



SEC No. 200930354  
File No. \_\_\_\_\_

**DOUBLEDRAAGON PROPERTIES CORP.**  
(Company's Full Name)

**DD Meridian Park Bay Area corner Macapagal Avenue and EDSA Extension**  
**Boulevard Brgy 76 Zone 10 San Rafael Pasay City 1302**  
(Company's Address)

**856 7111**  
(Telephone Number)

**December 31**  
(Fiscal Year ending)

**Form 17-Q for the First Quarter of 2019**  
(Form Type)

**N/A**  
Amendment Designation

**N/A**  
Period Ended Date

**N/A**  
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2019**
2. Commission identification number **CS200930354** 3. BIR Tax Identification No. **287-191-423-000**
4. Exact name of issuer as specified in its charter: **DoubleDragon Properties Corp.**
5. Province, country or other jurisdiction of incorporation or organization: **Republic of the Philippines**
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's principal office and Postal Code: **DD Meridian Park Bay Area corner Macapagal Avenue and EDSA Extension Boulevard Brgy 76 Zone 10 San Rafael Pasay City 1302**
8. Issuer's telephone number, including area code: **(632) 856-7111**
9. Former name, former address and former fiscal year, if changed since last report: **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class

Number of shares of common  
stock outstanding and amount  
of debt outstanding

**Common Shares**  
**Preferred Shares**

**2,367,528,600**  
**100,000,000**

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

Yes ☒ No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Stock Exchange: **Philippine Stock Exchange**

Securities Listed: **Common Shares and Preferred Shares**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes ☒ No ☐ N/A

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes ☒ No ☐ N/A

## **PART I--FINANCIAL INFORMATION**

### **Item 1. Financial Statements.**

The following financial statements are submitted as part of this report:

- a) Unaudited Condensed Consolidated Interim Statements of Comprehensive Income for the three months ended March 31, 2019 and March 31, 2018;
- b) Notes to the Unaudited Condensed Consolidated Interim Financial Statement
- a) Unaudited Condensed Consolidated Interim Statements of Financial Position as of March 31, 2019 (unaudited) and December 31, 2018 (audited);
- c) Unaudited Condensed Consolidated Interim Statements of Changes in Equity for the three months ended March 31, 2019 and March 31, 2018; and
- d) Unaudited Condensed Consolidated Interim Statements of Cash Flows for the three months ended March 31, 2019 and March 31, 2018.

**DOUBLEDAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Unaudited March 31, 2019	Audited December 31, 2018
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	₱431,094,327	₱626,648,679
Receivables - net	5,804,342,967	5,139,560,126
Inventories	1,689,630,620	1,740,766,189
Due from related parties	97,212,820	97,212,820
Prepaid expenses and other current assets - net	4,411,253,013	4,422,246,336
<b>Total Current Assets</b>	<b>12,433,533,747</b>	<b>12,026,434,150</b>
<b>Noncurrent Assets</b>		
Receivables - net of current portion	23,208,162	22,275,863
Property and equipment - net	984,443,330	1,003,818,266
Goodwill and intangible assets	1,272,107,210	1,280,636,197
Investment property	68,448,710,720	65,737,073,982
Deferred tax assets	434,029,665	433,802,363
Other noncurrent assets	2,141,953,524	2,009,821,373
<b>Total Noncurrent Assets</b>	<b>73,304,452,611</b>	<b>70,487,428,044</b>
	<b>₱85,737,986,358</b>	<b>₱82,513,862,194</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities	₱6,214,625,988	₱5,366,820,607
Short-term loans payable and current maturities of long-term notes payable, net of debt issue costs	6,906,699,061	6,299,249,460
Due to related parties	980,115,508	980,115,508
Customers' deposits	450,323,312	305,175,212
Dividends payable	291,685,330	226,543,771
Income tax payable	63,923,327	108,305,150
<b>Total Current Liabilities</b>	<b>14,907,372,526</b>	<b>13,286,209,708</b>
<b>Noncurrent Liabilities</b>		
Long-term notes payable	14,199,857,992	14,268,079,164
Bonds payable - net of bond issue costs	14,826,295,880	14,820,487,093
Deferred tax liabilities	6,373,250,942	5,931,814,971
Retirement benefits liability	8,373,777	8,373,777
Customers' deposits - net of current portion	121,998,994	121,939,634
Other noncurrent liabilities	1,554,161,349	1,187,706,295
<b>Total Noncurrent Liabilities</b>	<b>37,083,938,934</b>	<b>36,338,400,934</b>
<b>Total Liabilities</b>	<b>51,991,311,460</b>	<b>49,624,610,642</b>

Forward

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

Capital stock	237,310,060	237,310,060
Preferred Shares	10,000,000,000	10,000,000,000
Additional paid-in capital	5,540,589,852	5,540,589,852
Retained earnings	7,483,199,567	6,529,613,470
Remeasurement loss on defined benefit liability - net of tax	2,091,337	2,091,337
Treasury stock	(167,160,000)	(167,160,000)
	<b>23,096,030,816</b>	<b>22,142,444,719</b>
<b>Non-controlling Interest</b>	<b>10,650,644,082</b>	<b>10,746,806,833</b>
<b>Total Equity</b>	<b>33,746,674,898</b>	<b>32,889,251,552</b>
<b>Total Liabilities and Equity</b>	<b>₱85,737,986,358</b>	<b>₱82,513,862,194</b>

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*See Notes to the Consolidated Financial Statements.*

**DOUBLEDRAAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the quarters ended March 31, 2019 and March 31, 2018**

	<b>Mar. 31, 2019</b>	<b>Mar. 31, 2018</b>
<b>REVENUES</b>		
Rent income	₱627,210,271	₱409,714,295
Real estate sales	178,998,493	241,662,493
Hotel revenues	142,782,772	121,670,172
Unrealized gain from change in fair values of investment property	1,262,135,231	851,857,693
Interest income	447,585	119,898,218
Income from forfeitures	148,824	2,417,806
Others	232,198,582	83,030,079
	<b>2,443,921,758</b>	<b>1,830,250,756</b>
<b>COST AND EXPENSES</b>		
Cost of real estate sales	105,903,632	131,405,678
Cost of hotel operations	124,700,049	90,914,748
Selling and marketing expenses	74,571,178	50,745,231
General and administrative expenses	474,514,744	295,579,166
Interest expense	136,856,604	187,727,811
	<b>916,546,207</b>	<b>756,372,634</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>1,527,375,551</b>	<b>1,073,878,122</b>
<b>INCOME TAX EXPENSE</b>	<b>460,287,291</b>	<b>329,317,293</b>
<b>NET INCOME/TOTAL COMPREHENSIVE INCOME</b>	<b>₱1,067,088,260</b>	<b>₱744,560,829</b>
<b>Attributable to:</b>		
Equity holders of the Parent Company	₱767,302,770	₱524,241,818
Non-controlling interest	299,785,490	220,319,011
	<b>₱1,067,088,260</b>	<b>₱744,560,829</b>

**DOUBLED DRAGON PROPERTIES CORP.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For the three months ended March 31, 2019 and 2018**

	<b>March 31 2019</b>		<b>March 31 2018</b>	
	Number of Shares	Amount	Number of Shares	Amount
<b>CAPITAL STOCK</b>				
Authorized				
Common Shares - P0.10 par value - February 10, 2014; P1 par value - April 10, 2013; P100 par value - 2012	5,000,000,000	500,000,000	5,000,000,000	500,000,000
Preferred Shares - P100 par value - April 14, 2016	200,000,000	20,000,000,000	200,000,000	20,000,000,000
Issued and outstanding				
Balance at beginning of year - common shares	2,229,730,000	222,973,000	2,229,730,000	222,973,000
Stock issuance - common shares	143,370,600	14,337,060		
Balance at March 31 - common shares	2,373,100,600	237,310,060	2,229,730,000	222,973,000
Balance at March 31 - preferred shares	100,000,000	10,000,000,000	100,000,000	10,000,000,000
<b>Balance at March 31</b>		<b>10,237,310,060</b>		<b>10,222,973,000</b>
<b>ADDITIONAL PAID-IN CAPITAL</b>		<b>5,540,589,852</b>		<b>1,358,237,357</b>
<b>RETAINED EARNINGS</b>				
Balance at beginning of year		6,529,613,470		2,571,883,195
Net income for the period		1,115,531,097		524,241,818
Cash dividends declared		(161,945,000)		(250,384,617)
<b>Balance at March 31</b>		<b>7,483,199,567</b>		<b>2,845,740,396</b>
<b>REMEASUREMENT LOSS ON DEFINED BENEFIT LIABILITY</b>		<b>2,091,337</b>		<b>1,876,395</b>
<b>LESS: TREASURY SHARES</b>				
Common shares - P30 per share - August 23, 2018	(5,572,000)	(167,160,000)	-	-
<b>NON-CONTROLLING INTEREST</b>				
Balance at beginning of year		10,746,806,833		8,160,790,704
Net income for the period		(31,021,192)		220,319,012
Dividends declared		(65,141,559)		-
<b>Balance at March 31</b>		<b>10,650,644,082</b>		<b>8,381,109,716</b>
		<b>33,746,674,898</b>		<b>22,809,936,864</b>



**DOUBLEDRAGON PROPERTIES CORP.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the period ended March 31**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	1,527,375,551	1,073,878,122
Adjustments for:		
Unrealized gain from change in fair values of investment properties	(1,262,135,231)	(851,857,693)
Interest expense	136,856,604	187,727,811
Depreciation and amortization	36,330,721	34,864,564
Interest income	(447,585)	(119,898,218)
Operating income before working capital changes	437,980,060	324,714,586
Decrease (increase) in:		
Receivables	225,419,781	(299,909,101)
Real estate inventories	51,135,569	(109,737,354)
Due from related parties	-	107,459
Prepaid expenses and other current assets	10,993,322	523,302,275
Increase (decrease) in:		
Accounts payable and other liabilities	847,805,381	866,577,475
Customers' deposits	145,207,460	312,945,610
Due to related parties	-	1,637,757
Cash absorbed by operations	1,718,541,573	1,619,638,707
Interest received	254,415	3,655,076
Interest paid	(465,103,327)	(480,045,295)
Income tax paid	(55,450,343)	-
Net cash used in operating activities	1,198,242,318	1,143,248,488
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to:		
Investment property	(1,824,945,662)	(2,221,278,496)
Property and equipment	(5,768,513)	(278,652,755)
Intangible assets	(750,000)	(641,142)
Increase in other noncurrent assets	(132,132,151)	(24,746,616)
Net cash used in investing activities	(1,963,596,326)	(2,525,319,009)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from:		
Availments of notes, net of debt issue costs	3,547,300,000	628,000,000
Payments of:		
Notes	(3,014,850,398)	-
Dividends	(161,945,000)	(166,923,078)
Increase in other noncurrent payable	366,455,054	122,234,000
Acquisition of treasury shares	(167,160,000)	-
Net cash provided by financing activities	569,799,656	583,310,922
<b>NET DECREASE IN CASH</b>	<b>(195,554,352)</b>	<b>(798,759,599)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>626,648,679</b>	<b>2,100,423,876</b>
<b>CASH AT END OF YEAR</b>	<b>431,094,327</b>	<b>1,301,664,277</b>

**DOUBLEDRAGON PROPERTIES CORP. AND  
SUBSIDIARIES**

**UNAUDITED CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS**

**As of March 31, 2019 and December 31, 2018 and  
For the Three Months Ended March 31, 2019 and 2018**

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**DOUBLEDRAAGON PROPERTIES CORP. AND SUBSIDIARIES**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED**  
**INTERIM FINANCIAL STATEMENTS**

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**1. Reporting Entity**

DoubleDragon Properties Corp., (“DD” or the “Parent Company”), was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 9, 2009 primarily to engage in the business of real estate development including but not limited to residential and condominium projects, to acquire by purchase or lease land and interest in land, to own, hold, impose, promote, develop, subdivide and manage any land owned, held or occupied by the Parent Company, to construct, manage or administer buildings such as condominiums, apartments, hotels, restaurants, stores or other structures and to mortgage, sell, lease or otherwise dispose of land, interests in land and buildings or other structures at any time.

The Parent Company’s shares are listed in the Philippine Stock Exchange (“PSE”) on April 7, 2014 under the stock symbol “DD”.

On June 23, 2015, the SEC approved the change in the Parent Company’s registered office address to DD Meridian Park Bay Area, Corner Macapagal Avenue and EDSA Extension Boulevard, Brgy. 76 Zone 10, San Rafael, Pasay City, Metro Manila. The Parent Company also maintains its corporate office at 10th Floor, DoubleDragon Plaza, DD Meridian Park Bay Area, Corner Macapagal Avenue and EDSA Extension Boulevard, Pasay City, Metro Manila.

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**2. Basis of Preparation**

The condensed consolidated interim financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended December 31, 2018. The condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements in accordance with Philippine Financial Reporting Standards (PFRS), and should be read in conjunction with the audited consolidated financial statements of DoubleDragon Properties Corp. and Subsidiaries (collectively referred to as the “Group”) as at and for the year ended December 31, 2018. The audited consolidated financial statements are available upon request from the Group’s registered office at DD Meridian Park Bay Area, Corner Macapagal Avenue and EDSA Extension Boulevard, Brgy. 76 Zone 10, San Rafael, Pasay City, Metro Manila.

The condensed consolidated interim financial statements are presented in Philippine peso and all values are rounded off to the nearest peso, except when otherwise indicated.

The condensed consolidated interim financial statements include the accounts of the Parent Company and all of its subsidiaries. As at March 31, 2019, there were no significant changes in the composition of the Company and in the Parent Company’s ownership interests in its subsidiaries.

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### 3. Summary of Significant Accounting Policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended December 31, 2018. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as of and for the year ended December 31, 2019.

#### Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The Group has adopted the following amendments to standards starting January 1, 2019 and accordingly changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Group's condensed consolidated interim financial statements.

- PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

- Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*. The interpretation clarifies how to apply the recognition and measurement requirements in PAS 12, *Income Taxes*, when there is uncertainty over income tax treatments. Under the interpretation, whether the amounts recorded in the consolidated financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the chosen tax treatment. If it is not probable that the tax authority will accept the chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty - either the most likely amount or the expected value. The interpretation also requires the reassessment of judgments and estimates applied if facts and circumstances change - e.g. as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

- Long-term Interests (LTI) in Associates and Joint Ventures (*Amendments to PAS 28*). The amendments require the application of PFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include LTI that, in substance, form part of the entity's net investment in an associate or joint venture. The amendment explains the annual sequence in which PFRS 9 and PAS 28 are to be applied. In effect, PFRS 9 is first applied ignoring any PAS 28 loss absorption in prior years. If necessary, prior years' PAS 28 loss allocation is adjusted in the current year which may involve recognizing more prior years' losses, reversing these losses or re-allocating them between different LTI instruments. Any current year PAS 28 losses are allocated to the extent that the remaining LTI balance allows and any current year PAS 28 profits reverse any unrecognized prior years' losses and then allocations against LTI. Retrospective application is required, subject to relevant transitional reliefs.
- Prepayment Features with Negative Compensation (Amendment to PFRS 9). The amendment clarifies that a financial asset with a prepayment feature could be eligible for measurement at amortized cost or fair value through other comprehensive income (FVOCI) irrespective of the event or circumstance that causes the early termination of the contract, which may be within or beyond the control of the parties, and a party may either pay or receive reasonable compensation for the early termination. Retrospective application is required subject to relevant transitional reliefs.
- Plan Amendment, Curtailment or Settlement (*Amendments to PAS 19, Employee Benefits*). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, an entity now uses updated actuarial assumptions to determine its current service cost and net interest for the period. The effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.  
The amendments apply for plan amendments, curtailments or settlements that occur on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted.
- Annual Improvements to PFRS Cycles 2015 - 2017 contain changes to three standards:
  - Previously Held Interest in a Joint Operation (*Amendments to PFRS 3, Business Combinations, and PFRS 11, Joint Arrangements*). The amendments clarify how an entity accounts for increasing its interest in a joint operation that meets the definition of a business. If an entity maintains (or obtains) joint control, the previously held interest is not remeasured. If an entity obtains control, the transaction is a business combination achieved in stages and the acquiring entity remeasures the previously held interest at fair value.
  - Income Tax Consequences of Payments on Financial Instrument Classified as Equity (*Amendments to PAS 12*). The amendments clarify that all income tax consequences of dividends, including payments on financial instruments classified as equity, are recognized consistently with the transactions that generated the distributable profits - i.e., in profit or loss, other comprehensive income or equity.
  - Borrowing Costs Eligible for Capitalization (*Amendments to PAS 23, Borrowing Costs*). The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale, or any non-qualifying assets, are

included in that general pool.

The amendments are effective for annual periods beginning on or after January 1, 2019, with early application permitted.

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#### **4. Use of Judgments and Estimates**

In preparing the condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those the applied to the consolidated financial statements as at and for the year ended December 31, 2018.

#### **Segment Information**

##### Operating Segments

The reporting format of the Group's operating segments is determined based on the Group's risks and rates of return which are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products produced and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's reportable segments are real estate development, leasing, and hospitality. The real estate development segment is engaged in the development of real estate assets to be held as trading inventory and for sale. This segment was developed as part of the Group's tactical approach to early stage growth, as part of that plan we will be transitioning out of this segment once the current inventory has been fully sold. The leasing and hospitality segments which are focused in recurring revenue will be the core pillars of the Group's growth plans moving forward. The leasing segment is engaged in the acquisition and/or development of real estate assets in the retail, office and industrial sector that are held for rentals. The hospitality segment is engaged in the acquisition and/or development of hotels which will be managed and operated the Group. The hospitality segment includes the development of a homegrown hotel brand with a unique sale-and-manage business model.

Others pertain to the segments engaged in marketing, property management activities and hotel operations.

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

The Group has three significant reportable segments for 2019 and 20197, namely the real estate development, leasing, and hospitality.

#### Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables, real estate inventories, prepaid expenses and other current assets, property and equipment and computer software licenses, net of accumulated depreciation and amortization, investment property and other noncurrent assets. Segment liabilities include all operating liabilities and consist primarily of accounts payable and other current liabilities, customers' deposits and other noncurrent liabilities. Segment assets and liabilities do not include deferred taxes.

#### Inter-segment Transactions

Segment revenues, expenses and performance include sales and purchases between operating segments. Inter-segment transactions are set on an arm's length basis similar to transactions with nonrelated parties.

#### Major Customer

The Group does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenues of the Group.

### Operating Segments

Analyses of financial information by business segment follow:

March 31, 2019

	Real Estate Development		Leasing		Hospitality		Others		Eliminations		Consolidated
<b>Revenue</b>											
External revenues	P178,998,493	P1,889,345,502	P142,782,772	P232,794,991	P -	P2,443,921,758					
Inter-segment	343,621,744	-	1,383,784	335,121,210	(680,126,738)	-					
<b>Total Revenue</b>	<b>P522,620,237</b>	<b>P1,889,345,502</b>	<b>P144,166,556</b>	<b>P567,916,201</b>	<b>(P680,126,738)</b>	<b>P2,443,921,758</b>					
<b>Segment Results</b>	<b>P225,961,141</b>	<b>P992,904,199</b>	<b>P7,517,367</b>	<b>(P404,456)</b>	<b>(P158,889,991)</b>	<b>P1,067,088,260</b>					
<b>Total Comprehensive Income Attributable to Equity holders of the Parent</b>											<b>P767,302,770</b>
Non-controlling Interests											<b>299,785,490</b>
											<b>P1,067,088,260</b>
<b>Segment Assets</b>	<b>P9,894,845,879</b>	<b>P70,790,251,828</b>	<b>P289,071,821</b>	<b>P53,653,018,290</b>	<b>(P48,889,201,460)</b>	<b>P85,737,986,358</b>					
<b>Segment Liabilities</b>	<b>P7,481,950,218</b>	<b>P45,332,716,300</b>	<b>P158,320,443</b>	<b>P37,587,180,940</b>	<b>(P38,568,856,441)</b>	<b>P51,991,311,460</b>					
<b>Other Information</b>											
Capital Expenditures	P608,467,807	P392,529,580	P14,629,143	P14,515,796	P -	P1,030,142,326					
Depreciation & amortization	P17,746,988	P14,511,753	P3,639,877	P432,103	P -	P36,330,721					



December 31, 2018

	Real Estate Development		Leasing		Hospitality		Others		Eliminations		Consolidated	
Revenue												
External revenues	P1,040,964,623	P12,126,490,772	P533,615,359	P646,650,482	P -	P14,347,721,236						
Inter-segment	-	4,970,562	4,856,834	3,606,525,938	(3,616,353,334)	-						
Total Revenue	P1,040,964,623	P12,131,461,334	P538,472,193	P4,253,176,420	(P3,616,353,334)	P14,347,721,236						
Segment Results	P677,395,891	P7,402,343,854	P72,122,983	(P172,981)	(P734,795,294)	P7,416,894,453						
Total Comprehensive Income												
Attributable to												
Equity holders of the Parent						P4,605,725,217						
Non-controlling interests						2,811,169,236						
						P7,416,894,453						
Segment Assets	P4,334,945,810	P69,786,004,328	P1,252,473,490	P55,361,031,925	(P48,220,593,359)	P82,513,862,194						
Segment Liabilities	P25,838,808,450	P35,873,721,249	P215,311,481	P25,222,577,462	(P37,525,808,000)	P49,624,610,642						
Other Information												
Capital Expenditures	P1,378,252,250	P5,702,086,995	P14,629,143	P8,090,148	P -	P7,103,058,536						
Depreciation & amortization	P77,195,443	P53,279,680	P13,503,483	P1,708,234	P18,419,012	P164,105,852						

Capital expenditures on noncurrent assets represent additions to property and equipment, computer software licenses, intangible assets and investment property. Noncash expenses pertain to depreciation and amortization expense attributable to the reportable segments.

The Group has only one geographical segment, which is the Philippines.

## 5. Income Taxes

Income tax expense (benefit) consists of:

	For the three months ended March 31	
	2019	2018
Current	<b>P43,538,214</b>	P49,275,200
Deferred	<b>416,749,077</b>	280,042,093
	<b>P460,287,291</b>	P329,317,293

The reconciliation of the income tax expense computed at the statutory income tax rate to the actual income tax expense as shown in profit or loss is as follows:

	For the three months ended March 31	
	2019	2018
Income before income tax	<b>P1,527,375,551</b>	P1,073,878,122
Income tax at the statutory income tax rate	<b>P458,212,665</b>	P322,163,437
Income tax effects of:		
Nondeductible expenses	<b>2,332,984</b>	13,493,644
Interest income subjected to final tax	<b>(258,358)</b>	(5,249,624)
Nontaxable income	-	(1,090,164)
	<b>P460,287,291</b>	P329,317,293

## 6. Basic and Diluted Earnings Per Share

Basic and diluted earnings per share for the three months ended March 31, 2019 and 2018 are computed as follows:

	For the three months ended March 31	
	2019	2018
Net income attributable to equity holders of the Parent Company	<b>P767,302,770</b>	P524,241,818
Dividends on preferred shares for the period	<b>(161,945,000)</b>	(161,945,000)
Net income attributable to common shareholders of the Parent Company (a)	<b>605,357,770</b>	P362,296,818
Weighted average number of common shares outstanding (b)	<b>2,367,528,600</b>	2,229,730,000
Dilutive shares arising from stock options	<b>8,853,333</b>	3,201,250
Adjusted weighted average number of common shares for diluted EPS (c)	<b>2,376,381,933</b>	2,232,931,250
Basic earnings per common share attributable to equity holders of the Parent Company (a/b)	<b>P0.2557</b>	P0.1625
Diluted earnings per common share attributable to equity holders of the Parent Company (a/c)	<b>P0.2547</b>	P0.1623

The convertible preferred shares has no impact in the calculation of diluted EPS since it would have an antidilutive effect on earnings per share.

## 7. Inventories

This account consists of:

	March 31, 2019	December 31, 2018
At cost:		
Real estate inventories - at cost	<b>P1,684,461,822</b>	P1,729,261,096
Hotel inventories - at cost	<b>5,168,798</b>	6,693,270
Others	-	4,811,823
	<b>P1,689,630,620</b>	P1,740,766,189

Real estate inventories represent the cost of construction and development of completed and in-progress residential, commercial and office units for sale. Projects of the Group include The SkySuites Tower, W.H. Taft Residences, The Uptown Place, Injap Tower, FirstHomes Subdivision, DD HappyHomes-Mandurriao, DD HappyHomes-Tanauan, DD HappyHomes-Zarraga and Hotel101 projects, namely Hotel101-Fort, Davao and Palawan.

### *The SkySuites Tower*

On September 1, 2014, the Group acquired from Rizal Commercial Banking Corporation (the "RCBC") the unfinished commercial, office and residential project, "The SkySuites Tower", in Quezon City for a total consideration of P700 million payable over four years. The Group was required to deliver to RCBC an irrevocable standby letter of credit to guarantee the payment of the remaining balance payable to RCBC. At the closing date of the transaction, RCBC delivered to the Group the

physical possession and control over “The SkySuites Tower”. Portion of the total acquisition cost of “The SkySuites Tower” and cost to be incurred in its development and completion was recognized as part of “Real estate inventories” and “Investment property” accounts in the consolidated statements of financial position for the parts pertaining to residential units for sale and commercial and office units held for leasing, respectively.

#### *W.H. Taft Residences*

On November 5, 2012, the Group acquired and took over the development of W.H. Taft Residences (the “W.H. Taft”), a condominium project along Taft Avenue in the City of Manila, from Philtown Properties, Inc. (the “Philtown”). The Group also acquired the land where the W.H. Taft is located from the Landowner. The development of the W.H. Taft was formerly initiated under an unincorporated joint venture agreement between Philtown and the Landowner. The project was completed in September 2015.

#### *The Uptown Place and Injap Tower*

On December 27, 2013, the Group entered into an unincorporated joint venture agreement with Injap Investments, Inc. (“III”) for the joint development of “The Uptown Place” at General Luna St., Iloilo City and “Injap Tower” at Mandurriao District, Iloilo City (the “Projects”). The agreement stipulates that III shall contribute land and the Group shall finance and develop the Projects and be exclusively responsible for the management and supervision of the construction of the Projects. In consideration for III’s land contribution, the Group delivered some saleable units of the Projects to III. The costs incurred in the development of the Projects are recorded as part of “Real estate inventories” and “Investment property” accounts in the consolidated statements of financial position. The projects were completed in 2014.

#### *FirstHomes Subdivision*

In October 2012, the Group completed its first horizontal development project located at Navais, Mandurriao, Iloilo City. FirstHomes is a 1.30 hectare townhouse project consisting of 112 units.

#### *DD HappyHomes-Mandurriao*

On May 31, 2014, as a result of the business combination, the Group acquired DDHRCI’s horizontal, residential real estate project in Mandurriao, Iloilo.

#### *DD HappyHomes-Tanauan and DD HappyHomes-Zarraga*

In 2016, the Group acquired additional landsites for horizontal, residential real estate projects in Tanauan, Leyte and Zarraga, Iloilo.

#### *H101 - Fort*

In 2016, HOA entered into a Memorandum of Agreement and Deed of Absolute Conveyance with a minority shareholder of HOA to acquire a parcel of land to be used for the construction of H101 - Fort project. H101 - Fort started construction in 2017.

#### *H101 - Davao*

On August 22, 2017, HOA acquired a parcel of land in Davao City with an area of 5,384 square meter for the development of H101 - Davao.

#### *Hotel101-Palawan*

On January 8, 2018, HOA purchased a portion of land in Palawan with an area of 10,223 square meters for the development of Hotel101-Palawan.

Real estate inventories recognized as “Cost of real estate sales” amounted to P98.23 million, and P131.41 million for the three months ended March 31, 2019 and 2018, respectively.

Capitalized borrowing costs amounted to nil and P42.48 million for the three months ended March 31, 2019 and 2018 using 5.97% to 6.48% and 5.20% as capitalization rates, respectively.

No inventory write-down was recognized on real estate inventories for the three months ended March 31, 2019 and 2018.

Hotel inventories mainly consists of consumable items used in the operations of “Injap Tower Hotel”, “Jinjiang Inn Ortigas”, “Jinjiang Inn Makati” and “Hotel 101 Manila”. The cost of hotel inventories recognized under “Cost of hotel operations” in the condensed interim consolidated statements of comprehensive income amounted to P5.84 million and P4.89 million for the three months ended March 31, 2019 and 2018, respectively.

## 8. Goodwill and Intangible Assets

This account consists of:

	<b>March 31, 2019</b>	December 31, 2018
Hotel 101 brand	<b>P664,300,000</b>	P664,300,000
Goodwill	<b>350,377,742</b>	350,377,742
Franchise rights	<b>117,236,828</b>	117,334,043
Advertising production cost	<b>69,190,605</b>	74,819,465
Computer software licenses - net	<b>40,307,902</b>	42,854,765
Concession right	<b>29,402,051</b>	29,720,069
Others	<b>1,292,082</b>	1,230,113
	<b>P1,272,107,210</b>	P1,280,636,197

### *Hotel 101 Brand*

The Hotel 101 brand is an asset with indefinite useful life and is assessed for impairment whenever there is an indication that the asset may be impaired. The method used to estimate the fair value of Hotel 101 brand is the RfR based on cost savings from owning the brand name. The cost savings are calculated based on royalty rates of comparable brands and the forecast revenues of HOA.

### *Franchise Rights*

This amount pertains to the rights of the Group to operate “JinJiang Inn” franchise chain of hotels in the Philippines.

The Group entered into a Brand License or Franchise Agreement with Jinjiang Inn Co, Ltd. (“Licensor”) of Shanghai, China for a period of 15 years from September 11, 2026. The Group is given the right to establish regular chains and develop franchise chains of hotels. In consideration for this exclusive grant of license, the Group is obliged to pay a lump sum franchise fee. Once the established hotels become operational, fees such as royalty fees and ongoing management fees will be remitted to the Licensor.

Amortization of the franchise rights amounted to P0.10 million and P0.42 for the three months ended March 31, 2019 and 2018, respectively.

### *Goodwill*

Goodwill comprises the excess of the acquisition costs over the fair value of the identifiable assets and liabilities in the acquisition of DDHRCI and HOA. Goodwill was computed based on fair values of net assets acquired.

In 2017, the Group finalized its purchase price allocation on the acquisition of HOA which resulted in a goodwill of P266.1 million.

No impairment loss is recognized for the goodwill account for the three months ended March 31, 2019 and 2018.

The recoverable amount of goodwill has been determined based on a valuation using cash flow projections covering a five-year period based on long range plans approved by management.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

The calculation of value in use are most sensitive to the following assumptions:

*Gross Margins.* Gross margins are based on average values achieved immediately before the budget period. These are increased over the budget period for anticipated efficiency improvements. Values assigned to key assumptions reflect past experience, except for efficiency improvement.

*Discount Rate.* The Group uses the weighted-average cost of capital as the discount rates, which reflect management's estimate of the risk. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

The recoverable amount of the cash-generating unit was determined to be higher than its carrying amount as at March 31, 2019 and December 31, 2018. Hence, management assessed that there is no impairment loss in the value of goodwill for the three months ended March 31, 2019 and 2018.

*Advertising Production Cost*

Advertising production cost pertains to the production cost incurred by the Group in developing the CityMalls commercials which can be used and aired over a period of time. This is being amortized over five years.

*Concession Right*

The Parent Company entered into a Joint Venture Agreement with the City Government of Iloilo for the financing, design, construction, development, operation and maintenance of the Iloilo-Guimaras Ferry Terminal ("Ferry Terminal") and the surrounding areas within the property.

*Computer Software Licenses*

The computer software licenses have been built, installed or supplied by the manufacturer ready to operate or require some customization based on the Group's specific requirements.

## 9. Investment Property

This account consists of:

	March 31, 2019	December 31, 2018
Land	<b>P18,060,805,195</b>	P18,037,895,588
Building	<b>41,661,845,198</b>	38,753,012,986
Construction in Progress	<b>8,726,060,327</b>	8,946,165,408
	<b>P68,448,710,720</b>	P65,737,073,982

The following table provides the fair value hierarchy of the Group's investment property as at March 31, 2019 and December 31, 2018:

		Level 2	
	Date of Valuation	March 31, 2019	December 31, 2018
Land	Various	<b>P18,060,805,195</b>	P18,037,895,588
Commercial	Various	<b>22,236,691,297</b>	22,101,658,166
Corporate/office	Various	<b>28,151,214,228</b>	25,597,520,228
		<b>P68,448,710,720</b>	P65,737,073,982

The Group's investment property is stated at fair value, which has been determined based on valuations performed by an accredited independent appraiser.

### *Valuation Techniques and Significant Unobservable Inputs*

The fair values of the investment property were arrived at using the Market Data Approach for land and Cost Approach for buildings.

Market data approach is an approach that considers available market evidences. The aforesaid approach is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. The unobservable inputs to determine the market value of the property are the following: location characteristics, size and shape of the lot and time element.

Cost approach is a comparative approach to the value of the building and improvements or another asset that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is a replica of, or equivalent to, the original or one that could furnish equal utility with no undue cost resulting from delay. It is based on the reproduction cost (new) of the subject property or asset, less total (accrued) depreciation based on the physical wear and tear, and obsolescence to which an estimate of entrepreneurial incentive or developer's profit/loss is commonly added.

The Group recognized unrealized gains from changes in fair values of investment property amounting to P1,262.14 million and P851.86 million for the three months ended March 31, 2019 and 2018, respectively.

Capitalized borrowing costs amounted to P406.77 million and P259.37 million for the three months ended March 31, 2019 and 2018 and 2017 using 5.97% to 6.48% and 5.20% as capitalization rates, respectively. The Group also capitalized rent expenses which were incurred for the rental of land properties where ongoing construction of CityMall branches are situated.

## 10. Equity

### Capital Stock

On July 13, 2018, the Parent Company issued an additional 143,370,600 common shares at P30.00 per share. The additional listing was approved by SEC on April 19, 2018.

### Treasury Shares

On August 23, 2018, the Company redeemed the 5,572,000 outstanding common stocks at P30.00 per share. As of March 31, 2019, the redeemed common shares were treated as treasury shares.

### Retained Earnings

The summary of dividend declarations of the Parent Company is as follows:

Type of Dividend	Share Class	Date of Declaration	Date of Record	Date of Payment	Dividend per Share	Total
Regular Cash Dividend	Preferred	March 21, 2017	April 4, 2017	April 17, 2017	1.61945	161.95 million
Regular Cash Dividend	Preferred	June 21, 2017	July 6, 2017	July 14, 2017	1.61945	161.95 million
Regular Cash Dividend	Preferred	September 27, 2017	October 11, 2017	October 16, 2017	1.61945	161.95 million
Regular Cash Dividend	Preferred	December 6, 2017	January 2, 2018	January 15, 2018	1.61945	161.95 million
Regular Cash Dividends	Preferred	March 22, 2018	April 10, 2018	April 16, 2018	1.61945	161.95 million
Regular Cash Dividend	Preferred	June 19, 2018	July 3, 2018	July 16, 2018	1.61945	161.95 million
Regular Cash Dividend	Preferred	September 18, 2018	October 2, 2018	October 15, 2018	1.61945	161.95 million
Regular Cash Dividend	Preferred	December 14, 2018	January 3, 2019	January 14, 2019	1.61945	161.95 million
Regular Cash Dividend	Preferred	March 22, 2019	April 5, 2019	April 15, 2019	1.61945	161.95 million

### Dividends of Subsidiaries

Type of Dividend	Subsidiary	Share Class	Date of Declaration	Date of Record	Date of Payment	Dividend per Share	Total
Cash Dividend	DDHH	Common	February 28, 2018	February 28, 2018	July 01, 2018	180.01	36.00 million
Cash Dividend	DDMPDC	Common	February 28, 2018	February 28, 2018	May 30, 2018	0.002655	47.33 million
Cash Dividend	DDMPDC	Common	September 30, 2018	September 30, 2018	October 15, 2018	0.022230	396.30 million
Cash Dividend	DDMPDC	Common	December 28, 2018	April 10, 2019	April 15, 2019	0.01435	255.88 million
Cash Dividend	DDMPDC	Common	March 29, 2019	March 29, 2019	May 15, 2019	0.012180	217.14 million

Total share of noncontrolling interests from these dividends amounted to P65.14 million for the three months ended March 31, 2019.



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

### Notes Payable

Details of the account are as follows:

	March 31, 2019	December 31, 2018
Balance at beginning of the year	<b>P20,661,416,742</b>	P18,301,570,584
Availments	<b>3,547,300,000</b>	8,941,000,000
Payments	<b>(3,014,850,398)</b>	(6,581,153,842)
	<b>21,193,866,344</b>	20,661,416,742
Less short-term notes and current portion of long-term notes	<b>6,906,699,061</b>	6,299,249,460
Noncurrent portion	<b>14,287,167,283</b>	14,362,167,282
Less unamortized debt issue costs	<b>87,309,291</b>	94,088,118
	<b>P14,199,857,992</b>	P14,268,079,164

### *Long-term Notes Payable*

#### Parent Company

- a. On March 23, 2016, the Parent Company obtained a total of P1.50 billion unsecured, bilateral long-term loans from a financing institution with scheduled drawdown dates. The Parent Company has made drawdowns amounting to P1.50 billion. The loan bears fixed interest rates ranging from 6.1785% to 6.2289% per annum over the term of the loan. The fixed interest rates were determined when the drawdowns were made; no repricing of interest rates over the duration of the loan term. The principal repayments are to be made in five annual amortizations equivalent to 5.0% of the total principal amount of the loan amount drawn, beginning on the 36<sup>th</sup> month from initial drawdown date. The proceeds from these borrowings were used by the Parent Company to partly finance its capital expenditures for the development of additional CityMall branches and construction of the Jollibee Tower and Phase 1 of the Meridian Park. Related debt issue costs from this loan amounted to P15.25 million.

Outstanding balance of this loan amounted to P1.43 billion as at March 31, 2019 and December 31, 2018.

- b. On July 30, 2015, the Parent Company obtained a total of P1.50 billion unsecured, bilateral, long-term loans from a financing institution with scheduled drawdown dates. The Parent Company has made total drawdowns amounting to P1.50 billion. The loan bears fixed interest rates ranging from 5.7997% to 6.1810% per annum over the term of the loan. The fixed interest rates were determined when the drawdowns were made; no repricing of interest rates over the duration of the loan term. The principal repayments are to be made in five annual amortizations equivalent to 5.0% of the total principal amount of the loan amount drawn, beginning on the 36<sup>th</sup> month from initial drawdown date. The proceeds from these borrowings were used by the Parent Company to partly finance the development of The Meridian Park, a 4.75 hectare mixed-use development real estate property situated in Pasay City. Related debt issue costs from this loan amounted to P17.41 million..

Outstanding balance of the loan amounted to P1.43 billion as at March 31, 2019 and December 31, 2018,

- c. On May 18, 2015, the Parent Company obtained a total of P5.00 billion unsecured, bilateral long-term loans from a financing institution with scheduled drawdown dates. The Parent Company has made total drawdowns amounting to P5.00 billion. The loan repayments of 5% to 10% of the principal are to be made in five consecutive annual installments to commence at the end of the 36<sup>th</sup> month after the initial drawdown date. The loan bears fixed interest rates ranging from 6.0000% to 6.5934% per annum over the term of the loan. The fixed interest rates were determined when the drawdowns were made; no repricing of interest rates over the duration of the loan term. The proceeds from these borrowings were used by the Group to partly finance its capital expenditures for the development of additional CityMall branches. Related debt issue costs from this loan amounted to P60.16 million.

Outstanding balance of the loan as at March 31, 2019 and December 31, 2018 amounted to P4.67 billion.

- d. On October 30, 2014, the Parent Company obtained a total of P7.40 billion unsecured, bilateral long-term loans from various financing institutions. The loan payments of 1% of the principal are to be made in seven consecutive annual installments to commence at the end of the 12<sup>th</sup> month after the initial borrowing date. The loan bears fixed interest rates of 6.1583% per annum over the term of the loan. The fixed interest rates were determined when the drawdowns were made; no repricing of interest rates over the duration of the loan term. The proceeds from these borrowings were used by the Parent Company to partly finance its capital expenditures, primarily for the development of The Meridian Park, the Dragon8, The SkySuites Tower and roll-out of the first 12 CityMalls and for general corporate purposes. Related debt issue costs from this loan amounted to P98.77 million.

Outstanding balance of the loan as at March 31, 2019 and December 31, 2018 amounted to P7.10 billion.

#### HOA

- e. On August 11, 2016, as a result of the acquisition of HOA, several long-term notes payable of HOA for a total amount of P100.30 million were assumed by the Parent Company. The principal amounts and related interests are due monthly. The Company pays interest at a fixed rate per annum over the term of the loan. Principal payments made for the three months ended March 31, 2019 and in 2018 amounted to P3.32 million and P12.65 million, respectively.

Current portion of these loans amounted to P10.43 million and P13.7 million as at March 31, 2019 and December 31, 2018, respectively. Outstanding long-term portion amounted to P57.20 million as at March 31, 2019 and December 31, 2018, respectively.

#### *Short-term Loans Payable*

##### Parent Company

- a. The Group obtained short-term loans from various financial institutions which is payable within one year. The proceeds from these borrowings were used for working capital purposes more specifically in the development of the Group's on-going projects. The interest rates on these short-term and long-term borrowings are repriced monthly based on negotiated rates or prevailing market rates.

Total loan availments for the three months ended March 31, 2019 and in 2018 amounted to P3.55 billion and P8.94 billion, respectively. Payments made for the three months ended March 31, 2019 and in 2018 amounted to P2.85 billion and P6.17 billion, respectively.

Outstanding balance of the loans amounted to P6.41 billion and P5.71 billion as at March 31, 2019 and December 31, 2018, respectively.

#### PCLI

- a. In 2016, PCLI obtained short-term loans from a local bank amounting to P63.00 million which is payable within one year. In 2017, PCLI drawn additional P37.00 million which is payable within one year. The proceeds from these borrowings were used for additional working capital requirements. The principal amounts are payable lump sum at maturity and related interests are due monthly. Interest is fixed at 3% per annum.

The long-term debt agreements contain, among others, covenants relating to maintenance of certain financial ratios, working capital requirements, restrictions on loans and guarantees, disposal of a substantial portion of assets, capital expenditures, significant changes in the ownership, payments of dividends and redemption of capital stock.

The Group is in compliance with the covenants of the debt agreements as of March 31, 2019 and December 31, 2018.

The movements in debt issue costs are as follows:

	<b>March 31, 2019</b>	December 31, 2018
Balance at the beginning of year	<b>P94,088,118</b>	P121,801,770
Adjustments	-	-
Amortization	<b>(6,778,827)</b>	(27,713,652)
Balance at end of period	<b>P87,309,291</b>	P94,088,118

## **12. Bonds Payable**

Details of the account are as follows:

	<b>March 31, 2019</b>	December 31, 2018
Balance at beginning of the year	<b>P15,000,000,000</b>	P15,000,000,000
Less unamortized debt issue costs	<b>173,704,120</b>	179,512,907
	<b>P14,826,295,880</b>	P14,820,487,093

On November 28, 2016, the SEC approved the Parent Company's application the shelf registration of fixed rate bonds with an aggregate principal amount of P15.00 billion, to be offered in one or several tranches.

The first tranche, issued on December 15, 2016, carried a due date of December 15, 2026 and fixed interest rate of 5.9721% per annum. Interest is payable quarterly in arrears on March 15, June 15, September 15, and December 15 of each year. Related costs from the issuance amounted to P82.34 million.

The second tranche, issued on July 21, 2017, carried a due date of July 21, 2024 and fixed interest rate of 6.0952% per annum. Interest is payable quarterly in arrears on January 21, April 21, July 21 and October 21 of each year. Related costs from the issuance amounted to P133.19 million.

Amortization of bond issue costs for the three months ended March 31, 2019 and 2018 amounted to P5.81 million and P4.03 million, respectively. Interest expense from this bond for the three months ended March 31, 2019 and 2018 amounted to P226.94 million and P226.87 million, respectively.

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### **13. Financial Risk and Capital Management Objectives and Policies**

#### Objectives and Policies

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

- Credit Risk
- Liquidity Risk
- Interest Rate Risk

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

The main purpose of the Group's dealings in financial instruments is to fund its respective operations and capital expenditures.

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

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

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

#### Credit Risk

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

In respect of installment contracts receivable, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. Customer payments are facilitated by post-dated checks. Exposure to bad debts is not significant as titles to real estate properties are not transferred to the buyers until full payment has been made. There are no large concentrations of credit risk given the Group's diverse customer base.

Credit risk arising from rent receivable is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables.

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

	<b>Note</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Cash and cash equivalents*		<b>P480,814,547</b>	P615,403,557
Receivables**		<b>5,827,551,128</b>	5,161,835,989
Due from related parties		<b>97,212,820</b>	97,212,820
Refundable deposits***		<b>140,050,914</b>	134,324,021
		<b>P6,545,629,409</b>	P6,008,776,387

\*Excluding "Cash on hand" account.

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

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

The table below presents the Group's exposure to credit risk as at March 31, 2019 and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

	<b>Financial Assets at Amortized Cost</b>			<b>Total</b>
	<b>12-month ECL</b>	<b>Lifetime ECL - not credit impaired</b>	<b>Lifetime ECL - credit impaired</b>	
Cash and cash equivalents (excluding cash on hand)	<b>P480,814,547</b>	<b>P -</b>	<b>P -</b>	<b>P480,814,547</b>
Receivables*	<b>5,725,785,568</b>	<b>100,156,278</b>	<b>1,609,282</b>	<b>5,827,551,128</b>
Due from related parties	<b>97,212,820</b>	<b>-</b>	<b>-</b>	<b>97,212,820</b>
Refundable deposits**	<b>15,863,644</b>	<b>124,187,270</b>	<b>-</b>	<b>140,050,914</b>
	<b>P6,319,676,579</b>	<b>P224,343,548</b>	<b>P1,609,282</b>	<b>P6,545,629,409</b>

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

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

The Group's process in assessing the ECLs are discussed in Note 4 to the consolidated financial statements.

The following is the aging analysis per class of financial assets:

As at March 31, 2019	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired	Total
		1 to 30 Days	31 to 60 Days	More than 60 Days		
Cash and cash equivalents	P480,814,547	P -	P -	P -	P -	P480,814,547
Receivables*	4,886,299,400	174,244,414	112,874,167	654,133,147	-	5,827,551,128
Due from related parties	97,212,820	-	-	-	-	97,212,820
Refundable deposits**	140,050,914	-	-	-	-	140,050,914
	P5,604,377,681	P174,244,414	P112,874,167	P654,133,147	P -	P6,545,629,409

\* Including current and noncurrent portions.

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

As at December 31, 2018	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired	Total
		1 to 30 Days	31 to 60 Days	More than 60 Days		
Cash and cash equivalents*	P615,403,557	P -	P -	P -	P -	P615,403,557
Receivables**	4,206,658,144	174,446,003	113,396,073	665,726,486	1,609,283	5,161,835,989
Due from related parties	97,212,820	-	-	-	-	97,212,820
Refundable deposits***	134,324,021	-	-	-	-	134,324,021
	P5,053,598,542	P174,446,003	P113,396,073	P665,726,486	P1,609,283	P6,008,776,387

\*Excluding "Cash on hand" account.

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

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

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

	As at March 31, 2019			Total
	High Grade	Medium Grade	Low Grade	
Cash and cash equivalents*	P480,814,547	P -	P -	P480,814,547
Receivables**	5,583,228,663	200,082,219	44,240,246	5,827,551,128
Due from related parties	97,212,820	-	-	97,212,820
Refundable deposits***	140,050,914	-	-	140,050,914
	P6,301,306,944	P200,082,219	P44,240,246	P6,545,629,409

\*Excluding "Cash on hand" account.

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

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

	As at December 31, 2018			Total
	High Grade	Medium Grade	Low Grade	
Cash and cash equivalents*	P615,403,557	P -	P -	P615,403,557
Receivables**	4,901,210,918	216,384,826	44,240,245	5,161,835,989
Due from related parties	97,212,820	-	-	97,212,820
Refundable deposits***	134,324,021	-	-	134,324,021
	P5,748,151,316	P216,384,826	P44,240,245	P6,008,776,387

\*Excluding "Cash on hand" account.

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

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

The Group assessed the credit quality of unrestricted cash as high grade since this is deposited with reputable banks with low probability of insolvency.

Receivables assessed as high grade pertains to receivable from buyer that had no default in payment; medium grade pertains to receivable from buyer who has history of being 181 to 360 days past due; and low grade pertains to receivable from buyer who has history of being over 360 days past due. Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. The Group performs credit investigation and evaluation of each buyer to establish paying capacity and creditworthiness. The Group will assess the collectibility of its receivables and provide a corresponding allowance provision once the account is considered impaired.

The credit risk for due from related parties and refundable deposits is considered negligible as these are mainly from related parties and Companies that are generally financially stable.

### Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risks by forecasting projected cash flows and maintaining balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

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

As at March 31, 2019						
Note	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years	
<b>Financial Liabilities</b>						
Accounts payable and other current liabilities*	P5,419,201,587	P5,419,201,587	P5,419,201,587	P -	P -	
Due to related parties 14	980,115,508	980,115,508	980,115,508	-	-	
Dividends payable	226,543,771	226,543,771	226,543,771	-	-	
Notes payable** 12	21,189,890,385	24,310,894,222	8,132,629,890	16,178,264,332	-	
Bonds payable 12	14,820,487,093	20,724,354,666	911,156,469	3,643,630,518	16,169,567,678	
Other noncurrent liabilities	1,249,888,997	1,249,888,997	-	572,244,874	677,644,123	

\* Excluding statutory obligations and unearned rent income account.

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

As at December 31, 2018						
Note	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years	
<b>Financial Liabilities</b>						
Accounts payable and other current liabilities* 15	P4,972,339,328	P4,972,339,328	P4,972,339,328	P -	P -	
Due to related parties 22	980,115,508	980,115,508	980,115,508	-	-	
Dividends payable	226,543,771	226,543,771	226,543,771	-	-	
Notes payable** 16	20,567,328,624	24,018,431,807	7,358,753,634	15,516,082,742	1,143,595,431	
Bonds payable 16	14,820,487,093	20,952,056,683	910,277,244	3,643,630,518	16,398,148,921	
Other noncurrent liabilities* 18	812,597,438	812,597,438	-	242,917,802	569,679,636	

\* Excluding statutory obligations and unearned rent income account.

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

### Interest Rate Risk

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

### Fair Values

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

#### *Cash and Cash Equivalents/Due from Related Parties/Accounts Payable and Other Current Liabilities/Due to Related Parties*

The carrying amounts of cash and cash equivalents, due from related parties, refundable deposits, accounts payable and other current liabilities, short-term notes payable and due to related parties approximate their fair values due to the relatively short-term nature of these financial instruments.

#### *Receivables*

The fair values of installment contracts receivable and receivables from leasehold rights' buyers are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The fair values of other receivables are approximately equal to their carrying amounts due to the short-term nature of the financial assets.

#### *Refundable Deposits/Security Deposits*

Refundable deposits and security deposits are reported at their present values, which approximate the cash amounts that would fully satisfy the obligations as at reporting date.

#### *Short-term Notes Payable/Long-term Notes Payable/Bonds Payable*

The fair value of the interest-bearing fixed-rate short-term and long-term debts is based on the discounted value of expected future cash flows using the applicable market rates for similar types of loans as of reporting date.

#### Capital Management

The Group's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flows to selective investments. The Group sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The BOD monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The BOD also monitors the level of dividends to shareholders.

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid-in capital and retained earnings. There were no changes in the Group's approach to capital management as at March 31, 2019 and December 31, 2018. The Group is not subject to externally-imposed capital requirements.



## 14. Related Party Transactions

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

Category	Year	Amount of Transaction	Outstanding Balances		Terms and Conditions
			Due from Related Parties	Due to Related Parties	
<b>Parent Company's Key Management - Personnel</b>					
Management fees	March 31, 2019	P669,643	P -	P -	Demandable; non-interest bearing; unsecured; payable in cash
	2018	2,678,571	-	-	Demandable; non-interest bearing; unsecured; payable in cash
<b>Stockholders</b>					
Acquisition of HOA	March 31, 2019	-	-	429,944,449	Payable by way of DD shares
	2018	-	-	429,944,449	Payable by way of DD shares
<b>Other Related Parties</b>					
Land acquired	March 31, 2019	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in cash
	2018	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in cash
	March 31, 2019	-	-	167,858,000	Payable by way of condo units
	2018	45,458,000	-	167,858,000	Payable by way of condo units
Cash advances received	March 31, 2019	-	97,212,820	(968,246)	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2018	7,277,476	97,212,820	(968,246)	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
Rent income	March 31, 2019	P196,925,284	-	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2018	787,423,265	-	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	March 31, 2019		P97,212,820	P980,115,508	
	2018		P97,212,820	P980,115,508	

The short-term benefits of other key management personnel amounted to P4.81 million and P5.78 million for the three months ended March 31, 2019 and 2018, respectively. Directors' fees amounted to nil for the three months ended March 31, 2019 and 2018, respectively.

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

**DOUBLEDRAGON PROPERTIES  
CORP.**

**Loans and Receivables**

**As of March 31, 2019**

	Total	Neither past due nor impaired	Past due but not impaired			
			1 - 90 days	91 - 180 days	181 - 360 days	> 360 days
<b>Loans and receivables</b>	<b>5,827,551,129</b>	<b>4,886,299,402</b>	<b>360,086,060</b>	<b>336,843,202</b>	<b>128,630,787</b>	<b>115,691,678</b>

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the quarters ended March 31, 2019 and March 31, 2018

	Mar. 31, 2019	Mar. 31, 2018	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2019	2018
<b>REVENUES</b>						
Rent income	₱627,210,271	₱409,714,295	₱217,495,976	53.1%	25.7%	22.4%
Real estate sales	178,998,493	241,662,493	(62,664,000)	-25.9%	7.3%	13.2%
Hotel revenues	142,782,772	121,670,172	21,112,600	117.4%	5.8%	6.6%
Unrealized gain from change in fair values of investment property	1,262,135,231	851,857,693	410,277,538	148.2%	51.6%	46.5%
Interest income	447,585	119,898,218	(119,450,633)	-99.6%	0.0%	6.6%
Income from forfeitures	148,824	2,417,806	(2,268,982)	6.2%	0.0%	0.1%
Others	232,198,582	83,030,079	149,168,503	179.7%	9.5%	4.5%
	<b>2,443,921,758</b>	<b>1,830,250,756</b>	<b>613,671,002</b>	<b>33.5%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>COST AND EXPENSES</b>						
Cost of real estate sales	105,903,632	131,405,678	(25,502,046)	-19.4%	4.3%	7.2%
Cost of hotel operations	124,700,049	90,914,748	33,785,301	137.2%	5.1%	5.0%
Selling and marketing expenses	74,571,178	50,745,231	23,825,947	47.0%	3.1%	2.8%
General and administrative expenses	474,514,744	295,579,166	178,935,578	60.5%	19.4%	16.1%
Interest expense	136,856,604	187,727,811	(50,871,207)	-27.1%	5.6%	10.3%
	<b>916,546,207</b>	<b>756,372,634</b>	<b>160,173,573</b>	<b>21.2%</b>	<b>37.5%</b>	<b>41.3%</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>1,527,375,551</b>	<b>1,073,878,122</b>	<b>453,497,429</b>	<b>42.2%</b>	<b>62.5%</b>	<b>58.7%</b>
<b>INCOME TAX EXPENSE</b>	<b>460,287,291</b>	<b>329,317,293</b>	<b>130,969,998</b>	<b>39.8%</b>	<b>18.8%</b>	<b>18.0%</b>
<b>NET INCOME/TOTAL COMPREHENSIVE INCOME</b>	<b>₱1,067,088,260</b>	<b>₱744,560,829</b>	<b>₱322,527,431</b>	<b>43.3%</b>	<b>43.7%</b>	<b>40.7%</b>
<b>Attributable to:</b>						
Equity holders of the Parent Company	₱767,302,770	₱524,241,818	₱243,060,952	46.4%	31.4%	28.6%
Non-controlling interest	299,785,490	220,319,011	79,466,479	36.1%	12.3%	12.0%
	<b>₱1,067,088,260</b>	<b>₱744,560,829</b>	<b>₱322,527,431</b>	<b>43.3%</b>	<b>43.7%</b>	<b>40.7%</b>

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

### March 31, 2019 versus March 31, 2018 Results of Operations

DOUBLEDRAAGON PROPERTIES CORP. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the quarters ended March 31, 2019 and March 31, 2018

			Horizontal Analysis		Vertical Analysis	
	Mar. 31, 2019	Mar. 31, 2018	Increase (Decrease)		2019	2018
REVENUES						
Rent income	P627,210,271	P409,714,295	P217,495,976	53.1%	25.7%	22.4%
Real estate sales	178,998,493	241,662,493	(62,664,000)	-25.9%	7.3%	13.2%
Hotel revenues	142,782,772	121,670,172	21,112,600	117.4%	5.8%	6.6%
Unrealized gain from change in fair values of investment property	1,262,135,231	851,857,693	410,277,538	148.2%	51.6%	46.5%
Interest income	447,585	119,898,218	(119,450,633)	-99.6%	0.0%	6.6%
Income from forfeitures	148,824	2,417,806	(2,268,982)	6.2%	0.0%	0.1%
Others	232,198,582	83,030,079	149,168,503	179.7%	9.5%	4.5%
	2,443,921,758	1,830,250,756	613,671,002	33.5%	100.0%	100.0%
COST AND EXPENSES						
Cost of real estate sales	105,903,632	131,405,678	(25,502,046)	-19.4%	4.3%	7.2%
Cost of hotel operations	124,700,049	90,914,748	33,785,301	137.2%	5.1%	5.0%
Selling and marketing expenses	74,571,178	50,745,231	23,825,947	47.0%	3.1%	2.8%
General and administrative expenses	474,514,744	295,579,166	178,935,578	60.5%	19.4%	16.1%
Interest expense	136,856,604	187,727,811	(50,871,207)	-27.1%	5.6%	10.3%
	916,546,207	756,372,634	160,173,573	21.2%	37.5%	41.3%
INCOME BEFORE INCOME TAX	1,527,375,551	1,073,878,122	453,497,429	42.2%	62.5%	58.7%
INCOME TAX EXPENSE	460,287,291	329,317,293	130,969,998	39.8%	18.8%	18.0%
NET INCOME/TOTAL COMPREHENSIVE INCOME	P1,067,088,260	P744,560,829	P322,527,431	43.3%	43.7%	40.7%
Attributable to:						
Equity holders of the Parent Company	P767,302,770	P524,241,818	P243,060,952	46.4%	31.4%	28.6%
Non-controlling interest	299,785,490	220,319,011	79,466,479	36.1%	12.3%	12.0%
	P1,067,088,260	P744,560,829	P322,527,431	43.3%	43.7%	40.7%

### Revenues

DoubleDragon Properties Corp. (“DoubleDragon” or “The Company”) total revenues rose 33.5% for the three months months ended March 31, 2019 to P2.4 billion vs. P1.8 billion during the same period last year. More importantly, DoubleDragon’s recurring revenues have risen 44.9% to Php 769.99 Million for the first three months of 2019 vs. only Php 531.38 Million during the same period last year primarily from the growth of its rental revenues

which grew 53.1% to Php 627.21 Million during the first three months of the year compared to only Php 409.71 Million during the same period last year. Recurring revenues now account for 31.5% of the Company's Total Revenues as it continues its shift towards its goal of becoming a 90% recurring revenue company by 2020.

Hotel Revenues of P142.8 million also contributed significantly to the consolidated revenues for the first three months of the Company, an increase of 117.4% from P121.7 million posted in the same period in 2018, brought in by the Company's hospitality revenue segment.

Furthermore, a P149.2 million increase (179.7%) in Other Income from P83.0 million to P232.2 million accounted for 9.5% of the consolidated revenues for the first three months of 2019.

The Company targets to complete a leasable portfolio of 1.2 Million square meters by 2020 comprising of 700,000 square meters from 100 CityMalls, 300,000 square meters from its Metro Manila office projects DD Meridian Park and Jollibee Tower, 100,000 square meters from the planned 5,000 hotel rooms of Hotel101 and Jinjiang Inn Philippines, and another 100,000 square meters of industrial space from various CentralHub sites across Luzon, Visayas and Mindanao.

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

### **Cost and Expenses**

Cost of real estate sales amounting to P98.2 million decreased by P33.2 million (-25.2%) for the three months ended March 31, 2019. Cost of hotel operations amounting to P124.7 million increased by P33.8 million (137.2%) for the three months ended March 31, 2019.

Selling expenses of P74.6 million slightly increased by P23.8 million (47.0%) from P50.7 million from the same period last year. General and administrative expenses of P482.2 million increased by P186.6 million (63.1%) due to the increase in personnel cost, business taxes, depreciation and leases. Interest expense amounting to P136.9 million was recognized for the three months ended March 31, 2019 – a decrease from P187.7 million in the same period last year.

### **Income before income tax**

The Company's consolidated income before income tax for the three months ended March 31, 2019 is at ₱1.5 billion, an increase of ₱453.5 million or 42.2%, from its consolidated income before income tax of ₱1.1 billion recorded for the same period in 2018.

### **Income tax expense**

The Company's income tax expense for the first three months is at ₱460.3 million, an increase of ₱130.9 million, or 39.8%, from its income tax expense of ₱329.3 million recorded for the same period in 2018, primarily due to the deferred tax recognized as a result of the ₱1.3 billion unrealized gains from change in fair values of investment property booked in 2018.

### **Net Income**

The Company's consolidated net income of P1.1 billion grew by P322.5 million, up by 43.3% for the three months ended March 31, 2019 from P744.6 million posted for the same period in the previous year due to significant increase in Rental and Hotel Revenue. Moreover, income from rental for Q1 2019 has increased by 53.1% from Q1 2018 marking the Company's continuing transition into the recurring revenue model.

## March 31, 2019 versus December 31, 2018 Statements of Financial Position

DOUBLEDRAGON PROPERTIES CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited March 31, 2019	Audited December 31, 2018	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2019	2018
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	₱431,094,327	₱626,648,679	₱(195,554,352)	31.2%	0.5%	0.8%
Receivables - net	5,804,342,967	5,139,560,126	664,782,841	12.9%	6.8%	6.2%
Inventories	1,689,630,620	1,740,766,189	(51,135,569)	-2.9%	2.0%	2.1%
Due from related parties	97,212,820	97,212,820	-	0.0%	0.1%	0.1%
Prepaid expenses and other current assets - net	4,411,253,013	4,422,246,336	(10,993,323)	-0.2%	5.1%	5.4%
<b>Total Current Assets</b>	<b>12,433,533,747</b>	<b>12,026,434,150</b>	<b>407,099,597</b>	<b>3.4%</b>	<b>14.5%</b>	<b>14.6%</b>
<b>Noncurrent Assets</b>						
Receivables - net of current portion	23,208,162	22,275,863	932,299	4.2%	0.0%	0.0%
Property and equipment - net	984,443,330	1,003,818,266	(19,374,936)	-1.9%	1.1%	1.2%
Goodwill and intangible assets	1,272,107,210	1,280,636,197	(8,528,987)	-0.7%	1.5%	1.6%
Investment property	68,448,710,720	65,737,073,982	2,711,636,738	4.1%	79.8%	79.7%
Deferred tax assets	434,029,665	433,802,363	227,302	0.1%	0.5%	0.5%
Other noncurrent assets	2,141,953,524	2,009,821,373	132,132,151	6.6%	2.5%	2.4%
<b>Total Noncurrent Assets</b>	<b>73,304,452,611</b>	<b>70,487,428,044</b>	<b>2,817,024,567</b>	<b>4.0%</b>	<b>85.5%</b>	<b>85.4%</b>
	<b>₱85,737,986,358</b>	<b>₱82,513,862,194</b>	<b>₱3,224,124,164</b>	<b>3.9%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Accounts payable and other current liabilities	₱6,214,625,988	₱5,366,820,607	₱847,805,381	15.8%	7.2%	6.5%
Short-term loans payable and current maturities of long-term notes payable, net of debt issue costs	6,906,699,061	6,299,249,460	607,449,601	9.6%	8.1%	7.6%
Due to related parties	980,115,508	980,115,508	-	0.0%	1.1%	1.2%
Customers' deposits	450,323,312	305,175,212	145,148,100	47.6%	0.5%	0.4%
Dividends payable	291,685,330	226,543,771	65,141,559	28.8%	0.3%	0.3%
Income tax payable	63,923,327	108,305,150	(44,381,823)	41.0%	0.1%	0.1%
<b>Total Current Liabilities</b>	<b>14,907,372,526</b>	<b>13,286,209,708</b>	<b>1,621,162,818</b>	<b>12.2%</b>	<b>17.4%</b>	<b>16.1%</b>
<b>Noncurrent Liabilities</b>						
Long-term notes payable	14,199,857,992	14,268,079,164	(68,221,172)	-0.5%	16.6%	17.3%
Bonds payable - net of bond issue costs	14,826,295,880	14,820,487,093	5,808,787	0.0%	17.3%	18.0%
Deferred tax liabilities	6,373,250,942	5,931,814,971	441,435,971	7.4%	7.4%	7.2%
Retirement benefits liability	8,373,777	8,373,777	-	0.0%	0.0%	0.0%
Customers' deposits - net of current portion	121,998,994	121,939,634	59,360	0.0%	0.1%	0.1%
Other noncurrent liabilities	1,554,161,349	1,187,706,295	366,455,054	30.9%	1.8%	1.4%
<b>Total Noncurrent Liabilities</b>	<b>37,083,938,934</b>	<b>36,338,400,934</b>	<b>745,538,000</b>	<b>2.1%</b>	<b>43.3%</b>	<b>44.0%</b>
<b>Total Liabilities</b>	<b>51,991,311,460</b>	<b>49,624,610,642</b>	<b>2,366,700,818</b>	<b>4.8%</b>	<b>60.6%</b>	<b>60.1%</b>

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

Capital stock	237,310,060	237,310,060	-	0.0%	0.3%	0.3%
Preferred Shares	10,000,000,000	10,000,000,000	-		11.7%	12.1%
Additional paid-in capital	5,540,589,852	5,540,589,852	-	0.0%	6.5%	6.7%
Retained earnings	7,483,199,567	6,529,613,470	953,586,097	14.6%	8.7%	7.9%
Remeasurement loss on defined benefit liability - net of tax	2,091,337	2,091,337	-	0.0%	0.0%	0.0%
Treasury stock	(167,160,000)	(167,160,000)	-	0.0%	-0.2%	-0.2%
	<b>23,096,030,816</b>	<b>22,142,444,719</b>	<b>953,586,097</b>	<b>4.3%</b>	<b>26.9%</b>	<b>26.8%</b>
<b>Non-controlling Interest</b>	<b>10,650,644,082</b>	<b>10,746,806,833</b>	<b>(96,162,751)</b>	<b>-0.9%</b>	<b>12.4%</b>	<b>13.0%</b>
<b>Total Equity</b>	<b>33,746,674,898</b>	<b>32,889,251,552</b>	<b>857,423,346</b>	<b>2.6%</b>	<b>39.4%</b>	<b>39.9%</b>
					<b>100.0</b>	<b>100.0</b>
<b>Total Liabilities and Equity</b>	<b>P85,737,986,358</b>	<b>P82,513,862,194</b>	<b>P3,224,124,164</b>	<b>3.9%</b>	<b>%</b>	<b>%</b>

*See Notes to the Consolidated Financial Statements.*

As of March 31, 2019, Consolidated Total Assets increased by 3.9% to P85.7 billion while Total Equity grew 2.8% to P33.8 billion as compared to P32.9 billion the end of last year.

The Company's Total Assets increased by P3.2 billion from the end of last year primarily due to the increase in the Company's Investment Properties which now stand at P68.4 billion as the ongoing construction in the various projects in Metro Manila and across the Philippines continues to progress and increase in the fair value of investment properties due to its completion.

For the first three months of 2019, the Company's properties held for lease, classified as investment properties, increased by P2.7 billion or an increase of 4.1% for the first three months of 2019 to end at P68.4 billion as of March 31, 2019. DoubleDragon is focusing on the buildup of recurring revenue firmly grounded on a portfolio of appreciating real estate assets acquired at un-stretched prices to provide downturn protection during any economic cycle.

## **Current Assets**

Cash amounting to P431.1 million as of March 31, 2019 decreased by P195.6 million (-31.3%) from P626.6 million as of December 31, 2018.

Receivables amounting to P5.8 billion as of March 31, 2019 increased by P664.8 million (12.9%) from P5.1 billion as of December 31, 2018 due to incremental sales from the Company's projects.

Real estate inventories amounting to P1.7 billion as of March 31, 2019 decreased by P51.1 million from P1.7 billion on December 31, 2018.

### **Noncurrent Assets**

Noncurrent installment contracts receivable amounting to P23.2 million as of March 31, 2019 increased from P22.3 million as of December 31, 2018. Noncurrent installment contracts represent the portion of receivables from the sale of units from vertical and horizontal projects collectible in two to three years' time.

Property and equipment amounting to P984.4 million as of March 31, 2019 decreased by P19.4 million from P1.0 billion as of December 31, 2018.

Goodwill and intangible assets amounting to P1.27 billion as of March 31, 2019 decreased by P8.5 million (-0.7%) from P1.28 billion as of December 31, 2018.

Investment property amounting to P68.4 billion as of March 31, 2019 increased by P2.7 billion (4.1%) from P65.7 billion as of December 31, 2018 due to the full swing construction of the Company's two Metro Manila office Projects, DD Meridian Park and Jollibee Plaza as well as the ongoing development of CentralHub industrial leasing sites, are also contributing to the increase in the Company's Investment Properties.

### **Current Liabilities**

Accounts payable and other liabilities amounting to P6.2 billion as of March 31, 2019 increased by P847.8 million (15.8%) from P5.4 billion as of December 31, 2018. 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 amounting to P6.9 billion as of March 31, 2019 increased by P607.4 million (9.6%) from P6.3 billion as of December 31, 2018 due to availment of short-term loans.

Customers' deposits amounting to P450.3 million as of March 31, 2019 increased by P145.1 million (47.6%) from P305.2 million as of December 31, 2018 due to the increase in deposits from DD Meridian Park's new tenants as well as deposits from the unit buyers of the Company's real estate and Hotel101 projects.

### **Noncurrent Liabilities**

Long-term notes payable remains at P14.2 billion as of March 31, 2019. Bonds payable also remains at P14.8 billion as of March 31, 2019. Deferred tax liabilities increased by P441.4 million (7.4%) to P6.4 billion from P5.9 billion as of December 31, 2018.



## **Equity**

Equity amounting to P33.7 billion as of March 31, 2019 increased by P857.4 million from P32.9 billion as of December 31, 2018, due to the consolidated net income recorded for the first three months of 2019.

### **Key Performance Indicators of the Company**

	<b>Audited December 31, 2018</b>	<b>Unaudited March 31, 2019</b>
Current Ratio	0.91	0.84
Asset to Equity	2.51	2.54
Debt to Equity Ratios		
On Gross Basis	1.08x	1.06x
On Net Basis	1.06x	1.05x
Acid Test Ratio	0.43	0.42

	<b>Unaudited period ending March 31, 2018</b>	<b>Unaudited period ending March 31, 2019</b>
Return on Equity	3.67%	4.12%
Net Income to Revenue	28.64%	31.40%
Revenue Growth	182.03%	33.53%
Income Growth	250.87%	46.36%
EBITDA	PhP1,296,470,497	PhP 1,700,562,876
Solvency Ratio	0.02	0.02
Interest Coverage Ratio	2.63	3.58

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

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

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

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

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	$\frac{\text{Total Revenue (Current Period)} - \text{Total Revenue (Prior Period)}}{\text{Total Revenue (Prior Period)}}$	
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 + Interest Expense	
10. Acid Test Ratio	$\frac{\text{Cash} + \text{Accounts Receivable} + \text{Marketable Securities}}{\text{Current Liabilities}}$	
11. Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation and Amortization}}{\text{Total Liabilities}}$	
12. Interest Coverage Ratio	$\frac{\text{Earnings Before Interest and Taxes}}{\text{Interest Paid}}$	

## **PART II--OTHER INFORMATION**

**N/A**

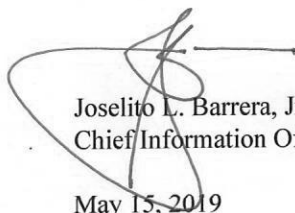
## SIGNATURES

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

Issuer

DOUBLEDragon PROPERTIES CORP.

Signature and Title



Joselito L. Barrera, Jr  
Chief Information Officer/ Head, Legal Department

Date

May 15, 2019

Principal Financial/Accounting Officer/Controller: Gerda Grace C. Galloniga-Dela Victoria

Signature and Title



Gerda Grace C. Galloniga-Dela Victoria  
Head, Accounting

Date

May 15, 2019



11 April 2019

**Philippine Stock Exchange, Inc.**

6<sup>th</sup> Floor, PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> Street, Bonifacio Global City, Taguig City

Attention: **Ms. Janet A. Encarnacion**  
Head, Disclosure Department

**Philippine Dealing and Exchange Corporation**

37<sup>th</sup> Floor, Tower 1, The Enterprise Center, 6766 Ayala Ave cor. Paseo de Roxas, Makati City

Attention: **Atty. Joseph B. Evangelista**  
Head, Issuer Compliance and Disclosures Department

**Securities and Exchange Commission**

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City

Attention: **Hon. Vicente Graciano P. Felizmenio, Jr.**  
Director, Markets and Securities Regulation Department

**Subject: Summary of the Application of Proceeds from the Follow On Offering**

Ladies and Gentlemen,

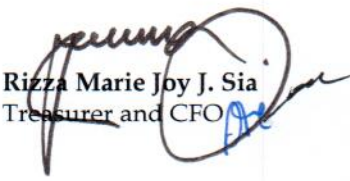
In line with the Follow On Offering (FOO) of DoubleDragon Properties Corp. (DD) on July 13, 2018, we submit herewith our report on the application of the actual net proceeds coming from DD Follow On Offering amounting to **FOUR BILLION ONE HUNDRED NINETY SIX MILLION TWO HUNDRED SEVEN THOUSAND NINE HUNDRED EIGHTY TWO PESOS AND EIGHTEEN CENTAVOS (P4,196,207,982.18).**

For the first quarter of 2019, the application of the net proceeds is broken down as follows:

(in Millions)	Planned Allocation of Net Proceeds	Actual Disbursements			Actual Remaining as of 31 MAR 2019
		As of 31 DEC 2018	Q1 2019	Total as of 31 MAR 2019	
CentralHub Industrial Centers Inc.	1,925.7	443.0	16.8	459.8	1,465.9
Hotel of Asia Inc.	2,171.5	412.1	23.3	435.4	1,736.1
General corporate purposes	99.0	99.0	-	99.0	-
<b>Total</b>	<b>4,196.2</b>	<b>954.1</b>	<b>40.1</b>	<b>994.2</b>	<b>3,202.0</b>

Thank you.

Very truly yours,

  
**Rizza Marie Joy J. Sia**  
Treasurer and CFO

DoubleDragon Headquarters

10<sup>th</sup> Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park Corner Macapagal Avenue & Edsa Extension, Bay Area, Pasay City, Metro Manila, 1302 Philippines  
Tel: +632 856 7111 Fax: +632 856 9111 Email: Info@doubledragon.com.ph

**DOUBLEDRAGON PROPERTIES CORP.**

**REPORT OF FACTUAL FINDINGS ON THE  
APPLICATION OF PROCEEDS FROM THE FOLLOW-ON OFFERING**

## REPORT OF FACTUAL FINDINGS

The Board of Directors and Stockholders

**DoubleDragon Properties Corp.**

DD Meridian Park Bay Area

Corner Macapagal Avenue and EDSA Extension Boulevard

Brgy 76 Zone 10, San Rafael, Pasay City, Metro Manila

We have performed the procedures agreed with you and enumerated below with respect to the Progress Report on the application of proceeds from the Follow-on Offering (“FOO”) of DoubleDragon Properties Corp. (the “Company”) on July 13, 2018. The procedures were performed solely to comply with the requirement of the Philippine Stock Exchange (PSE) for the Company to submit an external auditor’s certification on the accuracy of the information being represented by the Company relating to the use of proceeds from the Offering whenever a report is submitted to the PSE. Our engagement was undertaken in accordance with Philippine Standard on Related Services (PSRS) 4400, *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*.

The agreed-upon procedures are summarized as follows:

1. Obtain and check the mathematical accuracy of the Quarterly Progress Report from the Company.
2. Agree the amount of the net proceeds from the FOO as stated in the Quarterly Progress Report to the related supporting documents such as bank statements, passbook and other documents evidencing the receipt thereof.
3. Compare the list of all the disbursements in the Quarterly Progress Report with the schedule of planned use of proceeds from the FOO in the International Offering Circular (“Prospectus”) and agree the amounts to the related supporting documents such as memorandum of agreements, invoices, deposit slips, passbook and letter of instructions.
4. Obtain written management representation as to any reallocation (or absences thereof) on the Company’s planned use of proceeds or any change in the work program as disclosed in the Prospectus.

The results of the procedures performed are summarized in Annex A, which is an integral part of this report.

The procedures that we performed did not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), thus, we do not express any assurance on the use of proceeds from the Offering based on the said standards.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with PSA and PSRE, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's use of the proceeds from the Offering and items specified above and do not extend to any financial statements of the Company taken as a whole.

**R.G. MANABAT & CO.**



**Darwin P. Virocel**

Partner

CPA License No. 0094495

SEC Accreditation No. 1386-AR-1, Group A, valid until June 14, 2020

April 12, 2019  
Makati City, Metro Manila



## Summary of Results of Agreed-Upon Procedures Performed Annex A

We report the results of our work as follows:

1. We have obtained and checked the mathematical accuracy of the Company's Quarterly Progress Report for the quarter ended March 31, 2019. No exceptions noted.
2. We have agreed the amount of the net proceeds from the FOO as stated in the Quarterly Progress Report to the related supporting documents such as bank statements, passbook and other documents evidencing the receipt thereof. Based on inspection, the total amount received from the underwriters is net of the total offer price of the 5,572,000 treasury shares and related expenses arising from the price stabilization transactions. We agreed the reconciliation of the amount of the net proceeds from the FOO and the actual amount received from the underwriters. No exception noted.
3. We have compared the list of all the disbursements in the Quarterly Progress Report with the schedule of planned use of proceeds from the Offering in the Offering Prospectus ("Prospectus") and agreed the amounts to the related supporting documents. No exceptions noted.

As presented by the Company and based on the above procedures, the table below lists the details of the disbursements made during the quarter ended March 31, 2019 from the P4,196.2 million net Offering proceeds.

	Allocation per Prospectus (in millions)	Actual Disbursement		Balance as at end of 2019-Q1 (in millions)
		Actual Disbursement for 2019-Q1 (in millions)	Total Cumulative Disbursement (in millions)	
CentralHub Industrial Centers Inc.	P1,925.7	P16.8	P459.8	P1,465.9
Hotel of Asia, Inc.	2,171.5	23.3	435.4	1,736.1
General corporate purposes, land banking or potential acquisitions	99.0	-	99.0	-
<b>Total</b>	<b>P4,196.2</b>	<b>P40.1</b>	<b>P994.2</b>	<b>P3,202.0</b>

Relative to the actual disbursements for the period, the following procedures were also performed:

- a. Compared and agreed the actual disbursements for the quarter ended March 31, 2019 submitted by the Company to the PSE to the related supporting documents which includes the bank account passbooks, official receipts, collection receipts and bank deposit slips. No exceptions noted.
- b. Checked the details of the disbursements made as shown above to the related supporting documents and noted that the portion of the proceeds allocated for the CentralHub and Hotel 101 projects has been disbursed by the Company to various construction related expenditures totaling P16.8 million and P23.3 million, respectively. Such transactions and amounts thereof were agreed to the related voucher and official receipt.

We also observed that there were disbursements included in the report which are incurred before the actual receipt of the proceeds from the FOO. These disbursements form part of the total capital expenditure made to construct Hotel 101 projects. Various disbursements in the prior quarter were also included in the report which are incurred for general corporate requirements. No exceptions noted.

4. We have obtained written management representation and noted that there were no reallocations made on the Company's planned use of proceeds from the Offering or any changes in the work program as disclosed in the Prospectus. Such representation was verified to be correct based on the result of work performed above.