DoubleDragon Properties Corp.

Corporate Office

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1226 Philippines

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DoubleDragon Properties Corp.

Annual Report 2014

Making Great Things Happen For You

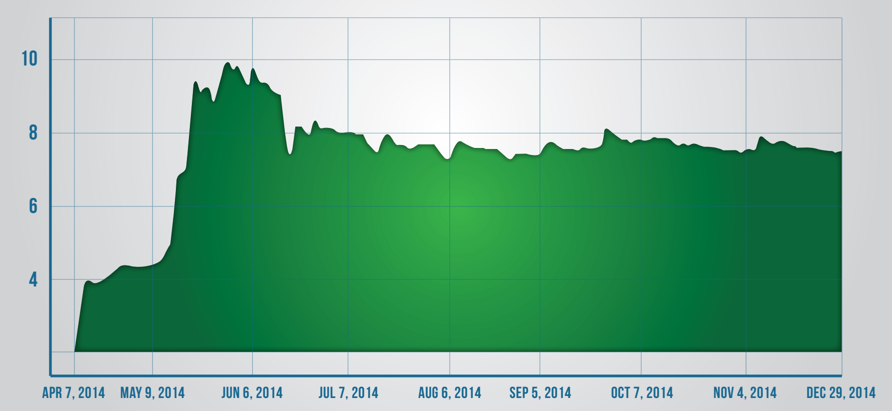
Ticker Symbol: DD

2.23B Outstanding Shares

P16.4B end-2014 Market Capitalization

14x Oversubscribed IPO

2014 Stock Trading Chart



2014 Assets & Capital

P18.5B Assets

P3.8B Cash

P8.4B Bank Debt & Notes Issued

P7.8B Equity

P1.07x Debt-to-Equity

2014 Profitability

Revenues	P1.7B
EBITDA	P816M
Net Income	P561M

Shareholders

- Injap Investments Inc. (Sia Family)
- Honeystar Holdings Corp. (Tan Family)
- Public Float

2020 Vision

1 Million sqm Of leasable space

100 CityMalls

P4.8B In Net Profit

CityMalls

14 Sites secured 2014

1 Site completed

25 Sites to be completed 2015

DD Projects

P2.45B Real Estate Inventory

P10.5B Investment Properties

5 Projects Completed 2014

3 Projects Opening 2015

2 Projects Completing 2018

History

5 YEARS Since incorporation

4 YEARS Operational

4 YEARS Profitable

Organization

120+ Headcount

8 Board Of Directors

2 Independent Directors

2 Advisers to the Board

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Our Cover Story

DoubleDragon Properties Corp. ("DoubleDragon") is envisioned to be one of the top five largest property companies in the Philippines by 2020. The roadmap to this goal is led by its Chairman Edgar 'Injap' Sia II and Co-Chairman Tony Tan Caktiong both of whom were born in the Year of the Dragon only twenty-four years apart.

The Dragon is the most vital and powerful animal in the Chinese zodiac with dominance and ambition as its core character traits. They are gifted with innate courage, tenacity, intelligence and remain enthusiastic and confident. Dragons are not afraid of challenges and are willing to take calculated risks. Among its auspicious colors is 'Hoary' or Whitish Gray which is the color chosen for the 2014 Annual Report Cover. The color 'Hoary' represents wisdom in embarking in the journey of realizing the great vision of DoubleDragon.

The Company aims to build out 1 Million square meters of leasable space in five years substantially through the roll out of 100 CityMalls across the country and the completion of DD Meridian Park located in the Bay Area of Pasay City along the corner of Macapagal Ave. and EDSA Extension. These flagship projects are featured in the cover displaying the clear focus of DoubleDragon.

The tagline 'Making Great Things Happen For You' is the Company's commitment to its stakeholders as it sets out to achieve its targets.

Independent Auditor
KPMG R.G. MANABAT & CO., CPAs
9/F The KPMG Center
6787 Ayala Avenue
Makati City, Philippines 1226

Stock Transfer Agent
RIZAL COMMERCIAL BANKING CORPORATION
Stock Transfer Processing Section
Ground Floor, West Wing, 221 Grepalife Building
Sen. Gil Puyat Avenue
Makati City, Philippines 1200

OUR 20/20 VISION

To be one of the top 5 largest property companies in the Philippines by 2020.

We will reach 1 Million square meters of leasable space by 2020 significantly through the rollout of 100 CityMalls and the completion of DD Meridian Park.

Tony Tan Caktiong
Co-Chairman, DoubleDragon Properties Corp
Founder, Jollibee Foods Corp.

Edgar 'Injap' Sia II
Chairman, DoubleDragon Properties Corp
Founder, Mang Inasal Philippines Inc.

OUR MISSION

- ✔ We will uplift the lives of our fellow Filipinos through the development of projects across the country.
- ✔ We will build and develop a strong and dynamic organization through the creation of a working environment that both motivates and inspires excellence in everyone.

OUR CORE VALUES

- ✔ We believe in profitability through sincerity, integrity, hard work and fairness in all of our dealings.
- ✔ We believe in upholding the trust and confidence of our investors through transparency and prudent management of resources.
- ✔ We believe in embarking only in ventures that will endure the test of time and remain relevant for generations to come.
- ✔ We believe in fostering a company culture engrained in mutual respect, collaboration and overall development of employees.
- ✔ We believe in consistently delivering quality products and services that delight the customers we serve.
- ✔ We believe in promoting sustainable development through the use of 'green' technology in our projects.

Chairman's Message

Dear Shareholders,

It is with great pride that I write to you about the immense prospects and bright future of your Company. As most of you know, despite having made our Initial Public Offering in the Philippine Stock Exchange only in April 2014, your Company has been in existence since 2009 and has been profitable for four consecutive years now. In 2014, your Company was able to increase its net profit by 360% year-on-year to Php 561 Million. Equity attributable to shareholders also jumped by 280% to Php 2.2 Billion significantly from the proceeds of the Initial Public Offering held while Total Equity grew close to 13x year-on-year to Php 7.8 Billion as of December 2014. Most notable, however, is the significant ten-fold growth in our assets to Php 18.5 Billion as of December 2014 from only Php 1.8 Billion a year earlier. You are now a shareholder of a substantially larger company less than nine months after our listing date.

To complement the positive financial performance in 2014, we were also able to raise a meaningful amount of long term funding for our projects by way of a Php 7.4 Billion 7-Year Bilateral Corporate Notes Issuance placed in October 2014. There was strong demand from financial institutions leading to the upsizing of the notes issuance by Php 900 Million from its originally intended Php 6.5 Billion. We are glad of the support and belief of our local financial institutions in your Company's long-term potential.

Not only do we see strong support from financial institutions, we have also forged solid partnerships for the various projects we are embarking in. In February 2014, SM Investments Corp. ("SM") acquired 34% of your Company's subsidiary, CityMall Commercial Centers Inc. ("CityMall"). This acquisition marks the first partnership among the Sy, Tan and Sia families and has catapulted our plans to build 100 CityMall branches nationwide with capital expediture of about Php 24 Billion over the next five years. The combination of the retail experience and brands of the three families has created a formidable synergy that will surely complement the aggressive CityMall rollout plan. The team's main focus now is to continue securing the right locations and build out the malls as planned. CityMall is set to become the largest independent branded community mall chain in the country with each mall averaging a total area of 7,000 square meters. It is poised to become a brand that every Filipino can be proud of.

Other than the CityMall that is expected to have the largest contribution to your Company's 5-year total revenues and net income, another major joint venture project that is expected to contribute significantly to the profitability of your Company is DD Meridian Park. The 4.8-hectare prime property is located at the corner of Macapagal Avenue and EDSA Extension within the Bay Area of Pasay City. The first phase, a commercial and office complex dubbed "DoubleDragon Plaza" is already under construction. DD Meridian Park once fully built up will have about 33.4 hectares of total gross floor area, and is expected to generate about Php 1.6 Billion in annual rental revenues to your company starting 2020.

2014 has indeed been a significant year for your Company both financially and through the partnerships that we have formed and through the various property projects that we have recently embarked, let us keep in mind that this is only the beginning of we expect to be a robust future for your Company.

Rest assured that the whole DD team continues to be relentless in its aim to become stronger and stronger as years go by, and to bring your Company to far greater heights in the near future.

In closing, let me share with you our clear '20/20 vision' for DoubleDragon Properties Corp. to be one of the top 5 largest property companies in the Philippines by 2020.

I hope that you will continue to see your investment grow with us through the exciting years to come.

Together we can make great things happen!

Edgar 'Injap' Sia II

Joint Message from the President and CFO

Dear Shareholders,

2014 has been a very busy year for your Company's management team. We have been determined to show significant growth in assets through the acquisition of properties and through the forging of solid alliances in real estate projects that we believe will not only be profitable but will remain relevant in the years to come.

Other than our first CityMall site in Roxas City acquired last December 2013, we were able to secure 14 more CityMall sites in 2014 located in the developing areas of Zamboanga, Cebu, Iloilo, Cavite, Cotabato, Pampanga, Kalibo, Boracay, Quezon, and Bacolod. We were also able to complete our first CityMall in Roxas City late last year marking the beginning of what will be a challenging and exciting endeavor to roll out 100 CityMalls over the next five years.

We completed two significant projects in Iloilo City earlier in 2014 namely 'The Uptown Place' a river-side mixed-use development in Iloilo City and 21-storey 'Injap Tower' the first high-rise building in Iloilo and the tallest building in Western Visayas.

We also successfully listed your Company in the Philippine Stock Exchange through the Initial Public Offering of 26% of your Company's outstanding shares at P2.00 per share. We are extremely grateful for the strong support of investors like you, which resulted to a successful offering that was 14x oversubscribed.

In addition to the various joint venture projects secured which our Chairman in his letter mentioned, we have made several direct acquisitions of sizable projects like the 5,972 square meter prime corner property in Divisoria that we have transformed into Dragon8 Shopping Center, 3.3 hectares of gross floor area which will house over 600 'tiangge' retail slots, over 500 covered parking spaces, a food court and a textile center. This is poised to be a safe and improved version of the 'tiangge' malls in the area.

Your Company also acquired a 2,812 square meter prime corner property along EDSA and Quezon Ave. which already included an uncompleted 38-storey commercial, office and residential skyscraper. Your Company has continued the construction and sale of the remaining inventory of the loft-style residential units and intends to retain commercial and office spaces for recurring rental income. The Project is expected to contribute a total of Php 5.2 Billion in revenues over the next few and is slated for completion in 2018.

As a result of these acquisitions, the continuous roll out of CityMalls, plus the other joint ventures formed in 2014, your Company has increased its asset base over 10x to Php 18.5 Billion as of the end of 2014. Your Company's investment properties as of the end of 2014 were valued at Php 10.2 Billion versus Php 3.7 Billion a year earlier while real estate inventory grew to Php 2.2 Billion as of the end of 2014 from only Php 748 Million a year earlier.

Despite the strong progress we have made in growing your Company in 2014, we continue to be rigorous in the strengthening of your Company's portfolio of properties in order to achieve 'Our Mission' of delivering 1,000,000 square meters of leasable space for your Company by 2020.

We are steadfast in developing a dynamic organization motivated by excellence and working towards a common goal which will not only provide abundant returns for our Shareholders but will also uplift the lives of Filipinos across the country.

We will continue to work hard to make sure your Company's BIG dream become a reality!

Ferdinand J. Sia **Rizza Marie Joy J. Sia**

Project Updates

CityMall is envisioned to be the first and largest branded independent community mall chain in the Philippines by opening 100 CityMalls by 2020. The first CityMall was completed in December 2014 in Roxas City and was formally opened to the public on March 27, 2014. CityMall Roxas City is 100% leased out.

CityMall will not only provide prime spaces to the top Philippine fast food brands such as Jollibee, Mang Inasal, Chowking, Greenwich, Red Ribbon and Highlands Coffee, but also to various non-food retailers including those affiliated with the SM Group brands such as Savemore, Ace Hardware, Watson's, SM Appliance, Simply Shoes, BDO, and Chinabank. CityMall is poised to become a brand that every Filipino can be proud of.

All CityMalls will have a standard color, design, look and feel. They will also have the distinct feature of being "Greenergized" as each CityMall will be equipped with solar panels as their main source of energy and a rainwater collection system as a sign of our drive to help save the planet and our commitment to sustainable development.

CityMall differentiates itself from other malls by choosing prime and strategic locations in the heart of every community it aims to serve. Location and accessibility to customers is the key to the successful rollout of CityMalls in the country. Each CityMall site is meticulously chosen and negotiated by none other than DoubleDragon's Chairman, Edgar 'Injap' Sia II. Mr. Sia was the driving force behind the successful rollout of 338 outlets of fastfood chain Mang Inasal within its first seven years of operations before the Jollibee Foods Corp. bought a majority stake. Today, eleven years since inception, Mang Inasal has 456 branches nationwide.

As of the end-March 2015, the Company has secured a total of 20 site locations for CityMalls and is currently building out 17 CityMalls simultaneously. Below are the status updates of the CityMall sites as of the end of March, 2015.

1	Arnaldo, Roxas City	Opened
2	Consolacion, Cebu	Substantially Completed
3	Anabu, Imus, Cavite	Substantially Completed
4	Tetuan, Zamboanga City	Substantially Completed
5	Tagbak, Jaro Iloilo	Substantially Completed
6	Kalibo, Aklan	Under construction, H1 2015
7	Boracay	Under Construction, H1 2015
8	Parola, Iloilo	Under Construction, H1 2015
9	Bacalso, Cebu	Under Construction, H1 2015
10	Cotabato City	Under Construction, H1 2015
11	Dau, Pampanga	Under Construction, H1 2015
12	Tiaong, Quezon	Under Construction, H1 2015
13	Goldenfields, Bacolod City	Under Construction, H1 2015
14	Mandalagan, Bacolod City	Under Construction, H1 2015
15	Guiwan, Zamboanga City	Under Construction, H1 2015
16	Dumaguete City, Negros Oriental	Under Construction, H1 2015
17	MacArthur Highway, Tarlac City	Under Construction, H1 2015
18	Tagum City	Under Construction, H1 2015
19	SCTEX, Concepcion	Under Construction, H1 2015
20	Ungka, Pavia Iloilo	Under Construction, H1 2015

CityMall-Arnaldo Roxas although completed late last year, is the first CityMall which has officially opened its doors to the public last March 27, 2015 with a special appearance from CityMall's brand ambassador Ms. Anne Curtis-Smith. The 1.2 hectare CityMall-Arnaldo Roxas took 8 months to build, however, the goal is after the first 5 CityMalls are built the 6th CityMall onwards should take less time as the team would have already gained improved construction efficiency and momentum.

CityMall-Arnaldo Roxas is only the first of 100 CityMall branches to be opened nationwide with particular concentration in the Visayas and Mindanao areas. The total capital requirement for this aggressive rollout plan is roughly Php24 Billion over the next five years and the Company is on track to accumulate 1,000,000sqm of leasable space by 2020, 700,000sqm of which will be coming from the CityMall rollout.

DoubleDragon's first ever CityMall opens its doors to the public last March 27, 2015 in Roxas City, Capiz

The much-awaited CityMall-Arnaldo Roxas opened its doors to the public last March 27, 2015. This marks the start of a series of CityMall Openings across the country. CityMall Commercial Centers Inc. is rolling out 100 CityMalls in the Philippines over the next five years.

Despite being new in the Mall development industry, DoubleDragon was able to properly put together a well-built community mall that is expected to change the landscape of several provincial areas in the Philippines.

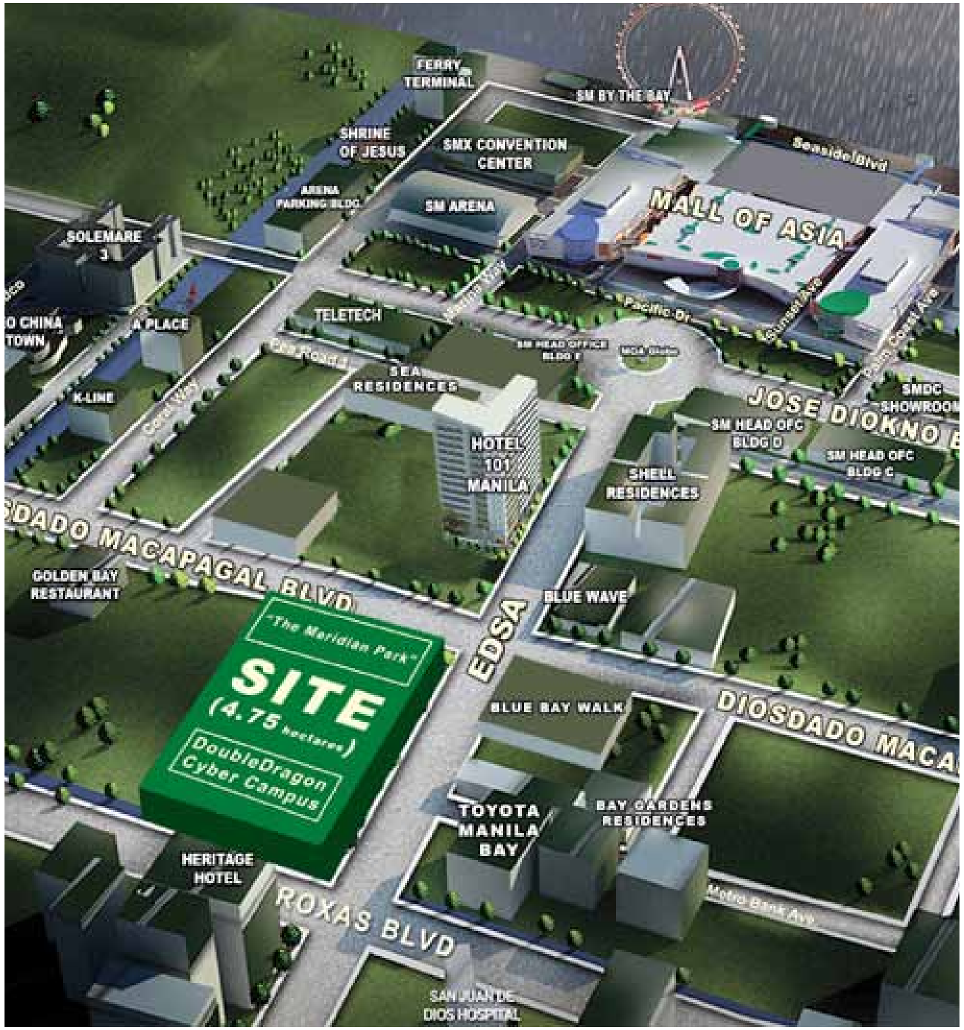
To date, the Company has already secured 20 CityMall sites of prime commercial land in key provincial areas. Several CityMalls have the distinct feature of being "Greenergized", as each one will be powered by solar panels and will source water through a rainwater harvesting system. The company believes in promoting sustainable development through "Greenergizing" its projects.

CityMall is poised to become another household brand that every Filipino can be proud of.

CityMall Commercial Centers Inc. (CMCCI) is a partnership between SM Investments Corp. (SMIC) and DoubleDragon.
Photo of Partnership Signing: (L-R) Rizza Marie Joy J. Sia - DoubleDragon Chief Finance Officer, Jose T. Sio – SMIC Chief Finance Officer, Harley T. Sy – SMIC President, Edgar 'Injap' J. Sia II – DoubleDragon Chairman, Tony Tan Caktiong – DoubleDragon Co-Chairman, Ferdinand J. Sia – DoubleDragon President.

DD-MERIDIAN PARK

DEVELOPMENT CORP.



DD Meridian Park is a 4.8-hectare project in the Bay Area of Pasay City located in the corner of Diosdado Macapagal Boulevard and EDSA Extension. The Company's subsidiary DD-Meridian Park Development Corp. will develop the project, which is 70% owned by DoubleDragon.

The project will feature a commercial compound for BPOs and corporate offices and an area intended for future development. The Meridian Park will be constructed in four phases, and will feature the following:

Phase	Features
1	DoubleDragon Plaza – Commercial, BPO Tower, & Parking
2	Corporate Offices
3-4	For Future Development

Phase 1 of the project will be the construction of DoubleDragon Plaza, an 11-storey complex with a mall on the ground floor and business process outsourcing (BPO) offices from the 5th to the 11th levels. DoubleDragon Plaza will provide over 9 hectares of leasable space to BPO offices expected to generate about 12,000 new jobs. DoubleDragon Plaza commenced its piling works in the last quarter of 2014 and is slated for completion within 2018 with full blast construction to start on the second quarter of 2015. DoubleDragon Plaza will be constructed by Megawide Construction Corp., one of the largest construction companies in the country and will cost a total of Php 5.8 Billion to complete inclusive of the piling costs.

DoubleDragon Plaza intends to secure Leadership in Energy & Environmental Design (LEED) certification. 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.

Once the entire 4.8-hectare development is completed, DD Meridian Park is expected to have a total gross floor area of over 33.4 hectares and generate over P1.6 billion in annual rental revenue.

DD Meridian Park Groundbreaking Ceremony, Oct. 14, 2014: 1st photo:
(L-R) Ambassador Benedicto Yujuico, Edgar "Injap" Sia II, Chairman, Double Dragon Properties, and Mr. Tony Tan Caktiong, Co-Chairman of DoubleDragon and Chairman of Jollibee Foods Corp.

DD Meridian Park Groundbreaking Ceremony group photo with respected guests and spouses
(L-R) Mr. Edgar 'Injap' Sia II, Ambassador Benedicto Yujuico, Mrs. Teresita Yujuico, Mrs. Grace Tan Caktiong, & Mr. Tony Tan Caktiong


DOUBLEDRAGON
PLAZA


DOUBLEDRAGON
PLAZA

W. H. TAFT RESIDENCES

The Company's first project in Metro Manila is the 31-storey W.H. Taft Residences, a condominium development ideally situated beside the De La Salle University (DLSU) in Taft Ave., Manila. W.H. Taft Residences is an ideal base for students from DLSU Manila, College of St. Benilde, and St. Scholastica's College all of which are within walking distance from the project. Residents of the project will 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 day-to-day needs of its residents.

W.H. Taft Residences offers 533 low-density studio and one bedroom residential units to maintain residents privacy and provide a conducive environment ideal for studying. The ground floor and the second floor of the project consist of a 17-unit commercial strip while the parking levels are located from the 3rd to the 6th floor. The project amenities are located on the 7th floor while the rest of the floors above consist of residential units. As of the end of 2014, a total of 404 units have been sold and assigned with a total value of P1.03B while there are still 146 units available for sale with a total value of P660M. W.H. Taft Residences started turning over units to buyers on December 2014 and is slated for full turnover by the second quarter of 2015.

龍 Dragon8 Shopping Center

Your Gateway to Divisoria

Dragon8 Shopping Center is a six-storey modern shopping center located on a 5,972sqm corner lot along C.M. Recto and Dagupan Streets in Divisoria, Manila. The prime location of the project will allow the Company to take advantage of the growing demand of "Tiangge" malls in the vicinity as well as provide diversified revenue streams for the company from recurring income. Renovation and construction only commenced last June 2014 and the grand launch of the shopping center is scheduled within the second quarter of 2015.

The Company is offering 16-year leasehold rights over the ground and second floor commercial units while the third floor, which will house a textile center in addition to other commercial and retail locators, will be available for monthly leases. The shopping center will also include a food court. The 4th to 6th level will provide 600 parking spaces for the convenience of its shoppers.

On September 1, 2014, the Company acquired The Skysuites Corporate & Residential Towers ("Skysuites") from the Rizal Commercial Banking Corporation ("RCBC").

Skysuites is a commercial, office and residential complex rising on a 2,812 square meter prime corner lot property at the corner of EDSA and Quezon Avenue. As designed, the structure will have two towers, a semi-circular residential tower and a curvilinear office tower on top of a 5-storey podium which houses commercial and parking levels that connects the two towers.

DoubleDragon is continuing both the construction and sale of remaining inventory of the residential units. It also intends to retain the commercial and office space for recurring rental income. Skysuites offers 977 residential units, 18 commercial units, and 28 corporate units. Of the 977 residential units, 672 units have been sold as of the end of 2014 limiting the Company's exposure to market uncertainty in the vertical residential segment. Skysuites current inventory of unsold units have a total contract value of P1.96B as of the end of 2014.

The structural of the 26-storey corporate tower has already been topped off while the 39-storey residential tower is still under construction. The project is expected to be completed by 2018.

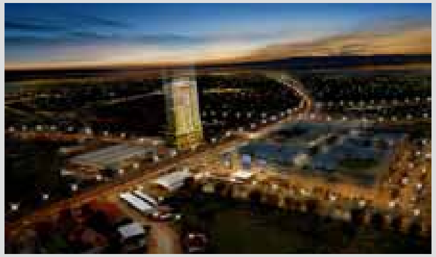
The Company has also partnered with the Aryanna Group in joint venture company Picadilly Circus Landing Corp. which will be developing 16,000 square meter Umbria Commercial Center located in Biñan, Laguna. Veering away from the usual boxed-type malls that dot the metro, Umbria Commercial Center boasts of architecture inspired by the umbrella-like structures of the world renowned L'Umbracle Gardens in Valencia, Spain.

This multi-story commercial structure will showcase an exciting and convenient tenant mix like specialty shops, casual dining, cafes and deli shops; convenience and drug store; wellness and beauty centers; and a supermarket.

Umbria is a beautiful blend of symbolic architectural sketches and modern design, featuring floating arches leaning over three-lined walkways, verdant garden landscapes and alfresco spaces. The lush environment will be marked with steel bars prominently in green hues. To delight the visitors, Umbria's scenic elevators will give them a panoramic vista of the charming outdoors a few feet above the ground.

INJAP TOWER
HOTEL
MANAGED BY HOTEL 101

The Company's landmark project in Iloilo, Injap Tower, is a 21-storey commercial and condotel tower located along West Diversion Road, Iloilo City. Situated right across SM Iloilo, the tower is Iloilo's first high-rise building as well as the tallest building in 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. To make the Tower even more accessible, an overpass was constructed connecting Injap Tower to SM Iloilo. The Tower was completed in May 2014.



THE UPTOWN PLACE

The Uptown Place is a five-storey premium commercial and residential condominium located along General Luna Street, Iloilo City. The project is across the University of the Philippines Iloilo and consists of 236 residential units ranging from 21sqm studios up to as large as 73sqm three bedroom units with selling prices which vary from P1.85M to P6.79M. The ground floor consists of commercial for lease. The project was completed on March 2014. As of end December 2014, 158 residential units and 87 parking slots have been sold with a total value of P446M. Current inventory of unsold units amounts to P222M.

In 2012, the Company entered into a joint venture with the City Government of Iloilo ("City Government") to construct and operate the 1.3 hectare ferry terminal complex that will link Iloilo and Guimaras. Based on the Agreement, the Company will operate and maintain the terminal for a period of 25 years, renewable for another 25 years upon agreement of the parties. The contract includes a revenue-sharing arrangement with the City Government who will ensure that no other port or terminal servicing the Iloilo-Guimaras leg will operate during the term of the agreement and any agreed extension thereafter. The Iloilo-Guimaras Ferry Terminal Project will be located at the old Rotary Park in Fort San Pedro, Iloilo City and will include a state-of-the-art ferry terminal building, a pump boat refueling station , and a CityMall. Construction of the project started last February 2015 and is targeted for completion by the end of 2015. This commercial portion will now be CityMall - Parola.

People's Condominium is the Company's first project and is also the first condominium project ever built in Iloilo City. It is a six-storey condominium with 71 semi-furnished units. It is located at the KAPIDECO estate in Barangay San Rafael, Mandurriao, Iloilo City. Constructed on January 2011 and turned over to buyers on November 2011, all units were sold out soon after preselling activities commenced.

FirstHomes Subdivision is the Company's first horizontal housing project. Located in Navais, Mandurriao, Iloilo City. FirstHomes is a gated townhouse project of 112 units within a sprawling 1.3 hectare property. The project was completed in October 2012 and is currently 95% sold with only 6 four-bedroom units left in inventory with a total value of P24.3M. As of end December 2014, the Company has sold over P231.6M in total contracts consisting of 106 units. 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.

Happy Homes Mandurriao is a project of Zion Land Development PH, Inc. a subsidiary of DoubleDragon. Happy Homes is an affordable community located in the fast growing Mandurriao district of Iloilo City. There are a total of 624 lots available for development and as of end December 2014 the Company has sold over P415M of inventory. Happy Homes offers four variations of units with varying house and lot packages ranging from P1.2M to P3.1M. Each unit is built upon receipt of 10% downpayment and can be turned over four to six months from start of construction.

Board of Directors

1 **Edgar J. Sia II**

Director, Chairman and Chief Executive Officer

Mr. Edgar J. Sia II, Injap, age 38, Filipino, is the Chairman and Chief Executive Officer of Injap Investments Inc. and the Founder and Vice Chairman of Mang Inasal Philippines, Inc. and various other companies.

2 **Tony Tan Caktiong**

Director, Co-Chairman

Mr. Tony Tan Caktiong, age 62, Filipino, is the Chairman of Honeystar Holdings Corporation and the Founder and current Chairman of Jollibee Foods Corp. since 1978. Mr. Tan Caktiong is also a director of Philippine Long Distance Co. (PLDT) since 2008 and First Gen Corporation since 2005. He graduated from the University of Santo Tomas in 1975 with a degree in chemical engineering.

3 **Ferdinand J. Sia**

Director, President and Chief Operating Officer

Mr. Ferdinand J. Sia, Filipino, age 36, is the President and Chief Operating Office of Injap Investments Inc. He serves as Director of Mang Inasal Philippines, Inc. since 2006, and various other companies. He graduated from the University of the Philippines Visayas with a degree in Bachelor of Arts in Political Science and took up law in Arellano University College of Law.

4 **Rizza Marie Joy J. Sia**

Director, Treasurer and Chief Finance Officer

Ms. Rizza Marie Joy J. Sia, age 25, 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 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.

5 **William Tan Untiong**

Director and Corporate Secretary

Mr. William Tan Untiong, age 61, Filipino, 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.

6 **Joseph Tanbuntiong**

Director

Joseph Tanbuntiong, age 51, Filipino, 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.

7 **Gary P. Cheng**

Independent Director

Dr. Gary P. Cheng, age 50, 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 2008. 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 where he was variously based in Hong Kong, New York and London. Dr Cheng obtained his doctorate in Philosophy from the University of Leeds, England in 1991.

8 **Vicente S. Perez, Jr.**

Independent Director

Mr. Vicente S. Perez, Jr., age 56, Filipino, served as the Secretary of theDepartment of Energy from 2001 to 2005, Undersecretary of the Department of Trade and Industry and Managing Director of the Board of Investments in 2001. From 2005-2006, Mr. Perez was Chairman of the Philippine Infrastructure Corporation and Chairman of the Executive Committee of the Philippine National Bank. Apart from being one of the independent directors of the Company, he also serves as President of Alternergy Philippine Holdings Corp., Alternergy Wind One Corporation (Pililia), Alternergy Sembrano Wind Corporation, and Alternergy Abra De Ilog Wind Corporation and as Chairman of Merritt Advisory Partners, Inc., Kadluan Management Corporation and Kadluan Properties, Inc. He is also the current Chairman of WWF Philippines and a trustee of WWF - International. Mr. Perez has a Masters in Business Administration - International Finance from the Wharton School University of Pennsylvania.

Advisers:

9 **Chief Justice Artemio V. Panganiban**

Adviser to the Board

Chief Justice Artermio Panganiban, age 78, Filipino, is a retired Chief Justice of the Republic of the of the Philippines. He sits as independent director of several listed companies including Meralco, Petron Corporation, Bank of the Philippine Islands, First Philippine Holdings Corp., Philippine Long Distance Telephone Company (PLDT); Metro Pacific Investment Corp., and GMA among others.

10 **Ernesto Tanmantiong**

Adviser to the Board

Mr. Ernesto Tanmantiong, age 56, Filipino, serves as President and Chief Executive Officer of Jollibee Foods Corp. He is also a Director of Mang Inasal Phils. Inc., Red Ribbon Bakeshop Inc., Chowking Food Corp., Honeystar Holding Corp. and various other companies.

Management Team

From Left to Right

Jose Roelph E. Desales
Assistant CFO

Krystelle O. Bolivar
Head - Treasury & Corporate Planning

Romeo B. Bachoco
Chief Operating Officer

Ferdinand J. Sia
President & Chief Operating Officer

Edgar J. Sia II
Chairman & Chief Executive Officer

Rizza Marie Joy J. Sia
Treasurer & Chief Financial Officer

Marriana H. Yulo
Chief Investment Officer & Corporate Finance Head

Charnette C. Afable
Head - Property Management

Joselito L. Barrera Jr.
Head - Legal

Virginia P. Oasan
Head - Leasing

Management Team continued..

From Left to Right

Ellena R. Mercado
Head - Marketing

Gerda Grace C. Galloniga
Head - Accounting

Pearl Anne A. Escote
Head - Corporate Services

Lea R. Suberon
Head - Internal Audit

Josef D. Osurman
Head - Engineering (CityMall Projects)

Jose Rhedden Paulo L. Bagain
Head - Engineering (DD Projects)

Jimson O. Lim
Head - Procurement

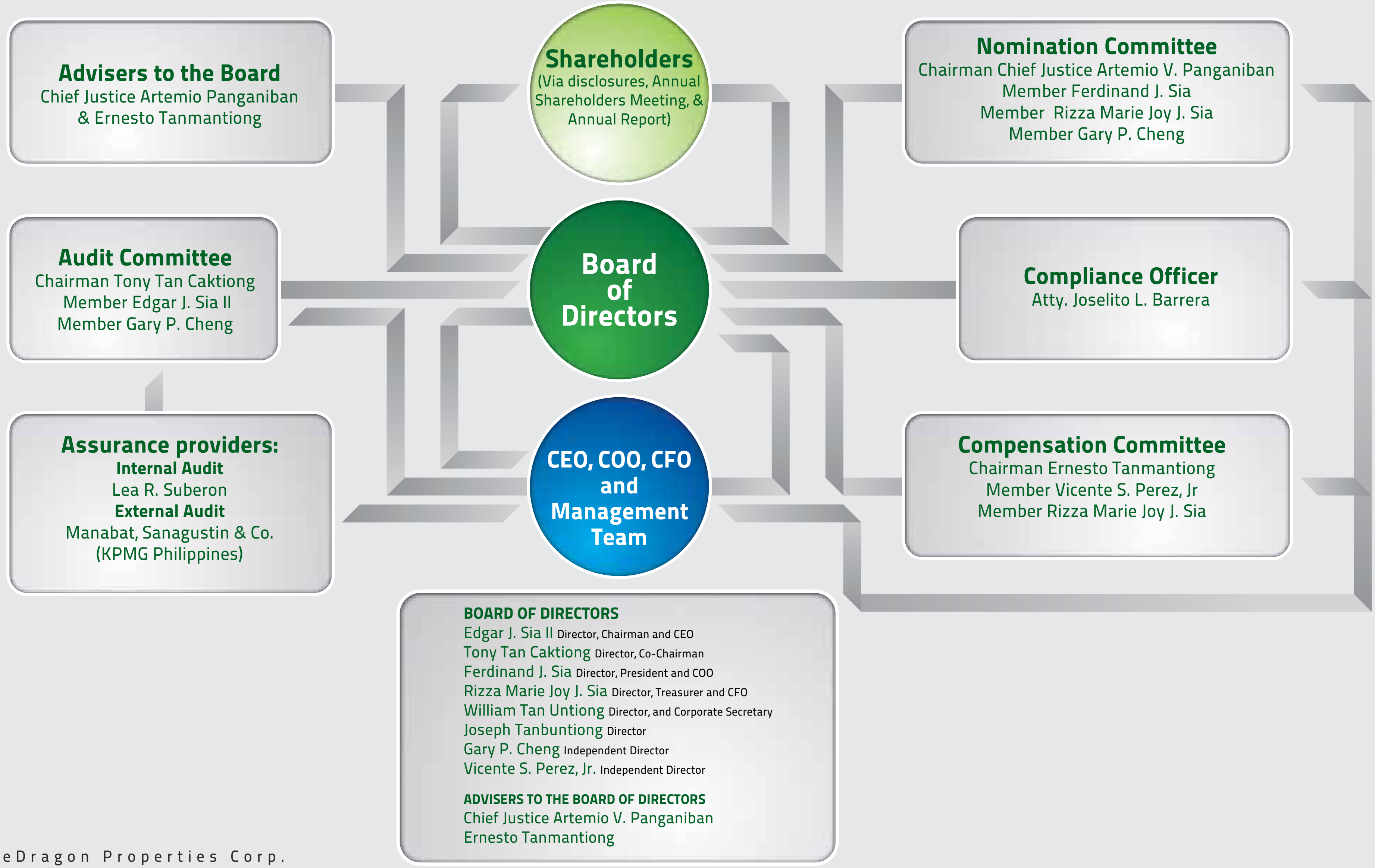
Franchette M. Espiritu
Head - Design

Virgilio B. Casio
Head - Security

Ryan B. Guitche
Head - Information Technology

Corporate Governance

On 12 November 2013, the Board of Directors of the Company approved and adopted a Manual of Corporate Governance in compliance with the requirements of the Revised Code of Corporate Governance under SEC Memorandum Circular No. 6, Series of 2009. Below is a diagram of our Corporate Governance Structure:



Our Core Guidelines for Corporate Governance

VISION AND POLICY	OVERSEE THE CREATION OF A COMPANY-WIDE POLICY; ESTABLISHMENT OF OUR COMPANY'S POSTURE, GUIDING PRINCIPLES AND STANDARDS
ACCOUNTABILITY	ENSURE THAT A BOARD STRUCTURE IS IN PLACE FOR EFFECTIVE GOVERNANCE, OVERSIGHT, AND ACCOUNTABILITY
STRATEGY AND RISK MANAGEMENT	ENSURE THAT SUPPORTING IMPLEMENTATION PLANS ARE IN PLACE THAT INCLUDE MANAGEMENT OF RISKS AND OPPORTUNITIES
REPORTING	APPROVE SCOPE, METRICS, STANDARDS AND GOALS FOR REPORTING.

Corporate Social Responsibility

We aim to foster the entrepreneurial spirit of the people living in the communities we serve with particular focus on educating the youth of today.

EDUC

Make quality education accessible for the less fortunate.

YOUTH

Empower the youth by bridging them to employment and entrepreneurship

ENTREP

Nuture a mindset of entrepreneurship among people.

our advocacies

OUR COMMITMENT

As a socially responsible company, we rebuild communities by:

- Implementing interventions that will encourage and empower the youth to be successful in their work and ultimately as entrepreneurs.
- Bring people together – the core of every community – and help them restore their dignity.
- Cultivate and nurture a workplace that values social good.

Highlights

- DoubleDragon supports the Farmer Entrepreneurship Program (FEP) of the Jollibee Group Foundation where farmer leaders from various provinces gather to learn about agro-enterprise development and leadership skills. The lack of access to appropriate agricultural technology and a steady market has long been a major challenge for smallholder farmers. This often results in farmers' low income. Through the FEP, with the support of the local government of San Jose City and the Department of Agriculture, farmers are now working together and earning more. Initiated in 2008, the FEP aims to help increase the income of smallholder farmers by linking them to institutional markets such as Jollibee Foods Corp. and supermarkets. Since its launch, the program has assisted more than 900 farmers from across the country. An important initiative under the program was the Farmer Leaders' Training Series where 50 farmers from different farmer groups underwent training on agro-enterprise clustering and leadership values to strengthen their skills in organizational management. DoubleDragon's Chairman and CEO Dr. Edgar 'Injap' Sia II said that initiatives such as the FEP are important because it fosters economic activities in the countryside that help other businesses in these areas to thrive. DoubleDragon annually donates to Jollibee Group Foundation, where part of the donation is used to undertake initiatives under the FEP. "As someone who has experienced growing a business in the province, I know how valuable these kinds of training are to equip farmers with the right attitude and know-how to defy the odds that they face. I hope these farmers' experiences will inspire other small holder farmers to become entrepreneurs and to pursue their dreams as well," Sia said.

DOUBLEDRAGON PROPIERTIES CORP. DONATES TO JOLLIBEE GROUP FOUNDATION - Mr. Tony Tan Caktiong Co-Chairman, DoubleDragon and Chairman of Jollibee Foods Corp.

In photo are (L-R) Ms. Gisella Tiongson- Executive Director, Jollibee Group Foundation, Mrs. Grace Tan Caktiong-President, Jollibee Group Foundation, Mr. Edgar 'Injap' Sia II- Chairman, DoubleDragon and Mr. Tony Tan Caktiong Co-Chairman, DoubleDragon and Chairman of Jollibee Foods Corp.

The Farmer Entrepreneurship Program: Bridging Small Farmers to Corporate Supply Chains

- DoubleDragon together with the Injap Group of Companies ("Injap Group") signed up as one of the Development Sponsors to rehabilitate Yolanda hit areas under the Office of the Presidential Assistant for Rehabilitation and Recovery. As a step to jumpstart the Group's endeavors, the Injap Group funded the rehabilitation of the Tanauan Municipal Plaza and erected the Tanauan Memorial Wall to give honor to those who perished from the storm.

The Memorial Wall as of November 8, 2014

The Tanauan plaza in the aftermonth of Haiyan. The place is among the hardest hit areas with a total of 1,400 casualties and 300 missing.

- Injap Investments Inc. ("Injap Investments"), the holding company of the Injap Group of Companies (DoubleDragon, Mang Inasal, Deco's, Hotel of Asia, Inc and People's Hotel) has partnered with BDO Foundation, Inc. to build a two-storey school building with four classrooms in San Miguel, Leyte, where classrooms and ancillary facilities were heavily damaged by super typhoon "Yolanda". The budget earmarked for the project is P3.5M which covers construction, furniture, equipment, and administrative expenses. The project will be equally funded by BDO Foundation, Inc. ("BDO Foundation") and Injap Investments. BDO Foundation is the corporate social responsibility (CSR) arm of BDO Unibank. This is the first school building project of Injap Investments Inc. and its first collaboration with the BDO Foundation.

- Injap Investments also broke ground last June 2014 on a three-storey Center for Continuing Education that the company has donated to the University of San Agustin, Iloilo City, the alma mater DoubleDragon's Chairman, Dr. Edgar 'Injap' Sia II. This project is a statement in the Company's belief that education is the solution to poverty. Injap Invesments recognizes the importance and the need of education for the growth and advantage of the community and desires to contribute their share in this pursuit.

Company History

2009 December
Injap Land Corporation was registered with the Securities and Exchange Commission ("SEC") as the property company of the Sia family led by Edgar 'Injap' Sia II

2011 November
Completed People's Condominium (Mandurriao – Iloilo)

2012 January
One Eleven Property Management Corp. was incorporated as a wholly-owned subsidiary to focus on property management of the Company's projects

2012 July
Injap Land Corporation was renamed to DoubleDragon Properties, Corp. ("DoubleDragon") to signal the intended entry of Honeystar Holdings Corp. (Tan Family)

2012 August
Honeystar Holdings Corp. the holding company of the Tan family led by Jollibee's Tony Tan Caktiong buys into 50% of DoubleDragon and becomes partners with Injap Investments Inc.

2012 September
DoubleDragon acquires W.H. Taft Residences, its first project in Metro Manila from Philtown Properties Inc.

2012 October
- Completed First Homes (Iloilo City)
- DoubleDragon enters into a joint-venture agreement with the City Government of Iloilo to develop and operate the Iloilo-Guimaras Ferry Terminal

2012 November
DoubleDragon Sales Corp. was incorporated as a wholly-owned subsidiary to focus on the selling and marketing of the Company's projects

2013 May
DoubleDragon partners with the Aryanna Group of Investments Inc. ("Aryanna") to develop Umbria Commercial Center in Biñan, Laguna

2013 November
SEC approves increase in capitalization to P500M

2013 December
- CityMall Commercial Centers Inc. ("CityMall") is incorporated to serve as the Company's vehicle to roll out 100 community malls across the country
- CityMall acquires first CityMall project site in Roxas City with an area of 1.3 hectares

2014 February
SM Investments Corp. ("SM") acquires 34% of CityMall

2014 March
Completed The Uptown Place Condominium Project (Iloilo City)

2014 April
- CityMall signs joint-venture with Galleria Zamboanga to construct 2 CityMalls in Zamboanga City, namely a 1 hectare site in Tetuan and 1.4 hectare site in Guiwan.
- Initial Public Offering of 580 million shares at P2.00 per share (The issue was 14x oversubscribed)

2014 May
- First Quarter 2014 Net Profit up 117% year-on-year and Total Equity up by 176% year-on-year to P1.76B
- DoubleDragon acquires 70% of Zion Land Development Ph, Inc. ("Zion Land") to serve as the horizontal affordable housing arm of the Company. Total equity of the Company increased to P200M with no debt. Happy Homes is an existing project of Zion Land.
- Completed Injap Tower (Iloilo City)
- DoubleDragon acquires property in Divisoria to develop into Dragon8 Shopping Center
- CityMall acquires 1.02 hectare community mall site in Consolacion, Cebu

2014 June
- DoubleDragon formed DD Meridian Park Development Corp., a joint venture 70% owned by DoubleDragon and 30% owned by Carto Meridian Development Corp., to develop a 4.5 hectare project called "DD Meridian Park" located in the Bay Area of Pasay City
- CityMall secures 2 community mall sites in Iloilo City namely Ungka, Pavia (1.19 hectares) and Tagbak, Jaro (0.8 hectare)
- CityMall secures 2 hectare community mall site in Anabu, Imus, Cavite

2014 August
Second Quarter 2014 Net Profit up 1605% year-on-year, First Half 2014 Net Profit increased 526% year-on-year to P84.3M

2014 September
- DoubleDragon takes over "The Skysuites Tower", a 38-storey skyscraper in Quezon City
- CityMall acquires 1.5 hectare community mall site in Cotabato City
- CityMall secures 0.5 hectare community mall site in Dau, Pampanga
- CityMall secures 1.1 hectare community mall site in Kalibo, Aklan
- CityMall secures 0.8 hectare community mall site in Tiaong, Quezon

2014 October
- DoubleDragon raises P7.4B in seven-year fixed rate corporate
- CityMall secures 1 hectare community mall site in Boracay Island

2014 November
Third Quarter 2014 Net Profit up 1536% year-on-year to P254M. Nine months ended September 2014 Net Profit rose 1065% year-on-year to P338M

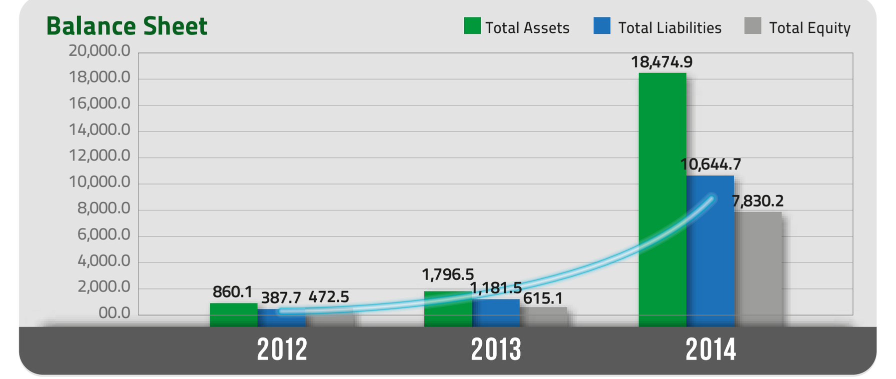
2014 December
- CityMall secures 1.1 hectare community mall site in Goldenfields, Bacolod City
- CityMall secures 1 hectare community mall site in Mandalagan, Bacolod City

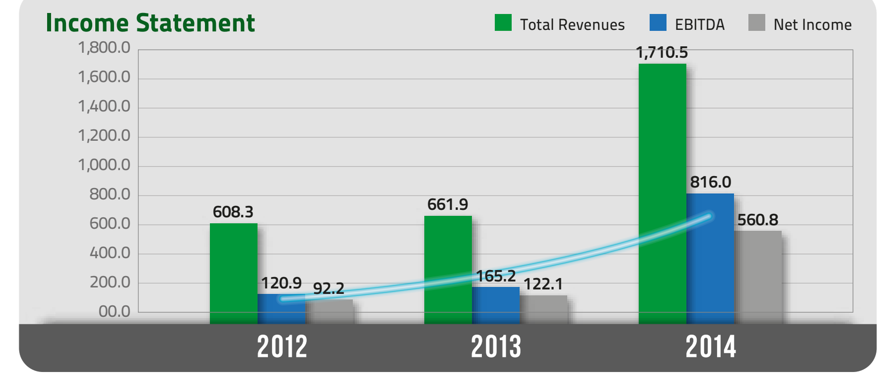
2015 February
CityMall secures 5 more community mall sites across the country namely in Dumaguete City-Negros Oriental, Tagum City-Davao del Norte, Parola-Iloilo City, SCTex Concepcion Service Area and MacArthur Highway-Tarlac City bringing the total secured sites for CityMall to 20 nationwide.

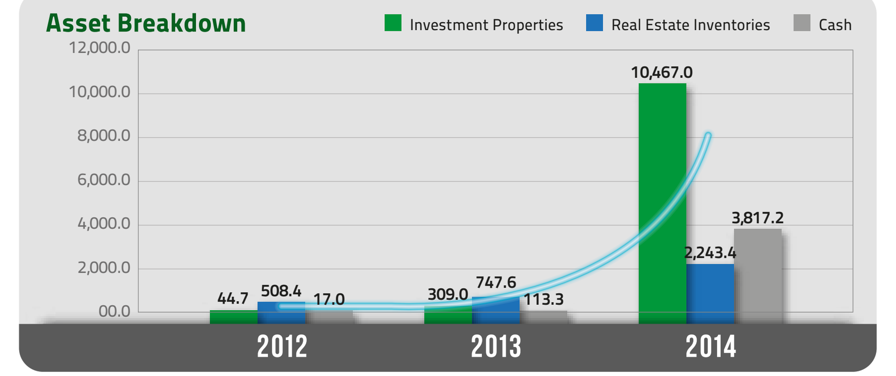
2015 March
- CityMall signs Ms. Anne Curtis as its brand ambassador
- Grand Launch of CityMall Arnaldo-Roxas City

Financial Highlights

All amounts in Millions of Philippine Pesos







2014

Completed Projects

- CityMall Arnaldo-Roxas
- The Uptown Place
- Injap Tower
- People's Condominium
- First Homes Mandurriao
- Happy Homes Mandurriao

The Uptown Place (Completed March 2014)

Injap Tower (Completed May 2014)

Dragon8 Shopping Center

2015

- 25 CityMalls to be completed
- Total Leasable space built of 200,000sqm (approx)

Other projects to be completed/opened in 2015

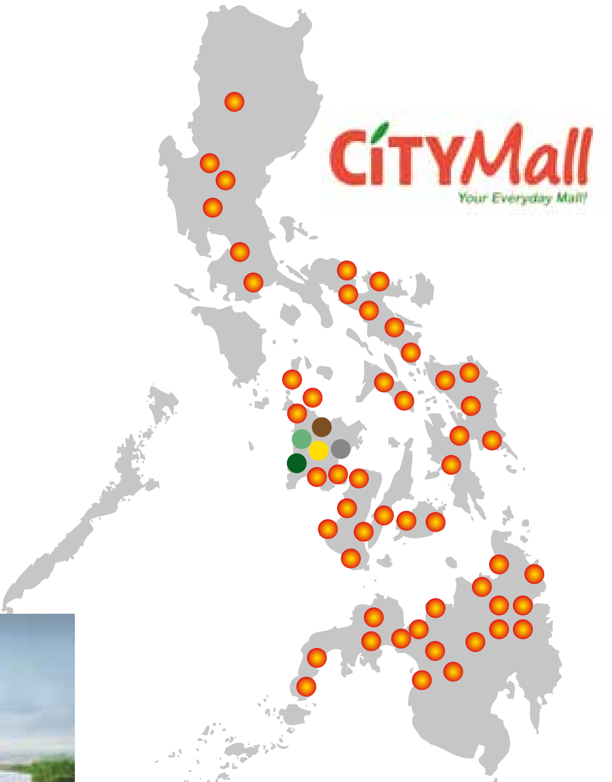
First City Mall Opening - CityMall Roxas City

W.H. Taft Residences

Iloilo-Guimaras Ferry Terminal

2016

- Another 25 CityMalls to be completed (50 total)
- Total Leasable space built grows to 370,000sqm (approx)



2017

- Another 20 CityMalls to be completed (70 total)
- Total Leasable space built grows to 690,000sqm (approx)

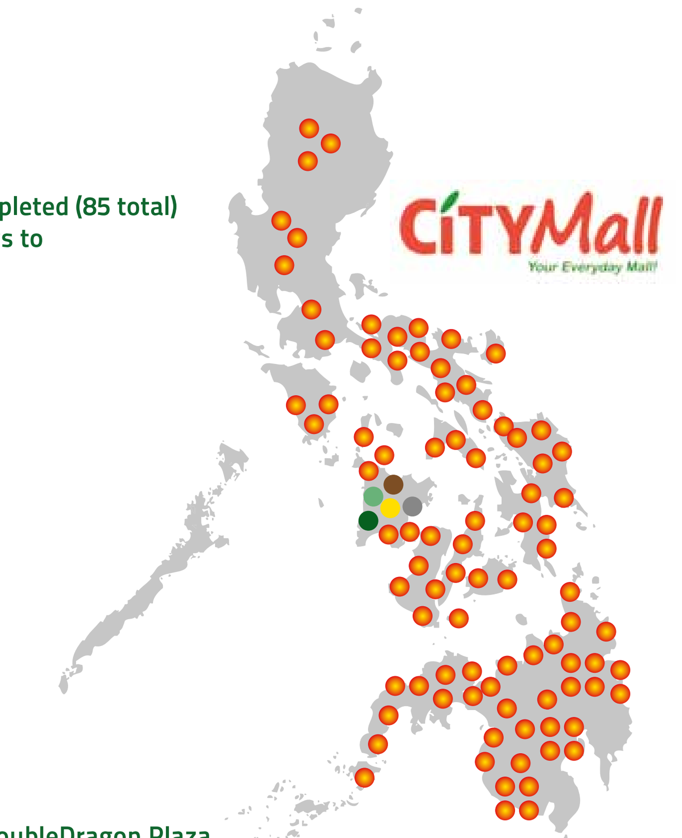
2018

- Another 15 CityMalls to be completed (85 total)
- Total Leasable space built grows to 830,000sqm (approx)

Projects to be completed in 2018

Skysuites Tower

DoubleDragon Plaza

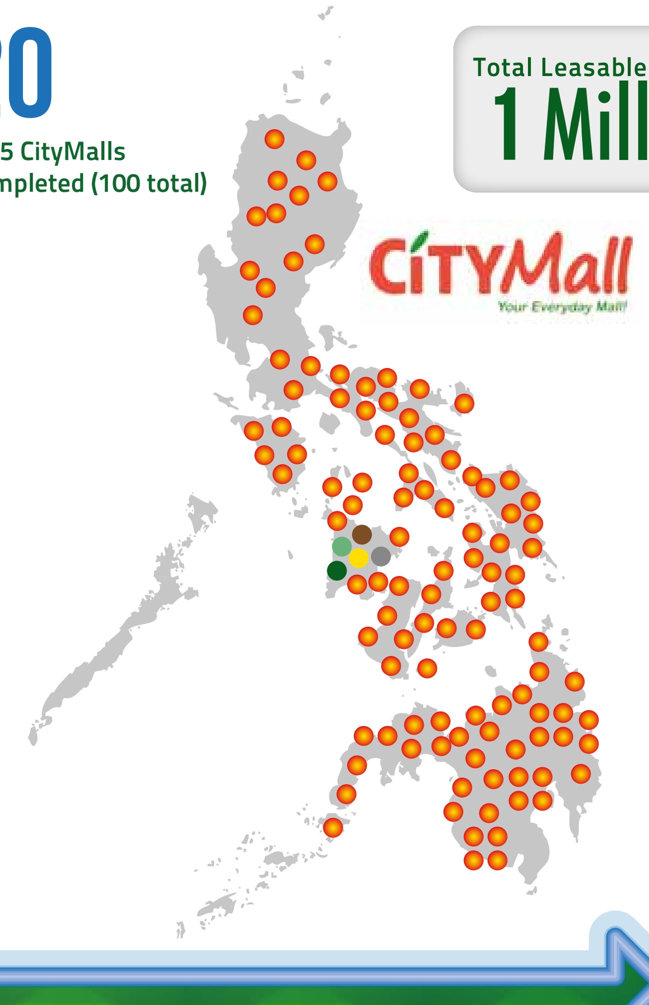


2019

- Another 10 CityMalls to be completed (95 total)
- Total Leasable space built grows to 960,000sqm (approx)

2020

- Another 5 CityMalls to be completed (100 total)



Total Leasable space built grows to
1 Million sqm

CityMall Rollout Schedule

	2015	2016	2017	2018	2019	2020
No. of Malls to be completed	25	25	20	15	10	5
Total Malls to be completed	25	50	70	85	95	100

ROAD MAP TO 2020

Statement of Management's Responsibility for Financial Statements

The management of DoubleDragon Properties Corp. and Subsidiaries (the "Group"), is responsible for the preparation and fair presentation of the financial statements as at December 31, 2014, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

R.G. Manabat & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Edgar J. Sia II
CEO/Chairman

Ferdinand J. Sia
COO/President

Rizza Marie Joy J. Sia
CFO/Treasurer

Signed this 18th day of March 2015

Independent Auditor's Report

The Board of Directors and Stockholders
DoubleDragon Properties Corp.
People's Hotel, Fuentes and Delgado Streets
Iloilo City

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of DoubleDragon Properties Corp. (formerly Injap Land Corporation) and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, 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, 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statement
Management is responsible for the preparation and fair preparation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of DoubleDragon Properties Corp. and Subsidiaries as at December 31, 2014 and 2013, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

R.G MANABAT & CO.

ADOR C. MEJIA
Partner
CPA License No. 0029620
SEC Accreditation No. 0464-AR-2, Group A, valid until March 24, 2016
Tax Identification No. 112-071-634
BIR Accreditation No. 08-001987-10-2013
Issued May 9, 2013; valid until May 8, 2016
PTR No. 4748117MC
Issued January 5, 2015 at Makati City

March 18, 2015
Makati City, Metro Manila

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES

(Formerly Injap Land Corporation)

Consolidated Statements of Financial Position

		December 31	
	Note	2014	2013
ASSETS			
Current Assets			
Cash and cash equivalents	*4, 25*	₱3,817,191,234	₱113,304,028
Receivables	*5, 25*	732,366,911	310,071,769
Real estate inventories	*6*	2,243,407,876	747,630,282
Mall stall units for sale	*7*	205,115,350	-
Due from related parties	*20, 25*	1,030,070	-
Prepaid expenses and other current assets - net	8, 12, 20, 21, 25	423,201,167	138,191,808
Total Current Assets		7,422,312,608	1,309,197,887
Noncurrent Assets			
Receivables - net of current portion	*5,* 25	206,412,607	75,223,490
Property and equipment - net	*9*	95,859,524	20,439,323
Intangible assets and goodwill - net	*10*	68,960,899	3,583,723
Investment property	*11*	10,467,018,818	309,002,797
Other noncurrent assets	*12, 21, 25*	214,318,100	79,094,214
Total Noncurrent Assets		11,052,569,948	487,343,547
		₱18,474,882,556	₱1,796,541,434
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	*6, 13, 25*	₱840,247,846	₱145,606,543
Short-term notes payable	*14, 25*	649,000,000	300,000,000
Current portion of customers' deposits	*15*	230,608,277	117,326,861
Due to related parties	*20, 25*	280,679,292	37,677,427
Income tax payable		12,223,080	12,820,088
Total Current Liabilities		2,012,758,495	613,430,919

(Forward)

		December 31	
	Note	2014	2013
Noncurrent Liabilities			
Long-term notes payable - net of debt issue costs	*14, 25*	7,729,243,372	540,000,000
Customers' deposits - net of current portion	*15*	176,410,072	-
Deferred tax liabilities - net	*22*	173,369,486	28,022,792
Other noncurrent liabilities	*16, 25*	552,925,699	-
Total Noncurrent Liabilities		8,631,948,629	568,022,792
Total Liabilities		10,644,707,124	1,181,453,711
Equity Attributable to Equity Holders of the Parent Company	*24*		
Capital stock		₱222,973,000	₱165,000,000
Additional paid-in capital		1,358,237,357	318,625,580
Retained earnings		661,823,627	106,269,584
		2,243,033,984	589,895,164
Non-controlling Interest	*1, 26*	5,587,141,448	25,192,559
Total Equity		7,830,175,432	615,087,723
		₱18,474,882,556	₱1,796,541,434

See Notes to the Consolidated Financial Statements.

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES

(Formerly Injap Land Corporation)

Consolidated Statements of Comprehensive Income

		Years Ended December 31		
	Note	**2014**	2013	2012
INCOME				
Real estate sales	*20*	**₱1,073,008,556**	₱511,069,901	₱596,499,877
Unrealized gains from change in fair values of investment property	*11*	**455,732,211**	127,161,634	-
Sale of mall stall units		**140,493,171**	-	-
Interest income	*4, 5, 12*	**30,644,040**	18,867,956	11,813,552
Rent income	*11, 21*	**6,046,194**	4,029,842	-
Others		**4,577,884**	806,514	14,908
		1,710,502,056	661,935,847	608,328,337
COST AND EXPENSES				
Cost of real estate sales	*17*	**573,338,423**	373,754,564	446,484,724
General and administrative expenses	*19*	**200,830,656**	84,963,724	19,181,680
Selling expenses	*18*	**70,679,172**	23,616,394	11,005,463
Interest expense	*14, 16*	**37,501,634**	9,123,095	-
Cost of sales of mall stall units	*7, 17*	**24,073,820**	-	-
		906,423,705	491,457,777	476,671,867
INCOME BEFORE INCOME TAX		**804,078,351**	170,478,070	131,656,470

(Forward)

		Years Ended December 31		
	Note	**2014**	2013	2012
INCOME TAX EXPENSE	*22*			
Current		**116,808,650**	24,010,409	35,825,538
Deferred		**126,422,153**	24,412,953	3,609,838
		243,230,803	48,423,362	39,435,376
NET INCOME/TOTAL COMPREHENSIVE INCOME		**₱560,847,548**	₱122,054,708	₱92,221,094
Attributable to:				
Equity holders of the Parent Company		**₱555,890,174**	₱106,649,057	₱92,221,094
Non-controlling interest	*26*	**4,957,374**	15,405,651	-
		₱560,847,548	₱122,054,708	₱92,221,094
Basic/Diluted Earnings Per Share	*23*	**₱0.2835**	₱0.8632	₱2.0494

See Notes to the Consolidated Financial Statements.

Consolidated Statements of Changes In Equity

		Years Ended December 31					
		2014		2013		2012	
	Note	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY							
CAPITAL STOCK	*24*						
Authorized							
Common shares - ₱0.10 par value - November 12, 2013 P1 par value - April 10, 2013 P100 par value - 2012		5,000,000,000	₱500,000,000	500,000,000	₱500,000,000	800,000	₱80,000,000
Issued and outstanding shares							
Balance at beginning of year		165,000,000	₱165,000,000	600,000	₱60,000,000	-	₱-
Stock issuances during the year		579,730,000	57,973,000	105,000,000	105,000,000	600,000	60,000,000
Change in par value - ₱1 to ₱0.10		1,485,000,000	-	-	-	-	-
Change in par value - ₱100 to ₱1		-	-	59,400,000	-	-	-
Balance at end of year		2,229,730,000	222,973,000	165,000,000	165,000,000	600,000	60,000,000
Subscribed shares 579,730,000 - 2014 105,000,000 - 2013 600,000 - 2012							
Balance at beginning of year		-	-	-	-	280,000	28,000,000
Collection of subscriptions receivable		-	-	-	-	20,000	2,000,000
Additional subscriptions		579,730,000	57,973,000	105,000,000	105,000,000	300,000	30,000,000
Stock issuances		(579,730,000)	(57,973,000)	(105,000,000)	(105,000,000)	(600,000)	(60,000,000)
Balance at end of year		-	-	-	-	-	-
		2,229,730,000	222,973,000	165,000,000	165,000,000	600,000	60,000,000

(Forward)

		Years Ended December 31					
		2014		2013		2012	
	Note	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
ADDITIONAL PAID-IN CAPITAL	24						
Balance at beginning of year		-	318,625,580	-	320,000,000	-	-
Stock issuances during the year		-	1,101,487,000	-	-	-	320,000,000
Stock issuance costs		-	(61,875,223)	-	(1,374,420)	-	-
Balance at end of year		-	1,358,237,357	-	318,625,580	-	320,000,000
RETAINED EARNINGS							
Balance at beginning of year		-	106,269,584	-	92,462,396	-	241,302
Net income for the year		-	555,890,175	-	106,649,057	-	92,221,094
Stock issuance costs		-	(336,132)	-	(117,975)	-	-
Cash dividends declared	24	-	-	-	(92,723,894)	-	-
Balance at end of year		-	661,823,627	-	106,269,584	-	92,462,396
NON-CONTROLLING INTEREST							
Balance at beginning of year		-	₱25,192,559	-	₱ -	-	₱-
Share capital		-	5,467,744,924	-	-	-	-
Effects of business combination		-	89,246,591	-	9,904,883	-	-
Net income for the year		-	4,957,374	-	15,405,651	-	-
Stock issuance costs			-		(117,975)		-
Balance at end of year		-	5,587,141,448	-	25,192,559	-	-
		-	₱7,830,175,432	-	₱615,087,723	-	₱472,462,396

See Notes to the Consolidated Financial Statements.

Consolidated Statements of Cash Flows

	Note	2014	2013	2012
		Years Ended December 31		
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱804,078,351**	₱170,478,070	₱131,656,470
Adjustments for:				
Interest expense	*14, 16*	**37,501,634**	9,123,095	-
Depreciation and amortization	*9, 10, 19*	**5,044,824**	4,440,452	1,091,110
Unrealized gains from change in fair values of investment property	*11*	**(455,732,211)**	(127,161,634)	-
Interest income	*4, 5, 12*	**(30,644,040)**	(18,867,956)	(11,813,552)
Operating income before working capital changes		**360,248,558**	38,012,027	120,934,028
Decrease (increase) in:				
Receivables		**(525,418,327)**	(197,878,306)	(161,639,116)
Real estate inventories	*27*	**(1,495,777,594)**	(328,241,212)	(446,948,907)
Mall stall units for sale		**(205,115,350)**	-	-
Due from related parties		**(1,030,070)**	27,230,023	(27,224,052)
Prepaid expenses and other current assets		**(325,021,914)**	(101,872,891)	(27,419,419)
Increase (decrease) in:				
Accounts payable and other current liabilities		**706,128,794**	27,265,104	114,629,013
Customers' deposits		**289,691,488**	(48,995,914)	148,755,293
Payable to other creditors		**-**	(67,843,874)	67,843,874
Due to related parties		**243,001,865**	11,999,698	(73,013,212)
Cash absorbed by operations		**(953,292,550)**	(640,325,345)	(284,082,498)
Interest received		**2,274,515**	18,246,792	11,813,552
Interest paid		**(50,346,301)**	(6,218,426)	-
Income tax paid		**(58,468,179)**	(36,195,033)	(10,820,826)
Net cash used in operating activities		**(1,059,832,515)**	(664,492,012)	(283,089,772)

Years Ended December 31

(Forward)

	Note	2014	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	9	**(14,374,708)**	(11,827,288)	(11,642,664)
Additions to intangible assets and goodwill	10	**(66,285,903)**	(2,183,939)	(2,329,824)
Additions to investment property	11, 27	**(9,767,465,400)**	(32,436,012)	(18,811,101)
Increase in other noncurrent assets		**(134,920,674)**	(53,353,927)	(25,575,287)
Effects of business combinations		**89,246,591**	417,386	-
Increase in non-controlling interest		**5,467,744,924**	-	-
Net cash used in investing activities		**(4,426,055,170)**	(99,383,780)	(58,358,876)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of capital stock	24	**₱1,097,584,777**	₱112,889,630	₱252,000,000
Proceeds from availment of notes, net of debt issue costs	14	**8,688,222,998**	840,000,000	100,000,000
Payment of notes	14	**(1,050,000,000)**	-	-
Cash dividends paid	24	**-**	(92,723,894)	-
Increase in other noncurrent liabilities		**453,967,116**	-	-
Net cash provided by financing activities		**9,189,774,891**	860,165,736	352,000,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		**3,703,887,206**	96,289,944	10,551,352
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4	**113,304,028**	17,014,084	6,462,732
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	**₱3,817,191,234**	₱113,304,028	₱17,014,084

See Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1. Reporting Entity

DoubleDragon Properties Corp., (the "Parent Company" or "DD"), formerly Injap Land Corporation, 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 started commercial operations in November 2010.

On August 1, 2012, the SEC approved the Parent Company's application to change its corporate name to "DoubleDragon Properties Corp."

The Parent Company's shares are listed at the Philippine Stock Exchange ("PSE") since April 7, 2014 under the stock symbol "DD" (see Note 24).

The consolidated financial statements include the accounts of DD and the following subsidiaries (collectively referred to as the "Group"):

	Percentage of Ownership	
Subsidiaries	2014	2013
DoubleDragon Sales Corp. (DDSC)(a)	100	100
One Eleven Property Management Corp. (OEPMC)(a)	100	100
DD-Meridian Park Development Corp. (DD-MPDC) (b)	70	-
Zion Land Development Ph, Inc. (ZLDPI) (c)	70	-
CityMall Commercial Centers Inc. (CMCCI) (d)	66	100
Piccadilly Circus Landing Inc. (PCLI) (e)	50	50

(a) Consolidated effective January 1, 2012.
(b) Consolidated effective October 27, 2014.
(c) Consolidated effective May 23, 2014.
(d) Consolidated effective December 27, 2013.
(e) Consolidated effective August 1, 2013.

The following were the changes in the Group's structure during 2014:

DD-MPDC 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.

The consolidated financial statements also include the balances of Prime DDG Commercial Centers Inc. ("PDDG"), a 70% owned subsidiary of CMCCI. PDDG was incorporated and registered with the SEC on April 28, 2014 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.

ZLDPI 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. ZLDPI started its commercial operations in 2014.

DD-MPDC and PDDG have not started commercial operations as at December 31, 2014.

The following were the changes in the Group's structure in prior years:

OEPMC 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.

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.

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.

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.

OEPMC, DDSC and CMCCI have not started commercial operations as at December 31, 2014.

The above companies are all incorporated in the Philippines. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

The following table summarizes the information relating to the DD's subsidiary that has material NCI, before any intra-group eliminations.

	December 31, 2014
	DD-MPDC
NCI percentage	30.00%
Current assets	₱1,266,157,162
Noncurrent assets	7,340,038,938
Current liabilities	(151,200,749)
Net assets	8,454,995,351
Carrying amount of NCI	5,352,147,712
Net loss (total comprehensive loss)	(13,076,967)
Net loss/total comprehensive loss allocated to NCI	(3,923,090)
Cash flows from operating activities	(109,893,688)
Cash flows from investing activities	(1,759,777,070)
Cash flows from financing activities	3,119,847,696
Net increase in cash and cash equivalents	₱1,250,176,938

The Parent Company's registered office address is People's Hotel located in Fuentes and Delgado Streets, Iloilo City. The Parent Company also maintains its corporate office at 16th Floor 6750 Building, Ayala Avenue, Makati City.

2. Basis of Preparation

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

The consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on March 18, 2015.

Basis of Measurement

The consolidated financial statements have been prepared using the historical cost basis of accounting except for investment property that is measured at fair value.

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is also the Group's functional currency, and all financial information presented in Philippine peso has been rounded off to the nearest peso, unless otherwise stated.

Use of Estimates and Judgments

The consolidated financial statements prepared in accordance with PFRS require management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements at the reporting date. However, uncertainty about these 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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods 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 effects on the amounts recognized in the consolidated financial statements:

Determination of Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency has been determined to be the Philippine peso. It is the currency of the primary economic environment in which the Group operates and the currency that mainly influences its revenues and expenses.

Classifying Financial Instruments

The Group exercises judgments in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

In addition, the Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether the quoted prices are readily and regularly available and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

Financial assets are classified as financial assets at fair value through profit or loss (FVPL), held-to-maturity (HTM) investments, loans and receivables and available-for-sale (AFS) financial assets. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities.

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 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 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 (see Note 26).

Collectability of the Sales Price
In determining whether the sales prices are collectable, the Group considers that initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

Assessing Lease Agreements
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and arrangement conveys a right to use the asset.

Operating Leases - Group as a Lessee
The Group has entered into various lease agreements as a lessee. The Group has determined that the lessor retains all significant risks and rewards of ownership of these properties which are leased out under operating lease arrangements.

Operating Leases - Group as a Lessor
The Group has entered into various lease agreements as a lessor to lease out its commercial spaces to various lessees. The Group has determined that it retains all significant risks and rewards of ownership of the property which are leased out under operating lease arrangements.

Estimates
The key estimates and assumptions used in the consolidated financial statements are based on management's evaluation of relevant facts and circumstances as at the date of the Group's 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 revenue and costs. The Group's revenue from real estate sales is recognized based on the percentage of completion. It is measured principally on the basis of the estimated completion of a physical proportion of contract work by reference to the actual costs incurred to date over the estimated total costs of the project.

Changes in estimate may affect the reported amounts of revenue in real estate sales and receivables. 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 ₱1,073.01 million and ₱573.34 million, respectively, in 2014, and ₱511.07 million and ₱373.75 million, respectively, in 2013 and ₱596.50 million and ₱446.48 million, respectively, in 2012 (see Notes 17 and 20).

Estimating Allowance for Impairment Losses on Receivables, Due from Related Parties and Refundable Deposits

The Group performs regular review of the age and status of its receivables, due from related parties and refundable deposits, designed to identify accounts with objective evidence of impairment and provides those with the appropriate allowance for impairment losses. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with debtors, their payment behavior and known market factors. The amount and timing of recorded expenses for any period would differ if the Group made different judgment or utilized different estimates. An increase in the Group's allowance for impairment losses on receivables, due from related parties and refundable deposits would increase the Group's recorded general and administrative expenses and decrease current and noncurrent assets.

No allowance for impairment losses are recognized for receivables, due from related parties and refundable deposits as at December 31, 2014 and 2013. The carrying amounts of Group's receivables, due from related parties and refundable deposits amounted to ₱978.78 million, and ₱396.20 million as at December 31, 2014 and 2013, respectively (see Notes 5, 8, 12 and 20).

Estimating Net Realizable Value (NRV) of Real Estate Inventories and Mall Stall Units for Sale

The Group reviews its real estate inventories and mall stall units for sale for probable decline in value. This includes considering certain indications such as significant change in asset usage and plans relating to the real estate projects and mall stall units for sale. Where the carrying amount of real estate inventories and mall stall units for sale exceeds their NRV, the real estate inventories and mall stall units for sale are considered impaired and are written down to their NRV. The NRV is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale. In determining the recoverability of the real estate inventories and mall stall units for sale, management considers whether those real estate inventories and mall stall units for sale are damaged or if their selling prices have declined.

No real estate inventories and mall stall units for sale were written down to their NRVs in 2014, 2013 and 2012. The carrying amounts of the Group's real estate inventories and mall stall units for sale amounted to ₱2,448.52 million and ₱747.63 million as at December 31, 2014 and 2013, respectively (see Notes 6 and 7).

Estimating Useful Lives of Property and Equipment and Intangible Asset with Definite Useful Life

The Group estimates the useful lives of property and equipment and intangible asset with definite useful life (computer software license) based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and computer software license 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 computer software license 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 and computer software license would increase recorded depreciation and amortization expenses and decrease noncurrent assets.

The Group's accumulated depreciation of property and equipment amounted to ₱8.90 million and ₱5.28 million as at December 31, 2014 and 2013, respectively. The carrying amount of the Group's property and equipment amounted to ₱95.86 million and ₱20.44 million as at December 31, 2014 and 2013, respectively (see Note 9).

The Group's accumulated amortization of computer software license amounted to ₱1.84 million and ₱.93 million as at December 31, 2014 and 2013, respectively. The carrying amount of the Group's computer software license amounted to ₱3.56 million and ₱3.58 million as at December 31, 2014 and 2013, respectively (see Note 10).

Fair Value Measurement of Investment Property

Starting 2013, 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.

Unrealized gains from change in fair values of investment property recognized in profit or loss amounted to ₱455.73 million, ₱127.16 million and nil in 2014, 2013 and 2012, respectively. The carrying amount of the Group's investment property amounted to ₱10,467.02 million and ₱309.00 million as at December 31, 2014 and 2013, respectively (see Note 11).

Assessing Impairment on Nonfinancial Assets

PFRS requires that an impairment review be performed on property and equipment, intangible asset with definite useful life (computer software license) and investment property when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Determining the recoverable amount of assets requires 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 financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amount and any resulting impairment loss could have a material adverse impact on the financial performance.

There were no impairment losses required to be recognized in 2014, 2013, and 2012 based on management's assessment.

Assessing Impairment of Goodwill

The Company determines whether goodwill is impaired at least annually. This requires estimation of value in use of the cash-generating units to which the goodwill is 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 carrying amount of goodwill amounted to ₱65.40 million and nil as at December 31, 2014 and 2013, respectively (see Note 10). There were no impairment losses required to be recognized in 2014, 2013, and 2012 based on management's assessment.

Estimating Realizability of Deferred Tax Asset (DTA)
The Company reviews its DTA at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the DTA to be utilized. The Company reviews its projected performance in assessing the sufficiency of future taxable income.

The carrying amount of deferred tax asset amounted to ₱43.17 million and ₱10.13 million as at December 31, 2014 and 2013, respectively (see Note 22).

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 2014, 2013 and 2012.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all the years presented in these consolidated financial statements, except for the changes in accounting policies as explained below.

Adoption of Amendments to Standards
The Group has adopted the following amendments to standards starting January 1, 2014 and accordingly, changed its accounting policies. The adoption of these amendments to standards did not have any significant impact on the Group's consolidated financial statements.

- *Offsetting Financial Assets and Financial Liabilities (Amendments to PAS 32).* These amendments clarify that:

  - an entity currently has a legally enforceable right to set-off if that right is:
    - not contingent on a future event; and
    - enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and
  - gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that:
    - eliminate or result in insignificant credit and liquidity risk; and
    - process receivables and payables in a single settlement process or cycle.

- *Recoverable Amount Disclosures for Non-financial Assets (Amendments to PAS 36).* These narrow-scope amendments to PAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarified that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

New and Revised and Amendments to Standards Not Yet Adopted
A number of new and revised and amendments to standards have already been issued by the IASB that are effective for annual periods beginning after January 1, 2014. Although already issued by the FRSC, the Board of Accountancy has yet to approve these new, revised and amendments to standards for local adoption. However, the Group has not applied the following new, revised and amended standards in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements.

Effective July 1, 2014

- *Annual Improvements to PFRS: 2010 - 2012 and 2011 - 2013 Cycles* - Amendments were made to a total of nine standards, with changes made to the standards on business combinations and fair value measurement in both cycles. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014. Earlier application is permitted, in which case the related consequential amendments to other PFRS would also apply. Special transitional requirements have been set for amendments to the following standards: PFRS 2, PAS 16, PAS 38 and PAS 40. The following are the said improvements or amendments to PFRS, none of which has a significant effect on the consolidated financial statements of the Group:

- *Classification and measurement of contingent consideration (Amendment to PFRS 3).* The amendment clarifies the classification and measurement of contingent consideration in a business combination. When contingent consideration is a financial instrument, its classification as a liability or equity is determined by reference to PAS 32 Financial Instruments: Presentation, rather than to any other PFRSs. Contingent consideration that is classified as an asset or a liability is always subsequently measured at fair value, with changes in fair value recognized in profit or loss.

  Consequential amendments are also made to *PAS 39 Financial Instruments: Recognition and Measurement and PFRS 9 Financial Instruments* to prohibit contingent consideration from subsequently being measured at amortized cost. In addition, *PAS 37 Provisions, Contingent Liabilities and Contingent Assets* is amended to exclude provisions related to contingent consideration.

- *Disclosures on the aggregation of operating segments (Amendment to PFRS 8).* PFRS 8 has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. The disclosures include: a brief description of the operating segments that have been aggregated; and the economic indicators that have been assessed in determining that the operating segments share similar economic characteristics. In addition, this amendment clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- *Measurement of short-term receivables and payables (Amendment to PFRS 13).* The amendment clarifies that, in issuing PFRS 13 and making consequential amendments to PAS 39 and PFRS 9, the intention is not to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

- *Scope of portfolio exception (Amendment to PFRS 13).* The scope of the PFRS 13 portfolio exception - whereby entities are exempted from measuring the fair value of a group of financial assets and financial liabilities with offsetting risk positions on a net basis if certain conditions are met - has been aligned with the scope of PAS 39 and PFRS 9.

  PFRS 13 has been amended to clarify that the portfolio exception potentially applies to contracts in the scope of PAS 39 and PFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under PAS 32 - e.g. certain contracts to buy or sell non-financial items that can be settled net in cash or another financial instrument.

- *Definition of 'related party' (Amendment to PAS 24).* The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 - e.g. loans.

- *Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40).* PAS 40 has been amended to clarify that an entity should assess whether an acquired property is an investment property under PAS 40 and perform a separate assessment under PFRS 3 to determine whether the acquisition of the investment property constitutes a business combination. Entities will still need to use judgment to determine whether the acquisition of an investment property is an acquisition of a business under PFRS 3.

Effective January 1, 2016

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10 and PAS 28).* The amendments address an inconsistency 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.

  The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

Effective January 1, 2018

- *PFRS 9, Financial Instruments (2014),* replaces PAS 39, *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

  The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018 with early adoption permitted.

  Deferral of the Local Implementation of Philippine Interpretation IFRIC 15 Agreements for the Construction of Real Estate

- Philippine Interpretation IFRIC 15 *Agreements for the Construction of Real Estate* applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. It provides guidance on the recognition of revenue among real estate developers for sales of units, such as apartments or houses, 'off plan'; i.e., before construction is completed. It also provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of PAS 11 *Construction Contracts,* or PAS 18 *Revenue*, and the timing of revenue recognition.

  The Group will assess the impact of the above new and amendments to standards on the consolidated financial statements upon adoption in their respective effective dates.

<u>Basis of Consolidation</u>

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the fair value of consideration transferred, measured at acquisition date and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree at fair value of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with PAS 39, *Financial Instruments: Recognition and Measurement,* either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports in the consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period which is no longer than one year from the acquisition date, the provisional amounts recognized at acquisition date are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Group recognizes additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

Subsidiaries

Subsidiaries are entities controlled by the Group. In accordance with PFRS 10, *Consolidated Financial Statements,* the Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling Interests (NCI)

NCI represent the portion of profit or loss and net assets or liabilities not held by the Group and are presented separately in the consolidated statements of comprehensive income and within stockholders' equity in the consolidated statements of financial position, separately from equity attributable to owners of the Group. Losses applicable to the NCI in a subsidiary (including components of other comprehensive income) are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Loss of Control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions Eliminated on Consolidation

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognized in assets and liabilities, are eliminated in full. Unrealized losses are eliminated unless costs cannot be recovered.

<u>Financial Instruments</u>

Financial assets comprise cash and cash equivalents, receivables, due from related parties and refundable deposits. Financial liabilities consist of accounts payable and other current liabilities, notes payable, due to related parties and security deposits.

Date of Recognition

The Group recognizes a financial asset or a 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 and derecognition, as applicable, are done using settlement date accounting.

Initial Recognition of Financial Instruments

Financial instruments are recognized initially at fair value which is the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes directly attributable transaction costs.

Subsequent to initial recognition, the Group classifies its financial assets into the following categories: held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, financial assets at FVPL and loans and receivables. The Group classifies its financial liabilities as either financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Management determines the classification of the Group's financial assets and liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

The Group has no HTM investments, AFS financial assets, financial assets and liabilities at FVPL as at December 31, 2014 and 2013.

Determination of Fair Value

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments, fair value is determined by using the appropriate valuation techniques. Valuation techniques include the discounted cash flow approach, price comparison to similar instruments for which market observation prices exist, options pricing models and other relevant valuation models.

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.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial asset at FVPL.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method, less any impairment in value. Any interest earned on loans and receivables shall be recognized as part of "Interest income" in profit or loss on an accrual basis. Gains or losses are recognized in profit or loss when loans and receivables are derecognized 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.

Cash includes cash on hand and in banks which is stated at face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of changes in value.

Other Financial Liabilities

This category pertains to financial liabilities that are not designated or classified at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings. Other financial liabilities are measured initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium, discount and directly attributable transaction costs. 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, notes payable, due to related parties and other noncurrent liabilities (excluding payables to government agencies and unearned rent income) accounts are included in this category.

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.

Derecognition of Financial Assets and Liabilities

Financial Assets

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

- the rights to receive cash flows from the asset have expired;

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset the maximum amount of consideration that the Group could be required to pay.

Financial Liabilities

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

Impairment of Financial Assets

The Group assesses at reporting date whether a financial asset or a group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For assets carried at amortized cost such as loans and receivables, the Group first assesses whether objective evidence of impairment exists for financial assets that are individually significant or collectively for financial assets that are not individually significant. If no objective evidence of impairment has been identified for a significant financial asset that was individually assessed, the Group includes the asset as part of a group of financial assets pooled according to their credit risk characteristics and collectively assesses the group for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in the collective assessment of impairment.

Evidence of impairment for specific impairment purposes may include indications that the borrower or a group of borrowers is experiencing financial difficulty, default or delinquency in principal or interest payments, or may enter into bankruptcy or other form of financial reorganization intended to alleviate the financial condition of the borrower. For collective impairment purposes, evidence of impairment may include observable data on existing economic conditions or industry-wide developments indicating that there is a measurable decrease in the estimated future cash flows of the related assets.

If there is objective evidence of impairment, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). Time value is generally not considered when the effect of discounting the cash flows is not material.

The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The impairment loss for the period shall be recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

Classification of Financial Instruments between Debt and Equity

A financial instrument is classified as debt 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.

A financial instrument is an equity instrument only if: (a) the instrument includes no contractual obligation to deliver cash or another financial asset to another entity; and (b) if the instrument will or may be settled in the issuer's own equity instruments, it is either:

- a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or

- a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Offsetting Financial Instruments

Financial assets and 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 asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated statements of financial position.

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. They consist of acquisition cost of land and other related development costs, amount paid to contractors for construction and development, capitalized borrowings and other capitalized costs.

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.

These are carried at the lower of cost or NRV. The 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.

Mall Stall Units for Sale

Mall stall units for sale are carried at the lower of cost or NRV. Cost consists of the costs incurred in the development and improvement of the property. 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 mall stall units for sale 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.

Prepaid Expenses
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 operation or expire with the passage of time. These typically comprise prepayments for commissions, taxes and licenses and rentals.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation, amortization and impairment losses, if any.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. All other subsequent expenditures are recognized in profit or loss.

The estimated useful lives of property and equipment, exclusive of land which has an indefinite useful life, are as follows:

	Useful Life in Years
Leasehold improvements	5 or lease term, whichever is shorter
Equipment and showroom	5
Furniture and fixtures	5

Construction in progress represents structures under construction and is stated at cost. This includes the costs of construction and equipment and other direct costs. Borrowing costs that are directly attributed to the construction are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are ready for use.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the property and equipment. Leasehold improvements are amortized over the estimated useful life of the improvements or the term of the lease, whichever is shorter.

The estimated useful lives and depreciation and amortization methods are reviewed periodically to ensure that they are consistent with the expected pattern of economic benefits from those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Intangible Assets and Goodwill
Goodwill
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary

acquired (bargain purchase gain), the difference is recognized in the profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit 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.

Where goodwill acquired in a business combination has yet to be allocated to identifiable CGUs because the initial accounting is incomplete, such provisional goodwill is not tested for impairment unless indicators of impairment exist and the Group can reliably allocate the carrying amount of goodwill to a CGU or group of CGUs that are expected to benefit from the synergies of the business combination.

When subsidiaries are sold, the difference between the selling price and the subsidiary's net asset plus goodwill associated with the investment are recognized in profit or loss.

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 lives of five years as the lives of these intangible assets are considered limited.

The carrying amount of intangible assets is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. 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 sale.

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.

Impairment of Nonfinancial Assets

The carrying amounts of the Group's nonfinancial assets excluding goodwill such as property and equipment, intangible asset with definite useful life (computer software license) and investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized in profit or loss whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of a nonfinancial asset is the greater of the asset's fair value less costs of disposal and its 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 while value in use is the present value of estimated future cash flows expected to be generated from continuing use and from its disposal at the end of its useful life. 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 cash flows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized. Reversals of impairment are recognized in profit or loss.

Capital Stock

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

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; (2) retained earnings.

Retained Earnings

Retained earnings consist of the cumulative income and loss from current and previous years' operations.

Revenue Recognition

Real Estate Sales

Revenue is measured at the fair value of the consideration received or receivable, net of discounts. Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Income from Sale of Real Estate. For financial reporting purposes, revenue is recognized using the percentage of completion method as permitted by the Philippine Interpretations Committee and FRSC when all the following conditions are met:

- Equitable interest is transferred to the buyer;
- The Group is obliged to perform significant acts;
- The amount of revenue can be measured reliably; and
- It is probable that the economic benefits will flow to the Group.

Under this method, revenue is recognized as the related obligation is fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

Nonrefundable reservation fees paid by prospective buyers which are to be applied against the receivable upon recognition of revenue and the excess collections from buyers over the related revenue recognized based on the percentage of completion method are included in the "Customers' deposits" account in the consolidated statements of financial position.

For income tax reporting purposes, income is recognized in full upon collection of at least 25% of the total contract price in the year of sale. Otherwise, revenue from sale is deferred and recognized as income based on collection of installments.

Revenues and costs relative to forfeited or back out sales are reversed in the current year as they occur.

Estimated loss on unsold units is recognized immediately when it is probable that the total project cost will exceed total contract price.

Sale of Mall Stall Units

Revenue from sale of mall stall units in the Dragon8 Shopping Center (the "Dragon8") is recognized on the accrual basis when the collectability of sales price is reasonably assured.

Interest Income

Interest income is recognized as it accrues using the effective interest method. On the other hand, interest income from banks which is presented net of final tax is recognized when earned.

Rental Income

Rental income on investment property is recognized in profit or loss on a straight-line basis over the lease term.

Other Income
Other income consists of income other than those generated in the ordinary course of business. This is recognized on an accrual basis.

Cost and Expense Recognition
Costs and expenses are recognized when they are incurred and are reported in the consolidated financial statements in the periods to which they relate.

Cost of Real Estate Sales
Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of residential land and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works.

Cost of sale of mall stall units is recognized consistent with the revenue recognition method applied. The cost of sale of mall stall units consists of the costs incurred in the development and improvement of the property.

Land and Land Development Costs
Land and land development costs represent the cost for acquiring the land and preparing it for condominium site and residential lots.

Construction Costs and Other Project Costs
Construction costs and other project costs pertain to accumulated costs for materials, labor and overhead incurred as at reporting date.

Borrowing Costs
Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if these are directly attributable to the acquisition or construction of a qualifying asset. 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 its intended use.

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating Leases
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term, unless other systematic basis is more representative of the time pattern of the Group's benefit.

Employee Short-term Benefits
The Group recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include compensation, social security contributions, short-term compensated absences, bonuses and other non-contributory benefits.

Income Taxes
Current Income Tax
Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Deferred Income Tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax liabilities (DTL) are recognized for all taxable temporary differences. DTA are recognized for all deductible temporary differences, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of DTA is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the DTA to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date.

Deferred tax assets and liabilities are offset if a legally enforceable right exist 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.

Current tax and deferred tax are recognized in profit or loss.

Value-added Tax

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

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

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

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets" or "Accounts payable and other current liabilities" accounts in the consolidated statements of financial position.

Operating Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group has only one reportable or operating segment in which operating results are reviewed regularly by the Group's management's committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends declared during the year. Diluted earnings per share is consistent with the computation of the basic earnings per share while giving effect to all dilutive potential common shares that were outstanding during the period. Net income attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

Related Party Transactions and Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting entity, or between and/or among the reporting entity and its key management personnel, directors, or its stockholders.

Provisions and Contingencies

A provision is recognized when the Group has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions are revisited at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects the current market assessment of the time value of money, and, where appropriate, 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.

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 period-end events that provide evidence of conditions that existed at the end of the reporting period (adjusting events) are recognized in the consolidated financial statements. Post period-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Cash and Cash Equivalents

This account consists of:

	Note	2014	2013
Cash on hand		₱742,000	₱100,000
Cash in banks	*25*	1,266,449,234	113,204,028
Short-term placements	*25*	2,550,000,000	-
		₱3,817,191,234	₱113,304,028

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 ranging from 1.75% to 2.00% in 2014. Interest income from cash in banks and short-term placements amounted to ₱5.84 million, ₱0.22 million, and ₱0.20 million in 2014, 2013, and 2012, respectively.

5. Receivables

This account consists of:

	Note	2014	2013
Installment contracts receivable	25	₱472,213,749	₱303,716,760
Advances to contractors		177,043,785	-
Receivables from mall stall unit owners	25	60,181,228	-
Other receivables	25	22,928,149	6,355,009
		₱732,366,911	₱310,071,769

The details of installment contracts receivable follow:

	Note	2014	2013
Installment contracts receivable		₱629,297,280	₱558,675,016
Less unearned interest income and revenue		6,556,584	179,734,766
Net installment contracts receivable		622,740,696	378,940,250
Less noncurrent portion	25	150,526,947	75,223,490
Current portion		₱472,213,749	₱303,716,760

Installment contracts receivable from real estate buyers pertain to receivables from the sale of condominium and subdivision units. These receivables are collectable 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 2.11% to 4.30% that are specific to the tenor of the installment contracts receivable. Titles to real estate properties are not transferred to the buyers until full payment has been made.

The details of receivables from mall stall unit owners follow:

	Note	2014	2013
Installment receivables from mall stall units' owners		₱120,336,239	₱-
Less unearned interest income		4,269,352	-
Net installment receivables from mall stall units' owners		116,066,887	-
Less noncurrent portion	25	55,885,659	-
Current portion		₱60,181,228	₱ -

Receivables from mall stall unit buyers pertain to receivables from the sale of mall stall units in Dragon8 (see Note 7). These receivables are collectible in monthly installments over a period of one and a half to four years. These non-interest bearing installment receivables from mall stall unit owners are discounted using effective annual interest rates ranging from 1.92% to 3.37% that are specific to the tenor of the installment receivables.

Other receivables include advances for marketing events, official business trips and other approved disbursements that are not yet liquidated as of cut-off date. These advances are subject for liquidation within 30 days. This account also includes receivables from buyers for taxes and registration fees advanced on their behalf.

The Group did not recognize an allowance for impairment losses on receivables as at December 31, 2014 and 2013.

The total interest income recognized from the installment contracts receivable and receivables from mall stall unit owners amounted to ₱24.50 million, ₱18.37 million and ₱11.59 million in 2014, 2013 and 2012, respectively.

6. Real Estate Inventories

Real estate inventories represent the cost of construction and development of completed and in-progress commercial and residential units.

Details of the account consist of:

	Note	2014	2013
DD			
The SkySuites Tower	*13, 16*	**₱1,288,242,818**	₱-
W.H. Taft Residences		**445,956,788**	256,125,575
Injap Tower	*11*	**259,613,530**	197,815,746
The Uptown Place		**118,802,747**	217,878,508
FirstHomes		**28,146,603**	75,810,453
ZLDPI	*26*		
Happy Homes Village		**102,645,390**	-
		₱2,243,407,876	₱747,630,282

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. (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 a joint venture agreement between Philtown and the Landowner.

The Group entered into a 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.

On September 1, 2014, the Group acquired from Rizal Commercial Banking Corporation (the "RCBC") the unfinished commercial, office and residential The SkySuites Tower in Quezon City for a total consideration of P700 million payable over four years. The Group was required to deliver to RCBC an irrevocable standby letter of credit to guarantee the payment of the remaining balance payable to RCBC. At the closing date of the transaction, RCBC delivered to the Group the physical possession and control over The SkySuites Tower. Portion of the total acquisition cost of The SkySuites Tower and cost to be incurred in its development and completion was recognized as part of "Real estate inventories" and "Investment property" accounts in the consolidated statements of financial position for the parts pertaining to residential units for sale and commercial and office units held for leasing, respectively (see Note 11).

Real estate inventories recognized as "Cost of real estate sales" amounted to ₱573.34 million, ₱373.75 million and ₱446.48 million in 2014, 2013 and 2012, respectively (see Note 17).

No provision for impairment was recognized on real estate inventories in 2014, 2013 and 2012.

7. Mall Stall Units for Sale

On June 16, 2014, the Group acquired a parcel of land and an unfinished building located in Divisoria, Manila which was renamed as Dragon8. The Dragon8 consists of commercial spaces for lease and stall units which are being offered for sale. Portion of the total acquisition cost of the Dragon8 and cost to be incurred in its development and completion were recognized as part of "Mall stall units for sale" and "Investment property" accounts for the parts pertaining to mall stall units for sale, and commercial spaces held for lease and common areas, respectively (see Note 11).

Mall stall units for sale recognized as "Cost of sales of mall stall units" amounted to P24.07 million in 2014 and nil in 2013 and 2012, respectively (see Note 17).

8. Prepaid Expenses and Other Current Assets

This account consists of:

	Note	**2014**	2013
Input VAT - net	*12*	**₱238,512,429**	₱82,737,097
Prepaid expenses:			
Tax		**130,580,784**	4,938,360
Commission		**14,283,190**	12,765,229
Rent	*12, 20, 21*	**13,173,673**	3,336,409
Others		**4,924,604**	2,686,567
Advances to suppliers		**4,449,526**	-
Refundable deposits	*12, 21, 25*	**1,839,578**	-
Creditable withholding tax		**1,059,778**	21,052,767
Other current assets		**14,377,605**	10,675,379
		₱423,201,167	₱138,191,808

Input VAT represents accumulated input taxes from purchases of goods and services for business operation 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.

9. Property and Equipment

The movements and balances of this account consist of:

	Land*	Leasehold Improvements	Equipment and Showroom	Furniture and Fixtures	Construction in Progress	Total
Cost						
Balance, January 1, 2013	₱ -	₱4,795,639	₱3,345,194	₱3,782,816	₱1,439,886	₱13,363,535
Additions	-	5,765,652	2,431,822	296,182	3,979,270	12,472,926
Transfer/reclassification	-	(120,280)	2,092,763	-	(2,092,763)	(120,280)
Balance, December 31, 2013	-	10,441,011	7,869,779	4,078,998	3,326,393	25,716,181
Additions	-	619,286	4,856,997	1,529,783	7,368,642	14,374,708
Transfer/reclassification	80,986,000	(5,625,000)	-	-	(10,695,035)	64,665,965
Balance, December 31, 2014	**80,986,000**	**5,435,297**	**12,726,776**	**5,608,781**	**-**	**104,756,854**
Accumulated Depreciation and Amortization						
Balance, January 1, 2013	-	572,933	604,102	320,515	-	1,497,550
Depreciation and amortization	-	1,394,901	1,573,994	810,413	-	3,779,308
Balance, December 31, 2013	-	1,967,834	2,178,096	1,130,928	-	5,276,858
Depreciation and amortization	-	945,220	2,321,271	869,606	-	4,136,097
Transfer/reclassification	-	(515,625)	-	-	-	(515,625)
Balance, December 31, 2014	**-**	**2,397,429**	**4,499,367**	**2,000,534**	**-**	**8,897,330**
Carrying Amount						
December 31, 2013	₱-	₱8,473,177	₱5,691,683	₱2,948,070	₱3,326,393	₱20,439,323
December 31, 2014	**₱80,986,000**	**₱3,037,868**	**₱8,227,409**	**₱3,608,247**	**₱-**	**₱95,859,524**

** The "Land" account pertains to DD's investment property acquired in 2013 which is being leased out to its subsidiary, CMCCI. For consolidation purposes, the aforesaid property is recognized as part of "Property and Equipment - Land" account since it is owner-occupied. Moreover, the recognized rental income of DD in 2014 was accordingly eliminated in the consolidated statement of comprehensive income.*

10. Intangible Assets and Goodwill

This account consists of:

	Note	2014	2013
Goodwill	*26*	₱65,396,523	₱-
Computer software licenses - net		3,564,376	3,583,723
		₱68,960,899	₱3,583,723

Goodwill comprises the excess of the acquisition costs over the fair value of the identifiable assets and liabilities of ZLDPI acquired by the Group during the year. The goodwill was computed based on preliminary fair values of net assets acquired (see Note 26).

The movements and balances of the "Computer software license" account consist of:

	Note	2014	2013
Cost			
Balance at beginning of year		₱4,513,763	₱2,329,824
Additions		889,380	2,183,939
Balance at end of year		5,403,143	4,513,763
Accumulated Amortization			
Balance at beginning of year		930,040	268,896
Amortization for the year	*19*	908,727	661,144
Balance at end of year		1,838,767	930,040
		₱3,564,376	₱3,583,723

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.

11. Investment Property

This account consists of:

	Note	Land	Building	Construction in Progress	Total
January 1, 2013		₱31,416,000	₱ -	₱13,323,211	₱44,739,211
Additions/reclassifications		44,369,909	-	(12,811,101)	31,558,808
Investment property of a consolidated subsidiary*		15,692,891	-	-	15,692,891
Transfer from real estate inventories	*6*	-	-	89,850,253	89,850,253
Unrealized gains from change in fair values of investment property		47,728,887	-	79,432,747	127,161,634
December 31, 2013		139,207,687	-	169,795,110	309,002,797
Additions/reclassifications	*6, 7*	264,739,982	168,405,796	646,373,361	1,079,519,139
Investment property of a consolidated subsidiary**		7,642,636,573	-	847,339,783	8,489,976,356
Transfer from real estate inventories	*6, 27*	-	193,559,789	3,894,491	197,454,280
Transfer to/from property and equipment	*9*	(80,986,000)	5,625,000	10,695,035	(64,665,965)
Unrealized gains from change in fair values of investment property		59,431,427	85,563,415	310,737,369	455,732,211
December 31, 2014		**₱8,025,029,669**	**₱453,154,000**	**₱1,988,835,149**	**₱10,467,018,818**

** Transfer pertains to investment property of PCLI, a subsidiary consolidated in 2013.*
*** Transfer pertains to investment property of DD-MPDC, a subsidiary consolidated in 2014.*

The following table provides the fair value hierarchy of the Group's investment property as at December 31, 2014 and 2013:

	Date of Valuation	Level 2 2014	Level 2 2013
Land	Various	₱8,025,029,669	₱139,207,687
Commercial	Various	2,195,253,920	169,795,110
Corporate/office	Various	246,735,229	-
		₱10,467,018,818	₱309,002,797

The Group's investment property is stated at fair value, which has been determined based on valuations performed by an accredited independent appraiser. The fair values of the investment property were arrived at using the Market Data Approach for land and Cost Approach and Income Approach for buildings.

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.

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, plus the value of the land to which an estimate of entrepreneurial incentive or developer's profit/loss is commonly added.

Income Approach provides an indication of value by converting cash flows to a single capital value. This can be applied through a number of different methods such as discounted cash flows, capitalized cash flows and excess cash flows. The income approach relies on present-value techniques to translate future amounts to the present time and it seeks to identify the future economic benefits to be generated by an entity and to compare them with a required rate of return.

The Group recognized unrealized gain from change in fair values of investment property amounting to ₱455.73 million, ₱127.16 million and nil in 2014, 2013 and 2012, respectively.

In 2013, the Group implemented changes in the business model and plan for all commercial units of the Injap Tower (see Note 6) previously intended for sale and included in "Real estate inventories" account in the consolidated statements of financial position. Based on the revised business model and plan, these commercial units are no longer intended for sale but are being carried now for leasing purposes. Therefore, real estate inventories with fair values of ₱89.85 million were transferred to "Investment Property" account due to change in use.

In 2014, the Group approved the change in the business model and plan for certain condominium units of Injap Tower previously intended for sale. Beginning 2014, these condominium units are no longer intended for sale but are being carried now for rental purposes. As a result of the foregoing transaction, real estate inventories with fair values of ₱193.56 million were transferred to "Investment property" account due to change in use.

Rent income earned from the investment property amounted to ₱6.05 million, ₱4.03 million and nil in 2014, 2013 and 2012, respectively, which is shown as part of "Rent income" account in the consolidated statements of comprehensive income. The operating lease commitments of the Group as a lessor are fully disclosed in Note 21.

The total direct operating expense recognized in profit or loss arising from the Group's investment property that generated rental income amounted to ₱3.12 million, ₱0.47 million and nil in 2014, 2013 and 2012, respectively. On the other hand, the Group recognized total direct operating expense of ₱11.81 million for investment property that are not yet leased out in 2014.

12. Other Noncurrent Assets

This account consists of:

	Note	2014	2013
Restricted cash		₱60,000,000	₱60,000,000
Input VAT - net of current portion	*8*	78,552,761	-
Refundable deposits - net of current portion	*21, 25*	37,134,552	10,908,714
Prepaid rent - net of current portion	*21*	35,953,785	-
Deposit to a contractor		-	8,058,000
Others		2,677,002	127,500
		₱214,318,100	₱79,094,214

Restricted cash pertains to the sum of money of PCLI set aside for a project development.

Prepaid rent included as part of "Prepaid expenses and other current assets" account in the consolidated statements of financial position pertains to advance rentals which will be applied as payment of rent within 12 months after reporting date. The noncurrent portion of prepaid rent is to be applied as payment for rentals for more than twelve months after reporting date.

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" 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 4.75% to 5.14% 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 "Prepaid rent" account which is amortized on a straight-line basis over the lease term and is recognized in profit or loss as additional rent expense in "General and administrative expenses - Rent" account. On the other hand, interest is accreted on these refundable deposits using the effective interest rate method and is recognized as part of "Interest income" account in the consolidated statements of comprehensive income.

The details of refundable deposits follow:

	Note	2014	2013
Refundable deposits		₱68,796,097	₱10,908,714
Less discount on refundable deposits		29,821,967	-
Net refundable deposits		38,974,130	10,908,714
Less current portion	*8*	1,839,578	-
Noncurrent portion		₱37,134,552	₱10,908,714

The movements in the unamortized discount on refundable deposits follow:

	2014
Additions	₱30,125,180
Accretion	(303,213)
December 31, 2014	₱29,821,967

Interest income earned for these refundable deposits amounted to ₱0.30 million in 2014 and nil in 2013 and 2012.

13. Accounts Payable and Other Current Liabilities

This account consists of:

	Note	2014	2013
Trade payables	*25*	₱398,964,694	₱93,174,186
Payable to RCBC	*6, 16, 25*	100,000,000	-
Retention payable	*25*	84,205,820	17,907,101
Payable to a landowner	*25*	38,077,716	-
Commission payable	*25*	15,614,883	4,945,042
Accrued expenses:	*25*		
Interest		132,054,368	3,204,920
Tax		31,886,124	-
Project cost		7,120,090	1,068,851
Professional fee		1,216,254	-
Others		11,482,387	4,662,183
Output tax		74,284	6,967,118
Withholding tax payable		-	549,540
Other payables	*25*	19,551,226	13,127,602
		₱840,247,846	₱145,606,543

As a result of the acquisition of The SkySuites Tower, the Group recognized a total non-interest bearing liability to RCBC of ₱665 million as at December 31, 2014 payable over four years and presented as part of "Accounts payable and other current liabilities" and "Other noncurrent liabilities" accounts in the consolidated statements of financial position. The total amount of the Group's obligation to RCBC was discounted using effective interest rate of 2.98%. Interest is accreted on this non-interest bearing liability using the effective interest rate method and is recognized as part of "Interest expense" account in the consolidated statements of comprehensive income.

Trade payables 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 Parent Company from its payment to contractors to cover cost of contractors' noncompliance with the construction of the Group's projects.

Commission payable is recognized by the Group once the unit is considered sold. The amount to be paid is based on the pay-out rate as agreed between the agents and the Group. Generally, the Group pays out 60% of the total amount payable and the remaining balance is paid to the agents upon full collection of the contract price.

Other payables include obligations to various government agencies after being withheld from various income recipients.

14. Notes Payable

This account consists of:

	Note	2014	2013
Balance at beginning of the year		₱840,000,000	₱-
Availments		8,685,000,000	840,000,000
Payments		(1,050,000,000)	-
	25	8,475,000,000	840,000,000
Less current portion		649,000,000	300,000,000
Noncurrent portion		7,826,000,000	540,000,000
Less debt issue costs		96,756,628	-
		₱7,729,243,372	₱540,000,000

In 2013, the Group obtained unsecured short-term and long-term borrowings from local financing institutions which are payable on various dates up to 2016. In 2014, the Group obtained additional unsecured short-term borrowings amounting to ₱1.285 billion. The proceeds from these borrowings were used for working capital purposes more specifically in the development of Group's on-going projects. The interest rates on these short-term and long-term borrowings are repriced monthly based on negotiated rates or prevailing market rates.

On October 30, 2014, the Group obtained a total of ₱7.40 billion unsecured bilateral long-term loans from various financing institutions. The loan payments are to be made in seven consecutive annual installments to commence at the end of the 12th month after the initial borrowing date. The Group pays interest on the outstanding principal amount of the loan on each interest payment date for the interest period then ending at a fixed rate per annum determined on the interest rate setting date equal to the higher of: (i) the applicable benchmark rate as determined by the lender by reference to the PDST-R2 rate plus a spread of 2.35% or (ii) 5.25%. The proceeds from these borrowings were used by the Group to partly finance its capital expenditures, primarily for the development of The Meridian Park, the Dragon8, The SkySuites Tower and roll-out of the first 12 CityMalls and for general corporate purposes. As a result of the aforesaid transaction, the Group incurred debt issue costs amounting to ₱98.77 million.

The movements in debt issue costs are as follows:

	2014
Addition	₱98,773,337
Amortization	(2,016,709)
Balance at end of year	₱96,756,628

Interest expense, exclusive of the capitalized borrowing costs, recognized in profit or loss amounted to ₱37.50 million, ₱9.12 million and nil in 2014, 2013, and 2012, respectively. The amount of borrowing costs capitalized amounted to ₱89.50 million and ₱8.23 million as at December 31, 2014 and 2013 using 3.9510% and 3.4853% as capitalization rates, respectively. Amounts due beyond one year are shown under "Long-term notes payable - net of debt issue costs" account in the consolidated statements of financial position.

15. 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:

	2014	2013
Current	₱230,608,277	₱117,326,861
Noncurrent	176,410,072	-
	₱407,018,349	₱117,326,861

16. Other Noncurrent Liabilities

This account consists of:

	Note	2014	2013
Payable to RCBC	*6, 13, 25*	₱507,492,642	₱-
Accrued rent expense	*21, 25*	25,406,401	-
Security deposits	*21, 25*	16,705,271	-
Unearned rent income	*21*	3,321,385	-
		₱552,925,699	₱-

Accrued rent expense pertains to the excess of rent expense over rental payments made to lessors in accordance with PAS 17, Leases.

The 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 3.37% to 3.97% that are specific to the tenor of the deposits. The difference between the discounted value and face values of security deposits was 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.

Interest expense for the amortization of security deposits amounted to P0.20 million in 2014.

The details of security deposits follow:

	2014
Gross amount	₱19,477,399
Less discount	2,772,128
Net amount	₱16,705,271

The movement in the unamortized discount on security deposits follows:

	2014
Additions	₱2,930,617
Accretion	(158,489)
Net amount	₱2,772,128

17. Cost of Real Estate and Mall Stall Units for Sale

The cost of real estate sales consists of:

	Note	2014	2013	2012
Construction costs		₱507,769,212	₱295,428,194	₱,127,081
Land and land development costs		39,013,812	58,285,966	47,810,169
Other project costs		26,555,399	20,040,404	9,547,474
	6	₱573,338,423	₱373,754,564	₱446,484,724

The cost of sales of mall stall units consists of:

	Note	2014	2013	2012
Construction costs		₱18,854,478	₱-	₱-
Land and land development costs		5,219,342	-	-
	7	₱24,073,820	₱-	₱-

18. Selling Expenses

This account consists of:

	Note	2014	2013	2012
Marketing		₱35,393,295	₱13,150,414	₱5,732,453
Commission		20,582,135	3,313,737	3,727,177
Salaries, wages and other benefits		8,314,980	2,647,601	1,261,174
Rent	*20, 21*	4,896,180	3,476,695	97,001
Transportation and travel		354,296	985,776	152,818
Representation		290,086	42,171	34,840
Miscellaneous		848,200	-	-
		₱70,679,172	₱23,616,394	₱11,005,463

19. General and Administrative Expenses

This account consists of:

	Note	2014	2013	2012
Taxes and licenses		₱95,634,330	₱14,655,461	₱1,533,404
Salaries, wages and other benefits		31,297,507	15,126,912	1,150,837
Rent	*20, 21*	18,661,175	15,993,588	4,929,111
Electricity and water		13,269,254	7,920,360	1,048,296
Outsourced services		8,539,047	3,287,587	703,353
Professional fees		6,563,099	8,147,983	2,943,311
Depreciation and amortization	*9, 10*	5,044,824	4,440,452	1,091,110
Management fees	*20*	2,678,571	2,678,571	3,000,000
Transportation and travel		2,582,871	1,342,289	520,961
Printing and office supplies		2,383,344	1,545,959	493,896
Representation		1,454,426	1,365,343	427,274
Communication		1,442,310	1,091,369	179,122
Donations		1,220,547	923,100	-
Repairs and maintenance		983,592	2,167,221	94,411
Insurance		973,837	201,339	452,881
Miscellaneous		8,101,922	4,076,190	613,713
		₱200,830,656	₱84,963,724	₱19,181,680

20. Related Party Transactions

The Group, in the normal course of business, has transactions with its related parties as follows:

Category	Year	Ref	Amount of Transaction	Outstanding Balances: Due from Related Parties	Outstanding Balances: Due to Related Parties	Terms and Conditions
Parent Company						
Sales	2013	a	₱86,917,998	₱-	₱-	20% down payment and 80% upon turnover; non-interest bearing; unsecured
Management fees	2014	b	2,678,571	-	-	Demandable; non-interest bearing; unsecured
	2013	b	2,678,571	-	2,678,571	Demandable; non-interest bearing; unsecured
Rent	2014	c	3,395,181	-	-	Demandable; non-interest bearing; unsecured
	2013	c	3,587,668	-	-	Demandable; non-interest bearing; unsecured
Cash advances received	2014	d	(34,118,786)	880,070	-	Demandable; non-interest bearing; unsecured; no impairment
	2013	d	-	-	34,998,856	Demandable; non-interest bearing; unsecured
Subsidiaries						
Cash advances granted	2013	d	3,143,391	-	-	Demandable; non-interest bearing; unsecured
Other Related Parties						
Land acquired	2014	e	280,679,292	-	280,679,292	Demandable; non-interest bearing; unsecured
Cash advances granted	2014	d	150,000	150,000	-	Demandable; non-interest bearing; unsecured; no impairment
	2014			₱1,030,070	₱280,679,292	
	2013			₱-	₱37,677,427	

a. *Sale of Real Estate Inventories*

The Group sold condominium units to entities with control or significant influence over the Group and key management personnel amounting to nil and ₱30.70 million in 2014 and 2013, respectively.

b. 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. The fee, which includes staffing costs for services rendered by the shareholder, amounted to ₱2.68 million in 2014 and 2013.

c. Lease of Showroom

The Group leases showroom and sales office from III and Jollibee Foods Corporation, respectively. The terms of the lease are three to five years, renewable for the same period under the same terms and conditions. The rent shall escalate by 7% to 10% each year (see Note 21).

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. Land Acquisitions

The Group has outstanding liabilities to minority shareholders of PDDG and DD-MPDC for the acquisition of certain parcels of land which will be used in the on-going CityMalls and The Meridian Park.

The above-stated unsecured, non-interest bearing liabilities are to be settled by the Group in 2015.

There is no information on key management compensation as it is already covered by Executive Management Services Agreement.

21. Leases

Group as Lessee

The Group leases office and parking spaces and showroom. 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. The rent shall escalate by an average of 5% to 10% each year.

In 2014, the Group also entered into various noncancellable operating lease agreements covering certain parcels of land wherein some of the CityMalls will be situated or are being constructed. The terms of the leases are for periods ranging from 26 to 31 years. The rent shall escalate by an average of 5% to 10% each year.

The Group is required to pay advance rental payments and refundable deposit on its leases. These are shown under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts, respectively, in the consolidated statements of financial position (see Notes 8 and 12).

Rent expense included as part of "Selling and General and administrative expenses" accounts amounted to ₱23.56 million, ₱19.47 million and ₱5.03 million in 2014, 2013 and 2012, respectively (see Notes 18 and 19). Rent expense capitalized as part of "Investment Property - Construction in-progress" account amounted to ₱34.42 million and nil as at December 31, 2014 and 2013, respectively (see Note 11).

The scheduled maturities of noncancellable minimum future rental payments are as follows:

	2014	2013
Less than one year	₱98,312,773	₱18,684,892
Between one and five years	332,672,844	47,533,463
More than five years	1,832,629,530	-
	₱2,263,615,147	₱66,218,355

Group as Lessor

The Group leases a parcel of land included in its investment property under an operating lease agreement. The lease is for a period of ten years from March 30, 2013 until March 29, 2023 and includes an annual escalation rate of 5% starting on the third year and every year thereafter.

In 2014, the Group also leased out some of its commercial units in DD's Injap Tower and The Uptown Place projects and in CMCCI's community malls to tenants who in return are required to pay advance rentals and certain amounts of deposits shown under "Other noncurrent liabilities" account in the consolidated statements of financial position (see Note 16).

Rent income amounted to ₱6.05 million, ₱4.03 million and nil in 2014, 2013 and 2012, respectively.

The scheduled maturities of noncancellable minimum future rental collections are as follows:

	2014	2013
Less than one year	₱28,525,700	₱4,173,029
Between one and five years	130,714,345	20,865,144
More than five years	87,243,174	13,539,908
	₱246,483,219	₱38,578,081

22. Income Taxes

Income tax expense for the years ended December 31 consists of:

	2014	2013	2012
Current	₱116,808,650	₱24,010,409	₱35,825,538
Deferred	126,422,153	24,412,953	3,609,838
	₱243,230,803	₱48,423,362	₱39,435,376

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:

	2014	2013	2012
Income before income tax	₱804,078,351	₱170,478,070	₱131,656,470
Income tax at the statutory income tax rate	₱241,223,505	₱51,143,421	₱39,496,941
Income tax effects of:			
Nondeductible expenses	3,367,203	2,618,978	-
Interest income subjected to final tax	(1,195,639)	(5,339,037)	(61,565)
Nontaxable income	(164,266)	-	-
	₱243,230,803	₱48,423,362	₱39,435,376

The components of the Group's net deferred tax liabilities (DTL), relating to temporary differences are shown below.

	2014	2013
Unrealized gain on fair value measurement	**(₱175,754,713)**	(₱38,148,491)
Excess of financial realized gross profit over taxable realized gross profit	**(17,388,646)**	-
Borrowing costs	**(15,809,221)**	-
Unearned rent income	**(7,583,768)**	-
DTL	**(216,536,348)**	(38,148,491)
NOLCO	**43,166,862**	332,013
Accrued rent expense	**-**	1,526,373
Excess of taxable realized gross profit over financial realized gross profit	**-**	8,267,313
DTA	**43,166,862**	10,125,699
Net DTL	**(₱173,369,486)**	(₱28,022,792)

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
2014	₱142,659,379	₱-	₱-	₱142,659,379	2017
2013	351,545	-	-	351,545	2016
2012	377,582	-	-	377,582	2015
	₱143,388,506	₱-	₱-	₱143,388,506	

The NOLCO pertains to net losses sustained by the Group's subsidiaries.

23. Earnings Per Share

Earnings per share (EPS) is computed as follows:

	2014	2013	2012
Income attributable to the equity holders of the Parent Company (a)	**₱555,890,174**	₱106,649,057	₱92,221,094
Adjusted weighted average number of shares outstanding (b)	**1,961,047,500**	123,550,000	45,000,000
Basic and diluted EPS (a/b)	**₱0.2835**	₱0.8632	₱2.0494

24. Equity

The Parent Company was originally 100%-owned by III, a domestic corporation.

On June 29, 2012, III entered into an agreement with Honeystar Holdings Corporation (HHC), a domestic corporation. HHC invested in the Parent Company by subscribing to 300,000 new common shares for a total issue price of ₱250.00 million or P833.33 per share. This represents 50% of the outstanding capital stock of the Parent Company as at December 31, 2012. Consequently, HHC enjoys all rights, privileges and benefits, and has all the corresponding obligations of a shareholder owning 50% of the outstanding capital stock of the Parent Company. The Parent Company is now a joint venture between III and HHC.

On March 7, 2012 and April 30, 2012, the Parent Company issued promissory notes amounting to ₱90.00 million and P10.00 million, respectively to a bank. The notes bear an annual interest rate of 5%. These promissory notes were assumed by III through conversion of the liability to additional paid-in capital as agreed in the ISA.

On October 10, 2013, the BOD declared cash dividends of P155 per share, amounting to ₱92.72 million to stockholders of record as of April 10, 2013. The dividends were paid by the Parent Company on June 10 and 20, 2013.

On April 10, 2013, the BOD approved the increase in the Parent Company's authorized capital stock from .80 million common shares at ₱100 par value per share to 500 million common shares at ₱1 par value per share. Out of the aforementioned increase in authorized capital stock, a total of 105 million common shares with aggregate par value of ₱105 million have been subscribed and fully paid in cash equally between III and HHC. In relation to the foregoing, the Parent Company incurred stock issuance costs amounting to ₱1.37 million in 2013 which is charged under "Additional paid-in capital" account in the consolidated statements of financial position. The aforesaid increase in authorized capital stock was approved by the SEC on November 25, 2013.

On November 12, 2013, the BOD approved the decrease in the Parent Company's par value of capital stock from P1 to P.10 per share. The decrease in par was approved by the SEC on February 10, 2014.

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 ₱0.10 per share were registered and offered for sale at an offer price of ₱2.00 per share. As at December 31, 2014, the Parent Company's public ownership percentage is 15.60%. The total number of shareholders of the Parent Company is 98 as at December 31, 2014.

25. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Interest Rate Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

The main purpose of the Group's dealings in financial instruments is to fund its respective operations and capital expenditures. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The BOD has established the Executive Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee identifies all issues affecting the operations of the Group and reports regularly to the BOD on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. All risks faced by the Group are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Group's operations and forecasted results. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's principal financial assets include cash and cash equivalents, receivables, due from related parties and refundable deposits. These financial assets are used to fund the Group's operations and capital expenditures.

Credit Risk

Credit risk represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations. The risk arises principally from the Group's cash and cash equivalents, receivables, due from related parties and refundable deposits. The objective is to reduce the risk of loss through default by counterparties.

Exposure to credit risk is monitored primarily through credit reviews and 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.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting period follows:

	Note	2014	2013
Cash and cash equivalents*	*4*	₱3,816,449,234	₱113,204,028
Receivables***	*5*	758,331,373	385,295,259
Due from related parties	*20*	1,030,070	-
Refundable deposits**	*8, 12, 21*	38,974,130	10,908,714
		₱4,614,784,807	₱509,408,001

**Excluding "Cash on hand" account.*
*** This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*
****Excluding "Advances to contractors" account, etc.*

The following is the aging analysis per class of financial assets that are past due but not impaired as at December 31:

2014	Neither Past Due nor Impaired	Past Due but not Impaired 1 to 30 Days	31 to 60 Days	More than 60 Days	Total
Cash and cash equivalents*	₱3,816,449,234	₱-	₱ -	₱ -	₱3,816,449,234
Receivables***	758,331,373	-	-	-	758,331,373
Due from related parties	1,030,070	-	-	-	1,030,070
Refundable deposits**	38,974,130	-	-	-	38,974,130
	₱4,614,784,807	₱-	₱ -	₱-	₱4,614,784,807

**Excluding "Cash on hand" account.*
*** This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*
****Excluding "Advances to contractors" account, etc.*

2013	Neither Past Due nor Impaired	Past Due but not Impaired 1 to 30 Days	31 to 60 Days	More than 60 Days	Total
Cash and cash equivalents*	P113,204,028	₱-	₱ -	₱-	₱113,204,028
Receivables***	385,295,259	-	-	-	385,295,259
Refundable deposit	10,908,714	-	-	-	10,908,714
	P509,408,001	₱-	₱ -	₱-	₱509,408,001

**Excluding "Cash on hand" account.*

*** This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

****Excluding "Advances to contractors" account, etc.*

The following is the credit quality of the Group's financial assets:

	2014 High Grade	Medium Grade	Low Grade	Total
Cash and cash equivalents*	₱3,816,449,234	₱-	₱ -	₱3,816,449,234
Receivables***	758,331,373	-	-	758,331,373
Due from related parties	1,030,070	-	-	1,030,070
Refundable deposits**	38,974,130	-	-	38,974,130
	₱4,614,784,807	₱-	₱-	₱4,614,784,807

**Excluding "Cash on hand" account.*
*** This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*
****Excluding "Advances to contractors" account, etc.*

	2013			
	High Grade	Medium Grade	Low Grade	Total
Cash and cash equivalents*	₱113,204,028	₱ -	₱-	₱113,204,028
Receivables	385,295,259	-	-	385,295,259
Refundable deposits**	10,908,714	-	-	10,908,714
	₱509,408,001	₱-	₱ -	₱509,408,001

*Excluding "Cash on hand" 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 in reputable banks with low probability of insolvency.

Receivable 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 31 to 60 days past due; and low grade pertains to receivable from buyer who has history of being over 60 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 believes that no impairment allowance is necessary in respect of trade receivables that were past due but not impaired.

The credit risks for due from related parties and refundable deposits are considered negligible since these accounts have high probability of collection and there is no current history of default.

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 set up required cash reserves as necessary in accordance with internal requirements.

Interest Rate Risk

The Group interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. The Group has short-term and long-term bank borrowings with fixed interest rates. Therefore, the Group is not subject to the effect of changes in interest rates.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	As at December 31, 2014				
	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*	₱788,736,212	₱788,736,212	₱788,736,212	₱-	₱-
Notes payable**	8,475,000,000	8,475,000,000	549,000,000	526,000,000	7,400,000,000
Due to related parties	280,679,292	280,679,292	280,679,292	-	-
Other noncurrent liabilities***	549,604,314	549,604,314	-	539,991,237	9,613,077

** Excluding statutory obligations.*
*** This includes both current and noncurrent portions of the account.*
**** Excluding "Unearned rent income" account.*

	As at December 31, 2013				
	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*	₱138,097,903	₱138,097,903	₱138,097,903	₱-	₱-
Notes payable**	840,000,000	840,000,000	300,000,000	540,000,000	-
Due to related parties	37,677,427	37,677,427	37,677,427	-	-

** Excluding statutory obligations.*

*** This includes both current and noncurrent portions of the account.*

Fair Values

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents/Receivables/Due from Related Parties/Accounts Payable and Other Current Liabilities/Short-term Notes Payable/Due to Related Parties

The carrying amounts of cash and cash equivalents, receivables, due from related parties, 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.

Refundable Deposits/Payables to RCBC/Security Deposits

Refundable deposits, payables to RCBC and security deposits are reported at its present value, which approximates the cash amount that would fully satisfy the obligation as at reporting date. These are classified as current assets or liabilities when they become receivable or payable within a year.

Long-term Notes Payable

The carrying amount of the long-term notes payable approximates its fair value since this is an interest bearing financial liability.

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, 2014 and 2013. The Group is not subject to externally-imposed capital requirements.

26. Business Combinations

2013 Acquisition: PCLI

On May 7, 2013, the Group entered into an Investment and Shareholders Agreement (ISA) with the Aryanna Group of Investments Inc. ("Aryanna") to acquire 50% interest in PCLI. A total of ₱10.00 million cash was paid by the Parent Company to acquire the 50% interest in PCLI. In addition to the equity investment, the Group will extend ₱90.00 million loan to PCLI. The ISA provides that in case of a voting deadlock in the Board and/or at the shareholder level in respect of all matters relating the agreement, the issue shall be resolved in favor of the Parent Company, thereby providing it with the ability to exercise control over PCLI. Accordingly, the Parent Company consolidated PCLI from acquisition date.

PCLI was incorporated on October 10, 2012. It is set to develop Umbria Commercial Center, a 16,000 square meter premier lifestyle commercial center development in Binan, Laguna and is currently leasing its property to a Jollibee store in the same area. The investment in PCLI is in line with the Group's plan to increase its leasable footprint and thereby generate recurring revenues.

In 2013, the Group used preliminary fair values of the identifiable net assets in calculating the goodwill as at acquisition date amounting to ₱48 thousand. The amount of goodwill was not material to the Group's financial statements. In 2014, the Group finalized its purchase price allocation which resulted to a bargain purchase gain amounting to ₱20.18 million. The said bargain purchase gain did not have a material impact to the 2013 consolidated statement of financial position and consolidated statement of comprehensive income. Consequently, prior year's financial information was not restated.

The following summarizes the final fair market values of identifiable assets and liabilities assumed at the acquisition date:

	2013
Assets	
Cash	₱19,917,387
Property and equipment - net	56,670,358
	76,587,745
Liabilities	
Accounts payable and other currentliabilities	37,848
Due to related parties	16,192,904
	16,230,752
Net Assets	₱60,356,993
Acquisition cost	₱10,000,000
50% Interest in PCLI	30,178,497
Bargain purchase gain	(₱20,178,497)

The summarized financial information of PCLI is as follows:

	2014	2013
Total assets	**₱151,994,612**	₱136,933,185
Total liabilities	**92,849,213**	86,499,202
Net income	**8,665,163**	30,765,050

2014 Acquisition: ZLDPI
On May 23, 2014, the Group entered into an ISA with ZLDPI to acquire 70% interest of the latter. Similar with the Parent Company's line of business, ZLDPI is also engaged in real estate development industry specifically in building horizontal residential projects. A total of ₱140 million cash was paid by the Parent Company to acquire the 70% interest in ZLDPI. The ISA provides that the Parent Company shall enjoy all the rights, privileges and benefits, and have all the corresponding obligations, of a shareholder owning 70% of the outstanding capital stock of ZLDPI, including board representation as of execution of the agreement or cut-off date. It is also explicitly written in the ISA that the Parent Company will be the managing company. Based on the foregoing, the Parent Company acquired effective control and management of ZLDPI as at May 23, 2014. Accordingly, in accordance with PFRS 3, Business Combination, the Parent Company's acquisition date of ZLDPI is May 23, 2014. However, for convenience purposes, the Group used May 31, 2014 as the cut-off date in determining the net assets of ZLDPI. ZLDPI was incorporated on September 15, 2011. ZLDPI is planned to be the Parent Company's horizontal residential project arm in the Visayas region.

The purchase price consideration has been allocated to the identifiable assets and liabilities on the basis of provisional values at the date of acquisition which are summarized as follows:

	2014
Assets	
Cash	₱1,520,543
Receivables	3,810,464
Real estate inventories	259,762,376
Property and equipment - net	661,170
	265,754,553
Liabilities	
Accounts payable and other current liabilities	4,530,209
Customers' deposits	22,469,968
Advances from stockholders	132,177,981
	159,178,158
Net Assets	₱106,576,395
Acquisition cost	₱140,000,000
70% Interest in ZLDPI	74,603,476
Goodwill	₱65,396,524

The Parent Company's share in the fair values of the ZLDPI's net assets amounted to ₱74.60 million, which resulted in a goodwill of ₱65.40 million recognized as part of "Intangible assets and goodwill - net" account in the consolidated statements of financial position (see Note 10).

The summarized financial information of ZLDPI as at and for the year ended December 31, 2014 follows:

	2014
Total assets	₱307,966,375
Total liabilities	103,158,704
Net income	22,158,037

The NCI has been measured at the proportionate share of the value of the net identifiable assets acquired and liabilities assumed.

The Group's goodwill amounted to ₱65.40 million as at December 31, 2014 arising from ZLDPI's acquisition consists largely of the synergy and economies of scale expected from combining the operations of ZLDPI.

The Group did not incur any acquisition-related costs.

27. Note to Consolidated Statement of Cash Flows

The Group's noncash activities pertain to the transfer from "Real estate inventories" to "Investment property" account amounting to ₱193.56 million and ₱89.85 million (see Notes 6 and 11) and other noncash items which pertain to business combination in 2014 and 2013 (see Note 26).