

Century Properties Group Inc. and Subsidiaries

Interim Condensed Consolidated
Financial Statements

As at September 30, 2020 and for the Nine-Month Periods Ended
September 30, 2020 and 2019

(With Comparative Audited Consolidated Statement of Financial
Position as at December 31, 2019)

and

Report on Review of Interim Condensed
Consolidated Financial Statements

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Stockholders and the Board of Directors
Century Properties Group Inc.
21st Floor, Pacific Star Building
Sen. Gil Puyat corner Makati Avenue
Makati City

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Century Properties Group Inc. and Subsidiaries as at September 30, 2020 and the related interim consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for the nine-month periods ended September 30, 2020 and 2019, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Philippine Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Philippine Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with PAS 34.

SYCIP GORRES VELAYO & CO.



John T. Villa
Partner

CPA Certificate No. 94065

SEC Accreditation No. 1729-A (Group A),
December 18, 2018, valid until December 17, 2021

Tax Identification No. 901-617-005

BIR Accreditation No. 08-001998-76-2018,
February 26, 2018, valid until February 25, 2021

PTR No. 8125318, January 7, 2020, Makati City

December 14, 2020



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Stockholders and the Board of Directors
Century Properties Group Inc.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Century Properties Group Inc. and Subsidiaries as at September 30, 2020 and the related interim consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for the nine-month periods ended September 30, 2020 and 2019, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

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PTR No. 8125318, January 7, 2020, Makati City

December 14, 2020



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Century Properties Group Inc.
21st Floor, Pacific Star Building
Sen. Gil Puyat corner Makati Avenue
Makati City

We have reviewed in accordance with Philippine Standard on Review Engagement 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, the interim condensed consolidated financial statements of Century Properties Group Inc. and Subsidiaries (the Group) as at September 30, 2020 and for the nine-month periods ended September 30, 2020 and 2019 and have issued our report thereon dated December 14, 2020. Our review was made for the purpose of expressing a conclusion on the interim condensed consolidated financial statements taken as whole. The schedules listed in the Index to the Interim Condensed Consolidated Financial Statements and Supplementary Schedules are the responsibility of the management of the Group. These schedules are presented for purposes of complying with the Securities Regulation Code Rule 68 and are not part of the interim condensed consolidated financial statements. These schedules have been subjected to the review procedures applied in the review of the interim condensed consolidated financial statements and, based on our review, nothing has come to our attention that causes us to believe that the information required to be set forth therein has not been prepared, in all material respects, in relation to the interim condensed consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



John T. Villa

Partner

CPA Certificate No. 94065

SEC Accreditation No. 1729-A (Group A),

December 18, 2018, valid until December 17, 2021

Tax Identification No. 901-617-005

BIR Accreditation No. 08-001998-76-2018,

February 26, 2018, valid until February 25, 2021

PTR No. 8125318, January 7, 2020, Makati City

December 14, 2020



CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | September 30, 2020 (Unaudited) | December 31, 2019 (Audited) |
|---|-----------------------------------|--------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents (Note 6) | ₱3,988,543,330 | ₱4,005,009,231 |
| Receivables (Note 7) | 9,596,980,694 | 10,967,149,055 |
| Real estate inventories (Note 8) | 13,879,985,395 | 15,558,004,362 |
| Advances to suppliers and contractors (Note 9) | 2,326,173,222 | 2,006,510,283 |
| Due from related parties (Note 18) | 419,274,459 | 419,654,624 |
| Investment in bonds (Note 15) | 463,750,000 | – |
| Other current assets (Note 14) | 1,703,186,144 | 1,409,171,684 |
| Total Current Assets | 32,377,893,244 | 34,365,499,239 |
| Noncurrent Assets | | |
| Noncurrent portion of installment contracts receivable (Note 7) | 2,671,700,890 | 1,137,658,202 |
| Investment in bonds (Note 15) | – | 463,750,000 |
| Deposits for purchased land (Note 10) | 1,313,109,648 | 1,079,443,219 |
| Investments in and advances to joint ventures and associate (Note 11) | 265,560,204 | 258,768,231 |
| Investment properties (Note 12) | 13,683,608,522 | 12,932,523,885 |
| Property and equipment (Note 13) | 1,867,192,643 | 1,648,122,313 |
| Deferred tax assets (Note 28) | 38,087,846 | 42,148,127 |
| Other noncurrent assets (Note 14) | 1,688,411,150 | 1,513,772,396 |
| Total Noncurrent Assets | 21,527,670,903 | 19,076,186,373 |
| TOTAL ASSETS | ₱53,905,564,147 | ₱53,441,685,612 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Accounts and other payables (Note 16) | ₱6,007,753,033 | ₱5,703,064,295 |
| Contract liabilities (Note 17) | 1,876,999,012 | 1,784,093,580 |
| Due to related parties (Note 18) | 261,469,984 | 171,191,762 |
| Short-term debts (Note 19) | 566,006,056 | 1,452,692,919 |
| Current portion of: | | |
| Long-term debt (Note 19) | 2,695,914,931 | 5,462,166,897 |
| Bonds payable (Note 20) | 118,781,010 | 1,392,653,130 |
| Liability from purchased land (Note 21) | 67,200,000 | 67,200,000 |
| Lease liability (Note 29) | 14,019,234 | 21,642,553 |
| Income tax payable | 45,879,110 | 9,352,517 |
| Other current liabilities | 46,024,632 | 35,277,576 |
| Total Current Liabilities | 11,700,047,002 | 16,099,335,229 |
| Noncurrent Liabilities | | |
| Noncurrent portion of: | | |
| Long-term debt (Note 19) | 13,026,022,155 | 9,880,550,051 |
| Bonds payable (Note 20) | 2,959,656,281 | 3,060,379,036 |
| Liability from purchased land (Note 21) | 208,335,743 | 268,335,743 |
| Lease liability (Note 29) | 37,883,157 | 39,535,451 |
| Retirement benefit obligation (Note 27) | 314,242,932 | 307,402,078 |
| Deferred tax liabilities (Note 28) | 2,968,181,921 | 2,708,263,227 |
| Deposit for future stock subscription (Note 30) | – | 42,480,000 |
| Other noncurrent liabilities (Note 30) | 1,369,783,164 | 1,419,835,309 |
| Total Noncurrent Liabilities (Note 30) | 20,884,105,353 | 17,726,780,895 |
| Total Liabilities | 32,584,152,355 | 33,826,116,124 |

(Forward)



| | September 30, 2020 (Unaudited) | December 31, 2019 (Audited) |
|--|-----------------------------------|--------------------------------|
| Equity | | |
| Common stock - ₱0.53 par value | | |
| Authorized - 15,000,000,000 shares | | |
| Issued - 11,699,723,690 shares | ₱6,200,853,553 | ₱6,200,853,553 |
| Preferred stock - ₱0.53 par value | | |
| Authorized - 3,000,000,000 shares | | |
| Issued - 30,000,000 shares (Note 23) | 15,900,000 | - |
| Additional paid-in capital (Note 23) | 5,524,776,889 | 2,639,742,141 |
| Treasury shares - 100,123,000 shares | (109,674,749) | (109,674,749) |
| Other components of equity (Note 23) | (682,845,178) | 99,393,242 |
| Retained earnings (Note 23) | 9,266,408,178 | 8,733,916,278 |
| Remeasurement loss on retirement benefit obligation | (81,174,033) | (81,174,033) |
| Total Equity Attributable to Equity Holders of the Parent Company | 20,134,244,660 | 17,483,056,432 |
| Non-controlling interest (Note 23) | 1,187,167,132 | 2,132,513,056 |
| Total Equity | 21,321,411,792 | 19,615,569,488 |
| TOTAL LIABILITIES AND EQUITY | ₱53,905,564,147 | ₱53,441,685,612 |

See accompanying Notes to Interim Condensed Consolidated Financial Statements.



CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Nine-Month Periods Ended September 30 | |
|--|--|--------------------|
| | 2020 | 2019 |
| | (Unaudited) | (Unaudited) |
| REVENUES | | |
| Revenue from contracts with customers: | | |
| Real estate sales (Note 31) | ₱7,305,183,752 | ₱8,856,440,453 |
| Property management fee and other services (Note 31) | 256,147,475 | 219,978,637 |
| Leasing revenue (Note 12) | 587,143,150 | 404,069,976 |
| Interest income from real estate sales | 133,545,246 | 313,685,425 |
| | 8,282,019,623 | 9,794,174,491 |
| COST OF SALES AND SERVICES | | |
| Cost of real estate sales (Note 8) | 4,863,002,707 | 5,826,142,692 |
| Cost of leasing (Note 12) | 127,677,419 | 171,966,070 |
| Cost of services | 192,738,919 | 226,777,243 |
| | 5,183,419,045 | 6,224,886,005 |
| GROSS PROFIT | 3,098,600,578 | 3,569,288,486 |
| GENERAL, ADMINISTRATIVE AND SELLING EXPENSES (Note 24) | | |
| | 1,818,963,508 | 2,185,708,138 |
| OTHER INCOME (EXPENSES) | | |
| Interest and other income (Note 25) | 246,195,553 | 535,894,739 |
| Gain from change in fair value of investment properties (Note 12) | 465,218,767 | 152,425,461 |
| Unrealized foreign exchange gain | – | 23,295,186 |
| Share in net earnings of joint ventures and associate (Note 11) | 6,791,973 | 11,183,946 |
| Unrealized loss from change in fair value of derivatives (Note 14) | – | (76,055,988) |
| Interest and other financing charges (Note 26) | (470,874,578) | (573,789,848) |
| | 247,331,715 | 72,953,496 |
| INCOME BEFORE INCOME TAX | 1,526,968,785 | 1,456,533,844 |
| PROVISION FOR INCOME TAX (Note 28) | 427,065,959 | 345,566,294 |
| NET INCOME | 1,099,902,826 | 1,110,967,550 |
| OTHER COMPREHENSIVE INCOME (OCI) | | |
| <i>Item that will not be reclassified to profit or loss in subsequent periods:</i> | | |
| Net change in fair value of equity instruments at fair value through OCI | – | 348,590 |
| TOTAL COMPREHENSIVE INCOME | ₱1,099,902,826 | ₱1,111,316,140 |
| Net income attributable to: | | |
| Equity holders of the Parent Company (Note 23) | ₱831,487,170 | ₱1,049,622,068 |
| Non-controlling interests (Note 23) | 268,415,656 | 61,345,482 |
| | ₱1,099,902,826 | ₱1,110,967,550 |
| Total comprehensive income attributable to: | | |
| Equity holders of the Parent Company (Note 23) | ₱831,487,170 | ₱1,049,970,658 |
| Non-controlling interests (Note 23) | 268,415,656 | 61,345,482 |
| | ₱1,099,902,826 | ₱1,111,316,140 |
| Basic/diluted earnings per share (Note 23) | ₱0.059 | ₱0.090 |

See accompanying Notes to Interim Condensed Consolidated Financial Statements.



CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

| | Total Equity Attributable to Equity Holders of the Parent Company | | | | | | | | | |
|---|--|---------------------|----------------------------------|-----------------------|----------------------------------|-----------------------|--|------------------------|-----------------------------|------------------------|
| | Capital Stock | Preferred Shares | Additional Paid-in Capital | Treasury Shares | Other Components of Equity | Retained Earnings | Remeasurement Loss on Defined Benefit Plan | Total | Non-controlling Interest | Total |
| At January 1, 2020 | ₱6,200,853,553 | ₱- | ₱2,639,742,141 | (₱109,674,749) | ₱99,393,242 | ₱8,733,916,278 | (₱81,174,033) | ₱17,483,056,432 | ₱ 2,132,513,056 | ₱19,615,569,488 |
| Movements for the nine-month period ended September 30, 2020: | | | | | | | | | | |
| Issuance of preferred shares | - | 15,900,000 | 2,885,034,748 | - | - | - | - | 2,900,934,748 | - | 2,900,934,748 |
| Net income | - | - | - | - | - | 831,487,170 | - | 831,487,170 | 268,415,656 | 1,099,902,826 |
| Cash dividends (Note 22) | - | - | - | - | - | (298,995,270) | - | (298,995,270) | (96,000,000) | (394,995,270) |
| Acquisition of non-controlling interest Note (23) | - | - | - | - | (782,238,420) | - | - | (782,238,420) | (1,117,761,580) | (1,900,000,000) |
| At September 30, 2020 | ₱6,200,853,553 | ₱15,900,000 | ₱5,524,776,889 | (₱109,674,749) | (₱682,845,178) | ₱9,266,408,178 | (₱81,174,033) | ₱20,134,244,660 | ₱1,187,167,132 | ₱21,321,411,792 |
| At January 1, 2019 | ₱6,200,853,553 | ₱- | ₱2,639,742,141 | (₱109,674,749) | ₱99,231,014 | ₱7,590,086,701 | (₱66,042,430) | ₱16,354,196,230 | ₱1,109,270,329 | ₱17,463,466,559 |
| Movements for the nine-month period ended September 30, 2019: | | | | | | | | | | |
| Net income | - | - | - | - | - | 1,049,622,068 | - | 1,049,622,068 | 61,345,482 | 1,110,967,550 |
| Other comprehensive income | - | - | - | - | 348,590 | - | - | 348,590 | - | 348,590 |
| Cash dividends (Note 22) | - | - | - | - | - | (137,919,252) | - | (137,919,252) | - | (137,919,252) |
| Investment from non-controlling Interest (Note 23) | - | - | - | - | - | - | - | - | 769,891,018 | 769,891,018 |
| At September 30, 2019 | ₱6,200,853,553 | ₱- | ₱2,639,742,141 | (₱109,674,749) | ₱99,579,604 | ₱8,501,789,517 | (₱66,042,430) | ₱17,266,247,636 | ₱1,940,506,829 | ₱19,206,754,465 |

See accompanying Notes to Interim Condensed Consolidated Financial Statements.



CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Nine-Month Periods Ended September 30 | |
|---|---------------------------------------|-----------------------|
| | 2020 | 2019 |
| | (Unaudited) | (Unaudited) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | ₱1,526,968,785 | ₱1,456,533,844 |
| Adjustments for: | | |
| Interest and other financing charges (Note 26) | 470,874,578 | 573,789,848 |
| Unrealized loss from change in fair value of derivatives (Note 14) | – | 76,055,988 |
| Depreciation and amortization (Notes 13, 14 and 24) | 36,499,286 | 41,441,790 |
| Retirement expense (Notes 24 and 27) | 9,608,527 | 10,922,986 |
| Gain from change in fair value of investment properties (Note 12) | (465,218,767) | (152,425,461) |
| Interest income from cash and cash equivalents and investment in bonds (Notes 6, 15 and 25) | (89,431,360) | (102,190,382) |
| Interest income from real estate sales (Note 17) | (133,545,246) | (219,978,637) |
| Unrealized foreign exchange gain | – | (23,295,186) |
| Share in net earnings of joint ventures and associate (Note 11) | (6,791,973) | (11,183,946) |
| Operating income before working capital changes | 1,348,963,830 | 1,649,670,844 |
| Decrease (increase) in: | | |
| Receivables and contract assets | (25,975,218) | (1,217,049,038) |
| Real estate inventories | 2,280,346,570 | 2,399,794,539 |
| Advances to suppliers and contractors | (319,662,939) | 96,755,414 |
| Other assets | (616,910,563) | (628,273,611) |
| Increase (decrease) in: | | |
| Liability from purchased land | (60,000,000) | (33,232,990) |
| Accounts and other payables | (61,132,077) | 1,310,424,093 |
| Contract liabilities | 92,905,432 | (210,299,300) |
| Other liabilities | (87,698,630) | – |
| Cash generated from operations | 2,550,836,405 | 3,367,789,951 |
| Interest received (Notes 6 and 15) | 85,077,497 | 102,190,382 |
| Interest and other financing costs paid | (1,019,617,858) | (1,503,876,557) |
| Income taxes paid | (126,560,391) | (184,440,485) |
| Retirement benefits paid (Note 27) | (2,767,673) | (1,391,905) |
| Net cash provided by operating activities | 1,486,967,980 | 1,780,271,386 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Cash receipts of (payments for) due from related parties | 380,165 | (24,667,498) |
| Collections of/(additions to): | | |
| Investment properties (Note 12) | (213,754,792) | (1,177,815,822) |
| Property and equipment (Note 13) | (251,973,970) | (401,487,115) |
| Investment in bonds | – | (463,750,000) |
| Decrease (increase) in deposits for purchased land (Note 10) | (233,666,429) | 34,598,291 |
| Net cash used in investing activities | (699,015,026) | (2,033,122,144) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Additional investment from non-controlling interest | – | 769,891,018 |
| Increase in due to related parties | 90,278,222 | 73,030,982 |
| Proceeds from: | | |
| Issuance of preferred shares (Note 23) | 3,000,000,000 | – |
| Availment of short-term and long-term debt (Note 19) | 5,538,734,858 | 9,426,143,342 |
| Deposits for preferred shares (Note 30) | 48,393,542 | 324,420,484 |
| Availment of bonds payable (Note 20) | – | 3,000,000,000 |
| Payments of: | | |
| Short-term and long-term debt (Note 19) | (5,989,961,381) | (11,350,309,381) |
| Bonds payable (Note 20) | (1,393,530,000) | – |
| Common cash dividends (Note 22) | (84,795,415) | (137,919,252) |
| Preferred cash dividends (Note 22) | (100,765,500) | – |
| Lease liabilities and interest on lease (Notes 26) | (12,773,181) | (12,164,934) |
| Acquisition of non-controlling interest (Notes 1 and 23) | (1,900,000,000) | – |
| Net cash provided by financing activities | (804,418,855) | 2,093,092,259 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (16,465,901) | 1,840,241,501 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD (Note 6) | 4,005,009,231 | 1,950,389,193 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 6) | ₱3,988,543,330 | ₱3,790,630,694 |

See accompanying Notes to Interim Condensed Consolidated Financial Statements.



CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Century Properties Group Inc. (the Parent Company or CPGI), a publicly-listed company, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 6, 1975. The Parent Company is a 63.59%-owned subsidiary of Century Properties Inc. (the Ultimate Parent or CPI) and the rest by the public. CPGI and its subsidiaries (collectively referred to hereinafter as the Group) is primarily engaged in the development and construction of residential and commercial real estate projects.

The registered office address of the Parent Company is 21st Floor, Pacific Star Building, Sen. Gil Puyat corner Makati Avenue, Makati City.

Acquisition of Shares of Another Corporation

The Parent Company has completed the acquisition of 40% of the total outstanding shares or 511,561,143 common shares of FMT Kalayaan, Inc. (“FMTK”; a subsidiary of Mitsubishi Corporation) in Century City Development II Corporation (“CCDC II”), a subsidiary of the Century Properties Group, Inc. (“CPGI”), on August 24, 2020. The acquisition price is ₱1.90 billion or ₱3.71 per share, paid in cash on August 24, 2020. A deed of absolute sale was executed by FMTK in favor of CPGI. This resulted in CCDC II being a wholly-owned subsidiary of CPGI.

Signing of Memorandum of Agreement with Global Development Corp. (GGDC)

On January 9, 2020, GGDC and the Parent Company signed a memorandum of agreement (MOA) to create a Joint Venture (JV) that will develop 2.6 hectares of the 177-hectare Clark Global City into a mix of residential and office buildings. GGDC is the owner and developer of Clark Global City. It is a wholly owned subsidiary of Udenna Development (UDEVCO) Corp., the real estate and property development arm of one of the fastest growing holding companies in the Philippines, Udenna Corporation. The JV has not yet been incorporated as of the reporting date.

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

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

The accompanying interim condensed consolidated financial statements as at September 30, 2020 and for the nine-month periods ended September 30, 2020 and 2019 were approved and authorized for issue by the Board of Directors (BOD) on December 14, 2020.



2. Basis of Preparation, Statement of Compliance and Changes in Accounting Policies

Basis of Preparation

The accompanying interim condensed consolidated financial statements as at September 30, 2020 and for the nine-month periods ended September 30, 2020 and 2019 have been prepared using the historical cost basis except for investment properties.

The interim condensed consolidated financial statements are presented in Philippine Peso (₱), which is the functional currency of the Parent Company and its Subsidiaries. All amounts are rounded off to the nearest ₱, except when otherwise indicated.

The interim condensed consolidated financial statements have been prepared for inclusion in the prospectus in relation to a planned offering of the Parent Company.

Statement of Compliance

The interim condensed consolidated financial statements as at September 30, 2020 and for the nine-month periods ended September 30, 2020 and 2019 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's December 31, 2019 annual consolidated financial statements which have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Group. For the nine-month period ended September 30, 2020, there were no significant changes in the Parent Company's ownership interests in its subsidiaries except in respect of its ownership in CCDC II as discussed in Notes 1 and 23.

The accounting policies for the major assets and liabilities of liquidating entities have no impact to the Group's interim condensed consolidated financial statements.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as at and for the year ended December 31, 2019, except for the following new standards and amendments effective as at January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*
These amendments have no impact on the interim condensed consolidated financial statements of the Group.
- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*
The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no significant impact on the unaudited interim condensed consolidated financial statements of the Group.



- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*
These amendments have no impact on the interim condensed consolidated financial statements of the Group.
- Conceptual Framework for Financial Reporting issued on March 29, 2018
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the accounting standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Effective beginning on or after June 1, 2020

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*
The amendments provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
 - The rent concession is a direct consequence of COVID-19;
 - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
 - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
 - There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient may account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., generally as a variable lease payment.

The Group has not early adopted the amendments to PFRS 16 above.

3. **Changes in Significant Judgments and Estimates**

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the consolidated financial statements and related notes at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Assessing Impairment of Nonfinancial Assets

The Group has determined that the COVID-19 pandemic has impacted the current operations of the Group and is expected to impact its future business activities. The realizability of the significant portion of its nonfinancial assets is impacted by the continuing general community quaranty and limited operations, particulary in the hotel industry.

The Company assesses impairment on its nonfinancial assets and considers the following important indicators:

- Significant changes in asset usage;
- Significant decline in assets' market value;
- Obsolescence or physical damage of an asset;



- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of usage of the acquired assets or the strategy for the Company's overall business; and
- Significant negative industry or economic trends.

If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the asset's fair value less cost to sell or value in use whichever is higher. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to be generated from the continued use of the asset. The Company is required to make estimates and assumptions that can materially affect the carrying amount of the asset being assessed.

Considering the above, the Group revisited the realizability of its property and equipment as at September 30, 2020. The recoverable value of property and equipment is based on its value-in-use calculations. The temporary closure of the hotel during the quarantine period as well as the ongoing economic uncertainty due to the COVID-19 outbreak, led changes in the projected financial performance and cash flows of the Group's property and equipment which is still under construction as of September 30, 2020. As a result, management performed an impairment test as at September 30, 2020 for its related property and equipment.

The projected cash flows were updated to reflect the impact of the pandemic in 2020. Pre-tax discount rates of 10.00% was used and cash flows beyond the eleven-year period was assumed to have a growth rate of 5.00%. Per updated analysis, management did not identify an impairment of property and equipment as of September 30, 2020. An impairment will result if the growth rate will be at 2.00%.

4. Cyclicity of Operations

The Group 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 Group.

To mitigate this risk, the Group 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.



5. Segment Information

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. Accordingly, the segment information is reported based on the nature of service the Group is providing.

The segments where the Group operate follow:

- Real estate development - sale of high-end, upper middle-income and affordable residential lots and units under partnership agreements;
- Leasing - lease of the Group's retail mall, office and commercial spaces;
- Property management - facilities management of the residential and corporate developments of the Group and other third party projects, including provision of technical and related consultancy services.

Segment performance is evaluated based on net income after tax and is measured consistently with net income after tax in the interim condensed consolidated financial statements.

The financial information about the operations of these operating segments is summarized below:

| | For the Nine-Month Period Ended September 30, 2020 | | | | |
|--|--|---------------------|---------------------|-----------------------------|-----------------------|
| | Real Estate Development | Leasing | Property Management | Adjustments and Elimination | Consolidated |
| Revenue | ₱7,450,844,490 | ₱587,143,150 | ₱256,147,475 | (₱12,115,492) | ₱8,282,019,623 |
| Costs and expenses | | | | | |
| Cost of real estate sales and services | 4,888,972,880 | 127,677,419 | 192,738,919 | (25,970,173) | 5,183,419,045 |
| General, administrative and selling expenses | 1,736,114,795 | 88,130,223 | 45,335,153 | (50,616,663) | 1,818,963,508 |
| Operating income | 825,756,815 | 371,335,508 | 18,073,403 | 64,471,344 | 1,279,637,070 |
| Other income | 297,390,080 | 470,520,206 | 93,610 | (49,797,603) | 718,206,293 |
| Other expense | (382,746,277) | (87,972,037) | (250,345) | 94,081 | (470,874,578) |
| Income before income tax | 740,400,618 | 753,883,677 | 17,916,668 | 14,767,822 | 1,526,968,785 |
| Provision for income tax | 195,525,949 | 226,165,103 | 5,374,907 | - | 427,065,959 |
| Net income | ₱544,874,669 | ₱527,718,574 | ₱12,541,761 | ₱14,767,822 | ₱1,099,902,826 |
| Net income attributable to: | | | | | |
| Equity holders of the Parent Company | ₱470,837,562 | ₱333,340,025 | ₱12,541,761 | ₱14,767,822 | ₱831,487,170 |
| Non-controlling interests | 74,037,107 | 194,378,549 | - | - | 268,415,656 |
| | ₱544,874,669 | ₱527,718,574 | ₱12,541,761 | ₱14,767,822 | ₱1,099,902,826 |

| | As of September 30, 2020 | | | | |
|--------------------------|--------------------------|------------------------|---------------------|--------------------------|------------------------|
| Other information | | | | | |
| Segment assets | ₱62,113,111,501 | ₱15,383,071,409 | ₱318,368,447 | (₱23,947,075,056) | ₱53,867,476,301 |
| Deferred tax assets | 10,154,388 | - | 16,486,391 | 11,447,068 | 38,087,846 |
| Total Assets | ₱62,123,265,888 | ₱15,383,071,409 | ₱334,854,838 | (₱23,935,627,988) | ₱53,905,564,147 |
| Segment liabilities | ₱30,887,182,727 | ₱13,442,969,183 | ₱230,701,091 | (₱14,944,882,567) | ₱29,615,970,434 |
| Deferred tax liabilities | 2,268,117,108 | 700,064,813 | - | - | 2,968,181,921 |
| Total Liabilities | ₱33,155,299,835 | ₱14,143,033,996 | ₱230,701,091 | (₱14,944,882,567) | ₱32,584,152,355 |



| For the Nine-Month Period Ended September 30, 2019 | | | | | |
|--|-------------------------|--------------------|---------------------|-----------------------------|-----------------------|
| | Real Estate Development | Leasing | Property Management | Adjustments and Elimination | Consolidated |
| Revenue | ₱9,343,911,036 | ₱404,069,976 | ₱313,685,425 | (₱267,491,946) | ₱9,794,174,491 |
| Costs and expenses | | | | | |
| Cost of real estate sales and services | 6,022,898,462 | 171,966,070 | 226,777,243 | (196,755,770) | 6,224,886,005 |
| General, administrative and selling expenses | 2,075,258,446 | 63,695,463 | 46,754,229 | – | 2,185,708,138 |
| Operating income | 1,245,754,128 | 168,408,443 | 40,153,953 | (70,736,176) | 1,383,580,348 |
| Other income | 692,263,810 | 71,095,059 | 44,974 | (40,604,511) | 722,799,332 |
| Other expense | (652,088,952) | (52,309,778) | (277,563) | 54,830,457 | (649,845,836) |
| Income before income tax | 1,285,928,986 | 187,193,724 | 39,921,364 | (56,510,230) | 1,456,533,844 |
| Provision for income tax | 199,609,033 | 143,533,250 | 3,826,411 | – | 345,566,294 |
| Net income | ₱1,086,319,953 | ₱43,660,474 | ₱36,094,953 | (₱56,510,230) | ₱1,110,967,550 |
| Net income attributable to: | | | | | |
| Equity holders of the Parent Company | ₱1,000,216,767 | ₱69,820,578 | ₱36,094,953 | (₱56,510,230) | ₱1,049,622,068 |
| Non-controlling interests | 87,505,586 | (26,160,104) | – | – | 61,345,482 |
| | ₱1,087,722,353 | ₱43,660,474 | ₱36,094,953 | (₱56,510,230) | ₱1,110,967,550 |

| As of December 31, 2019 | | | | | |
|--------------------------|-------------------------|-----------------------|---------------------|-----------------------------|------------------------|
| | Real Estate Development | Leasing | Property Management | Adjustments and Elimination | Consolidated |
| Segment assets | ₱65,431,347,121 | ₱8,384,169,137 | ₱328,496,231 | (₱20,744,475,004) | ₱53,399,537,485 |
| Deferred tax assets | 25,013,993 | – | 17,134,134 | – | 42,148,127 |
| Total Assets | ₱65,456,361,114 | ₱8,384,169,137 | ₱345,630,365 | (₱20,744,475,004) | ₱53,441,685,612 |
| Segment liabilities | ₱37,863,283,879 | ₱6,411,286,302 | ₱260,753,562 | (₱13,417,470,846) | ₱31,117,852,897 |
| Deferred tax liabilities | 2,168,872,268 | 546,817,133 | – | (7,426,174) | 2,708,263,227 |
| Total Liabilities | ₱40,032,156,147 | ₱6,958,103,435 | ₱260,753,562 | (₱13,424,897,020) | ₱33,826,116,124 |

6. Cash and Cash Equivalents

This account consists of:

| | September 30, 2020 | December 31, 2019 |
|---------------------------|-----------------------|-------------------|
| Cash on hand and in banks | ₱1,475,629,886 | ₱1,765,436,278 |
| Cash equivalents | 2,512,913,444 | 2,239,572,953 |
| | ₱3,988,543,330 | ₱4,005,009,231 |

Interest income on cash and cash equivalents amounted to ₱70.04 million and ₱96.21 million for the nine-month periods ended September 30, 2020 and 2019, respectively (see Note 25).

7. Receivables

This account consists of:

| | September 30, 2020 | December 31, 2019 |
|--|------------------------|-------------------|
| Trade receivables | | |
| Installment contracts receivables (ICRs) | ₱10,700,443,390 | ₱10,477,877,484 |
| Leasing receivable | 225,421,417 | 192,163,903 |
| Management fees | 154,677,123 | 174,895,185 |
| Receivable from employees and agents | 348,351,877 | 411,632,225 |
| Advances to condominium corporations | 274,639,983 | 162,244,369 |
| Advances to customers | 64,389,612 | 68,203,079 |
| Other receivables | 511,747,469 | 628,780,299 |
| | 12,279,670,871 | 12,115,796,544 |
| Allowance for estimated credit losses | (10,989,287) | (10,989,287) |
| | 12,268,681,584 | 12,104,807,257 |
| ICRs - noncurrent | 2,671,700,890 | 1,137,658,202 |
| | ₱9,596,980,694 | ₱10,967,149,055 |



As of September 30, 2020 and December 31, 2019, installment contracts receivable include transfer from contract assets from completed projects and revenue recognized during the period.

Other receivables pertains to receivables for repairs and installation costs charged to tenants and reimbursements of regulatory payments. It also includes advances to a third party amounting to ₱384.22 million as of September 30, 2020 and December 31, 2019 for a purchase of a parcel of land to be held for future development and sale.

Receivable financing

The Group entered into various agreements with a local bank whereby the Group assigned its ICRs and contract assets with recourse at weighted average interest rates of 7.10% and 7.82% on September 30, 2020 and September 30, 2019, respectively. The assignment agreements provide that the Group will substitute defaulted Contracts to Sell (CTS) with other CTS of equivalent value.

The gross amount of CTS used as collateral amounted to ₱6,127.14 million and ₱6,722.17 million as of September 30, 2020 and December 31, 2019, respectively (see Note 19).

8. **Real Estate Inventories**

This account represents the real estate projects for which the Group has been granted license to sell by the Housing and Land Use Regulatory Board of the Philippines. This account also includes parcels of land that the Group plans to construct and develop as residential or commercial property for sale in the ordinary course of business. The Group's inventories are recognized at cost.

Details of this account follow:

| | September 30, 2020 | December 31, 2019 |
|----------------------------|---------------------------|-------------------|
| Condominium units | ₱11,018,549,160 | ₱12,952,038,940 |
| Residential house and lots | 2,609,695,119 | 1,374,400,543 |
| Land | 251,741,116 | 1,231,564,879 |
| | ₱13,879,985,395 | ₱15,558,004,362 |

The roll forward of this account follows:

| | September 30, 2020 | December 31, 2019 |
|---|---------------------------|-------------------|
| Balance at beginning of period | ₱15,558,004,362 | ₱17,257,481,436 |
| Construction costs incurred | 2,582,656,137 | 5,301,173,696 |
| Borrowing costs capitalized (Notes 19 and 20) | 612,326,170 | 935,352,352 |
| Purchase of raw land | - | 423,329,082 |
| Transfer from deposits for purchased land (Note 10) | - | 166,000,000 |
| Transfers from investment properties (Note 12) | - | 191,125,602 |
| Transfers to investment properties (Note 12) | (9,998,567) | (256,913,745) |
| Cost of real estate sales | (4,863,002,707) | (8,459,544,061) |
| Balance at the end of period | ₱13,879,985,395 | ₱15,558,004,362 |

General and specific borrowings were used to finance the Group's ongoing real estate projects. The related borrowing costs were capitalized as part of real estate inventories. The capitalization rate used in 2020 and 2019 are 3.15% and 4.84%, respectively, for general borrowing costs.



Cost of real estate sales amounted to ₱4,863.00 million and ₱5,826.14 million for the nine-month periods ended September 30, 2020 and 2019, respectively.

The carrying values of inventories mortgaged for trust receipts payables and bank loans amounted to ₱5,982.90 million and ₱7,533.24 million as of September 30, 2020 and December 31, 2019, respectively (see Note 19).

9. Advances to Suppliers and Contractors

Advances to suppliers and contractors for the construction of the Group's real estate inventories amounting to ₱2,326.17 million and ₱2,006.51 million as of September 30, 2020 and December 31, 2019, respectively, are recouped and capitalized as part of real estate inventories every progress billing payment depending on the percentage of accomplishment.

10. Deposits for Purchased Land

This account consists of deposits made to property owners for the acquisition of parcels of land in which the use is currently undetermined. Deposits for purchased land amounted to ₱1,313.11 million and ₱1,079.44 million as of September 30, 2020 and December 31, 2019, respectively.

In 2020, the Group made additional deposits to property owners for the acquisitions for parcels of land located in Novaliches amounting to ₱194.35 million.

In 2020, the Group made additional deposits to property owners for the acquisitions of parcels of land located in Quezon City amounting to ₱37.62 million.

In 2020, the Group made additional deposits to property owners for the acquisitions of parcels of land located in Batangas amounting to ₱1.69 million.

In 2019, a deposit for purchased land amounting to ₱181.60 million was cancelled and refunded to the Group.

In 2019, the Group made additional deposits to property owners for the acquisitions of parcels of land located in Quezon City amounting to ₱237.56 million.

In 2019, the Group finalized its deed of absolute sales (DOAS) for the land acquired in Novaliches with contract price and deposit amounting to ₱166.00 million (see Note 8). On the same year, the Group decided to develop the land for future development and sale, hence the deposit was reclassified to real estate inventories.

11. Investment in and Advances to Joint Ventures and Associate

Investment in and advances to joint ventures and associate amounted to ₱265.56 million and ₱258.77 million as of September 30, 2020 and December 31, 2019, respectively. The Group recognized share in net earnings of the joint ventures amounting to ₱6.79 million and ₱11.18 million for the nine-months period ended September 30, 2020 and 2019, respectively.



12. Investment Properties

The Group's investment properties are classified as follows:

| | September 30, 2020 | December 31, 2019 |
|--------------------------|------------------------|------------------------|
| Land | ₱2,734,356,256 | ₱2,718,303,174 |
| Building | 10,392,431,945 | 6,305,892,789 |
| Construction-in-progress | 556,820,321 | 3,908,327,922 |
| | ₱13,683,608,522 | ₱12,932,523,885 |

Movements in this account are as follows:

| | September 30, 2020 | December 31, 2019 |
|--|------------------------|------------------------|
| Cost: | | |
| Balance at beginning of period | ₱9,634,581,666 | ₱8,291,938,498 |
| Additions/construction costs incurred | 213,754,792 | 1,250,844,013 |
| Borrowing cost capitalized (Notes 19 and 20) | 62,112,511 | 126,398,369 |
| Disposal | - | (100,387,357) |
| Transfer to real estate inventories (Note 8) | - | (191,125,602) |
| Transfer from real estate inventories (Note 8) | 9,998,567 | 256,913,745 |
| Balance at end of period | 9,920,447,536 | 9,634,581,666 |
| Change in fair value: | | |
| Balance at beginning of period | 3,297,942,219 | 3,089,699,258 |
| Disposal | - | (52,691,462) |
| Gain from change in fair value of investment property - net | 465,218,767 | 260,934,423 |
| Balance at end of period | 3,763,160,986 | 3,297,942,219 |
| | ₱13,683,608,522 | ₱12,932,523,885 |

Net gain from change in fair value of investment properties amounted to ₱465.22 million and ₱152.43 million for the nine-month periods ended September 30, 2020 and 2019, respectively.

The methodology used by the Group to determine fair value is consistent with the valuation used in the 2019 annual consolidated financial statements. The fair value of the investment properties classified as buildings and land in the interim condensed consolidated financial statements is categorized within level 3 of the fair value hierarchy

The key assumptions used to determine the fair value of the investment properties and sensitivity analyses are as follows:

| Property | Valuation technique | Significant unobservable inputs | Range | |
|-----------|---------------------|--|--|---|
| | | | 2020 | 2019 |
| Buildings | DCF | Discount rates for similar lease contracts, market rent levels, expected vacancy and expected maintenance. | Discount rate – 8.70% to 10.15% Market rent levels - ₱500 to ₱3,000/sqm per month Expected vacancy - 5% to 58%; Expected maintenance - 2% to 45% of gross revenue | Discount rate - 8 % to 10% Market rent levels - ₱400 to ₱1,500/sqm per month Expected vacancy - 3% to 15%; Expected maintenance - 6% to 60% of gross revenue |



For DCF, the higher the market rent levels, the higher the fair value. Also, the lower the expected vacancy, maintenance and discount rate the higher the fair value.

For the nine-month periods ended September 30, 2020 and 2019, the Group recognized leasing revenue from the investment properties amounting to ₱587.14 million and ₱404.07 million, respectively, and incurred direct cost of leasing amounting to ₱127.68 million and ₱171.97 million, respectively.

13. Property and Equipment

As of September 30, 2020 and December 31, 2019, the carrying amount of property and equipment amounted to ₱1,867.19 million and ₱1,648.12 million, respectively.

Additions to property and equipment include acquisition of various office equipment and additional construction cost amounting to ₱251.97 million and ₱401.49 million for the nine-month periods ended September 30, 2020 and 2019, respectively.

The depreciation and amortization from property and equipment recognized under general, administrative and selling expenses for the nine-month periods ended September 30, 2020 and 2019 amounted to ₱32.90 million and ₱40.27 million, respectively (see Note 24).

The carrying amount of right-of-use asset amounted to ₱46.39 million and ₱57.34 million as of September 30, 2020 and December 31, 2019, respectively (see Note 29).

14. Other Assets

This account consists of:

| | September 30, 2020 | December 31, 2019 |
|-------------------------------------|-----------------------|-----------------------|
| Current: | | |
| Prepaid commissions | ₱908,695,014 | ₱793,835,366 |
| Input taxes | 452,309,818 | 204,820,589 |
| Creditable withholding taxes (CWTs) | 248,567,611 | 356,043,741 |
| Prepaid expenses | 18,680,247 | 5,173,186 |
| Others | 74,933,454 | 49,298,802 |
| | ₱1,703,186,144 | ₱1,409,171,684 |
| Noncurrent: | | |
| Prepaid commissions | ₱710,810,622 | ₱535,038,383 |
| Advances to landowners | 350,000,000 | 350,000,000 |
| CWTs | 252,219,401 | 67,761,682 |
| Input taxes | 156,794,871 | 304,690,593 |
| Rental deposits | 139,061,850 | 152,396,921 |
| Intangible assets | 46,025,232 | 34,674,105 |
| Deferred financing costs | - | 3,116,451 |
| Others | 33,499,174 | 66,094,261 |
| | ₱1,688,411,150 | ₱1,513,772,396 |



Prepaid commissions pertain to capitalized commission expenses payable to its agents on the sale of its real estate projects related to contracts that have qualified for revenue recognition. These will be recognized as commission expense under “General, administrative and selling expenses” in the period in which the related real estate sales are recognized. This also includes prepayments to Century Integrated Sales, Inc. (CISI) for future services of CISI in relation to managing the Group’s sales activities which amounted to ₱474.20 million and ₱314.96 million as of September 30, 2020 and December 31, 2019, respectively (see Note 18).

Input taxes are fully realizable and will be applied against output VAT.

Creditable withholding taxes are attributable to taxes withheld by third parties arising from real estate sale, property management fees and leasing revenues.

Advances to land owners represent the minimum share of the lot property owners in relation to the profit-sharing agreement of the Group with land owners. In accordance with the profit-sharing agreement, the Group advanced this share in significant installments throughout the term of the project. The advances shall be deducted from the proceeds of the sales and collection of the land owners’ units.

Rental deposits mostly pertain to security deposits held and applied in relation to the Group’s lease contracts for its administrative and sales offices. The deposits are noninterest-bearing and are recoverable through application of rentals at the end of the lease term.

The Group had derivative asset pertaining to the cross currency and interest rate swap agreement entered by the Group in 2018 with Standard Chartered Bank (SCB) to hedge its foreign currency and interest rate risk related to the bank loan with the same bank. The Group will pay the principal in a fixed amount of ₱ and interest at a fixed rate of 7.5% based on the notional amount in ₱ and will receive interest at a floating rate [USD (\$) LIBOR plus 3%] based on the equivalent notional amount in \$ until March 2020. In 2019, the Group pre-terminated its loan with SCB hence the derecognition of the derivative asset amounting to ₱115.79 million and its fair value loss amounting to ₱76.06 million.

15. Investment in Bonds

On July 10, 2019, the Group purchased Philippine Peso-denominated, fixed rate bonds amounting to ₱463.75 million. The bonds were issued at par by China Banking Corporation, with maturity of eighteen (18) months from issue date and interest rate of 5.70% per annum. The bonds are rated “AAA” by Philippine Rating Services Corporation. Investment in bonds is classified and measured as financial assets at amortized cost since bonds are held to collect contractual cash flows representing solely payments of principal and interest.

For the nine-months period ended September 30, 2020 and 2019, interest income from investment in bonds amounted to ₱19.39 million and ₱5.98 million, respectively (see Note 25). As of September 30, 2020, the carrying amount of investment in bonds of the Group amounted to ₱463.75 million.



16. Accounts and Other Payables

This account consists of:

| | September 30, 2020 | December 31, 2019 |
|-----------------------------|-----------------------|-----------------------|
| Accounts payable | ₱3,924,814,572 | ₱3,631,221,875 |
| Accrued expenses | | |
| Commissions | 244,615,127 | 177,382,771 |
| Taxes | 201,241,066 | 294,057,904 |
| Interest | 166,284,387 | 92,422,496 |
| Salaries | 95,976,426 | 55,986,056 |
| Others | 66,724,901 | 50,995,073 |
| Customers' advances | 684,285,850 | 871,388,151 |
| Retention payable | 354,875,158 | 443,016,187 |
| Dividends payable (Note 22) | 221,152,286 | 11,717,930 |
| Other payables | 47,783,260 | 74,875,852 |
| | ₱6,007,753,033 | ₱5,703,064,295 |

17. Contract Balances

Contract liabilities consist of collections from real estate customers which have not qualified for revenue recognition and excess of collections over the recognized receivables based on percentage of completion. As of September 30, 2020 and December 31, 2019, carrying values of contract liabilities amounted to ₱1,877.00 million and ₱1,784.09 million, respectively.

18. Related Party Transactions

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

Terms and Conditions of Transactions with Related Parties

The Group in their regular conduct of business has entered into transactions with related parties principally consisting of advances and reimbursement of expenses, development, management, marketing, leasing and administrative service agreements and purchases which are made based on the terms agreed upon by the parties.

The effects of the related party transactions are shown under the following accounts in the interim condensed consolidated financial statements:

Due from Related Parties

| | September 30, 2020 | December 31, 2019 | Amount of transaction | Terms and Conditions |
|------------------|---------------------|---------------------|--------------------------|---|
| Ultimate Parent | ₱158,239,762 | ₱156,878,875 | ₱1,360,887 | Noninterest bearing, due and demandable, |
| Stockholders | 188,509,842 | 188,509,842 | - | unsecured, no |
| Other affiliates | 72,524,855 | 74,265,907 | (1,741,052) | impairment |
| | ₱419,274,459 | ₱419,654,624 | (₱380,165) | |



Due to Related Parties

| | September 30, 2020 | December 31, 2019 | Amount of transaction | Terms and Conditions |
|------------------|---------------------|---------------------|--------------------------|--|
| Ultimate Parent | ₱154,449,202 | ₱115,225,874 | ₱39,223,328 | Noninterest bearing, due and demandable, unsecured |
| Stockholders | 19,175,305 | 19,175,305 | – | |
| Other affiliates | 87,845,477 | 36,790,583 | 51,054,894 | |
| | ₱261,469,984 | ₱171,191,762 | ₱90,278,222 | |

Significant transactions of the Group with related parties are described below:

Due from related parties pertains to advances provided by the Group to the stockholders and other affiliates.

Due to related parties pertains to advances received by the Group for its working capital.

Management agreement

The Group contracted Century Integrated Sales, Inc. (CISI) to manage all of its sales and marketing activities. CISI is a wholly-owned subsidiary of CPI.

Prepayments to CISI for initial marketing services recognized under “Other current assets” account amounted to ₱474.20 million and ₱314.96 million as of September 30, 2020 and December 31, 2019 (see Note 14).

Key management compensation

The key management personnel of the Group include all directors, executives and senior management. The details of compensation and benefits of key management personnel for the nine-month periods ended September 30, 2020 and 2019 follow:

| | September 30, 2020 | September 30, 2019 |
|------------------------------|---------------------|---------------------|
| Short-term employee benefits | ₱101,383,535 | ₱131,158,703 |
| Post-employment benefits | 4,301,435 | 4,742,372 |
| | ₱105,684,970 | ₱135,901,075 |

Terms and condition of transactions with related parties

Outstanding balances at year-end are unsecured, interest free, collectible or payable on demand and settlement occurs generally in cash. As of September 30, 2020 and December 31, 2019, the Group has not made any provision for probable losses relating to amounts owed by related parties. This assessment is undertaken each financial period by examining the financial position of the related party and the market in which the related party operates.

19. Loans Payable

This account consists of:

| | September 30, 2020 | December 31, 2019 |
|------------------------------|---------------------|-----------------------|
| Short-term debts: | | |
| Trust receipts | ₱250,706,056 | ₱557,692,919 |
| Bank loans - Philippine Peso | 315,300,000 | 895,000,000 |
| | ₱566,006,056 | ₱1,452,692,919 |

(Forward)



| | September 30, 2020 | December 31, 2019 |
|-----------------------------|------------------------|-------------------|
| Long-term debt: | | |
| Bank loans | ₱9,841,185,145 | ₱8,414,050,455 |
| Payable under CTS financing | 5,870,392,704 | 6,914,652,948 |
| Car loan financing | 10,359,237 | 14,013,545 |
| | 15,721,937,086 | 15,342,716,948 |
| Less current portion | 2,695,914,931 | 5,462,166,897 |
| Noncurrent portion | ₱13,026,022,155 | ₱9,880,550,051 |

Short-term Debts

The roll-forward of the Group's short-term debt is as follows:

| | September 30, 2020 | December 31, 2019 |
|--------------------------------|---------------------|-------------------|
| Balance at beginning of period | ₱1,452,692,919 | ₱2,206,610,954 |
| Availments | 581,406,423 | 3,168,573,696 |
| Principal repayments | (1,468,093,286) | (3,922,491,731) |
| Balance at end of period | ₱566,006,056 | ₱1,452,692,919 |

Trust receipts

The trust receipts have maturities of one year and weighted average interest rate of 7.11% per annum and 6.76% per annum for the nine-month period ended September 30, 2020 and year ended December 31, 2019, respectively. Total availments of trust receipts for the nine-month periods ended September 30, 2020 and 2019, amounted to ₱581.41 million and ₱872.45 million, respectively.

Bank loans - Philippine Peso

Bank loans pertain to the various promissory note (PN) with terms of one (1) month to one year obtained by the Group.

On July 25, 2019, the Parent Company availed of a peso-denominated short-term promissory note facility with China Bank Corporation (CBC) amounting up to ₱1,000.00 million to be issued in multiple tranches. The facility has a term a term of twelve (12) months with interest payable quarterly. In 2019, the Parent Company availed of ₱890.00 million of the total facility, with interest rates ranging from 5.25% to 6.04%.

In 2020 and 2019, repayments related to short-term PNs with CBC amounted to ₱574.70 million and ₱747.00 million, respectively.

In 2019, Century Properties Management, Inc. (CPMI), a subsidiary of the Parent Company, obtained a short-term promissory note (PN) amounting to ₱5.00 million from Bank of the Philippine Islands for its additional working capital requirements. The PN has a term of one (1) year with a fixed interest rate of 6.50% per annum. The loan was rolled over in 2020.

Long-term Debts

The roll-forward of the Group's long-term debt is as follows:

| | September 30, 2020 | | | |
|---------------------------------|-----------------------|----------------------|--------------------|-----------------------|
| | Bank Loans | CTS Financing | Car Loan Financing | Total |
| Principal: | | | | |
| Balances at beginning of period | ₱8,525,382,835 | ₱6,914,652,946 | ₱14,013,544 | ₱15,454,049,325 |
| Addition | 4,375,000,000 | 582,328,435 | - | 4,957,328,435 |
| Payments | (2,891,625,112) | (1,626,588,677) | (3,654,307) | (4,521,868,096) |
| Balances at end of period | 10,008,757,723 | 5,870,392,704 | 10,359,237 | 15,889,509,664 |

(Forward)



| September 30, 2020 | | | | |
|----------------------------------|-----------------------|-----------------------|--------------------|------------------------|
| | Bank Loans | CTS Financing | Car Loan Financing | Total |
| Deferred financing costs: | | | | |
| Balances at beginning of period | ₱111,332,382 | ₱- | ₱- | ₱111,332,382 |
| Addition | 135,074,360 | - | - | 135,074,360 |
| Amortization | (78,834,164) | - | - | (78,834,164) |
| Balances at end of period | 167,572,578 | - | - | 167,572,578 |
| Carrying values | ₱9,841,185,145 | ₱5,870,392,704 | ₱10,359,237 | ₱15,721,937,086 |

| December 31, 2019 | | | | |
|--|-----------------------|-----------------------|--------------------|------------------------|
| | Bank Loans | CTS Financing | Car Loan Financing | Total |
| Principal: | | | | |
| Balances at beginning of year | ₱9,264,955,585 | ₱7,875,795,684 | ₱18,853,485 | ₱17,159,604,754 |
| Addition | 6,627,518,487 | 2,666,232,117 | 1,969,114 | 9,295,719,718 |
| Payments | (7,250,760,698) | (3,627,374,853) | (6,809,054) | (10,884,944,605) |
| Effect of foreign currency translation | (116,330,537) | - | - | (116,330,537) |
| Balances at end of year | 8,525,382,837 | 6,914,652,948 | 14,013,545 | 15,454,049,330 |
| Deferred financing costs: | | | | |
| Balances at beginning of year | 125,356,369 | - | - | 125,356,369 |
| Addition | 76,458,240 | - | - | 76,458,240 |
| Amortization | (90,482,227) | - | - | (90,482,227) |
| Balances at end of year | 111,332,382 | - | - | 111,332,382 |
| Carrying values | ₱8,414,050,455 | ₱6,914,652,948 | ₱14,013,545 | ₱15,342,716,948 |

On July 10, 2020, the Group availed of a five-year term loan facility from China Banking Corporation (CBC) amounting to ₱1,600.00 million, with principal payments due quarterly with an interest of 5.13% per annum.

On August 24 and September 2, 2020, the Group availed of a two-year term loan facility from China Banking Corporation (CBC) amounting to ₱1,400.00 million and ₱1,000.00 million, respectively. The loan has principal payments due quarterly with an interest of 4.85% per annum.

The Group availed of additional loans from DBP amounting to ₱375.00 million and ₱581.00 million, in 2020 and 2019, respectively. The loans bear interest ranging from 7.00% to 9.21% per annum. The principal amount which have maturities ranging from two (2) to four (4) years will be used to fund ongoing development of its projects and for additional working capital.

In 2020 and 2019, repayment related to the outstanding loans from DBP amounted to ₱149.28 million and ₱157.07 million, respectively.

In 2019, the Group availed of the remaining undrawn balance of its OSLA with AIB amounting to ₱148.90 million with interest of 8.50% per annum and availed another bank loan with AIB amounting to ₱100.00 million with interest of 7.97% per annum.

In 2019, the Group obtained a five-year term loan from United Coconut Planters Bank (UCPB) amounting to ₱1,000.00 million, which is payable quarterly with interest of 8.42% per annum. In 2020, the Group paid ₱69.20 million principal of its loan from UCPB.

On September 17, 2019, the Group renewed a portion of its five-year term loan from BDO amounting to ₱3,500.00 million, which is payable semi-annually with interest of 6.31% per annum.

On October 28, 2019, the Group renewed a portion of its five-year term loan from BDO amounting to ₱700.00 million with a fixed interest of 6.07% fixed for 92 days with an option to reprice over 30-180 days as agreed by the parties.



In 2020 and 2019, principal repayments related to loans with BDO amounted to ₱256.66 million and ₱3,271.71 million, respectively.

In 2019, the Group availed of ₱597.62 million from the ₱2,200.00 three-year loan facility with BPI with interest ranging from 7.03% to 10.24%. The proceeds will be used for the construction of the Group's investment property. Principal repayment will be in installments on each repayment date until its final maturity date.

On August 1, 2020, the Group made an early principal repayment amounting ₱1,606.06 million on its bank loan with BPI amounting to ₱1,657.00 million from a loan facility obtained on November 12, 2015. The interest ranges from 7.40% to 7.90%. The original repayment period will be from 2022 to 2028. The early repayment resulted to a loss on loan settlement amounting to ₱42.23 million recorded under "Interest and other financing charges" (see Note 26).

In 2020 and 2019, principal repayments related to loans with China Bank Savings amounted to ₱171.96 million and ₱100.00 million, respectively.

In 2020, the Group paid the outstanding balance on its three-year term loan with CBC amounting to ₱500.00 million respectively.

In 2019, the Group pre-terminated its loans from SCB for a total payment of ₱2,933.33 million.

In 2019, the Group made principal repayments to its existing loans with Phoenix Property Investors amounting to ₱788.70 million.

CTS financing

CTS financing pertains to loan facilities which were used in the construction of the Group's real estate development projects. The related PNs have terms ranging from twelve (12) to forty-eight (48) months and are secured by the buyer's post-dated checks, the corresponding CTS, and parcels of land held by the Parent Company. The Group retained the assigned ICRs and contract assets and recorded the proceeds from these assignments as "Long-term debt". The gross amount of ICRs and contract assets used as collateral amounted to ₱6,127.14 million and ₱6,722.17 million as of September 30, 2020 and December 31, 2019, respectively (see Note 6).

The Group made an additional availment from its existing CTS loan facilities approved in 2015, amounting to ₱582.32 million and ₱2,666.23 million which bears an average interest of 7.12 % and 7.75% in 2020 and 2019, respectively. Repayments for the loan facility amounted to ₱1,626.59 million in 2020 and ₱3,627.37 million in 2019.

Car loan financing

Car loan financing pertains to the leasing facility of the Group for the purpose of renting vehicles to be used in the conduct of business. Under this facility, the lease guarantees the Group (the lessee or renter) the use of vehicles and in return, the bank (the property owner) is guaranteed regular payments for a specific period. The car lease approved in 2019 had interest of 7.50% to 11.00%.

Security and Debt Covenants

Certain bilateral, trust receipts, payables under CTS financing and bank loans have mortgaged real estate inventories and assigned ICRs and contract assets wherein such assets can no longer be allowed to be separately used as collateral for another credit facility, grant loans to directors, officers and partners, and act as guarantor or surety in favor of banks. As of September 30, 2020 and



December 31, 2019, the carrying values of these assets mortgaged for trust receipts, payables under CTS financing and bank loans are as follows:

| | September 30, 2020 | December 31, 2019 |
|-------------------------|--------------------|-------------------|
| Real estate inventories | ₱5,982,899,595 | ₱7,533,240,582 |
| ICR | 6,127,139,285 | 6,722,174,747 |
| Investment properties | 5,109,740,967 | 1,606,057,348 |

Certain bilateral loans have the covenants including maintenance of a debt-to-equity ratio of not more than 2.33x and 3.00x, and a debt service coverage ratio of at least 1.5x. The bank loans have a covenant, specific to the projects it is financing, of having loan to security value of no more than 50.00% to 55%. Security value includes, among other things, valuation appraisal by independent appraisers and takes into account the sold and unsold sales and market value of the properties. The loan agreements require submission of the valuation of each mortgage properties on an annual basis or upon request of the facility agent.

The bank loans contain negative covenant that the Group's payment of dividend is subject to certain financial ratios.

As of September 30, 2020 and 2019, the Group has complied with the provisions of its loan covenants.

Borrowing Costs

Borrowing cost capitalized amounted to ₱674.44 million and ₱806.81 million for the nine-month period ended September 30, 2020 and for the year ended December 31, 2019, respectively (see Notes 8, 12 and 13).

Interest Expense and Other Finance Charges

Interest and other financing charges for the nine-month periods ended September 30, 2020 and 2019 totaled to ₱470.87 million and ₱573.79 million, respectively (see Note 26).

20. Bonds Payable

This account consists of the following:

| | September 30, 2020 | December 31, 2019 |
|------------------------------------|-----------------------|-------------------|
| Three-year bond | ₱3,000,000,000 | ₱3,000,000,000 |
| Seven-year bond | 119,110,000 | 119,110,000 |
| Five-and-half year bond | - | 1,393,530,000 |
| | 3,119,110,000 | 4,512,640,000 |
| Less unamortized transaction costs | 40,672,709 | 59,607,834 |
| | 3,078,437,291 | 4,453,032,166 |
| Less current portion | 118,781,010 | 1,392,653,130 |
| Noncurrent portion | ₱2,959,656,281 | ₱3,060,379,036 |

On April 15, 2019, CPGI listed at the Philippine Dealing & Exchange Corp. (PDEX) its three-year bonds, with interest rates of 7.8203% p.a. The ₱3.00 billion proceeds of the bonds will be used to partially finance development costs for CPGI's affordable housing and townhome projects. The bonds are rated "AA" by Credit Rating and Investor Services Philippines Inc. (CRISP).



On September 2, 2014, the Group also issued and listed at the Philippine Dealing & Exchange Corp. (PDEX) its P2.7 billion bonds, which bear interest rates of 6% p.a. for the three-year bonds, 6.6878% p.a. for the five-and-a-half year bonds, and 6.9758 % p.a. for the seven-year bonds. The three-year bonds matured on September 2, 2017. The bonds are rated “AA+” with a Stable outlook by Credit Rating and Investor Services Philippines Inc. (CRISP).

On March 2020, the five-and-half year bond payable amounting to ₱1.39 billion was paid in full.

Security and Debt Covenants

Covenants related to bonds payable include maintenance of current ratio of at least 1.5x, debt-to-equity ratio of not more than 2.0x and debt service coverage ratio of at least 1.2x. As of September 30, 2020 and December 30, 2019, the Group has complied with the provisions of its bond covenants.

21. Liability from Purchased Land

This account pertains to the outstanding payable of the Group for the cost of land purchases recognized under “Real estate inventories” as follows:

| | September 30, 2020 | December 31, 2019 |
|------------|---------------------------|-------------------|
| Current | ₱67,200,000 | ₱67,200,000 |
| Noncurrent | 208,335,743 | 268,335,743 |

22. Dividend Declaration

On August 26, 2020, the BOD approved the declaration of ₱0.0063 cash dividend per share amounting to ₱147.84 million for the common shares for distribution to the stockholders of the Parent Company of record September 10, 2020 with payment date on September 18, 2020, and of record date November 6, 2020 with payment date on November 18, 2020. On September 18, 2020, ₱73.07 million of the total dividend declared was paid and ₱74.77 million was still outstanding as of September 30, 2020.

On July 1, 2020, the BOD the declaration of cash dividends for the preferred shares with dividend rate of 6.7177% for shares of record July 8, 2020 with payment date on July 10, 2020, and shares of record date October 6, 2020 with payment date on October 12, 2020. On July 10, 2020, ₱50.38 million of the total dividend declared was paid and ₱50.38 million was still outstanding as of September 30, 2020.

On March 20, 2020, the BOD approved the declaration of cash dividends for the preferred shares with dividend rate of 6.7177%. The total dividend declared amounting to ₱50.38 million was paid on April 13, 2020.

On June 25, 2019, the BOD approved the declaration of ₱0.02 per share cash dividends amounting to ₱137.92 million for distribution to the stockholders of the Parent Company of record as of July 11, 2019. As of December 31, 2019, ₱126.20 million of the dividend declarations has been paid, the outstanding balance amounting to ₱11.72 million has been paid during the nine-month period ended September 30, 2020.



23. Equity

Basic earnings per share

Basic earnings per share amounts attributable to equity holders of the Parent Company for the nine-month periods ended September 30, 2020 and 2019 are as follows:

| | September 30, 2020 | September 30, 2019 |
|---|-----------------------|--------------------|
| Net income attributable to the equity holders of the Parent Company | ₱831,487,170 | ₱1,049,622,068 |
| Dividends declared to preferred shares | 151,148,250 | – |
| | 680,338,920 | 1,049,622,068 |
| Weighted average number of shares | 11,599,600,690 | 11,599,600,690 |
| Basic/diluted earnings per share | ₱0.059 | ₱0.090 |

Basic earnings per share are calculated using the net income attributable to the equity holders of the Parent Company less dividend declared to preferred shares divided by the weighted average number of shares. No dilutive potential ordinary shares are outstanding as of September 30, 2020 and 2019.

Common shares

On February 09, 2000, the Parent Company was listed with the Philippine Stock Exchange with a total of 3,554.72 million common shares, issued, paid and outstanding. The offering of the shares was at ₱1.00 per share.

On November 11, 2014, the Philippine Stock Exchange, Inc. approved the application of the Company to list additional 730.32 million common shares, with a par value of ₱0.53 per share, to cover the Company's 20.62% stock dividend declaration to stockholders of record as of October 27, 2014 which was paid on November 14, 2014.

On August 30, 2019, the Group's BOD authorized and approved the amendment of the stockholders' resolution dated September 29, 2017, specifically: (a) change in the par value of the proposed reclassified 3.00 billion Preferred Shares from ₱1.00 to ₱0.53 per share and (b) no increase in the authorized capital stock of the Parent Company, together with the consequent amendment of Article IX of the amended articles of incorporation of the Parent Company.

As of September 30, 2020 and December 31, 2019, the Parent Company had 498 stockholders with at least one board lot at the PSE, for a total of 11,599,600,690 (₱0.53 par value) issued and outstanding common shares.

Issuance of preferred shares

On January 10, 2020, the Group listed at the main board of the PSE its maiden follow-on offering of preferred shares under the trading symbol "CPGP". These preferred shares are cumulative, non-voting, non-participating and redeemable at the option of the Group. The Group offered 20 million preferred shares at ₱100.00 each with an oversubscription option of up to 10 million preferred shares on December 16, 2019 to January 3, 2020, after the SEC issued an order rendering the Registration Statement that was filed on October 19, 2019 effective and a corresponding permit to offer the securities for sale. The initial dividend rate was set at 6.7177% per annum. The dividends on the preferred shares shall be paid quarterly, every January 10, April 10, July 10, and October 10 of each year.

The 30,000,000 preferred shares with a par value of ₱0.53 were fully subscribed totaling ₱15,900,000. Additional paid-in capital from preferred shares amounted ₱2,984.10 million and issuance cost totaled ₱99.06 million resulting in a net additional paid-in capital ₱2,885.03 million.



Deposits from stockholders received by the Group in 2019 amounting to ₱42.48 million were applied as payment for the issuance of shares of stock in 2020.

Retained earnings

Retained earnings include the accumulated equity in undistributed net earnings of the subsidiaries amounting to ₱7,960.56 million and to ₱7,757.65 million as of September 30, 2020 and December 31, 2019, respectively. These amounts are not available for dividend declaration until these are declared by the subsidiaries.

Non-controlling interest

On August 24, 2020, CPGI has completed the acquisition of 40% of the total outstanding shares or 511,561,143 common shares of FMTK in one of its subsidiaries namely Century City Development II Corporation. The acquisition price is ₱1.9 billion or ₱3.71 per share, paid in cash on August 24, 2020. A deed of absolute sale was executed by FMTK in favor of CPGI. This resulted to CCDC II being a wholly-owned subsidiary of CPGI. The difference in the acquisition price and the value of the NCI as of August 24, 2020 amounting to ₱782.24 million was charged against the equity reserve included in the “Other components of equity” account in the interim condensed consolidated statement of financial position.

On September 15, 2020, TP1 approved the declaration of ₱546.63 per share cash dividends amounting to ₱240 million. This resulted to a decrease in non-controlling interest amounting to ₱96 million. The dividends were paid in October 2020.

In 2019, PPHI issued additional 480 million common shares with a par value of ₱1.00 and 0.12 million preferred shares with ₱1,000 par value to MC, which resulted into an aggregate increase in the non-controlling interest amounting to ₱600.00 million.

In 2019, MC paid an additional ₱226.52 million for its subscription to CCDC II, which resulted to an increase in the non-controlling interest for the same amount.

Other components of equity

Other components of equity mainly pertain to the equity reserve recognized between the consideration paid by MC and the carrying value of the net assets of TPI I, TPI II, TPI III and CCDC II given up amounting to ₱104.49 million as of December 31, 2019. In 2020, CPGI acquired the total outstanding shares held by MC in one of its subsidiaries, CCDC II. The difference between the acquisition price and the value of the NCI as of August 24, 2020 amounting to ₱782.24 million was charge against the Group’s equity reserve. This also includes the remeasurement loss on equity instruments at FVOCI amounting to ₱5.10 million as of September 30, 2020 and December 31, 2019.



The financial information of subsidiaries that have material non-controlling interests is provided below. The information below is based on amounts after intercompany eliminations.

Summarized statements of financial position (in millions):

| | TPI I | | TPI II | | TPI III | | CCDC II | | PPHI | |
|--------------------------------------|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| | September 30, 2020 (Unaudited) | December 31, 2019 (Audited) | September 30, 2020 (Unaudited) | December 31, 2019 (Audited) | September 30, 2020 (Unaudited) | December 31, 2019 (Audited) | September 30, 2020 (Unaudited) | December 31, 2019 (Audited) | September 30, 2020 (Unaudited) | December 31, 2019 (Audited) |
| Current assets | ₱738.00 | ₱813.00 | ₱993.00 | ₱736.52 | ₱348.00 | ₱271.39 | ₱561.25 | ₱3,120.00 | ₱2,571.22 | |
| Noncurrent assets | 4.00 | 5.54 | 8.00 | 8.64 | 6.00 | 6.60 | 4,467.67 | 40.00 | 31.20 | |
| Current liabilities | (428.00) | (200.35) | (518.00) | (362.57) | (268.00) | (233.34) | (579.52) | (1,069.00) | (578.79) | |
| Noncurrent liabilities | (1.00) | (51.15) | - | - | - | - | (2,137.81) | (15.00) | (5.85) | |
| Total equity | ₱313.00 | ₱567.04 | ₱483.00 | ₱382.59 | ₱86.00 | ₱44.65 | ₱2,311.59 | ₱2,076.00 | ₱2,017.78 | |
| Attributable to: | | | | | | | | | | |
| Equity holders of the Parent Company | ₱187.78 | ₱340.22 | ₱289.96 | ₱229.55 | ₱51.74 | ₱26.79 | ₱1,386.95 | ₱1,245.69 | ₱1,210.67 | |
| Non-controlling interest | 125.22 | 226.82 | 193.04 | 153.04 | 34.26 | 17.86 | 924.64 | 830.31 | 807.11 | |
| Total equity | ₱313.00 | ₱567.04 | ₱483.00 | ₱382.59 | ₱86.00 | ₱44.65 | ₱2,311.59 | ₱2,076.00 | ₱2,017.78 | |

Summarized statements of comprehensive income (in millions):

| | TPI I | | TPI II | | TPI III | | CCDC II | | PPHI | |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | September 30, 2020 (Unaudited) | September 30, 2019 (Unaudited) | September 30, 2020 (Unaudited) | September 30, 2019 (Unaudited) | September 30, 2020 (Unaudited) | September 30, 2019 (Unaudited) | September 30, 2020 (Unaudited) | September 30, 2019 (Unaudited) | September 30, 2020 (Unaudited) | September 30, 2019 (Unaudited) |
| Revenue | ₱50.00 | ₱229.82 | ₱308.00 | ₱364.15 | ₱115.00 | ₱- | ₱251.00 | ₱- | ₱974.00 | ₱540.46 |
| Cost of real estate sales and services | (45.00) | (127.47) | (163.00) | (154.42) | (52.00) | - | - | - | (523.00) | (302.94) |
| General and administrative expenses | (22.00) | (22.36) | (49.00) | (66.65) | (22.00) | (6.93) | (82.00) | (62.51) | (402.00) | (230.69) |
| Operating income (loss) | (17.00) | 79.99 | 96.00 | 143.08 | 41.00 | (6.93) | 169.00 | (62.51) | 49.00 | 6.83 |
| Other income (loss) | 5.00 | 6.56 | 6.00 | 3.87 | - | 0.02 | 482.00 | (3.12) | 18.00 | 2.88 |
| Provision for income tax | (2.00) | (4.48) | (2.00) | (1.07) | - | (0.01) | (194.00) | 0.22 | (9.00) | (3.11) |
| Total comprehensive income (loss) | (₱14.00) | ₱82.07 | ₱100.00 | ₱145.88 | ₱41.00 | (₱6.92) | ₱457.00 | (₱65.41) | ₱58.00 | ₱6.60 |



24. General, Administrative and Selling Expenses

This account consists of:

| | September 30, 2020 | September 30, 2019 |
|--|-----------------------|-----------------------|
| Salaries, wages and employee benefits | ₱458,628,319 | ₱499,478,054 |
| Commission | 440,254,838 | 676,355,182 |
| Taxes and licenses | 287,547,877 | 162,518,178 |
| Marketing and promotions | 249,020,864 | 460,615,745 |
| Entertainment, amusement and recreation | 65,039,081 | 64,756,200 |
| Professional fees | 49,224,829 | 92,449,075 |
| Utilities | 42,757,208 | 14,117,224 |
| Outside services | 41,782,700 | 26,841,710 |
| Depreciation and amortization (Notes 13 and 14) | 36,499,286 | 41,441,790 |
| Rent | 21,985,130 | 18,167,402 |
| Supplies | 19,830,126 | 11,184,762 |
| Repairs and Maintenance | 14,938,539 | 16,709,028 |
| Communication | 8,023,304 | 11,952,882 |
| Transportation and travel | 5,338,640 | 13,196,589 |
| Miscellaneous | 78,092,767 | 75,924,317 |
| | ₱1,818,963,508 | ₱2,185,708,138 |

Miscellaneous pertains mainly supplies, business and research development, insurance and association dues and other fees for unsold units or units that are yet to be turned over.

25. Interest and Other Income

This account consists of:

| | September 30, 2020 | September 30, 2019 |
|--|---------------------|---------------------|
| Income from forfeited collections | ₱101,101,262 | ₱374,137,664 |
| Interest income from cash and cash equivalents (Note 6) | 70,040,813 | 96,207,434 |
| Interest income from investment in bonds (Note 15) | 19,390,547 | 5,982,948 |
| Other income | 55,662,931 | 59,566,693 |
| | ₱246,195,553 | ₱535,894,739 |

Other income mainly consists of the penalties and other surcharges billed against defaulted installments from sales contracts. Real estate buyers are normally charged a penalty of 3.00% of the monthly installment for every month in arrears from the time the specific installment becomes due and payable.



26. Interest and Other Financing Charges

Details of this account follow (see Notes 19, 20 and 29):

| | September 30, 2020 | September 30, 2019 |
|-------------------------|---------------------------|--------------------|
| Interest expense | ₱401,677,023 | ₱349,299,122 |
| Other financing charges | 69,197,555 | 224,490,726 |
| | ₱470,874,578 | ₱573,789,848 |

Other financing charges include pre-termination fee of long-term debt amounting to ₱95.71 million for the nine-month period ended September 30, 2019.

27. Retirement Costs

For the nine-month periods ended September 30, 2020 and 2019, the retirement expense included under “Salaries, wages and employee benefits” under general, administrative and selling expenses amounted to ₱9.61 million and ₱10.92 million, respectively.

The actuarial valuation of the retirement benefit obligation will be conducted by the independent actuary on the 2020 annual consolidated financial statements. As of September 30, 2020 and December 31, 2019, carrying value of retirement benefit obligation, net of retirement plan assets, amounted to ₱314.24 million and ₱307.40 million, respectively.

The fair value of retirement plan assets as of September 30, 2020 and December 31, 2019 amounted to ₱6.73 million and ₱5.94 million, respectively. The plan assets as of September 30, 2020 and December 31, 2019 pertain solely to bank deposits. Total retirement benefits paid amounted to ₱2.77 million and ₱1.39 million as of September 30, 2020 and 2019, respectively.

28. Income Taxes

The provision for income tax consists of:

| | September 30, 2020 | September 30, 2019 |
|-----------|---------------------------|--------------------|
| Current | | |
| RCIT/MCIT | ₱149,078,821 | ₱188,775,953 |
| Final | 14,008,163 | 10,206,464 |
| | 163,086,984 | 198,982,417 |
| Deferred | 263,978,975 | 146,583,877 |
| | ₱427,065,959 | ₱345,566,294 |



The components of the Group's deferred tax assets and deferred tax liabilities are as follows:

| | September 30, 2020 | December 31, 2019 |
|--|-------------------------|-------------------------|
| Recognized in the interim condensed consolidated statements of comprehensive income: | | |
| Deferred tax assets on: | | |
| NOLCO | ₱16,894,912 | ₱8,891,813 |
| Accrued retirement costs | 59,484,009 | 57,431,752 |
| MCIT | 4,554,149 | 2,626,632 |
| Difference in accounting of PFRS 16 | 1,654,057 | 1,152,416 |
| Provisions for impairment losses | 3,296,786 | 3,296,786 |
| | 85,883,913 | 73,399,399 |
| Deferred tax liabilities on: | | |
| Effect of difference in accounting and tax base on real estate sales | (1,370,456,275) | (1,305,730,303) |
| Prepaid commissions | (343,593,183) | (304,173,303) |
| Effect of difference in accounting and tax base on investment properties | (1,264,213,890) | (1,102,152,841) |
| Unamortized deferred financing costs | (62,473,588) | (52,217,000) |
| Others | (10,029,923) | (10,029,923) |
| | (3,050,766,859) | (2,774,303,370) |
| Recognized directly in equity: | | |
| Deferred tax asset on re-measurement loss on retirement obligation | 34,788,871 | 34,788,871 |
| | (₱2,930,094,075) | (₱2,666,115,100) |

The above deferred tax assets and liabilities are presented in the consolidated statements of financial position as follows:

| | September 30, 2020 | December 31, 2019 |
|--------------------------|--------------------|-------------------|
| Deferred tax assets | ₱38,087,846 | ₱42,148,127 |
| Deferred tax liabilities | 2,968,181,921 | 2,708,263,227 |

29. Lease Liability

The Group has lease contracts for various office spaces with lease terms of two (2) to three (3) years. Rental due is based on prevailing market conditions.

The rollforward of this account is as follows:

| | September 30, 2020 | December 31, 2019 |
|--|--------------------|--------------------|
| Balance at beginning of period | ₱61,178,004 | ₱- |
| Effect of adoption of PFRS 16 (Note 2) | - | 71,933,617 |
| Accretion for the year (Note 26) | 3,497,568 | 5,477,704 |
| Payment | (12,773,181) | (16,233,317) |
| Balance at end of period | 51,902,391 | 61,178,004 |
| Less current portion | 14,019,234 | 21,642,553 |
| Noncurrent portion | ₱37,883,157 | ₱39,535,451 |



30. Other Noncurrent Liabilities

Deposits from preferred shares subscription

As of September 30, 2020, there had been subscriptions for Century Acqua Lifestyle Corporation (CALC) of 6,201 Preferred A shares at a total amount of ₱1,029.85 million, 494 Preferred B shares at a total amount of ₱116.81 million, 760 Preferred C shares at a total amount of ₱109.64 million and 247 Preferred D shares at a total amount of ₱53.96 million.

Total deposits for preferred shares subscriptions received presented under financial statement caption “Other noncurrent liabilities” amounted to ₱1,084.39 million and ₱1,035.99 million as of September 30, 2020 and December 31, 2019, respectively. Marginal deposits which include cash hold-out for deposits for preferred shares subscriptions amounting to ₱19.97 million and ₱9.65 million as of September 30, 2020 and December 31, 2019, respectively (see Note 14). Additional deposits received from buyers of preferred shares amounted to ₱48.39 million and ₱324.42 million for the nine-month periods ended September 30, 2020 and 2019, respectively.

As of September 30, 2020, CALC has not yet started its commercial operations since the construction of Acqua 6 Tower is not yet completed.

Deposit for future stock subscription

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

In 2020, the increase in authorized capital stock was approved and 30,000,000 preferred shares with par value of ₱0.53 were fully subscribed, thus the DFFS amounting the ₱42.48 million was reclassified to equity’s APIC (see Note 23).

Refundable deposits

Refundable deposits pertain to utilities and meter deposits, and security deposits collected from tenants which are refundable at the end of the lease contracts. The carrying value of refundable deposits presented under financial statement caption “Other noncurrent liabilities” amounted to ₱284.39 million and ₱383.84 million, respectively.

31. Performance Obligation and Disaggregation of Revenue

Information about the Group’s performance obligations are summarized below:

Real estate sales

The Group entered into contracts to sell with one identified performance obligation, which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration. The sale of real estate unit may cover the contracts for condominium and residential house unit and the Group concluded that there is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payments, which are considered in revenue recognition, commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10%-20% of the contract price spread



over a five-year period at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to five (5) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at September 30, 2020 and December 31, 2019 are as follows:

| | September 30, 2020 | December 31, 2019 |
|--------------------|---------------------------|-------------------|
| Within one year | ₱5,257,744,672 | ₱3,474,143,694 |
| More than one year | 12,328,405,948 | 7,312,045,153 |
| | ₱17,586,150,620 | ₱10,786,188,847 |

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Group's real estate projects.

All of the Group's real estate sales from residential development are revenue from contracts with customers recognized over time. The Group's disaggregations of each source of revenue from contracts with customers are presented below:

| Project | Location | September 30, 2020 | September 30, 2019 |
|--------------------------------------|------------------|---------------------------|--------------------|
| The Residences at Commonwealth | Quezon City | ₱1,431,818,061 | ₱1,854,088,982 |
| Century City | Makati City | 1,094,098,309 | 2,923,645,902 |
| The Resort Residences at Azure North | Pampanga City | 1,039,354,398 | 713,083,414 |
| Azure Urban Resort Residences | Paranaque City | 1,018,085,985 | 1,126,474,528 |
| PHirst Park Homes | Cavite | 974,394,466 | 537,766,849 |
| Century Communities | Novaliches | 649,978,000 | |
| Tanza Properties | Cavite | 472,664,302 | 593,973,191 |
| Acqua Private Residences | Mandaluyong City | 323,811,113 | 847,449,750 |
| Batulao Landscapes | Batangas | 300,979,118 | 259,957,837 |
| | | ₱7,305,183,752 | ₱8,856,440,453 |

Property management

Revenue is recognized from property management over time as the services are rendered. The Group's disaggregation of each sources of revenue from property management are presented below:

| | September 30, 2020 | September 30, 2019 |
|-------------------------|---------------------------|--------------------|
| Property management fee | ₱205,717,980 | ₱161,604,005 |
| Technical services | 51,429,495 | 58,374,632 |
| | ₱256,147,475 | ₱219,978,637 |



32. Financial Instruments

Fair Value Information

The table below presents the carrying amounts and fair values of the Group's financial assets and financial liabilities as follows:

| | September 30, 2020 | | December 31, 2019 | |
|--|------------------------|------------------------|------------------------|------------------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Financial asset at amortized cost | | | | |
| ICR | ₱10,700,443,390 | ₱11,789,388,498 | ₱10,477,877,484 | ₱11,568,452,788 |
| Rental deposits | 139,061,850 | 140,047,402 | 152,396,921 | 153,476,981 |
| Investment in bonds | 463,750,000 | 463,750,000 | 463,750,000 | 471,542,330 |
| Total financial assets | ₱11,303,255,240 | ₱12,393,185,900 | ₱11,094,024,405 | ₱12,193,472,099 |
| Other financial liabilities | | | | |
| Long-term debt | ₱15,721,937,086 | ₱15,889,509,670 | ₱15,342,716,948 | ₱15,986,421,333 |
| Bonds payable | 3,078,437,291 | 3,119,110,000 | 4,453,032,166 | 4,541,582,403 |
| Liability from purchased land | 275,535,743 | 286,771,241 | 335,535,743 | 349,217,856 |
| Refundable deposits | 284,396,427 | 322,642,728 | 382,842,116 | 403,727,199 |
| Total financial liabilities | ₱19,360,306,547 | ₱19,618,033,639 | ₱20,514,126,973 | ₱21,280,948,791 |

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are as follows:

Cash and cash equivalents, receivables (excluding advances to employees, condominium corporations and other receivables), due from related parties, marginal deposit accounts and other payables, due to related parties and short-term debt

Carrying amounts approximate fair values due to the short-term maturities of these instruments.

Rental deposits and investment in bonds

The fair values of rental deposits and investment in bonds are based on the discounted value of future cash flows using the applicable market interest rates. Discount rates ranging from 1.85% to 2.12% and 4.29% to 5.07% were used in calculating the fair value of the Group's rental deposits as of September 30, 2020 and December 31, 2019, respectively. The discount rate used for the investment in bonds is 3.82% as of September 30, 2020.

Long-term debt, bonds payable, liability from purchased land, refundable deposits and lease liability

The fair values are estimated using the discounted cash flow method using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used for long-term debt ranged from 1.85% to 2.73% and 4.97% to 5.04% as of September 30, 2020 and December 31, 2019, respectively. The discount rates used for the bonds payable ranged from 1.85% to 2.12% and 4.95% to 5.00% as of September 30, 2020 and December 31, 2019, respectively. The discount rates used for the liability from purchased land ranged from 1.85% to 2.73% and 4.97% to 5.18% as of September 30, 2020 and December 31, 2019, respectively.

The discount rates used for refundable deposits ranged from 1.85% to 2.73% and 4.97% to 5.04% as of September 30, 2020 and December 31, 2019, respectively.

The Group has no financial instruments measured under Level 3 of fair value hierarchy. For the nine-month period ended September 30, 2020 and for the year ended December 31, 2018, the Group did not have transfers between Level 1 and 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.



The Group's BOD reviews and approves the policies for managing each of these risks and they are summarized below:

Credit Risk

The Group's maximum exposure to credit risk as of September 30, 2020 and December 31, 2019 is equal to the carrying values of its financial assets amounting to ₱5,006.72 million and ₱6,280.72 million, respectively, except for cash on hand amounting to ₱3.91 million and ₱2.60 million, respectively, ICR and contract assets with aggregate carrying values of ₱10,700.44 million and ₱10,499.91 million, respectively, with fair value of collateral amounting to ₱9,452.19 million and ₱10,477.89 million, respectively

Cash and cash equivalents and rental deposits - these are considered as high-grade financial assets as these are entered into with reputable counterparties.

Contract assets and receivables other than advances to condominium corporation - these are considered as high grade since there are no default in payments.

Due from related parties - these are considered as standard grade as these are settled on time or are slightly delayed due to unresolved concerns.

As of September 30, 2020 and December 31, 2019, the Group has not recognized an expected credit loss on its financial assets.

Liquidity risk

The following table shows the maturity profile of the Group's liabilities used for liquidity purposes based on contractual undiscounted payments:

| | September 30, 2020 | | Total |
|------------------------------------|------------------------|------------------------|------------------------|
| | Within 1 Year | More than 1 Year | |
| Financial assets | | | |
| Cash and cash equivalents | ₱3,988,543,330 | ₱- | ₱3,988,543,330 |
| Receivables* | 9,312,758,299 | 2,671,700,890 | 11,984,459,189 |
| Due from related parties | 419,274,459 | - | 419,274,459 |
| Rental Deposits | - | 139,061,850 | 139,061,850 |
| Investment in bonds | 463,750,000 | - | 463,750,000 |
| | ₱14,184,326,088 | ₱2,810,762,740 | ₱16,995,088,828 |
| Other financial liabilities | | | |
| Accounts and other payables** | ₱5,040,548,014 | ₱- | ₱5,040,548,014 |
| Due to related parties | 261,469,984 | - | 261,469,984 |
| Short-term debt | 566,006,056 | - | 566,006,056 |
| Liability from purchased land | 67,200,000 | 208,335,743 | 275,535,743 |
| Refundable deposits | - | 284,396,427 | 284,396,427 |
| Lease liabilities | 14,019,234 | 37,883,157 | 51,902,391 |
| Long-term debt: | | | |
| Principal | 2,695,914,931 | 13,193,594,739 | 15,889,509,670 |
| Interest | 50,271,775 | 117,300,809 | 167,572,584 |
| Bonds payable: | | | |
| Principal | 118,781,010 | 2,959,656,281 | 3,078,437,291 |
| Interest | 1,569,350 | 40,672,708 | 42,242,058 |
| | ₱8,815,780,354 | ₱16,841,839,864 | ₱25,657,620,218 |

* Excluding other receivables amounting to ₱348.22 million as of September 30, 2020.

** Excluding customers' advances and statutory liabilities amounting to ₱684.29 million and ₱165.95 million, respectively, as of September 30, 2020.



| | December 31, 2019 | | Total |
|-------------------------------|------------------------|------------------------|------------------------|
| | Within 1 Year | More than 1 Year | |
| Financial assets | | | |
| Cash and cash equivalents | ₱4,005,009,231 | ₱– | ₱4,005,009,231 |
| Receivables* | 10,751,281,793 | 991,340,334 | 11,742,622,127 |
| Due from related parties | 419,654,624 | – | 419,654,624 |
| Rental Deposits | – | 152,396,921 | 152,396,921 |
| Investment in bonds | 463,750,000 | – | 463,750,000 |
| | ₱15,639,695,648 | ₱1,143,737,255 | ₱16,783,432,903 |
| Financial liabilities | | | |
| Accounts and other payables** | ₱4,579,042,636 | ₱– | ₱4,579,042,636 |
| Due to related parties | 171,191,762 | – | 171,191,762 |
| Short-term debt | 1,452,692,919 | – | 1,452,692,919 |
| Liability from purchased land | 67,200,000 | 268,335,743 | 335,535,743 |
| Lease liabilities | 21,642,553 | 50,448,594 | 72,091,147 |
| Refundable deposits | – | 383,842,116 | 383,842,116 |
| Long-term debt: | | | |
| Principal | 5,462,166,897 | 9,991,882,433 | 15,454,049,330 |
| Interest | 38,643,173 | 72,689,208 | 111,332,381 |
| Bonds payable: | | | |
| Principal | 1,392,653,130 | 3,119,986,870 | 4,512,640,000 |
| Interest | 6,210,246 | 40,965,921 | 47,176,167 |
| | ₱13,191,443,316 | ₱13,928,150,885 | ₱27,119,594,201 |

* Excluding other receivables amounting to ₱348.22 million as of December 31, 2019.

** Excluding customers' advances and statutory liabilities amounting to ₱871.39 million and ₱294.06 million, respectively, as of December 31, 2019.

The Group's financial assets and contract assets amounting to ₱16,995.09 million and ₱16,783.42 million as of September 30, 2020 and December 31, 2019, respectively, can be used to settle its financial liabilities.

Interest rate risk

The following table sets out the carrying amount, by maturity, of the Group's long-term debt that are exposed to interest rate risk.

| | Interest rate (p.a.) | Rate fixing period | | |
|------|-------------------------|--------------------|----------------|-----------------|
| | | | <1 year | 1 to 5 years |
| 2020 | 6.2-10.3 % | Monthly; Annually | ₱2,417,812,550 | ₱13,135,676,741 |
| 2019 | 6.2-10.3 % | Monthly; Annually | ₱89,678,076 | ₱10,134,117,726 |

The interest rate risk exposure pertains to the Group's Omnibus Agreement with Standard Chartered Bank.

33. Notes to Interim Condensed Consolidated Statements of Cash Flows

- Accretion of unamortized discount for noninterest-bearing contracts receivable amounting to ₱133.55 million and ₱219.97 million for the nine-month periods ended September 30, 2020 and 2019, respectively.



- b. Borrowing costs capitalized in real estate inventories amounting to ₱612.33 million and ₱857.34 million for the nine-month periods ended September 30, 2020 and 2019, respectively (see Note 8).
- c. Borrowing costs capitalized in investment properties amounting to ₱62.12 million and ₱67.89 million for the nine-month periods ended September 30, 2020 and 2019, respectively (see Note 12).
- d. Transfer from deposit for purchased land to real estate inventories amounting to ₱166.0 million for the nine-month period ended September 30, 2019 (see Notes 8 and 10).
- e. Amortization of deferred financing costs amounting to ₱97.77 million and ₱40.70 million for the nine-month periods ended September 30, 2020 and 2019, respectively (see Notes 19 and 20).
- f. Transfer of real estate inventories to investment properties amounting to ₱256.91 million for the nine-month period ended September 30, 2019 (see Notes 8 and 12).
- g. Accrued interest payable from long-term debts amounting to ₱156.38 million and ₱133.17 million as of September 30, 2020 and September 30, 2019, respectively (see Note 16).
- h. Dividends declared amounting to ₱221.15 million are unpaid as of September 30, 2020 (see Note 16).
- i. Short-term promissory note amounting to ₱5.00 million was rolled over from 2019 to 2020 (see Note 19).

34. Events After the Reporting Date

Application of Public Offering of Retail Bonds

On December 14, 2020, the Board approved the Parent Company's application of public offering of unsecured fixed-rate peso denominated retail bonds in amount of Two Billion Pesos (₱2,000,000,000) with an Oversubscription Option of up to One Billion Pesos (₱1,000,000,000) to be filed with the Securities and Exchange Commission. The listing of the said retail bonds once approved will be at the Philippine Dealing and Exchange Corporation.

COVID-19 outbreak

In a move to contain the COVID-19 outbreak, on March 16, 2020 the office of the Philippine President issued Presidential Proclamation No. 929, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020 which was subsequently extended until April 30, 2020 and May 15, 2020. On May 12, 2020 this was further extended into a modified enhanced community quarantine, wherein certain implementing rules have been relaxed.



The community quarantine classification was subsequently extended or changed as follows:

| <u>Classification</u> | <u>Effectivity</u> |
|------------------------------------|--------------------------------------|
| Modified ECQ | May 16, 2020 to May 31, 2020 |
| General Community Quarantine (GCQ) | June 1, 2020 to August 3, 2020 |
| Modified ECQ | August 4, 2020 to August 18, 2020 |
| General Community Quarantine (GCQ) | August 19, 2020 to December 31, 2020 |

These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The pandemic situation slowed down construction and collections resulting to a 17% decline in total real estate sales revenue. However, as affordable housing projects are located outside Metro Manila, the Group was able to resume construction as restrictions from provincial cities were lifted. Accordingly, initial recognition of real estate revenues from newly launched projects of affordable housing projects in 2020 offsets such decline.

While mall operations declined, the impact on the leasing revenue portfolio is not significant as its contribution is marginal to the total revenue of the Group even pre-covid. The increase in leasing revenue is a result of the initial rentals from the recently completed Century Diamond Tower.

The above are considered as non-adjusting subsequent events.



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SCHEDULE A

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
SEPTEMBER 30, 2020

| | Number of shares or principal amount of bonds and notes | Amount shown in the balance sheet | Income received or accrued |
|---------------------------|---|--------------------------------------|----------------------------------|
| Cash and cash equivalents | P- | P3,988,543,330 | P70,040,813 |
| Receivables | | | |
| Trade receivables: | | | |
| ICR | - | 10,700,443,390 | 133,545,246 |
| Leasing receivables | - | 225,421,417 | - |
| Management fee | - | 154,677,123 | - |
| Advances to customers | - | 64,389,612 | - |
| Other receivables* | - | 127,525,074 | - |
| Due from related parties | - | 419,274,459 | - |
| Rental deposit | - | 139,061,850 | - |
| Investment in bonds | - | 463,750,000 | - |
| | P- | P16,283,086,255 | P203,586,059 |

* Excluding other receivables amounting to P348.22 million as of September 30, 2020.

SCHEDULE B**CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES****SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM
DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND
PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
SEPTEMBER 30, 2020**

| Name and Designation of debtor | Balance at beginning of period | Additions | Amounts collected | Current | Not Current | Balance at the end of the period |
|-----------------------------------|--------------------------------|------------|-------------------|------------|-------------|----------------------------------|
| Officers, Directors and Employees | ₱16,049,162 | 11,936,275 | (16,049,162) | 11,936,275 | – | ₱11,936,275 |

SCHEDULE C

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM
RELATED PARTIES WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

| | Receivable Balance | Payable Balance | Current Portion |
|--|-------------------------|--------------------------|--------------------|
| CPGI | ₱7,250,877,686 | (₱435,130,348) | ₱6,815,747,338 |
| CCDC | 4,704,385,007 | (1,665,814,044) | 3,038,570,964 |
| CCDC II | 53,041,420 | (14,755,360) | 38,286,059 |
| CCDC 11 subs | – | (43,096,081) | (43,096,081) |
| CLC | 528,328,480 | (7,009,226,996) | (6,480,898,516) |
| CCC | 150,000 | (1,626,756,899) | (1,626,606,899) |
| MDC | 152,280,518 | (12,500,000) | 139,780,518 |
| CMDC | 82,472,812 | (1,569,735,436) | (1,487,262,624) |
| CPHLI | – | (253,657,515) | (253,657,515) |
| CPMI | (7,750,693) | (2,135,551) | (9,886,243) |
| SSI | 81,726 | (18,275,643) | (18,193,917) |
| SCMC | 750,000 | (100,291) | 649,709 |
| Tanza I, II, and III | 428,314,288 | (433,823,650) | (5,509,362) |
| PPHI | 39,665,470 | – | 39,665,470 |
| KPDC | – | (147,588,900) | (147,588,900) |
| Total Eliminated Receivables/Payables | ₱ 13,232,596,714 | (₱13,232,596,713) | ₱– |

SCHEDULE D**CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES****SUPPLEMENTARY SCHEDULE OF INTANGIBLE ASSETS - OTHER ASSETS
SEPTEMBER 30, 2020**

| Description | Beginning Balance | Additions at cost | Charged to cost and expenses | Charged to other accounts | Other changes additions (deductions) | Ending Balance |
|-------------|----------------------|-------------------|---------------------------------|---------------------------------|---|-------------------|
| Trademark | ₱3,024,289 | ₱- | ₱- | ₱- | ₱- | ₱3,024,289 |
| Software | 31,649,816 | 14,946,773 | (3,595,646) | - | - | 43,000,943 |
| Cost | ₱ 34,674,105 | ₱ 14,946,773 | (₱3,595,646) | ₱- | ₱- | ₱ 46,025,232 |

SCHEDULE E

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT AND BONDS
PAYABLE
SEPTEMBER 30, 2020

Long-term Debt and Bonds Payable

| Title of Issue and type of obligation | Amount authorized by indenture | Amount shown under caption "Current Liabilities" in related balance sheet | Amount shown under caption "Noncurrent Liabilities" in related balance sheet |
|---------------------------------------|--------------------------------|---|--|
| Term Loan | ₱9,841,185,145 | ₱1,396,416,626 | ₱8,444,768,519 |
| Payable under CTS financing | 5,870,392,704 | 1,294,150,964 | 4,576,241,740 |
| Chattel Mortgage | 10,359,237 | 5,347,341 | 5,011,896 |
| Bonds payable | 3,078,437,291 | 118,781,010 | 2,959,656,281 |
| | ₱18,800,374,377 | ₱2,814,695,941 | ₱15,985,678,436 |

SCHEDULE F

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
SEPTEMBER 30, 2020

| Indebtedness to related parties (Long-term loans from Related Companies) | | |
|---|---------------------------------------|---------------------------------|
| Name of related party | Balance at beginning of period | Balance at end of period |
| | N/A | |

SCHEDULE G

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF
OTHER ISSUERS
SEPTEMBER 30, 2020

Guarantees of Securities of Other Issuers

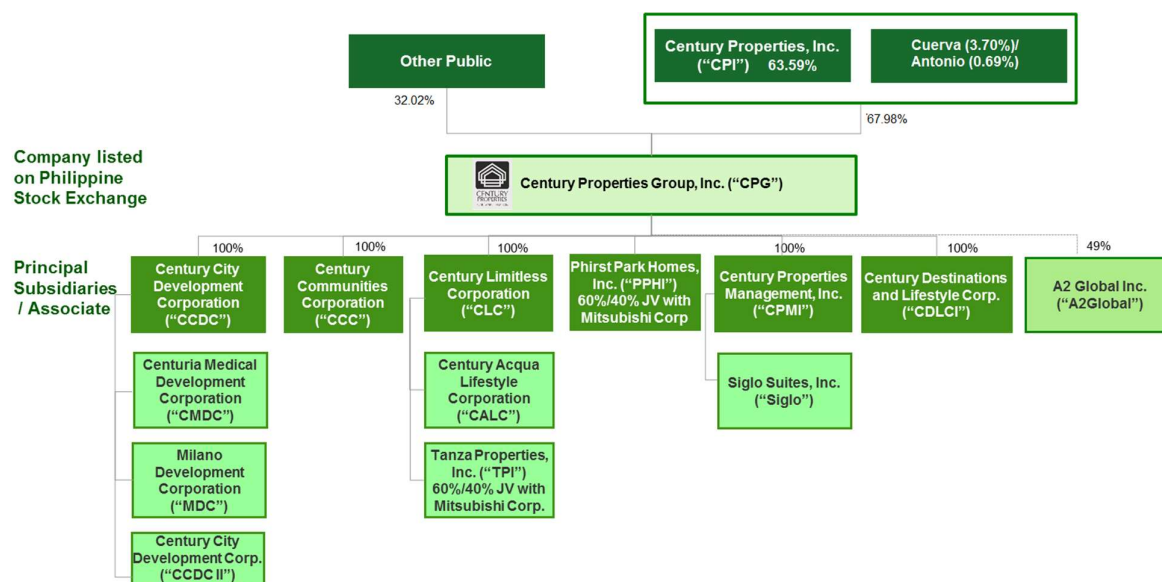
| Name of issuing entity of securities guaranteed by the company for which this statement is filed | Title of issue of each class of securities guaranteed | Total amount guaranteed and outstanding | Amount owned by person for which statement is file | Nature of guarantee |
|--|--|---|---|------------------------|
| N/A | | | | |

SCHEDULE H**CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES**
SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK
SEPTEMBER 30, 2020

| Capital Stock | | | | | | |
|----------------------|-----------------------------|--|---|--|-----------------------------------|--------|
| Title of Issue | Number of shares authorized | Number of shares issued and outstanding as shown under related balance sheet caption | Number of shares reserved for options warrants, conversion and other rights | Number of shares held by related parties | Directors, officers and employees | Others |
| Common Shares | 15,000,000,000 | 11,599,600,690 | – | – | 9 | – |
| Preferred Shares | 3,000,000,000 | 30,000,000 | – | – | – | – |

**All nine (9) directors have one (1) nominal common shares issued*

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE
COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-
SUBSIDIARIES
SEPTEMBER 30, 2020



Century Properties Group Inc. (CPGI) – incorporated in May 6, 1975, CPGI is the listed Company of CPI with property development corporations as subsidiaries.

CPGI Subsidiaries

Century City Development Corporation (CCDC) – incorporated in 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, Makati City. CCDC has fourteen local subsidiaries.

Milano Development Corporation (MDC) & Centuria Medical Development Corporation (CMDC) – is a wholly owned subsidiary of CCDC. Affiliated company under CCDC includes CCDC II.

Century Communities Corporation – incorporated in 1994, is focused on horizontal house and lot developments. From the conceptualization to the sellout of a project, CCC provides experienced specialists who develop and execute the right strategy to successfully market a project. CCC is currently developing Canyon Ranch, a 25-hec house and lot development located in Carmona, Cavite. 100% owned by CPGI.

Century Limitless Corporation (CLC) – incorporated in 2008, is Century’s newest brand category that focuses on developing high-quality, affordable residential projects. Projects under CLC caters to first-time home buyers, start-up families and investors seeking safe, secure and

convenient homes. It has one internal branch office in Singapore namely CLC Singapore. CLC is 100% owned by CPGI.

Century Acqua Lifestyle Corporation - incorporated on November 6, 2014, a wholly owned subsidiary of CLC, was organized primarily to acquire by purchase, own, hold, manage, administer, lease or operate condominium units of the planned Acqua 6 Tower of Acqua Private Residences for the benefit of its shareholders.

PHirst Park Homes Inc. - PHirst Park Homes Inc. was incorporated on August 31, 2018 and 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 homebuyers. Its current projects are located at Bo. 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.

Century Properties Management Inc. (CPMI) – incorporated in 1989, is one of the largest property management companies in the Philippines, as measured by total gross floor area under management. 100% owned by CPGI after acquisition of the shares of Mr. Romig.

Century Destinations and Lifestyle Corporation (formerly “Century Properties Hotel and Leisure Inc.”) - CDLC, incorporated in March 27, 2014, is a newly formed wholly-owned subsidiary of CPGI. CDLC shall operate, conduct and engage in hotel business and related business ventures.

A2Global Inc. - A2Global Inc., incorporated in 2013, is a newly formed company wherein 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 commercial office in Fort Bonifacio.

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
SEPTEMBER 30, 2020

| | | |
|---|----------------------|-----------------------|
| Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning | | ₱1,823,632,034 |
| Add: Net income (loss) actually earned/realized during the period | | |
| Net income (loss) during the period closed to Retained Earnings | (218,784,540) | |
| Less: Non-actual/unrealized income net of tax | | |
| Equity in net income of associate/joint venture | - | |
| Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents) | - | |
| Unrealized actuarial gain | | |
| Fair value adjustment (M2M gains) | - | |
| Fair value adjustment of Investment Property resulting to gain | - | |
| Adjustment due to deviation from PFRS/GAAP-gain | - | |
| Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS | - | |
| Sub-total | - | |
| Add: Non-actual/Unrealized Losses | | |
| Depreciation on revaluation increment (after tax) | - | |
| Adjustment due to deviation from PFRS/GAAP – loss | - | |
| Loss on fair value adjustment of investment property (after tax) | - | |
| | - | |
| Net Income Actual/Realized | | (218,784,540) |
| Add(Less): | | |
| Dividend declarations during the period | (298,995,271) | |
| Appropriations of Retained Earnings during the period | - | |
| Reversals of appropriations | - | |
| Effects of prior period adjustments | - | |
| Treasury shares | (109,674,749) | |
| | | (408,670,020) |
| TOTAL RETAINED EARNINGS, END | | |
| AVAILABLE FOR DIVIDEND | | ₱1,196,177,474 |

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL RATIOS
SEPTEMBER 30, 2020

| Financial ratios | Sep-20 | Sep-19 |
|-------------------------------------|-----------------------|-----------------------|
| Current/Liquidity Ratios | | |
| Current Assets | 32,377,893,244 | 34,389,971,156 |
| Current Liabilities | 11,700,047,002 | 18,612,908,890 |
| Current Ratios | 2.8 | 1.8 |
| Quick Ratios | | |
| Current Assets | 32,377,893,244 | 34,389,971,156 |
| Inventory | 13,879,985,395 | 15,624,108,787 |
| Quick Assets | 18,497,907,849 | 18,765,862,369 |
| Current Liabilities | 11,700,047,002 | 18,612,908,890 |
| Quick Ratios | 1.6 | 1.0 |
| Liabilities and Debt Ratios | | |
| Short-term debt | 566,006,056 | 1,491,415,157 |
| Long-term debt - Current | 2,695,914,931 | 6,980,529,239 |
| Bonds - Current | 118,781,010 | 1,676,395,614 |
| Long-term debt - Non-current | 13,026,022,155 | 8,848,093,256 |
| Bonds payable - Non Current | 2,959,656,281 | 2,769,546,395 |
| Debt | 19,366,380,433 | 21,765,979,661 |
| Equity | 21,321,411,792 | 19,206,754,465 |
| Debt-to-Equity | 0.9 | 1.1 |
| Debt | 19,366,380,433 | 21,765,979,661 |
| Cash and Cash Equivalents | 3,988,543,330 | 3,790,630,694 |
| Net Debt | 15,377,837,103 | 17,975,348,967 |
| Equity | 21,321,411,792 | 19,206,754,465 |
| Net Debt-to-Equity | 0.7 | 0.9 |
| Debt | 19,366,380,433 | 21,765,979,661 |
| EBITDA (Annualized for Interim) | 2,697,794,842 | 2,762,353,976 |
| Debt-to-EBITDA | 7.18 | 7.88 |
| Net income after tax | 1,099,902,826 | 1,110,967,550 |
| Provision for income tax | 427,065,959 | 345,566,294 |
| Income before Income Tax | 1,526,968,785 | 1,456,533,844 |
| Interest expense | 470,874,578 | 573,789,848 |
| Depreciation and amortization | 25,502,768 | 41,441,790 |
| EBITDA | 2,023,346,131 | 2,071,765,482 |
| Asset to Equity Ratios | | |
| Total Assets | 53,905,564,147 | 53,790,833,055 |
| Total Equity | 21,321,411,792 | 19,206,754,465 |
| Asset to Equity Ratio | 2.5 | 2.8 |
| Liabilities to Equity Ratios | | |
| Total Liabilities | 32,584,152,355 | 34,584,078,590 |
| Total Equity | 21,321,411,792 | 19,206,754,465 |
| Liabilities to Equity Ratio | 1.5 | 1.8 |

| Financial ratios | Sep-20 | Sep-19 |
|--|-----------------------|-----------------------|
| Profitability ratios | | |
| Revenue | 8,282,019,623 | 9,794,174,491 |
| Gross Profit | 3,098,600,578 | 3,569,288,486 |
| Gross Profit Ratio | 37% | 36% |
| | | |
| Net Income Attributable to Equity holders of the Parent Company | 831,487,170 | 1,049,622,068 |
| Revenue | 8,282,019,623 | 9,794,174,491 |
| Net Income Margin | 10.0% | 10.7% |
| | | |
| Total Net Income after tax (Annualized) | 1,466,537,101 | 1,481,290,067 |
| Total Asset CY | 53,905,564,147 | 53,790,833,055 |
| Total Asset PY | 53,441,685,612 | 49,366,682,829 |
| Average total asset | 53,673,624,880 | 51,578,757,942 |
| Return on Asset | 2.7% | 2.9% |
| | | |
| Total Net Income after tax (Annualized) | 1,466,537,101 | 1,481,290,067 |
| Total Equity CY | 21,321,411,792 | 19,206,754,465 |
| Total Equity PY | 19,615,569,488 | 17,463,466,559 |
| Average total equity | 20,468,490,640 | 18,335,110,512 |
| Return on Equity | 7.2% | 8.1% |
| | | |
| Net Income | 1,099,902,826 | 1,110,967,550 |
| Revenue | 8,282,019,623 | 9,794,174,491 |
| Net Income Margin | 13.3% | 11.3% |