in particular modern logistics facilities in the Philippines.** According to Savills, the current supply of quality logistics facilities in the Philippines is fragmented, as there is no one major owner of logistics facilities across the country.
- **Tourism sector expected to remain a key contributor of the Philippines economy.**

Identifying shifts and capitalizing on real estate segments where it can be a leading player

Prior to entering a segment, the Company put in significant effort to conduct in-depth market research and analysis to help it identify markets where the Company has the resources and ability to dominate either now, or over a period of time.

One of the transitions that the Company had observed earlier was the evolution of traditional retail into modern retail in first class municipalities and second- and third-class cities – particularly notable in the supermarket segment, which is relevant to the its business model since the supermarket typically occupies one-third of the leasable space of CityMalls. To leverage on this trend, the Company conceptualized CityMalls such that it was able to utilize the growing shift of retailers from traditional to modern formats, offering select retail stores in addition to its anchor hardware, appliance and supermarket stores, among others. The Company continues to reinforce that CityMall is a replacement to traditional retail, tapping its existing demand. Given its success in this segment, one of the focus points is to entrench its market-leading position as the largest and fastest-growing retail developer, owner and operator of community malls in provincial areas of the Philippines

- The Company's target is to achieve a strong portfolio of CityMalls across first class municipalities and second- and third-class cities. Its key strategy is to continue to develop, own and operate a nationwide retail mall network, funding further expansion by using recurring income from its operating malls as well as profits from the sale of its development properties, supported by additional debt funding if required.
- The Company will continue to innovate, to implement optimal tenant mixes best suited to the Philippine consumer, to introduce new retail experiences adapted to market dynamics, and to adapt best practices and concepts from retail leaders elsewhere in Southeast Asia; and
- The Company will continue to create barriers into the community mall segment, by targeting underserved lower tier areas. The Company chooses such sites based on the following criteria: (i) sites that give the Company a first-mover advantage in areas where there is less operational baggage from costs, but also (ii) sites where the Company are familiar with and (iii) sites with scarce presence of competitors and suitably sized lots within and in surrounding prime city center areas.

The Company continues to believe that the tourist segment will be an important economic sector for the country. As of December 31, 2019, the Company had a total of 876 operational hotel rooms and plans to increase this to 5,828 rooms under its Jinjiang and Hotel101 brands – essentially giving it a market dominating position over other major real estate players which have around 3,000 hotel rooms.

Another major observation is that warehousing in the Philippines is currently fragmented, and there remains favorable local macroeconomic dynamics to translate into strong and sustainable demand for logistics facilities and underpinned by limited stock of existing logistics facilities. Given the significant overlap of tenants in its retail mall business and their corresponding needs for industrial space, the Company believes that it is in a position to not only tap into this existing demand but to also help its tenants achieve operating efficiencies. The current industrial landscape is such that majority of the current stock of logistics warehouse is old generation and fragmented properties that often provide less efficient warehousing conditions – existing warehouses are not suitable for distribution needs as one of the key specifications requires the floor-to-ceiling height to be 14 meters high, while most of the current facilities are only six meters high.

The Company's industrial business model is focused on providing modern logistics warehouses with features to drive greater accessibility and efficiency, and its ability to execute this strategy is underpinned by its shareholders who have experience in food and beverage, commissaries, cold storage logistics – a large part of each industrial center's leasable space is catered to these specific segments. The Company sees its CentralHub industrial centers as the first branded modern industrial center chain in the Philippines, and like CityMall and Hotel 101, all industrial centers will look the same and will be located in strategic locations around the country. The Company believes that through this segment, it will be able to provide an additional layer of service to its retail tenants, and increase their level of stickiness to its overall ecosystem, thus allowing the Company to dominate in this segment.

The Company believes that its overall business model is highly sustainable. The Company is positioned to capitalize on emerging industry trends, and more importantly, its businesses are setup to serve the "sweet-spot" of the demographics i.e. the low to middle income population. The Company intends to leverage its leading market position, exploit economies of scale and its local market knowledge to consolidate and continue to grow its market share over time.

Focus on building recurring revenue based on a foundation of appreciating assets and operate a capital efficient business model

The Company is focused on developing properties that will create a steady stream of cash flows backed by a string of appreciating assets. The Company believes that cash flows sourced from recurring revenue streams are of greater quality than cash flows generated from sale of properties which are non-recurring in nature and are dependent on continued reinvestment.

DoubleDragon's recurring revenue increased by 30.13% to Php3.95 billion in 2019 compared to Php3.03 billion the prior year primarily from the growth of its rental revenues which grew 31.0% to Php3.27 billion in 2019 compared to Php2.50 billion the prior year

The Company's envisioned 1.2 million sq. m. of leasable space by 2022 is expected to generate cash flows and project yields that will organically grow without continuous capital outlay, primarily driven by the embedded escalation rates in its lease contracts with its tenants.

The Company books its assets held for lease as investment property. As it has adopted the fair value method, investment properties are revalued on an annual basis by a third party appraiser based on comparable market transactions relative to the location of the Company's properties held for lease. Generally, the Company's investment properties have seen substantial gains from revaluation on top of cash flows contributed from leasing operations.

The Company's business model is also geared to be highly capital efficient in deployment of capital once it achieves scale in its CityMalls expansion, coupled with the completion of other developments that are earmarked to provide recurring income. This is mostly driven by CityMall's relatively quick churn rate, with an estimated time to completion of 12 months and a further six months to stabilize, thus ensuring that raised capital is quickly converted into cash-generating hard assets.

For its Hotel 101 business, the Company has adopted a "sale-and-managed" model, where individual condotel units are sold to third party investors but the Company continues to manage the condotel units post-sale. Sale proceeds are consequentially used to fund the development cost, which reduces its equity requirements for any project. In addition, the Company plans to subfranchise its Jinjiang Inn brand, and under this model, the capital expenditure for any repairs of these subfranchised hotels is to be borne by the subfranchisee. Overall, these streams of income will reduce the equity contribution required from the Company to fund any future capital expenditure plans.

Maintain a strong balance sheet, prudent risk and capital management and good governance

By maintaining a strong balance sheet, the Company believes that it is in a position to withstand economic and financial cycles, while allowing it to fund its planned expansion. This will also give it the flexibility to make acquisitions or fund capital expenditures when opportunities arise. In addition, the Company believes that its strong balance sheet is reinforced by its cost efficient business model – rollout of expansion plans for CityMall, Hotel 101 and industrial centers via the same format allows for economies of scale and reduces any cost inefficiencies that could result from unnecessities.

The Company intends to take a disciplined approach to the allocation of capital across its projects, with the strict application of hurdle rates and benchmarks for each investment. Its planned capital expenditure is principally earmarked for the expansion of its mall network. The Company plans to fund its capital expenditure plan through its recurring income, pre-sales, external financing, and its access to diverse sources of funds will increase its financial flexibility. Of its 2020 leasable area target, 1.0 million sq. m. of leasable area has been funded by capital raisings raised till date. The Company has been a repeat issuer in the domestic bond market, including bonds arranged by BPI Capital Corporation, BDO Capital & Investment Corporation, Maybank ATR Kim Eng Capital Partners Inc., and RCBC Capital Corporation, demonstrating its established relationships across both domestic and international banks. Besides the domestic bond market, the Company has also tapped into diversified sources of funding which include Preferred Shares and bank funding, highlighting its diversified capital base, comprising of retail and institutional investors.

The Company also plans to manage its debt maturity profile, reduce cost of funding and diversify its sources of funding, including potentially accessing the capital markets again. To achieve these objectives, its key areas of focus are as follows:

- Company's focus on developments with a "for-sale" component, pre-sale proceeds from the sales can be used to partially fund the development costs of the project components;
- Reduce cost of funding by growing a steady stream of recurring rental income while utilizing pre-sales to reduce overall funding needs;
- Continue to diversify funding sources and lower its cost of capital by monitoring the markets for favorable opportunities to build up its capital resources through various financing options such as equity issuances, loans and public debt issuances, among others; and
- Continue to look at longer-term and fixed rate funding to reduce refinancing risk and ensure little interest rate volatility. As of December 31, 2019, the debt maturity of the Company's long-term debt is 4.06 years, indicating minimal near-term refinancing risk.

BUSINESS SEGMENTS

RETAIL LEASING

The Company operates its retail leasing segment primarily through its subsidiary, CMCCI. As of December 31, 2019, the total value of CMCCI's investment properties amounted to Php25,780,948,251. CMCCI is 66% owned by the Company. The Company believes CityMall is the first branded independent community mall chain to focus on the provincial areas in the Philippines.

All CityMalls have a standard color, design, look, feel and approximate size. The Company believes that the standardization of the CityMalls makes the mall design a brand unto itself. The photos below depict the typical look of a CityMall:

Above: Photo of CityMall Boracay

CityMall provides prime and strategic locations in the heart of the community that it serves, locating the malls close to national highways in order to amplify visibility and ensure the mall is in the city center for maximum exposure. CityMall caters to top Philippine fast food brands such as Jollibee, Mang Inasal, Chowking, Greenwich, Red Ribbon and Highlands Coffee, as well as other leading retailers,. The Company believes that CityMall provides the platform in which modern retail brands can expand into the provinces because it is the first modern retail format in most of the cities that it is penetrating.

The photo below shows how a typical “FoodWorld” in a CityMall would look like.

CMCCI and ABS-CBN Corporation partnered to roll out cinemas in various CityMall locations. As of December 31, 2019, a total of eleven cinemas are operational (CM-Anabu, CM-Consolacion, CM-Tagum, CM-Sta. Rosa, Nueva Ecija, CM-Dumaguete, CM-Victorias, CM-Mandalagan, CM-Boracay, CM-Bulua, CM-Cotabato and CM-Koronadal.) Each cinema is expected to have a seating capacity of 100 to 120 seats. The Company believes that CityMall can serve to fill the entertainment gap that currently exists in the provincial areas since a majority of the 140 cities in the Philippines currently do not have cinemas.

As part of its commitment to sustainable development, the Company intends to “greenergize” its CityMalls, deploying rainwater collection systems and/or solar panels when possible.

Leasing Policies

The Company’s leasing policies in relation to each of its CityMalls is to screen applicants carefully and to secure an appropriate mix of tenants, both in terms of the nature of their business and their size, which cater to the needs and demands of the community which each such CityMall serves. The Company aims to not have any duplication within its tenant mix.

The Company’s tenancies are generally granted for a term of three to five years, with the exception of some of the larger anchor tenants, whose tenancies can last for up to 15 years, and kiosks which are on annual lease terms, with each renewable on an annual basis thereafter. Generally, six months' notice is required for termination of leases for a term of three to five years, and three months' notice is required for annual leases. Further, tenants are generally required to pay a six-month deposit at the commencement of the lease. A majority of the Company's leases are on fixed annual rates, subject to annual escalation clauses. Certain tenants of the Company, such as fast food tenants, pay rent based on a percentage of their revenues. The Company likewise has lease arrangement with tenants covering lease rates that is derived from a percentage of their revenues subject to a Minimum Guaranteed Rent (MGR) amount.

Leasable spaces are delivered bare by the Company to its tenants. The Company's tenants are responsible for the fit-out of their respective leased spaces, and are required to return such spaces to the Company in bare shell at the end of the lease term.

Marketing and Management of the Malls

The Company employs an in-house leasing team to find tenants for the Company's CityMalls. The Company's leasing team is in charge of the general promotion and marketing of CityMalls.

The Company also deploys a mall manager and technical head to each CityMall to oversee day-to-day operations. Other services such as maintenance, engineering, janitorial and security services are outsourced by the Company to reputable third party service providers on an annual contractual basis. These contracts can usually be terminated at any time, such as if the contractor fails to perform at an acceptable level. The Company, through its subsidiary DoubleDragon Property Management Corp. ("DDPMC"), charges the tenants CUSA fees for such services. DDPMC likewise charges tenants for service fees for the provision of utilities such as water and electricity.

CityMall Layout

The Company employs uniform standards for mall layout and design, equipment, quality of construction and the composition of building and finishing materials. The Company believes that employing uniform standards across stores not only helps develop the layout as a brand unto itself, but also helps limit construction and refurbishment costs, as well as improve customer satisfaction and loyalty, since customers are able to experience a similar environment with a familiar shopping experience regardless of location.

The floor plan below is a sample layout of a CityMall.

CityMall Development

With the guidance and supervision of the Company's CEO, the Company identifies viable sites for the construction of new CityMalls. The Company determines the viability of a potential plot of land for a new CityMall site based on the demographics of the area, including the size of the population, its income levels, local government and the local infrastructure. Once a suitable site is selected, based on the factors described above, the Company then determines the size of the mall, with each CityMall having a gross floor area between 4,000 to 22,000 sq. m. The construction and development of each CityMall is overseen by a third party project management company appointed by the Company. The average time for construction of each CityMall is 12 months, depending on the size of the mall. The Company has generally financed land purchases and the construction of its CityMalls from its long-term borrowings and equity issuances.

The Company believes it operates a cost efficient business model for mall development, whereby each mall is built by local contractors which allows for direct interaction with personnel who have better on-the-ground experience in sourcing labor and materials in the local area. In addition, the Company believes that it enjoys economies of scale by offering individual contractors the opportunity to compete for multiple construction projects.

The Company is currently in the process of identifying locations suitable for new CityMall sites with a particular focus on the Visayas and Mindanao regions. The Company has three methods of securing properties:

- *direct acquisition*: 100% ownership over the property through its subsidiary CMCCI

- *joint venture*: 70% ownership over the property through CMCCI; 30% ownership retained by the landowner

- *long term lease*: minimum term of 26 years

The Company's preference is to directly acquire properties for CityMall in order to benefit from property appreciation in the city centers in the provinces. The joint venture method still allows the Company to benefit from property appreciation by owning at least 70% of the joint venture company that holds the land title. However, in cases where the property location is compelling for the development of a CityMall, and there is no opportunity for a direct acquisition or a joint venture with the landowner, then the Company will negotiate a long-term lease, with a minimum term of 26 years with the landowner. Long-term leases include provisions such as, but not limited to, the Company receiving the right of first refusal over the future sale of the property, which will allow the Company to potentially directly acquire the property at a later date.

Competition

Since CityMall was conceptualized to be the modern alternative to traditional retailers in the provinces, the Company believes that traditional retailers would primarily be considered as the current competitors of CityMall. However, traditional retailers are often less organized and do not have the branding strength or critical mass that the Company can achieve through the nationwide roll out of its CityMalls. The existing traditional retailers are also more often than not locally owned and specific only to that city or region. Currently, only a fraction of the pricing advantage previously enjoyed by local retailers exists. The Company believes this pricing advantage will continue to be reduced or eliminated in the near term as branded retailers continue to penetrate the provinces. Other community mall developers could potentially be considered competitors to CityMall, although the Company believes that it has the advantage of familiarity, focus and actual business experience in these provincial areas of the Philippines.

Other Malls

Dragon8 Mall

Dragon8 Mall was a partially constructed project acquired by the Company on May 2, 2014. The project is located on a 5,972 sq. m. prime corner lot at C.M. Recto corner Dagupan Streets, Divisoria in Manila. In line with the area being known as a micro retail destination, Dragon8 Mall offers micro retailers a modern version of the mall stall units currently being offered within the vicinity at similar prices.

The Company sells 16-year leasehold rights on the mall stall units, which gives locators the exclusive right to lease the said units for the duration of the leasehold contract. A portion of the development is also being leased out directly to tenants and form part of the leasable portfolio of the Company. Dragon8 Mall has approximately 9,800 sq. m. of leasable space and houses approximately 300 parking spaces for the convenience of its shoppers.

As of December 31, 2019, the occupancy rate of Dragon8 Mall is at 99.5%

Umbria Mall

The Company partnered with the Aryana Group, through Piccadilly Circus Landing, Inc., to develop the Umbria Commercial Center in Binan, Laguna. Umbria Commercial Center is a multi-story structure housing specialty shops, casual dining, cafes and deli shops, convenience and drug store, wellness and beauty centers, and a supermarket. A key design feature of the mall is its architecture which is inspired by the umbrella-like structure in L'Umbracle Gardens in Valencia, Spain. Umbria Commercial Center opened on December 2, 2016.

As of December 31, 2019, the occupancy rate of Umbria Mall is at 90.6%

OFFICE LEASING

The Company's office leasing segment primarily consists of two key projects currently under development, DD Meridian Park and Jollibee Tower.

DD Meridian Park

DD Meridian Park is a 4.75-hectare project in the Bay Area of Pasay City, located at the corner of Diosdado Macapagal Boulevard and EDSA Extension. The subsidiary that owns the project, DD-Meridian Park Development Corp. ("DDMPDC"), is 70% owned by the Company.

Phase 1 consists of four 11-storey towers with a retail area on the ground floor, parking on the 2nd to 3rd levels, and BPO offices from the 5th to the 11th levels. The ground floor retail area is dedicated to established food concepts, basic services, a supermarket and a themed food hall. In addition, Phase 1 has 2,278 parking spaces (including lifts). Phase 1 office towers is fully operational and 100% leased as of December 31, 2019.

Phase 2 of the project includes two additional office towers, DoubleDragon Center East and DoubleDragon Center West, both of which will be connected to DoubleDragon Plaza by an elevated walkway. Phase 2 office towers are fully operational as of December 31, 2019. DoubleDragon Center East, the 5th office tower is 100% leased and DoubleDragon Center West is 91% leased as of December 31, 2019.

On June 19, 2017, the Company, through its subsidiary DDMPDC, entered into a Technical Advisory Agreement and Serviced Residence Management Agreement with Scotts Philippines Inc., in relation to the development and management of a five-star luxury serviced apartment as phase 3 of DD-Meridian Park. Phase 3 is expected to have over 300 luxury serviced apartment units. The serviced apartment is expected to carry the Ascott Limited brand. Ascott Limited is a leading international serviced residence owner-operator, with more than 300 properties in over 100 cities across America, Asia-Pacific, Europe and the Middle East. The Company believes the project is an ideal site for a luxury serviced apartment complex, given its close proximity to the Manila airport, Department of Foreign Affairs, Mall of Asia and Entertainment City. Construction of Ascott-branded serviced residences has commenced in 2018.

Phase 4 is expected to consist of DoubleDragon Tower, an 11-storey building with views of the Bay Area and Pasay City. The building's eight office floors will be ideal for both startups and established companies. Two floors will be dedicated to commercial establishments suitable for retails shops, restaurants and other entertainment options. The Company expects to complete Phase 4 in 2022.

In line with the Company’s commitment to sustainable development, the Company has been pre-certified for a silver Leadership in Energy & Environmental Design (“LEED”) certification for DoubleDragon Plaza. To receive LEED certification, DoubleDragon Plaza must satisfy prerequisites and earn points to achieve different levels of certification. LEED is a green building certification program that recognizes best-in-class building strategies and practices. LEED certified buildings save money and resources and have a positive impact on the health of occupants, while promoting renewable, clean energy.

Jollibee Tower

Jollibee Tower is a premium grade 41-storey commercial and office tower with Jollibee Foods Corp. as the building's anchor tenant. Poised to become a prominent landmark in the Ortigas Central Business District, it is situated on a 3,002 square meter prime commercial lot located at the corner of F. Ortigas Jr. Road (formerly Emerald Avenue) and Garnet Road and will complement the thriving business community in the Ortigas Area. Jollibee Tower has a total leasable area of 59,365 square meters and will feature ground floor retail concepts of the Jollibee Group as well as an events center and the second floor. The rest of the floors will be leased as office space and will include 4 basement parking floors and 8 podium parking floors to service its tenant requirements. The tower will also feature green garden decks and a helipad.

As of December 31, 2019, Jollibee Tower has been completed.

The project is a joint venture between the Company and JFC, who will serve as the building’s anchor tenant.

Leasing Policies

The Company’s office space tenancies are generally granted for a term of five to ten years. Leases may not be pre-terminated prior to the fifth year of the lease term, and any pre-termination requires 6 months’ prior notice. The Company also requires the payment of 6 months of security deposit and advance rent at the commencement of the lease. The Company’s leases are on fixed annual rates, subject to annual escalation clauses. Upon expiry of the lease, the rental rates are adjusted to reflect the prevailing market rent.

Leasable spaces are delivered in bare shell form by the Company to its tenants. The Company’s tenants are responsible for the fit-out of their respective leased spaces, and are required to return such spaces to the Company in bare shell at the end of the lease term.

Management and Marketing

The Company employs an in-house project department with a headcount of two people to find tenants for the Company’s office spaces. The Company also relies on professional, multinational commercial real estate leasing agents such as Leechiu &

Associates, Colliers, KMC Savills and Santos Knight Frank to find tenants for its DD Meridian Park office space.

The Company intends to deploy administrative staff to each of its office projects once these are operational to oversee day-to-day operations. Other services such as maintenance, engineering, janitorial and security services will be outsourced by the Company to reputable third party service providers on an annual contractual basis. These contracts can usually be terminated at any time, such as if the contractor fails to perform at an acceptable level. The Company, through its subsidiary DDPMC, will charge the tenants CUSA fees for such services. DDPMC will likewise charge tenants for service fees for the provision of utilities such as water and electricity.

Competition

For the office segment, the Company will compete with a majority of property players that are also invested in the office segment. The office segment is dependent on the continuous growth of the BPO industry in the Philippines, which make up majority of the end users in this market. Economic downturns could potentially affect this sector, thus, in order to minimize risk, the Company has only developed office projects within the top five prime locations for these types of developments.

The Company believes DoubleDragon Plaza's direct competition would be Tower II & III of Filinvest Cyberzone Pasay as well as SM Three E-Com, which will also be coming online approximately the same time. The Company believes the location of DD Meridian Park offers it a competitive advantage as to those of its competitors because it is at the entrance of the Bay Area and closer to the transportation hub being at the corners of Roxas Boulevard, EDSA and Macapagal Avenue. Jollibee Tower is in direct competition with Robinsons Cyberscape Gamma and Eton Sunrise, both of which are office developments in the Ortigas area to be turned over in the same year.

HOSPITALITY

The Company's hospitality segment is operated through its subsidiary, HOA, which is 70% owned by the Company. HOA's hospitality operations are comprised of 876 operating hotel rooms, including the Company's own hotel brand, "Hotel 101", located in the Manila Bay Area near the Mall of Asia. CSI Hotels, Inc., a 50%-owned subsidiary of HOA, is the Philippines' master franchisee of the "Jinjiang Inn" brand, one of the largest hotel brands in Asia, with two hotels in operation in Ortigas and Makati, Metro Manila, that primarily target Chinese tourists. HOA also operates Injap Tower, a 21-storey condotel located in Iloilo City. HOA also operates Injap Tower, a 21-storey condotel located in Iloilo City. The Company has nine hotels under development, including two hotels under construction - Hotel101 in Fort Bonifacio Global City and Hotel101 in Davao.

The Company believes that its foray into the hospitality sector will allow it to benefit from the significant tourism prospects for the Philippines, as well as fully optimize the use and value of its string of prime properties in strategic locations throughout the country.

Competition

The Company's hotels cater to the mid-end market, and compete with other three star hotels operating within the areas where the Company currently operates such as the Manila Bay Area, Makati City, and Ortigas Center.

INDUSTRIAL LEASING

The Company's latest venture into the growing industrial leasing segment is through its wholly-owned subsidiary, Central Hub Industrial Centers Inc. The Company currently has plans for development for eight sites strategically located across Luzon, Visayas and Mindanao with a total of 100,000 sq. m. of leasable space in the near-term:

Location	Number of Sites
North Luzon	2
South Luzon	2
Visayas	2
Mindanao	2

Company believes that its industrial centers will be the first branded modern industrial centers in the Philippines and will contain standardized, multi-use, and industrial quality warehouses suited for commissaries, cold storage and logistics centers to be leased to locators nationwide. The Company believes that industrial leasing presents a significant growth opportunity in the Philippines due to the lack of such industrial support infrastructure in provincial areas. The Company believes that it can leverage the fast food experience of its CEO and significant shareholders, as the fast food industry leases from other parties its warehouses for commissary operations, cold storages and logistics distribution centers. The Company also believes that such industrial centers will be able to support the tenants of its CityMalls located in nearby cities.

In 2017, the Company, through CHICI, acquired a 6.2-hectare lot in the Luisita Industrial Park in Tarlac for its first industrial hub. The Tarlac project is currently being developed, and is expected to cover 32,000 sq. m. of industrial space built over four phases. The Company has completed construction of phase 1 and is 100% leased out. Phases 2,3 and 4 of the project are expected to commence in 2019, Each of phases 2 and 3 of the project shall consist of one structure subdivided into four warehouses, while phase 4 will be subdivided into three warehouses.

On February 14, 2018, the Company, through CHICI, acquired a 3.9-hectare property in Iloilo, located along Iloilo R3 Road approximately five kilometers from the Iloilo International Airport and ten kilometers from the Iloilo City proper. The site is expected to be the Company's second CentralHub complex in the Philippines, following its Tarlac project which is currently under construction. Once developed, CentralHub-Iloilo is expected to have a capacity of 22,000 sqm. of leasable space.

On October 26, 2018, CHICI acquired its third site, a 5.2-hectare parcel of land in Danao, Cebu for industrial leasing. CentralHub-Cebu will have a capacity of 27,212 sqm. of industrial warehouse space. This will be the second major hub of CentralHub in the Visayas region following the recent acquisition of CentralHub-Iloilo

On August 8, 2018, CHICI completes its first ever CentralHub prototype which marks the beginning of a string of industrial complexes soon to rise across strategic provinces in the Philippines. On March 11, 2019, the Company has secured its fourth CentralHub industrial complex in Davao City. CentralHub-Davao has an area of 8.2 hectares with a capacity of 40,392 square meters of leasable industrial warehouse space. This will be the first CentralHub in Mindanao and DoubleDragon's fourth CentralHub nationwide.

Within 2019, the Company has also developed its fifth CentralHub industrial warehouse complex located in Capiz province. The 4.2-hectare industrial warehouse complex is now completed and 100% leased to tenants such as the area distributors of Prifood and Nestlé.

Industrial warehouse leasing is one of DoubleDragon's four pillars of growth in line with its vision to be a primarily recurring revenue-focused property company.

Leasing Policies

The Company's industrial space tenancies are expected to be generally granted for a term of five to ten years. For most of the Company's tenants, 6 months' notice will be required for termination of their leases and a six-month deposit will be required to be paid at the commencement of the lease. The Company's leases are expected to be on fixed annual rates, subject to annual escalation clauses. Upon expiry of the lease, the rental rates are expected to be adjusted to reflect the prevailing market rent.

The Company will deliver leasable spaces in bare shell form to its tenants. The Company's tenants will be responsible for the fit-out of their respective leased spaces, and will be required to return such spaces to the Company in bare shell at the end of the lease term.

Management and Marketing

The Company employs an in-house leasing and marketing team to find tenants for the Company's industrial spaces.

Services such as maintenance, engineering, janitorial and security services will be outsourced by the Company to reputable third party service providers on an annual contractual basis. These contracts can usually be terminated at any time, such as if the contractor fails to perform at an acceptable level. The cost of such outsourced services

INTERIM PROJECTS

The Company's long term strategy is to earn a significant majority of its revenues through recurring income from its leasing portfolio and hospitality operations. However, the Company has strategically acquired existing projects that have been pre-sold and partially completed by other developers in order to enhance the Company's profitability in the near-term and provide capital to develop its leasing portfolio of properties. While the Company may continue to strategically acquire such additional interim projects in the future on a case by case basis, the Company will continue to shift its primary focus to acquiring, developing and operating leasable properties in the future. The discussion below includes certain details on interim projects undertaken by the Company.

The SkySuites Tower

The Company acquired The SkySuites Tower on September 1, 2014 from Rizal Commercial Banking Corporation, the financial institution that foreclosed on the property from its original developer four years prior to the Company's acquisition. The SkySuites Tower was planned as a 38-storey commercial, office and residential tower sitting on a 2,812 sq. m. prime corner lot at the corner of EDSA and Quezon Avenue, a few meters away from the Mass Rail Transit station.

The SkySuites Tower is divided into two structures with lobbies: the lower structure is dedicated to corporate offices while the residential tower consists of lofts catering to the mid to high-end market. The Company has continued both the construction and sale of the remaining inventory of the residential units and parking, but intends to retain the unsold commercial and office spaces as part of the Company's leasable portfolio.

W.H. Taft Residences

The Company's first project in Metro Manila was the 31-storey W.H. Taft Residences, a condominium development situated beside De La Salle University on Taft Ave. in Manila. W.H. Taft Residences offers 533 low-density studios and one bedroom residential units in a prime location to serve as a base for students from De La Salle University, College of St. Benilde and St. Scholastica's College, all of which are within walking distance from the project. Residents of the project also enjoy a full range of student-inspired features and amenities such as wireless internet connection, a multi-purpose hall convertible into seminar, study, or focus group discussion areas, a swimming pool, multi-level flood free podium parking, and commercial establishments on the ground and second floors to cater to the day-to-day needs of its residents.

The Uptown Place

The Uptown Place is a five-storey premium commercial and residential condominium located along General Luna Street in Iloilo City. The building is across the street from the University of the Philippines Iloilo and consists of 236 residential units, ranging from 21 sq. m. studios to 73 sq. m. three bedroom units. The ground floor consists of commercial units held for lease. The project construction was completed in March 2014.

FirstHomes

FirstHomes subdivision is the Company's first horizontal housing project. Located in Navais, Mandurriao, Iloilo City. FirstHomes is a gated townhouse project consisting of 112 units within a 1.3-hectare property. FirstHomes offers semi-furnished two, three and four bedroom units equipped with modern utilities and features modern minimalist design and a wide range of amenities including swimming pools, community parks, clubhouse and CCTV security systems. The project was completed in October 2012.

HappyHomes

HappyHomes-Mandurriao is a project of DD HappyHomes Residential Centers, Inc., a subsidiary of the Company. HappyHomes is an affordable community space offering 613 lots for development in the fast growing Mandurriao district of Iloilo City. HappyHomes offers four variations of units with varying house and lot packages ranging from ₱1.2 million to ₱3.1 million. Each unit is built upon receipt of a 10% down payment and can be turned over four to six months from start of construction. As of December 31, 2018, the land development is 100% complete. Construction is on a per-block basis and commences when at least 50% of the block has been sold. The construction period is approximately seven to eight months.

Happy Homes-Tanauan is a new project of DDHH, Inc. that was acquired in 2015. Located in Tanauan, Leyte, the project consists of 1,494 lots available for development. Four variations of units with varying house and lot packages are available, ranging from ₱0.450 million to ₱1.2 million. Land development works for phase 1 began on April 21, 2016. Similar to Happy Homes-Mandurriao, construction is on a per-block basis and commences when at least 50% of the block has been sold and the construction period is approximately seven to eight months.

Buyers of units in Happy Homes-Mandurriao and Happy Homes-Tanauan may avail of financing schemes offered by the Home Development Mutual Fund as well as accredited banks.

SUPPLIERS

The Company has a broad base of suppliers for materials and services and is not dependent on any one supplier for its construction and development activities. The Company believes there is no scarcity for the Company's raw materials and they may be easily sourced in the market, and therefore the Company is not, nor is it expected to be, dependent upon one or a limited number of suppliers for its essential raw materials or any other items. The Company's principal raw materials are steel and cement, which are readily available in the market from a number of sources. Contracts between the Company and its contractors or suppliers contain warranties for quality and requirements for timely completion. In the event of delay or poor quality of work, the contractor or supplier may be liable to pay the Company a penalty. The Company has not had any material disputes with any of its contractors or suppliers. The Company uses a standard form fixed-price turnkey contract for both its general and specialty construction contractors. The contracts typically include the following key terms: a down payment of 10%-15% is required from the contractor and is usually obtained in the form of a performance bond; progressive billing occurs on a monthly basis; and a 10% retention and warranty provision for workmanship is included and is typically covered by a guarantee bond.

The Company also outsources certain services for its CityMalls and hotels, such as housekeeping, janitorial, maintenance, and security services, to reputable third-party service provides on an annual contractual basis. These contracts can usually be terminated at any time, such as if the contractor fails to perform at an acceptable level.

EMPLOYEES

As of December 31, 2019, the Company and its Subsidiaries have a total of 637 organic employees. The Parent Company had 244 organic employees as of the same period.

The Company has no collective bargaining agreements with its employees due to the absence of organized labor organizations in the Company. Aside from complying with the minimum compensation standards mandated by law, the Company makes available to qualified personnel supplemental benefits such as health insurance, car plans and bonuses. The Company has not experienced any disruptive labor disputes, strikes or threats of strikes, and management believes that the Company's relationship with its employee in general is satisfactory.

INTELLECTUAL PROPERTY

The operations of the Company are not dependent on any copyright, patent, trademark, license, franchise, concession or royalty agreement. The Company and its Subsidiaries have registered the following trademarks with the Intellectual Property Office:

	Trademark	Type	Registrant	Filing Date	Registration date
1	DD DOUBLE DRAGON PROPERTIES CORP. MAKING GREAT THINGS HAPPEN FOR YOU		DoubleDragon Properties Corp.	May 3, 2016	November 17, 2016
2	DOUBLEDRAGON PROPERTIES CORP.		DoubleDragon Properties Corp.	May 3, 2016	November 17, 2016

3	DD		DoubleDragon Properties Corp.	October 29, 2012	May 30, 2013
4	DOUBLEDRAGON		DoubleDragon Properties Corp.	October 29, 2012	May 30, 2013
5	CITYMALL YOUR EVERYDAY MALL!		CityMall Commercial Centers Inc.	May 3, 2016	March 24, 2017
6	CITYMALL SEE YOU EVERYDAY!		DoubleDragon Properties Corp.	October 30, 2013	August 21, 2014
7	CITYMALL		DoubleDragon Properties Corp.	October 30, 2013	August 21, 2014
8	DOUBLEDRAGON PROPERTY MANAGEMENT CORP.		DoubleDragon Properties Corp.	May 3, 2016	November 17, 2016
9	DRAGON8 MALL THE NEWEST MALL IN DIVISORIA		DoubleDragon Properties Corp.	October 30, 2015	April 29, 2016
10	WH TAFT RESIDENCES		DoubleDragon Properties Corp.	October 30, 2015	January 21, 2016
11	DOUBLEDRAGON PLAZA		DD - Meridian Park Development Corp.	July 28, 2017	April 12, 2018
12	INJAP TOWER HOTEL		DoubleDragon Properties Corp.	November 17, 2016	May 11, 2017

13	D8 MALL		DoubleDragon Properties Corp.	February 15, 2017	July 14, 2017
14	ISLAS PINAS A FOOD AND HERITAGE VILLAGE		DD-Meridian Park Development Corp.	May 3, 2018	January 10, 2019
15	CITYMALL PHILIPPINES		CityMall Commercial Centers Inc.	February 12, 2018	February 24, 2019

The Company also has applied for the registration of the following trademarks:

	Trademark	Type	Applicant	Filing Date
1	CENTRALHUB INDUSTRIAL CENTERS INC.		CentralHub Industrial Centers Inc.	February 21, 2018
2	CITYMALL CINEMA		CityMall Commercial Centers Inc.	February 19, 2019

These trademarks are important in the aggregate because name recognition and exclusivity of use are contributing factors to the success of the Company's developments. In the Philippines, certificates of registration of a trademark filed with the Philippine Intellectual Property Office are generally effective for a period of 10 years, unless terminated earlier.

HEALTH, SAFETY AND ENVIRONMENT

The Company regards occupational health and safety as one of its most important corporate and social responsibilities and it is the Company's corporate policy to comply with existing environmental laws and regulations. The Company maintains various environmental protection systems and conducts regular trainings on environment, health and safety. As discussed above, the Company spends significant time and resources on being a leader in sustainable development.

INSURANCE

The Company obtains and maintains appropriate insurance coverage on its properties, assets and operations in such amounts and covering such risks as the Company believes are usually carried by companies engaged in similar businesses and using similar properties in the same geographical areas as those in which the Company operates. The Company maintains insurance policies, including policies with Malayan Insurance Company, Incorporated and PGA Sompo Insurance Corp. through the Company's insurance broker Marsh Philippines, Inc., covering the following risks: business interruption, comprehensive general liability, personal accident insurance for directors and officers, fire and lightning, bush fire and spontaneous combustion; windstorm, storm, typhoon, flood, tidal wave and tsunami; water damage caused by overflowing or bursting of water tanks, pipes or other apparatus, sprinkler and related firefighting apparatus leakage; explosion, falling aircraft and article therefrom, impact by road vehicles and smoke; earthquake shock and earthquake fire; volcanic eruption; subsidence, collapse and landslide; riot and strike, civil commotion and malicious acts; electrical injury; sparkler and related firefighting apparatus leakage; robbery and burglary; mechanical or electrical derangement failure or breakdown or boiler explosion; extra expense / standard charges; and third-party bodily injury and property damage.

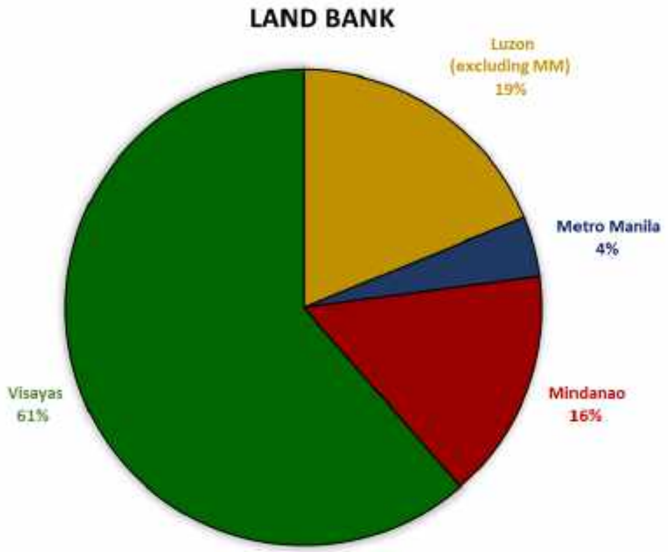
ITEM 2. PROPERTIES

The Company and its subsidiaries' investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent appraiser. The fair values of the investment properties were arrived at using the market data approach for land and cost or income approach for buildings.

LAND BANKING

The following table sets forth the Company and its subsidiaries land bank as of December 31, 2019.

Location	Land Area (in sqm)
Luzon	379,806
Metro Manila	82,380
Mindanao	316,598
Visayas	1,240,668
Grand Total	**2,019,452**



A. RETAIL LEASING

B. OFFICE LEASING

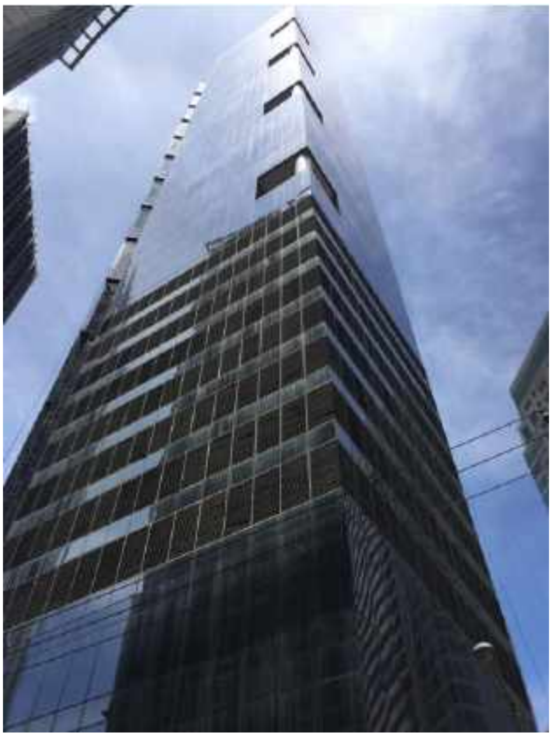
Operational Office Leasing Properties:

DoubleDragon Plaza (Towers 1 – 4)	4
DoubleDragon Center East	1
DoubleDragon Center West	1
Jollibee Tower	1
SkySuites Office Tower	1
Total	8

Actual Photo of DoubleDragon Center East and DoubleDragon Center West:

Jollibee Tower is under a joint venture agreement, where in JFC will contribute the land for the project in exchange for 15% of the project's leasable floor area, while the Company will serve as the sole developer in exchange for the remaining 85% of the project's leasable floor area. In addition to the floor area received under the joint venture agreement, as anchor tenant, JFC is expected to lease additional office space directly from the Company to accommodate their corporate office requirements.

Actual Photos of Jollibee Tower:



Contracts of Lease for Office Space

The Company leases its corporate office space at DoubleDragon Plaza, DD Meridian Park in the Manila Bay area. The office is leased by DD from DDMPDC.

The Company leases office and parking spaces and showrooms. The terms of the lease are for periods ranging from one to five years, renewable for the same period under the same terms and conditions. Generally, the rent under such leases shall escalate by an average of 5% to 10% each year.

C. HOTELS

Operational Office Leasing Properties:

	Number of rooms
Hotel 101-Manila	518
JinJiang Inn-Makati	59
JinJiang Inn-Ortigas	95
Injap Tower	194
JinJiang Inn-Boracay (Station 1)	10
Total	876

Hotel101-Manila

HOA created the "Hotel101" brand primarily to be an alternative accommodation, with services and facilities that address the needs of a fast-paced leisure and business environment. The first Hotel 101 branded hotel opened in June 8, 2016 and is located in the Manila Bay Area, only a few blocks from the Mall of Asia, the largest mall in the Philippines and one of the largest malls in Asia. The hotel offers 518 uniformly sized rooms, a spacious lobby, where guests can relax, conduct business, or meet with friends as well as a swimming pool, kiddie pool and outdoor Jacuzzi, which opens to the famous Manila Bay sunset. Located on the ground floor is its restaurant Horizon Cafe, which serves breakfast buffet, and offers a la carte lunch and dinner, serving international cuisines.

The units in Hotel101 are sold to buyers prior to construction completion and opening. The buyers receive individual condominium titles, and likewise are able to receive income share from the hotel's revenues. The Company continues to manage the hotel, and shares a portion of the gross revenue with the individual unit owners in accordance with respective management agreements. The hotel is managed by Hotel 101 Management Corp, a wholly owned subsidiary of HOA, under a 25-year management contract (with an option to extend for another 25 years).

Jinjiang Inn

CSI Hotels, Inc., a 50%-owned subsidiary of HOA, is the master franchisee of the "Jinjiang Inn" brand in the Philippines. Jinjiang is a Chinese-based hotel operator with one of the largest hotel portfolios in Asia. Through the master franchise agreement, CSI Hotels, Inc. receives the right to operate the Jinjiang Inn brand in the Philippines. The first Jinjiang Inn was opened on September 2015 and is located along San Miguel Ave. in Ortigas. The hotel offers 95 rooms including five business suites, with a dimension of 23 sq. m. to 56 sq. m., with known necessities to travelers. All rooms are complete with 46" LCD TV, mini bar, in-room safe, laundry services, and an en-suite bathroom, complete with toiletries and bath robes. Its facilities include three meeting rooms, good for six to 14 persons, and a business kiosk. Its restaurant, Five Spice Asian Bistro, serves Asian Fusion cuisines and services buffet breakfast, a la carte lunch and dinner, and can also accept banquet functions for up to 50 persons.

The second Jinjiang Inn was opened in September 2016 and is located along Pasay Road in Makati. The hotel offers 59 rooms, as well as a spacious and elegant lobby. In addition to other modern conveniences, the hotel also has a business kiosk to help guests with their online needs. All rooms are well-appointed with fixtures and amenities comparable to deluxe class hotels. Located on the ground floor is the hotel's Choi Garden Seafood Restaurant, which serves authentic Chinese cuisines and uses quality ingredients in its dishes.

The Company intends to expand its Jinjiang Inn hotels from both developments of Company-owned properties and through subfranchising thereof.

Injap Tower

Injap Tower is a 21-storey commercial and condotel tower located along West Diversion Road in Iloilo City. Situated across from SM Iloilo, the tower is Iloilo's first high-rise building as well as the tallest building in the Western Visayas. Injap Tower features two commercial units on the ground floor, multi-level parking, and 196 fully furnished condotel units. Amenities and facilities of the tower include a swimming pool, 24-hour security, four elevators, several retail shops and the Horizon Café on the top floor.

Injap Tower Hotel is likewise a condotel concept similar to Hotel101, where rooms are sold to third party investors. The hotel is managed by Hotel101 Management Corp, a wholly owned subsidiary of HOA, under a 25-year management contract (with an option to extend for another 25 years).

Injap Tower Hotel opened in June 2014. It has 21 floors with 194 rooms available.

List of Hotels for future developments:

Hotel 101 - Fort
Hotel 101 - Davao
Hotel 101 - Palawan
Hotel 101 - Bohol
Hotel 101 - Boracay (New Coast)
Hotel 101 - Cebu
Hotel 101 - Libis
JinJiang Inn - Boracay Newcoast
JinJiang Inn - CDO
JinJiang Inn - Puerto Princesa
The SkySuites Tower
Ascott-DD

The second Hotel101 branded hotel, located in Fort Bonifacio Global City, began construction in 2017. The Hotel101-Fort will add 606 rooms to HOA's portfolio and is expected to feature a three-level podium with commercial areas on the ground and second floor levels reserved for specialty retail shops and residents. The third level of the podium will house amenities such as a gym, spa, infinity pool, conference rooms, all-day dining and lounges. Similar to Hotel101-Manila, Hotel101-Fort will be a condotel concept, with units sold to third party investors under condominium titles, and subject to a management and revenue sharing agreement entered into with the Company or one of its Subsidiaries.

Below is an artist's depiction of Hotel101-Fort:

Hotel 101-Fort

On February 1, 2018, the Company announced that HOA entered into a joint venture with Newcoast South Beach, Inc., for the development of Hotel101 Resort-Boracay which will have 1,001 rooms and is expected to become the biggest hotel in the Philippines in terms of room count. The project is expected to be located on a two-hectare beachfront property in Boracay Newcoast, a 150-hectare tourism estate owned by publicly listed Megaworld Corporation's subsidiary, Global-Estate Resorts, Inc. The project will support environment-friendly operations, consistent with the sustainability efforts and green initiatives of Boracay Newcoast which include of electric jeepneys, solar-powered streetlamps, flood-free drainage systems, implementation of its own waste segregation program, having its own material recovery facility ("MRF") for waste recycling and having its own sewage treatment plant that converts used water to water for irrigation purposes and fire reserves.

The sites for Hotel 101 Bohol and Hotel 101 Resort-Boracay are subject of two Memorandum of Agreement executed by HOA in 2017. Ownership over the Hotel 101 Bohol site will be transferred upon delivery by HOA of the agreed consideration to the landowner. The land where Hotel 101 Resort-Boracay will be built will be transferred to Newcoast South Beach Inc. ("NSI") pursuant to its Contract to Sell with Global-Estate Resorts, Inc. and Oceanfront Properties Inc., and which will eventually be the joint development vehicle that will develop a condominium building in Boracay Newcoast, Boracay Island, Malay, Aklan. Under the agreement with HOA, the shareholders of NSI will contribute the land for the Hotel 101 Resort-Boracay project while HOA shall infuse capital that will allow it to acquire 61.9% interest in the NSI, with current NSI shareholders retaining 38.1%. NSI is in the process of completing the payment for the site which must be completed within six months from the execution of the agreement, or not later than April 10, 2018. In the event that NSI fails to complete the payment with the said period, HOA shall have the option to pay the balance needed for the full payment of the lots and the amount thus paid shall be considered in the computation of its proportionate equity share in the company.

The sites for Jinjiang Inn-Boracay Station 1 and Jinjiang Inn-Cagayan de Oro are covered by Contracts of Lease. HOA leases a 548.7548 square meter space located at Balabag, Boracay Island, Malay, Aklan for Jinjiang Boracay. For Jinjiang Inn Cagayan De Oro, HOA leases a space from CMCCI located at Brgy. Bulua, Cagayan De Oro City. The contract is for a period of 25 years commencing on January 1, 2021 or opening date, whichever is earlier, and shall terminate on January 1, 2046.

w are artist's perspectives of the planned Hotel 101 developments:

Hotel101-Libis

Hotel101-Davao

Hotel101-Bohol

Hotel101-Davao

Hotel101 Resort- Boracay

D. INDUSTRIAL LEASING

On March 11, 2019, CHICI signs a joint venture agreement with Alsons Development & Investments Corp. for the development of CentralHub-Davao. CentralHub-Davao has an area of 8.2 hectares with a capacity of 40,392 square meters of leasable industrial warehouse space.

ITEM 3. Legal Proceedings

Neither the Company nor any of its subsidiaries are involved in, or the subject of, any legal proceedings which, if determined adversely to the Company or the relevant subsidiary's interests, would have a material effect on the business or financial position of the Company or any of its subsidiaries.

The Company is not involved in any bankruptcy, receivership or similar proceedings. Neither is it aware of any bankruptcy, receivership or similar proceedings involving any of its Subsidiaries.

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

1. **Approval of the 2018 Audited Financial Statements and the 2018 Annual Report**

   Date of Approval by Board of Directors : April 12, 2019
   Date of Approval by Stockholders : August 30, 2019

2. **Ratification of the Actions of the Board of Directors and Officers**

   Date of Approval by Stockholders : August 30, 2019

3. **Election of Directors**

   Date of Approval by Stockholders : August 30, 2019

4. **Appointment of External Auditors**

   Date of Approval by Stockholders : August 30, 2019

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. Market for Registrant's Common Equity and Related Stockholders Matters

Market Information

The Company's Common Shares and Preferred Share are traded on the Philippine Stock Exchange ("PSE") and were listed on April 7, 2014 and July 26, 2016, respectively. On July 13, 2018, the Company issued additional Common Shares through its Follow On Offering.

The tables below set forth the market prices of the Common Shares and Preferred Shares in 2017, 2018 and 2019.

Common Shares

Period	**2017**		**2018**		**2019**	
	High	**Low**	**High**	**Low**	**High**	**Low**
1st Quarter	₱55.50	₱39.50	₱41.70	₱32.00	₱24.40	₱17.74
2nd Quarter	₱54.50	₱46.50	₱33.00	₱25.90	₱27.30	₱22.35

3rd Quarter	₱48.85	₱39.85	₱28.00	₱19.62	₱25.85	₱19.78
4th Quarter	₱44.00	₱36.00	₱20.25	₱17.92	₱21.30	₱18.60

Preferred Shares

Period	**2017**		**2018**		**2019**	
	High	**Low**	**High**	**Low**	**High**	**Low**
1st Quarter	₱106.50	₱103.50	₱106.70	₱100.00	₱99.90	₱94.60
2nd Quarter	₱106.00	₱103.00	₱102.20	₱100.00	₱100.00	₱95.10
3rd Quarter	₱106.60	₱104.60	₱102.00	₱99.60	₱102.00	₱98.10
4th Quarter	₱107.40	₱104.20	₱100.50	₱94.60	₱101.90	₱100.00

As of December 31, 2019, the closing price of the Company's common shares was ₱18.90 per share with a total market capitalization of ₱44,746,290,500.00 while the closing price of the Company's preferred shares was ₱100.50 per share.

Common Shares

	2020	
	High	Low
1st Quarter	₱19.48	₱11.00
2nd Quarter	₱22.20	₱15.40

Preferred Shares

	2020	
	High	Low
1st Quarter	₱103.00	₱97.60
2nd Quarter	₱102.80	₱96.50

Dividends and Dividends 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. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the Philippine 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. From time to time, the Company may reallocate capital among its subsidiaries depending on its business requirements.

The Philippine 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 from declaring dividend without its 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.

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 Philippine 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.

The Company has entered into several long-term loan agreements which do not permit the declaration of dividends, if as a result thereof, the Company would breach its financial covenants or an event of default would occur. The Company's long-term loan agreements require the Company to maintain a debt-to-equity ratio of not more than 2.33x and a debt service coverage ratio of not less than 1.25x. Further, the documentation relating to the Company's ₱9.7 billion 6.0952% bonds due 2024 and ₱5.3 billion 5.9721% bonds due 2026 require the Company to maintain a debt-to-equity ratio of not more than 2.33x and a debt service coverage ratio of not less than 1.25x.

Record Date

Pursuant to existing Philippine 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 Philippine SEC.

Dividend History

On April 10, 2013 the Board of Directors in a special meeting declared cash dividends to common shareholders in the amount of ₱92.7 million to all common stockholders of record as of April 10, 2013 and the same was paid in June 2013. On June 25, 2015 the Board of Directors in a regular meeting declared cash dividends to common shareholders equivalent to 20% of its net income for the year ended December 31, 2014 amounting to ₱111.5 million or ₱0.05 per Common Share to all common shareholders of record as of July 13, 2015. The payment date for such dividend was on July 27, 2015.

For holders of Preferred Shares, the Board of Directors approved on June 23, 2016, a special cash dividend, in the amount of ₱0.0867 per Preferred Share. On July 14, 2016, the special cash dividend was paid to all shareholders holding Preferred Shares of record as of July 8, 2016. This declaration of such special cash dividend was in addition to the regular dividend of 6.4778% per annum that holders of Preferred Shares are entitled to (subject to the availability of sufficient Unrestricted Retained Earnings). The Company has declared the following regular dividends for holders of Preferred Shares:

Date of Approval of Board of Directors	Amount of Dividends Approved Per Preferred Share	Date of Payment
March 21, 2017	₱1.61945	April 17, 2017
June 21, 2017	₱1.61945	July 14, 2017
September 27, 2017	₱1.61945	October 16, 2017
December 6, 2017	₱1.61945	January 15, 2018
March 22, 2018	₱1.61945	April 16, 2018
June 19, 2018	₱1.61945	July 16, 2018
September 18, 2018	₱1.61945	October 15, 2018
December 14, 2018	₱1.61945	January 14, 2019
March 22, 2019	₱1.61945	April 15, 2019
June 19, 2019	₱1.61945	July 15, 2019
September 16, 2019	₱1.61945	October 14, 2019
December 10, 2019	₱1.61945	January 14, 2020

Dividend Policy

The Company's current dividend policy provides that at least 30% of the preceding fiscal year's net income after tax will be declared as dividends, subject to (i) the availability of Unrestricted Retained Earnings, (ii) implementation of business plans, (iii) contractual obligations, and (iv) working capital requirements. There can be no guarantee that the Company will pay any dividends in the future. The declaration and payment of dividends is subject to compliance annually or as often as the Board of Directors may deem appropriate, in cash or in kind and/or in additional shares from its surplus profits. The ability of the Company to pay dividends will depend on its retained earnings level and financial condition. There is no assurance that the Company will pay dividends in the future.

Each of the Subsidiaries intend to approve a dividend policy that would entitle its stockholders to receive dividends equivalent to 30% to 100% of the prior year's net income after tax subject to (i) the availability of Unrestricted Retained Earnings, (ii) implementation of business plans, (iii) contractual obligations, and (iv) working capital requirements. None of the Subsidiaries have declared dividends in the past.

On April 14, 2016, the Company issued 100,000,000 Preferred Shares with a par value and issue price of ₱100 per share at an initial dividend rate of 6.4778% per annum. Unless the Preferred Shares shall have been redeemed by the Company on the seventh anniversary from the issue date thereof, the dividend rate shall be adjusted to the higher of: a) the initial dividend rate, or b) the 10-year PDST-R2 plus a step up spread equivalent to the initial spread plus 150bps.

Principal Shareholders

Common Shares

The following table sets forth the 20 largest shareholders of the Company's Common Shares as of December 31, 2019.

Shareholder	Number of Shares Subscribed	% of Ownership
Injap Investments Inc.	824,996,999	34.85%
Honeystar Holdings Corp.	824,996,999	34.85%
PCD Nominee Corporation – Non Filipino	412,015,429	17.40%
PCD Nominee Corporation - Filipino	300,359,812	12.69%
John Michael Alerta Javelosa	1,000,000	0.04%
Consuelo A. Tiope	500,000	0.02%

Francisco C. Tiu	500,000	0.02%
Michelle Marie C. Ang	251,100	0.01%
Katherine T. Bocala	200,000	0.01%
Michelle Marie C. Ang	200,000	0.01%
Inocencio G. Huyong, Jr.	150,000	0.01%
Ricardo G. Tiutan	150,000	0.01%
Kenneth Sio Tan	125,000	0.01%
Albert S. Tan	100,000	0.00%
Maria Ephie Angela Gicaro Sa-Onoy	100,000	0.00%
Evelyn S. Tan	100,000	0.00%
Perry Arthur B. Juridico	100,000	0.00%
Jermaine M. Dulaca	100,000	0.00%
Jedidah R. Presnedi	87,000	0.00%
Jeremiah R. Presnedi	87,000	0.00%

Preferred Shares

The following table sets forth the 20 largest shareholders of the Company's Preferred Shares as of December 31, 2019.

Shareholder	Number of Shares Subscribed	% of Ownership

PCD Nominee Corporation - Filipino	97,238,730	97.24%
PCD Nominee Corporation – Non Filipino	690,150	0.69%
Andre Jonathan L. Ng	550,000	0.55%
Fraternal Association of Knights of Columbus	426,900	0.43%
Meraldo Employees Savings and Loan Association	250,000	0.25%
Fraternal Association of Knights of Columbus	68,700	0.07%
Judy O. Tan	55,500	0.06%
Josefina Gutierrez Castillo or Cynthia Gutierrez	55,000	0.06%
Ben Tiuk Sy or Judy Yu Sy	50,000	0.05%
John P. Barcelona	37,500	0.04%
Foundation for Resource Linkage and Development	35,000	0.04%
Ernesto Lim Pardinas	32,700	0.03%
Republic Glass Holding Corp.	25,100	0.03%
Sota Philippines, Inc.	25,000	0.03%
William O. Dizon or Susan A. Dizon	25,000	0.03%
Chiong Ping G. Ching and/or Maria Gracia	25,000	0.03%

J.		
Ching Bun Tient Tiu and/or Ching Chiong Ping	25,000	0.03%
Aguinaldo A. Andrada or Mira Grace Q. Andrada	21,600	0.02%
Chandru Tolaram Budhrani or Avinash Chandru	21,000	0.02%
One Point Contact Inc.	20,000	0.02%

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

Calendar Year Ended December 31, 2019 and 2018

RESULTS OF OPERATION

DOUBLEDRAGON PROPERTIES CORP.
AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the year ended December 31

	2019	2018	Horizontal Analysis Increase (Decrease)		Vertical Analysis 2019	Vertical Analysis 2018
REVENUES						
Rent income	3,274,468,028	2,499,164,400	775,303,628	31.0%	16.2%	17.4%
Real estate sales	1,660,857,965	1,040,964,623	619,893,342	59.5%	8.2%	7.3%
Hotel revenues	672,061,542	533,615,359	138,446,183	25.9%	3.3%	3.7%
Leasehold rights' sales	-	-	-	0.0%	0.0%	0.0%
Unrealized gains from changes in fair values of investment property	13,502,368,444	9,627,326,372	3,875,042,072	40.3%	66.8%	67.1%
Interest income	88,577,967	42,983,696	45,594,271	106.1%	0.4%	0.3%
Income from forfeitures	5,158,701	7,984,892	(2,826,191)	-35.4%	0.0%	0.1%
Others	1,000,222,299	595,681,894	404,540,405	67.9%	5.0%	4.2%
	20,203,714,946	**14,347,721,236**	**5,855,993,710**	**40.8%**	**100.0%**	**100.0%**
COST AND EXPENSES						
Cost of real estate sales	730,045,629	435,816,529	294,229,100	67.5%	3.6%	3.0%
Cost of hotel operations	452,906,153	455,696,475	(2,790,322)	-0.6%	2.2%	3.2%
Cost of leasehold rights	-	-	-	0.0%	0.0%	0.0%
Selling expenses	290,329,357	313,350,354	(23,020,997)	-7.3%	1.4%	2.2%
General and administrative expenses	2,237,631,659	2,296,417,532	(58,785,873)	-2.6%	11.1%	16.0%
Interest expense	840,677,318	191,925,652	648,751,666	338.0%	4.2%	1.3%
	4,551,590,116	**3,693,206,542**	**858,383,574**	**23.2%**	**22.5%**	**25.7%**
INCOME BEFORE INCOME TAX	**15,652,124,830**	**10,654,514,694**	**4,997,610,136**	**46.9%**	**77.5%**	**74.3%**
INCOME TAX EXPENSE	**5,007,048,734**	**3,237,835,182**	**1,769,213,552**	**54.6%**	**24.8%**	**22.6%**
NET INCOME	**10,645,076,096**	**7,416,679,512**	**3,228,396,584**	**43.5%**	**52.7%**	**51.7%**
Net income attributable to:						
Equity holders of the Parent Company	8,831,966,802	4,605,510,276	4,226,456,526	91.8%	43.7%	32.1%
Non-controlling interest	1,813,109,294	2,811,169,236	(998,059,942)	-35.5%	9.0%	19.6%
	10,645,076,096	**7,416,679,512**	**3,228,396,584**	**43.5%**	**52.7%**	**51.7%**

Revenues

Consolidated revenues increased by ₱5.86 billion, or 40.8%, to ₱20.20 billion for the year ended December 31, 2019 compared to ₱14.35 billion for the year ended December 31, 2018. The increase was due to DoubleDragon's recurring revenue growth of 30.13% to ₱3.95 billion in 2019 compared to ₱3.03 billion the prior year primarily from the growth of its rental revenues which grew 31.02% to ₱3.27 billion in 2019 compared to ₱2.50 billion in the prior year, driven by the full operation of DoubleDragon Plaza and additional rentals from DoubleDragon Center East and West which started operations in 2019, as well as the increase in unrealized gain from the increase in the fair value of investment properties.

The Company's hotel revenues also increased by ₱138.45 million or 25.9% to ₱672.06 million for the year ended December 31, 2019, compared to ₱533.62 million for the year ended December 31, 2018, mainly due to the increase in occupancy rate and room rates in the Company's operating hotel properties.

The Company's real estate sales also grew by ₱619.90 million, or 59.5%, to ₱1.66 billion for the year ended December 31, 2019 compared to ₱1.04 billion for the year ended December 31, 2018 due to strong demand for the Company's real estate properties which include Hotel 101 Fort and Hotel 101 Davao.

The Company's interest income for the year ended December 31, 2019 increased by ₱45.60 million or, 106.1%, to ₱88.58 million, compared to ₱42.98 million in 2018, as a result of the increase in the Company's deposit placements with financial institutions. Other income from forfeiture decreased by ₱2.83 million, or -35.4%, to ₱5.16 million for the year ended December 31, 2019 compared to ₱7.98 million in 2018. Consolidated revenues further grew due to the increase in other income by ₱404.54 million, or 67.9% to ₱1.00 billion for the year ended December 31, 2019 compared to ₱595.68 million in 2018.

Cost and expenses

The Company's consolidated costs and expenses grew by ₱858.38 million, or 23.2%, to ₱4.55 billion for the year ended December 31, 2019, compared to ₱3.69 billion in 2018, mainly driven by the increase in the Company's cost real estate sales as a result of higher real estate sales. Interest expense increased by ₱648.75 or 338.0% million to ₱840.68 million as of December 31, 2019 from ₱191.92 in the previous year. The increase is due to the lower capitalized borrowing cost.

The Company booked cost of hotel operations of ₱452.91 million for the year ended December 31, 2019, a decrease of ₱2.79 million or -0.6% compared to ₱455.70 million for the year ended December 2018.

The Company's general and administrative expenses decreased by ₱58.79 million, or -2.6%, to ₱2.24 billion for the year ended December 31, 2019 compared to ₱2.30 billion in 2018. The Company's selling and marketing expenses also decreased by ₱23.02 million, or -7.3%, to ₱290.33 million for the year ended December 31, 2019 compared to ₱313.35 million in 2018, due to decreased advertising and marketing expense.

The Company's cost of real estate sales increased by ₱294.23 million, or 67.5%, to ₱730.05 million for the year ended December 31, 2019 compared to ₱435.82 million in 2018, due to the increase in real estate sales recognized during the year.

Income before income tax

The Company's consolidated income before income tax for the year ended December 31, 2019 is at ₱15.65 billion, an increase of ₱5.0 billion or 46.9%, from its consolidated income before income tax of ₱10.65 billion recorded for the year ended December 31, 2018 due to higher revenues recognized in 2019.

Income tax expense

The Company's income tax expense for the year ended December 31, 2019 is at ₱5.01 billion, an increase of ₱1.77 billion, or 54.6%, from its income tax expense of ₱3.24 billion recorded for the year ended December 31, 2018 due to increase in current tax expense from higher taxable income of some subsidiaries and increase in deferred tax expense.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2019 is at ₱10.65 billion, an increase of ₱3.23 billion, or 43.5%, from its consolidated net income of ₱7.42 billion recorded for the year ended December 31, 2018. The increase is due to the higher revenue and lower cost and expenses recognized by the Group.

FINANCIAL POSITION

DOUBLEDRAGON PROPERTIES CORP.
AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Audited	Audited	Horizontal Analysis		Vertical Analysis	
	December 31, 2019	December 31, 2018	Increase (Decrease)		2019	2018
ASSETS						
Current Assets						
Cash and cash equivalents	6,700,927,921	626,648,679	6,074,279,242	969.3%	5.9%	0.8%
Receivables - net	5,798,297,764	5,139,560,126	658,737,638	12.8%	5.1%	6.2%
Inventories	2,169,314,462	1,740,766,189	428,548,273	24.6%	1.9%	2.1%
Due from related parties	55,150,000	97,212,820	(42,062,820)	-43.3%	0.0%	0.1%
Prepaid expenses and other current assets - net	4,486,515,652	4,422,246,336	64,269,316	1.5%	4.0%	5.4%
Total Current Assets	**19,210,205,799**	**12,026,434,150**	**7,183,771,649**	**59.7%**	**16.9%**	**14.6%**
Noncurrent Assets						
Receivables - net of current portion	9,898,720	22,275,863	(12,377,143)	-55.6%	0.0%	0.0%
Property and equipment - net	951,538,774	1,003,818,266	(52,279,492)	-5.2%	0.8%	1.2%
Goodwill and intangible assets	1,237,911,379	1,280,636,197	(42,724,818)	-3.3%	1.1%	1.6%
Investment property	89,213,048,577	65,737,073,982	23,475,974,595	35.7%	78.6%	79.7%
Right-of-use assets - net	862,209	-	862,209	0.0%	0.0%	0.0%
Deferred tax assets	504,367,200	433,802,363	70,564,837	16.3%	0.4%	0.5%
Other noncurrent assets	2,418,763,491	2,009,821,373	408,942,118	20.3%	2.1%	2.4%
Total Noncurrent Assets	**94,336,390,350**	**70,487,428,044**	**23,848,962,306**	**33.8%**	**83.1%**	**85.4%**
	113,546,596,149	**82,513,862,194**	**31,032,733,955**	**37.6%**	**100.0%**	**100.0%**
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	8,658,321,689	5,366,820,607	3,291,501,082	61.3%	7.6%	6.5%
Short-term loans payable and current maturities of long-term notes payable, net of debt issue costs	12,015,344,351	6,299,249,460	5,716,094,891	90.7%	10.6%	7.6%
Customers' deposits	420,593,972	305,175,212	115,418,760	37.8%	0.4%	0.4%
Due to related parties	988,322,908	980,115,508	8,207,400	0.8%	0.9%	1.2%
Dividends payable	151,578,047	226,543,771	(74,965,724)	-33.1%	0.1%	0.3%
Income tax payable	54,719,292	108,305,150	(53,585,858)	-49.5%	0.0%	0.1%
Total Current Liabilities	**22,288,880,259**	**13,286,209,708**	**9,002,670,551**	**67.8%**	**19.6%**	**16.1%**
Noncurrent Liabilities						
Long-term notes payable - net of current maturities and debt issue costs	18,521,177,930	14,268,079,164	4,253,098,766	29.8%	16.3%	17.3%
Bonds Payable - net of bond issue costs	14,844,514,329	14,820,487,093	24,027,236	0.2%	13.1%	18.0%
Lease liabilities	1,351,978,820	-				
Deferred tax liabilities	10,312,452,220	5,931,814,971	4,380,637,249	73.8%	9.1%	7.2%
Customers' deposits - net of current portion	215,641,847	121,939,634	93,702,213	76.8%	0.2%	0.1%
Retirement benefits liability	16,310,726	8,373,777	7,936,949	94.8%	0.0%	0.0%
Other noncurrent liabilities	2,076,864,921	1,187,706,295	889,158,626	74.9%	1.8%	1.4%
Total Noncurrent Liabilities	**47,338,940,793**	**36,338,400,934**	**11,000,539,859**	**30.3%**	**41.7%**	**44.0%**
Total Liabilities	**69,627,821,052**	**49,624,610,642**	**20,003,210,410**	**40.3%**	**61.3%**	**60.1%**
Equity						
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	10,237,310,060	10,237,310,060	-	0.0%	9.0%	12.4%
Additional paid-in capital	5,540,589,852	5,540,589,852	-	0.0%	4.9%	6.7%
Retained earnings	14,713,800,272	6,529,613,470	8,184,186,802	125.3%	13.0%	7.9%
Treasury stock	(167,160,000)	(167,160,000)	-	0.0%	-0.1%	-0.2%
Remeasurement loss on defined benefit liability - net of tax	36,155	2,091,337	(2,055,182)	-98.3%	0.0%	0.0%
	30,324,576,339	**22,142,444,719**	**8,182,131,620**	**37.0%**	**26.7%**	**26.8%**
Non-controlling Interest	**13,594,198,758**	**10,746,806,833**	**2,847,391,925**	**26.5%**	**12.0%**	**13.0%**
Total Equity	**43,918,775,097**	**32,889,251,552**	**11,029,523,545**	**33.5%**	**38.7%**	**39.9%**
Total Liabilities and Equity	**113,546,596,149**	**82,513,862,194**	**31,032,733,955**	**37.6%**	**100.0%**	**100.0%**

Assets

Consolidated assets as of December 31, 2019 is at ₱113.55 billion, an increase of ₱31.03 billion, or 37.6%, from its consolidated assets of ₱82.51 billion recorded as of December 31, 2018.

Cash and cash equivalents

The Company's consolidated cash and cash equivalents is at ₱6.70 billion as of December 31, 2019, an increase of ₱6.07 billion, or 969.3%, from consolidated cash and cash equivalents of ₱626.65 million as of December 31, 2018, due to availment of a long-term loan to partly finance the Company's capital expenditures.

Receivables – net

The Company's consolidated net receivables were ₱5.80 billion as of December 31, 2019, a ₱658.74 million, or 12.8% increase from consolidated net receivables of ₱5.14

billion as of December 31, 2018, due to the increase in rent receivables arising from the lease of commercial and office spaces relating to the Group's CityMall and Meridian Park operations.

Real estate inventories

The Company's consolidated real estate inventories were ₱2.17 billion as of December 31, 2019, a ₱428.55 million or 24.6% increase from consolidated real estate inventories of ₱1.74 billion as of December 31, 2018. This was primarily driven by the increase in the cost of construction and development of completed and in-progress residential Hotel101 units for sale.

Due from related parties

The Company's consolidated due from related parties is at ₱55.15 million as of December 31, 2019, a ₱42.06 million, or -43.3% decrease from ₱97.21 million as of December 31, 2018, due to higher settlement of advances by the related parties.

Prepaid expenses and other current assets - net

The Company's consolidated prepaid expenses and other current assets (net), which includes input taxes on expenditures related to construction and property development and creditable withholding taxes, were ₱4.49 billion as of December 31, 2019, a ₱64.27 million, or 1.5% increase from consolidated prepaid expenses and other current assets (net) of ₱4.42 billion as of December 31, 2018. The increase was primarily driven by the increase in input VAT and advances to contractors and suppliers.

Receivables – net of current portion

The Company's consolidated noncurrent receivables were ₱9.90 million as of December 31, 2019, a ₱12.38 million, or -55.6% decrease from consolidated noncurrent receivables of ₱22.28 million as of December 31, 2018, as a portion of these noncurrent installment contracts receivable have been collected within the year 2019.

Property and equipment - net

The Company's consolidated property and equipment were ₱951.54 million as of December 31, 2019, a ₱52.28 million, or -5.2% decrease from ₱1.00 billion as of December 31, 2018, due to depreciation recorded in 2019.

Goodwill and intangible assets

The Company's consolidated computer software licenses and goodwill (net) were ₱1.24 billion as of December 31, 2019, a ₱42.72 million, or -3.3% decrease from consolidated computer software licenses and goodwill (net) of ₱1.28 billion as of December 31, 2018, due to amortizations in intangible assets made in 2019.

Investment properties

The Company's consolidated investment properties were ₱89.21 billion as of December 31, 2019, a ₱23.48 billion, or 35.7% increase from consolidated investment properties of ₱65.74 billion as of December 31, 2018, as the Company continues to expand its recurring revenue stream -- construction of DD Meridian Park and completion of DoubleDragon Center East and West in 2019 and construction of Jollibee Tower. The Company has benefited from strong property appreciation particularly in DoubleDragon's flagship Metro Manila office project, DD Meridian Park in the Bay Area. As rental yields increase, naturally property prices have followed with capitalization rates remaining the same.

Deferred tax assets

The Company's consolidated deferred tax assets were ₱504.37 million as of December 31, 2019, a ₱70.56 million, or 16.3% increase, from consolidated deferred tax assets of ₱433.80 million as of December 31, 2018. This increase was due to the recognition of net operating loss carried forward (NOLCO) of certain Company's Subsidiaries.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱2.42 billion as of December 31, 2019, a ₱408.94 million, or 20.3% increase from consolidated other noncurrent assets of ₱2.01 billion as of December 31, 2018, due to increase in Advances to Contractors and Suppliers related to construction of leasing properties, as well as increase in Investment in an associate.

Liabilities

Accounts payable and other current liabilities

The Company's consolidated accounts payable and other current liabilities was ₱8.66 billion as of December 31, 2019, a ₱3.29 billion, or 61.3% increase from consolidated accounts payable and other current liabilities of ₱5.37 billion as of December 31, 2018. The increase is primarily due to the increase in accrued project cost pertaining to construction costs not yet billed but already delivered by the contractors.

Short-term notes payable

The Company's consolidated short-term notes payable was ₱12.02 billion as of December 31, 2019, a ₱5.72 billion, or 90.7% increase from consolidated short-term notes payable of ₱6.30 billion as of December 31, 2018, due additional availment of short-term loans during the year.

Customer's deposits

The Company's consolidated deposits from customers were ₱420.59 million as of December 31, 2019, a ₱115.4 million, or 37.8% increase from consolidated deposits from customers of ₱305.18 million as of December 31, 2018, due to higher collection from real estate buyers compared to revenue recognized based on percentage of completion.

to related parties

The Company's consolidated due to related parties was at ₱988.32 million as of December 31, 2019, a slight increase of ₱8.21 million, or 0.8% increase from consolidated due to related parties of ₱980.12 million as of December 31, 2018.

Dividends payable

The Company's dividends payable decreased to ₱151.58 million as of December 31, 2019, a ₱74.97 million, or -33.1% decrease from ₱226.54 million as of December 31, 2018. Dividends payable in 2018 includes a subsidiary's dividend declaration of dividends to minority shareholders.

Income tax payable

The Company's income tax payable was ₱54.72 million as of December 31, 2019, a ₱53.59 million, or -49.5% decrease compared to ₱108.3 million as of December 31, 2018.

Long-term notes payable – net of debt issue costs

The Company's consolidated long-term notes payable was ₱18.52 billion as of December 31, 2019, a ₱4.25 million, or 29.8% increase from consolidated long-term notes payable of ₱14.27 billion as of December 31, 2018 due to the availment of an unsecured, bilateral, long-term loans from a financing institution to partly finance the Company's capital expenditures.

Bonds payable – net of bond issuance cost

The Company's consolidated bonds payable was ₱14.84 billion as of December 31, 2019, a ₱24.03 million, or 0.2% increase from consolidated bonds payable of ₱14.82billion as of December 31, 2018. There are no bond maturities 2019.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱10.31 billion as of December 31, 2019, a ₱4.38 billion, or 73.8% increase from consolidated deferred tax liability of ₱5.93 billion as of December 31, 2018. This increase was due to deferred tax component related to the unrealized gain from changes in fair value.

Retirement benefits liability

The Company's retirement benefits liability was ₱16.31 million as of December 31, 2019, a ₱7.94 million, or 94.8% increase from retirement benefits liability of ₱8.37million as of December 31, 2018 due to additional retirement cost recognized in 2019.

Other noncurrent liabilities

The Company's consolidated other noncurrent liabilities were ₱2.08 billion as of December 31, 2019, an ₱889.16 million, or 74.9% increase from consolidated other noncurrent liabilities of ₱1.19 billion as of December 31, 2018. This increase was due to the increase in security deposits received in relation to leases in DD Meridian Park and CityMalls.

Equity

Consolidated equity for the year ended December 31, 2019 is at ₱43.92 billion, an increase of ₱11.03 billion, or 33.5%, from its consolidated equity of ₱32.89 billion recorded for the year ended December 31, 2018.

Equity Attributable to Holders of the Parent Company

Equity attributable to the holders of the Parent Company increased by ₱8.18 billion (37.0%) from ₱22.14 billion on December 31, 2018 to P30.32 billion as of December 31, 2019. The increase is due to the cumulative earnings recognized by the Company.

Equity of Non-controlling Interest

Non-controlling interest (NCI) increased by ₱2.85 million (26.5%) to ₱13.59 billion from ₱10.75 billion on December 31, 2018. The increase was due to NCI's share in the earnings recognized during the year.

KEY PERFORMANCE INDICATORS

The following are the major financial ratios of the Company for the years ended December 31, 2019 and 2018

	12/31/2019	**12/31/2018**
Current Ratio	0.86	0.91
Asset to Equity	2.59	2.51
Debt to Equity Ratios		
On Gross Basis	1.03x	1.08x
On Net Basis	0.88x	1.06x
Return on Equity	33.67%	25.38%
Net Income to Revenue	43.71%	32.10%
Revenue Growth	40.81%	117.0%
Net Income Growth	91.77%	180.56%
EBITDA	Php16,540,551,845	Php11,010,546,198
Acid Test Ratio	0.56	0.43
Solvency Ratio	0.16	0.15
Interest Coverage Ratio	7.05	5.09

The formulas by which the Company calculates the foregoing performance indicators are as follows:

1. Current Ratio	$\dfrac{\text{Current Assets}}{\text{Current Liabilities}}$
2. Asset to Equity Ratio	$\dfrac{\text{Total Assets}}{\text{Total Stockholders' Equity}}$
3. Debt to Equity Ratio (Gross Basis)	$\dfrac{\text{Total Interest Bearing Short-Term and Long-Term Debt}}{\text{Total Equity}}$
4. Debt to Equity Ratio (Net Basis)	$\dfrac{\text{Total Interest Bearing Short-Term and Long-Term Debt less Cash and Cash Equivalent}}{\text{Total Equity}}$
5. Return on Equity	$\dfrac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to the Owners of the Parent}}$
6. Net Income to Revenue (Net Profit Margin)	$\dfrac{\text{Net Income Attributable to Owners of the Parent}}{\text{Total Revenue}}$
7. Revenue Growth	$\dfrac{\text{Total Revenue (Current Period) - Total Revenue (Prior Period)}}{\text{Total Revenue (Prior Period)}}$
8. EBITDA	Income from Operations + Depreciation and Amortization + Interest Expense
9. Solvency Ratio	$\dfrac{\text{Net Income + Depreciation}}{\text{Total Liabilities}}$
10. Net Income Growth	$\dfrac{\text{Net Income Attributable to Owners of the Parent (Current Period) - Net Income Attributable to Owners of the Parent (Prior Period)}}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}}$
11. Acid Test Ratio	$\dfrac{\text{Cash + Accounts Receivable + Marketable Securities}}{\text{Current Liabilities}}$
12. Interest Coverage Ratio	$\dfrac{\text{Earnings before interest and taxes}}{\text{Interest Paid}}$

Calendar Year Ended December 31, 2018 and 2017

RESULTS OF OPERATION

DOUBLEDRAGON PROPERTIES CORP.
AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the year ended December 31

			Horizontal Analysis		Vertical Analysis	
	2018	2017	Increase (Decrease)		2018	2017
REVENUES						
Rent income	2,499,164,400	909,151,356	1,590,013,044	174.9%	17.4%	13.8%
Real estate sales	1,040,964,623	819,540,458	221,424,165	27.0%	7.3%	12.4%
Hotel revenues	533,615,359	397,493,744	136,121,615	34.2%	3.7%	6.0%
Leasehold rights' sales	-	21,606,591	(21,606,591)	-100.0%	0.0%	0.3%
Unrealized gains from changes in fair values of investment property	9,627,326,372	4,174,511,063	5,452,815,309	130.6%	67.1%	63.1%
Interest income	42,983,696	127,967,791	(84,984,095)	-66.4%	0.3%	1.9%
Income from forfeitures	7,984,892	12,091,903	(4,107,011)	-34.0%	0.1%	0.2%
Others	595,681,894	149,549,862	446,132,032	298.3%	4.2%	2.3%
	14,347,721,236	**6,611,912,768**	**7,735,808,468**	**117.0%**	**100.0%**	**100.0%**
COST AND EXPENSES						
Cost of real estate sales	435,816,529	362,236,122	73,580,407	20.3%	3.0%	5.5%
Cost of hotel operations	455,696,475	275,541,313	180,155,162	65.4%	3.2%	4.2%
Cost of leasehold rights	-	4,133,652	(4,133,652)	-100.0%	0.0%	0.1%
Selling expenses	313,350,354	197,361,259	115,989,095	58.8%	2.2%	3.0%
General and administrative expenses	2,296,417,532	1,093,894,942	1,202,522,590	109.9%	16.0%	16.5%
Interest expense	191,925,652	643,825,886	(451,900,234)	-70.2%	1.3%	9.7%
	3,693,206,542	**2,576,993,174**	**1,116,213,368**	**43.3%**	**25.7%**	**39.0%**
INCOME BEFORE INCOME TAX	**10,654,514,694**	**4,034,919,594**	**6,619,595,100**	**164.1%**	**74.3%**	**61.0%**
INCOME TAX EXPENSE	**3,237,835,182**	**1,508,559,759**	**1,729,275,423**	**114.6%**	**22.6%**	**22.8%**
NET INCOME	**7,416,679,512**	**2,526,359,835**	**4,890,319,677**	**193.6%**	**51.7%**	**38.2%**
Net income attributable to:						
Equity holders of the Parent Company	4,605,510,276	1,641,535,290	2,963,974,986	180.6%	32.1%	24.8%
Non-controlling interest	2,811,169,236	884,824,545	1,926,344,691	217.7%	19.6%	13.4%
	7,416,679,512	**2,526,359,835**	**4,890,319,677**	**193.6%**	**51.7%**	**38.2%**

Revenues

Consolidated revenues increased by ₱7.7 billion, or 117.0%, to ₱14.3 billion for the year ended December 31, 2018 compared to ₱6.6 billion for the year ended December 31, 2017. This growth was primarily due to the Company's recognition of ₱9.6 billion in revenue from unrealized gains from changes in fair value of investment properties for the year ended December 31, 2018, an increase of ₱5.5 billion, or 130.6%, from ₱4.2 billion booked in 2017 as a result of increase in the fair value of investment properties primarily driven by the completion of the first phase of DD Meridian Park in 2018. As a result of such completion, the property was stated at fair value, which has been determined based on valuations on the property's leasable space, performed by an accredited independent appraiser.

The Company's revenues from rental income and hotel operations also contributed to the overall growth in revenue. Rental income increased by ₱1.6 billion, or 174.9%, to ₱2.5 billion for the year ended December 31, 2018 compared to ₱909.2 million in 2017, driven by the full operation of DoubleDragon Plaza and increase in the Company's operational CityMalls (i.e., 36 operational CityMalls as of December 31, 2018). The Company's hotel revenues also increased by ₱136.1 million or 34.2% to ₱533.6 million for the year ended December 31, 2018, compared to ₱397.5 million for the year ended December 31, 2017, mainly due to the increase in occupancy rate and room rates for the year.

The Company's real estate sales also grew by ₱221.4 million, or 27.0%, to ₱1.0 billion for the year ended December 31, 2018 compared to ₱819.5 million for the year ended December 31, 2017.

The Company's interest income for the year ended December 31, 2018 decreased by ₱85.0 million or, 66.4%, to ₱43.0 million, compared to ₱128.0 million in 2017, as a result of the decrease in the Company's deposit placements with financial institutions.

Other income from forfeiture also decreased by ₱4.1 million, or 34.0%, to ₱8.0 million for the year ended December 31, 2018 compared to ₱12.1 million in 2017. Consolidated revenues further grew due to the increase in other income by ₱446.1 million, or 298.3% to ₱595.7 for the year ended December 31, 2018 compared to ₱149.5 million in 2017.

Cost and expenses

The Company's consolidated costs and expenses grew by ₱1.1 billion, or 43.3%, to ₱3.7 billion for the year ended December 31, 2018, compared to ₱2.6 billion in 2017, mainly driven by the increase in the Company's cost of hotel operations, selling expenses and general and administrative expenses.

The Company booked cost of hotel operations of ₱455.7 million for the year ended December 31, 2018, an increase of ₱180.2 million or 65.4% compared to ₱275.5 million for the year ended December 2017.

The Company's general and administrative expenses increased by ₱1.2 billion, or 109.9%, to ₱2.3 billion for the year ended December 31, 2018 compared to ₱1.1 billion in 2017, primarily due to the increase in number of operational CityMalls and full year operations of DoubleDragon Plaza which resulted in the increase in expenses related to the operation of malls and offices. The Company's selling and marketing expenses also increased by ₱116.0 million, or 58.8%, to ₱313.4 million for the year ended December 31, 2018 compared to ₱197.4 million in 2017, due to increased advertising and marketing efforts relating to the Company's hospitality operations and new operational CityMalls.

The Company's cost of real estate sales increased by ₱73.6 million, or 20.3%, to ₱435.8 million for the year ended December 31, 2018 compared to ₱362.2 million in 2017, due to the increase in real estate units sold for the year and higher percentage of completion of real estate projects.

Income before income tax

The Company's consolidated income before income tax for the year ended December 31, 2018 is at ₱10.7 billion, an increase of ₱6.6 billion or 164.1%, from its consolidated income before income tax of ₱4.0 billion recorded for the year ended December 31, 2017.

Income tax expense

The Company's income tax expense for the year ended December 31, 2018 is at ₱3.2 billion, an increase of ₱1.7 billion, or 114.6%, from its income tax expense of ₱1.5 billion recorded for the year ended December 31, 2017, primarily due to the deferred tax of ₱2.9 billion recognized as a result of the ₱9.6 billion unrealized gains from change in fair values of investment property booked in 2018.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2018 is at ₱7.4 billion, an increase of ₱4.9 billion, or 193.6%, from its consolidated net income of ₱2.5 billion recorded for the year ended December 31, 2017.

FINANCIAL POSITION

DOUBLEDRAGON PROPERTIES CORP.
AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Audited	(as restated) Audited	Horizontal Analysis		Vertical Analysis	
	December 31, 2018	December 31, 2017	Increase (Decrease)		2018	2017
ASSETS						
Current Assets						
Cash and cash equivalents	626,648,679	2,100,423,876	(1,473,775,197)	-70.2%	0.8%	3.3%
Receivables - net	5,139,560,126	3,419,400,769	1,720,159,357	50.3%	6.2%	5.3%
Inventories	1,740,766,189	3,819,534,025	(2,078,767,836)	-54.4%	2.1%	5.9%
Due from related parties	97,212,820	103,522,051	(6,309,231)	-6.1%	0.1%	0.2%
Prepaid expenses and other current assets - net	4,422,246,336	3,469,064,500	953,181,836	27.5%	5.4%	5.4%
Total Current Assets	**12,026,434,150**	**12,911,945,221**	**(885,511,071)**	**-6.9%**	**14.6%**	**20.1%**
Noncurrent Assets						
Receivables - net of current portion	22,275,863	230,721,735	(208,445,872)	-90.3%	0.0%	0.4%
Property and equipment - net	1,003,818,266	1,009,930,629	(6,112,363)	-0.6%	1.2%	1.6%
Goodwill and intangible assets	1,280,636,197	1,313,752,483	(33,116,286)	-2.5%	1.6%	2.0%
Investment property	65,737,073,982	46,423,547,456	19,313,526,526	41.6%	79.7%	72.2%
Deferred tax assets	433,802,363	263,343,007	170,459,356	64.7%	0.5%	0.4%
Other noncurrent assets	2,009,821,373	2,176,076,595	(166,255,222)	-7.6%	2.4%	3.4%
Total Noncurrent Assets	**70,487,428,044**	**51,417,371,905**	**19,070,056,139**	**37.1%**	**85.4%**	**79.9%**
	82,513,862,194	**64,329,317,126**	**18,184,545,068**	**28.3%**	**100.0%**	**100.0%**
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	5,366,820,607	4,057,604,344	1,309,216,263	32.3%	6.5%	6.3%
Short-term loans payable and current maturities of long-term notes payable, net of debt issue costs	6,299,249,460	3,452,170,869	2,847,078,591	82.5%	7.6%	5.4%
Customers' deposits	305,175,212	125,696,948	179,478,264	142.8%	0.4%	0.2%
Due to related parties	980,115,508	944,720,411	35,395,097	3.7%	1.2%	1.5%
Dividends payable	226,543,771	152,131,628	74,412,143	48.9%	0.3%	0.2%
Income tax payable	108,305,150	23,169,126	85,136,024	367.5%	0.1%	0.0%
Total Current Liabilities	**13,286,209,708**	**8,755,493,326**	**4,530,716,382**	**51.7%**	**16.1%**	**13.6%**
Noncurrent Liabilities						
Long-term notes payable - net of current maturities and debt issue costs	14,268,079,164	14,727,597,945	(459,518,781)	-3.1%	17.3%	22.9%
Bonds Payable - net of bond issue costs	14,820,487,093	14,795,304,275	25,182,818	0.2%	18.0%	23.0%
Deferred tax liabilities	5,931,814,971	2,849,087,621	3,082,727,350	108.2%	7.2%	4.4%
Customers' deposits - net of current portion	121,939,634	-	121,939,634	100.0%	0.1%	0.0%
Retirement benefits liability	8,373,777	7,674,749	699,028	9.1%	0.0%	0.0%
Other noncurrent liabilities	1,187,706,295	878,398,558	309,307,737	35.2%	1.4%	1.4%
Total Noncurrent Liabilities	**36,338,400,934**	**33,258,063,148**	**3,080,337,786**	**9.3%**	**44.0%**	**51.7%**
Total Liabilities	**49,624,610,642**	**42,013,556,474**	**7,611,054,168**	**18.1%**	**60.1%**	**65.3%**
Equity						
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	10,237,310,060	10,222,973,000	14,337,060	0.1%	12.4%	15.9%
Additional paid-in capital	5,540,589,852	1,358,237,357	4,182,352,495	307.9%	6.7%	2.1%
Retained earnings	6,529,613,470	2,571,883,195	3,957,730,275	153.9%	7.9%	4.0%
Treasury stock	(167,160,000)	-	(167,160,000)	0.0%	-0.2%	0.0%
Remeasurement loss on defined benefit liability - net of tax	2,091,337	1,876,396	214,941	11.5%	0.0%	0.0%
	22,142,444,719	**14,154,969,948**	**7,987,474,771**	**56.4%**	**26.8%**	**22.0%**
Non-controlling Interest	**10,746,806,833**	**8,160,790,704**	**2,586,016,129**	**31.7%**	**13.0%**	**12.7%**
Total Equity	**32,889,251,552**	**22,315,760,652**	**10,573,490,900**	**47.4%**	**39.9%**	**34.7%**
Total Liabilities and Equity	**82,513,862,194**	**64,329,317,126**	**18,184,545,068**	**28.3%**	**100.0%**	**100.0%**

Assets

Cash and cash equivalents

The Company's consolidated cash and cash equivalents is at ₱626.6 million as of December 31, 2018, a decrease of ₱1.5 billion, or 70.2%, from consolidated cash and cash equivalents of ₱2.1 billion as of December 31, 2017, due to the construction of projects under the Company's leasing and hospitality business.

Receivables – net

The Company's consolidated net receivables were ₱5.1 billion as of December 31, 2018, a ₱1.7 billion, or 50.3% increase from consolidated net receivables of ₱3.5 billion as of December 31, 2017, due to the increase in rent receivables from additional operating malls and due to the increase in installment contracts receivables from Hotel101-Fort and additional sales of SkySuites.

Real estate inventories

The Company's consolidated real estate inventories were ₱1.7 billion as of December 31, 2018, a ₱2.1 billion or 54.4% decrease from consolidated real estate inventories of ₱3.8 billion as of December 31, 2017. The decrease was primarily driven by the reclassification of a number of SkySuites unit inventories into investment properties due to its change in use.

Due from related parties

The Company's consolidated due from related parties were ₱97.2 million as of December 31, 2018, a ₱6.3 million, or 6.1% decrease from ₱103.5 million as of December 31, 2017, due to higher settlement of advances by the related parties.

Prepaid expenses and other current assets - net

The Company's consolidated prepaid expenses and other current assets (net), which includes input taxes on expenditures related to construction and property development and creditable withholding taxes, were ₱4.4 billion as of December 31, 2018, a ₱953.2 million, or 27.5% increase from consolidated prepaid expenses and other current assets (net) of ₱3.5 billion as of December 31, 2017. The increase was primarily driven by the increase in input VAT and advances to contractors and suppliers related to construction services provided to and other construction-related costs incurred by the Company.

Receivables – net of current portion

The Company's consolidated noncurrent receivables were ₱22.3 million as of December 31, 2018, a ₱208.4 million, or 90.3% decrease from consolidated noncurrent receivables of ₱230.7 million as of December 31, 2017, as a portion of these noncurrent installment contracts receivable are due to be collected in one year.

Property and equipment - net

The Company's consolidated property and equipment (net) remains steady at ₱1.0 billion as of year-end 2018 and 2017.

Goodwill and intangible assets

The Company's consolidated computer software licenses and goodwill (net) were ₱1.28 billion as of December 31, 2018, a ₱33.1 million, or 2.5% decrease from consolidated computer software licenses and goodwill (net) of ₱1.3 billion as of December 31, 2017, due to amortizations made in 2018.

Investment properties

The Company's consolidated investment properties were ₱65.7 billion as of December 31, 2018, a ₱19.3 billion, or 41.6% increase from consolidated investment properties of ₱46.4 billion as of December 31, 2017, as the Company continues to expand its recurring revenue stream -- acquisition by the Company of prime commercial property across provincial cities in the Philippines for its CityMall and CentralHub expansion, construction of DD Meridian Park and completion of DoubleDragon Plaza in 2018 and ongoing construction of Jollibee Tower. The Company has benefited from strong property appreciation particularly in DoubleDragon's flagship Metro Manila office project, DD Meridian Park in the Bay Area. As rental yields increase, naturally property prices have followed with capitalization rates remaining the same.

Deferred tax assets

The Company's consolidated deferred tax assets, which are comprised mainly were ₱433.8 million as of December 31, 2018, a ₱170.5 million, or 64.7% increase, from consolidated deferred tax assets of ₱263.3 million as of December 31, 2017. This increase was due to the recognition of net operating loss carried forward (NOLCO) of certain Company's Subsidiaries.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱2.0 billion as of December 31, 2018, a ₱166.3 million, or 7.6% decrease from consolidated other noncurrent assets of ₱2.2 billion as of December 31, 2017, due to decrease in the non-current portion of Advance to Contractors and Suppliers.

Liabilities

Accounts payable and other current liabilities

The Company's consolidated accounts payable and other current liabilities were ₱5.4 billion as of December 31, 2018, a ₱1.3 billion, or 32.3% increase from consolidated accounts payable and other current liabilities of ₱4.1 billion as of December 31, 2017. This increase was due to the overall increase in construction activities relating to the Company's projects. Accounts payable consist primarily of trade payables from services provided by contractors and subcontractors for actual progress billings relating to existing and new developmental projects of the Company. The increase is also due to the increase in accrued project cost pertaining to construction costs not yet billed but already delivered by the contractors.

Short-term notes payable

The Company's consolidated short-term notes payable was ₱6.3 billion as of December 31, 2018, a ₱2.8 billion, or 82.5% increase from consolidated short-term notes payable of ₱3.5 billion as of December 31, 2017, due to the increase in working capital requirements.

Customer's deposits

The Company's consolidated deposits from customers were ₱305.2 million as of December 31, 2018, a ₱179.5 million, or 142.8% increase from consolidated deposits from customers of ₱125.7 million as of December 31, 2017, due to higher collection from real estate buyers compared to revenue recognized based on percentage of completion.

Due to related parties

The Company's consolidated due to related parties were ₱980.1 million as of December 31, 2018, a ₱35.4 million, or 3.7% increase from consolidated due to related parties of ₱944.7 million as of December 31, 2017.

Dividends payable

The Company's dividends payable increased to ₱226.5 million as of December 31, 2018, a ₱74.4 million, or 48.9% increase from ₱152.1 million as of December 31, 2017, due to a subsidiary's dividend declaration of dividends to minority shareholders.

Income tax payable

The Company's income tax payable was ₱108.3 million as of December 31, 2018, an ₱85.1 million, or 367,5% increase compared to ₱23.2 million as of December 31, 2017 as a result of the higher net income realized by the Company in 2018.

Long-term notes payable – net of debt issue costs

The Company's consolidated long-term notes payable was ₱14.3 billion as of December 31, 2018, a ₱459.5 million, or 3.1% decrease from consolidated long-term notes payable of ₱14.7 billion as of December 31, 2017 due to principal repayments on long term notes.

Bonds payable – net of bond issuance cost

The Company's consolidated bonds payable was ₱14.8 billion as of December 31, 2018, a ₱25.2 million, or 0.2% increase from consolidated bonds payable of ₱14.8 billion as of December 31, 2017. There are no bond maturities 2018.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱5.9 billion as of December 31, 2018, a ₱3.1 billion, or 108.2% increase from consolidated deferred tax liability of ₱2.8 billion as of December 31, 2017. This increase was due to the recognition of ₱9.6 billion in unrealized gains from change in fair values of investment property in 2018.

Retirement benefits liability

The Company's retirement benefits liability was ₱8.4 million as of December 31, 2018, a ₱0.7 million, or 9.1% increase from retirement benefits liability of ₱7.7 million as of December 31, 2017.

Other noncurrent liabilities

The Company's consolidated other noncurrent liabilities were ₱1.2 billion as of December 31, 2018, a ₱309.3 million, or 35.2% increase from consolidated other noncurrent liabilities of ₱878.4 million as of December 31, 2017. This increase was due to the increase in security deposits received in relation to leases in DD Meridian Park and CityMalls.

KEY PERFORMANCE INDICATORS

The following are the major financial ratios of the Company for the years ended December 31, 2018 and 2017

	12/31/2018	**12/31/2017 (as restated)**
Current Ratio	0.91	1.47
Asset to Equity	2.51	2.88
Debt to Equity Ratios		
On Gross Basis	1.08x	1.48x
On Net Basis	1.06x	1.38x
Return on Equity	25.38%	12.02%
Net Income to Revenue	32.10%	24.83%
Revenue Growth	117.0%	78.14%
Net Income Growth	180.56%	52.12%
EBITDA	Php11,010,546,198	Php 4,762,120,984
Acid Test Ratio	0.43	0.63
Solvency Ratio	0.15	0.06
Interest Coverage Ratio	5.09	2.92

The formulas by which the Company calculates the foregoing performance indicators are as follows:

1. Current Ratio $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

Total Assets

2. Asset to Equity Ratio	Total Stockholders' Equity
3. Debt to Equity Ratio (Gross Basis)	Total Interest Bearing Short-Term and Long-Term Debt / Total Equity
4. Debt to Equity Ratio (Net Basis)	Total Interest Bearing Short-Term and Long-Term Debt less Cash and Cash Equivalent / Total Equity
5. Return on Equity	Net Income Attributable to Owners of the Parent / Average Equity Attributable to the Owners of the Parent
6. Net Income to Revenue (Net Profit Margin)	Net Income Attributable to Owners of the Parent / Total Revenue
7. Revenue Growth	Total Revenue (Current Period) - Total Revenue (Prior Period) / Total Revenue (Prior Period)
8. EBITDA	Income from Operations + Depreciation and Amortization + Interest Expense
9. Solvency Ratio	Net Income + Depreciation / Total Liabilities
10. Net Income Growth	Net Income Attributable to Owners of the Parent (Current Period) - Net Income Attributable to Owners of the Parent (Prior Period) / Net Income Attributable to Owners of the Parent (Prior Period)
11. Acid Test Ratio	Cash + Accounts Receivable + Marketable Securities / Current Liabilities
12. Interest Coverage Ratio	Earnings before interest and taxes / Interest Paid

Calendar Year Ended December 31, 2017 and 2016

RESULTS OF OPERATION

DOUBLEDRAGON PROPERTIES CORP.
(Formerly Injap Land Corporation)
AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the year ended December 31

			Horizontal Analysis		Vertical Analysis	
	2017	2016	Increase (Decrease)		2017	2016
REVENUES						
Rent income	909,151,356	268,667,585	640,483,771	238.4%	13.8%	7.2%
Real estate sales	819,540,458	931,925,450	(112,384,992)	-12.1%	12.4%	25.1%
Leasehold rights' sales	21,606,591	292,660,122	(271,053,531)	-92.6%	0.3%	7.9%
Hotel revenues	397,493,744	78,894,545	318,599,199	403.8%	6.0%	2.1%
Unrealized gains from changes in fair values of investment property	4,174,511,063	1,830,049,768	2,344,461,295	128.1%	63.1%	49.3%
Interest income	127,967,791	119,292,042	8,675,749	7.3%	1.9%	3.2%
Income from forfeitures	12,091,903	12,672,533	(580,630)	-4.6%	0.2%	0.3%
Others	149,549,862	177,553,903	(28,004,041)	-15.8%	2.3%	4.8%
	6,611,912,768	**3,711,715,948**	**2,900,196,820**	**78.1%**	**100.0%**	**100.0%**
COST AND EXPENSES						
Cost of real estate sales	362,236,122	495,763,585	(133,527,463)	-26.9%	5.5%	13.4%
Cost of hotel operations	275,541,313	61,006,174	214,535,139	351.7%	4.2%	1.6%
Cost of leasehold rights	4,133,652	21,913,753	(17,780,101)	-81.1%	0.1%	0.6%
Selling expenses	197,361,259	172,663,800	24,697,459	14.3%	3.0%	4.7%
General and administrative expenses	1,093,894,942	725,452,401	368,442,541	50.8%	16.5%	19.5%
Interest expense	643,825,886	330,238,308	313,587,578	95.0%	9.7%	8.9%
	2,576,993,174	**1,807,038,021**	**769,955,153**	**42.6%**	**39.0%**	**48.7%**
INCOME BEFORE INCOME TAX	**4,034,919,594**	**1,904,677,927**	**2,130,241,667**	**111.8%**	**61.0%**	**51.3%**
INCOME TAX EXPENSE	**1,508,559,759**	**434,369,406**	**1,074,190,353**	**247.3%**	**22.8%**	**11.7%**
NET INCOME	**2,526,359,835**	**1,470,308,521**	**1,056,051,314**	**71.8%**	**38.2%**	**39.6%**
ITEMS THAT WILL NEER BE RECLASSIFIED TO PROFIT OR LOSS						
Remeasurement gain (loss) on defined benefit liability	**6,398,071**	-	**6,398,071**	**0.0%**	**0.1%**	**0.0%**
Deferred tax effect on remeasurement loss on defined benefit liability	**(1,919,421)**	-	**(1,919,421)**	**0.0%**	**0.0%**	**0.0%**
	4,478,650	-	**4,478,650**	**0.0%**	**0.1%**	**0.0%**
TOTAL COMPREHENSIVE INCOME-Net of tax	**2,530,838,485**	**1,470,308,521**	**1,060,529,964**	**72.1%**	**38.3%**	**39.6%**
Net income attributable to:						
Equity holders of the Parent Company	1,646,013,940	1,079,113,320	566,900,620	52.5%	24.9%	29.1%
Non-controlling interest	884,824,545	391,195,201	493,629,344	126.2%	13.4%	10.5%
	2,530,838,485	**1,470,308,521**	**1,060,529,964**	**72.1%**	**38.3%**	**39.6%**

Revenues

Consolidated revenues increased by ₱2.9 billion, or 78.1%, to ₱6.6 billion (U.S.$132.4 million) for the year ended December 31, 2017 compared to ₱3.7 billion for the year ended December 31, 2016. This growth was primarily due to the Company's recognition of ₱4.2 billion (U.S.$83.6 million) in revenue from unrealized gains from changes in fair value of investment properties for the year ended December 31, 2017, an increase of ₱2.3 billion, or 128.1%, from ₱1.8 billion booked in 2016 as a result of increase in the fair value of investment properties primarily driven by the substantial completion (subject to certain punch list items) of the first phase of DD Meridian Park in 2017. As a result of such substantial completion, the property was stated at fair value, which has been determined based on valuations on the property's leasable space, performed by an accredited independent appraiser.

The Company's revenues from rental income and hotel operations also contributed to the overall growth in revenue. Rental income increased by ₱640.5 million, or 238.4%, to ₱909.2 million (U.S.$18.2 million) for the year ended December 31, 2017 compared to ₱268.7 million in 2016, driven by the increase in the Company's operational CityMalls (i.e., 25 operational CityMalls as of December 31, 2017 as compared to ten as of December 31, 2016). The Company's hotel revenues also increased by ₱318.6 million or 403.8% to ₱397.5 million (U.S.$8.0 million) for the year ended December 31, 2017, compared to ₱78.9 million for the year ended December 31, 2016, due to the full year recognition of revenues from Hotel of Asia, Inc. which was acquired in

October 2016, and the first full year of operations of Hotel 101 Manila, which was completed in October 2016.

The growth in revenues was offset by the decrease in the Company's real estate sales by ₱112.4 million, or 12.1%, to ₱819.5 million (U.S.$16.4 million) for the year ended December 31, 2017 compared to ₱931.9 million for the year ended December 31, 2016, due to the sale of Hotel 101 units in 2016 and recognition of prior Hotel 101 units sold upon the completion of the acquisition of Hotel of Asia, Inc. in October 2016. Leasehold rights' sales likewise decreased by ₱271.1 million, or 92.6%, to ₱21.6 million (U.S.$0.4 million) for the year ended December 31, 2017 compared to ₱292.7 million in 2016, as a result of all leasehold rights in the ground floor of Dragon8 Mall being completely sold, and the Company's decision to lease out the remaining units in Dragon8 Mall as investment properties instead of selling the leasehold rights pertaining thereto.

The Company's interest income for the year ended December 31, 2017 also increased by ₱8.7 million or, 7.3%, to ₱128.0 million (U.S.$2.6 million), compared to ₱119.3 million in 2016, primarily as a result of the increase in the Company's deposit placements with financial institutions.

Other income from forfeiture also decreased by ₱0.6 million, or 4.6%, to ₱12.1 million (U.S.$0.2 million) for the year ended December 31, 2017 compared to ₱12.7 million in 2016. The growth in consolidated revenues was also partially offset by the decrease in other income by ₱28.0 million, or 15.8%, to ₱149.5 million (U.S.$3.0 million) for the year ended December 31, 2017 compared to ₱177.5 million in 2016.

Cost and expenses

The Company's consolidated costs and expenses grew by ₱769.9 million, or 42.6%, to ₱2.6 billion (U.S.$52.0 million) for the year ended December 31, 2017, compared to ₱1.8 billion in 2016, mainly driven by the increase in the Company's cost of hotel operations, interest expense and general and administrative expenses.

The Company also booked cost of hotel operations of ₱275.5 million (U.S.$5.5 million) for the year ended December 31, 2017, an increase of ₱214.5 million or 351.7% compared to ₱61.0 million for the year ended December 2016, because of the full year operations of its new subsidiary, Hotel of Asia, Inc., and Hotel 101 Manila, in 2017.

Interest expense increased by ₱313.6 million, or 95.0%, to ₱643.8 million (U.S.$12.9 million) for the year ended December 31, 2017, compared to ₱330.2 million in 2016, primarily as a result of the interest due on the Company's ₱9.7 billion 6.0952% bonds due 2024 which were issued in July 2017 and ₱5.3 billion 5.9721% bonds due 2026 in December 2016.

The Company's general and administrative expenses increased by ₱368.4 million, or 50.8%, to ₱1.1 billion (U.S.$21.9 million) for the year ended December 31, 2017 compared to ₱725.5 million in 2016, primarily due to the increase in number of operational CityMalls, which resulted in the growth in personnel cost, electricity and water charges, business taxes and licenses, depreciation, rental cost, professional fees and repairs and maintenance. The Company's selling and marketing expenses also increased by ₱24.7 million, or 14.3%, to ₱197.4 million (U.S.$4.0 million) for the year ended December 31, 2017 compared to ₱172.7 million in 2016, due to increased advertising and marketing efforts relating to the Company's hospitality operations and new operational CityMalls.

The Company's cost of real estate sales decreased by ₱133.5 million, or 26.9%, to ₱362.2 million (U.S.$7.3 million) for the year ended December 31, 2017 compared to ₱495.8 million in 2016, due to the decrease in real estate units sold for the year. The Company's cost of leasehold rights also decreased by ₱17.8 million, or 81.1%, to ₱4.1 million (U.S.$0.1 million) for the year ended December 31, 2017 compared to ₱21.9 million in 2016, also due to the corresponding decrease in leasehold rights' sales in 2017.

Income before income tax

The Company's consolidated income before income tax for the year ended December 31, 2017 was ₱4.0 billion (U.S.$80.7 million), an increase of ₱2.1 billion or, 111.8%, from its consolidated income before income tax of ₱1.9 billion recorded for the year ended December 31, 2016.

Income tax expense

The Company's income tax expense for the year ended December 31, 2017 was ₱1.5 billion (U.S.$30.2 million), an increase of ₱1.1 billion, or 247.3%, from its income tax expense of ₱434.4 million recorded for the year ended December 31, 2016, primarily due to the deferred tax of ₱1.5 billion recognized as a result of the ₱4.2 billion unrealized gains from change in fair values of investment property booked in 2017.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2017 was ₱2.5 billion (U.S.$50.6 million), an increase of ₱1.1 billion, or 71.8%, from its consolidated net income of ₱1.5 billion recorded for the year ended December 31, 2016.

FINANCIAL POSITION

DOUBLEDRAGON PROPERTIES CORP.
(Formerly Injap Land Corporation)
AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Audited	Audited	Horizontal Analysis		Vertical Analysis	
	December 31, 2017	December 31, 2016	Increase (Decrease)		2017	2016
ASSETS						
Current Assets						
Cash and cash equivalents	2,100,423,876	5,466,874,377	(3,366,450,501)	-61.6%	3.3%	10.9%
Receivables - net	3,419,400,769	1,712,247,793	1,707,152,976	99.7%	5.3%	3.4%
Inventories	3,819,534,025	3,186,344,243	633,189,782	19.9%	5.9%	6.4%
Due from related parties	103,522,051	101,808,489	1,713,562	1.7%	0.2%	0.2%
Prepaid expenses and other current assets - net	4,822,541,217	3,251,281,534	1,571,259,683	48.3%	7.5%	6.5%
Total Current Assets	**14,265,421,938**	**13,718,556,436**	**546,865,502**	**4.0%**	**22.2%**	**27.4%**
Noncurrent Assets						
Receivables - net of current portion	230,721,735	643,323,007	(412,601,272)	-64.1%	0.4%	1.3%
Property and equipment - net	1,009,930,629	863,417,757	146,512,872	17.0%	1.6%	1.7%
Goodwill and intangible assets	1,313,752,483	1,255,001,324	58,751,159	4.7%	2.0%	2.5%
Investment property	46,423,547,456	32,535,137,136	13,888,410,320	42.7%	72.2%	65.0%
Deferred tax assets	263,343,007	15,519,784	247,823,223	1596.8%	0.4%	0.0%
Other noncurrent assets	822,599,878	1,022,535,822	(199,935,944)	-19.6%	1.3%	2.0%
Total Noncurrent Assets	**50,063,895,188**	**36,334,934,830**	**13,728,960,358**	**37.8%**	**77.8%**	**72.6%**
	64,329,317,126	**50,053,491,266**	**14,275,825,860**	**28.5%**	**100.0%**	**100.0%**
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	4,057,604,344	2,639,958,858	1,417,645,486	53.7%	6.3%	5.3%
Short-term notes payable	3,452,170,869	3,486,004,312	(33,833,443)	-1.0%	5.4%	7.0%
Due to related parties	944,720,411	1,081,038,940	(136,318,529)	-12.6%	1.5%	2.2%
Customers' deposits	125,696,948	219,924,165	(94,227,217)	-42.8%	0.2%	0.4%
Dividends payable	152,131,628	161,945,000	(9,813,372)	-6.1%	0.2%	0.3%
Income tax payable	23,169,126	1,128,130	22,040,996	1953.8%	0.0%	0.0%
Total Current Liabilities	**8,755,493,326**	**7,589,999,405**	**1,165,493,921**	**15.4%**	**13.6%**	**15.2%**
Noncurrent Liabilities						
Long-term notes payable - net of debt issue costs	14,727,597,945	15,027,837,523	(300,239,578)	-2.0%	22.9%	30.0%
Bonds Payable - net of bond issue costs	14,795,304,275	5,217,658,399	9,577,645,876	183.6%	23.0%	10.4%
Deferred tax liabilities	2,849,087,621	1,149,415,869	1,699,671,752	147.9%	4.4%	2.3%
Retirement benefits liability	7,674,749	6,121,432	1,553,317	25.4%	0.0%	0.0%
Other noncurrent liabilities	878,398,557	844,155,051	34,243,506	4.1%	1.4%	1.7%
Total Noncurrent Liabilities	**33,258,063,148**	**22,245,188,275**	**11,012,874,873**	**49.5%**	**51.7%**	**44.4%**
Total Liabilities	**42,013,556,474**	**29,835,187,680**	**12,178,368,794**	**40.8%**	**65.3%**	**59.6%**
Equity						
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	10,222,973,000	10,222,973,000	-	0.0%	15.9%	20.4%
Additional paid-in capital	1,358,237,357	1,358,237,357	-	0.0%	2.1%	2.7%
Retained earnings	2,571,883,195	1,578,127,905	993,755,290	63.0%	4.0%	3.2%
Remeasurement loss on defined benefit liability - net of tax	1,876,396	(2,602,254)	4,478,650	-172.1%	0.0%	0.0%
	14,154,969,948	**13,156,736,008**	**998,233,940**	**7.6%**	**22.0%**	**26.3%**
Non-controlling Interest	**8,160,790,704**	**7,061,567,578**	**1,099,223,126**	**15.6%**	**12.7%**	**14.1%**
Total Equity	**22,315,760,652**	**20,218,303,586**	**2,097,457,066**	**10.4%**	**34.7%**	**40.4%**
Total Liabilities and Equity	**64,329,317,126**	**50,053,491,266**	**14,275,825,860**	**28.5%**	**100.0%**	**100.0%**

Assets

Cash and cash equivalents

The Company's consolidated cash and cash equivalents were ₱2.1 billion (U.S.$42.1 million) as of December 31, 2017, a decrease of ₱3.4 billion, or 61.6%, from consolidated cash and cash equivalents of ₱5.5 billion as of December 31, 2016, due to the construction of additional CityMalls and vertical projects.

Receivables – net

The Company's consolidated net receivables were ₱3.4 billion (U.S.$68.8 million) as of December 31, 2017, a ₱1.7 billion, or 99.7% increase from consolidated net receivables of ₱1.7 billion as of December 31, 2016, due to incremental sales from the Company's ongoing interim residential projects.

Real estate inventories

The Company's consolidated real estate inventories were ₱3.8 billion (U.S.$76.5 million) as of December 31, 2017, a ₱633.2 million, or 19.9% increase from consolidated real estate inventories of ₱3.2 billion as of December 31, 2016. This increase was primarily driven by the completion of certain phases of DD Happy Homes' projects in 2017 and the groundbreaking of Hotel 101 Fort in 2017.

Due from related parties

The Company's consolidated due from related parties were ₱103.5 million (U.S.$2.1 million) as of December 31, 2017, a ₱1.7 million, or 1.7% increase from ₱101.8 million as of December 31, 2016.

Prepaid expenses and other current assets - net

The Company's consolidated prepaid expenses and other current assets (net), which includes input taxes on expenditures related to construction and property development and creditable withholding taxes, were ₱4.8 billion (U.S.$96.6 million) as of December 31, 2017, a ₱1.6 billion, or 48.3% increase from consolidated prepaid expenses and other current assets (net) of ₱3.3 billion as of December 31, 2016. The increase was primarily driven by the increase in input VAT related to construction services provided to and other construction-related costs incurred by the Company.

Receivables – net of current portion

The Company's consolidated noncurrent receivables were ₱230.7 million (U.S.$4.6 million) as of December 31, 2017, a ₱412.6 million, or 64.1% decrease from consolidated noncurrent receivables of ₱643.4 million as of December 31, 2016, due to the decrease in noncurrent installment contracts receivable, which are collectible in two to three years' time, arising from a decrease in sale of units from the Company's horizontal and vertical projects in 2017.

Property and equipment - net

The Company's consolidated property and equipment (net) were ₱1.0 billion (U.S.$20.2 million) as of December 31, 2017, a ₱146.5 million, or 17.0% increase from consolidated property and equipment (net) of ₱863.4 million as of December 31, 2016. This increase is due to property and equipment additions during the year.

Computer software licenses and goodwill - net

The Company's consolidated computer software licenses and goodwill (net) were ₱1.3 billion (U.S.$26.3 million) as of December 31, 2017, a ₱58.8 million, or 4.7% increase from consolidated computer software licenses and goodwill (net) of ₱1.3 billion as of December 31, 2016, due to amortizations made in 2017. This increase was due to the additional cost incurred for Advertising Production Cost and Computer Software Licenses.

Investment properties

The Company's consolidated investment properties were ₱46.4 billion (U.S.$928.0 million) as of December 31, 2017, a ₱13.8 billion, or 42.7% increase from consolidated investment properties of ₱32.5 billion as of December 31, 2016, due to the continuing acquisition by the Company of prime commercial property across provincial cities in the Philippines for its CityMalls expansion (i.e., 15 CityMalls completed in 2017), and the construction of DD Meridian Park (including the substantial completion of DoubleDragon Plaza in 2017) and Jollibee Tower.

Deferred tax assets

The Company's consolidated deferred tax assets, which are comprised mainly were ₱263.3 million (U.S.$5.3 million) as of December 31, 2017, a ₱247.8 million, or 1,596% increase, from consolidated deferred tax assets of ₱15.5 million as of December 31, 2016. This increase was due to the recognition of net operating loss carried forward (NOLCO) of certain of the Company's Subsidiaries.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱822.6 million (U.S.$16.5 million) as of December 31, 2017, a ₱199.9 million, or 19.6% decrease from consolidated other noncurrent assets of ₱1.0 billion as of December 31, 2016. This decrease was due to the shifting of advances to contractors that are due in less than a year to the Company's current account.

Liabilities

Accounts payable and other current liabilities

The Company's consolidated accounts payable and other current liabilities were ₱4.1 billion (U.S.$81.2 million) as of December 31, 2017, a ₱1.4 billion, or 53.7% increase from consolidated accounts payable and other current liabilities of ₱2.6 billion as of December 31, 2016. This increase was due to the overall increase in construction activities relating to the Company's projects. Accounts payable consist primarily of trade payables from services provided by contractors and subcontractors for actual progress billings relating to existing and new developmental projects of the Company.

Short-term notes payable

The Company's consolidated short-term notes payable were ₱3.5 billion (U.S.$69.1 million) as of December 31, 2017, a ₱33.8 million, or 1.0% decrease from consolidated short-term notes payable of ₱3.5 billion as of December 31, 2016.

Due to related parties

The Company's consolidated due to related parties were ₱944.7 million (U.S.$18.9 million) as of December 31, 2017, a ₱136.3 million, or 12.6% decrease from consolidated due to related parties of ₱1.1 billion as of December 31, 2016. This decrease was due to the settlement of the amounts due to certain related parties of the

Company in relation to the acquisition of Hotel of Asia, Inc. See Note 21 (Related Party Transactions) of the Notes to the Consolidated Financial Statements..

Customer's deposits

The Company's consolidated deposits from customers were ₱125.7 million (U.S.$2.5 million) as of December 31, 2017, a ₱94.2 million, or 42.8% decrease from consolidated deposits from customers of ₱219.9 million as of December 31, 2016. This decrease was due to the movement of deposits and downpayments relating to units in The SkySuites Tower and W.H. Taft to sales.

Dividends payable

The Company's dividends payable decreased to ₱152.1 million (U.S.$3.0 million) as of December 31, 2017, a ₱9.8 million, or 6.1% decrease from ₱161.9 million as of December 31, 2016.

Income tax payable

The Company's income tax payable was ₱23.2 million (U.S.$0.5 million) as of December 31, 2017, a ₱22.0 million, or 1,953.8% increase compared to ₱1.1 million as of December 31, 2016 as a result of the higher net income realized by the Company in 2017.

Long-term notes payable – net of debt issue costs

The Company's consolidated long-term notes payable were ₱14.7 billion (U.S.$295.0 million) as of December 31, 2017, a ₱300.2 million, or 2.0% decrease from consolidated long-term notes payable of ₱15.0 billion as of December 31, 2016.

Bonds payable – net of bond issuance cost

The Company's consolidated bonds payable were ₱14.8 billion (U.S.$296.3 million) as of December 31, 2017, a ₱9.6 billion, or 183.6% increase from consolidated bonds payable of ₱5.2 billion as of December 31, 2016, as a result of the Company's issuance of ₱9.7 billion of bonds in July 2017.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱2.8 billion (U.S.$57.1 million) as of December 31, 2017, a ₱1.7 billion, or 147.9% increase from consolidated deferred tax liability of ₱1.1 billion as of December 31, 2016. This increase was due to the recognition of ₱4.2 billion in unrealized gains from change in fair values of investment property in 2017.

Retirement benefits liability

The Company's retirement benefits liability was ₱7.7 million (U.S.$0.2 million) as of December 31, 2017, a ₱1.6 million, or 25.4% increase from retirement benefits liability of ₱6.1 million as of December 31, 2016.

Other noncurrent liabilities

The Company's consolidated other noncurrent liabilities were ₱878.4 million (U.S.$17.6million) as of December 31, 2017, a ₱34.2 million, or 4.1% increase from consolidated other noncurrent liabilities of ₱844.2 million as of December 31, 2016. This increase was due to the increase in security deposits received in relation to leases in DD Meridian Park and the Company's CityMalls.

KEY PERFORMANCE INDICATORS

The following are the major financial ratios of the Company for the years ended December 31, 2017 and 2016

	12/31/2017	**12/31/2016**
Current Ratio	1.63	1.81
Asset to Equity	2.88	2.48
Debt to Equity Ratios		
On Gross Basis	1.48x	1.19x
On Net Basis	1.38x	0.92x
Return on Equity	12.06%	13.57%
Net Income to Revenue	24.89%	29.07%
Revenue Growth	78.14%	92.42%
Net Income Growth	52.53%	92.90%
EBITDA	Php 4,762,120,984	Php 2,268,413,185

The formulas by which the Company calculates the foregoing performance indicators are as follows:

1. Current Ratio
$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

2. Asset to Equity Ratio
$$\frac{\text{Total Assets}}{\text{Total Stockholders' Equity}}$$

3. Debt to Equity Ratio (Gross Basis)
$$\frac{\text{Total Interest Bearing Short-Term and Long-Term Debt}}{\text{Total Equity}}$$

4. Debt to Equity Ratio (Net Basis)
$$\frac{\text{Total Interest Bearing Short-Term and Long-Term Debt less Cash and Cash Equivalent}}{\text{Total Equity}}$$

5. Return on Equity
$$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to the Owners of the Parent}}$$

6. Net Income to Revenue
$$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Total Revenue}}$$

7. Revenue Growth
$$\frac{\text{Total Revenue (Current Period)}}{\text{Total Revenue (Prior Period)}} -1$$

8. Income Growth
$$\frac{\text{Net Income Attributable to Owners of the Parent (Current Period)}}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}} -1$$

9. EBITDA
Income from Operations + Depreciation and Amortization

FINANCIAL RISK DISCLOSURE

The Company is not aware of any known trends, demands, commitments, events, or uncertainties that will have a material impact on MM Group's liquidity.

The Company is not aware of any event that will trigger direct or contingent financial obligation that is material to the Company, including default or acceleration of any obligation.

The Company is not aware of any trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on revenues or income from continuing operations.

The Company does not have any significant elements of income or loss that did not arise from its continuing operations.

The Company does not have any seasonal aspects that had a material effect on the financial conditions or results of operations.

Off-Balance Sheet Arrangements

The Company has no material off-balance sheet transactions, arrangements, or obligations that were likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity or capital expenditures that is material to investors. The Company also has no unconsolidated subsidiaries.

Capital Expenditure

The Company's capital expenditures for the years ended 31 December 2017, 2018, and 2019, were P10.9 billion, P8.1 billion and P10.4 billion, respectively.

The Company has historically funded its capital expenditures through internally generated funds derived from operating, issuance of bonds, availment of loans and issuance of capital stock. Capital expenditures for the past three years mainly related to the development and construction of projects, and acquisition of properties.

Aside from the items described in the immediately preceding paragraphs, the Company has no other material commitments for capital expenditure.

ITEM 7. Financial Statements

Please see the attached consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules.

ITEM 8. Changes in and Disagreements with Accountants and Financial Disclosure

There were no changes in and disagreements with accountants on accounting and financial disclosure.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. Directors and Executive Officers of the Registrant

The overall management and supervision of the Company is undertaken by the Company's Board of Directors. The Company's executive officers and management team cooperate with its Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Pursuant to the Company's current articles of incorporation as amended on April 14, 2016, the Board consists of eight members. As of the date of this report, two members of the Board are independent directors. All of the directors were re-elected at the Company's annual shareholders meeting on August 30, 2019 and will hold office for a period of one (1) year from their election and until their successors have been duly elected and qualified.

The table below sets forth each member of the Company's Board:

Name	Age	Nationality	Position
Edgar J. Sia II.	43	Filipino	Chairman of the Board and CEO
Tony Tan Caktiong	67	Filipino	Co-Chairman of the Board
Ferdinand J. Sia	41	Filipino	Director and President
Rizza Marie Joy J. Sia	30	Filipino	Director, Treasurer and CFO
William Tan Untiong	66	Filipino	Director and Corporate Secretary
Joseph Tanbuntiong	56	Filipino	Director and Assistant Corporate Secretary
Gary P. Cheng	55	Filipino	Independent Director
Vicente S. Perez, Jr.	61	Filipino	Independent Director

Messrs. Artemio V. Panganiban and Ernesto Tanmantiong serve as advisors to the Board.

The business experience of each of the directors and advisors is set forth below.

Edgar J. Sia II is the Chairman and Chief Executive Officer of Injap Investments Inc. Mr Sia is also the Founder of Mang Inasal Philippines, Inc. and various other companies. He obtained his Doctorate Degree from the University of San Agustin Honoris Causa Major in Management in 2012.

Tony Tan Caktiong is the Chairman of Honeystar Holdings Corporation and the Founder and current Chairman of Jollibee Foods Corp. since 1978. Mr. Tan Caktiong is also a Director of First Gen Corporation since 2005 and A Member of the Board of Trustees of Jollibee Group Foundation, Temasek Foundation, and St. Luke's Medical Center. He graduated from the University of Santo Tomas in 1975 with a degree in Chemical Engineering.

Ferdinand J. Sia is the President and Chief Operating Office of Injap Investments Inc. He also served as a Director of Mang Inasal Philippines, Inc. from 2006-2016. He graduated from the University of the Philippines Visayas with a degree in Bachelor of Arts in Political Science and took up Law in Arellano University College of Law.

Rizza Marie Joy J. Sia is the Treasurer and Chief Finance Officer of Injap Investments Inc. She serves as the Treasurer of People's Hotel Corp. and as a Director of Hotel of Asia since 2008. She graduated from the University of the Philippines Visayas with a degree in Bachelor of Science in Accountancy and is a Certified Public Accountant.

William Tan Untiong has been a Director of Jollibee Foods Corp. since 1993 and likewise serves as a director and treasurer of Honeystar Holdings Corporation. He is the Vice President for Real Estate of Jollibee Foods Corp since 1989. He was appointed as Chief Real Estate Officer in 2015.

Joseph Tanbuntiong is the President of Jollibee Philippines starting July 1, 2013. He is the former President of Red Ribbon Philippines, having served there since 2008. He graduated from Ateneo de Manila University with a degree in Management Engineering.

Gary P. Cheng is an investment banking professional with over 20 years of corporate finance and capital markets experience. He is currently the Managing Director and co-founder of Fortman Cline Capital Markets Limited since 2007. Dr. Cheng served as the former President/CEO of Amalgamated Investment Bancorporation from 2003 and 2008 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2001. Dr. Cheng obtained his doctorate in Philosophy from the University of Leeds, England in 1991.

Vicente S. Perez, Jr. served as the Secretary of the Department of Energy from 2001 to 2005 and Managing Director of the Board of Investments in 2001. He is also the current Chairman of WWF Philippines and a member of WWF - International. Mr. Perez has a Masters in Business Administration - International Finance from the Wharton School University of Pennsylvania and a Bachelor's Degree in Business Economics from the University of the Philippines.

Chief Justice Artemio V. Panganiban is a retired Chief Justice of the Republic of the Philippines. He sits as independent director of several listed companies including Meralco, Petron Corporation, First Philippine Holdings Corp., Philippine Long

Distance Telephone Company (PLDT); Metro Pacific Investment Corp., and GMA Network, Inc. among others.

Ernesto Tanmantiong serves as President and Chief Executive Officer of Jollibee Foods Corp. He is also a Director of Grandworth Resources Corporation, Red Ribbon Bakeshop Inc., Fresh N' Famous Foods, Inc. - Chowking, Honeystar Holdings Corp., and various other companies.

Independent Directors

The Manual requires the Company to have at least two independent directors in the Board of Directors, at least one of whom serves on each of the Corporate Governance, Nomination Committee, and the Audit Committee. An independent director is defined as a person who has not been an officer or employee of the Company, its Subsidiaries or affiliates or related interests during the past three years counted from date of his election, or any other individual having a relationship with the institution, its parent, subsidiaries or related interest, or to any of the Company's director, officer or stockholder holding shares of stock sufficient to elect one seat in the board of directors or any of its related companies within the fourth degree of consanguinity or affinity, legitimate or common-law, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

COMMITTEES OF THE BOARD

The Board created and appointed Board members to each of the committees set forth below. Each member of the respective committees named below holds office as of the date of this report and will serve until his successor is elected and qualified.

Audit Committee

The Audit Committee is composed of at least three members of the Board who have accounting and finance backgrounds, at least one of whom is an independent director and another with audit experience. The chair of the Audit Committee should be an independent director.
The Audit Committee has the following functions:

a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations;

b) Provide oversight over the management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include receiving from management of information on risk exposures and risk management activities;

c) Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

d) Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget, necessary to implement it;

e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimized duplication of efforts;

f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of it engagement and removal;

g) Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;

h) Review the reports submitted by the internal and external auditors;

i) Review the quarterly, half-year and annual financial statements before their submission to the Board for approval, with particular focus on the following matters:

    (i) Any changes in accounting policies and practices;

    (ii) Major judgmental areas;

    (iii) Significant adjustments resulting from the audit;

    (iv) Going concern assumptions;

    (v) Compliance with accounting standards; and

    (vi) Compliance with tax, legal and regulatory requirements.

j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;

k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;

l) Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties.

As of the date of this report, the Audit and Risk Management Committee is chaired by Mr. Gary P. Cheng, while Mr. Ferdinand J. Sia and Ms. Rizza Marie Joy J. Sia serve as its members.

Nomination Committee

The Nomination Committee is composed of at least three members of the Board, one of whom is an independent director. The Nomination Committee reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval.

As of the date of this report, the Nomination Committee is chaired by Chief Justice Artemio V. Panganiban, while Ms. Rizza Marie Joy J. Sia and Mr. William Tan Untiong serve as its members.

Compensation Committee

The Compensation Committee is composed of at least three members of the Board, one of whom is an independent director. The Compensation Committee may establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business strategy in which it operates.

As of the date of this report, the Compensation Committee is chaired by Mr. Vicente S. Perez Jr., while Mr. Ferdinand J. Sia and Ms. Rizza Marie Joy J. Sia serve as members.

Corporate Governance Committee

The Corporate Governance Committee was created by the Board of Directors on August 17, 2018. The Committee is composed of at least three members.

The Corporate Governance Committee is tasked to assist the Board in the performance of its corporate governance responsibilities.

Currently, the Committee is headed by Chief Justice Artemio V. Panganiban while William Tan Untiong and Rizza Marie Joy J. Sia serve as members.

Family Relationships

As of the date of this report, family relationships (by consanguinity or affinity within the fourth civil degree) between Directors and members of the Company's senior management are as follows:

Edgar J. Sia II, Chairman of the Board and CEO, Ferdinand J. Sia, Director and President, and Rizza Marie Joy J. Sia, Director, Treasurer and CFO are siblings. Tony Tan Caktiong, Co-Chairman of the Board, William Tan Untiong, Director and Corporate Secretary, Joseph Tanbuntiong, Director and Asst. Corporate Secretary and Ernesto Tanmantiong Advisor to the Board are siblings.

Other than as disclosed above, there are no other family relationships between Directors and members of the Company's senior management known to the Company.

Significant Employees

The Company believes that it is not dependent on any single employee. The Company considers the collective efforts of all its employees as instrumental to its success

Certain Relationships and Related Transactions

There are no known related party transactions other than those described in Note 22 (Related Party Transactions) of the Notes to the Consolidated Financial Statements.

ITEM 10. Compensation of Directors and Executive Officers

Injap Investments Inc., through an Executive Management Services Agreement, provides executive, corporate, strategic, administrative and financial oversight services related to the real estate business of the Company. Total fees paid under such agreement amounted to ₱3,000,000.00 for each of the years ended December 31, 2017, 2018 and 2019 which covers the positions of the Chairman and Chief Executive Officer, the President and the Treasurer and Chief Financial Officer of the Company.

For each of the years ended December 31, 2017, 2018 and 2019 the total salaries and allowances and bonuses paid to all other officers as a group unnamed are as follows:

SUMMARY ANNUAL COMPENSATION TABLE			
Name and Principal Position	Period	Salary	Bonus
Chief Investment Officer and Department Heads: (Accounting, Business Development, Corporate Services, Design, Engineering, Information Technology, Internal Audit, Leasing, Legal, Marketing, Treasury & Corporate Planning, Procurement)	2019 2018 2017	₱61,911,666(1) ₱42,761,175(1) ₱37,057,819	- - -

Note:
(1) Salaries for 2018 and 2019 include compensation due to the officers under the Company's target incentive plan for 2018 and 2019, respectively.

On November 11, 2015, the Board of Directors approved the creation of the Senior Management Stock Option Plan. The Plan covers the Senior Management of the Company as identified by the Chairman and Chief Executive Officer. The plan allows all covered Senior Management to acquire at market price at grant date such number of shares of stock not exceeding 2% of the issued and outstanding capital stock of the Company, after a vesting period of three years. Vesting is conditional on the employment of the participant in the Company. The option will vest at the rate of 20%

of the shares granted on the first year, 30% of the shares granted on the second year, and 50% of the shares granted on the third year. The option is exercisable within seven years from grant date.

The approval of the Stock Option Plan was ratified by the Company's shareholders on January 5, 2016 and submitted to the Philippine SEC for approval on November 4, 2016. The proposed issuance of 9,850,000 Common Shares pursuant to the Stock Option Plan was approved by the Philippine SEC on September 25, 2017. As of the date of this report, none of the eligible employees have exercised their respective options under the Stock Option Plan.

On December 8, 2016, the Company's Board of Directors resolved to expand the coverage of the plan to include rank and file regular employees of DoubleDragon Properties Corp.

Compensation of Directors

Independent directors receive a standard per diem for attendance in Board meetings. For the years ended December 31, 2019, 2018 and 2017, the Company paid a total of ₱960,000, ₱900,000, and ₱810,000, respectively. Except as stated above, the Directors did not receive other allowances or per diems for the past and ensuing year. There are no other existing arrangements/agreements under which directors are to be compensated during the last completed fiscal year and the ensuing year.

The chart below sets forth the compensation received by the Directors of the Company for the past three fiscal years:

Remuneration Item	**Executive Directors**	**Non-Executive Directors (other than independent directors)**	**Independent Directors**
(a) Fixed Remuneration	As directors, they do not receive compensation for services rendered. They receive compensation as officers of the corporation if they hold position as such.	None	None
(b) Variable Remuneration	None	None	None
(c) Per diem Allowance	None	None	Php2,190,000
(d) Bonuses	None	None	None
(e) Stock Options and/or other financial instruments	None	None	None
(f) Others (Specify)	None	None	None
Total	_	_	Php2,190,000

ITEM 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company's voting securities as of December 31, 2019

Name and Address of Record Owners	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	% of Total Outstanding Shares
Honeystar Holdings Corp. 10F Jollibee Plaza 10 F. Ortigas Jr. Ave. Ortigas Center, Pasig City	The record owner is the beneficial owner of the shares indicated	Filipino	824,996,999	34.85%
Injap Investments Inc. corner Fuentes and Delgado Streets, Iloilo City	The record owner is the beneficial owner of the shares indicated	Filipino	824,996,999	34.85%
PCD Nominee Corporation (Filipino) Tower I, The Enterprise Center, 6766 Ayala Ave. corner Paseo de Roxas, Makati City	The record owner is the beneficial owner of the shares indicated	Filipino	300,359,812	12.69%
PCD Nominee Corporation (Non-Filipino) Tower I, The Enterprise Center, 6766 Ayala Ave. corner Paseo de Roxas, Makati City	The record owner is the beneficial owner of the shares indicated	Foreign	412,015,429	17.40%

As of December 31, 2019, foreign shareholders owned 17.41%, of the Common Shares, and 0.69% of the Preferred Shares of the Company.

Security Ownership of Directors and Officers as of the date of this report.

The following table sets forth security ownership of the Company's Directors, and Officers, as of December 31, 2019:

Name of Beneficial Owner	Title of Class	Number of shares	Nature of ownership	Citizenship	%
Edgar J. Sia II	Common	514,790	(D)	Filipino	0.02174%
	Common	453,748,349	(I)	Filipino	19.16549%
	Preferred	-		Filipino	-
Tony Tan Caktiong	Common	1,000	(D)	Filipino	0.00004%
	Common	32	(I)	Filipino	0.00000%
	Preferred	-		Filipino	-
Ferdinand J. Sia	Common	233,000	(D)	Filipino	0.00984%
	Common	247,499,100	(I)	Filipino	10.45390%
	Preferred	-		Filipino	-
Rizza Marie Joy J. Sia	Common	1,000	(D)	Filipino	0.00004%
	Common	123,739,650	(I)	Filipino	5.22653%
	Preferred	-		Filipino	-
William Tan Untiong	Common	3,501,000	(D)	Filipino	0.14788%
	Common	32	(I)	Filipino	0.00000%
	Preferred	50,000	(D)	Filipino	0.05000%
Joseph Tanbuntiong	Common	4,001,000	(D)	Filipino	0.16899%
	Common	103,124,625	(I)	Filipino	4.35579%
	Preferred	-		Filipino	-
Gary P. Cheng	Common	250,001	(D)	Filipino	0.01056%
	Preferred	-		Filipino	-
Vicente S. Perez, Jr.	Common	250,001	(D)	Filipino	0.01056%
	Preferred	-		Filipino	-
TOTAL	**Common**	**8,751,792**	**(D)**		**0.36966%**
	Common	**928,111,724**	**(I)**		**39.20171%**
	Preferred	**50,000**	**(D)**		**0.05000%**

Notes:
(D) refers to direct ownership and (I) refers to indirect ownership.

Except as disclosed above, there is no director or key officer of the Company that owns at least 10% of its issued and outstanding shares of common or preferred stock.

As of December 31, 2019, the following are the owners of the Company's common stock in excess of 5% of total outstanding shares:

Name	No. of Shares	Percentage
Injap Investments Inc.	824,996,999	34.85%
Honeystar Holdings Corp.	824,996,999	34.85%
BDO Securities Corp.	233,988,990	9.88%
Deutsche Bank Manila-clients A/C	139,248,893	5.88%

Voting Trust Holders of five percent or More

There are no persons holding more than 5% of a class under a voting trust or any similar agreements as of balance sheet date.

Change in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

ITEM 12. Certain Relationships and Related Transactions

The Company and its Subsidiaries, in their ordinary course of business, engage in transactions with related parties and affiliates. These transactions include advances, cost allocations and reimbursement of expenses. Except where indicated in the table below, settlement of outstanding balances of advances at year end occurs in cash. As of December 31, 2019, 2018 and 2017, the Company has not made any provision for impairment losses relating to amounts owed by related parties.

The summary of the Company's transactions with its related parties for the year ended December 31, 2019, 2018 and 2017 and the related outstanding balances as of December 31, 2019, 2018 and 2017 are as follows:

				Outstanding Balances		
Category	Year	*Ref/Note*	Amount of Transaction	Due from Related Parties	Due to Related Parties	Terms and Conditions
Parent Company's Key Management - Personnel						
Management fees	**2019**	*a*	**P2,678,571**	**P -**	**P -**	**Demandable; non-interest bearing; unsecured; payable in cash**
	2018	*a*	2,678,571	-	-	Demandable; non-interest bearing; unsecured; payable in cash
	2017	*a*	2,678,571	-	-	Demandable; non-interest bearing; unsecured; payable in cash
Stockholders						
Rent expense	2017	*b*	3,397,207	-	-	Demandable; non-interest bearing; unsecured; payable in cash
Acquisition of HOA	**2019**	*c*	**-**	**-**	**429,944,449**	**Payable by way of DD shares**
	2018	*c*	-	-	429,944,449	Payable by way of DD shares
	2017	*c*	-	-	429,944,449	Payable by way of DD shares
Other Related Parties						
Land acquired	**2019**	*d*	**-**	**-**	**383,281,305**	**Demandable; non-interest bearing; unsecured; payable in cash**

	2018	*d*	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in cash
	2017	*d*	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in cash
	2019	*d*	**-**	-	**167,858,000**	**Payable by way of condo units**
	2018	*d*	45,458,000	-	167,858,000	Payable by way of condo units
	2017	*d*	-	-	122,400,000	Demandable; non-interest bearing; unsecured; payable in cash
Cash advances received	**2019**	*e*	**7,239,154**	**55,150,000**	**7,239,154**	**Demandable; non-interest bearing; unsecured; collectible in cash; no impairment**
	2018	*e*	7,277,476	97,212,820	(968,246)	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2017	*e*	1,713,562	103,522,051	9,094,657	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
Rent income	**2019**	*f*	**513,109,441**	**-**	**-**	**Demandable; non-interest bearing; unsecured; collectible in cash; no impairment**
	2018	*f*	518,057,037	-	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2017	*f*	189,941,376	-	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2019			**P55,150,000**	**P988,322,908**	
	2018			P97,212,820	P980,115,508	

a. *Executive Management Services Agreement*
The Group entered into an agreement with a shareholder for executive corporate, strategic, administrative and financial oversight services relative to the real estate business of the Group. The term of this agreement is one year effective January 1, 2012. This is renewable under the same terms and conditions upon mutual agreement of the parties. On December 6, 2017, the Group's BOD authorized the extension of the aforesaid agreement from January 1 to December 31, 2018 under the same terms and conditions set out in 2017, payable on a quarterly basis. This was renewed in 2019 with the same terms and conditions. The fee, which includes staffing costs for services rendered by the shareholders, amounted to P2.68 million for the years ended December 31, 2019, 2018 and 2017.

b. *Lease of Showrooms and Sales Office*
The Group leases showrooms and sales office from III and Jollibee Foods Corporation (JFC), respectively. The terms of the lease are three to five years, renewable for the same period under the same terms and conditions. The rent shall escalate by 7% to 10% each year. Sales office rental contract with JFC ended on September 30, 2017. Showroom rental contract with III ended as at December 31, 2018.

c. *Acquisition of HOA*
The Parent Company entered into a Share Purchase Agreement (SPA) with III with the consideration amounting to the fair value of DD shares to be issued to III, as a consideration transferred in exchange for the latter's 40% share in HOA. These shares will be issued within 180 days from the closing date. As at December 31, 2019, the share swap application is pending approval with the SEC.

d. *Land Acquisitions*
The Group has outstanding liabilities to minority shareholders of PDDG amounting to P383.28 million for the acquisition of certain parcels of land which will be used in the on-going construction of CityMall. These are unsecured, non-interest bearing liabilities and will be settled by the Group

in 2020.

In 2016, HOA entered into a Memorandum of Agreement and Deed of Absolute Conveyance with a minority shareholder wherein HOA, in consideration of the land owned by the minority shareholder, settled to pay the latter in kind by way of condominium hotel (condotel) units in the Hotel101-Fort project totaling 60 condotel units plus a portion of the deck referred to as the "Deck Unit".

In 2018, HOA entered into a Memorandum of Agreement with a minority shareholder wherein HOA, in consideration of the land owned by the minority shareholder, settled to pay the latter in kind by way of eight (80) condominium hotel (condotel) units and fifty percent (50%) of the ground floor commercial units in the Hotel101-Davao project.

e. *Cash Advances*
The amount pertains to unsecured, non-interest bearing advances granted to and received from related parties for working capital requirements. These advances are generally settled within one year from the date of grant.

f. *Lease of Mall Spaces*
The Group entered into various lease agreements with related parties covering its investment property portfolio. The amount pertains to the rent income earned by the Group from leasing out some of its commercial spaces in Dragon8, DoubleDragon Plaza and CityMalls to JFC and the SM Group. These leases generally provide for either fixed monthly rent subject to escalation rates or a certain percentage of gross sales or a combination of fixed monthly rent and percentage of gross sales with a minimum guaranteed rent. The terms of the eases are for periods ranging from 5 to 15 years. The fixed monthly rent shall escalate by an average of 5% to 10% each year. The corresponding receivables from related party tenants are recorded in the “Rent receivables” account.

g. *Security Deposits*
On October 16, 2019, the Group received a Letter of Intent from ITM Investment Corp., other related party, for the lease of certain units in the Skysuites Tower. Advance deposit received from the intent to lease amounted P713.77 million and was recorded as “Security deposits” under “Accounts payable and other current liabilities” account in the consolidated statements of financial position as at December 31, 2019. The advance deposit is to be applied to the future rent payment.

h. *Key Management Personnel Compensation*
Short-term benefits of key management personnel amounted to P36.50 million, P33.60 million and P20.10 million in 2019, 2018 and 2017, respectively. Long-term benefits of key management personnel amounted to P0.86 million, P0.16 million and P1.31 million in 2019, 2018 and 2017, respectively. Directors’ fee paid amounted to P0.96 million, P0.90 million and P0.81 million in 2019, 2018 and 2017, respectively.

All material related party transactions are subject to approval by the BOD. Material related party transactions pertain to those transactions, either individually, or in aggregate over a 12-month period, that exceed 10% of the Group's total assets, based on the latest audited financial statements. All other related party transactions that are considered not material are approved by management.

For more information, see Note 23 to the Company's Consolidated Financial Statements.

PART IV – CORPORATE GOVERNANCE

ITEM 13. Corporate Governance

The Company submitted its Integrated Annual Corporate Governance Report (the "I-ACGR") to the Philippine SEC on May 29, 2019 in compliance with Philippine SEC Memorandum Circular No. 6, series of 2009. The Company and its respective directors, officers and employees have complied with the best practices and principles on good corporate governance as embodied in its Corporate Governance Manual. An evaluation system has been established by the Company to measure or determine the level of compliance of the Board of Directors and top level management with its Manual of Corporate Governance.

Please refer to the attached I-ACGR

PART V – EXHIBITS AND SCHEDULES

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

(a) Exhibits - See accompanying Index to Exhibits (page 83).

The following exhibit is filed as a separate section of this report:

(18) Subsidiaries of the Registrant

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

(b) Reports on SEC Form 17-C

Reports on SEC Form 17-C (Current Report) have been filed during the last six months period covered by this report.

INDEX TO EXHIBITS
Form 17-A

No.	Page No.
(3) Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	*
(5) Instruments Defining the Rights of Security Holders, Including Indentures	*
(8) Voting Trust Agreement	*
(9) Material Contracts	*
(10) Annual Report to Security Holders, Form 11-Q or Quarterly Report to Security Holders	*
(13) Letter re Change in Certifying Accountant	*
(16) Report Furnished to Security Holders	*
(18) Subsidiaries of the Registrant	84
(19) Published Report Regarding Matters Submitted to Vote of Security Holders	*
(20) Consent of Experts and Independent Counsel	*
(21) Power of Attorney	*
(29) Additional Exhibits	*

* These Exhibits are either not applicable to the Company or require no answer.

EXHIBIT 18 SUBSIDIARIES OF THE REGISTRANT

Please refer to Item 1 under “Business” and *Note 2* of the accompanying Notes to the Consolidated Financial Statements for details.

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES
(Formerly Injap Land Corporation)
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FORM 17-A, ITEM 7

Consolidated Financial Statements

Supplementary Schedules

**These schedules, which are required by SRC Rule 68.1, As Amended (2011), have been omitted because they are either not applicable or the information required to be presented is included in the Company's consolidated financial statements or the notes to consolidated financial statements*

<u>Annex C</u>

FINANCIAL STATEMENTS

1. Consolidated Financial Statements as of December 31, 2019, 2018 & 2017 with Independent Auditor’s Report;
2. Condensed Consolidated Interim Financial Statements as of March 31, 2020 & December 31, 2019 and for the three months ended March 31, 2020 and 2019;
3. Unaudited Condensed Consolidated Interim Financial Statements as of June 30, 2020

DOUBLEDRAGON PROPERTIES CORP.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **DoubleDragon Properties Corp. and Subsidiaries** (the Group), is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 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 form material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

R.G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature ______________________
Edgar J. Sia II, Chairman of the Board

Signature ______________________
Ferdinand J. Sia, President

Signature ______________________
Rizza Marie Joy J. Sia, Treasurer

PASAY CITY JUN 1 0 2020

SUBSCRIBED AND SWORN to before me in ____________, on ____________, affiant personally appeared before me and exhibited to me his/her competent evidence of identity ____________

Signed this ____ day of ______ 2020

Doc. No. 254;
Page No. 52;
Book No. 6;
Series of 2020

JON ANDRE C. BANDOM
Notary Public for Pasay City
Until December 31, 2020
Commission No.19-22
Roll No. 64599
IBP No. 109084/01/10/2020
PTR No. 10485505/01/10/2020/Pasay City
DoubleDragon Headquarters, 10th Floor, Tower 1
DoubleDragon Plaza, DD Meridian Park
cor. Macapagal Avenue & EDSA Ext., Bay Area, Pasay C

DOUBLEDRAGON PROPERTIES CORP.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019, 2018 and 2017

With Independent Auditors' Report

R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Website home.kpmg/ph
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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
DoubleDragon Properties Corp.
DD Meridian Park Bay Area
Corner Macapagal Avenue and EDSA Extension Boulevard
Brgy 76 Zone 10, San Rafael, Pasay City, Metro Manila

Opinion

We have audited the consolidated financial statements of DoubleDragon Properties Corp. and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2019, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other 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 a 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Investment Property (P89.21 billion)
Refer to Note 13 to the consolidated financial statements.

The risk
The valuation of investment property requires significant judgments and estimates by management and the independent valuation expert engaged by the Group. Any input inaccuracies or unreasonable bases used in these judgments and estimates could result in a material misstatement of the net income and investment property.

Our response
We performed the following audit procedures around the valuation of investment property:

- We evaluated the Group's controls over the data and assumptions used in the valuation of the investment property portfolio and management's review of the valuations;

- We evaluated the competence, capabilities and objectivity of the independent valuation expert;

- We discussed with the valuation expert to obtain understanding of the methodology and assumptions used in the valuation;

- We conducted comparison of assumptions and/or detailed analytical procedures by reference to external market data to evaluate the appropriateness of the valuation and investigated further the valuation of those properties which were not in line with our expectations; and

- We performed site visits for a sample of properties, focusing primarily on properties under development, which enabled us to assess the existence of, and gain specific insights into, these developments.

Determination of Percentage of Completion used for Recognition of Real Estate Sales (P1.66 billion)
Refer to Note 6 to the consolidated financial statements.

The risk
Real estate sales were recognized based on a percentage of completion which is determined by the project managers. The percentage of completion involves high estimation uncertainty in which an error in assumptions and judgments used would result to an error in the accuracy of real estate sales and related cost of sales.

Our response
We performed the following audit procedures around the determination of percentage of completion:

- We discussed with project managers for major properties under development and assessed project costs, progress of development and verified the forecasted costs to complete as well as identified contingencies, exposures and remaining risks. We corroborated the information provided by the project managers through review, site visits and cost analysis;

- We evaluated the competence, capabilities and objectivity of the project managers; and

- We performed site visits for a sample of properties (focusing primarily on properties under development) which enabled us to assess the existence of these developments.

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, 2019, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Darwin P. Virocel.

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 1386-AR, Group A, valid until June 14, 2020
Tax Identification No. 912-535-864
BIR Accreditation No. 08-001987-031-2019
Issued August 7, 2019; valid until August 6, 2022
PTR No. MKT 8116787
Issued January 2, 2020 at Makati City

June 10, 2020
Makati City, Metro Manila

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REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
DoubleDragon Properties Corp.
DD Meridian Park Bay Area
Corner Macapagal Avenue and EDSA Extension Boulevard
Brgy 76 Zone 10, San Rafael, Pasay City, Metro Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of DoubleDragon Properties Corp., (the "Company") and its subsidiaries (the "Group") as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated June 10, 2020.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies.

This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted.

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 1386-AR, Group A, valid to audit 2019 AFS
per SEC MC 20, s2019
Tax Identification No. 912-535-864
BIR Accreditation No. 08-001987-031-2019
Issued August 7, 2019; valid until August 6, 2022
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June 10, 2020
Makati City, Metro Manila

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REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors and Stockholders
DoubleDragon Properties Corp.
DD Meridian Park Bay Area
Corner Macapagal Avenue and EDSA Extension Boulevard
Brgy. 76 Zone 10, San Rafael, Pasay City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of DoubleDragon Properties Corp., (the “Company”) and its subsidiaries (the “Group”) as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, included in this Form 17-A, and have issued our report thereon dated June 10, 2020.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group’s management. Such additional components include:

- Map of the Conglomerate
- Supplementary Schedules of Annex 68-J
- Reconciliation of Retained Earnings Available for Dividend Declaration

These supplementary information are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not required parts of the basic consolidated financial statements. Such information have been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 1386-AR, Group A, valid until June 14, 2020
Tax Identification No. 912-535-864
BIR Accreditation No. 08-001987-031-2019
 Issued August 7, 2019; valid until August 6, 2022
PTR No. MKT 8116787
 Issued January 2, 2020 at Makati City

June 10, 2020
Makati City, Metro Manila

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2019**	2018
ASSETS			
Current Assets			
Cash and cash equivalents	*7*	**P6,700,927,921**	P626,648,679
Receivables - net	*8*	**5,798,297,764**	5,139,560,126
Inventories	*9*	**2,169,314,462**	1,740,766,189
Due from related parties	*23*	**55,150,000**	97,212,820
Prepaid expenses and other current assets - net	*10*	**4,486,515,652**	4,422,246,336
Total Current Assets		**19,210,205,799**	12,026,434,150
Noncurrent Assets			
Receivables - net of current portion	*8*	**9,898,720**	22,275,863
Property and equipment - net	*11*	**951,538,774**	1,003,818,266
Goodwill and other intangible assets	*12*	**1,237,911,379**	1,280,636,197
Investment property	*3, 13*	**89,213,048,577**	65,737,073,982
Right-of-use assets - net	*3, 14*	**862,209**	-
Deferred tax assets	*26*	**504,367,200**	433,802,363
Other noncurrent assets	*3, 15*	**2,418,763,491**	2,009,821,373
Total Noncurrent Assets		**94,336,390,350**	70,487,428,044
		P113,546,596,149	P82,513,862,194
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	*3, 16*	**P8,658,321,689**	P5,366,820,607
Short-term loans payable and current maturities of long-term notes payable, net of debt issue costs	*17*	**12,015,344,351**	6,299,249,460
Customers' deposits	*18*	**420,593,972**	305,175,212
Due to related parties	*23*	**988,322,908**	980,115,508
Dividends payable		**151,578,047**	226,543,771
Income tax payable		**54,719,292**	108,305,150
Total Current Liabilities		**22,288,880,259**	13,286,209,708
Noncurrent Liabilities			
Long-term notes payable - net of current maturities and debt issue costs	*17*	**18,521,177,930**	14,268,079,164
Bonds payable - net of bond issue costs	*17*	**14,844,514,329**	14,820,487,093
Lease liabilities - noncurrent portion	*24*	**1,351,978,820**	-
Deferred tax liabilities	*26*	**10,312,452,220**	5,931,814,971
Customers' deposits - net of current portion	*18*	**215,641,847**	121,939,634
Retirement benefits liability	*25*	**16,310,726**	8,373,777
Other noncurrent liabilities	*19*	**2,076,864,921**	1,187,706,295
Total Noncurrent Liabilities		**47,338,940,793**	36,338,400,934
Total Liabilities		**69,627,821,052**	49,624,610,642

Forward

		December 31	
	Note	**2019**	2018
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	*28*	**P10,237,310,060**	P10,237,310,060
Additional paid-in capital	*28*	**5,540,589,852**	5,540,589,852
Retained earnings	*28*	**14,713,800,272**	6,529,613,470
Treasury stock	*28*	**(167,160,000)**	(167,160,000)
Remeasurement on defined benefit liability - net of tax		**36,155**	2,091,337
		30,324,576,339	22,142,444,719
Non-controlling Interests	*30*	**13,594,198,758**	10,746,806,833
Total Equity		**43,918,775,097**	32,889,251,552
		P113,546,596,149	P82,513,862,194

See Notes to the Consolidated Financial Statements.

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2019**	2018	2017
INCOME				
Rent income	*24*	**P3,274,468,028**	P2,499,164,400	P909,151,356
Real estate sales	*6, 8, 23*	**1,660,857,965**	1,040,964,623	819,540,458
Hotel revenues	*6*	**672,061,542**	533,615,359	397,493,744
Leasehold rights' sales		**-**	-	21,606,591
Unrealized gains from changes in fair values of investment property	*13*	**13,502,368,444**	9,627,326,372	4,174,511,063
Interest income	*7, 8, 15*	**88,577,967**	42,983,696	127,967,791
Income from forfeitures		**5,158,701**	7,984,892	12,091,903
Others - net	*13, 15*	**1,000,222,299**	595,681,894	149,549,862
		20,203,714,946	14,347,721,236	6,611,912,768
COSTS AND EXPENSES				
Cost of real estate sales	*9, 20*	**730,045,629**	435,816,529	362,236,122
Cost of hotel operations	*9, 20*	**452,906,153**	455,696,475	275,541,313
Cost of leasehold rights		**-**	-	4,133,652
Selling expenses	*21*	**290,329,357**	313,350,354	197,361,259
General and administrative expenses	*22*	**2,237,631,659**	2,296,417,532	1,093,894,942
Interest expense	*17, 19, 24*	**840,677,318**	191,925,652	643,825,886
		4,551,590,116	3,693,206,542	2,576,993,174
INCOME BEFORE INCOME TAX		**15,652,124,830**	10,654,514,694	4,034,919,594
INCOME TAX EXPENSE	*26*			
Current		**696,095,530**	325,659,305	58,630,651
Deferred		**4,310,953,204**	2,912,175,877	1,449,929,108
		5,007,048,734	3,237,835,182	1,508,559,759
NET INCOME		**10,645,076,096**	7,416,679,512	2,526,359,835
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will never be reclassified to profit or loss				
Remeasurement gain (loss) on defined benefit liability	*25*	**(2,935,974)**	307,058	6,398,071
Deferred tax effect on remeasurement on defined benefit liability	*26*	**880,792**	(92,117)	(1,919,421)
		(2,055,182)	214,941	4,478,650
TOTAL COMPREHENSIVE INCOME		**P10,643,020,914**	P7,416,894,453	P2,530,838,485
Net income attributable to:				
Equity holders of the Parent Company		**P8,831,966,802**	P4,605,510,276	P1,641,535,290
Non-controlling interest		**1,813,109,294**	2,811,169,236	884,824,545
		P10,645,076,096	P7,416,679,512	P2,526,359,835

Forward

		Years Ended December 31		
	Note	**2019**	2018	2017
Total comprehensive income attributable to:				
Equity holders of the Parent Company		**P8,829,911,620**	P4,605,725,217	P1,646,013,940
Non-controlling interest		**1,813,109,294**	2,811,169,236	884,824,545
		P10,643,020,914	P7,416,894,453	P2,530,838,485
Basic Earnings Per Share	*27*	**P3.4568**	P1.7250	P0.4457
Diluted Earnings Per Share	*27*	**P3.4568**	P1.7250	P0.4452

See Notes to the Consolidated Financial Statements.

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017

		Equity Attributable to Equity Holders of the Parent Company								
		Capital Stock								
	Note	Common Shares	Preferred Shares	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Remeasurement on Defined Benefit Liability - net of tax	Total	Non-controlling Interests	Total Equity
As at January 1, 2017		P222,973,000	P10,000,000,000	P -	P1,358,237,357	P1,578,127,905	(P2,602,254)	P13,156,736,008	P7,061,567,578	P20,218,303,586
Total Comprehensive Income										
Net income for the year		-	-	-	-	1,641,535,290	-	1,641,535,290	884,824,545	2,526,359,835
Other comprehensive income-net of tax		-	-	-	-	-	4,478,650	4,478,650	-	4,478,650
Total Comprehensive Income		-	-	-	-	1,641,535,290	4,478,650	1,646,013,940	884,824,545	2,530,838,485
Transactions with Owners										
Dividends declared	*28*	-	-	-	-	(647,780,000)	-	(647,780,000)	-	(647,780,000)
Share capital		-	-	-	-	-	-	-	214,398,581	214,398,581
Total Transactions with Owners During the Year		-	-	-	-	(647,780,000)	-	(647,780,000)	214,398,581	(433,381,419)
Balance as at December 31, 2017		222,973,000	10,000,000,000	-	1,358,237,357	2,571,883,195	1,876,396	14,154,969,948	8,160,790,704	22,315,760,652
Total Comprehensive Income										
Net income for the year		-	-	-	-	4,605,510,276	-	4,605,510,276	2,811,169,236	7,416,679,512
Other comprehensive income-net of tax		-	-	-	-	-	214,941	214,941	-	214,941
Total Comprehensive Income		-	-	-	-	4,605,510,276	214,941	4,605,725,217	2,811,169,236	7,416,894,453
Transactions with Owners										
Stock issuances during the period	*28*	14,337,060	-	-	4,286,780,940	-	-	4,301,118,000	-	4,301,118,000
Stock issuance cost during the period		-	-	-	(104,428,445)	-	-	(104,428,445)	-	(104,428,445)
Dividends declared	*28*	-	-	-	-	(647,780,001)	-	(647,780,001)	-	(647,780,001)
Reacquisition of common shares	*28*	-	-	(167,160,000)	-	-	-	(167,160,000)	-	(167,160,000)
Distribution to non-controlling interest	*28*	-	-	-	-	-	-	-	(225,153,107)	(225,153,107)
Total Transactions with Owners During the Year		14,337,060	-	(167,160,000)	4,182,352,495	(647,780,001)	-	3,381,749,554	(225,153,107)	3,156,596,447
Balance as at December 31, 2018		237,310,060	10,000,000,000	(167,160,000)	5,540,589,852	6,529,613,470	2,091,337	22,142,444,719	10,746,806,833	32,889,251,552

Forward

		Equity Attributable to Equity Holders of the Parent Company								
		Capital Stock								
	Note	Common Shares	Preferred Shares	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Remeasurement on Defined Benefit Liability - net of tax	Total	Non-controlling Interests	Total Equity
As at January 1, 2019		P237,310,060	P10,000,000,000	(P167,160,000)	P5,540,589,852	P6,529,613,470	P2,091,337	P22,142,444,719	P10,746,806,833	P32,889,251,552
Total Comprehensive Income										
Net income for the year		-	-	-	-	8,831,966,802	-	8,831,966,802	1,813,109,294	10,645,076,096
Other comprehensive loss-net of tax		-	-	-	-	-	(2,055,182)	(2,055,182)	-	(2,055,182)
Total Comprehensive Income		-	-	-	-	8,831,966,802	(2,055,182)	8,829,911,620	1,813,109,294	10,643,020,914
Transactions with Owners										
Dividends declared	*28*	-	-	-	-	(647,780,000)	-	(647,780,000)	-	(647,780,000)
Distribution to non-controlling interest	*28*	-	-	-	-	-	-	-	(258,930,685)	(258,930,685)
Additional contribution from non-controlling interests	*2*	-	-	-	-	-	-	-	1,240,368,815	1,240,368,815
Non-controlling interests from acquisition of an asset	*30*	-	-	-	-	-	-	-	52,844,501	52,844,501
Total Transactions with Owners During the Year		-	-	-	-	(647,780,000)	-	(647,780,000)	1,034,282,631	386,502,631
Balance as at December 31, 2019		P237,310,060	P10,000,000,000	(P167,160,000)	P5,540,589,852	P14,713,800,272	P36,155	P30,324,576,339	P13,594,198,758	P43,918,775,097

See Notes to the Consolidated Financial Statements.

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2019**	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P15,652,124,830**	P10,654,514,694	P4,034,919,594
Adjustments for:				
Unrealized gains from changes in fair values of investment property	*13*	**(13,502,368,444)**	(9,627,326,372)	(4,174,511,063)
Interest expense	*17, 19, 24*	**840,677,318**	191,925,652	643,825,886
Depreciation and amortization	*11, 12,14, 22*	**184,869,858**	164,105,852	83,375,504
Interest income	*7, 8, 15*	**(88,577,967)**	(42,983,696)	(127,967,791)
Impairment loss on receivables	*8, 22*	**29,106,888**	510,709	-
Retirement costs	*25*	**5,000,975**	1,006,086	7,951,388
Impairment loss on input value-added tax	*10, 22*	**-**	140,018,461	2,579,609
Operating income before working capital changes		**3,120,833,458**	1,481,771,386	470,173,127
Decrease (increase) in:				
Receivables		**(675,467,383)**	(1,502,334,218)	(1,198,408,984)
Inventories		**(116,145,510)**	185,675,217	(456,434,365)
Due from related parties		**42,062,820**	6,309,231	(1,713,562)
Prepaid expenses and other current assets		**(64,269,316)**	(1,093,200,297)	(895,054,570)
Increase (decrease) in:				
Accounts payable and other current liabilities		**3,298,338,686**	1,415,766,272	1,142,313,947
Customers' deposits		**209,120,973**	295,540,148	(94,227,217)
Due to related parties		**8,207,400**	35,395,097	(136,318,529)
Cash generated from (used for) operations		**5,822,681,128**	824,922,836	(1,169,670,153)
Interest received		**72,711,978**	33,093,720	35,958,723
Interest paid		**(2,408,369,261)**	(2,132,564,819)	(1,643,359,765)
Income tax paid		**(749,681,388)**	(240,523,281)	(36,589,655)
Net cash provided by (used in) operating activities		**2,737,342,457**	(1,515,071,544)	(2,813,660,850)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property and equipment	*11*	**(75,464,012)**	(93,477,275)	(278,652,753)
Other intangible assets	*12*	**(14,298,981)**	(31,399,928)	(94,342,719)
Investment property	*13, 31*	**(7,147,378,457)**	(5,900,244,157)	(8,668,760,532)
Proceeds from disposal of property and equipment		**441,999**	-	-
Increase in non-controlling interest	*3*	**1,240,368,815**	-	214,398,581
Decrease (increase) in other noncurrent assets		**(92,285,405)**	166,255,222	(57,683,841)
Acquisition of a subsidiary, net of cash acquired	*30*	**(43,284,252)**	-	-
Acquisition of an associate	*15*	**(335,142,295)**	-	(417,795,000)
Net cash used in investing activities		**(6,467,042,588)**	(5,858,866,138)	(9,302,836,264)

Forward

	Note	2019	2018	2017
			Years Ended December 31	
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Availment of notes, net of debt issue costs	*17*	**P10,617,600,000**	P8,941,000,000	P3,545,258,750
Issuance of capital stock	*28*	**-**	4,301,118,000	-
Issuance of bonds, net of debt issue costs		**-**	-	9,566,805,702
Payment of:				
Notes	*17*	**(677,177,416)**	(6,581,153,842)	(3,990,773,643)
Dividends	*28*	**(981,676,409)**	(798,520,965)	(657,593,372)
Treasury stock	*28*	**-**	(167,160,000)	-
Stock issuance cost	*28*	**-**	(104,428,445)	-
Increase in other noncurrent liabilities		**845,233,198**	309,307,737	286,349,176
Net cash provided by financing activities		**9,803,979,373**	5,900,162,485	8,750,046,613
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**6,074,279,242**	(1,473,775,197)	(3,366,450,501)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*7*	**626,648,679**	2,100,423,876	5,466,874,377
CASH AND CASH EQUIVALENTS AT END OF YEAR	*7*	**P6,700,927,921**	P626,648,679	P2,100,423,876

See Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

DoubleDragon Properties Corp., ("DD" or the "Parent Company"), was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 9, 2009 primarily to engage in the business of real estate development including but not limited to residential and condominium projects, to acquire by purchase or lease land and interest in land, to own, hold, impose, promote, develop, subdivide and manage any land owned, held or occupied by the Parent Company, to construct, manage or administer buildings such as condominiums, apartments, hotels, restaurants, stores or other structures and to mortgage, sell, lease or otherwise dispose of land, interests in land and buildings or other structures at any time.

The Parent Company's shares are listed in the Philippine Stock Exchange ("PSE") on April 7, 2014 under the stock symbol "DD".

The Parent Company's registered office address is at 10th Floor, DoubleDragon Plaza, DD Meridian Park Bay Area, Corner Macapagal Avenue and EDSA Extension Boulevard, Brgy. 76 Zone 10, San Rafael, Pasay City, Metro Manila.

2. Basis of Preparation

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial Reporting Standards Council (FRSC).

The consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on June 10, 2020.

Basis of Measurement

The consolidated financial statements of the Group have been prepared using the historical cost basis of accounting, except for investment property which is measured at fair value and retirement benefit liability which is measured at present value of defined benefit obligation.

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional currency. All financial information presented in Philippine peso has been rounded off to the nearest peso, unless otherwise stated.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries (collectively referred to as the "Group"):

Subsidiaries	Percentage of Ownership	
	2019	2018
DoubleDragon Sales Corp. (DDSC)[(a)]	**100**	100
DoubleDragon Property Management Corp. (DDPMC)[(a)]	**100**	100
Iloilo-Guimaras Ferry Terminal Corp. (IGFTC) [(b)]	**100**	100
CentralHub Industrial Centers Inc. (CHICI) [(c)]	**100**	100
DD Meridian Park Development Corp. (DDMPDC) [(d)]	**70**	70
DD HappyHomes Residential Centers Inc. (DDHH) [(e)]	**70**	70
Hotel of Asia, Inc. (HOA) [(f)]	**70**	70
Green Coast Development PH Corp. (GCDPC) [(g)]	**70**	-
CityMall Commercial Centers Inc. (CMCCI) [(h)]	**66**	66
DD Meridian Tower Corp. (DDMT) [(i)]	**51**	100
Piccadilly Circus Landing Inc. (PCLI) [(j)]	**50**	50

(a) Consolidated effective January 1, 2012.
(b) Consolidated effective June 10, 2016.
(c) Consolidated effective August 31, 2017.
(d) Consolidated effective October 27, 2014.
(e) Consolidated effective May 23, 2014.
(f) Consolidated effective August 11, 2016.
(g) Consolidated effective November 14, 2019.
(h) Consolidated effective December 27, 2013.
(i) Consolidated effective October 2, 2018.
(j) Consolidated effective August 1, 2013.

DDSC

DDSC was incorporated and registered with the SEC on November 12, 2012 primarily to engage in the business of selling or marketing real estate products, including but not limited to land, buildings, condominium units, town houses, apartments, house and lot packages and all other forms of real estate products. DDSC started its commercial operations in September 2017.

DDPMC

DDPMC was incorporated and registered with the SEC on January 17, 2012 primarily to engage in maintaining, preserving, preparing and cleaning buildings, condominiums, townhouses, hotels, amusement or recreational places, counters, office premises, factories, shops, equipment and facilities. DDPMC started its commercial operations in 2015.

IGFTC

IGFTC was incorporated and registered with the SEC on June 10, 2016, primarily to finance, design, construct, develop, operate and maintain Iloilo City-Guimaras Ferry Terminal and the surrounding areas and to provide a safe, efficient and modern ferry terminal for commuters going to and arriving from Guimaras Island. IGFTC started its commercial operations in April 2017.

CHICI

CHICI was incorporated and registered with the SEC on August 31, 2017 primarily to engage in and carry on a business of receiving, accepting, unloading, storing, and/or deposit of goods, chattels, fungibles, parcels, boxes, documents, mail, products, money, vehicles, animals, articles, cargoes, and effects of all kinds and provide facilities, amenities, conveniences, features, services and/or accommodations in relation to the said business. CHICI is the industrial leasing segment arm of the Group established to construct and deliver industrial warehouses in the Philippines. CHICI started its commercial operations in September 2018.

DDMT
DDMT was incorporated and registered with the SEC on October 2, 2018 primarily to engage in the business of real estate development including but not limited to residential and commercial subdivisions, buildings, and condominium projects in accordance with Republic Act No. 4726 (otherwise known as The Condominium Act) as amended; to buy and acquire by purchase, lease or otherwise, lands, and interest in land and to own, hold, impose, promote, develop, subdivide and manage any land owned, held or occupied by the Corporation or belonging to them; to construct, erect and manage or administer buildings such as condominiums, apartments, hotels, restaurants, stores or other structures now or hereafter erected on any land owned, held or occupied and to sell, lease or otherwise dispose of lands or interests in lands and buildings or other structures at any time owned or held by DDMT or belonging to others in the Philippines or elsewhere for such other lawful, commercial and charitable purposes as may be deemed proper for DDMT. DDMT has not yet started its commercial operations as at December 31, 2019.

On April 1, 2019, the non-controlling interest shareholder of DDMT entered into Deed of Conveyance with DDMT for the transfer of land, in compliance with the shareholder agreement entered into by the Parent Company and non-controlling interest shareholder last October 3, 2018. As a result, the ownership of the Parent Company was reduced from 100% to 51%.

DDMPDC
DDMPDC was incorporated and registered with the SEC on October 27, 2014 primarily to engage in the business of real estate development including but not limited to residential and condominium projects, to acquire by purchase or lease land and interest in land, to own, hold, impose, promote, develop, subdivide and manage any land owned, held or occupied by the entity, to construct, manage or administer buildings such as condominiums, apartments, hotels, restaurants, stores or other structures and to mortgage, sell, lease or otherwise dispose of land, interests in land and buildings or other structures at any time. DDMPDC started its commercial operations in October 2017.

DDHH
DDHH was incorporated and registered with the SEC on September 15, 2011 primarily to engage, operate and hold or manage real estate business, to acquire by purchase, lease, donation or otherwise, own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, and hold for investment or otherwise, real estate of all kinds, whether improved, managed or otherwise, deal in or dispose of buildings, houses, apartments, townhouses, condominiums, and other structure of whatever kind, together with the appurtenances or improvements found thereon. DDHH started its commercial operations in 2014.

HOA
HOA was incorporated and registered with the SEC on June 8, 2011 primarily to engage in the business of real estate development including but not limited to residential and condominium projects, to acquire by purchase or lease land and interest in land, to own, hold, impose, promote, develop, subdivide and manage any land owned, held or occupied by HOA, to construct, manage or administer buildings such as condominiums, apartments, hotels, restaurants, stores or other structures and to mortgage, sell, lease or otherwise dispose of land, interests in land and buildings or other structures at any time. HOA started its commercial operations in 2012.

HOA has the following subsidiaries which are also engaged in the hotel industry and are included in the consolidated financial statements:

Subsidiaries	Percentage of Ownership 2019	2018
Hotel 101 Management Corporation [(a)]	**100**	100
Hotel101 Worldwide Private Limited (HWPL) [(b)]	**100**	-
CSI Hotels Incorporated [(a)]	**50**	50

(a) Consolidated effective August 11, 2016.
(b) Incorporated on April 2, 2019.

GCDPC
GCDPC was incorporated and registered with the SEC on May 10, 2013 primarily to acquire by purchase, lease, donation or to own, use, improve, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether improve manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances. GCDPC has not yet started its commercial operations as at December 31, 2019.

CMCCI
CMCCI was incorporated and registered with the SEC on December 27, 2013 primarily to engage in the business of commercial shopping centers or malls, and for the attainment of this purpose, to construct, build, develop, operate and maintain commercial center or malls and to perform all acts or trades necessary for its operation and maintenance, including but not limited to the preservation of commercial spaces for rent, amusement centers, movie theater, performing arts center, children's play area and hobby or gaming centers, parking lots and other service facilities, within the compound or premises of the shopping centers. CMCCI started its commercial operations in 2015.

CMCCI has the following subsidiaries which are also engaged in the real estate investment industry and are included in the consolidated financial statements:

Subsidiaries	Percentage of Ownership 2019	2018
CM-Northtown Davao Inc. [(a)]	**79**	79
Prime DDG Commercial Centers Inc. [(b)]	**70**	70
CM-Goldenfields Bacolod Inc. [(c)]	**70**	70
CM-Tarlac MacArthur Inc. [(d)]	**70**	70
CM-Danao Cebu Inc. [(e)]	**70**	70
CM-Mandalagan Bacolod Inc. [(e)]	**70**	70
CM-Dipolog Zamboanga Inc. [(f)]	**70**	70
CM-Roxas Ave. Inc. [(g)]	**70**	70
CM-Bunlo Bocaue Inc. [(h)]	**70**	70

(a) Incorporated and consolidated effective December 5, 2016.
(b) Incorporated and consolidated effective April 28, 2014.
(c) Incorporated and consolidated effective March 2, 2015.
(d) Incorporated and consolidated effective April 24, 2015.
(e) Incorporated and consolidated effective July 21, 2015.
(f) Incorporated and consolidated effective October 8, 2015.
(g) Incorporated and consolidated effective May 24, 2018.
(h) Incorporated and consolidated effective March 27, 2018.

PCLI
PCLI was incorporated and registered with the SEC on October 10, 2012 primarily to engage in owning, using, improving, developing, subdividing, selling, exchanging, leasing and holding for investment or otherwise, real estate of all kinds, including buildings, houses, apartments and other structures. PCLI started its commercial operations in 2013.

The following table summarizes the financial information relating to the DDMPDC and CMCCI, DD's subsidiaries that has material non-controlling interest (NCI), before any intra-group eliminations:

DDMPDC

	December 31	
	2019	2018
NCI Percentage	**30.00%**	30.00%
Current assets	**P4,123,648,290**	P2,432,175,586
Noncurrent assets	**38,146,890,505**	27,762,045,742
Current liabilities	**(3,561,635,150)**	(2,416,077,304)
Noncurrent liabilities	**(7,263,669,874)**	(4,537,641,437)
Net Assets	**31,445,233,771**	23,240,502,587
Carrying amount of NCI	**9,433,570,132**	6,972,150,776
Net income/total comprehensive income	**6,478,802,908**	6,466,046,935
Net income/total comprehensive income allocated to NCI	**1,943,640,872**	1,939,814,081
Cash flows from operating activities	**2,216,627,029**	465,320,692
Cash flows from investing activities	**(2,437,330,120)**	(2,008,061,628)
Cash flows from financing activities	**2,017,233,467**	925,008,385
Net Increase (Decrease) in Cash and Cash Equivalents	**P1,796,530,376**	(P617,732,551)

CMCCI

	December 31	
	2019	2018
NCI Percentage	**34.00%**	34.00%
Current assets	**P6,329,995,148**	P5,961,886,864
Noncurrent assets	**29,304,047,568**	25,375,722,804
Current liabilities	**(5,492,802,587)**	(4,086,319,672)
Noncurrent liabilities	**(27,782,142,033)**	(25,285,632,950)
Net Assets	**2,359,098,096**	1,965,657,046
Carrying amount of NCI	**802,093,353**	668,323,396
Net income (loss)/total comprehensive income (loss)	**711,105,971**	1,017,272,363
Net income (loss)/total comprehensive income (loss) allocated to NCI	**241,776,030**	345,872,603
Cash flows from operating activities	**(432,879,841)**	22,988,435
Cash flows from investing activities	**(900,658,049)**	(2,673,238,807)
Cash flows from financing activities	**1,310,394,620**	2,447,302,665
Net Decrease in Cash and Cash Equivalents	**(P23,143,270)**	(P202,947,707)

A subsidiary is an entity controlled by the Group. The Group controls an entity if, and only if, the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including intergroup unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

Non-controlling interests represent the portion of profit or loss and net assets not attributable to the equity holders of the Parent Company and are presented in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the equity attributable to equity holders of the Parent Company.

Non-controlling interests include the interests not held by the Parent Company in DDMT, DDMPDC, DDHH, GCDPC, CMCCI and its subsidiaries, PCLI and HOA and its subsidiaries in 2019 and 2018.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, the Group: (i) derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests and the cumulative transaction differences recorded in equity; (ii) recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss; and (iii) reclassify the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The Parent Company and subsidiaries, except for HWPL, are all domiciled in the Philippines. HWPL is domiciled in Singapore.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all the years presented in these consolidated financial statements, except for the changes in accounting policies as explained below.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations
The Group has adopted the following new or revised standards, amendments to standards and interpretations starting January 1, 2019 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have significant impact on the Group's consolidated financial statements. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

- PFRS 16, *Leases,* supersedes PAS 17, *Leases,* and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements.

  Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were also introduced.

  The Group has adopted PFRS 16 using the modified retrospective approach, under which recognizing the right-of-use asset at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized. Accordingly, the comparative information has not been restated and is presented, as previously reported, under PAS 17 and related interpretations.

  As a lessee, the Group recognized right-of-use assets and lease liabilities for leases classified as operating leases under PAS 17, except for short-term leases and leases of low-value assets. The right-of-use assets are recognized at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the weighted average incremental borrowing rate of 7.32% as at January 1, 2019.

  The Group used the following practical expedients for leases previously classified as operating leases under PAS 17:

  - applied the exemption not to recognize right-of-use assets and liabilities for leases with lease term that ends within 12 months at the date of initial application;

  - excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and

- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Right-of-use assets that do not meet the definition of investment property and lease liabilities are presented separately in the consolidated statements of financial position. Right-of-use assets that meet the definition of investment property are included under "Investment property" account in the consolidated statements of financial position.

The impact of the adoption of PFRS 16 as at January 1, 2019 is as follows:

	Note	Increase (Decrease)
ASSETS		
Investment property	*13*	P1,145,968,670
Right-of-use assets - net	*14*	1,406,763
Other noncurrent assets		(34,351,571)
		P1,113,023,862
LIABILITIES		
Lease liabilities		P1,342,806,811
Accounts payable and other current liabilities		(229,782,949)
		P1,113,023,862

The operating lease commitments as at December 31, 2018 are reconciled as follows to the recognized lease liabilities as at January 1, 2019:

Operating lease commitments as at December 31, 2018	P3,333,482,129
Recognition exemption for lease of short-term leases	(28,473,242)
Recognition exemption for lease of low value assets	(759,776)
Effect of discounting at the incremental borrowing rate as at January 1, 2019	(1,961,442,300)
Lease liabilities recognized based on the initial application of PFRS 16 as at January 1, 2019	P1,342,806,811

- Philippine Interpretation of the International Financial Reporting Interpretations Committee (IFRIC) 23, *Uncertainty over Income Tax Treatments.* The interpretation clarifies how to apply the recognition and measurement requirements in PAS 12, *Income Taxes*, when there is uncertainty over income tax treatments. Under the interpretation, whether the amounts recorded in the financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the chosen tax treatment. If it is not probable that the tax authority will accept the chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty - either the most likely amount or the expected value.

  The interpretation also requires the reassessment of judgments and estimates applied if facts and circumstances change - e.g. as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

- IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23). The IFRIC Agenda Decision (March 2019 IFRIC Update) clarified whether borrowing costs may be capitalized in relation to the construction of a residential multi-unit real estate development which are sold to customers prior to start of construction or completion of the development. Under the March 2019 IFRIC Update, the Committee clarified that the related assets that might be recognized in the Group's financial statements (i.e., installment contract receivable, contract asset, or inventory) will not qualify as a qualifying asset and the corresponding borrowing cost may no longer be capitalized.

  On February 21, 2020, the SEC, thru its memorandum circular No. 4, series of 2020, defers the implementation of March 2019 IFRIC Update until December 31, 2020. Effective January 1, 2021, the Real Estate Industry will adopt the IFRIC Interpretations and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

  The Group availed of the deferral option of the March 2019 IFRIC Update. The impact in the consolidated financial statements had the deferred provision been adopted by the Group would result to exclusion of the remaining borrowing costs capitalized in the Group's inventories. This would result to a decrease in inventories and retained earnings as at January 1, 2019.

- Long-term Interests (LTI) in Associates and Joint Ventures (Amendments to PAS 28, *Investments in Associates and Joint Ventures)*. The amendments require the application of PFRS 9, *Financial Instruments*, to other financial instruments in an associate or joint venture to which the equity method is not applied. These include LTI that, in substance, form part of the entity's net investment in an associate or joint venture.

  The amendment explains the annual sequence in which PFRS 9 and PAS 28 are to be applied. In effect, PFRS 9 is first applied ignoring any PAS 28 loss absorption in prior years. If necessary, prior years' PAS 28 loss allocation is adjusted in the current year which may involve recognizing more prior years' losses, reversing these losses or re-allocating them between different LTI instruments. Any current year PAS 28 losses are allocated to the extent that the remaining LTI balance allows and any current year PAS 28 profits reverse any unrecognized prior years' losses and then allocations against LTI.

- Prepayment Features with Negative Compensation (Amendment to PFRS 9). The amendment covers the following areas:

  - *Prepayment Features with Negative Compensation.* The amendment clarifies that a financial asset with a prepayment feature could be eligible for measurement at amortized cost or fair value through other comprehensive income (FVOCI) irrespective of the event or circumstance that causes the early termination of the contract, which may be within or beyond the control of the parties, and a party may either pay or receive reasonable compensation for the early termination.

- *Modification of Financial Liabilities.* The amendment to the Basis for Conclusions on PFRS 9 clarifies that the standard provide an adequate basis for an entity to account for modifications and exchanges of financial liabilities that do not result in derecognition and the treatment is consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset - i.e. the amortized cost of the modified financial liability is recalculated by discounting the modified contractual cash flows using the original effective interest rate and any adjustment is recognized in the consolidated statements of income.

▪ Plan Amendment, Curtailment or Settlement (Amendments to PAS 19*, Employee Benefits*). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, an entity now uses updated actuarial assumptions to determine its current service cost and net interest for the period. The effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

▪ Annual Improvements to PFRS Cycles 2015 - 2017 contain changes to three standards:

  - Previously Held Interest in a Joint Operation (Amendments to PFRS 3*, Business Combinations,* and PFRS 11*, Joint Arrangements).* The amendments clarify how an entity accounts for increasing its interest in a joint operation that meets the definition of a business. If an entity maintains (or obtains) joint control, the previously held interest is not remeasured. If an entity obtains control, the transaction is a business combination achieved in stages and the acquiring entity remeasures the previously held interest at fair value.

  - Income Tax Consequences of Payments on Financial Instrument Classified as Equity (Amendments to PAS 12). The amendments clarify that all income tax consequences of dividends, including payments on financial instruments classified as equity, are recognized consistently with the transactions that generated the distributable profits - i.e., in profit or loss, other comprehensive income or equity.

  - Borrowing Costs Eligible for Capitalization (Amendments to PAS 23*, Borrowing Costs*). The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale, or any non-qualifying assets, are included in that general pool.

Except as otherwise indicated, the adoption of the new and amended standards and interpretation did not have a material effect on the consolidated financial statements.

New and Amended Standards, Interpretation and Framework Not Yet Adopted
A number of new and amended standards, interpretation and framework are effective for annual periods beginning after January 1, 2019 and have not been applied in preparing the consolidated financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the consolidated financial statements.

The Group will adopt the following new and amended standards, interpretation and framework on the respective effective dates:

- Amendments to References to Conceptual Framework in PFRS sets out amendments to PFRS, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes: (a) a new chapter on measurement; (b) guidance on reporting financial performance; (c) improved definitions of an asset and a liability, and guidance supporting these definitions; and (d) clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

  Some standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements adopted by the IASB in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework and make other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

  The amendments are effective for annual periods beginning on or after January 1, 2020.

- Definition of a Business (Amendments to PFRS 3). The amendments narrowed and clarified the definition of a business. The amendments also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments: (a) confirmed that a business must include inputs and a process, and clarified that the process must be substantive and the inputs and process must together significantly contribute to creating outputs; (b) narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and (c) added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

  The amendments apply to business combinations and asset acquisitions in annual reporting periods beginning on or after January 1, 2020, with early application permitted.

- Definition of Material (Amendments to PAS 1, *Presentation of Financial Statements,* and PAS 8, *Accounting Policies*, *Changes in Accounting Estimates and Errors*). The amendments refine the definition of what is considered material. The amended definition of what is considered material states that such 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, which provide financial information about a specific reporting entity. The amendments clarify the definition of what is considered material and its application by: (a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence'; (b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition; (c) clarifying that the users to which the definition refers to are the primary users of general purpose financial statements referred to in the Conceptual Framework; (d) clarifying the explanatory paragraphs accompanying the definition; and (e) aligning the wording of the definition of what is considered material across PFRS and other publications. The amendments are expected to help entities make better materiality judgments without substantively changing existing requirements.

  The amendments apply prospectively for annual periods beginning on or after January 1, 2020, with early application permitted.

- Interest Rate Benchmark Reform *(*Amendments to PFRS 9*,* PAS 39*, Financial Instruments: Recognition and Measurement* and PFRS 7*, Financial Instruments: Disclosures)*. The amendments provide temporary exceptions to all hedging relationships directly affected by interest rate benchmark reform - the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board's July 2014 report 'Reforming Major Interest Rate Benchmarks'. The exceptions relate to the following requirements:

  - *The Highly Probable Requirement.* When determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.

  - *Prospective Assessments.* When performing prospective assessments, a company shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.

  - *PAS 39 Retrospective Assessment.* An entity is not required to undertake the PAS 39 retrospective assessment for hedging relationships directly affected by the reform. However, the entity must comply with all other PAS 39 hedge accounting requirements, including the prospective assessment.

  - *Separately Identifiable Risk Components*. For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at the inception of such hedging relationships.

An entity shall cease applying the exceptions when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows or the hedging relationship is discontinued. End of application does not apply to the test for separately identifiable risk components.

Specific disclosure requirements apply to hedging relationships affected by the amendments including information about the significant interest rate benchmarks, extent of risk exposure directly affected by the reform, how the entity manages the process to transition to alternative benchmark rates, significant assumptions and judgements made in applying the exceptions, and the nominal amount of the hedging instruments in those hedging relationships.

The amendments apply for annual reporting periods beginning on or after January 1, 2020, with early application permitted.

The amendments are still subject to the approval by the FRSC.

Deferral of the local implementation of Amendments to PFRS 10*, Consolidated Financial Statements,* and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10 and PAS 28). The amendments address an inconsistency in the requirements in PFRS 10 and PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

  Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. However, on January 13, 2016, the FRSC decided to postpone the effective date until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

Financial Instruments

Date of Recognition

The Group recognizes a financial asset or financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial Recognition of 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 instruments are recognized initially at fair value, except for a trade receivable without a significant financing component from January 1, 2018. The initial measurement, except for those designated as FVPL, includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

The Group classifies its financial assets, at initial recognition, and subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Group changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Group manages the 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. The Group considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the Group manages financial information being provided to management.

- the stated policies and objectives for the portfolio and the operations of those policies in practice;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how employees of the business are compensated; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

For the purposes of assessing the cash flow characteristics of financial assets, "Principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The Group considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for financial assets acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

The Group has no financial assets at FVOCI and FVPL as at December 31, 2019 and 2018.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the financial asset is derecognized, modified or impaired.

The Group's cash and cash equivalents, receivables, due from related parties and refundable deposits under "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts are included in this category (Notes 7, 8, 10, 15 and 23).

Financial Liabilities
The Group classifies its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. The Group determines the classification of its financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group has no financial liabilities at FVPL as at December 31, 2019 and 2018.

Other Financial Liabilities
This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Interest expense" account in the consolidated statements of comprehensive income. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

The Group's accounts payable and other current liabilities, due to related parties, notes payable, bonds payable and other noncurrent liabilities (excluding payables to government agencies and unearned rent income) accounts are included in this category (Notes 16, 17, 19 and 23).

Derecognition of Financial Assets and Financial 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 primarily derecognized when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; 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 Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. 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. The difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets

The Group recognizes allowance for ECL on financial assets at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group 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 Group's historical experience and informed credit assessment and including forward-looking information.

The Group recognizes lifetime ECLs for receivables that do not contain significant financing component. The Group uses provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in profit or loss.

Classification of Financial Instruments between Debt and Equity
From the perspective of the issuer, a financial instrument is classified as debt instrument 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 Group; 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 Group 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.

Debt Issue Costs
Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest rate method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in profit or loss.

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

Fair Value Measurements
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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group 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 consolidated 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 prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3: inputs for the asset or liability that are not based on observable market data.

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

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

<u>Inventories</u>
Real Estate Inventories
Real estate inventories are properties that are acquired and developed or constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation. These consist of acquisition cost of land and other related development costs, capitalized borrowings and other capitalized costs.

These are carried at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs to make the sale.

The cost of real estate inventories recognized in profit or loss is determined with reference to the specific costs incurred on the property and allocated to saleable area based on relative size.

Hotel Inventories
Hotel inventories are valued at the lower of cost and NRV. The cost of hotel inventories is determined using the weighted average method and includes all expenditures incurred in acquiring the inventories and in bringing them to their existing location and condition.

NRV is the estimated selling price in the ordinary course of business less the estimated costs of marketing and distribution necessary to make the sale.

The Group maintains an allowance to reduce hotel inventories to NRV at a level considered adequate to provide for potential obsolete inventories. The level of this allowance is evaluated by management based on the movements and current condition of hotel inventory items. Such allowance has been considered in the determination of the NRV of the hotel inventories.

The amount of any write-down of hotel inventories to NRV and all losses of hotel inventories are recognized as expense in the period the write-down or loss occurred. The amount of any reversal of any write-down of hotel inventories arising from an increase in NRV is recognized as a reduction in the amount of hotel inventories recognized as expense in the period in which the reversal occurred.

Other Inventories
Other inventories pertain to retail inventories which are measured at the lower of cost and NRV. Cost is determined using the first-in-first out (FIFO) method. Cost comprises of purchase price, including duties, applicable landing charges and other incidental expenses incurred in bringing the inventories to its present location and condition. NRV is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

<u>Prepaid Expenses and Other Current Assets</u>
Prepaid expenses represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in profit or loss as they are consumed in operations or expire with the passage of time. These typically comprise prepayments for commissions, taxes and licenses and rental.

Prepaid expenses are classified in the consolidated statements of financial position as current assets when the cost of goods or goods related to the prepaid expenses are expected to be incurred within one year. Otherwise, prepaid expenses are classified as noncurrent assets.

Other current assets represent resources that are expected to be used up within one year after the reporting date.

<u>Property and Equipment</u>
Property and equipment, except land, are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Depreciation and amortization, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Useful Life in Years
Building	50
Leasehold improvements	3 to 5 or lease term, whichever is shorter
Equipment and showroom	3 to 10
Furniture and fixtures	3 to 5
Room fixtures and components	5 to 10

The remaining useful lives, residual values, and depreciation and amortization methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement and disposal.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite lives are amortized using the straight-line method over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of comprehensive income in the expense category consistent with the function of the intangible assets.

The following intangibles are recognized and determined by the Group to have finite lives:

Concession Right
Concession right on service concession arrangements is recognized when the Group effectively receives a license or right to charge users for the public service it provides. Concession rights pertains to the consideration received for the Ferry Terminal constructed in accordance with the terms and conditions of the concession arrangements accounted for under Philippine Interpretation IFRIC 12 *Service Concession Arrangements*.

This is not recognized as property and equipment of the Group but as an intangible asset.

The service concession right is amortized on a straight-line basis over the years stated in the concession arrangement which is 25 years from the start of commercial operations and is being assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Computer Software Licenses
Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software are expensed as incurred. Capitalized costs are amortized on a straight-line basis over an estimated useful life of five years as the life of this intangible asset is considered limited.

Advertising Production Cost
Advertising production cost pertains to the cost incurred by the Group in developing the CityMall commercials which can be used and aired over a period of time. Capitalized costs are amortized on a straight-line basis over an estimated useful lives of five years as the lives of these intangible assets are considered limited.

Franchise Rights
Franchise rights is measured at cost less accumulated amortization and impairment losses, if any.

Franchise rights is amortized over the useful life of 15 years and assessed for impairment whenever there is an indication that intangible assets may be impaired. The amortization period and the amortization method used for an intangible asset with a finite useful life of the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in profit or loss consistent with the function of the intangible asset.

Hotel101 Brand
The Hotel101 brand is an asset with indefinite useful life and is tested for impairment annually. The method used to estimate the fair value of Hotel101 brand is the Relief-from-Royalty Method (RfR) based on cost savings from owning the brand name. The cost savings are calculated based on royalty rates of comparable brands and the forecast revenues of HOA.

Investment Property
Investment property consists of properties held to earn rentals and/or for capital appreciation. Initially, investment property is measured at cost including certain transaction costs. Subsequent to initial recognition, investment property, is stated at fair value, which reflects market conditions at the reporting date. The fair value of investment property is determined by independent real estate valuation experts based on recent real estate transactions with similar characteristics and location to those of the Group’s investment property. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise.

Investment property of the Group is mainly composed of land, building and construction-in-progress.

Investment property is derecognized either when it is disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement and disposal of investment property is recognized in profit or loss in the period of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or real estate inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. If real estate inventories become an investment property, the Group recognizes the investment property based on its fair value at the time of transfer. Gain or loss from the transfer is recognized in profit or loss.

Investment in Associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of the investee, but not control over those policies. The Group's investment in associates is accounted for using the equity method.

Under the equity method, the investment in associates is initially recognized at cost. The carrying amount of the investment is adjusted to recognize the changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Group discontinues applying the equity method when their investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee companies. When the investee companies subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The Group's share in the profit or loss of the associates is recognized in "Others" account in profit or loss. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's other comprehensive income. The Group's share of those changes is recognized in the consolidated statements of comprehensive income. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss with respect to the Group's net investment in the associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group recalculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. Such impairment loss is recognized as part of "Others" account in profit or loss.

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

Business Combination

Business combinations are accounted for using the acquisition method as at the acquisition date. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of "General and administrative expenses" account in the consolidated statements of comprehensive income.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any non-controlling interests in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

Goodwill in a Business Combination

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

- is not larger than an operating segment

- determined in accordance with PFRS 8, *Operating Segments.*

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit or group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. An impairment loss with respect to goodwill is not reversed.

Acquisition of an Entity that does not Constitute a Business
If the Group acquires an entity that does not constitute a business, then the transaction is outside the scope of PFRS 3. The transaction is accounted for as asset acquisition in which the cost of acquisition is allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the date of acquisition. The transaction does not give rise to goodwill.

The Group recognized the related non-controlling interest based on proportionate share of net assets.

Non-controlling Interests
The acquisitions of NCI are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. Any difference between the purchase price and the net assets of the acquired entity is recognized in equity. The adjustments to non-controlling interests are based on a proportionate amount of the identifiable net assets of the subsidiary.

Impairment of Non-financial Assets
The carrying amounts of non-financial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs of disposal and value in use. The fair value less costs of disposal is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses 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 and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Capital Stock

Capital stock is measured at par value for all shares issued. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Common Shares. Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as deduction from equity, net of any tax effects.

Preferred Shares. Preferred shares are classified as equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Company's BOD.

Additional Paid-in Capital

Additional paid-in capital represents the amount received in excess of the par value of the capital stock issued.

Stock issuance costs are transaction costs that are directly attributable to the issuance of new shares accounted for as a deduction from equity, net of any related income tax benefit. Such costs are deducted from additional paid-in capital arising from the share issuance. If the additional paid-in capital is insufficient to absorb such expenses, the excess shall be charged to stock issuance costs to be reported as a contra equity account as a deduction from the following in the order of priority: (1) additional paid-in capital from previous stock issuance; and (2) retained earnings.

Treasury Stocks
Treasury stocks are equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized on the purchase, sale, reissuance or cancellation of the Group's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in-capital to the extent of the specific or average additional paid-in-capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings
Retained earnings represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments. When the retained earnings account has a debit balance, it is called "deficit." A deficit is not an asset but a deduction from equity.

Revenue and Cost Recognition
Policy from January 1, 2018

Revenue Recognition

- *Revenue from Contracts with Customers*
  The Group recognizes revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenues exclude value-added tax (VAT) and other fees collected on behalf of other parties.

  The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

  The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water and electricity in its mall, retail and spaces, wherein it is acting as agent.

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

  - *Real Estate Sales*
    Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by the third party surveyor, as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

- *Hotel Revenues*
  The Group recognizes revenue from hotel operations when the related service are preformed and goods are served.

- *Other Income*
  CUSA charges and income from various charges to tenants are recognized when earned. Other income from hotel operations, which include guest laundry, minibar, shuttle service and other charges, are recognized upon delivery of order or upon rendering of service.

▪ *Revenue from Other Sources*
Interest Income
Interest income is recognized as it accrues using the effective interest method. Interest income from banks which is presented net of final tax is recognized when earned.

Rent Income
Rent income from investment property is recognized on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract.

Cost Recognition

▪ *Cost Recognition of Real Estate Sales*
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

▪ *Cost of Hotel Operations*
Cost of hotel operations pertains to expenses incurred in relation to sale of goods and rendering of services. These are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen than can be measured reliably. These are recognized when incurred and measured at the amount paid or payable.

Contract Balances

- *Receivables*
  A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

- *Contract Assets*
  A contract asset is the right to consideration for performance completed to date that is conditional on an event other than the passage of time. The contract assets are transferred to trade receivables when the rights become unconditional.

- *Contract Liabilities*
  A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

- *Costs to Obtain Contract*
  The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense which did not qualify for capitalization is included in the "Selling expenses" account in the consolidated statements of comprehensive income.

  Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

  Amortization, Derecognition and Impairment of Capitalized Costs to Obtain a Contract

  The Group amortizes capitalized costs to obtain a contract over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within cost of sales.

  At each reporting date, the Group determines whether the cost to obtain a contract may be impaired. The Group estimates impairment as the excess of the carrying amount of the assets over the remaining amount of consideration that the Group expects to receive less the costs that relate directly to providing services that have not been recognized as expenses under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test and the amount is adjusted to reflect the customer's credit risk.

Policy before January 1, 2018

<u>*Revenue Recognition*</u>

- Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

  - *Real Estate Sales*
    Revenue is measured at the fair value of the consideration received or receivable, net of discounts. Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

    For financial reporting purposes, revenue is recognized using the percentage of completion method as permitted by FRSC when all the following conditions are met:

    - Equitable interest is transferred to the buyer;
    - The Group is obliged to perform significant acts;
    - The amount of revenue can be measured reliably; and
    - It is probable that the economic benefits will flow to the Group.

    Under this method, revenue is recognized as the related obligation is fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

    Nonrefundable reservation fees paid by prospective buyers which are to be applied against the receivable upon recognition of revenue and the excess collections from buyers over the related revenue recognized based on the percentage of completion method are included in the "Customers' deposits" account in the consolidated statements of financial position.

    For income tax reporting purposes, income is recognized in full upon collection of at least 25% of the total contract price in the year of sale. Otherwise, revenue from sale is deferred and recognized as income based on collection of installments.

    Estimated loss on unsold units is recognized immediately when it is probable that the total contract cost will exceed total contract price.

  - *Leasehold Rights' Sale*
    Revenue from sale of leasehold rights over mall stalls in the Dragon8 Shopping Center (the "Dragon8") is recognized on the accrual basis when the collectibility of sales price is reasonably assured.

  - *Rent Income*
    Rent income from investment property is recognized on a straight-line basis over the lease term and terms of the lease, respectively or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract.

  - *Hotel Revenues*
    Hotel revenues are based on the actual room occupancy.

- *Interest Income*
  Interest income is recognized as it accrues using the effective interest method. Interest income from banks which is presented net of final tax is recognized when earned.

- *Other Income*
  CUSA charges and income from various charges to tenants are recognized when earned. Other income from hotel operations, which include guest laundry, minibar, shuttle service and other charges, are recognized upon delivery of order or upon rendering of service.

Cost Recognition

- *Cost of Real Estate Sales*
  The cost of real estate sales recognized in the consolidated statements of comprehensive income upon sale is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the percentage of completion used for revenue recognition purposes. It includes the following:

  - *Land and Land Development Costs*
    Land and land development costs represent the cost for acquiring the land and preparing it for condominium site and residential lots.

  - *Construction Costs and Other Project Costs*
    Construction costs and other project costs pertain to accumulated costs for materials, labor and overhead incurred as at reporting date.

- *Cost of Leasehold Rights*
  The cost consists of the prorated building's construction costs over which the corresponding leasehold rights are being sold. A systematic allocation of the construction/project cost is made based on the floor area attributable to the corresponding mall stalls.

- *Cost of Hotel Operations*
  Cost of hotel operations is charged to operations when incurred.

Expense Recognition

Expenses are recognized when they are incurred and are reported in the consolidated financial statements in the periods to which they relate.

Expenses are also recognized when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized on the basis of a direct association between costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition as an asset.

Leases

Policy Applicable from January 1, 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use:

- the Group has the right to obtain substantially all the economic benefits from use of the identified asset; and

- the Group has the right to direct the use of the identified asset.

Group as Lessee
The Group recognizes a right-of-use asset and a lease liability at the lease commencement date (i.e., the date the underlying asset is available for use). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset related to property and equipment is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Buildings and improvements are depreciated over useful lives of 2 to 5 years.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use assets recognized under “Investment property” account are subsequently measured at fair value using income approach. Gains or losses arising from changes in the fair values of right-of-use assets under “Investment property” account are included in profit or loss in the period in which they arise.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. The carrying amount of the lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases (i.e., lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. The Group recognizes the lease payments associated with these leases as expense on a straight-line basis over the lease term.

Group as Lessor
The Group determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is classified as a finance lease; if not, it is classified as an operating lease. As part of the assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the recognition exemption, it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies PFRS 15, *Revenue from Contracts with Customers,* to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as rent income on a straight-line basis over the lease term.

Sale and Leaseback
If the Group (the seller-lessee) transfers an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor, the Group makes an assessment whether the transfer is a sale or not based on the requirements of PFRS 15.

If the transfer of an asset by the seller-lessee satisfies the requirements of PFRS 15 to be accounted for as a sale of the asset, the Group shall measure the ROU asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the seller-lessee shall recognize only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, an entity shall make the following adjustments to measure the sale proceeds at fair value: (a) any below-market terms shall be accounted for as a prepayment of lease payments; and (b) any above-market terms shall be accounted for as additional financing provided by the buyer-lessor to the Group.

If the transfer of an asset by the Group does not satisfy the requirements of PFRS 15 to be accounted for as a sale of the asset, the Group shall continue to recognize the transferred asset and shall recognize a financial liability equal to the transfer proceeds. It shall account for the financial liability applying PFRS 9.

Policy Applicable before January 1, 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one of the following applies:

(a) there is a change in contractual terms, other than a renewal or extension of the arrangement;

(b) a renewal option is exercised or an extension is granted, unless the term of the renewal or extension was initially included in the lease term;

(c) there is a change in the determination of whether fulfillment is dependent on a specific asset; or

(d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to the reassessment for scenarios (a), (c) or (d), and at the date of renewal or extension period for scenario (b) above.

Operating Lease
Group as Lessee. Leases which do not transfer to the Group substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term. Contingent rents are recognized as expense in the period in which they are incurred. Associated costs such as maintenance and insurance are expensed as incurred. The Group also enters into sale and leaseback transaction which involves the sale of an asset and the lease of the same asset.

Gain or loss arising from sale and leaseback transactions that resulted to an operating lease is recognized immediately in profit or loss, except:

- when the sales price is at or below fair value and the resulting loss is compensated by future lease payments at below market price, such loss is deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used;

- when the sales price is above fair value, the excess over fair value is deferred and amortized over the period for which the asset is expected to be used; and

- when the fair value of the asset is less than the carrying amount of the asset at the date of the transaction, then that difference is recognized immediately as loss on sale.

Group as Lessor. Leases where the Group does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Rent income from operating leases is recognized as income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as rent income. Contingent rents are recognized as income in the period in which they are earned.

<u>Borrowing Costs</u>
Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset otherwise it's expensed out. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

The amount of specific borrowing costs capitalized is net of the investment income on any temporary investment of the funds pending expenditure on the asset. On the other hand, general borrowing costs capitalized is exclusive of any investment income earned.

<u>Employee Benefits</u>
Short-term Employee Benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Costs
The Parent Company has no established retirement plan for its permanent employees and only conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the defined benefit type. The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

The defined benefit retirement liability is the aggregate of the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Defined benefit costs comprise the following:

- Service costs
- Net interest on the defined benefit retirement liability
- Remeasurements of defined benefit retirement liability

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the defined benefit retirement liability is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the defined benefit retirement liability. Net interest on the defined benefit retirement liability is recognized as expense or income in profit or loss.

Remeasurements of defined benefit retirement liability comprising actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise.

<u>Taxes</u>

Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and the carryforward tax benefits of the net operating loss carry-over (NOLCO) to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and the carryforward tax benefits of NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize deferred tax asset in full, the future taxable profits, adjusted for reversals of existing temporary differences, are considered based on the business plan of the Group.

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group 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 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 rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date.

Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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.

VAT
Revenues, expenses and assets are recognized net of the amount of VAT. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets - net" or "Accounts payable and other current liabilities" account in the consolidated statements of financial position.

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. Related parties may be individuals or corporate entities. Transactions between related parties are on an arm's length basis in a manner similar to transactions with non-related parties.

Basic and Diluted Earnings Per Common Share (EPS)
Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared. Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

Operating Segments
The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 5 to the consolidated financial statements. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis.

The measurement policies used by the Group for segment reporting under PFRS 8 are the same as those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods. All inter-segment transfers are carried out at arm's length prices.

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

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

Events After the Reporting Date
Post year-end events that provide evidence of conditions that existed at the end of the reporting date (adjusting events) are recognized in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to exercise judgments, make estimates and use assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates 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. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Existence of a Contract
The Group's primary document for a contract with a customer is a signed contract to sell.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as history of customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group.

Revenue Recognition Method and Measure of Progress
The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

Determination of whether the Group is acting as a Principal or an Agent
The Group is a principal if it controls the specified good or service before it is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party and the Group does not control the good or service before it is transferred to the customer.

The Group assesses its hotel revenue arrangements against the following indicators to help determine whether it is acting as a principal or an agent:

- Whether the Group has primary responsibility for providing the services;
- Whether the Group has inventory risk; and
- Whether the Group has discretion in establishing prices.

The Group concluded that it is acting as the principal in its hotel revenue arrangements since they have the primary responsibility in providing the services and have the discretion in establishing hotel rates.

In addition, the contract for the mall retail spaces and office spaces leased out by the Group to its tenants includes the right to charge for the electricity usage, water usage and CUSA expenses.

For the electricity and water usage, the Group determined that it is acting as an agent because the promise of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility company, and not the real estate developer, is primary responsible for the provisioning of the utilities while the Group, administers the leased spaces and coordinates with the utility companies to ensure that tenants have access to these utilities. The Group does not have the discretion on the pricing of the services provided since the price is based on the actual rate charged by the utility providers.

For CUSA expenses such as electricity consumption, security, maintenance and all other common area expenses, the Group acts as a principal. This is because it is the Group who retains the right to direct the service provider of CUSA as it chooses and the party responsible to provide the services to the leased premises. The right to the services mentioned never transfers to the tenant and the Group has the discretion on how to price the CUSA.

Prior to adoption of PFRS 15, the Group considers credit risk in determining whether they are acting as a principal or an agent.

Definition of Lease (Upon Adoption of PFRS 16)
Previously, the Group determined at contract inception whether an arrangement was or contained a lease under Philippine Interpretation IFRIC 4. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3.

On transition to PFRS 16, the Group applied PFRS 16 to all lease contracts except for short-term lease and low-value assets.

Lease liabilities and right-of-use assets as at December 31, 2019 are disclosed in Notes 13, 14 and 24. Rent expense charged to profit or loss amounted to P39.03 million in 2019 (Note 24).

Determining the Lease Term of Contracts with Renewal Options (Upon Adoption of PFRS 16)
The Group determines the lease term as the noncancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. At lease commencement date, the Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew the lease by considering all relevant factors that create an economic incentive for it to exercise the renewal option. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or change in circumstances within its control.

Determination of Incremental Borrowing Rate on Leases (Upon Adoption of PFRS 16)
The Group cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available (such as when the Group does not enter into financing transactions) and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific judgement estimates.

Determining whether an Arrangement Contains a Lease (Prior to the Adoption of PFRS 16)
At inception of an arrangement, the Group determines whether the arrangement is, or contains a lease based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The Group's arrangement with the hotel unit owners to operate the units for hotel operations is dependent on the use of the units and conveys a right to control the use of these units. Hence, the Group assessed that the arrangement with the hotel unit owners is in substance, a lease arrangement (Note 24).

Impairment of Non-financial Assets
PFRS require that an impairment review be performed on property and equipment and intangible assets with finite lives when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

The combined carrying amounts of property and equipment and other intangible assets with finite lives amounted to P1,174.77 million and P1,269.78 million as at December 31, 2019 and 2018, respectively (Notes 11 and 12).

Distinction between Real Estate Inventories and Investment Property
The Group determines whether a property will be classified as real estate inventories or investment property. In making this judgment, the Group considers whether the property is held for sale in the ordinary course of business [real estate inventories] or which is held primarily to earn rental and capital appreciation and is not substantially for use by, or in the operations of the Group [investment property].

Distinction between Investment Property and Property and Equipment
The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Property and equipment or owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process.

Property Acquisitions and Business Combinations
The Group acquires subsidiaries that own real estate properties. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired. The significance of any process is judged with reference to the guidance in PAS 40, *Investment Property* on ancillary services. When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

Determination of Control
The Parent Company determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The Parent Company controls an entity if and only if the Parent Company has all of the following:

a. power over the entity;

b. exposure, or rights, to variable returns from its involvement with the entity; and

c. the ability to use its power over the entity to affect the amount of the Parent Company's returns.

Adequacy of Tax Liabilities
The Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Provisions and Contingencies
The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

No provision for probable losses arising from legal contingencies was recognized in the Group's consolidated financial statements in 2019, 2018 and 2017.

Estimates and Assumptions
The key estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Revenue and Cost Recognition
The Group's revenue and cost recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales is recognized based on the percentage of completion using output method. It is measured principally on the basis of the estimated completion of a physical proportion of the contract work. There were no changes in the assumptions or basis for estimation during the year.

Revenue and cost recognized related to real estate contracts amounted to P1,660.86 million and P730.05 million, respectively, in 2019, P1,040.96 million and P435.82 million, respectively, in 2018 and P819.54 million and P362.24 million, respectively, in 2017 (Notes 6 and 20).

Assessment for ECL on Trade Receivables and Installment Contracts Receivables. The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates over a two-year period for trade receivables, which composed of rent receivable and receivable from hotel operations. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Group has assessed that the forward-looking default rate component of its ECL on rent receivable is not material because substantial amount of trade and other receivables are normally collected within one year. Moreover, based on management's assessment, current conditions and forward-looking information does not indicate a significant increase in credit risk exposure of the Group from its trade and other receivables.

For installment contracts receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience for two years, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group used the vintage analysis accounts for expected credit losses by calculating the cumulative loss rates of a given installment contracts receivables pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The probability of default is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating loss given default, accounts are segmented based on facility/collateral type and completion. In calculating the recovery rates, the Group considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, refurbishment, payment required under Maceda law and cost to complete (for incomplete units).

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Trade receivables written off in 2019 amounted to P27.88 million. There were no trade receivables and installment contract receivables written-off in 2018. Provision for ECL on rent receivable amounted to P29.11 million in 2019 and P0.51 million in 2018. The allowance for impairment loss on trade receivables and installment contract receivables amounted to P2.83 million and P1.61 million as at December 31, 2019 and 2018, respectively. The combined carrying amounts of trade receivables and installment contract receivables amounted to P4,405.28 million as at December 31, 2019 and P3,871.83 million as at December 31, 2018 (Note 8).

Assessment for ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. 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 Group 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:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets at day one 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 borrower.

The Group has assessed that the ECL on other financial assets at amortized cost is not material because majority of the transactions with respect to these financial assets were entered into by the Group only with reputable banks and 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 2019 and 2018.

The carrying amounts of other financial assets at amortized cost are as follows:

	Note	**2019**	2018
Cash and cash equivalents (excluding cash on hand)	*7*	**P6,683,202,345**	P615,403,557
Receivables (total current and noncurrent balance, excluding trade receivables and installment contract receivables)	*8*	**1,402,913,338**	1,290,003,785
Due from related parties	*23*	**55,150,000**	97,212,820
Refundable deposits (total current and noncurrent)	*10, 15*	**156,179,147**	134,324,021
		P8,297,444,830	P2,136,944,183

Write-down of Inventories
The Group writes-down the costs of inventories to net realizable value whenever net realizable value becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the real estate inventories and leasehold rights are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date.

No inventories were written down to their net realizable values in 2019, 2018 and 2017.

The carrying amounts of the Group's inventories amounted to P2,169.31 million and P1,740.77 million as at December 31, 2019 and 2018, respectively (Note 9).

Estimating Useful Lives of Property and Equipment, Right-of-use Assets and Intangible Assets with Finite Lives
The Group estimates the useful lives of property and equipment, right-of-use asset and intangible assets with finite lives based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment, right-of-use assets and intangible assets with finite lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of property and equipment and intangible assets with finite lives is based on 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 the property and equipment, right-of-use assets and intangible assets with finite lives would increase recorded depreciation and amortization expenses and decrease noncurrent assets.

Property and equipment, net of accumulated depreciation and amortization, amounted to P951.54 million and P1,003.82 million as at December 31, 2019 and 2018, respectively. Accumulated depreciation and amortization of property and equipment amounted to P294.49 million and P179.53 million as at December 31, 2019 and 2018, respectively (Note 11).

Intangible assets with finite lives, net of accumulated amortization, amounted to P223.23 million and P265.96 million as at December 31, 2019 and 2018, respectively. Accumulated amortization of the intangible assets with finite lives amounted to P174.87 million and P117.85 million as at December 31, 2019 and 2018, respectively (Note 12).

Right-of-use assets carried at cost, net of accumulated amortization, amounted to P0.86 million as at December 31, 2019. Accumulated amortization of right-of-use assets amounted to P0.54 million as at December 31, 2019 (Note 14).

Impairment Test of Goodwill and Hotel101 Brand
The Group determines whether goodwill and Hotel101 brand are impaired at least annually. This requires the estimation of value in use of the cash-generating units to which the goodwill and Hotel101 brand are allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate to calculate the present value of those cash flows.

The recoverable amount of goodwill arising from the acquisition of HOA has been determined based on the value in use using discounted cash flows. Assumptions used in the discounted cash flows include discount rate of 7.44% and 7.20%, in 2019 and 2018, respectively (Note 12).

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

The total carrying amount of goodwill and Hotel101 brand amounted to P1,014.68 million as at December 31, 2019 and 2018 (Note 12).

Fair Value Measurement of Investment Property
The Group carries its investment property at fair value, with changes in fair value being recognized in profit or loss. The Group engages independent valuation specialists to determine the fair value. For the investment property, the appraisers used a valuation technique based on comparable market data available for such property. For investment property related to right-of-use assets, the Group determines the fair value based on the discounted cash flows using observable inputs as at the valuation date.

Investment property amounted to P89,213.05 million and P65,737.07 million as at December 31, 2019 and 2018, respectively. Unrealized gains from changes in fair values of investment property recognized in profit or loss amounted to P13,502.37 million, P9,627.33 million and P4,175.51 million in 2019, 2018 and 2017, respectively (Note 13).

Realizability of Deferred Tax Assets
The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax asset on deductible temporary difference and carryforward benefits of NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets amounted to P2,138.81 million and P1,990.77 million as at December 31, 2019 and 2018, respectively (Note 26).

5. Segment Information

Operating Segments
The reporting format of the Group's operating segments is determined based on the Group's risks and rates of return which are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products produced and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's reportable segments are real estate development, leasing, and hospitality. The real estate development segment is engaged in the development of real estate assets to be held as trading inventory and for sale. This segment was developed as part of the Group's tactical approach to early stage growth, as part of that plan the Group will be transitioning out of this segment once the current inventory has been fully sold. The leasing and hospitality segments which are focused in recurring revenue will be the core pillars of the Group's growth plans moving forward. The leasing segment is engaged in the acquisition and/or development of real estate assets in the retail, office and industrial sector that are held for rentals. The hospitality segment is engaged in the acquisition and/or development of hotels which will be managed and operated by the Group. The hospitality segment includes the development of a homegrown hotel brand with a unique sale-and-manage business model.

Others pertain to the segments engaged in marketing, selling and property management activities.

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 profit or loss and is measured consistently with the operating profit or loss in the consolidated financial statements.

The Group has three significant reportable segments for 2019 and 2018, namely the real estate development, leasing, and hospitality. In 2019, leasing segment is presented into three sub-segment, which composed of retail, office and industrial. The 2018 segment information were updated to conform with the 2019 segment presentation.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables, real estate inventories, prepaid expenses and other current assets, property and equipment, right-of-use assets and computer software licenses, net of accumulated depreciation and amortization, investment property and other noncurrent assets. Segment liabilities include all operating liabilities and consist primarily of accounts payable and other current liabilities, customers' deposits and other noncurrent liabilities. Segment assets and liabilities do not include deferred taxes.

Inter-segment Transactions

Segment revenues, expenses and performance include sales and purchases between operating segments. Inter-segment transactions are set on an arm's length basis similar to transactions with nonrelated parties.

Major Customer

The Group does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenues of the Group.

Operating Segments
Analyses of financial information by business segment follow:

2019

	Real Estate Development	Retail Leasing	Office Leasing	Industrial Leasing	Hospitality	Others	Eliminations	Consolidated
Revenue								
External revenues	P1,817,725,603	P2,409,038,264	P14,306,480,068	P61,318,139	P678,196,291	P930,956,581	P -	P20,203,714,946
Inter-segment	-	644,614,645	81,858,010	30,652,671	21,332,055	2,969,010,391	(3,747,467,772)	-
Total Revenue	P1,817,725,603	P3,053,652,909	P14,388,338,078	P91,970,810	P699,528,346	P3,899,966,972	(P3,747,467,772)	P20,203,714,946
Segment Results	P613,768,310	P808,988,653	P9,950,073,762	P63,956,606	P134,106,774	(P100,172,929)	(P825,645,080)	P10,645,076,096
Total Comprehensive Income Attributable to								
Equity holders of the Parent	P -	P -	P -	P -	P -	P -	P -	P8,831,966,802
Non-controlling interests	-	-	-	-	-	-	-	1,813,109,294
	P -	P -	P -	P -	P -	P -	P -	P10,645,076,096
Segment Assets	P9,032,379,950	P51,499,719,872	P50,456,949,355	P1,205,009,893	P944,630,799	P38,720,685,250	(P38,817,146,170)	P113,042,228,949
Segment Liabilities	P3,902,835,703	P47,894,721,125	P21,704,676,684	P1,646,824,693	P1,113,454,181	P21,255,104,954	(P38,202,248,508)	P59,315,368,832
Other Information								
Capital expenditures	P2,206,639,093	P12,983,040,470	P2,258,937,021	P210,516,089	P3,325,556	P14,432,871	P -	P17,676,891,100
Depreciation and amortization	P72,727,949	P62,109,041	P -	P -	P7,923,491	P19,406,635	P22,702,742	P184,869,858

2018

	Real Estate Development	Retail Leasing	Office Leasing	Industrial Leasing	Hospitality	Others	Eliminations	Consolidated
Revenue								
External revenues	P1,040,964,623	P2,662,296,033	P9,199,367,273	P264,827,466	P533,615,359	P646,650,482	P -	P14,347,721,236
Inter-segment	-	4,970,562	-	-	4,856,834	3,606,525,938	(3,616,353,334)	-
Total Revenue	P1,040,964,623	P2,667,266,595	P9,199,367,273	P264,827,466	P538,472,193	P4,253,176,420	(P3,616,353,334)	P14,347,721,236
Segment Results	P677,395,891	P1,111,585,489	P6,214,928,032	P75,830,333	P72,122,983	(P172,981)	(P734,795,294)	P7,416,894,453
Total Comprehensive Income Attributable to								
Equity holders of the Parent	P -	P -	P -	P -	P -	P -	P -	P4,605,725,217
Non-controlling interests	-	-	-	-	-	-	-	2,811,169,236
	P -	P -	P -	P -	P -	P -	P -	P7,416,894,453
Segment Assets	P4,308,786,630	P38,353,446,038	P30,197,742,385	P831,066,642	P1,248,579,571	P55,361,031,924	(P48,220,593,359)	P82,080,059,831
Segment Liabilities	P24,508,098,684	P18,987,810,495	P11,804,426,512	P721,098,218	P215,311,481	P25,222,577,462	(P37,766,527,181)	P43,692,795,671
Other Information								
Capital expenditures	P1,378,252,250	P3,336,367,227	P2,008,061,628	P357,658,140	P14,629,143	P8,090,148	P -	P7,103,058,536
Depreciation and amortization	P77,195,443	P53,279,680	P -	P -	P13,503,483	P1,708,234	P18,419,012	P164,105,852

Capital expenditures on noncurrent assets represent additions to property and equipment, computer software licenses, intangible assets and investment property. Noncash expenses pertain to depreciation and amortization expense attributable to the reportable segments.

The Group has only one geographical segment, which is the Philippines.

6. Revenue from Contracts with Customers

The Group derives revenue from the transfer of services and goods over time and at a point in time, respectively, in different product types.

The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

Real Estate Sales

	2019	2018
Vertical	**P1,552,588,184**	P805,578,835
Horizontal	**108,269,781**	235,385,788
	P1,660,857,965	P1,040,964,623

All of the Group's real estate sales from residential development are revenue from contracts with customers recognized over time.

The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

Total real estate revenue in 2019, 2018 and 2017 amounted to P1,660.86 million, P1,040.96 million and P819.54 million, respectively. Real estate revenue is recognized using percentage of completion method, based on the estimated completion of a physical proportion of the contract work. Gross profit in 2019, 2018 and 2017 amounted to P930.81 million, P605.15 million and P457.30 million, respectively.

Hotel Revenues

	2019	2018
Rooms	**P596,030,207**	P510,122,556
Food and beverage	**8,837,613**	2,339,157
Others	**67,193,722**	21,153,646
	P672,061,542	P533,615,359

Hotel revenues from sale of food and beverage are recognized at point in time.

There are no inter-segment eliminations among revenue from contracts with customers, as these are all sold to external customers as disclosed in the segment information in 2019 and 2018.

Contract Balances

	Note	2019	2018
Installment contracts receivable	*8*		
Trade		**P878,433,953**	P730,784,767
Contract assets		**1,520,935,957**	1,641,243,650
Cost to obtain contract		**26,466,174**	10,323,281
Contract liabilities		**(356,601,276)**	-

The movement in contract asset is mainly due to new real estate sales contract recognized during the period, increase in percentage of completion, less reclassification to trade installment contracts receivable.

Contract assets represent the right to consideration that was already delivered by the Group in excess of the amount recognized as trade installment contracts receivable. This is reclassified as trade installment contracts receivable when the rights become unconditional, in the Group's case, upon turn-over of units.

Cost to Obtain Contract
Additions in 2019 and 2018 amounted to P16.14 million and P13.61 million, respectively. Amount charged to profit or loss, based on percentage of completion, amounted to P12.43 million and P3.29 million in 2019 and 2018, respectively.

Contract Liabilities
Contract liabilities pertain to amounts received from customers in excess of the amount of revenue recognized on the percentage of completion method and is recorded under "Customers' deposits" account in the consolidated statements of financial position.

7. Cash and Cash Equivalents

This account consists of:

	Note	2019	2018
Cash on hand		**P17,725,576**	P11,245,122
Cash in banks	*29*	**2,579,271,789**	615,403,557
Short-term placements	*29*	**4,103,930,556**	-
		P6,700,927,921	P626,648,679

Cash in banks earn annual interest at the respective bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn annual interest at the respective short-term placement rates. Total interest income from cash in banks and short-term placements amounted to P72.71 million, P11.50 million andP35.46 million in 2019, 2018 and 2017, respectively.

8. Receivables

This account consists of:

	Note	**2019**	2018
Installment contracts receivable		**P2,318,092,595**	P2,317,495,643
Rent receivable		**2,007,568,219**	1,526,079,054
Receivables from:			
Contractors		**160,735,277**	160,711,273
Tenants		**470,729,493**	407,712,694
Condominium corporation and unit owners		**88,504,431**	67,255,178
Hotel operations		**80,753,598**	26,694,692
Leasehold rights' buyers		**347,805,441**	351,120,829
Landowner		**-**	46,086,800
Advances to employees		**37,089,867**	49,382,150
Others		**289,846,292**	188,631,096
		5,801,125,213	5,141,169,409
Less allowance for impairment loss		**2,827,449**	1,609,283
	29	**P5,798,297,764**	P5,139,560,126

The details of installment contracts receivable from real estate buyers follow:

	Note	**2019**	2018
Installment contracts receivable		**P2,399,369,910**	P2,372,028,417
Less unearned interest income		**79,581,133**	51,360,676
Net installment contracts receivable		**2,319,788,777**	2,320,667,741
Less noncurrent portion	*29*	**1,696,182**	3,172,098
Current portion		**P2,318,092,595**	P2,317,495,643

Installment contracts receivable from real estate buyers pertains to receivables from the sale of condominium and subdivision units. These receivables are collectible in monthly installments over a period of one to five years. These non-interest bearing installment contracts receivable are discounted using effective annual interest rates ranging from 5.00% to 10.00% that are specific to the tenor of the installment contracts receivable. Titles to real estate properties are not transferred to the buyers until full payment has been made.

The details of receivables from leasehold rights' buyers follow:

	Note	**2019**	2018
Installment receivables from leasehold rights' buyers		**P356,548,543**	P386,394,005
Less unearned interest income		**540,564**	16,169,411
Net installment receivables from leasehold rights' buyers		**356,007,979**	370,224,594
Less noncurrent portion	*29*	**8,202,538**	19,103,765
Current portion		**P347,805,441**	P351,120,829

Receivables from leasehold rights' buyers pertain to receivables from the sale of leasehold rights in Dragon8. These receivables are collectible in monthly installments over a period of one to five years. These non-interest bearing installment receivables from leasehold rights buyers are discounted using effective annual interest rates ranging from 4.00% to 10.00% that are specific to the tenor of the installment receivables.

Rent receivable pertains to receivables arising from the lease of commercial and office spaces relating to the Group's CityMall, CentralHub and DD Meridian Park operations. These are generally collectible within 30 days.

Receivables from tenants include utilities, common usage service area fees and other charges billed to tenants which are due within 30 days upon billing.

Receivables from contractors pertain to the reimbursable share of contractors in the promotional cost incurred during the construction. These are generally collectible within 30-60 days.

Receivables from condominium corporation and unit owners include receivables from buyers for taxes and registration fees advanced by the Group on their behalf.

Receivable from landowner pertains to the amount collectible from the landowner of H101 site, in accordance with the purchase agreement.

Receivables from hotel operations consist of receivables from corporate hotel guests and are non-interest bearing and generally settled within 30 days.

Movements in allowance for impairment loss are as follows:

	Note	**2019**	2018
Balance at beginning of year		**P1,609,283**	P1,098,574
Provisions during the year	*22*	**29,106,888**	510,709
Write-off during the year		**(27,888,722)**	-
Balance at end of year		**P2,827,449**	P1,609,283

The total interest income recognized from the installment contracts receivable and receivables from leasehold rights' buyers amounted to P15.87 million, P21.94 million and P92.51 million in 2019, 2018 and 2017, respectively.

9. Inventories

This account consists of:

	2019	2018
At cost:		
Real estate inventories	**P2,158,846,672**	P1,729,261,096
Hotel inventories	**2,837,803**	6,693,270
Others	**7,629,987**	4,811,823
	P2,169,314,462	P1,740,766,189

Real estate inventories represent the cost of construction and development of completed and in-progress residential and commercial units for sale. Projects of the Group include The Skysuites Tower, W.H. Taft Residences, The Uptown Place, FirstHomes Subdivision, DD HappyHomes-Mandurriao, DD HappyHomes-Tanauan, DD HappyHomes-Zarraga and Hotel101 projects, namely Hotel101-Fort, Davao, Cebu and Palawan.

The SkySuites Tower
On September 1, 2014, the Group acquired from Rizal Commercial Banking Corporation (the "RCBC") the unfinished commercial, office and residential project, "The SkySuites Tower", in Quezon City for a total consideration of P700 million payable over four years. The Group was required to deliver to RCBC an irrevocable standby letter of credit to guarantee the payment of the remaining balance payable to RCBC. At the closing date of the transaction, RCBC delivered to the Group the physical possession and control over "The SkySuites Tower". Portion of the total acquisition cost of "The SkySuites Tower" and cost to be incurred in its development and completion was recognized as part of "Real estate inventories" and "Investment property" accounts in the consolidated statements of financial position for the parts pertaining to residential units for sale and commercial and office units held for leasing, respectively.

Some of the inventories of The Skysuites Tower, with cost of P2,225.01 million, were transferred to investment property in 2018 due to the change in the actual use of the assets (Note 13). The cost approximates the fair value of the inventories as at the date of transfer.

W.H. Taft Residences
On November 5, 2012, the Group acquired and took over the development of W.H. Taft Residences (the "W.H. Taft"), a condominium project along Taft Avenue in the City of Manila, from Philtown Properties, Inc. (the "Philtown"). The Group also acquired the land where the W.H. Taft is located from the Landowner. The development of the W.H. Taft was formerly initiated under an unincorporated joint venture agreement between Philtown and the Landowner. The project was completed in September 2015.

The Uptown Place and Injap Tower
On December 27, 2013, the Group entered into an unincorporated joint venture agreement with Injap Investments, Inc. ("III") for the joint development of "The Uptown Place" at General Luna St., Iloilo City and "Injap Tower" at Mandurriao District, Iloilo City (the "Projects"). The agreement stipulates that III shall contribute land and the Group shall finance and develop the Projects and be exclusively responsible for the management and supervision of the construction of the Projects. In consideration for III's land contribution, the Group delivered some saleable units of the Projects to III. The costs incurred in the development of the Projects are recorded as part of "Real estate inventories" and "Investment property" accounts in the consolidated statements of financial position. The projects were completed in 2014.

FirstHomes Subdivision
In October 2012, the Group completed its first horizontal development project located at Navais, Mandurriao, Iloilo City. FirstHomes is a 1.30 hectare townhouse project consisting of 112 units.

DD HappyHomes-Mandurriao
On May 31, 2014, the Group acquired DDHH horizontal, residential real estate project in Mandurriao, Iloilo. As at December 31, 2019, sale and construction of units of DD HappyHomes-Mandurriao is still ongoing.

DD HappyHomes-Tanauan and DD HappyHomes-Zarraga
In 2016, the Group acquired additional landsites for horizontal, residential real estate projects in Tanauan, Leyte and Zarraga, Iloilo. As at December 31, 2019, sale and construction of units is still on-going for DD HappyHomes-Tanauan.

Hotel101-Fort
In 2016, HOA entered into a Memorandum of Agreement and Deed of Absolute Conveyance with a minority shareholder of HOA to acquire a parcel of land to be used for the construction of Hotel101-Fort project (Note 23). Hotel101-Fort started construction in 2017 and is still ongoing construction as at December 31, 2019.

Hotel101-Davao
On August 22, 2017, HOA acquired a parcel of land in Davao City with an area of 5,384 square meters for the development of Hotel101-Davao. As at December 31, 2019, the project is ongoing construction.

Hotel101-Palawan
On January 8, 2018, HOA purchased a portion of land in Palawan with an area of 10,223 square meters for the development of Hotel101-Palawan. As at December 31, 2019, the project is currently under design and on pre-development preparations.

Hotel101-Cebu
On March 25, 2019 and November 13, 2019, HOA entered into a Memorandum of Agreement and Deed of Absolute Conveyance, respectively, wherein HOA will acquire the land in Cebu, with an area of 4,709 square meters. The land will be used for the development of Hotel101-Cebu. As at December 31, 2019, the project is currently on permitting and pre-development preparations.

Hotel101-Libis
On December 9, 2019, DD and Robinsons Land Corp entered into an agreement to develop a 10,032 square meters of prime lot into a commercial square complex. As at December 31, 2019, the project is currently under design and on pre-development preparations.

Real estate inventories recognized as “Cost of real estate sales” amounted to P730.05 million, P435.82 million and P362.24 million in 2019, 2018 and 2017, respectively (Note 20).

Capitalized borrowing costs amounted to P5.76 million and P333.92 million in 2019 and 2018 using 4.21% and 5.64% as capitalization rates, respectively (Note 17).

No inventory write-down was recognized on real estate inventories in 2019, 2018, and 2017.

During the year, portion of The Jollibee Tower, included under “Investment property” account, with cost of P306.64 million, was transferred to inventories due to the change in the actual use of the assets (Note 13). The cost approximates the fair value of the inventories as at the date of transfer.

Hotel inventories mainly consist of consumable items used in the operations of "Injap Tower Hotel", "Jinjiang Inn Ortigas", "Jinjiang Inn Makati", "JinJiang Inn Boracay", and "Hotel101-Manila". The cost of hotel inventories recognized under "Cost of hotel operations" in the consolidated statements of comprehensive income amounted to P25.61 million, P18.64 million and P14.26 million in 2019, 2018 and 2017, respectively (Note 20).

Others pertain to retail inventories from Go Lokal and Islas Pinas store.

10. Prepaid Expenses and Other Current Assets

This account consists of:

	Note	**2019**	2018
Input VAT - net		**P3,222,485,799**	P3,133,916,409
Advances to contractors and suppliers		**389,054,790**	377,262,480
Creditable withholding taxes		**183,658,258**	578,008,537
Prepaid expenses:			
Taxes		**546,178,618**	183,223,527
Rent	*3, 24*	**13,165,660**	10,346,468
Commission		**5,827,980**	5,827,980
Insurance		**5,739,556**	8,268,022
Marketing and multimedia		**-**	12,999,852
Others		**48,538,351**	47,361,818
Refundable deposits	*15, 24, 29*	**8,222,852**	16,319,544
Other current assets	*6*	**63,643,788**	48,711,699
		P4,486,515,652	P4,422,246,336

Input VAT represents accumulated input taxes from purchases of goods and services for business operations and purchases of materials and services for the building and leasehold construction which can be applied against future output VAT.

The Group has written off input VAT amounting to nil, P140.02 million and P2.58 million in 2019, 2018 and 2017, respectively (Note 22).

Creditable withholding taxes pertain to taxes withheld by the Group's customers which can be applied against any future income tax liability. Creditable withholding taxes written off in 2019 amounted to P0.38 million (Note 22).

Advances to contractors and suppliers represent amount paid as downpayments to contractors and suppliers to facilitate the initial construction of the Group's real estate projects.

11. Property and Equipment

The movements and balances of this account consist of:

	Land	Building	Leasehold Improvements	Equipment and Showroom	Furniture and Fixtures	Room Fixtures and Components	Total
Cost							
January 1, 2018	P263,100,000	P386,856,771	P200,999,122	P175,722,912	P35,579,718	P39,546,145	P1,101,804,668
Additions	-	-	7,957,762	62,200,842	17,299,120	6,019,551	93,477,275
Disposals	-	-	(1,521,865)	(3,092,580)	-	(7,318,396)	(11,932,841)
Transfer/reclassification	-	-	(13,303,817)	107,928	13,195,889	-	-
As at December 31, 2018	263,100,000	386,856,771	194,131,202	234,939,102	66,074,727	38,247,300	1,183,349,102
Additions	-	28,824,768	1,255,093	11,604,473	23,426,465	10,353,213	75,464,012
Disposals	-	-	-	(706,103)	-	(12,082,053)	(12,788,156)
Transfer/reclassification	-	-	-	(435,301)	435,301	-	-
As at December 31, 2019	**263,100,000**	**415,681,539**	**195,386,295**	**245,402,171**	**89,936,493**	**36,518,460**	**1,246,024,958**
Accumulated Depreciation and Amortization							
As at January 1, 2018	-	8,878,223	10,859,980	48,561,852	12,079,482	11,494,502	91,874,039
Depreciation and amortization	-	2,551,485	39,989,887	37,792,562	6,532,421	12,723,283	99,589,638
Disposals	-	-	(1,521,865)	(3,092,580)	-	(7,318,396)	(11,932,841)
Transfer/reclassification	-	-	(549,878)	28,008	521,870	-	-
As at December 31, 2018	-	11,429,708	48,778,124	83,289,842	19,133,773	16,899,389	179,530,836
Depreciation and amortization	-	9,948,089	38,431,929	46,579,222	22,336,564	10,005,701	127,301,505
Disposals	-	-	-	(264,104)	-	(12,082,053)	(12,346,157)
Transfer/reclassification	-	-	-	(133,347)	133,347	-	-
As at December 31, 2019	**-**	**21,377,797**	**87,210,053**	**129,471,613**	**41,603,684**	**14,823,037**	**294,486,184**
Carrying Amount							
As at December 31, 2018	P263,100,000	P375,427,063	P145,353,078	P151,649,260	P46,940,954	P21,347,911	P1,003,818,266
As at December 31, 2019	**P263,100,000**	**P394,303,742**	**P108,176,242**	**P115,930,558**	**P48,332,809**	**P21,695,423**	**P951,538,774**

Depreciation charged to “General and administrative expenses” account amounted to P127.30 million and P99.59 million in 2019 and 2018, respectively (Note 22).

12. Goodwill and Other Intangible Assets

This account consists of:

	2019	2018
Hotel101 brand	**P664,300,000**	P664,300,000
Goodwill	**350,377,742**	350,377,742
Franchise rights	**101,707,340**	117,334,043
Advertising production cost	**61,078,447**	74,819,465
Computer software licenses - net	**29,583,136**	42,854,765
Concession right	**29,544,870**	29,720,069
Others	**1,319,844**	1,230,113
	P1,237,911,379	P1,280,636,197

Hotel101 Brand
The Hotel101 brand, recognized from the acquisition of HOA, is an asset with indefinite useful life and is tested for impairment annually.

Goodwill
Goodwill comprises the excess of the acquisition costs over the fair value of the identifiable assets and liabilities arising from the acquisition of DDHH and HOA.

Impairment of Goodwill and Hotel101 Brand from Acquisition of HOA
Goodwill and Hotel101 brand from the acquisition of HOA are allocated to the cash generating unit of HOA. The recoverable amount of goodwill and Hotel101 brand has been determined based on a valuation using cash flow projections covering a five-year period based on long-range plans approved by management. Cash flows beyond the forecasted period are extrapolated using the applicable rate determined per cash-generating unit.

A discount rate of 7.44% and 7.20% in 2019 and 2018, respectively, was applied based on the weighted-average cost of capital, which reflects management's estimate of the risk. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

The values assigned to the key assumptions represent the management's assessment of future trends in the industry and are based on internal sources (historical data).

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount. The calculation of value in use is most sensitive to the discount rate. For purposes of discount rate sensitivity, discount rate scenarios of 7.00% and 8.50% in 2019 are applied on the discounted cash flows analysis.

The recoverable amount of the cash-generating unit was determined to be higher than its carrying amount as at December 31, 2019, 2018 and 2017. Hence, management assessed that there is no impairment loss in the value of goodwill and Hotel101 brand in 2019, 2018 and 2017.

Franchise Rights
The movements and balances of the "Franchise rights" account consist of:

	Note	2019	2018
Cost			
Balance at beginning of year		**P154,569,940**	P154,569,940
Additions		**8,364**	-
Balance at end of year		**154,578,304**	154,569,940
Accumulated Amortization			
Balance at beginning of year		**37,235,897**	21,600,000
Amortization for the year	*22*	**15,635,067**	15,635,897
Balance at end of year		**52,870,964**	37,235,897
		P101,707,340	P117,334,043

Franchise rights pertains to the rights of the Group to operate "JinJiang Inn" franchise chain of hotels in the Philippines.

The Group entered into a Brand License or Franchise Agreement with Jinjiang Inn Co, Ltd. ("Licensor") of Shanghai, China for a period of 15 years until September 11, 2026. The Group is given the right to establish regular chains and develop franchise chains of hotels. In consideration for this exclusive grant of license, the Group is obliged to pay a lump sum franchise fee. Once the established hotels become operational, fees such as royalty fees and ongoing management fees will be remitted to the Licensor.

Advertising Production Cost
The movements and balances of the "Advertising production cost" account consist of:

	Note	2019	2018
Cost			
Balance at beginning of year		**P115,618,552**	P85,967,872
Additions		**9,585,102**	29,650,680
Balance at end of year		**125,203,654**	115,618,552
Accumulated Amortization			
Balance at beginning of year		**40,799,087**	10,503,142
Amortization for the year	*22*	**23,326,120**	30,295,945
Balance at end of year		**64,125,207**	40,799,087
		P61,078,447	P74,819,465

Advertising production cost pertains to the production cost incurred by the Group in developing the CityMalls commercials which can be used and aired over a period of time. This is being amortized over five years.

Concession Right
The Parent Company entered into a Joint Venture Agreement with the City Government of Iloilo for the financing, design, construction, development, operation and maintenance of the Iloilo-Guimaras Ferry Terminal ("Ferry Terminal") and the surrounding areas within the property. The construction cost of the Ferry Terminal amounted to P33.01 million and P31.80 million as at December 31, 2019 and 2018, respectively. The Ferry Terminal started operations in April 2017.

Amortization of concession right amounted to P1.38 million and P2.08 million in 2019 and 2018, respectively.

Computer Software Licenses
The movements and balances of the "Computer software licenses - net" account consist of:

	Note	**2019**	2018
Cost			
Balance at beginning of year		**P80,588,057**	P80,068,922
Additions		**3,409,596**	519,135
Balance at end of year		**83,997,653**	80,588,057
Accumulated Amortization			
Balance at beginning of year		**37,733,292**	21,230,689
Amortization for the year	*22*	**16,681,225**	16,502,603
		54,414,517	37,733,292
		P29,583,136	P42,854,765

The computer software licenses have been built, installed or supplied by the manufacturer ready to operate or require some customization based on the Group's specific requirements.

13. Investment Property

This account consists of:

	Note	**Land**	**Building**	**Right-of-use Assets - Land**	**Construction in Progress**	**Total**
January 1, 2018		P17,752,035,742	P20,391,356,683	P -	P8,280,155,031	P46,423,547,456
Additions		238,976,115	857,824,695	-	6,364,390,534	7,461,191,344
Transfer from inventories	*9*	-	-	-	2,225,008,810	2,225,008,810
Reclassifications		(1,128,782,307)	9,052,171,274	-	(7,923,388,967)	-
Unrealized gains from changes in fair values of investment property		1,175,666,038	8,451,660,334	-	-	9,627,326,372
December 31, 2018, as previously reported		18,037,895,588	38,753,012,986	-	8,946,165,408	65,737,073,982
Adoption of PFRS 16, Leases	*3*	-	-	1,145,968,670	-	1,145,968,670
January 1, 2019, as restated		**18,037,895,588**	**38,753,012,986**	**1,145,968,670**	**8,946,165,408**	**66,883,042,652**
Additions		**1,457,765,741**	**2,495,225,930**	**7,664,037**	**5,173,626,681**	**9,134,282,389**
Transfer	*9*	**(97,030,759)**	**(209,614,149)**	**-**	**-**	**(306,644,908)**
Reclassifications		**10,000,000**	**4,351,742,971**	**-**	**(4,361,742,971)**	**-**
Unrealized gains from changes in fair values of investment property		**1,145,004,802**	**12,041,250,723**	**316,112,919**	**-**	**13,502,368,444**
December 31, 2019		**P20,553,635,372**	**P57,431,618,461**	**P1,469,745,626**	**P9,758,049,118**	**P89,213,048,577**

The following table provides the fair value hierarchy of the Group's investment property as at December 31, 2019 and 2018:

		Level 2	
	Date of Valuation	**2019**	2018
Land	Various	**P20,553,635,372**	P18,037,895,588
Commercial	Various	**39,477,222,300**	22,101,658,166
Corporate/office	Various	**29,182,190,905**	25,597,520,228
		P89,213,048,577	P65,737,073,982

The Group's investment property is stated at fair value, which has been determined based on valuations performed by an accredited independent appraiser, except for the fair value of right-of-use assets - land, which was determined based on discounted cash flows.

Valuation Techniques and Significant Unobservable Inputs
The fair values of the investment property were arrived at using the Market Data Approach for land and corporate office units, Cost Approach for commercial buildings, excluding office condominium units and Income Approach for right-of-use assets.

Market data approach is an approach that considers available market evidences. The aforesaid approach is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. The inputs to determine the market value of the property are the following: location characteristics, size and shape of the lot and time element.

Cost approach is a comparative approach to the value of the building and improvements or another asset that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is a replica of, or equivalent to, the original or one that could furnish equal utility with no undue cost resulting from delay. It is based on the reproduction cost (new) of the subject property or asset, less total (accrued) depreciation based on the physical wear and tear, and obsolescence to which an estimate of entrepreneurial incentive or developer's profit/loss is commonly added.

Income approach is an approach that provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of the right-of-use assets is determined by reference to the market data for current rental rate expected to be paid for the use of the asset.

Capitalized borrowing costs amounted to P1,883.11 million and P1,560.95 million and as at December 31, 2019 and 2018, respectively, using 4.21% and 5.64% as capitalization rates, respectively (Note 17). The Group also capitalized rent expenses which were incurred for the rental of land properties where ongoing construction of CityMall branches are situated (Note 24).

Rent income in 2019, 2018 and 2017 and the operating lease commitments of the Group as a lessor are fully disclosed in Note 24.

The Group recognized unrealized gains from changes in fair values of investment property amounting to P13,502.37 million, P9,627.33 million and P4,174.51 million in 2019, 2018 and 2017, respectively.

During the year, portion of The Jollibee Tower with cost of P306.64 million, was transferred to inventories due to the change in the actual use of the assets (Note 9). The cost approximates the fair value of the inventories as at the date of transfer.

Some of the inventories of The Skysuites Tower amounting to P2,225.01 million were transferred to investment property in 2018 (Note 9).

The total direct operating expenses recognized in profit or loss arising from the Group's investment property that generated rental income amounted to P214.48 million, P202.22 million and P116.05 million in 2019, 2018 and 2017, respectively. On the other hand, the Group recognized total direct operating expenses of P25.77 million, P46.73 million and P70.07 million in 2019, 2018 and 2017, respectively, for investment property that are not yet leased out.

14. Right-of-use Assets

The movements in right-of-use assets are as follows:

	Note	**Building**
Cost		
Adjustment due to adoption of PFRS 16	*3*	**P1,406,763**
Amortization during the year	*22*	**(544,554)**
December 31, 2019		**P862,209**

15. Other Noncurrent Assets

This account consists of:

	Note	**2019**	2018
Advances to contractors and suppliers		**P1,305,750,201**	P1,105,397,770
Investment in associates		**789,876,795**	414,223,467
Deposits for future land acquisition		**169,768,885**	323,894,588
Refundable deposits - net of current portion	*24, 29*	**147,956,295**	118,004,477
Prepaid rent - net of current portion	*24*	**-**	42,595,169
Others		**5,411,315**	5,705,902
		P2,418,763,491	P2,009,821,373

In 2017, the Group acquired 40% equity ownership in Contemporain Development Corporation (CDC), a corporation incorporated and operating in the Philippines. The principal activity of CDC is real estate development.

Presented below is CDC's summary of financial information as at and for the year ended December 31:

Statements of Financial Position

	2019	2018
Percentage ownership interest	**40%**	40%
Current assets	**P273,000,468**	P273,601,665
Noncurrent assets	**1,965,697,791**	1,212,515,035
Current liabilities	**(1,003,728,990)**	(459,926,266)
Noncurrent liabilities	**(454,211,644)**	(346,710,391)
Net assets (100%)	**780,757,625**	679,480,043
Group's share of net assets	**312,303,050**	271,792,017
Notional goodwill	**142,431,450**	142,431,450
Carrying amount of interest in the associate	**P454,734,500**	P414,223,467

Statements of Comprehensive Income

	2019	2018	2017
Revenue	**P28,641,186**	P28,042,086	P28,707,038
Income (loss) from continuing operations	**104,177,856**	(14,001,844)	(6,423,844)
Total comprehensive income (loss)	**P104,177,856**	(P14,001,844)	(P6,423,844)

The Group recognized share in net loss (income) of CDC amounting to (P40.51 million) and P5.60 million in 2019 and 2018, respectively, and is recorded under "Others - net" account in the consolidated statements of comprehensive income. The Group did not recognize its share in the loss of CDC in 2017 since the amount is not material.

On December 26, 2019, the Group invested P335.14 million, equivalent to 34.28% ownership, in Robinsons DoubleDragon Corp. (RDC), a corporation incorporated and operating in the Philippines. The principal activity of RDC is real estate development.

Presented below is RDC's summary of financial information as at and for the year ended December 31:

Statement of financial position

	2019
Percentage ownership interest	**34.28%**
Current assets	**P207,092,261**
Noncurrent assets	**797,818,128**
Current liabilities	**(78,952,079)**
Net assets (100%)	**925,958,310**
Carrying amount of interest in the associate	**P335,142,295**

RDC has no revenue in 2019. Net loss and total comprehensive loss in 2019 amounted to P4.04 million. The Group did not recognize its share in the loss of RDC in 2019 since the amount is not material.

Advances to contractors and suppliers represent amount paid as downpayments to contractors and suppliers for the construction of the Group's investment property. These advances are non-financial in nature and are expected to be fulfilled by delivery of goods and services.

Refundable deposits pertain to non-interest bearing deposits paid to and held by the Group's lessors which are refundable at the end of the lease term. The refundable deposits included as part of "Prepaid expenses and other current assets - net" account in the consolidated statements of financial position pertain to deposits to lessors with terms of one year or less. Noncurrent refundable deposits included in "Other noncurrent assets" account are discounted using the effective annual interest rates ranging from 5.10% to 5.69% that are specific to the tenor of the refundable deposits. The difference between the discounted and face values of the refundable deposits was recognized as part of "Investment property - right-of-use assets" account as at December 31, 2019 and "Prepaid rent" account as at December 31, 2018. "Prepaid rent" account is amortized on a straight-line basis over the lease term and is recognized in profit or loss as additional rent expense in "General and administrative expenses - Rent" account in 2018. On the other hand, interest is accreted on these refundable deposits using the effective interest rate method and is recognized as part of "Interest income" account in the consolidated statements of comprehensive income.

The details of refundable deposits follow:

	Note	**2019**	2018
Refundable deposits		**P192,880,267**	P171,810,950
Less discount on refundable deposits		**36,701,120**	37,486,929
Net refundable deposits		**156,179,147**	134,324,021
Less current portion	*10*	**8,222,852**	16,319,544
Noncurrent portion		**P147,956,295**	P118,004,477

Deposits for future land acquisition pertain to the series of payments made by HOA to acquire real estate properties located in the province of Aklan, Palawan and Cebu, Philippines. The Transfer Certificates of Title and Deeds of Sale will be conveyed to HOA upon full payment of the agreed price in the succeeding years.

16. Accounts Payable and Other Current Liabilities

This account consists of:

	Note	**2019**	2018
Trade payables	*29*	**P372,708,867**	P1,631,885,709
Security deposits	*23, 24, 29*	**866,786,459**	42,584,677
Retention payable - current	*19, 29*	**718,773,410**	66,654,667
Unearned rent income	*19, 24*	**460,971,451**	310,480,117
Payable to a landowner	*29*	**154,146,825**	7,000,000
Withholding tax payable		**138,664,438**	84,001,162
Deposits from unit owners	*29*	**117,820,620**	38,329,432
Commission payable	*29*	**7,937,858**	8,516,891
Lease liabilities - current portion	*24, 29*	**1,800,084**	-
Accrued expenses:	*29*	**-**	-
Project costs		**4,886,161,451**	2,636,413,360
Interest	*17*	**423,458,663**	216,280,218
Others		**167,556,303**	248,985,363
Other payables	*29*	**341,535,260**	75,689,011
		P8,658,321,689	P5,366,820,607

Trade payables and accrued project costs are liabilities arising from services provided by the contractors and subcontractors. These are non-interest bearing and are normally settled within 30 days.

Retention payable pertains to the amount retained by the Group from its payment to contractors to cover cost of contractors' noncompliance with the construction of the Group's projects. Amounts retained by the Group vary from different contractors.

In 2019, HOA entered into a Memorandum of Agreement and Deed of Absolute Conveyance with a landowner wherein HOA, in consideration for the land, will pay in kind by way of condominium hotel (condotel) units in the Hotel101-Cebu project totaling eighty-seven (87) condotel units and three (3) commercial units specifically identified by the landowner.

17. Short-term and Long-term Debts

Notes Payable

Details of the account are as follows:

	Note	**2019**	2018
Balance at beginning of the year		**P20,661,416,742**	P18,301,570,584
Availments		**10,655,100,000**	8,941,000,000
Payments		**(677,177,416)**	(6,581,153,842)
	29	**30,639,339,326**	20,661,416,742
Less short-term notes and current portion of long-term notes		**12,015,344,351**	6,299,249,460
Noncurrent portion		**18,623,994,975**	14,362,167,282
Less unamortized debt issue costs		**102,817,045**	94,088,118
		P18,521,177,930	P14,268,079,164

Long-term Notes Payable

Parent Company

a. On November 7, 2019, the Parent Company obtained a total of P5.00 billion unsecured, bilateral, long-term loans from a financing institution. The loan bears fixed interest rate of 6.25% per annum over the term of the loan and is due on November 7, 2024. The fixed interest rates were determined when the drawdowns were made; no repricing of interest rates over the duration of the loan term. Schedule of principal payments are as follows:

	Amount Due
November 7, 2021	P500,000,000
November 7, 2022	500,000,000
November 7, 2023	500,000,000
November 7, 2024	3,500,000,000
	P5,000,000,000

The proceeds from these borrowings were used by the Parent Company to partly finance its capital expenditures for the development of additional CityMall branches and the construction of DD Meridian Tower, DD Meridian Park, Hotel of Asia and CentralHub warehouses. Related debt issue costs from this loan amounted to P37.50 million.

Outstanding balance of this loan amounted to P5.00 billion as at December 31, 2019.

b. On March 23, 2016, the Parent Company obtained a total of P1.50 billion unsecured, bilateral, long-term loans from a financing institution with scheduled drawdown dates. The Parent Company has made drawdowns amounting to P1.50 billion. The loan bears fixed interest rates ranging from 6.1785% to 6.2289% per annum over the term of the loan. The fixed interest rates were determined when the drawdowns were made; no repricing of interest rates over the duration of the loan term.

   Schedule of remaining principal payments are as follows:

	Amount Due
March 23, 2020	P75,000,000
March 23, 2021	75,000,000
March 23, 2022	75,000,000
March 23, 2023	75,000,000
March 23, 2024	1,125,000,000
	P1,425,000,000

   The proceeds from these borrowings were used by the Parent Company to partly finance its capital expenditures for the development of additional CityMall branches and construction of the Jollibee Tower and Phase 1 of the DD Meridian Park. Related debt issue costs from this loan amounted to P15.25 million.

   Outstanding balance of this loan amounted to P1.43 billion and P1.50 billion as at December 31, 2019 and 2018, respectively. Payments in 2019 amounted to P75.00 million.

c. On July 30, 2015, the Parent Company obtained a total of P1.50 billion unsecured, bilateral, long-term loans from a financing institution with scheduled drawdown dates. The Parent Company has made total drawdowns amounting to P1.50 billion. The loan bears fixed interest rates ranging from 5.7997% to 6.1810% per annum over the term of the loan. The fixed interest rates were determined when the drawdowns were made; no repricing of interest rates over the duration of the loan term. Schedule of remaining principal payments are as follows:

	Amount Due
July 30, 2020	P75,000,000
July 30, 2021	75,000,000
July 30, 2022	75,000,000
July 30, 2023	1,125,000,000
	P1,350,000,000

   The proceeds from these borrowings were used by the Parent Company to partly finance the development of the DD Meridian Park, a 4.75 hectare mixed-use development real estate property situated in Pasay City. Related debt issue costs from this loan amounted to P17.41 million.

   Payments made in 2019 and 2018 amounted to P75.00 million. Outstanding balance of the loan as at December 31, 2019 and 2018 amounted to P1.35 billion and P1.43 billion, respectively.

d. On May 18, 2015, the Parent Company obtained a total of P5.00 billion unsecured, bilateral, long-term loans from a financing institution with scheduled drawdown dates. The Parent Company has made total drawdowns amounting to P5.00 billion.

Schedule of remaining principal payments are as follows:

	Amount Due
May 18, 2020	P250,000,000
May 18, 2021	250,000,000
May 18, 2022	250,000,000
May 18, 2023	3,750,000,000
	P4,500,000,000

The loan bears fixed interest rates ranging from 6.0000% to 6.5934% per annum over the term of the loan. The fixed interest rates were determined when the drawdowns were made and no repricing of interest rates over the duration of the loan term. The proceeds from these borrowings were used by the Group to partly finance its capital expenditures for the development of additional CityMall branches. Related debt issue costs from this loan amounted to P60.16 million.

Payments made in 2019 and 2018 amounted to P250.00 million. Outstanding balance of the loan as at December 31, 2019 and 2018 amounted to P4.50 billion and P4.75 billion, respectively.

e. On October 30, 2014, the Parent Company obtained a total of P7.40 billion unsecured, bilateral, long-term loans from various financing institutions. Schedule of remaining principal payments are as follows:

	Amount Due
October 30, 2020	P74,000,000
October 30, 2021	74,000,000
October 30, 2022	6,882,000,000
	P7,030,000,000

The loan bears fixed interest rate of 6.1583% per annum over the term of the loan. The fixed interest rates were determined when the drawdowns were made; no repricing of interest rates over the duration of the loan term. The proceeds from these borrowings were used by the Parent Company to partly finance its capital expenditures, primarily for the development of the DD Meridian Park, the Dragon8, The SkySuites Tower and roll-out of the first 12 CityMalls and for general corporate purposes. Related debt issue costs from this loan amounted to P98.77 million.

Payments made in 2019 and 2018 amounted to P74.00 million. Outstanding balance of the loan as at December 31, 2019 and 2018 amounted to P7.03 billion and P7.10 billion, respectively.

<u>HOA</u>

f. On August 11, 2016, as a result of the acquisition of HOA, several long-term notes payable of HOA for a total amount of P100.30 million were assumed by the Group. The principal amounts and related interests are due monthly. Interest is based on negotiated rates or prevailing market rates. Principal payments made in 2019 and 2018 amounted to P13.28 million and P12.65 million, respectively.

Current portion of these loans amounted to P14.64 million and P13.70 million as at December 31, 2019 and 2018, respectively. Outstanding long-term portion amounted to P42.99 million and P57.20 million as at December 31, 2019 and 2018, respectively.

Short-term Loans Payable

Parent Company

a. The Group obtained short-term loans from various financial institutions which are payable within one year. The proceeds from these borrowings were used for working capital purposes more specifically in the development of the Group's on-going projects. The interest rates on these short-term borrowings are repriced monthly based on negotiated rates or prevailing market rates.

   Total loan availments in 2019 and 2018 amounted to P5.66 billion and P8.94 billion, respectively. Payments made in 2019 and 2018 amounted to P182.4 million and P6.17 billion, respectively.

   Outstanding balance of the loans amounted to P11.19 billion and P5.71 billion as at December 31, 2019 and 2018, respectively.

PCLI

a. In 2017, PCLI obtained additional short-term loans from a local bank amounting to P37.00 million which is payable within one year and rolled its existing loan of P63.00 million for another year. In 2019, PCLI paid P7.50 million and rolled the remaining P91.50 million for another year. In 2018, PCLI paid P1.00 million and rolled the remaining P99.00 million for another year. The proceeds from these borrowings were used for additional working capital requirements. The principal amounts are payable lump sum at maturity and related interests are due monthly. Interest rate ranges from 5.75% to 5.90% per annum.

The long-term debt agreements contain, among others, covenants relating to maintenance of certain financial ratios, working capital requirements, restrictions on loans and guarantees, disposal of a substantial portion of assets, capital expenditures, significant changes in the ownership, payments of dividends and redemption of capital stock.

The Group is in compliance with the covenants of the debt agreements as at December 31, 2019 and 2018.

The movements in debt issue costs are as follows:

	2019	2018
Balance at beginning of year	**P94,088,118**	P121,801,770
Additions	**37,500,000**	-
Amortization	**(28,771,073)**	(27,713,652)
Balance at end of year	**P102,817,045**	P94,088,118

Amounts due beyond one year are shown under "Long-term notes payable - net of current maturities and debt issue costs" account in the consolidated statements of financial position.

Bonds Payable
Details of the account are as follows:

	Note	**2019**	2018
Balance at beginning and end of year	*29*	**P15,000,000,000**	P15,000,000,000
Less unamortized debt issue costs		**155,485,671**	179,512,907
		P14,844,514,329	P14,820,487,093

On November 28, 2016, the SEC approved the Parent Company's application for shelf registration of fixed rate bonds with an aggregate principal amount of P15.00 billion, to be offered in one or several tranches.

The first tranche, issued on December 15, 2016, carried a due date of December 15, 2026 with fixed interest rate of 5.9721% per annum. Interest is payable quarterly in arrears on March 15, June 15, September 15, and December 15 of each year. Related costs from the issuance amounted to P82.34 million.

The second tranche, issued on July 21, 2017, carried a due date of July 21, 2024 with fixed interest rate of 6.0952% per annum. Interest is payable quarterly in arrears on January 21, April 21, July 21 and October 21 of each year. Related costs from the issuance amounted to P133.19 million.

The movements in bond issue costs are as follows:

	2019	2018
Balance at beginning of year	**P179,512,907**	P204,695,725
Amortization	**(24,027,236)**	(25,182,818)
Balance at end of year	**P155,485,671**	P179,512,907

Amortization of bond issue costs as at December 31, 2019 and 2018 amounted to P24.03 million and P25.18 million, respectively. Due dates of the bonds are as follows:

	2019	2018
Parent Company bonds - due 2026	**P5,300,000,000**	P5,300,000,000
Less unamortized bond issue costs	**62,368,657**	69,309,887
Parent Company bonds - due 2024	**9,700,000,000**	9,700,000,000
Less unamortized bond issue costs	**93,117,014**	110,203,020
	P14,844,514,329	P14,820,487,093

Total interest expense, exclusive of the capitalized borrowing costs, recognized in profit or loss amounted to P707.94 million, P191.93 million and P643.83 million in 2019, 2018 and 2017, respectively. Total capitalized borrowing costs charged under "Real estate inventories" and "Investment property" accounts amounted to P1.89 billion and P1.79 billion as at December 31, 2019 and 2018, respectively (Notes 9 and 13).

18. Customers' Deposits

Customers' deposits represent nonrefundable reservation fees paid to the Group by prospective buyers which are to be applied against the installment contracts receivable upon recognition of revenue. This account also includes excess collections from buyers over the related revenue recognized based on the percentage of completion method.

The breakdown of customers' deposits as at December 31 is as follows:

	2019	2018
Current	**P420,593,972**	P305,175,212
Noncurrent	**215,641,847**	121,939,634
	P636,235,819	P427,114,846

19. Other Noncurrent Liabilities

This account consists of:

	Note	**2019**	2018
Security deposits - net of current	*23, 24, 29*	**P906,647,210**	P569,679,636
Unearned rent income		**592,300,747**	95,067,649
Deferred output VAT - net		**559,161,187**	280,041,208
Accrued rent expense	*29*	**18,755,777**	230,051,247
Retention payable - net of current	*16*	**-**	11,871,992
Others		**-**	994,563
		P2,076,864,921	P1,187,706,295

Accrued rent expense as at December 31, 2018 pertains to the excess of rent expense over rental payments made to lessors in accordance with PAS 17, *Leases*.

Security deposits account pertains to deposits collected from tenants for the lease of the Group's investment property. These deposits are non-interest bearing and refundable at the end of the lease term. Security deposits are discounted using the effective interest rates ranging from 4.99% to 7.48% that are specific to the tenor of the deposits. The difference between the discounted value and face values of security deposits is recognized as part of "Unearned rent income" account which is amortized on a straight-line basis over the lease term and is recognized in profit or loss as additional rent income in the "Rent income" account in the consolidated statements of comprehensive income. Interest is accreted on these security deposits using the effective interest rate method and is recognized as part of "Interest expense" account in the consolidated statements of comprehensive income.

The details of security deposits follow:

	2019	2018
Balance at beginning of year	**P612,264,313**	P366,088,073
Additions	**1,394,537,790**	402,107,705
Discount	**(233,368,434)**	(155,931,465)
Balance at end of year	**P1,773,433,669**	P612,264,313

The movement in the unamortized discount on security deposits follows:

	2019	2018
Balance at beginning of year	**P155,931,465**	P89,520,786
Additions	**113,518,029**	89,574,280
Accretion	**(36,081,060)**	(23,163,601)
Balance at end of year	**P233,368,434**	P155,931,465

Accretion is recorded under "Interest expense" account in the consolidated statements of comprehensive income.

20. Cost of Real Estate Sales and Hotel Operations

This account consists of:

Cost of Real Estate Sales

	Note	2019	2018	2017
Construction costs		**P670,396,311**	P236,402,079	P317,910,058
Land and land development costs		**17,786,260**	187,422,124	35,472,480
Other project costs		**41,863,058**	11,992,326	8,853,584
	9	**P730,045,629**	P435,816,529	P362,236,122

Cost of Hotel Operations

	Note	2019	2018	2017
Rent	*24*	**P166,282,452**	P154,704,721	P101,594,900
Room meals		**62,434,706**	68,914,205	57,080,308
Utilities		**53,671,946**	57,530,891	35,739,066
Outside services		**49,480,148**	46,260,762	36,063,952
Room supplies		**25,608,588**	18,636,015	14,263,736
Laundry and pressing		**23,329,122**	23,490,993	16,740,285
Booking fee		**20,724,862**	2,661,902	-
Salaries and wages		**14,516,144**	1,273,006	1,500,915
Restaurant meals		**12,015,393**	19,760,025	-
Subscription		**6,503,527**	8,065,343	6,061,068
Management fee		**2,261,905**	30,671,652	1,776,526
Transport		**2,049,593**	2,142,159	1,498,932
Communication		**1,778,143**	3,344,536	1,827,202
Massage		**294,367**	308,201	143,667
Others		**11,955,257**	17,932,064	1,250,756
		P452,906,153	P455,696,475	P275,541,313

21. Selling Expenses

This account consists of:

	Note	**2019**	2018	2017
Marketing		**P145,834,673**	P219,102,414	P108,477,804
Commission		**76,947,180**	59,828,317	61,570,653
Salaries, wages and other benefits	*23h*	**26,370,390**	20,844,326	15,816,718
Transportation and travel		**15,008,315**	3,311,983	4,135,244
Rent	*23b, 24*	**7,814,546**	1,547,234	3,530,690
Representation		**2,887,497**	400,880	202,545
Miscellaneous	*25*	**15,466,756**	8,315,200	3,627,605
		P290,329,357	P313,350,354	P197,361,259

22. General and Administrative Expenses

This account consists of:

	Note	**2019**	2018	2017
Outsourced services		**P412,361,518**	P318,573,036	P173,800,322
Taxes and licenses		**364,677,404**	326,607,702	256,160,789
Electricity and water		**362,455,690**	547,010,610	117,834,033
Salaries, wages and other benefits	*23h*	**249,129,414**	256,109,914	185,745,272
Depreciation and amortization	*11, 12, 14*	**184,869,858**	164,105,852	83,375,504
Penalties		**159,112,492**	52,486,821	26,824,986
Cinema costs		**111,372,205**	-	-
Repairs and maintenance		**52,565,934**	53,251,770	15,626,876
Property management supplies		**34,726,081**	27,223,377	10,530,811
Rent	*23b, 24*	**31,214,448**	217,867,173	85,166,269
Transportation and travel		**31,028,537**	22,311,939	13,894,157
Impairment loss on receivables	*8*	**29,106,888**	510,709	-
Insurance		**24,537,700**	24,120,741	10,304,854
Printing and office supplies		**21,711,771**	19,207,730	11,600,147
Professional fees		**17,006,927**	36,584,464	42,939,639
Communications		**16,995,197**	14,825,158	10,203,467
Bank charges		**10,521,681**	2,157,902	60,171
Representation		**5,869,195**	9,948,402	12,572,047
Retirement costs	*25*	**4,956,649**	977,130	7,790,584
Management fees	*23a*	**2,678,571**	2,716,571	2,354,832
Subscription		**2,642,559**	15,218,417	4,296,179
Donations		**1,000,000**	23,097,255	10,495,456
Write-off of creditable withholding taxes	*10*	**377,017**	-	-
Input VAT written off	*10*	**-**	140,018,461	2,579,609
Miscellaneous		**106,713,923**	21,486,398	9,738,938
		P2,237,631,659	P2,296,417,532	P1,093,894,942

23. Related Party Transactions

The Group, in the normal course of business, has transactions with its related parties as follows:

Category	Year	Ref/Note	Amount of Transaction	Outstanding Balances: Due from Related Parties	Outstanding Balances: Due to Related Parties	Terms and Conditions
Parent Company's Key Management - Personnel						
Management fees	**2019**	*a*	**P2,678,571**	**P -**	**P -**	**Demandable; non-interest bearing; unsecured; payable in cash**
	2018	*a*	2,678,571	-	-	Demandable; non-interest bearing; unsecured; payable in cash
	2017	*a*	2,678,571	-	-	Demandable; non-interest bearing; unsecured; payable in cash
Stockholders						
Rent expense	2017	*b*	3,397,207	-	-	Demandable; non-interest bearing; unsecured; payable in cash
Acquisition of HOA	**2019**	*c*	**-**	**-**	**429,944,449**	**Payable by way of DD shares**
	2018	*c*	-	-	429,944,449	Payable by way of DD shares
	2017	*c*	-	-	429,944,449	Payable by way of DD shares
Other Related Parties						
Land acquired	**2019**	*d*	**-**	**-**	**383,281,305**	**Demandable; non-interest bearing; unsecured; payable in cash**
	2018	*d*	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in cash
	2017	*d*	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in cash
	2019	*d*	**-**	-	**167,858,000**	**Payable by way of condo units**
	2018	*d*	45,458,000	-	167,858,000	Payable by way of condo units
	2017	*d*	-	-	122,400,000	Demandable; non-interest bearing; unsecured; payable in cash
Cash advances received	**2019**	*e*	**7,239,154**	**55,150,000**	**7,239,154**	**Demandable; non-interest bearing; unsecured; collectible in cash; no impairment**
	2018	*e*	7,277,476	97,212,820	(968,246)	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2017	*e*	1,713,562	103,522,051	9,094,657	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
Rent income	**2019**	*f*	**513,109,441**	**-**	**-**	**Demandable; non-interest bearing; unsecured; collectible in cash; no impairment**
	2018	*f*	518,057,037	-	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2017	*f*	189,941,376	-	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2019			**P55,150,000**	**P988,322,908**	
	2018			P97,212,820	P980,115,508	

a. *Executive Management Services Agreement*
   The Group entered into an agreement with a shareholder for executive corporate, strategic, administrative and financial oversight services relative to the real estate business of the Group. The term of this agreement is one year effective January 1, 2012. This is renewable under the same terms and conditions upon mutual agreement of the parties. On December 6, 2017, the Group's BOD authorized the extension of the aforesaid agreement from January 1 to December 31, 2018 under the same terms and conditions set out in 2017, payable on a quarterly basis. This was renewed in 2019 with the same terms and conditions. The fee, which includes staffing costs for services rendered by the shareholders, amounted to P2.68 million for the years ended December 31, 2019, 2018 and 2017.

b. *Lease of Showrooms and Sales Office*
   The Group leases showrooms and sales office from III and Jollibee Foods Corporation (JFC), respectively. The terms of the lease are three to five years, renewable for the same period under the same terms and conditions. The rent shall escalate by 7% to 10% each year (Notes 21 and 22). Sales office rental contract with JFC ended on September 30, 2017. Showroom rental contract with III ended as at December 31, 2018.

c. *Acquisition of HOA*
The Parent Company entered into a Share Purchase Agreement (SPA) with III with the consideration amounting to the fair value of DD shares to be issued to III, as a consideration transferred in exchange for the latter's 40% share in HOA. These shares will be issued within 180 days from the closing date. As at December 31, 2019, the share swap application is pending approval with the SEC.

d. *Land Acquisitions*
The Group has outstanding liabilities to minority shareholders of PDDG amounting to P383.28 million for the acquisition of certain parcels of land which will be used in the on-going construction of CityMall. These are unsecured, non-interest bearing liabilities and will be settled by the Group in 2020.

In 2016, HOA entered into a Memorandum of Agreement and Deed of Absolute Conveyance with a minority shareholder wherein HOA, in consideration of the land owned by the minority shareholder, settled to pay the latter in kind by way of condominium hotel (condotel) units in the Hotel101-Fort project totaling 60 condotel units plus a portion of the deck referred to as the "Deck Unit" (Note 9).

In 2018, HOA entered into a Memorandum of Agreement with a minority shareholder wherein HOA, in consideration of the land owned by the minority shareholder, settled to pay the latter in kind by way of eight (80) condominium hotel (condotel) units and fifty percent (50%) of the ground floor commercial units in the Hotel101-Davao project (Note 9).

e. *Cash Advances*
The amount pertains to unsecured, non-interest bearing advances granted to and received from related parties for working capital requirements. These advances are generally settled within one year from the date of grant.

f. *Lease of Mall Spaces*
The Group entered into various lease agreements with related parties covering its investment property portfolio. The amount pertains to the rent income earned by the Group from leasing out some of its commercial spaces in Dragon8, DoubleDragon Plaza and CityMalls to JFC and the SM Group. These leases generally provide for either fixed monthly rent subject to escalation rates or a certain percentage of gross sales or a combination of fixed monthly rent and percentage of gross sales with a minimum guaranteed rent. The terms of the leases are for periods ranging from 5 to 15 years. The fixed monthly rent shall escalate by an average of 5% to 10% each year. The corresponding receivables from related party tenants are recorded in the "Rent receivables" account.

g. *Security Deposits*
On October 16, 2019, the Group received a Letter of Intent from ITM Investment Corp., other related party, for the lease of certain units in the Skysuites Tower. Advance deposit received from the intent to lease amounted P713.77 million and was recorded as "Security deposits" under "Accounts payable and other current liabilities" account in the consolidated statements of financial position as at December 31, 2019. The advance deposit is to be applied to the future rent payment.

h. *Key Management Personnel Compensation*
Short-term benefits of key management personnel amounted to P36.50 million, P33.60 million and P20.10 million in 2019, 2018 and 2017, respectively. Long-term benefits of key management personnel amounted to P0.86 million, P0.16 million and P1.31 million in 2019, 2018 and 2017, respectively. Directors' fee paid amounted to P0.96 million, P0.90 million and P0.81 million in 2019, 2018 and 2017, respectively.

Except when indicated above, all outstanding due to/from related parties are to be settled in cash.

All material related party transactions are subject to approval by the BOD. Material related party transactions pertain to those transactions, either individually, or in aggregate over a 12-month period, that exceed 10% of the Group's total assets, based on the latest audited financial statements. All other related party transactions that are considered not material are approved by management.

Related Party Transactions and Balances Eliminated During Consolidation
The terms, conditions, balances and the volume of related party transactions which were eliminated during consolidation are as follows:

Intercompany Advances
a. Outstanding intercompany advances amounted to:

	2019	2018
Advances	**P38,402,060,314**	P34,089,646,235

These advances pertain to unsecured, interest and non-interest bearing advances granted to related parties for working capital requirements. Interest income from these advances amounted to P1,037,136,342 and P1,293,465,789 in 2019 and 2018, respectively.

Intercompany Revenue and Charges
b. Sales of condominium units of the Parent Company to DDSC:

The Parent Company has sales of condominium units to DDSC in 2017. Outstanding receivables from the sale of condominium units eliminated during consolidation amounted to P1,649,079,762 and P1,662,601,380 for 2019 and 2018, respectively. The balance of receivables from DDSC includes output VAT.

c. Management fees charged by the Parent Company to the subsidiaries:

	2019	2018
Management fees	**P375,000,000**	P461,716,571

d. Cost allocation charges by the Parent Company to the subsidiaries:

	2019	2018
Cost allocation charges	**P486,722,158**	P583,303,320

e. Utility charges by the DDPMC to the entities within the Group:

	2019	2018
Utility charges	**P637,919,548**	P1,250,307,250

Outstanding receivables from these utility charges eliminated during consolidation amounted to P1,565,033,547 and P998,865,196 in 2019 and 2018, respectively.

f. Other intercompany charges within the Group amounted to P135,032,251 and P27,560,404 in 2019 and 2018, respectively.

24. Leases

Group as Lessee

The Group has the following lease agreements as at December 31, 2019 and 2018:

- The Group entered into various noncancellable operating lease agreements covering certain parcels of land wherein some of the CityMalls are situated or are being constructed. The terms of the leases are for periods ranging from 24 to 40 years. The rent shall escalate by an average of 5% to 10% each year.

- The Group leases office and parking spaces and showrooms. The terms of the leases are for periods ranging from 1 to 5 years, renewable for the same period under the same terms and conditions. The rent shall escalate by an average of 5% to 10% each year.

The Group's lease commitments with respect to its lease of land and office space agreements qualify under PFRS 16 for the recognition of right-of-use assets and lease liabilities. Lease for several sales offices and parking spaces with lease term of less than one year were expensed during the year. Lease for show rooms with annual lease payments considered as low-value or lease term of less than one year were expensed during the year. Related right-of-use assets were disclosed in Notes 13 and 14.

The Group is required to pay advance rental payments and refundable deposits on its leases. These are shown under "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts, respectively, in the consolidated statements of financial position (Notes 10 and 15). Upon adoption of PFRS 16, Lease, advance rental payments related to lease agreements that qualify for PFRS 16 are recognized under right-of-use assets.

Maturity analysis of lease payments under PFRS 16 are disclosed in Note 29.

The scheduled maturities of noncancellable minimum future rental payments are as follows:

	2018
Less than one year	P116,925,772
Between one and five years	478,357,455
More than five years	2,738,198,902
	P3,333,482,129

The amounts recognized in the consolidated statements of comprehensive income are as follows:

	2019	2018	2017
Interest on lease liabilities	**P100,947,783**	P -	P -
Expenses relating to short-term leases	**27,268,992**	-	-
Expenses relating to leases with variable consideration	**10,614,483**	-	-
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**1,145,519**	-	-
Amortization of right-of-use assets	**544,554**	-	-
Rent expense before transition to PFRS 16	**-**	219,414,407	88,696,959
	P140,521,331	P219,414,407	P88,696,959

Total expenses relating to short-term leases and low value assets and rent expense before transition to PFRS 16 are charged as follows:

	Note	**2019**	2018	2017
General and administrative expenses	*22*	**P31,214,448**	P217,867,173	P85,166,269
Selling expenses	*21*	**7,814,546**	1,547,234	3,530,690
		P39,028,994	P219,414,407	P88,696,959

Rent expense capitalized as part of “Investment property - CIP” account amounted to nil, P72.29 million and P85.64 million as at December 31, 2019, 2018 and 2017, respectively (Note 13). Total lease payments in 2019 amounted to P250.06 million.

The Group also has a joint venture arrangement with each of the hotel unit owners to whom hotel units were sold, where the Group operates the hotel and obtains an agreed share in the revenues, resulting to a sale and operating leaseback. The sales reflect fair values and are included in “Real estate sales” account in the consolidated statements of comprehensive income. Total rent expense, which is based on variable consideration, amounted to P166.28 million P154.70 million and P101.59 million in 2019, 2018 and 2017, respectively, and is recorded under “Cost of hotel operations” account in the consolidated statements of comprehensive income.

Group as Lessor

The Group entered into various lease agreements with third parties and related parties covering its investment property portfolio. These leases generally provide for fixed monthly rent subject to escalation rates except for a few tenants, which pay either a fixed monthly rent or a percentage of gross revenues, or a combination of fixed monthly rent and percentage of gross sales with a minimum guaranteed rent. The terms of the leases are for periods ranging from two (2) to fifteen (15) years. The fixed monthly rent shall escalate by an average of 5% to 10%.

Upon inception of the lease agreements, tenants are required to pay advance rentals and security deposits shown under “Accounts payable and other current liabilities” and “Other noncurrent liabilities” accounts in the consolidated statements of financial position (Notes 16 and 19).

Rent income amounted to P3,274.47 million, P2,499.16 million and P909.15 million in 2019, 2018 and 2017, respectively. Total contingent rent income amounted to P384.33 million, P282.65 million and P218.77 million in 2019, 2018 and 2017, respectively.

The scheduled maturities of noncancellable minimum future rental collections are as follows:

	2019	2018
Less than one year	**P2,380,534,936**	P1,294,663,018
Between one and five years	**7,841,430,743**	6,624,238,967
More than five years	**4,174,269,906**	4,543,566,001
	P14,396,235,585	P12,462,467,986

Details of minimum future rental collections for between one and five years are as follows:

	2019
Between one to two years	**P2,401,358,670**
Between two to three years	**2,276,580,098**
Between three to four years	**1,854,690,979**
Between four to five years	**1,308,800,996**
	P7,841,430,743

25. Retirement Benefits

The Group does not have an established retirement plan and only conforms to the minimum regulatory benefit under Republic Act. No. 7641, *The Retirement Pay Law,* which is of the defined benefit type and provides a retirement benefit equal to 22.5 days' pay for every year of credited service for employees who attain the normal retirement age of sixty (60) with at least five (5) years of service.

The present value of the defined benefit obligation (DBO) is shown below:

	2019	2018
Beginning of year	**P8,373,777**	P7,674,749
Current service cost	**4,176,805**	740,479
Interest cost	**824,170**	265,607
Actuarial gain from:		
Changes in financial assumptions	**3,545,780**	(1,741,034)
Changes in demographic assumptions	**-**	3,147,247
Experience adjustments	**(609,806)**	(1,713,271)
End of year	**P16,310,726**	P8,373,777

Retirement costs recognized in profit or loss amounted to P5.00 million, P1.01 million and P7.95 million in 2019, 2018 and 2017, respectively, which were charged as follows:

	Note	2019	2018	2017
Selling expenses	*21*	**P44,326**	P28,956	P160,804
General and administrative expenses	*22*	**4,956,649**	977,130	7,790,584
		P5,000,975	P1,006,086	P7,951,388

Defined benefit cost (income), net of tax, recognized under "Other comprehensive income" amounted to P2.06 million, (P0.21 million) and (P4.48 million) in 2019, 2018 and 2017, respectively.

The following were the principal actuarial assumptions at the reporting date:

	2019	2018
Discount rate	**5.40%**	7.70%
Future salary increases	**5.00%**	5.00%

Assumptions regarding future mortality are based on the 2001 CSO Table - Generational. The average expected remaining working life of employees retiring at the age of 60 is 28.8 and 31.5 for both males and females in 2019 and 2018, respectively.

The weighted-average duration of DBO is 2.9 years in 2019 and 2018.

The DBO is exposed to actuarial, longevity and interest rate risks.

The Group has no plans to make contributions in 2020.

Sensitivity Analysis
The calculation of the DBO is sensitive to the assumptions set out above. The following table summarizes how the impact on the DBO at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by 1%:

2019

	DBO	
	Increase	**Decrease**
Discount rate (1% movement)	**P13,894,437**	**(P19,323,137)**
Future salary growth (1% movement)	**19,203,708**	**(13,940,073)**

2018

	DBO	
	Increase	Decrease
Discount rate (1% movement)	P4,873,363	(P6,347,429)
Future salary growth (1% movement)	6,327,673	(4,878,534)

While the Group believes that the assumptions are reasonable and appropriate, significant differences between actual experience and assumptions may materially affect the recognized income and expenses and related assets or obligations.

Maturity Profile of the DBO

	2019				
	Carrying Amount	**Contractual Cash Flows**	**Within 1 Year**	**Within 1-5 Years**	**More than 5 Years**
DBO	**P16,310,726**	**P391,388,443**	**P -**	**P1,964,619**	**P389,423,824**

	2018				
	Carrying Amount	Contractual Cash Flows	Within 1 Year	Within 1-5 Years	More than 5 Years
DBO	P8,373,776	P128,983,649	P -	P1,683,942	P127,299,707

Asset-liability Matching Strategies to Manage Risks
The Group does not have a formal retirement plan and therefore has no plan assets to match against the liabilities under the retirement obligation.

Funding Arrangements
The Group does not have a formal retirement plan. Benefit claims under the retirement obligations are paid directly by the Group when they become due.

26. Income Taxes

Income tax expense consists of:

	2019	2018	2017
Current	**P696,095,530**	P325,659,305	P58,630,651
Deferred	**4,310,953,204**	2,912,175,877	1,449,929,108
	P5,007,048,734	P3,237,835,182	P1,508,559,759

The deferred taxes, after set-offs, are reported in the consolidated statements of financial position as follows:

	2019	2018
Deferred tax assets	**P504,367,200**	P433,802,363
Deferred tax liabilities	**(10,312,452,220)**	(5,931,814,971)
	(P9,808,085,020)	(P5,498,012,608)

The components and movements of the Group's deferred tax assets and liabilities, relating to temporary differences are shown below.

	January 1, 2019	Adjustment Due to Adoption of PFRS 16	Charged to Profit or Loss	Charged to Other Comprehensive Income	December 31, 2019
NOLCO	P1,601,707,088	P -	P160,607,237	P -	P1,762,314,325
Accrued expenses	115,967,778	(68,934,885)	13,266,913	-	60,299,806
MCIT	139,552,815	-	40,193,044	-	179,745,859
Unearned rent income	109,540,605	-	(3,944,167)	-	105,596,438
Unearned interest income on installment contracts receivable	20,265,309	-	3,771,200	-	24,036,509
Retirement benefits liability	3,040,804	-	971,622	880,792	4,893,218
Impairment loss on creditable withholding taxes	211,246	-	113,105	-	324,351
Unearned hotel revenues	-	-	755,453	-	755,453
Impairment loss on contracts receivables	482,785	-	365,450	-	848,235
DTA	1,990,768,430	(68,934,885)	216,099,857	880,792	2,138,814,194
Unrealized gains on fair value measurements	4,960,851,320	-	3,955,876,658	-	8,916,727,978
Excess of financial realized gross profit over taxable realized gross profit	727,992,384	-	(56,459,709)	-	671,532,675
Borrowing costs	898,019,062	-	218,216,370	-	1,116,235,432
Hotel101 brand	199,290,000	-	-	-	199,290,000
Depreciation expense on depreciable investment property	376,207,874	-	312,014,463	-	688,222,337
Accrued rent income	182,347,143	-	28,091,309	-	210,438,452
Unamortized debt issue costs	43,912,742	-	(13,067,628)	-	30,845,114
Unamortized bond issue costs	53,853,872	-	7,208,171	-	61,062,043
Franchise rights	34,189,231	-	(4,690,520)	-	29,498,711
Lease arrangement	-	(68,934,885)	91,378,882	-	22,443,997
Property and equipment	1,231,650	-	(629,175)	-	602,475
Accrued income	10,885,760	-	(10,885,760)	-	-
DTL	7,488,781,038	(68,934,885)	4,527,053,061	-	11,946,899,214
Net DTL	P5,498,012,608	P -	P4,310,953,204	(P880,792)	P9,808,085,020

	January 1, 2018	Charged to Profit or Loss	Charged to Other Comprehensive Income	December 31, 2018
NOLCO	P1,236,174,040	P365,533,048	P -	P1,601,707,088
Accrued expenses	85,166,727	30,801,051	-	115,967,778
MCIT	83,171,195	56,381,620	-	139,552,815
Unearned rent income	61,434,186	48,106,419	-	109,540,605
Unearned interest income on installment contracts receivable	8,087,197	12,178,112	-	20,265,309
Unrealized loss on fair value measurements	2,086,778	(2,086,778)	-	-
Retirement benefits liability	1,475,039	1,657,882	(92,117)	3,040,804
Impairment loss on creditable withholding taxes	1,062,192	(850,946)	-	211,246
Unearned hotel revenues	991,820	(991,820)	-	-
Impairment loss on contracts receivables	329,572	153,213	-	482,785
DTA	1,479,978,746	510,881,801	(92,117)	1,990,768,430
Unrealized gains on fair value measurements	2,261,154,717	2,699,696,603	-	4,960,851,320
Excess of financial realized gross profit over taxable realized gross profit	665,545,849	62,446,535	-	727,992,384
Borrowing costs	538,442,493	359,576,569	-	898,019,062
Hotel101 brand	199,290,000	-	-	199,290,000
Depreciation expense on depreciable investment property	171,109,721	205,098,153	-	376,207,874
Accrued rent income	65,428,583	116,918,560	-	182,347,143
Unamortized debt issue costs	61,993,367	(18,080,625)	-	43,912,742
Unamortized bond issue costs	61,408,718	(7,554,846)	-	53,853,872
Franchise rights	38,880,000	(4,690,769)	-	34,189,231
Property and equipment	1,860,825	(629,175)	-	1,231,650
Accrued income	609,087	10,276,673	-	10,885,760
DTL	4,065,723,360	3,423,057,678	-	7,488,781,038
Net DTL	P2,585,744,614	P2,912,175,877	P92,117	P5,498,012,608

The reconciliation of the income tax expense computed at the statutory income tax rate to the actual income tax expense as shown in profit or loss is as follows:

	2019	2018	2017
Income before income tax	**P15,652,124,830**	P10,654,514,694	P4,034,919,594
Income tax at the statutory income tax rate	**P4,695,637,449**	P3,196,354,408	P1,210,475,878
Income tax effects of:			
Expired NOLCO and MCIT	**383,324,837**	235,990,287	9,838,180
Difference between optional standard deduction and itemized deduction	**(100,047,234)**	-	-
Nondeductible expenses	**36,520,511**	18,458,645	304,336,477
Nontaxable income	**(26,167,501)**	(175,941,531)	(3,559,987)
Interest income subjected to final tax	**(5,431,638)**	(3,450,785)	(10,360,225)
Stock issuance cost	**-**	(31,983,734)	(118,733)
Others	**23,212,310**	(1,592,108)	(2,051,831)
	P5,007,048,734	P3,237,835,182	P1,508,559,759

The details of the Group's NOLCO which are available for offsetting against future taxable income are as follows:

Year Incurred	Amount Incurred	Applied	Expired	Remaining Balance	Year of Expiration
2019	P1,852,833,519	P -	P -	P1,852,833,519	2022
2018	2,531,773,845	(285,882,492)	-	2,245,891,353	2021
2017	1,906,542,951	(130,886,740)	-	1,775,656,211	2020
2016	1,317,387,758	(122,439,524)	(1,194,948,234)	-	2019
	P7,608,538,073	(P539,208,756)	(P1,194,948,234)	P5,874,381,083	

The details of MCIT, which can be claimed as tax credits against future regular corporate income tax liabilities, are as follow:

Year Incurred	Amount Incurred	Applied	Expired	Remaining Balance	Year of Expiration
2019	P65,079,686	P -	P -	P65,079,686	2022
2018	113,232,568	-	-	113,232,568	2021
2017	1,476,699	(43,094)	-	1,433,605	2020
2016	24,843,548	(3,181)	(24,840,367)	-	2019
	P204,632,501	(P46,275)	(P24,840,367)	P179,745,859	

27. Earnings Per Share

EPS is computed as follows:

	2019	2018	2017
Net income attributable to equity holders of the Parent Company	**P8,831,966,802**	P4,605,510,276	P1,641,535,290
Dividends on preferred shares	**(647,780,000)**	(647,780,000)	(647,780,000)
Net income attributable to common shareholders of the Parent Company	**8,184,186,802**	3,957,730,276	993,755,290
Weighted average number of common shares for basic EPS	**2,367,528,600**	2,294,287,700	2,229,730,000
Dilutive shares arising from stock options	**-**	-	2,462,500
Adjusted weighted average number of common shares for diluted EPS	**2,367,528,600**	2,294,287,700	2,232,192,500
Basic EPS	**3.4568**	1.7250	0.4457
Diluted EPS	**3.4568**	1.7250	0.4452

Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent preferred stock dividends declared.

Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

In 2017, potential dilutive debt or equity instruments pertain to the stock options that have vested in 2017. In 2019 and 2018, the Parent Company has no potential dilutive debt or equity instruments.

In 2019 and 2018, the convertible preferred shares has no impact in the calculation of diluted EPS since it would have an antidilutive effect on earnings per share. The EPS conversion of preferred shares will start on the second anniversary from the issuance.

28. Equity

The authorized capital stock of the Parent Company consists of:

	2019	2018
Authorized Capital Stock		
Common - P0.10 par value	**P500,000,000**	P500,000,000
Preferred - P100 par value	**20,000,000,000**	20,000,000,000
Number of Shares Authorized for Issue		
Common	**5,000,000,000**	5,000,000,000
Preferred	**200,000,000**	200,000,000

The movements in the number of subscribed and outstanding shares are as follows:

	2019	2018
Common		
Subscribed shares at beginning of the year	**2,373,100,600**	2,229,730,000
Subscription during the year	**-**	143,370,600
Subscribed shares at the end of the year	**2,373,100,600**	2,373,100,600
Treasury shares	**(5,572,000)**	(5,572,000)
Outstanding shares at the end of the year	**2,367,528,600**	2,367,528,600
Preferred		
Balance at beginning and end of the year	**100,000,000**	100,000,000

Common Shares

On January 30, 2014, the Parent Company filed with the SEC a Notice of Filing of Registration Statement for the registration of up to 579,730,000 common shares with par value of P0.10, to be offered by way of a primary offer.

On March 24, 2014, in accordance with the certificate of permit to offer securities for sale issued by the SEC, 579,730,000 common shares of the Parent Company with par value of P0.10 were registered and offered for sale at an offer price of P2.00 per share.

On November 11, 2015, the Parent Company’s BOD approved the creation of 45,504,693 options underlying the Parent Company’s common shares to be issued pursuant to the Parent Company’s Plan. The aforesaid corporate act was ratified by the Parent Company’s stockholders on January 5, 2016.

The Plan covers the senior management of the Parent Company as identified by the Chairman and Chief Executive Officer. The Plan allows all covered senior management to acquire at market price at grant date such number of shares of stock not exceeding 2% of the issued and outstanding capital stock of the Parent Company or 45,504,693 shares, after a vesting period of three (3) years. The share options will be exercisable starting from their respective vesting dates up to seven (7) years from grant date.

The approval of the Stock Option Plan was ratified by the Shareholders on January 5, 2016. The SEC approved the exemption from registration requirements for the issuance of 9,850,000 common shares on September 25, 2017. The Plan was submitted to PSE for approval. On January 9, 2019, the PSE approved the Parent Company's application to list additional 9,850,000 common shares to cover the Parent Company's Stock Option Plan at an option price based on the closing price of the Parent Company's shares on the strike date.

On December 8, 2016, the Parent Company's BOD resolved to expand the coverage of the Plan to include rank and file regular employees of the Parent Company. As at December 31, 2019 and 2018, no stock options were exercised.

On August 7, 2017, the Parent Company's BOD approved plans for a Follow-On offering of 150,000,000 common shares. The additional listing was approved by SEC on April 19, 2018.

On June 29, 2018, in accordance with the certificate of permit to offer securities for sale issued by the SEC, 135,000,000 common shares with an over-allotment option of 15,000,000 common shares of the Parent Company with par value of P0.10 were registered.

On July 13, 2018, the Parent Company issued an additional 143,370,600 common shares at P30.00 per share.

The Parent Company's public ownership percentage and total number of shareholders are 29.94% and 143, respectively, as at December 31, 2019 and 29.93% and 140, respectively, as at December 31, 2018.

Treasury Shares
On August 23, 2018, the Parent Company redeemed 5,572,000 outstanding common stocks at P30.00 per share. As at December 31, 2019 and 2018, the redeemed common shares were treated as treasury shares.

Preferred Shares
On November 11, 2015, the Parent Company's BOD approved the increase in the authorized capital stock from P500.00 million to P20.50 billion with P100 par value. The aforesaid corporate act was ratified by the Parent Company's stockholders on January 5, 2016. On the same date, the Parent Company's BOD and stockholders approved the creation and issuance of 200,000,000 non-voting Preferred Shares with P100 par value.

On March 28, 2016, the SEC rendered effective the Registration Statement and other papers and documents attached thereto filed by the Parent Company, and issued the Order of Registration of Subscriptions to Preferred Shares amounting to P10 billion cumulative, non-voting, non-participating, redeemable at the option of the Parent Company, convertible at the ratio of 1 preferred share to 1 common share, perpetual Preferred Shares at an offer price of P100 per share. The Certificate of Permit to Offer Securities for Sale was issued by the SEC on the same date.

On April 14, 2016, the Parent Company has secured approval from the SEC to issue Preferred Shares following the successful offer and distribution of subscriptions to 100,000,000 preferred shares amounting to P10,000,000,000.

The total number of preferred shareholders as at December 31, 2019 and 2018 is 90.

Retained Earnings
The summary of dividend declarations of the Parent Company is as follows:

Type of Dividend	Share Class	Date of Declaration	Date of Record	Date of Payment	Dividend per Share	Total
Regular Cash Dividend	Preferred	March 21, 2017	April 4, 2017	April 17, 2017	P1.61945	P161.95 million
Regular Cash Dividend	Preferred	June 21, 2017	July 6, 2017	July 14, 2017	1.61945	161.95 million
Regular Cash Dividend	Preferred	September 27, 2017	October 11, 2017	October 16, 2017	1.61945	161.95 million
Regular Cash Dividend	Preferred	December 6, 2017	January 2, 2018	January 15, 2018	1.61945	161.95 million
Regular Cash Dividends	Preferred	March 22, 2018	April 10, 2018	April 16, 2018	1.61945	161.95 million
Regular Cash Dividend	Preferred	June 19, 2018	July 3, 2018	July 16, 2018	1.61945	161.95 million
Regular Cash Dividend	Preferred	September 18, 2018	October 2, 2018	October 15, 2018	1.61945	161.95 million
Regular Cash Dividend	Preferred	December 14, 2018	January 3, 2019	January 14, 2019	1.61945	161.95 million
Regular Cash Dividend	Preferred	March 22, 2019	April 5, 2019	April 15, 2019	1.61945	161.95 million
Regular Cash Dividend	Preferred	June 19, 2019	July 3, 2019	July 15, 2019	1.61945	161.95 million
Regular Cash Dividend	Preferred	September 16, 2019	September 30, 2019	October 14, 2019	1.61945	161.95 million
Regular Cash Dividend	Preferred	December 10, 2019	December 26, 2019	January 14, 2020	1.61945	161.95 million

Dividends of Subsidiaries
The summary of cash dividend declarations of the subsidiaries is as follows:

Subsidiary	Share Class	Date of Declaration	Date of Record	Date of Payment	Dividend per Share	Total
DDHH	Common	February 28, 2018	February 28, 2018	July 1, 2018	P180.0100	P36.00 million
DDMPDC	Common	February 28, 2018	February 28, 2018	May 30, 2018	0.0027	47.33 million
DDMPDC	Common	September 30, 2018	September 30, 2018	October 15, 2018	0.0222	396.30 million
DDMPDC	Common	December 28, 2018	April 10, 2019	April 15, 2019	0.0144	260.70 million
CMGBI	Common	May 15, 2019	April 30, 2019	June 28, 2019	0.0647	22.12 million
DDMPDC	Common	May 15, 2019	April 30, 2019	May 15, 2019	0.0122	217.14 million
CMMBI	Common	June 30, 2019	June 30, 2019	July 19, 2019	3.8500	25.68 million
CMDCI	Common	July 15, 2019	June 30, 2019	July 19, 2019	0.0181	9.64 million
DDMPDC	Common	August 16, 2019	June 30, 2019	August 16, 2019	0.0133	237.46 million
DDMPDC	Common	November 18, 2019	September 30, 2019	November 18, 2019	0.0186	331.59 million
DDMPDC	Common	December 28, 2019	December 28, 2019	April 15. 2020	0.0257	458.17 million

Total share of noncontrolling interests from these dividends amounted to P258.93 million in 2019 and P225.15 million in 2018.

29. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies
The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Interest Rate Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.
The main purpose of the Group's dealings in financial instruments is to fund its respective operations and capital expenditures.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The BOD has established the Executive Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee identifies all issues affecting the operations of the Group and reports regularly to the BOD on its activities.

The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. All risks faced by the Group are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Group’s operations and forecasted results. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group’s principal financial assets include cash and cash equivalents, receivables, due from related parties and refundable deposits. These financial assets are used to fund the Group’s operations and capital expenditures.

Credit Risk

Credit risk represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations. The risk arises principally from the Group’s cash and cash equivalents, receivables, due from related parties and refundable deposits. The objective is to reduce the risk of loss through default by counterparties.

In respect of installment contracts receivable, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. Customer payments are facilitated by post-dated checks. Exposure to bad debts is not significant as titles to real estate properties are not transferred to the buyers until full payment has been made. There are no large concentrations of credit risk given the Group's diverse customer base.

Credit risk arising from rent receivable is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group’s credit risk exposure in case of defaults by the tenants. For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting period follows:

	Note	**2019**	2018
Cash and cash equivalents*	*7*	**P6,683,202,345**	P615,403,557
Receivables**	*8*	**5,808,196,484**	5,161,835,989
Due from related parties	*23*	**55,150,000**	97,212,820
Refundable deposits***	*10, 15*	**156,179,147**	134,324,021
		P12,702,727,976	P6,008,776,387

**Excluding “Cash on hand” account.*
***This includes both current and noncurrent portions of the account.*
****This is presented as part of “Prepaid expenses and other current assets - net” and “Other noncurrent assets” accounts.*

The table below presents the Group’s exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

December 31, 2019

	Financial Assets at Amortized Cost			
	12-month ECL	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit impaired**	**Total**
Cash and cash equivalents (excluding cash on hand)	**P6,683,202,345**	**P -**	**P -**	**P6,683,202,345**
Receivables*	**1,402,913,338**	**4,405,283,146**	**2,827,449**	**5,811,023,933**
Due from related parties	**55,150,000**	**-**	**-**	**55,150,000**
Refundable deposits**	**156,179,147**	**-**	**-**	**156,179,147**
	P8,297,444,830	**P4,405,283,146**	**P2,827,449**	**P12,705,555,425**

December 31, 2018

	Financial Assets at Amortized Cost			
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Cash and cash equivalents (excluding cash on hand)	P615,403,557	P -	P -	P615,403,557
Receivables*	1,290,003,785	3,871,832,204	1,609,283	5,163,445,272
Due from related parties	97,212,820	-	-	97,212,820
Refundable deposits**	134,324,021	-	-	134,324,021
	P2,136,944,183	P3,871,832,204	P1,609,283	P6,010,385,670

**This includes both current and noncurrent portions of the account.*
***This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

The Group's process in assessing the ECLs are discussed in Note 4 to the consolidated financial statements.

The following is the aging analysis per class of financial assets as at December 31:

2019		**Neither**	**Past Due but not Impaired**				
	Note	**Past Due nor Impaired**	**1 to 30 Days**	**31 to 60 Days**	**More than 60 Days**	**Impaired**	**Total**
Cash and cash equivalents*	*7*	**P6,683,202,345**	**P -**	**P -**	**P -**	**P -**	**P6,683,202,345**
Receivables**	*8*	**4,060,139,030**	**280,468,412**	**206,134,413**	**1,261,454,629**	**2,827,449**	**5,811,023,933**
Due from related parties	*23*	**55,150,000**	**-**	**-**	**-**	**-**	**55,150,000**
Refundable deposits***	*10, 15*	**156,179,147**	**-**	**-**	**-**	**-**	**156,179,147**
		P10,954,670,522	**P280,468,412**	**P206,134,413**	**P1,261,454,629**	**P2,827,449**	**P12,705,555,425**

**Excluding "Cash on hand" account.*
*** This includes both current and noncurrent portions of the account.*
**** This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

2018		Neither	Past Due but not Impaired				
	Note	Past Due nor Impaired	1 to 30 Days	31 to 60 Days	More than 60 Days	Impaired	Total
Cash and cash equivalents*	*7*	P615,403,557	P -	P -	P -	P -	P615,403,557
Receivables**	*8*	4,206,658,144	174,446,003	113,396,073	665,726,486	1,609,283	5,161,835,989
Due from related parties	*23*	97,212,820	-	-	-	-	97,212,820
Refundable deposits***	*10, 15*	134,324,021	-	-	-	-	134,324,021
		P5,053,598,542	P174,446,003	P113,396,073	P665,726,486	P1,609,283	P6,008,776,387

**Excluding "Cash on hand" account.*
*** This includes both current and noncurrent portions of the account.*
**** This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

The following is the credit quality of the Group's financial assets:

		2019			
	Note	**High Grade**	**Medium Grade**	**Low Grade**	**Total**
Cash and cash equivalents*	*7*	**P6,683,202,345**	**P -**	**P -**	**P6,683,202,345**
Receivables**	*8*	**4,568,306,329**	**635,778,428**	**604,111,727**	**5,808,196,484**
Due from related parties	*23*	**55,150,000**	**-**	**-**	**55,150,000**
Refundable deposits***	*10, 15*	**156,179,147**	**-**	**-**	**156,179,147**
		P11,462,837,821	**P635,778,428**	**P604,111,727**	**P12,702,727,976**

**Excluding "Cash on hand" account.*
***This includes both current and noncurrent portions of the account.*
****This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

		2018			
	Note	High Grade	Medium Grade	Low Grade	Total
Cash and cash equivalents*	7	P615,403,557	P -	P -	P615,403,557
Receivables**	8	4,901,210,918	216,384,826	44,240,245	5,161,835,989
Due from related parties	23	97,212,820	-	-	97,212,820
Refundable deposits***	10, 15	134,324,021	-	-	134,324,021
		P5,748,151,316	P216,384,826	P44,240,245	P6,008,776,387

**Excluding "Cash on hand" account.*
***This includes both current and noncurrent portions of the account.*
****This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

The Group assessed the credit quality of unrestricted cash as high grade since this is deposited with reputable banks with low probability of insolvency.

Receivables assessed as high grade pertains to receivable from buyer that had no default in payment; medium grade pertains to receivable from buyer who has history of being 181 to 360 days past due; and low grade pertains to receivable from buyer who has history of being over 360 days past due. Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. The Group performs credit investigation and evaluation of each buyer to establish paying capacity and creditworthiness. The Group will assess the collectibility of its receivables and provide a corresponding allowance provision once the account is considered impaired.

The credit risk for due from related parties and refundable deposits is considered negligible as these are mainly from related parties and Companies that are generally financially stable.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risks by forecasting projected cash flows and maintaining balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		As at December 31, 2019				
	Note	**Carrying Amount**	**Contractual Cash Flow**	**1 Year or Less**	**1 Year - 5 Years**	**More than 5 Years**
Financial Liabilities						
Accounts payable and other current liabilities*	16	**P8,056,885,716**	**P8,056,885,716**	**P8,056,885,716**	**P -**	**P -**
Due to related parties	23	**988,322,908**	**988,322,908**	**988,322,908**	**-**	**-**
Dividends payable		**151,578,047**	**151,578,047**	**151,578,047**	**-**	**-**
Notes payable**	17	**30,536,522,281**	**34,468,475,638**	**13,531,485,577**	**20,936,990,061**	**-**
Bonds payable	17	**14,844,514,329**	**20,041,779,439**	**912,798,787**	**13,194,179,600**	**5,934,801,052**
Other noncurrent liabilities*	19	**925,402,987**	**925,402,987**	**-**	**925,402,987**	**-**
Lease liabilities	24	**1,353,778,904**	**3,216,556,358**	**90,096,096**	**493,930,943**	**2,632,529,319**

**Excluding statutory obligations, current portion of lease liabilities and unearned rent income account.*
***This includes both current and noncurrent portions of the account.*

	Note	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years
		As at December 31, 2018				
Financial Liabilities						
Accounts payable and other current liabilities*	*16*	P4,972,339,328	P4,972,339,328	P4,972,339,328	P -	P -
Due to related parties	*23*	980,115,508	980,115,508	980,115,508	-	-
Dividends payable		226,543,771	226,543,771	226,543,771	-	-
Notes payable**	*17*	20,567,328,624	24,018,431,807	7,358,753,634	15,516,082,742	1,143,595,431
Bonds payable	*17*	14,820,487,093	20,952,056,683	910,277,244	3,643,630,518	16,398,148,921
Other noncurrent liabilities*	*19*	812,597,438	812,597,438	-	242,917,802	569,679,636

**Excluding statutory obligations and unearned rent income account.*
***This includes both current and noncurrent portions of the account.*

Interest Rate Risk
The Group interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. The Group has short-term and long-term bank borrowings with fixed interest rates. Therefore, the Group is not subject to the effect of changes in interest rates.

Fair Values
The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents/Due from Related Parties/Accounts Payable and Other Current Liabilities/Due to Related Parties
The carrying amounts of cash and cash equivalents, due from related parties, accounts payable and other current liabilities, and due to related parties approximate their fair values due to the relatively short-term nature of these financial instruments.

Receivables
The fair values of installment contracts receivable and receivables from leasehold rights' buyers are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The fair values of other receivables are approximately equal to their carrying amounts due to the short-term nature of the financial assets.

Refundable Deposits/Lease Liabilities/Security Deposits
Refundable deposits, lease liabilities and security deposits are reported at their present values, which approximate the cash amounts that would fully satisfy the obligations as at reporting date.

Short-term Notes Payable/Long-term Notes Payable/Bonds Payable
The fair value of the interest-bearing fixed-rate short-term and long-term debts is based on the discounted value of expected future cash flows using the applicable market rates for similar types of loans as at reporting date. Fair value of bonds payable as at December 31, 2019 and 2018 amounted to P16.11 billion and P14.31 billion, respectively. Fair value of long-term notes payable as at December 31, 2019 and 2018 amounted to P20.14 billion and P14.56 billion, respectively.

Capital Management
The Group's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flows to selective investments. The Group sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The BOD monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The BOD also monitors the level of dividends to shareholders.

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid-in capital and retained earnings. There were no changes in the Group's approach to capital management as at December 31, 2019 and 2018. The Group is not subject to externally-imposed capital requirements.

30. Asset Acquisition

On November 14, 2019, the Parent Company entered into a subscription agreement for the 70% ownership in GCDPC, for the subscription price of P179.67 million.

The acquisition of GCDPC is accounted for as an asset acquisition since the acquired set of assets and activities does not constitute a business as defined in PFRS 3.

Non-controlling interests from the acquisition amounted to P52.84 million.

31. Note to Consolidated Statements of Cash Flows

The Group's noncash activities are as follows:

a. Additions to "Investment property - right-of-use asset" account include the impact of discounting of security deposits amounting to P7.66 million in 2019;

b. Transfer from "Investment property" account to "Inventories" account amounting to P306.64 million in 2019;

c. Transfer from "Property and equipment" account to "Investment property" account amounting to P80.99 million in 2017;

d. Transfer from "Inventories" account to "Investment property" account amounting to P2.23 billion in 2018 and P3.29 million in 2017;

e. Capitalized borrowing cost on "Investment property" and "Inventories" accounts amounting to P1,883.11 million and P5.76 million in 2019, respectively;

f. Capitalized borrowing cost on "Investment property" and "Inventories" accounts amounting to P1,560.95 million and P331.92 million in 2018, respectively; and

g. Capitalized borrowing cost on "Investment property" and "Inventories" accounts amounting to P965.00 million and P180.04 million in 2017, respectively.

Changes in Liabilities Arising from Financing Activities

	January 1, 2019	Cash Flows	Other Movements	December 31, 2019
Bonds payable	P14,820,487,093	P -	P24,027,236	P14,844,514,329
Loans and notes payable	20,567,328,624	9,940,422,584	28,771,073	30,536,522,281
Lease liabilities	-	(89,975,690)	1,441,954,510	1,351,978,820
Other noncurrent liabilities	1,187,706,295	845,233,198	43,925,428	2,076,864,921
Total liabilities from financing activities	P36,575,522,012	P10,695,680,092	P1,538,678,247	P48,809,880,351

	January 1, 2018	Cash Flows	Other Movements	December 31, 2018
Bonds payable	P14,795,304,275	P -	P25,182,818	P14,820,487,093
Loans and notes payable	18,179,768,814	2,359,846,158	27,713,652	20,567,328,624
Other noncurrent liabilities	878,398,558	309,307,737	-	1,187,706,295
Total liabilities from financing activities	P33,853,471,647	P2,669,153,895	P52,896,470	P36,575,522,012

Other movements pertain to interest expense from amortization of debt issue cost and lease liabilities and adoption of PFRS 16.

Loans and notes payable is composed of the following:

	2019	2018
Short-term loans payable and current maturities of long-term notes payable, net of debt issue costs	**P12,015,344,351**	P6,299,249,460
Long-term notes payable - net of current maturities and debt issue costs	**18,521,177,930**	14,268,079,164
	P30,536,522,281	P20,567,328,624

32. Events After the Reporting Date

On March 8, 2020, under Proclamation 922, the Office of the President has declared a state of public health emergency and subsequently on March 16, 2020, under Proclamation 929, a state of calamity throughout the Philippines due to the spread of the Corona Virus Disease (COVID-19). To manage the spread of the disease, the entire Luzon has been placed under an Enhanced Community Quarantine (ECQ), effective from March 17, 2020 until April 12, 2020, which was subsequently extended to May 15, 2020, which involved several measures including travel restrictions, home quarantine and temporary suspension or regulation of business operations, among others, limiting activities related to the provision of essential goods and services. ECQ was likewise imposed in provinces outside the island of Luzon as imposed by their respective local government unit. On May 16, 2020, the ECQ was downgraded to Modified Enhanced Community Quarantine (MECQ) in Metro Manila and to General Community Quarantine (GCQ) in most provinces. On June 1, 2020, the MECQ in Metro Manila was shifted to GCQ until June 15, 2020. As of June 10, 2020, community quarantine restrictions of varying degrees remain in place throughout the country.

Despite this challenging business environment, the Group does not foresee any going concern issue affecting its business operations and considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its consolidated financial position and performance as of and for the year ended December 31, 2019.

During ECQ, the Group implemented work from home arrangement for all its employees; thus, except for construction, the Group continued to carry out its skeletal business operations. Nevertheless, the Group believes that the business model for its core pillars that is the provincial retail leasing, office leasing, industrial leasing and hotels, and the geographic presence of the Group's projects across the country mitigated the risks and impact of the community quarantines.

The extent of the consequences, including the financial effect to the Group after December 31, 2019 will depend on certain developments, including the duration of the spread of COVID-19, impact on the Group's customers, tenants, suppliers, contractors and accessibility and effectiveness of government support programs, all of which are uncertain and cannot be reliably determined as at June 10, 2020.

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For

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 0 9 3 0 3 5 4

COMPANY NAME

DOUBLEDRAGON PROPERTIES CORP.
AND SUBSIDIARIES

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

DD Meridian Park Bay Area
Corner Macapagal Avenue and
EDSA Extension Boulevard
Brgy. 76 Zone 10, San Rafael
Pasay City, Metro Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
	Day preceding the last Friday of the month of June	December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Rizza Marie Joy Sia	rmjs@doubledragon.com.ph	8856-7111	

CONTACT PERSON's ADDRESS

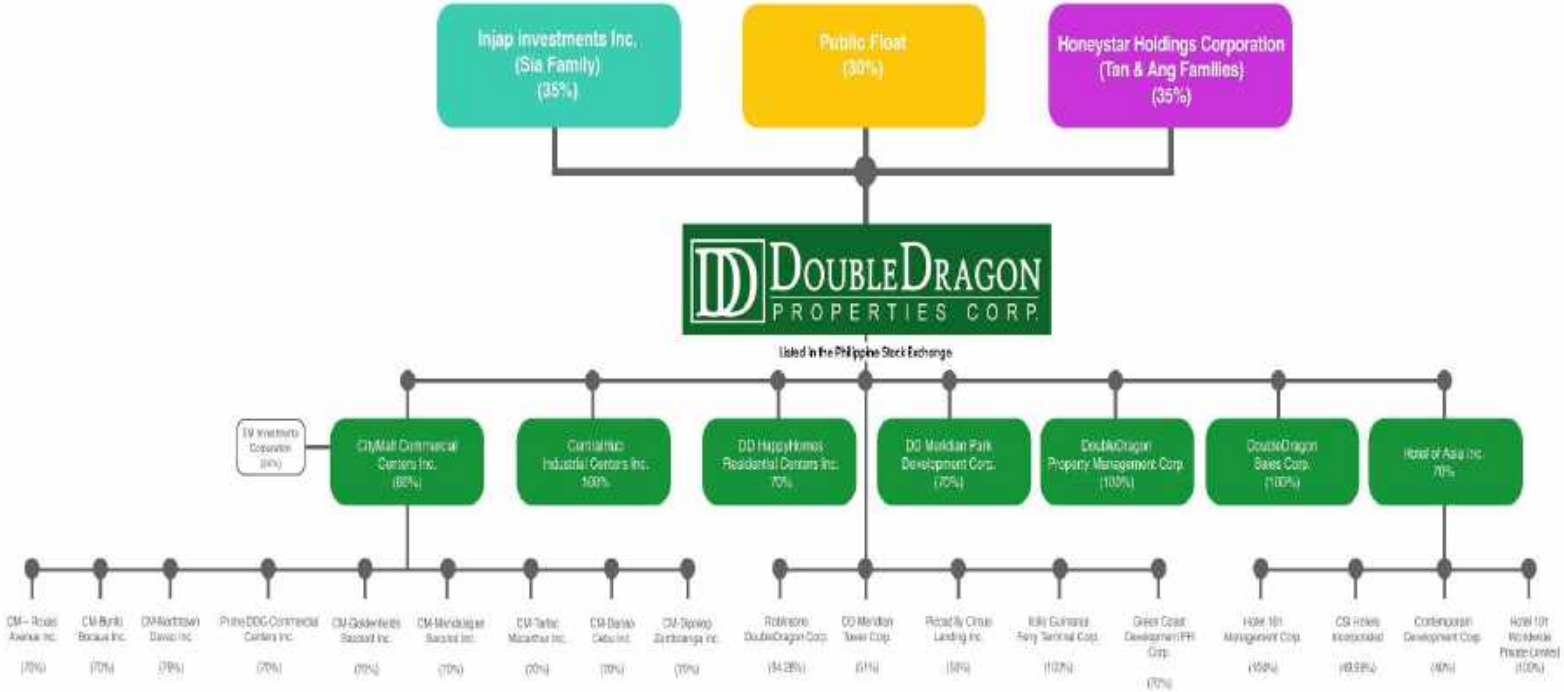
DD Meridian Park Bay Area Corner Macapagal Avenue and EDSA Extension Boulevard, Brgy. 76 Zone 10, San Rafael Pasay City, Metro Manila

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

FINANCIAL RATIOS - KEY PERFORMANCE INDICATORS
AS OF DECEMBER 31, 2019

		2019	2018
1. Current Ratio	Current Assets / Current Liabilities	0.86	0.91
2. Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	2.59	2.51
3. Debt to Equity Ratio (Gross)	Total Interest Bearing Short-term and Long-term Debt / Total Equity	1.03	1.08
4. Debt to Equity Ratio (Net Basis)	Total Interest Bearing Short-term and Long-term Debt less Cash and Cash Equivalent / Total Equity	0.88	1.06
5. Return on Equity	Net Income Attributable to Owners of the Parent / Average Equity Attributable to the Owners of the Parent	33.67%	25.38%
6. Net Income to Revenue (Net Profit Margin)	Net Income Attributable to Owners of the Parent / Total Revenue	43.71%	32.10%
7. Revenue Growth	Total Revenue (Current Period – Total Revenue (Prior Period) / Total Revenue (Prior Period)	40.81%	117.00%
8. EBITDA	Income from Operation + Depreciation and Amortization + Interest Expense	P16,540,551,845	P11,010,546,198
9. Solvency Ratio	Net Income + Depreciation / Total Liabilities	0.15	0.15
10. Income Growth	Net Income Attributable to Owners of the Parent (Current Period) – Net Income Attributable to Owners of the Parent (Prior Period) – Net Income Attributable to Owners of the Parent (Prior Period)	91.77%	180.56%
11. Acid Test Ratio	Cash + Accounts Receivables + Marketable Securities / Current Liabilities	0.56	0.43
12. Interest Coverage Ratio	Earnings before Interest and Taxes / Interest Paid	7.05	5.09


Injap Investments Inc.
(Sia Family)
(35%)
Public Float
(30%)
Honeystar Holdings Corporation
(Tan & Ang Families)
(35%)
DoubleDragon
PROPERTIES CORP.
Listed in the Philippine Stock Exchange
CityMall Commercial Centers Inc.
DD HappyHomes Residential Centers Inc.
70%
DD Meridian Park Development Corp.
(70%)
DoubleDragon Property Management Corp.
(100%)
DoubleDragon Sales Corp.
(100%)
Hotel of Asia Inc.
70%
Robinsons DoubleDragon Corp.
DD Meridian Tower Corp.
Piccadilly Circle Landing Inc.
Green Coast Development PH Corp.
(70%)
Hotel 101 Management Corp.
Contemporain Development Corp.
Hotel 101 Worldwide Private Limited
(100%)

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii) (PhP)	Valued based on market quotation at end of reporting period (iii) (PhP)	Income received and accrued (PhP)
Cash and cash equivalents	N/A	6,700,927,921	6,700,927,921	72,711,978
Receivables	N/A	5,808,196,484	5,808,196,484	-
Due from related parties	N/A	55,150,000	55,150,000	-
Refundable deposits	N/A	156,179,147	156,179,147	-

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2019

Name and Designation of debtor (i)	Balance at beginning of period (PhP)	Additions (PhP)	Amounts collected (ii) (PhP)	Amounts written off (iii) (PhP)	Curren t (PhP)	Not Current (PhP)	Balance at end of period (PhP)
Receivables							
Injap Investments Inc.	42,062,820	-	42,062,820	-	-	-	-
Daythree Realty	55,000,000	-	-	-	55,000,000	-	55,000,000
Galleria Zamboanga, Inc. (Related Party)	150,000	-	-	-	150,000	-	150,000

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Name and Designation of debtor (i)	Balance at beginning of period (PhP)	Additions (PhP)	Amounts eliminated (ii) (PhP)	Amounts written off (iii) (PhP)	Current (PhP)	Not Current (PhP)	Balance at end of period (PhP)
Receivables/Advances							
CityMall Commercial Centers, Inc. (Subsidiary)	-	26,363,976,876	26,363,976,876	-	579,547,845	25,784,429,031	-
DD HappyHomes Residential Centers Inc. (*formerly Zion Land Development Ph Inc.*) (Subsidiary)	-	306,230,770	306,230,770	-	306,230,770	-	-
DD-Meridian Park Development Corp. (Subsidiary)	-	100,502,064	100,502,064	-	100,502,064	-	-
DoubleDragon Property Management Corp. (*formerly One Eleven Property Management Corp.*) (Subsidiary)	-	838,940,418	838,940,418	-	821,840,418	17,100,000	-
Prime DDG Commercial Centers Inc.	-	928,506,268	928,506,268	-	908,192,428	20,313,840	-
DoubleDragon Sales Corp. (Subsidiary)	-	568,847,322	568,847,322	-	382,797,322	186,050,000	-
Piccadilly Circus Landing Inc. (Subsidiary)	-	24,239,154	24,239,154	-	-	24,239,154	-
Iloilo-Guimars Ferry Terminal Corp.	-	45,926,725	45,926,725	-	45,926,725	-	-
CM-Mandalagan Bacolod, Inc. (Subsidiary)	-	311,194,555	311,194,555	-	311,194,555	-	-
CM-Goldenfields Bacolod, Inc. (Subsidiary)	-	339,853,089	339,853,089	-	339,853,089	-	-
CM-Tarlac McArthur, Inc. (Subsidiary)	-	218,775,128	218,775,128	-	212,012,271	6,762,857	-
CM-Danao Cebu, Inc. (Subsidiary)	-	35,386,719	35,386,719	-	15,386,719	20,000,000	-
CM-Dipolog Zamboanga, Inc. (Subsidiary)	-	201,559,174	201,559,174	-	201,559,174	-	-
CM-Northtown Davao, Inc. (Subsidiary)	-	204,441,876	204,441,876	-	204,441,876	-	-
Hotel of Asia, Inc. (Subsidiary)	-	279,687,195	279,687,195	-	279,687,195	-	-
Hotel 101 Management Corporation	-	191,923,487	191,923,487	-	191,923,487	-	-
CSI Hotels Incorporated (Subsidiary)	-	15,000,000	15,000,000	-	15,000,000	-	-
Centralhub Industrial Centers, Inc. (Subsidiary)	-	920,642,726	920,642,726	-	920,642,726	-	-
DD Meridian Tower Corp. (Subsidiary)	-	290,184,375	290,184,375	-	290,184,375	-	-
CM-Bunlo Bocaue, Inc. (Subsidiary)	-	57,681,722	57,681,722	-	18,396,008	39,285,714	-
CM-Roxas Avenue, Inc. (Subsidiary)	-	376,566,750	376,566,750	-	371,767,941	4,798,809	-
Green Coast Development PH Corp. (Subsidiary)	-	284,252	284,252	-	284,252	-	-
Hotel101 Worldwide Private Limited (Subsidiary)	-	2,652,631	2,652,631	-	2,652,631	-	-
Robinsons DD Corp. (Affiliate)	-	-	-	-	-	-	-

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
FOR THE YEAR ENDED DECEMBER 31, 2019

Title of Issue and type of obligation (i)	Amount authorized by indenture (PhP)	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii) (PhP)	Amount shown under caption "Long-Term Debt" in related balance sheet (iii) (PhP)
Loans	11,185,200,000	11,185,200,000	-
Notes	20,400,000,000	724,000,000	18,581,000,000
Bonds	15,000,000,000	-	15,000,000,000

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Name of related party (i)	Balance at beginning of period (PhP)	Balance at end of period (ii) (PhP)
Injap Investments Inc. (Parent Company)	419,737,049	429,944,449
Brickwall Construction and Development Corporation (Related Party)	-	-
Galleria Zamboanga, Inc. (Related Party)	383,281,305	383,281,305
ALN Group of Companies (Related Party)	9,239,154	7,239,154
Simon Paz (Related Party)	122,400,000	122,400,000
W2JP2 Corp. (Related Party)	45,458,000	45,458,000

The amount pertains to unsecured, non-interest bearing advances granted to and received from related parties for working capital requirements. These advances are generally settled within one year from the date of grant

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES
SCHEDULE F - GUARANTEES OF SECURITES OF OTHER ISSUERS
FOR THE YEAR ENDED DECEMBER 31, 2019

Name of issuing entity of securities guaranteed by the company for which	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)
N/A	N/A	N/A	N/A	N/A

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES
SCHEDULE G- CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2019

Title of Issue (i)	Number of Shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others(iii)
Common shares	5,000,000,000	2,367,528,600	9,850,000	1,658,745,790	8	708,782,810
Preferred shares	100,000,000	100,000,000	-	50,000	-	-
Treasury shares	-	5,572,000	-	-	-	-

RECONCILATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2019

DOUBLEDRAGON PROPERTIES CORP.
DD Headquarters, 10th Floor, Tower 1, DoubleDragon Plaza
DD Meridian Park Cor. Macapagal Ave. and Edsa extension
Bay Area Pasay City

Unappropriated Retained Earnings, beginning		**P1,330,026,253**
Adjustments:		
(see adjustments in previous year's reconciliation)		**(1,253,258,258)**
Unappropriated Retained Earnings, as adjusted, beginning		**76,767,995**
Add: **Net income actually earned/realized during the period**		
Net Income during the period closed to Retained Earnings	5,387,463,888	
Less: **Non-actual/unrealized income net of tax:**		
Equity in net income of associates	-	
Unrealized foreign exchange gain (except those attributable to Cash and Cash Equivalents)	-	
Unrealized actuarial gain (loss)	(1,877,880)	
Fair value adjustments (mark-to-market gains)	-	
Fair value adjustments of Investment Property resulting to gain	4,559,373,264	
Adjustment due to deviation from PFRS - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Sub-total	4,557,495,384	
Add: **Non-actual losses**		
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Sub-total	-	
Net Income actually earned during the period		**829,968,504**
Add (Less):		
Dividends declarations during the period	(647,780,000)	
Appropriations of Retained Earnings during the period	-	
Reversal of appropriations	-	
Effects of prior period adjustments	-	
Treasury shares	-	
Sub-Total		(647,780,000)
TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND		**P258,956,499**

DOUBLEDRAGON PROPERTIES CORP.
AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at March 31, 2020 and December 31, 2019 and
For the Three Months Ended March 31, 2020 and 2019

R.G. Manabat & Co.
The KPMG Center, 9/F
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Philippines 1226
Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
Email ph-inquiry@kpmg.com.ph

REPORT OF INDEPENDENT AUDITORS ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Board of Directors and Stockholders
DoubleDragon Properties Corp.
DD Meridian Park Bay Area
Corner Macapagal Avenue and EDSA Extension Boulevard
Brgy 76 Zone 10, San Rafael, Pasay City, Metro Manila

Opinion

We have reviewed the accompanying condensed consolidated interim financial statements of DoubleDragon Properties Corp. and Subsidiaries, which comprise the condensed consolidated interim statement of financial position as at March 31, 2020, and the condensed consolidated interim statements of comprehensive income, condensed consolidated interim statements of changes in equity and condensed consolidated interim statements of cash flows for the three months ended March 31, 2020 and 2019, and selected explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Philippine Accounting Standards (PAS) 34, Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Philippine Standards on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Philippine Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0004-FR-5, Group A, valid until November 15, 2020
IC Accreditation No. F-2017/010-R, valid until August 26, 2020

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of DoubleDragon Properties Corp. and Subsidiaries as at March 31, 2020 and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2020 and 2019 in accordance with PAS 34, *Interim Financial Reporting*.

Other Matter

We audited the consolidated financial statements of DoubleDragon Properties Corp. and Subsidiaries, as at and for the year ended December 31, 2019 and expressed an unqualified opinion thereon dated June 10, 2020.

Limitation of Use

The accompanying condensed consolidated interim financial statements were prepared solely for information and use by the management of DoubleDragon Properties and is not intended to be, and should not be used by anyone other than for the specified purpose.

R.G. MANABAT & CO.

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BIR Accreditation No. 08-001987-031-2019
Issued August 7, 2019; valid until August 6, 2022
PTR No. MKT 8116787
Issued January 2, 2020 at Makati City

July 10, 2020
Makati City, Metro Manila

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	**March 31, 2020 (Unaudited)**	December 31, 2019 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	*6*	**P5,308,297,531**	P6,700,927,921
Receivables - net	*7*	**6,477,873,323**	5,798,297,764
Inventories		**2,283,137,986**	2,169,314,462
Due from related parties		**55,150,000**	55,150,000
Prepaid expenses and other current assets - net	*8*	**5,202,316,489**	4,486,515,652
Total Current Assets		**19,326,775,329**	19,210,205,799
Noncurrent Assets			
Receivables - net of current portion		**8,796,887**	9,898,720
Property and equipment - net		**922,525,991**	951,538,774
Goodwill and intangible assets	*9*	**1,253,172,952**	1,237,911,379
Investment property	*10*	**90,696,036,685**	89,213,048,577
Right-of-use assets - net		**726,071**	862,209
Deferred tax assets		**541,968,296**	504,367,200
Other noncurrent assets		**2,570,331,369**	2,418,763,491
Total Noncurrent Assets		**95,993,558,251**	94,336,390,350
		P115,320,333,580	P113,546,596,149

	Note	**March 31, 2020 (Unaudited)**	December 31, 2019 (Audited)
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities		**P9,195,181,664**	P8,658,321,689
Short-term loans payable and current maturities of long-term notes payable, net of debt issue costs	*11*	**11,583,351,816**	12,015,344,351
Due to related parties		**988,322,908**	988,322,908
Customers' deposits		**495,408,942**	420,593,972
Dividends payable		**49,361,975**	151,578,047
Income tax payable		**70,100,115**	54,719,292
Total Current Liabilities		**22,381,727,420**	22,288,880,259
Noncurrent Liabilities			
Long-term notes payable - net of current maturities and debt issue costs	*11*	**18,530,507,505**	18,521,177,930
Bonds payable - net of bond issue costs	*11*	**14,850,767,944**	14,844,514,329
Lease liabilities - noncurrent portion		**1,394,443,469**	1,351,978,820
Deferred tax liabilities		**10,561,343,376**	10,312,452,220
Customers' deposits - net of current portion		**216,888,819**	215,641,847
Retirement benefits liability		**16,310,726**	16,310,726
Other noncurrent liabilities	*12*	**2,866,769,280**	2,076,864,921
Total Noncurrent Liabilities		**48,437,031,119**	47,338,940,793
Total Liabilities		**70,818,758,539**	69,627,821,052

Forward

	Note	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Equity Attributable to Equity Holders of the Parent Company			
Capital stock		**P10,237,310,060**	P10,237,310,060
Additional paid-in capital		**5,540,589,852**	5,540,589,852
Retained earnings	*15*	**15,088,546,460**	14,713,800,272
Treasury stock		**(167,160,000)**	(167,160,000)
Remeasurement loss on defined benefit liability - net of tax		**36,155**	36,155
		30,699,322,527	30,324,576,339
Non-controlling Interests		**13,802,252,514**	13,594,198,758
Total Equity		**44,501,575,041**	43,918,775,097
		P115,320,333,580	P113,546,596,149

See Notes to the Condensed Consolidated Interim Financial Statements.

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

		For the Three Months Ended March 31	
	Note	**2020**	2019 (As restated - Note 2)
INCOME			
Rent income		**P774,969,494**	P627,210,271
Real estate sales		**208,140,522**	178,998,493
Hotel revenues		**152,944,078**	142,782,772
Unrealized gains from changes in fair values of investment property	*2, 10*	**452,585,473**	1,479,424,630
Interest income	*6*	**20,223,078**	447,585
Income from forfeitures		**457,718**	148,824
Others	*6*	**305,288,527**	232,198,582
		1,914,608,890	2,661,211,157
COSTS AND EXPENSES			
Cost of real estate sales		**112,446,872**	105,903,632
Cost of hotel operations		**100,919,164**	124,700,049
Selling expenses		**63,219,858**	74,571,178
General and administrative expenses		**333,486,361**	474,514,744
Interest expense	*11*	**298,344,255**	136,856,604
		908,416,510	916,546,207
INCOME BEFORE INCOME TAX		**1,006,192,380**	1,744,664,950
INCOME TAX EXPENSE	*2, 13*	**261,447,436**	525,474,111
NET INCOME/TOTAL COMPREHENSIVE INCOME		**P744,744,944**	P1,219,190,839
Net income/total comprehensive income attributable to:			
Equity holders of the Parent Company		**P536,691,188**	P919,405,349
Non-controlling interest		**208,053,756**	299,785,490
		P744,744,944	P1,219,190,839
Earnings Per Share	*14*		
Basic		**P0.1583**	P0.3253
Diluted		**P0.1583**	P0.3188

See Notes to the Condensed Consolidated Interim Financial Statements.

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(UNAUDITED)

		Equity Attributable to Equity Holders of the Parent Company								
		Capital Stock								
	Note	Common Shares	Preferred Shares	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Remeasurement Loss on Defined Benefit Liability - net of tax	Total	Non-controlling Interests	Total Equity
As of January 1, 2020		**P237,310,060**	**P10,000,000,000**	**(P167,160,000)**	**P5,540,589,852**	**P14,713,800,272**	**P36,155**	**P30,324,576,339**	**P13,594,198,758**	**P43,918,775,097**
Net income for the period		**-**	**-**	**-**	**-**	**536,691,188**	**-**	**536,691,188**	**208,053,756**	**744,744,944**
Cash dividends declared	*15*	**-**	**-**	**-**	**-**	**(161,945,000)**	**-**	**(161,945,000)**	**-**	**(161,945,000)**
Balance as of March 31, 2020		**P237,310,060**	**P10,000,000,000**	**(P167,160,000)**	**P5,540,589,852**	**P15,088,546,460**	**P36,155**	**P30,699,322,527**	**P13,802,252,514**	**P44,501,575,041**
As of January 1, 2019		P237,310,060	P10,000,000,000	(P167,160,000)	P5,540,589,852	P6,529,613,470	P2,091,337	P22,142,444,719	P10,746,806,833	P32,889,251,553
Net income for the period (restated)		-	-	-	-	919,405,349	-	919,405,349	299,785,490	1,219,190,839
Dividends declared	*15*	-	-	-	-	(161,945,000)	-	(161,945,000)	-	(161,945,000)
Balance as of March 31, 2019		P237,310,060	P10,000,000,000	(P167,160,000)	P5,540,589,852	P7,287,073,819	P2,091,337	P22,899,905,069	P11,046,592,323	P33,946,497,392

See Notes to the Condensed Consolidated Interim Financial Statements.

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

		For the Three Months Ended March 31	
	Note	**2020**	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P1,006,192,380**	P1,744,664,950
Adjustments for:			
Unrealized gains from changes in fair values of investment property	*10*	**(452,585,473)**	(1,479,424,630)
Interest expense	*11*	**298,344,255**	136,856,604
Depreciation and amortization		**42,097,477**	36,330,721
Interest income	*6*	**(20,223,078)**	(447,585)
Operating income before working capital changes		**873,825,561**	437,980,060
Decrease (increase) in:			
Receivables		**(678,473,726)**	225,419,781
Inventories		**(113,823,524)**	51,135,569
Due from related parties			
Prepaid expenses and other current assets		**(715,800,837)**	10,993,322
Increase (decrease) in:			
Accounts payable and other current liabilities		**704,169,439**	847,805,381
Customers' deposits		**76,061,942**	145,207,460
Cash generated from operations		**145,958,855**	1,718,541,573
Interest received		**20,223,078**	254,415
Interest paid		**(755,841,816)**	(465,103,327)
Income tax paid		**(34,776,553)**	(55,450,343)
Net cash provided by (used in) operating activities		**(624,436,436)**	1,198,242,318
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment		**(5,477,906)**	(5,768,513)
Intangible assets		**(22,732,223)**	(750,000)
Investment property		**(682,166,699)**	(1,824,945,662)
Increase in other noncurrent assets		**(151,567,878)**	(132,132,151)
Net cash used in investing activities		**(861,944,706)**	(1,963,596,326)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of notes, net of debt issue costs		**15,000,000**	3,547,300,000
Payments of:			
Notes		**(446,992,535)**	(3,014,850,398)
Dividends		**(264,161,072)**	(161,945,000)
Increase in other noncurrent liabilities		**789,904,359**	199,295,054
Net cash provided by financing activities		**93,750,752**	569,799,656
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,392,630,390)**	(195,554,352)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**6,700,927,921**	626,648,679
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**P5,308,297,531**	P431,094,327

See Notes to the Condensed Consolidated Interim Financial Statements.

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Reporting Entity

DoubleDragon Properties Corp., (“DD” or the “Parent Company”), was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 9, 2009 primarily to engage in the business of real estate development including but not limited to residential and condominium projects, to acquire by purchase or lease land and interest in land, to own, hold, impose, promote, develop, subdivide and manage any land owned, held or occupied by the Parent Company, to construct, manage or administer buildings such as condominiums, apartments, hotels, restaurants, stores or other structures and to mortgage, sell, lease or otherwise dispose of land, interests in land and buildings or other structures at any time.

The Parent Company’s shares are listed in the Philippine Stock Exchange (“PSE”) on April 7, 2014 under the stock symbol “DD”.

The Parent Company’s registered office address is at 10th Floor, DoubleDragon Plaza, DD Meridian Park Bay Area, Corner Macapagal Avenue and EDSA Extension Boulevard, Brgy. 76 Zone 10, San Rafael, Pasay City, Metro Manila.

2. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended December 31, 2019. The condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements in accordance with Philippine Financial Reporting Standards (PFRS), and should be read in conjunction with the audited consolidated financial statements of DoubleDragon Properties Corp. and Subsidiaries (collectively referred to as the “Group”) as at and for the year ended December 31, 2019. The audited consolidated financial statements are available upon request from the Group’s registered office at DD Meridian Park Bay Area, Corner Macapagal Avenue and EDSA Extension Boulevard, Brgy. 76 Zone 10, San Rafael, Pasay City, Metro Manila.

The condensed consolidated interim statements of comprehensive income for the three months ended March 31, 2019 was restated as a result of the adoption of PFRS 16, Leases. The adoption resulted to a recognition of unrealized gains from changes in fair values of investment property amounting to P217.29 million and deferred tax expense amounting to P65.19 million. The restatement has no impact on the consolidated interim statements of cash flows for the three months ended March 31, 2019.

The condensed consolidated interim financial statements were prepared solely for the information and use by the management of DD and is not intended to be, and should not be used by anyone other than for the specified purpose.

The condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors (BOD) on June 26, 2020.

The condensed consolidated interim financial statements are presented in Philippine peso and all values are rounded off to the nearest peso, except when otherwise indicated.

3. Summary of Significant Accounting Policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2019. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending December 31, 2020.

Amended Standards Adopted in 2020
The Group has adopted the following PFRS effective January 1, 2020 and accordingly, changed its accounting policies in the following areas:

- Amendments to References to Conceptual Framework in PFRS sets out amendments to PFRS, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes: (a) a new chapter on measurement; (b) guidance on reporting financial performance; (c) improved definitions of an asset and a liability, and guidance supporting these definitions; and (d) clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

  Some standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements adopted by the IASB in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

- Definition of a Business (Amendments to PFRS 3, *Business Combinations*). The amendments narrowed and clarified the definition of a business. The amendments also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments: (a) confirmed that a business must include inputs and a process, and clarified that the process must be substantive and the inputs and process must together significantly contribute to creating outputs; (b) narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and (c) added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

- Definition of Material (Amendments to PAS 1, *Presentation of Financial Statements,* and PAS 8, *Accounting Policies*, *Changes in Accounting Estimates and Errors*). The amendments refine the definition of what is considered material. The amended definition of what is considered material states that such 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, which provide financial information about a specific reporting entity. The amendments clarify the definition of what is considered material and its application by: (a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence'; (b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition; (c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework; (d) clarifying the explanatory paragraphs accompanying the definition; and (e) aligning the wording of the definition of what is considered material across PFRS and other publications. The amendments are expected to help entities make better materiality judgments without substantively changing existing requirements.

Except as otherwise indicated, the adoption of these foregoing amended standards did not have a material effect on the condensed consolidated interim financial statements.

New and Amended Standards and Interpretation Not Yet Adopted
A number of new and amended standards and interpretations are effective for annual periods beginning after January 1, 2020 and have not been applied in preparing the condensed consolidated interim financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the condensed consolidated interim financial statements.

The Group will adopt the following new and amended standards and interpretation on the respective effective dates:

- Interest Rate Benchmark Reform *(*Amendments to PFRS 9*,* PAS 39*, Financial Instruments: Recognition and Measurement* and PFRS 7*, Financial Instruments: Disclosures)*. The amendments provide temporary exceptions to all hedging relationships directly affected by interest rate benchmark reform - the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board's July 2014 report 'Reforming Major Interest Rate Benchmarks'. The exceptions relate to the following requirements:

    - *The Highly Probable Requirement.* When determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.

    - *Prospective Assessments.* When performing prospective assessments, a company shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.

- *PAS 39 Retrospective Assessment.* An entity is not required to undertake the PAS 39 retrospective assessment for hedging relationships directly affected by the reform. However, the entity must comply with all other PAS 39 hedge accounting requirements, including the prospective assessment.

- *Separately Identifiable Risk Components*. For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at the inception of such hedging relationships.

An entity shall cease applying the exceptions when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows or the hedging relationship is discontinued. End of application does not apply to the test for separately identifiable risk components.

Specific disclosure requirements apply to hedging relationships affected by the amendments including information about the significant interest rate benchmarks, extent of risk exposure directly affected by the reform, how the entity manages the process to transition to alternative benchmark rates, significant assumptions and judgements made in applying the exceptions, and the nominal amount of the hedging instruments in those hedging relationships.

Originally, the amendments apply for annual reporting periods beginning on or after January 1, 2020, with early application permitted. However, The amendments are still subject to the approval by the FRSC.

Deferral of the local implementation of Amendments to PFRS 10*, Consolidated Financial Statements,* and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10 and PAS 28). The amendments address an inconsistency in the requirements in PFRS 10 and PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

  Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. However, on January 13, 2016, the FRSC decided to postpone the effective date until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Use of Judgments and Estimates

In preparing the condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those the applied to the consolidated financial statements as at and for the year ended December 31, 2019.

5. Segment Information

Operating Segments

The reporting format of the Group's operating segments is determined based on the Group's risks and rates of return which are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products produced and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's reportable segments are real estate development, leasing, and hospitality. The real estate development segment is engaged in the development of real estate assets to be held as trading inventory and for sale. This segment was developed as part of the Group's tactical approach to early stage growth, as part of that plan we will be transitioning out of this segment once the current inventory has been fully sold. The leasing and hospitality segments which are focused in recurring revenue will be the core pillars of the Group's growth plans moving forward. The leasing segment is engaged in the acquisition and/or development of real estate assets in the retail, office and industrial sector that are held for rentals. The hospitality segment is engaged in the acquisition and/or development of hotels which will be managed and operated the Group. The hospitality segment includes the development of a homegrown hotel brand with a unique sale-and-manage business model.

Others pertain to the segments engaged in marketing, property management activities and hotel operations.

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 profit or loss and is measured consistently with the operating profit or loss in the consolidated financial statements.

The Group has three significant reportable segments for 2020 and 2019, namely the real estate development, leasing, and hospitality. Leasing segment is presented into three sub-segments, which composed of retail, office and industrial.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables, real estate inventories, prepaid expenses and other current assets, property and equipment and computer software licenses, net of accumulated depreciation and amortization, investment property and other noncurrent assets. Segment liabilities include all operating liabilities and consist primarily of accounts payable and other current liabilities, customers' deposits and other noncurrent liabilities. Segment assets and liabilities do not include deferred taxes.

Inter-segment Transactions

Segment revenues, expenses and performance include sales and purchases between operating segments. Inter-segment transactions are set on an arm's length basis similar to transactions with nonrelated parties.

Major Customer

The Group does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenues of the Group.

Operating Segments

Analyses of financial information by business segment follow:

March 31, 2020

	Real Estate Development	Retail Leasing	Office Leasing	Industrial Leasing	Hospitality	Others	Eliminations	Consolidated
Revenue								
External revenues	**P208,140,522**	**P629,882,748**	**P601,063,705**	**P3,028,646**	**P149,238,246**	**P323,255,023**	**P -**	**P1,914,608,890**
Inter-segment	**-**	**24,896,651**	**67,927,291**	**-**	**3,705,831**	**1,291,006,729**	**(1,387,536,502)**	**-**
Total Revenue	**P208,140,522**	**P654,779,399**	**P668,990,996**	**P3,028,646**	**P152,944,077**	**P1,614,261,752**	**(P1,387,536,502)**	**P1,914,608,890**
Segment Results	**P57,239,575**	**P260,702,697**	**P432,999,341**	**P1,844,070**	**P35,915,189**	**P811,791,609**	**(P855,747,537)**	**P744,744,944**
Total Comprehensive Income Attributable to								
Equity holders of the Parent	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	**P536,691,188**
Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**208,053,756**
	P -	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	**P744,744,944**
Segment Assets	**P9,851,209,882**	**P51,504,661,294**	**P50,827,347,458**	**P1,389,026,126**	**P1,102,826,570**	**P52,645,356,628**	**(P52,542,062,674)**	**P114,778,365,284**
Segment Liabilities	**P4,197,997,486**	**P52,967,145,106**	**P23,927,625,991**	**P1,578,605,791**	**P1,567,933,398**	**P6,615,129,029**	**(P30,597,021,637)**	**P60,257,415,164**
Other Information								
Capital expenditures	**P490,650,306**	**P122,246,993**	**P183,526,666**	**P28,655,940**	**P86,510,777**	**P28,393**	**P -**	**P911,619,075**
Depreciation and amortization	**P35,687,089**	**P10,972,961**	**P1,662,490**	**P -**	**P7,617,374**	**P285,680**	**(P14,128,116)**	**P42,097,478**

December 31, 2019

	Real Estate Development	Retail Leasing	Office Leasing	Industrial Leasing	Hospitality	Others	Eliminations	Consolidated
Revenue								
External revenues	P1,817,725,603	P2,409,038,264	P14,306,480,068	P61,318,139	P678,196,291	P930,956,581	P -	P20,203,714,946
Inter-segment	-	644,614,645	81,858,010	30,652,671	21,332,055	2,969,010,391	(3,747,467,772)	-
Total Revenue	P1,817,725,603	P3,053,652,909	P14,388,338,078	P91,970,810	P699,528,346	P3,899,966,972	(P3,747,467,772)	P20,203,714,946
Segment Results	P613,768,310	P808,988,653	P9,950,073,762	P63,956,606	P134,106,774	(P100,172,929)	(P825,645,080)	P10,645,076,096
Total Comprehensive Income Attributable to								
Equity holders of the Parent	P -	P -	P -	P -	P -	P -	P -	P8,831,966,802
Non-controlling interests	-	-	-	-	-	-	-	1,813,109,294
	P -	P -	P -	P -	P -	P -	P -	P10,645,076,096
Segment Assets	P9,032,379,950	P51,499,719,872	P50,456,949,355	P1,205,009,893	P944,630,799	P38,720,685,250	(P38,817,146,170)	P113,042,228,949
Segment Liabilities	P3,902,835,703	P47,894,721,125	P21,704,676,684	P1,646,824,693	P1,113,454,181	P21,255,104,954	(P38,202,248,508)	P59,315,368,832
Other Information								
Capital expenditures	P2,206,639,093	P12,983,040,470	P2,258,937,021	P210,516,089	P3,325,556	P14,432,871	P -	P17,676,891,100
Depreciation and amortization	P72,727,949	P62,109,041	P -	P -	P7,923,491	P19,406,635	P22,702,742	P184,869,858

Capital expenditures on noncurrent assets represent additions to property and equipment, computer software licenses, intangible assets and investment property. Noncash expenses pertain to depreciation and amortization expense attributable to the reportable segments.

The Group has only one geographical segment, which is the Philippines.

6. Cash and Cash Equivalents

This account consists of:

	Note	**March 31, 2020**	December 31, 2019
Cash on hand		**P10,236,831**	P17,725,576
Cash in banks	*16*	**2,693,360,217**	2,579,271,789
Short-term placements	*16*	**2,604,700,483**	4,103,930,556
		P5,308,297,531	P6,700,927,921

Cash in banks earn annual interest at the respective bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn annual interest at the respective short-term placement rates. Total interest income from cash in banks and short-term placements amounted to P20.22 million and P0.45 million for the three months ended March 31, 2020 and 2019, respectively.

7. Receivables

This account consists of:

	Note	**March 31, 2020**	December 31, 2019
Installment contracts receivable		**P2,379,672,454**	P2,318,092,595
Rent receivable		**2,761,536,588**	2,007,568,219
Receivables from:			
Contractors		**159,428,052**	160,735,277
Tenants		**381,435,756**	470,729,493
Condominium corporation and unit owners		**88,149,637**	88,504,431
Hotel operations		**77,575,005**	80,753,598
Leasehold rights' buyers		**346,848,421**	347,805,441
Advances to employees		**37,947,806**	37,089,867
Others		**248,107,053**	289,846,292
		6,480,700,772	5,801,125,213
Less allowance for impairment loss		**2,827,449**	2,827,449
	16	**P6,477,873,323**	P5,798,297,764

Rent receivable pertains to receivables arising from the lease of commercial and office spaces relating to the Group's CityMall, CentralHub and DD Meridian Park operations. These are generally collectible within 30 days.

CUSA and interest and penalties charged to tenant, recognized under "Others" in the condensed consolidated interim statements of comprehensive income, amounted to P168.26 million and P122.40 million for the three months ended March 31, 2020 and 2019, respectively. Other income also includes advertising income, retail and restaurant sales and other charges, which is composed of individually immaterial balances.

8. Prepaid Expenses and Other Current Assets - net

This account consists of:

	Note	**March 31, 2020**	December 31, 2019
Input VAT - net		**P3,510,386,788**	P3,222,485,799
Advances to contractors and suppliers		**383,656,255**	389,054,790
Creditable withholding taxes		**219,304,145**	183,658,258
Prepaid expenses:			
Taxes		**800,243,834**	546,178,618
Rent		**10,285,690**	13,165,660
Commission		**5,827,980**	5,827,980
Insurance		**9,369,585**	5,739,556
Others		**50,698,748**	48,538,351
Refundable deposits	*16*	**14,187,703**	8,222,852
Other current assets		**198,355,761**	63,643,788
		P5,202,316,489	P4,486,515,652

9. Goodwill and Intangible Assets

This account consists of:

	March 31, 2020	December 31, 2019
Hotel101 brand	**P664,300,000**	P664,300,000
Goodwill	**350,377,742**	350,377,742
Franchise rights	**101,610,130**	101,707,340
Advertising production cost	**57,898,711**	61,078,447
Computer software licenses - net	**48,439,673**	29,583,136
Concession right	**29,226,852**	29,544,870
Others	**1,319,844**	1,319,844
	P1,253,172,952	P1,237,911,379

The recoverable amount of the cash-generating unit was determined to be higher than its carrying amount as at March 31, 2020 and December 31, 2019. Hence, management assessed that there is no impairment loss in the value of goodwill for the three months ended March 31, 2020 and 2019.

10. Investment Property

This account consists of:

	March 31, 2020	December 31, 2019
Land	**P20,930,838,090**	P20,553,635,372
Building	**57,748,814,433**	57,431,618,461
Right-of-use assets - land	**1,577,424,088**	1,469,745,626
Construction in progress	**10,438,960,074**	9,758,049,118
	P90,696,036,685	P89,213,048,577

The following table provides the fair value hierarchy of the Group's investment property as at March 31, 2020 and December 31, 2019:

		Level 2	
	Date of Valuation	**March 31, 2020**	December 31, 2019
Land	Various	**P20,930,838,090**	P20,553,635,372
Commercial	Various	**40,406,727,381**	39,477,222,300
Corporate/office	Various	**29,358,471,214**	29,182,190,905
		P90,696,036,685	P89,213,048,577

The Group recognized unrealized gains from changes in fair values of investment property amounting to P452.59 million and P1.48 billion for the three months ended March 31, 2020 and 2019, respectively.

Capitalized borrowing costs amounted to P457.31 million and P328.25 million for the three months ended March 31, 2020 and 2019 using 5.97% - 6.25% and 5.97% - 6.48% as capitalization rates, respectively.

11. Short-term and Long-term Debts

Notes Payable
Details of the account are as follows:

	March 31, 2020	December 31, 2019
Balance at beginning of the year	**P30,639,339,326**	P20,661,416,742
Availments	**15,000,000**	10,655,100,000
Payments	**(446,992,535)**	(677,177,416)
	30,207,346,791	30,639,339,326
Less short-term notes and current portion of long-term notes	**11,583,351,816**	12,015,344,351
Noncurrent portion	**18,623,994,975**	18,623,994,975
Less unamortized debt issue costs	**93,487,470**	102,817,045
	P18,530,507,505	P18,521,177,930

The long-term debt agreements contain, among others, covenants relating to maintenance of certain financial ratios, working capital requirements, restrictions on loans and guarantees, disposal of a substantial portion of assets, capital expenditures, significant changes in the ownership, payments of dividends and redemption of capital stock.

The Group is in compliance with the covenants of the debt agreements as at March 31, 2020 and December 31, 2019.

Bonds Payable
Details of the account are as follows:

	Note	**March 31, 2020**	December 31, 2019
Balance at beginning and end of year		**P15,000,000,000**	P15,000,000,000
Less unamortized debt issue costs		**149,232,056**	155,485,671
	16	**P14,850,767,944**	P14,844,514,329

Total interest expense, exclusive of the capitalized borrowing costs, recognized in profit or loss amounted to P298.34 million and P136.86 million for the three months ended March 31, 2020 and 2019, respectively. Total capitalized borrowing costs charged under “Real estate inventories” and “Investment property” accounts amounted to P348.24 million and P1.89 billion as at March 31, 2020 and December 31, 2019, respectively (Note 10).

12. Other noncurrent liabilities

This account consists of:

	March 31, 2020	December 31, 2019
Security deposits - net of current	**P1,497,505,965**	P906,647,210
Unearned rent income	**527,023,002**	592,300,747
Deferred output VAT - net	**842,240,313**	559,161,187
Accrued rent expense	**-**	18,755,777
	P2,866,769,280	P2,076,864,921

13. Income Taxes

Income tax expense (benefit) consists of:

	For the Three Months Ended March 31	
	2020	2019 (As restated - Note 2)
Current	**P50,157,376**	P43,538,214
Deferred	**211,290,060**	481,935,897
	P261,447,436	P525,474,111

The reconciliation of the income tax expense computed at the statutory income tax rate to the actual income tax expense as shown in profit or loss is as follows:

	For the Three Months Ended March 31	
	2020	2019
Income before income tax	**P1,006,192,380**	P1,744,664,950
Income tax at the statutory income tax rate	**P301,857,714**	P523,399,485
Income tax effects of:		
Nondeductible expenses (nontaxable income) - net	**(34,343,355)**	2,332,984
Interest income subjected to final tax	**(6,066,923)**	(258,358)
	P261,447,436	P525,474,111

14. Basic and Diluted Earnings Per Share

Basic and diluted earnings per share for the three months ended March 31, 2020 and 2019 are computed as follows:

	For the Three Months Ended March 31	
	2020	2019 (As restated - Note 2)
Net income attributable to equity holders of the Parent Company	**P536,691,188**	P919,405,349
Dividends on preferred shares for the period	**(161,945,000)**	(161,945,000)
Net income attributable to common shareholders of the Parent Company (a)	**P374,746,188**	P757,460,349
Weighted average number of common shares outstanding (b)	**2,367,528,600**	2,328,265,437
Dilutive shares arising from stock options	**-**	48,116,496
Adjusted weighted average number of common shares for diluted EPS (c)	**2,367,528,600**	2,376,381,933
Basic earnings per common share attributable to equity holders of the Parent Company (a/b)	**P0.1583**	P0.3253
Diluted earnings per common share attributable to equity holders of the Parent Company (a/c)	**P0.1583**	P0.3188

15. Equity

Retained Earnings

The summary of dividend declarations of the Parent Company is as follows:

Type of Dividend	Share Class	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share	Total
Regular Cash Dividend	Preferred	March 22, 2019	April 5, 2019	April 15, 2019	1.61945	161.95 million
Regular Cash Dividend	Preferred	June 19, 2019	July 3, 2019	July 15, 2019	1.61945	161.95 million
Regular Cash Dividend	Preferred	September 16, 2019	September 30, 2019	October 14, 2019	1.61945	161.95 million
Regular Cash Dividend	Preferred	December 10, 2019	December 26, 2019	January 14, 2020	1.61945	161.95 million
Regular Cash Dividend	Preferred	March 22, 2020	April 5, 2020	April 15, 2020	1.61945	161.95 million

Dividends of Subsidiaries

The summary of cash dividend declarations of the subsidiaries is as follows:

Subsidiary	Share Class	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share	Total
CMGBI	Common	May 15, 2019	April 30, 2019	June 28, 2019	0.0647	22.12 million
DDMPDC	Common	May 15, 2019	April 30, 2019	May 15, 2019	0.0122	217.14 million
CMMBI	Common	June 30, 2019	June 30, 2019	July 19, 2019	3.8500	25.68 million
CMDCI	Common	July 15, 2019	June 30, 2019	July 19, 2019	0.0181	9.64 million
DDMPDC	Common	August 16, 2019	June 30, 2019	August 16, 2019	0.0133	237.46 million
DDMPDC	Common	November 18, 2019	September 30, 2019	November 18, 2019	0.0186	331.59 million
DDMPDC	Common	December 28, 2019	December 28, 2019	April 15. 2020	0.0257	458.17 million
CMDZI	Common	February 4, 2020	January 31, 2020	February 11, 2020	0.049	26.37 million
CMTMI	Common	March 2, 2020	February 28, 2020	March 4, 2020	0.047	28.83 million

16. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Interest Rate Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

The main purpose of the Group's dealings in financial instruments is to fund its respective operations and capital expenditures.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The BOD has established the Executive Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee identifies all issues affecting the operations of the Group and reports regularly to the BOD on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. All risks faced by the Group are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Group's operations and forecasted results. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's principal financial assets include cash and cash equivalents, receivables, due from related parties and refundable deposits. These financial assets are used to fund the Group's operations and capital expenditures.

Credit Risk

Credit risk represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations. The risk arises principally from the Group's cash and cash equivalents, receivables, due from related parties and refundable deposits. The objective is to reduce the risk of loss through default by counterparties.

In respect of installments contracts receivable, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. Customer payments are facilitated by post-dated checks. Exposure to bad debts is not significant as titles to real estate properties are not transferred to the buyers until full payment has been made. There are no large concentrations of credit risk given the Group's diverse customer base.

Credit risk arising from rent receivable is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group’s credit risk exposure in case of defaults by the tenants. For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting period follows:

	Note	**March 31, 2020**	December 31, 2019
Cash and cash equivalents*	*6*	**P5,298,060,700**	P6,683,202,345
Receivables**	*7*	**6,486,670,210**	5,808,196,484
Due from related parties		**55,150,000**	55,150,000
Refundable deposits***	*8*	**463,633,887**	156,179,147
		P12,303,514,797	P12,702,727,976

**Excluding “Cash on hand” account.*
*** This includes both current and noncurrent portions of the account.*
**** This is presented as part of “Prepaid expenses and other current assets - net” and “Other noncurrent assets” accounts.*

The table below presents the Group’s exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

March 31, 2020	**Financial Assets at Amortized Cost**			
	12-month ECL	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit impaired**	**Total**
Cash and cash equivalents (excluding cash on hand)	**P5,298,060,700**	**P -**	**P -**	**P5,298,060,700**
Receivables*	**1,261,916,725**	**5,224,753,485**	**2,827,449**	**6,489,497,659**
Due from related parties	**55,150,000**	**-**	**-**	**55,150,000**
Refundable deposits**	**463,633,887**	**-**	**-**	**463,633,887**
	P7,078,761,312	**P5,224,753,485**	**P2,827,449**	**P12,306,342,246**

** This includes both current and noncurrent portions of the account.*
*** This is presented as part of “Prepaid expenses and other current assets - net” and “Other noncurrent assets” accounts*

December 31, 2019	Financial Assets at Amortized Cost			
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Cash and cash equivalents (excluding cash on hand)	P6,683,202,345	P -	P -	P6,683,202,345
Receivables*	1,402,913,338	4,405,283,146	2,827,449	5,811,023,933
Due from related parties	55,150,000	-	-	55,150,000
Refundable deposits**	156,179,147	-	-	156,179,147
	P8,297,444,830	P4,405,283,146	P2,827,449	P12,705,555,425

** This includes both current and noncurrent portions of the account.*
*** This is presented as part of “Prepaid expenses and other current assets - net” and “Other noncurrent assets” accounts.*

The following is the aging analysis per class of financial assets as at December 31:

March 31, 2020	**Neither Past Due nor Impaired**	**Past Due but not Impaired 1 to 30 Days**	**31 to 60 Days**	**More than 60 Days**	**Impaired**	**Total**
Cash and cash equivalents	**P5,298,060,700**	**P -**	**P -**	**P -**	**P -**	**P5,298,060,700**
Receivables*	**4,665,951,589**	**407,456,177**	**188,819,085**	**1,224,443,359**	**2,827,449**	**6,489,497,659**
Due from related parties	**55,150,000**	**-**	**-**	**-**	**-**	**55,150,000**
Refundable deposits**	**463,633,887**	**-**	**-**	**-**	**-**	**463,633,887**
	P10,482,796,176	**P407,456,177**	**P188,819,085**	**P1,224,443,359**	**P2,827,449**	**P12,306,342,246**

** This includes both current and noncurrent portions of the account.*
*** This is presented as part of “Prepaid expenses and other current assets - net” and “Other noncurrent assets” accounts.*

December 31, 2019	Neither Past Due nor Impaired	Past Due but not Impaired 1 to 30 Days	31 to 60 Days	More than 60 Days	Impaired	Total
Cash and cash equivalents*	P6,683,202,345	P -	P -	P -	P -	P6,683,202,345
Receivables**	4,060,139,030	280,468,412	206,134,413	1,261,454,629	2,827,449	5,811,023,933
Due from related parties	55,150,000	-	-	-	-	55,150,000
Refundable deposits***	156,179,147	-	-	-	-	156,179,147
	P10,954,670,522	P280,468,412	P206,134,413	P1,261,454,629	P2,827,449	P12,705,555,425

** This includes both current and noncurrent portions of the account.*
*** This is presented as part of “Prepaid expenses and other current assets - net” and “Other noncurrent assets” accounts.*

The following is the credit quality of the Group’s financial assets:

	Note	**March 31, 2020 High Grade**	**Medium Grade**	**Low Grade**	**Total**
Cash and cash equivalents*	*6*	**P5,298,060,700**	**P -**	**P -**	**P5,298,060,700**
Receivables**	*7*	**5,646,001,548**	**702,365,925**	**138,302,737**	**6,486,670,210**
Due from related parties		**55,150,000**	**-**	**-**	**55,150,000**
Refundable deposits***		**463,633,887**	**-**	**-**	**463,633,887**
		P11,462,846,135	**P702,365,925**	**P138,302,737**	**P12,303,514,797**

**Excluding “Cash on hand” account.*
***This includes both current and noncurrent portions of the account.*
****This is presented as part of “Prepaid expenses and other current assets - net” and “Other noncurrent assets” accounts.*

	Note	December 31, 2019 High Grade	Medium Grade	Low Grade	Total
Cash and cash equivalents*	*6*	P6,683,202,345	P -	P -	P6,683,202,345
Receivables**	7	4,568,306,329	635,778,428	604,111,727	5,808,196,484
Due from related parties		55,150,000	-	-	55,150,000
Refundable deposits***		156,179,147	-	-	156,179,147
		P11,462,837,821	P635,778,428	P604,111,727	P12,702,727,976

**Excluding “Cash on hand” account.*
***This includes both current and noncurrent portions of the account.*
****This is presented as part of “Prepaid expenses and other current assets - net” and “Other noncurrent assets” accounts.*

The Group assessed the credit quality of unrestricted cash as high grade since this is deposited with reputable banks with low probability of insolvency.

Receivables assessed as high grade pertains to receivable from buyer that had no default in payment; medium grade pertains to receivable from buyer who has history of being 181 to 360 days past due; and low grade pertains to receivable from buyer who has history of being over 360 days past due. Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. The Group performs credit investigation and evaluation of each buyer to establish paying capacity and creditworthiness. The Group will assess the collectibility of its receivables and provide a corresponding allowance provision once the account is considered impaired.

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The credit risk for due from related parties and refundable deposits is considered negligible as these are mainly from related parties and Companies that are generally financially stable.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risks by forecasting projected cash flows and maintaining balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		March 31, 2020				
	Note	**Carrying Amount**	**Contractual Cash Flow**	**1 Year or Less**	**1 Year - 5 Years**	**More than 5 Years**
Financial Liabilities						
Accounts payable and other current liabilities*		**P8,585,757,268**	**P8,585,757,268**	**P8,585,757,268**	**P -**	**P -**
Due to related parties		**988,322,908**	**988,322,908**	**988,322,908**	**-**	**-**
Dividends payable		**49,361,975**	**49,361,975**	**49,361,975**	**-**	**-**
Notes payable**	*11*	**30,113,859,321**	**34,077,460,827**	**13,147,923,813**	**20,929,537,014**	**-**
Bonds payable	*11*	**14,850,767,944**	**19,813,198,196**	**684,217,544**	**13,272,430,699**	**5,856,549,953**
Other noncurrent liabilities		**1,497,505,965**	**1,497,505,965**	**-**	**1,497,505,965**	**-**
Lease liabilities		**1,394,443,469**	**3,291,730,911**	**97,529,047**	**413,894,955**	**2,780,306,909**

** Excluding statutory obligations and unearned rent income account.*
*** This includes both current and noncurrent portions of the account.*

		As at December 31, 2019				
	Note	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years
Financial Liabilities						
Accounts payable and other current liabilities*		P8,056,885,716	P8,056,885,716	P8,056,885,716	P -	P -
Due to related parties		988,322,908	988,322,908	988,322,908	-	-
Dividends payable		151,578,047	151,578,047	151,578,047	-	-
Notes payable**	*11*	30,536,522,281	34,468,475,638	13,531,485,577	20,936,990,061	-
Bonds payable	*11*	14,844,514,329	20,041,779,439	912,798,787	13,194,179,600	5,934,801,052
Other noncurrent liabilities*		925,402,987	925,402,987	-	925,402,987	-
Lease liabilities		1,353,778,904	3,216,556,358	90,096,096	493,930,943	2,632,529,319

** Excluding statutory obligations and unearned rent income account.*
*** This includes both current and noncurrent portions of the account.*

Interest Rate Risk

The Group interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. The Group has short-term and long-term bank borrowings with fixed interest rates. Therefore, the Group is not subject to the effect of changes in interest rates.

Fair Values

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents/Due from Related Parties/Accounts Payable and Other Current Liabilities/Due to Related Parties

The carrying amounts of cash and cash equivalents, due from related parties, refundable deposits, accounts payable and other current liabilities, short-term notes payable and due to related parties approximate their fair values due to the relatively short-term nature of these financial instruments.

Receivables
The fair values of installment contract receivable and receivables from leasehold rights' buyers from are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The fair value of other receivables is approximately equal to their carrying amounts due to the short-term nature of the financial assets.

Refundable Deposits/Lease Liabilities/Security Deposits
Refundable deposits, lease liabilities and security deposits are reported at their present values, which approximate the cash amounts that would fully satisfy the obligations as at reporting date.

Short-term Notes Payable/Long-term Notes Payable/Bonds Payable
The fair value of the interest-bearing fixed-rate short-term and long-term debts is based on the discounted value of expected future cash flows using the applicable market rates for similar types of loans as of reporting date.

Capital Management
The Group's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flows to selective investments. The Group sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The BOD monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The BOD also monitors the level of dividends to shareholders.

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid-in capital and retained earnings. There were no changes in the Group's approach to capital management as at March 31, 2020 and December 31, 2019. The Group is not subject to externally-imposed capital requirements.

17. Impact of Corona Virus Disease

On March 8, 2020, under Proclamation 922, the Office of the President has declared a state of public health emergency and subsequently on March 16, 2020, under Proclamation 929, a state of calamity throughout the Philippines due to the spread of the Corona Virus Disease (COVID-19). To manage the spread of the disease, the entire Luzon has been placed under an Enhanced Community Quarantine (ECQ), effective from March 17, 2020 until April 12, 2020, which was subsequently extended to May 15, 2020, which involved several measures including travel restrictions, home quarantine and temporary suspension or regulation of business operations, among others, limiting activities related to the provision of essential goods and services. ECQ was likewise imposed in provinces outside the island of Luzon as imposed by their respective local government unit. On May 16, 2020, the ECQ was downgraded to Modified Enhanced Community Quarantine (MECQ) in Metro Manila and to General Community Quarantine (GCQ) in most provinces. On June 1, 2020, the MECQ in Metro Manila was shifted to GCQ. As at July 10, 2020, community quarantine restrictions of varying degrees remain in place throughout the country.

Despite this challenging business environment, the Group does not foresee any going concern issue affecting its business operations and considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its consolidated financial position and performance as at and for the three months ended March 31, 2020.

During ECQ, the Group implemented work from home arrangement for all its employees; thus, except for construction, the Group continued to carry out its skeletal business operations. Nevertheless, the Group believes that the business model for its core pillars that is the provincial retail leasing, office leasing, industrial leasing and hotels, and the geographic presence of the Group's projects across the country mitigated the risks and impact of the community quarantines.

The extent of the consequences, including the financial effect to the Group after December 31, 2019 will depend on certain developments, including the duration of the spread of COVID-19, impact on the Group's customers, tenants, suppliers, contractors and accessibility and effectiveness of government support programs, all of which are uncertain and cannot be reliably determined as at July 10, 2020.

COVER SHEET

C S 2 0 0 9 3 0 3 5 4

S.E.C. Registration Number

D O U B L E D R A G O N P R O P E R T I E S C O R P .

A N D S U B S I D I A R I E S

(F o r m e r l y I n j a p L a n d

C o r p o r a t i o n)

(Company's Full Name)

D D M E R I D I A N P A R K A R E A C O R .

M A C A P A G A L A V E . A N D E D S A E X T .

B L V D . S A N R A F A E L , P A S A Y C I T Y

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

Rizza Marie Joy Sia	856-7111
Contact Person	Company Telephone Number

0 6	3 0	1 7 - Q	0 8	3 0
Month	*Day*	FORM TYPE	*Month*	*Day*
			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

SEC No. 200930354
File No. _________

DOUBLEDRAGON PROPERTIES CORP.
(Company's Full Name)

DD Meridian Park Bay Area corner Macapagal Avenue and EDSA Extension Boulevard Brgy 76 Zone 10 San Rafael Pasay City 1302
(Company's Address)

856 7111
(Telephone Number)

December 31
(Fiscal Year ending)

Form 17-Q for the Second Quarter of 2020
(Form Type)

N/A
Amendment Designation

N/A
Period Ended Date

N/A
(Secondary License Type and File Number)

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 **June 30, 2020**

2. Commission identification number **CS200930354** 3. BIR Tax Identification No. **287-191-423-000**

4. Exact name of issuer as specified in its charter: **DoubleDragon Properties Corp.**

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

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office and Postal Code: **DD Meridian Park Bay Area corner Macapagal Avenue and EDSA Extension Boulevard Brgy 76 Zone 10 San Rafael Pasay City 1302**

8. Issuer's telephone number, including area code: **(632) 8856-7111**

9. Former name, former address and former fiscal year, if changed since last report: **N/A**

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	**2,367,528,000**
Preferred Shares	**100,000,000**
Total Debt (in Million of Pesos)	**48,655.91**

11. Are any or all of the securities listed on a Stock Exchange?
Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Stock Exchange: **Philippine Stock Exchange**
Securites Listed: **Common Shares and Preferred Shares**

12. Indicate by check mark whether the registrant:

(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 [x] No [ ] N/A

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [x] No [ ] N/A

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The following financial statements are submitted as part of this report:

a) Unaudited Condensed Consolidated Interim Statements of Comprehensive Income for the three months ended June 30, 2020 and June 30, 2019; Unaudited Condensed Consolidated Interim Statements of Comprehensive Income for the six months ended June 30, 2020 and June 30, 2019;
b) Notes to the Unaudited Condensed Consolidated Interim Financial Statement
c) Unaudited Condensed Consolidated Interim Statements of Financial Position as of June 30, 2020 and December 31, 2019 (audited);
d) Unaudited Condensed Consolidated Interim Statements of Changes in Equity for the six months ended June 30, 2020 and June 30, 2019; and
e) Unaudited Condensed Consolidated Interim Statements of Cash Flows for the six months ended June 30, 2020 and June 30, 2019.

DOUBLEDRAGON PROPERTIES CORP.
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited June 30, 2020	Audited December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	**₱4,203,535,576**	₱6,700,927,921
Receivables - net	**7,217,979,573**	5,798,297,764
Inventories	**2,259,226,372**	2,169,314,462
Due from related parties	**55,150,000**	55,150,000
Prepaid expenses and other current assets - net	**4,850,441,931**	4,486,515,652
Total Current Assets	**18,586,333,452**	19,210,205,799
Noncurrent Assets		
Receivables - net of current portion	**9,688,794**	9,898,720
Property and equipment - net	**895,461,467**	951,538,774
Goodwill and intangible assets	**1,209,998,342**	1,237,911,379
Investment property	**94,588,142,886**	89,213,048,577
Right-of-use - net	**589,933**	862,209
Deferred tax assets	**542,483,075**	504,367,200
Other noncurrent assets	**2,416,178,192**	2,418,763,491
Total Noncurrent Assets	**99,662,542,689**	94,336,390,350
	118,248,876,141	113,546,596,149
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	**₱6,770,974,584**	₱8,658,321,689
Short-term loans payable payable, net of debt issue costs	**12,227,569,131**	12,015,344,351
Due to related parties	**1,018,926,702**	988,322,908
Current portion of customers' deposits	**570,181,309**	420,593,972
Dividends payable	**151,743,966**	151,578,047
Income tax payable	**72,390,989**	54,719,292
Total Current Liabilities	**20,811,786,681**	22,288,880,259
Noncurrent Liabilities		
Long-term notes payable - net of issue cost	**17,964,843,153**	18,521,177,930
Bonds payable - net of issue cost	**14,857,119,698**	14,844,514,329
Deferred tax liabilities	**12,928,373,723**	10,312,452,220
Retirement benefits liability	**17,926,267**	16,310,726
Customers' deposits - net of current portion	**269,034,976**	215,641,847
Lease liability - net of current portion	**1,377,648,814**	1,351,978,820
Other noncurrent payable	**2,161,418,790**	2,076,864,921
Total Noncurrent Liabilities	**49,576,365,421**	47,338,940,793
Total Liabilities	**70,388,152,102**	69,627,821,052

Equity		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock	**237,310,060**	237,310,060
Preferred Shares	**10,000,000,000**	10,000,000,000
Additional paid-in capital	**5,540,589,852**	5,540,589,852
Retained earnings	**17,694,239,500**	14,713,800,272
Retirement benefits liability	**36,155**	36,155
Treasury stock	**(167,160,000)**	(167,160,000)
	33,305,015,567	30,324,576,339
Non-controlling Interest	**14,555,708,472**	13,594,198,758
Total Equity	**47,860,724,039**	43,918,775,097
Total Liabilities and Equity	**118,248,876,141**	113,546,596,149

DOUBLEDRAGON PROPERTIES CORP.
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended June 30, 2020 and June 30, 2019

	2020	2019
REVENUES		
Rental income	**830,843,487**	907,776,030
Real estate sales	**85,366,739**	239,965,371
Hotel revenues	**116,784,122**	148,855,437
Unrealized gain from change in fair values of investment property	**5,012,138,725**	1,716,521,769
Interest income	**6,864,937**	1,083,534
Other income from forfeiture	**93,956**	629,475
Others	**141,770,843**	135,287,020
	6,193,862,809	3,150,118,636
COST AND EXPENSES		
Cost of real estate sales	**41,742,603**	156,730,441
Cost of hotel operations	**66,279,757**	110,950,436
Selling and marketing expenses	**2,519,334**	34,702,674
General and administrative expenses	**486,728,020**	499,728,539
Interest expense	**327,787,891**	474,022,036
	925,057,605	1,276,134,126
INCOME BEFORE INCOME TAX	**5,268,805,204**	1,873,984,510
INCOME TAX EXPENSE	**1,609,953,726**	741,409,588
NET INCOME/TOTAL COMPREHENSIVE INCOME	**3,658,851,478**	1,132,574,922
Attributable to:		
Equity holders of the Parent Company	**2,767,638,040**	750,177,645
Non-controlling interest	**891,213,438**	382,397,277
	3,658,851,478	1,132,574,922

DOUBLEDRAGON PROPERTIES CORP.
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the period ended June 30 (YTD)

	2020	2019
REVENUES		
Rental income	₱1,605,812,981	₱1,534,986,301
Real estate sales	293,507,261	418,963,864
Hotel revenues	269,728,200	291,638,209
Unrealized gain from change in fair values of investment property	5,464,724,198	2,978,657,000
Interest income	27,088,015	1,531,119
Other income from forfeiture	551,674	778,299
Others	447,059,370	367,485,602
	8,108,471,699	5,594,040,394
COST AND EXPENSES		
Cost of real estate sales	154,189,475	262,634,073
Cost of hotel operations	167,198,921	235,650,485
Selling and marketing expenses	65,739,192	109,273,852
General and administrative expenses	820,214,381	974,243,283
Interest expense	626,132,146	610,878,640
	1,833,474,115	2,192,680,333
INCOME BEFORE INCOME TAX	**6,274,997,584**	3,401,360,061
INCOME TAX EXPENSE	**1,871,401,162**	1,201,696,879
NET INCOME/TOTAL COMPREHENSIVE INCOME	**₱4,403,596,422**	₱2,199,663,182
Attributable to:		
Equity holders of the Parent Company	₱3,304,329,228	₱1,517,480,415
Non-controlling interest	1,099,267,194	682,182,767
	₱4,403,596,422	₱2,199,663,182

DOUBLEDRAGON PROPERTIES CORP.
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the six months ended June 30, 2020 and 2019

		June 30 2020		June 30 2019
	Number of Shares	Amount	Number of Shares	Amount
CAPITAL STOCK				
Authorized				
Common Shares - P0.10 par value - February 10, 2014; P1 par value - April 10, 2013; P100 par value - 2012	5,000,000,000	500,000,000	5,000,000,000	500,000,000
Preferred Shares - P100 par value - April 14, 2016	200,000,000	20,000,000,000	200,000,000	20,000,000,000
Issued and outstanding				
Balance at beginning of year - common shares	2,229,730,000	222,973,000	2,229,730,000	222,973,000
Stock issuance - common shares	143,370,600	14,337,060	143,370,600	14,337,060
Balance at June 30 - common shares	2,373,100,600	237,310,060	2,373,100,600	237,310,060
Balance at June 30 - preferred shares	100,000,000	10,000,000,000	100,000,000	10,000,000,000
Balance at June 30		10,237,310,060		10,237,310,060
ADDITIONAL PAID-IN CAPITAL		5,540,589,852		5,540,589,852
RETAINED EARNINGS				
Balance at beginning of year		14,713,800,272		6,529,613,470
Net income for the period		3,304,329,228		1,517,480,415
Cash dividends declared		(323,890,000)		(323,890,000)
Balance at June 30		17,694,239,500		7,723,203,885
REMEASUREMENT LOSS ON DEFINED BENEFIT LIABILITY		36,155		2,091,337
LESS: TREASURY SHARES				
Common shares - P30 per share - August 23, 2018	(5,572,000)	(167,160,000)	(5,572,000)	(167,160,000)
NON-CONTROLLING INTEREST				
Balance at beginning of year		13,594,198,758		10,746,806,833
Additonal paid-in-capital		-		3,733,385
Net income for the period		1,099,267,194		682,182,767
Divideds declared		(137,757,480)		(143,015,050)
Balance at June 30		14,555,708,472		11,289,707,935
		47,860,724,039		34,625,743,069

DOUBLEDRAGON PROPERTIES CORP.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the period ended June 30

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	6,274,997,584	3,401,360,061
Adjustments for:		
Unrealized gain from change in fair values of investment properties	(5,464,724,198)	(2,978,657,000)
Interest expense	626,132,146	610,878,640
Depreciation and amortization	71,782,021	70,018,026
Interest income	(27,088,015)	(1,531,119)
Operating income before working capital changes	1,481,099,538	1,102,068,608
Decrease (increase) in:		
Receivables	(1,340,881,893)	92,747,557
Real estate inventories	64,502,366	438,239,545
Due from related parties	-	38,724,732
Prepaid expenses and other current assets	(81,385,897)	28,412,973
Increase (decrease) in:		
Accounts payable and other liabilities	703,470,159	416,398,284
Customers' deposits	149,587,337	118,517,167
Due to related parties	30,603,794	8,207,399
Cash absorbed by operations	1,006,995,404	2,243,316,265
Interest received	27,088,015	1,138,699
Interest paid	(1,406,342,011)	(1,158,947,417)
Income tax paid	(103,147,479)	(62,113,755)
Net cash used in operating activities	(475,406,071)	1,023,393,792
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment property	(1,143,748,335)	(2,403,072,591)
Property and equipment	(12,634,717)	(17,246,619)
Intangible assets	(2,629,814)	(2,658,571)
Increase in other noncurrent assets	2,585,299	(185,580,819)
Net cash used in investing activities	(1,156,427,567)	(2,608,558,600)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Availments of notes, net of debt issue costs	835,000,000	5,204,200,000
Payments of:		
Notes	(1,197,775,220)	(3,367,695,627)
Dividends	(665,343,480)	(323,890,000)
Increase in other noncurrent payable	162,559,993	508,967,635
Net cash provided by financing activities	(865,558,707)	2,021,582,008
NET DECREASE IN CASH	(2,497,392,345)	436,417,200
CASH AT BEGINNING OF YEAR	6,700,927,921	626,648,679
CASH AT END OF YEAR	4,203,535,576	1,063,065,879

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Reporting Entity

DoubleDragon Properties Corp., ("DD" or the "Parent Company"), was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 9, 2009 primarily to engage in the business of real estate development including but not limited to residential and condominium projects, to acquire by purchase or lease land and interest in land, to own, hold, impose, promote, develop, subdivide and manage any land owned, held or occupied by the Parent Company, to construct, manage or administer buildings such as condominiums, apartments, hotels, restaurants, stores or other structures and to mortgage, sell, lease or otherwise dispose of land, interests in land and buildings or other structures at any time.

The Parent Company's shares are listed in the Philippine Stock Exchange ("PSE") on April 7, 2014 under the stock symbol "DD".

The Parent Company's registered office address is at 10th Floor, DoubleDragon Plaza, DD Meridian Park Bay Area, Corner Macapagal Avenue and EDSA Extension Boulevard, Brgy. 76 Zone 10, San Rafael, Pasay City, Metro Manila.

2. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended December 31, 2019. The condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements in accordance with Philippine Financial Reporting Standards (PFRS), and should be read in conjunction with the audited consolidated financial statements of DoubleDragon Properties Corp. and Subsidiaries (collectively referred to as the "Group") as at and for the year ended December 31, 2019. The audited consolidated financial statements are available upon request from the Group's registered office at DD Meridian Park Bay Area, Corner Macapagal Avenue and EDSA Extension Boulevard, Brgy. 76 Zone 10, San Rafael, Pasay City, Metro Manila.

The condensed consolidated interim financial statements were prepared solely for the information and use by the management of DD and is not intended to be, and should not be used by anyone other than for the specified purpose.

The condensed consolidated interim financial statements are presented in Philippine peso and all values are rounded off to the nearest peso, except when otherwise indicated.

3. Summary of Significant Accounting Policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2019. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending December 31, 2020.

Amended Standards Adopted in 2020

The Group has adopted the following PFRS effective January 1, 2020 and accordingly, changed its accounting policies in the following areas:

- Amendments to References to Conceptual Framework in PFRS sets out amendments to PFRS, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes: (a) a new chapter on measurement; (b) guidance on reporting financial performance; (c) improved definitions of an asset and a liability, and guidance supporting these definitions; and (d) clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

  Some standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements adopted by the IASB in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

- Definition of a Business (Amendments to PFRS 3, *Business Combinations*). The amendments narrowed and clarified the definition of a business. The amendments also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments: (a) confirmed that a business must include inputs and a process, and clarified that the process must be substantive and the inputs and process must together significantly contribute to creating outputs; (b) narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and (c) added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

- Definition of Material (Amendments to PAS 1, *Presentation of Financial Statements,* and PAS 8, *Accounting Policies*, *Changes in Accounting Estimates and Errors*). The amendments refine the definition of what is considered material. The amended definition of what is considered material states that such 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, which provide financial information about a specific reporting entity. The amendments clarify the definition of what is considered material and its application by:

(a) raising the threshold at which information becomes material by replacing the term ‘could influence’ with ‘could reasonably be expected to influence’; (b) including the concept of ‘obscuring information’ alongside the concept of ‘omitting’ and ‘misstating’ information in the definition; (c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework; (d) clarifying the explanatory paragraphs accompanying the definition; and (e) aligning the wording of the definition of what is considered material across PFRS and other publications. The amendments are expected to help entities make better materiality judgments without substantively changing existing requirements.

Except as otherwise indicated, the adoption of these foregoing amended standards did not have a material effect on the condensed consolidated interim financial statements.

New and Amended Standards and Interpretation Not Yet Adopted

A number of new and amended standards and interpretations are effective for annual periods beginning after January 1, 2020 and have not been applied in preparing the condensed consolidated interim financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the condensed consolidated interim financial statements.

The Group will adopt the following new and amended standards and interpretation on the respective effective dates:

- Interest Rate Benchmark Reform *(*Amendments to PFRS 9*,* PAS 39*, Financial Instruments: Recognition and Measurement* and PFRS 7*, Financial Instruments: Disclosures)*. The amendments provide temporary exceptions to all hedging relationships directly affected by interest rate benchmark reform - the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board's July 2014 report ‘Reforming Major Interest Rate Benchmarks’. The exceptions relate to the following requirements:

  - *The Highly Probable Requirement.* When determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.

  - *Prospective Assessments.* When performing prospective assessments, a company shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.

  - *PAS 39 Retrospective Assessment.* An entity is not required to undertake the PAS 39 retrospective assessment for hedging relationships directly affected by the reform. However, the entity must comply with all other PAS 39 hedge accounting requirements, including the prospective assessment.

  - *Separately Identifiable Risk Components*. For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the *separately identifiable requirement only at the inception of such hedging relationships.

An entity shall cease applying the exceptions when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows or the hedging relationship is discontinued. End of application does not apply to the test for separately identifiable risk components.

Specific disclosure requirements apply to hedging relationships affected by the amendments including information about the significant interest rate benchmarks, extent of risk exposure directly affected by the reform, how the entity manages the process to transition to alternative benchmark rates, significant assumptions and judgements made in applying the exceptions, and the nominal amount of the hedging instruments in those hedging relationships.

Originally, the amendments apply for annual reporting periods beginning on or after January 1, 2020, with early application permitted. However, The amendments are still subject to the approval by the FRSC.

Deferral of the local implementation of Amendments to PFRS 10*, Consolidated Financial Statements,* and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10 and PAS 28). The amendments address an inconsistency in the requirements in PFRS 10 and PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

  Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. However, on January 13, 2016, the FRSC decided to postpone the effective date until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Use of Judgments and Estimates

In preparing the condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those the applied to the consolidated financial statements as at and for the year ended December 31, 2019.

5. Segment Information

Operating Segments

The reporting format of the Group's operating segments is determined based on the Group's risks and rates of return which are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products produced and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's reportable segments are real estate development, leasing, and hospitality. The real estate development segment is engaged in the development of real estate assets to be held as trading inventory and for sale. This segment was developed as part of the Group's tactical approach to early stage growth, as part of that plan we will be transitioning out of this segment once the current inventory has been fully sold. The leasing and hospitality segments which are focused in recurring revenue will be the core pillars of the Group's growth plans moving forward. The leasing segment is engaged in the acquisition and/or development of real estate assets in the retail, office and industrial sector that are held for rentals. The hospitality segment is engaged in the acquisition and/or development of hotels which will be managed and operated the Group. The hospitality segment includes the development of a homegrown hotel brand with a unique sale-and-manage business model.

Others pertain to the segments engaged in marketing, property management activities and hotel operations.

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 profit or loss and is measured consistently with the operating profit or loss in the consolidated financial statements.

The Group has three significant reportable segments for 2020 and 2019, namely the real estate development, leasing, and hospitality. Leasing segment is presented into three sub-segments, which composed of retail, office and industrial.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables, real estate inventories, prepaid expenses and other current assets, property and equipment and computer software licenses, net of accumulated depreciation and amortization, investment property and other noncurrent assets. Segment liabilities include all operating liabilities and consist primarily of accounts payable and other current liabilities, customers' deposits and other noncurrent liabilities. Segment assets and liabilities do not include deferred taxes.

Inter-segment Transactions

Segment revenues, expenses and performance include sales and purchases between operating segments. Inter-segment transactions are set on an arm's length basis similar to transactions with nonrelated parties.

Major Customer

The Group does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenues of the Group.

Operating Segments

Analyses of financial information by business segment follow:

June 30, 2020

	Real Estate Development	Retail Leasing	Office Leasing	Industrial Leasing	Hospitality	Others	Eliminations	Consolidated
Revenue								
External revenues	P294,883,154	P1,517,898,300	P5,492,178,244	P11,252,493	P269,728,200	P522,531,308	P -	P8,108,471,699
Inter-segment	-	3,710,659	45,497,483	-	6,867,869	1,805,424,603	(1,861,500,614)	-
Total Revenue	P294,883,154	P1,521,608,959	P5,537,675,727	P11,252,493	P276,596,069	P2,327,955,911	(P1,861,500,614)	P8,108,471,699
Segment Results	P115,118,068	P965,676,281	P3,669,095,271	P10,965,208	P64,287,665	P1,447,346,778	(P1,868,892,849)	4,403,596,422
Total Comprehensive Income Attributable to								
Equity holders of the Parent	P -	P -	P -	P -	P -	P -	P -	P3,304,329,228
Non-controlling interests	-	-	-	-	-	-	-	1,099,267,194
	P -	P -	P -	P -	P -	P -	P -	P4,403,596,422
Segment Assets	P11,770,851,812	P68,284,654,109	P57,223,036,702	P1,514,782,913	P1,391,049,037	P39,578,415,409	(P61,513,913,841)	P118,248,876,141
Segment Liabilities	P6,599,702,676	P52,967,145,106	P34,118,049,045	P1,579,206,425	P2,065,759,956	P8,015,414,245	(P34,957,125,351)	P70,388,152,102
Other Information								
Capital expenditures	P10,090,124	P501,399,510	P647,523,232	P -	P -	P -	P -	P1,159,012,866
Depreciation and amortization	P73,926,629	P27,345,882	P3,324,980	P -	P3,572,776	P2,365,480	(P38,753,726)	P71,782,021

December 31, 2019

	Real Estate Development	Retail Leasing	Office Leasing	Industrial Leasing	Hospitality	Others	Eliminations	Consolidated
Revenue								
External revenues	P1,817,725,603	P2,409,038,264	P14,306,480,068	P61,318,139	P678,196,291	P930,956,581	P -	P20,203,714,946
Inter-segment	-	644,614,645	81,858,010	30,652,671	21,332,055	2,969,010,391	(3,747,467,772)	-
Total Revenue	P1,817,725,603	P3,053,652,909	P14,388,338,078	P91,970,810	P699,528,346	P3,899,966,972	(P3,747,467,772)	P20,203,714,946
Segment Results	P613,768,310	P808,988,653	P9,950,073,762	P63,956,606	P134,106,774	(P100,172,929)	(P825,645,080)	P10,645,076,096
Total Comprehensive Income Attributable to								
Equity holders of the Parent	P -	P -	P -	P -	P -	P -	P -	P8,831,966,802
Non-controlling interests	-	-	-	-	-	-	-	1,813,109,294
	P -	P -	P -	P -	P -	P -	P -	P10,645,076,096
Segment Assets	P9,032,379,950	P51,499,719,872	P50,456,949,355	P1,205,009,893	P944,630,799	P38,720,685,250	(P38,817,146,170)	P113,042,228,949
Segment Liabilities	P3,902,835,703	P47,894,721,125	P21,704,676,684	P1,646,824,693	P1,113,454,181	P21,255,104,954	(P38,202,248,508)	P59,315,368,832
Other Information								
Capital expenditures	P2,206,639,093	P12,983,040,470	P2,258,937,021	P210,516,089	P3,325,556	P14,432,871	P -	P17,676,891,100
Depreciation and amortization	P72,727,949	P62,109,041	P -	P -	P7,923,491	P19,406,635	P22,702,742	P184,869,858

Capital expenditures on noncurrent assets represent additions to property and equipment, computer software licenses, intangible assets and investment property. Noncash expenses pertain to depreciation and amortization expense attributable to the reportable segments.

The Group has only one geographical segment, which is the Philippines.

6. Cash and Cash Equivalents

This account consists of:

	June 30, 2020	December 31, 2019
Cash on hand	**P11,060,181**	P17,725,576
Cash in banks	**3,177,823,520**	2,579,271,789
Short-term placements	**1,014,651,875**	4,103,930,556
	P4,203,535,576	P6,700,927,921

Cash in banks earn annual interest at the respective bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn annual interest at the respective short-term placement rates. Total interest income from cash in banks and short-term placements amounted to P26.67 million and P1.14 million for the six months ended June 30, 2020 and 2019, respectively.

7. Receivables

This account consists of:

	June 30, 2020	**December 31, 2019**
Installment contracts receivable	**P2,421,940,905**	**P2,318,092,595**
Rent receivable	**3,120,136,327**	**2,007,568,219**
Receivables from:		
Contractors	**159,445,148**	**160,735,277**
Tenants	**738,179,842**	**470,729,493**
Condominium corporation and unit owners	**88,272,642**	**88,504,431**
Hotel operations	**86,535,636**	**80,753,598**
Leasehold rights' buyers	**346,848,421**	**347,805,441**
Advances to employees	**48,007,106**	**37,089,867**
Others	**211,145,066**	**289,846,292**
	7,220,511,093	**5,801,125,213**
Less allowance for impairment loss	**2,531,520**	**2,827,449**
	P7,217,979,573	**P5,798,297,764**

Rent receivable pertains to receivables arising from the lease of commercial and office spaces relating to the Group's CityMall, CentralHub and DD Meridian Park operations. These are generally collectible within 30 days.

Other income includes CUSA and interest and penalties charged to tenant advertising income, retail and restaurant sales and other charges

8. Prepaid expenses and other current assets - net

This account consists of:

	June 30 2020	December 31, 2019
Input VAT – net	**P3,136,118,716**	P3,222,485,799
Advances to contractors and suppliers	**363,430,490**	389,054,790
Creditable withholding taxes	**266,385,428**	183,658,258
Prepaid expenses:		
Taxes	**779,077,975**	546,178,618
Rent	**57,315,736**	13,165,660
Commission	**3,330,274**	5,827,980
Insurance	**6,872,270**	5,739,556
Others	**157,079,486**	48,538,351
Refundable deposits	**8,786,360**	8,222,852
Other current assets	**72,045,196**	63,643,788
	P4,850,441,931	P4,486,515,652

9. Goodwill and Intangible Assets

This account consists of:

	June 30, 2020	December 31, 2019
Hotel101 brand	**P664,300,000**	P664,300,000
Goodwill	**350,377,742**	350,377,742
Franchise rights	**93,403,342**	101,707,340
Advertising production cost	**49,724,303**	61,078,447
Computer software licenses - net	**21,964,278**	29,583,136
Concession right	**28,908,833**	29,544,870
Others	**1,319,844**	1,319,844
	P1,209,998,342	P1,237,911,379

The recoverable amount of the cash-generating unit was determined to be higher than its carrying amount as at June 30, 2020 and December 31, 2019. Hence, management assessed that there is no impairment loss in the value of goodwill for the six months ended June 30, 2020 and 2019.

10. Investment Property

This account consists of:

	June 30, 2020	December 31, 2019
Land	**P20,553,635,372**	P20,553,635,372
Building	**62,659,687,072**	57,431,618,461
Right-of-use assets - land	**1,674,076,152**	1,469,745,626
Construction in progress	**9,700,744,290**	9,758,049,118
	P94,588,142,886	P89,213,048,577

The following table provides the fair value hierarchy of the Group's investment property as at June 30, 2020 and December 31, 2019:

		Level 2	
	Date of Valuation	June 30, 2020	December 31, 2019
Land	Various	**P20,553,635,372**	P20,553,635,372
Commercial	Various	**39,640,878,269**	39,477,222,300
Corporate/office	Various	**34,393,629,245**	29,182,190,905
		P94,588,142,886	P89,213,048,577

The Group recognized unrealized gains from changes in fair values of investment property amounting to P5.64 billion and P2.98 billion for the six months ended June 30, 2020 and 2019, respectively.

11. Short-term and Long-term Debts

Notes Payable
Details of the account are as follows:

	June 30, 2020	December 31, 2019
Balance at beginning of the year	**P30,639,339,326**	P20,661,416,742
Availments	**835,000,000.00**	10,655,100,000
Payments	**(1,197,775,220)**	(677,177,416)
	30,276,564,106	30,639,339,326
Less short-term notes and current portion of long-term notes	**12,227,569,131**	12,015,344,351
Noncurrent portion	**18,048,994,975**	18,623,994,975
Less unamortized debt issue costs	**84,151,822**	102,817,045
	P17,964,843,153	P18,521,177,930

The long-term debt agreements contain, among others, covenants relating to maintenance of certain financial ratios, working capital requirements, restrictions on loans and guarantees, disposal of a substantial portion of assets, capital expenditures, significant changes in the ownership, payments of dividends and redemption of capital stock.

The Group is in compliance with the covenants of the debt agreements as at June 30, 2020 and December 31, 2019.

Bonds Payable
Details of the account are as follows:

	June 30, 2020	December 31, 2019
Balance at beginning and end of year	**P15,000,000,000**	P15,000,000,000
Less unamortized debt issue costs	**142,880,302**	155,485,671
	P14,857,119,698	P14,844,514,329

12. Other noncurrent liabilities

This account consists of:

	June 30, 2020	December 31, 2019
Security deposits - net of current	**P1,015,891,647**	P906,647,210
Unearned rent income	**540,279,864**	592,300,747
Deferred output VAT - net	**605,247,279**	559,161,187
Accrued rent expense	**-**	18,755,777
	P2,161,418,790	P2,076,864,921

13. Income Taxes

Income tax expense (benefit) consists of:

	For the six months ended June 30	
	2020	2019
Current	**P131,193,912**	P188,060,979
Deferred	**P1,740,207,250**	1,013,635,900
	P1,871,401,162	P1,201,696,879

The reconciliation of the income tax expense computed at the statutory income tax rate to the actual income tax expense as shown in profit or loss is as follows:

	For the six months ended June 30	
	2020	2019
Income before income tax	**P6,274,997,584**	P3,401,360,061
Income tax at the statutory income tax rate	**P1,882,499,275**	P1,020,408,018
Income tax effects of:		
Nondeductible expenses (nontaxable income) – net	**(3,096,078)**	181,639,165
Interest income subjected to final tax	**(8,002,035)**	(350,304)
	P1,871,401,162	P1,201,696,879

14. Basic and Diluted Earnings Per Share

Basic and diluted earnings per share for the six months ended June 30, 2020 and 2019 are computed as follows:

	For the six months ended June 30	
	2020	2019
Net income attributable to equity holders of the Parent Company	**P3,304,329,228**	P1,517,480,415
Dividends on preferred shares for the period	**(323,890,000)**	(323,890,000)
Net income attributable to common shareholders of the Parent Company (a)	**P2,980,439,228**	P1,193,590,415
Weighted average number of common shares outstanding (b)	**2,367,528,600**	2,367,528,600
Dilutive shares arising from stock options	**-**	9,135,417
Adjusted weighted average number of common shares for diluted EPS (c)	**2,367,528,600**	2,376,664,017
Basic earnings per common share attributable to equity holders of the Parent Company (a/b)	**P1.2589**	P0.5042
Diluted earnings per common share attributable to equity holders of the Parent Company (a/c)	**P1.2589**	P0.5022

15. Equity

Retained Earnings

The summary of dividend declarations of the Parent Company is as follows:

Type of Dividend	Share Class	Date of Declaration	Date of Record	Date of Payment	Dividend per Share	Total
Regular Cash Dividend	Preferred	March 22, 2019	April 5, 2019	April 15, 2019	1.61945	161.95 million
Regular Cash Dividend	Preferred	June 19, 2019	July 3, 2019	July 15, 2019	1.61945	161.95 million
Regular Cash Dividend	Preferred	September 16, 2019	September 30, 2019	October 14, 2019	1.61945	161.95 million
Regular Cash Dividend	Preferred	December 10, 2019	December 26, 2019	January 14, 2020	1.61945	161.95 million
Regular Cash Dividend	Preferred	March 22, 2020	April 5, 2020	April 15, 2020	1.61945	161.95 million
Regular Cash Dividend	Preferred	June 10, 2020	June 30, 2020	July 14, 2020	1.61945	161.95 million

Dividends of Subsidiaries

The summary of cash dividend declarations of the subsidiaries is as follows:

Subsidiary	Share Class	Date of Declaration	Date of Record	Date of Payment	Dividend per Share	Total
CMGBI	Common	May 15, 2019	April 30, 2019	June 28, 2019	0.0647	22.12 million
DDMPDC	Common	May 15, 2019	April 30, 2019	May 15, 2019	0.0122	217.14 million
CMMBI	Common	June 30, 2019	June 30, 2019	July 19, 2019	3.8500	25.68 million
CMDCI	Common	July 15, 2019	June 30, 2019	July 19, 2019	0.0181	9.64 million
DDMPDC	Common	August 16, 2019	June 30, 2019	August 16, 2019	0.0133	237.46 million
DDMPDC	Common	November 18, 2019	September 30, 2019	November 18, 2019	0.0186	331.59 million
DDMPDC	Common	December 28, 2019	December 28, 2019	April 15. 2020	0.0257	458.17 million
CMDZI	Common	February 4, 2020	January 31, 2020	February 11, 2020	0.049	26.37 million
CMTMI	Common	March 2, 2020	February 28, 2020	March 4, 2020	0.047	28.83 million
DDMPDC	Common	April 15, 2020	March 15, 2020	June 5, 2020	0.0200	345.85 million

16. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Interest Rate Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

The main purpose of the Group's dealings in financial instruments is to fund its respective operations and capital expenditures.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The BOD has established the Executive Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee identifies all issues affecting the operations of the Group and reports regularly to the BOD on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. All risks faced by the Group are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Group's operations and forecasted results. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's principal financial assets include cash and cash equivalents, receivables, due from related parties and refundable deposits. These financial assets are used to fund the Group's operations and capital expenditures.

Credit Risk

Credit risk represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations. The risk arises principally from the Group's cash and cash equivalents, receivables, due from related parties and refundable deposits. The objective is to reduce the risk of loss through default by counterparties.

In respect of installments contracts receivable, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. Customer payments are facilitated by post-dated checks. Exposure to bad debts is not significant as titles to real estate properties are not transferred to the buyers until full payment has been made. There are no large concentrations of credit risk given the Group's diverse customer base.

Credit risk arising from rent receivable is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting period follows:

	June 30, 2020	December 31, 2019
Cash and cash equivalents*	**P4,192,475,395**	P6,683,202,345
Receivables**	**7,227,668,367**	5,808,196,484
Due from related parties	**55,150,000**	55,150,000
Refundable deposits***	**162,819,032**	156,179,147
	P11,638,112,794	P12,702,727,976

**Excluding "Cash on hand" account.*
*** This includes both current and noncurrent portions of the account.*
**** This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

The table below presents the Group's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

June 30, 2020	**Financial Assets at Amortized Cost**			
	12-month ECL	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit impaired**	**Total**
Cash and cash equivalents (excluding cash on hand)	**P4,192,475,395**	**P -**	**P -**	**P4,192,475,395**
Receivables*	**2,011,114,785**	**5,214,022,062**	**2,531,520**	**7,227,668,367**
Due from related parties	**55,150,000**	**-**	**-**	**55,150,000**
Refundable deposits**	**162,819,032**	**-**	**-**	**162,819,032**
	P6,421,559,212	**P5,214,022,062**	**P2,531,520**	**P11,638,112,794**

** This includes both current and noncurrent portions of the account.*
*** This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts*

December 31, 2019	Financial Assets at Amortized Cost			
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Cash and cash equivalents (excluding cash on hand)	P6,683,202,345	P -	P -	P6,683,202,345
Receivables*	1,402,913,338	4,405,283,146	2,827,449	5,811,023,933
Due from related parties	55,150,000	-	-	55,150,000
Refundable deposits**	156,179,147	-	-	156,179,147
	P8,297,444,830	P4,405,283,146	P2,827,449	P12,705,555,425

** This includes both current and noncurrent portions of the account.*
*** This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

The following is the aging analysis per class of financial assets as at December 31:

June 30, 2020	**Neither Past Due nor Impaired**	**Past Due but not Impaired**				
		1 to 30 Days	**31 to 60 Days**	**More than 60 Days**	**Impaired**	**Total**
Cash and cash equivalents	**P4,192,475,395**	**P -**	**P -**	**P -**	**P -**	**P4,192,475,395**
Receivables*	**4,638,979,374**	**314,987,855**	**366,837,320**	**1,904,332,298**	**2,531,520**	**7,227,668,367**
Due from related parties	**55,150,000**	**-**	**-**	**-**	**-**	**55,150,000**
Refundable deposits**	**162,819,032**	**-**	**-**	**-**	**-**	**162,819,032**
	P9,049,423,801	**P314,987,855**	**P366,837,320**	**P1,904,332,298**	**P2,531,520**	**P11,638,112,794**

** This includes both current and noncurrent portions of the account.*
*** This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

December 31, 2019	Neither Past Due nor Impaired	Past Due but not Impaired				
		1 to 30 Days	31 to 60 Days	More than 60 Days	Impaired	Total
Cash and cash equivalents*	P6,683,202,345	P -	P -	P -	P -	P6,683,202,345
Receivables**	4,060,139,030	280,468,412	206,134,413	1,261,454,629	2,827,449	5,811,023,933
Due from related parties	55,150,000	-	-	-	-	55,150,000
Refundable deposits***	156,179,147	-	-	-	-	156,179,147
	P10,954,670,522	P280,468,412	P206,134,413	P1,261,454,629	P2,827,449	P12,705,555,425

** This includes both current and noncurrent portions of the account.*
*** This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

The following is the credit quality of the Group's financial assets:

		March 31, 2020			
	Note	**High Grade**	**Medium Grade**	**Low Grade**	**Total**
Cash and cash equivalents*	*6*	**P4,192,475,395**	**P -**	**P -**	**P4,192,475,395**
Receivables**	*7*	**6,394,606,594**	**701,387,640**	**131,674,133**	**7,227,668,367**
Due from related parties		**55,150,000**	**-**	**-**	**55,150,000**
Refundable deposits***		**162,819,032**	**-**	**-**	**162,819,032**
		P10,805,051,021	**P701,387,640**	**P131,674,133**	**P11,638,112,794**

**Excluding "Cash on hand" account.*
***This includes both current and noncurrent portions of the account.*
****This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

		December 31, 2019			
	Note	High Grade	Medium Grade	Low Grade	Total
Cash and cash equivalents*	*6*	P6,683,202,345	P -	P -	P6,683,202,345
Receivables**	*7*	4,568,306,329	635,778,428	604,111,727	5,808,196,484
Due from related parties		55,150,000	-	-	55,150,000
Refundable deposits***		156,179,147	-	-	156,179,147
		P11,462,837,821	P635,778,428	P604,111,727	P12,702,727,976

**Excluding "Cash on hand" account.*
***This includes both current and noncurrent portions of the account.*
****This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

The Group assessed the credit quality of unrestricted cash as high grade since this is deposited with reputable banks with low probability of insolvency.

Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. The Group performs credit investigation and evaluation of each buyer to establish paying capacity and creditworthiness. The Group will assess the collectibility of its receivables and provide a corresponding allowance provision once the account is considered impaired.

The credit risk for due from related parties and refundable deposits is considered negligible as these are mainly from related parties and Companies that are generally financially stable.

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risks by forecasting projected cash flows and maintaining balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		June 30, 2020				
		Carrying Amount	**Contractual Cash Flow**	**1 Year or Less**	**1 Year - 5 Years**	**More than 5 Years**
Financial Liabilities						
Accounts payable and other current liabilities*		**P5,828,719,661**	**P5,828,719,661**	**P5,828,719,661**	**P -**	**P -**
Due to related parties		**1,018,926,702**	**1,018,926,702**	**1,018,926,702**	**-**	**-**
Dividends payable		**151,743,966**	**151,743,966**	**151,743,966**	**-**	**-**
Notes payable**	*11*	**30,192,412,284**	**33,620,199,808**	**13,255,147,846**	**20,365,051,962**	**-**
Bonds payable	*11*	**14,857,119,698**	**19,437,571,446**	**910,277,244**	**12,670,744,249**	**5,856,549,953**
Other noncurrent liabilities		**1,015,891,647**	**1,015,891,647**	**-**	**1,015,891,647**	**-**
Lease liabilities		**1,377,648,814**	**3,267,348,649**	**97,529,047**	**413,894,955**	**2,755,924,647**

** Excluding statutory obligations and unearned rent income account.*
*** This includes both current and noncurrent portions of the account.*

		As at December 31, 2019				
		Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years
Financial Liabilities						
Accounts payable and other current liabilities*		P8,056,885,716	P8,056,885,716	P8,056,885,716	P -	P -
Due to related parties		988,322,908	988,322,908	988,322,908	-	-
Dividends payable		151,578,047	151,578,047	151,578,047	-	-
Notes payable**	*11*	30,536,522,281	34,468,475,638	13,531,485,577	20,936,990,061	-
Bonds payable	*11*	14,844,514,329	20,041,779,439	912,798,787	13,194,179,600	5,934,801,052
Other noncurrent liabilities*		925,402,987	925,402,987	-	925,402,987	-
Lease liabilities		1,353,778,904	3,216,556,358	90,096,096	493,930,943	2,632,529,319

** Excluding statutory obligations and unearned rent income account.*
*** This includes both current and noncurrent portions of the account.*

Interest Rate Risk
The Group interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. The Group has short-term and long-term bank borrowings with fixed interest rates. Therefore, the Group is not subject to the effect of changes in interest rates.

Fair Values
The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents/Due from Related Parties/Accounts Payable and Other Current Liabilities/Due to Related Parties
The carrying amounts of cash and cash equivalents, due from related parties, refundable deposits, accounts payable and other current liabilities, short-term notes payable and due to related parties approximate their fair values due to the relatively short-term nature of these financial instruments.

Receivables
The fair values of installment contract receivable and receivables from leasehold rights' buyers from are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The fair value of other receivables is approximately equal to their carrying amounts due to the short-term nature of the financial assets.

Refundable Deposits/Lease Liabilities/Security Deposits
Refundable deposits, lease liabilities and security deposits are reported at their present values, which approximate the cash amounts that would fully satisfy the obligations as at reporting date.

Short-term Notes Payable/Long-term Notes Payable/Bonds Payable
The fair value of the interest-bearing fixed-rate short-term and long-term debts is based on the discounted value of expected future cash flows using the applicable market rates for similar types of loans as of reporting date.

Capital Management
The Group's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flows to selective investments. The Group sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The BOD monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The BOD also monitors the level of dividends to shareholders.

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid-in capital and retained earnings. There were no changes in the Group's approach to capital management as at June 30, 2020 and December 31, 2019. The Group is not subject to externally-imposed capital requirements.

17. Impact of Corona Virus Disease

On March 8, 2020, under Proclamation 922, the Office of the President has declared a state of public health emergency and subsequently on March 16, 2020, under Proclamation 929, a state of calamity throughout the Philippines due to the spread of the Corona Virus Disease (COVID-19). To manage the spread of the disease, the entire Luzon has been placed under an Enhanced Community Quarantine (ECQ), effective from March 17, 2020 until April 12, 2020, which was subsequently extended to May 15, 2020, which involved several measures including travel restrictions, home quarantine and temporary suspension or regulation of business operations, among others, limiting activities related to the provision of essential goods and services. ECQ was likewise imposed in provinces outside the island of Luzon as imposed by their respective local government unit. On May 16, 2020, the ECQ was downgraded to Modified Enhanced Community Quarantine (MECQ) in Metro Manila and to General Community Quarantine (GCQ) in most provinces. On June 1, 2020, the MECQ in Metro Manila was shifted to GCQ until June 15, 2020. As of June 30, 2020, community quarantine restrictions of varying degrees remain in place throughout the country.

Despite this challenging business environment, the Group does not foresee any going concern issue affecting its business operations and considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its consolidated financial position and performance as at and for the six months ended June 30, 2020.

During ECQ, the Group implemented work from home arrangement for all its employees; thus, except for construction, the Group continued to carry out its skeletal business operations. Nevertheless, the Group believes that the business model for its core pillars that is the provincial retail leasing, office leasing, industrial leasing and hotels, and the geographic presence of the Group's projects across the country mitigated the risks and impact of the community quarantines.

The extent of the consequences, including the financial effect to the Group after will depend on certain developments, including the duration of the spread of COVID-19, impact on the Group's customers, tenants, suppliers, contractors and accessibility and effectiveness of government support programs, all of which are uncertain and cannot be reliably determined as at June 30, 2020.

DOUBLEDRAGON PROPERTIES CORP.
Loans and Receivables
As of June 30, 2020

	Total	Neither past due nor impaired	Past due but not impaired 1 - 90 days	91 - 180 days	181 - 360 days	> 360 days
Loans and receivables	7,227,668,367	4,638,979,375	926,341,397	561,008,294	523,765,094	577,574,207

DOUBLEDRAGON PROPERTIES CORP.
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the periods ended June 30, 2020 and 2019

	2020 For the quarter ended	2019 For the quarter ended	**2020** For the six months ended	2019 For the six months endec
REVENUES				
Rental income	**830,843,487**	907,776,030	**1,605,812,981**	1,534,986,301
Real estate sales	**85,366,739**	239,965,371	**293,507,261**	418,963,864
Hotel revenues	**116,784,122**	148,855,437	**269,728,200**	291,638,209
Unrealized gain from change in fair values of investment property	**5,012,138,725**	1,716,521,769	**5,464,724,198**	2,978,657,000
Interest income	**6,864,937**	1,083,534	**27,088,015**	1,531,119
Other income from forfeiture	**93,956**	629,475	**551,674**	778,299
Others	**141,770,843**	135,287,020	**447,059,370**	367,485,602
	6,193,862,809	3,150,118,636	**8,108,471,699**	5,594,040,394
COST AND EXPENSES				
Cost of real estate sales	**41,742,603**	156,730,441	**154,189,475**	262,634,073
Cost of hotel operations	**66,279,757**	110,950,436	**167,198,921**	235,650,485
Selling and marketing expenses	**2,519,334**	34,702,674	**65,739,192**	109,273,852
General and administrative expenses	**486,728,020**	499,728,539	**820,214,381**	974,243,283
Interest expense	**327,787,891**	474,022,036	**626,132,146**	610,878,640
	925,057,605	1,276,134,126	**1,833,474,115**	2,192,680,333
INCOME BEFORE INCOME TAX	**5,268,805,204**	1,873,984,510	**6,274,997,584**	3,401,360,061
INCOME TAX EXPENSE	**1,609,953,726**	741,409,588	**1,871,401,162**	1,201,696,879
NET INCOME/TOTAL COMPREHENSIVE INCOME	**3,658,851,478**	1,132,574,922	**4,403,596,422**	2,199,663,182
Attributable to:				
Equity holders of the Parent Company	**2,767,638,040**	750,177,645	**3,304,329,228**	1,517,480,415
Non-controlling interest	**891,213,438**	382,397,277	**1,099,267,194**	682,182,767
	3,658,851,478	1,132,574,922	**4,403,596,422**	2,199,663,182

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

June 30, 2020 versus June 30, 2019 Results of Operations

DOUBLEDRAGON PROPERTIES CORP.
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended June 30, 2020 and June 30, 2019

			Horizontal Analysis		Vertical Analysis	
	2020	2019	Increase (Decrease)		2020	2019
REVENUES						
Rental income	**830,843,487**	907,776,030	(76,932,543)	-8.5%	13.4%	28.8%
Real estate sales	**85,366,739**	239,965,371	(154,598,632)	-64.4%	1.4%	7.6%
Hotel revenues	**116,784,122**	148,855,437	(32,071,315)	-21.5%	1.9%	4.7%
Unrealized gain from change in fair values of investment property	**5,012,138,725**	1,716,521,769	3,295,616,956	192.0%	80.9%	54.5%
Interest income	**6,864,937**	1,083,534	5,781,403	533.6%	0.1%	0.0%
Other income from forfeiture	**93,956**	629,475	(535,519)	-85.1%	0.0%	0.0%
Others	**141,770,843**	135,287,020	6,483,823	4.8%	2.3%	4.3%
	6,193,862,809	3,150,118,636	3,043,744,173	96.6%	100.0%	100.0%
COST AND EXPENSES						
Cost of real estate sales	**41,742,603**	156,730,441	(114,987,838)	-73.4%	0.7%	5.0%
Cost of hotel operations	**66,279,757**	110,950,436	(44,670,679)	-40.3%	1.1%	3.5%
Selling and marketing expenses	**2,519,334**	34,702,674	(32,183,340)	-92.7%	0.0%	1.1%
General and administrative expenses	**486,728,020**	499,728,539	(13,000,519)	-2.6%	7.9%	15.9%
Interest expense	**327,787,891**	474,022,036	(146,234,145)	-30.8%	5.3%	15.0%
	925,057,605	1,276,134,126	(351,076,521)	-27.5%	14.9%	40.5%
INCOME BEFORE INCOME TAX	**5,268,805,204**	1,873,984,510	3,394,820,694	181.2%	85.1%	59.5%
INCOME TAX EXPENSE	**1,609,953,726**	741,409,588	868,544,138	117.1%	26.0%	23.5%
NET INCOME/TOTAL COMPREHENSIVE INCOME	**3,658,851,478**	1,132,574,922	2,526,276,556	223.1%	59.1%	36.0%
Attributable to:						
Equity holders of the Parent Company	**2,767,638,040**	750,177,645	2,017,460,395	268.9%	44.7%	23.8%
Non-controlling interest	**891,213,438**	382,397,277	508,816,161	133.1%	14.4%	12.1%
	3,658,851,478	1,132,574,922	2,526,276,556	223.1%	59.1%	36.0%

Revenues

DoubleDragon Properties Corp. (“DoubleDragon” or “The Company”) reports Consolidated Net Income figures for the first half of 2020 at P4.40 Billion, an increase of 100.2% compared to P2.20 Billion during the same period last year.

Total Revenues of DoubleDragon Properties Corp. (“The Company”) rose 44.9% for the six months months ended June 30, 2020 to P8.11 Billion vs. P5.59 Billion during the same period last year.

For the three months ended June 30, 2020, Total Revenues of DoubleDragon Properties Corp rose 96.6% to P6.19 Billion vs. P3.15 Billion during the same period last year.

Rental Income of P1.61 Billion and Hotel Revenues of P269.73 Million contributed significantly to the 1H 2020 consolidated revenues of the Company. These recurring revenues account for 23.13% of the Company’s Total Revenues.

Furthermore, a P79.57 Million increase (21.7%) in Other Income from P367.49 Million to P447.06 Million accounted for 5.5% of the consolidated revenues for the first half of 2020 due to the increase in Aircon charges and service fee for utilities.

The Company also reports a P6.48 Million increase (4.8%) in Other Income from P135.29 Million to P141.77 Million, which accounts for 2.3% of the consolidated revenues for the quarter ended June 30, 2020.

The Company’s Interest Income increased by 533.6% to P6.86 Million for the three months ending June 30, 2020 from P1.08 Million in the same period last year due to the increase in the Company’s deposit placements with financial institutions. The Company booked P116.78 Million in Hotel revenues for the three months ended June 30, 2020, a slight decrease form P148.86 Million during the same period last year.

The Company's Consolidated Net Income figures for the three months ended June 30, 2020 reached P3.66 Billion, an increase of 223.1% compared to P1.13 Billion during the same period last year.

The Company targets to complete a leasable portfolio of 1.2 Million square meters by 2022 spread across its four core business segments: provincial retail leasing, office leasing, industrial leasing and hotels. DoubleDragon's four pillars of growth continue to strengthen and will provide the Company with a diversified source of recurring revenues backed by a string of appreciating hard assets.

Cost and Expenses

Cost of real estate sales amounting to P41.74 Million decreased by P114.98 Million (-73.4%) for the three months ended June 30, 2020. Cost of hotel operations amounting to P66.28 Million decreased by P44.67 Million (-40.3%) for the three months ended June 30, 2020. The decrease in cost of real estate and cost of hotel operations are in lie with the decrease in real estate sales and hotel revenues.

Selling expenses of P2.52 Million decreased by P32.18 Million from P34.70 Million from the same period last year due to lower commission and marketing expenses. General and administrative expenses remained stable at P486.73 Million. Interest expense amounting to P327.79 Million was recognized for the three months ended June 30, 2020 – a decrease from P474.02 Million in the same period last year.

Income before income tax

The Company's consolidated income before income tax for the three months ended June 30, 2020 is at P5.27 Billion, an increase of P3.39 Billion or 181.2%, from its consolidated income before income tax of P1.87 Billion recorded for the same period in 2019.

The Company continues to accelerate its growth trajectory for the second quarter of 2020 as income before tax rose by 181.2% to P5.27 Billion from P1.87 Billion posted in the same period last year.

Income tax expense

The Company's income tax expense for the three months ended June 30, 2020 is at P1.61 Billion, an increase of P868.54 Million, or 117.1%, from its income tax expense of P741.41 Million recorded for the same period in 2019, primarily due to higher taxable income of the Company and its subsidiaries.

Net Income

As a result of the foregoing, DoubleDragon Properties Corp. ("DoubleDragon" or "The Company") reports Consolidated Net Income figures for the first half of 2020 has reached P4.40 Billion, an increase of 100.2% compared to P2.20 Billion during the same period last year.

The Company's consolidated net income of P3.66 Billion grew by P2.53 Billion, up by 223.1% for the three months ended June 30, 2020 from P1.13 Billion posted for the same period in the previous year as its core projects complete and start to contribute substantially.

June 30, 2020 versus December 31, 2019 Statements of Financial Position

DOUBLEDRAGON PROPERTIES CORP.
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited June 30, 2020	Audited December 31, 2019	Horizontal Analysis Increase (Decrease)		Vertical Analysis 2020	Vertical Analysis 2019
ASSETS						
Current Assets						
Cash and cash equivalents	₱ **4,203,535,576**	₱ 6,700,927,921	(2,497,392,345)	-37.3%	3.6%	5.9%
Receivables - net	**7,217,979,573**	5,798,297,764	1,419,681,809	24.5%	6.1%	5.1%
Inventories	**2,259,226,372**	2,169,314,462	89,911,910	4.1%	1.9%	1.9%
Due from related parties	**55,150,000**	55,150,000	-	0.0%	0.0%	0.0%
Prepaid expenses and other current assets - net	**4,850,441,931**	4,486,515,652	363,926,279	8.1%	4.1%	4.0%
Total Current Assets	**18,586,333,452**	19,210,205,799	(623,872,347)	-3.2%	15.7%	16.9%
Noncurrent Assets						
Receivables - net of current portion	**9,688,794**	9,898,720	(209,926)	-2.1%	0.0%	0.0%
Property and equipment - net	**895,461,467**	951,538,774	(56,077,307)	-5.9%	0.8%	0.8%
Goodwill and intangible assets	**1,209,998,342**	1,237,911,379	(27,913,037)	-2.3%	1.0%	1.1%
Investment property	**94,588,142,886**	89,213,048,577	5,375,094,309	6.0%	80.0%	78.6%
Right-of-use - net	**589,933**	862,209	(272,276)	-31.6%	0.0%	0.0%
Deferred tax assets	**542,483,075**	504,367,200	38,115,875	7.6%	0.5%	0.4%
Other noncurrent assets	**2,416,178,192**	2,418,763,491	(2,585,299)	-0.1%	2.0%	2.1%
Total Noncurrent Assets	**99,662,542,689**	94,336,390,350	5,326,152,339	5.6%	84.3%	83.1%
	118,248,876,141	113,546,596,149	4,702,279,992	4.1%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱ **6,770,974,584**	₱ 8,658,321,689	(1,887,347,105)	-21.8%	5.7%	7.6%
Short-term loans payable payable, net of debt issue costs	**12,227,569,131**	12,015,344,351	212,224,780	1.8%	10.3%	10.6%
Due to related parties	**1,018,926,702**	988,322,908	30,603,794	3.1%	0.9%	0.9%
Current portion of customers' deposits	**570,181,309**	420,593,972	149,587,337	35.6%	0.5%	0.4%
Dividends payable	**151,743,966**	151,578,047	165,919	0.1%	0.1%	0.1%
Income tax payable	**72,390,989**	54,719,292	17,671,697	32.3%	0.1%	0.0%
Total Current Liabilities	**20,811,786,681**	22,288,880,259	(1,477,093,578)	-6.6%	17.6%	19.6%
Noncurrent Liabilities						
Long-term notes payable - net of issue cost	**17,964,843,153**	18,521,177,930	(556,334,777)	-3.0%	15.2%	16.3%
Bonds payable - net of issue cost	**14,857,119,698**	14,844,514,329	12,605,369	0.1%	12.6%	13.1%
Deferred tax liabilities	**12,928,373,723**	10,312,452,220	2,615,921,503	25.4%	10.9%	9.1%
Retirement benefits liability	**17,926,267**	16,310,726	1,615,541	9.9%	0.0%	0.0%
Customers' deposits - net of current portion	**269,034,976**	215,641,847	53,393,129	24.8%	0.2%	0.2%
Lease liability - net of current protion	**1,377,648,814**	1,351,978,820	25,669,994	1.9%	1.2%	1.2%
Other noncurrent payable	**2,161,418,790**	2,076,864,921	84,553,869	4.1%	1.8%	1.8%
Total Noncurrent Liabilities	**49,576,365,421**	47,338,940,793	2,237,424,628	4.7%	41.9%	41.7%
Total Liabilities	**70,388,152,102**	69,627,821,052	760,331,050	1.1%	59.5%	61.3%
Equity						
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	**237,310,060**	237,310,060	-	0.0%	0.2%	0.2%
Preferred Shares	**10,000,000,000**	10,000,000,000	-	0.0%	8.5%	8.8%
Additional paid-in capital	**5,540,589,852**	5,540,589,852	-	0.0%	4.7%	4.9%
Retained earnings	**17,694,239,500**	14,713,800,272	2,980,439,228	20.3%	15.0%	13.0%
Retirement benefits liability	**36,155**	36,155	-	0.0%	0.0%	0.0%
Treasury stock	**(167,160,000)**	(167,160,000)	-	0.0%	-0.1%	-0.1%
	33,305,015,567	30,324,576,339	2,980,439,228	9.8%	28.2%	26.7%
Non-controlling Interest	**14,555,708,472**	13,594,198,758	961,509,714	7.1%	12.3%	12.0%
Total Equity	**47,860,724,039**	43,918,775,097	3,941,948,942	9.0%	40.5%	38.7%
Total Liabilities and Equity	**118,248,876,141**	113,546,596,149	4,702,279,992	4.1%	100.0%	100.0%

As of June 30, 2020, consolidated Total Assets increased by 4.1% to P118.25 Billion while Total Equity grew 9.0% to P47.86 Billion as compared to the end of last year.

The Company's Total Assets increased by P4.70 Billion from the end of last year primarily due to the increase in the Company's Investment Properties which now stand at P94.59 Billion as the Company continues to expand its recurring revenue stream and the increase in fair value of investment properties.

Gross debt-to-equity levels remains healthy at 0.94x as compared to the Company's cap gross debt-to-equity which is at 2.33x based on loan covenants.

For the first six months of 2020, the Company's properties held for lease, classified as investment properties, increased by P5.38 Billion or an increase of 6.0% for the first six months of 2020 to end at P94.59 Billion as of June 30, 2020. DoubleDragon is focusing on the buildup of recurring revenue firmly grounded on a portfolio of appreciating real estate assets acquired at un-stretched prices to provide downturn protection during any economic cycle.

Current Assets

Cash amounting to P4.20 Billion as of June 30, 2020 decreased by P2.50 Billion (-37.3%) from P6.70 Billion as of December 31, 2019 due to capital expenditures and operating activities of the Company.

Receivables amounting to P7.22 Billion as of June 30, 2020 increased by P1.42 Billion (+24.5%) from P5.80 Billion as of December 31, 2019 due to higher installment contracts receivable from incremental sales and receivable from leases.

Real estate inventories amounting to P2.26 Billion as of June 30, 2020 increased by P89.91 Million (+4.1%) from P2.17 Billion on December 31, 2019.

Prepaid expenses and other current assets amounting to P4.85 Billion as of June 30, 2020 increased by P363.93 Million (8.1%) from P4.49 Billion on December 31, 2019. This account includes input taxes on expenditures related to construction and property development and creditable withholding taxes. The increase is due to the increase in input VAT and prepayments.

Noncurrent Assets

Property and equipment amounting to P895.46 Million as of June 30, 2020 slightly decreased by P56.08 Million (-5.9%) from P951.54 Million as of December 31, 2019 due to depreciation recognized during the period.

Intangible assets remains steady at P1.21 Billion as of June 30, 2020, a slight decrease of P27.91 Million from December 31, 2019 due to amortization during the period.

Investment property amounting to P94.59 Billion as of June 30, 2020 increased by P5.38 Billion (6.0%) from P89.21 Billion as of December 31, 2019 due to the continuous construction of leasing properties and appreciation of investment properties owned by the Company.

Current Liabilities

Accounts payable and other liabilities amounting to P6.77 Billion as of June 30, 2020 decreased by P1.89 Billion (-21.8%) from P8.66 Billion as of December 31, 2019.

Short-term notes payable amounting to P12.23 Billion as of June 30, 2020 increased by P212.22 Million (1.8%) from P12.02 Billion as of December 31, 2019 due to availment of short-term loans.

Customers' deposits amounting to P570.18 Million as of June 30, 2020 increased by P149.59 Million (35.6%) from P420.59 Million as of December 31, 2019 due to downpayments from the unit buyers of Hotel101 projects in excess of cost.

Income Tax payable increased by 32.3% to P72.39 Million as of June 30, 2020 from P54.72 as of year-end 2019 due to the increase in consolidated net income of the Company.

Noncurrent Liabilities

Long-term notes payable is at P17.96 Billion as of June 30, 2020. Bonds payable also remains at P14.86 Billion as of June 30, 2020. Deferred tax liabilities increased by P2.62 Billion (25.4%) to P12.93 Billion from P10.31 Billion as of December 31, 2019. Other noncurrent payable increased by P84.55 Million (4.1%) to P2.16 Billion from P2.08 Billion as of December 31, 2019 due to increase in lease liabilities and deposits.

Equity

Equity amounting to P47.86 Billion as of June 30, 2020 is higher by P3.94 Billion from P43.92 Billion as of December 31, 2019, due to the increase in Retained Earnings from consolidated net income recorded for the first six months of 2020.

Key Performance Indicators of the Company

	Unaudited June 30, 2020	**Audited December 31, 2019**
Current Ratio	0.89	0.86
Asset to Equity	2.47	2.59
Debt to Equity Ratios		
On Gross Basis	0.94x	1.03x
On Net Basis	0.85x	0.88x
Acid Test Ratio	0.55	0.56

	Unaudited period ending June 30, 2020	**Unaudited period ending June 30, 2019**
Return on Equity	10.39%	6.67%
Net Income to Revenue	40.75%	27.13%
Revenue Growth	44.95%	54.03%
Income Growth	117.75%	103.77%
EBITDA	PhP6,892,747,198	PhP4,082,256,727
Solvency Ratio	0.0636x	0.0411x
Interest Coverage Ratio	4.85	3.46

(In compliance with SRC Rule 68, as amended on October 2011)

The following are the formula by which the Company calculates the foregoing performance indicators are as follows:

1. Current Ratio $\dfrac{\text{Current Assets}}{\text{Current Liabilities}}$

2. Asset to Equity Ratio $\dfrac{\text{Total Assets}}{\text{Total Stockholders' Equity}}$

3. Debt to Equity Ratio (Gross Basis) $\dfrac{\text{Total Interest Bearing Short-Term and Long-Term Debt}}{\text{Total Equity}}$

4. Debt to Equity Ratio (Net Basis) $\dfrac{\text{Total Interest Bearing Short-Term and Long-Term Debt less Cash and Cash Equivalent}}{\text{Total Equity}}$

5. Return on Equity

$$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to the Owners of the Parent}}$$

6. Net Income to Revenue

$$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Total Revenue}}$$

7. Revenue Growth

$$\frac{\text{Total Revenue (Current Period) - Total Revenue (Prior Period)}}{\text{Total Revenue (Prior Period)}}$$

8. Income Growth

$$\frac{\text{Net Income Attributable to Owners of the Parent (Current Period) - Net Income Attributable to Owners of the Parent (Prior Period)}}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}}$$

9. EBITDA

Income from Operations + Depreciation and Amortization + Interest Expense

10. Acid Test Ratio

$$\frac{\text{Cash + Accounts Receivable + Marketable Securities}}{\text{Current Liabilities}}$$

11. Solvency Ratio

$$\frac{\text{Net Income + Depreciation and Amortization}}{\text{Total Liabilities}}$$

12. Interest Coverage Ratio

$$\frac{\text{Earnings Before Interest and Taxes}}{\text{Interest Paid}}$$

PART II--OTHER INFORMATION

N/A

SIGNATURES

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

Issuer	DOUBLEDRAGON PROPERTIES CORP.
Signature and Title	**Joselito L. Barrera, Jr** Chief Information Officer/ Head, Legal Department
Date	August 14, 2020

Principal Financial/Accounting Officer/Controller: Gerda Grace C. Galloniga-Dela Victoria

Signature and Title	**Gerda Grace C. Galloniga-Dela Victoria** Head, Accounting
Date	August 14, 2020

15 July 2020

Philipine Stock Exchange, Inc.
6th Floor, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City
Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Philippine Dealing and Exchange Corporation
37th Floor, Tower 1, The Enterprise Center, 6766 Ayala Ave cor. Paseo de Roxas, Makati City
Attention: **Atty. Marie Rose M. Magallen-Lirio**
Head, Issuer Compiance and Disclosures Department

Securities and Exchange Commission
Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City
Attention: **Hon. Vicente Graciano P. Felizmenio, Jr.**
Director, Markets and Securities Regulation Department

Subject: **Summary of the Application of Proceeds from the Follow On Offering**

Ladies and Gentlemen,

In line with the Follow On Offering (FOO) of DoubleDragon Properties Corp. (DD) on July 13, 2018, we submit herewith our report on the application of the actual net proceeds coming from DD Follow On Offering amounting to **FOUR BILLION ONE HUNDRED NINETY SIX MILLION TWO HUNDRED SEVEN THOUSAND NINE HUNDRED EIGHTY TWO PESOS AND EIGHTEEN CENTAVOS (P4,196,207,982.18)**.

For the second quarter of 2020, the application of the net proceeds is broken down as follows:

(Php in Millions)	Planned Allocation of Net Proceeds	*Actual Disbursements*			Actual Remaining
		As of 31 MAR 2020	Q2 2020	Total as of 30 JUN 2020	as of 30 JUN 2020
CentralHub Industrial Centers Inc.	1,925.7	769.0	79.1	848.1	1,077.6
Hotel of Asia Inc.	2,171.5	927.3	43.9	971.2	1,200.3
General corporate purposes	99.0	99.0	-	99.0	-
Total	4,196.2	1,795.3	123.0	1,918.3	2,277.9

Thank you.

Very truly yours,

Rizza Marie Joy J. Sia
Treasurer and CFO

DoubleDragon Headquarters
10th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park Corner Macapagal Avenue & Edsa Extension, Bay Area, Pasay City, Metro Manila, 1302 Philippines
Tel: +632 856 7111 Fax: +632 856 9111 Email: info@doubledragon.com.ph

DOUBLEDRAGON PROPERTIES CORP.

REPORT OF FACTUAL FINDINGS ON THE
APPLICATION OF PROCEEDS FROM THE FOLLOW-ON OFFERING

REPORT OF FACTUAL FINDINGS

The Board of Directors and Stockholders
DoubleDragon Properties Corp.
DD Meridian Park Bay Area
Corner Macapagal Avenue and EDSA Extension Boulevard
Brgy 76 Zone 10, San Rafael, Pasay City, Metro Manila

We have performed the procedures agreed with you and enumerated below with respect to the Progress Report on the application of proceeds from the Follow-on Offering ("FOO") of DoubleDragon Properties Corp. (the "Company") on July 13, 2018. The procedures were performed solely to comply with the requirement of the Philippine Stock Exchange (PSE) for the Company to submit an external auditor's certification on the accuracy of the information being represented by the Company relating to the use of proceeds from the Offering whenever a report is submitted to the PSE. Our engagement was undertaken in accordance with Philippine Standard on Related Services (PSRS) 4400, *Engagements to Perform Agreed-upon Procedures Regarding Financial Information.*

The agreed-upon procedures are summarized as follows:

1. Obtain and check the mathematical accuracy of the Annual Progress Report from the Company.

2. Agree the amount of the net proceeds from the FOO as stated in the Annual Progress Report to the related supporting documents such as bank statements, passbook and other documents evidencing the receipt thereof.

3. Compare the list of all the disbursements in the Annual Progress Report with the schedule of planned use of proceeds from the FOO in the International Offering Circular ("Prospectus") and agree the amounts to the related supporting documents such as memorandum of agreements, invoices, deposit slips, passbook and letter of instructions.

4. Obtain written management representation as to any reallocation (or absences thereof) on the Company's planned use of proceeds or any change in the work program as disclosed in the Prospectus.

The results of the procedures performed are summarized in Annex A, which is an integral part of this report.

The procedures that we performed did not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), thus, we do not express any assurance on the use of proceeds from the Offering based on the said standards.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with PSA and PSRE, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's use of the proceeds from the Offering and items specified above and do not extend to any financial statements of the Company taken as a whole.

R.G. MANABAT & CO.

Darwin P. Virocel
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, effective for five (5) years
Covering the audit of 2019 to 2023 financial statements

July 14, 2020
Makati City, Metro Manila

Summary of Results of Agreed-Upon Procedures Performed
Annex A

We report the results of our work as follows:

1. We have obtained and checked the mathematical accuracy of the Company's Annual Progress Report for the second quarter ended June 30, 2020. No exceptions noted.

2. We have compared the list of all the disbursements in the Annual Progress Report with the schedule of planned use of proceeds from the Offering in the Offering Prospectus ("Prospectus") and agree the amounts to the related supporting documents. No exceptions noted.

   As presented by the Company and based on the above procedures, the table below lists the details of the disbursements made during the second quarter ended June 30, 2020 from the P4,196.2 million net Offering proceeds.

	Allocation per Prospectus (in millions)	Actual Disbursement		Balance as at end of 2020-Q2 (in millions)
		Actual Disbursement for 2020-Q2 (in millions)	Total Cumulative Disbursement (in millions)	
CentralHub Industrial Centers Inc.	P1,925.7	P79.1	P848.1	P1,077.6
Hotel of Asia, Inc.	2,171.5	43.9	971.2	1,200.3
General corporate purposes, land banking or potential acquisitions	99.0	-	99.0	-
Total	**P4,196.2**	**P123.0**	**P1,918.3**	**P2,277.9**

   Relative to the actual disbursements for the period we have compared and agreed the actual disbursements for the quarter ended June 30, 2020 submitted by the Company to the PSE to the related supporting documents which includes the bank account passbooks, official receipts, collection receipts and bank deposit slips. We have noted that the portion of the proceeds allocated for the CentralHub and Hotel 101 projects has been disbursed by the Company to various outsourced and construction related expenditures totaling P79.1 and P43.9 million, respectively. Such transactions and amounts thereof were agreed to the related voucher and official receipt.

3. We have obtained written management representation and noted that there were no reallocations made on the Company's planned use of proceeds from the Offering or any changes in the work program as disclosed in the Prospectus.