

Century Properties Group, Inc.
(incorporated in the Republic of the Philippines)

**₱2,000,000,000 with an Oversubscription Option of up to
₱1,000,000,000 Fixed Rate
3-Year Bonds due 2022 at 7.8203% p.a.**

Issue Price: 100% of Face Value

Issue Manager, Lead Underwriter and Bookrunner

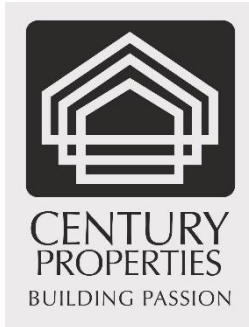


Selling Agent



The date of this Prospectus is March 26, 2019.

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

**Office Address**

Century Properties Group, Inc.
21st Floor Pacific Star Building,
Sen. Gil Puyat Avenue corner Makati Avenue,
Makati City 1200

Contact Numbers

Trunkline (+632) 793-5500
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www.century-properties.com

CENTURY PROPERTIES GROUP INC.

**21/F Pacific Star Building, Sen. Gil Puyat Avenue corner Makati Avenue
Makati City, Philippines**

**₱2,000,000,000 with an Oversubscription Option of up to ₱1,000,000,000 Fixed Rate
3-Year Bonds Due 2022 at 7.8203% p.a.**

Offer Price: 100% of Face Value

Century Properties Group Inc. (the "Issuer" or the "Company" or "CPGI" or the "Group") is offering Unsecured Fixed Rate Peso Retail Bonds (the "Bonds") with an aggregate principal amount of ₱2,000,000,000, with an Oversubscription Option of up to ₱1,000,000,000. The Bonds are comprised of 7.8203% p.a. three-year bonds. The Bonds will be issued by the Company pursuant to the terms and conditions of the Bonds on April 15, 2019 (the "Issue Date").

Interest on the Bonds will be payable quarterly in arrears; commencing on July 15, 2019 for the first Interest Payment Date and on January 15, April 15, July 15, and October 15, of each year for each Interest Payment date at which the Bonds are outstanding, or the subsequent Business Day without adjustment if such Interest Payment Date is not a Business Day. The Bonds shall be repaid at maturity at par (or 100% of face value), plus any outstanding interest, on the respective maturity date or on April 15, 2022 (see "Description of the Bonds" – "Redemption and Purchase" on page 71).

This Prospectus relates to the offer of ₱2,000,000,000 with an Oversubscription Option of up to ₱1,000,000,000 of Unsecured Fixed Rate Peso- denominated Retail Bonds of CPGI due 2022 at an issue price of 100% of face value (the “Issue Price”).

The Bonds have been rated AA by Credit Rating Investors Services Philippines Inc. (“CRISP”) as of January 28, 2019. CRISP favorably notes the continuing ability of CPGI to service its debt obligations, as evidenced by its fulfillment of the obligations under the Bonds issued on September 2, 2014 due in fiscal year 2017. This rating also reflects a very strong capacity to repay CPGI’s debt obligations, low probability of default and a high rate of recovery in case of default.

CPGI is also on CRISPMonitor as it believes CPGI’s strong 2018 performance, as evidenced by its revenue growth rate of 85% on a last twelve months (LTM September 2018 versus LTM September 2017) basis, needs monitoring for consistency and sustainability, and for CPGI to demonstrate its early success in the affordable housing market that it has recently entered.

CPGI expects to raise gross proceeds amounting to ₱2,000,000,000 and the net proceeds are estimated to be approximately ₱1,958,761,775 after deducting fees, commissions and expenses relating to the issuance of the Bonds. If the Oversubscription Option of up to ₱1,000,000,000 is exercised, then the total additional net proceeds will be ₱985,000,000 after deducting fees, commissions and expenses relating to the issuance of the Bonds. Proceeds of the Offer shall be used to partially finance the Company’s development and completion of its affordable housing projects (see “Use of Proceeds” on page 59). The Underwriter shall receive a fee of 0.75% on the final aggregate nominal principal amount of the Bonds issued.

The Bonds shall be offered to the public at face value through the Issue Manager, Lead Underwriter and Bookrunner. The Bonds shall be issued in scripless form, with the PDTC maintaining the Electronic Registry of Bondholders, as the Registrar of the Bonds. Subsequent to the Issue Date, the Bonds shall be listed in PDEX to facilitate secondary trading. The Bonds shall be issued in denominations of ₱50,000 each, as a minimum and in multiples of ₱10,000 thereafter, and traded in denominations of ₱10,000 in the secondary market.

On January 30, 2019, CPGI filed a Registration Statement with the Securities and Exchange Commission (the “SEC”), in connection with the offer and sale to the public of debt securities with an aggregate principal amount of ₱2,000,000,000, with an Oversubscription Option of up to ₱1,000,000,000, constituting the Bonds.

There can be no assurance in respect of: (i) whether CPGI would issue such debt securities at all; (ii) the size or timing of any individual issuance or the total issuance of such debt securities; or (iii) the specific terms and conditions of any such issuance. Any decision by CPGI to offer such debt securities will depend on a number of factors at the relevant time, many of which are not within CPGI’s control, including but not limited to: prevailing interest rates, the financing requirement of CPGI’s business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general.

Since this is a debt instrument, Bondholders shall not be entitled to any dividends from the Issuer. CPGI’s dividend policy is discussed further in the section “Market Price of and Dividends on Common Equity and Related Stockholder Matters” on page 144.

CPGI confirms that this Prospectus contains all material information relating to the Company, its Subsidiaries and affiliates namely, Century City Development Corporation (“CCDC”), Century Communities Corporation (“CCC”), Century Limitless Corporation (“CLC”), Century Properties Management, Inc. (“CPMI”), Century Destinations and Lifestyle Corp. (“CDLC”) and PHirst Park Homes, Inc. (“PPHI”), which are, in the context of the issue and offering of the Bonds, material (including all information required by applicable laws of the Republic of the

Philippines), and are true, accurate, and correct in every respect. To the best of its knowledge and belief, there is no material misstatement or omission of fact, which would make any statement in this Prospectus misleading in any material respect. CPGI confirms that it has made all reasonable inquiries in respect of the information, data and analysis provided to it by its advisors and consultants for inclusion into this Prospectus.

CPGI, however, has not independently verified any publicly available information, data, or analyses. Neither the delivery of this Prospectus nor any sale made pursuant to the Offering, shall, under any circumstance, create any implication that the information contained or referred to in this Prospectus is accurate as of any time subsequent to the date hereof. The Issue Manager, Lead Underwriter and Bookrunner assumes no liability for any information contained in this Prospectus and do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Prospectus. Unless otherwise indicated, all information in this Prospectus is as of the date of this Prospectus.

Neither the delivery of this Prospectus nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, create any implication that the information contained or referred to in this Prospectus is accurate as of any time subsequent to the date hereof. This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Issue Manager, Lead Underwriter and Bookrunner, the Trustee or the Selling Agent, or any of their respective affiliates, directors or advisors to subscribe for or purchase the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or is unlawful.

The Issue Manager, Lead Underwriter and Bookrunner, the Trustee or the Selling Agent do not make any representation, express or implied, as to the accuracy or completeness of the information contained in this Prospectus.

The contents of this Prospectus are not to be considered as definitive legal, business or tax advice. Each Prospective Bondholder receiving a copy of this Prospectus acknowledges that he has not relied on the Issue Manager, Lead Underwriter and Bookrunner, the Trustee or the Selling Agent in their investigation of the accuracy of any information found in this Prospectus or in his investment decision. Prospective purchasers should consult their own counsel, accountants or other advisors as to legal, tax, business, financial and related aspects of the purchase of the Bonds, among others. It bears emphasis that investing in the Bonds involves certain risks. It is best to refer again to the section on "Risk Factors" for a discussion of certain considerations with respect to an investment in the Bonds.

In making an investment decision, investors must rely on their own examination of CPGI and the terms of the Offer, including the material risks involved. The Offer is being made on the basis of this Prospectus only.

To the fullest extent permitted by law, none of the Issuer's advisors or the Issue Manager, Lead Underwriter and Bookrunner, the Trustee or the Selling Agent or any of their respective affiliates, directors or advisors accepts any responsibility for the contents of this Prospectus. Each of the Issue Manager, Lead Underwriter and Bookrunner, the Trustee and the Selling Agent or any of their respective affiliates, directors or advisors accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Prospectus or any such statement. None of the Issue Manager, Lead Underwriter and Bookrunner, the Trustee or the Selling Agent or any of their respective affiliates, directors or advisors undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Bonds of any information coming to the

attention of the Issuer's advisors, Issue Manager, Lead Underwriter and Bookrunner, the Trustee or the Selling Agent.

No dealer, salesman or other person has been authorized by CPGI and the Issue Manager, Lead Underwriter and Bookrunner to give any information or to make any representation concerning the Bonds other than those contained herein, and, if given or made, any such other information or representation should not be relied upon as having been authorized by CPGI or by the Issue Manager, Lead Underwriter and Bookrunner.

The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. An investment in Bonds, as described in this Prospectus, involves a certain degree of risk. A prospective purchaser of the Bonds should carefully consider several risk factors, such as risks inherent to the Company and the Business and risks pertinent to the Philippines vis-à-vis risks inherent to the Bonds, in addition to the other information contained in this Prospectus, in deciding whether to invest in the Bonds.

In making an investment decision, investors must rely on their own examination of CPGI and the terms of the Offer, including the material risks involved. The Offer is being made on the basis of this Prospectus only.

RISKS RELATING TO THE BONDS

- Macroeconomic risks including political, economic and environmental factors that may affect the Company's financial and operating performance;
- Risks relating to Century Properties Group, Inc., its subsidiaries and their business and operations;
- The nature, the absence of a liquid secondary market and volatility, and other risks relating to the Offer

For more information on "Risk Factors", please see page 29.


The contents of this Prospectus are not to be considered legal, business, or tax advice. Each prospective purchaser of the Bonds receiving a copy of this Prospectus acknowledges that he has not relied on the Issue Manager, Lead Underwriter and Bookrunner in his investigation on the accuracy of any information found in the Prospectus or in his investment decision.

Prospective purchasers should consult their own counsel, accountants, or other advisors as to legal, tax, business, financial and related aspects of the purchase of the Bonds, among others. It bears emphasis that investing in the Bonds involves certain risks (see discussion on factors to be considered in respect of an investment in Bonds under "Risk Factors" on page 29).

CPGI is organized under the laws of the Philippines. Its principal office address is at the 21/F Pacific Star Building, Sen. Gil Puyat Avenue corner Makati Avenue, Makati City, Philippines, with telephone number +63 2 793 5500.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CURRENT.

Century Properties Group, Inc. By:


JOSE EDUARDO B. ANTONIO
Chairman of the Board, President and CEO

SUBSCRIBED AND SWORN to before me this 26 MAR 2019 at Makati City, Metro Manila affiant exhibiting to me his Passport No. EC1534055 issued on 04 July 2014, at DFA Manila, and expiring on 03 July 2019.

Doc. No. 227
Page No. 47
Book No. XI
Series of 2019.



DINDIN A. CRUZ
Appointment No. M-415
Notary Public for Makati City
Until December 31, 2019
19F Pacific Star Building, Sen. Gil Puyat
Cor. Makati Ave., Makati City
MCLE Compliance No. VI-0008370/05-03-2018
PTR No. 7333440/1-3-2019/Makati
IBP No. 057883/12-27/2018/Makati

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FORWARD-LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements”. These forward-looking statements can generally be identified by use of statements that include words or phrases such as “believes”, “expects”, “anticipates”, “intends”, “plans”, “foresees”, or other words or phrases of similar import. Similarly, statements that describe CPGI’s objectives, plans or goals are also forward-looking statements. All such forward-statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations of CPGI include, among others:

- General economic and business conditions in the Philippines;
- Industry risk in which CPGI, its Subsidiaries and affiliates operate;
- Changes in laws and regulations that apply to the segment or industry in which CPGI, its Subsidiaries and affiliates operate; and
- Changes in political conditions in the Philippines.

For further discussion of such risks, uncertainties and assumptions, see “Risk Factors” on page 29. Prospective purchasers of the Bonds are urged to consider these factors carefully in evaluating the forward-looking statements. The forward-looking statements included herein are made only as of the date of this Prospectus, and CPGI undertakes no obligation to update such forward-looking statements publicly to reflect subsequent events or circumstances.

The Issue Manager, Lead Underwriter and Bookrunner does not take any responsibility for, or give any representation, warranty or undertaking in relation to, any such forward-looking statement.

Additional factors that could cause our actual results, performance or achievements to differ materially include those disclosed under “Risk Factors.” These forward-looking statements speak only as of the date of this Prospectus. Each of the Company and the Issue Manager, Lead Underwriter and Bookrunner expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based. In light of these risks, uncertainties and assumptions, investors should be aware that the forward-looking events and circumstances discussed in this Prospectus might not occur in the way we expect, or at all. Our actual results could differ substantially from those anticipated in our forward-looking statements. Investors should not place undue reliance on any forward-looking information.

DEFINITION OF TERMS

As used in this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

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| A2Global | A2Global Inc. |
| ACCRA LAW | Angara Abello Concepcion Regala & Cruz Law Offices. |
| Act-IRR | Implementing Rules and Regulations of B.P. 220. |
| Application to Purchase | The application forms accomplished and submitted by an applicant for the purchase of a specified amount of the Bonds, together with all the other requirements set forth in such application form attached in Schedule 2 of the Registry and Paying Agency Agreement . |
| Balikbayans | Former Filipino citizens who have returned to the Philippines. |
| Banking Day | A day (except Saturdays, Sundays and holidays) on which commercial banks in Makati City, Metro Manila, Philippines are open for business transactions. |
| Beneficial Owner | <p>Any person (and “Beneficial Ownership” shall mean ownership by any person) who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting of such security; and/or investment returns or power in respect of any security, which includes the power to dispose of, or to direct the disposition of such security; provided, however, that a person shall be deemed to have an indirect beneficial ownership interest in any security which is held by:</p> <ol style="list-style-type: none">i. Members of his immediate family sharing the same household;ii. A partnership in which he is a general partner;iii. A corporation of which he is a controlling shareholder;iv. Subject to any contract, arrangement or understanding, which gives him voting power with respect to such securities; provided, however, that the following persons or institutions shall not be deemed to be beneficial owners of securities held by them for the benefit of third parties or in customer or fiduciary |

accounts in the ordinary course of business, so long as such securities were acquired by such persons or institutions without the purpose or effect of changing or influencing control of the issuer:

- a. A broker dealer;
- b. An investment house registered under the Investment Houses Law;
- c. A bank authorized to operate as such by the BSP;
- d. An insurance company subject to the supervision of the Office of the Insurance Commission;
- e. An investment company registered under the Investment Company Act;
- f. A pension plan subject to regulation and supervision by the Bureau of Internal Revenue and/or the Securities and Exchange Commission or relevant authority; and
- g. A group in which all of the members are persons specified above.

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| BIR | Philippine Bureau of Internal Revenue. |
| Board of Directors | Board of Directors of CPGI. |
| BOI | Philippine Board of Investments. |
| Bondholder | A person whose name appears, at any time, as a holder of the Bonds in the Registry of Bondholders. |
| Bonds | The SEC-registered Unsecured Fixed Rate Peso Retail Bonds due on April 15, 2022, with a principal amount of ₱2,000,000,000, with an Oversubscription Option of up to ₱1,000,000,000 which shall be issued by CPGI on Issue Date. |
| Bond Agreements | The Trust Indenture Agreement between the Issuer and the Trustee, the Registry and Paying Agency Agreement between the Issuer and the Registrar and Paying Agent, and the Underwriting Agreement between the Issuer and the Issue Manager, Lead Underwriter and Bookrunner, or any document, certificate or writing contemplated thereby. |
| BP 220 | Batas Pambansa Blg. 220, An Act Authorizing the Ministry of Human Settlements to Establish and Promulgate Different Levels of Standards and Technical Requirements for Economic and Socialized Housing Projects in Urban and Rural |

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| | Areas from those provided under Presidential Decrees Numbered 957, 1216, 1096 and 1185. |
| BPO | Business Process Outsourcing. |
| BSP | Bangko Sentral ng Pilipinas, the central bank of the Philippines. |
| Building Code | Republic Act No. 6541 as amended by Presidential Decree No. 1096, also known as the National Building Code of the Philippines. |
| Business Day | or “Banking Day” shall be used interchangeably to refer to any day when commercial banks are open for business in Makati City, Metro Manila, except Saturday and Sunday or any legal holiday not falling on either a Saturday or Sunday. |
| By-Laws | The Company’s By-Laws, as amended. |
| Cash Settlement Account | An account designated by a Bondholder with a Cash Settlement Bank into which shall be credited the interests, principal, and other payments on the Bonds. |
| CBD | Central Business District. |
| CCC | Century Communities Corporation. |
| CCDC | Century City Development Corporation. |
| CDLC | Century Destinations and Lifestyle Corp. (formerly known as Century Properties Hotel and Leisure, Inc.) |
| China Bank Capital | China Bank Capital Corporation as Issue Manager, Lead Underwriter and Bookrunner. |
| Civil Code | Republic Act No. 386, also known as the Civil Code of the Philippines, as amended. |
| CLC | Century Limitless Corporation. |
| CNC | Certificate of Non-Coverage. |
| Common Shares | Common shares of the Company with a par value of 53 centavos. |
| Corporation Code | Batas Pambansa Blg. 68, otherwise known as “The Corporation Code of the Philippines”, as amended. |
| Constitution | The 1987 Constitution of the Philippines. |
| Corporate Sureties | Century Limitless Corporation, |

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| | Century City Development Corporation, Century Communities Corporation, Century Properties Management, Inc. |
| CORTT | Certificate of Residence for Tax Treaty Relief. |
| CPGI or the “Company” | Century Properties Group, Inc. |
| CPI | Century Properties, Inc. |
| CPMCC | Century Project Management and Construction Corporation. |
| CPMI | Century Properties Management, Inc. |
| CRISP | Credit Rating and Investors Services Philippines, Inc. |
| CTRP | Comprehensive Tax Reform Program. |
| CTS | Contract to Sell. |
| DAR | Philippine Department of Agrarian Reform. |
| DENR | Philippine Department of Environment and Natural Resources. |
| EAPRC | East Asia Power Resources Corporation. |
| EBITDA | Earnings Before Interest, Taxes, Depreciation, and Amortization. |
| ECC | Environmental Compliance Certificate. |
| EGGAR | Engineering Geological and Geohazard Assessment Report |
| EGF | Environmental Guarantee Fund. |
| EIA | Environmental Impact Assessment. |
| EIS | Environmental Impact Statement. |
| EMB | Environmental Management Bureau. |
| EMF | Environmental Monitoring Fund. |
| Electronic Registry of Bondholders | The electronic record of the issuances, sales and transfers of the Bonds to be maintained by the Registrar, pursuant to and under the terms of the Registry and Paying Agency Agreement. |
| Eligible Bondholder | Bondholder who has been a bona fide holder for at least six months. |

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| EPPECI | El Paso Philippines Energy Company, Inc. |
| Essensa | Essensa East Forbes condominium project. |
| FF/FF | Fully-Fitted and Fully-Furnished. |
| GDP | Gross Domestic Product. |
| GGDC | Global Gateway Development Corp. |
| GFA | Gross floor area. |
| Government | Government of the Republic of the Philippines. |
| Governmental Authority | The Republic of the Philippines, or any of its political subdivisions, or any branch, department, agency or office thereof, or any Person exercising or entitled to exercise executive, legislative, judicial, regulatory or administrative functions thereof. |
| HDMF | Home Development Mutual Fund. |
| HLURB | Housing and Land Use Regulatory Board. |
| ICC | International Criminal Court. |
| ID | Identification Card. |
| IEE | Initial Environmental Examination. |
| IFRIC | International Financial Interpretations Committee. |
| IFRIC 15 | Interpretation No. 15 on Agreements for the Construction of Real Estate. |
| IFRS | International Financial Reporting Standards. |
| IPP | Investment Priorities Plan. |
| Interest Rates | Interest Rate of the Bonds, at 7.8203% p.a. |
| Interest Payment Dates | July 15, 2019 for the first Interest Payment Date and on January 15, April 15, July 15, and October 15 of each year for each subsequent Interest Payment Date, for so long as the relevant Bonds are outstanding. If the Interest Payment Date is not a Business Day, interest will be paid on the next succeeding Business Day, without any adjustment as to the amount of interest to be paid. |
| Issue Date | April 15, 2019 or such date on which the Bonds will be issued by CPGI to the Bondholders. |

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| Issue Manager, Lead Underwriter and Bookrunner | China Bank Capital Corporation. |
| ITH | Income Tax Holiday. |
| JV | Joint venture. |
| LEED | Leadership in Energy and Environmental Design. |
| Lien | shall mean (a) a mortgage, charge, pledge, encumbrance, or other lien securing any obligation of any person, (b) any arrangement under which money or claims to, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person or (c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect. |
| LGU | Local Government Unit. |
| Maceda Law | Republic Act No. 6552, “An Act to Provide Protection to Buyers of Real Estate on Installment Payments” otherwise known as the “Realty Installment Buyer Act”. |
| Majority Bondholders | The holder or holders of more than fifty percent (50%) of the principal amount of the Bonds outstanding at the relevant time. |
| Master Certificate of Indebtedness | The master form representing such amounts corresponding to the Bonds. |
| Maturity Date | April 15, 2022, the Maturity Date of the Bonds, for purposes of the Company effecting repayment of the principal amount thereof, shall be in accordance with Business Day convention. Thus, if a Maturity Date is not a Business Day, the principal repayment, without adjustment as to the amount of interest to be paid, shall be made by the Company on the succeeding Business Day. |
| Meridien | Meridien Group of Companies. |
| Moody’s | Moody’s Investors Service, Inc. |
| Offer or Offering | The offer and issuance of the Bonds by the Company pursuant to the Trust Indenture Agreement, Underwriting Agreement, Application to Purchase, and the Registry and Paying |

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| | Agency Agreement, which are summarized in the section "Description of the Bonds" on page 66. |
| Offer Period | Commencing at 9:00 am on April 1, 2019 and ending at 12:00 noon on April 5, 2019 or such earlier day or later day as may be mutually agreed upon by the Issuer and the Issue Manager, Lead Underwriter and Bookrunner. |
| OFWs | Overseas Filipino Workers. |
| PAS | Philippine Accounting Standards. |
| P.D. 957 | Presidential Decree No. 957, "The Subdivision and Condominium Buyers' Protective Decree", as amended. |
| P.D. 1529 | Presidential Decree No. 1529, "Property Registration Decree". |
| Paying Agent | Refers to PDTC, appointed under the Registry and Paying Agency Agreement that will receive the funds from the Company for the payment of the principal, interest, and other amounts due on the Bonds and remit the same to the Bondholders, based on the records shown in the Electronic Registry of Bondholders. |
| Payment Date | Each date on which payment for interest and/or principal in respect of the Bonds become due. |
| PCAB | Philippine Contractors Accreditation Board. |
| PDEX | Philippine Dealing & Exchange Corp., a domestic corporation duly registered with the SEC to operate an exchange and trading market for fixed income securities and a member of the Philippine Dealing System Group. |
| PDTC | Philippine Depository and Trust Corporation. |
| PCD Nominee | PCD Nominee Corporation. |
| Penalty Interest | 12% per annum based on a three hundred sixty (360) day year over and above the Interest Rate from the time the amount falls due until it is fully paid. |
| Person | Individuals, juridical persons such as corporation, partnership, joint venture, unincorporated association, trust or other juridical entities, or any governmental authority. |
| Peso or Pesos or P or ₱ or Php | Philippine Pesos, the lawful and official currency of the Republic of the Philippines. |

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| PEZA | Philippine Economic Zone Authority. |
| PFRS | Philippine Financial Reporting Standards. |
| PPHI | PHirst Park Homes Inc. |
| Prospectus | This Prospectus together with all its annexes, appendices and amendments, if any. |
| Project Receivables | Receivables arising out of the sale of property in the ordinary course of business. |
| PSA | Philippine Standards on Auditing. |
| PSE | Philippine Stock Exchange. |
| PSRE | Philippine Standard on Review Engagement. |
| PunoLaw | Puno & Puno Law Offices. |
| RA 4726 | Republic Act No. 4726 or The Condominium Act. |
| RA 6552 | Republic Act No. 6552 or The Maceda Law. |
| RA 6657 | Republic Act No. 6657 or The Comprehensive Agrarian Reform Law of 1988. |
| RA 7042 | Republic Act No. 7042 or the Foreign Investments Act of 1991, as amended. |
| RA 7160 | Local Government Code of the Philippines. |
| RA 7279 | Republic Act No. 7279 or The Urban Development and Housing Act of 1992. |
| RA 9646 | Republic Act No. 9646 or The Real Estate Service Act. |
| RA 10667 | Republic Act No. 10667 or the Philippine Competition Act, also referred to as the PCA. |
| RA 10884 | Republic Act No. 10884 or The Act Amending Urban Development and Housing Act of 1992. |
| Record Date | Two Business Days prior to the relevant Payment Date, which shall be the reckoning day in determining the Bondholders entitled to receive interest, principal, or any other amount due under the Bonds. |
| Registrar | Refers to PDTC, appointed pursuant to the Registry and Paying Agency Agreement. |

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| Registry and Paying Agency Agreement | Registry and Paying Agency Agreement dated March 26, 2019 between the Company and the Registrar and Paying Agent. |
| RTC | Regional Trial Court. |
| SEC | Philippine Securities and Exchange Commission and its successor agency/ies. |
| Selling Agent | PNB Capital and Investment Corporation |
| SGV & Co. | SyCip Gorres Velayo & Co., the Company's Independent Auditor. |
| sq.m. or sqm | square meter(s). |
| SRC | Republic Act No. 8799, otherwise known as "The Securities Regulation Code of the Philippines", including its implementing rules and regulations as promulgated and amended or supplemented by the SEC from time to time. |
| Standard & Poor's | Standard & Poor's Ratings Group. |
| Subsidiaries | mean with respect to any Person, any entity of which fifty percent (50%) or more of whose securities, or other ownership interest having voting power to elect the board of directors or other person or body performing similar functions, are directly or indirectly owned by such Person. |
| Tax Code | The Philippine National Internal Revenue Code of 1997, as amended, and its implementing rules and regulations as may be in effect from time to time. |
| Terms and Conditions | The terms and conditions of the issuance of the Bonds as set forth in the Trust Indenture Agreement. |
| TCT | Transfer Certificate of Title. |
| Trust Indenture Agreement | Trust Indenture Agreement to be entered into between the Company and the Trustee. |
| Trustee | China Banking Corporation – Trust and Asset Management Group. |
| Underwriting Agreement | Underwriting Agreement to be entered into among the Company and the Issue Manager, Lead Underwriter and Bookrunner. |
| VAT | Value-Added Tax. |

EXECUTIVE SUMMARY

The following summary is qualified in its entirety by the more detailed information, including the Company's financial statements and notes relating thereto, appearing elsewhere in this Prospectus. Because it is a summary, it does not contain all the information that a prospective purchaser should consider before investing. Prospective purchasers of the Bonds must read the entire Prospectus carefully, including the section on "Risk Factors", and the financial statements and the related notes to those statements annexed to this Prospectus. Capitalized terms not defined in this summary are defined in the section "Definition of Terms".

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.

Currently, the Company has six principal subsidiaries, namely, Century City Development Corporation ("CCDC"), Century Limitless Corporation ("CLC"), Century Communities Corporation ("CCC"), Century Properties Management, Inc. ("CPMI"), Century Destinations and Lifestyle Corp. ("CDLC"), and PHirst Park Homes, Inc. ("PPHI") (collectively known as the "Subsidiaries"). Through its Subsidiaries, the Company develops, markets, and sells residential, office, medical and retail properties in the Philippines, as well as manages residential and commercial properties in the Philippines.

As of December 31, 2018, the Company has completed 26 projects, namely: 23 residential projects, consisting of 13,001 units and an aggregate gross floor area (GFA) of 962,563 sq.m. (inclusive of parking); a retail commercial building with GFA of 52,233 sq.m. (inclusive of parking); a medical office building with GFA of 74,103 sq.m. (inclusive of parking); and an office building with GFA of 56,284 sq.m. of GFA (inclusive of parking). Furthermore, the Company has also completed 259 homes under its affordable housing segment. These are in addition to the 19 buildings consisting of 4,128 units with an aggregate GFA of 548,262 sq.m. that were completed prior to 2010 by the Meridien Group of Companies ("Meridien"), the founding principals' prior development companies. Noteworthy developments of Meridien include: 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.

Completed Projects as of December 31, 2018

Residential Projects

| Residential Projects | Location | Type | GFA in sq.m. (with parking) | Units | Year Completed |
|--|------------------|-------------|--------------------------------|---------------|----------------|
| Century City | | | | | |
| Gramercy Residences | Makati City | Residential | 121,595 | 1,433 | 2012 |
| Knightsbridge Residences | Makati City | Residential | 87,717 | 1,328 | 2013 |
| Milano Tower | Makati City | Residential | 64,304 | 516 | 2016 |
| Trump Tower | Makati City | Residential | 55,504 | 267 | 2017 |
| Subtotal | | | 329,119 | 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 |
| Subtotal | | | 283,208 | 4,504 | |
| Acqua Private Residences | | | | | |
| Niagara | Mandaluyong City | Residential | 33,709 | 474 | 2015 |
| Sutherland | Mandaluyong City | Residential | 41,705 | 735 | 2015 |
| Detifoss | Mandaluyong City | Residential | 36,536 | 607 | 2016 |
| Livingstone | Mandaluyong City | Residential | 40,251 | 675 | 2016 |
| Iguazu | Mandaluyong City | Residential | 435,937 | 492 | 2018 |
| Subtotal | | | 188,139 | 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 |
| Subtotal | | | 73,630 | 1,052 | |
| Canyon Ranch | | | | | |
| Phase 1 & 2 | Carmona, Cavite | Residential | 79,178 | 776 | |
| Moderno | Carmona, Cavite | Residential | 9,289 | 142 | |
| Subtotal | | | 88,467 | 918 | |
| Grand Total | | | 962,563 | 13,001 | |

Commercial/ Office Projects

| 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 | 708 (168 units for lease) | 2015 |
| Asian Century Center | BGC, Taguig City | Office Building | 56,284 | 55 | 2018 |
| Total | | | 182,620 | | |

Sold Residential Projects

| Project | Location | No. of Units Inventory | No. of Units Sold | % Sold | Total Sales Value (₱ millions) | Sold Revenues (₱ millions) | Remarks |
|-------------------|------------------------|------------------------|-------------------|------------|-----------------------------------|-------------------------------|---|
| Century City | Makati City | 4,862 | 4,514 | 93% | 40,769 | 33,370 | Remaining units are those that are hard to sell with bigger unit areas and more expensive since branded; Inventory includes Century Spire which is still ongoing construction |
| Azure South | Parañaque City | 5,355 | 5,050 | 94% | 23,408 | 20,782 | Inventory includes Bahamas Tower which is still ongoing construction |
| Azure North | San Fernando, Pampanga | 2,433 | 1,818 | 75% | 10,425 | 6,863 | All are ongoing construction; project is outside Metro Manila so different market |
| Acqua Residences | Mandaluyong City | 3,320 | 3,209 | 97% | 18,531 | 16,663 | Remaining units are those that are hard to sell with bigger unit areas and more expensive since branded |
| Commonwealth | Quezon City | 3,286 | 2,853 | 87% | 14,214 | 11,030 | Inventory includes 4 towers which are still ongoing construction |
| Canyon Ranch | Carmona, Cavite | 929 | 918 | 99% | 3,749 | 3,696 | |
| PHirst Park Homes | Tanza, Cavite | 3,096 | 2,529 | 82% | 4,332 | 3,463 | Launched only in 2017 |
| | Lipa, Batangas | | | | | | Launched only in 2018 |
| Batulao Artscapes | Nasugbu, | 672 | 472 | 70% | 4,398 | 2,904 | Launched only in 2017 |
| | Batangas | | | | | | |
| TOTAL | | 23,953 | 21,363 | 89% | 119,825 | 98,770 | |

In addition, the Company has agreed to purchase 49% of the usage and leasehold rights of Asian Century Center, an office building in Bonifacio Global City. Asian Century Center is currently being developed by Asian Carmakers Corporation.

The Company has a land bank for future development of 230 hectares consisting of: in-city properties for its future mid-rise and leasing projects in Katipunan Avenue and Novaliches in Quezon City, Mandaluyong City, and Pampanga, and tourism projects in Palawan and Batulao.

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 46 projects as of December 31, 2018 with 2.58 million sq.m of GFA (with parking) under management, of which, 65% were developed by third-parties. Notable third-party developed projects under management include the Asian Development Bank and One Corporate Center in Ortigas, BPI Buendia Center and Pacific Star Building in Makati City and Philippine National Bank Financial Center in Pasay City.

The Company's aim is to enhance the overall quality of life for its Filipino and foreign clients by providing distinctive, high quality and affordable properties. The Company focuses on differentiation to drive demand, increase its margins and grow market share. In particular, the Company identifies what it believes are the best global residential standards and adapts them to the Filipino market. The Company believes that it has earned a reputation for pioneering new housing concepts in the Philippines. One of the Company's significant contributions is the Fully-Fitted and Fully-Furnished ("FF/FF") concept, which is now an industry standard in the Philippines. The Company also employs a branding strategy that focuses on strategic arrangements with key global franchises to help capture and sustain consumers' awareness. To date, the Company has entered into agreements with Gianni Versace S.P.A., The Trump Organisation, Paris Hilton, Missoni Homes, Yoo by Philippe Starck, and Giorgio Armani S.P.A, among others.

The Company has marketed and sold to clients in more than 50 countries and, as a result, a significant portion of its residential properties are sold to Filipinos living abroad. International pre-sales accounted for approximately two-thirds of total pre-sales, in terms of value, for each of the last three years. The Company conducts its sales and marketing through the Company's extensive domestic and international network of 637 exclusive agents who receive monthly allowances and commissions and 1,325 non-exclusive commission-based agents and 65 brokers as of December 31, 2018.

For calendar years 2015, 2016 and 2017 and for the nine-month period ended September 30, 2018, revenue (including other income) was ₱10,381.26 million, ₱7,271.85 million, ₱7,757.26 million and ₱7,776.01 million, respectively, and net income was ₱1,519.01 million, ₱726.93 million, ₱649.92 million and ₱713.93 million, respectively. As of September 30, 2018, the Company had total assets of ₱46,970.58 million, and total equity of ₱16,180.00 million (excluding non-controlling interest).

KEY INVESTMENT HIGHLIGHTS

The Company believes that it can effectively compete in the industry because of the following strengths:

- Growth strategy supported by favorable macroeconomic environment
- Proven track record of delivering innovative and high-quality projects in the luxury and middle-income condominium segments
- Diverse product offerings capitalizing on various market segments
- Strong international sales platform
- Experienced management team

A more detailed discussion of the Company's "Key Investment Highlights" may be found on page 104.

BUSINESS STRATEGY

The following are the strategies that the Company employs as it pursues its real property business:

- Leverage its industry leading reputation in the high-rise condominium market to develop mid-rise condominium projects
- Implement expansion outside Metro Manila for affordable housing projects
- Prudent expansion of commercial leasing portfolio to diversify earnings and generate recurring income

- Continue to expand leading international sales and marketing presence

A more detailed discussion of the Company's "Business Strategy" can be found on page 108.

RISK FACTORS

Before making an investment decision, investors must rely on their own examination of the Company and the terms of the Offer, including the risks involved. These risks include:

- Macroeconomic risks including political, economic and environmental factors that may affect the Company's financial and operating performance;
- Risks relating to Century Properties Group, Inc., its subsidiaries and their business and operations;
- The nature, the absence of a liquid secondary market and volatility, and other risks relating to the Offer

For a more detailed discussion of the risks, refer to page 29.

SUMMARY FINANCIAL INFORMATION

The selected financial information set forth in the following tables has been derived from the Company's unaudited interim consolidated financial statements as of September 30, 2018, and its audited consolidated financial statements as of December 31, 2017, 2016, and 2015. This should be read in conjunction with the interim consolidated financial statements and audited consolidated financial statements annexed to this Prospectus, the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other financial information included herein.

The Company's unaudited interim condensed consolidated financial statements were prepared in compliance with PAS 34, "Interim Financial Reporting", and were reviewed by SGV & Co., in accordance with Philippine Standard on Review Engagement ("PSRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The Company's audited consolidated financial statements were prepared in accordance with the Philippine Financial Reporting Standards and were audited by SGV & Co., in accordance with Philippine Standards on Auditing ("PSA").

The summary financial information set out below does not purport to project the results of operations or financial condition of the Company for any future period or date.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| In Million Pesos (₱) | For the nine months ended September 30 (Unaudited) | | For the years ended December 31 (Audited) | | |
|---|--|--------------|---|--------------|---------------|
| | 2018 | 2017 | 2017 | 2016 | 2015 |
| Revenue | | | | | |
| Real estate sales | 6,398 | 3,428 | 5,346 | 4,968 | 7,751 |
| Leasing revenue | 285 | 227 | 342 | 338 | 312 |
| Property management fee and other services | 272 | 265 | 353 | 302 | 297 |
| Interest income from accretion | 254 | 637 | 665 | 656 | 802 |
| Interest and other income | 339 | 592 | 801 | 768 | 345 |
| Gain on change in fair value of investment properties | 38 | 214 | 286 | 348 | 756 |
| Gain (loss) on change in fair value of derivative asset | 190 | - | (36) | (108) | 118 |
| Total Revenue | 7,776 | 5,363 | 7,757 | 7,272 | 10,381 |
| Cost and Expenses | | | | | |
| Cost of real estate sales | 3,668 | 2,011 | 2,806 | 2,901 | 4,809 |
| Cost of Leasing | 141 | 114 | 238 | 267 | 153 |
| Cost of services | 206 | 207 | 271 | 238 | 216 |
| General, administrative and selling expenses | 2,173 | 1,878 | 2,964 | 2,620 | 2,732 |
| Interest and other financing charges | 433 | 262 | 403 | 190 | 226 |
| Unrealized foreign exchange loss | 223 | 54 | 54 | 77 | 115 |
| Total Cost and Expenses | 6,844 | 4,526 | 6,736 | 6,293 | 8,251 |
| Income Before Tax | 932 | 837 | 1,021 | 979 | 2,130 |
| Provision for Income Tax | 218 | 148 | 371 | 252 | 611 |
| Net Income | 714 | 689 | 650 | 727 | 1,519 |
| Other Comprehensive Income | | | | | |
| Unrealized gain (loss) on available-for-sale financial assets | - | - | (0) | (0) | (1) |
| Remeasurement Loss on Defined Benefit Plan | - | - | 26 | 0 | 13 |
| Total Comprehensive Income | 714 | 689 | 676 | 727 | 1,531 |

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| In Million Pesos (₱) | September 30, 2018 (Unaudited) | December 31, 2017 (Audited) | December 31, 2016 (Audited) | December 31, 2015 (Audited) |
|--|--------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 1,745 | 1,400 | 3,343 | 2,008 |
| Receivables | 7,485 | 7,541 | 6,642 | 9,356 |
| Real estate inventories | 18,275 | 15,846 | 13,943 | 11,385 |
| Due from related parties | 341 | 491 | 533 | 533 |
| Advances to suppliers and contractors | 2,115 | 1,964 | 1,992 | 1,214 |
| Prepayments and other current assets | 1,631 | 1,009 | 1,303 | 1,721 |
| Total Current Assets | 31,592 | 28,251 | 27,756 | 26,217 |
| Noncurrent Assets | | | | |
| Real estate receivables - net of current portion | 2,278 | 2,442 | 4,666 | 3,603 |
| Investment in and advances to joint venture | 235 | 235 | 394 | 387 |
| Deposits for purchased land | 1,132 | 1,370 | 1,170 | 882 |
| Investment properties | 9,241 | 7,760 | 5,936 | 5,260 |
| Property and equipment | 1,118 | 1,069 | 486 | 363 |
| Deferred tax assets - net | 148 | 104 | 160 | 92 |
| Other noncurrent assets | 1,226 | 1,325 | 741 | 674 |
| Total Noncurrent Assets | 15,378 | 14,305 | 13,553 | 11,261 |
| TOTAL ASSETS | 46,970 | 42,556 | 41,309 | 37,478 |
| LIABILITIES AND EQUITY | | | | |
| Current Liabilities | | | | |
| Accounts and other payables | 4,362 | 3,836 | 4,011 | 3,154 |
| Customers' deposits | 2,170 | 2,759 | 2,360 | 2,054 |
| Short-term debt | 1,574 | 1,416 | 506 | 962 |
| Current portion of long-term debt | 4,912 | 3,099 | 2,010 | 2,635 |
| Current portion of liability for purchased land | 67 | 67 | 67 | 63 |
| Due to related parties | 27 | 48 | 326 | 47 |
| Income tax payable | - | - | 8 | 141 |
| Total Current Liabilities | 13,112 | 11,225 | 9,288 | 9,056 |

| In Million Pesos (₱) | September 30, 2018 (Unaudited) | December 31, 2017 (Audited) | December 31, 2016 (Audited) | December 31, 2015 (Audited) |
|---|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Noncurrent Liabilities | | | | |
| Long-term debt - net of current portion | 11,813 | 10,083 | 10,482 | 7,652 |
| Bonds payable | 1,505 | 1,501 | 2,679 | 2,667 |
| Liability for purchased land - net of current portion | 196 | 381 | 454 | 578 |
| Pension liabilities | 225 | 236 | 237 | 201 |
| Deferred tax liabilities - net | 2,412 | 2,451 | 2,553 | 2,623 |
| Other noncurrent liabilities | 572 | 424 | 269 | 68 |
| Total Noncurrent Liabilities | 16,723 | 15,076 | 16,674 | 13,788 |
| | | | | |
| Total Liabilities | 29,835 | 26,301 | 25,962 | 22,844 |
| | | | | |
| Equity | | | | |
| Capital stock | 6,201 | 6,201 | 6,201 | 6,201 |
| Additional paid-in capital | 2,640 | 2,640 | 2,640 | 2,640 |
| Treasury shares | (110) | (110) | (110) | (110) |
| Other components of equity | 99 | 99 | 59 | (12) |
| Retained earnings | 7,385 | 6,923 | 6,498 | 5,976 |
| Remeasurement Loss on Defined Benefit Plan | (35) | (35) | (61) | (61) |
| Total equity attributable to Parent Company | 16,180 | 15,718 | 15,227 | 14,634 |
| Non-controlling interests | 955 | 537 | 120 | - |
| Total Equity | 17,135 | 16,255 | 15,347 | 14,634 |
| | | | | |
| TOTAL LIABILITIES AND EQUITY | 46,970 | 42,556 | 41,309 | 37,478 |

FINANCIAL RATIOS

Please refer to the section entitled “Selected Financial Information” located on page 147 of this Prospectus for further details.

| As indicated (in ₱ Mn unless otherwise stated) | For the nine months ended September 30 (Unaudited) | | For the years ended December 31(Audited) | | |
|---|--|-------------|--|-------------|--------------|
| | 2018 | 2017 | 2017 | 2016 | 2015 |
| Net income attributable to the owners of the parent company | 662 | 674 | 630 | 727 | 1,519 |
| Weighted average number of shares | 11,600 | 11,600 | 11,600 | 11,600 | 11,600 |
| EPS, basic / diluted (₱) | 0.057 | 0.058 | 0.054 | 0.063 | 0.131 |
| | | | | | |
| Return on Asset (ROA) | | | | | |
| Total net income after tax | 952 | 919 | 650 | 727 | 1,519 |
| Total asset current year | 46,970 | 41,649 | 42,556 | 41,309 | 37,478 |
| Total asset prior year | 42,556 | 41,309 | 41,309 | 37,478 | 31,650 |
| Average total asset | 44,763 | 41,479 | 41,932 | 39,394 | 34,564 |
| ROA (%) | 2.1% | 2.2% | 1.5% | 1.8% | 4.4% |
| | | | | | |
| Return on Equity (ROE) | | | | | |
| Total net income after tax | 952 | 919 | 650 | 727 | 1,519 |
| Total equity current year | 17,135 | 15,993 | 16,255 | 15,347 | 14,634 |
| Total equity prior year | 16,255 | 15,347 | 15,347 | 14,634 | 13,304 |
| Average total equity | 16,695 | 15,670 | 15,801 | 14,991 | 13,969 |
| ROE (%) | 5.7% | 5.9% | 4.1% | 4.8% | 10.9% |

| | | | | | |
|--|---|-------------|--|--------------|--------------|
| Interest coverage ratio | | | | | |
| Total net income after tax | 714 | 689 | 650 | 727 | 1,519 |
| Add: Provision for income tax | 218 | 148 | 371 | 252 | 611 |
| Add: Interest expense | 379 | 215 | 287 | 102 | 72 |
| EBIT | 1,311 | 1,053 | 1,308 | 1,081 | 2,202 |
| Interest expense | 379 | 215 | 287 | 102 | 72 |
| Interest coverage ratio (x) | 3.46 | 4.88 | 4.55 | 10.55 | 30.59 |
| Debt service coverage ratio | | | | | |
| Total Debt Service excluding sale of receivables with recourse and refinancing | 4,133 | 5,410 | 5,141 | 4,372 | 2,491 |
| Add: Cash and cash equivalents | 1,745 | 1,477 | 1,400 | 3,343 | 2,008 |
| Cash Before Debt Service | 5,878 | 6,887 | 6,541 | 7,715 | 4,499 |
| Divide: Debt service | 4,133 | 5,410 | 5,141 | 4,372 | 2,491 |
| Debt service coverage ratio (x) | 1.42 | 1.27 | 1.27 | 1.76 | 1.81 |
| | | | | | |
| | For the nine months ended September 30 (Unaudited) | | For the years ended December 31 (Audited) | | |
| | 2018 | 2017 | 2017 | 2016 | 2015 |
| Current ratio | | | | | |
| Current Assets | 31,592 | 27,130 | 28,251 | 27,756 | 26,217 |
| Current Liabilities | 13,112 | 10,656 | 11,225 | 9,288 | 9,056 |
| Current ratio (x) | 2.4 | 2.5 | 2.5 | 3.0 | 2.9 |
| Debt to equity ratio | | | | | |
| Short term debt | 1,574 | 439 | 1,416 | 506 | 962 |
| Current portion of long-term debt | 4,912 | 3,254 | 3,099 | 2,010 | 2,635 |
| Long-term debt - net of current portion | 11,813 | 10,114 | 10,083 | 10,482 | 7,652 |
| Bonds payable | 1,505 | 1,542 | 1,501 | 2,679 | 2,667 |
| Debt | 19,804 | 15,349 | 16,099 | 15,677 | 13,916 |
| Equity | 17,135 | 15,993 | 16,255 | 15,347 | 14,634 |
| Debt to equity ratio (x) | 1.2 | 1.0 | 1.0 | 1.0 | 1.0 |
| Net debt to equity ratio | | | | | |
| Debt | 19,804 | 15,349 | 16,099 | 15,677 | 13,916 |
| Cash and cash equivalents | 1,745 | 1,478 | 1,400 | 3,343 | 2,008 |
| Net Debt | 18,059 | 13,871 | 17,499 | 12,334 | 11,908 |
| Total Equity | 17,135 | 15,993 | 16,255 | 15,347 | 14,634 |
| Net debt to equity ratio (x) | 1.1 | 0.9 | 0.9 | 0.8 | 0.8 |
| Asset to equity ratio | | | | | |
| Total Assets | 46,970 | 41,649 | 42,556 | 41,309 | 37,478 |
| Total Equity | 17,135 | 15,993 | 16,255 | 15,347 | 14,634 |
| Asset to equity ratio (x) | 2.7 | 2.6 | 2.6 | 2.7 | 2.6 |
| Total Liabilities / Total Equity | | | | | |
| Total Liabilities | 29,835 | 25,656 | 26,301 | 25,962 | 22,844 |
| Total Equity | 17,135 | 15,993 | 16,255 | 15,347 | 14,634 |
| Total Liabilities / Total Equity | 1.7 | 1.6 | 1.6 | 1.7 | 1.6 |

Please refer to the section entitled "Selected Financial Information" located on page 147 of this Prospectus for further details.

SUMMARY OF THE OFFERING

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Prospectus and in the Trust Indenture Agreement.

| | |
|------------------------------------|--|
| Issuer | Century Properties Group, Inc. |
| Corporate Sureties | Century Limitless Corporation Century City Development Corporation Century Communities Corporation Century Properties Management, Inc. |
| Instrument | SEC-registered Unsecured Fixed-Rate Peso-Denominated Retail Bonds (the "Bonds") of Two Billion Pesos (₱2,000,000,000) with an Oversubscription Option of up to One Billion Pesos (₱1,000,000,000) |
| Use of Proceeds | The net proceeds of the Offer shall be used to partially finance the Company's capital expenditures for the development and completion of its affordable housing projects to be launched in 2019 (see "Use of Proceeds" on page 58). |
| Offer Price | At par, or 100% of face value. |
| Manner of Distribution | The Bonds will be distributed to retail and/or qualified institutional investors via public offering. |
| Form and Denomination of the Bonds | The Bonds shall be issued in scripless form in denominations of ₱50,000, each as a minimum and in increments of ₱10,000 thereafter. Legal title to the Bonds shall be shown in the Register of Bondholders to be maintained by the designated Registrar. |
| Offer Period | Commencing at 9:00 am on April 1, 2019 and ending at 12:00 nn on April 5, 2019 or such earlier day or later day as maybe jointly determined by the Issuer and the Issue Manager, Lead Underwriter and Bookrunner. |
| Issue Date | April 15, 2019 |
| Maturity Date | Three (3) years from the Issue Date or April 15, 2022 <i>Provided that, if such dates are declared to be a non-Business Day, the Maturity Date shall be the next succeeding Business Day.</i> |
| Interest Rate | Three (3) years: 7.8203% p.a. |
| Interest Payment | Interest on the Bonds shall be calculated on the basis of a 30/360-day basis, and shall be paid quarterly in arrears commencing on July 15, 2019 for the first Interest Payment Date and on January 15, April 15, July 15, and October 15 of each year for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day without adjustment if such Interest Payment Date is not a Business Day. The last Interest Payment Date on the Bonds shall fall on the Maturity Date. |
| Final Redemption | The Bonds shall be redeemed at par, or 100% of face value, on their respective Maturity Date, (see "Description of the Bonds" - "Redemption and Purchase" on page 71). |

| | |
|--|--|
| Redemption for Tax Purposes | If payments under the Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Bonds in whole, but not in part, on any Interest Payment Date (having given not more than 60 nor less than 30 days' prior written notice) at par, plus accrued interest. |
| Status of the Bonds | The Bonds shall constitute the direct, unconditional, unsecured and unsubordinated, obligations of CPGI and shall at all times rank <i>pari passu</i> and ratably without any preference or priority amongst themselves and at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of CPGI, other than obligations preferred by law. |
| Negative Pledge | The Bonds will have the benefit of a negative pledge on all existing and future assets of the Issuer, subject to the exceptions provided for in the Trust Indenture Agreement, and Permitted Liens as defined in page 74. |
| Listing | The Issuer intends to list the Bonds in the PDEX on April 15, 2019. |
| Governing Law | Republic of the Philippines |
| Issue Manager, Lead Underwriter and Bookrunner | China Bank Capital Corporation |
| Selling Agent | PNB Capital and Investment Corporation |
| Registry and Paying Agent | PDTC |
| Trustee | China Banking Corporation – Trust and Asset Management Group |

RISK FACTORS

An investment in Bonds, as described in this Prospectus, involves a certain number of risks. The price of securities can and does fluctuate, and any individual security may experience upward or downward price movements and may lose part, or all, of its value over time. There is an inherent risk that losses may be incurred rather than profit, as a result of buying and selling securities. Past performance is not a guide to future performance and there may be a large difference between the buying price and the selling price of any security. The market price of the Bonds could decline due to any one of, but not limited to, the risks described herein, and all or part of an investment in Bonds could be lost.

Prior to making any investment decision, prospective investors should carefully consider all of the information in this Prospectus, including the risk factors described below.

This section entitled “Risk Factors” does not purport to be a comprehensive disclosure of all of the risks and other significant aspects of investing in these securities, but is intended to give a general idea to a prospective investor of the scope of risks involved in investing in the Bonds. The occurrence of any of the events discussed below and any additional risks and uncertainties not presently known to the Company or that are currently considered immaterial could have a material adverse effect on the Company's business, results of operations, financial condition and prospects and on the Bonds in the future. Prospective investors may request publicly available information on the Bonds in the future from the SEC. Prospective investors should undertake their own independent research and study on the merits of investing, and subsequently, trading these securities. Prospective investors should seek professional advice if he or she is uncertain of, or has not understood any aspect of the Offer or the nature of risks involved in purchasing, holding and trading the Bonds. Each potential investor should consult its own counsel, accountant other than advisors as to legal, tax, business, financial and related aspects of an investment in the Bonds. CPGI and the Issue Manager, Lead Underwriter and Bookrunner do not make any warranty or representation on the marketability of an investment in the Bonds and the sustainability of the price of the Bonds. The risk factors discussed in this section are separated into categories for ease of reference and are enumerated in order of importance.

A. RISK FACTORS RELATING TO THE COMPANY AND ITS BUSINESS

The Company derives a significant portion of its revenue from Overseas 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.

Despite the concerns about the sustainability of the overseas market, OFW remittances continued to increase from US\$20.1 million in 2011 to US\$21.4 million in 2012, and US\$ 22.8 million in 2013. Furthermore, the Company has clients located in 50 different countries, hence it is not exposed to any single jurisdiction. As of December 2018, 14%, 18%, 6%, 3%, 11% of its sales are from Asia, Middle East, North America, Australia/Oceania, United Kingdom, and others, respectively.

Furthermore, the Company is expanding its product portfolio to cater to a wider customer base, specifically to include horizontal affordable housing.

All of the Company's properties are 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 accordingly, the Company is significantly influenced by the general state of the Philippine economy.

In the past, the Philippines 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.

To mitigate this risk, the Company continues to adopt prudent financial and operational controls and policies within the context of the prevailing business, economic and political environments.

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 Bonifacio Global City. 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. As of the date of this Prospectus, the Company has contracted land further outside Metro Manila including Cavite, Pampanga, Batangas and Palawan. This allows the Company to mitigate geographic concentration risk.

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 regard 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.

To mitigate this risk, the Company is venturing into commercial leasing developments to reduce its dependence on the residential market. By venturing into commercial leasing, the Company hopes to be less exposed to the business cycles inherent in residential developments.

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 Company believes it has strategically positioned itself at the upper end of each of the three residential segments it caters to, namely, affordable, middle income, and luxury markets.

Furthermore, the Company strives to maintain the design and quality of its developments and is focused on being customer-centric.

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 can 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 installment 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 conducts due diligence and performs contract management on its joint venture partners to reduce this risk.

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 is not exposed to a single brand to design, market, and sell its projects. Furthermore, the Company conducts due diligence and performs contract management on its partner brands to reduce this risk.

Recently, the Company is building the "Century" brand name into its various developments, including Asian Century Center, Century Diamond Tower and Century Spire.

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 studies and analyzes its total capital and human resource requirements and attempts, to the best of its abilities, to allocate resources most prudently in order to complete its projects on time.

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.

To mitigate this risk, the Company is diversifying its revenue sources by expanding its leasing portfolio and entering into the affordable housing segment in addition to its current vertical housing developments and property management business.

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 utilized 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 Company is endeavoring to broaden its sources of capital. While historically it has relied predominantly on pre-sales, receivables financing, and bi-lateral loans, it has been able to diversify its sources of financing through the equity capital and syndicated loan markets.

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 installment payments, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. During the grace period, the buyer may pay the unpaid installments 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 installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who have defaulted on installment payments are given a 60-day grace period to pay all unpaid installments 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 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 attempts to mitigate this risk by collecting more equity from the buyer, subject to market demands and competitive factors. A material amount of its pre-sales are sold on the basis of collecting 10% to 30% from each buyer before project completion, with some projects charging as high as 50% buyer equity. The higher equity the Company collects from the buyer, the less chances a buyer defaults since such buyer has committed more capital to the unit purchase.

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 continuously increasing its professional management team. See “Directors, Executive Officers, and Control Persons” on page 181. The Company has already hired professionals responsible for key parts of the business, including the heads of leasing, affordable housing, leisure and tourism, finance and investor relations.

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, Managing Director and Co-Chief Operating Officer; Jose Marco R. Antonio, Managing Director and Co-Chief Operating Officer; Jose Roberto R. Antonio, Managing Director; Jose Carlo R. Antonio, Managing Director; Rafael G. Yaptinchay, Managing Director; 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.

To mitigate this risk, the Company has a succession plan in place.

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 benchmarks industry best practices in human resource management.

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.

The Company prudently selects its network of accredited contractors, and monitors the development of each project from project inception up to project turnover.

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.

The Company prudently selects its network of accredited contractors, and monitors the development of each project from project inception up to project turnover. The Company also protects majority of its construction interests with an all-risk insurance policy for construction.

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 (informal settlers) 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 mitigates this risk, to the extent it can, by having joint venture partners indemnify the Company in the event third parties are successful in their claim. To the extent the title belongs to the Company and not its joint venture partners, it conducts very thorough due diligence on titles. Notwithstanding due diligence, to the extent there are still third party claims, the Company assesses the risks and possible solutions to eventually have titles without adverse claims.

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 prudently monitors the development of each stage of each project, from project inception up to project turnover, to quickly address possible cost and completion risks.

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 prudently monitors the development of each stage of each project, from project inception up to project turnover, to quickly address possible cost and completion risks.

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

The Philippines operates in a highly-regulated environment and the 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, (P.D. 957), Republic Act No. 4726 (R.A. 4726) and Batas Pambansa Blg. 220 (BP 220) are the principal statutes which regulate the development and sales of real property as part of a condominium project or subdivision. P.D. 957, R.A. 4726 and B.P. 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.

The Company's legal department closely monitors the status of the required permits and licenses of the Company to ensure compliance with applicable laws, rules and regulations.

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. See "Regulatory and Environmental Matters" on page 129. 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.

The Company's legal department closely monitors the status of the required permits and licenses of the Company to ensure compliance with environmental regulations.

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 requires its contractors to maintain contractors' all-risk insurance for the duration of the development of its projects. The Company requires its contractors to provide a warranty on their respective works.

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 favor 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 third-party 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.

Notwithstanding the presence of non-exclusive brokers, materially all sales of the Company are coursed and booked through the Company's in-house sales team, who are Company employees thus having more control of its distribution network.

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.

CPMI conducts stringent screening procedures on potential tenants.

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

Currently, sales of residential lots with a gross selling price of ₱1,919,500 or less and sales of residential houses and lots with a gross selling price of ₱3,199,200 or less are currently not subject to VAT of 12%. However, beginning January 1, 2021, the VAT exemption shall only apply to sale of real properties not primarily held for sale to customers or held for lease in the ordinary course of trade or business, sale of real property utilized for socialized housing and sale of house and lot and other residential dwellings with threshold reduced to ₱2,000,000. Hence, 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.

The majority of the Company's existing projects are already over ₱2,000,000, hence most of its current projects are already subject to VAT.

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.

The Company enters into long term financing to reduce its reliance on shorter term financing. This bond will allow the Company to further reduce the potential variability in interest rates. The Company also continuously seeks the accreditation of its projects with various financial institutions to provide its customers with financing options.

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.

Historically, the Company's Subsidiaries have regularly been distributing dividends out of its unrestricted retained earnings and as excess cash becomes available.

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 2021. 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 assessing the potential impact of this change to its financial results.

Adoption of accounting rule on Financial Instruments

PFRS 9, Financial Instruments all phases financial instruments projects and replaces PFRS 39, Financial Instruments: Recognition and Measurement, and all versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurements of the Company's financial liabilities. The adoption will also have an effect on the Company's hedge accounting and on the amount of credit losses. The Company assessed that the adoption of this standard has no material impact on the Company's financial statements. The Company's is continuously assessing impact of this standard since this requires judgments and estimates that are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 complies with its debt obligations by adopting the necessary internal controls in its financial management and adopting corporate governance policies in order to comply with its debt covenants.

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 takes into consideration its existing debt obligations and corresponding debt covenants before it pursues any major business investments or acquisitions. Further, prior to undertaking any business combination, the Company assesses and attempts to mitigate the business and financial risks, which may include the hiring of third party legal and financial consultants.

The Company is exposed to interest rate, liquidity, credit, currency 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.

The Company is endeavoring to broaden its sources of capital. While historically it has relied predominantly on pre-sales, receivables financing, and bi-lateral loans, it has been able to diversify its sources of financing through the capital and syndicated loan markets.

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.

The Company mitigates this risk by completing projects on time, and providing mortgage banks collateral documents promptly.

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, but the Company attempts to manage its commodity risk by requiring its internal procurement group to supply raw materials for the relevant construction and development projects.

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.

The Company requires its contractors to maintain contractors' all-risk insurance for the duration of the development of its projects. The Company requires its contractors to provide a warranty on their respective works.

B. RISKS RELATING TO THE PHILIPPINES

Substantially all of the Company's business activities and assets are based in the Philippines, which exposes it to risks associated with the country, including the performance of the Philippine economy.

Historically, the Company has derived all of its revenues from the sale of real estate and the management of properties in the Philippines and, as such, its business is highly dependent on the state of the Philippine economy. Demand for residential real estate is directly related to the strength of the Philippine economy (including its overall growth and income levels), the overall levels of business activity in the Philippines. Factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activities in the Philippines, the Southeast Asian region or globally;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines, the Southeast Asian region or globally;
- exchange rate fluctuations;
- inflation or increase in interest rates;
- levels of employment, consumer confidence and income;
- changes in the Government's fiscal policies;
- natural disasters such as tsunamis, typhoons, earthquakes, fires and floods;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- other regulatory, social, political or economic developments in or affecting the Philippines.

If the Philippine economy experiences weakness due to any of the foregoing or other reasons, it could materially and adversely affect business, financial condition or results of operations.

The Company has survived major economic and political crises brought about by domestic and international developments through the implementation of its core strategies. To mitigate the risks identified below, constant monitoring of the key economic and market indicators allows the Company to detect risk exposures and react to the external environment appropriately. Although there is no assurance that the Company will be able to fully overcome

the adverse effects of any or all crisis, it has in place a system of financial prudence and corporate governance that provides the foundation for its risk management initiatives.

Any economic and political instability in the Philippines may adversely affect business, results of operations or financial condition.

After the election triumph of President Rodrigo Duterte, the Philippines has initiated a series of economic reforms to accelerate development, decentralize governance and a tough but controversial struggle against corruption and drugs. The early economic signals are promising. In 2017, Finance Secretary Carlos Dominguez III announced that the government is set to sustain growth at close to 7% in 2017, despite “political noise”, by banking on higher infrastructure spending, tax and other reforms, improved peace and order.

But when Duterte started his war against drugs and corruption, which has cost 6,000 to 12,000 lives, international “concern” has escalated. In early 2018, the ICC said it was investigating allegations that the Philippines president had committed “crimes against humanity” by facilitating extrajudicial killings and other rights abuses in the war against drugs. Agreeing with the ICC, the controversial UN’s High Commissioner for Human Rights (HCHR), Prince Zeid Ra’ad al-Hussein, joined the ICC debacle saying that Duterte needed a psychiatric evaluation.

In December 2016, Vice-President Maria Leonor Leni G. Robredo, resigned from her post as chairperson of the Housing and Urban Development Coordinating Council after she was told to stop attending Cabinet meetings. In 2017, Senator De Lima was arrested for drug-related charges. Barely a week after her arrest, four of Ms. De Lima’s fellow Liberal Party members were stripped of key positions in the Senate: Senator Franklin M. Drilon was replaced as Senate President Pro-Tempore while Senators Francis N. Pangilinan, Paolo Benigno A. Aquino IV and Ana Theresia Hontiveros-Baraquel lost their chairmanship of some committees. A number of courtesy resignations followed including the president’s own flesh and blood, Davao City Vice Mayor Paolo Duterte who tendered his resignation, citing accusations flung against him about his involvement in the drug trade. Despite President Duterte’s support that remains relatively highest in the lower-income classes, the media war against Duterte’s drugs war and his wide-open fight against corruption post a great threat to the economic and political instability of the country. The government’s track record regarding human rights and political opponents may not be overturned in a near future, which may adversely affect business, its operations, financial conditions and results.

In 2017, GDP growth was 6.7%, and it is projected to be about 6.5% in 2018. The government, under its “Build Build Build” program, has significantly increased spending on infrastructure and has ambitious plans to build new rail lines, a subway, highways, and bridges in the coming years. To finance spending on infrastructure and social services, the government has embarked on a multiphase tax reform program. The first package of reforms was signed into law in December 2017; the second is coming and has more controversial package. Inflation has been increasing, averaging 4.8% for January to August and reaching a nine-year high of 6.7% in September and October 2018, close to its highest rate in a decade and far above the central bank’s target of 2%-4%. Higher oil and food prices, excise taxes associated with tax reform, and the weak peso have all fueled inflation. The government is seeking to get the economy back on track ahead of mid-term elections in May.

Acts of terrorism and violent crimes could destabilize the Philippines and have a material adverse effect on business and financial results.

Terrorists are very likely to try to carry out attacks in the Philippines. Terrorist groups continue to plan attacks and have the capacity and the intent to carry out attacks at anytime and anywhere in the country, including in the capital Manila and in places visited by foreigners,

such as airports, shopping malls, public transport, including the metro system and places of worship. Attacks have been carried out using improvised explosive devices and small arms.

On December 31, 2018, an IED exploded at the entrance to the South Seas shopping mall in Cotabato City. Local authorities have confirmed at least two (2) dead and many more wounded. Another IED was found at the same shopping mall with authorities carrying out a controlled explosion. The FCO continues to advise against all travel to Cotabato City and much of Mindanao.

A vehicle based IED exploded at a checkpoint in Lamitan City on the island of Basilan in Western Mindanao on July 31, 2018 causing a number of fatalities.

Explosions occurred in the Quiapo area of Manila on April 28 and May 6, 2017, resulting in fatalities. The motive for these attacks remains unclear.

On November 28, 2016, an improvised explosive device was found close to the US embassy in Manila. The device was made safe by police. Explosions at a boxing match in Hilongos, Leyte (Visayas) injured over 30 people on December 28, 2016.

There are several terrorist groups operating in the Philippines that continue to pose a threat. These groups include the New People's Army (NPA), the Abu Sayyaf Group (ASG), Jemaah Islamiyah (JI) and other associated groups. Elements within the two main insurgent groups, the Moro National Liberation Front (MNLF) and the Moro Islamic Liberation Front (MILF), continue to pose a security threat. A splinter group of the MILF, the Bangsamoro Islamic Freedom Fighters (BIFF), has also been responsible for attacks. Some groups have pledged allegiance to Daesh (formally referred to as ISIL) and are likely to regard westerners as legitimate targets.

Militant groups also operate in rural areas throughout the Philippines. Armed clashes between security forces and militant groups can occur at any time without warning. Previous clashes have resulted in tourists being injured. Before travelling to rural areas, you should research the area thoroughly.

Commercial shipping companies have been advised to adopt heightened vigilance when navigating the Sulu and Celebes Sea. The Regional Co-operation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) advise all ships to re-route from the area where possible. Most maritime incidents occur in the Sulu Sea in the area between Mindanao, the Sulu archipelago, Palawan and Sabah (Malaysia). Boats travelling to and from offshore islands and dive sites are possible targets.

Civilian targets in Mindanao have been attacked and there remains a heightened threat of attacks throughout the Mindanao island group. A bomb attack on a market in Davao City killed more than a dozen people on September 2, 2016. An explosion in Aleosan, North Cotabato injured six (6) people on December 29, 2016.

Terrorist groups have threatened to attack passenger ferries and other vessels, particularly those operating from Mindanao.

The considerable heightened threat of terrorist attacks in the Philippines poses risk to our economy, may adversely affect business, its operations, financial conditions and results.

The credit ratings of the Philippines may adversely affect the Company's business.

Directly and adversely affecting companies resident in the Philippines is a credit rating used by sovereign wealth funds, pension funds and other investors to gauge the credit worthiness

of Philippines thus having a big impact on the country's borrowing costs. This includes the government debt credit rating for Philippines as reported by major credit rating agencies. The ratings are based on a forward-looking macroeconomic model which takes into account several leading economic indicators and financial markets.

In April 2018 Standard & Poor upgraded Philippines credit outlook to positive, while affirming the country's current credit rating at 'BBB' for long-term and 'A-2' for short-term. A long-term credit rating of 'BBB' puts the Philippines at an adequate investment grade, although adverse economic conditions could weaken the country's ability to meet its financial obligations. On the other hand, the country's 'A-2' short-term rating means that the Philippines has a satisfactory chance of meeting its short-term financial obligations. S&O based its current report on the government's fiscal policies, including the Comprehensive Tax Reform Program (CTRP), which is intended to fund the administration's "Build, Build, Build" program. Change in ratings depends on the government's fiscal reform program over the course of the next twenty four (24) months, if the reform agenda has been achieved or stalls, if the recalibrated fiscal program leads to higher-than-expected net general government debt levels, or if deemed that policymaking settings have otherwise regressed against expectations. December 2014 Moody's credit rating for Philippines was last set at Baa2 with stable outlook while in December 2017 Fitch's credit rating for Philippines was last reported at BBB with stable outlook.

Any uncertainties, moreover downgrade, could have adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing will be made available.

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

The Philippines is subject to frequent seismic activity. From year 2015 to 2018, there were nine (9) large known earthquakes in the Philippines, with magnitudes ranging from 5.5 to 7.1. Batangas experienced an earthquake swarm in April 2017, hitting the province thrice with a twin earthquake, followed by several aftershocks. The nine (9) large known earthquakes triggered landslide and tsunami warnings, left damages on buildings and houses, killed fourteen (14) people and three hundred twenty seven (327) injured.

Approximately twenty (20) tropical cyclones enter the Philippine Area of Responsibility yearly, an area which incorporates parts of the Pacific Ocean, South China Sea and the Philippine Archipelago (with the exception of Tawi-Tawi province). Among these cyclones, ten (10) will be typhoons, with five (5) having the potential to be destructive ones. The Philippines is "the most exposed country in the world to tropical storms" according to a Time Magazine.

Typhoon Haima, known in the Philippines as Super Typhoon Lawin, was the third most intense tropical cyclone worldwide in 2016. After forming an eye shortly after, it was upgraded to a typhoon, Haima made landfall late on October 19 in Cagayan as a Category 4-equivalent storm. The storm forced several hundred flights in the Philippines, Hong Kong and China to be cancelled. Flooding and storm surge affected many coastal areas, downing several trees and power lines, leading to power outages. Due to the damage caused by the storm in the Philippines and China, the names Haima and Lawin were retired from their respective name lists in 2017. Super Typhoon Lawin (Haima) has left over ₱4.7 billion worth of damage to agriculture in Isabela. Rice crops suffered the most with recorded ₱2.7 billion worth of damage. Banana plantations, meanwhile, had losses worth ₱1.5 billion; vegetable crops at ₱317 million; corn crops at ₱99 million; mango plantations at ₱68 million; and fisheries at ₱8 million.

Typhoon Mangkhut, known in the Philippines as Typhoon Ompong, was an extremely powerful tropical cyclone that brought widespread damages to Guam, the Philippines and South China in mid-September 2018. It was the strongest typhoon to strike Luzon since Megi in 2010, and the strongest typhoon to make landfall in the Philippines since Haiyan in November 2013. Mangkhut made landfall in the Philippine province of Cagayan late on September 14 as a Category 5-equivalent super typhoon. As of October 2018, Mangkhut was the second-strongest tropical cyclone worldwide in 2018. As reported, there were one hundred twenty seven (127) fatalities in the Philippines attributed to Typhoon Ompong.

There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's development projects, many of which are large infrastructure, such as buildings, which are susceptible to damage. Damage to structures resulting from such natural catastrophes could also give rise to claims against the Company from third parties or from customers, for example for physical injuries or loss of property. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect the Company's business, financial condition and results of operations. Further, the Company does not carry any insurance for certain catastrophic events, and there are certain losses for which the Company cannot obtain insurance at a reasonable cost or at all. The Company also does not carry any business interruption insurance. 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 such property, while remaining liable for any project construction costs or other financial obligations related to the property. Any material uninsured loss could materially and adversely affect the Company's business, operations, financial condition and results.

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

For years, the issue on who owns what in the West Philippine Sea (South China Sea), a major maritime highway and a resource-rich area, has been disputed by a number of countries. One of the main issues is China's "historical" claim outlined by a 9-dash line, which gobbles up large areas of the Exclusive Economic Zones (EEZs) of the Philippines, Vietnam, Malaysia, Brunei, and Indonesia.

In the past years, China has asserted its sovereignty over islands within the Philippines' EEZ. The territorial dispute between the Philippines and China flared up again after an incident at the Quirino (Jackson) Atoll in 2011.

In December 2014, the United States State Department released a report concluding that China's 9-dash-line claim does not follow the international law of the sea. China issued a position paper accusing the Philippines of violating and abusing international law by filing a legal case it rejected on technical grounds.

In 2015, China reportedly started reclamation and transformed the Panganiban (Mischief) Reef into a forward naval station. According to UNCLOS, artificial islands do not afford the occupying nation territorial waters. The Permanent Court of Arbitration at The Hague heard the Philippines' oral arguments on whether the tribunal has the right to hear its case against China. During these hearings, "all Chinese arguments on jurisdiction and admissibility were properly considered." China completed a 3,125-meter runway on Fiery Cross Reef, which is also claimed by the Philippines as Kagitingan Reef in September. The PCA rejected China's strongest argument against the Philippines: that the tribunal has no right to hear the Philippines' case over the West Philippine Sea. China reaffirmed that it will "not accept" a judicial arbitration on the West Philippine Sea. The tribunal conducted a hearing on the merits

of the Philippines' case. The tribunal gave the Philippines and China until December 9, 2015, "to review and submit corrections to the transcript of the hearing."

In 2016, China reportedly built a submarine harbor at Panganiban (Mischief) Reef located in the West Philippine Sea near Palawan. China finished construction on a second 10,000-ton China Coast Guard (CCG) cutter destined for patrols in the South China Sea. The Philippines slammed China over reports that Beijing deployed missiles on an island in the disputed area. The United States said it fears that China is planning to build an artificial island in the disputed Panatag Shoal (Scarborough Shoal). The Philippines and the United States agreed on 5 local bases (Antonio Bautista Air Base in Palawan, Basa Air Base in Pampanga, Fort Magsaysay in Nueva Ecija, Lumbia Air Base in Cagayan de Oro, and Mactan-Benito Ebuen Air Base in Cebu) where US troops will be allowed to build facilities. The US launched joint South China Sea naval patrols with the Philippines, escalating its presence as it accused Beijing of "militarizing" the region. China's navy launched annual war drills in the South China Sea with one of its most advanced warships. The exercises included simulations for breaking an enemy blockade and reconnaissance drills with submarine forces. A Chinese government bureau said that it is planning to build a base station in the Spratly Islands to aid fishing boats in trouble and shorten the distance they need to travel. Countries in Southeast Asia said they have "serious concerns" over recent events in the disputed South China Sea, an unusually strongly worded communique issued by their foreign ministers in China. The statement, however, was later retracted due to the alleged withdrawal of Laos and Cambodia. US fighter planes arrived in the Philippines for a training mission and operations to ensure access to the disputed South China Sea. The PCA confirmed that it will issue its ruling on the Philippines' case against China. Beijing said it will reject any ruling by an international tribunal in a contentious case brought by the Philippines over the West Philippine Sea. The PCA announced that an arbitral tribunal has ruled in favor of the Philippines in its historic case against China.

Should these territorial disputes escalate further, the Philippines and its economy may be disrupted and the operations of the Company could be adversely affected as a result. In particular, further disputes between the Philippines and China may lead both countries to impose trade restrictions on the other's imports. Any such impact from these disputes could adversely affect the Philippine economy, and materially and adversely affect the Company's business, financial position and financial performance.

C. RISKS RELATING TO THE BONDS

To mitigate the risks identified below, the Company shall continue to adopt what it considers conservative, financial and operational controls and policies within the context of the prevailing business, economic, and political environments taking into consideration the interests of its customers, stockholders and creditors.

The Company may be unable to redeem the Bonds

At maturity, the Company will be required to redeem all of the Bonds. At that point in time, the Company may not have sufficient cash on hand and may not be able to arrange financing to redeem the Bonds on time, or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase, or redeem tendered Bonds by the Company would constitute a default under the terms of other indebtedness of the Company.

CPGI has a strong and stable business in the Philippines. It maintains a healthy debt-to-equity ratio, and maintains a stable level of liquidity in its statements of financial position. Further, the Company may refinance the Bonds when necessary.

Liquidity risk

The Philippine debt securities markets, particularly the market for corporate debt securities, are substantially smaller, less liquid and more concentrated than other securities markets. The Company cannot guarantee whether an active trading market for the Bonds will develop or if the liquidity of the Bonds will be sustained throughout its life. Even if the Bonds are listed on the PDEX, trading in securities such as the Bonds may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets and the overall market for debt securities among other factors. There is no assurance that the Bonds may be easily disposed of at prices and volumes at instances best deemed appropriate by their holders.

Pricing risk

The market price of the Bonds will be subject to market and interest rate fluctuations, which may result in the investment being appreciated or reduced in value. If market interest rates decrease relative to the Interest Rate of the Bonds, the price of the Bonds, when sold in the secondary market, may increase. Conversely, if market interest rates increase relative to the Interest Rate of the Bonds, the price of the Bonds, when sold in the secondary market, may decrease. Thus, a Bondholder could face possible losses if he decides to sell in the secondary market.

Retention of ratings risk

There is no assurance that the rating of the bonds will be retained throughout the life of the Bonds. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

Bonds have no preference under Article 2244(14) of the Civil Code

No other unsecured loan or other debt facility currently or to be entered into by the Issuer shall have preference of priority over the Bonds as accorded to public instruments under Article 2244(14) of the Civil Code. However, should any bank or Bondholder hereinafter have a preference or priority over the Bonds as a result of notarization of unsecured debt instruments, then the Issuer shall at the Issuer's option, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Bonds.

PHILIPPINE TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Bonds. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Bonds and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Bonds under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Bonds in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus.

The tax treatment of a Bondholder may vary depending upon such Bondholder's particular situation, and certain Bondholders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a Bondholder.

PROSPECTIVE PURCHASERS OF THE BONDS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF A BOND, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL OR FOREIGN TAX LAWS.

On 1 January 2018, Republic Act No. 10963, otherwise known as the "Tax Reform for Acceleration and Inclusion" (TRAIN) Act, took into effect. The TRAIN Act amended provisions of the National Internal Revenue Code of 1997 (Tax Code) including provisions on Documentary Stamp Tax, tax on interest income and other distributions, Estate Tax and Donor's Tax.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines," otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines." A "resident foreign corporation" is a non-Philippine corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines.

TAXATION OF INTEREST

The Tax Code, as amended, provides that interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax.

If pursuant to the Offer, funds are obtained from twenty or more individual lenders or investors, there is deemed to be a public borrowing and the Bonds will be deemed deposit substitutes. In such case, interest income derived by Philippine resident individuals from the Bonds is subject to income tax, which is withheld at source, at the rate of 20%. Otherwise, the regular income tax rates on Philippine resident individuals will apply.

Generally, the interest on the Bonds received by non-resident foreign individuals engaged in trade or business in the Philippines is subject to a 20% withholding tax while that received by non-resident foreign individuals not engaged in trade or business is taxed at the rate of 25%.

Interest income received by domestic corporations and resident foreign corporations is taxed at the rate of 20%, if the Bonds will be deemed as deposit substitutes. Otherwise, the regular corporate income tax rates for domestic corporations and resident foreign corporations will apply.

Interest income received by non-resident foreign corporations is subject to a 30% final withholding tax. The tax withheld constitutes a final settlement of Philippine income tax liability with respect to such interest.

The foregoing rates are subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident owner. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 10% or 15% in cases where the interest arises in the Philippines and is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment. Thus, non-resident foreign bondholders who maintain and conduct business activities in the Philippines may not qualify for reduced withholding tax treaty rates on interest payments because they may be considered as having a taxable presence in the Philippines by reason of such business activities. Thus, availing of such reduced tax treaty rates will require confirmation of entitlement thereto from the BIR, as discussed below. Each of the qualified Bondholders shall be responsible for securing confirmation of entitlement to the preferential tax treaty rates with the BIR.

TAX-EXEMPT STATUS

Bondholders who are exempt from or are not subject to final withholding tax on interest income may claim such exemption by submitting the necessary documents. Said Bondholder shall submit the following requirements to the Registrar, to the Issue Manager or Underwriter (together with their completed Application to Purchase) who shall then forward the same to the Registrar: (i) a current and valid BIR certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR addressed to the Applicant confirming the exemption from taxation of interest on fixed income securities; (ii) a duly notarized undertaking, in prescribed form, executed by (ii.a) the Corporate Secretary or any authorized representative, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases the Bonds for its account, or (ii.b) the Trust Officer, if the Applicant is a universal bank authorized under Philippines law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify CPGI and the Registrar and Paying Agent of any suspension or revocation of the tax exemption certificate or preferential rate entitlement, and agreeing to indemnify and hold CPGI and the Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) for those who are claiming benefits under tax treaties, duly accomplished Certificate of Residence for tax Treaty Relief (CORTT) Form (Part I and II) or the prescribed certificate of residency with Part I (A,B and C) and Part II of the CORTT Form to the Paying Agent before the interest is paid or credited as required under BIR Revenue Memorandum Order No. 8-2017; and (iv) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming a tax treaty relief; provided further that, all sums payable by CPGI to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments, or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption or reasonable evidence of such exemption to the Registrar and Paying Agent.

Bondholders may transfer their Bonds at any time, regardless of tax status of the transferor vis-à-vis the transferee. Should a transfer between Bondholders of different tax status occur on a day which is not an Interest Payment Date, tax exempt entities trading with non-tax exempt entities shall be treated as non-tax exempt entities for the interest period within which such transfer occurred. Transfers taking place in the Registry of Bondholders after the Bonds are listed on PDEX shall be allowed between non tax-exempt and tax-exempt entities without restriction and observing the tax exemption of tax exempt entities, if and/or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC.

A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Trustee and the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified under the Section entitled *“Payment of Additional Amounts – Taxation,”* within three days of such transfer.

VALUE-ADDED TAX

Gross receipts arising from the sale of the Bonds in the Philippines by Philippine-registered dealers in securities and lending investors shall be subject to a 12% value-added tax. The term “gross receipt” means gross selling price less acquisition cost of the Bonds sold.

GROSS RECEIPTS TAX

Bank and non-bank financial intermediaries are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

| | |
|---|----|
| Maturity period is five years or less | 5% |
| Maturity period is more than five years | 1% |

In case the maturity period referred above is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pre-termination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the Bonds shall be taxed at 7%.

DOCUMENTARY STAMP TAX

A documentary stamp is imposed upon the issuance of debentures and certificates of indebtedness issued by Philippine companies, such as the Bonds, at the rate of ₱1.50 for each ₱200, or fractional part thereof, of the offer price of such debt instruments; provided that, for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by CPGI for its own account.

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds.

TAXATION ON SALE OR OTHER DISPOSITION OF THE BONDS

Income Tax

The Bondholder will recognize gain or loss upon the sale or other disposition (including a redemption at maturity) of the Bonds in an amount equal to the difference between the amount realized from such disposition and such Bondholder's basis in the Bonds. Such gain or loss is likely to be deemed a capital gain or loss assuming that the Bondholder has held the Bonds as capital assets.

Under the Tax Code, any gain realized from the sale, exchange or retirement of securities, debentures and other certificates of indebtedness with an original maturity date of more than five years (as measured from the date of issuance of such securities, debentures or other certificates of indebtedness) shall not be subject to income tax. Thus, as the Bonds have a maturity of less than five (5) years (i.e., three (3) years), any gain realized by a Bondholder from the trading of the Bonds shall be subject to regular individual or corporate income tax, as the case may be.

In case of the Bonds which are held as capital assets, individuals or corporate bondholders shall be subject to the full amount of the capital gain or loss recognized upon the sale or exchange of a capital asset if such Bonds have been held for less than 12 months. If such Bonds have been held for more than 12 months, then in case of an individual Bondholder, only 50% of the capital gain or loss is recognized while 100% of the capital gain or loss is recognized in case of corporate Bondholders.

Any gains realized by non-residents on the sale of the Bonds may be exempt from Philippine income tax under an applicable tax treaty.

Estate and Donor's Tax

The transfer by a deceased person, whether a Philippine resident or non-Philippine resident, to his heirs of the Bonds shall be subject to an estate tax which is levied on the net estate of the deceased at a fixed rate of 6%. A Bondholder shall be subject to donor's tax on the transfer of the Bonds by gift at a fixed rate of 6% if the net gifts made during the calendar year exceed ₱250,000.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor. The estate tax and donor's tax, in respect of the Bonds, shall not be collected (a) if the deceased at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allows a similar exemption from transfer or death, taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

In case the Bonds are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Bonds exceeded the value of the consideration may be deemed a gift and may be subject to donor's taxes. However, a sale, exchange, or other transfer made in the ordinary course of business (a transaction which

is bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

Documentary Stamp Tax

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds, trading the Bonds in a secondary market or through an exchange. However, if the transfer constitutes a renewal of the Bonds, documentary stamp tax is payable anew.

USE OF PROCEEDS

Following the offer and sale of up to ₱2,000,000,000 of Unsecured Fixed-Rate Peso-denominated Retail Bonds, CPGI expects that the net proceeds of the Offering shall amount to approximately ₱1,958,761,775 after fees, commissions and expenses. Assuming an oversubscription of up to ₱1,000,000,000, CPGI expects total additional net proceeds of approximately ₱985,000,000 after fees, commissions, and expenses.

Net proceeds from the Offering are estimated to be as follows:

| | Base Offer | With Oversubscription Option |
|---|----------------------|---|
| Estimated proceeds from the sale of Bonds | ₱2,000,000,000 | ₱1,000,000,000 |
| Less: Estimated expenses | | |
| Underwriting fees | 15,000,000 | 7,500,000 |
| Documentary Stamp Tax | 15,000,000 | 7,500,000 |
| SEC registration fee | 1,062,500 | |
| SEC legal research fee | 10,625 | |
| Rating agency fee | 3,000,000 | |
| Legal fees (excluding OPE) | 3,500,000 | |
| Trustee fees | 30,000 | |
| Listing fees | 50,000 | |
| Registry and paying agency fees | 225,000 | |
| Insurance Commission processing fee | 10,100 | |
| Audit fees | 3,300,000 | |
| Other miscellaneous expenses (signing, publicity, etc.) | 50,000 | |
| Total upfront expenses | 41,238,225 | |
| Estimated net proceeds for the issue | 1,958,761,775 | 985,000,000 |
| Total Net Proceeds | | ₱ 2,943,761,775 |

Aside from the foregoing one-time costs, the Company expects the following annual expenses related to the Bonds:

| | | |
|---|---|---------|
| CRISP annual monitoring fee | ₱ | 400,000 |
| Trust annual maintenance fee | | 300,000 |
| PDTC registration and statement generation fees | | 151,000 |

| | |
|-------------------------------------|--------------------|
| PDTC paying agent | 125,813 |
| PDEX annual listing maintenance fee | 150,000 |
| Total annual fees | ₱ 1,126,813 |

TIMING AND USE OF PROCEEDS

The net proceeds from this Offering shall be used to partly finance the Company's capital expenditures for the development and completion of its affordable housing projects as shown in the table below:

| Project | Developer | Location | Total Project Cost* (₱ Mn) | Estimated Allocation of Proceeds (₱ Mn) | | Land Area (Hectares) | No. of Units | Target Launch | Expected Date of Completion** |
|---------------------------------|-----------|------------------------|----------------------------|---|------------|----------------------|--------------|---------------|-------------------------------|
| | | | | Base Offer | O/S Option | | | | |
| PHirst Park Homes San Pablo | PPHI | San Pablo, Laguna | 850 | 400 | 250 | 18.5 | 1,640 | 1Q 2019 | 2022 |
| PHirst Park Homes Pandi | PPHI | Pandi, Bulacan | 750 | 400 | 250 | 18.0 | 1,521 | 3Q 2019 | 2022 |
| PHirst Park Homes Calamba | PPHI | Calamba, Laguna | 900 | 400 | 250 | 13.4 | 1,368 | 4Q 2019 | 2022 |
| PHirst Park Homes General Trias | PPHI | General Trias, Cavite | 1,150 | 400 | 235 | 25.3 | 2,349 | 4Q 2019 | 2022 |
| Azure North Town Homes | CLC | San Fernando, Pampanga | 500 | 360 | 0 | 1.3 | 148 | 3Q 2019 | 2022 |
| Total | | | 4,150 | 1,960 | 985 | 76.5 | 7,026 | | |

* Refers to land and land development costs

**Expected date of completion refers to completion of land development. Completion of houses is on a per unit basis, and is based on when each home is sold.

The Bond to be raised via this Offering will be used for the above five (5) projects' capital expenditure requirements for land and land development costs totaling ₱4.15 billion. The balance for the Total Project Cost not covered by this offering requires an additional ₱2.15 billion for the remainder of 2019 up to 2022, should the Over Subscription option be not subscribed, or an additional ₱1.2 billion, should the Over Subscription option be fully subscribed. The Company is expecting to fund the balance from cash proceeds of sale of the house and lot, and town house units of these projects.

Additionally, for the planned affordable housing developments of PPHI, equity capital calls from Mitsubishi Corporation as 40% shareholder shall be procured.

To the extent more funding is needed, the project will procure project financing construction and Contract- to-Sell (CTS) credit facilities.

The Company will inform the Commission under Current Report (SEC Form 17-C) within the prescribed period of the disbursement of funds to the Company's respective subsidiaries and how the said funds will be booked by the Company's respective subsidiaries.

In the event of any material deviation or adjustment in the planned uses of the proceeds, the Company shall inform the Bondholders and the SEC thirty (30) days prior to its implementation.

No use of proceeds is contemplated to discharge debt, to acquire assets or finance the acquisition of other businesses, or reimburse any officer, director, employee or shareholder for services rendered, assets previously transferred, money loaned, advanced or otherwise.

The net proceeds from this Offering will be disbursed to the respective operating subsidiaries of the Company to partially finance the residential and commercial projects as discussed above. This disbursement will either be in the form of equity of the Company to its respective operating subsidiaries, or through an on loan agreement with its respective subsidiaries.

DETERMINATION OF OFFER PRICE

The Bonds shall be issued at par, or 100% of the principal amount or face value.

PLAN OF DISTRIBUTION

THE OFFER

On January 30, 2019, CPGI filed a Registration Statement with the SEC, in connection with the offer and sale to the public of debt securities with an aggregate principal amount of up to ₱2,000,000,000 with an Oversubscription Option of ₱1,000,000,000 comprised of 7.8203% p.a. 3-year fixed rate bonds due on 2022 (the "Bonds"). The Bonds will be issued by the Company pursuant to the terms and conditions of the Bonds on the Issue Date.

However, there can be no assurance in respect of: (i) whether the Company would issue such debt securities at all; (ii) the size or timing of any individual issuance or the total issuance of such debt securities; or (iii) the specific terms and conditions of any such issuance. Any decision by the Company to offer such debt securities will depend on a number of factors at the relevant time, many of which are not within the Company's control, including but not limited to: prevailing interest rates, the financing requirements of the Company, market liquidity, and the state of the Philippine, regional and global capital markets and economies.

In the event that the Oversubscription Option of ₱1,000,000,000 is not exercised, it shall be deemed cancelled.

The SEC is expected to issue an order rendering the Registration Statement effective, and a corresponding permit to offer securities for sale covering the Offer.

THE UNDERWRITER OF THE OFFER

China Bank Capital, pursuant to an Underwriting Agreement executed on March 26, 2019 (the "Underwriting Agreement"), has agreed to act as the Issue Manager, Lead Underwriter and Bookrunner for the Offer and as such, distribute and sell the Bonds at the Offer Price, and has also committed to underwrite up to ₱2,000,000,000 of the Bonds on a firm basis, in either case subject to the satisfaction of certain conditions and in consideration of an underwriting fee equivalent to 0.75% of the gross proceeds. This shall be inclusive of any commissions to be paid to the Selling Agent.

There is no arrangement for the Issue Manager, Lead Underwriter and Bookrunner to return to CPGI any unsold Bonds. The Underwriting Agreement may be terminated in certain circumstances prior to payment of the net proceeds of the Bonds being made to CPGI. There is no arrangement giving the Issue Manager, Lead Underwriter and Bookrunner the right to designate or nominate member(s) to the Board of Directors of CPGI.

The Issue Manager, Lead Underwriter and Bookrunner is duly licensed by the SEC to engage in underwriting or distribution of the Bonds. The Issue Manager, Lead Underwriter and Bookrunner may, from time to time, engage in transactions with and perform services in the ordinary course of its business for CPGI.

The Issue Manager, Lead Underwriter and Bookrunner has no direct relations with CPGI in terms of ownership by its major stockholder/s.

SALE AND DISTRIBUTION

The distribution and sale of the Bonds shall be undertaken by the Issue Manager, Lead Underwriter and Bookrunner who shall sell and distribute the Bonds to third party buyers/investors. Nothing herein shall limit the rights of the Issue Manager, Lead Underwriter and Bookrunner from purchasing the Bonds for its own account.

There are no persons to whom the Bonds are allocated or designated. The Bonds shall be offered to the public at large and without preference.

OFFER PERIOD

The Offer Period shall commence at 9:00 am on April 1, 2019 and end at 12:00 noon on April 5, 2019.

APPLICATION TO PURCHASE

Applicants may purchase the Bonds during the Offer Period by submitting to the Issue Manager, Lead Underwriter and Bookrunner properly completed Applications to Purchase, together with two signature cards, and the full payment of the purchase price of the Bonds in the manner provided in said Application to Purchase.

Corporate and institutional applicants must also submit, in addition to the foregoing, a copy of their SEC Certificate of Registration, Articles of Incorporation, By-Laws, and the appropriate authorization by their respective boards of directors and/or committees or bodies relative to the purchase of the Bonds and designating the authorized signatory(ies) thereof.

Individual applicants must also submit, in addition to accomplished Application to Purchase and its required attachments, a photocopy of any one of the following identification cards ("ID"), subject to verification with the original ID: passport, driver's license, postal ID, company ID, SSS/GSIS ID and/or Senior Citizen's ID.

A corporate and institutional investor who is exempt from or is not subject to withholding tax shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance: (i) a BIR-certified true copy of the current and valid tax exemption certificate, ruling or opinion issued by the BIR addressed to the Applicant confirming the exemption; (ii) a duly notarized undertaking, in the prescribed form, executed by (ii.a) the Corporate Secretary or any authorized representative, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases the Bonds for its account, or (ii.b) the Trust Officer, if the Applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and the Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities arising from the non-withholding of the required tax; and (iii) such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief, which shall include a copy of the duly filed tax treaty relief application with the International Tax Affairs Division of the BIR as required under BIR Revenue Memorandum Order No. 72-2010; provided further that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar and Paying Agent.

Completed Applications to Purchase and corresponding payments must reach the Issue Manager, Lead Underwriter and Bookrunner prior to the end of the Offer Period, or such earlier date as may be specified by the Issue Manager, Lead Underwriter and Bookrunner. Acceptance by the Issue Manager, Lead Underwriter and Bookrunner of the completed Application to Purchase shall be subject to the availability of the Bonds and the acceptance by CPGI. In the event that any check payment is returned by the drawee bank for any reason whatsoever or the nominated bank account to be debited is invalid, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase is deemed revoked.

MINIMUM PURCHASE

A minimum purchase of Fifty Thousand Pesos (₱50,000) shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of Ten Thousand Pesos (₱10,000).

ALLOTMENT OF THE BONDS

If the Bonds are insufficient to satisfy all Applications to Purchase, the available Bonds shall be allotted in accordance with the chronological order of submission of properly completed and appropriately accomplished Applications to Purchase on a first-come, first-served basis, without prejudice and subject to CPGI's exercise of its right of rejection.

ACCEPTANCE OF APPLICATIONS

CPGI and the Issue Manager, Lead Underwriter and Bookrunner reserve the right to accept or reject applications to subscribe in the Bonds, and in case of oversubscription, allocate the Bonds available to the applicants in a manner they deem appropriate. If any application is rejected or accepted in part only, the application money or the appropriate portion thereof will be returned without interest by the Issue Manager, Lead Underwriter and Bookrunner.

REFUNDS

If any application is rejected or accepted in part only, the application money or the appropriate unused portion thereof shall be returned without interest to such applicant through the Issue Manager, Lead Underwriter and Bookrunner with whom such application to purchase the Bonds was made.

PAYMENTS

The Registrar and Paying Agent shall open and maintain a Payment Account, which shall be operated solely and exclusively by said Paying Agent in accordance with the Registry and Paying Agency Agreement and the PDTC Rules, provided that beneficial ownership of the Payment Account shall always remain with the Bondholders. The Payment Account shall be used exclusively for the payment of the relevant interest and principal on each Payment Date.

The Registrar and Paying Agent shall maintain the Payment Account for six (6) months from the Maturity Date. Upon closure of the Payment Account, any balance remaining in such Payment Account shall be returned to the Issuer and shall be held by the Issuer in trust and for the irrevocable benefit of the Bondholders with unclaimed interest and principal payments.

PURCHASE AND CANCELLATION

The Issuer may purchase the Bonds at any time in the open market or by tender or by contract at any price without any obligation to make pro-rata purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

SECONDARY MARKET

CPGI intends to list the Bonds in the PDEX. CPGI may purchase the Bonds at any time without any obligation to make pro-rata purchases of Bonds from all Bondholders.

REGISTRY OF BONDHOLDERS

The Bonds shall be issued in scripless form and shall be registered in the scripless Electronic Registry of Bondholders maintained by the Registrar. A Master Certificate of Indebtedness representing the Bonds sold in the Offer shall be issued to and registered in the name of the Trustee, on behalf of the Bondholders.

Legal title to the Bonds shall be shown in the Electronic Registry of Bondholders to be maintained by the Registrar. Initial placement of the Bonds and subsequent transfers of interests in the Bonds shall be subject to applicable prevailing Philippine selling restrictions. The names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers of Bonds shall be entered into the Electronic Registry of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the scripless Electronic Registry of Bondholders.

DESCRIPTION OF THE BONDS

The following does not purport to be a complete listing of all the rights, obligations, or privileges of the Bonds. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective Bondholders are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors and Shareholders of CPGI, the information contained in this Prospectus, the Bond Agreements, and other agreements relevant to the Offer. Prospective Bondholders are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the Bonds.

GENERAL

The Board of Directors of the Company authorized, through a resolution unanimously passed and approved on January 29, 2019, the issuance of principal amount of ₱2,000,000,000 with an Oversubscription Option of ₱1,000,000,000, comprised of the 7.8203% p.a. three-year fixed rate bonds due 2022 (the “Bonds”). The Bonds will be issued by the Company pursuant to the terms and conditions of the Bonds (the “Terms and Conditions”) on the Issue Date.

A Trust Indenture Agreement was executed on March 26, 2019 (the “Trust Indenture Agreement”) and entered into by the Issuer and China Banking Corporation – Trust and Asset Management Group (the “Trustee”). The following description of and the terms and conditions of the Bonds is only a summary and subject to the detailed provisions of the Trust Indenture Agreement.

A Registry and Paying Agency Agreement was executed on March 26, 2019 (the “Registry and Paying Agency Agreement”) between the Issuer and PDTC (the “Registrar and Paying Agent”).

The Bonds shall be offered and sold through a general public offering in the Philippines, and issued and transferable in minimum principal amounts of Fifty Thousand Pesos (₱50,000) and in multiples of Ten Thousand Pesos (₱10,000) thereafter, and shall be traded in denominations of Ten Thousand Pesos (₱10,000) in the secondary market.

The Bonds shall mature on April 15, 2022 unless earlier redeemed by the Issuer pursuant to the terms thereof and subject to the provisions on redemption and payment as detailed below.

The Registrar and Paying Agent has no interest in or relation to CPGI, which may conflict with its role as paying agent and as registrar for the Offer. CPGI has no ability to control or direct the affairs of the Registrar and Paying Agent.

Copies of the Trust Indenture Agreement and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the specified offices of the Trustee and the Registrar and Paying Agent, respectively. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Indenture Agreement and are deemed to have notice of those provisions of the Registry and Paying Agency Agreement applicable to them.

| | | | | | |
|---|------------|------------|------------|------------|------------|
| Net debt to equity ratio | | | | | |
| Debt | 19,804 | 15,349 | 16,099 | 15,677 | 13,916 |
| Cash and cash equivalents | 1,745 | 1,478 | 1,400 | 3,343 | 2,008 |
| Net Debt | 18,059 | 13,871 | 17,499 | 12,334 | 11,908 |
| Total Equity | 17,135 | 15,993 | 16,255 | 15,347 | 14,634 |
| Net debt to equity ratio (x) | 1.1 | 0.9 | 0.9 | 0.8 | 0.8 |
| Asset to equity ratio | | | | | |
| Total Assets | 46,970 | 41,649 | 42,556 | 41,309 | 37,478 |
| Total Equity | 17,135 | 15,993 | 16,255 | 15,347 | 14,634 |
| Asset to equity ratio (x) | 2.7 | 2.6 | 2.6 | 2.7 | 2.6 |
| Total Liabilities / Total Equity | | | | | |
| Total Liabilities | 29,835 | 25,656 | 26,301 | 25,962 | 22,844 |
| Total Equity | 17,135 | 15,993 | 16,255 | 15,347 | 14,634 |
| Total Liabilities / Total Equity | 1.7 | 1.6 | 1.6 | 1.7 | 1.6 |

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) Interest coverage ratio is equal to earnings before interest and taxes (EBIT) divided by interest expenses
- 4) Current 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
- 5) Debt to Equity ratio computed by dividing total interest-bearing debt by total equity
- 6) Net debt-to-equity ratio is calculated as total interest-bearing debt minus cash and cash equivalents divided by total equity as of the end of the period.
- 7) Asset to Equity ratio is total assets over total equity

FINANCIAL COVENANTS*

- a) Current Ratio of at least 1.5x
- b) Maximum total Debt-to-Equity ratio of 2.0x
- c) Debt Service Coverage Ratio of not less than 1.2x

* Please refer to the discussion on the impact of the Offering on these financial ratios in "8. Financial Covenants".

1. Form, Denomination and Title

a. Form and Denomination

The Bonds are in scripless form, and issued in denominations of Fifty Thousand Pesos (₱50,000) each as a minimum and in integral multiples of Ten Thousand Pesos (₱10,000) thereafter, and shall be subsequently traded in denominations of Ten Thousand Pesos (₱10,000) in the secondary market.

b. Title

Legal title to the Bonds shall be shown in the Electronic Registry of Bondholders maintained by the Registrar and Paying Agent pursuant to the Registry and Paying Agency Agreement. A notice confirming the principal amount of the Bonds purchased by each applicant in the Offer shall be issued by the Registrar to all Bondholders no later than seven (7) Banking Days following the Issue Date. The Bondholder has twenty (20) calendar days from the date indicated in the registry confirmation to request the Registrar and Paying Agent for amendment, correction or completion of the relevant information in the Electronic Registry of Bondholders. The Bondholder shall, within such period, request the Registrar and Paying Agent, through the Issue Manager and Lead Underwriter from whom the Bonds were

purchased, to amend entries in the Registry by issuing an Affidavit of Correction duly endorsed by the Issue Manager and Lead Underwriter. Upon any assignment, title to the Bonds shall transfer by recording of the assignment from the transferor to the transferee in the Electronic Registry of Bondholders maintained by the Registrar and Paying Agent. Settlement in respect of such transfer or change of title to the Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamp taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder.

c. Bond Rating

The Bonds have been rated AA by Credit Rating Investors Services Philippines Inc. (“CRISP”) as of January 28, 2019. CRISP favorably notes the continuing ability of CPGI to service its debt obligations, as evidenced by its fulfillment of the obligations under the Bonds issued on September 2, 2014 due in fiscal year 2017. This rating also reflects a very strong capacity to repay CPGI’s debt obligations, low probability of default and a high rate of recovery in case of default.

CPGI is also on CRISPMonitor as it believes CPGI’s strong 2018 performance, as evidenced by its revenue growth rate of 85% on a last twelve months (LTM September 2018 versus LTM September 2017) basis which needs monitoring for consistency and sustainability, and for CPGI to demonstrate its early success in the affordable housing market that it has recently entered.

2. Transfer of Bonds

a. Electronic Registry of Bondholders

CPGI shall cause the Electronic Registry of Bondholders to be kept by the Registrar and Paying Agent, in electronic form. The names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers of the Bonds shall be entered into the Electronic Registry of Bondholders, subject to the terms of the Registry and Paying Agency Agreement. As required by Circular No. 428-04 issued by the BSP, the Registrar and Paying Agent shall send each Bondholder a written statement of registry holdings at least quarterly (at the cost of CPGI), and a written advice confirming every receipt or transfer of the Bonds that is effected in the Electronic Registry of Bondholders (at the cost of CPGI). Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Any requests of Bondholders for certifications, reports or other documents from the Registrar and Paying Agent, except as provided herein, shall be for the account of the requesting Bondholder.

b. Transfers; Tax Status

Bondholders may transfer their Bonds at any time, regardless of tax status of the transferor vis-à-vis the transferee. Should a transfer between Bondholders of different tax status occur on a day that is not an Interest Payment Date, tax exempt entities trading with non-tax exempt entities shall be treated as non-tax exempt entities for the interest period within which such transfer occurred. A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Trustee and the Registrar and Paying Agent, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified below under “Payment of Additional Amounts; Taxation”, within three days of such transfer. Transfers taking place in the Electronic Registry of Bondholders after the Bonds are listed on PDEX shall be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax exempt entities, if and/or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC.

c. Secondary Trading of the Bonds

The Issuer intends to list the Bonds in PDEX for secondary market trading. The Bonds will be traded in a minimum board lot size of ₱10,000, and in multiples of ₱10,000 in excess thereof for so long as any of the Bonds are listed on PDEX. Secondary market trading in PDEX shall follow the applicable PDEX rules, conventions, and guidelines, including rules, conventions and guidelines governing trading and settlement between bondholders of different tax status, and shall be subject to the relevant fees of PDEX and PDTTC, all of which shall be for the account of the Bondholders.

3. Ranking

The Bonds constitute direct, unconditional, unsecured and unsubordinated Peso-denominated obligations of CPGI and shall rank *pari passu* and rateably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of CPGI, other than obligations preferred by the law.

4. Interest

a. Interest Payment Dates

The Bonds bear interest on its principal amount from and including Issue Date at the rate of 7.8203% per annum in each year payable quarterly in arrears starting on July 15, 2019 for the first Interest Payment Date on January 15, April 15, July 15, and October 15 of each year for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day, without adjustment, if such Interest Payment Date is not a Business Day.

The cut-off date in determining the existing Bondholders entitled to receive interest or principal amount due shall be two (2) Business Days prior to the relevant Interest Payment Date (the "Record Date"), which shall be the reckoning day in determining the Bondholders entitled to receive interest, principal or any other amount due under the Bonds. No transfers of the Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Date.

b. Interest Accrual

Each Bond shall accrue and bear interest from the Issue Date up to and including the relevant Maturity Date or any Early Redemption Option Date or date of early redemption other than an Early Redemption Option Date, as discussed in the section on "Redemption and Purchase" on page 71, unless, upon due presentation, payment of the principal in respect of the Bond then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see "Penalty Interest" on page 79) shall apply.

c. Determination of Interest Amount

The interest shall be calculated on the basis of a three hundred sixty (360) day year consisting of twelve (12) months of thirty (30) days each, and in the case of an incomplete month, the number of days elapsed on the basis of a month of thirty (30) days.

5. Redemption and Purchase

a. Final Redemption

Unless previously redeemed, purchased and cancelled, the Bonds shall be redeemed at par or one hundred percent (100%) of face value on their respective Maturity Date. However, if the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by CPGI through the Registrar and Paying Agent, without adjustment with respect to the amount of interest payable, on the succeeding Business Day.

b. Redemption for Taxation Reasons

If payments under the Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to CPGI, CPGI may redeem the Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) nor less than thirty (30) days' notice to the Trustee) at par plus accrued interest.

c. Purchase and Cancellation

The Issuer may purchase the Bonds at any time in the open market or by tender or by contract at any price without any obligation to make pro-rata purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

d. Change in Law or Circumstance

CPGI may redeem the Bonds in whole, but not in part, in the event of changes in law or circumstances ("Change of Law"). Each of the following events shall be considered as a Change of Law as it refers to the obligations of the Issuer and to the rights and interests of the Bondholders under the Trust Indenture Agreement and the Bonds:

- i. Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable CPGI to comply with its obligations under the Trust Indenture Agreement or the Bonds shall be modified in a manner which shall materially and adversely affect the ability of CPGI to comply with such obligations, or shall be withdrawn or withheld.
- ii. Any provision of the Trust Indenture Agreement or any of the related documents is or shall become, for any reason, invalid, illegal or unenforceable to the extent that it shall become for any reason unlawful for CPGI to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Indenture Agreement or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Indenture Agreement or any other related documents.
- iii. Any concessions, permits, rights or privileges required for the conduct of the business and operations of CPGI shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of CPGI.

In the event that CPGI should invoke this Condition 5(d), CPGI shall provide the Trustee an opinion of legal counsel confirming the occurrence of the relevant event and the consequences

thereof as consistent herewith, such legal counsel being from a recognized law firm reasonably acceptable to the Trustee. Thereupon, the Trustee shall confirm that CPGI may redeem the Bonds in whole, but not in part, on any Banking Day (having given not more than sixty (60) nor less than thirty (30) days' notice to the Trustee) at par plus accrued interest.

6. Payments

The principal of, interest on, and all other amounts payable on the Bonds shall be paid by CPGI to the Bondholders through the Registrar and Paying Agent pursuant to the Registry and Paying Agency Agreement. On each Payment Date, on the basis of the payment report submitted by the Registrar and Paying Agent to CPGI, CPGI shall transfer to the Registrar and Paying Agent for deposit into the Payment Account such amount as may be required for the purpose of the payments due on the relevant Payment Date. Pursuant to PDTC Rules, the Registrar and Paying Agent shall pay, or cause to be paid, on behalf of CPGI on each Payment Date the total amounts due in respect of the Bonds by crediting, net of taxes and fees, the Cash Settlement Account of the Bondholders. The Registrar and Paying Agent shall generate and send to each Bondholder a credit advice of payments credited to their account. Payment by CPGI to the Registrar and Paying Agent via deposit into the Payment Account shall discharge CPGI of any and all liability for the relevant payments due under the Bonds.

The principal of, and interest on, and all other amounts payable on the Bonds shall be payable in Philippine Pesos. CPGI shall ensure that so long as any of the Bonds remains outstanding, there shall at all times be a paying agent for purposes of the Bonds. In the event the Registrar and Paying Agent shall be unable or unwilling to continue to act as such, CPGI shall appoint a qualified financial institution in the Philippines authorized to act in its place. The Registrar and Paying Agent may not resign its duties or be removed without a successor having been appointed.

7. Payment of Additional Amounts; Taxation

Interest income on the Bonds is subject to a final withholding tax at rates between 20% and 30%, depending on the tax status of the relevant Bondholder and subject to its claim of tax exemption or preferential withholding tax rates under relevant law, regulation or tax treaty. Except for such final withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following:

- a. Income tax on any gain by a holder of the Bonds realized from the sale, exchange or retirement of the said Bonds
- b. The applicable final withholding tax on interest earned on the Bonds prescribed under the Tax Reform Act of 1997, as amended and its implementing rules and regulations as maybe in effect from time to time (the "Tax Code"). Interest income on the Bonds is subject to a final withholding tax at rates between 20% and 30%, depending on the tax status of the relevant Bondholder and subject to its claim of tax exemption or preferential withholding tax rates under relevant law, regulation or tax treaty. An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar and Paying Agent, subject to acceptance by the Issuer as being sufficient in form and substance: (i) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR addressed to the Applicant confirming

the exemption from taxation of interest on fixed income securities; (ii) a duly notarized undertaking, in the prescribed form, executed by (ii.a) the Corporate Secretary or any authorized representative, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases the Bonds for its account, or (ii.b) the Trust Officer, if the Applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and the Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities arising from the non-withholding of the required tax; and (iii) for those who are claiming benefits under tax treaties, duly accomplished Certificate of Residence for tax Treaty Relief (CORTT) Form (Part I and II) or the prescribed certificate of residency with Part I (A, B and C) and Part II of the CORTT Form to the Paying Agent before the interest is paid or credited as required under BIR Revenue Memorandum Order No. 8-2017; and (iv) such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief; provided further that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar and Paying Agent;

- c. Gross Receipts Tax under Section 121 of the Tax Code;
- d. Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding; and
- e. Value Added Tax ("VAT") under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337.
- f. Documentary stamp tax for the primary issue of the Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

8. Financial Covenants

Until redemption or payment in full of the aggregate outstanding principal amount of the Bonds, the Issuer hereby covenants and agrees that, unless the Majority Bondholders (Majority Bondholder refers to, at any time, the Bondholder(s) who hold, represent or account for more than 50% of the aggregate outstanding principal amount of the Bonds, shall otherwise consent in writing, it shall maintain:

- a. Current Ratio of at least 1.5x
- b. Maximum total Debt-to-Equity ratio of 2.0x
- c. Debt Service Coverage Ratio of not less than 1.2x

For purposes of computing the above ratios, the following shall have the following meanings:

Current Ratio means current assets over current liabilities.

Debt-to-Equity ratio means total debt over stockholders' equity, wherein total debt shall be comprised of current portion of the banks loans, plus bank loans (net of current portion), plus long-term loans and notes, plus Bonds.

Based on the reviewed September 30, 2018 financials, and pro forma for a ₱2,000,000,000 offering, the projected Debt to Equity ratio of the Company will be 1.27x. Pro forma for a ₱2,000,000,000 plus the ₱1,000,000,000 over-subscription, the projected Debt to Equity ratio of the Company will be 1.33x.

Debt Service Coverage Ratio means the (a) sum of the Company's Cash balance, plus the Company's Debt Service for the last twelve months, divided by (b) the Company's Debt Service for the last twelve months; provided, however, that Debt Service payments made for the period pertaining to refinancing activities and rediscounting of receivables transactions sold on a with recourse basis shall be excluded in the Debt Service calculation.

Debt Service means debt principal amortizations, interest payments, financing fees and charges during such period.

9. Negative Pledge

Until redemption or payment in full of the aggregate outstanding principal amount of the Bonds, CPGI shall not, without the written consent of the Majority Bondholders, directly or indirectly, incur or suffer to exist any Lien upon any of its assets and revenues, present and future, or enter into any loan facility agreement secured by or to be secured by a Lien upon any of its assets and revenues, present and future, unless it has made or will make effective provisions, satisfactory to the Majority Bondholders, in the Bondholders' absolute discretion, whereby the Lien thereby created will secure, equally and ratably, any and all the obligations of CPGI hereunder and such other Debt which such Lien purports to secure; that the foregoing restriction shall not apply to the following (each a "Permitted Lien" and together, the "Permitted Liens"):

- a. liens that are in existence on or prior to the Issue Date;
- b. liens arising by operation of law (including, for the avoidance of doubt, any preference or priority under Article 2244, paragraph 14(a) of the Civil Code of the Philippines existing prior to the date of the Trust Indenture Agreement) on any property or asset of CPGI, including, without limitation, amounts owing to a landlord, carrier, warehouseman, mechanic or materialman or other similar liens arising in the ordinary course of business or arising out of pledges or deposits under workers' compensation laws, unemployment, insurance and other social security laws;
- c. liens incurred or deposits made in the ordinary course of business to secure (or obtain letters of credit that secure) the performance of tenders, statutory obligations or regulatory requirements, performance or return of money bonds, surety or appeal bonds, bonds for release of attachment, stay of execution or injunction, bids, leases, government contracts and similar obligations) and deposits for the payment of rent;
- d. liens created by or resulting from any litigation or legal proceeding which is effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings and with respect to which CPGI has established adequate reserves on its books in accordance with PAS/PFRS;
- e. liens arising from leases or subleases granted to others, easements, building and zoning restrictions, rights-of-way and similar charges or encumbrances on real property imposed by applicable Law or arising in the ordinary course of business that

are not incurred in connection with the incurrence of a Debt and that do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of CPGI;

- f. liens incidental to the normal conduct of the business of CPGI or ownership of its properties and which are not incurred in connection with the incurrence of a Debt and which do not impair the use of such property in the operation of the business of CPGI or the value of such property for the purpose of such business;
- g. liens upon tangible personal property (by purchase or otherwise) granted by CPGI to (i) the vendor, supplier, any of their affiliates or lessor of such property, or (ii) other lenders arranged to secure Debt representing the costs of such property, or incurred to refinance the same principal amount of such purchase money debt outstanding at the time of the refinancing, and not secured by any other asset other than such property;
- h. liens arising from financial lease, hire purchase, conditional sale arrangements or other agreements for the acquisition of assets on deferred payment terms to the extent relating only to the assets which are subject of those arrangements, subject to such financial leases, hire purchase, conditional sale agreements or other agreements for the acquisition of such assets on deferred payment terms;
- i. liens arising over any asset purchased, leased, or developed in the ordinary course of business, to secure: (i) the payment of the purchase price or cost of leasehold rights of such asset; (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by CPGI in the ordinary course of business; (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset; or (iv) the rediscounting of receivables or securitization of assets of CPGI;
- j. liens created on any property or assets of CPGI (including such equity interests) acquired, leased or developed after the Issue Date; provided however, that (a) any such lien shall be confined to the property or assets of CPGI (including such equity interests) acquired, leased or developed; (b) the principal amount of the debt encumbered by such Lien shall not exceed the cost of the acquisition or development of such property or assets or any improvements thereto and thereon; and (c) any such lien shall be created concurrently within one year following the acquisition, lease or development of such property or assets;
- k. liens established in favor of insurance companies and other financial institutions in compliance with the applicable requirements of the Office of the Insurance Commission on admitted assets;
- l. rights of set-off arising in the ordinary course of business between the CPGI and its suppliers, clients or customers;
- m. netting or set-off arrangement entered into by CPGI in the ordinary course of business of its banking arrangements for the purpose of netting debt and credit balances;
- n. title transfer or retention of title arrangement entered into by CPGI in the ordinary course of business;
- o. liens created in substitution for any Lien otherwise permitted provided such Lien is over the same asset and the principal amount so secured following the substitution does

not exceed the principal amount secured on such asset immediately prior to such substitution;

- p. liens securing Financial Indebtedness under hedging transactions entered into in the ordinary course of business and designed solely to protect CPGI or its affiliates from fluctuations in interest rates or currencies or commodities and not for speculation;
- q. any Liens in favor of banks, insurance companies, other financial institutions and Philippine government agencies, departments, authorities, corporations or other judicial entities, which secure a preferential financing obtained by CPGI (or any of its Subsidiaries) under a governmental program under which creation of a security is a prerequisite to obtain such financing, and which cover assets of CPGI which have an aggregate appraised value, determined in accordance with generally accepted appraisal principles and practices consistently applied not exceeding Three Billion Five Hundred Million Pesos (₱3,500,000,000.00);
- r. liens pursuant to additional future Financial Indebtedness incurred by CPGI's Subsidiaries, subject to CPGI's compliance with the Financial Covenants in section 4.1(d) of the Trust Indenture Agreement;
- s. Additional Financial Indebtedness, whether secured or unsecured, of CPGI, subject to CPGI's compliance with the Financial Covenants in Section 4.1(d) of this Trust Indenture Agreement;
- t. any refinancing, renewal or extension of any of the liens described in the foregoing clauses which is limited to the original property or assets of CPGI (including such equity interests) covered thereby;
- u. liens created with the prior written consent of the Majority Bondholders.

10. Events of Default

10.1. CPGI shall be considered in default under the Bonds and the Trust Indenture Agreement in case any of the following events (each an "Event of Default") shall occur and is continuing:

a. Payment Default

CPGI fails to pay any of the principal, interest and fees or any other sum payable by CPGI under the Bonds, as and when due and payable at the place and in the currency in which it is expressed to be payable, unless such failure arises solely as a result of technical error and payment is made within three (3) Business Days after the date such payment is due.

b. Representation Default

Any representation or warranty made or repeated by CPGI in any of the Bonds is incorrect or misleading in any material respect when made or deemed to have been made or repeated, and the same is not cured within a period of thirty (30) calendar days (or such longer period as the Majority Bondholders shall approve) after written notice of such failure given by the Trustee is received by CPGI.

c. Other Provisions Default

CPGI fails to perform or comply with any provision, term, condition, obligation or covenant found in the Trust Indenture Agreement, the Registry and Paying Agency Agreement between

the Issuer and the Registrar and Paying Agent, and the Underwriting Agreement between the Issuer and the Issue Manager and Lead Underwriter, or any document, certificate or writing contemplated thereby (the “Bond Agreements”) and such failure is not remediable or, if remediable, is not remedied within the applicable grace period or, in the absence of such grace period, within a period of thirty (30) calendar days after written notice of such failure given by the Trustee is received by CPGI.

d. Cross Default

CPGI violates any material term or condition of any contract executed by CPGI with any bank, financial institution or other person, corporation or entity for borrowed money which constitutes an event of default under said contract, or in general, violates any law or regulation, which violation, if remediable, is not remedied by CPGI within ten (10) Business Days from receipt of notice by the Trustee to CPGI, or which violation is otherwise not contested by CPGI, and the effect of such violation results in the acceleration or declaration of the whole financial obligation to be due and payable prior to the stated normal date of maturity; and which violation shall in the reasonable opinion of the Trustee, acting for the Majority Bondholders, adversely and materially affect the performance by CPGI of its obligations under the Trust Indenture Agreement and the Bonds; provided, however, that, no event of default shall occur under this paragraph unless the aggregate amount of indebtedness in respect of which one or more of the events above mentioned has/have occurred equals or exceeds Five Hundred Million Pesos (₱500,000,000.00).

e. Inability to Pay Debts; Bankruptcy Default

CPGI becomes insolvent or unable to pay its Debts when due or commits or suffers any act of bankruptcy, which term shall include: (i) the filing of a petition, by or against CPGI, in any bankruptcy, insolvency, administration, suspension of payment, rehabilitation, reorganization (other than a labor or management reorganization), winding-up, dissolution, moratorium or liquidation proceeding of CPGI, or any other proceeding analogous in purpose and effect, unless for such petition filed against CPGI, it is contested in good faith by CPGI in appropriate proceedings or otherwise dismissed by the relevant court within sixty (60) calendar days from the filing of such petition; (ii) the making of a general assignment by CPGI for the benefit of its creditors; (iii) the admission in writing by CPGI, through its President, Chief Executive Officer, Chief Operating Officer or Chief Finance Officer, of its general inability to pay its Debts; (iv) the entry of any order of judgment of any competent court, tribunal or administrative agency or body confirming the bankruptcy or insolvency of CPGI or approving any reorganization, winding-up or liquidation of CPGI; (v) the lawful appointment of a receiver or trustee to take possession of a substantial portion of the properties of CPGI; or (vi) the taking of any corporate action by CPGI to authorize any of the foregoing.

f. Expropriation

Any act or deed or judicial or administrative proceedings in the nature of an expropriation, confiscation, nationalization, acquisition, seizure, sequestration or condemnation of or with respect to all or a material part of the business and operations of CPGI, or all or substantially all of the property or assets of CPGI, shall be undertaken or instituted by any Governmental Authority.

g. Judgment Default

A final and executory judgment, decree or order for the payment of money, damages, fine or penalty in excess of Five Hundred Million Pesos (₱500,000,000.00) or its equivalent in any other currency is entered against CPGI and (i) CPGI has failed to demonstrate to the reasonable satisfaction of the Majority Bondholders within thirty (30) calendar days of the

judgment, decree or order being entered that it is reasonably certain that the judgment, decree or order will be satisfied, discharged or stayed within thirty (30) calendar days of the judgment, decree or order being entered, or (ii) the said final judgment, decree or order is not paid, discharged, stayed or fully bonded within thirty (30) calendar days after the date when payment of such judgment, decree or order is due.

h. Attachment

An attachment or garnishment of or levy upon any of the properties of CPGI is made which materially and adversely affects the ability of CPGI to pay its obligations under the Bonds and is not discharged or stayed within thirty (30) calendar days (or such longer period as CPGI satisfies the Majority Bondholders is appropriate under the circumstances) of having been so imposed.

i. Contest

CPGI (acting through its President, Chief Executive Officer, Chief Operating Officer or Chief Finance Officer) shall contest in writing the validity or enforceability of the Bonds or shall deny in writing the general liability of CPGI under the Bonds.

10.2. CPGI shall promptly deliver to the Trustee written notice of any Event of Default upon CPGI becoming aware of such Event of Default. The Trustee shall notify the Bondholders of the receipt of any such certificate or notice.

10.3. The Trustee may call for and rely on a resolution of the Majority Bondholders to determine whether an Event of Default is capable or incapable of remedy and/or an event may adversely and materially affect the performance by CPGI of its obligations under the Trust Indenture Agreement and the Bonds.

11. Consequences of Default

If any one or more of the Events of Default shall have occurred and be continuing, the Trustee upon the written direction of the Majority Bondholders and by notice in writing delivered to CPGI, or the Majority Bondholders, by notice in writing delivered to CPGI and the Trustee, may declare all amounts due, including the principal of the Bonds, all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, anything contained in the Trust Indenture Agreement or in the Bonds to the contrary notwithstanding.

This provision, however, is subject to the condition that except in the case of an Event of Default specified as a writ or similar process default, the Majority Bondholders, by written notice to the Issuer and the Trustee may, during the prescribed curing period, if any, rescind and annul such declaration and its consequences upon such terms, conditions and agreement, if any, as they may determine; provided that, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

At any time after any Event of Default shall have occurred, the Trustee may:

a. by notice in writing to CPGI, require the Registrar and Paying Agent to:

i. act thereafter as agents of the Bondholders represented by the Trustee on the terms provided in the Registry and Paying Agency Agreement (with consequential amendments as necessary and save that the Trustee's liability under any provisions thereof for the indemnification, remuneration and

payment of out-of-pocket expenses of the Registrar and Paying Agent shall be limited to amounts for the time being held by the Trustee on the trusts of the Trust Indenture Agreement in relation to the Bonds and available to the Trustee for such purpose) and thereafter to hold all sums, documents and records held by them in respect of the Bonds on behalf of the Trustee; and/or

- ii. deliver all evidence of the Bonds and all sums, documents and records held by them in respect of the Bonds to the Trustee or as the Trustee shall direct in such notice; provided that, such notice shall be deemed not to apply to any document or record which the Registrar and Paying Agent is not obliged to release by any law or regulation; or
- b. by notice in writing to CPGI, require CPGI to make all subsequent payments in respect of the Bonds to the order of the Trustee and with effect from the issue of any such notice until such notice is withdrawn, provision (ii) above and CPGI's positive covenant to pay principal and interest, net of applicable withholding taxes, on the Bonds, more particularly set forth in the Trust Indenture Agreement, shall cease to have effect.

In case any amount payable by CPGI under the Bonds, whether for principal, interest or otherwise, is not paid on due date, CPGI shall, without prejudice to its obligations to pay the said principal, interest, net of withholding taxes, and other amounts, pay Penalty Interest on the defaulted amount(s) from the time the amount falls due until it is fully paid.

12. Notice of Default

The Trustee shall, within ten (10) calendar days after receipt of notice of or actual knowledge of the occurrence of any Event of Default, give to the Bondholders written notice of such default known to it, unless the same shall have been cured before the giving of such notice; provided that, in the case of payment default under Section 10 (a) above, the Trustee shall immediately notify the Bondholders upon the Trustee's receipt of notice or actual knowledge of the occurrence of such payment default. The existence of a written notice required to be given to the Bondholders hereunder shall be published in a newspaper of general circulation in the Philippines for two (2) consecutive days, further indicating in the published notice that the Bondholders or their duly authorized representatives may obtain an important notice regarding the Bonds at the principal office of the Trustee upon presentment of sufficient and acceptable identification.

13. Penalty Interest

In case any amount payable by the Issuer under the Bonds, whether for principal, interest, fees due to the Trustee or the Registrar and Paying Agent or otherwise, is not paid on due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay penalty interest on the defaulted amount(s) at the rate that is twelve percent (12%) over and above the Interest Rate (the "Penalty Interest") from the time the amount falls due until it is fully paid.

14. Payment During Default

CPGI hereby covenants that in case any Event of Default shall occur and be duly declared in accordance with the Trust Indenture Agreement, then, in any such case, CPGI will pay to the Bondholders, through the Registrar and Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Bonds with interest at the rate borne by the Bonds on the overdue principal, net of applicable withholding taxes, and with Penalty Interest, and in addition thereto, CPGI will pay to the Trustee the actual amounts to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents,

attorneys and counsel, and any reasonable expenses or liabilities incurred without gross negligence or bad faith by the Trustee hereunder.

15. Application of Payments

Any money collected or delivered to the Registrar and Paying Agent, under these Terms and Conditions, and any other funds held by it, subject to any other provision of the Trust Indenture Agreement, the Registry and Paying Agency Agreement relating to the disposition of such money and funds, shall be applied by the Registrar and Paying Agent in the order of preference as follows: first, to the payment to the Trustee and the Registrar and Paying Agent, of the costs, expenses, fees and other charges of collection, including reasonable compensation to them, their agents, attorneys and counsel, and all reasonable expenses and liabilities incurred or disbursements made by them, without gross negligence or bad faith; second, to the payment of the interest in default, net of applicable withholding taxes, in the order of the maturity of such interest with Penalty Interest; third, to the payment of the whole amount then due and unpaid upon the Bonds for principal and interest, with Penalty Interest; and fourth, the remainder, if any shall be paid to CPGI, its successors or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct. The Registrar and Paying Agent shall render a monthly account of such funds under its control.

16. Prescription

Claims with respect to principal and interest or other sums payable hereunder shall prescribe unless made within ten (10) years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

17. Remedies

All remedies conferred by the Trust Indenture Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra judicial proceedings appropriate to enforce the conditions and covenants of the Trust Indenture Agreement, subject to the Bondholders' ability to file suit as provided for in Condition 18 below.

No delay or omission by the Trustee or the Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Indenture Agreement to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

18. Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Indenture Agreement to institute any suit, action or proceeding for the collection of any sum due from CPGI hereunder on account of principal, interest, net of applicable withholding taxes, and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless the following conditions are all present (i) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Bonds; (ii) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in its own name; (iii) the Trustee for sixty (60) calendar days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit or proceeding; and (iv) no directions inconsistent with such written request shall have been given under a waiver of default by the Bondholders, it being understood and intended, and being

expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholders shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Indenture Agreement to affect, disturb or prejudice the rights of the holders of any other such Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Indenture Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Bondholders.

19. Waiver or Revocation of Default by the Bondholders

The Majority Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or may on behalf of the Bondholders waive any past Default except the events of default defined as payment default, representation default, cross default, or inability to pay debts or bankruptcy default, and its consequences.

In case of any such waiver or revocation, CPGI, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder; but no such waiver or revocation shall extend to any subsequent or other Default or impair any right arising therefrom. Any such waiver or revocation by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Bonds.

The Trustee shall, within five (5) Business Days after receipt of the written waiver from the Majority Bondholders of any Event of Default or revocation of any default previously declared, give to the Bondholders written notice of such waiver, or revocation known to it via publication in a newspaper of general circulation in the Philippines for two (2) consecutive days as soon as practicable, indicating in the published notice an Event of Default has occurred and has been waived or a declaration of a default has been revoked by the Majority Bondholders.

20. Trustee; Notices

a. To the Trustee

All documents required to be submitted to the Trustee pursuant to the Trust Indenture Agreement and this Prospectus and all correspondence addressed to the Trustee shall be delivered to:

To the Trustee:

Attention: Susan U. Ferrer
Subject: CPGI Retail Bonds due 2022
Address: China Banking Corporation – Trust and Asset Management Group
8/F, China Bank Building, 8745 Paseo de Roxas corner Villar Street,
Makati City
Telephone: (632) 885 5874
Facsimile: (632) 867 1077
Email: suferrer@chinabank.ph

All documents and correspondence not sent to the above-mentioned address shall be considered as not to have been sent at all.

b. To the Bondholders

Notices to Bondholders shall be sent to their mailing address as set forth in the Electronic

Registry of Bondholders when required to be made through registered mail, surface mail, electronic mail, in case the Bondholder has provided his email address to the Trustee in the Application to Purchase the Bonds or in writing to the Trustee with instruction to send notices by electronic mail, or personal delivery. Except where a specific mode of notification is provided for herein, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) surface mail; (iii) by one-time publication in a newspaper of general circulation in the Philippines; (iv) personal delivery to the address of record in the Electronic Registry of Bondholders; (v) electronic mail; or (vi) disclosure through the Online Disclosure System of the PDEX. The Trustee shall rely on the Electronic Registry of Bondholders in determining the Bondholders entitled to notice. All notices shall be deemed to have been received (i) ten (10) calendar days from posting if transmitted by registered mail; (ii) fifteen (15) calendar days from mailing, if transmitted by surface mail; (iii) on date of publication; (iv) on date of delivery, by personal delivery. If sent via registered mail, surface mail, courier or personal delivery, the Trustee shall send such notice to the Bondholders to their mailing address as set forth in the Electronic Registry of Bondholders; (v) on date of transmission from the electronic mail server of the Trustee; and (vi) on the date that the disclosure is uploaded on the website of the PDEX, respectively.

A notice to the Trustee shall be deemed as a notice to the Bondholders. The publication in a newspaper of general circulation in the Philippines of a press release or news item about a communication or disclosure made by CPGI to the Securities and Exchange Commission or the PDEX on a matter relating to the Bonds shall be deemed a notice to the Bondholders of said matter on the date of the first publication.

c. Binding and Conclusive Nature

Except as provided in the Trust Indenture Agreement, all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Trustee for the purposes of the provisions of the Trust Indenture Agreement, will (in the absence of willful default, bad faith or manifest error) be binding on CPGI and all Bondholders, and (in the absence as referred to above) no liability to CPGI, the Registrar and Paying Agent or the Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under the Trust Indenture Agreement.

21. The Trustee

a. Duties and Responsibilities

- i. The Trustee is hereby appointed as trustee for and in behalf of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as expressly provided in herein.
- ii. The Trustee shall, in accordance with these Terms and Conditions, monitor the compliance or non-compliance by CPGI with all its representations and warranties, and CPGI's observance of all its covenants and performance of all its obligations, under and pursuant to the Bond Agreements.
- iii. The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults, which may have occurred, perform only such duties as are specifically set forth in the Trust Indenture Agreement and these Terms and Conditions.
- iv. The Trustee, in the performance of its duties, shall exercise such rights and powers vested in it by the Trust Indenture Agreement, and use the same

degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs under similar circumstances.

- v. The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Indenture Agreement. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters that must be taken up with the Issuer.

b. Liability of the Trustee

No provision of the Trust Indenture Agreement shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own gross negligent failure to act or its willful misconduct, provided that:

- i. Prior to the occurrence of an Event of Default or after the curing or the waiver of all Events of Default which may have occurred, in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely upon, as to the truth of the statements and the correctness of the opinion expressed in, any certificate or opinion furnished to the Trustee conforming to the requirements of the Trust Indenture Agreement. The Trustee may presume that no Event of Default has occurred until it has received notice or has actual knowledge thereof;
- ii. The Trustee shall not be liable for any error of judgment made in good faith by its responsible officer or officers, unless it shall be proven that the Trustee was grossly negligent in ascertaining the pertinent facts; and
- iii. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Majority Bondholders relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under the Trust Indenture Agreement.

None of the provisions contained in the Trust Indenture Agreement shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

c. Ability to Consult Counsel

- i. The Trustee may consult with reputable counsel in connection with the duties to be performed by the Trustee under the Trust Indenture Agreement and any opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or omitted to be taken by the Trustee hereunder in good faith and in accordance with such opinion; provided that, prior to taking or not taking such action for which opinion of counsel is sought, the Trustee shall inform CPGI of the relevant opinion of counsel; provided further that, the Trustee shall not be bound by the foregoing condition to inform CPGI of counsel's opinion if the opinion of counsel which is being sought by the Trustee pertains to, or involves actions to be undertaken due to, an Event of Default or issues pertaining thereto.
- ii. Notwithstanding any provision of the Trust Indenture Agreement authorizing

the Trustee conclusively to rely upon any certificate or opinion, the Trustee may, before taking or refraining from taking any action in reliance thereon, require further evidence or make any further investigation as to the facts or matters stated therein which it may in good faith deem reasonable in the circumstances; and the Trustee shall require such further evidence or make such further investigation as may reasonably be requested in writing by the Majority Bondholders.

d. The Trustee as Owner of the Bonds

The Trustee, in its individual or any other capacity, may become a holder of the Bonds with the same rights it would have if it were not the Trustee and the Trustee shall otherwise deal with CPGI in the same manner and to the same extent as though it were not the Trustee hereunder; provided, that such ownership shall not be considered a conflict of interest requiring resignation or change of the Trustee under Condition 21(e).

e. Resignation and Change of Trustee

- i. The Trustee may at any time resign by giving ninety (90) calendar days prior written notice to CPGI and to the Bondholders of such resignation.
- ii. Upon receiving such notice of resignation of the Trustee, CPGI shall immediately appoint a successor trustee by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted such appointment within thirty (30) calendar days after the resigning Trustee has served its notice of resignation on CPGI, the resigning Trustee, may petition the court of competent jurisdiction for the appointment of a successor, or any Bondholder who has been a bona fide holder for at least six (6) months (the "Eligible Bondholder") may, for and on behalf of the Bondholders, petition any such court for the appointment of a successor. Such a court may thereupon after notice, if any, as it may deem proper, appoint a successor trustee.
- iii. A successor trustee should possess all the qualifications required under pertinent laws, otherwise, the incumbent trustee shall continue to act as such.
- iv. Upon the acceptance of any appointment as trustee hereunder by a successor trustee, such successor trustee shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning Trustee, and the resigning Trustee shall be discharged from its duties and obligations hereunder. The resigning Trustee shall cooperate with the successor trustee and the Bondholders in all reasonable ways to ensure an orderly turnover of its functions and the records in its custody.
- v. In case at any time the Trustee shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee, or of its property shall be appointed, or any public officer shall take charge or control of the Trustee, or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then CPGI may within thirty (30) calendar days from such event remove the Trustee concerned, and appoint a successor trustee, by written instrument in duplicate, executed by its authorized officers, one copy of which

instrument shall be delivered to the Trustee so removed and one copy to the successor trustee. If CPGI fails to remove the Trustee concerned and appoint a successor trustee, any Eligible Bondholder shall petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor trustee.

- vi. The Majority Bondholders may at any time remove the Trustee for just and reasonable cause, and appoint a successor trustee with the consent of CPGI, provided that no consent shall be required if there has been an occurrence of an Event of Default, by the delivery to the Trustee so removed, to the successor trustee and to CPGI, of the required evidence of the action in that regard taken by the Majority Bondholders. Such removal shall take effect thirty (30) days from receipt of such notice by the Trustee.
- vii. Any resignation or removal of the Trustee and the appointment of a successor trustee pursuant to any of the provisions of the Trust Indenture Agreement shall become effective upon the earlier of: (i) acceptance of appointment by the successor trustee as provided in the Trust Indenture Agreement; or (ii) the effectivity of the resignation notice sent by the Trustee under the Trust Indenture Agreement (the "Resignation Effective Date") provided, however, that after the Resignation Effective Date and, as relevant, until such successor trustee is qualified and appointed (the "Holdover Period"), the resigning Trustee shall discharge duties and responsibilities solely as a custodian of records for turnover to the successor Trustee promptly upon the appointment thereof by CPGI.

f. Successor Trustee

- i. Any successor trustee appointed shall execute, acknowledge and deliver to CPGI and to its predecessor Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusteeship with like effect as if originally named as trustee in the Trust Indenture Agreement. The foregoing notwithstanding, on the written request of CPGI or of the successor trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee, upon the trusteeship herein expressed, all the rights, powers and duties of the Trustee so ceasing to act as such. Upon request of any such successor trustee, CPGI shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor trustee all such rights, powers and duties.
- ii. Upon acceptance of the appointment by a successor trustee, CPGI shall notify the Bondholders in writing of the succession of such trustee to the trusteeship. If CPGI fails to notify the Bondholders within ten (10) calendar days after the acceptance of appointment by the successor trustee, the latter shall cause the Bondholders to be notified at the expense of CPGI.

g. Merger or Consolidation

Any corporation into which the Trustee may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Trustee shall be a party or any corporation succeeding to the business of the Trustee shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that, such successor trustee shall be eligible under the provisions of the Trust Indenture Agreement and the Securities Regulation Code; however, where such successor trustee is not qualified under the pertinent Laws, then the provisions of Condition 21(e) and (v) shall apply.

h. Reliance

In the performance of its obligations under the Trust Indenture Agreement, the Trustee is entitled to rely on the records of the Registrar and Paying Agent, but shall exercise the degree of care and skill as a prudent man would exercise or use under the circumstances in the conduct of his own affairs under similar circumstances.

22. Reports to the Bondholders

- a. Only upon the existence of either (i) and (ii) below, the Trustee shall submit to the Bondholders on or before July 30 of each year from the relevant Issue Date until full payment of the Bonds, a brief report dated as of December 31 of the immediately preceding year with respect to:
 - i. The property and funds, if any, physically in the possession of the Registrar and Paying Agent held in trust for the Bondholders on the date of such report which shall be based on the report to be given by the Registrar and Paying Agent to the Trustee; and
 - ii. Any action taken by the Trustee in the performance of its duties under the Trust Indenture Agreement which it has not previously reported and which in its opinion materially affects the Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.
- b. The Trustee shall likewise submit to the Bondholders a brief report within ninety (90) calendar days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Registrar and Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, such advance remaining unpaid amounts to at least ten percent (10%) of the aggregate outstanding principal amount of the Bonds at such time.
- c. Upon due notice to the Trustee, the following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:
 - i. Trust Indenture Agreement;
 - ii. Articles of Incorporation and By-Laws of the CPGI, including and amendments thereto; and
 - iii. Registration Statement of CPGI with respect to the Bonds.

23. Meetings of the Bondholders

A meeting of the Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or on behalf of the Bondholders of any specified aggregate principal amount of Bonds under any other provisions of the Trust Indenture Agreement or under the law and such other matters related to the rights and interests of the Bondholders under the Bonds.

a. Notice of Meetings

The Trustee may at any time call a meeting of the Bondholders, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of Bonds may direct in writing the Trustee to call a meeting of the Bondholders, to take up any allowed action, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Bondholders, setting forth the time and the place of such meeting and the purpose of such meeting in reasonable detail, shall be sent by the Trustee to CPGI and to each of the registered Bondholders not earlier than forty five (45) calendar days prior to the date fixed for the meeting nor later than fifteen (15) calendar days prior to the date fixed for the meeting. Each of such notices shall be published in a newspaper of general circulation as provided in the Trust Indenture Agreement. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Issuer within ten (10) calendar days from receipt of the duly supported billing statement.

b. Failure of the Trustee to Call a Meeting

In case CPGI or the holders of at least twenty five percent (25%) of the aggregate outstanding principal amount of the Bonds shall have requested the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed and published, in accordance with the notice requirements, the notice of such meeting, then CPGI or the Bondholders in the amount above specified may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof.

c. Quorum

The Trustee shall determine and record the presence of the Majority Bondholders, personally or by proxy. The presence of the Majority Bondholders shall be necessary to constitute a quorum to do business at any meeting of the Bondholders.

d. Procedure for Meetings

- i. The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by CPGI or by the Bondholders, in which case CPGI or the Bondholders calling the meeting, as the case may be, shall in like manner move for the election of the chairman and secretary of the meeting.
- ii. Any meeting of the Bondholders duly called may be adjourned for a period or periods not to exceed in the aggregate of one (1) year from the date for which the meeting shall originally have been called and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

e. Voting Rights

To be entitled to vote at any meeting of the Bondholders, a person shall be a registered holder of one (1) or more Bonds or a person appointed by an instrument in writing as proxy by any such holder as of the date of the said meeting. Bondholders shall be entitled to one (1) vote for every Ten Thousand Pesos (₱10,000.00) interest. The only persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the persons entitled to vote at such meeting and any representatives of CPGI and its legal counsel.

f. Voting Requirement

All matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders present or represented in a meeting at which there is a quorum except as otherwise provided in the Trust Indenture Agreement. Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as provided in the Trust Indenture Agreement shall be binding upon all the Bondholders and CPGI as if the votes were unanimous.

g. Role of the Trustee in Meetings of the Bondholders

Notwithstanding any other provisions of the Trust Indenture Agreement, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of the Bondholders, in regard to proof of ownership of the Bonds, the appointment of proxies by registered holders of the Bonds, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit.

24. Amendments

The Issuer and the Trustee may, without notice to or the consent of the Bondholders or other parties, amend or waive any provisions of the Bond Agreements if such amendment or waiver is of a formal, minor, or technical nature or to correct a manifest error or inconsistency provided in all cases that such amendment or waiver does not adversely affect the interests of the Bondholders and provided further that all Bondholders are notified of such amendment or waiver.

CPGI and the Trustee may amend these Terms and Conditions or the Bonds without notice to every Bondholder but with the written consent of the Majority Bondholders (including consents obtained in connection with a tender offer or exchange offer for the Bonds). However, without the consent of each Bondholder affected thereby, an amendment may not:

- a. reduce the amount of Bonds that must consent to an amendment or waiver;
- b. reduce the rate of or extend the time for payment of interest on any of the Bonds;
- c. reduce the principal of or extend the Maturity Date of any of the Bonds;
- d. impair the right of any Bondholder to receive payment of principal of and interest on such Bondholder's Bonds on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such Bondholders;
- e. reduce the amount payable upon the redemption or repurchase of the Bonds under the Terms and Conditions or change the time at which the Bonds may be redeemed;

- f. make any Bond payable in money other than that stated in the Bond;
- g. subordinate the Bonds to any other obligation of CPGI other than the Permitted Lien;
- h. release any security interest that may have been granted in favor of the Bondholders;
- i. amend or modify the Payment of Additional Amounts (Condition 7), Taxation, the Events of Default of the Terms and Conditions (Condition 10) or the Waiver of Default by the Bondholders (Condition 19); or
- j. make any change or waiver of this Condition.

It shall not be necessary for the consent of the Bondholders under this Condition to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof. After an amendment under this Condition becomes effective, CPGI shall send a notice briefly describing such amendment to the Bondholders in the manner provided under Condition 20 (Notices).

25. Evidence Supporting the Action of the Bondholders

Wherever in the Trust Indenture Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Bonds may take any action (including the making of any demand or requests and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith or (iii) a combination of such instrument and any such record of meeting of the Bondholders.

26. Non-Reliance

Each Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that he has subscribed to the Issue on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature with respect to its obligations under the Trust Indenture Agreement, except for its gross negligence or willful misconduct.

27. Waiver of Preference or Priority

The obligations of the Issuer to the Bondholders created under the Bond Agreements and the Bonds shall not enjoy any priority of preference or special privileges whatsoever over any other unsecured, and unsubordinated obligations of the Issuer. Accordingly, whatever priorities or preferences that the Bond Agreements or the Bonds may have conferred in favor of the Bondholders or any person deriving a right from them under and by virtue of Article 2244 paragraph (14) of the Civil Code of the Philippines is hereby waived, provided, however, that should any creditor to the Issuer hereinafter have a preference or priority over amounts owing under their respective agreements as a result of a notarization, and the Issuer has not either procured a waiver of this preference to the satisfaction of the Bondholders and the Trustee or equally and ratably extended such preference to the Bondholders, then the waiver given

hereunder is automatically withdrawn and deemed not given. For the avoidance of doubt, this waiver and renunciation of the priority or preference under Article 2244, paragraph 14 of the Civil Code of the Philippines shall not be deemed to have been given by any of the other parties to the Bond Agreements, including the Issue Manager and Lead Underwriter, and Registrar and Paying Agent, in their capacities as such.

28. Governing Law

The Bond Agreements are governed by and are construed in accordance with Philippine law. Unless otherwise stipulated in other bond agreements, venue of any and all actions arising from or in connection with the issuance of the Bonds shall be brought before the proper courts of Makati City to the exclusion of all other courts.

INTERESTS OF INDEPENDENT LEGAL COUNSELS AND INDEPENDENT AUDITORS

LEGAL MATTERS

All legal opinion/matters in connection with the issuance of the Bonds that are subject of this Offer shall be passed upon by Angara Concepcion Regala & Cruz Law Offices (“ACCRALAW”) for the Issue Manager, Lead Underwriter, and Bookrunner, and Puno & Puno Law Offices (“PunoLaw”) and CPGI’s legal division for the Company. ACCRALAW and PunoLaw have no direct or indirect interest in CPGI. ACCRALAW and PunoLaw may, from time to time, be engaged by CPGI to advise in its transactions and perform legal services on the same basis that they provide such services to their other clients.

The named independent legal counsels have not acted and will not act as promoter, underwriter, voting trustee, officer, or employee of the Company.

INDEPENDENT AUDITORS

SGV & Co., independent auditors, audited the consolidated financial statements of the Company as at December 31, 2017, 2016, and 2015 and for the years ended December 31, 2017, 2016, and 2015 without qualification, all included in this Prospectus. SGV & Co. has no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate or to subscribe to the securities of the Company, in accordance with the professional standards on independence set by the Board of Accountancy and Professional Regulation Commission.

The named independent auditor has not acted and will not act as promoter, underwriter, voting trustee, officer, or employee of the Company.

The Company has not had any disagreements on accounting and financial disclosures, or auditing scope or procedure, with its current external auditor for the same periods or any subsequent interim period.

AUDIT AND AUDIT-RELATED FEES

The following table sets out the aggregate fees billed for each of the last two fiscal years and interim third quarter 2018 for professional services rendered by SGV & Co.

| | 2018 | 2017 | 2016 |
|------------------------------|--------------|--------------|--------------|
| Audit and audit-related fees | ₱3.3 million | ₱3.0 million | ₱2.9 million |

The Audit Committee recommends to the Board of Directors the discharge or nomination of the external auditor to be proposed for shareholder approval at CPGI’s annual shareholders meeting, approve all audit engagement fees and terms of the external auditor, and review its performance. It also reviews and discusses with management and the external auditors the results of the audit, including any difficulties encountered. This review includes any restrictions on the scope of the external auditor’s activities or on access to requested information, and any significant disagreements with Management.

The Audit Committee also evaluates, determines and pre-approves any non-audit service provided to the Company and its subsidiaries by the external auditors and keeps under review

the non-audit fees paid to the external auditors both in relation to their significance to the auditor and in relation to the total expenditure on consultancy.

No engagement for other services from SGV and Co. either for professional services, tax accounting compliance, advise and planning nor any services rendered for products and services other than the aforementioned audit services reported in 2018.

DESCRIPTION OF BUSINESS

OVERVIEW

CPGI is one of the leading real estate companies in the Philippines with 32 years of experience. The Company is primarily engaged in the development, marketing, and sale of mid- and high-rise condominiums, retail leasing and property management.

Currently, the Company has six Subsidiaries namely CCDC, CLC, CCC, PPHI, CDLC and CPMI, five of which are wholly-owned. Through its Subsidiaries, CPGI develops, markets and sells residential, office, medical and retail properties in the Philippines, as well as manages residential and commercial properties in the Philippines.

As of December 31, 2018, the Company has completed 26 projects, which include the following: 23 residential projects, consisting of 13,001 units with a total gross floor area (GFA) of 962,563 sq.m. (inclusive of parking); a retail commercial building with 52,233 sq.m. of GFA (inclusive of parking); a medical office building with 74,103 sq.m. of GFA (inclusive of parking); an office building with 56,284 sq.m. of GFA (inclusive of parking). In addition, the Company has completed a total of 259 homes under its affordable segment. These are 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.

Currently, the Company is developing ten (10) master-planned communities that is expected to have 32 condominiums 931 single detached homes, and 5,944 houses with a total expected GFA of 1,655,035 sq.m and commercial properties with 306,736 sq.m of GFA. These master-planned communities are:

- **Century City** – A 3.4-hectare mixed-use project in Makati City with eight buildings covering a total planned GFA (with parking) of 643,176 sq.m. The Company completed The Gramercy Residences, The Knightsbridge Residences, Century City Mall, Centuria Medical Makati, The Milano Residences and Trump Tower. There are two additional ongoing projects including Century Diamond Tower, an office building in partnership with Mitsubishi Corporation and Century Spire designed by world renowned architect Daniel Libeskind and interior designed by Giorgio Armani S.P.A. These two ongoing projects have projected completion dates in 2019 and 2021, respectively.
- **Acqua Private Residences** – Located in Mandaluyong City, this development is comprised of six towers with views of the Makati City skyline and will feature a country club with fitness, retail, dining and entertainment facilities, as well what is expected to be the first riverwalk promenade in the Philippines. There are five towers completed; namely: Niagara, Sutherland, Detifoss, Livingstone, and Iguazu. The Novotel Suites Manila, the last tower is projected to be completed in 2019.
- **Azure Urban Resort Residences** – CPGI's first property in the affordable market segment, Azure Urban Resort Residences is a nine-building residential property set on six hectares in Parañaque City. The development features what is expected to be the first man-made beach in an urban residence in Manila and a beach club designed by Paris Hilton. The first eight towers have been completed, namely: Rio, Santorini, St. Tropez,

Positano, Maui, Miami, Maldives and Boracay. The remaining tower, Bahamas, is projected to be completed in 2019.

- ***The Residences at Commonwealth*** – It is a 4.4-hectare project of CPGI and its first master-planned residential community development in Quezon City. The eight-tower project will rise in Commonwealth Avenue within the vicinity of a shopping center, top schools, techno hubs, churches and major thoroughfares. The Commonwealth by Century residential package includes livable unit layouts with extended balconies, distinctive amenities that encourage outdoor and holistic social interaction, a community with open spaces, greenery and waterscapes; and round the clock safety and security systems for the peace of mind of all residents. The project's unique architectural design, spacious unit layouts and pioneering amenities aim to redefine the standards of living in Quezon City. Out of the eight towers, four have already been completed; namely, Osmeña West, Quezon North, Roxas East, and Osmeña East. The last four towers have completion dates from 2019 up to 2020.
- ***Canyon Ranch*** – A 25-hectare house and lot community that is part of the 77-hectare San Lazaro Leisure Park in Cavite City targeted for middle-income buyers. The community features a clubhouse with sports and leisure facilities and offers residents views of the Leisure Park which includes one of only two operating horse racing tracks in the Philippines. A total of 918 houses have already been completed.
- ***PHirst Park Homes*** – It is the first-home division and brand of the CPGI. Its maiden project located along Governor's Drive, Brgy. Tanauan, Tanza Cavite, is a three phase horizontal residential property, which offers both Townhouse units & Single Attached units. The development covers a total planned GLA of 256,514 sq.m. PHirst Park Homes has also launched a 20-hectare development in Lipa, Batangas with 1,867 units valued at ₱2.8 billion in the second quarter of 2018 and the 18-hectare development in San Pablo, Laguna with 1,640 units valued at ₱2.7 billion launched in the fourth quarter of 2018.
- ***The Resort Residences at Azure North*** - Century Properties' first development in Pampanga and outside of Metro Manila. This 8-hectare mixed-use development replicates the developer's success with the Azure Urban Resort Residences in Bicutan, Parañaque, through its concept of beachfront living in the city.

With plans for condominium towers, townhouse clusters, office towers, and a retail boardwalk, Azure North is located on the western side of the North Luzon Expressway, close to the existing retail complexes. Each residential cluster will again be named after famous beaches around the world, namely Monaco, Bali, and Barbados. In addition to the beach, its water features will include various pools for children and adults. Amid these will be a pool bar, a beach club, a multi-purpose event space, and a centerpiece called the Azure North Island, which will be offered for private events and gatherings.

- ***Batulao Artscapes*** - Batulao Artscapes is the world's first livable art park. An expansive artventure community and a livable art park with designer homes and world-class vacation amenities, it is situated in a 142-hectare property in Batulao, Batangas. Informed by design, shaped by the arts, grounded in natural beauty – Batulao Artscapes will be the first design-driven residential community to combine art and adventure set in the spectacle of nature.

In addition, the Company has completed Asian Century Center in 2018, an office development project in Bonifacio Global City, in partnership with Asian Carmakers Corporation

The Company's land bank for future development consists of properties in Quezon City (2 properties), Mandaluyong City, Pampanga, Palawan, and Batulao that cover a total site area of 230 hectares. This excludes the 2.6 hectares that will be developed in Clark Global City. Global Gateway Development Corp. ("GGDC") and Century Properties Group, Inc. signed a memorandum of agreement on January 9, 2019 to create a JV that will develop 2.6 hectares of the 177-hectare Clark Global City into a mix of residential and office buildings.

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 46 projects as of December 31, 2018 with 2.58 million sq.m of GFA (with parking) under management. Of the total, 65% of the projects CPMI manages were developed by third-parties. Notable third-party developed projects under management include the Asian Development Bank in Ortigas, One Corporate Center in Ortigas, BPI Buendia Center and Pacific Star Building in Makati City and Philippine National Bank Financial Center in Pasay City.

The Company's aim is to enhance the overall quality of life for its Filipino and foreign clients by providing distinctive, high quality and affordable properties. The Company focuses on differentiation to drive demand, increase its margins and grow market share. In particular, the Company identifies what it believes are the best global residential standards and adapts them to the Filipino market. The Company believes that it has earned a reputation for pioneering new housing concepts in the Philippines. One of the Company's significant contributions is the Fully-Fitted and Fully-Furnished ("FF/FF") concept, which is now an industry standard in the Philippines. The Company also employs a branding strategy that focuses on strategic arrangements with key global franchises to help capture and sustain consumers' awareness. To date, the Company has entered into agreements with Gianni Versace S.P.A., The Trump Organization, Paris Hilton, Missoni Homes, Yoo by Philippe Starck, and Giorgio Armani S.P.A, among others.

The Company has marketed and sold to clients in more than 50 countries and, as a result, a significant portion of its residential properties are sold to Filipinos living abroad. International pre-sales accounted for approximately two-thirds of the total pre-sales, in terms of value, for each of the last three years. The Company conducts its sales and marketing through the Company's extensive domestic and international network of 637 exclusive agents who receive monthly allowances and commissions and 1,325 non-exclusive commission-based agents and 65 brokers as of December 31, 2018.

For 2015, 2016 and 2017, revenue (including other income) was ₱10,381.3 million, ₱7,380.2 million and ₱7,792.9 million, respectively, and our net income was ₱1,519.0 million, ₱726.9 million and ₱649.9 million, respectively. For the nine months ended September 30, 2018, revenue (including other income) was ₱7,776.01 million and our net income was ₱713.93 million. As of September 30, 2018, we had total assets of ₱46,970.58 million, and total equity of ₱16,180.00 million (excluding non-controlling interest).

CORPORATE HISTORY AND STRUCTURE

History

CPGI, formerly EAPRC, was originally incorporated on March 23, 1975 as Northwest Holdings and Resources Corporation. On September 26, 2011, the Board of Directors of EAPRC approved the change in the Company's corporate name to its present name, as well as the change in its primary business purpose from power generation to that of a holding company and real estate business. Between May and November 2011, CPGI entered into a series of transactions with EAPRC, a corporation organized under the laws of the Philippines and listed on the Philippine Stock Exchange, whereby, among other things, CPI acquired 96.99% of EAPRC's common shares and EAPRC acquired all of the Subsidiaries of CPGI.

CPGI currently undertakes real estate projects and developments through its Subsidiaries and an Associate. Through such Subsidiaries and Associate, the Company develops, markets and sells residential, office, medical and retail properties as well as manages residential and commercial properties in the Philippines.

Chairman Jose E.B. Antonio spearheaded the Company's formation with the vision of becoming one of the Philippines' top five real estate sales and development firms as measured by total sales value.

After experiencing the sales and marketing aspects of the real estate industry, the founders of the Company established Meridien Land Holdings, Inc., Meridien East Realty and Development Corporation, Meridien Far East Development Corporation, and other related entities to focus primarily on developing mid-market central business district high-rise projects. Chairman Jose E.B. Antonio has a 40% ownership stake in Meridien. Through Meridien, the Company developed its first project, Le Grand in Makati City, to cater to the middle market segment, and subsequently developed Le Triomphe, Medical Plaza Makati, Medical Plaza Ortigas, SOHO Central, South of Market and Essensa.

In 1989, CPMI was established as the first professional real estate management company in the Philippines, to handle property management services. CPMI manages 46 projects as of December 31, 2018, including properties such as the Asian Development Bank, Philippine National Bank Headquarters, BPI Buendia Center, Pacific Star Building and Makati Medical Center. Of the total CPMI's projects under management, 65% of the properties were not developed by the Company, underscoring CPMI's reputation in the market.

CPI, the parent of the Company, was incorporated in 1983 and began operations in 1986. It was primarily organized to focus on marketing and sales for third-party real estate developers. CPI continued its operations throughout the 1990s, and established itself as an innovative, high quality property developer in the central business districts of the Philippines. In 1997, the Company began developing what it believes is one of the most prestigious residential buildings in the country, the Essensa East Forbes. Designed by the architectural firm Pei Cobb Freed & Partners, which was founded by Pulitzer Prize winning architect I.M. Pei, the architect of the Grand Louvre in Paris and the Bank of China Tower in Hong Kong, Essensa utilized high quality materials in its design such as travertine stone quarried from the same source as the Coliseum in Rome.

In 2004, CPI further expanded its property development business when it embarked on developing its first large-scale house-and-lot development, Canyon Ranch. Located in Carmona, Cavite, this 25-hectare gated community is situated in the portion of the San Lazaro Leisure Park owned by the Manila Jockey Club, Inc. Canyon Ranch officially marked the Company's entry into mid-market horizontal developments, catering to modern families who prefer a quiet suburban life.

In 2006, leveraging on its experience in developing high quality buildings and infrastructure, CCDC, a subsidiary of CPGI expanded its business into developing large-scale mixed-use properties by acquiring a lot that was previously occupied by the International School of Manila in the central business district of Makati City. CCDC designated this area as the location of one of its most ambitious projects to date, Century City, which is expected to include eight buildings. As of the date of this Prospectus, six (6) buildings have been completed with two (2) others in different stages of development. Completed projects are The Gramercy Residences, The Knightsbridge Residences, The Milano Residences, Trump Tower Manila, Centuria Medical Makati and the Century City Mall. Under development are Century Spire and Century Diamond Tower. When fully completed, the Company believes that Century City will be one of the pre-eminent mixed-use communities in Makati City.

In 2008, observing the demand for housing in the affordable market, CLC, a subsidiary of CPGI, expanded its product line into providing condominiums for the affordable to middle-income segment of the market. It launched its first project, Azure Urban Resort Residences in December 2009 with the aim of providing housing for young couples, families, OFWs and other consumers seeking an urban beach resort lifestyle.

In 2011, CLC launched Acqua Private Residences, a residential community in Mandaluyong City. At completion, the project will have six towers with over 3,000 units. At the end of 2018, five of the six buildings have already been completed. These are Niagara, Sutherland, Dettifoss, Livingstone interior design by MISSONIHOMÉ, and Iguazu yoo inspired by Starck.

On May 31, 2011, the Company has been made aware that El Paso Philippines Energy Company, Inc.'s ("EPPECI") entered into an agreement with Century Properties, Inc. ("CPI"), providing for the terms and conditions for the purchase by CPI of EPPECI's 284,250,000 issued and outstanding fully-paid and preferred shares of stocks of EPHE and 67,096,092 issued and outstanding fully-paid common shares of stock in the Company, which will thereby effect a change in the ownership and control of the Company.

On July 11, 2011, the Company further disclosed that CPI has commenced a negotiated purchase thru a Deed of Assignment of Shares of Stock dated May 31, 2011 with EPPECI for the following acquisitions: (1) 67,096,092 common shares ("Public Sale Shares") of the Company equivalent to 1.888% of the Company and (2) 284,250,000 common and preferred shares ("Private Sale Shares") of EPHE resulting to an indirect acquisition of equivalent to 91.695% of the total issued and outstanding capital stock of the Company. The purchase price for the Public and Private Sale Shares amounts to a total consideration of ₱127,406,794.31 (the "Private Sale Consideration") allocated as follows: ₱2,569,732.51 for the Public Sale Shares and ₱124,837,061.80 for the Private Sale Shares.

On the same date, CPI and the Company executed and signed two (2) Deeds of Assignment of Shares of Stock effectively superseding the May 31, 2011 Deed of Assignment to finally close the above-mentioned acquisitions (1) Public Sale Shares and (2) Private Sale Shares. The July 11, 2011 Deeds of Assignment contained the same terms and conditions as stated in the May 31, 2011 Deed of Assignment thereby effecting a change in the ownership and control of the Company.

In 2012, CLC launched its first project in Quezon City called The Residences at Commonwealth by Century, which will cater to the affordable market. The community will have eight mid-rise towers, with over 2,900 units. The first four towers have already been completed, namely Osmeña West, Quezon North, Roxas East, Osmeña East.

In September 2013, CCDC completed the Century City Mall, its first retail mall with total GFA of 52,233 sq.m and is 95% leased as of December 2018. The retail mall was designed to cater

to residents, employees and patients of Century City, as well as residents of surrounding communities. CPGI also completed the Knightsbridge Residences in Century City, as well as turned over the Rio and Santorini buildings in Azure Urban Residences.

In its 32 years of operations, the Company expanded and diversified its services, developments, products, and market segments. It aims to provide specialized service to each of its projects and its potential clients. Since its incorporation in 1983, the Company has grown to 1,703 employees as of December 31, 2018.

COMPLETED / TURNED OVER PROJECTS AS OF DECEMBER 31, 2018

Residential Projects

| Residential Projects | Location | Type | GFA in sq.m. (with parking) | Units | Year Completed |
|--|------------------|-------------|--------------------------------|---------------|----------------|
| Century City | | | | | |
| Gramercy Residences | Makati City | Residential | 121,595 | 1,433 | 2012 |
| Knightsbridge Residences | Makati City | Residential | 87,717 | 1,328 | 2013 |
| Milano Tower | Makati City | Residential | 64,304 | 516 | 2016 |
| Trump Tower | Makati City | Residential | 55,504 | 267 | 2017 |
| Subtotal | | | 329,119 | 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 |
| Subtotal | | | 283,208 | 4,504 | |
| Acqua Private Residences | | | | | |
| Niagara | Mandaluyong City | Residential | 33,709 | 474 | 2015 |
| Sutherland | Mandaluyong City | Residential | 41,705 | 735 | 2015 |
| Detifoss | Mandaluyong City | Residential | 36,536 | 607 | 2016 |
| Livingstone | Mandaluyong City | Residential | 40,251 | 675 | 2016 |
| Iguazu | Mandaluyong City | Residential | 435,937 | 492 | 2018 |
| Subtotal | | | 188,139 | 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 |
| Subtotal | | | 73,630 | 1,052 | |
| Canyon Ranch | | | | | |
| Phase 1 & 2 | Carmona, Cavite | Residential | 79,178 | 776 | |
| Moderno | Carmona, Cavite | Residential | 9,289 | 142 | |
| Subtotal | | | 88,467 | 918 | |
| Grand Total | | | 962,563 | 13,001 | |

Commercial/ Office Projects

| 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 | 708 (168 units for lease) | 2015 |
| Asian Century Center | BGC, Taguig City | Office Building | 56,284 | 55 | 2018 |
| Total | | | 182,620 | | |

Sold Units

| Project | Location | No. of Units Inventory | No. of Units Sold | % Sold | Total Sales Value (P millions) | Sold Revenues (P millions) | Remarks |
|-------------------|------------------------|------------------------|-------------------|--------|-----------------------------------|-------------------------------|---|
| Century City | Makati City | 4,862 | 4,514 | 93% | 40,769 | 33,370 | Remaining units are those that are hard to sell with bigger unit areas and more expensive since branded; Inventory includes Century Spire which is still ongoing construction |
| Azure South | Parañaque City | 5,355 | 5,050 | 94% | 23,408 | 20,782 | Inventory includes Bahamas Tower which is still ongoing construction |
| Azure North | San Fernando, Pampanga | 2,433 | 1,818 | 75% | 10,425 | 6,863 | All are ongoing construction; project is outside Metro Manila so different market |
| Acqua Residences | Mandaluyong City | 3,320 | 3,209 | 97% | 18,531 | 16,663 | Remaining units are those that are hard to sell with bigger unit areas and more expensive since branded |
| Commonwealth | Quezon City | 3,286 | 2,853 | 87% | 14,214 | 11,030 | Inventory includes 4 towers which are still ongoing construction |
| Canyon Ranch | Carmona, Cavite | 929 | 918 | 99% | 3,749 | 3,696 | |
| PHirst Park Homes | Tanza, Cavite | 3,096 | 2,529 | 82% | 4,332 | 3,463 | Launched only in 2017 |
| | Lipa, Batangas | | | | | | Launched only in 2018 |
| Batulao Artscapes | Nasugbu, Batangas | 672 | 472 | 70% | 4,398 | 2,904 | Launched only in 2017 |
| TOTAL | | 23,953 | 21,363 | 89% | 119,825 | 98,770 | |

PROPERTIES UNDER MANAGEMENT AS OF DECEMBER 31, 2018

The Company, through CPMI, manages both residential and commercial properties. The following table sets forth information regarding residential properties under its management.

| NO. OF BLDGS | PROJECT | LOCATION | DEVELOPER | GFA (sq. m.) |
|-------------------------------|-------------------------------|--------------|--|--------------|
| RESIDENTIAL PROPERTIES | | | | |
| 1 | Astoria Plaza Condominium | Pasig | Millennium Properties & Brokerage | 53,767 |
| 4 | Acqua Private Residences | Mandaluyong | Century Properties, Inc. | 52,821 |
| 6 | Azure Urban Residences | Paranaque | Century Properties, Inc. | 125,216 |
| 1 | Bel-Air Soho Condominium | Makati | Meridien East Realty & Development Corp. | 9,468 |
| 1 | BSA Suites Condominium | Makati | ASB Development Corp. | 22,925 |
| 1 | Commonwealth Residences | Commonwealth | Century Properties, Inc. | 136,896 |
| 2 | Essensa East Forbes | Taguig | Meridien East Realty & Development Corp. | 115,000 |
| 2 | Golden Empire Tower | Manila | Moldex Land Holdings | 129,514 |
| 1 | Grand Soho Makati Condominium | Makati | Century Properties, Inc. | 29,628 |
| 1 | Knightsbridge Condominium | Makati | Century City Development Corp | 43,414 |
| 1 | Le Triomphe Condominium | Makati | Meridien East Realty & Development Corp. | 20,239 |
| 1 | Paragon Plaza | Mandaluyong | Fil Estate Properties, Inc. | 71,631 |
| 1 | Pioneer Highlands North | Mandaluyong | Universal Rightfield Property Holdings, Inc. | 89,990 |
| 2 | Skyway Twin Towers | Pasig | Amberland Corporation | 95,417 |
| 1 | South of Market Condominium | Taguig | Meridien East Realty & Development Corp. | 62,246 |
| 1 | The Gramercy residences | Makati | Century City Development Corp | 121,595 |
| 1 | The Milano Residences* | Makati | Century City Development Corp | 49,543 |
| 1 | The Trump Tower* | Makati | Century City Development Corp | 42,165 |
| 1 | Tiffany Place Condominium | Makati | River Oaks Realty Corporation | 24,702 |
| 1 | Two Lafayette Square | Makati | Megaworld Properties & Holdings, Inc. | 17,189 |
| 1 | West of Ayala Condominium | Makati | Meridien East Realty & Development Corp. | 57,752 |
| 32 | TOTAL | | | 1,371,117 |

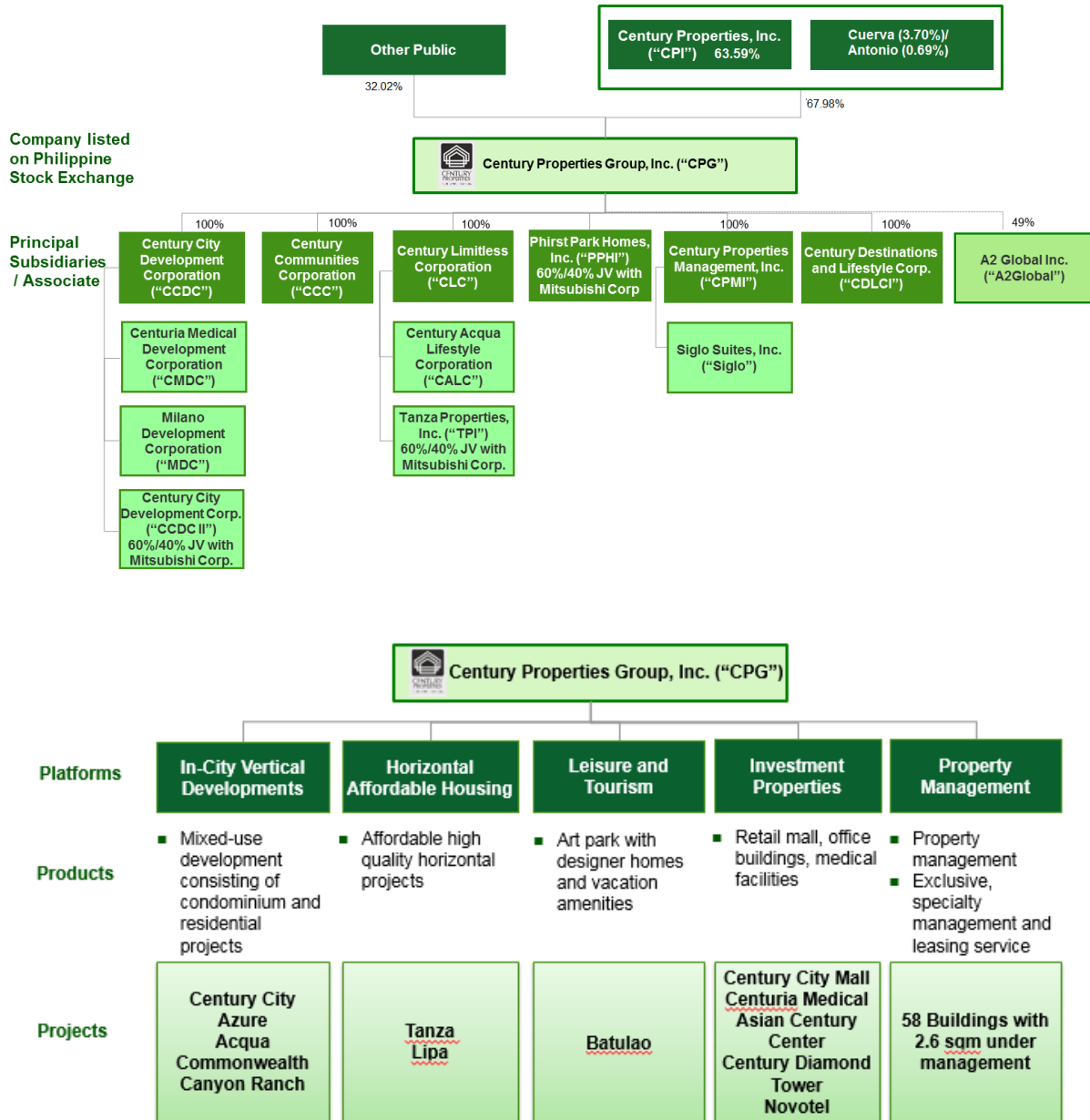
| NO. OF BLDGS | PROJECT | LOCATION | DEVELOPER | GFA (sq. m.) |
|------------------------------|-----------------------------------|----------|---|--------------|
| COMMERCIAL PROPERTIES | | | | |
| 1 | 139 Corporate Center | Makati | Antel Realty & Development Corporation | 24,426 |
| 1 | 88 Corporate Condominium | Makati | Belgen Realty Development, Inc. | 37,677 |
| 1 | AvecShares Asia, Inc. | Taguig | Avecshares Asia, Inc. | 12,232 |
| 1 | Asian Century Center | Taguig | Century Properties, Inc. | |
| 1 | Century City Lifestyle Mall | Makati | Century Properties, Inc. | 52,233 |
| 1 | Centuria Medical Makati | Makati | Century Properties, Inc. | 45,103 |
| 4 | BPI Makati Offices | Makati | Bank of the Philippine Islands | 61,262 |
| 1 | Innove Plaza Condominium | Cebu | Prosperity Properties & Management Corp | 12,031 |
| 1 | Medical Plaza Ortigas | Pasig | Meridien Property Ventures, Inc. | 34,642 |
| 1 | One Corporate Center Ortigas | Pasig | Amberland Corporation | 117,799 |
| 1 | One Corporate Plaza | Makati | Inchport Realty Corporation | 12,034 |
| 1 | One Magnificent Mile Condominium | Pasig | Meridien Far East Properties | 23,105 |
| 1 | One San Miguel Avenue Condominium | Pasig | Amberland Corporation | 64,577 |
| 1 | Pacific Star Building | Makati | Penta Pacific Realty Corporation | 95,302 |
| 1 | Prestige Tower Condominium | Pasig | Amberland Corporation | 58,698 |
| 1 | Singapore Embassy | Taguig | Singapore Embassy | 4,900 |
| 1 | Solar Century Tower | Makati | Solar Entertainment Corporation | 5,265 |
| 1 | Union Bank Plaza | Pasig | Union Bank Plaza | 76,893 |
| 21 | TOTAL | | | 738,179 |

| NO. OF BLDGS | PROJECT | LOCATION | DEVELOPER | GFA (sq. m.) |
|------------------------------------|--|---------------|-----------------------------|-----------------|
| <u>FACILITES MANAGEMENT</u> | | | | |
| 1 | Asian Development Bank - Clark | Pampanga | Asian Development Bank | 2,000 |
| 1 | Asian Development Bank - Headquarters | Mandaluyong | Asian Development Bank | 204,092 |
| 1 | Fisher-Rosemount Systems, Inc. | Pasig | Amberland Corporation | 7,378 |
| 1 | Makati Cinema Square | Makati | MCS Condominium Corporation | 20,000 |
| 1 | PNB Financial Center | Pasay | Philippine National Bank | 151,435 |
| 3 | PNB Offices | Pasig/ Makati | Philippine National Bank | |
| | Century City Estates | Makati | Century Properties Inc | |
| 1 | National Grid Corporation of the Phils | Quezon City | | 8,000 |
| 1 | HMRID Industrial Park | Taguig | | 80,000 |
| 5 | TOTAL | | | 472,905 |

| | | |
|------------------------|-----------|------------------|
| TOTAL PROJECTS | 46 | 2,582,201 |
| TOTAL BUILDINGS | 58 | |

CORPORATE STRUCTURE

The following chart shows the Company's current corporate and ownership structure.



The Subsidiaries are segregated by the target market of each project, allowing each to specialize and focus on their buyers' requirements in pricing, size, location, and amenities. Below is a description of each subsidiary and associate of the Company:

Century Communities Corporation (CCC)

CCC, incorporated on March 15, 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 currently developing Canyon Ranch, a 25-hectare house-and-lot development located in Carmona, Cavite.

Century City Development Corporation (CCDC)

CCDC, incorporated on December 19, 2006, is focused on developing mixed-use communities that contain 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)

CLC, incorporated on July 9, 2008, focuses on developing high quality, affordable residential projects. Projects under CLC will cater to first-time home buyers, start-up families, and retirees seeking safe, secure, and convenient homes within close proximity of quality healthcare facilities.

Century Properties Management, Inc. (CPMI)

CPMI, incorporated on March 17, 1989, is one of the largest property management companies in the Philippines, as measured by total gross floor area under management. CPMI has 46 projects in its portfolio, covering a total GFA of 2.58 million sq.m as of December 31, 2018. The Company believes that CPMI is the first independent and local property management company to introduce international standards in the Philippine property market. 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.)*

CDLC, incorporated in March 27, 2014, operates, conducts and engages in hotel business 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. A2Global shall act as a sub-lessee for the project initiatives of Asian Carmakers Corporation (ACC) and Century Properties Group Inc. in the development and construction of a commercial office in Bonifacio Global City.

KEY INVESTMENT HIGHLIGHTS

The Company believes that its competitive strengths include the following:

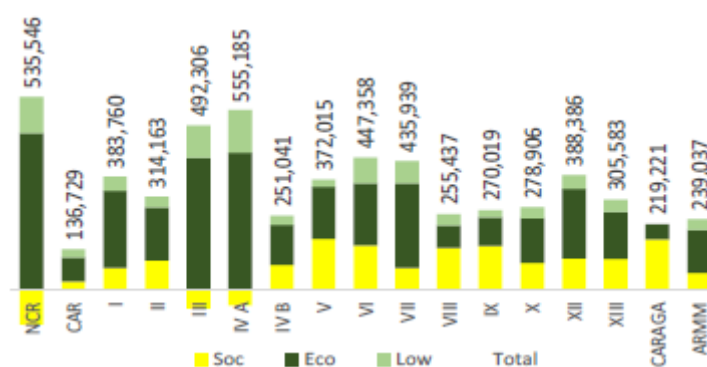
Growth strategy supported by favorable macroeconomic environment

The Company's entry into affordable housing segment capitalizes on the country's demand for affordable housing. For the period between 2001 and 2015, unmet housing need is already at 6.6 million units. Demand for housing units is expected to increase with housing demand estimated at 5.7 million units for the period between 2016 and 2030 totaling to 12.3 million units of housing need by 2030.

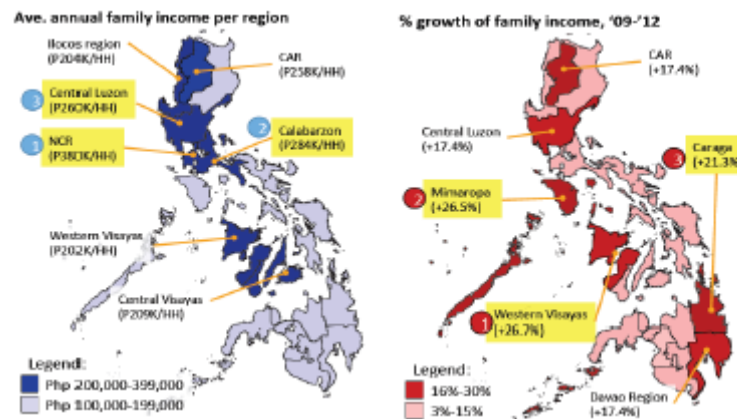
| Segment | Unmet Housing Need, 2001-2015 | Estimated Housing Demand, 2016-2030 | Estimated Housing Need by 2030 |
|--------------|-------------------------------|-------------------------------------|--------------------------------|
| Can't Afford | 786,984 | 1,134,986 | 1,921,970 |
| Socialized | 1,275,921 | 1,369,181 | 2,645,102 |
| Economic | 3,686,429 | 2,509,718 | 6,196,147 |
| Low Cost | 918,820 | 611,815 | 1,530,095 |
| Mid Cost | | 78,705 | 78,705 |
| High End | | 11,767 | 11,767 |
| Need | 6,667,614 | 5,716,172 | 12,383,786 |

Source: SHDA, HUDCC

Housing Backlog by Region



Source: SHDA, HUDCC



Source: SHDA, HUDCC

Proven track record of delivering innovative and high-quality projects in the luxury and middle-income condominium segments

With a 32-year track record of delivering innovative luxury, middle-income and affordable condominiums, the Company continues to focus on identifying the best global standards and adapting them to the Philippine setting. To date, the Company has introduced into the Philippines Fully-Fitted / Fully-Furnished units (now common throughout the Philippines), the first urban residence featuring a man-made beach, and medical offices sold to doctors.

As of December 31, 2018, the Company has completed 26 projects, namely: 23 residential projects consisting of 13,001 units and an aggregate gross floor area (GFA) of 962,564 sq.m. (inclusive of parking); a retail commercial building with GFA of 52,233 sq.m. (inclusive of parking); a medical office building with GFA of 74,103 sq.m. (inclusive of parking); and an office building with GFA of 56,284 sq.m. of GFA (inclusive of parking). Furthermore, the Company has also completed 259 homes under its affordable housing segment. This is in addition to the 19 buildings consisting of 4,128 units with an aggregate GFA of 548,262 sq.m. that were completed prior to 2010 by the Meridien Group of Companies (“Meridien”), the founding principals’ prior development companies. Noteworthy developments of Meridien include: 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.

Furthermore, CPGI has significantly pre-sold, completed and financed projects that are expected to generate positive cash flow for the Company once construction and collection of turnover balances are completed. The cash cycle of condominium projects is such that buyer equity collected during the construction period is around 10% to 30% of total contract price. As a result, the company requires credit facilities to bridge condominium completion. The company is at a stage wherein (26 out of 34) of its projects are already completed. From these 26 projects, the CPGI has already pre-sold 91% in terms of units and has remaining installment contract receivables of ₱26.25 billion. For the remaining eight (8) projects under construction, the Company has already pre-sold 83% in terms of units, and has remaining installment contract receivables of ₱14.4 billion. These projects are also backed with existing credit facilities, thus further mitigating completion risk.

The Company also leads the Philippines in partnering with globally renowned brands to enhance the prestige and visibility of its developments, leveraging its credibility, track record and focus on quality to make it a preferred partner to global franchises. For example, the

Company has previously executed successful tie-ups with Paris Hilton, Versace Home, Trump Organization, Missoni Home, Yoo inspired by Starck, and Armani/Casa.

Complementing its focus on innovation, the Company is similarly dedicated to ensuring its projects are delivered on time and on budget. The Company believes that its reputation for high quality, well-executed projects is of paramount importance and will continue to be a key driver of demand.

Diverse product offerings capitalizing on various market segments

Over the years, CPGI has slowly expanded its businesses by slowly shifting into new product offerings, which allows the Company to diversify its revenue base. With the launch of its affordable housing projects and completion of some of its leasing properties, the Company has grown its affordable housing segment revenue contribution to 10.80% for the nine-month period in 2018 from 3.2% for the year 2017. Additionally, the revenue contribution of its leasing business grew to 4.10% for the nine-month period in 2018 from 5.1% for the year 2017.

The Company, through its joint ventures with Mitsubishi Corporation, is expanding rapidly in the affordable housing market. Its current projects located in Tanza, Cavite, and Lipa, Batangas, have enjoyed tremendous success, with 82% of its 3,096 units of inventory already pre-sold as of December 2018.

The average price of the homes here is ₱1.2 million, and currently, 90% of its buyers are first time end users, catering to the more than 6 million home backlog per government statistics.

Given the success of the company in its initial foray into affordable housing, it is using a significant part of the bond proceeds to partially fund land developments of the Company's existing and upcoming projects for its affordable housing segments.

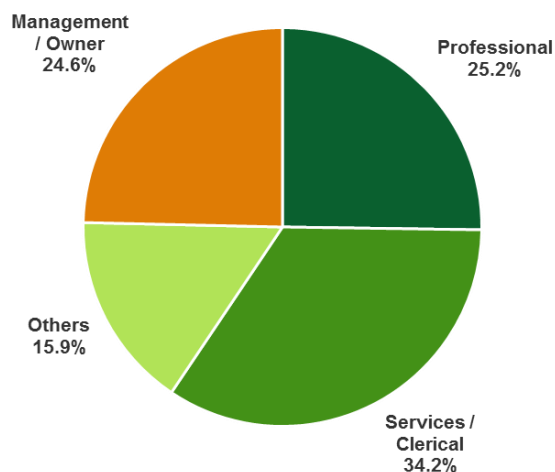
Additionally, the Company is entering into a period wherein it is significantly completing in the near term its leasing asset base.

As of December 2018, the Company had three leasing assets completed – Century City Mall, Centuria Medical Makati and Asian Century Center. These have gross leasable area of 172,796 sq.m. Total revenues from Century City Mall, Centuria Medical Makati amounted to ₱285 million as of September 2018.

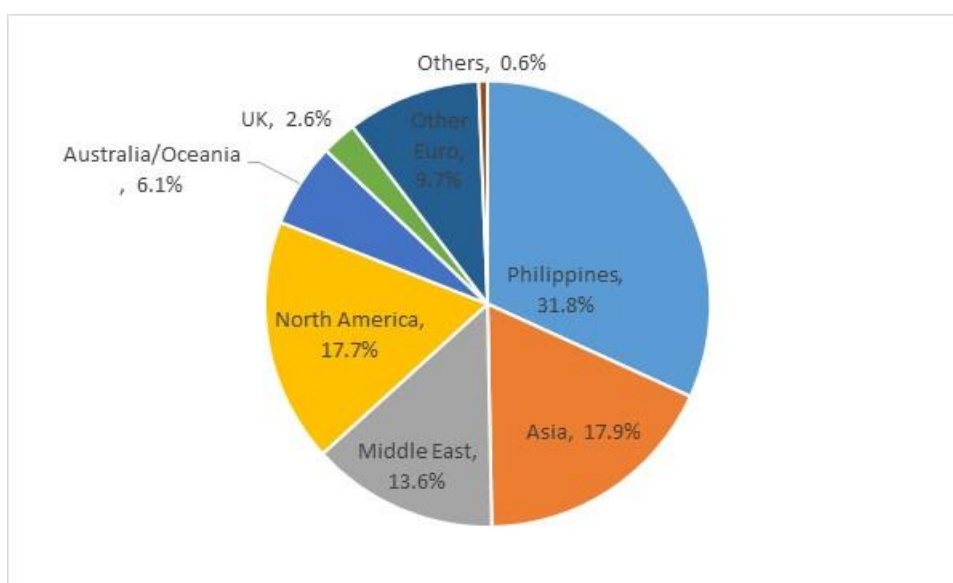
During the fourth quarter of 2018, CPGI has already significantly leased out Asian Century Center, an office development located at Bonifacio Global City, with net leasable square meters of 25,487 sq.m, and projected 2019 revenues of ₱430 million. After only 3 months of operations, the project is approximately 70% pre-leased.

Strong International Sales Platform

The Company employs a progressive marketing strategy, which in addition to successfully marketing to domestic buyers, actively targets OFWs and other overseas buyers in over 50 countries, enabling it to derive approximately 70% of its pre-sales from overseas. The company's OFW customer base is largely formed of professionals, management and services/clerical.



Pre-Sales by Region



The Company believes it has an industry-leading overseas sales and marketing presence, consisting of overseas offices, international selling partners, and a network of 661 overseas agents and 27 international brokers. The Company also conducts about 15 international roadshows per month, which directly generate significant pre-sales while also increasing its brand presence. In addition, the Company has an online sales platform, which allows its overseas customers to access their statements and enables its agents to market its projects in real time.

The Company believes that its significant international presence offers several advantages. First, it believes that the overseas market, underpinned by OFW buyers, represents one of the most resilient sources of demand for Philippine real estate. According to the BSP, OFW remittances exhibited steady growth throughout the recent global financial crisis, in part due to the geographical diversification of OFWs. Second, the geographical diversity of the Company's sales similarly decreases its exposure to any single jurisdiction. Third, the average income of the OFW population is higher than that of Philippine residents, allowing the Company to sell its developments at a higher price point. As of November 2018, total OFW

remittances amounted to US\$26.1 billion, 3.1% higher than US\$23.3 billion in the same period the previous year.

Experienced management team

The Company has an experienced management team that has been with the Company since its founding, with an average of 24 years of operational and management experience in real estate. It has completed projects in all stages of the business cycle, including the Asian financial crisis in the late 1990s. The Company's management team has extensive experience in and in-depth knowledge of the Philippine real estate market and has also developed positive relationships with key market participants, including contractors and suppliers, regulatory agencies and local government officials in the areas where the Company's projects are located.

BUSINESS STRATEGY

The primary elements of the Company's business strategy are the following:

Leverage its industry leading reputation in the high rise condominium market to develop mid-rise condominium developments

As the Company has completed 23 out of 32 high rise condo buildings, with the remaining nine (9) buildings to be substantially completed in the next two years, the company will seek to leverage its industry leading reputation in the condominium market not to develop high rise condominiums, but instead foray into mid-rise condominium and town homes projects, with building heights of no more than nine (9)-stories, which shall be less capital intensive, and which will have a quicker cash cycle. It shall seek to also complete these projects within three (3) years, as opposed to the current 5-year construction cycle, in order to reduce carrying costs in general, administrative and interest expenses.

This shall be accomplished through its land bank and joint venture developments in its mixed-use developments in Katipunan, Quezon City, Novaliches, Quezon City and Clark Global City, Pampanga.

Implement expansion outside Metro Manila for affordable housing

CPGI plans to contribute significant resources to assist the backlog of six (6) million homes in affordable housing, which is defined as units between ₱1 million to ₱3 million per housing unit. The income per household for this market is around ₱40,000 to ₱80,000 per month.

It plans to further land bank in key cities outside Metro Manila in Luzon. CPGI is looking at sites that are in the 15HA to 25HA range per site, wherein each development is planned to have around 3,000 units, and a population per site of around 12,000 people. CPGI hopes to acquire three (3) to five (5) sites per year. CPGI hopes that the affordable segment to contribute at least 30% of its net income in the next three (3) years.

To supplement its balance sheet, CPGI has partnered with Mitsubishi Corp for the affordable market, wherein CPGI is a 60% common equity holder, and Mitsubishi Corp is a 40% common equity holder.

Prudent expansion of commercial leasing portfolio to diversify earnings and generate recurring income

In addition to its 119,000 sq.m of leasable space by 2019, wherein the company plans to generate ₱2 billion of leasing revenue by 2020, the company is seeking to develop more leasing projects once it has further completed its condominium projects that are expected to generate free cash flow. CPGI hopes that the leasing segment to contribute at least 30% of its net income in the next three (3) years.

This shall be accomplished through its land bank and joint venture developments in its mixed-use developments in Katipunan, Quezon City, Novaliches, Quezon City and Clark Global City, Pampanga.

Continue to expand leading international sales and marketing presence

In addition to the Company's strong marketing network in the Philippines, the Company aims to continue building upon its global marketing platform. The Company believes that significant opportunities remain to capitalize on sources of untapped demand in global markets and that the Company has developed the necessary infrastructure and processes to effectively target these opportunities. In the future, the Company intends to increase its international sales and marketing network in established markets such as China, given the recent higher demand of the Chinese buyers for Philippine property.

PROPERTY DEVELOPMENT PROJECTS

As one of the leading real estate developers in the Philippines, CPGI prides itself on providing a wide range of innovative real estate products to its customers. The Company's approach to property development focuses on creating unique real estate properties with the best design, quality and amenities. CPGI identifies the global standard and combines that with its ability to acquire land in prime urban areas to create properties that meet the demands of the Philippine real estate market. The Company uses strategic partnerships with key global franchises to capture consumer awareness and demand for its projects. It develops properties for several market segments, from luxury residential projects to affordable and mixed-use developments.

Acqua Private Residences

A six-tower master-planned development on a 2.4-hectare at the border of Makati City and Mandaluyong City, Acqua Private Residences has a tropical rainforest-infused design that attempts to combine nature with urban living. The towers are each expected to have views of the Makati City skyline. Acqua's amenities are expected to include a lounge area, juice bar and café, spa, climbing wall, boxing studio, tennis courts, and what is expected to be the first river walk promenade in the Philippines, which will feature restaurants, bars, and designer stores. The six-tower project is targeted at customers in the middle-income segment and is expected to consist of over 3,000 units with a total GFA (with parking) of 227,311 sq.m. upon completion. The Pasig River separates Acqua Private Residences from Makati City, and the property will be accessible from Makati City via a newly constructed bridge from the Pasig River.



Azure Urban Resort Residences



Designed by the award-winning master planning and architectural firm Broadway Malyan, Azure Urban Resort Residences will consist of nine residential buildings on a six-hectare property, with 80% of the land dedicated to open space. The property is the first man-made beach residential development in the Philippines and features a beach club designed by internationally renowned celebrity, Paris Hilton. In addition to the Paris Beach Club, the property's amenities are expected to include a beach volleyball area, Zen garden, lap pool with cascading waterfalls, poolside bar, basketball court, multi-purpose court, THX-certified theater, an open park, playgrounds, and restaurants. The property is located beside the SM Bicutan mall in Parañaque City. The development targets the affordable housing segment, and is expected to consist of more than 5,000 units and have a total GFA (with parking) of 337,124 sq.m. The first eight towers have been completed, namely: Rio, Santorini, St. Tropez, Positano, Maui, Miami, Maldives and Boracay. The remaining tower, Bahamas, is projected to be completed in 2019.

The Resort Residences at Azure North



The Resort Residences at Azure North is Century Properties' first development in Pampanga and outside of Metro Manila. This 8-hectare mixed-use development replicates the developer's success with the Azure Urban Resort Residences in Bicutan, Parañaque, through its concept of beachfront living in the city.

With plans for condominium towers, townhouse clusters, office towers, and a retail boardwalk, Azure North is located on the western side of the North Luzon Expressway, close to the existing retail complexes. Each residential cluster will again be named after famous beaches around the world, namely Monaco, Bali and Barbados. In addition to the beach, its water features will include various pools for children and adults. Amid these will be a pool bar, a beach club, a multi-purpose event space, and a centerpiece called the Azure North Island, which will be offered for private events and gatherings.

Century Spire

Launched in 2013, Century Spire is the last of the five residential skyscrapers to rise in Century City, but is the first residential building to bear the Century name. The building's architecture is designed by Daniel Libeskind, the visionary architect behind New York's Ground Zero, while its amenities and common areas will be interior-designed by Armani Casa. The 50-story tower is expected to have a total GFA (inclusive of parking) of 88,914 sq.m. and over 370 residential units for sale. Century Spire will also have 24 floors of office space and 2 floors of retail space, with more than 18,000 sq.m. currently planned for sale and lease. The project is expected to be completed in 2021.



Century Diamond Tower

Century Properties is also constructing an office building in partnership with Mitsubishi Corporation. The project is situated in a land area of 3,166 sq. meters and will be composed of commercial and IT office units. The entire project will have a total GFA (with parking) of approximately 94,768 sq. m. and a net leasable area of 54,056 sq. m. with 41 physical floors including 11 parking floors (5 basement parking and 6 above ground parking) with 652 slots. The Philippine Economic Zone Authority (PEZA)-accredited building is slated for completion in 2019. It has a net leasable area of 58,618 square meters and follows the core and shell rating system of the Leadership in Energy and Environmental Design (LEED). It is designed with the latest building features including the variable refrigerant flow (VRF) air-conditioning system, a building automation system, 100% backup power with redundancy, and fire detection and alarm systems.



The Residences at Commonwealth



It is a 4.4-hectare project of CPGI and its first master-planned residential community development in Quezon City. The eight-tower project will rise in Commonwealth Avenue within the vicinity of a shopping center, top schools, techno hubs, churches and major thoroughfares. The Commonwealth by Century residential package includes livable unit layouts with extended balconies, distinctive amenities that encourage outdoor and holistic social interaction, a community with open spaces, greenery and waterscapes; and round the clock safety and security systems for the peace of mind of all residents. The project's unique architectural design, spacious unit layouts and pioneering amenities aim to redefine the standards of living in Quezon City.

Canyon Ranch

Canyon Ranch Phase 1 and Phase 2



The Canyon Ranch development, located in Carmona, Cavite, is a community south of Manila containing single-family detached homes. This development is a part of the San Lazaro Leisure Park, which includes one of only two operating horse racing tracks in the Philippines. CPGI acquired the right to develop the land and launched the project in May 2007. The project

is a joint venture with the Manila Jockey Club. The development targets middle-income customers and is expected to consist of 929 single detached homes situated on 280,300 sq.m. upon completion. The Canyon Ranch development is a 25-minute drive from Makati City and is highly accessible via the South Luzon Expressway or the Alabang Skyway. The project is close to several shopping destinations, including the Alabang Town Center, Festival Mall, SM Dasmariñas, Pavillion Mall and Robinsons Place Dasmariñas. As of December 2018, 918 houses have already been completed, with the remaining 11 houses expected to be completed on a per house basis based on when each house is sold.

Canyon Ranch Moderno (Phase 3)



The Moderno at Canyon Ranch is the expansion and Phase 3 of Canyon Ranch. With 163 homes, it offers an alternative home concept to practical urban families with its uplifting minimalist architecture and green design.

Asian Century Center

The newly-opened office development in Fort Bonifacio, which has been approximately 70% leased out as of December 2018, is CPGI's first venture into the office property segment in Bonifacio Global City. The 21-storey office building, launched in partnership with Asian Carmakers Corporation has a net leasable area of 29,628 square meters. Asian Century Center is accredited by the Philippine Economic Zone Authority (PEZA) and meets its strict requirements of 100-percent power backup, provision for high-speed internet and infrastructure, and a building management system.



The tower has been pre-certified for the core and shell rating of LEED (or the Leadership in Energy and Environmental Design), a globally recognized green building and sustainability certification system. Precertification is awarded to projects with achievable sustainable targets that demonstrate the project's commitment to LEED certification. Asian Century Center is working towards a LEED Silver status.

Batulao Artscapes

Batulao Artscapes is the world's first livable art park. An expansive artventure community and a livable art park with designer homes and world-class vacation amenities, it is situated in a 142-hectare property in Batulao, Batangas. Informed by design, shaped by the arts, grounded in natural beauty – Batulao Artscapes will be the first design-driven residential community to combine art and adventure set in the spectacle of nature.



PHirst Park Homes

The first home division and brand name of listed real estate developer Century Properties Group, Inc., unveiled its first development in the municipality of Tanza, Cavite, south of Metro Manila in 2017. The 26-hectare horizontal community is accessible via Governor's Drive, one of the major highways in Cavite, and is about three (3) minutes away from SM City Trece Martires. It also launched PHirst Park Homes Lipa in June 2018. PHirst Park Homes®

introduces its superior values through the 4Cs, describing its homes and the entire project as Complete, Conceptive, Connected and Convenient.



LAND BANK

The Company has an aggregate land bank with a site area of 2,299,315 sq.m. CPGI believes that its disciplined land acquisition, usually through joint ventures or installment sales, allows the Company to maintain a higher return on its equity compared to its peers and to have sufficient developable inventory for the next several years.

Below is a table of the Company's current land bank:

| Location | Land size (in sq. m.) | Product Class |
|-------------------------|--------------------------|--|
| Mandaluyong | 14,271 | Mixed Use with Mid Rise Condo and Leasing Assets |
| Katipunan, Quezon City | 3,064 | Mixed Use with Mid Rise Condo and Leasing Assets |
| Novaliches, Quezon City | 573,623 | Mixed Use with Mid Rise Condo and Leasing Assets |
| San Fernando, Pampanga | 66,752 | Mixed Use with Mid Rise Condo and Leasing Assets |
| Batulao | 1,077,436 | Leisure / Tourism |
| Palawan | 564,169 | Leisure / Tourism |
| Total | 2,299,315 | |

Employees

CPGI and its Subsidiaries have 1,703 employees as of December 31, 2018 and 1,813 employees as of December 31, 2017. The Company hired a new officer during the fourth quarter of 2018. For 2019, the Company will only hire replacements for resigned employees.

Its employees are primarily engaged in development operations, construction, property management, as well as sales and marketing. CPGI and its Subsidiaries' local and international marketing and distribution network consist of 2,207 agents as of December 31, 2018 and 2,196 agents as of December 31, 2017. CPGI and its Subsidiaries have entered into an Expense Allocation Agreement to pay the costs of such services and record such costs in general, administrative and selling expenses.

The following table shows the distribution of the Company and its Subsidiaries' employees across its core function areas.

| | <u>As of</u> <u>December 31,</u> <u>2018</u> | <u>As of</u> <u>December 31,</u> <u>2017</u> |
|-----------------------------|--|--|
| Development operations..... | 423 | 462 |
| Sales and marketing..... | 51 | 9 |
| Construction..... | 564 | 804 |
| Property management..... | 665 | 538 |
| Total..... | 1,703 | 1,813 |
| Agents | | |
| In - house..... | 637 | 471 |
| Brokers..... | 1,390 | 1,725 |
| Total..... | 2,027 | 2,196 |

In order to fulfill the manpower requirements, the Company subscribes to local and international job portals, job fairs, executive search and advertise job postings in leading newspapers and internet sites. The Company practices equal opportunity employment to all qualified talents in terms of hiring, salary job offers and promotion to hired employees.

CPGI employees are being empowered to take proactive roles with active learning and development plans, regular training opportunities and real career progression to ensure the continuity of the Company's vision.

Managers and staff are also routinely given feedback on their job performance and CPGI takes other steps to ensure the continuous development of its employees.

The total employee remuneration program provided by the Company has been designed to help compete in the marketplace for quality employees and the Company believes that these packages are in line with the industry standard in the Philippines. CPGI shall provide and enhance long term incentive programs such as housing program, employees stock option plan and retirement program. The Company conducts annual performance reviews and rewards employees with annual salary increases if merited. The Company's goal is to position itself as an employer of choice in the Philippines.

The employees are not covered by a collective bargaining agreement and no employee belongs to a labor union. There has been no loss of work due to any labor disputes.

Land Acquisition

The Company sources land for development through joint venture agreements with land owners, or through direct purchases. Direct purchases can either be paid for in cash or on installment basis. The land acquisition process consists of three main steps: identifying, assessing and executing.

First, the Company identifies land with a focus on high growth areas within and outside Metro Manila. During this time, the Company checks the title of the property to ensure there are no encumbrances that will prevent development. Zoning and floor to area considerations are also examined at this stage. The sources of land in the Philippines include privately owned undeveloped property, government owned property, foreclosed bank assets and redevelopment of existing properties as certain industries migrate outside of Metro Manila.

Second, the Company assesses the physical and financial suitability of the land. The land must be topographically amenable to condominium or house and lot developments. The Company also analyzes the macro demand and competing developments to develop a marketing plan for the project, as well as run pro forma cash flows and profit and loss statements for the project.

Third, the Executive Committee of the Company approves the project internally and commences with the acquisition of the land.

The Company has historically entered into joint venture agreements with land owners, including commercial banks, for several of its development projects. By entering into these types of joint venture agreements, the Company foregoes spending a large sum of capital on land acquisition and can therefore increase its return on equity. Historically, Century has not experienced material difficulties in finding joint venture partners to supply land and currently does not expect to experience difficulties in the future. The Company believes in its track record as an innovative and reputable property developer giving its joint venture partners confidence that their project will be handled successfully. Further, the Company believes there is an abundant supply of land owners in the Philippines who wish to develop their land but who may not have the resources, both financial and expertise, to do so.

The Company's joint venture arrangements typically require the joint venture partner to contribute the land to the project, while Century bears all costs relating to land development and the construction of the planned property. The joint venture agreement also stipulates the allocation of interest in the property sales in accordance with its respective joint venture interests.

The joint venture agreements specify the allocation of sales and marketing expenses between the Company and the joint venture partner. However, the Company is responsible for organizing and conducting actual sales and marketing activities.

The Company requires its joint venture partners to warrant their title over the land and, if necessary, to clear the land of tenants and informal occupants before the Company commences development work on the land.

Project Design

The project design process involves the planning of the potential project, including determination as to the suitable market segment, master planning, design of property and landscape design. Development timetables vary from project to project, as each project differs in scale and design. Typically, project planning begins after land acquisition and takes at least nine months, during which time CPGI prepares both the master plan for the entire project

(which can take several months and may be revised over the course of the project) and detailed plans for each project phase.

The Company utilizes its in-house design capabilities and market research data to plan developments as often as possible. Aside from determining the feasibility of a project, the objective of the study is to determine the property type to develop (i.e., residential, office, retail, medical, etc.). The Company believes that its expertise in, and innovative approach to, residential real estate development allows it to reduce costs, maintain competitive prices, create distinctive properties and increase sales. From time to time, the Company hires highly-regarded third-parties to design and plan projects. The work performed by these third-parties must comply with specifications that the Company provides and, in all cases, their work is subject to the Company's final review and approval. In particular, the Company hires third-parties, including international firms, to design projects which are complex and require specific technical expertise and to design specific high-end projects.

Congruent with the Company's overall strategy of creating distinctive developments, the Company also develops and implements specific design parameters for its projects. This helps the Company to market each project based on a particular design aesthetic and its own unique characteristic and personality.

Project Development and Construction

Project development and construction involves obtaining the required Government regulatory approvals and executing the Company's plans. Typically, once the Company has completed the project planning phase, it obtains the necessary Government approvals and permits to conduct pre-marketing activities. For residential projects, once the project has received a development permit from the relevant LGU or HLURB, as the case may be, and a permit to sell from the latter, pre-sales of the residential unit can, and initial development work on the project site may commence. Before the site development process can begin, the Company must also obtain clearances from various Government departments, principally the DENR and the DAR, as well as the relevant LGU.

The Company finances the development of projects through a combination of pre-sales (primarily for residential projects) and internally-generated funds. The Company also routinely obtains project financing loans from financial institutions. The Company expects this financing model to continue going forward.

Project development and construction work for the vertical projects is primarily conducted by Century Project Management & Construction Corporation ("CPMCC"), which is owned and managed by Mr. Ricardo P. Cuerva, who is one of CPGI's Directors and, together with members of his family, a beneficial shareholder of the CPI. CPMCC enters into a construction management agreement with the relevant CPGI subsidiary for each project, and Mr. Cuerva functions as a construction manager by subcontracting specialty services to third parties to ensure that prices are competitive, managing construction laborers, and procuring raw and finishing materials for the project directly from suppliers to minimize costs.

Marketing And Sales

The Company utilizes the group's local and international marketing network and believes it is one of the most active industry players when it comes to sales and marketing. The local and international marketing and distribution network consists of 637 exclusive agents who receive monthly allowances and commissions, 1,325 commission-based agents and 65 brokers as of December 31, 2018.

The Company believes that the members of the sales and marketing team receive a very competitive remuneration package and commission incentives. CPGI and its subsidiaries maintains an office in Singapore, Italy and has collaborations with various selling partners in the United States, Canada, the United Kingdom, France, Germany, Ireland, Italy, the United Arab Emirates, Bahrain, China, Brunei, Australia, Malaysia and Singapore in response to the ever-growing demand of its international clients. In recent periods, a significant percentage of CPGI's revenue has been attributable to Overseas OFWs, expatriate Filipinos and other overseas buyers.

The Company's advertising and promotional campaigns include the use of show rooms, print and outdoor advertising, fliers, leaflets and brochures designed specifically for the particular target market. The advertising and promotional campaigns are carefully conceptualized and managed by the Company's Corporate Communications Department. The Company uses strategic partnerships with prominent international brands and local and international celebrities to attract interest in its properties. In addition, the Company also uses non-traditional marketing efforts such as sponsorship of conventions and other events and corporate presentations. Furthermore, the Company partners with local TV stations and local artists to further increase brand awareness.

Sales And Customer Financing

The Company normally conducts pre-selling of its property units prior to both construction and project completion. Customers generally start with the payment of non-refundable, non-transferable pre-sale fee that is valid for 30 calendar days from the date of payment. Within this period, the customer is required to submit the complete post-dated checks covering the monthly amortizations and the final turnover balance.

Notwithstanding certain buyers who opt to pay the purchase price in full and in cash, the Company requires 20% to 50% of the total purchase price to be paid during the construction stage, which is between three to five years. On the turnover date, the buyers would have fully paid the required 20% to 50% of the total purchase price, and would be required to either pay the balance in cash or apply for a bank-financed loan. The Company assists qualified homebuyers in obtaining mortgage financing from government-sponsored mortgage lenders and from commercial banks.

Sales Cancellations

Default and cancellations are subject to a variety of circumstances beyond the Company's control, such as adverse economic and market conditions as well as increase in interest rates.

After Sales Services

The Company provides maintenance services through its subsidiary CPMI on projects that are fully turned over to the owners. The Company believes that CPMI's management of the completed projects increases their asset value.

The Company obtains feedback from the unit owners in order to provide quality home dwelling units in the future and to enhance long-term relationships with them. Finally, the Company has an in-house leasing department to handle the leasing and re-sale needs of its clients.

Insurance

The Company believes that it has sufficient insurance coverage that is required by Philippine regulations for real and personal property. Subject to customary deductibles and exclusions,

the Company's insurance policies include coverage for, among other things, building and improvements, machinery and equipment, furniture, fixtures and fittings against damage from fire and natural perils, machinery breakdown, third-party liability to the public and construction works. The Company is not covered by business interruption insurance.

Competition

The Philippine real estate development industry is highly competitive. CPGI's primary competitors are real estate companies that also focus on developing residential and commercial buildings in the Philippines. The Company believes that customers choose among competing real estate companies based on design, amenities, price, location, developer reputation, quality of finishes, after-sales support services, unit sizes, monthly amortization and financing terms. Century's competitors vary depending on the target market. The main competitors are Ayala Land, Inc., DMCI Homes, Filinvest Land Inc., Megaworld Corp., Robinson Land Corp., Rockwell Land Corporation, and Vista Land & Lifescapes, Inc.

The Company believes that it can effectively compete with other companies in its industry through innovative branding strategies to effectively enhance brand visibility and product appeal while attempting to reinforce credibility as a leading developer in the Philippines. The Company is also developing properties in partnership with global brand names and setting up various marketing offices abroad to cater to foreign customers, Filipinos based abroad and OFW's.

Suppliers

The Company has a broad base of suppliers both local and international. The Company is not dependent on one or limited number of suppliers.

Customers

The Company has a broad market base including local and foreign individual and institutional clients.

Intellectual Property

The Company through its Subsidiaries has several trademarks/trade name and logos registered with the Intellectual Property Office of the Philippines. These trademarks have registration licenses and the management has continuously maintained its renewal after such registration anniversary for exclusive use of trademarks, names and logos.

The following are significant trademarks and logos of the Company's Subsidiaries registered which the management protects and secures licenses in updating its rights to use exclusively for its operations:

Century City Development Corporation

| Trademark Title | Registration No. | Registration Date | Status |
|---|------------------|-------------------|----------------------------|
| The Knightsbridge Residences at Century | 4-2008-002251 | 07/07/2009 | Active |
| The Gramercy Residences | 4-2007-003346 | 08/13/2007 | For renewal of application |
| Century City Development Corporation | 4-2007-003034 | 08/13/2007 | For renewal of application |
| The Gramercy Residences at Century City | 4-2007-003343 | 08/13/2007 | For renewal of application |

| | | | |
|------------------------|---------------|------------|----------------------------|
| MOMA the Modern Makati | 4-2007-004279 | 10/29/2007 | For renewal of application |
| Century City | 4-2007-003035 | 08/13/2007 | For renewal of application |
| Century City Mall | 4-2013-001793 | 02/18/2013 | Active |
| Century City Mall | 4-2013-001794 | 07/25/2013 | Active |

Century Limitless Corporation

| Trademark Title | Registration No. | Registration Date | Status |
|---|------------------|-------------------|--------|
| The Sanctuary Cove | 4-2009-006601 | 05/20/2010 | Active |
| Sanctuary Cove (Stylized) | 4-2009-006622 | 05/20/2010 | Active |
| Acqua Private Residences | 4-2010-009211 | 09/15/2011 | Active |
| Acqua Private Residences and Design | 4-2010-009212 | 09/15/2011 | Active |
| The Pebble | 4-2011-003766 | 09/15/2011 | Active |
| Niagara Tower | 4-2011-003771 | 09/15/2011 | Active |
| Sutherland Tower | 4-2011-003772 | 09/15/2011 | Active |
| Dettifoss Tower | 4-2011-003770 | 09/15/2011 | Active |
| Yosemite Tower | 4-2011-003767 | 09/15/2011 | Active |
| Acqua Victoria Tower | 4-2011-003768 | 09/15/2011 | Active |
| Iguazu Tower | 4-2011-003769 | 09/15/2011 | Active |
| The Atlantis Residences | 4-2009-004741 | 11/19/2009 | Active |
| The Atlantis | 4-2009-004742 | 11/19/2009 | Active |
| Azure Urban Resort Residences | 4-2009-010680 | 05/20/2010 | Active |
| Azure Urban Resort Residences with a Rectangle | 4-2009-010681 | 05/20/2010 | Active |
| Azure Urban Resort Residences with a Rectangle Active | 4-2009-010682 | 05/20/2010 | Active |
| Acqua Iguazu Yoo Inspired by Starck | 4-2011-014335 | 12/01/2011 | Active |
| The Residences at Commonwealth by Century and Logo | 4-2012-009282 | 07/27/2012 | Active |
| Nova by Century | 4-2013-00009720 | 08/14/2013 | Active |
| Novacity by Century | 4-2013-00009728 | 08/14/2013 | Active |
| PHirst Park Homes | 4-2017-002150 | 06/22/2017 | Active |
| PHirst | 4-2017-002148 | 06/22/2017 | Active |
| PHirst Park Homes Tanza | 4-2017-002149 | 06/15/2017 | Active |
| Azure | 4-2017-009341 | 06/16/2017 | New |
| Miami | 4-2017-009350 | 06/16/2017 | New |
| Rio | 4-2017-009342 | 06/16/2017 | New |
| Azure North | 4-2017-009355 | 06/16/2017 | New |
| St. Tropez | 4-2017-009344 | 06/16/2017 | New |
| Rio at the Azure | 4-2017-009343 | 06/16/2017 | New |
| The St. Tropez at the Azure | 4-2017-009345 | 06/16/2017 | New |
| The Santorini at the Azure | 4-2017-009346 | 06/16/2017 | New |

| | | | |
|---------------------------|---------------|------------|-----|
| Positano at the Azure | 4-2017-009347 | 06/16/2017 | New |
| Maui | 4-2017-009348 | 06/16/2017 | New |
| Maui at the Azure | 4-2017-009349 | 06/16/2017 | New |
| The Miami at the Azure | 4-2017-009351 | 06/16/2017 | New |
| The Maldives at the Azure | 4-2017-009352 | 06/16/2017 | New |
| Bahamas at the Azure | 4-2017-009353 | 06/16/2017 | New |
| Boracay at the Azure | 4-2017-009354 | 06/16/2017 | New |
| Barbados at Azure North | 4-2017-009356 | 06/16/2017 | New |
| Monaco at Azure North | 4-2017-009357 | 06/16/2017 | New |
| Bali at Azure North | 4-2017-009358 | 06/16/2017 | New |
| Batulao Artscapes | 4-2017-009367 | 06/16/2017 | New |
| Batulao Artscapes | 4-2017-009368 | 06/16/2017 | New |
| Artventure | 4-2017-011921 | 07/28/2017 | New |
| Artscapes | 4-2017-011920 | 07/28/2017 | New |
| Co. Dorms | 4-2018-002012 | 02/02/2018 | New |
| Co. Livingspaces | 4-2018-002013 | 02/02/2018 | New |
| Co. | 4-2018-002014 | 02/02/2018 | New |
| Co. Spaces | 4-2018-002015 | 02/02/2018 | New |
| Prima | 4-2018-002016 | 02/02/2018 | New |
| Prima Villahome | 4-2018-002017 | 02/02/2018 | New |
| Prima Townvilla | 4-2018-002018 | 02/02/2018 | New |
| Prima Resorthome | 4-2018-002019 | 02/02/2018 | New |

Century Communities Corporation

| Trademark Title | Registration No. | Registration Date | Status |
|--------------------------------|------------------|-------------------|----------------------------|
| Century Communities and Device | 4-2007-003036 | 08/13/2007 | For renewal of application |
| Mt. Batulao by Century | 4-2015-001992 | 11/05/2015 | Active |

Century Destinations and Lifestyle Corp.

| Trademark Title | Registration No. | Registration Date | Status |
|---------------------------------|------------------|-------------------|--------|
| Narra Hotels & Resorts and Logo | 4-2014-006411 | 05/21/2014 | Active |
| Crib by Narra and Design | 4-2014-006413 | 05/21/2014 | Active |
| Crib Hotels | 4-2014-006412 | 05/21/2014 | Active |

Century Properties Group, Inc.

| Trademark Title | Registration No. | Registration Date | Status |
|------------------|------------------|-------------------|--------|
| Cape San Vicente | 4-2015-001994 | 02/24/2015 | Active |

| | | | |
|---------------|---------------|------------|--------|
| A Censo Homes | 4-2015-001995 | 02/24/2015 | Active |
| Censo Homes | 4-2015-001993 | 02/24/2015 | Active |

Government Approvals/Regulations

The Company secures various government approvals such as the Environmental Compliance Certificates (ECC), development permits, licenses to sell, etc. as part of the normal course of its business.

The Company has no principal product that has pending government approval as of December 31, 2018.

As of December 31, 2018, the Company is not aware of any existing or probable governmental regulations that will have an impact on the Company's operations.

MATERIAL AGREEMENTS

The Company and its Subsidiaries, in the ordinary course of its trade and business, have executed material agreements for land acquisition, service agreements and licensing agreements with global brands it has partnered with, and insurance contracts.

Likewise, the Company and its Subsidiaries execute standard contracts to sell for the sale of its condominium units, which is the repository of the provisions that govern the relationship and the rights and obligations of the parties until the execution of the deed of absolute sale. A standard deed of absolute sale for the sale of the condominium units is executed upon full payment of all installments due for the purchase of the unit.

DESCRIPTION OF PROPERTIES

The following is a list of properties owned by the Company and its Subsidiaries as of December 31, 2018. The list excludes condominium titles under the development projects which have been completed although titles are still under the Subsidiaries' names as payments thereof have not yet been completed by the buyers. The list likewise excludes properties which are covered by joint venture agreements and properties still subject to contracts to sell, the titles of which have not been transferred in the name of the Company or Subsidiary upon full payment of the contract price. In pursuit of its trade and business, the Company and its Subsidiaries have entered into various mortgage agreements covering its properties in favor of financial institutions for the purposes of securing development loans.

The Company and its Subsidiaries do not lease any land for development. It leases its office located at Pacific Star Building in Makati City.

| CENTURY CITY | OWNER'S NAME | (TCT NOS.) | ADDRESS | DESCRIPTION AND USE |
|--------------------------|---|------------------------|---|----------------------------|
| DIAMOND (FORBES) | CENTURY CITY DEVELOPMENT CORP. | TCT NO. 224334 | Valdez St. | Retail / Residential |
| SPIRE | CENTURY CITY DEVELOPMENT CORP. | TCT NO. 224336 | Gen. Luna St. | Retail / Residential |
| CENTURY CITY MALL | CENTURY CITY DEVELOPMENT CORP. | TCT NO. 224337 | Kalayaan Ave. | Commercial |
| | | | | |
| CLC – ACQUA | OWNER'S NAME | (TCT NOS.) | ADDRESS | DESCRIPTION AND USE |
| IGUAZU | CENTURY LIMITLESS CORPORATION | TCT NO. 008-2011001018 | Brgy. Hulo, Mandaluyong | Residential |
| YOSEMITE | CENTURY LIMITLESS CORPORATION | TCT NO. 008-2011000715 | Brgy. Hulo, Mandaluyong | Residential |
| | | | | |
| CLC – AZURE | OWNER'S NAME | (TCT NOS.) | ADDRESS | DESCRIPTION AND USE |
| BAHAMAS | COLUMBIAN MOTORS CORP. | TCT NO. 010-2013003875 | BRGY. LA HUERTA, PARAÑAQUE CITY | Retail / Residential |
| | | | | |
| CLC – AZURE NORTH | OWNER'S NAME | (TCT NOS.) | ADDRESS | DESCRIPTION AND USE |
| MONACO | CENTURY LIMITLESS CORPORATION | TCT NO. 042-2018009772 | BRGY. SAN JOSE, SAN FERNANDO CITY, PAMPANGA | Retail / Residential |
| BALI | CENTURY LIMITLESS CORPORATION | TCT NO. 042-2018009773 | BRGY. SAN JOSE, SAN FERNANDO CITY, PAMPANGA | Retail / Residential |
| BARBADOS | HOUSE OF DAVID REALTY & DEVELOPMENT CORP. | TCT NO. 042-2017014284 | BRGY. SAN JOSE, SAN FERNANDO CITY, PAMPANGA | |
| | | | | |
| CLC – ACQUA | OWNER'S NAME | (TCT NOS.) | ADDRESS | DESCRIPTION AND USE |
| OSMEÑA EAST | CENTURY LIMITLESS CORPORATION | TCT NO. 004-2017010835 | MATANDANG BALARA, QUEZON CITY | Residential |
| ROXAS WEST | CENTURY LIMITLESS CORPORATION | TCT NO. 004-2017010836 | MATANDANG BALARA, QUEZON CITY | Residential |

| | | | | |
|--------------|-------------------------------|-------------------------------|----------------------------------|-------------|
| QUIRINO WEST | CENTURY LIMITLESS CORPORATION | TCT NO. 004- 2017010841 | MATANDANG BALARA, QUEZON CITY | Residential |
| QUIRINO EAST | CENTURY LIMITLESS CORPORATION | TCT NO. 004- 2017010839 | MATANDANG BALARA, QUEZON CITY | Residential |
| QUEZON SOUTH | CENTURY LIMITLESS CORPORATION | TCT NO. 004- 2017010838 | MATANDANG BALARA, QUEZON CITY | Residential |

The cost value of office, computers, furniture and fixture, transportation, and other equipment is ₱1,303.62 million, with a net book value of ₱1,117.65 million as of September 30, 2018. The cost value of construction equipment is ₱251.5 million, and were fully depreciated as of September 30, 2018. The total cost value of equipment owned by the Company and its Subsidiaries as of September 30, 2018 is ₱1,555.11 million, with a net book value of ₱1,117.65 million as of September 30, 2018.

The following is a schedule of equipment owned by the Company and its Subsidiaries as of September 30, 2018.

| Company (in Million Pesos) | Construction Equipment | | Office & Other Equipment | | Consolidated | |
|--|---------------------------|-------------------|-----------------------------|-------------------|--------------|-------------------|
| | Cost | Net Book Value | Cost | Net Book Value | Cost | Net Book Value |
| Century City Development Corporation | 127.44 | 0.00 | 74.49 | 20.48 | 201.93 | 20.48 |
| Century Limitless Corporation | 107.28 | - | 1,112.54 | 1,073.89 | 1,219.82 | 1,073.89 |
| Milano Development Corporation | 11.72 | 0.00 | 0.18 | 0.00 | 11.91 | 0.00 |
| Centuria Medical Development Corporation | 5.06 | - | 4.30 | 1.40 | 9.36 | 1.40 |
| Century Communities Corp | - | - | 12.24 | 0.01 | 12.24 | 0.01 |
| Century Properties Management Inc. | - | - | 61.45 | 21.46 | 61.45 | 21.46 |
| Century Properties Group Inc. | - | - | 38.41 | 0.41 | 38.41 | 0.41 |
| Total | 251 | 0 | 1,304 | 1,118 | 1,555 | 1,118 |

REGULATORY AND ENVIRONMENTAL MATTERS

LAW ON HOUSING AND LAND PROJECTS

Presidential Decree No. 957: The Subdivision and Condominium Buyer's Protective Decree

Presidential Decree No. 957, otherwise known as The Subdivision and Condominium Buyer's Protective Decree ("P.D. 957") is the principal statute which regulates the development and sale of real property as part of a condominium project. It was enacted pursuant to the policy of the state to ensure that real estate subdivision owners, developers, operators, and/or sellers provide and properly maintain roads, drainage, sewerage, water systems, lightning systems and other similar basic requirements in order to guarantee the health and safety of home and lot buyers.

P.D. 957 covers subdivision projects and all areas included therein for residential, commercial, industrial and recreational purposes, and condominium projects for residential or commercial purposes. The HLURB is the administrative agency of the Government which, together with LGUs, enforces these decrees and has jurisdiction to regulate the real estate trade and business.

All condominium plans for residential, commercial, industrial and other development projects are subject to approval by the pertinent LGU of the area in which the project is situated. The development of condominium projects can commence only after the LGU has issued the relevant permits and the HLURB has issued the development permit.

The issuance of a development permit is dependent on, among others (i) compliance with required project standards and technical requirements which may differ depending on the nature of the project, and (ii) issuance of the barangay clearance, the HLURB locational clearance, zoning clearance, DENR permits such as the Environmental Compliance Certificate ("ECC"), and Department of Agrarian Reform ("DAR"), permit to drill from the National Water Resources Board, as applicable, and such other permits and approvals, as discussed below.

Further, all condominium project plans are required to be filed with and approved by the HLURB. Approval of such plans is conditional on, among other things, the developer's financial, technical and administrative capabilities. Before it is approved, the subdivision plan must comply with the Subdivision Standards and Regulations. On the other hand, the condominium plan, in addition to complying with the same procedure, must also comply with Presidential Decree No. 1096 or the National Building Code ("Building Code"), with respect to the building(s) included in the condominium project.

Alterations of approved plans, which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the HLURB and the written conformity or consent of the duly organized homeowners association.

Owners of, or dealers in, real estate projects are required to obtain licenses to sell before making sales or other dispositions of real estate projects. Dealers, brokers and salesmen are also required to register with the HLURB. Project permits and licenses to sell may be suspended, cancelled or revoked by the HLURB by itself or upon complaint from an interested party for reasons such as insolvency or violation of any of the provisions of P.D. 957. A license or permit to sell may only be suspended, cancelled or revoked after a notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the HLURB's rules of procedure and other applicable laws.

Subdivision or condominium units may be sold or offered for sale only after a license to sell has been issued by the HLURB. The license to sell may be issued only against a performance bond posted to guarantee the completion of the construction and maintenance of the roads, gutters, drainage, sewerage, water system, lighting systems and full development of the subdivision or condominium project and compliance by the owner or dealer with the applicable laws and regulations.

As a requisite for the issuance of a license to sell, developers are required to file with HLURB any of the following to guarantee the construction and maintenance of roads, gutters, drainage, sewerage, water system, lighting systems, and full development of the subdivision or condominium project and compliance with applicable laws, rules and regulations:

1. A surety bond callable upon demand equivalent to twenty percent (20%) of the development cost of the unfinished portion of the approved plan, issued by a duly accredited bonding company (whether private or government), and acceptable to HLURB;
2. A real estate mortgage executed by the applicant developer as mortgagor in favor of the Republic of the Philippines, as represented by HLURB as mortgagee over property other than that subject of the application, free from any liens and encumbrance and provided that the value of the property, computed on the basis of the zonal valuation of the BIR, shall be at least 20% of the total development cost; or
3. Other forms of security equivalent to ten percent (10%) of the development cost of the unfinished portion of the approved plan which may be in the form of the following:
 - a) a cash bond;
 - b) a fiduciary deposit made with the cashier and/or disbursing officer of HLURB;
 - c) a certificate of guaranty deposit issued by any bank or financing institution of good standing in favor of HLURB for the total development cost;
 - d) a letter from any bank of recognized standing certifying that so much has been set aside from the bank account of the developer in favor of HLURB, which amount may be withdrawn by HLURB at any time the developer fails or refuses to comply with its duties and obligations under the bond contract; or
 - e) any irrevocable credit line to be utilized in the development of the project from any bank of recognized standing and a refinancing re-structuring program indicating sources of funding from duly accredited funding institutions.

On 14 September 2017, the HLURB issued Resolution No. 957, Series of 2017, which requires developers of condominium projects to secure a building permit from the local government as a condition for the issuance of the license to sell to ensure that condominium projects when constructed conform with the Building Code and its implementing rules and regulations. Previously, developers of condominium projects are able to secure a temporary license to sell and are allowed to submit the building permit as a post requirement to registration and license to sell for condominium projects pursuant to Board Resolution No. 756, Series of 2003.

The HLURB is vested with quasi-judicial powers and regulatory functions necessary for the enforcement and implementation of P.D. 957. Among these regulatory functions are: (i) regulation of the real estate trade and business; (ii) registration of subdivision lots and condominium projects; (iii) issuance of license to sell subdivision lots and condominium units in the registered units; (iv) approval of performance bond and the suspension of license to sell; (v) registration of dealers, brokers and salesman engaged in the business of selling subdivision lots or condominium units; (vi) revocation of registration of dealers, brokers, and salesmen; (vii) approval of mortgage on any subdivision lot or condominium unit made by the owner or developer; (viii) granting of permits for the alteration of plans and the extension of

period for completion of subdivision or condominium projects; (ix) approval of the conversion to other purposes of roads and open spaces found within the project which have been donated to the city or municipality concerned; (x) regulation of the relationship between lessors and lessees; and (xi) hear and decide cases on unsound real estate business practices, claims involving refund filed against project owners, developers, dealers, brokers or salesmen, and cases of specific performance.

The HLURB is also authorized, *motu proprio* or upon verified complaint filed by a buyer of a subdivision lot or condominium unit, to revoke the registration of any subdivision or condominium project and the license to sell any subdivision lot or condominium unit in said project upon showing that the owner or dealer:

- a) is insolvent;
- b) has violated any of the provisions of P.D. 957, or any applicable rule or regulation of HLURB, or any undertaking under his/its bond;
- c) has been or is engaged or is about to engage in fraudulent transactions;
- d) has made any misrepresentation in any prospectus, brochure, circular, or other literature about the subdivision project or condominium project that has been distributed to prospective buyers; or
- e) does not conduct his business in accordance with law or sound business principles.

Project permits and licenses to sell may be suspended, cancelled or revoked by the HLURB, by itself or upon a verified complaint from an interested party, for reasons such as involvement in fraudulent transactions, misrepresentation, and/or failure to conduct business in accordance with law or sound business principles. A license or permit to sell may only be suspended, cancelled or revoked after a written notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with HLURB's rules of procedure and other applicable laws.

Pursuant to its regulatory functions, HLURB issued Memorandum Circular No. 3, Series of 2016, or the 2015 Guidelines on Time of Completion ("Guidelines"). Under the Guidelines, every owner or developer is required to complete a project, including the construction and provision of amenities and facilities, improvements, infrastructures and other forms of development such as water supply and electrical facilities, which are offered and indicated in the approved project plans, brochures, prospectus, printed matters, letters or any form of advertisement, within one (1) year from the date of the issuance of the license to sell of the project, or such other period of time as may be fixed by HLURB.

In the case of residential subdivision project with house and lot package, there are separate periods of completion for land development and house construction. For land development, the work program or program of development submitted for approval by the owner or developer upon application for the project's certificate of registration and license to sell shall primarily be the basis for fixing the period of completion. Subdivision or condominium amenities and facilities included in the approved project plans, brochures, prospectus, printed matters, letters or any forms of advertisement, should also be developed and completed within the submitted and approved period for the project's land development.

On the other hand, for projects with housing components, the period of completion and delivery of any housing unit purchased shall be explicitly provided in the contract to sell or any purchase agreement, and in the absence of such provision or in case of failure to indicate the same, the period of completion and delivery of the housing unit shall in no case exceed one (1) year from the date of purchase.

Generally, no extension or additional period of time may be granted by HLURB to develop and complete the project unless such failure or inability of the owner or developer to complete the project within the original period is caused by any of the following exceptional circumstances:

1. Existence of sub-soil conditions discoverable only after actual excavation works in the project and would necessarily require additional excavation time;
2. Occurrence of an event which is independent of the will of the owner or developer, unforeseeable or unavoidable, and causes damage to the on-going project that requires reconstruction or causes delays which are directly attributable to the event and renders its completion within the original approved period impossible in a normal manner; provided, that the owner or developer did not participate or aggravate the damage sustained by the project; or
3. An issuance of a lawful order of the court, government agency or LGU resulting to the temporary enjoinder or stoppage of the construction or development of the project, except when the issuance of such order is attributable to any fault, mistake, or negligence on the part of the owner or developer, or by reason of any dispute between the owner and developer in the development and completion of the project.

In such exceptional circumstances, the project owner or developer is required to report the event to the Regional Field Office (RFO) of HLURB where the project is registered within thirty (30) days from its occurrence to put on record such event and its effect on the project, and also to notify all lot or unit buyers or owners of its intent to apply for additional time to complete the development of the project. The grant of additional time to complete the project is only effective upon posting by the owner or developer of an acceptable performance bond or security in accordance with existing HLURB rules and guidelines.

Except in cases falling under the exceptional circumstance enumerated above, the non-completion of the project within the approved time of completion shall entitle an affected buyer to exercise its rights in accordance with P.D. 957 and the Civil Code of the Philippines, in addition to other rights and remedies provided for by other laws.

The non-completion of the project within the approved period time of completion may also subject the owner or developer to administrative fines and sanctions such as the suspension of its license to sell and issuance of a corresponding Cease and Desist Order enjoining the owner or developer from further selling any lot, building or improvement or any unit in a project, from advertising the project, and from collecting amortization payment until the project shall have been completed and a Certificate of Completion has been issued by HLURB for the project.

B.P. 220: An Act Authorizing the Ministry of Human Settlements to Establish and Promulgate Different Levels of Standards and Technical Requirements for Economic and Socialized Housing Projects in Urban and Rural Areas from those Provided under Presidential Decrees Numbered Nine Hundred Fifty-Seven, Twelve Hundred Sixteen, Ten Hundred Ninety-Six, and Eleven Hundred Eighty-Five

B.P. 220 (the "Act") and its Implementing Rules and Regulations ("Act-IRR") apply to the development of economic and socialized housing projects in urban and rural areas. Likewise, they apply to the development of either a house and lot or a house or lot only.

Under these issuances, the covered project must be approved by the HLURB or the LGU, as the case may be, before it commences. The approval of the Preliminary Subdivision Development Plan is valid only for a period of one hundred eighty (180) days from approval.

Further, the development design and plans must undergo survey and evaluation conducted by HLURB. The Act-IRR adopted the rules set out by P.D. 957 and its Implementing Rules.

It also sets forth minimum design standards and technical guidelines which are different from those under P.D. 957, the Building Code, P.D. 1216 (Defining Open Space in residential Subdivision), and P.D. 1185 (Fire Code of the Philippines). However, possible variations of the guidelines and standards may be allowed by the HLURB should the strict observance of such cause unnecessary hardship based on specific regional, cultural and economic setting.

A developer who intends to sell the subdivision or condominium should register the project and obtain a license to sell from HLURB. The notice on application for certificate of registration must be published at the expense of the applicant, and a billboard notice must be posted on the project site until the issuance of the license to sell. Failure to publish the notice within 2 weeks from receipt of notice to publish by HLURB will require the developer to re-file the application for the certificate of registration. On 3 May 2017, HLURB has issued Board Resolution No. 948, Series of 2017, which has revoked Board Resolution No. 756, Series of 2003, otherwise known as "Building Permit as a Post Requirement to Registration and License to Sell for Condominium Projects." Thus, condominium developers are now required to register with the HLURB by filing, among other documentary requirements, a building permit, prior to the issuance of license to sell.

In addition to the requirements of registration and license to sell, the Act-IRR also requires the submission of a performance bond and payment of prescribed fees. The Act-IRR also proscribes any sale within two weeks from the registration of the project.

On 7 December 2017, the HLURB issued Resolution No. 954, Series of 2017 which eliminated the following from the list of documentary requirements for the issuance of certificate of registration and license to sell:

- a) certified true copy of conversion order or exemption clearance from the DAR;
- b) resolution conferring authority to the city or municipal mayor or other local government officials to issue development permit;
- c) copy of any circular, prospectus, brochure, advertisement or communication used or to be used for public offering of the subject project and for circulation upon approval of by the HLURB; and
- d) project study (including tabulation of areas)

provided, however, that for item (a), the LGU where the subdivision or condominium project is located has an updated Comprehensive Land Use Plan approved and ratified by the HLURB or the concerned *Sanggunian Panlalawigan* and for item (d), the applicant shall submit a certified true copy of the development permit and the tabulation of the project area/s. This was issued to facilitate and expedite transactions and improve efficiency of delivery frontline of HLURB and thereby ultimately promote construction of more housing projects to solve the housing backlog.

The Act-IRR also provides for several obligations of the developer, such as the initiation of organization and registration of a homeowner's association, and the donation of roads and open spaces found in the project to LGUs of the area after their completion had been certified by the Board.

It must be noted that failure on the part of the developer to develop the project in accordance with the approved project plans within the time specified shall subject the developer to administrative sanctions and penalties. The above-mentioned Guidelines on Time of Completion is also applicable to the projects under the Act.

Further, HLURB mandates subdivision and condominium developer to submit a copy of the special/temporary permit from the Professional Regulation Commission and of the separate permit from the Department of Labor and Employment for foreign architects who signed on plans required under the IRR of P.D. 957 and B.P. 220.

Executive Order No. 71, Series of 1993

Under *Executive Order No. 71, Series of 1993*, cities and municipalities assume the powers of the HLURB over the following:

- a) approval of preliminary as well as final subdivision schemes and development plans of all subdivisions, residential, commercial, industrial, and for other purposes;
- b) approval of preliminary as well as final subdivision schemes and development plans of all economic and socialized housing projects;
- c) evaluation and resolution of opposition against issuance of development permits for any of said projects; and
- d) monitoring the nature and progress of its approved land development projects to ensure their faithfulness to the approved plans and specifications.

Republic Act No. 7279: Urban Development and Housing Act of 1992

Republic Act No. 7279, as amended recently by Republic Act No. 10884, or the Urban Development and Housing Act of 1992, requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least fifteen percent (15%) of the total subdivision area or total subdivision project cost, and at least five percent (5%) of condominium area or project cost, at the option of the developer, within the same city or municipality whenever feasible, and in accordance with the standards set by HLURB and other existing laws. Alternatively, the developer may opt to buy socialized housing bonds issued by various accredited government agencies or enter into joint venture arrangements with other developers engaged in socialized housing development.

On 3 May 2017, HLURB issued Resolution No. 946, Series of 2017, which provides for the rules and regulations implementing Republic Act No. 10884 (“IRR of RA 10884”). The IRR of RA 10884 provides for the other manners in which developers may comply with the required projects for socialized housing which includes the: (i) development of socialized housing in a new settlement; (ii) entering into joint venture arrangements with LGUs, housing agencies, private developer and non-government organization engaged in the provision of socialized housing; and (iii) participation in a new project under the community mortgage program. Under the IRR of RA 10884, the license to sell of the main project may be suspended, cancelled or revoked, if the required compliance project has not been developed or has not been completely developed in accordance with the approved work program and within the period approved by the HLURB.

Republic Act No. 9646: Real Estate Service Act

Real estate dealers, brokers and salesmen are also required to register with HLURB before they can sell lots or units in a registered subdivision or condominium project. Furthermore, no person shall practice or offer to practice real estate service in the Philippines unless he/she has satisfactorily passed the licensure examination given by the Professional Regulatory Board of Real Estate Service. Under Republic Act No. 9646, or the Real Estate Service Act, the real estate service practitioners required to take the licensure examination are:

1. Real estate consultants — duly registered and licensed natural persons who, for a professional fee, compensation or other valuable consideration, offer or render

professional advice and judgment on: (i) the acquisition, enhancement, preservation, utilization or disposition of lands or improvements thereon; and (ii) the conception, planning, management and development of real estate projects;

2. Real estate appraisers — duly registered and licensed natural persons who, for a professional fee, compensation or other valuable consideration, perform or render, or offer to perform services in estimating and arriving at an opinion of or act as an expert on real estate values, such services of which shall be finally rendered by the preparation of the report in acceptable written form; or
3. Real estate brokers — duly registered and licensed natural persons who, for a professional fee, commission or other valuable consideration, act as an agent of a party in a real estate transaction to offer, advertise, solicit, list, promote, mediate, negotiate or effect the meeting of the minds on the sale, purchase, exchange, mortgage, lease or joint venture, or other similar transactions on real estate or any interest therein.

Republic Act No. 4726: The Condominium Act

Republic Act No. 4726, otherwise known as The Condominium Act (“R.A. No. 4726”), as amended, likewise regulates the development and sale of condominium projects.

R.A No. 4726 requires the annotation of the master deed or the declaration of restrictions on the title of the land on which the condominium project shall be located. The master deed contains, among other things, the description of the land, building/s, common areas and facilities of the condominium project. The declaration of restrictions shall constitute a lien upon each condominium unit in the project, and shall insure to and bind all condominium owners in the project. Such liens, unless otherwise provided, may be enforced by any condominium owner in the project or by the management body of such project.

A condominium project may be managed by a condominium corporation, an association, a board of governors or a management agent, depending on what is provided in the declaration of restrictions of the condominium project. However, whenever the common areas are held by a condominium corporation, such corporation shall constitute the management body of the project. The declaration of restrictions shall also provide for voting majorities, quorums, notices, meeting date, and other rules governing such body or bodies.

Any transfer or conveyance of any unit or an apartment, office or store or other space, shall include the transfer or conveyance of the undivided interests in the common areas, or, in a proper case, the membership or shareholdings in the condominium corporation. A condominium corporation shall not, during its existence, sell, exchange, lease, or otherwise dispose of the common areas owned or held by it in the condominium project unless authorized by the affirmative vote of a simple majority of the registered owners with prior notification to all registered owners. Further, the condominium corporation may expand or integrate the project with another upon the affirmative vote of a simple majority of the registered owners, subject only to the final approval of HLURB.

BUILDING PERMITS

Presidential Decree No. 1096 or the National Building Code

Under the Building Code, in order for a person or corporation to erect, construct, alter, repair, move, convert, or demolish any building or structure, a building permit must first be secured from the Building Official assigned at the place where the building work is to be done. A building permit is a written authorization granted by the building official to an applicant allowing him to proceed with the construction of a building after plans, specifications and other pertinent documents required for the construction of the structure have been found to be in conformity with the Building Code.

To obtain a building permit, the applicant must submit the architectural and structural plans (for example, plumbing or sanitary installation plans, mechanical plans, electrical plans, etc.) of the building for the approval of the building official.

BUSINESS PERMITS

Before any company may commence operations in the territory of an LGU, it must secure the permits, clearances and licenses from such LGU. Usually, it is assumed that a corporation has complied with all of the permitting requirements of the LGU if it is issued a business permit (also referred to as a mayor's permit in certain jurisdictions). These permits, clearances and licenses must be renewed on an annual basis.

Without these permits, clearances or licenses, the LGU may shut down the operations of a business establishment until these are obtained and the corresponding fees and penalties are settled.

ZONING AND LAND USE

Republic Act No. 7160: Local Government Code of the Philippines

A city or municipality may, through an ordinance passed by the *Sanggunian*, after conducting public hearings for the purpose, authorize the reclassification of agricultural lands and provide for the manner of their utilization or disposition in the following cases: (i) when the land ceases to be economically feasible and sound for agriculture or (ii) where the land shall have substantially greater economic value for residential, commercial or industrial purposes, as determined by the *Sanggunian* concerned; provided that such reclassification shall be limited to the following percentage of total agricultural land area at the time of the passage of the ordinance:

1. For Highly Urbanized and Independent Component Cities, fifteen percent (15%);
2. For Component Cities and First to Third Class Municipalities, ten percent (10%);
3. For Fourth to Sixth Class Municipalities, five percent (5%).

Land use may be also limited by zoning ordinances enacted by LGUs. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant LGU. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Under the Comprehensive Agrarian Reform Law currently in effect in the Philippines and the regulations issued thereunder by the DAR, land classified for agricultural purposes as of or after June 15, 1988, cannot be converted to non-agricultural use without the prior approval of DAR.

ENVIRONMENTAL LAWS

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain ECC prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau (“EMB”), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the Issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement (“EIS”) to the EMB while a project in an environmentally critical area are generally required to submit an Initial Environmental Examination (“IEE”) to the proper DENR regional office. In case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projects for which EISs and ECCs are mandated.

The EIS refers to both the document and the study of a project’s environmental impact, including a discussion of the scoping agreement identifying critical issues and concerns as validated by the EMB, environmental risk assessment if determined necessary by EMB during the scoping, environmental management program, direct and indirect consequences to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, as a minimum, it contains all relevant information regarding the projects’ environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The ECC is a Government certification, which provides that based on the representations of the proponent, the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the project’s abandonment phase. The ECC also provides for other terms and conditions, any violation of which would result in a fine or the cancellation of the ECC.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund (“EGF”) when the ECC is issued to projects determined by the DENR to pose a significant public risk to life, health, property and the environment. The EGF is intended to answer for damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are mandated to include a commitment to establish an Environmental Monitoring Fund (“EMF”) when an ECC is eventually issued. The EMF shall be used to support the activities of a multi-partite monitoring team which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

While a development project may not fall under the categories wherein an ECC is required, it is still required to obtain a Certificate of Non-Coverage (“CNC”) from the EMB or the DENR

Regional Office. The applicant must submit a Project Description to the EMB, which will then evaluate whether or not an ECC is required for the project. If an ECC is not required, then the EMB will issue a CNC to be submitted to HLURB.

Aside from the EIS and IEE, engineering, geological and geo-hazard assessments are also required for ECC applications covering subdivisions, housing and other land development and infrastructure projects.

All buildings or structures as well as accessory facilities thereto shall conform in all respects to the principles of safe construction under the Building Code. Aside from the building permit under the Building Code, an applicant in specific instances may be required to secure a Height Clearance Permit from the Civil Aviation Authority of the Philippines.

PROPERTY REGISTRATION AND NATIONALITY RESTRICTIONS

Presidential Decree No. 1529: Property Registration Decree

The Philippines has adopted a system of land registration which conclusively confirms land ownership which is binding on all persons, including the Government. Once registered, title to registered land can no longer be challenged except with respect to claims noted on the certificate of title. Title to registered lands cannot be lost through adverse possession or prescription. Presidential Decree No. 1529, as amended, codified the laws relative to land registration and is based on the generally accepted principles underlying the Torrens System.

After proper surveying, application, publication and service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment within fifteen (15) days to the Court of Appeals or the Supreme Court. After the lapse of the period of appeal, the Register of Deeds may issue an Original Certificate of Title. The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration. Similarly, in an administrative proceeding, the land is granted to the applicant by the DENR by issuance of a patent and the patent becomes the basis for issuance of the Original Certificate of Title by the Register of Deeds. All land patents such as homestead, sales and free patents, must be registered with the appropriate registry of deeds since the conveyance of the title to the land covered thereby takes effect only upon such registration.

Any subsequent transfer of encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new Transfer Certificate of Title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

All documents evidencing conveyances of subdivision and condominium units should also be registered with the Register of Deeds. Title to the subdivision or condominium unit must be delivered to the purchaser upon full payment of the purchase price. Any mortgage existing thereon must be released within six months from the delivery of title. To evidence ownership of condominium units, a Condominium Certificate of Title is issued by the Register of Deeds.

NATIONALITY RESTRICTIONS

The Philippine Constitution limits ownership of land in the Philippines to Filipino citizens or to corporations the outstanding capital stock of which is at least sixty percent (60%) owned by Philippine Nationals. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning building and other

permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to forty percent (40%).

Republic Act No. 7042, as amended, otherwise known as the Foreign Investments Act of 1991, and the Ninth Regular Foreign Investment Negative List, provide that certain activities are nationalized or partly- nationalized, such that the operation and/or ownership thereof are wholly or partially reserved for Filipinos. Under these regulations, and in accordance with the Philippine Constitution, ownership of private lands is partly nationalized and thus, landholding companies may only have a maximum of forty percent (40%) foreign equity.

REAL PROPERTY TAXATION

Republic Act No. 7160: Local Government Code of the Philippines

Real property taxes are payable annually based on the property's assessed value. The assessed value of property and improvements vary depending on the location, use and the nature of the property. Land is ordinarily assessed at twenty percent (20%) to fifty percent (50%) of its fair market value; buildings may be assessed at up to 80% of their fair market value; and machinery may be assessed at forty percent (40%) to eighty percent (80%) of its fair market value. Real property taxes may not exceed two percent (2%) of the assessed value in municipalities and cities within Metro Manila or in other chartered cities and 1% in all other areas. An additional special education fund tax of one percent (1%) of the assessed value of the property is also levied annually.

REAL ESTATE SALES ON INSTALLMENTS

Republic Act No. 6552: Maceda Law

The Maceda Law applies to all transactions or contracts involving the sale or financing of real estate on installment payments (including residential condominium units, but excluding industrial lots, commercial buildings and sales under the agrarian reform laws).

Under the Maceda Law, where a buyer of real estate has paid at least two (2) years of installments, the buyer is entitled to the following rights in case he/she defaults in the payment of succeeding installments: (a) To pay, without additional interest, the unpaid installments due within the total grace period earned by him, which is fixed at the rate of one month for every one year of installment payments made. However, the buyer may exercise this right only once every five years during the term of the contract and its extensions, if any (b) if the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to fifty percent (50%) of the total payments made, and in cases where five years of installments have been paid, an additional five percent (5%) every year (but with a total not to exceed ninety percent (90%) of the total payments), or (c) buyers who have paid less than two years of installments are given a sixty (60)-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund. If a buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after thirty (30) days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act from the seller.

CONSTRUCTION LICENSE

A regular contractor's license is required to be obtained from the Philippine Contractors Accreditation Board ("PCAB"). In applying for and granting such license, PCAB takes into consideration the applicant-contractor's qualifications and compliance with certain minimum requirements in the following criteria: (i) financial capacity, (ii) equipment capacity, (iii) experience of the firm, and (iv) experience of technical personnel. Philippine laws also require

a contractor to secure construction permits and environmental clearances from appropriate government agencies prior to actually undertaking each project.

BOARD OF INVESTMENTS

The Board of Investments (“BOI”), an agency attached to the Department of Trade and Industry, was created under the Omnibus Investment Code of 1987 (Executive Order No. 226, as amended). The BOI is responsible for promoting and assisting local and foreign investors to venture in desirable areas of business or economic activities.

Under the Omnibus Investment Code, preferred areas of activities or projects specified by the BOI in the Investment Priorities Plan (“IPP”) enjoy tax exemption and other benefits to enterprises which venture into such projects. Generally, these incentives include the grant of income tax holiday, the duty-free importation of capital goods, exemption from wharfage dues and export tax, and other non-fiscal incentives such as the employment of foreign nationals, streamlined customs procedures, and the importation of consigned equipment.

Depending on whether the activity is classified as a pioneer or a non-pioneer project and provided the registered enterprise meets the project targets, the income tax holiday incentive may be granted for a period of four (4) years to a maximum of six (6) years. However, for eligible mass housing projects in the National Capital Region, Metro Cebu and Metro Davao region, the BOI limits the Income Tax Holiday incentive granted to such registered project to three years.

Based on the latest BOI guidelines, economic and low-cost housing projects must meet the following criteria to qualify for registration: (a) the selling price of each housing unit shall be more than Four Hundred Fifty Thousand Pesos (₱450,000.00) but not exceeding Three Million Pesos (₱3,000,000.00), (b) the project must have a minimum of twenty (20) livable dwelling units in a single site or building, (c) the project must be new or expanding economic/low-cost housing project, (d) for vertical housing projects, at least fifty one percent (51%) of the total floor area, excluding common facilities and parking areas, must be devoted to housing units.

All economic/low-cost housing projects are required to comply with socialized housing requirement by building socialized housing units in an area equivalent to at least twenty percent (20%) of the total registered project area or total BOI registered project cost for horizontal housing and twenty percent (20%) of the total floor area of qualified saleable housing units for vertical housing projects.

SPECIAL ECONOMIC ZONE

The Philippine Economic Zone Authority is the government agency that operates, administers and manages designated special economic zones. An Ecozone is a comprehensive land use plan generally created by proclamation of the President of the Philippines. These are areas earmarked by the Government for development into balanced agricultural, industrial, commercial, and tourist/recreational regions.

An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, and tourist/recreational centers. PEZA-registered enterprises located in an Ecozone are entitled to fiscal and non-fiscal incentives such as income tax holidays and duty-free importation of equipment, machinery and raw materials.

Enterprises offering IT services (such as call centers and other BPO firms using electronic commerce) are entitled to fiscal and non-fiscal incentives if they are PEZA-registered locators in a PEZA-registered IT Park, IT Building, or Ecozone. An IT Park is an area which has been developed into a complex capable of providing infrastructure and support facilities required by

IT enterprises, as well as amenities required by professionals and workers involved in IT enterprises, or easy access to such amenities. An IT Building is an edifice, a portion or the whole of which, provides such infrastructure, facilities and amenities.

PEZA requirements for the registration of an IT Park or IT Building differ depending on whether it is located in or outside of Metro Manila. These PEZA requirements include clearances or certifications issued by the city or municipal legislative council, the Department of Agrarian Reform, the National Water Resources Board and the Department of Environment and Natural Resources (DENR).

Certain properties of the Company are proclaimed Ecozones. Tenants in those properties may register with PEZA to avail of significant benefits under RA 7916 and its Implementing Rules and Regulations. They can, for example, take advantage of income tax incentives such as income tax holidays or five percent (5%) gross income taxation, thereby making tenancy in our buildings located in Ecozones potentially more attractive.

COMPETITION

Republic Act No. 10667: The Philippine Competition Act

R.A. No. 10667, or the Philippine Competition Act (“PCA”) with its implementing rules and regulations (“IRR”), is the primary competition policy of the Philippines. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities.

The PCA prohibits and imposes sanctions on:

1. Anti-competitive agreements between or among competitors, which restrict competition as to price, or other terms of trade and those fixing price at an auction or in any form of bidding including cover bidding, bid suppression, bid rotation and market allocation and other analogous practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting or lessening competition;
2. Practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrict or lessen competition; and
3. Merger or acquisitions which substantially prevent, restrict or lessen competition in the relevant market or in the market for goods or services.

Moreover, the parties to a merger, acquisition or joint venture are required to comply with the compulsory notification requirements of the Philippine Competition Commission (“PCC”), the agency responsible for the implementation of the PCA, within thirty (30) days from the signing of the definitive agreements relating to the transaction:

1. In a merger or acquisition of assets, the value of the transaction exceeds Two Billion Two Hundred Million Pesos (₱2,200,000,000.00), and the gross revenue and assets of the ultimate parent entity of one of the parties to the transaction exceeds Five Billion Six Hundred Million Pesos (₱5,600,000,000.00); or
2. As a result of a proposed acquisition of voting shares of a corporation or of an interest in a non-corporate entity, the acquiring entity, together with its affiliates, would own thirty-five percent (35%) of the voting shares or shares entitled to profits, or increase the said shareholdings to fifty percent (50%);

3. In a notifiable joint venture transaction, if either (i) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds Two Billion Two Hundred Million Pesos (₱2,200,000,000) or (ii) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed Two Billion Two Hundred Million Pesos (₱2,200,000,000).

Violations of the PCA and its IRR have severe consequences. Under the PCA and its IRR, a transaction that meets the thresholds and does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of 1 to 5% of the value of the transaction. Criminal penalties for entities that enter into these defined anti-competitive agreements include: (i) a fine of not less than Fifty Million Pesos (₱50,000,000) but not more than Two Hundred Fifty Million Pesos (₱250,000,000); and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of One Hundred Million Pesos (₱100,000,000) to Two Hundred Fifty Million Pesos (₱250,000,000) may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

On 15 September 2017, the PCC published the 2017 Rules of Procedure (“Rules”) which apply to investigations, hearings, and proceedings of the PCC, except to matters involving mergers and acquisitions unless otherwise provided. It prescribes procedures for fact-finding or preliminary inquiry and full administrative investigations by the PCC. The Rules also include non-adversarial remedies such as the issuance of binding rulings, show cause orders, and consent orders.

On 23 November 2017, the PCC published the 2017 Rules on Merger Procedures (“Merger Rules”) which provides the procedure for the review or investigation of mergers and acquisition pursuant to the Philippine Competition Act. The Merger Rules provides, among others, that parties to a merger that meets the thresholds in Section 3 of Rule 4 of the IRR are required to notify the PCC within 30 days from signing of definitive agreements relating to the merger.

Recognizing that joint ventures can result in business efficiencies, the PCC issued Guidelines on Notification of Joint Ventures (“JV Guidelines”) on 9 September 2018 as joint venture agreements may pose competition concerns as these may result in a substantial lessening of competition in a relevant market. Under the JV Guidelines, joint ventures may be formed by any of the following: (i) incorporating a joint venture company; (ii) entering into a contractual joint venture; or (iii) acquiring shares in an existing corporation. In determining whether the transaction is subject to PCC notification, it must be examined if joint control will exist between or among the joint venture partners. In the absence of joint control, the relevant thresholds for acquisition of shares shall be applied.

LEGAL PROCEEDINGS

From time to time, the Company and its Subsidiaries, its Board of Directors and Key Officers are subject to various civil, criminal and administrative lawsuits and other legal actions arising in the ordinary course of its business. Typical cases include adverse claims over title to land, claims for recovery of money and damages and claims for cancellations of sales agreements and refund of deposits. In the opinion of the Company's management, as of the date of this Prospectus, none of the lawsuits or legal actions to which it is currently subject will materially affect the daily operations of its business nor will they have a material adverse effect on the Company's consolidated financial position and results of operations.

MARKET PRICE OF AND DIVIDENDS ON 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:

| <u>(in ₱)</u> | 2018 | | | 2017 | | | 2016 | | |
|----------------|-------------|------------|--------------|-------------|------------|--------------|-------------|------------|--------------|
| <u>Quarter</u> | <u>High</u> | <u>Low</u> | <u>Close</u> | <u>High</u> | <u>Low</u> | <u>Close</u> | <u>High</u> | <u>Low</u> | <u>Close</u> |
| First quarter | 0.49 | 0.42 | 0.44 | 0.62 | 0.49 | 0.49 | 0.61 | 0.40 | 0.55 |
| Second quarter | 0.53 | 0.42 | 0.44 | 0.59 | 0.49 | 0.55 | 0.60 | 0.49 | 0.51 |
| Third quarter | 0.48 | 0.43 | 0.45 | 0.69 | 0.49 | 0.52 | 0.78 | 0.50 | 0.58 |
| Fourth quarter | 0.45 | 0.38 | 0.43 | 0.54 | 0.46 | 0.49 | 0.75 | 0.51 | 0.55 |

The closing price of the Company's shares of stock as of March 25, 2019 is ₱0.52 per share.

STOCKHOLDERS

The number of shareholders of the Company of record as of December 31, 2018 was Four Hundred Ninety Eight (498). The number of issued and outstanding common shares of the Company as of December 31, 2018 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 December 31, 2018 are as follows:

| Name | Number of Shares Held | % to Total |
|--|------------------------------|-------------------|
| 1. Century Properties Inc. | 5,612,370,679 | 47.970 |
| 2. PCD Nominee Corporation (Filipino) | 4,643,620,211 | 39.690 |
| 3. Ricardo P. Cuerva | 214,995,168 | 1.838 |
| 4. Jaimie Marie C. Cuerva | 214,995,160 | 1.838 |
| 5. Lourdes C. Cuerva | 214,995,160 | 1.838 |
| 6. Ma. Cristina Louise C. Cuerva | 214,995,160 | 1.838 |
| 7. Ricardo C. Cuerva | 214,995,160 | 1.838 |
| 8. PCD Nominee Corporation (Non-Filipino) | 181,077,652 | 1.654 |
| 9. Triventures Construction & Management Corp. | 119,441,756 | 1.021 |
| 10. F. YAP Securities Inc. | 43,183,755 | 0.369 |
| 11. Ernesto B. Lim | 12,669,508 | 0.108 |

| | | |
|-----------------------------------|-----------|-------|
| 12. Qui Nini | 6,800,000 | 0.058 |
| 13. Alfred Reiterer | 2,000,000 | 0.017 |
| 14. Pedro Rizaldy Alarcon | 1,000,000 | 0.009 |
| 15. Antonio A. Inductivo | 723,959 | 0.006 |
| 16. Victor S. Chiongbian | 688,732 | 0.006 |
| 17. Vicente Goquiolay & Co., Inc. | 395,288 | 0.003 |
| 18. Magdalena B. Delmar, Jr. | 361,458 | 0.003 |
| 19. Crisanto L. Dapigran | 217,000 | 0.002 |
| 20. Pacifico B. Tacub | 150,661 | 0.001 |

FOREIGN EQUITY HOLDERS

As of 31 December 2018, the percentage of the total outstanding capital stock of the Company held by foreigners is 1.606%.

| Class of Shares | Total Outstanding Shares | Local Shares | Foreign Shares |
|---------------------|--------------------------|----------------|----------------|
| Common Shares | 11,599,600,690 | 11,411,722,737 | 187,877,953 |
| Percentage Holdings | | 98.38% | 1.62% |

CPGI'S DIVIDENDS AND DIVIDEND POLICY

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 2015 until 2018.

| Cash Dividends | | | | |
|----------------|---------------------------|-------------------------------|---------------------|-----------------|
| Fiscal Year | Total Amount of Dividends | Amount of dividends per share | Date of Declaration | Date of Payment |
| 2014 | ₱201,158,909 | 0.0173 per share | June 15, 2015 | July 16, 2015 |
| 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 |

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.

CPGI's net income for fiscal year 2014 was ₱2,141.03 million (excluding non-controlling interests), and it paid dividends of ₱201.2 million to its stockholders in July of 2015. CPGI's net income for fiscal year 2015 was ₱1,530.6 million, and it paid dividends of ₱205.0 million to its stockholders in July of 2016. CPGI's net income for fiscal year 2016 was ₱727.1 million, and it paid dividends of ₱205.1 million to its stockholders in June of 2017.

CCDC declared dividends to CPGI of ₱200 million in 2014, nil in 2015 and 2016. The subsidiaries do not have a stated dividend policy. CLC declared dividends to CPGI of ₱300 million in 2014, ₱300 million in 2015 and ₱300 million in 2016. Each subsidiary ensures that on aggregate, the subsidiaries adhere to CPGI's dividend policy of distributing at least 10% of CPGI's prior year's net income.

SELECTED FINANCIAL INFORMATION

The selected financial information set forth in the following tables has been derived from the Company's unaudited interim condensed consolidated financial statements as of September 30, 2018 and its audited consolidated financial statements as of December 31, 2017, 2016, and 2015. This should be read in conjunction with the interim condensed consolidated financial statements and audited consolidated financial statements annexed to this Prospectus, the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other financial information included herein.

The Company's unaudited interim condensed consolidated financial statements were prepared in compliance with PAS 34, "Interim Financial Reporting", and were reviewed by SGV & Co., in accordance with Philippine Standard on Review Engagement ("PSRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The Company's audited consolidated financial statements were prepared in accordance with the Philippine Financial Reporting Standards and were audited by SGV & Co., in accordance with Philippine Standards on Auditing ("PSA").

The summary financial information set out below does not purport to project the results of operations or financial condition of the Company for any future period or date.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| In Million Pesos (₱) | For the nine months ended September 30 (Unaudited) | | For the years ended December 31 (Audited) | | |
|---|--|--------------|---|--------------|---------------|
| | 2018 | 2017 | 2017 | 2016 | 2015 |
| Revenue | | | | | |
| Real estate sales | 6,398 | 3,428 | 5,346 | 4,968 | 7,751 |
| Leasing revenue | 285 | 227 | 342 | 338 | 312 |
| Property management fee and other services | 272 | 265 | 353 | 302 | 297 |
| Interest income from accretion | 254 | 637 | 665 | 656 | 802 |
| Interest and other income | 339 | 592 | 801 | 768 | 345 |
| Gain on change in fair value of investment properties | 38 | 214 | 286 | 348 | 756 |
| Gain (loss) on change in fair value of derivative asset | 190 | - | (36) | (108) | 118 |
| Total Revenue | 7,776 | 5,363 | 7,757 | 7,272 | 10,381 |
| Cost and Expenses | | | | | |
| Cost of real estate sales | 3,668 | 2,011 | 2,806 | 2,901 | 4,809 |
| Cost of Leasing | 141 | 114 | 238 | 267 | 153 |
| Cost of services | 206 | 207 | 271 | 238 | 216 |
| General, administrative and selling expenses | 2,173 | 1,878 | 2,964 | 2,620 | 2,732 |
| Interest and other financing charges | 433 | 262 | 403 | 190 | 226 |
| Unrealized foreign exchange loss | 223 | 54 | 54 | 77 | 115 |
| Total Cost and Expenses | 6,844 | 4,526 | 6,736 | 6,293 | 8,251 |
| Income Before Tax | 932 | 837 | 1,021 | 979 | 2,130 |
| Provision for Income Tax | 218 | 148 | 371 | 252 | 611 |
| Net Income | 714 | 689 | 650 | 727 | 1,519 |
| Other Comprehensive Income | | | | | |
| Unrealized gain (loss) on available-for-sale financial assets | - | - | (0) | (0) | (1) |
| Remeasurement Loss on Defined Benefit Plan | - | - | 26 | 0 | 13 |
| Total Comprehensive Income | 714 | 689 | 676 | 727 | 1,531 |

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| In Million Pesos (₱) | September 30, 2018 (Unaudited) | December 31, 2017 (Audited) | December 31, 2016 (Audited) | December 31, 2015 (Audited) |
|--|--------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 1,745 | 1,400 | 3,343 | 2,008 |
| Receivables | 7,485 | 7,541 | 6,642 | 9,356 |
| Real estate inventories | 18,275 | 15,846 | 13,943 | 11,385 |
| Due from related parties | 341 | 491 | 533 | 533 |
| Advances to suppliers and contractors | 2,115 | 1,964 | 1,992 | 1,214 |
| Prepayments and other current assets | 1,631 | 1,009 | 1,303 | 1,721 |
| Total Current Assets | 31,592 | 28,251 | 27,756 | 26,217 |
| Noncurrent Assets | | | | |
| Real estate receivables - net of current portion | 2,278 | 2,442 | 4,666 | 3,603 |
| Investment in and advances to joint venture | 235 | 235 | 394 | 387 |
| Deposits for purchased land | 1,132 | 1,370 | 1,170 | 882 |
| Investment properties | 9,241 | 7,760 | 5,936 | 5,260 |
| Property and equipment | 1,118 | 1,069 | 486 | 363 |
| Deferred tax assets - net | 148 | 104 | 160 | 92 |
| Other noncurrent assets | 1,226 | 1,325 | 741 | 674 |
| Total Noncurrent Assets | 15,378 | 14,305 | 13,553 | 11,261 |
| TOTAL ASSETS | 46,970 | 42,556 | 41,309 | 37,478 |
| LIABILITIES AND EQUITY | | | | |
| Current Liabilities | | | | |
| Accounts and other payables | 4,362 | 3,836 | 4,011 | 3,154 |
| Customers' deposits | 2,170 | 2,759 | 2,360 | 2,054 |
| Short-term debt | 1,574 | 1,416 | 506 | 962 |
| Current portion of long-term debt | 4,912 | 3,099 | 2,010 | 2,635 |
| Current portion of liability for purchased land | 67 | 67 | 67 | 63 |
| Due to related parties | 27 | 48 | 326 | 47 |
| Income tax payable | - | - | 8 | 141 |
| Total Current Liabilities | 13,112 | 11,225 | 9,288 | 9,056 |

| In Million Pesos (₱) | September 30, 2018 (Unaudited) | December 31, 2017 (Audited) | December 31, 2016 (Audited) | December 31, 2015 (Audited) |
|---|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Noncurrent Liabilities | | | | |
| Long-term debt - net of current portion | 11,813 | 10,083 | 10,482 | 7,652 |
| Bonds payable | 1,505 | 1,501 | 2,679 | 2,667 |
| Liability for purchased land - net of current portion | 196 | 381 | 454 | 577 |
| Pension liabilities | 225 | 236 | 237 | 201 |
| Deferred tax liabilities - net | 2,412 | 2,451 | 2,553 | 2,623 |
| Other noncurrent liabilities | 572 | 424 | 269 | 68 |
| Total Noncurrent Liabilities | 16,723 | 15,076 | 16,674 | 13,788 |
| | | | | |
| Total Liabilities | 29,835 | 26,301 | 25,962 | 22,844 |
| | | | | |
| Equity | | | | |
| Capital stock | 6,201 | 6,201 | 6,201 | 6,201 |
| Additional paid-in capital | 2,640 | 2,640 | 2,640 | 2,640 |
| Treasury shares | (110) | (110) | (110) | (110) |
| Other components of equity | 99 | 99 | 59 | (12) |
| Retained earnings | 7,385 | 6,923 | 6,498 | 5,976 |
| Remeasurement Loss on Defined Benefit Plan | (35) | (35) | (61) | (61) |
| Total equity attributable to Parent Company | 16,180 | 15,718 | 15,227 | 14,634 |
| Non-controlling interests | 955 | 537 | 120 | - |
| Total Equity | 17,135 | 16,255 | 15,347 | 14,634 |
| | | | | |
| TOTAL LIABILITIES AND EQUITY | 46,970 | 42,556 | 41,309 | 37,478 |

CONSOLIDATED STATEMENTS OF CASH FLOW

| In Million Pesos (₱) | For the nine months ended September 30 (Unaudited) | | For the years ended December 31 (Audited) | | |
|---|--|----------------|---|--------------|--------------|
| | 2018 | 2017 | 2017 | 2016 | 2015 |
| Net cash used in operating activities | (1,999) | (877) | (111) | 176 | (1,086) |
| Net cash provided by (used in) investing activities | (1,517) | (851) | (2,233) | (925) | (968) |
| Net cash provided by (used in) financing activities | 3,861 | (138) | 401 | 2,084 | 2,633 |
| Net increase (decrease) in cash and cash equivalents | 345 | (1,865) | (1,943) | 1,335 | 579 |
| Cash and cash equivalents at beginning of period | 1,400 | 3,343 | 3,343 | 2,008 | 1,429 |
| Cash and cash equivalents at end of period | 1,745 | 1,478 | 1,400 | 3,343 | 2,008 |

SEGMENT REVENUE AND NIAT

| Sep-18 | CLC | CCC | CPMI | CCDC | CDLC | PPHI | CPGI & Eliminating Entries | CPGI Consolidated |
|------------|-------|-----|------|-------|------|------|----------------------------|-------------------|
| Revenue | 4,779 | - | 272 | 1,890 | - | 14 | - | 6,956 |
| Net Income | 745 | (4) | 17 | 121 | (9) | (78) | (77) | 714 |

| Sep-17 | CLC | CCC | CPMI | CCDC | CDLC | PPHI | CPGI & Eliminating Entries | CPGI Consolidated |
|------------|-------|-----|------|-------|------|------|----------------------------|-------------------|
| Revenue | 2,629 | - | 265 | 1,026 | - | - | - | 3,920 |
| Net Income | 697 | (6) | 9 | 35 | (0) | - | (46) | 689 |

| FY 2017 | CLC | CCC | CPMI | CCDC | CDLC | PPHI | CPGI & Eliminating Entries | CPGI Consolidated |
|------------|-------|------|------|-------|------|------|----------------------------|-------------------|
| Revenue | 4,288 | - | 353 | 1,400 | - | - | - | 6,041 |
| Net Income | 656 | (20) | 2 | 193 | (0) | - | (181) | 650 |

| FY 2016 | CLC | CCC | CPMI | CCDC | CDLC | PPHI | CPGI & Eliminating Entries | CPGI Consolidated |
|------------|-------|-----|------|-------|------|------|----------------------------|-------------------|
| Revenue | 3,429 | 32 | 302 | 1,845 | - | - | - | 5,608 |
| Net Income | 504 | 2 | 9 | 686 | (0) | - | (475) | 727 |

| FY 2015 | CLC | CCC | CPMI | CCDC | CDLC | PPHI | CPGI & Eliminating Entries | CPGI Consolidated |
|------------|-------|------|------|-------|------|------|----------------------------|-------------------|
| Revenue | 4,654 | 59 | 297 | 3,350 | - | - | - | 8,360 |
| Net Income | 1,223 | (20) | 9 | 1,121 | (2) | - | (812) | 1,519 |

(1) Includes CPGI's separate revenue and net income, aside from that of its subsidiaries. Also, includes intercompany revenue and expense eliminating entries for consolidation.

FINANCIAL RATIOS

| As indicated (in ₱ Mn unless otherwise stated) | For the nine months ended September 30 (Unaudited) | | For the years ended December 31 (Audited) | | |
|--|--|-------------|---|--------------|--------------|
| | 2018 | 2017 | 2017 | 2016 | 2015 |
| Net income attributable to the owners of the parent company | 662 | 674 | 630 | 727 | 1519 |
| Weighted average number of shares | 11,600 | 11,600 | 11,600 | 11,600 | 11,600 |
| EPS, basic / diluted (₱) | 0.057 | 0.058 | 0.054 | 0.063 | 0.131 |
| Return on Asset (ROA) | | | | | |
| Total net income after tax | 952 | 919 | 650 | 727 | 1,519 |
| Total asset current year | 46,970 | 41,649 | 42,556 | 41,309 | 37,478 |
| Total asset prior year | 42,556 | 41,309 | 41,309 | 37,478 | 31,650 |
| Average total asset | 44,763 | 41,479 | 41,932 | 39,394 | 34,564 |
| ROA (%) | 2.1% | 2.2% | 1.5% | 1.8% | 4.4% |
| Return on Equity (ROE) | | | | | |
| Total net income after tax | 952 | 919 | 650 | 727 | 1,519 |
| Total equity current year | 17,135 | 15,993 | 16,255 | 15,347 | 14,634 |
| Total equity prior year | 16,255 | 15,347 | 15,347 | 14,634 | 13304 |
| Average total equity | 16,695 | 15,670 | 15,801 | 14,991 | 13,969 |
| ROE (%) | 5.7% | 5.9% | 4.1% | 4.8% | 10.9% |
| Interest coverage ratio | | | | | |
| Total net income after tax | 714 | 689 | 650 | 727 | 1,519 |
| Add: Provision for income tax | 218 | 148 | 371 | 252 | 611 |
| Add: Interest expense | 379 | 215 | 287 | 102 | 72 |
| EBIT | 1,311 | 1,053 | 1,308 | 1,081 | 2,202 |
| Interest expense | 379 | 215 | 287 | 102 | 72 |
| Interest coverage ratio (x) | 3.46 | 4.88 | 4.55 | 10.55 | 30.59 |
| Debt service coverage ratio | | | | | |
| Total Debt Service excluding sale of receivables with recourse and refinancing | 4,133 | 5,410 | 5,141 | 4,372 | 2,491 |
| Add: Cash and cash equivalents | 1,745 | 1,477 | 1,400 | 3,343 | 2,008 |
| Cash Before Debt Service | 5,878 | 6,887 | 6,541 | 7,715 | 4,499 |
| Divide: Debt service | 4,133 | 5,410 | 5,141 | 4,372 | 2,491 |
| Debt service coverage ratio (x) | 1.42 | 1.27 | 1.27 | 1.76 | 1.81 |
| | | | | | |
| | | | | | |
| | | | | | |
| | For the nine months ended September 30 (Unaudited) | | For the years ended December 31 (Audited) | | |
| | 2018 | 2017 | 2017 | 2016 | 2015 |
| Current ratio | | | | | |
| Current Assets | 31,592 | 27,130 | 28,251 | 27,756 | 26,217 |
| Current Liabilities | 13,112 | 10,656 | 11,225 | 9,288 | 9,056 |
| Current ratio (x) | 2.4 | 2.5 | 2.5 | 3.0 | 2.9 |
| Debt to equity ratio | | | | | |
| Short term debt | 1,574 | 439 | 1,416 | 506 | 962 |
| Current portion of long-term debt | 4,912 | 3,254 | 3,099 | 2,010 | 2,635 |
| Long-term debt - net of current portion | 11,813 | 10,114 | 10,083 | 10,482 | 7,652 |
| Bonds payable | 1,505 | 1,542 | 1,501 | 2,679 | 2,667 |
| Debt | 19,804 | 15,349 | 16,099 | 15,677 | 13,916 |
| Equity | 17,135 | 15,993 | 16,255 | 15,347 | 14,634 |
| Debt to equity ratio (x) | 1.2 | 1.0 | 1.0 | 1.0 | 1.0 |

| | | | | | |
|---|------------|------------|------------|------------|------------|
| Net debt to equity ratio | | | | | |
| Debt | 19,804 | 15,349 | 16,099 | 15,677 | 13,916 |
| Cash and cash equivalents | 1,745 | 1,478 | 1,400 | 3,343 | 2,008 |
| Net Debt | 18,059 | 13,871 | 17,499 | 12,334 | 11,908 |
| Total Equity | 17,135 | 15,993 | 16,255 | 15,347 | 14,634 |
| Net debt to equity ratio (x) | 1.1 | 0.9 | 0.9 | 0.8 | 0.8 |
| Asset to equity ratio | | | | | |
| Total Assets | 46,970 | 41,649 | 42,556 | 41,309 | 37,478 |
| Total Equity | 17,135 | 15,993 | 16,255 | 15,347 | 14,634 |
| Asset to equity ratio (x) | 2.7 | 2.6 | 2.6 | 2.7 | 2.6 |
| Total liabilities / Total Equity | | | | | |
| Total Liabilities | 29,835 | 25,656 | 26,301 | 25,962 | 22,844 |
| Total Equity | 17,135 | 15,993 | 16,255 | 15,347 | 14,634 |
| Total Liabilities / Total Equity | 1.7 | 1.6 | 1.6 | 1.7 | 1.6 |

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) Interest coverage ratio is equal to earnings before interest and taxes (EBIT) divided by interest expenses
- 4) Current 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
- 5) Debt to Equity ratio computed by dividing total interest-bearing debt by total equity
- 6) Net debt-to-equity ratio is calculated as total interest-bearing debt minus cash and cash equivalents divided by total equity as of the end of the period.
- 7) Asset to Equity ratio is total assets over total equity

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This should be read in conjunction with the interim consolidated financial statements and audited consolidated financial statements annexed to this Prospectus, as well as the yearly filed 17A and quarterly filed 17Q.

REVIEW OF 3rd QUARTER 2018 VS 3rd QUARTER 2017

Results of operations covering 3 quarters of 2018 vs 3 quarters of 2017 (In Millions of Pesos)

| | Jan – Sep 2018 (Unaudited) | Jan – Sep 2017 (Unaudited) | Movement Amount | % |
|---|-------------------------------|-------------------------------|--------------------|--------------|
| REVENUE | | | | |
| Real estate sales | ₱6,398 | ₱3,428 | ₱2,970 | 86.6% |
| Property management fee and other services | 272 | 265 | 7 | 2.6% |
| Leasing revenue | 285 | 227 | 58 | 25.6% |
| Gain on change in fair value of investment properties | 38 | 214 | (176) | (82.2%) |
| Gain on change in fair value of derivative asset | 190 | - | 190 | 100.0% |
| Interest and other income | 593 | 1,229 | (636) | (51.7%) |
| | 7,776 | 5,363 | 2,413 | 45.0% |
| COST AND EXPENSES | | | | |
| Cost of real estate sales | 3,668 | 2,011 | 1,657 | 82.4% |
| Cost of services | 206 | 207 | (1) | (0.5%) |
| Cost of leasing | 141 | 114 | 27 | 23.7% |
| General, administrative and selling expenses | 2,173 | 1,878 | 295 | 15.7% |
| Unrealized foreign exchange loss | 223 | 54 | 169 | 313.0% |
| Interest and other financing charges | 433 | 262 | 171 | 65.3% |
| | 6,844 | 4,526 | 2,318 | 51.2% |
| INCOME BEFORE INCOME TAX | 932 | 837 | 95 | 11.4% |
| PROVISION FOR INCOME TAX | 218 | 148 | 70 | 47.3% |
| NET INCOME | ₱714 | ₱689 | ₱25 | 3.6% |

PFRS 15 Financial Impact

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 effect of adopting PFRS 15 for the period ended September 30, 2018 was as follows:

| | As of September 30, 2018 | | |
|---------------------------|--------------------------|---------------------|------------------|
| | Previous PFRS | Increase (decrease) | PFRS 15 |
| COST AND EXPENSES | | | |
| Cost of real estate sales | ₱3,667,592,114 | ₱17,456,500 | ₱3,685,048,614 |
| Provision for tax | 218,207,174 | (5,236,950) | 212,970,224 |
| Effect in Net income | (₱3,885,799,288) | (₱12,219,550) | (₱3,898,018,838) |

The aforementioned financial impact should be considered in analyzing the Group's results of operations.

Deferred PFRS Impact (Revenue)

On February 14, 2018, the Philippines Interpretation Committee (PIC) issued PIC Q&A 2018-12 which provides guidance on some implementation issues of PFRS 15 affecting the real estate industry. Subsequently on October 25, 2018, the Philippine SEC issued SEC Memorandum Circular No. 14 Series of 2018 (the Memorandum) which provides relief to the real estate industry by deferring the application of the following provisions of PIC Q&A No. 2018-12 (Q&A) for a period of three years until December 31, 2020:

- a. Exclusion of land and uninstalled materials in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E;
- b. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D; and
- c. Accounting to Common Usage Service Area (CUSA) Charges discussed in PIC Q&A No. 2018-12-H.

Under the same SEC Memorandum Circular No. 3 Series of 2019, the adoption of PIC Q&A No. 2018-14: *PFRS 15 - Accounting for Cancellation of Real Estate Sales* was also deferred until December 31, 2020.

The Memorandum also provided the mandatory disclosure requirements should the real estate company decide to avail of any relief. Disclosures should include:

- The accounting policies applied.
- Discussion of the deferral of the subject implementation issues in the PIC Q&A.
- Qualitative discussion of the impact to the financial statements had the concerned application guideline in the PIC Q&A has been adopted.
- Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

Except for the CUSA charges discussed under PIC Q&A No. 2018-12-H which applies to leasing transactions, the above deferral will only be applicable for real estate sales transactions.

Effective January 1, 2021, real estate companies will adopt PIC Q&A No. 2018-12 and PIC Q&A No. 2018-14 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

The Group availed of the deferral of adoption of the above specific provisions of PIC Q&As. Had these provisions been adopted, it would have the following impact in the consolidated financial statements:

- The exclusion of land and uninstalled materials in the determination of POC would reduce the percentage of completion of real estate projects resulting in a decrease in retained earnings as at January 1, 2018 as well as a decrease in the revenue from real estate sales in 2018. This would result to the land portion of sold inventories together with connection fees, to be treated as contract fulfillment asset.

- The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments explicit in the contract to sell (CTS) would constitute a significant financing component. Interest income would have been recognized for contract assets and interest expense for contract liabilities using effective interest rate method and this would have impacted retained earnings as at January 1, 2018 and the revenue from real estate sales in 2018. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.
- In relation to its leasing transactions, the Group is acting as an agent for the provision of electricity and water to its tenants. This would have resulted to the net presentation of the related revenue and the related expenses and cost. Currently, the related revenue is presented gross of costs and expenses. These would not result to any adjustment in the retained earnings as of January 1, 2018 and net income for 2018.
- Upon sales cancellation, the repossessed inventory would be recorded at fair value plus cost to repossess (or fair value less cost to repossess if this would have been opted). This would have increased retained earnings as at January 1, 2018 and gain from repossession in 2018. Currently, the Group records the repossessed inventory at its original carrying amount and recognize any difference between the carrying amount of the derecognized receivable and the repossessed property in profit or loss.

Revenue

Real Estate

The increase in real estate sales is attributable to the price increase, increase in accomplishment in Q3 2018 and increase in sale of condominium units. Major projects contributing to real estate sales from condominium are Azure South Projects Boracay and Bahamas, Acqua Projects – Livingstone, Iguazu and Novotel Projects, Commonwealth Projects – Quirino East and West, Roxas West, Quezon South and Century City. Total real estate sales from the condominium and affordable segment increased from P3,428 million to P6,398 million for the nine month period ending September 30, 2018.

Affordable segment's contribution to the increase in revenue from real estate sales amounted to P752 million for the nine month period ending September 30, 2018.

Property management fee and other services

Property management fee and other services increased due to the increase in the revenue from managed properties, specifically Bank of the Philippine Islands properties increased from 1 to 4 buildings, and additional newly completed Century related developments.

Leasing Revenue

Leasing revenue increased due to higher occupancy rates in Centuria Medical (85% in 2018 vs 84% in 2017) and Century City Mall (96% in 2018 vs 94% in 2017).

Gain on change in Fair Value

- Investment Property – the gain on change in Fair Value in 2017 is higher, primarily due to the valuation of the new unit transferred from real estate inventories.
- Derivative Asset – the gain pertains to the gain in change of fair value of the cross currency and interest rate swap agreement entered by the Group in 2018 to hedge

their foreign currency and interest rate risk related to the bank loan with Standard Chartered Bank.

Interest and Other Income

This decrease was due primarily to lower interest accretion during the period and lower income from forfeited collections.

Costs and Expenses

- The increase in cost of real estate sales is directly related to the increase in real estate sales during the period
- Cost of leasing increased as a result of increase of leasing revenue.
- The increase in operational expenses during the period is primarily due to the increase in advertising and promotional activities related to the newly launched projects and amortization of prepaid expenses.
- Unrealized foreign exchange loss increase is due to the additional avilment of dollar denominated loan in 2018.
- Interest and other financing charges increased as a result of higher interest charged to loans that do not qualify for capitalization as borrowing costs and the amortization of deferred financing cost.
- Provision for Income tax increased to higher taxable income for the nine-month period ending September 30, 2018.

FINANCIAL CONDITION

As of September 30, 2018 vs. December 31, 2017 (In Millions of Peso)

| | September 30, 2018 (Unaudited) | December 31, 2017 (Audited) | Movement Amount | % |
|--|--------------------------------------|-----------------------------------|--------------------|----------|
| ASSETS | | | | |
| Cash and cash equivalents | ₱1,745 | ₱1,400 | ₱345 | 24.6% |
| Receivables | 9,763 | 9,983 | (220) | -2.2% |
| Advances to suppliers and contractors | 2,115 | 1,964 | 151 | 7.7% |
| Real estate inventories | 18,275 | 15,846 | 2,429 | 15.3% |
| Deposits for purchased land | 1,132 | 1,370 | (238) | -17.4% |
| Investments in and advances to joint ventures and associate | 235 | 235 | – | 0.00% |
| Investment properties | 9,241 | 7,760 | 1,481 | 19.1% |
| Property and equipment | 1,118 | 1,069 | 49 | 4.6% |
| Deferred tax assets – net | 148 | 104 | 44 | 42.3% |
| Other assets | 3,198 | 2,825 | 373 | 13.2% |
| | 46,970 | 42,556 | 4,414.92 | 10.4% |
| LIABILITIES | | | | |
| Accounts and other payables | 4,362 | 3,836 | 526.00 | 13.71% |
| Customers' advances and deposit | 2,170 | 2,759 | (588.90) | (21.35%) |
| Loans payable | 18,299 | 14,598 | 3,701.00 | 25.35% |
| Bonds payable | 1,505 | 1,501 | 3.65 | 0.24% |
| Liability from purchased land | 263 | 448 | (185.24) | (41.29%) |
| Pension liabilities | 225 | 236 | (11.00) | (4.36%) |
| Deferred tax liabilities – net | 2,412 | 2,451 | (39.10) | -1.60% |
| Other liabilities | 599 | 4712 | 127.00 | 26.91% |
| | 29,835 | 26,301 | 3,533.41 | 13.44% |
| EQUITY | | | | |
| Capital stock | 6,201 | 6,201 | – | 0.00% |
| Additional paid-in capital | 2,640 | 2,640 | – | 0.00% |
| Treasury shares | (110) | (110) | – | 0.00% |
| Other components of equity | 99 | 99 | – | 0.00% |
| Retained earnings | 7,385 | 6,923 | 461.53 | 6.67% |
| Remeasurement loss on defined benefit plan | (35) | (35) | – | 0.00% |
| Total Equity Attributable to Equity Holders of the Parent Company | 16,180 | 15,718 | 461.53 | 2.94% |
| Non-controlling interest | 955 | 537 | 417.66 | 77.84% |
| | 17,135 | 16,255 | 879.19 | 5.41% |
| | ₱46,970 | ₱42,556 | 4,414.92 | 10.37% |

PFRS 15 and PFRS 9 Impacts

The following new standards and its impact should be considered in the analysis of the Group's financial condition.

PFRS 15, Revenue from Contracts with Customers

PFRS 15 supersedes PAS 11, *Construction Contracts*, PAS 18, *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

PFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted PFRS 15 using the modified retrospective method of adoption with the date of initial application of January 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at January 1, 2018.

The cumulative effect of initially applying PFRS 15 is recognized at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under PAS 11, PAS 18 and related Interpretations.

The adoption of PFRS 15 also 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 effect of adopting PFRS 15 as at January 1, 2018, was as follows.

| | As of January 1, 2018 | | |
|-----------------------------|-----------------------|---------------------|----------------|
| | Previous PFRS | Increase (decrease) | PFRS 15 |
| ASSET | | | |
| Real estate inventories | ₱15,187,415,092 | (154,752,722) | 15,032,662,370 |
| LIABILITY AND EQUITY | | | |
| Deferred tax liabilities | ₱2,451,358,064 | (₱54,455,256) | ₱2,396,902,808 |
| Retained earnings | 6,922,976,884 | (118,805,549) | 6,804,171,335 |
| Noncontrolling interests | 537,149,940 | 18,508,083 | 555,658,023 |
| | ₱7,460,126,824 | (₱100,297,466) | ₱7,359,829,358 |

Set out below, are the amounts by which each financial statement line item is affected as at and for the year ended September 30, 2018 as a result of the adoption of PFRS 15. The adoption of PFRS 15 did not have a material impact on the Group's consolidated statement of comprehensive income and consolidated statement of cash flows. The first column shows amounts prepared under PFRS 15 and the second column shows what the amounts would have been had PFRS 15 not been adopted:

| | As of September 30, 2018 | | |
|-------------------------|--------------------------|---------------------|----------------|
| | Previous PFRS | Increase (decrease) | PFRS 15 |
| ASSETS | | | |
| Current Assets | | | |
| Receivables | ₱7,485,244,003 | (₱5,530,983,760) | ₱1,954,260,243 |
| Contracts assets | - | 5,530,983,760 | 5,530,983,760 |
| Real estate inventories | 18,275,474,518 | (172,209,222) | 18,103,265,296 |
| Total Current Assets | 25,760,718,521 | (172,209,222) | 25,588,509,299 |

| | As of September 30, 2018 | | |
|-------------------------------|--------------------------|------------------|------------------|
| | Previous PFRS | | Previous PFRS |
| Noncurrent Assets | | | |
| Noncurrent portion of ICR | 2,277,806,842 | (2,277,806,842) | - |
| Noncurrent contract assets | - | 2,277,806,842 | 2,277,806,842 |
| Total Noncurrent Assets | 2,277,806,842 | - | 2,277,806,842 |
| Total Assets | ₱28,038,525,363 | (₱172,209,222) | ₱ 27,866,316,141 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Customers' deposits | ₱2,169,698,211 | (₱2,169,698,211) | ₱- |
| Contract liabilities | - | 2,169,698,211 | 2,169,698,211 |
| Deferred tax liabilities | 2,412,256,977 | (59,692,206) | 2,352,564,771 |
| Total Liabilities | 4,581,955,188 | (59,692,206) | 4,522,262,982 |
| EQUITY | | | |
| Retained earnings | ₱7,384,506,068 | (₱131,025,099) | ₱7,253,480,969 |
| Non-controlling interests | 954,807,800 | 18,508,083 | 973,315,883 |
| Equity | ₱8,339,313,868 | (₱112,517,016) | ₱8,226,796,852 |

The adjustments as at January 1, 2018 represents the Group's recording as contract asset (instead of sales contract receivables) any excess of progress of work over the right to an amount of consideration that is unconditional. Meanwhile, the excess of collection over progress of work is recorded as contract liability.

PFRS 9, Financial Instruments

PFRS 9 replaces PAS 39, *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied PFRS 9 using modified retrospective approach, with an initial application date of January 1, 2018. The Group has not restated the comparative information, which continues to be reported under PAS 39. Differences arising from the adoption of PFRS 9 have been recognized directly in retained earnings and other components of equity.

The effect of adopting PFRS 9 as at January 1, 2018 was, as follows:

| | As of January 1, 2018 | | |
|-------------------------------------|-----------------------|---------------------|------------|
| | Previous PFRS | Increase (decrease) | PFRS 9 |
| Available-for-sale financial assets | ₱7,231,198 | (₱7,231,198) | ₱- |
| Equity instruments at FVOCI | - | 7,231,198 | 7,231,198 |
| | ₱7,231,198 | ₱- | ₱7,231,198 |

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities. In summary, upon adoption of PFRS 9, the Group had the following required or elected reclassifications as at January 1, 2018.

| PAS 39 Categories | Balances | PFRS 9 Measurement Categories | | |
|-------------------------------------|------------------|-----------------------------------|------------------|------------------------|
| | | Fair value through profit or loss | Amortized cost | Fair value through OCI |
| Loans and receivables: | | | | |
| Cash and cash equivalents | ₱ 1,400,358,850 | ₱– | ₱1,400,358,850 | ₱– |
| Receivables* | 9,521,221,132 | – | 9,521,221,132 | – |
| Due from related parties | 491,245,948 | – | 491,245,948 | – |
| Available-for-sale financial assets | 7,231,198 | – | – | 7,231,198 |
| | ₱ 11,420,057,128 | ₱– | ₱ 11,412,825,930 | ₱7,231,198 |

*Excluding receivables from employees and agents and other receivables amounting to ₱312.29 million and ₱150.00 million, respectively, as of December 31, 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Total assets as of September 30, 2018 increased due to the following:

- Increased in cash and cash equivalents is primarily due to the proceeds of the loans acquired during the period.
- Real estate inventories increased due to development of various uncompleted projects during the period, land payments for current and future planned project.
- Advances to suppliers and contractors increased due to down payments made to suppliers for new projects during the period which are subject to recoupment through progress billings.
- Deposit for purchased land decreased due to the reclassification of initial payments for the land purchased in Quezon City amounting to ₱522.26 million to inventories. The decrease is partially offset by the additional payment made for land purchased in Novaliches and Batangas amounting to ₱61.97 million and ₱216.00 million, respectively.

Deposits for purchased land represents deposits made to land owners for the purchase of certain parcels of land which ultimate use is currently undetermined. The Group normally makes deposits before a CTS or Deed of Absolute Sale (DOAS) is executed between the Group and the land owner. These are recognized at cost.

- Investment properties increased primarily due to other cost incurred for Century Diamond Tower and Asian Century Center.
- The increase in deferred tax asset is primarily due to the temporary difference from unrealized foreign exchange loss.
- Other assets increased primarily due to the recognition of the gain in fair value of derivative asset entered by the Group in 2018 and increase in deferred selling expenses for pre-sales during the period, payment for creditable withholding taxes and input taxes also increased. The increase is partially offset by the amortization of deferred financing costs for loans availed during the period.

- The Group has related party transactions under other assets. Purchases from related parties are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and collectible/payable on demand.

Total liabilities increased as a result of the following:

- Accounts and other payables increased due to accruals made at the end of the period and increase in construction related purchases.
- Loans payable representing the sold portion of the Company's installment contracts receivables with recourse, syndicated loans, and bi-lateral term loans increased due to increased net availment from existing and new lines during the period. The increase in debt was partially used to fund operations, investment properties, and to refinance debt.
- Customers' advances and deposits represents collection from customers which do not meet the revenue recognition criteria as of the end of the period. The decrease is due increase in units that qualified the revenue recognition criteria which is directly related to increase in revenue from real estate sales recognized during the period.
- Liability from purchased land decreased due to payments made to land owners during the year.
- The Group has a funded, noncontributory, defined benefit pension plan covering substantially all of its regular employees. The benefits are based on the projected retirement benefit of 22.5 days pay per year of service in accordance with Republic Act 7641. The benefits are based on current salaries and years of service and compensation on the last year of employment. An independent actuary conducts an actuarial valuation of the retirement benefit obligation using the projected unit credit method. Liabilities for retirement benefits are presented as pension liabilities in the consolidated statement of financial position.
- Other liabilities increased due to the collection of its subscription of preferred shares.
- Change in stockholder's equity is due to the net income recorded for the nine months ended September 30, 2018 and increased in non-controlling interest due to the collection of subscription receivable from minority interest amounting to ₱159.26 million, and additional investment from minority interest amounting to ₱205.00 million from PPHI and ₱1.00 million from KPDC, respectively

Selected Financial Indicators
September 30, 2018 and September 30, 2017

| | September 30, 2018 | September 30, 2017 |
|---|-----------------------|-----------------------|
| Current Ratio | 2.4x | 2.5x |
| Debt to Equity Ratio | 1.2x | 1.0x |
| Total Liabilities to Total Equity Ratio | 1.7x | 1.6x |
| Asset to Equity Ratio | 2.7x | 2.6x |
| Return on Assets [Annualized] | 2.1% | 2.2% |
| Return on Equity [Annualized] | 5.5% | 5.9% |
| EBIT | 1,365 | 1,171 |
| EBITDA | 1,394 | 1,195 |
| Total Debt | 19,803.4 | 15,348.6 |
| Net Debt | 18,058.2 | 13,870.9 |
| Gross Profit from Real Estate Sales Margin | 44.9% | 50.5% |
| Net Income Margin | 9.2% | 12.8% |
| Net debt-to-equity ratio | 1.1x | 0.9x |
| Debt-to-EBITDA ratio | 10.66x | 9.63x |
| Net debt-to-EBITDA ratio | 9.72x | 8.70x |

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 debt 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.
- (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 period calculated on an annualized basis.
- (9) Net debt to EBITDA ratio is calculated as net debt as of the end of the period divided by EBITDA for the period calculated on an annualized basis.
- (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 September 30, 2018 compared to December 31, 2017 (increase/decrease of 5% or more)

As of September 30, 2018 vs. December 31, 2017 (In Millions of Peso)

| | September 30, 2018 (Unaudited) | December 31, 2017 (Audited) | Movement Amount | % |
|--|--------------------------------------|-----------------------------------|--------------------|---------------|
| ASSETS | | | | |
| Cash and cash equivalents | ₱1,745 | ₱1,400 | ₱345 | 24.6% |
| Receivables | 9,763 | 9,983 | (220) | -2.2% |
| Advances to suppliers and contractors | 2,115 | 1,964 | 151 | 7.7% |
| Real estate inventories | 18,275 | 15,846 | 2,429 | 15.3% |
| Deposits for purchased land | 1,132 | 1,370 | (238) | -17.4% |
| Investments in and advances to joint ventures and associate | 235 | 235 | – | 0.00% |
| Investment properties | 9,241 | 7,760 | 1,481 | 19.1% |
| Property and equipment | 1,118 | 1,069 | 49 | 4.6% |
| Deferred tax assets – net | 148 | 104 | 44 | 42.3% |
| Other assets | 3,198 | 2,825 | 373 | 13.2% |
| | 46,970 | 42,556 | 4,414.92 | 10.4% |
| LIABILITIES | | | | |
| Accounts and other payables | 4,362 | 3,836 | 526.00 | 13.71% |
| Customers' advances and deposit | 2,170 | 2,759 | (588.90) | (21.35%) |
| Loans payable | 18,299 | 14,598 | 3,701.00 | 25.35% |
| Bonds payable | 1,505 | 1,501 | 3.65 | 0.24% |
| Liability from purchased land | 263 | 448 | (185.24) | (41.29%) |
| Pension liabilities | 225 | 236 | (11.00) | (4.36%) |
| Deferred tax liabilities – net | 2,412 | 2,451 | (39.10) | -1.60% |
| Other liabilities | 599 | 4712 | 127.00 | 26.91% |
| | 29,835 | 26,301 | 3,533.41 | 13.44% |
| 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 | 99.15 | 99.15 | – | 0.00% |
| Retained earnings | 7,384.51 | 6,922.98 | 461.53 | 6.67% |
| Remeasurement loss on defined benefit plan | (34.58) | (34.58) | – | 0.00% |
| Total Equity Attributable to Equity Holders of the Parent Company | 16,180.00 | 15,718.47 | 461.53 | 2.94% |
| Non-controlling interest | 954.81 | 537.15 | 417.66 | 77.75% |
| | 17,134.81 | 16,255.62 | 879.19 | 5.41% |
| | ₱46,970.57 | ₱42,555.65 | 4,414.92 | 10.37% |

- The increase in cash and cash equivalents is primarily due to the proceeds of the loans acquired during the period.
- Real estate inventories increased due to development of various uncompleted projects during the period, land payments for current and future planned project.
- Advances to suppliers and contractors increased due to down payments made to suppliers for new projects during the period which are subject to recoupment through progress billings.
- Deposit for purchased land decreased due to the reclassification of initial payments for the land purchased in Quezon City amounting to ₱522.26 million to inventories. The decrease is partially offset by the additional payment made for land purchased in Novaliches and Batangas amounting to ₱61.97 million ₱216.00 million, respectively.

- Investment properties increased primarily due to other cost incurred for Century Diamond Tower and Asian Century Center.
- The increase in deferred tax asset is primarily due to the temporary difference from unrealized foreign exchange loss.
- Other assets increased primarily due to the recognition of the gain in fair value of derivative asset entered by the Group in 2018 and increase in deferred selling expenses for pre-sales during the period, payment for creditable withholding taxes and input taxes also increased. The increase is partially offset by the amortization of deferred financing costs for loans availed during the period.
- Accounts and other payables increased due to accruals made at the end of the period and increase in inventory related purchases.
- Loans payable representing the sold portion of the Company's installment contracts receivables with recourse, syndicated loans, and bi-lateral term loans increased due to increased net availment from existing and new lines during the period. The increase in debt was partially used to fund operations, investment properties, and to refinance debt.
- Customers' deposits represents collection from customers which do not meet the revenue recognition criteria as of the end of the period. The decrease is due increase in units that qualified the revenue recognition criteria which is directly related to increase in revenue from real estate sales recognized during the period.
- Liability from purchased land decreased due to payments made to land owners during the year.
- Other liabilities increased due to the collection of its subscription of preferred shares.
- Increased in retained earnings is due to the net income recorded for the nine months ended September 30, 2018.
- Non-controlling interest increased due to the collection of subscription receivable from minority interest amounting to ₱159.26 million, and additional investment from minority interest amounting to ₱205.00 million from PPHI and ₱1.00 million from KPDC, respectively.

Material Changes to the Company's Statement of income for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 (increase/decrease of 5% or more)

| | Jan – Sep 2018 (Unaudited) | Jan – Sep 2017 (Unaudited) | Movement Amount | % |
|---|-------------------------------|-------------------------------|--------------------|--------------|
| REVENUE | | | | |
| Real estate sales | ₱6,398 | ₱3,428 | ₱2,970 | 86.6% |
| Property management fee and other services | 272 | 265 | 7 | 2.6% |
| Leasing revenue | 285 | 227 | 58 | 25.6% |
| Gain on change in fair value of investment properties | 38 | 214 | (176) | (82.2%) |
| Gain on change in fair value of derivative asset | 190 | - | 190 | 100.0% |
| Interest and other income | 593 | 1,301 | (708) | (54.4%) |
| | 7,776 | 5,435 | 2,413 | 45.0% |
| COST AND EXPENSES | | | | |
| Cost of real estate sales | 3,668 | 2,011 | 1,657 | 82.4% |
| Cost of services | 206 | 207 | (1) | (0.5%) |
| Cost of leasing | 141 | 114 | 27 | 23.7% |
| General, administrative and selling expenses | 2,173 | 1,878 | 295 | 15.7% |
| Unrealized foreign exchange loss | 223 | 54 | 169 | 313.0% |
| Interest and other financing charges | 433 | 334 | 99 | 29.6% |
| | 6,844 | 4,598 | 2,246 | 48.8% |
| INCOME BEFORE INCOME TAX | 932 | 837 | 95 | 11.4% |
| PROVISION FOR INCOME TAX | 218 | 148 | 70 | 47.3% |
| NET INCOME | ₱714 | ₱689 | ₱25 | 3.6% |

Revenue

- The increase in real estate sales is attributable to the price increase, increase in accomplishment in Q3 2018 and increase in sale of condominium units. Major projects contributing to real estate sales from condominium are Azure South Projects Boracay and Bahamas, Acqua Projects – Livingstone, Iguazu and Novotel Projects, Commonwealth Projects – Quirino East and West, Roxas West, Quezon South and Century City. Total real estate sales from the condominium and affordable segment increased from P3,428 million to P6,398 million for the nine month period ending September 30, 2018.

Affordable segment's contribution to the increase in revenue from real estate sales amounted to P752 million for the nine month period ending September 30, 2018.

- Leasing revenue increased due to higher occupancy rates in Centuria Medical (85% in 2018 vs 84% in 2017) and Century City Mall (96% in 2018 vs 94% in 2017).
- The gain on change in fair value of investment properties in 2017 is higher, primarily due to the valuation of the new units transferred from real estate inventories.
- The gain on change in fair value of derivative pertains to the gain in change of fair value of the cross currency and interest rate swap agreement entered by the Group in 2018 to hedge their foreign currency and interest rate risk related to the bank loan with Standard Chartered Bank.

- The decrease in interest and other income was due primarily to lower interest accretion during the period and lower income from forfeited collections.
- The increase in cost of real estate sales is directly related to the increase in real estate sales during the period
- Cost of leasing increased as a result of increase of leasing revenue.
- The increase in operational expenses during the period is primarily due to the increase in advertising and promotional activities related to the newly launched projects and amortization of prepaid expenses.
- Unrealized foreign exchange loss increase is due to the additional availment of dollar denominated loan in 2018.
- Interest and other financing charges increased as a result of higher interest charged to loans that do not qualify for capitalization as borrowing costs and the amortization of deferred financing cost.
- Provision for Income tax increased to higher taxable income for the nine month period ending September 30, 2018.

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 CPML.
- 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.

FINANCIAL CONDITION

As of December 31, 2017 vs. 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.

- 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 these assets also contributes to the increase in investment property.

Total liabilities as of December 31, 2017 were ₱26,301 million compared to ₱25,962 million as of December 31, 2016, or a 1.3% increase. This was due to the following:

- Accounts and other payables decreased by 4.4% from ₱4,011 million as of December 31, 2016 to ₱3,832 million as of December 31, 2017 due to payments made to suppliers and contractors.
- 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 ₱12,998 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.
- Pension liabilities decreased by 0.4% from ₱237 million as of December 31, 2016 to ₱236 million as of December 31, 2017 as a result of recognition of significant actuarial gain during the year amounting to ₱38 million.

Total equity attributable to parent company net increased by 3.2% 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.

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 (increase/decrease of 5% or more)

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. Purchases from related parties are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and collectible/payable on demand.

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 its 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' 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. Purchases from related parties are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and collectible/payable on demand

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 (increase/decrease of 5% or more)

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.

REVIEW OF YEAR END 2016 VS YEAR END 2015

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 recognize 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 50% 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, 2016, the Group recorded revenue from real estate sales amounting to ₱4,968 million compared to ₱7,751 million in 2015.

The decrease in real estate sales is attributable to a significant portion of revenue recognized in 2015 and prior years from completed projects, as well as less pre-sales and less new project launches.

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

Interest and other income decreased by 12.3% to ₱1,772 million in the year ended December 31, 2016 from ₱2,021 million in the year ended December 31, 2015. This decrease was due primarily to gain from change in fair value of investments properties recognized in 2015. The gain from change in fair value of investment properties amounted to ₱348 million in 2016, lower than the ₱756 million gain recognized in 2015. In addition, there was no gain from change in fair value of derivatives amounted recognized in 2016 while ₱119 million was recognized in 2015.

Investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent appraisers, as of December 31, 2016 and 2015.

Property management fee and other services

Property management fee and other services increased by 1.7% to ₱302 million in the year ended December 31, 2016 from ₱297 million in the year ended December 31, 2015. The increase was primarily due to various special engagements during the year and the yearly lease rate escalation.

Leasing Revenue

Leasing revenue increased by 8.4% to ₱338 million in the period ended December 31, 2016 from ₱312 million in the same period ended December 31, 2015 due to mall's lease rate escalation for some tenants that is 5%.

Costs and Expenses (Including loss on Fair Value of Derivative Asset)

Cost and expenses decreased by 22.4% to ₱6,401 million during 2016 from ₱8,251 million for the year ended December 31, 2015.

- Cost of real estate sales decreased by 39.7% to ₱2,901 million in the year ended December 31, 2016 from ₱4,809 million in the year ended December 31, 2015. This is directly related to the decrease in real estate revenue.
- Cost of leasing increased by 74.5% to ₱267 million for the year ended December 31, 2016 from ₱153 million in the year ended December 31, 2015. The increase in cost of leasing is due to the payment of estate dues, increase in management fee of housekeeping as mandated by wage regulatory board, increase in repairs and maintenance of building and equipment that no longer covered by warranty and increase in security services fee.
- Cost of services increased by 10.2% from ₱216 million in the year ended December 31, 2015 to ₱237.8 million in the year ended December 31, 2016. This is primarily attributed to salary increases as mandated by wage regulatory board.
- Interest and other financing charges (including unrealized foreign exchange loss) increased by 10.0% to ₱375 million for the year ended December 31, 2016 from ₱341 million for 2015. This was primarily due to bank fees and other financing charges paid other than capitalized borrowing costs during the year.

Provision for Income Tax

Provision for income tax decreased by 58.8% to ₱252 million for the year ended December 31, 2016 from ₱611 million in the year ended December 31, 2015. The decrease was primarily due to lower taxable income during the year.

Net Income

As a result of the foregoing, net income decreased by 52.1% to P727 million for the year ended December 31, 2016 from ₱1,519 million in the year ended December 31, 2015.

FINANCIAL CONDITION

As of December 31, 2016 vs. December 31, 2015

Total assets as of December 31, 2016 were ₱41,309 million compared to ₱37,478 million as of December 31, 2015, or a 10.2% increase. This was due to the following:

- Cash and cash equivalents increased by 66.5% from ₱2,008 million as of December 31, 2015 to ₱3,343 million as of December 31, 2016 primarily due to net drawdown of short-term and long-term debt during the period and improvement in the result of cash flow from operations.
- Receivables decreased by 12.7% from ₱12,959 million as of December 31, 2015 to ₱11,308 million as of December 31, 2016 million due to lower revenue recognized during the period pursuant to lower pre-sales, in addition to the policies and estimates pursuant to the collectability of sales price and percentage of completion methods and increase in collection on receivables from turned over projects.
- During the year ended December 31, 2016, real estate inventories increased by 22.5% from ₱11,385 million as of December 31, 2015 to ₱13,943 million as of December 31, 2016 due to development of various projects during the period and lower cost of real estate recognized during the period.
- Investment properties posted an increase by 12.9% to ₱5,936 million as of December 31, 2016 as compared to ₱5,260 million as of December 31, 2015 primarily due to other costs incurred for Century Diamond Tower and Asian Century Center. Increase in fair value of these assets also contributes to the increase in investment property.

Total liabilities as of December 31, 2016 were ₱25,962 million compared to ₱22,844 million as of December 31, 2015, or a 13.6% increase. This was due to the following:

- Accounts and other payables increased by 27.2% from ₱3,154 million as of December 31, 2015 to ₱4,011 million as of December 31, 2016 due to accruals made at the end of the year.
- 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 15.5% from ₱11,249 million as of December 31, 2015 to ₱12,998 million as of December 31, 2016 due to increased net availments or net draw down from existing and new lines during the 2016.
- Pension liabilities increased by 18.0% from ₱201 million as of December 31, 2015 to ₱237 million as of December 31, 2016 as a result accrual of pension expense during the period.
- Income tax payable decreased by 94.3% from ₱141 million as of December 31, 2015 to ₱8 million as of December 31, 2016 primarily due to application of creditable withholding taxes as part of tax payments in 2016.

Total equity attributable to parent company net increased by 4.1% to ₱15,227 million as of December 31, 2016 from ₱14,634 million as of December 31, 2015 due to the net income recorded during the year net of CPGI's cash dividend declarations during the year.

Non-controlling interest increased as of December 31, 2016 due to MC subscription of 511.56 million shares of CCDCII at a subscription price of ₱905.46 million for a 40% proportionate

interest in CCDC II, of which ₱190.52 million has been paid. This resulted in the dilution of the Group's ownership in CCDC.

Century Properties Group, Inc.
Financial Ratios

| | As of December 31 | | |
|---|--------------------------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 |
| Current Ratio | 2.9x | 2.8x | 2.7x |
| Debt to Equity Ratio | 1.0x | 1.0x | 0.8x |
| Asset to Equity Ratio | 2.7x | 2.6x | 2.4x |
| | For the year ended December 31 | | |
| | 2016 | 2015 | 2014 |
| Return on Assets | 1.8% | 4.1% | 7.5% |
| Return on Equity | 4.8% | 10.9% | 17.5% |
| EBIT | 1,081.5 | 2,202.3 | 3,187.8 |
| EBITDA | 1,110.1 | 2,230.1 | 3,249.0 |
| Total Debt | 15,676.0 | 13,916.0 | 10,931.5 |
| Net Debt | 12,332.9 | 11,907.7 | 9,502.2 |
| Gross Profit from Real Estate Sales Margin | 48.4% | 43.8% | 45.6% |
| Net Income Margin | 9.8% | 14.6% | 16.9% |
| Net debt-to-equity ratio | 0.8x | 0.8x | 0.7x |
| Debt-to-EBITDA ratio | 14.1x | 6.2x | 3.4x |
| Net debt-to-EBITDA ratio | 11.1x | 5.3x | 2.9x |

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, 2016 compared to December 31, 2015 (increase/decrease of 5% or more)

Cash and cash equivalents increased by 66.5% from ₱2,008 million as of December 31, 2015 to ₱3,343 million as of December 31, 2016 primarily due to net drawdown of short-term and long-term debt during the period and improvement in the result of cash flow from operations.

Receivables decreased by 12.7% from ₱12,959 million as of December 31, 2015 to ₱11,308 million as of December 31, 2016 million due to lower revenue recognized during the period pursuant to lower pre-sales, in addition to the policies and estimates pursuant to the collectability of sales price and percentage of completion methods and increase in collection on receivables from turned over projects.

During the year ended December 31, 2016, real estate inventories increased by 22.5% from ₱11,385 million as of December 31, 2015 to ₱13,943 million as of December 31, 2016 due to development of various projects during the period and lower cost of real estate recognized during the period.

Advances to suppliers and contractors increased by 64.0% from ₱1,214 million as of December 31, 2015 to ₱1,992 million as of December 31, 2016 primarily due to advances made by the Group to its suppliers at the end of the period.

Prepayments and other current assets (including derivative assets) decreased by 24.3% from ₱1,721 million as of December 31, 2015 to ₱1,303 million as of December 31, 2016 mainly due to application of creditable withholding taxes on the income tax payable during the period.

Deposits for purchased land increased by 32.7% from ₱882 million as of December 31, 2015 to ₱1,170 million as of December 31, 2016 due to payments made to property owners for the acquisition of parcels of land in Quezon City, Metro Manila, Novaliches, Metro Manila and Mandaluyong, Metro Manila.

Investment properties posted an increase of 12.9% from ₱5,260 million as of December 31, 2015 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 these assets also contributes to the increase in investment property.

Property and equipment increased by 33.8% from ₱363 million as of December 31, 2015 to ₱486 million as of December 31, 2016 due to additional transfer of real estate inventories to property and equipment as part of construction-in-progress during the year.

Deferred Tax Asset increased by 74.1% from ₱92 million as of December 31, 2015 to ₱160 million as of December 31, 2016 due to recognition deferred tax asset from unrealized foreign exchange losses and accrued retirement obligation.

Other non-current assets increased by 9.9% from ₱674 million as of December 31, 2015 to ₱741 million as of December 31, 2016 due to advances made to land owners in 2016 for purchase land with in process Deed of Absolute Sale.

Accounts and other payables increased by 27.2% from ₱3,154 million as of December 31, 2015 to ₱4,011 million as of December 31, 2016 due to accruals made at the end of the year.

Customers' deposits increased by 14.9% from ₱2,053.9 million as of December 31, 2015 to ₱2,360.4 million as of December 31, 2016. Balances as of December 31, 2016 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 15.5% from ₱11,249 million as of December 31, 2015 to ₱12,998 million as of December 31, 2016 due to increased net availments or net draw down from existing and new lines during the 2016.

Liability from purchased land decreased by 18.6% from ₱640 million as of December 31, 2015 to ₱521 million as of December 31, 2016 due to payments made to Land Owner during the year.

Due to related parties increased by 595% from ₱47 million as of December 31, 2015 to ₱326 million as of December 31, 2016 due to advances made during the year from the stockholders and other affiliates. Purchases from related parties are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and collectible/payable on demand

Pension liabilities increased by 18.0% from ₱201 million as of December 31, 2015 to ₱237 million as of December 31, 2016 as a result accrual of pension expense during the period.

Income tax payable decreased by 94.3% from ₱141 million as of December 31, 2015 to ₱8 million as of December 31, 2016 primarily due to application of creditable withholding taxes as part of tax payments in 2016.

Total equity attributable to parent company net increased by 4.1% to ₱15,227 million as of December 31, 2016 from ₱14,634 million as of December 31, 2015 due to the net income recorded during the year net of CPGI's cash dividend declarations during the year.

Non-controlling interest increased as of December 31, 2016 due to MC subscription of 511.56 million shares of CCDCCI at a subscription price of ₱905.46 million for a 40% proportionate interest in CCDCCI of which ₱190.52 million has been paid. This resulted in the dilution of the Group's ownership in CCDCCI.

Material Changes to the Company's Statement of income for the year ended December 31, 2016 compared to the year ended December 31, 2015 (increase/decrease of 5% or more)

Real estate revenue posted a decrease by 35.9% for the year ended December 31, 2016 from ₱7,751 million in 2015 to ₱4,968 million in 2016. The decrease in real estate sales is attributable a significant portion of revenue recognized in 2015 and prior years from completed projects, as well as less pre-sales and less new project launches.

Interest and other income (including gain from change in Fair Value) decreased by 12.3% to ₱1,772 million in the year ended December 31, 2016 from ₱2,021 million in the year ended December 31, 2015. This decrease was due primarily to significant gain from change in fair value of investment properties and gain from change in fair value of derivatives which were recognized last year. The fair value gain in investment properties recognized amounted to ₱348 million and ₱756 million in 2016 and 2015, respectively. On the other hand, the gain from change in fair value of derivatives amounted to nil and ₱119 million in 2016 and 2015, respectively.

Leasing revenue increased by 8.4% to ₱338 million in the period ended December 31, 2016 from ₱312 million in the same period ended December 31, 2015 due to mall's lease rate escalation for some tenants that is 5%.

Cost and expenses (including loss of fair value of derivatives) decreased by 22.4% to ₱6,401 million during 2016 from ₱8,251 million for the year ended December 31, 2015.

Cost of real estate sales decreased by 39.7% to ₱2,901 million in the year ended December 31, 2016 from ₱4,809 million in the year ended December 31, 2015. This is directly related to the decrease in real estate revenue.

Cost of leasing increased by 74.5% to P267 million for the year ended December 31, 2016 from P153 million in the year ended December 31, 2015. The increase in cost of leasing is due to the payment of estate dues, increase in management fee of housekeeping as mandated by wage regulatory board, increase in repairs and maintenance of building and equipment that no longer covered by warranty and increase in security services fee.

Cost of services increased by 10.2% from P216 million in the year ended December 31, 2015 to P237.8 million in the year ended December 31, 2016. This is primarily attributed to salary increases as mandated by wage regulatory board.

Interest and other financing charges (including unrealized foreign exchange loss) increased by 10.0% to P375 million for the year ended December 31, 2016 from P341 million for 2015. This was primarily due to bank fees and other financing charges paid other than capitalized borrowing costs during the year.

Provision for income tax decreased by 58.8% to ₱252.1 million for the year ended December 31, 2016 from ₱611.3 million in the year ended December 31, 2015. The decrease was primarily due to lower taxable income during the year.

As a result of the foregoing, net income decreased by 52.1% to ₱726.9 million for the year ended December 31, 2016 from ₱1,519.0 million in the year ended December 31, 2015.

CAPITAL EXPENDITURES

The table below sets out our actual capital expenditures in 2014, 2015, 2016, 2017 and 2018.

| | Expenditure (in ₱ millions) |
|------|--------------------------------|
| 2015 | 8,668.9 |
| 2016 | 6,894.2 |
| 2017 | 6,757.5 |
| 2018 | 6,680.2 |

The Group has historically sourced funding for capital expenditures through internally-generated funds and credit facilities from commercial banks.

The Company expects to fund budgeted capital expenditures principally through the existing cash and cash from operations, through borrowings and through the Offering. The Company's capital expenditure plans are based on management's estimates, and are subject to a number of variables, including: possible cost overruns; construction and development delays; the receipt of Government approvals; availability of financing on acceptable terms; changes in management's views of the desirability of current plans; the identification of new projects and potential acquisitions; and macroeconomic factors such as the Philippines' economic performance and interest rates. Accordingly, we might not execute our capital expenditure plans as contemplated or at or below estimated cost.

DIRECTORS, EXECUTIVE OFFICERS, AND CONTROL PERSONS

Directors and Executive Officers

The directors of the Company are elected at the regular annual stockholders' meeting. They hold office for a term of one (1) year until the next succeeding annual meeting and until their respective successors have been elected and qualified. The executive officers hold office until their respective successors have been elected and qualified.

The directors and executive officers of the Company as of December 31, 2018 are as follows:

| Name of Director | Position | Age |
|--------------------------------|---|-----|
| Amb. Jose E.B. Antonio | Chairman of the Board, President and CEO | 72 |
| John Victor R. Antonio | Director and Co. COO | 46 |
| Jose Marco R. Antonio | Director and Co. COO | 44 |
| Jose Roberto R. Antonio | Director and Co-Managing Director | 42 |
| Jose Carlo R. Antonio | Director and Managing Director | 35 |
| Ricardo Cuerva | Director | 74 |
| Rafael G. Yaptinchay | Director and Co-Managing Director | 68 |
| Amb. Jose L. Cuisa, Jr. | Independent Director | 72 |
| Stephen T. CuUnjieng | Independent Director | 59 |
| Carlos C. Ejercito | Independent Director | 72 |
| Atty. Danny E. Bunyi | Corporate Secretary | 54 |
| Ponciano S. Carreon | Chief Financial Officer and Investor Relations Head | 45 |
| Domie S. Edivane | Senior Vice President for Legal and Corporate Affairs | 54 |
| Gerry Joseph Albert Ilagan | Executive Vice President for Century Worldwide Services and Sales Management Operations | 39 |
| Carlos Benedict K. Rivilla, IV | Vice President for Corporate Affairs and Assistant Corporate Secretary | 47 |
| Maria Theresa Fucanan – Yu | Vice President for Corporate Communications | 38 |
| Atty. Isabelita Ching Sales | Chief Information Officer and Compliance Officer | 39 |
| Ramon S. Villanueva III | Tax Compliance Officer | 39 |
| John Paul Flores | Comptroller | 36 |
| Gerardo A. Morales | Treasurer | 57 |
| Ricardo C. Cuerva | Senior Vice President for Design Innovation and Material Management Group | 45 |
| Gerardo R. Mina | Vice President for Property Management | 54 |

| | | |
|----------------------|---|----|
| Ritchelle T. Cordero | Head for Human Resources and Administration | 39 |
| Ricky M. Celis | President for Affordable Housing Business Segment | 50 |

Amb. Jose E.B. Antonio, 72 years old, Filipino, is one of the founders and Chairman of the Company and its subsidiaries. He graduated cum laude from San Beda College, Manila in 1966 with a Bachelor's Degree in Commercial Science (major in Marketing) and received a Masters Degree in Business Management in 1968 from Ateneo de Manila's Graduate School of Business. Chairman Antonio also graduated from Harvard University's Owner/President Management Program in 2003. Chairman Antonio served as the Philippines Special Envoy for Trade and Economics to the People's Republic of China in 2005 and is currently the Chairman of Century Asia Corporation, Prestige Cars, Inc. and Philtranco Service Enterprises. He is also the founder and Chairman of the Philippine-China Business Council Inc. In addition, he serves as the Vice Chairman of Penta Pacific Realty Corporation and Subic Air Charter, Inc. Mr. Antonio has also has been duly appointed by President Rodrigo R. Duterte as the Philippines' special envoy to the United States, effective October 28, 2016. His mission is to enhance business ties and strengthen the economic affairs between the two countries.

Mr. John Victor R. Antonio, 46 years old, Filipino, is Co-Chief Operating Officer and a Managing Director of the Company. He has been with the Company for 17 years and is involved in managing projects in the Company's middle income and affordable product lines, including Gramercy Residences and Azure Urban Residences. He graduated magna cum laude with a Bachelor's Degree in Economics (major in Marketing) from the University of Pennsylvania's Wharton School in 1993 and received his Masters Degree in Business Administration from the Wharton School in 2003.

Mr. Jose Marco R. Antonio, 44 years old, Filipino, is Co-Chief Operating Officer and a Managing Director of the Company. Prior to joining us, he worked at Blackstone Real Estate Partners as a financial analyst. He has been with the Company for 16 years and is involved in managing projects in the Company's middle income and affordable product lines, including Canyon Ranch, Knightsbridge Residences and Acqua Private Residences. He graduated summa cum laude with a Bachelor's Degree in Economics (dual major in Finance and Entrepreneurial Management) from the University of Pennsylvania's Wharton School in 1995 and received his Masters Degree in Business Administration from the Wharton School in 2004.

Mr. Jose Roberto R. Antonio, 42 years old, Filipino, is a Managing Director of the Company. He is involved in managing projects in the Company's luxury product line, including Milano Residences and Trump Tower Manila. He graduated with a Bachelor's Degree in Economics from Northwestern University and obtained his Masters Degree in Business Administration from Stanford University. He joined the Company in 2009 after spearheading Antonio Development in New York City, which developed the luxury condominium Centurion, located on 56th Street between 5th and 6th Avenue, steps from Central Park.

Mr. Jose Carlo R. Antonio, 35 years old, Filipino, is the CFO of the Company and a member of our Board. Prior to joining the Company in 2007, he worked in the investment banking groups of Citigroup and Goldman Sachs. He graduated magna cum laude with a Bachelor's Degree in Economics (major in Finance) from the University of Pennsylvania's Wharton School in 2005.

Mr. Ricardo P. Cuerva, 74 years old, Filipino, is a member of our Board. Mr. Cuerva was a co-founder of Meridien and served as Meridien's president from 1988 to 1996. He also currently serves as a member of the Rotary Club of Makati City. Mr. Cuerva graduated from San Beda College in 1961 with a Bachelor of Science Degree in Business Administration and

obtained his Masters Degree in Business Administration from Ateneo De Manila in 1971. Mr. Cuerva is the President and owner of Century Project Management and Construction Corporation, which oversees the construction of our vertical developments.

Mr. Rafael G. Yaptinchay, 68 years old, Filipino, is the Co-Managing Director of the Company and a member of our Board. Mr. Yaptinchay was a co-founder of Meridien and served as Meridien's president from 1996 to 2009. He has previously served as the Assistant Treasurer and Head of Business Development/Corporate Planning of Philippine National Construction Corporation. Mr. Yaptinchay is a member of the Rotary Club of Ortigas and the Association of Asian Manager, Inc. Mr. Yaptinchay graduated from Ateneo de Manila University in 1971 with a Bachelor's Degree (major Economics) and received his Masters Degree in Business Administration from Asian Institute of Management in 1974.

Amb. Jose L. Cuisia Jr., 72 years old, Filipino citizen, is the incumbent Ambassador Extraordinary and Plenipotentiary of the Republic of the Philippines to the United States. Ambassador Cuisia is also well-respected figure in Philippine business, with over 32 years in financial services, most recently as the President & CEO of the largest and most profitable non-bank financial institution on the Philippines. He serves on the boards of many of the Philippines' most important private and listed companies, and has shared his expertise as Trustee on various academic institutions and non-government organizations espousing good governance and corporate social responsibility, including the Asian Institute of Management. Ambassador Cuisia has over 10 years of experience in public service, having served Filipinos as the Governor of the Central Bank of the Philippines and Chairman of its Monetary Board as well as President and CEO of the Philippine Social Security System in the 1980s and 1990s. At the Central Bank, Ambassador Cuisia oversaw the liberalization of foreign exchange controls, resulting in, among others, the entry of more substantial foreign direct investment that strengthened the Philippine Peso and the country's foreign exchange reserves. The Ambassador also led the efforts in establishing what is now the Bangko Sentral ng Pilipinas, allowing it to become a more effective guardian of monetary policy and ensuring the stability of the banking system. Amb. Cuisia also serves as Director to various companies namely: Investment & Capital Corporation of the Philippines, Asian Institute of Management, Phinma Corporation, SM Prime Holdings Inc., Philippine Investment Management, Inc.. He likewise serves as an Independent Director of Manila Water Company, Inc.

Mr. Stephen T. CuUnjieng, 59 years old, Filipino citizen, is a prominent investment banker, and currently serves as an Independent Director, Aboitiz Equity Ventures, Inc. He has a long and extensive experience in investment banking with several major financial institutions including HFS Capital LLC and Evercore Partners, Inc. is the Chairman of Evercore Asia Limited. He is an advisor to a number of Asia's most prominent companies like San Miguel Corporation, Samsung Electronics, Tiger Airways, among others. He finished his undergraduate and law degree from Ateneo De Manila University and later on, earned his MBA degree from the Wharton School of Business at the University of Pennsylvania.

Mr. Carlos C. Ejercito, 72 years old, Filipino, is the former Chairman of the United Coconut Planters Bank and currently the Chairman and CEO of Northern Access Mining, Inc, Forum Cebu Coal Corporation and Kaipara Mining and Development Corporation. He graduated Cum Laude from the University of the East where he finished his Bachelor's Degree in Business Administration. He became a Certified Public Accountant in 1966. He received his Master's Degree in Business Administration at the Ateneo Graduate School of Business in 1976 and graduated from his Management Development Program in 1983 at the Harvard Business School. As of date, he serves as an Independent Director at Aboitiz Power Corporation, Bloomerry Resorts Corporation and Monte Oro Resources and Energy Corporation.

Atty. Danny E. Bunyi, 53 years old, Filipino, is the Corporate Secretary of the Company. He is likewise a Partner at Divina Law Offices and a lecturer at John Gokongwei School of

Management in Ateneo de Manila University, and at the Trust Institute Foundation of the Philippines. He was the Senior Vice President and Corporate Secretary of the Development Bank of the Philippines and the Chief Compliance Officer and Legal Services Group Head of Robinsons Bank. He was also the Legal Counsel for Consumer Banking of Standard Chartered Bank (Manila Office) and the Head of the Legal Advisory Division of the Philippine Commercial International Bank. He completed the Finance for Senior Executives Program in the Asian Institute of Management as well as the course on Trust Operations and Investment Management conducted by the Trust Institute Foundation of the Philippines. He obtained his law degree at the Ateneo de Manila University, with a Bachelor's degree in Business Management, major in Legal Management from the same university. Atty. Bunyi has extensive work experience in the field of banking and finance, trust banking and investment management, and corporate and special projects.

Mr. Ponciano S. Carreon, Jr., 45 years old, is the Chief Financial Officer and Head for Investor Relations. Prior to joining CPGI, he served as Chief Finance Officer of Landco Pacific Corporation, Chief Finance Officer of Arthaland Corporation, Assistant Vice President of Controllership at SM Development Corporation and Controller of Crown Asia Properties, Inc., a Vista Land subsidiary, and as member of the Board of Directors of Club Punta Fuego Inc., Fuego Land Corporation, and Fuego Development Corporation. He also brings with him solid banking experience having served as a bank controller, audit head and examiner. He is an Ateneo-BAP Certified Treasury Professional, a cum laude graduate of BS Accountancy degree at San Beda College and a CPA board topnotcher.

Mr. Domie S. Eduvane, 54 years old, Filipino, is the Senior Vice-President for Legal and Corporate Affairs of the Company. He graduated magna cum laude from Far Eastern University, Manila with a Bachelor of Arts Degree in Economics and obtained his law degree from San Beda College of Law, Manila in 1994. Prior to joining the Company, he served as the Vice-President for Legal and Corporate Affairs and Human Resources for Empire East Properties, Inc., an affiliate of Megaworld Corporation. He also worked as Court Attorney with the Court of Appeals, Manila and was an Associate with Bengzon Zarraga Cudala Liwanag & Jimenez Law Offices as well as a Partner of Yrreverre Rondario & Associates Law Office.

Mr. Gerry Joseph Albert L. Ilagan, 39 years old, Filipino, is the Executive Vice-President for Century Worldwide Services and Sales Management Operations of the Company. In October 2015, he was appointed as fulltime group head of Century World Sales Operations. He graduated with academic distinction from San Beda College with a Bachelor's Degree in Human Resources Development and Philosophy. He also attended De La Salle College of St. Benilde's School of Professional and Continuing Education where he received a diploma in Organizational Development and a diploma in Human Resources. He is a licensed Real Estate Broker with more than 10 years of human resources and sales management experience gained from several multinational and Philippine companies. Mr. Ilagan also worked with Sun Microsystems Philippines Inc. and Crown Asia Properties Inc. prior to joining the Company.

Mr. Carlos Benedict K. Rivilla IV, 47 years old, Filipino, is the Vice-President for Corporate Affairs of the Company. As part of his experience in the business sector, he served as Corporate Compliance Officer and Vice-President for Finance in a corporation engaged in mass media for four years in Cebu City and also previously handled Corporate Affairs for the Company and served as Director and Corporate Secretary of various businesses in Makati City. He joined the Company in 2007. Mr. Rivilla is a graduate of University of San Jose Recoletos. Mr. Rivilla was appointed Assistant Corporate Secretary on August 17, 2011.

Ms. Maria Theresa Fucanan Yu, 38 years old, Filipino, is the Vice-President for Corporate Communications of the Company. As part of her corporate background, she served as Assistant Vice-President and Public Relations Manager of the Company. Prior to joining the

Company in 2007, she served as an editor and reporter for various sections of The Manila Times. Ms. Fucanan graduated cum laude with a Bachelor's Degree in Journalism from the University of Santo Tomas in 2001.

Atty. Isabelita Ching-Sales, 39 years old, serves as the Company's Chief Information Officer. Atty. Ching-Sales was the Chief Legal Counsel, Head for Credit Support, Chief Information Officer and Corporate Secretary of Asiatrust Development Bank where she worked for 5 years. She likewise worked as Head for Operations of China Banking Corporation's Acquired Assets Division. She graduated from the University of Sto. Tomas with a Bachelor's Degree in Legal Management and obtained her degree in Bachelor of Laws at San Sebastian College Recoletos Manila, Institute of Law and San Beda College of Law.

Mr. Ramon S. Villanueva III, 38 years old, Filipino, is the Tax Compliance Officer of the Company. He graduated with the degree of Bachelor of Science in Accountancy from Palawan State University in 2002. He is the 10th placer at the Licensure Examination for Certified Public Accountants in May 2005. Prior to re-joining the Company, he served as the Comptroller of the Company for 4 years. He also served as Senior Auditor for Punongbayan & Araullo. He also worked as Accounting Professor at the Palawan State University.

Mr. John Paul Flores, 36 years old, Filipino, is the Comptroller of the Company. He graduated from the Laguna College with a Bachelor of Science Degree in Accountancy. Prior to joining the Company, he served as a Senior Auditor of Punongbayan and Araullo Auditing Firm.

Mr. Gerardo A. Morales, 57 years old, Filipino, serves as the Company's Treasurer. He was the former President of Optimum Development Bank. He has been involved in varying capacities with several banks (Planters Development Bank, Union Bank of the Philippines and Far East Bank) for more than 25 years. He graduated from Ateneo de Manila University in 1981 with a Bachelor of Science Degree, Major in Business Management.

Mr. Ricardo C. Cuerva, 46 years old, Filipino, is the Senior Vice President for Design Innovation and Material Management Group of the Company. He graduated with the Bachelor Degree in Architecture from Southern California Institute of Architecture, U.S.A in 1998. He also obtained a Master of Science degree in Real Estate Development from Columbian University, U.S.A in 2002. As of date, he serves as Managing Director of Nova Construction, an exclusive residential and commercial project builder of Century Properties Group, Inc.

Mr. Gerardo R. Mina, 54 years old, Filipino, is the Vice President for Property Management of the Company. He graduated from Adamson University with the degree of Bachelor of Science in Civil Engineering and earned units in MBA from Ateneo Graduate School of Business. He was with Century Properties Management, Inc. (CPMI), a subsidiary of Century Properties Group, Inc. (CPGI) for 21 years and occupied senior management post in the Operations Division.

Mr. Ritchelle T. Cordero, 38 years old, Filipino, is the Head for Human Resources and Administration of the Company. He graduated with academic distinction from San Beda College, Manila in 2002 with the degree of Bachelors of Arts in Philosophy and Human Resources Development. Currently, he is taking the Executive MBA degree program at the Asian Institute of Management. Prior joining the Company, he was the HR Manager of Ayala Property Management Corporation, a subsidiary of Ayala Land Inc. He also worked as the HR Officer of DMCI Project Developers, Inc. He also served as the HR & Quality Management Officer of Asiatic Development Corporation.

Mr. Ricky M. Celis, 50 years old, Filipino, will lead Century Properties in capturing the vast opportunities in the affordable housing segment. Prior to joining the Company, he served as the Head for Corporate Sales of Ayala Land Residential Business Group and President of

Amaia Land (ALI Subsidiary). He also worked for Vista Land and Lifescapes for 11 years where he served as Technical Services Engineer and eventually the Operating Head for Camella Homes South Division. He earned his degree in Civil Engineering at the Holy Angel University where he graduated as Magna Cum Laude. He also took Management Development Program at the Asian Institute of Management and Executive Development Program (LEAP) at the Harvard School of Business.

All the directors and members of the senior management of the Company possess a high degree of integrity and character and are fully capable and able to perform their duties as directors and members of senior management, respectively. The Company does not believe that its business is dependent on the services of any particular employee. Moreover, the Company has no employee and non-executive officer who is expected to make individually on his own a significant contribution to the business.

As of December 31, 2018, the directors and key officers of the Company have no material pending civil or criminal cases filed by or against them.

From time to time, the Company and its Subsidiaries, its Board of Directors and Key Officers are subject to various civil, criminal and administrative lawsuits and other legal actions arising in the ordinary course of our business. Typical cases include adverse claims over title to land, claims for recovery of money and damages and claims for cancellations of sales agreements and refund of deposits. In the opinion of the Company's management, none of the lawsuits or legal actions to which it is currently subject will materially affect the daily operations of its business nor will they have a material adverse effect on the Company's consolidated financial position and results of operations.

COMPENSATION AND BENEFITS OF KEY MANAGEMENT PERSONNEL

Information as to the aggregate compensation paid or accrued during the last two fiscal years and to be paid in the ensuing fiscal year to the executive officers and senior management follows:

| Name and Principal Position | Year | Salary | Bonus | Other Annual Compensation |
|---|-------------|---------------|---------------|---------------------------|
| Aggregate executive compensation for CEO and Top 5 Most Highly Compensated Officers/ Directors | Actual 2018 | 75,669,989.94 | 10,602,391.55 | 0 |
| | Actual 2017 | 68,404,140.35 | 5,248,129.54 | 0 |
| Aggregate executive compensation all other officers unnamed | Actual 2018 | 77,307,224.87 | 8,993,187.67 | 0 |
| | Actual 2017 | 69,522,249.06 | 4,103,388.97 | 0 |

The Company does not have any standard arrangement or other arrangements with its executive directors and, as previously mentioned, the executive directors of the Company do not receive any compensation for acting in such capacity, except for the independent directors who receives a monthly fee of One Hundred Thousand Pesos (₱100,000) for board meetings, special meetings and board committee meetings. With regard to the employment contracts between the Company and the executive officers, the Company employs the same standard employment contract applicable to all its officers and employees. The Company has not issued and/or granted stock warrants or options in favor of its officers and employees.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN RECORD AND BENEFICIAL OWNERS

Security Ownership of Certain Record and Beneficial Owners

As of December 31 2018, the Company knows of no one who owns in excess of 5% of the Company's common stock other than those set forth in the table below.

| Title of Class | Name and Address of Record Owner and relationship with Issuer | Name of Beneficial Owner and relationship with Record Owner | Citizenship | No. of Shares Held | Percent |
|----------------|--|--|-------------|--------------------|---------|
| Common | Century Properties Inc. (21 st Floor, Pacific Star Building, Sen Gil Puyat corner Makati Avenue Makati City) | -CPI- ¹ Carlos Benedict K. Rivilla, IV Duly authorized representative | Filipino | 7,376,420,681 | 63.59% |

¹ The total shareholdings of CPI consist of directly-issued shares for 5,612,370,679 (certificated), and 1,764,050,002 (scripless).

Security Ownership of Management

The amount and nature of the ownership of the Company's shares by the Company's directors and officers, as of December 31, 2018, are set forth in the table below.

| Title of Class | Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | Citizenship | % of Class |
|----------------|--|---|-------------|------------|
| Common | Jose E.B. Antonio | 79,530,001 | Filipino | 0.685 |
| Common | John Victor R. Antonio | 1 Direct | Filipino | 0.00 |
| Common | Jose Marco R. Antonio | 1 Direct | Filipino | 0.00 |
| Common | Jose Roberto R. Antonio | 1 Direct | Filipino | 0.00 |
| Common | Jose Carlo R. Antonio | 1 Direct | Filipino | 0.00 |
| Common | Rafael G. Yaptinchay | 1 Direct | Filipino | 0.00 |
| Common | Ricardo P. Cuerva | 214,995,169 | Filipino | 1.85 |
| Common | Jose L. Cuisia, Jr | 1 Direct | Filipino | 0.00 |
| Common | Stephen T. CuUnjieng | 1 Direct | Filipino | 0.00 |
| Common | Carlos C. Ejrecito | 1 Direct | Filipino | 0.00 |
| - | Domie S. Eduvane | - | Filipino | - |
| - | Atty. Camille Kristine I. Aromas | - | Filipino | - |
| - | Carlos Benedict K. Rivilla, IV | - | Filipino | - |
| - | Gerry Joseph Ilagan | - | Filipino | - |
| - | Maria Theresa Fucanan ucu | - | Filipino | - |
| - | Kristina I. Garcia | - | Filipino | - |
| - | Isabelita Ching Sales | - | Filipino | - |
| - | Patrick C. Carague | - | Filipino | - |
| - | Ramon S. Villanueva III | - | Filipino | - |
| - | John Paul C. Flores | - | Filipino | - |
| - | Gerardo A. Morales | - | Filipino | - |
| Common | Ricardo C. Cuerva | 214,995,160 | Filipino | 1.85 |
| - | Gerardo S. Mina | - | Filipino | - |
| - | Ritchelle T. Cordero | - | Filipino | - |
| | Ricky M. Celis | - | Filipino | - |
| Common | Aggregate Amount of Ownership of all Directors and Officers as a Group | 509,520,338 | | 4.385 |

VOTING TRUST HOLDERS OF 5.0% OR MORE

As of December 31, 2018, the Company does not know of any person who holds more than 5% of its common shares of stock under a voting trust or similar agreement.

CHANGES IN CONTROL

As of the date of this Prospectus, there are no arrangements, which may result in a change in control of the Company.

RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES, INCLUDING RECENT ISSUANCE OF SECURITIES CONSTITUTING AN EXEMPT TRANSACTION

There have been no sales of unregistered or exempt securities, including issuances of securities constituting an exempt transaction within the last three (3) years from the date of this Prospectus.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Other than the above and those disclosed in this annual report and in the consolidated financial statements, there are no other transaction entered into by the Company on one hand, with any of its directors, officers or stockholders on the other.

FAMILY RELATIONSHIPS

Except for Messrs. Jose E.B. Antonio, John Victor R. Antonio, Jose Marco R. Antonio, Jose Roberto R. Antonio and Jose Carlo R. Antonio, none of the above indicated Directors and Senior Officers are bound by any familial relationships with one another up to the fourth civil degree, either by consanguinity or affinity.

Messrs. John Victor R. Antonio, Jose Marco R. Antonio, Jose Roberto R. Antonio and Jose Carlo R. Antonio are brothers while Mr. Jose E.B. Antonio is their father.

A complete description and the balances of the related party transactions are outlined in notes of the accompanying consolidated financial statements.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

The Company is not aware of any of the following events having occurred during the past five years up to the date of this Prospectus that are material to an evaluation of the ability or integrity of any director, nominee for election as Director, executive officer, underwriter or controlling person of the Company:

- (a) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (b) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (c) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or

temporarily enjoining, barring suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

- (d) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

DESCRIPTION OF DEBT

As of September 30, 2018, CPGI had the equivalent of ₱31.86 billion of approved credit facilities, of which ₱19.79 billion is outstanding.

The following table describes the consolidated outstanding long and short-term debt of CPGI and its subsidiaries as of September 30, 2018.

| Description of Indebtedness | Borrower | Lender | Original Principal Amount (In ₱ Million) | Maturity / Due Date | Amount Outstanding as of 9/30/2018 (In ₱ Million) |
|-----------------------------|----------|-------------------------|--|----------------------------------|---|
| Term Loan | | | | | |
| Term Loan | CLC | AIB | 500 | Sep. 2020 | 196 |
| Term Loan | CCDC | Banco de Oro | 4,000 | Aug. 2020 | 3,315 |
| Term Loan | Tanza I | Banco de Oro | 1,000 | Feb. 2022 | 246 |
| Term Loan | CCDC II | BPI | 2,200 | Jan. 2028 | 829 |
| Promissory Note | CPMI | BPI | 5 | 1 year | 5 |
| Term Loan | CCDC | Banco de Oro | 500 | Apr. 2019 | - |
| Term Loan | CLC | Chinabank | 2,000 | Dec. 2019 | 735 |
| Term Loan (short-term) | CPGI | Chinabank | 502 | Aug. 2019 | 497 |
| Term Loan (short-term) | CLC | Chinabank | 498 | Sep. 2019 | 250 |
| Term Loan | CLC | Chinabank Savings | 500 | Jun. 2021 | 500 |
| Term Loan | CLC | DBP | 1,500 | Various (Dec. 2018 to Apr. 2020) | 864 |
| Term Loan | CLC | Standard Chartered Bank | 1,000 | Jun. 2020 | 946 |
| Syndicated Loan | CPGI | Standard Chartered Bank | 2,000 | Mar. 2020 | 1,990 ^[1] |
| Term Loan | CLC | UCPB | 1,000 | Apr. 2019 | 725 |
| Sub-total | | | 16,705 | | 11,099 |
| | | | | | |
| Bonds | CPGI | Bonds | 2,700 | Various (Mar. 2020 to Sep. 2021) | 1,513 |
| Sub-total | | | 2,700 | | 1,513 |

| | | | | | |
|-----------------------------------|------|----------------------|--------------|----------------------------------|--------------------|
| | | | | | |
| Contract-To-Sell Financing | | | | | |
| Contract-To-Sell Financing | CLC | Banco de Oro | 2,500 | Various (May 2019 to Aug. 2023) | 135 |
| Contract-To-Sell Financing | CCDC | Banco de Oro | | Various (Nov. 2018 to Sep. 2023) | 1,247 |
| Contract-To-Sell Financing | MDC | Banco de Oro | | Various (Oct. 2018 to Sep. 2023) | 250 |
| Contract-To-Sell Financing | CLC | BPI Family Savings | 1,500 | Feb. 2019 | 0 |
| Contract-To-Sell Financing | CMDC | BPI Family Savings | | Jun. 2019 | 3 |
| Contract-To-Sell Financing | CLC | Chinabank | 1,500 | Various (Oct. 2018 to Apr. 2027) | 635 |
| Contract-To-Sell Financing | CCDC | Chinabank | | 5 to 10 years from drawdown | 0 |
| Contract-To-Sell Financing | CMDC | Chinabank | 1,000 | 5 to 10 years from drawdown | 0 |
| Contract-To-Sell Financing | CLC | Chinabank Savings | | Various (Aug. 2022 to Oct. 2022) | 181 |
| Contract-To-Sell Financing | CCDC | Chinabank Savings | | Various (Feb. 2023 to May 2023) | 108 |
| Contract-To-Sell Financing | CLC | COCOLIFE | 3,100 | Various (Jun. 2019 to Oct. 2022) | 1,712 |
| Contract-To-Sell Financing | CCDC | COCOLIFE | | Various (Aug. 2019 to Sep. 2022) | 1,285 |
| Sub-total | | | 9,600 | | 5,555 |
| | | | | | |
| Subordinated Secured Loan | CCDC | Golden First Century | 1,500 | Jun. 2019 | 704 ^[2] |
| Sub-total | | | 1,500 | | 704 |

| | | | | | |
|---|------|--------------------------|--------------------|----------------------------------|-------------------|
| | | | | | |
| Letter of Credit / Trust Receipt | | | | | |
| Letter of Credit / Trust Receipt | CLC | Banco de Oro | 100 | Various (Oct. 2018 to Jun. 2019) | 14 |
| Letter of Credit / Trust Receipt | CCDC | Banco de Oro | | Various (Oct. 2018 to Apr. 2019) | 24 |
| Letter of Credit / Trust Receipt | CCDC | Banco de Oro | 50 | Various (Nov. 2018 to Jun. 2019) | 14 |
| Letter of Credit / Trust Receipt | CLC | Bank of China | 312 ^[3] | Various (Dec. 2018 to Aug. 2019) | 119 |
| Letter of Credit / Trust Receipt | CCDC | Bank of China | | Various (Dec. 2018 to Mar. 2019) | 8 |
| Letter of Credit / Trust Receipt | CLC | Philippine Business Bank | 300 | Various (Oct. 2018 to Mar 2019) | 194 |
| Letter of Credit / Trust Receipt | CCDC | Philippine Business Bank | | Various (Oct. 2018 to Mar 2019) | 36 |
| Letter of Credit / Trust Receipt | CLC | Philtrust Bank | 540 | Various (Oct. 2018 to Mar 2019) | 335 |
| Letter of Credit / Trust Receipt | CCDC | Philtrust Bank | | Various (Oct. 2018 to Mar 2019) | 78 |
| Sub-total | | | 1,302 | | 822 |
| | | | | | |
| Leasing Facility | | | | | |
| Leasing Facility | CCDC | BDO Leasing and Finance | 50 | Various (Nov 2018 to Aug. 2023) | 19 ^[4] |
| Sub-total | | | 50 | | 19 |
| | | | | | |
| Grand Total | | | 31,857 | | 19,711 |

[1] The syndicated loan facility with drawn amount of \$40million is converted based on USD to PHP foreign exchange rate of 49.75 at the time of loan release on January 5, 2018.

[2] The \$30 million loan facility with \$15million drawn amount is converted based on USD to PHP foreign exchange rate of 46.90 at the time of loan release on August 26, 2015.

[3] The LCTR facility amounting to \$6 million is converted based on USD to PHP foreign exchange rate of 52.00

[4] The outstanding balance excludes guaranty deposit of P8.55 million

The Company currently avails of four main types of credit facilities namely term loan, Contract-To-Sell Financing, Letter of Credit / Trust Receipt, and Leasing Facility.

The Company's term loan facilities granted by various financial institutions are paid back from profits of the business, according to a fixed amortization schedule. The Company's term loans are secured by real estate mortgage, chattel mortgage, corporate guaranty and assignment of leasehold rental. The Company has availed of term loans with maturity ranging from more than one (1) year up to five (5) years, for additional working capital, and for the development of certain projects.

Syndicated Credit Facility is provided by a group of Lenders arranged or underwritten, administered and structured by another financial institution. Like most business loans, this type of Credit Facility contain both affirmative and restrictive covenants that impose certain conditions on the borrower that permit acceleration of the maturity if the loan conditions are violated. The Company has availed of a Secured Syndicated Term Loan Facility with scheduled repayments for a fixed term of five (5) years for the purpose partially financing the construction and development of various projects.

Contract-to-Sell financing are credit facilities extended by financial institutions which purchase accounts receivables of the Company covered by Contracts to Sell of buyers of units from various projects, both on a with and without recourse basis.

Letter of Credit / Trust Receipts (LCTRs) is a type of financing extended by various banks to finance purchases mainly of construction materials for the Company's projects like cement and rebars from various suppliers. The banks essentially pay the Company's suppliers then require the Company to execute trust receipts over the goods purchased.

A bank has also extended a leasing facility to the Company for the purpose of renting equipment and vehicles used in the conduct of business. Under this facility, a lease guarantees the Company (the lessee or renter) the use of various equipment and vehicles and guarantees the bank (the property owner) regular payments from the Company for a specific period.

CORPORATE GOVERNANCE

Evaluation System to Measure or Determine Level of Compliance with the Manual of Corporate Governance

The Company has undertaken constant self-rating assessment (SRA) and performance evaluation exercises in relations to its corporate governance policies both for the purpose of monitoring compliance and instilling deeper awareness and observance by the Company's Board of Directors and top-level management.

Measures Undertaken to Comply with Leading Practices

The Compliance Officer has been tasked to keep abreast of such developments and to constantly disseminate relevant information in this regard.

Deviations from the Manual on Corporate Governance

No deviation has been noted to date.

Plans to Improve Company's Corporate Governance

Possible improvement in the Company's corporate governance policies and practices are being constantly studied and reviewed. The Company undertakes to comply with all SEC and PSE mandated corporate governance revisions and memorandums.

For 2018, the Company's submitted to the SEC the certification of compliance on corporate governance and the Annual Corporate Governance Report (ACGR). CPGI has also complied with the memorandum circular of the PSE on the submission of the corporate governance Guidelines for listed corporations. Changes were implemented on the company's website to improve its corporate governance section and the monitoring of updates and disclosures pursuant to respective SEC Memorandums.

FINANCIAL STATEMENTS

Annex A: Audited Consolidated Financial (Statements as of December 31, 2017, 2016 and 2015 and for the years ended December 31, 2017, 2016, and 2015 and unaudited Interim Condensed Consolidated Financial Statements as of September 30, 2018 and for the nine months ended September 30, 2018 and 2017.