

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. As of September 6, 2023  
Date of Report
2. SEC Identification Number CS200930354 3. BIR Tax Identification No. 287-191-423-000
4. DoubleDragon Corporation  
Exact name of issuer as specified in its charter
5. Manila, Philippines 6.  (SEC Use Only)  
  
Province, country or other jurisdiction of incorporation      Industry Classification Code:
7. DD Meridian Park Bay area Corner Macapagal Avenue EDSA Extension Boulevard Barangay 76  
Zone 10 San Rafael, Pasay City, Metro Manila, Philippines      1302  
Address of principal office      Postal Code
8. (02) 8856-7111  
Issuer's telephone number, including area code
9. DoubleDragon Properties Corp.  
Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	2,345,028,600
Preferred Shares	100,000,000

11. Indicate the item numbers reported herein:

**Item 9. Other Events**

The Board of Directors of the Company in a meeting held on May 15, 2023 called for the holding of the Annual Shareholders Meeting for shareholders as of August 31, 2023 (record date) on September 29, 2023 at 10:30am through remote communication via zoom. The Agenda for the Meeting is:

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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 2022 Audited Financial Statements and the 2022 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

### SIGNATURES

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

DoubleDragon Corporation  
Issuer

September 6, 2023  
Date



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**Jose L. Barrera, Jr.**  
Chief Information Officer

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: **DOUBLEDAGON CORPORATION**

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, 10<sup>th</sup> 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 29, 2023**  
**10:30AM; by Remote Communication Via Zoom. DD Headquarters, Pasay City. 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 8, 2023**

10. In case of proxy solicitation:

i. Name of Person filing the statement/solicitor: **FERDINAND J. SIA**

ii. Address and telephone No.: **DoubleDragon Headquarters, 10<sup>th</sup> 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):

<u>Title of Each class</u>	<u>Number of Shares of Stock Outstanding or Amount of Debt Outstanding</u>
Common	2,345,028,600 (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 2,345,028,600 Common Shares and 100,000,000 Preferred Shares are listed with the Philippine Stock Exchange ("PSE").





**NOTICE OF ANNUAL STOCKHOLDERS' MEETING**  
**September 29, 2023; 10:30 AM Via Zoom.**

To All Stockholders:

Kindly take notice that the Annual Stockholders' Meeting of **DoubleDragon Corporation**, *formerly* DoubleDragon Properties Corp. (the "**Company**") for the year 2023 will be held on September 29, 2023, 10:30 AM through remote communication 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 12, 2023 to 6:00 PM of September 23, 2023.

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 2022 Audited Financial Statements and the 2022 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 **August 31, 2023** 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 12, 2023 to 6:00 PM of September 23, 2023. 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](mailto:corporatesecretary@doubledragon.com.ph) or return the same to the office of the Corporate Secretary at DoubleDragon Headquarters, 10<sup>th</sup> 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 26, 2023. Kindly refer to Annex "A" for the requirements for registration.

Thank you very much.

Pasay City, September 6, 2023.

BY THE ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read 'F. J. Sia', is written over a horizontal line.

**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 CORPORATION  
SEPTEMBER 29, 2023**

**AGENDA**

**1) Call to Order**

The Chairman or, in his absence, a president to be chosen by the stockholders will formally open the 2023 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 8, 2023. 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 2022 Audited Financial Statements and the 2022 Annual Report**

The 2022 Audited Financial Statements (the "AFS") of the Company audited by KPMG R.G. Manabat & Co., the Company's independent external auditor, along with the 2022 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, 2022.

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

The Company's performance for the year 2022 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.

**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 2023. The resolution for adoption will be the approval of the appointment of KPMG R.G. Manabat & Co. as the Company's external auditor for 2023.

**9) Other Matters**

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

**10) Adjournment**

## **PROFILES OF THE INCUMBENT BOARD OF DIRECTORS**

**Edgar J. Sia II**, age 46, 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 70, 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 44, 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 S. Javelona**, age 33 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 69, 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 59 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 58, 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 64, Filipino, 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 86, 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 65, 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 Corporation**

**A. GENERAL INFORMATION**

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

Date:	<b>September 29, 2023</b>
Time:	<b>10:30 AM</b>
Place	<b>DoubleDragon Headquarters 10<sup>th</sup> 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.</b>
Mailing Address:	<b>DoubleDragon Headquarters, 10<sup>th</sup> Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila 1302</b>

Copies of this Information Statement will be sent on or around September 8, 2023 to all stockholders of record as of August 31, 2023. 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](mailto:corporatesecretary@doubledragon.com.ph), on or before 6:00PM of September 26, 2023. 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 directors or officers of the Company, or any nominee to the Board of Directors, or any associate of the foregoing persons have substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon during the Meeting. Likewise, there are no persons who have substantial interest, directly or indirectly, in any matter to be acted upon, other than elections to office.

There is no director who has informed the Company in writing that he or she intends to oppose any action to be taken by the Company at the Meeting.

## **B. CONTROL AND COMPENSATION INFORMATION**

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

<i>As of June 30, 2023</i>			
<i>Issued Shares</i>	<b>Shares Allowed To Foreigners (40% equity)</b>	<b>Shares Owned By Foreigners (9.44%)</b>	<b>Shares Owned By Filipinos (90.56%)</b>
<b>2,345,028,600</b> <i>(net of treasury shares)</i>	<b>938,011,440</b>	<b>221,386,796</b>	<b>2,123,641,804</b>



As of June 30, 2023, there were 2,345,028,600 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 August 31, 2023 are entitled to notice and to vote at the Meeting to be held on September 29, 2023.

#### **RECORD DATE**

All common stockholders of record as of August 31, 2023 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 Proxy Form shall be submitted to the Corporate Secretary no later than 6:00 P.M. on September 26, 2023 thorough email at [corporatesecretary@doubledragon.com.ph](mailto: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 27, 2023 at the DoubleDragon Headquarters, 10<sup>th</sup> 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 June 30, 2023, the following are the owners of the Company's common stock in excess of 5% of the total outstanding shares:

<i><b>Title of Class</b></i>	<i><b>Name, Address of Record Owner and Relationship with the Issuer</b></i>	<i><b>Name of Beneficial Owner and Relationship with the Issuer</b></i>	<i><b>Citizenship</b></i>	<i><b>No. of Shares</b></i>	<i><b>Percentage</b></i>
<b>Common Share</b>	<b>Injap Investments Inc.</b>  Corner Fuentes and Delgado Streets, Iloilo City  <b>Stockholder</b>	<b>Injap Investments Inc.</b>  <b>Stockholder</b>	<b>Filipino</b>	<b>824,996,999</b>	<b>35.18%</b>
<b>Common Shares</b>	<b>Honeystar Holdings Corp.</b>  10F Jollibee Plaza 10F Ortigas, Jr. Avenue, Ortigas Center, Pasig City  <b>Stockholder</b>	<b>Honeystar Holdings Corp.</b>  <b>Stockholder</b>	<b>Filipino</b>	<b>824,996,999</b>	<b>35.18%</b>
<b>Common Shares</b>	<b>PCD Nominee Corporation (Filipino)</b>  Tower I, The Enterprise Center, 6766 Ayala Ave. corner Paseo de Roxas, Makati City  <b>Stockholder</b>	<b>PCD Nominee Corporation (Filipino)</b>  <b>Stockholder</b>	<b>Filipino</b>	<b>468,840,636</b>	<b>19.99%</b>
<b>Common Shares</b>	<b>PCD Nominee Corporation (Non-Filipino)</b>  Tower I, The Enterprise	<b>PCD Nominee Corporation (Non-Filipino)</b>  <b>Stockholder</b>	<b>Non-Filipino</b>	<b>221,226,305</b>	<b>9.43%</b>

Center, 6766  
Ayala Ave.  
corner Paseo de  
Roxas, Makati  
City

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, 2023)

Title of Class	Name of the Beneficial Owner	Amount and the Nature of the Beneficial Ownership		Citizenship	Percent of Class
		Direct	Indirect		
Common Common	Edgar J. Sia II	1,351,190	0	Filipino	0.06%
	Tony Tan Caktiong	1,000	0	Filipino	0.00%
Common Common	Ferdinand J. Sia	12,032,712	0	Filipino	0.51%
	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 Common	Gary P. Cheng	250,001	0	Filipino	0.01%
	Vicente Perez, Jr.	250,001	0	Filipino	0.01%

The aggregate number of common shares for all directors and officers is 21,387,904.

## 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:

<u>Office</u>	<u>Name</u>	<u>Age</u>	<u>Citizenship</u>
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Chairman	Edgar J. Sia II	46	Filipino
Co-Chairman	Tony Tan Caktiong	70	Filipino
Director and President	Ferdinand J. Sia	44	Filipino
Director, Treasurer and CFO	Rizza Marie Joy S. Javelona	33	Filipino
Director and Corp. Secretary	William Tan Untiong	69	Filipino
Director and Asst. Corp. Secretary	Joseph Tanbuntiong	59	Filipino
Independent Director	Gary P. Cheng	58	Filipino
Independent Director	Vicente S. Perez, Jr.	64	Filipino
Adviser to the Board	Chief Justice Artemio V. Panganiban	86	Filipino
Adviser to the Board	Ernesto Tanmantiong	65	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 46, Filipino, is the Chairman and Chief Executive Officer of Injap Investments Inc., MerryMart Consumer Corp<sup>1</sup>, 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 70, Filipino, is the Chairman of Honeystar Holdings Corporation, and the current Chairman of Jollibee Foods Corporation<sup>2</sup>, 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.

<sup>1</sup> A Reporting/Listed Company in the Philippines

<sup>2</sup> A Reporting/Listed Company in the Philippines

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 <sup>2</sup>
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 44, Filipino, is the President and Chief Operating Officer of Injap Investments Inc. and and MerryMart Consumer Corp.<sup>3</sup> 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 S. Javelona** age 33, 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 69, 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<sup>4</sup> 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

<sup>3</sup> A Reporting/Listed Company in the Philippines

<sup>4</sup> A Reporting/Listed Company in the Philippines

Director	Honeybee Foods Corporation
Director	Red Ribbon Bakeshop Inc. (USA)
Director	Chowking Food Corporation (USA)
Director	WJ Investments Limited <sup>9</sup>
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 <sup>10</sup>
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 59, Filipino, is the President of Jollibee Philippines<sup>5</sup> 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 58, 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

<sup>5</sup> A Reporting/Listed Company in the Philippines

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:

<b>Company/Organization</b>	<b>Position/Relationship</b>	<b>Period of Service</b>
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 64, Filipino, 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:

<b>Company/Organization</b>	<b>Position/Relationship</b>	<b>Period of Service</b>
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 (Singapore)	Chairman	November 18, 2005 - Present
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. <sup>6</sup>	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. <sup>7</sup>	Member of the Advisory Board	June 2009 - Present

### ADVISERS TO THE BOARD

**Chief Justice Artemio V. Panganiban**, age 86, 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

<sup>6</sup> A Reporting/Listed Company in the Philippines

<sup>7</sup> A Reporting/Listed Company in the Philippines



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

Non-listed Companies

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

**Ernesto Tanmantiong**, age 65, 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

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

## ATTENDANCE IN MEETINGS

The attendance of the directors at the meetings of the Board of Directors and of Stockholders held during their term is as follows:

Director	No. of Board and Stockholders meetings held	No. of Board and Stockholders meetings attended	Percentage
Edgar J. Sia II	8	8	100%
Tony Tan Caktiong	8	8	100%
Ferdinand J. Sia	8	8	100%
Rizza Marie Joy S. Javelona	8	8	100%
William Tan Untiong	8	7	87.5%
Joseph Tanbuntiong	8	8	100%
Gary P. Cheng	8	8	100%
Vicente S. Perez	8	8	100%

## APPRAISAL AND PERFORMANCE REPORTS

The Board of Directors, Management and employees of the Company commit themselves to the principles and best practices of corporate governance as contained in its Manual on Corporate Governance, in compliance with SEC Memorandum Circular No. 19, series of 2016 (Code of Corporate Governance for Publicly-Listed Companies) and further acknowledge that the same may guide the attainment of the Company's values, mission and vision.

The Board of Directors, officers, employees and stockholders of the Company believe that corporate governance is a necessary component of sound strategic business management and will undertake every effort necessary to create awareness within the organization as soon as possible.

To ensure adherence to corporate principles and best practices of good corporate governance, the Compliance Officer monitors compliance with the provisions and requirements of the Manual on Corporate Governance.

In compliance with SEC Memorandum Circular No. 15, series of 2017, the Company submitted its Integrated Annual Corporate Governance Report (I-ACGR) for the year ended December 31, 2022 on May 31, 2023. The Company shall submit its I-ACGR for the year ended December 31, 2023 within the period required. Any deviation from the recommendations provided by the Manual on Corporate Governance are identified in the I-ACGR.

The Company is taking further steps to enhance adherence to principles and practices of good corporate governance.

To ensure board effectiveness and optimal performance, the Board shall conduct annual performance evaluations of the Board of Directors, its individual members and board committees. Through the self-assessment and evaluation process, directors identify areas for improvement, such as:

1. Board Composition and Diversity;
2. Frequency of Meetings;
3. The adequacy of of materials and information provided Directors;
4. Directors' access to Management;.

The criteria for Board self-assessment are:

1. Collective Board Rating
  1. Composition
  2. Attendance and Participation
2. Individual Self-Assessment
  1. Individual Performance
  2. Attendance of Board and Committee Meetings
3. Board Committees Rating
  1. Executive Committee
  2. Corporate Governance Committee
  3. Audit Committee
  4. Personnel and Compensation Committee

## **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 S. Javelona 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 December 31, 2022, 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, and none of them has been:

- a) Subject to any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- b) Subject to any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

## **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 years ended December 31, 2022, 2021 and 2020 and the related outstanding balances as of December 31, 2022 are as follows:

Category	Year	Ref/Note	Amount of Transaction	Outstanding Balances		Terms and Conditions
				Due from Related Parties	Due to Related Parties	
Parent Company's Key Management - Personnel						
Management fees	2022	a	P2,678,571	P -	P -	Demandable; non-interest bearing; unsecured; payable in cash
	2021	a	2,678,571	-	-	Demandable; non-interest bearing; unsecured; payable in cash
	2020	a	2,678,571	-	-	Demandable; non-interest bearing; unsecured; payable in cash
Stockholders						
Acquisition of HOA	2022	b	-	-	-	Payable by way of DD shares
	2021	b	-	-	-	Payable by way of DD shares
	2020	b	-	-	429,944,449	Payable by way of DD shares
Other Related Parties						
Land acquired	2022	c	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in cash
	2021	c	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in cash
	2020	c	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in <u>cash</u>
		c	-	-	167,858,000	Payable by way of condo units
		c	155,975,635	-	323,833,635	Payable by way of condo units
		c	-	-	167,858,000	Payable by way of condo units unsecured; payable in cash
Cash advances received	2022	d	6,762,319	52,146,970	16,739,154	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2021	d	12,069,998	55,150,000	20,498,443	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2020	d	9,771,859	55,150,000	10,448,348	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
Rent income	2022	e	476,898,762	-	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2021	e	373,070,646	841,721,497	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2020	e	583,234,028	1,083,982,423	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2022			P52,146,970	P567,878,460	
	2021			P896,871,497	P727,613,383	

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 2022 and 2021 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, 2022, 2021 and 2020.

b. *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. This was paid in 2021.

*c. 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 2023.

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).

In 2019, the Company entered into a Memorandum of Agreement and Deed of Absolute Conveyance for "Hotel 101-Cebu Mactan Airport" project with a minority shareholder in relation to the transfer of land owned by the minority shareholder in exchange of a certain number of condotel units and commercial units.

*d. 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.

*e. Lease of Land, Office and 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, Jollibee Tower, DoubleDragon Plaza and CityMalls to MerryMart Group, 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 (Note 8).

*f. 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, 2021 and 2020. The advance deposit is to be applied to the future rent payment. This was refunded in 2021.

*g. Key Management Personnel Compensation*

Short-term benefits of key management personnel amounted to P39.91 million, P35.40



million and P34.12 million in 2022, 2021 and 2020, respectively. Long-term benefits of key management personnel amounted to P0.96 million in 2022 and 2021 and P0.97 million in 2020. Directors' fee paid amounted to P2.58 million in 2022 and 2021 and P2.92 million in 2020.

Refer to Note 23 -Related Party Transactions of the accompanying 2022 Consolidated Financial Statements and Note 25 of the Separate Financial Statement and to Schedules B and Schedule E of the Supplementary Schedules of Annex 68-J.

Except when indicated above, all outstanding due to/from related parties are to be settled in cash.

All directors and employees are required to disclose any business and family-related transactions with the Company. 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. Other related party transactions between entities under the DD Group are eliminated in the consolidation process. Other than those disclosed above, no other self-dealing and related party transactions with or involving the Company and its Directors have been entered.

#### **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, 2022, 2021 and 2020 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, 2022, 2021 and 2020 the total salaries and allowances and bonuses paid to top five (5) officers and all other officers of the Company as a group:

<b>Name and Position</b>		<b>Salary</b>	<b>Bonus</b>	<b>Total</b>
Edgar Sia II (Chairman)	2020	15,830,264	-	15,830,264
Ferdinand J. Sia (President)	2021	16,718,851	-	16,718,851
Rizza Marie Joy S. Javelona (Treasurer/CFO)	2022	19,455,791	-	19,455,791
Marriana Yulo (CIO/SVP)				
Charnette Afable (GM Property Management)				
Geraldine Gomez (GM Hotel101 Management)				
All other officers as a group	2020	43,550,440	-	43,550,440
	2021	45,263,573	-	45,263,573
	2022	49,925,939	-	49,925,939

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

### Compensation of Directors

Independent directors receive a standard per diem for attendance in Board meetings. For the years ended December 31, 2022, 2021 and 2020, the Company paid a total of ₱1,080,000, ₱1,080,000 and ₱600,000, 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 fiscal year:

<i>Remuneration Item</i>	<i>Executive Directors</i>	<i>Non-Executive Directors (other than independent directors)</i>	<i>Independent Directors</i>
(a) <i>Fixed Remuneration</i>	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) <i>Variable Remuneration</i>	None	None	None
(c) <i>Per diem Allowance</i>	None	None	P2.76 Million
(d) <i>Bonuses</i>	None	None	None
(e) <i>Stock Options and/or other financial instruments</i>	None	None	None
(f) <i>Others (Specify)</i>	None	None	None
<b>Total</b>	–	–	P2.76 Million

### 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 2022 and 2021, to the Company as well as to its subsidiaries.

	<b>2022</b>	<b>2021</b>
		(P)
Audit and Audit-Related Fees	10,540,000	9,627,000
All Other Fees	1,376,351	1,155,240
Tax Fees	1,200,000	-
Total		
.....	<u>13,116,351</u>	<u>10,782,240</u>

#### **All Other Fees**

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

#### **Tax Fees**

These are fees for professional services covering tax advisory engagements

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

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

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 will be presented for the stockholders' approval at the Meeting which involves Employee Compensation Plans.

### **C. ISSUANCE AND EXCHANGE OF SECURITIES**

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

No action will be presented for the stockholders' approval at the Meeting which involves the authorization or issuance of securities other than for exchange.

#### **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, 2022 and the audited separate 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 and separate financial statements and the annual report for the year ended December 31, 2022.

#### **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 is posted on the website of the Company, and is attached herein as **Annex C** 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.

**"RESOLVED**, that the minutes of the Annual Stockholders' Meeting held on September 29, 2022 was unanimously adopted and approved."

**2) Management Reports**

The Company's Management Report which included the 2022 year end Consolidated and Separate Financial Statements as audited by KPMG and the 2022 Annual Report will be submitted for approval by the stockholders. A copy of the Management Report is attached to this Information Statement as **Annex D**.

The resolution for adoption will be the approval of the Management Report for the year ended December 31, 2022.

**"RESOLVED**, that the stockholders of DoubleDragonCorporation hereby approve the Annual Report for the year 2021 and the Audited Financial Statements for the year ended December 31, 2021."

**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:

1. Application for Permits, Licenses, Clearances, Accreditations, and Registrations for Properties;
2. Opening, Updating and Maintenance of Bank Accounts and other Bank Transactions;
3. Property Acquisitions, Leases and Joint Ventures;
4. Appointment of Representatives in Various Government transactions and proceedings;

5. Availment and payment of Long and Short Term Loans and other Credit Facilities;
6. Approval of authority to enter into any contract necessary for the operation of the Company and the designation of signatories;
7. Declaration of Quarterly Dividends for Preferred Shares.
8. Declaration of Dividends for Common Shares
9. Entry into multi-year lease contract with tenants
10. Such other acts necessary 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.

**“RESOLVED**, that the stockholders of DoubleDragon Corporation confirm, ratify, and approve all acts done or caused to be done by the Board of Directors and Officers of the Corporation for the period from its last shareholders’ meeting on July 30, 2021 up to this date.”

#### 4) **Appointment of External Auditor**

As nominated by the Audit Committee, The appointment of KPMG R.G. Manabat and Co. as the external auditor of the Company to examine the financial statements of the Company for the year ended December 31, 2023 will be presented for approval.

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

**“RESOLVED**, that the stockholders of DoubleDragon Corporation approve the appointment of the firm of KPMG R.G. Manabat & Co. as independent external auditors of the Corporation, to examine the books of the Corporation for the year ended December 31, 2023.”

#### **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.

The following dividends were declared in 2021 up to present:

Date of Dividend Declaration	Dividends to	Dividends per share	Date of Payment
March 19, 2021	Preferred Shares	₱1.61945	April 14, 2021
June 15, 2021	Preferred Shares	₱1.61945	July 14, 2021
June 30, 2021	Common Shares	₱0.2002	September 16, 2021
September 20, 2021	Preferred Shares	₱1.61945	October 14, 2021
December 15, 2021	Preferred Shares	₱1.61945	January 6, 2022

March 22, 2022	Preferred Shares	₱1.61945	April 18, 2022
June 17, 2022	Preferred Shares	₱1.61945	July 14, 2022
September 16, 2022	Preferred Shares	₱1.61945	October 14, 2022
September 29, 2022	Common Shares	₱0.2324	October 31, 2022
December 14, 2022	Preferred Shares	₱1.61945	January 16, 2023
March 16, 2023	Preferred Shares	₱1.61945	April 14, 2023
May 16, 2023	Common Shares	₱0.2624	July 5, 2023
June 16, 2023	Preferred Shares	₱2.42125	July 14, 2023

#### **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 2022 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 from the time of the previous Annual Shareholders' Meeting to date:

1. Application for Permits, Licenses, Clearances, Accreditations, and Registrations for Properties;
2. Opening, Updating and Maintenance of Bank Accounts and other Bank Transactions;
3. Availment and payment of Long and Short Term Loans and other Credit Facilities;
4. Property Acquisitions, Leases and Joint Ventures;
5. Appointment of Representatives in Various Government Transactions and Proceedings;
6. Approval of authority to enter into any contract necessary for the operation of the Company and the designation of signatories;
7. Declaration of Quarterly Dividends for Preferred Shares;
8. Declaration of Dividends to Common Shares;
9. Entry into multi-year lease contract with tenants
10. Such other acts necessary for the operations of the Company

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

No action will be presented for the stockholders' approval at the Meeting which involves the amendment of Charter, Bylaws or other constitutive documents.

#### **Item 18. Other Proposed Action**

Other than those presented in the Items above, there are no other proposed actions to be presented at the Meeting for stockholder's approval.

## **Item 19. Voting Procedures**

Stockholders as of the August 31, 2023 Record Date may participate and vote in absentia. Registration of the stockholders and proxies attending the Meeting will be from 9:00 am September 12, 2023 to 6:00PM September 23, 2023.

See **Annex A** of this Information Statement for the Procedures and Requirements for Voting and Participation in the 2023 Annual Stockholder's Meeting.

### *(a) Vote required for approval.*

The approval of the minutes of the 2022 annual stockholders' meeting held s and the audited financial statements and annual report for the year ended 2022, the ratification of the actions of the Board of Directors and Officers, and the appointment of external auditors shall be decided by the majority vote of the stockholders present in person or by proxy and entitled to vote thereat, a quorum being present. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

In the election of directors, cumulative voting will be adopted. Cumulative voting is explained under Item 4 of this Information Statement. The candidates garnering the eight (8) highest number of votes shall be declared elected as directors of the Company to serve as such for the year 2023-2024.

### *(b) Method by which votes will be counted.*

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.

A stockholder may by vote by proxy by appointing the Company's President as proxy or electronically in absentia by registering and following the procedures annexed to this Information Statement. After validation, the stockholder will receive an email with instructions to access the ballot. The ballots submitted shall then be counted by the Corporate Secretary, with the assistance of representatives of the Company's stock transfer agent, RCBC Trust, which is an independent party. The results of the voting will be validated by our external auditors, KPMG R.G. Manabat and Co. shall be announced during the meeting.

**The Company is not soliciting Proxy.**

**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 Corporation**

DoubleDragon Headquarters, 10<sup>th</sup> 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 Corporation** (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 29, 2023 at 10:30AM, and at any of the adjournments thereof for the purpose of acting on the following matters:

**(a) Approval of the minutes of the previous meeting:**

☐ YES ☐ NO ☐ ABSTAIN

**(b) Approval of the 2022 Audited Financial Statements and the 2022 Annual Report**

☐ YES ☐ NO ☐ ABSTAIN

**(c) Ratification of the actions of the Board of Directors and Officers**

☐ YES ☐ NO ☐ ABSTAIN

**(d) Election of Directors**

☐ VOTE FOR ALL NOMINEES LISTED BELOW

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

☐ WITHHOLD AUTHORITY FOR ALL NOMINEES LISTED ABOVE

☐ WITHHOLD AUTHORITY TO VOTE FOR THE NOMINEES LISTED BELOW

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**(e) Appointment of KPMG R.G. Manabat & Co. as independent external auditors**

☐ YES ☐ NO ☐ ABSTAIN

**At their discretion, the proxy named above is authorized to vote upon such matters as may properly come before the Meeting.**

**(SIGNATURE OVER PRINTED NAME OF STOCKHOLDER/  
AUTHORIZED REPRESENTATIVE AND DATE)**

THIS PROXY FORM SHOULD BE SENT BY EMAIL TO [corporatesecretary@doubledragon.com.ph](mailto:corporatesecretary@doubledragon.com.ph) ON OR BEFORE 6:00 PM OF SEPTEMBER 26, 2023.

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 6, 2023.

*Registrant*  
**DOUBLED DRAGON CORPORATION**

By:

A handwritten signature in black ink, appearing to read 'F. J. Sia', is written over a horizontal line.

**Ferdinand J. Sia**

# **Annex “A”**

## **PROCEDURES AND REQUIREMENTS FOR PARTICIPATION AND VOTING IN THE 2023 ANNUAL STOCKHOLDER’S MEETING**



## **PROCEDURES AND REQUIREMENTS FOR PARTICIPATION AND VOTING IN THE 2023 ANNUAL STOCKHOLDER'S MEETING**

DOUBLEDAGON CORPORATION, *formerly* DoubleDragon Properties Corp. (the "Corporation") will conduct the 2023 Annual Shareholders' Meeting ("ASM") scheduled on September 29, 2023 at 10:30 am by remote communication and will conduct voting in absentia or by proxy.

Only stockholders of record as of August 31, 2023 are entitled to participate and vote in the 2023 ASM.

The Corporation has adopted the following procedures and requirements to enable its stockholders to register, participate and vote in the 2023 ASM.

### **I. ONLINE REGISTRATION STEPS AND REQUIREMENTS**

- A. Stockholders may register from 9:00 AM of September 12, 2023 until 6:00 PM of September 23, 2023 to signify his/her/its intention to participate in the 2023 ASM by remote communication. The registration steps and requirements are available in the Company's website <http://www.doubledragon.com.ph/ASM2023>
- B. To register, stockholder shall submit the following requirements to the Office of the Corporate Secretary via email at [corporatesecretary@doubledragon.com.ph](mailto: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 2023 ASM through electronic voting in absentia. The deadline for registration is 6:00PM of September 23, 2023. 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](mailto: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 6:00 PM of September 26, 2023 to cast their votes in absentia.
- E. Stockholders will not be allowed to cast votes during the proceedings of the 2023 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/ASM2023>
- 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/ASM2023>. 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/ASM2023>. 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](mailto: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 10<sup>th</sup> Floor Tower 1 DoubleDragon Plaza, Macapagal corner EDSA Ext Avenues Pasay City 1302.
- (3) Deadline for the submission of proxies is at 6:00 PM of September 26, 2023.
- (4) Validation of proxies will be at 7:00 PM, September 27, 2023.

- (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. Duly registered stockholder/s may send their question and/or comments prior to the ASM through email at [ASM2023@doubledragon.com.ph](mailto:ASM2023@doubledragon.com.ph). We will endeavor to include your questions in the question-and-answer portion of the meeting.
- B. The deadline for submitting questions shall be at 3:00 pm of September 27, 2023.
- C. The proceedings during the 2023 ASM will be recorded.

For any clarifications, please contact the Office of the Corporate Secretary via email at [corporatesecretary@doubledragon.com.ph](mailto:corporatesecretary@doubledragon.com.ph)



# **Annex “B”**

## **Certifications of Independent Directors**

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

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, **Gary Emerson P. Cheng**, Filipino, of legal age, with office address at 7<sup>th</sup> 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 Corporation *formerly* 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. Institute of Corporate Directors	Fellow	July 2004 - Present
4. British Alumni Association	Member	2004 - Present
5. Peregrine Eye and Laser Institute	Board Director	May 2012 - Present
6. Double Dragon Corporation	Independent Director	2014 - Present
7. Liwayway (Global) Company	Independent Director	2019 - Present
8. Merrymart Consumer Corporation	Independent Director	2020 - 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 directors/officers/substantial shareholders 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.


IN WITNESS WHEREOF, I have hereunto affixed my signature at MANILA CITY on

24 AUG 2023

  
Gary Emerson P. Cheng  
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME, this 24 AUG 2023, at MANILA CITY,  
affiant exhibiting to me his Passport No. P7178698A issued by DFA Manila and expiring on  
15 May 2028.

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Book 14  
Series of 2023.

  
ATTY. HENRY D. ADASA  
NOTARY PUBLIC CITY OF MANILA  
BAROUMENT 997/12/31/2023 MANILA  
IRP NO. 181139 / 01/03/2023  
PTR N. 0861145 / 01/03/2023  
ROLL NO. 29679, TIN NO. 172-528-620  
MCLE COMP. NO. VII-0000165 VALID UNTIL APRIL 14, 2024  
(39) 1411 TAYUMAN ST., STA. CRUZ, MANILA



REPUBLIC OF THE PHILIPPINES)  
MANILA CITY) 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 Corporation *formerly* 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	Chairman	August 21, 2008 - Present
2. Alternergy Philippine Investments Corporation	Chairman	August 28, 2009 - Present
3. Alternergy Tanay Wind Corporation	Chairman	August 25, 2011 - Present
4. Alternergy Holdings Corporation	Chairman	June 22, 2009 - Present
5. Pililla AVPC Corporation	Chairman	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. Lamut Asipulo Mini-Hydro Corporation	Chairman	December 12, 2016 - 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	Chairman	January 30, 2013 - Present



13. Kirahon Solar Energy Corporation	Chairman & President	November 5, 2013 - Present
14. Solar Pacific CitySun Corporation	Chairman	June 26, 2015 - Present
15. Solana Solar Alpha, Inc.	Chairman & President	September 1, 2019 - Present
16. Liberty Solar Energy Corporation	Chairman & President	June 26, 2016 - Present
17. Kirahon Two Energy Corporation	Chairman & President	June 24, 2015 - Present
18. Solar Pacific Pristine Power, Inc.	Chairman	September 15, 2020 - Present
19. QBL ECO Corporation	Chairman & President	August 26, 2011 - Present
20. Kadluan Management Corporation	Chairman	May 2005 - Present
21. Kadluan Properties, Inc.	Chairman & President	April 23, 1993 - Present
22. Clean Climate Professionals, Inc.	Chairman	August 16, 2016 - Present
23. Vespers Holdings Corporation	Chairman & President	February 13, 2018 - Present
24. MAVI Beverage Distribution Corporation	Chairman & President	April 16, 2019 - Present
25. Merritt Partners Pte Ltd (Singapore)	Chairman	November 18, 2005 - Present
26. Merritt Holdings Pte Ltd	Director	February 14, 2020 - Present
27. NCP Advisors Philippines, Inc.	Chairman & President	December 18, 1996
28. Singapore Technologies Telemedia Pte. Ltd. (Singapore)	Non-Executive Director	September 1, 2006 - Present
29. STT Communications Ltd. (Singapore)	Non-Executive Director	September 1, 2006 - Present
30. BDO Unibank, Inc.	Independent Director	April 22, 2019 - Present
31. Worldwide Fund for Nature (WWF) - China	Trustee	April 19, 2017 - Present
32. Worldwide Fund for Nature (WWF) - U.S.	Board Member	October 2017 - Present
33. Asian Conservation Foundation, Inc.	President	May 22, 2008 - Present
34. Bhutan Foundation	National Council	April 2, 2014
35. Philippine Map Collectors Society	Treasurer	January 1, 2015
36. Center for Business & Environment at Yale (CBEY)	Member of the Advisory Board	March 25, 2009 - Present

*Vicente*

37. New Zealand Trade Enterprise (Beachheads Network)	Advisor	November 1, 2016 - Present
38. Pictet Clean Energy Fund	Member of the Advisory Board	October 2010 - 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.

*Vicente*



IN WITNESS WHEREOF, I have hereunto affixed my signature at \_\_\_\_\_ on \_\_\_\_\_

MANILA CITY

*Vicente S. Perez, Jr.*

Vicente S. Perez, Jr.  
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME, this \_\_\_\_\_ at \_\_\_\_\_  
affiant exhibiting to me his Passport P4390051B issued by DFA Manila and expiring on 14  
January 2030.

Doc. 124 Page 25

Book 14  
Series of 2023.

ATTY. HENRY D. ADASA

NOTARY PUBLIC CITY OF MANILA  
APPOINTMENT 057/12/31/2023 MANILA

IDP NO. 181139 / 01/03/2023

PTR N. 0861145 / 01/03/2028

ROLL NO. 29679, TIN NO. 172-528-628

MCLE COMP. NO. VII-0000165 VALID UNTIL APRIL 24, 2025

(38) 1411 TAYUMAN ST., SEA CRUIZ, MANILA

# **Annex “C”**

## **Minutes of the 2022 Annual Stockholders Meeting**



**MINUTES OF THE VIRTUAL ANNUAL MEETING  
OF THE STOCKHOLDERS OF**

**DOUBLEDRAAGON CORPORATION  
("Corporation")**

**On 29 September 2022; 10:30 AM**

<b>STOCKHOLDERS PRESENT:</b>	<b>No. of Outstanding and Voting Shares 1,663,244,928</b>	<b>Percentage 70.926%</b>
------------------------------	---	-------------------------------

**DIRECTORS PRESENT:**

EDGAR J. SIA II  
FERDINAND J. SIA  
RIZZA MARIE JOY J. SIA  
TONY TAN CAKTIONG  
WILLIAM TAN UNTIONG  
JOSEPH C. TANBUNTIONG  
GARY P. CHENG  
VICENTE S. PEREZ

**ALSO PRESENT:**

*Board Consultant* CHIEF JUSTICE ARTEMIO PANGANIBAN  
*Board Consultant* ERNESTO TANMANTIONG  
*Chief Investment Officer* MARRIANA H. YULO-LUCCINI  
*Head, Legal Department* JOSELITO L. BARRERA JR.

**I. CALL TO ORDER**

The Chairman, Mr. Edgar J. Sia II, called the meeting to order and presided over the same.

The Corporate Secretary, Mr. William Tan Untiong, recorded the minutes of the meeting. Marriana H. Yulo-Luccini, Chief Investment Officer, was designated the host of the virtual meeting.

The Chairman announced the precautionary measures in the event of an internet connectivity issue be encountered by him and/or other Directors in charge of this virtual meeting.

**II. CERTIFICATION ON NOTICE AND DETERMINATION OF QUORUM**

The Corporate Secretary reported that the notice of the meeting, together with copies of the Information Statement and the December 31, 2021 Audited and June 30, 2022 Interim Financial Statements of the Company, were posted on the Company's website and disclosed through PSE EDGE. The notice of meeting was published in the business sections of the Manila Bulletin and The Manila Times, on 07 - 08 September 2022 both online and in print, in accordance with the requirements of SEC Notice dated 16 february 2022.

The Corporate Secretary, with the assistance of the RCBC Trust, the Stock and Transfer Agent of the Company, certified that there being present at the virtual meeting, in person or by proxy, stockholders representing One Billion Six Hundred Sixty Three Million Two Hundred Forty Four Thousand Nine Hundred Twenty Eight shares (1,663,244,928) or 70.926% shares, which constitute more than majority of the total issued an outstanding common shares, a quorum was present for the transaction of business.

### **III. APPROVAL OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING**

The Corporate Secretary certified that an electronic copy of the minutes of the previous Stockholders meeting was made available on the Company's website.

The minutes of the Annual Stockholders' Meeting held on July 30, 2021 were approved by at least a majority of the stockholders or total voting shares in a meeting based on the following tabulation of votes:

	For	Against	Abstain
No of shares voted	1,663,244,928	-	-
Percentage based on shares present at the meeting	100%	-	-

**"RESOLVED**, that the minutes of the Annual Stockholders' Meeting held on July 30, 2021 was unanimously adopted and approved."

### **IV. COMPANY UPDATES AND REPORT**

The Chairman called the Corporations' Chief Investment Officer to present the pre-recorded report on the highlights and achievements of DoubleDragon Corporation for the year 2021-2022.

Upon motion duly made and seconded, the Company's updates and report was duly noted.

V. **APPROVAL OF THE 2021 AUDITED FINANCIAL STATEMENTS AND 2021 ANNUAL REPORT**

The Chairman sought the approval of the stockholders of the Annual Report for the year ended December 31, 2021 and the 2021 Annual Report. The 2021 Audited Financial Statements and the 2021 Annual Report were annexed to and made part of the Definitive Information Statement, which was posted in the Company's website and disclosed through PSE EDGE.

The 2021 Audited Financial Statements and 2021 Annual Report were approved by at least a majority of the stockholders or total voting shares in the meeting based on the following tabulation of votes:

	For	Against	Abstain
No of shares voted	1,663,192,028	-	52,900
Percentage based on shares present at the meeting	99.997%	-	0.003%

**"RESOLVED**, that the stockholders of DoubleDragon Corporation hereby approve the Annual Report for the year 2021 and the Audited Financial Statements for the year ended December 31, 2021."

VI. **RATIFICATION OF THE ACTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT**

The Chairman then sought the ratification by the stockholders of all the actions taken by the Board of Directors and Management of the Corporation for the period from its last shareholders' meeting on July 30, 2021 up to this date.

A summary of the actions to be ratified was included in the Definitive Information Statement.

The Actions of the Board of Directors and Management were approved by at least a majority of the stockholders or total voting shares in the meeting based on the following tabulation of votes:

	For	Against	Abstain
No of shares voted	1,663,192,028	-	52,900
Percentage based on shares present at the meeting	99.997%	-	0.003%

**“RESOLVED**, that the stockholders of DoubleDragon Corporation confirm, ratify, and approve all acts done or caused to be done by the Board of Directors and Officers of the Corporation for the period from its last shareholders’ meeting on July 30, 2021 up to this date.”

## **VII. ELECTION OF MEMBERS OF BOARD OF DIRECTORS**

The meeting proceeded to the election of members of the Board of Directors for the ensuing year 2022-2023. The Chairman informed the body that pursuant to the pertinent provisions of the By-Laws of the Corporation as well as the guidelines adopted by the Nomination Committee, the following eight (8) members of the Board of Directors were duly nominated for re-election:

Mr. Edgar J. Sia II  
 Mr. Ferdinand J. Sia  
 Ms. Rizza Marie Joy J. Sia  
 Mr. Tony Tan Caktiong  
 Mr. William Tan Untiong  
 Mr. Joseph C. Tanbuntiong

Mr. Gary P. Cheng and Mr. Vicente S. Perez, Jr. were duly nominated as independent directors.

There being no other nominations, it was declared that the eight (8) stockholders who were nominated as directors for the ensuing year be declared elected for eight (8) board seats of the Corporation.

Name	For (No. of shares voted and percentage based on shares present at the meeting)	Against (No. of shares voted and percentage based on shares present at the meeting)	Abstain (No. of shares voted and percentage based on shares present at the meeting)
Mr. Edgar J. Sia II	1,663,242,228 (99.998%)	- (0.000%)	2,700 (0.002%)
Mr. Tony Tan Caktiong	1,649,242,228 (99.203%)	- (0.000%)	13,250,930 (0.797%)
Mr. Ferdinand J. Sia	1,649,242,228 (99.203%)	- (0.000%)	13,250,930 (0.797%)
Ms. Rizza Marie Joy S. Javelona	1,649,242,228 (99.203%)	- (0.000%)	13,250,930 (0.797%)
Mr. William Tan Untiong	1,649,242,228 (99.203%)	- (0.000%)	13,250,930 (0.797%)
Mr. Joseph Tanbuntiong	1,649,242,228 (99.203%)	- (0.000%)	13,250,930 (0.797%)
Mr. Gary P. Cheng	1,663,244,928 (100.000%)	- (0.000%)	- (0.000%)

Mr. Vicente S. Perez	1,663,244,928 (100.000%)	- (0.000%)	- (0.000%)
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The following directors were thus elected to serve for the year 2022-2023 and until their successors have been duly elected and qualified:

A. DIRECTORS:

Mr. Edgar J. Sia II  
Mr. Ferdinand J. Sia  
Ms. Rizza Marie Joy J. Sia  
Mr. Tony Tan Caktiong  
Mr. William Tan Untiong  
Mr. Joseph C. Tanbuntiong

B. INDEPENDENT DIRECTORS:

Mr. Gary P. Cheng  
Mr. Vicente S. Perez, Jr.

The organizational meeting of the newly elected directors shall be held immediately after this meeting.

## VIII. APPOINTMENT OF EXTERNAL AUDITORS

The next item on the agenda was the appointment of the external auditor of the Corporation. R.G. Manabat & Co., the Philippine member firm of KPMG International, was endorsed by the Audit Committee as the independent external auditor of DoubleDragon Properties Corp., to examine the books of the Corporation for the year ended December 31, 2022.

The appointment of R.G. Manabat and Co., the Philippine member firm of KPMG International was approved by at least a majority of the stockholders or total voting shares in the meeting based on the following tabulation of votes:

	For	Against	Abstain
No of shares voted	1,663,244,928	-	-
Percentage based on shares present	100.000%	-	-

**“RESOLVED**, that the stockholders of DoubleDragon Properties Corp. approve the appointment of the firm of KPMG R.G. Manabat & Co. as independent external auditors of the Corporation, to examine the books of the Corporation for the year ended December 31, 2022.”

**IX. ADJOURNMENT**

As provided for in the Procedures for Participating in the 2022 Stockholders Meeting annexed to the Information Statement and posted on the Company's website, Stockholders were given the opportunity to ask questions by sending their questions through email at [corporatesecretary@doubledragon.com.ph](mailto:corporatesecretary@doubledragon.com.ph) on or before 3:00 PM of September 27, 2022.

The Company did not receive any questions from the stockholders.

There being no further business to transact, the meeting was thereupon adjourned.

BY:

**WILLIAM TAN UNTIONG**  
Corporate Secretary

ATTESTED BY:

**EDGAR J. SIA II**  
Chairman

# **Annex “D”**

## **Management Report**

## **Annex D – Management Report and Financial Statements**

<b>D.1</b>	Business Description of the Company  Management Discussion and Analysis of Results of Operations and Financial Condition for the year ended December 31, 2022, 2021 and 2020
<b>D.2</b>	Management Discussion and Analysis of Results of Operations and Financial Condition for the six months ended June 30, 2023
<b>D.3</b>	Market Price of and Dividends on the Registrant's Common Equity
<b>D.4</b>	Audited Financial Statements 2022 and Supplementary Schedules
<b>D.5</b>	Unaudited Interim Financial Statements as of June 30, 2023



## ANNEX D.1

### PART I BUSINESS AND GENERAL INFORMATION

#### ITEM 1. BUSINESS

DoubleDragon Corporation is an investment holding company in the Philippines, principally engaged in the ownership and operation of a portfolio of leasable properties in its four principal business segments: retail leasing, office leasing, hospitality and industrial leasing. Tony Tan Caktiong and Edgar Injap Sia II, the two entrepreneurs of DoubleDragon, believe that by providing the flexibility for DoubleDragon Corporation to transform into an investment holding company, DoubleDragon will be in a position to capitalise on its strong balance sheet to add worthwhile investments outside of the property sector that would further drive its growth.

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. Edgar Injap Sia II of the Sia family and Tony Tan Caktiong of the Tan and Ang family have similar entrepreneurial background and have started and grown multiple ventures into household brands in the Philippines.

In 2021, the Company further strengthened its balance sheet with the public offering of shares and listing of DDMP REIT, Inc. (formerly DD Meridian Park Development Corp. ("DDMPDC")) ("DDMPR") and the equity infusion by JFC and its subsidiary into CentralHub Industrial Centers, Inc. ("CHICI"), DoubleDragon's industrial leasing subsidiary. As of 31 December 2022, the Company's total equity was P81.6 billion and its gross Debt-to-Equity was 0.69x, which is below the Company's cap of 2.33x.

Having met its target of 1.2 million sq.m. of completed gross floor area ("GFA") for its leaseable portfolio, the Company intends to pursue a strategy of revenue optimisation for its retail leasing, office leasing, hospitality and industrial leasing operations, with the goal of maximising recurring revenue. Further, by 2030 the Company targets to increase its portfolio to 2.4 million sq.m. of GFA spread across its four core business segments: 30% in retail, 15% in office, 20% in hospitality, and 35% in industrial leasing.

As of 31 December 2022, through its subsidiary, CityMall Commercial Centers Inc. ("CMCCI"), the Company owns and operates 41 CityMalls, primarily located in key strategic locations in Luzon, Visayas and Mindanao. The Company also has nine CityMalls under construction, with an additional land bank for 14 CityMalls. CMCCI is 66% owned by the Company and 34% owned by SM Investments Corp. ("SMIC"), the holding company for one of the largest conglomerates in the Philippines. In addition to the 41 CityMalls that were operational as of 31 December 2022, the Company has three other operational malls, namely: Dragon8 Mall in Divisoria Manila City, DoubleDragon Plaza Retail in DD Meridian Park, Pasay City and Umbria Commercial Center in Biñan, Laguna.

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 Manila Bay area of Pasay City, and which is 46.67%-owned by the Company, consists of approximately 244,240 sq.m. of leasable space that is primarily used for BPO, outsourcing and support service offices, and corporate offices. The development is expected to feature seven office towers and luxury services residences, with construction in four phases. The first phase of DD Meridian Park comprises Towers 1 to 4 of DoubleDragon Plaza and was completed in 2018. The second phase comprises DoubleDragon Center East and DoubleDragon Center West and was

completed in 2019. The fourth phase comprises DoubleDragon Tower and was substantially completed in 2021, while the third phase comprises luxury serviced residences, namely Ascott-DD Meridian Park, and is currently under construction with completion expected in 2024. Jollibee Tower is a Grade A 42-storey commercial and office tower with approximately 60,394.67 sq.m. of leasable space and is situated in the heart of the Ortigas central business district in Metro Manila. The project, which was completed in 2019, is a joint venture between the Company and JFC, who also serves as the building's anchor tenant. In addition to DD Meridian Park and Jollibee Tower, the Company also owns The SkySuites Tower, comprising two towers, including an office tower that is currently being leased to tenants.

The Company's hospitality segment is operated through its subsidiary, Hotel of Asia, Inc. ("HOA"), which is 70%-owned by the Company. As of 31 December 2022, the Company's hospitality operations comprise 876 operating hotel rooms, including the Company's own hotel brand, "Hotel 101", which currently has one operating hotel in the Manila Bay Area near the Mall of Asia. In addition to the 876 operational rooms, the Company has a pipeline of 5,959 hotel rooms, which include hotels under construction and hotels in the planning and design stage. These additional hotel rooms are expected to increase the Company's total hotel portfolio to 6,835 rooms. 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 and Makati, Metro Manila and Boracay as of 31 December 2022. Hotel 101 Management Corporation, a wholly owned subsidiary of HOA, operates all of HOA's operational hotels including Hotel 101-Manila, Jinjiang Inn-Ortigas, Jinjiang Inn-Makati, Jinjiang Inn-Station 1 Boracay and Injap Tower, a 21-storey condotel located in Iloilo City. As of 31 December 2022, the Company had four hotels under construction and nine more hotels in the planning and development stage. On 30 September 2022, the Company, through its subsidiaries, fully paid for the acquisition of a prime 9,000 sq.m. parcel of land in Hokkaido Prefecture, Japan. The Company expects to develop its first international Hotel 101 development, named Hotel 101-Niseko, on such acquired land.

The Company operates its industrial leasing segment through its 60.90%-owned subsidiary, CHICI. As of 31 December 2022, the Company, through CHICI, owns 10 CentralHub sites across the Philippines, with a total of 60.57 hectares of prime industrial land. Five of the Company's CentralHub sites, namely CentralHub-Tarlac, CentralHub-Capiz, CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig, are currently operational. As of 30 September 2022, Phases 1 and 2 of CentralHub-Tarlac, CentralHub-Capiz, CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig were all fully leased out. Phases 3 and 4 of CentralHub-Tarlac remained pending tenant turnovers.

The Company, through CHICI, acquired a 6.2 hectare parcel of land in Luisita Industrial Park, Tarlac for its first industrial hub. CentralHub-Tarlac was built over four phases, the first of which was completed in 2018 and leased out to Zenith Foods Corporation (Red Ribbon) as a commissary. The second phase was completed in 2021 and leased out to MerryMart Consumer Corp. as its distribution hub. The third and fourth phases of CentralHub-Tarlac were completed in 2021 and January 2022, respectively. As of 31 December 2022, the third and fourth phases of CentralHub-Tarlac remained pending tenant turnovers. The Company also acquired a 3.9 hectare parcel of land in Iloilo for its second CentralHub complex, CentralHub-Sta Barbara Iloilo, which is strategically located along a national highway approximately five kilometres from Iloilo International Airport and ten kilometres from the centre of Iloilo City. The Company also acquired a 5.2 hectare parcel of land in Danao, Cebu, which will be its third CentralHub complex. The Company acquired the site of its fourth CentralHub complex in 2019, covering an 8.2 hectare parcel of land along the Daan Maharlika Highway in Davao City. In 2022, the Company acquired two other sites, a 10.06 hectare property in Silay Negros for CentralHub-Negros and a 6.40 hectare property in Surigao for CentralHub-Surigao. CentralHub-Sta Barbara Iloilo and CentralHub-Cebu are under construction while CentralHub-Davao, CentralHub-Negros and CentralHub-Surigao are currently in the development stages.

In August 2021, JFC and its wholly owned subsidiary Zenith Foods Corporation (“ZFC”) entered into definitive agreements to subscribe to an aggregate of 38.71% of CHICI’s total outstanding shares (post-subscription) in consideration for a cash payment of P1.9 billion. JFC acquired common shares of CentralHub and infused its 16.4 hectares of industrial properties in Santolan, Pasig and Carmelray, Laguna, which are currently utilised as commissaries (including the largest operating commissary of JFC). As of 31 December 2022, the equity and asset swap between CentralHub and JFC was completed. The transfer of title for the two CentralHub-Laguna sites was completed in September 2022 while the transfer of CentralHub-Pasig is ongoing. The Company and JFC intend to prepare CHICI for the Philippines’ first industrial REIT IPO in 2024.

The Company intends to acquire additional sites that are strategically located across Luzon, Visayas and Mindanao. The industrial centres will contain standardised, multi-use, and industrial quality warehouses suited for commissaries, cold storage and logistics centres to be leased to locators operating nationwide in the Philippines.

The Company reports Net Income figures for the year-ended 2022 has reached ₱12.9 Billion, an increase of 14.6% compared to Net Income of ₱11.3 Billion in 2021. Total Assets of the Company rose 10.7% year-on-year to ₱156.8 Billion in 2022 compared to only ₱141.7 Billion in 2021. Total Equity likewise increased by 17.7% to ₱81.6 Billion in 2022 as compared to only ₱69.3 Billion in the prior year equating to a Gross Debt-to- Equity ratio of 0.69x.

Because of the significant growth of the Company’s equity, total equity has now exceeded total debt displaying solid financial strength.

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 CO2, 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 9 December 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 29 June 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 30 July 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 capitalise on the modernisation 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 class provincial cities for the rollout of their CityMall branded concept. CMCCI was incorporated on 27 December 2013 to serve as the vehicle for this rollout. Seeing the potential of the CityMall concept, SMIC, one of the largest conglomerates in the Philippines with a portfolio of leading retail stores, took a 34% stake in CMCCI in 2014.

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 42-storey commercial and office tower in the Ortigas central business district that will serve as the corporate centre for JFC, one of the country's leading fast food companies.

The Company's shares debuted on the PSE's Small, Medium, and Emerging Board ("SME Board") on 7 April 2014 under the stock symbol "DD" through an initial public offering of 26% of its outstanding common shares. On 6 July 2015, the Company's shares transferred from the SME Board to the PSE Main Board. On 30 November 2015, the Company's shares were included in the Morgan Stanley Capital International Small Cap Philippine Index. On 14 March 2016 the Company was included in the property sector index of the PSE. On 14 April 2016, the Company issued P10,000,000,000 worth of Preferred Shares, which were subsequently listed in the PSE Main Board on 26 July 2016. On 12 September 2016, the Company was included as one of five listed companies in the PSE reserve list.

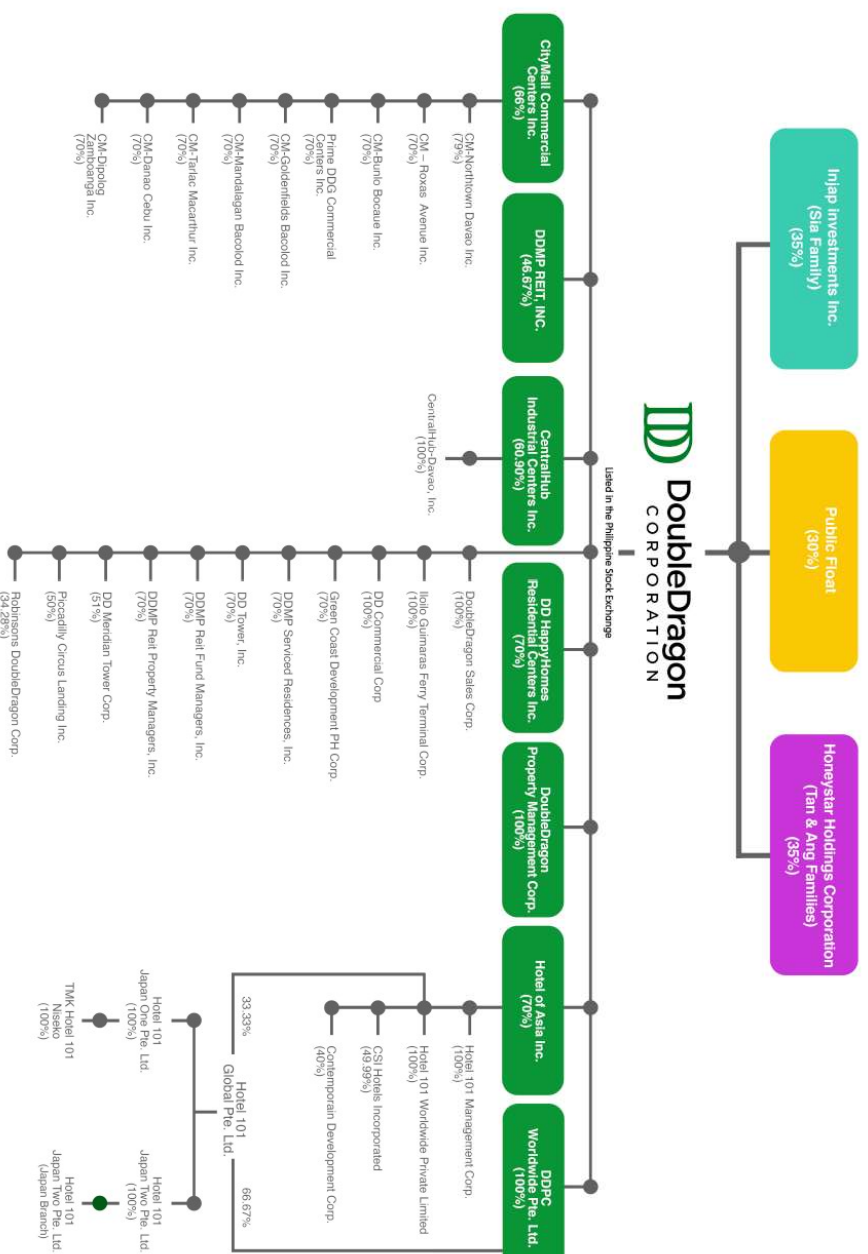
On 27 July 2020, the Company, through its subsidiary DDPC Worldwide Pte. Ltd. ("DDWPL"), issued a US\$75.0 million 5-year and Reg S US dollar denominated guaranteed senior Notes with a coupon rate of 7.25%, and payable semi-annually.

On 14 April 2021, the Company's Board of Directors approved the amendment in the articles of incorporation changing its name from "DoubleDragon Properties Corp." to "DoubleDragon Corporation", and amending its primary and secondary purposes to transform it into an investment and holding company, and extending the corporate life of the Company to perpetual existence.

On November 19, 2021, the Company received the Certificate of Amended Articles of Incorporation issued by the Securities and Exchange Commission (SEC) that amended its corporate name and primary purpose into an investment holding company. Effectively, DoubleDragon Properties Corp is now officially DoubleDragon Corporation.

## CORPORATE STRUCTURE

The Company's corporate structure as of December 31, 2022 is presented in the diagram below:



## 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. **DDMP REIT, INC. formerly DD Meridian Park Development Corp. ("DDMPDC")** was incorporated on October 27, 2014. Following its compliance with the requirements of Republic Act No. 9856, The Real Estate Investment Trust Act of 2009 and its Implementing Rules and Regulations (the "REIT Law") in March 2021, DDMPR started operating as a real estate investment trust ("REIT").
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, 2022.
12. **DDPC Worldwide Pte. Ltd. (DDWPL)** Incorporated on 26 June 2020 as a company with limited liability under the laws of Singapore. DDPC Worldwide Pte. Ltd. Is the holding company of the Company’s investments outside the Philippines.
13. **DDMP REIT Fund Managers, Inc., (“Fund Manager”)** was incorporated on November 19, 2020, a corporation organised and existing under the law of the Philippines primarily to engage in the business of providing fund management services to REIT companies, as provided under the REIT Law.
14. **DDMP REIT Property Managers, Inc. (“Property Manager”)** was incorporated on November 19, 2020, a corporation organized and existing under the laws of the Philippines primarily to engage in the business of property management, providing functions like formulate and implement leasing strategies; enforce tenancy conditions; ensure compliance with government regulations in respect to the real estate under management; perform tenancy administration work, such as managing tenant occupancy and ancillary amenities; conduct rental assessment, formulating tenancy terms, preparing tenancy agreement, rent collection and accounting; secure and administer routine management services; maintain and manage the physical structures/real properties; and formulate and implement policies and programs in respect of building management, maintenance and improvement; and initiate refurbishments and monitoring of such activities.
15. **DDMP Serviced Residences, Inc.** was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 19, 2020 primarily to engage in the business of real estate development including but not limited to residential and commercial buildings, spaces, subdivisions, and condominium projects, 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 Company, to construct, erect and manage or administer building such as condominiums, apartments, hotels, restaurants, stores, offices, spaces, or other structures now or hereafter erected on any land owned, held or occupied and to sell, lease or otherwise dispose of lands or interest in lands and buildings or other structures at any time. It is a joint venture company with 70% owned by DDPC.

**16. DD Tower, Inc.,** was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 19, 2020 primarily to engage in the business of real estate development including but not limited to residential and commercial buildings, spaces, subdivisions, and condominium projects, to buy and acquire by purchase, lease or otherwise, lands and interest in lands and to own, hold, impose, promote, develop, subdivide and manage any land owned, held or occupied by the Company, to construct, erect and manage or administer building such as condominiums, apartments, hotels, restaurants, stores, offices, spaces, 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. . It is a joint venture company with 70% owned by DDPC.

**17. DD Commercial Corp. (“DDCC”)** was incorporated and registered with the Philippine SEC on 28 March 2022 primarily to engage in the business of commercial real estate development including but not limited to residential and commercial subdivisions, buildings, condominium projects; to buy and acquire by purchase, lease or otherwise, lands and interest in lands and to own, hold, impose, promote, develop, subdivide and manage any land owned, held or occupied by the company, to construct, erect and manage or administer building such as condominiums, apartments, hotels, restaurants, stores, offices, spaces, 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. DDCC is 100% owned by the Company.

## **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 completed portfolio 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 ₱126.2 Billion as of December 31, 2022. 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.

### *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, 2022, the Company had a total of 876 operational hotel rooms and plans to increase this to 6,161 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. The Company has also paid attention to the increasing number of outbound tourists from the Philippines, including to popular places such as Japan. As such, the Company has recently acquired a 9,000 sq.m. parcel of land in Hokkaido Prefecture, Japan, where it expects to build its first Hotel 101 venture outside the Philippines, named Hotel 101-Niseko.

The Company's management team has also continued to assess and adapt to shifts in the demands in the real estate industry. For example, the Company added industrial leasing as its fourth pillar as the Company believes that warehousing in the Philippines is currently fragmented, and there remains favourable 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 metres high, while most of the current facilities are only six metres 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 centre's leasable space is catered to these specific segments. The Company sees its CentralHub industrial centres as the first branded modern industrial centre chain in the Philippines, and like CityMall and Hotel 101, all industrial centres 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.

The Company believes that its overall business model is highly sustainable. The Company believes it is positioned to capitalize on emerging industry trends, and more importantly, its businesses are setup to serve the low to middle income population of the Philippines. The Company intends to leverage its leading market position, 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.

The Company has met its 2022 leaseable portfolio target of 1.2 million sq.m. of completed GFA, and its envisioned 2.4 million sq.m. of completed GFA by 2030 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 the Company has adopted the fair value method, its investment property is generally revalued on an annual basis by a third-party appraiser based on comparable market transactions relative to the location of its properties held for lease. Generally, the Company's investment property has 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 stabilise, 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. The Company also aims to expand its Hotel 101 business globally, and has filed a global patent application for its Hotel 101 condotel concept. The Company aims to become the first Filipino hotel chain to be exported worldwide, and expand its Hotel 101 business via Hotel101 Global Pte. Ltd. through partnerships and joint ventures, first targeting Asia and subsequently, Europe and the United States. The Company also developed a Hotel 101 application and is already available on iOS and Android. In September 2022, the Company acquired a 9,000 sq.m. parcel of land in Hokkaido Prefecture, Japan, where it expects to build its first Hotel 101 venture outside the Philippines, named Hotel 101-Niseko.

Further, similar to its first REIT, DDMP REIT, Inc., focusing on office leasing properties, the Company intends to continue to develop and build its industrial warehouse leasing portfolio to prepare for potentially the Philippines' first industrial property REIT in 2024. In 2022, the Company completed its equity partnership with JFC to further grow both the recurring rental revenue portfolio and warehouse assets of CentralHub.

### ***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 unnecessary.

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. 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

## BUSINESS SEGMENTS

The Group focuses on 4 business segments.



## RETAIL LEASING

The Company operates its retail leasing segment primarily through its subsidiary, CMCCI. As of December 31, 2022, the Company owns and operates 44 malls, primarily located in the provincial areas of the Philippines. As of 31 December 2022, the Company also had 41 operational CityMalls, and nine CityMalls under construction with an additional land bank for 14 CityMalls. CMCCI is 66% owned by the Company and 34% owned by SMIC, the holding company for one of the largest conglomerates in the Philippines. 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:



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 centre 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 Company's tenants include well-known brands such as Bank of the Philippine Islands, BDO Unibank, Watsons, Burger King, Panda Express, LBC and 7-Eleven.

In December 2016, CMCCI started to roll out cinemas in various CityMall locations. As of 31 December 2022, 12 cinemas are operational. Each cinema is expected to have a seating capacity of 100 to 120 seats.

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.

The Company's tenancies are generally granted for a term of one 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.



*Latest Photos of CityMall*

### ***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, 2022, the occupancy rate of Dragon8 Mall is at 90.9%

#### ***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, 2022, the occupancy rate of Umbria Mall is at 91.8%



## **OFFICE LEASING**

Office Leasing Properties:

DoubleDragon Plaza (Towers 1 – 4)	4
DoubleDragon Center East	1
DoubleDragon Center West	1
Jollibee Tower	1
SkySuites Office Tower	1
DoubleDragon Tower	1
Total	9

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, DDMP REIT, Inc. *formerly 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 2<sup>nd</sup> to 3<sup>rd</sup> levels, and BPO offices from the 5<sup>th</sup> to the 11<sup>th</sup> 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 91.5% leased as of December 31, 2022.



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. DoubleDragon Center East, the 5<sup>th</sup> office tower is 100% leased and DoubleDragon Center West is 94.3% leased as of December 31, 2022.

DOUBLEDRAGON CENTER  
EAST



DOUBLEDRAGON CENTER  
WEST

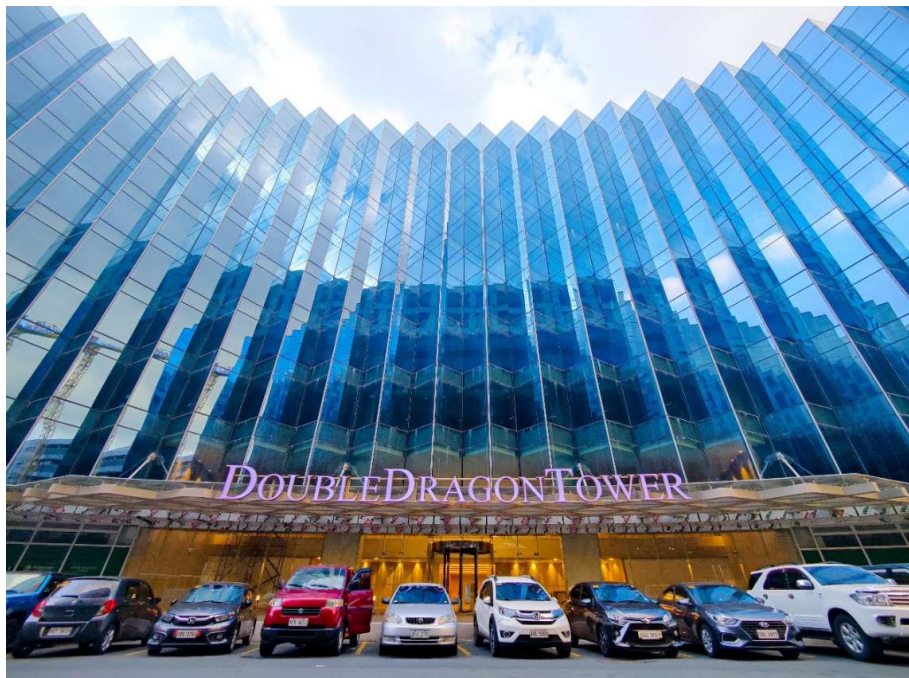


On March 24, 2021, DoubleDragon Plaza, DoubleDragon Center East and DoubleDragon Center West were part of the real estate properties listed under DDMPR under a real estate investment trust.

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. In 2017, the Company, through its subsidiary DDMPR, 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. In 2022, Phase 3 is in full swing.

Phase 4 consists 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 retail shops, restaurants and other entertainment options.





*Actual Photos of DoubleDragon Tower*

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.

The project is a joint venture between the Company and JFC, which serves as the building's anchor tenant. Under the terms of the Company's joint venture agreement with JFC to develop Jollibee Tower, JFC contributed the land for the project in exchange for 15% of the project's leasable floor area, while the Company as sole developer of the project received 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 leases additional office space directly from the Company to accommodate their corporate office requirements.

The Jollibee Tower is pre-certified for a LEED Gold certification in line with the Company's desire to promote sustainable developments through "green" technology.



*Actual Photos of Jollibee Tower*

### **DD Meridian Tower**

DD Meridian Tower is a landmark office building located on a 3,774 sq. m. commercial property located along the main thoroughfares of Macapagal Ave and EDSA Ext., Bay Area, Pasay City. The 11-storey office building comprises eight floors dedicated to corporate offices and a commercial component in the ground and upper ground levels. Construction is expected to commence in 2020 with completion expected in 2022. DD Meridian Tower will be developed by DD Meridian Tower Corp. which is 51.00% owned by the Company.



Artist

*Perspective of DD Meridian Tower*

### **INDUSTRIAL LEASING**

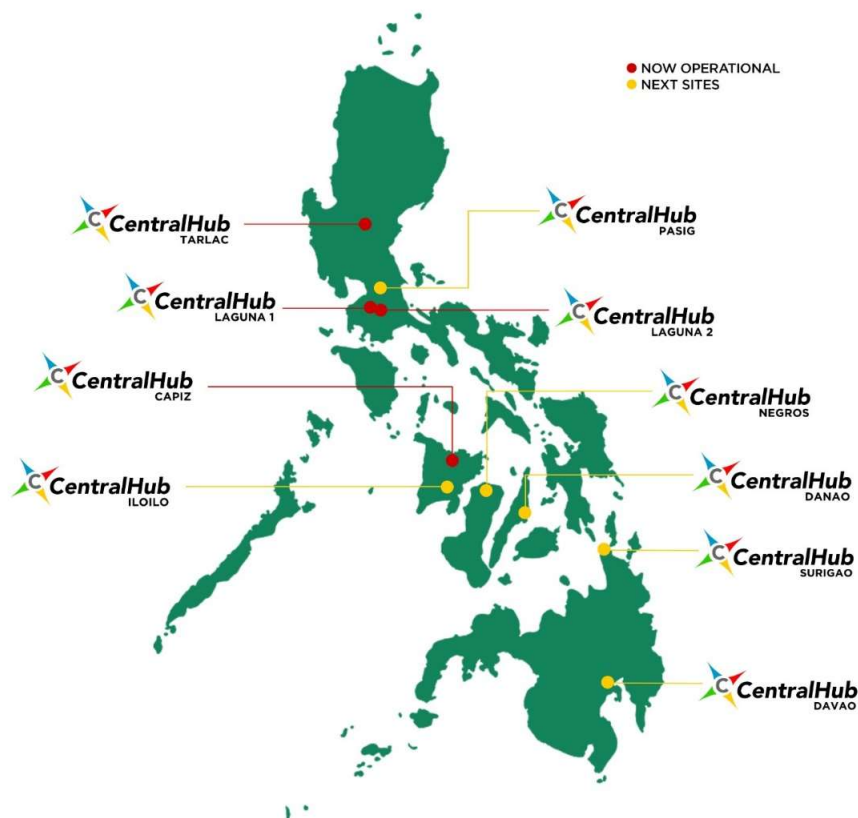
The Company's investments in the growing industrial leasing segment are held through its wholly owned subsidiary, CentralHub Industrial Centres Inc. The Company currently has plans for development sites strategically located across Luzon, Visayas and Mindanao. The Company believes that its industrial centres are the first branded modern industrial centres in the Philippines and will contain standardised, multi-use, and industrial quality warehouses suited for commissaries, cold storage and logistics centres 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 centres. The Company also believes that such industrial centres will be able to support the tenants of its CityMalls located in nearby cities.

As of 31 December 2022, the Company, through CHICI, owns 10 CentralHub sites across the country, with a total of 60.57 hectares of prime industrial land. Five of the Company's CentralHub sites, namely CentralHub-Tarlac, CentralHub-Capiz, CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig, are currently operational. As of 30 September 2022, the weighted average lease expiry of the Company's operational CentralHub warehouses was 43.2 years with most of its lease contracts in a 50 year lease term. As of 30 September 2022, Phases 1 and 2 of CentralHub-Tarlac, CentralHub-Capiz, CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig were all fully leased out. Phases 3 and 4 of CentralHub-Tarlac remained pending tenant turnovers. CentralHub-Sta Barbara Iloilo and CentralHub-Cebu are under construction while CentralHub-Davao, CentralHub-Negros and CentralHub-Surigao are currently in the development stages. The Company has entered a lease contract



on 14 November 2022 for the 44,101 sq.m. for CentralHub-Cebu, with the lease term set to start after the turnover of the leased premises.

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. Phase 1 of the project has been completed and is 100% leased out as of 31 December 2022. Phases 2 and 3 of the project each consists of one structure subdivided into four warehouses and are already completed, with phase 2 being fully leased out as of 31 December 2022. Phase 4 of the project is subdivided into three warehouses and was completed in January 2022. As of 31 December 2022, phases 3 and 4 are for tenant turnover.



*Actual CentralHub Sites Across the Philippines*



*Actual photo of CentralHub-Tarlac*

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 22,134 sq.m. of leasable space. CentralHub-Iloilo commenced construction in 2022.

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.

On 11 March 2019, the Company, through CHICI, secured its fourth CentralHub industrial complex in Davao City. CentralHub-Davao has an area of 8.2 hectares with an expected capacity of 40,392 sq.m. of leasable industrial warehouse. This will be the first CentralHub in Mindanao. CentralHub-Davao is a joint venture by CHICI and Alsons Development & Investments Corp.

In 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.

In August 2021, JFC and its wholly owned subsidiary Zenith Foods Corporation ("ZFC") entered into definitive agreements to subscribe to an aggregate of 38.71% of CHICI's total outstanding shares (post-subscription) in consideration for a cash payment of P1.9 billion. On 19 August 2021, CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig were infused into CHICI by JFC pursuant to the definitive agreements executed between the Company and JFC, implementing the P4.0 billion investment of JFC in CHICI. JFC acquired common shares of CentralHub and infused its 16.4 hectares of industrial properties in Santolan, Pasig and Carmelray, Laguna which are currently utilised as commissaries (including the largest operating commissary of JFC). As of 31 December 2022, the shares

and asset swap of the Company and JFC has been completed with the title transfer for the two properties of CentralHub-Laguna transferred in September 2022. Title transfer process for CentralHub-Pasig is on process. The Company and JFC are preparing for the Philippines' first industrial REIT IPO in the second half of 2024.

CentralHub-Pasig is located in F Pasco Ave, Santolan, Pasig City with area size of 14,327 sq.m., CentralHub-Laguna 1 is located in Unity Avenue and Productivity Drive, Carmelray Industrial Park 1, Canlubang, Calamba, Laguna with area size of 50,000 sq.m. and CentralHub-Laguna 2 is located in Unity and Prosperity Ave, Carmelray Industrial Park 1, Canlubang, Calamba, Laguna with area size of 100,000 sq.m. CentralHub-Pasig, CentralHub-Laguna 1 and CentralHub-Laguna 2 are fully leased out as of 31 December 2022.

In 2022, the Company acquired two other sites, a 10.06 hectare property in Silay Negros for CentralHub-Negros, and a 6.40 hectare property in Surigao for CentralHub-Surigao. 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. The Company currently has plans for development for CentralHub industrial centres strategically located across Luzon, Visayas and Mindanao.



*Actual photo of CentralHub-Tarlac*

## **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's office space tenancies are generally granted for a term of three 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.

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.

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.

## **HOTELS**

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 thirteen hotels under development, including Hotel 101-Fort in Bonifacio Global City, Taguig, Hotel 101-Davao in Davao, Hotel 101-Cebu and Ascott-DD Meridian Park which are under construction as of 31 December 2022.

On 30 September 2022, the Company, through DDPC Worldwide Pte. Ltd. and Hotel 101 Worldwide Pte. Ltd. fully paid for the acquisition of a prime 9,000 sq.m. parcel of land in Hokkaido Prefecture, Japan. The Company expects to develop its first international Hotel 101 development, named Hotel 101-Niseko on such acquired land.

As of 31 December 2022, the Company has a portfolio of 6,835 rooms which include both operational and rooms in the pipeline.

The units in Hotel 101 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).

The Hotel 101 concept allows the Company to generate revenue and income twice from one project, first from the pre-selling of the condotel units and second from the long term-recurring revenue from hotel operations after the project's completion.

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 Hotel 101 projects in the Philippines. The Company plans to organise several more sales teams in preparation for the pre-selling activities of the next Hotel 101 projects in Cebu, Boracay, Bohol, Palawan, Libis and Niseko. On 2 April 2019, the Company incorporated its international wholly owned selling arm, Hotel 101 Worldwide Private Limited, in Singapore.

On 21 June 2019, the Company inaugurated its Hotel 101 sales lounge at the ground floor of DoubleDragon Plaza at DD Meridian Park, Bay Area, Pasay City. The Hotel 101 sales lounge houses a training centre, various meeting and conference rooms, the "Happy Room" model unit, scale models of the upcoming Hotel 101 projects and other discussion areas catering to Hotel 101 buyers and unit owners. HOA leases the sales lounge from DD Meridian Park Development Corp.

The Company's Hotel101 Global Application, on both Apple iOS and Android platforms, is designed to provide efficient services across countries and is already available on iOS and Android. The Hotel101 Global App provides hotel reservation services and promotional programs, including vouchers, points and loyalty perks programs. The application will be the core of the Company's global operations as it

will hold the thousands of uniform Hotel 101 units owned mainly by third party unit-owners enrolled exclusively in the Hotel101 Global App.

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

#### Hotels Portfolio:



#### Operational Hotels:

	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

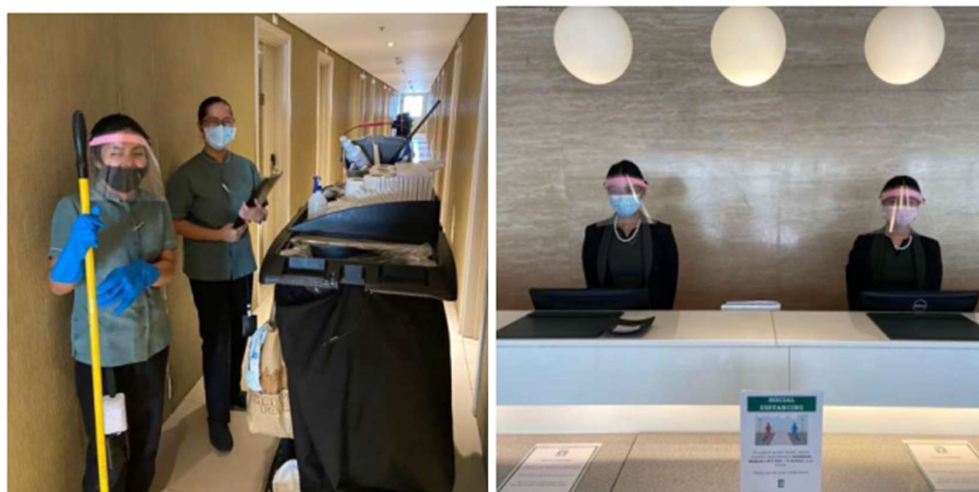
#### **Hotel101-Manila**

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 Café, 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).

*Actual current photos of Hotel 101-Manila*



### ***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:**

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Hotel 101 – Fort ( <i>Under construction</i> )
Hotel 101 – Davao ( <i>Under construction</i> )
Hotel 101 – Palawan
Hotel 101 – Bohol
Hotel 101 – Resort-Boracay (New Coast)
Hotel 101 – Cebu ( <i>Under construction</i> )
Hotel 101 – Libis
Hotel 101 – Cagayan De Oro
Hotel 101 – Baguio
Hotel 101 - Niseko
JinJiang Inn - Boracay Newcoast
JinJiang Inn – Palawan
The SkySuites Tower ( <i>Substantially completed</i> )
Ascott-DD Meridian Park ( <i>Under construction</i> )

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*Hotel 101-Fort*

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.

*Hotel 101-Davao*

The third Hotel101 branded hotel, located in a prime property at Eco West Drive, Hotel 101-Davao is poised to be the biggest hotel in Mindanao. Designed to accommodate diverse types of guests and travellers, Hotel 101-Davao will feature back to back commercial and retail shops for a more upscale hospitality experience.

*Hotel 101-Cebu*

The fourth Hotel101 branded hotel, located along the Mactan-Cebu International Airport Road, Hotel 101-Cebu will offer 514 hotel rooms with cosmopolitan type of accommodation with its very own convention center and refined commercial strip. Poised to be the biggest airport hotel in Visayas Region, Hotel 101-Cebu is yet another landmark in the making.



***Hotel 101-Fort***



***Hotel 101-Davao***



***Hotel 101-Cebu***

*Artist perspective of Hotel 101 projects under construction*

#### ***Hotel 101-Niseko***

On 30 September 2022, the Company, through DDPC Worldwide Pte. Ltd. and Hotel 101 Worldwide Pte. Ltd., fully paid for the acquisition of a prime 9,000 sq.m. parcel of land in Hokkaido Prefecture, Japan. The Company expects to develop its first international Hotel 101 development, named Hotel 101-Niseko, on such acquired land. In February 2023, the Company has signed construction agreement with its contractors in Japan and is in the process of obtaining new building permit for the new development layout to maximise space usage. Hotel 101-Niseko is expected to have approximately 518 rooms, and is expected to generate pre-selling sales revenue as a hybrid condotel project. The project is located in Hokkaido Prefecture, Japan, and targets domestic travelers in Japan, foreign tourists from other countries, including, in particular, Filipino travelers who visit Hokkaido. The Company believes its will generate hybrid condotel pre-sale revenue as well as long term recurring revenue from the hotel operation.

### *Other Hotel Developments*

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 Hotel 101-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 Hotel 101 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.

### **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. In 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.

## **OTHER INITIATIVES**

The Company also continues to access 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 telecommunications towers. The Company has commenced leasing out its roof spaces to solar companies. Both CityMalls and CentralHub warehouses are expected to lease out a total of 100 MW of solar panel space which is expected to translate to P100 million in annual rent income, excluding the rent 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<sub>2</sub>, equalling to over 13,565 trees planted.

## **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.

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.

For the industrial leasing, the Company competes with other small to large property players with warehouses and logistic hubs around the country. Due to the COVID 19 pandemic, there is a positive demand for logistics space in the country given that companies involved in fast-moving consumer goods distribution and food production are priority industries the Government mandated to be fully operational during the imposition of the community quarantine measures.

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.

## **MARKETING**

The Company employs an in-house leasing, marketing and project department to find tenants for the Company's leasing 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 office spaces.

## 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, office buildings and hotels, such as housekeeping, janitorial, maintenance, and security services, 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.

## EMPLOYEES

As of December 31, 2022, the Company and its Subsidiaries have a total of 532 organic employees. The Parent Company had 196 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:

	NAME	TRADEMARK	APPLICATION DATE	REGISTRATION DATE
1	DD DOUBLE DRAGON PROPERTIES CORP.		05-03-2016	11-17-2017
2	DD DOUBLE DRAGON PROPERTIES CORP. MAKING GREAT THINGS HAPPEN FOR YOU		05-03-2016	11-17-2017
3	DOUBLE DRAGON		10-29-2012	05-30-2013



4	DD GREEN		02-21-2018	10-28-2018
5	DD WHITE		10-29-2012	05-30-2013
6	DOUBLEDragon PROPERTY MANAGEMENT CORP.		07-26-2019	12-26-19
7	DOUBLEDragon PLAZA		07-28-2017	04-12-2018
8	DOUBLEDragon PLAZA DD MERIDIAN PARK		03-16-2018	10-07-2018
9	DD MERIDIAN PARK		02-12-2018	09-02-2018
10	CITYMALL		10-30-2013	08-21-2014
11	CITYMALL PHILIPPINES		02-12-2018	02-24-2019
12	CITYMALL SEE YOU EVERYDAY		10-30-2013	08-21-2014
13	CITYMALL YOUR EVERYDAY MALL		05-03-2016	03-24-2017
14	CITYMALL CINEMA		02-19-2019	06-27-2019
15	CENTRALHUB		10-06-2017	05-17-2018
16	CENTRALHUB PHILIPPINES		02-21-2018	10-06-2019



17	CENTRALHUB INDUSTRIAL CENTERS INC		09-28-2017	05-31-2018
18	D8 MALL		02-15-2017	07-14-2017
19	DRAGON8 MALL THE NEWEST MALL IN DIVISORIA		07-26-2019	12-12-2019
20	DRAGN8 MALL (NEW LOGO)		02-04-2020	03-19-2021
21	WH TAFT		10-30-2015	01-21-2016
22	THE SKY SUITES		05-22-2015	04-29-2016
23	ISLAS PINAS		05-03-2018	01-10-2019
24	HOTEL 101 WHITE		05-08-2012	02-06-2014
25	HOTEL 101 GREEN		02-21-2018	11-15-2018
26	INJAP TOWER HOTEL		09-23-2020	03-19-2021

27	DDMP REIT, INC.		12-16-2020.	05-23-2021
28	DD ICON		06-09-2021	12-13-2021
29	DOUBLEDAGON CORPORATION (TEXT ONLY)	DoubleDragon Corporation	06-09-2021	10-13-2021
30	DOUBLEDAGON CORPORATION (LOGO AND TEXT)	 DoubleDragon Corporation	06-09-2021	10-31-2021

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.

On 14 January 2019, CMCCI formally committed to support the World Wide Fund for Nature ("WWF") Philippines' renewable energy efforts in the country as the two parties entered into a memorandum of agreement memorializing a partnership that will help boost projects that promote and demonstrate renewable energy use, low carbon development in cities, and sustainable consumption and production under the "Climate Change and Energy Program" of WWF-Philippines. Anchored primarily on public awareness and consumer education campaigns on the importance of caring for the environment and the benefits of solar power and renewable energy by way of exposure in all CityMalls nationwide, promotion of WWF-Philippines' existing campaigns such as "Seize Your Power" and "Earth Hour", and other climate mitigation and adaptation initiatives, will also be pursued under the terms of the memorandum of agreement.

On 21 June 2019, DoubleDragon Plaza at DD Meridian Park received its LEED Gold Certification. LEED, which stands for Leadership in Energy and Environmental Design, is a green building certification program developed by the U.S. Green Building Council which evaluates environmental

performance to provide a definitive standard for green buildings. LEED recognizes best-in-class building strategies and practices. By designing and building to LEED standards, the Company benefits from a number of value-added incentives such as reduced construction waste, increased recycled content, lower long-term operating costs, efficient water usage, and improved indoor air quality.

In 2019, solar panels were installed at the rooftop of DoubleDragon Plaza, which are expected to displace 418 tons of CO<sub>2</sub>, equivalent to over 13,000 trees planted.

The Jollibee Tower is also pre-certified for a gold LEED certification in line with the Company's desire to promote sustainable developments through "green" technology. To receive LEED certification, Jollibee Tower must satisfy prerequisites and earn points to achieve different levels of certification. The exterior of the building is expected to be made of double-glazed glass curtain wall for increased energy efficiency. The Company believes the structure is poised to become one of the prominent landmarks in the Ortigas skyline.

## **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.

## **ADDITIONAL REQUIREMENTS AS TO CERTAIN ISSUES OR ISSUERS**

DD Group, through DDPC Worldwide Private Ltd, issued the following securities as of December 31, 2022:

### **Issuance of Securities – Singapore (March 16, 2022)**

DDWPL issued a USD55.00 million tap offering of its outstanding 5-year and Reg S US dollar denominated guaranteed Notes with a coupon rate of 7.25%, and payable semi-annually. This issuance will be consolidated with and form a single series with the Issuer's existing USD75.0 million 7.25% Senior Guaranteed Notes due 2025, listed in the Singapore Exchange Securities Trading. UBS acted as sole global coordinator and bookrunner for the issue.

### **Issuance of Securities – Singapore (November 25, 2022)**

DDWPL issued a USD30.00 million tap offering of its outstanding 5-year and Reg S US dollar denominated guaranteed Notes with a coupon rate of 7.25%, and payable semi-annually. This issuance will be consolidated with and form a single series with the Issuer's existing 7.25% Senior Guaranteed Notes due 2025, listed in the Singapore Exchange Securities Trading. UBS acted as sole global coordinator and bookrunner for the issue.

## **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.

### **Description of Principal Properties**

The principal properties of the Company as of December 31, 2022 consist of condominium and residential projects and projects under its four business segments – retail leasing, office leasing, industrial leasing and hotels

#### **A. Condominium and Residential**

- The SkySuites Tower
- WH Taft Residences
- The Uptown Place Iloilo City
- Peoples Condominium
- First Homes Subdivision
- DD HappyHomes – Mandurriao
- DD HappyHomes – Tanauan
- DD HappyHomes – Zarraga
- Green Coast Property

#### **B. Leasing Properties**

##### **1) Retail Leasing**

- |                |                             |
|----------------|-----------------------------|
| • Dragon8 Mall | • CM-San Carlos, Pangasinan |
| • Umbria       | • CM-Roxas Avenue           |

- DoubleDragon Plaza Retail
- CM-Arnaldo, Roxas
- CM-Consolacion
- CM-Anabu, Imus Cavite
- CM-Tetuan, Zamboanga
- CM-Tagbak, Jaro
- CM-Kalibo
- CM-Tiaong, Quezon
- CM-Parola, Iloilo
- CM-Cotabato City
- CM-Mandalagan, Bacolod
- CM-Kabankalan City
- CM-Victorias City
- CM-San Carlos
- CM-Boracay
- CM-Tagum
- CM-SCTEX
- CM-Tarlac
- CM-Dumaguete
- CM-Goldenfields
- CM-Dau
- CM-Passi
- CM-Santa Rosa
- CM-Danao
- CM-Calamba
- CM-Koronadal
- CM-Pavia
- CM-Mayombo
- CM-Dipolog City
- CM-Iponan, CDO
- CM-Sorsogon
- CM-Calapan City
- CM-Bulua, CDO
- CM-Isulan
- CM-Cadiz
- CM-Ozamiz City
- CM-Bacalso
- CM-Tuguegarao
- CM-Aparri
- CM-Los Baños- Bay
- CM-General Trias
- CM-Surigao
- CM-Antique
- CM-Palo
- CM-Ormoc
- CM-Guiwan
- CM-Guimaras
- CM-Bocause
- CM-Basilan
- CM-Arayat
- CM-Pagadian
- CM-Tagbilaran
- CM-Norhttown Davao
- CM-Dinalupihan
- CM-Bais
- CM-Baler, Aurora
- CM-Lam-an, Ozamiz
- CM-San Enrique
- CM-Bongabon
- CM-Lucena
- CM-La Carlota
- CM-Balibago, Sta. Rosa
- CM-San Francisco

## 2) Office Leasing

- DoubleDragon Plaza (Tower 1 to 4)
- DoubleDragon Center East
- DoubleDragon Center West
- DoubleDragon Tower
- Jollibee Tower
- DoubleDragon Meridian Tower

## 3) Industrial Leasing

- CentralHub-Tarlac
- CentralHub-Capiz
- CentralHub-Sta. Barbara, Iloilo
- CentralHub-Danao

- CentralHub-Davao
- CenralHub-Santolan
- CentralHub-Carmelray 01
- CentralHub-Carmelray 02
- CentralHub-Negros
- CentralHub-Surigao

#### 4) Hotels

- Injap Tower
- JinJiang Inn – Ortigas
- JinJiang Inn – Makati
- JinJiang Inn- Boracay Station 1
- Hotel101-Manila
- Hotel101-Fort
- Hotel101-Davao
- Hotel101-Cebu Mactan Airport
- Ascott-DD Meridian Park Manila
- The SkySuites Tower
- Hotel101-Cagayan De Oro
- Hotel101-Bohol
- Hotel101-Resort-Boracay
- JinJiang Inn-Boracay Newcoast
- Hotel101-Palawan
- JinJiang Inn-Palawan
- Hotel101-Libis
- Hotel101-Baguio
- Hotel101-Niseko

#### ***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 DDMP REIT, Inc.

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.

### 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. MARKET INFORMATION

The Company's Common Shares and Preferred Share are traded on the 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 2020, 2021 and 2022.

##### Common Shares

<i>Period</i>	<b>2020</b>		<b>2021</b>		<b>2022</b>	
	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
1 <sup>st</sup> Quarter	₱19.48	₱11.00	₱16.18	₱12.50	₱11.46	₱6.80
2 <sup>nd</sup> Quarter	₱22.20	₱15.40	₱13.58	₱11.62	₱9.05	₱7.50
3 <sup>rd</sup> Quarter	₱17.48	₱13.00	₱12.60	₱9.81	₱8.39	₱6.15
4 <sup>th</sup> Quarter	₱16.80	₱13.82	₱10.60	₱6.85	₱7.45	₱5.50

##### Preferred Shares

<i>Period</i>	<b>2020</b>		<b>2021</b>		<b>2022</b>	
	<b>High</b>	<b>High</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
1 <sup>st</sup> Quarter	₱103.00	₱97.60	₱103.50	₱100.00	₱101.90	₱99.60
2 <sup>nd</sup> Quarter	₱102.80	₱96.50	₱103.00	₱100.00	₱101.50	₱95.00
3 <sup>rd</sup> Quarter	₱103.50	₱100.00	₱102.80	₱100.00	₱101.40	₱90.00
4 <sup>th</sup> Quarter	₱103.00	₱100.00	₱102.30	₱100.20	₱98.50	₱90.00

As of December 31, 2022, the closing price of the Company's common shares was ₱6.72 per share with a total market capitalization of ₱15,758,592,192 while the closing price of the Company's preferred shares was ₱98.00 per share.

The price information as of the close of the latest practicable trading date April 14, 2023 of Company's common shares is ₱6.75 per share with a total market capitalization of ₱ 15,828,943,050.s

#### 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.

On July 30, 2021 the BOD approved the declaration of cash dividend to all common stockholders in the amount of ₱474.0 million, equivalent to ₱0.2002 per share in favor of all common stockholders of record as of August 23, 2021, the payment date was September 16, 2021.

On September 29, 2022, the BOD approved the declaration of cash dividend to all common stockholders of ₱0.2324 dividend per share in favor of all stockholders of record as of October 14, 2022 and the payment date was October 31, 2022.



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:

<b>Date of Approval of Board of Directors</b>	<b>Amount of Dividends Approved Per Preferred Share</b>	<b>Date of Payment</b>
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
March 23, 2020	₱1.61945	April 14, 2020
June 10, 2020	₱1.61945	July 14, 2020
September 21, 2020	₱1.61945	October 14, 2020
December 18, 2020	₱1.61945	January 14, 2021
March 19, 2021	₱1.61945	April 14, 2021
June 15, 2021	₱1.61945	July 14, 2021
September 20, 2021	₱1.61945	October 14, 2021
December 15, 2021	₱1.61945	January 14, 2022
March 22, 2022	₱1.61945	April 18, 2022
June 17, 2022	₱1.61945	July 14, 2022
September 16, 2022	₱1.61945	October 14, 2022
December 14, 2022	₱1.61945	January 16, 2023

### **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, 2022.

Shareholder	No. of Shares Subscribed	% of Ownership
INJAP INVESTMENTS INC.	824,996,999	35.18%
HONEYSTAR HOLDINGS CORP.	824,996,999	35.18%
PCD NOMINEE CORP - FILIPINO	668,271,256	28.50%
PCD NOMINEE CORP - NON FILIPINO	21,784,685	0.93%
JAVELOSA, JOHN MICHAEL ALERTA	1,000,000	0.04%
HARLEY T. SY	811,000	0.03%
TIOPE, CONSUELO A.	500,000	0.02%
ANG, MICHELLE MARIE C.	251,100	0.01%
ANG, MICHELLE MARIE C.	200,000	0.01%
TIUTAN, RICARDO G.	150,000	0.01%
TAN, KENNETH SIO	125,000	0.01%
SA-ONROY, MARIA EPHIE ANGELA GICARO	100,000	0.00%
TAN, ALBERT S.	100,000	0.00%
EVELYN S. TAN	100,000	0.00%
JURIDICO, PERRY ARTHUR B.	100,000	0.00%
DULACA, JERMAINE M.	100,000	0.00%
PRESNEDI, JEREMIAH R.	87,000	0.00%
PRESNEDI, JEDIDIAH R.	87,000	0.00%
JARUDA, ELPIDIO H.	75,000	0.00%
JARUDA, VERONICA P.	75,000	0.00%

### *Preferred Shares*

The following table sets forth the 20 largest shareholders of the Company's Preferred Shares as of December 31, 2022.

Shareholder	No. of Shares Subscribed	% of Ownership
PCD NOMINEE CORP - FILIPINO	96,857,110	96.86%
PCD NOMINEE CORP - NON FILIPINO	1,016,370	1.02%
NG, ANDREW JONATHAN L.	550,000	0.55%
KNIGHTS OF COLUMBUS FRATERNAL ASSOCIATION OF THE PHILS., INC.	426,900	0.43%
"MERALCO EMPLOYEES SAVINGS AND LOAN ASSOCIATION, INC."	250,000	0.25%
JESSICA L. MALTO	105,000	0.11%
KNIGHTS OF COLUMBUS FRATERNAL ASSOCIATION OF THE PHILS INC	68,700	0.07%
TAN, JUDY O.	55,500	0.06%
JOSEFINA GUTIERREZ CASTILLO OR CYNTHIA GUTIERREZ CASTILLO	55,000	0.06%
BEN TIUK SY OR JUDY YU SY	50,000	0.05%
BARCELONA, JOHN P.	37,500	0.04%
FOUNDATION FOR RESOURCE LINKAGE AND DEVELOPMENT INC.	35,000	0.04%
PARDINAS, ERNESTO LIM	32,700	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 J. TAN"	25,000	0.03%
"CHING BUN TENG TIU AND/OR CHING CHIONG PING GO OR ONGKING GIOVANNA JOY TAN"	25,000	0.03%

ITEM 5. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Calendar Year Ended December 31, 2022 and 2021

**DOUBLEDragon CORPORATION AND SUBSIDIARIES**  
AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the year ended December 31, 2022 & 2021

	December, 2022 (Audited)	December, 2021 (Audited)	Horizontal Analysis Increase (Decrease)		Vertical Analysis 2022      2021	
<b>REVENUES</b>						
Rental income	3,237,808,132	3,420,413,009	(182,604,877)	-5.3%	22.9%	21.5%
Real estate sales	1,536,286,229	778,084,021	758,202,208	97.4%	10.9%	4.9%
Hotel revenues	478,865,495	577,925,107	(99,059,612)	-17.1%	3.4%	3.6%
Unrealized gain from change in fair values	7,484,825,891	9,667,665,180	(2,182,839,289)	-22.6%	53.0%	60.7%
Interest income	63,101,706	94,473,724	(31,372,018)	-33.2%	0.4%	0.6%
Others - net	1,329,419,325	1,387,275,067	(57,855,742)	-4.2%	9.4%	8.7%
	14,130,306,778	15,925,836,108	(1,795,529,330)	-11.3%	100.0%	100.0%
<b>COST AND EXPENSES</b>						
Cost of real estate sales	860,600,043	434,024,370	426,575,673	98.3%	6.1%	2.7%
Cost of hotel operations	335,339,091	326,289,350	9,049,741	2.8%	2.4%	2.0%
Selling expenses	164,529,147	127,401,011	37,128,136	29.1%	1.2%	0.8%
General and administrative expenses	2,613,855,837	2,281,984,861	331,870,976	14.5%	18.5%	14.3%
Interest expense	1,944,141,097	1,720,301,746	223,839,351	13.0%	13.8%	10.8%
	5,918,465,215	4,890,001,338	1,028,463,877	21.0%	41.9%	30.7%
<b>INCOME BEFORE INCOME TAX</b>	8,211,841,563	11,035,834,770	(2,823,993,207)	-25.6%	58.1%	69.3%
<b>INCOME TAX BENEFIT (EXPENSE)</b>	4,710,883,710	244,638,859	4,466,244,851	1825.6%	33.3%	1.5%
<b>NET INCOME</b>	12,922,725,273	11,280,473,629	1,642,251,644	14.6%	91.5%	70.8%
<b>Attributable to:</b>						
Equity holders of the Parent Company	5,551,522,068	7,404,361,935	(1,852,839,867)	-25.0%	39.3%	46.5%
Non-controlling interest	7,371,203,205	3,876,111,694	3,495,091,511	90.2%	52.2%	24.3%
	12,922,725,273	11,280,473,629	1,642,251,644	14.6%	91.5%	70.8%
<b>Core Net Income*</b>	7,683,347,149	1,811,598,449	5,871,748,700	324.1%	54.4%	11.4%
<b>Core EBITDA</b>	7,255,116,878	3,201,514,425	4,053,602,453	126.6%	51.3%	20.1%

**REVENUES**

Consolidated revenues decreased by ₱1.8 billion, or -11.3%, to ₱14.1 billion for the year ended December 31, 2022 compared to ₱15.9 billion for the year ended December 31, 2021. The decrease in total revenues is due to lower rental income, hotel revenues, unrealized gains from changes in fair values of investment property for 2022, interest income and other income compared to 2021.

The Company's rental income decreased by ₱182.6 million, or -5.3%, to ₱3.2 billion for the year ended December 31, 2022 compared to ₱3.4 billion for the year ended December 31, 2021 due to rental concessions and rental discounts granted.

The Company's real estate sales increased by ₱758.2 million, or 97.4%, to ₱1.5 billion for the year ended December 31, 2022 compared to ₱778 million for the year ended December 31, 2021 due to higher sales booked based on percentage of completion due to the resumption of construction activities after the lifting of the community quarantine and additional sales in 2022.

The Company's hotel revenues decreased by ₱99.1 million or -17.1% to ₱478.9 million for the year ended December 31, 2022, compared to ₱577.9 million for the year ended December 31, 2021 due to

lower occupancy as a result of the transition out of quarantine requirements with tourism still starting to pick up..

Unrealized gain from change in fair value of investment property is reported at ₱7.5 billion for the year ended December 31, 2022, a decrease of ₱2.2 billion or -22.6% compared to ₱9.7 billion for the year ended December 31, 2021 due to higher changes in fair value of investment property in 2021 from the completion of major projects.

The Company's interest income for the year ended December 31, 2022 decreased by ₱31.4 million or, -33.2%, to ₱63.1 million, compared to ₱94.5 million in 2021, as a result of the decrease in the Company's deposit placements with financial institutions.

Other income decreased by ₱57.9 million, or -4.2%, to ₱1.3 billion for the year ended December 31, 2022 compared to ₱1.4 billion in 2021 due to decrease in interest charges and other charges to tenants.

### **COST AND EXPENSES**

The Company's consolidated costs and expenses increased by ₱1.0 billion, or 21.0%, to ₱5.9 billion for the year ended December 31, 2022, compared to ₱4.9 billion in 2021.

The Company booked cost of real estate sales of ₱860.6 million for the year ended December 31, 2022, an increase of ₱426.6 million or 98.3% compared to ₱434.0 million for the year ended December 2021. The increase is due to higher booked percentage of completion due to resumption of construction activities and additional sales in 2022.

The Company booked cost of hotel operations of ₱335.3 million for the year ended December 31, 2022, an increase of ₱9.0 million or 2.8% compared to ₱326.3 million for the year ended December 2021. The increase is due to increase in rental, utilities and outsourced services.

The Company's general and administrative expenses increased by ₱331.9 million, or 14.5%, to ₱2.6 billion for the year ended December 31, 2022 compared to ₱2.3 billion in 2021. The increase is due to higher mall operating costs mainly from utilities and outsourced services.

The Company's selling and marketing expenses also increased by ₱37.1 million, or 29.1%, to ₱164.5 million for the year ended December 31, 2022 compared to ₱127.4 million in 2021, due to higher commissions, advertising and marketing expense during the year.

Interest expense is reported at ₱1.9 billion for the year ended December 31, 2022, a 13.0% or ₱223.8 million increase compared to ₱1.7 billion in December 31, 2021 lower capitalization rate for borrowing cost and higher interest paid.

### **INCOME TAX BENEFIT**

The Company's income tax benefit for the year ended December 31, 2022 is at ₱4.7 billion, an increase of ₱4.5 billion, or 1,825.6%, from its income tax benefit of ₱244.6 million recorded for the year ended December 31, 2021. The increase is mainly due to the reversal of the deferred tax liability of DDMPR.

### **NET INCOME**

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2022 is at ₱12.9 billion, an increase of ₱1.6 billion, or 14.6%, from its consolidated net income of ₱11.3 billion recorded for the year ended December 31, 2021.

**DOUBLEDragon CORPORATION AND SUBSIDIARIES**  
**AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
For the year ended December 31, 2022 & 2021

	December 31, 2022	December 31, 2021	Horizontal Analysis		Vertical Analysis	
	(Audited)	(Audited)	Increase (Decrease)		2022	2021
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	5,547,000,190	7,763,034,480	(2,216,034,290)	-28.5%	3.5%	5.5%
Receivables - net	11,802,956,253	8,215,798,308	3,587,157,945	43.7%	7.5%	5.8%
Inventories	2,857,589,016	2,391,400,824	466,188,192	19.5%	1.8%	1.7%
Due from related parties	52,146,970	55,150,000	(3,003,030)	-5.4%	0.0%	0.0%
Prepaid expenses and other						
current assets - net	5,721,899,025	4,878,316,568	843,582,457	17.3%	3.6%	3.4%
<b>Total Current Assets</b>	<b>25,981,591,454</b>	<b>23,303,700,180</b>	<b>2,677,891,274</b>	<b>11.5%</b>	<b>16.6%</b>	<b>16.5%</b>
<b>Noncurrent Assets</b>						
Receivables - net of current						
portion	156,587,874	318,545,851	(161,957,977)	-50.8%	0.1%	0.2%
Property and equipment - net	709,212,832	845,853,666	(136,640,834)	-16.2%	0.5%	0.6%
Goodwill and intangible assets	1,110,495,457	1,147,931,606	(37,436,149)	-3.3%	0.7%	0.8%
Investment property	126,150,988,095	112,391,162,203	13,759,825,892	12.2%	80.5%	79.3%
Deferred tax assets	161,343,987	298,778,364	(137,434,377)	-46.0%	0.1%	0.2%
Other noncurrent assets	2,530,300,751	3,350,232,010	(819,931,259)	-24.5%	1.6%	2.4%
<b>Total Noncurrent Assets</b>	<b>130,818,928,996</b>	<b>118,352,503,700</b>	<b>12,466,425,296</b>	<b>10.5%</b>	<b>83.4%</b>	<b>83.5%</b>
<b>Total Assets</b>	<b>156,800,520,450</b>	<b>141,656,203,880</b>	<b>15,144,316,570</b>	<b>10.7%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Accounts payable and other						
current liabilities	6,648,971,202	3,867,205,235	2,781,765,967	71.9%	4.2%	2.7%
Short-term notes payable and						
current maturities	12,533,818,782	14,618,971,659	(2,085,152,877)	-14.3%	8.0%	10.3%
Customers' deposits	153,723,291	119,867,995	33,855,296	28.2%	0.1%	0.1%
Due to related parties	567,878,460	727,613,383	(159,734,923)	-22.0%	0.4%	0.5%
Dividends payable	456,645,828	147,771,638	308,874,190	209.0%	0.3%	0.1%
Income tax payable	31,146,770	14,470,655	16,676,115	115.2%	0.0%	0.0%
<b>Total Current Liabilities</b>	<b>20,392,184,333</b>	<b>19,495,900,565</b>	<b>896,283,768</b>	<b>4.6%</b>	<b>13.0%</b>	<b>13.8%</b>

**Noncurrent Liabilities**

Long-term notes payable - net of current maturities and debt issue costs

	28,588,393,178	21,525,798,815	7,062,594,363	32.8%	18.2%	15.2%
Bonds payable - net of bond issue costs	14,925,384,467	14,897,619,137	27,765,330	0.2%	9.5%	10.5%
Lease liabilities - net of current portion	1,043,542,515	1,282,638,534	(239,096,019)	-18.6%	0.7%	0.9%
Deferred tax liabilities	8,560,424,714	13,612,338,447	(5,051,913,733)	-37.1%	5.5%	9.6%
Customers' deposits - net of current portion	104,403,289	367,412,148	(263,008,859)	-71.6%	0.1%	0.3%
Retirement benefits liability	30,036,573	30,547,752	(511,179)	-1.7%	0.0%	0.0%
Other noncurrent liabilities	1,550,576,852	1,135,495,249	415,081,603	36.6%	1.0%	0.8%
<b>Total Noncurrent Liabilities</b>	<b>54,802,761,588</b>	<b>52,851,850,082</b>	<b>1,950,911,506</b>	<b>3.7%</b>	<b>35.0%</b>	<b>37.3%</b>
<b>Total Liabilities</b>	<b>75,194,945,921</b>	<b>72,347,750,647</b>	<b>2,847,195,274</b>	<b>3.9%</b>	<b>48.0%</b>	<b>51.1%</b>

**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%	6.4%	7.1%
Additional paid-in capital	5,540,589,852	5,540,589,852	-	0.0%	3.5%	3.9%
Retained earnings	29,610,178,785	25,251,421,362	4,358,757,423	17.3%	18.9%	17.8%
Treasury stock	(391,673,305)	(167,160,000)	(224,513,305)	134.3%	-0.2%	-0.1%
Retirement benefits liability	(79,957,722)	117,125,176	(197,082,898)	-168.3%	-0.1%	0.1%
	44,916,447,670	40,979,286,450	3,937,161,220	9.6%	28.6%	28.9%
<b>Non-controlling interest</b>	<b>36,689,126,859</b>	<b>28,329,166,783</b>	<b>8,359,960,076</b>	<b>29.5%</b>	<b>23.4%</b>	<b>20.0%</b>
<b>Total Equity</b>	<b>81,605,574,529</b>	<b>69,308,453,233</b>	<b>12,297,121,296</b>	<b>17.7%</b>	<b>52.0%</b>	<b>48.9%</b>
<b>Total Liabilities and Equity</b>	<b>156,800,520,450</b>	<b>141,656,203,880</b>	<b>15,144,316,570</b>	<b>10.7%</b>	<b>100.0%</b>	<b>100.0%</b>

**ASSETS**

Consolidated assets as of December 31, 2022 is at ₱156.8 billion, an increase of ₱15.1 billion, or 10.7%, from its consolidated assets of ₱141.7 billion recorded as of December 31, 2021.

**Cash and cash equivalents**

The Company's consolidated cash and cash equivalents is at ₱5.5 billion as of December 31, 2022, an decrease of ₱2.2 billion, or -28.5%, from consolidated cash and cash equivalents of ₱7.8 billion as of December 31, 2021, due to the capital expenditures of the Group and payment of dividends.

**Receivables – net**

The Company's consolidated net receivables were ₱11.8 billion as of December 31, 2022, a ₱3.6 billion, or 43.7% increase from consolidated net receivables of ₱8.2 billion as of December 31, 2021, due to the increase in accrued rent receivables arising from the excess of rent income over rental collections made by lessees in accordance with straight-line rental recognition as mandated by PFRS 16, and increase in installment contract and rent receivable.

**Real estate inventories**

The Company's consolidated real estate inventories were ₱2.9 billion as of December 31, 2022, a ₱466.2 million or 19.5% increase from consolidated real estate inventories of ₱2.4 billion as of December 31, 2021 due to higher booked project completion caused by resumption of construction activities in 2022.

### ***Due from related parties***

The Company's consolidated due from related parties decreased by -5.4% or ₱3.0 million at ₱52.1 million as of December 31, 2022 as compared to ₱55.2 million in December 31, 2021 due to collection of advances.

### ***Prepaid expenses and other current assets - net***

The Company's consolidated prepaid expenses and other current assets (net) were ₱5.7 billion as of December 31, 2022, a ₱843.6 million, or 17.3% increase from consolidated prepaid expenses and other current assets (net) of ₱4.9 billion as of December 31, 2021. The increase is due to increase in Input VAT and advances to contractors and suppliers.

### ***Receivables – net of current portion***

The Company's consolidated noncurrent receivables were ₱156.6 million as of December 31, 2022, a ₱162.0 million decrease from consolidated noncurrent receivables of December 31, 2021 at ₱318.5 million, the decrease is due to the reclassification of receivable from noncurrent to current portion as a result of the restructuring of some receivables.

### ***Property and equipment - net***

The Company's consolidated property and equipment were ₱709.2 million as of December 31, 2022, a decrease of ₱136.6 million or -16.2% from ₱845.9 million as of December 31, 2021, due to additions during the year, net of depreciation recorded in 2022.

### ***Goodwill and intangible assets***

The Company's consolidated computer software licenses and goodwill (net) were ₱1.1 billion as of December 31, 2022, a ₱37.1 million, or -3.3% decrease from consolidated computer software licenses and goodwill (net) of ₱1.1 billion as of December 31, 2021, due to amortizations in intangible assets made in 2022.

### ***Investment properties***

The Company's consolidated investment properties were ₱126.2 billion as of December 31, 2022, a ₱13.8 billion, or 12.2% increase from consolidated investment properties of ₱112.4 billion as of December 31, 2021, the increase is due to the appreciation of investment properties owned by the Company and additions during the year.

### ***Deferred tax assets***

The Company's consolidated deferred tax assets were ₱161.3 million as of December 31, 2022, a ₱137.4 million, or -46.0% decrease, from consolidated deferred tax assets of ₱298.8 million as of December 31, 2021. This decrease was mainly due to decrease in the unearned rental income deferred tax component.



### ***Other noncurrent assets***

The Company's consolidated other noncurrent assets were ₱2.5 billion as of December 31, 2022, a ₱819.9 million, or -24.5% decrease from consolidated other noncurrent assets of ₱3.4 billion as of December 31, 2021, due to decrease in the noncurrent portion of advances to contractors and suppliers.

## **LIABILITIES**

### ***Accounts payable and other current liabilities***

The Company's consolidated accounts payable and other current liabilities was ₱6.6 billion as of December 31, 2022, a ₱2.8 billion, or 71.9% increase from consolidated accounts payable and other current liabilities of ₱3.9 billion as of December 31, 2021. The increase is primarily due to the increase in trade payable and accrued expenses of the Group.

### ***Short-term notes payable***

The Company's consolidated short-term notes payable was ₱12.5 billion as of December 31, 2022, a ₱2.1 billion, or -14.3% decrease from consolidated short-term notes payable of ₱14.6 billion as of December 31, 2021, due to repayments of short-term loans during the year.

### ***Due to related parties***

The Company's consolidated due to related parties was at ₱567.9 million as of December 31, 2022, a decrease of ₱159.7 million, or -22.0% decrease from consolidated due to related parties of ₱727.6 million as of December 31, 2021.

### ***Customer's deposits***

The Company's consolidated deposits from customers were ₱153.7 million as of December 31, 2022, a ₱33.9 million, or 28.2% increase from consolidated deposits from customers of ₱119.9 million as of December 31, 2022, due to higher collection from real estate buyers compared to revenue recognized based on percentage of completion.

### ***Dividends payable***

The Company's dividends payable increased to ₱456.6 million as of December 31, 2022, a ₱308.9 million, or 209.0% increase from ₱147.8 million as of December 31, 2021 due to DDMPR dividends.

### ***Income tax payable***

The Company's income tax payable was ₱31.1 million as of December 31, 2022, a ₱16.7 million increase, or 115.2% increase compared to ₱14.5 million as of December 31, 2021.

### ***Long-term notes payable – net of debt issue costs***

The Company's consolidated long-term notes payable was ₱28.6 billion as of December 31, 2022, a ₱7.1 billion, or 32.8% increase from consolidated long-term notes payable of ₱21.5 billion as of December 31, 2021. The increase is due to availment of addition long term notes.

***Bonds payable – net of bond issuance cost***

The Company's consolidated bonds payable remains at ₱14.9 billion as of December 31, 2022 and December 31, 2021.

***Lease Liability – net of current portion***

The Company's consolidated lease liability was ₱1.0 billion as of December 31, 2022, an ₱239.1 million decrease, or -18.6% from consolidated lease liability of ₱1.3 billion as of December 31, 2021 due to lease payments and reclassification to current.

***Deferred tax liability***

The Company's consolidated deferred tax liability was ₱8.6 billion as of December 31, 2022, a ₱5.1 billion decrease from consolidated deferred tax liability of ₱13.6 billion as of December 31, 2021. This decrease was primarily due to the reversal of DDMPR deferred tax liability.

***Customers' deposits – net of current portion***

The Company's customers' deposit were ₱104.4 million as of December 31, 2022, a ₱263.0 million decrease from ₱367.4 million as of December 31, 2021. This decrease was mainly due to reclassification to current portion.

***Retirement benefits liability***

The Company's retirement benefits liability was ₱30.0 million as of December 31, 2022, a ₱0.5 million decrease, or -1.7% decrease from retirement benefits liability of ₱30.5 million as of December 31, 2021.

***Other noncurrent liabilities***

The Company's consolidated other noncurrent liabilities were ₱1.6 billion as of December 31, 2022, a ₱415.1 million increase, or 36.6% increase from consolidated other noncurrent liabilities of ₱1.1 billion as of December 31, 2021. This increase was due to the increase in deferred output VAT.

**EQUITY**

Consolidated equity for the year ended December 31, 2022 is at ₱81.6 billion, an increase of ₱12.3 billion, or 17.7%, from its consolidated equity of ₱69.3 billion recorded for the year ended December 31, 2021.

***Equity Attributable to Holders of the Parent Company***

Equity attributable to the holders of the Parent Company increased by ₱7.1 billion (21.0%) from ₱41.0 billion on December 31, 2021 to ₱41.0 billion as of December 31, 2022. The increase is due to the net income attributable to parent for the period.

***Equity of Non-controlling Interest***

Non-controlling interest (NCI) increased by ₱8.4 billion (29.5%) to ₱36.7 billion from ₱28.3 billion on December 31, 2021. 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, 2022 and 2021:

	December 31, 2022	December 31, 2021
Current Ratio	1.27	1.20
Asset to Equity	1.92	2.04
Debt to Equity Ratios		
<i>On Gross Basis</i>	0.69x	0.74x
<i>On Net Basis</i>	0.62x	0.62x
Return on Equity	12.93%	19.79%
Net Income to Revenue	39.29%	46.49%
Revenue Growth	-11.27%	11.66%
Net Income Growth	14.56%	87.22%
EBITDA	₱10.39 Million	₱12.92 Million
Acid Test Ratio	0.85	0.82
Solvency Ratio	0.17	0.16
Interest Coverage Ratio	3.32	3.92

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

1. Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
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 (Net Profit Margin)	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Total Revenue}}$
7. Revenue Growth	$\frac{\text{Total Revenue (Current Period)} - \text{Total Revenue (Prior Period)}}{\text{Total Revenue (Prior Period)}}$
8. EBITDA	$\text{Income from Operations} + \text{Depreciation and Amortization} + \text{Interest Expense}$
9. Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$
10. Net Income Growth	$\frac{\text{Net Income (Current Period)} - \text{Net Income (Prior Period)}}{\text{Net Income (Prior Period)}}$
11. Acid Test Ratio	$\frac{\text{Cash} + \text{Accounts Receivable} + \text{Marketable Securities}}{\text{Current Liabilities}}$
12. Interest Coverage Ratio	$\frac{\text{Earnings before interest and taxes}}{\text{Interest Paid}}$

## Calendar Year Ended December 31, 2021 and 2020

### DOUBLEDRAAGON CORPORATION AND SUBSIDIARIES AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME For the year ended December 31, 2021 & 2020

	2021	2020	Horizontal Analysis Increase (Decrease)	Vertical Analysis 2021	2020
<b>REVENUES</b>					
Rental income	3,420,413,009	3,608,515,371	(188,102,362)	-5.2%	25.3%
Real estate sales	778,084,021	557,364,504	220,719,517	39.6%	3.9%
Hotel revenues	577,925,107	491,873,210	86,051,897	17.5%	3.4%
Unrealized gains from changes in fair values of investment property	9,667,665,180	8,361,315,377	1,306,349,803	15.6%	58.6%
Interest income	94,473,724	109,657,294	(15,183,570)	-13.8%	0.8%
Others - net	1,387,275,067	1,133,745,842	253,529,225	22.4%	7.9%
	<b>15,925,836,108</b>	<b>14,262,471,598</b>	<b>1,663,364,510</b>	<b>11.7%</b>	<b>100.0%</b>
<b>COST AND EXPENSES</b>					
Cost of real estate sales	434,024,370	309,210,941	124,813,429	40.4%	2.2%
Cost of hotel operations	326,289,350	304,551,283	21,738,067	7.1%	2.1%
Selling expenses	127,401,011	113,348,231	14,052,780	12.4%	0.8%
General and administrative expenses	2,281,984,861	2,391,074,372	(109,089,511)	-4.6%	16.8%
Interest expense	1,720,301,746	959,802,222	760,499,524	79.2%	6.7%
	<b>4,890,001,338</b>	<b>4,077,987,049</b>	<b>812,014,289</b>	<b>19.9%</b>	<b>28.6%</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>11,035,834,770</b>	<b>10,184,484,549</b>	<b>851,350,221</b>	<b>8.4%</b>	<b>71.4%</b>
<b>INCOME TAX EXPENSE</b>	<b>(244,638,859)</b>	<b>4,159,261,356</b>	<b>(4,403,900,215)</b>	<b>-105.9%</b>	<b>29.2%</b>
<b>NET INCOME</b>	<b>11,280,473,629</b>	<b>6,025,223,193</b>	<b>5,255,250,436</b>	<b>87.2%</b>	<b>42.2%</b>
<b>Net income attributable to:</b>					
Equity holders of the Parent Company	7,404,361,935	4,183,697,779	3,220,664,156	77.0%	29.3%
Non-controlling interest	3,876,111,694	1,841,525,414	2,034,586,280	110.5%	12.9%
	<b>11,280,473,629</b>	<b>6,025,223,193</b>	<b>5,255,250,436</b>	<b>87.2%</b>	<b>42.2%</b>

## REVENUES

Consolidated revenues increased by ₱1.7 billion, or 11.7%, to ₱15.9 billion for the year ended December 31, 2021 compared to ₱14.3 billion for the year ended December 31, 2020. The increase in total revenues is due to higher real estate sales, hotel revenues, unrealized gains from changes in fair values of investment property for 2021 and other income compared to 2020.

The Company's hotel revenues increase by ₱86.1 million or 17.5% to ₱577.9 million for the year ended December 31, 2021, compared to ₱491.9 million for the year ended December 31, 2020 due to higher occupancy.

The Company's real estate sales increased by ₱220.7 million, or 39.6%, to ₱778.1 million for the year ended December 31, 2021 compared to ₱557.4 million for the year ended December 31, 2020 due to higher sales booked based on percentage of completion due to the resumption of construction activities after the lifting of the community quarantine and additional sales in 2021.

The Company's interest income for the year ended December 31, 2021 decreased by ₱15.2 million or, -13.8%, to ₱94.5 million, compared to ₱109.7 million in 2020, as a result of the decrease in the Company's deposit placements with financial institutions.

Other income increased by ₱253.5 million, or 22.4%, to ₱1.4 billion for the year ended December 31, 2021 compared to ₱1.1 billion in 2020 due to increase in interest charges.

## COST AND EXPENSES

The Company's consolidated costs and expenses increased by ₱812.0 million, or 19.9%, to ₱4.9 billion for the year ended December 31, 2021, compared to ₱4.1 billion in 2020, mainly driven by the increase in the interest expense by ₱760.5 million or 79.2% to ₱1.7 billion as of December 31, 2021 from ₱959.8 million in the previous year.

The Company booked cost of hotel operations of ₱326.3 million for the year ended December 31, 2021, an increase of ₱21.7 million or 7.1% compared to ₱304.6 million for the year ended December 2020. The increase is due to increase in rental, utilities and outsourced services.

The Company's general and administrative expenses decreased by ₱109.1 million, or -4.6%, to ₱2.3 billion for the year ended December 31, 2021 compared to ₱2.4 billion in 2020. The decrease is due to lower taxes and licenses, employee cost and depreciation.

The Company's selling and marketing expenses also increased by ₱14.1 million, or 12.4%, to ₱127.4 million for the year ended December 31, 2021 compared to ₱113.3 million in 2020, due to higher advertising and marketing expense during the year.

The Company's cost of real estate sales increased by ₱124.8 million, or 40.4%, to ₱434.0 million for the year ended December 31, 2021 compared to ₱309.2 million in 2020, due to the increase in real estate sales recognized during the year.

#### **INCOME TAX EXPENSE**

The Company's income tax expense for the year ended December 31, 2021 is at -₱244.6 million, a decrease of ₱4.4 billion, or -105.9%, from its income tax expense of ₱4.2 billion recorded for the year ended December 31, 2020. The decrease is mainly due to the lower income tax rate in 2021 and a one-time recognition of a net tax benefit as a result of the downward adjustment in the deferred tax assets and liabilities balance as of December 31, 2020 to reflect the decrease in the corporate income tax rate from 30% to 25%.

#### **NET INCOME**

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2021 is at ₱11.3 billion, an increase of ₱5.3 billion, or 87.2%, from its consolidated net income of ₱6.0 billion recorded for the year ended December 31, 2020. The increase is due mainly to higher fair value gains booked.

**DOUBLED DRAGON CORPORATION AND SUBSIDIARIES**  
**AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
For the year ended December 31, 2021 & 2020

	Audited December 31, 2021	Audited December 31, 2020	Horizontal Analysis Increase (Decrease)		Vertical Analysis 2021 2020	
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	7,763,034,480	3,976,350,272	3,786,684,208	95.2%	5.5%	3.3%
Receivables - net	8,215,798,308	6,592,765,182	1,623,033,126	24.6%	5.8%	5.5%
Real Estate Inventories	2,391,400,824	2,311,811,794	79,589,030	3.4%	1.7%	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	4,878,316,568	4,507,600,246	370,716,322	8.2%	3.4%	3.7%
<b>Total Current Assets</b>	<b>23,303,700,180</b>	<b>17,443,677,494</b>	<b>5,860,022,686</b>	<b>33.6%</b>	<b>16.5%</b>	<b>14.4%</b>
<b>Noncurrent Assets</b>						
Receivables - net of current portion	318,545,851	1,613,038	316,932,813	19648.2%	0.2%	0.0%
Property and equipment - net	845,853,666	836,946,310	8,907,356	1.1%	0.6%	0.7%
Goodwill and intangible assets	1,147,931,606	1,182,844,798	(34,913,192)	-3.0%	0.8%	1.0%
Investment property	112,391,162,203	98,489,954,717	13,901,207,486	14.1%	79.3%	81.5%
Right-of-use assets - net of current portion	-	317,655	(317,655)	-100.0%	0.0%	0.0%
Deferred tax assets	298,778,364	526,829,392	(228,051,028)	-43.3%	0.2%	0.4%
Other noncurrent assets	3,350,232,010	2,423,552,002	926,680,008	38.2%	2.4%	2.0%
<b>Total Noncurrent Assets</b>	<b>118,352,503,700</b>	<b>103,462,057,912</b>	<b>14,890,445,788</b>	<b>14.4%</b>	<b>83.5%</b>	<b>85.6%</b>
	<b>141,656,203,880</b>	<b>120,905,735,406</b>	<b>20,750,468,474</b>	<b>17.2%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Accounts payable and other current liabilities	3,867,205,235	5,612,396,934	(1,745,191,699)	-31.1%	2.7%	4.6%
Short-term notes payable and current maturities	14,618,971,659	18,963,727,859	(4,344,756,200)	-22.9%	10.3%	15.7%
Customers' deposits	119,867,995	156,343,410	(36,475,415)	-23.3%	0.1%	0.1%
Due to related parties	727,613,383	991,532,102	(263,918,719)	-26.6%	0.5%	0.8%
Dividends payable	147,771,638	151,713,756	(3,942,118)	-2.6%	0.1%	0.1%
Income tax payable	14,470,655	64,841,577	(50,370,922)	-77.7%	0.0%	0.1%
<b>Total Current Liabilities</b>	<b>19,495,900,565</b>	<b>25,940,555,638</b>	<b>(6,444,655,073)</b>	<b>-24.8%</b>	<b>13.8%</b>	<b>21.5%</b>
<b>Noncurrent Liabilities</b>						
Long-term notes payable - net of current maturities and debt issue costs	21,525,798,815	13,705,961,804	7,819,837,011	57.1%	15.2%	11.3%
Bonds payable - net of bond issue costs	14,897,619,137	14,870,270,989	27,348,148	0.2%	10.5%	12.3%
Lease liabilities - net of current portion	1,282,638,534	1,365,205,845	(82,567,311)	-6.0%	0.9%	1.1%
Deferred tax liabilities	13,612,338,447	14,120,458,800	(508,120,353)	-3.6%	9.6%	11.7%
Customers' deposits - net of current portion	367,412,148	362,487,632	4,924,516	1.4%	0.3%	0.3%
Retirement benefits liability	30,547,752	29,237,486	1,310,266	4.5%	0.0%	0.0%
Other noncurrent liabilities	1,135,495,249	1,451,319,117	(315,823,868)	-21.8%	0.8%	1.2%
<b>Total Noncurrent Liabilities</b>	<b>52,851,850,082</b>	<b>45,904,941,673</b>	<b>6,946,908,409</b>	<b>15.1%</b>	<b>37.3%</b>	<b>38.0%</b>
<b>Total Liabilities</b>	<b>72,347,750,647</b>	<b>71,845,497,311</b>	<b>502,253,336</b>	<b>0.7%</b>	<b>51.1%</b>	<b>59.4%</b>
<b>Equity</b>						
<b>Equity Attributable to Equity Holders of the Parent Company</b>						
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%	7.1%	8.3%
Additional paid-in capital	5,540,589,852	5,540,589,852	-	0.0%	3.9%	4.6%
Retained earnings	25,251,421,362	18,249,718,051	7,001,703,311	38.4%	17.8%	15.1%
Treasury stock	(167,160,000)	(167,160,000)	-	0.0%	-0.1%	-0.1%
Reserves	117,125,176	(4,926,420)	122,051,596	-2477.5%	0.1%	0.0%
	<b>40,979,286,450</b>	<b>33,855,531,543</b>	<b>7,123,754,907</b>	<b>21.0%</b>	<b>28.9%</b>	<b>28.0%</b>
<b>Non-controlling interest</b>	<b>28,329,166,783</b>	<b>15,204,706,552</b>	<b>13,124,460,231</b>	<b>86.3%</b>	<b>20.0%</b>	<b>12.6%</b>
<b>Total Equity</b>	<b>69,308,453,233</b>	<b>49,060,238,095</b>	<b>20,248,215,138</b>	<b>41.3%</b>	<b>48.9%</b>	<b>40.6%</b>
<b>Total Liabilities and Equity</b>	<b>141,656,203,880</b>	<b>120,905,735,406</b>	<b>20,750,468,474</b>	<b>17.2%</b>	<b>100.0%</b>	<b>100.0%</b>

## ASSETS

Consolidated assets as of December 31, 2021 is at ₱141.7 billion, an increase of ₱20.8 billion, or 17.2%, from its consolidated assets of ₱120.9 billion recorded as of December 31, 2020.

### Cash and cash equivalents

The Company's consolidated cash and cash equivalents is at ₱7.8 billion as of December 31, 2021, an increase of ₱3.8 billion, or 95.2%, from consolidated cash and cash equivalents of ₱4.0 billion as of December 31, 2020, due to the proceeds from DDMP REIT, Inc. IPO.

### Receivables – net

The Company's consolidated net receivables were ₱8.2 billion as of December 31, 2021, a ₱1.6 billion, or 24.6% increase from consolidated net receivables of ₱6.6 billion as of December 31, 2020, due to the increase in accrued rent receivables arising from the excess of rent income over rental collections made by lessees in accordance with straight-line rental recognition as mandated by PFRS 16, and increase in installment contract receivable.

### ***Real estate inventories***

The Company's consolidated real estate inventories were ₱2.4 billion as of December 31, 2021, a ₱79.6 million or 3.4% increase from consolidated real estate inventories of ₱2.3 billion as of December 31, 2020.

### ***Due from related parties***

The Company's consolidated due from related parties remains unchanged at ₱55.2 million as of December 31, 2021 and December 31, 2020.

### ***Prepaid expenses and other current assets - net***

The Company's consolidated prepaid expenses and other current assets (net) were ₱4.9 billion as of December 31, 2021, a ₱370.7 million, or 8.2% increase from consolidated prepaid expenses and other current assets (net) of ₱4.5 billion as of December 31, 2020.

### ***Receivables – net of current portion***

The Company's consolidated noncurrent receivables were ₱318.5 million as of December 31, 2021, a ₱1.6 million increase from consolidated noncurrent receivables of December 31, 2020 at ₱316.9 million, the increase is due to the reclassification of receivable from noncurrent to current portion as a result of the restructuring of some receivables.

### ***Property and equipment - net***

The Company's consolidated property and equipment were ₱845.9 million as of December 31, 2021, an ₱8.9 million increase from ₱836.9 million as of December 31, 2020, due to additions during the year, net of depreciation recorded in 2021.

### ***Goodwill and intangible assets***

The Company's consolidated computer software licenses and goodwill (net) were ₱1.1 billion as of December 31, 2021, a ₱34.9 million, or -3.0% decrease from consolidated computer software licenses and goodwill (net) of ₱1.2 billion as of December 31, 2020, due to amortizations in intangible assets made in 2021.

### ***Investment properties***

The Company's consolidated investment properties were ₱112.4 billion as of December 31, 2021, a ₱13.9 billion, or 14.1% increase from consolidated investment properties of ₱98.5 billion as of December 31, 2020, the increase is due to the appreciation of investment properties owned by the Company and additions during the year.

### ***Deferred tax assets***

The Company's consolidated deferred tax assets were ₱298.8 million as of December 31, 2021, a ₱228.1 million, or -43.3% decrease, from consolidated deferred tax assets of ₱526.8 million as of December 31, 2020. This decrease was mainly due to the downward adjustment in the deferred tax asset balance as of December 31, 2020 to reflect the decrease in the corporate income tax rate from 30% to 25%.

### ***Other noncurrent assets***

The Company's consolidated other noncurrent assets were ₱3.4 billion as of December 31, 2021, a ₱926.7 million, or 38.2% increase from consolidated other noncurrent assets of ₱2.4 billion as of December 31, 2020, due to increase in refundable deposits.

## **LIABILITIES**

### ***Accounts payable and other current liabilities***

The Company's consolidated accounts payable and other current liabilities was ₱3.9 billion as of December 31, 2021, a ₱1.7 billion, or -31.1% decrease from consolidated accounts payable and other current liabilities of ₱5.6 billion as of December 31, 2020. The decrease is primarily due to the decrease in accrued project cost of the Group.

### ***Short-term notes payable***

The Company's consolidated short-term notes payable was ₱14.6 billion as of December 31, 2021, a ₱4.3 billion, or -22.9% decrease from consolidated short-term notes payable of ₱19.0 billion as of December 31, 2020, due to repayments of short-term loans during the year.

### ***Due to related parties***

The Company's consolidated due to related parties was at ₱727.6 million as of December 31, 2021, a decrease of ₱263.9 million, or -26.6% decrease from consolidated due to related parties of ₱991.5 million as of December 31, 2020.

### ***Customer's deposits***

The Company's consolidated deposits from customers were ₱119.9 million as of December 31, 2021, a ₱36.5 million, or -23.3% decrease from consolidated deposits from customers of ₱156.3 million as of December 31, 2020, due to higher collection from real estate buyers compared to revenue recognized based on percentage of completion.

### ***Dividends payable***

The Company's dividends payable decreased to ₱147.8 million as of December 31, 2021, a ₱3.9 million, or -2.6% decrease from ₱151.7 million as of December 31, 2020.

### ***Income tax payable***

The Company's income tax payable was ₱14.5 million as of December 31, 2021, a ₱50.4 million decrease compared to ₱64.8 million as of December 31, 2020.

### ***Long-term notes payable – net of debt issue costs***

The Company's consolidated long-term notes payable was ₱21.5 billion as of December 31, 2021, a ₱7.8 billion, or 57.1% increase from consolidated long-term notes payable of ₱13.7 billion as of December 31, 2020. The increase is due avancement of addition long term notes.



### ***Bonds payable – net of bond issuance cost***

The Company's consolidated bonds payable remains at ₱14.9 billion as of December 31, 2021 and December 31, 2020.

### ***Lease Liability***

The Company's consolidated lease liability was ₱1.3 billion as of December 31, 2021, an ₱82.6 million decrease from consolidated lease liability of ₱1.4 billion as of December 31, 2020.

### ***Deferred tax liability***

The Company's consolidated deferred tax liability was ₱13.6 billion as of December 31, 2021, a ₱508.1 million decrease from consolidated deferred tax liability of ₱14.1 billion as of December 31, 2020. This decrease was primarily due to downward adjustment in the deferred tax liability balance to reflect the decrease in the corporate income tax rate from 30% to 25%.

### ***Retirement benefits liability***

The Company's retirement benefits liability was ₱30.5 million as of December 31, 2021, a ₱1.3 million increase from retirement benefits liability of ₱29.2 million as of December 31, 2020 due to additional retirement cost recognized in 2021.

### ***Other noncurrent liabilities***

The Company's consolidated other noncurrent liabilities were ₱1.1 billion as of December 31, 2021, a ₱315.8 million decrease from consolidated other noncurrent liabilities of ₱1.5 billion as of December 31, 2020. This decrease was due to the decrease in unearned rent income and deferred output VAT.

## **EQUITY**

Consolidated equity for the year ended December 31, 2021 is at ₱69.3 billion, an increase of ₱20.2 billion, or 41.3%, from its consolidated equity of ₱49.1 billion recorded for the year ended December 31, 2020.

### ***Equity Attributable to Holders of the Parent Company***

Equity attributable to the holders of the Parent Company increased by ₱7.1 billion (21.0%) from ₱33.9 billion on December 31, 2020 to ₱41.0 billion as of December 31, 2021. The increase is due to the cumulative earnings recognized by the Company.

### ***Equity of Non-controlling Interest***

Non-controlling interest (NCI) increased by ₱13.1 billion (86.3%) to ₱28.3 billion from ₱15.2 billion on December 31, 2020. 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, 2021 and 2020:

	December 31, 2021	December 31, 2020
Current Ratio	1.20	0.67
Asset to Equity	2.04	2.46
Debt to Equity Ratios		
<i>On Gross Basis</i>	0.74x	0.97x
<i>On Net Basis</i>	0.62x	0.89x
Return on Equity	19.79%	13.04%
Net Income to Revenue	46.49%	29.33%
Revenue Growth	11.66%	-29.41%
Net Income Growth	76.98%	-52.63%
EBITDA	Php 12,918,694,377	Php 11,346,449,510
Acid Test Ratio	0.82	0.41
Solvency Ratio	0.16	0.09
Interest Coverage Ratio	3.92	3.54

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 (Net Profit Margin)	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Total Revenue}}$
7. Revenue Growth	$\frac{\text{Total Revenue (Current Period)} - \text{Total Revenue (Prior Period)}}{\text{Total Revenue (Prior Period)}}$
8. EBITDA	Income from Operations + Depreciation and Amortization + Interest Expense
9. Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$
10. Net Income Growth	$\frac{\text{Net Income Attributable to Owners of the Parent (Current Period)} - \text{Net Income Attributable to Owners of the Parent (Prior Period)}}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}}$
11. Acid Test Ratio	$\frac{\text{Cash} + \text{Accounts Receivable} + \text{Marketable Securities}}{\text{Current Liabilities}}$
12. Interest Coverage Ratio	$\frac{\text{Earnings before interest and taxes}}{\text{Interest Paid}}$

## ITEM 6. FINANCIAL STATEMENT

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

## ITEM 7. 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 8. DIRECTORS AND EXECUTIVE OFFICERS AND REGISTRANTS

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 November 18, 2022, 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 September 29, 2022 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	Nationality	Position
Edgar J. Sia II	Filipino	Chairman of the Board and CEO
Tony Tan Caktiong	Filipino	Co-Chairman of the Board
Ferdinand J. Sia	Filipino	Director and President
Rizza Marie Joy J. Sia-Javelona	Filipino	Director, Treasurer and CFO
William Tan Untiong	Filipino	Director and Corporate Secretary
Joseph Tanbuntiong	Filipino	Director and Assistant Corporate Secretary
Gary P. Cheng	Filipino	Independent Director
Vicente S. Perez, Jr.	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 the Company. He is also the Chairman and CEO of Injap Investments Inc. and MerryMart Consumer Corp. 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 a Director and Co-Chairman of the Company. Mr. Tan Caktiong currently serves as the Chairman of Jollibee Foods Corporation. He is also a member of Board of Trustees of St.

Luke's Medical Hospital, National Competitiveness Council and Asian Institute of Management Alumni Leadership Foundation, Inc. Mr. Tan Caktiong is also a Board of Director of First Gen Corporation, Philippine Long Distance Company and Temasek Foundation. He is member of the Board of Managers of SJBFL LLC and International Advisory Board. Mr. Tan Caktiong holds a Bachelor of Science in Chemical Engineering from the University of Santo Tomas.

**Ferdinand J. Sia** is the President and Chief Operating Officer of the Company. He also serves as Director and President and Chief Operating Officer of MerryMart Consumer Corp. and Injap Investments, Inc. He previously served as Director of Mang Inasal from 2006 to 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-Javelona** is the Treasurer and Chief Finance Officer of the Company. She is currently the Treasurer and Chief Finance Officer of Injap Investments Inc. She also serves as Comptroller of MerryMart Consumer Corp. and MerryMart Grocery Centers, Inc. She graduated Bachelors of Science in Accountancy at the University of the Philippines – Visayas and is a Certified Public Accountant.

**William Tan Untiong** is a Director and the Corporate Secretary of the Company. He 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 since 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 its 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, 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-Javelona 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-Javelona 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-Javelona 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-Javelona 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-Javelona, 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 9. 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, 2018, 2019 and 2020 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, 2018, 2019 and 2010 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:	2022	₱60,761,960	-
(Accounting, Business Development, Corporate Services, Design, Engineering, Information Technology, Internal Audit, Leasing, Legal, Marketing, Treasury & Corporate Planning, Procurement)	2021	₱57,629,369	-
	2020	₱57,480,782	-

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 Corporation.

### Compensation of Directors

Independent directors receive a standard per diem for attendance in Board meetings. The Company paid a total of ₱2.58 million in 2022 and 2021. 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	₱2.58 Million
(d) Bonuses	None	None	None
(e) Stock Options and/or other financial instruments	None	None	None
(f) Others (Specify)	None	None	None
<b>Total</b>	–	–	₱2.58 Million



ITEM 10. 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, 2022**

<b>Name and Address of Record Owners</b>	<b>Name of Beneficial Owner and Relationship with Record Owner</b>	<b>Citizenship</b>	<b>No. of Common Shares Held</b>	<b>% of Total Outstanding Shares</b>
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	668,271,256	28.50%

As of December 31, 2022, foreign shareholders owned 0.93%, of the Common Shares, and 1.02% 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, 2022:

<b>Name of Beneficial Owner</b>	<b>Title of Class (Direct)</b>	<b>Number of shares</b>	<b>Citizenship</b>	<b>%</b>
Edgar J. Sia II	Common	1,351,190	Filipino	0.05707%
	Preferred	-		-
Tony Tan Caktiong	Common	1,000	Filipino	0.00004%
	Preferred	-		-
Ferdinand J. Sia	Common	12,032,712	Filipino	0.50824%
	Preferred	-		-
Rizza Marie Joy J. Sia-Javelona	Common	1,000	Filipino	0.00004%
	Preferred	-		-
William Tan Untiong	Common	3,501,000	Filipino	0.14788%
	Preferred	50,000		0.05000%
Joseph Tanbuntiong	Common	4,001,000	Filipino	0.16899%
	Preferred	-		-
Gary P. Cheng	Common	250,001	Filipino	0.01056%
	Preferred	-		-
Vicente S. Perez, Jr.	Common	250,001	Filipino	0.01056%
	Preferred	-		-
<b>Total</b>	<b>Common (Direct)</b>	<b>21,387,904</b>		<b>0.090339%</b>
	<b>Preferred (Direct)</b>	<b>50,000</b>		<b>0.05000%</b>

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, 2022, the following are the owners of the Company's common stock in excess of 5% of total outstanding shares:

<b>Name</b>	<b>No. of Shares</b>	<b>Percentage</b>
Injap Investments Inc.	824,996,999	34.85%
Honeystar Holdings Corp.	824,996,999	34.85%

#### **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 11. CERTAIN RELATIONSHIP 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, 2022, 2021 and 2020, the Company has not made any provision for impairment losses relating to amounts owed by related parties.

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		Terms and Conditions
				Due from Related Parties	Due to Related Parties	
<b>Parent Company's Key Management - Personnel</b>						
Management fees	2022	a	P2,678,571	P -	P -	Demandable; non-interest bearing; unsecured; payable in cash
	2021	a	2,678,571	-	-	Demandable; non-interest bearing; unsecured; payable in cash
	2020	a	2,678,571	-	-	Demandable; non-interest bearing; unsecured; payable in cash
<b>Stockholders</b>						
Acquisition of HOA	2022	b	-	-	-	Payable by way of DD shares
	2021	b	-	-	-	Payable by way of DD shares
	2020	b	-	-	429,944,449	Payable by way of DD shares
<b>Other Related Parties</b>						
Land acquired	2022	c	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in cash
	2021	c	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in cash
	2020	c	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in <u>cash</u>
		c	-	-	167,858,000	Payable by way of condo units
		c	155,975,635	-	323,833,635	Payable by way of condo units
		c	-	-	167,858,000	Payable by way of condo units unsecured; payable in cash
Cash advances received	2022	d	6,762,319	52,146,970	16,739,154	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2021	d	12,069,998	55,150,000	20,498,443	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2020	d	9,771,859	55,150,000	10,448,348	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
Rent income	2022	e	476,898,762	-	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2021	e	373,070,646	841,721,497	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2020	e	583,234,028	1,083,982,423	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2022			P52,146,970	P567,878,460	
	2021			P896,871,497	P727,613,383	

*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 2022 and 2021 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, 2022, 2021 and 2020.

*b. 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. This was paid in 2021.

*c. 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 ongoing construction of CityMall. These are unsecured, non-interest bearing liabilities and will be settled by the Group in 2023.

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).

In 2019, the Company entered into a Memorandum of Agreement and Deed of Absolute Conveyance for "Hotel 101-Cebu Mactan Airport" project with a minority shareholder in relation to the transfer of land owned by the minority shareholder in exchange of a certain number of condotel units and commercial units.

*d. 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.

*e. Lease of Land, Office and 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, Jollibee Tower, DoubleDragon

Plaza and CityMalls to MerryMart Group, 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 (Note 8).

*f. 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, 2021 and 2020. The advance deposit is to be applied to the future rent payment. This was refunded in 2021.

*g. Key Management Personnel Compensation*

Short-term benefits of key management personnel amounted to P39.91 million, P35.40 million and P34.12 million in 2022, 2021 and 2020, respectively. Long-term benefits of key management personnel amounted to P0.96 million in 2022 and 2021 and P0.97 million in 2020. Directors’ fee paid amounted to P2.58 million in 2022 and 2021 and P2.92 million in 2020.

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.

For more information, see Note 23 to the Company’s Consolidated Financial Statements.

## ANNEX D.2

### DOUBLEDRAGON CORPORATION AND SUBSIDIARIES UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE SIX MONTHS ENDED JUNE 30

	2023	2022	2023	2022
	For the quarter ended	For the quarter ended	For the six months ended	For the six months ended
<b>REVENUES</b>				
Rental income	1,131,847,585	718,440,198	1,949,463,097	1,621,613,703
Real estate sales	335,968,064	513,272,994	629,252,451	835,394,089
Hotel revenues	145,297,979	99,676,113	292,884,479	219,203,148
Interest income	66,321,303	30,046,429	72,582,057	32,009,485
Others - net	548,519,448	334,938,511	999,195,793	702,532,032
	<b>2,227,954,379</b>	<b>1,696,374,245</b>	<b>3,943,377,877</b>	<b>3,410,752,457</b>
<b>COST AND EXPENSES</b>				
Cost of real estate sales	172,845,463	318,974,728	327,869,499	463,111,118
Cost of hotel operations	107,880,174	46,899,650	212,715,564	123,774,283
Selling expenses	34,728,226	34,932,020	62,098,693	100,801,842
General and administrative expenses	466,074,443	306,431,593	873,380,107	724,158,674
Interest expense	302,873,575	189,949,004	762,885,196	574,035,292
	<b>1,084,401,881</b>	<b>897,186,995</b>	<b>2,238,949,059</b>	<b>1,985,881,209</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>1,143,552,498</b>	<b>799,187,250</b>	<b>1,704,428,818</b>	<b>1,424,871,248</b>
<b>INCOME TAX BENEFIT (EXPENSE)</b>	<b>(65,963,866)</b>	<b>320,597,003</b>	<b>(106,751,008)</b>	<b>164,176,004</b>
<b>NET INCOME</b>	<b>1,077,588,632</b>	<b>1,119,784,253</b>	<b>1,597,677,810</b>	<b>1,589,047,252</b>
<b>Attributable to:</b>				
Equity holders of the Parent Company	637,758,484	696,004,134	805,521,190	986,768,873
Non-controlling interest	439,830,148	423,780,119	792,156,620	602,278,379
	<b>1,077,588,632</b>	<b>1,119,784,253</b>	<b>1,597,677,810</b>	<b>1,589,047,252</b>

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

**June 30, 2023 versus June 30, 2022 Results of Operations**

**DOUBLED DRAGON CORPORATION AND SUBSIDIARIES  
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME  
FOR THE PERIOD ENDED JUNE 30, 2023 and 2022**

	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>Horizontal Analysis</b>		<b>Vertical Analysis</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>Increase (Decrease)</b>		<b>2023</b>	<b>2022</b>
<b>REVENUES</b>						
Rental income	1,949,463,097	1,621,613,703	327,849,394	20.2%	49.4%	47.5%
Real estate sales	629,252,451	835,394,089	(206,141,638)	-24.7%	16.0%	24.5%
Hotel revenues	292,884,479	219,203,148	73,681,331	33.6%	7.4%	6.4%
Interest income	72,582,057	32,009,485	40,572,572	126.8%	1.8%	0.9%
Others - net	999,195,793	702,532,032	296,663,761	42.2%	25.3%	20.6%
	<b>3,943,377,877</b>	<b>3,410,752,457</b>	<b>532,625,420</b>	<b>15.6%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>COST AND EXPENSES</b>						
Cost of real estate sales	327,869,499	463,111,118	(135,241,619)	-29.2%	8.3%	13.6%
Cost of hotel operations	212,715,564	123,774,283	88,941,281	71.9%	5.4%	3.6%
Selling expenses	62,098,693	100,801,842	(38,703,149)	-38.4%	1.6%	3.0%
General and administrative expenses	873,380,107	724,158,674	149,221,433	20.6%	22.1%	21.2%
Interest expense	762,885,196	574,035,292	188,849,904	32.9%	19.3%	16.8%
	<b>2,238,949,059</b>	<b>1,985,881,209</b>	<b>253,067,850</b>	<b>12.7%</b>	<b>56.8%</b>	<b>58.2%</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>1,704,428,818</b>	<b>1,424,871,248</b>	<b>279,557,570</b>	<b>19.6%</b>	<b>43.2%</b>	<b>41.8%</b>
<b>INCOME TAX BENEFIT (EXPENSE)</b>	<b>(106,751,008)</b>	<b>164,176,004</b>	<b>(270,927,012)</b>	<b>-165.0%</b>	<b>-2.7%</b>	<b>4.8%</b>
<b>NET INCOME</b>	<b>1,597,677,810</b>	<b>1,589,047,252</b>	<b>8,630,558</b>	<b>0.5%</b>	<b>40.5%</b>	<b>46.6%</b>
<b>Attributable to:</b>						
Equity holders of the Parent Company	805,521,190	986,768,873	(181,247,683)	-18.4%	20.4%	28.9%
Non-controlling interest	792,156,620	602,278,379	189,878,241	31.5%	20.1%	17.7%
	<b>1,597,677,810</b>	<b>1,589,047,252</b>	<b>8,630,558</b>	<b>0.5%</b>	<b>40.5%</b>	<b>46.6%</b>

**DOUBLEDragon CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED JUNE 30, 2023 AND 2022**

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)	Horizontal Analysis Increase (Decrease)		Vertical Analysis 2023 2022	
<b>REVENUES</b>						
Rental income	1,131,847,585	718,440,198	413,407,387	57.5%	50.8%	42.4%
Real estate sales	335,968,064	513,272,994	(177,304,930)	-34.5%	15.1%	30.3%
Hotel revenues	145,297,979	99,676,113	45,621,866	45.8%	6.5%	5.9%
Interest income	66,321,303	30,046,429	36,274,874	120.7%	3.0%	1.8%
Others - net	548,519,448	334,938,511	213,580,937	63.8%	24.6%	19.7%
	2,227,954,379	1,696,374,245	531,580,134	31.3%	100.0%	100.0%
<b>COST AND EXPENSES</b>						
Cost of real estate sales	172,845,463	318,974,728	(146,129,265)	-45.8%	7.8%	18.8%
Cost of hotel operations	107,880,174	46,899,650	60,980,524	130.0%	4.8%	2.8%
Selling expenses	34,728,226	34,932,020	(203,794)	-0.6%	1.6%	2.1%
General and administrative expenses	466,074,443	306,431,593	159,642,850	52.1%	20.9%	18.1%
Interest expense	302,873,575	189,949,004	112,924,571	59.4%	13.6%	11.2%
	1,084,401,881	897,186,995	187,214,886	20.9%	48.7%	52.9%
<b>INCOME BEFORE INCOME TAX</b>	1,143,552,498	799,187,250	344,365,248	43.1%	51.3%	47.1%
<b>INCOME TAX BENEFIT (EXPENSE)</b>	(65,963,866)	320,597,003	(386,560,869)	-120.6%	-3.0%	18.9%
<b>NET INCOME</b>	1,077,588,632	1,119,784,253	(42,195,621)	-3.8%	48.4%	66.0%
<b>Attributable to:</b>						
Equity holders of the Parent Company	637,758,484	696,004,134	(58,245,650)	-8.4%	28.6%	41.0%
Non-controlling interest	439,830,148	423,780,119	16,050,029	3.8%	19.7%	25.0%
	1,077,588,632	1,119,784,253	(42,195,621)	-3.8%	48.4%	66.0%

**Revenues**

DoubleDragon Corporation (“DoubleDragon” or “The Company”) reports Consolidated Net Income figures for the six months ended June 30, 2023 at ₱1,597.68 million.

DoubleDragon’s rental revenues increased by ₱327.85 million or 20.2% to ₱1,949.46 million during the six months ended June 30, 2023 compared to ₱1,621.61 million during the same period last year, increase in rental income is due to increase in occupancy and rental rates.

Real estate sales amounting to ₱629.25 million, a decrease ₱206.14 million or -24.7%, for the six months ended June 30, 2023 compared to the same period in 2022, decrease is due to lower movement in construction completion percentage during the period as some projects are nearing completion and turnover.

Hotel Revenues of ₱292.88 million also contributed 7.4% of the consolidated revenues for the six months ended June 30, 2023, an increase of 33.6% from ₱219.20 million posted in the same period in 2022, due to increase in occupancy rate of hotel properties.

The Company’s interest income for the six months ended June 30, 2023 increased by ₱40.57 million or, 126.8%, to ₱72.58 million, compared to ₱32.01 million in 2022, as a result of the increase in interest income from the Company’s deposit placements with financial institutions.

Other Income amounted to ₱999.20 million, an increase of ₱296.66 million or 42.2%, from ₱702.53 million last year due to the increase admin fees and other charges to tenants, and cinema sales.



### **Cost and Expenses**

Cost of real estate sales amounting to ₱327.87 million, a decrease by ₱135.24 million, -29.2% for the six months ended June 30, 2023 compared to the same period in 2022, in line with the decrease in real estate sales for the period.

Cost of hotel operations amounting to ₱212.72 million increased by ₱88.94 million, 71.9%, for the six months ended June 30, 2023. The increase is due to higher income share to unit owners, utilities and booking fee expenses.

Selling expenses of ₱62.10 million decreased by ₱38.70 million, or -38.4%, from ₱100.80 million from the same period last year due to the decrease in print and multimedia advertisements for the period.

General and administrative expenses of ₱873.38 million an increase of ₱149.22 million, or 20.6% due to increase in utilities, salaries, outsourced manpower and, taxes and licenses.

Interest expense amounting to ₱762.89 million was recognized for the six months ended June 30, 2023 – an increase from ₱574.04 million or 32.9% in the same period last year due to lower capitalized borrowing cost for the period.

### **Income before income tax**

The Company's consolidated income before income tax for the six months ended June 30, 2023 is at ₱1,704.43 million, an increase of ₱279.56 million or 19.6%, from its consolidated income before income tax of ₱1,424.87 million recorded for the same period in 2022.

### **Income tax expense**

The Company's income tax expense for the six months ended June 30, 2023 is at ₱106.75 million, an increase of ₱270.93 million from its income tax benefit of ₱164.18 million recorded for the same period in 2022. Increase in income tax expense is due to the higher taxable income of the Group.

### **Net Income**

The Company's consolidated net income of ₱1,597.68 million increased by ₱8.63 million, for the six months ended June 30, 2023 from ₱1,589.05 million posted for the same period in the previous year .

## June 30, 2023 versus December 31, 2022 Interim Statements of Financial Position

### DOUBLEDragon CORP. AND SUBSIDIARIES UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT PERIOD ENDED JUNE 30, 2023 & DECEMBER 31, 2022

	June 30, 2023	December 31, 2022	Horizontal Analysis		Vertical Analysis	
	(Unaudited)	(Audited)	Increase (Decrease)		2023	2022
ASSETS						
Current Assets						
Cash and cash equivalents	6,539,996,142	5,547,000,190	992,995,952	17.9%	4.0%	3.5%
Receivables - net	14,677,423,558	11,802,956,253	2,874,467,305	24.4%	9.0%	7.5%
Inventories	3,006,116,361	2,857,589,016	148,527,345	5.2%	1.8%	1.8%
Due from related parties	52,146,970	52,146,970	-	0.0%	0.0%	0.0%
Prepaid expenses and other						
current assets - net	6,166,240,978	5,721,899,025	444,341,953	7.8%	3.8%	3.6%
Total Current Assets	30,441,924,009	25,981,591,454	4,460,332,555	17.2%	18.7%	16.6%
Noncurrent Assets						
Receivables - net of current						
portion	220,871,952	156,587,874	64,284,078	41.1%	0.1%	0.1%
Property and equipment - net	1,328,202,992	709,212,832	618,990,160	87.3%	0.8%	0.5%
Goodwill and intangible assets	1,119,966,192	1,110,495,457	9,470,735	0.9%	0.7%	0.7%
Investment property	127,240,408,604	126,150,988,095	1,089,420,509	0.9%	78.1%	80.5%
Deferred tax assets	100,221,815	161,343,987	(61,122,172)	-37.9%	0.1%	0.1%
Other noncurrent assets	2,524,188,577	2,530,300,751	(6,112,174)	-0.2%	1.5%	1.6%
Total Noncurrent Assets	132,533,860,132	130,818,928,996	1,714,931,136	1.3%	81.3%	83.4%
Total Assets	162,975,784,141	156,800,520,450	6,175,263,691	3.9%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other						
current liabilities	6,049,095,118	6,648,971,202	(599,876,084)	-9.0%	3.7%	4.2%
Short-term notes payable and						
current maturities	14,267,630,903	12,533,818,782	1,733,812,121	13.8%	8.8%	8.0%
Customers' deposits	343,082,223	153,723,291	189,358,932	123.2%	0.2%	0.1%
Due to related parties	558,371,559	567,878,460	(9,506,901)	-1.7%	0.3%	0.4%
Dividends payable	1,109,111,569	456,645,828	652,465,741	142.9%	0.7%	0.3%
Income tax payable	5,651,410	31,146,770	(25,495,360)	-81.9%	0.0%	0.0%
Total Current Liabilities	22,332,942,782	20,392,184,333	1,940,758,449	9.5%	13.7%	13.0%
Noncurrent Liabilities						
Long-term notes payable - net						
of current maturities and debt						
issue costs	33,145,804,253	28,588,393,178	4,557,411,075	15.9%	20.3%	18.2%
Bonds payable - net of bond						
issue costs	14,941,862,172	14,925,384,467	16,477,705	0.1%	9.2%	9.5%
Lease liabilities - net of current						
portion	1,016,870,688	1,043,542,515	(26,671,827)	-2.6%	0.6%	0.7%
Deferred tax liabilities	8,470,211,177	8,560,424,714	(90,213,537)	-1.1%	5.2%	5.5%
Customers' deposits - net of						
current portion	81,521,384	104,403,289	(22,881,905)	-21.9%	0.1%	0.1%
Retirement benefits liability	30,036,573	30,036,573	-	0.0%	0.0%	0.0%
Other noncurrent liabilities	1,311,635,155	1,550,576,852	(238,941,697)	-15.4%	0.8%	1.0%
Total Noncurrent Liabilities	58,997,941,402	54,802,761,588	4,195,179,814	7.7%	36.2%	35.0%
Total Liabilities	81,330,884,184	75,194,945,921	6,135,938,263	8.2%	49.9%	48.0%

**Equity**  
**Equity Attributable to**  
**Equity Holders of the Parent**  
**Company**

Capital stock	237,310,060	237,310,060	-	0.0%	0.1%	0.2%
Preferred shares	10,000,000,000	10,000,000,000	-	0.0%	6.1%	6.4%
Additional paid-in capital	5,540,589,852	5,540,589,852	-	0.0%	3.4%	3.5%
Retained earnings	29,396,294,470	29,610,178,785	(213,884,315)	-0.7%	18.0%	18.9%
Treasury stock	(391,673,305)	(391,673,305)	-	0.0%	-0.2%	-0.2%
Retirement benefits liability	(79,957,722)	(79,957,722)	-	0.0%	0.0%	-0.1%
	44,702,563,355	44,916,447,670	(213,884,315)	-0.5%	27.4%	28.6%
<b>Non-controlling interest</b>	<b>36,942,336,602</b>	<b>36,689,126,859</b>	<b>253,209,743</b>	<b>0.7%</b>	<b>22.7%</b>	<b>23.4%</b>
<b>Total Equity</b>	<b>81,644,899,957</b>	<b>81,605,574,529</b>	<b>39,325,428</b>	<b>0.0%</b>	<b>50.1%</b>	<b>52.0%</b>
<b>Total Liabilities and Equity</b>	<b>162,975,784,141</b>	<b>156,800,520,450</b>	<b>6,175,263,691</b>	<b>3.9%</b>	<b>100.0%</b>	<b>100.0%</b>

As of the end of June 30, 2023, Consolidated Total Assets stood at ₱162.98 billion while Total Equity reached ₱81.64 billion.

**Current Assets**

Cash amounting to ₱6.54 billion as of June 30, 2023, an increase of ₱993.00 million or 17.9% from ₱5.55 billion as of December 31, 2022. Increase in cash was mainly due to the receipt of proceeds from the note issuance by the Company less payments for loans and dividends.

Receivables amounting to ₱14.68 billion as of June 30, 2023, an increase of ₱2.87 billion (24.4%) from ₱11.80 billion as of December 31, 2022 due to increase in rent receivables.

Real estate inventories amounting to ₱3.01 billion as of June 30, 2023 increased by ₱148.53 million (5.2%) from ₱2.86 billion on December 31, 2022 mainly due to purchase of additional Hotel101 project sites less any cost of real estate sales during the period.

Prepaid expenses and other current assets – net amounting to ₱6.17 billion as of June 30, 2023 increased by ₱444.34 million (7.8%) from ₱5.72 billion on December 31, 2022. The increase was due to increase in advances to contractors and suppliers, creditable withholding taxes and prepaid expenses.

**Noncurrent Assets**

Receivables – net of current portion amounting to ₱220.87 million as of June 30, 2023 increased by ₱64.28 million (41.1%) from ₱156.59 million as of December 31, 2022 due to increase in noncurrent portion of installment contract receivable.

Property and equipment – net amounting to ₱1.33 billion as of June 30, 2023 increased by ₱618.99 million (87.3%) from ₱709.21 million as of December 31, 2022, increase was mainly due to the office space acquired by DD Group in Singapore for the Company's Hotel101 international office.

Investment property amounting to ₱127.24 billion as of June 30, 2023 increased by ₱1.09 billion (0.9%) from ₱126.15 billion as of December 31, 2022.

Deferred tax assets amounting to ₱100.22 million as of June 30, 2023 decreased by ₱61.12 million, or -37.9% from ₱161.34 million as of December 31, 2022 due to the recovery of certain deferred taxes recognized in prior periods and additional deferred tax liabilities for borrowing cost.

Other noncurrent assets decreased by ₱6.11 million, or -0.2% from ₱2.53 billion as of December 31, 2022 to ₱2.52 billion of the first six months of 2023, due to decrease in the noncurrent portion of advances to contractors and suppliers.

### **Current Liabilities**

Accounts payable and other liabilities amounting to ₱6.05 billion as of June 30, 2023, a decrease of ₱599.88 million, or -9.0%, from ₱6.65 billion as of December 31, 2022. The decrease is mainly attributable to decrease in trade payables, accrued expenses and withholding tax payable.

Short-term notes payable amounting to ₱14.27 billion as of June 30, 2023, an increase of ₱1.73 billion, or 13.8%, from ₱12.53 billion as of December 31, 2022 mainly due to additional current portion of long-term loans.

Customers' deposits amounting to ₱343.08 million as of June 30, 2023 increased by ₱189.36 million (123.2%) from ₱153.72 million as of December 31, 2022 due to the increase in deposits from unit buyers of Hotel101 projects.

Dividends payable amounted to ₱1.11 billion as of June 30, 2023, an increase of ₱652.47 million, or 142.9%, from ₱456.65 million as of December 31, 2022. Increase is due to dividends declared in second quarter of the year.

Income tax payable amounting to ₱5.65 million as of June 30, 2022, a decrease of ₱25.50 million, or -81.9% from ₱31.15 million as of December 31, 2022. The decrease is due to payments for 2022 income tax during the period.

### **Noncurrent Liabilities**

Long-term notes payable is at ₱33.15 billion as of June 30, 2023 an increase of 15.9% due to loan availments of the Company during the period.

Bonds payable is at ₱14.94 billion as of June 30, 2023, an increase of ₱16.48 million, or 0.1%, from ₱14.93 billion as of December 31, 2022.

Lease liabilities- net of current decreased by ₱26.67 million (-2.6%) to ₱1.02 billion as of June 30, 2023 from ₱1.04 billion as of December 31, 2022.

Deferred tax liabilities decreased by ₱90.21 million (-1.1%) to ₱8.47 billion from ₱8.56 billion as of December 31, 2022.

Customers' deposits – net of current portion amounting to ₱81.52 million as of June 30, 2023 decreased by ₱22.88 million (-21.9%) from ₱104.40 million as of December 31, 2022 due to the reclassification to current portion.

Other noncurrent liabilities amounting to ₱1.31 billion as of June 30, 2023, a decrease of ₱238.94 million, or -15.4% from ₱1.55 billion as of December 31, 2022. The decrease is due to the decrease in noncurrent portion of security deposit and retention payable. .

### **Equity**

Equity amounting to ₱81.64 billion as of June 30, 2023, an increase of ₱39.33 million from ₱81.61 billion as of December 31, 2022, due to net income less dividends declared during the period.

### Key Performance Indicators of the Company

	Unaudited June 30, 2023	Audited December 31, 2022
Current Ratio	1.36	1.27
Asset to Equity	2.00	1.92
Debt to Equity Ratios		
On Gross Basis	0.76x	0.69x
On Net Basis	0.68x	0.62x
Acid Test Ratio	0.95	0.85

	Unaudited period ending June 30, 2023	Unaudited period ending June 30, 2022
Return on Equity	1.87%	2.40%
Net Income to Revenue	20.43%	28.93%
Revenue Growth	15.62%	26.80%
Income Growth	0.5%	-57.3%
EBITDA	PhP 2,497.22 Million	PhP 2,065.93 Million
Solvency Ratio	0.02	0.02

The following are the formula 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. Acid Test Ratio	$\frac{\text{Cash + Accounts Receivable + Marketable Securities}}{\text{Current Liabilities}}$
6. Return on Equity	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to the Owners of the Parent}}$
7. Net Income to Revenue	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Total Revenue}}$
8. Revenue Growth	$\frac{\text{Total Revenue (Current Period) - Total Revenue (Prior Period)}}{\text{Total Revenue (Prior Period)}}$

9.Net Income Growth	$\frac{\text{Net Income (Current Period)} - \text{Net Income (Prior Period)}}{\text{Net Income (Prior Period)}}$	-
10. EBITDA	Income from Operations + Depreciation and Amortization + Interest Expense	
11. Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation and Amortization}}{\text{Total Liabilities}}$	

### Other Disclosures

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

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

DD Group has no material off-balance sheet transactions, arrangements, or obligations that were likely to have a current or future material effect on our financial condition, revenues or expenses, results of operations, liquidity or capital expenditures.

DD Group has no material commitments for capital expenditures other than those performed in the ordinary course of trade of business and DD Group's store expansion plan.

DD Group also has no unconsolidated subsidiaries.

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

### PART II--OTHER INFORMATION

The Company has already fully disbursed the total net proceeds from the Initial Public Offering (IPO) of DDMP REIT, Inc. ("DDMPR") pursuant to the Reinvestment Plan of the DoubleDragon Corporation as Sponsor.

### ANNEX D.3

## MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY

### 1. Market Information

The Company's Common Shares and Preferred Share are traded on the Philippine Stock Exchange 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 2021, 2022 and 2023.

#### Common Shares

<i>Period</i>	<b>2021</b>		<b>2022</b>		<b>2023</b>	
	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
1 <sup>st</sup> Quarter	₱16.18	₱12.50	₱11.46	₱6.80	₱7.45	₱6.56
2 <sup>nd</sup> Quarter	₱13.58	₱11.62	₱9.05	₱7.50	₱8.19	₱6.60
3 <sup>rd</sup> Quarter	₱12.60	₱9.81	₱8.39	₱6.15		
4 <sup>th</sup> Quarter	₱10.60	₱6.85	₱7.45	₱5.50		

#### Preferred Shares

<i>Period</i>	<b>2021</b>		<b>2022</b>		<b>2023</b>	
	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
1 <sup>st</sup> Quarter	₱103.50	₱100.00	₱101.90	₱99.60	₱99.00	₱85.05
2 <sup>nd</sup> Quarter	₱103.00	₱100.00	₱101.50	₱95.00	₱97.45	₱90.85
3 <sup>rd</sup> Quarter	₱102.80	₱100.00	₱101.40	₱90.00		
4 <sup>th</sup> Quarter	₱102.30	₱100.20	₱98.50	₱90.00		

As of June 30, 2023, the closing price of the Company's common shares was ₱6.82 per share with a total market capitalization of ₱15,993,095,455 while the closing price of the Company's preferred shares was ₱94.00 per share.

As of August 18, 2023, the closing price of the Company's common shares was ₱7.80 per share with a total market capitalization of ₱18,291,223,080 while the closing price of the Company's preferred shares was ₱92.85 per share.

## 2. Holders

### *Common Shares*

There are 137 registered holders of common shares as of June 30, 2023.

The following table sets forth the 20 largest shareholders of the Company's Common Shares as of June 30, 2023:

Rank	Name	No. of Shares	Percentage
1	INJAP INVESTMENTS INC.	824,996,999	35.180700%
2	HONEYSTAR HOLDINGS CORP.	824,996,999	35.180700%
3	PCD NOMINEE CORP - FILIPINO	468,840,636	19.993000%
4	PCD NOMINEE CORP - NON FILIPINO	221,226,305	9.433800%
5	JAVELOSA, JOHN MICHAEL ALERTA	1,000,000	0.042600%
6	HARLEY T. SY	811,000	0.034600%
7	TIOPE, CONSUELO A.	500,000	0.021300%
8	ANG, MICHELLE MARIE C.	251,100	0.010700%
9	ANG, MICHELLE MARIE C.	200,000	0.008500%
10	TIUTAN, RICARDO G.	150,000	0.006400%
11	TAN, KENNETH SIO	125,000	0.005300%
12	SA-ONNOY, MARIA EPHIE ANGELA GICARO	100,000	0.004300%
13	TAN, ALBERT S.	100,000	0.004300%
14	EVELYN S. TAN	100,000	0.004300%
15	JURIDICO, PERRY ARTHUR B.	100,000	0.004300%
16	DULACA, JERMAINE M.	100,000	0.004300%
17	PRESNEDI, JEREMIAH R.	87,000	0.003700%
18	PRESNEDI, JEDIDIAH R.	87,000	0.003700%
19	JARUDA, ELPIDIO H.	75,000	0.003200%
20	JARUDA, VERONICA P.	75,000	0.003200%
<b>TOTAL</b>		<b>2,343,922,039</b>	<b>99.952900%</b>

### *Preferred Shares*

There are 89 registered holders of preferred shares as of June 30, 2023.

The following table sets forth the 20 largest shareholders of the Company's Preferred Shares as of June 30, 2023:



Rank	Name	No. of Shares	Percentage
1	PCD NOMINEE CORP - FILIPINO	96,844,130	96.844100%
2	PCD NOMINEE CORP - NON FILIPINO	1,047,850	1.047800%
3	NG, ANDREW JONATHAN L.	550,000	0.550000%
4	KNIGHTS OF COLUMBUS FRATERNAL ASSOCIATION OF THE PHILS., INC.	426,900	0.426900%
5	MERALCO EMPLOYEES SAVINGS AND LOAN ASSOCIATION, INC.	250,000	0.250000%
6	JESSICA L. MALTO	105,000	0.105000%
7	KNIGHTS OF COLUMBUS FRATERNAL ASSOCIATION OF THE PHILS INC	68,700	0.068700%
8	TAN, JUDY O.	55,500	0.055500%
9	JOSEFINA GUTIERREZ CASTILLO OR CYNTHIA GUTIERREZ CASTILLO	55,000	0.055000%
10	BEN TIUK SY OR JUDY YU SY	50,000	0.050000%
11	BARCELONA, JOHN P.	37,500	0.037500%
12	FOUNDATION FOR RESOURCE LINKAGE AND DEVELOPMENT INC.	35,000	0.035000%
13	PARDINAS, ERNESTO LIM	32,700	0.032700%
14	SOTA PHILIPPINES, INC.	25,000	0.025000%
15	WILLIAM O. DIZON OR SUSAN A. DIZON	25,000	0.025000%
16	CHIONG PING G. CHING AND/OR MARIA GRACIA J. TAN	25,000	0.025000%
17	AGUINALDO A. ANDRADA OR MIRA GRACE Q. ANDRADA	21,600	0.021600%
18	ALEJANDRO, REYNALDO G.	20,000	0.020000%
19	ONE POINT CONTACT, INC.	20,000	0.020000%
20	ROMEO M. LAGLAGARON OR LEA CARINA C. LAGLAGARON	17,500	0.017500%
<b>TOTAL</b>		<b>99,712,380</b>	<b>99.712300%</b>

### 3. Dividends

On July 30, 2021 the BOD approved the declaration of cash dividend to all common stockholders in the amount of ₱474.0 million, equivalent to P0.2002 per share in favor of all common stockholders of record as of August 23, 2021, the payment date was September 16, 2021.

On September 29, 2022 the BOD approved the declaration of cash dividend to all common stockholders in the amount of ₱544.98 million, equivalent to P0.2324 per share in favor of all common stockholders of record as of October 14, 2022, the payment date was October 31, 2022.

On May 15, 2023 the BOD approved the declaration of cash dividend to all common stockholders in the amount of ₱615.34 million, equivalent to P0.2624 per share in favor of all common stockholders of record as of June 8, 2023, the payment date was July 5, 2023.

The Company has declared the following regular dividends for holders of Preferred Shares:

<b>Date of Approval of Board of Directors</b>	<b>Amount of Dividends Approved Per Preferred Share</b>	<b>Date of Payment</b>
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
March 23, 2020	₱1.61945	April 14, 2020
June 10, 2020	₱1.61945	July 14, 2020
September 21, 2020	₱1.61945	October 14, 2020
December 18, 2020	₱1.61945	January 14, 2021
March 19, 2021	₱1.61945	April 14, 2021
June 15, 2021	₱1.61945	July 14, 2021
September 20, 2021	₱1.61945	October 14, 2021
December 15, 2021	₱1.61945	January 6, 2022
March 22, 2022	₱1.61945	April 18, 2022
June 17, 2022	₱1.61945	July 14, 2022
September 16, 2022	₱1.61945	October 14, 2022
December 14, 2022	₱1.61945	January 16, 2023
March 16, 2023	₱1.61945	April 14, 2023
June 16, 2023	₱2.42125	July 14, 2023

#### **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.

#### **4. Recent Sale of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction.**

Issuance of Securities – Singapore (March 28, 2023)

DD Group, through its wholly-owned subsidiary DDPC Worldwide Pte. Ltd (DDWPL), issued a USD20.00 million tap offering of its outstanding 5-year and Reg S US dollar denominated guaranteed Notes with a coupon rate of 7.25%, and payable semi-annually. This issuance will be consolidated with and form a single series with the Issuer's existing USD160.0 million 7.25% Senior Guaranteed Notes due 2025, listed in the Singapore Exchange Securities Trading. UBS acted as sole global coordinator and bookrunner for the issue.

## **ANNEX D.4**

### **2022 Audited Consolidated Financial Statements and Supplementary Schedules**

# **DOUBLEDRAGON CORPORATION** (Formerly DoubleDragon Properties Corp.) **AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022, 2021 and 2020**

With Independent Auditors' Report



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## REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders  
**DoubleDragon Corporation**  
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 Corporation, formerly DoubleDragon Properties Corp., and its Subsidiaries (“the Group”), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, 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, 2022, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Philippine Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

### *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.

Firm Regulatory Registration & Accreditation:  
PRC-BOA Registration No. 0003, valid until November 21, 2023  
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024  
financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)  
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024  
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)  
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024  
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

### *Emphasis of Matter*

We draw attention to Note 2 to the consolidated financial statements, which indicates that the consolidated financial statements have been prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the consolidated financial statements are discussed in detail in Note 3. Our opinion is not modified in respect of this matter.

### *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 (P126.15 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 evaluated the adequacy of the financial statements disclosures.

*Determination of Percentage of Completion used for Recognition of Real Estate Sales (P1.54 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 and cost analysis;
- We evaluated the competence, capabilities and objectivity of the project managers; and
- We evaluated the adequacy of the financial statements disclosures.

*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, 2022, 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, 2022 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, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the financial statements, 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 accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements.





- 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, actions taken to eliminate threats or safeguards applied.

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. 94495-SEC, Group A, valid for five (5) years  
covering the audit of 2019 to 2023 financial statements

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

Issued June 27, 2022; valid until June 27, 2025

PTR No. MKT 9563853

Issued January 3, 2023 at Makati City

Date

Makati City, Metro Manila

**DOUBLEDRAGON CORPORATION**  
**(Formerly DoubleDragon Properties Corp.)**  
**AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		December 31	
	Note	2022	2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	P5,547,000,190	P7,763,034,480
Receivables - net	8	11,802,956,253	8,215,798,308
Inventories	9	2,857,589,016	2,391,400,824
Due from related parties	23	52,146,970	55,150,000
Prepaid expenses and other current assets - net	10	5,721,899,025	4,878,316,568
<b>Total Current Assets</b>		<b>25,981,591,454</b>	<b>23,303,700,180</b>
<b>Noncurrent Assets</b>			
Receivables - net of current portion	8	156,587,874	318,545,851
Property and equipment - net	11	709,212,832	845,853,666
Goodwill and other intangible assets	12	1,110,495,457	1,147,931,606
Investment property	13	126,150,988,095	112,391,162,203
Deferred tax assets	26	161,343,987	298,778,364
Other noncurrent assets	15	2,530,300,751	3,350,232,010
<b>Total Noncurrent Assets</b>		<b>130,818,928,996</b>	<b>118,352,503,700</b>
		<b>P156,800,520,450</b>	<b>P141,656,203,880</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and other current liabilities	3, 16	P6,648,971,202	P3,867,205,235
Short-term loans payable and current maturities of long-term notes payable, net of debt issue costs	17	12,533,818,782	14,618,971,659
Customers' deposits	18	153,723,291	119,867,995
Due to related parties	23	567,878,460	727,613,383
Dividends payable		456,645,828	147,771,638
Income tax payable		31,146,770	14,470,655
<b>Total Current Liabilities</b>		<b>20,392,184,333</b>	<b>19,495,900,565</b>
<b>Noncurrent Liabilities</b>			
Long-term notes payable - net of current maturities and debt issue costs	17	28,588,393,178	21,525,798,815
Bonds payable - net of bond issue costs	17	14,925,384,467	14,897,619,137
Lease liabilities - noncurrent portion	24	1,043,542,515	1,282,638,534
Deferred tax liabilities	26	8,560,424,714	13,612,338,447
Customers' deposits - net of current portion	18	104,403,289	367,412,148
Retirement benefits liability	25	30,036,573	30,547,752
Other noncurrent liabilities	19	1,550,576,852	1,135,495,249
<b>Total Noncurrent Liabilities</b>		<b>54,802,761,588</b>	<b>52,851,850,082</b>
<b>Total Liabilities</b>		<b>75,194,945,921</b>	<b>72,347,750,647</b>

Forward

December 31			
	Note	2022	2021
<b>Equity Attributable to Equity Holders of the Parent Company</b>			
Capital stock	28	<b>P10,237,310,060</b>	P10,237,310,060
Additional paid-in capital	28	<b>5,540,589,852</b>	5,540,589,852
Retained earnings	28	<b>29,610,178,785</b>	25,251,421,363
Treasury stock	28	<b>(391,673,305)</b>	(167,160,000)
Reserves		<b>(79,957,722)</b>	117,125,175
		<b>44,916,447,670</b>	40,979,286,450
<b>Non-controlling Interests</b>		<b>36,689,126,859</b>	28,329,166,783
<b>Total Equity</b>		<b>81,605,574,529</b>	69,308,453,233
		<b>P156,800,520,450</b>	P141,656,203,880

See Notes to the Consolidated Financial Statements.

**DOUBLEDRAGON CORPORATION**  
**(Formerly DoubleDragon Properties Corp.)**  
**AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

		Years Ended December 31		
	Note	2022	2021	2020
<b>INCOME</b>				
Rent income	24	<b>P3,237,808,132</b>	P3,420,413,009	P3,608,515,371
Real estate sales	6, 8, 23	<b>1,536,286,229</b>	778,084,021	557,364,504
Hotel revenues	6	<b>478,865,495</b>	577,925,107	491,873,210
Unrealized gains from changes in fair values of investment property	13	<b>7,484,825,891</b>	9,667,665,180	8,361,315,377
Income from forfeitures		<b>4,572,248</b>	21,659,710	349,511,164
Interest income	7, 8, 15	<b>63,101,706</b>	94,473,724	109,657,294
Others - net	13, 15	<b>1,324,847,077</b>	1,365,615,357	784,234,678
		<b>14,130,306,778</b>	15,925,836,108	14,262,471,598
<b>COSTS AND EXPENSES</b>				
Cost of real estate sales	9, 20	<b>860,600,043</b>	434,024,370	309,210,941
Cost of hotel operations	9, 20	<b>335,339,091</b>	326,289,350	304,551,283
Selling expenses	21	<b>164,529,147</b>	127,401,011	113,348,231
General and administrative expenses	22	<b>2,613,855,837</b>	2,281,984,861	2,391,074,372
Interest expense	17, 19, 24	<b>1,944,141,097</b>	1,720,301,746	959,802,222
		<b>5,918,465,215</b>	4,890,001,338	4,077,987,049
<b>INCOME BEFORE INCOME TAX</b>		<b>8,211,841,563</b>	11,035,834,770	10,184,484,549
<b>INCOME TAX EXPENSE</b>				
	26			
Current		<b>205,502,967</b>	33,269,891	371,590,150
Deferred		<b>(4,916,386,677)</b>	(277,908,750)	3,787,671,206
		<b>(4,710,883,710)</b>	(244,638,859)	4,159,261,356
<b>NET INCOME</b>		<b>12,922,725,273</b>	11,280,473,629	6,025,223,193
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<i>Items that can be reclassified to profit or loss</i>				
Net gain on cash flow hedges		<b>(124,900,600)</b>	128,048,157	-
Loss on exchange differences on translation of foreign operations		<b>(77,904,258)</b>	(11,070,749)	-
		<b>(202,804,858)</b>	116,977,408	-
<i>Item that will never be reclassified to profit or loss</i>				
Remeasurement gain (loss) on defined benefit liability	25	<b>7,629,282</b>	7,234,766	(7,089,393)
Deferred tax effect on remeasurement on defined benefit liability	26	<b>(1,907,321)</b>	(2,160,579)	2,126,818
		<b>5,721,961</b>	5,074,187	(4,962,575)
		<b>(197,082,897)</b>	122,051,595	(4,962,575)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>P12,725,642,376</b>	P11,402,525,224	P6,020,260,618

Forward

Years Ended December 31				
	Note	2022	2021	2020
<b>Net income attributable to:</b>				
Equity holders of the Parent Company		<b>P5,551,522,068</b>	P7,404,361,935	P4,183,697,779
Non-controlling interest		<b>7,371,203,205</b>	3,876,111,694	1,841,525,414
		<b>12,922,725,273</b>	11,280,473,629	6,025,223,193
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Parent Company		<b>5,354,439,171</b>	7,526,413,530	4,178,735,204
Non-controlling interest		<b>7,371,203,205</b>	3,876,111,694	1,841,525,414
		<b>P12,725,642,376</b>	P11,402,525,224	P6,020,260,618
<b>Basic Earnings Per Share</b>	27	<b>P2.07</b>	P2.85	P1.4935
<b>Diluted Earnings Per Share</b>	27	<b>P2.07</b>	P2.85	P1.4935

See Notes to the Consolidated Financial Statements.

**DOUBLEDragon CORPORATION**  
**(Formerly DoubleDragon Properties Corp.)**  
**AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Years Ended December 31

Years Ended December 31												
Equity Attributable to Equity Holders of the Parent Company												
	Note	Capital Stock		Treasury Stock	Additional Paid-in Capital	Retained Earnings	Reserves			Total	Non-controlling Interests	Total Equity
		Common Shares	Preferred Shares				Remeasurement on Defined Benefit Liability - net of tax	Hedging Reserve	Translation Reserve			
Balance as at January 1, 2020		P237,310,060	P10,000,000,000	(P167,160,000)	P5,540,589,852	P14,713,800,272	P36,155	P -	P -	P30,324,576,339	P13,594,198,758	P43,918,775,097
Total Comprehensive Income		-	-	-	-	4,183,697,779	-	-	-	4,183,697,779	1,841,525,414	6,025,223,193
Other comprehensive loss - net of tax		-	-	-	-	-	(4,962,575)	-	-	(4,962,575)	-	(4,962,575)
Total Comprehensive Income		-	-	-	-	4,183,697,779	(4,962,575)	-	-	4,178,735,204	1,841,525,414	6,020,260,618
Transactions with Owners												
Dividends declared	28	-	-	-	-	(647,780,000)	-	-	-	(647,780,000)	-	(647,780,000)
Distribution to non-controlling interest	28	-	-	-	-	-	-	-	-	-	(324,617,420)	(324,617,420)
Additional contribution from non-controlling interests	2	-	-	-	-	-	-	-	-	-	93,599,800	93,599,800
Total Transactions with Owners During the Year		-	-	-	-	(647,780,000)	-	-	-	(647,780,000)	(231,017,620)	(878,797,620)
Balance as at December 31, 2020		237,310,060	10,000,000,000	(167,160,000)	5,540,589,852	18,249,718,051	(4,926,420)	-	-	33,855,531,543	15,204,706,552	49,060,238,095
Total Comprehensive Income		-	-	-	-	7,404,361,935	-	-	-	7,404,361,935	3,876,111,694	11,280,473,629
Net income for the year		-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income (loss) - net of tax		-	-	-	-	-	5,074,187	128,048,157	(11,070,749)	122,051,595	-	122,051,595
Total Comprehensive Income		-	-	-	-	7,404,361,935	5,074,187	128,048,157	(11,070,749)	7,526,413,530	3,876,111,694	11,402,525,224
Transactions with Owners												
Dividends declared	28	-	-	-	-	(1,121,759,226)	-	-	-	(1,121,759,226)	-	(1,121,759,226)
Distribution to non-controlling interest	28	-	-	-	-	-	-	-	-	-	(939,039,469)	(939,039,469)
Changes in interest in a subsidiary	2	-	-	-	-	713,655,180	-	-	-	713,655,180	8,269,951,392	8,983,606,572
Additional investment in a subsidiary	2	-	-	-	-	-	-	-	-	-	(1,922,882,036)	(1,922,882,036)
Additional contribution from non-controlling interests	2	-	-	-	-	-	-	-	-	-	3,845,764,073	3,845,764,073
Dilution of non-controlling interests	2	-	-	-	-	5,445,423	-	-	-	5,445,423	(5,445,423)	-
Total Transactions with Owners During the Year		-	-	-	-	(402,658,623)	-	-	-	(402,658,623)	9,248,348,537	8,845,689,914
Balance as at December 31, 2021		237,310,060	10,000,000,000	(167,160,000)	5,540,589,852	25,251,421,363	147,767	128,048,157	(11,070,749)	40,979,286,450	28,329,166,783	69,308,453,233

Forward

Equity Attributable to Equity Holders of the Parent Company											
Note	Capital Stock		Treasury Stock	Additional Paid-in Capital	Retained Earnings	Reserves			Total	Non-controlling Interests	Total Equity
	Common Shares	Preferred Shares				Remeasurement on Defined Benefit Liability - net of tax	Hedging Reserve	Translation Reserve			
As at January 1, 2022	P237,310,060	P10,000,000,000	(P167,160,000)	P5,540,589,852	P25,251,421,363	P147,767	P128,048,157	(P11,070,749)	P40,979,286,450	P28,329,166,783	P69,308,453,233
<b>Total Comprehensive Income</b>											
Net income for the year	-	-	-	-	5,551,522,068	-	-	-	5,551,522,068	7,371,203,205	12,922,725,273
Other comprehensive income (loss) - net of tax	-	-	-	-	-	5,721,961	(124,900,600)	(77,904,258)	(197,082,897)	-	(197,082,897)
<b>Total Comprehensive Income</b>	-	-	-	-	5,551,522,068	5,721,961	(124,900,600)	(77,904,258)	5,354,439,171	7,371,203,205	12,725,642,376
<b>Transactions with Owners</b>											
Dividends declared	28	-	-	-	(1,192,764,646)	-	-	-	(1,192,764,646)	-	(1,192,764,646)
Distribution to non-controlling interest	28	-	-	-	-	-	-	-	-	(1,106,351,036)	(1,106,351,036)
Additional contribution from non-controlling interests	2	-	-	-	-	-	-	-	-	2,095,107,907	2,095,107,907
Buyback of common shares	28	-	-	(224,513,305)	-	-	-	-	(224,513,305)	-	(224,513,305)
<b>Total Transactions with Owners During the Year</b>	-	-	(224,513,305)	-	(1,192,764,646)	-	-	-	(1,417,277,951)	988,756,871	(428,521,080)
<b>Balance as at December 31, 2022</b>	<b>P237,310,060</b>	<b>P10,000,000,000</b>	<b>(P391,673,305)</b>	<b>P5,540,589,852</b>	<b>P29,610,178,785</b>	<b>P5,869,728</b>	<b>P3,147,557</b>	<b>(P88,975,007)</b>	<b>P44,916,447,670</b>	<b>P36,689,126,859</b>	<b>P81,605,574,529</b>

See Notes to the Consolidated Financial Statements.

**DOUBLEDRAGON CORPORATION**  
**(Formerly DoubleDragon Properties Corp.)**  
**AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

		Years Ended December 31		
	Note	2022	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax		<b>P8,211,841,563</b>	P11,035,834,770	P10,184,484,549
Adjustments for:				
Unrealized gains from changes in fair values of investment property	13	<b>(7,484,825,891)</b>	(9,667,665,180)	(8,361,315,377)
Interest expense	17, 19, 24	<b>1,944,141,097</b>	1,720,301,746	959,802,222
Impairment loss on receivables	8, 22	<b>373,719,876</b>	387,344,960	251,983,291
Depreciation and amortization	11, 12, 14, 22	<b>234,551,431</b>	162,557,861	202,162,739
Interest income	7, 8, 15	<b>(63,101,706)</b>	(94,473,724)	(109,657,294)
Retirement costs	25	<b>7,118,103</b>	8,545,032	5,837,368
Operating income before working capital changes		<b>3,223,444,473</b>	3,552,445,465	3,133,297,498
Decrease (increase) in:				
Receivables		<b>(4,874,407,833)</b>	(2,277,039,532)	(965,752,598)
Inventories		<b>(466,188,192)</b>	(79,589,030)	(142,497,332)
Due from related parties		<b>3,003,030</b>	-	-
Prepaid expenses and other current assets		<b>(843,582,457)</b>	(370,716,322)	(21,084,594)
Increase (decrease) in:				
Accounts payable and other current liabilities		<b>2,036,643,074</b>	(1,716,239,381)	(1,288,851,919)
Customers' deposits		<b>(229,153,563)</b>	(31,550,899)	(117,404,777)
Due to related parties		<b>(159,734,923)</b>	(263,918,719)	3,209,194
Cash generated from (used for) operations		<b>(1,309,976,391)</b>	(1,186,608,418)	600,915,472
Interest received		<b>49,800,710</b>	43,761,462	36,419,204
Interest paid		<b>(3,059,285,556)</b>	(3,724,803,512)	(3,151,208,049)
Income tax paid		<b>(188,826,852)</b>	(87,961,967)	(361,467,866)
Net cash provided by (used in) operating activities		<b>(4,508,288,089)</b>	(4,955,612,435)	(2,875,341,239)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to:				
Increase in non-controlling interest	2	<b>2,095,107,907</b>	3,845,764,073	93,599,800
Net proceeds from secondary offering of shares of a subsidiary	2	-	8,983,606,572	-
Additions to:				
Investment property	13, 30	<b>(3,184,053,596)</b>	(2,201,858,120)	(329,427,697)
Property and equipment	11	<b>(55,020,547)</b>	(126,244,369)	(29,967,624)
Other intangible assets	12	<b>(5,453,901)</b>	(9,990,001)	(1,991,516)
Additional investment in a subsidiary		-	(1,922,882,036)	
Additions to investments in associates	15	-	(382,884,451)	(35,665,367)
Decrease (increase) in other noncurrent assets		<b>695,030,659</b>	(415,306,505)	31,702,517
Net cash provided by (used in) investing activities		<b>(454,389,478)</b>	7,770,205,163	(271,749,887)

Forward



<b>Years Ended December 31</b>				
	<b>Note</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from:				
Availment of notes, net of debt issue costs	17	<b>P14,625,829,353</b>	P12,700,273,271	P4,501,800,598
Payment of:				
Notes and loans, net of debt issue costs	17	<b>(9,706,053,453)</b>	(9,290,628,455)	(2,437,544,871)
Dividends	28	<b>(1,990,241,492)</b>	(2,064,740,813)	(972,261,711)
Lease liability		<b>(242,819,780)</b>	(12,413,264)	-
Redemption of common shares	28	<b>(224,513,305)</b>	-	-
Increase (decrease) in other noncurrent liabilities		<b>284,441,954</b>	(360,399,259)	(669,480,539)
Net cash provided by financing activities		<b>2,746,643,277</b>	972,091,480	422,513,477
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(2,216,034,290)</b>	3,786,684,208	(2,724,577,649)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	7	<b>7,763,034,480</b>	3,976,350,272	6,700,927,921
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	7	<b>P5,547,000,190</b>	P7,763,034,480	P3,976,350,272

*See Notes to the Consolidated Financial Statements.*

**DOUBLEDRAGON CORPORATION**  
**(Formerly DoubleDragon Properties Corp.)**  
**AND SUBSIDIARIES**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**1. Reporting Entity**

DoubleDragon Corporation, (“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”.

On April 14, 2021, the Board of Directors (BOD) of DD approved the amendment in the articles of incorporation (AOI) which will change the name of the Parent Company to DoubleDragon Corporation, change its primary and secondary purposes to transform it into an investment and holding company, and change the corporate life of the Parent Company to perpetual. On July 30, 2021, the stockholders ratified the amendment in the AOI. On November 18, 2021, the SEC approved the change in the AOI.

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.

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**2. Basis of Preparation**

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission in response to the COVID - 19 pandemic.

On December 15, 2020, the Philippine SEC issued SEC Memorandum Circular (MC) No. 34-2020 which further extended the deferral of the following provisions until December 31, 2023:

- Accounting for significant financing component discussed in Philippine Interpretations Committee Question and Answers (PIC Q&A) 2018-12-D
- Implementation of International Financial Reporting Standards (IFRS) Interpretations Committee (IFRIC) Agenda Decision (March 2019 IFRIC Update) on Agenda Decision on Over Time Transfer of Constructed Goods (Philippine Accounting Standards (PAS) 23, Borrowing Cost) for Real Estate industry

The details and the impact of the adoption of the above financial reporting reliefs are discussed in Note 3 to the consolidated financial statements.

PFRS are based on IFRS issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, PAS and Philippine Interpretations issued by the Financial and Sustainability Reporting Standards Council (FSRSC).

The consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on April 17, 2023.

#### 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	
	2022	2021
DoubleDragon Sales Corp. (DDSC) <sup>(a)</sup>	100	100
DoubleDragon Property Management Corp. (DDPMC) <sup>(a)</sup>	100	100
Iloilo-Guimaras Ferry Terminal Corp. (IGFTC) <sup>(b)</sup>	100	100
DDPC Worldwide Pte. Ltd. (DWPL) <sup>(c)</sup>	100	100
DD Commercial Corp. (DDCC) <sup>(d)</sup>	100	-
DDMP REIT Fund Managers, Inc. (DRFMI) <sup>(e)</sup>	70	70
DDMP REIT Property Managers, Inc. (DRPMI) <sup>(e)</sup>	70	70
DD HappyHomes Residential Centers Inc. (DDHH) <sup>(f)</sup>	70	70
Hotel of Asia, Inc. (HOA) <sup>(g)</sup>	70	70
Green Coast Development PH Corp. (GCDPC) <sup>(h)</sup>	70	70
DD Tower, Inc. (DDTI) <sup>(i)</sup>	70	70
DD Serviced Residences, Inc. (DDMPSRI) <sup>(i)</sup>	70	70
CityMall Commercial Centers Inc. (CMCCI) <sup>(j)</sup>	66	66
CentralHub Industrial Centers Inc. (CHICI) <sup>(k)</sup>	61	61
DD Meridian Tower Corp. (DDMT) <sup>(l)</sup>	51	51
Piccadilly Circus Landing Inc. (PCLI) <sup>(m)</sup>	50	50
DDMP REIT, INC. (DDMPR) <sup>(n)</sup>	47	47

(a) Consolidated effective January 1, 2012.

(b) Consolidated effective June 10, 2016.

(c) Consolidated effective June 26, 2020.

(d) Consolidated effective March 28, 2022

(e) Consolidated under the Parent Company effective February 1, 2021. Previously consolidated under DDMPR before February 1, 2021.

(f) Consolidated effective May 23, 2014.

(g) Consolidated effective August 11, 2016.

(h) Consolidated effective November 14, 2019.

(i) Consolidated effective November 19, 2020.

(j) Consolidated effective December 27, 2013.

(k) Consolidated effective August 31, 2017.

(l) Consolidated effective October 2, 2018.

(m) Consolidated effective August 1, 2013.

(n) Formerly DD Meridian Park Development Corp. Consolidated effective October 27, 2014.

#### *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.

#### *DWPL*

DWPL was incorporated on June 26, 2020 primarily to operate as a special purpose entity. DWPL was formed for the purpose of holding debt securities to repay existing credit facilities, refinance indebtedness, and for acquisition purposes.

DWPL's subsidiary is Hotel 101 Global Pte. Ltd. (HGPL). HGPL was incorporated in Singapore on July 28, 2022 primarily to operate as a real estate developer which will acquire, invest and develop real estate properties and ventures and engage in real estate activities on a fee or commission basis.

HGPL has the following subsidiaries:

<b>Subsidiaries</b>	<b>Percentage of Ownership</b>	
	<b>2022</b>	<b>2021</b>
Hotel101 Japan One Pte. Ltd. (HJOPL)	<b>100</b>	-
Hotel101 Japan Two Pte. Ltd. (HJTPL)	<b>100</b>	-

HJOPL was incorporated in Singapore on May 8, 2022 primarily to hold H101 projects, investments and ventures in Japan. HJOPL's subsidiary is TMK Hotel101 Niseko, which is engaged in the construction of H101 Niseko.

HJTPL was incorporated in Singapore on May 8, 2022 primarily to hold H101 projects, investments and ventures in Japan. HJTPL has a branch in Japan.

#### *DDCC*

DDCC was incorporated on March 28, 2022 primarily to engage in the business of commercial real estate development including but not limited to residential and commercial subdivisions, buildings, condominium projects; 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 and manage or administer buildings. DDCC has not started its commercial operations as at December 31, 2022.

#### *DRFMI*

DRFMI was incorporated and registered with the SEC on November 19, 2020 primarily to engage in the business of providing fund management services to real estate investment trust (REIT) companies, as provided under Republic Act No. 9856 (the Real Estate Investment Trust Act of 2009) and its implementing rules and regulations.

#### *DRPMI*

DRPMI was incorporated and registered with the SEC on November 19, 2020 primarily to engage in the business of property management, providing functions like formulate and implement leasing strategies; enforce tenancy conditions; ensure compliance with government regulations in respect to the real estate under management; perform tenancy administration work, such as managing tenant occupancy and ancillary amenities; conduct rental assessment, formulating tenancy terms, preparing tenancy agreement, rent collection and accounting; secure and administer routine management services; maintain and manage the physical structures/real properties; and formulate and implement policies and programs in respect of building management, maintenance and improvement; and initiate refurbishments and monitoring of such activities.

#### *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:

<b>Subsidiaries</b>	<b>Percentage of Ownership</b>	
	<b>2022</b>	<b>2021</b>
Hotel 101 Management Corporation <sup>(a)</sup>	<b>100</b>	100
Hotel101 Worldwide Private Limited (HWPL) <sup>(b)</sup>	<b>100</b>	100
CSI Hotels Incorporated <sup>(a)</sup>	<b>50</b>	50

<sup>(a)</sup> Consolidated effective August 11, 2016.

<sup>(b)</sup> 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, 2022.

#### *DDTI*

DDTI was incorporated and registered with the SEC on November 19, 2020 primarily to engage in the business of real estate development including but not limited to residential and commercial buildings, spaces, subdivisions, and condominium projects, to buy and acquire by purchase, lease or otherwise, lands and interest in lands and to own, hold, impose, promote, develop, subdivide and manage any land owned, held or occupied by the Company, to construct, erect and manage or administer building such as condominiums, apartments, hotels, restaurants, stores, offices, spaces, 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. DDTI has not yet started its commercial operations as at December 31, 2022.

#### *DDMPSRI*

DDMPSRI was incorporated and registered with the SEC on November 19, 2020 primarily to engage in the business of real estate development including but not limited to residential and commercial buildings, spaces, subdivisions, and condominium projects, 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 Company, to construct, erect and manage or administer building such as condominiums, apartments, hotels, restaurants, stores, offices, spaces, or other structures now or hereafter erected on any land owned, held or occupied and to sell, lease or otherwise dispose of lands or interest in lands and buildings or other structures at any time. DDMPSRI has not yet started its commercial operations as at December 31, 2022.

#### *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	
	2022	2021
CM-Norhtown Davao Inc. <sup>(a)</sup>	79	79
Prime DDG Commercial Centers Inc. <sup>(b)</sup>	70	70
CM-Goldenfields Bacolod Inc. <sup>(c)</sup>	70	70
CM-Tarlac MacArthur Inc. <sup>(d)</sup>	70	70
CM-Danao Cebu Inc. <sup>(e)</sup>	70	70
CM-Mandalagan Bacolod Inc. <sup>(e)</sup>	70	70
CM-Dipolog Zamboanga Inc. <sup>(f)</sup>	70	70
CM-Roxas Ave. Inc. <sup>(g)</sup>	70	70
CM-Bunlo Bocaue Inc. <sup>(h)</sup>	70	70

<sup>(a)</sup> Incorporated and consolidated effective December 5, 2016.

<sup>(b)</sup> Incorporated and consolidated effective April 28, 2014.

<sup>(c)</sup> Incorporated and consolidated effective March 2, 2015.

<sup>(d)</sup> Incorporated and consolidated effective April 24, 2015.

<sup>(e)</sup> Incorporated and consolidated effective July 21, 2015.

<sup>(f)</sup> Incorporated and consolidated effective October 8, 2015.

<sup>(g)</sup> Incorporated and consolidated effective May 24, 2018.

<sup>(h)</sup> Incorporated and consolidated effective March 27, 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, 2022.

On November 11, 2021, the BOD of DDMT approved the amendment of the AOI increasing the authorized capital stock from P1.00 million divided into 1,000,000 common shares with par value of P1.00 to P2,550.00 million divided into 2,550,000,000 common shares with par value of P1.00. On March 14, 2022, the SEC approved the amendment of DDMT's AOI.

On November 11, 2021, the BOD of DDMT approved the subscription of the Parent Company for 1,290,000,000 shares, equivalent to P1,290.00 million. The subscription did not result in a change in the percentage ownership in DDMT. This was paid in 2022.

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%.

### *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.

### *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.

On February 24, 2022, the SEC approved the valuation of P2,089.37 million properties of Jollibee Foods Corporation (JFC) and Zenith Foods Corporation (ZFC). Following the approval, JFC and ZFC subscribed to 1,240,188,685 shares and 459,670,242 shares, respectively, for total subscription price of P1,524.37 million and P565.00 million, respectively. This resulted in an APIC amounting to P1,511.97 million and P560.41 million, respectively.

On April 8, 2022, an individual shareholder subscribed to a 8,135,757 shares for a total subscription price of P10.00 million, resulting in an APIC amounting to P9.92 million.

On April 29, 2022, the Parent Company subscribed to a 2,620,865,258 shares for a total subscription price of P3,221.42, million, resulting in an APIC amounting to P3,195.21 million.

The above subscriptions did not result in a change in ownership in CHICI.

On August 19, 2021, the BOD and shareholders of CHICI approved the amendment of AOI increasing CHICI's authorized capital stock from P5.00 million divided into 5,000,000 shares at P1.00 par value to P125.00 million divided into 12,500,000,000 shares at P0.01 par value. On September 3, 2021, the SEC approved the amendment of CHICI's AOI. On August 19, 2021, the BOD of CHICI approved the subscription of the following:

Name	Shares Subscribed	Par Value of Shares Subscribed	Subscription Amount	Additional Paid in Capital
Parent Company	787,240,383	P7,872,404	P967,630,219	P959,757,815
Benedicto V. Yujuico (BVY)	794,737,578	7,947,376	976,845,336	968,897,960
Teresita M. Yujuico (TMY)	769,672,422	7,696,724	946,036,700	938,339,976
Jollibee Foods Corporation	1,141,393,536	11,413,935	1,402,934,734	1,391,520,799
Zenith Foods Corporation	423,016,464	4,230,165	519,947,303	515,717,138
	3,916,060,383	P39,160,604	P4,813,394,292	P4,774,233,688

The additional subscriptions resulted in a reduction in the Parent Company's ownership in CHICI to 22% and increase in non-controlling interests (NCI) amounting to P3,845.76 million.

On December 22, 2021, the Parent Company acquired additional shares in CHICI from NCI shareholders, increasing the Parent Company's ownership to 61%. The acquisition resulted in a reduction in NCI amounting to P1,922.28 million.



The above changes resulted in dilution of interest of NCI amounting to P5.45 million.

On September 29, 2022, CHICI incorporated a subsidiary, CentralHub-Davao, Inc. (CHDI). CHDI's primary activity is to engage in and carry on a business of receiving, accepting, unloading, storing, warehousing 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, warehouse/storage spaces, amenities, conveniences, features, services, and/or accommodations in relation and necessary to said business. CHDI has not started commercial operation as at December 31, 2022.

#### *DDMPR*

DDMPR, formerly DD Meridian Park Development Corp., 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.

On November 11, 2020, the BOD and shareholders of DDMPR approved to amend DDMPR's AOI. Relevant amendments include:

- Change in the corporate's name to DDMP REIT, INC.;
- Amendment of the primary purpose of DDMPR. The amended primary purpose is now:
  - To engage in the business of a REIT, as provided under Republic Act No. 9856 (the Real Estate Investment Trust Act of 2009), including its implementing rules and regulations (the "REIT Act"), and other applicable laws
- Change of corporate term to perpetual existence;
- Increase in the number of BOD to nine (9) and inclusion of independent directors;
- Compliance with the lock-up requirements under the Listing Rules of the Philippine Stock Exchange, Inc.;
- Removal of the contractual restrictions on the disposition of shares; and
- Inclusion of additional restriction on transfer of shares as provided under REIT Act.

On November 26, 2020, the SEC approved the amendment of DDMPR's AOI. On March 24, 2021, DDMPR completed its IPO and was listed in the PSE under the stock symbol "DDMPR", as a REIT entity. As a result of the IPO, DD's ownership interest in DDMPR was diluted to 46.67%. Despite the reduction of ownership interest to less than 50%, the Parent Company will retain the control over DDMPR in accordance with PFRS 10, *Consolidated Financial Statements*. DDMPR's IPO resulted in an increase in NCI amounting to P8,268.95 million and retained earnings amounting to P713.66 million.

As REIT entity, DDMPR is entitled to the following:

- a. Exemption from the 2% minimum corporate income tax;
- b. Exemption from VAT and documentary stamp tax on the transfer of property in exchange of its shares;
- c. Deduction of dividend distribution from its taxable income, and
- d. Fifty percent (50%) of the standard DST rate on the transfer of real property into the Company, including the sale or transfer of any security interest thereto.

DDMPR is also required to distribute 90% of its distributable income. Details of the distributable income of DDMPR as at December 31, 2022 and 2021 are shown below:

	<b>2022</b>	2021
Net income of DDMPR:	<b>P12,104,481,128</b>	P7,174,348,641
Fair value adjustments of investment property resulting to gain (after tax)	<b>(2,337,301,233)</b>	(3,847,958,701)
Adjustment in deferred tax due to change in rate	<b>(7,911,924,227)</b>	(1,312,826,591)
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	<b>18,410,415</b>	40,995,139
	<b>P1,873,666,083</b>	P2,054,558,488

Out of the 2022 distributable income, P1,469.70 million was already declared of which P486.21 million is still unpaid as at December 31, 2022. On April 17, 2022, the BOD of the DDMPR approved the declaration of dividends to common shareholders on record as at May 5, 2023 amounting to P0.0227 per share, equivalent to P403.97 million. The dividend is payable on May 31, 2023.

Out of the 2021 distributable income, P1,353.35 million was already declared and paid as at December 31, 2021. On May 4, 2022, the BOD of the DDMPR approved the declaration of dividends to common shareholders on record as at May 19, 2022 amounting to P0.027814 per share, equivalent to P495.85 million. The dividend is payable on May 31, 2022.

On February 10, 2021, DDMPR sold its investments in DRFMI and DRPMI to the Parent Company and BVY.

The following table summarizes the financial information relating to the DDMPR, CHICI and CMCCI, DD's subsidiaries that has material NCI, before any intra-group eliminations:

*DDMPR*

	December 31	
	2022	2021
<b>NCI Percentage</b>	<b>53.33%</b>	53.33%
Current assets	<b>P2,377,565,247</b>	P2,634,278,624
Noncurrent assets	<b>50,831,373,744</b>	47,550,592,518
Current liabilities	<b>(1,727,606,162)</b>	(938,100,080)
Noncurrent liabilities	<b>(369,711,767)</b>	(8,274,081,757)
<b>Net Assets</b>	<b>51,111,621,062</b>	40,972,689,305
Carrying amount of NCI	<b>27,257,827,512</b>	21,850,735,206
Net income/total comprehensive income	<b>12,104,481,128</b>	7,174,348,641
Net income/total comprehensive income allocated to NCI	<b>6,455,319,786</b>	3,826,080,130
Cash flows from operating activities	<b>1,799,410,370</b>	975,475,312
Cash flows from investing activities	<b>(21,560,122)</b>	(138,188,384)
Cash flows from financing activities	<b>(1,479,340,908)</b>	(1,718,410,427)
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>P298,509,340</b>	(P881,123,499)

*CHICI*

	December 31	
	2022	2021
<b>NCI Percentage</b>	<b>39%</b>	39%
Current assets	<b>P3,378,748,221</b>	P4,211,389,049
Noncurrent assets	<b>4,881,841,668</b>	1,716,330,960
Current liabilities	<b>(447,506,675)</b>	(777,443,862)
Noncurrent liabilities	<b>(243,701,004)</b>	(117,110,922)
<b>Net Assets</b>	<b>7,569,382,210</b>	5,033,165,225
Carrying amount of NCI	<b>2,952,059,062</b>	1,962,934,438
Net income/total comprehensive income	<b>141,027,720</b>	76,334,091
Net income/total comprehensive income allocated to NCI	<b>55,000,811</b>	29,770,295
Cash flows from operating activities	<b>(289,588,225)</b>	(554,211,306)
Cash flows from investing activities	<b>(2,956,499,149)</b>	(261,912,764)
Cash flows from financing activities	<b>2,358,376,738</b>	-
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(P887,710,636)</b>	(P816,124,070)

	December 31	
	2022	2021
<b>NCI Percentage</b>	<b>34.00%</b>	34.00%
Current assets	<b>P12,715,926,938</b>	P7,945,528,023
Noncurrent assets	<b>43,397,661,969</b>	38,180,629,729
Current liabilities	<b>(13,791,159,823)</b>	(10,008,327,629)
Noncurrent liabilities	<b>(33,253,333,431)</b>	(31,872,451,491)
<b>Net Assets</b>	<b>9,069,095,653</b>	4,245,378,632
Carrying amount of NCI	<b>3,083,492,522</b>	1,334,821,318
Net income/total comprehensive income	<b>1,668,205,809</b>	57,629,178
Net income/total comprehensive income allocated to NCI	<b>(567,189,975)</b>	19,593,921
Cash flows from operating activities	<b>435,531,563</b>	1,294,017,236
Cash flows from investing activities	<b>(5,217,032,240)</b>	(2,754,401,107)
Cash flows from financing activities	<b>4,823,717,021</b>	1,330,058,351
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>P42,216,344</b>	(P130,325,520)

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, DDMPR, DRFMI, DRPMI, CHICI, DDHH, GCDPC, CMCCI and its subsidiaries, PCLI and HOA and its subsidiaries in 2022 and 2021.

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 DWPL, HWPL, HGPL, HJOPL, THN and HJTPL are all domiciled in the Philippines. DWPL, HWPL, HGPL, HJOPL and HJTPL are domiciled in Singapore. THN is domiciled in Japan.

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### 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. There are no new standards, amendments to standards and interpretations effective starting January 1, 2022 that have a significant impact on the Group's consolidated financial statements.

#### Adoption of Amended Standards

The Financial and Sustainability Reporting Standards Council (FSRSC) approved the adoption of a number of amended standards as part of PFRS.

The Group has adopted the following new standards, amendments to standards and interpretations starting January 1, 2022 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Group's consolidated financial statements.

- *Property, Plant and Equipment - Proceeds before Intended Use (Amendments to PAS 16 Property, Plant and Equipment)*. The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

For the sale of items that are not part of a entity's ordinary activities, the amendments require the entity to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the consolidated statements of comprehensive income.

The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

- *Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37 Provisions, Contingent Liabilities and Contingent Assets)*. The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprise both incremental costs and an allocation of other direct costs.

The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

- *Annual Improvements to PFRS Standards 2018-2020*. This cycle of improvements contains amendments to four standards, of which the following is applicable to the Group:
  - *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9 Financial Instruments)*. The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. It applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
  - *Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16 Leases)*. The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.
- *Reference to the Conceptual Framework (Amendments to PFRS 3)*. The amendments:
  - updated PFRS 3 so that it now refers to the 2018 Conceptual Framework;
  - added a requirement that, for transactions and other events within the scope of PAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
  - added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations occurring in reporting periods starting on or after January 1, 2022. Earlier application is permitted.

### Standards Issued But Not yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2022. However, the Group has not early adopted the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

#### *Effective January 1, 2023*

- *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).* To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Definition Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a entity's financial statements.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures.

The amendments are effective from January 1, 2023. Earlier application is permitted.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12 Income Taxes).* The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

*Effective January 1, 2024*

- *Lease Liability in a Sale and Leaseback (Amendments to PFRS 16 Leases).* The amendments confirm the following:
  - On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
  - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. For example, the seller-lessee could determine the lease payments to be deducted from the lease liability as expected lease payments or as equal periodic payments over the lease term, with the difference between those payments and amounts actually paid recognized in profit or loss.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Under PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of PFRS 16.

- *Classification of Liabilities as Current or Noncurrent - 2020 amendments and Non-Current Liabilities with Covenants - 2022 amendments (Amendments to PAS 1, Presentation of Financial Statements).* To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
  - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;



- provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
- clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

*Deferral of the local implementation of Amendments to PFRS 10 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 Consolidated Financial Statements and PAS 28 Investments in Associates and Joint Ventures).* The amendments address an inconsistency between the requirements in PFRS 10 and in 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 FSRSC decided to postpone the effective date of these amendments 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.

Deferral of the following provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23)

- *PIC Q&A 2018-12-D.* The mismatch between the percentage of completion of the Group's real estate projects and right to an amount of consideration based on the schedule of payments, as stated in the contract to sell, would constitute a significant financing component. Interest income is recognized if the percentage of completion of real estate projects is higher than the right to an amount of consideration while interest expense is recognized if the latter is higher.

On October 25, 2018 and February 8, 2019, the SEC en banc, through the issuance of SEC Memorandum Circular No. 14, Series of 2018 and SEC Memorandum Circular No. 3, Series of 2019, respectively, decided to provide a relief to the real estate industry by deferring the application of the above PIC Q&As for a period of three (3) years.

- 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.

On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

After the deferral period, the Group will adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

The Group availed of the SEC relief on the accounting for significant financing component of PIC Q&A 2018-12-D and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23). Had this provision been adopted, the Group assessed that the impact would have been as follows:

- Adoption of PIC Q&A 2018-12-D would have impacted interest income, interest expense, revenue from real estate sales, installment contract receivables and deferred taxes for all years presented and the opening balance of retained earnings. These would have impacted the cash flows from operations and cash flows from financing activities for all years presented.
- Adoption of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) would have impacted real estate inventory, interest expense and cost of real estate sales for all years presented and the opening balance of retained earnings. These would have impacted the cash flows from operations.

The Group is still in the process of assessing the impact of these deferred provisions as at December 31, 2022.

#### 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. 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 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, 2021 and 2020.

#### 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 expected credit losses (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.

#### Derivative Financial Instruments and Hedge Accounting

The Group uses derivative financial instruments to manage its exposure on foreign currency risks. Derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized in profit or loss.

#### *Freestanding Derivatives*

The Group designates certain derivatives as hedging instruments to hedge the exposure to variability in cash flows associated with recognized liabilities arising from changes in foreign exchange rates.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedging instrument are expected to offset the changes in cash flows of the hedged item.

*Cash Flow Hedge.* When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the "Hedging reserve" account in the consolidated statements of changes in equity. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in fair value of the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the profit or loss.

The Group designates only the intrinsic value of options and the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the time value of options, the forward element of forward contracts and the foreign currency basis spread of financial instruments are separately accounted for as cost of hedging and recognized in other comprehensive income. The cost of hedging is removed from other comprehensive income and recognized in the consolidated statements of comprehensive income, either over the period of the hedge if the hedge is time related, or when the hedged transaction affects the consolidated statements of comprehensive income if the hedge is transaction related.

When the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is transferred and included in the initial cost of the hedged asset or liability. For all other hedged transactions, the amount accumulated in equity is reclassified to the consolidated statements of comprehensive income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument expires, is sold, is terminated or is exercised, hedge accounting is discontinued prospectively. The amount that has been accumulated in equity is: (a) retained until it is included in the cost of non-financial item on initial recognition, for a hedge of a transaction resulting in the recognition of a non-financial item; or (b) reclassified to the consolidated statements of income as a reclassification adjustment in the same period or periods as the hedged cash flows affect profit or loss, for other cash flow hedges. If the hedged future cash flows are no longer expected to occur, the amounts that have been accumulated in equity are immediately reclassified to profit or loss.

The Group has outstanding derivative asset accounted for as cash flow hedge as at December 31, 2022 and 2021 (Note 15).

#### *Embedded Derivatives*

The Group assesses whether embedded derivatives are required to be separated from the host contracts when the Group becomes a party to the contract.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met:

- (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) the hybrid or combined instrument is not recognized as at FVPL.

However, an embedded derivative is not separated if the host contract is a financial asset.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL.

The Group has no embedded derivatives as at December 31, 2022 and 2021.

#### 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.

### Inventories

#### *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.

#### Prepaid Expenses and Other Current Assets

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.

#### Property and Equipment

Property and equipment, except land, are stated at cost less accumulated depreciation 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, 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 methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and methods of depreciation 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 right 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 NCI 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 Group'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.

#### *Translation Reserve*

The translation reserve comprises of all foreign currency differences arising from the translation of the financial statements of foreign operations.

#### *Remeasurement on defined benefit liability*

This represents remeasurements of net defined benefit retirement liability comprising actuarial gains and losses.

#### *Hedging Reserve*

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

The hedging reserve also includes cost of hedging which reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts, time value of options and foreign currency basis spread which are initially recorded in other comprehensive income.

#### 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

### 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*

Common Use Service Area (CUSA) charges and income from various charges to tenants are recognized when earned and incurred in accordance with the terms and agreements. 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. CUSA charges are shown as part of "Rent income" in the consolidated statements of comprehensive income.

- *Revenue from Other Sources*

- *Rent Income from Operating Leases*

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.

- *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.

#### 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.

#### 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

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.

#### *Group as Lessor - Operating Lease*

Leases where the Group does not transfer substantially all the risks and benefits of the ownership of the assets are classified as operating leases. Rent income arising from operating lease is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

#### *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 right-of-use 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.

#### Borrowing Costs

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.

#### Foreign Currency

##### *Foreign Currency Translations*

Transactions in foreign currencies are initially recorded in the respective functional currency of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and monetary liabilities denominated in foreign currencies are translated to the functional currency at exchange rate at the reporting date.

Non-monetary assets and non-monetary liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in the consolidated statements of comprehensive income, except for differences arising on the translation of monetary items that in substance form part of a net investment in a foreign operation and hedging instruments in a qualifying cash flow hedge or hedge of a net investment in a foreign operation, which are recognized in other comprehensive income.

##### *Foreign Operations*

The assets and liabilities of foreign operations are translated to Philippine peso at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Philippine peso at average exchange rates for the period.

Foreign currency differences are recognized in other comprehensive income and presented in the "Translation reserve" account in the consolidated statements of changes in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in shares of stock of an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income and presented in the "Translation reserve" account in the consolidated statements of changes in equity.

#### Employee Benefits

##### *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 Group 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.

## Taxes

### *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.

#### 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.

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.

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#### 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.

*Determining whether a Contract Contains a Lease*

The Group uses its judgment in determining whether a contract contains a lease. At inception of a contract, the Group makes an assessment whether it has the right to obtain substantially all the economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

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, 2022 and 2021 are disclosed in Notes 13, 14 and 24. Rent expense charged to profit or loss amounted to P16.22 million, P9.10 million and P6.02 million in 2022, 2021 and 2020, respectively (Note 24).

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).

#### *Determining the Lease Term of Contracts with Renewal Options*

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*

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.

#### *Impairment of Non-financial Assets*

PFRS require that an impairment review be performed on property and equipment, right-of-use assets 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, right-of-use assets and other intangible assets with finite lives amounted to P805.03 million and P979.11 million as at December 31, 2022 and 2021, respectively (Notes 11, 12 and 14).

#### *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.

As at December 31, 2022 and 2021, management assessed that the Parent Company retains the control over DDMPR after its IPO based on the following:

- a. the Parent Company has the power to direct the relevant activities of DDMPR thru overlapping management and DRPMI and DRFMI;
- b. the Parent Company is expose to dividends and collection of property management fee and fund management fee thru DRPMI and DRFMI, respectively; and
- c. the Parent Company has the ability to use its power to affect the dividends and fees to be received since the Parent Company and DDMPR has overlapping BOD and management.

### *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 2022, 2021 and 2020.

*Assessment of DDMP being effectively a 'tax-free' entity*

In order to become an "income tax-free" company, A REIT entity is required to distribute at least 90% of its annual income as a dividend to its investors. The dividend can be claimed as deduction for tax purposes making it effectively a "income tax-free" entity. For REIT entities, while not formally designated as 'tax-free' under the tax rules, are nevertheless "income tax-free" provided that they meet certain conditions (e.g. listing status, dividend payments, etc.).

In 2022, DDMP, based on the current tax regime for REIT entities and its updated expectation that it will be able to continue to meet the requirements on dividend distribution and other provisions of the REIT law indefinitely in the long term, has determined that it is effectively a 'tax-free' entity. As a result, relevant deferred taxes are calculated based on the effective income tax rate of 0% (Note 26).

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 P1,536.29 million and P860.60 million, respectively, in 2022, P778.1 million and P434.0 million, respectively, in 2021, and P557.36 million and P309.21 million, respectively, in 2020 (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 directly written off in 2022, 2021 and 2020 amounted to P228.86 million, P330.53 million and P249.38 million, respectively. Provision for ECL on rent receivables amounted to P144.85 million in 2022, P56.81 million in 2021 and P2.60 million in 2020. The allowance for impairment loss on trade receivables and installment contract receivables amounted to P207.10 million and P62.24 million as at December 31, 2022 and 2021, respectively. The combined carrying amounts of trade receivables and installment contract receivables amounted to P11,211.56 million and P7,754.79 million as at December 31, 2022 and 2021, respectively (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 2022, 2021 and 2020.

The carrying amounts of other financial assets at amortized cost are as follows:

	<b>Note</b>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents (excluding cash on hand)	7	<b>P5,322,595,659</b>	P7,750,648,478
Receivables (total current and noncurrent balance, excluding trade receivables and installment contract receivables)	8	<b>747,988,931</b>	779,557,112
Due from related parties	23	<b>52,146,970</b>	55,150,000
Refundable deposits (total current and noncurrent)	10, 15	<b>198,723,235</b>	178,266,543
		<b>P6,321,454,795</b>	P8,763,622,133

#### *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 2021, 2020 and 2019.

The carrying amounts of the Group's inventories amounted to P2,857.59 million and P2,391.40 million as at December 31, 2022 and 2021, 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 assets 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 P709.21 million and P845.85 million as at December 31, 2022 and 2021, respectively. Accumulated depreciation and amortization of property and equipment amounted to P707.94 million and P516.28 million as at December 31, 2022 and 2021, respectively (Note 11).

Intangible assets with finite lives, net of accumulated amortization, amounted to P95.82 million and P133.25 million as at December 31, 2022 and 2021, respectively. Accumulated amortization of the intangible assets with finite lives amounted to P314.36 million and P276.83 million as at December 31, 2022 and 2021, respectively (Note 12).

Right-of-use assets carried at cost, net of accumulated amortization, amounted to nil as at December 31, 2022 and 2021. Accumulated amortization of right-of-use assets amounted to P1.41 million as at December 31, 2022 and 2021 (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 6.81%, 6.50% and 7.44% in 2021, 2020 and 2019, 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, 2022 and 2021 (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 P126,150.99 million and P112,391.16 as at December 31, 2022 and 2021, respectively. Unrealized gains from changes in fair values of investment property recognized in profit or loss amounted to P7,484.83 million, P9,667.67 million and P8,361.32 million in 2022, 2021 and 2020, 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 P2,438.83 million and P2,414.07 million as at December 31, 2022 and 2021, respectively (Note 26).

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## **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 2021, 2020 and 2019, namely the real estate development, leasing, and hospitality. Leasing segment is presented into three sub-segment, 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, 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:

### 2022

	Real Estate Development	Retail Leasing	Office Leasing	Industrial Leasing	Hospitality	Others	Eliminations	Consolidated
<b>Revenue</b>								
External revenues	P1,573,891,111	P6,519,609,743	P4,210,708,176	P222,867,444	P468,273,557	P1,134,956,747	P -	P14,130,306,778
Inter-segment	-	36,256,657	168,640,225	-	10,591,938	3,590,904,159	(3,806,392,979)	-
<b>Total Revenue</b>	<b>P1,573,891,111</b>	<b>P6,555,866,400</b>	<b>P4,379,348,401</b>	<b>P222,867,444</b>	<b>P478,865,495</b>	<b>P4,725,860,906</b>	<b>(P3,806,392,979)</b>	<b>P14,130,306,778</b>
<b>Segment Results</b>	<b>P531,789,085</b>	<b>P4,787,013,983</b>	<b>P11,719,849,401</b>	<b>P154,375,272</b>	<b>P62,419,567</b>	<b>(P1,713,759,239)</b>	<b>P(2,618,962,796)</b>	<b>P12,922,725,273</b>
<b>Net Income Attributable to Equity holders of the Parent</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P5,551,522,068</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,371,203,205</b>
	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P12,922,725,273</b>
<b>Segment Assets</b>	<b>P7,687,677,106</b>	<b>P73,361,911,878</b>	<b>P69,684,128,956</b>	<b>P8,415,857,888</b>	<b>P5,663,695,206</b>	<b>P78,080,777,887</b>	<b>(P86,093,528,471)</b>	<b>P156,800,520,450</b>
<b>Segment Liabilities</b>	<b>P8,301,015,579</b>	<b>P90,240,842,020</b>	<b>P15,850,872,495</b>	<b>P1,650,135,640</b>	<b>P2,634,156,470</b>	<b>P14,861,388,196</b>	<b>(P58,343,464,479)</b>	<b>P75,194,945,921</b>
<b>Other Information</b>								
Capital expenditures	P84,817,343	P1,379,770,217	P1,002,379,534	P712,431,095	P60,221,344	P -	P -	P3,239,619,533
Depreciation and amortization	P124,432,082	P32,081,289	P6,782,084	P -	P6,915,377	P2,348,584	P61,992,015	P234,551,431

2021

	Real Estate Development	Retail Leasing	Office Leasing	Industrial Leasing	Hospitality	Others	Eliminations	Consolidated
Revenue								
External revenues	P778,084,021	P4,574,730,291	P8,573,432,786	P102,966,533	P577,925,107	P1,318,697,370	P -	P15,925,836,108
Inter-segment	-	7,510,187	127,513,774	-	-	7,209,596,367	(7,344,620,328)	-
Total Revenue	P778,084,021	P4,582,240,478	P8,700,946,560	P102,966,533	P577,925,107	P8,528,293,737	(7,344,620,328)	P15,925,836,108
Segment Results	P170,515,679	P1,127,643,021	P7,219,032,976	P76,334,092	P157,333,906	P5,119,523,398	(P2,589,909,443)	P11,280,473,629
Net Income Attributable to Equity holders of the Parent	P -	P -	P -	P -	P -	P -	P -	P7,404,361,935
Non-controlling interests	-	-	-	-	-	-	-	3,876,111,694
	P -	P -	P -	P -	P -	P -	P -	P11,280,473,629
Segment Assets	P11,663,278,127	P60,449,096,795	P65,045,753,500	P1,716,330,961	P6,057,834,238	P70,429,563,671	(P73,705,653,412)	P141,656,203,880
Segment Liabilities	P7,398,560,472	P54,148,748,322	P22,777,088,587	P894,711,225	P4,568,551,564	P52,199,425,129	(P69,639,334,652)	P72,347,750,647
Other Information								
Capital expenditures	P513,613,400	P1,474,278,608	P596,295,443	P261,912,764	P3,766,937	P1,838,738	P -	P2,851,705,890
Depreciation and amortization	P130,956,997	P45,398,569	17,851,734	P -	P4,287,371	P4,367,427	(P40,224,181)	P162,637,917

2020

	Real Estate Development	Retail Leasing	Office Leasing	Industrial Leasing	Hospitality	Others	Eliminations	Consolidated
Revenue								
External revenues	P557,364,504	P4,392,941,503	P7,373,296,041	P72,630,919	P491,873,210	P1,374,365,421	P -	P14,262,471,598
Inter-segment	-	11,165,439	119,796,846	-	20,654,322	3,158,699,682	(3,310,316,289)	-
Total Revenue	P557,364,504	P4,404,106,942	P7,493,092,887	P72,630,919	P512,527,532	P4,533,065,103	(P3,310,316,289)	P14,262,471,598
Segment Results	P176,701,199	P1,555,696,939	P5,142,880,010	P51,371,767	P132,236,755	(P54,458,863)	(P979,204,614)	P6,025,223,193
Net Income Attributable to Equity holders of the Parent	P -	P -	P -	P -	P -	P -	P -	P4,183,697,779
Non-controlling interests	-	-	-	-	-	-	-	1,841,525,414
	P -	P -	P -	P -	P -	P -	P -	P6,025,223,193
Segment Assets	P9,393,094,489	P58,636,605,576	P54,541,156,595	P1,724,137,691	P1,360,858,441	P64,767,352,924	(P69,517,470,310)	P120,905,735,406
Segment Liabilities	P6,788,958,814	P55,918,416,808	P22,922,472,283	P1,407,453,253	P1,989,702,763	P36,630,437,762	(P53,811,944,372)	P71,845,497,311
Other Information								
Capital expenditures	P7,954,924	P1,927,301,979	P1,288,508,135	P218,611,426	P -	P -	P -	P3,442,376,464
Depreciation and amortization	P144,701,819	P57,889,110	P6,707,691	P -	P8,617,302	P4,701,831	(P20,455,014)	P202,162,739

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*

	2022	2021	2020
Vertical	<b>P1,223,345,649</b>	P748,664,270	P534,867,987
Horizontal	<b>312,940,580</b>	29,419,751	22,496,517
	<b>P1,536,286,229</b>	P778,084,021	P557,364,504

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 2022, 2021, and 2020 amounted to P1,536.29 million, P778.08 million, and P557.36 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 2022, 2021, and 2020 amounted to P675.69 million, P344.06 million, and P248.15 million, respectively.

### *Hotel Revenues*

	2022	2021	2020
Rooms	<b>P422,173,990</b>	P501,613,431	P454,739,897
Food and beverage	<b>3,801,675</b>	5,272,276	1,579,900
Others	<b>52,889,830</b>	71,039,400	35,553,413
	<b>P478,865,495</b>	P577,925,107	P491,873,210

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 2022, 2021 and 2020.



### Contract Balances

	<b>Note</b>	<b>2022</b>	<b>2021</b>
Installment contracts receivable:	8		
Trade		<b>P2,103,330,268</b>	P630,362,390
Contract assets		<b>1,401,212,998</b>	2,091,450,920
Cost to obtain contract		<b>30,808,094</b>	27,279,023
Contract liabilities		<b>(159,209,913)</b>	(395,728,103)

The movement in contract assets 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 turnover of units.

#### *Cost to Obtain Contract*

Additions in 2022, 2021 and 2020 amounted to P3.07 million, P17.00 million, and P28.38 million, respectively. Amount charged to profit or loss, based on percentage of completion, amounted to P30.81 million, P25.41 million, and P19.16 million in 2022, 2021 and 2020, 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:

	<b>Note</b>	<b>2022</b>	<b>2021</b>
Cash on hand		<b>P224,404,530</b>	P12,386,002
Cash in banks	29	<b>3,781,890,136</b>	7,150,565,811
Short-term placements	29	<b>1,540,705,524</b>	600,082,667
		<b>P5,547,000,190</b>	P7,763,034,480

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 P13.54 million, P43.76 million, and P36.42 million in 2022, 2021 and 2020 respectively.

## 8. Receivables

This account consists of:

	Note	2022	2021
Installment contracts receivable		<b>P3,454,588,103</b>	P2,699,096,745
Rent receivable	23	<b>7,691,854,690</b>	4,639,397,011
Receivables from:			
Tenants		<b>68,920,536</b>	69,883,822
Contractors		<b>159,360,329</b>	166,763,629
Condominium corporation and unit owners		<b>89,364,951</b>	94,182,911
Hotel operations		<b>115,620,877</b>	159,989,351
Leasehold rights' buyers		<b>355,050,959</b>	355,050,959
Advances to employees		<b>22,459,444</b>	25,291,767
Others		<b>52,832,712</b>	68,384,024
		<b>12,010,052,601</b>	8,278,040,219
Less: allowance for impairment loss		<b>207,096,348</b>	62,241,911
	29	<b>P11,802,956,253</b>	P8,215,798,308

The details of installment contracts receivable from real estate buyers follow:

	Note	2022	2021
Installment contracts receivable		<b>P3,504,543,266</b>	P2,721,813,310
Less: unearned interest income		<b>47,344,103</b>	16,087,841
Net installment contracts receivable		<b>3,457,199,163</b>	2,705,725,469
Less: noncurrent portion	29	<b>2,611,060</b>	6,628,724
Current portion		<b>P3,454,588,103</b>	P2,699,096,745

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.

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. This account consists mainly of accrued rentals arising from the excess of rent income over rental collections made by lessees in accordance with straight-line rental recognition as mandated by PFRS 16, *Leases*, amounting to P913.64 million and P1,080.03 million as at December 31, 2022 and 2021, respectively.

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.

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:

	<b>Note</b>	<b>2022</b>	<b>2021</b>
Balance at beginning of year		<b>P62,241,911</b>	P5,432,218
Provisions during the year	22	<b>144,854,437</b>	56,809,693
Balance at end of year		<b>P207,096,348</b>	P62,241,911

Trade receivables directly written off in 2022 and 2021 amounted to P228.86 million and P330.53 million, respectively. These pertain to discounts, pre-terminated contracts and rental waivers granted to tenants due to COVID-19.

The total interest income recognized from the installment contracts receivable and receivables from leasehold rights' buyers amounted to P49.56 million, P50.27 million and P72.41 million in 2022, 2021 and 2020, respectively.

## 9. Inventories

This account consists of:

	<b>2022</b>	<b>2021</b>
At cost:		
Real estate inventories	<b>P2,829,510,943</b>	P2,371,407,174
Hotel inventories	<b>14,469,951</b>	8,799,426
Others	<b>13,608,122</b>	11,194,224
	<b>P2,857,589,016</b>	P2,391,400,824

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, Libis, Niseko 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 costs 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. The project was completed in 2022.

#### *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, 2022, 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, 2022, sale and construction of units is still on-going for DD HappyHomes-Tanauan.

#### *Hotel 101-Niseko*

On September 30, 2022, the Group, through HGPL, fully paid for the acquisition of a prime 9,000 sq.m. parcel of land in Hokkaido Prefecture, Japan. The Group expects to develop its first international Hotel101 development, named Hotel101-Niseko, on such acquired land. On December 14, 2022, the Parent Company’s BOD imposed on its approval to carry out a \$125 million USD Series A and Series B offshore equity capital issuances for its Singapore registered subsidiary, HGPL.

#### *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 expected to be completed in 2023.

#### *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, 2022, the project is in close proximity to be finished.

#### *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, 2022, the project is currently under design and on pre-development preparations. Building permit application is also on process.

#### *Hotel101-Cebu Mactan Airport*

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 Mactan Airport. As at December 31, 2022, Hotel101-Cebu project is ongoing construction.

#### *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, 2022, the project is currently under permitting, design and pre-development preparations.

Real estate inventories recognized as “Cost of real estate sales” amounted to P860.61 million, P434.02 million, and P309.21 million in 2022, 2021, and 2020, respectively (Note 20).

No inventory write-down was recognized on real estate inventories in 2022, 2021, and 2020.

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 P15.36 million, P12.14 million, and P13.04 million in 2022, 2021, and 2020, 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:

	<i>Note</i>	<b>2022</b>	2021
Input VAT - net		<b>P2,772,518,264</b>	P2,682,548,476
Advances to contractors and suppliers		<b>1,378,545,560</b>	367,576,543
Creditable withholding taxes		<b>251,423,525</b>	231,711,801
Prepaid expenses:			
Taxes		<b>1,138,202,031</b>	1,176,878,248
Rent	3, 24	-	113,816,351
Insurance		<b>9,584,480</b>	11,027,741
Commission		<b>21,184,129</b>	8,599,234
Others		<b>66,666,937</b>	181,136,076
Refundable deposits	15, 24, 29	<b>6,734,582</b>	8,348,027
Other current assets	6	<b>77,039,517</b>	96,674,071
		<b>P5,721,899,025</b>	P4,878,316,568

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.

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 2022, 2021 and 2020 amounted to P0.07 million, P0.11 million and P0.10 million, respectively (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
<b>Cost</b>							
As at January 1, 2021	P263,100,000	P420,944,106	P196,854,731	P259,231,521	P91,826,928	P44,035,296	P1,275,992,582
Additions	-	50,231,899	63,177,353	9,701,145	2,620,696	513,276	126,244,369
Disposals		(30,201,880)	(3,793,797)	(5,447,948)	(51,132)	(610,581)	(40,105,338)
As at December 31, 2021	263,100,000	440,974,125	256,238,287	263,484,718	94,396,492	43,937,991	1,362,131,613
Additions	-	953,214	4,005,497	47,433,193	2,509,161	119,482	55,020,547
<b>As at December 31, 2022</b>	<b>263,100,000</b>	<b>441,927,339</b>	<b>260,243,784</b>	<b>310,917,911</b>	<b>96,905,653</b>	<b>44,057,473</b>	<b>1,417,152,160</b>
<b>Accumulated Depreciation and Amortization</b>							
As at January 1, 2021	-	58,065,386	124,259,487	176,493,624	56,923,625	23,304,150	439,046,272
Depreciation and amortization	-	26,303,032	40,123,002	38,793,811	10,198,661	1,918,507	117,337,013
Disposals		(30,201,880)	(3,793,797)	(5,447,948)	(51,132)	(610,581)	(40,105,338)
As at December 31, 2021	-	54,166,538	160,588,692	209,839,487	67,071,154	24,612,076	516,277,947
Depreciation and amortization	-	60,324,015	59,027,106	54,579,468	16,778,123	952,669	191,661,381
<b>As at December 31, 2022</b>	<b>-</b>	<b>114,490,553</b>	<b>219,615,798</b>	<b>264,418,955</b>	<b>83,849,277</b>	<b>25,564,745</b>	<b>707,939,328</b>
<b>Carrying Amount</b>							
As at December 31, 2021	P263,100,000	P386,807,587	P95,649,595	P53,645,231	P27,325,338	P19,325,915	P845,853,666
<b>As at December 31, 2022</b>	<b>P263,100,000</b>	<b>P327,436,786</b>	<b>P40,627,986</b>	<b>P46,498,956</b>	<b>P13,056,376</b>	<b>P18,492,728</b>	<b>P709,212,832</b>

Depreciation charged to "General and administrative expenses" account amounted to P190.67 million, P115.42 million, and P137.06 million in 2022, 2021, and 2020, respectively (Note 22). Depreciation charged to "Cost of hotel operations" account amounted to P0.20 million, P1.92 million, and P7.50 million in 2022, 2021 and 2020, respectively (Note 20).

## 12. Goodwill and Other Intangible Assets

This account consists of:

	2022	2021
Hotel101 brand	<b>P664,300,000</b>	P664,300,000
Goodwill	<b>350,377,742</b>	350,377,742
Franchise rights	<b>54,799,649</b>	70,435,546
Advertising production cost	<b>3,539,312</b>	15,636,127
Computer software licenses - net	<b>9,897,571</b>	18,953,743
Concession rights	<b>25,584,007</b>	26,904,295
Others	<b>1,997,176</b>	1,324,153
	<b>P1,110,495,457</b>	P1,147,931,606

### *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 Testing 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 6.93%, 6.81% and 6.50% in 2022, 2021 and 2020, 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 5.93% and 7.93% in 2022 and 5.81% and 7.81% in 2021 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, 2022 and 2021. Hence, management assessed that there is no impairment loss in the value of goodwill and Hotel101 brand in 2022 and 2021.



### *Franchise Rights*

The movements and balances of the “Franchise rights” account consist of:

	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Cost</b>		<b>P154,578,304</b>	P154,578,304
<b>Accumulated Amortization</b>			
Balance at beginning of year		<b>84,142,758</b>	68,506,861
Amortization for the year	22	<b>15,635,897</b>	15,635,897
<b>Balance at end of year</b>		<b>99,778,655</b>	84,142,758
		<b>P54,799,649</b>	P70,435,546

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:

	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Cost</b>			
Balance at beginning and end of year		<b>P126,801,310</b>	P126,801,310
<b>Accumulated Amortization</b>			
Balance at beginning of year		<b>111,165,183</b>	89,093,684
Amortization for the year	22	<b>12,096,815</b>	22,071,499
<b>Balance at end of year</b>		<b>123,261,998</b>	111,165,183
		<b>P3,539,312</b>	P15,636,127

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 Rights*

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 as at December 31, 2022 and 2021. The Ferry Terminal started operations in April 2017.

Amortization of concession rights amounted to P1.32 million in 2022, 2021 and 2020, respectively.

### Computer Software Licenses

The movements and balances of the "Computer software licenses - net" account consist of:

	Note	2022	2021
<b>Cost</b>			
Balance at beginning of year		<b>P94,377,204</b>	P84,384,706
Additions		<b>4,781,166</b>	9,992,498
<b>Balance at end of year</b>		<b>99,158,370</b>	94,377,204
<b>Accumulated Amortization</b>			
Balance at beginning of year		<b>75,423,461</b>	69,547,952
Amortization for the year	22	<b>13,837,338</b>	5,875,509
<b>Balance at end of year</b>		<b>89,260,799</b>	75,423,461
		<b>P9,897,571</b>	P18,953,743

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:

	Land	Building	Right-of-Use Assets - Land	Construction in Progress	Total
January 1, 2021	P21,810,722,977	P61,430,206,858	P1,595,063,215	P13,653,961,667	P98,489,954,717
Additions	746,461,716	-	-	3,487,080,590	4,233,542,306
Reclassifications	-	5,767,635,625	-	(5,767,635,625)	-
Unrealized gains (losses) from changes in fair values of investment property	1,704,433,270	8,123,548,594	(160,316,684)	-	9,667,665,180
December 31, 2021	24,261,617,963	75,321,391,077	1,434,746,531	11,373,406,632	112,391,162,203
Additions	2,761,651,445	1,118,793,902	-	2,394,554,654	6,275,000,001
Reclassifications	-	1,565,953,972	-	(1,565,953,972)	-
Unrealized gains (losses) from changes in fair values of investment property	1,733,836,141	5,840,470,529	(89,480,779)	-	7,484,825,891
<b>December 31, 2022</b>	<b>P28,757,105,549</b>	<b>P83,846,609,480</b>	<b>P1,345,265,752</b>	<b>P12,202,007,314</b>	<b>P126,150,988,095</b>

The following table provides the fair value hierarchy of the Group's investment property as at December 31, 2022 and 2021:

	Level 2	
	2022	2021
Land	<b>P28,757,105,549</b>	P24,261,617,963
Commercial	<b>44,833,431,977</b>	43,078,603,299
Corporate/office	<b>52,560,450,569</b>	45,050,940,941
	<b>P126,150,988,095</b>	P112,391,162,203

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.

The carrying amount of the construction in-progress approximates its fair value as at December 31, 2022 and 2021. The Group expects the fair value of the construction in-progress to be reliably measurable upon completion of the construction.

The fair values of land and building that are measured using market data approach are sensitive to the changes in the sales price and listings of comparable property. A significant increase/decrease in the price per square meter of comparable land and buildings will result to a significant increase/decrease in profit or loss. A 10% increase/decrease in the sales price/listing price will result to increase/decrease in profit or loss amounting to P7,088.28 million, P6,678.52 million and P7,557.61 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Capitalized borrowing costs amounted to P2,002.16 million and P2,031.68 million as at December 31, 2022 and 2021, respectively, using 4.55% and 4.96% as capitalization rates, respectively (Note 17). The Group also capitalized interest and rent expenses which were incurred for the rental of land properties where ongoing construction of CityMall branches are situated (Note 24).

The Group recognized unrealized gains from changes in fair values of investment property amounting to P7,484.83 million, P9,667.66 million and P8,361.32 million in 2022, 2021 and 2020, respectively.

Rent income in 2022, 2021 and 2020 and the operating lease commitments of the Group as a lessor are fully disclosed in Note 24.

The total direct operating expenses recognized in profit or loss arising from the Group's investment property that generated rental income amounted to P330.72 million, P258.96 million and P242.02 million in 2022, 2021 and 2020, respectively. On the other hand, the Group recognized total direct operating expenses of P6.89 million, P23.24 million and P25.13 million in 2022, 2021 and 2020, respectively, for investment property that are not yet leased out.

#### Concentration Risk

In 2022, 2021 and 2020, rent income from Philippine Offshore Gaming Operator (POGO) and Philippine Amusement and Gaming Corp (PAGCOR)-accredited Business Process Outsourcing (BPO) businesses represents about 41%, 31% and 48% of the total rent income, respectively. As at December 31, 2022 and 2021, receivables from these businesses represent about 21% and 27% of the total rent receivables, respectively.

Recent strict imposition of tax rules on POGOs and PAGCOR-accredited BPOs resulted in some closure of their operations in the country. The reduction and continuous closure of these businesses may result to a significant decline in the Group's rent income. As at January 1, 2023, management has discontinued two of the POGO and PAGCOR-accredited BPOs lease and impairments were made as at December 31, 2022.

#### **14. Right-of-Use Assets**

The movements in right-of-use assets are as follows:

	<i>Note</i>	<b>2022</b>	<b>2021</b>
<b>Cost</b>		<b>P1,406,763</b>	P1,406,763
<b>Accumulated Amortization</b>			
Balance at beginning of year		<b>1,406,763</b>	1,089,108
Amortization for the year	22	-	317,655
<b>Balance at end of year</b>		<b>1,406,763</b>	1,406,763
		<b>P -</b>	P -

#### **15. Other Noncurrent Assets**

This account consists of:

	<i>Note</i>	<b>2022</b>	<b>2021</b>
Advances to contractors and suppliers		<b>P896,651,779</b>	P1,736,751,306
Investment in associates		<b>1,178,115,810</b>	1,196,099,644
Deposits for future land acquisition		<b>164,718,885</b>	164,718,885
Refundable deposits - net of current portion	24, 29	<b>191,988,653</b>	169,918,516
Others	29	<b>98,825,624</b>	82,743,659
		<b>P2,530,300,751</b>	P3,350,232,010

#### Investment in Associates

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*

	2022	2021
Percentage ownership interest	40%	40%
Current assets	<b>P279,194,236</b>	P270,061,626
Noncurrent assets	<b>2,539,785,383</b>	2,285,115,735
Current liabilities	<b>(675,365,878)</b>	(852,998,579)
Noncurrent liabilities	<b>(1,322,918,619)</b>	(836,346,609)
Net assets (100%)	<b>820,695,122</b>	865,832,173
Group's share of net assets	<b>328,278,049</b>	346,332,869
Notional goodwill	<b>142,431,450</b>	142,431,450
Carrying amount of interest in the associate	<b>P470,709,499</b>	P488,764,319

*Statements of Comprehensive Income*

	2022	2021	2020
Revenue	<b>P15,110,848</b>	P20,445,278	P18,777,152
Income (loss) from continuing operations	<b>(44,959,586)</b>	113,046,508	(30,872,232)
Total comprehensive income (loss)	<b>(P44,959,586)</b>	P113,046,508	(P30,872,232)

The Group recognized share in net income (loss) of CDC amounting to (P17.98 million), P45.22 million, and (P12.35 million) in 2022, 2021 and 2020, respectively, and is recorded under "Others - net" account in the consolidated statements of comprehensive income.

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*

	2022	2021
Percentage ownership interest	34.28%	34.28%
Current assets	<b>P446,697,250</b>	P555,814,010
Noncurrent assets	<b>904,608,388</b>	816,086,783
Current liabilities	<b>(2,409,080)</b>	(22,137,655)
Net assets (100%)	<b>1,348,896,558</b>	1,349,763,138
Carrying amount of interest in the associate	<b>P707,335,325</b>	P707,335,325

Carrying amount of interest in the associate includes nominal goodwill amounting to P17.23 million. The Group made additional investments amounting to P382.88 million in 2021. RDC has no revenue in 2022 and 2021. Net loss and total comprehensive loss in 2022 and 2021 amounted to P.87 million and P0.86 million, respectively. The Group did not recognize its share in the loss of RDC in 2022 and 2021 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, 2022 and 2021. 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:

	<b>Note</b>	<b>2022</b>	<b>2021</b>
Refundable deposits		<b>P234,157,799</b>	P213,701,107
Less: discount on refundable deposits		<b>35,434,564</b>	35,434,564
Net refundable deposits		<b>198,723,235</b>	178,266,543
Less: current portion	10	<b>6,734,582</b>	8,348,027
Noncurrent portion		<b>P191,988,653</b>	P169,918,516

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:

	<b>Note</b>	<b>2022</b>	<b>2021</b>
Trade payables	29	<b>P974,643,645</b>	P552,369,246
Retention payable - current	19, 29	<b>663,590,189</b>	542,617,338
Unearned rent income	19, 24	<b>223,953,501</b>	346,852,758
Withholding tax payable		<b>776,651,343</b>	248,931,845
Payable to a landowner	29	<b>155,975,635</b>	155,975,635
Security deposits	23, 24, 29	<b>334,409,867</b>	111,653,671
Lease liabilities - current portion	24, 29	<b>68,864,753</b>	72,588,514
Commission payable	29	<b>7,699,822</b>	7,853,429
Deposits from unit owners	29	<b>1,215,772</b>	1,005,422
Accrued expenses:	29		
Project costs		<b>1,959,927,903</b>	1,047,427,979
Interest	17	<b>1,308,199,242</b>	559,352,588
Others		<b>102,583,182</b>	156,095,997
Other payables	29	<b>71,256,348</b>	64,480,813
		<b>P6,648,971,202</b>	P3,867,205,235

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.

## 17. Short-term and Long-term Debts

### Notes Payable

Details of the account are as follows:

	<b>Note</b>	<b>2022</b>	<b>2021</b>
Balance at beginning of the year		<b>P36,376,024,790</b>	P33,168,044,455
Availments		<b>14,813,351,495</b>	12,700,273,271
Payments*		<b>(9,706,053,453)</b>	(9,492,292,936)
	<b>29</b>	<b>41,483,322,832</b>	36,376,024,790
Less: short-term notes and current portion of long-term notes		<b>12,533,818,782</b>	14,618,971,659
Noncurrent portion		<b>28,949,504,050</b>	21,757,053,131
Less: unamortized debt issue costs		<b>361,110,872</b>	231,254,316
		<b>P28,588,393,178</b>	P21,525,798,815

\* including foreign exchange impact

### Long-term Notes Payable

#### Parent Company

- a. On September 29, 2022, the Parent Company obtained a P1.00 billion unsecured, bilateral, long-term loans from a financing institution. The loan payments of 1% of the principal are to be made in five consecutive annual installments to commence at the end of the 12th month after the initial borrowing date. The loan bears fixed interest rate of 8.05% per annum over the term of the loan. The fixed interest rates were determined when the drawdown were made and no repricing of interest rates over the duration of the loan term.

The proceeds from these borrowings were used for financing general corporate and capital expenditures. The outstanding balance of this loan amounted to P1.00 billion as at December 31, 2022.

- b. On April 29, 2022, the Parent Company obtained a total of P3.50 billion unsecured, bilateral, long-term loans from a financing institution with scheduled drawdown dates. The loan bears fixed interest rate of 7.19% per annum payable every quarter over the term of the loan and is due on April 29, 2024. Payments made in 2022 amounted to P350.00 million. Outstanding balance of this loan amounted to P3.15 billion as at December 31, 2022.
- c. On April 11, 2021, the Parent Company obtained a total of P1.41 billion, unsecured, long-term loan from a financing institution. The loan bears fixed interest rate of 6.26% per annum over the term of the loan and is due on April 11, 2026, with four annual amortizations equivalent to 1.00% of the total principal amount of the loan.

The proceed was used to refinance the existing loan due in 2021. Outstanding balance of this loan amounted to P1.4 billion as at December 31, 2022. Payment made in 2022 amounted to P14.1 million.

- d. In May 2021, the Parent Company entered into a credit facility agreement with a financial institution for total credit limit of P2.00 billion. The loan bears variable interest rate based market interest rate, subject to quarterly repricing. The Company made drawdowns on May 28, 2021, with due date on November 30, 2023, amounting to P753.72 million, on September 1, 2021, with due date on August 31, 2023, amounting to P226.55 million, on March 25, 2022, with due date on May 28, 2024, amounting to P321.07 million, on June 29, 2022, with due date on May 28, 2024, amounting to P188.92 million and on September 2, 2022, with due date of March 6, 2025, amounting to P93.49 million.

The purpose of the proceed is partly finance its capital expenditures for the development Hotel of Asia projects. Payments made in 2022 and 2021 amounted to P591.25 million and P245.59 million, respectively. Outstanding balance of this loan amounted to P666.17million and P734.68 million as at December 31, 2022 and 2021, respectively.

- e. On October 1, 2021, the Parent Company entered into a credit facility agreement with a financial institution for total credit of P750.00 million. The Company made drawdowns amounting to P280.00 million and P470.00 million on October 1, 2021 and November 4, 2021, respectively, which bears interest of 6.24% and 6.76%, respectively. These loans are due on October 1, 2026, with four annual amortizations equivalent to 1.00% of the total principal amount of the loan and remaining amount due on the 5th year.

The purpose of the proceed is partly finance the subsidiaries' capital expenditures for the development of additional CityMall branches and CentralHub warehouses. Payments made in 2022 amounted to P7.50 million. Outstanding balance of this loan amounted to P742.50 million and P750.00 million as at December 31, 2022 and 2021, respectively.

- f. On October 1, 2021, the Parent Company obtained a P470.00 million, unsecured, long-term loan from a financing institution. The loan bears fixed interest rate of 6.48% per annum over the term of the loan and is due on October 1, 2021, with four annual amortizations equivalent to 1.00% of the total principal amount of the loan and remaining amount due on the 5th year.

The proceed was used to refinance the existing loan due in 2021. Payments made in 2022 amounted to P156.67 million. Outstanding balance of this loan amounted to P313.33 million and P470.00 million as at December 31, 2022 and 2021, respectively.

- g. On November 4, 2021, the Parent Company obtained a P500.00 million, unsecured, long-term loan from a financing institution. The loan bears fixed interest rate of 6.05% per annum over the term of the loan and is due on November 4, 2026, with four annual amortizations equivalent to 1.00% of the total principal amount of the loan and remaining amount due on the 5th year.

The proceed was used to refinance the existing loan due in 2021. Payments made in 2022 amounted to P5.00 million. Outstanding balance of this loan amounted to P495.00 million and P500.00 million as at December 31, 2022 and 2021, respectively.



- h. On October 18, 2021, the Parent Company obtained a P5.00 billion, unsecured, long-term loan from a financing institution. The loan bears fixed interest rate of 5.80% per annum over the term of the loan and is due on October 21, 2026, with four annual amortizations equivalent to 1.00% of the total principal amount of the loan and remaining amount due on the 5th year.

The purpose of the proceed is partly finance the subsidiaries' capital expenditures for the development of additional CityMall branches and CentralHub warehouses. Payments made in 2022 amounted to P50.00 million. Outstanding balance of this loan amounted to P4.95 billion and P5.00 billion as at December 31, 2022 and 2021, respectively.

- i. On December 16, 2021, the Company obtained a P3.59 billion, unsecured, long-term loan from a financing institution. The loan bears fixed interest rate of 6.47% per annum over the term of the loan and is due on December 16, 2026, with four annual amortizations equivalent to 1.00% of the total principal amount of the loan and remaining amount due on the 5th year.

The purpose of the proceed is partly finance the subsidiaries' capital expenditure for the development of additional CityMall branches and CentralHub warehouses. Payments in 2022 amounted to P35.90 million. Outstanding balance of this loan amounted to P3.55 billion and P3.59 billion as at December 31, 2022 and 2021, respectively.

- j. 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, with annual amortizations equivalent to 10.0% of the total principal amount of the loan beginning on the 24th month from initial drawdown date. 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 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 P4.00 billion and P4.50 billion as at December 31, 2022 and 2021, respectively. Payments in 2022 and 2021 amounted to P500.00 million.

- k. 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 and no repricing of interest rates over the duration of the loan term. The principal repayments are to be made in five annual amortizations equivalent to 5.0% of the total principal amount of the loan amount drawn, beginning on the 36th month from initial drawdown date.

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 P1.20 billion and P1.28 billion as at December 31, 2022 and 2021, respectively. Payments in 2022, 2021 and 2020 amounted to P75.00 million.

- i. 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 and no repricing of interest rates over the duration of the loan term. The principal repayments are to be made in five annual amortizations equivalent to 5.0% of the total principal amount of the loan amount drawn, beginning on the 36th month from initial drawdown date.

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 2022, 2021 and 2020 amounted to P75.00 million per year. Outstanding balance of the loan as at December 31, 2022 and 2021 amounted to P1.13 billion and P1.20 billion, respectively.

- m. 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. The loan repayments of 5% to 10% of the principal are to be made in five consecutive annual installments to commence at the end of the 36th month after the initial drawdown date.

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 2022 and 2021 amounted to P3.50 billion and P500.00 million. Outstanding balance of the loan as at December 31, 2022 and 2021 amounted to nil and P3.5 billion, respectively.

#### DWPL

- a. On March 16, 2022, DWPL obtained a total of USD30 million or P1.67 billion unsecured, bilateral, long-term loan from a financing institution. The loan bears fixed interest rate of 7.25% per annum over the term of the loan, payable semi-annually, every January 27 and July 27, commencing on January 27, 2021. The whole amount of the loan is payable on July 27, 2025.

The proceeds from this borrowing will be used to finance development and construction of Hotel 101-Niseko and general corporate purposes. Related debt issue costs from this loan amounted to P57.38 million.

- b. On July 27, 2022, DWPL obtained a total of USD55 million or P3.10 billion unsecured, bilateral, long-term loan from a financing institution. The loan bears fixed interest rate of 7.25% per annum over the term of the loan, payable semi-annually, every January 27 and July 27, commencing on July 27, 2022. The whole amount of the loan is payable on July 27, 2025.

The proceeds from this borrowing will be used to for refinancing of the Group's corporate notes, paydown of short-term credit facilities, capital expenditures in investment properties, particularly for its Hotel 101 expansion, and general corporate purposes.

- c. On July 27, 2020, DWPL obtained a total of USD75 million or P3.70 billion unsecured, bilateral, long-term loan from a financing institution. The loan bears fixed interest rate of 7.25% per annum over the term of the loan, payable semi-annually, every January 27 and July 27, commencing on January 27, 2021. The whole amount of the loan is payable on July 27, 2025.

The proceeds from this borrowing will be used to finance the Group's capital expenditure, primarily for the development of the Robinsons DoubleDragon Square, DD Meridian Tower and CentralHub Industrial Centers and also to refinance short-term debts of the Parent Company.

#### HOA

- a. 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 2022 and 2021 amounted to P16.3 million and P15.6 million, respectively.

Current portion of these loans amounted to P7.96 million and P15.19 million as at December 31, 2022 and 2021, respectively. Outstanding long-term portion amounted to P5.55 million and P12.86 million as at December 31, 2022 and 2021, respectively.

#### *Short-term Loans Payable*

##### Parent Company

- a. The Parent Company 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 2022 and 2021 amounted to P4.91 billion and P1.34 billion, respectively. Payments made in 2022 and 2021 amounted to P4.54 billion and P1.35 billion, respectively. Outstanding balance of the loans amounted to P9.88 billion and P9.51 billion as at December 31, 2022 and 2021, 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 2022, PCLI paid P6.50 million and rolled the remaining P76 million for another year. In 2021, PCLI paid P8.00 million and rolled the remaining P82.5 million for another year. In 2020, PCLI paid P1.00 million and rolled the remaining P90.50 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, 2022 and 2021.

The movements in debt issue costs are as follows:

	2022	2021
Balance at beginning of year	<b>P231,254,316</b>	P498,354,792
Additions	<b>187,522,142</b>	(212,735,230)
Amortization	<b>(57,665,586)</b>	(54,365,246)
Balance at end of year	<b>P361,110,872</b>	P231,254,316

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	2022	2021
Balance at beginning and end of year		<b>P15,000,000,000</b>	P15,000,000,000
Less: unamortized debt issue costs		<b>74,615,533</b>	102,380,863
	29	<b>P14,925,384,467</b>	P14,897,619,137

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:

	2022	2021
Balance at beginning of year	<b>P102,380,863</b>	P129,729,011
Amortization	<b>(27,765,330)</b>	(27,348,148)
Balance at end of year	<b>P74,615,533</b>	P102,380,863

Amortization of bond issue costs in 2022, 2021 and 2020 amounted to P27.77 million, P27.35 million and P25.76 million, respectively. Due dates of the bonds are as follows:

	2022	2021
Parent Company bonds - due 2026	<b>P5,300,000,000</b>	P5,300,000,000
Less: unamortized bond issue costs	<b>38,670,933</b>	47,053,707
Parent Company bonds - due 2024	<b>9,700,000,000</b>	9,700,000,000
Less: unamortized bond issue costs	<b>35,944,600</b>	55,327,156
	<b>P14,925,384,467</b>	P14,897,619,137

Total interest expense, exclusive of the capitalized borrowing costs, recognized in profit or loss amounted to P974.73 million, P1.23 billion and P808.61 million in 2022, 2021, and 2020, respectively. Total capitalized borrowing costs charged under "Real estate inventories" and "Investment property" accounts amounted to P2.17 billion, P2.03 billion as at December 31, 2022 and 2021, 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:

	2022	2021
Current	<b>P153,723,291</b>	P119,867,995
Noncurrent	<b>104,403,289</b>	367,412,148
	<b>P258,126,580</b>	P487,280,143

## 19. Other Noncurrent Liabilities

This account consists of:

	Note	2022	2021
Security deposits - net of current	23, 24, 29	<b>P297,839,979</b>	P368,747,991
Unearned rent income		<b>109,715,131</b>	193,983,165
Deferred output VAT - net		<b>1,075,214,691</b>	535,092,097
Retention payable - net of current	16, 29	<b>67,807,051</b>	36,915,476
Others	29	-	756,520
		<b>P1,550,576,852</b>	P1,135,495,249

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:

	2022	2021
Balance at beginning of year	<b>P653,635,147</b>	P1,047,299,032
Additions (reductions) - net	<b>56,346,032</b>	(393,663,885)
	<b>709,981,179</b>	653,635,147
Discount	<b>(77,731,132)</b>	(173,233,485)
Balance at end of year	<b>P632,249,846</b>	P480,401,662

The movement in the unamortized discount on security deposits follows:

	2022	2021
Balance at beginning of year	<b>P173,233,485</b>	P161,457,595
Additions (reductions) - net	<b>(42,766,762)</b>	56,351,281
Accretion	<b>(52,735,391)</b>	(44,575,391)
Balance at end of year	<b>P77,731,332</b>	P173,233,485

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	2022	2021	2020
Construction costs		<b>P729,844,955</b>	P372,253,703	P266,449,417
Land and land development costs		<b>43,468,933</b>	4,573,412	2,134,671
Other project costs		<b>87,286,154</b>	57,197,255	40,626,853
	9	<b>P860,600,043</b>	P434,024,370	P309,210,941

*Cost of Hotel Operations*

	<b>Note</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Rent	24	<b>P97,981,163</b>	P123,353,369	P119,798,796
Room meals		<b>49,800,425</b>	70,424,644	32,074,544
Utilities		<b>45,059,312</b>	36,762,903	36,161,496
Outside services		<b>41,474,600</b>	33,758,099	38,068,540
Salaries and wages		<b>26,453,497</b>	20,967,706	21,823,851
Booking fee		<b>25,364,920</b>	2,702,562	8,896,356
Laundry and pressing		<b>18,422,740</b>	8,468,643	12,667,163
Room supplies	9	<b>15,355,047</b>	12,143,304	13,042,985
Subscription		<b>7,513,195</b>	7,157,742	7,605,162
Restaurant meals		<b>3,750,682</b>	5,361,270	3,425,877
Communication		<b>2,002,792</b>	2,045,108	2,078,416
Transport		<b>1,164,411</b>	1,225,492	1,332,473
Massage		-	-	72,076
Others	11	<b>996,307</b>	1,918,508	7,503,548
		<b>P335,339,091</b>	P326,289,350	P304,551,283

**21. Selling Expenses**

This account consists of:

	<b>Note</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Marketing		<b>P96,293,109</b>	P70,795,765	P41,269,405
Commission		<b>47,273,828</b>	35,533,169	42,838,971
Salaries, wages and other benefits	23g	<b>12,193,135</b>	13,201,405	15,706,322
Representation		<b>3,822,914</b>	1,882,283	1,412,165
Rent	24	<b>1,868,786</b>	2,259,569	8,827,991
Transportation and travel		<b>1,278,644</b>	467,880	809,360
Miscellaneous	25	<b>1,798,730</b>	3,260,940	2,484,017
		<b>P164,529,146</b>	P127,401,011	P113,348,231

## 22. General and Administrative Expenses

This account consists of:

	<i>Note</i>	<b>2022</b>	2021	2020
Taxes and licenses		<b>P494,746,838</b>	P494,053,106	P496,286,137
Electricity and water		<b>394,064,474</b>	288,391,185	435,591,877
Impairment loss on receivables	8	<b>373,719,876</b>	387,344,960	251,983,291
Outsourced services		<b>345,073,447</b>	299,937,937	360,826,142
Salaries, wages and other benefits	23g	<b>258,472,609</b>	249,718,826	334,662,083
Depreciation and amortization	11, 12, 14	<b>234,349,154</b>	160,639,353	194,659,191
Penalties		<b>219,750,657</b>	17,458,113	32,998,990
Insurance		<b>35,984,789</b>	35,455,436	33,163,713
Repairs and maintenance		<b>34,676,364</b>	30,030,437	44,843,996
Property management supplies		<b>34,657,508</b>	31,227,343	31,863,669
Professional fees		<b>32,797,685</b>	26,932,702	21,083,991
Rent	24	<b>16,220,634</b>	9,095,767	6,024,982
Communications		<b>14,536,897</b>	18,832,145	16,820,014
Subscription		<b>10,630,119</b>	5,857,315	5,705,784
Bank charges		<b>7,359,290</b>	2,298,644	5,908,722
Printing and office supplies		<b>7,294,264</b>	5,425,522	6,182,202
Transportation and travel		<b>6,872,007</b>	6,451,324	11,047,801
Retirement costs	25	<b>6,785,561</b>	7,896,811	5,648,870
Cinema costs		<b>5,608,577</b>	14,746,138	33,233,899
Representation		<b>4,097,850</b>	26,294,408	4,286,771
Management fees	23a	<b>2,678,671</b>	2,678,671	2,678,571
Write-off of creditable withholding taxes	10	<b>70,723</b>	113,232	100,389
Listing fees		-	87,572,492	-
Donations		-	6,970,000	-
Miscellaneous		<b>73,407,843</b>	66,562,994	55,473,287
		<b>P2,613,855,837</b>	P2,281,984,861	P2,391,074,372

Impairment loss on receivables pertains to pre-termination, discounts and rental waivers granted to tenants due to COVID-19.

Penalties pertain to tax deficiencies and related interest paid by the Group during the year from its prior period tax assessments.



## 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		Terms and Conditions
				Due from Related Parties	Due to Related Parties	
Parent Company's Key Management - Personnel						
Management fees	2022	a	P2,678,571	P -	P -	Demandable; non-interest bearing; unsecured; payable in cash
	2021	a	2,678,571	-	-	Demandable; non-interest bearing; unsecured; payable in cash
	2020	a	2,678,571	-	-	Demandable; non-interest bearing; unsecured; payable in cash
Stockholders						
Acquisition of HOA	2022	b	-	-	-	Payable by way of DD shares
	2021	b	-	-	-	Payable by way of DD shares
	2020	b	-	-	429,944,449	Payable by way of DD shares
Other Related Parties						
Land acquired	2022	c	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in cash
	2021	c	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in cash
	2020	c	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in cash
	2022	c	-	-	167,858,000	Payable by way of condo units
	2021	c	155,975,635	-	323,833,635	Payable by way of condo units
	2020	c	-	-	167,858,000	Payable by way of condo units unsecured; payable in cash
Cash advances received	2022	d	6,762,319	52,146,970	16,739,154	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2021	d	12,069,998	55,150,000	20,498,443	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2020	d	9,771,859	55,150,000	10,448,348	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
Rent income	2022	e	476,898,762	-	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2021	e	373,070,646	841,721,497	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2020	e	583,234,028	1,083,982,423	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2022			P52,146,970	P567,878,460	
	2021			P896,871,497	P727,613,383	

### 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 2022 and 2021 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, 2022, 2021 and 2020.

### b. 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. This was paid in 2021.

c. *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 2023.

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).

In 2019, the Company entered into a Memorandum of Agreement and Deed of Absolute Conveyance for "Hotel 101-Cebu Mactan Airport" project with a minority shareholder in relation to the transfer of land owned by the minority shareholder in exchange of a certain number of condotel units and commercial units.

d. *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.

e. *Lease of Land, Office and 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, Jollibee Tower, DoubleDragon Plaza and CityMalls to MerryMart Group, 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 (Note 8).

f. *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, 2021 and 2020. The advance deposit is to be applied to the future rent payment. This was refunded in 2021.

g. *Key Management Personnel Compensation*

Short-term benefits of key management personnel amounted to P39.91 million, P35.40 million and P34.12 million in 2022, 2021 and 2020, respectively. Long-term benefits of key management personnel amounted to P0.96 million in 2022 and 2021 and P0.97 million in 2020. Directors' fee paid amounted to P2.58 million in 2022 and 2021 and P2.92 million in 2020.

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:

	<b>2022</b>	2021
Advances	<b>P30,140,694,383</b>	P26,313,755,632

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 P1,979.54 million, P1,448.63 million, and P1,847.54 million in 2022, 2021 and 2020, respectively.

*Intercompany Loan*

- b. Outstanding intercompany loan amounted to:

	<b>2022</b>	2021
Loan	<b>P6,228,058,452</b>	P3,372,844,365

This pertains to the unsecured and interest bearing loan granted by DWPL. Interest income from this loan amounted to P124.85 million, P69.23 million, and P21.52 million in 2022, 2021, and 2020, respectively.

*Intercompany Revenue and Charges*

- c. 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 P1,649.08 million as at December 31, 2022 and 2021. The balance of receivables from DDSC includes output VAT.

- d. Cost allocation charges by the Parent Company to the subsidiaries:

	<b>2022</b>	2021
Cost allocation charges	<b>P513,891,097</b>	P577,593,141

- e. Utility charges by the DDPMC to the entities within the Group:

	<b>2022</b>	2021
Utility charges	<b>P546,042,815</b>	P356,844,684

Outstanding receivables from these utility charges eliminated during consolidation amounted to P2,211.48 million and P2,021.47 million as at December 31, 2022 and 2021, respectively.

- f. Other intercompany charges within the Group amounted to P495.16 million, P120.48 million and P95.84 million in 2022, 2021 and 2020, respectively.

## 24. Leases

### Group as Lessee

The Group has the following lease agreements as at December 31, 2022 and 2021:

- The Group entered into various noncancellable 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. Upon adoption of PFRS 16, *Leases*, 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 amounts recognized in the consolidated statements of comprehensive income are as follows:

	2022	2021	2020
Interest on lease liabilities	<b>P106,654,199</b>	P73,290,712	P107,259,251
Expenses relating to short-term leases	<b>7,855,075</b>	7,133,300	7,076,189
Expenses relating to leases with variable consideration	<b>7,849,797</b>	4,099,968	7,262,772
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<b>515,763</b>	122,068	514,012
Amortization of right-of-use assets	-	317,655	544,554
	<b>P145,487,568</b>	P84,963,703	P122,656,778

Total expenses relating to short-term leases and low value assets and rent expense before transition to PFRS 16 are charged as follows:

	<b>Note</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Selling expenses	21	<b>P -</b>	P2,259,569	P8,827,991
General and administrative expenses	22	<b>16,220,634</b>	9,095,767	6,024,982
		<b>P16,220,634</b>	P11,355,336	P14,852,973

Total lease payments in 2022, 2021 and 2020 amounted to P276.53 million, P230.41 million and P228.05 million, respectively.

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 P97.98 million, P123.35 million and P119.80 million in 2022, 2021 and 2020, 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 P3,237.81 million, P3,420.41 million and P3,608.52 million in 2022, 2021 and 2020, respectively. Total contingent rent income amounted to P31.58 million, P22.31 million and P20.22 million in 2022, 2021 and 2020, respectively.

The scheduled maturities of noncancellable minimum future rental collections are as follows:

	<b>2022</b>	<b>2021</b>
Less than one year	<b>P2,464,406,124</b>	P2,389,177,951
Between one and five years	<b>6,383,694,450</b>	5,031,944,518
More than five years	<b>1,931,373,636</b>	2,706,580,177
	<b>P10,779,474,210</b>	P10,127,702,646

Details of minimum future rental collections for between one and five years are as follows:

	2022	2021
Between one to two years	<b>P2,753,026,972</b>	P1,930,818,783
Between two to three years	<b>1,558,308,128</b>	1,377,537,681
Between three to four years	<b>1,234,776,552</b>	1,053,321,070
Between four to five years	<b>837,582,798</b>	670,266,983
	<b>P6,383,694,450</b>	P5,031,944,517

## 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:

	2022	2021
Beginning of year	<b>P30,547,752</b>	P29,237,486
Current service cost	<b>5,529,619</b>	7,344,254
Interest cost	<b>1,588,484</b>	1,200,778
Actuarial loss (gain) from:		
Changes in financial assumptions	<b>(10,259,115)</b>	(6,301,245)
Experience adjustments	<b>2,629,833</b>	(933,521)
End of year	<b>P30,036,573</b>	P30,547,752

Retirement costs recognized in profit or loss amounted to P7.12 million, P8.55 million and P5.84 million in 2022, 2021 and 2020, respectively, which were charged as follows:

	Note	2022	2021	2020
Selling expenses	21	<b>P162,504</b>	P257,155	P188,497
General and administrative expenses	22	<b>6,955,599</b>	7,896,811	5,648,870
		<b>P7,118,103</b>	P8,153,966	P5,837,367

Defined benefit cost (income), net of tax, recognized under "Other comprehensive income" amounted to (P5.71 million), (P5.07 million) and P4.96 million in 2022, 2021 and 2020, respectively.

The following were the principal actuarial assumptions at the reporting date:

	2022	2021
Discount rate	<b>7.40%</b>	5.20%
Future salary increases	<b>5.00%</b>	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 13 and 26.8 for both males and females in 2022 and 2021, respectively.

The weighted-average duration of DBO is 5.4 year and 4.4 in 2022 and 2021, respectively.

The DBO is exposed to actuarial, longevity and interest rate risks.

The Group has no plans to make contributions in 2023.

#### *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%:

#### **2022**

	DBO	
	Increase	Decrease
Discount rate (1% movement)	(P26,467,393)	P34,344,230
Future salary growth (1% movement)	34,219,725	(26,509,946)

#### **2021**

	DBO	
	Increase	Decrease
Discount rate (1% movement)	(P12,588,459)	P16,397,184
Future salary growth (1% movement)	17,813,666	(13,940,073)

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*

	2022				
	Carrying Amount	Contractual Cash Flows	Within 1 Year	Within 1-5 Years	More than 5 Years
DBO	P30,036,573	P447,405,502	P -	P14,566,288	P432,839,214

	2021				
	Carrying Amount	Contractual Cash Flows	Within 1 Year	Within 1-5 Years	More than 5 Years
DBO	P31,238,752	P407,232,99	P -	P5,481,328	P401,751,671

#### *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:

	2022	2021	2020
Current	<b>P205,502,967</b>	P66,172,843	P371,590,150
Deferred	<b>(4,916,386,677)</b>	2,390,697,852	3,787,671,206
Adjustments due to Corporate Recoverability and Tax Incentives for Enterprises (CREATE) Act (Note 32)	-	(2,701,509,554)	-
	<b>(P4,710,883,710)</b>	(P244,638,859)	P4,159,261,356

The deferred taxes, after set-offs, are reported in the consolidated statements of financial position as follows:

	2022	2021
Deferred tax assets	<b>P161,343,987</b>	P298,778,364
Deferred tax liabilities	<b>(8,560,424,714)</b>	(13,612,338,447)
	<b>(P8,399,080,727)</b>	(P13,313,560,083)

The components and movements of the Group's deferred tax assets and liabilities, relating to temporary differences are shown below.

	January 1, 2022	Charged to Profit or Loss	Charged to Other Comprehensive Income	December 31, 2022
NOLCO	P1,993,732,064	(P2,200,483)	P -	P1,991,531,581
Accrued expenses	98,411,792	(63,330,310)	-	35,081,482
MCIT	159,351,472	42,966,434	-	202,317,906
Unearned rent income	134,925,495	(109,954,662)	-	24,970,833
Unearned interest income on installment contracts receivable	4,021,961	62,605,250	-	66,627,211
Retirement benefits liability	7,636,938	1,737,016	(1,907,321)	7,466,634
Impairment loss on creditable withholding taxes	147,660	-	-	147,660
Unearned hotel revenues	283,484	1,416,477	-	1,699,961
Impairment loss receivables	15,560,478	93,429,769	-	108,990,247
DTA	2,414,071,344	23,669,491	(1,907,321)	2,438,833,515
Unrealized gains on fair value measurements	12,014,958,832	(5,424,701,956)	-	6,590,256,876
Excess of financial realized gross profit over taxable realized gross profit	541,023,058	80,590,437	-	621,613,495
Borrowing costs	1,656,216,376	287,412,886	-	1,943,629,262
Hotel101 brand	166,075,000	-	-	166,075,000
Depreciation expense on depreciable investment property	954,683,200	156,253,013	-	1,110,936,213
Accrued rent income	269,632,604	(41,223,823)	-	228,408,781
Unamortized debt issue costs	57,813,579	32,464,139	-	90,277,718
Unamortized bond issue costs	25,595,215	(7,278,832)	-	18,316,383
Franchise rights	20,673,284	(6,973,372)	-	13,699,913
Lease arrangement	19,879,871	33,370,219	-	53,250,090
Property and equipment	1,080,408	370,103	-	1,450,511
DTL	15,727,631,427	(4,889,717,186)	-	10,837,914,242
Net DTL	P13,313,560,083	P4,916,386,677	P -	P8,399,080,727



	January 1, 2021	Charged to Profit or Loss	Charged to Other Comprehensive Income	Adjustments Due to CREATE Law	December 31, 2021
NOLCO	P1,993,732,064	P307,627,392	P -	(P337,220,935)	P1,993,732,064
Accrued expenses	98,411,792	22,187,551	-	(10,481,728)	98,411,792
MCIT	159,351,472	(85,156,197)	-	(2,469,774)	159,351,472
Unearned rent income	134,925,495	(9,705,434)	-	(28,926,186)	134,925,495
Unearned interest income on installment contracts receivable	4,021,961	(5,195,921)	-	(1,843,576)	4,021,961
Retirement benefits liability	7,636,938	2,136,258	(1,808,692)	(1,461,874)	7,636,938
Impairment loss on creditable withholding taxes	147,660	28,308	-	(23,870)	147,660
Unearned hotel revenues	283,484	(1,822,490)	-	(421,195)	283,484
Impairment loss receivables	15,560,478	14,202,424	-	(271,611)	15,560,478
DTA	2,414,071,344	244,301,891	(1,808,692)	(383,120,749)	2,414,071,344
Unrealized gains on fair value measurements	12,014,958,832	2,295,480,106	-	(2,235,342,598)	12,014,958,832
Excess of financial realized gross profit over taxable realized gross profit	541,023,058	50,012,281	-	(243,925,582)	541,023,058
Borrowing costs	1,656,216,376	246,121,707	-	(282,018,934)	1,656,216,376
Hotel101 brand	166,075,000	-	-	(33,215,000)	166,075,000
Depreciation expense on depreciable investment property	954,683,200	145,694,215	-	(161,797,797)	954,683,200
Accrued rent income	269,632,604	7,502,296	-	(52,426,062)	269,632,604
Unamortized debt issue costs	57,813,579	(66,775,119)	-	(24,917,740)	57,813,579
Unamortized bond issue costs	25,595,215	(6,837,037)	-	(6,486,451)	25,595,215
Franchise rights	20,673,284	(97,210)	-	(4,154,099)	20,673,284
Lease arrangement	19,879,871	(37,049,945)	-	(11,385,963)	19,879,871
Property and equipment	1,080,408	948,449	-	(26,392)	1,080,408
DTL	15,727,631,427	2,634,999,743	-	(3,055,696,618)	15,727,631,427
Net DTL	P13,313,560,083	P2,390,697,852	P1,808,692	(P2,672,575,869)	P13,313,560,083

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:

	2022	2021	2020
Income before income tax	<b>P8,211,841,563</b>	P11,035,834,770	P10,184,484,549
Income tax at the statutory income tax rate	<b>P2,052,960,391</b>	P2,754,989,422	P3,055,345,365
Income tax effects of:			
Expired NOLCO and MCIT	<b>463,208,380</b>	613,268,913	489,250,326
Nondeductible expenses	<b>363,761,231</b>	477,580,014	685,616,098
Effect of change in tax rate	<b>(7,470,218,511)</b>	(2,701,509,554)	-
Nontaxable income	<b>(22,649,542)</b>	(983,979,784)	(14,533,231)
Dividends	<b>(369,835,227)</b>	(338,338,552)	-
Difference between optional standard deduction and itemized deduction	<b>197,024,133</b>	(144,390,989)	(136,269,022)
Interest income subjected to final tax	<b>(3,257,664)</b>	(2,962,278)	(8,825,570)
Others	<b>78,123,099</b>	80,703,949	88,677,390
	<b>(P4,710,883,710)</b>	(P244,638,859)	P4,159,261,356

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
2022	P1,844,031,582	P -	P -	P1,844,031,582	2025
2021	3,476,400,925	-	-	3,476,400,925	2026
2020	2,645,693,818	-	-	2,645,693,818	2025
2019	1,852,833,519	-	(1,852,833,519)	-	2022
	<b>P9,818,959,844</b>	<b>P -</b>	<b>(P1,852,833,519)</b>	<b>P7,966,126,325</b>	

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
2022	P108,046,120	P -	P -	P108,046,120	2025
2021	25,606,597	-	-	25,606,597	2024
2020	68,665,189	-	-	68,665,189	2023
2019	65,079,686	-	(65,079,686)	-	2022
	<b>P267,397,592</b>	<b>P -</b>	<b>(P65,079,686)</b>	<b>P202,317,906</b>	

In 2022, deferred tax assets and liabilities of DDMP were recognized based on the effective income tax rate of 0% under REIT law (Note 4). This resulted to the reversal of net deferred tax liabilities amounting to P7,470.22 million.

## 27. Earnings Per Share

EPS is computed as follows:

	2022	2021	2020
Net income attributable to equity holders of the Parent Company	<b>P5,551,522,068</b>	P7,404,361,935	P4,183,697,779
Dividends on preferred shares	<b>(647,780,000)</b>	(647,780,000)	(647,780,000)
Net income attributable to common shareholders of the Parent Company	<b>4,903,742,068</b>	6,756,581,935	3,535,917,779
Weighted average number of common shares for basic and diluted EPS	<b>2,367,528,600</b>	2,367,528,600	2,367,528,600
Basic/Diluted EPS	<b>P2.07</b>	P2.85	P1.49

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 2022, 2021 and 2020, the Parent Company has no potential dilutive debt or equity instruments.

In 2022, 2021 and 2020, 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:

	2022	2021
<b>Authorized Capital Stock</b>		
Common - P0.10 par value	<b>P500,000,000</b>	P500,000,000
Preferred - P100 par value	<b>20,000,000,000</b>	20,000,000,000
<b>Number of Shares Authorized for Issue</b>		
Common	<b>5,000,000,000</b>	5,000,000,000
Preferred	<b>200,000,000</b>	200,000,000

Details of the number of subscribed and outstanding shares are as follows:

	2022	2021
<b>Common</b>		
Subscribed shares at beginning and end of the year	<b>2,373,100,600</b>	2,373,100,600
Treasury shares	<b>(28,072,000)</b>	(5,572,000)
Outstanding shares at the end of the year	<b>2,345,028,600</b>	2,367,528,600
<b>Preferred</b>		
Balance at beginning and end of the year	<b>100,000,000</b>	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, 2022 and 2021, 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 28.73% and 138 as at December 31, 2022 and 29.40% and 138, respectively as at December 31, 2021.

#### Treasury Shares

In 2022, the Parent Company repurchased common shares in relation to its share buyback program. In 2022, 22,500,000 common shares were repurchased for total purchase price of P224.51 million. These repurchased shares were treated as 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, 2022 and 2021, 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, 2022 and 2021 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	April 5, 2022	April 5, 2022	April 18, 2022	P1.61945	P161.95 million
Regular Cash Dividend	Preferred	July 1, 2022	July 1, 2022	July 14, 2022	1.61945	161.95 million
Regular Cash Dividend	Preferred	September 30, 2022	September 30, 2022	October 14, 2022	1.61945	161.95 million
Regular Cash Dividend	Common	October 14, 2022	October 14, 2022	October 31, 2022	0.23240	544.98 million
Regular Cash Dividend	Preferred	December 29, 2022	December 29, 2022	January 16, 2023	1.61945	161.95 million
Regular Cash Dividend	Preferred	March 23, 2020	April 6, 2020	April 14, 2020	1.61945	161.95 million
Regular Cash Dividend	Preferred	June 10, 2020	June 30, 2020	July 14, 2020	1.61945	161.95 million
Regular Cash Dividend	Preferred	September 21, 2020	October 5, 2020	October 14, 2020	1.61945	161.95 million
Regular Cash Dividend	Preferred	December 18, 2020	January 8, 2021	January 14, 2021	1.61945	161.95 million
Regular Cash Dividend	Preferred	March 19, 2021	April 6, 2021	April 14, 2021	1.61945	161.95 million
Regular Cash Dividend	Preferred	June 15, 2021	June 29, 2021	July 14, 2021	1.61945	161.95 million
Regular Cash Dividend	Common	July 30, 2021	August 23, 2021	September 16, 2021	0.2002	473.98 million
Regular Cash Dividend	Preferred	September 20, 2021	October 4, 2021	October 14, 2021	1.61945	161.95 million
Regular Cash Dividend	Preferred	December 15, 2021	December 29, 2021	January 6, 2022	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
H101MC	Common	June 6, 2022	June 6, 2022	June 30, 2022	2,431.00000	P151.94 million
HOA	Common	May 31, 2022	May 31, 2022	June 16, 2022	205.50000	110.97 million
CMDCI	Common	May 15, 2022	May 15, 2022	June 15, 2022	0.02970	15.83 million
CMDZI	Common	May 15, 2022	May 15, 2022	26-May-22	0.03128	16.68 million
CMGBI	Common	May 3, 2022	5/15/2022	6/9/2022	0.06300	21.87 million
CMMBI	Common	May 15, 2022	5/15/2022	6/10/2022	0.04550	30.33 million
CMTMI	Common	May 15, 2022	15-May-22	23-Jun-22	0.03282	20.02 million
DDMPR	Common	May 19, 2022	May 19, 2022	May 30, 2022	0.02781	495.85 million
DDMPR	Common	June 8, 2022	June 8, 2022	June 29, 2022	0.02787	496.82 million
DDMPR	Common	August 31, 2022	August 31, 2022	September 22, 2022	0.02730	486.67 million
DDMPR	Common	December 13, 2022	December 13, 2022	January 9, 2022	0.02727	486.20 million
CMTMI	Common	March 2, 2020	February 28, 2020	March 4, 2020	0.0473	28.83 million
DDMPR	Common	March 31, 2020	March 31, 2020	June 5, 2020	0.0200	326.24 million
CMDCI	Common	June 5, 2020	May 29, 2020	June 26, 2020	0.0275	14.66 million
CMGBI	Common	June 5, 2020	May 29, 2020	June 9, 2020	0.0640	21.87 million
CMMBI	Common	June 5, 2020	May 29, 2020	June 9, 2020	6.1820	41.21 million
H101MC	Common	June 15, 2020	June 30, 2020	July 30, 2020	2,835.83	177.24 million
DDMPR	Common	June 30, 2020	June 30, 2020	August 15, 2020	0.0158	281.67 million
DDMPR	Common	November 11, 2020	September 30, 2020	November 11, 2020	0.0177	316.08 million
HOA	Common	December 29, 2020	December 31, 2020	May 31, 2021	201.3700	108.74 million
H101MC	Common	December 29, 2020	December 31, 2020	May 31, 2021	1,746.7500	109.17 million
CMDZI	Common	April 16, 2021	April 30, 2021	April 23, 2021	0.032712	P17.45 million
CMTMI	Common	April 16, 2021	April 30, 2021	May 3, 2021	0.004326	P2.64 million
DDMPR	Common	April 14, 2021	April 28, 2021	May 10, 2021	0.02047718	P365.06 million
CMGBI	Common	April 16, 2021	April 30, 2021	May 20, 2021	0.0533	P18.21 million
CMMBI	Common	April 16, 2021	April 30, 2021	May 26, 2021	3.51	P23.4 million
DDMPR	Common	May 14, 2021	May 28, 2021	June 10, 2021	0.02013600	P358.97 million
DDMPR	Common	August 16, 2021	August 31, 2021	September 13, 2021	0.02777800	P495.21 million
DDMPR	Common	November 15, 2021	November 29, 2021	December 13, 2021	0.02777800	P495.21 million

Total share of noncontrolling interests from these dividends amounted to P1,106.35 million in 2022, P939.04 million in 2021 and P324.62 million in 2020.

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## 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
- Market Risk (Interest Rate Risk and Foreign Currency 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, derivative instrument 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.

As at December 31, 2022 and 2021, receivables from POGO and PAGCOR-accredited BPOs businesses represent about 21% and 27% of the total rent receivables, respectively. As at January 1, 2023, management has discontinued two of the POGO and PAGCOR-accredited BPOs lease and impairments were made as at December 31, 2022.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting period follows:

	Note	2022	2021
Cash and cash equivalents*	7	<b>P5,322,595,660</b>	P7,750,648,478
Receivables**	8	<b>11,959,544,127</b>	8,534,344,159
Due from related parties	23	<b>52,146,970</b>	55,150,000
Derivative asset designated as cash flow hedge***	15	<b>80,718,409</b>	71,044,820
Refundable deposits****	10, 15	<b>198,723,235</b>	178,266,543
		<b>P17,613,728,401</b>	P16,589,454,000

\*Excluding "Cash on hand" account.

\*\*This includes both current and noncurrent portions of the account.

\*\*\* This is presented as part of "Other noncurrent assets" 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, 2022

	Financial Assets at Amortized Cost			Derivative Asset	Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired		
Cash and cash equivalents (excluding cash on hand)	<b>P5,322,595,660</b>	P -	P -	P -	<b>P5,322,595,660</b>
Receivables*	<b>747,988,931</b>	<b>11,211,555,196</b>	<b>207,096,348</b>	-	<b>12,166,640,475</b>
Due from related parties	<b>52,146,970</b>	-	-	-	<b>52,146,970</b>
Derivative asset**	-	-	-	<b>80,718,409</b>	<b>80,718,409</b>
Refundable deposits***	<b>198,723,235</b>	-	-	-	<b>198,723,235</b>
	<b>P6,321,454,796</b>	<b>P11,211,555,196</b>	<b>P207,096,348</b>	<b>P80,718,409</b>	<b>P17,820,824,749</b>

December 31, 2021

	Financial Assets at Amortized Cost				Derivative Asset	Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired			
Cash and cash equivalents (excluding cash on hand)	P7,750,648,478	P -	P -	P -	P7,750,648,478	
Receivables*	772,928,388	7,761,415,771	62,241,911	-	8,596,586,070	
Due from related parties	55,150,000	-	-	-	55,150,000	
Derivative asset**	-	-	-	71,044,820	71,044,820	
Refundable deposits***	178,266,543	-	-	-	178,266,543	
	P8,756,993,409	P7,761,415,771	P62,241,911	P71,044,820	P16,651,695,911	

\*This includes both current and noncurrent portions of the account.

\*\*This is presented as part of "Other noncurrent assets" 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:

2022	Note	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired	Total
			1 to 90 Days	91 to 360 Days	More than 360 Days		
Cash and cash equivalents*	7	P5,332,595,660	P -	P -	P -	P -	P5,332,595,660
Receivables**	8	904,576,805	11,054,967,322	-	-	207,096,348	12,166,640,475
Due from related parties	23	52,146,970	-	-	-	-	52,146,970
Derivative asset***	15	80,718,409	-	-	-	-	80,718,409
Refundable deposits****	10, 15	198,723,235	-	-	-	-	198,723,235
		P6,568,761,079	11,054,967,322	P -	P -	P207,096,348	P17,830,824,749

\*Excluding "Cash on hand" account.

\*\* This includes both current and noncurrent portions of the account.

\*\*\* This is presented as part of "Other noncurrent assets" account.

\*\*\*\*This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.

2021	Note	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired	Total
			1 to 90 Days	91 to 360 Days	More than 360 Days		
Cash and cash equivalents*	7	P7,750,648,478	P -	P -	P -	P -	P7,750,648,478
Receivables**	8	4,112,159,714	1,043,813,337	1,611,229,538	1,767,141,570	62,241,911	8,596,586,070
Due from related parties	23	55,150,000	-	-	-	-	55,150,000
Derivative asset***	15	71,044,820	-	-	-	-	71,044,820
Refundable deposits****	10, 15	178,266,543	-	-	-	-	178,266,543
		P12,167,269,555	P1,043,813,337	1,611,229,538	1,767,141,570	62,241,911	P16,651,695,911

\*Excluding "Cash on hand" account.

\*\* This includes both current and noncurrent portions of the account.

\*\*\* This is presented as part of "Other noncurrent assets" 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	2022			Total
		High Grade	Medium Grade	Low Grade	
Cash and cash equivalents*	7	P5,332,595,660	P -	P -	P5,332,595,660
Receivables**	8	904,576,805	3,501,932,206	7,553,035,116	11,959,544,127
Due from related parties	23	52,146,970	-	-	52,146,970
Derivative asset***	15	80,718,409	-	-	71,044,820
Refundable deposits****	10, 15	198,723,235	-	-	178,266,543
		P6,568,761,079	P3,501,932,206	P7,553,035,116	P17,593,598,120

\*Excluding "Cash on hand" account.

\*\*This includes both current and noncurrent portions of the account.

\*\*\*This is presented as part of "Other noncurrent assets" account.

\*\*\*\*This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.



		2021			
	Note	High Grade	Medium Grade	Low Grade	Total
Cash and cash equivalents*	7	P7,750,648,478	P -	P -	P7,750,648,478
Receivables**	8	4,112,159,714	2,655,042,875	1,767,141,570	8,534,344,159
Due from related parties	23	55,150,000	-	-	55,150,000
Derivative asset***	15	71,044,820	-	-	71,044,820
Refundable deposits****	10, 15	178,266,543	-	-	178,266,543
		P12,167,269,555	P2,655,042,875	P1,767,141,570	P16,589,454,000

\*Excluding "Cash on hand" account.

\*\*This includes both current and noncurrent portions of the account.

\*\*\*This is presented as part of "Other noncurrent assets" 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, 2022				
	Note	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years
<b>Financial Liabilities</b>						
Accounts payable and other current liabilities*	16	P5,579,501,605	P5,579,501,605	P5,579,501,605	P -	P -
Due to related parties	23	567,878,460	567,878,460	567,878,460	-	-
Dividends payable		456,645,828	456,645,828	456,645,828	-	-
Notes payable**	17					-
Bonds payable	17	14,925,384,467	17,450,769,800	902,339,300	16,548,430,500	-
Other noncurrent liabilities*	19	475,362,161	553,093,293	-	553,093,293	-
Lease liabilities	24	1,355,227,048	2,950,141,616	101,624,348	549,084,620	2,299,432,649

\*Excluding statutory obligations, current portion of lease liabilities and unearned rent income account.

\*\*This includes both current and noncurrent portions of the account.

As at December 31, 2021						
	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	P3,198,832,118	P3,198,832,118	P3,198,832,118	P -	P -
Due to related parties	23	727,613,383	727,613,383	727,613,383	-	-
Dividends payable		147,771,638	147,771,638	147,771,638	-	-
Notes payable**	17	36,144,770,474	42,028,299,503	14,669,552,705	27,358,746,798	-
Bonds payable	17	14,897,619,137	18,320,487,600	895,815,000	17,424,672,600	-
Other noncurrent liabilities*	19	406,419,987	577,653,472	-	577,653,472	-
Lease liabilities	24	1,355,227,048	2,873,218,659	102,357,294	537,936,431	2,232,924,934

\*Excluding statutory obligations, current portion of lease liabilities and unearned rent income account.

\*\*This includes both current and noncurrent portions of the account.

## Market Risks

### Interest Rate Risk

The Group's interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. Except for term loan with outstanding balance of P734.68 million as at December 31, 2022 and 2021, which bears interest which bears variable interest and subject to quarterly repricing, the Group' short-term and long-term bank borrowings are with fixed interest rates. Therefore, the effect of changes in interest rates has no significant impact to the Group.

### Foreign Currency Risk

The functional currency is the Philippine peso, which is the denomination of the bulk of the Group's revenues. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group enters into foreign currency hedge using derivative instruments, such as foreign currency calls spread swap, to manage its foreign currency risk exposure, specifically the foreign currency risk on its foreign currency- denominated notes.

The Group's foreign currency-denominated monetary liabilities pertain mainly to long-term notes. Outstanding US Dollar (USD) balance amounted to USD 160.00 million, equivalent to P8.92 billion and USD73.87 million, equivalent to P3.77 billion, as at December 31, 2022 and 2021, respectively.

Foreign exchange loss amounted to P494.72 million and P143.77 million in 2022 and 2021, respectively. This is mainly due to the movements of the Philippine peso against the USD. USD to Philippine peso conversion in 2022 and 2021 is P55.76 and P51.00, respectively.

The Group has minimal exposure in foreign currency risk in 2020.

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios. A P1 decrease in the US Dollar exchange rate would result in an increase in equity by P160.00 million and P73.79 million in 2022 and 2021, respectively. A P1 increase would have an opposite effect.

### 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.

*Derivative Asset.* The fair value of forward exchange contracts is calculated by reference to current forward exchange rates. Fair value for stand-alone derivative instrument that is not quoted from an active market and for embedded derivatives is based on valuation models used for similar instruments using both observable and non-observable inputs. The fair value of the derivative asset has been categorized as Level 3 in the fair value hierarchy.

The table show the valuation techniques used in measuring Level 3 fair value, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Foreign exchange currency call spread swap	Black-Scholes pricing model and Stochastic model	Call spread	The estimated fair value would increase/(decrease) if the call spread is lower/(higher).
		Reference forward exchange rate of PHP against USD	The estimated fair value would increase/(decrease) if the reference forward exchange rate of PHP would depreciate/(appreciate) against USD

#### *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, 2022 and 2021 amounted to P14.59 billion and P13.12 billion, respectively. Fair value of long-term notes payable as at December 31, 2022 and 2021 amounted to P18.31 billion and P22.60 billion, respectively.

### Derivative Instruments Accounted for as Cash Flow Hedges

#### Call Spread Swap

As at December 31, 2022 and 2021, the Group has outstanding call spread swaps designated as cash flow hedges with an aggregate notional amount of USD 75.00 million, and with an average strike rate range of P50 to P55. The call spread swap is designated to hedge foreign currency exposure on USD notes maturing on July 25, 2025. As at December 31, 2022 and 2021, the positive fair value of the call spread swaps, included under “Other noncurrent assets” account amounted to P80.72 million and P71.04 million, respectively (Note 15).

The hedge was assessed to be effective as the critical terms of the hedged item match the hedging instrument. No ineffectiveness was recognized in the consolidated statements of comprehensive income for the year ended December 31, 2022 and 2021.

#### 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, 2022 and 2021. The Group is not subject to externally-imposed capital requirements.

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### **30. Note to Consolidated Statements of Cash Flows**

The Group’s noncash activities are as follows:

- a. Capitalized borrowing cost on “Investment property” account amounting to P2,002.16 million in 2022;
- b. Capitalized borrowing cost on “Investment property” account amounting to P2,031.68 million in 2021;
- c. Capitalized borrowing cost on “Investment property” account amounting to P2,578.87 million in 2020; and
- d. Movement in receivables also includes transfer of leasehold improvements of tenants with pre-terminated contracts amounting to P1,088.79 million in 2022.

## Changes in Liabilities Arising from Financing Activities

	January 1, 2022	Cash Flows	Other Movements	December 31, 2022
<b>Bonds payable</b>	<b>P14,897,619,137</b>	<b>P -</b>	<b>P27,765,330</b>	<b>P14,925,384,467</b>
<b>Loans and notes payable</b>	<b>36,144,770,474</b>	<b>4,919,775,900</b>	<b>57,665,586</b>	<b>41,122,211,960</b>
<b>Lease liabilities</b>	<b>1,355,227,048</b>	<b>(242,819,780)</b>	<b>-</b>	<b>1,112,407,268</b>
<b>Other noncurrent liabilities</b>	<b>1,135,495,249</b>	<b>284,441,954</b>	<b>130,639,649</b>	<b>1,550,576,852</b>
<b>Total liabilities from financing activities</b>	<b>P53,533,111,908</b>	<b>P4,961,398,074</b>	<b>P216,070,565</b>	<b>P58,710,580,547</b>

	January 1, 2021	Cash Flows	Other Movements	December 31, 2021
Bonds payable	P14,870,270,989	P -	P27,348,148	P14,897,619,137
Loans and notes payable	32,669,689,663	3,409,644,816	65,435,995	36,144,770,474
Lease liabilities	1,367,640,312	(12,413,264)	-	1,355,227,048
Other noncurrent liabilities	1,451,319,117	(360,399,259)	44,575,391	1,135,495,249
Total liabilities from financing activities	P50,358,920,081	P3,036,832,293	P137,359,534	P53,533,111,908

Other movements pertain to interest expense from amortization of debt issue cost, discount on security deposits, foreign currency translation, amortization of lease liabilities and adoption of PFRS 16.

Dividends paid in 2022 and 2021 amounted to P1,990.24 million and P2,064.74 million, respectively.

Loans and notes payable is composed of the following:

	2022	2021
Short-term loans payable and current maturities of long-term notes payable, net of debt issue costs	<b>P12,533,818,782</b>	P14,618,971,659
Long-term notes payable - net of current maturities and debt issue costs	<b>28,588,393,178</b>	21,525,798,815
	<b>P41,122,211,960</b>	P36,144,770,474

## **31. Other Matters**

### Bayanihan Act

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) No. 25-2020 to implement Section 4 of RA No. 11494 ("Bayanihan to Recover as One Act"), relative to NOLCO which provides that the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next five consecutive taxable years following the year such loss was incurred.

#### CREATE Act

The CREATE Act, which seeks to reduce the corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted and performance-based, was passed into law on March 26, 2021. One of the key provisions of the CREATE Law is an immediate 5% to 10% point cut in the regular corporate income tax rate and 1% point cut in the minimum corporate income tax rate starting July 1, 2020.

The impact on the December 31, 2020 consolidated financial statements of the Group were recognized as at and for the year ended December 31, 2021 as follows:

	<b>Increase (Decrease)</b>
<b>ASSETS</b>	
Deferred tax assets	<b>(P383,120,749)</b>
<b>LIABILITIES AND EQUITY</b>	
Income tax payable	<b>(P32,902,952)</b>
Deferred tax liabilities	<b>(3,055,696,618)</b>
Retained earnings	<b>2,701,509,554</b>
Reserves	<b>3,969,267</b>
	<b>(P383,120,749)</b>
<b>Provision for Income Tax</b>	
Current	<b>(P32,902,952)</b>
Deferred	<b>(2,668,606,602)</b>
	<b>(2,701,509,554)</b>
<b>Other Comprehensive Income</b>	<b>P3,969,267</b>

#### Impact of Corona Virus Disease (COVID-19)

The Group's properties have continued to be operational during the COVID 19 pandemic and continues to provide services to various communities during the imposition of community quarantine measures across the country. The Group has adjusted its project completion targets due to construction constraints arising from the COVID-19 outbreak and the community quarantine measures implemented in the Philippines since mid-March of 2020. Effect of COVID-19 to the Group's operations follow:

##### *CityMalls*

Permanent closures among CityMall tenants were minimal as majority of the leasable space within each CityMall are anchor tenants like supermarkets, pharmacies, money remittance shops, medical clinics, food and banks which provide essential goods and services that cater to the general good of the public especially during these periods.

##### *Office Leasing*

The Group's office leasing segment anticipates that its rent income will remain stable as a majority of its lease contracts have fixed rates and are covered for the duration of their lease terms by postdated checks, ample security deposits and advance rentals.

In compliance with the Government's mandate to support micro, small and medium enterprises ("MSMEs") and other tenants during the COVID-19 pandemic, the Group granted concessions to its retail and office tenants: the waiver of interest and penalties during the Enhanced Community Quarantine (ECQ) and Modified ECQ (MECQ) period; rental discounts for all food tenants and MSME retail tenants; and the deferral of rental payments in accordance with the Bayanihan Act and the Bayanihan 2 Act. These concessions were granted subject to conditions like the applicable tenant's commitment to settle any rental in arrears, continuous operation of retail tenants and the receipt of post-dated checks for the rent deferral or installment payments.

#### *CentralHub*

CentralHub sites nationwide are leased to companies involved in fast-moving consumer goods distribution and food production which are priority industries the Government mandated to be fully operational during the imposition of the community quarantine measures for the benefit of the nation and its people.

#### *Hotel Operation*

Despite the COVID-19 outbreak significantly affecting the tourism industry, the average hotel occupancy of the Group's hotel properties have remained stable as it provided accommodation to employees of BPO companies even at the height of the pandemic.

The Group closely monitors updates from the Philippine Department of Health and other reliable sources publishing information regarding COVID-19 and shall continue to comply with all government-mandated measures relating to COVID-19. Despite this challenging business environment, the Group does not foresee any going concern issue affecting its business operations and the Group projects that it would continue to report positive results of operations and would remain liquid to meet current obligation as it falls due.

#### Events after Reporting Period

The following are the events after the reporting date:

- a. On March 16, 2023, the Parent Company declared a regular cash dividend to the preferred shareholders amounting to P1.61945 per share. The regular dividend was paid to all preferred shareholders on record as at March 30, 2023 and paid on April 14, 2023.
- b. On April 17, 2023, the BOD of DDMPR approved a regular cash dividend to the common shareholders in the gross amount of P403,968,583 or P0.0226599 per share. The regular dividends will be paid to all Common Shareholders on record as of May 5, 2023 and will be paid on May 31, 2023.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The management of **DoubleDragon Corporation and Subsidiaries** (formerly DoubleDragon Properties Corp. and Subsidiaries) (the "Group"), is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2022, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

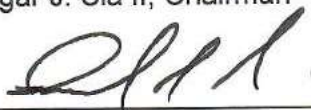
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the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

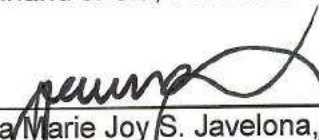
The Board of Directors (BOD) is responsible for overseeing the Group's financial reporting process.

The BOD reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.


R.G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the consolidated 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

Signature   
Ferdinand J. Sia, President

Signature   
Rizza Marie Joy S. Javelona, Treasurer

SUBSCRIBED AND SWORN TO BEFORE ME, THIS APR 17 2023  
PASAY CITY, PHILIPPINES, AND BY ME, BEARING  
SHERIFF PHOTOGRAPH AND SIGNATURE AS COMPETENT PROOF OF IDENTITY.

  
ATTY. JOHN MANUEL B. BAUTISTA  
NOTARY PUBLIC  
Until December 31, 2023  
Attorney's Roll No. 51344  
COMM. NO. 22-13/08-01-22/Pasay City  
IBP No. 307565/01-31-2023/Pasig City  
PTR. No. 8066916 / 01-05-2023/Pasay City  
ICLE No. VII-0018852/05-25-2022/Pasig City

DOC NO. 301  
PAGE NO. 62  
BOOK NO. 24  
SERIES OF 2023





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Internet [www.home.kpmg/ph](http://www.home.kpmg/ph)  
Email [ph-inquiry@kpmg.com](mailto:ph-inquiry@kpmg.com)

**REPORT OF INDEPENDENT AUDITORS  
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING  
WITH THE SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and Stockholders  
**DoubleDragon Corporation**  
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 Corporation, formerly DoubleDragon Properties Corp and its subsidiaries (the “Group”) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated April 17, 2023.

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

Firm Regulatory Registration & Accreditation:  
PRC-BOA Registration No. 0003, valid until November 21, 2023  
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024  
financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)  
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024  
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)  
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024  
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



These supplementary information are 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. 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.**

A handwritten signature in black ink, appearing to read 'D. Virocel', with a stylized flourish at the end.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years  
covering the audit of 2019 to 2023 financial statements

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

Issued June 27, 2022; valid until June 27, 2025

PTR No. MKT 9563853

Issued January 3, 2023 at Makati City

April 17, 2023

Makati City, Metro Manila



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Email [ph-inquiry@kpmg.com](mailto:ph-inquiry@kpmg.com)

## **REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Board of Directors and Stockholders  
**DoubleDragon Corporation**  
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 Corporation, formerly DoubleDragon Properties Corp., and its subsidiaries (the “Group”) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated April 17, 2023.

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.

Firm Regulatory Registration & Accreditation:  
PRC-BOA Registration No. 0003, valid until November 21, 2023  
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024  
financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)  
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024  
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)  
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024  
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



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, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

**R.G. MANABAT & CO.**

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years  
covering the audit of 2019 to 2023 financial statements

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

Issued June 27, 2022; valid until June 27, 2025

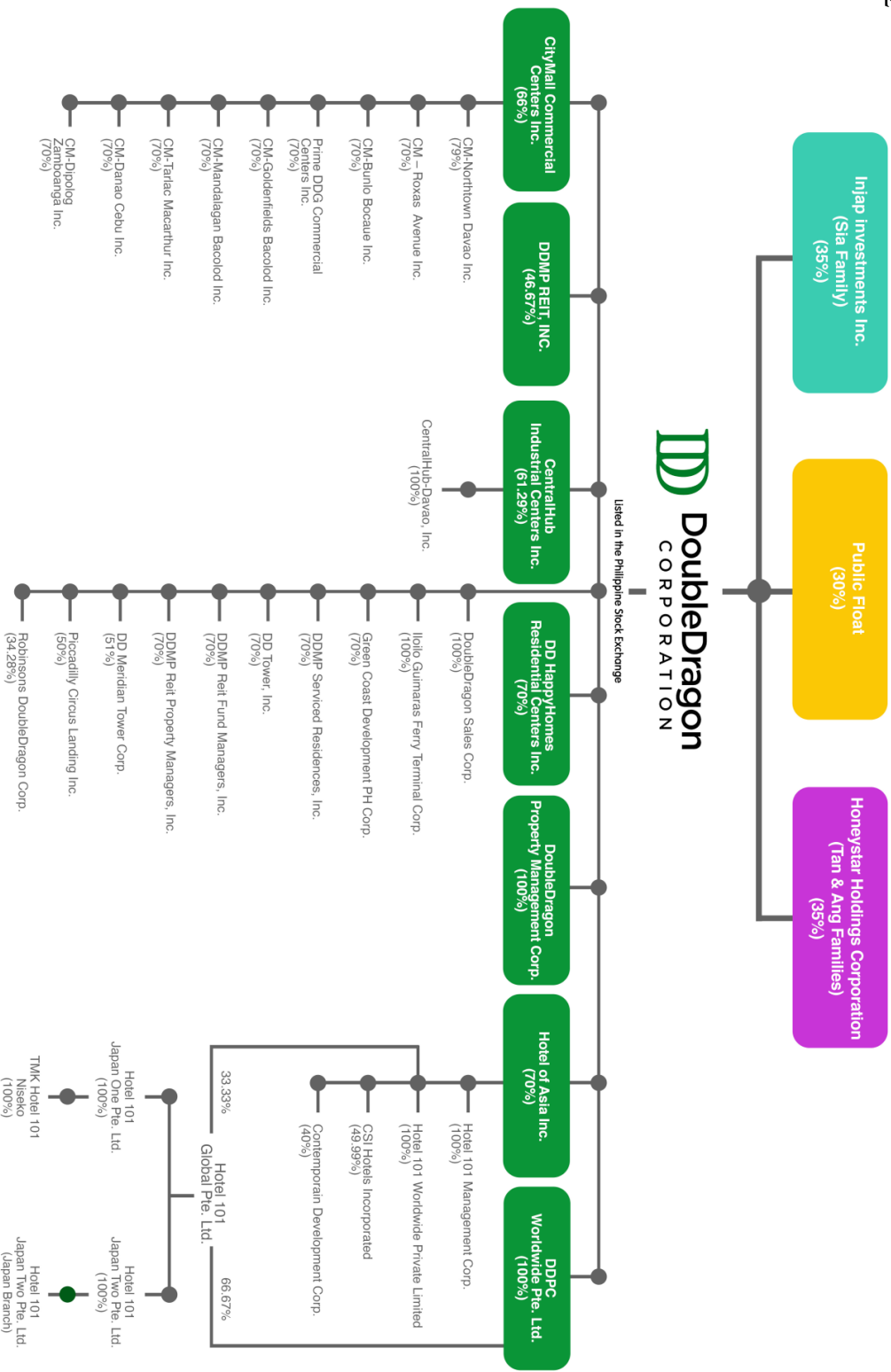
PTR No. MKT 9563853

Issued January 3, 2023 at Makati City

April 17, 2023

Makati City, Metro Manila

# DOUBLEDRAGON CORPORATION CONGLOMERATE MAP DECEMBER 31, 2022



**DOUBLEDRAGON CORP. AND SUBSIDIARIES**  
**SCHEDULE A - FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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	5,547,000,190	5,547,000,190	13,539,116
Receivables	N/A	11,802,956,253	11,802,956,253	-
Due from related parties	N/A	52,146,970	52,146,970	-
Refundable deposits	N/A	6,734,582	6,734,582	-

**DOUBLEDRAGON CORP. AND SUBSIDIARIES**  
**SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND**  
**PRINCIPAL STOCKHOLDERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Name and designation of debtor (i)	Balance at beginning of period (Php)	Additions (Php)	Amounts collected (ii) (Php)	Amounts written off (iii) (Php)	Current (Php)	Not Current (Php)	Balance at end of period (Php)
<i>Receivables</i>							
Daythree Realty Corporation (Related Party)	55,000,000	-	3,003,030	-	51,966,970	-	51,996,970
Galleria Zamboanga, Inc. (Related Party)	150,000	-	-	-	150,000	-	150,000

**DOUBLEDRAGON 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, 2022**

Name and designation of debtor (i)	Balance at beginning of period (PhP)	Additions- net (PhP)	Amounts eliminated (ii) (PhP)	Amounts written off (iii) (PhP)	Current (PhP)	Not Current (PhP)	Balance at end of period (PhP)
<i>Receivables/Advances</i>							
CityMall Commercial Centers, Inc. (Subsidiary)	-	3,905,381,549	38,319,787,216	-	16,615,343,170	21,704,444,046	-
DD HappyHomes Residential Centers Inc. (Subsidiary)	-	6,221,336	348,540,624	-	280,657,758	67,882,866	-
DDMP REIT, INC. (formerly DD-Meridian Park Development Corp.) (Subsidiary)	-	-	-	-	-	-	-
DoubleDragon Property Management Corp. (Subsidiary)	-	119,855,799	1,871,629,688	-	1,857,407,209	14,222,479	-
Prime DDG Commercial Centers Inc. (Subsidiary)	-	62,151,914	165,781,178	-	1,150,926	164,630,252	-
DoubleDragon Sales Corp. (Subsidiary)	-	30,622,999	1,124,878,739	-	938,828,739	186,050,000	-
Piccadilly Circus Landing Inc. (Subsidiary)	-	(2,800,000)	10,207,533	-	5,707,533	4,500,000	-
Iloilo-Guimars Ferry Terminal Corp. (Subsidiary)	-	535,692	9,505,641	-	8,970,049	535,592	-
CM-Mandalagan Bacolod, Inc. (Subsidiary)	-	3,827	29,735	-	29,735	-	-
CM-Goldenfields Bacolod, Inc. (Subsidiary)	-	(52,783,136)	1,294,885	-	1,294,885	-	-
CM-Tarlac McArthur, Inc. (Subsidiary)	-	(6,857,451)	766,522	-	766,522	-	-
<i>Forward</i>							



Name and designation of debtor (i)	Balance at beginning of period (PhP)	Additions- net (PhP)	Amounts eliminated (ii) (PhP)	Amounts written off (iii) (PhP)	Current (PhP)	Not Current (PhP)	Balance at end of period (PhP)
CM-Danao Cebu, Inc. (Subsidiary)	-	(19,334,670)	639,116	-	639,116	-	-
CM-Dipolog Zamboanga, Inc. (Subsidiary)	-	(165,470,009)	343,580	-	343,580	-	-
CM-Northtown Davao, Inc. (Subsidiary)	-	-	750	-	750	-	-
Hotel of Asia, Inc. (Subsidiary)	-	776,261,588	2,474,129,533	-	1,491,114,372	983,015,161	-
Hotel 101 Management Corporation (Subsidiary)	-	278,400	16,805,256	-	3,899,880	12,905,376	-
CSI Hotels Incorporated (Subsidiary)	-	-	1,150	-	1,150	-	-
Centralhub Industrial Centers, Inc. (Subsidiary)	-	(666,994,197)	-	-	-	-	-
DD Meridian Tower Corp. (Subsidiary)	-	(105,690,023)	59,930	-	59,930	-	-
CM-Bunlo Bocause, Inc. (Subsidiary)	-	(47,631,452)	750	-	750	-	-
CM-Roxas Avenue, Inc. (Subsidiary)	-	(3,369,136)	6,309,782	-	6,309,782	-	-
Green Coast Development PH Corp. (Subsidiary)	-	69,720	759,362	-	759,362	-	-
Hotel101 Worldwide Private Limited (Subsidiary)	-	2,420,558	8,426,528	-	8,426,528	-	-
Robinsons DD Corp. (Affiliate)	-	3,192	-	-	-	-	-
DDPC Worldwide Pte Ltd (Subsidiary)	-	457,921,825	483,948,777	-	346,802,057	137,146,720	-
DD Tower, Inc. (Subsidiary)	-	(450,683,028)	47,683,477	-	14,339,390	33,344,087	-
DDMP Serviced Residences, Inc. (Subsidiary)	-	512,390	6,071,497	-	6,071,497	-	-
DDMP REIT Fund Managers, Inc. (Subsidiary)	-	19,698	19,698	-	19,698	-	-
DDMP REIT Property Managers, Inc. (Subsidiary)	-	-	-	-	-	-	-

**DOUBLEDRAGON CORP. AND SUBSIDIARIES**  
**SCHEDULE D - LONG-TERM DEBT**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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	9,881,010,000	9,881,010,000	-
Notes	31,602,312,831	2,652,808,782	28,949,504,049
Bonds	15,000,000,000	-	14,897,619,137

**DOUBLEDRAGON CORP. AND SUBSIDIARIES**  
**SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Name of related party (i)	Balance at beginning of period (PhP)	Balance at end of period (ii) (PhP)
Injap Investments Inc. (Parent Company)	-	-
Galleria Zamboanga, Inc. (Related Party)	383,281,305	383,281,305
ALN Group of Companies (Related Party)	6,739,154	16,739,155
Simon Paz (Related Party)	122,400,000	122,400,000
W2JP2 Corp. (Related Party)	45,458,000	45,458,000
Green Coast Shareholders (Related Party)	13,759,289	-
Federated Realty Corp.	155,975,635	-

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 SECURITIES OF OTHER ISSUERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (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 CORP. AND SUBSIDIARIES**  
**SCHEDULE G- CAPITAL STOCK**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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	2,373,100,600	9,850,000	1,671,381,902	10	701,718,688
Preferred shares	100,000,000	100,000,000	-	50,000	-	99,950,000
Treasury shares	-	28,072,000	-	-	-	-

**RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION  
AS OF DECEMBER 31, 2022**

**DOUBLEDRAGON CORPORATION**

DD Headquarters, 10<sup>th</sup> Floor, Tower 1, DoubleDragon Plaza  
DD Meridian Park Cor. Macapagal Ave. and Edsa extension  
Bay Area Pasay City

Unappropriated Retained Earnings, beginning	<b>P11,420,321,825</b>
Adjustments: (see adjustments in previous year's reconciliation)	<b>(8,389,942,708)</b>
Unappropriated Retained Earnings, as adjusted, beginning	<b>3,030,379,117</b>
Add: <b>Net income actually earned/realized during the period</b>	2,936,371,432
Net Income during the period closed to Retained Earnings	
Less: <b>Non-actual/unrealized income net of tax:</b>	
Equity in net income of associates	-
Unrealized foreign exchange gain (except those attributable to Cash and Cash Equivalents)	2,851,516,500
Unrealized actuarial gain (loss)	
Fair value adjustments (mark-to-market gains)	-
Fair value adjustments of Investment Property resulting to gain	-
Adjustment due to deviation from PFRS - gain	-
Adjustment in deferred tax due to change in rate	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	8,407,726
Sub-total	<b>2,859,924,226</b>
Add: <b>Non-actual losses</b>	
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	-
<b>Net Income actually earned during the period</b>	<b>76,447,206</b>
Add (Less):	
Dividends declarations during the period	(1,192,764,647)
Appropriations of Retained Earnings during the period	-
Reversal of appropriations	-
Effects of prior period adjustments	-
Treasury shares	-
Sub-Total	<b>(1,192,764,647)</b>
<b>TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND</b>	<b>P1,914,061,676</b>

**FINANCIAL RATIOS - KEY PERFORMANCE INDICATORS**  
AS OF DECEMBER 31, 2022

	2022	2021
1. Current Ratio	<b>1.27</b>	1.20
2. Asset to Equity Ratio	<b>1.92</b>	2.04
3. Debt to Equity Ratio (Gross)	<b>0.69</b>	0.74
4. Debt to Equity Ratio (Net Basis)	<b>0.62</b>	0.62
5. Return on Equity	<b>12.93%</b>	19.79%
6. Net Income to Revenue (Net Profit Margin)	<b>39.29%</b>	46.49%
7. Revenue Growth	<b>-11.27%</b>	11.66%
8. EBITDA	<b>P10.39 million</b>	P12.91 million
9. Solvency Ratio	<b>0.17</b>	0.16
10. Income Growth	<b>-25.02%</b>	76.98%
11. Acid Test Ratio	<b>0.85</b>	0.82
12. Interest Coverage Ratio	<b>3.32</b>	3.92

## **ANNEX D.5**

### **Unaudited Interim Consolidated Financial Statements as of June 30, 2023**



# **DOUBLEDRAGON CORPORATION AND SUBSIDIARIES**

**UNAUDITED CONDENSED  
INTERIM FINANCIAL STATEMENTS  
As of June 30, 2023 and December 31, 2022 and  
For the Six Months Ended June 30, 2023 and 2022**

**DOUBLEDragon CORPORATION AND SUBSIDIARIES**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

	(Unaudited) June 30, 2023	(Audited) December 31, 2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P6,539,996,142	P5,547,000,190
Receivables – net	14,677,423,558	11,802,956,253
Inventories	3,006,116,361	2,857,589,016
Due from related parties	52,146,970	52,146,970
Prepaid expenses and other current assets - net	6,166,240,978	5,721,899,025
<b>Total Current Assets</b>	<b>30,441,924,009</b>	25,981,591,454
<b>Noncurrent Assets</b>		
Receivables - net of current portion	220,871,952	156,587,874
Property and equipment - net	1,328,202,992	709,212,832
Goodwill and other intangible assets	1,119,966,192	1,110,495,457
Investment property	127,240,408,604	126,150,988,095
Deferred tax assets	100,221,815	161,343,987
Other noncurrent assets	2,524,188,577	2,530,300,751
<b>Total Noncurrent Assets</b>	<b>132,533,860,132</b>	130,818,928,996
	<b>P162,975,784,141</b>	P156,800,520,450
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities	P6,054,746,528	P6,680,117,972
Short-term loans payable and current maturities of long-term notes payable, net of debt issue costs	14,267,630,903	12,533,818,782
Customers' deposits	343,082,223	153,723,291
Due to related parties	558,371,559	567,878,460
Dividends payable	1,109,111,569	456,645,828
<b>Total Current Liabilities</b>	<b>22,332,942,782</b>	20,392,184,333
<b>Noncurrent Liabilities</b>		
Long-term notes payable - net of current maturities and debt issue costs	33,145,804,253	28,588,393,178
Bonds payable - net of bond issue costs	14,941,862,172	14,925,384,467
Lease liabilities - noncurrent portion	1,016,870,688	1,043,542,515
Deferred tax liabilities	8,470,211,177	8,560,424,714
Customers' deposits - net of current portion	81,521,384	104,403,289
Retirement benefits liability	30,036,573	30,036,573
Other noncurrent liabilities	1,311,635,155	1,550,576,852
<b>Total Noncurrent Liabilities</b>	<b>58,997,941,402</b>	54,802,761,588
<b>Total Liabilities</b>	<b>81,330,884,184</b>	75,194,945,921

Forward

	(Unaudited) June 30, 2023	(Audited) December 31, 2022
<b>Equity Attributable to Equity Holders of the Parent Company</b>		
Capital stock	P10,237,310,060	P10,237,310,060
Additional paid-in capital	5,540,589,852	5,540,589,852
Retained earnings	29,396,294,470	29,610,178,785
Treasury stock	(391,673,305)	(391,673,305)
Reserves	(79,957,722)	(79,957,722)
	<b>44,702,563,355</b>	44,916,447,670
<b>Non-controlling Interests</b>	<b>36,942,336,602</b>	36,689,126,859
<b>Total Equity</b>	<b>81,644,899,957</b>	81,605,574,529
	<b>P162,975,784,141</b>	P156,800,520,450

**DOUBLEDRAGON CORPORATION AND SUBSIDIARIES**  
**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Unaudited</b>	
	<b>For the Six Months Ended</b>	
	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>INCOME</b>		
Rent income	<b>P1,949,463,097</b>	P1,621,613,703
Real estate sales	<b>629,252,451</b>	835,394,089
Hotel revenues	<b>292,884,479</b>	219,203,148
Interest income	<b>72,582,057</b>	32,009,485
Others – net	<b>999,195,793</b>	702,532,032
	<b>3,943,377,877</b>	3,410,752,457
<b>COSTS AND EXPENSES</b>		
Cost of real estate sales	<b>327,869,499</b>	463,111,118
Cost of hotel operations	<b>212,715,564</b>	123,774,283
Selling expenses	<b>62,098,693</b>	100,801,842
General and administrative expenses	<b>873,380,107</b>	724,158,674
Interest expense	<b>762,885,196</b>	574,035,292
	<b>2,238,949,059</b>	1,985,881,209
<b>INCOME BEFORE INCOME TAX</b>	<b>1,704,428,818</b>	1,424,871,248
<b>INCOME TAX EXPENSE (BENEFIT)</b>	<b>106,751,008</b>	(164,176,004)
<b>NET INCOME/COMPREHENSIVE INCOME</b>	<b>P1,597,677,810</b>	P1,589,047,252
<b>Net income attributable to:</b>		
Equity holders of the Parent Company	<b>P805,521,190</b>	P986,768,873
Non-controlling interest	<b>792,156,620</b>	602,278,379
	<b>P1,597,677,810</b>	P1,589,047,252

**DOUBLED DRAGON CORPORATION AND SUBSIDIARIES**  
**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME**

	(Unaudited)	
	For the quarter ended June 30	
	2023	2022
<b>INCOME</b>		
Rent income	P1,131,847,585	P718,440,198
Real estate sales	335,968,064	513,272,994
Hotel revenues	145,297,979	99,676,113
Interest income	66,321,303	30,046,429
Others – net	548,519,448	334,938,511
	<b>2,227,954,379</b>	<b>1,696,374,245</b>
<b>COSTS AND EXPENSES</b>		
Cost of real estate sales	172,845,463	318,974,728
Cost of hotel operations	107,880,174	46,899,650
Selling expenses	34,728,226	34,932,020
General and administrative expenses	466,074,443	306,431,593
Interest expense	302,873,575	189,949,004
	<b>1,084,401,881</b>	<b>897,186,995</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>1,143,552,498</b>	<b>799,187,250</b>
<b>INCOME TAX EXPENSE (BENEFIT)</b>	<b>65,963,866</b>	<b>(320,597,003)</b>
<b>NET INCOME/COMPREHENSIVE INCOME</b>	<b>P1,077,588,632</b>	<b>P1,119,784,253</b>
<b>Net income attributable to:</b>		
Equity holders of the Parent Company	<b>P637,758,484</b>	<b>P696,004,134</b>
Non-controlling interest	<b>439,830,148</b>	<b>423,780,119</b>
	<b>P1,077,588,632</b>	<b>P1,119,784,253</b>

**DOUBLEDRAAGON CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONDENSED INTERIM**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2023 and 2022**

	2023		2022	
	Number of Shares	Amount (PHP)	Number of Shares	Amount (PHP)
<b>CAPITAL STOCK</b>				
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 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
<b>Balance at June 30</b>		<b>10,237,310,060</b>		<b>10,237,310,060</b>
<b>ADDITIONAL PAID-IN CAPITAL</b>		<b>5,540,589,852</b>		<b>5,540,589,852</b>
<b>RETAINED EARNINGS</b>				
Balance at beginning of year		29,610,178,785		25,251,421,362
Net income for the period		805,521,190		986,768,873
Dividends declared		(1,019,405,505)		(323,890,000)
<b>Balance at June 30</b>		<b>29,396,294,470</b>		<b>25,914,300,235</b>
<b>RESERVES</b>		<b>(79,957,722)</b>		<b>117,125,176</b>
<b>LESS: TREASURY SHARES</b>				
Common shares	(28,072,000)	(391,673,305)	(28,072,000)	(391,673,305)
<b>NON-CONTROLLING INTEREST</b>				
Balance at beginning of year		36,689,126,859		28,329,166,783
Net income for the period		792,156,620		602,278,379
Dividends declared		(538,946,877)		(617,315,611)
Additional contribution from non-controlling interests		-		2,099,368,001
<b>Balance at June 30</b>		<b>36,942,336,602</b>		<b>30,413,497,552</b>
		<b>81,644,899,957</b>		<b>71,831,149,570</b>

**DOUBLED DRAGON CORPORATION AND SUBSIDIARIES**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**

	<b>Unaudited</b>	
	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>P1,704,428,818</b>	P1,424,871,248
Adjustments for:		
Interest expense	<b>762,885,196</b>	574,035,292
Depreciation and amortization	<b>29,903,273</b>	67,023,884
Interest income	<b>(72,582,057)</b>	(32,009,485)
Impairment loss on receivables	<b>4,298,018</b>	13,254,368
Operating income before working capital changes	<b>2,428,933,248</b>	2,047,175,307
Decrease (Increase) in:		
Receivables	<b>(2,437,953,881)</b>	(943,164,361)
Inventories	<b>(148,527,345)</b>	268,067,941
Due from related parties	<b>-</b>	3,003,030
Prepaid expenses and other current assets	<b>(677,842,608)</b>	299,984,597
Increase (Decrease) in:		
Accounts payable and other current liabilities	<b>(599,876,084)</b>	(656,300,235)
Customers' deposits	<b>189,358,932</b>	(53,596,978)
Due to related parties	<b>(9,506,901)</b>	(169,234,924)
Cash generated from (absorbed by) operations	<b>(1,255,414,639)</b>	795,934,377
Interest received	<b>72,582,057</b>	32,009,485
Interest paid	<b>(1,972,978,549)</b>	(1,472,067,354)
Income tax paid	<b>(629,475)</b>	(1,293,393)
Net cash provided by (used in) operating activities	<b>(3,156,440,606)</b>	(645,416,885)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to:		
Investment property	<b>(544,240,732)</b>	(724,079,446)
Property and equipment	<b>(648,893,433)</b>	(69,307,161)
Other intangible assets	<b>-</b>	(1,357,191)
Decrease (Increase) in other noncurrent assets	<b>6,112,174</b>	20,639,615
Net cash used in investing activities	<b>(1,187,021,991)</b>	(774,104,183)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from:		
Availment of notes, net of debt issue costs	<b>7,308,157,858</b>	9,871,469,293
Subscription of common shares	<b>-</b>	10,000,000
Payments of:		
Notes and loans	<b>(1,035,758,224)</b>	(7,123,714,621)
Dividends	<b>(674,117,483)</b>	(941,086,076)
Increase (decrease) in other noncurrent liabilities	<b>(261,823,602)</b>	(284,484,395)
Net cash provided (used) by financing activities	<b>5,336,458,549</b>	1,532,184,201
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>992,995,952</b>	112,663,133
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>5,547,000,190</b>	7,763,034,480
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>P6,539,996,142</b>	P7,875,697,613

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**DOUBLEDRAGON CORPORATION AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL**  
**STATEMENTS**

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**1. Reporting Entity**

DoubleDragon Corporation, formerly 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”.

On April 14, 2021, the Board of Directors (BOD) of DD approved the amendment in the articles of incorporation (AOI) which will change the name of the Parent Company to DoubleDragon Corporation, change its primary and secondary purposes to transform it into an investment and holding company, and change the corporate life of the Parent Company to perpetual. On July 30, 2021, the stockholders ratified the amendment in the AOI. On November 18, 2021, the SEC approved the change in the AOI.

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.

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**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, 2022. 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 Corporation. and Subsidiaries (collectively referred to as the “Group”) as at and for the year ended December 31, 2022. 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 are presented in Philippine peso and all values are rounded off to the nearest peso, except when otherwise indicated.



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### 3. Summary of Significant Accounting Policies

Except as described below, the accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its financial statements as of and for the year ended December 31, 2022. The following changes in accounting policies are also expected to be reflected in the Company's financial statements as of and for the year ended December 31, 2023.

**Adoption of New or Revised Standards, Amendments to Standards and Interpretations** The Company has adopted the following new standards, amendments to standards and interpretations starting January 1, 2023 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Company's financial statements.

#### *Effective January 1, 2023*

- *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).* To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Definition Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a entity's financial statements.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures.

The amendments are effective from January 1, 2023. Earlier application is permitted.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12 Income Taxes)*. The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

*Effective January 1, 2024*

- *Lease Liability in a Sale and Leaseback (Amendments to PFRS 16 Leases)*. The amendments confirm the following:
  - On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
  - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. For example, the seller-lessee could determine the lease payments to be deducted from the lease liability as expected lease payments or as equal periodic payments over the lease term, with the difference between those payments and amounts actually paid recognized in profit or loss.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Under PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of PFRS 16.

- *Classification of Liabilities as Current or Noncurrent - 2020 amendments and Non-Current Liabilities with Covenants - 2022 amendments (Amendments to PAS 1, Presentation of Financial Statements)*. To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
  - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;

- provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
- clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

*Deferral of the local implementation of Amendments to PFRS 10 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 Consolidated Financial Statements and PAS 28 Investments in Associates and Joint Ventures).* The amendments address an inconsistency between the requirements in PFRS 10 and in 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 FSRSC decided to postpone the effective date of these amendments 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.

Deferral of the following provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23)

- *PIC Q&A 2018-12-D.* The mismatch between the percentage of completion of the Group's real estate projects and right to an amount of consideration based on the schedule of payments, as stated in the contract to sell, would constitute a significant financing component. Interest income is recognized if the percentage of completion of real estate projects is higher than the right to an amount of consideration while interest expense is recognized if the latter is higher.

On October 25, 2018 and February 8, 2019, the SEC en banc, through the issuance of SEC Memorandum Circular No. 14, Series of 2018 and SEC Memorandum Circular No. 3, Series of 2019, respectively, decided to provide a relief to the real estate industry by deferring the application of the above PIC Q&As for a period of three (3) years.

- 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.

On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

After the deferral period, the Group will adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

The Group availed of the SEC relief on the accounting for significant financing component of PIC Q&A 2018-12-D and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23). Had this provision been adopted, the Group assessed that the impact would have been as follows:

- Adoption of PIC Q&A 2018-12-D would have impacted interest income, interest expense, revenue from real estate sales, installment contract receivables and deferred taxes for all years presented and the opening balance of retained earnings. These would have impacted the cash flows from operations and cash flows from financing activities for all years presented.
- Adoption of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) would have impacted real estate inventory, interest expense and cost of real estate sales for all years presented and the opening balance of retained earnings. These would have impacted the cash flows from operations.

The Group is still in the process of assessing the impact of these deferred provisions.

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#### **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, 2022.

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## 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 2023 and 2022, 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, 2023**

	Real Estate Development	Retail Leasing	Office Leasing	Industrial Leasing	Hospitality	Others	Eliminations	Consolidated
<b>Revenue</b>								
External revenues	P658,709,707	P949,915,914	P1,197,878,507	P49,471,542	P285,402,753	P801,999,454	P -	P3,943,377,877
Inter-segment	-	17,088,933	74,719,802	-	7,481,726	1,680,362,112	(1,779,652,573)	-
<b>Total Revenue</b>	<b>P658,709,707</b>	<b>P967,004,847</b>	<b>P1,272,598,309</b>	<b>P49,471,542</b>	<b>P292,884,479</b>	<b>P2,482,361,566</b>	<b>(P1,779,652,573)</b>	<b>P3,943,377,877</b>
<b>Segment Results</b>	<b>P299,283,070</b>	<b>P295,060,859</b>	<b>P1,044,169,000</b>	<b>P38,658,295</b>	<b>P40,375,694</b>	<b>(P326,028,067)</b>	<b>P206,158,959</b>	<b>P1,597,677,810</b>
<b>Total Comprehensive Income Attributable to</b>								
Equity holders of the Parent	P -	P -	P -	P -	P -	P -	P -	P805,521,190
Non-controlling interests	-	-	-	-	-	-	-	792,156,620
	P -	P -	P -	P -	P -	P -	P -	P1,597,677,810
<b>Segment Assets</b>	<b>P8,468,404,531</b>	<b>P74,112,495,352</b>	<b>P75,042,188,032</b>	<b>P8,535,060,486</b>	<b>P7,373,793,390</b>	<b>P79,091,055,497</b>	<b>(P89,647,213,147)</b>	<b>P162,975,784,141</b>
<b>Segment Liabilities</b>	<b>P10,716,548,896</b>	<b>P91,393,743,176</b>	<b>P26,207,712,089</b>	<b>P2,008,742,220</b>	<b>P8,735,927,937</b>	<b>P13,155,157,707</b>	<b>(P70,886,947,841)</b>	<b>P81,330,884,184</b>
<b>Other Information</b>								
Capital expenditures	P80,567,914	P185,523,389	P653,243,819	P32,526,784	P241,272,259	P -	P -	P1,193,134,165
Depreciation and amortization	P3,479,134	P6,484,305	P3,290,915	P -	P3,573,601	P1,116,449	P11,958,869	P29,903,273

December 31, 2022

	Real Estate		Retail Leasing		Office Leasing		Industrial Leasing		Hospitality		Others		Eliminations		Consolidated	
	Development															
Revenue																
External revenues	P1,573,891,111		P6,519,609,743		P4,210,708,176		P222,867,444		P468,273,557		P1,134,956,747		P -		P14,130,306,778	
Inter-segment	-		36,256,657		168,640,225		-		10,591,938		3,590,904,159		(3,806,392,979)		-	
Total Revenue	P1,573,891,111		P6,555,866,400		P4,379,348,401		P222,867,444		P478,865,495		P4,725,860,906		(P3,806,392,979)		P14,130,306,778	
Segment Results	P531,789,085		P4,787,013,983		P11,719,849,401		P154,375,272		P62,419,567		(P1,713,759,239)		(P2,618,962,796)		P12,922,725,273	
Total Comprehensive Income																
Attributable to																
Equity holders of the Parent	P -		P -		P -		P -		P -		P -		P -		P5,551,522,068	
Non-controlling interests	-		-		-		-		-		-		-		7,371,203,205	
	P -		P -		P -		P -		P -		P -		P -		P12,922,725,273	
Segment Assets	P7,687,677,106		P73,361,911,878		P69,684,128,956		P8,415,857,888		P5,663,695,206		P78,080,777,887		(P86,093,528,471)		P156,800,520,450	
Segment Liabilities	P8,301,015,579		P90,240,842,020		P15,850,872,495		P1,650,135,640		P2,634,156,470		P14,861,388,196		(P58,343,464,479)		P75,194,945,921	
Other Information																
Capital expenditures	P84,817,343		P1,379,770,217		P1,002,379,534		P712,431,095		P60,221,344		P -		P -		P3,239,619,533	
Depreciation and amortization	P124,432,082		P32,081,289		P6,782,084		P -		P6,915,377		P2,348,584		P61,992,015		P234,551,431	

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, 2023	December 31, 2022
Cash on hand	P223,089,925	P 224,404,530
Cash in banks	4,385,842,102	3,781,890,136
Short-term placements	1,931,064,115	1,540,705,524
	<b>P6,539,996,142</b>	P5,547,000,190

Cash in banks earn annual interest at the respective bank deposit rates. Short-term placements are made for varying periods of up to Six 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 P69.16 million and P5.39 million for the six months ended June 30, 2023 and 2022, respectively.

## 7. Receivables

This account consists of:

	June 30 2023	December 31, 2022
Installment contracts receivable	P3,660,942,306	P3,454,588,103
Rent receivable	10,310,006,582	7,691,854,690
Receivables from:		
Contractors	159,360,329	159,360,329
Tenants	68,016,999	68,920,536
Condominium corporation and unit owners	87,721,837	89,364,951
Hotel operations	113,932,671	115,620,877
Leasehold rights' buyers	346,848,421	355,050,959
Advances to employees	23,828,528	22,459,444
Others	112,862,058	52,832,712
	<b>14,883,519,731</b>	12,010,052,601
Less allowance for impairment loss	206,096,173	207,096,348
	<b>P14,677,423,558</b>	P11,802,956,253

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.



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. This account also consists of accrued rentals arising from the excess of rent income over rental collections made by lessees in accordance with straight-line rental recognition as mandated by PFRS 16, Leases.

Receivables from tenants include utilities, common usage service area fees and other charges billed to tenants which are due within 30 days upon billing.

Other income includes CUSA and interest and penalties charged to tenant advertising income, retail and restaurant sales and other charges

## 8. Inventories

This account consists of:

	June 30, 2023	December 31, 2022
At cost:		
Real estate inventories	<b>P2,970,718,793</b>	P2,829,510,943
Hotel inventories	<b>21,645,137</b>	14,469,951
Others	<b>13,752,431</b>	13,608,122
	<b>P3,006,116,361</b>	P2,857,589,016

## 9. Prepaid expenses and other current assets - net

This account consists of:

	June 30, 2023	December 31, 2022
Input VAT – net	<b>P2,224,101,204</b>	P 2,772,518,264
Advances to contractors and suppliers	<b>1,677,304,321</b>	1,378,545,560
Creditable withholding taxes	<b>376,799,698</b>	251,423,525
Prepaid expenses:		
Taxes	<b>1,369,524,257</b>	1,138,202,031
Rent	<b>90,888,399</b>	-
Commission	<b>22,754,925</b>	21,184,129
Insurance	<b>11,039,175</b>	9,584,480
Others	<b>308,952,972</b>	66,666,937
Refundable deposits	<b>7,140,274</b>	6,734,582
Other current assets	<b>77,735,753</b>	77,039,517
	<b>P6,166,240,978</b>	P5,721,899,025

## 10. Investment Property

This account consists of:

	June 30, 2023	December 31, 2022
Land	<b>P28,757,105,549</b>	P28,757,105,549
Building	<b>84,878,810,666</b>	83,846,609,480
Right-of-use assets – land	<b>1,355,898,236</b>	1,345,265,752
Construction in progress	<b>12,248,594,153</b>	12,202,007,314
	<b>P127,240,408,604</b>	P126,150,988,095

The following table provides the fair value hierarchy of the Group's investment property as at June 30, 2023 and December 31, 2022:

		Level 2	
		June 30, 2023	December 31, 2022
Date of Valuation			
Land	Various	<b>P28,757,105,549</b>	P28,757,105,549
Commercial	Various	<b>45,922,852,486</b>	44,833,431,977
Corporate/office	Various	<b>52,560,450,569</b>	52,560,450,569
		<b>P127,240,408,604</b>	P126,150,988,095

The Group recognized unrealized gains from changes in fair values of investment property amounting to nil for the six months ended June 30, 2023 and 2022, respectively.

## 11. Short-term and Long-term Debts

### Notes Payable

Details of the account are as follows:

	June 30, 2023	December 31, 2022
Balance at beginning of the year	<b>P41,483,322,832</b>	P36,376,024,790
Availments	<b>7,390,360,000</b>	14,813,351,495
Payments	<b>(1,035,758,224)</b>	(9,706,053,453)
	<b>47,837,924,608</b>	41,483,322,832
Less short-term notes and current portion of long-term notes	<b>14,267,630,903</b>	12,533,818,782
Noncurrent portion	<b>33,570,293,705</b>	28,949,504,050
Less unamortized debt issue costs	<b>424,489,452</b>	361,110,872
	<b>P33,145,804,253</b>	P28,588,393,178

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.

### Bonds Payable

Details of the account are as follows:

	June 30, 2023	December 31, 2022
Balance at beginning and end of year	<b>P15,000,000,000</b>	P15,000,000,000
Less unamortized debt issue costs	<b>58,137,828</b>	74,615,533
	<b>P14,941,862,172</b>	P14,925,384,467

### **12. Other noncurrent liabilities**

This account consists of:

	June 30, 2023	December 31, 2022
Security deposits - net of current	<b>P267,295,305</b>	P297,839,979
Unearned rent income	<b>123,154,828</b>	109,715,131
Deferred output VAT - net	<b>886,430,125</b>	1,075,214,691
Retention payable - net of current	<b>34,754,897</b>	67,807,051
	<b>P1,311,635,155</b>	P1,550,576,852

### **13. Income Taxes**

Income tax expense (benefit) consists of:

	For the six months ended June 30	
	2023	2022
Current	<b>P21,962,131</b>	P60,799,021
Deferred	<b>84,788,877</b>	(224,975,025)
	<b>P106,751,008</b>	(P164,176,004)

### **14. Basic and Diluted Earnings Per Share**

Basic and diluted earnings per share for the Six Months ended June 30, 2023 and 2022 are computed as follows:

	For the Six Months ended June 30	
	2023	2022
Net income attributable to equity holders of the Parent Company	<b>P805,521,190</b>	P986,768,873
Dividends on preferred shares for the period	<b>(404,070,000)</b>	(323,890,000)
Net income attributable to common shareholders of the Parent Company (a)	<b>401,451,190</b>	P662,878,873
Weighted average number of common shares outstanding (b)	<b>2,345,028,600</b>	2,351,334,677
Dilutive shares arising from stock options	-	-
Adjusted weighted average number of common shares for diluted EPS (c)	<b>2,345,028,600</b>	2,351,334,677

Basic earnings per common share attributable to equity holders of the Parent Company (a/b)	<b>P0.17119</b>	P0.2819
Diluted earnings per common share attributable to equity holders of the Parent Company (a/c)	<b>P0.17119</b>	P0.2819

## 15. Equity

The authorized capital stock of the Parent Company consists of:

	<b>June 30, 2023</b>	December 31, 2022
<b>Authorized Capital Stock</b>		
Common - P0.10 par value	<b>P500,000,000</b>	P500,000,000
Preferred - P100 par value	<b>20,000,000,000</b>	20,000,000,000
<b>Number of Shares Authorized for Issued</b>		
Common	<b>5,000,000,000</b>	5,000,000,000
Preferred	<b>200,000,000</b>	200,000,000

Details of the number of subscribed and outstanding shares are as follows:

	<b>June 30, 2023</b>	December 31, 2022
<b>Common</b>		
Subscribed shares at beginning and end of the period	<b>2,373,100,600</b>	2,373,100,600
Treasury shares	<b>(28,072,000)</b>	(28,072,000)
Outstanding shares at the end of the period	<b>2,345,028,600</b>	2,345,028,600
<b>Preferred</b>		
Balance at beginning and end of the period	<b>100,000,000</b>	100,000,000

## 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, 2022	April 5, 2022	April 18, 2022	1.61945	161.95 million
Regular Cash Dividend	Preferred	June 17, 2022	July 1, 2022	July 14, 2022	1.61945	161.95 million
Regular Cash Dividend	Preferred	September 16, 2022	September 30, 2022	October 14, 2022	1.61945	161.95 million
Regular Cash Dividend	Common	September 29, 2022	October 14, 2022	October 31, 2022	0.2324	544.98 million
Regular Cash Dividend	Preferred	December 14, 2022	December 29, 2022	January 16, 2023	1.61945	161.95 million
Regular Cash Dividend	Preferred	March 16, 2023	March 30, 2023	April 14, 2023	1.61945	161.95 million
Regular Cash Dividend	Common	May 15, 2023	June 8, 2023	July 5, 2023	0.2624	615.34 million
Regular Cash Dividend	Preferred	June 16, 2023	July 3, 2023	July 14, 2023	2.42125	242.13 million

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## 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
- Market Risk (Interest Rate Risk and Foreign Currency 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, derivative instrument 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, 2023	December 31, 2022
Cash and cash equivalents*	<b>P6,316,906,217</b>	P5,322,595,660
Receivables**	<b>14,898,295,510</b>	11,959,544,127
Due from related parties	<b>52,146,970</b>	52,146,970
Derivative asset designated as cash flow hedge***	<b>97,633,539</b>	80,718,409
Refundable deposits***	<b>202,025,201</b>	198,723,235
	<b>P21,567,007,437</b>	P17,613,728,401

\*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.

\*\*\*\*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, 2023	Financial Assets at Amortized Cost				Derivative Asset	Total
	12-month ECL	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired			
Cash and cash equivalents (excluding cash on hand)	P6,316,906,217	P -	P -	P -	P6,316,906,217	
Receivables*	941,299,143	13,956,996,367	207,096,348	-	15,105,391,858	
Due from related parties	52,146,970	-	-	-	52,146,970	
Derivative asset**	-	-	-	97,633,539	97,633,539	
Refundable deposits***	202,025,201	-	-	-	202,025,201	
	<b>P7,512,377,531</b>	<b>P13,956,996,367</b>	<b>P207,096,348</b>	<b>P97,633,539</b>	<b>P21,774,103,785</b>	

December 31, 2022	Financial Assets at Amortized Cost				Derivative Asset	Total
	12-month ECL	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired			
Cash and cash equivalents (excluding cash on hand)	P5,322,595,660	P -	P -	P -	P5,322,595,660	
Receivables*	747,988,931	11,211,555,196	207,096,348	-	12,166,640,475	
Due from related parties	52,146,970	-	-	-	52,146,970	
Derivative asset**	-	-	-	80,718,409	80,718,409	
Refundable deposits***	198,723,235	-	-	-	198,723,235	
	<b>P6,321,454,796</b>	<b>P11,211,555,196</b>	<b>P207,096,348</b>	<b>P80,718,409</b>	<b>P17,820,824,749</b>	

\* 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.

\*\*\*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 June 30, 2023 and December 31, 2022:

June 30, 2023	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired	Total
		1 to 90 Days	91 to 360 Days	More than 360 Days		
Cash and cash equivalents	P6,316,906,217	P -	P -	P -	P -	P6,316,906,217
Receivables*	11,511,286,985	1,502,246,039	1,327,441,128	557,321,358	207,096,348	15,105,391,858
Due from related parties	52,146,970	-	-	-	-	52,146,970
Derivative asset designated as cash flow hedge***	97,633,539	-	-	-	-	97,633,539
Refundable deposits**	202,025,201	-	-	-	-	202,025,201
	P18,179,998,912	P1,502,246,039	P1,327,441,128	P557,321,358	P207,096,348	P21,774,103,785

\* 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, 2022	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired	Total
		1 to 90 Days	91 to 360 Days	More than 360 Days		
Cash and cash equivalents*	P5,332,595,660	P -	P -	P -	P -	P5,332,595,660
Receivables**	904,576,805	11,054,967,322	-	-	207,096,348	12,166,640,475
Due from related parties	52,146,970	-	-	-	-	52,146,970
Derivative asset***	80,718,409	-	-	-	-	80,718,409
Refundable deposits****	198,723,235	-	-	-	-	198,723,235
	P6,568,761,079	P11,054,967,322	P -	P -	P207,096,348	P17,830,824,749

\* 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:

	June 30, 2023			Total
	High Grade	Medium Grade	Low Grade	
Cash and cash equivalents*	P6,316,906,217	P -	P -	P6,316,906,217
Receivables**	1,832,320,644	9,241,454,985	3,824,519,881	14,898,295,510
Due from related parties	52,146,970	-	-	52,146,970
Derivative asset***	97,633,539	-	-	97,633,539
Refundable deposits***	202,025,201	-	-	202,025,201
	P8,501,032,571	P9,241,454,985	P3,824,519,881	P21,567,007,437

\*Excluding "Cash on hand" account.

\*\*This includes both current and noncurrent portions of the account.

\*\*\*This is presented as part of "Other noncurrent assets" account.

\*\*\*\*This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.

	December 31, 2022			Total
	High Grade	Medium Grade	Low Grade	
Cash and cash equivalents*	P5,332,595,660	P -	P -	P5,332,595,660
Receivables**	904,576,805	3,501,932,206	7,553,035,116	11,959,544,127
Due from related parties	52,146,970	-	-	52,146,970
Derivative asset***	80,718,409	-	-	80,718,409
Refundable deposits****	198,723,235	-	-	198,723,235
	P6,568,761,079	P3,501,932,206	P7,553,035,116	P17,623,728,401

\*Excluding "Cash on hand" account.

\*\*This includes both current and noncurrent portions of the account.

\*\*\*This is presented as part of "Other noncurrent assets" 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:

As at June 30, 2023					
	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years
<b>Financial Liabilities</b>					
Accounts payable and other current liabilities*	P4,712,495,606	P4,712,495,606	P4,712,495,606	P -	P -
Due to related parties	558,371,559	558,371,559	558,371,559	-	-
Dividends payable	1,109,111,569	1,109,111,569	1,109,111,569	-	-
Notes payable**	47,413,435,156	55,642,604,532	16,752,330,566	38,890,273,966	-
Bonds payable	14,941,862,172	17,080,724,147	911,156,469	16,169,567,678	-
Other noncurrent liabilities*	670,485,117	728,183,778	253,857,706	446,727,310	27,598,762
Lease liabilities	1,372,210,298	2,880,889,909	99,663,764	554,653,797	2,226,572,348

\* Excluding statutory obligations and unearned rent income account.

\*\* This includes both current and noncurrent portions of the account.

As at December 31, 2022					
	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years
<b>Financial Liabilities</b>					
Accounts payable and other current liabilities*	P5,579,501,605	P5,579,501,605	P5,579,501,605	P -	P -
Due to related parties	567,878,460	567,878,460	567,878,460	-	-
Dividends payable	456,645,828	456,645,828	456,645,828	-	-
Notes payable**	14,925,384,467	17,450,769,800	902,339,300	16,548,430,500	-
Bonds payable					
Other noncurrent liabilities*	475,362,161	553,093,293	-	553,093,293	-
Lease liabilities	1,355,227,048	2,950,141,617	101,624,348	549,084,620	2,299,432,649

\* Excluding statutory obligations and unearned rent income account.

\*\* This includes both current and noncurrent portions of the account.

### Market Risks

#### Interest Rate Risk

The Group's interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. Except for one term loan as at June 30, 2023 and December 31, 2022, which bears interest which bears variable interest and subject to quarterly repricing, the Group' short-term and long-term bank borrowings are with fixed interest rates. Therefore, the effect of changes in interest rates has no significant impact to the Group.

#### Foreign Currency Risk

The functional currency is the Philippine peso, which is the denomination of the bulk of the Group's revenues. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group enters into foreign currency hedge using derivative instruments, such as foreign currency calls spread swap, to manage its foreign currency risk exposure, specifically the foreign currency risk on its foreign currency- denominated notes.



The Group's foreign currency-denominated monetary liabilities pertain mainly to long-term notes. Outstanding US Dollar (USD) balance amounted to USD 180.00 million, equivalent to P9.82 billion and USD160.00 million, equivalent to P8.92 billion, as at June 30, 2023 and December 31, 2022, respectively.

#### 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.

##### *Derivative Asset*

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates. Fair value for stand-alone derivative instrument that is not quoted from an active market and for embedded derivatives is based on valuation models used for similar instruments using both observable and non-observable inputs. The fair value of the derivative asset has been categorized as Level 3 in the fair value hierarchy.

##### *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, 2023 and December 31, 2022. The Group is not subject to externally-imposed capital requirements.

# **Annex “E”**

## **Compliance with Section 49 of the Revised Corporation Code**

<b>List of Required Information under Sec 49 of the Revised Corporation Code</b>	<b>Page</b>
<b>A.</b> The minutes of the most recent regular meeting which shall include, among others: (1) A description of the voting and vote tabulation procedures used in the previous meeting; (2) A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given; (3) The matters discussed and resolutions reached; (4) A record of the voting results for each agenda item; (5) A list of the directors or trustees, officers and stockholders or members who attended the meeting;	See Annex C of the Definitive Information Statement
<b>B.</b> Material information on the current stockholders, and their voting rights;	See Page 12 of the Definitive Information Statement
<b>C.</b> A detailed, descriptive, balanced and comprehensible assessment of the corporation's performance, which shall include information on any material change in the corporation's business, strategy, and other affairs.	See D.1 of Annex D of the Definitive Information Statement
<b>D.</b> A financial report for the preceding year, which shall include financial statements duly signed and certified in accordance with this Code and the rules the Commission may prescribe,	See D.4 of Annex D of the Definitive Information Statement
<b>E.</b> An explanation of the dividend policy and the fact of payment of dividends	See page 32-33 of the Definitive Information Statement and D.3 of Annex D of the Definitive Information Statement
<b>F.</b> Director profiles which shall include, among others, their qualifications and relevant experience, length of service in the corporation, trainings and continuing education attended, and their board representations in other corporations	See pages 7-8 and 14-20 of the Definitive Information Statement
<b>G.</b> A director or trustee attendance report, indicating the attendance of each director or trustee at each of the meetings of the board	See page 21 of the Definitive Information Statement
<b>H.</b> Appraisals and performance criteria for the board and t and procedure for assessment;	See page 20-23 of the Definitive Information Statement
<b>I.</b> A director compensation report prepared in accordance with the Revised Corporation Code and the rules the Commission may prescribe	See page 27-28 of the Definitive Information Statement
<b>J.</b> Director disclosures on self-dealings and related party transactions;	See page 24-27 of the Definitive Information Statement
<b>K.</b> The profiles of directors nominated or seeking election or reelection	See pages 7-8 and 14-20 of the Definitive information Statement