

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of Century Properties Group Inc. and Subsidiaries as at September 30, 2021 and the related interim consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for the nine-month periods ended September 30, 2021 and 2020, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*, 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 interim condensed consolidated statements. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### ***Scope of review***

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



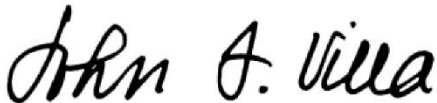
***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with PAS 34, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic.

***Emphasis of Matter - Basis of Preparation***

We draw attention to Note 2 of the interim condensed consolidated financial statements which indicates that the interim condensed consolidated financial statements have been prepared in accordance with PAS 34, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2021 interim condensed consolidated financial statements are discussed in detail in Note 2. Our report is not modified in respect of this matter.

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. 8534381, January 4, 2021, Makati City

December 17, 2021



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

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 6)	₱3,796,205,896	₱2,473,555,750
Short-term investments (Note 7)	1,040,820,087	285,241,756
Receivables (Note 8)	10,240,870,486	11,491,045,104
Real estate inventories (Note 9)	15,271,289,483	14,651,328,952
Advances to suppliers and contractors (Note 10)	2,651,647,411	2,427,704,449
Due from related parties (Note 19)	584,585,003	464,422,862
Investment in bonds (Note 16)	–	463,750,000
Other current assets (Note 15)	1,754,670,625	1,809,894,312
<b>Total Current Assets</b>	<b>35,340,088,991</b>	<b>34,066,943,185</b>
<b>Noncurrent Assets</b>		
Noncurrent portion of installment contracts receivable (Note 8)	102,827,202	124,776,589
Deposits for purchased land (Note 11)	1,357,918,908	1,354,243,056
Investments in and advances to joint ventures and associate (Note 12)	270,559,105	265,560,204
Investment properties (Note 13)	13,944,201,881	13,627,582,382
Property and equipment (Note 14)	1,796,909,166	1,783,594,786
Deferred tax assets - net (Note 29)	28,569,988	86,280,221
Other noncurrent assets (Note 15)	1,989,390,768	1,699,922,997
<b>Total Noncurrent Assets</b>	<b>19,490,377,018</b>	<b>18,941,960,235</b>
<b>TOTAL ASSETS</b>	<b>₱54,830,466,009</b>	<b>₱53,008,903,420</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts and other payables (Note 17)	₱5,486,345,990	₱5,591,640,977
Contract liabilities (Note 18)	3,086,429,484	1,457,777,002
Due to related parties (Note 19)	338,675,673	270,006,022
Short-term debts (Note 20)	335,708,389	811,948,735
Current portion of:		
Long-term debt (Note 20)	3,268,725,181	5,447,303,305
Bonds payable (Note 21)	2,985,247,759	118,781,010
Liability from purchased land (Note 22)	67,200,000	67,200,000
Lease liability (Note 30)	4,525,606	4,525,606
Income tax payable	67,823,869	61,498,374
Other current liabilities (Note 31)	330,954,079	352,673,888
<b>Total Current Liabilities</b>	<b>15,971,636,030</b>	<b>14,183,354,919</b>
<b>Noncurrent Liabilities</b>		
Noncurrent portion of:		
Long-term debt (Note 20)	8,928,435,196	9,408,872,360
Bonds payable (Note 21)	2,950,262,452	2,965,985,277
Liability from purchased land (Note 22)	141,145,286	208,335,743
Lease liability (Note 30)	32,946,679	–
Retirement benefit obligation (Note 28)	407,855,288	372,985,206
Deferred tax liabilities -net (Note 29)	2,400,197,634	2,951,528,631
Other noncurrent liabilities (Note 31)	1,864,988,893	1,786,567,624
<b>Total Noncurrent Liabilities</b>	<b>16,725,831,428</b>	<b>17,694,274,841</b>
<b>Total Liabilities</b>	<b>32,697,467,458</b>	<b>31,877,629,760</b>

(Forward)



	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>Equity</b>		
Common stock - ₱0.53 par value		
Authorized - 15,000,000,000 shares		
Issued - 11,699,723,690 shares	₱6,200,853,553	₱6,200,853,553
Preferred stock - ₱0.53 par value		
Authorized - 3,000,000,000 shares		
Issued - 30,000,000 shares (Note 24)	15,900,000	15,900,000
Additional paid-in capital (Note 24)	5,524,776,889	5,524,776,889
Treasury shares - 100,123,000 shares	(109,674,749)	(109,674,749)
Other components of equity (Note 24)	(682,845,178)	(682,845,178)
Retained earnings (Note 24)	9,759,100,183	9,028,945,474
Remeasurement loss on retirement benefit obligation	(123,521,811)	(118,498,902)
<b>Total Equity Attributable to Equity Holders of the Parent Company</b>	<b>20,584,588,887</b>	<b>19,859,457,087</b>
<b>Non-controlling interest (Note 24)</b>	<b>1,548,409,664</b>	<b>1,271,816,573</b>
<b>Total Equity</b>	<b>22,132,998,551</b>	<b>21,131,273,660</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱54,830,466,009</b>	<b>₱53,008,903,420</b>

*See accompanying Notes to Interim Condensed Consolidated Financial Statements.*



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

	Jul-Sept 2021 Q3 2021 (Unaudited)	Jul-Sept 2020 Q3 2020 (Unaudited)	Jan-Sept 2021 9M 2021 (Unaudited)	Jan-Sept 2020 9M 2020 (Unaudited)
<b>REVENUES</b>				
Revenue from contracts with customers:				
Real estate sales (Note 32)	₱1,659,819,224	₱3,416,936,570	₱5,336,869,382	₱7,305,183,752
Property management fee and other services (Note 32)	95,986,989	87,912,887	304,990,075	256,147,475
Leasing revenue (Note 13)	182,003,051	239,868,683	724,104,919	587,143,150
Interest income from real estate sales	66,124,998	16,780,437	115,786,997	133,545,246
	<b>2,003,934,262</b>	<b>3,761,498,577</b>	<b>6,481,751,373</b>	<b>8,282,019,623</b>
<b>COST OF SALES AND SERVICES</b>				
Cost of real estate sales (Note 9)	1,125,254,990	2,338,626,449	3,436,143,678	4,863,002,707
Cost of leasing (Note 13)	59,408,685	56,259,846	213,172,063	127,677,419
Cost of services	65,725,117	67,983,372	198,513,204	192,738,919
	<b>1,250,388,792</b>	<b>2,462,869,667</b>	<b>3,847,828,945</b>	<b>5,183,419,045</b>
<b>GROSS PROFIT</b>	<b>753,545,470</b>	<b>1,298,628,910</b>	<b>2,633,922,428</b>	<b>3,098,600,578</b>
<b>GENERAL, ADMINISTRATIVE AND SELLING EXPENSES</b> (Note 25)	<b>607,280,957</b>	<b>656,443,181</b>	<b>1,749,906,339</b>	<b>1,818,963,508</b>
<b>OTHER INCOME (EXPENSES)</b>				
Interest and other income (Note 26)	130,498,304	34,790,097	250,984,541	246,195,553
Gain from change in fair value of investment properties (Note 13)	118,611,501	389,451,634	177,917,251	465,218,767
Share in net earnings of joint ventures and associate (Note 12)	2,734,909	-	4,998,900	6,791,973
Interest and other financing charges (Note 27)	(198,265,510)	(275,036,330)	(594,796,529)	(470,874,578)
	<b>53,579,204</b>	<b>149,205,401</b>	<b>(160,895,837)</b>	<b>247,331,715</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>199,843,717</b>	<b>791,391,130</b>	<b>723,120,252</b>	<b>1,526,968,785</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 29)	<b>(119,516,985)</b>	<b>232,697,664</b>	<b>(358,550,954)</b>	<b>427,065,959</b>
<b>NET INCOME</b>	<b>319,360,702</b>	<b>558,693,466</b>	<b>1,081,671,206</b>	<b>1,099,902,826</b>
<b>OTHER COMPREHENSIVE LOSS</b>				
<i>Item that will not be reclassified to profit or loss in subsequent periods:</i>				
Remeasurement loss on defined benefit plan - net of deferred tax (Note 28)	-	-	(5,022,909)	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱319,360,702</b>	<b>₱558,693,466</b>	<b>₱1,076,648,297</b>	<b>₱1,099,902,826</b>
<b>Net income attributable to:</b>				
Equity holders of the Parent Company (Note 24)	₱259,198,366	₱373,357,183	₱845,078,115	₱831,487,170
Non-controlling interests (Note 24)	60,162,336	185,336,283	236,593,091	268,415,656
	<b>₱319,360,702</b>	<b>₱558,693,466</b>	<b>₱1,081,671,206</b>	<b>₱1,099,902,826</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Parent Company (Note 24)	₱259,198,366	₱373,357,183	₱840,055,206	₱831,487,170
Non-controlling interests (Note 24)	60,162,336	185,336,283	236,593,091	268,415,656
	<b>₱319,360,702</b>	<b>₱558,693,466</b>	<b>₱1,076,648,297</b>	<b>₱1,099,902,826</b>
<b>Basic/diluted earnings per share</b> (Note 24)	<b>₱0.049</b>	<b>₱0.032</b>	<b>₱0.073</b>	<b>₱0.059</b>
<b>Dividend per common share</b> (Note 23)	<b>₱0.0050</b>	<b>₱0.0063</b>	<b>₱0.0050</b>	<b>₱0.0063</b>

See accompanying Notes to Interim Condensed Consolidated Financial Statements.



**CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020**

	<b>Total Equity Attributable to Equity Holders of the Parent Company</b>									
	Capital Stock	Preferred Shares	Additional Paid-in Capital	Treasury Shares	Other Components of Equity	Retained Earnings	Remeasurement Loss on Defined Benefit Plan	Total	Non-controlling Interest	Total
<b>At January 1, 2021</b>	<b>₱6,200,853,553</b>	<b>₱15,900,000</b>	<b>₱5,524,776,889</b>	<b>(₱109,674,749)</b>	<b>(₱682,845,178)</b>	<b>₱9,028,945,474</b>	<b>(₱118,498,902)</b>	<b>₱19,859,457,087</b>	<b>₱1,271,816,573</b>	<b>₱21,131,273,660</b>
Movements for the nine-month period ended September 30, 2021:										
Total comprehensive income (loss)	–	–	–	–	–	845,078,115	(5,022,909)	840,055,206	236,593,091	1,076,648,297
Cash dividends (Notes 23 and 24)	–	–	–	–	–	(114,923,406)	–	(114,923,406)	(160,000,000)	(274,923,406)
Investment from non-controlling Interest (Note 24)	–	–	–	–	–	–	–	–	200,000,000	200,000,000
<b>At September 30, 2021</b>	<b>₱6,200,853,553</b>	<b>₱15,900,000</b>	<b>₱5,524,776,889</b>	<b>(₱109,674,749)</b>	<b>(₱682,845,178)</b>	<b>₱9,759,100,183</b>	<b>(₱123,521,811)</b>	<b>₱20,584,588,887</b>	<b>₱1,548,409,664</b>	<b>₱22,132,998,551</b>
<b>At January 1, 2020</b>	<b>₱6,200,853,553</b>	<b>₱–</b>	<b>₱2,639,742,141</b>	<b>(₱109,674,749)</b>	<b>₱99,393,242</b>	<b>₱8,733,916,278</b>	<b>(₱81,174,033)</b>	<b>₱17,483,056,432</b>	<b>₱2,132,513,056</b>	<b>₱19,615,569,488</b>
Movements for the nine-month period ended September 30, 2020:										
Issuance of preferred shares (Note 24)	–	15,900,000	2,885,034,748	–	–	–	–	2,900,934,748	–	2,900,934,748
Total comprehensive income	–	–	–	–	–	831,487,170	–	831,487,170	268,415,656	1,099,902,826
Cash dividends (Notes 23 and 24)	–	–	–	–	–	(298,995,270)	–	(298,995,270)	(96,000,000)	(394,995,270)
Acquisition of non-controlling interest Note (24)	–	–	–	–	(782,238,420)	–	–	(782,238,420)	(1,117,761,580)	(1,900,000,000)
<b>At September 30, 2020</b>	<b>₱6,200,853,553</b>	<b>₱15,900,000</b>	<b>₱5,524,776,889</b>	<b>(₱109,674,749)</b>	<b>(₱682,845,178)</b>	<b>₱9,266,408,178</b>	<b>(₱81,174,033)</b>	<b>₱20,134,244,660</b>	<b>₱1,187,167,132</b>	<b>₱21,321,411,792</b>

See accompanying Notes to Interim Condensed Consolidated Financial Statements.



# CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

## INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine-Month Periods Ended September 30	
	2021	2020
	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	₱723,120,252	₱1,526,968,785
Adjustments for:		
Interest and other financing charges (Note 27)	594,796,529	470,874,578
Depreciation and amortization (Notes 14, 15 and 25)	42,060,593	36,499,286
Retirement expense (Notes 25 and 28)	35,452,806	9,608,527
Loss on sale of investment property (Note 13)	34,128,752	–
Gain from change in fair value of investment properties (Note 13)	(177,917,251)	(465,218,767)
Gain on reversal of retention payables (Note 17 and 26)	(73,396,199)	–
Interest income from cash and cash equivalents and short-term investment (Notes 6, 7 and 26)	(46,571,661)	(89,431,360)
Interest income from real estate sales	(115,786,997)	(133,545,246)
Share in net earnings of joint ventures and associate (Note 12)	(4,998,900)	(6,791,973)
Operating income before working capital changes	1,010,887,924	1,348,963,830
Decrease (increase) in:		
Receivables and contract assets	1,387,911,001	(25,975,218)
Real estate inventories	(725,600,211)	2,280,346,570
Advances to suppliers and contractors	(223,942,962)	(319,662,939)
Other assets	(222,805,856)	(616,910,563)
Increase (decrease) in:		
Liability from purchased land	(67,190,457)	(60,000,000)
Accounts and other payables	(11,608,441)	(61,132,077)
Contract liabilities	1,702,048,683	92,905,432
Other liabilities	56,701,460	(87,698,630)
Cash generated from operations	2,906,401,141	2,550,836,405
Interest received (Notes 6, 7 and 26)	46,571,661	85,077,497
Interest and other financing costs paid	(779,082,572)	(1,019,617,858)
Income taxes paid	(133,767,224)	(126,560,391)
Retirement benefits paid (Note 28)	(582,724)	(2,767,673)
<b>Net cash provided by operating activities</b>	<b>2,039,540,282</b>	<b>1,486,967,980</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash receipts (payments) of due from related parties	(120,162,141)	380,165
Collections of/(additions to):		
Disposal of investment property	96,069,934	–
Maturity of investment in bonds (Note 16)	463,750,000	–
Short-term investments	(755,578,331)	–
Investment properties (Note 13)	–	(213,754,792)
Property and equipment (Note 14)	(26,431,951)	(251,973,970)
Intangible assets (Note 15)	(16,340,535)	–
Proceeds from disposal of property and equipment (Note 14)	18,658,245	–
Payments for deposits for purchased land (Note 11)	(3,675,852)	(233,666,429)
<b>Net cash used in investing activities</b>	<b>(343,710,631)</b>	<b>(699,015,026)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Additional investment from non-controlling interest (Note 24)	200,000,000	–
Increase in due to related parties	68,669,651	90,278,222
Proceeds from:		
Availment of bonds payable (Note 21)	3,000,000,000	–
Availment of short-term and long-term debt (Note 20)	2,146,660,237	5,538,734,858
Deposits for preferred shares (Note 31)	–	48,393,542
Issuance of preferred shares (Note 24)	–	3,000,000,000
Payments of:		
Short-term and long-term debt (Note 20)	(5,290,104,492)	(5,989,961,381)
Bonds payable (Note 21)	(119,110,000)	(1,393,530,000)
Common cash dividends (Note 23)	(217,461,706)	(84,795,415)
Preferred cash dividends (Note 23)	(151,148,250)	(100,765,500)
Lease liabilities and interest on lease (Notes 30)	(10,684,945)	(12,773,181)
Acquisition of non-controlling interest (Notes 1 and 24)	–	(1,900,000,000)
<b>Net cash used in financing activities</b>	<b>(373,179,505)</b>	<b>(804,418,855)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,322,650,146</b>	<b>(16,465,901)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b> (Note 6)	<b>2,473,555,750</b>	<b>4,005,009,231</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b> (Note 6)	<b>₱3,796,205,896</b>	<b>₱3,988,543,330</b>

See accompanying Notes to Interim Condensed Consolidated Financial Statements.



# **CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES**

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## **NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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### **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.

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

#### 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.

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

#### Acquisition of Shares of Another Corporation

The Parent Company has completed the acquisition of 40% of the total outstanding shares or 511,561,143 common shares of FMT Kalayaan, Inc. (“FMTK”; a subsidiary of Mitsubishi Corporation) in Century City Development II Corporation (“CCDC II”), a subsidiary of 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 as of December 31, 2021.

The accompanying interim condensed consolidated financial statements as at September 30, 2021 and for the nine-month periods ended September 30, 2021 and 2020 were approved and authorized for issue by the Board of Directors (BOD) on December 17, 2021.

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

#### Basis of Preparation

The accompanying interim condensed consolidated financial statements as at September 30, 2021 and for the nine-month periods ended September 30, 2021 and 2020 have been prepared using the historical cost basis except for investment properties which are carried at fair value.

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

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





### Statement of Compliance

The interim condensed consolidated financial statements as at September 30, 2021 and for the nine-month periods ended September 30, 2021 and 2020 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*, as modified by the application of the following reporting reliefs issued and approved by SEC under Memorandum Circular No. 34-2020 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*).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's December 31, 2020 annual consolidated financial statements which have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), which include the availment of relief granted by the SEC under Memorandum Circular (MC) Nos. 3-2019 and 14-2018 to defer the implementation of the following accounting pronouncements until December 31, 2020. 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 provision (a) 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 interim condensed consolidated financial statements comprise the financial statements of the Group. For the nine-month period ended September 30, 2021, there were no significant changes in the Parent Company's ownership interests in its subsidiaries.

### Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as at and for the year ended December 31, 2020, except for the following new standards and amendments effective as at January 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods. These amendments had no impact on the unaudited interim condensed consolidated financial statements of the Group.

- *Adoption of Philippine Interpretations Committee Question and Answers (PIC Q&As) 2018-12 on Accounting for Common Usage Service Area (CUSA)*

On February 14, 2018, PIC Q&A 2018-12-H was issued providing guidance on accounting for common usage service which concludes that real estate developers are generally acting as principal for CUSA charges. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-12-H was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-12-H and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

The adoption of this PIC Q&A did not impact the unaudited interim consolidated statements of financial position, unaudited interim consolidated statements of comprehensive income and unaudited interim consolidated statements of cash flows as the Group has long since 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 Q&A 2018-12-E (as amended by PIC Q&A 2020-02) - 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 unaudited interim condensed consolidated financial statements of the Group since it does not engage in supply contracts with suppliers for the provision and installation of materials.

- *Adoption 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. 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 unaudited interim condensed consolidated financial statements of the Group as it records the repossessed inventory at an amount equal to the outstanding balance of the contract receivables at the date of repossession. As the Group has been reporting repossessed inventories as allowed under approach 3, there is no change in accounting upon adoption of the PIC Q&A.

#### *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 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:

	Deferral Period
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:

- a. The accounting policies applied.
- b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
- c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
- d. 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; and
- 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 have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021. The Group availed of the SEC reliefs to defer the above specific provisions of PIC Q&A No. 2018-12 on determining whether the transaction price includes a significant financing component. 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. 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. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell.



- 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.
- *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 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 21, 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.

For real estate companies that avail of the deferral, the SEC requires disclosure in the Notes to the Financial Statements of the accounting policies applied, a discussion of the deferral of the subject implementation issues, and a qualitative discussion of the impact in the financial statements had the IFRIC agenda decision been adopted.

The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities 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.



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### 3. Changes in Significant Judgments and Estimates

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

#### Judgment

In the process of applying the Groups'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 Groups's interim condensed 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 8). 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.

#### *Assessing 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 that there are indicators of impairment in respect of its property intended to be operated as a hotel with a carrying value of ₱1,710.04 million as of September 30, 2021, 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 September 30, 2021. 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, (b) a pre-tax discount rate of 11.90%, and (c) a growth rate of 3% applied beyond the 10th year projections, 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 recognize an impairment loss on such property as of September 30, 2021. In terms of sensitivity, an impairment will result if the discount rate will be at 12.90%.



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, 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 (except for the hotel property) are ₱8,002.81 million and ₱7,502.97 million as of September 30, 2021 and December 31, 2020, respectively.

No impairment was recognized for the Group's nonfinancial assets as of September 30, 2021 and December 31, 2020.

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#### 4. Cyclicity of Operations

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

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

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

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#### 5. Segment Information

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

The segments where the Group operate follow:

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

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



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

	For the Nine-Month Period Ended September 30, 2021				
	Real Estate Development	Leasing	Property Management	Adjustments and Elimination	Consolidated
<b>Revenue</b>	<b>₱5,452,656,379</b>	<b>₱676,103,626</b>	<b>₱304,990,075</b>	<b>₱-</b>	<b>₱6,433,750,080</b>
<b>Costs and expenses</b>					
Cost of real estate sales and services	3,436,143,678	213,172,063	198,513,204	-	3,847,828,945
General, administrative and selling expenses	1,634,918,482	114,704,517	67,813,533	(67,530,194)	1,749,906,338
<b>Operating income</b>	<b>381,594,219</b>	<b>348,227,046</b>	<b>38,663,338</b>	<b>67,530,194</b>	<b>836,014,797</b>
Other income	611,271,680	211,296,006	-	(340,665,701)	481,901,985
Other expense	(433,715,279)	(158,310,308)	(2,770,943)	-	(594,796,530)
<b>Income before income tax</b>	<b>559,150,620</b>	<b>401,212,743</b>	<b>35,892,395</b>	<b>(273,135,507)</b>	<b>723,120,252</b>
Provision for (benefit from) income tax	(232,573,933)	(108,449,581)	2,719,008	(20,246,448)	(358,550,954)
<b>Net income</b>	<b>₱791,724,554</b>	<b>₱509,662,325</b>	<b>₱33,173,387</b>	<b>(₱252,889,059)</b>	<b>₱1,081,671,206</b>
<b>Net income attributable to:</b>					
Equity holders of the Parent Company	₱555,131,462	₱509,662,325	₱33,173,387	(₱252,889,059)	₱845,078,114
Non-controlling interests	236,593,092	-	-	-	236,593,092
	<b>₱791,724,554</b>	<b>₱509,662,325</b>	<b>₱33,173,387</b>	<b>(₱252,889,059)</b>	<b>₱1,081,671,206</b>

	As of September 30, 2021				
	Real Estate Development	Leasing	Property Management	Adjustments and Elimination	Consolidated
<b>Other information</b>					
Segment assets	₱62,134,295,849	₱18,095,706,229	₱285,468,633	(₱25,713,574,690)	₱54,801,896,021
Deferred tax assets	6,520,537	-	22,049,451	-	28,569,988
<b>Total Assets</b>	<b>₱62,140,816,386</b>	<b>₱18,095,706,229</b>	<b>₱307,518,084</b>	<b>(₱25,713,574,690)</b>	<b>₱54,830,466,009</b>
Segment liabilities	₱36,471,412,040	₱9,921,434,159	₱251,963,548	(₱16,347,539,923)	₱30,297,269,824
Deferred tax liabilities	1,677,731,476	754,159,674	-	(31,693,516)	2,400,197,634
<b>Total Liabilities</b>	<b>₱38,149,143,516</b>	<b>₱10,675,593,833</b>	<b>₱251,963,548</b>	<b>(₱16,379,233,439)</b>	<b>₱32,697,467,458</b>

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

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





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## 6. Cash and Cash Equivalents

This account consists of:

	<b>September 30, 2021</b>	December 31, 2020
Cash on hand and in banks	<b>₱3,059,343,513</b>	₱1,163,069,715
Cash equivalents	<b>736,862,383</b>	1,310,486,035
	<b>₱3,796,205,896</b>	<b>₱2,473,555,750</b>

Interest income on cash and cash equivalents amounted to ₱20.28 million and ₱70.04 million for the nine-month periods ended September 30, 2021 and 2020, respectively (see Note 26).

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## 7. Short-term Investments

As of September 30, 2021 and December 31, 2020, short-term investments amounted to ₱1,040.82 million and ₱285.24 million. Short-term investments include money market placements exceeding 3 months but less than one year. Short-term investments earn at average prevailing short-term rate of 0.80% and 1.2% in 2021 and 2020, respectively.

Interest income on cash and cash equivalents amounted to ₱26.29 million and ₱19.39 million for the nine-month periods ended September 30, 2021 and 2020, respectively (see Note 26).

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## 8. Receivables

This account consists of:

	<b>September 30, 2021</b>	December 31, 2020
Trade receivables		
Installment contracts receivables (ICRs)	<b>₱8,885,005,193</b>	₱10,447,472,507
Leasing receivable	<b>362,607,464</b>	366,512,959
Management fees	<b>142,487,764</b>	96,026,771
Receivable from employees and agents	<b>540,630,441</b>	372,272,315
Advances to condominium corporations	<b>60,533,397</b>	68,344,391
Advances to customers	<b>67,206,851</b>	76,500,121
Other receivables	<b>296,616,469</b>	200,082,519
	<b>10,355,087,579</b>	11,627,211,583
Allowance for estimated credit losses	<b>(11,389,890)</b>	(11,389,890)
	<b>10,343,697,689</b>	11,615,821,693
ICRs - noncurrent	<b>102,827,203</b>	124,776,589
	<b>₱10,240,870,486</b>	<b>₱11,491,045,104</b>

The allowance for estimated credit losses pertain to management fees and other receivables. As of September 30, 2021 and December 31, 2020, installment contracts receivable include transfer from contract assets from completed projects and revenue recognized during the period. Other receivables pertain to receivables for repairs and installation costs charged to tenants and reimbursements of regulatory payments. They also include receivables from the sale of investment properties amounting to ₱68.70 million as of September 30, 2021.



*Receivable financing*

The Group entered into various agreements with a local bank whereby the Group assigned its ICRs and contract assets with recourse at weighted average interest rates of 6.38% and 7.10% on September 30, 2021 and September 30, 2020, respectively. The assignment agreements provide that the Group will substitute defaulted Contracts to Sell (CTS) with other CTS of equivalent value.

The gross amount of CTS used as collateral amounted to ₱2,554.63 million and ₱6,210.21 million as of September 30, 2021 and December 31, 2020, respectively (see Note 20).

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**9. Real Estate Inventories**

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

Details of this account follow:

	<b>September 30, 2021</b>	December 31, 2020
Condominium units	<b>₱11,731,855,786</b>	₱11,908,680,712
Residential house and lots	<b>3,287,692,581</b>	2,490,907,124
Land	<b>251,741,116</b>	251,741,116
	<b>₱15,271,289,483</b>	₱14,651,328,952

The roll forward of this account follows:

	<b>September 30, 2021</b>	December 31, 2020
Balance at beginning of period	<b>₱14,651,328,952</b>	₱15,558,004,362
Construction costs incurred	<b>4,161,743,889</b>	4,627,612,199
Borrowing costs capitalized (Notes 20 and 21)	<b>163,261,254</b>	551,180,990
Transfers to investment properties (Note 13)	<b>(268,900,934)</b>	(2,519,067)
Cost of real estate sales	<b>(3,436,143,678)</b>	(6,082,949,532)
Balance at the end of period	<b>₱15,271,289,483</b>	₱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 1.16% and 4.50%, respectively, for general borrowing costs.

Cost of real estate sales amounted to ₱3,436.14 million and ₱4,863.00 million for the nine-month periods ended September 30, 2021 and 2020, respectively.

The carrying values of inventories mortgaged for trust receipts payables and bank loans amounted to ₱4,909.13 million and ₱8,858.44 million as of September 30, 2021 and December 31, 2020, respectively (see Note 20).



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#### 10. Advances to Suppliers and Contractors

Advances to suppliers and contractors for the construction of the Group's real estate inventories amounting to ₱2,651.65 million and ₱2,427.70 million as of September 30, 2021 and December 31, 2020, respectively, are recouped and capitalized as part of real estate inventories every progress billing payment depending on the percentage of accomplishment.

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#### 11. Deposits for Purchased Land

This account consists of deposits made to property owners for the acquisition of parcels of land in which the use is currently undetermined. Deposits for purchased land amounted to ₱1,357.92 million and ₱1,354.24 million as of September 30, 2021 and December 31, 2020, respectively.

In 2021, the Group made additional deposits to property owners for the acquisitions for parcels of land located in Novaliches amounting to ₱15.52 million net of return of deposits in land located in Quezon City amounting to ₱11.84 million.

As of December 31, 2020, the Group made additional deposits to property owners for the acquisitions for parcels of land located in Novaliches amounting to ₱274.80 million.

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#### 12. Investment in and Advances to Joint Ventures and Associate

Investment in and advances to joint ventures and associate amounted to ₱270.56 million and ₱265.56 million as of September 30, 2021 and December 31, 2020, respectively. The Group recognized share in net earnings of the joint ventures amounting to ₱5.00 million and ₱6.79 million for the nine-months period ended September 30, 2021 and 2020, respectively.

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#### 13. Investment Properties

The Group's investment properties are classified as follows:

	September 30, 2021	December 31, 2020
Land	<b>₱5,061,961,969</b>	₱4,089,999,969
Building	<b>7,842,739,995</b>	7,795,021,430
Construction-in-progress	<b>1,039,499,917</b>	1,742,560,983
	<b>₱13,944,201,881</b>	₱13,627,582,382



Movements in this account are as follows:

	September 30, 2021	December 31, 2020
<b>Cost:</b>		
Balance at beginning of period	₱9,783,127,031	₱9,634,581,666
Additions/construction costs incurred	–	113,329,077
Disposal	(92,856,186)	(29,415,290)
Borrowing cost capitalized (Notes 20 and 21)	–	62,112,511
Transfer from real estate inventories (Note 9)	268,900,934	2,519,067
<b>Balance at end of period</b>	<b>9,959,171,779</b>	<b>9,783,127,031</b>
<b>Change in fair value:</b>		
Balance at beginning of period	3,844,455,351	3,297,942,219
Disposal	(37,342,500)	(12,107,886)
Gain from change in fair value of investment property - net	177,917,251	558,621,018
<b>Balance at end of period</b>	<b>3,985,030,102</b>	<b>3,844,455,351</b>
	<b>₱13,944,201,881</b>	<b>₱13,627,582,382</b>

Net gain on fair value of investment properties amounting to ₱177.92 million and ₱465.22 million for the nine-month periods ended September 30, 2021 and 2020, respectively.

In 2021, the Group sold portion of its investment property at a loss amounting to ₱34.13 million.

The methodology used by the Group to determine fair value is consistent with the valuation used in the 2020 annual consolidated financial statements. The fair value of the investment properties classified as buildings and land in the interim condensed consolidated financial statements is categorized within level 3 of the fair value hierarchy

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

Property	Valuation technique	Significant unobservable inputs	Range	
			2021	2020
Buildings	DCF	Discount rates for similar lease contracts, market rent levels, expected vacancy and expected maintenance.	Discount rate – 11.44 % to 11.64% Market rent levels - ₱400 to ₱1,500/sqm per month Expected vacancy - 5% to 58%; Expected maintenance - 11% to 43% of gross revenue	Discount rate – 8.70% to 10.15% Market rent levels - ₱500 to ₱3,000/sqm per month Expected vacancy - 5% to 58%; Expected maintenance - 2% to 45% of gross revenue

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

For the nine-month periods ended September 30, 2021 and 2020, the Group recognized leasing revenue from the use of the said real properties amounting to ₱724.10 million and ₱587.14 million, respectively, and incurred direct cost of leasing amounting to ₱213.17 million and ₱127.67 million, respectively, in relation to these investment properties.

The carrying values of investment properties mortgaged bank loans amounted to ₱5,275.00 and ₱3,931.34 million as of September 30, 2021 and 2020, respectively (see Note 20).



#### 14. Property and Equipment

As of September 30, 2021 and December 31, 2020, the carrying amount of property and equipment amounted to ₱1,796.91 million and ₱1,783.59 million, respectively. As of September 30, 2021, property and equipment is not used as collateral and is not subject to any encumbrances.

Additions to property and equipment (include acquisition of various office equipment and additional construction cost) amounted to ₱26.43 million and ₱251.97 million for the nine-month periods ended September 30, 2021 and 2020, respectively.

Disposal of property and equipment include disposal of computer and other office equipment amounting to ₱18.66 million for the nine-month period ended September 30, 2021.

The depreciation and amortization from property and equipment recognized under general, administrative and selling expenses for the nine-month periods ended September 30, 2021 and 2020 amounted to ₱37.16 million and ₱32.90 million, respectively (see Note 25).

The carrying amount of right-of-use asset amounted to ₱38.29 million and ₱6.26 million as of September 30, 2021 and December 31, 2020, respectively (see Note 30).

#### 15. Other Assets

This account consists of:

	September 30, 2021	December 31, 2020
<b>Current:</b>		
Prepaid commissions	<b>₱940,757,954</b>	₱790,695,547
Input taxes	<b>508,366,430</b>	524,400,246
Creditable withholding taxes (CWTs)	<b>218,723,399</b>	389,829,714
Prepaid expenses	<b>19,817,237</b>	29,264,331
Others	<b>67,005,605</b>	75,704,474
	<b>₱1,754,670,625</b>	₱1,809,894,312
<b>Noncurrent:</b>		
Prepaid commissions	<b>₱635,616,658</b>	₱635,616,658
Advances to landowners	<b>669,234,205</b>	669,234,205
CWTs	<b>344,123,069</b>	33,899,349
Input taxes	<b>149,942,420</b>	157,363,969
Rental deposits	<b>112,735,470</b>	132,394,312
Intangible assets	<b>45,876,944</b>	34,438,719
Deferred financing costs	<b>13,825,625</b>	13,825,625
Others	<b>18,036,377</b>	23,150,160
	<b>₱1,989,390,768</b>	₱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 ₱404.11 million and ₱294.50 million as of September 30, 2021 and December 31, 2020, respectively (see Note 19).

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.

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 ₱4.90 million and ₱3.60 million in 2021 and 2020, respectively (see Note 25). Additions to software amounted to ₱16.34 million in 2021.

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

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

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## 16. Investment in Bonds

On July 10, 2019, the Group purchased Philippine Peso-denominated, fixed rate bonds amounting to ₱463.75 million. The bonds were issued at par by China Banking Corporation, with maturity of eighteen (18) months from issue date and interest rate of 5.70% per annum. The bonds are rated "AAA" by Philippine Rating Services Corporation. Investment in bonds is classified and measured as financial assets at amortized cost since bonds are held to collect contractual cash flows representing solely payments of principal and interest. Investment in bond matured in January 2021.

For the nine-month period ended September 30, 2020 interest income from investment in bonds amounted to ₱19.39 million.



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## 17. Accounts and Other Payables

This account consists of:

	September 30, 2021	December 31, 2020
Accounts payable	₱4,235,325,672	₱3,613,781,270
Accrued expenses		
Taxes	115,172,090	91,208,470
Interest	65,455,763	265,843,307
Commissions	16,864,058	376,817,470
Salaries	2,152,539	91,066,031
Others	77,476,429	119,998,376
Customers' advances	467,055,129	430,120,778
Retention payable	299,167,813	318,563,249
Dividends payable (Note 23)	120,911,150	215,064,277
Other payables	86,765,347	69,177,749
	<b>₱5,486,345,990</b>	<b>₱5,591,640,977</b>

Customers' advances includes 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.

In 2021, the Group reversed retention payables related to already completed projects amounting to ₱73.40 million (see Note 26)

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## 18. 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 September 30, 2021 and December 31, 2020, carrying values of contract liabilities amounted to ₱3,086.43 million and ₱1,457.78 million, respectively.

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## 19. Related Party Transactions

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

### Terms and Conditions of Transactions with Related Parties

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

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



**Due from Related Parties**

	<b>September 30, 2021</b>	December 31, 2020	Amount of transaction	Terms and Conditions
Ultimate Parent	<b>₱201,848,736</b>	₱168,241,771	₱33,606,965	Noninterest bearing, due and demandable, unsecured, no impairment
Stockholders	<b>223,227,151</b>	155,459,433	67,767,718	
<b>Under Common Control</b>				
CISI	<b>129,291,559</b>	110,553,812	18,737,747	
CGIC	<b>50,983</b>	24,958	26,025	
CRIT	<b>23,686</b>	-	23,686	
<b>Entity managed by a related party</b>				
CAC	<b>17,709,269</b>	17,709,269	-	
Centuria Pharma	<b>12,433,619</b>	12,433,619	-	
	<b>₱584,585,003</b>	₱464,422,862	₱120,162,141	

**Due to Related Parties**

	<b>September 30, 2021</b>	December 31, 2020	Amount of transaction	Terms and Conditions
Ultimate Parent	<b>₱241,349,228</b>	₱195,430,779	₱45,918,449	Noninterest bearing, due and demandable, unsecured
Stockholders	<b>97,326,445</b>	74,575,243	22,751,202	
	<b>₱338,675,673</b>	₱270,006,022	₱68,669,651	

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

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

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

*Management agreement*

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

Prepayments to CISI for initial marketing services recognized under “Other current assets” account amounted to ₱404.11 million and ₱294.50 million as of September 30, 2021 and December 31, 2020 (see Note 15).

*Key management compensation*

The key management personnel of the Group include all directors, executives and senior management. The details of compensation and benefits of key management personnel for the nine-month periods ended September 30, 2021 and 2020 follow:

	<b>September 30, 2021</b>	September 30, 2020
Short-term employee benefits	<b>₱66,397,202</b>	₱101,383,535
Post-employment benefits	<b>3,650,071</b>	4,301,435
	<b>₱70,047,273</b>	₱105,684,970





*Terms and condition of transactions with related parties*

Outstanding balances as of September 30, 2021 and December 31, 2020 are unsecured, interest free, collectible or payable on demand and settlement occurs generally in cash. As of September 30, 2021 and December 31, 2020, the Group has not made any provision for probable losses relating to amounts owed by related parties. This assessment is undertaken each financial period by examining the financial position of the related party and the market in which the related party operates.

## 20. Loans Payable

This account consists of:

	September 30, 2021	December 31, 2020
Short-term debts:		
Trust receipts	₱335,708,389	₱496,648,735
Bank loans - Philippine Peso	-	315,300,000
	<b>₱335,708,389</b>	<b>₱811,948,735</b>
	September 30, 2021	December 31, 2020
Long-term debt:		
Bank loans	₱9,271,312,621	₱10,495,477,996
Payable under CTS financing	2,921,272,178	4,351,402,524
Car loan financing	4,575,578	9,295,145
	<b>12,197,160,377</b>	<b>14,856,175,665</b>
Less current portion	<b>3,268,725,181</b>	<b>5,447,303,305</b>
Noncurrent portion	<b>₱8,928,435,196</b>	<b>₱9,408,872,360</b>

### Short-term Debts

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

	September 30, 2021	December 31, 2020
Balance at beginning of period	₱811,948,735	₱1,452,692,919
Availments	435,175,660	835,818,202
Principal repayments	(911,416,006)	(1,476,562,386)
Balance at end of period	<b>₱335,708,389</b>	<b>₱811,948,735</b>

### *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 8.50% 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. Total availments of trust receipts for the nine-month periods ended September 30, 2021 and 2020, amounted to ₱435.18 million and ₱581.41 million, respectively.

### *Bank loans - Philippine Peso*

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

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



quarterly. In 2019, the Parent Company availed of ₱890.00 million of the total facility, with interest rates ranging from 5.25% to 6.04%.

In 2021 and 2020, repayments related to short-term PNs with CBC amounted to ₱315.30 million and ₱574.70 million and, respectively.

### Long-term Debts

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

	September 30, 2021			
	Bank Loans	CTS Financing	Car Loan Financing	Total
<b>Principal:</b>				
Balances at beginning of period	₱10,608,561,928	₱4,351,402,524	₱9,295,145	₱14,969,259,597
Addition	995,000,000	716,484,577	-	1,711,484,577
Payments	(2,227,353,995)	(2,146,614,923)	(4,719,567)	(4,378,688,485)
<b>Balances at end of period</b>	<b>9,376,207,933</b>	<b>2,921,272,178</b>	<b>4,575,578</b>	<b>12,302,055,689</b>
<b>Deferred financing costs:</b>				
Balances at beginning of period	₱113,083,932	₱-	₱-	₱113,083,932
Addition	27,097,208	-	-	27,097,208
Amortization	(35,285,828)	-	-	(35,285,828)
<b>Balances at end of period</b>	<b>104,895,312</b>	<b>-</b>	<b>-</b>	<b>104,895,312</b>
<b>Carrying values</b>	<b>₱9,271,312,621</b>	<b>₱2,921,272,178</b>	<b>₱4,575,578</b>	<b>₱12,197,160,377</b>

	December 31, 2020			
	Bank Loans	CTS Financing	Car Loan Financing	Total
<b>Principal:</b>				
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)
<b>Balances at end of year</b>	<b>10,608,561,928</b>	<b>4,351,402,524</b>	<b>9,295,145</b>	<b>14,969,259,597</b>
<b>Deferred financing costs:</b>				
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)
<b>Balances at end of year</b>	<b>113,083,932</b>	<b>-</b>	<b>-</b>	<b>113,083,932</b>
<b>Carrying values</b>	<b>₱10,495,477,996</b>	<b>₱4,351,402,524</b>	<b>₱9,295,145</b>	<b>₱14,856,175,665</b>

In 2021 and 2020, the Group availed additional loan from DBP amounting to ₱225.00 million and ₱450.00 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 2019, the Group availed the remaining undrawn balance of its loan facility from Amalgamated 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 outstanding amount of this loan as of September 30, 2021 and December 31, 2020 amounted to ₱592.94 million.

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 September 30, 2021, outstanding balance of this loan amounted to ₱775.46 million.

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 ₱315.00 million and ₱449.16 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 amounting ₱1,606.06 million of the bank loans with BPI. The early payment resulted to a loss on loan settlement amounting to ₱42.23 million recorded under “Interest and other financing charges”.

On July 10, 2020, the Company 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 September 30, 2021, outstanding balance of this loan amounted to ₱1,456.00 million.

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 September 30, 2021, outstanding balance of this loan amounted to ₱2,248.33 million.

In 2021, the Group entered into a four-year term loan agreement with BPI amounting to ₱850.00 million. The loan has principal payments due quarterly with one year grace period on principal amortization and an average interest rate of 5.25%. As of September 30, 2021, total drawn amounted to ₱320.00 million.

In 2019, the Group entered into a five-year term loan agreement with SBC amounting to ₱450.00 million and was only availed in 2021. The loan has principal payments due quarterly with two years grace period on principal amortization and an average interest rate of 4.54%. As of September 30, 2021, outstanding balance of this loan amounted to ₱450.00 million.

#### *CTS financing*

CTS financing pertains to loan facilities which were used in the construction of the Group’s real estate development projects. The related PNs have terms ranging from twelve (12) to forty-eight (48) months and are secured by the buyer’s post-dated checks, the corresponding CTS, and parcels of land held by the Parent Company. The Group retained the assigned ICRs and contract assets and recorded the proceeds from these assignments as “Long-term debt”. The gross amount of ICRs and contract assets used as collateral amounted to ₱2,554.63 million and ₱6,210.21 million as of September 30, 2021 and December 31, 2020, respectively (see Note 8).

The Group made an additional availment from its existing CTS loan facilities amounting to ₱716.48 million and ₱813.72 million which bears an average interest of 6.38% and 6.89% in 2021 and 2020, respectively. Repayments for the loan facility amounted to ₱2,146.61 million in 2021 and ₱3,376.97 million in 2020.



### Car loan financing

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

### Security and Debt Covenants

Certain bilateral, trust receipts, payables under CTS financing and bank loans have mortgaged real estate inventories and assigned ICRs and contract assets wherein such assets can no longer be allowed to be separately used as collateral for another credit facility, grant loans to directors, officers and partners, and act as guarantor or surety in favor of banks. As of September 30, 2021 and December 31, 2020, the carrying values of these assets mortgaged for trust receipts, payables under CTS financing and bank loans are as follows:

	September 30, 2021	December 31, 2020
Real estate inventories	₱4,909,125,443	₱8,858,435,704
ICR	2,554,628,455	6,210,206,697
Investment properties	5,274,997,455	3,931,340,000

Certain bilateral loans have covenants to maintain a debt-to-equity ratio of not more than 2.33x and a debt service coverage ratio of at least 1.5x and current ratio of 1.2x. 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 September 30, 2021 and December 31, 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. 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 cost capitalized amounted to ₱163.26 million and ₱613.28 million for the nine-month period ended September 30, 2021 and for the year ended December 31, 2020, respectively (see Notes 9 and 13).

### Interest Expense and Other Finance Charges

Interest and other financing charges for the nine-month periods ended September 30, 2021 and 2020 totaled to ₱593.80 million and ₱470.87 million, respectively (see Note 27).



## 21. Bonds Payable

This account consists of the following:

	<b>September 30, 2021</b> <b>(Unaudited)</b>	December 31, 2020 <b>(Audited)</b>
Three-year bond	<b>₱6,000,000,000</b>	₱3,000,000,000
Seven-year bond	–	119,110,000
	<b>6,000,000,000</b>	3,119,110,000
Less unamortized transaction costs	<b>(64,489,789)</b>	(34,343,713)
	<b>5,935,510,211</b>	3,084,766,287
Less current portion	<b>2,985,247,759</b>	118,781,010
Noncurrent portion	<b>₱2,950,262,452</b>	₱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 September 30, 2021, the seven-year bond payable amounting to ₱119.11 million was paid in full.

### Security and Debt Covenants

Covenants related to bonds payable include maintenance of current ratio of at least 1.5x, debt-to-equity ratio of not more than 2.0x and debt service coverage ratio of at least 1.2x. As of September 30, 2021 and December 30, 2020, the Group has complied with the provisions of its bond covenants.

## 22. Liability from Purchased Land

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

	<b>September 30, 2021</b>	December 31, 2020
Current	<b>₱67,200,000</b>	₱67,200,000
Noncurrent	<b>141,145,286</b>	208,335,743



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### 23. 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. As of September 30, 2021, outstanding dividends payable for common share holder amounted to ₱120.91 million which includes outstanding dividends payable of the previous year (see Note 17). Total dividends paid to common shareholders for the nine-month period ended September 30, 2021 amounted to ₱217.46 million.

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. Total dividends paid to preferred shareholders for the nine-month period ending September 30, 2021 amounted to ₱151.15 million.

On August 26, 2020, the BOD approved the declaration of ₱0.0063 cash dividend per share amounting to ₱147.84 million for the common shares for distribution to the stockholders of the Parent Company of record September 10, 2020 with payment date on September 18, 2020, and of record date November 6, 2020 with payment date on November 18, 2020. On September 18, 2020, ₱73.07 million of the total dividend declared was paid and ₱74.77 million was still outstanding as of September 30, 2020. Total dividends paid to common shareholders for the nine-month period ending September 30, 2020 amounted to ₱84.80 million.

On July 1, 2020, the BOD 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 shares of record date October 6, 2020 with payment date on October 12, 2020. On July 10, 2020, ₱50.38 million of the total dividend declared was paid and ₱50.38 million was still outstanding as of September 30, 2020. This outstanding dividend payable amounting to ₱50.38 million was paid 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%. The total dividend declared amounting to ₱50.38 million was paid on April 13, 2020. Total dividends paid to preferred shareholders for the nine-month period ended September 30, 2020 amounted to ₱100.77 million.

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



## 24. Equity

### *Basic earnings per share*

Basic earnings per share amounts attributable to equity holders of the Parent Company for the nine-month periods ended September 30, 2021 and 2020 are as follows:

	<b>September 30, 2021</b>	September 30, 2020
Net income attributable to the equity holders of the Parent Company	<b>₱845,078,114</b>	₱831,487,170
Dividends declared to preferred shares	–	151,148,250
	<b>845,078,114</b>	680,338,920
Weighted average number of shares	<b>11,599,600,690</b>	11,599,600,690
	<b>₱0.073</b>	₱0.059

Basic earnings per share are calculated using the net income attributable to the equity holders of the Parent Company less dividend declared to preferred shares divided by the weighted average number of shares. No dilutive potential ordinary shares are outstanding as of September 30, 2021 and 2020.

### *Common shares*

As of September 30, 2021 and December 31, 2020, the Parent Company had 498 stockholders with at least one board lot at the PSE, for a total of 11,599,600,690 (₱0.53 par value) issued and outstanding common shares.

### *Issuance of preferred shares*

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

The 30,000,000 preferred shares with a par value of ₱0.53 were fully subscribed totaling ₱15,900,000. Additional paid-in capital from preferred shares amounted ₱2,984.10 million and issuance cost totaled ₱99.06 million resulting in a net additional paid-in capital ₱2,885.03 million. Deposits from stockholders received by the Group in 2019 amounting to ₱42.48 million were applied as payment for the issuance of shares of stock in 2020.

### *Treasury shares*

As of September 30, 2021 and December 31, 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, joint ventures and associates amounting to ₱9,759.10 million and ₱9,028.95 million as of September 30, 2021 and December 31, 2020, respectively. These amounts are not available for dividend declaration until these are declared by the subsidiaries.



*Non-controlling interest*

In 2021, MC subscribed an additional 308 million common shares with par value of ₱1.00 and 77,000 Preferred Shares B with par value of ₱1,000. MC paid ₱160.00 million of its subscribed common shares and ₱40.00 million of its subscribed Preferred Shares B, which resulted into an aggregate increase in the non-controlling interest amounting to ₱200.00 million.

On September 28, 2021, TP2 approved the declaration of ₱11.43 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 in September 2021.

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

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

*Other components of equity*

Other components of equity mainly pertain to the equity reserve recognized between the consideration paid by MC and the carrying value of the net assets of TPI I, TPI II, TPI III and CCDC II given up amounting to ₱104.49 million as of December 31, 2020. In 2020, CPGI acquired the total outstanding shares held by MC in one of its subsidiaries, CCDC II. The difference between the acquisition price and the value of the NCI as of August 24, 2020 amounting to ₱782.24 million was charge against the Group’s equity reserve. This also includes the remeasurement loss on equity instruments at FVOCI amounting to ₱5.25 million as of September 30, 2021 and December 31, 2020.





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

Summarized statements of financial position (in millions):

	TPI I		TPI II		TPI III		CCDC II		PPHI	
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Current assets	<b>₱581.85</b>	₱514.70	<b>₱685.08</b>	₱846.26	<b>₱496.50</b>	₱359.88	<b>₱1,027.58</b>	₱750.34	<b>₱6,665.45</b>	₱3,978.44
Noncurrent assets	<b>1.73</b>	3.13	<b>4.51</b>	7.24	<b>4.89</b>	5.51	<b>5,284.43</b>	5,387.32	<b>51.23</b>	46.87
Current liabilities	<b>(177.77)</b>	(160.00)	<b>(328.38)</b>	(345.00)	<b>(311.96)</b>	(276.00)	<b>(1,110.96)</b>	(789.00)	<b>(2,825.56)</b>	(1,768.00)
Noncurrent liabilities	<b>(39.61)</b>	(12.06)	<b>(114.31)</b>	(12.58)	<b>(48.33)</b>	–	<b>(2,340.25)</b>	(2,461.84)	<b>(864.59)</b>	(18.89)
Total equity	<b>₱366.20</b>	₱345.77	<b>₱246.90</b>	₱495.92	<b>₱141.10</b>	₱89.39	<b>₱2,860.81</b>	₱2,886.82	<b>₱3,026.53</b>	₱2,238.42
Attributable to:										
Equity holders of the Parent										
Company	<b>₱215.62</b>	₱203.26	<b>₱150.18</b>	₱299.60	<b>₱86.01</b>	₱55.07	<b>₱2,860.81</b>	₱2,886.82	<b>₱1,825.51</b>	₱1,342.24
Non-controlling interest	<b>150.58</b>	142.51	<b>96.71</b>	196.32	<b>55.09</b>	34.32	–	–	<b>1,201.02</b>	896.18
Total equity	<b>₱366.20</b>	₱345.77	<b>₱246.90</b>	₱495.92	<b>₱141.10</b>	₱89.39	<b>₱2,860.81</b>	₱2,886.82	<b>₱3,026.53</b>	₱2,238.42

Summarized statements of comprehensive income (in millions):

	TPI I		TPI II		TPI III		CCDC II		PPHI	
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Revenue	<b>₱33.48</b>	₱52.32	<b>₱382.13</b>	₱443.81	<b>₱196.54</b>	₱162.28	<b>₱333.80</b>	₱336.59	<b>₱2,149.65</b>	₱1,606.10
Cost of real estate sales and services	<b>(4.49)</b>	(3.08)	<b>(200.54)</b>	(263.40)	<b>(110.69)</b>	(82.07)	<b>(122.93)</b>	(71.82)	<b>(1,152.07)</b>	(827.45)
General and administrative expenses	<b>(14.41)</b>	(34.43)	<b>(35.29)</b>	(72.14)	<b>(35.58)</b>	(35.78)	<b>(31.27)</b>	(68.44)	<b>(627.39)</b>	(569.23)
Operating income (loss)	<b>14.58</b>	14.81	<b>146.30</b>	108.27	<b>50.27</b>	44.43	<b>179.60</b>	196.33	<b>370.19</b>	209.42
Other income	<b>7.89</b>	6.54	<b>7.26</b>	7.08	<b>2.33</b>	0.09	<b>130.79</b>	631.99	<b>27.33</b>	23.16
Provision for income tax	<b>(2.31)</b>	(2.06)	<b>(2.59)</b>	(2.02)	<b>(0.66)</b>	(0.01)	<b>13.43</b>	(249.00)	<b>(29.12)</b>	(10.05)
Other Comprehensive Income	–	–	–	–	–	–	–	–	–	(0.92)
Total comprehensive income	<b>₱20.16</b>	₱19.29	<b>₱150.98</b>	₱113.33	<b>₱51.94</b>	₱44.51	<b>₱323.82</b>	₱579.32	<b>₱368.40</b>	₱221.61

	TPI I		TPI II		TPI III		CCDC II		PPHI	
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Total comprehensive income attributable to:										
Equity holders of the Parent Company	<b>₱12.10</b>	₱11.57	<b>₱90.59</b>	₱68.00	<b>₱31.16</b>	₱26.71	<b>₱323.82</b>	₱384.95	<b>₱221.04</b>	₱133.21
Non-controlling interests	<b>8.07</b>	7.72	<b>60.39</b>	45.33	<b>20.77</b>	17.80	–	194.38	<b>147.36</b>	88.40
	<b>₱20.17</b>	₱19.29	<b>₱150.98</b>	₱113.33	<b>₱51.93</b>	₱44.51	<b>₱323.82</b>	₱579.33	<b>₱368.40</b>	₱221.61



## 25. General, Administrative and Selling Expenses

This account consists of:

	September 30, 2021	September 30, 2020
Commission	₱519,523,847	₱440,254,838
Salaries, wages and employee benefits	434,691,354	458,628,319
Taxes and licenses	157,243,016	287,547,877
Marketing and promotions	133,792,157	249,020,864
Outside services	86,838,651	41,782,700
Professional fees	62,328,862	49,224,829
Entertainment, amusement and recreation	59,537,366	65,039,081
Rent	56,517,885	21,985,130
Utilities	46,869,784	42,757,208
Depreciation and amortization (Notes 14 and 15)	42,060,593	36,499,286
Supplies	35,014,901	19,830,126
Communication	14,242,124	8,023,304
Transportation and travel	10,798,360	5,338,640
Repairs and maintenance	10,022,435	14,938,539
Miscellaneous	80,425,004	78,092,767
	<b>₱1,749,906,339</b>	<b>₱1,818,963,508</b>

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

## 26. Interest and Other Income

This account consists of:

	September 30, 2021	September 30, 2020
Gain on reversal of retention payables (Note 17)	₱73,396,199	₱-
Income from forfeited collections	35,132,705	101,101,262
Interest income from cash and cash equivalents and short-term investment (Note 6 and 7)	46,571,661	89,431,360
Other income	95,883,976	55,662,931
	<b>₱250,984,541</b>	<b>₱246,195,553</b>

Other income mainly consists of the penalties and other surcharges billed against defaulted installments from sales contracts. In 2021, the Group has increased collection from penalties, surcharges and interest from late payments from customers in connection with its drive to follow up delinquent accounts. 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. Other income also includes interest income from in-house financing amounting to ₱22.98 million for the nine-month period ended September 30, 2021.



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## 27. Interest and Other Financing Charges

Details of this account follow (see Notes 20, 21 and 30):

	September 30, 2021	September 30, 2020
Interest expense	<b>₱526,002,525</b>	₱401,677,023
Other financing charges	<b>68,794,004</b>	69,197,555
	<b>₱594,796,529</b>	₱470,874,578

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## 28. Retirement Costs

For the nine-month periods ended September 30, 2021 and 2020, the retirement expense included under “Salaries, wages and employee benefits” under general, administrative and selling expenses amounted to ₱4.37 million and ₱9.61 million, respectively.

An actuarial valuation of the retirement benefit obligation will be conducted by an independent actuary on the 2021 annual consolidated financial statements. As of September 30, 2021 and December 31, 2020, carrying value of retirement benefit obligation, net of retirement plan assets, amounted to ₱407.86 million and ₱372.99 million, respectively.

The fair value of retirement plan assets as of September 30, 2021 and December 31, 2020 amounted to ₱7.16 million. The Group has no transaction with its retirement fund. The plan assets as of September 30, 2021 and December 31, 2020 pertain solely to bank deposits. Total retirement benefits paid amounted to ₱0.58 million and ₱2.77 million for the nine-month periods ended September 30, 2021 and 2020, respectively.

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## 29. Income Taxes

The provision for income tax consists of:

	September 30, 2021	September 30, 2020
Current		
RCIT/MCIT	<b>₱213,091,513</b>	₱149,078,821
Final	<b>4,041,606</b>	14,008,163
	<b>217,133,119</b>	163,086,984
Deferred	<b>(575,684,073)</b>	263,978,975
	<b>(₱358,550,954)</b>	₱427,065,959



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

	<b>September 30, 2021</b>	December 31, 2020
Recognized in the interim condensed consolidated statements of comprehensive income:		
Deferred tax assets on:		
NOLCO	<b>₱57,307,918</b>	₱37,079,649
Accrued retirement costs	<b>58,388,915</b>	59,605,673
MCIT	<b>21,181,527</b>	35,047,411
Difference in accounting under PFRS 16	<b>60,951,609</b>	81,745,139
Provisions for impairment losses	<b>2,847,473</b>	3,416,967
	<b>200,677,442</b>	216,894,839
Deferred tax liabilities on:		
Effect of difference in accounting and tax base on real estate sales (see Note 2)	<b>(1,122,878,191)</b>	(1,475,894,783)
Fair value gains on investment properties	<b>(996,257,525)</b>	(1,153,336,605)
Prepaid commissions	<b>(261,924,514)</b>	(262,438,865)
Effect of difference in accounting and tax base on investment properties	<b>(182,604,596)</b>	(182,261,431)
Unamortized deferred financing costs	<b>(42,346,275)</b>	(44,228,294)
Others	<b>(13,560,967)</b>	(16,273,160)
	<b>(2,619,572,068)</b>	(3,134,433,138)
Recognized directly in equity:		
Deferred tax asset on re-measurement loss on retirement obligation	<b>47,266,980</b>	52,289,889
	<b>(₱2,371,627,646)</b>	(₱2,865,248,410)

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

	<b>September 30, 2021</b>	December 31, 2020
Deferred tax assets	<b>₱28,569,988</b>	₱86,280,221
Deferred tax liabilities	<b>2,400,197,634</b>	2,951,528,631

#### *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 ₱265.18 million and ₱5.13 million, respectively, as of September 30, 2021 and ₱188.83 million and ₱2.50 million, respectively, as of December 31, 2020.

#### Republic Act (RA) 11534 or the CREATE Act

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.



The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%;
- Minimum corporate income tax MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023; and
- Imposition of improperly accumulated earnings tax is repealed.

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. Accordingly, current and deferred income taxes as of and for the year ended December 31, 2020 were still computed and measured using the applicable income tax rates as of December 31, 2020 (30% RCIT and 2% MCIT) for financial reporting purposes.

The passage of CREATE Act into law on March 26, 2021 resulted to the measurement of the provision for current and deferred income tax using the revised income tax rate of 25% for the nine months ended September 30, 2021. Accordingly, the differences in the amount of current and deferred income tax recognized in the books using the old income tax rate and the amount that should be recorded using the revised income tax rate under CREATE Act as of December 31, 2020 amounting to ₱39.54 million and ₱486.26 million, respectively, were adjusted as reduction in the September 30, 2021 balances of current and deferred income tax.

### 30. Lease Liability

The Group has lease contracts for various office spaces with lease terms of two (2) to three (3) years. Rental due is based on prevailing market conditions. As of September 30, 2021 and December 31, 2020, the Group has rental deposits pertaining to these lease contracts amounting to ₱112.74 million and ₱132.39 million, respectively (see Note 15)

The rollforward of lease liability is as follows:

	September 30, 2021	December 31, 2020
Balance at beginning of period	₱4,525,606	₱61,178,004
Additions	42,698,958	10,027,785
Accretion for the year	932,666	4,659,965
Payments	(10,684,945)	(21,750,839)
Termination	–	(49,589,309)
Balance at the end of period	37,472,285	4,525,606
Less current portion	4,525,606	4,525,606
	<b>₱32,946,679</b>	<b>₱–</b>

Payments of principal and interest related to lease liability are presented as part of financing activities in the interim condensed consolidated statement of cash flows.



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

	September 30, 2021	December 31, 2020
Balance at beginning of period	₱6,268,495	₱57,336,618
Additions	42,698,958	11,572,605
Termination	-	(43,790,997)
Amortization expense	(10,674,739)	(18,849,731)
Balance at the end of period	<b>₱38,292,714</b>	<b>₱6,268,495</b>

### 31. 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	-	-	-	-	-
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 September 2021	-	-	-	-	-
Cancellation of shares	(442)	(52)	(39)	(104)	(637)
<b>Number of shares at September 30, 2021</b>	<b>5,707</b>	<b>429</b>	<b>481</b>	<b>143</b>	<b>6,760</b>

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 September 2021, total of 637 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:

<u>Class of Preferred Shares</u>	<u>Corresponding Room Class</u>
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 September 30,2021, and December 31,2020, 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.

Total deposits for preferred shares subscriptions received presented under financial statement caption "Other noncurrent liabilities" amounted to ₱1,051.86 million and ₱1,092.10 million as of September 30, 2021 and December 31, 2020, respectively. Prior to full payment and availability of the rooms, the Group has determined that amounts received from the buyers of preferred shares are classified as liability since the shareholders' rights to the 28 free nights to stay at the hotel and contractual right to dividends will inure to the shareholders only upon full payment and availability of the rooms. The Group has an obligation to complete the facility.

#### 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 ₱116.69 million and ₱352.67 million "Other noncurrent liabilities" amounting to ₱723.67 million and ₱694.45 million, as of September 30, 2021 and December 31, 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 ₱89.46 million and ₱214.26 million presented under financial statement caption "Other current liabilities" as of September 30, 2021.

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### **32. Performance Obligation and Disaggregation of Revenue**

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

#### *Real estate sales*

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





Payments, which are considered in revenue recognition, commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10%-20% of the contract price spread over a five-year period at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to five (5) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at September 30, 2021 and December 31, 2020 are as follows:

	September 30, 2020	December 31, 2020
Within one year	<b>₱2,060,454,568</b>	₱6,655,183,190
More than one year	<b>2,402,180,581</b>	3,203,070,219
	<b>₱4,462,635,149</b>	₱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.

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

Project	Location	September 30, 2021	September 30, 2020
The Residences at Commonwealth	Quezon City	<b>₱548,338,031</b>	₱1,431,818,061
Century City	Makati City	<b>490,510,143</b>	1,094,098,309
The Resort Residences at Azure North	Pampanga City	<b>1,168,528,697</b>	1,039,354,398
Azure Urban Resort Residences	Paranaque City	<b>216,683,364</b>	1,018,085,985
PHirst Park Homes	Cavite	<b>2,149,650,773</b>	974,394,466
Century Communities	Novaliches	-	649,978,000
Tanza Properties	Cavite	<b>612,148,898</b>	472,664,302
Acqua Private Residences	Mandaluyong City	<b>151,009,476</b>	323,811,113
Batulao Landscapes	Batangas	-	300,979,118
		<b>₱5,336,869,382</b>	₱7,305,183,752

#### *Property management*

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

	September 30, 2021	September 30, 2020
Property management fee	<b>₱304,338,806</b>	₱204,717,980
Technical services	<b>651,269</b>	51,429,495
	<b>₱304,990,075</b>	₱256,147,475



### 33. Financial Instruments

#### Fair Value Information

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

	September 30, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial asset at amortized cost</b>				
ICR	₱8,869,272,119	₱9,011,011,070	₱10,447,472,507	₱10,664,466,511
Rental deposits	112,735,470	114,608,795	132,394,312	135,144,142
Investment in bonds	–	–	463,750,000	463,750,000
<b>Total financial assets</b>	<b>₱8,982,007,589</b>	<b>₱9,125,619,865</b>	<b>₱11,043,616,819</b>	<b>₱11,263,360,653</b>
<b>Other financial liabilities</b>				
Long-term debt	₱12,197,160,377	₱12,423,967,240	₱14,856,175,665	₱14,961,379,531
Bonds payable	5,935,510,211	6,038,632,277	3,084,766,287	3,172,154,215
Liability from purchased land	208,345,286	212,984,229	310,364,351	316,810,619
Refundable deposits	723,666,880	749,165,735	945,111,754	964,741,725
<b>Total financial liabilities</b>	<b>₱19,064,682,754</b>	<b>₱19,424,749,481</b>	<b>₱19,196,418,057</b>	<b>₱19,415,086,090</b>

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

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

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

*Rental deposits and investment in bonds*

The fair values of rental deposits and investment in bonds are based on the discounted value of future cash flows using the applicable market interest rates. Discount rates ranging from 1.043% to 5.07% and 1.91% to 5.00% were used in calculating the fair value of the Group's rental deposits as of September 30, 2021 and December 31, 2020, respectively. The discount rate used for the investment in bonds is 3.82% as of December 31, 2020.

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

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 1.66% to 2.50% and 1.12% to 1.71% as of September 30, 2021 and December 31, 2020, respectively. The discount rates used for the bonds payable ranged from 1.66% to 2.87% and 2.79% to 4.52% as of September 30, 2021 and December 31, 2020, respectively. The discount rates used for the liability from purchased land ranged from 1.66% to 2.50% and 1.12% to 1.71% as of September 30, 2021 and December 31, 2020, respectively.

The discount rates used for refundable deposits ranged from 1.66% to 2.50% and 4.97% to 5.04% as of September 30, 2021 and December 31, 2020, respectively.

The Group has no financial instruments measured under Level 3 of fair value hierarchy. For the nine-month period ended September 30, 2021 and for the year ended December 31, 2020, the Group did not have transfers between Level 1 and 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.



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

*Credit Risk*

The Group's maximum exposure to credit risk as of September 30, 2021 and December 31, 2020 is equal to the carrying values of its financial assets amounting to ₱5,380.46 million and ₱6,280.72 million, respectively, except for ICR carrying values of ₱8,556.32 million and ₱10,447.47 million, respectively.

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

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

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

As of September 30, 2021 and December 31, 2020, the Group has recognized an expected credit losses on its receivables amounting to ₱11.39 million (see Note 8).

*Liquidity risk*

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

	September 30, 2021		Total
	Within 1 Year	More than 1 Year	
<b>Financial assets</b>			
Cash and cash equivalents	₱3,796,205,896	₱-	₱3,796,205,896
Short-term investments	1,040,820,087	-	1,040,820,087
Receivables	10,198,353,747	102,827,202	10,301,180,949
Due from related parties	584,585,003	-	584,585,003
Rental Deposits	-	112,735,470	112,735,470
	<b>₱15,619,964,733</b>	<b>₱215,562,672</b>	<b>₱15,835,527,405</b>
<b>Other financial liabilities</b>			
Accounts and other payables**	₱4,904,272,786	₱-	₱4,904,272,786
Due to related parties	338,675,673	-	338,675,673
Short-term debt	335,708,389	-	335,708,389
Liability from purchased land	67,200,000	141,145,286	208,345,286
Lease liabilities	4,525,606	32,946,679	37,472,285
Long-term debt:			
Principal	3,268,725,181	9,033,330,508	12,302,055,689
Interest	544,207,011	496,376,845	1,040,583,856
Bonds payable:			
Principal	3,000,000,000	3,000,000,000	6,000,000,000
Interest	321,357,750	218,101,500	539,459,250
	<b>₱12,784,672,396</b>	<b>₱12,921,900,818</b>	<b>₱25,706,573,214</b>

\*\* Excluding customers' advances and statutory liabilities amounting to ₱1,153.51 million and ₱115.17 million, respectively, as of September 30, 2021.



	December 31, 2020		Total
	Within 1 Year	More than 1 Year	
<b>Financial assets</b>			
Cash and cash equivalents	₱2,473,555,750	₱–	₱2,473,555,750
Short-term investments	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
	<b>₱18,221,339,655</b>	<b>₱257,170,901</b>	<b>₱18,478,510,556</b>
<b>Financial liabilities</b>			
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
	<b>₱12,735,085,556</b>	<b>₱14,197,495,145</b>	<b>₱26,932,580,701</b>

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

The Group's financial assets and contract assets amounting to ₱15,835.53 million and ₱18,478.51 million as of September 30, 2021 and December 31, 2020, respectively, can be used to settle its financial liabilities. The Group has access to a sufficient variety of sources of funding that can be used to settle liabilities maturing more than one year.

#### 34. Notes to Interim Condensed Consolidated Statements of Cash Flows

- Accretion of unamortized discount for noninterest-bearing contracts receivable amounting to ₱116.23 million and ₱133.55 million for the nine-month periods ended September 30, 2021 and 2020, respectively.
- Borrowing costs capitalized in real estate inventories amounting to ₱163.26 million and ₱612.33 million for the nine-month periods ended September 30, 2021 and 2020, respectively (see Note 9).
- Borrowing costs capitalized in investment properties amounting to ₱62.11 million for nine-month period ended September 30, 2020 (see Note 13).
- Amortization of deferred financing costs amounting to ₱69.63 million and ₱97.77 million for the nine-month periods ended September 30, 2021 and 2020, respectively (see Notes 20 and 21).



- e. Accrued interest payable from long-term debts amounting to ₱15.31 million and ₱156.38 million as of September 30, 2021 and 2020, respectively (see Note 17).
- f. Dividends declared amounting to ₱120.91 million and ₱221.15 million are unpaid as of September 30, 2021 and 2020.
- g. Additions to right-of-use assets and increase in lease liabilities amounting ₱42.70 million for the nine-month period ended September 30, 2021 (see Note 30).
- h. Transfer from real estate inventory to investment property amounted to ₱268.90 million and ₱2.5 million in 2021 and 2020, respectively.

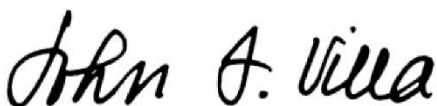


## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

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

We have reviewed in accordance with Philippine Standard on Review Engagement 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, the interim condensed consolidated financial statements of Century Properties Group Inc. and Subsidiaries (the Group) as at September 30, 2021 and for the nine-month periods ended September 30, 2021 and 2020 and have issued our report thereon dated December 17, 2021. Our review was made for the purpose of expressing a conclusion on the interim condensed consolidated financial statements taken as whole. The schedules listed in the Index to the Interim Condensed Consolidated Financial Statements and Supplementary Schedules are the responsibility of the management of the Group. These schedules are presented for purposes of complying with the Securities Regulation Code Rule 68 and are not part of the interim condensed consolidated financial statements. These schedules have been subjected to the review procedures applied in the review of the interim condensed consolidated financial statements and, based on our review, nothing has come to our attention that causes us to believe that the information required to be set forth therein has not been prepared, in all material respects, in accordance with Philippine Accounting Standard 34, *Interim Financial Reporting*, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, in relation to the interim condensed consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



John T. Villa  
Partner

CPA Certificate No. 94065

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. 8534381, January 4, 2021, Makati City

December 17, 2021

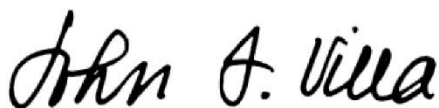


**INDEPENDENT AUDITOR'S REPORT  
ON RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION**

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

We have reviewed in accordance with Philippine Standard on Review Engagement 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, the interim condensed consolidated financial statements of Century Properties Group Inc. (the Company) and its Subsidiaries (collectively, "the Group") as at September 30, 2021 and for the nine-month period ended September 30, 2021 and have issued our report thereon dated December 17, 2021. Our review was made for the purpose of expressing a conclusion on the interim condensed consolidated financial statements of the Group taken as whole. The Company's schedule of retained earnings available for dividend declaration is the responsibility of the Company's management. The schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not part of basic interim condensed consolidated financial statements. The schedule has been subjected to the procedures applied in the review of the basic interim condensed consolidated financial statements of the Group, and based on our review, nothing has come to our attention that causes us to believe that the information required to be set forth therein has not been prepared, in all material respects, in accordance with Philippine Accounting Standard 34, *Interim Financial Reporting*, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, in relation to the interim condensed consolidated financial statements of the Group taken as a whole.

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. 8534381, January 4, 2021, Makati City

December 17, 2021

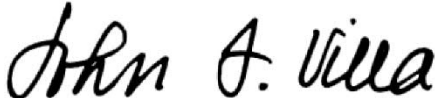


## **INDEPENDENT AUDITORS' REPORT ON INTERIM COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

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 reviewed in accordance with Philippine Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, the unaudited interim condensed consolidated financial statements of Century Properties Group Inc. and Subsidiaries (the "Group") as at September 30, 2021 and for the nine-month periods ended September 30, 2021 and 2020, and have issued our report thereon dated December 17, 2021. Our review was made for the purpose of expressing a conclusion on the unaudited interim condensed consolidated financial statements taken as whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic unaudited interim condensed consolidated financial statements in accordance with Philippine Accounting Standard 34, *Interim Financial Reporting*, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission. The components of these financial soundness indicators have been traced to the Group's unaudited interim condensed consolidated financial statements as at September 30, 2021 and for nine-month periods ended September 30, 2021 and 2020 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. 8534381, January 4, 2021, Makati City

December 17, 2021



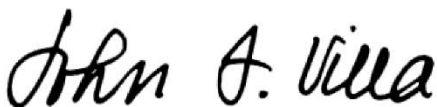


## **INDEPENDENT AUDITORS' REPORT ON INTERIM SUPPLEMENTARY SCHEDULES**

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

We have reviewed in accordance with Philippine Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, the interim condensed consolidated financial statements of Century Properties Group Inc. and Subsidiaries (the Group) as at September 30, 2021 and for the nine-month periods ended September 30, 2021 and 2020 and have issued our report thereon dated December 17, 2021. Our review was made for the purpose of expressing a conclusion on the interim condensed consolidated financial statements taken as whole. The schedules listed in the Index to the Interim Condensed Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68, and are not part of the interim condensed consolidated financial statements. These schedules have been subjected to the procedures applied in the review of the interim condensed consolidated financial statements and, based on our review, nothing has come to our attention that causes us to believe that the information required to be set forth therein has not been prepared, in all material respects, in accordance with Philippine Accounting Standard 34, *Interim Financial Reporting*, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, in relation to the interim condensed consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



John T. Villa  
Partner

CPA Certificate No. 94065

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. 8534381, January 4, 2021, Makati City

December 17, 2021



# INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

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A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)
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SCHEDULE A

**CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS**  
**SEPTEMBER 30, 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	₱–	₱3,796,205,896	₱20,279,816
Receivables			
Trade receivables:			
ICR	–	8,885,005,193	115,786,997
Leasing receivables	–	362,607,464	–
Management fee	–	142,487,764	–
Advances to condominium corporations	–	60,533,397	–
Advances to customers	–	67,206,851	–
Other receivables	–	254,099,730	–
Due from related parties	–	584,585,003	–
Rental deposit	–	112,735,470	–
	<b>₱–</b>	<b>₱14,265,466,768</b>	<b>₱136,066,813</b>

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

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**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**  
**SEPTEMBER 30, 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	₱-	₱-	₱-	₱-	₱18,828,073

SCHEDULE C

**CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM**  
**RELATED PARTIES WHICH ARE ELIMINATED DURING THE**  
**CONSOLIDATION OF FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

	Receivable Balance	Payable Balance	Current Portion
CPGI	₱9,691,222,312	(₱316,416,438)	₱9,374,805,873
CCDC	3,877,467,666	(4,783,026,486)	(905,558,820)
CCDC II	712,735,585	(87,921,799)	624,813,786
CCDC 11 subs	–	(43,433,876)	(43,433,876)
CLC	603,534,426	(6,423,712,522)	(5,820,178,096)
CCC	–	(1,705,820,977)	(1,705,820,977)
MDC	283,162,103	(211,673,863)	71,488,240
CMDC	104,818,666	(1,490,477,282)	(1,385,658,616)
CPHLI	–	(253,734,181)	(253,734,181)
CPMI	16,204,860	–	16,204,860
SSI	–	14,137,004	14,137,004
SCMC	750,000	–	750,000
Tanza I, II, and III	125,698,966	–	125,698,966
PPHI	32,816,683	–	32,816,683
KPDC	–	(146,330,847)	(146,330,847)
<b>Total Eliminated Receivables/Payables</b>	<b>₱15,448,411,267</b>	<b>(₱15,448,411,267)</b>	<b>₱–</b>

**SCHEDULE D****CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF INTANGIBLE ASSETS - OTHER ASSETS**  
**SEPTEMBER 30, 2021**

Description	Beginning Balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending Balance
Trademark	₱3,122,355	₱-	₱-	₱-	₱-	₱3,122,355
Software						
Cost	31,316,364	16,237,894	(4,799,669)	-	-	42,754,589
	₱34,438,719	₱ 16,237,894	(₱4,799,669)	₱-	₱-	₱45,876,944

**SCHEDULE E****CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT AND BONDS**  
**PAYABLE**  
**SEPTEMBER 30, 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	₱9,271,312,621	₱2,047,599,803	₱7,223,712,818
Payable under CTS financing	2,921,272,178	1,217,899,097	1,703,373,081
Chattel Mortgage	4,575,578	3,226,281	1,349,297
Bonds payable	5,935,510,211	2,985,247,759	2,950,262,452
	<b>₱18,132,670,588</b>	<b>₱6,253,972,940</b>	<b>₱11,878,697,648</b>





**CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF**  
**OTHER ISSUERS**  
**SEPTEMBER 30, 2021**

<b>Guarantees of Securities of Other Issuers</b>				
<b>Name of issuing entity of securities guaranteed by the company for which this statement is filed</b>	<b>Title of issue of each class of securities guaranteed</b>	<b>Total amount guaranteed and outstanding</b>	<b>Amount owned by person for which statement is file</b>	<b>Nature of guarantee</b>
N/A				

**SCHEDULE H**

**CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK**  
**SEPTEMBER 30, 2021**

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

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

**CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES**  
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**  
**SEPTEMBER 30, 2021**

(Amounts in Php)

<b>Financial ratios</b>	<b>30-Sep-21 (Unaudited)</b>	<b>30-Sep-20 (Unaudited)</b>
<b>Current/Liquidity Ratios</b>		
Current Assets	35,297,572,252	32,377,893,244
Current Liabilities	15,971,636,030	11,700,047,002
<b>Current Ratios</b>	<b>2.2</b>	<b>2.8</b>
<b>Quick Ratios</b>		
Current Assets	35,297,572,252	32,377,893,244
Inventory	15,271,289,483	13,879,985,395
Quick Assets	20,026,282,769	18,497,907,849
Current Liabilities	15,971,636,030	11,700,047,002
<b>Quick Ratios</b>	<b>1.3</b>	<b>1.6</b>
<b>Liabilities and Debt Ratios</b>		
Short-term debt	335,708,389	566,006,056
Long-term debt - Current	3,268,725,181	2,695,914,931
Long-term debt - Non-current	8,928,435,196	13,026,022,155
Bonds payable	5,935,510,211	3,078,437,291
<b>Debt</b>	<b>18,468,378,977</b>	<b>19,366,380,433</b>
<b>Equity</b>	<b>22,090,481,812</b>	<b>21,321,411,792</b>
<b>Debt-to-Equity</b>	<b>0.8</b>	<b>0.9</b>
<b>Net Debt to Equity Ratios</b>		
Debt	18,468,378,977	19,366,380,433
Cash and Cash Equivalents	3,796,205,896	3,988,543,330
<b>Net Debt</b>	<b>14,672,173,081</b>	<b>15,377,837,103</b>
<b>Equity</b>	<b>22,090,481,812</b>	<b>21,321,411,792</b>
<b>Net Debt-to-Equity</b>	<b>0.7</b>	<b>0.7</b>
<b>Debt to EBITDA Ratios</b>		
Debt	18,468,378,977	19,366,380,433
EBITDA (Annualized for Interim)	1,721,577,827	2,620,193,459
<b>Debt-to-EBITDA</b>	<b>10.7</b>	<b>7.2</b>
<b>EBITDA</b>		
Income before Income Tax	723,120,252	1,526,968,785
Interest expense	526,002,525	401,677,023
Depreciation and amortization	42,060,593	36,499,286
<b>EBITDA</b>	<b>1,291,183,370</b>	<b>1,965,145,094</b>
<b>Asset to Equity Ratios</b>		
Total Assets	54,787,949,270	53,905,564,147
Total Equity	22,090,481,812	21,321,411,792
<b>Asset to Equity Ratio</b>	<b>2.5</b>	<b>2.5</b>
<b>Liabilities to Equity Ratios</b>		
Total Liabilities	32,697,467,458	32,584,152,355
Total Equity	22,090,481,812	21,321,411,792
<b>Liabilities to Equity Ratio</b>	<b>1.5</b>	<b>1.5</b>

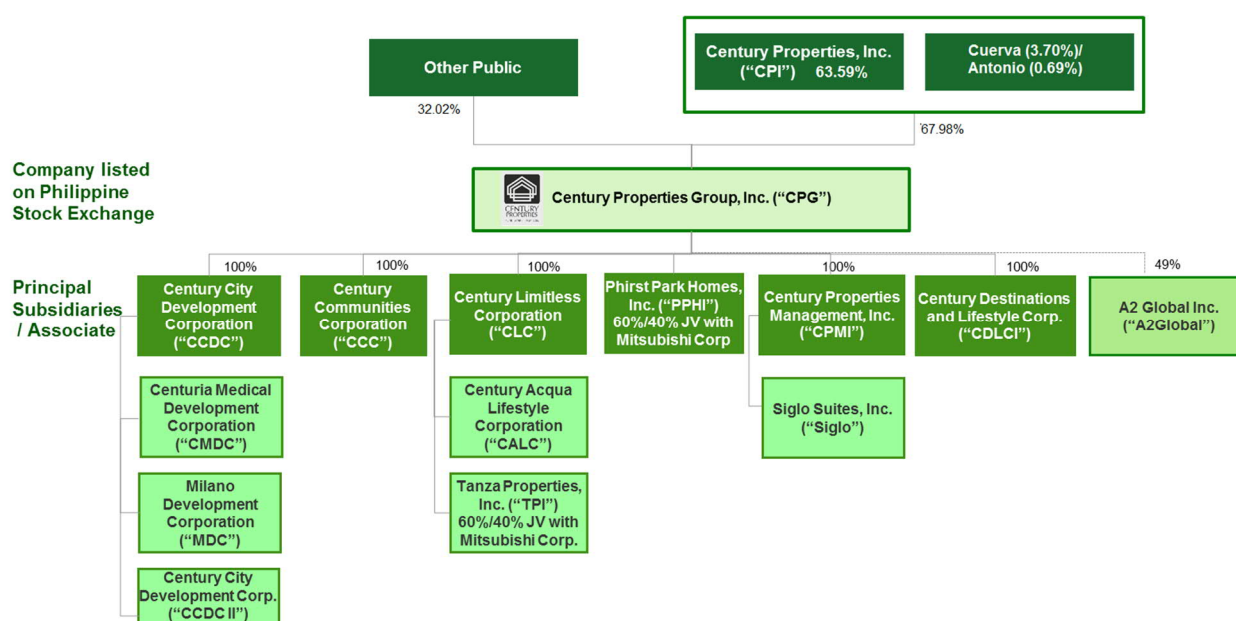
(Forward)

<b>Financial ratios</b>	<b>30-Sep-21 (Unaudited)</b>	<b>30-Sep-20 (Unaudited)</b>
<b>Profitability ratios</b>		
Revenue	6,433,750,080	8,282,019,623
Gross Profit	2,585,921,135	3,098,600,578
<b>Gross Profit Ratio</b>	<b>40%</b>	<b>37%</b>
<b>Net Income Attributable to Equity holders of the Parent Company</b>		
Revenue	818,066,037	831,487,170
	6,433,750,080	8,282,019,623
<b>Net Income Margin</b>	<b>12.7%</b>	<b>10.0%</b>
<b>Total Net Income after tax</b>		
	<b>1,442,228,275</b>	<b>1,466,537,101</b>
Total Asset CY	54,787,949,270	53,905,564,147
Total Asset PY	53,008,903,420	53,441,685,612
<b>Average total asset</b>	<b>53,898,426,345</b>	<b>53,673,624,880</b>
<b>Return on Asset</b>	<b>2.7%</b>	<b>2.7%</b>
<b>Total Net Income after tax</b>		
	<b>1,442,228,275</b>	<b>1,466,537,101</b>
Total Equity CY	22,090,481,812	21,321,411,792
Total Equity PY	21,131,273,660	19,615,569,488
<b>Average total equity</b>	<b>21,610,877,736</b>	<b>20,468,490,640</b>
<b>Return on Equity</b>	<b>6.7%</b>	<b>7.2%</b>
<b>Net Income</b>		
Revenue	1,081,671,206	1,099,902,826
	6,433,750,080	8,282,019,623
<b>Net Income Margin</b>	<b>16.8%</b>	<b>13.3%</b>

## CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

### MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES

SEPTEMBER 30, 2020



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

#### CPGI Subsidiaries

**Century City Development Corporation (CCDC)** – incorporated in 2006, is focused on developing mixed-use communities that contain residences, office and retail properties. CCDC is currently developing Century City, a 3.4 hectare mixed-use development along Kalayaan Avenue, Makati City. CCDC has fourteen local subsidiaries.

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

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

**Century Limitless Corporation (CLC)** – incorporated in 2008, is Century’s newest brand category that focuses on developing high-quality, affordable residential projects. Projects under CLC caters to first-time home buyers, start-up families and investors seeking safe, secure and convenient homes. It has one internal branch office in Singapore namely CLC Singapore. CLC is 100% owned by CPGI.

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

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

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

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

**A2Global Inc.** - A2Global Inc., incorporated in 2013, is a newly formed company wherein CPGI has a 49% shareholdings stake. A2Global shall act as a sub-lessee for the project initiatives of Asian Carmakers Corporation (ACC) and Century Properties Group Inc. in the development and construction commercial office in Fort Bonifacio.

**CENTURY PROPERTIES GROUP INC.****RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR  
DIVIDEND DECLARATION  
SEPTEMBER 30, 2021**

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning		₱866,589,501
<b>Add: Net income (loss) actually earned/realized during the period</b>		
Net income (loss) during the period closed to Retained Earnings	(₱449,495,538)	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	—	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	—	
Unrealized actuarial gain		
Fair value adjustment (M2M gains)	—	
Fair value adjustment of Investment Property resulting to gain	—	
Adjustment due to deviation from PFRS/GAAP-gain	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	
<b>Sub-total</b>		<u>—</u>
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)	—	
		<u>—</u>
<b>Net Income Actual/Realized</b>		<u>(449,495,538)</u>
<b>Add(Less):</b>		
Dividend declarations during the period	(114,923,406)	
Appropriations of Retained Earnings during the period	—	
Reversals of appropriations	—	
Effects of prior period adjustments	—	
Treasury shares	—	
		<u>(114,923,406)</u>
<b>TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND</b>		<u>₱302,170,557</u>