

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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A	N	D		S	U	B	S	I	D	I	A	R	I	E	S															

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

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Form Type
A A F S

Department requiring the report
S E C

Secondary License Type, If Applicable
N / A

COMPANY INFORMATION

Company's Email Address cpgi@century-properties.com	Company's Telephone Number (02)7793-5526	Mobile Number N/A
No. of Stockholders 499	Annual Meeting (Month / Day) 6/14	Fiscal Year (Month / Day) 12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person Isabelita C. Sales	Email Address cpgi@century-properties.com	Telephone Number/s N/A	Mobile Number 09955734010
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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.





**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, 2021, 2020 and 2019, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company'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 company 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 EDUARDO B. ANTONIO
Chairman of the Board



JOSE MARCO R. ANTONIO
President and CEO



PONCIANO S. CARREON JR.
Treasurer and CFO




CENTURY

PROPERTIES GROUP, INC.

SUBSCRIBED AND SWORN to before me this 18th day of April 2022 affiants exhibiting to me their Identification Numbers, as follows:

Name	Competent Evidence of Identity	Issue Date	Expiry Date	Place Issued
Jose Eduardo B. Antonio	Driver's license no. N03-12-045361	-	24-Nov-23	-
Jose Marco R. Antonio	Passport no. P2695556B	01-Aug-19	31-Jul-29	DFA, Manila
Ponciano S. Carreon Jr.	PRC Reg. no. 0092320	-	26-Jan-25	-

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Page No. 14
Book No. 14
Series of 2022.


MARIA FRANCES M. MARFIL
Appointment No. M-018
Notary Public for Makati City
Until December 31, 2023
23rd Floor, Century Diamond Tower, Century City,
Kalayaan Avenue corner Salamanca Street,
Barangay Poblacion, Makati City
MCLE Compliance No. VI-0026221, 05.23.2019
PTR No. MKT 8853290, 01.03.2022 / Makati City
Roll No. 61721 / IBP No. 172082, 01.05.2022 / Manila III

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

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, 2021 and 2020, 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, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021 are prepared in all material respects, in accordance with the Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements.

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.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2021 consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.



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 the application of significant judgment and estimation in the following areas: (1) assessment of the probability that the Group will be able to collect the consideration from the buyer; 2) determination of the transaction price; (3) application of the output method as the measure of progress of project completion in determining real estate sales; (4) determination of the actual costs incurred as cost of real estate sales; and (5) recognition of costs 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 regularly evaluates the history of sales cancellations and back-outs, after considering also the impact of the coronavirus pandemic, to determine if these would continue to support the Group's 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's specialist (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 that have not yet been billed by the contractors.

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 recognized the related liability. The Group uses the percentage-of-completion (POC) method in amortizing sales commission consistent with its revenue recognition policy.

The disclosures related to real estate revenue are included in Note 31 to the consolidated financial statements.



Audit Response

We obtained an understanding of the Group's revenue recognition process, policies and procedures.

For the buyer's equity, we evaluated the management's basis by comparing this with the history of sales collections and back-outs of buyers with accumulated payments above the collection threshold. We also considered the impact of the coronavirus pandemic to the level of cancellations during the year. We traced the analysis to supporting documents such as the buyer's collection reports, cancellation notices 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 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, including inquiries on how the coronavirus pandemic affected the POC during the year, 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 (1) the percentage of commission due against contracts with sales agents, (2) the total commissionable amount (i.e., net contract price) against the related contract to sell, and, (3) the POC used in calculating the sales commission against the POC used in recognizing the related revenue from real estate sales.

Valuation of Investment Properties at Fair Value

The Group accounts for its investment properties using the fair value model. Investment properties consist of land and buildings leased out to tenants and represent 26% of consolidated assets as of December 31, 2021. Fair value gains relating to these properties amounted to ₱225 million, which is 21% of consolidated income before income tax of the Group in 2021. The Group used the income approach for the valuation of its investment properties. The determination of the fair value of investment properties involves significant management judgment and estimation. The valuation also requires the involvement of an appraiser whose calculations also depend on certain assumptions such as market rent levels, expected vacancy, interest rates and expected maintenance. Thus, we considered the valuation of investment properties at fair value as a key audit matter.

The disclosures relating to investment properties are included in Note 11 to the consolidated financial statements.



Audit Response

We evaluated the competence, capabilities and objectivity of the appraisers by considering their qualifications, experience and reporting responsibilities. We reviewed 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 the assets' highest and best use, and evaluated key inputs used in the valuation, specifically market rent levels, expected vacancy, interest rates, estimated reproduction cost and expected maintenance. We compared the inputs and assumptions used against internal and external evidence such as lease contracts, historical vacancy rates and maintenance costs, and published market data. We also inquired from the appraiser the basis of the adjustments made to the sales price. We also reviewed the disclosures relating to investment properties.

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 (1) the percentage of commission due against contracts with sales agents, (2) the total commissionable amount (i.e., net contract price) against the related contract to sell, and, (3) the POC used in calculating the sales commission against the POC used in recognizing the related revenue from real estate sales.

Impairment Testing of Long-lived Asset

The Group's property and equipment includes a building that is to be operated as a hotel once it is completed and ready for use. The carrying value of this long-lived asset amounted to ₱1,707 million as of December 31, 2021. The hospitality industry continues to be heavily affected by the coronavirus pandemic which management assessed as an impairment indicator and accordingly performed an impairment testing to determine the long-lived asset's recoverable amount as of December 31, 2021. The assessment of recoverable amount requires significant judgment and involves estimation and assumptions about future revenue and costs, as well as external inputs such as discount rate, occupancy rate and growth rate. In addition, because of the coronavirus pandemic, there is heightened level of uncertainty on the future economic outlook and market forecast. Hence, such impairment testing is a key audit matter.

The disclosures relating to this long-lived asset are included in Note 12 to the consolidated financial statements.

Audit Response

We reviewed the methodology and the assumptions used. These assumptions include future revenue, occupancy rate, costs, as well as external inputs such as discount rate and growth rate. We compared the key assumptions such as occupancy rate and growth rate used with market information, taking into consideration the impact associated with the coronavirus pandemic and the expected economic recovery. We also compared the growth rate and occupancy rate used against relevant historical performance and industry outlook. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of impairment test is most sensitive, specifically those that have the most significant effect in the determination of the recoverable amount of the property involved.



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, 2021, 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, 2021 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, as modified by the application of financial reporting reliefs issued and approved by the SEC as described in Note 2 to the consolidated financial statements, 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 accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements.
- 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.

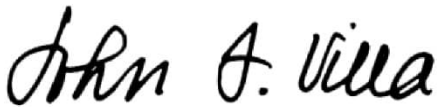
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



John T. Villa

Partner

CPA Certificate No. 94065

Tax Identification No. 901-617-005

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 94065-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-076-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854384, January 3, 2022, Makati City

April 12, 2022



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

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱3,693,074,161	₱2,473,555,750
Short-term investments (Note 5)	1,032,513,990	285,241,756
Receivables (Notes 2 and 6)	9,295,128,847	11,491,045,104
Real estate inventories (Note 7)	16,143,099,068	14,651,328,952
Due from related parties (Note 17)	526,962,834	464,422,862
Advances to suppliers and contractors (Note 8)	2,426,743,608	2,427,704,449
Investment in bonds (Note 14)	–	463,750,000
Other current assets (Note 13)	1,895,462,320	1,809,894,312
Total Current Assets	35,012,984,828	34,066,943,185
Noncurrent Assets		
Noncurrent portion of installment contracts receivable (ICR; Notes 2 and 6)	366,000,813	124,776,589
Deposits for land (Note 9)	1,358,812,116	1,354,243,056
Investments in and advances to joint ventures and associate (Note 10)	274,504,404	265,560,204
Investment properties (Note 11)	13,995,031,354	13,627,582,382
Property and equipment (Note 12)	1,815,836,169	1,783,594,786
Deferred tax assets - net (Note 28)	26,764,445	86,280,221
Other noncurrent assets (Note 13)	1,656,575,419	1,699,922,997
Total Noncurrent Assets	19,493,524,720	18,941,960,235
TOTAL ASSETS	₱54,506,509,548	₱53,008,903,420
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 15)	₱5,251,100,289	₱5,591,640,977
Contract liabilities (Notes 16)	3,048,610,842	1,457,777,002
Due to related parties (Note 17)	317,358,734	270,006,022
Short-term debt (Note 18)	468,360,083	811,948,735
Current portion of:		
Long-term debt (Note 18)	5,467,828,327	5,447,303,305
Bonds payable (Note 20)	2,992,055,358	118,781,010
Liability from purchased land (Note 19)	67,200,000	67,200,000
Lease liabilities (Note 29)	25,543,296	4,525,606
Income tax payable	69,408,506	61,498,374
Other current liabilities (Note 29)	109,551,140	352,673,888
Total Current Liabilities	17,817,016,575	14,183,354,919
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debt (Note 18)	6,370,779,023	9,408,872,360
Bonds payable (Note 20)	2,955,140,071	2,965,985,277
Liability from purchased land (Note 19)	141,145,286	208,335,743
Lease liabilities (Note 29)	31,596,667	–

(Forward)



	December 31	
	2021	2020
Pension liabilities (Note 27)	₱279,629,948	₱372,985,206
Deferred tax liabilities - net (Note 28)	2,647,906,504	2,951,528,631
Other noncurrent liabilities (Notes 29 and 33)	1,912,630,833	1,786,567,624
Total Noncurrent Liabilities	14,338,828,332	17,694,274,841
Total Liabilities	32,155,844,907	31,877,629,760
Equity (Note 21)		
Capital stock - ₱0.53 par value		
Authorized - 18,000,000,000 common shares		
Issued - 11,699,723,690 common shares	6,200,853,553	6,200,853,553
Preferred shares	15,900,000	15,900,000
Additional paid-in capital	5,524,776,889	5,524,776,889
Treasury shares - 100,123,000 shares	(109,674,749)	(109,674,749)
Other components of equity	(683,197,961)	(682,845,178)
Retained earnings	9,814,339,360	9,028,945,474
Remeasurement loss on defined benefit plan	(42,504,741)	(118,498,902)
Total Equity Attributable to Equity Holders of the Parent Company	20,720,492,351	19,859,457,087
Non-controlling Interest (Note 21)	1,630,172,290	1,271,816,573
Total Equity	22,350,664,641	21,131,273,660
TOTAL LIABILITIES AND EQUITY	₱54,506,509,548	₱53,008,903,420

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2021	2020	2019
REVENUES			
Revenue from contracts with customers:			
Real estate sales (Note 31)	₱7,664,401,653	₱9,482,619,641	₱12,685,387,079
Property management fee and other services (Notes 24 and 31)	400,011,317	389,723,319	412,151,431
Leasing revenue (Notes 11 and 29)	1,200,366,601	795,034,245	713,381,592
Interest income from real estate sales (Note 6)	180,116,059	168,367,487	504,096,166
	9,444,895,630	10,835,744,692	14,315,016,268
COSTS			
Cost of real estate sales (Note 7)	4,808,420,850	6,082,949,532	8,459,544,061
Cost of leasing (Note 11)	352,043,445	226,533,530	217,448,235
Cost of services (Note 24)	272,728,398	285,985,555	295,241,150
	5,433,192,693	6,595,468,617	8,972,233,446
GROSS PROFIT	4,011,702,937	4,240,276,075	5,342,782,822
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES (Note 22)	2,692,905,068	2,863,713,699	3,235,818,061
OTHER INCOME (EXPENSES) - net			
Interest income and others (Notes 14 and 25)	397,550,153	568,068,169	573,363,478
Gain from change in fair value of investment properties (Note 11)	225,495,620	558,621,018	260,934,423
Foreign exchange gain	3,210,517	2,070,399	116,330,537
Share in net earnings of joint ventures and associate (Note 10)	8,944,200	6,791,973	11,183,946
Interest and other financing charges (Note 26)	(894,592,075)	(947,509,167)	(936,688,211)
Loss from change in fair value of derivative (Note 13)	-	-	(76,055,987)
	(259,391,585)	188,042,392	(50,931,814)
INCOME BEFORE INCOME TAX	1,059,406,284	1,564,604,768	2,056,032,947
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 28)	(209,699,864)	415,370,732	577,562,748
NET INCOME	1,269,106,148	1,149,234,036	1,478,470,199
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement gain (loss) on defined benefit plan - net of deferred tax (Note 27)	75,994,161	(37,324,869)	(15,131,603)
Net change in fair value of equity instruments at fair value through OCI	(352,783)	(613,473)	162,228
TOTAL COMPREHENSIVE INCOME	₱1,344,747,526	₱1,111,295,694	₱1,463,500,824
Net income attributable to:			
Equity holders of the Parent Company (Note 21)	₱950,750,431	₱795,555,466	₱1,281,748,829
Non-controlling interest (Note 21)	318,355,717	353,678,570	196,721,370
	₱1,269,106,148	₱1,149,234,036	₱1,478,470,199
Total comprehensive income attributable to:			
Equity holders of the Parent Company (Note 21)	₱1,026,391,809	₱758,230,597	₱1,266,779,454
Non-controlling interest (Note 21)	318,355,717	353,065,097	196,721,370
	₱1,344,747,526	₱1,111,295,694	₱1,463,500,824
Basic earnings per share (Note 21)	₱0.08	₱0.04	₱0.11

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, 2021, 2020 AND 2019

Total Equity Attributable to Equity Holders of the Parent Company

	Common Stock	Preferred 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, 2021	₱6,200,853,553	₱15,900,000	₱5,524,776,889	(₱109,674,749)	(₱682,845,178)	₱9,028,945,474	(₱118,498,902)	₱19,859,457,087	₱1,271,816,573	₱21,131,273,660
Net income	–	–	–	–	–	950,750,431	–	950,750,431	318,355,717	1,269,106,148
Other comprehensive loss (Note 27)	–	–	–	–	(352,783)	–	75,994,161	75,641,378	–	75,641,378
Total comprehensive income	–	–	–	–	(352,783)	950,750,431	75,994,161	1,026,391,809	318,355,717	1,344,747,526
Cash dividends (Note 21)	–	–	–	–	–	(165,356,545)	–	(165,356,545)	(160,000,000)	(325,356,545)
Additional investment by non-controlling interest (Note 21)	–	–	–	–	–	–	–	–	200,000,000	200,000,000
At December 31, 2021	₱6,200,853,553	₱15,900,000	₱5,524,776,889	(₱109,674,749)	(₱683,197,961)	₱9,814,339,360	(₱42,504,741)	₱20,720,492,351	₱1,630,172,290	₱22,350,664,641
At January 1, 2020	₱6,200,853,553	₱–	₱2,639,742,141	(₱109,674,749)	₱99,393,242	₱8,733,916,278	(₱81,174,033)	₱17,483,056,432	₱2,132,513,056	₱19,615,569,488
Net income	–	–	–	–	–	795,555,466	–	795,555,466	353,678,570	1,149,234,036
Other comprehensive loss (Note 27)	–	–	–	–	–	–	(37,324,869)	(37,324,869)	(613,473)	(37,938,342)
Total comprehensive income	–	–	–	–	–	795,555,466	(37,324,869)	758,230,597	353,065,097	1,111,295,694
Cash dividends (Note 21)	–	–	–	–	–	(500,526,270)	–	(500,526,270)	(96,000,000)	(596,526,270)
Issuance of preferred stock	–	15,900,000	2,885,034,748	–	–	–	–	2,900,934,748	–	2,900,934,748
Acquisition of non-controlling interest (Note 21)	–	–	–	–	(782,238,420)	–	–	(782,238,420)	(1,117,761,580)	(1,900,000,000)
At December 31, 2020	₱6,200,853,553	₱15,900,000	₱5,524,776,889	(₱109,674,749)	(₱682,845,178)	₱9,028,945,474	(₱118,498,902)	₱19,859,457,087	₱1,271,816,573	₱21,131,273,660
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 27)	–	–	–	–	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 21)	–	–	–	–	–	(137,919,252)	–	(137,919,252)	–	(137,919,252)
Investment from non-controlling interest (Note 21)	–	–	–	–	–	–	–	–	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

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱1,059,406,284	₱1,564,604,768	₱2,056,032,947
Adjustments for:			
Interest and other financing charges (Note 26)	894,592,075	947,509,167	936,688,211
Loss from change in fair value of derivative (Note 13)	–	–	76,055,987
Depreciation and amortization (Notes 12, 13 and 22)	67,580,015	59,467,026	57,545,711
Retirement expense (Note 27)	50,112,456	53,846,232	40,927,863
Loss on pre-termination of derivative (Notes 13 and 25)	–	–	39,735,974
Gain from pre-termination of lease contracts (Note 29)	–	(5,798,312)	–
Interest income (Notes 4, 5, 6, 14 and 25)	(220,318,454)	(263,269,520)	(616,121,641)
Gain from change in fair value of investment properties (Note 11)	(225,495,620)	(558,621,018)	(260,934,423)
Foreign exchange gain	–	–	(116,330,537)
Share in net earnings of joint ventures and associate (Note 10)	(8,944,200)	(6,791,973)	(11,183,946)
Loss (gain) on sale of investment property (Notes 11 and 25)	34,128,752	12,978,992	(3,521,396)
Operating income before working capital changes	1,651,061,308	1,803,925,362	2,198,894,750
Decrease (increase) in:			
Receivables	2,134,808,092	488,985,564	(1,335,917,877)
Real estate inventories	(1,317,290,278)	1,455,337,334	2,735,041,283
Advances to suppliers and contractors	960,841	(421,194,166)	229,614,424
Other assets	(27,242,594)	(650,382,893)	(423,368,311)
Increase (decrease) in:			
Accounts and other payables	(7,771,058)	(488,190,474)	759,056,890
Contract liabilities	1,590,833,840	(326,316,578)	(510,233,156)
Liability from purchased land intended for development	(67,190,457)	(60,000,000)	(33,232,990)
Other liabilities	(117,059,539)	590,054,996	418,119,692
Cash generated by operations	3,841,110,155	2,392,219,145	4,037,974,705
Interest received (Note 25)	40,202,395	263,269,520	616,121,641
Interest and other financing costs paid	(1,150,215,529)	(1,272,763,532)	(1,944,181,954)
Income taxes paid	(62,656,415)	(136,876,642)	(362,908,775)
Retirement benefits paid (Note 27)	(31,313,494)	(43,089,171)	(5,796,722)
Net cash provided by operating activities	2,637,127,112	1,202,759,320	2,341,208,895
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Refund of deposits for land (Note 9)	–	–	181,595,212
Sale of investment properties (Note 11)	92,923,673	28,544,184	156,600,215
Marginal deposits	–	–	31,658,800
Refund of rental deposits (Note 29)	–	20,002,609	7,177,123
Sale of property and equipment	12,145,459	–	–
Maturity of investment in bonds (Note 14)	463,750,000	–	–
Payments for:			
Additions to investment properties (Note 11)	(269,005,777)	(113,329,077)	(1,250,844,013)
Additions to short-term investments (Note 5)	(747,272,234)	(285,241,756)	–
Additions to investment in bonds (Note 14)	–	–	(463,750,000)
Additions to property and equipment (Notes 12 and 35)	(28,549,518)	(223,000,485)	(354,538,481)
Deposits for land (Note 9)	(4,569,060)	(274,799,837)	(237,561,373)
Intangible assets (Note 13)	(22,455,101)	(5,346,041)	(2,105,735)
Acquisition of non-controlling interest (Note 21)	–	(1,900,000,000)	–
Advances made to related parties	(62,539,972)	(44,768,238)	(25,300,115)
Net cash used in investing activities	(565,572,530)	(2,797,938,641)	(1,957,068,367)

(Forward)



	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Short-term and long-term debt (Note 18)	₱3,365,320,535	₱6,099,533,446	₱12,464,293,414
Issuance of preferred stock (Note 21)	-	2,910,771,277	-
Deposits for preferred shares (Note 33)	-	56,107,956	412,195,714
Issuance of bonds payable (Note 20)	3,000,000,000	-	3,000,000,000
Additional investment from non-controlling interest (Note 21)	200,000,000	-	826,521,357
Deposits for future stock subscription	-	-	42,480,000
Receipts of advances made from related parties	47,352,712	126,452,736	72,169,497
Payments for:			
Short-term and long-term debt (Note 18)	(6,751,494,594)	(7,225,067,363)	(14,807,436,336)
Deferred financing cost (Notes 18 and 20)	(82,986,143)	(86,445,789)	(150,470,673)
Cash dividends (Note 21)	(327,440,181)	(297,179,924)	(126,201,322)
Dividends paid to non-controlling interest (Note 21)	(160,000,000)	(96,000,000)	-
Lease liabilities (Note 29)	(23,678,500)	(17,090,874)	(10,755,613)
Bonds payable (Note 20)	(119,110,000)	(1,393,530,000)	-
Bond issuance cost (Note 13)	-	(13,825,625)	-
Stock issuance cost (Note 13)	-	-	(52,316,528)
Net cash provided by (used in) financing activities	(852,036,171)	63,725,840	1,670,479,510
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,219,518,411	(1,531,453,481)	2,054,620,038
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 4)	2,473,555,750	4,005,009,231	1,950,389,193
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱3,693,074,161	₱2,473,555,750	₱4,005,009,231

See accompanying Notes to Consolidated Financial Statements.



CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

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 64.98%-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.

Issuance of ₱3 Billion Bonds

On March 1, 2021, CPGI listed its PHP 3 Billion 3-year unsecured Peso-denominated fixed rate retail bonds on the Philippine Dealing & Exchange Corp. (PDEX). The bond offering which carries an interest rate of 4.8467% per annum, was more than twice oversubscribed.

Proceeds from the issuance will be used to partially refinance bank term loans, finance the Group's capital expenditures for vertical developments, and fund general corporate purposes including, but not limited to, working capital.

China Bank Capital Corporation acted as Sole Issue Manager, Lead Underwriter, and Sole Bookrunner of the offering.

Acquisition of Noncontrolling Interest

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

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

The accompanying consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 were approved and authorized for issue by the Board of Directors (BOD) on April 12, 2022.

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. 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 accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting relief on the accounting for significant financing components as issued and approved by the SEC in response to the COVID-19 pandemic:

- a. Assessing if the transaction price includes a significant financing component discussed in Philippine Interpretations Committee (PIC) Questions and Answers (Q&A) No. 2018-12-D;
- b. Treatment of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E; and,
- c. Application of International Financial Reporting Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*).

These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers*, affecting the real estate industry:

- *Deferral of the following provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry*
 - a. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04);
 - b. Treatment of land in the determination of the percentage-of-completion (POC); and
 - c. Treatment of uninstalled materials in the determination of the POC (as amended by PIC Q&A 2020-02).
- *Deferral of the adoption of PIC Q&A 2018-14: Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)*

The consolidated financial statements also include the availment of relief under SEC MC No. 4-2020 to defer the adoption of IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, *Borrowing Cost* (the IFRIC Agenda Decision on Borrowing Cost) until December 31, 2020.

In December 2020, the SEC issued MC No. 34-2020, allowing the further deferral of the adoption of provisions (a) and (b) above of PIC Q&A 2018-12 and the IFRIC Agenda Decision on Borrowing Cost, for another three (3) years or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the section below under Changes in Accounting Policies and Disclosures.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and interpretations issued by PIC.



Basis of Consolidation

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

	Percentage of Ownership		
	2021	2020	2019
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)	100	100	60
PHirst Park Homes Development Corporation (PPHDC)	100	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)	100	100	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	60

*non-operating CCDC subsidiaries

**formerly Century Properties Hotel and Leisure Inc. (CPHLI)

On August 24, 2020, the Parent Company acquired the remaining 40% of the total outstanding shares of FMT Kalayaan, Inc. (“FMTK”; a subsidiary of Mitsubishi Corporation) in CCDC II.

In 2020, CLC acquired the remaining 40% shares of TCG Holdings Inc. in KPDC.

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.

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, 2021. Unless otherwise indicated, adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*
- Amendments to PFRS 9, *PAS 39, PFRS 7, PFRS 4 and PFRS 16, Interest Rate Benchmark Reform – Phase 2*
- *Adoption of PIC Q&A 2018-14 on Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)*

On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group since it has previously adopted approach 3 in its accounting for sales cancellation which records the repossessed inventory at cost.



- *Adoption of PIC Q&A 2018-12 on Accounting for Common Usage Service Area (CUSA)*

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some implementation issues of PFRS 15, Revenue from Contracts with Customers affecting the real estate industry. This includes PIC Q&A No. 2018-12-H which discussed accounting for CUSA charges wherein it was concluded that real estate developers are generally acting as principal for CUSA. On October 25, 2018, the SEC decided to provide relief to the real estate industry by deferring the application of the provisions of the PIC Q&A 2018-12-H for a period of three years or until December 31, 2020. The deferral will only be applicable for real estate transactions.

The Group's accounting policies had been consistent with the accounting treatment as contained in the interpretation and hence has no impact to the consolidated financial statements. The Group has always presented the revenue from provision of CUSA and air conditioning services and its related costs on a gross basis as part of "Leasing revenues" and "Cost of leasing", respectively.

- *Adoption of PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02) on Treatment of Uninstalled Materials in the Calculation of the POC*

PIC Q&A 2020-02 was issued by the PIC on October 29, 2020. The latter aims to provide conclusion on the treatment of materials delivered on site but not yet installed in measuring performance obligation in accordance with PFRS 15, Revenue from Contracts with Customers in the real estate industry. The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group since the Group does not enter into supply contracts with suppliers for the provision and installation of materials.

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 financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
 - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
 - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
 - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*



Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

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*
- Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

	<u>Deferral Period</u>
a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

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

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.



The Group availed of the SEC reliefs to defer the above specific provisions of PIC Q&A No. 2018-12. Had these provisions been adopted, the Group assessed that the impact would have been as follows:

- a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements in case a full retrospective approach is applied. Depending on the approach of adoption, the adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented (full retrospective approach), and the opening balance of retained earnings (full retrospective approach and modified retrospective approach). The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach.

The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

- b. The exclusion of land and uninstalled materials in the determination of POC would have reduced the percentage of completion of real estate projects. Adoption of this guidance would have reduced revenue from real estate sales, cost of sales and installment contracts receivable; increased real estate inventories and would have impacted deferred tax asset or liability and provision for deferred income tax for all years presented, and the opening balance of retained earnings.

The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)*

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of IFRS 15 (PFRS 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under Philippine Accounting Standards (PAS) 23, *Borrowing Costs*, considering that these inventories are ready for their intended sale in their current condition.

The IFRIC Agenda Decision would change the Group's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective



January 1, 2024, 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.

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 should have been expensed out in the period incurred. This adjustment should have been applied retrospectively and would have resulted in restatement of prior year consolidated financial statements. Adoption of the IFRIC agenda decision would have impacted interest expense, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liability and the opening balance of retained earnings. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

- *Deferral of PIC Q&A 2018-14, Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)*

On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost (Approach 3). PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group since it has previously adopted approach 3 in its accounting for sales cancellation which records the repossessed inventory at cost.

Upon full adoption of the above deferred guidance, the accounting policies will have to be applied using full retrospective approach following the guidance under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

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.

Short-term Investments

Short-term investments consist of money market placements made for varying periods of more than three (3) months and up to one (1) year and earn interest at the respective short-term investment rates. Short-term investment does not qualify as cash equivalents.

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", "Short-term investments", "Receivables" (excluding other receivables), 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.

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, 2021 and 2020, 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”, “Short-term Investments” 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 statement 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 statement 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 in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data 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 include 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, 2021 and 2020.

Deposits for 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 the amounts paid to land-owners.

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.

It is the Group's policy to classify right-of-use assets as part of property and equipment.

Leases

Company as a lessee

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.

Company as a lessor

Operating Lease

Leases where the Group does not transfer substantially all the risk and benefits of the ownership of the asset are classified as operating leases. Otherwise, they are classified as finance leases. Rental income from operating leases is recognized as income on a straight-line basis over the lease term.

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.

Equity

Common stock, Preferred stock and Additional paid-in capital

The Group records common stock and preferred 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. When non-controlling interest is subsequently acquired, the difference between the acquisition price and the carrying value of the interest as at acquisition date is recognized as equity reserve under “Other components of equity” account in the consolidated statement of financial position.

Revenue and Cost Recognition under PFRS 15

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 and 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.

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 income consists of 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 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

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

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 statement 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 current service cost, interest cost, past service cost and 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.

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. The net income attributable to common stockholders of the Parent Company is net of dividends attributable to preferred stockholders.

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, 2021, 2020 and 2019, 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 PFRSs 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.

Material partly-owned subsidiaries

The consolidated financial statements include additional information about subsidiaries that have NCI that are material to the Company (see Note 21). Management determined material partly-owned subsidiaries as those with carrying value of NCI greater than 5% of total NCI as at end of the year.

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 its 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 consolidated financial statements and records the proceeds from these assignment 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. As of December 31, 2021, the facility is under construction representing an obligation on the part of the Group under the terms of the subscription agreements. The facility is expected to be completed in 2022.

Operating lease commitments - the Group as a lessor

Management has determined that the Group retains all significant risks and rewards of underlying assets and thus, accounts for the contracts as operating leases. The ownership of the underlying assets is not transferred to the lessee by the end of the lease term. Leasing revenue amounted to ₱1,200.37 million, ₱795.03 million and ₱713.38 million in 2021, 2020 and 2019, respectively.

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).

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

While mall operations declined, the impact on the leasing portfolio is not significant as its contribution is marginal to the total revenue of the Company prior to the COVID-19 pandemic. The increase in leasing revenue is a result of the initial rentals from the recently completed Century Diamond Tower in 2020.

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 ₱7,664.40 million, ₱9,482.62 million and ₱12,685.39 million in 2021, 2020 and 2019, respectively (see Note 31).

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 values are reliably measurable, the Group engages annually independent valuation specialists to determine its fair value. The appraisers used income approach for its land and buildings which are based on future cash flows available for such properties. Gain from change in fair value of investment properties amounted to ₱225.50 million, ₱558.62 million and ₱260.93 million in 2021, 2020 and 2019, respectively. The carrying value of the investment properties amounted to ₱13,995.03 million and ₱13,627.58 million as of December 31, 2021 and 2020, respectively (see Note 11).

Evaluation of impairment of financial assets

The Group uses a provision matrix to calculate ECLs for cash and cash equivalents, short-term investments, receivables other than ICRs, due from related parties, rental deposits and investment in bonds. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. 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.



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.

The Group has considered the impact of COVID-19 pandemic and to the extent applicable revised its assumptions in determining macroeconomic variables and loss rates in the ECL computation. The changes in the gross carrying amounts of receivables from the sale of real estate during the year and impact of COVID-19 pandemic did not materially affect the allowance for ECLs.

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

As of December 31, 2021, and 2020, the allowance for impairment losses on financial assets of the Group amounted to ₱8.29 million and ₱11.39 million, respectively (see Note 6). As of December 31, 2021, and 2020, the carrying values of these assets are as follows:

	2021	2020
Cash and cash equivalents (Note 4)	₱3,693,074,161	₱2,473,555,750
Short-term investments	1,032,513,990	285,241,756
Receivables* (Note 5)	9,296,575,856	11,254,939,268
Due from related parties (Note 17)	526,962,834	464,422,862
Rental deposits (Note 13)	110,415,828	132,394,312
Investment in bonds	–	463,750,000

*Excluding other receivables that are non-financial in nature amounting to ₱372.84 million and ₱372.27 million as of December 31, 2021 and 2020, respectively.

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 ₱16,143.10 million and ₱14,651.33 million as of December 31, 2021 and 2020, respectively (see Note 7).

Impairment of nonfinancial assets

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

- Significant changes in asset usage;
- Significant decline in assets' market value;
- Obsolescence or physical damage of an asset;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of usage of the acquired assets or the strategy for the 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.

Considering the above, the Group assessed in 2021 and 2020 that there are indicators of impairment in respect of its property intended to be operated as a hotel with a carrying value of ₱1,707.34 million and ₱1,705.55 as of December 31, 2021 and 2020, respectively (see Note 12), given the current effect of the pandemic on the hospitality industry and future economic uncertainties that it brings along. Accordingly, the Group performed an impairment testing of the relevant asset as a separate cash-generating unit to determine if the carrying value of such asset is impaired as of December 31, 2021 and 2020. The Group utilized a discounted cash flow model and used certain assumptions (including discount rate, annual average occupancy rate, performance growth rates, and a terminal value) to determine the value in use. The model used (a) projected cash flows that incorporated the impact of the pandemic in 2021 and 2020, (b) a pre-tax discount rate of 12.01% and 10.58% in 2021 and 2020, respectively, and (c) a growth rate of 5% applied beyond the 10th year projections in 2021 and 2020, among others. The Group benchmarked these assumptions against historical observations in internal businesses with similar performance drivers, as well as industry outlook. Based on the impairment testing performed, the Group did not identify impairment of such property as of December 31, 2021 and 2020. In terms of sensitivity, an impairment loss would have resulted had the growth rate applied was about 4.60% or lower and 4.95% or lower as at December 31, 2021 and 2020, respectively.



The Group did not identify impairment indicators on the other cash generating units of the Group, mainly on the basis that as consistently observed across the industry, the Group continued to perform well in 2021 and 2020, in particular in respect of its real estate development segment which is the core business segment of the Group. The aggregate value of other nonfinancial assets [property and equipment (except for the hotel property), deposit for purchased land, investments in joint ventures and associate, deferred tax assets, other assets (excluding rental deposit) and receivables from employees] is ₱5,583.03 million and ₱5,533.81 million as of December 31, 2021 and 2020, respectively.

No impairment was recognized for the Group's nonfinancial assets as of December 31, 2021 and 2020.

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. As of December 31, 2021, and 2020, the Group has unrecognized deferred tax assets amounting to ₱280.35 million and ₱191.33 million, respectively (see Note 28).

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 pension liabilities net of its plan assets amounted to ₱279.63 million and ₱372.99 million as of December 31, 2021 and 2020, respectively (see Note 27).

4. Cash and Cash Equivalents

This account consists of:

	2021	2020	2019
Cash on hand and in banks	₱2,607,258,991	₱1,163,069,715	₱1,765,436,278
Cash equivalents	1,085,815,170	1,310,486,035	2,239,572,953
	₱3,693,074,161	₱2,473,555,750	₱4,005,009,231

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 0.25% to 2.125% and 0.30% to 1.50% in 2021 and 2020, respectively. Interest income on cash and cash equivalents amounted to ₱28.69 million, ₱68.86 million and ₱99.29 million in 2021, 2020 and 2019, respectively (see Note 25).



5. Short-term Investments

As of December 31, 2021 and 2020, short-term investments amounted to ₱1,032.51 million and ₱285.24 million, respectively. Short-term investments include money market placements exceeding 3 months but less than one year. Short-term investments earn at prevailing short-term interest rate ranging from 1.50% to 2.125% in 2021 and 1.2% in 2020.

Interest income earned on short-term investments amounted to ₱11.51 million and ₱0.19 million in 2021 and 2020, respectively.

6. Receivables

This account consists of:

	2021	2020
Trade receivables		
ICR	₱8,449,607,463	₱10,447,472,507
Leasing receivable	351,493,631	366,512,959
Management fees	90,710,063	96,026,771
Receivable from employees and agents	372,841,856	372,272,315
Advances to condominium corporations	30,766,235	68,344,391
Advances to customers	76,985,252	76,500,121
Other receivables	297,013,212	200,082,519
	9,669,417,712	11,627,211,583
Allowance for estimated credit losses for management fees and other receivables	(8,288,052)	(11,389,890)
	9,661,129,660	11,615,821,693
Noncurrent portion of ICR	(366,000,813)	(124,776,589)
	₱9,295,128,847	₱11,491,045,104

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:

	2021	2020
Gross ICR	₱10,978,463,658	₱15,596,119,517
Unamortized discount arising from noninterest- bearing ICR	(312,352,957)	(418,129,052)
	10,666,110,701	15,177,990,465
Percentage of completion adjustment	(2,216,503,238)	(4,730,517,958)
Carrying value of ICR	8,449,607,463	10,447,472,507
Non-current portion of ICR	(366,000,813)	(124,776,589)
Current portion of ICR	₱8,083,606,650	₱10,322,695,918



Unamortized discounts

These ICRs were recorded initially at fair value which is derived using the discounted cash flow model using discount rates ranging from 2.49% to 3.54% and 1.71% to 3.95% in 2021 and 2020, respectively.

Movements in the unamortized discount on ICRs follow:

	2021	2020
Balance at beginning of year	₱418,129,052	₱407,890,455
Additions	74,339,964	178,606,084
Accretion for the year	(180,116,059)	(168,367,487)
Balance at end of year	₱312,352,957	₱418,129,052

Interest income from accretion of unamortized discount on ICRs amounted to ₱180.12 million, ₱168.37 million and ₱504.10 million in 2021, 2020 and 2019, 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-day 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.

Others, mainly consist of receivables for repairs and installation cost charge to tenants and reimbursement of regulatory payments. In 2021 and 2020, "others" included receivable from sales of investment property amounting to ₱42.62 million and ₱19.29 million, respectively.

The movements in the allowance for estimated credit losses for receivables are shown below:

	2021	2020
Balance at beginning of year	₱11,389,890	₱10,989,287
Provision, net of reversals	-	400,603
Write-offs	(3,101,838)	-
Balance at end of year	₱8,288,052	₱11,389,890

The allowance for estimated credit losses pertain to management fees and other receivables.



Receivable financing

The Group entered into various agreements with a local bank whereby the Group assigned its ICRs with recourse at average interest rates ranging from 5.88% to 9.50% and 6.25% to 9.64% in 2021 and 2020, 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 assignment as long-term debt. The gross amount of ICRs used as collateral amounted to ₱2,464.69 million and ₱6,210.21 million as of December 31, 2021 and 2020, respectively (see Note 18).

7. Real Estate Inventories

This account consists of:

	2021	2020
Condominium units	₱11,826,694,359	₱11,908,680,712
Residential house and lots	4,064,663,593	2,490,907,124
Land held for future developments	251,741,116	251,741,116
	₱16,143,099,068	₱14,651,328,952

The roll-forward of this account follows:

	2021	2020
Balance at beginning of year	₱14,651,328,952	₱15,558,004,362
Construction costs incurred	4,547,573,952	4,627,612,199
Purchase of land	1,578,137,176	–
Borrowing costs capitalized (Notes 18)	174,479,838	551,180,990
Transfers to investment properties (Note 11)	–	(2,519,067)
Cost of real estate sales	(4,808,420,850)	(6,082,949,532)
Balance at end of year	₱16,143,099,068	₱14,651,328,952

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 2021 and 2020 are 1.25% and 4.50%, respectively, for general borrowing costs.

Real estate inventories recognized as "Cost of real estate sales" amounted to ₱4,808.42 million, ₱6,082.95 million and ₱8,459.54 million in 2021, 2020 and 2019, respectively.

In 2021, the Group purchased land in Batangas intended for development of residential house and lot amounting to ₱1,578.14 million.

The carrying values of real estate inventories mortgaged for trust receipts payables and bank loans amounted to ₱1,163.09 million and ₱8,858.44 million as of December 31, 2021 and 2020, respectively (see Note 18).



8. Advances to Suppliers and Contractors

Advances to suppliers and contractors amounting to ₱2,426.74 million and ₱2,427.70 million as of December 31, 2021 and 2020, respectively, are capitalized as part of real estate 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.

9. Deposits for Purchased Land

This account consists of refundable 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 ₱1,358.81 million and ₱1,354.24 million as of December 31, 2021 and 2020, respectively.

In 2021, the Group made additional deposits to property owners for the acquisitions of parcels of land located in Novaliches amounting to ₱15.52 million net of return of deposits in land located in Quezon City amounting to ₱10.95 million.

In 2020, the Group made additional deposits to property owners for the acquisitions of parcels of land located in Novaliches amounting to ₱274.80 million.

10. Investments in and Advances to Joint Ventures and Associate

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

	2021	2020
Joint ventures:		
A2Global, Inc. (A2 Global)	₱3,055,000	₱3,055,000
One Pacstar Realty Corporation (One Pacstar)	213,461,684	204,674,684
Two Pacstar Realty Corporation (Two Pacstar)	49,987,820	49,830,620
Associate:		
Asian Breast Center (ABC)	7,999,900	7,999,900
	₱274,504,404	₱265,560,204
Acquisition cost	₱404,033,094	₱404,033,094
Accumulated equity in net losses		
Balance at beginning of year	(138,472,890)	(145,264,863)
Share in net earnings	8,944,200	6,791,973
Balance at end of year	(129,528,690)	(138,472,890)
	₱274,504,404	₱265,560,204

Investment in A2Global

In 2013, the Parent Company entered into an agreement with Asian Carmakers Corporation 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 (3) 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, 2021, 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, 2021 and 2020 and for the years then ended (in millions):

	2021	2020
Total assets	₱852	₱830
Total current liabilities	300	300
Total revenue	24	17
Total expenses	2	3

The Group recognized share in net earnings of the joint ventures amounting to ₱8.94 million, ₱6.79 million and ₱11.18 million in 2021, 2020 and 2019, 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, 2021 and 2020, ABC is still in its pre-operating stage.



The Group has not incurred any contingent liabilities as at December 31, 2021 and 2020 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.

11. Investment Properties

The Group's investment properties are classified as follows:

	2021	2020
Land	₱5,061,961,969	₱4,089,999,969
Building	7,893,569,468	7,795,021,430
Construction-in-progress	1,039,499,917	1,742,560,983
	₱13,995,031,354	₱13,627,582,382

Movements in this account are as follows:

	2021	2020
Cost:		
Balance at beginning of year	₱9,783,127,031	₱9,634,581,666
Construction costs incurred	248,757,808	113,329,077
Borrowing cost capitalized (Note 18)	20,247,969	62,112,511
Sale of property	(89,709,925)	(29,415,290)
Transfer from real estate inventories (Note 7)	-	2,519,067
Balance at end of year	9,962,422,883	9,783,127,031
Change in fair value:		
Balance at beginning of year	3,844,455,351	3,297,942,219
Sale of property	(37,342,500)	(12,107,886)
Gain from change in fair value of investment property	225,495,620	558,621,018
Balance at end of year	4,032,608,471	3,844,455,351
	₱13,995,031,354	₱13,627,582,382

Construction-in-progress pertains to properties being constructed that are intended to be leased out.

As of December 31, 2021 and 2020, the Group has investment properties under construction located in Century City and Bonifacio Global City. The Group has contractual obligations to develop these properties amounting to ₱75.8 million and nil as of December 31, 2021 and 2020, respectively.

In 2019, the Group sold portion of its Papermoon at a gain amounting to ₱3.52 million (see Note 25). In 2021 and 2020, the Group sold portion of its medical office at a loss amounting ₱34.13 million and ₱12.98 million.

The Group recorded gain on fair value of investment properties amounting to ₱225.50 million, ₱558.62 million and ₱260.93 million in 2021, 2020 and 2019, 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, 2021 and 2020. Cuervo Appraisers, Inc. is an industry specialist in valuing these types of investment properties.

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	
			2021	2020
Land and Buildings	DCF	Discount rates for similar lease contracts, market rent levels, expected vacancy and expected maintenance.	Discount rate - 11.13 % to 11.61% Market rent levels - ₱400 to ₱1,500/sqm per month Expected vacancy - 5% to 45%; Expected maintenance - 2% to 10% of gross revenue	Discount rate - 11.01 % to 11.44% Market rent levels - ₱400 to ₱1,500/sqm per month Expected vacancy - 5% to 58%; Expected maintenance - 2% to 10% of gross revenue

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

In 2021, 2020 and 2019, the Group recognized leasing revenue from the use of the said real properties amounting to ₱1,200.36 million, ₱795.03 million and ₱713.38 million, respectively, and incurred direct cost of leasing amounting to ₱352.04 million, ₱226.53 million and ₱217.45 million, respectively, in relation to these investment properties.

The carrying values of investment properties mortgaged for trust receipts payables and bank loans amounted to ₱5,507.65 and ₱3,931.34 as of December 31, 2021 and 2020, respectively (see Note 18).



12. Property and Equipment

The composition and movements of this account are as follows:

	2021								Total
	Office Equipment	Computer Equipment	Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Construction Equipment	Construction - in -Progress	Right-of-use Assets	
Cost									
At January 1	₱77,714,432	₱65,239,942	₱30,907,181	₱62,155,114	₱78,023,604	₱251,492,426	₱1,705,550,923	₱11,572,605	₱2,282,656,227
Additions	1,420,568	17,860,972	1,327,667	2,433,170	2,435,926	–	3,071,214	76,292,858	104,842,375
Disposals	(14,991,406)	(345,853)	–	–	–	–	(1,280,000)	–	(16,617,259)
At December 31	64,143,594	82,755,061	32,234,848	64,588,284	80,459,530	251,492,426	1,707,342,137	87,865,463	2,370,881,343
Accumulated Depreciation									
At January 1	52,130,244	41,391,311	28,524,273	53,174,139	67,044,938	251,492,426	–	5,304,110	499,061,441
Depreciation	6,997,835	13,049,194	3,254,319	4,626,318	4,708,128	–	–	27,819,739	60,455,533
Disposals	(4,157,650)	(314,150)	–	–	–	–	–	–	(4,471,800)
At December 31	54,970,429	54,126,355	31,778,592	57,800,457	71,753,066	251,492,426	–	33,123,849	555,045,174
Net Book Values at December 31	₱9,173,165	₱28,628,706	₱456,256	₱6,787,827	₱8,706,464	₱–	₱1,707,342,137	₱54,741,614	₱1,815,836,169
	2020								Total
	Office Equipment	Computer Equipment	Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Construction Equipment	Construction - in -Progress	Right-of-use Assets	
Cost									
At January 1	₱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
Additions	13,826,176	13,511,016	1,484,694	1,163,929	7,873,658	–	185,141,012	11,572,605	234,573,090
Disposals	–	(6,828)	(8,833,754)	(18,600,102)	–	–	–	(71,933,617)	(99,374,301)
At December 31	77,714,432	65,239,942	30,907,181	62,155,114	78,023,604	251,492,426	1,705,550,923	11,572,605	2,282,656,227
Accumulated Depreciation									
At January 1	41,572,868	30,798,416	33,637,542	66,423,374	60,814,069	251,491,859	–	14,596,999	499,335,127
Depreciation	10,557,376	10,599,723	3,352,321	4,295,012	6,230,869	567	–	18,849,731	53,885,599
Disposals	–	(6,828)	(8,465,590)	(17,544,247)	–	–	–	(28,142,620)	(54,159,285)
At December 31	52,130,244	41,391,311	28,524,273	53,174,139	67,044,938	251,492,426	–	5,304,110	499,061,441
Net Book Values at December 31	₱25,584,188	₱23,848,631	₱2,382,908	₱8,980,975	₱10,978,666	₱–	₱1,705,550,923	₱6,268,495	₱1,783,594,786



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 ₱36.79 million and ₱35.00 million as of December 31, 2021 and 2020, respectively.

The depreciation and amortization of property and equipment in 2021, 2020 and 2019 are recognized as follows:

	2021	2020	2019
General, administrative and selling expenses (see Note 22)	₱60,455,533	₱53,885,599	₱52,140,622

13. Other Assets

This account consists of:

	2021	2020
Current:		
Prepaid commissions	₱1,061,361,532	₱790,695,547
Creditable withholding taxes	364,769,290	524,400,246
Input taxes	389,040,814	389,829,714
Prepaid expenses	20,166,817	29,264,331
Others	60,123,867	75,704,474
	₱1,895,462,320	₱1,809,894,312
Noncurrent:		
Prepaid commissions	₱362,839,010	₱635,616,658
Advances to land-owners	669,234,205	669,234,205
Input taxes	68,380,114	157,363,969
Rental deposits (Note 29)	110,415,828	132,394,312
Creditable withholding taxes	364,473,855	33,899,349
Intangible assets	49,769,338	34,438,719
Deferred financing costs	13,825,625	13,825,625
Others	17,637,444	23,150,160
	₱1,656,575,419	₱1,699,922,997

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 ₱679.79 million and ₱294.50 million as of December 31, 2021 and 2020, respectively (see Note 17).

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 2021 and 2020, the Group revisited its forecasted tax payable position as well as its output tax liability position and accordingly, reclassified a total of ₱364.47 million and ₱33.89 million in creditable withholding taxes, and ₱68.38 million and ₱157.36 million in input taxes, respectively, to noncurrent assets.

Advances to land-owners includes 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 29).

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 ₱7.12 million, ₱5.58 million and ₱5.41 million in 2021, 2020 and 2019, respectively (see Note 22). Additions to software amounted to ₱22.46 million and ₱5.35 million in 2021 and 2020, respectively.

Loss from change in fair value of a derivative amounted to ₱76.06 million in 2019. 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 18 and 25).

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. This was subsequently reclassified as a reduction in equity on the date the preferred shares were issued in 2020.

14. 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. Investment in bonds matured in January 2021.

In 2021, 2020, and 2019 interest income from investment in bonds amounted to nil, ₱25.85 million and ₱12.74 million, respectively (see Note 25).



15. Accounts and Other Payables

This account consists of:

	2021	2020
Accounts payable	₱3,115,244,079	₱3,613,781,270
Accrued expenses		
Commissions	245,992,063	376,817,470
Salaries	140,477,848	91,066,031
Taxes	95,862,039	91,208,470
Interest	95,157,313	265,843,307
Others	178,834,299	119,998,376
Customers' advances	944,663,230	430,120,778
Retention payable	288,623,847	318,563,249
Dividends payable	52,980,641	215,064,277
Other payables	93,264,930	69,177,749
	₱5,251,100,289	₱5,591,640,977

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.

16. 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, 2021 and 2020, carrying values of contract liabilities amounted to ₱3,048.61 million and ₱1,457.78 million, respectively.

The amount of revenue recognized from amounts included in contract liabilities at the beginning of the year amounted to ₱939.83 million and ₱1,403.26 million in 2021 and 2020, respectively.

17. 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. Outstanding balances at year-end are unsecured and noninterest-bearing. There have been no guarantees provided or received for any related party receivables or payables. Related party transactions are settled in cash.

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

	2021	2020	Amount of transaction	Terms and Conditions
Ultimate Parent	₱214,713,736	₱168,241,771	₱46,471,965	Noninterest bearing, due and demandable, unsecured, no impairment
Officers and stockholders	192,262,658	155,459,433	36,803,225	
Under common control				
CISI	88,799,649	110,553,812	(21,754,163)	
CGIC	50,982	24,958	26,024	
CRIT	24,193	–	24,193	
Entity managed by a related party				
CAC	17,709,269	17,709,269	–	
Centuria Pharma	13,402,347	12,433,619	968,728	
	₱526,962,834	₱464,422,862	₱62,539,972	

Due to Related Parties

	2021	2020	Amount of transaction	Terms and Conditions
Ultimate Parent	₱241,346,727	₱195,430,779	₱45,915,948	Noninterest bearing, due and demandable, unsecured
Officers and stockholders	76,012,007	74,575,243	1,436,764	
	₱317,358,734	₱270,006,022	₱47,352,712	



The related party transactions that are eliminated during consolidation follow:

Due from Related Parties

	2021	2020	Amount of transaction	Terms and Conditions
Parent Company				
CPGI	₱10,446,086,135	₱9,009,271,803	₱1,436,814,332	
Subsidiaries:				Noninterest bearing, due and demandable, unsecured, no impairment
CLC	522,170,492	1,034,644,203	(512,473,711)	
PPHI	71,478,085	132,513,010	(61,034,925)	
CCDC	3,396,543,208	5,014,132,364	(1,617,589,156)	
CCC	—	—	—	
CPMI	17,234,737	7,055,206	10,179,531	
	₱14,453,512,657	₱15,197,616,586	(₱744,103,929)	

Due to Related Parties

	2021	2020	Amount of transaction	Terms and Conditions
Parent Company				
CPGI	₱53,990,079	₱109,531,551	(₱55,541,472)	
Subsidiaries:				Noninterest bearing, due and demandable, unsecured
CLC	7,101,820,406	7,898,498,323	(796,677,917)	
PPHI	4,248,151	87,139,889	(82,891,738)	
CCDC	5,909,009,273	5,110,218,668	798,790,605	
CCC	1,132,671,380	1,705,870,977	(573,199,597)	
CPMI	1,987,315	32,699,663	(30,712,348)	
CDLC	249,786,053	253,657,515	(3,871,462)	
	₱14,453,512,657	₱15,197,616,586	(₱744,103,929)	

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, 2021 and 2020 amounted to ₱475.56 million and ₱294.50 million, respectively (see Note 13).



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 2021, 2020 and 2019 follow:

	2021	2020	2019
Short-term employee benefits	₱94,490,013	₱135,178,047	₱172,530,681
Post-employment benefits (see Note 27)	4,724,563	5,735,247	8,635,745
	₱99,214,576	₱140,913,294	₱181,166,426

18. Short-term and Long-term Debts

Short-term Debt

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

	2021			2020		
	Trust receipts	Bank loans	Total	Trust receipts	Bank loans	Total
Beginning balance	₱496,648,735	₱315,300,000	₱811,948,735	₱557,692,919	₱895,000,000	₱1,452,692,919
Availments	686,009,738	-	686,009,738	835,818,202	-	835,818,202
Repayments	(714,298,390)	(315,300,000)	(1,029,598,390)	(896,862,386)	(579,700,000)	(1,476,562,386)
Ending balance	₱468,360,083	₱-	₱468,360,083	₱496,648,735	₱315,300,000	₱811,948,735

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 average interest rates ranging from 5.75% to 6.25% and 5.75% to 8.75% in 2021 and 2020, 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.

On July 25, 2019, the Group availed of a peso-denominated 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 of ₱890.00 million of the total facility, with interest rate of 5.91%. In 2021 and 2020, repayments related to short-term PNs with CBC amounted to ₱315.30 million and ₱574.70 million, respectively.

In 2019, the Group renewed the short-term PN amounting to ₱5.00 million from BPI for the same terms and interest rates. In 2020, the Group fully paid its short-term PN with BPI.



Long-term Debt

As of December 31, 2021 and 2020, this account consists of:

	2021	2020
Long-term debt:		
Bank loans	₱8,943,661,794	₱10,495,477,996
Payable under CTS financing	2,891,444,012	4,351,402,524
Car loan financing	3,501,544	9,295,145
	11,838,607,350	14,856,175,665
Less current portion	5,467,828,327	5,447,303,305
Noncurrent portion	₱6,370,779,023	₱9,408,872,360

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

	2021			
	Bank Loans	CTS Financing	Car Loan Financing	Total
Principal:				
Balances at beginning of year	₱10,608,561,928	₱4,351,402,524	₱9,295,145	₱14,969,259,597
Addition	1,737,937,211	941,373,586	-	2,679,310,797
Payments	(3,314,770,506)	(2,401,332,098)	(5,793,601)	(5,721,896,205)
Balances at end of year	9,031,728,633	2,891,444,012	3,501,544	11,926,674,189
Deferred financing costs:				
Balances at beginning of year	113,083,932	-	-	113,083,932
Addition	22,743,202	-	-	22,743,202
Amortization	(47,760,295)	-	-	(47,760,295)
Balances at end of year	88,066,839	-	-	88,066,839
Carrying values	₱8,943,661,794	₱2,891,444,012	₱3,501,544	₱11,838,607,350

	2020			
	Bank Loans	CTS Financing	Car Loan Financing	Total
Principal:				
Balances at beginning of year	₱8,525,382,837	₱6,914,652,948	₱14,013,545	₱15,454,049,330
Addition	4,450,000,000	813,715,244	-	5,263,715,244
Payments	(2,366,820,909)	(3,376,965,668)	(4,718,400)	(5,748,504,977)
Balances at end of year	10,608,561,928	4,351,402,524	9,295,145	14,969,259,597
Deferred financing costs:				
Balances at beginning of year	111,332,382	-	-	111,332,382
Addition	86,445,789	-	-	86,445,789
Amortization	(84,694,239)	-	-	(84,694,239)
Balances at end of year	113,083,932	-	-	113,083,932
Carrying values	₱10,495,477,996	₱4,351,402,524	₱9,295,145	₱14,856,175,665

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.

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



In 2020 and 2019, the Group availed additional loan from DBP amounting to ₱450.00 million and ₱581.00 million, respectively, with interest ranging from 3.599% to 5.655% and 6.692% to 6.702% per annum, respectively. The principal amount which has maturities ranging from two (2) to four (4) years will be used to fund ongoing development of its projects and for additional working capital.

In 2020, repayments related to loans with DBP amounted to ₱671.50 million. In 2021, the Group paid the outstanding balance of the loan amounting to ₱1,065.00 million.

In 2018, the Group entered into an Omnibus Loan and Security Agreement with Amalgated Investment Bancorporation, for a two-year term-loan with a principal amount of up to ₱500.00 million. The loan facility bears interest of 7% per annum.

In 2019, the Group availed the remaining undrawn balance of its loan facility from Amalgated Investment Bancorporation (AIB) amounting to ₱148.90 million, which is payable in two years 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. The total principal amount of this loan amounting to ₱592.94 million will be payable in May and September 2022.

In 2019, the Group obtained a five-year term loan from UCPB amounting to ₱1,000.00 million, which is payable quarterly with interest of 8.42% per annum. As of December 31, 2021 and 2020, the outstanding balance of this loan amounted to ₱703.52 million and ₱899.63 million, respectively.

On September 17, 2019, the Group refinanced 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 2021 and 2020, principal repayments related to loans with BDO amounted to ₱420.00 million and ₱449.16 million, respectively. As of December 31, 2021 and 2020, the outstanding balance of the Group's loan on term loan amounted to ₱3,272.5 million and ₱3,692.5 million, respectively.

On November 12, 2015, the Group obtained a ₱2,200 million loan facility with BPI. The weighted average interest rate is 8.12%. The proceeds were used for the construction of Century Diamond Tower. Principal repayment will be in installments on each repayment date until its final maturity date. The repayment period will be from 2022 to 2028.

On August 2020, the Group made an early principal payment on the outstanding balance of the bank loans with BPI amounting ₱1,606.06 million. The early payment resulted to a loss on loan settlement amounting to ₱42.23 million recorded under "Interest and other financing charges".

In 2018, the Group obtained a term loan facility from China Banking Savings amounting to ₱500.00 million, with principal payments due quarterly with an interest of 6% per annum. In 2021, the Group paid the outstanding balance amounting to ₱425.18 million.

On July 10, 2020, the Group availed of a five-year term loan facility from China Banking Corporation amounting to ₱1,600.00 million, with principal payments due quarterly with an interest of 5.13% per annum. As of December 31, 2021 and 2020, the outstanding balance of this loan amounted ₱1,408.00 million and ₱1,568.00 million, respectively.



On August 24 and September 2, 2020, the Group entered into a two-year term loan agreement with CBC amounting to ₱1,400.00 million and ₱1,000.00 million, respectively. The loan has principal payments due quarterly with an interest of 4.85% per annum. As of December 31, 2021 and 2020, the outstanding balance of this loan amounted ₱2,206.67 million and ₱2,363.33 million, respectively.

In May 2021, the Group entered into a four-year loan agreement amounting to ₱450.00 million with a local bank to finance land development and house construction of its project. The loan bears interest of 4.65% per annum and payable on a quarterly basis amortization. First interest payment will be made on August 17, 2021. The principal is payable on a quarterly basis after a two-year grace period. As of December 31, 2021, the outstanding balance of the loan amounted to ₱376.11 million.

In July 2021, the Group availed another four-year loan agreement amounting to ₱470.00 million with BPI and purpose, which is, to finance land development and house construction of its project. The loan bears interest of 5.25% per annum and payable on a monthly basis amortization. First interest payment will be made on August 2021. The principal is payable on a quarterly basis to commence at the start of October 2022.

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 6.00% to 9.50% and 6.25% to 9.64% in 2021 and 2020, respectively.

Security and Debt Covenants

Certain bilateral, trust receipts, payables under CTS financing and bank loans have mortgaged real estate inventories and assigned ICRs wherein such assets can no longer be allowed to be separately used as collateral for another credit facility. These mortgaged real estate inventories and assigned ICR can no longer be used as collateral or surety in favor of banks for any additional loans granted to the Group. As of December 31, 2021 and 2020, the carrying values of these assets mortgaged for trust receipts, payables under CTS financing and bank loans are as follows:

	2021	2020
Real estate inventories (Note 7)	₱1,163,089,592	₱8,858,435,704
ICR (Note 6)	2,464,691,627	6,210,206,697
Investment properties (Note 11)	5,507,646,038	3,931,340,000

Certain bilateral loans have covenants to maintain a debt-to-equity ratio of not more than 2.0x and a debt service coverage ratio of at least 1.2x and current ratio of 1.5x. Debt includes note payables, short term and long-term debt. The bank loans have a covenant, specific to the projects it is financing, of having loan to security value of no more than 50% to 60%. 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. As of December 31, 2021 and 2020, the Company complied with the provisions of its debt covenants.



Under the term loan agreement with CBC, the Parent Company pledged its shares over CCDC II amounting to ₱1,900.00 million (see Note 21). The Pledged Shares include the following:

- the Acquisition Shares, including the Directors' Shares, and the After Acquired Shares and all the rights, title and interest of any kind or character therein, together with all accessory contracts in relation thereto;
- all rights, benefits, dividends, loss proceeds, indemnities, insurance payments, and other payments received by or due to the Security Grantor in lieu of, or inherent to, or in connection with, the Pledged Shares; and
- all Property of every nature and description whether now owned or hereafter acquired as proceeds for, in exchange for, in substitution of, or replacement of any of the Pledged Shares.

Borrowing Costs

Borrowing costs capitalized by the Company in 2021, 2020 and 2019 amounted to ₱194.73 million, ₱613.29 million and ₱946.29 million, respectively (see Notes 7 and 11).

Interest Expense

Interest expense for the notes payable, short term and long-term debt in 2021, 2020 and 2019 amounted to ₱386.31 million, ₱487.88 million and ₱452.39 million, respectively (see Note 26).

19. Liabilities 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:

	2021	2020
Current	₱67,200,000	₱67,200,000
Noncurrent	141,145,286	208,335,743

20. Bonds Payable

This account consists of the following:

	2021	2020
Principal:		
Three-year-bond	₱6,000,000,000	₱3,000,000,000
Seven-year bond	-	119,110,000
	6,000,000,000	3,119,110,000
Deferred financing cost:		
Balances at beginning of year	34,343,713	59,607,834
Addition	60,242,941	-
Amortization	(41,782,083)	(25,264,121)
Balances at end of year	52,804,571	34,343,713
Carrying value	5,947,195,429	3,084,766,287
Less: current portion	2,992,055,358	118,781,010
Noncurrent portion	₱2,955,140,071	₱2,965,985,277



On December 14, 2020, the Board approved the Parent Company's application of public offering of unsecured fixed-rate peso denominated retail bonds in amount of Two Billion Pesos (₱2,000,000,000) with an Oversubscription Option of up to One Billion Pesos (₱1,000,000,000).

On February 10, 2021, the Securities and Exchange Commission approved the Parent Company's application of public offering of unsecured fixed-rate peso denominated retail bonds in amount of Two Billion Pesos (₱2,000,000,000) with an Oversubscription Option of up to One Billion Pesos (₱1,000,000,000). On March 1, 2021, the Parent Company listed at the PDEX its three-year bonds, with interest rates of 4.8467% p.a.

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

On March 2020, the five-and-half year bond payable amounting to ₱1.39 billion was paid in full. As of December 31, 2021, the seven-year bond payable amounting to ₱119.11 million was paid in full.

Application for Public Offering of Retail Bonds

On December 17, 2021, the Board approved the Parent Company's application for the establishment of an up to Six Billion Pesos (₱6,000,000,000) Debt Securities program and, as initial tranche thereof, the public offering of five (5)-year unsecured fixed-rate peso denominated retail bonds in the amount of Two Billion Pesos (₱2,000,000,000) with an Oversubscription Option of up to One Billion Pesos (₱1,000,000,000) to be filed with the Securities and Exchange Commission.

Borrowing Costs Capitalized

Borrowing cost capitalized amounted to ₱115.46 million in 2019 (see Notes 7, 11 and 12). There are no borrowing cost capitalized in 2021 and 2020.

Interest Expense and Other Finance Charges

Interest and other financing charges from bonds payable in 2021, 2020 and 2019 amounted to ₱404.00 million, ₱291.48 million and ₱289.74 million, respectively (see Note 26).

21. **Equity**

Earnings per share

Basic earnings per share amounts attributable to equity holders of the Parent Company in 2021, 2020 and 2019 are as follows:

	2021	2020	2019
Net income attributable to the owners of the Parent Company	₱950,750,431	₱795,555,466	₱1,281,748,829
Dividends declared to preferred shares	50,382,750	352,679,250	—
	900,367,681	442,876,216	1,281,748,829
Weighted average number of shares	11,599,600,690	11,599,600,690	11,599,600,690
Basic earnings per share	₱0.08	₱0.04	₱0.11



Earnings per share are calculated using the consolidated net income attributable to the equity holders of Parent Company less dividend declared to preferred shares divided by the weighted average number of shares. The Group has no potentially dilutive ordinary shares as of December 31, 2021, 2020 and 2019.

Common shares

The Group's authorized capital stock and issued and subscribed shares amounted to 18,000.00 million shares and 11,699.72 million shares, respectively as of December 31, 2021 and 2020. There are no movements in the Group's authorized, issued and subscribed shares in 2021, 2020 and 2019.

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, 2021 and 2020, the Parent Company had 497 and 498 stockholders, respectively, 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.

Preferred stock

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

The 30,000,000 preferred stock with a par value of ₱0.53 were fully subscribed totaling ₱15.90 million. Additional paid-in capital from preferred stock amounted ₱2,984.10 million and issuance cost totaled ₱99.06 million resulting in a net additional paid-in capital ₱2,885.03 million. Total cash received from issuance of preferred shares amounted to ₱2,910.77 million

Deposits from stockholders presented as "Deposit for future stock subscription" in the consolidated statement of financial position received by the Parent Company in 2019 amounting to ₱42.48 million were applied as payment for the issuance of shares of stock in 2020.



The rollforward of preferred stock of the Parent Company as of December 31 is as follows:

	2021	2020
Authorized preferred stock, ₱0.53 par value	3,000,000,000	3,000,000,000
Issued preferred stock:		
Balance at beginning of year	30,000,000	–
Issued during the year	–	30,000,000
Balance at end of year	30,000,000	30,000,000

There is no movement of preferred stock in 2021.

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, 2021 and 2020, 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 ₱9,814.34 million and ₱9,028.47 million as of December 31, 2021 and 2020, respectively.

The subsidiaries' retained earnings available for dividend declaration, after reconciling items, amounted to ₱5,672.06 million and ₱5,074.82 million as of December 31, 2021 and 2020, respectively. Reconciling items include non-cash income from accumulated gains from fair value of investment property amounting ₱4,032.61 million and ₱3,844.46 million, as of December 31, 2021 and 2020, respectively (see Note 11).

Retained earnings are further restricted for the payment of dividends to the extent of the cost of treasury shares.

These amounts are not available for dividend declaration until these are declared by the subsidiaries.

Cash dividend declaration

On July 21, 2021, the BOD approved the declaration of ₱0.0050 per share cash amounting to ₱114.92 million for the common shares for distribution to the stockholders of the Parent Company of record as of August 6, 2021 with payment date on August 18, 2021, and of record as of October 7, 2021 with payment date on October 18, 2021. On December 31, 2021, all dividends declared were paid.

On November 29, 2021, the BOD approved the declaration of cash dividends for the preferred shares with dividend rate of 6.7177% amounting to ₱50.38 million for shares of record January 5, 2022 with payment date on January 10, 2022. As of December 31, 2021, the dividends declared remained unpaid.



On December 22, 2020, the BOD approved the declaration of cash dividends for the preferred shares with dividend rate of 6.7177% amounting to ₱201.53 million for shares of record January 5, 2021 with payment date on January 11, 2021, shares of record date April 6, 2021 with payment date on April 12, 2021, shares of record date July 6, 2021 with payment date on July 12, 2021 and shares of record date October 6, 2021 with payment date on October 11, 2021.

On August 26, 2020, the BOD approved the declaration of ₱0.0063 per share cash amounting to ₱147.85 million for the common stock for distribution to the stockholders of the Parent Company of record September 10, 2020 and November 6, 2020. On September 18, 2020 and November 18, 2020, dividends amounting to ₱146.03 million were paid.

On July 1, 2020, the BOD approved the declaration of cash dividends for the preferred shares with dividend rate of 6.7177% amounting to ₱100.77 million for shares of record July 8, 2020 with payment date on July 10, 2020, and of record date October 6, 2020 with payment date on October 12, 2020.

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

Total unpaid dividends amounted to ₱52.98 million and ₱215.06 million in 2021 and 2020, respectively (see Note 15).

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, 2021 and 2020. This also includes the remeasurement loss on equity instruments at FVOCI amounting to ₱5.45 million and ₱5.25 million as of December 31, 2021 and 2020.

Non-controlling interest

On September 21, 2021, TP2 approved the declaration of ₱1,142.86 per share cash dividends amounting to ₱400.00 million. This resulted to a decrease in non-controlling interest amounting to ₱160.00 million. The dividends were paid on September 30, 2021.

On March 26, 2021, PPHI approved the declaration of ₱223.10 per share cash dividends to its Preferred A shareholders amounting to ₱80.65 million. The dividends were paid on May 26, 2021. The Parent Company holds the Preferred A shares, thus, was eliminated in the consolidated financial statements.

In 2021, PPHI issued additional 400 million common shares with a par value of ₱1.00 and 0.10 million preferred shares with ₱1,000.00 par value to MC, which resulted into an aggregate increase in the non-controlling interest amounting to ₱200.00 million.

On August 24, 2020, CPGI has completed the acquisition of 40% of the total outstanding shares or 511,561,143 common shares of FMT Kalayaan Inc. ("FMTK") in one of its subsidiaries Century City Development II Corporation. The acquisition price is ₱1,900,000,000.00, or ₱3.71 per share, paid in cash on August 24, 2020. A Deed of Absolute Sale was executed by FMTK in favor of CPGI. The difference in the acquisition price and the value of the NCI as of August 24, 2020 amounting to ₱782.24 million was charged against the Group's equity reserve.



On September 15, 2020, TP1 approved the declaration of ₱546.63 per share cash dividends amounting to ₱240.00 million. This resulted to a decrease in non-controlling interest amounting to ₱96.00 million. The dividends were paid in October 2020.

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 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.



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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Current assets	₱597.20	₱514.70	₱716.25	₱846.26	₱543.10	₱359.88	₱526.03	₱750.34	₱7,210.89	₱3,978.44
Noncurrent assets	1.43	3.13	1.12	7.24	1.32	5.51	5,493.90	5,387.32	68.40	46.87
Current liabilities	(177.57)	(160.00)	(305.30)	(345.00)	(323.00)	(276.00)	(651.93)	(789.00)	(3,218.97)	(1,768.00)
Noncurrent liabilities	(36.82)	(12.06)	(105.33)	(12.58)	(48.38)	–	(2,320.11)	(2,461.84)	(938.73)	(18.89)
Total equity	₱384.24	₱345.77	₱306.74	₱495.92	₱173.04	₱89.39	₱3,047.89	₱2,886.82	₱3,121.59	₱2,238.42
Attributable to:										
Equity holders of the Parent										
Company	₱226.44	₱203.26	₱186.09	₱299.60	₱105.17	₱55.07	₱3,047.89	₱2,886.82	₱1,840.03	₱1,342.24
Non-controlling interest	157.79	142.51	120.65	196.32	67.87	34.32	–	–	1,281.56	896.18
Total equity	₱384.23	₱345.77	₱306.74	₱495.92	₱173.04	₱89.39	₱3,047.89	₱2,886.82	₱3,121.59	₱2,238.42

Summarized statements of comprehensive income (in millions):

	TPI I		TPI II		TPI III		CCDC II		PPHI	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue	₱41.20	₱52.32	₱502.98	₱443.81	₱295.81	₱162.28	₱676.27	₱336.59	₱3,068.05	₱1,606.10
Cost of real estate sales and services	(4.05)	(3.08)	(232.58)	(263.40)	(182.06)	(82.07)	(159.10)	(71.82)	(1,660.34)	(827.45)
General and administrative expenses	(12.45)	(34.43)	(71.01)	(72.14)	(39.24)	(35.78)	(44.48)	(68.44)	(922.74)	(569.23)
Operating income (loss)	24.70	14.81	199.39	108.27	74.51	44.43	472.69	196.33	484.97	209.42
Other income	18.46	6.54	16.98	7.08	12.88	0.09	121.35	631.99	16.15	23.16
Provision for income tax	(4.95)	(2.06)	(5.54)	(2.02)	(3.51)	(0.01)	(83.13)	(249.00)	(38.15)	(10.05)
Other Comprehensive Income	–	–	–	–	–	–	–	–	0.49	(0.92)
Total comprehensive income	₱38.21	₱19.29	₱210.83	₱113.33	₱83.88	₱44.51	₱510.91	₱579.32	₱463.46	₱221.61



	TPI I		TPI II		TPI III		CCDC II		PPHI	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Total comprehensive income attributable to:										
Equity holders of the Parent Company	₱22.93	₱11.57	₱126.50	₱68.00	₱50.33	₱26.71	₱510.91	₱384.95	₱278.08	₱133.97
Non-controlling interests	15.28	7.72	84.33	45.33	33.35	17.8	–	194.38	185.38	88.64
	₱38.21	₱19.29	₱210.83	₱113.33	₱83.68	₱44.51	₱510.91	₱579.33	₱463.46	₱222.61

Summarized cash flows information (in millions):

	TPI I		TPI II		TPI III		CCDC II		PPHI	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Operating	₱102.91	₱40.92	₱222.68	₱59.53	₱139.62	₱2.79	₱–	₱548.69	(₱711.73)	(₱344.17)
Investing	–	–	–	–	–	–	–	(730.07)	(20.69)	(25.07)
Financing	84.64	(101.30)	(253.24)	(105.30)	(38.59)	1.10	–	(220.52)	1,329.74	(60.66)



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, 2021 and 2020 (see Note 18).

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 ₱21,446.20 million and ₱20,660.80 million as of December 31, 2021 and 2020, respectively.

No changes were made in the objectives, policies or processes for managing capital in 2021 and 2020.

22. General, Administrative and Selling Expenses

This account consists of:

	2021	2020	2019
Commission	₱924,998,420	₱838,230,807	₱1,073,736,547
Salaries, wages and employee benefits (Note 23)	614,621,880	673,729,980	734,098,003
Marketing and promotions	245,220,749	447,335,070	603,383,309
Taxes and licenses	164,630,953	325,487,131	202,501,561
Professional fees	80,609,304	74,976,338	116,454,983
Depreciation and amortization (Notes 12 and 13)	67,580,015	59,467,026	57,545,711
Utilities	15,876,394	57,996,893	18,367,414
Repairs and maintenance	6,579,135	55,283,417	62,074,477
Outside services	99,797,650	47,783,997	43,335,986
Supplies	39,167,645	29,883,987	21,110,823
Rent	77,059,448	26,343,133	22,412,548
Representation expenses	81,764,952	25,964,987	93,552,363
Communication	18,035,120	11,827,687	15,702,014
Transportation and travel	13,993,785	7,115,365	17,056,463
Miscellaneous	242,969,618	182,287,881	154,485,859
	₱2,692,905,068	₱2,863,713,699	₱3,235,818,061

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



23. Personnel Cost

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

	2021	2020	2019
General, administrative and selling expenses (Note 22)	₱614,621,880	₱673,729,980	₱731,772,223
Cost of services	272,728,398	285,985,555	295,241,150
	₱887,350,278	₱959,715,535	₱1,027,013,373

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

	2021	2020	2019
Salaries and wages	₱719,613,208	₱765,421,425	₱712,558,986
Retirement expense (Note 27)	50,112,456	53,846,232	40,927,863
Other employee benefits	117,624,614	140,447,878	273,526,524
	₱887,350,278	₱959,715,535	₱1,027,013,373

24. 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 ₱400.01 million, ₱389.72 million and ₱412.15 million in 2021, 2020 and 2019, respectively (see Note 31). Direct cost of services incurred amounted to ₱272.73 million, ₱285.99 million and ₱295.24 million in 2021, 2020 and 2019, respectively, in relation to property management.

25. Interest Income and Others

This account consists of:

	2021	2020	2019
Income from forfeited collections	₱143,758,491	₱329,453,236	₱335,707,714
Interest income from deposits and short-term investments (Notes 4 and 5)	40,202,395	69,047,970	99,287,587
Interest income from investment in bonds (Note 14)	–	25,854,063	12,737,888
Foreign exchange gains	276,654	–	–
Gain (loss) on sale of investment property (Note 11)	(34,128,752)	(12,978,992)	3,521,396
Loss on pre-termination of derivative (Note 13)	–	–	(39,735,974)
Other income	247,441,365	156,691,892	161,844,867
	₱397,550,153	₱568,068,169	₱573,363,478



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.

26. Interest and Other Financing Charges

Details of this account follow (see Notes 18, 20 and 29):

	2021	2020	2019
Interest expense from:			
Bonds payable	₱404,004,678	291,481,126	₱289,744,311
Short-term and long-term debts	386,312,590	487,881,213	452,386,403
Lease liabilities	4,829,999	4,659,965	5,477,704
Other financing charges	99,444,808	163,486,863	189,079,793
	₱894,592,075	₱947,509,167	₱936,688,211

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

27. 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 Retirement Pay Law*. 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):

	2021	2020	2019
Current service cost	₱35,256,299	₱37,426,041	₱21,593,153
Net interest cost on benefit obligation	14,856,157	16,420,191	19,334,710
Retirement expense	₱50,112,456	₱53,846,232	₱40,927,863



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, 2021 and 2020:

	2021	2020
FVPA:		
Balance at January 1	₱7,155,877	₱6,733,686
Interest income	283,373	345,361
Remeasurement gain (loss) from changes in financial assumptions	(222,155)	76,830
Balance at December 31	7,217,095	7,155,877
PVRO:		
Balance at January 1	380,141,084	314,135,764
Current service cost	35,256,299	23,978,421
Interest cost	15,139,530	25,249,263
Past service costs	-	4,964,089
Benefits paid	(31,313,494)	(43,089,171)
Actuarial loss (gain) from changes in:		
Financial assumptions	(26,015,405)	64,170,906
Experience and demographic assumptions	(86,360,971)	(9,268,189)
Balance at December 31	286,847,043	380,141,083
Net liability arising from retirement obligation	₱279,629,948	₱372,985,206

The plan assets as of December 31, 2021 and 2020 pertain solely to bank deposits. The Group does not expect to contribute to its retirement fund in 2022.

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 all other assumptions were held constant.

	December 31, 2021	
	Increase (decrease)	Effect on DBO
Discount rate	1.0%	(₱30,058,690)
Discount rate	(1.0%)	36,150,340
Rate of salary increase	1.0%	35,650,737
Rate of salary increase	(1.0%)	(30,229,762)
	December 31, 2020	
	Increase (decrease)	Effect on DBO
Discount rate	1.0%	(₱42,256,637)
Discount rate	(1.0%)	51,070,165
Rate of salary increase	1.0%	49,714,093
Rate of salary increase	(1.0%)	(42,043,649)

The assumptions used to determine pension benefits for the Group in 2021 and 2020 are as follows:

	2021	2020
Discount rate	5.11%-5.22%	3.92%-4.19%
Salary increase rate	3.50%-6.00%	3.50%-6.00%



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

Year ending	Amount
December 31, 2022	₱57,467,636
December 31, 2023	2,705,353
December 31, 2024	7,832,341
December 31, 2025	9,344,272
December 31, 2026	8,997,087
December 31, 2027 through December 31, 2031	111,861,440

28. Income Taxes

The provision for income tax consists of:

	2021	2020	2019
Current:			
RCIT/MCIT	₱57,320,573	₱171,229,503	₱345,148,121
Final	4,799,436	17,792,996	22,405,095
	62,120,009	189,022,499	367,553,216
Deferred	(271,819,873)	226,348,233	210,009,532
	(₱209,699,864)	₱415,370,732	₱577,562,748

Current tax

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

Income tax includes RCIT at the rate of 25% in 2021 and 30% in 2020 and 2019. MCIT is at the rate of 1% in 2021 and 2% in 2020 and 2019, and final taxes paid is 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:

	2021	2020
Recognized in the consolidated statements of comprehensive income:		
Deferred tax assets on:		
NOLCO	₱63,215,082	₱37,079,649
Accrued retirement costs	45,331,120	59,605,673
MCIT	30,106,804	35,047,411
Advance rentals	15,002,119	81,745,139
Provisions for impairment losses	2,072,013	3,416,967
	155,727,138	216,894,839
Deferred tax liabilities on:		
Effect of difference in accounting and tax base on real estate sales (see Note 2)	(1,151,291,921)	(1,475,894,783)
Fair value gains on investment properties	(1,008,152,118)	(1,153,336,605)
Prepaid commissions	(332,292,239)	(262,438,865)
Effect of difference in accounting and tax base on investment properties	(262,649,124)	(182,261,431)

(Forward)



	2021	2020
Unamortized deferred financing costs	(₱38,578,149)	(₱44,228,294)
Others	(8,482,013)	(16,273,160)
	(2,801,445,564)	(3,134,433,138)
Recognized directly in equity:		
Deferred tax asset on re-measurement loss on retirement obligation	24,576,367	52,289,889
	(₱2,621,142,059)	(₱2,865,248,410)

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

	2021	2020
Deferred tax assets - net	₱26,764,445	₱86,280,221
Deferred tax liabilities - net	2,647,906,504	2,951,528,631

As of December 31, 2021, carryover NOLCO that can be claimed as deduction from future taxable income is as follows:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2018	₱43,234,045	(₱43,234,045)	₱-	2021
2019	238,937,496	(89,311,497)	149,625,999	2022
2020	470,848,536	-	470,848,536	2025
2021	727,674,762	-	727,674,762	2026
	₱1,480,694,839	(₱132,545,542)	₱1,348,149,297	

As of December 31, 2021, MCIT that can be used as deductions against income tax liabilities are as follows:

Year	Amount	Used/Expired	Balance	Expiry Year
2018	₱34,378	(₱34,378)	₱-	2021
2019	2,840,330	(2,840,330)	-	2022
2020	34,676,659	(18,607,237)	16,069,422	2025
2021	20,567,503	-	20,567,503	2026
	₱58,118,870	(₱21,481,945)	₱36,636,925	

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 deferred tax assets on NOLCO and MCIT amounted to ₱273.82 million and ₱6.53 million, respectively, as of December 31, 2021 and ₱188.83 million and ₱2.50 million, respectively, as of December 31, 2020.



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:

	2021	2020	2019
Provision for income tax computed at statutory rate	₱264,851,571	₱469,381,430	₱616,809,884
Adjustments for:			
Expired NOLCO	–	50,724,201	7,821,922
Change in unrecognized deferred tax assets	200,807,087	59,284,238	120,934,999
Final tax	4,799,435	17,735,542	22,405,095
Expired MCIT	21,481,945	5,314,166	14,418,987
Income under income tax holiday	(612,468,294)	(110,002,111)	(268,591,541)
Non-taxable interest and other income	(113,292,318)	(110,363,544)	(97,415,017)
Nondeductible interest and other expenses	489,979,641	33,296,810	161,178,419
Adjustment from CREATE law	(465,858,931)	–	–
Provision for income tax	(₱209,699,864)	₱415,370,732	₱577,562,748

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill

On March 26, 2021, the CREATE Bill was signed into law by the Philippine President. General provisions of the CREATE bill include the following:

- Domestic corporations with total assets of 100.00 million and below
 - With taxable income of 5.00 million and below - 20% RCIT
 - With taxable income of more than 5.00 million - 25% RCIT
- Domestic corporations with total assets of more than 100.00 million - 25% RCIT
- Reduction of MCIT from 2% to 1% for a period of three years (effective July 1, 2020 until June 30, 2023).

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Group would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

- Based on the provisions of Revenue Regulations (RR) No. 5 – 2021 dated April 8, 2021 issued by the BIR, the prorated CIT and MCIT rates of the Group for CY2020 is 27.5% and 1.5%, respectively. This would have resulted in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as of December 31, 2020, amounting to ₱153.63 million and ₱26.11 million, respectively, or a reduction of ₱35.39 million and ₱35.39 million, respectively. However, for financial reporting purposes, the changes were only be recognized in the 2021 consolidated financial statements.



- This would have resulted in lower deferred tax assets and liabilities as of December 31, 2020 and provision for deferred tax for the year then ended by ₱465.86 million and ₱44.58 million, respectively. These reductions were only recognized in the 2021 consolidated financial statements.

In 2021, the reduction in RCIT and MCIT rates from 30% to 25% and 2% to 1%, respectively has reduced the current tax expense of the Group by ₱27.92 million. Also, the reduction in rates decreased deferred tax expense by ₱55.65 million in 2021.

29. 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, 2021 and 2020, the Group has rental deposits pertaining to these lease contracts amounting to ₱110.42 million and ₱132.39 million, respectively (see Note 13).

The rollforward of lease liability is as follows:

	December 31, 2021	December 31, 2020
Balance at beginning of year	₱4,525,606	₱61,178,004
Additions	76,292,858	10,027,785
Accretion for the year (Note 26)	4,829,999	4,659,965
Payments	(28,508,499)	(21,750,839)
Termination	–	(49,589,309)
Balance at end of year	57,139,963	4,525,606
Less current portion	25,543,296	4,525,606
Noncurrent portion	₱31,596,668	₱–

Proceeds from refund of rental deposits amounted to nil, ₱20.00 million and ₱7.18 million in 2021, 2020 and 2019, respectively.

Payments for principal and interest on lease liability are presented under financing activities while payments for interest on lease liability are presented under operating activities. The Group has paid ₱23.68 million, ₱17.09 million and ₱10.76 million related to principal portion of lease liabilities in 2021, 2020 and 2019, respectively. Total interest on lease liabilities paid amounted to ₱4.83 million, ₱4.66 million and ₱5.48 million in 2021, 2020 and 2019, respectively.



The following are the amounts recognized in consolidated statements of comprehensive income:

	2021	2020	2019
Depreciation expense of right-of-use assets included in property and equipment	₱27,819,739	₱18,849,731	₱14,596,999
Interest expense on lease liabilities	4,829,999	4,659,965	5,477,704
Expenses relating to short-term leases (included in general, selling and administrative expenses) (Note 22)	77,059,448	26,343,133	22,412,548
Gain on pre-termination of lease contracts	-	(5,798,312)	-
Leasing revenues	1,200,366,601	795,034,245	713,381,592
Total amount recognized in the consolidated statements of comprehensive income	₱1,310,075,787	₱839,088,762	₱755,868,843

The movements of ROU assets during 2021 and 2020 are as follows:

	2021	2020
Balance at beginning of year	₱6,268,495	₱57,336,618
Additions (Note 12)	76,292,858	11,572,605
Termination	-	(43,790,997)
Amortization expense (Note 12)	(27,819,739)	(18,849,731)
Balance at end of year	₱54,741,614	₱6,268,495

Shown below is the maturity analysis of the future undiscounted lease payments as of December 31, 2021 and 2020:

	2021	2020
Within one year	₱24,974,930	₱4,609,939
After one year but not more than three years	42,310,892	-

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 ₱1,200.36 million, ₱795.03 million and ₱713.38 million in 2021, 2020 and 2019, respectively.

The Group received security deposits and advance rentals amounting to ₱109.55 million and ₱352.67 million classified as “Other current liabilities” and ₱876.28 million and ₱694.46 million “Other noncurrent liabilities” as of December 31, 2021 and 2020, respectively for its lease contracts from its project.

Future minimum rentals receivable under operating leases are as follows:

	2021	2020
Within one year	₱1,097,511,888	₱330,302,531
After one year but not more than three years	3,457,162,448	2,226,552,046



30. 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, 2021		December 31, 2020	
	Carrying Value	Fair value	Carrying Value	Fair Value
Financial assets				
ICR	₱8,449,607,463	₱8,450,753,265	₱10,447,472,507	₱10,664,466,511
Rental deposits	110,415,828	123,647,709	132,394,312	135,144,142
Investment in bonds	–	–	463,750,000	463,750,000
	₱8,560,023,291	₱8,574,400,974	₱11,043,616,819	₱11,263,360,653
Financial liabilities				
Long-term debt	₱11,838,607,350	₱11,926,674,189	₱14,856,175,665	₱14,961,379,531
Bonds payable	5,947,195,429	6,000,000,000	3,084,766,287	3,172,154,215
Liability from purchased land	208,345,286	213,552,918	310,364,351	316,810,619
Security deposits	744,722,927	763,320,500	945,111,754	964,741,725
	₱18,738,870,992	₱18,903,547,607	₱19,196,418,057	₱19,415,086,090

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, 2021 and 2020.

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 4.5% to 5.02% 4.29% to 5.07% were used in calculating the fair value of the Group's rental deposits as of December 31, 2021 and 2020, respectively. The discount rate used for the investment in bonds is 1.71% as of December 31, 2020.

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 1.65% to 2.67% and 1.12% to 1.71% as of December 31, 2021 and 2020, respectively. The discount rates used for the bonds payable ranged from 4.19% to 4.63% and 4.95% to 5.00% as of December 31, 2020 and 2019, respectively. The discount rates used for the liability from purchased land ranged from 1.65% to 2.67% and 1.12% to 1.71% as of December 31, 2021 and 2020, respectively. The discount rates



used for refundable deposits ranged from 4.97% to 5.04% as of December 31, 2021. The discount rates used for the lease liabilities ranged from 1.65% to 2.67% and 1.12% to 1.71% as of December 31, 2021 and 2020, respectively.

In 2021 and 2020, the Group did not have transfers between Level 1 and Level 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 Group 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, 2021 and 2020 is equal to the carrying values of its financial assets with an aggregate amount of ₱6,200.41 million and ₱11,723.59 million, which excludes cash on hand amounting to ₱1.23 million and ₱2.47 million respectively, and ICRs with carrying values of ₱8,449.61 million and ₱10,477.47 million, respectively, and fair value of collateral amounting to ₱2,464.69 million and ₱6,210.21 million, respectively.



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

Cash and cash equivalents, 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. 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:

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, 2021		Total
	Within 1 Year	More than 1 year	
Financial assets			
Cash and cash equivalents	₱3,693,074,161	₱-	₱3,693,074,161
Short-term deposits	1,032,513,990	-	1,032,513,990
Receivables*	8,922,286,991	-	8,922,286,991
Due from related parties	526,962,834	-	526,962,834
Rental deposits	-	110,415,828	110,415,828
	₱14,174,837,976	₱110,415,828	₱14,285,253,804
Financial liabilities			
Accounts and other payables**	₱4,210,575,020	₱-	₱4,210,575,020
Due to related parties	317,358,734	-	317,358,734
Short-term debt	468,360,083	-	468,360,083
Liability from purchased land	67,200,000	141,145,286	208,345,286
Long-term debt:			
Principal	5,467,828,327	6,458,845,862	11,926,674,189
Interest	-	88,066,839	88,066,839
Bonds payable:			
Principal	2,992,055,358	3,007,944,642	6,000,000,000
Interest	-	52,804,571	52,804,571
Lease liabilities	25,543,296	31,596,667	57,139,963
Security deposits	250,645,280	494,077,647	744,722,927
	₱13,799,566,098	₱10,274,481,514	₱24,074,047,612

* Excluding other receivables from employees amounting to ₱372.84 million as of December 31, 2021.

** Excluding customers' advances and statutory liabilities amounting to ₱944.66 million and ₱95.86 million, respectively, as of December 31, 2021.



	December 31, 2020		Total
	Within 1 Year	More than 1 year	
Financial assets			
Cash and cash equivalents	₱2,473,555,750	₱–	₱2,473,555,750
Short-term deposits	285,241,756	–	285,241,756
Receivables*	14,534,369,287	124,776,589	14,659,145,876
Due from related parties	464,422,862	–	464,422,862
Rental deposits	–	132,394,312	132,394,312
Investment in bonds	463,750,000	–	463,750,000
	₱18,221,339,655	₱257,170,901	₱18,478,510,556
Financial liabilities			
Accounts and other payables**	₱5,070,311,732	₱–	₱5,070,311,732
Due to related parties	270,006,022	–	270,006,022
Short-term debt	811,948,735	–	811,948,735
Liability from purchased land	67,200,000	208,335,743	275,535,743
Long-term debt:			
Principal	5,505,137,842	9,469,719,972	14,974,857,814
Interest	395,275,349	707,668,456	1,102,943,805
Bonds payable:			
Principal	119,110,000	3,000,000,000	3,119,110,000
Interest	240,840,657	117,304,500	358,145,157
Lease liabilities	4,609,939	–	4,609,939
Security deposits	250,645,280	694,466,474	945,111,754
	₱12,735,085,556	₱14,197,495,145	₱26,932,580,701

* Excluding other receivables from employees amounting to ₱372.27 million as of December 31, 2020.

** Excluding customers' advances and statutory liabilities amounting to ₱430.12 million and ₱91.21 million, respectively, as of December 31, 2020.

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, 2021 and December 31, 2020:

	December 31, 2021		December 31, 2020	
	Original Currency	Peso Equivalent	Original Currency	Peso Equivalent
Assets				
Cash and cash equivalents				
US Dollar	\$460,524	₱23,302,509	\$327,021	₱15,714,973
Euro	€6,686	379,453	€4,390	257,652
Net foreign currency denominated instruments				
		₱23,681,962		₱15,972,625

The spot exchange rates used were; ₱50.6_ to US\$1 and ₱56.75_ to €1 in 2021 ₱48.09 to US\$1 and ₱58.69 to €1 in 2020.

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.

	2021		2020	
	Increase (decrease) in foreign exchange rates	Effect on profit before tax	Increase (decrease) in foreign exchange rates	Effect on profit before tax
Dollar	5%	₱1,165,125	5%	₱785,749
	(5%)	(1,165,125)	(5%)	(785,749)
Euro	5%	18,972	5%	12,883
	(5%)	(18,972)	(5%)	(12,883)



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
2021	6.2-10.3 %	Monthly; Annually	₱8,459,883,685	₱9,325,919,094
2020	6.2-10.3 %	Monthly; Annually	4,790,613,689	9,896,905,464

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).

	2021		2020	
	Increase (decrease) in interest rates	Effect on profit before tax	Increase (decrease) in interest rates	Effect on profit before tax
Basis points	0.33% (0.33%)	(₱27,917,616) 27,917,616	0.33% (0.33%)	(₱16,303,146) 16,303,146

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

31. 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 an installment contract receivable or contract liability.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2021 and 2020 are as follows:

	2021	2020
Within one year	₱4,461,037,571	₱6,655,183,190
More than one year	1,736,196,084	3,203,070,219
	₱6,197,233,655	₱9,858,253,409

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	2021	2020	2019
Century City	Makati City	₱957,678,288	₱1,660,954,270	₱3,894,435,955
The Residences at Commonwealth	Quezon City	916,120,606	1,702,846,685	2,465,763,621
Azure Urban Resort Residences	Paranaque City	256,102,227	988,828,244	1,528,571,196
Acqua Private Residences	Mandaluyong City	200,961,843	261,152,819	1,182,514,118
The Resort Residences at Azure North	Pampanga City	1,357,553,038	1,650,674,821	1,534,977,998
Tanza Properties	Cavite	839,990,130	658,408,344	897,915,882
PHirst Park Homes	Cavite	-	1,606,098,551	844,062,390
PHirst Park Homes	Bulacan	488,248,023	-	-
PHirst Park Homes	Laguna	1,142,833,971	-	-
Batulao Landscapes	Batangas	1,504,913,527	302,822,070	323,057,116
Canyon Ranch	Cavite	-	650,833,837	14,088,803
		₱7,664,401,653	₱9,482,619,641	₱12,685,387,079

Property management and other service fees

The Group's disaggregation of each source of property management and other service fees are as follows:

Location	2021	2020	2019
Within Metro Manila	₱393,609,545	₱383,489,931	₱380,775,404
Outside Metro Manila	6,401,772	6,233,388	31,376,027
	₱400,011,317	₱389,723,319	₱412,151,431



32. 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, 2021				
	Real Estate Development	Property Management	Leasing	Adjustments and Elimination	Consolidated
Revenue	₱7,844,517,712	₱400,011,317	₱1,200,366,601	₱-	₱9,444,895,630
Costs and expenses					
Cost of real estate sales and services	4,808,420,850	272,728,398	352,043,445	-	5,433,192,693
General, administrative and selling expenses	2,433,141,793	85,234,957	242,058,512	(67,530,194)	2,692,905,068
Operating income	602,955,069	42,047,962	606,264,644	67,530,194	1,318,797,869
Other income (expenses)					
Interest and other income	777,312,014	-	237,125,618	(379,237,142)	635,200,490
Interest and other financing charges	(573,977,733)	(13,908)	(320,600,434)	-	(894,592,075)
Income before income tax	806,289,350	42,034,054	522,789,828	(311,706,948)	1,059,406,284
Provision for (benefit from) income tax	(193,021,840)	15,287,101	(11,718,677)	(20,246,448)	(209,699,864)
Net income	₱999,311,190	₱26,746,953	₱534,508,505	(₱291,460,500)	₱1,269,106,148

	As of December 31, 2021				
Segment assets	₱58,301,853,163	₱260,448,115	₱16,686,161,746	(₱20,768,717,921)	₱54,479,745,103
Deferred tax assets	-	15,317,377	-	11,447,068	26,764,445
Total Assets	₱58,301,853,163	₱275,765,492	₱16,686,161,746	(₱20,757,270,853)	₱54,506,509,548
Segment liabilities	₱30,158,319,381	₱216,275,707	₱10,447,703,676	(₱11,314,360,361)	₱29,507,938,403
Deferred tax liabilities	1,808,785,268	80,361	859,287,323	(20,246,448)	2,647,906,504
Total Liabilities	₱31,967,104,649	₱216,356,068	₱11,306,990,999	(₱11,334,606,809)	₱32,155,844,907

	For the Year Ended December 31, 2020				
	Real Estate Development	Property Management	Leasing	Adjustments and Elimination	Consolidated
Revenue	₱9,662,658,113	₱389,723,319	₱795,034,245	(₱11,670,985)	₱10,835,744,692
Costs and expenses					
Cost of real estate sales and services	6,108,919,705	285,985,555	226,533,530	(25,970,173)	6,595,468,617
General, administrative and selling expenses	2,591,025,651	93,819,746	246,398,496	(67,530,194)	2,863,713,699
Operating income	962,712,757	9,918,018	322,102,219	81,829,382	1,376,562,376
Other income (expenses)					
Interest and other income	1,302,662,925	10,806,244	827,524,492	(1,005,442,102)	1,135,551,559
Interest and other financing charges	(784,760,101)	(264,738)	(194,092,328)	31,608,000	(947,509,167)
Income before income tax	1,480,615,581	20,459,524	955,534,383	(892,004,720)	1,564,604,768
Provision for income tax	171,599,808	9,899,533	290,709,343	(56,837,952)	415,370,732
Net income	₱1,309,015,773	₱10,559,991	₱664,825,040	(₱835,166,768)	₱1,149,234,036



As of December 31, 2020					
Segment assets	₱60,737,259,653	₱276,131,172	₱17,189,180,306	(₱25,279,947,932)	₱52,922,623,199
Deferred tax assets	8,521,291	22,049,451	–	55,709,479	86,280,221
Total Assets	₱60,745,780,944	₱298,180,623	₱17,189,180,306	(₱25,224,238,453)	₱53,008,903,420
Segment liabilities	₱33,928,803,567	₱275,584,925	₱10,823,793,820	(₱16,102,081,183)	₱28,926,101,129
Deferred tax liabilities	2,187,251,755	80,362	809,242,114	(45,045,600)	2,951,528,631
Total Liabilities	₱36,116,055,322	₱275,665,287	₱11,633,035,934	(₱16,147,126,783)	₱31,877,629,760
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

33. Other Current and Noncurrent Liabilities

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.

Movements of issuances and cancellation of shares per Preferred Class are summarized in the table below.

Class of shares	Number of Shares				Total
	Preferred A shares	Preferred B shares	Preferred C shares	Preferred D shares	
Authorized shares	6,344	520	520	520	
Par value in ₱	10	100	1,000	10,000	
Issued and outstanding shares at					
December 31, 2015	1,430	234	–	234	1,898
Issuances during 2016	286	52	–	–	338
Cancellation of shares	–	–	–	(221)	(221)
Issued and outstanding shares at					
December 31, 2016	1,716	286	–	13	2,015
Issuances during 2017	4,498	200	91	26	4,815
Cancellation of shares	–	–	–	–	–

(Forward)



Class of shares	Number of Shares				Total
	Preferred A shares	Preferred B shares	Preferred C shares	Preferred D shares	
Issued and outstanding shares at December 31, 2017	6,214	486	91	39	6,830
Issuances during 2018	–	8	416	169	593
Cancellation of shares	(26)	–	–	–	(26)
Issued and outstanding shares at December 31, 2018	6,188	494	507	208	7,397
Issuances during 2019	–	–	–	–	–
Cancellation of shares	–	–	–	–	–
Issued and outstanding shares at December 31, 2019	6,188	494	507	208	7,397
Issuances during 2020	–	–	13	39	52
Cancellation of shares	(39)	(13)	–	–	(52)
Issued and outstanding shares at December 31, 2020	6,149	481	520	247	7,397
Issuances during 2021	–	–	–	–	–
Cancellation of shares	(520)	(52)	(39)	(104)	(715)
Number of shares at December 31, 2021	5,629	429	481	143	6,682

During 2016, there is additional issuances of 338 and cancellations of 221 shares

In 2017, there is additional issuances of 4,815 shares.

Consequently, in 2018, additional 593 shares were issued and 26 shares were cancelled.

In 2020, total of 52 additional issuances and cancellation of 52 shares.

In 2021, total of 715 shares were cancelled.

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:

<u>Class of Preferred Shares</u>	<u>Corresponding Attributable SQM</u>
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.

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.

Upon full payment and availability of the rooms and when the rights and benefits vest upon completion of the Project, these deposits will be reclassified to preferred shares and will be split between the equity and liability components. As of December 31, 2021 and 2020, 4,888 shares and 4,953 shares have been fully paid, respectively. The deposits, however, are retained as liabilities since the shareholder's 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 rooms. Currently, the facility is still under construction. Once the facility is complete and available for use, the Company will determine the liability and equity components of the said deposits and will classify accordingly. Completion is expected in 2022.

Total deposits for preferred shares subscriptions received presented under financial statement caption "Other noncurrent liabilities" amounted to ₱1,036.89 million and ₱1,092.10 million as of December 31, 2021 and December 31, 2020, respectively.

Deposit for Future Stock Subscription

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

In 2020, the increase in authorized capital stock was approved and 30,000,000 preferred shares with a par value of ₱0.53 were fully subscribed, thus the DFFS amounting the ₱42.48 million was reclassified to equity (see Note 24).

Advance Deposits and Refundable Deposits

Refundable deposits pertain to utilities and meter deposits, and security deposits collected from tenants which are refundable at the end of the lease contracts. The Group received refundable deposits and security deposits classified as "Other current liabilities" amounting to ₱107.38 million and ₱352.67 million "Other noncurrent liabilities" amounting to ₱741.34 million and ₱694.45 million as of December 31, 2021 and 2020, respectively.



Deferred Lease Income

Deferred lease income is amortized over the lease term on a straight-line basis and which amortization is recorded as part of “Leasing revenue” in the statements of comprehensive income. The carrying value of the deferred lease income presented under financial statement caption “Other noncurrent liabilities” amounted to ₱134.93 million and ₱214.26 million presented under financial statement caption “Other current liabilities” as of December 31, 2021 and 2020, respectively.

34. 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 recognized in 2021, 2020 and 2019 with respect to the foregoing matters.

35. Notes to Consolidated Statements of Cash Flows

Below are the noncash transactions not included in the adjustments for income before tax in the consolidated statements of cash flows for the years ended December 31, 2021, 2020 and 2019:

- a. Transfer from deposit for purchased land to real estate inventories amounting to ₱166.00 million in 2019 (see Notes 7 and 9).
- b. Transfer from real estate inventories to investment property amounting to ₱2.52 million in 2020 (see Notes 7 and 11).
- c. Other receivables amounting to ₱384.22 million converted to advances to land owners in 2020 (see Notes 6 and 13).
- d. Transfer from investment property to real estate inventories amounting to ₱191.13 million in 2019 (see Notes 7 and 11).
- e. Gain from change in fair value of investment properties amounting to ₱225.50 million, ₱558.62 million and ₱260.93 million in 2021, 2020 and 2019 respectively (Note 11).
- f. Net change in fair value of equity instruments at FVOCI recognized in other components of equity amounting to (₱0.04 million), (₱0.06 million) and ₱0.02 million and ₱0.01 million in 2021, 2020 and 2019, respectively.
- g. Amortization of deferred financing costs amounting to ₱89.54 million, ₱84.69 million and ₱90.48 million ₱89.34 million in 2021, 2020 and 2019, respectively (see Notes 18).
- h. Additions to right-of-use assets and increase in lease liabilities amounting ₱76.29 million, ₱11.57 million and ₱71.93 million in 2021, 2020 and 2019, respectively (see Note 12).



Changes in liabilities arising from financing activities

	2021						
	Beginning of the year	Cash flows	Deferred financing cost application	Amortization of discount	Dividend declaration	Other movements	End of the year
Short-term and long-term debts	₱15,668,124,400	(₱3,386,174,059)	(₱22,743,202)	₱47,760,295	₱-	₱-	₱12,306,967,433
Bonds payable	3,084,766,287	2,880,890,000	(60,242,941)	41,782,082	-	-	5,947,195,429
Non-controlling interest	1,271,816,572	40,000,000	-	-	-	318,355,717	1,630,172,289
Due to related parties	270,006,022	47,352,712	-	-	-	-	317,358,734
Dividends payable	215,064,276	(327,440,181)	-	-	165,356,545	-	52,980,640
Lease liabilities	4,525,606	(23,678,500)	-	-	-	76,292,857	57,139,963
Deferred financing costs	-	(82,986,143)	82,986,143	-	-	-	-
	₱20,514,303,163	(₱852,036,171)	₱-	₱89,542,377	₱165,356,545	₱394,648,574	₱20,311,814,490

	2020						
	Beginning of the year	Cash flows	Acquisition of NCI	Amortization of discount	Dividend declaration	Other movements	End of the year
Short-term and long-term debts	₱16,795,409,867	(₱1,211,979,706)	₱-	₱84,694,239	₱-	₱-	₱15,668,124,400
Bonds payable	4,453,032,166	(1,393,530,000)	-	25,264,121	-	-	3,084,766,287
Paid-in capital	8,840,595,694	2,910,771,277	-	-	-	(9,836,529)	11,741,530,442
Non-controlling interest	2,132,513,056	(96,000,000)	(1,117,761,580)	-	-	353,065,096	1,271,816,572
Deposits for future stock subscription	42,480,000	-	-	-	-	(42,480,000)	-
Other noncurrent liabilities	1,455,112,885	56,107,956	-	-	-	275,346,783	1,786,567,624
Due to related parties	171,191,762	126,452,736	-	-	-	(27,638,476)	270,006,022
Dividends payable	11,717,930	(297,179,924)	-	-	500,526,270	-	215,064,276
Lease liabilities	61,178,004	(17,090,874)	-	-	-	(39,561,524)	4,525,606
Other noncurrent assets	(1,513,772,396)	(13,825,625)	-	-	-	(172,324,976)	(1,699,922,997)
	₱32,449,458,968	₱63,725,840	(₱1,117,761,580)	₱109,958,360	₱500,526,270	₱336,570,374	₱32,342,478,232



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
Paid-in capital	8,840,595,694	-	-	-	-	-	-	-	8,840,595,694
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 future stock subscription	-	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
	₱30,099,394,424	₱1,670,479,510	₱71,933,617	(₱116,330,537)	₱111,632,128	₱137,919,252	₱418,119,692	₱56,310,882	₱32,449,458,968



36. Events After the Reporting Date

Public Offering of Retail Bonds

On February 11, 2022, the Securities and Exchange Commission approved the application of the Parent Company's Shelf Registration of Debt Securities in the aggregate amount of Six Billion Pesos (₱6,000,000,000) to be offered within a period of 3 years or such period as Securities and Exchange Commission may allow at an Issue Price of 100% of Face Value. The First Tranche of the Fixed Rate Retail Bonds is Two Billion Pesos (₱2,000,000,000) with an Oversubscription Option of up to One Billion Pesos (₱1,000,000,000) Five (5)-Year Fixed Retail Bonds due 2027.

On February 22, 2022, the Parent Company listed at the PDEX its five-year bonds, with interest rates of 5.7524%% p.a. The bonds are rated "AA" by Credit Rating and Investor Services Philippines Inc. (CRISP).

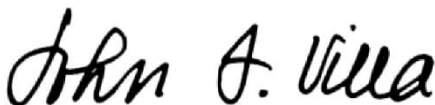


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, included in this Form 17-A, and have issued our report thereon dated April 12, 2022. 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 Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes 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, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.



John T. Villa

Partner

CPA Certificate No. 94065

Tax Identification No. 901-617-005

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 94065-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-076-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854384, January 3, 2022, Makati City

April 12, 2022



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, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated April 12, 2022. 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 (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements, 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 SEC, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



John T. Villa

Partner

CPA Certificate No. 94065

Tax Identification No. 901-617-005

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 94065-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-076-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854384, January 3, 2022, Makati City

April 12, 2022



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-subsiidiaries
L	Schedule of Preferred Shares Proceeds
M	Schedule of Bonds Proceeds

SCHEDULE A

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS

DECEMBER 31, 2021

	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received or accrued
Cash and cash equivalents	P-	P3,693,074,161	P28,689,057
Short-term investments		1,032,513,990	11,513,338
Receivables			
Trade receivables:			
ICR	-	8,449,607,463	180,116,059
Leasing receivables	-	351,493,631	-
Management fee	-	90,710,063	-
Advances to condominium corporations		30,766,235	-
Advances to customers	-	76,985,252	-
Other receivables	-	297,013,212	-
Due from related parties	-	526,962,834	-
Rental deposit	-	110,415,828	-
	P-	P14,659,542,669	P220,318,454

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, 2021

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	₱18,828,073	₱20,835,112	(₱13,792,517)	₱25,870,668	₱-	₱25,870,668

SCHEDULE C

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM
RELATED PARTIES WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2021

	Receivable Balance	Payable Balance	Current Portion
CPGI	₱10,446,086,135	(₱53,990,079)	₱10,392,096,056
CLC	522,170,492	(7,101,820,406)	(6,579,649,914)
PPHI	71,478,085	(4,248,151)	67,229,934
CCDC	3,396,543,208	(5,909,009,273)	(2,512,466,065)
CCC	–	(1,132,671,380)	(1,132,671,380)
CPMI	17,234,737	(1,987,315)	15,247,422
CDLC	–	(249,786,053)	(249,786,053)
Total Eliminated Receivables/Payables	₱14,453,512,657	(₱14,453,512,657)	₱–

SCHEDULE D

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF INTANGIBLE ASSETS - OTHER ASSETS

DECEMBER 31, 2021

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	31,414,430	22,455,101	(7,124,482)	-	-	46,745,049
	₱34,438,719	₱22,455,101	(₱7,124,482)	₱-	₱-	₱49,769,338

SCHEDULE E**CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES**

SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT

AND BONDS PAYABLE
DECEMBER 31, 2021

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	₱8,943,661,794	₱4,001,266,084	₱4,942,395,710
Payable under CTS financing	2,891,444,012	1,464,202,292	1,427,241,720
Chattel Mortgage	3,501,544	2,359,951	1,141,593
Bonds payable	5,947,195,429	2,992,055,358	2,955,140,071
	₱17,785,802,779	₱8,459,883,685	₱9,325,919,094

SCHEDULE F

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2021

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		

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF
OTHER ISSUERS
DECEMBER 31, 2021

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, 2021

Capital Stock						
Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common Stock*	18,000,000,000	11,599,600,690	–	–	11	–
Preferred Stock	3,000,000,000	30,000,000	–	–	–	–

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

SCHEDULE I

CENTURY PROPERTIES GROUP INC.

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
DECEMBER 31, 2021**

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	₱578,435,732
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Add: Net income (loss) actually earned/realized during the period

Net income (loss) during the period closed to Retained Earnings	(695,997,939)
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Less: Non-actual/unrealized income net of tax	
---	--

Equity in net income of associate/joint venture	-
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Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	-
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Unrealized actuarial gain	
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Fair value adjustment (M2M gains)	-
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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	-
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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	(695,997,939)
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Add (Less):

Dividend declarations during the period	(165,356,536)
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Appropriations of Retained Earnings during the period	-
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Reversals of appropriations	-
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Effects of prior period adjustments	-
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Treasury shares	-
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TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND	(₱282,918,743)
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SCHEDULE J

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL RATIOS
DECEMBER 31, 2021

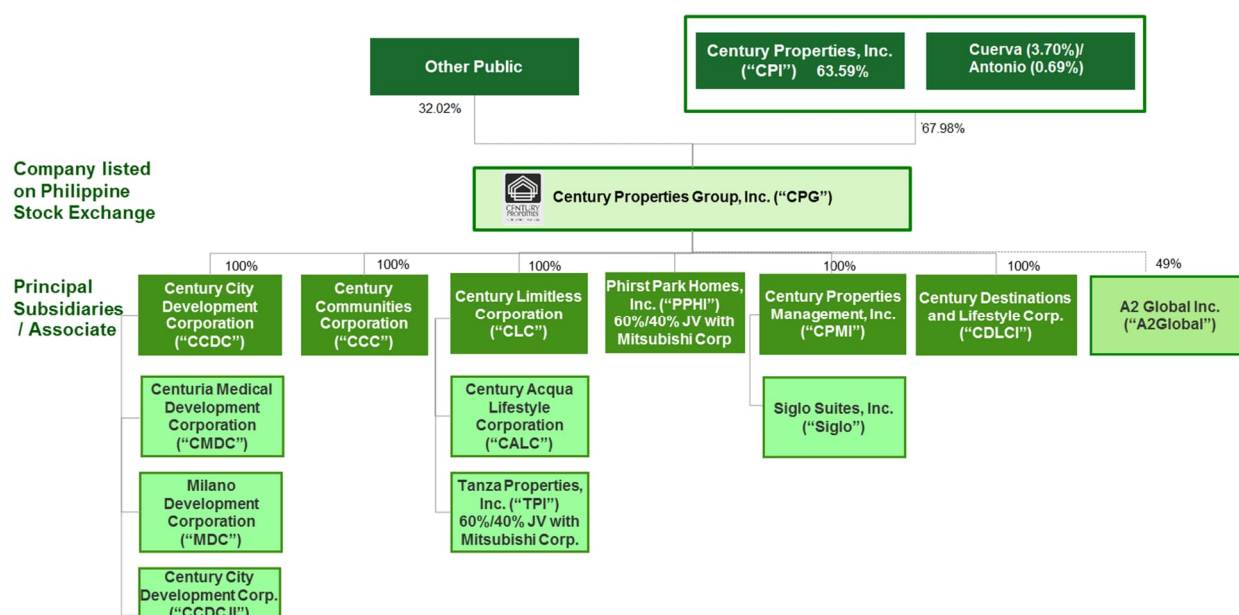
Financial ratios	31-Dec-21	31-Dec-20
Current/Liquidity Ratios		
Current Assets	35,012,984,828	34,066,943,185
Current Liabilities	17,817,016,575	14,183,354,919
Current Ratios	1.97	2.40
Current Assets	35,012,984,828	34,066,943,185
Inventory	16,143,099,068	14,651,328,952
Quick Assets	19,415,614,233	19,415,614,233
Current Liabilities	17,817,016,575	14,183,354,919
Quick Ratios	1.09	1.37
Liabilities and Debt Ratios		
Short-term debt	468,360,083	811,948,735
Long-term debt - Current	5,467,828,327	5,447,303,305
Long-term debt - Non-current	6,370,779,023	9,408,872,360
Bonds payable	5,947,195,429	3,084,766,287
Debt	18,254,162,862	18,752,890,687
Equity	22,350,664,641	21,131,273,660
Debt-to-Equity	0.82	0.89
Debt	18,254,162,862	18,752,890,687
Cash and Cash Equivalents	3,693,074,161	2,473,555,750
Net Debt	14,561,088,701	16,279,334,937
Equity	22,350,664,641	21,131,273,660
Net Debt-to-Equity	0.65	0.77
Debt	18,254,162,862	18,752,890,687
EBITDA	1,922,133,566	2,408,094,098
Debt-to-EBITDA	9.50	7.79
Income before Income Tax	1,059,406,284	1,564,604,768
Interest expense	795,147,267	784,022,304
Depreciation and amortization	67,580,015	59,467,026
EBITDA	1,922,133,566	2,408,094,098
Asset to Equity Ratios		
Total Assets	54,506,509,548	53,008,903,420
Total Equity	22,350,664,641	21,131,273,660
Asset to Equity Ratio	2.44	2.51
Liabilities to Equity Ratios		
Total Liabilities	32,155,844,907	31,877,629,760
Total Equity	22,350,664,641	21,131,273,660
Liabilities to Equity Ratio	1.44	1.51

Financial ratios	31-Dec-21	31-Dec-20
Profitability ratios		
Revenue	9,444,895,630	10,835,744,692
Gross Profit	4,011,702,937	4,240,276,075
Gross Profit Ratio	42.47%	39.13%
Net Income		
Net Income Attributable to Revenue	950,750,431	795,555,466
	9,444,895,630	10,835,744,692
Net Income Margin	10.07%	7.34%
Total Net Income after tax		
	1,269,106,148	1,149,234,036
Total Asset CY	54,506,509,548	53,008,903,420
Total Asset PY	53,008,903,420	53,441,685,612
Average total asset	53,757,706,484	53,225,294,516
Return on Asset	2.36%	2.16%
Total Net Income after tax		
	1,269,106,148	1,149,234,036
Total Equity CY	22,350,664,641	21,131,273,660
Total Equity PY	21,131,273,660	19,615,569,488
Average total equity	21,740,969,151	20,373,421,574
Return on Equity	5.84%	5.64%
Net Income		
Net Income	1,269,106,148	1,149,234,036
Revenue	9,444,895,630	10,835,744,692
Net Income Margin	13.44%	10.61%

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, 2021



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 (CCC) – incorporated in 1994, is focused on horizontal house and lot developments. From the conceptualization to the sellout of a project, CCC provides experienced specialists who develop and execute the right strategy to successfully market a project. CCC is 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 L

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SCHEDULE OF PREFERRED SHARES PROCEEDS
DECEMBER 31, 2021

₱2.0 BILLION PREFERRED SHARES WITH ₱1.0 BILLION OVERSUBSCRIPTION

Use of Proceeds	ESTIMATED PER PROSPECTUS		ACTUAL
	Base Offer	With Oversubscription Option	
Net proceeds from the sale of Preferred Shares	₱2,000,000,000	₱1,000,000,000	₱3,000,000,000
Less: Offer Related Expenses			
Underwriting fees	20,000,000	10,000,000	49,031,689
DST	106,000	53,000	159,000
SEC registration and legal research fee	1,325,625	—	1,325,725
SEC listing fee	2,525	—	2,525
PSE Filing fee (inclusive of VAT)	3,360,000	—	3,300,050
Legal fees (excluding OPE)	3,500,000	—	1,711,217
Stock Transfer and Receiving Agent fee	225,000	—	550,000
Insurance Commission processing fee	10,100	—	10,100
Audit fees	3,300,000	—	4,693,071
Other miscellaneous expenses (signing, publicity, etc.)	50,000	—	99,027
Subtotal	₱31,879,250	₱10,053,000	₱60,882,404
Estimated Net proceeds for the Offer	₱1,968,120,750	₱989,947,000	
Net proceeds for the Offer		₱2,958,067,750	₱2,939,117,596
Capital Expenditures and Project Related Expenses			₱2,325,514,199
Balance of proceeds as of December 31, 2021			₱613,603,397

SCHEDULE M

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SCHEDULE OF BONDS PROCEEDS
DECEMBER 31, 2021

₱3.0 BILLION BONDS DUE ON 2024

Use of Proceeds	ESTIMATED PER PROSPECTUS	ACTUAL
Estimated proceeds from the sale of Bonds	₱3,000,000,000	₱3,000,000,000
Less: Upfront fees		
SEC registration and legal research fee	1,325,625	1,325,625
Underwriting fees	22,500,000	22,500,000
DST	22,500,000	22,500,000
Estimated Professional and Agency Fees	9,343,100	14,306,538
Listing application fees	100,000	100,000
Other Miscellaneous expense	50,000	44,837
Subtotal	₱55,818,725	₱60,777,000
Net proceeds	₱2,944,181,275	₱2,939,223,000

Balance of Proceeds as of December 2021

NIL

Century Properties Group, Inc. raised from the Bonds gross proceeds of ₱3.0 billion. After issue-related expenses, actual net proceeds amounted to approximately ₱2.94 billion were used to partially repay existing obligations of the Company, and partially finance capital expenditures of vertical project development and other corporate fund requirements.