C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0 0 0 0 0 6 0 5 6 6

C O M P A N Y   N A M E

C E N T U R Y   P R O P E R T I E S   G R O U P   I N C .
A N D   S U B S I D I A R I E S

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

21st Floor, Pacific Star Building, Sen. Gil Puyat corner Makati Avenue, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	(02)793-5526	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
479	6/14	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
John Paul C. Flores	jpcflores@century-properties.com	(02) 793-8981	0917-3244071

CONTACT PERSON's ADDRESS

21st Floor, Pacific Star Building, Sen. Gil Puyat corner Makati Avenue, Makati City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

CENTURY
PROPERTIES GROUP, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

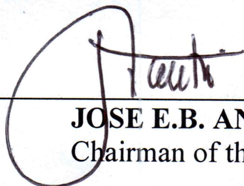
The management of **Century Properties Group Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended December 31, 2019, and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

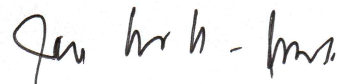
The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

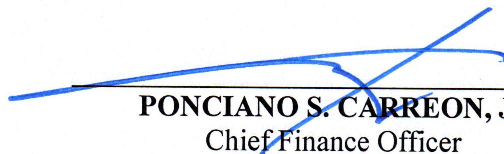
SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



JOSE E.B. ANTONIO
Chairman of the Board



JOSE MARCO R. ANTONIO
President and CEO



PONCIANO S. CARREON, JR.
Chief Finance Officer

Signed this 18th day of May 2020
MAKATI CITY

SUBCRIBED AND SWORN to before me this _______day of MAY 1 8 2020 20_____ affiants exhibiting to me his / their Tax Identification Numbers, as follows:

Jose E.B. Antonio	TIN 110-083-819
Jose Marco R. Antonio	TIN 196-835-917
Ponciano S. Carreon, Jr	TIN 180-091-161

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Page No.____
Book No.____: 26
Series of 2020

RUBEN T.M. RAMIREZ
Notary Public for Makati City
Until Decemeber 31.2021
2086 E. Pascua St., Makati City
IBP O.R No. 097071/ December 10.2019
Roll No. 28947/ MCLE No. VI-0020246
PTR No. MKT 8117044/1-02-2020
Appointment No. M-158

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Century Properties Group Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures is significant to our audit because this involves application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; 2) determination of the transaction price; (3) application of the output method as the measure of progress in determining real estate sales; (4) determination of the actual costs incurred as cost of real estate sales; and (5) recognition of cost to obtain a contract.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is assessed by considering factors such as past collection history, age of receivables and the pricing of the property. Management also regularly evaluates the history of sales cancellations and back-outs to determine if these would affect its current threshold of buyer's equity before commencing revenue recognition.

In determining the transaction price, the Group considers the selling price of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done which requires technical determination by the management specialist (third party project managers).

In determining the actual costs incurred to be recognized as cost of real estate sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

The Group identifies sales commission after contract inception as cost of obtaining a contract. For contracts that qualified for revenue recognition, the Group capitalized the total sales commission due to the sales agent and recognizes the related liability. The Group uses percentage of completion (POC) method in amortizing sales commission consistent with the Group's revenue recognition policy.

The disclosures related to real estate revenue are included in Notes 2 and 3 to the consolidated financial statements.

Audit Response
We obtained an understanding of the Group's revenue recognition process.

For the buyer's equity, we evaluated the management's basis by comparing this to the historical analysis of sales collections from buyers with accumulated payments above the collection threshold. We traced the analysis to supporting documents such as the buyer's collection report and official receipts.

For the determination of the transaction price, we obtained an understanding of the nature of other fees charged to the buyers. For selected contracts, we agreed the amounts excluded from the transaction price against the expected amounts required to be remitted to the government based on existing tax rules and regulations (e.g., documentary stamp taxes, transfer taxes and real property taxes).

For the application of the output method, in determining real estate revenue, we obtained an understanding of the Group's processes for determining the POC, and performed tests of the relevant controls. We obtained the certified POC reports prepared by the third-party project managers and assessed their competence and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries and obtained the supporting details of POC reports showing the completion of the major activities of the project construction.

For the cost of real estate sales, we obtained an understanding of the Group's cost accumulation process and tested relevant controls. For selected projects, we traced the accumulated costs, including those costs incurred but not yet billed, to supporting documents such as invoices, accomplishment reports from the contractors, official receipts, among others.

For the recognition of cost to obtain a contract, we obtained an understanding of the sales commission process. For selected contracts, we agreed the basis for calculating the sales commission capitalized and portion recognized in profit or loss, particularly (a) the percentage of commission due against contracts with sales agents, (b) the total commissionable amount (e.g., net contract price) against the related contract to sell, and, (c) the POC against the POC used in recognizing the related revenue from real estate sales.

Valuation of Investment Properties at Fair Value

The Group has investment properties which are accounted for using the fair value model and represent 24% of consolidated total assets as of December 31, 2019. Fair value gains relating to those properties amounted to ₱270.30 million in 2019. As disclosed in Note 10 of the consolidated financial statements, determining the fair value of investment properties involves significant management judgment and estimations. It is also based on appraisal reports prepared by an external appraiser. The valuation by the external appraiser depends on certain assumptions such as market rent levels, expected vacancy, discount rates and expected maintenance as well as sales and listings of comparable properties and adjustments to sales price based on internal and external factors. Thus, we considered this as a key audit matter.

Audit Response

We evaluated the competence, capabilities and objectivity of the external appraiser. We involved our internal specialist in the review of the methodology and assumptions used in the valuation of the investment properties. We assessed the methodology adopted by referencing common valuation models in accordance with its highest and best use, and evaluated key inputs used in the valuation, specifically market rent levels, expected vacancy, discount rates, interest rates and expected maintenance. We also reviewed the relevant information supporting the sales and listings of comparable properties and inquired from the external appraiser the basis of adjustments made to the sales price. We also reviewed the disclosures relating to investment properties.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and

Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is John T. Villa.

SYCIP GORRES VELAYO & CO.

John T. Villa
Partner
CPA Certificate No. 94065
SEC Accreditation No. 1729-A (Group A),
December 18, 2019, valid until December 17, 2021
Tax Identification No. 901-617-005
BIR Accreditation No. 08-001998-76-2019,
February 26, 2019, valid until February 25, 2021
PTR No. 8125318, January 7, 2020, Makati City

May 18, 2020

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

	December 31	
	2019	2018 (As restated - see Note 2)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱4,005,009,231**	₱1,950,389,193
Receivables (Notes 2 and 5)	**10,967,149,055**	8,874,334,324
Real estate inventories (Note 6)	**15,558,004,362**	17,257,481,436
Due from related parties (Note 16)	**419,654,624**	394,354,508
Advances to suppliers and contractors (Note 7)	**2,006,510,283**	2,236,124,707
Other current assets (Note 12)	**1,409,171,684**	1,284,425,939
Total Current Assets	**34,365,499,239**	31,997,110,107
Noncurrent Assets		
Noncurrent portion of installment contracts receivable (ICR; Notes 2 and 5)	**1,137,658,202**	1,894,555,056
Investment in bonds (Note 13)	**463,750,000**	–
Deposits for purchased land (Note 8)	**1,079,443,219**	1,189,477,058
Investments in and advances to joint ventures and associate (Note 9)	**258,768,231**	247,584,285
Investment properties (Note 10)	**12,932,523,885**	11,381,637,756
Property and equipment (Note 11)	**1,648,122,313**	1,273,790,837
Deferred tax assets - net (Note 27)	**42,148,127**	61,929,417
Other noncurrent assets (Note12)	**1,513,772,396**	1,320,598,313
Total Noncurrent Assets	**19,076,186,373**	17,369,572,722
TOTAL ASSETS	**₱53,441,685,612**	₱49,366,682,829
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 14)	**₱5,703,064,295**	₱4,989,664,627
Contract liabilities (Notes 15)	**1,784,093,580**	2,294,326,736
Due to related parties (Note 16)	**171,191,762**	98,575,198
Short-term debt (Note 17)	**1,452,692,919**	2,206,610,954
Current portion of:		
Long-term debt (Note 17)	**5,462,166,897**	5,389,150,881
Bonds payable (Note 18)	**1,392,653,130**	–
Liability from purchased land (Note 19)	**67,200,000**	67,200,000
Lease liabilities (Note 28)	**21,642,553**	–
Income tax payable	**9,352,517**	4,708,076
Other current liabilities (Note 28)	**35,277,576**	–
Total Current Liabilities	**16,099,335,229**	15,050,236,472
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt (Note 17)	**9,880,550,051**	11,645,097,504
Bonds payable (Note 18)	**3,060,379,036**	1,505,894,698
Liability from purchased land (Note 19)	**268,335,743**	301,568,733
Lease liabilities (Note 28)	**39,535,451**	–
Pension liabilities (Note 26)	**307,402,078**	251,101,428
Deferred tax liabilities - net (Note 27)	**2,708,263,227**	2,524,519,956
Deposit for future stock subscription (Note 20)	**42,480,000**	–
Other noncurrent liabilities (Notes 28 and 32)	**1,419,835,309**	624,797,479
Total Noncurrent Liabilities	**17,726,780,895**	16,852,979,798
Total Liabilities	**33,826,116,124**	31,903,216,270

(Forward)

	December 31	
	2019	2018 (As restated - see Note 2)
Equity (Note 20)		
Capital stock - ₱0.53 par value		
Authorized - 18,000,000,000 shares		
Issued - 11,699,723,690 shares	**₱6,200,853,553**	₱6,200,853,553
Additional paid-in capital	**2,639,742,141**	2,639,742,141
Treasury shares - 100,123,000 shares	**(109,674,749)**	(109,674,749)
Other components of equity	**99,393,242**	99,231,014
Retained earnings	**8,733,916,278**	7,590,086,701
Remeasurement loss on defined benefit plan	**(81,174,033)**	(66,042,430)
Total Equity Attributable to Equity Holders of the Parent Company	**17,483,056,432**	16,354,196,230
Non-controlling Interest (Note 20)	**2,132,513,056**	1,109,270,329
Total Equity	**19,615,569,488**	17,463,466,559
TOTAL LIABILITIES AND EQUITY	**₱53,441,685,612**	₱49,366,682,829

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2019	2018	2017
REVENUES			
Revenue from contracts with customers:			
Real estate sales (Note 30)	**₱12,685,387,079**	₱9,576,668,266	₱5,345,938,210
Property management fee and other services (Notes 23 and 30)	**412,151,431**	395,460,217	352,971,958
Leasing revenue (Notes 10 and 28)	**713,381,592**	407,267,202	341,658,779
Interest income from real estate sales (Note 5)	**504,096,166**	322,482,606	665,202,951
	14,315,016,268	10,701,878,291	6,705,771,898
COSTS			
Cost of real estate sales (Note 6)	**8,459,544,061**	5,655,403,635	2,806,481,000
Cost of leasing (Note 10)	**217,448,235**	227,747,720	237,813,561
Cost of services (Note 22)	**295,241,150**	276,552,505	270,726,596
	8,972,233,446	6,159,703,860	3,315,021,157
GROSS PROFIT	**5,342,782,822**	4,542,174,431	3,390,750,741
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES (Note 21)	**3,235,818,061**	3,254,526,410	2,964,062,656
OTHER INCOME (EXPENSES)			
Interest income and others (Notes 12 and 24)	**573,363,478**	568,656,249	801,077,513
Gain from change in fair value of investment properties (Note 10)	**260,934,423**	376,898,561	286,028,260
Foreign exchange gain (loss) (Note 17)	**116,330,537**	(145,192,729)	(53,850,000)
Share in net earnings of joint ventures and associate (Note 9)	**11,183,946**	12,430,580	–
Interest and other financing charges (Note 25)	**(936,688,211)**	(594,275,763)	(403,480,265)
Gain (loss) from change in fair value of derivative (Note 12)	**(76,055,987)**	115,791,961	(35,614,007)
	(50,931,814)	334,308,859	594,161,501
INCOME BEFORE INCOME TAX	**2,056,032,947**	1,621,956,880	1,020,849,586
PROVISION FOR INCOME TAX (Note 27)	**577,562,748**	503,770,261	370,924,446
NET INCOME	**1,478,470,199**	1,118,186,619	649,925,140
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on defined benefit plan - net of deferred tax (Note 26)	**(15,131,603)**	(31,462,443)	26,306,821
Net change in fair value of equity instruments at fair value through OCI	**162,228**	77,333	(367,097)
TOTAL COMPREHENSIVE INCOME	**₱1,463,500,824**	₱1,086,801,509	₱675,864,864
Net income attributable to:			
Equity holders of the Parent Company (Note 20)	**₱1,281,748,829**	₱985,915,365	₱630,312,075
Non-controlling interest (Note20)	**196,721,370**	132,271,254	19,613,065
	₱1,478,470,199	₱1,118,186,619	₱649,925,140
Total comprehensive income attributable to:			
Equity holders of the Parent Company (Note 20)	**₱1,266,779,454**	₱954,530,255	₱656,251,799
Non-controlling interest (Note 20)	**196,721,370**	132,271,254	19,613,065
	₱1,463,500,824	₱1,086,801,509	₱675,864,864
Basic earnings per share (Note 20)	**₱0.11**	₱0.09	₱0.05

See accompanying Notes to Consolidated Financial Statements.

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017

	Total Equity Attributable to Equity Holders of the Parent Company								
	Capital Stock	**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, 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**
Net income	–	–	–	–	1,281,748,829	–	1,281,748,829	196,721,370	1,478,470,199
Other comprehensive income (loss) (Note 26)	–	–	–	162,228	–	(15,131,603)	(14,969,375)	–	(14,969,375)
Total comprehensive income	–	–	–	162,228	1,281,748,829	(15,131,603)	1,266,779,454	196,721,370	1,463,500,824
Cash dividends (Note 20)	–	–	–	–	(137,919,252)	–	(137,919,252)	–	(137,919,252)
Investment from non-controlling interest (Note 20)	–	–	–	–	–	–	–	826,521,357	826,521,357
At December 31, 2019	**₱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**
At January 1, 2018	**₱6,200,853,553**	**₱2,639,742,141**	**(₱109,674,749)**	**₱99,153,681**	**₱6,804,171,335**	**(₱34,579,987)**	**₱15,599,665,974**	**₱555,658,023**	**₱16,155,323,997**
Net income	–	–	–	–	985,915,365	–	985,915,365	132,271,254	1,118,186,619
Other comprehensive income (loss) (Note 26)	–	–	–	77,333	–	(31,462,443)	(31,385,110)	–	(31,385,110)
Total comprehensive income	–	–	–	77,333	985,915,365	(31,462,443)	954,530,255	132,271,254	1,086,801,509
Cash dividends (Note 20)	–	–	–	–	(199,999,999)	–	(199,999,999)	–	(199,999,999)
Investment from non-controlling interest (Note 20)	–	–	–	–	–	–	–	421,341,052	421,341,052
At December 31, 2018	**₱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**
At January 1, 2017	**₱6,200,853,553**	**₱2,639,742,141**	**(₱109,674,749)**	**₱58,869,696**	**₱6,497,730,643**	**(₱60,886,808)**	**₱15,226,634,476**	**₱119,785,810**	**₱15,346,420,286**
Net income	–	–	–	–	630,312,075	–	630,312,075	19,613,065	649,925,140
Other comprehensive income (loss)	–	–	–	(367,097)	–	26,306,821	25,939,724	–	25,939,724
Total comprehensive income	–	–	–	(367,097)	630,312,075	26,306,821	656,251,799	19,613,065	675,864,864
Cash dividends (Note 20)	–	–	–	–	(205,065,834)	–	(205,065,834)	–	(205,065,834)
Investment from non-controlling interest (Note 20)	–	–	–	40,651,082	–	–	40,651,082	397,751,065	438,402,147
At December 31, 2017	**₱6,200,853,553**	**₱2,639,742,141**	**(₱109,674,749)**	**₱99,153,681**	**₱6,922,976,884**	**(₱34,579,987)**	**₱15,718,471,523**	**₱537,149,940**	**₱16,255,621,463**

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱2,056,032,947**	₱1,621,956,880	₱1,020,849,586
Adjustments for:			
Interest and other financing charges (Note 25)	**936,688,211**	594,275,763	403,480,265
Loss (gain) from change in fair value of derivative (Note 12)	**76,055,987**	(115,791,961)	35,614,007
Depreciation and amortization (Notes 11, 12 and 21)	**57,545,711**	37,854,976	33,242,675
Retirement expense (Note 26)	**40,927,865**	35,599,728	37,751,907
Loss on pre-termination of derivative (Notes 12 and 24)	**39,735,974**	–	–
Interest income (Notes 5 and 24)	**(616,121,641)**	(385,108,364)	(712,443,530)
Gain from change in fair value of investment properties (Note 10)	**(260,934,423)**	(376,898,561)	(286,028,260)
Foreign exchange loss (gain) (Note 17)	**(116,330,537)**	145,192,729	53,859,864
Share in net earnings of joint ventures and associate (Note 9)	**(11,183,946)**	(12,430,580)	–
Gain on sale of investment property (Notes 10 and 24)	**(3,521,396)**	(12,941,360)	–
Operating income before working capital changes	**2,198,894,752**	1,531,709,250	586,326,514
Decrease (increase) in:			
Receivables	**(1,335,917,877)**	(785,380,593)	1,174,120,507
Real estate inventories	**2,735,041,283**	(1,578,749,310)	(1,074,982,095)
Advances to suppliers and contractors	**229,614,424**	(272,146,577)	27,851,082
Other assets	**(423,368,311)**	(142,172,562)	(128,884,592)
Increase (decrease) in:			
Accounts and other payables	**759,056,888**	1,157,531,784	(221,552,495)
Contract liabilities	**(510,233,156)**	(464,274,871)	–
Customers’ deposits	–	–	398,242,052
Liability from purchased land intended for development	**(33,232,990)**	(79,473,009)	(72,802,321)
Other liabilities	**418,119,692**	–	–
Net cash provided by (used in) operations	**4,037,974,705**	(632,955,888)	688,318,652
Interest received (Note 24)	**616,121,641**	385,108,364	712,443,530
Interest and other financing costs paid	**(1,944,181,954)**	(1,404,625,946)	(1,071,993,645)
Income taxes paid	**(362,908,775)**	(319,165,692)	(432,721,940)
Retirement benefits paid (Note 26)	**(5,796,722)**	(29,499,275)	(1,748,518)
Net cash provided by (used in) operating activities	**2,341,208,895**	(2,001,138,437)	(105,701,921)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Refund of deposits for purchased land (Note 8)	**181,595,212**	–	–
Sale of investment properties (Note 10)	**156,600,215**	179,598,017	–
Marginal deposits	**31,658,800**	15,016,031	28,337,697
Refund of rental deposits (Note 28)	**7,177,123**	1,008,513	–
Sale of property and equipment	**–**	2,070,400	163,303
Payments for:			
Additions to investment properties (Note 10)	**(1,250,844,012)**	(1,981,590,313)	(1,236,009,408)
Additions to investment in bonds (Note 13)	**(463,750,000)**	–	–
Additions to property and equipment (Note 11)	**(354,538,481)**	(232,121,247)	(614,258,721)
Deposits for purchased land (Note 8)	**(237,561,373)**	(342,167,634)	(423,539,188)
Intangible assets	**(2,105,735)**	(1,473,211)	(1,684,030)
Marginal deposits	**–**	(31,658,800)	(16,060,031)
Rental deposits	–	–	(79,521,842)
Increase (decrease) in due from related parties	**(25,300,116)**	96,891,440	41,832,372
Net cash used in investing activities	**(1,957,068,367)**	(2,294,426,804)	(2,300,739,848)

(Forward)

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Short-term and long-term debt (Note 17)	**₱12,464,293,414**	₱11,359,147,970	₱6,692,140,393
Issuance of bonds payable (Note 18)	**3,000,000,000**	–	–
Additional investment from non-controlling interest (Note 20)	**826,521,357**	421,341,052	438,402,147
Deposits for preferred shares (Note 32)	**412,195,714**	201,678,447	196,590,150
Deposits for future stock subscription (Note 20)	**42,480,000**	–	–
Increase (decrease) in due to related parties	**72,169,497**	14,991,684	(277,834,458)
Payments for:			
Short-term and long-term debt (Note 17)	**(14,807,436,336)**	(6,814,295,001)	(5,183,131,809)
Deferred financing cost (Notes 17 and 18)	**(150,470,673)**	(137,268,569)	(10,012,313)
Cash dividends (Note 20)	**(126,201,322)**	(199,999,999)	(205,065,834)
Stock issuance cost (Note 12)	**(52,316,528)**	–	–
Lease liabilities (Note 28)	**(10,755,613)**	–	–
Bonds payable (Note 18)	**–**	–	(1,187,360,000)
Net cash provided by financing activities	**1,670,479,510**	4,845,595,584	463,728,276
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,054,620,038**	550,030,343	(1,942,713,493)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 4)	**1,950,389,193**	1,400,358,850	3,343,072,343
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱4,005,009,231**	₱1,950,389,193	₱1,400,358,850

See accompanying Notes to Consolidated Financial Statements.

NOTES TO 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 61.27%-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.

Signing of Memorandum of Agreement with Global Development Corp. (GGDC)
On January 9, 2019, 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 consolidated financial statements as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 were approved and authorized for issue by the Board of Directors (BOD) on May 18, 2020.

2. Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries.

The accompanying consolidated financial statements have been prepared using the historical cost basis, except for investment properties, derivative assets and financial assets measured at fair value through other comprehensive income. The consolidated financial statements are presented in Philippine Peso (₱), which is the functional currency of the Parent Company and of all the investee companies. All amounts are rounded off to the nearest ₱, except when otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), which include the availment of the reliefs granted by the SEC under the following memorandum circulars:

a. Memorandum Circular No. 4-2020 on Deferment of IFRIC Agenda Decision on Over Time Transfer of Goods for Real Estate Industry
b. Memorandum Circular Nos. 14-2018 and 3-2019 for the following implementation issues of PFRS 15 affecting the real estate industry:
   - Exclusion of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
   - Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
   - Accounting to Common Usage Service Area (CUSA) Charges discussed in PIC Q&A No. 2018-12-H

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries:

	Percentage of Ownership		
	2019	2018	2017
Century Limitless Corporation (CLC)	**100**	100	100
Century Acqua Lifestyle Corporation (CALC)	**100**	100	100
Tanza Properties I, Inc. (TPI I)	**60**	60	60
Tanza Properties II, Inc. (TPI II)	**60**	60	60
Tanza Properties III, Inc. (TPI III)	**60**	60	60
Katipunan Prime Development Corporation (KPDC)	**60**	60	–
PHirst Park Homes Development Corporation (PPHDC)	**100**	100	–
Century Properties Management, Inc. (CPMI)	**100**	100	100
Siglo Suites, Inc. (SSI)	**100**	100	100
Siglo Commercial Management Corporation (SCMC)	**100**	100	100
Century Communities Corporation (CCC)	**100**	100	100
Century City Development Corporation (CCDC)	**100**	100	100
Century City Development Corporation II (CCDC II)	**60**	60	60
Centuria Medical Development Corporation (CMDC)	**100**	100	100
Knightsbridge Residences Development Corporation*	**100**	100	100
Milano Development Corporation (MDC)	**100**	100	100
Century City Development Corporation VII*	**100**	100	100
Century City Development Corporation VIII*	**100**	100	100
Century City Development Corporation X*	**100**	100	100
Century City Development Corporation XI*	**100**	100	100
Century City Development Corporation XII*	**100**	100	100
Century City Development Corporation XIV*	**100**	100	100
Century City Development Corporation XV*	**100**	100	100
Century City Development Corporation XVI*	**100**	100	100
Century City Development Corporation XVII*	**100**	100	100
Century City Development Corporation XVIII*	**100**	100	100
Century Destination Lifestyle Corporation (CDLC)**	**100**	100	100
PHirst Park Homes, Inc. (PPHI)	**60**	60	–

**non-operating CCDC subsidiaries*
***formerly Century Properties Hotel and Leisure Inc. (CPHLI)*

On August 31, 2018, PPHI was incorporated by the Parent Company and Mitsubishi Corporation (MC) for 60% and 40% ownership interests, respectively (see Note 20). The primary purpose of PPHI is to engage in real estate development.

On July 20, 2018, KPDC was incorporated by CLC, a wholly-owned subsidiary of the Parent Company, and TCG Holdings, Inc. (THI) for 60% and 40% ownership interests, respectively. The primary purpose of KPDC is to engage in real estate development. KPDC has not yet started commercial operations.

On February 2, 2018, PPHDC, a wholly owned subsidiary of CLC, was incorporated. PPHDC was organized primarily to engage in real estate development.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests (NCI) and the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Reclassifications

On September 27, 2019, the Philippine Interpretations Committee (PIC) issued a letter to the various organizations in the real estate industry to clarify certain issues in relation to the PFRS 15 Implementation Issues and other accounting issues affecting real estate industry. The letter includes the clarification on the conclusion of PIC Q&A 2018-12D Step 3 on the recording of contract asset for the difference between the consideration received from the customer and the transferred goods or

services to a customer. In the letter, the PIC would allow for the meantime, the recording of the difference between the consideration received from the customer and the transferred goods or services to a customer as either a contract asset or unbilled receivable. If presented as contract asset, the disclosures required under PFRS 15 should be complied with. Otherwise, the disclosures required under PFRS 9 should be followed.

As a result, the Group elected to record in 2019 the difference between the consideration received from the customer and the transferred goods or services to a customer as installment contracts receivable which differs from the 2018 presentation where the difference was recognized as a contract asset.

	December 31, 2018 As previously reported	Reclassification	December 31, 2018 As adjusted
Current Assets			
Receivables	₱2,047,127,253	₱6,827,207,071	₱8,874,334,324
Current portion of contract assets	6,827,207,071	(6,827,207,071)	–
	₱8,874,334,324	₱–	₱8,874,334,324
Noncurrent Assets			
Noncurrent portion of ICR	₱–	₱1,894,555,056	₱1,894,555,056
Noncurrent portion of contract assets	1,894,555,056	(1,894,555,056)	–
	₱1,894,555,056	₱–	₱1,894,555,056

The reclassifications would have increased the current portion of receivables and decreased the current portion of contract assets amounting to ₱5,813.15 million and increased the noncurrent portion of ICR and decreased the noncurrent portion of contract assets amounting to ₱2,442.24 million, all as of January 1, 2018. These reclassifications however have no effect on total current assets, total noncurrent assets, and total assets, or any liability and equity component of the consolidated statements of financial position as of January 1, 2018. The reclassifications have no impact also on the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended December 31, 2017.

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2019. Unless otherwise indicated, adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

The nature and impact of each new standards and amendment are described below:

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
  Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

  These amendments had no impact on the consolidated financial statements of the Group.

- PFRS 16, *Leases*

  PFRS 16 supersedes PAS 17, *Leases*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

  The Group has lease contracts for office spaces as a lessee. Before the adoption of PFRS 16, the Group classified each of its leases at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in the consolidated statements of comprehensive income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under other current assets and accounts and other payables, respectively.

  Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

  The Group has elected to apply the following practical expedients provided by the standard:
  - The Group relied on its assessment of whether leases are onerous immediately before the date of initial application.
  - The Group did not apply the requirements of PFRS 16 to leases for which the lease term ends within 12 months from the date of initial application.
  - The Group accounted for the deferred tax at transition date by considering the asset and liability as in-substance linked to each other. On this basis, the net asset or liability is compared to its tax base and deferred tax is recognized on that net amount.

  Lessor accounting under PFRS 16 is substantially unchanged from accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

  The Group adopted PFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, PFRS 16 is applied retrospectively with the cumulative effect of initially applying PFRS 16 recognized at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying PAS 17 at the date of initial application. The Group did not recognize deferred tax on both the right-of-use asset and lease liabilities on initial recognition.

  The adoption of PFRS 16 resulted in recognition of right-of-use assets and lease liabilities both amounting to ₱71.93 million as at January 1, 2019 (see Notes 11 and 28).

Set out below, are the amounts by which each consolidated financial statement line item is affected as at and for the year ended December 31, 2019 as a result of the adoption of PFRS 16. The first column shows what the amounts would have been had PFRS 16 not been adopted and the third column shows amounts prepared under PFRS 16:

Consolidated statement of financial position

	As of December 31, 2019		
	Previous PFRS	Increase (decrease)	PFRS 16
ASSETS			
Noncurrent Assets			
Property and equipment	₱1,590,785,695	₱57,336,618	₱1,648,122,313
LIABILITIES AND EQUITY			
Current liabilities			
Current portion of lease liabilities	–	21,642,553	21,642,553
Noncurrent liabilities			
Noncurrent portion of lease liabilities	–	39,535,451	39,535,451
Deferred tax liabilities - net	2,709,415,643	(1,152,416)	2,708,263,227
Equity			
Retained earnings	8,736,605,248	(2,688,970)	8,733,916,278

Consolidated statement of comprehensive income

	For the year ended December 31, 2019		
	Previous PFRS	Increase (decrease)	PFRS 16
General, administrative and selling expenses	₱3,237,454,380	(₱1,636,319)	₱3,235,818,061
Interest and other financing charges	(942,165,916)	5,477,705	(936,688,211)
Provision for income tax	578,715,164	(1,152,416)	577,562,748
Net income attributable to equity holders of the Parent Company	1,284,437,799	(2,688,970)	1,281,748,829

Consolidated statement of cash flows

	For the year ended December 31, 2019		
	Previous PFRS	Increase (decrease)	PFRS 16
Net cash provided by operating activities	₱2,330,453,282	₱10,755,613	₱2,341,208,895
Net cash provided by financing activities	1,681,235,123	(10,755,613)	1,670,479,510

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net

defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the year.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

  The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

  These amendments had no significant impact on the consolidated financial statements of the Group.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

  - Whether an entity considers uncertain tax treatments separately or together with one or more other uncertain tax treatments.
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How an entity considers changes in facts and circumstances.

  The Group applies significant judgement in identifying uncertainties over income tax treatments. Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax position. The Group determined, based on its assessment, that it is probable that its tax treatments will be accepted by the taxation authorities. The interpretation did not have a significant impact on the consolidated financial statements of the Group.

- *Annual Improvements to PFRSs 2015 - 2017 Cycle*

  - Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*

    The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

    A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

    An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.

    These amendments had no impact on the consolidated financial statements of the Group.

  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

    The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

    An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted.

    These amendments had no impact on the consolidated financial statements of the Group because dividends declared by the Group to domestic corporations do not give rise to tax obligations under the current tax laws.

  - *A*mendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

    The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.
The amendments do not have a material effect on the Group's consolidated financial statements since the Group's current practice is in line with these amendments.

- March 2019 IFRIC Agenda Decision on Over Time Transfer of Constructed Good (PAS 23, *Borrowing Costs*)

  In March 2019, the IFRS Interpretations Committee (the Committee) issued IFRIC Update summarizing the decisions reached by the Committee in its public meetings. The March 2019 IFRIC Update includes the Committee's Agenda Decision on the capitalization of borrowing cost on over time transfer of constructed goods. The IFRIC Agenda Decision clarified whether borrowing costs may be capitalized in relation to the construction of a residential multi-unit real estate development (building) which are sold to customers prior to start of construction or completion of the development.

  Applying paragraph 8 of PAS 23, Borrowing Cost, an entity capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Paragraph 5 of PAS 23 defines a qualifying asset as 'an asset that necessarily takes a substantial period of time to get ready for its intended use or sale'. Under the March 2019 IFRIC Update, the Committee clarified that the related assets that might be recognized in the real estate company's financial statements (i.e., installment contract receivable, contract asset, or inventory) will not qualify as a qualifying asset and the corresponding borrowing cost may no longer be capitalized.

  On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Effective January 1, 2021, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.
  For real estate companies that avail of the deferral, the SEC requires disclosure in the Notes to the Financial Statements of the accounting policies applied, a discussion of the deferral of the subject implementation issues, and a qualitative discussion of the impact in the financial statements had the IFRIC agenda decision been adopted.

  The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities would have been expensed out in the period incurred. This would result in decrease in retained earnings as of January 1, 2017 and net income for 2018 and 2017.

  This adjustment should have been applied retrospectively and would have resulted to restatement of prior year financial statements. A restatement would have impacted interest expense, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liability and opening balance of retained earnings.

Future Changes in Accounting Policies
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  These amendments will apply on future business combinations of the Group.

- PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021

- PFRS 17, Insurance Contracts

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The new standard does not have any impact on the Group's consolidated financial statements

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

These amendments do not have any impact on the Group's consolidated financial statements.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and are subject to an insignificant risk of change in value.

Financial Instruments
Initial recognition
The Group classifies financial assets, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an

instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement of financial assets
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost
- Financial assets at fair value through profit or loss
- Financial assets at fair value through OCI, where cumulative gains or losses previously recognized are reclassified to profit or loss
- Financial assets designated at fair value through OCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

Financial assets at amortized cost
The Group measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are initially recognized at fair value plus directly attributable transaction costs and subsequently measured using the effective interest (EIR) method, less any impairment in value. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. This accounting policy relates to the Group's "Cash and cash equivalents", "Receivables" (excluding other receivables), marginal deposits and rental deposits under "Other current assets", "Due from related parties" and "Investment in bonds".

Equity instruments. The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its quoted equity investments under this category.

Financial assets at FVPL
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivative, including separated embedded derivative, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of

the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments which the Group had not irrevocably elected to classify at fair value through OCI

Classification of financial liabilities
Financial liabilities are measured at amortized cost, except for the following:
- financial liabilities measured at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in accordance with PFRS 3.

As of December 31, 2019 and 2018, the financial liabilities of the Group are of the nature of financial liabilities at amortized cost (debt instrument). This accounting policy applies to the Group's "Accounts and other payables" (excluding customer's advances and statutory liabilities), "Due to related parties", "Short-term debt", Liability from purchased land", Long-term debt" and "Bonds Payable".

Reclassifications of Financial Instruments
The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial liabilities.

Impairment of Financial Assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are also recognized and interest revenue is calculated by applying the credit-adjusted EIR to the amortized cost of the financial asset.

The Group applies a simplified approach in calculating ECLs for "ICRs". Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. For leasing receivables, the Group has established a provision matrix that is based on its historical credit loss experience. For ICR, the Group uses a vintage analysis that is based on its historical credit loss experience. Both are further adjusted for forward-looking factors specific to the debtors and the economic environment.

For all debt financial assets other than ICRs, ECLs are recognized using the general approach wherein the Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Group from the time of origination.

The Group's "Cash and cash equivalents" and "Due from related parties" are graded to be low credit risk investments based on the credit ratings of depository banks and related parties as published by Bloomberg Terminal.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the financial liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing financial liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

Write-off
The Group writes-off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset is its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient date are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting date.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Advances to Suppliers and Contractors
The Group recognizes advances to suppliers at the time payment has been made to specific suppliers and contractors for the construction of its real estate inventories. These are subsequently classified to real estate inventories when incurred.

Real Estate Inventories
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:
- Land cost
- Land improvement cost
- Borrowing cost
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale.

Real estate inventories also consist of land held for future development. The Group has plans to construct and develop these parcels of land as a residential property for sale in the ordinary course of business. The physical construction activities have not commenced as of December 31, 2019.

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

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest measure using the EIR method and other costs that an entity incurs in connection with the borrowing of funds.

Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary

investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

Investments in and Advances to Joint Ventures and Associate

Investments in and advances to joint ventures and associate (investee companies) are accounted for under the equity method of accounting. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

An investment is accounted for using the equity method from the day it becomes a joint venture or associate. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the investee's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is instead included as income in the determination of the share in the earnings of the investees.

Under the equity method, the investments in the investee companies are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investee companies, less any impairment in values. The consolidated statement of comprehensive income reflects the share of the results of the operations of the investee companies, if there's any. The Group's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

Investment Properties

Initially, investment properties are measured at cost including certain transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. The fair value of investment properties is determined by independent real estate valuation experts based on the "market approach" for its land properties which are based on recent real estate transactions with similar characteristics and location to those of the Group's investment properties and the "income approach" for its income generating buildings which are based on the buildings discounted future cash flows. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner's occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner's occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

For a transfer from investment property to inventories, the change in use is evidenced by commencement of development with a view to sale. When the Group decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognized and does not treat it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment. For a transfer from investment property carried at fair value to inventories, the property's deemed cost for subsequent accounting shall be its fair value at the date of change in use.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged against operations in the period in which the costs are incurred. When significant parts of property and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation and amortization, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation of property and equipment commences once the property and equipment are put into operational use and is computed on a straight-line basis over the estimated useful lives (EUL) of the property and equipment as follows:

	Years
Office equipment	3 - 5
Computer equipment	3 - 5
Furniture and fixtures	3 - 5
Transportation equipment	5
Leasehold improvements	5 or lease term, whichever is shorter
Construction equipment	5
Right-of-use assets	3 - 6

The useful lives and depreciation method are reviewed at financial year end to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment. When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Construction in progress, included in property and equipment, is stated at cost. Depreciation is computed when the relevant asset is completed and becomes available for use in operations, at which time, the asset is reclassified to its property and equipment category.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation and amortization is charged against current operations.
Effective January 1, 2019, it is the Group's policy to classify right-of-use assets as part of property and equipment. Prior to that date, all of the Group's leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded on the consolidated statements of financial position.

Leases under PFRS 16
Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases
The Group applies the short-term lease recognition exemption to its short-term leases of office spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Leases under PAS 17
Leases in which the lessor retains substantially all the risks and benefits or ownership of the asset are classified as operating leases. Payments made under an operating lease are shown as "Rent" under the cost of services and general and administrative expenses account in the statement of comprehensive income on a straight-line basis over the term of the lease.

Creditable Withholding Tax (CWT)
CWTs, which are included under "Other current assets" account in the consolidated statement of financial position, are amounts withheld from income subject to expanded withholding taxes (EWT). CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Impairment of Nonfinancial Assets
The Group assesses as at reporting date whether there is an indication that its nonfinancial assets (e.g., property and equipment and investments in joint ventures and associate) may be impaired. If

any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in the expense categories of profit or loss consistent with the function of the impaired asset.

Deposits for Preferred Shares Subscription

Deposits for preferred share subscription represent cash received by CALC, a subsidiary, that are convertible to a fixed number of CALC's stocks in the future. CALC's preferred shares are considered as compound financial instruments which contain both liability and equity components. Since the preferred shares are non-redeemable and entitles the holder to a pro-rata share of assets upon liquidation, including 28 free nights to stay at the hotel, this financial instrument is classified as an equity instrument. However, the preferred shares establish a contractual right to a dividend [i.e. the net room rental revenue (NRRR)], thus, it contains a financial liability with respect to the share in the NRRR.

Prior to full payment and availability of the rooms, the Group accounts for the amounts received from the buyers of preferred shares as "Deposits for preferred shares subscription" classified as a liability under the "Other noncurrent liabilities" account, given that based on the terms of the contract, the preferred shares shall be entitled to any of the rights and benefits as stated above upon full payment of their shares and subject to the availability of the rooms. At present, the facility relating to the generation of NRRR is under construction representing an obligation on the part of the Group to the preferred shares subscribers.

Upon full payment and availability of the rooms and when the rights indicated above vest, the amounts received from the preferred shareholders is allocated between the equity and liability components. The deposits are fully refundable until such time that the asset is complete and readily available for use.

Deposit for Future Stock Subscription

Deposits for future stock subscriptions refers to the amount received by the Group from its stockholders with the purpose of applying the same as payment for future issuance of shares of stock.

Under existing SEC rules, DFFS can only be presented as equity if the following conditions are met:
1. Unissued authorized capital stock is insufficient to cover the DFFS;
2. The increase in authorized capital stock is approved by the BOD and stockholders;
3. Application of the increase in authorized capital stock has been filed with the SEC and related filing fees have been paid as of the reporting date.

Deposits for future stock subscription is still classified as liability since its application of the increase in authorized capital stock is not yet filed with SEC as of the reporting date. The deposits are fully refundable until such time that the asset is complete and readily available for use.

Equity

Capital stock and additional paid-in capital

The Group records common stock at par value and additional paid-in capital in excess of the total contributions received over the aggregate par value of the equity share. Incremental costs incurred

directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings
Retained earnings represent accumulated earnings of the Group less dividends declared, if any and transition adjustments from policy changes.

Treasury shares
Treasury shares are own equity instruments which are reacquired and are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Parent Company and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Non-controlling interest
Non-controlling interest are recognized and measured at the proportionate share of the non-controlling interest to the net assets of the Group.

Revenue and Cost Recognition under PFRS 15 (Effective January 1, 2018)
Revenue from Contract with Customers
The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity in its leasing units, wherein it is acting as agent.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales
The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured based on the physical proportion of the real estate project's completion. This is based on the monthly project accomplishment report prepared by the third party project engineers which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

Property management fee and other services
Revenue from property management and other services is recognized over time as they are rendered since the customer simultaneously receives and consumes the benefits provided by the Group's

performance of its obligation. Property management fee and other services consist of revenue arising from management contracts, auction services and technical services.

Cost of real estate sales
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated between the sold units being recognized as cost of sales and the unsold units being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Revenue and Cost Recognition under PAS 18
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Real estate sales
For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectibility of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectibility is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Revenue from sales of completed real estate projects is accounted for using the full accrual method. In accordance with Philippine Interpretations Committee (PIC) Q&A No. 2006-01, the percentage-of-completion method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished), and the costs incurred or to be incurred can be measured reliably. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

Any excess of collections over the recognized receivables are included in the "Customers' deposits" account in the "Liabilities" section of the consolidated statement of financial position.

If any of the criteria under the full accrual or percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Customers' deposits" account in the "Liabilities" section of the consolidated statement of financial position.

Property management fee and other services
Revenue from property management and other services is recognized when the related services are rendered. Property management fee and other services consist of revenue arising from management contracts, auction services and technical services.

Cost of real estate sales
Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of residential house and lots and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Group's third party engineers.

Leasing revenue
The Group leases its commercial real estate properties to others through operating leases. Rental income on leased properties is recognized on a straight-line basis over the lease term, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Income from forfeited collections
Income from forfeited collections recorded under "Interest and other income" is recognized at a point in time when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Interest income
Interest income is recognized as it accrues, taking into account the effective yield on the asset.

Other income
Other customer related fees such as penalties and surcharges are recognized as they accrue, taking into account the provisions of the related contract.

Cost of leasing
Cost of leasing pertains to direct costs of leasing the Group's commercial properties. These costs are expensed as incurred.

Cost of services
Cost of services pertains to direct costs of property management fee and other services. These costs are expensed as incurred.

General and administrative expenses
General and administrative expenses constitute costs of administering the business and are expensed as incurred.

Contract Balances under PFRS 15 (Effective January 1, 2018)
Installment contract receivables (ICRs)
ICRs pertain to any excess of progress of work over the right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer

pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs to Obtain Contract under PFRS 15 (Effective January 1, 2018)
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are recorded as “Prepaid commissions” in the consolidated statements of financial position. These are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the “General and administrative expenses” account in the consolidated statement of comprehensive income.

Costs incurred prior to obtaining contract with customer are expensed as incurred.

Pension Cost
Pension cost is computed using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees’ projected salaries. Actuarial valuations are conducted with sufficient regularity, with an option to accelerate when significant changes to underlying assumptions occur.

Pension cost includes a) current service cost, interest cost, past service cost and b) gains and losses, and curtailment and non - routine settlement.

The liability recognized by the Group in respect of the funded defined benefit pension plan is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related pension liabilities or applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

Remeasurements, comprising of actuarial gains or losses, the effect of the asset ceiling, excluding net interest cost and the return on plan assets (excluding net interest), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to other comprehensive income (OCI) in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Income Taxes
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of the reporting date.

Deferred tax
Deferred tax is provided using the balance sheet liability method on temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carry forward benefit of unused tax credits from the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and the carry forward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associate.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable and is included as part of the "Accounts and other payables" account in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset and is included as part of the "Other current assets" and "Other noncurrent assets" accounts in the consolidated statement of financial position to the extent of the recoverable amount.

Foreign Currency Transactions
Transactions denominated in foreign currencies are initially recorded using the exchange rates prevailing at transaction dates. Foreign currency-denominated monetary assets and liabilities are retranslated using the closing exchange rates at reporting date. Exchange gains or losses arising from foreign currency transactions are credited to or charged against current operations.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on the Group's business segments is presented in Note 31 to the consolidated financial statements.

Earnings Per Share
Basic earnings per share (EPS) is computed by dividing net income attributable to common stockholders by the weighted average number of common shares issued and outstanding during the

year and adjusted to give retroactive effect to any stock dividends declared during the period. Diluted EPS is computed by dividing net income attributable to common equity holders by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares. The calculation of diluted EPS does not assume conversion, exercise or other issue of potential common shares that would have an antidilutive effect on earnings per share.

As of December 31, 2019, 2018 and 2017, the Group has no potentially dilutive common shares.

Events After the Reporting Date
Post year-end events up to the date of auditor's report that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Existence of a contract
The Group's primary document for a contract with a customer is a signed CTS. It has determined, however, that in cases wherein CTS are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

Revenue recognition method and measure of progress
The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Group requires a certain percentage of buyer's

payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer of about 5% would demonstrate the buyer's commitment to pay.

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

Incorporation of forward-looking information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Group has considered a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group considers a representative range of possible forecast scenarios. This process involves gathering two or more economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

Definition of default and credit-impaired financial assets
The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative criteria*
  The borrower is more than 90 days past due on its contractual payments, i.e. principal and/or interest, which is consistent with the regulatory definition of default.
- *Qualitative criteria*
  The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
  - The borrower is experiencing financial difficulty or is insolvent
  - The borrower is in breach of financial covenant(s)
  - An active market for that financial assets has disappeared because of financial difficulties
  - Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty

- It is becoming probable that the borrower will enter Bankruptcy or other financial reorganization
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected loss calculation.

An instrument is considered to be no longer in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months as it has exhibited a satisfactory track record. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

Determining the incremental borrowing rate and lease term of contracts with renewal options
The Group uses its incremental borrowing rate (IBR) to measure lease liabilities because the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has the right at its option, to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew such as a change in business strategy.

Receivable financing
The Group has entered into various receivable financing transactions with local banks to assign its ICRs. The Group has determined that it has retained substantially all the risks and rewards of ownership of these assets. Thus, the Group still retains the assigned ICRS in the financial statements and records the proceeds from these sales as long-term debt.

Classification of deposit for preferred shares subscription
The Group determined that CALC's preferred shares under the "Other noncurrent liabilities" account are compound financial instruments, which contain both liability and equity components. However, prior to full payment and availability of the rooms through the completion of the project, the Group has determined that amounts received from the buyers of preferred shares are classified as "Deposits for preferred shares subscription" under the "Other noncurrent liabilities" account since the shareholders rights to the 28 free nights to stay at the hotel and contractual right to dividends will inure to the shareholder only upon full payment and availability of the rooms.

Management's Use of Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition on real estate projects
The Group's revenue recognition require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate and construction contracts is recognized based on POC are measured principally on the basis of the estimated completion of a physical proportion of the contract work. Apart from involving significant estimates in determining the quantity of imports such as materials, labor and equipment needed, the assessment process for the POC is complex and requires technical determination by management's specialists (third party project engineers).

Collectability of the sales price
In determining whether the sales price is collectible, the Group considers that the initial and continuing investments by the buyer of 5% would demonstrate the buyer's commitment to pay. Based on the historical trend of cancellations of customer contracts, the management believes that 5% continues to be reasonable. The revenue arising from these sales contracts amounted to ₱12,685.39 million, ₱9,576.67 million and ₱5,345.94 million in 2019, 2018 and 2017, respectively (see Note 30).

Fair value of investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognized in profit or loss except for investment properties under construction. The Group determined that the fair value of its investment properties under construction cannot yet be reliably measurable, as such these investment properties are measure at cost. Once the construction is complete or the fair value is reliably measurable, whichever comes first, the Group will measure the investment property at fair value.

For its investment properties that are complete and whose fair value are reliably measurable, the Group engages annually independent valuation specialists to determine its fair value. The appraisers used market approach for its land, which is based on comparable market data and income approach for its buildings, which are based on future cash flows available for such properties. Gain from change in fair value of investment properties amounted to ₱260.93 million, ₱376.90 million and ₱286.03 million in 2019, 2018 and 2017, respectively. The carrying value of the investment properties amounted to ₱12,932.52 million and ₱11,381.64 million as of December 31, 2019 and 2018, respectively (see Note 10).

Evaluation of impairment of financial assets
The Group uses a provision matrix to calculate ECLs for trade receivables other than ICRs. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and GDP growth rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group uses vintage analysis approach to calculate ECLs for ICRs. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same

origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The Group defines a financial instrument as in default when a customer is more than 90 days past due on its contractual obligations. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. An instrument is considered to be no longer in default (i.e. to have cured) when it no longer meets any of the default criteria.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

As of December 31, 2019 and 2018, the allowance for impairment losses on financial assets of the Group amounted to ₱10.99 million (see Note 5). As of December 31, 2019 and 2018, the carrying values of these assets are as follows:

	2019	2018
Cash and cash equivalents (Note 4)	**₱4,005,009,231**	₱1,950,389,193
Receivables* (Note 5)	**11,720,584,861**	10,367,979,186
Due from related parties (Note 16)	**419,654,624**	394,354,508
Rental deposits (Note 12)	**152,396,921**	162,818,009
Marginal deposits (Note 12)	–	31,658,800

**Excluding other receivables that are non-financial in nature amounting to ₱348.22 million and ₱400.91 million as of December 31, 2019 and 2018.*

Estimating NRV of real estate inventories

The Group reviews the NRV of real estate inventories and compares it with the cost since assets should not be carried in excess of amounts expected to be realized from sale. Real estate inventories are written down below cost when the estimated NRV is found to be lower than the cost.

NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group having taken suitable external advice and in light of recent market transactions. NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction less an estimate of the time value of money to the date of completion. The estimates used took into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

The carrying values of real estate inventories amounted to ₱15,558.00 million and ₱17,257.48 million as of December 31, 2019 and 2018, respectively (see Note 6).

Impairment of nonfinancial assets
The Group assesses impairment on its nonfinancial assets (e.g. property and equipment and investment in joint ventures and associate) 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 Group'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 Group is required to make estimates and assumptions that can materially affect the carrying amount of the asset being assessed.

The carrying values of the nonfinancial assets follow:

	2019	2018
Advances to suppliers and contractors (Note 7)	**₱2,006,510,283**	₱2,236,124,707
Property and equipment (Note 11)	**1,648,122,313**	1,273,790,837
Other current assets (Note 12)*	**1,409,171,684**	1,252,767,139
Other noncurrent assets (Note 12)**	**1,361,375,475**	1,041,988,343
Deposits for purchased land (Note 8)	**1,079,443,219**	1,189,477,058
Other receivables that are non-financial in nature	**384,222,396**	400,910,194
Investments in and advances to joint ventures and associate (Note 9)	**258,768,231**	247,584,285

**Excluding marginal deposits amounting to ₱31.66 million as of December 31, 2018.*
***Excluding rental deposits amounting to ₱152.40 million and ₱162.82 million as of December 31, 2019 and 2018, respectively and derivative asset amounting to ₱115.80 million as of December 31, 2018..*

No impairment was recognized for the Group's nonfinancial assets as of December 31, 2019 and 2018.

Recognition of deferred tax assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future planning strategies. The Group assessed its projected performance in determining the sufficiency of the future taxable income. The carrying values of these assets amounted to ₱108.19 million and ₱217.30 million as of December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, the Group has unrecognized deferred tax assets amounting to ₱132.04 million and ₱11.11 million, respectively (see Note 27).

Estimating pension liabilities
The determination of the Group's pension liabilities and cost of retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in the consolidated financial statements and include among others,

discount rates and salary increase rates. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension liabilities. The Group's remeasurement loss on defined benefit plan amounted to ₱81.17 million and ₱66.04 million as of December 31, 2019 and 2018, respectively. The Group's pension liabilities net of its plan assets amounted to ₱307.40 million and ₱251.10 million as of December 31, 2019 and 2018, respectively (see Note 26).

4. Cash and Cash Equivalents

This account consists of:

	2019	2018	2017
Cash on hand and in banks	**₱1,765,436,278**	₱1,084,410,768	₱1,298,625,891
Cash equivalents	**2,239,572,953**	865,978,425	101,732,959
	₱4,005,009,231	₱1,950,389,193	₱1,400,358,850

Cash in banks earns interest at the prevailing bank deposit rates.

Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term rates ranging from 0.5 % to 6.5%and 0.3% to 5.2% in 2019 and 2018, respectively. Interest income on cash and cash equivalents amounted to ₱99.29 million, ₱62.63 million and ₱47.24 million in 2019, 2018 and 2017, respectively (see Note 24).

5. Receivables

This account consists of:

	2019	2018 (As restated - see Note 2)
Trade receivables		
ICR	**₱10,477,877,484**	₱9,267,752,039
Leasing receivable	**192,163,903**	148,960,355
Management fees	**174,895,185**	145,799,956
Receivable from employees and agents	**411,632,225**	377,764,318
Advances to condominium corporations	**162,244,369**	196,528,227
Advances to customers	**68,203,079**	53,055,951
Other receivables	**628,780,299**	590,017,821
	12,115,796,544	10,779,878,667
Allowance for estimated credit losses	**(10,989,287)**	(10,989,287)
	12,104,807,257	10,768,889,380
Noncurrent portion of ICR	**1,137,658,202**	1,894,555,056
	₱10,967,149,055	₱8,874,334,324

ICR pertain to receivables from the sale of real estate properties. These are collectible in monthly installments over a period of one (1) to five (5) years, bear no interest and with lump sum collection upon project turnover. Titles to real estate properties are not transferred to the buyer until full payment has been made.

Details of ICRs are as follows:

	2019	2018
Gross ICR	**₱21,611,151,889**	₱25,073,039,882
Unamortized discount arising from noninterest-bearing ICR	**(3,371,786,927)**	(3,349,772,920)
	18,239,364,962	21,723,266,962
Percentage of completion adjustment	**(7,761,487,478)**	(12,455,514,923)
Carrying value of ICR	**10,477,877,484**	9,267,752,039
Non-current portion of ICR	**(1,137,658,202)**	(1,894,555,056)
Current portion of ICR	**₱9,340,219,282**	₱7,373,196,983

Unamortized discounts
These ICRs were recorded initially at fair value which is derived using the discounted cash flow model using discount rates ranging from 5.21% to 6.44%and 4.29% to 7.03% in 2019 and 2018, respectively.

Movements in the unamortized discount on ICRs follow:

	2019	2018
Balance at the beginning of the year	**₱3,349,772,920**	₱3,410,940,189
Additions	**526,110,173**	261,315,337
Accretion for the year	**(504,096,166)**	(322,482,606)
Balance at the end of the year	**₱3,371,786,927**	₱3,349,772,920

Interest income from accretion of unamortized discount on ICRs amounted to ₱504.10 million, ₱322.48 million and ₱665.20 million in 2019, 2018 and 2017, respectively.

Leasing receivables pertain to receivables arising from leasing revenue. These receivables are billed to tenants and are expected to be collected within one (1) year.

Management fees are revenues arising from property management contracts. These are collectible on a 15- to 30-day basis depending on the terms of the management service agreement.

Receivable from employees and agents pertain salary and other loans granted to the employees and are recoverable through salary deductions. These are noninterest-bearing and are due and demandable.

Advances to condominium corporations pertain to expenses paid by the Group in behalf of the condominium corporations for various expenses incurred for the projects already turned over. These receivables are due and demandable and bear no interest.

Advances to customers pertain to expenses paid by the Group in behalf of the customers for the taxes and other costs incurred in securing the title in the name of the customers. These receivables are billed separately to the respective buyers and are expected to be collected within one (1) year.

Other receivables include advances to a third party amounting ₱384.22 million and ₱400.91 million as of December 31, 2019 and 2018 for a purchase of a parcel of land to be held for future development.

Receivable financing
The Group entered into various agreements with a local bank whereby the Group assigned its ICRs and contract assets with recourse at average interest rates of 5.75% to 9.12% and 5.50% to 7.50% in

2019 and 2018, respectively. The assignment agreements provide that the Group will substitute defaulted CTS with other CTS of equivalent value.

The Group retains the assigned receivables in the consolidated financial statements since the Group retains the risks and rewards related to these receivables. The Group records the proceeds from these sales as long-term debt. The gross amount of ICRs used as collateral amounted to ₱6,722.17 million and ₱6,638.84 million as of December 31, 2019 and 2018, respectively (see Note 17).

6. Real Estate Inventories

This account consists of:

	2019	2018
Condominium units	**₱12,952,038,940**	₱15,253,715,791
Residential house and lots	**1,374,400,543**	1,152,789,848
Land held for future developments	**1,231,564,879**	850,975,797
	₱15,558,004,362	₱17,257,481,436

The roll forward of this account follows:

	2019	2018
Balance at beginning of the year	**₱17,257,481,436**	₱15,691,115,486
Construction costs incurred	**5,301,173,696**	5,960,617,000
Purchase of raw land	**423,329,082**	1,273,535,945
Borrowing costs capitalized (Notes 17 and 18)	**935,352,352**	764,748,055
Transfer from deposits for purchased land (Note 8)	**166,000,000**	522,260,382
Transfers to investment properties (Note 10)	**(256,913,745)**	(1,299,391,797)
Transfers from investment properties (Note 10)	**191,125,602**	–
Cost of real estate sales	**(8,459,544,061)**	(5,655,403,635)
Balance at the end of the year	**₱15,558,004,362**	₱17,257,481,436

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 2019 and 2018 are 4.84% and 6.11%, respectively, for general borrowing costs.

Real estate inventories recognized as "Cost of real estate sales" amounted to ₱8,459.54 million, ₱5,655.40 million and ₱2,806.48 million in 2019, 2018 and 2017, respectively.

In 2019 and 2018, the Group purchased land in Batangas intended for development into affordable housing amounting to ₱423.33 million and ₱736.19 million, respectively. In 2018, the Group purchased land in Quezon City intended for future development amounting to ₱537.35 million.

In 2019, land situated in Laguna and Batangas amounting to ₱208.74 million started its development as residential house and lots.

The carrying values of inventories mortgaged for trust receipts payables and bank loans amounted to ₱7,533.24 million and ₱6,672.32 million as of December 31, 2019 and 2018, respectively (see Note 17).

7. Advances to Suppliers and Contractors

Advances to suppliers and contractors amounting to ₱2,006.51 million and ₱2,236.12 million as of December 31, 2019 and 2018, respectively, are capitalized as part of inventories when the materials have been delivered or services have been rendered by the suppliers and contractors, respectively. These advances are intended for the construction of the Group's real estate inventories.

8. 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 ₱1,079.44 million and ₱1,189.48 million as of December 31, 2019 and 2018, respectively.

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. 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.

In 2018, the Group made additional payment for the acquisition of land located in Novaliches amounting to ₱342.17 million.

In 2018, the Group finalized its DOAS for the land acquired in Quezon City amounting to ₱1,059.61 million. On the same year the Group decided to hold the land for future development and sale, hence, the initial deposit for the land amounting to ₱522.26 million was reclassified to real estate inventories and the difference between the contract price and the deposit amounting ₱537.35 million was recorded as additional real estate inventories (see Note 6).

Additional deposits made by the Group for purchased land located in Quezon City amounted to ₱423.54 million in 2017.

9. Investment in and Advances to Joint Ventures and Associate

The Group's investments in joint ventures and associate are shown below:

	2019	2018
Joint ventures:		
A2Global, Inc. (A2 Global)	**₱3,055,000**	₱3,055,000
One Pacstar Realty Corporation (One Pacstar)	**197,882,711**	189,703,620
Two Pacstar Realty Corporation (Two Pacstar)	**49,830,620**	46,825,765
Associate:		
Asian Breast Center (ABC)	**7,999,900**	7,999,900
	₱258,768,231	₱247,584,285

Investment in A2Global
In 2013, the Parent Company entered into an agreement with Asian Carmakers Corp. and other individuals which aim to create an entity with the primary purpose to develop, own and manage properties of all kinds and nature and to develop them into economic and tourism zones, golf course, theme parks and all other forms of leisure estates.

On February 26, 2013, the Parent Company acquired 122,200 shares in A2Global with acquisition price of ₱3.06 million, for a 48.88% ownership. A2Global has six (6) directors, three (3) from the Parent Company and three from Asian Carmakers Corp.

A2 Global's principal place of business is 5th Floor, Pacific Star Building, Gil Puyat Avenue corner Makati Avenue, Makati City.

According to its by-laws, most of the major business decisions of A2Global shall require the majority decision of its BOD. Because the BOD is equally represented, the arrangement is considered a joint venture and is measured using the equity method.

As of December 31, 2019, A2Global is still in its pre-operating stage.

Investments in One Pacstar Realty Corporation and Two Pacstar Realty Corporation
On October 22, 2014, CLC entered into an agreement with La Costa Development Corporation, Inc. (La Costa) to take out the loan of La Costa with Union Bank of the Philippines in its name and for its sole account. For and in consideration of the loan take out, La Costa transferred, ceded, and conveyed 196,250 shares of One Pacstar and 42,250 shares of Two Pacstar.
Provisions in the agreement grant CLC to vote using the owned shares in the meetings of the stockholders of One Pacstar and Two Pacstar. The Group currently owns 50% of the total voting shares with the remaining 50% owned by La Costa for both One Pacstar and Two Pacstar. This is tantamount to the two companies having joint control. The primary purpose of One Pacstar and Two Pacstar is to acquire, own, lease, and manage lands and all other kinds of real estate properties.

One Pacstar and Two Pacstar's principal place of business is 5th Floor, Pacific Star Building, High Rise Tower, Gil Puyat cor. Makati Avenue, Makati City.

Following are the significant financial information of the joint ventures as of December 31, 2019 and 2018 and for the years then ended (in millions):

	2019	2018
Total assets	**813**	₱753
Total current liabilities	**300**	280
Total revenue	**59**	46
Total expenses	**37**	22

In 2019 and 2018, the Group recognized share in net earnings of the joint ventures amounting to ₱11.18 million and ₱12.43 million, respectively.

Investment in Asian Breast Center, Inc. (ABC)
On January 7, 2016, the Group acquired 79,999 shares in ABC with an acquisition price of ₱8.00 million, for a 16.00% ownership. ABC has five (5) directors, one from the Group and four from ABC. Because the Group only has significant influence, this arrangement is considered as an investment in associate and is measured using the equity method.

The primary purpose of ABC is to provide comprehensive ambulatory care for women afflicted with any form of breast disease, including prevention, early detection, early diagnosis, and treatment. ABC's principal place of business is 8th Floor, Centuria Medical Makati, Kalayaan Avenue, Makati City. As of December, 31 2019 and 2018, ABC is still in its pre-operating stage.

The Group has not incurred any contingent liabilities as at December 31, 2019 and 2018 in relation to its interest in the joint ventures and associate, nor do the joint ventures and associate themselves have any contingent liabilities for which the Group is contingently liable. The Group has not entered into any capital commitments in relation to its interest in the joint ventures and associate and did not receive any dividends from the joint ventures and associate.

10. Investment Properties

The Group's investment properties are classified as follows:

	2019	2018
Land	**₱2,718,303,174**	₱2,390,099,800
Building	**6,305,892,789**	6,460,452,416
Construction-in-progress	**3,908,327,922**	2,531,085,540
	₱12,932,523,885	₱11,381,637,756

Movements in this account are as follows:

	2019	2018
Cost:		
Balance at the beginning of the year	**₱8,291,938,498**	₱4,945,149,725
Construction costs incurred	**1,250,844,013**	1,981,590,313
Borrowing cost capitalized (Notes 17 and 18)	**126,398,369**	130,853,284
Sale of property	**(100,387,357)**	(65,046,621)
Transfer to real estate inventories (Note 6)	**(191,125,602)**	–
Transfer from real estate inventories (Note 6)	**256,913,745**	1,299,391,797
Balance at the end of the year	**9,634,581,666**	8,291,938,498
Change in fair value:		
Balance at the beginning of the year	**3,089,699,258**	2,814,410,733
Sale of property	**(52,691,462)**	(101,610,036)
Gain from change in fair value of investment property	**260,934,423**	376,898,561
Balance at the end of the year	**3,297,942,219**	3,089,699,258
	₱12,932,523,885	₱11,381,637,756

Construction-in-progress pertains to properties being constructed that are intended to be leased out. As of December 31, 2019, the Group have investment properties under construction located in Century City and Bonifacio Global City. The Group has contractual obligations to develop these properties amounting to ₱624.83 million and ₱1,871.22 million as of December 31, 2019 and 2018, respectively.

In 2019 and 2018, the Group sold portion of its Papermoon and Gramercy property at a gain amounting to ₱3.52 million and ₱12.94 million, respectively (see Note 24).

The Group recorded gain on fair value of investment properties amounting to ₱260.93 million, ₱376.90 million and ₱286.03 million in 2019, 2018 and 2017, respectively.

Investment properties are stated at fair value, which has been determined based on valuations performed by Cuervo Appraisers, Inc., an accredited independent valuer, as of December 31, 2019 and 2018. Cuervo Appraisers, Inc. is an industry specialist in valuing these types of investment properties.

Toward the end of 2018, the construction for Asian Century Center, located in Bonifacio Global City was completed.

The carrying values of investment properties mortgaged for trust receipts payables and bank loans amounted to ₱1,606.06 million as of December 31, 2019 (see Note 17).

The fair value of the investment properties was estimated by using the Sales Comparison Approach (SCA) and the Income Capitalization Approach (ICA). SCA is an approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. ICA is a method in which the appraiser derives an indicated of value for income producing property by converting anticipated future benefits into current property value. For the Group's leasing properties, the Group adopted the Discounted Cash Flow Analysis which considers the future cash flows from lease contracts.

The fair value of the investment properties classified as buildings and land in the 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	
			2019	2018
Buildings	DCF	Discount rates for similar lease contracts, market rent levels, expected vacancy and expected maintenance.	**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**	Discount rate - 10 % Market rent levels - ₱400 to ₱1,500/sqm per month Expected vacancy - 5% to 15%; Expected maintenance - 8% to 64%% of gross revenue
Land	SCA	Selling price for the land adjusted for external factors and internal factors External factors pertain to negative externalities outside the property limits that influence the value namely: social, economic, environmental and governmental. Internal factors include adjustments due to location, use, size and time elements	**External Factors: -10%** **Internal Factors: -5% to -8%**	External factors: -10% to -15% Internal factors: -3% to -15%

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 SCA, the higher the price per sqm, the higher the fair value. Also, the higher the external and internal factors adjustments, the higher the fair value.

In 2019, 2018 and 2017, the Group recognized leasing revenue from the use of the said real properties amounting to ₱713.38 million, ₱407.27 million and ₱341.66 million, respectively, and incurred direct cost of leasing amounting to ₱217.45 million, ₱227.75 million and ₱237.81 million, respectively, in relation to these investment properties.

11. **Property and Equipment**

The composition and movements of this account are as follows:

2019

	Office Equipment	Computer Equipment	Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Construction Equipment	Construction - in -Progress	Right-of-use Assets	Total
Cost									
At January 1	**₱52,831,269**	**₱43,085,203**	**₱36,222,147**	**₱76,194,662**	**₱68,854,219**	**₱251,492,426**	**₱1,193,692,369**	**₱–**	**₱1,722,372,295**
Adoption of PFRS 16 (Note 2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**71,933,617**	**71,933,617**
At January 1, as restated	**52,831,269**	**43,085,203**	**36,222,147**	**76,194,662**	**68,854,219**	**251,492,426**	**1,193,692,369**	**71,933,617**	**1,794,305,912**
Additions	**11,056,987**	**8,671,679**	**2,428,492**	**4,368,054**	**1,295,727**	**–**	**326,717,542**	**–**	**354,538,481**
Disposals	**–**	**(21,128)**	**(394,398)**	**(971,429)**	**–**	**–**	**–**	**–**	**(1,386,955)**
At December 31	**63,888,256**	**51,735,754**	**38,256,241**	**79,591,287**	**70,149,946**	**251,492,426**	**1,520,409,911**	**71,933,617**	**2,147,457,438**
Accumulated Depreciation									
At January 1	**30,128,127**	**22,339,348**	**29,337,427**	**60,799,242**	**54,488,845**	**251,488,469**	**–**	**–**	**448,581,458**
Depreciation	**11,444,741**	**8,480,196**	**4,694,512**	**6,595,561**	**6,325,224**	**3,389**	**–**	**14,596,999**	**52,140,622**
Disposals	**–**	**(21,128)**	**(394,398)**	**(971,429)**	**–**	**–**	**–**	**–**	**(1,386,955)**
At December 31	**41,572,868**	**30,798,416**	**33,637,541**	**66,423,374**	**60,814,069**	**251,491,858**	**–**	**14,596,999**	**499,335,125**
Net Book Values at December 31	**₱22,315,388**	**₱20,937,338**	**₱4,618,700**	**₱13,167,913**	**₱9,335,877**	**₱568**	**₱1,520,409,911**	**₱57,336,618**	**₱1,648,122,313**

2018

	Office Equipment	Computer Equipment	Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Construction Equipment	Construction - in -Progress	Total
Cost								
At January 1	₱31,189,703	₱36,257,126	₱32,116,135	₱80,777,507	₱60,038,731	₱251,492,426	₱994,051,133	₱1,485,922,761
Additions	21,712,472	6,864,819	4,106,012	–	8,815,488	–	199,641,236	241,140,027
Disposals	(70,906)	(36,742)	–	(4,582,845)	–	–	–	(4,690,493)
At December 31	52,831,269	43,085,203	36,222,147	76,194,662	68,854,219	251,492,426	1,193,692,369	1,722,372,295
Accumulated Depreciation								
At January 1	17,763,664	17,655,425	25,397,308	58,109,586	46,951,668	251,485,080	–	417,362,731
Depreciation	12,430,269	4,683,923	3,940,119	5,243,943	7,537,177	3,389	–	33,838,820
Disposals	(65,806)	–	–	(2,554,287)	–	–	–	(2,620,093)
At December 31	30,128,127	22,339,348	29,337,427	60,799,242	54,488,845	251,488,469	–	448,581,458
Net Book Values at December 31	₱22,703,142	₱20,745,855	₱6,884,720	₱15,395,420	₱14,365,374	₱3,957	₱1,193,692,369	₱1,273,790,837

Construction-in-progress pertains to the construction cost incurred by the Group for the construction of Novotel Suites Manila at Acqua 6 Tower of Acqua Private Residences. The Group has contractual obligations to develop its construction in progress amounting to ₱90.45 million and ₱417.17 million as of December 31, 2019 and 2018, respectively.

Borrowing cost capitalized in 2018 related to the construction in progress amounted to ₱9.02 million (see Notes 17 and 18).

The depreciation and amortization of property and equipment in 2019, 2018 and 2017 are recognized as follows:

	2019	2018	2017
Real estate inventories	**₱–**	₱–	₱2,196,026
General, administrative and selling expenses (see Note 21)	**52,140,622**	33,838,820	28,876,693
	₱52,140,622	₱33,838,820	₱31,072,719

12. **Other Assets**

This account consists of:

	2019	2018
Current:		
Prepaid commissions	**₱793,835,366**	₱366,119,945
Input taxes	**204,820,589**	389,052,295
Creditable withholding taxes	**356,043,741**	434,390,510
Marginal deposits	–	31,658,800
Prepaid expenses	**5,173,186**	6,553,509
Others	**49,298,802**	56,650,880
	₱1,409,171,684	₱1,284,425,939
Noncurrent:		
Prepaid commissions	**₱535,038,383**	₱581,012,743
Advances to land owners	**350,000,000**	350,000,000
Input taxes	**304,690,593**	–
Rental deposits (Note 28)	**152,396,921**	162,818,009
Creditable withholding taxes	**67,761,682**	–
Intangible assets	**34,674,105**	37,973,459
Deferred financing costs	**3,116,451**	3,116,451
Derivative asset	–	115,791,961
Others	**66,094,261**	69,885,690
	₱1,513,772,396	₱1,320,598,313

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 ₱314.96 million and ₱168.85 million as of December 31, 2019 and 2018, respectively (see Note 16).

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.

In 2019, the Group revisited its forecasted tax payable position as well as its output tax liability position and accordingly, reclassified a total of ₱67.76 million in creditable withholding taxes and ₱304.69 million in input taxes to noncurrent asset.

Advances to land owners represent the minimum share of the lot property owners in relation to the profit sharing agreement of CDLC with land owners. In accordance with the profit sharing agreement, CDLC 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 (see Note 28).

Intangible assets include software costs and trademarks. Software cost includes application software and intellectual property licenses owned by the Group. Trademarks are licenses acquired separately by the Group. These licenses arising from the Group's marketing activities have been granted for a minimum of 10 years by the relevant government agency with the option to renew at the end of the period at little or no cost to the Group. Previous licenses acquired have been renewed and enabled the Group to determine that these assets have an indefinite useful life. The related amortization is charged to expense as "Depreciation and amortization" in the "General, administrative and selling expenses" account amounting to ₱5.41 million, ₱4.01 million and ₱4.36 million in 2019, 2018 and 2017, respectively (see Note 21).

Derivative asset pertains to the cross currency and interest rate swap agreement entered by the Group in 2018 with Standard Chartered Bank (SCB) to hedge their 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. The gain or (loss) from change in the fair value of derivative amounted to (₱76.06 million), ₱115.79 million, and (₱35.61 million) in 2019, 2018, and 2017, respectively. In 2019, the Group pre-terminated its loan with SCB hence the derecognition of the derivative asset and recognition of a loss on pre-termination amounting to ₱39.74 million (see Notes 17 and 24).

Others under "Other current assets" pertain mostly to deposits made by preferred shares subscribers kept in an escrow account with an escrow agent in compliance with the preferred shares subscription agreement.

As of December 31, 2019, others under "Other noncurrent assets" include stock issuance costs amounting to ₱52.32 million for the listing of its preferred shares on January 10, 2020 (see Note 35). This was subsequently reclassified as a reduction in equity on the date the preferred shares were issued. As of December 31, 2018, others under "Other noncurrent assets" include land held for future disposal amounting to ₱41.76 million which was donated to a third party in 2019.

13. Investment in Bonds

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

In 2019, interest income from investment in bonds amounted to ₱12.74 million (see Note 24).

14. Accounts and Other Payables

This account consists of:

	2019	2018
Accounts payable	**₱3,631,221,875**	₱3,090,029,245
Accrued expenses		
Commissions	**177,382,771**	73,868,248
Taxes	**294,057,904**	98,419,973
Interest	**92,422,496**	149,797,646
Salaries	**55,986,056**	52,457,371
Others	**50,995,073**	47,326,155
Customers' advances	**871,388,151**	1,049,494,994
Retention payable	**443,016,187**	353,291,867
Dividends payable	**11,717,930**	–
Other payables	**74,875,852**	74,979,128
	₱5,703,064,295	₱4,989,664,627

Accounts payable are attributable to the construction costs incurred by the Group. These are noninterest-bearing and with terms of 15 to 90 days.

Customers' advances pertain to funding from buyers of real estate for future application against transfer and registration fees and other taxes to be incurred upon transfer of properties to the buyer.

Retention payable are noninterest-bearing and are normally settled on a 30-day term upon completion of the relevant contracts.

Others under "Accrued expenses" consist mainly of utilities, marketing costs, professional fees, communication, transportation and travel, security, insurance, taxes and representation.

15. Contract Liabilities

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 December 31, 2019 and 2018, carrying values of contract liabilities amounted to ₱1,784.09 million and ₱2,294.33 million, respectively.

The amount of revenue recognized from amounts included in contract liabilities at the beginning of the year amounted to ₱2,376.28 million and ₱1,852.40 million in 2019 and 2018, respectively.

16. **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 at normal market prices.

The Group has material related party transactions policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirements under the Revised SRC Rule 68 and SEC Memorandum Circular 10, series of 2019.

The Group has an approval requirement such that material related party transactions shall be reviewed by the Related Party Transactions Committee (the Committee) and endorsed to the BOD for approval. Material related party transactions are those transactions that meet the threshold value as approved by the Committee amounting to ₱50.0 million and other requirements as may be recommended by the Committee.

The related party transactions are shown under the following accounts in the consolidated financial statements:

Due from Related Parties

	2019	2018	Amount of transaction	Terms and Conditions
Ultimate Parent	**₱156,878,875**	₱161,480,105	(₱4,601,230)	Noninterest bearing, due and demandable, unsecured, no impairment
Stockholders	**188,509,842**	160,320,970	28,188,872	
Other affiliates	**74,265,907**	72,553,433	1,712,474	
	₱419,654,624	₱394,354,508	₱25,300,116	

Due to Related Parties

	2019	2018	Amount of transaction	Terms and Conditions
Ultimate Parent	**₱115,225,874**	₱37,070,486	₱78,155,388	Noninterest bearing, due and demandable, unsecured
Stockholders	**19,175,305**	19,175,305	–	
Other affiliates	**36,790,583**	42,329,407	(5,538,824)	
	₱171,191,762	₱98,575,198	₱72,616,564	

The related party transactions that are eliminated during consolidation follows:

Due from Related Parties

	2019	2018	Amount of transaction	Terms and Conditions
Parent Company				
CPGI	**₱6,119,677,982**	₱4,511,359,590	₱1,608,318,392	
Subsidiaries:				Noninterest bearing, due and demandable, unsecured, no impairment
CLC	**866,355,877**	916,566,843	(50,210,966)	
PPHI	**7,249,564**	71,115,139	(63,865,575)	
CCDC	**4,874,625,300**	2,948,156,733	1,926,468,567	
CCC	**10,959,478**	10,066,633	892,845	
	₱11,878,868,201	₱8,457,264,938	₱3,421,603,263	

Due to Related Parties

	2019	2018	Amount of transaction	Terms and Conditions
Parent Company				
CPGI	**₱36,775,774**	₱110,346,831	(₱73,571,057)	
Subsidiaries:				Noninterest bearing, due and demandable, unsecured
CLC	**6,682,277,191**	4,043,038,548	2,639,238,643	
PPHI	**13,683,920**	566,730,710	(553,046,790)	
CCDC	**2,766,219,356**	1,579,963,008	1,186,256,348	
CCC	**2,099,441,132**	1,864,642,246	234,798,886	
CPMI	**26,882,989**	41,997,084	(15,114,095)	
CPHLI	**253,587,839**	250,546,511	3,041,328	
	₱11,878,868,201	₱8,457,264,938	₱3,421,603,263	

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 made by the Group for its capital expenditures. These are generally noninterest bearing and are due and demandable.

Management agreement
In 2018, the Group contracted 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 as of December 31, 2019 and 2018 amounted to ₱314.96 million and ₱168.85 million , respectively (see Note 12).

Transfer of pension liabilities
In 2018, the Omnibus Marketing, Logistics and Support Services Agreement entered into in 2013 by the Group and an entity under common control ceased; hence, personnel services are no longer being outsourced from the Group. Subsequently in 2019 and 2018, the employees and related pension liabilities were transferred from the Group to the affiliate (see Note 16).

Key management compensation
The key management personnel of the Group include all directors, executive, and senior management. The details of compensation and benefits of key management personnel in 2019, 2018 and 2016 follow:

	2019	2018	2017
Short-term employee benefits	**₱172,530,681**	₱166,550,735	₱147,277,908
Post-employment benefits (see Note 26)	**8,635,745**	6,022,060	5,325,203
	₱181,166,426	₱172,572,795	₱152,603,111

17. **Short-term and Long-term Debts**

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

	2019			2018		
	Trust receipts	**Bank loans**	**Total**	Trust receipts	Bank loans	Total
Beginning balance	**₱805,610,954**	**₱1,401,000,000**	**₱2,206,610,954**	₱656,894,637	₱759,000,000	₱1,415,894,637
Availments	**1,711,073,696**	**1,457,500,000**	**3,168,573,696**	1,552,819,739	1,501,000,000	3,053,819,739
Repayments	**(1,958,991,731)**	**(1,963,500,000)**	**(3,922,491,731)**	(1,404,103,422)	(859,000,000)	(2,263,103,422)
Ending balance	**₱557,692,919**	**₱895,000,000**	**₱1,452,692,919**	₱805,610,954	₱1,401,000,000	₱2,206,610,954

Trust receipts
Trust receipts (TRs) are facilities obtained from various banks to finance purchases of construction materials the Group's projects. Under these facilities, the banks pay the Group's suppliers then require the Group to execute trust receipts over the goods purchased. The TRs have interest rates ranging from 5.75% to 9.00% and 4.87% to 8.75% in 2019 and 2018, respectively. These are paid monthly or quarterly in arrears with full payment of principal balance at maturity of one year and with an option to prepay.

Bank loans
Bank loans pertain to the various short-term promissory note (PN) obtained by the Group.

In 2018 the Group renewed a short-term PN with China Bank Corporation (CBC) amounting to ₱747.00 million with interest rate of 5.63%. The loan facility has a term of twelve (12) months, interest of which is to be paid quarterly and principal repayment to be made at maturity date.

On July 25, 2019, the Group availed a peso-dominated short-term PN facility with 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 Group availed ₱890.00 million of the total facility, with interest rate of 5.91%.

In 2019 and 2018, repayments related to short-term PNs with CBC amounted to ₱747.00 million and ₱754.00 million, respectively.

On November 22, 2018, the Group availed a short-term PN with Banco De Oro (BDO) amounting to ₱249.00 million. The loan facility has a term of six (6) months with principal repayment schedule of 25% on the third (3rd) month and every month thereafter, with interest rate of 6.75% which are payable monthly.

In 2019, the Group availed an additional short-term PN from the same loan facility with BDO amounting to ₱562.50 million subject to the same terms and interest.

In 2019, the Group fully paid its short-term PNs with BDO amounting to ₱811.50 million.

In 2018, the Group availed a short-term PN with Maybank Philippines, Inc (MPI) amounting to ₱500.00 million. The loan facility has a term of 45 days and 31 days with interest rate of 2.88%, interest of which is to be paid with the principal at maturity date, respectively.

In 2019 and 2018, repayments related to short-term PNs with MPI amounted to ₱400.00 million and ₱100.00 million, respectively.

In 2018, the Group obtained a short-term PN amounting to ₱5.00 million from Bank of the Philippine Islands (BPI) for additional working capital requirements. The PN has a term of one (1) year with a fixed interest rate of 6.50% per annum (p.a.) and principal repayment of which is to be made at maturity date.

In 2019, the Group renewed the short-term PN amounting to ₱5.00 million from BPI for the same terms and interest rates.

In 2019 and 2018, repayments related to short-term PNs with BPI amounted to ₱5.00 million each.

Long-term Debt

As of December 31, 2019 and 2018, this account consists of:

	2019	2018
Long-term debt:		
Bank loans	**₱8,414,050,455**	₱9,139,599,216
Payable under CTS financing	**6,914,652,948**	7,875,795,684
Car loan financing	**14,013,545**	18,853,485
	15,342,716,948	17,034,248,385
Less current portion	**5,462,166,897**	5,389,150,881
Noncurrent portion	**₱9,880,550,051**	₱11,645,097,504

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

	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**

	2018			
	Bank Loans	CTS Financing	Car Loan Financing	Total
Principal:				
Balances at beginning of year	₱5,689,119,217	₱7,541,936,091	₱29,220,065	₱13,260,275,373
Addition	5,177,756,856	3,882,681,284	635,166	9,061,073,306
Payments	(1,747,113,217)	(3,548,821,691)	(11,001,746)	(5,306,936,654)
Effect of foreign currency translation	145,192,729	–	–	145,192,729
Balances at end of year	9,264,955,585	7,875,795,684	18,853,485	17,159,604,754
Deferred financing costs:				
Balances at beginning of year	77,429,948	–	–	77,429,948
Addition	137,268,569	–	–	137,268,569
Amortization	(89,342,148)	–	–	(89,342,148)
Balances at end of year	125,356,369	–	–	125,356,369
Carrying values	₱9,139,599,216	₱7,875,795,684	₱18,853,485	₱17,034,248,385

Bank loans
On January 3, 2018, the Group entered into an Omnibus Agreement with SCB for a senior secured dollar term loan facility up to USD 40.00 million or ₱1,990.00 million to finance the planned construction and development of its properties and to refinance its unpaid debts. Under this agreement the utilization of the loan shall be subject to the dollar term loan facility agreement. The loan facility bears interest rate equal to the screen rate or the reference bank rate plus 3.00% margin payable quarterly. Principal repayment will be in installments on each repayment date until its final maturity on 2020.

Concurrent with the loan agreement, the Group entered into a cross currency and interest rate swap agreement with SCB to hedge their foreign currency and interest rate risk related to the bank loan (see Note 12).

In 2018, the Group obtained additional loan from SCB amounting to ₱563.35 million, with interest ranging from 6.46% to 7.08% per annum and will be payable in two (2) years. The proceeds of the loan will be used to fund ongoing development of its projects.

In 2019, the Group pre-terminated its loans from SCB for a total payment of ₱2,933.33 million. In 2018, principal repayments pertaining to the bank loans from SCB amounted to ₱107.27 million.

In 2018, the Group availed additional loan from DBP amounting to ₱639.87 million, with 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 2019, the Group obtained additional loans from DBP amounting to ₱581.00 million with an interest rate ranging from 7.00% to 9.21% per annum and are payable quarterly

In 2019 and 2018, repayments related to loans with DBP amounted to ₱157.02 million and ₱585.03 million, respectively.

In 2018, the Group, entered into an Omnibus Loan and Security Agreement (OSLA) with Amalgated Investment Bancorporation (AIB), for a two-year term-loan with a principal amount of up to ₱500.00 million. On the same year, the Group made a drawdown amounting to ₱351.10 million with interest of 7% per annum.

In 2019, the Group availed 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 2018, the Group availed a five-year term loan agreement amounting to ₱125.00 million with BDO to finance land development and house construction of its project. The loan bears interest of 5.78% per annum and payable on a quarterly basis.

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 2019 and 2018, principal repayments related to loans with BDO amounted to ₱3,271.71 million and ₱799.81 million, respectively.

In 2019 and 2018 the Group availed ₱597.62 million and ₱1,008.44 million, respectively, 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 June 29, 2018, the Group obtained a three-year loan from China Bank Savings (CBS) amounting to ₱500.00 million with interest of 6% per annum. The proceeds will be used to finance the construction of the Group's real estate projects.

In 2019 and 2018, principal repayments related to loans with CBS amounted to ₱100.00 million and ₱255.00 million, respectively.

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 recorded the proceeds from these assignments as "Long-term debt". These CTS loans bear fixed interest rates ranging from 5.88% to 9.75% and 5.75% to 9.12% in 2019 and 2018, respectively.

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 December 31, 2019 and 2018, the carrying values of these assets mortgaged for trust receipts, payables under CTS financing and bank loans are as follows:

	2019	2018
Real estate inventories (Note 6)	**₱7,533,240,582**	₱6,672,323,498
ICR (Note 5)	**6,722,174,747**	6,638,842,433
Investment properties (Note 11)	**1,606,057,348**	–

Certain bilateral loans have 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 they are availed for, 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 meeting certain financial ratios.

As of December 31, 2019 and 2018, the Group has complied with the provisions of its loan covenants.

Borrowing Costs Capitalized
Borrowing cost capitalized amounted to ₱946.29 million, ₱806.81 million and ₱766.78 million in 2019, 2018 and 2017, respectively (see Notes 6, 10 and 11).

Interest Expense and Other Finance Charges
Interest and other financing charges for the short-term and long-term debts in 2019, 2018 and 2017 totaled to ₱915.54 million, ₱585.68 million and ₱393.94 million, respectively (see Note 25).

18. **Bonds Payable**

This account consists of the following:

	2019	2018
Principal:		
Five-and-half year bond	**₱1,393,530,000**	₱1,393,530,000
Three-year-bond	**3,000,000,000**	–
Seven-year bond	**119,110,000**	119,110,000
	4,512,640,000	1,512,640,000
Deferred financing cost:		
Balances at beginning of year	**6,745,302**	11,673,091
Addition	**74,012,433**	–
Amortization	**(21,149,901)**	(4,927,789)
Balances at end of year	**59,607,834**	6,745,302
Carrying value	**4,453,032,166**	1,505,894,698
Less: current portion	**1,392,653,130**	–
Noncurrent portion	**₱3,060,379,036**	₱1,505,894,698

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 the Group's affordable housing and townhome projects. The bonds are rated "AA" by Credit Rating and Investor Services Philippines Inc. (CRISP).

The bonds listed at the Philippine Dealing & Exchange Corp. (PDEx) on September 2, 2014 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 bonds are rated "AA+" with a Stable outlook by Credit Rating and Investor Services Philippines Inc. (CRISP).

Borrowing Costs Capitalized
Borrowing cost capitalized amounted to ₱115.46 million, ₱97.81 million and ₱158.79 million in 2019, 2018 and 2017, respectively (see Notes 6, 10 and 11).

Interest Expense and Other Finance Charges
Interest and other financing charges from bonds payable in 2019, 2018 and 2017 amounted to ₱21.15 million, ₱8.6 million and ₱9.54 million, respectively (see Note 25).

19. 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:

	2019	2018
Current	**₱67,200,000**	₱67,200,000
Noncurrent	**268,335,743**	301,568,733

20. Equity

Earnings per share
Basic earnings per share amounts attributable to equity holders of the Parent Company in 2019, 2018 and 2017 are as follows:

	2019	2018	2017
Net income attributable to the owners of the Parent Company	**₱1,281,748,829**	₱985,915,365	₱630,312,075
Weighted average number of shares	**11,599,600,690**	11,599,600,690	11,599,600,690
Basic earnings per share	**₱0.11**	₱0.09	₱0.05

Earnings per share are calculated using the consolidated net income attributable to the equity holders of Parent Company divided by the weighted average number of shares. The Group has no potentially dilutive ordinary shares as of December 31, 2019, 2018 and 2017.

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.

On January 10, 2020, the Group listed in the Philippines Stock Exchange (PSE) a public offering of 20,000,000 preferred shares with an oversubscription of 10,000,000 preferred shares of at offer price of ₱100.00. The Preferred shares are being offered for subscription solely in the Philippines through China Bank Capital Corporation (Note 35).

Common shares
The Group's authorized capital stock and issued and subscribed shares amounted to 18.00 million shares and 11.70 million shares, respectively as of December 31, 2019 and 2018. There are no movements in the Group's authorized, issued and subscribed shares in 2019, 2018 and 2017.

The following summarizes the Group's record of registration of securities under the Revised Securities Regulation Code:

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 Group to list additional 730.32 million common shares, with a par value of ₱0.53 per share, to cover the Group'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 nine of the amended articles of incorporation of the Parent Company. The amendment was approved by the SEC in January 2020.

As of December 31, 2019 and 2018, 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.

Treasury shares
On January 7, 2013, the BOD of the Parent Company approved a share buyback program for those shareholders who opt to divest of their shareholdings in the Parent Company. A total of ₱800.00 million worth of shares were up for buyback for a time period of up to 24 months. In 2014 and 2013, a total of 85.68 million shares and 14.44 million shares were reacquired at a total cost of ₱87.15 million and ₱22.52 million, respectively.

As of December 31, 2019 and 2018, treasury shares amounted to ₱109.67 million consisting of 100.12 million shares.

Retained earnings
Retained earnings include the accumulated equity in undistributed net earnings of consolidated subsidiaries amounting to ₱8,055.51 million and ₱6,840.16 million as of December 31, 2019 and 2018, respectively. These amounts are not available for dividend declaration until these are declared by the subsidiaries.

Cash dividend declaration
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 declaration has been paid.

On June 8, 2018, the BOD of the Parent Company approved the declaration of ₱0.02 per share cash dividends amounting to ₱200.00 million for distribution to the stockholders of the Parent Company of record as of June 26, 2018 which was paid on July 6, 2018.

On May 22, 2017, the BOD of the Parent Company approved the declaration of ₱0.02 per share cash dividends amounting to ₱205.07 million for distribution to the stockholders of the Parent Company of record as of June 2, 2017 which was paid on June 19, 2017.

Other components of equity
Other components of equity mainly pertain to the equity reserve recognized between the consideration paid by Mitsubishi Corporation (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 and 2018. This also includes the remeasurement loss on equity instruments at FVOCI amounting to ₱5.10 million and ₱5.26 million as of December 31, 2019 ad 2018, respectively.

Non-controlling interest
In, 2019, PPHI issued additional 480.00 million common shares with a par value of ₱1.00 and 0.12 million preferred shares with 1,000.00 par value to Mitsubishi Corporation (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.

In 2018, additional investments made to KPDC and PPHI resulted to an aggregate increase in non-controlling interests amounting to ₱209.00 million.

In 2018, MC made additional cash payments for its subscription to CCDC II in the amount of ₱212.34 million, which resulted to an increase in the non-controlling interest for the same amount.

In 2017, additional investments made to TPI I, TPI II and TPI III resulted to an aggregate increase in non-controlling interests amounting to₱121.67 million.

In 2017, MC made additional cash payments for its subscription to CCDC II in the amount of ₱276.08 million, which resulted to an increase in the non-controlling interest for the same amount.

The financial information of subsidiaries that have material non-controlling interests is provided below.

Summarized statements of financial position (in millions):

	TPI I		TPI II		TPI III		CCDC II		PPHI	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Current assets	**₱813.00**	₱996.62	**₱736.52**	₱387.19	**₱271.39**	₱197.55	**₱561.25**	₱442.19	**₱2,571.22**	₱1,099.06
Noncurrent assets	**5.54**	9.57	**8.64**	11.09	**6.60**	6.57	**4,467.67**	2,819.85	**31.20**	2.32
Current liabilities	**(200.35)**	(242.10)	**(362.57)**	(291.90)	**(233.34)**	(190.80)	**(579.52)**	(87.78)	**(578.79)**	(619.15)
Noncurrent liabilities	**(51.15)**	(216.98)	**–**	–	**–**	–	**(2,137.81)**	(1,175.54)	**(5.85)**	–
Total equity	**₱567.04**	₱547.11	**₱382.59**	₱106.38	**₱44.65**	₱13.32	**₱2,311.59**	₱1,998.72	**₱2,017.78**	₱482.23
Attributable to:										
Equity holders of the Parent Company	**₱340.22**	₱328.27	**₱229.55**	₱63.83	**₱26.79**	₱7.99	**₱1,386.95**	₱1,352.67	**₱1,210.67**	₱289.34
Non-controlling interest	**226.82**	218.84	**153.04**	42.55	**17.86**	5.33	**924.64**	646.05	**807.11**	192.89
Total equity	**₱567.04**	₱547.11	**₱382.59**	₱106.38	**₱44.65**	₱13.32	**₱2,311.59**	₱1,998.72	**₱2,017.78**	₱482.23

Summarized statements of comprehensive income (in millions):

	TPI I		TPI II		TPI III		CCDC II		PPHI	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Revenue	**₱285.19**	₱870.64	**₱555.59**	₱327.11	**₱57.13**	₱–	**₱131.96**	₱–	**₱844.06**	₱133.84
Cost of real estate sales and services	**(205.02)**	(438.80)	**(178.73)**	(44.06)	**(17.73)**	–	**–**	–	**(409.42)**	(47.88)
General and administrative expenses	**(55.27)**	(154.33)	**(108.44)**	(50.97)	**(8.44)**	(19.28)	**(75.22)**	(1.04)	**(402.03)**	(108.02)
Operating income (loss)	**24.90**	277.51	**268.42**	232.08	**30.96**	(19.28)	**56.74**	(1.04)	**32.61**	(22.06)
Other income	**1.28**	(15.94)	**11.21**	0.12	**0.56**	0.01	**130.01**	65.34	**18.93**	(7.80)
Provision for income tax	**(6.24)**	4.45	**(3.43)**	0.02	**(0.18)**	–	**(55.75)**	(20.21)	**(14.31)**	(0.42)
Total comprehensive income	**₱19.94**	₱266.02	**₱276.20**	₱232.22	**₱31.34**	(₱19.27)	**₱131.00**	₱44.09	**₱37.23**	(₱30.28)

	TPI I		TPI II		TPI III		CCDC II		PPHI	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Total comprehensive income attributable to:										
Equity holders of the Parent Company	**₱11.96**	₱159.61	**₱165.72**	₱139.33	**₱18.80**	(₱11.56)	**₱78.60**	₱26.45	**₱22.34**	(₱18.17)
Non-controlling interests	**7.98**	106.41	**110.48**	92.89	**12.54**	(7.71)	**52.40**	17.64	**14.89**	(12.11)
	₱19.94	₱266.02	**₱276.20**	₱232.22	**₱31.34**	(₱19.27)	**₱131.00**	₱44.09	**₱37.23**	(₱30.28)

Summarized cash flows information (in millions):

	TPI I		TPI II		TPI III		CCDC II		PPHI	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Operating	**₱236.13**	₱210.55	**₱80.95**	(₱102.32)	**(₱17.96)**	(₱53.33)	**₱758**	₱207.56	**(₱44.99)**	(₱552.19)
Investing	**–**	(124.76)	**–**	(15.68)	**(0.07)**	(5.89)	**(1,358)**	(858.28)	**(32.35)**	–
Financing	**(221.05)**	(34.40)	**44.78**	123.74	**125.71**	59.22	**600**	771.20	**1,004.65**	1,016.10

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a strong and healthy consolidated statement of financial position to support its current business operations and drive its expansion and growth in the future.

The Group undertakes to establish the appropriate capital structure for each business line, to allow it sufficient financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group attempts to continually lengthen the maturity profile of its debt portfolio and makes it a goal to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. The Group is subject to externally imposed capital requirements from its bank loans which it has complied with as of December 31, 2019 and 2018 (see Note 17).

Equity, which the Group considers as capital, pertains to the equity attributable to equity holders of the Parent Company excluding other components of equity and remeasurement loss on defined benefit plan, amounting to a total of ₱17,445.73 million and ₱16,321.01 million as of December 31, 2019 and 2018, respectively.

No changes were made in the objectives, policies or processes for managing capital in 2019 and 2018.

21. General, Administrative and Selling Expenses

This account consists of:

	2019	2018	2017
Commission	**₱1,073,736,547**	₱834,317,060	₱300,250,118
Salaries, wages and employee benefits (Note 22)	**734,098,003**	629,488,457	583,582,166
Marketing and promotions	**603,383,309**	1,121,772,561	1,418,266,804
Taxes and licenses	**202,501,561**	193,656,209	104,602,623
Professional fees	**116,454,983**	87,860,082	169,035,347
Representation expenses	**93,552,363**	66,050,772	69,158,880
Repairs and maintenance	**62,074,477**	13,757,548	19,717,458
Depreciation and amortization (Notes 11 and 12)	**57,545,711**	37,854,976	33,242,675
Outside services	**43,335,986**	29,165,709	27,244,096
Rent	**22,412,548**	65,994,163	32,026,544
Supplies	**21,110,823**	10,194,937	6,877,223
Utilities	**18,367,414**	20,732,147	22,156,056
Transportation and travel	**17,056,463**	16,104,758	13,906,269
Communication	**15,702,014**	20,122,275	17,792,877
Miscellaneous	**154,485,859**	107,454,756	146,203,520
	₱3,235,818,061	₱3,254,526,410	₱2,964,062,656

Miscellaneous pertains mainly to research development, sponsorships, recruitment fess, software maintenance and insurance.

22. Personnel Cost

This account consists of salaries, wages and employee benefits as follows:

	2019	2018	2017
General, administrative and selling expenses (Note 21)	**₱731,772,223**	₱629,488,457	₱583,582,166
Cost of services	**295,241,150**	276,552,505	270,726,596
	₱1,027,013,373	₱906,040,962	₱854,308,762

The breakdown of salaries, wages and employee benefits is as follows:

	2019	2018	2017
Salaries and wages	**₱712,558,986**	₱639,423,507	₱602,914,358
Retirement expense (Note 26)	**40,927,863**	35,599,728	37,751,907
Other employee benefits	**273,526,524**	231,017,727	213,642,497
	₱1,027,013,373	₱906,040,962	₱854,308,762

23. Property Management Fee and Other Services

Property management fee pertains mostly to facilities management and consultancy fees of condominium corporations, corporate facilities and prior projects of the Group, which have been turned over to the respective buyers.

Other services pertain to technical services such as plan evaluation, consultation and project management.

Total property management fee and other services recognized amounted to ₱412.15 million, ₱395.46 million and ₱352.97 million in 2019, 2018 and 2017.

24. Interest and Others

This account consists of:

	2019	2018	2017
Income from forfeited collections	**₱335,707,714**	₱363,850,996	₱519,409,631
Interest income from cash and cash equivalents (Note 4)	**99,287,587**	62,625,758	47,240,579
Interest income from investment in bonds (Note 13)	**12,737,888**	–	–
Gain on sale of investment property (Note 10)	**3,521,396**	12,941,360	–
Foreign exchange gains	**–**	10,677,268	16,545,181
Loss on pre-termination of derivative (Note 12)	**(39,735,974)**	–	–
Other income	**161,844,867**	118,560,867	217,882,122
	₱573,363,478	₱568,656,249	₱801,077,513

Income from forfeited collections pertains to forfeited collections from reservation fees whose allowable period of completion has prescribed and terminated sales contracts.

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.

25. Interest and Other Financing Charges

Details of this account follow (see Notes 17 and 18):

	2019	2018	2017
Interest expense	**₱747,608,418**	₱414,117,993	₱287,329,113
Other financing charges	**189,079,793**	180,157,770	116,151,152
	₱936,688,211	₱594,275,763	₱403,480,265

Other financing charges mostly include charges from interbank transfers other banking service fees and amortization of deferred transaction costs.

26. Pension Costs

The Group has a funded, noncontributory, defined benefit pension plan covering substantially all of its regular employees. The benefits are based on the projected retirement benefit of 22.5 days pay per year of service in accordance with Republic Act 7641. The benefits are based on current salaries and years of service and compensation on the last year of employment. An independent actuary conducts an actuarial valuation of the retirement benefit obligation using the projected unit credit method.

The components of retirement expense included under "Salaries, wages and employee benefits" under general, administrative and selling expenses follow (see Note 22):

	2019	2018	2017
Current service cost	**₱21,593,153**	₱22,013,276	₱23,861,076
Net interest cost on benefit obligation	**19,334,710**	13,586,452	13,890,831
Retirement expense	**₱40,927,863**	₱35,599,728	₱37,751,907

Changes in the fair value of the plan assets (FVPA) and the present value of the retirement obligation (PVRO) are as follows as of December 31, 2019 and 2018:

	2019	2018
FVPA:		
Balance at January 1	**₱5,938,951**	₱6,025,477
Interest income	**457,299**	347,670
Remeasurement gain (loss) from changes in financial assumptions	**337,436**	(434,196)
Balance at December 31	**6,733,686**	5,938,951

(Forward)

	2019	2018
PVRO:		
Balance at January 1	**₱257,040,379**	₱241,492,588
Current service cost	**21,593,153**	22,013,276
Interest cost	**19,792,009**	13,934,122
Benefits paid	**(5,796,722)**	(29,499,275)
Transfer to an affiliate (see Note 16)	**(447,067)**	(35,412,483)
Actuarial loss (gain) from changes in:		
Financial assumptions	**76,042,712**	(32,665,100)
Experience and demographic assumptions	**(54,088,700)**	77,177,251
Balance at December 31	**314,135,764**	257,040,379
Net liability arising from retirement obligation	**₱307,402,078**	₱251,101,428

The plan assets as of December 31, 2019 and 2018 pertain solely to bank deposits. The Group does not expect to contribute to its retirement fund in 2020.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumptions on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant.

	December 31, 2019	
	Increase (decrease)	**Effect on DBO**
Discount rate	**1.0%**	**(₱32,075,086)**
Discount rate	**(1.0%)**	**38,542,932**
Rate of salary increase	**1.0%**	**38,109,923**
Rate of salary increase	**(1.0%)**	**(22,655,620)**

	December 31, 2018	
	Increase (decrease)	Effect on DBO
Discount rate	1.0%	(₱18,977,120)
Discount rate	(1.0%)	22,725,414
Rate of salary increase	1.0%	23,124,960
Rate of salary increase	(1.0%)	(19,592,383)

The assumptions used to determine pension benefits for the Group in 2019 and 2018 are as follows:

	2019	2018
Discount rate	**5.50%**	7.70%
Salary increase rate	**4.00 to 6.00%**	4.00 to 6.00%

Shown below is the maturity analysis of the undiscounted benefit payments:

Year ending	Amount
December 31, 2019	₱70,719,769
December 31, 2020	3,730,651
December 31, 2021	2,995,909
December 31, 2022	8,347,536
December 31, 2023	11,983,207
December 31, 2024 through December 31, 2028	106,527,981

27. **Income Taxes**

The provision for income tax consists of:

	2019	2018	2017
Current:			
RCIT/MCIT	**₱345,148,121**	₱308,117,860	₱418,360,859
Final	**22,405,095**	12,525,152	9,448,116
	367,553,216	320,643,012	427,808,975
Deferred	**210,009,532**	183,127,249	(56,884,529)
	₱577,562,748	₱503,770,261	₱370,924,446

Current tax
Provision for current tax pertains to final tax and RCIT/MCIT.

Income tax includes RCIT paid at the rate of 30%, MCIT paid at the rate of 2% and final taxes paid at the rate of 20%, which is a final withholding tax on gross interest income from debt instruments and other deposit substitutes.

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

	2019	2018
Recognized in the consolidated statements of comprehensive income:		
Deferred tax assets on:		
NOLCO	**₱8,891,813**	₱60,405,244
Accrued retirement costs	**57,431,752**	47,026,529
MCIT	**2,626,632**	19,767,531
Difference in accounting of PFRS 16	**1,152,416**	–
Provisions for impairment losses	**3,296,786**	3,296,786
Unrealized foreign exchange loss	–	58,502,781
	73,399,399	188,998,871
Deferred tax liabilities on:		
Effect of difference in accounting and tax base on real estate sales (see Note 2)	**(1,305,730,303)**	(1,371,105,361)
Fair value gains on investment properties	**(989,382,666)**	(926,909,778)
Prepaid commissions	**(304,173,303)**	(227,933,259)
Effect of difference in accounting and tax base on investment properties	**(112,770,175)**	(69,218,745)
Unamortized deferred financing costs	**(52,217,000)**	(41,309,965)
Gain from change in fair value of derivative	–	(34,737,588)
Others	**(10,029,923)**	(8,678,614)
	(2,700,903,971)	(2,490,894,439)
Recognized directly in equity:		
Deferred tax asset on re-measurement loss on retirement obligation	**34,788,871**	28,270,750
	(₱2,666,115,100)	(₱2,462,590,539)

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

	2019	2018
Deferred tax assets - net	**₱42,148,127**	₱61,929,417
Deferred tax liabilities - net	**2,708,263,227**	2,524,519,956

As of December 31, 2019, carryover NOLCO that can be claimed as deduction from future taxable income are as follows:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2016	₱26,073,074	(₱26,073,074)	₱–	2019
2017	169,080,670	–	169,080,670	2020
2018	43,234,045	–	43,234,045	2021
2019	238,937,496	–	238,937,496	2022
	₱477,325,285	(₱135,851,282)	₱451,252,211	

As of December 31, 2019, MCIT that can be used as deductions against income tax liabilities are as follows:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2016	₱14,418,987	(₱14,418,987)	₱–	2019
2017	5,314,166	–	5,314,166	2020
2018	34,378	–	34,378	2021
2019	2,840,330	–	2,840,330	2022
	₱22,607,861	(₱14,418,987)	₱8,188,874	

Unrecognized deferred tax assets
The Group has NOLCO and MCIT that are available for offset against future taxable income or tax payable for which deferred tax assets have not been recognized. Unrecognized NOLCO and MCIT amounted to ₱126.48 million and ₱5.56 million, respectively as of December 31, 2019. Unrecognized NOLCO amounted to ₱11.11 million as of December 31, 2018.

Statutory reconciliation
The reconciliation of the provision for income tax computed at statutory income tax rate to the provision for income tax shown in profit or loss follows:

	2019	2018	2017
Provision for income tax computed at statutory rate	**₱616,809,884**	₱486,587,064	₱306,254,876
Adjustments for:			
Nondeductible interest and other expenses	**161,178,419**	131,473,516	55,338,346
Expired NOLCO	**7,821,922**	79,394,320	36,051,779
Change in unrecognized deferred tax assets	**120,934,999**	56,736,634	31,928,467
Final tax	**22,405,095**	12,525,152	9,448,116
Expired MCIT	**14,418,987**	2,367,377	25,810,875
Income under income tax holiday	**(268,591,541)**	(202,780,529)	(12,649,385)
Non-taxable interest and other income	**(97,415,017)**	(62,533,273)	(81,258,628)
	₱577,562,748	₱503,770,261	₱370,924,446

28. Lease Contracts

Group as lessee
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. As of December 31, 2019 and 2018, the Group has rental deposits pertaining to these lease contracts amounting to ₱152.40 million and ₱162.82 million, respectively (see Note 12). The Group refunded rental deposits amounting to ₱7.18 million and ₱1.01 million in 2019 and 2018, respectively.

The rollforward of this account is as follows:

	December 31, 2019
Effect of adoption of PFRS 16 (Note 2 and 11)	₱71,933,617
Accretion for the year (Note 25)	5,477,704
Payments	(16,233,317)
Balance at the end of the year	61,178,004
Less: current portion	21,642,553
Noncurrent portion	₱39,535,451

The lease liabilities as at January 1, 2019 can be reconciled to the operating lease commitments as of December 31, 2018 as follows:

Operating lease commitments as disclosed in the consolidated financial statements as at December 31, 2018	₱243,545,412
Commitments relating to short-term leases	(155,220,948)
Operating leases subject to discounting as at December 31, 2018	88,324,464
Weighted average incremental borrowing rate as at January 1, 2019	8.03 - 8.18%
Lease liabilities as at January 1, 2019 (Notes 2 and 11)	₱71,933,617

Shown below is the maturity analysis of the future undiscounted lease payments as of December 31, 2019 and 2018 (effective prior to January 1, 2019):

	2019	2018
Within one year	**₱55,107,312**	₱85,222,740
After one year but not more than three years	**147,983,833**	158,322,672
	₱203,091,145	₱243,545,412

Group as lessor
The Group is a lessor of its commercial units in its retail mall, hospital, office and commercial spaces. The leases have terms ranging from one (1) year to (10) years, with renewal options. Monthly rent payment is computed using a fixed rate per square meter and variable rent based on percentage of sales of the tenants for the year. Leasing revenue recognized amounted to ₱713.38 million, ₱407.27 million and ₱341.66 million in 2019, 2018 and 2017, respectively.

In 2019, the Group received security deposits and advance rentals amounting to ₱35.28 million and ₱382.84 million classified as “Other current liabilities” and “Other noncurrent liabilities”, respectively for its lease contracts from its project, Century Diamond Tower, which is forecasted to finish construction and start full commercial operation in 2020.

Future minimum rentals receivable under operating leases are as follows:

	2019	2018
Within one year	**₱585,442,933**	₱52,795,330
After one year but not more than three years	**2,902,733,169**	137,337,923
	₱3,488,176,102	₱190,133,253

29. **Financial Instruments**

Fair Value Information

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

	December 31, 2019		December 31, 2018	
	Carrying Value	**Fair value**	Carrying Value	Fair Value
Financial assets				
ICR	**₱10,477,877,484**	**₱11,568,452,788**	₱9,267,752,039	₱9,375,204,221
Rental deposits	**152,396,921**	**153,476,981**	162,818,009	164,738,382
Investment in bonds	**463,750,000**	**471,542,330**	–	–
	₱11,094,024,405	**₱12,193,472,099**	₱9,430,570,048	₱9,539,942,603
Financial liabilities				
Long-term debt	**₱15,342,716,948**	**₱15,986,421,333**	₱17,034,248,385	₱17,252,185,192
Bonds payable	**4,453,032,166**	**4,541,582,403**	1,505,894,698	1,518,928,301
Liability from purchased land	**335,535,743**	**349,217,856**	368,768,733	370,231,832
Security deposits	**382,842,116**	**403,727,199**	–	–
	₱20,514,126,973	**₱21,280,948,791**	₱18,908,911,816	₱19,141,345,325

Fair Value of Financial Instruments

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

Financial assets

Cash and cash equivalents, receivables (excluding ICRs), 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.

ICRs

Fair value is based on undiscounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date using the remaining terms of maturity. Discount rates ranging from 8.12% to 9.23% were used in calculating the fair value as of December 31, 2019 and 2018.

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 4.29% to 5.07% and 1.91% to 5.00% were used in calculating the fair value of the Group's rental deposits as of December 31, 2019 and 2018, respectively. The discount rate used for the investment in bonds is 3.82% as of December 31, 2019.

Derivative asset

The Group's derivative asset in 2018 is carried at fair value. The fair value of cross currency swap transaction is determined using valuation techniques with inputs and assumptions that are based on

market observable data and conditions and reflect appropriate risk adjustments that market participants would make for credit and liquidity risks existing at the end each of reporting period. The fair values of cross currency swap transactions are determined based on changes in the term structure of interest rates of each currency and the spot rate.

Long-term debt, bonds payable, liability from purchased land and, security deposits and
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 4.97% to 5.04% and 2.39% to 6.34% as of December 31, 2019 and 2018, respectively. The discount rates used for the bonds payable ranged from 4.95% to 5.00% and 2.79% to 4.52% as of December 31, 2019 2018, respectively. The discount rates used for the liability from purchased land ranged from 4.97% to 5.18% and 2.87% to 3.15% as of December 31, 2019 and 2018, respectively. The discount rates used for refundable deposits ranged from 4.97% to 5.04% as of December 31, 2019. The discount rates used for the lease liabilities ranged from 4.38% to 5.12% as of December 31, 2019.

In 2019 and 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.

Financial Risk Management Policies and Objectives
The Group has various financial assets and liabilities such as cash and cash equivalents, receivables, due to and from related parties, and accounts payable and other liabilities, which arise directly from its operations. The Group has bonds payable, short-term and long-term debt availed for financing purposes.

Exposure to credit, interest rate and liquidity risks arise in the normal course of the Group's business activities.

The main objectives of the Group's financial risk management are as follows:
- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

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

Credit Risk
Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation.

The Group trades only with recognized, creditworthy third parties. The Group's receivables are monitored on an ongoing basis to manage exposure to bad debts and to ensure timely execution of necessary intervention efforts. Real estate buyers are subject to standard credit check procedures, which are calibrated based on payment scheme offered. The Group assessed that its customers portfolio is homogeneous. The Group's respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness.

In addition, the credit risk for ICRs is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject house in case of refusal by the buyer to pay on time the due installment contracts receivable. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

With respect to credit risk arising from the other financial assets of the Group, exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group transacts only with institutions or banks which have demonstrated financial soundness for the past 5 years.

The Group's maximum exposure to credit risk as of December 31, 2019 and 2018 is equal to the carrying values of its financial assets with an aggregate amount of ₱6,280.72 and ₱3,754.77 million, which excludes cash on hand amounting to ₱2.80 million and ₱0.47 million, respectively, and ICRs with carrying values of ₱10,477.89 million and ₱9,267.75 million, respectively, and fair value of collateral amounting to ₱13,871.70 million and ₱12,617.52 million, respectively.

The credit quality of the financial assets was determined as follows:

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

Receivables - 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.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties. The Group considers its available funds and its liquidity in managing its long-term financial requirements. It matches its projected cash flows to the projected amortization of long-term borrowings. For its short-term funding, the Group's policy is to ensure that there are sufficient operating inflows to match repayments of short-term debt.

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

	December 31, 2019		
	Within 1 Year	**1 - 5 years**	**Total**
Financial assets			
Cash and cash equivalents	**₱4,005,009,231**	**₱–**	**₱4,005,009,231**
Receivables*	**10,582,926,659**	**1,137,658,202**	**11,720,584,861**
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**
	₱15,471,340,514	**₱1,290,055,123**	**₱16,761,395,637**

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

	December 31, 2019		
	Within 1 Year	**1 - 5 years**	**Total**
Financial liabilities			
Accounts and other payables**	**₱4,537,618,240**	**₱–**	**₱4,537,618,240**
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**
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**
Lease liabilities	**21,642,553**	**50,448,594**	**72,091,147**
Security deposits	**–**	**382,842,116**	**382,842,116**
	₱13,150,018,920	**₱13,927,150,885**	**₱27,077,169,805**

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

	December 31, 2018		
	Within 1 Year	1 - 5 years	Total
Financial assets			
Cash and cash equivalents	₱1,950,389,193	₱–	₱1,950,389,193
Receivables*	1,894,555,056	8,473,424,130	10,367,979,186
Due from related parties	394,354,508	–	394,354,508
Marginal deposits	31,658,800	–	31,658,800
Derivative asset	–	115,791,961	115,791,961
Rental deposits	–	162,818,009	162,818,009
	₱4,270,957,557	₱8,752,034,100	₱13,022,991,657
Financial liabilities			
Accounts and other payables**	₱3,841,749,660	₱–	₱3,841,749,660
Due to related parties	98,575,198	–	98,575,198
Short-term debt	2,206,610,954	–	2,206,610,954
Liability from purchased land	67,200,000	301,568,733	368,768,733
Long-term debt:			
Principal	5,389,150,881	11,770,453,873	17,159,604,754
Interest	39,369,461	85,986,908	125,356,369
Bonds payable:			
Principal	–	1,512,640,000	1,512,640,000
Interest	6,745,302	13,490,604	6,745,302
	₱11,649,401,456	₱13,684,140,118	₱25,320,050,970

** Excluding other receivables amounting to ₱400.91 million as of December 31, 2018.*
***Excluding customers' advances and statutory liabilities amounting to ₱1,049.49 million and ₱98.42 million, respectively, as of December 31, 2018.*

Foreign currency risk

Financial assets and credit facilities of the Group, as well as major contracts entered into for the purchase of raw materials, are mainly denominated in Philippine Peso.

The following table shows the Group's consolidated foreign currency-denominated monetary assets and liability and their peso equivalents as of December 31, 2019 and December 31, 2018:

	December 31, 2019		December 31, 2018	
	Original Currency	Peso Equivalent	Original Currency	Peso Equivalent
Assets				
Cash and cash equivalents				
US Dollar	**$559,980**	**₱28,223,031**	$1,170,033	₱61,520,317
Euro	**€7,160**	**396,286**	€7,193	433,813
Loans payable				
US Dollar	–	–	$55,000,000	(2,891,900,000)
Net foreign currency denominated instruments		**₱28,619,317**		(₱2,829,945,870)

The spot exchange rates used were; ₱50.4 to US$1 and ₱55.34 to €1 in 2019 ₱52.58 to US$1 and ₱60.31 to €1 in 2018.

The following table demonstrates the sensitivity to reasonably possible changes in foreign currency rates, with all variables held constant, of the Group's income before tax and equity.

	2018		2018	
	Increase (decrease) in foreign exchange rates	Effect on profit before tax	Increase (decrease) in foreign exchange rates	Effect on profit before tax
Dollar	**5%**	**(₱1,411,151)**	5%	(₱141,518,984)
	(5%)	**1,411,151**	(5%)	141,518,984
Euro	**5%**	**19,814**	5%	21,691
	(5%)	**(19,814)**	(5%)	(21,691)

Interest rate risk

Interest rate risk is the risk that changes in the market interest rates will reduce the Group's current or future earnings and/or economic value. The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments.

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 terms (p.a.)	Rate fixing period	<1 year	1 to 5 years
2019	**6.2-10.3 %**	**Monthly; Annually**	**₱89,678,076**	**₱10,134,117,726**
2018	6.5-8%	Monthly; Annually	5,389,150,881	11,645,097,504

The interest rate risk exposure arising from the Omnibus Agreement with SCB with carrying amount of ₱2,057.80 million as of December 31, 2018 is hedged by a cross currency and interest rate swap agreement entered with the same bank.

The following table demonstrates the sensitivity to reasonably possible changes in interest rates, with all variables held constant, of the Group's income before tax and equity (through the impact on floating rate borrowings).

	2019		2018	
	Increase (decrease) in interest rates	**Effect on profit before tax**	Increase (decrease) in interest rates	Effect on profit before tax
Basis points	**0.33%**	(₱19,729,570)	0.33%	(₱26,821,680)
	(0.33%)	19,729,570	(0.33%)	26,821,680

There is no other impact on the Group's total comprehensive income other than those already affecting the net income.

30. Performance Obligations

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 contract for either the (i) serviced lot; (ii) service lot and house, and (ii) condominium 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.

Payment 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%-30% of the contract price spread over a certain period (e.g., three months to four years) 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 December 31, 2019 and 2018 are as follows:

	2019	2018
Within one year	**₱2,624,812,013**	₱3,474,143,694
More than one year	**10,112,663,995**	7,312,045,153
	₱12,737,476,008	₱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. The Group's condominium units are completed within three years and five years, respectively, from start of construction while serviced lots and serviced lots and house are expected to be completed within two to three years from start of development.

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

Project	Location	2019	2018
Century City	Makati City	**₱3,894,435,955**	₱1,338,683,860
The Residences at Commonwealth	Quezon City	**2,465,763,621**	2,061,766,134
Azure Urban Resort Residences	Paranaque City	**1,528,571,196**	1,416,055,991
Acqua Private Residences	Mandaluyong City	**1,182,514,118**	1,856,393,357
The Resort Residences at Azure North	Pampanga City	**1,534,977,998**	1,718,593,263
Tanza Properties	Cavite	**897,915,882**	1,036,620,987
PHirst Park Homes	Cavite	**844,062,390**	133,842,483
Batulao Landscapes	Batangas	**323,057,116**	–
Canyon Ranch	Cavite	**14,088,803**	14,712,191
		₱12,685,387,079	₱9,576,668,266

Property management fee and other services
The Group's disaggregation of each source of property management fee and other services are as follows:

Location	2019	2018
Within metro manila	**₱380,775,404**	₱365,635,328
Outside metro manila	**31,376,027**	29,824,889
	₱412,151,431	₱395,460,217

31. 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 and lease of residential developments under partnership agreements;
- Leasing - lease of the Group's retail mall;
- 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 operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

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

	For the Year Ended December 31, 2019				
	Real Estate Development	**Property Management**	**Leasing**	**Adjustments and Elimination**	**Consolidated**
Revenue	**₱13,551,163,364**	**₱412,151,431**	**₱713,381,593**	**(₱361,680,120)**	**₱14,315,016,268**
Costs and expenses					
Cost of real estate sales and services	**8,638,664,807**	**295,241,150**	**217,448,235**	**(179,120,746)**	**8,972,233,446**
General, administrative and selling expenses	**2,933,170,351**	**99,664,088**	**202,983,622**	**–**	**3,235,818,061**
Operating income	**1,979,328,206**	**17,246,193**	**292,949,736**	**(182,559,374)**	**2,106,964,761**
Other income (expenses)					
Interest and other income	**1,040,347,760**	**1,543,625**	**23,497,911**	**(103,576,912)**	**961,812,384**
Interest and other financing charges	**(1,073,115,571)**	**(372,012)**	**(42,833,527)**	**103,576,912**	**(1,012,744,198)**
Income before income tax	**1,946,560,395**	**18,417,806**	**273,614,120**	**(182,559,374)**	**2,056,032,947**
Provision for income tax	**501,139,550**	**4,330,376**	**79,518,996**	**(7,426,174)**	**577,562,748**
Net income	**₱1,445,420,845**	**₱14,087,430**	**₱194,095,124**	**(₱175,133,200)**	**₱1,478,470,199**

	As of December 31, 2019				
Segment assets	**₱65,431,347,121**	**₱328,496,231**	**₱8,384,169,137**	**(₱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**	**₱345,630,365**	**₱8,384,169,137**	**(₱20,744,475,004)**	**₱53,441,685,612**
Segment liabilities	**₱37,863,283,879**	**₱260,753,562**	**₱6,411,286,302**	**(₱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**	**₱260,753,562**	**₱6,958,103,435**	**(₱13,424,897,020)**	**₱33,826,116,124**

	For the Year Ended December 31, 2018				
	Real Estate Development	Property Management	Leasing	Adjustments and Elimination	Consolidated
Revenue	₱10,001,951,426	₱390,551,113	₱407,267,202	(₱97,891,450)	₱10,701,878,291
Costs and expenses					
Cost of real estate sales and services	5,726,713,078	279,364,283	227,918,806	(74,292,307)	6,159,703,860
General, administrative and selling expenses	2,903,943,006	97,440,044	253,143,360	–	3,254,526,410
Operating income (loss)	1,371,295,342	13,746,786	(73,794,964)	(23,599,143)	1,287,648,021
Other income (expenses)					
Interest and other income	776,743,967	6,652,692	395,963,836	(105,583,144)	1,073,777,351
Interest and other financing charges	(840,872,163)	(282,068)	(3,897,405)	105,583,144	(739,468,492)
Income before income tax	1,307,167,146	20,117,410	318,271,467	(23,599,143)	1,621,956,880
Provision for income tax	337,928,617	7,709,092	163,857,083	(5,724,531)	503,770,261
Net income	₱969,238,529	₱12,408,318	₱154,414,384	(₱17,874,612)	₱1,118,186,619

	As of December 31, 2018				
Segment assets	₱53,523,802,781	₱305,335,227	₱11,888,813,090	(₱16,413,197,686)	₱49,304,753,412
Deferred tax assets	41,983,795	19,945,622	–	–	61,929,417
Total Assets	₱53,565,786,576	₱325,280,849	₱11,888,813,090	(₱16,413,197,686)	₱49,366,682,829
Segment liabilities	₱35,047,770,114	₱250,733,529	₱4,229,631,053	(₱10,149,438,382)	₱29,378,696,314
Deferred tax liabilities	1,603,334,709	–	926,909,778	(5,724,531)	2,524,519,956
Total Liabilities	₱36,651,104,823	₱250,733,529	₱5,156,540,831	(₱10,155,162,913)	₱31,903,216,270

	For the Year Ended December 31, 2017				
	Real Estate Development	Property Management	Leasing	Adjustments and Elimination	Consolidated
Revenue	₱6,239,457,125	₱352,971,958	₱341,658,779	(₱228,315,964)	₱6,705,771,898
Costs and expenses					
Cost of real estate sales and services	2,990,508,625	270,726,596	237,813,561	(184,027,625)	3,315,021,157
General, administrative and selling expenses	2,830,461,704	91,875,141	41,725,811	–	2,964,062,656
Operating income (loss)	418,486,796	(9,629,779)	62,119,407	(44,288,339)	426,688,085
Other income (expenses)					
Interest and other income	1,253,205,200	12,763,672	295,164,108	(474,027,207)	1,087,105,773
Interest and other financing charges	(665,732,425)	(286,799)	(952,255)	174,027,207	(492,944,272)
Income before income tax	1,005,959,571	2,847,094	356,341,124	(344,298,203)	1,020,849,586
Provision for income tax	363,585,555	884,085	10,003,018	(3,548,212)	370,924,446
Net income	₱642,374,016	₱1,963,009	₱346,338,106	(₱340,740,127)	₱649,925,140

32. **Significant Contracts**

Deposits for Preferred Shares Subscription
The Group's deposit for preferred shares subscription pertains to deposits received by the Group from buyers of its preferred shares. On June 17, 2015, the Group's preferred shares divided into Class A, Class B, Class C and Class D have been registered with SEC for public offering.

As of December 31, 2019, there had been subscriptions of 6,206 Preferred A shares at a total amount of ₱1,041.71 million, 494 Preferred B shares at a total amount of ₱116.81 million, 704 Preferred C shares at a total amount of ₱155.61 million and 325 Preferred D shares at a total amount of ₱71.73 million. Outstanding subscription receivable on preferred shares as of December 31, 2019 amounted to ₱349.86 million. As of December 31, 2018, outstanding subscription receivables amounted to ₱660.62 million. As of December 31, 2019 and 2018, fully paid subscriptions amounted to ₱805.89 million and ₱130.63 million, respectively. In 2019, 2018 and 2017, the Group received additional deposits amounting to ₱412.20 million, ₱201.68 million and ₱196.59 million, respectively.

Total deposits for preferred shares subscriptions received presented under financial statement caption "Other noncurrent liabilities" amounted to ₱1,035.99 million and ₱623.79 million as of December 31, 2019 and 2018, respectively. Prior to full payment and availability of the rooms, the Group has determined that amounts received from the buyers of preferred shares are classified as liability since the shareholders' rights to the 28 free nights to stay at the hotel and contractual right to dividends will inure to the shareholders only upon full payment and availability of the rooms. The Group has an obligation to complete the facility expected to be completed in 2020.

The preferred shares have the following features, rights, privileges and obligations which can be availed by the preferred shareholders upon full payment:

a. All classes of the preferred shares are non-voting.
b. Preferred shareholders are entitled to use and occupy, for twenty-eight (28) nights per year (the "Annual Usage Entitlement"), the rooms to be owned by the Group in the planned Acqua 6 Tower of the Acqua Private Residences (upon its completion and only when such rooms are ready for occupancy), with the room class based on the class of preferred shares owned. Annual Usage Entitlements are non-cumulative.

   The corresponding room class of each class of shares are as follows:

Class of Preferred Shares	Corresponding Room Class
Preferred A shares	Studio Room
Preferred B shares	One Bedroom Deluxe Room
Preferred C shares	One Bedroom Superior Room
Preferred D shares	One Bedroom Premier Room

c. The preferred shareholders shall be entitled to a share in Net Room Rental Revenue at the rate of 40% for all of the 152 rooms to be owned by the Group. The share of a preferred shareholder in the Net Room Rental Revenue shall be payable annually. The share of a preferred shareholder in the Net Room Rental Revenue shall be calculated based on the attributable square meters ("SQM") corresponding to the class of preferred shares held by such preferred shareholder for every 13 preferred shares held.

d. Net Room Rental Revenue means total revenue from rentals of all rooms less total room cost of sales. The corresponding attributable SQM of each class of shares are as follows:

Class of Preferred Shares	Corresponding Attributable SQM
Preferred A shares	8.00
Preferred B shares	11.75
Preferred C shares	19.00
Preferred D shares	21.75

e. The preferred shareholders shall no longer participate in any dividend declaration of the Group.

f. The preferred shareholders shall regularly and diligently pay the fees, contributions, charges and other dues, including but not limited to the Annual Management Fee, Annual Operating Budget, Furniture, Fittings and Equipment Reserve, pertaining to the maintenance and use of the rooms to be owned by the Group.

33. Contingencies

The Group is contingently liable for lawsuits or claims filed by third parties (substantially civil cases that are either pending decision by the courts or are under negotiation, the outcomes of which are not presently determinable). In the opinion of management and its legal counsels, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims or assessments. No provisions were made in 2019, 2018 and 2017 with respect to the foregoing matters.

34. Notes to Consolidated Statements of Cash Flows

Below are the noncash transactions not included in the adjustments for income before tax in the consolidated statement of cash flows for the years ended December 31, 2019, 2018 and 2017:

a. Transfer from deposit for purchased land to real estate inventories amounting to ₱166.00 million, ₱522.26 million and ₱105.72 million in 2019, 2018 and 2017, respectively (see Notes 6 and 7).

b. Transfer from real estate inventories to investment property amounting to ₱256.91 million, ₱1,299.39 million and ₱141.23 million 2019, 2018 and 2017, respectively (see Notes 6 and 10).

c. Transfer from investment property to real estate inventories amounting to ₱191.13 million in 2019 (see Notes 6 and 10).

d. Net change in fair value of equity instruments at FVOCI recognized in other components of equity amounting to ₱.02 million, ₱.01 million and (₱.37 million), respectively.

e. Amortization of deferred financing costs amounting to ₱90.48 million, ₱89.34 million and ₱48.73 million in 2019, 2018 and 2017, respectively (see Notes 17 and 28).

f. Additions to right-of-use assets and increase in lease liabilities for the transition to PFRS 16 amounting ₱71.93 million in 2019.

Changes in liabilities arising from financing activities

2019

	Beginning of the year	**Cash flows**	**Adoption of PFRS 16**	**Effect of foreign currency translation**	**Amortization of discount**	**Dividend declaration**	**Advance rentals and security deposits**	**Other movements**	**End of the year**
Short-term and long-term debts	**₱19,240,859,339**	**(₱2,419,601,162)**	**₱–**	**(₱116,330,537)**	**₱90,482,227**	**₱–**	**₱**	**₱–**	**₱16,795,409,867**
Bonds payable	**1,505,894,698**	**2,925,987,567**	–	–	**21,149,901**	–	–	–	**4,453,032,166**
Non-controlling interest	**1,109,270,329**	**826,521,357**	–	–	–	–	–	**196,721,370**	**2,132,513,056**
Other noncurrent liabilities	**624,797,479**	**412,195,714**	–	–	–	–	**418,119,692**	–	**1,455,112,885**
Deposits for preferred shares	–	**42,480,000**	–	–	–	–	–	–	**42,480,000**
Due to related parties	**98,575,198**	**72,169,497**	–	–	–	–	–	**447,067**	**171,191,762**
Dividends payable	–	**(126,201,322)**	–	–	–	**137,919,252**	–	–	**11,717,930**
Other noncurrent assets	**(1,320,598,313)**	**(52,316,528)**	–	–	–	–	–	**(140,857,555)**	**(1,513,772,396)**
Lease liabilities	–	**(10,755,613)**	**71,933,617**	–	–	–	–	–	**61,178,004**
	₱21,258,798,730	**₱1,670,479,510**	**₱71,933,617**	**(₱116,330,537)**	**₱111,632,128**	**₱137,919,252**	**₱418,119,692**	**₱56,310,882**	**₱23,608,863,275**

2018

	Beginning of the year	Cash flows	Effect of foreign currency translation	Amortization of discount	Dividend declaration	Other movements	End of the year
Short-term and long-term debts	₱14,598,740,062	₱4,407,584,400	₱145,192,729	₱89,342,148	₱–	₱–	₱19,240,859,339
Non-controlling interest	537,149,940	421,341,052	–	–	–	150,779,337	1,109,270,329
Other noncurrent liabilities	423,119,032	201,678,447	–	–	–	–	624,797,479
Bonds payable	1,500,966,910	–	–	4,927,788	–	–	1,505,894,698
Dividends payable	–	(199,999,999)	–	–	199,999,999	–	–
Due to related parties	48,171,031	14,991,684	–	–	–	35,412,483	98,575,198
	₱17,108,146,975	₱4,845,595,584	₱145,192,729	₱94,269,936	₱199,999,999	₱35,412,483	₱21,470,126,714

2017

	Beginning of the year	Cash flows	Effect of foreign currency translation	Movement in deferred financing cost	Dividend declaration	Other movements	End of the year
Short-term and long-term debts	₱12,997,163,020	₱1,498,996,271	₱53,850,000	₱48,730,771	₱–	₱–	₱14,598,740,062
Other noncurrent liabilities	226,528,882	196,590,150	–	–	–	–	423,119,032
Non-controlling interest	119,785,810	438,402,147	–	–	–	(21,038,017)	537,149,940
Bonds payable	2,678,787,473	(1,187,360,000)	–	9,539,437	–	–	1,500,966,910
Dividends payable	–	(205,065,834)	–	–	205,065,834	–	–
Due to related parties	326,005,489	(277,834,458)	–	–	–	–	48,171,031
	₱16,348,270,674	₱463,728,276	₱53,850,000	₱58,270,208	₱205,065,834	(₱21,038,017)	₱17,108,146,975

35. **Events After the Reporting Date**

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". 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 6.72% 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.

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

The following are potential business risks as well as the mitigating measures that the Group has undertaken to immediately implement should the risks ensue.

Potential Business Risks	Mitigating Measures
1. Work disruption during the community quarantine in Luzon enforced by the government.	• Activation of the Group's business continuity plans based on its risk assessments • Increased capabilities for alternative work arrangements for the Group's employees and workers to continue servicing its customers.
2. Supply-chain challenges for its business operations.	• Recent assessments found that ports will remain open amidst the current community quarantine scenario and the Bureau of Customs has a team in place to accept shipments. • Contingencies are in place in the event of enhanced scenarios, including alternative ports and suppliers that can temporarily augment our business requirements.
3. Sales and collections performance may be affected by the community quarantine enforced by the government.	• Activated full shift to online marketing activities as part of its contingency plans. • Established frequent and open communication with clients to help address concerns. • Measures are in place for clients who may encounter difficulties in their purchase journey. • Options are discussed thoroughly with customers to avoid any untoward cancellations.

Potential Business Risks	Mitigating Measures
4. Delays in project completions in a scenario of enhanced quarantine.	• Delays of a few months are assumed into the Group's current construction timelines. • Buyers and bank partners are regularly updated on the completion progress; adjustments are made on payment timelines as the case may be.
5. All properties are located in the Philippines, exposing it to risks associated with the Philippines.	• Prudent financial and operational controls and policies • Risk management initiatives • Constant monitoring of key economic and market indicators
6. Exposure to geographic portfolio concentration risks as substantial portion of the Group's properties are located in Metro Manila.	• Landbank outside Metro Manila including Cavite, Pampanga, Batangas and Palawan
7. Significant portion of the Group's revenue are derived from OFWs, balikbayans and other overseas buyers, exposing the Group to risks relating to the performance of economies where they are located	• Clients located in 50 different countries; not exposed to a single jurisdiction • Company is expanding its product portfolio to cater to a wider customer base to include horizontal affordable housing

The Group considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its financial position and performance as of and for the year ended December 31, 2019. However, the outbreak could have a material impact on its 2020 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Group cannot determine at this time the impact to its financial position, performance and cash flows. The Group will continue to monitor the situation.

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

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 audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Century Properties Group Inc. and Subsidiaries (the Group) as at December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated May 18, 2020. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for the purpose of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic 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, 2019, valid until December 17, 2021
Tax Identification No. 901-617-005
BIR Accreditation No. 08-001998-76-2019,
February 26, 2019, valid until February 25, 2021
PTR No. 8125318, January 7, 2020, Makati City

May 18, 2020

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October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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 audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Century Properties Group, Inc. and Subsidiaries (the Group) as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated May 18, 2020. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

John T. Villa
Partner
CPA Certificate No. 94065
SEC Accreditation No. 1729-A (Group A),
December 18, 2019, valid until December 17, 2021
Tax Identification No. 901-617-005
BIR Accreditation No. 08-001998-76-2019,
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PTR No. 8125318, January 7, 2020, Makati City

May 18, 2020

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Schedule	Contents
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Intangible Assets - Other Assets
E	Long-Term Debt
F	Indebtedness to Related Parties
G	Guarantees of Securities of Other Issuers
H	Capital Stock
I	Schedule of Retained Earnings Available for Dividend Declaration
J	Financial Ratios
K	Map Showing the Relationships Between and Among the Companies in the Group, its Ultimate Parent Company and Co-subsidiaries
L	Schedule of Bonds Proceeds

SCHEDULE A

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
DECEMBER 31, 2019

	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received or accrued
Cash and cash equivalents	₱–	**₱4,005,009,231**	₱ 99,287,587
Receivables			
Trade receivables:			
ICR	–	**10,477,877,484**	504,096,166
Leasing receivables	–	**192,163,903**	–
Management fee	–	**174,895,185**	–
Receivables from employees and agents		**411,632,225**	–
Advances to condominium corporations		**162,244,369**	–
Advances to customers	–	**68,203,079**	–
Other receivables*	–	**244,557,903**	–
Due from related parties	–	**419,654,624**	–
Investment in Bonds	–	**463,750,000**	–
Rental deposit	–	**152,396,921**	–
	₱–	**₱16,772,384,924**	₱603,383,753

** Excluding other receivables amounting to ₱384.22 million as of December 31, 2019.*

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)
DECEMBER 31, 2019

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	₱18,762,777	₱10,657,388	(₱13,371,003)	₱16,049,162	₱-	₱16,049,162

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS DECEMBER 31, 2019

	Receivable Balance	Payable Balance	Current Portion
CPGI	₱6,119,677,992	(₱36,775,774)	₱6,082,902,218
CLC	866,355,877	(6,682,277,191)	(5,815,921,314)
PPHI	7,249,564	(13,683,920)	(6,434,356)
CCDC	4,874,625,300	(2,766,219,356)	2,108,405,944
CCC	–	(2,099,441,132)	(2,099,441,132)
CPMI	10,959,478	(26,882,989)	(15,923,511)
CPHLI	–	(253,587,849)	(253,587,849)
Total Eliminated Receivables/Payables	**₱11,878,868,211**	**(₱11,878,868,211)**	**₱–**

SCHEDULE D

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2019

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 Cost	34,949,170	2,105,735	(5,405,089)	–	–	31,649,816
	₱37,973,459	**₱2,105,735**	**(₱5,405,089)**	**₱–**	**₱–**	**₱34,674,105**

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT AND BONDS PAYABLE DECEMBER 31, 2019

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	₱8,414,050,455	₱2,454,907,249	₱5,959,143,206
Payable under CTS financing	6,914,652,948	3,002,015,540	3,912,637,408
Chattel Mortgage	14,013,545	5,244,108	8,769,437
Bonds payable	4,453,032,166	1,392,653,130	3,060,379,036
	₱19,795,749,114	**₱6,854,820,027**	**₱12,940,929,087**

SCHEDULE F

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2019

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
DECEMBER 31, 2019

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
DECEMBER 31, 2019

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
Capital Stock	18,000,000,000	11,599,600,690	–	–	9	–

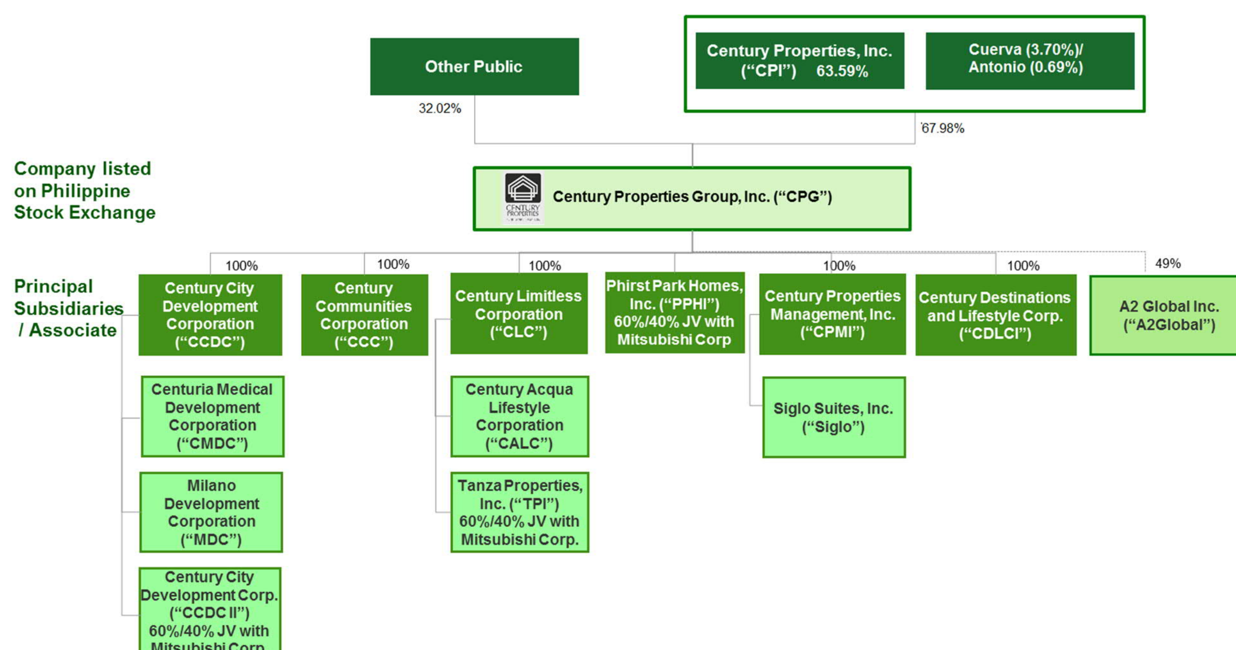
**All nine (9) directors have one (1) nominal common shares issued*

SCHEDULE K

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

DECEMBER 31, 2019



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.

SCHEDULE I

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2019

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning		**₱1,338,291,238**
Add: Net income (loss) actually earned/realized during the period		
Net income (loss) during the period closed to Retained Earnings	**(224,107,736)**	
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		**(224,107,736)**
Add (Less):		
Dividend declarations during the period	**(137,919,252)**	
Appropriations of Retained Earnings during the period	–	
Reversals of appropriations	–	
Effects of prior period adjustments	–	
Treasury shares	**(109,674,749)**	
		(247,594,001)
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND		**₱866,589,501**

SCHEDULE J

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL RATIOS
DECEMBER 31, 2019

Financial ratios	Dec-19	Dec-18
Current/Liquidity Ratios		
Current Assets	34,365,499,239	31,997,110,107
Current Liabilities	16,099,335,229	15,050,236,472
Current Ratios	**2.1**	**2.1**
Current Assets	34,365,499,239	31,997,110,107
Inventory	15,558,004,362	17,257,481,436
Quick Assets	18,807,494,878	14,739,628,671
Current Liabilities	16,099,335,229	15,050,236,472
Quick Ratios	**1.2**	**1.0**
Liabilities and Debt Ratios		
Short-term debt	1,452,692,919	2,206,610,954
Long-term debt - Current	5,462,166,897	5,389,150,881
Long-term debt - Non-current	9,880,550,051	11,645,097,504
Bonds payable	4,453,032,166	1,505,894,698
Debt	**21,248,442,033**	**20,746,754,037**
Equity	**19,615,569,488**	**17,463,466,559**
Debt-to-Equity	**1.1**	**1.2**
Debt	21,248,442,033	20,746,754,037
Cash and Cash Equivalents	4,005,009,231	1,950,389,193
Net Debt	**17,243,432,802**	**18,796,364,844**
Equity	**19,615,569,488**	**17,463,466,559**
Net Debt-to-Equity	**0.9**	**1.1**
Debt	21,248,442,033	20,746,754,037
EBITDA	2,861,187,076	2,073,929,849
Debt-to-EBITDA	**7.42**	**10.00**
Income before Income Tax	2,056,032,947	1,621,956,880
Interest expense	747,608,418	414,117,993
Depreciation and amortization	57,545,711	37,854,976
EBITDA	**2,861,187,076**	**2,073,929,849**
Asset to Equity Ratios		
Total Assets	53,441,685,612	49,366,682,829
Total Equity	19,615,569,488	17,463,466,559
Asset to Equity Ratio	**2.7**	**2.8**
Liabilities to Equity Ratios		
Total Liabilities	33,826,116,124	31,903,216,270
Total Equity	19,615,569,488	17,463,466,559
Liabilities to Equity Ratio	**1.7**	**1.8**

Financial ratios	Dec-19	Dec-18
Profitability ratios		
Revenue	14,315,016,268	10,701,878,291
Gross Profit	5,342,782,822	4,542,174,431

Gross Profit Ratio	**37%**	**42%**
Net Income Attributable to Equity holders of the Parent Company	1,281,748,829	985,915,365
Revenue	14,315,016,268	10,701,878,291
Net Income Margin	**9.0%**	**9.2%**
Total Net Income after tax (Annualized)	**1,478,470,199**	**1,118,186,619**
Total Asset CY	53,441,685,612	49,366,682,829
Total Asset PY	49,366,682,829	42,555,650,621
Average total asset	**51,404,184,221**	**45,961,166,725**
Return on Asset	**2.9%**	**2.4%**
Total Net Income after tax (Annualized)	**1,478,470,199**	**1,118,186,619**
Total Equity CY	19,615,569,488	17,463,466,559
Total Equity PY	17,463,466,559	16,255,621,463
Average total equity	**18,539,518,024**	**16,859,544,011**
Return on Equity	**8.0%**	**6.6%**
Net Income	1,478,470,199	1,118,186,619
Revenue	14,315,016,268	10,701,878,291
Net Income Margin	**10.3%**	**10.4%**

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SCHEDULE L

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SCHEDULE OF BOND PROCEEDS
DECEMBER 31, 2019

₱3.0 BILLION FIX RATE BONDS DUE 2022

(In Pesos)	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**3,000,000,000**	**3,000,000,000**
Less: Upfront Fees		
SEC registration and legal research fee	1,073,125	1,325,725
Documentary Stamp Tax	22,500,000	22,500,000
Underwriting fees	22,500,000	22,500,000
Estimated Professional and Agency Fees	10,065,100	32,152,583
Listing fees	50,000	50,000
Marketing/Printing/Photocopying Costs and OPEs	50,000	70,562
Total Expenses	56,238,225	78,598,869
Net Proceeds	**2,943,761,775**	**2,921,401,131**

Balance of proceeds as of December 31, 2019 ₱2.41 Billion

Century Properties Group, Inc. raised from the Bonds gross proceeds of ₱3.0 billion. After issue-related expenses, actual net proceeds amounted to approximately ₱2.25 billion. ₱681.83 million of the net proceeds were used to partially finance affordable projects.