C O V E R S H E E T

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION

Company's Full Name

Asean Avenue cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701

Company's Address: No./Street/City/Town/Province

c/o (02) 691-8899
Company's Telephone Number

December 31
Fiscal Year Ended
(Month & Day)

DEFINITIVE INFORMATION STATEMENT
SEC Form 20-IS
FORM TYPE

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Cashier

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SEC Reg. No.

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Central Receiving Unit

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(State "NONE" if that is the case)

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION

NOTICE AND AGENDA OF THE ANNUAL STOCKHOLDERS' MEETING

TO: ALL STOCKHOLDERS

Notice is hereby given that **MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION** (the "**Corporation**") will hold its Annual Stockholders' Meeting on June 24, 2019, 2:30 p.m. at City of Dreams Manila, Asean Avenue cor. Roxas Boulevard, Brgy. Tambo, Parañaque City, 1701 Philippines, at which meeting the following matters shall be taken up:

1. Call to Order
2. Certification of the Existence of Quorum and the Sending of Notices
3. Approval of the Minutes of the Stockholders' Meeting held on June 13, 2018
4. Report of the President and Chairman of the Board
5. Approval of the Audited Financial Statements of the Corporation for the Year Ended December 31, 2018
6. Election of the Members of the Board of Directors
7. Appointment of External Auditor
8. Ratification of Actions Taken by the Board of Directors and Officers since the Annual Stockholders' Meeting held on June 13, 2018
9. Approval of the Further Amendment to the Amended Articles of Incorporation
10. Other Matters that May Properly be Brought Before the Meeting
11. Adjournment

The record date for the determination of stockholders entitled to notice of, and to vote at, the said meeting is fixed at the close of business hours on April 30, 2019.

All stockholders who will not attend the meeting in person may prepare, date and sign a proxy, and submit the same to the Office of the Corporate Secretary at City of Dreams Manila, Asean Avenue cor. Roxas Boulevard, Brgy. Tambo, Parañaque City, 1701 Philippines not later than June 17, 2019. The proxies submitted shall be validated on the same day at the office of the Corporate Secretary.

Parañaque City, Philippines, May 17, 2019.

MARIE GRACE A. SANTOS
Corporate Secretary

Annual Stockholders' Meeting
Agenda Rationale

1. **Call to Order** – The call shall be done to officially open the Annual Stockholders' Meeting.

2. **Certification of the Existence of Quorum and the Sending of Notices** – Stockholders representing at least majority of the outstanding shares of the Corporation are required to be present for the existence of a quorum.

3. **Approval of the Minutes of the Last Stockholders' Meeting held on June 13, 2018** – The minutes of the last Annual Stockholders' Meeting of the Corporation shall serve as a record of the proceedings therein.

4. **Report of the President and Chairman of the Board** – The Report shall give the stockholders an overview of the business operations of the Corporation and its subsidiaries in the previous year.

5. **Approval of the Audited Financial Statements of the Corporation for the Year Ended December 31, 2018** – The Audited Financial Statements of the Corporation for year ended December 31, 2018, already incorporated in the Definitive Information Statement and submitted to the Securities and Exchange Commission and Bureau of Internal Revenue, are required to be presented to the stockholders for their information and approval.

6. **Election of the Members of the Board of Directors** – The nominees for election as members of the Board of Directors of the Corporation, including the independent directors, are required to be presented to the stockholders during the Annual Stockholders' Meeting. The respective profiles of the nominees are included in Item 5 of the Definitive Information Statement, for the reference of the stockholders.

7. **Appointment of External Auditor** – Upon the favorable recommendation of the Audit and Risk Committee, SyCip Gorres Velayo & Co.'s reappointment as external auditors of the Corporation is presented to the stockholders for approval.

8. **Ratification of Actions Taken by the Board of Directors and Officers since the Annual Stockholders' Meeting held on June 13, 2018 –** All actions taken by the Board of Directors and Officers of the Corporation since the last Annual Stockholders' Meeting on June 13, 2018, as reflected in the minutes of the meetings of the Board of Directors, in the regular reports and disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange, Inc., and in the Annual Report for year ended December 31, 2018 and Report of the President and Chairman of the Board, are required to be presented to the stockholders for their approval and ratification.

9. **Approval of Further Amendment to the Amended Articles of Incorporation** –The approval of the stockholders shall be sought to increase the par value per common share and a corresponding decrease in the total number of authorized common shares.

   The increase in the par value of the shares of the Corporation will not affect the Corporation's public ownership level considering that there will be no change to the outstanding capital stock of the Corporation. Moreover, it will not have any effect on the listing status of the shares of the Corporation on the Philippine Stock Exchange ("**PSE**") in view of the existing trading suspension on the Corporation's shares since MRP's existing public ownership is already below the minimum public ownership prescribed under the PSE Rules and the Corporation expects that it will be delisted from the PSE effective June 11, 2019 per PSE Memorandum CN No. 2019-0023 dated May 14, 2019.

10. **Other Matters that May Properly be Brought Before the Meeting –** Any other matter relevant and appropriate to the occasion may be properly raised and considered during the Annual Stockholders' Meeting.

11. **Adjournment** – Upon consideration of all business, the Chairman shall declare the meeting adjourned, formally ending the 2019 Annual Stockholders' Meeting of the Corporation.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [✓] Definitive Information Statement

2. Name of Registrant as specified in its charter **MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION**

3. **Philippines**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **58648**

5. BIR Tax Identification Code **000-410-840-000**

6. **Asean Avenue cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code (**02) 691-8899**

8. Date, time and place of the meeting of security holders

   Date : June 24, 2019
   Time : 2:30 p.m.
   Place : City of Dreams Manila
   Asean Avenue cor. Roxas Boulevard
   Brgy. Tambo, Parañaque City
   1701 Philippines

9. Approximate date on which the Information Statement is first to be sent or given to security holders: May 27, 2019

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding As of March 31, 2019	Treasury Shares As of March 31, 2019	Outstanding Common Stock As of March 31, 2019
Common	5,687,270,800	NIL	5,687,270,800
Total	5,687,270,800	NIL	5,687,270,800

11. Are any or all of registrant's securities listed in a Stock Exchange?

Yes ✓ No _______

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
Philippine Stock Exchange **Common**

MRP MANAGEMENT IS NOT SOLICITING PROXIES FOR THIS STOCKHOLDERS' MEETING.
PLEASE DO NOT SEND MRP MANAGEMENT YOUR PROXY.

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

The Annual Stockholders' Meeting of Melco Resorts and Entertainment (Philippines) Corporation (the "**Company**" or "**MRP**") will be held on June 24, 2019 at 2:30 p.m. at City of Dreams Manila, Asean Avenue cor. Roxas Boulevard, Brgy. Tambo, Parañaque City, 1701 Philippines.

THE COMPANY HAS SET MAY 27, 2019 AS THE APPROXIMATE DATE ON WHICH THE INFORMATION STATEMENT SHALL FIRST BE SENT OR GIVEN TO SECURITY HOLDERS.

Item 2. Dissenters' Right of Appraisal

Stockholders of the Company shall have appraisal right, or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 81 of the Revised Corporation Code of the Philippines, under any of the following circumstances:

- In case of any amendment to the Articles of Incorporation, which has the effect of changing or restricting the rights of stockholders or any class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class, or extending or shortening the term of the Company's corporate existence;

- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the Company's assets as provided under the Revised Corporation Code; and

- In case of merger or consolidation of the Company with another corporation.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the Company within thirty days after the date on which the vote was taken for payment of the fair value of his shares: Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three disinterested persons, one of whom shall be named by the stockholder, another by the Company, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment; and provided, further, that upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

There are no corporate actions or matters to be taken up at the Annual Stockholders' Meeting that may give rise to the exercise by the stockholders of the right of appraisal.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No current Director or Officer of the Company or nominee for election as directors of the Company or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) The Company has a total of 5,687,270,800 common shares outstanding as of the record date, April 30, 2019, held by a total of 1,399 stockholders. The stockholders will vote on matters scheduled to be taken up at the Annual Stockholders' Meeting scheduled on June 24, 2019, with each share being entitled to cast one vote.

(b) Pursuant to the Resolution of the Board of Directors at a regular meeting held on March 21, 2019, all stockholders at the close of business hours on April 30, 2019 shall be entitled to notice and to vote at the Annual Stockholders' Meeting.

(c) For the election of Directors, stockholders entitled to vote may vote such number of shares for as many persons as there are directors to be elected, or may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of their shares shall equal or may distribute them on the same principle among as many candidates as they shall see fit.

Pursuant to Article V, Section 7 of the Company's By-Laws, a stockholder may vote in person or by proxy.

(d) Security Ownership of Certain Record and Beneficial Owners and Management

a. Security Ownership of Certain Record and Beneficial Owners of more than 5%

As of March 31, 2019, the following are the shareholders who beneficially own in excess of 5% of the Company's common stock:

Title of Class	Name and Address of Record Owner and Relationship to Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent to Outstanding Shares
Common	MCO (Philippines) Investments Limited ("**MCO Investments**") Jayla Place, Wickams Cay I, Road Town, Tortola, British Virgin Islands Stockholder of Record	MCO Investments	British Virgin Islands ("**BVI**")	5,396,393,164*	94.89%
Common	PCD Nominee Corporation (Non-Filipino)	Various Stockholders	Various	5,663,532,188**	99.58%
Common	MPHIL Corporation ("**MPHIL**") Asean Avenue cor. Roxas Boulevard, Brgy. Tambo, Parañaque City, 1701 Philippines	MCO Investments Parent Company of MPHIL	BVI	173,837,068*	3.06%

	Stockholder of Record				

*These shares are lodged with the Philippine Depository and Trust Corporation. MPHIL is a wholly owned subsidiary of MCO Investments.

** These shares include the 5,396,393,164 shares of MCO Investments and 173,837,068 shares of MPHIL lodged with the Philippine Depository and Trust Corporation.

b. Security Ownership of Management

The following are the securities owned and held by the Directors and Executive Officers of the Company as of March 31, 2019:

A. Directors

Title	Name of Director	Citizenship	Amount and Nature of Record/Beneficial Ownership[1]	Percent to Total Outstanding Shares
Common	Clarence Yuk Man Chung	Chinese	Direct: 0 Indirect: 100	NIL
Common	Geoffrey Stuart Davis	American	Direct: 100 Indirect 0	NIL
Common	Alec Yiu Wa Tsui	British	Direct: 100 Indirect: 0	NIL
Common	John William Crawford	Canadian	Direct: 5,000 Indirect: 0	NIL
Common	Frances Marie T. Yuyucheng	Filipino	Direct: 0 Indirect: 100	NIL
Common	Johann M. Albano	Filipino	Direct: 0 Indirect: 3,000	NIL
Common	Jose Maria B. Poe III	Filipino	Direct: 1,000 Indirect: 0	NIL
Common	Maria Marcelina O. Cruzana	Filipino	Direct: 0 Indirect: 100	NIL
Common	Liberty A. Sambua	Filipino	Direct: 1 Indirect: 0	NIL

B. Executive Officers

Title	Name of Executive Officer	Citizenship	Amount and Nature of Record/Beneficial Ownership[2]	Percent to Total Outstanding Shares
Common	Clarence Yuk Man Chung	Chinese	Direct: 0 Indirect: 100	NIL
-	Kevin Richard Benning	American	Direct: 0 Indirect: 0	NIL
-	Donald Nori Tateishi	American	Direct: 0 Indirect: 0	NIL

[1] (1) Clarence Yuk Man Chung indirectly holds 100 shares in trust and for the benefit of MCO Investments. (2) Frances Marie T. Yuyucheng, Maria Marcelina O. Cruzana and Johann M. Albano indirectly hold 100, 100 and 3,000 shares each, respectively, in trust and for the benefit of MPHIL. (3) Geoffrey Stuart Davis, Alec Yiu Wa Tsui, John William Crawford, Jose Maria B. Poe III and Liberty A. Sambua are the registered and beneficial owners of the shares held by them.
[2] Clarence Yuk Man Chung indirectly holds 100 shares in trust and for the benefit of MCO (Philippines) Investments Limited.

-	Marissa T. Academia	Filipino	Direct: 0 Indirect: 0	NIL
-	Marie Grace A. Santos	Filipino	Direct: 0 Indirect: 0	NIL

C. Voting Trust Holders of 5% or More

There are no voting trusts or similar arrangement covering the shares of stock of the Company.

D. Changes in Control

There were no arrangements which have resulted in a change in control of the Company in the last fiscal year.

Item 5. Directors and Executive Officers

The following are the directors and executive officers of the Company as of the date of distribution of this Information Statement:

Name And Position	Age	Citizenship	Term Of Office As A Director / Officer	Period Served As A Director / Officer
Clarence Yuk Man Chung *Chairman of the Board/President/Director*	56	Chinese	6 years	Since Dec. 19, 2012
Geoffrey Stuart Davis *Director*	51	American	1 year	Since Jan. 31, 2018
Alec Yiu Wa Tsui *Independent Director*	69	British	6 years	Since Dec. 19, 2012
John William Crawford *Independent Director*	77	Canadian	2 years	Since Feb. 1, 2017
Frances Marie T. Yuyucheng *Director*	51	Filipino	4 years	Since May 18, 2015
Johann M. Albano *Director*	42	Filipino	5 years	Since Apr. 11, 2014
Jose Maria B. Poe III *Independent Director*	54	Filipino	1 year	Since Jan. 31, 2018
Maria Marcelina O. Cruzana *Director*	60	Filipino	5 years	Since Mar. 13, 2014
Liberty A. Sambua *Director*	34	Filipino	5 years	Since Mar. 13, 2014
Kevin Richard Benning *Senior Vice President, Chief Operating Officer*	36	American	1 year	Since Feb. 1, 2018
Donald Nori Tateishi *Treasurer*	48	American	3 years	Since May 16, 2016
Marissa T. Academia *Corporate Information Officer** *Compliance Officer***	52	Filipino	5 years	*Since Jan. 22, 2014 **Since Mar. 13, 2014
Marie Grace A. Santos *Corporate Secretary*/Alternate Corporate Information Officer***	37	Filipino	*1 year **5 years	*Since Dec. 5, 2017 **Since Jan. 22, 2014

DIRECTORS AND OFFICERS

The Board of Directors of the Corporation conducts an annual self-assessment of its performance, including the performance of the Chairman, individual members and Committees. The creation and implementation of such self-rating system, including its salient features are disclosed in the Corporation's annual corporate governance report.

For the 2018 appraisal and performance report for the Board of Directors, please refer to the attached Appendix I. The criteria and procedure for the Board's self-assessment is attached as Appendix II.

The names of the incumbent Directors and Executive Officers of the Company and their respective current positions held, periods of service and business experience during the past five years are as follows:

Clarence Yuk Man Chung – *President / Chairman of the Board / Director*

Mr. Chung was appointed as Chairman and President of the Company on December 19, 2012. Mr. Chung was appointed as Director of Melco Resorts & Entertainment Limited ("**Melco**") in November 2006 and has been an Executive Director of Melco International Development Limited ("**Melco International**") since May 2006. Mr. Chung has more than twenty five years of experience in the finance industry in various capacities as a chief financial officer, an investment banker and a mergers and acquisitions specialist. Mr. Chung obtained a master degree in business administration from the Kellogg School of Management at Northwestern University and The Hong Kong University of Science and Technology, and a bachelor degree in business administration from The Chinese University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.

Geoffrey Stuart Davis – *Director*

Mr. Davis is the Executive Vice President and Chief Financial Officer of Melco since April 2011. He is also the Chief Financial Officer of Melco International since December 2017. Prior to that, he served as Melco's Deputy Chief Financial Officer from August 2010 to March 2011 and Senior Vice President, Corporate Finance from 2007. Mr. Davis was a research analyst for Citigroup Investment Research, where he covered the U.S. gaming industry from 2001 to 2007. From 1996 to 2000, he was the Vice President of Corporate Communications for Park Place Entertainment, the largest gaming company in the world at the time. Park Place was spun off from Hilton Hotels Corporation and was subsequently renamed Caesars Entertainment. Mr. Davis has been a Chartered Financial Analyst charter holder since 2000 and obtained a Bachelor of Arts degree from Brown University in 1991.

Alec Yiu Wa Tsui – *Independent Director*

Mr. Tsui was appointed as an independent director of the Company on December 19, 2012, and as an independent non-executive director of Melco on December 18, 2006. He is the chairman of the Company's Nominating and Corporate Governance Committee and Compensation Committee, and a member of the Company's Audit and Risk Committee. Mr. Tsui has extensive experience in finance and administration, corporate and strategic planning, information technology and human resources management, having served at various international companies. He held key positions at the Securities and Futures Commission Hong Kong from 1989 to 1993, joined HKSE in 1994 as an executive director of the finance and operations services division and was its chief executive from February 1997 to July 2000. He was also the chief operating officer of Hong Kong Exchanges and Clearing Limited from March to August 2000. He was the chairman of the Hong Kong Securities Institute from 2001 to 2004. He was a consultant of the Shenzhen Stock Exchange from July 2001 to June 2002. Mr. Tsui was an independent non-executive director of each of China Blue Chemical Limited from April 2006 to June 2012, China Chengtong Development Group Limited from March 2003 to November 2013 and China Oilfield Services Limited from June 2009 to June 2015, all of which are companies listed on the HKSE. Mr. Tsui has been the chairman of WAG Worldsec Management Consultancy Limited since 2006 and a director of Industrial and Commercial Bank of China (Asia) Limited since August 2000. He is also an independent non-executive director of a number of companies listed on the HKSE, NASDAQ, the Shanghai Stock Exchange and the PSE, including COSCO International Holdings Limited since 2004, China Power International Development Limited from 2004 to 2006, Pacific Online Limited since 2007, ATA Inc. since 2008, Summit Ascent Holdings Limited from March 2011 to 2018, Kangda International Environmental

Company Limited from 2013 until 2019, DTXS Silk Road Investment Holdings Company Limited since December 2015, and Hua Medicine since August 2018.

Mr. Tsui graduated from the University of Tennessee with a bachelor’s degree in industrial engineering in 1975 and a master of engineering degree in 1976. He completed a program for senior managers in government at the John F. Kennedy School of Government at Harvard University in 1993. He is the chairman of the Company’s Nominating and Corporate Governance Committee and Compensation Committee.

John William Crawford – *Independent Director*

Mr. Crawford was appointed as an independent director of the Company on February 1, 2017 and as an independent non-executive director of Melco on January 12, 2017. He is currently the chairman of the Company’s Audit and Risk Committee and member of the Compensation Committee and Nominating and Corporate Governance Committee. Mr. Crawford has been the managing director of Crawford Consultants Limited and International Quality Education Limited since 1997 and 2002, respectively. Previously, Mr. Crawford was a founding partner of Ernst & Young, Hong Kong, where he acted as engagement or review partner for many public companies and banks during his 25 years in public accounting and was the chairman of the audit division and the vice chairman of the Hong Kong office of the firm prior to retiring in 1997. Mr. Crawford has extensive knowledge of accounting issues from his experience as a managing audit partner of a major international accounting firm and also has extensive operational knowledge as a result of his consulting experience. Mr. Crawford has served as an independent non-executive director and chairman of the audit committee of Regal Portfolio Management Limited of Regal REIT since November 2006 and as an independent non-executive director of Entertainment Gaming Asia Inc. since November 2007 and up to his resignation on July 3, 2017. In November 2011, Mr. Crawford was appointed as a member of the conflicts committee of Melco’s subsidiary Studio City International Holdings Limited and resigned from this position on January 10, 2017. Mr. Crawford previously served as an independent non-executive director and chairman of the audit committee of other companies publicly listed in Hong Kong, the most recent of which was E-Kong Group Limited until June 8, 2015.

Mr. Crawford has been deeply involved in the education sector in Asia, including setting up international schools and providing consulting services. He was a member and a governor for many years of the Canadian International School of Hong Kong and remains active in overseeing and consulting for other similar pre-university schools. Additionally, Mr. Crawford is involved in various charitable and/or community activities and was a founding member of UNICEF Hong Kong Committee and the Hong Kong Institute of Directors. In 1997, Mr. Crawford was appointed a Justice of the Peace in Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants, a member and honorary president of the Macau Society of Certified Practising Accountants and a member of the Canadian Institute of Chartered Accountants.

Frances Marie T. Yuyucheng – *Director*

On May 18, 2015, Ms. Yuyucheng was appointed as a director of the Company. Ms. Yuyucheng joined Romulo Mabanta Buenaventura Sayoc & de los Angeles in 1996 and is currently an Of Counsel. She graduated from the Ateneo de Manila University School of Law with a degree in Juris Doctor and was admitted to the Philippine Bar in 1995. She acts as the corporate secretary of various companies.

Johann M. Albano – *Director*

On April 11, 2014, Mr. Albano was appointed as a director of the Company, bringing with him years of experience in business development. Mr. Albano is also the Vice President of Dole Asia Company from 2009 to present. He graduated from the Ateneo de Manila University with a Bachelor’s Degree in Economics and holds a Master’s Degree in Business Administration from J.L. Kellogg School of Management and HKUST Business School.

Jose Maria B. Poe III – *Independent Director*

On January 31, 2018, Mr. Poe was appointed as an independent director of the Company. Mr. Poe is the Chairman and Chief Executive Officer of J. Poe & Sons Inc., BCC Global Solutions and the CAT Security Group. He is also Chairman and Chief Executive Officer of Building Care Realty Corp., J. Poe Realty Inc., BCC Security Technologies Inc., BCC Diagnostics & Medical Services Inc., and the Security Academy of the Philippines Inc. He is a director of Sodexo On-Site Services Philippines Inc., and a member of the Board of

Trustees of Kabayanihan Foundation. He was formerly the president of the Kellogg Northwestern Alumni Club of the Philippines.

Mr. Poe has 27 years of experience in the facilities management industry. He obtained his Masters of Business Administration degree from Kellogg School of Management in Northwestern University, Evanston IL. He graduated with a degree in Business Administration & Accountancy Magna Cum Laude from the University of the Philippines.

Maria Marcelina O. Cruzana – *Director*

Ms. Cruzana was appointed as a director of the Company on March 13, 2014. Ms. Cruzana is a Licensed Certified Public Accountant with a total of twenty five years of professional experience. She held various positions in finance and accounting functions as Finance Controller, Finance Manager as well as Finance and Administration Manager. She graduated Cum Laude from Polytechnic University of the Philippines ("PUP") with a bachelor's degree in Science in Accountancy and holds a Master's Degree (Business Administration) from PUP Graduate School.

Liberty A. Sambua – Director

Ms. Sambua was appointed as a director of the Company on March 13, 2014 to February 1, 2017, and then re-elected on June 26, 2017. She has multiple years of auditing, accounting and finance working experience in an audit/accounting firm and a private company. She also has been with Chevron Philippines, Inc. as a Credit Analyst. Ms. Sambua is a Licensed Certified Public Accountant and holds a bachelor's degree in Science in Accountancy from PUP.

Kevin Richard Benning – *Senior Vice President, Chief Operating Officer*

Mr. Benning was appointed as the Senior Vice President, Chief Operating Officer of the Company effective February 1, 2018. Prior to that, he served as the Vice President for Gaming Operations of the Company's subsidiary, Melco Resorts Leisure (PHP) Corporation from March 31, 2016 to February 1, 2018. Mr. Benning has years of experience working in the gaming industry. From April 2015 to March 2016, he was the Vice President of Casino Marketing of Resorts World Sentosa, Singapore. He was formerly the Executive Director of Marketing Operations of Sands China Limited, Macau from April 2011 to April 2015. He graduated from the Arizona State University, USA with a Bachelor of Arts degree in Business.

Donald Nori Tateishi – *Treasurer*

On May 16, 2016, Mr. Tateishi was appointed as the Treasurer of the Company. Mr. Tateishi was most recently connected with Station Casinos as Vice President of Finance. He started with Station Casinos in 2009 and served in various property and corporate finance roles. Previously, he held chief financial officer roles for several gaming technology companies. He began his career in gaming at Harrah's Entertainment in 2002 in various roles including Director of Finance – Planning & Analysis for the company's Northern Nevada region. Mr. Tateishi received his undergraduate degree in Business Economics from the University of California – Riverside, and received his Masters in Business Administration from the Fuqua School of Business at Duke University.

Marissa T. Academia – *Corporate Information Officer / Compliance Officer*

On January 22, 2014, Ms. Academia was appointed as the Corporate Information Officer of the Company. She was subsequently appointed as the Corporate Secretary and Compliance Officer on March 13, 2014. Ms. Academia is the Vice-President for Legal Affairs of the Company's subsidiary Melco Resorts Leisure (PHP) Corporation. She brings with her more than twenty years of experience in corporate practice. Prior to joining the Company, she was the Chief Legal Counsel for Thunderbird Resorts, Inc. from 2009 to 2013 and was a Partner in Herrera Teehankee Cabrera Law Offices where she practiced law from 1994 to 2009. She obtained her Juris Doctor of Law degree from the Ateneo Law School and was admitted to the Philippine Bar in 1994.

Marie Grace A. Santos – *Corporate Secretary / Alternate Corporate Information Officer*

On December 5, 2017, Ms. Santos was appointed as the Company's Corporate Secretary. She was previously appointed as the Alternate Corporate Information Officer of the Company on January 22, 2014. Prior to joining the Company, Ms. Santos was the Assistant Vice-President of the Investigation and Enforcement Department of the Capital Markets Integrity Corporation, the spun-off regulatory arm of the PSE. Previously, she also held the position of Corporate Governance and Strategy Management Officer of the PSE and was also head of the Prosecution and Enforcement Department of the PSE's former Market Regulation Division. She obtained her Juris Doctor degree from the Ateneo Law School and was admitted to the Philippine Bar in 2007.

The Directors of the Company are elected at the Annual Stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

Officers are appointed or elected annually by the Board of Directors at its first meeting following the annual stockholders' meeting, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected, appointed or shall have qualified.

The Company believes that all descriptions provided by its Directors and Officers are correct and complete.

Significant Employees

There are no persons who are not Executive Officers expected by the Company to make significant contribution to the business.

Family Relationship

There are no family relationships up to the fourth civil degree, either by consanguinity or affinity, among Directors, Executive Officers or persons nominated or chosen by the registrant to become Directors or Executive Officers.

Involvement of Directors and Officers in Certain Legal Proceedings

During the past five years and until the date of distribution of this Information Statement, the members of the Board of Directors and the Executive Officers:

a) have not filed any bankruptcy petitions or have not had bankruptcy petitions filed against them;

b) have not been convicted by final judgment or have any pending criminal cases;

c) have not been subject to any order, judgment or decree, or any court of competent jurisdiction (in a civil action), not subsequently reversed or vacated limiting its involvement in any type of business, securities, commodities or banking activities; and

d) have not been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine Securities and Exchange Commission ("**SEC**") or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law.

List of Candidates for Election as Members of the Board of Directors for 2019-2020

Nominees for Directors (A)	Person Recommending Nomination (B)	Relationship of (A) & (B)
Clarence Yuk Man Chung	Alec Yiu Wa Tsui	None
Geoffrey Stuart Davis	Clarence Yuk Man Chung	None
Alec Yiu Wa Tsui (Independent Director)	Clarence Yuk Man Chung	None
John William Crawford (Independent Director)	Clarence Yuk Man Chung	None
Frances Marie T. Yuyucheng	Clarence Yuk Man Chung	None
Johann M. Albano	Clarence Yuk Man Chung	None
Jose Maria B. Poe III (Independent Director)	Clarence Yuk Man Chung	None

Maria Marcelina O. Cruzana	Clarence Yuk Man Chung	None
Liberty A. Sambua	Clarence Yuk Man Chung	None

Information on, and details of, the nominees are stated on pages 9 and 10 of this Information Statement.

Certain Relationships and Related Transactions

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are considered to be related if they are subject to common control or common significant influence.

Significant transactions with related parties for the year ended December 31, 2018 are included in Note 16 to the audited consolidated financial statements (Appendix III) included in this Information Statement.

There are no transactions between the Corporation and any member of its Board of Directors.

Disagreement with a Director

No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of the stockholders because of disagreement/s with the Company on any matter relating to the Company's operations, policies or practices, and no director has furnished the Company a letter describing such disagreement and requesting that the matter be disclosed.

Item 6. Compensation of Directors and Executive Officers[3]

The aggregate compensation paid or accrued during the last two fiscal years to the Company's (a) President and four highest compensated officers, and (b) other Officers and Directors or key management personnel (as a group unnamed) are as follows:

Name and Position of (a) above for the year 2018

1. Mr. Clarence Yuk Man Chung (President / Chairman of the Board)
2. Mr. Kevin Richard Benning (Senior Vice President, Chief Operating Officer)
3. Ms. Marissa T. Academia (Vice President, Legal Affairs/Compliance Officer)
4. Mr. Roger Lwin (Vice President, Gaming Operations)
5. Mr. Michael Ziemer (Vice President, Hotels and F&B)

Summary of Compensation Table

	(Estimated) Year Ending December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
(a) President and four highest compensated officers and/or key management personnel:			
Basic salaries, allowances and benefits in kind	₱71,256	₱56,969	₱81,219
Performance bonuses	24,469	30,930	84,187
Retirement costs – defined contribution plans	89	80	3,867

[3] In thousands of Philippine peso.

Share-based compensation expenses	4,805	6,927	20,235
	₱100,619	₱94,906	₱189,508

	(Estimated) Year Ending December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
(b) All other Officers, key management personnel and Directors as a group unnamed:			
Basic salaries, allowances and benefits in kind	₱18,958	₱10,642	₱18,036
Performance bonuses	4,628	3,007	6,229
Retirement costs – defined contribution plans	67	45	62
Share-based compensation expenses	3,314	1,277	606
	₱26,967	₱14,971	₱24,933

The Company cannot accurately estimate the aggregate remuneration to be paid to its key management personnel and senior executives as a group for the year ending December 31, 2019. At this point of time, the Company anticipates that the estimated aggregate compensation for the President, the four highest compensated Officers and/or key management personnel for fiscal year 2019 will be based on market rates for the hospitality, leisure, gaming and entertainment industries.

Compensation of Directors

The Company did not pay any compensation to the Directors for the years ended December 31, 2018 and 2017. The remuneration of the Directors of the Company was borne by Melco.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There is no general compensatory plan or scheme with respect to any of the Company's Executive Officers that will result from the resignation, retirement or termination of such Executive Officer or from a change of control in the Company.

Warrants and Options Outstanding

Please refer to Item 8.

Item 7. Independent Public Accountants

1. External Audit Fees and Services

   For the year ended December 31, 2018, the fees for audit work and other services performed by SyCip Gorres Velayo & Co. ("**SGV & Co.**") for the Company and its subsidiaries were as follows:

	2018
In thousands of Philippine peso	
External audit fees and services	₱7,571
Other non-audit service fees	852

Tax fees	6,945
Out-of-pocket expenses	1,112

a) External audit fees were incurred for the professional services rendered for the audit of the Company and its subsidiaries' annual financial statements and reporting to the auditor of Melco.

b) Other non-audit service fees included fees incurred for professional services rendered for various agreed-upon procedures work and review of quarterly condensed consolidated financial statements.

c) Tax fees included fees incurred for professional services rendered for tax accounting, tax compliance audit, and other advisory work.

d) Out-of-pocket expenses were incurred for incidental costs incurred in relation to the services rendered.

2. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

   To the best knowledge of the undersigned Corporate Secretary, there are no disagreements on any matter of accounting principles or practices, financial statement disclosure or accounting scope or procedure with the Company's external auditor.

Item 8. Compensation Plans

Share Incentive Plan

On February 19, 2013, MRP's shareholders approved the Share Incentive Plan ("**SIP**" or the "**Plan**") to grant shares and options to qualified employees, directors, officers and other qualified persons at an exercise price and vesting periods to be determined by the Compensation Committee of the Board of Directors. On April 12, 2013, the SEC resolved that the issuance of the 131,578,947 common shares under the Plan was exempt from registration requirements under section 10.2 of the SRC.

On June 21, 2013, MRP's shareholders approved the amendment of the SIP made in order to comply with the relevant provisions of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**HKLR**") since Melco, an affiliate of the Company, is listed on The Stock Exchange of Hong Kong Limited. The amendments include, but not limited to, additional provisions for compliance with HKLR requirements (i) when awards are granted to "connected persons" (as such term is defined under HKLR); and (ii) on restriction on timing of grant of awards. On June 24, 2013, additional 44,214,138 common shares were granted exemption from registration by the SEC under section 10.2 of the SRC. On May 18, 2015, the shareholders of MRP approved the further amendment of the SIP to remove HKLR compliance provisions as a result of the delisting of Melco from The Stock Exchange of Hong Kong Limited ("**HKSE**"), which was submitted to the SEC for approval. Prior to the said SEC approval, the SIP was again amended to reincorporate the HKLR compliance provisions following the consolidation of MRP into the group of Melco International as its subsidiary for accounting and listing rules purposes. The amendments were approved by MRP's shareholders on December 5, 2016 and by the SEC on March 14, 2017.

On June 28, 2013, 181,239,503 underlying shares related to shares and options under the SIP were granted, and MRP has filed a request for exemption for the issuance of the additional 5,446,418 common shares. On August 12, 2013, additional 5,446,418 common shares were granted exemption from registration by the SEC under section 10.2 of the SRC.

On April 22, 2014, the Board of Directors of MRP approved the issuance of an additional 13,585,772 shares to eligible employees, directors, officers and other qualified persons under the Company's SIP. On May 30, 2014, the SEC resolved that the issuance of the 13,585,772 common shares under the Plan was exempt from registration requirements under section 10.2 of the SRC.

On June 24, 2014, MRP and MCO Investments completed the 2014 Placing and Subscription Transaction, where a total of 485,177,000 shares of MRP were offered and sold by MCO Investments by way of a private placement to various institutional investors. MCO Investments then used the proceeds of the placing transaction to subscribe to an equivalent number of 485,177,000 shares in MRP. The offer and the subscription of new shares as a result of the 2014 Placing and Subscription Transaction is an exempt transaction under sections 10.1 (k) and (l) of the SRC.

On August 25, 2015, the Board approved the issuance of an additional 45,000,000 shares to eligible employees, consultants and directors of the Company, its parent and subsidiaries under the Company's SIP. The SEC approved the issuance of such additional shares on September 29, 2015.

In view of the potential delisting of MRP, it is expected that no further equity awards will be granted under the SIP. In addition, MRP intends to retire all outstanding awards under the SIP, including the unvested MRP restricted shares and both the unvested and vested but unexercised MRP share options by the payment of cash to the relevant grantees.

On November 19, 2015, the Board of Directors of the Company approved the subscription by MCO Investments, and MCO Investments subscribed, to an additional 693,500,000 common shares of MRP, with a par value of ₱1.00 per share, at a subscription price of ₱3.90 per share, or a total subscription price of ₱2,704,650,000. The issuance of the additional shares as a result of the subscription is an exempt transaction under section 10.1 (k) of the SRC.

Warrants and Options Outstanding

The Company did not have any outstanding warrants as of December 31, 2018 and 2017. Please refer to Note 27 to the audited consolidated financial statements (Appendix III) included in this Information Statement for the details of the SIP.

On September 30, 2016, the SEC approved the Company's option exchange program which allows eligible grantees under the SIP an opportunity to exchange certain outstanding underwater share options for new restricted shares. The share options subject of the exchange program were those granted in 2013 and 2014 which have not yet vested or have vested but not yet exercised.

The details of outstanding MRP restricted shares ("**MRP Restricted Shares**") and MRP share options ("**MRP Share Options**") of the Company as of December 31, 2018 are as follows:

Date of grant/award	Exercise Price	Market Price as of date of grant/award
June 28, 2013	8.30	8.30
February 17, 2014	8.30	13.48
February 28, 2014	8.30	13.00
March 27, 2014	8.30	12.76
March 28, 2014	8.30	12.96
May 30, 2014	13.256	13.00
September 29, 2015	3.99	3.99
November 16, 2015	3.46	3.46
September 30, 2016	N/A	3.91
March 15, 2017	5.66	5.66
August 1, 2017	8.98	8.98
March 29, 2018	7.80	7.80

Prior to the 2015 grants, the exercise price for the stock options is the higher of (i) the closing price on the Grant Date or (ii) the average closing price for the five business days immediately preceding the Grant Date. For 2015 grants, the exercise price for the stock options is the closing price on the Grant Date. The Grant Date represents the dates of grant and approval by the SEC of the issuance of shares under the SIP.

	As of December 31, 2018		As of December 31, 2017	
Recipients	Total number of outstanding MRP Restricted Shares	Total number of outstanding MRP Share Options	Total number of outstanding MRP Restricted Shares	Total number of outstanding MRP Share Options
President	4,578,655	0	5,939,848	0
Chief Operating Officer	751,696	1,505,628	182,774	364,818
Treasurer	2,074,788	2,332,122	1,857,259	1,895,930
Compliance Officer	1,163,579	388,263	2,024,725	170,872
Corporate Secretary	130,061	0	260,121	0
All other Officers, key management personnel and Directors as a group unnamed	5,904,712	0	4,450,938	0
Others	14,841,169	12,462,664	34,286,018	12,288,745
Total	**29,444,660**	**16,688,677**	**49,001,683**	**14,720,365**

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

There is no stockholders' action to be taken with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the Company.

Item 10. Modification or Exchange of Securities

There is no stockholders' action to be taken with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

Financial Statements

The audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the years ended December 31, 2018, 2017 and 2016 and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Information Statement as Appendix III.

The unaudited condensed consolidated financial statements as of March 31, 2019 and for the three months ended March 31, 2019 and the audited consolidated balance sheet as of December 31, 2018 and the related notes to unaudited condensed consolidated financial statements of the Company and its subsidiaries are filed as part of this Information Statement as Appendix IV.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Please refer to Item 3 of the Management Report attached to this Information Statement.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Please refer to Item 7 of this Information Statement and Item 2 of the Management Report attached to this Information Statement.

Attendance of Principal Accountants at the Annual Stockholders' Meeting

Representatives of the Company's external auditor, SGV & Co., are expected to be present at the Annual Stockholders' Meeting, and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions from the stockholders. The Company has had no material disagreement with SGV & Co. on any matter of accounting principle or practices of disclosure in the consolidated financial statements of the Company and its subsidiaries.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There is no stockholders' action to be taken with regard to the following: (a) the merger or consolidation of the Company into or with any other person or of any other person into or with the Company; (b) the acquisition by the Company or any of its security holders of securities of another person; (c) the acquisition by the Company of any other going business or of the assets thereof; (d) the sale or other transfer of all or any substantial part of the assets of the Company; and (e) the liquidation or dissolution of the Company.

Item 13. Acquisition or Disposition of Property

There is no stockholders' action to be taken with respect to the acquisition or disposition of any property.

Item 14. Restatement of Accounts

There is no action to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The following are included in the Agenda for the June 24, 2019 Annual Stockholders' Meeting for the approval of the stockholders of the Company:

1. Approval of the Minutes of the Last Stockholders' Meeting held on June 13, 2018.

   The minutes of the last Annual Stockholders' Meeting of the Company shall serve as a record of the proceedings therein.

2. Approval of the Audited Consolidated Financial Statements of the Group for the Year Ended December 31, 2018.

   The 2018 Audited Consolidated Financial Statements of the Group, already incorporated in the Information Statement and submitted to the SEC and Bureau of Internal Revenue, shall be presented to the stockholders for their information and approval.

3. Election of the Members of the Board of Directors

   The following nominees for election as members of the Board of Directors of the Company, including the independent directors, shall be presented to the stockholders during the Annual Stockholders' Meeting:

   Clarence Yuk Man Chung
   Geoffrey Stuart Davis
   Frances Marie T. Yuyucheng
   Johann M. Albano
   Maria Marcelina O. Cruzana
   Liberty A. Sambua
   John William Crawford – Independent Director
   Alec Yiu Wa Tsui – Independent Director
   Jose Maria B. Poe III – Independent Director

The respective profiles of the nominees are included in Item 5 of the Information Statement, for the reference of the stockholders.

4. Appointment of External Auditor

   Upon the favorable recommendation of the Company's Audit and Risk Committee, SGV & Co.'s appointment as external auditor of the Company shall be presented to the stockholders for approval.

5. Ratification of Actions Taken by the Board of Directors and Officers Since the Annual Stockholders' Meeting Held on June 13, 2018

   All actions taken by the Board of Directors and Officers of the Company since the last Annual Stockholders' Meeting on June 13, 2018, as reflected in the minutes of the meetings of the Board of Directors, in the regular reports and disclosures to the SEC and PSE, and in the 2018 Annual Report and Report of the Chairman, shall be presented to the stockholders for their approval and ratification.

6. Approval of the Further Amendment to the Amended Articles of Incorporation of the Company

   The approval of the stockholders representing two-thirds (2/3) of the outstanding capital stock shall be sought to increase the par value per common share resulting in a corresponding decrease in the total number of authorized common shares.

7. Other Matters that May Properly be Brought Before the Stockholders

   Any other matter relevant and appropriate to the occasion may be properly raised and considered during the Annual Stockholders' Meeting.

Item 16. Matters Not Required to be Submitted

Ratification of All Acts, Contracts, Investments and Resolutions of the Board of Directors and Management Since the Last Stockholders' Meeting

As a matter of corporate policy, Management seeks the approval and ratification by the Stockholders of all acts, contracts, investments and resolutions of the Board of Directors and Management since June 13, 2018, the date of the last Annual Stockholders' Meeting. These are reflected in the minutes of the meetings of the Board of Directors, in the regular reports and disclosures to the SEC and to the PSE, and in the Annual Report for year ended 2018 and Report of the President and Chairman of the Board.

Item 17. Amendment of Charter, By-Laws or Other Documents

On April 24, 2019, the Board of Directors of the Company approved the following further amendments to the Amended Articles of Incorporation of the Company:

Proposed Amendment	Reason / General Effect
To amend the Seventh Article of the Amended Articles of Incorporation, as follows: "SEVENTH. – That the authorized capital stock of the said corporation shall be FIVE BILLION NINE HUNDRED MILLION PESOS (P5,900,000,000.00), Philippine Currency, divided into <u>ELEVEN THOUSAND EIGHT HUNDRED (11,800) common</u> shares of stock of the par value of <u>FIVE HUNDRED THOUSAND PESOS (P500,000)</u> each.	To increase the par value of each share in the Company and thereby resulting in a corresponding decrease in the total number of authorized common shares of the Company ("**Reverse Stock Split**"). The total value (in Philippine Pesos) of the authorized capital stock and outstanding capital stock shall not be affected. The Company has been informed by MCO Investments that it and/or its affiliate may enter into purchase of fractional shares of the Company created as a result of the Reverse Stock Split at the price of P7.25 per share (based on the number of shares in the Company held prior to

Stockholders shall have no pre-emptive rights or preference to any issuance, re-issuance or disposition of any shares of the Corporation. (*As approved by a majority of the Board of Directors on 11 January 2013 and stockholders owning at least two-thirds (2/3) of the outstanding capital stock on 19 February 2013*.)"	the SEC's approval of the Reverse Stock Split) within a 30-day period after the Company has published on its website the SEC's formal approval for the Reverse Stock Split and at such price beyond the 30-day period as may be determined by MCO Investments and/or its affiliate at the relevant time. Any proposal to sell fractional shares of the Company by any MRP stockholder to MCO Investments and/or its affiliate shall be subject to such terms and conditions as may be determined by MCO Investment and/or its affiliate and the relevant seller.

Item 18. Other Proposed Action

There is no other action with respect to any matter not specifically referred to above.

Item 19. Voting Procedures

The Chairman will announce each proposal to the floor, which shall be voted upon separately. In the absence of any objection from the floor, the Chairman shall instruct the Corporate Secretary to enter a unanimous vote of approval. If there is an objection, the Chairman will call for a division of the house. The votes of stockholders present in person or by Proxy shall be counted by hand, and the Chairman will announce the results of the voting, unless voting by ballots is called for. If voting by ballots is decided, ballots will be distributed to Stockholders present in person or by Proxy in the meeting. The ballots will be filled up by stockholders, and submitted to the Corporate Secretary or his duly authorized representatives. The valid ballots will be counted by the Corporate Secretary or a committee that the Board may organize for the purpose. The Chairman will then announce the results after the counting. Stock Transfer Service, Inc., the Company's stock transfer agent and an independent party, is tasked to count the votes on any matter properly brought before the stockholders, including the election of directors.

At the Stockholders' Meeting, every stockholder shall be entitled to vote for each share of stock which has voting power upon the matter in question, registered in his name in the books of the Company.

A stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the total number of directors to be elected. Provided, however, that no delinquent stock shall be voted.

Copies of the Minutes of the 2018 Annual Stockholders' Meeting and resolutions of the Board of Directors since the date of the 2018 Annual Stockholders' Meeting will be available for examination during office hours at the Office of the Corporate Secretariat. A copy of the Minutes of the 2018 Annual Stockholders' Meeting is also attached hereto as Appendix V. The Minutes, among others, contain the following information:

1. Voting and vote tabulation procedures used in the 2018 meeting;
2. The questions and answers discussed during the open forum;
3. The matters discussed and resolutions reached;
4. A record of the voting results for each agenda item
5. A list of the directors, officers and stockholders or members who attended the meeting

Vote Requirement

The following matters require the following votes:

Subject Matter	Votes Required
Approval of the Minutes of the Last Annual Stockholders' Meeting held on June 13, 2018	Majority of the votes cast
Approval of the Audited Consolidated Financial Statements of the Group for the Year Ended December 31, 2018	Majority of the votes cast
Election of the Members of the Board of Directors	The top nine (9) nominees with the most number of votes cast are elected
Appointment of External Auditor	Majority of the votes cast
Ratification of Actions Taken by the Board of Directors and Officers Since the Annual Stockholders' Meeting held on June 13, 2018	Majority of the votes cast
Approval of the Further Amendment to the Amended Articles of Incorporation of the Company	Two-thirds (2/3) of the outstanding capital stock

For material information on the current stockholders of the Corporation and their voting rights, please refer to Item 4 of this Information Statement.

MANAGEMENT REPORT

1. 2018 Audited Consolidated Financial Statements, Statement of Management's Responsibility, and Interim Financial Statements

The audited consolidated financial statements for the years ended December 31, 2018, 2017 and 2016 and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules, and the Statement of Management's Responsibility are filed as part of this Information Statement as Appendix III.

The unaudited condensed consolidated financial statements as of March 31, 2019 and for the three months ended March 31, 2019 and the audited consolidated balance sheet as of December 31, 2018 and the related notes to unaudited condensed consolidated financial statements of the Group are filed as part of this Information Statement as Appendix IV.

2. Information Concerning Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

To the best knowledge of the undersigned Corporate Secretary, there are no disagreements on any matter of accounting principles or practices, financial statement disclosure or accounting scope or procedure with the Company's external auditor, as mentioned in Items 7 and 11 of the Information Statement.

3. Management's Discussion and Analysis of Financial Condition and Results of Operation

The following management's discussion and analysis relate to the consolidated financial information and operating results of the Group and should be read in conjunction with the accompanying audited consolidated financial statements and related notes of the Group as of December 31, 2018 and 2017, and for the years ended December 31, 2018, 2017 and 2016 (Appendix III) and unaudited condensed consolidated financial statements and related notes of the Group as of March 31, 2019 and for the three months ended March 31, 2019 (Appendix IV).

<u>Overview and Plan of Operation</u>

The Company, through its subsidiaries, is engaged in the development and operation of City of Dreams Manila, an integrated hotel, gaming, retail and entertainment complex within the Entertainment City. The Company's subsidiaries, MPHIL Holdings No. 1 Corporation ("**MPHIL Holdings No. 1**"), MPHIL Holdings No. 2 Corporation ("**MPHIL Holdings No. 2**"), and Melco Resorts Leisure (Philippines) Corporation ("**Melco Resorts**

Leisure") (MPHIL Holdings No. 1, MPHIL Holdings No. 2 and Melco Resorts Leisure are collectively referred to as the "**MPHIL Holdings Group**"), together with SM Investments Corporation ("**SMIC**"), Belle Corporation ("**Belle**") and PremiumLeisure and Amusement, Inc. ("**PLAI**") (SMIC, Belle and PLAI are collectively referred to as the "**Philippine Parties**"), are the holders of the Regular License (MPHIL Holdings Group and the Philippine Parties are collectively referred to as the "**Licensees**") issued by the Philippine Amusement and Gaming Corporation ("**PAGCOR**") for the development of City of Dreams Manila. The Company is an indirect subsidiary of Melco, a leading developer of integrated gaming resorts in Macau and other parts of Asia, and its subsidiary, Melco Resorts Leisure, is responsible for the furniture, fixtures and equipment (including gaming equipment), working capital expenses, non-real property improvements and personal property, as well as the management and operation of City of Dreams Manila. Belle, part of the SM Group as defined below, and one of the largest conglomerates in the Philippines with interests in retail, real estate development and banking, among others, is responsible for construction of the principal structures and fixtures of City of Dreams Manila.

City of Dreams Manila opened its doors to the public in December 2014 and marked the formal entry of Melco into the fast-growing and dynamic tourism industry in the Philippines. City of Dreams Manila had its grand opening on February 2, 2015. The new integrated casino resort at Entertainment City, Manila Bay, Manila, is solely operated and managed by Melco Resorts Leisure. The dynamic and innovative resort complex, located on an approximately 6.2 hectare site at the gateway to Entertainment City, includes entertainment, hotel, retail and dining and lifestyle experiences with aggregated gaming space, including VIP and mass market gaming facilities with up to approximately 380 gaming tables, 2,300 slot machines and 1,200 electronic gaming tables. As of March 31, 2019, City of Dreams Manila has 305 gaming tables, 2,032 slot machines and 250 electronic gaming tables in operation. The integrated resort features distinctive entertainment venues, namely Manila's first branded Family Entertainment Center, a live performance central lounge inside the casino and virtual reality zones. Until they closed in October 2018 to give way to their conversion in 2019 as a luxurious gaming space, the integrated resort also featured two night clubs situated at the Fortune Egg, an architecturally-unique dome-like structure, which is accented with creative exterior lighting design. It is expected to become an iconic landmark of the Manila Bay area.

City of Dreams Manila delivers a distinct entertainment and hospitality experience to the Philippines and will ultimately play a key role in strengthening the depth and diversity of Manila's leisure, business and tourism offering, enhancing its growing position as one of Asia's premier leisure destinations. It has been developed to specifically meet the needs of the large, rapidly growing and increasingly diverse audience of leisure and entertainment seekers both in the Philippines and those visiting Manila from across the Asia region and around the world.

Subsidiaries of MRP

As of March 31, 2019 and December 31, 2018, MRP's wholly-owned subsidiaries comprise the MPHIL Holdings Group. MPHIL Holdings No. 1, MPHIL Holdings No. 2 and Melco Resorts Leisure are all incorporated in the Philippines and are registered with the SEC on August 13, 2012, August 22, 2012 and August 30, 2012, respectively. The primary purpose of MPHIL Holdings No. 1 and MPHIL Holdings No. 2 is investment holding and the primary purpose of Melco Resorts Leisure is to develop and operate tourist facilities, including hotel casino entertainment complexes with hotel, retail and amusement areas and themed development components and to engage in casino gaming activities.

Activities of MPHIL Holdings Group

On July 5, 2012, Melco, through its indirect subsidiary, entered into a memorandum of agreement (the "**MOA**") with SMIC and certain of its subsidiaries (the "**SM Group**"), Belle and PLAI for the development of City of Dreams Manila. Further to the MOA, on October 25, 2012, the MPHIL Holdings Group entered into a cooperation agreement (the "**Cooperation Agreement**") and other related arrangements with the SM Group, Belle and PLAI. Melco Resorts Leisure also entered into a lease agreement (the "**Lease Agreement**") on October 25, 2012 with Belle for the lease of the land and buildings for City of Dreams Manila.

On March 13, 2013, the Cooperation Agreement and the Lease Agreement became effective upon the completion of the closing arrangement conditions, with minor changes to the original terms (except for certain provisions of the Cooperation Agreement which were effective on signing). In addition, the MPHIL

Holdings Group and the Philippine Parties entered into an operating agreement (the "**Operating Agreement**") on March 13, 2013, pursuant to which Melco Resorts Leisure has been granted the exclusive right to manage, operate and control City of Dreams Manila.

On December 19, 2013, Melco Resorts Leisure priced its ₱15 billion aggregate principal amount of Senior Notes at par, with a maturity date of January 24, 2019 (the "**Senior Notes**"). The issuance of the Senior Notes was completed on January 24, 2014. The net proceeds from the issuance of Senior Notes were used for funding the City of Dreams Manila project, refinancing of debt and general corporate purposes. On October 9, 2017, Melco Resorts Leisure partially redeemed the Senior Notes in an aggregate principal amount of ₱7.5 billion, together with accrued interest. On August 31, 2018, Melco Resorts Leisure again made a partial redemption together with accrued interest of the Senior Notes in an aggregate principal amount of ₱5.5 billion. On December 28, 2018, Melco Resorts Leisure completed the redemption of the remaining outstanding balance of the Senior Notes in the aggregate principal amount of ₱2 billion.

PAGCOR issued a Regular License dated April 29, 2015 to replace the provisional license ("**Provisional License**") to the Licensees for the operation of City of Dreams Manila. This Regular License has the same terms and conditions as the Provisional License and is valid until July 11, 2033.

On October 31, 2018, MCO Investments conducted a voluntary tender offer ("**Tender Offer**") for up to One Billion Five Hundred Sixty Nine Million Seven Hundred Eighty Six Thousand Seven Hundred Sixty Eight (1,569,786,768) outstanding common shares of the Company held by the public, at a price of ₱7.25 per share, for the purpose of increasing and consolidating its interests in MRP.

The Tender Offer ended on November 29, 2018 and the total tendered shares, amounting to 1,338,477,668 common shares of MRP, were crossed over the facilities of the PSE on December 10, 2018. An additional 107,475,300 shares were acquired by MCO Investments on or after December 6, 2018. As a result, MCO Investments became the owner, directly and indirectly through MPHIL, of a total of 5,570,233,532 common shares of MRP.

As of March 31, 2019, Melco, through its subsidiaries, MCO Investments and MPHIL, held an indirect ownership in MRP of 97.94%.

<u>Key Performance Indicators (KPIs)</u>

We use the following KPIs to evaluate our casino operations, including table games and gaming machines:

a. Adjusted EBITDA: Earnings before interest, taxes, depreciation, amortization, payments to the Philippine Parties under the Cooperation Agreement, land rent to Belle, share-based compensation, corporate expenses, property charges and other and other non-operating income and expenses.

b. Revenue Growth: Measures the percentage change in revenue over a period of time. It is regularly monitored on a per product and per client basis.

c. Net Income: Measures the profitability of the Group.

d. Basic Earnings (Loss) Per Share: Measures how much a stockholder earns in the Net Profit (Loss) of the Group. Basic Earnings (Loss) per share is calculated by dividing Net Profit (Loss) by the weighted number of common shares issued and outstanding during a particular period of time.

e. Diluted Earnings (Loss) Per Share: is calculated in the same manner as per Basic Earnings (Loss) Per Share, adjusted for the dilutive effect of any potential common shares.

f. Rolling Chip Volume: the amount of non-negotiable chips wagered and lost by the rolling chip market segment.

g. Rolling Chip Win Rate: rolling chip table games win (calculated before discounts, commissions, non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) as a percentage of rolling chip volume.

h. Mass Market Table Games Drop: the amount of table games drop in the mass market table games segment.

i. Mass Market Table Games Hold Percentage: mass market table games win as a percentage of mass market table games drop.

j. Table Games Win: the amount of wagers won net of wagers lost on gaming tables that is retained and recorded as casino revenues.

k. Gaming Machine Handle: the total amount wagered in gaming machines.

l. Gaming Machine Win Rate: gaming machine win (before non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) expressed as a percentage of gaming machine handle.

m. Average Daily Rate: calculated by dividing total room revenues including complimentary rooms (less service charges, if any) by total rooms occupied, including complimentary rooms, i.e., average price of occupied rooms per day.

n. Occupancy Rate: the average percentage of available hotel rooms occupied, including complimentary rooms, during a period.

o. Revenue Per Available Room or REVPAR: calculated by dividing total room revenues including complimentary rooms (less service charges, if any) by total rooms available, thereby representing a combination of hotel average daily room rates and occupancy.

Operating Results for the Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

(in thousands of Philippine peso, except per share and % change data)						
			VERTICAL ANALYSIS		HORIZONTAL ANALYSIS	
	For the year ended December 31,	For the year ended December 31,	% to Revenues		Change from Prior Year	
	2018	2017	2018	2017		
Net operating revenues						
Casino [(1)]	26,241,009	30,463,494	81%	93%	(4,222,485)	-14%
Rooms [(1)]	2,815,366	1,071,832	9%	3%	1,743,534	163%
Food and beverage [(1)]	2,759,900	688,773	9%	2%	2,071,127	301%
Entertainment, retail and other [(1)]	609,473	531,118	2%	2%	78,355	15%
Total net operating revenues	32,425,748	32,755,217	100%	100%	(329,469)	-1%
Operating costs and expenses						
Gaming tax and license fees	(9,222,131)	(8,053,459)	-28%	-25%	(1,168,672)	15%
Inventories consumed	(978,549)	(944,129)	-3%	-3%	(34,420)	4%
Employee benefit expenses	(4,135,820)	(3,637,272)	-13%	-11%	(498,548)	14%
Depreciation and amortization	(4,015,503)	(4,285,650)	-12%	-13%	270,147	-6%
Other expenses [(1)]	(5,931,992)	(10,031,247)	-18%	-31%	4,099,255	-41%
Payments to the Philippine Parties	(3,211,857)	(2,609,353)	-10%	-8%	(602,504)	23%
Total operating costs and expenses	(27,495,852)	(29,561,110)	-85%	-90%	2,065,258	-7%
Operating profit	4,929,896	3,194,107	15%	10%	1,735,789	54%
Non-operating income (expenses)						
Interest income	53,233	43,955	0%	0%	9,278	21%
Interest expenses, net of capitalized interest	(2,413,092)	(2,883,021)	-7%	-9%	469,929	-16%
Other finance fees	(17,968)	(42,384)	0%	0%	24,416	-58%
Foreign exchange gains, net	183,211	128,190	1%	0%	55,021	43%
Loss on extinguishment of debt	(12,144)	(48,641)	0%	0%	36,497	-75%
Total non-operating expenses, net	(2,206,760)	(2,801,901)	-7%	-9%	595,141	-21%
Profit before income tax	2,723,136	392,206	8%	1%	2,330,930	594%
Income tax expense	(61,136)	(38,283)	0%	0%	(22,853)	60%
Net profit	2,662,000	353,923	8%	1%	2,308,077	652%
Other comprehensive income (loss)	21,751	(6,852)	0%	0%	28,603	-417%
Total comprehensive income	2,683,751	347,071	8%	1%	2,336,680	673%
Basic Earnings Per Share	₱0.47	₱0.06			₱0.41	683%
Diluted Earnings Per Share	₱0.47	₱0.06			₱0.41	683%

Note (1): The Group adopted Philippine Financial Reporting Standards ("**PFRS**") 15, Revenue from Contracts with Customers ("**New Revenue Standard**") using the modified retrospective method from January 1, 2018. Results for the periods beginning on or after January 1, 2018 are presented under the New Revenue Standard, while prior period amounts are not adjusted and continue to be reported in accordance with the previous basis. The most significant impact of this adoption are as follows:

- Complimentary goods and services have been recorded as a reduction of casino revenues compared to the prior period presentation where promotional allowances were recorded as reductions of non-gaming revenues.

- All commissions paid to gaming promoters are recorded as a reduction of casino revenues as compared to the prior period presentation where the estimated incentives returned to customers were recorded as reductions of casino revenues, with the balances of commission expenses reflected as casino expenses.

Refer to Note 3 to the audited consolidated financial statements for details of the adoption of the New Revenue Standard.

Net profit for the year ended December 31, 2018 was ₱2,662.0 million, an increase of ₱2,308.1 million or 652%, compared to a net profit of ₱353.9 million for the year ended December 31, 2017, which is primarily related to improved operating results during the current year as well as lower interest expense, net of capitalized interest.

Revenues

Total net operating revenues were ₱32,425.7 million for the year ended December 31, 2018, representing a decrease of ₱329.5 million from ₱32,755.2 million for the year ended December 31, 2017. The decrease in total net operating revenues was primarily driven by the adoption of the New Revenue Standard which resulted in higher commissions paid to gaming promoters being deducted from casino revenues.

Net operating revenues for the year ended December 31, 2018 prepared under the previous basis of accounting are ₱37,135.6 million, representing an increase of ₱4,380.4 million from ₱32,755.2 million for the year ended December 31, 2017.

Total net operating revenues for the year ended December 31, 2018 were comprised of ₱26,241.0 million of casino revenues, representing 81% of total net operating revenues, and ₱6,184.7 million of non-casino revenues. Total net operating revenues for the year ended December 31, 2017 were comprised of ₱30,463.5 million of casino revenues, representing 93% of total net operating revenues, and ₱2,291.7 million of non-casino revenues.

Casino - Casino revenues for the year ended December 31, 2018 were ₱26,241.0 million, a decrease of ₱4,222.5 million, or 14%, from ₱30,463.5 million for the year ended December 31, 2017. The decrease was primarily due to (i) ₱9,437.9 million of additional deductions against casino revenues including commissions paid to gaming promoters and complimentary goods and services resulting from the adoption of the New Revenue Standard; partially offset by (ii) higher casino revenues of ₱5,215.4 million as a result of improved business volumes.

Rolling chip volume for the year ended December 31, 2018 was ₱586.2 billion, as compared to ₱580.5 billion for the year ended December 31, 2017. Rolling chip win rate was 3.21%, and reflected an increase from 3.1% for the year ended December 31, 2017.

In the mass market table games segment, mass market table games drop was ₱41.6 billion for the year ended December 31, 2018 which represented an increase of ₱6.9 billion from ₱34.7 billion for the year ended December 31, 2017. The mass market table games hold percentage was 31.7% for the year ended December 31, 2018 versus 29.6% for the year ended December 31, 2017.

Gaming machine handle for the year ended December 31, 2018 was ₱187.4 billion, compared with ₱153.3 billion for the year ended December 31, 2017. The gaming machine win rate was 5.5% for the year ended December 31, 2018 versus 5.8% for the year ended December 31, 2017.

The average number of table games and average number of gaming machines for the year ended December 31, 2018 were 300 and 1,929, respectively, as compared to 283 and 1,786, respectively, for the year ended December 31, 2017. Average net win per table game per day and average net win per gaming machine per day for the year ended December 31, 2018 were ₱292,390 and ₱14,667, respectively, as compared to ₱274,016 and ₱13,643, respectively, for the year ended December 31, 2017.

Rooms - Room revenues came from Nüwa Manila, Nobu Manila and Hyatt Regency and amounted to ₱2,815.4 million for the year ended December 31, 2018 representing an increase of ₱1,743.5 million, or 163%, from ₱1,071.8 million for the year ended December 31, 2017, primarily due to improved occupancies as compared to the year ended December 31, 2017 as well as the adoption of the New Revenue Standard that resulted in designated complimentary goods and services being deducted from casino revenues in the current year as compared to being deducted from room revenues in the prior year. City of Dreams Manila's average daily rate, occupancy rate and REVPAR for the year ended December 31, 2018 were ₱8,390, 98.1% and ₱8,232, respectively, as compared to ₱7,961, 96.4% and ₱7,672, respectively, for the year ended December 31, 2017.

Food, beverage and others - Other non-casino revenues for the year ended December 31, 2018 included food and beverage revenues of ₱2,759.9 million and entertainment, retail and other revenues of ₱609.5 million. Other non-casino revenues for the year ended December 31, 2017 included food and beverage revenues of ₱688.8 million and entertainment, retail and other revenues of ₱531.1 million. The increase was primarily attributable to higher food and beverage sales as well as the adoption of the New Revenue Standard that resulted in designated complimentary goods and services being deducted from casino revenues in the current year as compared to being deducted from food, beverage and other revenues in the prior year.

Operating costs and expenses

Total operating costs and expenses were ₱27,495.9 million for the year ended December 31, 2018, representing a decrease of ₱2,065.3 million from ₱29,561.1 million for the year ended December 31, 2017. The decrease in operating costs was primarily due to a decrease in commissions paid to gaming promoters as such amount has been deducted directly from casino revenues as a result of the adoption of the New Revenue Standard.

Total operating costs and expenses for the year ended December 31, 2018 prepared under the previous basis of accounting are ₱32,205.7 million, representing an increase of ₱2,644.6 million, from ₱29,561.1 million for the year ended December 31, 2017.

Gaming tax and license fees for the year ended December 31, 2018 amounted to ₱9,222.1 million, representing an increase of ₱1,168.7 million, or 15%, from ₱8,053.5 million for the year ended December 31, 2017. The increase is in line with the increased gross gaming revenues.

Inventories consumed for the year ended December 31, 2018 and 2017 amounted to ₱978.5 million and ₱944.1 million, respectively, with no material fluctuation noted for the year.

Employee benefit expenses for the year ended December 31, 2018 amounted to ₱4,135.8 million, as compared to ₱3,637.3 million for the year ended December 31, 2017. The increase was primarily due to labor remuneration adjustments resulting from increased business volumes and general wage inflation.

Depreciation and amortization for the year ended December 31, 2018 and 2017 amounted to ₱4,015.5 million and ₱4,285.7 million, respectively. The decrease was primarily due to certain assets having been fully depreciated during the year.

Other expenses for the year ended December 31, 2018 amounted to ₱5,932.0 million as compared to ₱10,031.2 million for the year ended December 31, 2017. The decrease was primarily attributable to (i) ₱4,448.1 million lower other gaming operations expenses primarily due to commissions paid to gaming promoters being deducted directly from casino revenues in the current year as a result of the adoption of the New Revenue Standard as discussed above; (ii) ₱174.0 million lower net loss on disposals of property and equipment; partially offset by (iii) ₱177.3 million higher advertising, marketing, promotional and entertainment expenses; (iv) ₱163.4 million higher management fee expenses; and (v) ₱109.8 million higher trademark license fees. Refer to Note 15 to the audited consolidated financial statements (Appendix III) for details.

Payments to the Philippine Parties represented the agreed-upon payments to PLAI calculated in accordance with the Operating Agreement and related supplementary agreements. The increase was primarily due to higher sharing of gaming results to the Philippine Parties based on the agreed calculation terms during the year.

Non-operating expenses, net

Interest income was ₱53.2 million for the year ended December 31, 2018 as compared to ₱44.0 million for the year ended December 31, 2017. The increase was due to more deposits being placed with the bank during the year ended December 31, 2018 compared to the same period in 2017.

Interest expenses (net of capitalized interest) were mainly represented by interest expenses on the Senior

Notes and obligations under a finance lease in relation to the Lease Agreement, amounting to ₱2,413.1 million for the year ended December 31, 2018 as compared to ₱2,883.0 million for the year ended December 31, 2017. The decrease was primarily due to lower interest expenses on the Senior Notes after the redemptions thereof in October 2017, August 2018 and December 2018 respectively.
Other finance fees amounted to ₱18.0 million and ₱42.4 million for the year ended December 31, 2018 and 2017, respectively, representing the gross receipt taxes in relation to interest payments on the Senior Notes. Lower finance fees recorded for the current year were solely due to the redemptions of Senior Notes in October 2017, August 2018 and December 2018 respectively referred to above.

The net foreign exchange gain of ₱183.2 million and ₱128.2 million for the year ended December 31, 2018 and 2017, respectively, mainly arose from the translation of foreign currency denominated bank balances and payables at the year-end closing rate as a result of the Philippine peso's depreciation against H.K. dollar and the U.S. dollar during the year ended December 31, 2018.

Loss on extinguishment of debt amounted to ₱12.1 million for the year ended December 31, 2018, representing the write-off of unamortized deferred financing costs in relation to redemptions of the Senior Notes in an amount of ₱5.5 billion in August 2018 and ₱2 billion in December 2018, respectively. Loss on extinguishment of debt amounted to ₱48.6 million for the year ended December 31, 2017, representing the write-off of unamortized deferred financing costs in relation to partial redemption of the Senior Notes in an amount of ₱7.5 billion in October 2017.

Income tax expense

The income tax expense for the year ended December 31, 2018 and 2017 primarily represents the deferred tax charge arising from net unrealized foreign exchange gains.

Net profit

As a result of the foregoing, the Group had a net profit of ₱2,662.0 million for the year ended December 31, 2018, as compared to a net profit of ₱353.9 million for the year ended December 31, 2017.

Adjusted EBITDA

Adjusted EBITDA is earnings before interest, taxes, depreciation, amortization, payments to the Philippine Parties, land rent to Belle, pre-opening costs, share-based compensation, corporate expenses, property charges and other and other non-operating income and expenses. Adjusted EBITDAs were ₱14,187.7 million and ₱11,854.0 million for the year ended December 31, 2018 and 2017, respectively.

Our management uses Adjusted EBITDA to measure the operating performance of City of Dreams Manila, and to compare the operating performance of our property with those of our competitors. Adjusted EBITDA is also presented as a supplemental disclosure because management believes it is widely used to measure performance and as a basis for valuation of gaming companies. Our management also uses Adjusted EBITDA because it is used by some investors as a way to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. Gaming companies have historically reported similar measures as a supplement to financial measures in accordance with generally accepted accounting principles. However, Adjusted EBITDA should not be considered in isolation, construed as an alternative to profit or operating profit, treated as an indicator of our PFRS operating performance, other operating operations or cash flow data, or interpreted as an alternative to cash flow as a measure of liquidity. Adjusted EBITDA presented in this annual report may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors. While our management believes these figures may provide useful additional information to investors when considered in conjunction with our financial statements and other information in this report, less reliance should be placed on Adjusted EBITDA as a measure in assessing our overall financial performance.

Trends, Events or Uncertainties Affecting Recurring Revenues and Profits

The Group is exposed to a number of trends, events and uncertainties, which can affect its recurring revenues and profits. These include levels of general economic activity, political stability, market competition, possibilities of any natural disasters, terrorists or other armed and arson attacks, legal and license terms compliance, tax rates, as well as certain cost items, such as operating costs, labor, fuel and power. The Group collects revenues and pay expenses in various currencies and the appreciation and depreciation of other major currencies against the Philippine peso may have a negative impact on the Group's reported levels of revenues and profits.

Financial Condition and Balance Sheet

The consolidated balance sheet of the Group as of December 31, 2018, with variances against December 31, 2017, is discussed as set out below.

(in thousands of Philippine peso, except % change data)						
			VERTICAL ANALYSIS		HORIZONTAL ANALYSIS	
	December 31,	December 31,	% to Total Assets		Change	
ASSETS	**2018**	**2017**	**2018**	**2017**		
Current assets						
Cash and cash equivalents	6,808,712	6,332,581	21%	18%	476,131	8%
Restricted cash	867,591	549,765	3%	2%	317,826	58%
Accounts receivable, net	1,476,364	1,328,372	4%	4%	147,992	11%
Inventories	310,132	327,620	1%	1%	(17,488)	-5%
Prepayments and other current assets	413,542	385,331	1%	1%	28,211	7%
Amounts due from related parties	139,564	163,670	0%	0%	(24,106)	-15%
Income tax recoverable	38	-	0%	0%	38	N/A
Total current assets	10,015,943	9,087,339	30%	26%	928,604	10%
Non-current assets						
Property and equipment, net	20,359,266	23,130,988	61%	67%	(2,771,722)	-12%
Contract acquisition costs, net	759,687	811,779	2%	2%	(52,092)	-6%
Other intangible assets, net	-	2,446	0%	0%	(2,446)	-100%
Other non-current assets	2,021,866	1,395,847	6%	4%	626,019	45%
Total non-current assets	23,140,819	25,341,060	70%	74%	(2,200,241)	-9%
Total assets	**33,156,762**	**34,428,399**	100%	100%	(1,271,637)	-4%
LIABILITIES AND EQUITY						
Current liabilities						
Accounts payable	151,145	136,758	0%	0%	14,387	11%
Accrued expenses, other payables and other current liabilities	8,985,142	5,908,468	27%	17%	3,076,674	52%
Current portion of obligations under a finance lease	1,824,898	1,661,799	6%	5%	163,099	10%
Amounts due to related parties	186,880	100,291	1%	0%	86,589	86%
Income tax payable	-	179	0%	0%	(179)	-100%
Total current liabilities	11,148,065	7,807,495	34%	23%	3,340,570	43%
Non-current liabilities						
Non-current portion of obligations under a finance lease	13,358,923	13,271,953	40%	39%	86,970	1%
Long-term debt, net	-	7,459,634	0%	22%	(7,459,634)	-100%
Retirement liabilities	74,065	69,199	0%	0%	4,866	7%
Other non-current liabilities	296,133	284,867	1%	1%	11,266	4%
Deferred tax liability, net	180,786	119,433	1%	0%	61,353	51%
Total non-current liabilities	13,909,907	21,205,086	42%	62%	(7,295,179)	-34%
Equity						
Capital stock	5,687,271	5,666,764	17%	16%	20,507	0%
Additional paid-in capital	22,259,788	22,108,082	67%	64%	151,706	1%
Share-based compensation reserve	228,972	401,964	1%	1%	(172,992)	-43%
Equity reserve	(3,613,990)	(3,613,990)	-11%	-10%	-	0%
Accumulated deficit	(16,463,251)	(19,147,002)	-50%	-56%	2,683,751	-14%
Total equity	8,098,790	5,415,818	24%	16%	2,682,972	50%
Total liabilities and equity	**33,156,762**	**34,428,399**	100%	100%	(1,271,637)	-4%

Current assets

Cash and cash equivalents increased by ₱476.1 million, which is primarily the net result of operating cash inflows, net of payments made for capital expenditures and interest payments as well as repayments on long-term debt. Refer below to "Liquidity and Capital Sources" for cash flow analysis for the year ended December 31, 2018.

Restricted cash represents an escrow account that is restricted for government required foundation fees payable in accordance with the terms of the Regular License. The increase primarily represented the contributions to the foundation for the current year.

Accounts receivable, net, primarily attributable to casino, hotels and other receivables, increased by ₱148.0

million, primarily from an increase in casino receivables of ₱180.4 million, partially offset by an increase in allowances for doubtful debts of ₱20.5 million and a decrease in hotel receivables of ₱12.8 million. Refer to Note 7 to the audited consolidated financial statements (Appendix III) for the details of accounts receivable as of December 31, 2018.

Inventories of ₱310.1 million mainly consisted of gaming inventories, retail merchandise, food and beverage items and certain operating supplies. The decrease was primarily due to consumption of gaming inventories, promotional inventories as well as food and beverage inventories held during the current year.

Prepayments and other current assets increased by ₱28.2 million, primarily due to increases in (i) other prepaid operating expense and receivables of ₱47.0 million; (ii) prepaid facilities expenses and supplies expenses of ₱30.7 million; (iii) credit withholding tax of ₱26.7 million; (iv) deposits for acquisitions of inventory of ₱18.0 million; (v) interest receivable of ₱10.0 million; partially offset by decreases in (vi) receivable from the Philippine Parties of ₱85.0 million; (vii) receivable from junket operator of ₱10.1 million and (viii) refundable deposits of ₱9.2 million.

Amounts due from related parties decreased by ₱24.1 million, mainly due to management fee expenses recharged by an intermediate holding company during the year, partially offset with the payments made during the year.

Non-current assets

Property and equipment, net, decreased by ₱2,771.7 million, mainly due to depreciation of ₱3,961.0 million on operating equipment during the period, partially offset by additions to property and equipment of ₱1,201.6 million.

Contract acquisition costs, net, decreased by ₱52.1 million, solely due to amortization charges for the year ended December 31, 2018.

Other intangible assets, net, decreased by ₱2.4 million during the year as a result of full amortization on the straight-line basis over the useful life of the license.

Other non-current assets increased by ₱626.0 million, primarily due to increases in deposits for acquisitions of property and equipment, of ₱522.0 million; security and rental deposits of ₱46.3 million as well as prepaid rent of ₱31.5 million.

Current liabilities

Accounts payable of ₱151.1 million represented payables to suppliers for products and services such as playing cards and marketing. The increase in the balance was due to the purchases made during the year.

Accrued expenses, other payables and other current liabilities increased by ₱3,076.7 million, mainly related to increases in (i) outstanding gaming chips and tokens of ₱2,098.5 million; (ii) accruals for gaming tax and license fees of ₱503.4 million as a result of increased gross gaming revenues; (iii) advance customer deposits and ticket sales of ₱260.1 million as well as (iv) payments to the Philippine Parties of ₱99.1 million; partially offset by the decrease in (v) interest expenses payable of ₱85.4 million as a result of the full redemption of Senior Notes in December 2018. Refer to Note 12 to the audited consolidated financial statements (Appendix III) for details.

Current portion of obligations under a finance lease represented building lease payments due within one year. The increase during the year was due to finance lease charges of ₱1,945.7 million recognized during the year, partially offset by lease payments made of ₱1,782.6 million during the year.

Amounts due to related parties increased by ₱86.6 million primarily as a result of acquisition of goods and services, management fee and trademark license fee expenses recharged by affiliated companies during the year, partially offset by settlement made during the year. Refer to Note 16 to the audited consolidated financial statements (Appendix III) for details of related party transactions for the year ended December 31, 2018.

Non-current liabilities

The non-current portion of obligations under a finance lease increase of ₱87.0 million represented finance lease charges during the year.

Long-term debt, net, represents the Senior Notes which will mature in January 2019 and were priced at par of 100% in the principal amount of ₱7.5 billion (net of unamortized deferred financing costs), was fully redeemed during the year as discussed above.

Retirement liabilities increased by ₱4.9 million primarily due to such service costs recognized during the year.

Other non-current liabilities represented deferred rent liabilities, retail tenant deposits and other liabilities which are due beyond one year. No material fluctuations were noted during the year.

Deferred tax liability, net, mainly represented the deferred tax charges on net unrealized foreign exchange gains.

Equity

Capital stock and additional paid-in capital increased by ₱20.5 million and ₱151.7 million, respectively, as of December 31, 2018 as compared to December 31, 2017, which was solely due to 20,506,393 restricted shares having been vested during the year ended December 31, 2018.

The share-based compensation reserve decreased by ₱173.0 million mainly due to transfer of ₱172.2 million to capital stock/additional paid-in capital as a result of the 20,506,393 restricted shares vested as mentioned above and reversal of ₱0.8 million share-based payments expenses during the year.

The equity reserve consisted of the net difference between the cost for MRP to acquire MPHIL Holdings Group and the legal capital of the latter at the date of reverse acquisition, plus the retained earnings of MRP as of December 19, 2012, the date when MRP was acquired by Melco. The amount remains unchanged as of December 31, 2018 as compared to December 31, 2017.

The deficit decreased by ₱2,683.8 million to ₱16,463.3 million as of December 31, 2018, from ₱19,147.0 million as of December 31, 2017, which was primarily due to the net profit of ₱2,662.0 million recognized during the year ended December 31, 2018.

Liquidity and Capital Sources

The table below shows the Group's audited consolidated cash flows for the year ended December 31, 2018 and 2017.

In thousands of Philippine peso, except % change data	**For the Year Ended December 31, 2018**	**For the Year Ended December 31, 2017**	**% Change**
Net cash provided by operating activities	12,015,523	7,210,381	67%
Net cash used in investing activities	(2,012,491)	(996,344)	102%
Net cash used in financing activities	(9,756,752)	(10,326,776)	-6%
Effect of foreign exchange on cash and cash equivalents	229,851	93,906	145%
Net increase (decrease) in cash and cash equivalents	476,131	(4,018,833)	-112%
Cash and cash equivalents at beginning of year	6,332,581	10,351,414	-39%
Cash and cash equivalents at end of year	6,808,712	6,332,581	8%

Cash and cash equivalents increased by 8% as of December 31, 2018 compared to December 31, 2017 mainly due to the net effect of the following:

- For the year ended December 31, 2018, the Group recorded cash flow from operating activities of ₱12,015.5 million primarily attributable to the operating performance at City of Dreams Manila as discussed in the aforesaid sections.

- Net cash used in investing activities amounted to ₱2,012.5 million for the year ended December 31, 2018, which primarily includes: (i) deposits for acquisitions of property and equipment of ₱869.8 million; (ii) capital expenditure payments of ₱742.6 million; (iii) an increase in restricted cash of ₱317.8 million for the foundation fees payable and (iv) payments for other non-current assets of ₱83.1 million.

- Net cash used in financing activities for the year ended December 31, 2018 primarily represented (i) repayments of obligations under a finance lease of ₱1,782.6 million; (ii) interest and other finance fee payments for the Senior Notes of ₱474.1 million and (iii) principal payments on long-term debt of ₱7.5 billion.

The table below shows the Group's capital sources as of December 31, 2018 and December 31, 2017.

In thousands of Philippine peso, except % change data	**As of December 31, 2018**	**As of December 31, 2017**	**% Change**
Long-term debt, net	-	7,459,634	**-100%**
Equity	8,098,790	5,415,818	**50%**
	8,098,790	12,875,452	**-37%**

Total long-term debt, net, and equity decreased by 37% to ₱8,098.8 million as of December 31, 2018, from ₱12,875.5 million as of December 31, 2017. The decrease was mainly due to the full redemption of the Senior Notes in an amount of ₱7.5 billion during the year, partially offset by the net profit of ₱2,662.0 million during the year ended December 31, 2018.

Operating Results for the Year Ended December 31, 2017 Compared to the Year Ended December 31, 2016

Net profit for the year ended December 31, 2017 was ₱353.9 million, an increase of ₱1,935.2 million, or 122%, from the net loss of ₱1,581.3 million for the year ended December 31, 2016, which is primarily related to improved operating result during the current year, partially offset by an extinguishment loss from the partial repayment of debt during 2017.

(in thousands of Philippine peso, except per share and % change data)						
			VERTICAL ANALYSIS		HORIZONTAL ANALYSIS	
	For the year ended December 31,	For the year ended December 31,	% to Revenues		Change from Prior Year	
	2017	2016	2017	2016		
Net operating revenues						
Casino	30,463,494	21,298,942	93%	91%	9,164,552	43%
Rooms	1,071,832	981,554	3%	4%	90,278	9%
Food and beverage	688,773	707,255	2%	3%	(18,482)	-3%
Entertainment, retail and other	531,118	431,038	2%	2%	100,080	23%
Total net operating revenues	32,755,217	23,418,789	100%	100%	9,336,428	40%
Operating costs and expenses						
Gaming tax and license fees	(8,053,459)	(5,408,428)	-25%	-23%	(2,645,031)	49%
Inventories consumed	(944,129)	(819,730)	-3%	-4%	(124,399)	15%
Employee benefit expenses	(3,637,272)	(3,449,766)	-11%	-15%	(187,506)	5%
Depreciation and amortization	(4,285,650)	(4,388,885)	-13%	-19%	103,235	-2%
Other expenses	(10,031,247)	(6,457,016)	-31%	-28%	(3,574,231)	55%
Payments to the Philippine Parties	(2,609,353)	(1,642,175)	-8%	-7%	(967,178)	59%
Total operating costs and expenses	(29,561,110)	(22,166,000)	-90%	-95%	(7,395,110)	33%
Operating profit	3,194,107	1,252,789	10%	5%	1,941,318	155%
Non-operating income (expenses)						
Interest income	43,955	20,300	0%	0%	23,655	117%
Interest expenses, net of capitalized interest	(2,883,021)	(2,940,000)	-9%	-13%	56,979	-2%
Other finance fees	(42,384)	(47,832)	0%	0%	5,448	-11%
Foreign exchange gains, net	128,190	215,840	0%	1%	(87,650)	-41%
Loss on extinguishment of debt	(48,641)	-	0%	0%	(48,641)	N/A
Total non-operating expenses, net	(2,801,901)	(2,751,692)	-9%	-12%	(50,209)	2%
Profit (loss) before income tax	392,206	(1,498,903)	1%	-6%	1,891,109	-126%
Income tax expense	(38,283)	(82,396)	0%	0%	44,113	-54%
Net profit (loss)	353,923	(1,581,299)	1%	-7%	1,935,222	-122%
Other comprehensive loss	(6,852)	(3,210)	0%	0%	(3,642)	113%
Total comprehensive income (loss)	347,071	(1,584,509)	1%	-7%	1,931,580	-122%
Basic earnings (loss) per share	₱0.06	(₱0.28)			₱0.34	-121%
Diluted earnings (loss) per share	₱0.06	(₱0.28)			₱0.34	-121%

Revenues

Total net operating revenues were ₱32,755.2 million for the year ended December 31, 2017, representing an increase of ₱9,336.4 million, from ₱23,418.8 million for the year ended December 31, 2016. The increase in total net operating revenues was primarily driven by the improved casino revenues as discussed below.

Total net operating revenues for the year ended December 31, 2017 was comprised of ₱30,463.5 million of casino revenues, representing 93% of total net operating revenues, and ₱2,291.7 million of non-casino revenues. Total net operating revenues for the year ended December 31, 2016 was comprised of ₱21,298.9 million of casino revenues, representing 91% of total net operating revenues, and ₱2,119.9 million of non-casino revenues.

Casino - Casino revenues for the year ended December 31, 2017 were ₱30,463.5 million, an increase of ₱9,164.6 million, or 43%, from ₱21,298.9 million for the year ended December 31, 2016.

Rolling chip volume for the year ended December 31, 2017 was ₱580.5 billion, as compared to ₱326.5 billion for the year ended December 31, 2016. Rolling chip win rate (calculated before discounts and commissions) was 3.1%, as compared to 3.4% for the year ended December 31, 2016.

In the mass market table games segment, mass market table games drop was ₱34.7 billion for the year ended December 31, 2017 which represented an increase of ₱8.4 billion, or 32%, from ₱26.3 billion for the year ended December 31, 2016. The mass market table games hold percentage was 29.6% for the year ended December 31, 2017, as compared to 28.0% for the year ended December 31, 2016.

Gaming machine handle for the year ended December 31, 2017 was ₱153.3 billion, compared with ₱106.8 billion for the year ended December 31, 2016. The gaming machine win rates were 5.8% and 5.9% for the year ended December 31, 2017 and 2016 respectively.

The average number of table games and average number of gaming machines for the year ended December 31, 2017 were 283 and 1,786 as compared to 270 and 1,656, respectively, for the year ended December 31, 2016. Average net win per table games per day and average net win per gaming machine per day for the year ended December 31, 2017 were ₱274,016 and ₱13,643 as compared to ₱188,028 and ₱10,360, respectively, for the year ended December 31, 2016.

Rooms - Room revenues arising from Nüwa Manila, Nobu Manila and Hyatt Regency amounted to ₱1,071.8 million for the year ended December 31, 2017 and represented an increase of ₱90.3 million, or 9%, from ₱981.6 million for the year ended December 31, 2016, primarily due to improved occupancy rates as compared to the year ended December 31, 2016. City of Dreams Manila's average daily rate, occupancy rate and REVPAR for the year ended December 31, 2017 were ₱7,961, 96.4% and ₱7,672 as compared to ₱7,597, 91.1% and ₱6,923, respectively, for the year ended December 31, 2016.

Food, beverage and others - Other non-casino revenues for the year ended December 31, 2017 included food and beverage revenues of ₱688.8 million and entertainment, retail and other revenues of ₱531.1 million. Other non-casino revenues for the year ended December 31, 2016 included food and beverage revenues of ₱707.3 million and entertainment, retail and other revenues of ₱431.0 million. The increase was primarily attributable from more limousine hire rental income and more ticket sales from DreamPlay during the year.

Operating costs and expenses

Total operating costs and expenses were ₱29,561.1 million for the year ended December 31, 2017, representing an increase of ₱7,395.1 million, from ₱22,166.0 million for the year ended December 31, 2016. The increase in operating costs was generally in-line with increased net operating revenues in the current year.

Gaming tax and license fees for the year ended December 31, 2017 amounted to ₱8,053.5 million, representing an increase of ₱2,645.0 million, or 49%, from ₱5,408.4 million for the year ended December 31, 2016. The increase was in-line with the increased casino revenue.

Inventories consumed for the year ended December 31, 2017 and 2016 amounted to ₱944.1 million and ₱819.7 million, respectively. The increase was attributable to the use of more playing cards and dice together with food and beverage items consumed during the year.

Employee benefit expenses for the year ended December 31, 2017 amounted to ₱3,637.3 million, as compared to ₱3,449.8 million for the year ended December 31, 2016. The increase was primarily due to higher labor demands from increased business volumes and general wage inflation.

Depreciation and amortization for the year ended December 31, 2017 and 2016 amounted to ₱4,285.7 million and ₱4,388.9 million, respectively. No material fluctuations were noted for the year.

Other expenses for the year ended December 31, 2017 amounted to ₱10,031.2 million, as compared to ₱6,457.0 million for the year ended December 31, 2016. The increase was primarily attributable to (i) ₱1,910.2 million of higher other gaming operations expenses; (ii) ₱602.7 million of higher trademark license fees; (iii) ₱288.1 million higher management fee expenses; (iv) ₱226.9 million of higher facilities and supplies expenses and (v) ₱185.6 million net loss on disposals of property and equipment in 2017 as compared to ₱377.2 million net gain on disposals of property and equipment in 2016. Refer to Note 15 to the audited consolidated financial statements (Appendix III) for details.

Payments to the Philippine Parties represented the agreed upon payments to PLAI calculated in accordance with the Operating Agreement and related supplementary agreements. The increase was in-line with the improved casino revenues during the year.

Non-operating expenses, net

Interest income of ₱44.0 million for the year ended December 31, 2017, as compared to ₱20.3 million for the year ended December 31, 2016. The increase was due to more long-term deposits being placed at banks during the year ended December 31, 2017 compared to the same period in 2016.

Interest expenses (net of capitalized interest), represented by interest expenses on Senior Notes and obligations under a finance lease in relation to the Lease Agreement, amounted to ₱2,883.0 million for the year ended December 31, 2017 as compared to ₱2,940.0 million for the year ended December 31, 2016. The decrease was primarily due to lower interest expenses on Senior Notes upon partial redemption in October 2017, partially offset by a higher effective interest on obligations under a finance lease during the year.

Other finance fees amounted to ₱42.4 million and ₱47.8 million for the year ended December 31, 2017 and 2016, respectively, representing the gross receipt taxes in relation to the interest payments on the Senior Notes. Lower finance fees recorded for the current year solely due to the partial redemption on Senior Notes in October 2017.

The net foreign exchange gains of ₱128.2 million and ₱215.8 million for the year ended December 31, 2017 and 2016, respectively, mainly arose from the translation of foreign currency denominated bank balances and payables at the year-end closing rate as a result of the Philippine peso's depreciation against the H.K. dollar and the U.S. dollar during the year ended December 31, 2017 and 2016.

Loss on extinguishment of debt amounted to ₱48.6 million for the year ended December 31, 2017, representing the write-off of unamortized deferred financing costs in relation to partial redemption of the Senior Notes in an amount of ₱7.5 billion. There was no loss on extinguishment of debt for the year ended December 31, 2016

Income tax expense

The income tax expense for the year ended December 31, 2017 and 2016 primarily represents the deferred tax liability arising from net unrealized foreign exchange gains.

Net profit (loss)

As a result of the foregoing, the Group had a net profit of ₱353.9 million for the year ended December 31, 2017, as compared to a net loss of ₱1,581.3 million for the year ended December 31, 2016.

<u>Adjusted EBITDA</u>

Adjusted EBITDA is earnings before interest, taxes, depreciation, amortization, payments to the Philippine Parties, land rent to Belle, net gain on disposals of property and equipment to Belle, share-based compensation expenses, corporate expenses, property charges and other and other non-operating income and expenses. Adjusted EBITDAs were ₱11,854.0 million and ₱7,561.3 million for the year ended December 31, 2017 and 2016, respectively.

Our management uses Adjusted EBITDA to measure the operating performance of City of Dreams Manila, and to compare the operating performance of our property with those of competitors. Adjusted EBITDA is also presented as a supplemental disclosure because management believes it is widely used to measure performance and as a basis for valuation of gaming companies. Our management also uses Adjusted EBITDA because it is used by some investors as a way to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. Gaming companies have historically reported similar measures as a supplement to financial measures in accordance with generally accepted accounting principles. However, Adjusted EBITDA should not be considered in isolation, construed as an alternative to profit or operating profit, treated as an indicator of our PFRS operating performance, other operations or cash flow data, or interpreted as an alternative to cash flow as a measure of liquidity. Adjusted EBITDA presented in this annual report may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors. While our management believes these figures may provide useful additional information to investors when considered in conjunction with our financial statements and other information in this report, less reliance should be placed on Adjusted EBITDA as a measure in assessing our overall financial performance.

Trends, Events or Uncertainties Affecting Recurring Revenues and Profits

The Group is exposed to a number of trends, events and uncertainties, which can affect its recurring revenues and profits. These include levels of general economic activity, political stability, market competition, possibilities of any natural disasters, terrorists or other armed and arson attacks, legal and license terms compliance, tax rates, as well as certain cost items, such as operating costs, labor, fuel and power. The Group collects revenues and pay expenses in various currencies and the appreciation and depreciation of other major currencies against the Philippine peso may have a negative impact on the Group's reported levels of revenues and profits.

Financial Condition and Balance Sheet

(in thousands of Philippine peso, except % change data)			VERTICAL ANALYSIS		HORIZONTAL ANALYSIS	
	December 31,	December 31,	% to Total Assets		Change from Prior Year	
ASSETS	**2017**	**2016**	**2017**	**2016**		
Current assets						
Cash and cash equivalents	6,332,581	10,351,414	18%	25%	(4,018,833)	-39%
Restricted cash	549,765	240,025	2%	1%	309,740	129%
Accounts receivable, net	1,328,372	1,391,213	4%	3%	(62,841)	-5%
Inventories	327,620	230,411	1%	1%	97,209	42%
Prepayments and other current assets	385,331	322,692	1%	1%	62,639	19%
Amounts due from related parties	163,670	148,971	0%	0%	14,699	10%
Total current assets	9,087,339	12,684,726	26%	30%	(3,597,387)	-28%
Non-current assets						
Property and equipment, net	23,130,988	26,866,578	67%	64%	(3,735,590)	-14%
Contract acquisition costs, net	811,779	863,872	2%	2%	(52,093)	-6%
Other intangible assets, net	2,446	5,436	0%	0%	(2,990)	-55%
Other non-current assets	1,395,847	1,270,048	4%	3%	125,799	10%
Total non-current assets	25,341,060	29,005,934	74%	70%	(3,664,874)	-13%
Total assets	**34,428,399**	**41,690,660**	100%	100%	(7,262,261)	-17%
LIABILITIES AND EQUITY						
Current liabilities						
Accounts payable	136,758	139,270	0%	0%	(2,512)	-2%
Accrued expenses, other payables and other current liabilities	5,908,468	5,414,657	17%	13%	493,811	9%
Current portion of obligations under a finance lease	1,661,799	1,524,893	5%	4%	136,906	9%
Amounts due to related parties	100,291	1,282,040	0%	3%	(1,181,749)	-92%
Income tax payable	179	160	0%	0%	19	12%
Total current liabilities	7,807,495	8,361,020	23%	20%	(553,525)	-7%
Non-current liabilities						
Non-current portion of obligations under a finance lease	13,271,953	13,061,462	39%	31%	210,491	2%
Long-term debt, net	7,459,634	14,848,500	22%	36%	(7,388,866)	-50%
Retirement liabilities	69,199	41,644	0%	0%	27,555	66%
Other non-current liabilities	284,867	262,743	1%	1%	22,124	8%
Deferred tax liability, net	119,433	81,188	0%	0%	38,245	47%
Total non-current liabilities	21,205,086	28,295,537	62%	68%	(7,090,451)	-25%
Equity						
Capital stock	5,666,764	5,662,897	16%	14%	3,867	0%
Additional paid-in capital	22,108,082	22,076,822	64%	53%	31,260	0%
Share-based compensation reserve	401,964	416,835	1%	1%	(14,871)	-4%
Equity reserve	(3,613,990)	(3,613,990)	-10%	-9%	-	0%
Accumulated deficit	(19,147,002)	(19,508,461)	-56%	-47%	361,459	-2%
Total equity	5,415,818	5,034,103	16%	12%	381,715	8%
Total liabilities and equity	**34,428,399**	**41,690,660**	100%	100%	(7,262,261)	-17%

Current assets

Cash and cash equivalents decreased by ₱4,018.8 million, which is primarily the net result of operating cash inflows, payments made for capital expenditures and repayments on long-term debt. Refer below to "Liquidity and Capital Sources" for cash flow analysis for the year ended December 31, 2017.

Restricted cash represents an escrow account that is restricted for foundation fees payable in accordance with the terms of the Regular License. The increase represented the contribution to foundation for the current year.

Accounts receivable, net, primarily attributable to casino, hotel and other receivables, decreased by ₱62.8 million, primarily from settlement of several junkets, partially offset by increased casino receivables, result from the increased VIP gaming revenues. Refer to Note 7 to the audited consolidated financial statements (Appendix III) for the details of the accounts receivable as of December 31, 2017.

Inventories of ₱327.6 million mainly consisted of gaming inventories, retail merchandise, food and beverage items and certain operating supplies. The increase during the year represented the promotional inventories purchased for the year.

Prepayments and other current assets increased by ₱62.6 million, primarily due to increases in (i) receivables from the Philippine Parties of ₱85.0 million; (ii) creditable withholding tax of ₱28.1 million; (iii) prepaid facilities expenses of ₱16.6 million and (iv) deposits for acquisitions of inventory ₱7.6 million. These increases were partially offset by a decrease in insurance claims receivable of ₱67.3 million.

Amount due from related parties increased by ₱14.7 million, mainly due to the management fee income charged during the year.

Non-current assets

Property and equipment, net, decreased by ₱3,735.6 million mainly due to depreciation of ₱4,230.6 million during the year, partially offset by additions to property and equipment of ₱709.7 million.

Contract acquisition costs, net, decreased by ₱52.1 million solely due to amortization charges for the year ended December 31, 2017.

Other intangible assets, net, decreased by ₱3.0 million during the year as a result of amortization on the straight-line basis over the useful life of the license.

Other non-current assets increased by ₱125.8 million primarily due to (i) further recognition of net input VAT of ₱83.0 million during the year ended December 31, 2017 and (ii) increase in others, mainly attributable to deposits for acquisitions of property and equipment, of ₱42.8 million.

Current liabilities

Accounts payable of ₱136.8 million represented payables to suppliers for products and services such as playing cards and marketing. No material fluctuations were noted for the year.

Accrued expenses, other payables and other current liabilities increased by ₱493.8 million, mainly related to increases in (i) outstanding gaming chips and tokens of ₱351.9 million, which was in-line with the increased VIP business volume in 2017; (ii) accruals for gaming tax and license fees of ₱324.3 million as a result of increased casino revenues; (iii) accruals for acquisition of property and equipment of ₱120.4 million, partially offset by the decrease in (iv) interest expenses payable of ₱241.7 million as a result of interest payments made during the year and lower interest expenses payable as a result of the partial redemption of Senior Notes in October 2017. Refer to Note 12 to the audited consolidated financial statements (Appendix III) for details.

Current portion of obligations under a finance lease represented building lease payments due within one year. The increase was due to finance lease charges of ₱1,781.7 million recognized during the year, partially offset by lease payments made of ₱1,644.8 million during the year.

Amounts due to related parties decreased by ₱1,181.7 million primarily as a result of settlement of balances outstanding during the year, partially offset by management fees and trademark license fees recharged from affiliate companies during the year. Refer to Note 16 to the audited consolidated financial statements (Appendix III) for details of related party transactions for the year ended December 31, 2017.

Non-current liabilities

The non-current portion of obligations under a finance lease increase of ₱210.5 million solely represented finance lease charges during the year.

Long-term debt, net, of ₱7,459.6 million represents the Senior Notes which will mature in 2019 and were priced at par of 100% of the principal amount of ₱7.5 billion (net of ₱40.4 million in unamortized deferred financing costs). The decrease was due to a partial redemption of the Senior Notes in an amount of ₱7.5 billion during the year.

Retirement liabilities increased by ₱27.6 million primarily due to such service costs recognized during the year.

Other non-current liabilities represented deferred rent liabilities, retail tenant deposits and other payables which are due beyond one year. The increase was primarily due to effective rent recognized during the year.

Deferred tax liability, net, mainly represented the deferred tax charges on net unrealized foreign exchange gains. Refer to Note 18 to the audited consolidated financial statements (Appendix III) for the nature and details thereof.

Equity

Capital stock and additional paid-in capital increased by ₱3.9 million and ₱31.3 million, respectively, as of December 31, 2017 as compared to December 31, 2016, which was mainly due to 3,867,129 restricted shares/share options having been vested/exercised during the year ended December 31, 2017.

The share-based compensation reserve decreased by ₱14.9 million due to transfer of ₱26.5 million to capital stock/additional paid-in capital as a result of the 3,867,129 restricted shares/share options vested/exercised as mentioned above and the transfer of ₱14.4 million to the accumulated deficit as a result of the expiry of certain share options during the year, partially offset by the recognition of share-based payments of ₱26.0 million during the year ended December 31, 2017.

The equity reserve consisted of the net difference between the cost of MRP to acquire MPHIL Holdings Group and the legal capital of the latter (i.e., common stock and additional paid-in capital) at the date of reverse acquisition, plus the retained earnings of MRP as of December 19, 2012, the date when MRP was acquired by Melco. The amount remained unchanged as of December 31, 2017 as compared to December 31, 2016.

The accumulated deficit decreased by ₱361.5 million to ₱19,147.0 million as of December 31, 2017, from ₱19,508.5 million as of December 31, 2016, primarily due to the net profit of ₱353.9 million recognized during the year ended December 31, 2017 and the transfer of ₱14.4 million from the share-based compensation reserve as mentioned above.

Liquidity and Capital Sources

The table below shows the Group's audited consolidated cash flows for the year ended December 31, 2017 and 2016.

In thousands of Philippine peso, except % change data	**For the Year Ended December 31, 2017**	**For the Year Ended December 31, 2016**	**% Change**
Net cash provided by operating activities	7,210,381	6,451,799	**12%**
Net cash used in investing activities	(996,344)	(1,233,785)	**-19%**
Net cash used in financing activities	(10,326,776)	(2,621,257)	**294%**
Effect of foreign exchange on cash and cash equivalents	93,906	294,428	**-68%**
Net (decrease) increase in cash and cash equivalents	(4,018,833)	2,891,185	**-239%**
Cash and cash equivalents at beginning of year	10,351,414	7,460,229	**39%**
Cash and cash equivalents at end of year	6,332,581	10,351,414	**-39%**

Cash and cash equivalents decreased by 39% as of December 31, 2017 compared to December 31, 2016 mainly due to the net effect of the following:

- For the year ended December 31, 2017, the Group recorded cash flow from operating activities of ₱7,210.4 million primarily attributable to the operating performance at City of Dreams Manila as discussed in the aforesaid sections.

- Net cash used in investing activities amounted to ₱996.3 million for the year ended December 31, 2017, which primarily includes: (i) capital expenditure payments of ₱611.2 million; (ii) an increase in restricted cash of ₱309.7 million for the foundation fees payable; and (iii) advance payments and deposits for acquisitions of property and equipment of ₱81.4 million.

- Net cash used in financing activities for the year ended December 31, 2017 primarily represented (i) partial redemption of Senior Notes of ₱7.5 billion; (ii) interest and other finance fee payments for the Senior Notes of ₱1,190.6 million and repayments of obligations under a finance lease of ₱1,644.8 million.

The table below shows the Group's capital sources as of December 31, 2017 and 2016.

In thousands of Philippine peso, except % change data	**As of December 31, 2017**	**As of December 31, 2016**	**% Change**
Long-term debt, net	7,459,634	14,848,500	**-50%**
Equity	5,415,818	5,034,103	**8%**
	12,875,452	19,882,603	**-35%**

Total long-term debt, net, and equity decreased by 35% to ₱12,875.5 million as of December 31, 2017, from ₱19,882.6 million as of December 31, 2016. The decrease was mainly due to a partial redemption of the Senior Notes in an amount of ₱7.5 billion during the year, partially offset by the net profit of ₱353.9 million during the year ended December 31, 2017.

Significant Accounting Judgments, Estimates and Assumptions

Please refer to Note 4 to the audited consolidated financial statements (Appendix III) for details.

Recent changes in Accounting Standards

Please refer to Note 3 to the audited consolidated financial statements (Appendix III) for discussion of recent changes in accounting standards.

Risks Related to Financial Instruments

The Group has financial assets and financial liabilities such as cash and cash equivalents, restricted cash, accounts receivable, security deposits, other deposits and receivables, amounts due from/to related parties, accounts payable, accrued expenses, other payables and other current liabilities, obligations under a finance lease, long-term debt and other non-current liabilities, which arise directly from its operations.

The main risks arising from the Group's financial instruments as of and for the year ended December 31, 2018 are interest rate risk, credit risk, liquidity risk and foreign exchange risk. Management reviews and approves policies for managing each of these risks.

Financial Assets and Liabilities – Fair value of Financial Instruments

Please refer to Note 25 to the audited consolidated financial statements (Appendix III) for details.

Other Financing and Liquidity Matters

We may obtain financing in the form of, among other things, equity or debt, including additional bank loans or high yield, mezzanine or other debt, or rely on our operating cash flows to fund the operations of City of Dreams Manila. We are a growing company with significant financial needs. We expect to have additional capital expenditures in the future as we continue to develop City of Dreams Manila.

We have relied and intend in the future to rely on our operating cash flows and different forms of financing to meet our funding needs, as the case may be.

The timing of any future debt and/or equity financing activities will be dependent on our funding needs, the availability of funds on terms acceptable to us, and prevailing market conditions. We may carry out activities from time to time to strengthen our financial position and ability to better fund our business expansion. Such activities may include monetizing assets, issuance of stock, sale and lease-back transactions or other similar activities.

Any other future developments may be subject to further financing and a number of other factors many of which are beyond our control.

As of December 31, 2018, we had a shareholder loan facility of US$340.0 million and a bank credit facility of ₱2,350.0 million remains available for future drawdowns, subject to certain conditions precedent.

As of December 31, 2018, we had capital commitments contracted for, but not provided, mainly for the acquisitions of property and equipment for City of Dreams Manila totaling ₱786.4 million.

There were no material off-balance sheet transactions, arrangements, obligations or other relationships of the Group with unconsolidated entities or other persons that the Group is aware of during the reporting period.

Operating Results for the Three Months Ended March 31, 2019 Compared to the Three Months Ended March 31, 2018

(in thousands of Philippine peso, except per share and % change data)						
			VERTICAL ANALYSIS		HORIZONTAL ANALYSIS	
	For the three months ended March 31,	For the three months ended March 31,	% to Revenues		Change from Prior Period	
	2019	2018	2019	2018		
Net operating revenues						
Casino	5,999,051	5,839,297	80%	79%	159,754	3%
Rooms	715,857	678,485	10%	9%	37,372	6%
Food and beverage	653,465	702,747	9%	10%	(49,282)	-7%
Entertainment, retail and other	137,977	131,850	2%	2%	6,127	5%
Total net operating revenues	7,506,350	7,352,379	100%	100%	153,971	2%
Operating costs and expenses						
Gaming tax and license fees	(2,137,960)	(2,188,044)	-28%	-30%	50,084	-2%
Inventories consumed	(216,339)	(242,462)	-3%	-3%	26,123	-11%
Employee benefit expenses	(982,839)	(846,044)	-13%	-12%	(136,795)	16%
Depreciation and amortization (1)	(1,046,212)	(1,004,940)	-14%	-14%	(41,272)	4%
Other expenses	(1,556,086)	(1,422,120)	-21%	-19%	(133,966)	9%
Payments to the Philippine Parties	(736,133)	(590,054)	-10%	-8%	(146,079)	25%
Total operating costs and expenses	(6,675,569)	(6,293,664)	-89%	-86%	(381,905)	6%
Operating profit	830,781	1,058,715	11%	14%	(227,934)	-22%
Non-operating income (expenses)						
Interest income	5,234	11,855	0%	0%	(6,621)	-56%
Interest expenses, net of capitalized interest (1)	(542,834)	(631,482)	-7%	-9%	88,648	-14%
Other finance fees	-	(5,979)	0%	0%	5,979	-100%
Foreign exchange (losses) gains, net	(13,028)	139,632	0%	2%	(152,660)	-109%
Total non-operating expenses, net	(550,628)	(485,974)	-7%	-7%	(64,654)	13%
Profit before income tax	280,153	572,741	4%	8%	(292,588)	-51%
Income tax credit (expense)	6,614	(40,766)	0%	-1%	47,380	-116%
Net profit	286,767	531,975	4%	7%	(245,208)	-46%
Other comprehensive income	-	-	0%	0%	-	N/A
Total comprehensive income	286,767	531,975	4%	7%	(245,208)	-46%
Basic Earnings Per Share	₱0.05	₱0.09			(₱0.04)	-44%
Diluted Earnings Per Share	₱0.05	₱0.09			(₱0.04)	-44%

Note (1): The Group adopted Philippine Financial Reporting Standards ("PFRS") 16, Leases ("New Leases Standard") using the modified retrospective method from January 1, 2019. Results for the periods beginning on or after January 1, 2019 are presented under the New Leases Standard, while prior period amounts are not adjusted and continue to be reported in accordance with the previous basis. The most significant impact of this adoption is as follows:

- Under the New Leases Standard, the Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, and applied a single recognition and measurement approach for all leases, except for short term leases.

- Right-of-use Assets – The Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

- Lease liabilities – The Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term at the commencement date of the lease. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Refer to Note 3 to the unaudited condensed consolidated financial statements (Appendix III) for details of the adoption of the New Leases Standard.

Net profit for the three months ended March 31, 2019 was ₱286.8 million, compared to a net profit of ₱532.0 million for the three months ended March 31, 2018, which is primarily related to the increase in operating costs and expenses and net foreign exchange losses during the current period, partially offset by the improved operating revenues, lower interest expense, net of capitalized interest as well as other finance fees.

Revenues

Total net operating revenues were ₱7,506.4 million for the three months ended March 31, 2019, representing an increase of ₱154.0 million, from ₱7,352.4 million for the three months ended March 31, 2018. The increase in total net operating revenues was primarily driven by improved casino revenues as a result of lower commissions paid to gaming promoters being deducted against casino revenues due to a better gaming mix during the period.

Total net operating revenues for the three months ended March 31, 2019 were comprised of ₱5,999.1 million of casino revenues, representing 80% of total net operating revenues, and ₱1,507.3 million of non-casino revenues. Total net operating revenues for the three months ended March 31, 2018 were comprised of ₱5,839.3 million of casino revenues, representing 79% of total net operating revenues, and ₱1,513.1 million of non-casino revenues.

Casino - Casino revenues for the three months ended March 31, 2019 were ₱5,999.1 million, an increase of ₱159.8 million, or 3%, from ₱5,839.3 million for the three months ended March 31, 2018. The increase was primarily due to (i) ₱487.4 million lower commissions paid to gaming promoters and complimentary goods and services, partially offset by (ii) lower gross gaming revenues of ₱327.6 million as a result of decreased business volumes.

Rolling chip volume for the three months ended March 31, 2019 was ₱119.7 billion, as compared to ₱143.8 billion for the three months ended March 31, 2018. Rolling chip win rate was 3.2%, and reflected an increase from 2.9% for the three months ended March 31, 2018.

In the mass market table games segment, mass market table games drop was ₱9.7 billion for the three months ended March 31, 2019 which represented a decrease of ₱106.0 million from ₱9.8 billion for the three months ended March 31, 2018. The mass market table games hold percentage was 30.6% for the three months ended March 31, 2019 versus 33.8% for the three months ended March 31, 2018.

Gaming machine handle for the three months ended March 31, 2019 was ₱47.5 billion, compared with ₱42.6 billion for the three months ended March 31, 2018. The gaming machine win rate was 5.8% for the three months ended March 31, 2019 versus 5.6% for the three months ended March 31, 2018.

The average number of table games and average number of gaming machines for the three months ended March 31, 2019 were 302 and 2,242, respectively, as compared to 294 and 1,836, respectively, for the three months ended March 31, 2018. Average net win per table game per day and average net win per gaming machine per day for the three months ended March 31, 2019 were ₱248,967 and ₱13,663, respectively, as compared to ₱281,111 and ₱14,542, respectively, for the three months ended March 31, 2018.

Rooms - Room revenues came from Nüwa Manila, Nobu Manila and Hyatt Regency and amounted to ₱715.9 million for the three months ended March 31, 2019 representing an increase of ₱37.4 million, or 6%, from ₱678.5 million for the three months ended March 31, 2018, primarily due to improved average daily rate as well as occupancy as compared to the three months ended March 31, 2018. City of Dreams Manila's average daily rate, occupancy rate and REVPAR for the three months ended March 31, 2019 were ₱8,574, 98.5% and ₱8,442, respectively, as compared to ₱8,212, 98.4% and ₱8,082, respectively, for the three months ended March 31, 2018.

Food, beverage and others - Other non-casino revenues for the three months ended March 31, 2019 included food and beverage revenues of ₱653.5 million and entertainment, retail and other revenues of ₱138.0 million. Other non-casino revenues for the three months ended March 31, 2018 included food and beverage revenues of ₱702.7 million and entertainment, retail and other revenues of ₱131.9 million. The decrease of food and beverage revenue was primarily attributable to closure of some gaming food and beverage outlets during the period.

Operating costs and expenses

Total operating costs and expenses were ₱6,675.6 million for the three months ended March 31, 2019, representing an increase of ₱381.9 million from ₱6,293.7 million for the three months ended March 31, 2018. The increase in operating costs was primarily due to higher employee benefit expenses, payments to the Philippine parties as well as other expenses, partially offset by lower gaming tax and license fees.

Gaming tax and license fees for the three months ended March 31, 2019 amounted to ₱2,138.0 million, representing a decrease of ₱50.1 million, or 2%, from ₱2,188.0 million for the three months ended March 31, 2018. The decrease is in line with the decreased gross gaming revenues.

Inventories consumed for the three months ended March 31, 2019 and 2018 amounted to ₱216.3 million and ₱242.5 million, respectively. The decrease was attributable to less food and beverage items consumed during the period.

Employee benefit expenses for the three months ended March 31, 2019 amounted to ₱982.8 million, as compared to ₱846.0 million for the three months ended March 31, 2018. The increase was primarily due to general wage inflation.

Depreciation and amortization for the three months ended March 31, 2019 and 2018 amounted to ₱1,046.2 million and ₱1,004.9 million, respectively. The increase was primarily due to the depreciation of right-of-use assets upon the adoption of New Leases Standard.

Other expenses for the three months ended March 31, 2019 amounted to ₱1,556.1 million, as compared to ₱1,422.1 million for the three months ended March 31, 2018. The increase was mainly due to a higher net loss on disposals of property and equipment. Refer to Note 11 to the unaudited condensed consolidated financial statements for details.

Payments to the Philippine Parties represented the agreed-upon payments to PLAI calculated in accordance with the Operating Agreement and related supplementary agreements. The increase was primarily due to higher sharing of gaming results to the Philippine Parties based on the agreed calculation terms during the period.

Non-operating expenses, net

Interest income was ₱5.2 million for the three months ended March 31, 2019 as compared to ₱11.9 million for the three months ended March 31, 2018. The decrease was due to less deposits being placed with the bank during the three months ended March 31, 2019 compared to the same period in 2018.

Interest expenses (net of capitalized interest) were ₱542.8 million for the three months ended March 31, 2019 as compared to ₱631.5 million for the three months ended March 31, 2018. The decrease was primarily due to cessation of interest expenses on the Senior Notes upon the full redemptions thereof in October 2017, August 2018 and December 2018, respectively. This was partially offset by the interest expenses on the lease liabilities upon the adoption of the New Leases Standard.

Other finance fees amounted to ₱6.0 million for the three months ended March 31, 2018. We incurred nil other finance fees for the three months ended March 31, 2019 upon full redemptions of the Senior Notes in 2018.

The net foreign exchange loss was ₱13.0 million for the three months ended March 31, 2019 as compared to a net foreign exchange gain of ₱139.6 million for the three months ended March 31, 2018, mainly arose from the translation of foreign currency denominated bank balances and payables at the period-end closing rate as a result of the Philippine peso's depreciation against the H.K. dollar and the U.S. dollar during the period ended March 31, 2019 and 2018.

Income tax credit (expense)

The income tax credit (expense) for the three months ended March 31, 2019 and 2018 primarily represented the deferred tax credit (charge) arising from net unrealized foreign exchange (losses) gains.

Net profit

As a result of the foregoing, the Group had a net profit of ₱286.8 million for the three months ended March 31, 2019, as compared to a net profit of ₱532.0 million for the three months ended March 31, 2018.

Adjusted EBITDA

Adjusted EBITDA is earnings before interest, taxes, depreciation, amortization, payments to the Philippine Parties, land rent to Belle, share-based compensation, corporate expenses, property charges and other and other non-operating income and expenses. Adjusted EBITDAs were ₱3,179.2 million and ₱3,041.7 million for the three months ended March 31, 2019 and 2018, respectively.

Our management uses Adjusted EBITDA to measure the operating performance of City of Dreams Manila, and to compare the operating performance of our property with those of our competitors. Adjusted EBITDA is also presented as a supplemental disclosure because management believes it is widely used to measure performance and as a basis for valuation of gaming companies. Our management also uses Adjusted EBITDA because it is used by some investors as a way to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. Gaming companies have historically reported similar measures as a supplement to financial measures in accordance with generally accepted accounting principles. However, Adjusted EBITDA should not be considered in isolation, construed as an alternative to profit or operating profit, treated as an indicator of our PFRS operating performance, other operating operations or cash flow data, or interpreted as an alternative to cash flow as a measure of liquidity. Adjusted EBITDA presented in this quarterly report may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors. While our management believes these figures may provide useful additional information to investors when considered in conjunction with our financial statements and other information in this quarterly report, less reliance should be placed on Adjusted EBITDA as a measure in assessing our overall financial performance.

Trends, Events or Uncertainties Affecting Recurring Revenues and Profits

The Group is exposed to a number of trends, events and uncertainties, which can affect its recurring revenues and profits. These include levels of general economic activity, political stability, market competition, possibilities of any natural disasters , terrorists or other armed or arson attacks, legal and license terms compliance, tax rates, as well as certain cost items, such as operating costs, labor, fuel and power. The Group collects revenues and pay expenses in various currencies and the appreciation and depreciation of other major currencies against the Philippine peso may have a negative impact on the Group's reported levels of revenues and profits.

Financial Condition and Balance Sheet

The consolidated balance sheet of the Group as of March 31, 2019, with variances against December 31, 2018 is as set out below.

(in thousands of Philippine peso, except % change data)						
			VERTICAL ANALYSIS		HORIZONTAL ANALYSIS	
	March 31,	December 31,	% to Total Assets		Change	
ASSETS	**2019**	**2018**	**2019**	**2018**		
Current assets						
Cash and cash equivalents	7,644,084	6,808,712	22%	21%	835,372	12%
Restricted cash	739,041	867,591	2%	3%	(128,550)	-15%
Accounts receivable, net	1,331,143	1,476,364	4%	4%	(145,221)	-10%
Inventories	301,450	310,132	1%	1%	(8,682)	-3%
Prepayments and other current assets(1)	455,284	413,542	1%	1%	41,742	10%
Amounts due from related parties	147,360	139,564	0%	0%	7,796	6%
Income tax recoverable	113	38	0%	0%	75	197%
Total current assets	10,618,475	10,015,943	31%	30%	602,532	6%
Non-current assets						
Property and equipment, net(1)	10,709,886	20,359,266	31%	61%	(9,649,380)	-47%
Right-of-use assets, net(1)	10,464,583	-	31%	0%	10,464,583	N/A
Contract acquisition costs, net	746,663	759,687	2%	2%	(13,024)	-2%
Other non-current assets(1)	1,560,906	2,021,866	5%	6%	(460,960)	-23%
Total non-current assets	23,482,038	23,140,819	69%	70%	341,219	1%
Total assets	**34,100,513**	**33,156,762**	100%	100%	943,751	3%
LIABILITIES AND EQUITY						
Current liabilities						
Accounts payable	117,431	151,145	0%	0%	(33,714)	-22%
Accrued expenses, other payables and other current liabilities(1)	8,400,743	8,985,142	25%	27%	(584,399)	-7%
Current portion of lease liabilities(1)	2,023,547	1,824,898	6%	6%	198,649	11%
Amounts due to related parties	230,416	186,880	1%	1%	43,536	23%
Total current liabilities	10,772,137	11,148,065	32%	34%	(375,928)	-3%
Non-current liabilities						
Non-current portion of lease liabilities(1)	14,650,968	13,358,923	43%	40%	1,292,045	10%
Retirement liabilities	80,567	74,065	0%	0%	6,502	9%
Other non-current liabilities(1)	20,884	296,133	0%	1%	(275,249)	-93%
Deferred tax liability, net	174,247	180,786	1%	1%	(6,539)	-4%
Total non-current liabilities	14,926,666	13,909,907	44%	42%	1,016,759	7%
Equity						
Capital stock	5,687,271	5,687,271	17%	17%	-	0%
Additional paid-in capital	22,259,788	22,259,788	65%	67%	-	0%
Share-based compensation reserve	243,212	228,972	1%	1%	14,240	6%
Equity reserve	(3,613,990)	(3,613,990)	-11%	-11%	-	0%
Accumulated deficit	(16,174,571)	(16,463,251)	-47%	-50%	288,680	-2%
Total equity	8,401,710	8,098,790	25%	24%	302,920	4%
Total liabilities and equity	**34,100,513**	**33,156,762**	100%	100%	943,751	3%

Current assets

Cash and cash equivalents increased by ₱835.4 million primarily as a net result of operating cash inflows, net of payments made for capital expenditures and payments of lease liabilities. Refer below to "Liquidity and Capital Sources" for cash flow analysis for the three months ended March 31, 2019.

Restricted cash represents an escrow account that is restricted for government required foundation fees payable in accordance with the terms of the Regular License. The decrease primarily represented the release of funds to foundation, partially offset by the contribution made during the period.

Accounts receivable, net, primarily attributable to casino, hotels and other receivables, decreased by ₱145.2 million, primarily from decreased casino receivables, in line with the decrease in gross gaming revenues. Refer to Note 5 to the unaudited condensed consolidated financial statements for the details of accounts receivable as of March 31, 2019.

Inventories of ₱301.5 million mainly consisted of gaming inventories, retail merchandise, food and beverage items and certain operating supplies. The decrease was primarily due to consumption of promotional inventories as well as food and beverage inventories held during the current period.

Prepayments and other current assets increased by ₱41.7 million, primarily due to increases in prepaid office and administrative expenses of ₱64.8 million mainly pertaining to prepaid annual insurance premiums and related fees during the quarter; partially offset by the derecognition of prepayments related to previous operating leases of ₱24.5 million as a result of the adoption of the New Leases Standard.

Amounts due from related parties increased by ₱7.8 million, mainly due to payments made on behalf of affiliated companies, partially offset with management fee expenses recharged from an intermediate holding company during the period.

Non-current assets

Property and equipment, net, decreased by ₱9,649.4 million, mainly due to (i) the reclassification of the lease asset of ₱9,249.6 million recognized previously under a finance lease to right-of-use assets as a result of the adoption of the New Leases Standard; (ii) depreciation of ₱840.3 million for the period; (iii) a disposal of ₱174.5 million during the period; which was partially offset by additions to property and equipment of ₱664.9 million.

Right-of-use assets, net, represented the recognition of leased assets as a result of the adoption of the New Leases Standard. Refer to Note 3 to the unaudited condensed consolidated financial statements (Appendix III) for the adoption of the New Leases Standard.

Contract acquisition costs, net, decreased by ₱13.0 million, solely due to amortization charges for the three months ended March 31, 2019.

Other non-current assets decreased by ₱461.0 million, primarily due to decrease in (i) deposits for acquisitions of property and equipment of ₱358.3 million; (ii) the derecognition of prepayments and other assets related to previous operating leases of ₱161.3 million as a result of the adoption of the New Leases Standard, partially offset by increase in (iii) security and other deposits of ₱16.6 million; (iv) others of ₱36.6 million and (v) input value-added tax, net of ₱5.4 million. Refer to Note 7 to the unaudited condensed consolidated financial statements for details.

Current liabilities

Accounts payable of ₱117.4 million represented payables to suppliers for products and services such as playing cards and marketing. The decrease in the balance was due to settlements made to suppliers during the quarter.

Accrued expenses, other payables and other current liabilities decreased by ₱584.4 million, mainly related to decreases in (i) employee benefit expenses of ₱311.5 million primarily as a result of 2018 bonus payouts; (ii) accruals for gaming tax and license fees of ₱241.8 million as a result of decreased gross gaming revenues; (iii) outstanding gaming chips and tokens of ₱129.2 million; (iv) accruals for property and equipment of ₱97.3 million; (v) accruals for withholding tax payable of ₱40.4 million; (vi) accruals for taxes and licenses of ₱19.0 million; partially offset by increases in (vii) payments to the Philippine Parties of ₱118.0 million; (viii) accruals for operating and other expenses of ₱80.1 million; (ix) advance customer deposits and ticket sales of ₱41.6 million; and (x) other payables and liabilities of ₱15.2 million. Refer to Note 8 to the unaudited condensed consolidated financial statements for details.

Current portion of lease liabilities represented lease payments due within one year. The increase of ₱198.6 million during the period was mainly due to the adoption of the New leases Standard as well as the lease charges recognized for the current period, partially offset by lease payments made during the period. Refer to Note 3 of the unaudited condensed consolidated financial statements for details of the adoption of the New Leases Standard.

Amounts due to related companies increased by ₱43.5 million primarily as a result of management fees recharged from affiliate companies during the quarter, partially offset by the settlement of balances outstanding during the period. Refer to Note 12 to the unaudited condensed consolidated financial statements for details of related party transactions for the three months ended March 31, 2019.

Non-current liabilities

Non-current portion of lease liabilities represented lease payments due beyond one year. The increase of ₱1,292.0 million during the period was mainly due to the adoption of the New Leases Standard as well as the lease charges recognized for the current period. Refer to Note 3 unaudited condensed consolidated financial statements for details of the adoption of the New Leases Standard.

Retirement liabilities increased by ₱6.5 million primarily due to such service costs recognized during the period.

Other non-current liabilities represented retail tenant deposits and other liabilities which are due beyond one year. The decrease was primarily due to the derecognition of deferred rent liabilities upon the adoption of the New Leases Standard.

Deferred tax liability, net, mainly represented deferred tax charges on net unrealized foreign exchange gains. No material fluctuations were noted for the period.

Equity

Capital stock and additional paid-in capital remained unchanged as of March 31, 2019 and December 31, 2018.

The share-based compensation reserve increased by ₱14.2 million mainly due to the recognition of share-based payment expenses during the three months ended March 31, 2019.

The equity reserve consisted of the net difference between the cost of MRP to acquire MPHIL Holdings Group and the legal capital of the latter at the date of reverse acquisition, plus the retained earnings of MRP as of December 19, 2012, the date when MRP was acquired by Melco. The amount remained unchanged as of March 31, 2019 as compared to December 31, 2018.

The deficit decreased by ₱288.7 million to ₱16,174.6 million as of March 31, 2019, from ₱16,463.3 million as of December 31, 2018, which was primarily due to the net profit of ₱286.8 million recognized during the three months ended March 31, 2019.

Liquidity and Capital Sources

The table below shows the Group's unaudited condensed consolidated cash flows for the three months ended March 31, 2019 and 2018.

	For the Three Months Ended March 31, 2019	**For the Three Months Ended March 31, 2018**	**% Change**
In thousands of Philippine peso, except % change data			
Net cash provided by operating activities	1,663,833	1,759,440	**-5%**
Net cash used in investing activities	(250,786)	(233,263)	**8%**
Cash used in financing activities	(544,236)	(586,561)	**-7%**
Effect of foreign exchange on cash and cash equivalents	(33,439)	156,794	**-121%**
Net increase in cash and cash equivalents	835,372	1,096,410	**-24%**
Cash and cash equivalents at beginning of period	6,808,712	6,332,581	**8%**
Cash and cash equivalents at end of period	7,644,084	7,428,991	**3%**

Cash and cash equivalents increased by 12% as of March 31, 2019 compared to December 31, 2018 mainly due to the net effect of the following:

- For the three months ended March 31, 2019, the Group recorded cash flow from operating activities of

₱1,663.8 million primarily attributable to the operating performance at City of Dreams Manila as discussed in the aforesaid sections.

- Net cash used in investing activities amounted to ₱250.8 million for the three months ended March 31, 2019, which primarily included: (i) capital expenditure payments of ₱208.2 million; (ii) deposits for acquisitions of property and equipment of ₱141.8 million; (iii) payments for acquisitions of right-of-use assets of ₱14.8 million; (iv) payments for other non-current assets of ₱14.6 million; partially offset by (v) a decrease in restricted cash of ₱128.6 million for the foundation fees payable.

- Cash used in financing activities for the three months ended March 31, 2019 mainly represented payments of lease liabilities of ₱536.0 million.

The table below shows the Group's capital sources as of March 31, 2019 and December 31, 2018.

	As of March 31, 2019	**As of December 31, 2018**	**% Change**
In thousands of Philippine peso, except % change data			
Equity	8,401,710	8,098,790	**4%**

Total equity increased by 4% to ₱8,401.7 million as of March 31, 2019, from ₱8,098.8 million as of December 31, 2018. The increase was mainly due to the net profit of ₱286.8 million during the three months ended March 31, 2019.

Risks Related to Financial Instruments

The Group has financial assets and financial liabilities such as cash and cash equivalents, restricted cash, accounts receivable, security deposits, other deposits and receivables, amounts due from/to related parties, accounts payable, accrued expenses, other payables and other current liabilities, leases liabilities and other non-current liabilities, which arise directly from its operations.

The main risks arising from the Group's financial instruments as of and for the three months ended March 31, 2019 are interest rate risk, credit risk, liquidity risk and foreign exchange risk. Management reviews and approves policies for managing each of these risks.

Other Financing and Liquidity Matters

We may obtain financing in the form of, among other things, equity or debt, including additional bank loans or high yield, mezzanine or other debt, or rely on our operating cash flows to fund the operations of City of Dreams Manila. We are a growing company with significant financial needs. We expect to have additional capital expenditures in the future as we continue to develop City of Dreams Manila.

We have relied and intend in the future to rely on our operating cash flows and different forms of financing to meet our funding needs, as the case may be.

The timing of any future debt and/or equity financing activities will be dependent on our funding needs, the availability of funds on terms acceptable to us, and prevailing market conditions. We may carry out activities from time to time to strengthen our financial position and ability to better fund our business expansion. Such activities may include monetizing assets, issuance of stock, sale and lease-back transactions or other similar activities.

Any other future developments may be subject to further financing and a number of other factors many of which are beyond our control.

As of March 31, 2019, we had a shareholder loan facility of US$340.0 million and a bank credit facility of ₱2,350.0 million remains available for future drawdowns, subject to certain conditions precedent.

As of March 31, 2019, we had capital commitments contracted for, but not provided, mainly for the acquisitions of property and equipment for City of Dreams Manila totaling ₱1,196.7 million.

There were no material off-balance sheet transactions, arrangements, obligations or other relationships of the Group with unconsolidated entities or other persons that the Group is aware of during the reporting period.

Other Financial Information

Aging of Accounts Receivable

The aging analysis of accounts receivable of the Group, presented based on payment due dates is as follows:

In thousands of Philippine peso	**As of March 31, 2019**
Current	1,206,266
Past due:	
1-30 days	104,419
31-60 days	213
61-90 days	25
Over 90 days	20,220
Total	1,331,143

4. Business Development and Corporate History

The Company was incorporated and registered as Interphil Laboratories, Inc. with the SEC on November 6, 1974. The name of Interphil Laboratories, Inc. was changed to Manchester International Holdings Unlimited Corporation on July 10, 2008, and approved by the SEC on November 21, 2008.

On February 19, 2013, the shareholders of MRP approved the declassification of the ₱900 million authorized capital stock of MRP, consisting of 60% Class A shares and 40% Class B shares to a single class of common stock, the denial of pre-emptive rights, and the increase in MRP's authorized capital stock from ₱900 million divided into 900 million shares to ₱5.9 billion divided into 5.9 billion shares with a par value of ₱1.00 per share.

On March 5, 2013, the SEC approved the declassification of the capital stock of MRP to a single class of common stock and the denial of pre-emptive rights. On April 8, 2013, the SEC also approved the increase in authorized share capital stock of MRP.

On March 5, 2013, the SEC approved the amendments to the articles of incorporation of the Company for the change of its corporate name from Manchester International Holdings Unlimited Corporation to Melco Crown (Philippines) Resorts Corporation and its registered office address from Canlubang Industrial Estate, Bo. Pittland, Cabuyao, Laguna to 10th Floor, Liberty Center, 104 H.V. dela Costa St., Salcedo Village, Makati City, which were approved by the shareholders of MCP on February 19, 2013.

On March 20, 2013, MRP entered into a subscription and share sale agreement (the "Subscription and Share Sale Agreement") with MCO Investments, formerly MCE (Philippines) Investments Limited, under which MCO Investments subscribed for 2,846,595,000 common shares of MRP with a par value of ₱1.00 per share at a total consideration of ₱2,846,595,000.00 (the "Share Subscription Transaction"). The Share Subscription Transaction, which was subject to the SEC's approval for the increase in MRP's authorized capital stock as mentioned above, was completed on April 8, 2013.

On April 24, 2013, MRP and MCO Investments completed a placing and subscription transaction (the "Placing and Subscription Transaction"), under which MCO Investments offered and sold in a private placement to various institutional investors 981,183,700 common shares of MRP with a par value of ₱1.00 per share, at the offer price of ₱14.00 per share (the "Offer") with an over-allotment option (the "Over-allotment Option") of up to 117,075,000 common shares of MRP with a par value of ₱1.00 per share, at the offer price of ₱14.00 per share granted to a stabilizing agent (the "Stabilizing Agent"). On May 23, 2013, the Stabilizing Agent exercised the Over-allotment Option and subscribed to 36,024,600 common shares of MRP. MCO Investments then used the proceeds from the Offer and Over-allotment Option to subscribe to an equivalent number of common shares of MRP at the subscription price of ₱14.00 per share.

On June 24, 2014, MRP and MCO Investments completed the 2014 Placing and Subscription Transaction, whereby MCO Investments sold 485,177,000 shares of MRP with a par value of ₱1.00 per share, at an offer price of ₱11.30 per share (the "2014 Offer") in a private placement to various institutional investors. MCO Investments then used the proceeds from the 2014 Offer to subscribe to an equivalent number of shares of MRP at a subscription price of ₱11.30 per share.

On November 23, 2015, MCO Investments subscribed to an additional 693,500,000 common shares of MRP, with a par value of ₱1.00 per share, at a subscription price of ₱3.90 per share, or a total subscription price of ₱2,704,650,000.00.

As of December 31, 2015, and immediately before the Shares Repurchase Transaction as described below, the ultimate holding company of MRP was Melco, formerly Melco Crown Entertainment Limited, a company incorporated in the Cayman Islands with its American Depositary Shares traded on the NASDAQ Global Select Market in the United States of America. Melco, in turn, is majority held, through wholly-owned subsidiaries, by Melco International, a Hong Kong-listed company, and Crown Resorts Limited ("**Crown**"), an Australian-listed corporation.

In May 2016, due to the completion of a Shares Repurchase Transaction by Melco from a subsidiary of Crown followed by the cancellation of such shares and with certain changes in the composition of the board of directors of Melco (the "**Shares Repurchase Transaction**"), Melco became one of the

Company’s intermediate holding companies and Melco International became the Company’s ultimate holding company.

On February 1, 2017 and April 7, 2017, the Board of Directors and stockholders of the Company, respectively, approved the change of the Company’s name to Melco Resorts and Entertainment (Philippines) Corporation. On May 19, 2017, the SEC approved the change in the corporate name of the Company.

On February 16, 2017, Melco International completed further acquisition of shares of Melco from Crown and as a result, Melco International became the single largest shareholder of Melco and the Company’s ultimate holding company for all purposes.

As of December 31, 2018 and 2017, the Company's ultimate holding company is Melco International and Melco became one of the Company's intermediate holding companies due to the Shares Repurchase Transaction as mentioned above.

On October 31, 2018, MCO Investments conducted a voluntary tender offer (the “Tender Offer”) for up to One Billion Five Hundred Sixty Nine Million Seven Hundred Eighty Six Thousand Seven Hundred Sixty Eight (1,569,786,768) outstanding common shares of the Company held by the public, at a price of ₱7.25 per share, for the purpose of increasing and consolidating its interests in MRP.

The Tender Offer ended on November 29, 2018 and the total tendered shares, amounting to 1,338,477,668 common shares of MRP, were crossed over the facilities of the Philippine Stock Exchange on December 10, 2018. An additional 107,475,300 shares were acquired by MCO Investments on or after December 6, 2018. As a result, MCO Investments became the owner, directly and indirectly through MPHIL Corporation of a total of 5,570,233,532 common shares of MRP.

As of December 31, 2018, Melco, through its subsidiaries, MCO Investments and MPHIL, held an indirect ownership in MRP of 97.94%.

The Company is principally engaged in acquiring investments and securities and was further authorized to provide financing to its group companies, as approved by the SEC on July 25, 2013. The primary purpose of its subsidiary, Melco Resorts Leisure, is to develop and operate tourist facilities, including hotel casino entertainment complexes with hotel, retail and amusement areas and themed development components and to engage in casino gaming activities.

Bankruptcy, Receivership or Similar Proceedings

None for any of the companies above.

Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (Not Ordinary)

None for any of the companies above.

Basis of Preparation of Financial and Non-financial Information

On March 20, 2013, pursuant to the terms of the Subscription and Share Sale Agreement, MRP entered into a deed of assignment with MCO Investments under which MRP acquired all equity interests of MCO Investments in MPHIL Holdings No. 1 consisting of 147,894,500 issued and outstanding common shares with a par value of ₱1.00 per share as of March 20, 2013, at a consideration of ₱7,198,590,000.00 (the “**Asset Acquisition Transaction**”). MPHIL Holdings No. 1 holds 100% direct ownership interests in MPHIL Holdings No. 2, which in turn holds 100% direct ownership interests in Melco Resorts Leisure. As a result of the Asset Acquisition Transaction, MPHIL Holdings Group became wholly-owned subsidiaries of MRP.

Because MRP did not meet the definition of a business, the MPHIL Holdings Group was deemed to be the accounting acquirer for accounting purposes. The acquisition was accounted for similar to a reverse acquisition following the guidance provided by PFRS. In a reverse acquisition, the legal parent, MRP is identified as the acquiree for accounting purposes because based on the substance of the transaction, the legal subsidiary, MPHIL Holdings Group is adjudged to be the entity that gained control over the legal parent. Accordingly, the consolidated financial statements of MRP have been prepared as a continuation of the financial statements of the MPHIL Holdings Group. The MPHIL Holdings Group has accounted for the acquisition of MRP on December 19, 2012, which was the date when Melco, through MCO Investments and MPHIL, acquired control of MRP.

5. Market Price of and Dividends on Issuer's Common Equity and Related Stockholder Matters

Market Information. All of the Company's issued shares are listed and traded on the PSE. The following table indicates the high and low trading prices of the Company's shares in the PSE for the fiscal year 2017, 2018 and the first quarter of 2019.

		HIGH	LOW
2019			
	First Quarter*	0	0
2018			
	First Quarter	9.27	7.20
	Second Quarter	8.19	5.09
	Third Quarter	7.70	5.02
	Fourth Quarter	7.29	6.50
2017			
	First Quarter	6.85	3.75
	Second Quarter	10.26	6.03
	Third Quarter	9.50	7.20
	Fourth Quarter	7.97	5.85

*Trading of MRP shares was suspended on December 10, 2018.

Shareholders. The Company has a single class of common shares. As of March 31, 2019:

(a) the percentage ownership of stockholders of record of the total outstanding shares of the Company was 0.31% Filipino and 99.69% Foreign;
(b) the number of shares outstanding of the Company is 5,687,270,800; and
(c) the number of shareholders of the Company is 1,227.

The following are the Company's top 20 shareholders as of March 31, 2019:

	NAME	NO. OF SHARES HELD	% TO TOTAL OUTSTANDING SHARES
1	PCD Nominee Corporation (Non-Filipino)*	5,655,123,888	99.43%
2	PCD Nominee Corporation (Filipino)	6,285,635	00.11%
3	Anchorvale Resources Limited	5,650,000	00.10%
4	SCB DBS Vickers Secs (S) Ltd.	3,476,200	00.06%
5	SCB OBO BPSS Singapore Branch	3,070,600	00.05%
6	Tomas D. Santos	1,550,000	00.03%
7	Ching Fong Yip	722,600	00.01%
8	SCB OBO Goldman Sachs & Co. LLC	600,000	00.01%
9	Wealth Securities, Inc.	586,727	00.01%
10	SCB OBO Aizawa Securities Co. Ltd.	385,100	00.01%
11	Gabaldon, Edward T. &/or Gabaldon, Nenita A. &/or Gabaldon Nicole &/or Gabaldon	375,000	00.01%
12	G.D. Tan & Co., Inc.	331,000	00.01%
13	Susana Cheng Fong	318,750	00.01%

14	John L. Yap and/or Evelyn G. Yap	300,000	00.01%
15	Wesley L. Santos	263,300	00.00%
16	Eastern Securities Dev't Corp.	220,850	00.00%
17	Charles Cu Lim	193,000	00.00%
18	Edson J. Abella or Windeline I. Teh	190,000	00.00%
19	Victor Sy	187,500	00.00%
20	Lumen Tiaoqui	150,000	00.00%
	TOTAL	**5,679,980,150**	**99.87%**

* Includes the 5,396,393,164 shares of MCO Investments and 173,837,068 shares of MPHIL lodged with the Philippine Depository and Trust Corporation.

Dividends Per Share. No dividend was declared for the year ended December 31, 2018.

Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction.

Pursuant to the Subscription and Share Sale Agreement, on March 20, 2013, the Company issued and MCO Investments subscribed to 2,846,595,000 common shares at the subscription price per share equivalent to the par value of ₱1.00 per share out of the increase in authorized capital stock of the Company from ₱900 million divided into 900 million shares to ₱5.9 billion divided into 5.9 billion shares, which increase in capital stock was approved by the SEC on April 8, 2013. The subscription of shares pursuant to an increase in capital stock is an exempt transaction under section 10.1 (i) of the SRC.

Furthermore, pursuant to the Placing and Subscription Transaction, on April 24, 2013, a total of 981,183,700 shares of stock were offered and sold by MCO Investments by way of a private placement to various institutional investors, including the grant of the Over-allotment Option of up to 117,075,000 shares to the Stabilizing Agent. MCO Investments then used the proceeds of the placing transaction to subscribe to an equivalent number of 981,183,700 shares in the Company. The Stabilizing Agent exercised the Over-allotment Option on May 23, 2013 and subscribed to 36,024,600 common shares of MRP. MCO Investments then used the proceeds from the Over-allotment Option to subscribe to an equivalent number of 36,024,600 shares of the Company. The offer and the subscription of new shares as a result of the Placing and Subscription Transaction is an exempt transaction under section 10.1 (k) and (l) of the SRC.

On February 19, 2013, MRP's shareholders approved the Plan to grant shares and options to qualified employees, directors, officers and other qualified persons at an exercise price and vesting periods to be determined by the Compensation Committee of the Board of Directors. On April 12, 2013, the SEC resolved that the issuance of the 131,578,947 common shares under the Plan was exempt from registration requirements under section 10.2 of the SRC.

On June 21, 2013, MRP's shareholders approved the amendment of the SIP made in order to comply with the relevant provisions of the HKLR since Melco, an affiliate of the Company, is listed on HKSE. The amendments include, but not limited to, additional provisions for compliance with HKLR requirements (i) when awards are granted to "connected persons" (as such term is defined under HKLR); and (ii) on restriction on timing of grant of awards. On June 24, 2013, additional 44,214,138 common shares were granted exemption from registration by the SEC under section 10.2 of the SRC. On May 18, 2015, the shareholders of MRP approved the further amendment of the SIP to remove HKLR compliance provisions as a result of the delisting of Melco from HKSE, which was submitted to the SEC for approval. Prior to the said SEC approval, the SIP was again amended to reincorporate the HKLR compliance provisions following the consolidation of MRP into the group of Melco International as its subsidiary for accounting and listing rules purposes. The amendments were approved by MRP's shareholders on December 5, 2016 and by the SEC on March 14, 2017.

On June 28, 2013, 181,239,503 underlying shares related to shares and options under the SIP were granted, and MRP has filed a request for exemption for the issuance of the additional 5,446,418 common shares. On August 12, 2013, additional 5,446,418 common shares were granted exemption from registration by the SEC under section 10.2 of the SRC.

On April 22, 2014, the Board of Directors of MRP approved the issuance of an additional 13,585,772 shares to eligible employees, directors, officers and other qualified persons under the Company's SIP. On May 30, 2014, the SEC resolved that the issuance of the 13,585,772 common shares under the Plan was exempt from registration requirements under section 10.2 of the SRC.

On June 24, 2014, MRP and MCO Investments completed the 2014 Placing and Subscription Transaction, where a total of 485,177,000 shares of MRP were offered and sold by MCO Investments by way of a private placement to various institutional investors. MCO Investments then used the proceeds of the placing transaction to subscribe to an equivalent number of 485,177,000 shares in MRP. The offer and the subscription of new shares as a result of the 2014 Placing and Subscription Transaction is an exempt transaction under sections 10.1 (k) and (l) of the SRC.

On August 25, 2015, the Board approved the issuance of an additional 45,000,000 shares to eligible employees, consultants and directors of the Company, its parent and subsidiaries under the Company's SIP. The SEC approved the issuance of such additional shares on September 29, 2015.

In view of the potential delisting of MRP, it is expected that no further equity awards will be granted under the SIP. In addition, MRP intends to retire all outstanding awards under the SIP, including the unvested MRP restricted shares and both the unvested and vested but unexercised MRP share options by the payment of cash to the relevant grantees.

On November 19, 2015, the Board of Directors of the Company approved the subscription by MCO Investments, and MCO Investments subscribed, to an additional 693,500,000 common shares of MRP, with a par value of ₱1.00 per share, at a subscription price of ₱3.90 per share, or a total subscription price of ₱2,704,650,000. The issuance of the additional shares as a result of the subscription is an exempt transaction under section 10.1 (k) of the SRC.

6. Discussion on Compliance with Leading Practice on Corporate Governance

The Company has adopted a Manual of Corporate Governance ("**Manual**") which was filed with and duly approved by the SEC. In accordance with the provisions of the Manual, the Company performs an annual assessment of the compliance of its Board of Directors with the provisions of the Manual. In addition, the Company regularly updates its Annual Corporate Governance Report as required by the SEC.

The Company requires its directors and management to attend and participate in training programs and seminars on good corporate governance, to keep themselves abreast with the leading practices on the matter.

7. Undertaking to Provide Annual Report

The Company undertakes to provide each stockholder, without charge, with a copy of its Annual Report upon written request to the Company addressed to the attention of Marie Grace A. Santos, Corporate Secretary, City of Dreams Manila, Asean Avenue cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701.

PART II

PROXY

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION
(CORPORATE STOCKHOLDERS)

_____________________________ (the "**Principal**") hereby nominates, constitutes, and appoints _____________________________ (the "**Proxy**") as proxy, to represent the Principal and vote ____________ common shares of the capital stock of MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION (the "**Corporation**") registered in the Principal's name as proxy of the Principal, at the Annual Stockholders' Meeting on June 24, 2019 at 2:30 p.m. at City of Dreams Manila, Asean Avenue cor. Roxas Boulevard, Brgy. Tambo, Parañaque City, 1701 Philippines, and at any adjournments thereof, for the purpose of acting on the following matters:

1. Approval of the Minutes of the Stockholders' Meeting held on June 13, 2018
   ❑ Yes ❑ No ❑ Abstain

2. Approval of the Audited Financial Statements of the Corporation for the Year Ended December 31, 2018
   ❑ Yes ❑ No ❑ Abstain

3. Election of the Members of the Board of Directors

	No. of Votes
Clarence Yuk Man Chung	____________
Geoffrey Stuart Davis	____________
Alec Yiu Wa Tsui (Independent)	____________
John William Crawford (Independent)	____________
Frances Marie T. Yuyucheng	____________
Johann M. Albano	____________
Jose Maria B. Poe III (Independent)	____________
Maria Marcelina O. Cruzana	____________
Liberty A. Sambua	____________
___________________________________	____________
___________________________________	____________

4. Appointment of External Auditor
   ❑ Yes ❑ No ❑ Abstain

5. Ratification of Actions Taken by the Board of Directors and Officers Since the Annual Stockholders' Meeting Held on June 13, 2018
   ❑ Yes ❑ No ❑ Abstain

6. Approval of the Further Amendment to the Amended Articles of Incorporation
   ❑ Yes ❑ No ❑ Abstain

7. At the Proxy's discretion, the Proxy is authorized to vote upon such other matters that may properly be brought before the stockholders
   ❑ Yes ❑ No

The Proxy is hereby designated to do and perform every legal act and thing whatever requisite or necessary to be done in and about the premises as fully to all intents and purposes as the Principal might or could lawfully do, and confirm all that the Proxy shall lawfully do or cause to be done by virtue hereof.

____
Name of Corporate Stockholder

By: _____________________________________
Name:
Position:

PROXY

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION
(INDIVIDUAL STOCKHOLDER)

I, ____________________________, of legal age, and with address at ____, being a stockholder of ________________ common shares (the "**Shares**") of the capital stock of MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION (the "**Corporation**"), do hereby name and appoint ____________________________ as my proxy for the Shares, to represent me and vote the Shares at the Annual Stockholders' Meeting on June 24, 2018 at 2:30 p.m. at City of Dreams Manila, Asean Avenue cor. Roxas Boulevard, Brgy. Tambo, Parañaque City, 1701 Philippines, and at any adjournments thereof, for the purpose of acting on the following matters:

1. Approval of the Minutes of the Last Stockholders' Meeting held on June 13, 2018
   ❑ Yes ❑ No ❑ Abstain

2. Approval of the Audited Financial Statements of the Corporation for the Year Ended December 31, 2018
   ❑ Yes ❑ No ❑ Abstain

3. Election of the Members of the Board of Directors

	No. of Votes
Clarence Yuk Man Chung	____________
Geoffrey Stuart Davis	____________
Alec Yiu Wa Tsui (Independent)	____________
John William Crawford (Independent)	____________
Frances Marie T. Yuyucheng	____________
Johann M. Albano	____________
Jose Maria B. Poe III (Independent)	____________
Maria Marcelina O. Cruzana	____________
Liberty A. Sambua	____________
________________________________	____________
________________________________	____________

4. Appointment of External Auditor
   ❑ Yes ❑ No ❑ Abstain

5. Ratification of Actions Taken by the Board of Directors and Officers Since the Annual Stockholders' Meeting Held on June 13, 2018
   ❑ Yes ❑ No ❑ Abstain

6. Approval of the Further Amendment to the Amended Articles of Incorporation
   ❑ Yes ❑ No ❑ Abstain

7. At the Proxy's discretion, the Proxy is authorized to vote upon such other matters that may properly be brought before the stockholders
   ❑ Yes ❑ No

I hereby give and grant unto my said Proxy full power and authority to do and perform every legal act and thing whatever requisite or necessary to be done in and about the premises as fully to all intents and purposes as I might or could lawfully do, and confirm all that my said Proxy shall lawfully do or cause to be done by virtue hereof.

Signed on ______________.

____
Signature of Stockholder over Printed Name

PART III

NOMINATION FORM

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION
(ICORPORATE STOCKHOLDER)

I, ____, of legal age, with address at ____, in my capacity as the Proxy (the "**Proxy**") of ____ (the "**Principal**"), with ___________________________________ (______) common shares (the "**Shares**") of the capital stock of MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION (the "**Corporation**"), do hereby nominate/recommend:

____ as director; and

____ as independent director

of the Corporation for a period of one (1) year from June 24, 2019 to May 31, 2020 or until their successors are duly elected and qualified.

Signed on ____________________________.

____
NAME OF CORPORATE STOCKHOLDER

By: ___________________________________
Signature of the Proxy over Printed Name

NOMINATION FORM

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION
(INDIVIDUAL STOCKHOLDER)

I, ____, of legal age, with address at ____, a stockholder of ___________________________________ (______) common shares (the "**Shares**") of the capital stock of MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION (the "**Corporation**"), do hereby nominate/recommend:

____ as director; and

____ as independent director

of the Corporation for a period of one (1) year from June 24, 2019 to May 31, 2020 or until their successors are duly elected and qualified.

Signed on ___________________________.

____
SIGNATURE OF STOCKHOLDER
OVER PRINTED NAME

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Parañaque City on May 17, 2019.

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION

By:

MARIE GRACE A. SANTOS
Corporate Secretary