CENTURY
PROPERTIES GROUP, INC.

27 April 2015

**THE PHILIPPINE STOCK EXCHANGE, INC.**
PSE Center,
Tower 1 Ayala Avenue, Makati City

**Attention:** **MS. JANET A. ENCARNACION**
*Head, Disclosure Group*

Gentlemen:

In compliance with the rules and regulations of the Philippine Stock Exchange (PSE) with respect to on-line and timely disclosures, attached please find the Company's SEC Form 17-A Annual Report for fiscal year 2014 including the 2014 Audited Financial Statements, schedules and SEC Form –ACGR.

Thank you.

Very truly yours,

**ATTY. ISABELITA CHING SALES**
*Chief Information Officer*

21ST FLOOR PACIFIC STAR BLDG., SEN. GIL PUYAT AVENUE CORNER MAKATI AVENUE, MAKATI CITY, PHILIPPINES 1200
www.century-properties.com PHONE: (632) 793-5500 TO 04 FAX: (632) 6700-7680 to 81

# COVER SHEET

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S.E.C. Registration Number

| C | E | N | T | U | R | Y | | P | R | O | P | E | R | T | I | E | S | | G | R | O | U | P | |
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(FORMERLY EAST ASIA POWER RESOURCES CORPORATION)

(Company's Full Name)

**21st FLOOR, PACIFIC STAR BUILDING, SEN. GIL PUYAT CORNER MAKATI AVE., MAKATI CITY**

(Business Address: No. Street City / Town / Province)

ISABELITA CHING-SALES
Contact Person

(632) 7935520
Company Telephone Number

**SEC Form 17-A Annual Report**
**With Audited Consolidated FS and SEC Form ACGR**

| 1 | 2 | | 3 | 1 |
|---|---|---|---|---|

Month Day
Fiscal Year

FORM TYPE

0 6 2 7
Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

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To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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**SECURITIES AND EXCHANGE COMMISSION**
**ANNUAL REPORT PURSUANT TO SECTION 17**

**SEC FORM 17-A**

**OF THE SECURITIES REGULATION CODE AND SECTION 141**
**OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended: **December 31, 2014**

2. SEC Identification Number: **60566**

3. BIR Tax Identification No.: **004-504-281-000**

4. Exact name of issuer as specified in its charter:

**CENTURY PROPERTIES GROUP INC.**

5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**

6. Industry Classification C[ ] (SEC Use Only)

7. Address of principal office/Postal Code: **$21^{ST}$ Floor, Pacific Star Building, Sen Gil Puyat Avenue corner Makati Avenue, Makati City**

8. Issuer's telephone number, including area code: **(632) 7935500**

9. Former name, former address, and former fiscal year, if changed since last report:

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA:

| Title of Each Class | No of Shares of Common Stock Outstanding and A as Issued of December 31, 2014 |
|---|---|
| **COMMON (12/31/2014)** | **11,599,600,690 shares of stock outstanding**<br>**100,123,000 treasury shares** |

11. Are any or all of these securities listed on a Stock Exchange.

Yes [ **X** ] 4,285,040,062 common shares No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

**Philippine Stock Exchange, Inc.** **Common Shares**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [ **X** ] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [ **X** ] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

**₱3,666,958,250.35 billion as of December 2014;**

**₱3,589,759,129.29 billion as of 31 March 2015**

**APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [x ] No [ ]

**DOCUMENTS INCORPORATED BY REFERENCE**

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

Consolidated Financial Statements as of and for year ended December 31, 2014
( incorporated as reference for Item 7 to 12 of SEC Form 17-A)

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# PART I. BUSINESS AND GENERAL INFORMATION

## ITEM 1. BUSINESS

### 1.1 OVERVIEW

Century Properties Group, Incorporated, ("CPGI") is one of the leading real estate companies in the Philippines with a 29-year track record. The Company is primarily engaged in the development, marketing, and sale of mid- and high-rise condominiums and single detached homes, retail and office space leasing and property management.

Currently, the Company has five principal wholly-owned subsidiaries, namely, Century City Development Corporation, Century Limitless Corporation, Century Communities Corporation, Century Properties Management, Inc. and Century Properties Hotel and Leisure, Inc. (collectively known as the "Subsidiaries"). Through its Subsidiaries, the Company develops, markets and sells residential, office, medical and retail properties in the Philippines, as well as manages residential and commercial properties in the Philippines.

As of December 31, 2014, the Company completed 6 residential condominium buildings (5,009 units) with a total GFA (with parking) of 354,313 sq.m, a retail commercial building with 49,143 sq.m of GFA (with parking), and a medical office building (584 units) with 74,103 sq.m of GFA (with parking). This is in addition to the 19 buildings totaling 3,768 units and 518,634 sq.m of GFA that were completed prior to 2010 by the founding principals' prior development companies, the Meridien Group of Companies. Among the Company's noteworthy developments are the Essensa East Forbes and South of Market in Fort Bonifacio, SOHO Central in the Greenfield District of Mandaluyong City, Pacific Place in Ortigas, Le Triomphe, Le Domaine and Le Metropole in Makati City, and the Gramercy Residences in Century City in Makati City.

| Residential Projects | Location | Type | GFA (with parking) sq. m. | Units | Year Completed |
|---|---|---|---|---|---|
| Grand SOHO Makati | Makati City | Residential | 29,628 | 360 | 2010 |
| Gramercy Residences | Makati City | Residential | 121,595 | 1,432 | 2012 |
| Knightsbridge Residences | Makati City | Residential | 87,717 | 1,328 | 2013 |
| Rio | Parañaque City | Residential | 42,898 | 756 | 2013 |
| Santorini | Parañaque City | Residential | 36,215 | 553 | 2013 |
| St. Tropez | Parañaque City | Residential | 36,260 | 580 | 2013 |
| **Total** | | | **354,313** | **5,009** | |

| Commercial / Office Projects | Location | Type | GFA (with parking) sq. m. | Units | Year Completed |
|---|---|---|---|---|---|
| Century City Mall | Makati City | Retail | 49,143 | N/A | 2013 |
| Centuria Medical Makati | Makati City | Medical Office | 74,103 | 584 | 2014 |

Note: Excluding projects completed by Meridien

In addition, the Company has agreed to purchase 50% of the usage and leasehold rights of Asian Century Center, an office building in Fort Bonifacio upon its completion in 2017. Asian Century Center is currently being developed by Asian Carmakers Corporation.

The Company's land bank for future development consists of properties in Pampanga, Quezon City and Batangas that cover a total site area of 2,000,970 sq.m.

The Company, through CPMI, also engages in a wide range of property management services, from facilities management and auction services, to lease and secondary sales. Through CPMI, the Company endeavors to ensure the properties it manages maintain and improve their asset value, and are safe and secure. CPMI manages 51 projects as of 31 December 2014 with 2.65 million sq.m of GFA (with parking) of managed properties and 82% of the projects CPMI manages were developed by third-parties. Notable third-party developed projects under management include the Asian Development Bank in Ortigas, Makati Medical Center, BPI Buendia Center and Pacific Star Building in Makati City, Philippine National Bank Financial Center in Pasay City, and three Globe Telecom buildings in Cebu, Mandaluyong City and Makati City.

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

The Company has marketed and sold to clients in more than 50 countries and, as a result, a significant portion of its residential properties are sold to Filipinos living abroad. International pre-sales accounted for approximately two-thirds of the total pre-sales, in terms of value, for each of the last three years. The Company conducts its sales and marketing through the Company's extensive domestic and international network of 510 exclusive agents who receive monthly allowances and commissions and 3,700 non-exclusive commission based agents and brokers as of 31 December 2014.

For 2012, 2013 and 2014, our revenue was P9,611.2 million, P10,809.1 million and P12,760.8 million, respectively, and our net income was P1,849.8 million, P1,844.7 million and P2,158.9 million, respectively. As of December 31, 2014, we had total assets of P31,650.2 million, and total equity of P13,304.4 million.

## 1.2 RECENT TRANSACTIONS

### Integrated Resort Project in Palawan

On April 21, 2015, the Company announced that it had signed a memorandum of agreement to acquire 56 hectares of property to develop a beachfront lifestyle destination development in the municipality of San Vicente in Palawan.

The Company will follow a phased development plan for the said project and has budgeted a capital expenditure of P1.5 billion over the next 3 to 5 years to complete its first phase. The pace and timing of subsequent phases will, in large part, be driven by the take up of the sale of hotel villas and residential investment properties, which will form a significant part of returns from the project.

**Okada legal proceedings**

On October 31, 2013, the Company signed a Memorandum of Agreement with Eagle I Landholdings, Inc. to develop 5 hectares of land within the 44 hectare site named “Manila Bay Resorts”. The 5 hectare site will potentially include luxury residential and retail properties that will total over 300,000 sq m of gross floor area upon completion.

In addition, CPGI entered into an investment agreement with Eagle I whereby Century will be issued with 432,000,000 preferred shares representing 36% of Eagle I’s pro forma capital stock subject to terms and conditions from both parties.

In line with this transaction, CPGI disclosed that on April 1, 2014, in connection with the Petition for Interim Measures of Protection filed on March 31, 2014 against the Okada Group and docketed as Civil Case No. 14-359 before the Regional Trial Court, Makati City Branch 66 (the “Court”), the Court issued an Order granting application by CPGI for the issuance of an immediately executory 20-day Temporary Order of Petition for another 20 days. On April 30, 2014, the Court issued and order dated April 23, 2014 extending the Temporary Order of Petition for another 20 days. Finally, on May 29, 2014, CPGI disclosed that the Court issued an order dated May 13, 2014 denying and dismissing the Petition for Interim Measures of Protection for lack of merit.

Further to the disclosures made by CPGI relative to the case against the Okada Group, CPGI was notified by its legal counsel on closing of business hours of July 28, 2014 of a Court Order dated July 25, 2014, which granted CPGI’s application for preliminary prohibitory injunction against the Okada group in Civil Case No. 14-359, filed with the RTC Branch 66, Makati City entitled, “Century Properties Group, Inc. vs. Eagle I Landholdings, Inc., et al.” This is in response to the Motion for Reconsideration filed by CPGI questioning the earlier ruling of the Court denying the injunctive relief prayed for by CPGI.”

In its July 25, 2014 ruling, the Court ordered the issuance of injunction prohibiting the Okada group:

(1) from giving effect to the termination of their Agreements with CPGI and from committing any acts that will render the Agreements or any portion thereof unenforceable or ineffective or render any part of the dispute moot and academic;

(2) from dealing with any party with respect to any sale, disposition or original issuance of any class of the shares of stock of Eagle I and refrain from any sale, disposition or original issuance of any class of the shares of stock of Eagle I; and

(3) from dealing with any other party for the development of the commercial/residential land and the commercial/residential project itself as contained in said agreements.”

From the July 2014 Order, Okada elevated the case to the Court of Appeals via a Petition for Review sometime on 13 August 2014. They questioned the Order of the lower court essentially on the ground that they have complied with the provisions of the related Agreements arguing that: (a) they have provided sufficient documents to complete the due diligence of CPGI; (b) CPGI failed in fulfilling the closing conditions, one of which is the payment of 25% subscription; (c) Century failed to establish the requisites for the issuance of interim reliefs prayed for, among others. On 29 September 2014, CPGI filed an opposition to the Petition for Review. And pursuant to the order of the Court of Appeals, CPGI filed its Memorandum on 8 December 2014.

In January 2015, Century received a copy of the Supplemental Petition filed by respondents in relation to the denial by the Court a quo of its motion for the lifting of the notices of lis pendens. In an Order dated 30 January 2015, the Court of Appeals issued a Resolution submitting the Petition for decision, even without CPGI's comment thereto. Hence, CPGI filed on 3 March 2015 an urgent motion for the filing of an opposition to the Supplemental Position. On 5 April 2015, we received the reply of Okada to CPGI's urgent motion.

On April 23, 2015, the Company was advised by its counsel of a Court Order issued by the Court of Appeals dated March 27, 2015, granting Okada's Petition for Review, thus setting aside the Court Order dated July 25, 2014 issued by the Regional Trial Court of Makati, Branch 66, which ordered in favor of CPGI the preliminary prohibitory injunction against Okada. The Company's counsels are now studying the legal options it will undertake anent to this order.

In addition, CPGI filed a Notice of Arbitration dated April 17, 2015 before the Hongkong International Arbitration Center, pursuant to the Dispute Resolution clause in the Investment Agreement executed between CPGI and Okada.

## 1.3 SUBSIDIARIES AND ASSOCIATE

Below is the Company's percentage of ownership in its Subsidiaries and Associate as of the filing of this report.

| | Percentage of Ownership as of the Filing of the Report | |
|---|---|---|
| | Direct | Indirect |
| Century Communities Corporation (CCC) | 100 | – |
| Century City Development Corporation (CCDC) | 100 | - |
| Century Limitless Corporation (CLC) | 100 | - |
| Century Properties Management Inc. (CPMI) | 100 | – |
| Century Properties Hotel and Leisure Inc. (CPHLI) | 100 | - |
| A2 Global Inc. | 49 | - |

Currently, the Company has five wholly-owned subsidiaries namely Century City Development Corporation (CCDC), Century Limitless Corporation (CLC), Century Communities Corporation (CCDC), Century Properties Management Inc. (CPMI) and Century Properties Hotel and Leisure, Inc. (CPHLI) and through its Subsidiaries namely CCDC, CLC, CCC and CPMI, CPGI develops, markets and sells residential, office, medical and retail properties in the Philippines, as well as manages residential and commercial properties in the Philippines.

*Century Communities Corporation*

CCC, incorporated in 1994, is focused on horizontal house and lot developments. From the conceptualization to the sellout of a project, CCC provides experienced specialists who develop and execute the right strategy to successfully market a project. CCC is currently developing Canyon Ranch, a 25-hectare house and lot development located in Carmona, Cavite.

*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 in Makati City.

*Century Limitless Corporation*

CLC, incorporated in 2008, is Century's brand category that focuses on developing high-quality, affordable residential projects. Projects under CLC will cater to first-time home buyers, startup families and investors seeking safe, secure and convenient homes.

*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. CPMI currently has 51 projects in its portfolio, covering a total gross floor area of 2,645,588 sq.m. CPMI has been awarded 18 safety and security distinctions from the Safety Organization of the Philippines.

*Century Properties Hotel and Leisure Inc.*

CPHLI, incorporated in March 27, 2014, is a newly formed wholly-owned subsidiary of CPGI. CPHLI shall operate, conduct and engage in hotel and leisure and related business ventures.

*A2Global Inc.*

Incorporated in 2013, CPGI has a 49% shareholdings stake in associate, A2 Global, Inc., a company shall act as a sub-lessee for the project initiatives of Asian Carmakers Corporation (ACC) and Century Properties Group Inc. in the development and construction of commercial office in Fort Bonifacio.

## 1.4 OPERATIONS

### Employees

CPGI and its Subsidiaries have 2,865 employees as of December 31, 2013 and 3,391 employees as of December 31, 2014. Our employees are primarily engaged in development operations, construction, property management, as well as sales and marketing. CPGI and its Subsidiaries' local and international marketing and distribution network consist of 4,210 agents as of December 31, 2014. CPGI and its Subsidiaries have entered into an Expense Allocation Agreement to pay the costs of such services and record such costs in general, administrative and selling expenses.

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

| | As of December 31, | |
|---|---|---|
| | **2013** | **2014** |
| Development operations | 396 | 404 |
| Sales and marketing | 10 | 9 |
| Construction | 2,225 | 2,701 |
| Property management | 234 | 277 |
| **Total** | **2,865** | **3,391** |
| **Agents** | | |
| In - house | 689 | 510 |
| Brokers | 2,817 | 3,700 |
| **Total** | **3,506** | **4,210** |

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

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

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

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

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

## Land Acquisition

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

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

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

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

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

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

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

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

## Project Design

The project design process involves the planning of the potential project, including determination as to the suitable market segment, master planning, design of property and landscape design. Development timetables vary from project to project, as each project differs in scale and design. Typically, project planning begins after land acquisition and takes at least nine months, during which time CPGI prepares both the master plan for the entire project (which can take several months and may be revised over the course of the project) and detailed plans for each project phase.

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

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

**Project Development And Construction**

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

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

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

**Marketing And Sales**

The Company utilizes the group's local and international marketing network and believes it is one of the most active industry players when it comes to sales and marketing. The local and international marketing and distribution network consists of 510 exclusive agents who receive monthly allowances and commissions, 3,700 commission-based agents and brokers as of December 31, 2014.

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

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

**Sales And Customer Financing**

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

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

**Sales Cancellations**

Default and cancellations are subject to a variety of circumstances beyond the Company's control, such as adverse economic and market conditions as well as increase in interest rates. The Company has not encountered material losses resulting from breaches of buyers' purchase agreements.

**After Sales Services**

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

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

**Insurance**

The Company believes that it has sufficient insurance coverage that is required by Philippine regulations for real and personal property. Subject to customary deductibles and exclusions, CPGI's insurance policies include coverage for, among other things, building and improvements, machinery and equipment, furniture, fixtures and fittings against damage from fire and natural perils, machinery breakdown, third-party liability to the public and construction works. CPGI is not covered by business interruption insurance.

**Competition**

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

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

**Supplier**

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

**Customers**

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

**Intellectual Property**

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

The following are significant trademarks and logos of the Company's subsidiaries registered which Management projects and secure licenses in updating its rights to use exclusively for its operations:

Century City Development Corporation

| Trademark Title | Registration No. | Registration Date | Status |
|---|---|---|---|
| The Knightsbridge Residences at Century | 4-2008-002251 | 07/07/2009 | Active |
| Quatropod and Device | 4-2008-006270 | 01/05/2009 | Active |
| Treopod and Device | 4-2008-006271 | 01/05/2009 | Active |
| Duopod and Device | 4-2008-006272 | 01/05/2009 | Active |
| Podular | 4-2008-006273 | 01/05/2009 | Active |
| Condovision | 4-2008-006274 | 01/05/2009 | Active |
| The Gramercy Residences | 4-2007-003346 | 08/13/2007 | Active |
| Century City Development Corporation | 4-2007-003034 | 08/13/2007 | Active |
| The Gramercy Residences at Century City | 4-2007-003343 | 08/13/2007 | Active |

| | | | |
|---|---|---|---|
| Trilogy | 4-2007-003345 | 08/13/2007 | Active |
| Celebrate Life | 4-2007-003344 | 08/13/2007 | Active |
| Canyon Lakes | 4-2007-003342 | 10/01/2007 | Active |
| A Place Beyond Imagination | 4-2007-003347 | 08/13/2007 | Active |
| Triumvirate | 4-2007-003349 | 10/29/2007 | Active |
| MOMA the Modern Makati | 4-2007-004279 | 10/29/2007 | Active |
| 24/365 and Design | 4-2007-004646 | 10/01/2007 | Active |
| Organic FutureCity | 4-2007-003348 | 10/01/2007 | Active |
| Sky Park | 4-2007-004647 | 10/01/2007 | Active |
| Moderno | 4-2007-003352 | 03/31/2008 | Active |
| The Vertical Village | 4-2007-003351 | 10/01/2007 | Active |
| Century City | 4-2007-003035 | 08/13/2007 | Active |
| Century City Mall | 4-2013-001793 | 02/18/2013 | Active |
| Century City Mall | 4-2013-001794 | 07/25/2013 | Active |

Century Limitless Corporation

| Trademark Title | Registration No. | Registration Date | Status |
|---|---|---|---|
| The Sanctuary Cove | 4-2009-006601 | 05/20/2010 | Active |
| Sanctuary Cove (Stylized) | 4-2009-006622 | 05/20/2010 | Active |
| Acqua Private Residences | 4-2010-009211 | 09/15/2011 | Active |
| Acqua Private Residences and Design | 4-2010-009212 | 09/15/2011 | Active |
| The Pebble | 4-2011-003766 | 09/15/2011 | Active |
| Niagara Tower | 4-2011-003771 | 09/15/2011 | Active |
| Sutherland Tower | 4-2011-003772 | 09/15/2011 | Active |
| Detifoss Tower | 4-2011-003770 | 09/15/2011 | Active |
| Yosemite Tower | 4-2011-003767 | 09/15/2011 | Active |
| Acqua Victoria Tower | 4-2011-003768 | 09/15/2011 | Active |
| Iguazu Tower | 4-2011-003769 | 09/15/2011 | Active |
| The Atlantis Residences | 4-2009-004741 | 11/19/2009 | Active |
| The Atlantis | 4-2009-004742 | 11/19/2009 | Active |
| Azure Urban Resort Residences | 4-2009-010680 | 05/20/2010 | Active |
| Azure Urban Resort Residences with a Rectangle | 4-2009-010681 | 05/20/2010 | Active |
| Azure Urban Resort Residences with a Rectangle Active | 4-2009-010682 | 05/20/2010 | Active |
| Acqua Livingstone Interior Designed by Missoni Home | 4-2011-014337 | 05/03/2012 | Active |
| Acqua Iguazu Yoo Inspired by Starck | 4-2011-014335 | 12/01/2011 | Active |
| The Residences at Commonwealth by Century and Logo | 4-2012-009282 | 07/27/2012 | Active |
| Nova by Century | 4-2013-00009720 | 08/14/2013 | Active |
| Novacity by Century | 4-2013-00009728 | 08/14/2013 | Active |

Century Communities Corporation

| Trademark Title | Registration No. | Registration Date | Status |
|---|---|---|---|
| Century Communities and Device | 4-2007-003036 | 08/13/2007 | Active |

Century Properties Hotel and Leisure, Inc.

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

**Government Approvals/Regulations**

The Company secures various government approvals such as the ECC, development permits, license to sell, etc. as part of the normal course of its business.

The Company has no principal product that has pending government approval as of December 31, 2014.

As of December 31, 2014, the Company is not aware of any existing or probable governmental regulations that will have an impact on the Company's operations.

As a percentage of total revenues, the Company spends (for capital expenditures) 67.3% in 2014, 84.0% in 2013 and 75.6% in 2012.

The Group is undertaking to increase expenditures in order to help in the preservation of the environment as part of its social corporate responsibility.

## 1.5 REGULATIONS

### Housing And Land Projects

PD 957 and BP 220 are the principal statutes that regulate the development and sale of real property as part of a condominium project or subdivision. PD 957 and BP 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The HLURB is the administrative agency of the Government which, together with local government units, enforces these statutes and has jurisdiction to regulate the real estate trade and business.

### Real Estate Sales On Installments

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

**Zoning And Land Use**

Under the Philippines' agrarian reform law and the regulations issued thereunder by the DAR, land classified for agricultural purposes as of or after June 10, 1988, cannot be converted to non-agricultural use without the prior approval of the DAR and the DENR.

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

**Special Economic Zone**

The Philippine Economic Zone Authority ("PEZA") is a Government agency that operates, administers and manages designated special economic zones ("Ecozones") around the country. Ecozones, which are generally created by proclamation of the President of the Philippines, are areas earmarked by the Government for development into balanced agricultural, industrial, commercial, and tourist/recreational regions.

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

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

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

Certain of our investment properties are located in Ecozones. Tenants in those properties may register with PEZA to avail themselves of significant benefits under RA 7916 and its Implementing Rules and

Regulations. They can, for example, take advantage of income tax incentives such as income tax holidays or 5% gross income taxation, thereby making tenancy in our buildings located in Ecozones potentially more attractive.

**Environmental Laws**

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

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the direct and indirect consequences to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, at a minimum, it must contain all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund ("EGF") when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The EGF is intended to cover damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund ("EMF") when an ECC is eventually issued. In any case, the establishment of an EMF must not be later than the initial construction phase of the project. The EMF shall be used to support the activities of a multi-partite monitoring team which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

Current regulations provide that residential condominiums and mixed-use buildings with a total or gross floor area (including parking and other areas) of at least 25,000 sq.m. generally fall under Category B, i.e., projects that are not categorized as environmentally critical but which may cause negative environmental impact because they are located in an environmentally critical area and are required to obtain an ECC. Residential condominiums and mixed-use buildings with a total or gross floor area (including parking and other areas) of less than 25,000 sq.m. but at least 10,000 sq.m. also generally fall under Category B and are required to obtain an ECC. Residential condominium projects with a total or gross floor area of less than 10,000 sq.m. generally fall under Category D, i.e., projects unlikely to cause adverse environmental effects, and the project's proponent may obtain a certificate of non-coverage from the EMB.

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

### Building Permits

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

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

### Business Permits

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

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

## 1.6 RISKS

## RISKS RELATING TO OUR BUSINESS

***The Company derives a significant portion of its revenue from Oversea Filipino Workers ("OFWs"), expatriate Filipinos, former Filipino citizens who have returned to the Philippines ("Balikbayans") and other overseas buyers, which exposes the Company to risks relating to the performance of the economies where they are located.***

The Company generates a significant portion of its revenues, particularly sales of its affordable and middle-income projects, from OFWs, expatriate Filipinos, Balikbayans and other overseas buyers. A number of factors could reduce the number of OFWs, remittances from OFWs or the purchasing power of expatriate Filipinos, Balikbayans and other overseas buyers. These include:

- a downturn in the economic performance of the countries and regions where a significant number of these potential customers are located, such as the United States, France, Italy, the United Kingdom, Hong Kong, Japan, Korea, Taiwan, Singapore, the United Arab Emirates, Qatar and Bahrain, among others;
- a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines;

- the imposition of Government restrictions on the deployment of OFWs to particular countries or regions, such as the Middle East; and
- restrictions imposed by other countries on the entry or the continued employment of foreign workers.

Any of these events could adversely affect demand for the Company's projects from OFWs, expatriate Filipinos, Balikbayans and other overseas buyers, which could materially and adversely affect its business, financial condition or results of operations.

***All of the Company's properties are in the Philippines and it derives a material portion of its revenue s from customers located in the Philippines and, as a result, it is exposed to risks associated with the Philippines including the performance of the Philippine economy.***

All of the Company's properties are in the Philippines and it derives a material portion of its revenues from customers located in the Philippines. Accordingly, the Company is significantly influenced by the general state of the Philippine economy. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the peso and the imposition of exchange controls. For companies in the real estate sector, demand for, and prevailing prices of, commercial and residential properties are affected by the strength of the Philippine economy (including overall growth levels and interest rates), the overall levels of business activity in the Philippines and the amount of remittances received from OFWs.

Demand for commercial and residential developments is also affected by social trends and changing spending patterns in the Philippines, which in turn are influenced by economic, political and security conditions in the Philippines. Moreover, extensive construction of condominium and housing units and other factors could lead to the risk of formation of asset bubbles in real estate. The Philippine residential housing industry is cyclical and sensitive to changes in general economic conditions in the Philippines such as levels of employment, consumer confidence and income, availability of financing for property acquisitions, construction and mortgages, interest rate levels, inflation and demand for housing. When the Philippines underwent financial and political crises in the past, demand for real estate dropped and consequently led to an oversupply in the market and reduced demand for new residential projects.

The global financial crises, which resulted in a general slowdown of the global economy, likewise, led to a decline in property sales in the Philippines. If changes in the Philippine property market or the Philippine economy cause a decrease in revenues from the sale of properties, significant expenditures associated with investment in real estate, such as real estate taxes, maintenance costs and debt payments, generally cannot be correspondingly reduced and therefore could materially and adversely affect the Company's business, financial condition and results of operations.

***The Company is exposed to geographic portfolio concentration risks.***

Properties located in Metro Manila, the commercial capital of the Philippines, account for a substantial portion of the Company's real estate assets. Further, its current projects are primarily located within Metro Manila and, in particular, within relatively short distances from the traditional main business districts of Makati City, Ortigas Center and Fort Bonifacio. Due to the concentration of its property portfolio in Metro Manila, a decrease in property values in Metro Manila would have a material adverse effect on its business, financial condition and results of operations.

***Its portfolio of residential real estate property development projects exposes the Company to sector-specific risks.***

The Company's business is concentrated in the Philippine residential market. Therefore, reduced levels of economic growth, adverse changes in the country's political or security situation or weak performance of the country's property development market generally could materially and adversely affect its profitability. The Company's results of operations are dependent on the continued success of its development projects. Additionally, the Philippine real estate industry is highly competitive. The Company's projects are largely dependent on the popularity of its development when compared to similar types of developments in similar geographic areas, as well as on its ability to gauge correctly the market for its developments. Important factors that could affect the Company's ability to effectively compete include a development's relative location versus that of its competitors, particularly with regards to proximity to transportation facilities and commercial centers, as well as the quality of the developments and related facilities that it offers, pricing and the overall attractiveness of the development. The Company's inability to develop attractive projects could materially and adversely affect its business, financial conditions and results of operations.

***Since the Company operates in a competitive industry, it might not be able to maintain or increase its market share, profitability and ability to acquire land for new projects.***

The Company operates in a competitive business environment. The entry of new competitors could also reduce the Company's sales and profit margins. The Company faces significant competition in connection with the acquisition of land for its real estate projects. Its growth depends significantly on its ability to acquire or enter into agreements to develop additional land suitable for its real estate projects. The Company may experience difficulty acquiring land of suitable size in locations and at acceptable prices, particularly land located in and near Metro Manila and in other urban areas in the Philippines. If it is unable to acquire suitable land at acceptable prices or to enter into agreements with joint venture partners to develop suitable land with acceptable returns, its growth prospects could be limited and its business, financial condition and results of operations could be adversely affected

***The interests of joint venture partners and landowners for development projects may differ from the interests of the Company and such joint venture partners and landowner may take actions that adversely affect the Company.***

The Company entered into joint venture agreements and Contracts to Sell with various parties as part of its overall land acquisition strategy, property development and property management, and intends to continue to do so. Under the terms of the joint venture agreements, the Company is responsible for project development, project sales and project management, while its joint venture partners typically supply the project land. Under the terms of the Contracts to Sell, the Company shall pay the purchase value of the land on staggered basis, and in certain transactions, pay in addition proportionate payments dependent on generated sales.

A joint venture or acquisition of land via Contracts to Sell involve additional risks where the joint venture partners or landowners may have economic or business interests or goals that differ from the Company's. For example, the joint venture partners or landowners may withhold certain key information relating to the land that the Company may not be able to discover after conducting due diligence and such information could affect its right to possess and develop such land. Titles over the land, although already in the name of the joint venture partners or landowners, may still be contested by third parties. The joint venture partners or landowners may also take actions contrary to the Company's instructions or requests, or in direct opposition to its policies or objectives with respect to its investments or with respect to the project land, or dispute the distribution of joint venture shares or instalment payments. The joint venture partner may also not meet its obligations under the joint venture agreement. Disputes between the Company and its joint venture partners or the landowner could arise after significant capital investments in a project have been made, which could result in the loss of some or all of the Company's investments in the project. Any of the foregoing could have a material adverse effect on the Company's business, financial condition and results of operations.

***The Company uses celebrities and international brands to design, market and sell some of its properties.***

The Company depends on its relationships with celebrities and international brands to design, market and sell some of its properties. It frequently enters into design or licensing agreements with celebrities and well-known brands in which the celebrities provide branding, promotional and design expertise and the Company agrees to pay design and licensing fees, and sometimes enters into revenue sharing plans. Circumstances beyond the Company's control could decrease the popularity of the celebrities and brands with whom it partners, which could, in turn, adversely affect the Company's marketing and sales efforts and its reputation.

***The Company may not be able to successfully manage its growth.***

The Company intends to continue to pursue an aggressive growth strategy by increasing the amount of properties it develops and manages and by expanding into new market segments. However, the Company might experience capital constraints, construction delays, operational difficulties at new locations or difficulties operating existing businesses and training personnel to manage and operate its business. Any inability to adapt effectively to growth, including strains on management and logistics, could result in losses or development costs that are not recovered as quickly as anticipated or at all. These problems could have a material adverse effect on the business, financial condition and results of operations of the Company.

***The Company is involved in a cyclical industry and is affected by changes in general and local economic conditions.***

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

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

***The Company might not be able to generate sufficient funds internally or through external financing to operate and grow its business as planned.***

The real estate business is capital intensive and requires significant capital expenditures to develop and implement new projects and complete existing projects.

Historically, while the Company has funded a significant portion of its capital expenditure requirements internally from the pre-sales of its development projects, it has periodically utilised external sources of financing. However, it might not be able to continue funding its capital expenditure requirements internally or obtain sufficient funds externally on acceptable terms or at all. Its ability to raise additional equity financing from non-Philippine investors is subject to foreign ownership restrictions imposed by the Philippine Constitution and applicable laws. Its access to debt financing is subject to many factors, many of which are outside the Company's control. For example, political instability, an economic downturn, social unrest or changes in the Philippine regulatory environment could increase the Company's costs of borrowing or restrict its ability to obtain debt financing. In addition, the disruptions in the capital and credit markets may continue indefinitely, which could adversely affect its access to financing. Inability to obtain financing on acceptable terms would adversely affect the Company's ability to operate and execute its growth strategies.

***The cancellation of sales of housing or condominium units could adversely affect business, financial condition and results of operations.***

As a developer and seller of residential real estate, the Company's business, financial condition and results of operations could be adversely affected if a material number of housing or condominium unit sales are cancelled. Under Republic Act No. 6552 (the "Maceda Law"), which applies to all transactions or contracts involving the sale or financing of real estate through instalment payments, buyers who have paid at least two years of instalments are granted a grace period of one month for every year of paid instalments to cure any payment default. During the grace period, the buyer may pay the unpaid instalments due, without additional interest. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of instalments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of instalments and who have defaulted on instalment payments are given a 60 day grace period to pay all unpaid instalments before the sale can be cancelled, but without any right of refund.

The Company could experience a material number of cancellations, particularly during slowdowns or downturns in the Philippine economy, periods when interest rates are high or similar situations. If the Company experiences a material number of cancellations, it may not have enough funds on hand to pay the necessary cash refunds to buyers, in which case it may have to incur indebtedness to pay such cash refunds, but it might not be able to obtain debt financing on reasonable terms or at all. In addition, particularly during an economic slowdown or downturn, it might not be able to able to resell the same property at an acceptable price or at all. Any of these events could have a material adverse effect on its business, financial condition and results of operations.

If the Company experiences a material number of sales cancellations, investors are cautioned that its historical revenue from its real estate sales would have been overstated because such historical revenues would not have accurately reflected subsequent customer defaults or sales cancellations. Investors are also cautioned not to rely on the Company's historical statements of income as indicators of future revenues or profits.

***The Company is controlled by Century Properties, Inc. ("CPI"), which is in turn, controlled by the Antonio family. Hence, the interests of the Antonio family may differ significantly from the interests of the other shareholders.***

Members of the Antonio family indirectly own a majority of the Company's issued and outstanding shares. Accordingly, the Antonio family will be able to elect a majority of the Board and determine the outcome of many significant matters voted on by shareholders. Members of the Antonio family also serve as directors and executive officers. The Antonio family could also take advantage of business opportunities that may otherwise be attractive to the Company. The interests of the Antonio family may differ significantly from or compete with the interests of the Company and the other shareholders, and the Antonio family may vote their shares in a manner that is contrary to the interests of the Company or the interests of the other shareholders.

***The Company is highly dependent on certain directors and members of senior management.***

The Company's directors and members of senior management have been an integral part of its success and the experience, knowledge, business relationships and expertise that would be lost if any such persons depart or take on reduced responsibilities could be difficult to replace and may adversely affect its operating efficiency and financial performance. In particular, members of the Antonio family fill certain key executive positions and the Company may not be successful in attracting and retaining executive talent to replace these family members if they depart or take on reduced responsibilities. Such executives include: Jose E.B. Antonio, Chairman, President and Chief Executive Officer; John Victor R. Antonio, Director and Co-Chief Operating Officer; Jose Marco R. Antonio, Director and Co-Chief Operating Officer; Jose Roberto R. Antonio, Managing Director and Co-Chief Operating Officer; Jose Carlo R. Antonio, Director and Chief Financial Officer; Rafael G. Yaptinchay, Director and Treasurer; and Ricardo P. Cuerva, Director of the Company and President of Century Project Management and Construction Corporation ("CPMCC"), the company exclusively charged with managing the construction projects for the Company's vertical developments. The Company does not carry insurance for the loss of the services of any of the members of its management. If the Company loses the services of any such person and are unable to fill any vacant key executive or management positions with qualified candidates, it could have a material adverse effect on its business, financial condition and results of operations.

***The Company may be unable to attract and retain skilled professionals, such as architects and engineers.***

The Company believes that there is significant demand for its skilled professionals from its competitors. Its ability to retain and attract highly skilled personnel, particularly architects, engineers and sales and marketing professionals, affects its ability to plan, design, execute, market and sell projects. In particular, any inability on the Company's part to hire and retain qualified personnel could impair its ability to undertake project design, planning, execution and sales and marketing activities in-house and could require it to incur additional costs by having to engage third parties to perform these activities.

***The Company may not be able to hire independent contractors that meet its requirements.***

The Company relies on independent contractors to provide various services, including land clearing and infrastructure development, construction works and building and property fitting-out works. It selects independent contractors principally by conducting tenders and taking into consideration factors such as the contractor's experience and track record, its financial and construction resources, any previous relationships with the Company and its reputation for quality. However, the Company might not be able to find a suitable independent contractor who is willing to undertake a particular project within its budget and schedule. This may result in increased costs for the Company or delays in the project. Also, the services independent contractors render might not be satisfactory or match the Company's requirements for quality. Contractors may also experience financial or other difficulties, such as shortages in, or increases in the price of, construction materials, which in turn could delay the completion of the project or increase the costs for the Company. Any of these factors could have a material adverse effect on the Company's business, financial condition, and results of operations.

***Construction defects and building-related claims may be asserted against the Company, and it may be involved in litigation, which could result in financial losses or harm to its business.***

Under Philippine law, the engineer or architect responsible for the plans and specifications for a building is liable for damages if, within 15 years from the completion of the structure, it collapses by reason of a defect in those plans and specifications or due to the defects in the ground. The action must commence within 10 years following the collapse of the building. Thus, if the architect or engineer is one of the Company's employees, it may be held liable for damages if any of its buildings collapse. It may also be held responsible for hidden (that is, latent or non-observable) defects in the housing and condominium units it sells if such hidden defects render a unit unfit for the use for which it was intended or if its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the house to the buyer. In addition, the National Building Code of the Philippines (the "Building Code"), which governs, among others, the design and construction of buildings, sets certain requirements and standards that the Company must comply with. The Company may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code. Likewise, it could be held liable for the damages mentioned above, the cost of repairs and the expense of litigation surrounding such claims. Claims could also arise out of uninsurable events or circumstances not covered by the Company's insurance. Significant claims arising from structural or construction defects could have a material adverse effect on the Company's reputation and business, financial condition and results of operations. It may also be implicated in lawsuits on an ongoing basis. Litigation could result in substantial costs to, and a diversion of effort by, the Company and subject it to significant liabilities, including potential defaults under its present debt covenants. Legal proceedings could materially harm its business and reputation, and it may be unable to recover any losses incurred from third parties, regardless of whether or not the Company is at fault. Losses relating to litigation could have a material adverse effect on the Company's business, financial condition and results of operation, and provisions made for litigation related losses might not be sufficient to cover losses.

***Third parties may contest the Company's titles to its properties.***

While the Philippines has adopted the Torrens System, a system of land registration which is intended to conclusively confirm land ownership by providing a state guarantee of indefeasible title to those in the register, and which is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of land which has already been registered in favor of another. In particular, Quezon City, Metro Manila and the province of Cavite, have been known to experience problems with syndicates of squatters and forged or false title holders. There have been cases where third parties have produced false or forged title certificates over land and there are difficulties in obtaining title guarantees with respect to property in the Philippines. Title to land is often fragmented and land may have multiple owners. Land may also have irregularities in title, such as non-execution or non-registration of conveyance deeds, and may be subject to liens, encumbrances or claims of which the Company may be unaware. The difficulty of obtaining title guarantees in the Philippines means that title records provide only for presumptive rather than guaranteed title. As each transfer in a chain of title may be subject to a variety of defects, the Company's title and development rights over land may be subject to various defects of which it is unaware. For these and other reasons, title insurance is not readily available in the Philippines. Title defects may result in the loss of the Company's title over land. From time to time, the Company may be required to defend itself against third parties who claim to be the rightful owners of land that it acquires. If third-party claims for title are brought against the Company, or if any such claim involves land that is material to its projects, it may have to devote significant time and incur significant costs in defending itself against such claims. Such claims could also affect its ability to develop land for particular projects by causing the relevant governmental authority to delay or prevent continued business operations on the property or withhold required permits or clearances until such claim is definitively resolved. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material for its projects. In addition, title claims made by third-parties against the Company or its joint venture partners may have an adverse effect on its reputation. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operations, as well as on the Company's reputation. Any successful claim against the Company or its joint venture partners may affect its ability to deliver its developments on time and free and clear of any liens or encumbrances.

***The Company faces risks relating to its property development, including risks relating to project costs, completion time frame and development rights.***

The property development business involves significant risks distinct from those involved in the ownership and operation of established properties, including the risk that it may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. In addition, obtaining required Government approvals and permits may take substantially more time and resources than anticipated or construction of projects may not be completed on schedule and within budget. In addition, the time and costs involved in completing the development and construction of real estate projects can be adversely affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, depreciation of the peso, natural disasters, disputes with contractors and subcontractors, accidents, changes in laws, land zoning, use and classification, or In Government priorities and other unforeseen problems or circumstances, and each of these could have an adverse effect on the Company's revenues. Where land to be used for a project is occupied by tenants or squatters, the Company may have to take steps, and incur additional costs, to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect margins and delay when it recognizes revenue. Further, failure to complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns. In addition, orders of the Department of Agrarian Reform allowing conversion of agricultural land for development may require a project to begin by a prescribed deadline. These events could materially and adversely affect the Company's business, financial condition or results of operations.

***The Company's reputation may be adversely affected if it does not complete projects on time or to customers' requirements.***

If the Company's projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues or other problems, this could have a negative effect on its reputation and make it more difficult to attract new customers to new and existing development projects. Any negative effect on its reputation could also adversely affect its ability to pre-sell its development projects. This in turn could adversely impact its capital investment requirements. Any of these events could adversely affect the Company's business, results of operations or financial condition.

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

The Philippines rates in a highly-regulated environment and must obtain development of subdivision and other residential projects is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. In addition, projects that are to be located on agricultural land must get clearance from the Department of Agrarian Reform so that the land can be reclassified as nonagricultural land and, in certain cases, tenants occupying agricultural land may have to be relocated at the developer's expense.

Presidential Decree No. 957, as amended, ("PD 957"), Republic Act No. 4726 ("RA 4726") and Batas Pambansa Blg. 220 ("BP 2202") are the principal statutes which regulate the development and sales of real property as part of a condominium project or subdivision. PD 957, RA 4726 and BP 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The Housing and Land Use Regulatory Board ("HLURB") is the administrative agency of the Government which enforces these statutes. Regulations applicable to its operations include standards regarding:

- the suitability of the site;
- road access;
- necessary community facilities
- open spaces;
- water supply
- sewage disposal systems;
- electricity supply;
- lot sizes;
- the length of the housing blocks;
- house construction;
- sale of subdivision lots or condominium units; and
- time of completion of construction projects.

All subdivision and condominium development plans are required to be filed with and approved by the local government unit ("LGU") with jurisdiction over the area where the project is located and by the HLURB. Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of (1) the relevant LGU; (2) the HLURB; (3) for subdivisions, the duly organized homeowners association, or if none, the majority of the lot buyers; and (4) for condominiums, a majority of the registered owners. In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing and condominium units. The HLURB can suspend, cancel or revoke project permits and licenses to sell based on its own findings or upon complaint from an interested party. The Company is in the process of obtaining licenses to sell and building permits for some of its current projects. It may not be able to obtain these licenses and permits within the time period expected or at all.

Any of the foregoing circumstances or events could impair the Company's ability to complete projects on time, within budget or at all, or sell units in its projects, which in turn could materially and adversely affect its business, financial condition and results of operations.

***Environmental laws applicable to the Company's projects could have a material adverse effect on its business, financial condition or results of operations.***

In general, developers of real estate projects are required to submit project descriptions to regional offices of the Department of Environment and Natural Resources ("DENR"). For environmentally-critical projects or for projects located in environmentally-critical areas as identified by the DENR, a detailed Environmental Impact Assessment ("EIA") may be required and the developer will be required to obtain an Environmental Compliance Certificate ("ECC") to certify that the project will not have an unacceptable environmental impact. Current or future environmental laws and regulations applicable to the Company could increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a first violation of an ECC occurs or if environmental hazards on land where its projects are located cause damage or injury to buyers or any third party, the Company may be required to pay a fine, to incur costs in order to cure the violation and to compensate its buyers and any affected third parties, however, on subsequent violations, an ECC may be revoked and operations may be stopped. The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to the business could materially and adversely affect the Company's business, financial condition or results of operations.

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

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, floods, droughts, volcanic eruptions and earthquakes. Natural catastrophes may disrupt business operations and impair the economic conditions in the affected areas, as well as the overall Philippine economy. These factors could have significant adverse effects on the Company's development projects, which may be susceptible to damage. Damages resulting from natural catastrophes could also give rise to claims against the Company from third parties or from customers, for example, for physical injury or loss of property. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect its business, financial condition and results of operations.

Furthermore, the Company cannot obtain insurance at a reasonable cost or at all for certain types of losses from natural and other catastrophes. Neither does it carry any business interruption insurance. If an uninsured loss or a loss in excess of insured limits occurs, it could lose all or a portion of the capital invested in a property, as well as the anticipated revenue from such property, and incurs liabilities for any project costs or other financial obligations related to the business. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations.

***The Company uses third-party non-exclusive brokers to market and sell some of its projects.***

Although exclusive sales agents are responsible for a significant portion of the Company's sales, it also uses third-party non-exclusive brokers to market and sell some of its residential housing developments to potential customers inside and outside the Philippines. These brokers may also act as brokers for other developers in the same markets in which the Company operates, and they may favour the interests of their other clients over the Company's interests in sale opportunities, or otherwise fail to act in the Company's best interests. There is competition for the services of third-party brokers in the Philippines, and many of the Company's competitors either use the same brokers as it does or attempt to recruit brokers away from it. If a large number of these thirdparty brokers were to terminate or breach their brokerage agreements, the Company would need to seek other third-party brokers and it may not be able to do so quickly or in sufficient numbers. This could disrupt its business and negatively affect the Company's business, financial condition or results of operation.

***The Company is exposed to risks relating to the ownership and operation of commercial real estate.***

The Company is subject to risks relating to ownership and management of commercial real estate. Specifically, the performance of its subsidiary CPMI could be affected by a number of factors, including:

- the national and international economic climate;
- trends in the commercial property industry;
- changes in laws and governmental regulations in relation to real estate;
- Increased operating costs;
- the inability to collect rent due to bankruptcy of tenants or otherwise;
- competition for tenants;
- changes in market rental rates;
- the need to periodically renovate, repair and re-let space and the costs thereof;
- the quality and strategy of management; and
- the Company's ability to provide adequate maintenance and insurance

The Company could be further affected by tenants failing to comply with the terms of their leases or commitments to lease, declining sales turnover of tenants, oversupply of or reduced demand for commercial space or changes in laws and governmental regulations relating to real estate including those governing usage, zoning, taxes, and government charges. If the Company is unable to lease the properties that it owns or manages in a timely manner, or collect rent at profitable rates or at all, this could have a material adverse effect on its business, financial condition and results of operations.

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

Sales of residential lots with a gross selling price of P1,915,500 or less and sales of residential houses and lots with a gross selling price of P3,199,200 or less are currently not subject to VAT of 12%. If these sales become subject to VAT, the purchase prices for the Company's residential lots and housing units will increase, which could adversely affect its sales. Because VAT affects general levels of spending in the Philippines and the prices of subdivision lots and houses, any adverse change in the Government's VAT-exemption policy could have an adverse effect on the Company's results of operations.

***Increases in interest rates and changes in Government borrowing patterns and Government policies could adversely affect the Company's and its customers' ability to obtain financing.***

Increases in interest rates, and factors that otherwise impair the availability of credit, such as the Government's fiscal policy, could have a material adverse effect on the Company's business and demand for its property developments. For example:

- Higher interest rates make it more expensive for the Company to borrow funds to finance current projects or to obtain financing for new projects.
- Access to capital and the cost of financing are also affected by restrictions, such as the single borrower limit imposed by the BSP on bank lending. The total amount of loans, credit accommodations and guarantees that may be extended by a bank to any person, partnership, association, corporation or other entity shall at no time exceed 25% of the net worth of such bank. This may be increased by an additional 10% of the net worth of the bank provided that the additional liabilities are secured by trust receipts, shipping documents, warehouse receipts or other similar documents transferring or securing title covering readily marketable, non-perishable goods which must be fully covered by insurance. If the Company reaches the single borrower limit with respect to any bank, it may have difficulty obtaining financing with reasonable interest rates from other banks.
- Because a substantial portion of customers procure financing to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Company's residential developments.
- Increases in Government borrowing in the domestic currency market could increase the interest rates banks and other financial institutions charge and reduce the amount of financing available to the Company and prospective property purchasers of its property.
- Increased inflation in the Philippines could result in an increase in the costs of raw materials, which the Company may not be able to pass on to customers through increased prices.
- Increases in the Government's budget deficit could increase interest rates and inflation, which could in turn have a material adverse effect on its customers' ability to obtain financing on attractive terms. The occurrence of any of the foregoing events could have a material adverse effect on the Company's business, financial condition and results of operations.

***Any restriction or prohibition on the Company's Subsidiaries' ability to distribute dividends would have a negative effect on its financial condition and results of operations.***

As a holding company, the Company conducts its operations through its Subsidiaries. As a result, it derives substantially all of its revenues from dividends from its Subsidiaries. It relies on these funds for compliance with its own obligations and for financing its Subsidiaries. Further, the ability of its Subsidiaries to upstream dividends is subject to applicable laws and may be subject to restrictions contained in loan agreements and other debt instruments they are party to.

Any restriction or prohibition on the ability of any of the Subsidiaries to distribute dividends or make other distributions to the Company, either due to regulatory restrictions, debt covenants, operating difficulties or other limitations, could have a negative effect on its cash flow or therefore may adversely impact its financial condition and results of operations.

***A new accounting rule on the recognition of revenue may materially change the way the Company records revenue from the construction of real estate in its financial statements and could result in its revenue being lower and more volatile than under its current reporting method.***
Under PFRS, real estate companies such as the Company are allowed to recognise revenues from construction of real estate based on a percentage of completion method, wherein a portion of the sales price is recognised as revenue once a certain percentage of payment has been received from buyers, but before the real estate project's construction has been completed. The International Accounting Standards Board issued International Financial Reporting Standards ("IFRS") 15, Revenue from Contracts with Customers, which is expected to be adopted by the Financial Reporting Standards Council. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRS. IFRS 15 could impact real estate companies to recognise, subject to certain exceptions, revenue from real estate only when construction of the real estate asset has been completed. If IFRS 15 is adopted, its application would be required beginning on 1 January 2017. If IFRS 15 takes effect, revenue and certain other items in the Company's financial statements may vary significantly from previously recorded amounts using its current revenue recognition policy. In addition, for periods in which it applies the new revenue recognition policy, the Company would expect that it would not count revenue recognised in previous periods under its current revenue recognition policy. Accordingly, its revenue in some future periods could be lower than they would otherwise be under IFRS 15 because it would have previously recognised revenue from pre-completion sales under its current policy. The adoption of IFRS 15 will also likely result in greater fluctuations in the Company's revenues in a given period, depending on the number of properties it is able to actually complete within such period. As a result, IFRS 15 may also affect the comparability of its future financial statements with those relating to prior periods. The adoption of IFRS 15 may also result in restatements to the Company's financial statements disclosed prior to the adoption of IFRS 15. As a result, there may be significant differences between its previously disclosed financial statements and any restated financial statements. These changes would adversely affect the comparability of its future financial statements with those relating to prior periods.

***The Company is subject to certain debt covenants.***
The Company has certain loan agreements which contain covenants that limit its ability to, among other things:

- Incur additional long-term debt to the extent that such additional indebtedness results in a breach of the required debt-to-equity ratios;
- Materially change its nature of business;
- Encumber, mortgage or pledge some of its assets; and
- Pay out dividends in the event debt payments are in arrears and such debt payments will result in the breach of its required current and debt-to-equity ratios. Complying with these covenants may cause the Company to take actions that it otherwise would not take or not take actions that it otherwise would take. The Company's inability and/or failure to comply with these covenants would cause a default, which, if not waived could result in the debt becoming immediately due and payable. In the likelihood of this event, the Company may not be able to repay or refinance such debt on terms that are acceptable to it or at all.

***The Company shall, at any given time, consider business combination alternatives.***

Although some of the Company's debt covenants contain certain restrictions on business combinations, it may consider engaging in certain types of business combinations. Business combinations involve financial and operational risks and could result in critical changes to the Company's business, management and financial condition.

***The Company is exposed to interest rate, liquidity, credit and commodity risks.***

The Company's principal financial instruments consist of cash on hand and in banks, cash equivalents, receivables from instalment sales and due from and to affiliated companies and credit facilities from commercial banks. It uses these financial instruments to fund its business operations. The Company has entered into Master Agreements under the International Swaps and Derivatives Association Inc. with third parties.

The Company believes that the principal risks arising from its financial instruments are interest rate risk, liquidity risk, credit risk, commodity risk and currency risk.

*Interest Rate*

Fluctuations in interest rates could negatively affect the potential margins in respect of the Company sales of receivables and could make it more difficult for the Company to procure new debt on attractive terms or at all. The Company does not engage in interest rate derivative or swap activities to hedge its exposure to increases in interest rates.

Fluctuations in interest rates also have an effect on demand for the Company's products. As most of its customers obtain some form of financing for their real estate purchases, increases in interest rate levels could adversely affect the affordability and desirability of the Company's subdivision lots and housing and condominium units.

*Liquidity*

The Company faces the risk that it will not have sufficient cash flows to meet its operating requirements and financing obligations when they become due. The Company manages its liquidity profile by pre-selling housing projects. In addition, the Company's receivables backed credit facilities with banks and other financial institutions under the terms of which the Company, from time to time, assign instalment contract receivables on a "with recourse" basis. The Company is typically required to replace receivables assigned on a "with recourse" basis if the property buyer fails to pay three consecutive instalments or when the sale is otherwise cancelled. If the Company is unable to maintain its credit lines with banks and other financial institutions, it may not have sufficient funds to meet its operational requirements.

*Credit Risk*

The Company is exposed to credit risk from defaults by purchasers on their mortgages during the pre-sale periods for its properties. In 2007, the Company began to guarantee the mortgages of purchasers of uncompleted projects. Accordingly, if a purchaser who has a mortgage on an uncompleted project defaults on the mortgage, and the Company is not able to find a replacement purchaser, or if the Company fails in an undertaking with the bank, including delivering the property and title to such property within the mutually agreed period, the Company is obligated to pay the mortgage.

*Commodity Risk*

The Company is exposed to the risk that prices for construction materials used to build its properties (including timber, cement and steel) will increase. These materials are global commodities whose prices are cyclical in nature and fluctuate in accordance with global market conditions. The Company and its Subsidiaries are exposed to the risk that they may not be able to pass increased commodities costs to customers, which would lower their margins. The Company does not engage in commodity hedging.

*Currency Risk*

The Company's assets, liabilities, revenue and costs are mostly peso-denominated. However, the Company has U.S. dollar-denominated loans which have been hedged. The Company may hedge some or all of the Notes offered hereby but such hedging may not be fully effective to mitigate all foreign exchange risks and a portion of the Notes may not be hedged.

***The Company may suffer losses that are not covered by its insurance.***

The Company may be negatively affected due to the occurrence of typhoons, severe storms, earthquakes, floods, fires or other natural disasters or similar events. Although the Company carries an all-risk insurance policy for all its current and ongoing projects against catastrophic events and business interruption insurance for Century City Mall, in amounts and with deductibles that the Company believes are in line with general real estate industry practice, not all risks can be insured against. There are losses for which the Company cannot obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property as well as the anticipated future turnover from the property. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations.

## 1.7 CORPORATE SOCIAL RESPONSIBILITY

Century Properties' corporate social responsibility activities for 2014 focused on providing shelters for the underprivileged.

The Company has partnered with the non-profit organization Gawad Kalinga Community Development Foundation, Inc. (GK) to build the GK-Century Properties Village, a resettlement community in Hinahon Street, Barangka Drive, Mandaluyong City.

Century Properties donated P5.0 million to GK to build thirty (30) housing units on a property donated by the Mandaluyong city government, for the benefit of the informal settler families of Hinahon. Construction started in November 2014.

GK Executive Director Jose Luis Oquinema said that the housing project marks a fresh start for the community. "The GK-Century Properties Village will not only bring positive changes in the community but will also serve as a symbol of a new beginning for residents of Hinahon."

In order to cultivate a sense of ownership and appreciation for the housing among beneficiaries, GK makes sure that they provide a minium of 1,000 man-hours in sweat equity before each unit is awarded to a family. Ed Crisostomo, Head GK Volunteer for Mandaluyong City and the GK-Century Properties Village construction said that sweat equity is important as it gives the beneficiaries a sense of price and encouragement to take good care of the homes that they had built.

In addition to providing the funding for the housing construction, Century also pledged to work hand-in-hand with GK by sending employee volunteers to help with the building activities on site.

As a long term initiative, Century is closely working with Architecture for Humanity Manila and MyShelter Foundation to develop a repository of knowledge in building disaster-resilient structures, such as schools, emergency shelters and homes.

In 2014 the Company supported a crowdsourcing initiative project of Open Online Academy (OOAc.org), which sourced projects for resilient schools and emergency shelters for the rebuilding of communities that were affected by super typhoon Haiyan (Yolanda) in November 2013.

Designers, architects and engineers from all over the world registered with OOAc.org's online courses and came up with their designs for Resilient Schools and Resilient Emergency Shelters that could minimize the suffering and prevent the deaths of thousands of people during a typhoon.

The designs were made to be affordable and easy to build, which could be implemented by such international aid organizations as the UN Office for the Coordination of Humanitarian Affairs, USAID, UN High Commission for Refugees, and the World Bank Group.

In December 2014, the UN Headquarters in New York and Century Properties hosted the Resilience by Design Exhibition, which showcased the chosen crowd sourced designs, providing alternative models on how international organizations can find solutions to global problems.

The Company is now on the planning stages of building the proof of concept of the school and shelter in the Visayas out of chosen designs from the OOAc.org roster.

Century Properties also continues to support Operation Smile, a private, not-for-profit volunteer medical services organization and worldwide children's medical charity headquartered in Norfolk, Virginia, U.S.A that provides reconstructive surgery and related health care to indigent children and young adults. Operation Smile's medical volunteers repair cleft lip, cleft palate and other childhood facial deformities while building public and private partnerships to provide training to health care professional and improve local capacity in partner countries. Century has donated more than P1.75 million to the cause, and continues to assist Operation Smile in raising funds to cover the cost of surgeries for Filipino children with cleft deformities.

## ITEM 2. PROPERTIES

### 2.1 OVERVIEW

The Company is currently developing five master-planned communities that are expected to have 28 residential condominium buildings, three commercial buildings for lease, and 934 landed houses, with a total expected GFA (with parking) of 1,669,412 sq.m.

In addition, the Company has agreed to purchase 50% of the usage and leasehold rights of Asian Century Center, an office building in Fort Bonifacio upon its completion in 2017. Asian Century Center is currently being developed by Asian Carmaker Corporation.

The five master-planned communities are:

- ***Century City*** – Century City is a 3.4-hectare mixed-use project in Makati City with eight buildings covering a total planned GFA (with parking) of 643,175 sq.m. and targets the middle income and luxury markets. The Company has completed the Gramercy Residences, the Knightsbridge Residences and the Century City Mall as of September 2014. Centuria Medical Makati was completed in December 2014. There are four additional ongoing projects, including The Milano Residences, Trump

Tower at Century City, Century Spire and an office building in partnership with Forbes Media LLC. These four ongoing projects have estimated completion dates ranging from 2015 to 2019.

- ***Acqua Private Residences*** – Acqua Private Residences is located in Mandaluyong City and comprises six towers with a total planned GFA (with parking) of 229,996 sq.m. The development targets the middle income market. Its amenities will include a country club with fitness, retail, dining and entertainment facilities, as well as what is expected to be the first riverwalk promenade in the Philippines. This project has estimated completion dates from 2015 up to 2019.

- ***Azure Urban Resort Residences*** – Azure Urban Resort Residences is the Company's first project in the affordable market segment. It is a nine building residential property located in Parañaque City. The development covers a total planned GFA (with parking) of 328,925 sq.m. and features the first manmade beach in an urban residence of its scale in the Philippines and a beach club designed by Paris Hilton. The first three buildings have been completed, and the remaining six buildings are estimated to be completed from 2015 to 2018.

- ***Commonwealth*** – Commonwealth is the Company's first master-planned residential community development in Quezon City and covers 4.4 hectares and comprises eight towers. The development targets the affordable market segment, providing a total planned GFA (with parking) of 187,016 sq.m. It will be within close proximity to a shopping centre, top schools, technology hubs, churches and major thoroughfares. This project has completion dates ranging from 2015 to 2019.

- ***Canyon Ranch*** – Canyon Ranch is a 25-hectare house and lot community that is part of the 77-hectare San Lazaro Leisure Park in Cavite City and targets middle-income buyers. The total planned GFA (with parking) is 280,300 sq.m. The community features a clubhouse with sports and leisure facilities and offers residents views of the Leisure Park which includes one of only two operating horse racing tracks in the Philippines. As of December 31, 2014, 822 units have been completed while construction of the remaining 74 units is on-going. In addition, there are 11 lots remaining out of 38 lots that are available for sale.

## 2.2 COMPLETED PROJECTS AS OF DECEMBER 31, 2014

| Residential Projects | Location | Type | GFA (with parking) sq. m. | Units | Year Completed |
|---|---|---|---|---|---|
| Grand SOHO Makati | Makati City | Residential | 29,628 | 360 | 2010 |
| Gramercy Residences | Makati City | Residential | 121,595 | 1,432 | 2012 |
| Knightsbridge Residences | Makati City | Residential | 87,717 | 1,328 | 2013 |
| Rio | Parañaque City | Residential | 42,898 | 756 | 2013 |
| Santorini | Parañaque City | Residential | 36,215 | 553 | 2013 |
| St. Tropez | Parañaque City | Residential | 36,260 | 580 | 2013 |
| **Total** | | | **354,313** | **5,009** | |

| Commercial / Office Projects | Location | Type | GFA (with parking) sq. m. | Units | Year Completed |
|---|---|---|---|---|---|
| Century City Mall | Makati City | Retail | 49,143 | N/A | 2013 |
| Centuria Medical Makati | Makati City | Medical Office | 74,103 | 584 | 2014 |

Note: Excluding projects completed by Meridien

## 2.3 PROPERTIES UNDER MANAGEMENT AS OF DECEMBER 31, 2014

The Company manages both residential and commercial properties. The following table sets forth information regarding residential properties under our management.

### RESIDENTIAL PROPERTIES

| Project | Location | Developer | GFA (sq.m.) |
|---|---|---|---|
| Astoria Plaza Condominium | Pasig | Millennium Properties & Brokerage | 53,767 |
| Acqua Private Residences | Mandaluyong | Century Limitless Corporation | 26,410 |
| Azure Urban Residences | Parañaque | Century Limitless Corporation | 79,196 |
| BSA Suites Condominium | Makati City | ASB Development Corp. | 22,925 |
| Canyon Ranch Estate | Carmona, Cavite | Century Communities Corporation | 83,889 |
| Essensa East Forbes | Taguig | Meridien East Realty & Development Corp. | 115,000 |
| Golden Empire Tower | Manila | Moldex Land Holdings | 129,514 |
| Goldland Plaza Condominium | San Juan | Goldland Development & Realty Group | 54,524 |
| Grand Soho Makati Condominium | Makati City | Century Properties, Inc. | 29,628 |
| Knightsbridge Condominium | Makati City | Century City Development Corporation | 43,414 |
| Le Triomphe Condominium | Makati City | Meridien East Realty & Development Corp. | 20,239 |
| Paragon Plaza | Mandaluyong | Fil Estate Properties, Inc. | 71,631 |
| Pioneer Highlands North | Mandaluyong | Universal Rightfield Property Holdings, Inc. | 89,990 |
| Skyway Twin Towers | Pasig | Amberland Corporation | 95,417 |
| Soho Central Condominium | Mandaluyong | Meridien East Realty & Development Corp. | 64,816 |
| South of Market Condominium | Taguig | Meridien East Realty & Development Corp. | 62,246 |
| The Gramercy Residences | Makati City | Century City Development Corporation | 121,595 |
| Tiffany Place Condominium | Makati City | River Oaks Realty Corporation | 24,702 |
| Two Lafayette Square | Makati City | Megaworld Properties & Holdings, Inc. | 17,189 |
| West of Ayala Condominium | Makati City | Meridien East Realty & Development Corp. | 57,752 |
| **Subtotal** | | | **1,273,761** |

## COMMERCIAL PROPERTIES

| Project | Location | Developer | GFA (sq.m.) |
|---|---|---|---|
| 139 Corporate Center | Makati City | Antel Realty & Development Corporation | 24,426 |
| 88 Corporate Condominium | Makati City | Belgen Realty Development, Inc. | 37,677 |
| Asian Development Bank – Clark | Pampanga | Asian Development Bank | 2,000 |
| Asian Development Bank – Headquarters | Mandaluyong | Asian Development Bank | 204,092 |
| AvecShares Asia, Inc. | Taguig | Avecshares Asia, Inc. | 12,232 |
| BPI Buendia Center | Makati City | Bank of the Philippine Islands | 61,262 |
| Century City Lifestyle Mall | Makati City | Century City Development Corporation | 52,233 |
| Centuria Medical | Makati City | Centuria Medical Development Corporation | 45,103 |
| Fisher-Rosemount Systems, Inc. | Pasig | Amberland Corporation | 7,378 |
| Glaxo Smith Klein | Makati City | GlaxoSmithKline Philippines, Inc. | 9,471 |
| Globe IT Plaza Cebu | Cebu | Globe Telecom, Inc. | 12,678 |
| Globe Telecom Avatar | Cavite | Globe Telecom, Inc. | 3,085 |
| Globe Telecom Pioneer | Mandaluyong | Globe Telecom, Inc. | 34,918 |
| Globe Telecom Valero | Makati City | Globe Telecom, Inc. | 29,340 |
| Globe Data Center | Makati City | Globe Telecom, Inc. | 7,964 |
| GlobeTechnohub | Taguig | Globe Telecom, Inc. | 25,000 |
| Innove Plaza Condominium | Cebu | Prosperity Properties & Management Corporation | 12,031 |
| Makati Cinema Square | Makati City | MCS Condominium Corporation | 20,000 |
| Makati Medical Center | Makati City | Medical Doctors, Inc. | 90,467 |

| Project | Location | Developer | GFA (sq.m.) |
| --- | --- | --- | --- |
| Medical Plaza Ortigas | Pasig | Meridien Property Ventures, Inc. | 34,642 |
| One Corporate Center Ortigas | Pasig | Amberland Corporation | 117,799 |
| One Corporate Plaza | Makati City | Inchport Realty Corporation | 12,034 |
| One Magnificent Mile Condominium | Pasig | Meridien Far East Properties | 23,105 |
| One San Miguel Avenue Condominium | Pasig | Amberland Corporation | 64,577 |
| Pacific Star Building | Makati City | Penta Pacific Realty Corporation | 95,302 |
| PNB Financial Center | Pasay | Philippine National Bank | 151,435 |
| Prestige Tower Condominium | Pasig | Amberland Corporation | 58,698 |
| Singapore Embassy | Taguig | | 4,900 |
| Solar Century Tower | Makati City | Solar Entertainment Corporation | 5,265 |
| Times Plaza Condominium | Makati City | RHL Properties & Development | 35,820 |
| Union Bank Plaza | Pasig | | 76,893 |
| **Subtotal** | | | **1,371,827** |
| **TOTAL GFA** | | | **2,645,588** |
| **TOTAL PROJECTS** | | | **51** |

## 2.4 PROJECT UPDATES AS OF DECEMBER 31, 2014

| Project | Company | Type | Target Market | Location | Total GFA (sq.m.) | Projected Turnover |
|---|---|---|---|---|---|---|
| Gramercy Residences | CCDC | Residential | Middle-Income | Kalayaan Avenue, Makati City | 121,595 | 2012 |
| Knightsbridge Residences | CCDC | Residential | Middle-Income | Kalayaan Avenue, Makati City | 87,717 | 2013 |
| The Milano Residences | CCDC | Residential | Luxury | Kalayaan Avenue, Makati City | 64,645 | 2015 |
| Centuria Medical Makati | CCDC | Office | Middle-Income | Kalayaan Avenue, Makati City | 74,103 | 2014 |
| Trump Tower Manila | CCDC | Residential | Luxury | Kalayaan Avenue, Makati City | 54,655 | 2016 |
| Century Spire | CCDC | Residential | Luxury | Kalayaan Avenue, Makati City | 98,469 | 2018 |
| Lifestyle Center | CCDC | Retail | N/A | Kalayaan Avenue, Makati City | 49,143 | 2013 |
| Acqua Private Residences | CLC | Residential | Middle-Income | Banrangay Hulo, Mandaluyong City | 191,574 | 2015 - 2018 |
| Azure Urban Resort Residences(2) | CLC | Residential | Affordable | Barangay Marcelo, Bicutan, Parañaque City | 332,665 | 2013 - 2018 |
| The Resort Residences at Azure North(3) | CLC | Residential | Affordable | San Fernando Pampanga | 82,409 | 2019 |
| The Residences at Commonwealth | CLC | Residential | Affordable | Commonwealth, Quezon City | 187,016 | 2015 – 2019 |
| Canyon Ranch(2) | CCC | Residential | Middle-Income | Carmona, Cavite | 280,300 | Ongoing per house |
| **Total** | | | | | **1,624,291** | |

(1) Percentages are based on total number of units sold in the property.
(2) Properties developed with a joint venture partner.
(3) Represents first two (2) buildings only.

### 2.5 COMPANY OWNED PROPERTIES

The Company does not have any property other than its equity participation in its subsidiaries. The Company's subsidiaries, on the other hand, owns assets mainly land and buildings in property development.

## ITEM 3. LEGAL PROCEEDINGS

As of December 31, 2014, the directors and key officers of the Company have no material pending civil or criminal cases filed by or against them.

From time to time, the Company and its Subsidiaries, its Board of Directors and Key Officers are subject to various civil, criminal and administrative lawsuits and other legal actions arising in the ordinary course of our business. Typical cases include adverse claims over title to land, claims for recovery of money and damages and claims for cancellations of sales agreements and refund of deposits.

## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Other than those stated herein, there are no other matters submitted to a vote of security holders during the fiscal year covered by this report.

# PART II. OPERATIONAL AND FINANCIAL INFORMATION

## ITEM 5. MARKET FOR COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

### 5.1 MARKET INFORMATION

The shares of the Company consist solely of common shares, which are presently being traded in the Philippine Stock Exchange, Inc. The high and low sales prices for the shares of the Company for each quarter within the last three (3) fiscal years are as follows:

| 2014 | High | Low |
|---|---|---|
| First quarter | P1.34 | P1.05 |
| Second quarter | 1.28 | 1.13 |
| Third quarter | 1.14 | 1.01 |
| Fourth quarter | 1.10 | 0.89 |

| 2013 | High | Low |
|---|---|---|
| First quarter | P2.02 | P1.21 |
| Second quarter | 1.93 | 0.99 |
| Third quarter | 1.39 | 0.90 |
| Fourth quarter | 1.66 | 1.09 |
| 2012 | High | Low |
| First quarter | P2.05 | P1.28 |
| Second quarter | 1.47 | 1.16 |
| Third quarter | 1.30 | 1.12 |
| Fourth quarter | 1.26 | 1.14 |
| | | |

As of December 29, 2014, the last trading day of the Company's shares for the fourth (4th) quarter of the year 2014, the Company's closing share price is ₱0.95 per share.

### 5.2 STOCKHOLDERS

The number of shareholders of the Company of record as of December 31, 2014 was Four Hundred Eight Two (482). The number of issued and outstanding common shares of the Company as of December 31, 2014 is Eleven Billion Six Hundred Ninety Nine Million Seven Hundred Twenty Three Thousand Six Hundred Ninety (11,699,723,690). All shares of the Company are common stock.

The top 20 stockholders as of December 31, 2014 are as follows:

| Name | Number of Shares Held | % to Total |
|---|---|---|
| 1. Century Properties Inc. | 7,474,675,815 | 63.888 |
| 2. PCD Nominee Corporation ( Non-Filipino ) | 2,374,940,056 | 20.299 |
| 3. PCD Nominee Corporation ( Filipino ) | 1,826,124,337 | 15.608 |
| 4. Ernesto B. Lim | 12,669,508 | 0.108 |
| 5. Victor S. Chiongbian | 4,022,064 | 0.034 |
| 6. S. J. Roxas & Co., Inc. | 1,809,929 | 0.015 |
| 7. Antonio Andres Chua | 1,447,943 | 0.012 |
| 8. Antonio A. Inductivo | 723,959 | 0.006 |

| | | | |
|---|---|---|---|
| 9. | Vicente Goquiolay & Co., Inc. | 395,288 | 0.003 |
| 10. | Magdaleno B. Delmar, Jr. | 361,458 | 0.003 |
| 11. | Quality Investments & Securities Corporation | 301,654 | 0.003 |
| 12. | Pacifico B. Tacub | 150,661 | 0.001 |
| 13. | Roman T. Yap | 144,794 | 0.001 |
| 14. | Antonio C. Cuyos | 139,223 | 0.001 |
| 15. | B. L. Tan Securities, Inc. | 120,661 | 0.001 |
| 16. | Alfredo B. Chia | 120,661 | 0.001 |
| 17. | Milagros Ileto | 120,661 | 0.001 |
| 18. | Orifiel Y. Barredo | 79,272 | 0.001 |
| 19. | Tee Ling Kiat &/or Lee Lin Ho | 72,397 | 0.001 |
| 20. | Roberto Melo | 52,125 | 0.000 |

**5.3 DIVIDENDS**

The Company declares dividends to shareholders of record, which are paid from the Company's unrestricted retained earnings.

Below is the summary of CPGI's dividend declaration for fiscal year 2012 and 2013.

| **Cash Dividends** | | |
|---|---|---|
| **Fiscal Year** | **Total Amount of Dividends** | **Amount of dividends per share** |
| 2012 | PHP184,436,193 | 0.019024 per share |
| 2013 | PHP184,471,576 | 0.0190 per share |
| | | |
| **Stock Dividends** | | |
| **Fiscal Year** | **Total Number of Shares** | **Dividend rate** |
| 2013 | 1,999,999,993 shares | 20.661985% |

***Dividend Policy***

CPGI intends to maintain an annual cash dividend payment ratio for the issued and outstanding common shares of the Company of approximately 10% of its consolidated net income from the preceding fiscal year, subject to the requirements of applicable laws and regulations, availability of unrestricted retained earnings and the absence of circumstances which may restrict the payment of such dividends.

**5.4 RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES, INCLUDING RECENT ISSUANCE OFSECURITIES CONSTITUTING AN EXEMPT TRANSACTION**

On March 05, 2013, the Company entered into a Placement and Subscription transaction with its Parent Company, wherein CPI sold 800,000,000 million shares of stock in CPGI to investors ("Placing Transaction") and subscribe for an additional 800,000,000 CPGI shares ("Subscription Transaction") of stock at closing date on March 11, 2013.

## ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

## RESULTS OF OPERATIONS

***Real Estate***

The Group account for real estate revenue from completed housing and condominium units and lots using the full accrual method. The Group uses the percentage of completion method, on a unit by unit basis, to recognize income from sales where the Group has material obligations under the sales contract to complete after the property is sold. Under this method, revenue is recognize as the related obligations are fulfilled, measured principally in relation to actual costs incurred to date over the total estimated costs. The Group typically requires payment of 20% to 50% of the total contract price, depending on the type of property being purchased, and buyers are given the duration of the construction period to complete such payment.

For the year ended December 31, 2014, the Group recorded revenue from real estate sales amounting to P10,822.9 million and posted an increase of 16.3% from P9,304.2 million in 2013. The increase in revenue is attributable to increased sales among its projects, and during the year, the Group completed building the St. Tropez Tower of Azure Residences. Increased construction accomplishments of other Century City Towers such as Milano Residences, Trump Tower Manila, Positano, Miami, Maldives and Maui Buildings of Azure Project; Niagara, Sutherland, Dettifoss and Livingstone Buildings of Acqua Project; and, Osmeña West, Quezon North, Osmeña East and Roxas East Buildings of Commonwealth Project also contributed to the growth in revenues.

Furthermore, in the process of applying the Company's accounting policies, management has made certain judgments and estimates. One of these estimates is the collectability of the sales prices, which prompts the recognition of the Company's sales. As of December 31, 2014, in determining whether the sales price is collectible, the Company considers that the initial and continuing investments by a buyer of 5% of the sales price would demonstrate such buyer's commitment to pay. This threshold was changed from 10% as of December 31, 2013. Buyers' credit standings, past due amounts, sales returns, as well as adopting equity requirements closer to prevailing industry practices in recognizing realized sales prompted the Company to revise the basis of estimating the level of buyers' payments wherein it is probable that economic benefits will flow to the Company. The change in this estimate resulted to an increased in the Company's real estate sales by P1,770.9 million (with an additional P452.9 million interest income from accretion) for the year ended December 31, 2014. The effect of this change in future periods cannot be estimated.

***Interest and Other Income***

Interest and other income increased by 15.6% to P1,445.1 million in the year ended December 31, 2014 from P1,250.5 million in the year ended December 31, 2013. This increase was due primarily to non-cash accretion of unamortized discounts reflecting increased revenue from real estate sales during the year. Moreover, gain from change in fair value of investment properties amounting to P147.3 million was recognized during the year. Investment properties are stated at fair value, which has been determined based on valuations performed by Cuervo Appraisers, Inc., an accredited independent valuer, as of December 31, 2014 and 2013.

***Property management fee and other services***

Property management fee and other services increased by 12.3% to P285.7 million in the year ended December 31, 2014 from P254.4 million in the year ended December 31, 2013. The increase was primarily due to the additional buildings under management and management fee rate escalations for some of the projects under management ranging from 5% to 10%. The number of buildings under management as of December 31, 2014 is 58 from 55 as of December 31, 2013.

## *Leasing Revenue*

In 2014, Century City Mall commenced its operations. This contributed additional revenue amounting to P207.0 million on the Group's total revenue for the year ended December 31, 2014.

## Costs and Expenses

Cost and expenses increased by 18.5% to P9,589.7 million during 2014 from P8,091.9 million for the year ended December 31, 2013.

- Cost of real estate sales increased by 10.0% from P5,766.9 million in the year ended December 31, 2013 to P6,342.6 million in the year ended December 31, 2014. This was primarily due to the corresponding growth in revenue from real estate sales.

- Cost of services increased by 16.0% to P215.4 million for the year ended December 31, 2014 from P185.6 million in the year ended December 31, 2013. This was primarily due to corresponding growth in property management and other service fees.

- Cost of leasing amounting to P108.7 million is the direct cost incurred in relation to the operation of the Century City Mall in the year 2014.

- General, administrative and selling expenses increased by 33.2% to P2,720.7 million in the year ended December 31, 2014 from P2,041.9 million in the year ended December 31, 2013. The increase was primarily due to increased amortization of deferred marketing expenses given more projects are undergoing construction and development.

- Interest and other financing charges increased by 107.5% to P202.2 million for the year ended December 31, 2014 from P97.5 million for 2013. This was primarily due to bank fees and other financing charges paid other than capitalized borrowing costs during the year. Unrealized foreign exchange loss amounting to P77.5 million also contributed to such increase.

**Provision for Income Tax**
Provision for income tax increased by 16.0% to P1,012.2 million in the year ended December 31, 2014 from P872.5 million in the year ended December 31, 2013. The increase was primarily due to collections on new sales during the period as well as from amortization of accounts sold in previous year. Also, the increase is due to additional taxable income generated from the Century City Mall during the period.

**Net Income**
As a result of the foregoing, net income increased by 17.0% to P2,158.9 million for the year ended December 31, 2014 from P1,844.7 million in the year ended December 31, 2013.

## FINANCIAL CONDITION

***As of December 31, 2014 vs. December 31, 2013***

Total assets as of December 31, 2014 were P31,650.2 million compared to P26,166.0 million as of December 31, 2013, or a 21.0% increase. This was due to the following:

- Cash and cash equivalents slightly decreased by P9.6 million from P1,438.9 million as of December 31, 2013 to P1,429.2 million as of December 31, 2014 primarily due to repayment of accounts and other payables and operational activities during the year.

- Receivables increased by 31.3% from P9,093.8 million as of December 31, 2013 to P11,936.0 million as of December 31, 2014 million due to the revenue recognized during for the period pursuant to higher pre-sales, in addition to the policies and estimates pursuant to the collectability of sales price and percentage of completion methods.

- During the year ended December 31, 2014, Real estate inventories increased by 15.0% from P7,026.9 million to P8,083.6 million due to development of various projects during the period.

- Investment properties posted an increase of 7.5% to P4,387.8 million as of December 31, 2014 as compared to P4,080.8 million as of December 31, 2013 primarily due to completion of Century City Mall and other costs incurred for Forbes and Spire Buildings.

Total liabilities as of December 31, 2014 were P18,345.8 million compared to P14,731.0 million as of December 31, 2013, or a P24.5% increase. This was due to the following:

- Accounts and other payables decreased by 59.1% from P4,228.4 million as of December 31, 2013 to P1,730.2 million as of December 31, 2014 due to payments made to suppliers and contractors during the period.

- Short-term and long-term debt representing the sold portion of the Company's installment contracts receivables with recourse, syndicated loans and bi-lateral term loans increased by 37.0% from P6,039.1 million as of December 31, 2013 to P8,274.2 million as of December 31, 2014 due to increased net availments or net draw down from existing and new lines during the 2014.

- The Company issued a P2,700.0 million bond during the year increasing the total liabilities of the Group.

- Pension liabilities increased by 34.0% from P142.7 million as of December 31, 2013 to P191.3 million as of December 31, 2014 as a result accrual of pension expense during the period.

- Income tax payable increased by 189.5% from P5.8 million as of December 31, 2013 to P16.9 million as of December 31, 2014 primarily due to higher taxable income during the year 2014 as compared to the year ended December 31, 2013.

Total stockholder's equity net increased by 16.3% to P13,304.4 million as of December 31, 2014 from P11,435.0 million as of December 31, 2013 due to the net income recorded during the year net of CPGI's cash dividend declarations and acquisition of treasury shares during the period.

| | As of December 31 | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| **Current Ratio** | 2.7x | 2.0x | 2.5x |
| **Debt to Equity Ratio** | 0.8x | 0.5x | 0.4x |
| **Asset to Equity Ratio** | 2.4x | 2.3x | 2.3x |
| | **For the year ended December 31** | | |
| | **2014** | **2013** | **2012** |
| **Return on Assets** | 7.5% | 8.2% | 12.9% |
| **Return on Equity** | 17.5% | 18.8% | 29.4% |
| **EBIT** | 3,187.8 | 2,746.5 | 2,539.2 |
| **EBITDA** | 3,249.0 | 2,810.0 | 2,602.6 |
| **Total Debt** | 10,931.5 | 6,039.1 | 3,661.0 |
| **Net Debt** | 9,502.2 | 4,600.3 | 2,759.2 |
| **Gross Profit from Real Estate Sales Margin** | 45.6% | 42.1% | 44.5% |
| **Net Income Margin** | 16.9% | 17.1% | 19.2% |
| **Net debt-to-equity ratio** | 0.7x | 0.4x | 0.3x |
| **Debt-to-EBITDA ratio** | 3.4x | 2.1x | 1.4x |
| **Net debt-to-EBITDA ratio** | 2.9x | 1.6x | 1.1x |

Notes:

(1) Return on assets is calculated by dividing net income for the period by average total assets (beginning plus end of the period divided by two).

(2) Return on equity is calculated by dividing net income for the period by average total equity (beginning plus end of the period divided by two).

(3) EBIT is calculated as net income after adding back interest expense and provision for income tax. EBITDA is calculated as net income after adding back interest expense, depreciation and amortization and provision for income tax.

(4) Net debt is calculated as total debt less cash and cash equivalents as of the end of the period.

(5) Gross profit from real estate sales margin is calculated as the sum of real estate sales and accretion of unamortized discount (which we record under interest and other income), less the cost of real estate sales, as a percentage of the sum of real estate sales and accretion of unamortized discount, for the period. We believe that including accretion of unamortized discount in this calculation is a useful measure of the profitability of our real estate operations because such unamortized discount forms part of the original contract price of the sales contracts.

(6) Net margin is calculated as net income as a percentage of revenue for the period.

(7) Net debt-to-equity ratio is calculated as net debt divided by total equity as of the end of the period.

(8) Debt-to-EBITDA ratio is calculated as total debt as of the end of the period divided by EBITDA for the period calculated on an annualized basis.
(9) Net debt to EBITDA ratio is calculated as net debt as of the end of the period divided by EBITDA for the period calculated on an annualized basis.
(10) This ratio is obtained by dividing the Current Assets of the Group by its Current liabilities. This ratio is used as a test of the Group's liquidity**.**

## Material Changes to the Company's Balance Sheet as of December 31, 2014 compared to December 31, 2013 (increase/decrease of 5% or more)

Cash and cash equivalents slightly decreased by P9.6 million from P1,438.9 million as of December 31, 2013 to P1,429.2 million as of December 31, 2014 primarily due to repayment of accounts and other payables and operational activities during the year.

Receivables increased by 31.3% from P9,093.8 million as of December 31, 2013 to P11,936.0 million as of December 31, 2014 million due to the revenue recognized during for the period pursuant to higher pre-sales, in addition to the policies and estimates pursuant to the collectability of sales price and percentage of completion methods.

During the year ended December 31, 2014, Real estate inventories increased by 15.0% from P7,026.9 million to P8,083.6 million due to development of various projects during the period.

Due from related parties decreased by 17.9% from P177.3million as of December 31, 2013 to P145.6 million as of December 31, 2014 due to payments made during the year to the stockholders and other affiliates.

Advances to suppliers and contractors decreased by 22.8% from P1,314.9 million as of December 31, 2013 to P1,014.9 million as of December 31, 2014 primarily due to the reclassification of advances to suppliers and contractors to real estate inventory. Also various recoupment of down payments made based on construction progress transpired during the year.

Prepayments and other current assets increased by 25.1% from P1,265.9 million as of December 31, 2013 to P1,583.5 million as of December 31, 2014 due to additional in marginal deposits, deferral of marketing and other expenses and higher input taxes recognized during the year.

Derivative asset decreased by 14.7% from P29.9 million as of December 31, 2013 to P25.5 million as of December 31, 2014 due to settlement of CCDC forward hedged contract.

Investment properties posted an increase of 7.5% to P4,387.8 million as of December 31, 2014 as compared to P4,080.8 million as of December 31, 2013 primarily due to completion of Century City Lifestyle Center and other costs incurred for Forbes and Spire Buildings.

Deposits for purchased land increased by 360.0% from P154.5 million as of December 31, 2013 to P710.9 million as of December 31, 2014 due to payments made to property owners for the acquisition of parcels of land in Quezon City, Metro Manila, San Fernando, Pampanga, Novaliches, Metro Manila and Batulao, Batangas.

Intangible assets increased by 74.1% from P18.0 million as of December 31, 2013 to P31.3 million as of December 31, 2014 due to acquisition of certain application software and intellectual property licenses during the year.

Investment in and advances to joint venture increased by 693.4% from P48.8 million as of December 31, 2013 to P387.0 as of December 31, 2014 due to additional advances to A2Global Inc. and investments made in One Pacstar Realty Corporation and Two Pacstar Realty Corporation.

Property and equipment decreased by 22.8% from P157.8 million as of December 31, 2013 to P121.8 million as of December 31, 2014 due to provision of depreciation during the year.

Other non-current assets increased by 53.5% from P758.1 million as of December 31, 2013 to P1,163.6 million as of December 31, 2014 due to rentals and other security deposits made during the year as well as non-current portion of deferred marketing expenses for newly launched projects with no percentage-of-completion as of December 31, 2014.

Total liabilities as of December 31, 2014 were P18,345.8 million compared to P14,731.0 million as of December 31, 2013, or a P24.5% increase. This was due to the following:

Accounts and other payables decreased by 59.1% from P4,228.4 million as of December 31, 2013 to P1,730.2 million as of December 31, 2014 due to payments made to suppliers and contractors during the period.

Customers' advances and deposits increased by 37.8% from P2,222.7 million as of December 31, 2013 to P3,063.0 million as of December 31, 2014. Balances as of December 31, 2014 represents collection from customers which do not meet the revenue recognition criteria.

Short-term and long-term debt representing the sold portion of the Company's installment contracts receivables with recourse, syndicated loans and bi-lateral term loans increased by 37.0% from P6,039.1 million as of December 31, 2013 to P8,274.2 million as of December 31, 2014 due to increased net availments or net draw down from existing and new lines during 2014.

The Company issued a P2,700.0 million bond during the year increasing the total liabilities of the Group.

Pension liabilities increased by 34.0% from P142.7 million as of December 31, 2013 to P191.3 million as of December 31, 2014 as a result of accrual of pension expense during the period.

Income tax payable increased by 189.5% from P5.8 million as of December 31, 2013 to P16.9 million as of December 31, 2014 primarily due to higher taxable income during the year 2014 as compared to the year ended December 31, 2013.

Donation payable increased by 100.0% from nil as of December 31, 2013 to P41.8 million as of December 31, 2014 due to recognition of liability to Makati City Office in line with the donation of parcel of land from the purchased of IS land.

Deferred tax liabilities (net of deferred tax assets) increased 43.6% from P1,504.1 million as of December 31, 2013 to P2,160.0 million as of December 31, 2014 due to additional future taxable items during the period.

Total stockholder's equity net increased by 16.3% to P13,304.4 million as of December 31, 2014 from P11,435.0 million as of December 31, 2013 due to the net income recorded during the year net of CPGI's cash dividend declaration and acquisition of treasury shares during the period.

**Material Changes to the Company's Statement of income for the year ended December 31, 2014 compared to the year ended December 31, 2013 (increase/decrease of 5% or more)**

Real estate revenue posted an increase by 16.3% for the year ended December 31, 2014 from P9,304.2 million in 2013 to P10,822.9 million in 2014. The increase in revenue is attributable to increased sales among its projects, and during the year, the Group completed the St. Tropez Tower of Azure Residences. Increased construction accomplishments of other Century City Towers such as Milano Residences, Trump Tower Manila, Positano, Miami, Maldives and Maui Buildings of Azure Project; Niagara, Sutherland, Dettifoss and Livingstone Buildings of Acqua Project; and Osmeña West, Quezon North, Osmeña East and Roxas East Buildings of Commonwealth Project also contributed to the growth in revenues.

Furthermore, in the process of applying the Company's accounting policies, management has made certain judgments and estimates. One of these estimates is the collectability of the sales prices, which prompts the recognition of the Company's sales. As of December 31, 2014, in determining whether the sales price is collectible, the Company considers that the initial and continuing investments by a buyer of 5% of the sales price would demonstrate such buyer's commitment to pay. This threshold was changed from 10% as of December 31, 2013. Buyers' credit standings, past due amounts, sales returns, as well as adopting equity requirements closer to prevailing industry practices in recognizing realized sales prompted the Company to revise the basis of estimating the level of buyers' payments wherein it is probable that economic benefits will flow to the Company. The change in this estimate resulted to an increased in the Company's real estate sales by P1,770.9 million (with an additional P452.9 million interest income from accretion) for the year ended December 31, 2014. The effect of this change in future periods cannot be estimated.

Interest and other income increased by 15.6% to P1,445.1 million in the year ended December 31, 2014 from P1,250.5 million in the year ended December 31, 2013. This increase was due primarily to non-cash accretion of unamortized discounts reflecting increased revenue from real estate sales during the year. Moreover, gain from change in fair value of investment properties amounting to P147.3 million was recognized during the year. Investment properties are stated at fair value, which has been determined based on valuation performed by Cuervo Appraisers, Inc. an accredited independent valuer, as of December 31, 2014 and 2013.

Property management fee and other services increased by 12.3% to P285.7 million in the year ended December 31, 2014 from P254.4 million in the year ended December 31, 2013. The increase was primarily due to the additional buildings under management and management fee rate escalations for some of the projects under management ranging from 5% to 10%. The number of buildings under management as of December 31, 2014 is 58 from 55 as of December 31, 2013.

In 2014, Century City Mall commenced its operations. This contributed additional revenue amounting to P207.0 million on the Group's total revenue for the year ended December 31, 2014.

Cost and expenses increased by 18.5% to P9,589.7 million during 2014 from P8,091.9 million for the year ended December 31, 2013.

Cost of real estate sales increased by 10.0% from P5,766.9 million in the year ended December 31, 2013 to P6,342.6 million in the year ended December 31, 2014. This was primarily due to the corresponding growth in revenue from real estate sales.

Cost of services increased by 16.0% to P215.4 million for the year ended December 31, 2014 from P185.6 million in the year ended December 31, 2013. This was primarily due to corresponding growth in property management and other service fees.

Cost of leasing amounting to P108.7 million is the direct cost incurred in relation to the operation of the Century City Mall in the year 2014.

General, administrative and selling expenses increased by 33.2% to P2,720.7 million in the year ended December 31, 2014 from P2,041.9 million in the year ended December 31, 2013. The increase was primarily due to increased amortization of deferred marketing expenses given more projects are undergoing construction and development.

Interest and other financing charges increased by 107.5% to P202.2 million for the year ended December 31, 2014 from P97.5 million for 2013. This was primarily due to bank fees and other financing charges paid other than capitalized borrowing costs during the year. Unrealized foreign exchange loss amounting to P77.5 million also contributed to such increase.

Provision for income tax increased by 16.0% to P1,012.2 million in the year ended December 31, 2014 from P872.5 million in the year ended December 31, 2013. The increase was primarily due to collections on new sales during the period as well as from amortization of accounts sold in previous year. Also, the increase is due to additional taxable income generated from the Century City Mall during the period.

As a result of the foregoing, net income increased by 17.0% to P2,158.9 million for the year ended December 31, 2014 from P1,844.7 million in the year ended December 31, 2013.

## REVIEW OF YEAR END 2013 VS YEAR END 2012

## RESULTS OF OPERATIONS

***Real Estate***

The Group account for real estate revenue from completed housing and condominium units and lots using the full accrual method. The Group uses the percentage of completion method, on a unit by unit basis, to recognize income from sales where the Group has material obligations under the sales contract to complete after the property is sold. Under this method, revenue is recognize as the related obligations are fulfilled, measured principally in relation to actual costs incurred to date over the total estimated costs. The Group typically requires payment of 20% to 50% of the total contract price, depending on the type of property being purchased, and buyers are given the duration of the construction period to complete such payment.

For the year ended December 31, 2013, the Group recorded revenue from real estate sales amounting to P9,304.2 million and posted an increase of 8.4% from P8,582.0 million in 2012. The increase in revenue is attributable to increased sales among its projects, and during the year, the Group completed buildings both in Century City such as Knightsbridge Residences and turned over buildings in Azure Residences, including the Rio,and Santorini towers . Increased construction accomplishments of other Century City Towers such as Milano Residences, Centuria Medical Tower, Trump Tower Manila, Positano and Miami Buildings of Azure Project; Niagara, Sutherland, Dettifoss and Livingstone Buildings of Aqua Project also contributed to the growth in revenues. The Group also started recognizing real estate revenue from its Commonwealth buildings particularly Osmeña West, Quezon North and Osmeña East Towers.

Furthermore, in the process of applying the Company's accounting policies, management has made certain judgments and estimates. One of these estimates is the collectability of the sales prices, which prompts the recognition of the Company's sales. In determining whether the sales price is collectible, the Company considers that the initial and continuing investments by the buyer of 10% of the sales price would demonstrate the buyer's commitment to pay as of December 31, 2013. This threshold was changed from 15% as of December 31, 2012. Buyers' credit standings, past due amounts, sales returns, as well as adopting equity requirements closer to prevailing industry practices in recognizing realized sales prompted the Company to revise the basis of estimating the level of buyers' payments wherein it is probable that economic benefits will flow to the Company. The change in estimate resulted to an increased in the Company's real estate sales by P3,043.1 million (with an additional P334.3 million of interest income from accretion) for the period ended December 31, 2013. The effect of this change in future periods cannot be estimated.

***Interest and Other Income***

Interest and other income increased by 55.0% to P1,250.5 million in the year ended December 31, 2013 from P807.0 million in the year ended December 31, 2012. This increase was due primarily to non-cash accretion of unamortized discounts reflecting increased revenue from real estate sales, and forfeited collections, during the year.

***Property management fee and other services***

Property management fee and other services increased by 14.5% to P254.4 million in the year ended December 31, 2013 from P222.2 million in the year ended December 31, 2012. This increase was primarily due to additional buildings under management and management fee rate escalations for some of the projects under management ranging from 5% to 10%. The number of buildings under management as of December 31, 2013 is 55 from 51 as of December 31, 2012.

## Costs and Expenses

Cost and expenses increased by 13.6% to P8,091.9 million during 2013 from P7,121.1 million for the year ended December 31, 2012.

- Cost of real estate sales increased by 16.7% from P4,940.7 million in the year ended December 31, 2012 to P5,766.9 million in the year ended December 31, 2013. This was primarily due to the corresponding growth in revenue from real estate sales as well as increased cost of real estate sales.

- Cost of services increased by 17.8% to P185.6 million for the year ended December 31, 2013 from P157.6 million in the year ended December 31, 2012. This was primarily due to corresponding growth in property management and other service fees.

- General, administrative and selling expenses increased by 4.2% to P2,041.8 million in the year ended December 31, 2013 from P1,960.3 million in the year ended December 31, 2012. The increase was primarily due to increased amortization of deferred marketing expenses given more projects are undergoing construction and development.

- Interest and other financing charges increased by 55.9% to P97.5 million for the year ended December 31, 2013 from P62.5 million for 2012. This was primarily due to bank fees and other financing charges paid other than capitalized borrowing costs during the year.

**Provision for Income Tax**

Provision for income tax increased by 36.3% to P872.5 million in the year ended December 31, 2013 from P640.2 million in the year ended December 31, 2012. The increase was primarily due to collections on new sales during the period as well as from amortization of accounts sold in previous year The Group also excluded certain expenses for income tax deductibility purposes, pending compliance with withholding tax requirements as mandated by BIR.

**Net Income**

As a result of the foregoing, net income slightly decreased by 0.3% to P1,844.7 million for the year ended December 31, 2013 from P1,849.8 million in the year ended December 31, 2012.

## FINANCIAL CONDITION

***As of December 31, 2013 vs. December 31, 2012***

Total assets as of December 31, 2013 were P26,166.0 million compared to P18,556.5 million as of December 31, 2012, or a 41.0% increase. This was due to the following:

- Cash and cash equivalents increased by P537.0 million from P901.8 million as of December 31, 2012 to P1,438.9 million as of December 31, 2013 primarily due to receipt of proceeds from the Placing and Subscription Transaction and availment of credit facilities. The Group's cash flow from operations also improved given the collection of turnover balances from completed projects.

- Receivables increased by 34.1% from P6,779.7 million as of December 31, 2012 to P9,093.8 as of December 31, 2013 million due to the revenue recognized during for the period.

- During the year ended December 31, 2013, Real estate inventories increased by 77.8% from P3,951.8 million to P7,026.9 million due to project development and transfer of cost of land for one Acqua building previously classified as land held for future development.

- Land held for future development decreased by 61.0% or P730.1 million during 2013 due to transfer of the cost land previously classified as land held for future development into real estate inventories and investment properties.

- Investment properties posted an increase of 112.5% to P4,080.8 million as of December 31, 2013 as compared to P1,920.1 million as of December 31, 2012 primarily due to completion of Century City Lifestyle Center.

Total liabilities as of December 31, 2013 were P14,731.0 million compared to P10,315.5 million as of December 31, 2012, or a P42.8% increase. This was due to the following:

- Accounts and other payables increased by 47.4% from P2,869.0 million as of December 31, 2012 to P4,228.4 million as of December 31, 2013 due to accruals made at the end of the year.

- Short-term and long-term debt representing the sold portion of the Company's installment contracts receivables with recourse, syndicated loans, and bi-lateral term loans, increased by 65.0% from P3,661.0 million as of December 31, 2012 to P6,039.1 million as of December 31, 2013 due to draw down or availments made during the year.

- Pension liabilities increased by 54.5% from P92.4 million as of December 31, 2012 to P142.7 million as of December 31, 2013 as a result of actuarial valuation at the end of the year.

- Income tax payable decreased by 94.1% from P98.1 million as of December 31, 2012 to P5.8 million as of December 31, 2013 primarily due to payment of income tax dues during the first three quarters of the year.

Total stockholder's equity net increased by 38.8% to P11,435.0 million as of December 31, 2013 from P8,241.0 million as of December 31, 2012 due to issuance of new shares and the net income recorded for the year ended December 31, 2013.

| | As of December 31 | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| **Current Ratio** | 2.0x | 2.5x | 1.8x |
| **Debt to Equity Ratio** | 0.5x | 0.4x | 0.2x |
| **Asset to Equity Ratio** | 2.3x | 2.3x | 2.3x |
| | For the year ended December 31 | | |
| | 2013 | 2012 | 2011 |
| **Return on Assets** | 8.2% | 12.9% | 9.9% |
| **Return on Equity** | 18.8% | 29.4% | 23.8% |
| **EBIT** | 2,746.5 | 2,539.2 | 1,307.2 |
| **EBITDA** | 2,810.0 | 2,602.6 | 1,353.2 |
| **Total Debt** | 6,039.1 | 3,661.0 | 882.6 |
| **Net Debt** | 4,600.3 | 2,759.2 | 516.0 |
| **Gross Profit from Real Estate Sales Margin** | 42.1% | 44.5% | 41.7% |
| **Net Income Margin** | 17.1% | 19.2% | 18.4% |
| **Net debt-to-equity ratio** | 0.4x | 0.3x | 0.1x |
| **Debt-to-EBITDA ratio** | 2.1x | 1.4x | 0.7x |
| **Net debt-to-EBITDA ratio** | 1.6x | 1.1x | 0.4x |

Notes:

(1) Return on assets is calculated by dividing net income for the period by average total assets (beginning plus end of the period divided by two).

(2) Return on equity is calculated by dividing net income for the period by average total equity (beginning plus end of the period divided by two).

(3) EBIT is calculated as net income after adding back interest expense and provision for income tax. EBITDA is calculated as net income after adding back interest expense, depreciation and amortization and provision for income tax.

(4) Net debt is calculated as total debt less cash and cash equivalents as of the end of the period.

(5) Gross profit from real estate sales margin is calculated as the sum of real estate sales and accretion of unamortized discount (which we record under interest and other income), less the cost of real estate sales, as a percentage of the sum of real estate sales and accretion of unamortized discount, for the period. We believe

that including accretion of unamortized discount in this calculation is a useful measure of the profitability of our real estate operations because such unamortized discount forms part of the original contract price of the sales contracts.

(6) Net margin is calculated as net income as a percentage of revenue for the period.

(7) Net debt-to-equity ratio is calculated as net debt divided by total equity as of the end of the period.

(8) Debt-to-EBITDA ratio is calculated as total debt as of the end of the period divided by EBITDA for the period calculated on an annualized basis.

(9) Net debt to EBITDA ratio is calculated as net debt as of the end of the period divided by EBITDA for the period calculated on an annualized basis.

(10) This ratio is obtained by dividing the Current Assets of the Group by its Current liabilities. This ratio is used as a test of the Group's liquidity**.**

**Material Changes to the Company's Balance Sheet as of December 31, 2013 compared to December 31, 2012 (increase/decrease of 5% or more)**

Cash and cash equivalents increased by 59.6% or P537.0 million from P901.8 million as of December 31, 2012 to P1,438.9 million as of December 31, 2013 primarily due to receipt of proceeds from the Placing and Subscription Transaction and availment of credit facilities. The Group's cash flow from operations also improved given the collection of turnover balances from completed projects.

Receivables increased by 34.1% from P6,779.7 million as of December 31, 2012 to P9,093.8 as of December 31, 2013 million due to the revenue recognized during for the period.

During the year ended December 31, 2013, Real estate inventories increased by 77.8% from P3,951.8 million to P7,026.9 million due to project development and transfer of cost of land for one Acqua building previously classified as land held for future development.

Land held for future development decreased by 61.0% or P730.1 million during 2013 due to the net effect of acquisitions made during the year and the transfer of the cost land previously classified as land held for future development into real estate inventories and investment properties.

Investment properties posted an increase of 112.5% to P4,080.8 million as of December 31, 2013 as compared to P1,920.1 million as of December 31, 2012 primarily due to completion of Century City Lifestyle Center.

Advances to suppliers and contractors increased by 42.1% to P1,314.9 million as of December 31, 2013 from P925.3 million as of December 31, 2012 primarily due to down payment subject to recoupment through progress billings.

Prepayments and other current assets decreased by 32.2% from P1,867.3 million to P1,265.9 million due to application of advance payments made to land owners to purchase price of the acquired properties and application of input taxes against output VAT during the year ended December 31, 2013.

During the year, the Company invested P48.8 million in A2 Global, Inc. and made deposits of P154.5 million for land acquisitions. Both accounts increased by 100.0% for there were no payments made in 2012.

Available-for-sale financial assets increased by 19.5% from P7.9 million as of December 31, 2012 to P9.5 million as of December 31, 2013.

As of December 31, 2013, intangible assets account increased by 549.1% to P18.0 million from P2.8 million as of December 31, 2012 due to acquisition of certain software and trademarks.

Other non-current assets increased by 39.2% from P544.7 million as of December 31, 2012 to P758.1 million as of December 31, 2013 due to rentals and other security deposits made during the year as well non-current portion of deferred marketing expenses for newly launched projects with no percentage-of-completion as of December 31, 2013.

Accounts and other payables increased by 47.4% from P2,869.0 million as of December 31, 2012 to P4,228.4 million as of December 31, 2013 due to accruals made at the end of the year.

Short-term and long-term debt representing the sold portion of the Company's installment contracts receivables with recourse, syndicated loans, and bi-lateral term loans, increased by 65.0% from P3,661.0 million as of December 31, 2012 to P6,039.1 million as of December 31, 2013 due to draw down or availments made during the year.

Pension liabilities increased by 54.5% from P92.4 million as of December 31, 2012 to P142.7 million as of December 31, 2013 as a result of actuarial valuation at the end of the year.

Income tax payable decreased by 94.1% from P98.1 million as of December 31, 2012 to P5.8 million as of December 31, 2013 primarily due to payment of income tax dues during the first three quarters of the year.

Deferred tax liabilities (net of deferred tax assets) increased by 41.6% from P1.062.2 million as of December 31, 2012 to P1,504.1 million as of December 31, 2013 due to additional future taxable items during the year.

Total stockholder's equity net increased by 38.8% to P11,435.0 million as of December 31, 2013 from P8,241.0 million as of December 31, 2012 due to issuance of new shares and the net income recorded for the year ended December 31, 2013.

**Material Changes to the Company's Statement of income for the year ended December 31, 2013 compared to the year ended December 31, 2012 (increase/decrease of 5% or more)**

Revenue from real estate sales increased by 8.4% from P8,582.0 million in 2012 to P9,304.2 million in 2013. The increase in revenue is attributable to increased sales among its projects, During the year, the Group completed buildings both in Century City such as Knightsbridge Residences and turned over buildings in Azure Residences, including the Rio,and Santorini towers . Increased construction accomplishments of other Century City Towers such as Milano Residences, Centuria Medical Tower, Trump Tower Manila, Positano and Miami Buildings of Azure Project; Niagara, Sutherland, Dettifoss and Livingstone Buildings of Aqua Project also established the growth in revenues. The Group also started recognizing real estate revenue from Commonwealth buildings particularly Osmeña West, Quezon North and Osmeña East Towers.

Furthermore, in the process of applying the Company's accounting policies, management has made certain judgments and estimates. One of these estimates is the collectability of the sales prices, which prompts the recognition of the Company's sales. In determining whether the sales price is collectible, the Company considers that the initial and continuing investments by the buyer of 10% of the sales price would demonstrate the buyer's commitment to pay as of December 31, 2013. This threshold was changed from 15% as of December 31, 2012. Buyers' credit standings, past due amounts, sales returns, as well as adopting equity requirements closer to prevailing industry practices in recognizing realized sales prompted the Company to revise the basis of estimating the level of buyers' payments wherein it is probable that economic benefits will flow to the Company. The change in estimate resulted to an increased in the Company's real estate sales by P3,043.1 million (with an additional P334.3 million of interest income from accretion) for the period ended December 31, 2013. The effect of this change in future periods cannot be estimated.

Property management fee and other services increased by 14.5% to P254.4 million in the year ended December 31, 2013 from P222.2 million in the year ended December 31, 2012. This increase was primarily due to additional buildings under management and management fee rate escalations for some of the projects under management ranging from 5% to 10%. The number of buildings under management as of December 31, 2013 is 55 from 51 as of December 31, 2012.

Interest and other income increased by 55.0% to P1,250.5 million in the year ended December 31, 2013 from P807.0 million in the year ended December 31, 2012. This increase was due primarily to non-cash accretion of unamortized discounts reflecting increased revenue from real estate sales, and forfeited collections, during the year

Cost of real estate sales increased by 16.7% from P4,940.7 million in the year ended December 31, 2012 to P5,766.9 million in the year ended December 31, 2013. This was primarily due to the corresponding growth in revenue from real estate sales and increased in cost of real estate sales.

Cost of services increased by 17.8% to P185.6 million for the year ended December 31, 2013 from P P157.6 million in the year ended December 31, 2012. This was primarily due to corresponding growth in property management and other service fees.

Interest and other financing charges increased by 55.9% to P97.5 million for the year ended December 31, 2013 from P62.5 million for 2012. This was primarily due to bank fees and other charges paid other than capitalized borrowing costs during the year.

Provision for income tax increased by 36.3% to P872.5 million in the year ended December 31, 2013 from P640.2 million in the year ended December 31, 2012. The increase was primarily due to collections on new sales during the period as well as from amortization of accounts sold in previous year.

### Factors which may have material impact in Company's operations

### Economic factors

The economic situation in the Philippines significantly affects the performance of the Company's business. For the residential products, the Group is sensitive to changes in domestic interest and inflation rates. Higher interest rates tend to discourage potential buyers of residential units as mortgages become unaffordable to them. An inflationary environment will adversely affect the Group, as well as the real estate industry, by increases in costs such as land acquisition, labor and material. Although the Group may pass on the additional costs to buyers, there is no assurance that this will not significantly affect the Group's sales.

### Competition

Please refer to the discussion on Competition found in Item 1.4 of this report.

**Capital Expenditures**

The table below sets out our capital expenditures in 2009, 2010, 2011, 2012, and 2014.

| | Expenditure (in millions) |
|---|---|
| 2009 (actual) | P 963.5 |
| 2010 (actual) | 2,105.3 |
| 2011 (actual) | 3,608.4 |
| 2012 (actual) | 7,267.7 |
| 2013 (actual) | 9,074.5 |
| 2014 (actual) | 8,588.1 |

The Group has historically sourced funding for capital expenditures through internally-generated funds and credit facilities from commercial banks.

Components of our capital expenditures for the periods indicated are summarized below:

| | For the years ended December 31 | | |
|---|---|---|---|
| | 2012 | 2013 | 2014 |
| Advances and payments to joint venture partners | P 547.9 | P 621.6 | P 1,303.80 |
| Acquisition of property and equipment and investment property | 863.7 | 905.5 | 226.7 |
| Construction | 5,852.2 | 7,547.4 | 7,057.6 |
| **Total** | **P 7,267.7** | **P 9,074.5** | **P 8,588.1** |

The Company expects to fund budgeted capital expenditures principally through the existing cash and cash from operations, through borrowings and through Offering. The Company's capital expenditure plans are based on management's estimates, and are subject to a number of variables, including: possible cost overruns; construction and development delays; the receipt of Government approvals; availability of financing on acceptable terms; changes in management's views of the desirability of current plans; the identification of new projects and potential acquisitions; and macroeconomic factors such as the Philippines' economic performance and interest rates. Accordingly, we might not execute our capital expenditure plans as contemplated or at or below estimated cost.

**ITEM 7. FINANCIAL STATEMENTS**

The consolidated financial statements of the Company and its subsidiaries are filed as part of this Form 17-A.

## ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANTS

### Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

On June 23, 2014 the Company held its Annual Stockholders Meeting wherein SGV and Co. was appointed as the external auditors of the Company for the years 2013 and 2014, and to serve as such until their successor shall have been appointed and qualified. SGV and Company was also the external auditors of the Company and its subsidiaries for 2012 and 2013. There have been no disagreements with the current and previous accountants on accounting and financial disclosures.

### External Audit Fees

For the audits of the financial statements of CPGI and all its subsidiaries, the aggregate fees for the audit services of SGV and Co. for 2014 inclusive of VAT amounted to P3.0 million. Special review engagement for 2014 amounted to P3.7 million.

Fees for the years 2013 and 2012, inclusive of VAT, amounted to P2.9 million and P2.8million respectively. In addition, SGV & Co. has performed tax related-services in 2013 with total fees of P3.0 million.

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

The Audit Committee also evaluates, determines and pre-approves any non-audit service provided to the Company and its subsidiaries by the external auditors and keeps under review the non-audit fees paid to the external auditors both in relation to their significance to the auditor and in relation to the total expenditure on consultancy.

No engagement for other services from SGV and Co. either for professional services, tax accounting compliance, advise and planning nor any services rendered for products and services other than the aforementioned audit services reported in 2014.

# PART III. CONTROL AND COMPENSATION INFORMATION

## ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

### Directors and Executive Officers

The directors of the Company are elected at the regular annual stockholders' meeting. They hold office for a term of one (1) year until the next succeeding annual meeting and until their respective successors have been elected and qualified. The executive officers hold office until their respective successors have been elected and qualified.

The directors and executive officers of the Company as of December 31, 2014 are as follows:

| Name of Director | Position | Age |
|---|---|---|
| Jose E.B. Antonio | Chairman of the Board, President and CEO | 68 |
| John Victor R. Antonio | Director and Co. COO | 42 |
| Jose Marco R. Antonio | Director and Co. COO | 40 |
| Jose Roberto R. Antonio | Director and Co. COO | 38 |
| Jose Carlo R. Antonio | Director and Chief Financial Officer | 31 |
| Ricardo Cuerva | Director | 70 |
| Rafael G. Yaptinchay | Director and Treasurer | 64 |
| Washington Z. Sycip | Independent Director | 93 |
| Monico V. Jacob | Independent Director | 69 |
| Atty. Mary Jude Cantorias* | Corporate Secretary | 37 |
| Domie S. Eduvane | Senior Vice President for Legal and Corporate Affairs | 50 |
| Carlos Benedict K. Rivilla, IV | Assistant Vice President for Corporate Affairs and Assistant Corporate Secretary | 43 |
| Ramon S. Villanueva, III | Vice President for Accounting / Comptroller | 34 |
| Gerry Joseph Albert Ilagan | Vice President for Human Resources and Sales Management | 35 |
| Maria Theresa Fucanan – Yu | Vice President for Corporate Communications | 34 |
| Neko Lyree Uson – Cruz | Compliance Officer | 44 |
| Kristina I. Garcia | Director for Investor Relations | 41 |
| Erickson Y. Manzano | Senior Vice President / Development Director | 43 |
| Tim Hallett | Chief Operating Officer for Hospitality | 55 |
| Rhoel Alberto Nolido | Business Unit Head | 42 |
| Patrick Carague | Senior Vice President – Head of Risk Management and Decision Support Services | 43 |
| Atty. Isabelita Ching Sales* | Senior Legal Counsel and Chief Information Officer | 35 |
| Atty. Jeffrey R. Balmores* | VP – Tax Director | 37 |
| John Paul Flores* | Comptroller | 32 |

*Atty. Jeffrey R. Balmores and Mr. JP Flores were appointed officers of the Corporation on March 17, 2015. Atty. Isabelita Ching Sales was appointed as Chief Information Officer on June 23, 2014 and Atty. Mary Jude Cantorias was appointed Corporate Secretary on October 02, 2014.

**Mr. Ramon S. Villanueva III resigned on March 17, 2015.

**Mr. Jose E.B. Antonio,** 68years old, Filipino, is one of the founders and Chairman of the Company and its subsidiaries. He graduated cum laude from San Beda College, Manila in 1966 with a Bachelor's Degree in Commercial Science (major in Marketing) and received a Masters Degree in Business Management in 1968 from Ateneo de Manila's Graduate School of Business. Chairman Antonio also graduated from Harvard University's Owner/President Management Program in 2003. Chairman Antonio served as the Philippines Special Envoy for Trade and Economics to the People's Republic of China in 2005 and is currently the Chairman of Century Asia Corporation, Prestige Cars, Inc. and Philtranco Service Enterprises. He is also the founder and Chairman of the Philippine-China Business Council Inc. In addition, he serves as the Vice Chairman of Penta Pacific Realty Corporation and Subic Air Charter, Inc.

**Mr. John Victor R. Antonio**, 42 years old, Filipino, is Co-Chief Operating Officer and a Managing Director of the Company. He has been with the Company for 17 years and is involved in managing projects in the Company's middle income and affordable product lines, including Gramercy Residences and Azure Urban Residences. He graduated magna cum laude with a Bachelor's Degree in Economics (major in Marketing) from the University of Pennsylvania's Wharton School in 1993 and received his Masters Degree in Business Administration from the Wharton School in 2003.

**Mr. Jose Marco R. Antonio**, 40years old, Filipino, is Co-Chief Operating Officer and a Managing Director of the Company. Prior to joining us, he worked at Blackstone Real Estate Partners as a financial analyst. He has been with the Company for 16 years and is involved in managing projects in the Company's middle income and affordable product lines, including Canyon Ranch, Knightsbridge Residences and Acqua Private Residences. He graduated summa cum laude with a Bachelor's Degree in Economics (dual major in Finance and Entrepreneurial Management) from the University of Pennsylvania's Wharton School in 1995 and received his Masters Degree in Business Administration from the Wharton School in 2004.

**Mr. Jose Roberto R. Antonio**, 38 years old, Filipino, is a Managing Director of the Company. He is involved in managing projects in the Company's luxury product line, including Milano Residences and Trump Tower Manila. He graduated with a Bachelor's Degree in Economics from Northwestern University and obtained his Masters Degree in Business Administration from Stanford University. He joined the Company in 2009 after spearheading Antonio Development in New York City, which developed the luxury condominium Centurion, located on 56th Street between 5th and 6th Avenue, steps from Central Park.

**Mr. Jose Carlo R. Antonio**, 31years old, Filipino, is the CFO of the Company and a member of our Board. Prior to joining the Company in 2007, he worked in the investment banking groups of Citigroup and Goldman Sachs. He graduated magna cum laude with a Bachelor's Degree in Economics (major in Finance) from the University of Pennsylvania's Wharton School in 2005.

**Mr. Ricardo Cuerva**, 70years old, Filipino, is a member of our Board. Mr. Cuerva was a co-founder of Meridien and served as Meridien's president from 1988 to 1996. He also currently serves as a member of the Rotary Club of Makati City. Mr. Cuerva graduated from San Beda College in 1961 with a Bachelor of Science Degree in Business Administration and obtained his Masters Degree in Business Administration from Ateneo De Manila in 1971. Mr. Cuerva is the President and owner of Century Project Management and Construction Corporation, which oversees the construction of our vertical developments.

**Mr. Rafael G. Yaptinchay**, 64years old, Filipino, is the Treasurer of the Company and a member of our Board. Mr. Yaptinchay was a co-founder of Meridien and served as Meridien's president from 1996 to 2009. He has previously served as the Assistant Treasurer and Head of Business Development/Corporate Planning of Philippine National Construction Corporation. Mr. Yaptinchay is a member of the Rotary Club of Ortigas and the Association of Asian Manager, Inc. Mr. Yaptinchay graduated from Ateneo de Manila University in 1971 with a Bachelor's Degree (major Economics) and received his Masters Degree in Business Administration from Asian Institute of Management in 1974.

**Mr. Washington Z. Sycip,** 93 years old, American and a resident of the Philippines, is the founder of the Asian Institute of Management and the founder of Sycip Gorres Velayo and Company, a leading accounting firm in the Philippines. Mr. Sycip has received numerous awards in the field of accountancy and consultancy and is the recipient of the 1992 Ramon Magsaysay Award for International Understanding. He currently holds numerous advisory and consultancy commitments domestically and abroad and is also involved in many philanthropic projects. Mr. Sycip graduated summa cum laude from the University of Santo Tomas, Philippines with a Bachelor of Science Degree in Commerce and a Master of Science Degree in Commerce. Mr. Sycip also received a Master of Science Degree in Commerce from Columbia University.

**Mr. Monico V. Jacob**, 69 years old, Filipino, holds a Law Degree from the Ateneo de Manila University and a Bachelor of Arts Degree from Ateneo de Naga. He is currently the President and CEO of STI Education Services Group, PhilPlans First Inc. and Philhealth Care Inc. He is a member of the Board of Directors of Total Consolidated Asset Management, Inc., Jollibee Foods, Inc., Mindanao Energy and Phoenix Petroleum Philippines. Prior to his current appointments, Mr. Jacob was the General Manager of the National Housing Authority and CEO of the Pag-IBIG Fund. He was also Chairman and CEO of Petron Corporation, where he presided over its privatization. Mr. Jacob was also the Chairman and CEO of the Philippine National Oil Company ("PNOC") and all of its subsidiaries. As CEO of the PNOC, he presided over the privatization of the PNOC Dockyard and Engineering Corporation. He has been heavily involved in corporate recovery work including rehabilitation receiverships and restructuring advisory in the following firms: The Uniwide Group of Companies; ASB Holdings, Inc.; RAMCAR Group of Companies; Atlantic Gulf and Pacific Company of Manila, Inc.; Petrochemicals Corporation of Asia-Pacific; and All Asia Capital and Trust Corporation, now known as Advent Capital and Finance Corporation. Mr. Jacob was also a member of the Permanent Rehabilitation Receiver Committee of Philippine Airlines where he was active in policy formulation for corporate recovery.

**Mr. Domie S. Eduvane**, 50 years old, Filipino, is the Senior Vice-President for Legal and Corporate Affairs of the Company. He graduated magna cum laude from Far Eastern University, Manila with a Bachelor of Arts Degree in Economics and obtained his law degree from San Beda College of Law, Manila in 1994. Prior to joining the Company, he served as the Vice-President for Legal and Corporate Affairs and Human Resources for Empire East Properties, Inc., an affiliate of Megaworld Corporation. He also worked as Court Attorney with the Court of Appeals, Manila and was an Associate with Bengzon Zarraga Cudala Liwanag & Jimenez Law Offices as well as a Partner of Yrreverre Rondario & Associates Law Office.

**Mr. Carlos Benedict K. Rivilla IV**, 43 years old, Filipino, is the Vice-President for Corporate Affairs of the Company. As part of his experience in the business sector, he served as Corporate Compliance Officer and Vice-President for Finance in a corporation engaged in mass media for four years in Cebu City and also previously handled Corporate Affairs for the Company and served as Director and Corporate Secretary of various businesses in Makati City. He joined the Company in 2007. Mr. Rivilla is a graduate of University of San Jose Recoletos. Mr. Rivilla was appointed Assistant Corporate Secretary on August 17, 2011.

**Ms. Neko Lyree U. Cruz**, 44 years old, Filipino, is the Company's Compliance Officer. Prior to joining us, she was formerly a Marketing Assistant for Values Media Inc. and the United Coconut Planters Bank. She graduated from Assumption College with a Bachelor of Arts degree in Public Relations. Ms. Cruz was appointed Compliance Officer and Corporate Information Officer on November 27, 2008.

**Mr. Gerry Joseph Albert L. Ilagan**, 35years old, Filipino, is the Senior Vice-President for Human Resources and Sales Management of the Company. He graduated with academic distinction from San Beda College with a Bachelor's Degree in Human Resources Development and Philosophy. He also attended De La Salle College of St. Benilde's School of Professional and Continuing Education where he received a diploma in Organizational Development and a diploma in Human Resources. He is a licensed Real Estate Broker with more than 10 years of human resources and sales management experience gained from several multinational and Philippine companies. Mr. Ilagan also worked with Sun Microsystems Philippines Inc. and Crown Asia Properties Inc. prior to joining the Company.

**Ms. Teresita Fucanan Yu**, 35 years old, Filipino, is the Vice-President for Corporate Communications of the Company. As part of her corporate background, she served as Assistant Vice-President and Public Relations Manager of the Company. Prior to joining the Company in 2007, she served as an editor and reporter for various sections of The Manila Times. Ms. Fucanan graduated cum laude with a Bachelor's Degree in Journalism from the University of Santo Tomas in 2001.

**Ms. Kristina I. Garcia**, 41 years old, Filipino, is Director For Investor Relations of Century Properties Group, Inc. (CPGI). Before joining the Company, she subsequently headed the Investor Relations divisions at Alliance Global Group, Inc. and Megaworld Corporation. Prior to that, Ms. Garcia was with the tax services department Isla Lipana & Co./PricewaterhouseCoopers where she assisted multinational companies set-up operations in the Philippines and avail of tax incentives.

**Mr. Erickson Y. Manzano**, 43years old, serves as Senior Vice President / Development Director of Century Properties Group Inc. (CPGI). Prior to joining CPGI in 2012, Mr. Manzano has worked for 20 years in the real estate industry in the fields of project development, corporate planning, construction management, and property management in the Country's biggest conglomerates. He graduated from the University of the Philippines with a BS in Civil Engineering degree. He later took his Masters of Science in Civil Engineering at De La Salle University, and his MBA, Major in Finance at the Asian Institute of Management, and spent his last semester as an exchange student to the Ivey Business School, University of Western Ontario.

**Mr. Tim Hallett**, 55 years old, serves as the Company's COO for Hospitality. Mr. Hallett is an experienced Hospitality and Hospitality Real Estate professional at MD and COO level, working at the leading edge of hospitality development, innovation and value value creation with specific expertise Asian Pacific and emerging markets. Tim was the MD of The Sinar Mas Group Hospitality Business based in Singapore, before joining the privately held Cinnovation Group or Companies as CEO to build out a multiple asset/brand Hospitality business that included Alila Hotels & Reports, Taj Asia Ltd, Taj Safaris and Zinc Hospitality. Prior to joint Century Properties, Tim was one of the founding members of Silverneedle Hospitality a division of the Nadathur Group Family Investment Office, heading the Acquisition and Development business unit, instrumental in acquiring assets and hospitality missed use developments in Australia, Sri Lanka and Thailand. Tim is a Hotel Management Graduate and gained is Master in Hospitality Real Estate from Cornell in 2004.

**Mr. Rhoel Alberto Nolido**, 42years old, is the Business Unit Head of CPGI. He has been in the real estate industry for the past 18 years. Mr. Nolido first started at Ayala Land, Inc. where he worked for 10 years handling project development. He eventually moved on as General Manager of Northpine Land for 5 years before he transferred to Eton Properties as a Senior Vice President for Business Management. He graduated from Ateneo de Manila University with a Bachelor of Science in Management degree and later took his MBA in Asian Institute of Management, Major in Finance.

**Ms. Isabelita Ching-Sales**, 35 years old, serves as the Company's Chief Information Officer. Atty. Ching-Sales was the Chief Legal Counsel, Head for Credit Support, Chief Information Officer and Corporate Secretary of Asiatrust Development Bank where she worked for 5 years. She likewise worked as Head for Operations of China Banking Corporation's Acquired Assets Division. She graduated from the University of Sto. Tomas with a Bachelor's Degree in Legal Management and obtained her degree in Bachelor of Laws at San Sebastian College Recoletos Manila, Institute of Law and San Beda College of Law.

**Ms. Mary Jude V. Cantorias**, 37 years old, Filipino, is the Corporate Secretary of the Company [and one of the Partners of Divina Law Offices. Ms. Cantorias was a Rankin M. Gibson LL.M. scholar and obtained her Master of Laws in Dispute Resolution at the University of Missouri School of Law (MU-Columbia, USA). She obtained her law degree at the Arellano University School of Law with a Bachelor's degree in Child Development Education from the University of the Philippines. Ms. Cantorias has an extensive work experience in the field of arbitration, dispute resolution and corporate legal affairs.

**Mr. Patrick Carague**, 43 years old, is the Senior Vice President – Head of Risk Management and Decision Support Services worked as a finance and risk management professional for over 18 years, eleven of which were spent working in the U.S. for notable companies like Capital One, and Freddie Mac. He graduated from Ateneo de Manila University with a Bachelor of Arts degree in Management Economics. He later took his MBA at Kellogg Graduate School of Management, with majors in Finance, Decision Sciences, and Management & Strategy.

**Mr. Jeffrey R. Balmores**, CPA, 37 years old, Filipino, is the VP – Tax Director of the Company. He graduated from the De La Lalle University, Manila with a Bachelor of Science Degree in Accountancy and obtained his law degree from San Beda College of Law, Manila. Prior to joining the Company, he served as the Head of Tax & Corporate Governance for Philex Mining Corporation/ Philex Group. He also worked as a Corporate Tax Director for Jollibee Foods Corporation /JFC Group Of Companies. He was also part of Tax Department of Smart Communications Inc. (SMART), and has worked for the Bureau of Internal Revenue (BIR) – National Office under the Office of the Deputy Commission – Legal & Inspection Group, and SGV & Co. under Tax Compliance Group early in his career.

**Mr. John Paul Flores**, 32 years old, Filipino, is the Comptroller of the Company. He graduated from the Laguna College with a Bachelor of Science Degree in Accountancy. Prior to joining the Company, he served as a Senior Auditor of Punongbayan and Araullo Auditing Firm.

All the directors and members of the senior management of the Company possess a high degree of integrity and character and are fully capable and able to perform their duties as directors and members of senior management, respectively.

**Family Relationships**

Except for Messrs. Jose E.B. Antonio, John Victor R Antonio, Jose Marco R. Antonio, Jose Roberto R. Antonio and Jose Carlo R. Antonio, none of the above indicated Directors and Senior Officers are bound by any familial relationships with one another up to the fourth civil degree, either by consanguinity or affinity.

Messrs. John Victor R Antonio, Jose Marco R. Antonio, Jose Roberto R. Antonio and Jose Carlo R. Antonio are brothers while Mr. Jose E.B. Antonio is their father.

**Involvement in Certain Legal Proceedings**

The Company is not aware of the occurrence of any of the following events during the five (5) years immediately preceding the filing of this Annual Report for the year 2012: (a) any bankruptcy petition filed by or against any business of which any director or executive officer was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (b) any conviction by final judgment, of any director or executive officer in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; (c) of any director or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign permanently or temporarily enjoining, barring, suspending or otherwise limiting such director's or executive officer's involvement in any type of business, securities, commodities or banking activities; and (d) any director or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

## ITEM 10. EXECUTIVE COMPENSATION

Information as to the aggregate compensation paid or accrued during the last two fiscal years and to be paid in the ensuing fiscal year to the executive officers and senior management follows:

| Name and Principal Position | Year | Salary (Php) | Bonus (Php) | Other Annual Compensation |
|---|---|---|---|---|
| Jose E.B. Antonio<br>(President and CEO)<br>John Victor R. Antonio<br>(Director and Co. COO)<br>Jose Marco R. Antonio<br>(Director and Co. COO)<br>Jose Roberto R. Antonio<br>(Director)<br>Jose Carlo R. Antonio<br>(Director and CFO)<br>Rafael G. Yaptinchay<br>(Director and Treasurer) | | | | |
| Aggregate executive compensation for CEO and Top 5 Most Highly Compensated Officers/Directors | Actual 2012<br>Actual 2013<br>Actual 2014<br>Projected(2015) | P 45.6 Million<br>P 46.6 Million<br>P 66.4 Million<br>P71.7 Million | None<br>None<br>None<br>None | None<br>None<br>None<br>None |
| Aggregate executive compensation all other officers unnamed | Actual 2012<br>Actual 2013<br>Actual 2014<br>Projected(2015) | P 16.9 Million<br>P 33.1 Million<br>P 50.2 Million<br>P 54.0 Million | None<br>P 4.5 Million<br>P 2.5 Million<br>P 6.2 Million | None<br>None<br>None<br>None |

The Company does not have any standard arrangement or other arrangements with its directors and, as previously mentioned, the directors of the Company do not receive any compensation for acting in such capacity, except for the independent director who receives an honorarium at the end of the year, computed at the rate of Fifty Thousand Pesos (₱50,000.00) for every meeting actually attended. As regards the employment contracts between the Company and the executive officers, the Company employs the same standard employment contract applicable to all its officers and employees. The Company has not issued and/or granted stock warrants or options in favor of its officers and employees.

## ITEM 11. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

### 11.1 Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2014, the Company knows of no one who owns in excess of 5% of the Company's common stock other than those set forth in the table below.

| Title of Class | Name and Address of Record Owner and relationship with Issuer | Name of Beneficial Owner and relationship with Record Owner | Citizenship | No. of Shares Held | Percent |
|---|---|---|---|---|---|
| Common | Century Properties Inc. ( 21st Floor, Pacific Star Building, Sen Gil Puyat corner Makati Avenue Makati City) | -CPI-<br><br>Jose Carlo R. Antonio Dulyauthorized representative | Filipino | 7,739,644,637 | 66.7% |

### 11. 2 Security Ownership of Management

The amount and nature of the ownership of the Company's shares by the Company's directors and officers, as of December 31, 2014, is set forth in the table below.

| Title of Class | Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | Citizenship | Percent of Class |
|---|---|---|---|---|
| Common | Jose E.B. Antonio | 1 – "r" | Filipino | 0.00 |
| Common | John Victor R. Antonio | 1 – "r" | Filipino | 0.00 |
| Common | Jose Marco R. Antonio | 1 – "r" | Filipino | 0.00 |
| Common | Jose Roberto R. Antonio | 1 – "r" | Filipino | 0.00 |
| Common | Jose Carlo R. Antonio | 1 – "r" | Filipino | 0.00 |
| Common | Rafael G. Yaptinchay | 1 – "r" | Filipino | 0.00 |
| Common | Ricardo Cuerva | 1 – "r" | Filipino | 0.00 |
| Common | Washington Z. Sycip | 1 – "r" | American | 0.00 |
| Common | Monico V. Jacob | 1 – "r" | Filipino | 0.00 |
| - | Domie S. Eduvane | - | Filipino | - |

| | | | | |
|---|---|---|---|---|
| - | Neko Lyree Uson-Cruz | - | Filipino | - |
| - | Atty. Mary Jude Cantorias* | - | Filipino | - |
| - | Carlos Benedict K. Rivilla, IV | - | Filipino | - |
| - | Gerry Joseph Ilagan | - | Filipino | - |
| - | Maria Theresa Fucanan –Yu | - | Filipino | - |
| - | Kristina I. Garcia | - | Filipino | - |
| - | Erickson Y. Manzano | - | Filipino | - |
| - | Tim Hallett | - | Filipino | - |
| - | Rhoel Alberto Nolido | - | Filipino | - |
| - | Isabelita Ching Sales | - | Filipino | - |
| - | Patrick C. Carague | - | Filipino | - |
| - | Jeffrey R. Balmores | - | Filipino | - |
| - | John Paul C. Flores | - | Filipino | - |
| Common | Aggregate Amount of Ownership of all Directors and Officers as a Group Unnamed | 9 – "r" | | - |

### 11.3 Voting Trust Holders of 5% or More

As of December 31, 2014, the Company does not know of any person who holds more than 5% of its common shares of stock under a voting trust or similar agreement.

### 11.4 Changes in Control

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

On July 11, 2011, the Company further disclosed that CPI has commenced a negotiated purchase thru a Deed of Assignment of Shares of Stock dated May 31, 2011 with EPPECI for the following acquisitions: (1) 67,096,092 common shares ("Public Sale Shares") of the Company equivalent to 1.888% of the Company and (2) 284,250,000 common and preferred shares ("Private Sale Shares") of EPHE resulting to an indirect acquisition of equivalent to 91.695% of the total issued and outstanding capital stock of the Company. The purchase price for the Public and Private Sale Shares amounts to a total consideration of Php127,406,794.31 (the "Private Sale Consideration") allocated as follows: Php2,569,732.51 for the Public Sale Shares and Php124,837,061.80 for the Private Sale Shares.

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

## ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Other than the above and those disclosed in this annual report and in the consolidated financial statements, there are no other transaction entered into by the Company on one hand, with any of its directors, officers or stockholders on the other.

A complete description and the balances of the related party transactions are outlined in notes of the accompanying consolidated financial statements.

# PART IV. CORPORATE GOVERNANCE

### Evaluation system to measure or determine level of compliance with the Manual of Corporate Governance

The Company has undertaken constant self-rating assessment (SRA) and performance evaluation exercises in relations to its Corporate Governance policies both for the purpose of monitoring compliance and instill deeper awareness and observance.

### Measures undertaken to comply with leading practices

The Compliance Officer has been tasked to keep abreast of such developments and to constantly disseminate
relevant information in this regard.

### Deviations from the Manual on Corporate Governance

No deviation has been noted to date.

### Plans to improve

Possible improvement in the Company's corporate governance policies and practices are being constantly studied and reviewed. The company undertakes to comply with all SEC and PSE mandated CG revisions and memorandums.

For 2014, the Company's submitted to the Honorable Commission the certification of compliance on corporate governance and the Annual Corporate Governance Report (ACGR). CPG has also complied with the memorandum circular of the Philippine Stock Exchange on the submission of the CG Guidelines for listed corporations. Changes were implemented on the company's website to improve the monitoring of updates, disclosures and its corporate governance section.

## PART V. EXHIBITS AND SCHEDULES

Item 14.**EXHIBITS AND REPORTS ON SEC FORM 17-C**

**Exhibits**

| EXHIBIT |
|---|
| Statement of Management’s Responsibility |
| Consolidated Financial Statements |
| Supplementary Schedules |

REPORTS ON SEC FORM 17-C FOR PERIOD FY 2014

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| January 28, 2014 | Disclosure on press release entitled: Century Properties Hits Record Reservation Sales in 2013. |
| January 30, 2014 | Disclosure on the Mr. Timothy Hallett as the Chief Operating Officer for Hospitality Group and Mr. Rhoel Alberto Nolido as the Business Unit Head for CPGI. |
| February 11, 2014 | Official press release entitled: Century Properties to complete 4 new projects in 2014. |
| February 17, 2014 | Official press release entitled: Makati's Newest Mall Holds Soft Opening Today. |
| March 26, 2014 | Disclosure that the Company received a Notice of Termination of the Investment Agreement from Mr. Jose Lis Leagogo of Eagle I Landholdings, Inc., Eagle II Holdco, Inc. and Brontia Limited dated 21 March 2014 and the Special Board of Directors Meeting of the Company, wherein the board of directors, by majority vote, passed the following resolutions, in order to protect its rights and interests:<br>1. Appointment of Atty. Isabelita Sales, as the Company's duly authorized representative to execute and sign any and all documents, forms and instruments in relation to any action/s on behalf of the Company, in order to protect and enforce its legal rights and interests in the Investment Agreement, Memorandum of Agreement and Subscription Agreement all dated 31 October 2013 (the "Agreements"), before any court, tribunal, or agency within or outside the Philippines, including special powers of attorney for the appointment of such lawyers of law firms to represent the Company in any such action/s as aforementioned; and<br>2. Appointment of Puno & Puno Law Offices (PPLO) and/or any of its lawyers, to be the Company's true and lawful attorney-in-fact to appear and represent on its behalf, as its counsel in any matter referred to PPLO for purposes of pursuing any such action/s before any court, tribunal, or agency within or outside the Philippines it may deem necessary, appropriate and convenient in order to protect and enforce its legal rights and interests in the Agreements. |
| March 31, 2014 | Disclosure that the Company sent a Supplemental Notice of Dispute to Eagle I Landholdings, Inc., Eagle II Holdco, Inc. and Brontia Limited (collectively, the Okada Group) wherein the Company challenged the validity of the Notice of Termination, with the intent to meet with the Okada Group in good faith to clarify issues between the parties, without prejudice to CPGI's rights and remedies. |
| April 01, 2014 | Disclosure that the Company filed a Petition for Interim Measures of Protection (For Issuance of Writ of Preliminary Injunction, Writ of Preliminary Mandatory Injunction and Writ of Preliminary Attachment/Garnishment and ex parte 20-day Temporary Order of Protection) before the Regional Trial Court of Makati (Civil Case No. 14-359, the "Petition") against the Okada Group on 31 March 2014. |
| April 02, 2014 | Follow on disclosures made by Century Properties Group, Inc. ("CPGI") on 1 April 2014, in connection with Petition for Interim Measures of Protection filed on 31 March 2014 against the Okada Group and docketed as Civil Case No. 14-359 before the Regional Trial Court, Makati City, Branch 66, CPGI hereby discloses that such court issued on 1 April 2014 an order granting the application by CPGI for the issuance of an immediately executory 20-day temporary order of protection |
| April 04, 2014 | Disclosure on the special meeting of the Board of Directors held on April 04, 2014, the Board of Directors of Century Properties Group Inc. approving the following resolutions: |

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| | 1. Approval of the Corporation's Audited Financial Statements for the year 2013 as endorsed by the Audit Committee on a meeting held April 03, 2014<br><br>2. Approval of the Board for the allocation of ten (10%) cash dividends from the Company's unrestricted retained earnings and the authority of Mr. Rafael G. Yaptinchay, Treasurer to declare and set record and payment date<br><br>3. The resolution approving the Amendment of the Company's Articles of Incorporation to include the Authority of the Company to secure and guarantee loans<br><br>4. Scheduling of the Corporation's Annual Stockholders Meeting on 25 June 2014 at 09:30 with May 30,2014 as the record date for purposes of the meeting;<br><br>5. Approval of the AGENDA for the forthcoming Annual Stockholders Meeting as follows:<br><br>a. Call to Order<br>b. Certification of notice and the existence of quorum<br>c. Approval of the minutes of the 2012 Special Stockholders' Meeting held on July 01, 2013<br>d. Annual Report of the President<br>e. Ratification of all Acts and Proceedings of the Board of Directors and Corporate Officers<br>f. Election of Members of the Board of Directors<br>g. Appointment of External Auditors<br>h. Approval of the Proposed Amendment of the Articles of Incorporation<br>i. Other Matters<br>j. Adjournment<br><br>6. Ratification and Approval by the Board of Directors for the Incorporation of Century Properties Hotel and Leisure, Inc, a wholly-owned subsidiary of CPGI. |
| April 30, 2014 | Disclosure of the Company that on even date, Mr. Rafael G. Yaptinchay, Treasurer and the duly designated authorized representative of the Company determined CPGI's dividend declaration to all stockholders on record date May 15, 2014.<br><br>As designated by the Board and with reference to the disclosure made by CPGI on April 04, 2014, the Company is executing its declaration of cash dividends amounting to Pesos: One Hundred Eighty Four Million Four Hundred Seventy One Thousand Five Hundred Seventy Six (Php184,471,576) with the following details:<br><br>Cash Dividends: 0.019046<br>Ex-date: May 12, 2014<br>Record Date: May 15, 2014<br>Payment Date: June 05, 2014 |
| April 30, 2014 | Follow- on disclosures made by Century Properties Group Inc. ("CPGI") on 1 April 2014, in connection |

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|---|---|
| | with Petition for Interim Measures of Protection filed on 31 March 2014 against the Okada Group and docketed as Civil Case No. 14-359 before the Regional Trial Court, Makati City, Branch 66 (the "Court"), and the Order issued by the Court on 1 April 2014 granting the application by CPGI for the issuance of an immediately executory 20-day Temporary Order of Protection, CPGI hereby discloses that we have been notified by our Legal Counsel today of an Order dated 23 April 2014 extending the Temporary Order of Protection for another 20 days, or until 13 May 2014. |
| May 19, 2014 | Disclosure that the Company discloses has been notified by our legal counsel that the Court issued an Order dated 13 May 2014 (the "Order"), denying and dismissing the Petition for Interim Measures of Protection. As of date, CPGI is studying its legal options concerning their transaction with the Okada Group. |
| May 30, 2014 | The Board of Directors of Century Properties Group Inc. (CPGI) held a Special Meeting on May 30, 2014 and approved the following resolution:<br>1. Resolution for the postponement and resetting of the 2014 Annual Stockholders' Meeting of CPGI to 23 JULY 2014. Details as follows:<br>Date of ASM : JULY 23, 2014<br>Time :09:30AM<br>Place :EVENTS CENTER, Century City Mall,<br>Kalayaan Avenue, Makati City<br>Record Date : July 09, 2014<br>2. Resolution on the amendment of the supplemental annex on retained earnings for dividend distribution of CPGI's Separate Audited Financial Statements for 2013. |
| June 13, 2014 | Disclosure that on June 13, 2014, Century City Development Corporation ("Century"), a wholly-owned subsidiary of Century Properties Group, Inc., signed a $30 million Secured Facility Agreement with Golden First Century Pte Ltd., a company affiliated with Phoenix Property Investors ("Phoenix"). |
| June 19, 2014 | The Board of Directors of Century Properties Group Inc. (CPGI) held a Special meeting approving the following resolutions:<br>1. Resolution on the board approval for the Audited Interim Consolidated Financial Statements of CPGI for interim period ending March 31, 2014;<br>2. Resolution on the confirmation of the appointment of Mr. Patrick Paul M. Carague as the Company's Risk Management and Decision Support Service Head;<br>3. Resolution on the board approval for CPGI's application of public offering of unsecured fixed-rate peso denominated retail bonds on the aggregate amount of up to Php2,000,000,000.00 with option for oversubscription of Php1,000,000,000.00;<br>4. Resolution authorizing the Company to apply for (i) the registration and licensing of the Bonds with the Philippine Securities and Exchange Commission ("SEC") and (ii) the listing of the Bonds with the Philippine Dealing and Exchange Corporation ("PDEx"); and<br>5. Resolution further authorizing the Company to engage the services of advisors, legal counsel, trustee, paying agent, receiving agent/bank, underwriters, issue manager and other agents as may be necessary, proper, or desirable to effect and implement the offer for sale of the Bonds, the registration and licensing of its shares with the SEC and the listing of its shares with the PDEx. |
| June 20, 2014 | Official press release on CPGI's retail bond offering |

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| June 23, 2014 | At a special meeting of the Board of Directors held on June 23, 2014, the Board of Directors of Century Properties Group Inc. approved the following resolutions:<br><br>1. Board approval on the endorsement of the Audit Committee for the appointment of SGV as external auditors of CPGI for the fiscal year 2014 -2015 to be ratified on the next Annual Stockholders Meeting of the Corporation;<br>2. Board approval on the resolutions as stated below to amend the Articles of Incorporation and Increase in Capital Stock by way of Stock Dividends; Setting of record date for stockholders entitled to stock dividends for further approval and ratification of the stockholders in the next Annual Stockholders Meeting.<br><br>"RESOLVED, that the Board of Directors of Century Properties Group Inc. be authorized, as it is hereby authorized to declare a stock dividend program for all stockholders as of record date to be set by the Securities and Exchange Commission"<br>RESOLVED, to approve the increase in the authorized capital stock of Century Properties Group Inc. (the "Corporation") from Five Billion Three Hundred Million Pesos (Php5,300,000,000.00), divided into 10,000,000,000 common shares, par value of Php0.53 Peso per share, to Nine Billion Five Hundred Forty Million Pesos (Php9,540,000,000.00) divided into Eighteen Billion 18,000,000,000 common shares with par value of Php0.53 per share, and for this purpose, to amend Article Seventh of the Amended Articles of Incorporation of the Corporation to read as follows:<br><br>'SIXTH': That the authorized capital stock of said Corporation is Nine Billion Five Hundred Forty Million (Php9,540,000,000) Pesos, divided into Eighteen Billion (18,000,000,000) common shares, with par value of Php0.53 each.<br><br>RESOLVED FURTHER, to approve, ratify and confirm, subject to the consents and approvals, the increase in the authorized capital stock of the Corporation at a price of Php0.53 per share or at an aggregate price equivalent to Four Billion Two Hundred Forty Million Pesos (Php4,240,000,000.00) and the corresponding payment thereof by way of the declaration of Stock Dividends equivalent to Two Billion (2,000,000,000) common shares amounting to One Billion Sixty Million Pesos (Php1,060,000,000.00) to be taken out of the Corporation's retained earnings. This amount represents at least the minimum 25% subscribed and paid-up capital for the increase of the authorized capital stock from Ten Billion common shares to Eighteen Billion common shares with par value of Php0.53 per share; to be issued as stock dividends to all shareholders as of record date.<br><br>3. Board approval on the resolution for the implementation of the stock dividend declaration , for further approval and ratification of the stockholders of the Corporation in the next Annual Stockholders Meeting;<br><br>"RESOLVED, that the Board of Directors of Century Properties Group Inc. be authorized, as it is hereby authorized to declare a stock dividend program for all stockholders as of record date "<br>"RESOLVED FURTHER that the Corporations stock dividend program declare a total of Two Billion common shares of the Corporation for its registered shareholders at a price of Php0.53 per share or at an aggregate price equivalent to One Billion Sixty Million Pesos (Php1,060,000,000.00) and the corresponding payment thereof by way of Increase in Capital Stock to be taken out of the Corporation's retained earnings. This amount represents at least the minimum 25% subscribed and |

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| | paid-up capital for the increase of the authorized capital stock from Ten Billion shares to Eighteen Billion shares at Php0.53 par value; subject to the existence of sufficient unrestricted retained earnings of the Corporation and, for this purpose, the Corporation's Chief Financial Officer, Mr. Jose Carlo R. Antonio or any of the corporation's designated officers is hereby authorized to sign, execute any documents or instruments which may be necessary or proper to implement the declaration of stock dividends under such other terms and conditions as provided by law"<br><br>"RESOLVED FINALLY, that the proper officers of the Corporation are hereby authorized and directed to execute and file the proper certificates of the proceedings of this meeting, to execute, sign, and file any and all documents which may be required by the Securities and Exchange Commission, Philippine Stock Exchange, and other government agencies and to do all actions and things as may be necessary to comply with the provisions of the Corporation Code of the Philippines, Securities Regulation Code and other regulations relating to the subject matter of this resolution."<br>4. Board approval on the setting of the distribution date of the stock dividends to all stockholders as of record date.<br><br>"RESOLVED, that the Board of Directors of Century Properties Group Inc. be authorized, as it is hereby authorized to declare a stock dividend distribution program for all stockholders entitled to stock dividends"<br>"RESOLVED FURTHER, That the Corporation be, as it is hereby authorized to allocate Two Billion (2,000,000,000) common shares of stock from the increase in capital stock, amounting to One Billion Sixty Million Pesos (Php1,060,000,000.00) for the purpose of distribution of stock dividends to its stockholders of record date to be determined and set by the Securities and Exchange Commission (the "Commission") in proportion to their respective stockholdings."<br>"RESOLVED FINALLY, That for the purpose of carrying out the foregoing resolution, the President, Treasurer or any officers designated by the Corporation be, as he is hereby authorized and empowered to distribute the abovementioned dividends to stockholders entitled to such dividends not more than 18 trading days from the setting of the record date by the Commission."<br>5. Board approval on the listing of shares with the Philippine Stock Exchange issued pursuant to the Increase in Capital Stock by way of stock dividends and distribution of stock dividends;<br><br>6. Board Approval of the amendments to the Executive Stock Grant Plan (ESGP) of the Corporation.<br><br>7. Board approval on appointment of Divina Law as legal counsel for the listing application of the CPGI's stock dividends to the Philippine Stock Exchange;<br><br>8. Board approval on the appointment of Atty. Isabelita Ching-Sales as the Chief Information Officer of CPGI.<br><br>9. Board approval on the revised AGENDA for the forthcoming Annual Stockholders Meeting on July 23, 2014 as follows: |
| July 23, 2014 | Disclosure on the Company's Annual Stockholders' Meeting and the Organizational Board Meeting which |

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| | was held after the said 2013 Annual Stockholders' Meeting. |
| July 28, 2014 | Disclosure of the Company that it was notified by its legal counsel on closing of business hours of July 28, 2014 of a Court Order dated July 25, 2014, which granted Century Properties Group. Inc.'s ("CPGI") application for preliminary prohibitory injunction against the Okada group in Civil Case No. 14-359, filed with the RTC Branch 66, Makati City entitled, "Century Properties Group, Inc. vs. Eagle I Landholdings, Inc., et al." This is in response to the Motion for Reconsideration filed by CPGI questioning the earlier ruling of the Court denying the injunctive relief prayed for by CPGI."<br><br>In its July 25, 2014 ruling, the Court ordered the issuance of injunction prohibiting the Okada group:<br><br>(1) from giving effect to the termination of their Agreements with CPGI and from committing any acts that will render the Agreements or any portion thereof unenforceable or ineffective or render any part of the dispute moot and academic;<br>(2) from dealing with any party with respect to any sale, disposition or original issuance of any class of the shares of stock of Eagle I and refrain from any sale, disposition or original issuance of any class of the shares of stock of Eagle I; and<br>(3) from dealing with any other party for the development of the commercial/residential land and the commercial/residential project itself as contained in said agreements." |
| August 15, 2014 | Disclosure on SEC approval of the retail bond offering of the Company, that on 14 August 2014, the Securities and Exchange Commission favourably considered the Company's Registration Statement (SEC Form 12-1) which was filed on 20 June 2014 covering the registration of Unsecured Fixed Rate Peso Retail Bonds with aggregate principal amount of Two Billion Pesos (P2,000,000,000.00) with an Oversubscription Option of One Billion Pesos (P1,000,000,000.00) which is comprised of Three-Year Bonds, Five-Year and Six-Months Bonds and Seven-Year Bonds.<br>The Company, together with its joint lead underwriters BDO Capital & Investment Corporation and The Hongkong and Shanghai Banking Corporation Limited, has fixed the yield for the Three Year Bonds at 6.000%, for the Five-Year and Six-Months Bonds at 6.6878% and for the Seven-Year Bonds at 6.9758%.<br>Immediately following the Compliance by the Company of the submissions required, the aforesaid Retail Bonds shall be declared effective by the Commission and an Order of Registration and Permit to Sell Securities shall be issued in favor of the Company.<br>The Bonds are expected to be listed on the Philippine Dealing and Exchange Corporation on 02 September 2014 |
| September 02, 2014 | Disclosure on CPGI's SEC Bond Registration, Offering and listing with the Philippine Dealing and Exchange Corporation ("PDex"), Century Properties Group Inc. (CPGI or the "Company") that on 02 September 2014, after the termination of the offer period, the following are the Bonds issued and listed under the PDex;<br>• 3-Year Bonds: 1,187,360,000 with interest at 6.0000% p.a. and Maturity on 02 Sept. 2017<br>• 5-Year Bonds: 1,393,530,000 with interest at 6.6878% p.a. and Maturity on 02 Mar 2020<br>• 7-Year Bonds: 119,110,000 with interest at 6.9758% p.a. and Maturity on 02 Sep. 2021<br>Total: 2,700,000,000 |
| September 24, 2014 | Disclosure regarding SEC approved CPGI Amended Articles of Incorporation- secondary purpose to include guarantee of loans. |

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| September 24, 2014 | Disclosure on share buy-back that the Company purchased 1,215,000 of its shares from the open market at prevailing price |
| September 25, 2014 | Disclosure on share buy-back that the Company purchased 500,000 of its shares from the open market at prevailing price |
| October 01, 2014 | Disclosure on share buy-back that the Company purchased 618,000 of its shares from the open market at prevailing price |
| October 02, 2014 | The Company held its Special Board of Directors Meeting accepting the resignation of Atty. Irene O. David as Corporate Secretary and approving the appointment of Atty. Mary Jude V. Cantorias as CPGI's new Corporate Secretary to serve as such until the expiration of the terms of her predecessor.<br><br>Atty. Mary Jude V. Cantorias, 37 years of age, Filipino, is one of the Partners of Divina Law Offices. Ms. Cantorias was a Rankin M. Gibson LL.M. scholar and obtained her Master of Laws in Dispute Resolution at the University of Missouri School of Law (MU-Columbia, USA). She obtained her law degree at the Arellano University School of Law with a Bachelor's degree in Child Development Education from the University of the Philippines. Ms. Cantorias has an extensive work experience in the field of arbitration, dispute resolution and corporate legal affairs. |
| October 02, 2014 | Disclosure on share buy-back that the Company purchased 500,000 of its shares from the open market today at prevailing price below: |
| October 03, 2014 | Disclosure on share buy-back that the Company purchased 500,000 of its shares from the open market at prevailing price below: |
| October 07, 2014 | Disclosure on share buy-back that the Company purchased 500,000 of its shares from the open market at prevailing price |
| October 08, 2014 | Disclosure on share buy-back that the Company purchased 250,000 of its shares from the open market at prevailing price |
| October 10, 2014 | Disclosure on share buy-back that the Company purchased 342,000 of its shares from the open market at prevailing price |
| October 13, 2014 | Disclosure that the Company is in receipt of the SEC approved CPGI Amended Articles of Incorporation – Increase in Capital Stock by way of Stock Dividends.<br>Furthermore, the Company held today, a Special Board of Directors Meeting to approve the resolution to set the payment date for the 2,000,000,000 shares of stock dividends on November 14, 2014 as of record date October 27, 2014. |
| October 13, 2014 | Disclosure on share buy-back that the Company purchased 750,000 of its shares from the open market at prevailing price |
| October 14, 2014 | Disclosure on share buy-back that the Company purchased 500,000 of its shares from the open market at prevailing price |
| October 22, 2014 | Disclosure on share buy-back that the Company purchased 1,000,000 of its shares from the open market at prevailing price |
| October 28, 2014 | Official press release entitled: Century Properties Gets Stake in Pacific Star Building |
| October 29,2014 | Clarification on Press Release circulated last October 28, 2014 clarifying in detail that CPGI purchased |

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| | from La Costa Development Corporation Inc. ("La Costa" a total of 242,500 shares. Such was done via the acquisition of a 50% stake equity in One PacStar Realty Corporation and Two Pacstar Realty Corporation, both of which are currently fully owned by La Costa.<br><br>La Costa Development Corporation is the owner of the Pacific Star Building (PSB) Low Rise Building. |
| November 05,2014 | Disclosure on share buy-back that the Company purchased 500,000 of its shares from the open market at prevailing price |
| November 06, 2014 | At a special meeting of the Board of Directors held on November 06, 2014, the Board of Directors of Century Properties Group Inc. approved the following resolutions:<br>1. RESOLUTION ON THE APPOINTMENT OF PCIB- SECURITIES INC. AS THE CORPORATION'S AUTHORIZED BROKER FOR STOCK DIVIDENDS DISTRIBUTION<br>2. RESOLUTION ON THE TREATMENT FOR FRACTIONAL SHARES OF CPGI'S STOCK DIVIDENDS<br>3. RESOLUTION ON THE USE OF RUBBER STAMP SIGNATURES FOR THE DISTRIBUTION OF STOCK DIVIDEND. |
| November 06,2014 | Disclosure on share buy-back that the Company purchased 700,000 of its shares from the open market at prevailing price |
| November 12,2014 | Disclosure on share buy-back that the Company purchased 136,000 of its shares from the open market at prevailing price |
| November 13, 2014 | Disclosure on Bond proceeds that the Fort Bonifacio Office Building, which is part of the Projects to be partially financed by the Bond proceeds will be developed by Asian Carmakers Corporation. |
| November 13,2014 | Disclosure on share buy-back that the Company purchased 500,000 of its shares from the open market at prevailing price |
| November 14, 2014 | Disclosure on Bond proceeds that following the Offer and Sales of such bonds, the proceeds have been used by CPGI accordingly:<br><br>Total Proceeds of the Offering = Php2,700,000,000.00<br>Total Projected Upfront Expenses = Php60,000,000.00<br>Net Proceeds = Php 2,640,000,000.00<br><br>The NET PROCEEDS have been disbursed via ON_LOAN AGREEMENTS executed on November 14, 2014 to the following operating subsidiaries to partially finance the Residential and Commercial Projects as discussed in CPGI's Final Prospectus, via separate on-loan agreements:<br>Century Limitless Corporation = Php1,183,572,895.00<br>Century City Development Corporation = Php1,456,427,105.00 |
| November 14,2014 | Disclosure on share buy-back that the Company purchased 645,000 of its shares from the open market at prevailing price |
| November 17,2014 | Disclosure on share buy-back that the Company purchased 500,000 of its shares from the open market at prevailing price |
| November 18,2014 | Disclosure on share buy-back that the Company purchased 1,793,000 of its shares from the open market |

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| | at prevailing price |
| November 19,2014 | Disclosure on share buy-back that the Company purchased 1,200,000 of its shares from the open market at prevailing price |
| November 20,2014 | Disclosure on share buy-back that the Company purchased 1,250,000 of its shares from the open market at prevailing price |
| November 21,2014 | Disclosure on share buy-back that the Company purchased 2,000,000 of its shares from the open market at prevailing price |
| November 24,2014 | Disclosure on share buy-back that the Company purchased 1,300,000 of its shares from the open market at prevailing price |
| November 25,2014 | Disclosure on share buy-back that the Company purchased 1,969,000 of its shares from the open market at prevailing price |
| November 26,2014 | Disclosure on share buy-back that the Company purchased 1,774,000 of its shares from the open market at prevailing price |
| November 27,2014 | Disclosure on share buy-back that the Company purchased 2,876,000 of its shares from the open market at prevailing price |
| November 28,2014 | Disclosure on share buy-back that the Company purchased 3,500,000 of its shares from the open market at prevailing price |
| December 01, 2014 | Disclosure on share buy-back that the Company purchased 2,952,000 of its shares from the open market at prevailing price |
| December 02, 2014 | Disclosure on share buy-back that the Company purchased 3,000,000 of its shares from the open market at prevailing price |
| December 03, 2014 | Disclosure on share buy-back that the Company purchased 1,010,000 of its shares from the open market at prevailing price |
| December 04, 2014 | Disclosure on share buy-back that the Company purchased 4,000,000 of its shares from the open market at prevailing price |
| December 05, 2014 | Disclosure on share buy-back that the Company purchased 5,000,000 of its shares from the open market at prevailing price |
| December 09, 2014 | Disclosure on share buy-back that the Company purchased 10,406,000 of its shares from the open market at prevailing price |
| December 10, 2014 | Disclosure on share buy-back that the Company purchased 500,000 of its shares from the open market at prevailing price |
| December 11, 2014 | Disclosure on share buy-back that the Company purchased 4,500,000 of its shares from the open market at prevailing price |
| December 12, 2014 | Disclosure on share buy-back that the Company purchased 6,000,000 of its shares from the open market at prevailing price |
| December 15, 2014 | Disclosure on share buy-back that the Company purchased 10,500,000 of its shares from the open market at prevailing price |
| December 16, 2014 | Disclosure on share buy-back that the Company purchased 1,000,000 of its shares from the open market |

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| | at prevailing price |
| December 17, 2014 | Disclosure on share buy-back that the Company purchased 9,000,000 of its shares from the open market at prevailing price |
| December 17, 2014 | At a special meeting of the Board of Directors held on December 17, 2014, the Board of Directors of Century Properties Group Inc. approved the Resolutions for the Amendment of the Articles of Incorporation and By-Laws to change principal office address. |
| December 22, 2014 | Disclosure on share buy-back that the Company purchased 500,000 of its shares from the open market at prevailing price |

**SIGNATURES**

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on APR 27 2015.

**CENTURY PROPERTIES GROUP INC.**

By:

**JOSE E.B. ANTONIO**
Chairman, President and CEO

**JOSE CARLO R. ANTONIO**
Chief Financial Officer

**JOHN PAUL C. FLORES**
Comptroller

**CARLOS BENEDICT K. RIVILLA, IV**
Assistant Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this APR 27 2015 day of MAKATI CITY affiants exhibiting to me his/their Residence Certificates, as follows:

Doc. No. 125;
Page No. 26;
Book No. XXVI;
Series of 2014.

DOMIE S. EDUVANE
Notary Public for Makati City
Appointment No. M-202
Until December 31, 2015
PTR No. 4233439 / 01.08.14 / Makati City
IBP No. 952792 / 01.07.14 / Zambales