Annex A

MANAGEMENT REPORT, ETC.

I. CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Since the appointment of KPMG R.G. Manabat & Co. as the Company's auditor, the Company never had any disagreements with them relating to accounting principles and practices, financial statement disclosures, or auditing scope or procedures.

II. MANAGEMENT'S DISCUSSION AND ANALYSIS

KEY PERFORMANCE INDICATORS OF THE COMPANY AND ITS SUBSIDIARIES

		2015	31-Mar-16
Current Ratio		0.87	1.03
Asset to Equity		3.21	3.62
Debt to Equity Ratios			
	On Gross Basis	1.78x	2.16x
	On Net Basis	1.67x	1.93x
Return on Equity		22.4%	1.41%
Net Income to Revenue		29.0%	12.66%
Revenue Growth		12.8%	32.53%
Net Income to Growth		0.63%	6.43%
EBITDA		Php 1,142,957,552	Php 111,708,563

(In compliance with SRC Rule 68, as amended on October 2011)

Financial Condition for the Interim Period (*as of March 31, 2016*)

Total Revenues of DoubleDragon Properties Corp. ("The Company") rose 33% for the quarter ended March 31, 2016 to P308M vs. P233M during the same period last year. Real Estate Sales from the Company's interim residential projects, W.H. Taft Residences and The SkySuites Tower rose 32% to P241M while rental revenues rose 25x on back of rental revenue contribution from its CityMall projects. To date, the Company has seven (7) operational CityMalls across Luzon, Visayas and Mindanao. The Company also saw notable contribution in rental revenues from its Metro Manila project Dragon8 Mall, which opened in the heart of Divisoria last June 30, 2015. The Company's total gross profit margin improved to 52% in Q1 2016 versus 44% in the same period last year.

To date, the Company has already secured forty-seven (47) CityMall prime commercial sites across the Philippines, seven (7) of which are already operational and are on average over 96% leased out to date. Next to open is CityMall Parola-Iloilo, which is already 100% leased out prior to opening. The Company is simultaneously completing another twenty-three (23) CityMalls across the country, which it aims to complete by the end of this year.

The Company's Assets rose 13% to P31.5B for the quarter ended March 31, 2015, P22.4B of the Company's Assets are classified as investment properties intended for lease. Total land bank of the Company stands at 61.6 hectares, which once fully developed, will contribute 67.1 hectares of leasable space equivalent to over 2/3rds of the Company's planned leasable portfolio of 1 Million square meters by 2020.

Calendar Year Ended December 31, 2015 and 2014

RESULTS OF OPERATION

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

	2015	2014	Horizontal Analysis Increase (Decrease)		Vertical Analysis 2015	Vertical Analysis 2014
REVENUES						
Real estate sales	641,470,191	1,073,008,556	(431,538,365)	-40.2%	33.3%	62.7%
Unrealized gains from change in fair values of Inv. Prop.	811,063,913	455,732,211	355,331,702	78.0%	42.0%	26.6%
Leasehold rights' sales	139,713,804	140,493,171	(779,367)	-0.6%	7.2%	8.2%
Rental income	116,545,653	6,046,194	110,499,459	1827.6%	6.0%	0.4%
Interest income	120,857,833	30,644,040	90,213,793	294.4%	6.3%	1.8%
Other income from forfeitures	69,295,227				3.6%	
Others	29,988,318	4,577,884	25,410,434	555.1%	1.6%	0.3%
	1,928,934,939	1,710,502,056	218,432,883	12.8%	100.0%	100.0%
COST AND EXPENSES						
Cost of real estate sales	370,604,075	573,338,423	(202,734,348)	-35.4%	19.2%	33.5%
Cost of leasehold rights	8,364,736	24,073,820	(15,709,084)	-65.3%	0.4%	1.4%
Selling and marketing expenses	113,030,897	70,679,172	42,351,725	59.9%	5.9%	4.1%
General and administrative expenses	428,602,219	200,830,656	227,771,563	113.4%	22.2%	11.7%
Interest expense	114,353,234	37,501,634	76,851,600	204.9%	5.9%	2.2%
	1,034,955,161	906,423,705	128,531,456	14.2%	53.7%	53.0%
INCOME BEFORE INCOME TAX	893,979,778	804,078,351	89,901,427	11.2%	46.3%	47.0%
INCOME TAX EXPENSE	271,197,041	243,230,803	27,966,238	11.5%	14.1%	14.2%
NET INCOME/TOTAL COMPREHENSIVE INCOME	622,782,737	560,847,548	61,935,189	11.0%	32.3%	32.8%
Attributable to:						
Equity holders of the Parent Company	559,405,589.00	555,890,174	3,515,415	0.6%	29.0%	32.5%
Non-controlling interest	63,377,148.00	4,957,374	58,419,774	1178.4%	3.3%	0.3%
	622,782,737	560,847,548	61,935,189	11.0%	32.3%	32.8%

Revenues

Consolidated revenues grew by 12.8% to P1.93 billion from last year's P1.71 billion. Of the P1.93 billion consolidated revenues, P641.5 million are from Real Estate Sales, and P139.7 million from the Sale of Mall Stall Units or Leasehold Rights Sales whose sales take-up is almost equal to last year's Leasehold Rights Sales which is practically the same as last year's P140.5 million.

The market continues to indicate strong demand for DoubleDragon's projects.

Rental income jumped exponentially to P116.5 million from P6.0 million (+1828%) recognized in 2014, mainly contributed by the five (5) CityMalls that are already operational during the year 2015 and other commercial leasing developments of the Company contributing to its recurring income stream.

Cost and Expenses

Cost of Real Estate Sales in 2015 amounted to P370.6 million, decreased by P202.7 million from P573.3 million in 2014. Consolidated cost of sales rate remains at 49% year-on-year.

Selling and marketing expenses amounted to P113.0 million, higher by P42.3 million (+60%) from P70.7 million last year due to increased selling cost and advertising and marketing efforts. General and administrative expenses amounted to P428.6 million, higher by P227.8 million (+113%) from last year's P200.8 million due to increase in personnel cost, business taxes, professional services acquired, depreciation and leases.

Interest expense for 2015 is at P114.4 million, an increase of P76.9 million from last year's P37.5 million. This is mainly due to the interest payments on the Company's short- and long-term notes which were used to fund the Company's expansion plans.

Portion of interest expense on bank loans is capitalized as borrowing costs. Capitalized interest is the interest incurred on loans used directly to finance the development and construction of the Company's projects during the development stage until the date of completion as required by the accounting standards.

Net Income

The Company's consolidated net income for 2015 grew by P62.0 million (+11%) to P622.8 million from P560.8 million posted in the previous year due to significant increase in Rental Income and Interest Income, while maintaining the Consolidated Cost of Sales ratio at 49%. Moreover, income from rental has increased 19x marking the start of our transition into the recurring revenue model.

For the year 2015 onwards, the Company expects the relationship between costs and revenues to remain unchanged, as compared to prior years.

The significant components of the income of the Company are coming from its core real estate business and continuing operations.

The Company is diversifying its portfolio of projects to achieve a balanced mix of both developmental and investments projects, providing the Company with a diversified earnings base hedging against down cycles in the property industry. For instance, the CityMall projects to be established in various parts of the country will provide the Company with a steady stream of recurring income from less saturated provincial markets that are less dependent on economic cycles since the business model of CityMall is the modern replacement for existing demand which is currently being serviced by traditional retailers.

FINANCIAL POSITION

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

	Audited December 31, 2015	Audited December 31, 2014	Horizontal Analysis Increase (Decrease)		Vertical Analysis 2015	2014
ASSETS						
Current Assets						
Cash and cash equivalents	960,459,833	3,817,191,234	(2,856,731,401)	-74.8%	3.5%	20.6%
Receivables - net	719,103,845	555,323,126	163,780,719	29.5%	2.6%	3.0%
Real estate inventories	2,640,403,512	2,243,407,876	396,995,636	17.7%	9.5%	12.1%
Leasehold rights	-	205,115,350	(205,115,350)	-100.0%	0.0%	1.1%
Due from related parties	58,567,380	1,030,070	57,537,310	5585.8%	0.2%	0.0%
Prepaid expenses and other current assets - net	1,282,725,181	600,244,952	682,480,229	113.7%	4.6%	3.2%
Total Current Assets	**5,661,259,751**	**7,422,312,608**	**(1,761,052,857)**	**-23.7%**	**20.4%**	**40.1%**
Noncurrent Assets						
Receivables - net of current portion	458,709,355	206,412,607	252,296,748	122.2%	1.7%	1.1%
Property and equipment - net	145,751,214	95,859,524	49,891,690	52.0%	0.5%	0.5%
Computer software licenses and goodw	94,347,435	68,960,899	25,386,536	36.8%	0.3%	0.4%
Investment property	19,929,916,375	10,467,018,818	9,462,897,557	90.4%	71.8%	56.5%
Deferred tax asset	418,809,603	43,166,862	375,642,741	870.2%	1.5%	0.2%
Other noncurrent assets	1,054,534,129	214,318,100	840,216,029	392.0%	3.8%	1.2%
Total Noncurrent Assets	**22,102,068,111**	**11,095,736,810**	**11,006,331,301**	**99.2%**	**79.6%**	**59.9%**
	27,763,327,862	**18,518,049,418**	**9,245,278,444**	**49.9%**	**100.0%**	**100.0%**
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other liabilities	1,603,262,410	840,247,846	763,014,564	90.8%	5.8%	4.5%
Short-term notes payable	4,274,000,000	649,000,000	3,625,000,000	558.6%	15.4%	3.5%
Customers' deposits	57,805,095	230,608,277	(172,803,182)	-74.9%	0.2%	1.2%
Due to related parties	553,660,373	280,679,292	272,981,081	97.3%	2.0%	1.5%
Income tax payable	699,571	12,223,080	(11,523,509)	-94.3%	0.0%	0.1%
Total Current Liabilities	**6,489,427,449**	**2,012,758,495**	**4,476,668,954**	**222.4%**	**23.4%**	**10.9%**
Noncurrent Liabilities						
Long-term notes payable - net of debt issue costs	11,114,499,192	7,729,243,372	3,385,255,820	43.8%	40.0%	41.7%
Customers' deposits - Net of Current Portion	111,346,839	176,410,072	(65,063,233)	-36.9%	0.4%	1.0%
Retirement benefits liability	4,983,866	-	4,983,866	100.0%	0.0%	0.0%
Deferred revenue		-	-	100.0%	0.0%	0.0%
Other noncurrent liabilities	613,446,150	552,925,699	60,520,451	10.9%	2.2%	3.0%
Deferred tax liabilities	785,147,211	216,536,348	568,610,863	262.6%	2.8%	1.2%
Total Noncurrent Liabilities	**12,629,423,258**	**8,675,115,491**	**3,954,307,767**	**45.6%**	**45.5%**	**46.8%**
Total Liabilities	**19,118,850,707**	**10,687,873,986**	**8,430,976,721**	**78.9%**	**68.9%**	**57.7%**
Equity						
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	222,973,000	222,973,000	-	0.0%	0.8%	1.2%
Additional paid-in capital	1,358,237,357	1,358,237,357		0.0%	4.9%	7.3%
Remeasurement loss on defined benefit liability - net of tax	(2,602,254)	-	(2,602,254)	-100.0%	0.0%	0.0%
Retained earnings	1,174,325,142	661,823,627	512,501,515	77.4%	4.2%	3.6%
	2,752,933,245	**2,243,033,984**	**509,899,261**	**22.7%**	**9.9%**	**12.1%**
Non-controlling Interest	**5,891,543,910**	**5,587,141,448**	**304,402,462**	**5.4%**	**21.2%**	**30.2%**
Total Equity	**8,644,477,155**	**7,830,175,432**	**814,301,723**	**10.4%**	**31.1%**	**42.3%**
Total Liabilities and Equity	**27,763,327,862**	**18,518,049,418**	**9,245,278,444**	**49.9%**	**100.0%**	**100.0%**

On the Balance Sheet side, consolidated total assets as of December 31, 2015 amounted to P27.8 billion, an increase of 49.9% from P18.5 billion in the previous year as the Company's assets grew largely through the developments and construction in its Projects. Consolidated total liabilities increased by 78.9% to P19.1 billion from P10.7 billion in the previous year largely due to the availment of financing facilities used by the Company to roll-out its planned expansion.

Current Assets

Total Current Assets amounted to P5.7 billion as of December 31, 2015, lower by 23.7% from P7.4 billion in the previous year largely due to the utilization of its Cash and Cash Equivalents for the roll-out of its Projects.

Cash amounted to P0.9 billion as of December 31, 2015 decreased by P2.9 billion from P3.8 billion in December 31, 2014. Proceeds from the short- and long-term borrowings during the year were utilized in the full-swing construction of the CityMalls and the DoubleDragon Plaza at the DD Meridian Park.

Receivables amounted to P719.1 million as of December 31, 2015, essentially unchanged from previously reported P732.4 million in December 31, 2014. However, P177.0 million of last year's balance was reclassified to conform to the current year presentation. The receivables now reflect an increase of 29.5% after such reclassification.

Real estate inventories amounted to P2.6 billion as of December 31, 2015, increased by P396.9 million (+17.7%) from P2.2 billion in December 31, 2014 due to additional developments by the Company in its Projects.

Prepaid expenses and other current assets amounting to P1.3 billion as of December 31, 2015 increased by P682.5 million (+113.7%) from P600.2 million in December 31, 2014. Accumulated input taxes on expenditures related to construction and property development and creditable withholding taxes as well as advances to contractors account for the majority of the increase.

Noncurrent Assets

Noncurrent installment contracts receivable increased to P458.7 million from P206.4 million in the previous year, and increase of 122%. This represents the portion of receivables from the sale of units from its horizontal and vertical projects collectible in two to three years' time.

Property and equipment amounted to P145.8 million as of December 31, 2015 increased by P49.9 million (+52%) from P95.9 million in December 31, 2014. Intangible assets amounted to P94.3 million as of December 31, 2015 increased by P25.4 million from P68.9 million in the previous year. The purchase and implementation of SAP enterprise software contributed to the net increase in intangible assets.

Investment Property significantly increased and nearly doubled to P20.0 billion, an increase of P9.5 billion (+90.4%) from P10.5 billion in December 31, 2014. This significant increase is mainly attributable to the numerous land acquisitions intended for the CityMall project as well the corresponding construction of these CityMalls along with the Company's other Projects.

Other noncurrent assets as of December 31, 2015 amounted to P1.1 billion decreased by P840.2 million (+302%) in December 31, 2014. The increase is mainly due to the advances to contractors and suppliers in the ordinary course of business.

Current Liabilities

Accounts payable and other liabilities amounted to P1.6 billion as of December 31, 2015 increased by P763.0 million from P840.2 million in December 31, 2014. The bulk of such increase is attributable to Trade Payables arising from services provided by the contractors and subcontractors for actual progress billings related to existing and new developmental projects.

Short-term notes payable amounted to P4.3 billion as of December 31, 2015 increased by P3.6 billion from P649 million in December 31, 2014. This pertains to the current portion of the Company's Notes Payable and the additional P3.1 billion short-term notes availed for 2015 for the development of the Company's on-going projects and working capital purposes.

Noncurrent Liabilities

Noncurrent Liabilities amounted to P12.6 billion as of year-end 2015, as against P8.7 billion in the previous year, an increase of P3.9 billion (+45.6%). During 2015, the Company obtained a total of P4.0 billion unsecured long-term loans from various financial institutions. The proceeds from these borrowings were used by the Company to partly finance its capital expenditures, primarily for the development of The Meridian Park, The SkySuites Tower and construction of CityMalls and for general corporate purposes.

Equity Attributable to Holders of the Parent Company

Retained earnings attributable to the holders of the Parent Company increased by P512.5 million (+77.4%) from P661.8 million in December 31, 2014 to P1.2 billion as of December 31, 2015. The increase is due to the cumulative earnings recognized by the Company.

Equity of Non-controlling Interest

Non-controlling interest (NCI) increased by P304.4 million (+5.4%) to P5.9 billion from P5.6 billion in December 31, 2014. The increase is mainly coming from the Company's additional CityMall subsidiaries and DD Meridian Park Development Corp's developments.

KEY PERFORMANCE INDICATORS

The following are the major financial ratios of the Company for the years ended December 31, 2015 and 2014

	12/31/2015	12/31/2014
Current Ratio	0.87	3.69
Asset to Equity	3.21	2.36
Debt to Equity Ratios		
On Gross Basis	1.78x	1.07x
On Net Basis	1.67x	0.58x
Return on Equity	22.4%	39.2%
Net Income to Revenue	29.0%	32.5%
Revenue Growth	12.8%	158.4%
Net Income Growth	0.63%	421.23%
EBITDA	Php 1,142,957,552	Php 846,624,809

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

1. Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
2. Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Stockholders' Equity}}$
3. Debt to Equity Ratio (Gross Basis)	$\frac{\text{Total Interest Bearing Short-Term and Long-Term Debt}}{\text{Total Equity}}$
4. Debt to Equity Ratio (Net Basis)	$\frac{\text{Total Interest Bearing Short-Term and Long-Term Debt less Cash and Cash Equivalent}}{\text{Total Equity}}$
5. Return on Equity	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to the Owners of the Parent}}$
6. Net Income to Revenue	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Total Revenue}}$
7. Revenue Growth	$\frac{\text{Total Revenue (Current Period)}}{\text{Total Revenue (Prior Period)}} -1$
8. Income Growth	$\frac{\text{Net Income Attributable to Owners of the Parent (Current Period)}}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}} -1$
9. EBITDA	Income from Operations + Depreciation and Amortization

As of 31 December 2015, the Company had total assets of PHP 27.8 Billion. The Company does not anticipate having any cash flow or liquidity problems within the next 12 months. The Company has not been in default or breach of any note, loan, lease or other indebtedness of financing arrangement and a significant amount of trade payables are being paid within stated terms.

The Company does not foresee any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

The Company has issued PHP 10 Billion worth of Preferred Shares in 2016. The net proceeds of which will be used to finance the development of any of the Company's real estate projects in 2016, including CityMall community malls, DD-Meridian Park, Jollibee Tower, The SkySuites Tower. Portion of the proceeds will be used for general corporate requirements. The listing application has been submitted to and pending before the Philippine Stock Exchange (PSE).

Calendar Year Ended December 31, 2014 and 2013

RESULTS OF OPERATION

	2014	2013	Horizontal Analysis Increase (Decrease)		Vertical Analysis 2014	Vertical Analysis 2013
REVENUES						
Real estate sales	1,073,008,556	511,069,901	561,938,655	110.0%	62.7%	77.2%
Unrealized gains from change in fair values of Inv. Prop.	455,732,211	127,161,634	328,570,577	258.4%	26.6%	19.2%
Sale of mall stall units	140,493,171	-	140,493,171	100.0%	8.2%	0.0%
Rental income	6,046,194	4,029,842	2,016,352	50.0%	0.4%	0.6%
Interest income	30,644,040	18,867,956	11,776,084	62.4%	1.8%	2.9%
Others	4,577,884	806,514	3,771,370	467.6%	0.3%	0.1%
	1,710,502,056	**661,935,847**	**1,048,566,209**	**158.4%**	**100.0%**	**100.0%**
COST AND EXPENSES						
Cost of real estate sales	573,338,423	373,754,564	199,583,859	53.4%	33.5%	56.5%
Cost of sale of mall stall units	24,073,820	-	24,073,820	100.0%	1.4%	0.0%
Selling and marketing expenses	70,679,172	23,616,394	47,062,778	199.3%	4.1%	3.6%
General and administrative expenses	200,830,656	84,963,724	115,866,932	136.4%	11.7%	12.8%
Interest expense	37,501,634	9,123,095	28,378,539	311.1%	2.2%	1.4%
	906,423,705	**491,457,777**	**414,965,928**	**84.4%**	**53.0%**	**74.2%**
INCOME BEFORE INCOME TAX	**804,078,351**	**170,478,070**	**633,600,281**	**371.7%**	**47.0%**	**25.8%**
INCOME TAX EXPENSE	**243,230,803**	**48,423,362**	**194,807,441**	**402.3%**	**14.2%**	**7.3%**
NET INCOME/TOTAL COMPREHENSIVE INCOME	**560,847,548**	**122,054,708**	**438,792,840**	**359.5%**	**32.8%**	**18.4%**
Attributable to:						
Equity holders of the Parent Company	555,890,174	106,649,057	449,241,117	421.2%	32.5%	16.1%
Non-controlling interest	4,957,374	15,405,651	(10,448,277)	-67.8%	0.3%	2.3%
	560,847,548	**122,054,708**	**438,792,840**	**359.5%**	**32.8%**	**18.4%**

Revenues

Consolidated revenues grew by 158.4% to P1.71 billion from last year's P661.9 million. Of the P1.71 billion consolidated revenues, P1.07 billion are from Real Estate Sales, which increased by 110% from P511 million last year. The sales take up of existing projects such as W.H. Taft Residences, The Uptown Place, Injap Tower and FirstHomes Subdivision remains strong; while the Company's new projects launched in 2014 namely: The SkySuites Tower, Zion Land and Dragon8 Shopping Center contributed significantly to the increase in Real Estate Sales for the year. The market continues to indicate strong acceptance of DoubleDragon's well-designed and high-quality projects.

Rental income of P6 million is recognized from a subsidiary. The Company started its series of launches of CityMalls, which are expected to contribute to revenues in the form of rental income starting 2015.

Interest income from cash held in banks increased by 62.4% to P30.6 million, from P18.8 million recognized last year.

Other income of P4.5 million recognized this period is mainly coming from forfeiture of reservation fees.

Cost and Expenses

Cost of Real Estate Sales amounted to P573.3 million increased by P199.5 million from P373.7 million. Consolidated cost of sales rate decreased from 73.1% to 55.7% due to the lower cost of sales percentage of new business and developments and tighter cost controls and firmer monitoring of project costs, which resulted to improved gross margin and net income.

Selling expenses amounted to P70.6 million, higher by P47 million from P23.6 million from last year due to increased selling cost and advertising and marketing efforts. General and administrative expenses amounted to P200.8 million, higher by P115.8 million from last year's P85.0 million due to increase in personnel cost, business taxes, professional services acquired, depreciation and leases.

Interest expense on bank loans is capitalized as borrowing costs. Capitalized interest is the interest incurred on loans used directly to finance the development and construction of the Company's projects during the development stage until the date of completion. The capitalized interest is added to the cost of the projects, instead of being expensed on the current period's income statement. This capitalized interest forms part of the projects' cost reported on the Balance Sheet, and will be part of the projects' depreciation expense that will be reported in future Income Statements.

Net Income

The Company's consolidated net income for 2014 grew by P438.8 million (360%) to P560.8 million from P122.1 million posted in the previous year due to significant increase in consolidated revenues driven by strong sales take-up of DD's existing business and new projects, investments and developments, coupled with the decrease in the consolidated cost of sales rate.

As of 31 December 2014, the Company does not anticipate any trends, events or uncertainties that will have a material impact on net sales or revenues of income from continuing operations.

For the year 2014, the Company expects the relationship between costs and revenues to remain unchanged, as compared to prior years.

The significant components of the income of the Company for 2014 are coming from its core real estate business and continuing operations.

The Company is diversifying its portfolio of projects to achieve a balanced mix of both developmental and investments projects, providing the Company with a diversified earnings base hedging against down cycles in the property industry. For instance, the CityMall projects to be established in various parts of the country will provide the Company with a steady stream of recurring income from less saturated provincial markets that are less dependent on economic cycles since the business model of CityMall is the modern replacement for existing demand which is currently being serviced by traditional retailers.

FINANCIAL POSITION

	Audited	Audited	Horizontal Analysis		Vertical Analysis	
	December 31, 2014	December 31, 2013	Increase (Decrease)		2014	2013
ASSETS						
Current Assets						
Cash	3,817,191,234	113,304,028	3,703,887,206	3269.0%	20.7%	6.3%
Receivables	732,366,911	310,071,769	422,295,142	136.2%	4.0%	17.3%
Real estate inventories	2,243,407,876	747,630,282	1,495,777,594	200.1%	12.1%	41.6%
Mall Stall Units for Sale	205,115,350	-	205,115,350	100.0%	1.1%	0.0%
Due from related parties	1,030,070	-	1,030,070	100.0%	0.0%	0.0%
Prepaid expenses and other current assets	423,201,167	138,191,808	285,009,359	206.2%	2.3%	7.7%
Total Current Assets	**7,422,312,608**	**1,309,197,887**	**6,113,114,721**	**466.9%**	**40.2%**	**72.9%**
Noncurrent Assets						
Noncurrent installment contracts receivable	206,412,607	75,223,490	131,189,117	174.4%	1.1%	4.2%
Property and equipment - net	95,859,524	20,439,323	75,420,201	369.0%	0.5%	1.1%
Intangible assets - net	68,960,899	3,583,723	65,377,176	1824.3%	0.4%	0.2%
Investment property	10,467,018,818	309,002,797	10,158,016,021	3287.4%	56.7%	17.2%
Other noncurrent assets	214,318,100	79,094,214	135,223,886	171.0%	1.2%	4.4%
Total Noncurrent Assets	**11,052,569,948**	**487,343,547**	**10,565,226,401**	**2167.9%**	**59.8%**	**27.1%**
	18,474,882,556	**1,796,541,434**	**16,678,341,122**	**928.4%**	**100.0%**	**100.0%**
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other liabilities	840,247,846	145,606,543	694,641,303	477.1%	4.5%	8.1%
Short-term notes payable	649,000,000	300,000,000	349,000,000	116.3%	3.5%	16.7%
Customers' deposits	230,608,277	117,326,861	113,281,416	96.6%	1.2%	6.5%
Due to related parties	280,679,292	37,677,427	243,001,865	645.0%	1.5%	2.1%
Income tax payable	12,223,080	12,820,088	(597,008)	-4.7%	0.1%	0.7%
Total Current Liabilities	**2,012,758,495**	**613,430,919**	**1,399,327,576**	**228.1%**	**10.9%**	**34.1%**
Noncurrent Liabilities						
Long-term notes payable	7,729,243,372	540,000,000	7,189,243,372	1331.3%	41.8%	30.1%
Customers' deposits - Net of Current Portion	176,410,072	-	176,410,072	100.0%	1.0%	0.0%
Other noncurrent payable	552,925,699	-	552,925,699	100.0%	3.0%	0.0%
Deferred tax liability - net	173,369,486	28,022,792	145,346,694	518.7%	0.9%	1.6%
Total Noncurrent Liabilities	**8,631,948,629**	**568,022,792**	**8,063,925,837**	**1419.6%**	**46.7%**	**31.6%**
Total Liabilities	**10,644,707,124**	**1,181,453,711**	**9,463,253,413**	**801.0%**	**57.6%**	**65.8%**
Equity						
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	222,973,000	165,000,000	57,973,000	35.1%	1.2%	9.2%
Additional paid-in capital	1,358,237,357	318,625,580	1,039,611,777	326.3%	7.4%	17.7%
Retained earnings	661,823,627	106,269,584	555,554,043	522.8%	3.6%	5.9%
	2,243,033,984	**589,895,164**	**1,653,138,820**	**280.2%**	**12.1%**	**32.8%**
Non-controlling Interest	**5,587,141,448**	**25,192,559**	**5,561,948,889**	**22077.7%**	**30.2%**	**1.4%**
Total Equity	**7,830,175,432**	**615,087,723**	**7,215,087,709**	**1173.0%**	**42.4%**	**34.2%**
Total Liabilities and Equity	18,474,882,556	1,796,541,434	16,678,341,122	928.4%	100.0%	100.0%

On the Balance Sheet side, consolidated total assets as of December 31, 2014 amounted to P18.5 billion, an increase of 928.4% from P1.8 billion in the previous year. Consolidated total liabilities increased by 801% to P10.645 billion from P1.181 billion in the previous year.

The Company does not anticipate having any cash flow or liquidity problems within the next 12 months. The Company has not been in default or breach of any note, loan, lease or other indebtedness of financing arrangement and a significant amount of trade payables are being paid within stated terms.

The Company does not foresee any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

Current Assets

Total Current Assets amounted to P7.422 billion as of December 31, 2014, higher by 466.9% from P1.309 billion in the previous year.

Cash amounted to P3.817 billion as of December 31, 2014 increased by P3.703 billion from P113.3 million in December 31, 2013. Cash are mostly generated from the P7.4 billion 7-Year Corporate Notes issued last October 2014.

Receivables amounted to P732.366 million as of December 31, 2014, increased by P422.295 million (136.2%) from P310.1 million in December 31, 2013. Receivables from the sale of newly acquired project, The SkySuites Tower, sale of mall stall units of Dragon8 Shopping Center Divisoria, sale from Zion Land Development PH Inc., and incremental sales from additional construction accomplishments and sales from new buyers of existing projects contributed to the increase in receivables.

Real estate inventories amounted to P2.243 billion as of December 31, 2014, increased by P1.495 billion (200.1%) from P747.6 million in December 31, 2013. Acquisition costs of the new project, The SkySuites Tower, additional construction accomplishments of existing projects, full blast construction of W.H. Taft Residences, and inventories from Zion Land brought the increase in real estate inventories. The full swing construction of Dragon8 Shopping Center gave rise to Mall Stall Units for Sale amounting to P205.115 million. This account did not exist in the previous year as Dragon8 Shopping Center was acquired and launched only in 2014.

Prepaid expenses and other current assets amounting to P423.201 million as of December 31, 2014 increased by P285.009 million (206.2%) from P138.2 million in December 31, 2013. Accumulated input taxes on expenditures related to construction and property development and creditable withholding taxes brought the increase in other current assets.

Noncurrent Assets

Noncurrent installment contracts receivable increased to P206.412 million from P75.223 million in the previous year. This represents the portion of receivables from the sale of units from its horizontal and vertical projects collectible in two to three years' time.

Property and equipment amounted to P95.85 million as of December 31, 2014 increased by P75.42 million (369.0 %) from P20.4 million in December 31, 2013. Intangible assets amounted to P68.96 million as of December 31, 2014 increased by P65.377 million from P3.6 million in the previous year. Additional software licenses were acquired during the period and contributed to the net increase in intangible assets.

Investment Property significantly increased to P10.467 billion, an increase of P10.158 billion from P309.0 million in December 31, 2013. This significant increase is mainly attributable to the Investment Property of a new subsidiary, the DD-Meridian Park Development Corp., accounting for P8.489 billion of the increase. The increase is also brought by the acquisition and full swing renovation of Dragon8 Shopping Center in Divisoria.

Other noncurrent assets as of December 31, 2014 amounted to P214.318 million increased by P135.223 million (171.0%) in December 31, 2013. The increase is mainly from the security deposits made for the lease of the land for various CityMall locations.

Current Liabilities

Accounts payable and other liabilities amounted to P840.24 million as of December 31, 2014 increased by P694.64 million from P145.6 million in December 31, 2013. The bulk of such increase is attributable to Trade Payables arising from services provided by the contractors and subcontractors for actual progress billings related to existing and new developmental projects. Part of the increase is a result of the acquisition of The SkySuites Tower and the interest expenses related to the 7-Year Corporate Notes.

Short-term notes payable amounted to P649 million as of December 31, 2014 increased by P349.0 million from P300.0 million in December 31, 2013. This pertains to the current portion of the Company's Notes Payable of P7.729 billion. In 2013, DoubleDragon obtained unsecured short-term and long-term borrowing from local financing institutions which are payable on various dates up to 2016. In 2014, the Company obtained additional unsecured short-term borrowings, the proceeds of which were used for the development of the Company's on-going projects and working capital purposes.

Customers' deposits amounted to P230.608 million as of December 31, 2014 increased by P113.281 million (96.6%) from P117.3 million in the previous year. The significant increase in sales is the primary driver for the increase in customers' deposits. Customer's deposits represent non-refundable reservation fees paid to the Company 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.

Noncurrent Liabilities

Noncurrent Liabilities amounted to P8.631 billion as of year-end 2014, as against P568.022 million in the previous year. On October 30, 2014, the Company obtained a total of P7.4 billion unsecured bilateral long-term loans from various financial institutions. The proceeds from these borrowings were used by the Company to partly finance its capital expenditures, primarily for the development of The Meridian Park, Dragon8 Shopping Center, The SkySuites Tower and rollout of the first 12 CityMalls and for general corporate purposes. Other noncurrent liabilities consists mainly of the payables to RCBC in relation to the acquisition of The SkySuites Tower.

Equity Attributable to Holders of the Parent Company

Capital stock with par value of P.10 per share increased by P57.973 million (35.1 %) from P165.0 million in December 31, 2013 to P222.973 million as of December 31, 2014. The increase resulted from the initial public offering made on April 7, 2014. The common shares outstanding as of December 31, 2014 is 2,229,730,000 shares. Additional paid in capital increased by P1 .04 billion (327.5%) from P318.6 million in December 31, 2013 to P1.36 billion as of December 31, 2014 also as a result of the initial public offering. Retained earnings attributable to the holders of the Parent Company increased by P555.55 million (522.8%) from P106.3 million in December 31, 2013 to P661.82 million as of December 31, 2014. The increase is due to the cumulative earnings recognized by the Company.

Equity of Non-controlling Interest

Non-controlling interest (NCI) increased by P5.561 billion to P5.587 billion from P25.2 million in December 31, 2013. The increase is mainly coming from the Company's new subsidiary, DD-Meridian Park Development Corp., business combinations and cumulative earnings attributable to non-controlling interest.

KEY PERFORMANCE INDICATORS

The following are the major financial ratios of the Company for the years ended December 31, 2014 and 2013

	12/31/2014	12/31/2013
Current Ratio	3.69	2.13
Asset to Equity	2.36	2.92
Debt to Equity Ratios		
On Gross Basis	1.07x	1.37x
On Net Basis	0.58x	1.18x
Return on Equity	39.2%	20.1%

Net Income to Revenue	32.5%	16.1%
Revenue Growth	158.4%	8.8%
Net Income Growth	421.23%	15.64%
EBITDA	PhP 846,624,809	PhP 184,041,617

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

1. Current Ratio: $\dfrac{\text{Current Assets}}{\text{Current Liabilities}}$

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

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

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

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

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

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

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

9. EBITDA: Income from Operations + Depreciation and Amortization

As of 31 December 2014, the Company had total assets of PHP 18.5 Billion. Likewise, the Company has a sufficient level of liquidity with current assets amounting to PHP 7.42 Billion as against its current obligations of PHP 2.01 Billion, for a healthy Current Ratio of 3.69. The Company does not anticipate having any cash flow or liquidity problems within the next 12 months. The Company has not been in default or breach of any note, loan, lease or other indebtedness of financing arrangement and a significant amount of trade payables are being paid within stated terms.

The Company does not foresee any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

For the year 2015 onwards, the Company expects the relationship between costs and revenues to remain unchanged, as compared to prior years.

KEY VARIABLE AND OTHER QUALITATIVE FACTORS:

The Company has significant exposure to the following risks, namely, Credit, Liquidity and Interest Rate. Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. Exposure to credit risk is monitored primarily through credit reviews and analysis of receivables on a continuous basis. Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company 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 sufficient cash is maintained. Interest Rate risk management policy is to minimize interest rate cash flow risk exposures to changes in interest. The Company has short term and long term bank borrowings with fixed interest rates. Thus, the company is not subject to the effect of changes in interest rates.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The BOD is responsible for developing and monitoring the Company's risk management policies. The risk management policies are established to identify and analyze the risks faced by the Company, to set the appropriate risk limits and controls and to monitor risks and adherence to limits. Risks management systems and policies are reviewed regularly to reflect chnges in market conditions. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Company's operations and forecasted results.

The Company does not anticipate having any cash flow or liquidity problems within the next 12 months. The Company has not been in default or breach of any note, loan, lease or other indebtedness of financing arrangement and a significant amount of trade payables are being paid within stated terms.

The Company does not foresee any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

The Company has issued PHP 10 Billion worth of Preferred Shares in 2016. The net proceeds of which will be used to finance the development of any of the Company's real estate projects in 2016, including CityMall community malls, DD-Meridian Park, Jollibee Tower, The SkySuites Tower. Portion of the proceeds will be used for general corporate requirements. The listing application has been submitted to and pending before the Philippine Stock Exchange (PSE).

For the year 2016, the Company expects the relationship between costs and revenues to remain unchanged, as compared to prior years.

The significant components of the income of the Company are coming from its core real estate business and continuing operations.

The Company is diversifying its portfolio of projects to achieve a balanced mix of both developmental and investments projects, providing the Company with a diversified earnings base hedging against down cycles in the property industry. For instance, the CityMall projects to be established in various parts of the country will provide the Company with a steady stream of recurring income from less saturated provincial markets that are less dependent on economic cycles since the business model of CityMall is the modern replacement for existing demand which is currently being serviced by traditional retailers.

GENERAL RISK WARNING

The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profits made as a result of buying and selling securities. Past performance is not a guide to future performance. There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of these securities. An investor deals in a range of investments each of which may carry a different level of risk.

PRUDENCE REQUIRED

The risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. An investor should undertake his/her/its own research and study on the trading of securities before commencing any trading activity. Investors may request information on the securities and Issuer thereof from the SEC which are available to the public.

PROFESSIONAL ADVICE

Investors should seek professional advice regarding any aspect of the securities such as the nature of the risks involved in the trading of the securities, especially in the trading of high-risk securities. Each investor should consult his/her/its own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of an investment in the Offer Shares.

RISKS RELATING TO THE COMPANY AND ITS BUSINESS

Significant competition in the real estate industry could adversely affect the Company's business.

The Company's ability to sell its projects may be adversely affected by the competition from other real estate developers, some with greater financial and developmental resources, more attractive locations of projects, and a more aggressive approach to prospective projects and clients.

To mitigate this risk, the Company will continue to focus on prime and mature locations for its prospective projects. The Company believes that having projects located in premier locations, competitive pricing, and proper identification of the target market for each project, will allow the Company to successfully sell its projects.

Availability of land for use in the Company's future projects could adversely affect the Company's business.

The Company's future growth and development is directly affected by its ability to enter into agreements for the acquisition and/or development of additional land deemed viable for the Company's future projects. In the event the Company is unable to acquire suitable land at acceptable prices, with reasonable returns, its growth prospects could be limited and its business and results of operations could be adversely affected.

To mitigate this risk, the Company, subject to appropriate due diligence, remains flexible in its investment structures, whether these be direct land acquisitions, joint venture developments, long- term leases or take-overs of existing projects.

The Company's reputation and its business and financial performance will be adversely affected if its projects are not completed on time.

The Company's reputation will be negatively affected if any of its projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues and consequently make it more difficult for it to attract new customers to its future projects. Any negative effect that would stain the Company's reputation may pose difficulties in pre-selling its projects and may have a domino effect to both its other current and future housing and developmental projects. This will adversely affect the Company's ability to raise its capital as well as the results of its operations and financial performance.

The Company will engage the services of reputable project managers and general contractors to ensure that its projects are constructed in accordance with plans and specifications and in accordance with the agreed schedules. The selection of project managers and general contractors will pass through a prequalification process and competitive bidding. Contracts will include provisions for warranties, penalties and liquidated damages for delay and unsatisfactory workmanship.

Construction defects and other building-related claims may be asserted against the Company, and the Company may be subject to liability for such claims.

Philippine law provides that property developers, such as the Company, warrant the structural integrity of houses and/or buildings that were designed or built by them for a period of fifteen (15) years from the date of completion of the house/building. The Company may also be held responsible for hidden (i.e., latent or non-observable) defects in a house/building sold by it when such hidden defects render the house/building unfit for the use for which it was intended or when its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six (6) months from the delivery of the house/building to the buyer. In addition, Republic Act No. 6541, as amended, or the National Building Code of the Philippines (the "Building Code"), which governs, among others, the design and construction of buildings, sets certain requirements and standards that must be complied with by the Company. The Company or its officials may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

There can be no assurance that the Company will not be held liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible claims or that claims will not arise out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Company's insurance and not subject to effective indemnification agreements with the Company's contractors. Neither can there be any assurance that the contractors hired by the Company will be able to either correct any such defects or indemnify the Company for costs incurred by the Company to correct such defects. In the event a substantial number of claims arising from structural or construction defects arise, this could have a material adverse effect on the Company's reputation and on its business, financial condition and results of operations.

To mitigate this risk, the Company ensures that all its projects are carefully executed to meet required standards. The Company sources and/ or requires its contractors to source its construction materials from reputable suppliers to ensure quality. The selection of suppliers passes through a prequalification process and competitive bidding. In addition, each project will be covered by adequate bonds and insurances.

No assurance of successful implementation of business plans and strategies

Every business is susceptible to the failure of the implementation of the business plans and strategies, especially with respect to new projects and undertakings.

The Company will continue to strive to translate its plans into reality through the careful formation of its strategies and overall organization of its departments. Meetings are held to ensure that goals are on track and remain achievable. Where synergies will be beneficial, the Company will take advantage of structures and partnerships already in place to help mitigate this risk.

Change in accounting principle for real estate sales (Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate) will change the Company's revenue recognition for sale of condominium units

This new interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under Philippine Accounting Standard 11, construction contracts, which is based on stage of completion. The SEC and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final revenue standard is issued by the International Accounting Standards Board and an evaluation of the requirements of the final revenue standard against Philippine real estate industry practices is completed. Adoption of this interpretation will result to a change in the revenue recognition of the Company on sale of residential units and accounting for certain pre-selling costs.
The Company continues to assess the impact of this change in principle on its financial results. In addition, it also intends to build-up its recurring income generating projects to help alleviate the possible impact of its implementation on the Company's financial performance.

Ability to Obtain Financing

The Company uses short-term financing to cover some of its pre-development and development costs. There is no assurance that the Company will be able to obtain such financing at favorable terms.

Aside from this higher inflation and interest rates could have a material adverse effect on the Company's and its customers' ability to obtain financing.

Higher interest rates, and factors that affect interest rates, such as the Government's fiscal policy, inflation, foreign exchange rates, could have a material adverse effect on the Company and on demand for its products. For example:

- Higher interest rates will make it more expensive for the Company to borrow funds to finance ongoing projects or to obtain financing for new projects.

- Higher interest rates will make it more expensive for prospective and current customers who procure financing to fund their property purchases, and therefore could adversely affect demand for the Company's residential projects.

- Significantly higher Government borrowings in the domestic currency market may reduce the amount of bank financing available to real estate developers including the Company, and drive up interest rates charged by banks and other financial institutions

□ Higher inflation rates could result in an increase in raw materials costs, which the Company may not be able to pass on to its customers as increased prices, and also result in higher interest rates.

The occurrence of any of the foregoing events, or any combination of them, or of any similar events could have a material adverse effect on the Company's business, financial condition and results of operations.

While these risks are uncontrollable, the Company practices prudent financial management to minimize its possible effects. Total projects costs included in construction contracts are also typically fixed, which alleviates the impact of inflationary pressures. Likewise, collections from pre-selling activities minimize the Company's need for additional financing which reduces its exposure to interest rate movements.

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

While the Philippines has adopted a system of land registration which is intended to conclusively confirm land ownership, and which is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of land which has already been registered and over which a title has been issued.

Although it has not had to defend itself in the past, the Company, which owns lands with various titles under its name, from time to time, may be required to defend itself against third parties who claim to be the rightful owners of land which has been either titled in the name of the persons selling the land to the Company or which has already been titled in the name of the Company. The Company conducts comprehensive due diligence and extensive title searches before it acquires any parcel of land.

Environmental laws could adversely affect the Company's business.

Real estate developers are required to follow strictly the guidelines of the DENR. Any changes in the current environmental laws and regulations applicable to the Company may increase the Company's operating expenses. The Company complies with environmental laws and will keep abreast of any changes in such laws which may have an impact on its business.

Risk of a domestic asset price bubble could adversely affect the Company's business.

One of the risks inherent in any real estate property market, including the Philippines, is the possibility of a domestic asset price bubble, which occurs when there is a gross imbalance between the supply and demand in the domestic property market, causing asset prices to be too high. The growth of the Philippine real estate sector is mainly driven by low interest rates, robust OFW remittances, and the fast growing BPO sector which is vulnerable to shocks in the global economy.

To mitigate this risk, the Company is diversifying its portfolio of projects to achieve a balanced mix of both developmental and investments projects, providing the Company with a varied earnings base hedging against down cycles in the property industry. For instance, the CityMall projects to be established in various parts of the country will provide the Company with a steady stream of recurring income.

Mortgage of the Company's property to obtain financing

Inherent in the real estate business, which is capital intensive, the Company may sometimes be required by financial institutions to mortgage some of their properties when obtaining financing for the completion of its projects. There is a risk that in the event that the Company is unable to service these obligations to its creditors or is delayed in servicing the same that foreclosure proceedings may be instituted by said creditor. To mitigate this risk, the Company practices sound and prudent financial management to ensure a healthy balance sheet and prompt payment of its obligations as they fall due.

Currently, one of the Company's land is subject of an unregistered real estate mortgage.

RISKS RELATING TO THE COMPANY'S OFFER SHARES

There can be no guarantee that the Offer Shares will be listed on the PSE

Subscribers of the Offer are required to pay the Offer Price of the Offer Shares so subscribed upon submission of their Applications during the Offer Period. Although the PSE has approved the Company's application to list the Offer Shares, because the Listing Date is scheduled after the Offer Period, there can be no guarantee that listing will occur on the anticipated Listing Date. Delays in the admission and the commencement of trading of shares on the PSE have occurred in the past. If the PSE does not admit the Offer Shares for listing on the PSE, the market for these will be illiquid and holders may not be able to trade the Offer Shares. However, they would be able to sell these by negotiated sale. This may materially and adversely affect the value of the Offer Shares.

There may be no liquidity in the market for the Offer Shares and the prices of these may fall.

The Shares will be listed and traded on the PSE. In general, transfers of the Offer Shares will be made solely through the PSE. The Philippines securities market is smaller and less liquid than the securities markets in the United States and in certain European and Asian countries. Although the Shares will be listed on the PSE, there is no assurance that an active trading market for the Offer Shares will be developed or sustained in the long run, nor that the price per share will not decline less than the Offer Price. The market price of the common shares and Philippine securities may experience significant price fluctuations and volatility in general.

Until the Listing Date, the listing and trading of the Offer Shares on the PSE will not commence. During this intervening period, the investment in the Offers Shares will be illiquid. While the Company does not have any guarantee on the share prices and its liquidity, it will follow transparent corporate practices to ensure that material information is available and delivered in a timely manner to all the relevant parties.

The Company's common shares are subject to Philippine foreign ownership limitations.

The Philippine Constitution and related statutes restrict land ownership to Philippine nationals. The Company owns private land in the Philippines and therefore foreign ownership in the Company is limited to a maximum of 40% of the Company's issued and outstanding capital stock. The Company cannot allow the issuance or the transfer of shares to persons other than Philippine nationals and cannot record transfers in the books of the Company if such issuance or transfer would result in the Company ceasing to be a Philippine national for purposes of complying with nationality restrictions on land ownership. This restriction may adversely affect the liquidity and market price of the Offer Shares to the extent that international investors are restricted from purchasing these in normal secondary transactions.

RISKS RELATING TO THE PHILIPPINES

The Company is exposed to risks associated with the Philippines, including the performance of the Philippine economy.

The Philippine economy remains exposed to significant economic and political risks. The performance of the Philippine economy may influence, in general, the results of the Company's operations. Any deterioration in the economic conditions in the Philippines may adversely affect consumer sentiment. There can be no assurance that current or future Governments will adopt economic policies conducive to sustaining economic growth.

The Company's results of operations depend on the performance of the Philippine economy. Movement in interest rates will affect the Company's cost of capital as well as the financial viability of its projects. Any deterioration in the Philippine economy could materially and adversely affect the Company's financial condition and results of operations.

The Company has derived all of its sales and operating profits from its development activities in the Philippines and its business is highly dependent on the state of the Philippine economy and the Philippine property market. Demand for, and prevailing prices of, developed land, and house and lot units are directly related to the economic, political and security conditions in the Philippines.

While the Philippine real estate sector presently shows no signs of slowdown and is experiencing resurgence, there is no guarantee that this trend will continue. Over different periods, the Philippines has faced declining economic growth rate with high inflation rate. The Philippine property market suffered a sharp downturn as a result of the Asian financial crisis in 1997 and the political crisis in 2000 brought about by the impeachment proceedings against, and eventual resignation, of former President Joseph Estrada. These crises led to a steep drop in real estate demand and consequently to an oversupply in the property market, depressed property prices and reduced demand for new residential projects. While the global economic recession, in 2008, resulted in higher cost of end- consumer products and financial market turmoil.

While the risks related to the Philippine economy in general and to the Philippine real estate industry in particular are uncontrollable, the Company practices prudent financial management to minimize their possible effects.

Political or social instability could adversely affect the financial results of the Company.

Like any other country, it is materially significant to position the Philippines as an appealing place to put up an investment. Any political and terrorist threats could adversely affect the general conditions and business environment in the Philippines, which could have a material effect on the operations and financial performance of the Company.

The Philippines has from time to time experienced political, social and military instability and no assurance can be given that the future political environment in the Philippines will be stable.

Political instability in the Philippines occurred in the late 1980's when Presidents Ferdinand Marcos and Corazon Aquino held office. In 2000, former President Joseph Estrada resigned from office after allegations of corruption led to impeachment proceedings, mass public protests and withdrawal of support of the military. In February 2006, President Gloria Arroyo issued Proclamation 1017 which declared a state of national emergency in response to reports of an alleged attempted coup d'état. The state of national emergency was lifted in March 2006.

The country has also been subject to sporadic terrorist attacks in the past several years. The Philippine army has been in conflict with the Abu Sayyaf organization, a group alleged to have ties with the Al-Qaeda terrorist network, and identified as being responsible for kidnapping and terrorist activities. More recently, On 09 September 2013, a faction of the Moro National Liberation Front (MNLF) under the leadership of Nur Misuari seized hostages in Zamboanga and attempted to raise the flag of the self-proclaimed Bangsamoro Republik, a state which declared its independence from the Philippines earlier in August, in Talipao, Sulu. This armed incursion has been met by the Armed Forces of the Philippines, which sought to free the hostages and expel the MNLF from the city. The standoff has degenerated into urban warfare, and brought parts of the city under standstill for days. On 28 September 2013, the government declared the end of military operations in Zamboanga City.

Political instability in the Philippines could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material impact on the Company's business, financial condition and results of operation.

The Company has no control over this risk.

Natural calamities could adversely affect the business of the Company.

The Philippines has experienced a significant number of major natural catastrophes over the years, including typhoons, volcanic eruptions and earthquakes.

In 2013 alone, the country suffered the brunt of a monster typhoon and a deadly earthquake that killed thousands and left billions of pesos in damage to infrastructure and properties. In October

2013, an earthquake with 7.2 magnitude struck the provinces of Bohol and Cebu, killing more than

200 people and displacing tens of thousands of residents. Less than a month after, Typhoon Yolanda, the strongest and most destructive typhoon to ever hit the country in four decades, slammed Tacloban City, Leyte, Samar, and other provinces in Eastern Visayas killing more than 6,000 people.

Natural catastrophes will continue to affect the Philippines and the Company may incur losses for such catastrophic events which could materially and adversely affect its business, financial condition and results of operations.

The Company maintains sufficient insurance against natural catastrophes to cover its various developments.

Foreign Exchange Risk

Any change in the value of the peso against the U.S. dollar could affect the dollar value of a foreign investor's return on an investment in the Offer Shares. Foreign exchange required for the repatriation of capital or remittance of dividends may be sourced from the Philippine banking system provided that the foreign investor registers his investment with the Bangko Sentral ng Pilipinas. In certain instances, the Bangko Sentral ng Pilipinas, with the approval of the President of the Philippines, may restrict the availability of foreign exchange. No assurances can be given that exchange controls and regulations in the future will not be changed.

As the revenues and expenses of the Company are in Peso denomination, DoubleDragon is not directly affected by foreign exchange risk. The Company's foreign exchange risk exposure is limited to the cost of materials which, although locally sourced, may be imported.

*** **<u>The Company undertakes that the hard copies of the Unaudited Interim Financial Statements and the MD&A for the Interim (*as of June 30, 2015*) will be made available to stockholders upon request.</u>**

III. EXTERNAL AUDIT FEES

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

The following are the External Audit Fees paid to KPMG for its services, particularly for the audit of the financial statements for the year ended 31 December 2015, to the Company as well as to its subsidiaries.

		2015			
	Client Name	2015 Audit Fee	OPE (15%)	Audit Fee inclusive of OPE	Total Fee
1	DoubleDragon Properties Corp. (DD)	1,000,000.00	150,000.00	1,150,000.00	1,150,000.00
2	DoubleDragon Sales Corp.	187,000.00	28,050.00	215,050.00	215,050.00
3	One Eleven Property Management Corp.	275,000.00	41,250.00	316,250.00	316,250.00
4	Piccadilly Circus Landing Inc.	350,000.00	52,500.00	402,500.00	402,500.00
5	CityMall Commercial Centers Inc.	550,000.00	82,500.00	632,500.00	632,500.00
6	Zion Land Development Ph., Inc.	440,000.00	66,000.00	506,000.00	506,000.00
7	DD-Meridian Park Development Corp.*	165,000.00	24,750.00	189,750.00	189,750.00
8	Prime DDG Commercial Centers Inc.*	165,000.00	24,750.00	189,750.00	189,750.00
9	CM-Danao Cebu Inc.**	100,000.00	15,000.00	115,000.00	115,000.00
10	CM-Goldenfields Bacolod Inc.**	100,000.00	15,000.00	115,000.00	115,000.00
11	CM-Mandalagan Bacolod Inc.**	100,000.00	15,000.00	115,000.00	115,000.00
12	CM-Tarlac MacArthur Inc.**	100,000.00	15,000.00	115,000.00	115,000.00
	TOTAL	**3,532,000.00**	**529,800.00**	**4,061,800.00**	**4,061,800.00**
	Consolidation fee	100,000.00	N/A	100,000.00	100,000.00
	GRAND TOTAL	**3,632,000.00**	**529,800.00**	**4,161,800.00**	**4,161,800.00**

	2014			
	Audit Fee	OPE	VAT	Total Audit Fees
DoubleDragon Properties Corp.	900,000.00	136,500.00	124,380.00	1,160,880.00
CityMall Commercial Centers, Inc.	500,000.00	72,700.00	68,724.00	641,424.00
Zion Land Development Ph, Inc.	400,000.00	57,700.00	54,924.00	512,624.00
Piccadilly Circus Landing Inc.	350,000.00	51,500.00	48,180.00	449,680.00
One Eleven Property Management Corp.	250,000.00	36,300.00	34,356.00	320,656.00
DoubleDragon Sales Corp.	170,000.00	24,100.00	23,292.00	217,392.00
Prime DDG Commercial Centers, Inc.	150,000.00	21,600.00	20,592.00	192,192.00
DD-Meridian Park Development Corp.	150,000.00	22,000.00	20,640.00	192,640.00
	2,870,000.00	422,400.00	395,088.00	3,687,488.00

	2013			
	Audit Fee	**OPE**	**VAT**	**Total Audit Fees**
DoubleDragon Properties Corp.	750,000.00	64,770.00	97,772.40	912,542.40
CityMall Commercial Centers, Inc.	100,000.00	14,300.00	13,716.00	128,016.00
Zion Land Development Ph, Inc.				-
Piccadilly Circus Landing Inc.	400,000.00	28,675.00	51,441.00	480,116.00
One Eleven Property Management Corp.	200,000.00	30,000.00	27,600.00	257,600.00
DoubleDragon Sales Corp.	150,000.00	22,500.00	20,700.00	193,200.00
Prime DDG Commercial Centers, Inc.				-
DD-Meridian Park Development Corp.				-
	1,600,000.00	160,245.00	211,229.40	1,971,474.40

	Other Services				
2015	DD - Seminar on Compliance Requirements for Large Tax Payers	150,000.00	15,000.00	19,800.00	184,800.00
2015	DD - Audit of Proceeds Reports from IPO of DD	200,000.00	20,000.00	26,400.00	246,400.00
2015	CMCCI - Consultancy services engagement	136,363.64	13,636.36	18,000.00	168,000.00
		486,363.64	48,636.36	64,200.00	599,200.00

AUDIT COMMITTEE'S APPROVAL POLICIES AND PROCEDURES

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

Chairman : Tony Tan Caktiong

Members : Edgar J. Sia
Gary P. Cheng

The partner-in-charge for the ensuing year is Mr. Jose P. Javier, Jr. of R.G. Manabat & Co.

To protect the integrity of the Company's business transactions with all the entities that it deals with, the Company has established a Conflict of Interest Policy. Said policy provides that transactions which may have the potential of being deemed as conflict of interest transactions are discouraged and must be avoided. If such transaction cannot be avoided, the conflicted person is required to submit a written disclosure of such conflict to a designated approving authority in order to ensure transparency.

The main mechanism established by the Company to safeguard the independence of the external and internal auditors are integrated in the key functions of the Audit Committee. The Audit Committee shall oversee the hiring, performance, and independence of the external and internal auditors and shall monitor and oversee the internal audit process of the Company.

After audit work, he independent accountants shall present its comprehensive report discussing the work it carried out, the areas of interest, their key findings, and their observations, to the Audit Committee. The independent accountants shall also prepare reports based on the agreed upon procedures on the Company's quarterly financial results. Said reports shall be presented to the Audit Committee for its approval and, consequently, its endorsement of the said report to the Board of Directors.

The Company regularly updates its policies and procedures to consider changes, improvements, and realignment of functions within the Company.

IV. BRIEF DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF THE BUSINESS OF THE REGISTRANT

DoubleDragon Properties Corp. ("DD", or "Company"), established in 2009, was originally registered with the Securities and Exchange Commission (SEC) as Injap Land Corporation to serve as the real estate development arm of Injap Investments Inc. ("Injap Investments"). The Company has undertaken several vertical and horizontal developments since it started its commercial operations in April 2010. In 2012, DoubleDragon became a 50/50 joint venture between Injap Investments Inc., headed by Mr. Edgar J. Sia II who is also the Founder of Mang Inasal Philippines, Inc. ("Mang Inasal"), and Honeystar Holdings Corporation ("Honeystar"), headed by Mr. Tony Tan Caktiong, who is also the Chairman and Founder of Jollibee Foods Corp. ("JFC").

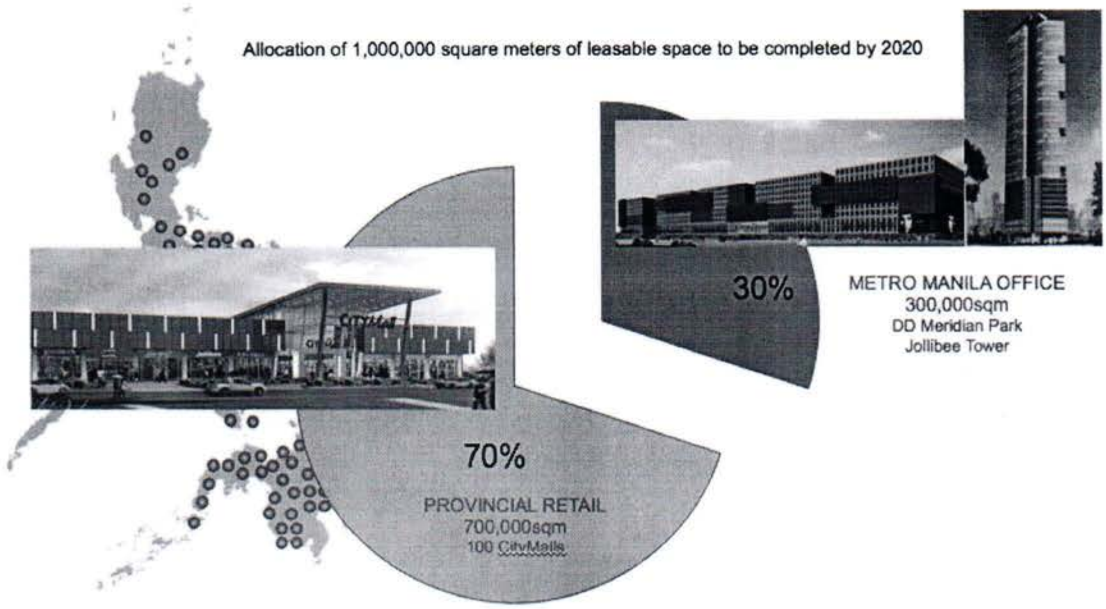
Honeystar, incorporated in 2012, is the holding company of the Tan and Ang Families. Injap Investments, incorporated in 2007, on the other hand, serves as the holding company of Edgar J. Sia II and his siblings. Prior to the entry of Honeystar, the Company (previously named Injap Land Corporation) served as the real estate development arm of Injap Investments. The Company was originally established to hold the Sia family's private real estate investments all of which were focused in Iloilo City at the time. It was not until 2012, when the Company became a joint venture between Injap Investments and Honeystar Holdings and was consequently renamed to DoubleDragon Properties

Corp. that the Company's development priorities shifted towards the vision that it has today.

The Company currently has six (6) subsidiaries, namely, DoubleDragon Sales Corp., DoubleDragon Property Management Corp., DD Happyhomes Residential Centers, Inc., DD-Meridian Park Development Corp., CityMall Commercial Centers Inc. and Piccadilly Circus Landing Inc.

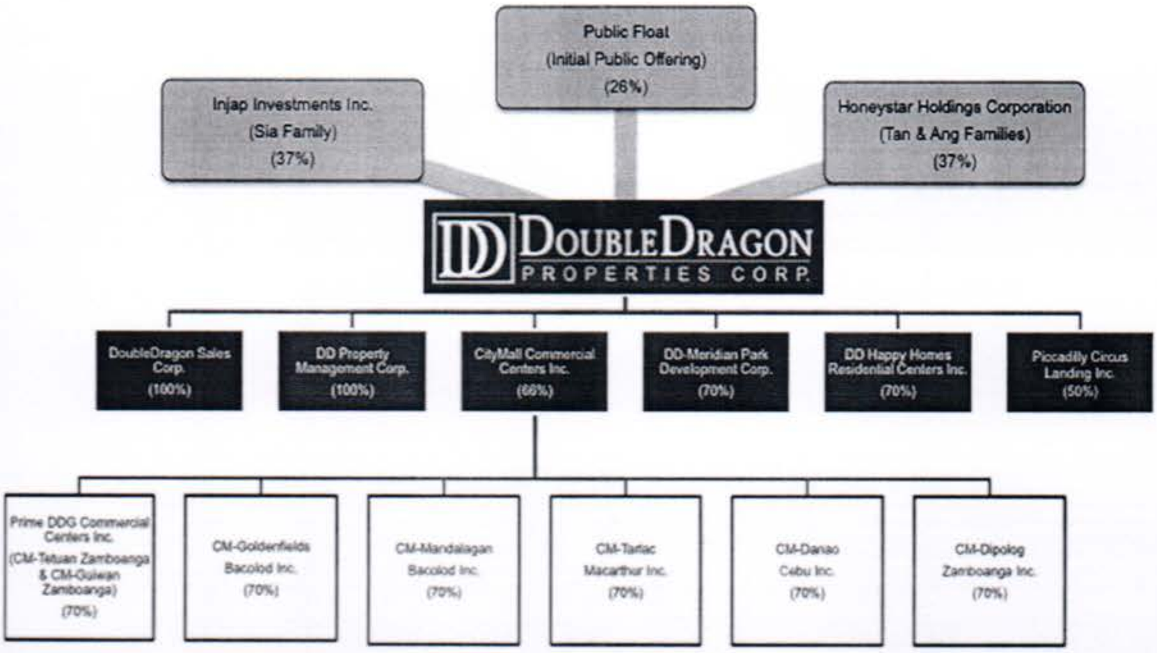
The Company's shares debuted at PSE's Small and Medium Enterprise Board ("SME Board") on April 7, 2014 under the stock symbol "DD" through an initial public offering of twenty-six percent (26%) of its outstanding common shares. On July 6, 2015, DD transferred from the SME Board and started trading in the PSE Main Board. On November 30, 2015, DD shares were included in the Morgan Stanley Capital International (MSCI) Small Cap Philippine Index.

The Company's vision is to accumulate One Million (1,000,000) square meters of leasable space by 2020 primarily through the rollout of one hundred (100) community malls across provincial cities in the Philippines through its community mall chain brand "CityMall" under its subsidiary CityMall Commercial Centers Inc. ("CM"), and through the development of two major commercial office projects, DD Meridian Park and Jollibee Tower, both of which are located in prime properties in Metro Manila.



Corporate Structure

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



At present, DoubleDragon has the following subsidiaries: DoubleDragon Sales Corp. ("DDSC"), DoubleDragon Property Management Corp. ("DDPM"), CityMall Commercial Centers Inc. ("CM"), Piccadilly Circus Landing, Inc. ("Piccadilly"), DD HappyHomes Residential Centers Inc ("DDHH"), and DD-Meridian Park Development Corp. ("DD-Meridian"). Each subsidiary was established to support DoubleDragon as the Company executes its strategies and plans. The functions of each subsidiary are discussed below.

DoubleDragon Sales Corp. ("DDSC")

DoubleDragon Sales Corp. was incorporated on November 12, 2012, and is a wholly owned subsidiary that focuses on the selling and marketing of the Company's real estate projects that include condominium units, town houses, apartments, commercial spaces and other related projects. DDSC serves as the sales team of the Company's projects.

DoubleDragon Property Management Corp. ("DDPMC")

DoubleDragon Property Management Corp. was originally incorporated on January 17, 2012 as One Eleven Property Management Corp., a wholly owned subsidiary that focuses on managing, operating, and carrying on the business of maintaining, preserving, preparing, and cleaning buildings, condominiums, townhouses and handle the janitorial, carpentry, plumbing and electrical services for the projects of the Company. Its operations generally focus on services for the maintenance, repair and beautification of the buildings and ground. DDPM's revenues are derived from association dues and common utilities service area (CUSA) charges collected from the Company's clients and tenants.

CityMall Community Centers Inc. ("CM")

CityMall Community Centers Inc. was incorporated on December 27, 2013 to serve as the vehicle for the construction, development, operation and maintenance of CityMalls. CityMall is envisioned to become the largest branded community mall chain in the Philippines. CM is 66%-34% owned by the Company and SMIC, respectively.

Piccadilly Circus Landing Inc. ("Picadilly")

The Company signed an Investment and Shareholders Agreement with the Aryanna Group to invest in Piccadilly Circus Landing, Inc., and jointly develop the sixteen thousand (16,000) square meter Umbria Commercial Center in Biñan, Laguna. Piccadilly is currently a 50-50 joint venture with the Company and the Aryanna Group. Piccadilly owns a two thousand nine hundred fifty-five (2,955) square meter property where the Umbria Commercial Center will be developed.

DD HappyHomes Residential Centers Inc. (DDHH)

On May 23, 2014, the Company signed an Investment and Shareholders Agreement to subscribe to seventy percent (70%) of DDHH (previously named Zion Land Development Ph, Inc.), a property development company based in Western Visayas. The remaining thirty percent (30%) will be retained by the then shareholders who agreed to DD's subscription to the company.

DDHH was incorporated in September 2011 and started its first project, Happy Homes in Mandurriao Iloilo in 2013. DDHH is the Company's horizontal housing project arm in the Visayas area and will complement the company's project portfolio by providing affordable homes in the provinces.

DD-Meridian Park Development Corp. (DDMP)

On June 2, 2014, DD signed a Memorandum of Agreement to develop a 4.75 hectare lot at the corner of EDSA and Macapagal Avenue in Pasay City near the Mall of Asia Complex. The joint venture agreement was signed on October 17, 2014, and resulted to DoubleDragon owning seventy percent (70%) of DD-Meridian Park, the JV company for the project. DD Meridian Park will have approximately two hundred and eighty thousand (280,000) square meters of leasable space once fully developed. It is envisioned to be a prominent iconic landmark in the area. Construction of the first phase started in the fourth quarter of 2014 and is targeted to be completed by 2018.

Core Projects

CityMall

The Company will be rolling out one hundred (100) community malls over the next five (5) years under its community mall chain brand "CityMall" under its sixty-six percent (66%) owned subsidiary CityMall Commercial Centers Inc. (CM). SM Investments Corp. (SMIC), the PSE listed holding company of Henry Sy and family owns thirty-four percent (34%) of CM. The partnership between DD and SMIC in the roll out of community malls across the Philippines will bring a great combination of strong retail brands in CityMall and will further cement its position in becoming the dominant leader in this space.

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 Savings Bank. 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.

As of the December 31, 2015, the Company has been able to secure 41CityMall sites out of the one hundred (100) it intends to develop over the next five (5) years. Five (5) CityMalls are already operational, namely CityMall Arnaldo-Roxas, CityMall Consolacion-Cebu, CityMall Anabu-Imus, CityMall Tetuan-Zamboanga and CityMall Tagbak-Jaro. Twenty Five (25) CityMalls are currently under construction and will be operational within the next twelve (12) months.

The business model of CityMall is premised on being conveniently located in the city centers of provincial cities in the Philippines within the natural daily movement of the general population. It is intended to become the venue for modern retail concepts to thrive in the provincial setting as the transition between traditional to modern retail completes in these second & third tier cities over the next few years.

DD Meridian Park

DD Meridian Park is located in a 4.75-hectare prime commercial block located at the corner of EDSA, Roxas Boulevard and Macapagal Avenue in the Bay Area of Pasay City adjacent to SM Mall of Asia complex.

DD Meridian Park will be developed in several phases with an intended total leasable space area of 280,000 square meters, all of which are scheduled to be completed and form part of the Company's leasable portfolio by 2020.

Currently, the first phase of DD Meridian Park, dubbed DoubleDragon Plaza, is already under construction. The general construction contract of DoubleDragon Plaza was awarded to a general contractor last March 17, 2015. DoubleDragon Plaza will consist of four (4) office towers on top of a retail podium and is expected to contribute a hundred and thirty thousand (130,000) square meters of leasable space to the Company's portfolio by 2018. The balance of one hundred fifty thousand (150,000) square meters of leasable space will be developed in separate phases to be completed by 2020.

Jollibee Tower

On August 26, 2015, the Company signed a joint venture agreement with JFC to develop a 40-storey commercial and office tower on a three thousand two (3,002) square meter prime commercial lot owned by the latter located at the corner of F. Ortigas Jr. Road (formerly Emerald Avenue) and Garnet Road in the heart of the Ortigas Central Business District.

Pursuant to the joint venture agreement, JFC will contribute the land in exchange for fifteen percent (15%) of the project's resulting leasable floor area while the Company, as the developer of the project, will have for the remaining eighty-five percent (85%) of the projects resulting leasable floor area. In addition to the floor area received by JFC, they will be leasing additional office space directly from the Company to accommodate their corporate office requirements.

On February 11, 2016, the Company has already awarded the construction contract to a general contractor. The Project has already broken ground last March 7, 2016. The project is expected to contribute close to forty-eight thousand (48,000) square meters of leasable space to the Company's portfolio by 2018.

Interim Projects

Due to the amount of time needed to build up a sizable portfolio of leasable space, the Company has strategically acquired existing projects that have been pre-sold and partially completed by other developers. These acquisitions have enhanced the Company's profitability in the near-term while it builds up its leasable portfolio and shifts into a ninety-percent (90%) recurring revenue business model by 2020.

The SkySuites Tower

The Company acquired The SkySuites Tower last September 1, 2014 from Rizal Commercial Banking Corporation ("RCBC"), the financial institution that foreclosed the property from its original developer four years prior. The SkySuites Tower was planned as a 38-storey commercial, office and residential tower sitting on a two thousand eight hundred twelve (2,812) square meter prime corner lot property at the corner of EDSA and Quezon Avenue a few meters away from the Mass Rail Transit (MRT) station.

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

Six Hundred Ninety (690) of the units in The SkySuites Tower were already pre-sold prior to its acquisition and majority of the previous buyers have already executed new contracts with the Company. The Company is currently in discussions with the remainder of the previous buyers for the execution of new contracts covering the delivery of their units by DoubleDragon. The Company booked revenues from these sales based on the percentage of completion method. The office structure of The SkySuites Tower will be available for occupancy within 2016 while the residential units will be turned over within 2018.

Dragon8 Mall

Dragon8 Mall was a partially constructed project acquired by the Company on May 2, 2014. The Company resumed the construction and renovation of the property upon acquisition and opened its doors to the public on June 30, 2015 a little over a year after the acquisition.

The project is located on a five thousand nine hundred seventy-two (5,972) square meter prime corner lot at C.M. Recto Avenue corner Dagupan Street, Divisoria, Manila. In line with the area being synonymous to a micro retail destination, Dragon8 Mall offers micro retailers a modern version of the mall stall units currently being offered within the vicinity at relatively the same prices.

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

As of December 31, 2015, 75% of Dragon8 Mall is occupied.

W.H. Taft Residences

In the last quarter of 2015, the Company completed W.H. Taft Residences, a residential tower adjacent to De La Salle University (DLSU) Taft Campus, one of the more prominent universities in the country. The development primarily caters to the growing student population in the area and consists of five hundred thirty-three (533) residential units and several commercial units.

W.H. Taft Residences was originally developed by Philtown Properties, Inc. and was acquired by the Company on November 7, 2012.

Other Projects

Other projects of the Company include those initially started by the Sia family in Iloilo City. These include People's Condominium, FirstHomes Subdivision, Injap Tower and The Uptown Place, which have all been completed.

Injap Tower

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. The ground floor consists of commercial for lease. The project was completed on March 2014.

People's Condominium

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

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 90% sold with only 11 units left in inventory. 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.

HappyHomes - Mandurriao

Happy Homes Mandurriao is a project of DDHH, Inc. a subsidiary of DoubleDragon. Happy Homes is an affordable community located in the fast growing Mandurriao district of Iloilo City. Happy Homes offers four variations of units with varying house and lot packages. Each unit is built upon receipt of 10% downpayment and can be turned over four to six months from start of construction. As of December 31, 2015, the project is 32.94% complete.

The development of the core projects of the Company will transition it from a non-recurring revenue business model to a ninety percent (90%) recurring revenue model. The remaining ten percent (10%) of revenues from non-recurring sources will include affordable housing projects that are currently being developed by its seventy percent (70%) owned subsidiary DD HappyHomes Residential Centers Inc. (DDHH). The remaining thirty percent (30%) is held by the then shareholders of Zion Land who agreed to a 70-30 joint venture with the Company by increasing the authorized capital stock and allowing the Company to subscribe to up to seventy percent (70%) of the outstanding shares.

Competition

The Company competes with other local companies in the real estate industry that are likewise developing malls, residential (both horizontal and vertical) as well as office buildings. However, the Company's CityMall is the first and largest branded independent community mall of its kind and will have a competitive edge not only because of its choice of prime locations in underserved areas but also due to the strength of its shareholders and the retail brands they represent which enables CityMall to be substantially tenanted even prior to opening.

Suppliers

The Company and its subsidiaries have a broad range of suppliers for the various projects that it is developing and is not dependent on any one supplier.

There is no scarcity of the Company's raw materials and they are easily sourced in the market hence the Company is not, nor is it expected to be, dependent upon one or a limited number of suppliers for its essential raw materials or any other items.

Dependence on Certain Customers

The Company and its subsidiaries are not dependent on a single or a few customer / client base. The group has a broad base of individual and corporate customers / clients.

Transactions With and/or Dependence on Related Parties

The Company, in the normal course of business, enters into transactions with related companies primarily consisting of lease of properties and advances for real estate transactions, working capital requirements and other business-related purposes. Rental for leased properties are within market rates while there are no interest on advances. Related parties are able to settle their obligations in connection with transactions with the Company and the Company does not foresee risks or contingencies arising from these transactions.

All transactions with related companies are done on market terms and at an arm's length basis. See Note 20 (Related Party Transactions) of the Notes to the Consolidated Financial Statements.

Governmental regulations and environmental laws

The Company and its subsidiaries meet all governmental, environment, health and safety requirements. The Company has not experienced significant governmental, environment, health or safety problems.

Employees

As of 29 February 2016 the Company has one hundred forty-seven (147) direct employees. Out of these, a total of one hundred twenty two (122) are regular employees and twenty-five (25) are probationary employees. The Company has four (4) subsidiaries that also directly employ people.

Risks

DoubleDragon and its subsidiaries are exposed to financial, operating, and administrative risks, which are normal in the course of the business.

Normal risks relating to the Company and its business include the following:

(1) Significant competition in the real estate industry
(2) Availability of prime properties viable for future projects
(3) Timeliness in the completion of projects may affect reputation and financial performance
(4) Liability may arise from construction defects and other building-related claims
(5) No assurance of successful implementation of business plans and strategies
(6) Changes in accounting principles for real estate sales will change revenue recognition of sale of units
(7) Ability to obtain financing or inability to meet debt covenants set by the Lenders/Debtors of the Company
(8) Titles of land owned may be contested by third parties
(9) Changes in environmental laws may lead to an increase in operating expenses due to the need for compliance
(10) Risk of a domestic asset price bubble in the Philippine real estate industry
(11) Foreclosure risk of the Company's mortgaged assets in the event of default.

MARKET INFORMATION

The Company's shares of stock are traded in the Philippine Stock Exchange and were listed on the exchange last April 7, 2014.

2014

Stock Prices	High	Low
2nd Quarter	₱9.90	₱3.00
3rd Quarter	₱9.84	₱7.24
4th Quarter	₱8.13	₱7.28

2015

Stock Prices	High	Low
1st Quarter	₱9.00	₱7.26
2nd Quarter	₱10.50	₱8.50
3rd Quarter	₱22.60	₱9.70
4th Quarter	₱25.35	₱19.60

2016

Stock Prices	High	Low
1st Quarter	₱39.50	₱20.00

As of 31 May 2016 the closing price of the Company's shares of stock is ₱53.90 per share.

Shareholder and Dividend Information

The number of shareholders of record as of May 31, 2016 was 146. Capital Stock issued and outstanding as of May 31, 2016 was 2,229,730,000 shares at par value of ₱0.10 per share. Foreign ownership limit for DoubleDragon is 891,892,000 or 40% of the issued and outstanding shares. Total shares owned by foreign shareholders as of May 31, 2016 was 273,496,347.

On April 10, 2013 the Board of Directors in a special meeting declared cash dividends in the amount of ₱92.72 Million to all stockholders of record as of April 10, 2013 and the same was paid in June 2013. On June 25, 2015 the Board of Directors in a regular meeting declared cash dividends equivalent to 20% of 2014 Net Income amounting to

P111.18 Million or ₱0.05 per share to all shareholders as of record date July 13, 2015. Payment date of the said dividend was July 27, 2015.

The Company has approved a dividend policy that would entitle the stockholders to receive the dividends equivalent up to thirty percent (30%) of the prior year's net income after tax subject to (i) the availability of unrestricted earnings, (ii) implementation of business plans, (iii) contractual obligations, and (iv) working capital requirements. The declaration and payment of dividends is subject to compliance annually or as often as the Board of Directors may deem appropriate, in cash or in kind and/or in additional shares from its surplus profits. The ability of the Company to pay dividends will depend on its retained earnings level and financial condition.

With respect to its subsidiaries, the said companies intend to approve a dividend policy that would entitle its stockholders to receive dividends equivalent to 30% to 100% of the prior year's net income after tax subject to (i) the availability of unrestricted retained earnings, (ii) implementation of business plans, (iii) contractual obligations, and (iv) working capital requirements. None of the subsidiaries have declared dividends in the past.

The Top 20 stockholders as of May 31, 2016 are as follows:

	Stockholder Name	No. of Shares	Percentage
1	INJAP INVESTMENTS INC.	824,996,999	37.00%
2	HONEYSTAR HOLDINGS CORP.	824,996,999	37.00%
3	PCD NOMINEE CORP. (F)	298,891,645	13.40%
4	PCD NOMINEE CORP. (NF)	273,196,347	12.25%
5	JAVELOSA, JOHN MICHAEL ALERTA	1,000,000	0.04%
6	BELLOSILLO, JOSUE N. BELLOSILLO OR CLIFTON K	668,300	0.03%
7	TIOPE, CONSUELO A.	500,000	0.02%
8	MONFORT, RICARDO S.	500,000	0.02%
9	DUMANCAS, CHARLES ANTHONY M.	400,000	0.02%
10	FERMIN, AILENE B.	258,400	0.01%
11	ANG, MICHELLE MARIE C.	200,000	0.01%
12	BOCALA, KATHERINE T.	200,000	0.01%
13	HUYONG JR., INOCENCIO G.	150,000	0.01%
14	TIUTAN, RICARDO G.	150,000	0.01%
15	TAN, KENNETH SIO	125,000	0.01%
16	SA-ONOY, MARIA EPHIE ANGELA GICARO	100,000	0.00%
17	DITCHELLA, JOEVY L.	100,000	0.00%
18	TORREJON, MA. RHEA LEI DEL CASTILLO	100,000	0.00%
19	DEWARA, CHRISTINE A.	100,000	0.00%
20	CHUA, CHARISSE LIM	100,000	0.00%

The following securities were issued as exempt from the registration requirements of the Securities Regulation Code (SRC) and therefore have not been registered with the Securities and Exchange Commission:

1) On October 30, 2014 the Group obtained a total of P7.4 billion unsecured 7-year fixed rate corporate notes subscribed to by various financing institutions through bi-lateral loan agreements. 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 proceeds from these borrowings were used by the Group to partly finance its capital expenditures, primarily for the development of DD Meridian Park, Dragon8 Mall, The SkySuites Tower, the roll-out of the first 12 CityMalls and for general corporate purposes.

2) On May 11, 2015 the Group obtained a total of P5.0 billion unsecured 7-year fixed rate corporate notes subscribed to by one lender through a bi-lateral loan agreement. The loan payments are to be made in five consecutive annual installments to commence at the end of the 36th month after the initial borrowing date. The proceeds from these borrowings will be used by the Group to finance capital expenditures for the development of CityMall branches.

3) On July 30, 2015, the Group obtained a total of P1.5 Billion unsecured seven year fixed rate corporate note subscribed to by One Lender through a bi-lateral loan agreement The loan payments are to be made in six (6) consecutive annual installment to commence on at the end of the 36th month after the initial borrowing date. The proceeds of these loans shall be used for will be used by the Group to partly finance the development of (a) DoubleDragon Plaza (Phase 1- DD Meridian Park); (b) refinance existing short term loans; and (c) general corporate purposes.

4) On May 14, 2016, the Group obtained a total of P1.5 Billion unsecured seven year fixed rate corporate note subscribed to by One Lender through a bi-lateral loan agreement The loan payments are to be made in six (6) consecutive annual installment to commence on at the end of the 36th month after the initial borrowing date. The proceeds of these loans shall be used for will be used by the Group to partly finance the development of (a) DoubleDragon Plaza (Phase 1 – DD Meridian Park); (b) Jollibee Tower; and (c) CityMalls.

<u>Discussion on Compliance with Leading Practice on Corporate Governance</u>

The Company has adopted governance policies and mechanisms to serve as its foundation and guiding principle for good governance. These are found primarily in its Articles of Incorporation and By-Laws. The Company, however, continues to adopt policies and mechanisms in accordance with established rules and best practices.

The Company's Code on Corporate Governance ("Code") exemplifies principles and best practices on good corporate governance. It lays down, among others, the qualifications and disqualifications of members of the Board of Directors as well as their duties and responsibilities. It further provides the framework of rules, systems and processes the Board and Management's duties and responsibilities to stockholders which include, among others, customers, employees, government and community in which it operates. Furthermore, the Code underscores the Company's compliance system and disclosure and transparency geared towards the promotion and recognition of the rights of the stakeholders. The Code is subject to periodic review by the Board as initiated by the Corporate Governance Committee.

Among the Policies are:

Policy on Conflict of Interest

The policy provides that conflict of interest exists in a situation that undermines the impartiality of a director, officer or employee because of the actual or potential clash between his or her personal interest and the interest of the Company. It also provides for the duties of Directors, officers and employees to immediately disclose any involvement in material conflict of interest and not to participate in the decision-making process relating to the transaction.

Policy on Insider Trading

As a listed company, the Corporation is subject to various laws and regulations regarding securities trading. The policy is aimed to assist the Company, its subsidiaries, its directors and employees in complying fully with these laws. It provides the guidelines and procedures to be followed by the Company, its subsidiaries, directors and employees when in possession of Material Non-Public Information or information which has not been generally disclosed to the public and would likely affect the market price of the security after being disseminated to the public and after the lapse of a reasonable time for the market to absorb the information.

The Board reviews and approves the Company's vision and mission periodically to make sure their efficiency in relation to the prevailing situation of the Company.