ANNEX "A"

CENTURY PROPERTIES GROUP INC.
MANAGEMENT REPORT

FOR THE
2019 ANNUAL MEETING OF STOCKHOLDERS
Pursuant to SRC Rule 20 (4) (A)

BUSINESS OF THE COMPANY

Century Properties Group, Inc., ("CPGI") is one of the leading real estate companies in the Philippines with a 32-year track record. The Company is primarily engaged in the development, marketing, and sale of mid- and high-rise condominiums and single detached homes, leasing of retail and office space, and property management.

As of March 31, 2020, the Company has completed 28 projects, which include the following: 25 residential buildings, consisting of 14,362 units with a total gross floor area (GFA) of 1,147,194 sq.m. (with parking); a retail commercial building with 52,233 sq.m. of GFA (with parking); a medical office building with 74,103 sq.m. of GFA (with parking); an office building with 56,284 sq.m. of GFA (with parking). In addition, the Company has completed a total of 866 homes under its affordable segment. This is in addition to the 19 buildings totaling 4,128 units and 548,262 sq.m. of GFA that were completed prior to 2010 by the founding principals' prior development companies, the Meridien Group of Companies ("Meridien"). Noteworthy developments under Meridien are the Essensa East Forbes and South of Market in Fort Bonifacio, SOHO Central in the Greenfield District of Mandaluyong City, Pacific Place in Ortigas, Le Triomphe, Le Domaine and Le Metropole in Makati City.

Residential Projects	Location	Type	GFA in sq.m. (with parking)	Units	Year Completed
Century City					
Gramercy Residences	Makati City	Residential	121,595	1,432	2012
Knightsbridge Residences	Makati City	Residential	87,717	1,329	2013
Milano Tower	Makati City	Residential	64,304	516	2016
Trump Tower	Makati City	Residential	55,504	267	2017
Subtotal			***329,120***	***3,544***	
Azure Urban Resorts Residences					
Rio	Parañaque City	Residential	42,898	756	2013
Santorini	Parañaque City	Residential	36,126	553	2013
St. Tropez	Parañaque City	Residential	36,260	580	2014
Positano	Parañaque City	Residential	35,164	597	2015
Miami	Parañaque City	Residential	34,954	559	2015
Maui	Parañaque City	Residential	41,235	601	2016
Maldives	Parañaque City	Residential	28,859	385	2017
Boracay	Parañaque City	Residential	27,713	473	2018

Bahamas	Parañaque City	Residential	53,701	851	2019
Subtotal			***336,910***	***5,355***	

Residential Projects	Location	Type	GFA in sq.m. (with parking)	Units	Year Completed
Acqua Private Residences					
Niagara	Mandaluyong City	Residential	33,709	474	2015
Sutherland	Mandaluyong City	Residential	41,705	735	2015
Dettifoss	Mandaluyong City	Residential	36,536	607	2016
Livingstone	Mandaluyong City	Residential	40,251	675	2016
Iguazu	Mandaluyong City	Residential	36,367	492	2018
Subtotal			***188,568***	***2,983***	
The Residences at Commonwealth by Century					
Osmeña West	Quezon City	Residential	14,525	158	2015
Quezon North	Quezon City	Residential	17,760	285	2017
Roxas East	Quezon City	Residential	27,255	389	2017
Osmeña East	Quezon City	Residential	14,089	220	2018
Roxas West	Quezon City	Residential	26,767	500	2019
Subtotal			***100,396***	***1,552***	
Canyon Ranch					
Phase 1 & 2	Carmona, Cavite	Residential	166,896	778	
Moderno	Carmona, Cavite	Residential	25,304	150	
Subtotal			***192,200***	***928***	
Grand Total			**1,147,194**	**14,362**	

Commercial/Office Projects	Location	Type	CFA in sq.m. (with parking)	Units	Year Completed
Century City Mall	Makati City	Retail	52,233	N/A	2013
Centuria Medical Makati	Makati City	Medical Office	74,103	539 (for sale) / 168 (for lease)	2015
Asian Century Center	BGC, Taguig City	Office Building	56,285	55	2018
Total			**182,621**		

Note: Excludes projects completed by Meridien

The Company, through subsidiary Century Properties Management, Inc., ("CPMI") also engages in a wide range of property management services, from facilities management and auction services, to lease and secondary sales. Through CPMI, the Company endeavors to ensure the properties it manages maintain and improve their asset value, and are safe and secure. CPMI manages 50 projects as of December 31, 2019 with 2.44 million sq.m of GFA (with parking) under management. Of the total, 74% of the projects CPMI manages were developed by third-parties. Notable third-party developed projects under management include the One Corporate Center in Ortigas, BPI Buendia Center and Pacific Star Building in Makati City and Philippine National Bank Financial Center in Pasay City.

1.2 SUBSIDIARIES AND ASSOCIATE

Below is the Company's percentage of ownership in its Subsidiaries and Associate as of the filing of this report.

	Percentage of Ownership as of the Filing of the Report	
	Direct	Indirect
Century Communities Corporation (CCC)	100	-
Century City Development Corporation (CCDC)	100	-
Century Limitless Corporation (CLC)	100	-
Century Properties Management Inc. (CPMI)	100	-
PHirst Park Homes, Inc (PPHI)	60	-
Century Destinations and Lifestyle Corp. *(Formerly Century Properties Hotel and Leisure, Inc.)*	100	-
A2Global Inc.	49	-

Century Communities Corporation

CCC, incorporated in 1994, is focused on horizontal house and lot developments. From the conceptualization to the sellout of a project, CCC provides experienced specialists who develop and execute the right strategy to successfully market a project. CCC is the developer of Canyon Ranch, a 25-hectare house and lot development located in Carmona, Cavite.

Century City Development Corporation

CCDC, incorporated in 2006, is focused on developing mixed-use communities that include residences, office and retail properties. CCDC is currently developing Century City, a 3.4-hectare mixed-use development along Kalayaan Avenue in Makati City.

Century Limitless Corporation

CLC, incorporated in 2008, is Century's brand category that focuses on developing high-quality, affordable residential projects. Projects under CLC will cater to first-time home buyers, start-up families and investors seeking safe, secure and convenient homes.

Century Properties Management, Inc.

Incorporated in 1989, CPMI is one of the largest property management companies in the Philippines, as measured by total gross floor area under management. CPMI currently has 46 projects in its portfolio, covering a total gross floor area of 2.58 million sq.m. CPMI has been awarded 18 safety and security distinctions from the Safety Organization of the Philippines.

Century Destinations and Lifestyle Corp. (CDLC)
(Formerly Century Properties Hotel and Leisure, Inc.)

Incorporated in 2014, CPHLI shall operate, conduct and engage in hotel and leisure and related business ventures.

PHirst Park Homes Inc. (PPHI)

PHirst Park Homes Inc., incorporated on August 31, 2018, is the first-home division and brand of CPGI. Its projects are located within the fringes of Metro Manila and its target market are first-time homebuyers. Its current projects are located at Barangay San Lucas in Lipa City and San Pablo, Laguna, which involve a multi-phase horizontal residential property and offer both Townhouse units & Single Attached units. PHirst Park Homes is a joint venture project between Century Properties Group Inc. and Mitsubishi Corporation with a 60-40% shareholding, respectively.

A2Global Inc.

A2Global Inc., an associate incorporated in 2013, is a company where CPGI has a 49% shareholdings stake.

1.3 RECENT TRANSACTIONS

Signing of Memorandum of Agreement with Global Development Corp.

On January 9, 2019 Global Gateway Development Corp. (GGDC) and Century Properties Group, Inc. (CPGI) signed a memorandum of agreement (MOA) to create a Joint Venture (JV) that will develop 2.6 hectares of the 177-hectare Clark Global City into a mix of residential and office buildings. Global Gateway Development Corp. is the owner and developer of Clark Global City. It is a wholly owned subsidiary of Udenna Development (UDEVCO) Corp., the real estate and property development arm of one of the fastest growing holding companies in the Philippines Udenna Corporation.

The MOA provides for mixed use development, i.e. residential and office buildings with support retail establishments. This project will be CPGI's first development in Clark, a former military base currently being transformed into the country's next big metropolis and primed as the answer to Metro Manila's congestion. CPGI is banking on the phenomenal growth of Central Luzon, which has the highest number of occupied housing units; and also Clark, which has emerged as the second largest market for office after Metro Manila.

Situated within the Clark Freeport Zone, the development offers an ideal regulatory, economic and operating environment. It is also poised to benefit from various public infrastructure projects such as the expansion of the Clark International Airport, NLEX-SLEX Connector Road, Subic-Clark Cargo Railway and PNR North Railway.

Launch of Phirst Park Homes, Inc.

On September 20, 2018, Century Properties Group Inc. (CPGI) and the global business enterprise Mitsubishi Corporation launched the newly-formed joint venture company PHirst Park Homes, Inc. (PPHI) at the Shangri-La Hotel in Fort Bonifacio and announced its plans to cater to the broader market of first homebuyers by rolling out 33,000 units in key locations outside of Metro Manila with an estimated sales value of P57 billion. The joint venture company is 60 percent and 40 percent owned by CPG and Mitsubishi, respectively.

PPHI will launch 15 masterplanned communities in Calabarzon and Central Luzon within the next 5 years. These new launches will entail capital expenditures of approximately P28 billion, of which P11 billion will be spent in the first 5 years. The company is also eyeing expansion into the Visayas and Mindanao regions once it has established technical and market scale.

PHirst Park Homes Homes once it has established technical and market scale. Tanza, Cavite, which has already sold out its first phase with 1,200 units valued at approximately Php1.4 billion. In June 2018, the company also launched PHirst Park Homes Lipa, a 20-hectare development in Lipa City, Batangas with 1,867 units valued at Php2.8 billion.

MARKET FOR COMPANY’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The shares of the Company consist solely of common shares, which are presently being traded in the Philippine Stock Exchange, Inc. The high, low and close prices for the shares of the Company for each quarter within the last three (3) fiscal years are as follows:

(in ₱)	2020			2019			2018			2017		
Quarter	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
First quarter	0.38	0.37	0.37	0.54	0.50	0.51	0.49	0.42	0.44	0.49	0.49	0.49
Second quarter	0.38	0.365	0.37	0.61	0.58	0.61	0.53	0.42	0.44	0.53	0.53	0.53
Third quarter	-	-	-	0.54	0.52	0.53	0.48	0.43	0.45	0.48	0.48	0.48
Fourth quarter	-	-	-	0.55	0.53	0.55	0.45	0.38	0.43	0.45	0.45	0.45

The closing price of the Company’s shares of stock as of June 30, 2020 is ₱0.37 per share.

Holders

The number of shareholders of the Company of record as of June 30, 2020 was Four Hundred Ninety-Eight (498). The number of issued and outstanding common shares of the Company as of June 30, 2020 are Eleven Billion Six Hundred Ninety-Nine Million Seven Hundred Twenty-Three Thousand Six Hundred Ninety (11,699,723,690). All shares of the Company are common stock.

The top 20 stockholders as of June 30, 2020 are as follows:

Name	Number of Shares Held	% to Total
CENTURY PROPERTIES, INC.	5,666,119,469	48.430
PCD NOMINEE CORPORATION (FILIPINO)	4,655,220,357	39.789
RICARDO P. CUERVA	214,995,168	1.838
JAIMIE MARIE C. CUERVA	214,995,160	1.838
LOURDES C. CUERVA	214,995,160	1.838
RICARDO C. CUERVA	214,995,160	1.838
PCD NOMINEE CORPORATION (NON-FILIPINO)	174,848,264	1.494
MA. CRISTINA LOUISE C. CUERVA	161,246,370	1.378
TRIVENTURES CONSTRUCTION & MANAGEMENT CORPORATION	119,441,756	1.021
F. YAP SECURITIES, INC.	43,183,755	0.369
QIU NINI	6,800,000	0.058
ERNESTO B. LIM	6,000,000	0.051
PEDRO RIZALDY ALARCON	1,000,000	0.009
GOH WAY SIONG	1,000,000	0.009
ANTONIO A. INDUCTIVO	723,959	0.006
VICTOR S. CHIONGBIAN	688,732	0.006
VICENTE GOQUIOLAY & CO., INC.	395,288	0.003
MAGDALENO B. DELMAR, JR.	361,458	0.003
CRISANTO L. DAPIGRAN	217,000	0.002
ALFRED REITERER	200,000	0.002

FOREIGN EQUITY HOLDERS

As of 30 June 2020, the percentage of the total outstanding capital stock of the Company held by foreigners is 1.576%.

VOTING SHARES

Security Type	Stock Symbol	Number of Foreign-Owned Shares	Number of Local-Owned Shares	Number of Outstanding Voting Shares
Common	CPG	182,848,565	11,416,752,125	11,599,600,690

Foreign Ownership of Outstanding Voting Shares is 1.576%

NON-VOTING SHARES

Security Type	Stock Symbol	Number of Foreign-Owned Shares	Number of Local-Owned Shares	Number of Outstanding Non-Voting Shares
Preferred	CPGP	102,410	29,897,590	30,000,000

Dividends

The Company declares dividends yearly, either through Cash or Stock, to shareholders of record, which are paid from the Company's unrestricted retained earnings.

Below is the summary of CPGI's dividend declaration for fiscal year 2016 until 2019.

Cash Dividends				
Fiscal Year	**Total Amount of Dividends**	**Amount of dividends per share**	**Date of Declaration**	**Date of Payment**
2015	₱205,022,943	0.0177 per share	June 22, 2016	July 20, 2016
2016	₱205,065,834	0.0177 per share	May 22, 2017	June 19, 2017
2017	₱200,000,000	0.0172 per share	June 8, 2018	July 6, 2018
2018	₱137,919,252	0.01189 per share	June 24, 2019	July 23, 2019

CPGI intends to maintain an annual cash dividend payment ratio for the issued and outstanding common shares of the Company of approximately 10% of its consolidated net income from the preceding fiscal year, subject to the requirements of applicable laws and regulations, availability of unrestricted retained earnings and the absence of circumstances which may restrict the payment of such dividends.
The Company declares dividends yearly, either through Cash or Stock, to shareholders of record, which are paid from the Company's unrestricted retained earnings.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Key Performance Indicators / Risks

The Company derives a significant portion of its revenue from Oversea Filipino Workers ("OFWs"), expatriate Filipinos, former Filipino citizens who have returned to the Philippines ("Balikbayans") and other overseas buyers, which exposes the Company to risks relating to the performance of the economies where they are located.

The Company generates a significant portion of its revenues, particularly sales of its affordable and middle-income projects, from OFWs, expatriate Filipinos, Balikbayans and other overseas buyers. A number of factors could reduce the number of OFWs, remittances from OFWs or the purchasing power of expatriate Filipinos, Balikbayans and other overseas buyers. These include:

- a downturn in the economic performance of the countries and regions where a significant number of these potential customers are located, such as the United States, France, Italy, the United Kingdom, Hong Kong, Japan, Korea, Taiwan, Singapore, the United Arab Emirates, Qatar and Bahrain, among others;
- a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines;
- the imposition of Government restrictions on the deployment of OFWs to particular countries or regions, such as the Middle East; and
- restrictions imposed by other countries on the entry or the continued employment of foreign workers.

Any of these events could adversely affect demand for the Company's projects from OFWs, expatriate Filipinos, Balikbayans and other overseas buyers, which could materially and adversely affect its business, financial condition or results of operations.

All of the Company's properties are in the Philippines and it derives a material portion of its revenue s from customers located in the Philippines and, as a result, it is exposed to risks associated with the Philippines including the performance of the Philippine economy.

All of the Company's properties are in the Philippines and it derives a material portion of its revenues from customers located in the Philippines. Accordingly, the Company is significantly influenced by the general state of the Philippine economy. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the peso and the imposition of exchange controls. For companies in the real estate sector, demand for, and prevailing prices of, commercial and residential properties are affected by the strength of the Philippine economy (including overall growth levels and interest rates), the overall levels of business activity in the Philippines and the amount of remittances received from OFWs.

Demand for commercial and residential developments is also affected by social trends and changing spending patterns in the Philippines, which in turn are influenced by economic, political and security conditions in the Philippines. Moreover, extensive construction of condominium and housing units and other factors could lead to the risk of formation of asset bubbles in real estate. The Philippine residential housing industry is cyclical and sensitive to changes in general economic conditions in the Philippines such as levels of employment, consumer confidence and income, availability of financing for property acquisitions, construction and mortgages, interest rate levels, inflation and demand for housing. When the Philippines underwent financial and political crises in the past, demand for real estate dropped and consequently led to an oversupply in the market and reduced demand for new residential projects.

The global financial crises, which resulted in a general slowdown of the global economy, likewise, led to a decline in property sales in the Philippines. If changes in the Philippine property market or the Philippine economy cause a decrease in revenues from the sale of properties, significant expenditures associated with investment in real estate, such as real estate taxes, maintenance costs and debt payments, generally cannot be correspondingly reduced and therefore could materially and adversely affect the Company's business, financial condition and results of operations.

The Company is exposed to geographic portfolio concentration risks.
Properties located in Metro Manila, the commercial capital of the Philippines, account for a substantial portion of the Company's real estate assets. Further, its current projects are primarily located within Metro Manila and, in particular, within relatively short distances from the traditional main business districts of Makati City, Ortigas Center and Fort Bonifacio. Due to the concentration of its property portfolio in Metro Manila, a decrease in property values in Metro Manila would have a material adverse effect on its business, financial condition and results of operations.

Its portfolio of residential real estate property development projects exposes the Company to sector-specific risks.
The Company's business is concentrated in the Philippine residential market. Therefore, reduced levels of economic growth, adverse changes in the country's political or security situation or weak performance of the country's property development market generally could materially and adversely affect its profitability. The Company's results of operations are dependent on the continued success of its development projects. Additionally, the Philippine real estate industry is highly competitive. The Company's projects are largely dependent on the popularity of its development when compared to similar types of developments in similar geographic areas, as well as on its ability to gauge correctly the market for its developments. Important factors that could affect the Company's ability to effectively compete include a development's relative location versus that of its competitors, particularly with regards to proximity to transportation facilities and commercial centers, as well as the quality of the developments and related facilities that it offers, pricing and the overall attractiveness of the development. The Company's inability to develop attractive projects could materially and adversely affect its business, financial conditions and results of operations.

Since the Company operates in a competitive industry, it might not be able to maintain or increase its market share, profitability and ability to acquire land for new projects.
The Company operates in a competitive business environment. The entry of new competitors could also reduce the Company's sales and profit margins. The Company faces significant competition in connection with the acquisition of land for its real estate projects. Its growth depends significantly on its ability to acquire or enter into agreements to develop additional land suitable for its real estate projects. The Company may experience difficulty acquiring land of suitable size in locations and at acceptable prices, particularly land located in and near Metro Manila and in other urban areas in the Philippines. If it is unable to acquire suitable land at acceptable prices or to enter into agreements with joint venture partners to develop suitable land with acceptable returns, its growth prospects could be limited and its business, financial condition and results of operations could be adversely affected

The interests of joint venture partners and landowners for development projects may differ from the interests of the Company and such joint venture partners and landowner may take actions that adversely affect the Company.

The Company entered into joint venture agreements and Contracts to Sell with various parties as part of its overall land acquisition strategy, property development and property management, and intends to continue to do so. Under the terms of the joint venture agreements, the Company is responsible for project development, project sales and project management, while its joint venture partners typically supply the project land. Under the terms of the Contracts to Sell, the Company shall pay the purchase value of the land on staggered basis, and in certain transactions, pay in addition proportionate payments dependent on generated sales.

A joint venture or acquisition of land via Contracts to Sell involve additional risks where the joint venture partners or landowners may have economic or business interests or goals that differ from the Company's. For example, the joint venture partners or landowners may withhold certain key information relating to the land that the Company may not be able to discover after conducting due diligence and such information could affect its right to possess and develop such land. Titles over the land, although already in the name of the joint venture partners or landowners, may still be contested by third parties. The joint venture partners or landowners may also take actions contrary to the Company's instructions or requests, or in direct opposition to its policies or objectives with respect to its investments or with respect to the project land, or dispute the distribution of joint venture shares or instalment payments. The joint venture partner may also not meet its obligations under the joint venture agreement. Disputes between the Company and its joint venture partners or the landowner could arise after significant capital investments in a project have been made, which could result in the loss of some or all of the Company's investments in the project. Any of the foregoing could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company uses celebrities and international brands to design, market and sell some of its properties.

The Company depends on its relationships with celebrities and international brands to design, market and sell some of its properties. It frequently enters into design or licensing agreements with celebrities and well-known brands in which the celebrities provide branding, promotional and design expertise and the Company agrees to pay design and licensing fees, and sometimes enters into revenue sharing plans. Circumstances beyond the Company's control could decrease the popularity of the celebrities and brands with whom it partners, which could, in turn, adversely affect the Company's marketing and sales efforts and its reputation.

The Company may not be able to successfully manage its growth.

The Company intends to continue to pursue an aggressive growth strategy by increasing the amount of properties it develops and manages and by expanding into new market segments. However, the Company might experience capital constraints, construction delays, operational difficulties at new locations or difficulties operating existing businesses and training personnel to manage and operate its business. Any inability to adapt effectively to growth, including strains on management and logistics, could result in losses or development costs that are not recovered as quickly as anticipated or at all. These problems could have a material adverse effect on the business, financial condition and results of operations of the Company.

The Company is involved in a cyclical industry and is affected by changes in general and local economic conditions.

The real estate development industry is cyclical and is significantly affected by changes in general and local economic conditions, including employment levels, availability of financing for property acquisitions, construction and mortgages, interest rates, consumer confidence and income, demand and supply of residential or commercial developments. The Philippine property market has in the past been cyclical and property values have been affected by the supply of and the demand for properties, the rate of economic growth and political and social developments in the Philippines.

Furthermore, the real estate industry may experience rapid and unsustainable rises in valuations of real property followed by abrupt declines in property values, as was experienced in the United States housing bubble from 1997 to 2006. Such real estate bubbles may occur periodically, either locally, regionally or globally, which may result in a material adverse effect on the business, financial condition and results of operations of the Company.

The Company might not be able to generate sufficient funds internally or through external financing to operate and grow its business as planned.

The real estate business is capital intensive and requires significant capital expenditures to develop and implement new projects and complete existing projects.

Historically, while the Company has funded a significant portion of its capital expenditure requirements internally from the pre-sales of its development projects, it has periodically utilised external sources of financing. However, it might not be able to continue funding its capital expenditure requirements internally or obtain sufficient funds externally on acceptable terms or at all. Its ability to raise additional equity financing from non-Philippine investors is subject to foreign ownership restrictions imposed by the Philippine Constitution and applicable laws. Its access to debt financing is subject to many factors, many of which are outside the Company's control. For example, political instability, an economic downturn, social unrest or changes in the Philippine regulatory environment could increase the Company's costs of borrowing or restrict its ability to obtain debt financing. In addition, the disruptions in the capital and credit markets may continue indefinitely, which could adversely affect its access to financing. Inability to obtain financing on acceptable terms would adversely affect the Company's ability to operate and execute its growth strategies.

The cancellation of sales of housing or condominium units could adversely affect business, financial condition and results of operations.

As a developer and seller of residential real estate, the Company's business, financial condition and results of operations could be adversely affected if a material number of housing or condominium unit sales are cancelled. Under Republic Act No. 6552 (the "Maceda Law"), which applies to all transactions or contracts involving the sale or financing of real estate through instalment payments, buyers who have paid at least two years of instalments are granted a grace period of one month for every year of paid instalments to cure any payment default. During the grace period, the buyer may pay the unpaid instalments due, without additional interest. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of instalments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of instalments and who have defaulted on instalment payments are given a 60 day grace period to pay all unpaid instalments before the sale can be cancelled, but without any right of refund.

The Company could experience a material number of cancellations, particularly during slowdowns or downturns in the Philippine economy, periods when interest rates are high or similar situations. If the Company experiences a material number of cancellations, it may not have enough funds on hand to pay the necessary cash refunds to buyers, in which case it may have to incur indebtedness to pay such cash refunds, but it might not be able to obtain debt financing on reasonable terms or at all. In addition, particularly during an economic slowdown or downturn, it might not be able to able to resell the same property at an acceptable price or at all. Any of these events could have a material adverse effect on its business, financial condition and results of operations.

If the Company experiences a material number of sales cancellations, investors are cautioned that its historical revenue from its real estate sales would have been overstated because such historical revenues would not have accurately reflected subsequent customer defaults or sales cancellations. Investors are also cautioned not to rely on the Company's historical statements of income as indicators of future revenues or profits.

The Company is controlled by Century Properties, Inc. ("CPI"), which is in turn, controlled by the Antonio family. Hence, the interests of the Antonio family may differ significantly from the interests of the other shareholders.

Members of the Antonio family indirectly own a majority of the Company's issued and outstanding shares. Accordingly, the Antonio family will be able to elect a majority of the Board and determine the outcome of many significant matters voted on by shareholders. Members of the Antonio family also serve as directors and executive officers. The Antonio family could also take advantage of business opportunities that may otherwise be attractive to the Company. The interests of the Antonio family may differ significantly from or compete with the interests of the Company and the other shareholders, and the Antonio family may vote their shares in a manner that is contrary to the interests of the Company or the interests of the other shareholders.

The Company is highly dependent on certain directors and members of senior management.

The Company's directors and members of senior management have been an integral part of its success and the experience, knowledge, business relationships and expertise that would be lost if any such persons depart or take on reduced responsibilities could be difficult to replace and may adversely affect its operating efficiency and financial performance. In particular, members of the Antonio family fill certain key executive positions and the Company may not be successful in attracting and retaining executive talent to replace these family members if they depart or take on reduced responsibilities. Such executives include: Jose E.B. Antonio, Chairman, President and Chief Executive Officer; John Victor R. Antonio, Director and Co-Chief Operating Officer; Jose Marco R. Antonio, Director and Co-Chief Operating Officer; Jose Roberto R. Antonio, Managing Director and Co-Chief Operating Officer; Jose Carlo R. Antonio, Director and Chief Financial Officer; Rafael G. Yaptinchay, Director and Treasurer; and Ricardo P. Cuerva, Director of the Company and President of Century Project Management and Construction Corporation ("CPMCC"), the company exclusively charged with managing the construction projects for the Company's vertical developments. The Company does not carry insurance for the loss of the services of any of the members of its management. If the Company loses the services of any such person and are unable to fill any vacant key executive or management positions with qualified candidates, it could have a material adverse effect on its business, financial condition and results of operations.

The Company may be unable to attract and retain skilled professionals, such as architects and engineers.

The Company believes that there is significant demand for its skilled professionals from its competitors. Its ability to retain and attract highly skilled personnel, particularly architects, engineers and sales and marketing professionals, affects its ability to plan, design, execute, market and sell projects. In particular, any inability on the Company's part to hire and retain qualified personnel could impair its ability to undertake project design, planning, execution and sales and marketing activities in-house and could require it to incur additional costs by having to engage third parties to perform these activities.

The Company may not be able to hire independent contractors that meet its requirements.

The Company relies on independent contractors to provide various services, including land clearing and infrastructure development, construction works and building and property fitting-out works. It selects independent contractors principally by conducting tenders and taking into consideration factors such as the contractor's experience and track record, its financial and construction resources, any previous relationships with the Company and its reputation for quality. However, the Company might not be able to find a suitable independent contractor who is willing to undertake a particular project within its budget and schedule. This may result in increased costs for the Company or delays in the project. Also, the services independent contractors render might not be satisfactory or match the Company's requirements for quality. Contractors may also experience financial or other difficulties, such as shortages in, or increases in the price of, construction materials, which in turn could delay the completion of the project or increase the costs for the Company. Any of these factors could have a material adverse effect on the Company's business, financial condition, and results of operations.

Construction defects and building-related claims may be asserted against the Company, and it may be involved in litigation, which could result in financial losses or harm to its business.

Under Philippine law, the engineer or architect responsible for the plans and specifications for a building is liable for damages if, within 15 years from the completion of the structure, it collapses by reason of a defect in those plans and specifications or due to the defects in the ground. The action must commence within 10 years following the collapse of the building. Thus, if the architect or engineer is one of the Company's employees, it may be held liable for damages if any of its buildings collapse. It may also be held responsible for hidden (that is, latent or non-observable) defects in the housing and condominium units it sells if such hidden defects render a unit unfit for the use for which it was intended or if its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the house to the buyer. In addition, the National Building Code of the Philippines (the "Building Code"), which governs, among others, the design and construction of buildings, sets certain requirements and standards that the Company must comply with. The Company may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code. Likewise, it could be held liable for the damages mentioned above, the cost of repairs and the expense of litigation surrounding such claims. Claims could also arise out of uninsurable events or circumstances not covered by the Company's insurance. Significant claims arising from structural or construction defects could have a material adverse effect on the Company's reputation and business, financial condition and results of operations. It may also be implicated in lawsuits on an ongoing basis. Litigation could result in substantial costs to, and a diversion of effort by, the Company and subject it to significant liabilities, including potential defaults under its present debt covenants. Legal proceedings could materially harm its business and reputation, and it may be unable to recover any losses incurred from third parties, regardless of whether or not the Company is at fault. Losses relating to litigation could have a material adverse effect on the Company's business, financial condition and results of operation, and provisions made for litigation related losses might not be sufficient to cover losses.

Third parties may contest the Company's titles to its properties.

While the Philippines has adopted the Torrens System, a system of land registration which is intended to conclusively confirm land ownership by providing a state guarantee of indefeasible title to those in the register, and which is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of land which has already been registered in favor of another. In particular, Quezon City, Metro Manila and the province of Cavite, have been known to experience problems with syndicates of squatters and forged or false title holders. There have been cases where third parties have produced false or forged title certificates over land and there are difficulties in obtaining title guarantees with respect to property in the Philippines. Title to land is often fragmented and land may have multiple owners. Land may also have irregularities in title, such as non-execution or non-registration of conveyance deeds, and may be subject to liens, encumbrances or claims of which the Company may be unaware. The difficulty of obtaining title guarantees in the Philippines means that title records provide only for presumptive rather than guaranteed title. As each transfer in a chain of title may be subject to a variety of defects, the Company's title and development rights over land may be subject to various defects of which it is unaware. For these and other reasons, title insurance is not readily available in the Philippines. Title defects may result in the loss of the Company's title over land. From time to time, the Company may be required to defend itself against third parties who claim to be the rightful owners of land that it acquires. If third-party claims for title are brought against the Company, or if any such claim involves land that is material to its projects, it may have to devote significant time and incur significant costs in defending itself against such claims. Such claims could also affect its ability to develop land for particular projects by causing the relevant governmental authority to delay or prevent continued business operations on the property or withhold required permits or clearances until such claim is definitively resolved. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material for its projects. In addition, title claims made by third-parties against the Company or its joint venture partners may have an adverse effect on its reputation. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operations, as well as on the Company's reputation. Any successful claim against the Company or its joint venture partners may affect its ability to deliver its developments on time and free and clear of any liens or encumbrances.

The Company faces risks relating to its property development, including risks relating to project costs, completion time frame and development rights.

The property development business involves significant risks distinct from those involved in the ownership and operation of established properties, including the risk that it may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. In addition, obtaining required Government approvals and permits may take substantially more time and resources than anticipated or construction of projects may not be completed on schedule and within budget. In addition, the time and costs involved in completing the development and construction of real estate projects can be adversely affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, depreciation of the peso, natural disasters, disputes with contractors and subcontractors, accidents, changes in laws, land zoning, use and classification, or In Government priorities and other unforeseen problems or circumstances, and each of these could have an adverse effect on the Company's revenues. Where land to be used for a project is occupied by tenants or squatters, the Company may have to take steps, and incur additional costs, to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect margins and delay when it recognizes revenue. Further, failure to complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns. In addition, orders of the Department of Agrarian Reform allowing conversion of agricultural land for development may require a project to begin by a prescribed deadline. These events could materially and adversely affect the Company's business, financial condition or results of operations.

The Company's reputation may be adversely affected if it does not complete projects on time or to customers' requirements.

If the Company's projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues or other problems, this could have a negative effect on its reputation and make it more difficult to attract new customers to new and existing development projects. Any negative effect on its reputation could also adversely affect its ability to pre-sell its development projects. This in turn could adversely impact its capital investment requirements. Any of these events could adversely affect the Company's business, results of operations or financial condition.

The Company operates in a highly-regulated environment and must obtain and maintain various permits, licenses and other government approvals.

The Philippines rates in a highly-regulated environment and must obtain development of subdivision and other residential projects is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. In addition, projects that are to be located on agricultural land must get clearance from the Department of Agrarian Reform so that the land can be reclassified as nonagricultural land and, in certain cases, tenants occupying agricultural land may have to be relocated at the developer's expense.

Presidential Decree No. 957, as amended, ("PD 957"), Republic Act No. 4726 ("RA 4726") and Batas Pambansa Blg. 220 ("BP 2202") are the principal statutes which regulate the development and sales of real property as part of a condominium project or subdivision. PD 957, RA 4726 and BP 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The Housing and Land Use Regulatory Board ("HLURB") is the administrative agency of the Government which enforces these statutes. Regulations applicable to its operations include standards regarding:

- the suitability of the site;
- road access;
- necessary community facilities
- open spaces;
- water supply
- sewage disposal systems;
- electricity supply;
- lot sizes;
- the length of the housing blocks;
- house construction;
- sale of subdivision lots or condominium units; and
- time of completion of construction projects.

All subdivision and condominium development plans are required to be filed with and approved by the local government unit ("LGU") with jurisdiction over the area where the project is located and by the HLURB. Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of (1) the relevant LGU; (2) the HLURB; (3) for subdivisions, the duly organized homeowners association, or if none, the majority of the lot buyers; and (4) for condominiums, a majority of the registered owners. In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing and condominium units. The HLURB can suspend, cancel or revoke project permits and licenses to sell based on its own findings or upon complaint from an interested party. The Company is in the process of obtaining licenses to sell and building permits for some of its current projects. It may not be able to obtain these licenses and permits within the time period expected or at all.

Any of the foregoing circumstances or events could impair the Company's ability to complete projects on time, within budget or at all, or sell units in its projects, which in turn could materially and adversely affect its business, financial condition and results of operations.

Environmental laws applicable to the Company's projects could have a material adverse effect on its business, financial condition or results of operations.

In general, developers of real estate projects are required to submit project descriptions to regional offices of the Department of Environment and Natural Resources ("DENR"). For environmentally-critical projects or for projects located in environmentally-critical areas as identified by the DENR, a detailed Environmental Impact Assessment ("EIA") may be required and the developer will be required to obtain an Environmental Compliance Certificate ("ECC") to certify that the project will not have an unacceptable environmental impact. Current or future environmental laws and regulations applicable to the Company could increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a first violation of an ECC occurs or if environmental hazards on land where its projects are located cause damage or injury to buyers or any third party, the Company may be required to pay a fine, to incur costs in order to cure the violation and to compensate its buyers and any affected third parties, however, on subsequent violations, an ECC may be revoked and operations may be stopped. The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to the business could materially and adversely affect the Company's business, financial condition or results of operations.

Natural or other catastrophes, including severe weather conditions, may materially disrupt operations, affect the ability to complete projects and result in losses not covered by insurance.
The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, floods, droughts, volcanic eruptions and earthquakes. Natural catastrophes may disrupt business operations and impair the economic conditions in the affected areas, as well as the overall Philippine economy. These factors could have significant adverse effects on the Company's development projects, which may be susceptible to damage. Damages resulting from natural catastrophes could also give rise to claims against the Company from third parties or from customers, for example, for physical injury or loss of property. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect its business, financial condition and results of operations.

Furthermore, the Company cannot obtain insurance at a reasonable cost or at all for certain types of losses from natural and other catastrophes. Neither does it carry any business interruption insurance. If an uninsured loss or a loss in excess of insured limits occurs, it could lose all or a portion of the capital invested in a property, as well as the anticipated revenue from such property, and incurs liabilities for any project costs or other financial obligations related to the business. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations.

The Company uses third-party non-exclusive brokers to market and sell some of its projects.
Although exclusive sales agents are responsible for a significant portion of the Company's sales, it also uses third-party non-exclusive brokers to market and sell some of its residential housing developments to potential customers inside and outside the Philippines. These brokers may also act as brokers for other developers in the same markets in which the Company operates, and they may favour the interests of their other clients over the Company's interests in sale opportunities, or otherwise fail to act in the Company's best interests. There is competition for the services of third-party brokers in the Philippines, and many of the Company's competitors either use the same brokers as it does or attempt to recruit brokers away from it. If a large number of these thirdparty brokers were to terminate or breach their brokerage agreements, the Company would need to seek other third-party brokers and it may not be able to do so quickly or in sufficient numbers. This could disrupt its business and negatively affect the Company's business, financial condition or results of operation.

The Company is exposed to risks relating to the ownership and operation of commercial real estate.
The Company is subject to risks relating to ownership and management of commercial real estate. Specifically, the performance of its subsidiary CPMI could be affected by a number of factors, including:

- the national and international economic climate;
- trends in the commercial property industry;
- changes in laws and governmental regulations in relation to real estate;
- Increased operating costs;
- the inability to collect rent due to bankruptcy of tenants or otherwise;
- competition for tenants;
- changes in market rental rates;
- the need to periodically renovate, repair and re-let space and the costs thereof;
- the quality and strategy of management; and
- the Company's ability to provide adequate maintenance and insurance

The Company could be further affected by tenants failing to comply with the terms of their leases or commitments to lease, declining sales turnover of tenants, oversupply of or reduced demand for commercial space or changes in laws and governmental regulations relating to real estate including those governing usage, zoning, taxes, and government charges. If the Company is unable to lease the properties that it owns or manages in a timely manner, or collect rent at profitable rates or at all, this could have a material adverse effect on its business, financial condition and results of operations.

The change of policy regarding transactions subject to VAT could adversely affect the sales of the Company.

Sales of residential lots with a gross selling price of P1,915,500 or less and sales of residential houses and lots with a gross selling price of P3,199,200 or less are currently not subject to VAT of 12%. If these sales become subject to VAT, the purchase prices for the Company's residential lots and housing units will increase, which could adversely affect its sales. Because VAT affects general levels of spending in the Philippines and the prices of subdivision lots and houses, any adverse change in the Government's VAT-exemption policy could have an adverse effect on the Company's results of operations.

Increases in interest rates and changes in Government borrowing patterns and Government policies could adversely affect the Company's and its customers' ability to obtain financing.

Increases in interest rates, and factors that otherwise impair the availability of credit, such as the Government's fiscal policy, could have a material adverse effect on the Company's business and demand for its property developments. For example:

- Higher interest rates make it more expensive for the Company to borrow funds to finance current projects or to obtain financing for new projects.
- Access to capital and the cost of financing are also affected by restrictions, such as the single borrower limit imposed by the BSP on bank lending. The total amount of loans, credit accommodations and guarantees that may be extended by a bank to any person, partnership, association, corporation or other entity shall at no time exceed 25% of the net worth of such bank. This may be increased by an additional 10% of the net worth of the bank provided that the additional liabilities are secured by trust receipts, shipping documents, warehouse receipts or other similar documents transferring or securing title covering readily marketable, non-perishable goods which must be fully covered by insurance. If the Company reaches the single borrower limit with respect to any bank, it may have difficulty obtaining financing with reasonable interest rates from other banks.

- Because a substantial portion of customers procure financing to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Company's residential developments.
- Increases in Government borrowing in the domestic currency market could increase the interest rates banks and other financial institutions charge and reduce the amount of financing available to the Company and prospective property purchasers of its property.
- Increased inflation in the Philippines could result in an increase in the costs of raw materials, which the Company may not be able to pass on to customers through increased prices.
- Increases in the Government's budget deficit could increase interest rates and inflation, which could in turn have a material adverse effect on its customers' ability to obtain financing on attractive terms. The occurrence of any of the foregoing events could have a material adverse effect on the Company's business, financial condition and results of operations.

Any restriction or prohibition on the Company's Subsidiaries' ability to distribute dividends would have a negative effect on its financial condition and results of operations.

As a holding company, the Company conducts its operations through its Subsidiaries. As a result, it derives substantially all of its revenues from dividends from its Subsidiaries. It relies on these funds for compliance with its own obligations and for financing its Subsidiaries. Further, the ability of its Subsidiaries to upstream dividends is subject to applicable laws and may be subject to restrictions contained in loan agreements and other debt instruments they are party to.

Any restriction or prohibition on the ability of any of the Subsidiaries to distribute dividends or make other distributions to the Company, either due to regulatory restrictions, debt covenants, operating difficulties or other limitations, could have a negative effect on its cash flow or therefore may adversely impact its financial condition and results of operations.

A new accounting rule on the recognition of revenue may materially change the way the Company records revenue from the construction of real estate in its financial statements and could result in its revenue being lower and more volatile than under its current reporting method.

Under PFRS, real estate companies such as the Company are allowed to recognize revenues from construction of real estate based on a percentage of completion method, wherein a portion of the sales price is recognized as revenue once a certain percentage of payment has been received from buyers, but before the real estate project's construction has been completed. The International Accounting Standards Board issued International Financial Reporting Standards (IFRS) 15, Revenue from Contracts with Customers, which is expected to be adopted by the Financial Reporting Standards Council. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRS. IFRS 15 could impact real estate companies to recognize, subject to certain exceptions, revenue from real estate only when construction of the real estate asset has been completed. If IFRS 15 is adopted, its application would be required beginning on 1 January 2018. If IFRS 15 takes effect, revenue and certain other items in the Company's financial statements may vary significantly from previously recorded amounts using its current revenue recognition policy. In addition, for periods in which it applies the new revenue recognition policy, the Company would expect that it would not count revenue recognized in previous periods under its current revenue recognition policy. Accordingly, its revenue in some future periods could be lower than they would otherwise be under IFRS 15 because it would have previously recognized revenue from pre-completion sales under its current policy. The adoption of IFRS 15 will also likely result in greater fluctuations in the Company's revenues in a given period, depending on the number of properties it is able to actually complete within such period. As a result, IFRS 15 may also affect the comparability of its future financial statements with those relating to prior periods. The adoption of IFRS 15 may also result in restatements to the Company's financial statements disclosed prior to the adoption of IFRS 15. As a result, there may be significant differences between its previously disclosed financial statements and any restated financial statements. These changes would adversely affect the comparability of its future financial statements with those relating to prior periods.

The Company is subject to certain debt covenants.

The Company has certain loan agreements, which contain covenants that limit its ability to, among other things:

- Incur additional long-term debt to the extent that such additional indebtedness results in a breach of the required debt-to-equity ratios;
- Materially change its nature of business;

- Encumber, mortgage or pledge some of its assets; and
- Pay out dividends in the event debt payments are in arrears and such debt payments will result in the breach of its required current and debt-to-equity ratios. Complying with these covenants may cause the Company to take actions that it otherwise would not take or not take actions that it otherwise would take. The Company's inability and/or failure to comply with these covenants would cause a default, which, if not waived could result in the debt becoming immediately due and payable. In the likelihood of this event, the Company may not be able to repay or refinance such debt on terms that are acceptable to it or at all.

The Company shall, at any given time, consider business combination alternatives.

Although some of the Company's debt covenants contain certain restrictions on business combinations, it may consider engaging in certain types of business combinations. Business combinations involve financial and operational risks and could result in critical changes to the Company's business, management and financial condition.

The Company is exposed to interest rate, liquidity, credit and commodity risks.

The Company's principal financial instruments consist of cash on hand and in banks, cash equivalents, receivables from installment sales and due from and to affiliated companies and credit facilities from commercial banks. It uses these financial instruments to fund its business operations. The Company has entered into Master Agreements under the International Swaps and Derivatives Association Inc. with third parties.

The Company believes that the principal risks arising from its financial instruments are interest rate risk, liquidity risk, credit risk, commodity risk and currency risk.

Interest Rate

Fluctuations in interest rates could negatively affect the potential margins in respect of the Company sales of receivables and could make it more difficult for the Company to procure new debt on attractive terms or at all. The Company does not engage in interest rate derivative or swap activities to hedge its exposure to increases in interest rates.

Fluctuations in interest rates also have an effect on demand for the Company's products. As most of its customers obtain some form of financing for their real estate purchases, increases in interest rate levels could adversely affect the affordability and desirability of the Company's subdivision lots and housing and condominium units.

Liquidity

The Company faces the risk that it will not have sufficient cash flows to meet its operating requirements and financing obligations when they become due. The Company manages its liquidity profile by pre-selling housing projects. In addition, the Company's receivables backed credit facilities with banks and other financial institutions under the terms of which the Company, from time to time, assign installment contract receivables on a "with recourse" basis. The Company is typically required to replace receivables assigned on a "with recourse" basis if the property buyer fails to pay three consecutive installments or when the sale is otherwise cancelled. If the Company is unable to maintain its credit lines with banks and other financial institutions, it may not have sufficient funds to meet its operational requirements.

Credit Risk

The Company is exposed to credit risk from defaults by purchasers on their mortgages during the pre-sale periods for its properties. In 2007, the Company began to guarantee the mortgages of purchasers of uncompleted projects. Accordingly, if a purchaser who has a mortgage on an uncompleted project defaults on the mortgage, and the Company is not able to find a replacement purchaser, or if the Company fails in an undertaking with the bank, including delivering the property and title to such property within the mutually agreed period, the Company is obligated to pay the mortgage.

Commodity Risk

The Company is exposed to the risk that prices for construction materials used to build its properties (including timber, cement and steel) will increase. These materials are global commodities whose prices are cyclical in nature and fluctuate in accordance with global market conditions. The Company and its Subsidiaries are exposed to the risk that they may not be able to pass increased commodities costs to customers, which would lower their margins. The Company does not engage in commodity hedging.

Currency Risk

Financial assets and credit facilities of the Group, as well as major contracts entered into for the purchase of raw materials, are mainly denominated in Philippine Peso. There are only minimal placements in foreign currencies and most of the Group's foreign currency-denominated debt are hedged. As such, the Group's foreign currency risk is minimal.

The Company may suffer losses that are not covered by its insurance.

The Company may be negatively affected due to the occurrence of typhoons, severe storms, earthquakes, floods, fires or other natural disasters or similar events. Although the Company carries an all-risk insurance policy for all its current and ongoing projects against catastrophic events and business interruption insurance for Century City Mall, in amounts and with deductibles that the Company believes are in line with general real estate industry practice, not all risks can be insured against. There are losses for which the Company cannot obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property as well as the anticipated future turnover from the property. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations and Material Changes to the Company's Income Statement for the three-month period ended March 31, 2020 compared to March 31, 2019
(In Millions of Peso)

			Movement	
	2020	**2019**	**Amount**	**%**
REVENUE				
Real estate revenue	**2,499.02**	2,447.96	51.06	2.09%
Leasing revenue	**200.94**	108.85	92.09	84.60%
Property management fee and other services	**87.42**	90.95	(3.53)	-3.88%
Interest income from real estate sales	**15.35**	125.48	(110.12)	-87.76%
	2,802.73	2,773.24	29.50	1.06%
COST AND EXPENSES				
Cost of real estate revenue	**1,569.97**	1,492.98	76.99	5.16%
Cost of leasing	**49.65**	62.98	(13.33)	-21.16%
Cost of services	**64.00**	70.51	(6.50)	-9.22%
	1,683.62	1,626.47	57.15	3.51%
GROSS PROFIT	**1,119.11**	1,146.76	(27.65)	-2.41%
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES	**753.24**	693.62	59.63	8.60%
OTHER INCOME (EXPENSES)				
Interest and other income	**168.35**	157.95	10.40	6.58%
Loss from change in fair value of derivatives	**-**	(3.64)	3.64	-100.00%
Interest and other financing charges	**(136.01)**	(107.39)	(28.62)	26.65%
Unrealized foreign exchange gain (loss)	**-**	7.56	(7.56)	-100.00%
	32.34	54.48	(22.14)	-40.63%
INCOME BEFORE INCOME TAX	**398.21**	507.63	(109.42)	-21.55%
PROVISION FOR INCOME TAX	**107.92**	123.49	(15.57)	-12.61%
NET INCOME	**290.29**	384.13	(93.84)	-24.43%

2.09% increase in real estate revenue
Real estate revenue has a minimal increase as a result of the slow down in sales and construction of vertical condominium projects. This is offset by the consistent revenue contribution in affordable housing segment during the first three months of 2020.

84.60% increase in leasing revenue
The increase was mostly due to the contribution of lease revenue contribution of Century Diamond Tower and Asian Century Center. These revenue contribution offsets the slowdown in the mall operations.

87.76% decrease in interest income from real estate sales
Interest income from real estate sales represents interest accretion from installment contract receivables (ICR) and contract asset recognized during the year. Discount subject to accretion arises from the difference between present value of ICR and contract asset and its nominal value. Income decrease since majority of the projects are already turned over and slowdown in new sales during the three-month period in 2020.

5.16% increase in cost of sales
The increase is directly attributable in the increase of real estate revenue.

21.16% decrease in cost of leasing
The decrease is mainly due to the decrease in cost of the Mall.

6.58% increase in interest and other income
The increase is mainly attributable to the increase in interest income from new money market placements and penalties and other surcharge billed against default installments in sales contracts. This is offset by the decline from income from forfeited collections.

100.00% decrease in loss from change in fair value of derivatives
There are no loss from change in fair value in fair value of derivative in 2020 since related loans are fully paid in 2019.

100.00% decrease in unrealized foreign exchange gain
There are no unrealized foreign exchange gain or losses recognized in 2020 since all foreign currency debt are fully paid in 2019.

26.65% increase in Interest and other financing charges
These interests came from bonds and loans that do not qualify for capitalization as borrowing costs. The increase mainly attributable to interest from three-year bond issued on April 15, 2019.

12.61% decrease in Provision for Income Tax
The increase was primarily due to lower taxable income during the period.

As a result of the foregoing, net income decreased by 24.43%.

Financial Condition and Material Changes to the Company's Statement of Financial Position for the period-ended March 31, 2020 compared to December 31, 2019
(In Millions of Peso)

	2020	2019	Movement Amount	%
ASSETS				
Cash and cash equivalents	**4,803.87**	4,005.01	798.87	19.95%
Receivables	**10,489.93**	10,967.15	(477.21)	-4.35%
Real estate inventories	**15,908.05**	15,558.00	350.05	2.25%
Due from related parties	**419.65**	419.65	-	0.00%
Advances to suppliers and contractors	**2,160.60**	2,006.51	154.09	7.68%
Other current assets	**1,688.52**	1,409.17	279.35	19.82%
Total Current Assets	**35,470.62**	34,365.50	1,105.14	3.22%
Non-current portion of contract assets	**991.34**	1,137.66	(146.32)	-12.86%
Investment in bonds	**463.75**	463.75	-	0.00%
Deposits for purchased land	**1,080.45**	1,079.44	1.01	0.09%
Investments in and advances to joint ventures and associate	**258.77**	258.77	-	0.00%
Investment properties	**13,093.68**	12,932.52	161.16	1.25%
Property and equipment	**1,820.47**	1,648.12	172.35	10.46%
Deferred tax assets - net	**42.33**	42.15	0.18	0.42%
Other noncurrent assets	**1,480.69**	1,513.77	(33.08)	-2.19%
Total Noncurrent Assets	**19,231.48**	19,076.19	155.29	0.81%
TOTAL ASSETS	**54,702.11**	53,441.69	1,260.43	2.36%
LIABILITIES				
Accounts and other payables	**6,108.53**	5,703.06	405.47	7.11%
Contract liabilities	**1,625.24**	1,784.09	(158.85)	-8.90%
Short-term debt	**1,332.84**	1,452.69	(119.85)	-8.25%
Current portion of:				
Long-term debt	**5,269.01**	5,462.17	(193.15)	-3.54%
Bonds Payable	**-**	1,392.65	(1,392.65)	-100.00%
Liability from purchased land	**67.20**	67.20	-	0.00%
Lease Liability	**21.64**	21.64	-	0.00%
Due to related parties	**171.19**	171.19	-	0.00%
Income Tax Payable	**24.15**	9.35	14.80	158.25%
Other current liabilities	**26.67**	35.28	(8.61)	-24.41%
Total Current Liabilities	**14,646.48**	16,099.34	(1,452.86)	-9.02%
Noncurrent portion of				
Long-term debt	**9,406.87**	9,880.55	(473.68)	-4.79%
Bonds payable	**3,059.50**	3,060.38	(0.88)	-0.03%
Liability from purchased land	**268.34**	268.34	-	0.00%
Lease Liability	**39.54**	39.54	-	0.00%
Pension liabilities	**306.90**	307.40	(0.50)	-0.16%
Deposit for future stock subscription	**-**	42.48	(42.48)	-100.00%
Deferred tax liabilities	**2,727.75**	2,708.26	19.49	0.72%
Other noncurrent liabilities	**1,440.12**	1,419.84	20.28	1.43%

Total Noncurrent Liabilities	**17,249.01**	17,726.78	(477.77)	-2.70%
Total Liabilities	**31,895.49**	33,826.12	(1,930.63)	-5.71%

	2020	2019	Movement Amount	%
EQUITY				
Capital stock	**6,200.85**	6,200.85	-	0.00%
Preferred Shares	**15.90**	-	15.90	100.00%
Additional paid-in capital	**5,524.78**	2,639.74	2,885.03	109.29%
Treasury shares	**(109.67)**	(109.67)	-	0.00%
Other components of equity	**99.23**	99.39	(0.16)	-0.17%
Retained earnings	**8,968.36**	8,733.92	234.44	2.68%
Remeasurement loss on defined benefit plan	**(81.17)**	(81.17)	0.00	0.00%
Total Equity Attributable to Equity Holders of the Parent Company	**20,618.27**	17,483.06	3,135.21	17.93%
Non-controlling interest	**2,188.36**	2,132.51	55.84	2.62%
Total Equity	**22,806.63**	19,615.57	3,191.06	16.27%
TOTAL LIABILITIES AND EQUITY	**54,702.11**	53,441.69	1,260.43	2.36%

19.95% increase in cash and cash equivalents
Increase is primarily due to net proceeds from issuance of preferred shares and collections from operations during the period.

5.15% decrease in total receivables and noncurrent portion of installment contract receivables
The decrease is primarily due to receivables improved collections during the period.

2.25% increase in real estate inventories
The increase is primarily due to construction incurred during the period.

7.68% increase in advances to suppliers
Due to additional advances to new and ongoing projects.

10.46% increase in property and equipment
The increase is mostly attributable to additional construction cost for Novotel Suites Manila at Acqua 6 Tower of Acqua Private Residences.

8.43% increase in total other assets
Other assets increased primarily due to increase in commission paid for pre-sales during the period and payment for creditable withholding taxes.

30.23% increase in total contract liabilities
Contract liabilities represents collection from customers which do not meet the revenue recognition criteria as of the end of the period.

4.68% decrease in total short-term and long-term Debt
Decrease was due to net repayment of loans during the period.

31.29% decrease in bonds payable
The decrease was due to payment of the five-year bond payable.

100% increase in preferred shares and 109.29% increase in additional paid-in capital

The increase is due to the issuance of 30,000,000 preferred shares with a par value of ₱0.53. Additional paid in capital net of issuance cost was recognized in excess of the par value of preferred shares issued.

2.62% increase in non-controlling interest
Primarily due to share of minority interest on net income for the period

16.27% increase in total stockholders' equity
Due to the net income recorded for the three-month period ended March 31, 2020, preferred shares issued and additional paid in capital from issuance of preferred shares amounting to ₱15.9 million and ₱ 2,885.03 million, respectively.

Key Performance Indicators

Selected Financial Indicators
March 31, 2020 and March 31, 2019

Financial ratios	Mar-20	Mar-19
Current/Liquidity Ratios		
Current Assets	35,470,638,558	32,293,149,764
Current Liabilities	14,646,478,714	15,934,524,121
Current Ratios	**2.4**	**2.0**
Current Assets	35,470,638,558	32,293,149,764
Inventory	15,908,053,787	17,265,364,482
Quick Assets	19,562,584,771	15,027,785,281
Current Liabilities	14,646,478,714	15,934,524,121
Quick Ratios	**1.3**	**0.9**
Liabilities and Debt Ratios		
Short-term debt	1,332,841,177	1,954,936,465
Long-term debt - Current	5,269,012,739	7,167,585,638
Long-term debt - Non-current	9,406,869,461	9,857,732,247
Bonds payable	3,059,502,167	1,505,894,698
Debt	**19,068,225,545**	**20,486,149,048**
Equity	**22,806,627,025**	**19,615,569,488**
Debt-to-Equity	**0.8**	**1.0**
Debt	19,068,225,545	20,486,149,048
Cash and Cash Equivalents	4,803,874,956	2,073,581,448
Net Debt	**14,264,350,589**	**18,412,567,600**
Equity	**22,806,627,025**	**19,615,569,488**
Net Debt-to-Equity	**0.6**	**0.9**
Debt	19,068,225,545	20,486,149,048
EBITDA (Annualized for Interim)	2,169,001,863	2,480,487,032
Debt-to-EBITDA	**8.79**	**8.26**
Income befor Income Tax	398,209,466	507,625,807
Interest expense	136,009,697	107,394,345
Depreciation and amortization	8,031,303	5,101,607
EBITDA	**542,250,466**	**620,121,758**
Asset to Equity Ratios		
Total Assets	54,702,114,227	49,326,649,326
Total Equity	22,806,627,025	18,237,561,884
Asset to Equity Ratio	**2.4**	**2.7**
Liabilities to Equity Ratios		
Total Liabilities	31,895,487,202	31,089,087,441
Total Equity	22,806,627,025	18,237,561,884
Liabilities to Equity Ratio	**1.4**	**1.7**

Financial ratios	Mar-20	Mar-19
Profitability ratios		
Revenue	2,802,734,321	2,773,235,454
Gross Profit	1,119,110,426	1,146,764,558
Gross Profit Ratio	**40%**	**41%**
Net Income Attributable to Equity holders of the Parent Cc	234,443,825	367,807,096
Revenue	2,802,734,321	10,701,878,291
Net Income Margin	**8.4%**	**3.4%**
Total Net Income after tax (Annualized)	**1,161,150,906**	**1,536,527,388**
Total Asset CY	54,702,114,227	49,326,649,326
Total Asset PY	53,473,083,982	49,366,682,829
Average total asset	**54,087,599,104**	**49,346,666,077**
Return on Asset	**2.1%**	**3.1%**
Total Net Income after tax (Annualized)	**1,161,150,906**	**1,536,527,388**
Total Equity CY	22,806,627,025	18,237,561,884
Total Equity PY	19,596,463,885	17,463,466,559
Average total equity	**21,201,545,455**	**17,850,514,222**
Return on Equity	**5.5%**	**8.6%**
Net Income	290,287,727	384,131,847
Revenue	2,802,734,321	10,701,878,291
Net Income Margin	**10.4%**	**3.6%**

Results of Operations and Material Changes to the Company's Income Statement for the year ended December 31, 2019 compared to December 31, 2018 (increase/decrease of 5% or more)
(In Millions of Peso)

	2019	2018	Movement Amount	%
REVENUE				
Real estate revenue	₱12,685.39	₱9,576.67	₱3,108.72	32.46%
Leasing revenue	713.38	395.46	306.11	75.16%
Property management fee and other services	412.15	407.27	16.69	4.22%
Interest income from real estate sales	504.10	322.48	181.61	56.32%
	14,315.02	**10,701.88**	**3,613.14**	**33.76%**
COST AND EXPENSES				
Cost of real estate revenue	8,459.54	5,655.40	2,804.14	49.58%
Cost of leasing	217.45	227.75	(10.30)	-4.52%
Cost of services	295.24	276.55	18.69	6.76%
	8,972.23	**6,159.70**	**2,812.53**	**45.66%**
GROSS PROFIT	**5,342.78**	**4,542.17**	**800.61**	**17.63%**
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES	**3,235.82**	**3,254.53**	**(18.71)**	**-0.57%**
OTHER INCOME (EXPENSES)				
Interest and other income	573.36	568.66	4.71	0.83%
Gain from change in fair values of investment properties	260.93	376.90	(115.96)	-30.77%
Income from investment in associate	11.18	12.43	(1.25)	-10.03%
Foreign exchange gain (loss)	96.52	(145.19)	241.71	-166.48%
Gain (loss) from change in fair value of derivatives (Note 9)	(76.06)	115.79	(191.85)	-165.68%
Interest and other financing charges	(916.88)	(594.28)	(322.60)	54.28%
	(50.93)	**334.31**	**(385.24)**	**-115.23%**
INCOME BEFORE INCOME TAX	**2,056.03**	**1,621.96**	**434.08**	**26.76%**
PROVISION FOR INCOME TAX	**577.56**	**503.77**	**73.79**	**14.65%**
NET INCOME	**₱1,478.47**	**₱1,118.19**	**₱360.28**	**32.22%**

32.46% increase in real estate revenue
The increase is due to completion of Bahamas and Roxas West, start of recognition of affordable housing segment and additional substantial progress in construction and sales take up of on-going projects.

Affordable housing segment's contribution to the increase in revenue amounted to 1,741.98 million for the year ended December 31, 2019.

75.16% increase in leasing revenue
The increase was mostly due to full of operation and recognition of revenue of Asian Century Center.

4.22% increase in property management fee and other services
The increase is primarily due to increase in management fee and service rates for property managed.

56.32% decrease in interest income from real estate sales
Interest income from real estate sales represents interest accretion from installment contract receivables (ICR) and contract asset recognized during the year. Discount subject to accretion arises from the difference between present value of ICR and contract asset and its nominal value. Income decrease since majority of the projects are already turned over and new sales fair value upon initial recognition approximates its nominal value.

49.58% increase in Cost of Sales
The increase in mainly due to the increase in real estate revenue.

6.76% increase in Cost of services
The increase is directly attributable in the increase in property management fee and other services.

4.52% decrease in Cost of leasing
The decrease is mainly due to the Group's implementation cost cutting measures during the year.

28.28% decrease in gain from change in fair value of Investment Property
Lower amount of gain from change in fair value recognized from Asian Century Center, Century Mall and Centuria Medical.

10.03% decrease in income from investment in associate
Decrease in share in net earnings of joint ventures and associate.

165.68% decrease in gain (loss) from change in fair value of derivatives
The increase is due to mark to market loss on non-deliverable foreign currency swap entered into by the Group to hedge its foreign currency denominated debt. Foreign currency denominated debt was fully paid in 2019.

54.28% increase in Interest and other financing charges
These interests came from bonds and loans that do not qualify for capitalization as borrowing costs. The increase was primarily due increase interest corresponding to increase in bonds payable and other loans related to completed investment properties.

166.48% increase in foreign exchange losses
Foreign exchange gains offsets losses in fair value of derivatives arising from hedging of the dollar denominated loans.

14.65% increase in Provision for Income Tax
The increase was primarily due to higher taxable income during the year.

As a result of the foregoing, net income increased by 32.22%.

Financial Condition and Material Changes to the Company's Statement of Financial Position for the year ended December 31, 2019 compared to December 31, 2018 (increase/decrease of 5% or more)
(In Millions of Peso)

	2019	2018 (as restated)	Movement Amount	%
ASSETS				
Cash and cash equivalents	₱4,005.01	₱1,950.39	₱2,054.62	105.34%
Receivables	10,967.15	8,874.33	2,092.81	23.58%
Real estate inventories	15,558.00	17,257.48	(1,699.48)	-9.85%
Due from related parties	419.65	394.35	25.30	6.42%
Advances to suppliers and contractors	2,006.51	2,236.12	(229.61)	-10.27%
Other current assets	1,409.17	1,284.43	124.75	9.71%
Total Current Assets	**34,365.50**	**31,997.11**	**2,368.39**	**7.40%**
Noncurrent portion of installment contract receivables	1,137.66	1,894.56	(756.90)	-39.95%
Investment in bonds	463.75	-	463.75	100.00%
Deposits for purchased land	1,079.44	1,189.48	(110.03)	-9.25%
Investments in and advances to joint ventures and associate	258.77	247.58	11.18	4.52%
Investment properties	12,932.52	11,381.64	1,550.89	13.63%
Property and equipment	1,648.12	1,273.79	374.33	29.39%
Deferred tax assets - net	42.15	61.93	(19.78)	-31.94%
Other noncurrent assets	1,513.77	1,320.60	193.17	14.63%
Total Noncurrent Assets	**19,076.19**	**17,369.57**	**1,706.61**	**9.83%**
TOTAL ASSETS	**53,441.69**	**49,366.68**	**4,075.00**	**8.25%**
LIABILITIES				
Accounts and other payables	5,703.06	4,989.66	713.40	14.30%
Contract liabilities	1,784.09	2,294.33	(510.23)	-22.24%
Short-term debt	1,452.69	2,206.61	(753.92)	-34.17%
Current portion of:				
Long-term debt	5,462.17	5,389.15	73.02	1.35%
Bonds Payable	1,392.65	-	1,392.65	100.00%
Liability from purchased land	67.20	67.20	-	0.00%
Lease Liability	21.64	-	21.64	100.00%
Due to related parties	171.19	98.58	72.62	73.67%
Income Tax Payable	9.35	4.71	4.64	98.65%
Other current liabilities	35.28	-	35.28	100.00%
Total Current Liabilities	**16,099.34**	**15,050.24**	**1,049.10**	**6.97%**
Noncurrent portion of:				
Long-term debt	9,880.55	11,645.10	(1,764.55)	-15.15%
Bonds Payable	3,060.38	1,505.89	1,554.48	103.23%
Liability from purchased land	268.34	301.57	(33.23)	-11.02%
Lease Liability	39.54	-	39.54	100.00%
Pension liabilities	307.40	251.10	56.30	22.42%

Deposit for future stock subscription	42.48	-	42.48	100.00%
Deferred tax liabilities	2,708.26	2,524.52	183.74	7.28%
Other noncurrent liabilities	1,419.84	624.80	795.04	127.25%
Total Noncurrent Liabilities	**17,726.78**	**16,852.98**	**873.80**	**5.18%**
Total Liabilities	**33,826.12**	**31,903.22**	**1,922.90**	**6.03%**

	2019	2018 (as restated)	Movement Amount	%
EQUITY				
Capital stock	6,200.85	6,200.85	-	0.00%
Additional paid-in capital	2,639.74	2,639.74	-	0.00%
Treasury shares	(109.67)	(109.67)	-	0.00%
Other components of equity	99.39	99.23	0.16	0.16%
Retained earnings	8,733.92	7,590.09	1,143.83	15.07%
Remeasurement loss on defined benefit plan	(81.17)	(66.04)	(15.13)	22.91%
Total Equity Attributable to Equity Holders of the Parent Company	17,483.06	16,354.20	1,128.86	6.90%
Non-controlling interest	2,132.51	1,109.27	1,023.24	92.24%
	19,615.57	**17,463.47**	**2,152.10**	**12.32%**
	₱53,441.69	**₱49,366.68**	**₱4,075.00**	**8.25%**

105.34% increase in Cash and cash equivalents
Increase is primarily due to collections from matured accounts and net proceeds from loans during the period.

12.41% increase in total Receivables and Non-current portion of installment contract receivables
The increase is primarily due to receivables recognized for new projects qualified for revenue recognition.

9.85% decrease in Real estate inventories
The decrease is primarily due to the recognition of cost of sales for sold units.

6.42% increase in Due from related parties
Due to additional advances from related parties, which are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and collectible/payable on demand.

10.27% decrease in Advances to suppliers and contractors
Decrease is to recoupment through progress billings from completion of Bahamas and Roxas West.

100.00% increase in Investment in bonds
The Group purchased Philippine Peso-denominated, fixed rate bonds. The bonds have a maturity of eighteen (18) months from issue date and interest rate of 5.70% per annum. The bonds are rated “AAA” by Philippine Rating Services Corporation. Investment in bonds is classified and measured as financial assets at amortized cost since the bonds are held to collect contractual cash flows representing solely payments of principal and interest.

9.25% decrease in Deposits for purchased land
In 2019, CCC finalized its DOAS for the land acquired in Novaliches, hence the initial deposit for the land purchased amounting to 166.00 million was reclassified to inventories.

13.63% increase in Investment Property
The increase is mostly attributable to the construction of Century Diamond Tower and recognition of gain in fair value for the period.

29.39% increase in Property and equipment
The increase is mostly attributable to additional construction cost for Novotel Suites Manila at Acqua 6 Tower of Acqua Private Residences.

12.20% increase in Other current and non-current assets
Increase is primarily due to increase in prepaid selling expenses for pre-sales during the period, and increase in creditable withholding taxes and input taxes.

14.30% increase in Accounts and other payables
The increase is primarily due to accruals made at the end of the period and increase in inventory related purchases.

22.24% decrease in Contract Liabilities
Decrease was due to recognition of customers deposits as revenue during the period as the accounts meet the accounting criteria for revenue recognition.

12.71% decrease in total Short-term and long-term debt
Decrease was due to net repayment of loans during the period.

195.71% increase in Short-term and long-term bonds payable
On April 15, 2019, the Group issued a three-year bonds listed at the Philippine Dealing & Exchange Corp. (PDEx) amounting to 3,000 million.

9.01% decrease in liabilities from purchased land
Due to payment made during the period.

100.00% increase in lease liability
This pertains to the lease liability accrued from the lease contract entered by the Group as a lessee in accordance of with PFRS 16.

73.67% increase in Due to related parties
Due to additional purchases from related parties, which are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and collectible/payable on demand.

22.42% increase in Pension liabilities
Due to additional retirement expense during the year.

100.00% increase in Deposit for future stock subscription
In 2019, the Group received deposits amounting to 42.48 million from stockholders with the purpose of applying the same as payment for future issuance of shares of stock. These were classified as a liability since its application of the increase in authorized capital stock is not yet filed with SEC and as of December 31, 2019.

132.89% increase in other current and non-current liabilities
Due to the collection of its subscription of preferred shares. Further In 2019, the Group received security deposits and advance rentals amounting to 35.28 million and 382.84 million classified as “Other

current liabilities” and “Other noncurrent liabilities”, respectively for its lease contracts from its project, Century Diamond Tower, which is forecasted to finish construction and start full commercial operation in 2020.

12.32% increase in stockholder’s equity

Due to the net income recorded for the year ended December 31, 2019, collection of subscription receivable from minority interest amounting to 226.52 million and additional investment from minority interest amounting to 600.00 million from PPHI.

Century Properties Group, Inc.
Financial Ratios

Financial ratios	Dec-19	Dec-18
Current/Liquidity Ratios		
Current Assets	34,365,499,239	31,997,110,107
Current Liabilities	16,099,335,229	15,050,236,472
Current Ratios	**2.1**	**2.1**
Current Assets	34,365,499,239	31,997,110,107
Inventory	15,558,004,362	17,257,481,436
Quick Assets	18,807,494,877	14,739,628,671
Current Liabilities	16,099,335,229	15,050,236,472
Quick Ratios	**1.2**	**1.0**
Liabilities and Debt Ratios		
Short-term debt	1,452,692,919	2,206,610,954
Long-term debt - Current	5,462,166,897	5,389,150,881
Long-term debt - Non-current	9,880,550,051	11,645,097,504
Bonds payable	4,453,032,166	1,505,894,698
Debt	**21,248,442,033**	**20,746,754,037**
Equity	**19,615,569,488**	**17,463,466,559**
Debt-to-Equity	**1.1**	**1.2**
Debt	21,248,442,033	20,746,754,037
Cash and Cash Equivalents	4,005,009,231	1,950,389,193
Net Debt	**17,243,432,802**	**18,796,364,844**
Equity	**19,615,569,488**	**17,463,466,559**
Net Debt-to-Equity	**0.9**	**1.1**
Debt	21,248,442,033	20,746,754,037
EBITDA (Annualized for Interim)	2,861,187,076	2,073,929,849
Debt-to-EBITDA	**7.43**	**10.00**
Income befor Income Tax	2,056,032,947	1,621,956,880
Interest expense	747,608,418	414,117,993
Depreciation and amortization	57,545,711	37,854,976
EBITDA	**2,861,187,076**	**2,073,929,849**
Asset to Equity Ratios		
Total Assets	53,441,685,612	49,366,682,829
Total Equity	19,615,569,488	17,463,466,559
Asset to Equity Ratio	**2.7**	**2.8**
Liabilities to Equity Ratios		
Total Liabilities	33,826,116,124	31,903,216,270
Total Equity	19,615,569,488	17,463,466,559
Liabilities to Equity Ratio	**1.7**	**1.8**

Financial ratios	Dec-19	Dec-18
Profitability ratios		
Revenue	14,315,016,268	10,701,878,291
Gross Profit	5,342,782,822	4,542,174,431
Gross Profit Ratio	**37.3%**	**42.4%**
Net Income Attributable to Equity holders of the Parent Com	1,281,748,829	985,915,365
Revenue	14,315,016,268	10,701,878,291
Net Income Margin	**9.0%**	**9.2%**
Total Net Income after tax (Annualized)	**1,478,470,199**	**1,118,186,619**
Total Asset CY	53,441,685,612	49,366,682,829
Total Asset PY	49,366,682,829	42,555,650,621
Average total asset	**51,404,184,221**	**45,961,166,725**
Return on Asset	**2.9%**	**2.4%**
Total Net Income after tax (Annualized)	**1,478,470,199**	**1,118,186,619**
Total Equity CY	19,615,569,488	17,463,466,559
Total Equity PY	17,463,466,559	16,255,621,463
Average total equity	**18,539,518,024**	**16,859,544,011**
Return on Equity	**8.0%**	**6.6%**
Net Income	1,478,470,199	1,118,186,619
Revenue	14,315,016,268	10,701,878,291
Net Income Margin	**10.3%**	**10.4%**

Results of Operations and Material Changes to the Company's Income Statement for the year ended December 31, 2018 compared to December 31, 2017 (increase/decrease of 5% or more)
(In Millions of Peso)

			Movement	
	2018	**2017**	**Amount**	**%**
REVENUE				
Real estate revenue	₱9,576.67	₱5,345.94	₱4,230.73	79.14%
Leasing revenue	395.46	352.97	42.49	12.04%
Property management fee and other services	407.27	341.66	65.61	19.20%
Interest income from real estate sales	322.48	665.20	(342.72)	-51.52%
	10,701.88	**6,705.77**	**3,996.11**	**59.59%**
COST AND EXPENSES				
Cost of real estate revenue	5,655.40	2,806.48	2,848.92	101.51%
Cost of leasing	276.55	270.73	5.83	2.15%
Cost of services	227.75	237.81	(10.07)	-4.23%
	6,159.70	**3,315.02**	**2,844.68**	**85.81%**
GROSS PROFIT	**4,542.17**	**3,390.75**	**1,151.42**	**33.96%**
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES	**3,254.53**	**2,964.06**	**277.52**	**9.36%**
OTHER INCOME (EXPENSES)				
Interest and other income	568.66	801.08	(245.36)	-30.63%
Gain from change in fair values of investment properties	376.90	286.03	90.87	31.77%
Gain (loss) from change in fair value of derivatives (Note 9)	115.79	(35.61)	151.41	425.13%
Income from investment in associate	12.43	-	12.43	100.00%
Unrealized foreign exchange loss	(145.19)	(53.85)	91.34	169.62%
Interest and other financing charges	(594.28)	(403.48)	190.80	47.29%
	334.31	**594.16**	**(259.85)**	**-43.73%**
INCOME BEFORE INCOME TAX	**1,621.96**	**1,020.85**	**601.11**	**58.88%**
PROVISION FOR INCOME TAX	**503.77**	**370.92**	**132.85**	**35.81%**
NET INCOME	**₱1,118.19**	**₱649.93**	**₱468.26**	**72.05%**

79.14% increase in real estate revenue
The increase is due to completion of Boracay, Osmeña East and Iguazu towers, start of recognition of affordable housing segment and additional substantial progress in construction and sales take up of on-going projects.

Affordable housing segment's contribution to the increase in revenue amounted to 1,170.91 million for the year ended December 31, 2018.

12.04% increase in leasing revenue
The increase was due to higher occupancy rate for Century City mall and Centuria medical.

19.20% increase in property management fee and other services

Increase where significantly due to additional properties being mange, specifically 3 more BPI buildings and the newly completed Century properties.

51.52% decrease in interest income from real estate sales
Interest income from real estate sales represents interest accretion from installment contract receivables (ICR) recognized during the year. Discount subject to accretion arises from the difference between present value of ICR and its nominal value. Income decrease since majority of the projects are already turned over and new sales fair value upon initial recognition approximates its nominal value.

30.63% decrease in Interest and Other Income
Decrease is mostly attributable to lower forfeited collections in 2018.

31.77% increase in gain from change in fair value of Investment Property
The increase is mostly attributable to initial recognition of gain from change in fair value of investment property of Asian Century Center amounting to 245.80 million.

425.14% increase in gain (loss) from change in fair value of derivatives
The increase is due to mark to market gain on non-deliverable foreign currency swap entered into by the Group to hedge its foreign currency denominated debt.

100% increase in income from investment in associate
Income from investment in associate in 2018 amounting to 12.43 million pertains to share in net earnings of joint ventures and associate.

101.51% increase in Cost of Sales
The increase in mainly due to the increase in real estate revenue and impact of adoption of PFRS 15.

2.15% increase in Cost of services
This is due to the increase of properties managed by CPMI.

4.23% decrease in Cost of leasing
The decrease is mainly due to the Group's implementation cost cutting measures during the year.

9.36% increase in General, administrative and selling expenses
The increase in operational expenses during the period is primarily due to the increase in commission and salaries related to the newly launched projects and amortization of commission.

47.29% increase in Interest and other financing charges
This was primarily due to bank fees and other financing charges paid other than capitalized borrowing costs during the year. These interests came from loans that do not qualify for capitalization as borrowing costs.

169.62% increase in unrealized foreign exchange losses
These losses are offset by the gain in fair value of derivatives arising from hedging of these new dollar denominated loans during the year.

35.81% increase in Provision for Income Tax
The increase was primarily due to higher taxable income during the year.

As a result of the foregoing, net income increased by 72.05%.

Financial Condition and Material Changes to the Company's Statement of Financial Position for the year ended December 31, 2018 compared to December 31, 2017 (increase/decrease of 5% or more)
(In Millions of Peso)

			Movement	
	2018	**2017**	**Amount**	**%**
ASSETS				
Cash and cash equivalents	₱1,950.39	₱1,400.36	₱550.03	39.28%
Receivables	2,047.13	7,541.27	(5,494.14)	-72.85%
Contract assets	6,827.21	-	6,827.21	100.00%
Real estate inventories	17,257.48	15,845.87	1,411.61	8.91%
Due from related parties	394.35	491.25	(96.89)	-19.72%
Advances to suppliers and contractors	2,236.12	1,963.98	272.15	13.86%
Other current assets	1,284.43	1,008.97	275.46	27.30%
Total Current Assets	**31,997.11**	**28,251.69**	**3,745.42**	**13.26%**
Noncurrent portion of installment contract receivables	-	2,442.24	(2,442.24)	-100.00%
Non-current portion of contract assets	1,894.56	-	1,894.56	100.00%
Deposits for purchased land	1,189.48	1,369.57	(180.09)	13.15%
Investments in and advances to joint ventures and associate	247.58	235.15	12.43	5.29%
Investment properties	11,381.64	7,759.56	3,622.08	46.58%
Property and equipment	1,273.79	1,068.56	205.23	19.21%
Deferred tax assets - net	50.52	103.99	(53.47)	51.42%
Other noncurrent assets	1,320.60	1,324.88	(4.28)	-0.32%
Total Noncurrent Assets	**17,358.13**	**14,303.96**	**3,054.17**	**21.35%**
TOTAL ASSETS	**49,355.24**	**42,555.65**	**6,799.59**	**15.98%**
LIABILITIES				
Accounts and other payables	4,989.66	3,832.13	1,157.53	30.21%
Contract liabilities	2,294.33	-	2,294.33	100.00%
Customers' deposits	-	2,758.60	(2,758.60)	-100.00%
Short-term debt	2,206.61	1,415.89	790.72	55.85%
Current portion of:				
Long-term debt	5,389.15	3,099.35	2,289.80	73.88%
Liability from purchased land	67.20	67.20	-	0.00%
Due to related parties	98.58	48.17	50.40	104.64%
Income Tax Payable	4.71	3.23	1.48	45.73%
Total Current Liabilities	**15,050.24**	**11,224.58**	**3,825.66**	**34.08%**
Noncurrent portion of long-term debt	11,645.10	10,083.50	1,561.60	15.49%
Bonds Payable	1,505.89	1,500.97	4.93	0.33%
Noncurrent portion of liability from purchased land	301.57	381.04	(79.47)	-20.86%
Pension liabilities	251.10	235.47	15.63	6.64%
Deferred tax liabilities	2,524.52	2,451.36	73.16	2.98%
Other noncurrent liabilities	624.80	423.12	201.68	47.66%
Total Noncurrent Liabilities	**16,852.98**	**15,075.45**	**1,777.53**	**11.79%**
Total Liabilities	**31,903.22**	**26,300.03**	**5,603.19**	**21.30%**

	2018	2017	Movement Amount	%
EQUITY				
Capital stock	6,200.85	6,200.85	-	0.00%
Additional paid-in capital	2,639.74	2,639.74	-	0.00%
Treasury shares	(109.67)	(109.67)	-	0.00%
Other components of equity	99.23	99.15	-	0.00%
Retained earnings	7,551.93	6,922.98	628.95	9.09%
Remeasurement loss on defined benefit plan	(39.33)	(34.58)	(4.75)	13.74%
Total Equity Attributable to Equity Holders of the Parent Company	16,342.75	15,718.47	624.28	3.97%
Non-controlling interest	1,109.27	537.15	572.12	106.51%
	17,452.02	**16,255.62**	**1,196.40**	**7.36%**
	₱ 49,355.24	**₱42,555.65**	**₱6,799.59**	**15.98%**

39.28% increase in Cash and cash equivalents
Increase is primarily due to collections from matured accounts and net proceeds from loans during the period.

7.87% increase in total Receivables and Contract Assets
The increase is due to new sales booked during the year

8.91% increase in Real estate inventories
Due to the substantial increase in construction and development of various ongoing projects and payment of land during the period net of the cost of real estate sales recognized and transfers of cost of leasing assets to investment properties.

In addition, the adoption of PFRS 15 affected the Group’s recognition of cost of real estate sales. In compliance with PFRS 15, costs that relate to satisfied (or partially satisfied) performance obligations should be expensed as incurred. These costs are allocated to the saleable units, with the portion allocable to the sold units being recognized as costs of sales while the portion allocable to the unsold units being recognized as part of real estate inventories. The adoption of PFRS 15 decreased the Group’s retained earnings 100.30 million, decreased the inventory by 154.75 million and decreased deferred tax liabilities by 54.46 million as of January 1, 2018.

19.72% decrease in Due from related parties
Due to settlement of advances and outstanding balance due to purchases from related parties, which are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and collectible/payable on demand.

13.86% increase in Advances to suppliers and contractors
Increase is due to down payments made to suppliers during the period which are subject to recoupment through progress billings.

13.15% decrease in Deposits for purchased land
In 2018, land acquired in Quezon City was fully paid resulting to transfer of deposits for purchased land made in prior years to inventories amounting to 522.26 million. Also in 2018, the Group made additional deposits for land in Novaliches amounting to 284.98 million. These transactions resulted to net decrease in deposits for purchased land.

46.58% increase in Investment Property
Primarily due to costs incurred for Century Diamond Tower and Asian Century Center. Also the recognition of fair value appreciation mainly for ACC amounted to 369.22 million contributed to the increase in investment property.

19.21% increase in Property and equipment
The increase is mostly attributable to additional construction cost for Novotel Suites Manila at Acqua 6 Tower of Acqua Private Residences amounting to 199.64 million.

11.62% increase in Other current and non-current assets
Increase is primarily due to increase in prepaid selling expenses for pre-sales during the period, increase in creditable withholding taxes and input taxes.

30.21% increase in Accounts and other payables
Increase is primarily due to accruals made at the end of the period.

13.83% decrease in total Customers Deposits and Contract Liabilities
Decrease was due to recognition of customers deposits as revenue during the period as the accounts meet the accounting criteria for revenue recognition.

31.80% increase in total Short-term and long-term debt
The increase is due to increased net availments from existing and new lines during the period. The increase in debt was partially used to fund operations, investment properties, land payments and to refinance debt.

104.64% increase in Due to related parties
Due to additional purchases from related parties, which are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and collectible/payable on demand.

6.64% increase in Pension liabilities
Due to additional retirement expense during the year.

20.86% decrease in Liabilities for purchased land
Due to payments made during the year.

47.66% increase in other non-current liabilities
Due to the collection of its subscription of preferred shares.

7.34% increase in stockholder's equity
Due to the net income recorded for the year ended December 31, 2018, collection of subscription receivable from minority interest amounting to 212.34 million, and additional investment from minority interest amounting to 205.00 million from PPHI and 4.00 million from KPDC, respectively.

Century Properties Group, Inc.
Financial Ratios

	As of December 31		
	2018	2017	2016
Current Ratio	2.1x	2.5x	2.9x
Debt to Equity Ratio	1.2x	1.0x	1.0x
Asset to Equity Ratio	2.8x	2.6x	2.7x
	For The Year Ended December 31		
	2018	2017	2016
Return on Assets	2.4%	1.5%	1.8%
Return on Equity	6.6%	4.1%	4.8%
EBIT	2,036.1	1,308.2	1,081.5
EBITDA	2,073.9	1,341.4	1,110.1
Total Debt	20,746.8	16,099.7	15,676.0
Net Debt	18,796.4	14,699.3	12,332.9
Gross Profit from Real Estate Sales Ma	42.9%	53.3%	48.4%
Net Income Margin	9.6%	8.3%	9.8%
Net debt-to-equity ratio	1.1x	0.9x	0.8x
Debt-to-EBITDA ratio	10.0x	12.0x	14.1x
Net debt-to-EBITDA ratio	9.1x	11.0x	11.1x

Notes:
(1) Return on assets is calculated by dividing net income for the period by average total assets (beginning plus end of the period divided by two).
(2) Return on equity is calculated by dividing net income for the period by average total equity (beginning plus end of the period divided by two).
(3) EBIT is calculated as net income after adding back interest expense and provision for income tax. EBITDA is calculated as net income after adding back interest expense, depreciation and amortization and provision for income tax.
(4) Net debt is calculated as total short term and long-term debt including bonds payable less cash and cash equivalents as of the end of the period.
(5) Gross profit from real estate sales margin is calculated as the sum of real estate sales and accretion of unamortized discount (which we record under interest and other income), less the cost of real estate sales, as a percentage of the sum of real estate sales and accretion of unamortized discount, for the period. We believe that including accretion of unamortized discount in this calculation is a useful measure of the profitability of our real estate operations because such unamortized discount forms part of the original contract price of the sales contracts.
(6) Net margin is calculated as net income as a percentage of revenue for the period. Total Revenue includes, Real Estate Sales, Leasing Revenue, Property Management fee and other services, interest and other income, and Gain from change in Fair Value.
(7) Net debt-to-equity ratio is calculated as net debt divided by total equity as of the end of the period.
(8) Debt-to-EBITDA ratio is calculated as total debt as of the end of the period divided by EBITDA for the year.
(9) Net debt to EBITDA ratio is calculated as net debt as of the end of the period divided by EBITDA for the year.
(10) This ratio is obtained by dividing the Current Assets of the Group by its Current liabilities. This ratio is used as a test of the Group's liquidity.

REVIEW OF YEAR END 2017 VS YEAR END 2016

RESULTS OF OPERATIONS

Real Estate

The Group accounts for real estate revenue from completed housing and condominium units and lots using the full accrual method. The Group uses the percentage of completion method, on a unit by unit basis, to recognize income from sales where the Group has material obligations under the sales contract to complete after the property is sold. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally in relation to actual costs incurred to date over the total estimated costs. The Group typically requires payment of 20% to 40% of the total contract price, depending on the type of property being purchased, and buyers are given the duration of the construction period to complete such payment.

For the year ended December 31, 2017, the Group recorded revenue from real estate sales amounting to ₱5,346 million compared to ₱4,968.4 million in 2016.

The increase in real estate sales is attributable to the increase in selling price of the units among projects and significant accomplishments of Tanza, Roxas West, Quirino West and Bahamas projects during the year.

Interest and Other Income, including Gain from change in fair value

Interest and other income decreased by 1.1% to ₱1,752 million in the year ended December 31, 2017 from ₱1,772 million in the year ended December 31, 2016. This decrease is primarily due to lower gain in Fair Value of Investment Properties recognized during 2017. The gain on fair value gain in investment properties recognized in 2017 amounted to ₱286 million which is lower compared to ₱348 million recognized in 2016.

Investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent appraisers, as of December 31, 2017 and 2016.

Property management fee and other services

Property management fee and other services increased by 16.9% to ₱353 million in the year ended December 31, 2017 from ₱302 million in the year ended December 31, 2016. This was due to the increase in the revenue from managed properties, specifically BPI properties increased from 1 to 4 buildings, and additional Century related developments.

Leasing Revenue

Leasing revenue increased by 1.1% to ₱342 million in the period ended December 31, 2017 from ₱338 million in the same period ended December 31, 2016 due to the increase in occupancy rate of Century City Mall. Century City Mall has 96.3% occupancy rate for 2017 higher compared to 95.5% occupancy rate in 2016.

Costs and Expenses (including loss from change in fair value of derivatives and unrealized foreign exchange losses)

Cost and expenses increased by 5.8% to ₱6,772 million during 2017 from ₱6,401 million for the year ended December 31, 2016.

- Cost of real estate sales decreased by 3.3% to ₱2,806 million in the year ended December 31, 2017 from ₱2,901 million in the year ended December 31, 2016. Despite the increase in real estate sales, the cost of real estate sales decreased due to significant project sales during the year has higher gross profit margin.

- Cost of leasing decreased by 10.85% to ₱238 million for the year ended December 31, 2017 from ₱267 million in the year ended December 31, 2016. The decrease is mainly due to the Group's implementation cost cutting measures during the year.

- Cost of services increased by 13.89% from ₱238 million in the year ended December 31, 2016 to ₱271 million in the year ended December 31, 2017. This is due to the increase of properties managed by CPMI.

- Interest and other financing charges (including unrealized foreign exchange loss and loss on change in fair value of derivatives) increased by 31.5% to ₱493 million for the year ended December 31, 2017 from ₱375 million for 2016. This was primarily due to bank fees and other financing charges paid other than capitalized borrowing costs during the year. These interests came from loans that do not qualify for capitalization as borrowing costs. The Loss on Fair Value of derivatives amounted to ₱36 million and ₱108 million in 2017 and 2016, respectively.

Provision for Income Tax

Provision for income tax increased by 47.2% to ₱371 million for the year ended December 31, 2017 from ₱252 million in the year ended December 31, 2016. The increase was primarily due to higher taxable income during the year and additional tax expense from expiration of NOLCO.

Net Income

As a result of the foregoing, net income decreased by 10.6% to ₱650 million for the year ended December 31, 2017 from ₱727 million in the year ended December 31, 2016.

Century Properties Group, Inc.
Financial Ratios

	As of December 31		
	2017	2016	2015
Current Ratio	2.5x	2.9x	2.8x
Debt to Equity Ratio	1.0x	1.0x	1.0x
Asset to Equity Ratio	2.6x	2.7x	2.6x
	For the year ended December 31		
	2017	2016	2015
Return on Assets	1.5%	1.8%	4.1%
Return on Equity	4.1%	4.8%	10.9%
EBIT	1,308.2	1,081.5	2,202.3
EBITDA	1,341.4	1,110.1	2,230.1
Total Debt	16,099.7	15,676.0	13,916.0
Net Debt	14,699.3	12,332.9	11,907.7
Gross Profit from Real Estate Sales Margin	53.3%	48.4%	43.8%
Net Income Margin	8.3%	9.8%	14.6%
Net debt-to-equity ratio	0.9x	0.8x	0.8x
Debt-to-EBITDA ratio	12.0x	14.1x	6.2x
Net debt-to-EBITDA ratio	11.0x	11.1x	5.3x

Notes:

(1) Return on assets is calculated by dividing net income for the period by average total assets (beginning plus end of the period divided by two).

(2) Return on equity is calculated by dividing net income for the period by average total equity (beginning plus end of the period divided by two).

(3) EBIT is calculated as net income after adding back interest expense and provision for income tax. EBITDA is calculated as net income after adding back interest expense, depreciation and amortization and provision for income tax.

(4) Net debt is calculated as total short term and long-term debt including bonds payable less cash and cash equivalents as of the end of the period.

(5) Gross profit from real estate sales margin is calculated as the sum of real estate sales and accretion of unamortized discount (which we record under interest and other income), less the cost of real estate sales, as a percentage of the sum of real estate sales and accretion of unamortized discount, for the period. We believe that including accretion of unamortized discount in this calculation is a useful measure of the profitability of our real estate operations because such unamortized discount forms part of the original contract price of the sales contracts.

(6) Net margin is calculated as net income as a percentage of revenue for the period. Total Revenue includes, Real Estate Sales, Leasing Revenue, Property Management fee and other services, interest and other income, and Gain from change in Fair Value.

(7) Net debt-to-equity ratio is calculated as net debt divided by total equity as of the end of the period.

(8) Debt-to-EBITDA ratio is calculated as total debt as of the end of the period divided by EBITDA for the year.

(9) Net debt to EBITDA ratio is calculated as net debt as of the end of the period divided by EBITDA for the year.

(10) This ratio is obtained by dividing the Current Assets of the Group by its Current liabilities. This ratio is used as a test of the Group's liquidity.

Material Changes to the Company's Balance Sheet as of December 31, 2017 compared to December 31, 2016

Total assets as of December 31, 2017 were ₱42,556 million compared to ₱41,309 million as of December 31, 2016, or a 3.0% increase. This was due to the following:

Cash and cash equivalents decreased by 58.1% from ₱3,343 million as of December 31, 2016 to ₱1,400 million as of December 31, 2017 primarily due to capital expenditures for the investment property, payment of land and the use of cash for operations. During the period the Company also paid its 3-year term bonds.

Receivables decreased by 11.7% from ₱11,308 million as of December 31, 2016 to ₱9,983 million as of December 31, 2017 million due to increase in collection on receivables from turned over projects.

During the year ended December 31, 2017, real estate inventories increased by 13.6% from ₱13,943 million as of December 31, 2016 to ₱15,846 million as of December 31, 2017 due to development of various projects during the period and lower cost of real estate recognized during the period.

Due from Related parties decreased by 7.9% from ₱533. million as of December 31, 2016 to ₱491 million as of December 31, 2017 due to settlements within of made between the subsidiaries of the Group.

Prepayments and other current assets (including derivative assets) decreased by 22.6% from P1,303 million as of December 31, 2016 to P1,009 million as of December 31, 2017 mainly due to amortization of deferred selling expenses, derecognition of derivative asset and application of creditable withholding taxes on the income tax payable during the period.

Deposits for purchased land increased by 17.0% from ₱1,170 million as of December 31, 2016 to ₱1,370 million as of December 31, 2017 due to payment made by the Company to the Land Owners during the period.

Investment and advances to Joint Ventures and Associates decreased by 40.4% from ₱394 million as of December 31, 2016 to ₱235 million as of December 31, 2017 mainly due to A2 Global settlement all of its advances from the Group for the construction of the investment property.

Investment properties posted an increase by 30.7% to ₱7,760 million as of December 31, 2017 as compared to ₱5,936 million as of December 31, 2016 primarily due to other costs incurred for Century Diamond Tower and Asian Century Center. Increase in fair value of other investment properties assets also contributes to the increase in investment property.

Property and equipment increased by 120.0% from ₱486 million as of December 31, 2016 to ₱1,069 million as of December 31, 2017 due to additional cost incurred for the construction of the Novotel Suites Manila at Acqua 6 Tower of the Acqua Private Residences.

Deferred Tax Asset decreased by 35.0% from ₱160 million as of December 31, 2016 to ₱104 million as of December 31, 2017. The decrease is primarily due to the NOLCO claimed by the Group against it taxable income during the year.

Other non-current assets increased by 79% from ₱741 million as of December 31, 2016 to ₱1,325 million as of December 31, 2017 primarily due to the increase in rental deposits held and applied in relation to the Company's lease contracts for their administrative and sales offices.

Customers' advances and deposits increased by 16.9% from ₱2,360 million as of December 31, 2016 to ₱2,759 million as of December 31, 2017. Balances as of December 31, 2017 represents collection from customers which do not meet the revenue recognition criteria.

Short-term and long-term debt representing the sold portion of the Company's installment contracts receivables with recourse, syndicated loans and bi-lateral term loans increased by 12.3% from ₱12,997 million as of December 31, 2016 to ₱14,598 million as of December 31, 2017 due to increased net availments from existing and new lines during the period. The increase in debt was partially used to fund operations, investment properties, and to refinance debt.

Liability from purchased land decreased by 14.0% from ₱521.0 million as of December 31, 2016 to ₱448 million as of December 31, 2017 due to payments made to Land Owner during the year.

Bond Payable decreased by 44.0% from ₱2,679 million as of December 31, 2016 to ₱1,501 million as of December 31, 2017 due to settlement of the 3-year bonds payable.

Due to related parties decreased by 85.2% from ₱326 million as of December 31, 2016 to ₱48 million as of December 31, 2017 due to payment of advances to Ultimate Parent made by the Group during the year.

Other Noncurrent Liabilities increased by 57.6% from ₱269 million as of December 31, 2016 to ₱424 million as of December 31, 2017 due to the increase in subscription and collected deposit for future preferred stock subscription of the Group during the year.

Total equity attributable to parent company net increased by 3.23% to ₱15,718 million as of December 31, 2017 from ₱15,227 million as of December 31, 2016 due to the net income recorded during the year net of CPGI's cash dividend declarations during the year.

Non-controlling interest increased to ₱537 million from ₱120 million due to collection of subscription receivable from MC for its interest in Tanza and CCDC II.

Material Changes to the Company's Statement of income for the year ended December 31, 2017 compared to the year ended December 31, 2016

Real estate revenue posted an increase by 7.6% for the year ended December 31, 2017 from ₱4,968 million in 2016 to ₱5,346 million in 2017. The increase in real estate sales is attributable to the increase in selling price of the units among projects and significant accomplishments of Tanza, Roxas West, Quirino West and Bahamas projects during the year.

Property management fee and other services increased by 16.9% to ₱353 million in the year ended December 31, 2017 from ₱302 million in the year ended December 31, 2016. This was due to the increase in the revenue from managed properties, specifically BPI properties increased from 1 to 4 buildings, and additional Century related developments.

Cost and expenses increased by 5.8% to ₱6,772 million during 2017 from ₱6,401 million for the year ended December 31, 2016.

Cost of leasing decreased by 10.9% to ₱238 million for the year ended December 31, 2017 from ₱267 million in the year ended December 31, 2016. The decrease is mainly due to the Group's implementation cost cutting measures during the year.

Cost of services increased by 13.9% from ₱238 million in the year ended December 31, 2016 to ₱271 million in the year ended December 31, 2017. This is due to the increase of properties managed by CPMI.

Interest and other financing charges (including unrealized foreign exchange loss and loss on change in fair value of derivatives) increased by 31.5% to ₱493 million for the year ended December 31, 2017 from ₱375 million for 2016. This was primarily due to bank fees and other financing charges paid other than capitalized borrowing costs during the year. These interests came from loans that do not qualify for capitalization as borrowing costs. The Loss on Fair Value of derivatives amounted to ₱36 million and ₱108 million in 2017 and 2016, respectively.

Provision for income tax increased by 47.2% to ₱371 million for the year ended December 31, 2017 from ₱252 million in the year ended December 31, 2016. The increase was primarily due to higher taxable income during the year and additional tax expense from expiration of NOLCO.

As a result of the foregoing, net income decreased by 10.6% to ₱650 million for the year ended December 31, 2017 from ₱727 million in the year ended December 31, 2016.

OTHER NOTES AS OF 1ST QUARTER OF 2020 OPERATIONS AND FINANCIALS

A. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size, or incidents.

   None.

B. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

   There were no changes in estimates of amounts reported in prior interim period or prior financial years that have a material effect in the current interim period.

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C. New financing through loans/ issuances, repurchases and repayments of debt and equity securities.

   See Notes to Financial Statements and Management Discussion and Analysis.

D. Material events to the end of the interim period that have not been reflected in the financial statements for the interim period.

   None

E. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

   None

F. Changes in contingent liabilities or contingent assets since the last annual statement of financial position date.

   None

G. Existence of material contingencies and other material events or transactions during the interim period

   None.

H. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

   None

I. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

   None.

J. Material commitments for capital expenditures, general purpose and expected sources of funds.

The movement of capital expenditures being contracted arose from the regular land development and construction requirements.