IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

Important: You must read the following before continuing. The following applies to the Offering Circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of this Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN A FINAL OFFERING CIRCULAR THAT WILL BE DISTRIBUTED TO YOU ON OR PRIOR TO THE EXPECTED ISSUE DATE AND NOT ON THE BASIS OF THE ATTACHED OFFERING CIRCULAR. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of the Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. This Offering Circular is being sent at your request and, by accepting the electronic mail and accessing this Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this electronic mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

The materials relating to any offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that such offering be made by a licenced broker or dealer and the underwriters or any affiliate of the underwriters is a licenced broker or dealer in that jurisdiction, such offering shall be deemed to be made by the underwriter or such affiliate on behalf of the Issuer (as defined in the Offering Circular) in such jurisdiction.

This Offering Circular has been sent to you in electronic format. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor or the Lead Manager (each as defined in the Offering Circular) or any person who controls the Issuer, the Guarantor or the Lead Manager or any director, officer, employee or agent of any of the Issuer, the Guarantor, the Lead Manager or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between this Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Lead Manager.

You are responsible for protecting against viruses and other destructive items. Your use of this electronic mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

DDPC WORLDWIDE PTE. LTD.

(incorporated in Singapore with limited liability)

U.S.$20,000,000 7.25% GUARANTEED SENIOR NOTES DUE 2025
unconditionally and irrevocably guaranteed by

DoubleDragon CORPORATION

(formerly DoubleDragon Properties Corp.)
(incorporated in the Republic of the Philippines with limited liability)

(to be consolidated and form a single series with
the U.S.$75,000,000 7.25% Guaranteed Senior Notes due 2025 issued on 27 July 2020
the U.S.$55,000,000 7.25% Guaranteed Senior Notes due 2025 issued on 16 March 2022
and the U.S.$30,000,000 7.25% Guaranteed Senior Notes due 2025 issued on 25 November 2022)

ISSUE PRICE: 98.418%, plus accrued interest from (and including) 27 January 2023 to (but excluding) 28 March 2023

The additional 7.25% guaranteed senior notes due 2025 (the "**Additional Notes**") will be issued in the aggregate principal amount of U.S.$20,000,000 by DDPC Worldwide Pte. Ltd. (the "**Issuer**"), which, upon issue, will be consolidated and form a single series with the Issuer's outstanding U.S.$75,000,000 7.25% guaranteed senior notes due 2025 issued on 27 July 2020 (the "**Original Notes**"), U.S.$55,000,000 7.25% guaranteed senior notes due 2025 issued on 16 March 2022 (the "**March 2022 Notes**") and U.S.$30,000,000 7.25% guaranteed senior notes due 2025 issued on 25 November 2022 (the "**November 2022 Notes**", and together with the Original Notes and the March 2022 Notes, the "**Existing Notes**"). The Additional Notes will be unconditionally and irrevocably guaranteed (the "**Guarantee**") by DoubleDragon Corporation (formerly DoubleDragon Properties Corp.) ("**DoubleDragon**", the "**Company**" or the "**Guarantor**"). The Issuer is a wholly owned subsidiary of the Guarantor.

The Additional Notes will be issued under a fourth supplemental trust deed dated on or about 28 March 2023 (the "**Fourth Supplemental Trust Deed**") by and among the Issuer, the Guarantor and Trustee (as defined herein), which shall supplement the trust deed dated as of 27 July 2020 (the "**Original Trust Deed**"), pursuant to which the Issuer issued the Original Notes, as supplemented by a first supplemental trust deed dated 23 February 2022 (the "**First Supplemental Trust Deed**") by and among the Issuer, the Guarantor and the Trustee, a second supplemental trust deed dated 16 March 2022 (the "**Second Supplemental Trust Deed**") by and among the Issuer, the Guarantor and the Trustee, pursuant to which the Issuer issued the March 2022 Notes and a third supplemental trust deed dated 25 November 2022 (the "**Third Supplemental Trust Deed**") by and among the Issuer, the Guarantor and the Trustee, pursuant to which the Issuer issued the November 2022 Notes. The Original Trust Deed, as supplemented by the First Supplemental Trust Deed, the Second Supplemental Trust Deed, the Third Supplemental Trust Deed and the Fourth Supplemental Trust Deed, is referred to herein as the "**Trust Deed**." The Additional Notes are identical in all respects with the Existing Notes, other than with respect to the date of issuance and issue price. The Additional Notes will vote on any matter submitted to holders together with holders of the Existing Notes. The Additional Notes will share the ISIN and the Common Code and be fungible with the Existing Notes. The Existing Notes and the Additional Notes are referred to herein as the "**Notes**". Upon issuance of the Additional Notes, the aggregate principal amount of the outstanding Notes will be U.S.$180,000,000.

The Additional Notes will bear interest on their outstanding principal amount from and including 27 January 2023 at the rate of 7.25% per annum. Interest on the Additional Notes is payable in equal instalments semi-annually in arrear on 27 January and 27 July each year (each, an "Interest Payment Date"), commencing on 27 July 2023. The Notes constitute the direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will at all times rank *pari passu* in right of payment with all other present and future unconditional, unsubordinated and unsecured obligations of the Issuer. Payments on the Notes will be made without deduction for or on account of taxes through which payments are made to the extent described in "*Terms and Conditions of the Notes – Taxation and Gross-Up*". The Guarantee constitutes the direct, unconditional, unsecured and unsubordinated obligation of the Guarantor and will at all times rank *pari passu* in right of payment with all other present and future unconditional, unsubordinated and unsecured obligations of the Guarantor.

Unless previously redeemed or purchased and cancelled, the Notes will mature at their principal amount on 27 July 2025 (the "**Maturity Date**"). The Issuer may redeem the Notes in whole or in part at any time on or after 27 July 2022 at the redemption prices specified herein. Upon the occurrence of a Change of Control Event or a Guarantee Event (as defined in the Terms and Conditions of the Notes, the "**Conditions**"), the Issuer will make an offer to repurchase all Notes then outstanding at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the date of repurchase. The Additional Notes are subject to redemption in whole, at 100% of their principal amount, together with accrued interest, at the option of the Issuer at any time, in the event of certain changes affecting taxes of the Republic of the Philippines ("**Philippines**") or the Republic of Singapore ("**Singapore**"). See "*Terms and Conditions of the Notes – Redemption and Purchase*."

Investing in the Additional Notes involves certain risks. See "Risk Factors" beginning on page 15.

The Additional Notes are being offered only outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). The Additional Notes and the Guarantee have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction. Unless they are so registered, the Additional Notes may be offered only in transactions that are exempt from or not subject to registration under the Securities Act or the securities laws of any other jurisdiction. For further details, see "*Subscription and Sale*."

The Existing Notes are listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Application has been made for the listing and quotation of the Additional Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission of the Additional Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Additional Notes, the Issuer or DoubleDragon or its subsidiaries. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult their advisers.

The Additional Notes will be issued in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Additional Notes will be evidenced by a global certificate (the "**Global Certificate**") in registered form, which will be registered in the name of a nominee of, and deposited with a common depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg and their respective accountholders. Except in the limited circumstances set out herein, definitive certificates for the Additional Notes will not be issued in exchange for beneficial interests in the Global Certificate. See "*The Global Certificate*." It is expected that delivery of the Global Certificate will be made on or about 28 March 2023.

SOLE GLOBAL COORDINATOR, LEAD MANAGER AND BOOKRUNNER

UBS

Offering Circular dated 21 March 2023

IMPORTANT NOTICE

In this Offering Circular, all references to the "**Company**" are to DoubleDragon Corporation and its subsidiaries on a consolidated basis. References to "**DoubleDragon**", or the "**Guarantor**" are references to DoubleDragon Corporation. References to the "**Issuer**" are references to DDPC Worldwide Pte. Ltd. All references to the "**Government**" are to the national government of the Philippines.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Additional Notes described in this Offering Circular. Each of the Issuer and the Guarantor accepts responsibility the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer and the Guarantor (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not materially misstate or omit anything likely to affect the import of such information or likely to make any statement in this Offering Circular misleading in any material respect.

The distribution of this Offering Circular and the offering of the Additional Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and UBS AG Singapore Branch (the "**Lead Manager**") to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Additional Notes or the possession or distribution of this Offering Circular or any offering or publicity material relating to the Additional Notes in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Additional Notes and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Additional Notes and the distribution of this Offering Circular, see "*Subscription and Sale*". This Offering Circular does not constitute an offer of, or an invitation, by or on behalf of the Issuer, the Guarantor, the Lead Manager, the Trustee or the Agents or their respective affiliates, directors, employees, agents or advisers to subscribe for or purchase any of the Additional Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. By purchasing the Additional Notes, investors represent and agree to all of those provisions contained in "*Subscription and Sale*".

Prospective investors should rely only on the information contained in this Offering Circular. The Issuer, the Guarantor and the Lead Manager have not authorised anyone to provide prospective investors with information that is different. The information in this document may only be accurate on the date of this Offering Circular. Nothing in this Offering Circular should be relied upon as a promise or representation as to future results or events, and neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Additional Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer or the Company since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof.

This Offering Circular is being furnished by the Issuer in connection with an offering exempt from the registration requirements under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") solely for the purpose of enabling a prospective investor to consider whether to purchase the Additional Notes. None of the Lead Manager, China Construction Bank (Asia) Corporation Limited (the "**Trustee**") or the Agents (as defined in the terms and conditions of the Notes, the "**Conditions**") has independently verified all of the information contained herein. The appointment of China Construction Bank (Asia) Corporation Limited as the Trustee and the Agents is subject to completion of required know your client procedures. No representation or warranty, express or implied, is made by the Lead Manager, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents or advisers as to the accuracy, completeness or sufficiency of such information, and nothing contained herein is, or may be relied upon as, a promise, representation or warranty by the Lead Manager, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents or advisers as to the past or the future.

To the fullest extent permitted by law, none of the Lead Manager, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents or advisers accepts any responsibility or liability in relation to the completeness or sufficiency of the information contained in this Offering Circular or any other information provided by the Issuer or the Company, or for any other statement made or purported to be made by the Lead Manager, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents or advisers or on any of their behalf in connection with the Issuer or the Company or in connection with the offering, sale or distribution of the Additional Notes. Each of the Lead Manager, the Trustee and the Agents and each of their respective affiliates, directors, employees, agents or advisers accordingly disclaim all and any liability whether arising in tort or contract or otherwise that any of them might otherwise have in respect of this Offering Circular or any such statement. None of the Lead Manager, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents or advisers undertakes to review the financial condition or affairs of the Issuer or the Company during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Additional Notes of any information coming to the attention of the Lead Manager, the Trustee or the Agents.

The distribution of this Offering Circular and the offering and sale of the Additional Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes must inform themselves about and observe any such restrictions. There are restrictions on the distribution of this Offering Circular and the offer and sale of the Additional Notes in certain jurisdictions, including the United States, the United Kingdom ("**UK**"), Singapore, Hong Kong, Japan, the European Economic Area ("**EEA**") and the Philippines. If a jurisdiction requires that the offering be made by a licenced broker or dealer and the Lead Manager or any affiliate of the Lead Manager is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Lead Manager or such affiliate on behalf of the Issuer in such jurisdiction.

Each person investing in the Additional Notes shall be deemed to acknowledge that:

- it has been afforded an opportunity to request from the Issuer and the Company to review, and has received, all additional information considered by such person to be necessary to verify the accuracy of, or to supplement, the information contained herein;

- it has had the opportunity to review all of the documents described herein;

- it has not relied on the Lead Manager, the Trustee, the Agents or any of their respective directors, advisers, employees, agents and affiliates in connection with its investigation of the accuracy of the information contained in the Offering Circular or its investment decision; and

- no person has been authorised to give any information or to make any representation concerning the Issuer, the Company, the Additional Notes or the Guarantee other than as contained in this Offering Circular and, if given or made, such other information or representation should not be relied upon as having been authorised by the Issuer, the Company, the Lead Manager, the Trustee or the Agents. Prospective investors should not construe the contents of this Offering Circular as investment, legal or tax advice and this Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Company, the Lead Manager, the Trustee or the Agents or their respective affiliates, directors, employees, agents or advisers that any recipient of this Offering Circular should purchase the Additional Notes. Prospective investors should determine for itself the relevance of the information contained in this Offering Circular and should consult with their own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of receiving the Additional Notes.

Listing of the Additional Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor or the Additional Notes. In making an investment decision, prospective investors must rely on their own examination of the Issuer, the Guarantor and the terms of the Additional Notes, including, without limitation, the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Additional Notes. None of the Issuer, the Guarantor, the Lead Manager, the Trustee or the Agents is making any representation to any prospective investor regarding the legality of an investment in the Additional Notes by such investor under any legal investment or similar laws or regulations. The offering of the Additional Notes is being made on the basis of this Offering Circular. Any decision to invest in the Additional Notes must be based on the information contained in this Offering Circular. Each purchaser of the Additional Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells such Notes or possesses or distributes this Offering Circular and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of such Notes under the laws and regulations in force in any jurisdictions to which it is subject or in which it makes such purchases, offers or sales, and none of the Issuer, the Guarantor, the Lead Manager, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents or advisers shall have any responsibility therefor.

This Offering Circular has been prepared on the basis that all offers of the Additional Notes will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Accordingly, any person making or intending to make any offer within the EEA of the Additional Notes which are the subject of the placement contemplated in this Offering Circular should only do so in circumstances in which no obligation arises for the Issuer or the Lead Manager to publish a prospectus pursuant to the Prospectus Regulation for the offer. None of the Issuer, the Company or the Lead Manager have authorised, nor do they authorise the making of any offer of the Additional Notes through any financial intermediary, other than offers made by the Lead Manager which constitute the final placement of the Additional Notes contemplated in this Offering Circular.

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Additional Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or the UK. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Additional Notes or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the Additional Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

MiFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Additional Notes has led to the conclusion that: (i) the target market for the Additional Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Additional Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Additional Notes (a "**Distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Additional Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

This Offering Circular is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order or (iv) persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). The Additional Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offering Circular or any of its contents.

Notification under Section 309B(1) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**Securities and Futures Act**") – the Issuer has determined, and hereby notifies all persons (including relevant persons as defined in Section 309A(1) of the Securities and Futures Act), that the Additional Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT – IMPORTANT NOTICE TO PROSPECTIVE INVESTORS: Prospective investors should be aware that certain intermediaries in the context of this offering of the Additional Notes, including the Lead Manager, are "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**Code**"). This notice to prospective investors is a summary of certain obligations the Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("**OCs**") for this offering and are subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the Code as having an association ("**Association**") with the Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Guarantor or any CMI (including its group companies) should specifically disclose this when placing an order for the Additional Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). A rebate of 25 bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Additional Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Additional Notes distributed by such private banks to investors. If a prospective investor is an asset management arm affiliated with the Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Lead Manager or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order." If a prospective investor is otherwise affiliated with the Lead Manager, such that its order may be considered to be a "proprietary order" (pursuant to the Code), such prospective investor should indicate to the Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Lead Manager and/or any other third parties as may be required by the Code, including to the Issuer, the Guarantor, any OCs, relevant regulators and/or any other third parties as may be required by the Code, it being understood and agreed that such information shall only be used for the purpose of complying with the Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

THE ADDITIONAL NOTES BEING OFFERED OR SOLD HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION (THE "PHILIPPINE SEC") UNDER THE SECURITIES REGULATION CODE OF THE PHILIPPINES (THE "PHILIPPINE SRC"). ANY FUTURE OFFER OR SALE OF THE ADDITIONAL NOTES WITHIN THE PHILIPPINES IS SUBJECT TO THE REGISTRATION REQUIREMENTS UNDER THE PHILIPPINE SRC UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION UNDER THE PHILIPPINE SRC.

WARNING – The contents of this Offering Circular have not been reviewed by any regulatory authority in Singapore or the Philippines. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

The Issuer or the Guarantor reserves the right to withdraw this offering of the Additional Notes at any time. The Issuer, the Guarantor and the Lead Manager also reserve the right to reject any offer to purchase the Additional Notes in whole or in part for any reason and to allocate to any prospective investor less than the full amount of Additional Notes sought by such investor.

The Additional Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other United States, Philippine or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Additional Notes or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

The Additional Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and other applicable state, Philippine or other securities laws pursuant to registration thereunder or exemption therefrom. See "*Subscription and Sale*." Prospective investors should thus be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

Investors are advised to read and understand the contents of this Offering Circular before investing. Investors may not reproduce or distribute this Offering Circular in whole or in part, and investors may not disclose any of the contents of this Offering Circular or use any information herein for any purpose other than considering an investment in the Additional Notes.

Investors agree to the foregoing by accepting delivery of this Offering Circular.

IN CONNECTION WITH THE ISSUE OF THE ADDITIONAL NOTES, UBS AG SINGAPORE BRANCH AS A STABILISING MANAGER (THE "STABILISING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT THE ADDITIONAL NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE ADDITIONAL NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE ADDITIONAL NOTES IS MADE AND SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE ADDITIONAL NOTES AND 60 DAYS AFTER THE ALLOTMENT OF THE ADDITIONAL NOTES.

CERTAIN DEFINITIONS

In this Offering Circular, References to the "**Philippines**" are to the Republic of the Philippines and to the "**United States**" or "**U.S.**" are to the United States of America, its territories and possessions, any State of the United States and the District of Columbia. References to "**Peso**", "**Philippine Pesos**" or to "**₱**" are to the lawful currency of the Republic of the Philippines and references to "**U.S.$**" and "**U.S. dollars**" are to the lawful currency of the United States of America. References to the "**BSP**" are to the *Bangko Sentral ng Pilipinas*, the central bank of the Philippines. The Company publishes its financial statements in Philippine Pesos. References to the "**Government**" or "**Philippine Government**" are to the Government of the Philippines. Certain terms used herein are defined in the "*Glossary of Selected Terms*" contained elsewhere in this Offering Circular.

This Offering Circular contains translations of certain amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Philippine Peso amounts represent such U.S. dollar amounts or could be, or could have been, converted into U.S. dollars at the rates indicated or at all. Unless otherwise indicated, all translations from Philippine Pesos to U.S. dollars have been made at a rate of ₱58.91 = U.S.$1.00, being the BSP Reference Rate quoted on the BSP's Reference Exchange Bulletin on 30 September 2022. On 17 March 2023, the BSP Reference Rate quoted on the BSP Reference Exchange Rate Bulletin was ₱54.85 = U.S.$1.00.

PRESENTATION OF FINANCIAL INFORMATION

The Company's audited consolidated financial statements as of 31 December 2021 and 2020 and for each of the years ended 31 December 2021, 2020 and 2019 and the unaudited interim consolidated financial statements as of 30 September 2022 and for each of the six-month periods ended 30 September 2022 and 2021, each included in this Offering Circular, have been prepared in accordance with the Philippine Financial Reporting Standard ("**PFRS**"). PFRS is substantially based on International Financial Reporting Standards.

The financial information included in this Offering Circular has been derived from the consolidated financial statements of the Company. Unless otherwise indicated, the description of the business activities of the Company in this Offering Circular is presented on a consolidated basis.

The Company's fiscal year begins on 1 January and ends on 31 December of each year. R.G. Manabat & Co. ("**RGM**"), a member firm of KPMG International, has audited and rendered an unqualified audit report on the Company's consolidated financial statements as of 31 December 2021 and 2020 and for the years ended 31 December 2021, 2020 and 2019 and has reviewed and rendered an unqualified review report on the Company's consolidated financial statements as of and for the nine months ended 30 September 2022 and for each of the nine month-periods ended 30 September 2022 and 2021.

Figures in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

NON-PFRS FINANCIAL MEASURES

This Offering Circular contains certain non-PFRS financial measures for the Company, including EBITDA, EBITDA margins and other related EBITDA or EBIT ratios, and recurring revenue. EBIT and EBITDA are not measurements of financial performance under PFRS and investors should not consider them in isolation or as an alternative to profit or loss for the year, income or loss from operations, an indicator of the Company's operating performance, cash flow from operating, investing and financing activities, or as a measure of liquidity or any other measures of performance under PFRS. Because there are various EBIT, EBITDA and recurring revenue calculation methods, the Company's presentation of this measure may not be comparable to similarly titled measures used by other companies. EBIT and EBITDA figures and related ratios, and other non-PFRS operating measures included in this Offering Circular are unaudited.

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although the Issuer and the Guarantor believe this information to be reliable, this information has not been independently verified by the Issuer, the Guarantor, the Lead Manager, the Trustee or the Agents or their respective affiliates, directors, employees, agents or advisers, and none of the Issuer, the Guarantor, the Lead Manager, the Trustee or the Agents or their respective affiliates, directors, employees, agents or advisers makes any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents. In addition, such information may not be consistent with other information compiled within or outside the Philippines.

The contents of this Offering Circular have not been reviewed by any regulatory authority in any jurisdiction. Investors are advised to exercise caution in relation to the offer. If investors are in any doubt about any of the contents of this Offering Circular, investors should obtain independent professional advice.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains certain forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results; and
- performance or achievements expressed or implied by forward-looking statements.

All statements other than statements of historical facts contained in this Offering Circular constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms, such as "anticipate", "target", "believe", "can", "would", "could", "estimate", "endeavour", "expect", "aim", "intend", "may", "plan", "will", "would" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, revenue and profitability, planned projects and other matters as they relate to the Issuer and the Company discussed in this Offering Circular regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Offering Circular (whether made by the Issuer, the Company or by any third party) involve known and unknown risks, including those disclosed under the section "*Risk Factors*", assumptions, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward-looking statements speak only as of the date of this Offering Circular. Each of the Issuer, the Company, the Lead Manager, the Trustee and the Agents expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's or the Company's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

The factors that could cause actual results, performance and achievements of to be materially different include, among others:

- the Company's ability to anticipate and respond to market trends;
- the Company's ability to successfully implement its current and future strategies;
- the Company's ability to successfully manage its growth;
- the Company's ability to begin construction of its projects without delays due to regulatory or other causes;
- the Company's ability to successfully manage its future business, financial condition, results of operations and cash flow;
- general political, social and economic conditions in the Philippines;
- any future political instability in the Philippines;
- the condition of and changes in the Philippine, Asian or global economies;
- changes in interest rates, inflation rates and the value of the Peso against the U.S. dollar and other currencies;
- changes to the laws, including tax laws, regulations, policies and licences applicable to or affecting the Company;
- competition in the Philippine commercial real estate and hospitality industries;
- legal or regulatory proceedings in which the Company is or may become involved;
- uncontrollable events, such as war, civil unrest or acts of international or domestic terrorism, the outbreak of contagious diseases, accidents and natural disasters; and
- those other risks identified in the "*Risk Factors*" section of this Offering Circular.

None of the Issuer, the Company, the Lead Manager, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents or advisers assumes any obligation to update or revise publicly any of the opinions or forward-looking statements expressed in this Offering Circular as a result of any new information, future events or otherwise, subject to compliance with all applicable laws.

ENFORCEABILITY OF CIVIL LIABILITIES

PHILIPPINES

The Company is organised under the laws of the Philippines and a substantial portion of its assets are located in the Philippines. Substantially all of its directors and senior management reside in the Philippines. The Company has consented to service of process in England. It may be difficult for investors to effect service of process outside of the Philippines upon the Company. Moreover, it may be difficult for investors to enforce judgements against the Company outside the Philippines in any actions pertaining to the Additional Notes. In addition, all of the directors and the officers of the Company are residents of the Philippines, and all or a substantial portion of the assets of such persons are or may be located in the Philippines. As a result, it may be difficult for investors to effect service of process upon such persons, or to enforce against them judgements obtained in courts or arbitral tribunals outside the Philippines predicated upon the laws of jurisdictions other than the Philippines.

The Philippines is not a party to any international treaty in relation to the recognition or enforcement of foreign judgements but is a signatory to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Moreover, the Philippines enacted Republic Act No. 9285, otherwise known as the Alternative Dispute Resolution Act of 2004, to facilitate the enforcement of arbitral awards in the Philippines. Judgements obtained against the Company in any foreign court may be recognised and enforced by the courts of the Philippines in an independent action brought in accordance with the relevant procedures set forth in the Rules of Court of the Philippines to enforce such judgement. The independent action generally would not require a re-trial or re-examination of the issues, provided the following conditions are satisfied, namely, that: (i) the court rendering the judgement had jurisdiction in accordance with its jurisdictional rules, (ii) the relevant persons had notice of the proceedings, (iii) the judgement was not obtained by collusion or fraud or based on a clear mistake of law or fact, and (iv) the judgement was not contrary to public policy, law, morals, public order or good customs in the Philippines. Section 48 of Rule 39 of the Rules of Court provides that a judgement or final order of a tribunal of a foreign country having jurisdiction to give the judgement or final order: (a) in case of a judgement or final order upon specific property, is conclusive upon the title to that property; and (b) in case of a judgement or final order against a person, is presumptive evidence of a right between the parties and their successors in interest by a subsequent title. In either case, the judgement or final order may be repelled if there is a defect relating to jurisdiction or notice to the other party, collusion, fraud or clear mistake of law or fact. In addition, Article 17 of the Civil Code of the Philippines provides that the judgement must not be contrary to laws that have for their object public order, public policy and good customs in the Philippines. Furthermore, Philippine courts have held that a foreign judgement is presumed to be valid and binding in the country from which it issues, until the contrary is shown, and the party contesting the foreign judgement has the burden of overcoming the presumption of its validity.

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SUMMARY

OVERVIEW

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

The Company's two principal shareholders are Injap Investments Inc., controlled by the Sia family, and Honeystar Holdings Corp. controlled by the Tan and Ang families, who also control Jollibee Foods Corporation ("**JFC**"), the largest fast food company in the Philippines. Edgar Injap Sia II of the Sia family and Tony Tan Caktiong of the Tan and Ang family have similar entrepreneurial background and have started and grown multiple ventures into household brands in the Philippines.

In 2021, the Company further strengthened its balance sheet with the public offering of shares and listing of DDMP REIT, Inc. (formerly DD Meridian Park Development Corp. ("**DDMPDC**")) ("**DDMPR**") and the equity infusion by JFC and its subsidiary into CentralHub Industrial Centers, Inc. ("**CHICI**"), DoubleDragon's industrial leasing subsidiary. As of 30 September 2022, the Company's total equity was ₱71.8 billion and its gross Debt-to-Equity was 0.75x, which is below the Company's cap of 2.33x.

Having met its target of 1.2 million sq.m. of completed gross floor area ("**GFA**") for its leaseable portfolio, the Company intends to pursue a strategy of revenue optimisation for its retail leasing, office leasing, hospitality and industrial leasing operations, with the goal of maximising recurring revenue. As of 31 December 2021, the Company's completed portfolio encompassed 1.205 million sq.m. of GFA. Further, by 2030 the Company targets to increase its portfolio to 2.4 million sq.m. of GFA spread across its four core business segments: 30% in retail, 15% in office, 20% in hospitality, and 35% in industrial leasing.

As of 30 September 2022, through its subsidiary, CityMall Commercial Centers Inc. ("**CMCCI**"), the Company owns and operates 41 CityMalls, primarily located in key strategic locations in Luzon, Visayas and Mindanao. The Company also has nine CityMalls under construction, with an additional land bank for 14 CityMalls. CMCCI is 66% owned by the Company and 34% owned by SM Investments Corp. ("**SMIC**"), the holding company for one of the largest conglomerates in the Philippines. In addition to the 41 CityMalls that were operational as of 30 September 2022, the Company has three other operational malls, namely: Dragon8 Mall in Divisoria Manila City, DoubleDragon Plaza Retail in DD Meridian Park, Pasay City and Umbria Commercial Center in Biñan, Laguna.

The Company's office leasing segment primarily consists of two key projects, DD Meridian Park and Jollibee Tower. DD Meridian Park, a 4.8 hectare project located in the Manila Bay area of Pasay City, and which is 46.67%-owned by the Company, consists of approximately 244,240 sq.m. of leasable space that is primarily used for BPO, outsourcing and support service offices, and corporate offices. The development is expected to feature seven office towers and luxury services residences, with construction in four phases. The first phase of DD Meridian Park comprises Towers 1 to 4 of DoubleDragon Plaza and was completed in 2018. The second phase comprises DoubleDragon Center East and DoubleDragon Center West and was completed in 2019. The fourth phase comprises DoubleDragon Tower and was substantially completed in 2021, while the third phase comprises luxury serviced residences, namely Ascott-DD Meridian Park, and is currently under construction with completion expected in 2024. Jollibee Tower is a Grade A 42-storey commercial and office tower with approximately 60,394.67 sq.m. of leasable space and is situated in the heart of the Ortigas central business district in Metro Manila. The project, which was completed in 2019, is a joint venture between the Company and JFC, who also serves as the building's anchor tenant. In addition to DD Meridian Park and Jollibee Tower, the Company also owns The SkySuites Tower, comprising two towers, including an office tower that is currently being leased to tenants.

The Company's hospitality segment is operated through its subsidiary, Hotel of Asia, Inc. ("**HOA**"), which is 70%-owned by the Company. As of 30 September 2022, the Company's hospitality operations comprise 876 operating hotel rooms, including the Company's own hotel brand, "Hotel 101", which currently has one operating hotel in the Manila Bay Area near the Mall of Asia. In addition to the 876 operational rooms, the Company has a pipeline of 5,959 hotel rooms, which include hotels under construction and hotels in the planning and design stage. These additional hotel rooms are expected to increase the Company's total hotel portfolio to 6,835 rooms. CSI Hotels, Inc., a 50%-owned subsidiary of HOA, is the Philippines' master franchisee of the "Jinjiang Inn" brand, with three hotels in operation in Ortigas and Makati, Metro Manila and Boracay as of 30 September 2022. Hotel 101 Management Corporation, a wholly owned subsidiary of HOA, operates all of HOA's operational hotels including Hotel 101-Manila, Jinjiang Inn-Ortigas, Jinjiang Inn-Makati, Jinjiang Inn-Station 1 Boracay and Injap Tower, a 21-storey condotel located in Iloilo City. As of 30 September 2022, the Company had four hotels under construction and nine more hotels in the planning and development stage. On 30 September 2022, the Company, through Hotel101 Global Pte. Ltd., fully paid for the acquisition of a prime 9,000 sq.m. parcel of land in Hokkaido Prefecture, Japan. The Company expects to develop its first international Hotel 101 development, named Hotel 101-Niseko, on such acquired land. See "*Business – Hospitality – Future Hotel Developments*".

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

The Company, through CHICI, acquired a 6.2 hectare parcel of land in Luisita Industrial Park, Tarlac for its first industrial hub. CentralHub-Tarlac was built over four phases, the first of which was completed in 2018 and leased out to Zenith Foods Corporation (Red Ribbon) as a commissary. The second phase was completed in 2021 and leased out to MerryMart Consumer Corp. as its distribution hub. The third and fourth phases of CentralHub-Tarlac were completed in 2021 and January 2022, respectively. As of 30 September 2022, the third and fourth phases of CentralHub-Tarlac remained pending tenant turnovers. The Company also acquired a 3.9 hectare parcel of land in Iloilo for its second CentralHub complex, CentralHub-Sta Barbara Iloilo, which is strategically located along a national highway approximately five kilometres from Iloilo International Airport and ten kilometres from the centre of Iloilo City. The Company also acquired a 5.2 hectare parcel of land in Danao, Cebu, which will be its third CentralHub complex. The Company acquired the site of its fourth CentralHub complex in 2019, covering an 8.2 hectare parcel of land along the Daan Maharlika Highway in Davao City. In 2022, the Company acquired two other sites, a 10.06 hectare property in Silay Negros for CentralHub-Negros and a 6.40 hectare property in Surigao for CentralHub-Surigao. CentralHub-Sta Barbara Iloilo and CentralHub-Cebu are under construction while CentralHub-Davao, CentralHub-Negros and CentralHub-Surigao are currently in the development stages.

In August 2021, JFC and its wholly owned subsidiary Zenith Foods Corporation ("**ZFC**") entered into definitive agreements to subscribe to an aggregate of 38.71% of CHICI's total outstanding shares (post-subscription) in consideration for a cash payment of ₱1.9 billion. JFC acquired common shares of CentralHub and infused its 16.4 hectares of industrial properties in Santolan, Pasig and Carmelray, Laguna, which are currently utilised as commissaries (including the largest operating commissary of JFC). As of 30 September 2022, the equity and asset swap between CentralHub and JFC was completed. The transfer of title for the two CentralHub-Laguna sites was completed in September 2022 while the transfer of CentralHub-Pasig is ongoing. The Company and JFC intend to prepare CHICI for the Philippines' first industrial REIT IPO in 2024.

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

For the years ended 31 December 2019, 2020 and 2021, the Company had total revenues of ₱20,203.7 million, ₱14,262.5 million, and ₱15,925.8 million (U.S.$289.3 million), respectively. The Company also had net income of ₱10,645.1 million, ₱6,025.2 million, and ₱11,280.5 million (U.S.$204.9 million), respectively, over the same periods. For the nine months ended 30 September 2021 and 2022, the Company had total revenues of ₱11,164.7 million and ₱5,966.2 million (U.S.$101.3 million), respectively, and net income of ₱8,306.7 million and ₱2,456.2 million (U.S.$41.7 million), respectively. The Company's recurring revenue, consisting of its rent income and income from hotel operations, was 19.5%, 28.7%, 25.1%, 28.2% and 50.8% of its total revenues for the years ended 31 December 2019, 2020, 2021 and the nine months ended 30 September 2021 and 2022, respectively, and 58.9%, 69.5%, 63.9%, 68.4% and 54.1% of its total revenues (excluding unrealised gains from change in fair values of investment property) for the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2021 and 2022.

RECENT DEVELOPMENTS

Updates on trends for the fourth quarter of 2022 and first quarter of 2023

The Company anticipates that its recurring income and income from hotel operations for the fourth quarter of 2023 and 2023 will remain stable as the Company believes its core pillars comprising provincial retail leasing, office leasing, industrial leasing and hotels will continue to recover to pre-pandemic operational levels. The Company anticipates to increase occupancy for its hospitality and retail segment in 2023 and gain additional rental from new tenants.

Hotel 101-Niseko and international expansion

On 30 September 2022, the Company, through its subsidiaries, fully paid for the acquisition of a prime 9,000 sq.m. parcel of land in Hokkaido Prefecture, Japan. The Company expects to develop its first international Hotel 101 development, named Hotel 101-Niseko on such acquired land. Hotel 101-Niseko is expected to have approximately 518 rooms, and is expected to generate pre-selling sales revenue as a hybrid condotel project. The project is located in Hokkaido Prefecture, Japan, and targets domestic travelers in Japan, foreign tourists from other countries, including, in particular, Filipino travelers who visit Hokkaido.

The Company also aims to develop two additional Hotel 101 properties outside the Philippines and is in the process of identifying suitable land for these developments in Europe and the United States. The Company is also exploring a "series A" funding round for its international Hotel 101 properties.

On 14 December 2022, the Board of Directors of the Company approved conduct the process for a $125 million USD Series A and Series B offshore equity capital issuances for its Singapore registered subsidiary, Hotel101 Global Pte. Ltd. ("**Hotel101 Global**"). Hotel101 Global will primarily hold all international investments of Hotel 101 outside the Philippines. Hotel101 Global is intended to be the future overseas IPO vehicle for the Group's international expansion of Hotel 101. The first Series A tranche of Hotel101 Global Pte Ltd Series A is set to launch in the first half of 2023 with ongoing series of investor calls with offshore venture capital institutions.

This capital exercise would also enable Hotel101 Global to achieve its goal of becoming a listed company on NASDAQ, its vision to eventually become one of the Top 10 largest Hotel Brands in the World in 2035 and one of the Top 5 by 2040, by operating in over 101 countries globally. The Company aims to increase its portfolio of Hotel 101 Happy Rooms to over 339,357 by 2035 and aims to achieve this through direct investments, joint ventures with local companies in other countries, and through brand and concept licensing arrangements.

The Hotel101 Global Application

The Company's Hotel101 Global Application, on both Apple iOS and Android platforms, is designed to provide efficient services across countries and is already available on iOS and Android. The Hotel101 Global App provides hotel reservation services and promotional programs, including vouchers, points and loyalty perks programs. The application will be the core of the Company's global operations as it will hold the thousands of uniform Hotel 101 units owned mainly by third party unit-owners enrolled exclusively in the Hotel101 Global App.

COMPETITIVE STRENGTHS

The Company's business is characterised by the following competitive strengths:

- diversified Philippine property group with four recurring income growth pillars;
- well-defined execution capability with a proven track record;
- first mover advantage as the leading community mall operator outside of Tier 1 cities;
- well-positioned to benefit from positive macroeconomic fundamentals in the Philippines;
- supported by strategic partnerships with credible local and international business groups; and
- experienced board and management team with strong corporate governance.

BUSINESS STRATEGIES

The key elements of the Company's business strategy are:

- a nationwide expansion plan to grow recurring income stream across four property pillars: retail, office, industrial and hospitality;
- identifying shifts and capitalising on real estate segments where it can be a leading player;
- focus on building recurring revenue based on a foundation of appreciating assets and operate a capital efficient business model; and
- maintain a strong balance sheet, prudent risk and capital management and good governance.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

*The summary historical consolidated balance sheets data as of 31 December 2020 and 2021 and summary historical consolidated statement of comprehensive income and cash flow data for the years ended 31 December 2019, 2020, and 2021 set forth below have been derived from, and should be read in conjunction with, the audited consolidated financial statements and the notes thereto, included elsewhere in this Offering Circular. R.G. Manabat & Co. ("**RGM**"), a member firm of KPMG International, has audited the consolidated financial statements in accordance with Philippine Standards on Auditing. The summary historical balance sheet data as of 30 September 2022 and summary historical consolidated statement of income and cash flow data for the nine months ended 30 September 2021 and 2022 have been derived from, and should be read in conjunction with, the unaudited interim condensed consolidated financial statements, which RGM has reviewed in accordance with Philippine Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".*

Potential investors should read the following data together with the more detailed information contained in "Management's Discussion and Analysis of Results of Operations" and the consolidated financial statements and related notes included elsewhere in this Offering Circular. The following data is qualified in its entirety by reference to all of that information.

The translation of Peso amounts into U.S. dollars as of and for the year ended 31 December 2021 and as of and for the nine months ended 30 September 2022 is provided for convenience only and is unaudited. For readers' convenience only, amounts in Pesos as of and for the year ended 31 December 2021 and as of and for the nine months ended 30 September 2022 were converted to U.S. dollars using the BSP Reference Rate quoted on in the BSP's Reference Exchange Rate Bulletin on 30 September 2022 of ₱58.91 = U.S.$1.00. As of 17 March 2023, the Peso was at ₱54.85 against the U.S. dollar.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended 31 December				For the nine months ended 30 September		
	2019	2020	2021	2021	2021	2022	2022
	₱	₱	₱	U.S.$	₱	₱	U.S.$
		(Audited)		(Unaudited)	(Unaudited)		(Unaudited)
	(millions, except earnings per share)						
REVENUES							
Rent income	3,274.5	3,608.5	3,420.4	58.1	2,724.7	2,697.0	45.8
Real estate sales	1,660.9	557.4	778.1	13.2	718.6	1,504.9	25.5
Hotel revenues	672.1	491.9	577.9	9.8	420.7	332.9	5.7
Unrealized gains from changes in fair value of investment property	13,502.4	8,361.3	9,667.7	164.1	6,568.1	364.0	6.2
Interest income	88.6	109.7	94.5	1.6	20.0	11.8	0.2
Other income from forfeiture	5.2	349.5	21.7	0.4	–	–	–
Others	1,000.2	784.2	1,387.3	23.5	712.6	1,055.6	17.9
Total Revenues	20,203.7	14,262.5	15,925.8	270.3	11,164.7	5,966.2	101.3
COSTS AND EXPENSES							
Cost of real estate sales	730.1	309.2	434.0	7.4	395.1	806.5	13.7
Cost of hotel operations	452.9	304.6	326.3	5.5	258.4	210.9	3.6
Selling expenses	290.3	113.4	127.4	2.2	58.5	134.6	2.3
General and administrative expenses	2,237.6	2,391.1	2,282.0	38.7	1,285.1	1,299.9	22.1
Interest expense	840.7	959.8	1,720.3	29.2	1,239.5	909.2	15.4
Total Costs and Expenses	4,551.6	4,078.0	4,890.0	83.0	3,236.6	3,361.1	57.1
Income before Income Tax	15,652.1	10,184.5	11,035.8	187.3	7,928.1	2,605.1	44.2
Income Tax Benefit (Expense)	5,007.0	4,159.3	(244.6)	(4.2)	378.6	148.9	2.5

	For the year ended 31 December				For the nine months ended 30 September		
	2019	2020	2021	2021	2021	2022	2022
	₱	₱	₱	U.S.$	₱	₱	U.S.$
		(Audited)		(Unaudited)	(Unaudited)		(Unaudited)
	(millions, except earnings per share)						
Net Income	10,645.1	6,025.2	11,280.5	191.5	8,306.7	2,456.2	41.7
Net gain on cash flow hedges.	–	–	128.0	2.2	–	–	–
Loss on exchange differences on translation of foreign operations	–	–	(11.1)	(0.2)	–	–	–
Remeasurement income (loss) on defined benefit liability	(2.9)	(7.1)	(7.2)	(0.1)	–	–	–
Deferred tax effect on remeasurement loss on defined benefit liability . . .	0.8	2.1	(2.2)	(0.0)	–	–	–
Total Comprehensive Income	10,643.0	6,020.3	11,402.5	193.6	8,306.7	2,456.2	41.7
Total comprehensive income/net income[(1)] attributable to:							
Equity holders of the Parent Company	8,832.0	4,183.7	7,404.4	125.7	5,943.6	1,309.4	22.2
Non-controlling interest	1,813.1	1,841.5	3,876.1	65.8	2,363.1	1,146.8	19.5
Basic earnings (loss) per Common Share (₱)	3.4568	1.4935	2.85	0.00	2.3053	0.3506	0.01
Diluted earnings (loss) per Common Share (₱)	3.4568	1.4935	2.85	0.00	2.3053	0.3506	0.01

Note:

(1) "Total comprehensive income" is used for the years ended 31 December 2019, 2020 and 2021, while net income is used for the nine months ended 30 September 2021 and 2022 because no adjustments have been made for remeasurement income (loss) on defined benefit liability, deferred tax effect on remeasurement loss on defined benefit liability for the quarterly results, net gain on cash flow hedges or loss on exchange differences on translation of foreign operations.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of 31 December			As of 30 September	
	2020	2021	2021	2022	2022
	₱	₱	U.S.$	₱	U.S.$
	(Audited)		(Unaudited)	(Unaudited)	
			(millions)		
ASSETS					
Current Assets					
Cash and cash equivalents	3,976.4	7,763.0	131.8	4,894.2	83.1
Receivables – net	6,592.8	8,215.8	139.5	10,455.2	177.5
Inventories	2,311.8	2,391.4	40.6	2,488.0	42.2
Due from related parties	55.2	55.2	0.9	52.1	0.9
Prepaid expenses and other current assets – net	4,507.6	4,878.3	82.8	5,364.7	91.0
Total Current Assets	**17,443.7**	**23,303.7**	**395.6**	**23,254.2**	**394.7**
Noncurrent Assets					
Receivables – net of current portion	1.6	318.5	5.4	332.9	5.7
Property and equipment – net	836.9	845.9	14.4	801.6	13.6
Goodwill and intangible assets	1,182.8	1,147.9	19.5	1,123.7	19.1
Investment property	98,490.0	112,391.2	1,907.8	117,957.7	2,002.3
Right-of-use assets – net	0.3	–	–	–	–
Deferred tax assets	526.8	298.8	5.1	394.3	6.7
Other noncurrent assets	2,423.6	3,350.2	56.9	3,351.9	56.9
Total Noncurrent Assets	**103,462.1**	**118,352.5**	**2,009.0**	**123,962.1**	**2,104.3**
Total Assets	**120,905.7**	**141,656.2**	**2,404.6**	**147,216.3**	**2,499.0**
LIABILITIES AND EQUITY					
Current Liabilities					
Accounts payable and other liabilities	5,612.4	3,867.2	65.6	3,840.7	65.2
Short-term notes payable and current maturities of long-term notes payable, net of debt issue costs	18,963.7	14,619.0	248.2	11,663.7	198.0
Customers' deposits	156.3	119.9	2.0	139.8	2.4
Due to related parties	991.5	727.6	12.4	558.4	9.5
Dividends payable	151.7	147.8	2.5	611.8	10.4
Income tax payable	64.8	14.5	0.2	55.0	0.9
Total Current Liabilities	**25,940.6**	**19,495.9**	**332.6**	**16,869.4**	**286.4**
Noncurrent Liabilities					
Long-term notes payable – net of current maturities and debt issue costs	13,706.0	21,525.8	365.4	27,529.9	467.3
Bonds payable – net of bond issue costs	14,870.3	14,897.6	252.9	14,919.2	253.3
Lease liabilities – noncurrent portion	1,365.2	1,282.6	21.8	1,324.8	22.5
Deferred tax liabilities	14,120.5	13,612.3	231.1	13,701.3	232.6
Customers' deposits – net of current portion	362.5	367.4	6.2	170.6	2.9
Retirement benefits liability	29.2	30.6	0.5	30.5	0.5
Other noncurrent liabilities	1,451.3	1,135.5	19.3	861.0	14.6
Total Noncurrent Liabilities	**45,904.9**	**52,851.9**	**897.2**	**58,537.3**	**993.7**
Total Liabilities	**71,845.5**	**72,347.8**	**1,228.1**	**75,406.7**	**1,280.1**
Equity Attributable to Equity Holders of the Parent Company					
Capital stock	237.3	237.3	4.0	237.3	4.0
Preferred shares	10,000.0	10,000.0	169.8	10,000.0	169.8
Additional paid-in capital	5,540.6	5,540.6	94.1	5,540.6	94.1
Retained earnings	18,249.7	25,251.4	428.6	25,517.1	433.2
Treasury stock	(167.2)	(167.2)	(2.8)	(391.7)	(6.6)
Reserves	(4.9)	117.1	2.0	117.1	2.0
	33,855.5	**40,979.3**	**695.6**	**41,020.4**	**696.4**
Non-controlling interests	**15,204.7**	**28,329.2**	**480.9**	**30,789.2**	**522.5**
Total Equity	**49,060.2**	**69,308.5**	**1,176.5**	**71,809.6**	**1,218.9**
Total Liabilities and Equity	**120,905.7**	**141,656.2**	**2,404.6**	**147,216.3**	**2,499.0**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended 31 December				For the nine months ended 30 September		
	2019	2020	2021	2021	2021	2022	2022
	₱	₱	₱	U.S.$	₱	₱	U.S.$
		(Audited)		(Unaudited)	(Reviewed)		(Unaudited)
				(millions)			
Net cash provided by (used in) operating activities	2,737.3	(2,875.3)	(4,955.6)	(84.1)	(480.3)	(2,576.8)	(43.8)
Net cash provided by (used in) investing activities	(6,467.0)	(271.7)	7,770.2	131.9	(2,448.0)	(1,528.1)	(25.9)
Net cash provided by (used in) financing activities	9,804.0	422.5	972.1	16.5	6,297.1	1,236.1	21.0
Net increase (decrease) in cash and cash equivalents	6,074.3	(2,724.5)	3,786.7	64.3	3,368.8	(2,868.8)	(48.7)
Cash at beginning of the period	**626.6**	**6,700.9**	**3,976.4**	**67.5**	**3,976.4**	**7,763.0**	**131.8**
Cash at end of the period	**6,700.9**	**3,976.4**	**7,763.0**	**131.8**	**7,345.2**	**4,894.2**	**83.1**

OTHER FINANCIAL DATA AND RATIOS

	For the year ended 31 December			For the nine months ended 30 September	
	2019	2020	2021	2021	2022
Net Profit Margin (Net Income to Revenue)(1)	43.7%	29.3%	70.8%	74.4%	41.2%
Revenue Growth(2)	40.8%	(29.4)%	11.7%	14.0%	(46.6)%
Net Income Growth(3)	91.8%	(52.6)%	77.0%	56.4%	(78.0)%
EBITDA (₱ millions)(4)	16,677.7	11,346.4	12,918.7	9,277.7	3,607.3
EBITDA excluding unrealized gains from change in fair values of investment property (₱ millions)(4)	3,175.3	2,985.1	3,251.0	2,712.6	3,150.3
Recurring Revenue (₱ millions)(5)	3,946.5	4,100.4	3,998.3	3,145.4	3,030.0
Recurring Revenue Growth(6)	30.1%	3.9%	(2.6)%	5.5%	(3.7)%
Recurring Revenue as a Percentage of Total Revenues(7)	19.5%	28.7%	25.1%	28.2%	50.8%
Total Revenues (₱ millions)	20,203.7	14,262.5	15,925.8	11,164.7	5,966.2
Total Revenues excluding unrealized gains from change in fair values of investment property (U.S.$ millions)	131.5	115.8	113.7	78.0	95.1
Net income excluding unrealized gains from change in fair values of investment property (U.S.$ millions)	23.4	3.4	52.1	50.1	37.1
Total Revenue Growth (excluding unrealized gains from change in fair values of investment property)	42.0%	(11.9)%	6.0%	6.7%	21.9%
Real Estate Sales as a Percentage of Total Revenues	8.2%	3.9%	4.9%	6.4%	25.2%
Rent Income as a Percentage of Total Revenues	16.2%	25.3%	21.5%	24.4%	45.2%
Hotel Revenues as a Percentage of Total Revenues	3.3%	3.4%	3.6%	3.8%	5.6%
Interest Coverage Ratio(8)	7.05	3.54	3.92	4.96	1.60
Return on Equity(9)	33.7%	13.0%	19.8%	16.2%	3.2%
Solvency Ratio(10)	0.16	0.09	0.16	0.12	0.03

Notes:

(1) Net Profit Margin (Net Income to Revenue) is computed by dividing net income attributable to the owners of the parent company by total revenue.

(2) Revenue Growth is computed by dividing the current period's total revenue less the prior period's total revenue by total revenue for the prior period.

(3) Net Income Growth is computed by dividing the current period's net income attributable to owners of the parent company less the prior period's net income attributable to owners of the parent company by the prior period's net income attributable to owners of the parent company.

(4) EBITDA means the sum of income from operations, depreciation and interest expense. EBITDA is not a measurement of financial performance under PFRS and investors should not consider it in isolation or as an alternative to profit or loss for the period, income or loss from operations, an indicator of the Company's operating performance, cash flow from operating, investing and financing activities, or as a measure of liquidity or any other measures of performance under PFRS. Because there are various EBITDA calculation methods, the Company's presentation of this measure may not be comparable to similarly titled measures used by other companies. EBITDA above are unaudited figures. EBITDA does not reflect the Company's cash expenditures or future requirements for capital expenditures or contractual commitment or changes in, or cash requirements for, the Company's working capital needs, or right-of-use assets under PFRS 16.

Reconciliation of EBITDA to the Company's net income for the period is set forth in the table below.

	For the year ended 31 December			For the nine months ended 30 September	
	2019	**2020**	**2021**	**2021**	**2022**
		(in millions of ₱)			
		(Audited)		**(Unaudited)**	
Net income attributable to equity holders of the parent company	8,832.0	4,183.7	7,404.4	5,943.6	1,309.4
Non-controlling interests	1,813.1	1,841.5	3,876.1	2,363.1	1,146.8
Income tax expense (benefit)	5,007.0	4,159.3	(244.6)	(378.6)	148.9
Income before income tax	**15,652.1**	**10,184.5**	**11,035.9**	**7,928.1**	**2,605.1**
Add:					
Interest expense	840.7	959.8	1,720.3	1,239.5	909.2
EBIT	**16,492.8**	**11,144.3**	**12,756.2**	**9,167.6**	**3,514.3**
Add (Deduct):					
Depreciation and amortisation	184.9	202.1	162.5	113.0	93.0
EBITDA	**16,677.7**	**11,346.4**	**12,918.7**	**9,280.6**	**3,607.3**

(5) Recurring Revenues means the sum of rent income and hotel revenues for the period.

(6) Recurring Revenue Growth is computed by dividing the current period's Recurring Revenues less the prior period's Recurring Revenues by Recurring Revenues for the prior period.

(7) Recurring Revenue as a Percentage of Total Revenues means the sum of rent income and hotel revenues divided by the total revenues of the Company.

(8) Interest Coverage Ratio is computed by dividing earnings before interest and taxes (EBIT) by interest charges. EBIT is not a measurement of financial performance under PFRS and investors should not consider it in isolation or as an alternative to profit or loss for the period, income or loss from operations, an indicator of the Company's operating performance, cash flow from operating, investing and financing activities, or as a measure of liquidity or any other measures of performance under PFRS. Because there are various EBIT calculation methods, the Company's presentation of this measure may not be comparable to similarly titled measures used by other companies.

(9) Return on Equity is computed by dividing net income attributable to equity holders of the parent company by average equity attributable to the equity holders of the parent company.

(10) Solvency Ratio is computed by dividing the sum of net income and depreciation and amortisation by total liabilities.

	As of 31 December			As of 30 September
	2019	**2020**	**2021**	**2022**
		(Audited)		**(Unaudited)**
Debt to Equity Ratio (Gross)[1]	1.03	0.97	0.74	0.75
Debt to Equity Ratio (Net)[2]	0.88	0.89	0.62	0.69
Current Ratio[3]	0.86	0.67	1.20	1.38
Acid Test Ratio[4]	0.56	0.41	0.82	0.91

Notes:

(1) Debt to Equity Ratio (Gross) is computed by dividing total interest bearing short-term and long-term debt by total equity.

(2) Debt to Equity Ratio (Net) is computed by dividing total interest bearing short-term and long-term debt less cash and cash equivalents by total equity.

(3) Current Ratio is computed by dividing current assets by current liabilities.

(4) Acid Test Ratio is computed by dividing current assets less inventory and prepayments by current liabilities.

SUMMARY OF THE OFFERING

The following is a brief summary of the terms of the offering of the Additional Notes and is qualified in its entirety by the remainder of this Offering Circular. For a more complete description of the Terms and Conditions of the Notes, see "Terms and Conditions of the Notes" and "The Global Certificate". Some of the terms described below are subject to important limitations and exceptions. Defined terms used in this summary shall have the meanings given to them in "Terms and Conditions of the Notes".

Issuer	DDPC Worldwide Pte. Ltd., a company incorporated with limited liability under the laws of Singapore.
Guarantor	DoubleDragon Corporation (formerly DoubleDragon Properties Corp.), a company incorporated with limited liability under the laws of the Republic of the Philippines.
Issue	U.S.$20,000,000 in aggregate principal amount of 7.25% Guaranteed Senior Notes due 2025 (the "**Additional Notes**"), which, upon issue, will be consolidated and form a single series with the U.S.$75,000,000 7.25% guaranteed senior notes due 2025 issued on 27 July 2020 (the "**Original Notes**"), the U.S.$55,000,000 7.25% guaranteed senior notes due 2025 issued on 16 March 2022 (the "**March 2022 Notes**") and the U.S.$30,000,000 7.25% guaranteed senior notes due 2025 issued on 25 November 2022 (the "**November 2022 Notes**", and together with the Original Notes and the March 2022 Notes, the "**Existing Notes**"). The Existing Notes and the Additional Notes are collectively referred to herein as the "**Notes**."
Guarantee	The Guarantor will unconditionally and irrevocably guarantee on an unsubordinated basis the due and punctual payment of the principal of and interest on the Notes and all other moneys expressed to be payable by the Issuer under the Notes and the Trust Deed. The obligations of the Guarantor in that respect are contained in the Trust Deed.
Status of the Notes	The Notes constitute the direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will at all times rank *pari passu* in right of payment with all other present and future unconditional, unsubordinated and unsecured obligations of the Issuer, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
Status of the Guarantee	The Guarantee constitutes the direct, unconditional, unsecured and unsubordinated obligation of the Guarantor and will at all times rank pari passu in right of payment with all other present and future unconditional, unsubordinated and unsecured obligations of the Guarantor, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
Issue Price	The Additional Notes will be issued at 98.418% plus accrued interest in respect of the period from and including 27 January 2023 to (but excluding) 28 March 2023.

Form and Denomination	The Additional Notes will be issued in registered form in the denomination of U.S.$200,000 each and integral multiples of U.S.$1,000 in excess thereof.
Interest.	The Additional Notes bear interest on their outstanding principal amount from and including 27 January 2023 at the rate of 7.25% per annum, payable in equal instalments semi-annually in arrear on 27 January and 27 July of each year commencing on 27 July 2023. An amount corresponding to the accrued interest on the aggregate principal amount of the Additional Notes from, and including, 27 January 2023 to, but excluding, 28 March 2023 will be payable to the Issuer upon the issue of the Additional Notes to adjust for the excess payment by the Issuer to the additional Noteholders on the first interest payment date of the Additional Notes.
Expected Issue Date	28 March 2023.
Maturity Date	27 July 2025.
Redemption at the Option of the Issuer	On or after 27 July 2022, the Issuer may, on any one or more occasions, redeem all or only some of the Notes at the redemption prices (expressed as percentages of principal amount) set out below, plus accrued and unpaid interest thereon and additional amounts, if any, to, but excluding the redemption date, if redeemed during the 12 month period beginning on 27 July of the years indicated below:

Year	**Redemption Price**
2022.	105.4375 per cent.
2023.	103.625 per cent.
2024.	101.8125 per cent.
2025 and thereafter	100 per cent.

Early Redemption due to a Gross-up Event.	If a Gross-up Event occurs, the Issuer may redeem the Notes (in whole but not in part) at the Redemption Price, on the giving of not less than 30 and not more than 60 calendar days' irrevocable notice of redemption to the Noteholders in accordance with Condition 13.1 and in writing to the Trustee and the Principal Paying Agent. No such notice of redemption may be given earlier than 45 calendar days prior to the earliest calendar day on which the Issuer or, as the case may be, the Guarantor would be for the first time obliged to pay the Additional Amounts in question on payments due in respect of the Notes.

Prior to the giving of any such notice of redemption, the Issuer will deliver or procure that there is delivered to the Trustee:

(i) an Officers' Certificate stating that the Issuer is entitled to effect such redemption and setting out a statement of facts showing that the conditions to the exercise of the right of the Issuer to redeem have been satisfied and that the obligation to pay Additional Amounts (as defined in Condition 8.1) cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it; and

(ii) an opinion, addressed to the Trustee, of an independent legal or tax adviser of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay the Additional Amounts in question as a result of a Gross-up Event,

and the Trustee shall be entitled (but shall not be obliged) to accept and rely upon the above certificate and opinion (without further investigation or enquiry) as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, and the Trustee shall be protected and shall have no liability to any Noteholder or any person for so accepting and relying upon such certificate and opinion.

Early Redemption due to a Change of Control Event or Guarantee Event . . . .

If a Change of Control Event or Guarantee Event occurs, each Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem in whole but not in part such Noteholder's Notes on the Offer to Purchase Put Date at any time prior to the Maturity Date at 101% of the principal amount of the Notes plus any accrued but unpaid interest, in accordance with the procedures specified in Condition 6.4.

Certain Covenants . . . .

The terms of the Notes will contain covenants that will, among other things, restrict the ability of the Issuer, the Company and, in some cases, certain of the Company's subsidiaries to:

- incur or guarantee additional indebtedness;
- sell or dispose of assets;
- create or incur certain liens;
- sell or issue capital stock;
- engage in a business that is not a Permitted Business;
- create or permit to exist any restrictions on the payment of dividends to the Company by certain of the Company's subsidiaries; and
- consolidate or merge with other entities.

Events of Default.	For a description of events that would permit acceleration of repayment of principal and interest of the Notes, see "*Terms and Conditions of the Notes – Events of Default*".
Taxation and Additional Amounts. .	All payments in respect of the Notes by or on behalf of the Issuer or the Guarantor will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In the event that the Issuer or, as the case may be, the Guarantor makes a deduction or withholding required by law, the Issuer or, as the case may be, the Guarantor, shall pay such additional amount ("**Additional Amounts**") as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except in certain circumstances. See "*Terms and Conditions of the Notes – Taxation and Gross-up*."
Trust Deed	The Additional Notes will be issued under a third supplemental trust deed dated on or about 28 March 2023 (the "**Fourth Supplemental Trust Deed**") by and among the Issuer, the Guarantor and Trustee (as defined herein), which shall supplement the trust deed dated as of 27 July 2020 (the "**Original Trust Deed**"), pursuant to which the Issuer issued the Original Notes, as supplemented by a first supplemental trust deed dated 23 February 2022 (the "**First Supplemental Trust Deed**") by and among the Issuer, the Guarantor and the Trustee and a second supplemental trust deed dated 16 March 2022 (the "**Second Supplemental Trust Deed**") by and among the Issuer, the Guarantor and the Trustee, pursuant to which the Issuer issued the March 2022 Notes, and a third supplemental trust deed dated 25 November 2022 (the "**Third Supplemental Trust Deed**") by and among the Issuer, the Guarantor and the Trustee, pursuant to which the Issuer issued the November 2022 Notes. The Original Trust Deed, as supplemented by the First Supplemental Trust Deed, the Second Supplemental Trust Deed, the Third Supplemental Trust Deed and the Fourth Supplemental Trust Deed, is referred to herein as the "**Trust Deed**."
Further Issues	The Issuer may from time to time create and issue further Notes without the consent of the Noteholders. See Condition 10 of the Conditions.
Clearing Systems	The Additional Notes will be issued in registered form and represented initially by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear and Clearstream.
Clearance and Settlement.	The Additional Notes have been accepted for clearance by Euroclear and Clearstream, Luxembourg.
ISIN.	XS2207972790.

Common Code	220797279.
Legal Entity Identifiers	DDPC Worldwide Pte. Ltd. LEI 549300N2RG2EBS16OU32 DoubleDragon Corporation (formerly DoubleDragon Properties Corp.) LEI 549300RYB1GASW5KV818
Governing Law	English law.
Principal Paying Agent, Transfer Agent, Registrar and Trustee . . .	China Construction Bank (Asia) Corporation Limited.
Listing and Trading	The Existing Notes are listed on the SGX-ST. Application has been made for the listing and quotation of the Additional Notes on the SGX-ST. The Additional Notes will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000 for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.
Use of Proceeds	The net proceeds from the issue of the Additional Notes will be applied by the Issuer and the Company for the development and construction of overseas projects of Hotel101 Global Pte. Ltd. and general corporate purposes. See "*Use of Proceeds*".
Risk Factors	For a discussion of certain risk factors that should be considered in evaluating an investment in the Additional Notes, see "*Risk Factors*".
Selling Restrictions	The Additional Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Additional Notes may be sold in other jurisdictions (including the United Kingdom, Hong Kong, Singapore and the Philippines) only in compliance with applicable laws and regulations. See "*Subscription and Sale*".

RISK FACTORS

Investing in the Additional Notes involves a high degree of risk. The Company believes that the following factors may affect its ability to fulfil its obligations under the Additional Notes. Most of these factors are contingencies which may or may not occur and the Company is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Additional Notes are described below.

The Company believes that the factors described below represent the principal risks inherent in investing in the Additional Notes, but the inability of the Company to pay interest, principal or other amounts on or in connection with the Additional Notes may occur for other reasons which may not be considered significant risks by the Company based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

Prospective investors should carefully consider the risks described below, in addition to the other information contained in this Offering Circular, including the audited financial statements of the Company and notes relating thereto included in this Offering Circular, before making any investment decision relating to the Additional Notes. The occurrence of any of the events discussed below and any additional risks and uncertainties not currently known to the Company or that are currently considered immaterial could have a material adverse effect on the business, results of operations, financial condition and prospects of the Company and prospective investors may lose all or part of their investment. In general, investing in securities of companies in emerging market countries such as the Philippines involves risks not typically associated with investing in the securities of companies in countries with more developed economies.

RISKS RELATING TO THE COMPANY'S BUSINESS

The Company may not be able to successfully manage and implement its growth or expansion strategies.

Having met its leaseable portfolio target of 1.2 million sq.m. of completed gross floor area ("**GFA**"), comprising primarily of its chain of CityMalls nationwide, from its Metro Manila office projects DD Meridian Park, DD Meridian Tower, Jollibee Tower, and Robinsons DoubleDragon Square from planned hotel rooms of Hotel 101 and Jinjiang Inn Philippines, and from its various CentralHub industrial warehouse complexes, the Company intends to continue to pursue a strategy of revenue optimisation for its retail leasing, office leasing, hospitality, and industrial leasing operations, with the goal of maximising recurring revenue. As of 30 September 2022, the Company had 44 operational malls and nine CityMalls under construction, with an additional land bank for 14 CityMalls. As of 30 September 2022, the Company also had five operational hotels with 876 rooms, with four hotels under construction and expected to add another 2,024 rooms, and an additional nine hotels under planning and development stages. The Company also completed the construction of Jollibee Tower and phases 1, 2 and 4 of DD Meridian Park, comprising DoubleDragon Plaza, DoubleDragon Center East, DoubleDragon Plaza West and DoubleDragon Tower. DoubleDragon Tower, the fourth phase of DD Meridian Park, has been substantially completed with punch listing works and leasing activities ongoing as of 30 September 2022. As of 30 September 2022, Ascott-DD Meridian Park, the third phase of DD Meridian Park, was 29.94% completed. As of 30 September 2022, the Company owns 10 CentralHub sites across the Philippines, with a total of 60.57 hectares of prime industrial land. Five of the Company's CentralHub sites, namely CentralHub-Tarlac, CentralHub-Capiz, CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig, are currently operational. CentralHub-Sta Barbara Iloilo and CentralHub-Cebu are under construction while CentralHub-Davao, CentralHub-Negros and CentralHub-Surigao are currently in the development stages. As of 30 September 2022, Phases 1 and 2 of CentralHub-Tarlac, CentralHub-Capiz, CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig were all fully leased out. Phases 3 and 4 of CentralHub-Tarlac are pending tenant turnover.

Further, on 30 September 2022, the Company, through its subsidiaries, fully paid for the acquisition of a prime 9,000 sq.m. parcel of land in Hokkaido Prefecture, Japan. The Company expects to develop its first international Hotel 101 development, named Hotel 101-Niseko, on such acquired land. The Company aims to acquire two additional Hotel 101 properties outside the Philippines, and is in the process of identifying suitable land for these developments in Europe and the United States.

While, the Company believes that it has the ability and resources to create a market leading business model by leveraging on its end-to-end capabilities as a real estate developer and owner, encompassing site identification, master planning, development, marketing, leasing, business events, and client relationship management, there can be no assurance that, in the course of implementing its growth strategy, the Company will not experience capital constraints, delays in obtaining relevant licences and permits, construction delays, operational difficulties at new operational locations or difficulties in operating existing businesses and training personnel to manage and operate the expanded business.

The Company also does not have a track record of developing real estate outside the Philippines, and may face unexpected costs, unique challenges and difficulties in other jurisdictions, such as Japan as well as the jurisdictions of additional Hotel 101 sites. There is also no assurance that the Company's ventures outside the Philippines will be successful. For example, although the Company aims to develop its international hospitality projects where Filipinos have historically visited to leverage its brand equity, there may be fewer than expected local and international tourist arrivals in these jurisdictions.

The Company may also experience delays resulting from independent contractors who are not able to complete projects on time due to various factors, including a lack of available manpower. See "*– Independent contractors may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or to complete projects on time and within budget.*" Any inability or failure to adapt effectively to growth or to become a predominantly recurring income company, including constrains on management and logistics, could result in losses or development costs that are not recovered as quickly as anticipated, if at all. Further, there is no assurance that the Company will be able to generate enough cash flows to service, or otherwise not default on, any of its existing loan payables or any of its future debt obligations. Any such default may lead to trigger cross defaults and/or subject the Company to litigation and other proceedings filed by its lenders. These could have a material adverse effect on the Company's reputation and on its business, financial condition and results of operations.

The expansion of the Company's businesses will also require the Company to manage additional relationships with third parties such as potential retailers, suppliers and contractors, including international contractors for its international hospitality projects. The Company has also recently commenced operations of certain industrial leasing sites and may encounter issues. For example, the Company may have insufficient experience in dealing with topics associated with the new business, such as applicable laws relating to the environment as well as different construction, operational and marketing requirements. There can be no assurance that the Company's continued expansion into industrial leasing will be successful. There can also be no assurance that there will be a market for the Company's industrial leasing business. As a result, the Company's decision to pursue such expansion could have a material adverse effect on the Company's reputation and its business.

Further, there can be no assurance that the Company's plan to pivot to an investment holding company will result in its continued growth or that it will be able to successfully invest in other opportunities outside the property sector, if at all. There can also be no assurance that the Company will be able to successfully implement its expansion plans with respect to its Hotel 101 brand outside the Philippines. See "*Business Strategies*" for more information.

Although the Company plans to increase the percentage of its recurring income through the continued expansion of its leasing portfolio, historically the Company's revenues have been driven primarily by real estate sales and growth in fair value of its investment property. Therefore, its historical results may not be indicative of its future performance.

The Company is in the process of transitioning to a recurring revenue model, with the intention of earning a significant majority of its income from its leasing portfolio. In the past three years, the Company has been steadily building its leasing portfolio and acquisition of suitable sites for its retail leasing, office leasing, industrial leasing and hospitality operations. The Company chooses the locations of its projects based on specific criteria depending on the type of leasing activity. For example, the Company plans for all CityMall sites to be in prime locations along main roads to increase visibility and maximise exposure and accessibility to its target market. Another example is DD Meridian Park, which is strategically located in the corner of EDSA, Roxas Boulevard and Macapagal Avenue, all of which are main thoroughfares in Metro Manila close to the Entertainment City and the SM Mall of Asia complex. The Company's recurring revenue, consisting of its rent income and income from hotel operations, was 19.5%, 28.7% and 25.1% of its total revenues for the years ended 31 December 2019, 2020 and 2021, respectively, and 28.2% and 50.8% for the nine months ended 30 September 2021 and 2022, respectively.

However, historically a substantial portion of the Company's revenue was from real estate sales and unrealised gains from changes in fair values of investment property. For the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2021 and 2022, these sources of revenue accounted for, in the aggregate, 75.1%, 62.5%, 65.6%, 65.3% and 31.3% of the Company's total revenue, respectively. These revenues are primarily from (i) the sale of units in the Company's interim residential projects and Hotel 101 units and (ii) the annual increase in the fair value of DD Meridian Park and Jollibee Tower. (See "*Management's Discussion and Analysis of Financial Condition and Results of Operation – Valuation of investment properties*" for more information.) In addition, as property values in the area surrounding DD Meridian Park stabilise and several of the Company's properties approach completion, the Company may not be able to realise increases in fair value in amounts or at levels that the Company has recognised in the past, or at all. Further, the Company may also incur losses in the fair value of its investment property in the future due to various factors, including but not limited to deterioration of the assets, or decline in property values, in the area where such investment property is located. In addition, the Company's debt covenants may depend on its asset valuations or its ability to crystalise the appraised values in case of any disposals.

The previous results of the Company reflect its interim projects and the increase in fair value of its projects under construction, and are not reflective the Company's plans to significantly increase its retail leasing, office leasing, industrial leasing and hospitality operations. As such, the Company's historical results may not be indicative of its future performance or operations, and there is no assurance that the Company will be able to successfully implement its strategy of increasing its recurring revenue through its leasing portfolio. Investors should not rely on the Company's historical results as an indicator of the Company's future financial performance.

The Company's business may be materially and adversely affected by the coronavirus pandemic and other adverse public health developments.

The outbreak, or threatened outbreak, of any severe communicable disease, such as the ongoing COVID-19 pandemic, could have a material adverse effect on the Company's business, financial condition and results of operations. Further, the continuing impacts of the COVID-19 pandemic are highly unpredictable and uncertain and have caused and will continue to cause disruptions in the Philippines and global economy and financial markets. See "*Business – Recent Developments*" for more information.

Governments and health authorities around the world have imposed sweeping measures designed to contain the pandemic, including, among others, travel restrictions, border closures, curfews, quarantines, cancellations of gatherings and events and closures of universities, schools, restaurants, stores and other business. The economic repercussions of the pandemic and the efforts around the world to contain it have been severe, and include reduced global trade, lower industrial production, broad reductions in general consumption and economic activity and major disruptions to international travel and global air traffic.

In 2020, and in response to the increasing number of COVID-19 cases in the Philippines, President Rodrigo Duterte declared the entire Luzon island under total lockdown on 16 March 2020, which restricted the movement of the population with certain exceptions. Among the lockdown measures implemented were the suspension of work or alternative working arrangements in the private sector except in establishments providing basic necessities, suspension of mass transport facilities, and travel restrictions. The Philippines remained under various forms of COVID-19 driven lockdown measures for most of 2021. Beginning on 1 February 2022, Metro Manila was placed under Alert Level 2, which ended on 28 February 2022. On 4 June 2022, the IATF reduced the alert level for most areas in the Philippines to Alert Level 1. Restrictions on various activities have gradually eased. On 13 September 2022, the Philippine Department of Health issued updated guidelines on minimum public health standards for the continued safe reopening of institutions. On 28 October 2022, Executive Order No. 07 was issued, which removed the requirement to wear face masks in indoor spaces, with the exception of healthcare facilities, medical transport vehicles and public transportation. There can be no assurance that further variants of COVID-19 or other infectious diseases will not trigger a return to restrictive quarantine or lockdown measures that may affect the Company or its subsidiaries in the future.

The Philippine economy showed significant improvements since the outbreak of the COVID-19 but the economic recovery cannot be predicted with complete certainty. On 26 January 2023, the Philippine Government reported that the Gross Domestic Product ("**GDP**") grew by 7.2% in the fourth quarter of 2022, and 7.6% for the full year 2022. On 2 January 2023, the National Economic Development Authority adjusted its growth targets for 2023 to range from 6% to 7%, while growth targets for 2024 to 2028 were at 6.5% to 8.0%. However, the long-term impact of COVID-19 on the Philippine economy and the speed and certainty of any economic recovery cannot be predicted for certain, and any new surge in infections may result in stricter quarantine or lockdown measures across provinces, cities and municipalities may lead to further contraction of the Philippine economy, closure of businesses, and rise in unemployment rates.

On 11 September 2020, President Rodrigo Duterte signed into law Republic Act No. 11494, otherwise known as "Bayanihan to Recover as One Act" ("**Bayanihan II**"), which extends the emergency powers of the President granted by its predecessor law, Republic Act No. 11469, otherwise known as the "Bayanihan to Heal as One Act" which ceased to be effective on 25 June 2020. Section 4 of the Bayanihan II authorises the President to exercise powers necessary and proper to undertake and implement COVID-19 response and recovery measures such as directing institutions providing electric, water, telecommunications, and other similar utilities to implement a minimum 30-day grace period for the payment of utilities falling due within the period of ECQ or MECQ, without incurring interests, penalties, and other charges; provided that after the grace period, unpaid residential; micro-, small and medium-sized enterprises; and cooperative utility bills may be settled on a staggered basis payable in not less than three monthly instalments, subject to the procedural requirements of the concerned regulatory agencies in the imposition of such instalment plan without interests, penalties and other charges. The Company has extended some concessions such as grace periods, instalment plans and discounts to retail tenants mostly coming from the micro, small and medium enterprise ("**MSME**") segment in its efforts to "*Heal as One*". The Bayanihan II expired on 30 June 2021.

The outbreak of the COVID-19 and other adverse public health developments, such as the outbreak of avian influenza, monkey pox, severe acute respiratory syndrome, or SARS, Zika virus and Ebola virus could materially and adversely affect the Company's business, financial condition and results of operations. These may include, temporary closures of the Company's CityMalls, office buildings, industrial leasing sites or hotels, or cause the hospitalisation or quarantine of the Company's employees, delay or suspension of supplies from the Company's suppliers, disruptions or suspension of the Company's operational activities, and labour shortage due to restrictions on the Company's employees' ability to travel. The severe impact of COVID-19 on the tourism and travel industries has, in the past, affected the Company's hospitality operations and hotel revenues. Apart from additional health and safety-related expenses incurred in the past, lockdowns during the COVID-19 pandemic also prevented the Company from proceeding with its property construction and development plan as scheduled, resulting in the extension of the Company's goal to complete 1.2 million sq.m. of GFA to 2022, which has since been met. See "*Business – Recent Developments*".

The interests of the Company's joint venture partners may differ from those of the Company and such partners may take actions that adversely affect the Company or its subsidiaries.

Several of the Company's subsidiaries have entered into joint venture agreements with unaffiliated third parties as part of the Company's diversification strategy. For example, several of the Company's CityMalls, office buildings and hotels of the Company are under joint venture agreements with landowners or other entities. A joint venture involves special risks where the joint venture partner may have economic or business interests or goals that are inconsistent with or different from those of the Company. The joint venture partner may also take actions contrary to the Company's instructions or requests, take actions in direct opposition to the Company's policies or objectives with respect to the underlying business or dispute the distribution of its joint venture share. The joint venture partner may also fail to perform its obligations under the joint venture arrangement. Disputes between the Company and its joint venture partners may arise after significant capital investments in a project have been made, which could result in the loss of some or all of the Company's investment in such project. The Company's reliance on its joint venture arrangements could therefore have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is exposed to risks associated with offering deferred payment schemes, including the risk of customer default.

The Company provides deferred payment schemes to purchasers of units in its Hotel 101 projects and the projects of its affordable residential housing arm DD HappyHomes Residential Centers Inc. in Mandurriao, Iloilo and Tanauan Leyte, typically during the construction period, offering of up to 36 months of amortisation. As a result, and particularly during periods when the unemployment rate rises or when the overall level of overseas remittances decline, the Company faces the risk that a greater number of customers who utilise the Company's in-house financing facilities will default on their payment obligations, which would require the Company to incur expenses such as those relating to sales cancellations and eviction of occupants, additional expenses caused by delinquent accounts, a disruption in cash inflows, risk of holding additional inventory in its balance sheets and reduced finance income.

Deferred payment schemes are typically offered during the construction period and buyers are given a grace period and are given appropriate notices to update their payments in accordance with the law. Nonetheless, the inability of the Company to collect the lump sum balance of the sales contract upon turnover, or any payment when it falls due, could have a material adverse effect on the Company's business, financial condition and results of operations.

Increased inflation, fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on the Company's and its customers' ability to obtain financing.

The Company obtains long-term financing with fixed interest rates to cover the capital expenditures needed to develop its projects. There is no assurance that the Company can continue to raise the additional financing needed to execute its future plans at the current terms.

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

- Higher interest rates make it more expensive for the Company to borrow funds to finance ongoing projects or to obtain financing for new projects and will affect the levered return margins of the Company.

- Because the Company believes that a substantial portion of its customers procure financing to fund their purchases of condotels or residential units in the Company's interim projects, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Company's residential projects.

- If the Government significantly increases its borrowing levels in the domestic currency market, this could increase the interest rates charged by banks and other financial institutions and also effectively reduce the amount of bank financing available to both prospective property purchasers and real estate developers, including the Company.

- The Company's access to capital and its cost of financing are also affected by restrictions, such as single borrower limits, imposed by the BSP on bank lending. If the Company were to reach the single borrower limit with respect to their current or preferred bank or banks, the Company may have difficulty obtaining financing on the same or similar commercial terms from other banks.

- Increased inflation in the Philippines could result in an increase in raw materials costs, which the Company may not be able to pass on to its customers as increased prices or to its contractors by having the Company's contractors absorb raw material cost increases.

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

On 18 August 2022, the Monetary Board increased the interest rate on RRP to 3.75%, overnight deposit to 3.25%, and lending rates to 4.25%, effective 19 August 2022. On 22 September 2022, the Monetary Board decided to raise the interest rate on the BSP's overnight reverse repurchase facility by 50 basis points to 4.25%, effective on 23 September 2022. Accordingly, the interest rates on the overnight deposit and lending facilities were raised to 3.75% and 4.75%, respectively. The Monetary Board on 17 November 2022 again raised interest rates on the BSP's overnight reverse repurchase facility by 75 basis points to 5.0%, effective 18 November 2022. Accordingly, the interest rates on the overnight deposit and lending facilities will be set to 4.5% and 5.5%, respectively. On December 2022, the Monetary Board set another increase on interest rates to combat inflation. On 16 February 2023, the interest rate of the BSP's overnight reverse repurchase facility was raised by 50 basis points to 6.0%, effective 17 February 2023. Thus, interest rates on the overnight deposit and lending facilities will be set to 5.5% and 6.5%, respectively, to temper inflation. There is no assurance that interest rates in the Philippines will not further increase in the future, including in response to inflationary pressures resulting from higher food, energy and other commodity prices, economic growth, tax reforms and global developments.

The Company's rollout of CityMalls may not be successful, and the Company's existing malls may not be able to continue to benefit from a favourable retail environment.

A significant part of the Company's expansion strategy entails the opening of new CityMalls in suitable locations in various provincial areas of the Philippines, including in areas where the Company does not currently have a presence. There can be no assurance that the Company will be able to identify and procure suitable sites for its new CityMalls. There is also no assurance that such new CityMalls will be successful or profitable.

The success of the Company's CityMalls depends on the shift of consumer preference in the provinces from traditional retailers and local neighbourhood stores to a store in a modern retail format. The Company positions its CityMalls as the modern alternative to traditional retailers (i.e., local neighbourhood store or provincial-branded store with a regional footprint) in first class municipalities and second and third class cities in the Philippines, and are meant to provide a venue for modern retail concepts in the provinces. Further, the Company intends to continue implementing what it believes to be an effective strategy for the selection of sites, and rollout, of CityMalls. For example, the Company positions its CityMall sites in prime locations along main roads to increase visibility and maximise exposure and accessibility to its target market.

Further, expansion into new geographical areas will also expose the Company to additional operational, logistical and other risks. The Company may find it difficult to obtain regulatory or local government approvals for its new CityMalls in these areas due to differences in local requirements and processes. The Company may also experience difficulty in building the "CityMall" brand in these new areas or maintaining its typical tenant mix or store offerings for each CityMall. For example, certain of the Company's CityMalls may not have a "FoodWorld" or a grocery store due to the location thereof. The Company's proposed expansion will also place increased demands on its managerial, operational, financial and administrative resources. Any difficulties the Company experiences with respect to developing its business operations in new geographical areas may materially and adversely affect the Company's business, financial condition and results of operations.

In addition, there can be no assurance that the Company's existing CityMalls will be able to operate on a profitable basis if the current retail environment becomes less favourable to the Company and/or its tenants. The surrounding environment of the Company's existing CityMalls may also change in terms of consumer demographics, or in terms of store mix, as different businesses move in or out of the surrounding areas. Pandemics such as COVID-19, or quarantine measures implemented in relation thereto, have resulted and may result in limited foot traffic in the Company's existing CityMalls, which will adversely affect the Company's tenants. If the Company fails to predict and respond to changes in the retail environment, the Company's business, financial condition and results of operation may be materially and adversely affected.

The Company's rollout of CentralHub industrial centres may not be successful, and the Company's existing industrial centres may not be able to continue to benefit from a favourable business environment.

As part of the four pillars of the Company's recurring revenue strategy, the Company plans to manage and develop CentralHub industrial centres in each of the provinces in the Philippines. As of 30 September 2022, the Company owns 10 CentralHub sites, with a total of 60.57 hectares of prime industrial land. Five of the Company's CentralHub sites, namely CentralHub-Tarlac, CentralHub-Capiz, CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig, are currently operational. As of 30 September 2022, Phases 1 and 2 of CentralHub-Tarlac, CentralHub-Capiz, CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig were all fully leased out. Phases 3 and 4 of CentralHub-Tarlac remained pending tenant turnover.

The Company also acquired a 3.9 hectare parcel of land in Iloilo for its second CentralHub complex, to be named CentralHub-Sta Barbara Iloilo, which is strategically located along a national highway approximately five kilometres from Iloilo International. Moreover, the Company acquired a 5.2 hectare parcel of land in Danao, Cebu which will have a capacity of 27,212 sq.m. of industrial warehouse space and an 8.2 hectare parcel of land along the Daan Maharlika Highway in Davao City with an estimated capacity of 40,392 sq.m. of leasable industrial warehouse space. In 2022, the Company acquired two other sites, a 10.06 hectare property in Silay Negros for CentralHub-Negros, and a 6.40 hectare property in Surigao for CentralHub-Surigao. CentralHub-Sta Barbara Iloilo and CentralHub-Cebu are under construction while CentralHub-Davao, CentralHub-Negros and CentralHub-Surigao are currently in the development stages.

There can be no assurance that the Company will be able to identify and procure suitable sites for its new CentralHub sites, and there is no assurance that the Company's operating industrial centres or future industrial centres will be successful or profitable.

The success of the Company's CentralHub industrial centres depends on the take up of concessionaires and other distributors in provincial areas. Further, expansion into new geographical areas will also expose the Company to additional operational, logistical and other risks. The Company may find it difficult to obtain regulatory or local government approvals for its new CentralHub industrial centres in these areas due to differences in local requirements and processes. The Company may also experience difficulty in building the CentralHub brand in these new areas or attracting creditworthy tenants.

The Company's proposed expansion will also place increased demands on its managerial, operational, financial and administrative resources. Any difficulties the Company experiences with respect to developing its business operations in new geographical areas may materially and adversely affect the Company's business, financial condition and results of operations.

In addition, there can be no assurance that the Company's CentralHub industrial centres will be able to operate on a profitable basis if the current business environment becomes less favourable to the Company or its tenants. The surrounding environment the Company's existing and future CentralHub sites may also change in terms of consumer demographics, or in terms of concessionaires, as different businesses move in or out of the surrounding areas. If the Company fails to predict and respond to changes in the business environment where its CentralHubs are located, the Company's business, financial condition and results of operation will be materially and adversely affected.

Competition for the acquisition of land for new projects and risks relating to the management of its land bank, including fluctuations in demand and prices, may adversely affect the Company's business.

The Company's future growth and development are dependent, in part, on its ability to acquire additional tracts of land suitable for the Company's future real estate projects. There is a high level of scarcity covering prime commercial property in the Philippines and the Company will require additional prime properties across the Philippines to continue expanding its retail leasing, office leasing, industrial leasing and hospitality businesses. The Company will also need to identify land internationally to develop its international hospitality projects. Notwithstanding these challenges, the Company believes that the execution of its previous projects has given it direct access to land bank opportunities, and familiarity with first class municipalities and second and third class cities resulting in the ability to transact more effectively, and an adaptable approach to site acquisition by entering into joint ventures or strategic alliances with landowners, which contribute land to the joint venture while the Company provides its development expertise.

When the Company attempts to locate sites for development, it may experience difficulty locating parcels of land of suitable size in locations and at prices acceptable to the Company, particularly parcels of land located in urban areas (including first class municipalities and second and third class cities) throughout the Philippines. Furthermore, land acquired by the Company may have pre-existing tenants or obligations that prevent immediate commencement of new developments. In the event the Company is unable to acquire suitable land at prices and in locations that are attractive to the Company, or at all, its growth prospects could be limited and its business and results of operations could be adversely affected.

In addition, the risks inherent in purchasing and developing land increase as demand for commercial real estate decreases. The market value of land can fluctuate significantly because of changing market conditions. There can be no assurance that the measures the Company employs to manage land inventory risks will be successful. In the event of significant changes in economic, political, security or market conditions, the Company may be forced to sell land or lease its properties at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Company to defer the commencement of its projects. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is exposed to risks relating to the leasing business.

As part of the Company's retail, office and industrial leasing businesses, the Company has leased and will lease space to various third parties and affiliates, including business process outsourcing ("**BPOs**"), Philippine offshore gaming operators ("**POGOs**"), boutiques, operators of food kiosks and food stalls. There are certain factors concerning the Company's current and future tenants could affect the Company's financial condition, including:

- untimely expiration of leases and vacancies of tenants;
- delays in the payment of rent due to a tenant's declining sales or slow turnover;
- tenants seeking the protection of bankruptcy laws that could result in delays in the Company's receipt of rental payments;
- the Company's inability to collect rental payments or the early termination of a tenant's lease;
- tenants that do not comply with the general terms of the lease;
- changes in laws and government regulations relating to real estate, including those governing usage, zoning, taxes and government charges that could lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance; and
- changes in the relationship between China and the Philippines, regulatory environment or adverse tax rulings or policies which could reduce the attractiveness of the Philippines as an investment destination for certain sectors such as BPOs and POGOs.

Further, the occurrence of events with widespread macroeconomic impact such as COVID-19 may significantly impact or accelerate changes in the demand for office space, such as reducing demand for co-working spaces and increasing work-from-home arrangements which would in turn dampen demand for large office spaces.

Any unfavourable developments with respect to the Company's tenants could have an adverse effect on the Company's business, financial condition and results of operations. The Company's leasing policies however include screening applicants carefully and securing appropriate mix of tenants with respect to its retail spaces, both in terms of the nature of their business and their size.

The Philippine property market is cyclical.

The Company expects to derive a substantial portion of its revenue from its current and future portfolio of retail, office, hospitality and industrial development projects. Accordingly, the Company is dependent on the state of the Philippine property market. The Philippine property market has in the past been cyclical and property values have been affected by the supply of and demand for comparable properties, the rate of economic growth in the Philippines and political and social developments.

Historically low interest rates, expansion in overall liquidity, extensive construction of housing units and other factors could lead to the risk of formation of asset bubbles in real estate.

Prior to mid-2022, the central banks around the world, including the BSP, have kept overall interest rates at historically low levels for several years. This has occurred in conjunction with recent high levels of liquidity in the Philippines owing to strong and growing remittances from Overseas Filipino Workers ("**OFWs**"), the expansion of consumer credit provided by banks, the expiry of the BSP's requirement for banks to maintain special deposit accounts and strong inflows of foreign investments, among other factors. In addition, the pace of real estate construction, particularly for housing in and surrounding Metro Manila and other urban areas, has likewise been strong by historical standards. All these have increased the risk that rising prices may not be sustainable, particularly in the real estate sector. If rising prices are not sustained, the result could have a material adverse effect on the Company's business, financial condition and results of operations.

The real estate market is highly competitive, and any inability to effectively compete could limit the Company's ability to maintain or increase its market share and profitability.

The Company is subject to significant competition in each of its principal businesses but it believes that it has the ability and resources to create a market leading business model.

Commercial and Retail

With respect to its office rental properties, the Company competes for tenants primarily based on quality and location, reputation of the building's owner, quality of support services provided by the property manager, and rental and other charges.

The Company's CityMalls, Dragon8 Mall and other retail centres may face increased competition from other newly built shopping malls. As the Philippine economy grows, the Company and its competitors are increasing the total amount of leasable retail space in both urban and provincial areas of the Philippines. Improved capabilities, diversified product offerings and quality of products from competitors may make newer shopping malls more attractive to tenants and customers.

If tenants of the Company's shopping malls or office rental properties relocate to these newer or other less expensive spaces and do not renew their leases with the Company, the Company may struggle to find replacement tenants and be compelled to reduce rental rates or leave spaces vacant. Should any of these happen, the Company may face a decline in its recurring income from these investment properties.

Furthermore, attracting and retaining tenants often involves additional expenditures on the Company's part, including expenditures related to renovations and marketing. These expenditures may not result in new or retained tenants, which may have a negative effect on the Company's results of operations.

Hotels

Ongoing completion of new hotels and renovations of older competing hotels are increasing the number of hotel rooms available in the Philippines. In addition, competition from non-traditional hospitality providers, such as Airbnb, presents a new form of competition for hotel operators in the country. This increased competition could lead to a decrease in room rates and overall revenue, thus affecting the Company's results of operations. Moreover, with the reduced numbers in international tourists as a result of the COVID-19 outbreak, several hotels and other hospitality operators have been offering discounted rates and packages to increase occupancy rates.

Industrial

The industrial property market may be affected by oversupply, limited industrial expansion and declining foreign investment. There is no assurance that the Company's industrial leasing operations will earn attractive rental yields or be profitable.

The Company's cash ratio is less than 1.0, which exposes the Company to liquidity risk.

The Company recorded current liabilities of ₱16,869.4 million as of 30 September 2022. The current liabilities were primarily attributable to short-term notes payable and current maturities of long-term notes payable, net of debt issue costs which amounted to ₱11,663.7 million as of 30 September 2022. The Company recorded cash and cash equivalents of ₱4,894.2 million as of 30 September 2022. As of 30 September 2022, the Company's cash ratio (i.e., cash and cash equivalents divided by current liabilities) was 0.29 and the ratio of the Company's cash and cash equivalents to short-term notes payable and current maturities of long-term notes payable, net of debt issue costs, amounted to 0.42. The Company's cash ratio and cash-to-short-term-borrowings ratio exposes it to liquidity risk. Payment of accounts payable and other liabilities, repayment of short-term borrowings as when they become due, and the Company's capital expenditure plans will primarily depend on the Company's ability to maintain adequate cash generated from operating activities and adequate external financing. In addition, if the Company encounters any liquidity issues in the future, it may curtail or defer its business expansion plans based on the availability of sufficient funds or the Company may opt to dispose a portion of its portfolio of investment properties (which amounted to ₱117,957.7 million as of 30 September 2022), in order to meet its short-term notes payable and current maturities of long-term notes payable, net of debt issue costs which amounted to ₱11,663.7 million as of 30 September 2022. As of 30 September 2022, the Company's short-term notes payable and current maturities of long-term notes payable, net of debt issue costs were 9.9% of the fair market value of the Company's investment properties. A cash ratio of less than one may limit the Company's working capital for operations or limit the Company's business expansion plans, and the Company's business, financial position and results of operations could be materially and adversely affected. In addition, the rising interest rate environment globally and in the Philippines and global economic uncertainty may make it more challenging for all companies globally, including the Company, to refinance existing debt obligations in the future, or obtain additional financing, whether at acceptable interest rates or at all, to address any potential and future funding requirements.

See "Capitalisation and Indebtedness" for information on certain of the Company's available loan facilities after 30 September 2022, and in particular, a ₱5 billion five-year term loan facility that was recently approved in January 2023 demonstrating the Company's ability to raise unsecured clean long-term financing in a rising interest rate environment.

The Company faces risks relating to project cost and completion, including its ability to generate sufficient cash flow to support its operations and service its debt. Further, the real estate industry in the Philippines is capital intensive, and the Company may be unable to readily raise necessary amounts of funding to acquire new land or complete existing projects.

Construction of property projects may take as long as a year or longer before generating positive net cash flow through sale, leasing or management fees. As a result, the Company's cash flows and results of operations may be significantly affected by its project development schedules and any changes to those schedules. Any delay in the Company's project development schedules, or any inability of any the Company's projects to generate its expected level of cash flows, may adversely affect the Company's business, financial condition and results of operations and its ability to repay or refinance its outstanding indebtedness.

Further, some of the Company's projects are currently under construction and the Company has relied on external sources to finance its expansion for the past three fiscal years. For the year ended 31 December 2021, the Company used net cash of ₱4,955.6 million in operating activities while the net cash provided by investment activities amounted to of ₱7,770.2 million. For the nine months ended 30 September 2022, the Company used net cash of ₱2,576.8 million and ₱1,528.1 million in operating and investing activities, respectively. In the event of any delay in the Company's project development schedules, or in the event any of the Company's projects do not generate the expected level of cash flows, the Company's business, financial condition and results of operations, and its ability to repay or refinance its outstanding indebtedness, may be adversely affected. The Company however looks to long-term funding, and its weighted average debt maturity as of 30 September 2022 is 3.08 years.

Other factors that could adversely affect the time and the costs involved in completing the development and construction of the Company's projects include:

- natural catastrophes and adverse weather conditions;
- changes in market conditions, economic downturns, unemployment rate, and decreases in business and consumer sentiment in general;
- delays in obtaining government approvals and permits;
- delays in completion of its prior projects, which would create shortages of contractors and skilled labour due to the Company's regular use of a limited number of contractors (see "*Risk Factors – Independent contractors may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or to complete projects on time and within budget.*");
- changes in laws or in Government priorities;
- timing of commencement of the projects;
- relocation of existing residents and/or demolition of existing constructions;
- shortages of materials and equipment;
- labour disputes with contractors and subcontractors;
- construction accidents;
- errors in judgement on the selection and acquisition criteria for potential sites; and
- other unforeseen problems or circumstances.

Any of these factors could result in project delays and cost overruns, which may harm the Company's reputation as a property developer or lead to cost overruns or loss of or delay in recognising revenues and lower margins. This may also result in sales and resulting profits from a particular development not being recognised in the year in which it was originally expected to be recognised, which could adversely affect the Company's results of operations for that year. Furthermore, the failure by the Company to complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns. The Company cannot provide any assurance that it will not experience any significant delays in completion or delivery of its projects in the future or that it will not be subject to any liabilities for any such delays. The Company however believes it has well-defined execution capability with a proven track record of delivering growth.

Further, the real estate industry in the Philippines is also capital intensive, and market players are required to incur significant expenditures to acquire land for development, complete existing projects and commence construction on new developments. For the year ended 31 December 2021 and the nine months ended 30 September 2022, the Company spent ₱2,201.9 million and ₱1,933.2 million, respectively, for capital expenditures for its investment properties.

Historically, the Company has funded a significant portion of its capital expenditure requirements as well as steady growth from external sources of financing. There can be no assurance that, in order to complete its planned projects or satisfy its other liquidity and capital resources requirements, the Company will be able to obtain sufficient funds at acceptable rates to fund its capital expenditure requirements, or that it will be able to obtain sufficient funds at all. Failure to obtain the requisite funds could delay or prevent the acquisition of land, completion of existing projects or commencement of new projects and materially and adversely affect the Company's business, financial condition and results of operations.

The Company has multiple related-party transactions with affiliated companies, and transactions with certain affiliates constitute a substantial percentage of the Company's revenues.

The companies controlled by the DD Majority Shareholders have multiple commercial transactions with the Company, which primarily consist of advances and reimbursements of expenses. The transactions referred to above are described in the section titled "*Related Party Transactions*" and the notes to the Company's consolidated financial statements appearing elsewhere in this Offering Circular. The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the DD Majority Shareholders. These transactions may involve potential conflicts of interest which could be detrimental to the Company and/or its stakeholders. Conflicts of interest may also arise between the Company and the DD Majority Shareholders in a number of other areas relating to its businesses, including:

- Major business combinations involving the Company and/or its subsidiaries;
- Plans to develop the respective businesses of the Company and/or its subsidiaries; and
- Business opportunities that may be attractive to the DD Majority Shareholders and the Company.

The Company cannot provide assurance that its related-party transactions will not have a material adverse effect on its business or results of operations. The Company however believes that its strong shareholders and partnerships with Philippines' leading business groups validate its vision and business model.

Also, CityMall Commercial Centers Inc., a Subsidiary of the Company, is 34%-owned by SM Investments Corporation ("**SMIC**") and 66%-owned by the Company. SMIC holds direct and indirect ownership in the following brands and businesses, which are also tenants in various projects of the Company: SaveMore Market, Ace Hardware, China Bank Savings, Simply Shoes, BDO Unibank, Watsons, and SM Appliance Center.

Further, the Tan and Ang families, through Honeystar Holdings Corporation, owns 35% of the Company. The Tan and Ang families also has significant direct and indirect ownership in Jollibee Foods Corporation ("**JFC**") which owns and operates several fast food concepts which are also tenants in various investment projects in which the Company derives rental income. These fast food concepts include Jollibee, Mang Inasal, Greenwich, Chowking, Highlands Coffee, and Red Ribbon. JFC is also expected to be the anchor tenant of Jollibee Tower and to lease a majority of the leasable space allotted to the Company. CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig were infused into CHICI by JFC pursuant to the definitive agreements executed between the Company and JFC on 19 August 2021 implementing the ₱4.0 billion investment of JFC in CHICI. JFC acquired common shares of CentralHub and infused its 16.4 hectares of industrial properties in Santolan, Pasig and Carmelray, Laguna, which are currently utilised as commissaries (including the largest operating commissary of JFC). As of 30 September 2022, the equity and asset swap between CentralHub and JFC has been completed. The transfer of title for the two CentralHub-Laguna sites was completed in September 2022 while the transfer of CentralHub-Pasig is ongoing. The Company and JFC intend to prepare CHICI for the Philippines' first industrial REIT IPO in 2024.

The abovementioned retail brands, businesses and fast-food concepts are a significant source of rental revenues of the Company and occupy a majority of the leasable area in the Company's operational CityMalls. Given the current concentration of such tenants in the Company's operational CityMalls and the Company's dependence on rental revenue from such tenants, any change in the relationship between the Company and SMIC or JFC may adversely affect the Company's cash flows, and its financial condition and results of operation. There is also no assurance that SMIC's or JFC's commercial interests (through such tenancy relationships or otherwise) will be aligned with the Company's minority shareholders.

Further, the interests of the Company's related parties which own such brands, businesses and concepts may differ from the interests of the Company, and there may also be a perceived risk that such related parties may receive favourable terms from the Company or its subsidiaries. Although the Company endeavours to enter into arm's length transactions with lessees that are owned either directly or indirectly by parties related to the Company or its subsidiaries and although the Company's Chairman, Mr. Edgar "Injap" Sia II, does not hold any interest in either SMIC or JFC, there is no assurance that such related-party transactions will not have a material adverse effect on its business, financial condition and results of operations.

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

The Philippines has adopted a system of land registration that issues certificates of title evidencing land ownership that are binding on all persons (including the Government). Under this system, any transfer or encumbrance of land must be registered in the system in order to bind third persons. Nevertheless, it is not uncommon for third parties to claim ownership of land that has already been registered and over which a title has been issued. There have also been cases where third parties have produced false or forged title certificates over land. The Company may have to defend itself against third parties who claim to be the rightful owners of land that has been either titled in the name of the persons selling the land to the Company or that has already been titled in the name of the Company. The Company generally conducts diligence and assesses risks prior to purchasing land. In the event a greater number of third-party claims are brought against the Company or any such claims involves land that is material to the Company's projects, the Company's management may be required to devote significant time and incur significant costs in defending the Company against such claims. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of the Company's projects. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operations, as well as on its business reputation.

Further, the Company has projects located on Government-reclaimed land. Government-reclaimed land forms part of the land of the public domain and is subject to the following restrictions: (1) reclaimed lands of the public domain cannot be disposed by the state to any private person until such reclaimed lands are (a) reclassified as disposable or alienable, and (b) declared to be no longer needed for public service, by law or presidential proclamation; (2) alienable public lands cannot be disposed of by the state to private persons by sale or lease without public bidding; and (3) alienable lands of the public domain cannot be disposed to private corporations, except by lease, in accordance with the constitutional ban on private corporations acquiring lands of the public domain. Section 3 of Article XII of the Philippine Constitution provides that private corporations or associations may not hold alienable lands of the public domain except by lease, for a period not exceeding 25 years, renewable for not more than 25 years, and not to exceed 1,000 hectares in area. Citizens, on the other hand, may lease not more than 500 hectares, or acquire not more than 12 hectares by purchase, homestead or grant. Although the Company believes that the Government-reclaimed land where certain of its projects are located was acquired from valid individual title holders, there is no assurance that no third party will question the Company's title over the said land, which may require the Company to defend itself and incur additional costs to settle such claims or surrender title to the land.

Disruptions in the financial markets could adversely affect the Company's ability to refinance existing obligations or raise additional financing, including equity financing.

Disruptions in the global financial markets in 2008 and 2009 resulted in a tightening of credit markets worldwide, including in the Asia Pacific region. Liquidity in the global and regional credit markets severely contracted due to these market disruptions, making it difficult and costly to refinance existing obligations or raise additional financing, including equity financing. While liquidity has increased and credit markets have improved since then, there can be no assurance that such conditions will not reoccur. If such conditions were to reoccur, it may be difficult for the Company to obtain additional financing on acceptable terms or at all, which may prevent the Company from completing its existing projects and future development projects and have an adverse effect on the Company's results of operations and business plans. For example, the recent Evergrande Group debt crisis which has resulted in the Evergrande Group failing to pay interest payments to international investors has dampened sentiment on debt issuances of real estate players across Southeast Asia. If, due to general economic conditions, the Company is unable to obtain sufficient funding to complete its projects in a feasible manner, or if management decides to abandon certain projects, all or a portion of the Company's investments to date on its existing projects could be lost, which could have a material adverse effect on the Company's business, financial condition and results of operations.

A substantial percentage of the Company's projects are also currently under construction, and the Company has relied on external sources to finance its operations for the past three fiscal years. Any inability of the Company to procure short-term or long-term indebtedness to fund its operations or the development of its projects, or any delay in the Company's project schedules or any failure of its projects to generate expected cash flows may adversely affect the Company's financial condition and results of operation, including its ability to repay or refinance its existing indebtedness. See "*– The Company faces risks relating to project cost and completion, including its ability to generate sufficient cash flow to support its operations and service its debt.*"

Historically, besides the domestic bond market, the Company has also tapped into diversified sources of funding which include Preferred Shares and bank funding, highlighting its diversified capital base, comprising of retail and institutional investors. The Company also plans to manage its debt maturity profile, reduce cost of funding, and diversify its sources of funding.

The incurrence of additional debt to finance the Company's planned development projects could also impair the Company's business, financial condition and results of operations. The Company may need to incur additional debt to finance its expansion projects and future development projects. This indebtedness could have important consequences for the Company. For example, it could:

- make it more difficult for the Company to satisfy its debt obligations as they become due;
- increase the Company's vulnerability to general adverse economic and industry conditions;
- impair the Company's ability to obtain additional financing in the future for working capital needs, capital expenditures, development projects, acquisitions or general corporate purposes;
- require the Company to dedicate a significant portion of its cash flow from operations to the payment of principal and interest on its debt, which would reduce the funds available for the Company's working capital needs, capital expenditures or dividend payments;
- limit the Company's flexibility in planning for, or reacting to, changes in the business and the industry in which the Company operates;
- require the Company to comply with financial and other covenants that could impose significant restrictions on the Company's existing and future businesses and operations;
- place the Company at a competitive disadvantage compared to competitors that have less debt; and
- subject the Company to higher interest expense in the event of increases in interest rates as a significant portion of the Company's debt is and may continue to be at variable rates of interest.

Any of the above could have a material adverse effect on the Company's business, financial condition and results of operations.

There is no assurance that the Company will be able to refinance its existing indebtedness (including the Notes) when these come due on maturity.

As of 30 September 2022, the Company has total outstanding indebtedness of ₱54.1 billion, and total long-term outstanding indebtedness of ₱45.1 billion. As of 30 September 2022, the Company's interest coverage ratio was 1.60, compared to 4.96 as 30 September 2021 and 3.92 as of 31 December 2021. However, the Company's gross Debt-to-Equity ("**D/E**") ratio was at 0.75, which is below the 2.33x maximum gross D/E ratio the Company is required to maintain under its debt covenants. Further, the Company's current ratio improved to 1.38 as of 30 September 2022, compared to 1.20 as of 31 December 2021, and the Company's acid test ratio improved to 0.91 as of 30 September 2022, compared to 0.82 as of 31 December 2021. Nonetheless, the additional debt from the Additional Notes will affect these ratios, and there is no assurance that the Company will be able to refinance its existing indebtedness (including the Notes) when these come due on maturity.

Environmental laws applicable to the Company's projects and enforcement by Philippine regulators of environmental regulations and policies could have a material adverse effect on its business, financial condition and results of operations.

The Company is subject to various environmental laws and regulations relating to the protection of the environment, health and human safety. These include laws and regulations governing air emissions, water and wastewater discharges, odour emissions, and the management and disposal of, and exposure to, hazardous materials. Generally, developers of real estate projects are required to submit project descriptions to regional offices of the Philippine Department of Environment and Natural Resources ("**DENR**"). For environmentally-sensitive projects or in other cases at the discretion of the regional office of the DENR, a detailed environmental impact assessment may be required and the developer will be required to obtain an Environmental Compliance Certificate ("**ECC**") to certify that the project will not have an unacceptable environmental impact. There can be no assurance that current or future environmental laws and regulations applicable to the Company will not increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a violation of an ECC occurs or if environmental hazards on land where the Company's projects are located cause damage or injury to buyers or any third party, the Company may be required to pay a fine, to incur costs in order to cure the violation and/or to compensate its buyers and any affected third parties.

The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. For example, in February 2018, the DENR ordered the closure of more than 50 establishments in Boracay for alleged continuous violations of environmental laws. President Duterte ordered the closure of Boracay for six months until November 2018 to address the alleged violations. Although Boracay has reopened, there can also be no assurance that there will be no new orders for closures of the island or other tourist destinations in the Philippines, including sites where the Company's projects are or will be located. Any such closure or rehabilitation will materially and adversely affect the Company's operations in such locations.

The introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations. However, the Company intends to adhere to all environmental regulations and is committed to sustainability efforts of the communities where its businesses operate.

The Company's reputation will be adversely affected if projects are not completed on time or if projects do not meet customers' requirements and may be adversely affected by other factors over which the Company does not have control.

If any of the Company's projects experience construction or infrastructure failures, design flaws, significant project delays, or quality control issues, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing projects. The Company intends to engage contractors and partners that are reputable and have proven track records. The Company believes that it has also developed a well-defined execution capability with proven track record of delivering projects. Any negative effect on the Company's reputation or its brands could also affect the Company's ability to sell or lease its projects. This would impair the Company's ability to reduce its inventory and working capital requirements. For example, delays in the roll out plan of CityMalls may affect the Company's cash flows and expected profitability, and adversely affect the Company's ability to raise external financing. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its business, financial condition and results of operations.

Further, the Company's hotels may be subject to random acts of terrorism, violence or other mishaps involving its guests or third parties which may adversely affect the Company's reputation and brand name. Further, any deterioration to the "Jinjiang" brand outside the Philippines may impact the Company's Jinjiang Inns in the Philippines and adversely affect its business and operations.

Also, the Company's CityMalls are located in provincial areas in the Philippines, including some areas where there historically have been communist rebels, separatists or acts of terrorism. Any violence or terrorist attack in these areas, including on the Company's property, may adversely affect the operations of the Company's CityMall in such areas, and may also adversely affect the Company's reputation and "CityMall" brand.

Independent contractors may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or to complete projects on time and within budget.

The Company relies on independent contractors to provide various services, including land clearing, infrastructure development and various construction projects including building and property fitting-out. There can be no assurance that the Company will be able to find or engage an independent contractor for any particular project or find a contractor that is willing to undertake a particular project within the Company's budget and schedule (including as a result of a lack of manpower due to a shortage of available and qualified workers), which could result in cost increases or project delays.

Furthermore, there can be no assurance that the services rendered by any of its independent contractors will always be satisfactory or match the Company's requirements for quality and timing. The Company's personnel however actively supervise the work of such independent contractors. Contractors may also experience financial or other difficulties up to insolvency, and shortages or increases in the price of construction materials or labour may occur, any of which could delay the completion or increase the cost of certain housing and land development projects, and the Company may incur additional costs as a result thereof. Any of these factors could have a material adverse effect on the Company's business, financial condition and results of operations.

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

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

There can be no assurance that the Company will not be held liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible claims or that claims will not arise out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Company's insurance and not subject to effective indemnification agreements with the Company's contractors. The Company intends to engage contractors and partners that are reputable and with proven track records. Further, as a result of repeated transactions with the local contractors, the Company is able to establish direct interaction with workers who have better on-the-ground experience in sourcing labour and local materials. Neither can there be any assurance that the contractors hired by the Company will be able to either correct any such defects or indemnify the Company for costs incurred by the Company to correct such defects. In the event a substantial number of claims arising from structural or construction defects arise, this could have a material adverse effect on the Company's reputation and on its business, financial condition and results of operations.

Damage to, or other potential losses involving, the Company's assets may not be covered by insurance.

Design, construction or other latent property or equipment defects or deficiencies in the Company's properties may require additional capital expenditure, special repair or maintenance expenses or the payment of damages or other obligations to third parties that may not be covered by insurance. In addition, certain types of losses such as terrorist acts, the outbreak of infectious disease or any resulting losses, may be uninsurable or the required insurance premiums may be too expensive to justify obtaining insurance. In addition, in the event of a substantial loss, the insurance coverage the Company carries may not be sufficient to pay the full market value or replacement cost of the Company's lost investment or that of the Company's tenants or in some cases could result in certain losses being uninsured. Accordingly, the Company could lose some or all of the capital it has invested in a property, as well as the anticipated future revenue from that property, and the Company could remain obligated for guarantees, debt, or other financial obligations related to such property. The Company maintains comprehensive property and liability insurance policies with coverage features and insured limits that the Company believes are consistent with market practice in the commercial and retail leasing industries in the Philippines.

Moreover, the scope of insurance coverage that the Company can obtain or the Company's ability to obtain such coverage at reasonable rates may be limited and the Company's insurance policies and terms of coverage will be subject to renewals and negotiations on a periodic basis and there is no assurance that adequate insurance coverage will be available on commercially reasonable terms in the future. Any material increase in insurance rates, decrease in available coverage or any failure to maintain adequate insurance in the future could adversely affect the Company's business, financial condition and results of operations.

The Company may not be successful in protecting its brand image or its interests in certain trademarks and domain names.

Maintaining the reputation of the Company's brand names and trademarks is critical to its success. The Company relies on the strength of these brand names and trademarks to, among other things, attract tenants to its properties, increase retail footfall, and attract third parties to partner with. Substantial erosion in the value of these brand names and trademarks due to construction delays or defects, customer complaints, adverse publicity, legal action or other factors may have an adverse effect on the Company's business, financial condition and results of operations. The Company's trademarks have been registered in the Philippines, however, the Company cannot be certain that any steps that have been taken to secure these trademarks or other intellectual property will be sufficient or that third parties will not infringe or challenge such rights. If the Company is unable to protect its intellectual property rights from infringement, the Company's business, financial conditions and result of operations may be adversely affected.

The Company is controlled by the DD Majority Shareholders, whose interests may not be the same as those of other shareholders.

The Company is bound by reportorial and corporate governance requirements that are more stringent that than those applicable to private companies. Further, the Company has also adopted governance policies and mechanisms to serve as its foundation and guiding principle for good governance. The Company also continues to adopt policies and mechanisms in accordance with established rules and best practices. As of 31 December 2022, the DD Majority Shareholders beneficially own a total of 1,649,993,998 common shares in the Company, representing 70.36% of the Company's total issued and outstanding common shares. With such effective interest, the DD Majority Shareholders will continue to be able to elect members of the Board and pass shareholder resolutions (including special resolutions), both of which under the By-laws generally require a majority vote by its shareholders (or a two-thirds majority in the case of special resolutions). Accordingly, the DD Majority Shareholders exercises control over major policy decisions of the Company, including its overall strategic and investment decisions, dividend plans, issuance of securities, adjustments to its capital structure, mergers, liquidation or other reorganisation and amendments to its Articles of Incorporation and By-laws. If the interests of the DD Majority Shareholders conflict with the interests of other shareholders of the Company, there can be no assurance that the DD Majority Shareholders will not cause the Company to take action in a manner which might differ from the interests of other shareholders.

The Company's business and operations are dependent upon key executives.

The Company's key executives and members of management have greatly contributed to the Company's success with their experience, knowledge, business relationships and expertise, although it believes its success is driven by its entire work force as a whole. Further, the Company's senior management team has a proven track record in developing, investing in, managing, and enhancing commercial real estate, possessing, in the aggregate, decades of experience in the Philippine real estate and commercial sectors. The team covers the entire value chain of the business, including asset development and enhancement, asset management, and commercial operations. If the Company is unable to fill any vacant key executive or management positions with qualified candidates, the Company's business, operating efficiency and financial performance may be adversely affected.

Any deterioration in the Company's employee relations could materially and adversely affect the Company's operations.

The Company's success depends partially on the ability of the Company, its contractors and its third-party marketing agents to maintain productive workforces. Any strikes, work stoppages, work slowdowns, grievances, complaints or claims of unfair practices or other deterioration in the Company's or its contractors' or tenants' employee relations could have a material and adverse effect on the Company's financial condition and results of operations. However, the Company has not experienced any disruptive labour disputes, strikes or threats of strikes, and management believes that the Company's relationship with its employee in general is satisfactory. Further, in addition to complying with the minimum compensation standards mandated by law, the Company has historically made available to qualified personnel supplemental benefits such as health insurance, car plans and bonuses.

In addition, the Company is subject to a variety of national and local laws and regulations, including those relating to labour. Any actions that may be taken by labour unions or federations having the Company's employees as members could adversely affect the Company's operations, costs, or both. Any changes in labour laws and regulations could result in the Company having to incur substantial additional costs to comply with increased minimum wage and other labour laws. The occurrence of any of these events could be disruptive to the Company's operations and materially and adversely affect the Company's business, financial condition and results of operations.

The Company may, from time to time, be involved in legal and other proceedings arising out of its operations.

The Company believes that it has had and intends to continue to maintain its good working relationships with counterparties such as its contractors and suppliers. The Company may, from time to time, be involved in disputes with various parties involved in the construction and operation of its properties, including contractual disputes with contractors, suppliers, construction workers or property damage or personal liability claims. Regardless of the outcome, these disputes may lead to legal or other proceedings and may result in substantial costs, delays in the Company's development schedule, and the diversion of resources and management's attention. The Company may also have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable decisions that result in penalties or delay the development of its projects. In such cases, the Company's business, financial condition and results of operations could be materially and adversely affected.

There can be no assurance that the Company will not suffer from substantial sales cancellations.

From time to time, the Company has had buyers who have indicated their intent to cancel their previous purchases of the Company's interim residential projects.

The Company is subject to Republic Act No. 6552 (the "**Maceda Law**"), which applies to all transactions or contracts involving the sale or financing of real estate through instalment payments, including residential condominium units and horizontal residential units. Under the Maceda Law, buyers who have paid at least two years of instalments are granted a grace period of one month for every year of paid instalments to cure any payment default. If the contract is cancelled by the Company, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of instalments have been paid (but with the total not to exceed

90% of the total payments). Buyers who have paid less than two years of instalments and who default on instalment payments are given a 60-day grace period to pay all unpaid instalments before the sale can be cancelled, but without right of refund.

While the Company historically has not experienced a material number of cancellations to which the Maceda Law has applied, there can be no assurance that it will not experience a material number of cancellations in the future, particularly during slowdowns or downturns in the Philippine economy. In the event the Company does experience a material number of cancellations, it may not have enough funds on hand to pay the necessary cash refunds to buyers or it may have to incur indebtedness in order to pay such cash refunds. The Company may also experience losses relating to these cancellations. In addition, particularly during an economic slowdown or downturn, there can be no assurance that the Company would be able to re-sell the same property or re-sell it at an acceptable price. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

Furthermore, in the event the Company experiences a material number of sales cancellations, the Company's historical revenues would have been overstated because such historical revenue would not have accurately reflected subsequent customer defaults or sales cancellations. There is no assurance that the Company will not incur losses and there is no assurance that the Company's historical income statements will be accurate indicators of the Company's future revenue or profits.

The Company, historically however, has booked a net gain/income from sale cancellations as the forfeited payments. Further, from a traditional model with real estate sales the Company is transitioning to a leasing business that will be supported by a diversified recurring income platform from four property pillars across retail, office, hospitality and industrial segments.

Electronic commerce platforms may challenge the viability of the retail tenants of the Company.

The Company expects to derive a substantial portion of its revenue from its current and future portfolio of retail, office, and industrial leasing space. The Company's retail tenants may be negatively affected by the growth and popularity of online purchasing, and demand for leasing space in the Company's properties may be negatively affected by shifts in marketing strategies by existing and new retailers in response to changing market conditions or challenges from and opportunities provided by electronic commerce platforms. For example, the COVID-19 outbreak resulted in a rise in online shopping and on-demand delivery services due to the work-from-home and stay-at-home protocols implemented by the Government and corporates.

There is no assurance that the growth of e-commerce would not have a material adverse effect on the Company's business, financial condition and results of operations. The Company however expects that its retail properties will complement electronic commerce platforms by enabling retailers to provide a physical outlet for online purchasers to receive their items, and that its industrial properties will enable logistics providers to consolidate and optimise their operations to cope with the growth of electronic commerce platforms.

There is no assurance that new electronic commerce platforms will be developed to cater to basic necessities or that internet and mobile technology will not penetrate the mass market or that consumer preferences will change in the future.

Adoption of the deferred provisions on revenue recognition on real estate and IFRIC agenda decision on over time transfer of constructed goods may result in a restatement of the Company's financial statements for prior fiscal years which could be materially different from the audited consolidated financial statements of the Company included in this Offering Circular.

The consolidated financial statements of the Company as of 31 December 2019, 2020 and 2021 have been prepared in compliance with PFRS. PFRS includes Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee ("**PIC**").

The audited consolidated financial statements and the unaudited interim condensed consolidated financial statements attached to this Offering Circular include the following availment of reliefs granted by the Philippine SEC until 31 December 2023.

(1) Under Philippine SEC Memorandum Circular Nos. 14-2018 and 3-2019 for the following interpretations of PFRS 15, Revenue from Contracts with Customers, affecting the real estate industry.

  (a) Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D; and

  (b) Adoption of PIC Q&A No. 2018-14: PFRS 15 – Accounting for Cancellation of Real Estate Sales.

  The implementation of the above interpretations is expected to impact the revenue recognition, accounting for significant financing components of customer contracts and recording of repossessed inventories in the consolidated financial statements.

(2) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (IAS 23, Borrowing Cost) for the Real Estate Industry.

(3) Under Philippine SEC Memorandum Circular Nos. 34-2020, SEC further extended the deferral of application of the provisions of PIC Q&A No. 2018-12 for the accounting for the significant financing component and the exclusion of land in the calculation of the percentage of completion and IFRIC Agenda Decision on Overtime Transfers of Constructed Goods under PAS 23 – Borrowing Cost, for another three years or until 2023.

Effective 1 January 2024, the Company will be required to adopt the above implementation guidance and interpretations.

The Company availed of the deferral option provided by Philippine SEC. The IFRIC agenda decision would change the Company's current practice of capitalising borrowing costs on real estate projects with pre-selling activities. This would have resulted in a decrease in inventories and retained earnings as of 1 January 2019.

RISKS RELATING TO THE PHILIPPINES

A significant portion of the Company's business activities are conducted in the Philippines and a significant portion of its assets are located in the Philippines, which exposes the Company to risks associated with the Philippines, including the performance of the Philippine economy.

Historically, the Company has derived most of its revenues and operating profits from the Philippines and its business is dependent on the state of the Philippine economy. Demand for the Company's goods and services are directly related to the strength of the Philippine economy (including overall growth and income levels) and the overall levels of business activity in the Philippines. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of its currency and the imposition of exchange controls. Other factors that may adversely affect the Philippine economy include:

- reduced business, industrial, manufacturing or financial activity in the Philippines or elsewhere in Southeast Asia;
- scarcity of credit or other financing available to the Government, corporations or individuals in the Philippines;
- fluctuations in currency exchange rates and interest rates or prolonged periods of inflation or deflation;
- levels of employment, consumer confidence and income;

- Government budget deficits;

- public health epidemics or outbreaks of diseases, such as outbreak of COVID-19 in the Philippines or in other countries in Southeast Asia;

- significant changes to the Government's economic, social or tax policies; natural disasters, including tsunamis, typhoons, earthquakes, fires, floods and similar events;

- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally;

- geopolitical tensions between the Philippines and other claimant countries concerning disputed territories in the West Philippine Sea;

- a downgrade in the long-term foreign and local currency sovereign credit ratings of the Philippines or the related outlook for such ratings; and

- other regulatory, political or economic developments in or affecting the Philippines.

Any deterioration in economic conditions in the Philippines as a result of these or other factors could materially and adversely affect the Company or its consumers, customers and contractual counterparties. This, in turn, could materially and adversely affect the Company's business, financial condition and results of operations and its ability to implement its business strategy.

Volatility in the value of the Peso against the U.S. dollar and other currencies as well as in the global financial and capital markets could adversely affect the Company's businesses.

The Philippine economy has experienced volatility in the value of the Peso and also limitations to the availability of foreign exchange. In July 1997, the BSP announced that the Peso can be traded and valued freely on the market. As a result, the value of the Peso underwent significant fluctuations between July 1997 and December 2004 and the Peso declined from approximately ₱29.00 to U.S.$1.00 in July 1997 to ₱56.18 to U.S.$1.00 by December 2004.

The value of the Peso has continued to experience volatility. As of 17 March 2023, the BSP Reference Rate quoted on the BSP Reference Exchange Rate Bulletin was ₱54.85 to U.S.$1.00. The currency may remain under pressure and the Peso's value may be adversely affected by certain events and circumstances such as the prolonged conflict in Ukraine and continuing sanctions on Russia which may continue to disrupt global economic activity and impair trade and financial flows, rising commodity prices, the rise of the interest rates in the U.S. and other events affecting the global markets or the Philippines, causing investors to move their investment portfolios from the riskier emerging markets such as the Philippines. Consequently, an outflow of funds and capital from the Philippines may occur and may result in increasing volatility in the value of the Peso against the U.S. dollar and other currencies.

A significant portion of the Company's operations and assets are based in the Philippines and, therefore, a slowdown in economic growth in the Philippines could materially and adversely affect the Company's business, financial position and results of operations.

A significant portion of the Company's business operations and assets are based in the Philippines. As a result, the Company's income, results of operations and the quality and growth of its assets depend, to a large extent, on the performance of the Philippine economy. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine currency and the imposition of exchange controls.

Factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activities in the Philippines, the Southeast Asian region or globally;

- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines, the Southeast Asian region or globally;

- exchange rate fluctuations and foreign exchange controls;

- rising inflation or increases in interest rates;

- levels of employment, consumer confidence and income;

- changes in the Government's fiscal and regulatory policies and regulations, including tax laws and regulations that impact or may impact inflation and consumer demand such as the Train Law or any subsequent legislation;

- the Government's budget deficits;

- adverse trends in the current accounts and balance of payments of the Philippine economy;

- public health epidemics or outbreaks of diseases, such as re-emergence of Middle East Respiratory Syndrome-Corona virus (MERS-CoV), SARS, avian influenza (commonly known as bird flu), or H1N1, COVID-19 or the emergence of another similar disease (such as Zika or Monkeypox) in the Philippines or in other countries in Southeast Asia;

- natural disasters, including but not limited to tsunamis, typhoons, earthquakes, fires, floods and similar events;

- supply chain disruptions in the Philippines, the region or globally;

- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and

- other regulatory, social, political or economic developments in or affecting the Philippines.

Any future deterioration in economic conditions in the Philippines could materially and adversely affect the Company's financial position and results of operations, including the Company's ability to grow its real estate portfolio, to grow the businesses of its subsidiaries, and to implement its business strategy. Changes in the conditions of the Philippine economy could materially and adversely affect the Company's business, financial condition or results of operations.

Political instability may have a negative effect on the business, financial position or results of operations of the Company.

The Philippines has, from time to time, experienced political and military instability, including acts of political violence. In the last decade, there has been political instability in the Philippines, including extra-judicial killings, alleged electoral fraud, impeachment proceedings against two former presidents and a chief justice of the Supreme Court of the Philippines, the removal of another chief justice of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by the previous and current administrations. In addition, a number of officials of the Philippine Government are currently under investigation or have been indicted on corruption charges stemming from allegations of misuse of public funds, extortion, bribery or usurpation of authority.

In June 2020, journalist Maria Ressa was convicted by the Regional Trial Court for violations of anti-dummy law and cyber libel. Her conviction elicited concern from the international community and has been criticised by various groups as an attempt by the government to silence critical press coverage against President Rodrigo Duterte and his administration. In December 2018, Senator Antonio Trillanes III was ordered arrested in connection with a libel case filed by presidential son Paolo Duterte. In February 2017, Senator Leila de Lima was arrested after charges were filed in court accusing her of orchestrating a drug-trafficking ring during her term as Secretary of the Department of Justice ("**DOJ**") from 2010 to 2015. Senator Trillanes and Senator de Lima are outspoken critics of the Duterte administration. In May 2018, the Supreme Court of the Philippines ousted Chief Justice Maria Lourdes Sereno by ruling in a quo warranto proceeding that her appointment was invalid. The removal of Chief Justice Sereno became controversial because it was not coursed through the constitutionally mandated process of impeachment. On June 2018, former President Benigno Aquino III was indicted for usurpation of legislative powers concerning the Disbursement Acceleration Program during his term. Moreover, several individuals who were high-ranking officers under the administration of President Aquino have also been indicted for graft and corruption charges and drug trafficking, among other offences. During the Duterte administration, more than 1,000 alleged drug dealers and users have been killed in police operations, and more than 1,300 drug dealers and drug users have been killed by supposed vigilantes. In addition, the Philippine legislature recently passed the Anti-Terrorism Act of 2020, which has drawn criticism from, and sparked protests by, various sectors because of its controversial provisions on warrantless arrests and its broad definition of terrorist acts, which they believe may be used to target government critics. The said law was approved by President Rodrigo Duterte in June 2020.

The Philippine general elections for national and local officials took place on 9 May 2022 with Ferdinand Marcos, Jr. being proclaimed president and Sara Duterte being proclaimed vice-president. There can be no assurance that the current administration will continue the policies or platforms of the former administration or adopt economic policies conducive to sustainable economic growth, or that the future political environment in the Philippines will be stable. An unstable political or social environment in the Philippines could negatively affect the general economic conditions and business environment in the Philippines which, in turn, could have a materially and adverse impact on the Company's business, financial position and financial performance.

Acts of terrorism and violent crimes could destabilise the country and could have a material adverse effect on the Company's business, financial position and results of operations.

The Philippines has also been subject to a number of terrorist attacks and the Armed Forces of the Philippines has been in conflict with groups which have been identified as being responsible for kidnapping and terrorist activities in the Philippines. In addition, bombings have taken place in the Philippines, mainly in cities in the southern part of the country. For example, in January 2019, bombs were detonated in the Jolo Cathedral in the Municipality of Jolo, Sulu and a Mosque in Zamboanga City, Zamboanga del Sur. In May 2017, the city of Marawi in Lanao del Sur, Mindanao, was assaulted by the Maute Group, terrorists who were inspired by pledged allegiance to the Islamic State of Iraq and Syria ("**ISIS**"). Due to the clash between the Government forces and the terrorists and the risk of the armed conflict spilling over to other parts of Mindanao, martial law was declared in the entire island of Mindanao, Philippines. In October 2017, the city was declared liberated from the terrorists. Despite this, the Philippine Congress extended the imposition of martial law in Mindanao until the end of 2019, citing persistent threats of terrorism and rebellion and to ensure the total eradication of ISIS-inspired terrorists in the country. Martial law in Mindanao was lifted on 1 January 2020, however certain areas in Mindanao remain under a state of emergency and law enforcement groups are in heightened security as a measure against potential terror threats.

On 3 July 2020, Republic Act No. 11479, otherwise known as the Ant-Terrorism Act of 2020, was signed into law to replace Republic Act No. 9372, otherwise known as the Human Security Act of 2007. The constitutionality of the law was challenged in the Supreme Court by multiple groups. On 9 December 2021, the Supreme Court upheld the validity of the law except for the following provisions: (a) the qualifier portion of Section 4 which states "which are not intended to cause death or serious physical harm to a person, to endanger a person's life, or to create a serious risk to public safety" and (b) a portion of paragraph 2 of Section 25 which allows "request for designations by other jurisdictions or supranational jurisdictions may be adopted by the ATC after determination that the proposed designee meets the criteria for designation of UNSCR No. 1373."

An increase in the frequency, severity or geographic reach of these terrorist acts, violent crimes, bombings and similar events could have a material adverse effect on investment and confidence in, and the performance of, the Philippine economy. Any such destabilisation could cause interruption to the Company's business and materially and adversely affect the Company's financial conditions, results of operations and prospects.

Continued conflicts between the Government and separatist groups could lead to further injuries or deaths by civilians and members of the Armed Forces of the Philippines, which could destabilise parts of the Philippines and adversely affect the Philippine economy. There can be no assurance that the Philippines will not be subject to further acts of terrorism or violent crimes in the future, which could have a material adverse effect on the Company's business, financial condition, and results of operations.

Natural or other catastrophes, including severe weather conditions, may adversely affect the Company's business, materially disrupt the Company's operations and result in losses not covered by its insurance.

The Philippines, which is located along the Pacific Ring of Fire and a typhoon belt, has experienced a number of major natural catastrophes over the past years, including typhoons, volcanic eruptions, earthquakes, tsunamis, mudslides, fires, droughts and floods related to El Niño and La Niña weather events.

In January 2020, the Taal Volcano entered into a period of intense unrest beginning with phreatic or steam-driven activity in several points inside the Main Crater that progressed into magmatic eruption. The Philippine Institute of Volcanology and Seismology ("**PHIVOLCS**") raised the alert level to Alert Level 4 on 12 January 2020. This means that hazardous explosive eruption is possible with hours to days. Pursuant to such events, PHIVOLCS ordered the total evacuation of the Volcano Island and high-risk areas within a 14-kilometre radius from the Taal Main Crater. Although PHIVOLCS has since lowered the Alert Level covering Taal to Level 1, there can be no assurance that the Taal Volcano will not increase seismic activity or erupt in the future.

In October 2022, Typhoon Nalgae, locally known as Typhoon Paeng, led to severe flooding and storm damage and displaced thousands in the areas affected. Natural catastrophes will continue to affect the Philippines. These may affect property and tourism related businesses in ways similar as Typhoon Rai, locally known as Typhoon Odette, caused severe damage to in the Visayas region in December 2021. The Company may incur losses for such catastrophic events, which could materially and adversely affect its business, financial condition and results of operations.

Natural catastrophes, such as any renewed eruption of the Taal Volcano, may cause damage to the terminals and materially disrupt and adversely affect the business, operations, and financial condition of the Company. There is no assurance that the insurance coverage the Company maintains for these risks will adequately compensate it for all damages and economic losses resulting from natural catastrophes. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations.

Corporate governance and disclosure standards in the Philippines may differ from those in more developed countries.

Although a principal objective of Philippine securities laws is to promote full and fair disclosure of material corporate information, there may be less publicly available information about Philippine public companies, such as the Company, than is regularly made available by public companies in the U.S. and other countries. As a result, public shareholders of the Company may not have access to the same amount of information or have access to information in as timely of a manner as may be the case for companies listed in the U.S. and many other jurisdictions. Furthermore, although the Company complies with the requirements of the Philippine SEC and the PSE with respect to corporate governance standards, these standards may differ from those applicable in other jurisdictions. Rules and policies against self-dealing and regarding the preservation of shareholder interests may be less well-defined and enforced in the Philippines than elsewhere, putting shareholders at a potential disadvantage. Controlling shareholders may have interests that conflict with the interests of shareholders generally, and companies may take actions that are contrary to the interests of their public shareholders.

Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

The Philippines, China and several Southeast Asian nations have been engaged in a series of long-standing territorial disputes arising from competing and overlapping claims over certain islands and features in the West Philippine Sea. China claims historic rights to nearly all of the West Philippine Sea based on its so-called "nine-dash line" and in recent years dramatically expanded its military presence in the sea which has raised tension in the region among the claimant countries. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the internal arbitration tribunal based at the Hague, Netherlands to legally challenge claims of China in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea. In July 2016, the Permanent Court of Arbitration rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that the "nine-dash line" claim of China is invalid. The Philippine Government, under the Duterte administration, has taken action to de-escalate tensions concerning the territorial dispute with China. On 9 June 2019, a fishing boat manned by Filipino fishermen was rammed by a Chinese vessel at Recto Bank, an underwater feature being claimed by both the Philippines and China in the portion of the South China Sea portion that Manila calls the West Philippine Sea. The Filipino fishermen were abandoned in open sea and were eventually rescued by a Vietnamese vessel. This incident increased tensions between China and the Philippines. The owners of the Chinese vessel have since apologised to the Filipino fishermen and remuneration is being arranged for the fishermen.

In March 2021, more than 180 Chinese military vessels were spotted on Julian Felipe Reef in the West Philippine Sea. The presence of the vessels defied a diplomatic protest and demand for the vessels to leave the area, issued by Philippine Defense Secretary Delfin Lorenzana.

In March 2023, more than 40 Chinese vessels, including vessels of the People's Liberation Army (PLA) of China and suspected Chinese maritime militia were spotted anchored off Thitu Island (locally known as Pag-asa) in the Kalayaan Island Group. President Ferdinand Marcos, Jr. summoned China's envoy to Manila to protest the continued occupation in the area.

U.S. President Joe Biden has manifested that the United States would not be easing up its military operations in the West Philippine Sea. In February 2023, the Philippine and United States governments announced the designation of four new sites in connection with the implementation of the Enhanced Defense Cooperation Agreement (EDCA). This expansion is viewed to make the alliance between the Philippines and the United States stronger and more resilient. South Asian nations and claimants involved in the West Philippine Sea dispute also continue to enforce their sovereign rights against China as well as other South Asian nations.

There is no guarantee that the territorial dispute between the Philippine and other countries, including China, will end or that any existing tension will not escalate further, as China has taken steps to exercise control over the disputed territory. Should these territorial disputes continue or escalate further, the Philippines and its economy may be disrupted and the Company's operations could be adversely affected as a result. In particular, further disputes between the Philippines and China may lead both countries to impose trade restrictions on the other's imports. Any such impact from these disputes could adversely affect the Philippine economy, and materially and adversely affect the Company's business, financial position and financial performance.

Investors may face difficulties enforcing judgements against the Company.

Considering that the Company is organised under the laws of the Republic of the Philippines and a significant portion of its operating assets are located in the Philippines, it may be difficult for investors to enforce judgements against DoubleDragon obtained outside of the Philippines. In addition, all of the directors and officers of DoubleDragon are residents of the Philippines. As a result, it may be difficult for investors to effect service of process upon such persons, or to enforce against them judgements obtained in courts or arbitral tribunals outside the Philippines predicated upon the laws of jurisdictions other than the Philippines.

The Philippines is not a party to any international treaty in relation to the recognition or enforcement of foreign judgements but is a signatory to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Award. Nevertheless, a judgement or final order of a foreign court is, through the institution of an independent action brought in accordance with the relevant procedures set forth in the Rules of Court of the Philippines to enforce such judgement, enforceable in the Philippines as a general matter, unless there is evidence that: (i) the foreign court rendering judgement did not have jurisdiction in accordance with its jurisdictional rules; (ii) the party against whom enforcement is sought did not receive notice of the proceedings; (iii) judgement was obtained by collusion, fraud, or on the basis of a clear mistake of law or fact; or (iv) the judgement is contrary to the laws, public policy, customs or public order of the Philippines.

The credit ratings of the Philippines may restrict the access to capital of Philippine companies, including the Company.

Historically, the Philippines' sovereign debt has been rated non-investment grade by international credit rating agencies. In 2019, the Philippines' long-term foreign currency-denominated debt was upgraded by S&P Global ("**S&P**"), to BBB+ with stable outlook, while Fitch Ratings ("**Fitch**"), and Moody's Investors Service ("**Moody's**"), affirmed the Philippines' long-term foreign currency-denominated debt to the investment-grade rating of BBB and Baa2, respectively, with a stable outlook. On 28 February 2020, Fitch revised its rating of Philippines long-term foreign currency-denominated debt to BBB, with a positive outlook, following its expectation that sound macroeconomic management will continue to support high growth rates with stable inflation while ongoing tax reforms were expected to improve fiscal finances. On 7 May 2020, Fitch affirmed its rating of Philippines long-term foreign currency-denominated debt to BBB, but revised the outlook to stable, to reflect the deterioration in the Philippines' near-term macroeconomic and fiscal outlook as a result of the impact of the COVID-19 pandemic and domestic lockdown to contain the spread of the virus. S&P affirmed its rating of BBB+ in May 2021, Moody's affirmed its rating of Baa2 in July 2020 and both affirmed with stable outlook for the Philippines' long-term foreign currency-denominated debt. As of 27 October 2022, Fitch has affirmed its rating of Philippines long-term foreign currency-denominated debt at BBB, but revised the outlook to negative, to reflect the increased risks to the credit profile from the impact of the COVID-19 pandemic and its aftermath on policy-making as well as economic and fiscal out-turns. As of 28 February 2023, S&P and Moody's have assigned ratings of BBB+ and Baa2, with a stable outlook, respectively, for the Philippines' long-term foreign currency-denominated debt.

The Philippine Government's credit ratings directly affect companies domiciled in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that Fitch, Moody's, S&P, or any other international credit rating agency will not downgrade the credit ratings of the Philippine Government in the future and, therefore, Philippine companies, including the Company. Any such downgrade could have a material adverse impact on the liquidity in the Philippine financial markets, the ability of the Philippine Government and Philippine companies, including the Company, to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available.

RISKS RELATING TO THE NOTES AND THE GUARANTEE

The Notes and the Guarantee are unsecured obligations.

The Notes and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively. The repayment of the Notes and payment under the Guarantee may be adversely affected if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or the Guarantor's assets may not be sufficient to pay amounts due on the Notes.

The Issuer is a holding company with limited assets and will depend on payments from the Company or the Company's other subsidiaries to provide it with funds to meet its obligations under the Notes.

The Issuer is the holding company of certain of the Company's investments outside the Philippines and has limited business operations. See "*Description of the Issuer*". Upon completion of this offering of Additional Notes, its assets will comprise the net proceeds from the issuance of the Notes, in addition to these investments. Accordingly, the Issuer will be primarily dependent upon payments from the Company, and the Issuer's subsidiaries and affiliates to make payments due on the Notes.

Substantial leverage and debt service obligations could adversely affect the Company's businesses and prevent the Issuer and the Company from fulfiling their obligations under the Notes and the Guarantee.

Subject to limitations under the Trust Deed, the Company will be permitted to incur additional indebtedness in the future. For a summary of the Company's existing indebtedness as of the date of this offering, see "*Description of Material Indebtedness*". The degree to which the Company will be leveraged in the future, on a consolidated basis, could have important consequences for the Noteholders, including, but not limited to:

- making it more difficult for the Issuer and the Company to satisfy their respective obligations with respect to the Notes and Guarantee;
- increasing vulnerability to, and reducing the Company's flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of cash flow from operations to the payment of principal of, and interest on, the Company's consolidated indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, acquisitions, joint ventures or other general corporate purposes;
- limiting flexibility in planning for, or reacting to, changes in the Company's businesses, the competitive environment and the industry in which the Company operates;
- placing Noteholders at a competitive disadvantage compared to the Company's competitors that are not as highly leveraged; and
- limiting the Company's ability to borrow additional funds and increasing the cost of any such borrowing.

Any of these or other consequences or events could materially and adversely affect the Company's ability to satisfy debt obligations, including the Notes and Guarantee.

The ability of the Issuer and the Company to make scheduled principal or interest payments on the Notes and the Company's ability to make payments on the Company's indebtedness and the Company's contractual obligations (see "*Description of Material Indebtedness*"), and to fund the Company's ongoing operations, will depend on the Company's future performance and the Company's ability to generate cash, which to a certain extent is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in this "*Risk Factors*" section, many of which are beyond the Company's control. If the Company's future cash flows from operations and other capital resources are insufficient to pay the Company's debt obligations, the Company's contractual obligations, or to fund the Company's other liquidity needs, the Company may be forced to sell assets or attempt to restructure or refinance the Company's existing indebtedness. No assurance can be given that the Company would be able to accomplish any of these measures on a timely basis or on satisfactory terms or at all.

Payments under the Notes and Guarantee will be structurally subordinated to liabilities and obligations of certain of the Company's subsidiaries, associates and joint ventures, and the Notes are not secured.

The Company is primarily a holding company and its ability to make payments in respect of the Notes or to fund payments by the Issuer depends largely upon the receipt of dividends, distributions, interest payments, management fees or advances from its subsidiaries, associated companies and joint ventures. The ability of such companies to pay dividends and other amounts to the Issuer or the Company may be subject to their profitability and to applicable laws and restrictions on the payment of dividends and other amounts contained in relevant financing and other arrangements. Further, as the Company only has a shareholder's claim on the assets of its subsidiaries, associated companies and joint ventures, payments under the Notes are effectively subordinated to all existing and future liabilities and obligations of each of such entities. Claims of creditors of such companies will have priority as to the assets of such companies over the Issuer and the Company and their respective creditors, including holders of the Notes.

The Noteholders will only be creditors of the Issuer and the Company and not of the Company's other subsidiaries. In addition, the Noteholders will not have the benefit of any security interest over the shares of any of the Company's other subsidiaries or any security interest over the assets of any of the Company's other subsidiaries. As a result, liabilities of any of the Company's other subsidiaries will be effectively senior to the Notes. Any of these other subsidiaries may in the future have other liabilities, including contingent liabilities, which may be significant.

The Company is subject to certain covenants pursuant to the Trust Deed that may limit the Company's ability to finance the Company's future operations and capital needs and to pursue business opportunities and activities.

The Trust Deed will, among other things, restrict the ability of the Issuer, the Company and, in some cases, certain of the Company's subsidiaries to:

- incur or guarantee additional indebtedness;
- sell or dispose of assets;
- create or incur certain liens;
- sell or issue capital stock;
- engage in a business that is not a Permitted Business;
- create or permit to exist any restrictions on the payment of dividends to the Company by certain of the Company's subsidiaries; and
- consolidate or merge with other entities.

In addition, certain of the Company's other financing agreements provide for restrictions and limitations on the Company's ability to pay dividends or make other distributions on the occurrence of certain events. All of these limitations are subject to significant exceptions and qualifications. See "*Terms and Conditions of the Notes*". These covenants and other restrictions and limitations may limit the Company's ability to finance its future operations and capital needs and its ability to pursue business opportunities and activities that may be in the Company's interest.

Debt notarised under Philippine law has effective priority over a guarantee.

The Guarantee is not notarised. Under Philippine law, in the event of liquidation of a company, such as the Guarantor, unsecured obligations (including guarantees of debt) which are evidenced by a public instrument as provided in Article 2244(14) of the Civil Code of the Philippines will rank ahead of unsecured debt obligations which are not so evidenced, such as the Guarantee. Under Philippine law, a debt becomes evidenced by a public instrument when it has been acknowledged before a notary or any person authorised to administer oaths in the Philippines. Although the position is not clear under Philippine law, it is possible that a jurat (which is a statement of the circumstances in which an affidavit is made) may be sufficient to constitute a debt evidenced by a public instrument.

The Issuer may not have the ability to raise the funds necessary to finance an offer to repurchase Notes upon the occurrence of certain events constituting a change of control as required by the Trust Deed.

Noteholders may require the Issuer, subject to certain conditions, to redeem their Notes in whole but not in part upon the occurrence of a Change of Control Event (as described in Condition 6.4 of the Conditions). If such an event were to occur, no assurance can be given that the Issuer and the Company would have sufficient funds available at such time to pay the purchase price of the outstanding Notes and the Issuer and the Company may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Notes by the Issuer would constitute an event of default under the Notes, which may also constitute a default under the terms of other indebtedness of the Company and its subsidiaries.

An active trading market for the Additional Notes may not develop or be sustained, and the trading price of the Notes could be materially and adversely affected.

The Additional Notes are a new issue of notes for which there is currently no trading market. The Existing Notes are currently listed on the SGX-ST. The Company has been advised that the Lead Manager intends to make a market in the Additional Notes but is not obligated to do so and may discontinue such market making activity at any time without notice. The Company cannot predict whether an active trading market for the Additional Notes will develop or be sustained. The Notes could trade at prices that may be lower than their respective initial offering price. The price at which the Notes trade depends on many factors, including but not limited to:

- prevailing interest rates and the markets for similar securities;
- general economic conditions; and
- the Company's financial condition, historical financial performance and future prospects.

Application has been made for the listing and quotation of the Additional Notes on the SGX-ST. No assurance can be given that if the Additional Notes are listed, the Issuer will be able to maintain a listing for the Notes or that a liquid trading market for the Notes will develop or continue. The Issuer does not intend to apply for listing of the Additional Notes on any securities exchange other than the SGX-ST. Lack of a liquid, active trading market for the Notes may adversely affect the price of the Notes or may otherwise impede a holder's ability to dispose of the Notes.

The transfer of Notes is restricted which may adversely affect their liquidity and the price at which they may be sold.

The Notes and Guarantee have not been registered under, and Issuer and the Company are not obligated to register the Notes or Guarantee under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See "*Subscription and Sale*". The Issuer and the Company have not agreed to or otherwise undertaken to register the Notes (including by way of an exchange offer), and the Issuer and the Company have no intention of doing so.

The Issuer will follow the applicable corporate disclosure standards for debt securities listed on the SGX-ST, and such standards may be different from those applicable to debt securities listed in certain other countries.

The Issuer will be subject to reporting obligations in respect of the Notes to be listed on the SGX-ST. The disclosure standards imposed by the SGX-ST may be different than those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Notes may be accustomed to.

The Notes and Guarantee will not be registered with the BSP and without BSP registration, the Issuer and the Guarantor cannot access the Philippine banking system to purchase U.S. dollars to fulfil their obligations under Guarantee.

The Issuer and the Guarantor have not registered, and do not intend to register the issuance of the Notes, Guarantee or the issuance of other U.S. dollar-denominated debt obligations with the BSP. The Issuer and the Guarantor will not be able to purchase U.S. dollars from the Philippine banking system for the purpose of funding payments under the Notes and Guarantee.

The Issuer and the Guarantor may raise other capital which affects the price of the Notes.

The Issuer may from time to time and without prior consultation of the holders of the Notes create and issue further Notes (see "*Terms and Conditions of the Notes – Further Issues*"). Furthermore, the Issuer and/or the Guarantor may raise additional capital through the issue of other notes or other means. Under the terms of the Notes, there is no restriction, contractual or otherwise, on the amount of Notes which the Issuer may further issue or notes or other liabilities which the Issuer and the Guarantor may issue or incur and which rank senior to, or *pari passu* with, the Notes. The issue of any further Notes or such notes or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of the Notes on a final and effective order or resolution for the bankruptcy, winding up, liquidation, receivership, insolvency or similar proceedings in respect of the Issuer or the Guarantor, as the case may be (a "**Winding-Up**"), and may also have an adverse impact on the trading price of the Notes and/or the ability of holders to sell them.

Noteholders are required to rely on the procedures of the relevant clearing system and its participants while the Notes are held in global form through the relevant clearing system.

The Notes have been or will be represented on issue by one or more Global Certificates that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Certificate, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Certificate held through it. While the Notes are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Certificates, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Certificate.

Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

If definitive Notes are issued, holders should be aware that definitive Notes that have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The liquidity and price of the Notes following this offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the revenues, earnings and cash flows of the Company and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies, any adverse change in results of operations could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There can be no assurance that these developments will not occur in the future.

The Notes may be redeemed at the Issuer's option upon the occurrence of certain events.

The Notes are redeemable at the option of the Issuer, in whole or in part, on or after 27 July 2022 at the redemption prices set out in "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the Option of the Issuer*," together with all accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to, but excluding, the applicable date of redemption. Further, the Issuer has the right to redeem the Notes at any time at 100% of the principal amount of the notes plus any accrued but unpaid interest upon the occurrence of certain changes in Singapore or Philippine tax law requiring the payment of Additional Amounts (as defined in the *Conditions*).

The date on which the Issuer elects to redeem the Notes may not accord with the preference of individual Noteholders. This may be disadvantageous to the Noteholders in light of market conditions or the individual circumstances of the holder of the Notes. In addition, an investor may not be able to reinvest the redemption proceeds in comparable notes at an effective interest rate at the same level as that of the Notes.

The Trustee may request holders of the Notes to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, including without limitation the giving of notice to the Issuer or the Guarantor and the taking of enforcement steps pursuant to Condition 11 of the Conditions, the Trustee may, at its sole discretion, request holders of the Notes to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions on behalf of holders of the Notes. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed or the Conditions and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law or regulations, it will be for the holders of the Notes to take such actions directly.

Modifications and waivers may be made in respect of the Conditions and the Trust Deed by the Trustee or less than all of the holders of the Notes.

The Conditions provide that the Trustee may (but is not obliged to), without the consent of Noteholders, agree to any modification of the Notes and the Trust Deed (with certain exceptions) which in the opinion of the Trustee will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes and the Trust Deed (with certain exceptions) which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may (but is not obliged to), without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes and the Trust Deed (with certain exceptions) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

The terms and conditions of Original Notes required the Issuer to offer to redeem the Original Notes if certain amendments to the Guarantor's articles of incorporation were not approved by the Philippine SEC on or prior to 1 August 2021. The Guarantor's board of directors and shareholders both approved the amendments on or prior to 1 August 2021, while approval from the Philippine SEC was obtained on 18 November 2021. However, no offer to redeem the Original Notes was ever made, thereby resulting in a technical event of default. On 23 February 2022, pursuant to the First Supplemental Trust Deed, the terms and conditions of the Original Notes were amended to require the Issuer to offer to redeem the Original Notes only if both (i) the Philippine SEC and (ii) the Guarantor's board of directors and shareholders did not approve such amendments to the Guarantor's articles of incorporation on or prior to 1 August 2021. The amendment to the terms and conditions of the Original Notes effectively cured the technical event of default.

There are limited remedies for default under the Notes and the Guarantee.

There are limited remedies for default under the Notes and the Guarantee. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute Winding-Up proceedings is limited to circumstances where payment has become due and the Issuer (failing which, the Guarantor) fails to make the payment when due. The only remedy against the Issuer or the Guarantor available to the Trustee or (where the Trustee has failed to proceed against the Issuer or the Guarantor, as the case may be, as provided in the Terms and Conditions) any Noteholder for recovery of amounts in respect of the Notes or the Guarantee following the occurrence of a payment default after any sum becomes due in respect of the Notes or the Guarantee will be instituting Winding-Up proceedings and/or proving and/or claiming in Winding-Up in respect of any of the Issuer's or the Guarantor's payment obligations arising from the Notes, the Guarantee and the Trust Deed.

Noteholders are exposed to risks relating to Singapore taxation.

The Additional Notes are intended to be issued as "qualifying debt securities" for the purposes of the Income Tax Act 1947 of Singapore, subject to the fulfilment of certain conditions more particularly described in the section "*Taxation – Singapore Taxation*". However, there is no assurance that the Additional Notes will be or continue to be "qualifying debt securities" or that the tax concessions in connection therewith will apply throughout the tenure of the Additional Notes should the relevant tax laws be amended or revoked at any time.

TERMS AND CONDITIONS OF THE NOTES

The following (other than sentences in italics and subject to completion and amendment) are the terms and conditions of the Additional Notes, substantially in the form in which they will be endorsed on the Additional Notes if issued in definitive certificated form, and which will be incorporated by reference into the Global Certificate representing the Additional Notes, subject to the provisions of such Global Certificate.

The U.S.$20,000,000 aggregate principal amount of 7.25 per cent. guaranteed senior notes due 2025 (the "**Additional Notes**") offered hereby are a further issuance of and will be fully consolidated and form a single series with, and rank pari passu with, the U.S.$75,000,000 7.25 per cent. Guaranteed senior notes issued on 27 July 2020 (the "**Original Notes**"), the U.S.$55,000,000 7.25 per cent. guaranteed senior notes issued on 16 March 2022 (the "**March 2022 Notes**"), and the U.S.$30,000,000 7.25 per cent. guaranteed senior notes issued on 25 November 2022 (the "**November 2022 Notes**", and together with the Original Notes and the March 2022 Notes, the "**Existing Notes**"). The Existing Notes and the Additional Notes are collectively referred to herein as the "**Notes**", which expression, unless the context otherwise requires, includes any further Notes issued pursuant to Condition 10 and consolidated and forming a single series with the Notes) of DDPC Worldwide Pte. Ltd. (the "**Issuer**").

The Additional Notes will be issued on the same terms and conditions (other than the issue date and issue price) as the Existing Notes, and will vote with the Existing Notes on any matter submitted to the holders of the Notes (the "**Noteholders**"). The Additional Notes will share the ISIN and the Common Code and be fungible with the Existing Notes.

The issue of the Additional Notes of the Issuer are constituted by the trust deed dated 27 July 2020 (the "**Original Trust Deed**") made between the Issuer, DoubleDragon Corporation (formerly DoubleDragon Properties Corp.) (the "**Guarantor**") as guarantor and China Construction Bank (Asia) Corporation Limited (中国建设银行(亚洲)股份有限公司) (the "**Trustee**", which expression includes its successor(s)) as trustee for the Noteholders), as supplemented by a first supplemental trust deed dated 23 February 2022 (the "**First Supplemental Trust Deed**"), a second supplemental trust deed dated 16 March 2022 (the "**Second Supplemental Trust Deed**"), a third supplemental trust deed to be dated 25 November 2022 (the "**Third Supplemental Trust Deed**"), and a fourth supplemental trust deed to be dated the issue date of the Additional Notes (the "**Fourth Supplemental Trust Deed**"). From the issue date of the Additional Notes, the Original Trust Deed, the First Supplemental Trust Deed, the Second Supplemental Trust Deed, the Third Supplemental Trust Deed, and the Fourth Supplemental Trust Deed, as may be further amended, restated, replaced or supplemented from time to time, shall be together defined as the "**Trust Deed**".

The statements in these terms and conditions of the Notes (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed and the agency agreement dated 27 July 2020 (as amended, restated, replaced or supplemented from time to time, the "**Agency Agreement**") made between the Issuer, the Guarantor, and China Construction Bank (Asia) Corporation Limited (中国建设银行(亚洲)股份有限公司) as initial principal paying agent and registrar (in such capacities, the "**Principal Paying Agent**" and the "**Registrar**", which expression includes any successor thereto), the other agents specified therein (together with the Principal Paying Agent, the "**Agents**") and the Trustee. Copies of the Trust Deed and the Agency Agreement are available for inspection upon prior written request and satisfactory proof of holding and identity to the Principal Paying Agent during normal business hours (being between 9:00 a.m. and 3:00 p.m. (Hong Kong time) on any weekday (Saturdays and public holidays excepted)) by the Noteholders at the specified office of the Principal Paying Agent. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Deed and are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

1. STATUS OF THE NOTES

1.1 Status of the Notes

The Notes constitute direct, unconditional, unsubordinated obligations and unsecured obligations of the Issuer and will at all times rank *pari passu* without any preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

2. NOTES GUARANTEE

2.1 Notes Guarantee

The payment of principal of and Interest (as defined in Condition 5.1) on the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed or the Agency Agreement has been, jointly and severally, unconditionally and irrevocably guaranteed on an unsubordinated basis by the Guarantor (the "**Guarantee**") in the Trust Deed.

2.2 Status of the Guarantee

The Guarantee constitutes the direct, unconditional, unsubordinated unsecured obligation of the Guarantor and will act all times rank *pari passu* in right of payment with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

The Guarantor will, in the Trust Deed, (a) agree that its obligations under the Guarantee will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Trust Deed and (b) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Guarantee. Moreover, if at any time any amount paid under a Note, the Trust Deed or the Agency Agreement is rescinded or must otherwise be restored, the rights of the Noteholders under the Guarantee will be reinstated with respect to such payments as though such payment had not been made. All payments under the Guarantee will be made in U.S. dollars.

3. FORM, DENOMINATION AND TITLE

3.1 Form and Denomination

The Notes are issued in registered form in the specified denomination of U.S.$200,000 each and integral multiples of U.S.$1,000 in excess thereof (referred to as the "**principal amount**" of a Note). An individual certificate (a "**Certificate**") will be issued to each Noteholder in respect of its registered holding or holdings of Notes.

Each Certificate will be serially numbered with an identifying number which will be recorded in the register of Noteholders (the "**Register**").

*Upon issue, the Additional Notes will be represented by a Global Certificate deposited with and registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). The Conditions are modified by certain provisions contained in the Global Certificate. See "The Global Certificate". The Additional Notes are not issuable in bearer form.*

3.2 Title and Transfer

(a) **Register and Title:** Title to the Notes passes upon registration of transfers in the Register which the Issuer will procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. The registered Holder of any Note will (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes (whether or not any payment in respect of it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it (other than a duly completed and endorsed form of transfer in respect of such Note) or its theft or loss) and no person will be liable for so treating such Holder. In these Conditions, "**Noteholder**" and (in relation to a Note) "**Holder**" mean the person in whose name a Note is registered in the Register.

For a description of the procedures for transferring title to book-entry interests in the Additional Notes, see "Clearance and Settlement of the Notes".

(b) **Transfers:** Subject to Conditions 3.2(e) and 3.2(f), one or more Notes may be transferred in whole or in part in their principal amount(s). Any Notes represented by one or more Certificates may be transferred only upon the surrender, at the specified office of the Registrar or any Transfer Agent, of the Certificate(s) representing such Notes to be transferred, with the form of transfer endorsed on such Certificate duly completed and executed and together with such other evidence as the Registrar or the relevant Transfer Agent may require to prove the title of the transferor and the authority of the individual who has executed the form of transfer; provided, however, that such Notes may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Noteholder are being transferred) the principal amount of the balance of Notes not transferred are in authorised denominations described in Condition 3.1. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate will be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred will be issued to the transferor.

Transfers of interests in the Additional Notes evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

For a description of certain restrictions on transfers of interests in the Additional Notes, see "Subscription and Sale".

(c) **Delivery:** Each new Certificate to be issued pursuant to Condition 3.2(b) will be available for delivery and the Registrar shall register the transfer in question within seven Business Days of receipt of such form of transfer. Delivery of new Certificate(s) shall be made at the specified office of the Transfer Agent or the Registrar, as the case may be, to whom delivery shall have been made or, at the option of the Holder making such delivery as aforesaid and as specified in the form of transfer or otherwise in writing, shall be sent at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. For the purposes only of this Condition 3.2(c) "**Business Day**" means a day, other than a Saturday or Sunday or a public holiday, on which commercial banks are open for business in the place of the specified office of the Transfer Agent and the Registrar.

Except in the limited circumstances described herein (see "The Global Certificate"), owners of interests in the Additional Notes will not be entitled to receive physical delivery of Certificates. Issues of Certificates upon transfer of Additional Notes are subject to compliance by the transferor and transferee with the certification procedures described above and in the Agency Agreement.

(d) **No charge:** Transfers of Notes and Certificates representing such Notes in accordance with these Conditions on registration or transfer will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon (i) such payment (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require in respect thereof) of any tax, duty or other governmental charges which may be imposed in relation to it; (ii) the Registrar or the relevant Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application; and (iii) the Registrar or the relevant Transfer Agent being satisfied that the regulations concerning transfer of Notes have been complied with.

(e) **Closed periods:** No Noteholder may require the transfer of a Note to be registered during the period of 15 calendar days ending on the due date for any payment of principal, premium (if any) or interest on that Note.

(f) **Regulations:** All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning the transfer and registration of Notes scheduled to the Trust Deed. The regulations may be changed by the Issuer in any manner which is reasonably required by the Issuer with the prior written approval of the Trustee and the Registrar, and by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any Noteholder upon prior written request and satisfactory proof of holding.

4. COVENANTS

4.1 Limitation on Indebtedness

(a) Each of the Issuer and the Guarantor will not, and the Guarantor will not permit any Material Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), provided that (i) the Issuer or the Guarantor may Incur Indebtedness (including Acquired Indebtedness) and (ii) any Material Subsidiary may Incur Permitted Subsidiary Indebtedness, in each case, if, after giving effect (on a *pro forma* basis) to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, the ratio of Consolidated Debt to Total Equity will not exceed 2.33 to 1.0.

(b) Notwithstanding the foregoing, the Guarantor and, to the extent provided below, any Material Subsidiary may Incur each and all of the following:

(i) Indebtedness under the Guarantee;

(ii) Indebtedness of the Guarantor or any Material Subsidiary outstanding on the Issue Date excluding Indebtedness permitted under Condition 4.1(b)(iii); provided that such Indebtedness of Material Subsidiaries (to the extent outstanding on the date of calculation) shall be included in the calculation of Permitted Subsidiary Indebtedness;

(iii) Indebtedness of the Guarantor or any Material Subsidiary owed to the Guarantor or any Material Subsidiary; provided that (A) any event or circumstance which results in any such Material Subsidiary ceasing to be a Material Subsidiary or any subsequent transfer of such Indebtedness (other than to the Guarantor or any Material Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this Condition 4.1(b)(iii) and (B) if the Issuer or the Guarantor is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly be subordinated in right of payment to the Notes, in the case of the Issuer, or the Guarantee, in the case of a Guarantor;

(iv) Indebtedness ("**Permitted Refinancing Indebtedness**") issued in exchange for, or the net proceeds of which are used to concurrently refinance or refund, then outstanding Indebtedness Incurred under Condition 4.1(a) or Condition 4.1(b)(i) or 4.1(b)(ii) and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); provided that (A) Indebtedness the proceeds of which are used to refinance or refund the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or the Guarantee shall only be permitted under this Condition 4.1(b)(iv) if (x) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or the Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes or the Guarantee, or (y) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or the Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or the Guarantee at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or the Guarantee, (B) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded and (C) in no event may Indebtedness of the Issuer or the Guarantor be refinanced pursuant to this Condition 4.1(b)(iv) by means of any Indebtedness of any Material Subsidiary and in no event may Indebtedness of an Subsidiary other than a Material Subsidiary be refinanced pursuant to this Condition 4.1(b)(iv) by means of any Indebtedness of any Material Subsidiary, the Guarantor or the Issuer;

(v) Indebtedness Incurred by the Guarantor or any Material Subsidiary pursuant to Hedging Obligations entered into solely to protect the Guarantor or any Material Subsidiary from fluctuations in interest rates, currencies or the price of commodities and not for speculation; provided that such Hedging Obligation does not increase the Indebtedness of the Guarantor or such Material Subsidiary outstanding at any time other than as a result of fluctuations in interest rates currency exchange rates or commodity prices or by reason of fees, indemnities and compensation payable thereunder;

(vi) Indebtedness Incurred by the Guarantor or any Material Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);

(vii) Indebtedness Incurred by the Guarantor or any Material Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit, trade guarantees or similar instruments are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the 30 days following receipt by the Guarantor or such Material Subsidiary of a demand for reimbursement;

(viii) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Guarantor or any Material Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Material Subsidiary, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Material Subsidiary for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received by the Guarantor or a Material Subsidiary from the disposition of such business, assets or Material Subsidiary;

(ix) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within five Business Days of Incurrence;

(x) Indebtedness of the Guarantor or any Material Subsidiary maturing within one year for working capital; provided that the aggregate principal amount of Indebtedness permitted by this Condition 4.1(b)(x) at any time outstanding does not exceed U.S.$25 million (or the Dollar Equivalent thereof);

(xi) Indebtedness Incurred by the Guarantor or any Material Subsidiary for the purpose of financing or refinancing (x) all or any part of the purchase price of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used or useful in the ordinary course of business by the Guarantor or a Material Subsidiary in a Permitted Business, including any such purchase through the acquisition of Capital Stock of any Person that owns such asset, real or personal property or equipment which will, upon such acquisition, become a Material Subsidiary or (y) all or any part of the purchase price or the cost of development, construction or improvement of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Guarantor or a Material Subsidiary in a Permitted Business; provided, however, that in each case (A) the aggregate principal amount of such Indebtedness shall not exceed such purchase price or cost, (B) such Indebtedness shall be Incurred no later than 180 days after the acquisition of such asset, property or equipment or the completion of such development, construction or improvement, and (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness permitted by this Condition 4.1(b)(xi) (together with the aggregate principal amount outstanding of the refinancings of all such Indebtedness Incurred under this Condition 4.1(b)(xi), but excluding any Contractor Guarantee Incurred under this Condition 4.1(b)(xi) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 20% of Total Assets;

(xii) Deposit Secured Indebtedness Incurred by the Guarantor or any Material Subsidiary; and

(xiii) Indebtedness of the Guarantor or any Material Subsidiary not otherwise permitted by Condition 4.1(b) in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed U.S.$10 million (or the Dollar Equivalent thereof).

(c) For the purposes of determining any particular amount of Indebtedness under this Condition 4.1, guarantees, Liens or obligations with respect to letters of credit supporting Indebtedness otherwise included in the determination of such particular amount shall not be included.

(d) For purposes of determining compliance with this Condition 4.1, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first sentence of Condition 4.1(a), the Guarantor, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness except to the extent specified above.

(e) The accrual of interest, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms or the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness.

(f) Notwithstanding any other provision of this Condition 4.1, the maximum amount of Indebtedness that may be Incurred pursuant to this Condition 4.1 will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rate of currencies.

(g) The Issuer and the Guarantor will not Incur any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Issuer or the Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the Guarantee, on substantially identical terms.

4.2 Limitation on Dividend and Other Payment Restrictions Affecting Material Subsidiaries

(a) Except as provided below, the Guarantor will not, and will not permit any Material Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Material Subsidiary to:

(i) pay dividends or make any other distributions on any Capital Stock of such Material Subsidiary owned by the Guarantor or any other Material Subsidiary;

(ii) pay any Indebtedness or other obligation owed to the Guarantor or any other Material Subsidiary;

(iii) make loans or advances to the Guarantor or any other Material Subsidiary; or

(iv) sell, lease or transfer any of its property or assets to the Guarantor or any other Material Subsidiary.

(b) The provisions of Condition 4.2(a) do not apply to any encumbrances or restrictions:

(i) existing in agreements as in effect on the Issue Date, or in the Notes, the Guarantee, the Trust Deed, and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(ii) existing under or by reason of applicable law (including any statute, rule, regulation or government order);

(iii) existing with respect to any Person or the property or assets of such Person acquired by the Guarantor or any Material Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced and remain applicable only to the Person or the property or assets of such Person acquired;

(iv) that otherwise would be prohibited by the provision described in Condition 4.2(a)(iv) if they arise, or are agreed to in the ordinary course of business, and that (A) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license or (B) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Guarantor or any Material Subsidiary not otherwise prohibited by the Trust Deed or these Conditions; or

(v) with respect to a Material Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Material Subsidiary that is permitted by Conditions 4.1, 4.3 and 4.7.

4.3 Limitation on Sales and Issuances of Capital Stock in Material Subsidiaries

The Guarantor will not transfer, sell, pledge or otherwise dispose of, and will not permit any Material Subsidiary, directly or indirectly, to issue or transfer, sell, pledge or otherwise dispose of, any shares of Capital Stock of a Material Subsidiary (including by way of options, warrants or other rights to purchase shares of such Capital Stock) except:

(a) to the Guarantor or a Wholly-Owned Material Subsidiary; or

(b) to the extent that such Capital Stock represents directors' qualifying shares or is required by applicable law to be held by a Person other than the Guarantor or a Wholly-Owned Material Subsidiary; or

(c) the issuance or sale of Capital Stock of a Material Subsidiary (which remains a Material Subsidiary after any such issuance or sale); provided that the Guarantor or such Material Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with Condition 4.7.

4.4 Limitation on Issuances of Guarantees by Material Subsidiaries

The Guarantor will not permit any existing or future Material Subsidiary, directly or indirectly, to provide any guarantee for any Indebtedness ("**Guaranteed Indebtedness**") of the Guarantor or any other Material Subsidiary, unless (a) such Material Subsidiary simultaneously executes and delivers a supplemental trust deed to the Trust Deed providing for an unsubordinated guarantee (a "**Subsidiary Guarantee**") of payment of the Notes by such Material Subsidiary and (b) such Material Subsidiary waives and will not in any manner whatsoever claim, or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against any other Material Subsidiary as a result of any payment by such Material Subsidiary under its Subsidiary Guarantee until the Notes have been paid in full.

If the Guaranteed Indebtedness (A) ranks *pari passu* in right of payment with the Notes or any Subsidiary Guarantee, then the guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, such Subsidiary Guarantee or (B) is subordinated in right of payment to the Notes or any Subsidiary Guarantee, then the guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to such Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Subsidiary Guarantee.

Notwithstanding the foregoing, the Guarantor shall not be obliged to cause such Material Subsidiary to guarantee the Notes to the extent that such Subsidiary Guarantee would reasonably be expected to give rise to or result in a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Guarantor or the Material Subsidiary or any liability for the officers, directors or shareholders of the Guarantor or such Material Subsidiary.

Any additional guarantee under this Condition 4.4 will automatically and unconditionally be released under the same conditions and circumstances that the guarantee of other Indebtedness will be released, so long as no Event of Default would arise a result and no other Indebtedness is at the time guaranteed by the relevant Material Subsidiary.

4.5 Limitation on Transactions with Shareholders and Affiliates

The Guarantor will not, and will not permit any Material Subsidiary to, directly or indirectly, enter into, renew or extend or permit to exist any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, employee compensation arrangements or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10.0% or more of any class of Capital Stock of the Guarantor or (y) with any Affiliate of the Guarantor or any Material Subsidiary (each an "**Affiliate Transaction**"), unless:

(a) the terms of the Affiliate Transaction are no less favourable to the Guarantor or the relevant Material Subsidiary than those that would have been obtained in a comparable arm's-length transaction by the Guarantee or the relevant Material Subsidiary with a Person that is not an Affiliate of the Guarantor; and

(b) the Guarantor delivers to the Trustee:

   (i) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.$10 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors, including meeting the requirements of Condition 4.5(a) and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence thereof, in which event it shall be conclusive and binding on the Noteholders; and

   (ii) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.$15 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in Condition 4.5(b)(i), an opinion issued by an accounting, appraisal or investment banking firm of international standing confirming that the terms of such Affiliate Transaction are no less favourable to the Guarantor or the relevant Material Subsidiary than terms available to (or from, as appropriate) a Person that is not an Affiliate of the Guarantor or any Material Subsidiary.

The foregoing limitations do not limit, and shall not apply to:

(A) the payment of reasonable and customary regular fees to directors of the Issuer and the Guarantor who are not employees of the Issuer or the Guarantor;

(B) transactions between or among the Guarantor and any of its Material Subsidiaries or between or among Material Subsidiaries;

(C) any sale of Capital Stock (other than Disqualified Stock) of the Issuer or the Guarantor; and

(D) the payment of compensation to officers and directors of the Guarantor or any Material Subsidiary pursuant to an employee stock or share option scheme, so long as such scheme is in compliance with the listing rules of the relevant internationally recognised stock exchange and such scheme was approved by the shareholders of the Guarantor or the relevant Material Subsidiary.

In addition, the requirements of Condition 4.5(b) shall not apply to (I) transactions pursuant to agreements in effect on the Issue Date and described in the Offering Circular, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Guarantor and the Material Subsidiaries than the original agreement in effect on the Issue Date, (II) any transaction between or among the Guarantor and any Subsidiary that is not a Wholly-Owned Subsidiary; provided that in the case of (II), (a) such transaction is entered into in the ordinary course of business and (b) none of the minority shareholders or minority partners of or in such Subsidiary is a Person described in (x) or (y) of the first paragraph of Condition 4.5 (other than by reason of such minority shareholder or minority partner being an officer or director of such Subsidiary) or (III) transactions between or among the Guarantor or any Material Subsidiaries, on one hand, and any of Jollibee Foods Corporation, SM Investments Corporation, Honeystar Holdings Corp., MerryMart Consumer Corp., Injap Investment Inc., or any of their Subsidiaries, on the other.

4.6 Limitation on Liens

The Issuer and the Guarantor will not, and will not permit any Material Subsidiary to, directly or indirectly, Incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Issue Date or thereafter acquired, securing any Indebtedness or securing any guarantee of or indemnity in respect of any Indebtedness, except Permitted Liens, unless (a) the Notes are secured equally and ratably with (or prior to, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes) the Indebtedness secured by such Lien, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution of the Noteholders.

4.7 Limitation on Asset Sales

The Guarantor will not, and will not permit any Material Subsidiary to, consummate any Asset Sale, unless:

(a) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;

(b) the consideration received by the Guarantor or such Material Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and

(c) at least 75.0% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets. For purposes of this provision, each of the following will be deemed to be cash:

    (i) any liabilities, as shown on the Guarantor's most recent consolidated balance sheet, of the Guarantor or any Material Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or the Guarantee) that are assumed by the transferee in the subject Asset Sale pursuant to a customary assumption, assignment, novation or similar agreement that releases, the Guarantor or such Material Subsidiary from further liability; and

    (ii) any securities, notes or other obligations received by the Guarantor or any Material Subsidiary from such transferee that are converted by the Guarantor or such Material Subsidiary into cash, to the extent of the cash received in that conversion.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Guarantor (or the applicable Material Subsidiary, as the case may be) may apply such Net Cash Proceeds to:

(A) permanently repay Senior Indebtedness of the Guarantor or any Material Subsidiary (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly permanently reduce commitments with respect thereto) in each case owing to a Person other than the Guarantor or a Material Subsidiary; or

(B) make an Investment in Replacement Assets; or

(C) only with respect to such Net Cash Proceeds from an Asset Sale of any Investment Property, make an Investment in Temporary Cash Investment, pending application of such Net Cash Proceeds as set forth in clause (A) or (B) above,

provided that the 360-day period above shall not apply to an Asset Sale to a real estate investment trust established by the Guarantor or a Material Subsidiary in accordance with the rules and regulations of the Philippine Securities and Exchange Commission and The Philippine Stock Exchange, Inc., provided that such real estate investment trust remains a Material Subsidiary of the Guarantor or a Subsidiary of a Material Subsidiary immediately after such Asset Sale.

On the 361st day (other than with respect to an Asset Sale to a real estate investment trust as described in the proviso immediately above) after an Asset Sale or such earlier date, if any, as the Guarantor determines not to apply the Net Cash Proceeds relating to such Asset Sale as set forth in preceding paragraph (such date being referred as an "**Excess Proceeds Trigger Date**"), such aggregate amount of Net Cash Proceeds that has not been applied on or before the Excess Proceeds Trigger Date as permitted in the preceding paragraph ("**Excess Proceeds**") will be applied by the Issuer or the Guarantor, as the case may be, to make an Offer to Purchase to all Noteholders and all holders of other Indebtedness that is *pari passu* with the Notes or the Guarantee containing provisions similar to those set forth in the Trust Deed and the Notes with respect to offers to purchase with the proceeds of sales of assets, to purchase the maximum principal amount of Notes and such other pari passu Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Offer to Purchase will be equal to 100.0% of the principal amount of the Notes and such other pari passu Indebtedness plus accrued and unpaid interest, if any, to the date of purchase, and will be payable in cash.

The Issuer or the Guarantor, as the case may be, may defer the Offer to Purchase until there are aggregate unutilised Excess Proceeds equal to or in excess of U.S.$5.0 million (or the Dollar Equivalent thereof) resulting from one or more Asset Sales, at which time, within 10 days thereof, the entire unutilised amount of Excess Proceeds will be applied as provided in the preceding paragraph. If any Excess Proceeds remain after consummation of an Offer to Purchase, the Guarantor may use such Excess Proceeds for any purpose not otherwise prohibited by the Trust Deed or the Notes. If the aggregate principal amount of Notes and such other *pari passu* Indebtedness tendered into such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes and such other *pari passu* Indebtedness will be purchased on a pro rata basis based on the principal amount of Notes and such other *pari passu* Indebtedness tendered.

4.8 Limitation on the Issuer and the Guarantor's Business Activities

(a) The Issuer will not engage in any business activity or undertake any other activity, except any activity (a) relating to the Incurrence of Indebtedness, lending the proceeds thereof to the Guarantor under the terms of intercompany loans and any other activities in connection therewith, (b) undertaken with the purpose of fulfilling any obligations under the Notes, the Trust Deed, the Agency Agreement or any other agreements related to the Incurrence of Indebtedness or (c) directly related to the establishment and/or maintenance of the Issuer's corporate existence.

(b) The Guarantor will not, and will not permit any Material Subsidiary (except in respect to the Issuer under Condition 4.8(a)) to, directly or indirectly, engage in any business other than a Permitted Business; provided, however, that the Guarantor or any Material Subsidiary may own Capital Stock of any Subsidiary or joint venture or other entity that is engaged in a business other than a Permitted Business as long as at the time of, and after giving *pro forma* effect to, the Investment (other than a Permitted Investment) in such entity, a Default has not occurred or is continuing or would not occur as a result of such Investment and the Guarantor could Incur at least U.S.$1.00 of Indebtedness under the proviso in the first sentence of Condition 4.1(a).

4.9 Use of Proceeds

The Guarantor will not, and will not permit any Subsidiary to, use the net proceeds from the Notes, in any amount, for any purpose other than (a) in the approximate amounts and for the purposes specified under the caption "Use of Proceeds" in the Offering Circular and (b) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in Temporary Cash Investments.

4.10 Maintenance of Insurance

The Guarantor shall and cause each Subsidiary to maintain insurance policies covering such risks, in such amounts and with such terms as are normally carried by similar companies engaged in a similar business to the Permitted Business in the country in which such entity is located.

4.11 Listing of the Notes

The Issuer shall, and the Guarantor will cause the Issuer to, make such filings, registrations or qualifications and take all other necessary action and will use its best efforts to obtain such consents, approvals and authorizations, if any, and satisfy all conditions that the SGX-ST may impose on listing of the Notes and shall use its best efforts to obtain and maintain such listing.

4.12 Maintain Listing

The Guarantor shall use its best efforts to maintain the listing of all its Common Stock on the Philippine Stock Exchange, Inc. or another internationally recognised stock exchange.

4.13 Government Approvals and Licenses; Compliance with Law

The Guarantor will, and will cause each Subsidiary to, (a) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Business, (b) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens and (c) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (1) the business, results of operations or prospects of the Guarantor and the Subsidiaries taken as a whole or (2) the ability of the Issuer or the Guarantor to perform its obligations under the Notes, the relevant Guarantee or the Trust Deed.

4.14 Provision of Financial Statements and Reports

(a) The Guarantor will file with the Trustee and furnish to the Noteholders upon request, as soon as they are available but in any event not more than ten calendar days after they are filed with the Philippine Stock Exchange, Inc. or any other national stock exchange on which the Guarantor's Common Stock is at any time listed for trading, true and correct copies of any financial or other report (which the Guarantor shall use its reasonable best efforts to compile in a timely manner) in the English language (and an English translation of any financial or other report in any other language) filed with such exchange; provided that, if at any time the Common Stock of the Guarantor ceases to be listed for trading on the Philippine Stock Exchange, Inc. or any other national stock exchange, the Guarantor will file with the Trustee and furnish to the Noteholders:

(i) as soon as they are available, but in any event within 180 calendar days after the end of the fiscal year of the Guarantor, copies of its financial statements (on a consolidated basis) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally recognised firm of independent auditors; and

(ii) as soon as they are available, but in any event within 60 calendar days after the end of each quarterly period of the Guarantor, copies of its financial statements (on a consolidated basis) in respect of such quarterly period (including a statement of income, balance sheet and cash flow statement).

(b) In addition the Guarantor will provide to the Trustee (1) at the same time when annual financial reports are provided under Condition 4.14(a)(i), but in any event within 180 days after the close of each fiscal year, an Officers' Certificate stating the ratio of Consolidated Debt to Total Equity with respect to the end of such fiscal year and showing in reasonable detail the ratio of Consolidated Debt to Total Equity, including the arithmetic computations of each component of the ratio of Consolidated Debt to Total Equity, and the Trustee shall be entitled to accept such certificate as sufficient evidence thereof, in which event it shall be conclusive and binding on the Noteholders; and (2) as soon as possible and in any event within 14 days after the Guarantor becomes aware or should reasonably become aware of the occurrence of a Default, an Officers' Certificate setting forth the details of the Default and the action which the Guarantor proposes to take with respect thereto, and the Trustee shall be entitled to accept such certificate as sufficient evidence thereof, in which event it shall be conclusive and binding on the Noteholders.

4.15 Consolidation, Merger and Sale of Assets

(a) Neither the Issuer nor the Guarantor will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets (computed on a consolidated basis) in one transaction or a series of related transactions), unless:

(i) the Issuer or the Guarantor shall be the continuing Person, or the Person (if other than the Issuer or the Guarantor) formed by such consolidation or merger or that acquired or leased such property and assets (the "**Surviving Person**") shall be a corporation organised and validly existing under the laws of Singapore or the Republic of the Philippines and shall expressly assume, by a supplemental trust deed to the Trust Deed, executed and delivered to the Trustee, all the obligations of the Issuer or the Guarantor under the Trust Deed and the Notes, as the case may be, and the Trust Deed, the Notes, as the case may be, shall remain in full force and effect;

(ii) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness which becomes an obligation of the Surviving Person or any Subsidiary as having been Incurred at the time of such transaction), no Default shall have occurred and be continuing;

(iii) immediately after giving effect to such transaction on a *pro forma* basis, the Issuer, the Guarantor, or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Guarantor immediately prior to such transaction;

(iv) immediately after giving effect to such transaction on a pro forma basis, the Issuer, the Guarantor or the Surviving Person, as the case may be, could Incur at least U.S.$1.00 of additional Indebtedness under the proviso in the first sentence of Condition 4.1(a);

(v) the Guarantor delivers to the Trustee (i) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with (c) and (d) above) and (ii) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and such supplemental trust deed complies with this provision and that all conditions precedent provided for herein relating to such transaction have been complied with and the Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion (without further investigation or enquiry) as sufficient evidence thereof, in which event it shall be conclusive and binding on the Noteholders, and the Trustee shall be protected and shall have no liability to any Noteholder or any person for so accepting and relying upon such certificate and opinion;

(vi) the Guarantor, unless the Guarantor is the Person with which the Issuer has entered into a transaction described under this covenant, shall execute and deliver a supplemental trust deed to the Trust Deed confirming that its Guarantee shall apply to the obligations of the Issuer or the Surviving Person, as the case may be, in accordance with the Notes and the Trust Deed; and

(vii) the Issuer or the Guarantor, as the case may be, shall have delivered to the Trustee an Opinion of Counsel in the jurisdiction of incorporation of the Issuer or the Guarantor, as the case may be, and the Surviving Person to the effect that the Noteholders will not recognise income gain or loss for income tax purposes of such jurisdiction as a result of such transaction and will be subject to income tax in such jurisdiction on the same amounts, in the same manner and at the same times as would have been the case if such transaction had not occurred and the Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion (without further investigation or enquiry) as sufficient evidence thereof, in which event it shall be conclusive and binding on the Noteholders, and the Trustee shall be protected and shall have no liability to any Noteholder or any person for so accepting and relying upon such certificate and opinion.

(b) The Guarantor will not permit any of its Material Subsidiaries to consolidate with or merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its properties and assets (computed on a consolidated basis) in one transaction or a series of related transactions to another Person (other than the Issuer, the Guarantor or another Material Subsidiary), unless:

(i) such Material Subsidiary shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets shall be the Guarantor, another Material Subsidiary or shall become a Material Subsidiary concurrently with the transaction;

(ii) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness which becomes an obligation of the Surviving Person or any Subsidiary as having been Incurred at the time of such transaction), no Default shall have occurred and be continuing;

(iii) immediately after giving effect to such transaction on a *pro forma* basis, the Guarantor shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Guarantor immediately prior to such transaction;

(iv) immediately after giving effect to such transaction on a *pro forma* basis, the Guarantor could Incur at least U.S.$1.00 of additional Indebtedness under the proviso in the first sentence of Condition 4.1(a); and

(v) the Guarantor delivers to the Trustee (1) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (iii) and (iv) immediately above and (2) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer complies with this provision and that all conditions precedent provided for herein relating to such transaction have been complied with and the Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion (without further investigation or enquiry) as sufficient evidence thereof, in which event it shall be conclusive and binding on the Noteholders, and the Trustee shall be protected and shall have no liability to any Noteholder or any person for so accepting and relying upon such certificate and opinion,

provided that this paragraph shall not apply to any sale or other disposition (not being the sale or disposition of all or substantially all of its properties or assets) that complies with Condition 4.7.

(c) If the Issuer is consolidated with or merged with any Person as permitted above, the Surviving Person will be the successor to the Issuer and shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Trust Deed, and the predecessor Issuer, except in the case of a lease, shall be released from the obligation to pay principal and interest on the Notes.

4.16 No Payments for Consents

The Guarantor will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Noteholder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Trust Deed or the Notes unless such consideration is offered to be paid and is paid to all Noteholders that consent, waive or agree to amend in the relevant time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

4.17 Payment of Stamp Duties and Other Taxes

The Issuer, or failing which the Guarantor, will pay any present or future stamp, court or documentary taxes, or any other excise or property taxes, charges or similar levies which arise under the laws of Singapore or the Republic of the Philippines from the execution, delivery or registration of the Notes or any other document or instrument referred to in these Conditions.

4.18 Definitions

Set forth below are defined terms used in the covenants and other provisions of the Trust Deed. Reference is made to the Trust Deed for other capitalised terms used in these Conditions for which no definition is provided.

"**Acquired Indebtedness**" means Indebtedness of a Person existing at the time such Person becomes a Subsidiary of the Guarantor or a Material Subsidiary or Indebtedness of a Subsidiary of a Guarantor or a Material Subsidiary assumed in connection with an Asset Acquisition by such Subsidiary and not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Subsidiary of the Guarantor or a Material Subsidiary or the Asset Acquisition.

"**Additional Notes**" means the U.S.$20,000,000 7.25 per cent. guaranteed senior notes to be issued on or about 28 March 2023, which will be consolidated and form a single series with the Existing Notes.

"**Affiliate**" means, with respect to any Person, any other Person (a) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person, or (b) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (a) of this definition. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"**Asset Acquisition**" means (a) an Investment by the Guarantor or any Material Subsidiary in any other Person pursuant to which such Person shall become a Subsidiary of the Guarantor or such Material Subsidiary or shall be merged into or consolidated with the Guarantor or such Material Subsidiary, or (b) an acquisition by the Guarantor or any Material Subsidiary of the property and assets of any Person other than the Guarantor or any Subsidiary of the Guarantor or such Material Subsidiary that constitute substantially all of a division or line of business of such Person.

"**Asset Disposition**" means the sale or other disposition by the Guarantor or any Material Subsidiary (other than to the Guarantor or another Material Subsidiary) of (a) all or substantially all of the Capital Stock of any Material Subsidiary or (b) all or substantially all of the assets that constitute a business segment or line of business of the Guarantor or any Material Subsidiary.

"**Asset Sale**" means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction and including any sale or issuance of the Capital Stock of any Material Subsidiary) in one transaction or a series of related transactions by the Guarantor or any Material Subsidiary to any Person other than the Guarantor or any Material Subsidiary of any of its property or assets (including Capital Stock), in each case that is not governed by Condition 4.15; provided that "Asset Sale" shall not include:

(a) sales, transfers or other dispositions of inventory or receivables (including properties under development for sale and completed properties for sale) in the ordinary course of business;

(b) sales, transfers or other dispositions of assets constituting a Permitted Investment;

(c) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of U.S.$10 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

(d) any sale, transfer, assignment or other disposition of any inventory or property with a Fair Market Value not in excess of U.S.$1.0 million (or the Dollar Equivalent thereof) to an employee of the Guarantor in any transaction or series of related transactions under an employee benefit plan approved by the Board of Directors and in effect from time to time;

(e) any sale, transfer, assignment or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Guarantor or its Material Subsidiaries;

(f) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien; or

(g) any sale, transfer or other disposition by the Guarantor or any of its Subsidiaries, including the sale or issuance of Capital Stock by the Guarantor or any of its Subsidiaries, to the Guarantor or to any of the Guarantor's Material Subsidiaries.

"**Associate**" means any company in which the Guarantor owns Capital Stock which is not a Subsidiary.

"**Average Life**" means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (a) the sum of the products of (i) the number of years from such date of determination to the dates of each successive scheduled principal payment or redemption or similar payment of such Indebtedness and (ii) the amount of such principal payment by (b) the sum of all such principal payments.

"**Board of Directors**" means the board of directors elected or appointed by the stockholders of the Guarantor or a Material Subsidiary, as the case may be, to manage the business of the Guarantor or such Material Subsidiary, as the case may be, and any committee of such board duly authorised to take the action purported to be taken by such committee.

"**Board Resolution**" means any resolution of any Board of Directors taking any action which it is authorised to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of such Board of Directors.

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock; provided, that Capital Stock shall not include any perpetual capital securities, subordinated capital securities or other similar instruments (or portions thereof) that are classified as equity under PFRS.

"**Change of Control Event**" means the occurrence of one or more of the following events:

(a) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Guarantor and its Subsidiaries, taken as a whole, to any "person" (within the meaning of Section 13(d) and 14(d) of the Exchange Act), provided that this shall not apply to any transfer or properties or assets to a real estate investment trust established by the Guarantor or any of its Subsidiaries in accordance with the rules and regulations of the Philippine Securities and Exchange Commission and The Philippine Stock Exchange, Inc., provided that such real estate investment trust remains a Material Subsidiary of the Guarantor or a Subsidiary of a Material Subsidiary immediately after such transfer;

(b) the Guarantor consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Guarantor, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Guarantor or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Guarantor outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction;

(c) the Permitted Holders are the beneficial owners of less than 51.0% of the total voting power of the Voting Stock of the Guarantor;

(d) any Person or Persons, acting collectively, other than the Permitted Holders, are the beneficial owners of more than 51.0% of the total voting power of the Voting Stock of the Guarantor;

(e) individuals who on the Issue Date constituted the Board of Directors of the Guarantor (together with any new directors whose election by the Board of Directors of the Guarantor was approved by a vote of either (i) at least 66.6% of the majority of the members of the Board of Directors of the Guarantor then in office who were members of the Board of Directors of the Guarantor on the Issue Date or whose election was previously so approved or (ii) the Permitted Holders) cease for any reason to constitute a majority of the members of the Board of Directors then in office; or

(f) the adoption of a plan relating to the liquidation or dissolution of the Guarantor.

"**Commodity Hedging Agreement**" means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

"**Common Stock**" means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Trust Deed, and include, without limitation, all series and classes of such common stock or ordinary shares.

"**Consolidated Debt**" means at any time the aggregate amount of, without duplication, all short-term and long-term interest-bearing obligations of the Guarantor and its Subsidiaries, direct or contingent, for borrowed money including, for avoidance of doubt, the Guarantor's and its Subsidiaries' obligations arising from the issuance of any class or series of capital stock that by its terms or otherwise is (a) required to be redeemed, or (b) redeemable at the option of the holder of such class or series of capital stock, as of the end of the most recent fiscal quarter for which published financial statements are available, prepared in accordance with PFRS.

"**Consolidated Net Worth**" means, at any date of determination, stockholders' equity as set forth on the most recently available quarterly or annual consolidated financial statements (available pursuant to Condition 4.14) of the Guarantor prepared in accordance with PFRS (which the Guarantor shall use its reasonable best efforts to compile in a timely manner), plus, to the extent not included, the par or stated value of any Preferred Stock of the Guarantor, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, any accumulated deficit, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Guarantor or any Subsidiary, each item to be determined in conformity with PFRS.

"**Contractor Guarantees**" means guarantees by the Guarantor or any of its Subsidiaries of Indebtedness of any contractor, builder or other similar Person engaged by the Guarantor or such Subsidiary in connection with the development, construction or improvement of real or personal property or equipment to be used in a Permitted Business by the Guarantor or any of its Subsidiaries in the ordinary course of business, which Indebtedness was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

"**Currency Agreement**" means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

"**Default**" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"**Deposit Secured Indebtedness**" means the Peso denominated Indebtedness of the Guarantor or any of its Subsidiaries that is secured by the cash proceeds, or Temporary Cash Investments made with the cash proceeds, of a non-Peso denominated debt capital raising exercise received by the Guarantor or its relevant Subsidiary and deposited in one or more bank, securities, money market or similar accounts of the Guarantor or its relevant Subsidiary; provided, however, that the Dollar Equivalent (as at the date of the Incurrence of such Deposit Secured Indebtedness) of the principal amount of such Deposit Secured Indebtedness shall not exceed the lower of (i) the total amount of the cash proceeds of the relevant non-Peso debt capital raising exercise (or, if applicable, the Dollar Equivalent thereof as at the date of the Incurrence of such Deposit Secured Indebtedness) and (ii) the aggregate amount of the cash or Temporary Cash Investments deposited in the accounts that secure such Deposit Secured Indebtedness (or, if applicable, the Dollar Equivalent thereof as at the date of the Incurrence of Such Deposit Secured Indebtedness), provided that for purposes of Condition 4.6, the reference to "Subsidiaries" in this definition shall mean "Material Subsidiaries".

"**Disqualified Stock**" means any class or series of Capital Stock of any Person that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or otherwise is (a) required to be redeemed prior to the Stated Maturity of the Notes, (b) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the Stated Maturity of the Notes or (c) convertible into or exchangeable for Capital Stock referred to in clause (a) or (b) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the Notes; provided that (i) any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale," or "change of control event" occurring prior to the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "asset sale" or "change of control event" provisions applicable to such Capital Stock are no more favourable to the holders of such Capital Stock than the provisions contained in Condition 4.7 and Condition 6.4 and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Issuer's repurchase of the Notes as are required to be repurchased pursuant to Condition 4.7 and Condition 6.4; and (ii) any class or series of debt securities or Preferred Stock convertible into or exchangeable for Common Stock, the terms of which allow for a cash payment in lieu of Common Stock upon conversion or exchange in the event that the issue or distribution of Common Stock to the holder thereof will cause such Person to violate foreign ownership regulations applicable in the Philippines from time to time shall not constitute Disqualified Stock provided that any such cash payments are made with the proceeds of the sale of Equity Interests of such Person to an unaffiliated Person.

"**Dollar Equivalent**" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by Bangko Sentral ng Pilipinas on the date of determination.

"**Equity Interests**" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"**Existing Notes**" means the Original Notes, the March 2022 Notes, and the November 2022 Notes.

"**Extraordinary Resolution**" has the meaning given to it in the Trust Deed.

"**Fair Market Value**" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution.

"**Guarantee Event**" means (i) the amendment of the Guarantor's articles of incorporation to include express authority to guarantee obligations of third parties (including the Notes), shall not have been approved by the Philippine Securities and Exchange Commission by 1 August 2021, provided that that if the Guarantor's board and shareholders approved the amendment of the Guarantor's articles of incorporation prior to 1 August 2021, any approval by the Philippine Securities and Exchange Commission after 1 August 2021 shall be deemed to have been given on 1 August 2021, (ii) the Issuer or the Guarantor repudiates the Guarantee or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Guarantee on or prior to 1 August 2021, or (iii) the Guarantee is claimed by the Issuer or the Guarantor not to be in full force and effect on or prior to 1 August 2021.

"**Gross-up Event**" means that as a result of any change in, or amendment to, the laws or treaties (or any rules or regulations thereunder) of any Relevant Jurisdiction, or any change in or amendment to any official interpretation or application of those laws, treaties or rules or regulations, which change or amendment becomes effective on or after the Issue Date, (i) the Issuer or, as the case may be, the Guarantor, has or will become obliged to pay Additional Amounts at a rate greater than that applicable on the Issue Date; (ii) the payment obligation cannot be avoided by the Issuer or, as the case maybe, the Guarantor, taking reasonable measures available to it, and (iii) where any Additional Amounts due in accordance with Condition 8 are in consequence of any change in the laws or treaties of the Republic of the Philippines after the Issue Date, a "Gross up Event" shall have occurred only in the event that the rate of withholding or deduction required by such law or treaty is in excess of 20 per cent.

"**guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (b) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term "guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"**Hedging Obligation**" of any Person means the obligations of such Person pursuant to any Currency Agreement, Interest Rate Agreement or Commodity Hedging Agreement.

"**Incur**" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; provided that (a) any Indebtedness of a Person existing at the time such Person becomes a Subsidiary will be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary and (b) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms "Incurrence," "Incurred" and "Incurring" have meanings correlative with the foregoing.

"**Indebtedness**" means, with respect to any Person at any date of determination (without duplication), all obligations of such Person then outstanding for the payment or repayment of money, including:

(a) all indebtedness of such Person for or in connection with borrowed money or for the deferred purchase price of property or services or for leases and similar arrangements (including, but not limited to, reimbursement obligations under or in respect of any letter of credit or bank acceptance and the obligation to repay deposits with or advances to such Person);

(b) all obligations secured by any Lien on any property of such Person, whether or not such obligations have been assumed by such Person; and

(c) all direct or indirect guarantees of such Person in respect of, and all obligations (contingent or otherwise) of such Person to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, all indebtedness of another Person,

if and to the extent any of the preceding items would appear as a liability on the balance sheet of the specified Person prepared in accordance with PFRS or the equivalent relevant local accounting standard, and so that where the amount of Indebtedness is required to be calculated, no amount shall be taken into account more than once in the same calculation and, where the amount is to be calculated on a consolidated basis in respect of a corporate group, monies borrowed or raised, or other indebtedness, as between members of such group shall be excluded.

Notwithstanding the foregoing, "**Indebtedness**" shall not include (i) any capital commitments, purchase commitments or similar obligations Incurred in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights); provided that such obligation is not reflected on the statement of financial position of the Issuer or the Guarantor (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the statement of financial position will not be deemed to be reflected on such statement of financial position); (ii) trade payables, accrued expenses and tax payable; and (iii) lease liabilities that would have been classified as "operating leases" under PAS 17, as of 31 December 2018, the accounting standard for leases prior to PFRS 16.

For the purposes of determining the amount of Indebtedness, (i) the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortised portion of the original issue discount of such Indebtedness at such time as determined in conformity with PFRS; and (ii) money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to pre-fund the payment of the interest on such Indebtedness shall be deemed not to be Indebtedness so long as such money is held to secure the payment of such interest.

"**Interest Rate Agreement**" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates.

"**Investment**" means:

(a) any direct or indirect advance, loan or other extension of credit to another Person;

(b) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);

(c) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or

(d) any guarantee of any obligation of another Person.

The acquisition by the Guarantor or a Material Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Guarantor or such Material Subsidiary in such third Person.

"**Investment Property**" means the Guarantor's completed property and property under construction or re-development that are held by the Guarantor to earn rentals or for capital appreciation or both.

"**Issue Date**" means the date on which the Notes (other than additional Notes (including the March 2022 Notes, the November 2022 Notes, and the Additional Notes)) are originally issued under the Trust Deed.

"**Lien**" means any mortgage, charge, pledge lien or other security interest or encumbrance or other preferential arrangement of any kind in respect of such property, asset, including without limitation, any preference or priority under Article 2244(14) of the Civil Code of the Philippines, as the same may be amended from time to time, and the right of a vendor, lessor or similar party under any conditional sales agreement, capital lease or other title retention agreement relating to such property or asset, any other right or arrangement with any creditor to have its claims satisfied out of any property or assets, or the proceeds therefrom, prior to any general creditor of the owner thereof.

"**March 2022 Notes**" means the U.S.$55,000,000 7.25 per cent. guaranteed senior notes of the Issuer issued on 16 March 2022, which were consolidated and formed a single series with the Original Notes.

"**Material Subsidiary**" means:

(a) any Subsidiary of the Guarantor whose gross revenues (consolidated in the case of a Subsidiary which has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent, in each case, at least five per cent. of the consolidated gross revenues or, as the case may be, consolidated total assets, of the Guarantor and its Subsidiaries taken as a whole, all as calculated, respectively, by reference to the then latest available consolidated audited balance sheet and profit and loss accounts of the Guarantor and its consolidated Subsidiaries, provided that:

  (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are available, be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary;

  (ii) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, gross revenues or gross assets of the Guarantor and any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Guarantor for the purposes of preparing a certificate thereon to the Trustee;

  (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its gross revenues or gross assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Guarantor for the purposes of preparing a certificate thereon to the Trustee; and

  (iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso above) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Material Subsidiary shall be based on a pro forma consolidation of such Subsidiary's accounts (consolidated, in each case, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor; or

(b) any Subsidiary to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary which immediately prior to such transfer was a Material Subsidiary, whereupon (I) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (II) the transferee Subsidiary shall immediately become a Material Subsidiary, provided that on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of the sub-paragraphs above.

For the avoidance of doubt, (i) a Person will cease to be a Material Subsidiary in the event that and at such time such Person ceases to be a Subsidiary, and (ii) in the event of a Material Subsidiary ceasing to be a Subsidiary, determination of the remaining Material Subsidiaries shall be made upon the availability of the annual consolidated audited balance sheet and profit and loss accounts of the Guarantor and its consolidated Subsidiaries after such Material Subsidiary ceases to become a Subsidiary.

"**Moody's**" means Moody's Investors Service and its affiliates.

“**Net Cash Proceeds**” means with respect to any Asset Sale or any issuance or sale of Capital Stock, the proceeds of such Asset Sale or issuance or sale of Capital Stock, as the case may be, in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of:

(a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;

(b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Guarantor and its Subsidiaries, taken as a whole;

(c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (A) is secured by a Lien on the property or assets sold or (B) is required to be paid as a result of such sale;

(d) appropriate amounts to be provided by the Guarantor or any Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with PFRS;

(e) all distributions and other payments required to be made to minority interest holders; and

(f) any portion of the purchase price placed in escrow (until the termination of such escrow and up to the amount of funds released from such escrow).

“**Noteholder**” means the Person in whose name a Note is registered in the Note register.

“**November 2022 Notes**” means the U.S.$30,000,000 7.25 per cent. guaranteed senior notes to be issued on 25 November 2022, which were consolidated and formed a single series with the Original Notes and the March 2022 Notes.

“**Offering Circular**” means (i) the offering circular dated 20 July 2020 relating to the sale of the Original Notes, (ii) for purposes of Condition 4.9 in respect of the March 2022 Notes, the offering circular dated 9 March 2022, (iii) for purposes of Condition 4.9 in respect of the November 2022 Notes, the offering circular dated 17 November 2022, and (iv) for purposes of Condition 4.9 in respect of the Additional Notes, the offering circular dated 21 March 2023.

“**Offer to Purchase**” means an offer to purchase the Notes by the Issuer from the Noteholders commenced by sending a notice to the Trustee and each Noteholder at its last address appearing in the Note register stating:

(a) the Condition pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(b) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is sent) (the “**Offer to Purchase Payment Date**”);

(c) that any Note not tendered will continue to accrue interest pursuant to its terms;

(d) that, unless the Issuer defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

(e) that Noteholders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Noteholder to Elect Purchase" on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(f) that Noteholders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Noteholder, the principal amount of Notes delivered for purchase and a statement that such Noteholder is withdrawing his election to have such Notes purchased; and

(g) that Noteholders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; provided that each Note purchased and each new Note issued shall be in a principal amount of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

On the Offer to Purchase Payment Date, the Issuer shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; (b) deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted; and (c) deliver, or cause to be delivered, to the Registrar all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Issuer. The Paying Agent shall promptly send to the Noteholders of Notes so accepted payment in an amount equal to the purchase price, and the Registrar shall promptly authenticate and send to such Noteholders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; provided that each Note purchased and each new Note issued shall be in a principal amount of U.S.$200,000 each and integral multiples of U.S.$1,000 in excess thereof. The Issuer will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Issuer will comply with Rule 14e-1 under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Issuer is required to repurchase Notes pursuant to an Offer to Purchase.

The materials used in connection with an Offer to Purchase are required to contain or incorporate by reference information concerning the business of the Issuer, the Guarantor and the Guarantor's Subsidiaries which the Issuer and the Guarantor in good faith believe will assist such Noteholders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Issuer to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Noteholders to tender Notes pursuant to the Offer to Purchase.

"**Officer**" means the Chief Executive Officer, the President, the Chief Financial Officer, the Chief Legal Officer or any managing director of the Issuer or the Guarantor, as the case may be.

"**Officers' Certificate**" means a certificate signed by two Officers.

"**Opinion of Counsel**" means a written opinion from internationally recognized legal counsel. The counsel may be an employee of or counsel to the Issuer, the Guarantor or the Trustee. Each such Opinion of Counsel shall include:

(a) a statement that the person making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

"**Original Notes**" means the U.S.$75,000,000 7.25 per cent. guaranteed senior notes of the Issuer issued on 27 July 2020.

"**Permitted Business**" means any business conducted or proposed to be conducted (as described in the Offering Circular) by the Guarantor and its Subsidiaries or its Associates on the Issue Date, any business activity related to properties customarily constituting assets of a real estate investment trust, and other businesses reasonably related or ancillary thereto.

"**Permitted Holders**" means any or all of the following: (i) Mr. Edgar Sia II and his spouse; (ii) Mr. Tony Tan Caktiong and his spouse; (iii) the relatives until the fourth degree of consanguinity or affinity of the persons named or described in clauses (i) and (ii) above and such relatives' spouses; (iv) the descendants of the persons named or described in clauses (i), (ii) and (iii) above; (v) the estates or legal representatives of any person named or described in clauses (i) to (iv) above; (vi) trusts or other analogous arrangements established for the benefit of any person named or described in clauses (i) to (v) above or of which any such person is a trustee or holder of an analogous office; or (vii) any Person directly or indirectly controlled by any Person named or described in clauses (i) to (vi) above. For purposes of this definition, control, as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"**Permitted Investment**" means:

(a) any Investment in a Subsidiary of the Guarantor or a Material Subsidiary or a Person which will, upon the making of such Investment, become a Subsidiary of the Guarantor or a Material Subsidiary or be merged or consolidated with or into or transfer or convey all or substantially all its assets to the Guarantor or a Material Subsidiary;

(b) Temporary Cash Investments;

(c) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with PFRS and not in excess of U.S.$1.0 million (or the Dollar Equivalent thereof) outstanding at any time;

(d) stock, obligations or securities received in satisfaction of judgments;

(e) any Investment pursuant to a Hedging Obligation entered into in the ordinary course of business (and not for speculation) and designed solely to protect the Guarantor or any Material Subsidiary against fluctuations in interest rates or foreign currency exchange rates;

(f) receivables owing to the Guarantor or any Material Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(g) any securities or other Investments received as consideration in, or retained in connection with, sales or other dispositions of property or assets, including Asset Dispositions made in compliance with the covenant described under Condition 4.7;

(h) pledges or deposits (i) with respect to leases or utilities provided to third parties in the ordinary course of business or (ii) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under Condition 4.6;

(i) any Investment pursuant to Contractor Guarantees by the Guarantor or any Material Subsidiary; and

(j) Investments in securities of trade creditors or customers received pursuant to any plan of reorganisation or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers.

"**Permitted Liens**" means:

(a) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with PFRS shall have been made;

(b) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with PFRS shall have been made;

(c) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(d) Licenses, leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Guarantor and its Subsidiaries, taken as a whole;

(e) Liens encumbering property or assets in connection with the development, construction or improvement of real or personal property or equipment to be used in a Permitted Business by the Guarantor or any of its Subsidiaries arising from progress or partial payments by a customer of the Guarantor or its Subsidiaries relating to such property or assets;

(f) any interest or title of a lessor in any property subject to any operating lease;

(g) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Subsidiary of the Guarantor; provided that such Liens do not extend to or cover any property or assets of the Guarantor or any Subsidiary of the Guarantor other than the property or assets acquired; provided further that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Subsidiary of the Guarantor;

(h) Liens in favour of the Guarantor or any of its Subsidiaries;

(i) Liens arising from attachment or the rendering of a final judgment or order against the Guarantor or any of its Subsidiaries that does not give rise to an Event of Default;

(j) (i) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof or (ii) Liens in favour of any bank having a right of setoff, revocation, refund or chargeback with respect to money or instruments of the Guarantor or any of its Subsidiaries on deposit with or in possession of such bank;

(k) Liens existing on the Issue Date;

(l) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under Condition 4.1(b)(iv); provided that such Liens do not extend to or cover any property or assets of the Guarantor or any Material Subsidiary other than the property or assets securing the Indebtedness being refinanced;

(m) Liens (including extensions and renewals thereof) upon real or personal property; provided that (i) such Lien is created solely for the purpose of securing Indebtedness Incurred for the purpose of acquiring or purchasing or for the development, construction or improvement of real or personal property to be used in a Permitted Business and (ii) the principal amount of the Indebtedness secured by such Lien does not exceed 100.0% of the expenditures referred to in clause (m)(i);

(n) Liens on assets securing Indebtedness which is permitted to be Incurred under Condition 4.1(b)(xi);

(o) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favour of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Guarantor or any of its Subsidiaries;

(p) Liens on one or more bank, securities, money market or similar accounts to secure Deposit Secured Indebtedness;

(q) Liens securing Indebtedness under Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Guarantor or any of its Subsidiaries from fluctuations in interest rates or currencies or commodities and not for speculation; and

(r) Liens in connection with a Qualified Receivables Transaction,

provided that for purposes of Condition 4.6, the reference to "Subsidiaries" in this definition shall mean "Material Subsidiaries".

"**Permitted Subsidiary Indebtedness**" means Indebtedness of, and all Preferred Stock issued by, the Material Subsidiaries, taken as a whole (but excluding the amount of any Indebtedness of, and all Preferred Stock issued by, the Issuer and any Indebtedness or the guarantee of any Material Subsidiary permitted under Conditions 4.1(b)(i), 4.1(b)(iii), 4.1(b)(v) and 4.1(b)(ix)), all Material Subsidiaries, taken as a whole, provided that, on the date of the Incurrence of such Indebtedness or issuance of such Preferred Stock, as the case may be, and after giving effect thereto (on a *pro forma* basis) and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness does not exceed an amount equal to 20% of the Guarantor's Total Assets in the most recent financial statements delivered pursuant to Condition 4.14.

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"**PFRS**" means Philippine Accounting Standards and Philippine Financial Reporting Standards as in effect from time to time. All ratios and computations contained or referred to in the Trust Deed shall be computed in conformity with PFRS applied on a consistent basis.

"**Potential Event of Default**" means any event or circumstance that could with the giving of notice, lapse of time and/or issue of a certificate would be, an Event of Default.

"**Preferred Stock**" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over any other class of Capital Stock of such Person.

"**Qualified Receivables**" means the right of the Guarantor or any of its Subsidiaries to receive scheduled installment payments from purchasers of residential or commercial properties sold by the Guarantor or such Subsidiary on secured loans provided by the Guarantor or such Subsidiary in the ordinary course of business to such purchasers to fund the purchase price of such properties, provided that for purposes of Condition 4.6, the reference to "Subsidiaries" in this definition shall mean "Material Subsidiaries".

"**Qualified Receivables Transaction**" means a transaction or series of transactions entered into by the Guarantor or any of its Subsidiaries pursuant to which the Guarantor or such Subsidiary sells or otherwise transfers to a domestic bank or financial institution in the Philippines Qualified Receivables; where the gross cash proceeds from such sale or transfer are at least 85.0% of the aggregate principal amount of the Qualified Receivables sold or transferred, provided that for purposes of Condition 4.6, the reference to "Subsidiaries" in this definition shall mean "Material Subsidiaries".

"**Replacement Assets**" means properties and assets (other than current assets) of a nature or type that will be used in a Permitted Business.

"Redemption Price" means the principal amount of the Notes plus any accrued but unpaid Interest to but excluding the redemption date.

"**Sale and Leaseback Transaction**" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Guarantor or any of its Subsidiaries transfers such property to another Person and the Guarantor or any of its Subsidiaries leases it from such Person.

"**Senior Indebtedness**" of the Guarantor or any Material Subsidiary, as the case may be, means all Indebtedness of the Guarantor or such Material Subsidiary, as relevant, whether outstanding on the Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be not senior in right of payment to the Notes or, in respect of any Material Subsidiary that has delivered a Subsidiary Guarantee; provided that Senior Indebtedness does not include (a) any obligation to the Guarantor or any Material Subsidiary, (b) trade payables or (c) Indebtedness Incurred in violation of the Trust Deed or these Conditions.

"**SGX-ST**" means the Singapore Exchange Securities Trading Limited.

"**S&P**" means Standard & Poor's Rating Services, a division of McGraw-Hill Financial.

"**Stated Maturity**" means, (a) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (b) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

"**Subsidiary**" means, with respect to any Person, any corporation, association or other business entity of which more than 50.0% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

"**Temporary Cash Investment**" means any of the following:

(a) direct obligations of the United States of America and any state of the European Economic Area or any agency thereof or obligations fully and unconditionally guaranteed by the United States of America and any state of the European Economic Area or any agency thereof, in each case maturing within one year;

(b) time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organised under the laws of the United States of America or any state thereof, any state of the European Economic Area and which bank or trust company has capital, surplus and undivided profits aggregating in excess of U.S.$100.0 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognised statistical rating organization (as defined in Rule 436 under the United States Securities Act of 1933, as amended) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

(c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (a) above entered into with a bank or trust company meeting the qualifications described in clause (b) above;

(d) commercial paper, maturing within 180 days of the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Issuer or the Guarantor) organised and in existence under the laws of the United States of America, any state thereof or any foreign country recognised by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P;

(e) securities, maturing within one year of the date of acquisition thereof, issued or fully and unconditionally guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof or Hong Kong and rated at least "A" by S&P or Moody's;

(f) any mutual fund that has at least 95.0% of its assets continuously invested in investments of the types described in clauses (a) through (e) above; and

(g) time deposit accounts, certificates of deposit and money market deposits maturing within 90 days of the date of acquisition thereof issued by Metropolitan Bank and Trust Company, Bank of the Philippine Islands, Banco de Oro Unibank, Inc. or any other bank organised under the laws of the Republic of the Philippines whose long term debt is rated as high or higher than any of those banks; provided, however, that no more than the greater of (i) U.S.$50.0 million (or the Dollar Equivalent thereof) and (ii) 50.0% of the aggregate of all Temporary Cash Investments may at any date of determination be made in any one such entity.

"**Trade Payables**" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and payable within 90 days.

"**Treasury Rate**" means, as of any redemption date, the yield to maturity as of such redemption date of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market date selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to maturity; provided, however, that if the period from the redemption date to maturity is less than one year, the weekly average yield on actually traded US Treasury securities adjusted to a constant maturity of one year will be used.

"**Total Equity**" means at any date, the aggregate (without duplication) stockholder's equity of the Guarantor and its Subsidiaries which would appear on a consolidated balance sheet of the Guarantor and its Subsidiaries as of the end of the most recent fiscal quarter for which published financial statements are available, prepared in accordance with PFRS.

"**Total Assets**" means total assets as determined by reference to the audited annual or (as the case may be) unaudited quarterly consolidated financial statements of the Guarantor as of the last day of its most recently ended quarterly period.

"**Transaction Date**" means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"**Voting Stock**" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"**Wholly-Owned**" means, with respect to any Subsidiary of any Person, the ownership of 100.0% of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly-Owned Subsidiaries of such Person.

"**Winding-Up**" means, with respect to the Issuer or any Guarantor, a final and effective order or resolution for the bankruptcy, winding up, liquidation, receivership, insolvency or similar proceedings in respect of the Issuer or such Guarantor, as the case may be.

5. INTEREST

5.1 Rate of Interest

The Notes bear interest ("**Interest**") on their outstanding principal amount from and including (a) in respect of the Original Notes, the Issue Date, (b) in respect of the March 2022 Notes, 27 January 2022, (c) in respect of the November 2022 Notes, 27 July 2022, and (d) in respect of the Additional Notes, 27 January 2023, at the rate of 7.25 per cent. per annum payable in equal instalments of U.S.$36.25 per U.S.$1,000 in principal amount of Notes semi-annually in arrear on 27 January and 27 July of each year (each an "**Interest Payment Date**") commencing on (i) in respect of the Original Notes, 27 January 2021, (ii) in respect of the March 2022 Notes, 27 July 2022, (iii) in respect of the November 2022 Notes, 27 January 2023, and (iv) in respect of the Additional Notes, 27 July 2023.

5.2 Interest Accrual

Each Note will cease to bear Interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event Interest shall continue to accrue as provided in the Trust Deed.

5.3 Broken Amounts

When any Interest is required to be calculated in respect of a period of less than a full six months, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days, and the resulting figure shall be rounded to the nearest U.S. cent, half of any U.S. cent being rounded upwards.

6. REDEMPTION AND PURCHASE

6.1 Redemption

Unless previously redeemed or repurchased and cancelled as provided in these Conditions, the Notes will be redeemed at their principal amount on 27 July 2025 (the "**Maturity Date**").

6.2 Redemption at the Option of the Issuer

On or after 27 July 2022, the Issuer may, on any one or more occasions, redeem all or only some of the Notes at the redemption prices (expressed as percentages of principal amount) set out below, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to, but excluding, the applicable date of redemption, if redeemed during the twelve month period beginning on 27 July of the years indicated below:

Year	Redemption Price
2022	105.4375 per cent.
2023	103.625 per cent.
2024	101.8125 per cent.
2025 and thereafter	100 per cent.

All redemptions of the Notes pursuant to this Condition 6.2 will be made upon not less than 30 nor more than 60 days' prior notice to the Noteholders in accordance with Condition 13.1. Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

So long as the Additional Notes are represented by the Global Certificate, a Holder's right to redemption of the Notes under this Condition will be effected in accordance with the rules of the relevant clearing systems.

6.3 Early redemption due to a Gross-up Event

(a) If a Gross-up Event occurs, the Issuer may redeem the Notes (in whole but not in part) at the Redemption Price, on the giving of not less than 30 and not more than 60 calendar days' irrevocable notice of redemption to the Noteholders in accordance with Condition 13.1, and to the Trustee and the Principal Paying Agent in writing.

(b) No such notice of redemption may be given earlier than 45 calendar days prior to the earliest calendar day on which the Issuer or, as the case may be, the Guarantor would be for the first time obliged to pay the Additional Amounts in question on payments due in respect of the Notes.

(c) Prior to the giving of any such notice of redemption, the Issuer will deliver or procure that there are delivered to the Trustee:

  (i) an Officers' Certificate stating that the Issuer is entitled to effect such redemption and setting out a statement of facts showing that the conditions to the exercise of the right of the Issuer to redeem have been satisfied and that the obligation to pay Additional Amounts (as defined in Condition 8.1) cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it; and

  (ii) an opinion, addressed to the Trustee, of an independent legal or tax adviser of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay the Additional Amounts in question as a result of a Gross-up Event,

  and the Trustee shall be entitled (but not obliged) to accept and rely upon the above certificate and opinion (without further investigation or enquiry) as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event the same shall be conclusive and binding on the Noteholders, and the Trustee shall be protected and shall have no liability to any Noteholder or any person for so accepting and relying upon such certificate and opinion.

6.4 Early redemption due to a Change of Control Event or a Guarantee Event

(a) Upon the occurrence of a Change of Control Event or a Guarantee Event, each Noteholder shall have the right, at its option, to require the Issuer to repurchase all (but not some only) of its Notes at any time prior to the Maturity Date at 101 per cent. of their principal amount thereof plus any accrued but unpaid interest.

(b) Within 14 days following a Change of Control Event or Guarantee Event, the Issuer shall make an Offer to Purchase and notify the Trustee, the Principal Paying Agent and each Noteholder in accordance with Condition 13.1 of such Offer to Purchase, which notice shall state, among others, (i) that a Change of Control Event or Guarantee Event has occurred and that such Noteholder has the right to require the Issuer to redeem its Notes; (ii) the Offer to Purchase Put Date; and (iii) the procedures determined by the Issuer, consistent with the Trust Deed and the Conditions, that a Noteholder must follow in order to have its Notes redeemed.

So long as the Additional Notes are represented by the Global Certificate, a Holder's right to redemption of the Notes due to a Change of Control Event or Guarantee Event will be effected in accordance with the rules of the relevant clearing systems.

6.5 Purchase of Notes

The Issuer, the Guarantor or any Subsidiary of the Guarantor may, in compliance with applicable laws, purchase Notes in any manner and at any price. Such acquired Notes may be surrendered for cancellation or held or resold. The Notes so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 11 or 15.1.

6.6 Responsibility of Trustee and Agents

The Trustee and the Agents shall not be required to take any steps to ascertain whether a Gross-up Event or a Change of Control Event or a Guarantee Event has occurred (or any event which could lead to the occurrence of a Gross-up Event or Change of Control Event or a Guarantee Event has occurred) and shall not be responsible or liable to the Noteholders, the Issuer, the Guarantor or any other person for any loss arising from any failure to do so.

6.7 Calculations

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption or have a duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto, and shall not be liable to the Noteholders or any other person for not doing so.

7. PAYMENTS

7.1 Principal and Interest

Payments of principal, premium (if any), and Interest will be made by transfer to the registered account of the Noteholder. Payments of principal, premium (if any) and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any Paying Agent. Interest on Notes due on an Interest Payment Date will be paid to the Holder shown on the Register at the close of business on the date (the "**record date**") being the fifteenth calendar day before the relevant Interest Payment Date.

For the purposes of this Condition 7.1, a Noteholder's "**registered account**" means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business, in the case of principal, premium (if any) and interest due otherwise than on an Interest Payment Date, on the second Business Day (as defined below) before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant record date.

Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the Noteholder in the register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

7.2 Payments subject to Applicable Laws

Payments in respect of principal, premium (if any) and interest on Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

7.3 No Commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition 7.

7.4 Payment on Business Days

Payment instructions (for value the due date or, if that is not a Business Day (as defined below), for value the first following day which is a Business Day (as defined below) will be initiated on the Business Day (as defined below) preceding the due date for payment or, in the case of a payment of principal and premium (if any), or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day (as defined below) on which the relevant Certificate is surrendered at the specified office of an Agent.

Noteholders will not be entitled to any Interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day (as defined below), if the Noteholder is late in surrendering its Certificate (if required to do so).

In these Conditions, except as used in Condition 3.2(c), "**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for business in New York City, Hong Kong, Singapore and Manila and in the place in which the specified office of the Principal Paying Agent is located, and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

7.5 Partial Payments

If the amount of principal, premium (if any) or interest which is due on the Notes is not paid in full, the Registrar will annotate the Register with a record of the amount of principal, premium (if any) or interest in fact paid.

7.6 Agents

The names of the initial Agents and their initial specified offices are set out in the Agency Agreement. The Issuer and the Guarantor reserve the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

(a) there will at all times be a Principal Paying Agent;

(b) so long as the Notes are listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the rules of the SGX-ST so require, if the Notes are issued in definitive form, there will be at all times be a Paying Agent in Singapore unless the Issuer obtains an exemption from the SGX-ST. In addition, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Certificates, including details of the Paying Agent in Singapore;

(c) there will at all times be a Registrar; and

(d) there will at all times be a Transfer Agent.

Notice of any termination or appointment and of any changes in specified offices shall be given to the Noteholders promptly by the Issuer in accordance with Condition 13.1.

8. TAXATION AND GROSS-UP

8.1 Payment without withholding

All payments of principal, premium (if applicable) and Interest by or on behalf of the Issuer or the Guarantor in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law.

If the Issuer or, as the case may be, the Guarantor, is required to make a deduction or withholding by the Relevant Jurisdiction, the Issuer or, as the case may be, such Guarantor, shall pay such additional amount ("**Additional Amounts**") as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required; except that no Additional Amounts will be payable in relation to any payment in respect of any Note:

(a) presented for payment (if applicable) by or on behalf of a Noteholder who is liable to the Taxes in respect of such Note by reason of their having some connection with any Relevant Jurisdiction other than the mere holding of the Note;

(b) presented for payment (if applicable) more than 30 days after the Relevant Date (as defined in Condition 8.2) except to the extent that a Holder of such Note would have been entitled to such Additional Amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Business Day (as defined in Condition 7.4); or

(c) where such withholding or deduction would not have been so imposed but for the failure by the Holder of such Note, after written request made to that Holder at least 30 calendar days before any such withholding or deduction would be payable, by the Issuer, the Trustee or the Paying Agent, as applicable, to comply with any identification, information, documentation or other similar reporting requirement concerning its nationality, residence or connection with the Relevant Jurisdiction, which is required or imposed by a statute, regulation or published administrative interpretation of general application of the Relevant Jurisdiction as a precondition to reduction or exemption from such withholding or deduction.

8.2 Interpretation

In these Conditions:

(a) The "**Relevant Date**" means the date on which the payment first becomes due but, if the full amount of the moneys payable has not been received by the Principal Paying Agent, the Trustee or the Registrar, as the case may be, on or before such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 13.1.

(b) The "**Relevant Jurisdiction**" means, in respect of the Issuer, Singapore, or any political subdivision or any authority thereof or therein having power to tax and, in respect of the Guarantor, the Republic of the Philippines or any political subdivision or any authority thereof or therein having power to tax, and in the event of any substitution or other corporate action resulting in either the Issuer or the Guarantor (as the case may be) being incorporated in any other jurisdiction, that other jurisdiction or any political subdivision or any authority thereof or therein having power to tax.

8.3 Additional Amounts, principal and interest

Any reference in these Conditions to any amounts in respect of the Notes will be deemed also to refer to any Additional Amounts which may be payable under this Condition 8 or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed. Unless the context otherwise requires, any reference in these Conditions to "**principal**" includes any instalment amount or redemption amount and any other amounts in the nature of principal payable pursuant to these Conditions and "**interest**" includes all amounts payable pursuant to Condition 5 and any other amounts in the nature of interest payable pursuant to these Conditions.

8.4 Responsibility of Trustee and Agents for Payment of Taxes

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Noteholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), Interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

9. PRESCRIPTION

Claims against the Issuer or the Guarantor for payment in respect of the Notes or the Guarantee will prescribe and become void unless made within 10 years (in the case of principal or premium, if any) and five years (in the case of Interest) from the appropriate Relevant Date in respect of the Notes, subject to the provisions of Condition 7.

10. FURTHER ISSUES

To the extent permitted by Condition 4, the Issuer is at liberty from time to time without the consent of the Noteholders to create and issue further notes either (a) ranking *pari passu* in all respects (or in all respects save for the issue date and the first payment of Interest thereon) and so that the same will be consolidated and form a single series with the Notes or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further Notes which are to form a single series with the Notes will be constituted by a deed supplemental to the Trust Deed.

11. EVENTS OF DEFAULT AND ENFORCEMENT

11.1 Events of Default

If any of the following events (each an "**Event of Default**") (other than an Event of Default specified in paragraphs (f) or (g) of this Condition 11.1) occurs and is continuing, the Trustee at its sole discretion may, and if so requested in writing by the holders of not less than 25 per cent. in principal of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to the Trustee being indemnified and/or secured and/or pre-funded by the holders to its satisfaction), give notice in writing to the Issuer that the Notes are, and they shall accordingly thereby become, immediately due and repayable at 100 per cent. of their principal amount together with accrued and unpaid interest as provided in the Trust Deed:

(a) **Non-payment of Interest**: failure by the Issuer to pay premium (if any) or interest due in respect of the Notes and such default continues for a period of 10 Business Days;

(b) **Non-payment of Principal or Premium**: default in the payment of the principal or premium, if any, of any Note when the same becomes due and payable at maturity or otherwise or a failure to redeem or purchase Notes when required pursuant to the Trust Deed or the Notes;

(c) **Breach of Other Obligations**: the Issuer or the Guarantor defaults in the performance or observance of any other covenants or agreements in the Trust Deed, the Notes, the Agency Agreement, the Guarantee and the default (i) is incapable of remedy or (ii) being a default which is capable of remedy continues for 90 calendar days after the date on which written notice of such default is given to the Issuer and the Guarantor by the Trustee or given to the Issuer, the Guarantor and the Trustee by the holders of at least 25.0 per cent. in aggregate principal amount of the Notes then outstanding hereunder;

(d) **Change of Control or Guarantee Event**: the failure by the Issuer to (i) make an Offer to Purchase or (ii) the Issuer fails to purchase tendered Notes in the manner described in Condition 6.4;

(e) **Cross-default and cross-acceleration**: there occurs with respect to any Indebtedness of the Issuer, the Guarantor or any Material Subsidiary having an outstanding principal amount of U.S.$25 million (or its Dollar Equivalent) or more in the aggregate for all such Indebtedness for all such Persons, whether such Indebtedness now exists or shall hereafter be created, (1) an event of default that has caused the holders thereof to declare such Indebtedness to be due and payable prior to its stated maturity and/or (2) the failure to make a payment of principal, premium (if any) or interest when due;

(f) **Unsatisfied Judgment**: any final judgment or order from which no further appeal or judicial review is permissible for the payment of money shall be rendered against the Issuer or the Guarantor in an amount in excess of U.S.$25 million (or its Dollar Equivalent) individually or in the aggregate for all such final judgments or orders against all such Persons (treating any deductibles, self-insurance or retention as not so covered) and shall not be discharged, and there shall be any period of 120 consecutive days following entry of the final judgment or order in excess of U.S.$25 million (or its Dollar Equivalent) individually or in the aggregate during which a stay of enforcement of such final judgment or order, irrespective of reason, shall not be in effect;

(g) **Insolvency and Rescheduling**:

(i) the Issuer or the Guarantor ceases or threatens to cease to carry on its business;

(ii) any final and unapeallable order shall be made by any competent court or other authority or a final and unapeallable resolution passed for the dissolution or Winding-Up of the Issuer or the Guarantor, or for the appointment of a liquidator, curator in bankruptcy, or receiver of the Issuer or the Guarantor or of all or substantially all of their respective assets;

(iii) the Issuer or the Guarantor commences negotiations with one or more of its creditors with a view to the general readjustment or rescheduling of its Indebtedness, or the Issuer proposes or makes an assignment for the benefit of, or enters into any general assignment or an arrangement or composition with, its creditors;

(iv) the Issuer files a petition for a suspension of payments or for bankruptcy or is declared bankrupt or becomes subject to any other regulation having similar effect;

(v) the Issuer or the Guarantor files a petition for a suspension of payments or for bankruptcy or is declared bankrupt or becomes subject to any other regulation having similar effect;

(h) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues or the Issuer, the Guarantor or any Material Subsidiary and is not discharged or within 120 days of having been so levied, enforced or sued;

(i) **Security Enforced**: any Lien, present or future, created or assumed by the Issuer or the Guarantor becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, manager or other similar person) and the Indebtedness secured by the Lien is not discharged or such steps stayed within 120 days (or such longer period as the Issuer or the Guarantor satisfies the Trustee is appropriate in relation to the jurisdiction concerned) of such steps being so taken unless and for so long as the Trustee is satisfied that it is being contested in good faith and diligently;

(j) **Guarantee Not in Force**: the Guarantee is not (or is claimed by the Issuer or the Guarantor not to be) in full force and effect;

(k) **Moratorium or Expropriation**: a moratorium is agreed or declared in respect of any Indebtedness of the Issuer or the Guarantor, or any governmental authority shall take any action to condemn, seize, nationalise or appropriate all or a substantial part of the assets of the Issuer or the Guarantor or any of the Capital Stock of the Issuer or the Guarantor or shall take any action that prevents or will prevent the Issuer or the Guarantor from performing its payment obligations under these Conditions, the Trust Deed, the Guarantee or the Notes, or the Issuer or the Guarantor shall be prevented from exercising normal control over all or a substantial part of its property;

(l) **Repudiation**: the Issuer or the Guarantor repudiates the Trust Deed, the Agency Agreement, any of the Guarantee or the Notes or does or causes or permits to be done any act or thing evidencing an intention to repudiate such agreement;

(m) **Illegality**: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under the Notes or the Trust Deed; or

(n) **Analogous Events**: any event occurs in respect of the Issuer or the Guarantor, which under the laws of any relevant jurisdiction has a similar or analogous effect to any of those events mentioned in this Condition 11.1.

If an Event of Default specified in paragraph (f) or (g) of this Condition 11.1 occurs, the principal of, premium on, if any, and accrued interest (and any Additional Amounts thereon) on all the Notes shall become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Noteholders.

Each of the Issuer and the Guarantor have undertaken in the Trust Deed that, so long as any Note remains outstanding, annually at the same time as the provision of the financial statements referred to in Condition 4.14 and also within 14 days after any request by the Trustee, it will send to the Trustee an Officers' Certificate to the effect that as at a date not more than five days prior to the date of the certificate no Event of Default or Potential Event of Default has occurred.

11.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed and the Notes, but it shall not be bound to take any such steps and/or actions and/or institute such proceedings or any other action in relation to the Trust Deed or the Notes unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least 25 per cent. in principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all actions, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including but not limited to legal fees) and liabilities which may be incurred.

No Noteholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

12. REPLACEMENT OF CERTIFICATES

Should any Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar or any Transfer Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require or, as the case may be, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity and/or security as the Registrar or such Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

Except in the limited circumstances described herein (see "*The Global Certificate*"), owners of interests in the Notes will not be entitled to receive physical delivery of Certificates.

13. NOTICES

13.1 Notices to Noteholders

All notices to the Noteholders will be valid if sent to them at their respective addresses in the Register and shall be deemed to have been received on the seventh calendar day after being so sent. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

So long as the Additional Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg, notices to Noteholders shall be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or such additional or substitute clearing system, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

13.2 Notices from Noteholders

Notices to be given by any Noteholder must be in writing and given by lodging the same, together with any Certificate in respect of such Note or Notes, with the Registrar or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

14. SUBSTITUTION OR MODIFICATION TO REMEDY GROSS-UP EVENT

The Trustee may (but shall not be obliged to), without the consent of the Noteholders, agree with the Issuer and the Guarantor to:

(a) the substitution in place of the Issuer (or of any previous substitute under this Condition 14) as the principal debtor under the Notes and the Trust Deed of the Guarantor or any of its Subsidiaries; or

(b) the modification of these Conditions to the extent reasonably necessary, in order to remedy a pending or existing Gross-Up Event provided that:

(i) in the case of a substitution of the Issuer by an entity other than the Guarantor, the Notes remaining unconditionally and irrevocably guaranteed by the Guarantor in a manner which would give the Noteholders a status in a Winding-Up of the Guarantor which is akin to the status Noteholders would have at that time in respect of a Winding-Up of the relevant issuer;

(ii) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution or modification;

(iii) the Issuer procures, at its own cost, the delivery of a legal opinion(s) as to English and any other relevant law, addressed to the Trustee, dated the date of such substitution of the Issuer or modification of these Conditions, as the case may be, and in a form acceptable to the Trustee from legal advisers acceptable to the Trustee; and

(iv) compliance with certain other conditions set out in the Trust Deed.

No Noteholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Noteholder except to the extent provided for in Condition 8 (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

15. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

15.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if it receives a written request from Noteholders holding not less than 50 per cent. in principal amount of the Notes for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. Except where the business of such a meeting includes consideration of a Reserved Matter (as defined below), the quorum at any meeting for passing an Extraordinary Resolution will be two or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting two or more persons present whatever the principal amount of the Notes held or represented, except that, at any meeting the business of which includes any of the following matters:

(a) reduction or cancellation of the amount payable or, where applicable, modification, except where such modification is in the opinion of the Trustee bound to result in an increase, of the method of calculating the amount payable or modification of the date of payment (including the Maturity Date) or, where applicable, of the method of calculating the date of payment in respect of any principal, premium (if any) or interest in respect of the Notes;

(b) alteration of the currency in which payments under the Notes are to be made;

(c) alteration of the majority required to pass an Extraordinary Resolution;

(d) substitution of any entity for the Issuer (provided that no such approval is required for such a substitution in accordance with the Trust Deed) and/or the Guarantor (or any previous substitute) as principal debtor and/or the Guarantor; or

(e) modification or cancellation of the Guarantee,

(each of (a), (b), (c), (d), and (e) above, a "**Reserved Matter**"),

the necessary quorum for passing an Extraordinary Resolution will be two or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than 25 per cent., of the aggregate principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders or passed by way of electronic consent given by the Noteholders through the relevant clearing systems in accordance with the Trust Deed will be binding on all Noteholders, whether or not they are present at the meeting at which such resolution was passed.

The Trust Deed provides that a written resolution signed by or on behalf of the Noteholders of not less than 75 per cent. of the aggregate principal amount of the Notes for the time being outstanding shall be as valid and effective as a duly passed Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The provisions of this Condition 15.1 are subject to the further provisions of the Trust Deed.

15.2 Modification, Waiver, Authorisation and Determination

The Trustee may (but shall not be obliged to), without the consent of the Noteholders, agree to (i) any modification of these Conditions or the Trust Deed (in each case, other than in respect of a Reserved Matter) if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders, and (ii) to any modification of the Notes or the Trust Deed which is in the opinion of the Trustee of a formal, minor or technical nature or is to correct a manifest error or is made to comply with mandatory provisions of law. In addition, the Trustee may (but shall not be obliged to), without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

15.3 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class and shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee will not be entitled to require, nor will any Noteholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

15.4 Notification to Noteholders

Any modification, waiver, authorisation, determination or substitution agreed to by the Trustee will be binding on the Noteholders and, unless the Trustee agrees otherwise, any modification, waiver, authorisation, determination or substitution will be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 13.1.

16. TRUSTEE AND AGENTS, TRUSTEE CONTRACTING WITH THE ISSUER AND THE GUARANTOR AND OTHER MATTERS

16.1 Trustee and Agents

Under the Trust Deed, the Trustee is entitled to be indemnified and/or provided with security and/or pre-funded to its satisfaction and relieved from responsibility in certain circumstances including, without limitation, provisions relieving it from taking proceedings to enforce payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction and to be paid its fees, costs, expenses, indemnity payments and other amounts in priority to the claims of the Noteholders.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer or the Guarantor and any other person appointed by the Issuer or the Guarantor in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor, as the case may be, to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Noteholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely on any direction, request or resolution of Noteholders given by holders of the requisite principal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to monitor or ascertain whether any Event of Default or Potential Event of Default has occurred or monitor compliance by the Issuer or the Guarantor with the provisions of the Trust Deed, the Agency Agreement or these Conditions.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and the Guarantor and the Trustee shall not at any time have any responsibility.

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

16.2 Right to obtain instructions from Noteholders

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking or refraining from any such action, making any such decision or giving any such direction, to seek directions or clarification of directions from the Noteholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the Noteholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Noteholders or in the event that no direction is given to the Trustee by the Noteholders. None of the Trustee or any Agent shall be liable to any Noteholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely on any direction, request or resolution of Noteholders given by Noteholders holding the requisite principal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed.

16.3 Trustee Contracting with the Issuer and the Guarantor

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or the Guarantor and/or the Guarantor's Subsidiaries and/or any entity related directly or indirectly to the Issuer or the Guarantor and to act as trustee, agent or depositary for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantor and/or the Guarantor's Subsidiaries and/or any entity related directly or indirectly to the Issuer or the Guarantor, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Except as otherwise provided for in the Trust Deed, no person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. CURRENCY INDEMNITY

U.S. dollars (the "**Contractual Currency**") is the sole currency of account and payment for all sums payable by the Issuer in respect of the Notes and the Guarantor in respect of the Guarantee, including damages.

Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, Winding-Up or dissolution of the Issuer or the Guarantor or otherwise), by the Trustee or any Noteholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor shall only discharge the Issuer and the Guarantor to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient in respect of the Notes, the Trust Deed or the Agency Agreement, the Issuer or the Guarantor, as the case maybe, shall indemnify it against any loss sustained by it as a result. In any event, the Issuer or the Guarantor, as the case may be, shall indemnify the recipient against the cost of making any such purchase.

These indemnities constitute separate and independent obligations from the Issuer's and each Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Trustee and/or any Noteholder and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, the Trust Deed or the Agency Agreement or any other judgment or order.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

19.1 Governing Law

The Trust Deed, the Agency Agreement and the Notes, and any non-contractual obligations arising out of or in connection with these documents are governed by and shall be construed in accordance with English law.

19.2 Jurisdiction of English courts

(a) Each of the Issuer and the Guarantor has, in the Trust Deed, irrevocably agreed for the benefit of the Trustee and the Noteholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Notes (including any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Notes) and has accordingly submitted to the exclusive jurisdiction of the English courts.

(b) Each of the Issuer and the Guarantor has, in the Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee or the Noteholders may take any suit, action or proceeding (referred to as "**Proceedings**") arising out of, or in connection with the Trust Deed or the Notes respectively (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Notes respectively) against the Issuer or any Guarantor in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

19.3 Appointment of process agent

Each of the Issuer and the Guarantor has, in the Trust Deed, irrevocably and unconditionally appointed Cogency Global (UK) Limited at its specified office for the time being at 6 Lloyds Avenue, Unit 4CL, London EC3N 3AX as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of such agent ceasing so to act it will promptly appoint another person as its agent for that purpose and shall deliver to the Trustee a copy of that new agent's acceptance of appointment within 30 days of such cessation.

THE GLOBAL CERTIFICATE

The Global Certificate contains the following provisions which apply to the Additional Notes in respect of which they are issued whilst they are represented by the Global Certificate, some of which modify the effect of the Terms and Conditions of the Notes. Terms defined in the Terms and Conditions of the Notes have the same meaning in paragraphs 1 to 7 below. References to "Notes" and "Global Certificate" below refer to the Existing Notes and the Additional Notes and their respective Global Certificates.

1. ACCOUNTHOLDERS

For so long as all of the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression "**Noteholders**" and references to "**holding of Notes**" and to a "**holder of Notes**" shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested, as against the Issuer, the Guarantor and the Trustee, solely in the nominee for the relevant clearing system (the "**Relevant Nominee**") in accordance with and subject to the terms of the Global Certificate. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Relevant Nominee.

2. CANCELLATION

Cancellation of any Notes following redemption or purchase by the Issuer or the Guarantor will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the Global Certificate.

3. PAYMENTS

Payments of principal and interest in respect of Notes represented by the Global Certificate will be made upon presentation or, if no further payment falls to be made in respect of the Notes, against presentation and surrender of the Global Certificate to or to the order of the Registrar or such other Agent as shall have been notified to the holder of the Global Certificate for such purpose.

So long as the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of a clearing system, the Issuer has promised, inter alia, to pay interest in respect of such Notes from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions, save that the calculation is made in respect of the total aggregate amount of the Notes represented by such Global Certificate.

Each payment will be made to or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means a day on which Euroclear and Clearstream, Luxembourg are open for business.

Distributions of amounts with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

A record of each payment made will be endorsed on the appropriate schedule to the Global Certificate by or on behalf of the Registrar and shall be prima facie evidence that payment has been made.

4. NOTICES

So long as all the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, notices to Noteholders maybe given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by the Conditions. For so long as the Notes are listed on the SGX-ST, notices shall also be published in the manner required by the rules and regulations of the SGX-ST.

5. REGISTRATION OF TITLE

Registration of title to Notes in a name other than that of the Relevant Nominee will not be permitted unless Euroclear or Clearstream, Luxembourg, as appropriate, notifies the Issuer that it is unwilling or unable to continue as a clearing system in connection with the Global Certificate, and in each case a successor clearing system accepted by the Trustee is not appointed by the Issuer within 90 days after receiving such notice from Euroclear or Clearstream, Luxembourg. In these circumstances title to a Note may be transferred into the names of holders notified by the Relevant Nominee in accordance with the Conditions, except that Certificates in respect of Notes so transferred may not be available until 21 days after the request for transfer is duly made.

6. TRANSFERS

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear, Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and their respective direct and indirect participants, as more fully described under "*Clearance and Settlement of the Notes*". No Noteholder may require the transfer of a Note to be registered during the period from the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) on the date before the relevant due date for any payment of principal or interest on that Notes.

7. RECORD DATE

Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the register of Noteholders at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date (the "**Record Date**").

8. AUTHENTICATION

The Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

USE OF PROCEEDS

The gross proceeds of the Notes of U.S.$19.9 million will, after the deduction of expenses and fees, be applied by the Issuer and the Company for the development and construction of overseas projects of Hotel101 Global Pte. Ltd. and general corporate purposes.

EXCHANGE RATE INFORMATION

The Bankers' Association of the Philippines announced that beginning 2 April 2018, spot and forward currency exchange transactions will be effected using the Bloomberg trading platform. As a result, the BSP's Reference Exchange Rate Bulletin now refers to the closing rate quoted on the Bloomberg platform as the closing rate for the purchase of U.S. dollars with Pesos. Prior to this, the PDS rate appearing on the PDS platform, a computer network supervised by the BSP, was quoted as the spot reference rate for foreign exchange transactions.

The following table sets forth certain information concerning the exchange rate (based on the published rate in BSP's Reference Exchange Rate Bulletin) between the Peso and the U.S. dollar for the periods and dates indicated, expressed in Philippine Pesos per U.S.$1.00:

	Peso/U.S. dollar exchange rate			
Year	**Period end**	**Average[(1)]**	**High[(2)]**	**Low[(3)]**
2014	47.17	45.50	45.41	43.28
2015	49.81	47.49	47.44	44.05
2016	49.92	50.40	49.98	45.92
2017	52.72	52.66	51.80	49.40
2018	47.17	45.50	48.03	49.77
2019	50.74	51.80	52.89	50.49
2020	48.04	49.62	51.32	48.03
2021	50.77	49.25	50.96	47.67
2022				
January	51.27	51.24	51.46	50.97
February	51.29	51.28	51.45	51.03
March	51.96	52.07	52.43	51.25
April	52.16	51.98	52.45	51.26
May	52.24	52.36	52.49	52.24
June	55.02	53.57	55.02	52.41
July	55.72	55.89	56.37	54.97
August	56.24	55.75	56.24	55.29
September	58.91	57.43	58.99	56.17
October	58.29	58.83	58.99	58.29
November	56.80	57.65	58.66	56.75
December	56.12	55.68	56.60	55.13
2023				
January	54.55	54.99	56.01	54.37
February	55.31	54.78	55.31	53.77
March (through 17 March)	54.97	55.05	55.40	54.83

Notes:

(1) Weighted average rate for the period ended.

(2) Highest daily closing exchange rate for the period.

(3) Lowest daily closing exchange rate for the period.

On 17 March 2023, the BSP Reference Rate quoted on the BSP Reference Exchange Rate Bulletin was U.S.$1.00 = ₱54.85.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth, in accordance with PFRS, the Company's capitalisation as of 30 September 2022 and as adjusted to give effect to the issuance of the Additional Notes. This table should be read in conjunction with the Company's interim condensed consolidated financial statements and the notes thereto, included elsewhere in this Offering Circular.

	As of 30 September 2022		As of 30 September 2022	
	Actual		As Adjusted	
	(₱ millions)	(U.S.$ millions)[4]	(₱ millions)	(U.S.$ millions)[4]
	(unaudited)			
Debt				
Short-term borrowings[1]	11,663.7	198.0	11,663.7	198.0
Long-term borrowings[2]				
Long-term notes and bonds	42,449.1	720.6	42,449.1	720.6
Notes to be issued	–	–	1,178.2	20.0
Lease liabilities[3]	1,324.8	22.5	1,324.8	22.5
Total Indebtedness	55,437.6	941.1	56,615.8	961.1
Equity				
Capital Stock	237.3	4.3	237.3	4.3
Preferred Shares	10,000.0	169.8	10,000.0	169.8
Additional paid-in capital	5,540.6	100.6	5,540.6	100.6
Retained earnings	25,517.1	433.2	25,517.1	433.2
Treasury stock	(391.7)	(6.6)	(391.7)	(6.6)
Remeasurement income (loss) on defined benefit liability – net of tax	117.1	2.0	117.1	2.0
Non-controlling interests	30,789.2	522.6	30,789.2	522.6
Total equity	71,809.6	1,218.9	71,809.6	1,218.9
Total capitalisation	127,247.2	2,160.0	128,425.4	2,180.0

Notes:

(1) Short-term borrowings represent the unpaid amount as of 30 September 2022 of the Company's loans having terms of 12 months or less.

(2) Long-term borrowings represent the unpaid current and non-current portions as of 30 September 2022 of the Company's obligations with maturities of more than twelve months from date of availment, and include the unamortised portion of the capitalised transaction costs.

(3) Lease liabilities represent the unpaid current and non-current portions as of 30 September 2022 of the Company's obligations to make lease payments over the period in which the leased assets are being used.

(4) Amounts in Pesos as of 30 September 2022 were converted to U.S. dollars using the BSP Reference Rate quoted on in the BSP's Reference Exchange Rate Bulletin on 30 September 2022 of ₱58.91 = U.S.$1.00.

Other than as described above and the issuance of the November 22 Notes, there has been no material change in the capitalisation of the Company since 30 September 2022.

The Company has also entered into a ₱5 billion five-year term loan facility with one of the largest Philippine banks in terms of asset size, which was approved in January 2023. The amount committed under the facility may be drawn in lump-sum or in multiple drawdowns. The facility is unsecured and is *pari passu* with the Company's unsecured debt, and loan covenants are similar to the Company's existing bank loans.

SELECTED FINANCIAL INFORMATION AND OTHER DATA

*The summary historical consolidated balance sheets data as of 31 December 2020 and 2021 and summary historical consolidated statement of comprehensive income and cash flow data for the years ended 31 December 2019, 2020, and 2021 set forth below have been derived from, and should be read in conjunction with, the audited consolidated financial statements and the notes thereto, included elsewhere in this Offering Circular. R.G. Manabat & Co. ("**RGM**"), a member firm of KPMG International, has audited the consolidated financial statements in accordance with Philippine Standards on Auditing. The summary historical balance sheet data as of 30 September 2022 and summary historical consolidated statement of income and cash flow data for the nine months ended 30 September 2021 and 2022 have been derived from, and should be read in conjunction with, the unaudited interim condensed consolidated financial statements, which RGM has reviewed in accordance with Philippine Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".*

Potential investors should read the following data together with the more detailed information contained in "Management's Discussion and Analysis of Results of Operations" and the consolidated financial statements and related notes included elsewhere in this Offering Circular. The following data is qualified in its entirety by reference to all of that information.

The translation of Peso amounts into U.S. dollars as of and for the year ended 31 December 2021 and as of and for the nine months ended 30 September 2022 is provided for convenience only and is unaudited. For readers' convenience only, amounts in Pesos as of and for the year ended 31 December 2021 and as of and for the nine months ended 30 September 2022 were converted to U.S. dollars using the BSP Reference Rate quoted on in the BSP's Reference Exchange Rate Bulletin on 30 September 2022 of ₱58.91 = U.S.$1.00. As of 17 March 2023, the Peso was at ₱54.85 against the U.S. dollar.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended 31 December				For the nine months ended 30 September		
	2019	2020	2021	2021	2021	2022	2022
	₱	₱	₱	U.S.$	₱	₱	U.S.$
		(Audited)		(Unaudited)	(Unaudited)		(Unaudited)
	(millions, except earnings per share)						
REVENUES							
Rent income	3,274.5	3,608.5	3,420.4	58.1	2,724.7	2,697.0	45.8
Real estate sales	1,660.9	557.4	778.1	13.2	718.6	1,504.9	25.5
Hotel revenues	672.1	491.9	577.9	9.8	420.7	332.9	5.7
Unrealized gains from changes in fair value of investment property	13,502.4	8,361.3	9,667.7	164.1	6,568.1	364.0	6.2
Interest income	88.6	109.7	94.5	1.6	20.0	11.8	0.2
Other income from forfeiture	5.2	349.5	21.7	0.4	–	–	–
Others	1,000.2	784.2	1,387.3	23.5	712.6	1,055.6	17.9
Total Revenues	20,203.7	14,262.5	15,925.8	270.3	11,164.7	5,966.2	101.3
COSTS AND EXPENSES							
Cost of real estate sales	730.1	309.2	434.0	7.4	395.1	806.5	13.7
Cost of hotel operations	452.9	304.6	326.3	5.5	258.4	210.9	3.6
Selling expenses	290.3	113.4	127.4	2.2	58.5	134.6	2.3
General and administrative expenses	2,237.6	2,391.1	2,282.0	38.7	1,285.1	1,299.9	22.1
Interest expense	840.7	959.8	1,720.3	29.2	1,239.5	909.2	15.4
Total Costs and Expenses	4,551.6	4,078.0	4,890.0	83.0	3,236.6	3,361.1	57.1

	For the year ended 31 December				For the nine months ended 30 September		
	2019	2020	2021	2021	2021	2022	2022
	₱	₱	₱	U.S.$	₱	₱	U.S.$
		(Audited)		(Unaudited)	(Unaudited)		(Unaudited)
	(millions, except earnings per share)						
Income before Income Tax	15,652.1	10,184.5	11,035.8	187.3	7,928.1	2,605.1	44.2
Income Tax Benefit (Expense)	5,007.0	4,159.3	(244.6)	(4.2)	378.6	148.9	2.5
Net Income	10,645.1	6,025.2	11,280.5	191.5	8,306.7	2,456.2	41.7
Net gain on cash flow hedges	–	–	128.0	2.2	–	–	–
Loss on exchange differences on translation of foreign operations	–	–	(11.1)	(0.2)	–	–	–
Remeasurement income (loss) on defined benefit liability	(2.9)	(7.1)	(7.2)	(0.1)	–	–	–
Deferred tax effect on remeasurement loss on defined benefit liability	0.8	2.1	(2.2)	(0.0)	–	–	–
Total Comprehensive Income	10,643.0	6,020.3	11,402.5	193.6	8,306.7	2,456.2	41.7
Total comprehensive income/ net income[(1)] attributable to:							
Equity holders of the Parent Company	8,832.0	4,183.7	7,404.4	125.7	5,943.6	1,309.4	22.2
Non-controlling interest	1,813.1	1,841.5	3,876.1	65.8	2,363.1	1,146.8	19.5
Basic earnings (loss) per Common Share (₱)	3.4568	1.4935	2.85	0.00	2.3053	0.3506	0.01
Diluted earnings (loss) per Common Share (₱)	3.4568	1.4935	2.85	0.00	2.3053	0.3506	0.01

Note:

(1) "Total comprehensive income" is used for the years ended 31 December 2019, 2020 and 2021, while net income is used for the nine months ended 30 September 2021 and 2022 because no adjustments have been made for remeasurement income (loss) on defined benefit liability, deferred tax effect on remeasurement loss on defined benefit liability for the quarterly results, net gain on cash flow hedges or loss on exchange differences on translation of foreign operations.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of 31 December			As of 30 September	
	2020	2021	2021	2022	2022
	₱	₱	U.S.$	₱	U.S.$
	(Audited)		(Unaudited)	(Unaudited)	
			(millions)		
ASSETS					
Current Assets					
Cash and cash equivalents	3,976.4	7,763.0	131.8	4,894.2	83.1
Receivables – net	6,592.8	8,215.8	139.5	10,455.2	177.5
Inventories	2,311.8	2,391.4	40.6	2,488.0	42.2
Due from related parties	55.2	55.2	0.9	52.1	0.9
Prepaid expenses and other current assets – net	4,507.6	4,878.3	82.8	5,364.7	91.0
Total Current Assets	**17,443.7**	**23,303.7**	**395.6**	**23,254.2**	**394.7**
Noncurrent Assets					
Receivables – net of current portion	1.6	318.5	5.4	332.9	5.7
Property and equipment – net	836.9	845.9	14.4	801.6	13.6
Goodwill and intangible assets	1,182.8	1,147.9	19.5	1,123.7	19.1
Investment property	98,490.0	112,391.2	1,907.8	117,957.7	2,002.3
Right-of-use assets – net	0.3	–	–	–	–
Deferred tax assets	526.8	298.8	5.1	394.3	6.7
Other noncurrent assets	2,423.6	3,350.2	56.9	3,351.9	56.9
Total Noncurrent Assets	**103,462.1**	**118,352.5**	**2,009.0**	**123,962.1**	**2,104.3**
Total Assets	**120,905.7**	**141,656.2**	**2,404.6**	**147,216.3**	**2,499.0**
LIABILITIES AND EQUITY					
Current Liabilities					
Accounts payable and other liabilities	5,612.4	3,867.2	65.6	3,840.7	65.2
Short-term notes payable and current maturities of long-term notes payable, net of debt issue costs	18,963.7	14,619.0	248.2	11,663.7	198.0
Customers' deposits	156.3	119.9	2.0	139.8	2.4
Due to related parties	991.5	727.6	12.4	558.4	9.5
Dividends payable	151.7	147.8	2.5	611.8	10.4
Income tax payable	64.8	14.5	0.2	55.0	0.9
Total Current Liabilities	**25,940.6**	**19,495.9**	**332.6**	**16,869.4**	**286.4**
Noncurrent Liabilities					
Long-term notes payable – net of current maturities and debt issue costs	13,706.0	21,525.8	365.4	27,529.9	467.3
Bonds payable – net of bond issue costs	14,870.3	14,897.6	252.9	14,919.2	253.3
Lease liabilities – noncurrent portion	1,365.2	1,282.6	21.8	1,324.8	22.5
Deferred tax liabilities	14,120.5	13,612.3	231.1	13,701.3	232.6
Customers' deposits – net of current portion	362.5	367.4	6.2	170.6	2.9
Retirement benefits liability	29.2	30.6	0.5	30.5	0.5
Other noncurrent liabilities	1,451.3	1,135.5	19.3	861.0	14.6
Total Noncurrent Liabilities	**45,904.9**	**52,851.9**	**897.2**	**58,537.3**	**993.7**
Total Liabilities	**71,845.5**	**72,347.8**	**1,228.1**	**75,406.7**	**1,280.1**
Equity Attributable to Equity Holders of the Parent Company					
Capital stock	237.3	237.3	4.0	237.3	4.0
Preferred shares	10,000.0	10,000.0	169.8	10,000.0	169.8
Additional paid-in capital	5,540.6	5,540.6	94.1	5,540.6	94.1
Retained earnings	18,249.7	25,251.4	428.6	25,517.1	433.2
Treasury stock	(167.2)	(167.2)	(2.8)	(391.7)	(6.6)
Reserves	(4.9)	117.1	2.0	117.1	2.0
	33,855.5	**40,979.3**	**695.6**	**41,020.4**	**696.4**
Non-controlling interests	**15,204.7**	**28,329.2**	**480.9**	**30,789.2**	**522.5**
Total Equity	**49,060.2**	**69,308.5**	**1,176.5**	**71,809.6**	**1,218.9**
Total Liabilities and Equity	**120,905.7**	**141,656.2**	**2,404.6**	**147,216.3**	**2,499.0**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended 31 December				For the nine months ended 30 September		
	2019	2020	2021	2021	2021	2022	2022
	₱	₱	₱	U.S.$	₱	₱	U.S.$
		(Audited)		(Unaudited)	(Reviewed)		(Unaudited)
				(millions)			
Net cash provided by (used in) operating activities	2,737.3	(2,875.3)	(4,955.6)	(84.1)	(480.3)	(2,576.8)	(43.8)
Net cash provided by (used in) investing activities	(6,467.0)	(271.7)	7,770.2	131.9	(2,448.0)	(1,528.1)	(25.9)
Net cash provided by (used in) financing activities	9,804.0	422.5	972.1	16.5	6,297.1	1,236.1	21.0
Net increase (decrease) in cash and cash equivalents	6,074.3	(2,724.5)	3,786.7	64.3	3,368.8	(2,868.8)	(48.7)
Cash at beginning of the period	**626.6**	**6,700.9**	**3,976.4**	**67.5**	**3,976.4**	**7,763.0**	**131.8**
Cash at end of the period	**6,700.9**	**3,976.4**	**7,763.0**	**131.8**	**7,345.2**	**4,894.2**	**83.1**

OTHER FINANCIAL DATA AND RATIOS

	For the year ended 31 December			For the nine months ended 30 September	
	2019	2020	2021	2021	2022
Net Profit Margin (Net Income to Revenue)[1]	43.7%	29.3%	70.8%	74.4%	41.2%
Revenue Growth[2]	40.8%	(29.4)%	11.7%	14.0%	(46.6)%
Net Income Growth[3]	91.8%	(52.6)%	77.0%	56.4%	(78.0)%
EBITDA (₱ millions)[4]	16,677.7	11,346.4	12,918.7	9,277.7	3,607.3
EBITDA excluding unrealized gains from change in fair values of investment property (₱ millions)[4]	3,175.3	2,985.1	3,251.0	2,712.6	3,150.3
Recurring Revenue (₱ millions)[5]	3,946.5	4,100.4	3,998.3	3,145.4	3,030.0
Recurring Revenue Growth[6]	30.1%	3.9%	(2.6)%	5.5%	(3.7)%
Recurring Revenue as a Percentage of Total Revenues[7]	19.5%	28.7%	25.1%	28.2%	50.8%
Total Revenues (₱ millions)	20,203.7	14,262.5	15,925.8	11,164.7	5,966.2
Total Revenues excluding unrealized gains from change in fair values of investment property (U.S.$ millions)	131.5	115.8	113.7	78.0	95.1
Net income excluding unrealized gains from change in fair values of investment property (U.S.$ millions)	23.4	3.4	52.1	50.1	37.1
Total Revenue Growth (excluding unrealized gains from change in fair values of investment property)	42.0%	(11.9)%	6.0%	6.7%	21.9%
Real Estate Sales as a Percentage of Total Revenues	8.2%	3.9%	4.9%	6.4%	25.2%
Rent Income as a Percentage of Total Revenues	16.2%	25.3%	21.5%	24.4%	45.2%
Hotel Revenues as a Percentage of Total Revenues	3.3%	3.4%	3.6%	3.8%	5.6%
Interest Coverage Ratio[8]	7.05	3.54	3.92	4.96	1.60
Return on Equity[9]	33.7%	13.0%	19.8%	16.2%	3.2%
Solvency Ratio[10]	0.16	0.09	0.16	0.12	0.03

Notes:

(1) Net Profit Margin (Net Income to Revenue) is computed by dividing net income attributable to the owners of the parent company by total revenue.

(2) Revenue Growth is computed by dividing the current period's total revenue less the prior period's total revenue by total revenue for the prior period.

(3) Net Income Growth is computed by dividing the current period's net income attributable to owners of the parent company less the prior period's net income attributable to owners of the parent company by the prior period's net income attributable to owners of the parent company.

(4) EBITDA means the sum of income from operations, depreciation and interest expense. EBITDA is not a measurement of financial performance under PFRS and investors should not consider it in isolation or as an alternative to profit or loss for the period, income or loss from operations, an indicator of the Company's operating performance, cash flow from operating, investing and financing activities, or as a measure of liquidity or any other measures of performance under PFRS. Because there are various EBITDA calculation methods, the Company's presentation of this measure may not be comparable to similarly titled measures used by other companies. EBITDA above are unaudited figures. EBITDA does not reflect the Company's cash expenditures or future requirements for capital expenditures or contractual commitment or changes in, or cash requirements for, the Company's working capital needs, or right-of-use assets under PFRS 16.

Reconciliation of EBITDA to the Company's net income for the period is set forth in the table below.

	For the year ended 31 December			For the nine months ended 30 September	
	2019	2020	2021	2021	2022
			(in millions of ₱)		
		(Audited)		(Unaudited)	
Net income attributable to equity holders of the parent company	8,832.0	4,183.7	7,404.4	5,943.6	1,309.4
Non-controlling interests	1,813.1	1,841.5	3,876.1	2,363.1	1,146.8
Income tax expense (benefit)	5,007.0	4,159.3	(244.6)	(378.6)	148.9
Income before income tax	**15,652.1**	**10,184.5**	**11,035.9**	**7,928.1**	**2,605.1**
Add:					
Interest expense	840.7	959.8	1,720.3	1,239.5	909.2
EBIT	**16,492.8**	**11,144.3**	**12,756.2**	**9,167.6**	**3,514.3**
Add (Deduct):					
Depreciation and amortisation	184.9	202.1	162.5	113.0	93.0
EBITDA	**16,677.7**	**11,346.4**	**12,918.7**	**9,280.6**	**3,607.3**

(5) Recurring Revenues means the sum of rent income and hotel revenues for the period.

(6) Recurring Revenue Growth is computed by dividing the current period's Recurring Revenues less the prior period's Recurring Revenues by Recurring Revenues for the prior period.

(7) Recurring Revenue as a Percentage of Total Revenues means the sum of rent income and hotel revenues divided by the total revenues of the Company.

(8) Interest Coverage Ratio is computed by dividing earnings before interest and taxes (EBIT) by interest charges. EBIT is not a measurement of financial performance under PFRS and investors should not consider it in isolation or as an alternative to profit or loss for the period, income or loss from operations, an indicator of the Company's operating performance, cash flow from operating, investing and financing activities, or as a measure of liquidity or any other measures of performance under PFRS. Because there are various EBIT calculation methods, the Company's presentation of this measure may not be comparable to similarly titled measures used by other companies.

(9) Return on Equity is computed by dividing net income attributable to equity holders of the parent company by average equity attributable to the equity holders of the parent company.

(10) Solvency Ratio is computed by dividing the sum of net income and depreciation and amortisation by total liabilities.

	As of 31 December			As of 30 September
	2019	2020	2021	2022
		(Audited)		(Unaudited)
Debt to Equity Ratio (Gross)[(1)]	1.03	0.97	0.74	0.75
Debt to Equity Ratio (Net)[(2)]	0.88	0.89	0.62	0.69
Current Ratio[(3)]	0.86	0.67	1.20	1.38
Acid Test Ratio[(4)]	0.56	0.41	0.82	0.91

Notes:

(1) Debt to Equity Ratio (Gross) is computed by dividing total interest bearing short-term and long-term debt by total equity.

(2) Debt to Equity Ratio (Net) is computed by dividing total interest bearing short-term and long-term debt less cash and cash equivalents by total equity.

(3) Current Ratio is computed by dividing current assets by current liabilities.

(4) Acid Test Ratio is computed by dividing current assets less inventory and prepayments by current liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

The following discussion of the Company's financial results should be read in conjunction with the independent auditors' reports and the Company's audited and reviewed consolidated financial statements and notes thereto contained in this Offering Circular and the section entitled "Selected Financial and Operating Information."

This discussion contains forward-looking statements and reflects the current views of the Company with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" and elsewhere in this Offering Circular. The translation of Peso amounts into U.S. dollars as of and for the year ended 31 December 2021 and as of and for the nine months ended 30 September 2022 is provided for convenience only and is unaudited. For readers' convenience only, amounts in Pesos as of and for the year ended 31 December 2021 and as of and for the nine months ended 30 September 2022 were converted to U.S. dollars using the BSP Reference Rate quoted on in the BSP's Reference Exchange Rate Bulletin on 30 September 2022 of ₱58.91 = U.S.$1.00. As of 17 March 2023, the Peso was at ₱54.85 against the U.S. dollar.

OVERVIEW

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

The Company's two principal shareholders are Injap Investments Inc., controlled by the Sia family, and Honeystar Holdings Corp. controlled by the Tan and Ang families, who also control Jollibee Foods Corporation ("**JFC**"), the largest fast food company in the Philippines. Edgar Injap Sia II of the Sia family and Tony Tan Caktiong of the Tan and Ang family have similar entrepreneurial background and have started and grown multiple ventures into household brands in the Philippines.

In 2021, the Company further strengthened its balance sheet with the public offering of shares and listing of DDMP REIT, Inc. (formerly DD Meridian Park Development Corp. ("**DDMPDC**")) ("**DDMPR**") and the equity infusion by JFC and its subsidiary into CentralHub Industrial Centers, Inc. ("**CHICI**"), DoubleDragon's industrial leasing subsidiary. As of 30 September 2022, the Company's total equity was ₱71.8 billion and its gross Debt-to-Equity was 0.75x, which is below the Company's cap of 2.33x.

Having met its target of 1.2 million sq.m. of completed gross floor area ("**GFA**") for its leaseable portfolio, the Company intends to pursue a strategy of revenue optimisation for its retail leasing, office leasing, hospitality and industrial leasing operations, with the goal of maximising recurring revenue. As of 30 September 2022, the Company's completed portfolio encompassed 1.205 million sq.m. of GFA. Further, by 2030 the Company targets to increase its portfolio to 2.4 million sq.m. of GFA spread across its four core business segments: 30% in retail, 15% in office, 20% in hospitality, and 35% in industrial leasing.

As of 30 September 2022, through its subsidiary, CityMall Commercial Centers Inc. ("**CMCCI**"), the Company owns and operates 41 CityMalls, primarily located in key strategic locations in Luzon, Visayas and Mindanao. The Company also has nine CityMalls under construction, with an additional land bank for 14 CityMalls. CMCCI is 66% owned by the Company and 34% owned by SM Investments Corp. ("**SMIC**"), the holding company for one of the largest conglomerates in the Philippines. In addition to the 41 CityMalls that were operational as of 30 September 2022, the Company has three other operational malls, namely: Dragon8 Mall in Divisoria Manila City, DoubleDragon Plaza Retail in DD Meridian Park, Pasay City and Umbria Commercial Center in Biñan, Laguna.

The Company's office leasing segment primarily consists of two key projects, DD Meridian Park and Jollibee Tower. DD Meridian Park, a 4.8 hectare project located in the Manila Bay area of Pasay City, which is 46.67%-owned by the Company, consists of approximately 244,240 sq.m. of leasable space that is primarily used for BPO, outsourcing and support service offices, and corporate offices. The development is expected to feature seven office towers and luxury services residences, with construction in four phases. The first phase of DD Meridian Park comprises Towers 1 to 4 of DoubleDragon Plaza and was completed in 2018. The second phase comprises DoubleDragon Center East and DoubleDragon Center West and was completed in 2019. The fourth phase comprises DoubleDragon Tower and was substantially completed in 2021, while the third phase comprises luxury serviced residences, namely Ascott-DD Meridian Park, and is currently under construction with completion expected in 2024. Jollibee Tower is a Grade A 42-storey commercial and office tower with approximately 60,394.67 sq.m. of leasable space and is situated in the heart of the Ortigas central business district in Metro Manila. The project, which was completed in 2019, is a joint venture between the Company and JFC, who also serves as the building's anchor tenant. In addition to DD Meridian Park and Jollibee Tower, the Company also owns The SkySuites Tower, comprising two towers, including an office tower that is currently being leased to tenants.

The Company's hospitality segment is operated through its subsidiary, Hotel of Asia, Inc. ("**HOA**"), which is 70%-owned by the Company. As of 30 September 2022, the Company's hospitality operations comprise 876 operating hotel rooms, including the Company's own hotel brand, "Hotel 101", which currently has one operating hotel in the Manila Bay Area near the Mall of Asia. In addition to the 876 operational rooms, the Company has a pipeline of 5,959 hotel rooms, which include hotels under construction and hotels in the planning and design stage. These additional hotel rooms are expected to increase the Company's total hotel portfolio to 6,835 rooms. CSI Hotels, Inc., a 50%-owned subsidiary of HOA, is the Philippines' master franchisee of the "Jinjiang Inn" brand, with three hotels in operation in Ortigas and Makati, Metro Manila and Boracay as of 30 September 2022. Hotel 101 Management Corporation, a wholly owned subsidiary of HOA, operates all of HOA's operational hotels including Hotel 101-Manila, Jinjiang Inn-Ortigas, Jinjiang Inn-Makati, Jinjiang Inn-Station 1 Boracay and Injap Tower, a 21-storey condotel located in Iloilo City. As of 30 September 2022, the Company had four hotels under construction and nine more hotels in the planning and development stage. On 30 September 2022, the Company, through its subsidiaries, fully paid for the acquisition of a prime 9,000 sq.m. parcel of land in Hokkaido Prefecture, Japan. The Company expects to develop its first international Hotel 101 development, named Hotel 101-Niseko, on such acquired land. See "*Business – Hospitality – Future Hotel Developments*".

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

The Company, through CHICI, acquired a 6.2 hectare parcel of land in Luisita Industrial Park, Tarlac for its first industrial hub. CentralHub-Tarlac was built over four phases, the first of which was completed in 2018 and leased out to Zenith Foods Corporation (Red Ribbon) as a commissary. The second phase was completed in 2021 and leased out to MerryMart Consumer Corp. as its distribution hub. The third and fourth phases of CentralHub-Tarlac were completed in 2021 and January 2022, respectively. As of 30 September 2022, the third and fourth phases of CentralHub-Tarlac remained pending tenant turnovers. The Company also acquired a 3.9 hectare parcel of land in Iloilo for its second CentralHub complex, CentralHub-Sta Barbara Iloilo, which is strategically located along a national highway approximately five kilometres from Iloilo International Airport and ten kilometres from the centre of Iloilo City. The Company also acquired a 5.2 hectare parcel of land in Danao, Cebu, which will be its third CentralHub complex. The Company acquired the site of its fourth CentralHub complex in 2019, covering an 8.2 hectare parcel of land along the Daan Maharlika Highway in Davao City. In 2022, the Company acquired two other sites, a 10.06 hectare property in Silay Negros for CentralHub-Negros and a 6.40 hectare property in Surigao for CentralHub-Surigao. CentralHub-Sta Barbara Iloilo and CentralHub-Cebu are under construction while CentralHub-Davao, CentralHub-Negros and CentralHub-Surigao are currently in the development stages.

In August 2021, JFC and its wholly owned subsidiary Zenith Foods Corporation ("**ZFC**") entered into definitive agreements to subscribe to an aggregate of 38.71% of CHICI's total outstanding shares (post-subscription) in consideration for a cash payment of ₱1.9 billion. JFC acquired common shares of CentralHub and infused its 16.4 hectares of industrial properties in Santolan, Pasig and Carmelray, Laguna, which are currently utilised as commissaries (including the largest operating commissary of JFC). As of 30 September 2022, the equity and asset swap between CentralHub and JFC was completed. The transfer of title for the two CentralHub-Laguna sites was completed in September 2022 while the transfer of CentralHub-Pasig is ongoing. The Company and JFC intend to prepare CHICI for the Philippines' first industrial REIT IPO in 2024.

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

For the years ended 31 December 2019, 2020 and 2021, the Company had total revenues of ₱20,203.7 million, ₱14,262.5 million, and ₱15,925.8 million (U.S.$289.3 million), respectively. The Company also had net income of ₱10,645.1 million, ₱6,025.2 million, and ₱11,280.5 million (U.S.$204.9 million), respectively, over the same periods. For the nine months ended 30 September 2021 and 2022, the Company had total revenues of ₱11,164.7 million and ₱5,966.2 million (U.S.$101.3 million), respectively, and net income of ₱8,306.7 million and ₱2,456.2 million (U.S.$41.7 million), respectively. The Company's recurring revenue, consisting of its rent income and income from hotel operations, was 19.5%, 28.7%, 25.1%, 28.2% and 50.8% of its total revenues for the years ended 31 December 2019, 2020, 2021 and the nine months ended 30 September 2021 and 2022, respectively, and 58.9%, 69.5%, 63.9%, 68.4% and 54.1% of its total revenues (excluding unrealised gains from change in fair values of investment property) for the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2021 and 2022.

FACTORS AFFECTING RESULTS OF OPERATIONS

The Company's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected the Company's results in the past and which the Company expects to affect its financial results in the future. Factors other than those set out below could also have a significant impact on the Company's results of operations and financial condition in the future. See "Risk Factors."

Growth of leasing operations

The Company believes that the expansion of its leasing portfolio is the primary factor driving its revenue growth and profitability.

During the years ended 31 December 2019, 2020 and 2021, the Company continued to expand its retail lease operations by opening new CityMalls in both existing markets and new markets. The Company expanded from operating 36 CityMalls as of 31 December 2019 to 40 CityMalls as of 31 December 2021. As of 30 September 2022, 41 CityMalls were operational, with nine CityMalls under construction.

The Company also continued to expand its office lease operations, as it completed DoubleDragon Plaza, the first phase of DD Meridian Park, in 2018, and DoubleDragon Center East and DoubleDragon West, the second phase of DD Meridian Park, and Jollibee Tower in 2019. DoubleDragon Tower, the fourth phase of DD Meridian Park, was completed as of 30 September 2022 (with certain punch list items to be completed by the contractor). As of 30 September 2022, the Company operated eight office buildings, including DoubleDragon Plaza, DoubleDragon Center East, DoubleDragon Center West, Jollibee Tower, and The SkySuites Office Tower. Construction of Ascott-DD Meridian Park, the third phase of DD Meridian Park, commenced in 2021.

As of 30 September 2022, the Company, through CHICI, owns 10 CentralHub sites across the country, with a total of 60.57 hectares of prime industrial land. Five of the Company's CentralHub sites, CentralHub-Tarlac, CentralHub-Capiz, CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig are currently operational. CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig were infused into CHICI by JFC pursuant to the definitive agreements executed between the Company and JFC on 19 August 2021 implementing the ₱4.0 billion investment of JFC in CHICI. JFC acquired common shares of CentralHub and infused its 16.4 hectares of industrial properties in Santolan, Pasig and Carmelray, Laguna which are currently utilised as commissaries (including the largest operating commissary of JFC). As of 30 September 2022, the equity and asset swap between CentralHub and JFC was completed. The transfer of title for the two CentralHub-Laguna sites was completed in September 2022 while the transfer of CentralHub-Pasig is ongoing. The Company and JFC intend to prepare CHICI for the Philippines' first industrial REIT IPO in 2024. As of 30 September 2022, Phases 1 and 2 of CentralHub-Tarlac, CentralHub-Capiz, CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig were all fully leased out. Phases 3 and 4 of CentralHub-Tarlac are pending tenant turnovers.

The Company also acquired a 3.9 hectare parcel of land in Iloilo for its second CentralHub complex, to be named CentralHub-Sta Barbara Iloilo, which is strategically located along a national highway approximately five kilometres from Iloilo International. Moreover, the Company acquired a 5.2 hectare parcel of land in Danao, Cebu which will have a capacity of 27,212 sq.m. of industrial warehouse space and an 8.2 hectare parcel of land along the Daan Maharlika Highway in Davao City with an estimated capacity of 40,392 sq.m. of leasable industrial warehouse space. In 2022, the Company acquired two other sites, a 10.06 hectare property in Silay Negros for CentralHub-Negros, and a 6.40 hectare property in Surigao for CentralHub-Surigao. CentralHub-Sta Barbara Iloilo and CentralHub-Cebu are under construction while CentralHub-Davao, CentralHub-Negros and CentralHub-Surigao are currently in the development stages.

The Company currently has plans for development for CentralHub industrial centers strategically located across Luzon, Visayas and Mindanao. The Company's results of operations will be affected by its ability to avail of suitable locations for its CentralHub sites and the business environment around such areas. See "*Business – Industrial Leasing*".

As a result, the Company's rent income increased from ₱3.3 billion for the year ended 31 December 2019 to ₱3.4 billion for the year ended 31 December 2021, representing a CAGR of 2.2%. For the nine months ended 30 September 2022, the Company's rent income amounted to ₱2,697.0 million, compared to ₱2,747.7 million for the nine months ended 30 September 2021. The decrease in rent income was primarily due to higher rental concessions and discounts for the period.

As of 30 September 2022, the Company's subsidiary Hotel of Asia, Inc. through Hotel 101 Management Corporation operates Injap Tower Hotel, Jinjiang Inn Ortigas, Jinjiang Inn Makati, Jinjiang Inn Boracay and Hotel 101 Manila. The Company's hotel revenues decreased from ₱672.1 million for the year ended 31 December 2019 to ₱577.9 million for the year ended 31 December 2021, primarily due to the effect of COVID-19 on the tourism and hospitality industry from 2020 to 2021. Although revenues decreased, the contribution margin of hotels increased to 43.5% from 32.6% due to efficiencies put in place to reduced hotel costs. For the nine months ended 30 September 2022, the Company had hotel revenues of ₱332.9 million compared to ₱420.7 million for the nine months ended 30 September 2021, a decrease of 20.9%, due to decrease in occupancy rate for certain hotels. As of 30 September 2022, the Company had four hotels under construction and eight hotels in the planning and development stages. In 2021, the Company launched and started the construction of Hotel 101-Cebu. On 30 September 2022, the Company, through its subsidiaries fully paid for the acquisition of a prime 9,000 sq.m. parcel of land in Hokkaido Prefecture, Japan. The Company expects to develop its first international Hotel 101 development, named Hotel 101-Niseko on such acquired land. See "*Business – Hospitality – Future Hotel Developments*".

The Company's ability to complete its retail, office, hotel and industrial centre projects on schedule and within budget, and the success of leasing out spaces in such projects will affect the Company's results of operations.

Further, the Company's ability to secure additional prime commercial property for each of its leasing segments will also affect its results of operations. The Company's expansion is affected by the supply and demand for suitable land sites in the provinces for additional malls, hotels and industrial centres, as well as land sites in the metro areas for additional offices and hotels.

Philippine macroeconomic conditions and trends

All of the Company's malls and other projects are located in the Philippines and, as a result, its operations are significantly affected, and will continue to be significantly affected, by macroeconomic conditions in the Philippines. Demand for the Company's leasable properties are directly related to the strength of the Philippine economy, including overall growth levels and the amount of business activity in the Philippines. All of the Company's CityMalls are located in, and all of the Company's industrial centres are expected to be located in, the provincial areas of the Philippines and, as a result, the Company's operations are also affected by economic conditions in the provinces, including regional GDP growth.

The Company's CityMalls are located in the provinces, where its customers primarily comprise consumers in the lower- to middle-income segments. The Company believes that the growth in household disposable income and the emergence of the lower- to middle-income consumer segment is expected to continue to provide a strong basis for growth in the Philippines.

Further, growth in the Company's office leasing and hospitality operations depends on several factors, including the increase in international and domestic tourism (with respect to hospitality operations), the continued growth of the BPO sector (with respect to office leasing), the completion of the transport infrastructure projects for improved access, and the general political stability and security situation in the Philippines. In particular, the Company's hotels under the "Jinjiang" brand specifically target Chinese tourists, and are affected by the Philippines' relations with China as well as global events such as the COVID-19 pandemic.

Real estate demand for office space by corporate and BPO firms

The performance of the Company's office leasing segment is driven principally by demand for office space from corporates, call centres and other BPO operators in the Philippines, and POGOs. It is not certain whether demand for office space by these firms will continue to remain high, as this demand is determined by, among other factors, overall levels of business activity in the Philippines and worldwide, as well as the relative cost of operating BPO facilities in the Philippines compared to other countries, such as India, and fiscal and other regulations imposed on operators such as POGOs, and continuing pressure from business groups and key Government departments to phase out POGOs. In addition, demand for the Company's commercial office space will also be affected by the relative cost of rents as compared to those owned by competitors such as SM Prime Holdings, Inc. and Filinvest Development Corporation, by the supply of available office space in competing business districts (such as in the Makati City and Fort Bonifacio business districts) and by the number of corporates and BPO firms that are willing to set up operations in the areas where the Company's office properties are located. Further, the occurrence of events with widespread macroeconomic impact such as COVID-19 pandemic may significantly and accelerate change in the demand for office space, such as reduced demand for co-working spaces and increasing work-from-home arrangements which would dampen demand for large office spaces.

Shift from traditional retailers to modern retail format

The Company's CityMalls are envisioned as the modern alternative to traditional retailers in first class municipalities and second and third class cities in the Philippines, and are meant to provide a venue for modern retail concepts in the provinces. The success of the Company's CityMalls largely depends on the shift of consumer preference in the provinces from traditional retailers and local neighbourhood stores to a modern retail format.

Further, the Company is subject to risks relating to the Philippine retail sector, including risks relating to adverse changes in the Philippine economy. The retail business in the Philippines is dynamic and success requires an ability to identify and quickly react to market changes. Consumer preferences, changing lifestyles and consumption trends require shopping mall operators to continuously modify their formats, introduce new products and maintain the appropriate tenant mix to satisfy this demand. Further, the development of e-commerce and the occurrence of events with widespread macroeconomic impact such as COVID-19 may significantly and accelerate change in consumer behaviour with more consumers opting to shop online and using online delivery services for food, groceries and other essentials.

The Company aims to optimise tenant mixes best suited for each CityMall location, with a focus on outlets that offer essential goods and services such as food, groceries and other consumer-focused goods and services. A typical CityMall would include a grocery and a "FoodWorld" with a variety of fast food choices. Further, a majority of the leasable area in the Company's operating CityMalls is occupied by brands or businesses owned by the Company's affiliates, such as SaveMore or Jollibee, while the rest of the space is taken up by non-affiliates such as San-Yang, Expressions, Potato Corner and Fun Nation. The growth of the Company's retail leasing operations will depend on its ability to continue to attract such tenants, as well as such tenants' ability to keep up with the pace of the Company's growth.

Product mix of the Company's properties

The Company intends to rely primarily on provincial shopping malls, office space, hotels and industrial centres for recurring income in the long term, while the Company continues to sell units of its interim residential projects in the short term. As a result, the Company's results of operations and the sources and amount of its cash from operations may vary significantly from period to period depending on the location, type and GFA of its properties that it leases or sells and when the Company's projects in various stages of development are to be completed. The Company's results of operations and cash flows will also vary depending on the market demand at the time it leases or sells its properties, the rental and occupancy rates of its investment properties and the selling prices for its interim projects and condotel units.

Competition

The Company faces significant competition in the Philippine property market. In particular, the Company competes with other developers in locating and acquiring, or entering into joint venture arrangements to develop, parcels of prime commercial property of suitable size in locations and at attractive prices. This is particularly true for land located in urbanised areas (including first class municipalities and second and third class cities) throughout the Philippines. The Company's continued growth also depends on its ability to either acquire prime commercial land of suitable size at attractive prices or enter into joint venture agreements with land-owning partners under terms that can yield reasonable returns. If the Philippine economy continues to grow and if demand for retail, office, hospitality and industrial properties remains relatively strong, the Company expects that competition among developers for land reserves that are suitable for development (whether through acquisitions or joint venture agreements) will intensify and that land acquisition costs will increase as a result.

In the event the Company is unable to acquire suitable land at acceptable prices or enter into joint ventures with landowners, its long-term growth prospects could be limited and its business and results of operations could be adversely affected. Competition from other developers may adversely affect the Company's ability to grow its recurring income from new leasable properties.

With regard to the Company's properties dedicated to office space leasing and shopping mall operations, the Company competes with property companies that have greater experience and more expertise in commercial leasing operations. In office space leasing, particularly to call centres and other BPO operators, the Company competes with companies such as Robinsons Land, Inc., Ayala Land, Inc. and Megaworld Corporation, each of which has significantly more leasable office space, greater experience in the business segment and greater financial resources than the Company. In the hotel segment, the Company competes with other 3-star hotels operating within the areas where the Company currently operates such as the Manila Bay Area, Makati City, Ortigas Center, and Boracay. As a result, the competition that the Company faces could have a material adverse effect on the Company's results of operations.

Price volatility of construction materials and other development costs

The Company's expenses are affected by the price of construction materials such as steel, tiles and cement, as well as fluctuations in electricity and energy prices, particularly in connection with the construction of CityMalls and its hotels. While the Company, as a matter of policy, attempts to fix the cost of materials components in its agreements with contractors or enters into turnkey agreements with its contractors, in cases where demand for steel, tiles and cement are high or when there are shortages in supply, the contractors the Company hires for construction or development work may be compelled to raise their contract prices. With respect to electricity, higher prices generally result in a corresponding increase in the Company's overall development costs. As a result, rising costs for any construction materials or in the price of electricity will impact the Company's construction costs.

Valuation of investment property

The Company's investment properties are stated at their fair value on its consolidated statements of financial position as non-current assets as of each statement of financial position date on the basis of valuations by an accredited independent appraiser. Gains or losses arising from changes in the fair value of the Company's investment properties are accounted for as change in fair value of investment property in the Company's consolidated statements of comprehensive income, which may have a substantial effect on its profits. In particular, a significant portion of the Company's change in fair value of investment properties in recent years is attributable to its DD Meridian Park project. While property prices in the Manila Bay area have been on the rise in recent years as the area continues to develop, property prices may stabilise in the future, which could result in lower changes in fair value of the Company's property. Property under construction or development for future use as an investment property is classified as 'construction in progress'. If the fair value cannot be reliably determined, the investment property under development will be measured at cost until such time as fair value can be determined or development is completed, at which time any difference between the fair value and the carrying amount will be recognised in profit or loss for that period. The property valuation involves the exercise of professional judgement and requires the use of certain bases and assumptions. The valuer uses the market data approach for and land and the cost approach for buildings. The market data approach is based on sales and listings of comparable property registered within the same vicinity. The 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 price of a given property, the possibility of constructing another property that is a replica of the original. The fair value of the Company's investment properties may have been higher or lower if the valuer had used a different valuation methodology or if the valuation had been conducted by other qualified independent professional valuers using a different valuation methodology. In addition, upward revaluation adjustments reflecting unrealised capital gains on the Company's investment properties as of the relevant statement of financial position dates are not profit generated from the sales or rentals of the Company's investment properties and do not generate any cash inflow to the Company until such investment properties are disposed of at similarly revalued amounts. The amounts of revaluation adjustments have been, and may continue to be, significantly affected by the prevailing property markets and may decrease or increase.

Availability and cost of land

The Company's future growth and development are dependent, in part, on its ability to acquire additional tracts of land suitable for the Company's future real estate projects. There is a high level of scarcity covering prime commercial property in the Philippines and the Company will require additional prime properties across the Philippines to achieve its expansion plans for its retail leasing, office leasing, industrial leasing and hospitality businesses. As of 30 September 2022, the Company has 281.8 hectares of land bank spread across the country.

When the Company attempts to locate sites for development, it may experience difficulty locating parcels of land of suitable size in locations and at prices acceptable to the Company, particularly parcels of land located in urban areas (including first class municipalities and second and third class cities) throughout the Philippines. Furthermore, land acquired by the Company may have pre-existing tenants or obligations that prevent immediate commencement of new developments. In the event the Company is unable to acquire suitable land at prices and in locations that are attractive to the Company, or at all, its growth prospects could be limited and its business and results of operations could be adversely affected.

Access to and cost of financing

The Company may continue to tap the debt and equity markets to finance its expansion projects and future development projects. If liquidity in the regional and global credit markets contract, the Company may find it difficult and costly to refinance existing obligations or raise additional financing, including equity financing, on acceptable terms or at all, which may prevent the Company from completing its existing projects and future development projects and have an adverse effect on the Company's results of operations and business plans.

Laws and regulations affecting the real estate industry

The Company's operations and growth strategy may be affected by changes in laws and regulations generally affecting the real estate industry. To develop its investment properties, the Company is required to obtain various permits and licences, including environmental certificates, construction permits, and other permits and licences from various local governments and agencies. Any changes in Government regulation or policy (including that of any local government unit) or any major disruption such as a pandemic or other outbreak of disease which may cause Government offices to shut down or adversely affect access to construction sites, may affect the Company's ability to obtain the necessary permits and licences on a timely basis.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those that are both (i) relevant to the presentation of the Company's financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgements become even more subjective and complex. To provide an understanding of how the Company's management forms its judgements about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgements to different circumstances, the critical accounting policies discussed below have been identified. While the Company believes that all aspects of its consolidated financial statements should be studied and understood in assessing its current and expected financial condition and results of operations, the Company believes that the critical accounting policies warrant particular attention.

For information on the Company's significant accounting policies and significant accounting judgements and estimates, see Notes 3 and 4 to the Company's consolidated financial statements included elsewhere in this Offering Circular.

DESCRIPTION OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME LINE ITEMS

The following table sets forth details for the Company's sales and other income line items for the periods indicated:

	For the year ended 31 December				For the nine months ended 30 September		
	2019	2020	2021	2021	2021	2022	2022
	₱	₱	₱	U.S.$	₱	₱	U.S.$
		(Audited)		(Unaudited)	(Unaudited)		(Unaudited)
	(millions, except earnings per share)						
REVENUES							
Rent income	3,274.5	3,608.5	3,420.4	58.1	2,724.7	2,697.0	45.8
Real estate sales	1,660.9	557.4	778.1	13.2	718.6	1,504.9	25.5
Hotel revenues	672.1	491.9	577.9	9.8	420.7	332.9	5.7
Unrealized gains from changes in fair value of investment property	13,502.4	8,361.3	9,667.7	164.1	6,568.1	364.0	6.2
Interest income	88.6	109.7	94.5	1.6	20.0	11.8	0.2
Other income from forfeiture	5.2	349.5	21.7	0.4	–	–	–
Others	1,000.2	784.2	1,387.3	23.5	712.6	1,055.6	17.9
Total Revenues	20,203.7	14,262.5	15,925.8	270.3	11,164.7	5,966.2	101.3
COSTS AND EXPENSES							
Cost of real estate sales	730.1	309.2	434.0	7.4	395.1	806.5	13.7
Cost of hotel operations	452.9	304.6	326.3	5.5	258.4	210.9	3.6
Selling expenses	290.3	113.4	127.4	2.2	58.5	134.6	2.3
General and administrative expenses	2,237.6	2,391.1	2,282.0	38.7	1,285.1	1,299.9	22.1
Interest expense	840.7	959.8	1,720.3	29.2	1,239.5	909.2	15.4
Total Costs and Expenses	4,551.6	4,078.0	4,890.0	83.0	3,236.6	3,361.1	57.1

	For the year ended 31 December				For the nine months ended 30 September		
	2019	2020	2021	2021	2021	2022	2022
	₱	₱	₱	U.S.$	₱	₱	U.S.$
		(Audited)		(Unaudited)	(Unaudited)		(Unaudited)
	(millions, except earnings per share)						
Income before Income Tax	15,652.1	10,184.5	11,035.8	187.3	7,928.1	2,605.1	44.2
Income Tax Benefit (Expense)	5,007.0	4,159.3	(244.6)	(4.2)	378.6	148.9	2.5
Net Income	10,645.1	6,025.2	11,280.5	191.5	8,306.7	2,456.2	41.7
Net gain on cash flow hedges	–	–	128.0	2.2	–	–	–
Loss on exchange differences on translation of foreign operations	–	–	(11.1)	(0.2)	–	–	–
Remeasurement income (loss) on defined benefit liability	(2.9)	(7.1)	(7.2)	(0.1)	–	–	–
Deferred tax effect on remeasurement loss on defined benefit liability	0.8	2.1	(2.2)	(0.0)	–	–	–
Total Comprehensive Income	10,643.0	6,020.3	11,402.5	193.6	8,306.7	2,456.2	41.7
Total comprehensive income/net income[(1)] attributable to:							
Equity holders of the Parent Company	8,832.0	4,183.7	7,404.4	125.7	5,943.6	1,309.4	22.2
Non-controlling interest	1,813.1	1,841.5	3,876.1	65.8	2,363.1	1,146.8	19.5
Basic earnings (loss) per Common Share (₱)	3.4568	1.4935	2.85	0.00	2.3053	0.3506	0.01
Diluted earnings (loss) per Common Share (₱)	3.4568	1.4935	2.85	0.00	2.3053	0.3506	0.01

Note:

(1) "Total comprehensive income" is used for the years ended 31 December 2019, 2020 and 2021, while net income is used for the nine months ended 30 September 2021 and 2022 because no adjustments have been made for remeasurement income (loss) on defined benefit liability, deferred tax effect on remeasurement loss on defined benefit liability for the quarterly results, net gain on cash flow hedges or loss on exchange differences on translation of foreign operations.

The gross revenue from the Company's main business activities (as a percentage of total revenues) for the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2021 and 2022 are presented in the table below:

	For the year ended 31 December			For the nine months ended 30 September	
	2019	2020	2021	2021	2022
			(%)		
Rent Income	16.2	25.3	21.5	24.4	45.2
Real Estate Sales	8.2	3.9	4.9	6.4	25.2
Hotel revenues	3.3	3.4	3.6	3.8	5.6
Total	**27.7**	**32.6**	**30.0**	**34.6**	**76.0**

Rent income

The Company's rent income primarily comprise revenues received from the lease of commercial spaces relating to its CityMalls operations, lease of office spaces from its DD Meridian Park, Jollibee Tower and The SkySuites Tower projects, and also comprise revenues received from leases of commercial spaces in Dragon8 Mall, Umbria Mall, hotels, lease of industrial warehouse properties from its CentralHubs and residential properties owned by the Company. Rent income is recognised on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of tenants, as provided under the terms of the lease contract.

Real estate sales

The Company's real estate sales primarily comprise revenues received from its sales of condominium, subdivision units and hotel rooms for Hotel 101.

Hotel revenues

The Company's hotel revenues area based on actual occupancy and primarily comprise revenues received from the operations of its subsidiary, Hotel of Asia, Inc., which include Injap Tower Hotel, Jinjiang Inn Ortigas, Jinjiang Inn Makati, Jinjiang Inn Boracay and Hotel 101 Manila.

Unrealised Gains from Changes in Fair Values of Investment Property

Gains or losses arising from changes in the fair values of investment property of the Company are included in the Company's statements of income. Investment property is initially measured at cost including certain transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. The fair value of investment property is determined by independent real estate valuation experts based on recent real estate transactions with similar characteristics and location to the Company's investment property. For investment property related to right-of-use asserts, the Company determines the fair value based on the discounted.

Interest income

The Company's interest income primarily comprise interest earned on loans and advances to the Company's subsidiaries, and also include interest earned from the Company's cash in banks and cash in short-term placements.

Income from forfeiture

Other income from forfeiture primarily comprise income from forfeited payments of defaulting purchasers of residential units from the Company's interim projects and Hotel 101 units.

Other income

Other income primarily comprise cinema sales, "Go Lokal" sales, food and beverage revenue from hotels, advertisements and promotions fees, aircon charges, service fees and one-time charges to tenants, and also include other income from hotel operations such as laundry, minibar, shuttle service and other charges.

Cost of real estate sales

The Company's cost of real estate sales represents the construction and development of completed and in-progress residential properties for sale, including land, land development costs, building costs, professional fees, depreciation, permits and licences and capitalised borrowing costs.

Cost of hotel operations

The Company's cost of hotel operations primarily consists of unit owners' income share from Hotel 101-Manila and Injap Tower, salaries of hotel personnel, housekeeping, housekeeping, rent, utility costs, and consumable items used in the operations of Injap Tower Hotel, Jinjiang Inn Ortigas, Jinjiang Inn Makati, Jinjiang Boracay and Hotel 101 Manila.

Selling and marketing expenses

Selling expenses primarily consist of commissions relating to sales of residential units, and marketing expenses primarily consist of expenses relating to the advertisement and promotion of the Company's projects.

General and administrative expenses

General and administrative expenses primarily consist of expenses for outsourced services, salaries, wages and other benefits, utility costs, rent costs, taxes and licences, input VAT written off, depreciation and amortisation, professional fees, transportation and travel, repairs and maintenance, representation, insurance, property management supplies, communications, printing and office supplies, management fees, retirement costs, donations, impairment loss on receivables and other miscellaneous costs.

Interest expense

Interest expense comprise interest associated with the Company's bilateral long-term loans, long-term notes, short-term loans, short-term notes, bonds payable and interest accreted on security deposits. Interest expense does not include the portion of interest capitalised as part of the costs of projects funded by the proceeds from such loans, notes or bonds.

RESULTS OF OPERATIONS

Nine months ended 30 September 2022 compared to the nine months ended 30 September 2021

Revenues

The Company's total revenues decreased by ₱5,198.5 million, or 46.6%, to ₱5,966.2 million (U.S.$101.3 million) for the nine months ended 30 September 2022 compared to ₱11,164.7 million for the nine months ended 30 September 2021, primarily due to the recognition of higher unrealized gain from change in fair values of investment property recognized for the nine months ended 30 September 2021, partially offset by the increase in real estate sales and other revenue for the nine months ended 30 September 2022.

The Company's recurring revenue comprising rent income and hotel revenues, decreased by ₱115.3 million, or 3.7%, to ₱3,030.0 million (U.S.$51.5 million) for the nine months ended 30 September 2022, compared to ₱3,145.4 million for the nine months ended 30 September 2021, primarily due to higher rental concessions and discounts for the period, and decrease in occupancy rate for certain hotels.

The Company's rent income decreased by ₱27.6 million, or 1.0%, to ₱2,697.0 million (U.S.$45.8 million) for the nine months ended 30 September 2022, compared to ₱2,724.7 million for the nine months ended 30 September 2021. The decrease was due to higher rental concessions and discounts for the period.

The Company's real estate sales increased by ₱786.3 million, or 109.4%, to ₱1,505.0 million (U.S.$25.5 million) for the nine months ended 30 September 2022, compared to ₱718.6 million for the nine months ended 30 September 2021. The increase was due to higher real estate sales due primarily to higher real estate sales from Hotel 101 projects and residential horizontal projects of the Company.

The Company's hotel revenues decreased by ₱87.8 million, or 20.9%, to ₱332.9 million (U.S.$5.7 million) for the nine months ended 30 September 2022, compared to ₱420.7 million for the nine months ended 30 September 2021, due to a decrease in occupancy rates for certain hotels.

The Company's interest income decreased by ₱8.2 million, or 41.1%, to ₱11.8 million (U.S.$0.2 million) for the nine months ended 30 September 2022, compared to ₱20.0 million for the nine months ended 30 September 2021, mainly due to the decrease in interest income from banks and deposit placements.

The Company's other income increased by ₱342.9 million, or 48.1%, to ₱1,055.6 million (U.S.$17.9 million) for the nine months ended 30 September 2022, compared to ₱712.6 million for the nine months ended 30 September 2021, primarily due to an increase in interest charges, administrative fees, cinema sales and other hotel revenues.

Cost and Expenses

The Company's costs and expenses increased by ₱124.5 million, or 3.8%, to ₱3,361.1 million (U.S.$57.1 million) for the nine months ended 30 September 2022, compared to ₱3,236.6 million for the nine months ended 30 September 2021, mainly due to the increase in cost of real estate sales, selling expenses, and general and administrative expenses, partially offset by decreases in cost of hotel operations and interest expense.

The Company's cost of real estate sales increased by ₱411.4 million, or 104.1%, to ₱806.5 million (U.S.$13.7 million) for the nine months ended 30 September 2022, compared to ₱395.1 million for the nine months ended 30 September 2021, mainly due to the higher real estate sales recognised by the Company for the period.

The Company's cost of hotel operations decreased by ₱47.5 million, or 18.4%, to ₱210.9 million (U.S.$3.6 million) for the nine months ended 30 September 2022, compared to ₱258.4 million for the nine months ended 30 September 2021, primarily due to lower hotel expenses related to operations, decrease in room meals expenses and lower rent expense.

The Company's selling expenses increased by ₱76.1 million, or 130.1%, to ₱134.6 million (U.S.$2.3 million) for the nine months ended 30 September 2022, compared to ₱58.5 million for the nine months ended 30 September 2021, primarily due to the increase in print and multimedia advertisements, brokers' commission and expenses for events and roadshows.

General and administrative expenses increased by ₱14.7 million, or 1.1%, to ₱1,299.9 million (U.S.$22.1 million) for the nine months ended 30 September 2022, compared to ₱1,285.1 million for the nine months ended 30 September 2021, primarily due to a decrease in utilities, outsourced services and property maintenance expenses.

Interest expense decreased by ₱330.2 million, or 26.6%, to ₱909.2 million (U.S.$15.4 million) for the nine months ended 30 September 2022, compared to ₱1,239.5 million for the nine months ended 30 September 2021, primarily due to increased capitalised borrowing cost on ongoing projects.

Income before income tax

The Company's income before income tax for the nine months ended 30 September 2022 was ₱2,605.1 million (U.S.$44.2 million), a decrease of ₱5,323.0 million, or 71.1%, from its income before income tax of ₱7,928.1 million for the nine months ended 30 September 2021, primarily due to the decrease in revenue.

Income tax benefit

The Company's income tax benefit decreased by ₱229.7 million, or 60.7%, to ₱148.9 million (U.S.$2.5 million) for the nine months ended 30 September 2022 from ₱378.6 million recorded for the nine months ended 30 September 2021. The decrease was mainly due to the income tax benefit adjustment booked in 2021 to reflect the change in the corporate income tax rate from 30% to 25% pursuant to the CREATE Law.

Net Income

As a result of the foregoing, the Company recorded a net income of ₱2,456.2 million (U.S.$41.7 million) for the nine months ended 30 September 2022, a decrease of ₱5,850.5 million, or 70.4%, from ₱8,306.7 million for the nine months ended 30 September 2021. The decrease was mainly due to the ₱2.79 billion tax benefit one-off adjustment as a result of the implementation of the CREATE Law and the recognition of unrealised gains from changes in fair values of investment property in 2021.

Year ended 31 December 2021 compared to the year ended 31 December 2020

Revenues

The Company's revenues increased by ₱1.7 billion, or 11.7%, to ₱15.9 billion (U.S.$270.3 million) for the year ended 31 December 2021, compared to ₱14.3 billion for the year ended 31 December 2020. The increase is primarily due to higher unrealised gains from changes in fair values of investment property, real estate sales, hotel revenues, and other income for 2021 compared to 2020.

The Company's recurring revenue decreased by ₱102.1 million, or 2.6%, to ₱3,998.3 million (U.S.$67.9 million) for the year ended 31 December 2021, compared to ₱4,100.4 million for the year ended 31 December 2020, primarily due to the decline in the Company rental revenues which decreased by ₱188.1 million, or 5.2%, to ₱3,420.4 million (U.S.$58.1 million) for the year ended 31 December 2021, compared to ₱3,608.5 million for the year ended 31 December 2020, as a result of higher rental concessions and discounts for the period.

The Company's real estate sales increased by ₱220.7 million, or 39.6%, to ₱778.1 million (U.S.$13.2 million) for the year ended 31 December 2021, compared to ₱557.4 million for the year ended 31 December 2020, due to higher sales booked based on percentage of completion due to the resumption of construction activities after the lifting of the community quarantine and additional sales in 2021.

The Company's hotel revenues increased by ₱86.1 million, or 17.5%, to ₱577.9 million (U.S.$9.8 million) for the year ended 31 December 2021, compared to ₱491.9 million for the year ended 31 December 2020, primarily due to higher occupancy across the Company's hotel properties.

The Company's interest income decreased by ₱15.2 million, or 13.8%, to ₱94.5 million (U.S.$1.6 million) for the year ended 31 December 2021, compared to ₱109.7 million for the year ended 31 December 2020, mainly due to the decrease in the Company's deposit placements with financial institutions.

Other income increased by ₱581.4 million, or 74.1%, to ₱1.4 billion (U.S.$23.5 million) for the year ended 31 December 2021, compared to ₱784.2 million for the year ended 31 December 2020, primarily due to increase in interest charges charged to tenants.

Cost and expenses

The Company's costs and expenses increased by ₱812.0 million, or 19.9%, to ₱4.9 billion (U.S.$83.0 million) for the year ended 31 December 2021, compared to ₱4.1 billion for the year ended 31 December 2020, mainly due to the increase in interest expense by ₱760.5 million, or 79.2%, to ₱1.7 billion for the year ended 31 December 2021 from ₱959.8 million for the year ended 31 December 2020.

The Company's cost of hotel operations increased by ₱21.7 million, or 7.1%, to ₱326.3 million (U.S.$5.5 million) for the year ended 31 December 2021, compared to ₱304.6 million for the year ended 31 December 2020, mainly due to an increase in rental, utilities and outsourced services.

The Company's general and administrative expenses decreased by ₱109.1 million, or 4.6%, to ₱2.3 billion (U.S.$38.7 million) for the year ended 31 December 2021, compared to ₱2.4 billion for the year ended 31 December 2020, mainly due to lower taxes and licences, employee costs and depreciation.

The Company's selling and marketing expenses increased by ₱14.1 million, or 12.4%, to ₱127.4 million (U.S.$2.2 million) for the year ended 31 December 2021, compared to ₱113.3 million for the year ended 31 December 2020, mainly due to higher advertising and marketing expenses in 2021.

The Company's cost of real estate sales increased by ₱124.8 million, or 40.4%, to ₱434.0 million (U.S.$7.4 million) for the year ended 31 December 2021, compared to ₱309.2 million for the year ended 31 December 2020, primarily due to the increase in real estate sales recognised in 2021.

Interest expense increased by ₱760.5 million, or 79.2%, to ₱1,720.3 million (U.S.$29.2 million) for the year ended 31 December 2021, compared to ₱959.8 million for the year ended 31 December 2020, primarily due to new drawdowns, credit facilities and bonds issued in 2021.

Income before income tax

As a result of the foregoing, the Company's income before income tax increased by ₱851.3 million, or 8.4%, to ₱11.0 billion (U.S.$187.3 million) for the year ended 31 December 2021, compared to ₱10.2 billion for the year ended 31 December 2020.

Income tax benefit/expense

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

Net income

As a result of the foregoing, the Company recorded net income for the year ended 31 December 2021 of ₱11.3 billion (U.S.$191.5 million), an increase of ₱5.3 billion, or 87.2%, from its net income of ₱6.0 billion recorded for the year ended 31 December 2020, primarily due to higher unrealised gains from changes in fair values of investment property in 2021 compared to 2020.

Year ended 31 December 2020 compared to the year ended 31 December 2019

Revenues

The Company's revenues decreased by ₱5.9 billion, or 29.4%, to ₱14.3 billion for the year ended 31 December 2020, compared to ₱20.2 billion for the year ended 31 December 2019. The decrease in total revenues is due to higher unrealised gains from changes in fair values of investment property from 2019 to 2020.

The Company's recurring revenue increased by 3.9% to ₱4.1 billion for the year ended 31 December 2020, compared to ₱3.95 billion for the year ended 31 December 2019, primarily due to the growth of its rental revenues, which grew by 10.2% to ₱3.61 billion in 2020, compared to ₱3.27 billion in 2019, driven by the full year operation of DoubleDragon Center East and West in 2020.

The Company's hotel revenues decreased by ₱180.2 million, or 26.8%, to ₱491.9 million for the year ended 31 December 2020, compared to ₱672.1 million for the year ended 31 December 2019, primarily due to the lower occupancy rate of the operating hotels due to COVID-19. Despite the decline in revenue, gross margin of hotel operations improved to 38.1% in 2020 from 32.6% in 2019.

The Company's real estate sales decreased by ₱1.1 billion, or 66.4%, to ₱557.4 million for the year ended 31 December 2020, compared to ₱1.7 billion for the year ended 31 December 2019, due to lower sales booked based on percentage of completion, which was affected by restricted construction activities during the community quarantine period in 2020.

The Company's interest income increased by ₱21.1 million, or 23.8%, to ₱109.7 million for the year ended 31 December 2020, compared to ₱88.6 million for the year ended 31 December 2019, as a result of the increase in the Company's deposit placements with financial institutions during 2020.

Other income from forfeiture increased by ₱344.4 million, or 6,675.2%, to ₱349.5 million for the year ended 31 December 2020, compared to ₱5.2 million for the year ended 31 December 2019, mainly due to forfeiture of deposits from tenants during 2020.

Cost and expenses

The Company's costs and expenses decreased by ₱473.6 million, or 10.40%, to ₱4.1 billion for the year ended 31 December 2020, compared to ₱4.6 billion for the year ended 31 December 2019, mainly driven by the decrease in the Company's cost real estate sales and cost savings. Interest expense increased by ₱119.1 million, or 14.2%, to ₱959.8 million for the year ended 31 December 2020 from ₱840.7 million for the year ended 31 December 2019.

The Company recorded cost of hotel operations of ₱304.6 million for the year ended 31 December 2020, a decrease of ₱148.4 million, or 32.8%, compared to ₱452.9 million for the year ended 31 December 2019. The decrease is due to decrease in rental, utilities and outsourced services.

The Company's general and administrative expenses increased by ₱153.4 million, or 6.9%, to ₱2.4 billion for the year ended 31 December 2020, compared to ₱2.2 billion for the year ended 31 December 2019. The increase is due to higher taxes, licence fees, and employee cost.

The Company's selling and marketing expenses decreased by ₱177.0 million, or 61.0%, to ₱113.3 million for the year ended 31 December 2020, compared to ₱290.3 million for the year ended 31 December 2019, due to lower advertising and marketing expense and commissions during 2020.

The Company's cost of real estate sales decreased by ₱420.8 million, or 57.6%, to ₱309.2 million for the year ended 31 December 2020, compared to ₱730.1 million for the year ended 31 December 2019, due to the decrease in real estate sales recognised during 2020.

Interest expense increased by ₱119.1 million, or 14.2%, to ₱959.8 million for the year ended 31 December 2020, compared to ₱840.7 million for the year ended 31 December 2019, primarily in due to increased capitalised borrowing cost on ongoing projects in 2020.

Income before income tax

The Company's income before income tax for the year ended 31 December 2020 was ₱10.2 billion, a decrease of ₱5.5 billion, or 35.0%, from its income before income tax of ₱15.7 billion for the year ended 31 December 2019.

Income tax expense

The Company's income tax expense for the year ended 31 December 2020 was ₱4.2 billion, a decrease of ₱847.8 million, or 16.9%, from its income tax expense of ₱5.0 billion for the year ended 31 December 2019, due to a decrease in current tax expense from lower taxable income and lower deferred tax expense from unrealised gain from changes in investment properties.

Net Income

As a result of the foregoing, the Company's net income for the year ended 31 December 2020 was ₱6.0 billion, a decrease of ₱4.6 billion, or 43.4%, from its net income of ₱10.6 billion for the year ended 31 December 2019. The decrease is due mainly to lower fair value gains booked.

FINANCIAL POSITION

The following table sets forth selected information from the Company's consolidated statements of financial position for the periods indicated:

	As of 31 December			As of 30 September	
	2020	2021	2021	2022	2022
	₱	₱	U.S.$	₱	U.S.$
	(Audited)		(Unaudited)	(Unaudited)	
			(millions)		
ASSETS					
Current Assets					
Cash and cash equivalents	3,976.4	7,763.0	131.8	4,894.2	83.1
Receivables – net	6,592.8	8,215.8	139.5	10,455.2	177.5
Inventories	2,311.8	2,391.4	40.6	2,488.0	42.2
Due from related parties	55.2	55.2	0.9	52.1	0.9
Prepaid expenses and other current assets – net	4,507.6	4,878.3	82.8	5,364.7	91.0
Total Current Assets	**17,443.7**	**23,303.7**	**395.6**	**23,254.2**	**394.7**
Noncurrent Assets					
Receivables – net of current portion	1.6	318.5	5.4	332.9	5.7
Property and equipment – net	836.9	845.9	14.4	801.6	13.6
Goodwill and intangible assets	1,182.8	1,147.9	19.5	1,123.7	19.1
Investment property	98,490.0	112,391.2	1,907.8	117,957.7	2,002.3
Right-of-use assets – net	0.3	–	–	–	–
Deferred tax assets	526.8	298.8	5.1	394.3	6.7
Other noncurrent assets	2,423.6	3,350.2	56.9	3,351.9	56.9
Total Noncurrent Assets	**103,462.1**	**118,352.5**	**2,009.0**	**123,962.1**	**2,104.3**
Total Assets	**120,905.7**	**141,656.2**	**2,404.6**	**147,216.3**	**2,499.0**
LIABILITIES AND EQUITY					
Current Liabilities					
Accounts payable and other liabilities	5,612.4	3,867.2	65.6	3,840.7	65.2
Short-term notes payable and current maturities of long-term notes payable, net of debt issue costs	18,963.7	14,619.0	248.2	11,663.7	198.0
Customers' deposits	156.3	119.9	2.0	139.8	2.4
Due to related parties	991.5	727.6	12.4	558.4	9.5
Dividends payable	151.7	147.8	2.5	611.8	10.4
Income tax payable	64.8	14.5	0.2	55.0	0.9
Total Current Liabilities	**25,940.6**	**19,495.9**	**332.6**	**16,869.4**	**286.4**
Noncurrent Liabilities					
Long-term notes payable – net of current maturities and debt issue costs	13,706.0	21,525.8	365.4	27,529.9	467.3
Bonds payable – net of bond issue costs	14,870.3	14,897.6	252.9	14,919.2	253.3
Lease liabilities – noncurrent portion	1,365.2	1,282.6	21.8	1,324.8	22.5
Deferred tax liabilities	14,120.5	13,612.3	231.1	13,701.3	232.6
Customers' deposits – net of current portion	362.5	367.4	6.2	170.6	2.9

	As of 31 December			As of 30 September	
	2020	2021	2021	2022	2022
	₱	₱	U.S.$	₱	U.S.$
	(Audited)		(Unaudited)	(Unaudited)	
			(millions)		
Retirement benefits liability	29.2	30.6	0.5	30.5	0.5
Other noncurrent liabilities	1,451.3	1,135.5	19.3	861.0	14.6
Total Noncurrent Liabilities	**45,904.9**	**52,851.9**	**897.2**	**58,537.3**	**993.7**
Total Liabilities	**71,845.5**	**72,347.8**	**1,228.1**	**75,406.7**	**1,280.1**
Equity Attributable to Equity Holders of the Parent Company					
Capital stock	237.3	237.3	4.0	237.3	4.0
Preferred shares	10,000.0	10,000.0	169.8	10,000.0	169.8
Additional paid-in capital	5,540.6	5,540.6	94.1	5,540.6	94.1
Retained earnings	18,249.7	25,251.4	428.6	25,517.1	433.2
Treasury stock	(167.2)	(167.2)	(2.8)	(391.7)	(6.6)
Reserves	(4.9)	117.1	2.0	117.1	2.0
	33,855.5	**40,979.3**	**695.6**	**41,020.4**	**696.4**
Non-controlling interests	**15,204.7**	**28,329.2**	**480.9**	**30,789.2**	**522.5**
Total Equity	**49,060.2**	**69,308.5**	**1,176.5**	**71,809.6**	**1,218.9**
Total Liabilities and Equity	**120,905.7**	**141,656.2**	**2,404.6**	**147,216.3**	**2,499.0**

As of 30 September 2022 compared to as of 31 December 2021

Assets

The Company's assets were ₱147.2 billion (U.S.$2.5 billion) as of 30 September 2022, an increase of ₱5.6 billion, or 3.9%, from assets of ₱141.7 billion (U.S.$2.4 billion) as of 31 December 2021.

Cash and cash equivalents

The Company's cash and cash equivalents were ₱4.9 billion (U.S.$83.1 million) as of 30 September 2022, a decrease of ₱2.9 billion, or 37.0%, from cash and cash equivalents of ₱7.8 billion (U.S.$131.8 million) as of 31 December 2021, mainly due to payment of short-term loans and capital expenditures.

Receivables – net

The Company's receivables – net were ₱10.5 billion (U.S.$177.5 million) as of 30 September 2022, an increase of ₱2.2 billion, or 27.3%, from receivables – net of ₱8.2 billion (U.S.$139.4 million) as of 31 December 2021, primarily due to the increase in rent receivables and instalment contract receivables as a result of extended payment terms granted to certain tenants.

Real estate inventories

The Company's real estate inventories were ₱2.5 billion (U.S.$42.2 million) as of 30 September 2022, an increase of ₱96.6 million, or 4.0%, from real estate inventories of ₱2.4 billion (U.S.$40.6 million) as of 31 December 2021, primarily due to the additional expenditure for Hotel 101 projects and residential projects net of the cost recognised for the nine months ended 30 September 2022.

Due from related parties

The Company's due from related parties were ₱52.1 million (U.S.$0.9 million) as of 30 September 2022, a decrease of ₱3.1 million, or 5.6%, from due from related parties of ₱55.2 million (U.S.$0.9 million) as of 31 December 2021, primarily due to payment from a CityMall joint venture partner and landowner in connection with the joint venture.

Prepaid expenses and other current assets – net

The Company's prepaid expenses and other current assets – net were ₱5.4 billion (U.S.$91.0 million) as of 30 September 2022, an increase of ₱486.4 million, or 10.0%, from prepaid expenses and other current assets – net of ₱4.9 billion (U.S.$82.2 million) as of 31 December 2021, primarily due to the increase in advances to contractors and suppliers and prepayments offset by the decrease in input VAT.

Receivables – net of current portion

The Company's receivables – net of current portion were ₱332.9 million (U.S.$5.7 million) as of 30 September 2022, an increase of ₱14.4 million, or 4.5%, from receivables – net of current portion of ₱318.5 million (U.S.$5.8 million) as of 31 December 2021, primarily due to additional instalment contract receivables from Hotel 101-Cebu and DD HappyHomes.

Property and equipment – net

The Company's property and equipment – net were ₱801.6 million (U.S.$13.6 million) as of 30 September 2022, a decrease of ₱44.3 million, or 5.2%, from property and equipment – net of ₱845.9 million (U.S.$14.4 million) as of 31 December 2021, primarily due to depreciation recognised in the first half of 2022.

Goodwill and intangible assets – net

The Company's goodwill and intangible assets were ₱1.1 billion (U.S.$19.1 million) as of 30 September 2022, a decrease of ₱24.2 million, or 2.1%, from goodwill and intangible assets of ₱1.1 billion (U.S.$19.5 million) as of 31 December 2021, primarily due to the amortisation of intangible assets.

Investment property

The Company's investment property was ₱118.0 billion (U.S.$2,002.3 million) as of 30 September 2022, an increase of ₱5.6 billion, or 5.0%, from investment property of ₱112.4 billion (U.S.$1,907.9 million) as of 31 December 2021, mainly due to mainly due to the additional properties acquired by the Company, the three CentralHub properties infused by JFC and unrealized gain from changes in fair value for the period.

Deferred tax assets

The Company's deferred tax assets were ₱394.3 million (U.S.$6.7 million) as of 30 September 2022, a decrease of ₱95.6 million, or 32.0%, from deferred tax assets of ₱298.8 million (U.S.$5.1 million) as of 31 December 2021, primarily due to the additional deferred tax components mainly from additional net operating loss carry over (NOLCO) and unused minimum corporate income tax (MCIT).

Other noncurrent assets

The Company's other noncurrent assets were ₱3.4 billion (U.S.$56.9 million) as of 30 September 2022, an increase of ₱1.6 million, or 0.1%, from other noncurrent assets of ₱3.4 billion (U.S.$56.9 million) as of 31 December 2021, primarily due to a decrease in non-current advances to contractors and suppliers.

Liabilities

The Company's liabilities were ₱75.4 billion (U.S.$1,280.1 million) as of 30 September 2022, an increase of ₱3.1 billion, or 4.2%, from liabilities of ₱72.3 billion (U.S.$1,228.1 million) as of 31 December 2021.

Accounts payable and other current liabilities

The Company's accounts payable and other current liabilities were ₱3.8 billion (U.S.$65.2 million) as of 30 September 2022, a decrease of ₱26.5 million, or 0.7%, from accounts payable and other current liabilities of ₱3.9 billion (U.S.$65.6 million) as of 31 December 2021. The decrease is primarily due to the decreases in trade payable.

Short-term notes payable

The Company's short-term notes payable were ₱11.7 billion (U.S.$198.0 million) as of 30 September 2022, a decrease of ₱3.0 billion, or 20.2%, from short-term notes payable of ₱14.6 billion (U.S.$248.4 million) as of 31 December 2021. The decrease is primarily due to the repayment of certain short-term loans and a decrease in the current portion of long-term loans.

Due to related parties

The Company's due to related parties were ₱558.4 million (U.S.$9.5 million) as of 30 September 2022, a decrease of ₱169.2 million, or 23.3%, from due to related parties of ₱727.6 million (U.S.$12.3 million) as of 31 December 2021, primarily due to reimbursement of advances made by non-controlling shareholders for the project of GCDPC and reclassification other liabilities.

Customer's deposits

The Company's customer's deposits were ₱139.8 million (U.S.$2.4 million) as of 30 September 2022, an increase of ₱19.9 million, or 16.6%, from customer's deposits of ₱119.9 million (U.S.$2.0 million) as of 31 December 2021, primarily due to an increase in deposits from tenants as well as deposits from the unit buyers of the Company's real estate projects.

Dividends payable

The Company's dividends payable were ₱611.8 million (U.S.$10.4 million) as of 30 September 2022, an increase of ₱464.0 million, or 314.0%, from dividends payable of ₱147.8 million (U.S.$2.5 million) as of 31 December 2021, primarily due to the payment of dividends in September 2022.

Income tax payable

The Company's income tax payable was ₱55.0 million (U.S.$0.9 million) as of 30 September 2022, an increase of ₱40.5 million, or 280.0%, from income tax payable of ₱14.5 million (U.S.$0.2 million) as of 31 December 2021, primarily due to an increase in income tax payable of certain subsidiaries of the Company.

Long-term notes payable – net of debt issue costs

The Company's long-term notes payable – net of debt issue costs were ₱27.5 billion (U.S.$467.3 million) as of 30 September 2022, an increase of ₱6.0 billion, or 27.9%, from long-term notes payable – net of debt issue costs of ₱21.5 billion (U.S.$365.4 million) as of 31 December 2021, primarily due to the issuance by DDPC Worldwide Pte. Ltd. of U.S.$55,000,000 7.25% guaranteed senior notes due 2025 in the first quarter of 2022 and bank borrowings by the Company to refinance maturing loans for the nine months ended 30 September 2022.

Bonds payable – net of bond issuance cost

The Company's bonds payable – net of bond issue costs were ₱14.9 billion (U.S.$253.3 million) as of 30 September 2022, an increase of ₱21.6 million, or 0.1%, from bonds payable – net of bond issue costs of ₱14.9 billion (U.S.$252.9 million) as of 31 December 2021, primarily due to the amortisation of bond issue cost.

Lease liabilities – noncurrent portion

The Company's lease liabilities – noncurrent portion were ₱1.3 billion (U.S.$22.5 million) as of 30 September 2022, an increase of ₱42.1 million, or 3.3%, from lease liabilities – noncurrent portion of ₱1.3 billion (U.S.$21.8 million) as of 31 December 2021, primarily due to the interest expense on the lease liabilities.

Deferred tax liability

The Company's deferred tax liabilities were ₱13.7 billion (U.S.$232.6 million) as of 30 September 2022, an increase of ₱89.0 million, or 0.7%, from deferred tax liabilities of ₱13.6 billion (U.S.$231.1 million) as of 31 December 2021, primarily due to the deferred tax from excess of financial realised gross profit over taxable gross profit and unrealized gain from changes in fair value of investment properties.

Customers' deposits – net of current portion

The Company's customers' deposits – net of current portion were ₱170.6 million (U.S.$2.9 million) as of 30 September 2022, a decrease of ₱196.8 million, or 53.6%, from the customers' deposits – net of current portion of ₱367.4 million (U.S.$6.2 million) as of 31 December 2021, primarily due to the recognition of revenue (and corresponding application of collections from customers) due to the higher percentage of completion of certain Hotel 101 projects.

Retirement benefits liability

The Company's retirement benefits liability were ₱30.5 million (U.S.$0.5 million) as of 30 September 2022 and as of 31 December 2021.

Other noncurrent liabilities

The Company's other noncurrent liabilities were ₱861.0 million (U.S.$14.6 million) as of 30 September 2022, a decrease of ₱274.5 million, or 24.2%, from other noncurrent liabilities of ₱1.1 billion (U.S.$19.4 million) as of 31 December 2021, primarily due to a decrease in the noncurrent portion of security deposits from tenants.

As of 31 December 2021 compared to as of 31 December 2020

Assets

The Company's assets were ₱141.7 billion (U.S.$2.4 billion) as of 31 December 2021, an increase of ₱20.8 billion, or 17.2%, from assets of ₱120.9 billion as of 31 December 2020.

Cash and cash equivalents

The Company's cash and cash equivalents were ₱7.8 billion (U.S.$131.8 million) as of 31 December 2021, an increase of ₱3.8 billion, or 95.2%, from cash and cash equivalents of ₱4.0 billion as of 31 December 2020, mainly due to the proceeds from DDMP REIT, Inc.'s initial public offering.

Receivables – net

The Company's receivables – net were ₱8,215.8 million (U.S.$139.5 million) as of 31 December 2021, an increase of ₱1,623.0 million, or 24.6%, from receivables – net of ₱6,592.8 million as of 31 December 2020, primarily due to the increase in accrued rent receivables arising from the excess of rent income over rental collections made by lessees in accordance with straight-line rental recognition as mandated by PFRS 16 and the increase in instalment contract receivable from additional real estate sales of Hotel 101 projects.

Real estate inventories

The Company's real estate inventories were ₱2,391.4 million (U.S.$40.6 million) as of 31 December 2021, an increase of ₱79.6 million, or 3.4%, from real estate inventories of ₱2,311.8 million as of 31 December 2020, primarily due to additional construction from Hotel 101 projects, partially offset by the cost recognised for 2021.

Due from related parties

The Company's due from related parties were ₱55.2 million (U.S.$0.9 million) as of 31 December 2021 and as of 31 December 2020.

Prepaid expenses and other current assets – net

The Company's prepaid expenses and other current assets – net were ₱4,878.3 million (U.S.$82.8 million) as of 31 December 2021, an increase of ₱370.7 million, or 8.2%, from prepaid expenses and other current assets – net of ₱4,507.6 million as of 31 December 2020, primarily due to the increases in input VAT, creditable taxes and prepaid expenses.

Receivables – net of current portion

The Company's receivables – net of current portion were ₱318.5 million (U.S.$5.4 million) as of 31 December 2021, an increase of ₱316.9 million, or 198.1%, from receivables – net of current portion of ₱1.6 million as of 31 December 2020, primarily due to the restructuring of receivables arising from the extension of payment terms of certain tenants granted in connection with the COVID-19 pandemic.

Property and equipment – net

The Company's property and equipment – net were ₱845.9 million (U.S.$14.4 million) as of 31 December 2021, an increase of ₱8.9 million, or 1.1%, from property and equipment – net of ₱836.9 million as of 31 December 2020, primarily due to additions during 2021, net of depreciation recorded in the year ended in 31 December 2021.

Goodwill and intangible assets – net

The Company's goodwill and intangible assets – net were ₱1,147.9 million (U.S.$19.5 million) as of 31 December 2021, a decrease of ₱34.9 million, or 3.0%, from goodwill and intangible assets – net of ₱1,182.8 million as of 31 December 2020, primarily due to amortizations in intangible assets made in the year ended in 31 December 2021.

Investment property

The Company's investment properties were ₱112,391.2 million (U.S.$1,907.8 million) as of 31 December 2021, an increase of ₱13,901.2 million, or 14.1%, from investment properties of ₱98,490.0 million as of 31 December 2020, primarily due to the appreciation of investment properties owned by the Company and additions during 2021.

Deferred tax assets

The Company's deferred tax assets were ₱298.8 million (U.S.$5.1 million) as of 31 December 2021, a decrease of ₱228.1 million, or 43.3%, from deferred tax assets of ₱526.8 million as of 31 December 2020, primarily due to downward adjustment in the deferred tax asset balance as of 31 December 2020 to reflect the decrease in the corporate income tax rate from 30% to 25%.

Other noncurrent assets

The Company's other noncurrent assets were ₱3,350.2 million (U.S.$56.8 million) as of 31 December 2021, an increase of ₱926.7 million, or 38.2%, from other noncurrent assets of ₱2,423.6 million as of 31 December 2020, primarily due to an increase in refundable deposits.

Liabilities

The Company's liabilities were ₱72,347.8 million (U.S.$1,228.1 million) as of 31 December 2021, an increase of ₱502.3 million, or 0.7%, from liabilities of ₱71,845.5 million as of 31 December 2020.

Accounts payable and other current liabilities

The Company's accounts payable and other current liabilities were ₱3,867.2 million (U.S.$65.6 million) as of 31 December 2021, a decrease of ₱1,745.2 million, or 31.1%, from accounts payable and other current liabilities of ₱5,612.4 million as of 31 December 2020. The decrease is primarily due to the decrease in accrued project cost of the Company.

Short-term notes payable

The Company's short-term notes payable were ₱14,619.0 million (U.S.$248.2 million) as of 31 December 2021, a decrease of ₱4,344.8 million, or 22.9%, from short-term notes payable of ₱18,963.7 million as of 31 December 2020. The decrease is primarily due to the repayment of short-term loans during 2021.

Due to related parties

The Company's due to related parties were ₱727.6 million (U.S.$12.4 million) as of 31 December 2021, a decrease of ₱263.9 million, or 26.6%, from due to related parties of ₱991.5 million as of 31 December 2020, primarily due to settlement of remaining advances related to the acquisition of Hotel of Asia, Inc. in 2016.

Customer's deposits

The Company's customer's deposits were ₱119.9 million (U.S.$2.0 million) as of 31 December 2021, a decrease of ₱36.5 million, or 23.3%, from customer's deposits of ₱156.3 million as of 31 December 2020, primarily due to higher collection from real estate buyers compared to revenue recognised based on percentage of completion.

Dividends payable

The Company's dividends payable were ₱147.8 million (U.S.$2.5 million) as of 31 December 2021, a decrease of ₱3.9 million, or 2.6%, from dividends payable of ₱151.7 million as of 31 December 2020.

Income tax payable

The Company's income tax payable were ₱14.5 million (U.S.$0.2 million) as of 31 December 2021, a decrease of ₱50.4 million, or 77.7%, from income tax payable of ₱64.8 million as of 31 December 2020, primarily due to the decrease in income tax payable by DDMP REIT Inc.

Long-term notes payable – net of debt issue costs

The Company's long-term notes payable – net of debt issue costs were ₱21,525.8 million (U.S.$365.4 million) as of 31 December 2021, an increase of ₱7,819.8 million, or 57.1%, from long-term notes payable – net of debt issue costs of ₱13,706.0 million as of 31 December 2020, primarily due to additional bank borrowings by the Company in 2021.

Bonds payable – net of bond issuance cost

The Company's bonds payable – net of bond issuance cost were ₱14,897.6 million (U.S.$252.9 million) as of 31 December 2021, an increase of ₱27.3 million, or 0.2%, from bonds payable – net of bond issuance cost of ₱14,870.3 million as of 31 December 2020, primarily due to the amortisation of bond issue costs during 2021.

Lease liabilities – noncurrent portion

The Company's lease liabilities – noncurrent portion were ₱1,282.6 million (U.S.$21.8 million) as of 31 December 2021, a decrease of ₱82.6 million, or 6.0%, from lease liabilities – noncurrent portion of ₱1,365.2 million as of 31 December 2020, primarily due to the Company's payments of lease liabilities and reclassification of certain noncurrent lease liabilities to current liabilities.

Deferred tax liability

The Company's deferred tax liability were ₱13,612.3 million (U.S.$231.1 million) as of 31 December 2021, a decrease of ₱508.1 million, or 3.6%, from deferred tax liability of ₱14,120.5 million as of 31 December 2020, primarily due to downward adjustment in the deferred tax liability balance to reflect the decrease in the corporate income tax rate from 30% to 25%.

Customers' deposits – net of current portion

The Company's customers' deposits – net of current portion were ₱367.4 million (U.S.$6.2 million) as of 31 December 2021, an increase of ₱4.9 million, or 1.4%, from customers' deposits – net of current portion of ₱362.5 million as of 31 December 2020, primarily due to the Company's collection of deposits in excess of cost from its Hotel 101 projects.

Retirement benefits liability

The Company's retirement benefits liability was ₱30.6 million (U.S.$0.5 million) as of 31 December 2021, an increase of ₱1.3 million, or 4.5%, from retirement benefits liability of ₱29.2 million as of 31 December 2020, primarily due to additional retirement cost recognised in 2021.

Other noncurrent liabilities

The Company's other noncurrent liabilities were ₱1,135.5 million (U.S.$19.3 million) as of 31 December 2021, a decrease of ₱315.8 million, or 21.8%, from other noncurrent liabilities of ₱1,451.3 million as of 31 December 2020, primarily due to the decrease in unearned rent income and deferred output VAT.

CASH FLOWS

The following table sets forth selected information from the Company's consolidated statements of cash flows for the periods indicated:

	For the year ended 31 December				For the nine months ended 30 September		
	2019	**2020**	**2021**	**2021**	**2021**	**2022**	**2022**
	₱	**₱**	**₱**	**U.S.$**	**₱**	**₱**	**U.S.$**
	(Audited)			(Unaudited)	(Reviewed)		(Unaudited)
				(millions)			
Net cash provided by (used in) operating activities	2,737.3	(2,875.3)	(4,955.6)	(84.1)	(480.3)	(2,576.8)	(43.8)
Net cash provided by (used in) investing activities	(6,467.0)	(271.7)	7,770.2	131.9	(2,448.0)	(1,528.1)	(25.9)
Net cash provided by (used in) financing activities	9,804.0	422.5	972.1	16.5	6,297.1	1,236.1	21.0
Net increase (decrease) in cash and cash equivalents	6,074.3	(2,724.5)	3,786.7	64.3	3,368.8	(2,868.8)	(48.7)
Cash at beginning of the period	**626.6**	**6,700.9**	**3,976.4**	**67.5**	**3,976.4**	**7,763.0**	**131.8**
Cash at end of the period	**6,700.9**	**3,976.4**	**7,763.0**	**131.8**	**7,345.2**	**4,894.2**	**83.1**

Cash flow from or used in operating activities

The Company's net cash provided by or used in operating activities is primarily affected by the revenues and expenses related to its operations, primarily construction and sale of residential units, sale of leasehold rights, construction and revenues from hotel operations, as adjusted by non-cash items such as unrealised gains from changes in fair values of investment property, interest expense, depreciation and amortisation and interest income. The Company's cash flows from or used in operating activities, are also affected by working capital changes such as changes in receivables, inventories, due from related parties, prepaid expenses and other current assets, or accounts payable and other current liabilities, customers' deposits and due to related parties.

The Company's net cash provided by operating activities was ₱2,737.3 million for the years ended 31 December 2019. Its net cash used in operating activities was ₱2,875.3 million and ₱4,955.6 million (U.S.$84.1 million) for the years ended 31 December 2020 and 2021, respectively. Its net cash used in operating activities was ₱480.3 million and ₱2,576.8 million (U.S.$43.8 million) for the nine months ended 30 September 2021 and 2022, respectively.

Cash flow used in investing activities

The Company's net cash flow used in investing activities for the years ended 31 December 2019 and 2020 were ₱6,467.0 million and ₱271.7 million, respectively. Its net cash flow provided by investing activities for the year ended 31 December 2021 was ₱7,770.2 million (U.S.$131.9 million). Its net cash flow used in investing activities were ₱2,448.0 million and ₱1,528.1 million (U.S.$25.9 million) for the nine months ended 30 September 2021 and 2022, respectively.

The Company's net cash flow used in investing activities reflects additions to investment property, property and equipment and other intangible assets, acquisitions of subsidiaries and associates, partially offset by increases in non-controlling interest, and is adjusted by decreases or increases in other noncurrent assets.

Cash flow provided by financing activities

The Company's net cash flow from financing activities is sourced primarily from availment of notes, issuance of bonds and issuance of capital stock, and is offset by payment of notes, dividends, treasury stock and costs relating to stock issuances, and adjusted by increases in other noncurrent liabilities.

The Company's net cash flow provided by financing activities for the years ended 31 December 2019, 2020 and 2021 were ₱9,804.0 million, ₱422.5 million, ₱972.1 million (U.S.$16.5 million), respectively. Its net cash flow provided by financing activities for the nine months ended 30 September 2021 and 2022 were ₱6,297.1 million and ₱1,236.1 million (U.S.$21.0 million), respectively.

CAPITAL EXPENDITURES

The Company's capital expenditures for the years ended 31 December 2019, 2020 and 2021 were ₱10.4 billion, ₱3.4 billion and ₱5.5 billion (U.S.$84.2 million), respectively, and its capital expenditures for the nine months ended 30 September 2021 and 2022 were ₱2.6 billion and ₱2.8 billion (U.S.$47.5 million), respectively. The table below sets forth the primary capital expenditures of the Company:

	For the years ended 31 December				For the nine months ended 30 September		
	2019	2020	2021	2021	2021	2022	2022
	₱	₱	₱	U.S.$	₱	₱	U.S.$
	(Audited)			(Unaudited)	(Reviewed)		(Unaudited)
				(millions)			
Real estate inventories	1,159.6	446.3	513.6	8.7	483.9	876.9	14.9
Land	1,457.8	96.0	1,009.5	17.1	–	112.9	1.9
Building	2,524.1	5.3	386.8	6.6	87.3	205.4	3.5
Leasehold improvements	1.3	1.5	95.6	1.6	5.1	–	–
Equipment and showrooms	11.6	13.8	5.6	0.1	40.7	13.3	0.2
Furniture and fixtures	23.4	1.8	27.3	0.5	1.0	1.9	–
Room fixtures and components	10.4	7.5	19.3	0.3	0.2	–	–
Construction-in-progress	5,173.6	2,812.3	3,487.1	53.9	1,958.1	853.5	14.5
Total capital expenditures	**10,361.8**	**3,384.5**	**5,544.8**	**94.2**	**2,576.3**	**2,063.9**	**35.0**

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

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets forth the contractual maturities of the Company's financial liabilities, including estimated interest payments and excluding the impact of netting agreements as of 30 September 2022:

	Financial Liabilities (₱ millions)				
	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year to 5 Years	More than 5 Years
Accounts payable and other current liabilities[(1)]	3,512.6	3,512.6	3,512.6	–	–
Due to related parties	558.4	558.4	558.4	–	–
Dividends payable	611.8	611.8	611.8	–	–
Notes payable[(2)]	36,144.8	46,794.7	13,597.5	33,197.2	–
Bonds payable	14,919.2	17,537.0	910.3	16,626.7	–
Other noncurrent liabilities	861.0	861.0	–	861.0	–
Lease liabilities	1,331.6	2,820.6	93.1	413.3	2,313.4

Notes:

(1) Excluding statutory obligations and unearned rent income account.

(2) Including both current and noncurrent portions of the account.

OFF BALANCE SHEET ARRANGEMENTS

As of the date of this Offering Circular, the Company has no material off-balance sheet transactions, arrangements or obligations. The Company also has no unconsolidated subsidiaries.

QUALITATIVE AND QUANTITATIVE DISCLOSURE OF MARKET RISK

Credit Risk

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

In respect of instalments contracts receivable, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Company has stringent customer requirements and performs credit investigation and evaluation of buyers to establish paying capacity and creditworthiness. The Company also performs supplemental credit review procedures for certain instalment payment structures. Buyer payments are facilitated by post-dated cheques. Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. 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 and there are no large concentrations of credit risk given the Company's diverse customer base.

If the buyer fails to pay the monthly amortisation of the unit, the Company's credit and collection department issues a demand letter to the buyer. If the account remains unsettled after the deadline stated in the demand letter, it will be handled by the Company's legal department, which will then issue the notice of rescission and then the notice of cancellation for the actual cancellation of the account.

Below are the guidelines for default accounts:

Past due accounts	Issuance of demand letters by credit & collection department *Buyer may be allowed to restructure and update account*
Non-payment of past due amount after deadline	Endorsement to legal department for the issuance of notice of rescission *Maceda Law is applied*
Accounts cancelled	Issuance of notice of cancellation Issuance of letter to HLURB for the cancelled units *Client may be allowed to purchase again (new sale) after one year from cancellation*

All cancelled accounts will be reopened for sale at current selling price of the similar units. The Company recognised an impairment loss on receivables for 2019, 2020 and 2021, as indicated in Notes 8 and 22 of the Company's audited financial statements elsewhere in this Offering Circular.

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 Company security deposits and advance rentals which helps reduce the Company's credit risk exposure in case of defaults by the tenants. For existing tenants, the Company has put in place a monitoring and follow-up system. Receivables are aged and analysed on a continuous basis to minimise credit risk associated with these receivables.

Please refer to Note 29 of the Company's audited financial statements elsewhere in this Offering Circular for more information of the Company's analysis and assessment of expected credit losses.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risks by forecasting projected cash flows and maintaining balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational working capital requirements. Management closely monitors the Company's future and contingent obligations and set up required cash reserves as necessary in accordance with internal requirements.

Interest Rate Risk

Fluctuations in interest rates could make it more difficult for the Company to procure new debt on attractive terms, or at all. The Company currently does not, and does not plan to, engage in interest rate derivative or swap activity to hedge its exposure to increases in interest rates.

Most of the Company's current borrowings are at fixed interest rates. As such, the Company is not subject to the effect of changes in interest rates with respect to its short-term and long-term loan obligations.

Commodity Risk

As a property developer, the Company is exposed to the risk that prices for construction materials used to build its properties (including, among others, cement and steel) will increase. These materials are global commodities whose prices are cyclical in nature and fluctuate in accordance with global market conditions. The Company is exposed to the risk that it may not be able to pass its increased costs to its customers, which would lower the Company's margins. The Company does not engage in commodity hedging but attempts to manage commodity risk by generally requiring its construction and development contractors to supply raw materials for the relevant construction and development projects (and bear the risk of price fluctuations). See "– *Factors Affecting Results of Operations – Price Volatility of Construction Materials and Other Development Costs*."

ACCELERATION OF FINANCIAL OBLIGATIONS

There are no known events that could trigger a direct or contingent financial obligation that would have a material effect on the Company's liquidity, financial condition and results of operations.

INCOME OR LOSSES ARISING OUTSIDE OF CONTINUING OPERATIONS

The Company has no sources of income or loss coming from discontinued operations. All of its subsidiaries are expected to continue to contribute to the Company's operating performance on an ongoing basis and/or in the future.

SEASONALITY

There is no significant seasonality in the Company's sales or revenues, as most of the Company's existing leases are based on fixed annual rates. The Company may experience seasonality with respect to its leases that are based on a percentage of its tenants' revenues, and such seasonality may become more significant as the percentage of the Company's variable rate leases increases. Generally, the Company may experience seasonal fluctuations with respect to its revenue from its variable rate leases in its CityMalls as tenants' sales are expected to peak in December of each year. Tenants' sales thereafter are expected to slowdown in the first quarter of the year and begin to increase in the second quarter, driven by the summer season, the school break in April and May and particularly the beginning of the school year in the month of June. This is expected to be followed by a slowdown in sales in the third quarter due to the rainy season.

Prior to the COVID-19 pandemic, the Company's hospitality operations were also subject to seasonality, with sales expected to increase during the holiday seasons and the dry season in the Philippines and, specifically with respect to the Company's Jinjiang Inns, holidays in China.

The Company tends to experience higher operating expenses during the fourth quarter of the year related to payments of year-end compensation, incentives and/or bonuses, whether required by law or based on internal polices, to executives, employees and salespersons, as well as other expenses.

DESCRIPTION OF THE ISSUER

GENERAL

Incorporated on 26 June 2020 as a company with limited liability under the laws of Singapore, DDPC Worldwide Pte. Ltd. is the holding company of the Company's investments outside the Philippines. The registered address of the Issuer is at 1 Marina Boulevard #28-00, One Marina Boulevard, Singapore 018989. The Issuer is a wholly-owned subsidiary of the Guarantor.

BOARD OF DIRECTORS

The board of the directors of the Issuer consists of Edgar II Jaruda Sia, Ferdinand Jaruda Sia, Marriana Henares Yulo, and Tan Cher Wee.

The issuance of the Additional Notes was approved by the board of directors on behalf of the Issuer on 21 March 2023.

CAPITALISATION

As of 30 September 2022, the issued and paid-up capital of the Issuer was 1 Singapore dollar, comprising 1 ordinary share of 1 Singapore dollar and U.S.$3,482,500, comprising of 3,482,500 ordinary shares of 1 U.S. dollar each.

As of 30 September 2022, other than the Existing Notes, the Issuer had no borrowings or indebtedness in the nature of borrowings (including loan capital issued, or created but unused), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

BUSINESS

OVERVIEW

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

The Company's two principal shareholders are Injap Investments Inc., controlled by the Sia family, and Honeystar Holdings Corp. controlled by the Tan and Ang families, who also control Jollibee Foods Corporation ("**JFC**"), the largest fast food company in the Philippines. Edgar Injap Sia II of the Sia family and Tony Tan Caktiong of the Tan and Ang family have similar entrepreneurial background and have started and grown multiple ventures into household brands in the Philippines.

In 2021, the Company further strengthened its balance sheet with the public offering of shares and listing of DDMP REIT, Inc. (formerly DD Meridian Park Development Corp. ("**DDMPDC**")) ("**DDMPR**") and the equity infusion by JFC and its subsidiary into CentralHub Industrial Centers, Inc. ("**CHICI**"), DoubleDragon's industrial leasing subsidiary. As of 30 September 2022, the Company's total equity was ₱71.8 billion and its gross Debt-to-Equity was 0.75x, which is below the Company's cap of 2.33x.

Having met its target of 1.2 million sq.m. of completed gross floor area ("**GFA**") for its leaseable portfolio, the Company intends to pursue a strategy of revenue optimisation for its retail leasing, office leasing, hospitality and industrial leasing operations, with the goal of maximising recurring revenue. As of 31 December 2021, the Company's completed portfolio encompassed 1.205 million sq.m. of GFA. Further, by 2030 the Company targets to increase its portfolio to 2.4 million sq.m. of GFA spread across its four core business segments: 30% in retail, 15% in office, 20% in hospitality, and 35% in industrial leasing.

As of 30 September 2022, through its subsidiary, CityMall Commercial Centers Inc. ("**CMCCI**"), the Company owns and operates 41 CityMalls, primarily located in key strategic locations in Luzon, Visayas and Mindanao. The Company also has nine CityMalls under construction, with an additional land bank for 14 CityMalls. CMCCI is 66% owned by the Company and 34% owned by SM Investments Corp. ("**SMIC**"), the holding company for one of the largest conglomerates in the Philippines. In addition to the 41 CityMalls that were operational as of 30 September 2022, the Company has three other operational malls, namely: Dragon8 Mall in Divisoria Manila City, DoubleDragon Plaza Retail in DD Meridian Park, Pasay City and Umbria Commercial Center in Biñan, Laguna.

The Company's office leasing segment primarily consists of two key projects, DD Meridian Park and Jollibee Tower. DD Meridian Park, a 4.8 hectare project located in the Manila Bay area of Pasay City, and which is 46.67%-owned by the Company, consists of approximately 244,240 sq.m. of leasable space that is primarily used for BPO, outsourcing and support service offices, and corporate offices. The development is expected to feature seven office towers and luxury services residences, with construction in four phases. The first phase of DD Meridian Park comprises Towers 1 to 4 of DoubleDragon Plaza and was completed in 2018. The second phase comprises DoubleDragon Center East and DoubleDragon Center West and was completed in 2019. The fourth phase comprises DoubleDragon Tower and was substantially completed in 2021, while the third phase comprises luxury serviced residences, namely Ascott-DD Meridian Park, and is currently under construction with completion expected in 2024. Jollibee Tower is a Grade A 42-storey commercial and office tower with approximately 60,394.67 sq.m. of leasable space and is situated in the heart of the Ortigas central business district in Metro Manila. The project, which was completed in 2019, is a joint venture between the Company and JFC, who also serves as the building's anchor tenant. In addition to DD Meridian Park and Jollibee Tower, the Company also owns The SkySuites Tower, comprising two towers, including an office tower that is currently being leased to tenants.

The Company's hospitality segment is operated through its subsidiary, Hotel of Asia, Inc. ("**HOA**"), which is 70%-owned by the Company. As of 30 September 2022, the Company's hospitality operations comprise 876 operating hotel rooms, including the Company's own hotel brand, "Hotel 101", which currently has one operating hotel in the Manila Bay Area near the Mall of Asia. In addition to the 876 operational rooms, the Company has a pipeline of 5,959 hotel rooms, which include hotels under construction and hotels in the planning and design stage. These additional hotel rooms are expected to increase the Company's total hotel portfolio to 6,835 rooms. CSI Hotels, Inc., a 50%-owned subsidiary of HOA, is the Philippines' master franchisee of the "Jinjiang Inn" brand, with three hotels in operation in Ortigas and Makati, Metro Manila and Boracay as of 30 September 2022. Hotel 101 Management Corporation, a wholly owned subsidiary of HOA, operates all of HOA's operational hotels including Hotel 101-Manila, Jinjiang Inn-Ortigas, Jinjiang Inn-Makati, Jinjiang Inn-Station 1 Boracay and Injap Tower, a 21-storey condotel located in Iloilo City. As of 30 September 2022, the Company had four hotels under construction and nine more hotels in the planning and development stage. On 30 September 2022, the Company, through its subsidiaries, fully paid for the acquisition of a prime 9,000 sq.m. parcel of land in Hokkaido Prefecture, Japan. The Company expects to develop its first international Hotel 101 development, named Hotel 101-Niseko, on such acquired land. See "*Business – Hospitality – Future Hotel Developments*".

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

The Company, through CHICI, acquired a 6.2 hectare parcel of land in Luisita Industrial Park, Tarlac for its first industrial hub. CentralHub-Tarlac was built over four phases, the first of which was completed in 2018 and leased out to Zenith Foods Corporation (Red Ribbon) as a commissary. The second phase was completed in 2021 and leased out to MerryMart Consumer Corp. as its distribution hub. The third and fourth phases of CentralHub-Tarlac were completed in 2021 and January 2022, respectively. As of 30 September 2022, the third and fourth phases of CentralHub-Tarlac remained pending tenant turnovers. The Company also acquired a 3.9 hectare parcel of land in Iloilo for its second CentralHub complex, CentralHub-Sta Barbara Iloilo, which is strategically located along a national highway approximately five kilometres from Iloilo International Airport and ten kilometres from the centre of Iloilo City. The Company also acquired a 5.2 hectare parcel of land in Danao, Cebu, which will be its third CentralHub complex. The Company acquired the site of its fourth CentralHub complex in 2019, covering an 8.2 hectare parcel of land along the Daan Maharlika Highway in Davao City. In 2022, the Company acquired two other sites, a 10.06 hectare property in Silay Negros for CentralHub-Negros and a 6.40 hectare property in Surigao for CentralHub-Surigao. CentralHub-Sta Barbara Iloilo and CentralHub-Cebu are under construction while CentralHub-Davao, CentralHub-Negros and CentralHub-Surigao are currently in the development stages.

In August 2021, JFC and its wholly owned subsidiary Zenith Foods Corporation ("**ZFC**") entered into definitive agreements to subscribe to an aggregate of 38.71% of CHICI's total outstanding shares (post-subscription) in consideration for a cash payment of ₱1.9 billion. JFC acquired common shares of CentralHub and infused its 16.4 hectares of industrial properties in Santolan, Pasig and Carmelray, Laguna, which are currently utilised as commissaries (including the largest operating commissary of JFC). As of 30 September 2022, the equity and asset swap between CentralHub and JFC was completed. The transfer of title for the two CentralHub-Laguna sites was completed in September 2022 while the transfer of CentralHub-Pasig is ongoing. The Company and JFC intend to prepare CHICI for the Philippines' first industrial REIT IPO in 2024.

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

For the years ended 31 December 2019, 2020 and 2021, the Company had total revenues of ₱20,203.7 million, ₱14,262.5 million, and ₱15,925.8 million (U.S.$289.3 million), respectively. The Company also had net income of ₱10,645.1 million, ₱6,025.2 million, and ₱11,280.5 million (U.S.$204.9 million), respectively, over the same periods. For the nine months ended 30 September 2021 and 2022, the Company had total revenues of ₱11,164.7 million and ₱5,966.2 million (U.S.$101.3 million), respectively, and net income of ₱8,306.7 million and ₱2,456.2 million (U.S.$41.7 million), respectively. The Company's recurring revenue, consisting of its rent income and income from hotel operations, was 19.5%, 28.7%, 25.1%, 28.2% and 50.8% of its total revenues for the years ended 31 December 2019, 2020, 2021 and the nine months ended 30 September 2021 and 2022, respectively, and 58.9%, 69.5%, 63.9%, 68.4% and 54.1% of its total revenues (excluding unrealised gains from change in fair values of investment property) for the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2021 and 2022.

RECENT DEVELOPMENTS

Updates on trends for the fourth quarter of 2022 and first quarter of 2023

The Company anticipates that its recurring income and income from hotel operations for the fourth quarter of 2023 and 2023 will remain stable as the Company believes its core pillars comprising provincial retail leasing, office leasing, industrial leasing and hotels will continue to recover to pre-pandemic operational levels. The Company anticipates to increase occupancy for its hospitality and retail segment in 2023 and gain additional rental from new tenants.

Hotel 101-Niseko and international expansion

On 30 September 2022, the Company, through Hotel101 Global Pte. Ltd., fully paid for the acquisition of a prime 9,000 sq.m. parcel of land in Hokkaido Prefecture, Japan. The Company expects to develop its first international Hotel 101 development, named Hotel 101-Niseko on such acquired land. Hotel 101-Niseko is expected to have approximately 518 rooms, and is expected to generate pre-selling sales revenue as a hybrid condotel project. The project is located in Hokkaido Prefecture, Japan, and targets domestic travelers in Japan, foreign tourists from other countries, including, in particular, Filipino travelers who visit Hokkaido.

The Company also aims to develop two additional Hotel 101 properties outside the Philippines and is in the process of identifying suitable land for these developments in Europe and the United States. The Company is also exploring a "series A" funding round for its international Hotel 101 properties.

On 14 December 2022, the Board of Directors of the Company approved conduct the process for a $125 Million USD Series A and Series B offshore equity capital issuances for its Singapore registered subsidiary, Hotel101 Global Pte. Ltd. ("**Hotel101 Global**"). Hotel101 Global will primarily hold all international investments of Hotel 101 outside the Philippines. Hotel101 Global is intended to be the future overseas IPO vehicle for the Group's international expansion of Hotel 101. The first Series A tranche of Hotel101 Global Pte Ltd Series A is set to launch in the first half of 2023 with ongoing series of investor calls with offshore venture capital institutions.

This capital exercise would also enable Hotel101 Global to achieve its goal of becoming a listed company on NASDAQ, its vision to eventually become one of the Top 10 largest Hotel Brands in the World in 2035 and one of the Top 5 by 2040, by operating in over 101 countries globally. The Company aims to increase its portfolio of Hotel 101 Happy Rooms to over 339,357 by 2035 and aims to achieve this through direct investments, joint ventures with local companies in other countries, and through brand and concept licensing arrangements.

The Hotel101 Global Application

The Company's Hotel101 Global Application, on both Apple iOS and Android platforms, is designed to provide efficient services across countries and is already available on iOS and Android. The Hotel101 Global App provides hotel reservation services and promotional programs, including vouchers, points and loyalty perks programs. The application will be the core of the Company's global operations as it will hold the thousands of uniform Hotel 101 units owned mainly by third party unit-owners enrolled exclusively in the Hotel101 Global App.

IMPACT OF COVID-19 ON THE COMPANY'S OPERATIONS

The Company surpassed its goal of completing a portfolio comprising 1.2 million sq.m. of GFA, even in the face of construction constraints arising from the COVID-19 outbreak and the community quarantine measures implemented in the Philippines since mid-March of 2020. Apart from adjusting its project completion targets, the Company does not believe that the COVID-19 pandemic has had a material impact on its operations, and has affirmed the relevance of its portfolio:

Provincial retail leasing – The Company's CityMalls, are all located outside of the National Capital Region and continued to provide services to various communities during the imposition of community quarantine measures across the country. Majority of the leasable space within each CityMall are anchor tenants like supermarkets, pharmacies, money remittance shops, medical clinics, food and banks which provide essential goods and services that cater to the general good of the public especially during these periods. Permanent closures among CityMall tenants were minimal and involved tenants who were already experiencing difficulties prior to the COVID-19 pandemic. The Company believes that its focus on essential retail goods and services have resulted in resilient performance of its CityMalls compared to more destination-focussed malls. The occupancy of the Company's CityMalls as of 30 September 2022 was at 89.0, compared to approximately 92.0% prior to the COVID-19 outbreak. The Company believes that the occupancy rate will continue to recover as the Philippine economy continues to open up.

The Company grants rental rebates on a case-by-case basis, though such arrangements are not expected to extend beyond 2022. The Company has also successfully entered into lease renewals with several major tenants on the same terms and conditions (including escalation rates). The Company has observed that the demand for dining out has remained strong as restaurant facilities adopted safety measures, and the Company also believes that the lower footfall from quarantine measures and health and safety protocols imposed due to the COVID-19 pandemic have been offset by higher spending per customer.

Office leasing – The Company's office towers spread out across Metro Manila continued to be operational and are covered by fixed rate lease agreements, post-dated cheques, ample security deposits and advance rentals for the duration of their lease terms. The Company has generally not granted any rental rebate or discounts to its office tenants, and has observed strong leasing momentum from tenants who look to expand their current occupied space to improve safe distancing measures. The Company has also not observed any material increase in bad debt from its tenants. The Company's operational office buildings had a 92.1% overall occupancy as of 30 September 2022.

Industrial warehouse leasing – The Company's CentralHub sites nationwide are leased to companies involved in fast-moving consumer goods distribution and food production which are priority industries the Government mandated to be fully operational during the imposition of the community quarantine measures for the benefit of the nation and its people. The Company believes that its industrial warehouse leasing business has remained pivotal due to mobility issues and the need for additional and efficient logistics operations across the country throughout the COVID-19 pandemic. The Company continued to develop its CentralHub sites.

Hospitality – Despite the COVID-19 pandemic significantly affecting the tourism industry since the first half of 2020, the average hotel occupancy of all the Company's hotel properties have remained stable for the nine months ended 30 September 2021 with average occupancy of 90.6% for Hotel 101 and Jinjiang Inn properties. During the implementation of ECQ in Metro Manila from March to May 2020, the average occupancy across all hotel properties of the Company was 78.2%. The Company believes this is mainly due to the Company's hotel portfolio not being heavily reliant on foreign tourists with price points of P2,500-P3,500 per room per night being a value 3-star hotel chain, and because of the continued demand from business travellers and designation of certain properties as quarantine hotels. Occupancy rates for Hotel 101 and JinJiang hotels averaged 68.02% for the nine months ending 30 September 2022, compared to 90.6% for the same period in 2021. The Company expects increasing demand from leisure and business travellers going forward.

The Company's operations have remained uninterrupted with stringent monitoring in place covering the production of employees with flexible working arrangements. The Company continues to remain vigilant in upholding the health and safety of its employees. The Company closely monitors updates from the Philippine Department of Health and other reliable sources publishing information regarding COVID-19 and shall continue comply with all Government-mandated measures relating to COVID-19.

HISTORY

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

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

It was after the entry of Honeystar and the renaming of the Company into DoubleDragon Properties Corp. that the Company's Chairman and Co-Chairman, Edgar "Injap" Sia II and Tony Tan Caktiong, both born in the year of the dragon, established a clear vision for the Company's future. They identified a unique opportunity to capitalise on the modernisation of retail in the provinces by building a chain of community malls to become the venue for this transition. The Company targeted second and third class provincial cities for the rollout of their CityMall branded concept. CMCCI was incorporated on 27 December 2013 to serve as the vehicle for this rollout. Seeing the potential of the CityMall concept, SMIC, one of the largest conglomerates in the Philippines with a portfolio of leading retail stores, took a 34% stake in CMCCI in 2014.

To further diversify and attain the goal of operating mostly recurring revenue properties, the Company began to develop commercial office projects in Metro Manila through its flagship commercial office project, DD Meridian Park. The Company's further entry into the office space segment occurred in August 2015 when it entered into joint venture with JFC to build a 42-storey commercial and office tower in the Ortigas central business district that will serve as the corporate centre for JFC, one of the country's leading fast food companies.

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

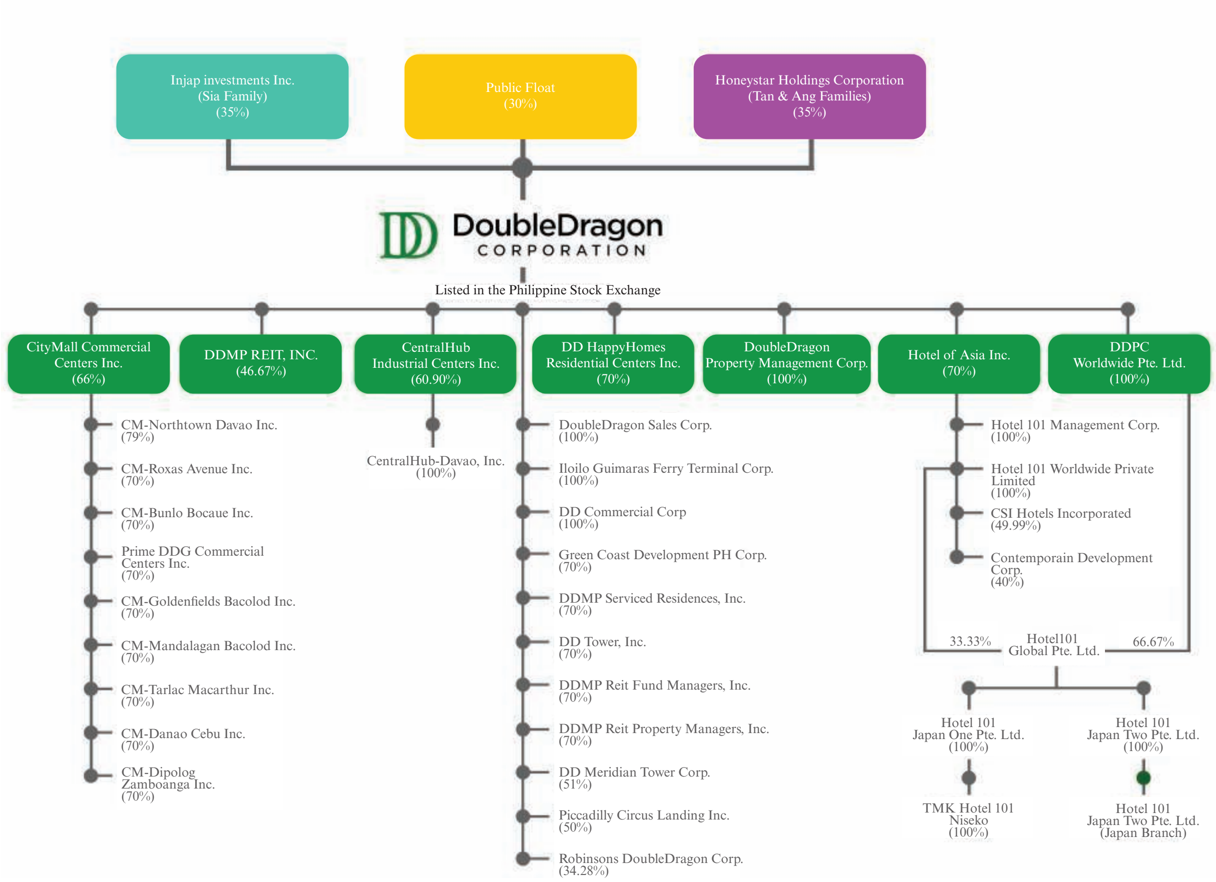
On 27 July 2020, the Company, through its subsidiary DDPC Worldwide Pte. Ltd. ("**DDWPL**"), issued a US$75.0 million 5-year and Reg S US dollar denominated guaranteed senior Notes with a coupon rate of 7.25%, and payable semi-annually.

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

As of 30 September 2022, the Company's market capitalisation was ₱15.2 billion.

CORPORATE STRUCTURE

The Company's corporate structure as of the date of this Offering Circular is presented in the diagram below:



See "– *Subsidiaries*" for more information on each of the Company's subsidiaries as of 30 September 2022.

COMPETITIVE STRENGTHS

Diversified Philippine property group with four recurring income growth pillars

The Company is predominantly a developer and owner of a portfolio of investment properties with an aggregate value of ₱117.6 billion as of 30 September 2022. The Company continues to ramp up its pace of growth and widen its presence and deepen penetration across the Philippines, with plans to increase its portfolio across the retail, office, hospitality and industrial segments and to maximise recurring revenue. As of 30 September 2022, the Company's completed portfolio encompassed 1.205 million sq.m. of GFA, with 53% in retail, 30% in office, 7% in hospitality and 9% in industrial leasing. The Company is moving towards a business model which is expected to derive a significant majority of its revenues from recurring income streams. For the year ended 30 December 2021 and for the nine months ended 30 September 2022, 63.9% and 50.8%, respectively, of its total revenue (excluding unrealised gains from change in fair values of investment property) came from rent income and hotel operations.

Retail

As of 30 September 2022, the Company had 44 operational malls with approximately 670,405 sq.m. of GFA and an aggregate occupancy rate of 89.0%. As of 30 September 2022, nine CityMalls were under construction, and the Company had additional land bank for 14 new CityMalls. The Company intends to establish a nationwide presence of CityMalls in prime locations within the natural daily movement of the general population that the Company serves. CityMall sites are secured in areas located along main roads to increase visibility and maximise exposure and accessibility to its target market.

The Company believes that there remains significant organic growth within its CityMalls business model. Tenants on fixed rental agreement are charged fixed annual escalation ranging from 5% to 10%. Moreover, there is potential for further upside with the transition to a turnover rent structure from the base rent structure, as its business scales up and its tenants' retail sales continue to increase.

Office

DD Meridian Park is the Company's flagship project in Metro Manila and is located along the corners of the main roads of Macapagal Avenue, EDSA Extension and Roxas Boulevard in the Bay Area of Metro Manila. DoubleDragon Plaza, comprising four office towers, commenced full operations in 2018. As of 30 September 2022, 91.30% of the leasable space of DoubleDragon Plaza was leased out. DoubleDragon Center East and Double Dragon Center West, comprising phase 2 of DD Meridian Park, were completed in 2019. DoubleDragon Center East, the fifth office tower of DD Meridian Park, was 100% leased out as of 30 September 2022, and DoubleDragon Center West was 90.72% leased out as of 30 September 2022. DoubleDragon Tower has been substantially completed with punch listing works and leasing activities ongoing as of 30 September 2022. As of 30 September 2022, 92.06% of the aggregate operational office and retail leasable space of DD Meridian Park were leased out.

Complementing DD Meridian Park is Jollibee Tower, a premium-grade office building which will be the future headquarters of JFC.

Hospitality

Through the Company's three-star hotel chains – Hotel 101, Jinjiang Inn and Injap Tower – under the Company's Subsidiary, HOA, the Company expects to benefit from the strong growth of the Philippine economy and the expected long-term healthy performance of the Philippines' tourism sector. As of 30 September 2022, the Company's hospitality operations comprise 876 operating hotel rooms, including the Company's own hotel brand, "Hotel 101", which currently has one operating hotel in the Bay Area near the Mall of Asia. Hotel 101 has received several accolades, including Trip Advisor's Travellers' Choice Award in 2021, Expedia's Top 3-Star Hotel in the Metro Manila category in 2019 and Ctrip 2019 Golden Dolphin Award for Service Excellence. In 2018, Booking.com ranked Hotel 101-Manila as the #1 Most Booked Hotel in Pasay city against hotels in the same category, and #2 Most Booked Hotel in the entire Metro Manila against 2,929 other hotels. Hotel 101-Manila is also Expedia's 2018 awardee for Most Booked Hotel in all of Metro Manila. Hotel 101-Manila has 518 rooms and had an average annual occupancy rate of 96.01% in 2021 and 68.41% average occupancy for the nine months ending 30 September 2022.

CSI Hotels, Inc., a 50% subsidiary of HOA, is the exclusive master franchisee of the Chinese hotel chain Jinjiang Inn in the country – awarded the Best Local Hotel Brand in 2016/2017 by City Traveler. As of 30 September 2022, the Company, through CSI Hotels, Inc. had three Jinjiang Inn hotels: Jinjiang Inn-Ortigas, Jinjiang Inn-Makati, and Jinjiang Inn-Station 1 Boracay.

Hotel 101 Management Corporation, a wholly owned subsidiary of HOA, operates all of HOA's hotel properties including Injap Tower, a 21-storey 194-room condotel located in Iloilo City.

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

Industrial Leasing

In addition, the Company formed its owned subsidiary CentralHub Industrial Centres Inc. ("**CHICI**") as its industrial leasing arm. The Company envisions CHICI to be a branded modern institutional quality logistics platform suited for commissaries, cold storage and logistic centres. As of 30 September 2022, the Company, through CHICI, owns 10 CentralHub sites across the country, with a total of 60.57 hectares of prime industrial land. Five of the Company's CentralHub sites, namely CentralHub-Tarlac, CentralHub-Capiz, CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig, are currently operational. CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig were infused into CHICI by JFC pursuant to the definitive agreements executed between the Company and JFC on 19 August 2021 implementing the ₱4.0 billion investment of JFC in CHICI. JFC acquired common shares of CentralHub and infused its 16.4 hectares of industrial properties in Santolan, Pasig and Carmelray, Laguna which are currently utilised as commissaries (including the largest operating commissary of JFC). As of 30 September 2022, the equity and asset swap between CentralHub and JFC was completed. The transfer of title for the two CentralHub-Laguna sites was completed in September 2022 while the transfer of CentralHub-Pasig is ongoing. The Company and JFC intend to prepare CHICI for the Philippines' first industrial REIT IPO in 2024. As of 30 September 2022, Phases 1 and 2 of CentralHub-Tarlac, CentralHub-Capiz, CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig were all fully leased out. Phases 3 and 4 of CentralHub-Tarlac remained pending tenant turnovers.

The Company also acquired a 3.9 hectare parcel of land in Iloilo for its second CentralHub complex, to be named CentralHub-Sta Barbara Iloilo, which is strategically located along a national highway approximately five kilometres from Iloilo International. Moreover, the Company acquired a 5.2 hectare parcel of land in Danao, Cebu which will have a capacity of 27,212 sq.m. of industrial warehouse space and an 8.2 hectare parcel of land along the Daan Maharlika Highway in Davao City with an estimated capacity of 40,392 sq.m. of leasable industrial warehouse space. In 2022, the Company acquired two other sites, a 10.06 hectare property in Silay Negros for CentralHub-Negros, and a 6.40 hectare property in Surigao for CentralHub-Surigao. CentralHub-Sta Barbara Iloilo and CentralHub-Cebu are under construction while CentralHub-Davao, CentralHub-Negros and CentralHub-Surigao are currently in the development stages.

The Company currently has plans for development for CentralHub industrial centres strategically located across Luzon, Visayas and Mindanao. Finally, the Company believes that its recurring income stream is underpinned by a portfolio of quality assets that will likely appreciate in value given their location. The Company believes that these assets, collectively, will generate strong cash flows and a well-capitalised balance sheet.

Well-defined execution capability with proven track record

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

Standard project blueprint enables a highly cost-efficient rapid roll-out strategy across its business segments

The Company remains focused on growing its business segments to achieve economies of scale and drive cost efficiencies. For example, with its aim to be the largest community mall player in first class municipalities and second and third class cities, the rollout of its expansion plans allows the Company to achieve operational efficiencies as it has the optionality to offer multiple CityMall construction projects to the contractors within the same province. As a result of repeated transactions with the local contractors, not only does the Company have direct interaction with workers who have better on-the-ground experience in sourcing labour and local materials, the Company believes that it gains familiarity with the execution process to ensure that its development timelines are met. Similar to CityMalls, the Company plans to scale up significantly to dominate and be the largest player in the Philippines hospitality and industrial segments to benefit from economies of scale. To ensure rapid roll-out to achieve economies of scale, the Company has developed and adopted a standardised approach to the development and marketing of its business segments. For example, the timeline for the start of development to stabilised operations for each of its CityMalls is approximately 18 months (construction permit to opening of 12 months and a further six months to stabilise), which has enabled the Company to deliver new malls to the market in an expedited manner. As of 30 September 2022, 41 CityMalls were operational, with nine CityMalls under construction. Similarly, the Company is adopting a standardised approach in developing its hotels and industrial leasing businesses to shorten the development-to-cash generating cycle.

Proven execution ability in delivery

The Company believes that it has an established execution track record. Since its listing in 2014, the Company has managed to build up an investment property portfolio with a total value of ₱117.6 billion, as of 30 September 2022.

As of 30 September 2022, the Company has 281.81 hectares of land bank and has secured as of 31 December 2021 more than 100% of its land bank needs for its envisioned 1.2 million sq.m. of GFA by 2022. The Company's believes that its standardised and scalable operational model enables it to establish a track record of timely delivery of its projects.

Strategic acquisitions to enter into new business segments

The Company has made swift and strategic acquisitions to enter into the hospitality and industrial leasing businesses. In October 2016, the Company acquired 70% of HOA, an existing hotel business. The Company plans to expand HOA to eventually contribute revenues through the operation of 6,835 rooms, which including rooms to be contributed by its pipeline of projects to be developed. For its industrial leasing business, as of 30 September 2022, the Company has acquired ten CentralHub sites, with a total of 60.57 hectares of prime industrial land. See "*Business – Hospitality – Future Hotel Developments*" and "*Business – Industrial Leasing*" for more information.

Proven ability to raise funding

The Company has demonstrated a strong ability to secure funding, raising approximately ₱81.32 billion in long-term capital in the last eight years to fund the Company's vision. The Company has also been able to diversify sources of funds which include bank borrowings, and issuance of preferred shares and fixed-rate corporate bonds, which enhance the Company's financial flexibility in raising capital. On 15 December 2016, the Company debuted in the local debt market with the listing of its ₱5.3 billion fixed rate bonds due 2026, as an initial tranche of its up to ₱15 billion bonds shelf registration. On 13 July 2018, the Company listed an additional 143,370,600 shares via a follow-on equity offering at ₱30.00 per share, or total gross proceeds of ₱4.3 billion. On 27 July 2020, the Company, through its subsidiary DDWPL, issued US$75.0 million 7.25% guaranteed senior notes due 2025. On 24 March 2021, the Company completed the listing of DDMPR raising ₱9.0 billion. The follow-on offering and listing of DDMPR resulted in the increase of the Company's total equity, further strengthening its financial position. On 10 March 2022, DDWPL issued an additional US$55.0 million 7.25% guaranteed senior notes due 2025. On 4 November 2022, the Company's credit rating was upgraded to PRS Triple A by Philippine Rating Services Corp., a Philippine debt watcher. On 25 November 2022, DDWPL issued an additional US$30.0 million 7.25% guaranteed senior notes due 2025. As of 30 September 2022, the Company had a gross Debt-to-Equity ("**D/E**") ratio of 0.75x which is below the 2.33x maximum gross D/E ratio the Company is required to maintain under its debt covenants. The Company believes that this financial headroom enables the Company to react faster to growth and any potential inorganic opportunities that are value accretive for its business.

First mover advantage as the leading community mall operator outside of Tier 1 cities

The Company believes that it is currently the dominant player in the modern format branded community mall segment across Philippines. As of 30 September 2022, the Company has secured 64 CityMall sites.

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

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

Well-positioned to benefit from positive macroeconomic fundamentals in the Philippines

The Company believes that the Philippines' macroeconomic fundamentals support the Company's growth trajectory. In 2021, the Philippines' GDP rebounded by growing 5.6% year-on-year. For 2022, according to the Asian Development Bank, the Philippines' GDP is expected to grow by at least 6% as socioeconomic activities normalise.

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

The Company believes that the sustained dynamism of the BPO-led services sector and growth in other key economic sub-sectors such as construction, telecommunications, banking and finance, warehousing and logistics, and manufacturing would sustain the demand for larger and high-quality office space.

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

Supported by strategic partnerships with credible local and international business groups

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

Its partnerships with other business groups have also provided it with the ability to rapidly and significantly expand into the hospitality and office sectors and gain access to valuable land sites. The Company acquired a 70% stake in HOA, which currently serves as its hospitality arm through 3-star hotels Hotel 101 and Jinjiang Inn located in prime locations across key cities in the Philippines. The Company's strategic partnership with JFC also includes the development of Jollibee Tower, a 42-storey commercial and office tower on a prime commercial lot in Ortigas. DD Meridian Park, a joint venture between DD and the initial landowner, is strategically located at the corner of EDSA Extension, Roxas Boulevard and Macapagal Avenue, main thoroughfares in Metro Manila close to the Entertainment City and the SM Mall of Asia complex.

Experienced board and management team with strong corporate governance

The Company's board of directors is highly experienced, with an average of 32 years of experience in the Philippine real estate and commercial sectors. The board is led at the helm by its Chairman and Chief Executive Officer, Edgar "Injap" Sia, whose experience stems from growing the Mang Inasal chain from one branch in his hometown of Iloilo City in 2003 to over 338 branches nationwide by 2010. Its Co-Chairman Tony Tan Caktiong opened his first ice cream parlour at the age of 22, and since then, Jollibee has grown to become the largest fast food chain in the Philippines. Injap's and Tony's foresight in entering the quick service restaurants business ahead of competitors and the knowledge they have obtained from expanding their businesses in first class municipalities and second and third class cities will be instrumental in growing the Company and enabling it to achieve its targets.

Similarly, the Company's senior management team has a proven track record in developing, investing in, managing, and enhancing commercial real estate, possessing an average of 13 years of experience in the Philippine real estate and commercial sectors. The team covers the entire value chain of the business, including asset development and enhancement, asset management, and commercial operations.

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

BUSINESS STRATEGIES

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

The Company is working towards building a strong base of recurring revenue across the retail, office, industrial and hospitality property segments. As of 31 December 2021, the Company has achieved its initial goal of 1.2 million sq.m. of GFA and currently plans to have 2.4 million sq.m. of GFA by 2030. The Company has established a successful track record of expansion by accumulating an investment property portfolio with an aggregate value of ₱117.6 billion as of 30 September 2022. The significant pace of execution was achieved through two key success factors:

- Direct access to land bank opportunities, and a high level of familiarity with first class municipalities and second-class and third-class cities resulting in the ability to transact quickly; and

- Adaptable approach to site acquisition by entering into joint ventures or strategic alliances with landowners, which contribute land to the joint venture while the Company provides its development expertise.

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

- **Transition of traditional retail to modern retail.** Based on industry research, the Company believes that modern retail is still in its early stages in first class municipalities and second and third class cities, which, coupled with the significant GDP and population growth the Philippines, indicates that the Philippine retail market is geared towards significant growth.

- **Strong and sustainable demand for logistics facilities underpinned by limited supply, in particular modern logistics facilities in the Philippines.** Based on industry research, the Company believes that the current supply of quality logistics facilities in the Philippines is fragmented, as there is no one major owner of logistics facilities across the country.

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

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

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

The Company's target is to achieve a geographically diverse portfolio of CityMalls across first class municipalities and second-class and third-class cities across the Philippines. Its key strategy is to continue to develop, own and operate a nationwide retail mall network, funding further expansion by using recurring income from its operating malls as well as profits from the sale of its development properties, supported by additional debt funding if required.

The Company will continue to innovate, to implement optimal tenant mixes best suited to the Philippine consumer, to introduce new retail experiences adapted to market dynamics, and to adapt best practices and concepts from retail leaders elsewhere in Southeast Asia. The Company will also continue to create barriers into the community mall segment, by targeting underserved lower tier areas. The Company chooses such sites based on the following criteria: (i) sites that give the Company a first-mover advantage in areas where there is less operational baggage from costs, but also (ii) sites where the Company are familiar with and (iii) sites with scarce presence of competitors and suitably sized lots within and in surrounding prime city centre areas.

The Company continues to believe that the tourist segment will be an important economic sector for the country. As of 30 September 2022, the Company had a total of 876 operational hotel rooms and plans to increase this to 6,835 rooms including its Jinjiang and Hotel 101 brands. The Company has also paid attention to the increasing number of outbound tourists from the Philippines, including to popular places such as Japan. As such, the Company has recently acquired a 9,000 sq.m. parcel of land in Hokkaido Prefecture, Japan, where it expects to build its first Hotel 101 venture outside the Philippines, named Hotel 101-Niseko.

The Company's management team has also continued to assess and adapt to shifts in the demands in the real estate industry. For example, the Company added industrial leasing as its fourth pillar as the Company believes that warehousing in the Philippines is currently fragmented, and there remains favourable local macroeconomic dynamics to translate into strong and sustainable demand for logistics facilities and underpinned by limited stock of existing logistics facilities. Given the significant overlap of tenants in its retail mall business and their corresponding needs for industrial space, the Company believes that it is in a position to not only tap into this existing demand but to also help its tenants achieve operating efficiencies. The current industrial landscape is such that majority of the current stock of logistics warehouse is old generation and fragmented properties that often provide less efficient warehousing conditions – existing warehouses are not suitable for distribution needs as one of the key specifications requires the floor-to-ceiling height to be 14 metres high, while most of the current facilities are only six metres high.

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

The Company believes that its overall business model is highly sustainable. The Company believes it is positioned to capitalise on emerging industry trends, and more importantly, its businesses are setup to serve the low to middle income population of the Philippines. The Company intends to leverage its leading market position, economies of scale and its local market knowledge to consolidate and continue to grow its market share over time.

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

The Company is focused on developing properties that will create a steady stream of cash flows backed by a string of appreciating assets. The Company believes that cash flows sourced from recurring revenue streams are of greater quality than cash flows generated from sale of properties which are non-recurring in nature and are dependent on continued reinvestment. The Company's recurring revenue (comprising rent income and revenue from hotel operations) has decreased by 2.5% to ₱3,998.3 million for the year ended 31 December 2021, compared to ₱4,100.4 million for the year ended 31 December 2020, primarily due to the rental concessions and discounts granted to tenants during the pandemic. For the nine months ended 30 September 2022, the Company's recurring revenue amounted to ₱3,030.0 million, compared to ₱3,145.4 million for the nine months ended 30 September 2021. The decrease was due to higher rental concessions and discounts granted during the period, and decrease in occupancy rates for certain hotels.

The Company has met its 2022 leaseable portfolio target of 1.2 million sq.m. of completed GFA, and its envisioned 2.4 million sq.m. of completed GFA by 2030 is expected to generate cash flows and project yields that will organically grow without continuous capital outlay, primarily driven by the embedded escalation rates in its lease contracts with its tenants.

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

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

For its Hotel 101 business, the Company has adopted a "sale-and-managed" model, where individual condotel units are sold to third-party investors but the Company continues to manage the condotel units post-sale. Sale proceeds are consequentially used to fund the development cost, which reduces its equity requirements for any project. In addition, the Company plans to subfranchise its Jinjiang Inn brand, and under this model, the capital expenditure for any repairs of these subfranchised hotels is to be borne by the subfranchisee. Overall, these streams of income will reduce the equity contribution required from the Company to fund any future capital expenditure plans. The Company also aims to expand its Hotel 101 business globally, and has filed a global patent application for its Hotel 101 condotel concept. The Company aims to become the first Filipino hotel chain to be exported worldwide, and expand its Hotel 101 business via Hotel101 Global Pte. Ltd. through partnerships and joint ventures, first targeting Asia and subsequently, Europe and the United States. The Company also developed a Hotel 101 application and is already available on iOS and Android. In September 2022, the Company acquired a 9,000 sq.m. parcel of land in Hokkaido Prefecture, Japan, where it expects to build its first Hotel 101 venture outside the Philippines, named Hotel 101-Niseko.

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

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

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

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

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

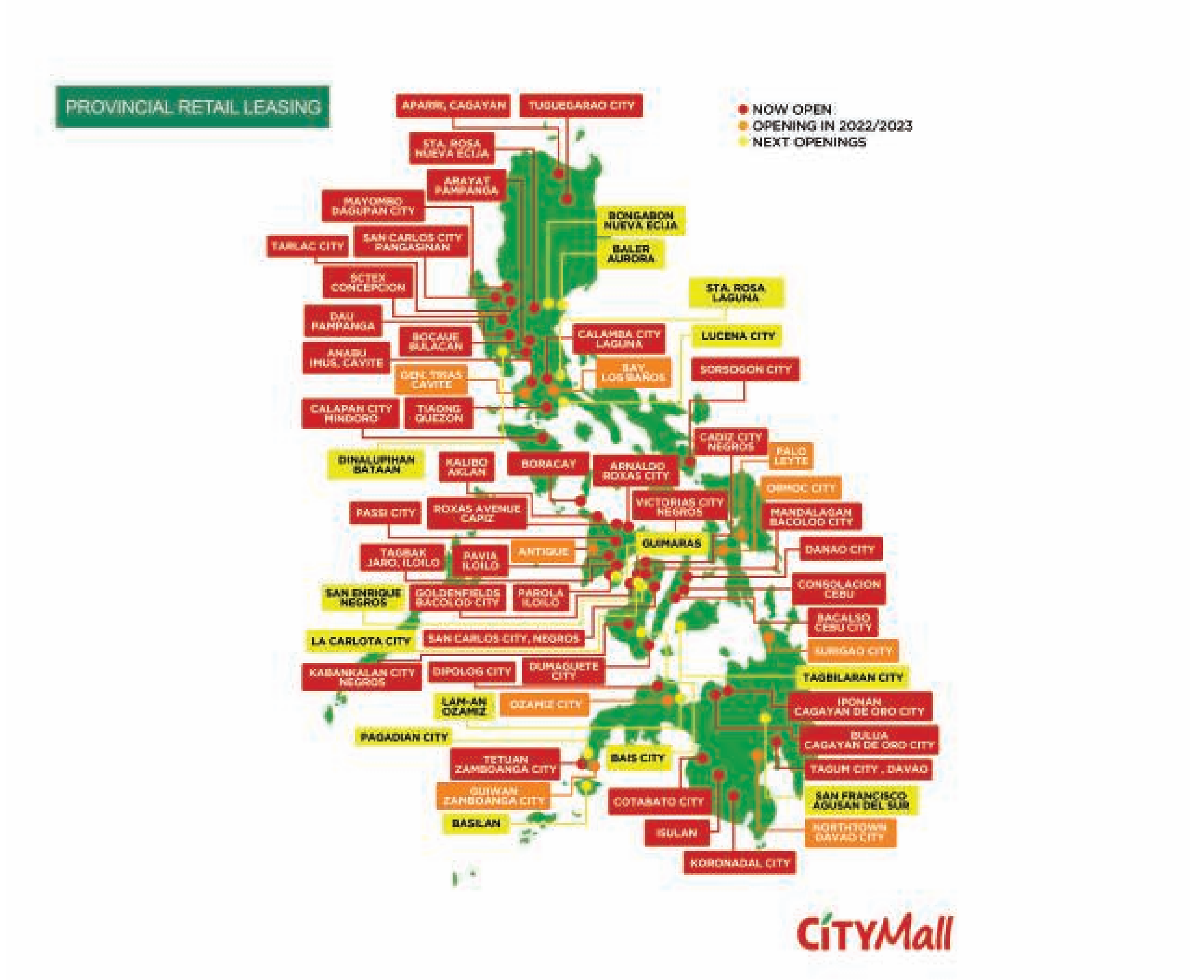
- Focusing on developments with a "for-sale" component, pre-sale proceeds from the sales can be used to partially fund the development costs of the project components;
- Reducing cost of funding by growing a steady stream of recurring rent income while utilising pre-sales to reduce overall funding needs;
- Continuing to diversify funding sources and lower its cost of capital by monitoring the markets for favourable opportunities to build up its capital resources through various financing options such as equity issuances, loans and public debt issuances, among others; and
- Continuing to look at longer-term and fixed rate funding to reduce refinancing risk and ensure little interest rate volatility. As of 30 September 2022, the weighted average debt maturity of the Company's long-term debt is 3.08 years, indicating minimal near-term refinancing risk. As of 30 September 2022, the average cost of funding of the Company's long-term funding (excluding short-term lines for working capital) is 6.39%.

RETAIL LEASING

The Company operates its retail leasing segment primarily through its subsidiary, CMCCI. As of 30 September 2022, the Company owns and operates 44 malls, primarily located in the provincial areas of the Philippines, with approximately 670,405 sq.m. of GFA for retail leasing. As of 30 September 2022, the Company also had 41 operational CityMalls, and nine CityMalls under construction with an additional land bank for 14 CityMalls. As of 30 September 2022, the total value of CMCCI's investment properties amounted to ₱37.64 billion. CMCCI is 66% owned by the Company and 34% owned by SMIC, the holding company for one of the largest conglomerates in the Philippines. The Company believes CityMall is the first branded independent community mall chain to focus on the provincial areas in the Philippines. The table below sets forth the number of the Company's operational CityMalls as of 31 December 2019, 2020 and 2021 and 30 September 2022:

	As of 31 December			As of 30 September
	2019	2020	2021	2022
Number of Operational CityMalls	36	36	40	41
CityMall Sites Secured	64	64	64	64

The map below shows the locations of the Company's existing CityMalls and CityMalls under development as of 30 September 2022:



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

Above: Photo of CityMall Boracay

CityMall provides prime and strategic locations in the heart of the community that it serves, locating the malls close to national highways in order to amplify visibility and ensure the mall is in the city centre for maximum exposure. CityMall caters to top Philippine fast food brands such as Jollibee, Mang Inasal, Chowking, Greenwich, Red Ribbon and Highlands Coffee, as well as other leading retailers. The Company believes that CityMall provides the platform in which modern retail brands can expand into the provinces because it is the first modern retail format in most of the cities that it is penetrating. The Company's tenants include well-known brands such as Bank of the Philippine Islands, BDO Unibank, Watsons, Burger King, Panda Express, LBC and 7-Eleven.

In December 2016, CMCCI started to roll out cinemas in various CityMall locations. As of 30 September 2022, 12 cinemas are operational. Each cinema is expected to have a seating capacity of 100 to 120 seats.

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

Leasing Policies

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

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

Leasable spaces are delivered bare by the Company to its tenants. The Company's tenants are responsible for the fit-out of their respective leased spaces, and are required to return such spaces to the Company in bare shell at the end of the lease term. Approximately 70% of CityMall tenants provide essential goods and services.

The leasable spaces in a CityMall are typically allocated in accordance with the following table:

Category	Est. % of Leasable Space
Supermarket	35%
Appliance	12%
FoodWorld	10%
Hardware	7%
Cinema	4%
Shoe Store	3%
Pharmacy	3%
Bookstore	3%
Salon	2%
Optical Shop	2%
Convenience Store	2%
Amusement Centre	2%
Others	15%

There is no distinction for local or foreign businesses with respect to the allocation of leasable space since the Company believes that its categories should have brands that the Company believes are best in each category that are also best suited for the market. Due to the limited space inside the CityMalls, competing brands within the same categories are discouraged.

Marketing and Management of the Malls

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

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

Mall Layout

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

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

Mall Development

The Company identifies viable sites for the construction of new CityMalls. The Company determines the viability of a potential plot of land for a new CityMall site based on the demographics of the area, including the size of the population, its income levels, local government and the local infrastructure. Once a suitable site is selected, based on the factors described above, the Company then determines the size of the mall, with each CityMall having a gross floor area between 4,000 to 22,000 sq.m. The construction and development of each CityMall is overseen by a third-party project management company appointed by the Company. The average time for construction of each CityMall is 12 months, with an additional 6 months for lease take-up and stabilisation, depending on the size of the mall. The Company has generally financed land purchases and the construction of its CityMalls from its long-term borrowings and equity issuances.

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

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

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

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

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

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

As of 30 September 2022, the Company has secured 64 site locations for its CityMalls (including the operational CityMalls). Construction activities have begun for new CityMalls namely CM-Bay, Laguna, CM-Palo, CM-Ozamiz, CM-Surigao, CM-Guiwan, CM-Antique, CM-Ormoc, CM-General Trias, CM-Northtown Davao as of 30 September 2022. The same CityMalls are expected to open within the next 18 months.

Competition

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

Other Malls

Dragon8 Mall

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

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

As of 30 September 2022, the occupancy rate of Dragon8 Mall was at 90.57%.

Umbria Mall

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

As of 30 September 2022, the occupancy rate of Umbria Mall was at 91.95%.

OFFICE LEASING

The Company's office leasing segment primarily consists of two key, DD Meridian Park and Jollibee Tower. The Company's operational office buildings had a 92.06% overall occupancy as of 30 September 2022. The office tenants include MerryMart, Philippine Economic Zone Authority HQ, Sun Life Financial, Pacific Basin, and Tourism Infrastructure and Economic Zone Authority HQ.

DD Meridian Park

DD Meridian Park is a 4.8-hectare project in the Bay Area of Pasay City, located at the corner of Diosdado Macapagal Boulevard and EDSA Extension. The subsidiary that owns the project, DDMP REIT, Inc. (formerly DD-Meridian Park Development Corp.) ("**DDMPR**"), is 46.67% owned by the Company as of 30 September 2022. The weighted average lease expiry of DD Meridian Park is 2.3 years as of 30 September 2022.

Phase 1 of DD Meridian Park is DoubleDragon Plaza, consisting of four 11-storey towers with a retail area on the ground floor, parking on the basement, 2nd to 3rd levels, and BPO offices from the 5th to the 11th levels. DoubleDragon Plaza has approximately 139,240 sq.m. of leasable space, comprising 127,863 sq.m. of leasable space for offices, and 11,377 sq.m. for its ground floor retail area. The retail area is dedicated to established food concepts, basic services, a supermarket and a themed food hall. In addition, DoubleDragon Plaza has 1,946 parking spaces (including lifts). DoubleDragon Plaza is fully operational and 91.30% leased as of 30 September 2022.

Phase 2 of DD Meridian Park includes two additional office towers, DoubleDragon Center East and DoubleDragon Center West. DoubleDragon Center East and DoubleDragon Center West are fully operational and comprise over an aggregate of 33,000 sq.m. of leasable space, catering to the BPO industry and provide expansion space for tenants that may want to phase out their office space requirements. As of 30 September 2022, DoubleDragon Center East was 100.0% leased, and DoubleDragon Center West was 90.72% leased.

DoubleDragon Center East

DoubleDragon Center West

DoubleDragon Plaza, DoubleDragon Center East and DoubleDragon Center West comprise the operating assets of DDMPR. The properties of DDMPR are managed by DDMP REIT Property Managers, Inc., in coordination with DDMP REIT Fund Managers, Inc. and DDMPR.

Phase 3 is expected to have over 300 luxury serviced apartment units. On 19 June 2017, the Company, through its subsidiary DDMPR, entered into a Technical Advisory Agreement and Serviced Residence Management Agreement with Scotts Philippines Inc., in relation to the development and management of a five-star luxury serviced apartment in DD Meridian Park. The serviced apartment is expected to carry the brand of Ascott Limited. Ascott Limited is a leading international serviced residence owner-operator, with more than 300 properties in over 100 cities across America, Asia-Pacific, Europe and the Middle East. The Company believes the project is an ideal site for a luxury serviced apartment complex, given its close proximity to the Manila airport, Department of Foreign Affairs, Mall of Asia and Entertainment City. Construction of Ascott-branded serviced residences has commenced in 2018 and is expected to be completed in 2023. As of 30 September 2022, Phase 3 is under construction.

Phase 4 consists of DoubleDragon Tower, an 11-storey building with views of the Bay Area and Pasay City. The building's eight office floors have an aggregate leasable area of 44,585.92 sq.m. and will be ideal for both startups and established companies. Two floors will be dedicated to commercial establishments suitable for retails shops, restaurants and other entertainment options. DoubleDragon Tower was substantially completed in 2021, with punch listing works and leasing activities ongoing as of 30 September 2022.

In line with the Company's commitment to sustainable development, DoubleDragon Plaza has received Leadership in Energy & Environmental Design ("**LEED**") Gold Certification, while DD Center East and DD Center West have each been pre-certified as LEED Silver. LEED is a green building certification programme that recognises best-in-class building strategies and practices. LEED certified buildings save money and resources and have a positive impact on the health of occupants, while promoting renewable, clean energy.

Jollibee Tower

Jollibee Tower is a premium grade 42-storey commercial and office tower situated on a 3,002 sq.m. lot located at the corner of F. Ortigas Jr. Road (formerly Emerald Avenue) and Garnet Road which complements the thriving business community in the Ortigas Area. Jollibee Tower was completed in 2019 and has a total leasable area of 60,394.67 sq.m. The building features ground floor retail concepts of the Jollibee Group as well as an events centre and the second floor. The rest of the floors are leased as office spaces and include four basement parking floors and eight podium parking floors to service tenant requirements. The tower also features green garden decks and a helipad.

The project is a joint venture between the Company and JFC, which serves as the building's anchor tenant. Under the terms of the Company's joint venture agreement with JFC to develop Jollibee Tower, JFC contributed the land for the project in exchange for 15% of the project's leasable floor area, while the Company as sole developer of the project received the remaining 85% of the project's leasable floor area. In addition to the floor area received under the joint venture agreement, as anchor tenant, JFC leases additional office space directly from the Company to accommodate their corporate office requirements.

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

DD Meridian Tower

DD Meridian Tower will be a landmark office building located on a 3,774 sq.m. commercial property located along the main thoroughfares of Macapagal Ave and EDSA Ext., Bay Area, Pasay City. The 11-storey office building comprises eight floors dedicated to corporate offices and a commercial component in the ground and upper ground levels. Construction commenced in 2020 with completion expected in 2024. DD Meridian Tower is being developed by DD Meridian Tower Corp. which is 51.00% owned by the Company. As of 30 September 2022, DD Meridian Tower is 24.3% completed.

Leasing Policies

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

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

Competition

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

INDUSTRIAL LEASING

The Company's investments in the growing industrial leasing segment are held through its wholly owned subsidiary, CentralHub Industrial Centres Inc. The Company currently has plans for development sites strategically located across Luzon, Visayas and Mindanao. The Company believes that its industrial centres are the first branded modern industrial centres in the Philippines and will contain standardised, multi-use, and industrial quality warehouses suited for commissaries, cold storage and logistics centres to be leased to locators nationwide. The Company believes that industrial leasing presents a significant growth opportunity in the Philippines due to the lack of such industrial support infrastructure in provincial areas. The Company believes that it can leverage the fast food experience of its CEO and significant shareholders, as the fast food industry leases from other parties its warehouses for commissary operations, cold storages and logistics distribution centres. The Company also believes that such industrial centres will be able to support the tenants of its CityMalls located in nearby cities.

As of 30 September 2022, the Company, through CHICI, owns 10 CentralHub sites across the country, with a total of 60.57 hectares of prime industrial land. Five of the Company's CentralHub sites, namely CentralHub-Tarlac, CentralHub-Capiz, CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig, are currently operational. As of 30 September 2022, the weighted average lease expiry of the Company's operational CentralHub warehouses was 43.2 years with most of its lease contracts in a 50 year lease term. As of 30 September 2022, Phases 1 and 2 of CentralHub-Tarlac, CentralHub-Capiz, CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig were all fully leased out. Phases 3 and 4 of CentralHub-Tarlac remained pending tenant turnovers. CentralHub-Sta Barbara Iloilo and CentralHub-Cebu are under construction while CentralHub-Davao, CentralHub-Negros and CentralHub-Surigao are currently in the development stages. The Company has entered a lease contract on 14 November 2022 for the 44,101 sq.m. for CentralHub-Cebu, with the lease term set to start after the turnover of the leased premises.

In 2017, the Company, through CHICI, acquired a 6.2 hectare lot in the Luisita Industrial Park in Tarlac for its first industrial hub. The Tarlac project is currently being developed and is expected to cover 32,000 sq.m. of industrial space built over four phases. Phase 1 of the project has been completed and is 100% leased out as of 30 September 2022. Phases 2 and 3 of the project each consists of one structure subdivided into four warehouses and are already completed, with phase 2 being fully leased out as of 30 September 2022. Phase 4 of the project is subdivided into three warehouses and was completed in January 2022. As of 30 September 2022, phases 3 and 4 are for tenant turnover.

Actual Photo of CentralHub-Tarlac

On 14 February 2018, the Company, through CHICI, acquired a 3.9-hectare property in Iloilo, located along Iloilo R3 Road approximately five kilometres from the Iloilo International Airport and ten kilometres from the Iloilo City proper. The site, to be named CentralHub-Sta Barbara Iloilo, is expected to be the Company's second CentralHub complex in the Philippines, following its Tarlac project which is currently under construction. Once developed, CentralHub-Iloilo is expected to have a capacity of 22,134 sq.m. of leasable space. CentralHub-Iloilo commenced construction in 2022 and expects to complete construction by the fourth quarter of 2022.

On 26 October 2018, the Company, through CHICI, acquired its third site, a 5.2-hectare parcel of land in Danao, Cebu for industrial leasing. CentralHub-Cebu is expected to have a capacity of 27,212 sq.m. of leasable industrial warehouse space. This will be the second major hub of CentralHub in the Visayas region.

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

In 2019, the Company secured CentralHub-Capiz, located in Roxas City, Capiz province. The 4.2-hectare industrial warehouse complex has been completed and is fully leased to tenants such as the regional distributors of Prifood and Nestlé.

In August 2021, JFC and its wholly owned subsidiary Zenith Foods Corporation ("**ZFC**") entered into definitive agreements to subscribe to an aggregate of 38.71% of CHICI's total outstanding shares (post-subscription) in consideration for a cash payment of ₱1.9 billion. On 19 August 2021, CentralHub-Laguna 1, CentralHub-Laguna 2 and CentralHub-Pasig were infused into CHICI by JFC pursuant to the definitive agreements executed between the Company and JFC, implementing the ₱4.0 billion investment of JFC in CHICI. JFC acquired common shares of CentralHub and infused its 16.4 hectares of industrial properties in Santolan, Pasig and Carmelray, Laguna which are currently utilised as commissaries (including the largest operating commissary of JFC). As of 30 September 2022, the shares and asset swap of the Company and JFC has been completed with the title transfer for the two properties of CentralHub-Laguna transferred in September 2022. Title transfer process for CentralHub-Pasig is on process. The Company and JFC are preparing for the Philippines' first industrial REIT IPO in the second half of 2024.

CentralHub-Pasig is located in F Pasco Ave, Santolan, Pasig City with area size of 14,327 sq.m., CentralHub-Laguna 1 is located in Unity Avenue and Productivity Drive, Carmelray Industrial Park 1, Canlubang, Calamba, Laguna with area size of 50,000 sq.m. and CentralHub-Laguna 2 is located in Unity and Prosperity Ave, Carmelray Industrial Park 1, Canlubang, Calamba, Laguna with area size of 100,000 sq.m. CentralHub-Pasig, CentralHub-Laguna 1 and CentralHub-Laguna 2 are fully leased out as of 30 September 2022.

In 2022, the Company acquired two other sites, a 10.06 hectare property in Silay Negros for CentralHub-Negros, and a 6.40 hectare property in Surigao for CentralHub-Surigao.

The Company currently has plans for development for CentralHub industrial centres strategically located across Luzon, Visayas and Mindanao.

Leasing Policies

The Company's industrial space tenancies are expected to be generally granted for a term of five to 50 years. For most of the Company's tenants, six months' notice will be required for termination of their leases and a six-month deposit will be required to be paid at the commencement of the lease. The Company's leases are expected to be on fixed annual rates, subject to annual escalation clauses. Upon expiry of the lease, the rental rates are expected to be adjusted to reflect the prevailing market rent.

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

Management and Marketing

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

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

Competition

For the industrial leasing, the Company competes with other small to large property players with warehouses and logistic hubs around the country.

HOSPITALITY

The Company's hospitality segment is operated through its subsidiary, HOA, which is 70% owned by the Company. HOA's hospitality operations comprise 876 operating hotel rooms, including the Company's own hotel brand, "Hotel 101", located in the Manila Bay Area near the Mall of Asia. CSI Hotels, Inc., a 50%-owned subsidiary of HOA, is the Philippines' master franchisee of the "Jinjiang Inn" brand, one of the largest hotel brands in Asia, with three hotels in operation in Ortigas and Makati, Metro Manila and Boracay as of 30 September 2022. HOA also operates Injap Tower, a 21-storey condotel located in Iloilo City. The Company has thirteen hotels under development, including Hotel 101-Fort in Bonifacio Global City, Taguig, Hotel 101-Davao in Davao, Hotel 101-Cebu and Ascott-DD Meridian Park which are under construction as of 30 September 2022.

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

As of 30 September 2022, the Company has a portfolio of 6,835 rooms which include both operational and rooms in the pipeline. Occupancy rates for Hotel 101 and JinJiang hotels averaged 68.02% for the nine months ending 30 September 2022, compared to 93.55% for the same period in 2021.

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

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

Pre-sales of Hotel 101-Fort, Hotel 101-Davao and Hotel 101-Cebu amounted to ₱2.89 billion, ₱1.03 billion and ₱1.2 billion, respectively, as of 30 September 2022.

The Company's Board of Directors approved the creation of international wholly-owned selling arm subsidiaries in Singapore, Hong Kong, Japan, London, Italy and the USA to focus on the international pre-selling of Hotel 101 projects in the Philippines. The Company plans to organise several more sales teams in preparation for the pre-selling activities of the next Hotel 101 projects in Cebu, Boracay, Bohol, Palawan, Libis and Niseko. On 2 April 2019, the Company incorporated its international wholly owned selling arm, Hotel 101 Worldwide Private Limited, in Singapore.

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

The Company's Hotel101 Global Application, on both Apple iOS and Android platforms, is designed to provide efficient services across countries and is already available on iOS and Android. The Hotel101 Global App provides hotel reservation services and promotional programs, including vouchers, points and loyalty perks programs. The application will be the core of the Company's global operations as it will hold the thousands of uniform Hotel 101 units owned mainly by third party unit-owners enrolled exclusively in the Hotel101 Global App.

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

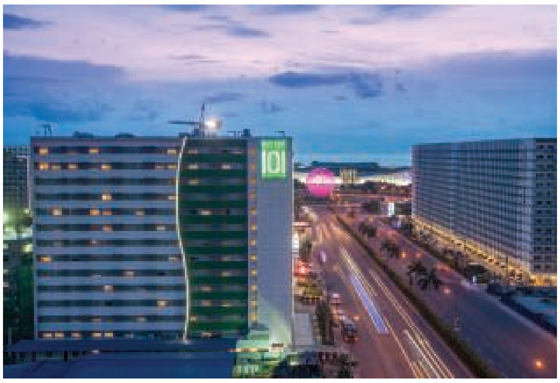
Hotels in Operation

Hotel 101

HOA created the "Hotel 101" brand primarily to be an alternative accommodation, with services and facilities that address the needs of a fast-paced leisure and business environment. The first Hotel 101 branded hotel opened on 8 June 2016 and is located in the Manila Bay Area, only a few blocks from the Mall of Asia, the largest mall in the Philippines and one of the largest malls in Asia. The hotel has a gross floor area of 22,880.3 sq.m. across 14 floors. The hotel offers 518 uniformly sized rooms, a spacious lobby, where guests can relax, conduct business, or meet with friends as well as a swimming pool, kiddie pool and outdoor jacuzzi, which opens to the famous Manila Bay sunset. Located on the ground floor is its restaurant Amico, which serves breakfast buffet, and offers a la carte lunch and dinner, serving international cuisines.

Hotel 101-Manila was awarded as the winner of Top 3-Star Hotel in Metro Manila category by Expedia and Ctrip 2019 Golden Dolphin Award for Service Excellence. In 2018, Booking.com ranked Hotel 101-Manila as the #1 Most Booked Hotel in Pasay City among its peers, and #2 Most Booked Hotel in the entire Metro Manila against 2,929 other hotels. Hotel 101-Manila is also Expedia's 2018 awardee for Most Booked Hotel in all of Metro Manila.

Hotel 101-Manila offers rooms at a rack rate of ₱8,000, and recorded an average occupancy rate of 68.41% for the nine months ended 30 September 2022, compared to an average occupancy rate of 94.74% for the same period in 2021.



Hotel 101 Happy Room

Jinjiang Inn

CSI Hotels, Inc., a 50%-owned subsidiary of HOA, is the master franchisee of the "Jinjiang Inn" brand in the Philippines. Jinjiang is a Chinese-based hotel operator with one of the largest hotel portfolios in Asia. Through the master franchise agreement, CSI Hotels, Inc. receives the right to operate the Jinjiang Inn brand in the Philippines. The first Jinjiang Inn was opened in September 2015 and is located along San Miguel Ave. in Ortigas. JinJiang Inn- Ortigas has a gross floor area of 4,726.4 sq.m. on six floors. The hotel offers 95 rooms including five business suites, with a dimension of 23 sq.m. to 56 sq.m., with known necessities to travellers. All rooms are complete with 46" LCD TV, mini bar, in-room safe, laundry services, and an en-suite bathroom, complete with toiletries and bath robes. Its facilities include three meeting rooms, good for six to 14 persons, and a business kiosk. Its restaurant, Five Spice Asian Bistro, serves Asian Fusion cuisines and services buffet breakfast, a la carte lunch and dinner, and can also accept banquet functions for up to 50 persons.

The second Jinjiang Inn was opened in September 2016 and is located along Pasay Road in Makati. JinJiang Inn-Makati has a gross floor area of 5,097.0 sq.m. across four floors. The hotel offers 59 rooms, as well as a spacious and elegant lobby. In addition to other modern conveniences, the hotel also has a business kiosk to help guests with their online needs. All rooms are well-appointed with fixtures and amenities comparable to deluxe class hotels. Located on the ground floor is the hotel's Choi Garden Seafood Restaurant, which serves authentic Chinese cuisines and uses quality ingredients in its dishes.

Jinjiang Inn-Station 1 Boracay has 10 rooms, and is ideally located near White Beach Station 1, Boracay. Jinjiang Inn- Station 1 Boracay is a 3-star hotel, which features a restaurant, spacious air-conditioned rooms and a terrace. The site for Jinjiang Inn- Station 1 Boracay is covered by a contracts of lease, under which HOA leases a 548.8 sq.m. space located at Balabag, Boracay Island, Malay, Aklan, which lease was extended until 28 September 2023.

Jinjiang Inn-Ortigas offers rooms at a rack rate of ₱5,500, with an occupancy rate of 69.93% for the nine months ended 30 September 2022, compared to an average occupancy rate of 92.88% for the same period in 2021. Jinjiang Inn-Makati offer rooms at a rack rate of ₱7,000 with an occupancy rate of 61.52% for the nine months ended 30 September 2022, compared to an average occupancy rate of 84.20% for the same period in 2021. Jinjiang Inn-Station 1 Boracay offer rooms at a rack rate of ₱9,000, with an occupancy rate of 50.78% for the nine months ended 30 September 2022, compared to an average occupancy rate of 4.69% for the same period in 2021.

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

Injap Tower

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

Similar to Hotel 101, Injap Tower adopts a condotel concept, whereby rooms are sold to third party investors. The hotel is managed by Hotel 101 Management Corp, a wholly owned subsidiary of HOA, under a 25-year management contract (with an option to extend for another 25 years).

Injap Tower Hotel opened in June 2014, with a gross floor area of 15,302.2 sq.m. It has 21 floors with 194 rooms available. Injap Tower Hotel offers rooms at a rack rate of ₱5,000 and had an average occupancy rate of 44.34% for the nine months ended 30 September 2022.

Future Hotel Developments

Below is a list for hotels for future developments as of 30 September 2022:

1. Hotel 101-Fort **(*Under construction*)**
2. Hotel 101-Davao **(*Under construction*)**
3. Hotel 101-Cebu **(*Under construction*)**
4. Hotel 101-Palawan
5. Hotel 101-Bohol
6. Hotel 101-Boracay
7. Hotel 101-Libis
8. Hotel 101-Cagayan de Oro
9. Hotel 101-Baguio
10. Hotel 101-Niseko
11. JinJiang Inn-Boracay Newcoast
12. JinJiang Inn-San Vicente, Palawan
13. Ascott-DD Meridian Park **(*Under construction*)**

Hotel 101-Fort

The Company's second Hotel 101 branded hotel, Hotel 101-Fort, located in Bonifacio Global City, Taguig, is currently under construction and is expected to be completed in 2023. As of 30 September 2022, Hotel 101-Fort is 94.7% completed. Hotel 101-Fort is expected to add 606 rooms to HOA's portfolio and is expected to feature a three-level podium with commercial areas on the ground and second floor levels reserved for specialty retail shops and residents. The third level of the podium will house amenities such as a gym, spa, infinity pool, conference rooms, all-day dining and lounges.

Similar to Hotel 101-Manila, Hotel 101-Fort will be a condotel concept, with units sold to third party investors under condominium titles, and subject to a management and revenue sharing agreement entered into with the Company or one of its subsidiaries.

Title over the land where Hotel 101-Fort and Hotel 101-Davao are currently being constructed are registered in the name of HOA.

Below is an artist's depiction of Hotel 101-Fort:

Hotel 101-Davao

The third Hotel 101 branded hotel, located in a prime property at Eco West Drive, Hotel 101-Davao is poised to be the biggest hotel in Mindanao. Designed to accommodate diverse types of guests and travellers, Hotel 101-Davao will feature back to back commercial and retail shops for a more upscale hospitality experience. Hotel 101-Davao, located at Eco West Drive, Davao City, is the Company's third Hotel 101 branded hotel. Hotel 101-Davao is expected to have 519 hotel rooms, a commercial and retail strip, and facilities to cater convention. Hotel 101-Davao is currently under construction and is expected to be completed in 2023. As of 30 September 2022, Hotel 101-Davao is 94.9% completed.

Below is an artist's depiction of Hotel 101-Davao:

Hotel 101-Cebu

On 25 March 2019, the Company entered into a joint venture agreement with Federated Realty Corp of the U-Bix Group to develop Hotel 101-Cebu. Hotel 101-Cebu with its planned 548 rooms, is expected to be the largest airport hotel in terms of room numbers in the Visayas region and will be constructed on a 5,493 sq.m. prime commercial lot located along the Cebu Mactan International Airport road. Hotel 101-Cebu is expected to have a convention centre and a commercial strip. As of 30 September 2022, Hotel 101-Cebu is 29.9% completed.

Below is an artist's depiction of Hotel 101-Cebu:

Hotel 101-Cebu

Hotel 101-Niseko

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

Hotel 101-Niseko

Other Hotel Developments

In the Philippines, the Company also intends to expand its Hotel 101 brand to Boracay, Bohol, Palawan, Libis, Cagayan de Oro and Baguio which is expected to a total of 3,172 rooms to HOA's portfolio. The Company has secured the sites for these projects, which are currently in the planning and development stage.

The table below provides the breakdown of the expected number of rooms for each of the Hotel 101 projects as of 30 September 2022:

Hotel 101 Sites	Number of Rooms
Hotel 101-Palawan	451
Hotel 101-Bohol	502
Hotel 101-Boracay	1,001
Hotel 101-Libis	702
Hotel 101-Cagayan de Oro	360
Hotel 101-Baguio	156
Total	**3,172**

Hotel 101-Bohol is one of HOA's strategically located projects, comprising a total area of 4,813 sq.m. Located at Barangay Libaong, Panglao, Bohol, and falling within the vicinity of the Panglao airport, the condotel project is expected to have 502 rooms and a commercial and retail strip.

Hotel 101-Palawan is located at Barangay New Agutaya, San Vicente, Palawan, in the northeastern part of the San Vicente Airport. This Hotel 101-branded hotel is expected to have 451 rooms in a 8,164.2 sq.m. beach front property.

On 1 February 2018, the Company announced that HOA entered into a joint venture with Newcoast South Beach, Inc. and Boracay Lighthouse 17 Realty Inc., for the development of Hotel 101 Resort-Boracay which will have 1,001 rooms and is expected to become the biggest hotel in the Philippines in terms of room count. The project is expected to be located on a two-hectare beachfront property in Boracay. The project will support environment-friendly operations, consistent with the sustainability efforts and green initiatives of Boracay Newcoast which include the use of electric jeepneys, solar-powered streetlamps, flood-free drainage systems, implementation of its own waste segregation programme. The project will have its own material recovery facility for waste recycling along with its own sewage treatment plant that converts used water to water for irrigation purposes and fire reserves.

Hotel 101 Resort-Boracay will have amenities such as room suites with balconies, expansive retail and food and beverage offerings, pool and outdoor deck, a business centre, meeting rooms and function hall. The project will adopt sustainable best practises from design to implementation and adopt sustainable practises to reduce and reuse energy, waste and water. Specific areas of Hotel 101 Resort-Boracay will also be powered by solar panels and will be equipped with a rainwater harvesting system and is expected to be a LEED certified development. This new green eco-friendly project in Boracay will be the fourth development under Hotel 101 brand after similar groundbreaking undertakings in Manila, Bonifacio Global City, Taguig, and Davao City.

On 9 December 2019, the Company secured the site for its eighth Hotel 101 project, Hotel 101-Libis. Hotel 101-Libis, together with Robinsons DoubleDragon Square (a joint venture of the Company and Robinsons Land Corp.), will form part of the integrated development of Bridgetowne township, a mixed-use real estate development spanning the border of Pasig City and Quezon City, which features residential condominiums, office buildings, shopping centres and a 5-star hotel. The township also features a one-hectare park, an iconic public art installation and a transport terminal.

In May 2022, the Company acquired the land for Hotel 101-Baguio with lot area of 1,223 sq.m. As of 30 September 2022, Hotel 101-Baguio is under planning and development stage and expected to contributed 156 hotel rooms.

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

Hotel 101-Libis

Hotel 101-Bohol

Hotel 101 Resort-Boracay

Hotel 101-Palawan

Hotel 101-Cagayan de Oro

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

For Hotel 101-Cagayan de Oro, HOA leases a space from CMCCI located at Barangay Bulua, Cagayan De Oro City. The contract is for a period of 25 years commencing on 1 January 2021 or opening date, whichever is earlier, and shall terminate on 1 January 2046.

The Company aims to develop two additional Hotel 101 properties outside the Philippines and is in the process of identifying suitable land for these developments.

Further, the Company intends to develop a Jinjiang Inn hotel in Boracay and San Vicente, Palawan, which are expected to contribute 245 rooms in the aggregate to HOA's portfolio. The Company has secured the sites for these projects, which are currently in the planning and development stage.

The table below provides the breakdown of the expected number of rooms for the Jinjiang Inn projects in San Vicente, Palawan, and Boracay.

Jinjiang Inn Sites	**Number of Rooms**
Jinjiang Inn-San Vicente, Palawan	150
Jinjiang Inn-Boracay Newcoast	95
Total	**245**

Below is an artist's perspective of Jinjiang Inn projects in San Vicente, Palawan and Boracay:

Jinjiang Inn-San Vicente, Palawan

Jinjiang Inn-Boracay New Coast

Jinjiang Inn-San Vicente, Palawan will be situated on a 5,934.85 sq.m. property in Barangay New Agutaya, San Vicente, Palawan, Philippines. The property will be part of the Company's 3.1 hectare development in Palawan which also includes Hotel 101-Palawan.

On 23 July 2019, HOA acquired a 1,787 sq.m. property located at the Town Center North Boutique Hotel District of Boracay Newcoast Integrated Tourism Estates in Barangay Yapak, Boracay Island, Malay, Aklan. Adjacent to the Shophouse District of Town Center North and located directly behind HOA's Hotel 101 Resort-Boracay, Jinjiang Inn-Boracay Newcoast will house 95 rooms to accommodate local and foreign guests.

Competition

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

INTERIM PROJECTS

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

The SkySuites Tower

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

The SkySuites Tower is divided into two structures with lobbies: the lower structure is dedicated to corporate offices while the residential tower consists of lofts catering to the mid to high-end market. As of 30 September 2022, the Company continues to offer for sale the remaining inventory of the residential units and parking spaces in The SkySuites Tower, but intends to retain the unsold commercial and office spaces as part of the Company's leasable portfolio.

Prior to the Company's acquisition of the property, 690 of the 1,281 units in The SkySuites Tower were already sold. The office structure of The SkySuites Tower was completed and became available for occupancy in the fourth quarter 2017, while the residential units were completed and turned over to buyers starting in 2019. As of 30 September 2022, the total number of units sold is 810, broken down into 788 residential units, 18 corporate units and four commercial units. There have been 211 parking spaces sold, with an additional 268 spaces remaining unsold.

W.H. Taft Residences

The Company's first project in Metro Manila was the 31-storey W.H. Taft Residences, a condominium development situated beside De La Salle University on Taft Ave. in Manila. W.H. Taft Residences offers 533 low-density studios and one bedroom residential units in a prime location to serve as a base for students from De La Salle University, College of St. Benilde and St. Scholastica's College, all of which are within walking distance from the project. Residents of the project also enjoy a full range of student-inspired features and amenities such as wireless internet connection, a multi-purpose hall convertible into seminar, study, or focus group discussion areas, a swimming pool, multi-level flood free podium parking, and commercial establishments on the ground and second floors to cater to the day-to-day needs of its residents. As of 30 September 2022, the commercial units of W.H. Taft Residences have been completely sold, while 517 residential units have been sold, with 16 residential units remaining unsold.

The Uptown Place

The Uptown Place is a five-storey premium commercial and residential condominium located along General Luna Street in Iloilo City. The building is across the street from the University of the Philippines Iloilo and consists of 236 residential units, ranging from 21 sq.m. studios to 73 sq.m. three bedroom units. The ground floor consists of commercial units held for lease. The project construction was completed in March 2014. As of 30 September 2022, 200 residential units have been sold, while 36 units remain available for sale.

FirstHomes

FirstHomes subdivision is the Company's first horizontal housing project, located in Navais, Mandurriao, Iloilo City. FirstHomes is a gated townhouse project consisting of 112 units within a 1.3 hectare property. FirstHomes offers semi-furnished two, three and four bedroom units equipped with modern utilities and features modern minimalist design and a wide range of amenities including swimming pools, community parks, clubhouse and CCTV security systems. The project was completed in October 2012 and, as of 30 September 2022, 97 units have been sold, with 16 remaining available for sale.

HappyHomes

HappyHomes-Mandurriao is a project of DD HappyHomes Residential Centres, Inc., a subsidiary of the Company. HappyHomes is an affordable community space offering 613 lots for development in the fast growing Mandurriao district of Iloilo City. HappyHomes offers four variations of units with varying house and lot packages ranging from ₱1.2 million to ₱5.0 million. Each unit is built upon receipt of a 10% down payment and can be turned over four to six months from start of construction. By 31 December 2017, the land development was 100% complete. Construction is on a per-block basis and commences when at least 50% of the block has been sold. The construction period is approximately seven to eight months. As of 30 September 2022, 603 units have been sold, while 21 remain available for sale.

HappyHomes-Tanauan is a project of DDHH, Inc. that was acquired in 2015. Located in Tanauan, Leyte, the project consists of 1,494 lots available for development. Four variations of units with varying house and lot packages are available, ranging from ₱0.450 million to ₱1.2 million. Land development works for phase 1 began on 21 April 2016. Similar to HappyHomes-Mandurriao, construction is on a per-block basis and commences when at least 50% of the block has been sold and the construction period is approximately seven to eight months. As of 30 September 2022, 506 units have been sold, while 185 remain available for sale for Phase 1.

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

Marketing and Sales

As of 30 September 2022, the Company has 55 sales personnels and an additional 36 accredited brokers and agents who are paid on a commission basis.

OTHER INITIATIVES

The Company also continues to access new rental revenue streams from leasing of roof space for solar, advertising spaces in its string of strategic properties around the country, and from roof deck space leasing for common telecommunications towers. The Company has commenced leasing out its roof spaces to solar companies. Both CityMalls and CentralHub warehouses are expected to lease out a total of 100 MW of solar panel space which is expected to translate to ₱100 million in annual rent income, excluding the rent income from advertising and common telco towers. In 2019, solar panels were installed at the rooftop of DoubleDragon Plaza, DD Meridian Park. These solar panels are expected to displace 418 tons of CO_2, equalling to over 13,565 trees planted.

SUPPLIERS

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

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

EMPLOYEES

As of 30 September 2022, the Company and its subsidiaries had a total of 519 organic employees broken down as follows:

DoubleDragon Corporation ("DD")	188
DoubleDragon Sales Corp. ("DDSC")	14
DoubleDragon Property Management Corp. ("DDPMC").	174
CityMall Commercial Centers Inc. ("CMCCI").	22
Piccadilly Circus Landing, Inc. ("PCLI")	12
DD HappyHomes Residential Centers Inc. ("DDHH").	10
Hotel of Asia, Inc. ("HOA")	99

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

INTELLECTUAL PROPERTY

The operations of the Company are not dependent on any copyright, patent, trademark, licence, franchise, concession or royalty agreement. The Company and its subsidiaries have registered the following trademarks with the Intellectual Property Office as of 30 September 2022:

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

	Trademark	Type	Registrant	Filing Date	Registration date
2	DOUBLEDRAGON PROPERTIES CORP . . .		DoubleDragon Properties Corp.	3 May 2016	17 November 2016
3	DD		DoubleDragon Properties Corp.	29 October 2012	30 May 2013
4	DOUBLEDRAGON		DoubleDragon Properties Corp.	29 October 2012	30 May 2013
5	CITYMALL YOUR EVERYDAY MALL!. . . .		CityMall Commercial Centers Inc.	3 May 2016	24 March 2017
6	CITYMALL SEE YOU EVERYDAY!		DoubleDragon Properties Corp.	30 October 2013	21 August 2014
7	CITYMALL		DoubleDragon Properties Corp.	30 October 2013	21 August 2014
8	DOUBLEDRAGON PROPERTY MANAGEMENT CORP .		DoubleDragon Properties Corp.	3 May 2016	17 November 2016
9	DRAGON8 MALL THE NEWEST MALL IN DIVISORIA		DoubleDragon Properties Corp.	30 October 2015	29 April 2016
10	WH TAFT RESIDENCES		DoubleDragon Properties Corp.	30 October 2015	21 January 2016
11	DOUBLEDRAGON PLAZA		DD – Meridian Park Development Corp.	28 July 2017	12 April 2018
12	INJAP TOWER HOTEL .		DoubleDragon Properties Corp.	17 November 2016	11 May 2017
13	D8 MALL		DoubleDragon Properties Corp.	15 February 2017	14 July 2017
14	ISLAS PINAS A FOOD AND HERITAGE VILLAGE		DD – Meridian Park Development Corp.	3 May 2018	10 January 2019
15	CITY MALL PHILIPPINES.		CityMall Commercial Centers Inc.	12 February 2018	24 February 2019
16	CENTRALHUB PHILIPPINES.		CentralHub Industrial Centers Inc.	21 February 2018	27 June 2019

	Trademark	Type	Registrant	Filing Date	Registration date
17	CENTRALHUB INDUSTRIAL CENTERS INC		CentralHub Industrial Centers Inc.	28 September 2017	31 May 2018
18	CENTRALHUB		CentralHub Industrial Centers Inc.	06 October 2017	17 May 2018
19	CITYMALL CINEMA . .		CityMall Commercial Centers Inc.	19 February 2019	27 June 2019
20	DD (Green)		DoubleDragon Properties Corp.	21 February 2018	28 October 2018
21	DD Meridian Park		DD – Meridian Park Development Corp.	12 February 2018	2 September 2018
22	DD Plaza – DD Meridian Park.		DD – Meridian Park Development Corp.	16 March 2018	7 October 2018
23	Hotel of Asia (Green) . . .		Hotel of Asia, Inc.	21 February 2018	15 November 2018
24	Hotel of Asia (White) . . .		Hotel of Asia, Inc.	8 May 2012	6 February 2014
25	Skysuites		DoubleDragon Properties Corp.	22 May 2015	29 April 2016
26	INJAP TOWER HOTEL .		DoubleDragon Properties Corp.	23 September 2020	19 March 2021
27	DDMP REIT, INC		DDMP REIT, Inc.	16 December 2020	23 May 2021
28	DD ICON.		DoubleDragon Properties Corp.	9 June 2021	13 December 2021

	Trademark	Type	Registrant	Filing Date	Registration date
29	DOUBLEDRAGON CORPORATION (TEXT ONLY).	DoubleDragon Corporation	DoubleDragon Properties Corp.	9 June 2021	31 October 2021
30	DOUBLEDRAGON CORPORATION (LOGO AND TEXT).	DD DoubleDragon Corporation	DoubleDragon Properties Corp.	9 June 2021	31 October 2021

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

HEALTH, SAFETY AND ENVIRONMENT

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

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

On 21 June 2019, DoubleDragon Plaza at DD Meridian Park received its LEED Gold Certification. DoubleDragon Center East and DoubleDragon Center West in the meantime have been pre-certified as LEED Silver. LEED, which stands for Leadership in Energy and Environmental Design, is a green building certification programme developed by the U.S. Green Building Council which evaluates environmental performance to provide a definitive standard for green buildings. LEED recognises best-in-class building strategies and practises. By designing and building to LEED standards, the Company benefits from a number of value-added incentives such as reduced construction waste, increased recycled content, lower long-term operating costs, efficient water usage, and improved indoor air quality.

In 2019, solar panels were installed at the rooftop of DoubleDragon Plaza, which are expected to displace 418 tons of CO_2, equivalent to over 13,000 trees planted.

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

INSURANCE

The Company obtains and maintains appropriate insurance coverage on its properties, assets and operations in such amounts and covering such risks as the Company believes are usually carried by companies engaged in similar businesses and using similar properties in the same geographical areas as those in which the Company operates. The Company maintains insurance policies covering all risk of sudden, accidental and unforeseen, direct and physical loss, destruction of or damage to the property including but not limited to the following: comprehensive general liability; personal accident insurance for directors and officers; fire and lightning; bush fire and spontaneous combustion; windstorm, storm, typhoon, flood, tidal wave and tsunami; water damage caused by overflowing or bursting of water tanks, pipes or other apparatus and sprinkler and related firefighting apparatus leakage; explosion, falling aircraft, impact by road vehicles and smoke; earthquake shock and earthquake fire; volcanic eruption; subsidence, collapse and landslide; riot and strike, civil commotion and malicious acts; electrical injury; sparkler and related firefighting apparatus leakage; robbery and burglary; mechanical or electrical derangement failure or breakdown or boiler explosion; extra expense/standard charges; and third-party bodily injury and property damage, and business interruption resulting therefrom.

SUBSIDIARIES AND ASSOCIATES

Subsidiaries

The following table presents certain information regarding the Company's main subsidiaries as of and for the year ended 31 December 2021 and as of and for the nine months ended 30 September 2022.

Subsidiary	Country of incorporation	Total Assets as of	Company's Ownership Interest as of		Revenues		% of Total Revenues of the Company[(2)]	
		3Q22[(3)]	2021[(3)]	3Q22[(3)]	2021[(3)]	3Q22[(3)]	2021[(3)]	3Q22[(3)]
		(₱ in millions, except percentages)						
DDSC	Philippines	1,640.8	100%	100%	–	0.1	0.0%	0.0%
DDPMC	Philippines	2,498.9	100%	100%	685.8	557.3	5.2%	9.9%
CMCCI	Philippines	48,822.1	66%	66%	1,351.2	1,136.4	10.2%	18.9%
PCLI	Philippines	545.5	50%	50%	46.5	39.6	0.4%	0.7%
DDHH	Philippines	795.6	70%	70%	30.5	265.1	0.2%	4.4%
DDMPR (formerly DDMPDC)[(5)]	Philippines	50,449.8	47%	47%	7,699.2	1,987.1	58.2%	33.0%
HOA	Philippines	6,407.8	70%	70%	1,903.6	1,485.4	14.4%	24.7%
IGFTC	Philippines	38.9	100%	100%	3.6	–	0.0%	0.0%
CHICI[(4)]	Philippines	7,936.5	61%	61%	103.0	46.0	0.8%	0.8%
DDMTC	Philippines	2,658.1	51%	51%	122.0	1.1	0.9%	0.0%
GCDPC[(1)]	Philippines	228.9	70%	70%	10.0	0.0	0.1%	0.0%
DDWPL	Singapore	6,945.5	100%	100%	71.7	102.3	0.5%	0.0%
DDMP REIT Fund Managers	Philippines	55.3	70%	70%	–	2.7	–	0.0%
DDMP REIT Property Managers	Philippines	29.9	70%	70%	–	13.7	–	0.0%
DDTI	Philippines	6,410.6	70%	70%	0.0	194.7	0.0%	3.2%
DDMPSRI	Philippines	387.1	70%	70%	–	0.1	–	0.0%
DDCC	Philippines	5.6	100%	100%	–	–	–	0.0%
Hotel101 Global"	Singapore	515.4	–	10%	–	(1.2)	–	0.0%

Notes:

(1) On 14 November 2019, the Company entered into a subscription agreement for a 70% ownership interest in Green Coast Development PH Corp. ("**GCDPC**") at a subscription price of ₱179.7 million. The acquisition of GCDPC is accounted for as an asset acquisition as the acquired assets and activities do no not constitute a business as defined under PFRS 3. Non-controlling interests from the acquisition amounted to ₱52.8 million.

(2) This calculated as the revenues of the respective subsidiary divided by the total revenues of the Company (excluding revenue from the parent company).

(3) References to 3Q22 means as of or for the nine months ended 30 September 2022, and references to 2021 means as of or for the year ended 31 December 2021, as applicable.

(4) In August 2021, JFC and its wholly owned subsidiary ZFC entered into definitive agreements to subscribe to an aggregate of 38.71% of CHICI's total outstanding shares (post-subscription) in consideration for a cash payment of ₱1.9 billion. JFC and ZFC also intend to infuse properties in CHICI in exchange of additional shares of stock in CHICI based on the appraised values of the properties to be contributed subject to the approval of the Philippine SEC. As of 30 September 2022, the Company's ownership in CHICI is 60.90%.

(5) On 24 March 2021, DDMPR completed its initial public offering and was listed in the PSE under the stock symbol "DDMPR". The Company remains the ultimate parent company and controlling shareholder of DDMPR at 46.67% ownership.

The following is a brief description of each of the Company's eighteen direct subsidiaries:

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

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

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

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

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

(6) **DDMP REIT, Inc.** (formerly DD Meridian Park Development Corp. ("**DDMPDC**")) ("**DDMPR**") was incorporated on 27 October 2014. Following its compliance with the requirements of Republic Act No. 9856, The Real Estate Investment Trust Act of 2009 and its Implementing Rules and Regulations (the "**REIT Law**") in March 2021, DDMPR started operating as a real estate investment trust ("**REIT**").

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

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

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

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

(11) **Green Coast Development PH Corp.** ("**GCDPC**") was incorporated and registered with the Philippine SEC on 10 May 2013 primarily to acquire by purchase, lease, donation or to own, use, improve, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether improve manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances. GCDPC has not yet started its commercial operations as of 30 September 2022

(12) **DDPC Worldwide Pte. Ltd.** ("**DDWPL**") Incorporated on 26 June 2020 as a company with limited liability under the laws of Singapore. DDWPL is the holding company of the Company's investments outside the Philippines.

(13) **DDMP REIT Fund Managers, Inc.** ("**DDMP REIT Fund Managers**") was incorporated on 19 November 2020, a corporation organised and existing under the law of the Philippines primarily to engage in the business of providing fund management services to REIT companies, as provided under the REIT Law.

(14) **DDMP REIT Property Managers, Inc.** ("**DDMP REIT Property Managers**") was incorporated on 19 November 2020, a corporation organised and existing under the laws of the Philippines primarily to engage in the business of property management, providing functions like formulate and implement leasing strategies; enforce tenancy conditions; ensure compliance with government regulations in respect to the real estate under management; perform tenancy administration work, such as managing tenant occupancy and ancillary amenities; conduct rental assessment, formulating tenancy terms, preparing tenancy agreement, rent collection and accounting; secure and administer routine management services; maintain and manage the physical structures/real properties; and formulate and implement policies and programmes in respect of building management, maintenance and improvement; and initiate refurbishments and monitoring of such activities.

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

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

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

(18) **Hotel101 Global Pte. Ltd.** ("**Hotel101 Global**") was incorporated and registered in Singapore on 28 July 2022. Hotel101 Global primarily holds all international investments of Hotel 101 outside the Philippines. Hotel101 Global is intended to be the future overseas IPO vehicle for the Group's international expansion of Hotel 101.

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

Industrial leasing	CHICI
Hospitality business	HOA, DDMP Serviced Residences, Inc., Hotel101 Global
Retail Leasing	CMCCI, PCLI, DD, DDCC
Office Leasing	DDMPR, DDMTC, DD Tower, Inc.
Real Estate Residential	DD, DDHH
Others	DDSC, IGFTC, DDPMC, GCDPC, DDWPL, DDMP REIT Fund Manager, DDMP REIT Property Manager

Associates

Robinsons DoubleDragon Corp

On 26 December 2019, the Company invested ₱335.1 million for a 34.3% ownership stake in Robinsons DoubleDragon Corp., a real estate development corporation, and joint venture between Robinsons Land Corp. ("**Robinsons Land**" or "**RLC**") and the Company. The joint venture will develop 10,032.10 sq.m. prime commercial lot located along E. Rodriguez Jr. Avenue in Libis, Quezon City adjacent to Robinsons Land's first township development, Bridgetowne.

PROPERTIES

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

Land Banking

The following table sets forth the Company and its subsidiaries land bank as of 30 September 2022:

Location	Land Area (in hectares.)
Luzon	54.39
Metro Manila	9.84
Mindanao	37.48
Visayas	179.21
International	0.89
Grand Total	**281.81**

Condominium and Residential

The locations and descriptions of the Company's condominium and residential properties as of 30 September 2022 are shown below:

Project	Address	Ownership
The SkySuites Tower	Quezon City	Land and Structure – 100% directly owned
WH Taft Residences	Taft Avenue, Manila	Land and Structure – 100% directly owned
The Uptown Place Iloilo City	Gen Luna St, Iloilo City	Land and Structure – 100% directly owned
Peoples Condominium	Mandurriao, Iloilo City	Land and Structure – 100% directly owned
First Homes Subdivision	Mandurriao, Iloilo City	Land and Structure – 100% directly owned
DD HappyHomes – Mandurriao	Onate, Mandurriao, Iloilo	Land and Structure – 70% owned through DDHH
DD HappyHomes – Tanauan	Tanauan, Leyte	Land and Structure – 70% owned through DDHH
DD HappyHomes – Zarraga	Zarraga, Iloilo	Land and Structure – 70% owned through DDHH
Green Coast Property	Guimaras	Land and Structure – 70% owned through GCDCPH

Retail, Office and Hotel

The locations and descriptions of the Company's retail leasing properties as of 30 September 2022 are shown below:

Project	Address	Ownership
Dragon8 Mall	C.M. Recto and Dagupan Street Along Divisoria	Land and Structure – 100% directly owned*
Umbria	Biñan, Laguna	Land and Structure – 50% owned through PCLI
DoubleDragon Plaza Retail	Corners Roxas Blvd., EDSA and Macapagal Avenue, Pasay City	Land – 70% owned through DDMPR (project still under development)
CM-Arnaldo, Roxas	Arnaldo Avenue, Baybay, Roxas City	Land – 100% directly owned, Structure – 66% owned through CMCCI**
CM-Consolacion	Sta. Lucia Town Square, Cansaga, Consolacion, Cebu City	Land and Structure – 66% owned through CMCCI
CM-Anabu, Imus Cavite	Aguinaldo Highway, Anabu, Imus, Cavite	Structure – 66% owned through CMCCI
CM-Tetuan, Zamboanga	Don Alfaro Street, Tetuan, Zamboanga City	Land and Structure – Owned Property, 46.2% effective ownership (70% owned by CMCCI through Prime DDG Commercial Centers Inc.)
CM-Tagbak, Jaro	Tagbak, Jaro Iloilo	Structure – 66% owned through CMCCI
CM-Kalibo	F. Quimpo Street, Kalibo, Aklan	Land and Structure – 66% owned through CMCCI**

Project	Address	Ownership
CM-Tiaong, Quezon	Maharlika Highway, Lalig, Tiaong, Quezon	Structure – 66% owned through CMCCI
CM-Parola, Iloilo	Fort San Pedro Drive, Parola Wharf, Concepcion, Iloilo City	Structure – 66% owned through CMCCI
CM-Cotabato City.	Governor Gutierrez Avenue, Rosario Heights VII, Cotabato City	Land and Structure – 66% owned through CMCCI
CM-Mandalagan, Bacolod	Lacson Street corner G.M. Cordova Avenue, Mandalagan, Bacolod City	Land and Structure – 46.2% effective ownership, (70% owned by CMCCI through CM-Mandalagan Bacolod Inc.)
CM-Kabankalan City.	Justice Perez Highway, Talubangi, Kabankalan City	Structure – 66% owned through CMCCI
CM-Victorias City.	Osmeña Avenue, Victorias City, Negros Occidental	Land and Structure – 66% owned through CMCCI
CM-San Carlos	Azcona Street corner CL Ledesma Avenue, Poblacion, San Carlos City, Negros Occidental	Land and Structure – 66% owned through CMCCI
CM-Boracay	Station 1, Balabag, Boracay	Structure – 66% owned through CMCCI
CM-Tagum	Maharlika Highway corner Lapu-Lapu Extension, Magugpo, Tagum City	Structure – 66% owned through CMCCI
CM-SCTEX	Santiago, Concepcion, Tarlac, SCTEX Southbound	Structure – 66% owned through CMCCI
CM-Tarlac	McArthur Highway, Brgy. San Rafael, Tarlac City, Tarlac	Land and Structure – 46.2% effective ownership (70% owned by CMCCI through CM-Tarlac Macarthur, Inc.)
CM-Dumaguete.	Veterans Avenue National Highway, Brgy. Daro, Dumaguete City, Negros Oriental	Structure – 66% owned through CMCCI
CM-Goldenfields	Goldenfields Commercial Complex, Araneta St., Brgy. Singcang-Airport, Bacolod City, Negros Occidental	Land and Structure – 46.2% effective ownership (70% owned by CMCCI through CM-Goldenfields Bacolod Inc.)
CM-Dau	Dau Access Road, Dau, Mabalacat, Pampanga	Structure – 66% owned through CMCCI
CM-Passi	Poblacion, Passi, Iloilo City	Structure – 66% owned through CMCCI
CM-Santa Rosa.	Pan-Philippine Highway, Poblacion, Sta. Rosa, Nueva Ecija	Land and Structure – 66% owned through CMCCI**
CM-Danao	Danao, Cebu City	Structure – 46.2% effective ownership, (70% owned by CMCCI through CM-Danao Cebu Inc.)
CM-Calamba	Manila South Rd., Brgy. Halang, Calamba, Laguna	Land and Structure – 66% owned through CMCCI

Project	Address	Ownership
CM-Koronadal	Lacson St., Brgy. Morales, Koronadal City, South Cotabato	Land and Structure – 66% owned through CMCCI
CM-Pavia	Pavia, Iloilo City	Structure – 66% owned through CMCCI
CM-Mayombo.	Calasiao – Dagupan Road, Brgy. Mayombo, Dagupan	Land and Structure – 66% owned through CMCCI
CM-Dipolog City	Filomena, Dipolog, Zamboanga	Land and Structure – 46.2% effective ownership, (70% owned by CMCCI through CM-Dipolog Zamboanga Inc.)
CM-Iponan, CDO	Claro M. Recto Avenue, Iponan, Cagayan de Oro City	Land – 66% owned through CMCCI
CM-Sorsogon	Sorsogon City	Land and Structure – 66% owned through CMCCI**
CM-Calapan City	Calapan, Oriental Mindoro	Land and Structure – 66% owned through CMCCI
CM-San Carlos, Pangasinan. . . .	Burgos St. cor. Posadas St. and Roxas Boulevard, Brgy. Poblacion, San Carlos City, Pangasinan	Land and Structure – 66% owned through CMCCI
CM-Roxas Avenue	Roxas City, Capiz	Land and Structure – 46.2% effective ownership, (70% owned by CMCCI through CM-Roxas Ave. Inc.)**
CM-Bulua, CDO.	Bulua, Cagayan de Oro City	Land and Structure – 66% owned through CMCCI
CM-Isulan	Isulan-Tacurong City Road, Brgy. Poblacion, Isulan, Sultan Kudarat	Land and Structure – 66% owned through CMCCI
CM-Cadiz.	Villena St., Brgy. Poblacion, Cadiz City, Negros Occidental	Land and Structure – 66% owned through CMCCI
CM-Ozamiz City.	Catadman, Ozamiz	Land – 66% owned through CMCCI
CM-Bacalso	Bacalso, Cebu City	Land – 66% owned through CMCCI
CM-Tuguegarao	Pan-Philippine Highway, Brgy. Leonarda (formerly Brgy. Pengue Ruyu), Tuguegarao City, Cagayan	Land and Structure – 66% owned through CMCCI**
CM-Aparri	Aparri, Cagayan	Land and Structure – 66% owned through CMCCI**
CM-Los Baños-Bay.	Bay, Laguna	Land – 66% owned through CMCCI**
CM-General Trias	General Trias, Cavite	Land – 66% owned through CMCCI**
CM-Surigao	Surigao City, Surigao del Norte	Land – 66% owned through CMCCI
CM-Antique	San Jose, Antique	Land – 66% owned through CMCCI**
CM-Palo.	Palo, Leyte	Land – 66% owned through CMCCI**
CM-Ormoc	Brgy. Cogon, Ormoc City, Leyte	Land – 66% owned through CMCCI

Project	Address	Ownership
CM-Guiwan	Guiwan, Zamboanga City	Land – 46.2% effective ownership (70% owned by CMCCI through Prime DDG Commercial Centers Inc.)
CM-Guimaras	Jordan, Guimaras	Land – 66% owned through CMCCI**
CM-Bocaue	Bocaue, Bulacan	Land and Structure – 66% effective ownership (100% owned by CMCCI through CM-Bunlo Bocaue Inc)
CM-Basilan	Isabela, Basilan	Land – 66% owned through CMCCI**
CM-Arayat	Arayat, Pampanga	Land – 66% owned through CMCCI**
CM-Pagadian	Pagadian City, Zamboanga del Sur	Land – 66% owned through CMCCI**
CM-Tagbilaran	Tagbilaran, Bohol	Land – 66% owned through CMCCI**
CM-Northtown Davao	Northtown, Davao City	Land – 66% owned through CMCCI**
CM-Dinalupihan	Tabacan, Dinalupihan, Bataan	Land – 66% owned through CMCCI**
CM-Bais.	Bais, Negros Oriental	Land – 66% owned through CMCCI**
CM-Baler, Aurora	Baler, Aurora	Land – 66% owned through CMCCI**
CM-Lam-an, Ozamiz.	Lam-an, Ozamiz City	Land – 66% owned through CMCCI**
CM-San Enrique	San Enrique, Negros	Land – 66% owned through CMCCI**
CM-Bongabon	Bongabon, Nueva Ecija	Land – 66% owned through CMCCI**
CM-Lucena	Lucena City	Land – 66% owned through CMCCI**
CM-La Carlota	La Carlota, Negros Occidental	Land – 66% owned through CMCCI**
CM-Balibago, Sta. Rosa	Balibago, Sta. Rosa, Laguna	Land – 66% owned through CMCCI**
CM-San Francisco.	San Francisco, Agusan Del Sur	Land – 66% owned through CMCCI**
Novaliches	Novaliches, Quezon City, Manila	Land – 100% owned through DDCC

* Notice of Lis Pendens entered on 25 November 2010 in relation to case for the recovery of possession of the lot and improvements (which has been dismissed with finality) for cancellation.

** Transfer of titles of some of the lots to CMCCI, DDMT, HOA, CHICI, RRDC still for registration.

*** With annotation on the tax declaration that a Deed of Absolute Sale was acknowledged before a notary public in 1998 with attached BIR Certificate of Registration.

**** Mortgage entered on 27 April 2005 in favour of the Bank of the Philippine Islands to guarantee a principal obligation in the sum of ₱60 Million (with Deed of Cancellation of Real Estate Mortgage) for cancellation.

As of 30 September 2022, the Company has acquired the following properties for the development of CityMalls:

	Location*	Lot Area (in sq.m.)	Liens**
1	CM Dagupan	12,817	None
2	CM Kalibo	13,530	Estate Lien (Date of Entry: 22 June 2015)
3	CM Consolacion-Cebu	10,251	None
4	CM Cotabato	15,000	None
5	CM Sta. Rosa-Nueva Ecija	19,516	Estate Lien (Date of Entry: 2 May 2015)
6	CM Victorias-Negros	13,734	Estate Lien (Date of Entry: 15 August 2012)
7	CM San Carlos-Negros	9,387	Estate Lien (Date of Instrument: 23 September 2014 and 18 May 2015)
8	CM Koronadal-Cotabato	10,000	Estate Lien (Date of Entry: 5 March 2014)
9	CM Bulua-CDO	11,464***	Estate Lien (Date of Entry: 13 November 2015)
10	CM Iponan-CDO	11,957	Estate Lien (Date of Entry: 27 November 2015)
11	CM Isulan	9,247	None
12	CM Surigao	10,505	None
13	CM Manabay-Ozamis	22,262	None
14	CM Antique	15,298	Estate Lien (Date of Entry: 26 February 2016)
15	CM Calapan	7,159	None
16	CM Pagadian	23,317	None
17	CM Calamba	10,309	Deed of Sale requiring Vendee to comply with the terms of the milling contract (Date of Entry: 25 May 1998)
18	CM Ozamis-Lam-An	6,023	None
19	CM San Enrique	13,991	None
20	CM Baler, Aurora	7,217	None
21	CM Ormoc, Leyte	20,732	None
22	CM Sorsogon	5,869	None
23	CM San Carlos, Pangasinan	6,597	None
24	CM Palo, Leyte	20,000	None
25	CM Cadiz City, Negros Occidental	10,412	None
26	CM Tuguegarao	16,525	None
27	CM General Trias	19,659	None
28	CM Tagbilaran, Bohol	7,583	None
29	CM Bongabon, Nueva Ecija	11,025	None
30	CM Aparri, Cagayan	7,198	None
31	CM Los Baños, Laguna	24,273	Estate Lien (Date of Entry: 28 November 2013)
32	CM Basilan	8,692	None
33	CM Lucena	23,510	None
34	CM Guimaras	8,405	None
35	CM Dinalupihan	20,000	None
36	CM Balibago Sta. Rosa	15,000	None
37	CM Bais	16,944	None
38	CM La Carlota	17,439	None
39	CM Arayat	11,996	None
40	CM San Francisco	16,614	None

* Except for CM Dagupan, CM Consolacion, CM Cotabato, CM Isulan, CM Victorias Negros, CM San Carlos Negros, CM Koronadal Cotabato, CM Bulua CDO, CM Iponan CDO, CM Mananabay-Ozamis, CM Calamba, CM Ozamis-Lam-an, CM Ormoc Leyte, CM San Carlos Pangasinan, CM Surigao, CM Calapan, CM Pagadian, CM San Enrique, CM Cadiz, CM Basilan and CM Lucena with titles registered in the name of CM, transfers of titles over the other CM sites in the name of CM are currently pending.

** Estate Lien refers to the liabilities under Section 4, Rule 74 of the Rules of Court whereby creditors, heirs and other persons unlawfully deprived of participation in the estate of the deceased are given a period of two (2) years within which to assert their claim against the estate.

*** 1,319 sq.m. is currently leased to Hotel of Asia, Inc. for the construction of Jinjiang Inn-Cagayan de Oro.

The locations and descriptions of the Company's office leasing properties as of 30 September 2022 are shown below:

Project	Address	Ownership
DoubleDragon Plaza (Tower 1 to 4)	Corners Roxas Blvd., EDSA and Macapagal Avenue, Pasay City	Land and Structure – 46.67% owned through DDMPR
DoubleDragon Center East	Corners Roxas Blvd., EDSA and Macapagal Avenue, Pasay City	Land and Structure – 46.67% owned through DDMPR
DoubleDragon Center West	Corners Roxas Blvd., EDSA and Macapagal Avenue, Pasay City	Land and Structure – 46.67% owned through DDMPR
DoubleDragon Tower	Corners Roxas Blvd., EDSA and Macapagal Avenue, Pasay City	Land – 46.67% owned through DDMPR and Structure – 70% owned through DDTI
Jollibee Tower	F. Ortigas Jr. Road cor. Garnet Road, Ortigas Center, Pasig City	Land and Structure – 100% directly owned
DoubleDragon Meridian Tower	Cor. EDSA and Macapagal Avenue, Pasay City	Land and Structure – 51% owned through DDMT

The locations and descriptions of the Company's industrial warehouse properties as of 30 September 2022 are shown below:

Project	Address	Ownership
CentralHub-Tarlac	Luisita Industrial Park, Tarlac	Land and Structure – 60.9% owned through CHICI
CentralHub-Capiz	Roxas, Capiz	Land and Structure – 100% directly owned
CentralHub-Sta. Barbara, Iloilo	Sta Barbara, Iloilo	Land – 60.9% owned through CHICI
CentralHub-Cebu	Danao City	Land – 60.9% owned through CHICI
CentralHub-Davao	Davao	Land – 100% under the Joint Venture Agreement signed 11 March 2019
CentralHub-Pasig	Santolan, Pasig City	Land – 60.9% owned through CHICI
CentralHub-Laguna 1	Carmelray, Laguna	Land – 60.9% owned through CHICI
CentralHub-Laguna 2	Carmelray, Laguna	Land – 60.9% owned through CHICI

Project	Address	Ownership
CentralHub-Surigao	Surigao	Land – 60.9% owned through CHICI
CentralHub-Negros	Silay, Negros	Land – 60.9% owned through CHICI

The locations and descriptions of the Company's hotels as of 30 September 2022 are shown below:

Project	Address	Ownership
Injap Tower	Iloilo City	Land and Structure – 100% directly owned
JinJiang Inn-Ortigas	San Miguel Ave., Ortigas	Land and Structure – 100% directly owned
JinJiang Inn-Makati	Makati City	Land and Structure – under lease
JinJiang Inn-Station 1 Boracay	Boracay Island, Malay, Aklan	Land and Structure – under lease
Hotel 101-Manila	Bay Area, EDSA Extension, Pasay City	Land and Structure – 70% owned through HOA
Hotel 101-Fort	Fort Bonifacio, Taguig	Land – 70% owned through HOA
Hotel 101-Davao	Bo. Matina, Davao City	Land – 70% owned through HOA
Ascott-DD Meridian Park Manila	Corners Roxas Blvd., EDSA and Macapagal Avenue, Pasay City	Land – 46.67% owned through DDMPR and Structure – 70% owned through DDMPSRI
JinJiang Inn-Boracay Newcoast	Boracay Island, Malay, Aklan	Land – 70% owned through HOA
Hotel 101-Cagayan de Oro	Bulua, Cagayan De Oro	Land – 66% owned through CMCCI
Hotel 101-Bohol	Panglao, Bohol	Land – 70% owned through HOA
Hotel 101 Resort-Boracay	Boracay Island, Malay, Aklan	Land – 70% owned through HOA
Hotel 101-Palawan	San Vicente, Palawan	Land – 70% owned through HOA
JinJiang Inn-San Vicente, Palawan	San Vicente, Palawan	Land – 70% owned through HOA
Hotel 101-Cebu	Cebu	Land – 70% owned through HOA
Hotel 101-Libis	Murphy District, Quezon City	Land – 70% owned through HOA
Hotel 101-Baguio	Baguio City	Land – 70% owned through HOA
Hotel 101-Niseko	Niseko, Hokkaido Prefecture, Japan	Land – 90% owned through HOA and DDPC Worldwide

Joint Ventures

CityMalls

The Company has also entered into joint venture agreements with various landowners for the development of CityMalls on their respective properties. Except for the joint venture agreements for CM-Northtown Davao and CM Danao-Cebu, all joint venture agreements have standard terms and result in the formation of a subsidiary which will proceed to own the property. CMCCI will own 70% of the joint venture company in exchange for the development of the CityMall while the original landowner will retain thirty 30% ownership in the joint venture company in exchange for the value of the land infused.

For CM-Northtown Davao, CMCCI will own 79% of the joint venture company while the original landowner will infuse cash equivalent to 21% of the outstanding capital stock after selling the land to the joint venture company. For CM Danao-Cebu, the land that is currently being leased for 25 years by CMCCI's joint venture partner from the City of Danao will be subleased in favour of the joint venture company for 25 years.

The CityMall locations under a joint venture structure as of 30 September 2022 are as follows:

	Location	**Lot Area (in sq.m.)**
1	CM Mandalagan-Bacolod	10,000
2	CM Goldenfields-Bacolod	10,940
3	CM Tetuan-Zamboanga*	15,344
4	CM Guiwan-Zamboanga	13,642
5	CM Macarthur-Tarlac	20,000
6	CM Roxas Avenue	4,680
7	CM Danao-Cebu	5,700
8	CM Dipolog-Zamboanga	12,862
9	CM-Northtown Davao	15,605
10	CM-Bocaue	10,085

* TCT for this has recently been subdivided to carve out the CM portion.

CentralHub

On 11 March 2019, CHICI signed a joint venture agreement with Alsons Development & Investments Corp. for the development of CentralHub-Davao. CentralHub-Davao has an area of 8.2 hectares with an expected capacity of 40,392 sq.m. of leasable industrial warehouse space. On 29 September 2022, CentralHub-Davao, Inc. was incorporated.

Long Term Lease

The Company, through CMCCI, also leases various properties for the development of CityMalls. As of 30 September 2022, the locations and areas of such leased properties are as follows:

	Location	Lot Area (in sq.m.)	Expiry Date	Renewal Terms
1	CM Passi-Iloilo	8,588	10 April 2045	None.
2	CM Dumaguete*	13,361	31 December 2046	On the 26th year of the lease term, Lessor and Lessee shall start negotiating the extension of lease term; failure to mutually agree on the extension of the lease term after one (1) year, lease term shall be deemed not to have been extended and shall expire on expiry date.
3	CM Ungka, Pavia-Iloilo	12,000	31 August 2041	Before the start of the 23rd year, Parties shall endeavour to execute a lease contract over the property extending the lease term.
4	CM Tagum	19,384	After 30 years commencing from Lessee's commercial operations (CM Tagum has not commenced commercial operations)	Lessee shall submit written notice at least one (1) year before the expiration of lease term.
5	CM Roxas-Arnaldo	10,000	31 March 2040	At least 60 days prior to termination of lease term; if no agreement within 30 days, offer to renew is deemed not accepted; no automatic renewal.
6	CM Imus Cavite	27,438	22 June 2040	None.
7	CM Tagbak Jaro-Iloilo**	5,500	30 June 2040	Before the start of the 23rd year, Parties shall endeavour to execute a lease contract over the property extending the lease term.
8	CM Bacalso-Cebu	11,000	15 June 2044	The term of this contract may be extended through mutual agreement of the Parties.

	Location	Lot Area (in sq.m.)	Expiry Date	Renewal Terms
9	CM Boracay	10,000	8 October 2040	Lease is renewable for another 25 years at the option of the lessee, and under such terms and conditions as may be acceptable to both lessor and lessee.
10	CM Dau-Pampanga	5,181	2 November 2044	The term of this contract may be extended through mutual agreement of the Parties.
11	CM Tiaong-Quezon	8,547	30 September 2040	None.
12	CM SCTEX-Tarlac	17,453	11 December 2038	Notice to continue the sub-lease should be made one year prior to the end of this term for negotiations on renewal, by mutual agreement of Parties.
13	CM Parola-Iloilo	12,734	7 July 2041	The term of this contract may be extended through mutual agreement of the Parties.
14	CM Kabankalan	15,000	31 December 2056	The term of this contract may be extended or renewed subject through mutual agreement of the Parties.

* Reclassification of the land to residential is still pending.

** The lessor for this property, Iloilo Commercial Development Corporation, is in the process of securing the TCT of the lot in its name.

Long-term land leases on the foregoing properties generally range from 19 to 34 years and are subject to standard renewal terms and market rates. For some properties, the lessee has the option to renew for another 25 years.

Contracts of Lease for Office Space

The Company leases its corporate office space located at the 10th and 11th Floors of at DoubleDragon Plaza, DD Meridian Park in the Manila Bay area. The office is leased by DD from DDMPR. The Contract of Lease for the 9,496.28 sq.m. office space is effective for a period of five years commencing on 10 October 2017 and ending on 9 October 2022. The contract was renewed for another five years from 10 October 2022 to 9 October 2027.

The sales lounge of the Company is leased by HOA from DDMPR. The Contract of Lease for the 429.66 sq.m. sales space is effective for a period of four years commencing on 16 April 2019 and ending on 15 April 2023.

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

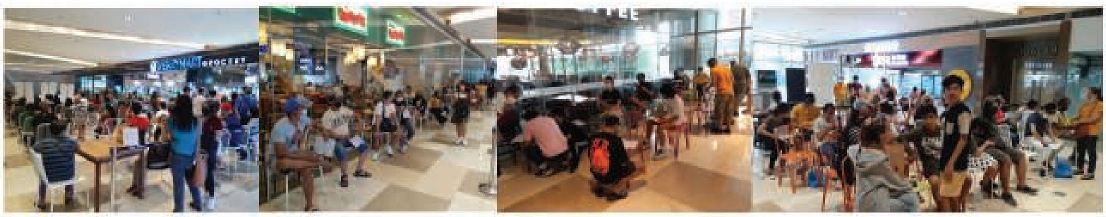
CORPORATE SOCIAL RESPONSIBILITY

Partnership with Local Government Units for the Country's Vaccination Drive

To support the Government's vaccination drive during the COVID-19 pandemic in 2021, the Company through its malls all over the country provided a convenient, safe, and accessible venues for the community to be vaccinated and enabled the local government units to maximise the number of people that can be vaccinated per day.

Photos of Vaccination Service

The Company has also partnered with the Government for the Comelec Voter's Satellite Registration and PSA National ID Public Registration.



Photos of PSA Registration Sunday Service

CSR Programmes

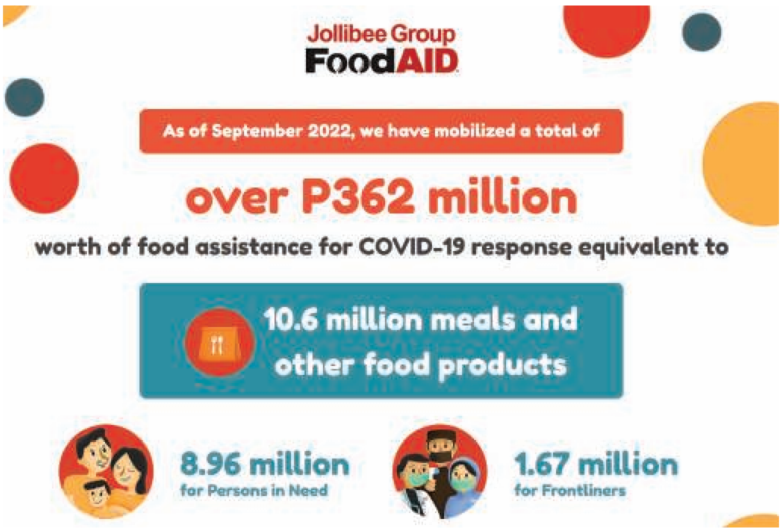
The Company continues to integrate and engage in corporate social responsibility by supporting the Jollibee Group Foundation's initiatives specifically in the areas of education, youth and entrepreneurship. The Jollibee Group Foundation was established by JFC in 2004 as part of its commitment to community development. The programmes which the Company supported include:

Farmer Entrepreneurship Program

The Farmer Entrepreneurship Program ("**FEP**") Leadership for Agroenterprise Development ("**LeAD**") Training Programme was launched to help FEP farmer leaders. It aims to develop both their skills and mindset to explore, persevere and grow as reliable suppliers, and leaders to other farmers. The programme has helped participants increase their income by honing their entrepreneurial skills, and by linking farmers to institutional buyers such as JFC.

Jollibee Group FoodAID

The Jollibee Group Foundation ("**JGF**") engaged in calls for disaster response through Jollibee Group FoodAID, a programme that recognises the importance of preparedness, quick response, and sustained efforts towards recovery in times of crisis. On top of JGF's internal distribution system and vast store network, JGF has partnered with institutional kitchens and a broad range of NGOs that help safely prepare and distribute meals directly to the front-liners and families in need.



Project ACE Scholarships

JGF has also provided tertiary education scholarships to underprivileged but deserving youth. Under Access, Curriculum and Employability ("**ACE**"), JGF has partnered with technical-vocational skills training institutions to train indigent out-of-school students in technical-mechanical courses, agro-entrepreneurship, and quick service restaurant operations. Scholars are also given on-the-job training opportunities in JGF's industry partners and Jollibee Group's strategic business units.

In addition to the above programmes, the Company supported the construction of two classroom buildings in Marawi City and Roxas City. The two-classroom building in Roxas City can accommodate a hundred "Alternative Learning System" students of Congressman Ramon A. Arnaldo High School. On 28 June 2019, the Company and Jollibee Group Foundation turned over two classrooms to Harat Medina Central Elementary School, Marawi City.

On 25 May 2019, in partnership with the Jollibee Group Foundation, more than 200 of the Company's employee volunteers gathered to support the Philippine Department of Education's Brigada Eskwela in Juan Sumulong Elementary School in Antipolo, Rizal. The initiative prepared the school's facilities to welcome the pupils for the upcoming school year. The volunteers' activities include repainting of the school's concrete walls and gates, organising student's library and books, cleaning the classrooms, comfort rooms and other common areas used by the students.

LEGAL PROCEEDINGS

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

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

MANAGEMENT

The overall management and supervision of the Company is undertaken by its Board of Directors. The Company's executive officers and management team cooperate with its Board by preparing appropriate information and documents concerning its business operations, financial condition and results of operations for its review. Pursuant to the Company's current Articles of Incorporation, as amended on 14 April 2016, the Board consists of eight members. As of 30 September 2022, two members of the Board are independent directors. All of the directors were elected at the Company's annual shareholders meeting on 29 September 2022 and will hold office for a period of one (1) year from their election and until their successors have been duly elected and qualified.

The table below sets forth each member of the Company's Board as of the date of this Offering Circular.

Name	Age	Nationality	Position
Edgar J. Sia II	46	Filipino	Chairman of the Board and CEO
Tony Tan Caktiong	70	Filipino	Co-Chairman of the Board
Ferdinand J. Sia	44	Filipino	Director and President
Rizza Marie Joy S. Javelona	33	Filipino	Director, Treasurer and CFO
William Tan Untiong	69	Filipino	Director and Corporate Secretary
Joseph Tanbuntiong	59	Filipino	Director and Assistant Corporate Secretary
Gary P. Cheng	58	Filipino	Independent Director
Vicente S. Perez, Jr.	64	Filipino	Independent Director

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

The business experience of each of the directors and advisors in the last five years or more is set forth below.

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

Tony Tan Caktiong is a Director and Co-Chairman of the Company. Mr. Tan Caktiong currently serves as the Chairman of Honeystar Holdings Corporation and the Founder and current Chairman of Jollibee Foods Corporation since 1978. He is also a member of Board of Director of First Gen Corporation since 2005 and Philippine Long Distance Company and Temasek Foundation. He is member of the Board of Managers of SJBF LLC and International Advisory Board. Mr. Tan Caktiong holds a Bachelor of Science in Chemical Engineering from the University of Santo Tomas in 1975 with a degree in Chemical Engineering.

Ferdinand J. Sia is the President and Chief Officer of the Company. He also serves as Director and President and Chief Operating Officer of MerryMart Consumer Corp. and Injap Investments, Inc. He previously served as Director and President of Mang Inasal from 2007 to 2012. He graduated from the Arellano University School of Law.

Rizza Marie Joy S. Javelona is the Treasurer and Chief Finance Officer of the Company. She is currently the Treasurer and Chief Finance Officer of Injap Investments Inc. She also serves as Comptroller of MerryMart Consumer Corp. and MerryMart Grocery Centers, Inc. She graduated Bachelors of Science in Accountancy at the University of the Philippines – Visayas and is a Certified Public Accountant.

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

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

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

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

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

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

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS OF DIRECTORS AND EXECUTIVE OFFICERS

To the best of the Company's knowledge and belief and after due inquiry, none of the Company's directors, nominees for election as director, or executive officers have in the five-year period prior to the date of this Offering Circular: (1) had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time; (2) have been convicted by final judgement in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offences; (3) have been the subject of any order, judgement, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or (4) have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organised trading market or self-regulatory organisation, to have violated a securities or commodities law or regulation, such judgement having not been reversed, suspended, or vacated.

CORPORATE GOVERNANCE

The Company submitted its Manual on Corporate Governance (the "**Manual**") to the Philippine SEC on 31 May 2017 in compliance with Philippine SEC Memorandum Circular No. 6, series of 2009. The Company and its respective directors, officers and employees have complied with the best practices and principles on good corporate governance as embodied in its Corporate Governance Manual. An evaluation system has been established by the Company to measure or determine the level of compliance of the Board of Directors and top level management with its Manual of Corporate Governance.

INDEPENDENT DIRECTORS

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

COMMITTEES OF THE BOARD

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

Audit Committee

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

The Audit Committee has the following functions:

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

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

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

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

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

- Organise an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of it engagement and removal;

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

- Review the reports submitted by the internal and external auditors;

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

    o Any changes in accounting policies and practices;

    o Major judgmental areas;

    o Significant adjustments resulting from the audit;

    o Going concern assumptions;

    o Compliance with accounting standards; and

- Compliance with tax, legal and regulatory requirements.

- Coordinate, monitor and facilitate compliance with laws, rules and regulations;

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

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

As of 30 September 2022, the Audit and Risk Management Committee is chaired by Mr. Gary P. Cheng, while Mr. Ferdinand J. Sia and Ms. Rizza Marie Joy S. Javelona serve as its members.

Nomination Committee

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

As of 30 September 2022, the Nomination Committee is chaired by Chief Justice Artemio V. Panganiban, while Ms. Rizza Marie Joy S. Javelona and Mr. William Tan Untiong serve as its members.

Compensation and Personnel Committee

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

As of 30 September 2022, the Compensation and Personnel Committee is chaired by Mr. Vicente S. Perez Jr., while Mr. Ferdinand J. Sia and Ms. Rizza Marie Joy S. Javelona serve as members.

Corporate Governance Committee

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

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

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

EVALUATION SYSTEM AND COMPLIANCE

As part of its system for monitoring and assessing compliance with the Manual and the Philippine SEC Code of Corporate Governance, each committee is required to report regularly to the Board of Directors and the Manual is subject to quarterly review. The Compliance Officer is responsible for determining and measuring compliance with the Manual and the Philippine SEC Code of Corporate Governance. Any violation of the Company's Corporate Governance Manual shall subject the responsible officer or employee to the following penalties:

- For a first violation, the offender shall be reprimanded.

- For a second violation, suspension from office shall be imposed on the offender. The duration of suspension shall depend on the gravity of the violation. This penalty shall not apply to the members of the Board of Directors.

- For a third violation, the maximum penalty of removal from office shall be imposed on the offender. The commission of a third violation by any member of the board or the Company or its subsidiaries and affiliates shall be sufficient cause for removal from directorship. In case the offender is a member of the Board of Directors, the provisions of Section 28 of the Philippine Corporation Code shall be observed.

EXECUTIVE COMPENSATION SUMMARY

Compensation

Injap Investments Inc., through an Executive Management Services Agreement, provides executive, corporate, strategic, administrative and financial oversight services related to the real estate business of the Company. Total fees paid under such agreement amounted to ₱3,000,000.00 for each of the years ended 31 December 2019, 2020 and 2021 which covers the positions of the Chairman and Chief Executive Officer, the President and the Treasurer and Chief Financial Officer of the Company.

For each of the years ended 31 December 2019, 2020 and 2021 the total salaries and allowances and bonuses paid to all other officers as a group unnamed are as follows:

SUMMARY ANNUAL COMPENSATION TABLE

Name and Principal Position	Period	Salary	Bonus
Chief Investment Officer and Department Heads: (Accounting, Business Development, Corporate Services, Design, Engineering, Information Technology, Internal Audit, Leasing, Legal,	2021	₱57,629,369	–
Marketing, Treasury & Corporate Planning,	2020	₱57,480,782	–
Procurement).	2019	₱61,911,666(1)	–

Note:

(1) Salaries for 2019 include compensation due to the officers under the Company's target incentive plan for 2019.

On 11 November 2015, the Board of Directors approved the creation of the senior management stock option plan ("**Stock Option Plan**"). The plan covers the senior management of the Company as identified by the Chairman and Chief Executive Officer. The plan allows all covered senior management to acquire at market price at grant date such number of shares of stock not exceeding 2% of the issued and outstanding capital stock of the Company, after a vesting period of three years. Vesting is conditional on the employment of the participant in the Company. The option will vest at the rate of 20% of the shares granted on the first year, 30% of the shares granted on the second year, and 50% of the shares granted on the third year. The option is exercisable within seven years from grant date.

The approval of the Stock Option Plan was ratified by the Company's shareholders on 5 January 2016 and submitted to the Philippine SEC for approval on 4 November 2016. The proposed issuance of 9,850,000 Common Shares pursuant to the Stock Option Plan was approved by the Philippine SEC on 25 September 2017. On 9 January 2019, the PSE approved the Company's application to list additional 9,850,000 common shares to cover the Company's Stock Option Plan at an option price based on the closing price of the Company's shares on the strike date. As of 30 September 2022, none of the eligible employees have exercised their respective options under the Stock Option Plan.

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

On 24 June 2021, the Company's Board of Directors approved amendments to the Stock Option Plan and approved a Long-Term Incentive Plan. The approval was ratified by the Company's shareholders on 30 July 2021.

COMPENSATION OF DIRECTORS

Independent directors receive a standard per diem for attendance in Board meetings. For the years ended 31 December 2019, 2020 and 2021 the Company paid a total of ₱0.96 million, ₱0.60 million and ₱2.92 million, respectively. Except as stated above, the Directors did not receive other allowances or per diems for the past and ensuing year. There are no other existing arrangements/agreements under which directors are to be compensated during the last completed fiscal year and the ensuing year.

SIGNIFICANT EMPLOYEES

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

FAMILY RELATIONSHIPS

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

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

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

EMPLOYMENT CONTRACTS

The Company and its subsidiaries have executed pro-forma employment contracts with its staff and officers. These contracts basically specify the scope of services expected from these individuals and the compensation that they shall receive.

There are no arrangements for compensation to be received by these named executive officers from the Company in the event of a change in control.

WARRANTS AND OPTIONS OUTSTANDING

As of the date of this Offering Circular, there are executive officers of the Company who were granted options to subscribe to Common Shares of the Company pursuant to the Stock Option Plan approved by the Board of Directors in 2015 and ratified by the shareholders in 2016, and amendments to the Stock Option Plan in 2021.

PRINCIPAL SHAREHOLDERS

The following table sets forth the 20 largest shareholders of the Company's Common Shares as of 31 December 2022:

Shareholder	Number of Shares Subscribed	% of Ownership
Injap Investments Inc..	824,996,999	35.18%
Honeystar Holdings Corp.	824,996,999	35.18%
PCD Nominee Corporation (Filipino)	666,313,286	28.50%
PCD Nominee Corporation (Non-Filipino)	24,267,255	0.93%
John Michael Alerta Javelosa	1,000,000	0.04%
Harley T. Sy	811,000	0.03%
Consuelo A. Tiope	500,000	0.02%
Michelle Marie C. Ang	251,100	0.01%
Michelle Marie C. Ang	200,000	0.01%
Ricardo G. Tiutan	150,000	0.01%
Kenneth Sio Tan	125,000	0.01%
Maria Ephie Angela Gicaro Sa-Onoy	100,000	0.00%
Albert S. Tan	100,000	0.00%
Evelyn S. Tan	100,000	0.00%
Perry Arthur B. Juridico	100,000	0.00%
Jermaine M. Dulaca	100,000	0.00%
Jeremiah R. Presnedi	87,000	0.00%
Jedidah R. Presnedi	87,000	0.00%
Elpidio H. Jaruda	75,000	0.00%
Veronica P. Jaruda	75,000	0.00%

PREFERRED SHARES

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

Shareholder	Number of Shares Subscribed	% of Ownership
PCD Nominee Corporation (Filipino)	96,857,110	96.86%
PCD Nominee Corporation (Non-Filipino)	1,016,370	1.01%
Andre Jonathan L. Ng	550,000	0.55%
Knights of Columbus Fraternal Association of the Philippines	426,900	0.43%
Meralco Employees Savings and Loan Association, Inc.	250,000	0.25%
Jessica L. Malto	105,000	0.11%
Knights of Columbus Fraternal Association of the Philippines	68,700	0.07%
Judy O. Tan	55,500	0.06%
Josefina Gutierrez Castillo or Cynthia Gutierrez Castillo	55,000	0.06%
Ben Tiuk Sy or Judy Yu Sy	50,000	0.05%
John P. Barcelona	37,500	0.04%
Foundation for Resource Linkage and Development Inc.	35,000	0.04%
Ernesto Lim Pardinas	32,700	0.03%
Sota Philippines, Inc	25,000	0.03%
William O. Dizon or Susan A. Dizon	25,000	0.03%
Chiong Ping G. Ching and/or Maria Gracia J. Tan	25,000	0.03%
Ching Bun Teng Tiu and/or Ching Chiong Ping Go or Onking Giovanna Joy Tan	25,000	0.03%
Aguinaldo A. Andrada or Mira Grace Q. Andrada	21,600	0.02%
Reynaldo G. Alejandro	20,000	0.02%
One Point Contact, Inc..	20,000	0.02%

SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT AS OF 31 DECEMBER 2022

The following table sets forth security ownership of the Company's Directors, and Officers, as of 31 December 2022:

Name of Beneficial Owner	Title of Class	Number of shares	Nature of ownership	Citizenship	%
Edgar J. Sia II	Common	1,351,190	(D)	Filipino	0.057%
	Common	453,748,349	(I)	Filipino	–
	Preferred	–		Filipino	–
Tony Tan Caktiong	Common	1,000	(D)	Filipino	0.00004%
	Common	32	(I)	Filipino	–
	Preferred	–		Filipino	–
Ferdinand J. Sia	Common	12,032,712	(D)	Filipino	0.00508%
	Common	247,499,100	(I)	Filipino	–
	Preferred	–		Filipino	–
Rizza Marie Joy S. Javelona . .	Common	1,000	(D)	Filipino	0.00004%
	Common	123,739,650	(I)	Filipino	–
	Preferred	–		Filipino	–
William Tan Untiong	Common	3,501,000	(D)	Filipino	0.14788%
	Common	32	(I)	Filipino	–
	Preferred	50,000	(D)	Filipino	0.05000%
Joseph Tanbuntiong	Common	4,001,000	(D)	Filipino	0.16899%
	Common	103,124,625	(I)	Filipino	–
	Preferred	–		Filipino	–
Gary P. Cheng	Common	250,001	(D)	Filipino	0.01056%
	Preferred	–		Filipino	–
Vicente S. Perez, Jr.	Common	250,001	(D)	Filipino	0.01056%
	Preferred	–		Filipino	–
Joselito L. Barrera, Jr..	Common	11,000	(D)	Filipino	0.0004%
	Preferred	–		Filipino	–
TOTAL	**Common**	21,398,904	**(D)**		0.91%
	Common	928,111,788	**(I)**		39.58%
	Preferred	50,000	**(D)**		.05%

Note:

(D) Refers to direct ownership and (I) refers to indirect ownership.

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company's voting securities as of 31 December 2022

Name and Address of Record Owners	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	% of Total Outstanding Shares
Honeystar Holdings Corp. 10F Jollibee Plaza 10 F. Ortigas Jr. Ave. Ortigas Center, Pasig City.	The record owner is the beneficial owner of the shares indicated	Filipino	824,996,999	35.18%
Injap Investments Inc. Fuentes corner Delgado Streets, Iloilo City	The record owner is the beneficial owner of the shares indicated	Filipino	824,996,999	35.18%
PCD Nominee Corporation (Filipino) Tower I, The Enterprise Center, 6766 Ayala Ave. corner Paseo de Roxas, Makati City	The record owner is the beneficial owner of the shares indicated	Filipino	668,271,256	28.50%
PCD Nominee Corporation (Non-Filipino) Tower I, The Enterprise Center, 6766 Ayala Ave. corner Paseo de Roxas, Makati City	The record owner is the beneficial owner of the shares indicated	Foreign	21,784,685	0.93%

Except as disclosed above, the Guarantor is not directly or indirectly owned or controlled by another corporation, any government or other natural or legal person, whether severally or jointly. There is no known arrangement, the operation of which may, at a subsequent date, result in a change in the control of the Guarantor.

RELATED PARTY TRANSACTIONS

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with related parties and affiliates. These transactions include advances and reimbursement of expenses. Except where indicated in the table below, settlement of outstanding balances of advances at year end occurs in cash. As of 31 December 2019, 2020 and 2021 and 30 September 2022 the Company has not made any provision for impairment losses relating to amounts owed by related parties

The summary of the Company's transactions with its related parties for the nine months ended 30 September 2022 and the year ended 31 December 2021 and the related outstanding balances as of 30 September 2022 and 31 December 2021 are as follows:

				Outstanding Balances		
Category	**For/As of**	**Ref/Note**	**Amount of Transaction**	**Due from Related Parties**	**Due to Related Parties**	**Terms and Conditions**
Parent Company's Key Management Personnel						
Management fees	**30 September 2022**	*a*	**₱2,008,929**	**₱–**	**₱–**	**Demandable; non-interest bearing; unsecured; payable in cash**
	2021	*a*	2,678,571	–	–	Demandable; non-interest bearing; unsecured; payable in cash
Stockholders						
Acquisition of HOA	**30 September 2022**	*b*	–	–	–	**Payable by way of DD shares**
	2021	*b*	–	–	–	Payable by way of DD shares
Other Related Parties						
Land acquired	**30 September 2022**	*c*	**–**	**–**	**539,256,940**	**Payable by way of condo units**
	2021	*c*	–	**–**	383,281,305	Payable by way of condo units
Cash advances received	**30 September 2022**	*d*	**–**	**52,146,970**	**–**	**Demandable; non-interest bearing; unsecured; collectible in cash; no impairment**
	2021	*d*	12,069,998	55,150,000	20,498,443	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	30 September 2022			**₱52,146,970**	**₱539,256,940**	
	2021			₱55,150,0007	₱727,613,383	

a. *Executive Management Services Agreement*

The Company entered into an agreement with a shareholder for executive corporate, strategic, administrative and financial oversight services relative to the real estate business of the Company. The term of this agreement is one year effective 1 January 2012. This is renewable under the same terms and conditions upon mutual agreement of the parties. In December 2018, the Company's Board authorised the extension of the aforesaid agreement from 1 January to 31 December 2019 under the same terms and conditions set out in 2018, payable on a quarterly basis. The agreement was further renewed in 2021 and 2020 with the same terms and conditions. The fee, which includes staffing costs for services rendered by the shareholders, amounted to ₱2.68 million for the years ended 31 December 2021, 2020 and 2019 and nil for the nine months ended 30 September 2022, respectively.

b. *Acquisition of Hotel of Asia, Inc.*

The Company entered into a Share Purchase Agreement with Injap Investments, Inc. ("**III**") with the consideration amounting to the fair value of its shares to be issued to III, as consideration transferred in exchange for III's 40% share in Hotel of Asia, Inc. ("**HOA**"). This was paid in 2021.

c. *Land Acquisitions*

The Company has outstanding liabilities to minority shareholders of Prime DDG Commercial Centers Inc. amounting to ₱383.28 million for the acquisition of certain parcels of land which will be used for the Company's CityMalls. The stated unsecured, non-interest bearing liabilities are payable on demand.

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

In 2018, HOA entered into a Memorandum of Agreement with a minority shareholder wherein HOA, in consideration of the land owned by the minority shareholder, settled to pay the latter in kind by way of 80 condominium hotel (condotel) units and 50% of the ground floor commercial units in the Hotel 101-Davao project.

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

d. *Cash Advances*

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

e. *Lease of Mall Spaces*

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

f. *Key Management Personnel Compensation*

The short-term benefits of key management personnel amounted to ₱14.0 million and ₱35.4 million for the nine months ended 30 September 2022 and for the year ended 31 December 2021, respectively. The long-term benefits of key management personnel amounted to ₱0.9 million and ₱1.0 million for the nine months ended 30 September 2022 and for the year ended 31 December 2021, respectively. Director's fees paid amounted to ₱2.92 million in 2021, and ₱1.5 million for the nine months ended 30 September 2022.

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

All material related party transactions are subject to approval by the Board of Directors. Material related party transactions pertain to those transactions, either individually, or in aggregate over a 12-month period, that exceed 10% of the Company's total assets, based on the latest audited financial statements. All other related party transactions that are considered not material are approved by management.

For more information, see notes to the Company's consolidated financial statements elsewhere in this Offering Circular.

DESCRIPTION OF MATERIAL INDEBTEDNESS

As of 30 September 2022, the Company's total outstanding indebtedness was ₱54.1 billion, comprising various short-term loans mainly from local banks, long-term corporate notes mainly from local banks, and fixed-rate bonds The Company's debt obligations have maturities ranging from 60 days to 10 years.

As of 30 September 2022, the Company's total long-term outstanding indebtedness was ₱45.1 billion. 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.

As of 30 September 2022, 16.6% of the Company's borrowings represent short-term borrowings.

The following table describes the Company's long-term indebtedness (consolidated) as of 30 September 2022:

Description of Indebtedness	Borrower	Lender	Maturity	Interest Rate	Outstanding Amount as of 30 September 2022
					(in ₱ millions)
Long-Term Debt					
Notes Payable	DoubleDragon	Local Bank	30-Nov-2023	5.0% (variable)	179.6
Notes Payable	DoubleDragon	Local Bank	28-May-2024	5.20% (variable)	85.2
Notes Payable	DoubleDragon Corporation	Local Bank	07-Nov-2024	6.25% (fixed)	4,500.0
Notes Payable	DoubleDragon Corporation	Local Bank	23-Mar-24	6.1785% to 6.2289% (fixed)	1,200.0
Notes Payable	DoubleDragon Corporation	Local Bank	31-Jul-23	5.7997% to 6.1810% (fixed)	1,125.0
Notes Payable	DoubleDragon Corporation	Local Bank	01-Oct-26	6.24% (fixed)	280.0
Notes Payable	DoubleDragon	Local Bank	01-Oct-26	6.76% (fixed)	470.0
Notes Payable	DoubleDragon Corporation	Local Bank	01-Oct-26	6.48% (fixed)	352.5
Notes Payable	DoubleDragon Corporation	Local Bank	04-Nov-26	6.05% (fixed)	500.0
Notes Payable	DoubleDragon Corporation	Local Bank	21-Oct-26	5.80% (fixed)	5,000.0
Notes Payable	DoubleDragon Corporation	Local Bank	16-Dec-26	6.47% (fixed)	3,590.0
Notes Payable	DoubleDragon	Local Bank	04-Nov-26	6.26% (fixed)	1,410.0
Notes Payable	DoubleDragon	Local Bank	29-Apr-27	6.82% (fixed)	3,175.0
Notes Payable	DoubleDragon	Local Bank	30-Sep-27	8.05% (fixed)	1,000.0
Notes Payable	HOA	Local Bank	31-Jul-24	5.50% to 7.07% (fixed)	14.8
Notes Payable	HOA	Local Bank	22-Nov-22	5.93% (fixed)	1.4
Retail Bonds	DoubleDragon Corporation	Various Bondholders	15-Dec-26	5.9721% (fixed)	5,300.0
Retail Bonds	DoubleDragon Corporation	Various Bondholders	21-Jul-24	6.0952% (fixed)	9,700.0
Notes Payable	DDPC Worldwide Pte. Ltd.	Various Bondholders	27-Jul-25	7.25% (fixed)	7,620.6
Total Long-Term Debt					**45,504.1**
Less: Issue costs					378.4
Long-Term Borrowings					**45,125.7**
Add: Short Term Borrowings					8,987.1
Total Long and Short-term Borrowings					**54,112.8**

REGULATION AND ENVIRONMENTAL MATTERS

REAL ESTATE REGULATIONS

The Company's business operations are subject to various laws, rules and regulations that have been promulgated for subdivisions, socialised housing, condominiums, hotels, and malls.

The Philippine Constitution

The Philippine Constitution and related statutes set forth restrictions on foreign ownership of owning land in the Philippines. Article XII, Section 7 of the Philippine Constitution, in relation to Article XII, Section 2 of the Philippine Constitution and Chapter 5 of Commonwealth Act No, 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organised under the laws of the Philippines at least 60% of whose capital is owned by such citizens. A corporation with more than 40% foreign equity may be allowed to lease private land for a period of 25 years, renewable for another 25 years.

Since the Company owns land, it is subject to the above restrictions under the Philippine Constitution.

Foreign Investments Act of 1991, as amended

For the purpose of complying with nationality laws, the term "Philippine National" is defined under the Foreign Investments Act of 1991, as amended by Republic Act No. 11647 ("**FIA**") as any of the following:

- a citizen of the Philippines;
- a domestic partnership or association wholly owned by citizens of the Philippines;
- a corporation organised under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines;
- a corporation organised abroad and registered to do business in the Philippines under the Revised Corporation Code of the Philippines, of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos; or
- a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals.

For as long as the percentage of Filipino ownership of the capital stock of the corporation is at least 60% of the total shares outstanding and voting, the corporation shall be considered a Philippine national.

Further, the FIA and the Twelfth Regular Foreign Investment Negative List (the "**Negative List**") categorise the ownership of private lands as a partly-nationalized activity, such that the operation, ownership, or both thereof is partially reserved for Filipinos. Thus, landholding companies may have a maximum of 40% foreign equity.

The above definitions are relevant to the Company, as it must comply with nationality requirements applicable to owners of land.

Property Registration

The Philippines has adopted a system of land registration, which evidences land ownership that is binding on all persons. Title to registered lands cannot be lost through possession or prescription. Presidential Decree No. 1529, as amended, otherwise known as the Property Registration Decree, codified the laws relating to land registration to strengthen the Torrens system and streamline and simplify registration proceedings and the issuance of certificates of title.

After proper surveying, application, publication, service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgement within 15 days to the Court of Appeals or the Supreme Court. After the lapse of the period of appeal, the Register of Deeds may issue an Original Certificate of Title. The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration.

Similarly, in an administrative proceeding, the land is granted to an applicant by DENR through issuance of a patent and the patent becomes the basis for issuance of the Original Certificate of Title by the Register of Deeds. All land patents (i.e. homestead, sales and free patent) must be registered with the appropriate registry of deeds since the conveyance of the title to the land covered thereby takes effect only upon such registration.

Any subsequent transfer or encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new transfer certificate of title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

The Subdivision and Condominium Buyer's Protective Decree

Presidential Decree No. 957, otherwise known as The Subdivision and Condominium Buyer's Protective Decree ("**P.D. 957**") is the principal statute which regulates the development and sale of real property as part of a condominium project or subdivision. It was enacted pursuant to the policy of the state to ensure that real estate subdivision owners, developers, operators, and/or sellers provide and properly maintain roads, drainage, sewerage, water systems, lightning systems and other similar basic requirements in order to guarantee the health and safety of home and lot buyers.

P.D. 957 covers subdivision projects and all areas included therein for residential, commercial, industrial and recreational purposes, and condominium projects for residential or commercial purposes.

Real Estate Service Act of the Philippines

Owners of or dealers in real estate projects are required to obtain licences to sell before making sales or other dispositions of lots or real estate projects. Republic Act No. 9646 or the Real Estate Service Act of the Philippines provides that real estate consultants, appraisers, assessors and brokers must pass the requisite exams and be duly registered and licenced by the Professional Regulation Commission ("**PRC**"), while real estate salespersons, or those who may act on behalf of a real estate broker to facilitate a real estate transaction, only need to be accredited by the PRC.

Urban Development and Housing Act of 1992

Republic Act No. 7279, as amended recently by Republic Act No. 10884, or the Urban Development and Housing Act of 1992, requires developers of proposed subdivision projects to develop an area for socialised housing equivalent to at least fifteen percent (15%) of the total subdivision area or total subdivision project cost, and at least five percent (5%) of condominium area or project cost, at the option of the developer, within the same city or municipality whenever feasible, and in accordance with the standards set by the Housing and Land Use Regulatory Board ("**HLURB**") and other existing laws. Alternatively, the developer may opt to buy socialised housing bonds issued by various accredited government agencies or enter into joint venture arrangements with other developers engaged in socialised housing development.

On 3 May 2017, HLURB issued Resolution No. 946, Series of 2017, which provides for the rules and regulations implementing Republic Act No. 10884 ("**IRR of R.A. No. 10884**"). The IRR of R.A. No. 10884 provides for the other manners in which developers may comply with the required projects for socialised housing which includes the: (i) development of socialised housing in a new settlement; (ii) entering into joint venture arrangements with LGUs, housing agencies, private developer and non-government organisation engaged in the provision of socialised housing; and (iii) participation in a new project under the community mortgage programme. Under the IRR of R.A. No. 10884, the licence to sell of the main project may be suspended, cancelled or revoked, if the required compliance project has not been developed or has not been completely developed in accordance with the approved work programme and within the period approved by the HLURB.

Notably, under R.A. No. 10884, income derived by domestic corporations from the development and sale of socialised housing is exempt from project related income taxes, capital gains tax on raw lands used for the project, value-added tax for the project contractor concerned, transfer tax for both raw completed projects, and donor's tax for lands certified by the LGUs to have been donated for socialised housing purposes. Under the current Investment Priorities Plan issued by the Board of Investments, mass housing projects are eligible for government incentives subject to certain policies and guidelines.

On 14 February 2019, Republic Act No. 11201, also known as the "Department of Human Settlements and Urban Development," which consolidated the Housing and Urban Development Coordinating Council ("**HUDCC**") and HLURB, was signed. The Department of Human Settlements and Urban Development ("**DHSUD**") is the primary national government entity responsible for the management of housing, human settlement and urban development. The DHSUD is the sole and main planning, policy-making, regulatory, program, coordination, and performance monitoring entity for all housing, human settlement and urban development concerns, primarily focusing on the access to an affordability of basic human needs.

The functions of the HUDCC and following functions of the HLURB were transferred to the DHSUD:

- The land use planning and monitoring function, including the imposition of penalties for non-compliance to ensure that LGUs follow the planning guidelines and implement their Comprehensive Land Use Plan and zoning ordinances;

- The regulatory function, including the formulation, promulgation, and enforcement of rules, standards and guidelines over subdivisions, condominiums and similar real estate developments; and

- The registration, regulation and supervision of home owners' associations.

The HLURB's adjudicatory mandate was transferred to the Human Settlements Adjudication Commission.

The DHSUD, being the primary national government entity responsible for the management of housing, human settlement and urban development is the administrative agency of the Government which enforces this decree and has jurisdiction to regulate the real estate trade and business.

In this regard, all subdivision plans and condominium project plans are required to be filed with and approved by the DHSUD and the relevant LGU of the area where the project is situated. Approval of such plans is conditional on, among other things, the Company's financial, technical and administrative capabilities. Alterations of approved plans which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant local government unit.

Subdivision or condominium units may be sold or offered for sale only after an LTS has been issued by the DHSUD. The Company, as owner of and dealer in real estate projects, is required to obtain licences to sell ("**LTS**") before making sales or other dispositions of lots or real estate projects. As a requisite for the issuance of an LTS by the DHSUD, developers are required to file with the DHSUD security (in the form of a surety bond, mortgage, or any other form of security) to guarantee the completion of the development and compliance with the applicable laws, rules and regulations.

Project permits and licences to sell may be suspended, cancelled or revoked by the DHSUD by itself or upon complaint from an interested party. A licence or permit to sell may only be suspended, cancelled or revoked after a notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the DHSUD's rules of procedure and other applicable laws.

Under the law, should the owner/dealer sell or offer to sell subdivision lots or condominium units without obtaining a certificate of registration and LTS, or violate any other provision under Presidential Decree No. 957, the owner/dealer may be subject to an administrative fine imposed by the DHSUD, or to criminal penalty of a fine of not more than ₱20,000.00 and/or imprisonment of not more than ten years. In case of corporations, the president, manager or administrator or the person who has charge of the administration of the business shall be criminally responsible.

The Supreme Court has affirmed that while the law penalises the selling of subdivision lots or condominium units without a certificate of registration and LTS, it does not provide that the absence thereof will automatically render a contract void.

The Condominium Act

Republic Act No. 4726, otherwise known as The Condominium Act ("**R.A. No. 4726**"), as amended, likewise regulates the development and sale of condominium projects.

R.A No. 4726 requires the annotation of the master deed or the declaration of restrictions on the title of the land on which the condominium project shall be located. The master deed contains, among other things, the description of the land, building/s, common areas and facilities of the condominium project. The declaration of restrictions shall constitute a lien upon each condominium unit in the project, and shall bind all condominium owners in the project. Such liens, unless otherwise provided, may be enforced by any condominium owner in the project or by the management body of such project.

A condominium project may be managed by a condominium corporation, an association, a board of governors or a management agent, depending on what is provided in the declaration of restrictions of the condominium project. However, whenever the common areas are held by a condominium corporation, such corporation shall constitute the management body of the project. The declaration of restrictions shall also provide for voting majorities, quorums, notices, meeting date, and other rules governing such body or bodies.

Any transfer or conveyance of any unit or an apartment, office or store or other space, shall include the transfer or conveyance of the undivided interests in the common areas, or, in a proper case, the membership or shareholdings in the condominium corporation. A condominium corporation shall not, during its existence, sell, exchange, lease, or otherwise dispose of the common areas owned or held by it in the condominium project unless authorised by the affirmative vote of a simple majority of the registered owners with prior notification to all registered owners. Further, the condominium corporation may expand or integrate the project with another upon the affirmative vote of a simple majority of the registered owners, subject only to the final approval of DHSUD.

Real Estate Sales on Instalments

The provisions of Republic Act No. 6552, or the Maceda Law, apply to all transactions or contracts involving the sale or financing of real estate on instalment payments (including residential condominium units but excluding industrial and commercial lots). Under the provisions of the Maceda Law, where a buyer of real estate has paid at least two years of instalments, the buyer is entitled to the following rights in case he/she defaults in the payment of succeeding instalments:

- To pay, without additional interest, the unpaid instalments due within the total grace period earned by him, which is fixed at the rate of one month for every one year of instalment payments made. However, the buyer may exercise this right only once every five years during the term of the contract and its extensions, if any.

- If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50% of the total payments made, and in cases where five years of instalments have been paid, an additional 5% every year (but with a total not to exceed 90% of the total payments); provided that the actual cancellation of the contract shall take place after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

Down payments, deposits, or options on the contract shall be included in the computation of the total number of instalment payments made.

In the event that the buyer has paid less than two years of instalments, the seller shall give the buyer a grace period of not less than 60 days from the date the instalment became due. If the buyer fails to pay the instalments due at the expiration of the grace period, the seller may cancel the contract after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

Local Government Code

Republic Act No. 7160, as amended, otherwise known as the Local Government Code establishes the system and powers of provincial, city, municipal, and *barangay* governments in the country. The Local Government Code general welfare clause states that every LGU shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

LGUs exercise police power through their respective legislative bodies. Specifically, the LGU, though its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of the prosperity, and the promotion of the morality, peace, good order, comfort, convenience, and general welfare of the locality and its inhabitants. Ordinances can reclassify land, order the closure of business establishments, and require permits and licences from businesses operating within the territorial jurisdiction of the LGU.

An ordinance may be repealed by a subsequent ordinance expressly repealing or declaring it as invalid. An ordinance may also be repealed by implication by a subsequent ordinance that is inconsistent or contrary, in whole or in part, to the previous ordinance. Under the Local Government Code, the *Sangguniang Panlalawigan* (provincial council) has the power to review ordinances passed by a component city council and can declare ordinances invalid, in whole or in part, if it finds that the lower council exceeded its authority in enacting the ordinance.

Notably, shopping mall centres are primarily regulated by the LGU of the city or municipality where the mall is located. In line with this, mall operators must secure the required mayor's permit or municipal licence before operating. In addition, no mall shall be made operational without complying first with the provisions of the fire code and other applicable local ordinances. Furthermore, shopping malls with food establishments must obtain a sanitary permit from the Department of Health. It is also compulsory for shopping malls discharging commercial waste water to apply for a waste water discharge permit from the DENR and to pay the fee incidental to the permit.

Real Property Taxation

Real property taxes are payable annually based on the property's assessed value. Under the Local Government Code, the assessed value of property and improvements vary depending on the location, use and the nature of the property. An additional special education fund tax of 1% of the assessed value of the property may also be levied annually by the LGU. The basic real property tax and any other tax levied on real property constitute a lien on the property subject to tax, superior to all liens, charges or encumbrances in favour of any person, irrespective of the owner or possessor thereof, enforceable by administrative or judicial action, and may only be extinguished upon payment of the tax and the related interests and expenses. Should the reasonableness or correctness of the amount assessed be questioned, a protest in writing may be filed with the treasurer of the local government unit, but the taxpayer must first pay the tax, and the tax receipts shall be annotated with the words "paid under protest."

Rules and Regulations Governing the Accreditation of Hotels

Executive Order No. 120, Series of 1987, gave to the Department of Tourism the power to provide accreditation standards for hotels, resorts, and other tourism-oriented facilities. Pursuant to this law, the Philippine Department of Tourism promulgated the Rules and Regulations to Govern the Accreditation of Hotels, Tourist Inns, Motels, Apartels, Resorts, Pension Houses, and Other Accommodation Establishments, intended to govern the business and operation of all hotels, inns, and similar establishments in the Philippines. For purposes of registration and accreditation, hotels are classified into four (4) groups: De Luxe Class, First Class, Standard Class and Economy Class. The Rules promulgated by the Department of Tourism provide minimum standards for the establishment, operation and maintenance of hotels depending on the hotel's classification.

Zoning and Land Use

Land use may be also limited by zoning ordinances enacted by LGUs. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant LGU. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the DAR, land classified for agricultural purposes as of or after 15 June 1988, cannot be converted to non-agricultural use without the prior approval of DAR.

Fire Code

Republic Act No. 9514, or the Fire Code of the Philippines (the "**Fire Code**"), aims to ensure public safety and prevent and suppress all kinds of destructive fires. It provides that building owners or administrators must comply with the following:

- inspection requirements;
- safety measures for hazardous materials;
- safety measures for hazardous operation/processes;
- provision on fire safety construction, protective and warning system; and
- abatement of fire hazards.

In addition, the Fire Code provides for penalties for violation of its provisions.

Building Code

Republic Act No. 6451, or the National Building Code of the Philippines, applies to the design, location, siting, construction, alteration, repair, conversion, use, occupancy, maintenance, moving, and demolition of, and addition to, public and private buildings and structures. Buildings and structures must conform to the minimum requirements and standards under the law, including the introduction of facilities.

The law requires buildings or structures to conform in all respects to the principles of safe construction, to be suited to the purpose for which the building is designed, and in no case to contribute to making the community in which it is located at eyesore, a slum, or a blighted area.

Any person or corporation intending to construct, alter, repair, move, convert or demolish any building or structure, or cause the same to be done, shall obtain a building permit from the Building Official for whichever of such work is proposed to be undertaken for the building or structure, before any such work is started.

ENVIRONMENTAL MATTERS

The operations of the businesses of the Company are subject to various laws, rules and regulations that have been promulgated for the protection of the environment.

Philippine Environmental Impact Statement System

The Philippine Environmental Impact Statement System (the "**EISS Law**") established under Presidential Decree No. 1586, which is implemented by the Department of Environment and Natural Resources ("**DENR**"), is the general regulatory framework for any project or undertaking that is either (i) classified as environmentally critical or (ii) is situated in an environmentally critical area.

Real estate development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate ("**ECC**") prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau ("**EMB**"), determines whether a project is environmentally critical or located in an environmentally critical area and possesses all applications for an ECC.

The law requires an entity that will undertake any such declared environmentally critical project or operate in any such declared environmentally critical area to submit an Environmental Impact Statement ("**EIS**") which is a comprehensive study of the significant impacts of a project on the environment. The EIS serves as an application for the issuance of an ECC, if the proposed project is environmentally critical or situated in an environmentally critical area; or for the issuance of a Certificate of Non-Coverage, if otherwise.

On the other hand, a non-environmentally critical project in an environmentally critical area is generally required to submit an Initial Environmental Examination (the "**IEE**") to the proper EMB regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required in addition to the IEE.

The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas. While the terms and conditions of an EIS or an IEE may vary from project to project, as a minimum it contains all relevant information regarding the project's environmental effects. The entire process of organisation, administration and assessment of the effects of any project on the quality of the physical, biological and socioeconomic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC.

An ECC is a Government certification that, among others, (i) the proposed project or undertaking will not cause significant negative environmental impact; (ii) the proponent has complied with all the requirements of the EISS Law in connection with the project; and (iii) the proponent is committed to implement its approved Environmental Management Plan ("**EMP**") in the EIS. The EMP details the prevention, mitigation, compensation, contingency and monitoring measures to enhance positive impacts and minimise negative impacts and risks of a proposed project or undertaking.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents also required to establish an Environmental Monitoring Fund ("**EMF**") when an ECC is eventually issued. The EMF is to support the activities of the team monitoring the project proponent's compliance with ECC conditions, EMP and applicable laws, rules and regulations.

Power plant operations are considered environmentally critical projects for which an EIS and an ECC are mandatory.

In addition to the requirement for the issuance of an ECC, all public and private proponents of subdivision development projects, housing projects and other land development and infrastructure projects are required to undertake an Engineering Geological and Geohazard Assessment ("**EGGA**"). The EGGA is undertaken in order that project proponents can adequately and comprehensively address and mitigate the possible effects/impacts of geologic hazards. To comply with this requirement, the proponent causes the preparation of an Engineering Geological and Geohazard Assessment Report ("**EGGAR**") which includes the results of all engineering geological, structural geological and geohazard assessment and geotechnical tests, with any other specialised studies and tests undertaken, as prescribed by the DENR-Mines and Geosciences Bureau ("**MGB**"). The EGGAR shall be subject to review/verification by DENR-MGB and for appropriate transmittal or endorsement to the DENR-EMB and other concerned government Agencies. The EGGAR is used as an institutional planning tool to safeguard development projects from the hazards caused by geological phenomena. The Company undertakes the EGGA and secures ECCs prior to commencement of its real estate projects and exerts best efforts to comply with the conditions specified therein. Real estate projects are also required to secure relevant local permits and abide by requirements specific to local zoning ordinances, and, if applicable, protected area guidelines. The Company secures the necessary permits and keeps track of national and local regulatory developments.

The Clean Water Act

The Clean Water Act (Republic Act No. 9275) and its implementing rules and regulations provide for water quality standards and regulations for the prevention, control, and abatement of pollution of the water resources of the country.

The Clean Water Act requires owners or operators of facilities that discharge regulated effluents (such as wastewater from manufacturing plants or other commercial facilities) to secure a discharge permit from the DENR which authorises the owners and operators to discharge waste and/or pollutants of specified concentration and volumes from their facilities into a body of water or land resource for a specified period of time. As part of the permitting procedure, DENR shall encourage the adoption of waste minimization and waste treatment technologies when such technologies are deemed cost effective. The water quality standards and regulations and the civil liability and penal provisions under the Clean Water Act shall be enforced irrespective of sources of pollution. The DENR, together with other Government agencies and the different local Government units, is tasked to implement the Clean Water Act and to identify existing sources of water pollutants, as well as strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law.

The Clean Air Act

Pursuant to the Clean Air Act of 1999 (Republic Act No. 8749) and its implementing rules and regulations, enterprises that operate or utilise air pollution sources are required to obtain an Authority to Construct or a Permit to Operate from the DENR with respect to the construction or the use of air pollutants. The issuance of the said permit seeks to ensure that regulations of the DENR with respect to air quality standards and the prevention of air pollution are achieved and complied with by such enterprises.

Other Environmental Laws

Other regulatory environmental laws and regulations applicable to the businesses of the Company include the following:

- The Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 (Republic Act No. 6969), which regulates, restricts or prohibits the (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substance and mixtures that present unreasonable risk or injury to health or the environment, and (ii) entry into the Philippines, or the keeping in storage of hazardous wastes which include by-products, process residue, contaminated plant or equipment or other substances from manufacturing operations. The said law is implemented by the DENR.

- The Ecological Solid Waste Management Act of 2000 (Republic Act No. 9003), which provides for the proper management of solid waste which includes discarded commercial waste and nonhazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centres and facilities. The National Solid Waste Management Commission, together with other Government agencies and the different local Government units, are responsible for the implementation and enforcement of the said law.

- The Code on Sanitation of the Philippines (the "**Sanitation Code**") (Presidential Decree No. 856), which provides for sanitary and structural requirements in connection with the operation of certain establishments such as industrial establishments. Under the Sanitation Code, which is implemented by the Philippine Department of Health, no person, firm, corporation, or entity shall operate any industrial establishment without first obtaining a sanitary permit.

DATA PRIVACY

Republic Act No. 10173, or the Data Privacy Act of 2012 (the "**Data Privacy Act**"), protects all forms of information, be it private, personal, or sensitive. It applies to any natural or juridical persons involved in processing of information (which refers to any operation or any set of operations performed upon personal data including, but not limited to, the collection, recording, organisation, storage, updating or modification, retrieval, consultation, use, consolidation, blocking, erasure or destruction of data), whether in the government or private sector, and whether in or outside the Philippines.

The Data Privacy Act mandated the creation of a National Privacy Commission ("**NPC**"), which shall administer and implement the provisions of the law and ensure compliance of the Philippines with international standards for data protection. The Government recognises the need to protect the fundamental human right of privacy and of communication, while ensuring free flow of information to promote innovation and growth. It also identifies the vital role of information and communications technology in nation building and its inherent obligation to ensure that personal information in Information and Communications System, or ICT, in the Government and in the private sector are secured and protected.

The law defines personal information as any information whether recorded in a material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual. On the other hand, sensitive personal information refers to personal information: (a) about an individual's race, ethnic origin, marital status, age, colour, and religious, philosophical or political affiliations; (b) about an individual's health, education, genetic or sexual life or a person, or to any proceeding for any offence committed or alleged to have been committed by such person, the disposal of such proceedings, or the sentence of any court in such proceedings; (c) issued by government agencies peculiar to an individual which includes, but not limited to, social security numbers, previous or current health records, licences or its denials, suspension or revocation, and tax returns; and (d) specifically established by an executive order or an act of the Philippine Congress to be kept classified.

In general, the processing of sensitive personal information and privileged information is prohibited except where: (1) the data subject has given his or her consent, specific to the purpose prior to the processing, or in the case of privileged information, all parties to the exchange have given their consent prior to processing; (2) the processing is provided for by existing laws and regulations; (3) the processing is necessary to protect the life and health of the data subject or another person, and the data subject is not able to give consent; (4) the processing is carried out for limited non-commercial purposes by public organisations and their associations; (5) the processing is necessary for purposes of medical treatment, is carried out by a medical practitioner or a medical treatment institution, and an adequate level of protection of personal information is ensured; or (6) the processing is necessary for court proceedings or legal claims, or is provided to the government or a public authority.

Under the Data Privacy Act, the appointment of a Data Protection Officer ("**DPO**") is a legal requirement for all personal information controllers ("**PICs**") and personal information processors ("**PIPs**"). The DPO is accountable for ensuring the company's compliance with all data privacy and security laws and regulations. A PIC may be a natural or juridical person who exercises control over the processing of personal data and furnishes instructions to another person or entity to process personal data on its behalf. A PIP on the other hand, refers to a person or body instructed or outsourced by a PIC to engage in the processing of the personal data of a data subject. The PIC or PIP that employs fewer than 250 persons shall not be required to register unless the processing it carries out is likely to pose a risk to the rights and freedoms of data subjects, the processing is not occasional, or the processing includes sensitive personal information of at least 1,000 individuals.

The Data Privacy Act provides criminal penalties and monetary sanctions for violations thereof. If the offender is a corporation, the penalty shall be imposed upon the responsible officers who participated in or, by their gross negligence, allowed the commission of the crime.

ANTITRUST

Republic Act. No. 10667, or the Philippine Competition Act ("**PCA**"), is the primary competition statute of the Philippines The PCA was enacted to provide free and fair competition in trade, industry and all commercial economic activities. To implement its objectives, the PCA provides for the creation of the Philippine Competition Commission ("**PCC**"), an independent quasi-judicial agency with powers to conduct investigations, issue subpoenas, conduct administrative proceedings, and impose administrative fines and penalties.

The PCA prohibits and imposes sanctions on: (a) anti-competitive agreements between or among competitors, which restrict competition as to price, or other terms of trade and those fixing price at an auction or in any form of bidding including cover bidding, bid suppression, bid rotation and market allocation and other analogous practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting or lessening competition; (b) practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrict or lessen competition; and (c) merger or acquisitions which substantially prevent, restrict or lessen competition in the relevant market or in the market for goods or services, or breach the thresholds provided in the implementing rules and regulations of the PCA (the "**PCA IRR**") without notice to the PCC. The PCA, the PCA IRR, as amended, and the Rules on Merger Procedure (collectively, the "**Merger Rules**") provide for mandatory notification to the PCC of any merger or acquisition within 30 days of signing any definitive agreement relating to the transaction, where the transaction value exceeds ₱2.9 billion; and where the size of the ultimate parent entity of either party exceeds ₱7.0 billion, effective 1 March 2023.

Parties may not consummate a notifiable transaction prior to receiving PCC approval or the lapse of the period stated in the Merger Rules.

Under the PCA and the PCA IRR, a transaction that meets the thresholds and does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of one per cent. to five per cent. of the value of the transaction. Criminal penalties for entities that enter into these defined anti-competitive agreements include: (i) a fine of not less than ₱50 million but not more than ₱250 million; and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and wilfully participate in such criminal offences. Administrative fines of ₱100 million to ₱250 million may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

REVISED CORPORATION CODE

Republic Act No. 11232, otherwise known as the Revised Corporation Code ("**Corporation Code**"), was signed into law on 20 February 2019 and became effective on 8 March 2019. Among the salient features of the Corporation Code are:

- Corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Corporation Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies the Philippine SEC that it elects to retain its specific corporate term under its current Articles of Incorporation.

- The Corporation Code allows the creation of a "One Person Corporation" ("**OPC**"), which is a corporation composed of a single stockholder, provided that, only natural person, trust or an estate may form such. No minimum authorised capital stock is also required for an OPC, unless provided for under special laws.

- Material contracts between the Corporation and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least 2/3 of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same.

- The right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or *in absentia* if authorised by the corporate by-laws. However, as to corporations vested with public interest, these votes are deemed available, even if not expressly stated in the corporate by-laws. The shareholders who participate through remote communication or *in absentia* are deemed present for purposes of quorum. When attendance, participation and voting are allowed by remote communication or *in absentia,* the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option.

- In case of transfer of shares of listed companies, the Philippine SEC may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the Philippine SEC.

The Corporation Code refers to the PCA in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the PCA thresholds.

ANTI-MONEY LAUNDERING ACT

Republic Act No. 11521, amending Republic Act No. 9160 or the Anti-Money Laundering Act, which took effect on 30 January 2021, revised the Anti-Money Laundering Act to among others, expand the list of covered persons to include real estate developers, real estate brokers, offshore gaming operators ("**OGO**"), OGO-service providers ("**Covered Person**"). Thus, these persons and entities are required to report covered and suspicious transactions to the Anti-Money Laundering Council ("**AMLC**") within the period prescribed and for the threshold amount fixed by law. Section 4 Rule 22 of the 2018 Implementing Rules and Regulations ("**IRR**") provides that all covered persons shall register with the AMLC's electronic reporting system which is free and online. Non-registration is an administrative offence and failure to electronically file covered and suspicious transaction reports with the AMLC, which is a money laundering offence. REDs, REBs, OGOs and OGO-service providers had until 16 March 2021 to register.

A covered transaction is a transaction in cash or other equivalent monetary instrument involving a total amount in excess of ₱500,000.00, or for real estate developers and brokers, cash transactions in excess of ₱7,500,000.00, or its equivalent in any other currency within one banking day ("**Covered Transaction**"). A Covered Person, is required to report to the AMLC all Covered Transactions within five working days from occurrence thereof, regardless of the mode of payment used in the settlement thereof, including transactions in cheques, fund transfers, and/or debiting or crediting of accounts, except those transactions covered under the no/low risk transactions. On the other hand, a suspicious transaction is one where any of the following exists:

1. There is no underlying legal/trade obligation, purpose or economic justification;

2. The client is not properly identified;

3. The amount involved is not commensurate with the business or financial capacity of the client;

4. Taking into account all known circumstances, it may be perceived that the client's transaction is structured in order to avoid being the subject of reporting requirements under the AMLA;

5. Any circumstance relating to the transaction which is observed to deviate from the profile of the client and/or the client's past transactions with the covered person;

6. The transaction is in any way related to an unlawful activity or any money laundering activity or offence under the AMLA, that is about to be, is being or has been committed; or

7. Any transaction that is similar, analogous or identical to any of the foregoing.

Under the AMLA, Covered Persons shall submit covered transaction and suspicious transaction reports to the AMLC, and shall identify and record the true identity of their customers, whether permanent or occasional, and whether natural or juridical persons, or legal arrangements based on official documents.

To comply with this, Covered Persons are obligated to implement appropriate systems of collecting and recording identification information and identification documents, and shall implement and maintain a system of verifying the true identity of their clients, including validating the truthfulness of the information and confirming the authenticity of the identification documents presented, submitted, and provided by the customer, using reliable and independent sources, documents, data, or information. All records of transactions and records of closed accounts are required to be maintained and stored for five years from the date of a transaction or after their closure, respectively.

Covered Persons should have systems in place that would alert its responsible officers of any circumstance or situation that would give rise to a suspicion of a money laundering activity or transaction. Covered Persons shall formulate a reporting chain under which a suspicious transaction or circumstance will be processed, analysed and investigated. The reporting chain should include the designation of a Board Level or approval Committee or the Chief Compliance Officer as the ultimate decision maker on whether or not the Covered Person should file a report to the AMLC.

LABOUR LAW

Labour Code of the Philippines

The Department of Labour and Employment or DOLE is the Philippine government agency mandated to formulate policies, implement programmes and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labour and employment. The DOLE has exclusive authority in the administration and enforcement of labour and employment laws such as Presidential Decree No. 442, also known as the Labour Code of the Philippines ("**Labour Code**"), and the Occupational Safety and Health Standards, as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

Department Order No. 174, Series of 2017 ("**D.O. 174**") was issued by the DOLE providing for the guidelines on contracting and subcontracting, as provided for under the Labour Code. It has reiterated the policy that Labour-only Contracting is absolutely prohibited where: (a) (i) the contractor or subcontractor does not have substantial capital, or does not have investments in the form of tools, equipment, machineries, supervision, work premises, among others; and (ii) the contractor's or subcontractor's employees recruited and placed are performing activities which are directly related to the main business operation of the principal; or (b) the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee. Subsequently, DOLE issued Department Circular No. 1, Series of 2017, clarifying that the prohibition under D.O. 174 does not apply to business process outsourcing, knowledge process outsourcing, legal process outsourcing, IT Infrastructure outsourcing, application development, hardware and/or software support, medical transcription, animation services, and back office operations or support.

D.O. 174 provides that, in the event of a finding that the contractor or subcontractor is engaged in labour-only contracting and other illicit forms of employment arrangements, the principal shall be deemed the direct employer of the contractor's or subcontractor's employees. Further, in the event of violation of any provision of the Labour Code, including the failure to pay wages, there exists liability on the part of the principal and the contractor for purposes of enforcing the provisions of the Labour Code and other social legislation, to the extent the work was performed under the employment contract.

Occupational Safety and Health Standards Law

Republic Act No. 11058 or the Occupational Safety and Health Standards Law mandates employers, contractors or subcontractors and any person who manages, controls or supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. It also requires to give complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed, preventive measures to eliminate or minimise the risks and steps to be taken in cases of emergency.

An employer, contractor or subcontractor who wilfully fails or refuses to comply with the Occupational Safety and Health Standards shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor or subcontractor, if any, and any person who manages, controls or supervises the work, shall be solidary.

Social Security System, PhilHealth and the Pag-IBIG Fund

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 8282 to ensure coverage of employees following procedures set out by the law and the Social Security System ("**SSS**"). Under the said law, social security coverage is compulsory for all employees under 60 years of age. An employer must deduct and withhold from its compulsorily covered employees their monthly contributions based on a given schedule, pay its share of contribution and remit these to the SSS within a period set by law and/or SSS regulations.

Employers are likewise required to ensure enrolment of its employees in a National Health Programme administered by the Philippine Health Insurance Corporation, a government corporation attached to the DOH tasked with ensuring sustainable, affordable and progressive social health insurance pursuant to the provisions of the National Health Insurance Act of 1995, as amended by the Republic Act No. 11223, otherwise known as the Universal Health Care Act. The registration, accurate and timely deductions and remittance of contributions to the Philippine Health Insurance Corporation is mandatory as long as there is employer-employee relationship.

Under Republic Act No. 9679, otherwise known as the Home Development Mutual Fund Law of 2009, all employees who are covered by the Social Security Act of 1997 must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund. It is a national savings programme as well as a fund to provide affordable shelter financing to Filipino employees. The employer is likewise mandated to deduct and withhold, pay and remit to the Pag-IBIG Fund the respective contributions of the employees under the prescribed schedule.

Labour Code Provision on Retirement Pay

The Philippine Labour Code provides that, in the absence of a retirement plan provided by their employers, private sector employees who have reached 60 years of age or more, but not beyond 65 years of age, the compulsory retirement age for private-sector employees without a retirement plan, and who have rendered at least five years of service in an establishment, may retire and receive a minimum retirement pay equivalent to one-half month’s salary for every year of service, with a fraction of at least six months being considered as one whole year.

For the purpose of computing the retirement pay, “one-half month’s salary” shall include all of the following: 15 days salary based on the latest salary rate; in addition, 1/12 of the thirteenth month pay and the cash equivalent of five days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and the employee or if provided in a collective bargaining agreement.

DOLE Mandated Work-Related Programmes

Under Republic Act No. 9165, otherwise known as the Comprehensive Dangerous Drugs Act, a national drug abuse prevention programme implemented by the DOLE must be adopted by private companies with 10 or more employees. For this purpose, employers must adopt and establish company policies and programmes against drug use in the workplace in close consultation and coordination with the DOLE, labour and employer organisations, human resource development managers and other such private sector organisations. DOLE Department Order No. 053-03 sets out the guidelines for the implementation of Drug-Free Workplace policies and programmes for the private sector.

The employer or the head of the work-related, educational or training environment or institution, also has the duty to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement or prosecution of such cases. Under the Anti-Sexual Harassment Act, the employer will be solidarily liable for damages arising from the acts of sexual harassment committed in the workplace if the employer is informed of such acts by the offended party and no immediate action is taken. Notwithstanding this, the victim of sexual harassment is not precluded from instituting a separate and independent action for damages and other affirmative relief. Any person who violates the provisions of this law shall, upon conviction, be penalised by imprisonment of not less than one month nor more than six months, or a fine of not less than ₱10,000 nor more than ₱20,000, or both such fine and imprisonment, at the discretion of the court. Any action arising from the violation of the provisions of this law shall prescribe in three years.

Moreover, Republic Act No. 8504, otherwise known as the Philippines AIDS Prevention and Control Act, requires all private workplaces to have a policy on HIV and AIDS and to implement a workplace programme in accordance with the Philippines AIDS Prevention and Control Act. The workplace policies aim to manage sensitive issues, such as confidentiality of medical information and continuation of employment for HIV-positive staff, and to avoid the discrimination of any employee due to HIV/AIDS. Any HIV/AIDS-related information of workers should be kept strictly confidential and kept only on medical files, whereby access to it is strictly limited to medical personnel.

All private workplaces are also required to establish policies and programmes on solo parenting, Hepatitis B, and tuberculosis prevention and control.

Owing to the spread of COVID-19, the Department of Trade and Industry and DOLE have issued guidelines on workplace prevention and control of COVID-19. The guidelines provide for the wearing of face masks by all employees, temperature cheques, disinfection of equipment or vehicles entering a premises, and social distancing measures, among others.

TAXATION

The statements herein regarding taxation are based on the laws in force as of the date of this Offering Circular and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or any person acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of Notes.

PHILIPPINE TAXATION

The following is a general description of certain Philippine tax aspects of the Notes. It is based on the present provisions of the National Internal Revenue Code of 1997, as amended by Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion Law ("**TRAIN Law**"), which took effect on 1 January 2018, and Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprise Act (the "**CREATE Act**"), which took effect on 11 April 2021 (TRAIN Law and CREATE Act, collectively, the "**Philippine Tax Code**"), the regulations promulgated thereunder and judicial and ruling authorities in force as of the date of this Offering Circular, all of which are subject to changes occurring after such date, which changes could be made on a retroactive basis.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen of the Philippines while the term "non-resident alien" means an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who stays in the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines"; otherwise, such non-resident alien is considered a "non-resident alien not engaged in trade or business within the Philippines". A "domestic corporation" is one that is created or organised under the laws of the Philippines. "A "resident foreign corporation" is a foreign corporation engaged in trade or business in the Philippines and a "non-resident foreign corporation" is a foreign corporation that is not engaged in trade or business within the Philippines. The term "non-Philippine holders" refers to beneficial owners of the Notes who are (1) non-resident aliens not engaged in trade or business within the Philippines or (2) non-resident foreign corporations.

Documentary Stamp Tax

Under the Philippine Tax Code, a documentary stamp tax is imposed upon every original issue of debt instruments, such as bonds and notes, at the rate of ₱1.50 on each ₱200, or fractional part thereof, of the issue price of such debt instruments; provided, that for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be proportionate to the ratio of the debt instrument's term in number of days to 365 days. The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted or transferred when the obligation or right arises from Philippine sources, the property is situated in the Philippines, or where the object of the contract is located or used in the Philippines. Consequently, there may be a documentary stamp tax payable upon the enforcement of the Guarantee, at the rate of ₱1.50 on each ₱200.00, or fractional part thereof, due on the amount involved at such enforcement, plus any interest, penalties and surcharges as may be assessed at such time.

No documentary stamp tax is imposed upon the issuance of the Notes, as the Issuer is a non-resident foreign corporation and the issuance of the Notes takes place outside the Philippines. No documentary stamp tax is imposed upon the issuance of the Guarantee to secure payment of the Notes.

No documentary stamp tax is imposed on the subsequent sale or disposition of the Notes, trading of the Notes in a secondary market or through an exchange as long as such subsequent sale, disposition or trading is not made in the Philippines or there is no change in the maturity date or the material terms and conditions of the Notes.

Repayment of the Principal on the Notes

The Issuer's payment of the principal on the Notes to a non-Philippine holder will not subject such non-Philippine holder to taxation in the Philippines by reason solely of the holding of the Notes or the receipt of principal.

The principal on the Notes may be paid by the Guarantor pursuant to the terms of the Notes to the Noteholders who are non-residents of the Philippines without being subject to Philippine income, withholding or other taxes and are otherwise free and clear of any other tax, duty, withholding or deduction in the Philippines. Gains realised from the sale, exchange or retirement of the Notes shall be exempt from Philippine income tax, if the Notes are considered Long Term Notes, if sold by non-residents outside the Philippines, or if the holder is qualified for such exemption under an applicable tax treaty. In accordance with the Philippine Tax Code, Notes are considered Long Term Notes when they have a maturity of more than five years.

Interest on the Notes

Alien individuals and foreign corporations are subject to Philippine income tax on Philippine-sourced income only. Interest income derived from bonds, notes or other interest-bearing obligations of Philippine residents is Philippine-sourced income subject to Philippine income tax. As the Notes will be issued by the Issuer which is a non-resident foreign corporation, interest on the Notes received by non-Philippine holders from the Issuer should not be subject to Philippine income tax on interest.

However, resident Philippine citizens and domestic corporations are subject to Philippine income tax on their global income. As such, interest income on the Notes paid by the Issuer will form part of a resident Philippine citizen or a domestic corporation's gross income, which, after being reduced by the applicable deductions, will be subject to the applicable Philippine income tax rates. The net taxable income of resident Philippine citizens is subject to graduated tax rates ranging from 0-35% while the net taxable income of domestic corporations is subject to a flat 25% tax rate.

Any payment made by the Guarantor to a Noteholder under the Guarantee which is attributable to interest on the Notes could be considered as Philippine-sourced income and accordingly subject to final withholding taxes in the Philippines at the following rates:

Philippine citizens and resident alien individuals	20%
Non-Resident aliens doing business in the Philippines	20%
Non-resident aliens not doing business in the Philippines	25%
Domestic corporations	20%
Resident foreign corporations	20%
Non-resident foreign corporation	25%

If the payment made by the Guarantor to a non-resident foreign corporation is in foreign currency and qualifies as interest on foreign loans, the applicable final withholding tax rate is 20%.

The aforementioned final withholding tax rates may be reduced by applicable provisions of tax treaties in force between the Philippines and the tax residence country of the non-Philippine holder. Most tax treaties to which the Philippines is a party provide for a preferential reduced tax rate of 15% where Philippine-source interest income is paid to a resident of the other contracting state. However, tax treaties would also normally qualify that the preferential reduced tax rates will not apply if the recipient of the interest income, even if considered a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected to such permanent establishment.

The BIR has prescribed certain procedures for the availment of tax treaty relief. Assuming the payments to be made by the Guarantor are subject to withholding tax, a non-Philippine holder may avail of the lower withholding tax rates allowed under an applicable tax treaty with the Philippines by submitting to the Guarantor the following: (a) duly accomplished BIR Form No. 0901 indicating the basis for the preferential tax treaty rate; (b) Tax Residency Certificate for the relevant period duly issued by the tax authority of the residence of the non-Philippine holder; (c) original consularised or apostilled Special Power of Attorney (SPA) of the signing officer; or SPA issued by the non-Philippine holder to his/her authorised representative, which shall expressly state the authority to sign the BIR Form No. 0901; and (d) the relevant tax treaty provision relied upon by the non-Philippine holder in availing of the lower withholding tax rates.

Under Condition 8.1, all payments of principal, premium and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within any Tax Jurisdiction, unless such withholding or deduction is required by the law of any Relevant Jurisdiction. Where such withholding or deduction is made by the Issuer or the Guarantor, as the case may be, the Issuer or the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by the holders of the Notes equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required. In the event that the Issuer or the Guarantor makes a deduction or withholding required by the law of any Relevant Jurisdiction the Issuer or the Guarantor shall pay such Additional Amounts as will result in receipt by the holders of the Notes of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note:

(i) presented for payment (if applicable) by or on behalf of a Noteholder who is liable to the Taxes in respect of such Note by reason of their having some connection with any Relevant Jurisdiction other than the mere holding of the Note; or

(ii) presented for payment (if applicable) more than 30 days after the Relevant Date (as defined in Condition 8.2) except to the extent that a Holder of such Note would have been entitled to such Additional Amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Payment Business Day (as defined in Condition 7.4).

Tax Exempt Status

Noteholders who are exempt from, are not subject to final withholding tax, or are subject to a lower rate of final withholding tax on interest income paid by the Guarantor may avail of such exemption or preferential withholding tax rate by submitting the necessary documents.

The BIR has prescribed certain procedures for availment of such exemption or preferential withholding tax rate. Assuming the payments to be made by the Guarantor are subject to withholding tax, subject to the filing of the Guarantor's application and its approval by the BIR, the Guarantor will not withhold or will withhold at a reduced rate provided that such Noteholder furnishes the Guarantor with the following documents, in form and substance prescribed by the Guarantor:

1. Proof of Tax Exemption or Entitlement to Preferential Tax Rates

    i. For (a) tax-exempt corporations and associations under Section 30 of the Tax Code (except non-stock, non-profit educational institutions under Section 30(H) of the Tax Code); (b) cooperatives duly registered with the Cooperative Development Authority; and (c) BIR-approved pension fund and retirement plan – certified true copy of valid, current and subsisting tax exemption certificate, ruling or opinion issued by the BIR. For this purpose, a tax exemption certificate or ruling shall be deemed "valid, current and subsisting" if it has not been more than 3 years since the date of issuance thereof, and has not been revoked, amended or modified;

    ii. For Tax-Exempt Personal Equity Retirement Account established pursuant to PERA Act of 2008 – certified true copy of the Bondholder's current, valid and subsisting Certificate of Accreditation as PERA Administrator (BIR Form No. 2336);

iii. For all other tax-exempt entities (including, but not limited to, (a) non-stock, non-profit educational institutions; (b) GOCC; and (c) foreign governments, financing institutions owned, controlled or enjoying refinancing from foreign governments, and international or regional financial institutions established by foreign governments) – certified true copy of tax exemption certificate, ruling or opinion issued by the BIR expressly stating that their income is exempt from income tax and, consequently, withholding tax; and

iv. For entities claiming tax treaty relief – original or certified true copies of the following documents:

General requirements:

A. Duly accomplished BIR Form No. 0901-I indicating the basis for the application of the preferential tax treaty rate on the income of the Noteholder;

B. Original Tax Residency Certificate (TRC) duly issued by the tax authority of the foreign country in which the Noteholder is a resident; and

C. Original and duly notarised Special Power of Attorney ("**SPA**") issued by the Noteholder to the Guarantor, expressly stating the Guarantor's authority to sign the Application Form for Tax Treaty Relief Form prescribed under Revenue Purposes (BIR Form No. 0901-I) and to file a request for confirmation with the BIR on behalf of the Noteholder.

Additional requirements for legal persons and arrangements, and individuals:

A. Authenticated copy of the Noteholder's Articles/Memorandum of Incorporation/ Association, Trust Agreement, or equivalent document confirming its establishment or incorporation, with an English translation thereof if in foreign language;

B. For legal persons and arrangements – original Certificate of Non-Registration or certified true copy of Licence to Do Business in the Philippines duly issued by the Securities and Exchange Commission (SEC) to the Noteholder;

C. For individuals – original Certificate of Business Registration/Presence duly issued by the Department of Trade and Industry (DTI) to the Noteholder;

Additional requirements for entities:

A. Certified true copy of the law of the foreign country showing that tax is imposed on the Noteholder or the owners or beneficiaries of the Noteholder;

B. List of owners/beneficiaries of the Noteholder;

C. Proof of ownership of the Noteholder; and

D. TRC duly issued by the concerned foreign tax authority to the owners or beneficiaries of the Noteholder.

All documents executed in a foreign country must either be authenticated by the Philippine Embassy stationed therein or apostilled if the said foreign country is a signatory to the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents (HCCH 1961 Apostille Convention) in order to be acceptable to the Guarantor.

In addition, for subsequent interests due and subject to the requirements of new or amendatory regulations, the Noteholder shall submit to the Guarantor an updated Application Form, a new TRC (if the validity period of the previously submitted TRC has already lapsed), and other relevant documents no later than the last day of the first month of the year when such subsequent interest payment/s shall fall due.

2. A duly notarised declaration (in the prescribed form) warranting that the Noteholder's tax-exemption certificate or ruling has not been revoked or cancelled and that there are no material changes in character, purpose, or method of operation of the Noteholder which are inconsistent with the basis of its income tax exemption, or warranting the Noteholder's entitlement to preferential treaty rates, and undertaking to immediately notify the Guarantor, the Registrar, and the Paying Agent of any suspension or revocation of its tax exemption or treaty privileges and agreeing to indemnify and hold the Guarantor, the Registrar, and the Paying Agent free and harmless against any claims, actions, suits, and liabilities arising from the non-withholding or reduced withholding of the required tax; and

3. Such other documentary requirements as may be reasonably required by the Guarantor or the Registrar and Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities.

Failure to submit any of the documents provided under 1., 2. and 3. above, as may be applicable, will result in the application of the normal income tax rate provided under the Tax Code.

All sums payable by the Guarantor to tax-exempt entities shall be paid in full without deductions for Taxes, duties, assessments, or government charges, subject to the submission by the Noteholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Guarantor.

If the regular rate mentioned above is withheld by the Guarantor, instead of the reduced rate, the Noteholder may file a claim for a refund from the BIR. However, because the refund process in the Philippines could be cumbersome, requiring the filing of an administrative claim and the possible filing of a judicial appeal, it may be impractical to pursue such refund.

Value-Added Tax

Gross receipts derived by dealers in securities from the sale of the Notes in the Philippines, equivalent to the gross selling price less the acquisition cost of the Notes sold, shall be subject to value-added tax of 12%.

"Dealer in securities" means a merchant of stock or securities, whether an individual partnership or corporation, with an established place of business, regularly engaged in the purchase of securities and their resale to customers, that is, one who as a merchant buys securities and sells them to customers with a view to the gains and profits that may be derived therefrom.

Gross Receipts Tax

Bank and non-bank financial intermediaries performing quasi-banking functions are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

Maturity period is five years or less	5%
Maturity period is more than five years	1%

Non-bank financial intermediaries not performing quasi-banking functions doing business in the Philippines are likewise subject to gross receipts tax. Gross receipts of such entities derived from sources within the Philippines from interests, commissions and discounts from lending activities are taxed in accordance with the following schedule based on the remaining maturities of the instruments from which such receipts are derived:

Maturity period is five years or less	5%
Maturity period is more than five years	1%

In case the maturity period is shortened thru pre-termination, the maturity period is to be reckoned to end as of the date of pre-termination for purposes of classifying the transaction, and the correct rate of tax shall be applied accordingly.

If the net trading gains realised within the taxable year on the sale or disposition of the Notes by banks and nonbank financial intermediaries performing quasi-banking functions are considered as gross receipts derived from sources within the Philippines, such gains shall be subject to gross receipts tax at the rate of 7%.

Sale or Other Disposition of the Notes

Under Section 32(B)(7)(g) of the Tax Code, gains realised from the sale, exchange or retirement of bonds, debentures and other certificates of indebtedness with a maturity date of more than five years (as measured from the date of issuance of such bonds, debentures or other certificates of indebtedness) (*i.e.*, Long Term Notes) are exempt from income tax. The BIR, however, has not had occasion to confirm whether bonds issued by foreign entities, such as the Notes, may constitute Long Term Notes for purposes of such exemption. In any case, any gain from the sale or exchange of the Notes is not subject to Philippine income tax if the sale or exchange of the Notes by a non-Philippine holder takes place outside the Philippines.

If the Notes are considered ordinary assets, gains from the sale or disposition of such Notes that are subject to Philippine income tax will be included in the computation of taxable income, which, after being reduced by the applicable deductions, is subject to the following graduated tax rates for Philippine citizens (whether residents or non-residents), or resident foreign individuals or non-resident aliens engaged in trade or business in the Philippines (selling or disposing of such Notes within the Philippines) effective 2 January 2023 and onwards:

Not over ₱250,000	0%
Over ₱250,000 but not over ₱400,000	15% of the excess over ₱250,000
Over ₱400,000 but not over ₱800,000	₱22,500 plus 20% of the excess over ₱400,000
Over ₱800,000 but not over ₱2,000,000	₱102,500 plus 25% of the excess over ₱800,000
Over ₱2,000,000 but not over ₱8,000,000	₱402,500 plus 30% of the excess over ₱2,000,000
Over ₱8,000,000	₱2,202,500 plus 35% of the excess over ₱8,000,000

For non-resident aliens not engaged in trade or business, the gain from the sale of Notes within the Philippines shall be subject to the 25% final withholding tax.

If the Notes are considered as capital assets of individual Noteholders, gains from the sale or disposition of such Notes shall be subject to the same income tax rates as if the Notes were held as ordinary assets, except that if the gain is realised by an individual who held the Notes for a period of more than 12 months prior to the sale, only 50% of the gain will be recognised and included in the computation of taxable income, subject to the applicable deductions. On the other hand, if the Notes were held by an individual for a period of 12 months or less, 100% of the gain will be included in the computation of the taxable income.

Gains derived on the sale or other disposition of the Notes by domestic corporation within or outside of the Philippines, or by resident foreign corporations if such sale or disposition is made within the Philippines, are included in the computation of taxable income which, after being reduced by the applicable deductions, is subject to a 20% or 25% regular corporate income tax. Gains derived by non-resident foreign corporations on the sale or other disposition of the Notes within the Philippines shall form part of their gross income which is subject to a 25% final withholding tax unless such foreign corporation is entitled to preferential tax treatment pursuant to a tax treaty, subject to such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief.

Estate and Donor's Tax

As the Notes are issued by a corporation organised outside the Philippines, they generally do not have a Philippine situs. Having no Philippine situs, the transfer of the Notes (1) to the estate or heirs of a deceased non-resident alien holder should not be subject to Philippine estate taxes and (2) by way of donation, should not be subject to Philippine donor's taxes.

However, the following obligations of a foreign corporation are deemed to have a Philippine situs and are subject to Philippine estate or donor's gift taxes upon their transfer: (1) obligations of a foreign corporation, 85% of the business of which is located in the Philippines, and (2) obligations issued by a foreign corporation, if such obligation has acquired a business situs in the Philippines. The Notes may acquire a Philippine situs if the foregoing circumstances become applicable to the Issuer or the Notes.

Notes transferred by a deceased Philippine resident holder to his heirs or, where the Notes have a Philippine situs, by a deceased non-resident alien holder to his heirs shall form part of the gross estate of the deceased, which, after being reduced by the applicable deductions, is subject to estate tax at a fixed rate of 6% of the net taxable estate of the deceased.

Notes gratuitously transferred by a Philippine resident or, where the Notes have a Philippine situs, by a deceased non-resident alien holder shall form part of the gross gifts of the Noteholder for the calendar year, which is subject to donor's tax at a fixed rate of 6% of the of the total gifts in excess of ₱250,000.00 during the calendar year.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor. The estate tax and the donor's tax, in respect of the Notes, shall not be collected in respect of intangible property, such as the Notes, (1) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (2) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

In case the Notes are transferred for less than adequate and full consideration in money or money's worth, except if transferred in the ordinary course of business (*i.e.*, a *bona fide* transaction, at arm's length, and free from any donative intent), the amount by which the fair market value of the Notes exceeded the value of the consideration may be deemed a gift and donor's taxes may be imposed on the transferor of the Notes.

SINGAPORE TAXATION

The following summary is based on tax laws of Singapore as in effect on the date of this Offering Circular, and is subject to changes in Singapore laws, including changes that could have retroactive effect. The following summary does not take into account or discuss the tax laws of any countries other than Singapore. Prospective purchasers in all jurisdictions are advised to consult their own tax advisers as to Singapore or other tax consequence of the acquisition, ownership and disposition of the Notes.

The statements made herein regarding Singapore taxation are general in nature and based on certain aspects of the current tax laws of Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority of Singapore ("**IRAS**") and the Monetary Authority of Singapore ("**MAS**") in force as of the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or in the interpretation of these laws, administrative guidelines or circulars, occurring after such date, which changes could be made on a retrospective basis. These laws, administrative guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any Noteholder or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective Noteholders are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposition of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject to. It is emphasised that none of the Issuer, the Guarantor, the Lead Manager and any other persons involved in the offer and issuance of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act 1947 of Singapore ("**ITA**"), the following payments are deemed to be derived from Singapore:

1. any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (a) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (b) deductible against any income accruing in or derived from Singapore; or

2. any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0 per cent. The applicable withholding tax rate for non-resident individuals is 22.0 per cent. prior to the year of assessment 2024, and 24.0 per cent. thereafter. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore, and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The withholding tax rate of 15.0 per cent. may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

1. interest from debt securities derived on or after 1 January 2004;

2. discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

3. prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

It was announced in the Singapore Budget Statement 2023 that the requirement that qualifying debt securities ("**QDS**") have to be substantially arranged in Singapore will be rationalised, such that for all debt securities that are issued on or after 15 February 2023, such debt securities must be substantially arranged in Singapore by a financial institution holding a specified licence (the "**Relevant Licence Holder**"), instead of a relevant Financial Sector Incentive Company. In this regard, a Relevant Licence Holder is intended to mean an entity which:

1. is any bank or merchant bank licensed under the Banking Act 1970 of Singapore;

2. is any finance company licensed under the Finance Companies Act 1967 of Singapore; or

3. holds a capital markets services licence under the Securities and Futures Act for dealing in capital markets products – securities or advising on corporate finance.

The MAS will be providing further details by 31 May 2023.

In addition, on the basis that the Issuer is not a "Singapore-based issuer" (as defined in the Income Tax (Qualifying Debt Securities) Regulations) and more than half of each of the Additional Notes, the March 2022 Notes, the November 2022 Notes and the Original Notes are distributed by Financial Sector Incentive (Capital Market) or Financial Sector Incentive (Standard Tier) Companies (as such terms are defined in the ITA) who are also Relevant Licence Holders at such time, and the Notes are issued as debt securities prior to 31 December 2023, the Notes would be QDS for the purposes of the ITA, to which the following treatment shall apply:

1. subject to certain prescribed conditions having been fulfiled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for each of the Additional Notes, the March 2022 Notes, the November 2022 Notes and the Original Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require and the inclusion by the Issuer in all offering documents relating to the Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Notes using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Notes paid by the Issuer and derived by a holder who is not resident in Singapore and who (a) does not have any permanent establishment in Singapore or (b) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore income tax;

2. subject to certain prescribed conditions having been fulfiled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for each of the Additional Notes, the March 2022 Notes, the November 2022 Notes and the Original Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require), Qualifying Income from the Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

3. subject to:

   (a) the Issuer including in all offering documents relating to the Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(b) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for each of the Additional Notes, the March 2022 Notes, the November 2022 Notes and the Original Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require,

payments of Qualifying Income derived from the Notes and paid by the Issuer are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

1. if during the primary launch of each of the Additional Notes, the March 2022 Notes, the November 2022 Notes and the Original Notes, such Notes are issued to fewer than four persons and 50 per cent. or more of the issue of such Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, the Notes would not qualify as QDS; and

2. even though the Notes are QDS, if at any time during the tenure of the Notes, 50 per cent. or more of the Notes which are outstanding at any time during the life of their issue are beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from the Notes held by:

   (i) any related party of the Issuer; or

   (ii) any other person where the funds used by such person to acquire the Notes are obtained, directly or indirectly, from any related party of the Issuer,

   shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person *(A)*, means any person (a) who directly or indirectly controls *A*; (b) who is being controlled directly or indirectly by *A*; or (c) who, together with *A*, is directly or indirectly under the control of a common person.

The terms "**prepayment fee**", "**redemption premium**" and "**break cost**" are defined in the ITA as follows:

"**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

"**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

"**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to "**prepayment fee**", "**redemption premium**" and "**break cost**" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires the Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

It was also announced in the Singapore Budget Statement 2023 that the QDS scheme will be extended until 31 December 2028, and the scope of qualifying income under the QDS scheme will be streamlined and clarified such that it includes all payments in relation to early redemption of QDS. The MAS will be providing further details by 31 May 2023.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard ("**FRS**") 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 ("**SFRS(I) 9**") (as the case may be), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "*Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes*".

Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

FOREIGN EXCHANGE AND FOREIGN INVESTMENT REGULATIONS

Foreign Exchange Regulations

Philippine foreign exchange rules and regulations of the BSP have been liberalised since 1992. Under present regulations, as a general rule, foreign exchange may be freely sold and purchased outside the Philippine banking system. If foreign currency obligations of Philippine borrowers (or guarantors) are to be serviced with foreign exchange purchased from the Philippine banking system, the loan must have been approved by or registered with the BSP. Generally, the proceeds of such loans intended to fund local costs should be inwardly remitted. However, loan proceeds intended to finance foreign exchange currency obligations of the borrower may be paid directly to the supplier/beneficiary concerned. BSP's rules generally limit access to the purchase of foreign currency to fund payment obligations offshore to only those private sector foreign currency loans that had been previously approved by or registered with the BSP.

Outside of Philippine banks, there are other sources of foreign currency. These include entities that are licenced to engage in the business of buying and selling foreign currency. These other sources of foreign currency outside the Philippine banking system may be subject to greater exchange rate volatility and liquidity constraints. Foreign currency received as revenue or held by any person (that is not a bank) in the Philippines can be freely traded within and freely remitted outside the Philippines, without being subject to these foreign exchange restrictions imposed by the BSP.

Registration of Foreign Loans and Foreign Investments

Prior approval of and/or registration with the BSP for the issuance and guarantee of offshore borrowings is not required for the legal validity and enforceability of such obligations. The process of seeking such approval or obtaining registration takes time and involves costs for the applicant. The benefit of approval or registration is that it would, assuming the BSP determines the applicant to be eligible for such approval under certain criteria, allow a borrower or guarantor to access the Philippine banking system to obtain foreign currency, such as U.S. dollars to service such debt or guarantee obligations. Otherwise, the payment currency must be obtained from other sources as described above. The Guarantor has not sought the approval or registration of the Guarantee with the BSP as the Guarantor expects it will have sufficient U.S. dollars for funding any payments necessary under the Guarantee without having to obtain such currency from the Philippine banking system. See "*Risk Factors – Risks Relating to the Notes – The Notes and Guarantee will not be registered with the BSP and without BSP registration, the Issuer and the Guarantor cannot access the Philippine banking system to purchase U.S. dollars to fulfil their obligations under the Guarantee*".

CLEARANCE AND SETTLEMENT OF THE NOTES

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Guarantor or the Lead Manager takes any responsibility for the accuracy of this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Guarantor or any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Custodial and depositary links have been established with Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and transfers of the Notes associated with secondary market trading. References to "**Notes**" and "**Global Certificate**" below refer to the Existing Notes and the Additional Notes and their respective Global Certificates.*

THE CLEARING SYSTEMS

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry of changes in the accounts of their participants. Euroclear and Clearstream, Luxembourg provide their respective participants with, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of interest and principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Registration and Form

Book-entry interests in the Notes held through Euroclear and Clearstream, Luxembourg will be evidenced by the Global Certificate, registered in the name of nominee of the common depositary of Euroclear and Clearstream, Luxembourg. The Global Certificate will be held by a common depositary for Euroclear and Clearstream, Luxembourg. Beneficial ownership in Notes will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream, Luxembourg.

The aggregate holdings of book-entry interests in the Notes in Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. Euroclear and Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Notes, will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interest in the Notes. The Registrar will be responsible for maintaining a record of the aggregate holdings of Notes registered in the name of a common nominee for Euroclear and Clearstream, Luxembourg and/or if individual Certificates are issued in the limited circumstances described under "*The Global Certificate – Registration of Title*", holders of Notes represented by those individual Certificates. The Principal Paying Agent will be responsible for ensuring that payments received by it from the Issuer for holders of interests in the Notes holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be.

The Issuer will not impose any fees in respect to the Notes; however, holders of book-entry interest in the Notes may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream, Luxembourg.

CLEARANCE AND SETTLEMENT PROCEDURES

Initial Settlement

Upon their original issue, the Notes will be in global form represented by the Global Certificate. Interests in the Notes will be in uncertificated book-entry form. Purchasers electing to hold book-entry interests in the Notes through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional eurobonds. Book-entry interests in the Notes will be credited to Euroclear and Clearstream, Luxembourg participants' securities clearance accounts on the business day following the Issue Date against payment (for value the Issue Date).

Secondary Market Trading

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional participants.

GENERAL

Although the foregoing sets out the procedures of Euroclear and Clearstream, Luxembourg in order to facilitate the transfers of interests in the Notes among participants of Euroclear and Clearstream, Luxembourg, none of Euroclear and Clearstream, Luxembourg is under any obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

Neither of the Issuer, the Guarantor nor any of their agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Lead Manager dated 21 March 2023 (the "**Subscription Agreement**" and, together with the Additional Notes, the Trust Deed and the Agency Agreement, the "**Transaction Documents**"), pursuant to which and subject to certain conditions contained therein, the Lead Manager named below has agreed to purchase, and the Issuer has agreed to sell to the Lead Manager, the principal amount of the Additional Notes set forth opposite the Lead Manager's name:

Lead Manager	**Principal Amount of Additional Notes**
UBS AG Singapore Branch	U.S.$20,000,000
Total	U.S.$20,000,000

The Subscription Agreement provides that each of the Issuer and the Guarantor will indemnify the Lead Manager against certain liabilities in connection with the offer and sale of the Additional Notes. The Subscription Agreement provides that the obligations of the Lead Manager are subject to certain conditions precedent, and entitles the Lead Manager to terminate it in certain circumstances prior to payment being made to the Issuer.

The Lead Manager and its affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. The Lead Manager and certain affiliates may have performed, and may in the future perform, certain investment banking and advisory services for the each of the Issuer or the Guarantor and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for each of the Issuer or the Guarantor and/or its affiliates in the ordinary course of their business.

The Lead Manager or certain affiliates may purchase the Additional Notes and be allocated the Additional Notes for asset management and/or proprietary purposes but not with a view to distribution. The Issuer, the Guarantor or the Lead Manager may pay commissions to certain third parties (including, without limitation, commission or rebate to private banks).

In the ordinary course of their various business activities, the Lead Manager and its affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or the Company or their subsidiaries, jointly controlled entities or associated companies, maybe entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes. The Lead Manager or its respective affiliates may purchase the Additional Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Additional Notes and/or other securities of the Issuer, the Company or the Company's subsidiaries or associates at the same time as the offer and sale of the Additional Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Additional Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Additional Notes). Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Additional Notes is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Lead Manager or any affiliate of the Lead Manager is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Lead Manager or its affiliate on behalf of the Issuer in such jurisdiction.

UNITED STATES

The Additional Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Lead Manager has represented and warranted that it has not offered or sold, and has agreed that it will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it nor its affiliates or any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Additional Notes. The Lead Manager has represented that it has not entered and has agreed that it will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of the Additional Notes, except with its affiliates or with the prior written consent of the Issuer.

Terms used in this paragraph have the meanings given to them by Regulation S.

UNITED KINGDOM

The Lead Manager has represented and agreed that:

(1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended including by the Financial Services Act 2012 (the "**FSA**") (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Additional Notes in, from or otherwise involving the United Kingdom.

EUROPEAN ECONOMIC AREA AND UNITED KINGDOM

The Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area or the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

    (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

    (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

    (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Additional Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Additional Notes.

HONG KONG

The Lead Manager has represented and agreed that:

(i) it has not offered or sold and will not offer or sell or permit to be offered or sold in Hong Kong, by means of any document, any Notes (except for Notes which area "structured product" as defined in the Additional Notes and Futures Ordinance (Cap. 571) of Hong Kong), other than (a) "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Additional Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF HONG KONG SFC CODE OF CONDUCT – IMPORTANT NOTICE CMIS (INCLUDING PRIVATE BANKS): This notice to CMIs (including private banks) is a summary of certain obligations the Code imposes on CMIs, which require the attention and cooperation of other CMIS (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the Code as having an Association with the Issuer, the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Additional Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Guarantor or any CMI (including its group companies) and inform the Lead Manager accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Additional Notes (except for omnibus orders where underlying investor information should be provided to the OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer and the Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Additional Notes. CMIs are informed that a private bank rebate is payable as stated above.

The Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, the Lead Manager in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Additional Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the Code. Private banks should be aware that placing an order on a "principal" basis may require the Lead Manager to apply the "proprietary orders" of the Code to such order and will require the Lead Manager to apply the "rebates" requirements of the Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) are requested to provide the following underlying investor information, preferably in Excel Workbook format, in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the OCs and/or any other third parties as may be required by the Code, including to the Issuer, the Guarantor, relevant regulators and/or any other third parties as may be required by the Code, for the purpose of complying with the Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Lead Manager may be asked to demonstrate compliance with their obligations under the Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the Lead Manager with such evidence within the timeline requested.

To:	*SH-Asia-CCS+DCM-Filing@UBS.com* *CMIs submitting orders should send* <u>*ALL*</u> *of the below information, at the same time as such order is submitted, to the OC contact set out above. Failure to do so may result in such order being rejected.*
Offering:	DDPC Worldwide Pte. Ltd. 7.25% Guaranteed Senior Notes due 2025
Date:	
Name of CMI submitting order:	
Name of prospective investor:	
Type of unique identification of prospective investor:	*For* ***individual investor clients****, indicate one of the following:* *(i) HKID card; or* *(ii) national identification document; or* *(iii) passport.* *For* ***corporate investor clients****, indicate one of the following:* *(i) legal entity identifier (LEI) registration; or* *(ii) company incorporation identifier; or* *(iii) business registration identifier; or* *(iv) other equivalent identity document identifier.*

Unique identification number of prospective investor:	*Indicate the unique identification number which corresponds with the above "type" of unique identification*
Order size (and any price limits):	
Other information:	
– Associations	*Identify any "**Associations**" (as used in the Code) and, if any Associations identified, provide sufficient information to enable the OCs to assess whether such order may negatively impact the price discovery process.*
– Proprietary Orders	*Identify if this order is a "**Proprietary Order**" (as used in the Code) and, if so, provide sufficient information to enable the OCs to assess whether such order may negatively impact the price discovery process.*
– Duplicated Orders (i.e. two or more corresponding or identical orders placed via two or more CMIs)	*If the prospective investor has placed an/any order(s) via other CMIs in this offering, identify if this order is (i) a separate/unique order or (ii) a duplicated order.*
Contact Information of CMI submitting the order:	*Provide 24-hour contact details (telephone and email) of relevant individual(s) who may be contacted in relation to this order.*

SINGAPORE

The Lead Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the MAS. Accordingly, the Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Additional Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Additional Notes or cause the Additional Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Additional Notes, whether directly or indirectly, to any person in Singapore other than:

(i) to an institutional investor (as defined in Section 4A of SFA) pursuant to Section 274 of the SFA; or

(ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or

(iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Offering Circular has not been registered as a prospectus with the MAS. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Additional Notes may not be circulated or distributed, nor may any Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

(i) to an institutional investor pursuant to Section 274 of the SFA; or

(ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or

(iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Additional Notes pursuant to an offer made under Section 275 of the SFA, except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA; or

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law; or

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

PHILIPPINES

THE ADDITIONAL NOTES BEING OFFERED OR SOLD HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE PHILIPPINE SEC UNDER THE SECURITIES REGULATION CODE OF THE PHILIPPINES (THE "PHILIPPINE SRC") AND ITS IMPLEMENTING RULES AND REGULATIONS. ANY FUTURE OFFER OR SALE OF THE ADDITIONAL NOTES WITHIN THE PHILIPPINES IS SUBJECT TO THE REGISTRATION REQUIREMENTS UNDER THE SRC UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION UNDER THE PHILIPPINE SRC.

Under Republic Act No. 8799, known as the Securities Regulation Code (the **"Philippine SRC**"), and its implementing rules and regulations, securities, such as the Additional Notes, are not permitted to be sold or offered for sale or distribution within the Philippines unless such securities are registered with the Philippine SEC or are otherwise exempt securities or sold pursuant to an exempt transaction.

The Additional Notes will not be offered in the Philippines except insofar as any such offers are made to qualified buyers or primary institutional lenders as respectively defined in the Section 10.1(l) of the Philippine SRC and Rule 10.1.4 of the implementing rules and regulations of the Philippine SRC, as amended, that would qualify as an exempt transaction under the Philippine SRC. A confirmation of exemption from the Philippine SEC that the offer and sale of the Additional Notes in the Philippines qualify as an exempt transaction under Philippine SRC is not required to be, has not been, and will not be obtained. The Lead Manager has represented, warranted and agreed that it has not and will not sell or offer for sale or distribution any Notes in the Philippines except to "primary institutional lenders" pursuant to Rule 10.1.4 of the implementing rules and regulations of the Philippine SRC or to "qualified buyers" pursuant to Section 10.1(l) of the Philippine SRC, as amended. Prospective investors should take note of the transfer restrictions set out in the implementing rules and regulations of the Philippine SRC.

GENERAL

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Lead Manager that would, or is intended to, permit a public offering of the Additional Notes, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Additional Notes, in any country or jurisdiction where action for that purpose is required.

LEGAL MATTERS

Certain matters as to the laws of Singapore will be passed upon for the Issuer by Allen & Gledhill LLP. Certain legal matters as to English law will be passed upon for the Lead Manager by Milbank (Hong Kong) LLP. Certain legal matters as to Philippine law will be passed upon for the Issuer and the Company by Romulo Mabanta Buenaventura Sayoc & de los Angeles and for the Lead Manager by Angara Abello Concepcion Regala & Cruz.

INDEPENDENT AUDITORS

R.G. Manabat & Co. ("**RGM**"), a member firm of KPMG International, independent auditors, audited the Company's consolidated financial statements as of 31 December 2021 and 2020 and for the years ended 31 December 2021, 2020 and 2019, and reviewed the Company's unaudited interim consolidated financial statements as of 30 September 2022 and for each of the nine-month periods ended 30 September 2022 and 2021. A review is substantially less in scope than an audit conducted in accordance with Philippine Standards on Auditing. Consequently, it does not enable them to obtain assurance that they would become aware of all significant matters that might be identified in an audit. Accordingly, they do not express an audit opinion on the unaudited interim condensed consolidated financial statements. The financial information included in this Offering Circular has been prepared under PFRS. RGM has agreed to the inclusion of its reports in this Offering Circular.

GLOSSARY OF SELECTED TERMS

In this Offering Circular, unless the context otherwise requires, the following terms shall have the meanings set forth below.

ASEAN	The Association of Southeast Asian Nations, including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam
BIR	Bureau of Internal Revenue
BPO	business process outsourcing
BSP	Bangko Sentral ng Pilipinas
CHICI	CentralHub Industrial Centers Inc.
CityMall	the Company's community malls held through CMCCI
CMCCI	CityMall Commercial Centers Inc.
Company	DoubleDragon Corporation and its subsidiaries, unless the context otherwise provides
CUSA	common usage service area
DDHH	DD HappyHomes Residential Centers Inc.
DDMTC	DD Meridian Tower Corp.
DDPMC	DoubleDragon Property Management Corp.
DDMPR	DDMP REIT, Inc. (formerly DD Meridian Park Development Corp. ("DDMPDC"))
DDMP REIT Fund Managers	DDMP REIT Fund Managers, Inc.
DDMP REIT Property Managers	DDMP REIT Property Managers, Inc.
DDSC	DoubleDragon Sales Corp.
DDWPL	DDPC Worldwide Pte. Ltd.
DHSUD	the Department of Human Settlements and Urban Development
DoubleDragon or the Guarantor	DoubleDragon Corporation
ECQ	enhanced community quarantine
GCDPC	Green Coast Development PH Corp.
GDP	gross domestic product
GFA	gross floor area

HLURB	the Housing and Land Use Regulatory Board
HOA	Hotel of Asia, Inc.
HUDCC	the Department of Human Settlements and Urban Development
Honeystar	Honeystar Holdings Corporation
Hotel101 Global	Hotel101 Global Pte. Ltd.
IGFTC	Iloilo-Guimaras Ferry Terminal Corp.
industrial centre	industrial sites that contain standardised, multi-use, and industrial quality warehouses suited for commissaries, cold storage and logistics centres to be leased to locators nationwide
III	Injap Investments, Inc.
Issuer	DDPC Worldwide Pte. Ltd.
JFC	Jollibee Food Corporation
LEED	Leadership in Energy & Environmental Design
MECQ	modified ECQ
PCLI	Piccadilly Circus Landing Inc.
PFRS	Philippine Financial Reporting Standards
Philippine SEC	The Philippine Securities and Exchange Commission
POGO	Philippine offshore gaming operator
PRC	People's Republic of China
PSE	The Philippine Stock Exchange, Inc.
REIT	real estate investment trust
Robinsons Land or RLC	Robinsons Land Corp.
Securities Act	The United States Securities Act of 1933, as amended
sq.m.	square metre
Tax Code	The Philippine National Internal Revenue Code of 1997, as amended
VAT	Value-added tax
WWF	World Wide Fund for Nature
ZFC	Zenith Foods Corporation, a wholly owned subsidiary of JFC

GENERAL INFORMATION

(1) **Clearing Systems:** The Additional Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under Common Code number 220797279. The International Securities Identification Number ("**ISIN**") for the Additional Notes is XS2207972790.

(2) **Listing of Notes:** The Existing Notes are listed on the SGX-ST. Application has been made for the listing and quotation of the Additional Notes on the SGX-ST. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for definitive Certificates. In addition, in the event that the Global Certificate is exchanged for definitive Certificates, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Certificates, including details of the paying agent in Singapore. The Additional Notes will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000 for as long as the Additional Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

(3) **Authorisations:** The issuance of the Additional Notes was authorised by resolutions of the Board of Directors of the Issuer dated as of 21 March 2023. The provision of the Guarantee was authorised by resolutions of the Board of Directors of the Guarantor dated as of 21 March 2023. Consistent with the Guarantor's customary governance and business practices, its shareholders will ratify, at the next annual shareholders' meeting, all acts of the Board of the Directors up to the date of the meeting, including the transactions contemplated by this Offering Circular and the Transaction Documents. See "*Management – Corporate Governance, Meeting of Directors and Meeting of Stockholders*" and "*Subscription and Sale*" for further details.

(4) **No Material Adverse Change:** Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Company since 31 December 2021 and no material adverse change in the financial position, trading position or prospects of the Company since 31 December 2021.

(5) **Litigation:** Save as disclosed in this Offering Circular, neither the Issuer nor the Guarantor is involved in any litigation or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Offering Circular, a significant adverse effect on the financial position or trading position of the Issuer or the Guarantor nor is Issuer or the Guarantor aware that any such proceedings are pending or threatened.

(6) **Available Documents:** Copies of the following documents will be available for inspection from the Closing Date during normal business hours at the specified office of the Guarantor at 10th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Macapagal Ave corner EDSA Ext, Bay Area, Pasay City, Metro Manila, Philippines, so long as any of the Notes is outstanding:

(a) Amended Articles of Incorporation of the Guarantor;

(b) Constitution of the Issuer;

(c) copies of the annual reports of the Company as of and for the years ended 31 December 2019, 2020 and 2021;

(d) the Trust Deed; and

(e) the Agency Agreement.

(7) **Independent Auditors:** The audited consolidated financial statements of the Guarantor and its subsidiaries as of 31 December 2020 and 2021 and for the years ended 31 December 2019, 2020 and 2021 and the unaudited interim consolidated financial statements of the Guarantor and its subsidiaries as of 30 September 2022 and for the nine months ended 30 September 2022 and 2021 appearing in this Offering Circular, have been audited and reviewed, respectively, by R.G. Manabat & Co., independent auditors, as set forth in their reports appearing herein.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

DOUBLEDRAGON CORPORATION AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
As at September 30, 2022 and December 31, 2021 and
For the Nine Months Ended September 30, 2022 and 2021

With Independent Auditors' Report

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS ON REVIEW OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Board of Directors and Stockholders
DoubleDragon Corporation
DD Meridian Park Bay Area
Corner Macapagal Avenue and EDSA Extension Boulevard
Brgy 76 Zone 10, San Rafael. Pasay City, Metro Manila

Introduction

We have reviewed the accompanying unaudited condensed consolidated interim financial statements of DoubleDragon Corporation and Subsidiaries (the "Group"), which comprise the unaudited condensed consolidated interim statement of financial position as at September 30, 2022, and the unaudited condensed consolidated interim statements of comprehensive income, unaudited condensed consolidated interim statements of changes in equity and unaudited condensed consolidated interim statements of cash flows for the nine months ended September 30, 2022 and 2021, and selected explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Philippine Accounting Standards (PAS) 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these unaudited condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Philippine Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Philippine Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with PAS 34, *Interim Financial Reporting*.

Other Matter

We have audited the consolidated financial statements of the Group as at and for the year ended December 31, 2021 and expressed an unqualified opinion thereon dated May 15, 2022.

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
 covering the audit of 2019 to 2023 financial statements
Tax Identification No. 912-535-864
BIR Accreditation No. 08-001987-031-2022
 Issued June 27, 2022; valid until June 27, 2025
PTR No. MKT9563853
 Issued January 3, 2023 at Makati City

March 19, 2023
Makati City, Metro Manila

DOUBLEDRAGON CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	*6, 20*	**P4,894,249,321**	P7,763,034,480
Receivables - net	*7, 20*	**10,455,217,044**	8,215,798,308
Inventories	*8*	**2,488,008,005**	2,391,400,824
Due from related parties	*20*	**52,146,970**	55,150,000
Prepaid expenses and other current assets - net	*9*	**5,364,668,818**	4,878,316,568
Total Current Assets		**23,254,290,158**	23,303,700,180
Noncurrent Assets			
Receivables - net of current portion		**332,918,667**	318,545,851
Property and equipment - net		**801,552,770**	845,853,666
Goodwill and other intangible assets		**1,123,711,045**	1,147,931,606
Investment property	*10*	**117,957,738,181**	112,391,162,203
Deferred tax assets		**394,329,448**	298,778,364
Other noncurrent assets		**3,351,836,254**	3,350,232,010
Total Noncurrent Assets		**123,962,086,365**	118,352,503,700
		P147,216,376,523	P141,656,203,880
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	*11*	**P3,840,669,630**	P3,867,205,235
Short-term loans payable and current maturities of long-term notes payable, net of debt issue costs	*12*	**11,663,705,002**	14,618,971,659
Customers' deposits		**139,808,254**	119,867,995
Due to related parties	*20*	**558,378,459**	727,613,383
Dividends payable	*20*	**611,782,673**	147,771,638
Income tax payable		**54,984,799**	14,470,655
Total Current Liabilities		**16,869,328,817**	19,495,900,565
Noncurrent Liabilities			
Long-term notes payable - net of current maturities and debt issue costs	*12*	**27,529,939,137**	21,525,798,815
Bonds payable - net of bond issue costs	*12*	**14,919,222,598**	14,897,619,137
Lease liabilities - noncurrent portion	*20*	**1,324,767,147**	1,282,638,534
Deferred tax liabilities	*14*	**13,701,340,140**	13,612,338,447
Customers' deposits - net of current portion		**170,607,660**	367,412,148
Retirement benefits liability		**30,547,752**	30,547,752
Other noncurrent liabilities	*13*	**860,989,192**	1,135,495,249
Total Noncurrent Liabilities		**58,537,413,626**	52,851,850,082
Total Liabilities		**75,406,742,443**	72,347,750,647

Forward

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Equity Attributable to Equity Holders of the Parent Company	*16*		
Capital stock		**P10,237,310,060**	P10,237,310,060
Additional paid-in capital		**5,540,589,852**	5,540,589,852
Retained earnings		**25,517,109,123**	25,251,421,362
Treasury stock		**(391,673,305)**	(167,160,000)
Reserves		**117,125,176**	117,125,176
		41,020,460,906	40,979,286,450
Non-controlling Interests		**30,789,173,174**	28,329,166,783
Total Equity		**71,809,634,080**	69,308,453,233
		P147,216,376,523	P141,656,203,880

See Notes to the Condensed Consolidated Interim Financial Statements.

DOUBLEDRAGON CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

	Note	**2022 (Unaudited)**	2021 (Unaudited)
INCOME			
Rent income	*10*	**P2,697,047,916**	P2,724,688,885
Real estate sales	*17*	**1,504,936,044**	718,642,294
Hotel revenues	*17*	**332,912,962**	420,700,999
Interest income	*6*	**11,752,915**	19,963,209
Unrealized gains from changes in fair values of investment property	*10*	**363,964,405**	6,568,053,002
Others - net	*7*	**1,055,584,885**	712,675,061
		5,966,199,127	11,164,723,450
COSTS AND EXPENSES			
Cost of real estate sales	*18*	**806,477,721**	395,097,450
Cost of hotel operations	*18*	**210,933,653**	258,441,412
General and administrative expenses	*19*	**1,299,853,278**	1,285,119,716
Selling and marketing expenses		**134,633,925**	58,515,875
Interest expense	*12*	**909,250,118**	1,239,475,172
		3,361,148,695	3,236,649,625
INCOME BEFORE INCOME TAX		**2,605,050,432**	7,928,073,825
INCOME TAX EXPENSE (BENEFIT)	*14*	**148,868,223**	(378,597,393)
NET INCOME/TOTAL COMPREHENSIVE INCOME		**P2,456,182,209**	P8,306,671,218
Net income attributable to:			
Equity holders of the Parent Company	*16*	**P1,309,407,408**	P5,943,607,178
Non-controlling interest	*16*	**1,146,774,801**	2,363,064,040
		P2,456,182,209	P8,306,671,218
BASIC AND DILUTED EARNINGS PER COMMON SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	*15*	**P0.3506**	P2.3053

See Notes to the Condensed Consolidated Interim Financial Statements.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

		Equity Attributable to Equity Holders of the Parent Company										
		Capital Stock					Reserves					
	Note	Common Shares	Preferred Shares	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Remeasurement on Defined Benefit Liability - net of tax	Hedging Reserve	Translation Reserve	Total	Non-controlling Interests	Total Equity
As at January 1, 2022 (Audited)		**P237,310,060**	**P10,000,000,000**	**(P167,160,000)**	**P5,540,589,852**	**P25,251,421,362**	**P147,767**	**P128,048,158**	**(P11,070,749)**	**P40,979,286,450**	**P28,329,166,783**	**P69,308,453,233**
Total Comprehensive Income												
Net income for the period		-	-	-	-	**1,309,407,408**	-	-	-	**1,309,407,408**	**1,146,774,801**	**2,456,182,209**
Transactions with Owners												
Dividends declared	*16*	-	-	-	-	**(1,030,819,647)**	-	-	-	**(1,030,819,647)**	**(888,229,420)**	**(1,919,049,067)**
Buyback of shares	*16*	-	-	**(224,513,305)**	-	-	-	-	-	**(224,513,305)**	-	**(224,513,305)**
Stock issuance cost		-	-	-	-	**(12,900,000)**	-	-	-	**(12,900,000)**	-	**(12,900,000)**
Additional contribution from non-controlling interests	*16*	-	-	-	-	-	-	-	-	-	**2,201,461,010**	**2,201,461,010**
Total Transactions with Owners During the Year		-	-	**(224,513,305)**	-	**(1,043,719,647)**	-	-	-	**(1,268,232,952)**	**1,313,231,590**	**44,998,638**
Balance as at September 30, 2022 (Unaudited)		**P237,310,060**	**P10,000,000,000**	**(P391,673,305)**	**P5,540,589,852**	**P25,517,109,123**	**P147,767**	**P128,048,158**	**(P11,070,749)**	**P41,020,460,906**	**P30,789,173,174**	**P71,809,634,080**

Forward

	Equity Attributable to Equity Holders of the Parent Company								
	Capital Stock								
	Common Shares	Preferred Shares	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Remeasurement on Defined Benefit Liability - net of tax	Total	Non-controlling Interests	Total Equity
As at January 1, 2021 (Audited)	P237,310,060	P10,000,000,000	(P167,160,000)	P5,540,589,852	P18,249,718,051	(P4,926,420)	P33,855,531,543	P15,204,706,552	P49,060,238,095
Total Comprehensive Income									
Net income for the period	-	-	-	-	5,943,607,178	-	5,943,607,178	2,363,064,040	8,306,671,218
Transactions with Owners									
Dividends declared	-	-	-	-	(959,814,224)	-	(959,814,224)	-	(959,814,224)
Partial disposal of interest in a subsidiary	-	-	-	-	713,655,184	-	713,655,184	8,269,951,392	8,983,606,576
Additional contribution from non-controlling interests	-	-	-	-	-	-	-	3,845,764,073	3,845,764,073
Dilution of interest in a subsidiary	-	-	-	-	(22,578,266)	-	(22,578,266)	22,578,266	-
Stock issuance cost	-	-	-	-	(247,668)	-	(247,668)	-	(247,668)
Distribution to non-controlling interest	-	-	-	-	-	-	-	(668,772,156)	(668,772,156)
Total Transactions with Owners During the Period	-	-	-	-	(268,984,974)	-	(268,984,974)	11,469,521,575	11,200,536,601
Balance as at September 30, 2021 (Unaudited)	P237,310,060	P10,000,000,000	(P167,160,000)	P5,540,589,852	P23,924,340,255	(P4,926,420)	P39,530,153,747	P29,037,292,167	P68,567,445,914

DOUBLEDRAGON CORPORATION AND SUBSIDIARIES

UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

	Note	**2022 (Unaudited)**	2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P2,605,050,432**	P7,928,073,825
Adjustments for:			
Interest expense		**909,250,118**	1,239,475,172
Unrealized gains from changes in fair values of investment property	*10*	**(363,964,405)**	(6,568,053,002)
Impairment loss on receivables		**181,320,945**	-
Depreciation and amortization		**93,064,575**	113,043,089
Interest income		**(11,752,915)**	(19,963,209)
Operating income before working capital changes		**3,412,968,750**	2,692,575,875
Decrease (increase) in:			
Receivables		**(2,435,112,497)**	(2,903,743,864)
Inventories		**(96,607,181)**	(89,465,308)
Due from related parties		**3,003,030**	-
Prepaid expenses and other current assets		**(486,352,250)**	501,014,874
Increase (decrease) in:			
Accounts payable and other current liabilities		**(322,648,654)**	1,571,605,275
Customers' deposits		**(176,864,229)**	123,809,956
Due to related parties		**(169,234,924)**	(427,396,875)
Cash generated from (used for) operations		**(270,847,955)**	1,468,399,933
Interest received		**11,752,915**	19,963,209
Interest paid		**(2,202,816,468)**	(1,847,328,889)
Income tax paid		**(114,903,470)**	(121,297,872)
Net cash used in operating activities		**(2,576,814,978)**	(480,263,619)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment property		**(1,419,527,901)**	(2,058,767,264)
Property and equipment		**(95,426,629)**	(54,722,155)
Other intangible assets		**(11,549,301)**	(2,619,913)
Increase in other noncurrent assets		**(1,604,244)**	(331,945,812)
Net cash used in investing activities		**(1,528,108,075)**	(2,448,055,144)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of notes, net of debt issue costs		**12,438,354,646**	2,430,573,271
Proceeds from sale of investment in a subsidiary		**-**	8,983,606,576
Increase in non-controlling interest		**112,093,010**	3,845,764,073
Payments of:			
Notes and loans	*12*	**(9,389,480,981)**	(7,403,752,110)
Dividends	*16*	**(1,455,038,032)**	(1,595,390,899)
Buyback of shares		**(224,513,305)**	-
Stock issuance cost	*16*	**(12,900,000)**	(247,668)
Increase (decrease) in other noncurrent liabilities		**(232,377,444)**	36,532,996
Net cash provided by financing activities		**1,236,137,894**	6,297,086,239
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(2,868,785,159)**	3,368,767,476
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**7,763,034,480**	3,976,350,272
CASH AND CASH EQUIVALENTS AT END OF PERIOD	*6*	**P4,894,249,321**	P7,345,117,748

See Notes to the Condensed Consolidated Interim Financial Statements.

DOUBLEDRAGON CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Reporting Entity

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

In 2021, the Board of Directors (BOD) and shareholders of CentralHub Industrial Centers Inc. (CHICI), a subsidiary of DD approved the amendment of Articles of Incorporation (AOI) increasing the Company's authorized capital stock from P5,000,000 divided into 50,000 shares at P100.00 par value to P125,000,000 divided into 12,500,000,000 shares at P0.01 par value. In June 2021, CHICI received a subscription from an NCI shareholder amounting 3.8 billion pending the approval of the increase in authorized capital stock of the Company. On September 3, 2021, the SEC approved the amendment of the Company's AOI.

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

The Parent Company's registered office address is at 10th Floor, DoubleDragon Plaza, DD Meridian Park Bay Area, Corner Macapagal Avenue and EDSA Extension Boulevard, Brgy. 76 Zone 10, San Rafael, Pasay City, Metro Manila.

2. Basis of Preparation

The unaudited 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, 2021. The unaudited condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements in accordance with Philippine Financial Reporting Standards (PFRS), and should be read in conjunction with the audited consolidated financial statements of DoubleDragon Corporation and Subsidiaries (collectively referred to as the "Group") as at and for the year ended December 31, 2021. 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 unaudited 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 unaudited condensed consolidated interim financial statements were approved and authorized for issue in accordance with a resolution by the BOD on March 19, 2023.

3. Summary of Significant Accounting Policies

Except as described below, the accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its consolidated financial statements as of and for the year ended December 31, 2021. The following changes in accounting policies are also expected to be reflected in the Company's consolidated financial statements as of and for the year ended December 31, 2022.

<u>Adoption of New or Revised Standards, Amendments to Standards and Interpretations</u>
The Company has adopted the following new standards, amendments to standards and interpretations starting January 1, 2022 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Company's consolidated financial statements.

- *COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to PFRS 16 Leases).* The amendment extends the practical expedient introduced in the 2020 amendment which simplified how a lessee accounts for rent concessions that are a direct consequence of COVID-19, permitting lessees to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. The adoption is mandatory for lessees that chose to apply the practical expedient introduced by the 2020 amendments and may result in reversal of lease modifications that was ineligible for the practical expedient under the 2020 amendments, but becomes eligible as a result of the extension.

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

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

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

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

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

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

- Annual Improvements to PFRS Standards 2018-2020. This cycle of improvements contains amendments to four standards:

  - *Fees in the ’10 per cent’ Test for Derecognition of Financial Liabilities (Amendment to PFRS 9 Financial Instruments).* The amendment clarifies that for the purpose of performing the ’10 per cent’ test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. It applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  - *Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16 Leases).* The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

Except as otherwise indicated, the adoption of the amended standards did not have a material effect on the unaudited condensed consolidated interim consolidated financial statements.

<u>Standards Issued but Not Yet Adopted</u>
A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2022. However, the Company has not early adopted the following new or amended standards in preparing these unaudited condensed consolidated interim consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group’s unaudited condensed consolidated interim consolidated financial statements.

Effective January 1, 2023

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

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

▪ *Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Group's financial statements.

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

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

Effective January 1, 2024

- *Classification of Liabilities as Current or Noncurrent – 2020 amendments and Non-Current Liabilities with Covenants – 2022 amendments (Amendments to PAS 1, Presentation of Financial Statements).* To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

    - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

    - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;

    - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and

    - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

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

4. Use of Judgments and Estimates

In preparing the unaudited 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 applied to the consolidated financial statements as at and for the year ended December 31, 2021.

5. Segment Information

Operating Segments

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

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

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

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

The Group has three significant reportable segments for 2022 and 2021, namely the real estate development, leasing, and hospitality. Leasing segment is presented into three sub-segments, which composed of retail, office and industrial.

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

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

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

Operating Segments
Analyses of financial information by business segment follow:

September 30, 2022

	Real Estate Development	Retail Leasing	Office Leasing	Industrial Leasing	Hospitality	Others	Eliminations	Consolidated
Revenue								
External revenues	P1,534,321,269	P1,785,619,695	P1,480,039,123	P41,780,740	P325,507,509	P798,930,791	P -	P5,966,199,127
Inter-segment	-	22,343,046	43,849,027	-	7,405,453	2,643,538,750	(2,717,136,276)	-
Total Revenue	P1,534,321,269	P1,807,962,741	P1,523,888,150	P41,780,740	P332,912,962	P3,442,469,541	(P2,717,136,276)	P5,966,199,127
Segment Results	P588,587,189	P862,544,221	P1,255,655,375	P26,569,962	P68,625,470	(P347,536,370)	P1,736,362	P2,456,182,209
Total Comprehensive Income Attributable to								
Equity holders of the Parent	P -	P -	P -	P -	P -	P -	P -	1,309,407,408
Non-controlling interests	-	-	-	-	-	-	-	1,146,774,801
	P -	P -	P -	P -	P -	P -	P -	P2,456,182,209
Segment Assets	P10,980,846,505	P65,669,495,321	P67,163,503,356	P8,091,742,778	P2,306,675,146	P81,164,408,958	(P88,160,295,541)	P147,216,376,523
Segment Liabilities	P7,163,399,026	P88,230,033,264	P23,660,316,516	P1,736,301,264	P2,603,495,628	P13,052,873,778	(P61,039,677,033)	P75,406,742,443
Other Information								
Capital expenditures	P78,485,970	P1,295,342,383	P539,213,333	P514,088,268	P58,453,225	P -	P -	P2,485,583,179
Depreciation and amortization	P103,350,946	P26,738,034	P5,085,198	P -	P5,868,698	P1,764,520	(P49,742,821)	P93,064,575

As at and for the Nine Months Ended September 30, 2021

	Real Estate Development	Retail Leasing	Office Leasing	Industrial Leasing	Hospitality	Others	Eliminations	Consolidated
Revenue								
External revenues	**P718,642,294**	**P4,609,438,020**	**P4,567,599,455**	**P17,830,868**	**P420,700,999**	**P830,511,814**	**P -**	**P11,164,723,450**
Inter-segment	**-**	**13,229,897**	**84,085,346**	**-**	**5,549,952**	**7,135,206,460**	**(7,238,071,655)**	**-**
Total Revenue	**P718,642,294**	**P4,622,667,917**	**P4,651,684,801**	**P17,830,868**	**P426,250,951**	**P7,965,718,274**	**(P7,238,071,655)**	**P11,164,723,450**
Segment Results	**P292,028,148**	**P4,173,886,757**	**P3,530,504,676**	**P12,175,108**	**P122,145,442**	**P5,064,091,931**	**(P4,888,160,844)**	**P8,306,671,218**
Total Comprehensive Income Attributable to								
Equity holders of the Parent	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	**P5,943,607,178**
Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,363,064,040**
	P -	P -	P -	P -	P -	P -	P -	P6,025,223,193
Segment Assets	P9,393,094,489	P58,636,605,576	P54,541,156,595	P1,724,137,691	P1,360,858,441	P64,767,352,924	(P69,517,470,310)	P120,905,735,406
Segment Liabilities	P6,788,958,814	P55,918,416,808	P22,922,472,283	P1,407,453,253	P1,989,702,763	P36,630,437,762	(P53,811,944,372)	P71,845,497,311
Other Information								
Capital expenditures	P7,954,924	P1,927,301,979	P1,288,508,135	P218,611,426	P -	P -	P -	P3,442,376,464
Depreciation and amortization	P148,519,968	P59,572,658	P6,707,693	P -	P1,518,311	P1,806,250	(P64,271,806)	P153,853,074

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

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

6. Cash and Cash Equivalents

This account consists of:

		September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash on hand		**P12,709,576**	P12,386,002
Cash in banks	*20*	**3,968,121,807**	7,150,565,811
Short-term placements	*20*	**913,417,938**	600,082,667
		P4,894,249,321	P7,763,034,480

Cash in banks earn annual interest at the respective bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn annual interest at the respective short-term placement rates. Total interest income from cash in banks and short-term placements amounted to P11.75 million and P19.96 million for the nine months ended September 30, 2022 and 2021, respectively.

7. Receivables

This account consists of:

		September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Installment contracts receivable		**P3,049,446,533**	P2,699,096,745
Rent receivable		**6,670,064,295**	4,639,397,011
Receivables from:			
Contractors		**166,224,629**	166,763,629
Tenants		**70,165,208**	69,883,822
Condominium corporation and unit owners		**94,504,383**	94,182,911
Hotel operations		**20,032,070**	159,989,351
Leasehold rights' buyers		**346,848,421**	355,050,959
Advances to employees		**31,532,672**	25,291,767
Others		**68,640,744**	68,384,024
		10,517,458,955	8,278,040,219
Less allowance for impairment loss		**62,241,911**	62,241,911
	20	**P10,455,217,044**	P8,215,798,308

Installment contracts receivable from real estate buyers pertains to receivables from the sale of condominium and subdivision units. These receivables are collectible in monthly installments over a period of one to five years. These non-interest bearing installment contracts receivable are discounted using effective annual interest rates ranging from 5.00% to 10.00% that are specific to the tenor of the installment contracts receivable. Titles to real estate properties are not transferred to the buyers until full payment has been made.

Rent receivable pertains to receivables arising from the lease of commercial and office spaces relating to the Group's CityMall, CentralHub and DD Meridian Park operations. These are generally collectible within 30 days. This account also consists of accrued rentals arising from the excess of rent income over rental collections made by lessees in accordance with straight-line rental recognition as mandated by PFRS 16, Leases.

Receivables from tenants include utilities, common usage service area fees and other charges billed to tenants which are due within 30 days upon billing.

Receivables directly written off for the nine months ended September 30, 2022 and 2021 amounted to P181.32 million and nil, respectively. These pertain to discounts and rental waivers granted to tenants due to COVID-19.

Other income includes CUSA and interest and penalties charged to tenant advertising income, retail and restaurant sales and other charges.

8. Inventories

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
At cost:		
Real estate inventories	**P2,460,748,723**	P2,371,407,174
Hotel inventories	**13,391,287**	8,799,426
Others	**13,867,995**	11,194,224
	P2,488,008,005	P2,391,400,824

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

9. Prepaid Expenses and Other Current Assets - net

This account consists of:

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Input VAT - net		**P2,375,934,757**	P2,682,548,476
Advances to contractors and suppliers		**633,875,082**	367,576,543
Creditable withholding taxes		**170,596,655**	231,711,801
Prepaid expenses:			
Taxes		**1,382,047,925**	1,176,878,248
Rent		**111,168,188**	113,816,351
Commission		**18,090,541**	8,599,234
Insurance		**11,910,910**	11,027,741
Others		**327,427,786**	181,136,076
Refundable deposits	*20*	**6,799,704**	8,348,027
Other current assets		**326,817,270**	96,674,071
		P5,364,668,818	P4,878,316,568

10. Investment Property

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Land	**P26,637,962,549**	P24,261,617,963
Building	**77,041,698,109**	75,321,391,077
Right-of-use assets - land	**1,287,147,794**	1,434,746,531
Construction in progress	**12,990,929,729**	11,373,406,632
	P117,957,738,181	P112,391,162,203

The following table provides the fair value hierarchy of the Group's investment property as at September 30, 2022 and December 31, 2021:

		Level 2	
	Date of Valuation	**September 30, 2022**	December 31, 2021
Land	Various	**P26,637,962,549**	P24,261,617,963
Commercial	Various	**45,760,244,589**	43,078,603,299
Corporate/office	Various	**45,559,531,043**	45,050,940,941
		P117,957,738,181	P112,391,162,203

The Group recognized unrealized gains from changes in fair values of investment property amounting to P363.96 million and P6.57 billion for the nine months ended September 30, 2022 and 2021, respectively.

Rent income for the nine months ended September 30, 2022 and 2021 amounted to P2,697.48 million and P2,724.69 million, respectively.

11. Accounts Payable and Other Current Liabilities

This account consists of:

		September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade payables	20	**P791,643,058**	P552,369,246
Retention payable - current	20	**383,630,237**	542,617,338
Withholding tax payable		**292,817,485**	248,931,845
Security deposits	20	**157,514,924**	111,653,671
Unearned rent income		**21,179,794**	346,852,758
Commission payable	20	**7,747,112**	7,853,429
Lease liabilities - current portion	20	**7,502,812**	72,588,514
Deposits from unit owners	20	**1,215,772**	1,005,422
Payable to a landowner	20	**-**	155,975,635
Accrued expenses:	20		
Project costs		**986,309,965**	1,047,427,979
Interest		**937,898,449**	559,352,588
Others		**192,541,569**	156,095,997
Other payables	20	**60,668,453**	64,480,813
		P3,840,669,630	P3,867,205,235

Trade payables and accrued project costs are liabilities arising from services provided by the contractors and subcontractors. These are non-interest bearing and are normally settled within 30 days.

Retention payable pertains to the amount retained by the Group from its payment to contractors to cover cost of contractors' noncompliance with the construction of the Group's projects. Amounts retained by the Group vary from different contractors.

12. Short-term and Long-term Debts

Notes Payable
Details of the account are as follows:

		September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of the year		**P36,376,024,790**	P33,168,044,455
Availments		**12,641,899,630**	12,700,273,271
Payments		**(9,389,480,981)**	(9,492,292,936)
	20	**39,628,443,439**	36,376,024,790
Less short-term notes and current portion of long-term notes		**11,663,705,002**	14,618,971,659
Noncurrent portion		**27,964,738,437**	21,757,053,131
Less unamortized debt issue costs		**434,799,300**	231,254,316
		P27,529,939,137	P21,525,798,815

On March 16, 2022, DDPC Worldwide Pte. Ltd. obtained a total of USD55.0 million or P2.8 billion unsecured, bilateral, long-term loan from a financing institution. The loan bears fixed interest rate of 7.25% per annum over the term of the loan, payable semi-annually, every January 27 and July 27, commencing on July 27, 2022. The whole amount of the loan is payable on July 27, 2025.

The proceeds from this borrowing will be used to refinance the Group's corporate notes, paydown of short-term credit facilities, capital expenditures in investment properties.

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

The Group is in compliance with the covenants of the debt agreements as at September 30, 2022 and December 31, 2021.

Bonds Payable
Details of the account are as follows:

		September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning and end of year		**P15,000,000,000**	P15,000,000,000
Less unamortized debt issue costs		**80,777,402**	102,380,863
	19	**P14,919,222,598**	P14,897,619,137

13. Other Noncurrent Liabilities

This account consists of:

		September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Unearned rent income		**P434,983,060**	P193,983,165
Security deposits - net of current	*19*	**373,850,031**	368,747,991
Retention payable - net of current		**34,754,897**	36,915,476
Deferred output VAT - net		**17,401,204**	535,092,097
Others		**-**	756,520
		P860,989,192	P1,135,495,249

14. Income Taxes

Income tax benefit consists of:

	For the Nine Months Ended September 30	
	2022 (Unaudited)	2021 (Unaudited)*
Current	**P155,417,614**	P77,229,263
Deferred	**(6,549,391)**	(455,826,656)
	P148,868,223	(P378,597,393)

** Net of adjustments due to Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*

15. Basic and Diluted Earnings Per Share

Basic and diluted earnings per share for the nine months ended September 30, 2022 and 2021 are computed as follows:

	For the Nine Months Ended September 30	
	2022 (Unaudited)	2021 (Unaudited)
Net income attributable to equity holders of the Parent Company	**P1,309,407,408**	P5,943,607,178
Dividends on preferred shares for the period	**(485,835,000)**	(485,835,000)
Net income attributable to common shareholders of the Parent Company (a)	**P823,572,408**	P5,457,772,178
Weighted average number of common shares for diluted EPS (b)	**2,349,209,552**	2,367,528,600
Basic and diluted earnings per common share attributable to equity holders of the Parent Company (a/b)	**P0.3506**	P2.3053

16. Equity

The authorized capital stock of the Parent Company consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Authorized Capital Stock		
Common - P0.10 par value	**P500,000,000**	P500,000,000
Preferred - P100 par value	**20,000,000,000**	20,000,000,000
Number of Shares Authorized for Issued		
Common	**5,000,000,000**	5,000,000,000
Preferred	**200,000,000**	200,000,000

Details of the number of subscribed and outstanding shares are as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Common		
Subscribed shares at beginning and end of the period	**2,373,100,600**	2,373,100,600
Treasury shares	**(28,072,000)**	(5,572,000)
Outstanding shares at the end of the period	**2,345,028,600**	2,367,528,600
Preferred		
Balance at beginning and end of the period	**100,000,000**	100,000,000

Treasury Shares
From February to March 2022, the Parent Company repurchased a total of 22,500,000 common shares in relation to its share buyback program. The Parent Company repurchased 28,072,000 and 5,572,000 common shares, equivalent to P224,513,305 and P167,160,000 as of September 30, 2022 and December 31, 2021, respectively.

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 19, 2021	April 6, 2021	April 14, 2021	P1.61945	161.95 million
Regular Cash Dividend	Preferred	June 15, 2021	June 29, 2021	July 14, 2021	1.61945	161.95 million
Regular Cash Dividend	Common	July 30, 2021	August 23, 2021	September 16, 2021	0.2002	473.98 million
Regular Cash Dividend	Preferred	September 20, 2021	October 4, 2021	October 14, 2021	1.61945	161.95 million
Regular Cash Dividend	Preferred	December 15, 2021	December 29, 2021	January 6, 2022	1.61945	161.95 million
Regular Cash Dividend	Preferred	March 22, 2022	April 5, 2022	April 18, 2022.	1.61945	161.95 million
Regular Cash Dividend	Preferred	June 17, 2022	July 1, 2022	July 14, 2022.	1.61945	161.95 million
Regular Cash Dividend	Preferred	September 16, 2022	September 30, 2022	October 14, 2022	1.61945	161.95 million
Regular Cash Dividend	Common	September 29, 2022	October 14, 2022	October 31, 2022	0.2324	544.98 million

Dividends of Subsidiaries
The summary of cash dividend declarations of the subsidiaries is as follows:

Subsidiary	Share Class	Date of Payment	Dividend Per Share	Total
CM - Dipolog Zamboanga Inc.	Common	April 23, 2021	0.032712	P17.45 million
CM - Tarlac MacArthur Inc.	Common	May 3, 2021	0.004326	2.64 million
DDMP REIT Inc.	Common	May 10, 2021	0.02047718	365.06 million
CM - Goldenfields Bacolod Inc.	Common	May 20, 2021	0.0533	18.21 million
CM - Mandalagan Bacolod Inc.	Common	May 26, 2021	3.51	23.4 million
DDMP REIT Inc.	Common	June 10, 2021	0.02013600	358.97 million
DDMP REIT Inc.	Common	September 13, 2021	0.02777800	495.21 million
DDMP REIT Inc.	Common	December 13, 2021	0.02777800	499.17 million
CM - Dipolog Zamboanga Inc.	Common	May 26, 2022	0.03128	16.68 million
DDMP REIT Inc.	Common	May 31, 2022	0.027814	495.85 million
CM - Goldenfields Bacolod Inc.	Common	June 9, 2022	0.06300	21.53 million
CM - Mandalagan Bacolod Inc.	Common	June 10, 2022	4.5500	30.33 million
CM - Danao Cebu Inc.	Common	June 15, 2022	0.02970	15.83 million
CM - Tarlac McArthur Inc.	Common	June 23, 2022	0.032820	20.02 million
DDMP REIT Inc.	Common	June 30, 2022	0.027868	496.82 million
DDMP REIT Inc.	Common	August 31, 2022	0.0272990	486.67 million

Non-controlling Interests (NCI)
On February 24, 2022, the Philippine SEC approved the valuation of P2.09 billion properties of Jollibee Foods Corporation (JFC), an NCI shareholder of CHICI, in exchange for 1,699,858,927 original shares of CHICI. Following the approval, JFC subscribed to 1,699,858,927 additional shares in the CHICI.

Dividends paid to NCI amounted to P0.88 billion and P1.65 billion for the nine months ended September 30, 2022 and 2021, respectively.

17. Real Estate Sales and Hotel Revenues

Real Estate Sales

	September 30	
	2022 (Unaudited)	2021 (Unaudited)
Vertical	**P1,237,784,833**	P711,980,229
Horizontal	**267,151,211**	6,662,065
	P1,504,936,044	P718,642,294

All of the Group's real estate sales from residential development are revenue from contracts with customers recognized over time.

Gross profit for the nine months ended September 30, 2022 and 2021 amounted to P698.46 million and P323.54 million, respectively.

Hotel Revenues

	September 30	
	2022 (Unaudited)	2021 (Unaudited)
Rooms	**P290,492,831**	P366,205,581
Food and beverage	**2,867,516**	4,363,247
Others	**39,552,615**	50,132,171
	P332,912,962	P420,700,999

Hotel revenues from sale of food and beverage are recognized at point in time.

18. Cost of Real Estate Sales and Hotel Operations

This account consists of:

Cost of Real Estate Sales

	September 30	
	2022 (Unaudited)	**2021 (Unaudited)**
Construction costs	**P651,080,107**	P339,809,530
Land and land development costs	**31,105,051**	4,302,022
Other project costs	**124,292,563**	50,985,898
	P806,477,721	P395,097,450

Cost of Hotel Operations

	2022	2021
Rent	**P84,715,281**	P109,660,788
Utilities	**32,226,864**	27,513,864
Outside services	**25,158,129**	25,104,886
Room meals	**19,558,198**	54,902,367
Salaries and wages	**12,209,590**	15,588,414
Laundry and pressing	**11,133,422**	6,197,314
Room supplies	**9,738,313**	8,801,736
Booking fee	**8,563,912**	1,418,832
Subscription	**4,880,846**	5,365,187
Communication	**1,335,925**	1,523,411
Transport	**167,702**	851,377
Others	**1,245,471**	1,513,236
	P210,933,653	P258,441,412

19. General and Administrative Expenses

This account consists of:

	2022	2021
Taxes and licenses	**P332,826,628**	P369,522,998
Outsourced services	**216,968,104**	204,798,289
Impairment loss on receivables	**181,320,945**	37,655,091
Electricity and water	**181,162,176**	124,263,248
Salaries, wages and other benefits	**115,669,208**	161,853,335
Depreciation and amortization	**93,064,575**	110,105,524
Professional fees	**26,143,144**	17,618,423
Repairs and maintenance	**25,432,378**	16,964,938
Insurance	**24,930,477**	25,624,248
Property management supplies	**10,343,853**	11,381,898
Communications	**10,110,099**	10,788,871
Rent	**8,370,084**	22,538,808
Subscription	**7,754,964**	4,905,905
Printing and office supplies	**5,966,530**	3,792,834
Cinema costs	**5,511,621**	14,746,138
Transportation and travel	**4,631,127**	1,745,564
Bank charges	**4,569,384**	1,666,533
Management fees	**2,611,872**	3,513,049
Representation	**1,320,994**	974,559
Listing fees	**-**	87,572,492
Donations	**-**	6,970,000
Miscellaneous	**41,145,115**	46,116,971
	P1,299,853,278	P1,285,119,716

20. Financial Risk and Capital Management Objectives and Policies

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

- Credit Risk
- Liquidity Risk
- Interest Rate Risk

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

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

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

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

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

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

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

Credit risk arising from rent receivable is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants.

For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables.

As at September 30, 2022 and December 31, 2021, there is no material pre-termination of POGOs and PAGCOR-accredited BPOs, and rent receivables from these tenants are not credit-impaired.

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

		September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash and cash equivalents*	*6*	**P4,881,539,745**	P7,750,648,478
Receivables**	*7*	**10,788,135,711**	8,534,344,159
Due from related parties		**52,146,970**	55,150,000
Derivative asset designated as cash flow hedge***		**76,647,719**	71,044,820
Refundable deposits***	*9*	**186,538,223**	178,266,543
		P15,985,008,368	P16,589,454,000

**Excluding "Cash on hand" account.*
*** This includes both current and noncurrent portions of the account.*
**** This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*
*****This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

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

September 30, 2022 (Unaudited)	**Financial Assets at Amortized Cost**				
	12-month ECL	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit impaired**	**Derivative Asset**	**Total**
Cash and cash equivalents (excluding cash on hand)	**P4,881,539,745**	**P -**	**P -**	**P -**	**P4,881,539,745**
Receivables*	**1,042,327,849**	**9,688,924,386**	**62,241,911**	**-**	**10,793,494,146**
Due from related parties	**52,146,970**	**-**	**-**	**-**	**52,146,970**
Derivative asset**	**-**	**-**	**-**	**76,647,719**	**76,647,719**
Refundable deposits***	**186,538,223**	**-**	**-**	**-**	**186,538,223**
	P6,162,552,787	**P9,688,924,386**	**62,241,911**	**P76,647,719**	**P15,990,366,803**

December 31, 2021 (Audited)	Financial Assets at Amortized Cost				
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Derivative Asset	Total
Cash and cash equivalents (excluding cash on hand)	P7,750,648,478	P -	P -	P -	P7,750,648,478
Receivables*	772,928,388	7,761,415,771	62,241,911	-	8,596,586,070
Due from related parties	55,150,000	-	-	-	55,150,000
Derivative asset**	-	-	-	71,044,820	71,044,820
Refundable deposits***	178,266,543	-	-	-	178,266,543
	P8,756,993,409	P7,761,415,771	P62,241,911	P71,044,820	P16,651,695,911

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

The following is the aging analysis per class of financial assets as at September 30, 2022 and December 31, 2021:

September 30, 2022 (Unaudited)		**Neither Past Due nor Impaired**	**Past Due but not Impaired**				
			1 to 90 Days	**91 to 360 Days**	**More than 360 Days**	**Impaired**	**Total**
Cash and cash equivalents	6	**P4,881,539,745**	**P -**	**P -**	**P -**	**P -**	**P4,881,539,745**
Receivables*	7	**7,209,502,643**	**1,390,987,736**	**1,383,238,684**	**632,401,745**	**62,241,911**	**10,678,372,719**
Due from related parties		**52,146,970**	**-**	**-**	**-**	**-**	**52,146,970**
Derivative asset designated as cash flow hedge***		**76,647,719**	**-**	**-**	**-**	**-**	**76,647,719**
Refundable deposits**	9	**186,538,223**	**-**	**-**	**-**	**-**	**186,538,223**
		P12,406,375,300	**P1,390,987,736**	**P1,383,238,684**	**P632,401,745**	**P62,241,911**	**P15,875,245,376**

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

December 31, 2021 (Audited)		Neither Past Due nor Impaired	Past Due but not Impaired				
			1 to 90 Days	91 to 360 Days	More than 360 Days	Impaired	Total
Cash and cash equivalents*	6	P7,750,648,478	P -	P -	P -	P -	P7,750,648,478
Receivables**	7	4,112,159,714	1,043,813,337	1,611,229,538	1,767,141,570	62,241,911	8,596,586,070
Due from related parties		55,150,000	-	-	-	-	55,150,000
Derivative asset***		71,044,820	-	-	-	-	71,044,820
Refundable deposits****	9	178,266,543	-	-	-	-	178,266,543
		P12,167,269,555	P1,043,813,337	1,611,229,538	1,767,141,570	62,241,911	P16,651,695,911

** 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:

		September 30, 2022 (Unaudited)			
		High Grade	**Medium Grade**	**Low Grade**	**Total**
Cash and cash equivalents*	6	**P4,881,539,745**	**P -**	**P -**	**P4,881,539,745**
Receivables**	7	**9,627,449,242**	**985,622,818**	**3,058,748**	**10,616,130,808**
Due from related parties		**52,146,970**	**-**	**-**	**52,146,970**
Derivative asset***		**76,647,719**	**-**	**-**	**76,647,719**
Refundable deposits***	9	**186,538,223**	**-**	**-**	**186,538,223**
		P14,824,321,899	**P985,622,818**	**P3,058,748**	**P15,813,003,465**

**Excluding "Cash on hand" account.*
***This includes both current and noncurrent portions of the account.*
****This is presented as part of "Other noncurrent assets" account.*
*****This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

		December 31, 2021 (Audited)			
		High Grade	Medium Grade	Low Grade	Total
Cash and cash equivalents*	6	P7,750,648,478	P -	P -	P7,750,648,478
Receivables**	7	4,112,159,714	2,655,042,875	1,767,141,570	8,534,344,159
Due from related parties		55,150,000	-	-	55,150,000
Derivative asset***		71,044,820	-	-	71,044,820
Refundable deposits****	9	178,266,543	-	-	178,266,543
		P12,167,269,555	P2,655,042,875	P1,767,141,570	P16,589,454,000

**Excluding "Cash on hand" account.*
***This includes both current and noncurrent portions of the account.*
****This is presented as part of "Other noncurrent assets" account.*
*****This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

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

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 September 30, 2022 (Unaudited)				
		Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years
Financial Liabilities						
Accounts payable and other current liabilities*	*11*	**P3,242,002,262**	**P3,242,002,262**	**P3,242,002,262**	**P -**	**P -**
Due to related parties		**558,378,459**	**558,378,459**	**558,378,459**	**-**	**-**
Dividends payable		**611,782,673**	**611,782,673**	**611,782,673**	**-**	**-**
Notes payable**		**39,140,701,004**	**46,794,718,450**	**13,597,545,522**	**33,197,172,928**	**-**
Bonds payable		**14,919,222,598**	**17,537,007,408**	**910,277,244**	**16,626,730,164**	**-**
Other noncurrent liabilities*		**373,850,031**	**373,850,031**	**-**	**373,850,031**	**-**
Lease liabilities		**1,324,767,147**	**2,734,148,093**	**7,502,812**	**413,261,452**	**2,313,383,829**

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

	As at December 31, 2021 (Audited)				
	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years
Financial Liabilities					
Accounts payable and other current liabilities*	P3,198,832,118	P3,198,832,118	P3,198,832,118	P -	P -
Due to related parties	727,613,383	727,613,383	727,613,383	-	-
Dividends payable	147,771,638	147,771,638	147,771,638	-	-
Notes payable**	36,144,770,474	42,028,299,503	14,669,552,705	27,358,746,798	-
Bonds payable	14,897,619,137	18,320,487,600	895,815,000	17,424,672,600	-
Other noncurrent liabilities*	406,419,987	577,653,472	-	577,653,472	-
Lease liabilities	1,355,227,048	2,873,218,659	102,357,294	537,936,431	2,232,924,934

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

Interest Rate Risk

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

Fair Values

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

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

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

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

Refundable Deposits/Lease Liabilities/Security Deposits
Refundable deposits, lease liabilities and security deposits are reported at their present values, which approximate the cash amounts that would fully satisfy the obligations as at reporting date.

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

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

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

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid-in capital and retained earnings. There were no changes in the Group's approach to capital management as at September 30, 2022 and December 31, 2021. The Group is not subject to externally-imposed capital requirements.

21. Events after Reporting Period

The following are the events after the reporting date:

- On November 15, 2022, the BOD of DDMP REIT, Inc. approved a regular cash dividend to common shareholders on record as at December 13, 2022, in the gross amount of P486.21 million or P0.0272730 per share. The regular dividend was paid on January 9, 2023.

- On November 25, 2022, DDPC Worldwide Pte. Ltd. obtained an additional $30 million unsecured, bilateral, long-term loan from a financing institution. The loan bears a fixed interest rate of 7.25% per annum over the term of the loan, payable semi-annually, every January 27 and July 27, commencing on January 27, 2023. The whole amount of the loan is payable on July 27, 2025.

- On December 14, 2022, the Parent Company declared a regular cash dividend to preferred shareholders on record as at December 29, 2022, amounting to P1.61945 per share. The regular dividend was paid on January 16, 2023.

- On March 16, 2023, the Parent Company declared a regular cash dividend to preferred shareholders on record as at March 30, 2023, amounting to P1.61945 per share. The regular dividend will be paid on April 14, 2023.

DOUBLEDRAGON CORPORATION
(Formerly DoubleDragon Properties Corp.)
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021, 2020 and 2019

With Independent Auditors' Report

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
DoubleDragon Corporation
DD Meridian Park Bay Area
Corner Macapagal Avenue and EDSA Extension Boulevard
Brgy 76 Zone 10, San Rafael, Pasay City, Metro Manila

Opinion

We have audited the consolidated financial statements of DoubleDragon Corporation, formerly DoubleDragon Properties Corp., and its subsidiaries (“the Group”), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2020, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Philippine Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

KPMG

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements, which indicates that the consolidated financial statements have been prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2021 consolidated financial statements are discussed in detail in Note 3. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Investment Property (P112.39 billion)
Refer to Note 13 to the consolidated financial statements.

The risk
The valuation of investment property requires significant judgments and estimates by management and the independent valuation expert engaged by the Group. Any input inaccuracies or unreasonable bases used in these judgments and estimates could result in a material misstatement of the net income and investment property.

Our response
We performed the following audit procedures around the valuation of investment property:

- We evaluated the Group's controls over the data and assumptions used in the valuation of the investment property portfolio and management's review of the valuations;

- We evaluated the competence, capabilities and objectivity of the independent valuation expert;

- We discussed with the valuation expert to obtain understanding of the methodology and assumptions used in the valuation;

- We conducted comparison of assumptions and/or detailed analytical procedures by reference to external market data to evaluate the appropriateness of the valuation and investigated further the valuation of those properties which were not in line with our expectations; and

- We evaluated the adequacy of the financial statements disclosures.

Determination of Percentage of Completion used for Recognition of Real Estate Sales (P0.78 billion)
Refer to Note 6 to the consolidated financial statements.

The risk
Real estate sales were recognized based on a percentage of completion which is determined by the project managers. The percentage of completion involves high estimation uncertainty in which an error in assumptions and judgments used would result to an error in the accuracy of real estate sales and related cost of sales.

Our response
We performed the following audit procedures around the determination of percentage of completion:

- We discussed with project managers for major properties under development and assessed project costs, progress of development and verified the forecasted costs to complete as well as identified contingencies, exposures and remaining risks. We corroborated the information provided by the project managers through review and cost analysis;

- We evaluated the competence, capabilities and objectivity of the project managers; and

- We evaluated the adequacy of the financial statements disclosures.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements.

KPMG

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Darwin P. Virocel.

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
Tax Identification No. 912-535-864
BIR Accreditation No. 08-001987-031-2019
Issued August 7, 2019; valid until August 6, 2022
PTR No. MKT 8854088
Issued January 3, 2022 at Makati City

May 15, 2022
Makati City, Metro Manila

DOUBLEDRAGON CORPORATION
(Formerly DoubleDragon Properties Corp.)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2021**	2020
ASSETS			
Current Assets			
Cash and cash equivalents	*7*	**P7,763,034,480**	P3,976,350,272
Receivables - net	*8*	**8,215,798,308**	6,592,765,182
Inventories	*9*	**2,391,400,824**	2,311,811,794
Due from related parties	*23*	**55,150,000**	55,150,000
Prepaid expenses and other current assets - net	*10*	**4,878,316,568**	4,507,600,246
Total Current Assets		**23,303,700,180**	17,443,677,494
Noncurrent Assets			
Receivables - net of current portion	*8*	**318,545,851**	1,613,038
Property and equipment - net	*11*	**845,853,666**	836,946,310
Goodwill and other intangible assets	*12*	**1,147,931,606**	1,182,844,798
Investment property	*13*	**112,391,162,203**	98,489,954,717
Right-of-use assets - net	*14*	**-**	317,655
Deferred tax assets	*26*	**298,778,364**	526,829,392
Other noncurrent assets	*15*	**3,350,232,010**	2,423,552,002
Total Noncurrent Assets		**118,352,503,700**	103,462,057,912
		P141,656,203,880	P120,905,735,406
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	*3, 16*	**P3,867,205,235**	P5,612,396,934
Short-term loans payable and current maturities of long-term notes payable, net of debt issue costs	*17*	**14,618,971,659**	18,963,727,859
Customers' deposits	*18*	**119,867,995**	156,343,410
Due to related parties	*23*	**727,613,383**	991,532,102
Dividends payable		**147,771,638**	151,713,756
Income tax payable		**14,470,655**	64,841,577
Total Current Liabilities		**19,495,900,565**	25,940,555,638
Noncurrent Liabilities			
Long-term notes payable - net of current maturities and debt issue costs	*17*	**21,525,798,815**	13,705,961,804
Bonds payable - net of bond issue costs	*17*	**14,897,619,137**	14,870,270,989
Lease liabilities - noncurrent portion	*24*	**1,282,638,534**	1,365,205,845
Deferred tax liabilities	*26*	**13,612,338,447**	14,120,458,800
Customers' deposits - net of current portion	*18*	**367,412,148**	362,487,632
Retirement benefits liability	*25*	**30,547,752**	29,237,486
Other noncurrent liabilities	*19*	**1,135,495,249**	1,451,319,117
Total Noncurrent Liabilities		**52,851,850,082**	45,904,941,673
Total Liabilities		**72,347,750,647**	71,845,497,311

Forward

		December 31	
	Note	**2021**	2020
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	*28*	**P10,237,310,060**	P10,237,310,060
Additional paid-in capital	*28*	**5,540,589,852**	5,540,589,852
Retained earnings	*28*	**25,251,421,362**	18,249,718,051
Treasury stock	*28*	**(167,160,000)**	(167,160,000)
Reserves		**117,125,176**	(4,926,420)
		40,979,286,450	33,855,531,543
Non-controlling Interests	*30*	**28,329,166,783**	15,204,706,552
Total Equity		**69,308,453,233**	49,060,238,095
		P141,656,203,880	P120,905,735,406

See Notes to the Consolidated Financial Statements.

DOUBLEDRAGON CORPORATION
(Formerly DoubleDragon Properties Corp.)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2021**	2020	2019
INCOME				
Rent income	*24*	**P3,420,413,009**	P3,608,515,371	P3,274,468,028
Real estate sales	*6, 8, 23*	**778,084,021**	557,364,504	1,660,857,965
Hotel revenues	*6*	**577,925,107**	491,873,210	672,061,542
Unrealized gains from changes in fair values of investment property	*13*	**9,667,665,180**	8,361,315,377	13,502,368,444
Income from forfeitures		**21,659,710**	349,511,164	5,158,701
Interest income	*7, 8, 15*	**94,473,724**	109,657,294	88,577,967
Others - net	*13, 15*	**1,365,615,357**	784,234,678	1,000,222,299
		15,925,836,108	14,262,471,598	20,203,714,946
COSTS AND EXPENSES				
Cost of real estate sales	*9, 20*	**434,024,370**	309,210,941	730,045,629
Cost of hotel operations	*9, 20*	**326,289,350**	304,551,283	452,906,153
Selling expenses	*21*	**127,401,011**	113,348,231	290,329,357
General and administrative expenses	*22*	**2,281,984,861**	2,391,074,372	2,237,631,659
Interest expense	*17, 19, 24*	**1,720,301,746**	959,802,222	840,677,318
		4,890,001,338	4,077,987,049	4,551,590,116
INCOME BEFORE INCOME TAX		**11,035,834,770**	10,184,484,549	15,652,124,830
INCOME TAX EXPENSE	*26*			
Current		**33,269,891**	371,590,150	696,095,530
Deferred		**(277,908,750)**	3,787,671,206	4,310,953,204
		(244,638,859)	4,159,261,356	5,007,048,734
NET INCOME		**11,280,473,629**	6,025,223,193	10,645,076,096
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that can be reclassified to profit or loss				
Net gain on cash flow hedges		**128,048,157**	-	-
Loss on exchange differences on translation of foreign operations		**(11,070,749)**	-	-
		116,977,408	-	-
Item that will never be reclassified to profit or loss				
Remeasurement gain (loss) on defined benefit liability	*25*	**7,234,766**	(7,089,393)	(2,935,974)
Deferred tax effect on remeasurement on defined benefit liability	*26*	**(2,160,579)**	2,126,818	880,792
		5,074,187	(4,962,575)	(2,055,182)
		122,051,595	(4,962,575)	(2,055,182)
TOTAL COMPREHENSIVE INCOME		**P11,402,525,224**	P6,020,260,618	P10,643,020,914

Forward

		Years Ended December 31		
	Note	**2021**	2020	2019
Net income attributable to:				
Equity holders of the Parent Company		**P7,404,361,935**	P4,183,697,779	P8,831,966,802
Non-controlling interest		**3,876,111,694**	1,841,525,414	1,813,109,294
		P11,280,473,629	P6,025,223,193	P10,645,076,096
Total comprehensive income attributable to:				
Equity holders of the Parent Company		**P7,526,413,530**	P4,178,735,204	P8,829,911,620
Non-controlling interest		**3,876,111,694**	1,841,525,414	1,813,109,294
		P11,402,525,224	P6,020,260,618	P10,643,020,914
Basic Earnings Per Share	*27*	**P2.85**	P1.4935	P3.4568
Diluted Earnings Per Share	*27*	**P2.85**	P1.4935	P3.4568

See Notes to the Consolidated Financial Statements.

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

Years Ended December 31

		Equity Attributable to Equity Holders of the Parent Company								
		Capital Stock								
	Note	Common Shares	Preferred Shares	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Remeasurement on Defined Benefit Liability - net of tax	Total	Non-controlling Interests	Total Equity
Balance as at January 1, 2019		P237,310,060	P10,000,000,000	(P167,160,000)	P5,540,589,852	P6,529,613,470	P2,091,337	P22,142,444,719	P10,746,806,833	P32,889,251,552
Total Comprehensive Income										
Net income for the year		-	-	-	-	8,831,966,802	-	8,831,966,802	1,813,109,294	10,645,076,096
Other comprehensive income-net of tax		-	-	-	-	-	(2,055,182)	(2,055,182)	-	(2,055,182)
Total Comprehensive Income		-	-	-	-	8,831,966,802	(2,055,182)	8,829,911,620	1,813,109,294	10,643,020,914
Transactions with Owners										
Dividends declared	*28*	-	-	-	-	(647,780,000)	-	(647,780,000)	-	(647,780,000)
Distribution to non-controlling interest	*28*	-	-	-	-	-	-	-	(258,930,685)	(258,930,685)
Additional contribution from non-controlling interests	*2*	-	-	-	-	-	-	-	1,240,368,815	1,240,368,815
Non-controlling Interests from acquisition of an asset	*30*	-	-	-	-	-	-	-	52,844,501	52,844,501
Total Transactions with Owners During the Year		-	-	-	-	(647,780,000)	-	(647,780,000)	1,034,282,631	386,502,631
Balance as at December 31, 2019		237,310,060	10,000,000,000	(167,160,000)	5,540,589,852	14,713,800,272	36,155	30,324,576,339	13,594,198,758	43,918,775,097
Total Comprehensive Income										
Net income for the year		-	-	-	-	4,183,697,779	-	4,183,697,779	1,841,525,414	6,025,223,193
Other comprehensive loss-net of tax		-	-	-	-	-	(4,962,575)	(4,962,575)	-	(4,962,575)
Total Comprehensive Income		-	-	-	-	4,183,697,779	(4,962,575)	4,178,735,204	1,841,525,414	6,020,260,618
Transactions with Owners										
Dividends declared	*28*	-	-	-	-	(647,780,000)	-	(647,780,000)	-	(647,780,000)
Distribution to non-controlling interest	*28*	-	-	-	-	-	-	-	(324,617,420)	(324,617,420)
Additional contribution from non-controlling interests	*2*	-	-	-	-	-	-	-	93,599,800	93,599,800
Total Transactions with Owners During the Year		-	-	-	-	(647,780,000)	-	(647,780,000)	(231,017,620)	(878,797,620)
Balance as at December 31, 2020		237,310,060	10,000,000,000	(167,160,000)	5,540,589,852	18,249,718,051	(4,926,420)	33,855,531,543	15,204,706,552	49,060,238,095

Forward

Years Ended December 31

		Equity Attributable to Equity Holders of the Parent Company										
		Capital Stock					Reserves					
	Note	Common Shares	Preferred Shares	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Remeasurement on Defined Benefit Liability - net of tax	Hedging Reserve	Translation Reserve	Total	Non-controlling Interests	Total Equity
As at January 1, 2021		P237,310,060	P10,000,000,000	(P167,160,000)	P5,540,589,852	P18,249,718,051	(P4,926,420)	P -	P -	P33,855,531,543	P15,204,706,552	P49,060,238,095
Total Comprehensive Income												
Net income for the year		-	-	-	-	7,404,361,935	-	-	-	7,404,361,935	3,876,111,694	11,280,473,629
Other comprehensive income (loss) -net of tax		-	-	-	-	-	5,074,187	128,048,157	(11,070,749)	122,051,595	-	122,051,595
Total Comprehensive Income		-	-	-	-	7,404,361,935	5,074,187	128,048,157	(11,070,749)	7,526,413,530	3,876,111,694	11,402,525,224
Transactions with Owners												
Dividends declared	*28*	-	-	-	-	(1,121,759,226)	-	-	-	(1,121,759,226)	-	(1,121,759,226)
Distribution to non-controlling interest	*28*	-	-	-	-	-	-	-	-	-	(939,039,469)	(939,039,469)
Changes in interest in a subsidiary	*2*	-	-	-	-	713,655,180	-	-	-	713,655,180	8,269,951,392	8,983,606,572
Additional investment in a subsidiary	*2*	-	-	-	-	-	-	-	-	-	(1,922,882,036)	(1,922,882,036)
Additional contribution from non-controlling interests	*2*	-	-	-	-	-	-	-	-	-	3,845,764,073	3,845,764,073
Dilution of non-controlling interests	*2*	-	-	-	-	5,445,423	-	-	-	5,445,423	(5,445,423)	-
Total Transactions with Owners During the Year		-	-	-	-	(402,658,623)	-	-	-	(402,658,623)	9,248,348,537	8,845,689,914
Balance as at December 31, 2021		P237,310,060	P10,000,000,000	(P167,160,000)	P5,540,589,852	P25,251,421,363	P147,767	P128,048,157	(P11,070,749)	P40,979,286,450	P28,329,166,783	P69,308,453,233

DOUBLEDRAGON CORPORATION
(Formerly DoubleDragon Properties Corp.)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2021**	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P11,035,834,770**	P10,184,484,549	P15,652,124,830
Adjustments for:				
Unrealized gains from changes in fair values of investment property	*13*	**(9,667,665,180)**	(8,361,315,377)	(13,502,368,444)
Interest expense	*17, 19, 24*	**1,720,301,746**	959,802,222	840,677,318
Impairment loss on receivables	*8, 22*	**387,344,960**	251,983,291	29,106,888
Depreciation and amortization	*11, 12, 14, 22*	**162,557,861**	202,162,739	184,869,858
Interest income	*7, 8, 15*	**(94,473,724)**	(109,657,294)	(88,577,967)
Retirement costs	*25*	**8,545,032**	5,837,368	5,000,975
Operating income before working capital changes		**3,552,445,465**	3,133,297,498	3,120,833,458
Decrease (increase) in:				
Receivables		**(2,277,039,532)**	(965,752,598)	(675,467,383)
Inventories		**(79,589,030)**	(142,497,332)	(116,145,510)
Due from related parties		**-**	-	42,062,820
Prepaid expenses and other current assets		**(370,716,322)**	(21,084,594)	(64,269,316)
Increase (decrease) in:				
Accounts payable and other current liabilities		**(1,716,239,381)**	(1,288,851,919)	3,298,338,686
Customers' deposits		**(31,550,899)**	(117,404,777)	209,120,973
Due to related parties		**(263,918,719)**	3,209,194	8,207,400
Cash generated from operations		**(1,186,608,418)**	600,915,472	5,822,681,128
Interest received		**43,761,462**	36,419,204	72,711,978
Interest paid		**(3,724,803,512)**	(3,151,208,049)	(2,408,369,261)
Income tax paid		**(87,961,967)**	(361,467,866)	(749,681,388)
Net cash provided by (used in) operating activities		**(4,955,612,435)**	(2,875,341,239)	2,737,342,457
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Net proceeds from secondary offering of shares of a subsidiary	*2*	**8,983,606,572**	-	-
Increase in non-controlling interest	*2*	**3,845,764,073**	93,599,800	1,240,368,815
Additions to:				
Investment property	*13, 31*	**(2,201,858,120)**	(329,427,697)	(7,147,378,457)
Property and equipment	*11*	**(126,244,369)**	(29,967,624)	(75,464,012)
Other intangible assets	*12*	**(9,990,001)**	(1,991,516)	(14,298,981)
Additional investment in a subsidiary		**(1,922,882,036)**		
Additions to investments in associates	*15*	**(382,884,451)**	(35,665,367)	(335,142,295)
Proceeds from disposal of property and equipment		**-**	-	441,999
Acquisition of a subsidiary, net of cash acquired	*30*	**-**	-	(43,284,252)
Decrease (increase) in other noncurrent assets		**(415,306,505)**	31,702,517	(92,285,405)
Net cash provided by (used in) investing activities		**7,770,205,163**	(271,749,887)	(6,467,042,588)

Forward

	Note	2021	2020	2019
		Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Availment of notes, net of debt issue costs	*17*	**P12,700,273,271**	P4,501,800,598	P10,617,600,000
Payment of:				
Notes and loans, net of debt issue costs	*17*	**(9,290,628,455)**	(2,437,544,871)	(677,177,416)
Dividends	*28*	**(2,064,740,813)**	(972,261,711)	(981,676,409)
Lease liability		**(12,413,264)**	-	-
Increase (decrease) in other noncurrent liabilities		**(360,399,259)**	(669,480,539)	845,233,198
Net cash provided by financing activities		**972,091,480**	422,513,477	9,803,979,373
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**3,786,684,208**	(2,724,577,649)	6,074,279,242
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*7*	**3,976,350,272**	6,700,927,921	626,648,679
CASH AND CASH EQUIVALENTS AT END OF YEAR	*7*	**P7,763,034,480**	P3,976,350,272	P6,700,927,921

See Notes to the Consolidated Financial Statements.

DOUBLEDRAGON CORPORATION
(Formerly DoubleDragon Properties Corp.)
AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

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

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

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

The Parent Company's registered office address is at 10th Floor, DoubleDragon Plaza, DD Meridian Park Bay Area, Corner Macapagal Avenue and EDSA Extension Boulevard, Brgy. 76 Zone 10, San Rafael, Pasay City, Metro Manila.

2. Basis of Preparation

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

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

- Accounting for significant financing component discussed in Philippine Interpretations Committee Question and Answers (PIC Q&A) 2018-12-D
- Accounting for cancellation of real estate sales as discussed in PIC Q&A 2018-14, as amended by PIC Q&A 2020-05
- Implementation of International Financial Reporting Standards (IFRS) Interpretations Committee (IFRIC) Agenda Decision (March 2019 IFRIC Update) on Agenda Decision on Over Time Transfer of Constructed Goods (Philippine Accounting Standards (PAS) 23, Borrowing Cost) for Real Estate industry

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

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

The consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on May 12, 2022.

Basis of Measurement

The consolidated financial statements of the Group have been prepared using the historical cost basis of accounting, except for investment property which is measured at fair value and retirement benefit liability which is measured at present value of defined benefit obligation.

Functional and Presentation Currency

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

Basis of Consolidation

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

	Percentage of Ownership	
Subsidiaries	**2021**	2020
DoubleDragon Sales Corp. (DDSC)[a]	**100**	100
DoubleDragon Property Management Corp. (DDPMC)[a]	**100**	100
Iloilo-Guimaras Ferry Terminal Corp. (IGFTC) [b]	**100**	100
DDPC Worldwide Pte. Ltd. (DWPL) [c]	**100**	100
DDMP REIT Fund Managers, Inc. (DRFMI) [d]	**70**	100
DDMP REIT Property Managers, Inc. (DRPMI) [d]	**70**	100
DD HappyHomes Residential Centers Inc. (DDHH) [e]	**70**	70
Hotel of Asia, Inc. (HOA) [f]	**70**	70
Green Coast Development PH Corp. (GCDPC) [g]	**70**	70
DD Tower, Inc. (DDTI) [h]	**70**	70
DD Serviced Residences, Inc. (DDMPSRI) [h]	**70**	70
CityMall Commercial Centers Inc. (CMCCI) [i]	**66**	66
CentralHub Industrial Centers Inc. (CHICI) [j]	**61**	100
DD Meridian Tower Corp. (DDMT) [k]	**51**	51
Piccadilly Circus Landing Inc. (PCLI) [l]	**50**	50
DDMP REIT, INC. (DDMPR) [m]	**47**	70

(a) Consolidated effective January 1, 2012.
(b) Consolidated effective June 10, 2016.
(c) Consolidated effective June 26, 2020.
(d) Consolidated under the Parent Company effective February 1, 2021. Previously consolidated under DDMPR before February 1, 2021.
(e) Consolidated effective May 23, 2014.
(f) Consolidated effective August 11, 2016.
(g) Consolidated effective November 14, 2019.
(h) Consolidated effective November 19, 2020.
(i) Consolidated effective December 27, 2013.
(j) Consolidated effective August 31, 2017.
(k) Consolidated effective October 2, 2018.
(l) Consolidated effective August 1, 2013.
(m) Formerly DD Meridian Park Development Corp. Consolidated effective October 27, 2014.

DDSC
DDSC was incorporated and registered with the SEC on November 12, 2012 primarily to engage in the business of selling or marketing real estate products, including but not limited to land, buildings, condominium units, town houses, apartments, house and lot packages and all other forms of real estate products. DDSC started its commercial operations in September 2017.

DDPMC
DDPMC was incorporated and registered with the SEC on January 17, 2012 primarily to engage in maintaining, preserving, preparing and cleaning buildings, condominiums, townhouses, hotels, amusement or recreational places, counters, office premises, factories, shops, equipment and facilities. DDPMC started its commercial operations in 2015.

IGFTC
IGFTC was incorporated and registered with the SEC on June 10, 2016, primarily to finance, design, construct, develop, operate and maintain Iloilo City-Guimaras Ferry Terminal and the surrounding areas and to provide a safe, efficient and modern ferry terminal for commuters going to and arriving from Guimaras Island. IGFTC started its commercial operations in April 2017.

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

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

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

DDHH
DDHH was incorporated and registered with the SEC on September 15, 2011 primarily to engage, operate and hold or manage real estate business, to acquire by purchase, lease, donation or otherwise, own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, and hold for investment or otherwise, real estate of all kinds, whether improved, managed or otherwise, deal in or dispose of buildings, houses, apartments, townhouses, condominiums, and other structure of whatever kind, together with the appurtenances or improvements found thereon. DDHH started its commercial operations in 2014.

HOA
HOA was incorporated and registered with the SEC on June 8, 2011 primarily to engage in the business of real estate development including but not limited to residential and condominium projects, to acquire by purchase or lease land and interest in land, to own, hold, impose, promote, develop, subdivide and manage any land owned, held or occupied by HOA, to construct, manage or administer buildings such as condominiums, apartments, hotels, restaurants, stores or other structures and to mortgage, sell, lease or otherwise dispose of land, interests in land and buildings or other structures at any time. HOA started its commercial operations in 2012.

HOA has the following subsidiaries which are also engaged in the hotel industry and are included in the consolidated financial statements:

	Percentage of Ownership	
Subsidiaries	**2021**	2020
Hotel 101 Management Corporation [(a)]	**100**	100
Hotel101 Worldwide Private Limited (HWPL) [(b)]	**100**	100
CSI Hotels Incorporated [(a)]	**50**	50

(a) Consolidated effective August 11, 2016.
(a) Incorporated on April 2, 2019.

GCDPC
GCDPC was incorporated and registered with the SEC on May 10, 2013 primarily to acquire by purchase, lease, donation or to own, use, improve, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether improve manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances. GCDPC has not yet started its commercial operations as at December 31, 2021.

DDTI
DDTI was incorporated and registered with the SEC on November 19, 2020 primarily to engage in the business of real estate development including but not limited to residential and commercial buildings, spaces, subdivisions, and condominium projects, to buy and acquire by purchase, lease or otherwise, lands and interest in lands and to own, hold, impose, promote, develop, subdivide and manage any land owned, held or occupied by the Company, to construct, erect and manage or administer building such as condominiums, apartments, hotels, restaurants, stores, offices, spaces, or other structures now or hereafter erected on any land owned, held or occupied and to sell, lease or otherwise dispose of lands or interests in lands and buildings or other structures at any time. DDTI has not yet started its commercial operations as at December 31, 2021.

DDMPSRI
DDMPSRI was incorporated and registered with the SEC on November 19, 2020 primarily to engage in the business of real estate development including but not limited to residential and commercial buildings, spaces, subdivisions, and condominium projects, to buy and acquire by purchase, lease or otherwise, lands, and interest in land and to own, hold, impose, promote, develop, subdivide and manage any land owned, held or occupied by the Company, to construct, erect and manage or administer building such as condominiums, apartments, hotels, restaurants, stores, offices, spaces, or other structures now or hereafter erected on any land owned, held or occupied and to sell, lease or otherwise dispose of lands or interest in lands and buildings or other structures at any time. DDMPSRI has not yet started its commercial operations as at December 31, 2021.

CMCCI
CMCCI was incorporated and registered with the SEC on December 27, 2013 primarily to engage in the business of commercial shopping centers or malls, and for the attainment of this purpose, to construct, build, develop, operate and maintain commercial center or malls and to perform all acts or trades necessary for its operation and maintenance, including but not limited to the preservation of commercial spaces for rent, amusement centers, movie theater, performing arts center, children's play area and hobby or gaming centers, parking lots and other service facilities, within the compound or premises of the shopping centers. CMCCI started its commercial operations in 2015.

CMCCI has the following subsidiaries which are also engaged in the real estate investment industry and are included in the consolidated financial statements:

	Percentage of Ownership	
Subsidiaries	**2021**	2020
CM-Northtown Davao Inc. [(a)]	**79**	79
Prime DDG Commercial Centers Inc. [(b)]	**70**	70
CM-Goldenfields Bacolod Inc. [(c)]	**70**	70
CM-Tarlac MacArthur Inc. [(d)]	**70**	70
CM-Danao Cebu Inc. [(e)]	**70**	70
CM-Mandalagan Bacolod Inc. [(e)]	**70**	70
CM-Dipolog Zamboanga Inc. [(f)]	**70**	70
CM-Roxas Ave. Inc. [(g)]	**70**	70
CM-Bunlo Bocaue Inc. [(h)]	**70**	70

(a) Incorporated and consolidated effective December 5, 2016.
(b) Incorporated and consolidated effective April 28, 2014.
(c) Incorporated and consolidated effective March 2, 2015.
(d) Incorporated and consolidated effective April 24, 2015.
(e) Incorporated and consolidated effective July 21, 2015.
(f) Incorporated and consolidated effective October 8, 2015.
(g) Incorporated and consolidated effective May 24, 2018.
(h) Incorporated and consolidated effective March 27, 2018.

DDMT
DDMT was incorporated and registered with the SEC on October 2, 2018 primarily to engage in the business of real estate development including but not limited to residential and commercial subdivisions, buildings, and condominium projects in accordance with Republic Act No. 4726 (otherwise known as The Condominium Act) as amended; to buy and acquire by purchase, lease or otherwise, lands, and interest in land and to own, hold, impose, promote, develop, subdivide and manage any land owned, held or occupied by the Corporation or belonging to them; to construct, erect and manage or administer buildings such as condominiums, apartments, hotels, restaurants, stores or other structures now or hereafter erected on any land owned, held or occupied and to sell, lease or otherwise dispose of lands or interests in lands and buildings or other structures at any time owned or held by DDMT or belonging to others in the Philippines or elsewhere for such other lawful, commercial and charitable purposes as may be deemed proper for DDMT. DDMT has not yet started its commercial operations as at December 31, 2021.

On April 1, 2019, the non-controlling interest shareholder of DDMT entered into Deed of Conveyance with DDMT for the transfer of land, in compliance with the shareholder agreement entered into by the Parent Company and non-controlling interest shareholder last October 3, 2018. As a result, the ownership of the Parent Company was reduced from 100% to 51%.

PCLI
PCLI was incorporated and registered with the SEC on October 10, 2012 primarily to engage in owning, using, improving, developing, subdividing, selling, exchanging, leasing and holding for investment or otherwise, real estate of all kinds, including buildings, houses, apartments and other structures. PCLI started its commercial operations in 2013.

CHICI
CHICI was incorporated and registered with the SEC on August 31, 2017 primarily to engage in and carry on a business of receiving, accepting, unloading, storing, and/or deposit of goods, chattels, fungibles, parcels, boxes, documents, mail, products, money, vehicles, animals, articles, cargoes, and effects of all kinds and provide facilities, amenities, conveniences, features, services and/or accommodations in relation to the said business. CHICI is the industrial leasing segment arm of the Group established to construct and deliver industrial warehouses in the Philippines. CHICI started its commercial operations in September 2018.

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

On August 19, 2021, the BOD of CHICI approved the subscription of the following:

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

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

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

The above changes resulted in dilution of interest of NCI amounting to P5,445,418.

DDMPR
DDMPR, formerly DD Meridian Park Development Corp., was incorporated and registered with the SEC on October 27, 2014 primarily to engage in the business of real estate development including but not limited to residential and condominium projects, to acquire by purchase or lease land and interest in land, to own, hold, impose, promote, develop, subdivide and manage any land owned, held or occupied by the entity, to construct, manage or administer buildings such as condominiums, apartments, hotels, restaurants, stores or other structures and to mortgage, sell, lease or otherwise dispose of land, interests in land and buildings or other structures at any time. DDMPDC started its commercial operations in October 2017.

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

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

On November 26, 2020, the SEC approved the amendment of DDMPR's AOI. OnMarch 24, 2021, DDMPR completed its IPO and was listed in the PSE under the stock symbol "DDMPR", as a REIT entity. As a result of the IPO, DD's ownership interest in DDMPR was diluted to 46.67%. Despite the reduction of ownership interest to less than 50%, the Parent Company will retain the control over DDMPR in accordance with PFRS 10, *Consolidated Financial Statements.* DDMPR's IPO resulted in an increase in NCI amounting to P8,268.95 million and retained earnings amounting toP713.66 million.

As REIT entity, DDMPR is entitled to the following:

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

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

	2021
Net income of DDMPR:	**P7,174,348,641**
Fair value adjustments of investment property resulting to gain (after tax)	**(3,847,958,701)**
Adjustment in deferred tax due to change in rate	**(1,312,826,591)**
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	**40,995,139**
	P2,054,558,488

Out of the 2021 distributable income, P1,353,354,209 was already declared and paid as at December 31, 2021. On May 4, 2022, the BOD of the DDMPR approved the declaration of dividends to common shareholders on record as at May 19, 2022 amounting to P0.027814 per share, equivalent to P495,853,123. The dividend is payable on May 31, 2022.

DDMPR has the following subsidiaries which will serve as the property and fund manager of the properties under REIT and are included in the consolidated financial statements:

Subsidiaries	Percentage of Ownership	
	2021	2020
DDMP REIT Fund Managers, Inc. (DRFMI) [(a)]	**-**	100
DDMP REIT Property Managers, Inc. (DRPMI) [(a)]	**-**	100

(a) Incorporated on November 19, 2020.

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

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

DDMPR

	December 31	
	2021	2020
NCI Percentage	**53.33%**	30.00%
Current assets	**P2,634,278,624**	P3,369,211,017
Noncurrent assets	**47,550,592,518**	41,984,453,245
Current liabilities	**(938,100,080)**	(1,029,227,815)
Noncurrent liabilities	**(8,274,081,757)**	(8,808,124,424)
Net Assets	**40,972,689,305**	35,516,312,023
Carrying amount of NCI	**21,850,735,206**	10,654,893,607
Net income/total comprehensive income	**7,174,348,641**	5,086,671,427
Net income/total comprehensive income allocated to NCI	**3,826,080,130**	1,526,001,428
Cash flows from operating activities	**975,475,312**	728,017,295
Cash flows from investing activities	**(138,188,384)**	(452,855,421)
Cash flows from financing activities	**(1,718,410,427)**	(1,398,285,508)
Net Decrease in Cash and Cash Equivalents	**(P881,123,499)**	(P1,123,123,634)

CHICI (material NCI as at December 31, 2021)

	December 31, 2021
NCI Percentage	**39%**
Current assets	**P4,211,389,049**
Noncurrent assets	**1,716,330,960**
Current liabilities	**(777,443,862)**
Noncurrent liabilities	**(117,110,922)**
Net Assets	**5,033,165,225**
Carrying amount of NCI	**1,962,934,438**
Net income/total comprehensive income	**76,334,091**
Net income/total comprehensive income allocated to NCI	**29,770,295**
Cash flows from operating activities	**(554,211,306)**
Cash flows from investing activities	**(261,912,764)**
Cash flows from financing activities	**-**
Net Decrease in Cash and Cash Equivalents	**(P816,124,070)**

CMCCI

	December 31	
	2021	2020
NCI Percentage	**34.00%**	34.00%
Current assets	**P7,945,528,023**	P6,886,408,162
Noncurrent assets	**38,180,629,729**	36,479,134,574
Current liabilities	**(10,008,327,629)**	(8,445,839,599)
Noncurrent liabilities	**(31,872,451,491)**	(30,817,352,566)
Net Assets	**4,245,378,632**	4,102,350,571
Carrying amount of NCI	**1,334,821,318**	1,394,799,194
Net income/total comprehensive income	**57,629,178**	214,765,862
Net income/total comprehensive income allocated to NCI	**19,593,921**	73,020,393
Cash flows from operating activities	**1,294,017,236**	161,043,873
Cash flows from investing activities	**(2,754,401,107)**	(481,124,437)
Cash flows from financing activities	**1,330,058,351**	396,015,270
Net Increase (Decrease) in Cash and Cash Equivalents	**(P130,325,520)**	P75,934,706

A subsidiary is an entity controlled by the Group. The Group controls an entity if, and only if, the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including intergroup unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

Non-controlling interests represent the portion of profit or loss and net assets not attributable to the equity holders of the Parent Company and are presented in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the equity attributable to equity holders of the Parent Company.

Non-controlling interests include the interests not held by the Parent Company in DDMT, DDMPR, DRFMI, DRPMI, CHICI, DDHH, GCDPC, CMCCI and its subsidiaries, PCLI and HOA and its subsidiaries in 2021 and 2020.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, the Group: (i) derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests and the cumulative transaction differences recorded in equity; (ii) recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss; and (iii) reclassify the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The Parent Company and subsidiaries, except for DWPL and HWPL, are all domiciled in the Philippines. DWPL and HWPL are domiciled in Singapore.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all the years presented in these consolidated financial statements. There are no new standards, amendments to standards and interpretations effective starting January 1, 2021 that have a significant impact on the Group's consolidated financial statements.

Adoption of Amended Standards
The FRSC approved the adoption of a number of amended standards as part of PFRS.

The Group has early adopted below amendments to PFRS effective April 1, 2021 and accordingly, changed its accounting policies:

- Coronavirus Disease 2019 (COVID-19)-Related Rent Concessions beyond June 30, 2021 (Amendment to PFRS 16, *Leases*)
  The optional practical expedient introduced in the 2020 amendment that simplified how a lessee accounts for rent concessions that are a direct consequence of COVID-19 and which solely applies to reduction in lease payments originally due on or before June 30, 2021 has been extended to June 30, 2022. The economic challenges presented by the COVID-19 pandemic have persisted longer than anticipated. As a result, lessors and lessees are negotiating rent concessions that extend beyond June 30, 2021.

The adoption of the amendments did not have any impact on the consolidated financial statements as the Group did not have COVID-19 related rent concessions.

Standards Issued But Not Yet Adopted
A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2021. However, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

Effective January 1, 2022

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the group first applies the amendments.

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS Standards 2018 - 2020. This cycle of improvements contains amendments to four standards:

  - Subsidiary as a First-time Adopter (Amendment to PFRS 1 First-time Adoption of Philippine Financial Reporting Standards). The amendment simplifies the application of PFRS 1 for a subsidiary that becomes a first-time adopter of PFRS later than its parent. The subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent’s date of transition to PFRS.

  - Fees in the ’10 per cent’ Test for Derecognition of Financial Liabilities (Amendment to PFRS 9 Financial Instruments). The amendment clarifies that for the purpose of performing the ’10 per cent’ test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. It applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  - Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16 Leases). The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

  - Taxation in Fair Value Measurements (Amendment to PAS 41 Agriculture). The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in PAS 41 with those in PFRS 13 Fair Value Measurement. It applies to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

- Reference to the Conceptual Framework (Amendments to PFRS 3). The amendments:

  - updated PFRS 3 so that it now refers to the 2018 Conceptual Framework;
  - added a requirement that, for transactions and other events within the scope of PAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
  - added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

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

Effective January 1, 2023

- Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1 Presentation of Financial Statements)
  To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
  - clarified that a right to defer settlement exists only if the group complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and
  - clarified that settlement of a liability includes transferring a group's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

  In November 2021, the International Accounting Standards Board issued the Exposure Draft, Non-Current Liabilities with Covenants after considering stakeholder feedback on the December 2020 tentative agenda decision issued by the IFRS Interpretations Committee about the amendments. The exposure draft proposes to again amend IAS 1 as follows:

  - Conditions which the entity must comply within twelve months after the reporting period will have no effect on the classification as current or non-current.
  - Additional disclosure requirements will apply to non-current liabilities subject to such conditions to enable the assessment of the risk that the liability could become repayable within twelve months.
  - Separate presentation in the statement of financial position will be required for non-current liabilities for which the right to defer settlement is subject to conditions within 12 months after the reporting period.

  The effective date of the amendments will be deferred to no earlier than January 1, 2024.

  Comments on the Exposure Draft was due on March 21, 2022.

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

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

- Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2, Making Materiality Judgments)
  The key amendments to PAS 1 include requiring entities to disclose material accounting policies rather than significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are material to the financial statements. The amendments to PFRS Practice Statement 2 provide guidance and examples on the application of materiality to accounting policy disclosures.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

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

Deferral of the local implementation of Amendments to PFRS 10*, Consolidated Financial Statements,* and PAS 28, *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10 and PAS 28). The amendments address an inconsistency in the requirements in PFRS 10 and PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

  Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. However, on January 13, 2016, the FRSC decided to postpone the effective date until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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

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

- *PIC Q&A 2018-14.* Upon sales cancellation, the repossessed real estate inventory would be recorded at fair value plus cost to repossess (or fair value less cost to repossess, if opted).

  On November 11, 2020, PIC Q&A 2020-05, *PFRS 15 - Accounting for Cancellation of Real Estate Sales*, was approved and superseded PIC Q&A 2018-14. PIC Q&A 2020-05 added a third approach to accounting for cancellation of real estate sales where a cancellation is accounted for as a modification of the contract (i.e. from non-cancellable to being cancellable) resulting to reversal of previously recognized revenues and related costs.

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

- The IFRIC Agenda Decision (March 2019 IFRIC Update) clarified whether borrowing costs may be capitalized in relation to the construction of a residential multi-unit real estate development which are sold to customers prior to start of construction or completion of the development. Under the March 2019 IFRIC Update, the Committee clarified that the related assets that might be recognized in the Group's financial statements (i.e., installment contract receivable, contract asset, or inventory) will not qualify as a qualifying asset and the corresponding borrowing cost may no longer be capitalized.

On February 21, 2020, the SEC, thru its memorandum circular No. 4, series of 2020, defers the implementation of March 2019 IFRIC Update until December 31, 2020.

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

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

The Group availed of the SEC relief on the accounting for significant financing component of PIC Q&A 2018-12-D, accounting for cancellation of real estate sales of PIC Q&A 2018-14, as amended by PIC Q&A 2020-05 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23). Had this provision been adopted, the Group assessed that the impact would have been as follows:

- Adoption of PIC Q&A 2018-12-D would have impacted interest income, interest expense, revenue from real estate sales, installment contract receivables and deferred taxes for all years presented and the opening balance of retained earnings. These would have impacted the cash flows from operations and cash flows from financing activities for all years presented.
- Adoption of PIC Q&A 2018-14, as amended by PIC Q&A 2020-05 would have impacted real estate inventory and cost of real estate sales for all years presented and the opening balance of retained earnings. These would have impacted the cash flows from operations.
- Adoption of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) would have impacted real estate inventory, interest expense and cost of real estate sales for all years presented and the opening balance of retained earnings. These would have impacted the cash flows from operations.

The Group is still in the process of assessing the impact of these deferred provisions as at December 31, 2021.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

Financial Instruments

Date of Recognition

The Group recognizes a financial asset or financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial Recognition of Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized initially at fair value, except for a trade receivable without a significant financing component. The initial measurement, except for those designated as FVPL, includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets
The Group classifies its financial assets, at initial recognition, and subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Group changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Group manages the financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Group considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the Group manages financial information being provided to management:

- the stated policies and objectives for the portfolio and the operations of those policies in practice;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how employees of the business are compensated; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

For the purposes of assessing the cash flow characteristics of financial assets, "Principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The Group considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable rate features;

- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount or impaired.

The Group's cash and cash equivalents, receivables, due from related parties and refundable deposits under "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts are included in this category (Notes 7, 8, 10, 15 and 23).

Financial Liabilities
The Group classifies its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. The Group determines the classification of its financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group has no financial liabilities at FVPL as at December 31, 2021 and 2020.

Other Financial Liabilities
This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Interest expense" account in the consolidated statements of comprehensive income. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

The Group's accounts payable and other current liabilities, due to related parties, notes payable, bonds payable and other noncurrent liabilities (excluding payables to government agencies and unearned rent income) accounts are included in this category (Notes 16, 17, 19 and 23).

Derecognition of Financial Assets and Financial Liabilities
Financial Assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

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

<u>Impairment of Financial Assets</u>
The Group recognizes allowance for expected credit losses (ECL) on financial assets at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group recognizes lifetime ECLs for receivables that do not contain significant financing component. The Group uses provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in profit or loss.

<u>Classification of Financial Instruments between Debt and Equity</u>
From the perspective of the issuer, a financial instrument is classified as debt instrument if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;

- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

<u>Debt Issue Costs</u>
Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest rate method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in profit or loss.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

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

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

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

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

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

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

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

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

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

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

(a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;

(b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

(c) the hybrid or combined instrument is not recognized as at FVPL.

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

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

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

The Group has no embedded derivatives as at December 31, 2021 and 2020.

Fair Value Measurements
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

<u>Inventories</u>

Real Estate Inventories

Real estate inventories are properties that are acquired and developed or constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation. These consist of acquisition cost of land and other related development costs, capitalized borrowings and other capitalized costs.

These are carried at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs to make the sale.

The cost of real estate inventories recognized in profit or loss is determined with reference to the specific costs incurred on the property and allocated to saleable area based on relative size.

Hotel Inventories

Hotel inventories are valued at the lower of cost and NRV. The cost of hotel inventories is determined using the weighted average method and includes all expenditures incurred in acquiring the inventories and in bringing them to their existing location and condition.

NRV is the estimated selling price in the ordinary course of business less the estimated costs of marketing and distribution necessary to make the sale.

The Group maintains an allowance to reduce hotel inventories to NRV at a level considered adequate to provide for potential obsolete inventories. The level of this allowance is evaluated by management based on the movements and current condition of hotel inventory items. Such allowance has been considered in the determination of the NRV of the hotel inventories.

The amount of any write-down of hotel inventories to NRV and all losses of hotel inventories are recognized as expense in the period the write-down or loss occurred. The amount of any reversal of any write-down of hotel inventories arising from an increase in NRV is recognized as a reduction in the amount of hotel inventories recognized as expense in the period in which the reversal occurred.

Other Inventories
Other inventories pertain to retail inventories which are measured at the lower of cost and NRV. Cost is determined using the first-in-first out (FIFO) method. Cost comprises of purchase price, including duties, applicable landing charges and other incidental expenses incurred in bringing the inventories to its present location and condition. NRV is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Prepaid Expenses and Other Current Assets
Prepaid expenses represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in profit or loss as they are consumed in operations or expire with the passage of time. These typically comprise prepayments for commissions, taxes and licenses and rental.

Prepaid expenses are classified in the consolidated statements of financial position as current assets when the cost of goods or goods related to the prepaid expenses are expected to be incurred within one year. Otherwise, prepaid expenses are classified as noncurrent assets.

Other current assets represent resources that are expected to be used up within one year after the reporting date.

Property and Equipment
Property and equipment, except land, are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Depreciation, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Useful Life in Years
Building	50
Leasehold improvements	3 to 5 or lease term, whichever is shorter
Equipment and showroom	3 to 10
Furniture and fixtures	3 to 5
Room fixtures and components	5 to 10

The remaining useful lives, residual values, and depreciation methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and methods of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement and disposal.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite lives are amortized using the straight-line method over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of comprehensive income in the expense category consistent with the function of the intangible assets.

The following intangibles are recognized and determined by the Group to have finite lives:

Concession Right

Concession right on service concession arrangements is recognized when the Group effectively receives a license or right to charge users for the public service it provides. Concession right pertains to the consideration received for the Ferry Terminal constructed in accordance with the terms and conditions of the concession arrangements accounted for under Philippine Interpretation IFRIC 12, *Service Concession Arrangements*.

This is not recognized as property and equipment of the Group but as an intangible asset.

The service concession right is amortized on a straight-line basis over the years stated in the concession arrangement which is 25 years from the start of commercial operations and is being assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Computer Software Licenses
Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software are expensed as incurred. Capitalized costs are amortized on a straight-line basis over an estimated useful life of five years as the life of this intangible asset is considered limited.

Advertising Production Cost
Advertising production cost pertains to the cost incurred by the Group in developing the CityMall commercials which can be used and aired over a period of time. Capitalized costs are amortized on a straight-line basis over an estimated useful lives of five years as the lives of these intangible assets are considered limited.

Franchise Rights
Franchise rights is measured at cost less accumulated amortization and impairment losses, if any.

Franchise rights is amortized over the useful life of 15 years and assessed for impairment whenever there is an indication that intangible assets may be impaired. The amortization period and the amortization method used for an intangible asset with a finite useful life of the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in profit or loss consistent with the function of the intangible asset.

Hotel101 Brand
The Hotel101 brand is an asset with indefinite useful life and is tested for impairment annually. The method used to estimate the fair value of Hotel101 brand is the Relief-from-Royalty Method (RfR) based on cost savings from owning the brand name. The cost savings are calculated based on royalty rates of comparable brands and the forecast revenues of HOA.

Investment Property
Investment property consists of properties held to earn rentals and/or for capital appreciation. Initially, investment property is measured at cost including certain transaction costs. Subsequent to initial recognition, investment property, is stated at fair value, which reflects market conditions at the reporting date. The fair value of investment property is determined by independent real estate valuation experts based on recent real estate transactions with similar characteristics and location to those of the Group’s investment property. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise.

Investment property of the Group is mainly composed of land, building and construction-in-progress.

Investment property is derecognized either when it is disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement and disposal of investment property is recognized in profit or loss in the period of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or real estate inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. If real estate inventories become an investment property, the Group recognizes the investment property based on its fair value at the time of transfer. Gain or loss from the transfer is recognized in profit or loss.

Investment in Associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of the investee, but not control over those policies. The Group's investment in associates is accounted for using the equity method.

Under the equity method, the investment in associates is initially recognized at cost. The carrying amount of the investment is adjusted to recognize the changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Group discontinues applying the equity method when their investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee companies. When the investee companies subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The Group's share in the profit or loss of the associates is recognized in "Others" account in profit or loss. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's other comprehensive income. The Group's share of those changes is recognized in the consolidated statements of comprehensive income. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss with respect to the Group's net investment in the associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group recalculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. Such impairment loss is recognized as part of "Others" account in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Business Combination
Business combinations are accounted for using the acquisition method as at the acquisition date. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of "General and administrative expenses" account in the consolidated statements of comprehensive income.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any non-controlling interests in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

Goodwill in a Business Combination
Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

- is not larger than an operating segment determined in accordance with PFRS 8, *Operating Segments.*

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit or group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. An impairment loss with respect to goodwill is not reversed.

Acquisition of an Entity that does not Constitute a Business

If the Group acquires an entity that does not constitute a business, then the transaction is outside the scope of PFRS 3. The transaction is accounted for as asset acquisition in which the cost of acquisition is allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the date of acquisition. The transaction does not give rise to goodwill.

The Group recognized the related NCI based on proportionate share of net assets.

Non-controlling Interests

The acquisitions of NCI are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. Any difference between the purchase price and the net assets of the acquired entity is recognized in equity. The adjustments to non-controlling interests are based on a proportionate amount of the identifiable net assets of the subsidiary.

Impairment of Non-financial Assets

The carrying amounts of non-financial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs of disposal and value in use. The fair value less costs of disposal is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Capital Stock

Capital stock is measured at par value for all shares issued. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

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

Preferred Shares. Preferred shares are classified as equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Group's BOD.

Additional Paid-in Capital

Additional paid-in capital represents the amount received in excess of the par value of the capital stock issued.

Stock issuance costs are transaction costs that are directly attributable to the issuance of new shares accounted for as a deduction from equity, net of any related income tax benefit. Such costs are deducted from additional paid-in capital arising from the share issuance. If the additional paid-in capital is insufficient to absorb such expenses, the excess shall be charged to stock issuance costs to be reported as a contra equity account as a deduction from the following in the order of priority: (1) additional paid-in capital from previous stock issuance; and (2) retained earnings.

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

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

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

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

Treasury Stocks
Treasury stocks are equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized on the purchase, sale, reissuance or cancellation of the Group's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in-capital to the extent of the specific or average additional paid-in-capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings
Retained earnings represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments. When the retained earnings account has a debit balance, it is called "deficit." A deficit is not an asset but a deduction from equity.

Revenue and Cost Recognition

Revenue Recognition

- *Revenue from Contracts with Customers*
  The Group recognizes revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenues exclude value-added tax (VAT) and other fees collected on behalf of other parties.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water and electricity in its mall, retail and spaces, wherein it is acting as agent.

The following specific recognition criteria must also be met before revenue is recognized:

- *Real Estate Sales*
  Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

  In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by the third party surveyor, as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

- *Hotel Revenues*
  The Group recognizes revenue from hotel operations when the related service are preformed and goods are served.

- *Other Income*
  Common Use Service Area (CUSA) charges and income from various charges to tenants are recognized when earned and incurred in accordance with the terms and agreements. Other income from hotel operations, which include guest laundry, minibar, shuttle service and other charges, are recognized upon delivery of order or upon rendering of service.

▪ *Revenue from Other Sources*

Rent Income
Rent income from investment property is recognized on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract.

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

Cost Recognition

- *Cost Recognition of Real Estate Sales*
  The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

- *Cost of Hotel Operations*
  Cost of hotel operations pertains to expenses incurred in relation to sale of goods and rendering of services. These are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen than can be measured reliably. These are recognized when incurred and measured at the amount paid or payable.

Contract Balances

- *Receivables*
  A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

- *Contract Assets*
  A contract asset is the right to consideration for performance completed to date that is conditional on an event other than the passage of time. The contract assets are transferred to trade receivables when the rights become unconditional.

- *Contract Liabilities*
  A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

- *Costs to Obtain Contract*
  The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense which did not qualify for capitalization is included in the "Selling expenses" account in the consolidated statements of comprehensive income.

  Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

- *Amortization, Derecognition and Impairment of Capitalized Costs to Obtain a Contract*
  The Group amortizes capitalized costs to obtain a contract over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within cost of sales.

  At each reporting date, the Group determines whether the cost to obtain a contract may be impaired. The Group estimates impairment as the excess of the carrying amount of the assets over the remaining amount of consideration that the Group expects to receive less the costs that relate directly to providing services that have not been recognized as expenses under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test and the amount is adjusted to reflect the customer's credit risk.

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

Expenses are also recognized when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized on the basis of a direct association between costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition as an asset.

Leases
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use:

- the Group has the right to obtain substantially all the economic benefits from use of the identified asset; and

- the Group has the right to direct the use of the identified asset.

Group as Lessee
The Group recognizes a right-of-use asset and a lease liability at the lease commencement date (i.e., the date the underlying asset is available for use). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset related to property and equipment is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Buildings and improvements are depreciated over useful lives of 2 to 5 years.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use assets recognized under “Investment property” account are subsequently measured at fair value using income approach. Gains or losses arising from changes in the fair values of right-of-use assets under “Investment property” account are included in profit or loss in the period in which they arise.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. The carrying amount of the lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases (i.e., lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. The Group recognizes the lease payments associated with these leases as expense on a straight-line basis over the lease term.

Group as Lessor
The Group determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is classified as a finance lease; if not, it is classified as an operating lease. As part of the assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the recognition exemption, it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies PFRS 15, *Revenue from Contracts with Customers,* to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as rent income on a straight-line basis over the lease term.

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

Sale and Leaseback
If the Group (the seller-lessee) transfers an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor, the Group makes an assessment whether the transfer is a sale or not based on the requirements of PFRS 15.

If the transfer of an asset by the seller-lessee satisfies the requirements of PFRS 15 to be accounted for as a sale of the asset, the Group shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the seller-lessee shall recognize only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, an entity shall make the following adjustments to measure the sale proceeds at fair value: (a) any below-market terms shall be accounted for as a prepayment of lease payments; and (b) any above-market terms shall be accounted for as additional financing provided by the buyer-lessor to the Group.

If the transfer of an asset by the Group does not satisfy the requirements of PFRS 15 to be accounted for as a sale of the asset, the Group shall continue to recognize the transferred asset and shall recognize a financial liability equal to the transfer proceeds. It shall account for the financial liability applying PFRS 9.

Borrowing Costs
Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset otherwise it's expensed out. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

The amount of specific borrowing costs capitalized is net of the investment income on any temporary investment of the funds pending expenditure on the asset. On the other hand, general borrowing costs capitalized is exclusive of any investment income earned.

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

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

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

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

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

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

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

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

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Costs

The Group has no established retirement plan for its permanent employees and only conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the defined benefit type. The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

The defined benefit retirement liability is the aggregate of the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Defined benefit costs comprise the following:

- Service costs
- Net interest on the defined benefit retirement liability
- Remeasurements of defined benefit retirement liability

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the defined benefit retirement liability is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the defined benefit retirement liability. Net interest on the defined benefit retirement liability is recognized as expense or income in profit or loss.

Remeasurements of defined benefit retirement liability comprising actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise.

Taxes

Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax
Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and the carryforward tax benefits of the net operating loss carry-over (NOLCO) to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and the carryforward tax benefits of NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize deferred tax asset in full, the future taxable profits, adjusted for reversals of existing temporary differences, are considered based on the business plan of the Group.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date.

Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

VAT
Revenues, expenses and assets are recognized net of the amount of VAT. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of “Prepaid expenses and other current assets - net” or “Accounts payable and other current liabilities” account in the consolidated statements of financial position.

Related Parties
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

Basic and Diluted Earnings Per Common Share (EPS)
Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared. Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

Operating Segments
The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 5 to the consolidated financial statements. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis.

The measurement policies used by the Group for segment reporting under PFRS 8 are the same as those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods.

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

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

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to exercise judgments, make estimates and use assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Existence of a Contract
The Group's primary document for a contract with a customer is a signed contract to sell.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as history of customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group.

Revenue Recognition Method and Measure of Progress
The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

Determination of whether the Group is acting as a Principal or an Agent
The Group is a principal if it controls the specified good or service before it is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party and the Group does not control the good or service before it is transferred to the customer.

The Group assesses its hotel revenue arrangements against the following indicators to help determine whether it is acting as a principal or an agent:

- whether the Group has primary responsibility for providing the services;
- whether the Group has inventory risk; and
- whether the Group has discretion in establishing prices.

The Group concluded that it is acting as the principal in its hotel revenue arrangements since they have the primary responsibility in providing the services and have the discretion in establishing hotel rates.

In addition, the contract for the mall retail spaces and office spaces leased out by the Group to its tenants includes the right to charge for the electricity usage, water usage and CUSA expenses.

For the electricity and water usage, the Group determined that it is acting as an agent because the promise of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility company, and not the real estate developer, is primary responsible for the provisioning of the utilities while the Group, administers the leased spaces and coordinates with the utility companies to ensure that tenants have access to these utilities. The Group does not have the discretion on the pricing of the services provided since the price is based on the actual rate charged by the utility providers.

For CUSA expenses such as electricity consumption, security, maintenance and all other common area expenses, the Group acts as a principal. This is because it is the Group who retains the right to direct the service provider of CUSA as it chooses and the party responsible to provide the services to the leased premises. The right to the services mentioned never transfers to the tenant and the Group has the discretion on how to price the CUSA.

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

On transition to PFRS 16, the Group applied PFRS 16 to all lease contracts except for short-term lease and low-value assets.

Lease liabilities and right-of-use assets as at December 31, 2021 and 2020 are disclosed in Notes 13, 14 and 24. Rent expense charged to profit or loss amounted to P21.36 million and P14.85 million in 2021 and 2020, respectively (Note 24).

The Group's arrangement with the hotel unit owners to operate the units for hotel operations is dependent on the use of the units and conveys a right to control the use of these units. Hence, the Group assessed that the arrangement with the hotel unit owners is in substance, a lease arrangement (Note 24).

Determining the Lease Term of Contracts with Renewal Options
The Group determines the lease term as the noncancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. At lease commencement date, the Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew the lease by considering all relevant factors that create an economic incentive for it to exercise the renewal option. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or change in circumstances within its control.

Determination of Incremental Borrowing Rate on Leases
The Group cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available (such as when the Group does not enter into financing transactions) and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific judgement estimates.

Impairment of Non-financial Assets
PFRS require that an impairment review be performed on property and equipment, right-of-use assets and intangible assets with finite lives when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

The combined carrying amounts of property and equipment, right-of-use assets and other intangible assets with finite lives amounted to P979.11 million and P1,005.43 million as at December 31, 2021 and 2020, respectively (Notes 11, 12 and 14).

Distinction between Real Estate Inventories and Investment Property
The Group determines whether a property will be classified as real estate inventories or investment property. In making this judgment, the Group considers whether the property is held for sale in the ordinary course of business [real estate inventories] or which is held primarily to earn rental and capital appreciation and is not substantially for use by, or in the operations of the Group [investment property].

Distinction between Investment Property and Property and Equipment
The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Property and equipment or owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process.

Property Acquisitions and Business Combinations
The Group acquires subsidiaries that own real estate properties. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired. The significance of any process is judged with reference to the guidance in PAS 40, *Investment Property* on ancillary services. When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

Determination of Control
The Parent Company determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The Parent Company controls an entity if and only if the Parent Company has all of the following:

a. power over the entity;

b. exposure, or rights, to variable returns from its involvement with the entity; and

c. the ability to use its power over the entity to affect the amount of the Parent Company's returns.

As at December 31, 2021 and 2020, management assessed that the Parent Company retains the control over DDMPR after its IPO based on the following:

a. the Parent Company has the power to direct the relevant activities of DDMPR thru overlapping management and DRPMI and DRFMI;

b. the Parent Company is expose to dividends and collection of property management fee and fund management fee thru DRPMI and DRFMI, respectively; and

c. the Parent Company has the ability to use its power to affect the dividends and fees to be received since the Parent Company and DDMPR has overlapping BOD and management.

Adequacy of Tax Liabilities
The Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Provisions and Contingencies
The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

No provision for probable losses arising from legal contingencies was recognized in the Group’s consolidated financial statements in 2021, 2020 and 2019.

Estimates and Assumptions
The key estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Revenue and Cost Recognition
The Group's revenue and cost recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales is recognized based on the percentage of completion using output method. It is measured principally on the basis of the estimated completion of a physical proportion of the contract work. There were no changes in the assumptions or basis for estimation during the year.

Revenue and cost recognized related to real estate contracts amounted to P778.1 million and P434.0 million, respectively, in 2021, P557.36 million and P309.21 million, respectively, in 2020, P1,660.86 million and P730.05 million, respectively, in 2019 (Notes 6 and 20).

Assessment for ECL on Trade Receivables and Installment Contracts Receivables.
The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates over a two-year period for trade receivables, which composed of rent receivable and receivable from hotel operations. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Group has assessed that the forward-looking default rate component of its ECL on rent receivable is not material because substantial amount of trade and other receivables are normally collected within one year. Moreover, based on management's assessment, current conditions and forward-looking information does not indicate a significant increase in credit risk exposure of the Group from its trade and other receivables.

For installment contracts receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience for two years, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group used the vintage analysis accounts for expected credit losses by calculating the cumulative loss rates of a given installment contracts receivables pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The probability of default is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating loss given default, accounts are segmented based on facility/collateral type and completion. In calculating the recovery rates, the Group considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, refurbishment, payment required under Maceda law and cost to complete (for incomplete units).

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Trade receivables directly written off in 2021, 2020 and 2019 amounted to P330.53 million, P249.38 million and P27.88 million, respectively. Provision for ECL on rent receivables amounted to P56.81 million in 2021, P2.60 million in 2020, and P29.11 million in 2019. The allowance for impairment loss on trade receivables and installment contract receivables amounted to P62.24 million and P5.43 million as at December 31, 2021 and 2020, respectively. The combined carrying amounts of trade receivables and installment contract receivables amounted to P7,754.79 million and P5,417.59 million as at December 31, 2021 and 2020, respectively (Note 8).

Assessment for ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets at day one to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Group has assessed that the ECL on other financial assets at amortized cost is not material because majority of the transactions with respect to these financial assets were entered into by the Group only with reputable banks and counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized in 2021, 2020 and 2019.

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

	Note	**2021**	2020
Cash and cash equivalents (excluding cash on hand)	*7*	**P7,750,648,478**	P3,961,672,581
Receivables (total current and noncurrent balance, excluding trade receivables and installment contract receivables)	*8*	**779,557,112**	1,176,786,792
Due from related parties	*23*	**55,150,000**	55,150,000
Refundable deposits (total current and noncurrent)	*10, 15*	**178,266,543**	168,650,724
		P8,763,622,133	P5,362,260,097

Write-down of Inventories
The Group writes-down the costs of inventories to net realizable value whenever net realizable value becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the real estate inventories and leasehold rights are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date.

No inventories were written down to their net realizable values in 2021, 2020 and 2019.

The carrying amounts of the Group's inventories amounted to P2,391.40 million and P2,311.81 million as at December 31, 2021 and 2020, respectively (Note 9).

Estimating Useful Lives of Property and Equipment, Right-of-Use Assets and Intangible Assets with Finite Lives
The Group estimates the useful lives of property and equipment, right-of-use assets and intangible assets with finite lives based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment, right-of-use assets and intangible assets with finite lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of property and equipment and intangible assets with finite lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment, right-of-use assets and intangible assets with finite lives would increase recorded depreciation and amortization expenses and decrease noncurrent assets.

Property and equipment, net of accumulated depreciation and amortization, amounted to P845.85 million and P836.95 million as at December 31, 2021 and 2020, respectively. Accumulated depreciation and amortization of property and equipment amounted to P516.28 million and P439.05 million as at December 31, 2021 and 2020, respectively (Note 11).

Intangible assets with finite lives, net of accumulated amortization, amounted to P133.25 million and P168.17 million as at December 31, 2021 and 2020, respectively. Accumulated amortization of the intangible assets with finite lives amounted to P276.83 million and P231.57 million as at December 31, 2021 and 2020, respectively (Note 12).

Right-of-use assets carried at cost, net of accumulated amortization, amounted to nil and P0.32 million as at December 31, 2021 and 2020, respectively. Accumulated amortization of right-of-use assets amounted to P1.41 million and P1.09 million as at December 31, 2021 and 2020, respectively (Note 14).

Impairment Test of Goodwill and Hotel101 Brand
The Group determines whether goodwill and Hotel101 brand are impaired at least annually. This requires the estimation of value in use of the cash-generating units to which the goodwill and Hotel101 brand are allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate to calculate the present value of those cash flows.

The recoverable amount of goodwill arising from the acquisition of HOA has been determined based on the value in use using discounted cash flows. Assumptions used in the discounted cash flows include discount rate of 6.81%, 6.50% and 7.44% in 2021, 2020 and 2019, respectively (Note 12).

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

The total carrying amount of goodwill and Hotel101 brand amounted to P1,014.68 million as at December 31, 2021 and 2020 (Note 12).

Fair Value Measurement of Investment Property
The Group carries its investment property at fair value, with changes in fair value being recognized in profit or loss. The Group engages independent valuation specialists to determine the fair value. For the investment property, the appraisers used a valuation technique based on comparable market data available for such property. For investment property related to right-of-use assets, the Group determines the fair value based on the discounted cash flows using observable inputs as at the valuation date.

Investment property amounted to P112,391.16 million and P98,489.95 million as at December 31, 2021 and 2020, respectively. Unrealized gains from changes in fair values of investment property recognized in profit or loss amounted to P9,667.67 million, P8,361.32 million, and P13,502.37 million in 2021, 2020 and 2019, respectively (Note 13).

Realizability of Deferred Tax Assets
The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax asset on deductible temporary difference and carryforward benefits of NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets amounted to P2,414.07 million and P2,554.70 million as at December 31, 2021 and 2020, respectively (Note 26).

5. Segment Information

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

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

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

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

The Group has three significant reportable segments for 2021, 2020 and 2019, namely the real estate development, leasing, and hospitality. Leasing segment is presented into three sub-segment, which composed of retail, office and industrial.

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

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

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

Operating Segments

Analyses of financial information by business segment follow:

2021

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

2020

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

2019

	Real Estate Development	Retail Leasing	Office Leasing	Industrial Leasing	Hospitality	Others	Eliminations	Consolidated
Revenue								
External revenues	P1,817,725,603	P2,409,038,264	P14,306,480,068	P61,318,139	P678,196,291	P930,956,581	P -	P20,203,714,946
Inter-segment	-	644,614,645	81,858,010	30,652,671	21,332,055	2,969,010,391	(3,747,467,772)	-
Total Revenue	P1,817,725,603	P3,053,652,909	P14,388,338,078	P91,970,810	P699,528,346	P3,899,966,972	(P3,747,467,772)	P20,203,714,946
Segment Results	P613,768,310	P808,988,653	P9,950,073,762	P63,956,606	P134,106,774	(P100,172,929)	(P825,645,080)	P10,645,076,096
Net Income Attributable to								
Equity holders of the Parent	P -	P -	P -	P -	P -	P -	P -	P8,831,966,802
Non-controlling interests	-	-	-	-	-	-	-	1,813,109,294
	P -	P -	P -	P -	P -	P -	P -	P10,645,076,096
Segment Assets	P9,032,379,950	P51,499,719,872	P50,456,949,355	P1,205,009,893	P944,630,799	P38,720,685,250	(P38,817,146,170)	P113,042,228,949
Segment Liabilities	P3,902,835,703	P47,894,721,125	P21,704,676,684	P1,646,824,693	P1,113,454,181	P21,255,104,954	(P38,202,248,508)	P59,315,368,832
Other Information								
Capital expenditures	P2,206,639,093	P12,983,040,470	P2,258,937,021	P210,516,089	P3,325,556	P14,432,871	P -	P17,676,891,100
Depreciation and amortization	P72,727,949	P62,109,041	P -	P -	P7,923,491	P19,406,635	P22,702,742	P184,869,858

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

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

6. Revenue from Contracts with Customers

The Group derives revenue from the transfer of services and goods over time and at a point in time, respectively, in different product types.

The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

Real Estate Sales

	2021	2020	2019
Vertical	**P748,664,270**	P534,867,987	P1,552,588,184
Horizontal	**29,419,751**	22,496,517	108,269,781
	P778,084,021	P557,364,504	P1,660,857,965

All of the Group's real estate sales from residential development are revenue from contracts with customers recognized over time.

The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

Total real estate revenue in 2021, 2020 and 2019 amounted to P778.08 million, P557.36 million, and P1,660.86 million, respectively. Real estate revenue is recognized using percentage of completion method, based on the estimated completion of a physical proportion of the contract work. Gross profit in 2021, 2020 and 2019 amounted to P344.06 million, P248.15 million, P930.81 million and P605.15 million, respectively.

Hotel Revenues

	2021	2020	2019
Rooms	**P501,613,431**	P454,739,897	P596,030,207
Food and beverage	**5,272,276**	1,579,900	8,837,613
Others	**71,039,400**	35,553,413	67,193,722
	P577,925,107	P491,873,210	P672,061,542

Hotel revenues from sale of food and beverage are recognized at point in time.

There are no inter-segment eliminations among revenue from contracts with customers, as these are all sold to external customers as disclosed in the segment information in 2021, 2020 and 2019.

Contract Balances

	Note	**2021**	2020
Installment contracts receivable:	*8*		
Trade		**P630,362,390**	P798,359,928
Contract assets		**2,091,450,920**	1,722,242,702
Cost to obtain contract		**27,279,023**	35,684,073
Contract liabilities		**(395,728,103)**	(511,146,430)

The movement in contract assets is mainly due to new real estate sales contract recognized during the period, increase in percentage of completion, less reclassification to trade installment contracts receivable.

Contract assets represent the right to consideration that was already delivered by the Group in excess of the amount recognized as trade installment contracts receivable. This is reclassified as trade installment contracts receivable when the rights become unconditional, in the Group's case, upon turnover of units.

Cost to Obtain Contract
Additions in 2021, 2020 and 2019 amounted to P17.00 million, P28.38 million, and P16.14 million, respectively. Amount charged to profit or loss, based on percentage of completion, amounted to P 25.41 million, P19.16 million, and P12.43 million in 2021, 2020 and 2019, respectively.

Contract Liabilities
Contract liabilities pertain to amounts received from customers in excess of the amount of revenue recognized on the percentage of completion method and is recorded under "Customers' deposits" account in the consolidated statements of financial position.

7. Cash and Cash Equivalents

This account consists of:

	Note	**2021**	2020
Cash on hand		**P12,386,002**	P14,677,691
Cash in banks	*29*	**7,150,565,811**	2,702,639,150
Short-term placements	*29*	**600,082,667**	1,259,033,431
		P7,763,034,480	P3,976,350,272

Cash in banks earn annual interest at the respective bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn annual interest at the respective short-term placement rates. Total interest income from cash in banks and short-term placements amounted to P43.76 million, P36.42 million, and P72.71 million in 2021, 2020 and 2019, respectively.

8. Receivables

This account consists of:

	Note	2021	2020
Installment contracts receivable		**P2,699,096,745**	P2,482,118,065
Rent receivable	*23*	**4,639,397,011**	2,807,279,329
Receivables from:			
Tenants		**69,883,822**	473,109,436
Contractors		**166,763,629**	166,606,873
Condominium corporation and unit owners		**94,182,911**	91,856,434
Hotel operations		**159,989,351**	132,013,214
Leasehold rights' buyers		**355,050,959**	355,050,959
Advances to employees		**25,291,767**	27,843,686
Others		**68,384,024**	62,319,404
		8,278,040,219	6,598,197,400
Less allowance for impairment loss		**62,241,911**	5,432,218
	29	**P8,215,798,308**	P6,592,765,182

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

	Note	2021	2020
Installment contracts receivable		**P2,721,813,310**	P2,520,602,630
Less unearned interest income		**16,087,841**	36,871,527
Net installment contracts receivable		**2,705,725,469**	2,483,731,103
Less noncurrent portion	*29*	**6,628,724**	1,613,038
Current portion		**P2,699,096,745**	P2,482,118,065

Installment contracts receivable from real estate buyers pertains to receivables from the sale of condominium and subdivision units. These receivables are collectible in monthly installments over a period of one to five years. These non-interest bearing installment contracts receivable are discounted using effective annual interest rates ranging from 5.00% to 10.00% that are specific to the tenor of the installment contracts receivable. Titles to real estate properties are not transferred to the buyers until full payment has been made.

Receivables from leasehold rights' buyers pertain to receivables from the sale of leasehold rights in Dragon8. These receivables are collectible in monthly installments over a period of one to five years. These non-interest bearing installment receivables from leasehold rights buyers are discounted using effective annual interest rates ranging from 4.00% to 10.00% that are specific to the tenor of the installment receivables.

Rent receivable pertains to receivables arising from the lease of commercial and office spaces relating to the Group's CityMall, CentralHub and DD Meridian Park operations. These are generally collectible within 30 days. This account consists mainly of accrued rentals arising from the excess of rent income over rental collections made by lessees in accordance with straight-line rental recognition as mandated by PFRS 16, *Leases*, amounting to P1,080.03 million and P1,049.21 million as at December 31, 2021 and 2020, respectively.

Receivables from tenants include utilities, common usage service area fees and other charges billed to tenants which are due within 30 days upon billing.

Receivables from contractors pertain to the reimbursable share of contractors in the promotional cost incurred during the construction. These are generally collectible within 30-60 days.

Receivables from condominium corporation and unit owners include receivables from buyers for taxes and registration fees advanced by the Group on their behalf.

Receivables from hotel operations consist of receivables from corporate hotel guests and are non-interest bearing and generally settled within 30 days.

Movements in allowance for impairment loss are as follows:

	Note	**2021**	2020
Balance at beginning of year		**P5,432,218**	P2,827,449
Provisions during the year	*22*	**56,809,693**	2,604,769
Balance at end of year		**P62,241,911**	P5,432,218

Trade receivables directly written off in 2021 and 2020 amounted to P330.53 million and P249.38 million, respectively. These pertain to discounts and rental waivers granted to tenants due to COVID-19.

The total interest income recognized from the installment contracts receivable and receivables from leasehold rights' buyers amounted to P50.27 million and P72.41 million, and P15.87 million in 2021, 2020 and 2019, respectively.

9. Inventories

This account consists of:

	2021	2020
At cost:		
Real estate inventories	**P2,371,407,174**	P2,295,907,613
Hotel inventories	**8,799,426**	5,638,563
Others	**11,194,224**	10,265,618
	P2,391,400,824	P2,311,811,794

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

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

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

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

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

DD HappyHomes-Mandurriao
On May 31, 2014, the Group acquired DDHH horizontal, residential real estate project in Mandurriao, Iloilo. As at December 31, 2020, sale and construction of units of DD HappyHomes-Mandurriao is still ongoing.

DD HappyHomes-Tanauan and DD HappyHomes-Zarraga
In 2016, the Group acquired additional landsites for horizontal, residential real estate projects in Tanauan, Leyte and Zarraga, Iloilo. As at December 31, 2020, sale and construction of units is still on-going for DD HappyHomes-Tanauan.

Hotel101-Fort
In 2016, HOA entered into a Memorandum of Agreement and Deed of Absolute Conveyance with a minority shareholder of HOA to acquire a parcel of land to be used for the construction of Hotel101-Fort project (Note 23). Hotel101-Fort started construction in 2017 and is still ongoing construction as at December 31, 2021.

Hotel101-Davao
On August 22, 2017, HOA acquired a parcel of land in Davao City with an area of 5,384 square meters for the development of Hotel101-Davao. As at December 31, 2021, the project is ongoing construction.

Hotel101-Palawan
On January 8, 2018, HOA purchased a portion of land in Palawan with an area of 10,223 square meters for the development of Hotel101-Palawan. As at December 31, 2021, the project is currently under design and on pre-development preparations. Building permit application is also on process.

Hotel101-Cebu Mactan Airport
On March 25, 2019 and November 13, 2019, HOA entered into a Memorandum of Agreement and Deed of Absolute Conveyance, respectively, wherein HOA will acquire the land in Cebu, with an area of 4,709 square meters. The land will be used for the development of Hotel101-Cebu Mactan Airport. As at December 31, 2021, the Group has obtained the development permit from the Housing and Land Use Regulatory Board (HLURB) and is currently processing its license to sell. Pre-development preparations are also on-going.

Hotel101-Libis
On December 9, 2019, DD and Robinsons Land Corp entered into an agreement to develop a 10,032 square meters of prime lot into a commercial square complex. As at December 31, 2021, the project is currently under permitting, design and pre-development preparations.

Real estate inventories recognized as “Cost of real estate sales” amounted to P434.02 million, P309.21 million and P730.05 million in 2021, 2020 and 2019, respectively (Note 20).

Capitalized borrowing costs amounted to nil in 2021 and 2020 and P5.76 million in 2019 using 4.21% as capitalization rates, respectively (Note 17).

No inventory write-down was recognized on real estate inventories in 2021, 2020 and 2019.

In 2019, portion of The Jollibee Tower, included under “Investment property” account, with cost of P306.64 million, was transferred to inventories due to the change in the actual use of the assets (Note 13). The cost approximates the fair value of the inventories as at the date of transfer.

Hotel inventories mainly consist of consumable items used in the operations of “Injap Tower Hotel”, “Jinjiang Inn Ortigas”, “Jinjiang Inn Makati”, “JinJiang Inn Boracay”, and “Hotel101-Manila”. The cost of hotel inventories recognized under “Cost of hotel operations” in the consolidated statements of comprehensive income amounted to P12.14 million, P13.04 million and P25.61 million in 2021, 2020 and 2019, respectively (Note 20).

Others pertain to retail inventories from Go Lokal and Islas Pinas store.

10. Prepaid Expenses and Other Current Assets

This account consists of:

	Note	**2021**	2020
Input VAT - net		**P2,682,548,476**	P2,654,412,444
Advances to contractors and suppliers		**367,576,543**	387,337,748
Creditable withholding taxes		**231,711,801**	178,315,858
Prepaid expenses:			
Taxes		**1,176,878,248**	1,049,215,044
Rent	*3, 24*	**113,816,351**	15,779,238
Insurance		**11,027,741**	8,367,168
Commission		**8,599,234**	8,599,234
Others		**181,136,076**	108,792,260
Refundable deposits	*15, 24, 29*	**8,348,027**	8,720,254
Other current assets	*6*	**96,674,069**	88,060,998
		P4,878,316,568	P4,507,600,246

Input VAT represents accumulated input taxes from purchases of goods and services for business operations and purchases of materials and services for the building and leasehold construction which can be applied against future output VAT.

Creditable withholding taxes pertain to taxes withheld by the Group's customers which can be applied against any future income tax liability. Creditable withholding taxes written off in 2021 and 2020 amounted to P0.11 million and P0.10 million, respectively (Note 22).

Advances to contractors and suppliers represent amount paid as downpayments to contractors and suppliers to facilitate the initial construction of the Group's real estate projects.

11. Property and Equipment

The movements and balances of this account consist of:

	Land	Building	Leasehold Improvements	Equipment and Showroom	Furniture and Fixtures	Room Fixtures and Components	Total
Cost							
As at January 1, 2020	P263,100,000	P415,681,539	195,386,295	245,402,171	P89,936,493	P36,518,460	P1,246,024,958
Additions	-	5,262,567	1,468,436	13,829,350	1,890,435	7,516,836	29,967,624
As at December 31, 2020	263,100,000	420,944,106	196,854,731	259,231,521	91,826,928	44,035,296	1,275,992,582
Additions	-	50,231,899	63,177,353	9,701,145	2,620,696	513,276	126,244,369
Disposals	-	(30,201,880)	(3,793,797)	(5,447,948)	(51,132)	(610,581)	(40,105,338)
As at December 31, 2021	**263,100,000**	**440,974,125**	**256,238,287**	**263,484,718**	**94,396,492**	**43,937,991**	**1,362,131,613**
Accumulated Depreciation and Amortization							
As at January 1, 2020	-	21,377,797	87,210,053	129,471,613	41,603,684	14,823,037	294,486,184
Depreciation and amortization	-	36,687,589	37,049,434	47,022,011	15,319,941	8,481,113	144,560,088
As at December 31, 2020	-	58,065,386	124,259,487	176,493,624	56,923,625	23,304,150	439,046,272
Depreciation and amortization	-	26,303,032	40,123,002	38,793,811	10,198,661	1,918,507	117,337,013
Disposals	-	(30,201,880)	(3,793,797)	(5,447,948)	(51,132)	(610,581)	(40,105,338)
As at December 31, 2021	**-**	**54,166,538**	**160,588,692**	**209,839,487**	**67,071,154**	**24,612,076**	**516,277,947**
Carrying Amount							
As at December 31, 2020	P263,100,000	P362,878,720	P72,595,244	P82,737,897	P34,903,303	P20,731,146	P836,946,310
As at December 31, 2021	**P263,100,000**	**P386,807,587**	**P95,649,595**	**P53,645,231**	**P27,325,338**	**P19,325,915**	**P845,853,666**

Depreciation charged to "General and administrative expenses" account amounted to P115.42 million, P137.06 million and P120.79 million in 2021, 2020 and 2019, respectively (Note 22). Depreciation charged to "Cost of hotel operations" account amounted to P1.92 million, P7.50 million and P6.51 million in 2021, 2020 and 2019, respectively (Note 20). Fully depreciated property and equipment with cost of P40.11 million was disposed in 2021.

12. Goodwill and Other Intangible Assets

This account consists of:

	2021	2020
Hotel101 brand	**P664,300,000**	P664,300,000
Goodwill	**350,377,742**	350,377,742
Franchise rights	**70,435,546**	86,071,443
Advertising production cost	**15,636,127**	37,707,626
Computer software licenses - net	**18,953,743**	14,836,754
Concession rights	**26,904,295**	28,224,583
Others	**1,324,153**	1,326,650
	P1,147,931,606	P1,182,844,798

Hotel101 Brand
The Hotel101 brand, recognized from the acquisition of HOA, is an asset with indefinite useful life and is tested for impairment annually.

Goodwill
Goodwill comprises the excess of the acquisition costs over the fair value of the identifiable assets and liabilities arising from the acquisition of DDHH and HOA.

<u>Impairment Testing of Goodwill and Hotel101 Brand from Acquisition of HOA</u>
Goodwill and Hotel101 brand from the acquisition of HOA are allocated to the cash generating unit of HOA. The recoverable amount of goodwill and Hotel101 brand has been determined based on a valuation using cash flow projections covering a five-year period based on long-range plans approved by management. Cash flows beyond the forecasted period are extrapolated using the applicable rate determined per cash-generating unit.

A discount rate of 6.81%, 6.50% and 7.44% in 2021, 2020 and 2019, respectively, was applied based on the weighted-average cost of capital, which reflects management's estimate of the risk. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

The values assigned to the key assumptions represent the management's assessment of future trends in the industry and are based on internal sources (historical data).

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount. The calculation of value in use is most sensitive to the discount rate. For purposes of discount rate sensitivity, discount rate scenarios of 5.81% and 7.81% in 2021 and 5.50% and 8.00% in 2020 are applied on the discounted cash flows analysis.

The recoverable amount of the cash-generating unit was determined to be higher than its carrying amount as at December 31, 2021 and 2020. Hence, management assessed that there is no impairment loss in the value of goodwill and Hotel101 brand in 2021 and 2020.

Franchise Rights
The movements and balances of the "Franchise rights" account consist of:

	Note	**2021**	2020
Cost		**P154,578,304**	P154,578,304
Accumulated Amortization			
Balance at beginning of year		**68,506,861**	52,870,964
Amortization for the year	*22*	**15,635,897**	15,635,897
Balance at end of year		**84,142,758**	68,506,861
		P70,435,546	P86,071,443

Franchise rights pertains to the rights of the Group to operate "JinJiang Inn" franchise chain of hotels in the Philippines.

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

Advertising Production Cost
The movements and balances of the "Advertising production cost" account consist of:

	Note	**2021**	2020
Cost			
Balance at beginning of year		**P126,801,310**	P125,203,654
Additions		**-**	1,597,656
Balance at end of year		**126,801,310**	126,801,310
Accumulated Amortization			
Balance at beginning of year		**89,093,684**	64,125,207
Amortization for the year	*22*	**22,071,499**	24,968,477
Balance at end of year		**111,165,183**	89,093,684
		P15,636,127	P37,707,626

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

Concession Rights
The Parent Company entered into a Joint Venture Agreement with the City Government of Iloilo for the financing, design, construction, development, operation and maintenance of the Iloilo-Guimaras Ferry Terminal ("Ferry Terminal") and the surrounding areas within the property. The construction cost of the Ferry Terminal amounted to P33.01 million as at December 31, 2021 and 2020. The Ferry Terminal started operations in April 2017.

Amortization of concession rights amounted to P1.32 million, P1.32 million and P1.38 million in 2021, 2020 and 2019, respectively.

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

	Note	2021	2020
Cost			
Balance at beginning of year		**P84,384,706**	P83,997,653
Additions		**9,992,498**	387,053
Balance at end of year		**94,377,204**	84,384,706
Accumulated Amortization			
Balance at beginning of year		**69,547,952**	54,414,517
Amortization for the year	22	**5,875,509**	15,133,435
Balance at end of year		**75,423,461**	69,547,952
		P18,953,743	P14,836,754

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

13. Investment Property

This account consists of:

	Land	Building	Right-of-Use Assets - Land	Construction in Progress	Total
January 1, 2020	P20,553,635,372	P56,348,042,024	P1,469,745,626	P10,841,625,555	P89,213,048,577
Additions	95,962,160	-	-	2,812,336,112	2,908,298,272
Adjustments	-	(1,992,707,509)	-	-	(1,992,707,509)
Unrealized gains from changes in fair values of investment property	1,161,125,445	7,074,872,343	125,317,589	-	8,361,315,377
December 31, 2020	21,810,722,977	61,430,206,858	1,595,063,215	13,653,961,667	98,489,954,717
Additions	746,461,716	-	-	3,487,080,590	4,233,542,306
Reclassifications	-	5,767,635,625	-	(5,767,635,625)	-
Unrealized gains (losses) from changes in fair values of investment property	1,704,433,270	8,123,548,594	(160,316,684)	-	9,667,665,180
December 31, 2021	**P24,261,617,963**	**P75,321,391,077**	**P1,434,746,531**	**P11,373,406,632**	**P112,391,162,203**

The following table provides the fair value hierarchy of the Group's investment property as at December 31, 2021 and 2020:

	Level 2	
	2021	2020
Land	**P24,261,617,963**	P21,810,722,977
Commercial	**43,078,603,299**	41,498,558,469
Corporate/office	**45,050,940,941**	35,180,673,271
	P112,391,162,203	P98,489,954,717

The Group's investment property is stated at fair value, which has been determined based on valuations performed by an accredited independent appraiser, except for the fair value of right-of-use assets - land, which was determined based on discounted cash flows.

Valuation Techniques and Significant Unobservable Inputs
The fair values of the investment property were arrived at using the Market Data Approach for land and corporate office units, Cost Approach for commercial buildings, excluding office condominium units and Income Approach for right-of-use assets.

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

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

Income approach is an approach that provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of the right-of-use assets is determined by reference to the market data for current rental rate expected to be paid for the use of the asset.

The carrying amount of the construction in-progress approximates its fair value as at December 31, 2021 and 2020. The Group expects the fair value of the construction in-progress to be reliably measurable upon completion of the construction.

The fair values of land and building that are measured using market data approach are sensitive to the changes in the sales price and listings of comparable property. A significant increase/decrease in the price per square meter of comparable land and buildings will result to a significant increase/decrease in profit or loss. A 10% increase/decrease in the sales price/listing price will result to increase/decrease in profit or loss amounting to P6,678.52 million, P7,557.61 million and P6,229.60 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Capitalized borrowing costs amounted to P2,031.68 million and P2,578.87 million as at December 31, 2021 and 2020, respectively, using 4.96% and 5.86% as capitalization rates, respectively (Note 17). The Group also capitalized interest and rent expenses which were incurred for the rental of land properties where ongoing construction of CityMall branches are situated (Note 24).

Cost of investment property was adjusted in 2020 as a result of cost savings from finalization of actual costs from the contractors.

In 2019, portion of The Jollibee Tower with cost of P306.64 million, was transferred to inventories due to the change in the actual use of the assets (Note 9). The cost approximates the fair value of the inventories as at the date of transfer.

The Group recognized unrealized gains from changes in fair values of investment property amounting to P9,667.66 million, P8,361.32 million and P13,502.37 million in 2021, 2020 and 2019, respectively.

Rent income in 2021, 2020 and 2019 and the operating lease commitments of the Group as a lessor are fully disclosed in Note 24.

The total direct operating expenses recognized in profit or loss arising from the Group's investment property that generated rental income amounted to P258.96 million, P242.02 million and P214.48 million in 2021, 2020 and 2019, respectively. On the other hand, the Group recognized total direct operating expenses of P23.24 million, P25.13 million and P25.77 million in 2021, 2020 and 2019, respectively, for investment property that are not yet leased out.

Concentration Risk

In 2021, 2020 and 2019, rent income from Philippine Offshore Gaming Operator (POGO) and Philippine Amusement and Gaming Corp (PAGCOR)-accredited Business Process Outsourcing (BPO) businesses represents about 31%, 48%, and 47% of the total rent income, respectively. As at December 31, 2021 and 2020, receivables from these businesses represent about 27% and 54% of the total rent receivables, respectively.

Recent strict imposition of tax rules on POGOs and PAGCOR-accredited BPOs resulted in some closure of their operations in the country. The reduction and continuous closure of these businesses may result to a significant decline in the Group's rent income. As at December 31, 2021, none of the POGOs and PAGCOR-accredited BPOs pre-terminated their lease contracts, and rent receivables from these businesses are not credit-impaired.

14. Right-of-Use Assets

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

	Note	**2021**	2020
Cost		**P1,406,763**	P1,406,763
Accumulated Amortization			
Balance at beginning of year		**1,089,108**	544,554
Amortization for the year	*22*	**317,655**	544,554
Balance at end of year		**1,406,763**	1,089,108
		P -	P317,655

15. Other Noncurrent Assets

This account consists of:

	Note	**2021**	2020
Advances to contractors and suppliers		**P1,736,751,306**	P1,276,020,536
Investment in associates		**1,196,099,644**	813,215,193
Deposits for future land acquisition		**164,718,885**	164,718,885
Refundable deposits - net of current portion	*24, 29*	**169,918,516**	159,930,470
Others	*29*	**82,743,659**	9,666,918
		P3,350,232,010	P2,423,552,002

<u>Investment in Associates</u>
In 2017, the Group acquired 40% equity ownership in Contemporain Development Corporation (CDC), a corporation incorporated and operating in the Philippines. The principal activity of CDC is real estate development.

Presented below is CDC's summary of financial information as at and for the year ended December 31:

Statements of Financial Position

	2021	2020
Percentage ownership interest	**40%**	40%
Current assets	**P270,061,626**	P270,926,916
Noncurrent assets	**2,285,115,735**	2,019,747,972
Current liabilities	**(852,998,579)**	(863,895,696)
Noncurrent liabilities	**(836,346,609)**	(676,838,990)
Net assets (100%)	**865,832,173**	749,940,202
Group's share of net assets	**346,332,869**	299,976,081
Notional goodwill	**142,431,450**	142,431,450
Carrying amount of interest in the associate	**P488,764,319**	P442,407,531

Statements of Comprehensive Income

	2021	2020	2019
Revenue	**P20,445,278**	P18,777,152	P28,641,186
Income (loss) from continuing operations	**113,046,508**	(30,872,232)	104,177,856
Total comprehensive income (loss)	**P113,046,508**	(P30,872,232)	P104,177,856

The Group recognized share in net income (loss) of CDC amounting to P45.22 million, (P12.35 million), and P40.51 million in 2021, 2020 and 2019, respectively, and is recorded under "Others - net" account in the consolidated statements of comprehensive income.

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

Presented below is RDC's summary of financial information as at and for the year ended December 31:

Statement of Financial Position

	2021	2020
Percentage ownership interest	**34.28%**	34.28%
Current assets	**P555,814,010**	P238,069,943
Noncurrent assets	**816,086,783**	798,108,186
Current liabilities	**(22,137,655)**	(10,896,620)
Net assets (100%)	**1,349,763,138**	1,025,281,509
Carrying amount of interest in the associate	**P707,335,325**	P370,807,662

Carrying amount of interest in the associate includes nominal goodwill amounting to P17.23 million. The Group made additional investments amounting to P336.53 million and P35.67 million in 2021 and 2020, respectively. RDC has no revenue in 2021 and 2020. Net loss and total comprehensive loss in 2021 and 2020 amounted to P0.86 million and P0.69 million, respectively. The Group did not recognize its share in the loss of RDC in 2021 and 2020 since the amount is not material.

Advances to contractors and suppliers represent amount paid as downpayments to contractors and suppliers for the construction of the Group's investment property. These advances are non-financial in nature and are expected to be fulfilled by delivery of goods and services.

Refundable deposits pertain to non-interest bearing deposits paid to and held by the Group's lessors which are refundable at the end of the lease term. The refundable deposits included as part of "Prepaid expenses and other current assets - net" account in the consolidated statements of financial position pertain to deposits to lessors with terms of one year or less. Noncurrent refundable deposits included in "Other noncurrent assets" account are discounted using the effective annual interest rates ranging from 5.10% to 5.69% that are specific to the tenor of the refundable deposits. The difference between the discounted and face values of the refundable deposits was recognized as part of "Investment property - right-of-use assets" account as at December 31, 2021 and 2020. Interest is accreted on these refundable deposits using the effective interest rate method and is recognized as part of "Interest income" account in the consolidated statements of comprehensive income.

The details of refundable deposits follow:

	Note	**2021**	2020
Refundable deposits		**P213,701,107**	P204,526,183
Less discount on refundable deposits		**35,434,564**	35,875,459
Net refundable deposits		**178,266,543**	168,650,724
Less current portion	*10*	**8,348,027**	8,720,254
Noncurrent portion		**P169,918,516**	P159,930,470

Deposits for future land acquisition pertain to the series of payments made by HOA to acquire real estate properties located in the province of Aklan, Palawan and Cebu, Philippines. The Transfer Certificates of Title and Deeds of Sale will be conveyed to HOA upon full payment of the agreed price in the succeeding years.

16. Accounts Payable and Other Current Liabilities

This account consists of:

	Note	**2021**	2020
Trade payables	*29*	**P552,369,246**	P631,120,356
Retention payable - current	*19, 29*	**542,617,338**	730,092,847
Unearned rent income	*19, 24*	**346,852,758**	360,239,387
Withholding tax payable		**248,931,845**	231,282,498
Payable to a landowner	*29*	**155,975,635**	155,975,635
Security deposits	*23, 24, 29*	**111,653,671**	106,238,771
Lease liabilities - current portion	*24, 29*	**72,588,514**	2,434,467
Commission payable	*29*	**7,853,429**	7,653,879
Deposits from unit owners	*29*	**1,005,422**	1,005,422
Accrued expenses:	*29*		
Project costs		**1,047,427,979**	2,502,062,645
Interest	*17*	**559,352,588**	658,458,953
Others		**156,095,997**	154,287,195
Other payables	*29*	**64,480,813**	71,544,879
		P3,867,205,235	P5,612,396,934

Trade payables and accrued project costs are liabilities arising from services provided by the contractors and subcontractors. These are non-interest bearing and are normally settled within 30 days.

Retention payable pertains to the amount retained by the Group from its payment to contractors to cover cost of contractors' noncompliance with the construction of the Group's projects. Amounts retained by the Group vary from different contractors.

17. Short-term and Long-term Debts

Notes Payable

Details of the account are as follows:

	Note	**2021**	2020
Balance at beginning of the year		**P33,168,044,455**	P30,639,339,326
Availments		**12,700,273,271**	4,966,250,000
Payments*		**(9,492,292,936)**	(2,437,544,871)
	29	**36,376,024,790**	33,168,044,455
Less short-term notes and current portion of long-term notes		**14,618,971,659**	18,963,727,859
Noncurrent portion		**21,757,053,131**	14,204,316,596
Less unamortized debt issue costs		**231,254,316**	498,354,792
		P21,525,798,815	P13,705,961,804

** including foreign exchange impact*

Long-term Notes Payable

Parent Company

a. On April 11, 2021, the Parent Company obtained a total of P1.41 billion, unsecured, long-term loan from a financing institution. The loan bears fixed interest rate of 6.26% per annum over the term of the loan and is due on April 11, 2026, with four annual amortizations equivalent to 1.00% of the total principal amount of the loan.

   The proceed was used to refinance the existing loan due in 2021. Outstanding balance of this loan amounted to P1.41 billion as at December 31, 2021.

b. In May 2021, the Parent Company entered into a credit facility agreement with a financial institution for total credit limit of P2.00 billion. The loan bears variable interest rate based market interest rate, subject to quarterly repricing. The Parent Company made drawdowns on May 28, 2021, with due date on November 30, 2023, amounting to P753.72 million and on September 1, 2021, with due date on August 31, 2023, amounting to P226.55 million.

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

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

   The purpose of the proceed is partly finance its capital expenditures for the development of additional CityMall branches and CentralHub warehouses. Outstanding balance of this loan amounted to P750.00 million as at December 31, 2021.

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

   The proceed was used to refinance the existing loan due in 2021. Outstanding balance of this loan amounted to P470.00 million as at December 31, 2021.

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

   The proceed was used to refinance the existing loan due in 2021. Outstanding balance of this loan amounted to P500.00 million as at December 31, 2021.

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

   The purpose of the proceed is partly finance its capital expenditures for the development of additional CityMall branches and CentralHub warehouses. Outstanding balance of this loan amounted to P5.00 billion as at December 31, 2021.

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

   The purpose of the proceed is partly finance its capital expenditures for the development of additional CityMall branches and CentralHub warehouses. Outstanding balance of this loan amounted to P3.59 billion as at December 31, 2021.

h. On November 7, 2019, the Parent Company obtained a total of P5.00 billion unsecured, bilateral, long-term loans from a financing institution. The loan bears fixed interest rate of 6.25% per annum over the term of the loan and is due on November 7, 2024, with annual amortizations equivalent to 10.0% of the total principal amount of the loan beginning on the 24th month from initial drawdown date. The fixed interest rates were determined when the drawdowns were made and no repricing of interest rates over the duration of the loan term.

   The proceeds from these borrowings were used by the Parent Company to partly finance its capital expenditures for the development of additional CityMall branches and the construction of DD Meridian Tower, DD Meridian Park, Hotel of Asia and CentralHub warehouses. Related debt issue costs from this loan amounted to P37.50 million.

   Outstanding balance of this loan amounted to P4.50 billion and P5.00 billion as at December 31, 2021 and 2020, respectively. Payments in 2021 amounted to P500.00 million.

i. On March 23, 2016, the Parent Company obtained a total of P1.50 billion unsecured, bilateral, long-term loans from a financing institution with scheduled drawdown dates. The Parent Company has made drawdowns amounting to P1.50 billion. The loan bears fixed interest rates ranging from 6.1785% to 6.2289% per annum over the term of the loan. The fixed interest rates were determined when the drawdowns were made and no repricing of interest rates over the duration of the loan term. The principal repayments are to be made in five annual amortizations equivalent to 5.0% of the total principal amount of the loan amount drawn, beginning on the 36th month from initial drawdown date.

   The proceeds from these borrowings were used by the Parent Company to partly finance its capital expenditures for the development of additional CityMall branches and construction of the Jollibee Tower and Phase 1 of the DD Meridian Park. Related debt issue costs from this loan amounted to P15.25 million.

   Outstanding balance of this loan amounted to P1.28 billion and P1.35 billion as at December 31, 2021 and 2020, respectively. Payments in 2021, 2020 and 2019 amounted to P75.00 million.

j. On July 30, 2015, the Parent Company obtained a total of P1.50 billion unsecured, bilateral, long-term loans from a financing institution with scheduled drawdown dates. The Parent Company has made total drawdowns amounting to P1.50 billion. The loan bears fixed interest rates ranging from 5.7997% to 6.1810% per annum over the term of the loan. The fixed interest rates were determined when the drawdowns were made and no repricing of interest rates over the duration of the loan term. The principal repayments are to be made in five annual amortizations equivalent to 5.0% of the total principal amount of the loan amount drawn, beginning on the 36th month from initial drawdown date.

   The proceeds from these borrowings were used by the Parent Company to partly finance the development of the DD Meridian Park, a 4.75 hectare mixed-use development real estate property situated in Pasay City. Related debt issue costs from this loan amounted to P17.41 million.

   Payments made in 2021, 2020 and 2019 amounted to P75.00 million per year. Outstanding balance of the loan as at December 31, 2021 and 2020 amounted to P1.20 billion and P1.28 billion, respectively.

k. On May 18, 2015, the Parent Company obtained a total of P5.00 billion unsecured, bilateral, long-term loans from a financing institution with scheduled drawdown dates. The Parent Company has made total drawdowns amounting to P5.00 billion. The loan repayments of 5% to 10% of the principal are to be made in five consecutive annual installments to commence at the end of the 36th month after the initial drawdown date.

   The loan bears fixed interest rates ranging from 6.0000% to 6.5934% per annum over the term of the loan. The fixed interest rates were determined when the drawdowns were made and no repricing of interest rates over the duration of the loan term. The proceeds from these borrowings were used by the Group to partly finance its capital expenditures for the development of additional CityMall branches. Related debt issue costs from this loan amounted to P60.16 million.

   Payments made in 2021 and 2020 amounted to P500.00 million per year. Outstanding balance of the loan as at December 31, 2021 and 2020 amounted to P3.5 billion and P4.00 billion, respectively.

l. 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 12th month after the initial borrowing date. The loan bears fixed interest rate of 6.1583% per annum over the term of the loan. The fixed interest rates were determined when the drawdowns were made and no repricing of interest rates over the duration of the loan term.

   The proceeds from these borrowings were used by the Parent Company to partly finance its capital expenditures, primarily for the development of the DD Meridian Park, the Dragon8, The SkySuites Tower and roll-out of the first 12 CityMalls and for general corporate purposes. Related debt issue costs from this loan amounted to P98.77 million.

   Payments made in 2021, 2020 and 2019 amounted to P6.96 billion, P74.00 million and P74.00 million, respectively. Outstanding balance of the loan as at December 31, 2021 and 2020 amounted to nil and P6.96 billion, respectively.

DWPL

m. On July 27, 2020, DWPL obtained a total of USD75 million or P3.70 billion unsecured, bilateral, long-term loan from a financing institution. The loan bears fixed interest rate of 7.25% per annum over the term of the loan, payable semi-annually, every January 27 and July 27, commencing on January 27, 2021. The whole amount of the loan is payable on July 27, 2025.

    The proceeds from this borrowing will be used to finance the Group's capital expenditure, primarily for the development of the Robinsons DoubleDragon Square, DD Meridian Tower and CentralHub Industrial Centers and also to refinance short-term debts of the Parent Company. Related debt issue costs from this loan amounted to P57.38 million.

    Outstanding balance of this loan amounted to P3.76 billion and P3.70 billion as at December 31, 2021 and 2020.

HOA

n. On August 11, 2016, as a result of the acquisition of HOA, several long-term notes payable of HOA for a total amount of P100.30 million were assumed by the Group. The principal amounts and related interests are due monthly. Interest is based on negotiated rates or prevailing market rates. Principal payments made in 2021 and 2020 amounted to P15.6 million and P14.00 million, respectively.

    Current portion of these loans amounted to P15.19 million and P15.58 million as at December 31, 2021 and 2020, respectively. Outstanding long-term portion amounted to P12.86 million and P28.07 million as at December 31, 2021 and 2020, respectively.

Short-term Loans Payable

Parent Company

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

    Total loan availments in 2021 and 2020 amounted to P1.34 billion and P1.27 billion, respectively. Payments made in 2021 and 2020 amounted to P1.35 billion and P1.70 billion, respectively. Outstanding balance of the loans amounted to P9.51 billion and P10.75 billion as at December 31, 2021 and 2020, respectively.

PCLI

b. In 2017, PCLI obtained additional short-term loans from a local bank amounting to P37.00 million which is payable within one year and rolled its existing loan of P63.00 million for another year. In 2021, PCLI paid P8.00 million and rolled the remaining P82.5 million for another year. In 2020, PCLI paid P1.00 million and rolled the remaining P90.50 million for another year. In 2019, PCLI paid P7.50 million and rolled the remaining P91.50 million for another year. In 2018, PCLI paid P1.00 million and rolled the remaining P99.00 million for another year. The proceeds from these borrowings were used for additional working capital requirements. The principal amounts are payable lump sum at maturity and related interests are due monthly. Interest rate ranges from 5.75% to 5.90% per annum.

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

The Group is in compliance with the covenants of the debt agreements as at December 31, 2021 and 2020.

The movements in debt issue costs are as follows:

	2021	2020
Balance at beginning of year	**P498,354,792**	P102,817,045
Additions	**(212,735,230)**	464,449,402
Amortization	**(54,365,246)**	(68,911,655)
Balance at end of year	**P231,254,316**	P498,354,792

Amounts due beyond one year are shown under “Long-term notes payable - net of current maturities and debt issue costs” account in the consolidated statements of financial position.

Bonds Payable

Details of the account are as follows:

	Note	**2021**	2020
Balance at beginning and end of year		**P15,000,000,000**	P15,000,000,000
Less unamortized debt issue costs		**102,380,863**	129,729,011
	29	**P14,897,619,137**	P14,870,270,989

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

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

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

The movements in bond issue costs are as follows:

	2021	2020
Balance at beginning of year	**P129,729,011**	P155,485,671
Amortization	**(27,348,148)**	(25,756,660)
Balance at end of year	**P102,380,863**	P129,729,011

Amortization of bond issue costs in 2021, 2020 and 2019 amounted to P27.35 million, P25.76 million and P24.03 million, respectively. Due dates of the bonds are as follows:

	2021	2020
Parent Company bonds - due 2026	**P5,300,000,000**	P5,300,000,000
Less unamortized bond issue costs	**47,053,707**	54,936,420
Parent Company bonds - due 2024	**9,700,000,000**	9,700,000,000
Less unamortized bond issue costs	**55,327,156**	74,792,591
	P14,897,619,137	P14,870,270,989

Total interest expense, exclusive of the capitalized borrowing costs, recognized in profit or loss amounted to P1.23 billion, P808.61 million and P707.94 million in 2021, 2020 and 2019, respectively. Total capitalized borrowing costs charged under "Real estate inventories" and "Investment property" accounts amounted to P2.03 billion and P2.58 billion as at December 31, 2021 and 2020, respectively (Notes 9 and 13).

18. Customers' Deposits

Customers' deposits represent nonrefundable reservation fees paid to the Group by prospective buyers which are to be applied against the installment contracts receivable upon recognition of revenue. This account also includes excess collections from buyers over the related revenue recognized based on the percentage of completion method.

The breakdown of customers' deposits as at December 31 is as follows:

	2021	2020
Current	**P119,867,995**	P156,343,410
Noncurrent	**367,412,148**	362,487,632
	P487,280,143	P518,831,042

19. Other Noncurrent Liabilities

This account consists of:

	Note	2021	2020
Security deposits - net of current	*23, 24, 29*	**P368,747,991**	P941,060,261
Unearned rent income		**193,983,165**	218,284,329
Deferred output VAT - net		**535,092,097**	249,804,375
Retention payable - net of current	*16, 29*	**36,915,476**	34,754,897
Others	*29*	**756,520**	7,415,255
		P1,135,495,249	P1,451,319,117

Security deposits account pertains to deposits collected from tenants for the lease of the Group's investment property. These deposits are non-interest bearing and refundable at the end of the lease term. Security deposits are discounted using the effective interest rates ranging from 4.99% to 7.48% that are specific to the tenor of the deposits. The difference between the discounted value and face values of security deposits is recognized as part of "Unearned rent income" account which is amortized on a straight-line basis over the lease term and is recognized in profit or loss as additional rent income in the "Rent income" account in the consolidated statements of comprehensive income. Interest is accreted on these security deposits using the effective interest rate method and is recognized as part of "Interest expense" account in the consolidated statements of comprehensive income.

The details of security deposits follow:

	2021	2020
Balance at beginning of year	**P1,047,299,032**	P2,006,802,103
Reductions - net	**(393,663,885)**	(798,045,476)
	653,635,147	1,208,756,627
Discount	**(173,233,485)**	(161,457,595)
Balance at end of year	**P480,401,662**	P1,047,299,032

The movement in the unamortized discount on security deposits follows:

	2021	2020
Balance at beginning of year	**P161,457,595**	P233,368,434
Additions (reductions) - net	**56,351,281**	(27,976,104)
Accretion	**(44,575,391)**	(43,934,735)
Balance at end of year	**P173,233,485**	P161,457,595

Accretion is recorded under "Interest expense" account in the consolidated statements of comprehensive income.

20. Cost of Real Estate Sales and Hotel Operations

This account consists of:

Cost of Real Estate Sales

	Note	**2021**	2020	2019
Construction costs		**P372,253,703**	P266,449,417	P670,396,311
Land and land development costs		**4,573,412**	2,134,671	17,786,260
Other project costs		**57,197,255**	40,626,853	41,863,058
	9	**P434,024,370**	P309,210,941	P730,045,629

Cost of Hotel Operations

	Note	2021	2020	2019
Rent	*24*	**P123,353,369**	P119,798,796	P166,282,452
Room meals		**70,424,644**	32,074,544	62,434,706
Utilities		**36,762,903**	36,161,496	53,671,946
Outside services		**33,758,099**	38,068,540	49,480,148
Salaries and wages		**20,967,706**	21,823,851	14,516,144
Room supplies	*9*	**12,143,304**	13,042,985	25,608,588
Laundry and pressing		**8,468,643**	12,667,163	23,329,122
Subscription		**7,157,742**	7,605,162	6,503,527
Restaurant meals		**5,361,270**	3,425,877	12,015,393
Booking fee		**2,702,562**	8,896,356	20,724,862
Communication		**2,045,108**	2,078,416	1,778,143
Transport		**1,225,492**	1,332,473	2,049,593
Massage		**-**	72,076	294,367
Management fee		**-**	-	2,261,905
Others	*11*	**1,918,508**	7,503,548	11,955,257
		P326,289,350	P304,551,283	P452,906,153

21. Selling Expenses

This account consists of:

	Note	2021	2020	2019
Marketing		**P70,795,765**	P41,269,405	P145,834,673
Commission		**35,533,169**	42,838,971	76,947,180
Salaries, wages and other benefits	*23g*	**13,201,405**	15,706,322	26,370,390
Rent	*24*	**2,259,569**	8,827,991	7,814,546
Representation		**1,882,283**	1,412,165	2,887,497
Transportation and travel		**467,880**	809,360	15,008,315
Miscellaneous	*25*	**3,260,940**	2,484,017	15,466,756
		P127,401,011	P113,348,231	P290,329,357

22. General and Administrative Expenses

This account consists of:

	Note	**2021**	2020	2019
Taxes and licenses		**P494,053,106**	P496,286,137	P364,677,404
Impairment loss on receivables	*8*	**387,344,960**	251,983,291	29,106,888
Outsourced services		**299,937,937**	360,826,142	412,361,518
Electricity and water		**288,391,185**	435,591,877	362,455,690
Salaries, wages and other benefits	*23g*	**249,718,826**	334,662,083	249,129,414
Depreciation and amortization	*11, 12, 14*	**160,639,353**	194,659,191	178,363,236
Listing fees		**87,572,492**	-	-
Insurance		**35,455,436**	33,163,713	24,537,700
Repairs and maintenance		**30,030,437**	44,843,996	52,565,934
Property management supplies		**31,227,343**	31,863,669	34,726,081
Professional fees		**26,932,702**	21,083,991	17,006,927
Representation		**26,294,408**	4,286,771	5,869,195
Communications		**18,832,145**	16,820,014	16,995,197
Penalties		**17,458,113**	32,998,990	159,112,492
Cinema costs		**14,746,138**	33,233,899	117,878,827
Rent	*24*	**9,095,767**	6,024,982	31,214,448
Retirement costs	*25*	**7,896,811**	5,648,870	4,956,649
Donations		**6,970,000**	-	1,000,000
Transportation and travel		**6,451,324**	11,047,801	31,028,537
Subscription		**5,857,315**	5,705,784	2,642,559
Printing and office supplies		**5,425,522**	6,182,202	21,711,771
Management fees	*23a*	**2,678,671**	2,678,571	2,678,571
Bank charges		**2,298,644**	5,908,722	10,521,681
Write-off of creditable withholding taxes	*10*	**113,232**	100,389	377,017
Miscellaneous		**66,562,994**	55,473,287	106,713,923
		P2,281,984,861	P2,391,074,372	P2,237,631,659

Impairment loss on receivables pertains to discounts and rental waivers granted to tenants due to COVID-19.

23. Related Party Transactions

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

Category	Year	Ref/Note	Amount of Transaction	Outstanding Balances: Due from Related Parties	Outstanding Balances: Due to Related Parties	Terms and Conditions
Parent Company's Key Management - Personnel						
Management fees	**2021**	*a*	**P2,678,571**	**P -**	**P -**	**Demandable; non-interest bearing; unsecured; payable in cash**
	2020	*a*	2,678,571	-	-	Demandable; non-interest bearing; unsecured; payable in cash
	2019	*a*	2,678,571	-	-	Demandable; non-interest bearing; unsecured; payable in cash
Stockholders						
Acquisition of HOA	**2021**	*b*	**-**	**-**	**-**	**Payable by way of DD shares**
	2020	*b*	-	-	429,944,449	Payable by way of DD shares
	2019	*b*	-	-	429,944,449	Payable by way of DD shares
Other Related Parties						
Land acquired	**2021**	*c*	**-**	**-**	**383,281,305**	**Demandable; non-interest bearing; unsecured; payable in cash**
	2020	*c*	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in cash
	2019	*c*	-	-	383,281,305	Demandable; non-interest bearing; unsecured; payable in cash
	2021	*c*	**155,975,635**	**-**	**323,833,635**	**Payable by way of condo units**
	2020	*c*	-	-	167,858,000	Payable by way of condo units
	2019	*c*	-	-	167,858,000	Demandable; non-interest bearing; unsecured; payable in cash
Cash advances received	**2021**	*d*	**12,069,998**	**55,150,000**	**20,498,443**	**Demandable; non-interest bearing; unsecured; collectible in cash; no impairment**
	2020	*d*	9,771,859	55,150,000	10,448,348	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2019	*d*	7,239,154	55,150,000	7,239,154	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
Rent income	**2021**	*e*	**373,070,646**	**841,721,497**	**-**	**Demandable; non-interest bearing; unsecured; collectible in cash; no impairment**
	2020	*e*	583,234,028	1,083,982,423	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2019	*e*	513,109,441	649,626,773	-	Demandable; non-interest bearing; unsecured; collectible in cash; no impairment
	2021			**P896,871,497**	**P727,613,383**	
	2020			P1,139,132,423	P991,532,102	

a. *Executive Management Services Agreement*
The Group entered into an agreement with a shareholder for executive corporate, strategic, administrative and financial oversight services relative to the real estate business of the Group. The term of this agreement is one year effective January 1, 2012. This is renewable under the same terms and conditions upon mutual agreement of the parties. On December 6, 2017, the Group's BOD authorized the extension of the aforesaid agreement from January 1 to December 31, 2018 under the same terms and conditions set out in 2017, payable on a quarterly basis. This was renewed in 2021 and 2020 with the same terms and conditions. The fee, which includes staffing costs for services rendered by the shareholders, amounted to P2.68 million for the years ended December 31, 2021, 2020 and 2019.

b. *Acquisition of HOA*
The Parent Company entered into a Share Purchase Agreement (SPA) with III with the consideration amounting to the fair value of DD shares to be issued to III, as a consideration transferred in exchange for the latter's 40% share in HOA. These shares will be issued within 180 days from the closing date. This was paid in 2021.

c. *Land Acquisitions*
The Group has outstanding liabilities to minority shareholders of PDDG amounting to P383.28 million for the acquisition of certain parcels of land which will be used in the on-going construction of CityMall. These are unsecured, non-interest bearing liabilities and will be settled by the Group in 2021.

In 2016, HOA entered into a Memorandum of Agreement and Deed of Absolute Conveyance with a minority shareholder wherein HOA, in consideration of the land owned by the minority shareholder, settled to pay the latter in kind by way of condominium hotel (condotel) units in the Hotel101-Fort project totaling 60 condotel units plus a portion of the deck referred to as the "Deck Unit" (Note 9).

In 2018, HOA entered into a Memorandum of Agreement with a minority shareholder wherein HOA, in consideration of the land owned by the minority shareholder, settled to pay the latter in kind by way of eight (80) condominium hotel (condotel) units and fifty percent (50%) of the ground floor commercial units in the Hotel101-Davao project (Note 9).

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

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

e. *Lease of Land, Office and Mall Spaces*
The Group entered into various lease agreements with related parties covering its investment property portfolio. The amount pertains to the rent income earned by the Group from leasing out some of its commercial spaces in Dragon8, Jollibee Tower, DoubleDragon Plaza and CityMalls to JFC and the SM Group. These leases generally provide for either fixed monthly rent subject to escalation rates or a certain percentage of gross sales or a combination of fixed monthly rent and percentage of gross sales with a minimum guaranteed rent. The terms of the leases are for periods ranging from 5 to 15 years. The fixed monthly rent shall escalate by an average of 5% to 10% each year. The corresponding receivables from related party tenants are recorded in the "Rent receivables" account (Note 8).

f. *Security Deposits*
On October 16, 2019, the Group received a Letter of Intent from ITM Investment Corp., other related party, for the lease of certain units in the Skysuites Tower. Advance deposit received from the intent to lease amounted P713.77 million and was recorded as "Security deposits" under "Accounts payable and other current liabilities" account in the consolidated statements of financial position as at December 31, 2021 and 2020. The advance deposit is to be applied to the future rent payment. This was refunded in 2021. Outstanding balance as at December 31, 2021 and 2020 amounted to nil and P713.77 million, respectively.

g. *Key Management Personnel Compensation*
Short-term benefits of key management personnel amounted to P35.40 million, P34.12 million and P36.50 million in 2021, 2020 and 2019, respectively. Long-term benefits of key management personnel amounted to P0.96 million, P0.97 million, P0.86 million and P0.16 million in 2021, 2020 and 2019, respectively. Directors' fee paid amounted to P2.92 million, P0.60 million and P0.96 million in 2021, 2020 and 2019, respectively.

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

All material related party transactions are subject to approval by the BOD. Material related party transactions pertain to those transactions, either individually, or in aggregate over a 12-month period, that exceed 10% of the Group's total assets, based on the latest audited financial statements. All other related party transactions that are considered not material are approved by management.

Related Party Transactions and Balances Eliminated During Consolidation
The terms, conditions, balances and the volume of related party transactions which were eliminated during consolidation are as follows:

Intercompany Advances
a. Outstanding intercompany advances amounted to:

	2021	2020
Advances	**P26,313,755,632**	P29,407,658,663

These advances pertain to unsecured, interest and non-interest bearing advances granted to related parties for working capital requirements. Interest income from these advances amounted to P1,448.63 million, P1,847.54 million and P1,037.14 million in 2021, 2020 and 2019, respectively.

Intercompany Loan
b. Outstanding intercompany loan amounted to:

	2021	2020
Loan	**P3,372,844,365**	P3,253,279,616

This pertains to the unsecured and interest bearing loan granted by DWPL. Interest income from this loan amounted to P69.23 million and P21.52 million in 2021 and 2020, respectively.

Intercompany Revenue and Charges
c. Sales of condominium units of the Parent Company to DDSC:

The Parent Company has sales of condominium units to DDSC in 2017. Outstanding receivables from the sale of condominium units eliminated during consolidation amounted to P1,649.08 million as at December 31, 2021 and 2020. The balance of receivables from DDSC includes output VAT.

d. Management fees charged by the Parent Company to the subsidiaries:

	2021	2020
Management fees	**P -**	P375,000,000

e. Cost allocation charges by the Parent Company to the subsidiaries:

	2021	2020
Cost allocation charges	**P577,593,141**	P463,167,220

f. Utility charges by the DDPMC to the entities within the Group:

	2021	2020
Utility charges	**P356,844,684**	P322,040,131

Outstanding receivables from these utility charges eliminated during consolidation amounted to P2,021.47 million and P1,855.98 million in 2021 and 2020, respectively.

g. Other intercompany charges within the Group amounted to P120.48 million and P95.84 million in 2021 and 2020, respectively.

24. Leases

Group as Lessee
The Group has the following lease agreements as at December 31, 2021 and 2020:

- The Group entered into various noncancellable lease agreements covering certain parcels of land wherein some of the CityMalls are situated or are being constructed. The terms of the leases are for periods ranging from b 24 to 40 years. The rent shall escalate by an average of 5% to 10% each year.

- The Group leases office and parking spaces and showrooms. The terms of the leases are for periods ranging from 1 to 5 years, renewable for the same period under the same terms and conditions. The rent shall escalate by an average of 5% to 10% each year.

The Group's lease commitments with respect to its lease of land and office space agreements qualify under PFRS 16 for the recognition of right-of-use assets and lease liabilities. Lease for several sales offices and parking spaces with lease term of less than one year were expensed during the year. Lease for show rooms with annual lease payments considered as low-value or lease term of less than one year were expensed during the year. Related right-of-use assets were disclosed in Notes 13 and 14.

The Group is required to pay advance rental payments and refundable deposits on its leases. Upon adoption of PFRS 16, *Leases*, advance rental payments related to lease agreements that qualify for PFRS 16 are recognized under right-of-use assets.

Maturity analysis of lease payments under PFRS 16 are disclosed in Note 29.

The amounts recognized in the consolidated statements of comprehensive income are as follows:

	2021	2020	2019
Interest on lease liabilities	**P73,290,712**	P107,259,251	P100,947,783
Expenses relating to leases with variable consideration	**4,099,968**	7,262,772	10,614,483
Expenses relating to short-term leases	**7,133,300**	7,076,189	27,268,992
Amortization of right-of-use assets	**317,655**	544,554	544,554
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**122,068**	514,012	1,145,519
	P84,963,703	P122,656,778	P140,521,331

Total expenses relating to short-term leases and low value assets and rent expense before transition to PFRS 16 are charged as follows:

	Note	**2021**	2020	2019
Selling expenses	*21*	**P2,259,569**	P8,827,991	P7,814,546
General and administrative expenses	*22*	**9,095,767**	6,024,982	31,214,448
		P11,355,336	P14,852,973	P39,028,994

Total lease payments in 2021 and 2020 amounted to P230.41 million and P228.05 million, respectively.

The Group also has a joint venture arrangement with each of the hotel unit owners to whom hotel units were sold, where the Group operates the hotel and obtains an agreed share in the revenues, resulting to a sale and operating leaseback. The sales reflect fair values and are included in "Real estate sales" account in the consolidated statements of comprehensive income. Total rent expense, which is based on variable consideration, amounted to P123.35 million, P119.80 million and P166.28 million in 2021, 2020 and 2019, respectively, and is recorded under "Cost of hotel operations" account in the consolidated statements of comprehensive income.

<u>Group as Lessor</u>
The Group entered into various lease agreements with third parties and related parties covering its investment property portfolio. These leases generally provide for fixed monthly rent subject to escalation rates except for a few tenants, which pay either a fixed monthly rent or a percentage of gross revenues, or a combination of fixed monthly rent and percentage of gross sales with a minimum guaranteed rent. The terms of the leases are for periods ranging from two (2) to fifteen (15) years. The fixed monthly rent shall escalate by an average of 5% to 10%.

Upon inception of the lease agreements, tenants are required to pay advance rentals and security deposits shown under "Accounts payable and other current liabilities" and "Other noncurrent liabilities" accounts in the consolidated statements of financial position (Notes 16 and 19).

Rent income amounted to P3,420.41 million, P3,608.52 million and P3,274.47 million in 2021, 2020 and 2019, respectively. Total contingent rent income amounted to P22.31 million, P20.22 million and P384.33 million in 2021, 2020 and 2019, respectively.

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

	2021	2020
Less than one year	**P2,389,177,951**	P2,502,586,401
Between one and five years	**5,031,944,518**	6,752,625,902
More than five years	**2,706,580,177**	3,301,903,408
	P10,127,702,646	P12,557,115,711

Details of minimum future rental collections for between one and five years are as follows:

	2021	2020
Between one to two years	**P1,930,818,783**	P2,397,259,932
Between two to three years	**1,377,537,681**	1,926,478,874
Between three to four years	**1,053,321,070**	1,372,857,322
Between four to five years	**670,266,983**	1,056,029,774
	P5,031,944,517	P6,752,625,902

25. Retirement Benefits

The Group does not have an established retirement plan and only conforms to the minimum regulatory benefit under Republic Act. No. 7641, *The Retirement Pay Law,* which is of the defined benefit type and provides a retirement benefit equal to 22.5 days' pay for every year of credited service for employees who attain the normal retirement age of sixty (60) with at least five (5) years of service.

The present value of the defined benefit obligation (DBO) is shown below:

	2021	2020
Beginning of year	**P29,237,486**	P16,310,726
Current service cost	**7,344,254**	4,864,604
Interest cost	**1,200,778**	972,763
Actuarial loss (gain) from:		
Changes in financial assumptions	**(6,301,245)**	8,248,019
Experience adjustments	**(933,521)**	(1,158,626)
End of year	**P30,547,752**	P29,237,486

Retirement costs recognized in profit or loss amounted to P8.55 million, P5.84 million and P5.00 million in 2021, 2020 and 2019, respectively, which were charged as follows:

	Note	**2021**	2020	2019
Selling expenses	*21*	**P257,155**	P188,497	P44,326
General and administrative expenses	*22*	**7,896,811**	5,648,870	4,956,649
		P8,153,966	P5,837,367	P5,000,975

Defined benefit cost (income), net of tax, recognized under "Other comprehensive income" amounted to (P5.07 million), P4.96 million and P2.06 million in 2021, 2020 and 2019, respectively.

The following were the principal actuarial assumptions at the reporting date:

	2021	2020
Discount rate	**5.20%**	4.20%
Future salary increases	**5.00%**	5.00%

Assumptions regarding future mortality are based on the 2001 CSO Table - Generational. The average expected remaining working life of employees retiring at the age of 60 is 26.8 and 27.8 for both males and females in 2021 and 2020, respectively.

The weighted-average duration of DBO is 4.4 years and 4.5 years in 2021 and 2020, respectively.

The DBO is exposed to actuarial, longevity and interest rate risks.

The Group has no plans to make contributions in 2021.

Sensitivity Analysis
The calculation of the DBO is sensitive to the assumptions set out above. The following table summarizes how the impact on the DBO at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by 1%:

2021

	DBO	
	Increase	**Decrease**
Discount rate (1% movement)	**(P12,588,459)**	**P16,397,184**
Future salary growth (1% movement)	**17,813,666**	**(13,940,073)**

2020

	DBO	
	Increase	Decrease
Discount rate (1% movement)	(P4,588,014)	P5,757,891
Future salary growth (1% movement)	5,460,944	(4,549,300)

While the Group believes that the assumptions are reasonable and appropriate, significant differences between actual experience and assumptions may materially affect the recognized income and expenses and related assets or obligations.

Maturity Profile of the DBO

	2021				
	Carrying Amount	**Contractual Cash Flows**	**Within 1 Year**	**Within 1-5 Years**	**More than 5 Years**
DBO	**P31,238,752**	**P407,232,99**	**P -**	**P5,481,328**	**P401,751,671**

	2020				
	Carrying Amount	Contractual Cash Flows	Within 1 Year	Within 1-5 Years	More than 5 Years
DBO	P29,237,486	P449,169,360	P -	P5,367,944	P443,801,416

Asset-liability Matching Strategies to Manage Risks
The Group does not have a formal retirement plan and therefore has no plan assets to match against the liabilities under the retirement obligation.

Funding Arrangements
The Group does not have a formal retirement plan. Benefit claims under the retirement obligations are paid directly by the Group when they become due.

26. Income Taxes

Income tax expense consists of:

	2021	2020	2019
Current	**P66,172,843**	P371,590,150	P696,095,530
Deferred	**2,390,697,852**	3,787,671,206	4,310,953,204
Adjustments due to Corporate Recoverability and Tax Incentives for Enterprises (CREATE) Act (Note 32)	**(2,701,509,554)**	-	-
	(P244,638,859)	P4,159,261,356	P5,007,048,734

The deferred taxes, after set-offs, are reported in the consolidated statements of financial position as follows:

	2021	2020
Deferred tax assets	**P298,778,364**	P526,829,392
Deferred tax liabilities	**(13,612,338,447)**	(14,120,458,800)
	(P13,313,560,083)	(P13,593,629,408)

The components and movements of the Group's deferred tax assets and liabilities, relating to temporary differences are shown below.

	January 1, 2021	Charged to Profit or Loss	Charged to Other Comprehensive Income	Adjustments Due to CREATE law	December 31, 2021
NOLCO	P2,023,325,607	P307,627,392	P -	(P337,220,935)	P1,993,732,064
Accrued expenses	86,705,969	22,187,551	-	(10,481,728)	98,411,792
MCIT	246,977,443	(85,156,197)	-	(2,469,774)	159,351,472
Unearned rent income	173,557,115	(9,705,434)	-	(28,926,186)	134,925,495
Unearned interest income on installment contracts receivable	11,061,458	(5,195,921)	-	(1,843,576)	4,021,961
Retirement benefits liability	8,771,246	2,136,258	(1,808,692)	(1,461,874)	7,636,938
Impairment loss on creditable withholding taxes	143,222	28,308	-	(23,870)	147,660
Unearned hotel revenues	2,527,169	(1,822,490)	-	(421,195)	283,484
Impairment loss receivables	1,629,665	14,202,424	-	(271,611)	15,560,478
DTA	2,554,698,894	244,301,891	(1,808,692)	(383,120,749)	2,414,071,344
Unrealized gains on fair value measurements	11,954,821,324	2,295,480,106	-	(2,235,342,598)	12,014,958,832
Excess of financial realized gross profit over taxable realized gross profit	734,936,359	50,012,281	-	(243,925,582)	541,023,058
Borrowing costs	1,692,113,603	246,121,707	-	(282,018,934)	1,656,216,376
Hotel101 brand	199,290,000	-	-	(33,215,000)	166,075,000
Depreciation expense on depreciable investment property	970,786,782	145,694,215	-	(161,797,797)	954,683,200
Accrued rent income	314,556,370	7,502,296	-	(52,426,062)	269,632,604
Unamortized debt issue costs	149,506,438	(66,775,119)	-	(24,917,740)	57,813,579
Unamortized bond issue costs	38,918,703	(6,837,037)	-	(6,486,451)	25,595,215
Franchise rights	24,924,593	(97,210)	-	(4,154,099)	20,673,284
Lease arrangement	68,315,779	(37,049,945)	-	(11,385,963)	19,879,871
Property and equipment	158,351	948,449	-	(26,392)	1,080,408
DTL	16,148,328,302	2,634,999,743	-	(3,055,696,618)	15,727,631,427
Net DTL	P13,593,629,408	P2,390,697,852	P1,808,692	(P2,672,575,869)	P13,313,560,083

	January 1, 2020	Charged to Profit or Loss	Charged to Other Comprehensive Income	December 31, 2020
NOLCO	P1,762,314,325	P261,011,282	P -	P2,023,325,607
Accrued expenses	60,299,806	26,406,163	-	86,705,969
MCIT	179,745,859	67,231,584	-	246,977,443
Unearned rent income	105,596,438	67,960,677	-	173,557,115
Unearned interest income on installment contracts receivable	24,036,509	(12,975,051)	-	11,061,458
Retirement benefits liability	4,893,218	1,751,210	2,126,818	8,771,246
Impairment loss on creditable withholding taxes	324,351	(181,129)	-	143,222
Unearned hotel revenues	755,453	1,771,716	-	2,527,169
Impairment loss receivables	848,235	781,430	-	1,629,665
DTA	2,138,814,194	413,757,882	2,126,818	2,554,698,894
Unrealized gains on fair value measurements	8,916,727,978	3,038,093,346	-	11,954,821,324
Excess of financial realized gross profit over taxable realized gross profit	671,532,675	63,403,684	-	734,936,359
Borrowing costs	1,116,235,432	575,878,171	-	1,692,113,603
Hotel101 brand	199,290,000	-	-	199,290,000
Depreciation expense on depreciable investment property	688,222,337	282,564,445	-	970,786,782
Accrued rent income	210,438,452	104,117,918	-	314,556,370
Unamortized debt issue costs	30,845,114	118,661,324	-	149,506,438
Unamortized bond issue costs	61,062,043	(22,143,340)	-	38,918,703
Franchise rights	29,498,711	(4,574,118)	-	24,924,593
Lease arrangement	22,443,997	45,871,782	-	68,315,779
Property and equipment	602,475	(444,124)	-	158,351
DTL	11,946,899,214	4,201,429,088	-	16,148,328,302
Net DTL	P9,808,085,020	P3,787,671,206	(P2,126,818)	P13,593,629,408

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:

	2021	2020	2019
Income before income tax	**P11,035,834,770**	P10,184,484,549	P15,652,124,830
Income tax at the statutory income tax rate	**P2,754,989,422**	P3,055,345,365	P4,695,637,449
Income tax effects of:			
Expired NOLCO and MCIT	**613,268,913**	489,250,326	383,324,837
Nondeductible expenses	**477,580,014**	685,616,098	36,520,511
Effect of change in tax rate	**(2,701,509,554)**	-	-
Nontaxable income	**(983,979,784)**	(14,533,231)	(26,167,501)
Dividends	**(338,338,552)**	-	-
Difference between optional standard deduction and itemized deduction	**(144,390,989)**	(136,269,022)	(100,047,234)
Interest income subjected to final tax	**(2,962,278)**	(8,825,570)	(5,431,638)
Others	**80,703,949**	88,677,390	23,212,310
	(P244,638,859)	P4,159,261,356	P5,007,048,734

The details of the Group's NOLCO which are available for offsetting against future taxable income are as follows:

Year Incurred	Amount Incurred	Applied	Expired	Remaining Balance	Year of Expiration
2021	P3,476,400,925	P -	P -	P3,476,400,925	2026
2020	2,645,693,818	-	-	2,645,693,818	2025
2019	1,852,833,519	-	-	1,852,833,519	2022
2018	2,245,891,353	245,745,972	(2,000,145,381)	-	2021
	P10,220,819,615	245,745,972	(P2,000,145,381)	P7,974,928,262	

The details of MCIT, which can be claimed as tax credits against future regular corporate income tax liabilities, are as follow:

Year Incurred	Amount Incurred	Applied	Expired	Remaining Balance	Year of Expiration
2021	P25,606,597	P -	P -	P25,606,597	2024
2020	68,665,189	-	-	68,665,189	2023
2019	65,079,686	-	-	65,079,686	2022
2018	113,232,568	-	(113,232,568)	-	2021
	P272,584,040	P -	(P113,232,568)	P159,351,472	

27. Earnings Per Share

EPS is computed as follows:

	2021	2020	2019
Net income attributable to equity holders of the Parent Company	**P7,404,361,935**	P4,183,697,779	P8,831,966,802
Dividends on preferred shares	**(647,780,000)**	(647,780,000)	(647,780,000)
Net income attributable to common shareholders of the Parent Company	**6,756,581,935**	3,535,917,779	8,184,186,802
Weighted average number of common shares for basic and diluted EPS	**2,367,528,600**	2,367,528,600	2,367,528,600
Basic/Diluted EPS	**2.85**	1.4935	3.4568

Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent preferred stock dividends declared.

Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

In 2021, 2020 and 2019, the Parent Company has no potential dilutive debt or equity instruments.

In 2021, 2020 and 2019, the convertible preferred shares has no impact in the calculation of diluted EPS since it would have an antidilutive effect on earnings per share. The EPS conversion of preferred shares will start on the second anniversary from the issuance.

28. Equity

The authorized capital stock of the Parent Company consists of:

	2021	2020
Authorized Capital Stock		
Common - P0.10 par value	**P500,000,000**	P500,000,000
Preferred - P100 par value	**20,000,000,000**	20,000,000,000
Number of Shares Authorized for Issue		
Common	**5,000,000,000**	5,000,000,000
Preferred	**200,000,000**	200,000,000

Details of the number of subscribed and outstanding shares are as follows:

	2021	2020
Common		
Subscribed shares at beginning and end of the year	**2,373,100,600**	2,373,100,600
Treasury shares	**(5,572,000)**	(5,572,000)
Outstanding shares at the end of the year	**2,367,528,600**	2,367,528,600
Preferred		
Balance at beginning and end of the year	**100,000,000**	100,000,000

Common Shares

On January 30, 2014, the Parent Company filed with the SEC a Notice of Filing of Registration Statement for the registration of up to 579,730,000 common shares with par value of P0.10, to be offered by way of a primary offer.

On March 24, 2014, in accordance with the certificate of permit to offer securities for sale issued by the SEC, 579,730,000 common shares of the Parent Company with par value of P0.10 were registered and offered for sale at an offer price of P2.00 per share.

On November 11, 2015, the Parent Company's BOD approved the creation of 45,504,693 options underlying the Parent Company's common shares to be issued pursuant to the Parent Company's Plan. The aforesaid corporate act was ratified by the Parent Company's stockholders on January 5, 2016.

The Plan covers the senior management of the Parent Company as identified by the Chairman and Chief Executive Officer. The Plan allows all covered senior management to acquire at market price at grant date such number of shares of stock not exceeding 2% of the issued and outstanding capital stock of the Parent Company or 45,504,693 shares, after a vesting period of three (3) years. The share options will be exercisable starting from their respective vesting dates up to seven (7) years from grant date.

The approval of the Stock Option Plan was ratified by the Shareholders on January 5, 2016. The SEC approved the exemption from registration requirements for the issuance of 9,850,000 common shares on September 25, 2017. The Plan was submitted to PSE for approval. On January 9, 2019, the PSE approved the Parent Company's application to list additional 9,850,000 common shares to cover the Parent Company's Stock Option Plan at an option price based on the closing price of the Parent Company's shares on the strike date.

On December 8, 2016, the Parent Company's BOD resolved to expand the coverage of the Plan to include rank and file regular employees of the Parent Company. As at December 31, 2021 and 2020, no stock options were exercised.

On August 7, 2017, the Parent Company's BOD approved plans for a Follow-On offering of 150,000,000 common shares. The additional listing was approved by SEC on April 19, 2018.

On June 29, 2018, in accordance with the certificate of permit to offer securities for sale issued by the SEC, 135,000,000 common shares with an over-allotment option of 15,000,000 common shares of the Parent Company with par value of P0.10 were registered.

On July 13, 2018, the Parent Company issued an additional 143,370,600 common shares at P30.00 per share.

The Parent Company's public ownership percentage and total number of shareholders are 29.40% and 138, respectively as at December 31, 2021 and 29.89% and 142, respectively, as at December 31, 2020.

Treasury Shares

On August 23, 2018, the Parent Company redeemed 5,572,000 outstanding common stocks at P30.00 per share. As at December 31, 2021 and 2020, the redeemed common shares were treated as treasury shares.

Preferred Shares

On November 11, 2015, the Parent Company's BOD approved the increase in the authorized capital stock from P500.00 million to P20.50 billion with P100 par value. The aforesaid corporate act was ratified by the Parent Company's stockholders on January 5, 2016. On the same date, the Parent Company's BOD and stockholders approved the creation and issuance of 200,000,000 non-voting Preferred Shares with P100 par value.

On March 28, 2016, the SEC rendered effective the Registration Statement and other papers and documents attached thereto filed by the Parent Company, and issued the Order of Registration of Subscriptions to Preferred Shares amounting to P10 billion cumulative, non-voting, non-participating, redeemable at the option of the Parent Company, convertible at the ratio of 1 preferred share to 1 common share, perpetual Preferred Shares at an offer price of P100 per share. The Certificate of Permit to Offer Securities for Sale was issued by the SEC on the same date.

On April 14, 2016, the Parent Company has secured approval from the SEC to issue Preferred Shares following the successful offer and distribution of subscriptions to 100,000,000 preferred shares amounting to P10,000,000,000.

The total number of preferred shareholders as at December 31, 2021 and 2020 is 90.

Retained Earnings

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

Type of Dividend	Share Class	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share	Total
Regular Cash Dividend	Preferred	March 22, 2019	April 5, 2019	April 15, 2019	P1.61945	161.95 million
Regular Cash Dividend	Preferred	June 19, 2019	July 3, 2019	July 15, 2019	1.61945	161.95 million
Regular Cash Dividend	Preferred	September 16, 2019	September 30, 2019	October 14, 2019	1.61945	161.95 million
Regular Cash Dividend	Preferred	December 10, 2019	December 26, 2019	January 14, 2020	1.61945	161.95 million
Regular Cash Dividend	Preferred	March 23, 2020	April 6, 2020	April 14, 2020	1.61945	161.95 million
Regular Cash Dividend	Preferred	June 10, 2020	June 30, 2020	July 14, 2020	1.61945	161.95 million
Regular Cash Dividend	Preferred	September 21, 2020	October 5, 2020	October 14, 2020	1.61945	161.95 million
Regular Cash Dividend	Preferred	December 18, 2020	January 8, 2021	January 14, 2021	1.61945	161.95 million
Regular Cash Dividend	Preferred	March 19, 2021	April 6, 2021	April 14, 2021	1.61945	161.95 million
Regular Cash Dividend	Preferred	June 15, 2021	June 29, 2021	July 14, 2021	1.61945	161.95 million
Regular Cash Dividend	Common	July 30, 2021	August 23, 2021	September 16, 2021	0.2002	473.98 million
Regular Cash Dividend	Preferred	September 20, 2021	October 4, 2021	October 14, 2021	1.61945	161.95 million
Regular Cash Dividend	Preferred	December 15, 2021	December 29, 2021	January 6, 2022	1.61945	161.95 million

Dividends of Subsidiaries

The summary of cash dividend declarations of the subsidiaries is as follows:

Subsidiary	Share Class	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share	Total
CMGBI	Common	May 15, 2019	April 30, 2019	June 28, 2019	P0.0647	22.12 million
DDMPDC	Common	May 15, 2019	April 30, 2019	May 15, 2019	0.0122	217.14 million
CMMBI	Common	June 30, 2019	June 30, 2019	July 19, 2019	3.8500	25.68 million
CMDCI	Common	July 15, 2019	June 30, 2019	July 19, 2019	0.0181	9.64 million
DDMPDC	Common	August 16, 2019	June 30, 2019	August 16, 2019	0.0133	237.46 million
DDMPDC	Common	November 18, 2019	September 30, 2019	November 18, 2019	0.0186	331.59 million
DDMPDC	Common	December 28, 2019	December 28, 2019	April 15. 2020	0.0257	458.17 million
CMDZI	Common	February 4, 2020	January 31, 2020	February 11, 2020	0.0495	26.37 million
CMTMI	Common	March 2, 2020	February 28, 2020	March 4, 2020	0.0473	28.83 million
DDMPR	Common	March 31, 2020	March 31, 2020	June 5, 2020	0.0200	326.24 million
CMDCI	Common	June 5, 2020	May 29, 2020	June 26, 2020	0.0275	14.66 million
CMGBI	Common	June 5, 2020	May 29, 2020	June 9, 2020	0.0640	21.87 million
CMMBI	Common	June 5, 2020	May 29, 2020	June 9, 2020	6.1820	41.21 million
H101MC	Common	June 15, 2020	June 30, 2020	July 30, 2020	2,835.83	177.24 million
DDMPR	Common	June 30, 2020	June 30, 2020	August 15, 2020	0.0158	281.67 million
DDMPR	Common	November 11, 2020	September 30, 2020	November 11, 2020	0.0177	316.08 million
HOA	Common	December 29, 2020	December 31, 2020	May 31, 2021	201.3700	108.74 million
H101MC	Common	December 29, 2020	December 31, 2020	May 31, 2021	1,746.7500	109.17 million
CMDZI	Common	April 16, 2021	April 30, 2021	April 23, 2021	0.032712	P17.45 million
CMTMI	Common	April 16, 2021	April 30, 2021	May 3, 2021	0.004326	P2.64 million
DDMPR	Common	April 14, 2021	April 28, 2021	May 10, 2021	0.02047718	P365.06 million
CMGBI	Common	April 16, 2021	April 30, 2021	May 20, 2021	0.0533	P18.21 million
CMMBI	Common	April 16, 2021	April 30, 2021	May 26, 2021	3.51	P23.4 million
DDMPR	Common	May 14, 2021	May 28, 2021	June 10, 2021	0.02013600	P358.97 million
DDMPR	Common	August 16, 2021	August 31, 2021	September 13, 2021	0.02777800	P495.21 million
DDMPR	Common	November 15, 2021	November 29, 2021	December 13, 2021	0.02777800	P495.21 million

Total share of noncontrolling interests from these dividends amounted to P939.04 million in 2021, P324.62 million in 2020 and P258.93 million in 2019.

29. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

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

- Credit Risk
- Liquidity Risk
- Market Risk (Interest Rate Risk and Foreign Currency Risk)

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

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

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

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

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

Credit Risk

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

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

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

As at December 31, 2021 and 2020, receivables from POGO and PAGCOR-accredited BPOs businesses represent about 27% and 19% of the total rent receivables, respectively. As at December 31, 2021 and 2020, none of the POGOs and PAGCOR-accredited BPOs pre-terminated their lease contracts, and rent receivables from these tenants are not credit-impaired.

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

	Note	2021	2020
Cash and cash equivalents*	7	**P7,750,648,478**	P3,961,672,581
Receivables**	8	**8,534,344,159**	6,594,378,220
Due from related parties	23	**55,150,000**	55,150,000
Derivative asset designated as cash flow hedge***	15	**71,044,820**	-
Refundable deposits****	10, 15	**178,266,543**	168,650,724
		P16,589,454,000	P10,779,851,525

**Excluding "Cash on hand" account.*
***This includes both current and noncurrent portions of the account.*
**** This is presented as part of "Other noncurrent assets" account.*
*****This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

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

December 31, 2021

	Financial Assets at Amortized Cost				
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Derivative Asset	Total
Cash and cash equivalents (excluding cash on hand)	P7,750,648,478	P -	P -	P -	P7,750,648,478
Receivables*	772,928,388	7,761,415,771	62,241,911	-	8,596,586,070
Due from related parties	55,150,000	-	-	-	55,150,000
Derivative asset**	-	-	-	71,044,820	71,044,820
Refundable deposits***	178,266,543	-	-	-	178,266,543
	P8,756,993,409	P7,761,415,771	P62,241,911	P71,044,820	P16,651,695,911

December 31, 2020

	Financial Assets at Amortized Cost			
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Cash and cash equivalents (excluding cash on hand)	P3,961,672,581	P -	P -	P3,961,672,581
Receivables*	1,176,786,792	5,417,591,428	5,432,218	6,599,810,438
Due from related parties	55,150,000	-	-	55,150,000
Refundable deposits**	168,650,724	-	-	168,650,724
	P5,362,260,097	P5,417,591,428	P5,432,218	P10,785,283,743

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

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

The following is the aging analysis per class of financial assets as at December 31:

2021	Note	Neither Past Due nor Impaired	Past Due but not Impaired 1 to 90 Days	91 to 360 Days	More than 360 Days	Impaired	Total
Cash and cash equivalents*	7	**P7,750,648,478**	**P -**	**P -**	**P -**	**P -**	**P7,750,648,478**
Receivables**	8	**4,112,159,714**	**1,043,813,337**	**1,611,229,538**	**1,767,141,570**	**62,241,911**	**8,596,586,070**
Due from related parties	23	**55,150,000**	**-**	**-**	**-**	**-**	**55,150,000**
Derivative asset***	15	**71,044,820**	**-**	**-**	**-**	**-**	**71,044,820**
Refundable deposits****	10, 15	**178,266,543**	**-**	**-**	**-**	**-**	**178,266,543**
		P12,167,269,555	**P1,043,813,337**	**1,611,229,538**	**1,767,141,570**	**62,241,911**	**P16,651,695,911**

Excluding "Cash on hand" account.
*** This includes both current and noncurrent portions of the account.*
**** This is presented as part of "Other noncurrent assets" account.*
*****This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

2020	Note	Neither Past Due nor Impaired	Past Due but not Impaired 1 to 90 Days	91 to 360 Days	More than 360 Days	Impaired	Total
Cash and cash equivalents*	7	P3,961,672,581	P -	P -	P -	P -	P3,961,672,581
Receivables**	8	2,959,798,602	671,636,017	1,866,294,904	1,096,648,697	5,432,218	6,599,810,438
Due from related parties	23	55,150,000	-	-	-	-	55,150,000
Refundable deposits***	10, 15	168,650,724	-	-	-	-	168,650,724
		P7,145,271,907	P671,636,017	P1,866,294,904	P1,096,648,697	P5,432,218	P10,785,283,743

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:

2021	Note	High Grade	Medium Grade	Low Grade	Total
Cash and cash equivalents*	7	**P7,750,648,478**	**P -**	**P -**	**P7,750,648,478**
Receivables**	8	**4,112,159,714**	**2,655,042,875**	**1,767,141,570**	**8,534,344,159**
Due from related parties	23	**55,150,000**	**-**	**-**	**55,150,000**
Derivative asset***	15	**71,044,820**	**-**	**-**	**71,044,820**
Refundable deposits****	10, 15	**178,266,543**	**-**	**-**	**178,266,543**
		P12,167,269,555	**P2,655,042,875**	**P1,767,141,570**	**P16,589,454,000**

Excluding "Cash on hand" account.
***This includes both current and noncurrent portions of the account.*
****This is presented as part of "Other noncurrent assets" account.*
*****This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

2020	Note	High Grade	Medium Grade	Low Grade	Total
Cash and cash equivalents*	7	P3,961,672,581	P -	P -	P3,961,672,581
Receivables**	8	5,497,729,523	406,618,355	690,030,342	6,594,378,220
Due from related parties	23	55,150,000	-	-	55,150,000
Refundable deposits***	10, 15	168,650,724	-	-	168,650,724
		P9,683,202,828	P406,618,355	P690,030,342	P10,779,851,525

Excluding "Cash on hand" account.
***This includes both current and noncurrent portions of the account.*
****This is presented as part of "Prepaid expenses and other current assets - net" and "Other noncurrent assets" accounts.*

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

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

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

Liquidity Risk

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

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

		As at December 31, 2021				
	Note	**Carrying Amount**	**Contractual Cash Flow**	**1 Year or Less**	**1 Year - 5 Years**	**More than 5 Years**
Financial Liabilities						
Accounts payable and other current liabilities*	16	**P3,198,832,118**	**P3,198,832,118**	**P3,198,832,118**	**P -**	**P -**
Due to related parties	23	**727,613,383**	**727,613,383**	**727,613,383**	**-**	**-**
Dividends payable		**147,771,638**	**147,771,638**	**147,771,638**	**-**	**-**
Notes payable**	17	**36,144,770,474**	**42,028,299,503**	**14,669,552,705**	**27,358,746,798**	**-**
Bonds payable	17	**14,897,619,137**	**18,320,487,600**	**895,815,000**	**17,424,672,600**	**-**
Other noncurrent liabilities*	19	**406,419,987**	**577,653,472**	**-**	**577,653,472**	**-**
Lease liabilities	24	**1,355,227,048**	**2,873,218,659**	**102,357,294**	**537,936,431**	**2,232,924,934**

**Excluding statutory obligations, current portion of lease liabilities and unearned rent income account.*
***This includes both current and noncurrent portions of the account.*

		As at December 31, 2020				
	Note	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years
Financial Liabilities						
Accounts payable and other current liabilities*	16	P5,018,440,582	P5,018,440,582	P5,018,440,582	P -	P -
Due to related parties	23	991,532,102	991,532,102	991,532,102	-	-
Dividends payable		151,713,756	151,713,756	151,713,756	-	-
Notes payable**	17	32,669,689,663	36,702,880,126	20,096,963,639	16,605,916,487	-
Bonds payable	17	14,870,270,989	19,160,053,472	937,497,433	18,222,556,039	-
Other noncurrent liabilities*	19	983,230,413	1,144,688,008	-	1,144,688,008	-
Lease liabilities	24	1,367,640,312	3,126,460,261	92,597,131	510,612,935	2,523,250,195

**Excluding statutory obligations, current portion of lease liabilities and unearned rent income account.*
***This includes both current and noncurrent portions of the account.*

Market Risks

Interest Rate Risk

The Group's interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. Except for term loan with outstanding balance of P734.68 million, which bears variable interest and subject to quarterly repricing, the Group' short-term and long-term bank borrowings are with fixed interest rates. Therefore, the effect of changes in interest rates has no significant impact to the Group.

Foreign Currency Risk
The functional currency is the Philippine peso, which is the denomination of the bulk of the Group's revenues. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group enters into foreign currency hedge using derivative instruments, such as foreign currency calls spread swap, to manage its foreign currency risk exposure, specifically the foreign currency risk on its foreign currency- denominated notes.

The Group's foreign currency-denominated monetary liabilities pertain mainly to long-term notes. Outstanding US Dollar (USD) balance amounted to USD 73.87 million, equivalent to P3,767.55 million, as at December 31, 2021.

Foreign exchange loss amounted to P143.77 million in 2021. This is mainly due to the movements of the Philippine peso against the USD. USD to Philippine peso conversion in 2021 is P51.00.

The Group has minimal exposure in foreign currency risk in 2020 and 2019.

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios. A P1 decrease in the US Dollar exchange rate would result in an increase in equity by P73,785. A P1 increase would have an opposite effect.

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

Cash and Cash Equivalents/Due from Related Parties/Accounts Payable and Other Current Liabilities/Due to Related Parties
The carrying amounts of cash and cash equivalents, due from related parties, accounts payable and other current liabilities, and due to related parties approximate their fair values due to the relatively short-term nature of these financial instruments.

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

Derivative Asset. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates. Fair value for stand-alone derivative instrument that is not quoted from an active market and for embedded derivatives is based on valuation models used for similar instruments using both observable and non-observable inputs. The fair value of the derivative asset has been categorized as Level 3 in the fair value hierarchy.

The table show the valuation techniques used in measuring Level 3 fair value, as well as the significant unobservable inputs used.

Type	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Foreign exchange currency call spread swap	Black-Scholes pricing model and Stochastic model	Call spread	The estimated fair value would increase/(decrease) if the call spread is lower/(higher).
		Reference forward exchange rate of PHP against USD	The estimated fair value would increase/(decrease) if the reference forward exchange rate of PHP would depreciate/(appreciate) against USD

Refundable Deposits/Lease Liabilities/Security Deposits
Refundable deposits, lease liabilities and security deposits are reported at their present values, which approximate the cash amounts that would fully satisfy the obligations as at reporting date.

Short-term Notes Payable/Long-term Notes Payable/Bonds Payable
The fair value of the interest-bearing fixed-rate short-term and long-term debts is based on the discounted value of expected future cash flows using the applicable market rates for similar types of loans as at reporting date. Fair value of bonds payable as at December 31, 2021 and 2020 amounted to P13.12 billion and P17.80 billion, respectively. Fair value of long-term notes payable as at December 31, 2021 and 2020 amounted to P22.60 billion and P13.01 billion, respectively.

Derivative Instruments Accounted for as Cash Flow Hedges
Call Spread Swap
As at December 31, 2021, the Group has outstanding call spread swaps designated as cash flow hedges with an aggregate notional amount of USD 75.00 million, and with an average strike rate range of P50 to P55. The call spread swap is designated to hedge foreign currency exposure on USD notes maturing on July 25, 2025. As at December 31, 2021, the positive fair value of the call spread swaps, included under “Other noncurrent assets” account amounted to P71.04 million (Note 15).

The hedge was assessed to be effective as the critical terms of the hedged item match the hedging instrument. No ineffectiveness was recognized in the consolidated statements of comprehensive income for the year ended December 31, 2021.

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

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

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid-in capital and retained earnings. There were no changes in the Group's approach to capital management as at December 31, 2021 and 2020. The Group is not subject to externally-imposed capital requirements.

30. Asset Acquisition

On November 14, 2019, the Parent Company entered into a subscription agreement for the 70% ownership in GCDPC, for the subscription price of P179.67 million.

The acquisition of GCDPC is accounted for as an asset acquisition since the acquired set of assets and activities does not constitute a business as defined in PFRS 3.

Non-controlling interests from the acquisition amounted to P52.84 million.

31. Note to Consolidated Statements of Cash Flows

The Group's noncash activities are as follows:

a. Additions to "Investment property" account include land conveyance from NCI amounting to P1,240.37 million in 2019;

b. Additions to "Investment property - right-of-use asset" account include the impact of discounting of security deposits amounting to P7.66 million in 2019;

c. Transfer from "Investment property" account to "Inventories" account amounting to P306.64 million in 2019;

d. Capitalized borrowing cost on "Investment property" account amounting to P2,031.68 million in 2021;

e. Capitalized borrowing cost on "Investment property" account amounting to P2,578.87 million in 2020; and

f. Capitalized borrowing cost on "Investment property" and "Inventories" accounts amounting to P1,883.11 million and P5.76 million in 2019, respectively.

<u>Changes in Liabilities Arising from Financing Activities</u>

	January 1, 2021	Cash Flows	Other Movements	December 31, 2021
Bonds payable	**P14,870,270,989**	**P -**	**P27,348,148**	**P14,897,619,137**
Loans and notes payable	**32,669,689,663**	**3,409,644,816**	**65,435,995**	**36,144,770,474**
Lease liabilities	**1,367,640,312**	**(12,413,264)**	**-**	**1,355,227,048**
Other noncurrent liabilities	**1,451,319,117**	**(360,399,259)**	**44,575,391**	**1,135,495,249**
Total liabilities from financing activities	**P50,358,920,081**	**P3,036,832,293**	**P137,359,534**	**P53,533,111,908**

	January 1, 2020	Cash Flows	Other Movements	December 31, 2020
Bonds payable	P14,844,514,329	P -	P25,756,660	P14,870,270,989
Loans and notes payable	30,536,522,281	2,064,255,727	68,911,655	32,669,689,663
Lease liabilities	1,353,778,904	-	13,861,408	1,367,640,312
Other noncurrent liabilities	2,076,864,921	(669,480,539)	43,934,735	1,451,319,117
Total liabilities from financing activities	P48,811,680,435	P1,394,775,188	P152,464,458	P50,358,920,081

Other movements pertain to interest expense from amortization of debt issue cost, discount on security deposits, foreign currency translation, amortization of lease liabilities and adoption of PFRS 16.

Dividends paid in 2021 and 2020 amounted to P2,064.74 million and P972.26 million, respectively.

Loans and notes payable is composed of the following:

	2021	2020
Short-term loans payable and current maturities of long-term notes payable, net of debt issue costs	**P14,618,971,659**	P18,963,727,859
Long-term notes payable - net of current maturities and debt issue costs	**21,525,798,815**	13,705,961,804
	P36,144,770,474	P32,669,689,663

32. Other Matters

Bayanihan Act

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) No. 25-2020 to implement Section 4 of RA No. 11494 ("Bayanihan to Recover as One Act"), relative to NOLCO which provides that the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next five consecutive taxable years following the year such loss was incurred.

CREATE Act

The CREATE Act, which seeks to reduce the corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted and performance-based, was passed into law on March 26, 2021. One of the key provisions of the CREATE Law is an immediate 5% to 10% point cut in the regular corporate income tax rate and 1% point cut in the minimum corporate income tax rate starting July 1, 2020.

The impact on the December 31, 2020 consolidated financial statements of the Group were recognized as at and for the year ended December 31, 2021 as follows:

	Increase (Decrease)
ASSETS	
Deferred tax assets	**(P383,120,749)**
LIABILITIES AND EQUITY	
Income tax payable	**(P32,902,952)**
Deferred tax liabilities	**(3,055,696,618)**
Retained earnings	**2,701,509,554**
Reserves	**3,969,267**
	(P383,120,749)
Provision for Income Tax	
Current	**(P32,902,952)**
Deferred	**(2,668,606,602)**
	(2,701,509,554)
Other Comprehensive Income	**P3,969,267**

Impact of Corona Virus Disease (COVID-19)

The Group's properties have continued to be operational during the COVID 19 pandemic and continues to provide services to various communities during the imposition of community quarantine measures across the country. The Group has adjusted its project completion targets due to construction constraints arising from the COVID-19 outbreak and the community quarantine measures implemented in the Philippines since mid-March of 2020. Effect of COVID-19 to the Group's operations follow:

CityMalls

Permanent closures among CityMall tenants were minimal as majority of the leasable space within each CityMall are anchor tenants like supermarkets, pharmacies, money remittance shops, medical clinics, food and banks which provide essential goods and services that cater to the general good of the public especially during these periods.

Office Leasing

The Group's office leasing segment anticipates that its rent income will remain stable as a majority of its lease contracts have fixed rates and are covered for the duration of their lease terms by postdated checks, ample security deposits and advance rentals.

In compliance with the Government's mandate to support micro, small and medium enterprises ("MSMEs") and other tenants during the COVID-19 pandemic, the Group granted concessions to its retail and office tenants: the waiver of interest and penalties during the Enhanced Community Quarantine (ECQ) and Modified ECQ (MECQ) period; rental discounts for all food tenants and MSME retail tenants; and the deferral of rental payments in accordance with the Bayanihan Act and the Bayanihan 2 Act. These concessions were granted subject to conditions like the applicable tenant's commitment to settle any rental in arrears, continuous operation of retail tenants and the receipt of post-dated checks for the rent deferral or installment payments.

CentralHub
CentralHub sites nationwide are leased to companies involved in fast-moving consumer goods distribution and food production which are priority industries the Government mandated to be fully operational during the imposition of the community quarantine measures for the benefit of the nation and its people.

Hotel Operation
Despite the COVID-19 outbreak significantly affecting the tourism industry, the average hotel occupancy of the Group's hotel properties have remained stable as it provided accommodation to employees of BPO companies even at the height of the pandemic.

The Group closely monitors updates from the Philippine Department of Health and other reliable sources publishing information regarding COVID-19 and shall continue to comply with all government-mandated measures relating to COVID-19. Despite this challenging business environment, the Group does not foresee any going concern issue affecting its business operations and the Group projects that it would continue to report positive results of operations and would remain liquid to meet current obligation as it falls due.

Events after Reporting Period
The following are the events after the reporting date:

- In February 2022, the Parent Company repurchased common shares in relation to its share buyback program. As at May 12, 2022, the Parent Company repurchased 21,600,000 common shares amounting to P215.12 million.

- On March 9, 2022, the Parent Company, through its DWPL, conducted a Top Up Tranche 2 Offering of its US Dollar bonds listed in Singapore Exchange Securities Trading Limited (SGx-ST) under United Bank of Switzerland AG Singapore offering $55 million guaranteed notes, unconditionally and irrevocably guaranteed by the Parent Company, due on 2025.

- On March 21, 2022, SEC approved the increase of capital stock of DDMTC from P1,000,000 divided into 1,000,000 shares of the par value of P1.00 each, to P2,550,000,000 divided into 2,550,000,000 shares of the par value of P1.00 each, approved by majority of the BOD and by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock at a meeting held on August 16,2021.

- On March 22, 2022, the Parent Company declared a regular cash dividend to the preferred shareholders amounting to P1.61945 per share. The regular dividend was paid to all preferred shareholders on record as at April 5, 2022 and paid on April 18, 2022.

- On May 4, 2022, the BOD of DDMPR approved a regular cash dividend to the common shareholders in the gross amount of P495,853,123 or P0.027814 per share. The regular dividends will be paid to all Common Shareholders on record as at May 19, 2022 and will be paid on May 31, 2022.

ISSUER

DDPC Worldwide Pte. Ltd.
1 Marina Boulevard #28-00
One Marina Boulevard
Singapore 018989

GUARANTOR

DoubleDragon Corporation
10th Floor, Tower 1,
DoubleDragon Plaza, DD Meridian Park,
Macapagal Ave cor EDSA Ext, Bay Area,
Pasay City, Metro Manila, Philippines

LEAD MANAGER

Sole Global Coordinator and Lead Manager and Bookrunner

UBS AG Singapore Branch
9 Penang Road
Singapore 238459

PRINCIPAL PAYING AGENT, TRANSFER AGENT, REGISTRAR AND TRUSTEE

China Construction Bank (Asia) Corporation Limited
28/F, CCB Tower
3 Connaught Road Central
Central, Hong Kong

LEGAL ADVISERS

To the Issuer and Guarantor as to Singapore law

Allen & Gledhill LLP
One Marina Boulevard
#28-00
Singapore 018989

To the Issuer and Guarantor as to Philippine law

Romulo Mabanta Buenaventura Sayoc & de los Angeles
21st Floor, AIA Tower
8767 Paseo de Roxas, Makati City
Metro Manila 1226, Philippines

To the Lead Manager as to English law

Milbank (Hong Kong) LLP
30/F Alexandra House
18 Chater Road
Central Hong Kong

To the Lead Manager as to Philippine law

Angara Abello Concepcion Regala & Cruz
22/F ACCRALAW TOWER
Second Avenue corner 30th Street
Crescent Park West, Bonifacio Global City
1635 Taguig, Metro Manila, Philippines

INDEPENDENT AUDITOR

R.G. Manabat & Co.
(a member firm of KPMG International)
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Philippines

LISTING AGENT

Allen & Gledhill LLP
One Marina Boulevard
#28-00
Singapore 018989