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, 2016**

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 Code: (SEC Use Only)

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

8. Issuer's telephone number, including area code: **(632) 7938905**

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 as Issued of December 31, 2016
COMMON (12/31/2016)	**11,599,600,690 shares of stock outstanding** **100,123,000 treasury shares**

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

Yes [**X**] 11,699,723,690 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.

₱2,122,975,829.15 billion as of December 31, 2016

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 [ ] No [**X**]

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, 2016
(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, Inc., (“CPGI”) is one of the leading real estate companies in the Philippines with a 30-year track record. The Company is primarily engaged in the development, marketing, and sale of mid- and high-rise condominiums and single detached homes, leasing of retail and office space, 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, 2016, the Company completed the following: 14 residential condominium buildings, consisting of 9,565 units with a total gross floor area (GFA) of 665,565 sq.m. (with parking); a retail commercial building with 52,233 sq.m. of GFA (with parking); and a medical office building with 74,103 sq.m. of GFA (with parking), comprising 539 units for sale and 168 units for lease. This is in addition to the 19 buildings totaling 4,128 units and 548,262 sq.m. of GFA that were completed prior to 2010 by the founding principals’ prior development companies, the Meridien Group of Companies. 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.

Residential Projects	Location	Type	GFA in sq.m. (with parking)	Units	Year Completed
Gramercy Residences	Makati City	Residential	121,595	1,428	2012
Knightsbridge Residences	Makati City	Residential	87,717	1,328	2013
Milano Tower	Makati City	Residential	64,304	516	2015
Rio	Parañaque City	Residential	42,898	756	2013
Santorini	Parañaque City	Residential	36,126	553	2013
St. Tropez	Parañaque City	Residential	36,260	580	2013
Positano	Parañaque City	Residential	35,164	597	2015
Miami	Parañaque City	Residential	34,954	559	2016
Maui	Parañaque City	Residential	39,632	601	2016
Niagara	Mandaluyong City	Residential	33,709	474	2015
Sutherland	Mandaluyong City	Residential	41,705	735	2015
Dettifoss	Mandaluyong City	Residential	36,831	606	2016
Livingstone	Mandaluyong City	Residential	40,147	674	2016
Osmeña West	Quezon City	Residential	14,525	158	2015
Total			665,565	9,565	

Commercial/Office Projects	Location	Type	GFA in sq.m. (with parking)	Units	Year Completed
Century City Mall	Makati City	Retail	52,233	N/A	2013
Centuria Medical Makati	Makati City	Medical Office	74,103	539 (for sale) / 168 (for lease)	2015
Total			126,336		

Note: Excludes projects completed by Meridien

In addition, the Company has agreed to purchase 49% of the usage and leasehold rights of Asian Century Center, an office building in Bonifacio Global City. Asian Century Center is currently being developed by Asian Carmakers Corporation.

The Company's land bank for future development consists of properties in Quezon City, Mandaluyong City, San Vicente, Palawan, Batulao, Batangas and Tanza Cavite that cover a total site area of 276 hectares.

The Company, through subsidiary Century Properties Management, Inc., ("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 46 projects as of December 31, 2016 with 2.53 million sq.m of GFA (with parking) under management. Of the total, 65% of the projects CPMI manages were developed by third-parties. Notable third-party developed projects under management include the Asian Development Bank in Ortigas, One Corporate Center in Ortigas, 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 its Filipino and foreign clients 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 408 exclusive agents who receive monthly allowances and commissions and 4,304 non-exclusive commission based agents and brokers as of December 31, 2016.

For 2014, 2015 and 2016, revenue (including other income) was P12,760.8 million, P10,381.3 million and P7,380.2 million, respectively, and our net income was P2,158.9 million, P1,519.0 million and P726.9 million, respectively. As of December 31, 2016, we had total assets of P41,308.5 million, and total equity of P15,226.6 million (excluding minority interest).

1.2 RECENT TRANSACTIONS

Joint Venture with Mitsubishi Corporation

In September 2015, Century Properties, through wholly-owned subsidiary, Century City Development II Corporation, and global business enterprise Mitsubishi Corporation announced their partnership to develop, lease out, and maintain the world's first Forbes-branded commercial building through a joint venture agreement. The Forbes Media Tower will be located in Century Properties' flagship Century City in Makati City. It will have a total gross floor area of approximately 95,000 square meters and will feature a wide range of premium amenities for businesses. Expected completion is 2019.

On November 12, 2015, the partners signed a P2.2 billion loan facility with Bank of the Philippine Islands (BPI) as lender. Proceeds from the ten year P2.2 billion senior loan facility will be used to partly finance the P4.5 billion Forbes Media Tower. The balance of P2.3 billion will be funded through equity contributions of 60 percent from Century Properties and 40 percent from Mitsubishi Corporation.

Launch of first hotel development

On August 27, 2015, the Company announced that it has secured a term loan facility that will partly fund the construction of the sixth tower of its Acqua Private Residences project in Mandaluyong City. The project will feature a hybrid of residential units for sale, hotel suites, and preferred shares as fractional ownership of hotel units. Century's first hotel development is a strategic partnership with AccorHotels and will be called Novotel Suites Manila at Acqua, in line with its plans to diversify into the allied real estate segments of leisure and tourism to strengthen its portfolio. The 5-year facility was led by mandated lead arranger and book runner, Standard Chartered Bank.

This is the third facility arranged by Standard Chartered for Century, the first being a dual-currency secured term loan of P4.2 billion in 2013, which matures in 2018, and the second, bilateral facility of P500 million, which was fully paid in 2015.

Acqua 6 is the last tower launched at the 2.4-hectare property and will be completed in 2019. Niagara, Sutherland, Dettifoss and Livingstone, the first four towers, have been completed and are currently undergoing unit turnover. The fifth tower, Iguazu, will be completed in 2018.

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.

Launch of Affordable Housing Unit: Another Partnership with Mitsubishi Corporation

In November 2016, Century Properties has again partnered with the global business enterprise Mitsubishi Corporation to develop horizontal housing units that target first time homebuyers.

In line with its Century 2020 blueprint, Century is proceeding with its diversification into affordable housing to tap the first homebuyer market in high growth areas in the peripheries of Metro Manila. As its initial foray, the company has secured a 26-hectare property in Tanza, Cavite to develop around 3,000 homes.

In 2015, the Company identified affordable housing as one of the two allied real estate segments together with tourism for its business expansion. The move seeks to address the strong demand in the affordable segment, which, per statistics, has a significant share in the housing backlog of 5.56 million for 2016.

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	-
A2Global Inc.	49	-

Currently, the Company has five wholly-owned subsidiaries namely Century Communities Corporation (CCC), Century City Development Corporation (CCDC), Century Limitless Corporation (CLC), Century Properties Management Inc. (CPMI) and Century Properties Hotel and Leisure, Inc. (CPHLI). Through these Subsidiaries, 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 include 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, start-up families and investors seeking safe, secure and convenient homes.

Century Properties Management, Inc.

Incorporated in 1989, CPMI is one of the largest property management companies in the Philippines, as measured by total gross floor area under management. CPMI currently has 46 projects in its portfolio, covering a total gross floor area of 2.53 million sq.m. CPMI has been awarded 18 safety and security distinctions from the Safety Organization of the Philippines.

Century Properties Hotel and Leisure Inc.

Incorporated in 2014, 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 Bonifacio Global City.

1.4 OPERATIONS

Employees

CPGI and its Subsidiaries had 1,940 employees as of December 31, 2016, compared to 3,487 employees as of December 31, 2015. Its 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 4,712 agents as of December 31, 2016. 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,	
	2016	2015
Development operations..	466	411
Sales and marketing..	9	10
Construction…………………………………………...	870	2,411
Property management..	595	267
Total...	**1,940**	**3,487**
Agents		
Subsidized Agents……………………………………….	408	426
Agents on Commission………………………………….	4,304	4,701
Total………………………………………………………	**4,712**	**5,127**

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, and salary job offers and promotion to hired employees.

CPGI employees are 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 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 not been any 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. At this stage, 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, 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 408 agents who receive subsidy allowance and remunerated through commissions, 4,304 agents and brokers on commission as of December 31, 2016. The Company believes that the members of its sales and marketing team receive competitive remuneration package and commission incentives.

The Company has offices and selling partners in the United Kingdom, Italy, Germany, Singapore, Japan, Canada, United States, United Arab Emirates, Kingdom of Saudi Arabia, and Australia. These efforts are 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 usually conducts pre-selling of its projects prior to construction. 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 total contract 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 of 50% to 80% 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

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

After-sales Services

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

The Company aims to continuously strive to improve its services, as well as develop long-term relationships with unit owners and this is done by obtaining feedback from owners.

As an added feature, the Company, likewise, has an in-house leasing team to handle the leasing and re-sale needs of its clients.

Insurance

The Company believes that it has sufficient insurance coverage as 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 industry is highly competitive. CPGI's primary competitors are 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 has set up various marketing offices abroad to cater to foreign customers, Filipinos based abroad and OFWs.

Suppliers

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
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
MOMA the Modern Makati	4-2007-004279	10/29/2007	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
Dettifoss 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 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
PHirst Park Homes	4-2017-002150	02/17/2017	New
PHirst	4-2017-002148	02/17/2017	New
PHirst Park Homes Tanza	4-2017-002149	02/17/2017	New

Century Communities Corporation

Trademark Title	Registration No.	Registration Date	Status
Century Communities and Device	4-2007-003036	08/13/2007	Active
Mt. Batulao by Century	4-2015-001992	11/05/2015	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	Active
Crib by Narra and Design	4-2014-006413	05/21/2014	Active
Crib Hotels	4-2014-006412	05/21/2014	Active

Century Properties Group Inc.

Trademark Title	Registration No.	Registration Date	Status
Cape San Vicente	4-2015-001994	02/24/2015	Active
A Censo Homes	4-2015-001995	02/24/2015	Active
Censo Homes	4-2015-001993	02/24/2015	Active

Government Approvals/Regulations

The Company secures various government approvals such as the Environmental Compliance Certificates (ECC), development permits, licenses 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, 2016.

As of December 31, 2016, 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 (including other income), the Company spent 93.4% for capital expenditures in 2016, compared to 83.51% in 2015, and 67.3% in 2014.

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 Housing and Land Use Regulatory Board 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

Land use may 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 is the government agency that operates, administers and manages designated special economic zones. An Ecozone is a comprehensive land use plan generally created by proclamation of the President of the Philippines. These 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 of Metro Manila. These PEZA requirements include clearances or certifications issued by the city or municipal legislative council, the Department of Agrarian Reform, the National Water Resources Board and the Department of Environment and Natural Resources (DENR).

Certain properties of the Company are proclaimed Ecozones. Tenants in those properties may register with PEZA to avail 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 to 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 revenues 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 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 Bonifacio Global City. 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 can 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 installment 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 utilized 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 installment payments, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. During the grace period, the buyer may pay the unpaid installments 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 installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who have defaulted on installment payments are given a 60 day grace period to pay all unpaid installments 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 (informal settlers) 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 220) 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 favor 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 third-party 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 recognize revenues from construction of real estate based on a percentage of completion method, wherein a portion of the sales price is recognized 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 recognize, 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 recognized 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 recognized 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 installment 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 installment 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 installments 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

Financial assets and credit facilities of the Group, as well as major contracts entered into for the purchase of raw materials, are mainly denominated in Philippine Peso. There are only minimal placements in foreign currencies and most of the Group's foreign currency-denominated debt are hedged. As such, the Group's foreign currency risk is minimal.

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 2016 focused on providing shelters for the underprivileged through Gawad Kalinga (GK), forging a partnership with the Philippine National Police (PNP) to develop projects, including educational scholarship aids, and providing assistance to the endeavors of Operation Smile.

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 a total of P6.0 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 and is in the final stages of completion.

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.

In 2016 Century Properties firmed up a CSR partnership with the PNP to put up a foundation, which will jointly facilitate development projects for the police agency, including scholarship aid for the children of policemen, providing support to the equipment, facilities, and logistical requirements of the PNP.

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 six master-planned communities that are expected to have 31 residential condominium buildings, two commercial buildings for lease, and 887 landed houses, with a total expected GFA (with parking) of 1,714,503 sq.m.

In addition, the Company has agreed to purchase 49% of the usage and leasehold rights of Asian Century Center, an office building in Bonifacio Global City. Asian Century Center is currently being developed by Asian Carmaker Corporation.

The six 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 598,753 sq.m. and targets the middle income and luxury markets. As of December 2016, the Company has completed the Gramercy Residences, the Knightsbridge Residences, Century City Mall, Centuria Medical Makati, and The Milano Residences with interiors designed by Versace Home. Ongoing projects at Century City are Trump Tower, Century Spire and The Forbes Media Tower. These projects have estimated completion dates through 2019.
- ***Acqua Private Residences*** – Acqua Private Residences is located in Mandaluyong City and comprises six towers with a total planned GFA (with parking) of 227,501 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 river walk 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 332,551 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 six buildings have been completed, and the remaining two buildings are estimated to be completed through 2018.
- ***Commonwealth*** – Commonwealth is the Company's first master-planned residential community on a 4.4 hectare property in Quezon City and is comprised of eight towers. The development targets the affordable market segment. It has a total planned GFA (with parking) of 192,245 sq.m. It is 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, 2016, 887 units have been completed while construction of the remaining 8 units is on-going. In addition, there are 35 lots remaining out of 60 lots that are available for sale.
- ***Azure North*** – Azure North is the Company's first foray outside of Metro Manila. The project, located within the San Fernando Interchange on Jose Abad Santos and the North Luzon Expressway, is envisioned as a town center project. It will have residential towers, as well as office and retail components.

2.2 COMPLETED PROJECTS AS OF DECEMBER 31, 2016

Residential Projects	Location	Type	GFA in sq.m. (with parking)	Units	Year Completed
Gramercy Residences	Makati City	Residential	121,595	1,428	2012
Knightsbridge Residences	Makati City	Residential	87,717	1,328	2013
Santorini	Parañaque City	Residential	36,126	553	2013
St. Tropez	Parañaque City	Residential	36,260	580	2013
Rio	Parañaque City	Residential	42,898	756	2013
Positano	Parañaque City	Residential	35,164	597	2015
Niagara	Mandaluyong City	Residential	33,709	474	2015
Sutherland	Mandaluyong City	Residential	41,705	735	2015
Osmeña West	Quezon City	Residential	14,525	158	2015
Milano Tower	Makati City	Residential	64,304	516	2015
Miami	Parañaque City	Residential	34,954	559	2016
Maui	Parañaque City	Residential	39,632	601	2016
Dettifoss	Mandaluyong City	Residential	36,831	606	2016
Livingstone	Mandaluyong City	Residential	40,147	674	2016
Total			665,565	9,565	

Commercial/Office Projects	Location	Type	GFA in sq.m. (with parking)	Units	Year Completed
Century City Mall	Makati City	Retail	52,233	N/A	2013
Centuria Medical Makati	Makati City	Medical Office	74,103	539 (for sale)/ 168 (for lease)	2015
Total			126,336		

Note: Excludes projects completed by Meridien

2.3 PROPERTIES UNDER MANAGEMENT AS OF DECEMBER 31, 2016

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	52,821
Azure Urban Residences	Parañaque	Century Limitless Corporation	125,216
Bel-Air Soho Condominium	Makati City	Meridien East Realty & Development Corp.	9,468
BSA Suites Condominium	Makati City	ASB Development Corp.	22,925
Commonwealth Residences	Commonwealth	Century Limitless Corporation	136,896
Essensa East Forbes	Taguig	Meridien East Realty & Development Corp.	115,000
Golden Empire Tower	Manila	Moldex Land Holdings	129,514
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
South of Market Condominium	Taguig	Meridien East Realty & Development Corp.	62,246
The Gramercy Residences	Makati City	Century City Development Corporation	121,595
The Milano Residences	Makati City	Century City Development Corporation	49,543
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			**1,328,953**

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
Globe IT Plaza Cebu	Cebu	Globe Telecom, Inc.	12,678
Globe Telecom Avatar	Cavite	Globe Telecom, Inc.	3,085
Globe Telecom Valero	Makati City	Globe Telecom, Inc.	29,340
Innove Plaza Condominium	Cebu	Prosperity Properties & Management Corporation	12,031
Makati Cinema Square	Makati City	MCS Condominium Corporation	20,000
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			**1,204,007**
TOTAL GFA			**2,532,960**
TOTAL PROJECTS			**46**

2.4 PROJECT UPDATES AS OF DECEMBER 31, 2016

Project	Company	Type	Target Market	Location	Total GFA (sq.m.)	Completion and 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	64,304	2015
Centuria Medical Makati	CCDC	Office	Middle-Income	Kalayaan Avenue, Makati City	74,103	2015
Trump Tower Manila	CCDC	Residential	Luxury	Kalayaan Avenue, Makati City	55,504	2017
Century Spire	CCDC	Residential	Luxury	Kalayaan Avenue, Makati City	102,876	2019
Century City Mall	CCDC	Retail	N/A	Kalayaan Avenue, Makati City	52,233	2013
Acqua Private Residences	CLC	Residential	Middle-Income	Banrangay Hulo, Mandaluyong City	227,501	2015 - 2019
Azure Urban Resort Residences	CLC	Residential	Affordable	Barangay Marcelo, Bicutan, Parañaque City	332,511	2013 - 2018
The Resort Residences at Azure North	CLC	Residential	Affordable	San Fernando Pampanga	123,614	2019
The Residences at Commonwealth	CLC	Residential	Affordable	Commonwealth, Quezon City	192,245	2015 – 2019
Canyon Ranch	CCC	Residential	Middle-Income	Carmona, Cavite	280,300	Ongoing per house
Total					**1,714,503**	

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, 2016, 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:

	2016			2015			2014		
Quarter	High	Low	Close	High	Low	Close	High	Low	Close
First quarter	P0.61	P0.40	0.55	1.04	0.92	0.93	1.34	1.05	1.18
Second quarter	0.60	0.49	0.51	0.96	0.79	0.82	1.27	1.13	1.13
Third quarter	0.78	0.50	0.58	0.86	0.55	0.58	1.14	1.01	1.05
Fourth quarter	0.75	0.51	0.55	0.65	0.54	0.56	1.10	0.89	0.95

As of December 29, 2016, the last trading day of the Company's shares for the fourth (4th) quarter of the year 2016, the Company's closing share price is ₱0.55 per share.

5.2 STOCKHOLDERS

The number of shareholders of the Company of record as of December 31, 2016 was Four Hundred Eighty Eight (488). The number of issued and outstanding common shares of the Company as of December 31, 2016 are 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, 2016 are as follows:

Name	Number of Shares Held	% to Total
1. PCD Nominee Corporation (Non-Filipino)	9,833,103,405	84.046
2. PCD Nominee Corporation (Filipino)	1,784,622,043	15.254
3. Century Properties Inc.	7,806,788,243	0.513
4. Ernesto B. Lim	12,669,508	0.108
5. Victor S. Chiongbian	4,022,064	0.034
6. Antonio Andres Chua	1,447,943	0.012
7. Antonio A. Inductivo	723,959	0.006
8. Vicente Goquiolay & Co., Inc.	395,288	0.003
9. Magdaleno B. Delmar, Jr.	361,458	0.003
10. Crisanto L. Dapigran	217,000	0.002
11. Pacifico B. Tacub	150,661	0.001
12. Roman T. Yap	144,794	0.001
13. Antonio C. Cuyos	139,223	0.001
14. Alfredo B. Chia	120,661	0.001
15. Milagros Ileto	120,661	0.001
16. Orifiel Y. Barredo	79,272	0.001
17. Tee Ling Kiat &/or Lee Lin Ho	72,397	0.001
18. Roberto Melo	52,125	0.000
19. Milagros Cicio	48,264	0.000
20. Marcelo E. Ayes	36,198	0.000

5.3 DIVIDENDS

The Company declares dividends yearly, either through Cash or Stock, 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 2014 until 2016.

Cash Dividends				
Fiscal Year	**Total Amount of Dividends**	**Amount of dividends per share**	**Date of Declaration**	**Date of Payment**
2013	PhP184,471,576	0.0190 per share	April 30, 2014	June 5, 2014
2014	PhP201,158,909	0.0173 per share	June 15, 2015	July 16, 2015
2015	PhP205,022,943	0.1768 per share	June 28, 2016	July 20, 2016
Stock Dividends				
Fiscal Year	**Total Number of Shares**	**Dividend rate**	**Date of Declaration**	**Date of Payment**
2013	1,999,999,993 shares	20.661985%	October 13, 2014	November 14, 2014

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 accounts 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, 2016, the Group recorded revenue from real estate sales amounting to P4,968.4 million compared to P7,751.3 million in 2015.

The decrease in real estate sales is attributable to a significant portion of revenue recognized in 2015 and prior years from completed projects, as well as less pre-sales and less new project launches.

Interest and Other Income, including Gain from change in fair value

Interest and other income decreased by 12.3% to P1,771.8 million in the year ended December 31, 2016 from P2,020.8 million in the year ended December 31, 2015. This decrease was due primarily to significant gain from change in fair value of investment properties and gain from change in fair value of derivatives which were recognized last year. The fair value gain in investment properties recognized amounted to P348.3 million and P755.6 million in 2016 and 2015, respectively. On the other hand, the gain from change in fair value of derivatives amounted to nil and P118.5 million in 2016 and 2015, respectively.

Investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent appraisers, as of December 31, 2016 and 2015.

Property management fee and other services

Property management fee and other services increased by 1.6% to P302.1 million in the year ended December 31, 2016 from P297.4 million in the year ended December 31, 2015. The increase was primarily due to various special engagements during the year and the yearly lease rate escalation.

Leasing Revenue

Leasing revenue increased by 8.4% to P337.9 million in the period ended December 31, 2016 from P311.7 million in the same period ended December 31, 2015 due to mall's lease rate escalation for some tenants that is 5%.

Costs and Expenses

Cost and expenses decreased by 22.4% to P6,401.2 million during 2016 from P8,251.0 million for the year ended December 31, 2015.

- Cost of real estate sales decreased by 39.7% to P2,901.3 million in the year ended December 31, 2016 from P4,808.6 million in the year ended December 31, 2015. This is directly related to the decrease in real estate revenue.

- Cost of leasing increased by 73.8% to P266.8 million for the year ended December 31, 2016 from P153.5 million in the year ended December 31, 2015. The increase in cost of leasing is due to the payment of estate dues, increase in management fee of housekeeping as mandated by wage regulatory board, increase in repairs and maintenance of building and equipment that no longer covered by warranty and increase in security services fee.

- Cost of services increased by 9.8% from P216.51 million in the year ended December 31, 2015 to P237.7 million in the year ended December 31, 2016. This is primarily attributed to salary increases as mandated by wage regulatory board.

- Interest and other financing charges (including unrealized foreign exchange loss) increased by 10.3% to P375.7 million for the year ended December 31, 2016 from P340.6 million for 2015. 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 decreased by 58.8% to P252.1 million for the year ended December 31, 2016 from P611.3 million in the year ended December 31, 2015. The decrease was primarily due to lower taxable income during the year.

Net Income
As a result of the foregoing, net income decreased by 52.1% to P726.9 million for the year ended December 31, 2016 from P1,519.0 million in the year ended December 31, 2015.

FINANCIAL CONDITION

As of December 31, 2016 vs. December 31, 2015

Total assets as of December 31, 2016 were P41,308.5 million compared to P37,477.8 million as of December 31, 2015, or an 10.2% increase. This was due to the following:

- Cash and cash equivalents increased by 66.5% from P2,008.3 million as of December 31, 2015 to P3,343.1 million as of December 31, 2016 primarily due to net drawdown of short-term and long-term debt during the period and improvement in the result of cash flow from operations.

- Receivables decreased by 12.0% from P12,959.4 million as of December 31, 2015 to P11,407.6 million as of December 31, 2016 million due to lower revenue recognized during the period pursuant to lower pre-sales, in addition to the policies and estimates pursuant to the collectability of sales price and percentage of completion methods and increase in collection on receivables from turned over projects.

- During the year ended December 31, 2016, real estate inventories increased by 21.5% from P10,953.3 million as of December 31, 2015 to P13,302.8 million as of December 31, 2016 due to development of various projects during the period and lower cost of real estate recognized during the period.

- Investment properties posted an increase by 12.9% to P5,940.3 million as of December 31, 2016 as compared to P5,260.1 million as of December 31, 2015 primarily due to other costs incurred for Forbes and Fort Projects. Increase in fair value of these assets also contributes to the increase in investment property.

Total liabilities as of December 31, 2016 were P25,962.1 million compared to P22,843.4 million as of December 31, 2015, or a 13.6% increase. This was due to the following:

- Accounts and other payables increased by 27.1% from P3,154.5 million as of December 31, 2015 to P4,010.7 million as of December 31, 2016 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 15.5% from P11,248.5 million as of December 31, 2015 to P12,997.2 million as of December 31, 2016 due to increased net availments or net draw down from existing and new lines during the 2016.

- Pension liabilities increased by 18.0% from P200.8 million as of December 31, 2015 to P237.0 million as of December 31, 2016 as a result accrual of pension expense during the period.

- Income tax payable decreased by 94.2% from P140.5 million as of December 31, 2015 to P8.1 million as of December 31, 2016 primarily due to application of creditable withholding taxes as part of tax payments in 2016.

Total stockholder's equity net increased by 4.1% to P15,226.6 million as of December 31, 2016 from P14,633.9 million as of December 31, 2015 due to the net income recorded during the year net of CPGI's cash dividend declarations during the year.

	As of December 31		
	2016	**2015**	**2014**
Current Ratio	**2.9x**	**2.8x**	**2.7x**
Debt to Equity Ratio	**1.0x**	**1.0x**	**0.8x**
Asset to Equity Ratio	**2.7x**	**2.6x**	**2.4x**
	For the year ended December 31		
	2016	**2015**	**2014**
Return on Assets	**1.8%**	**4.4%**	**7.5%**
Return on Equity	**4.8%**	**10.9%**	**17.5%**
EBIT	**1,081.5**	**2,202.3**	**3,187.8**
EBITDA	**1,142.7**	**2,259.0**	**3,249.0**
Total Debt	**15,676.0**	**13,916.0**	**10,931.5**
Net Debt	**12,332.9**	**11,907.7**	**9,502.2**
Gross Profit from Real Estate Sales Margin	**48.4%**	**43.8%**	**45.6%**
Net Income Margin	**9.8%**	**14.6%**	**16.9%**
Net debt-to-equity ratio	**0.8x**	**0.8x**	**0.7x**
Debt-to-EBITDA ratio	**13.7x**	**6.2x**	**3.4x**
Net debt-to-EBITDA ratio	**10.8x**	**5.3x**	**2.9x**

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, 2016 compared to December 31, 2015 (increase/decrease of 5% or more)

Cash and cash equivalents increased by 66.5% from P2,008.3 million as of December 31, 2015 to P3,343.1 million as of December 31, 2016 primarily due to net drawdown of short-term and long-term debt during the period and improvement in the result of cash flow from operations.

Receivables decreased by 12.0% from P12,959.4 million as of December 31, 2015 to P11,407.6 million as of December 31, 2016 million due to lower revenue recognized during the period pursuant to lower pre-sales, in addition to the policies and estimates pursuant to the collectability of sales price and percentage of completion methods and increase in collection on receivables from turned over projects.

During the year ended December 31, 2016, real estate inventories increased by 21.5% from P10,953.3 million as of December 31, 2015 to P13,302.8 as of December 31, 2016 million due to development of various projects during the period and lower cost of real estate recognized during the period.

Advances to suppliers and contractors increased by 64.0% from P1,214.4 million as of December 31, 2015 to P1,991.8 million as of December 31, 2016 primarily due to advances made by the Group to its suppliers at the end of the period.

Prepayments and other current assets (including derivative assets) decreased by 24.3% from P1,721.3 million as of December 31, 2015 to P1,303.2 million as of December 31, 2016 mainly due to application of creditable withholding taxes on the income tax payable during the period.

Land held for future development increased by 48.4% from P431.3 million as of December 31, 2015 to P640.1 million as of December 31, 2016 due to payments made on the acquired parcel of land situated in Batangas under the registered name of Citystate Nasugbu Development Corporation.

Deposits for purchased land increased by 32.8% from P881.4 million as of December 31, 2015 to P1,170.1 million as of December 31, 2016 due to payments made to property owners for the acquisition of parcels of land in Quezon City, Metro Manila, Novaliches, Metro Manila and Mandaluyong, Metro Manila.

Investment properties posted an increase of 12.9% from P5,260.1 million as of December 31, 2015 as compared to P5,940.3 million as of December 31, 2016 primarily due to other costs incurred for Forbes and Fort Projects. Increase in fair value of these assets also contributes to the increase in investment property.

Property and equipment increased by 33.7% from P363.0 million as of December 31, 2015 to P485.5 million as of December 31, 2016 due to additional transfer of real estate inventories to property and equipment as part of construction-in-progress during the year.

Other non-current assets decreased by 5.5% from P673.5 million as of December 31, 2015 to P636.6 million as of December 31, 2016 due to amortization of expenses associated with projects with no completion in 2015 which commenced construction in 2016.

Accounts and other payables increased by 27.1% from P3,154.5 million as of December 31, 2015 to P4,010.7 million as of December 31, 2016 due to accruals made at the end of the year.

Customers' advances and deposits increased by 14.9% from P2,053.9 million as of December 31, 2015 to P2,360.4 million as of December 31, 2016. Balances as of December 31, 2016 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 15.5% from

P11,248.5 million as of December 31, 2015 to P12,997.2 million as of December 31, 2016 due to increased net availments or net draw down from existing and new lines during the 2016.

Liability from purchased land decreased by 18.6% from P640.4 million as of December 31, 2015 to P521.0 million as of December 31, 2016 due to payments made to Land Owner during the year.

Due to related parties increased by 595.8% from P46.9 million as of December 31, 2015 to P326.0 million as of December 31, 2016 due to advances made during the year from the stockholders and other affiliates.

Pension liabilities increased by 18.0% from P200.8 million as of December 31, 2015 to P237.0 million as of December 31, 2016 as a result accrual of pension expense during the period.

Income tax payable decreased by 94.2% from P140.5 million as of December 31, 2015 to P8.1 million as of December 31, 2016 primarily due to application of creditable withholding taxes as part of tax payments in 2016.

Total stockholder's equity net increased by 4.1% to P15,226.6 million as of December 31, 2016 from P14,633.9 million as of December 31, 2015 due to the net income recorded during the year net of CPGI's cash dividend declarations during the year.

Material Changes to the Company's Statement of income for the year ended December 31, 2016 compared to the year ended December 31, 2015 (increase/decrease of 5% or more)

Real estate revenue posted a decrease by 35.9% for the year ended December 31, 2016 from P7,751.3 million in 2015 to P4,968.4 million in 2016. The decrease in real estate sales is attributable a significant portion of revenue recognized in 2015 and prior years from completed projects, as well as less pre-sales and less new project launches.

Interest and other income decreased by 12.3% to P1,771.8 million in the year ended December 31, 2016 from P2,020.8 million in the year ended December 31, 2015. This decrease was due primarily to significant gain from change in fair value of investment properties and gain from change in fair value of derivatives which were recognized last year. The fair value gain in investment properties recognized amounted to P348.3 million and P755.6 million in 2016 and 2015, respectively. On the other hand, the gain from change in fair value of derivatives amounted to nil and P118.5 million in 2016 and 2015, respectively.

Leasing revenue increased by 8.4% to P337.9 million in the period ended December 31, 2016 from P311.7 million in the same period ended December 31, 2015 due to mall's lease rate escalation for some tenants that is 5%.

Cost and expenses decreased by 22.4% to P6,401.2 million during 2016 from P8,251.0 million for the year ended December 31, 2015.

Cost of real estate sales decreased by 39.7% to P2,901.3 million in the year ended December 31, 2016 from P4,808.6 million in the year ended December 31, 2015. This is directly related to the decrease in real estate revenue.

Cost of leasing increased by 73.8% to P266.8 million for the year ended December 31, 2016 from P153.5 million in the year ended December 31, 2015. The increase in cost of leasing is due to the payment of estate dues, increase in management fee of housekeeping as mandated by wage regulatory board, increase in repairs and maintenance of building and equipment that are no longer covered by warranty and increase in security services fee.

Cost of services increased by 9.8% from P216.51 million in the year ended December 31, 2015 to P237.7 million in the year ended December 31, 2016. This is primarily attributed to salary increases as mandated by wage regulatory board.

Interest and other financing charges (including unrealized foreign exchange loss) increased by 10.3% to P375.7 million for the year ended December 31, 2016 from P340.6 million for 2015. This was primarily due to bank fees and other financing charges paid other than capitalized borrowing costs during the year.

Provision for income tax decreased by 58.8% to P252.1 million for the year ended December 31, 2016 from P611.3 million in the year ended December 31, 2015. The decrease was primarily due to lower taxable income during the year.

As a result of the foregoing, net income decreased by 52.1% to P726.9 million for the year ended December 31, 2016 from P1,519.0 million in the year ended December 31, 2015.

REVIEW OF YEAR END 2015 VS YEAR END 2014

RESULTS OF OPERATIONS

Real Estate

The Group accounts 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, 2015, the Group recorded revenue from real estate sales amounting to P7,751.3 million compared to P10,822.9 million in 2014.

The decrease in real estate sales is attributable to less revenue recognized in 2015 for projects that turned over in 2015 and prior years. A significant portion of revenue from these projects were already recognized in 2014 and prior years. In addition, there were less project launches in 2015.

Interest and Other Income, including Gain from change in fair value

Interest and other income increased by 39.8% to P2,020.8 million in the year ended December 31, 2015 from P1,445.1 million in the year ended December 31, 2014. 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 P755.6 million was recognized during the year. Investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent appraisers, as of December 31, 2015 and 2014.

Property management fee and other services

Property management fee and other services increased by 4.1% to P297.4 million in the year ended December 31, 2015 from P285.7 million in the year ended December 31, 2014. The increase was primarily due to management fee rate escalations for some of the projects under management ranging from 5% to 10%.

Leasing Revenue

Leasing revenue increased to P311.7 million in the period ended December 31, 2015 from P207.0 million in the same period ended December 31, 2014 since operation of Century City Mall started only subsequent to March 2014. A full year of mall operations was recognized in 2015.

Costs and Expenses
Cost and expenses decreased by 14.0% to P8,251.0 million during 2015 from P9,589.7 million for the year ended December 31, 2014.

- Cost of real estate sales decreased by 24.2% from P6,342.6 million in the year ended December 31, 2014 to P4,808.6 million in the year ended December 31, 2015. This is directly related to the decrease in real estate revenue.

- Cost of leasing increased by 41.2% to P153.5 million for the year ended December 31, 2015 from P108.7 million in the year ended December 31, 2014. This is the direct cost incurred in relation to the operation of the Century City Mall, which is also directly related to the increase in mall operating months.

- Interest and other financing charges (including unrealized foreign exchange loss) increased by 68.4% to P340.6 million for the year ended December 31, 2015 from P202.2 million for 2014. 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 P114.8 million in 2015 also contributed to such increase.

Provision for Income Tax
Provision for income tax decreased by 39.6% to P611.3 million in the year ended December 31, 2015 from P1,012.2 million in the year ended December 31, 2014. The decrease was primarily due to relative decrease in the revenue generated from real estate sale during the year ended December 31, 2015 as compared to prior year ended December 31, 2014.

Net Income
As a result of the foregoing, net income decreased by 29.6% to P1,519.0 million for the year ended December 31, 2015 from P2,158.9 million in the year ended December 31, 2014.

FINANCIAL CONDITION

As of December 31, 2015 vs. December 31, 2014

Total assets as of December 31, 2015 were P37,477.8 million compared to P31,650.2 million as of December 31, 2014, or a 18.4% increase. This was due to the following:

- Cash and cash equivalents increased by P579.1 million from P1,429.2 million as of December 31, 2014 to P2,008.3 million as of December 31, 2015 primarily due to collections from real estate receivables and availments of short-term and long-term debts and improvement on the operating cash flows during the year.

- Receivables increased by 8.6% from P11,936.0 million as of December 31, 2014 to P12,959.4 million as of December 31, 2015 million due to the revenue recognized during for the period pursuant to increase in 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, 2015, real estate inventories increased by 35.5% from P8,083.6 million as of December 31, 2014 to P10,953.3 as of December 31, 2015 million due to development of various projects during the period.

- Investment properties posted an increase of 19.9% to P5,260.1 million as of December 31, 2015 as compared to P4,387.8 million as of December 31, 2014 primarily due to other costs incurred for Forbes and Fort Projects. Increase in fair value of these assets also contributes to the increase in investment property.

Total liabilities as of December 31, 2015 were P22,844.0 million compared to P18,345.8 million as of December 31, 2014, or a 24.5% increase. This was due to the following:

- Accounts and other payables increased by 82.3% from P1,730.2 million as of December 31, 2014 to P3,154.5 million as of December 31, 2015 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 35.9% from P8,274.2 million as of December 31, 2014 to P11,248.5 million as of December 31, 2015 due to increased net availments or net draw down from existing and new lines during the 2015.

- Pension liabilities increased by 5.0% from P191.3 million as of December 31, 2014 to P200.8 million as of December 31, 2015 as a result accrual of pension expense during the period.

- Income tax payable increased by 732.1% from P16.9 million as of December 31, 2014 to P140.5 million as of December 31, 2015 primarily due to creditable withholding taxes that were not yet reflected as part of tax payments in 2015.

Total stockholder's equity net increased by 10.0% to P14,633.9 million as of December 31, 2015 from P13,304.4 million as of December 31, 2014 due to the net income recorded during the year net of CPGI's cash dividend declarations during the year.

	As of December 31		
	2015	**2014**	**2013**
Current Ratio	**2.8x**	**2.7x**	**2.0x**
Debt to Equity Ratio	**1.0x**	**0.8x**	**0.5x**
Asset to Equity Ratio	**2.6x**	**2.4x**	**2.3x**
	For the year ended December 31		
	2015	**2014**	**2013**
Return on Assets	**4.4%**	**7.5%**	**8.2%**
Return on Equity	**10.9%**	**17.5%**	**18.8%**
EBIT	**2,356.0**	**3,295.8**	**2,746.5**
EBITDA	**2,383.9**	**3,322.8**	**2,810.0**
Total Debt	**13,916.0**	**10,931.5**	**6,039.1**
Net Debt	**11,907.7**	**9,502.2**	**4,600.3**
Gross Profit from Real Estate Sales Margin	**43.8%**	**45.6%**	**42.1%**
Net Income Margin	**14.6%**	**16.9%**	**17.1%**
Net debt-to-equity ratio	**0.8x**	**0.7x**	**0.4x**
Debt-to-EBITDA ratio	**5.8x**	**3.3x**	**2.1x**
Net debt-to-EBITDA ratio	**5.0x**	**2.9x**	**1.6x**

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, 2015 compared to December 31, 2014 (increase/decrease of 5% or more)

Cash and cash equivalents increased by P579.08 million from P1,429.2 million as of December 31, 2014 to P2,008.3 million as of December 31, 2015 primarily due to availments of short-term and long-term debts and improvement on the operating cash flows during the year.

Receivables increased by 8.6% from P11,936.0 million as of December 31, 2014 to P12,959.4 million as of December 31, 2015 million due to the revenue recognized during for the period pursuant to increase 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, 2015, real estate inventories increased by 35.5% from P8,083.6 million as of December 31, 2014 to P10,953.3 million as of December 31, 2015 due to development of various projects during the period.

Advances to suppliers and contractors increased by 19.7% from P1,014.9 million as of December 31, 2014 to P1,214.4 million as of December 31, 2015 primarily due to advances made by the Group to its suppliers at the end of the period.

Prepayments and other current assets (including derivative assets) increased by 4.2% from P1,652.3 million as of December 31, 2014 to P1,721.3 million as of December 31, 2015 mainly due to change in fair value of derivative asset.

Deposits for purchased land increased by 24% from P710.9 million as of December 31, 2014 to P881.4 million as of December 31, 2015 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.

Investment properties posted an increase of 19.9% to P5,260.1 million as of December 31, 2015 as compared to P4,387.8 million as of December 31, 2014 primarily due to other costs incurred for Forbes and Fort Projects. Increase in fair value of these assets also contributes to the increase in investment property.

Property and equipment increased by 198.0% from P121.8 million as of December 31, 2014 to P363.0 million as of December 31, 2015 due the transfer of real estate inventories to property and equipment as part of construction-in-progress during the year.

Other non-current assets decreased by 44.1% from P1,203.8 million as of December 31, 2014 to P673.5 million as of December 31, 2015 due to amortization of expenses associated with projects with no completion in 2014 which commenced construction in 2015.

Accounts and other payables increased by 82.3% from P1,730.2 million as of December 31, 2014 to P3,154.5 million as of December 31, 2015 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 35.9% from P8,274.2 million as of December 31, 2014 to P11,248.5 million as of December 31, 2015 due to increased net availments or net draw down from existing and new lines during the 2015.

Liability from purchased land increased by P606.8 million from P33.6 million as of December 31, 2014 to P640.4 million as of December 31, 2015 due to recognition of land and its corresponding liability of San Fernando, Pampanga property as well as the recognition of liability from Azure Project.

Pension liabilities increased by 5.0% from P191.3 million as of December 31, 2014 to P200.8 million as of December 31, 2015 as a result accrual of pension expense during the period.

Income tax payable increased by 732.1% from P16.9 million as of December 31, 2014 to P140.5 million as of December 31, 2015 primarily due to creditable withholding taxes that were not yet reflected as part of tax payments in 2015.

Deferred tax liabilities (net of deferred tax assets) increased 17.2% from P2,160.0 million as of December 31, 2014 to P2,530.7 million as of December 31, 2015 due to additional future taxable items during the period.

Total stockholder's equity net increased by 10.0% to P14,633.9 million as of December 31, 2015 from P13,304.4 million as of December 31, 2014 due to the net income recorded during the year net of CPGI's cash dividend declarations during the year.

Material Changes to the Company's Statement of income for the year ended December 31, 2015 compared to the year ended December 31, 2014 (increase/decrease of 5% or more)

Real estate revenue posted a decrease by 28.4% for the year ended December 31, 2015 from P10,822.9 million in 2014 to P7,751.3 million in 2015.The decrease in real estate sales is attributable to less revenue recognized in 2015 for projects turned over in 2015 and prior years. A significant portion of revenue from these projects were already recognized in 2014 and prior years. In addition, there were less new project launches in 2015.

Interest and other income increased by 39.8% to P2,020.8 million in the year ended December 2015 from P1,445.1 million in the year ended December 31, 2014. 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 P755.6 million was recognized during the year. Investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent appraisers, as of December 31, 2015 and 2014.

Property management fee and other services increased by 4.1% to P297.4 million in the year ended December 31, 2015 from P285.7 million in the year ended December 31, 2014. The increase was primarily due management fee rate escalations for some of the projects under management ranging from 5% to 10%.

Leasing revenue increased to P311.7 million in the period ended December 31, 2015 from P207.0 million in the same period ended December 31, 2014 since operation of Century City Mall started only subsequent to March 2014. Full year of mall operation were recognized during 2015.

Cost and expenses decreased by 14.0% to P8,251.0 million during 2015 from P9,598.7 million for the year ended December 31, 2014.

Cost of real estate sales decreased by 24.2% from P6,342.6 million in the year ended December 31, 2014 to P4,808.6 million in the year ended December 31, 2015. This is directly related to the decrease in real estate revenue.

Cost of leasing increased by 41.2% to P153.5 million for the year ended December 31, 2015 from P108.7 million in the year ended December 31, 2014. This is the direct cost incurred in relation to the operation of the Century City Mall which is also directly related to the increase in mall operating months.

Interest and other financing charges (including unrealized foreign exchange loss) increased by 68.4% to P340.6 million for the year ended December 31, 2015 from P202.2 million for 2014. 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 P114.8 million also contributed to such increase.

Provision for income tax decreased by 39.6% to P611.3 million in the year ended December 31, 2015 from P1,012.2 million in the year ended December 31, 2014. The decrease was primarily due to relative decrease in the revenue generated from real estate sale during the year ended December 31, 2015 as compared to prior year ended December 31, 2014.

As a result of the foregoing, net income decreased by 29.6% to P1,519.0 million for the year ended December 31, 2015 from P2,158.9 million in the year ended December 31, 2014.

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 actual capital expenditures in 2011, 2012, 2013, 2014, 2015 and 2016.

	Expenditure (in millions)
2011	P 3,608.4
2012	7,267.7
2013	9,074.5
2014	8,588.1
2015	8,668.9
2016	6,894.2

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		
	2016	2015	2014
Advances and payments to joint venture partners	P 385.0	P 416.4	P 1,303.8
Acquisition of property and equipment and investment property	502.1	793.5	226.7
Construction	6,007.1	7,458.9	7,057.6
Total	**P 6,894.2**	**P 8,668.9**	**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 July 22, 2016 the Company held its Annual Shareholders' Meeting wherein SGV and Co. was appointed as the external auditors of the Company for the years 2015 and 2016, 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 2015 and 2016. 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 2016 inclusive of VAT amounted to P3.1 million.

Fees for the years 2015 and 2014, inclusive of VAT, amounted to P3.0 million and P3.0 million respectively. In addition, SGV & Co. has performed special audit engagement in 2014 with total fees of P3.7 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 2016.

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, 2016 are as follows:

Name of Director	Position	Age
Amb. Jose E.B. Antonio	Chairman of the Board, President and CEO	70
John Victor R. Antonio	Director and Co. COO	44
Jose Marco R. Antonio	Director and Co. COO	42
Jose Roberto R. Antonio	Co-Managing Director	40
Jose Carlo R. Antonio	Director and Chief Financial Officer	33
Ricardo Cuerva	Director	72
Rafael G. Yaptinchay	Co-Managing Director	66
Amb. Jose L. Cuisa, Jr.	Independent Director	70
Stephen T. CuUnjieng	Independent Director	57
Carlos C. Ejercito	Independent Director	70
Atty. Camille Kristine I. Aromas	Corporate Secretary	31
Domie S. Eduvane	Senior Vice President for Legal and Corporate Affairs	52
Gerry Joseph Albert Ilagan	Executive Vice President for Century Worldwide Services and Sales Management Operations	37
Carlos Benedict K. Rivilla, IV	Vice President for Corporate Affairs and Assistant Corporate Secretary	45
Maria Theresa Fucanan – Yu	Vice President for Corporate Communications	36
Kristina I. Garcia	Director for Investor Relations	43
Patrick Carague	Senior Vice President for Decision Support Services and IT	45

Atty. Isabelita Ching Sales	Chief Information Officer and Compliance Officer	37
Ramon S. Villanueva III	Tax Compliance Officer	37
John Paul Flores	Comptroller	34
Gerardo A. Morales	Treasurer	55
Ricardo C. Cuerva	Senior Vice President for Design Innovation and Material Management Group	43
Gerardo R. Mina	Vice President for Property Management	52
Ritchelle T. Cordero	Head for Human Resources and Administration	37

Amb. Jose E.B. Antonio, 70 years 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. Antonio has also has been duly appointed by President Rodrigo R. Duterte as the *Philippines' special envoy to the United States, effective October 28, 2016*. His mission is to enhance business ties and strengthen the economic affairs between the two countries.

Mr. John Victor R. Antonio, 44 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, 42 years 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, 40 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, 33 years 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 P. Cuerva, 72 years 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, 66 years old, Filipino, is the Co-Managing Director 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.

Amb. Jose L. Cuisia Jr., 70 years old, Filipino citizen, is the incumbent Ambassador Extraordinary and Plenipotentiary of the Republic of the Philippines to the United States. Ambassador Cuisia is also well-respected figure in Philippine business, with over 32 years in financial services, most recently as the President & CEO of the largest and most profitable non-bank financial institution on the Philippines. He serves on the boards of many of the Philippines' most important private and listed companies, and has shared his expertise as Trustee on various academic institutions and non-government organizations espousing good governance and corporate social responsibility, including the Asian Institute of Management. Ambassador Cuisia has over 10 years of experience in public service, having served Filipinos as the Governor of the Central Bank of the Philippines and Chairman of its Monetary Board as well as President and CEO of the Philippine Social Security System in the 1980s and 1990s. At the Central Bank, Ambassador Cuisia oversaw the liberalization of foreign exchange controls, resulting in, among others, the entry of more substantial foreign direct investment that strengthened the Philippine Peso and the country's foreign exchange reserves. The Ambassador also led the efforts in establishing what is now the Bangko Sentral ng Pilipinas, allowing it to become a more effective guardian of monetary policy and ensuring the stability of the banking system. Amb. Cuisia also serves as Director to various companies namely: Investment & Capital Corporation of the Philippines, Asian Institute of Management, Phinma Corporation, SM Prime Holdings Inc., Philippine Investment Management, Inc.. He likewise serves as an Independent Director of Manila Water Company, Inc.

Mr. Stephen T. CuUnjieng, 57 years old, Filipino citizen, is a prominent investment banker, and currently serves as an Independent Director, Aboitiz Equity Ventures, Inc. He has a long and extensive experience in investment banking with several major financial institutions including HFS Capital LLC and Evercore Partners, Inc. is the Chairman of Evercore Asia Limited. He is an advisor to a number of Asia's most prominent companies like San Miguel Corporation, Samsung Electronics, Tiger Airways, among others. He finished his undergraduate and law degree from Ateneo De Manila University and later on, earned his MBA degree from the Wharton School of Business at the University of Pennsylvania.

Mr. Carlos C. Ejercito, 70 years old, Filipino, is the former Chairman of the United Coconut Planters Bank and currently the Chairman and CEO of Nortern Access Mining, Inc, Forum Cebu Coal Corporation and Kaipara Mining and Development Corporation. He graduated Cum Laude from the University of the East where he finished his Bachelor's Degree in Business Administration. He became a Certified Public Accountant in 1966. He received his Master's Degree in Business Administration at the Ateneo Graduate School of Business in 1976 and graduated from his Management Development Program in 1983 at the Harvard Business School. As of date, he serves as an Independent Director at Aboitiz Power Corporation, Bloomberry Resorts Corporation and Monte Oro Resources and Energy Corporation.

Mr. Domie S. Eduvane, 52 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. Gerry Joseph Albert L. Ilagan, 37 years old, Filipino, is the Executive Vice-President for Century Worldwide Services and Sales Management Operations of the Company. In October 2015, he was appointed as fulltime group head of Century World Sales Operations. 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.

Mr. Carlos Benedict K. Rivilla IV, 45 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. Maria Theresa Fucanan Yu, 37 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, 43 years old, Filipino, is Director For Investor Relations of Century Properties Group, Inc. (CPGI). Before joining the Company, she concurrently 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.

Atty. Isabelita Ching-Sales, 37 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.

Atty. Camille Khristine I. Aromas, 31 years old, Filipino, is the Corporate Secretary of the Company. She is likewise a Senior Associate at Divina Law Offices. Previously, Ms. Aromas was a Mid-level Associate at Baker & McKenzie’s Manila office and a consultant for the Asian Development Bank. She obtained her law degree at the University of the Philippines College of Law with a Bachelor’s degree in Economics, graduating *cum laude*, from the same university. Ms. Aromas has extensive work experience in the field of arbitration, dispute resolution and corporate legal affairs.

Mr. Patrick Caragüe, 45 years old, is the Senior Vice President for Decision Support Services and IT 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. John Paul Flores, 34 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.

Mr. Gerardo A. Morales, 55 years old, Filipino, serves as the Company's Treasurer. He, was the former President of Optimum Development Bank. He has been involved in varying capacities with several banks (Planters Development Bank, Union Bank of the Philippines and Far East Bank) for more than 25 years. He graduated from Ateneo de Manila University in 1981 with a Bachelor of Science Degree, Major in Business Management.

Mr. Ricardo C. Cuerva, 44 years old, Filipino, is the Senior Vice President for Design Innovation and Material Management Group of the Company. He graduated with the Bachelor Degree in Architecture from Southern California Institute of Architecture, U.S.A in 1998. He also obtained a Master of Science degree in Real Estate Development from Columbian University, U.S.A in 2002. As of date, he serves as Managing Director of Nova Construction, an exclusive residential and commercial project builder of Century Properties Group, Inc.

Mr. Gerardo R. Mina, 52 years old, Filipino, is the Vice President for Property Management of the Company. He graduated from Adamson University with the degree of Bachelor of Science in Civil Engineering and earned units in MBA from Ateneo Graduate School of Business. He was with Century Properties Management, Inc. (CPMI), a subsidiary of Century Properties Group, Inc. (CPGI) for 21 years and occupied senior management post in the Operations Division.

Mr. Ramon S. Villanueva III, 37 years old, Filipino, is the Tax Compliance Officer of the Company. He graduated with the degree of Bachelor of Science in Accountancy from Palawan State University in 2002. He is the 10th placer at the Licensure Examination for Certified Public Accountants in May 2005. Prior re-joining the Company, he served as the Comptroller of the Company for 4 years. He also served as Senior Auditor for Punongbayan & Araullo. He also worked as Accounting Professor at the Palawan State University.

Mr. Ritchelle T. Cordero, 36 years old, Filipino, is the Head for Human Resources and Administration of the Company. He graduated with academic distinction from San Beda College, Manila in 2002 with the degree of Bachelors of Arts in Philosophy and Human Resources Development. Currently, he is taking the Executive MBA degree program at the Asian Institute of Management. Prior joining the Company, he was the HR Manager of Ayala Property Management Corporation, a subsidiary of Ayala Land Inc. He also worked as the HR Officer of DMCI Project Developers, Inc. He also served as the HR & Quality Management Officer of Asiatic Development Corporation.

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	Bonus	Other Annual Compensation
Aggregate executive compensation for CEO and Top 5 Most Highly Compensated Officers/Directors	Actual 2016 Projected 2017	P58,512,516.56 P62,023,267.55	P2,179,077.78 P2,309,822.45	0
Aggregate executive compensation all other officers unnamed	Actual 2016 Projected 2017	P60,336,333.01 P63,956,512.99	P2,437,931.04 P2,584,206.90	0

The Company does not have any standard arrangement or other arrangements with its executive directors and, as previously mentioned, the executive directors of the Company do not receive any compensation for acting in such capacity, except for the independent directors who receives a monthly fee of One Hundred Thousand Pesos (₽100,000.00) for board meetings, special meetings and board committee meetings.. 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, 2016, 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- Jose Carlo R. Antonio Duly authorized representative	Filipino	7,806,788,243	67.3%

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, 2016, is set forth in the table below.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Class
Common	Jose E.B. Antonio	1	Filipino	0.00
Common	John Victor R. Antonio	1	Filipino	0.00
Common	Jose Marco R. Antonio	1	Filipino	0.00
Common	Jose Roberto R. Antonio	1	Filipino	0.00
Common	Jose Carlo R. Antonio	1	Filipino	0.00
Common	Rafael G. Yaptinchay	1	Filipino	0.00
Common	Ricardo Cuerva	1	Filipino	0.00
Common	Jose L. Cuisia, Jr	1	Filipino	0.00
Common	Stephen T. CuUnjieng	1	Filipino	0.00
Common	Carlos C. Ejrecito	1	Filipino	0.00
-	Domie S. Eduvane	-	Filipino	-
-	Atty. Camille Kristine I. Aromas	-	Filipino	-
-	Carlos Benedict K. Rivilla, IV	-	Filipino	-
-	Gerry Joseph Ilagan	-	Filipino	-
-	Maria Theresa Fucanan ucu	-	Filipino	-

-	Kristina I. Garcia	-	Filipino	-
-	Isabelita Ching Sales	-	Filipino	-
-	Patrick C. Caragüe	-	Filipino	-
-	Ramon S. Villanueva III	-	Filipino	-
-	John Paul C. Flores	-	Filipino	-
-	Gerardo A. Morales	-	Filipino	-
-	Ricardo C. Cuerva	-	Filipino	-
-	Gerardo S. Mina	-	Filipino	-
-	Ritchelle T. Cordero	-	Filipino	-
Common	Aggregate Amount of Ownership of all Directors and Officers as a Group Unnamed	10		-

11.3 Voting Trust Holders of 5% or More

As of December 31, 2016, 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 2016

REPORTS ON SEC FORM 17-C PERIOD SY 2016	
January 28, 2016	Official Press Release entitled: Century Properties completes 6 residential towers in 2015, To complete another 7 in the next 2 years
February 3, 2016	Official Press Release entitled: Century Properties Group, Mitsubishi Corporation break ground for Forbes Media Tower in Makati, Metro Manila, Philippines
March 1, 2016	Notice to the Exchange that the Company received today, March 1, 2016 the approved Amended Articles of Incorporation of the Company filed last Sept. 3, 2015 to amend Article 5.
March 28, 2016	Results of the regular Board Meeting held last March 28, 2016: The following were unanimously approved: I. APPROVAL OF THE MINUTES OF THE MEETING LAST 12 NOVEMBER 2015 - The Chairman informed the Board that there is a need to approve the Minutes of the Regular Meeting of the Board last 12 November 2015. Upon motion made and duly seconded, the following resolution was unanimously approved and adopted by the Board: "RESOLVED, That the Board of Directors of Century Properties Group Inc. (the "Corporation") be authorized, as it is hereby authorized to approve the Minutes of the Regular Meeting of the Board last 12 November 2015". II. APPROVAL OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015 - The Chairman informed the Board that there is a need to approve the Financial Statement of the Company for the year ended 31 December 2015, as endorsed by the Audit Committee. Upon motion made and duly seconded, the following resolution was unanimously approved and adopted by the Board: "RESOLVED, That the Board of Directors of Century Properties Group Inc. (the "Corporation") be authorized, as it is hereby authorized to approve the Financial Statement of the Company for the year ended 31 December 2015 and the release of the same, including the company's Annual Corporate Governance Report" III. PRESENTATION OF MANAGEMENT REPORT - The Executive Committee presented the Management Report which includes Loan Maturities, Projected Cash Flows and Risk Management which the Board duly noted. IV. OTHER BUSINESS - POSTPONEMENT OF THE ANNUAL STOCKHOLDERS MEETING - The Chairman informed the Board that there is a need to postpone the annual stockholders meeting. As per the Company's by-laws, the annual stockholders' meeting should be held every second Friday of April. However, as the financial report of the Company for the year ended 31 December 2015 has just been concluded, the Company will need more time to prepare for the meeting. "RESOLVED, That the Board of Directors of Century Properties Group Inc. (the "Corporation") be authorized, as it is hereby authorized to approve the postponement of the annual stockholders meeting to July 15, 2016 as the company needs more time to prepare for the upcoming annual meeting."
March 29, 2016	POSTPONEMENT OF THE ANNUAL STOCKHOLDERS MEETING: "RESOLVED, That the Board of Directors of Century Properties Group Inc. (the "Corporation") be authorized, as it is hereby authorized to approve the postponement of the annual stockholders meeting to July 15, 2016 as the company needs more time to prepare for the upcoming annual meeting."
April 18, 2016	Official Press Release entitled: Century Properties Group nets Php1.53B for 2015
May 6, 2016	Results of the regular Board Meeting held last May 6, 2016: The following resolutions were passed: I. APPROVAL OF THE COMPANY'S FINANCIAL REPORT FOR THE FIRST QUARTER ENDING MARCH 31, 2016 The Chairman informed the Board that there is a need to approve the First Quarter Financial Report of the Company. U II. NOMINATION, REMUNERATION AND COMPENSATION COMMITTEE ENDORSEMENT FOR THE SELECTION AND NOMINEES FOR INDEPENDENT DIRECTORS AND REGULAR DIRECTORS The Chairman of the Nomination, Remuneration and Compensation Committee discussed the selection and qualification of the Independent Directors and Regular Directors based on the SRC Rules and Corporate Governance Code. III. ANNUAL STOCKHOLDERS' MEETING The Chairman then discussed the need to set and approve the date of the Annual Stockholders' Meeting of the Company on July 15, 2016. The Board unanimously approved the following resolutions: "RESOLVED, to set and approve the date of the Annual Stockholders' Meeting on July 15, 2016, Friday at 9:00 a.m. at the EVENTS CENTER, 5th Floor, Century City Mall, Kalayaan Ave., Makati City. RESOLVED, FURTHER, that the record date is set on June 17, 2016 thus, only common stock shareholders as of June 17, 2016 shall be entitled to notice and to vote at the said meeting. IV. ENDORSEMENT OF EXTERNAL AUDITOR FOR 2016 The Chairman of the Audit Committee discussed the selection of External Auditors for the year 2016 and recommended to the Board the firm of Sycip, Gorres, Velayo and Co. as external auditor for the year 2016.

May 13, 2016	NOTICE OF ANNUAL STOCKHOLDERS MEETING Please be informed that the annual stockholders' meeting of CENTURY PROPERTIES GROUP INC. (the "Corporation") shall be held on JULY 15, 2016 at 9:00 a.m. at the EVENTS CENTER, 5th Floor, Century City Mall, Kalayaan Ave., Makati City. Only common stock shareholders as of JUNE 17, 2016 shall be entitled to notice and to vote at the said meeting. The Agenda for the meeting is as follows: 1. Call to order 2. Certification of notice and the existence of a quorum 3. Approval of the minutes of the 2014 Annual Stockholders' Meeting held on June 22, 2015 4. Annual Report of the President 5. Ratification of all Acts and Proceedings of the Board of Directors and Corporate Officers 6. Approval of the 2015 Audited Consolidated Financial Statements of the Corporation 7. Election of Members of the Board of Directors and three Independent Directors 8. Appointment of External Auditor for 2016 9. Other Matters (Reserved – to be further discussed by the Board) 10. Adjournment The Minutes of the last Annual Stockholders' Meeting will be available for inspection during the office hours at the Office of the Corporate Secretary. In addition, copies of the minutes will also be made available at the said meeting
June 16, 2016	AMENDMENT OF ARTICLE II OF THE COMPANY'S ARTICLES OF INCORPORATION The Chairman informed the Board that there is a need to amend Article II of the Amended Articles of Incorporation of the Company. "RESOLVED that the Board of Directors of Century Properties Group Inc. hereby approves the amendments of Article II under the Amended Articles of Incorporation to read as follows: A.) SECOND: That the purposes for which the corporation is formed are: PRIMARY PURPOSE To secure by purchase, lease, option or otherwise and to invest, own, improve, develop, subdivide, operate, manage any real estate and other properties so acquired; to erect or cause to be erected on any land owned, held or occupied by the Corporation, any housing or condominium project, building or other structures with their appurtenances and to mortgage or sell any housing or condominium units, rooms or parts of the buildings or structures at any time held, owned or developed by the Corporation; to engage in real estate business; to invest in, hold, own, purchase, acquire, lease, contract, operate, improve, develop, manage, grant, sell, exchange, or otherwise dispose of properties of any kind and description, including shares of stock, bonds, and other securities or evidence of indebtedness of any other corporation, association, form (sic) or entity, domestic or foreign, where necessary or appropriate, and to possess and exercise in respect thereof all the rights, powers, and privileges of ownership, including all voting powers of any stock so owned; provided, that when the corporation involved is an entity in which the Corporation has a lawful interest, or is the affiliate or subsidiary of the Corporation, then the Corporation shall likewise have the power to guarantee, secure, and act as surety on behalf of said corporation in order to protect its interests therein; provided further, that the Corporation will not engage in the business of being a broker/dealer in securities, transfer agent, commodity/financial futures ex-change/broker/merchant, investment house, and an in-vestment company adviser/mutual fund distributor of any investment company/mutual fund company (as amended by the Board of Directors on June 16 and ratified by the stockholders on July 22, 2016). B.) DELETION OF ITEM NO. 10 of the SECONDARY PURPOSES. 10. To guarantee and secure, for and in behalf of the corporation, loans, obligations and other corporation or entities in which it has lawful interest" (As amended by the Board of Directors on April 04, 2014 and Stockholders on July 23, 2014)
June 16, 2016	Results of the Special Board Meeting on June 16, 2016 Re-schedule of the Annual Shareholders Meeting to JULY 22, 2016 Moving Record Date to June 30, 2016 Amendment of Art. II of the Amended Articles of Incorporation The following were unanimously approved: • RE-SCHEDULE OF THE ANNUAL SHAREHOLDERS' MEETING: The Chairman informed the Board that there is a need to re-schedule the annual stockholders meeting originally scheduled on JULY 15, 2016 as the Chairman will be attending an important Conference out of the country:

	"RESOLVED, That the Board of Directors of Century Properties Group Inc. (the "Corporation") be authorized, as it is hereby authorized to approve the re-scheduling of the annual stockholders meeting to from JULY 15, 2016 to JULY 22, 2016, Friday at 9:00 a.m. at the EVENTS CENTER, 5th Floor, Century City Mall, Kalayaan Ave., Makati City;" "RESOLVED, FURTHER, that the record date BE MOVED TO JUNE 30, 2016 thus, only common stock shareholders as of June 30, 2016 shall be entitled to notice and to vote at the said meeting;" • AMENDMENT OF ARTICLE II OF THE COMPANY'S ARTICLES OF INCORPORATION The Chairman informed the Board that there is a need to amend Article II of the Amended Articles of Incorporation of the Company. "RESOLVED that the Board of Directors of Century Properties Group Inc. hereby approves the amendments of Article II under the Amended Articles of Incorporation to read as follows: A.) SECOND: That the purposes for which the corporation is formed are: PRIMARY PURPOSE To secure by purchase, lease, option or otherwise and to invest, own, improve, develop, subdivide, operate, manage any real estate and other properties so acquired; to erect or cause to be erected on any land owned, held or occupied by the Corporation, any housing or condominium project, building or other structures with their appurtenances and to mortgage or sell any housing or condominium units, rooms or parts of the buildings or structures at any time held, owned or developed by the Corporation; to engage in real estate business; to invest in, hold, own, purchase, acquire, lease, contract, operate, improve, develop, manage, grant, sell, exchange, or otherwise dispose of properties of any kind and description, including shares of stock, bonds, and other securities or evidence of indebtedness of any other corporation, association, form (sic) or entity, domestic or foreign, where necessary or appropriate, and to possess and exercise in respect thereof all the rights, powers, and privileges of ownership, including all voting powers of any stock so owned; provided, that when the corporation involved is an entity in which the Corporation has a lawful interest, or is the affiliate or subsidiary of the Corporation, then the Corporation shall likewise have the power to guarantee, secure, and act as surety on behalf of said corporation in order to protect its interests therein; provided further, that the Corporation will not engage in the business of being a broker/dealer in securities, transfer agent, commodity/financial futures ex-change/broker/merchant, investment house, and an in-vestment company adviser/mutual fund distributor of any investment company/mutual fund company B.) DELETION OF ITEM NO. 10 of the SECONDARY PURPOSES
June 29, 2016	Declaration of Special Cash Dividends
June 29, 2016	Declaration of Regular Cash Dividends
July 12, 2016	Information Statement for Annual Stockholders' Meeting
July 12, 2016	Extension for the Submission of Proxy Forms
July 22, 2016	Results of the Annual Shareholders' Meeting dated July 22, 2016 PRESENT: Number of Shares Percentage Total Shares Present (in person or by Proxy) 9,225,793,871 79.54% Total Outstanding Shares (Treasury shares) 11,599,600,690 (100,123,000) • As of Record Date: June 30, 2016 I. CALL TO ORDER The Corporation's Chairman, Mr. Jose E.B. Antonio, called the meeting to order. The Corporate Secretary, Atty. Camille Khristine I Aromas, recorded the minutes of the proceedings. II. CERTIFICATION OF NOTICE AND QUORUM The Corporate Secretary certified that notices of this annual stockholders' meeting, together with the agenda thereof and the Definitive Information Statement, were duly sent to all the stockholders of the Corporation of record date as of June 30, 2016, and that a quorum existed for the transaction of such business as may properly come before the meeting, there being present (in person or by proxy) the stockholders representing 9,225,793,871 shares of the Corporation, constituting approximately 79.54% of the Corporation's total outstanding capital stock. III. APPROVAL OF THE MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS HELD ON JUNE 22, 2015 IV. REPORT OF THE PRESIDENT TO THE STOCKHOLDERS, MANAGEMENT REPORT AND PRESENTATION OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR 2015 V. CONFIRMATION AND RATIFICATION OF ACTS OF THE BOARD OF DIRECTORS AND OFFICERS OF THE CORPORATION VI. ELECTION OF MEMBERS OF THE BOARD OF DIRECTORS The Chairman advised the stockholders of the need to elect members of the Corporation's Board of Directors for the ensuing year and until their successors shall have been elected and qualified. Upon motion duly made and seconded, the following persons were elected as Directors: 1. Jose E.B. Antonio 2. John Victor R. Antonio 3. Jose Marco R. Antonio 4. Jose Roberto R. Antonio 5. Jose Carlo R. Antonio 6. Ricardo P Cuerva 7. Rafael G. Yaptinchay 8. Jose L. Cuisia Jr – Independent Director 9. Stephen T. CuUnjieng – Independent Director 10. Carlos C. Ejercito – Independent Director VII. APPOINTMENT OF EXTERNAL AUDITORS

	The Chairman informed the stockholders of the need to appoint an external auditor of the Corporation. The Chairman said that the auditing firm of SGV and Company was recommended by the Audit Committee and endorsed by the Board of Directors of the Corporation. Upon motion duly made and seconded, the following resolution was unanimously approved by the stockholders. VIII. AMENDMENT OF CHARTER, BYLAWS The Chairman discussed to the stockholders that the ratification for approval of shareholders is being secured to: Amend Article II under the Amended Articles of Incorporation VIII. ADJOURNMENT There being no other matter to discuss and business to transact, the meeting was adjourned at 11:00 a.m.
July 22, 2016	Results of the Organizational Meeting of the Board of Directors A. The Corporate Secretary certified to the election of the following Directors of the Corporation at the recently concluded Annual Stockholders' Meeting: 1. Jose E.B. Antonio 2. John Victor R. Antonio 3. Jose Marco R. Antonio 4. Jose Roberto R. Antonio 5. Jose Carlo R. Antonio 6. Ricardo P Cuerva 7. Rafael G. Yaptinchay 8. Jose L. Cuisia Jr – Independent Director 9. Stephen T. CuUnjieng – Independent Director 10. Carlos C. Ejercito – Independent Director B. Upon nomination duly made and seconded, the following persons were unanimously confirmed and elected to the positions set forth after their respective names: Name Position Jose E.B. Antonio President and CEO John Victor R. Antonio Co-Chief Operating Officer/Managing Director Jose Marco R. Antonio Co-Chief Operating Officer/Managing Director Jose Roberto R. Antonio Managing Director Jose Carlo R. Antonio Chief Financial Officer Rafael G. Yaptinchay Co-Managing Director Domie S. Eduvane Senior Vice President for Legal and Corporate Affairs Atty. Camille Khristine I. Aromas Corporate Secretary Gerardo A. Morales Treasurer Carlos Benedict K. Rivilla, IV Assistant Corporate Secretary / Vice President for Corporate Affairs Gerry Joseph Ilagan Senior Vice President for Sales Management Maria Theresa Fucanan –Yu Vice President for Corporate Communications Kristina I. Garcia Director for Investor Relations Atty. Isabelita Ching Sales Chief Information and Compliance Officer Patrick C. Carague Senior Vice President for Risk Management Jeffrey R. Balmores Tax Director John Paul C. Flores Comptroller C. Appointment of Senior Advisor to the Board of Directors - Upon motion duly made and seconded, Mr. Washington Sycip is hereby appointed as Senior Advisor to the Board of Directors for the ensuing year. D. Election of members of the Compensation and Remuneration Committee, the Audit Committee, and the Nomination Committee as follows: E. Nomination, Compensation and Remuneration Committee: Jose E.B. Antonio – Chairman of the Committee Carlos C. Ejercito – Member (Ind. Director) John Victor R. Antonio – Member Amb. Jose L. Cuisia - Member (Ind. Director) Carlos Benedict K. Rivilla IV – Non-voting Member Audit Committee: Stephen CuUnjieng– Chairman of the Committee (Ind.Director) Carlos C. Ejercito - Member (Ind. Director) Jose Carlo R. Antonio – Member

	Jose Marco R. Antonio - Member Executive Committee Jose E.B. Antonio – Chairman of the Committee John Victor R. Antonio – Member Jose Marco R. Antonio – Member Jose Roberto R. Antonio – Member Jose Carlo R. Antonio – Member Rafael G. Yaptinchay - Member Risk Management Committee Jose E.B. Antonio – Chairman of the Committee Amb. Jose L. Cuisia – Member (Ind. Director) Stephen CuUnjieng – Member (Ind. Director) Jose Carlo R. Antonio – Member Jose Marco R. Antonio - Member Paul Patrick M. Carague – Risk Management, Non-voting member
July 25, 2016	Official Press Release entitled: Century Properties on track with project completions Listed real estate firm to deliver 31 condominium buildings in Metro Manila by 2020
August 8, 2016	Results of the Regular meeting of the Board of Directors on August 8, 2016 The following were unanimously approved: I. APPROVAL OF QUARTERLY REPORT The Chairman informed the Board that there is a need to approve the 2nd Quarter Financial Report of the Company. Upon motion made and duly seconded, the following resolution was unanimously approved and adopted by the Board: “RESOLVED, That the Board of Directors of Century Properties Group Inc. (the “Corporation”) be authorized, as it is hereby authorized to approve the Second Quarter Financial Report of the Company and the release of the same.” II. PRESENTATION OF KEY BUSINESS UPDATES The Executive Committee presented the Company’s Key Business Updates which the Board duly noted. III. OTHER BUSINESS • ACCEPTANCE AND CONFIRMATION OF THE RESIGNATION, APPOINTMENT, CHANGE IN DESIGNATION AND PROMOTION OF SENIOR OFFICERS The Chairman informed the Board that there is a need to accept and confirm the resignation, appointment, change in designation and promotion of the Senior Officer of the Company, which the Board of Directors approved as follows: A. Resignation of Atty. Jeffrey R. Balmores – Tax Director B. Appointment of Mr. Ramon S. Villanueva as Tax Compliance Officer to replace the resigned Tax Director C. Appointment of Mr. Ricardo C. Cuerva as Senior Vice President for Design & Innovation, and Materials Management D. Appointment of Gerardo R. Mina as Vice President for Property Management E. Appointment of Ritchelle T. Cordero as Head for Human Resources and Administration F. Change in Designation of Mr. Paul Patrick Carague from Senior Vice President – Head of Risk Management and Decision Support Services to Senior Vice President for Decision Support Services and IT G. Change in Designation and Promotion of Mr. Gerry L. Ilagan from Senior Vice President for Human Resources and Sales Management to Executive Vice President for Sales Management Operations
August 15, 2016	Official Press Release entitled: Century Properties nets P502M in 1H16, on track with 2020 plan
October 18, 2016	Notice to the Exchange that the Company received the approved Amended Articles of Incorporation of the Company.
October 19, 2018	APPROVAL OF THE LISTING APPLICATIONS COVERING SHARE SWAP TRANSACTION, PLACING AND SUBSCRIPTION TRANSACTIONS AND STOCK DIVIDENDS The Chairman informed the Board that the Philippine Stocks Exchange has approved last August 10, 2016 the listing of a total of 7,414,683,628 common shares of the Company to cover the following transactions: a.) 4,011,671,023 CPG common shares covering its share swap transaction with Century Properties, Inc.

	b.) 1,333,333,000 CPG common shares covering its 2012 Placing and Subscription Transaction with CPI c.) 800,000,000 CPG common shares covering its 2013 Placing and Subscription Transaction with CPI d.) 1,269,679,605 CPG common shares covering its 20.661985% stock dividend declaration arising from its unlisted shares amounting to 69,145,004,023 paid as of November 11, 2014. As the company has fully complied with the conditions set forth by the Ex-change, the Company's common shares are now 100% listed, effective today.
November 7, 2016	Appointment of the Company's Chairman and CEO, Mr. Jose E.B. Antonio as the Philippines' Special Envoy to the United States
November 8, 2016	Results of the Regular Board Meeting held on November 8, 2016 the following were unanimously approved: I. APPROVAL OF QUARTERLY REPORT The Chairman informed the Board that there is a need to approve the 3rd Quarter Financial Report of the Company. Upon motion made and duly seconded, the following resolution was unanimously approved and adopted by the Board: "RESOLVED, That the Board of Directors of Century Properties Group Inc. (the "Corporation") be authorized, as it is hereby authorized to approve the Third Quarter Financial Report of the Company and the release of the same." II. PRESENTATION OF KEY BUSINESS UPDATES The Executive Committee presented the Company's Key Business Updates which the Board duly noted. III. OTHER BUSINESS The Chairman informed the Board that there is a need to accept and confirm the resignation of Mr. Tim Hallett as Chief Operating Officer for Hospitality.
November 24, 2016	Official Press Release entitled: Century Properties seals partnership with Mitsubishi Corporation to launch housing unit for first time homebuyers
December 19, 2016	Clarification regarding the news article entitled "DENR's Lopez cancels more ECCs" posted in BusinessWorld (Internet Edition) on December 15, 2016

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 07 2017.

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 _____ day of APR 07 2017 _________ 20__ affiants exhibiting to me his/their Residence Certificates, as follows:

Doc. No. 525;
Page No. 106;
Book No. IV;
Series of 2015.

HORACE J. BAGO
Commission No. M-166
Notary Public for Makati City
Until December 31, 2017
19F Pacific Star Building
Sen. Gil Puyat cor. Makati Ave., Makati City
MCLE Compliance No. V-0014732;2/17/16
PTR No. 5929137;1/13/17;Makati City
IBP No. 013489; Lifetime Member; PPLM

CENTURY
PROPERTIES GROUP, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The management of **Century Properties Group Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2016 and 2015, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Jose E.B. Antonio
Chairman of the Board, President and CEO

Jose Carlo R. Antonio
Chief Financial Officer

John Paul C. Flores
AVP Comptroller

Signed this 29th day of March, 2017

Century Properties Group Inc. and Subsidiaries

Consolidated Financial Statements
December 31, 2016 and 2015
and Years Ended December 31, 2016, 2015
and 2014

and

Independent Auditor's Report

SGV
Building a better
working world

A member firm of Ernst & Young Global Limited

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	6	0	5	6	6	

COMPANY NAME

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

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

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

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

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
486	07/22	12/31

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

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

SGV
Building a better working world

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

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

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Century Properties Group, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2016 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 12 2017 TSIS
MA. GRACIA AURORA L. CASTILLO

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

Revenue Recognition on Real Estate Sales

The Group applies the percentage of completion (POC) method in determining real estate revenue and costs. The POC is based on the physical stage of completion of the real estate project. The cost of sales is determined on the basis of the total estimated costs applied with the POC of the project. The assessment of the physical stage of completion and the total estimated costs requires technical determination by management's specialists (third party project managers). In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. It is the reaching of this level of collection that management has assessed that it is probable that economic benefits will flow to the Group because of the buyers' continuing commitment with the sales agreement. The assessment of the stage of completion, total estimated costs and level of buyer's equity involves significant management judgment as disclosed in Note 3 to the consolidated financial statements.

Audit Response
We obtained an understanding of the Group's processes for determining the POC, and for determining and updating of total estimated costs, and tested the relevant controls. We obtained the certified POC reports prepared by the third party project managers and assessed their competence, capabilities and objectivity by reference to their qualifications, experience and reporting responsibilities. For all ongoing projects, we conducted ocular inspections, made relevant inquiries and obtained the supporting details of POC reports showing the completion of the major activities of the project construction. For projects with revisions in cost estimates in 2016, we obtained the approved total estimated costs and its supporting details. We likewise performed inquiries with the third party project managers for the revisions. We evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales collections from buyers with accumulated payments above the collection threshold. We traced the analysis to supporting documents such as the buyer's collection report and official receipts.

Valuation of Investment Properties at Fair Value

The Group has investment properties which are accounted for using the fair value model and represent 14% of consolidated total assets as of December 31, 2016. Fair value gains relating to those properties amounted to ₱348.3 million. As disclosed in Note 12 to the consolidated financial statements, the determination of the fair value of investment properties involves significant management judgment and estimations, and is based on appraisal reports prepared by an external appraiser. The valuation by the external appraiser depends on certain assumptions such as market rent levels, expected vacancy, interest rates and expected maintenance as well as sales and listings of comparable properties and adjustments to sales price based on internal and external factors. Thus, we considered this as a key audit matter.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 12 2017

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

John T. Villa

John T. Villa
Partner
CPA Certificate No. 94065
SEC Accreditation No. 0783-AR-2 (Group A),
May 1, 2015, valid until April 30, 2018
Tax Identification No. 901-617-005
BIR Accreditation No. 08-001998-76-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5908775, January 3, 2017, Makati City

March 29, 2017

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

	December 31 2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱3,343,072,343**	₱2,008,325,122
Receivables (Note 5)	**6,741,554,965**	9,356,441,872
Real estate inventories (Note 6)	**13,302,813,859**	10,953,285,530
Due from related parties (Note 28)	**533,078,320**	532,602,797
Advances to suppliers and contractors (Notes 8 and 28)	**1,991,829,212**	1,214,360,002
Prepayments and other current assets (Note 9)	**1,303,197,224**	1,721,282,183
Total Current Assets	**27,215,545,923**	25,786,297,506
Noncurrent Assets		
Installment contract receivables - net of current portion (Note 5)	**4,666,084,194**	3,602,989,572
Land held for future development (Note 7)	**640,075,060**	431,333,944
Deposits for purchased land (Note 10)	**1,170,123,796**	881,439,583
Investments in and advances to joint ventures and associate (Note 11)	**393,942,700**	386,986,800
Investment properties (Note 12)	**5,940,259,700**	5,260,119,239
Property and equipment (Note 13)	**485,537,731**	363,019,328
Deferred tax assets - net (Note 27)	**160,362,044**	92,132,290
Other noncurrent assets (Note 14)	**636,593,106**	673,506,236
Total Noncurrent Assets	**14,092,978,331**	11,691,526,992
TOTAL ASSETS	**₱41,308,524,254**	₱37,477,824,498
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 15)	**₱4,010,690,209**	₱3,154,497,973
Customers' deposits (Note 16)	**2,360,359,555**	2,053,898,884
Short-term debt (Note 17)	**505,953,699**	961,608,054
Current portion of:		
Long-term debt (Note 17)	**2,009,682,622**	2,635,258,214
Liability from purchased land (Note 19)	**67,200,000**	62,899,428
Due to related parties (Note 28)	**326,005,488**	46,852,034
Income tax payable	**8,143,724**	140,510,859
Total Current Liabilities	**9,288,035,297**	9,055,525,446

(Forward)

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 12 2017

	December 31	
	2016	2015
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 17)	**₱10,481,526,699**	₱7,651,676,408
Bonds payable (Note 18)	**2,678,787,473**	2,667,496,067
Liability from purchased land - net of current portion (Note 19)	**453,844,063**	577,512,408
Pension liabilities (Note 29)	**237,044,895**	200,836,743
Deferred tax liabilities - net (Note 27)	**2,553,341,529**	2,622,820,941
Other noncurrent liabilities (Note 33)	**269,524,012**	68,086,440
Total Noncurrent Liabilities	**16,674,068,671**	13,788,429,007
Total Liabilities	**25,962,103,968**	22,843,954,453
Equity (Note 20)		
Capital stock - ₱0.53 par value		
Authorized - 18,000,000,000 shares		
Issued and outstanding - 11,699,723,690 shares	**6,200,853,553**	6,200,853,553
Additional paid-in capital	**2,639,742,141**	2,639,742,141
Treasury shares - 100,123,000 shares	**(109,674,749)**	(109,674,749)
Other components of equity	**58,869,696**	(11,795,550)
Retained earnings	**6,497,730,643**	5,975,821,590
Remeasurement loss on defined benefit plan (Note 29)	**(60,886,808)**	(61,076,940)
Total Equity Attributable to Equity Holders of the Parent Company	**15,226,634,476**	14,633,870,045
Non-controlling Interest (Note 20)	**119,785,810**	–
	15,346,420,286	14,633,870,045
TOTAL LIABILITIES AND EQUITY	**₱41,308,524,254**	₱37,477,824,498

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2016	2015	2014
REVENUE			
Real estate sales	**₱4,968,448,221**	₱7,751,321,206	₱10,822,921,089
Leasing revenue (Note 12)	**337,853,830**	311,668,777	206,988,490
Property management fee and other services (Note 22)	**302,096,900**	297,445,480	285,728,465
	5,608,398,951	8,360,435,463	11,315,638,044
COSTS			
Cost of real estate sales (Note 6)	**2,901,250,587**	4,808,587,411	6,342,613,886
Cost of leasing (Note 12)	**266,766,649**	153,494,504	108,693,945
Cost of services (Note 24)	**237,706,828**	216,513,767	215,390,743
	3,405,724,064	5,178,595,682	6,666,698,574
GROSS PROFIT	**2,202,674,887**	3,181,839,781	4,648,939,470
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES (Note 25)	**(2,619,824,830)**	(2,731,809,872)	(2,720,747,064)
OTHER INCOME (EXPENSES)			
Interest and other income (Note 23)	**1,423,559,827**	1,146,764,821	1,290,651,023
Gain from change in fair value of investment properties (Note 12)	**348,260,010**	755,601,280	147,298,665
Unrealized foreign exchange loss	**(77,218,787)**	(114,841,683)	(77,528,993)
Gain (loss) from change in fair value of derivatives (Note 9)	**(108,370,111)**	118,462,120	7,190,515
Interest and other financing charges (Note 26)	**(190,094,777)**	(225,747,902)	(124,710,365)
	1,396,136,162	1,680,238,636	1,242,900,845
INCOME BEFORE INCOME TAX	**978,986,219**	2,130,268,545	3,171,093,251
PROVISION FOR INCOME TAX (Note 27)	**252,054,222**	611,262,369	1,012,205,498
NET INCOME	**726,931,997**	1,519,006,176	2,158,887,753
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on defined benefit plan - net of tax effect (Note 29)	**190,132**	11,581,766	(17,862,166)
TOTAL COMPREHENSIVE INCOME	**₱727,122,129**	₱1,530,587,942	₱2,141,025,587
Net income attributable to:			
Equity holders of the Parent Company	**₱726,931,997**	₱1,519,006,176	₱2,158,887,753
Non-controlling interest	–	–	–
	₱726,931,997	₱1,519,006,176	₱2,158,887,753
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱727,122,129**	₱1,530,587,942	₱2,141,025,587
Non-controlling interest	–	–	–
	₱727,122,129	₱1,530,587,942	₱2,141,025,587
Basic/diluted earnings per share (Note 21)	**₱0.062**	₱0.130	₱0.185

See accompanying Notes to Consolidated Financial Statements.

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CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	Total Equity Attributable to Equity Holders of the Parent Company							
	Capital Stock (Note 20)	Additional Paid-in Capital (Note 20)	Treasury Shares (Note 20)	Other Components of Equity (Note 20)	Retained Earnings (Note 20)	Remeasurement Loss on Defined Benefit Plan (Note 29)	Non-controlling Interest (Note 20)	Total
At January 1, 2016	₱6,200,853,553	₱2,639,742,141	(₱109,674,749)	(₱11,795,550)	₱5,975,821,590	(₱61,076,940)	₱–	₱14,633,870,045
Net income	–	–	–	–	726,931,997	–	–	726,931,997
Cash dividends declared (Note 20)	–	–	–	–	(205,022,944)	–	–	(205,022,944)
Investment from non-controlling interest	–	–	–	70,730,054	–	–	119,785,810	190,515,864
Others	–	–	–	(64,808)	–	190,132	–	125,324
At December 31, 2016	**₱6,200,853,553**	**₱2,639,742,141**	**(₱109,674,749)**	**₱58,869,696**	**₱6,497,730,643**	**(₱60,886,808)**	**₱119,785,810**	**₱15,346,420,286**
At January 1, 2015	₱6,200,853,553	₱2,639,742,141	(₱109,674,749)	(₱10,664,177)	₱4,657,974,323	(₱73,790,079)	₱–	₱13,304,441,012
Net income	–	–	–	–	1,519,006,176	–	–	1,519,006,176
Cash dividends declared (Note 20)	–	–	–	–	(201,158,909)	–	–	(201,158,909)
Others	–	–	–	(1,131,373)	–	12,713,139	–	11,581,766
At December 31, 2015	**₱6,200,853,553**	**₱2,639,742,141**	**(₱109,674,749)**	**(₱11,795,550)**	**₱5,975,821,590**	**(₱61,076,940)**	**₱–**	**₱14,633,870,045**
At January 1, 2014	₱5,140,853,731	₱2,639,742,141	(₱22,521,542)	(₱10,162,739)	₱3,743,557,967	(₱56,429,351)	₱–	₱11,435,040,207
Net income	–	–	–	–	2,158,887,753	–	–	2,158,887,753
Dividends declared (Note 20)								
Cash	–	–	–	–	(184,471,575)	–	–	(184,471,575)
Stock (Note 35)	1,059,999,822	–	–	–	(1,059,999,822)	–	–	–
Others	–	–	–	(501,438)	–	(17,360,728)	–	(17,862,166)
Re-acquisition of shares into treasury (Note 20)	–	–	(87,153,207)	–	–	–	–	(87,153,207)
At December 31, 2014	**₱6,200,853,553**	**₱2,639,742,141**	**(₱109,674,749)**	**(₱10,664,177)**	**₱4,657,974,323**	**(₱73,790,079)**	**₱–**	**₱13,304,441,012**

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱978,986,219**	₱2,130,268,545	₱3,171,093,251
Adjustments for:			
Interest expense (Note 26)	**102,490,010**	71,992,593	16,703,757
Loss (gain) from change in fair value of derivatives	**108,370,111**	(118,462,120)	(7,190,515)
Retirement expense (Note 29)	**38,110,644**	34,523,333	26,449,214
Depreciation (Note 25)	**24,539,586**	24,337,340	20,762,625
Provision for impairment losses on receivables (Note 5)	**–**	83,287	281,862
Interest income (Note 23)	**(698,788,633)**	(815,059,617)	(945,533,614)
Gain from change in fair value of investment properties (Note 12)	**(348,260,010)**	(755,601,280)	(147,298,665)
Unrealized foreign exchange loss	**77,218,787**	114,841,683	77,528,993
Operating income before working capital changes	**282,666,714**	686,923,764	2,212,796,908
Decrease (increase) in:			
Receivables	**2,207,945,192**	(600,114,249)	(2,016,750,725)
Real estate inventories	**(1,573,944,250)**	(1,401,577,409)	(509,762,069)
Advances from suppliers and contractors	**(777,469,210)**	(199,463,497)	299,984,498
Prepayments and other current assets	**309,714,848**	(422,710,232)	(317,622,440)
Other noncurrent assets	**36,848,322**	952,557,692	(377,056,231)
Increase (decrease) in:			
Accounts and other payables	**822,398,899**	412,515,291	(2,498,202,823)
Customers' advances and deposits	**306,460,671**	64,077,265	840,225,372
Net cash provided by (used in) operations	**1,614,621,186**	(507,791,375)	(2,366,387,510)
Interest received (Note 23)	**42,635,726**	13,309,323	119,887,408
Interest and deferred financing costs paid (Note 6 and 26)	**(956,980,604)**	(414,520,053)	(481,485,295)
Income tax paid	**(522,212,008)**	(176,438,734)	(337,914,611)
Retirement benefits paid	**(1,630,875)**	(958,063)	(2,675,966)
Net cash provided by (used in) operating activities	**176,433,425**	(1,086,398,902)	(3,068,575,974)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in due from related parties	**(475,523)**	(3,807,935)	31,716,454
Additions to:			
Deposits for purchased land (Note 10)	**(288,684,213)**	(170,588,436)	(556,309,060)
Investment properties (Note 12)	**(252,172,683)**	(771,527,820)	(201,466,886)
Property and equipment net of disposals (Note 13)	**(168,235,660)**	(21,978,935)	(25,251,396)
Investments in and advances to joint ventures and associate	**(6,955,900)**	–	(338,211,064)
Land held for future development (Note 7)	**(208,741,116)**	–	(8,333,944)
Net cash used in investing activities	**(925,265,095)**	(967,903,126)	(1,097,855,896)

(Forward)

	Years Ended December 31		
	2016	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES			
Net availment of short-term and long-term debts	**₱1,780,288,169**	₱2,810,352,280	₱2,169,070,221
Investment from non-controlling interest (Note 20)	**190,515,864**	–	–
Proceeds from deposits for preferred shares (Note 33)	**158,012,121**	26,323,263	–
Payment of cash dividends (Note 20)	**(205,022,944)**	(201,158,909)	(184,471,576)
Payment of liability from purchased land	**(119,367,773)**	–	(397,831,910)
Increase (decrease) in due to related parties	**279,153,454**	(2,134,590)	(149,394)
Issuance of bonds payable (Note 18)	–	–	2,657,325,062
Re-acquisition of shares into treasury (Note 20)	–	–	(87,153,207)
Net cash provided by financing activities	**2,083,578,891**	2,633,382,044	4,156,789,196
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,334,747,221**	579,080,016	(9,642,674)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,008,325,122**	1,429,245,106	1,438,887,780
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱3,343,072,343**	₱2,008,325,122	₱1,429,245,106

See accompanying Notes to Consolidated Financial Statements.

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Century Properties Group Inc. (the Parent Company or CPGI), a publicly-listed company, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 6, 1975. The Parent Company is a 66.72%-owned subsidiary of Century Properties Inc. (CPI) and the rest by the public. The Parent Company and its subsidiaries are primarily engaged in the development and construction of residential and commercial real estate projects.

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

The Parent Company and its subsidiaries are collectively referred to herein as the "Group".

The accompanying consolidated financial statements as at December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016 were approved and authorized for issue by the Board of Directors (BOD) on March 29, 2017.

2. Summary of Significant Accounting Policies

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

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and derivative assets that are measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. Philippine peso is also the functional currency of all subsidiaries. All values are rounded to the nearest peso except when otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

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

	Percentage of Ownership		
	2016	2015	2014
Century Limitless Corporation (CLC)	**100**	100	100
Century Acqua Lifestyle Corporation (CALC)	**100**	100	100
Tanza Properties I, Inc. (TPI I)	**100**	–	–
Tanza Properties II, Inc. (TPI II)	**100**	–	–
Tanza Properties III, Inc. (TPI III)	**100**	–	–
Century Properties Management, Inc. (CPMI)	**100**	100	100
Siglo Suites, Inc. (SSI)	**100**	100	–
Century Communities Corporation (CCC)	**100**	100	100
Century City Development Corporation (CCDC)	**100**	100	100
Century City Development Corporation II (CCDC II)	**60**	100	100

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	Percentage of Ownership		
	2016	2015	2014
Centuria Medical Development Corporation (CMDC)	**100**	100	100
Knightsbridge Residences Development Corporation*	**100**	100	100
Milano Development Corporation (MDC)	**100**	100	100
Century City Development Corporation VII*	**100**	100	100
Century City Development Corporation VIII*	**100**	100	100
Century City Development Corporation X*	**100**	100	100
Century City Development Corporation XI*	**100**	100	100
Century City Development Corporation XII*	**100**	100	100
Century City Development Corporation XIV*	**100**	100	100
Century City Development Corporation XV*	**100**	100	100
Century City Development Corporation XVI*	**100**	100	100
Century City Development Corporation XVII*	**100**	100	100
Century City Development Corporation XVIII*	**100**	100	100
Century Properties Hotel and Leisure Inc. (CPHLI)	**100**	100	100

**non-operating CCDC subsidiaries*

On October 14, 2016, TPI I, TPI II and TPI III were incorporated as wholly owned subsidiaries of CPGI. On December 30, 2016, CPGI assigned all its interest to the aforementioned companies to CLC.

On June 17, 2016, the SEC approved the application of CCDC II to increase its authorized capital stock from 2.00 million shares to 1,279.88 million shares. Subsequently on August 12, 2016, Mitsubishi Corporation (MC) subscribed to 511.56 million shares of CCDC II at a subscription price of ₱905.46 million for a 40% proportionate interest in CCDC II of which ₱190.52 million has been paid. This resulted in the dilution of the Group's ownership in CCDC II and the recognition of non-controlling interest amounting to ₱119.79 million. The difference between the consideration paid by MC and the net assets of CCDC II given up amounting to ₱70.73 million is accounted for as equity reserve included under "Other components of equity" in the consolidated statements of changes in equity.

On July 22, 2015, SSI, a wholly owned subsidiary of CPMI, was incorporated. SSI was organized primarily to provide professional leasing and management services to condominium unit owners.

CPHLI was incorporated on March 27, 2014. CPHLI was organized with a primary purpose of engaging in real estate and hospitality activities.

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

On September 23, 2014, the BOD approved cessation of operations of the non-operating CCDC subsidiaries. On the same date, the BOD approved the dissolution of these subsidiaries. Accordingly, these subsidiaries changed their basis of accounting from a going concern basis to a liquidation basis. Final dissolution will take place after the approval of the subsidiaries' application with the Bureau of Internal Revenue (BIR). As of December 31, 2016, the subsidiaries have not yet filed their application for dissolution with the BIR.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests (NCI) and the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Changes in Accounting Policies and Disclosures

Amended Standards and Improved PFRS Adopted in Calendar Year 2016

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2016. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

- Amendments to PFRS 10, PFRS 12 and Philippine Accounting Standard (PAS) 28, *Investment Entities: Applying the Consolidation Exception*

- Amendments to PFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*
- PFRS 14*, Regulatory Deferral Accounts*
- Amendments to PAS 1, *Disclosure Initiative*
- Amendments to PAS 16 and PAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization*
- Amendments to PAS 16 and PAS 41, *Agriculture: Bearer Plants*
- Amendments to PAS 27, *Equity Method in Separate Financial Statements*
- Annual Improvements to PFRSs 2012 - 2014 Cycle
  - Amendment to PFRS 5, *Changes in Methods of Disposal*
  - Amendment to PFRS 7, *Servicing Contracts*
  - Amendment to PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  - Amendment to PAS 19, *Discount Rate: Regional Market Issue*
  - Amendment to PAS 34, *Disclosure of Information 'Elsewhere in the Interim Financial Report'*

New Accounting Standards, Interpretations and Amendments Effective Subsequent to December 31, 2016

The Group will adopt the standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new, revised and amended standards and new Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) to have a significant impact on its consolidated financial statements.

Effective in 2017:

- Amendment to PFRS 12, *Clarification of the Scope of the Standard (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*
- Amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative*
- Amendments to PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses*

Effective in 2018:

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
- Amendments to PFRS 4, *Insurance Contracts*, *Applying PFRS 9, Financial Instruments, with PFRS 4*
- PFRS 15, *Revenue from Contracts with Customers*

  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

  The Group is currently assessing the impact of adopting PFRS 15.

- PFRS 9, *Financial Instruments*

  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The adoption will also have an effect on the Group's application of hedge accounting and on the amount of its credit losses. The Group is currently assessing the impact of adopting this standard.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*
- Amendments to PAS 40, *Investment Property*, *Transfers of Investment Property*
- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

Effective in 2019:

- PFRS 16, *Leases*

  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

  The Group is currently assessing the impact of adopting PFRS 16.

Deferred Effectivity:

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

Current versus Non-current Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Cash and Cash Equivalents

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

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Initial recognition

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets and loans and receivable. The Group classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. The Group determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

As of December 31, 2016 and 2015, the Group's financial instruments are of the nature of loans and receivables, financial assets at FVPL and other financial liabilities.

"Day 1" difference
Where the transaction price in a non-active market is different than the fair value from other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in consolidated statement of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference amount.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or assets as at FVPL. This accounting policy relates to the consolidated statements of financial position captions "Cash and cash equivalents", "Receivables (except for "Receivable from employees") and "Due from related parties".

After initial measurement, loans and receivables are measured at amortized cost using the effective interest rate method (EIR), less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization, if any, is included in profit or loss.
The losses arising from impairment of loans and receivables are recognized in profit or loss under "Miscellaneous" in "General, administrative and selling expenses" account.

Other financial liabilities
Other financial liabilities pertain to issued financial instruments that are not classified or designated as financial liabilities at FVPL and contain contractual obligations to deliver cash or other financial assets to the holder or to settle the obligation other than the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, other financial liabilities are measured at amortized cost using the EIR. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

This accounting policy applies primarily to the Group's "Accounts and other payables", "Due to related parties", "Short-term debt", "Long-term debt", "Liability from purchased land", "Bonds payable" and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable and pension liabilities).

Derivative instruments
The Group enters into short-term nondeliverable currency forwards contracts and interest and currency swap to manage its currency exchange exposure related to short-term foreign currency-denominated monetary liabilities.

Derivative financial instruments recorded under "Prepayments and other current assets" are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedge of an identified risk and qualifies for hedge accounting treatment. The objective of hedge accounting is to match the impact of the hedged item and the hedging instrument in profit or loss. To qualify for hedge accounting, the hedging relationship must comply with strict requirements such as the designation of the derivative as a hedge of an identified risk exposure, hedge documentation, probability of occurrence of the forecasted transaction in a cash flow hedge, assessment (both prospective and retrospective bases) and measurement of hedge effectiveness, and reliability of the measurement bases of the derivative instruments. The Group did not use hedge accounting for its derivatives.

Impairment of Financial Assets
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables
For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to profit or loss. Interest income continues to be recognized based on the original EIR of the asset. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized are not included in a collective assessment for impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as type of counterparty, credit history, past due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

Derecognition of Financial Assets and Liabilities

Financial asset

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

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

Financial liability

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

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair Value Measurement

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

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

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

<u>Advances to Suppliers and Contractors</u>
The Group recognizes advances to suppliers at the time payment has been made to specific suppliers and contractors. These are subsequently recouped upon every progress billings.

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

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

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale.
The cost of inventory recognized in the consolidated statement of income on disposal is determined with reference to the specific costs incurred on the property and allocated to saleable area based on relative size.

Land Held for Future Development
Land held for future development consists of properties for future development that are carried at the lower of cost and NRV. Cost includes those costs incurred for development and improvement of the properties while NRV is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale. Upon commencement of development, the subject land is transferred to “Real estate inventories”.

Deposits for Purchased land
This represents deposits made to land owners for the purchase of certain parcels of land that are intended for future development. The Group normally makes deposits before a Contract to Sell (CTS) or Deed of Absolute Sale (DOAS) is executed between the Group and the land owner. These are recognized at cost.

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

The interest capitalized is calculated using the Group’s weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

Investments in and Advances to Joint Ventures and Associate
Investments in and advances to joint ventures and associate (investee companies) are accounted for under the equity method of accounting. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

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

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

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

The Group discontinues applying the equity method when their investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee companies. When the investee companies subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the investee companies and the Group are identical and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Upon loss of significant influence over the joint ventures or associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the joint ventures or associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of income.

Investment Properties

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

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

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

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

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

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

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

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

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation and amortization is charged against current operations.

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

Impairment of Nonfinancial Assets
The Group assesses as at reporting date whether there is an indication that its nonfinancial assets (e.g., property and equipment and investments in joint ventures and associate) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group

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

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of accumulated depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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

Prior to full payment and availability of the rooms, the Group accounts for the amounts received from the buyers of preferred shares as "Deposits for preferred shares subscription" classified as a liability under the "Other noncurrent liabilities" account, given that based on the terms of the contract, the preferred shares shall be entitled to any of the rights and benefits as stated above upon full payment of their shares and subject to the availability of the rooms.

Upon full payment and availability of the rooms and when the rights indicated above vest, the amounts received from the preferred shareholders is allocated between the equity and liability components.

<u>Equity</u>
Capital stock and additional paid-in capital
The Group records common stock at par value and additional paid-in capital in excess of the total contributions received over the aggregate par value of the equity share. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings
Retained earnings represent accumulated earnings of the Group less any dividends declared, if any.

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

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

Real estate sales
For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectibility of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectibility is also assessed by considering factors such as the credit standing of the buyer, age and location of the property. Revenue from sales of completed real estate projects is accounted for using the full accrual method. In accordance with Philippine Interpretations Committee (PIC) Q&A No. 2006-01, the percentage-of-completion method is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished), and the costs incurred or to be incurred can be measured reliably. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

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

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

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

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

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

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

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

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

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

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

Commission and other selling expenses
Selling expenses such as commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. These are recorded as “Deferred selling expenses” under “Prepayments and other current assets” and “Other noncurrent assets” accounts. Accordingly, when the percentage of completion method is used, commissions are likewise charged to expense in the period the related revenue is recognized.

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

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

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

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

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

Operating Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) There is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) and at the date of renewal or extension period for scenario (b).

Leases where the lessor retains substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Fixed lease payments are recognized on a straight-line basis over the lease while the variable rent is recognized as an expense based on the terms of the lease contract.

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT)
Revenues, expenses and assets are recognized net of the amount of VAT except:
- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of the "Prepayments and other current assets" or "Accounts and other payables" accounts in the consolidated statement of financial position.

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

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on the Group's business segments is presented in Note 32 to the consolidated financial statements.

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

As of December 31, 2016 and 2015, the Group has no dilutive potential common shares.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

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

3. Significant Accounting Judgments and Estimates

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

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

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

Operating lease commitments - Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. Based on an evaluation of the terms and conditions of the arrangements, the Group has determined that it retains all the significant risks and rewards of ownership of these properties and accounts for them as operating leases.

A number of the Group's operating lease contracts are accounted for as noncancellable operating leases and the rest are cancellable. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including the economic consequence to the lessee.

Distinction between investment properties and land held for future development
The Group determines a property as investment property if such is not intended for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Land held for future development comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

Receivable financing
The Group has entered into various receivable financing transactions with local banks to assign its installment contract receivables (ICR). The Group has determined that it has retained substantially all the risks and rewards of ownership of these receivables.

Thus, the Group still retains the assigned receivables in the receivables account and records the proceeds from these sales as long-term debt (see Note 17). The gross amount of ICR used as collateral amounted to ₱7,119.76 million and ₱6,213.25 million as of December 31, 2016 and 2015, respectively.

Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

Classification of deposit for preferred shares subscription
The Group determined that its preferred shares under the "Other noncurrent liabilities" account are compound financial instruments, which contain both liability and equity components.

However, prior to full payment and availability of the rooms, the Group has determined that amounts received from the buyers of preferred shares are classified as "Deposits for preferred shares subscription" classified as liability under the "Other noncurrent liabilities" account since the shareholders rights to the 28 free nights to stay at the hotel and contractual right to dividends will enure to the shareholder only upon full payment and availability of the rooms.

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

Revenue and cost recognition
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue from real estate recognized based on the percentage of completion is measured principally on the basis of the estimated completion of a physical proportion of the contract work. The rate of completion is validated by the responsible department to determine whether it approximates the actual completion rate. Changes in estimate may affect the reported amounts of revenue and cost of real estate sales and receivables. Revenue and cost of real estate sales amounted to ₱4,968.45 million and ₱2,901.25 million, respectively in 2016, ₱7,751.32 million and ₱4,808.59 million, respectively in 2015 and ₱10,822.92 million and ₱6,342.61 million, respectively in 2014.

Collectibility of the sales price
In determining whether the sales price is collectible, the Group considers that the initial and continuing investments by the buyer of 5% would demonstrate the buyer's commitment to pay. The gross amount of ICR arising from these sales contracts amounted to ₱14,404.33 million and ₱14,855.35 million as of December 31, 2016 and 2015, respectively (see Note 5).

Fair value of investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The Group engages annually independent valuation specialists to determine the fair value. For the investment property, the appraisers used a valuation technique based on comparable market data and future cash flows available for such properties. Gain on changes in fair value of investment properties amounted to ₱348.26 million, ₱755.60 million and ₱147.30 million in 2016, 2015 and 2014, respectively. Carrying value of the investment properties amounted to ₱5,940.26 million and ₱5,260.12 million as of December 31, 2016 and 2015, respectively (see Note 12).

Impairment losses on receivables and due from related parties
The Group maintains allowance for impairment losses based on the result of the individual and collective assessment under PAS 39. Under the individual assessment, the Group is required to obtain the present value of estimated cash flows using the receivable's original EIR. Impairment loss is determined as the difference between the receivables' carrying balance and the computed present value. Factors considered in individual assessment are payment history, past-due status and term. The collective assessment would require the Group to classify its receivables based on the credit risk characteristics (customer type, payment history, past due status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate.

Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

As of December 31, 2016 and 2015, the allowance for impairment losses on receivables of the Group amounted to ₱10.98 million (see Note 5).

The carrying values of these assets are as follows:

	2016	2015
Receivables (Note 5)	**₱11,407,639,159**	₱12,959,431,444
Due from related parties (Note 28)	**533,078,320**	532,602,797

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

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

The carrying values of these assets are as follows:

	2016	2015
Real estate inventories (see Note 6)	**₱13,302,813,859**	₱10,953,285,530
Land held for future development (see Note 7)	**640,075,060**	431,333,944

Impairment of nonfinancial assets
The Group assesses impairment on its nonfinancial assets (e.g. property and equipment and investment in joint ventures and associate) and considers the following important indicators:

- Significant changes in asset usage;
- Significant decline in assets' market value;
- Obsolescence or physical damage of an asset;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of usage of the acquired assets or the strategy for the Group's overall business; and
- Significant negative industry or economic trends.

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

The carrying values of the nonfinancial assets follow:

	2016	2015
Advances to suppliers and contractors (see Note 8)	**₱1,991,829,212**	₱1,214,360,002
Prepayments and other current assets (see Note 9)*	**613,925,153**	732,375,169
Deposits for purchased land (see Note 10)	**1,170,123,796**	881,439,583
Investments in and advances to joint ventures and associate (see Note 11)	**393,942,700**	386,986,800
Property and equipment (see Note 13)	**485,537,731**	363,019,328
Other noncurrent assets (see Note 14)	**636,593,106**	673,506,236

**Excluding taxes and deposits*

No impairment was recognized for the Group's nonfinancial assets as of December 31, 2016 and 2015.

Recognition of deferred tax assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future planning strategies. The Group assessed its projected performance in determining the sufficiency of the future taxable income. The carrying values of these assets amounted to ₱381.43 million and ₱729.58 million as of December 31, 2016 and 2015, respectively. As of December 31, 2016 and 2015, the Group has unrecognized deferred tax assets amounting to ₱3.07 million and ₱2.56 million, respectively (see Note 27).

Estimating pension obligation
The determination of the Group's pension obligations and cost of retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 29 to the consolidated financial statements and include among others, discount rates and salary increase rates. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension obligations. The Group's net pension liabilities amounted to ₱237.04 million and ₱200.84 million as of December 31, 2016 and 2015, respectively (see Note 29).

4. Cash and Cash Equivalents

This account consists of:

	2016	2015
Cash on hand and in banks	**₱1,788,747,864**	₱1,675,838,896
Cash equivalents	**1,554,324,479**	332,486,226
	₱3,343,072,343	₱2,008,325,122

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

Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term rates ranging from 0.5% to 2.5% and 0.8% to 1.70% in 2016 and 2015, respectively.

Interest income on cash and cash equivalents amounted to ₱42.64 million, ₱13.31 million and ₱119.89 million in 2016, 2015 and 2014, respectively (see Note 23).

5. **Receivables**

This account consists of:

	2016	2015
Trade receivables		
ICR	**₱10,817,045,873**	₱12,433,551,954
Leasing receivable	**55,341,384**	85,688,816
Management fees	**73,732,898**	63,269,993
Receivable from employees (see Note 28)	**296,500,194**	204,298,712
Advances to customers	**31,902,045**	38,567,901
Others	**144,096,188**	145,033,491
	11,418,618,582	12,970,410,867
Allowance for impairment losses	**(10,979,423)**	(10,979,423)
	11,407,639,159	12,959,431,444
Noncurrent portion of ICR	**(4,666,084,194)**	(3,602,989,572)
	₱6,741,554,965	₱9,356,441,872

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

Unamortized discount
As of December 31, 2016 and 2015, ICRs with a nominal amount of ₱14,404.33 million and ₱14,855.35 million were recorded at amortized cost of ₱10,817.05 million and ₱12,433.55 million, respectively. These receivables are noninterest-bearing and are due to be collected within one to five-year time. The fair value upon initial recognition is derived using the discounted cash flow model using discount rates ranging from 3.32% to 6.76% and 2.67% to 5.43%, in 2016 and 2015, respectively.

Movements in the unamortized discount on ICRs follow:

	2016	2015
At January 1	**₱2,421,798,528**	₱1,420,136,218
Additions	**1,821,637,659**	1,803,412,604
Accretion for the year (Note 23)	**(656,152,907)**	(801,750,294)
At December 31	**₱3,587,283,280**	₱2,421,798,528

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

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

Receivable from employees pertain to cash advances for retitling costs, taxes and other operational and corporate-related expenses. This also includes salary and other loans granted to the employees and are recoverable through salary deductions. These are noninterest-bearing and are due and demandable.

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

Other receivables pertain to the amount collectible from customers related to accruals made by the Group for VAT on real estate sales which will be collected along with the monthly installments from customers over a period of one to five years. This also includes advances made to condominium corporations which are due and demandable and bear no interest.

There was no movement in the allowance for impairment losses in 2016.

Movements in the allowance for impairment losses in 2015 follow:

	Management fee	Auction fee and commissions	Receivable from employees	Total
At January 1	₱3,827,294	₱981,058	₱7,887,449	₱12,695,801
Provision	67,668	15,619	–	83,287
Accounts written-off	(802,988)	(996,677)	–	(1,799,665)
At December 31	₱3,091,974	₱–	₱7,887,449	₱10,979,423
Individually impaired	₱3,091,974	₱–	₱–	₱3,091,974
Collectively impaired	–	–	7,887,449	7,887,449
Total	₱3,091,974	₱–	₱7,887,449	₱10,979,423

Receivable financing
In 2016 and 2015, the Group entered into various agreements with a local bank whereby the Group assigned its ICR at average interest rates of 5.75% to 8.50% and 5.26% to 8.50%, respectively. The agreements provide that the Group will substitute defaulted contracts to sell with other contracts to sell of equivalent value.

The Group still retains the assigned receivables in the receivables account and records the proceeds from these sales as long-term debt (see Note 17). The gross amount of ICRs used as collateral amounted to ₱7,119.76 million and ₱6,213.25 million as of December 31, 2016 and 2015, respectively.

6. Real Estate Inventories

This account represents the real estate projects for which the Group has been granted license to sell by the Housing and Land Use Regulatory Board of the Philippines. Details of this account follow:

	2016	2015
Condominium units	**₱12,801,900,361**	₱10,458,681,947
Residential house and lots	**500,913,498**	494,603,583
	₱13,302,813,859	₱10,953,285,530

The rollforward of this account follows:

	2016	2015
At January 1	**₱10,953,285,530**	₱8,083,615,926
Construction costs incurred	**4,475,194,837**	6,545,837,660
Borrowing costs capitalized (see Note 17)	**834,114,176**	401,896,282
Depreciation of construction equipment (see Note 13)	**21,177,671**	32,376,473
Transfers from (to) investment properties (see Note 12)	**(79,707,768)**	654,833,415
Transfers from land held for future development (see Note 7)	–	43,313,185
Cost of real estate sales	**(2,901,250,587)**	(4,808,587,411)
At December 31	**₱13,302,813,859**	₱10,953,285,530

Specific borrowings were used to finance the Group's ongoing real estate projects. The related borrowing costs were capitalized as part of real estate inventories.

Real estate inventories recognized as "Cost of real estate sales" amounted to ₱2,901.25 million, ₱4,808.59 million and ₱6,342.61 million in 2016, 2015 and 2014, respectively.

Real estate inventories transferred to investment properties amounting to ₱79.71 million in 2016 pertain to the change in management business intent for the Centuria property from sale of spaces to leasing.

Investment properties transferred to inventories amounting to ₱654.83 million in 2015 relates to the Spire tower, following the change in project plan from leasing to sale of office spaces. Transfer to real estate inventories from land held for future development in 2015 amounted to ₱43.31 million, pertains to the Acqua 6 property which commenced construction in 2015.

The carrying values of inventories mortgaged for trust receipts payables under CTS financing and bank loans amounted to ₱3,210.58 million and ₱2,648.93 million as of December 31, 2016 and 2015, respectively (see Note 17).

7. Land Held for Future Development

Land held for future development consists of parcels of land acquired by the Group for future real estate development.

This account consists of:

	2016	2015
Land held by CCC:		
Balance at beginning and end of year	**₱388,333,944**	₱388,333,944
Land held by CLC:		
Balance at beginning of year	**43,000,000**	86,313,185
Additions	**208,741,116**	–
Transfers to real estate inventories (see Note 6)	–	(43,313,185)
Balance at end of year	**251,741,116**	43,000,000
	₱640,075,060	₱431,333,944

Land Held by CCC
This pertains to a property with an area of 200,000 sqm located in Novaliches, Quezon City which was acquired by the Group intended for development into a mixed development housing project.

Land Held by CLC
On April 5, 2011, CLC acquired an industrial lot located in Mandaluyong City with an area of 14,271 sqm under the registered name of Noah's Ark Sugar Refinery for ₱43.00 million.

In 2016, CLC acquired a parcel of land situated in Batangas with an area of 359,677 sqm under the registered name of Citystate Nasugbu Development Corporation for ₱208.74 million.

Land held for future development pertaining to the 24,837 sqm of industrial lot situated in Mandaluyong City amounting to ₱43.31 million was transferred to "Real estate inventories" account in 2015 as it already started its development (see Note 6).

8. Advances to Suppliers and Contractors

Advances to suppliers and contractors amounting to ₱1,991.83 million and ₱1,214.36 million as of December 31, 2016 and 2015, respectively, are recouped upon every progress billings.

9. Prepayments and Other Current Assets

	2016	2015
Deferred selling expenses	**₱578,995,193**	₱623,928,665
Creditable withholding taxes	**398,374,657**	408,905,010
Input taxes	**226,945,710**	388,306,265
Derivative assets	**35,614,007**	143,984,118
Marginal deposits	**28,337,697**	47,711,621
Prepaid expenses	**15,502,598**	21,933,242
Advances to land owners	**–**	68,060,005
Others	**19,427,362**	18,453,257
	₱1,303,197,224	₱1,721,282,183

Deferred selling expenses pertain to costs incurred in selling real estate projects prior to its development. These capitalized costs are charged to expense in the period in which the related revenue is recognized. See Note 14 for noncurrent portion.

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

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

Derivative assets pertain to cross currency and interest rate swaps with a notional amount of \$24.10 million and \$58.57 million as of December 31, 2016 and 2015, respectively. The unrealized gain (loss) from change in fair value of derivatives amounted to (₱108.37) million and ₱118.46 million in 2016 and 2015, respectively.

Marginal deposits represent cash hold-out for short-term loans which will be applied as payments of the related loans.

Prepaid expenses mostly pertain to prepayments of insurance premiums which will be applied throughout the remaining term of the related contracts.

Advances to land owners represent the minimum share of the land owners in relation to their profit sharing agreements for some of the Group's projects. In accordance with the respective profit sharing agreements, the Group advanced these shares in significant installments throughout the term of the project. The advances shall be deducted from the proceeds of the sales and collection of the land owners' units. Management has assessed that the settlement of these advances is within one year based on the pre-selling and development activities that are currently in progress.

10. Deposits for Purchased Land

This account pertains to payments made to property owners for the acquisition of parcels of land in Quezon City, Metro Manila, Novaliches, Metro Manila and Mandaluyong, Metro Manila that are intended for future development. The Group normally makes deposits before a contract to sell (CTS) or deed of absolute sale (DOAS) is executed between the Group and the land owner. These are recognized at cost.

Deposits for purchased land amounted to ₱1,170.12 million and ₱881.44 million as of December 31, 2016 and 2015, respectively.

11. Investments in and Advances to Joint Ventures and Associate

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

	2016	2015
Joint ventures:		
A2Global, Inc. (A2 Global)	**₱162,887,995**	₱162,887,995
One Pacstar Realty Corporation (One Pacstar)	**184,399,960**	184,399,960
Two Pacstar Realty Corporation (Two Pacstar)	**39,698,845**	39,698,845
Associate:		
Asian Breast Center (ABC)	**6,955,900**	–
	₱393,942,700	₱386,986,800

Investment in A2Global Inc.
As of December 31, 2016, A2Global is still in its preoperating stage.

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

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

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

According to its by-laws, most of the major business decisions of A2Global shall require the majority decision of the board. Because the BOD is equally represented, the arrangement is considered a joint venture and is measured using the equity method. Total investments in and advances made by the Parent Company to A2Global for working capital and other expenses amounted to ₱162.89 million as of December 31, 2016 and 2015.

Investments in One Pacstar Realty Corporation and Two Pacstar Realty Corporation
On October 22, 2014, CLC entered into an agreement with La Costa Development Corporation, Inc. (La Costa) to take out the loan of La Costa with Union Bank of the Philippines in its name and for its sole account. For and in consideration of the loan take out, La Costa transferred, ceded, and conveyed 196,250 shares of One Pacstar and 42,250 shares of Two Pacstar.

Provisions in the agreement grant CLC to vote using the owned shares in the meetings of the stockholders of One Pacstar and Two Pacstar. The Group currently owns 50% of the total voting shares with the remaining 50% owned by La Costa for both One Pacstar and Two Pacstar. This is tantamount to the two companies sharing having joint control over One Pacstar and Two Pacstar. The primary purpose of One Pacstar and Two Pacstar is to acquire, own, lease, and manage lands and all other kinds of real estate properties.

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

Following are the significant financial information of the significant joint ventures as of December 31, 2016 and 2015 (in millions):

	2016	2015
Total assets including cash and cash equivalents amounting to ₱6.17 million and ₱.24 million in 2016 and 2015, respectively	**₱318**	₱327
Total current financial liabilities	**348**	357
Total revenue	**₱20**	₱21
Total expenses	**20**	22

The Group's equity in net assets of the joint ventures approximates the carrying amount of its investment in the joint ventures amounting to ₱386.99 million as of December 31, 2016 and 2015.

Investment in Asian Breast Center
On January 7, 2016, the Group acquired 79,999 shares in Asian Breast Center, Inc. (ABC) with an acquisition price of ₱8.00 million, for a 20.78% ownership. ABC has five (5) directors, one from the Group and four from ABC. Because the Group only has significant influence, this arrangement is considered as an investment in associate and is measured using the equity method.

The primary purpose of ABC is to provide comprehensive ambulatory care for women afflicted with any form of breast disease, including prevention, early detection, early diagnosis, and treatment.

ABC's principal place of business is 8th Floor, Centuria Medical Makati, Kalayaan Avenue, Makati City.

Total investments in and advances made by the Group to ABC amounted to ₱6.96 million as of December 31, 2016.

The Group has not incurred any contingent liabilities as at December 31, 2016 and 2015 in relation to its interest in the joint ventures and associate, nor do the joint ventures and associate themselves have any contingent liabilities for which the Group is contingently liable.

The Group has not entered into any capital commitments in relation to its interest in the joint ventures and associate and did not receive any dividends from the joint ventures and associate.

12. **Investment Properties**

The Group's investment properties are classified as follows:

	2016	2015
Land	**₱2,724,534,818**	₱2,426,872,187
Buildings	**2,740,067,382**	2,609,762,235
Construction-in-progress	**475,657,500**	223,484,817
	₱5,940,259,700	₱5,260,119,239

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

Movements in this account follow:

	2016	2015
Cost:		
Balance at beginning of year	**₱3,079,996,776**	₱2,486,486,082
Additions/construction costs incurred	**252,172,683**	771,527,821
Transfers from (to) real estate inventories (see Note 6)	**79,707,768**	(178,017,127)
Balance at end of year	**3,411,877,227**	3,079,996,776
Change in fair value:		
Balance at beginning of year	**2,180,122,463**	1,901,337,471
Gain from change in fair value of investment properties	**348,260,010**	755,601,280
Transfers from (to) real estate inventories (see Note 6)	**–**	(476,816,288)
Balance at end of year	**2,528,382,473**	2,180,122,463
	₱5,940,259,700	₱5,260,119,239

Land with an original cost of ₱170.83 million represents the portions of the International School of Manila, Inc. (ISMI) property that is intended to be developed for commercial and retail purposes and to be subsequently leased out to third parties.

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, 2016 and 2015. Cuervo Appraisers, Inc. is an industry specialist in valuing these types of investment properties.

The fair value of the investment properties was estimated by using the Sales Comparison Approach (SCA), Depreciated Replacement Cost (DRC) and the discounted cash flow method (DCF). SCA is an approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. DRC determines the replacement cost of each replaceable asset in accordance with current market prices of materials, labor, contractor's overhead, profit and fees, and all other attendant costs associated with its acquisition and installation in place but without provision for overtime or bonuses for labor and premiums for material. This replacement cost is adjusted for accrued depreciation as evidenced by observed condition and extent, character and utility of the property. DCF considers the future cash flows from lease contracts.

In 2016 when the buildings have started generating stable income, the fair value of the buildings were estimated using both DRC and DCF by using a weighted rate determined by the appraisers.

The fair value of the investment properties classified as buildings and land in the consolidated financial statements is categorized within level 3 of the fair value hierarchy.

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

Property	Valuation technique	Significant unobservable inputs	Range 2016	Range 2015
Buildings	DRC	Replacement cost of the same property adjusted for depreciation based on estimated useful lives	**Estimated useful lives used range from 40-50 years**	Estimated useful lives used range from 40-50 years
	DCF	Discount rates for similar lease contracts, market rent levels, expected vacancy and expected maintenance.	**Discount rates - 8%** **Market rent levels - ₱644/sqm per month** **Expected vacancy - 5%;** **Expected maintenance - 50% of gross revenue**	
Land	SCA	Selling price for the land adjusted for external factors and internal factors External factors pertain to negative externalities outside the property limits that influence the value namely: social, economic, environmental and governmental. Internal factors include adjustments due to location, use, size and time elements	**External factors: -10% to -10%** **Internal factors: -1% to 14%**	External factors: -5% to -10% Internal factors: -2% to 10%

For DRC, the higher the replacement cost, the higher the fair value. In the same way, the higher the remaining economic useful life, the higher the fair value.

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

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

In 2016, 2015 and 2014, the Group recognized leasing revenue from the use of the said real properties amounting to ₱337.85 million, ₱311.67 million and ₱206.99 million, respectively, and incurred direct cost of leasing amounting to ₱266.77 million, ₱153.49 million and ₱108.69 million, respectively, in relation to these investment properties.

13. Property and Equipment

The composition and movements of this account are as follows:

	2016							
	Office Equipment	**Computer Equipment**	**Furniture and Fixtures**	**Transportation Equipment**	**Leasehold Improvements**	**Construction Equipment**	**Construction - in -Progress**	**Total**
Cost								
At January 1	**₱12,263,523**	**₱25,768,158**	**₱22,726,239**	**₱68,948,378**	**₱46,711,934**	**₱251,492,426**	**₱279,373,799**	**₱707,284,457**
Additions	**2,801,208**	**3,031,529**	**6,443,113**	**3,813,633**	**5,226,803**	**–**	**148,899,595**	**170,215,881**
Disposals/Adjustment	**(1,922)**	**(226,317)**	**(723,490)**	**(2,717,000)**	**–**	**–**	**–**	**(3,668,729)**
At December 31	**15,062,809**	**28,573,370**	**28,445,862**	**70,045,011**	**51,938,737**	**251,492,426**	**428,273,394**	**873,831,609**
Accumulated Depreciation and Amortization								
At January 1	**9,118,022**	**12,971,585**	**14,882,796**	**45,529,748**	**33,651,595**	**228,111,383**	**–**	**344,265,129**
Depreciation and amortization (see Note 25)	**1,092,057**	**2,181,160**	**7,121,356**	**7,543,696**	**6,601,317**	**21,177,671**	**–**	**45,717,257**
Disposals	**(1,922)**	**(192,001)**	**(405,033)**	**(1,089,552)**	**–**	**–**	**–**	**(1,688,508)**
At December 31	**10,208,157**	**14,960,744**	**21,599,119**	**51,983,892**	**40,252,912**	**249,289,054**	**–**	**388,293,878**
Net Book Values at December 31	**₱4,854,652**	**₱13,612,626**	**₱6,846,743**	**₱18,061,119**	**₱11,685,825**	**₱2,203,372**	**₱428,273,394**	**₱485,537,731**

	2015							
	Office Equipment	Computer Equipment	Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Construction Equipment	Construction in Progress	Total
Cost								
At January 1	₱14,658,875	₱24,204,146	₱21,873,370	₱63,385,442	₱45,536,929	₱251,475,480	₱–	₱421,134,242
Additions	611,707	8,791,521	4,958,039	5,615,615	1,985,107	16,946	279,373,799	301,352,734
Disposals	(3,007,059)	(7,227,509)	(4,105,170)	(52,679)	(810,102)	–	–	(15,202,519)
At December 31	12,263,523	25,768,158	22,726,239	68,948,378	46,711,934	251,492,426	279,373,799	707,284,457
Accumulated Depreciation and Amortization								
At January 1	10,381,850	14,287,948	14,268,402	37,042,909	27,596,279	195,734,910	–	299,312,298
Depreciation and amortization (see Note 25)	1,095,186	4,262,590	4,245,955	8,499,257	6,234,352	32,376,473	–	56,713,813
Disposals	(2,359,014)	(5,578,953)	(3,631,561)	(12,418)	(179,036)	–	–	(11,760,982)
At December 31	9,118,022	12,971,585	14,882,796	45,529,748	33,651,595	228,111,383	–	344,265,129
Net Book Values at December 31	₱3,145,501	₱12,796,573	₱7,843,443	₱23,418,630	₱13,060,339	₱23,381,043	₱279,373,799	₱363,019,328

Construction-in-progress pertains to the construction costs incurred by the Group for the construction of the Novotel Suites Manila at Acqua 6 Tower of the Acqua Private Residences

The depreciation and amortization from property and equipment are recognized as:

	2016	2015
Real estate inventories (see Note 6)	**₱21,177,671**	₱32,376,473
General, administrative and selling expenses (see Note 25)	**24,539,586**	24,337,340
	₱45,717,257	₱56,713,813

The Group still uses fully depreciated property and equipment with a cost of ₱159.78 million and ₱122.63 million as of December 31, 2016 and 2015, respectively.

14. Other Noncurrent Assets

This account consists of:

	2016	2015
Deferred selling expenses	**₱401,618,738**	₱458,258,955
Rental deposits (see Note 30)	**84,304,680**	83,980,166
Deferred financing costs	**53,655,642**	41,894,459
Land	**41,763,183**	41,763,183
Intangible assets	**41,002,132**	39,339,745
Others	**14,248,731**	8,269,728
	₱636,593,106	₱673,506,236

Deferred selling expenses pertain to costs incurred in selling real estate projects. These capitalized costs are charged to expense as “Commission” in the “General, administrative and selling expenses” account in the period in which the construction begins and the related revenue is recognized. See Note 9 for current portion.

Rental deposits mostly pertain to security deposits held and applied in relation to the Group’s lease contracts for its administrative and sales offices. The deposits are noninterest-bearing and are recoverable through application of rentals at the end of the lease term (see Note 30).

Land pertains to a 2,000 square-meter lot that is intended to be donated in favor of the City Government of Makati.

Intangible assets include software costs and trademarks. Software cost includes application software and intellectual property licenses owned by the Group. Trademarks are licenses acquired separately by the Group. These licenses arising from the Group’s marketing activities have been granted for a minimum of 10 years by the relevant government agency with the option to renew at the end of the period at little or no cost to the Group. Previous licenses acquired have been renewed and enabled the Group to determine that these assets have an indefinite useful life. As of December 31, 2016 and 2015, no impairment has been recognized on these assets.

Amortization expense recognized in profit or loss included under miscellaneous general, administrative and selling expenses amounted to ₱4.09 million, ₱3.21 million and ₱6.21 million in 2016, 2015 and 2014, respectively (see Note 25).

Deferred financing costs pertain to transaction costs incurred in obtaining certain loan facility. These deferred financing costs will be amortized upon availment of or drawdown from the loan facility (see Note 17).

Others include miscellaneous deposits which pertain primarily to utility deposits related to the construction activities of the Group and AFS investments in quoted and unquoted shares of stock.

15. Accounts and Other Payables

This account consists of:

	2016	2015
Accounts payable	**₱2,205,082,570**	₱1,847,309,084
Accrued expenses	**240,861,200**	119,172,653
Retentions payable	**197,735,409**	144,577,246
Customers' advances	**1,303,576,798**	1,029,003,907
Others	**63,434,232**	14,435,083
	₱4,010,690,209	₱3,154,497,973

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

In 2016, long-outstanding trade payables amounting to ₱220.18 million were reversed since management assessed that it is unlikely that such amounts will still be payable in the future (see Note 23).

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

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

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

In 2016, others consist mainly of deposits for future stock subscription from MC amounting to ₱48.00 million which have not satisfied all of the elements of equity classification under SEC requirements.

16. Customers' Deposits

Customers' deposits represent collections from buyers which have not reached the minimum required percentage of collections and receipt from buyers in excess of real estate sales based on the POC method.

As of December 31, 2016 and 2015, customers' deposits amounted to ₱2,360.36 million and ₱2,053.90 million, respectively.

17. Short-term and Long-term Debt

Short-term Debt
Short-term debt consists of:

	2016	2015
Trust receipts	**₱500,953,699**	₱956,608,054
Bank loans	**5,000,000**	5,000,000
	₱505,953,699	₱961,608,054

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

	2016	2015
Balance at January 1	**₱961,608,054**	₱640,647,527
Availments	**1,150,631,203**	1,376,004,153
Principal repayments	**(1,606,285,558)**	(1,055,043,626)
	₱505,953,699	₱961,608,054

Trust receipts (TRs) are facilities obtained from various banks to finance purchases of construction materials for CCDC, CLC and MDC's projects. Under these facilities, the banks pay the Group's suppliers then require the Group to execute trust receipts over the goods purchased. The TRs have a weighted average interest rate 6.02% per annum in 2016, lower compared to 6.23% per annum in 2015. These are paid monthly or quarterly in arrears with full payment of principal balance at maturity of one year and with an option to prepay.

Bank loans pertain to short-term promissory note (PN) which was obtained from a local bank for CPMI's additional working capital requirements. This was renewed by CPMI in 2016 with the same terms and interest rate. The PN has a term of one (1) year with a fixed interest rate of 6.50% per annum and principal repayment is due at maturity date.

Long-term Debt
Long-term debt consists of:

	2016	2015
CTS financing	**₱5,970,952,681**	₱5,375,041,996
Bank loans	**6,487,463,671**	4,862,521,187
Car loan financing	**32,792,969**	49,371,439
	12,491,209,321	10,286,934,622
Less current portion	**2,009,682,622**	2,635,258,214
	₱10,481,526,699	₱7,651,676,408

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

	2016			
	CTS Financing	**Bank Loans**	**Car Loan Financing**	**Total**
Principal:				
Balances at beginning of year	**₱5,375,041,996**	**₱4,947,001,768**	**₱49,371,439**	**₱10,371,415,203**
Addition	**4,312,695,199**	**4,616,598,476**	**3,555,490**	**8,932,849,165**
Payments	**(3,716,784,514)**	**(2,959,988,167)**	**(20,133,960)**	**(6,696,906,641)**
Balances at end of year	**5,970,952,681**	**6,603,612,077**	**32,792,969**	**12,607,357,727**
Deferred financing costs:				
Balances at beginning of year	**–**	**84,480,581**	**–**	**84,480,581**
Addition	**–**	**83,836,124**	**–**	**83,836,124**
Amortization	**–**	**(52,168,299)**	**–**	**(52,168,299)**
Balances at end of year	**–**	**116,148,406**	**–**	**116,148,406**
Carrying values	**₱5,970,952,681**	**₱6,487,463,671**	**₱32,792,969**	**₱12,491,209,321**

	2015			
	CTS Financing	Bank Loans	Car Loan Financing	Total
Principal:				
Balances at beginning of year	₱2,167,862,915	₱5,468,004,282	₱60,214,649	₱7,696,081,846
Addition	5,480,689,213	843,712,881	2,789,351	6,327,191,445
Payments	(2,273,510,132)	(1,364,715,395)	(13,632,561)	(3,651,858,088)
Balances at end of year	5,375,041,996	4,947,001,768	49,371,439	10,371,415,203
Deferred financing costs:				
Balances at beginning of year	–	95,254,258	–	95,254,258
Addition	–	38,424,139	–	38,424,139
Amortization	–	(49,197,816)	–	(49,197,816)
Balances at end of year	–	84,480,581	–	84,480,581
Carrying values	₱5,375,041,996	₱4,862,521,187	₱49,371,439	₱10,286,934,622

CTS financing
Contract-To-Sell (CTS) financing pertains to loan facilities which were used in the construction of the Group's real estate development projects. The related PNs have terms ranging from thirty-six (36) to forty-eight (48) months and are secured by the buyer's post-dated checks, the corresponding CTS, and parcels of land held by the Parent Company. The Group retained the assigned receivables in the "Trade receivables" account and recorded the proceeds from these assignments as "Long-term debt". The gross amount of ICR used as collateral amounted to ₱7,119.76 million as of December 31, 2016, higher than ₱6,213.25 million in the previous year. (see Note 5).

These CTS loans approved in 2015 bear fixed interest rates ranging from 5.63% to 7.50% in 2016, lower compared to 6.00% to 8.50% in the previous year.

Bank loans
Bank loans pertain to long-term debt from various banks used to finance the construction and development of the Group's projects. The Group's subsidiary obtained a ₱4,000.00 million Term Loan Facility with BDO in August 2016. This was mainly used to finance working capital requirements and to settle the existing loans with BDO. The four-year term facility bears interest of 6.125%, lower than the 6.25% interest for the previous term loans.

In December 2016, another subsidiary of the Group signed an Omnibus Agreement with Chinabank for a three-year Notes Facility amounting to ₱2,000 million. Of the total facility amount, ₱1,500 million was drawn in December 2016. The proceeds of this Notes Facility which carries an interest of 5.75% was used to prepay other loans with interest rates as high as 8.00%.

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

The car lease approved in 2015 had interest of 8.25% to 8.5% while those approved in 2016 were at 7.00% to 7.50%.

Security and Debt Covenants
Certain bilateral, trust receipts, payables under CTS financing and bank loans have mortgaged property wherein such property can no longer be allowed to be separately used as collateral for another credit facility, grant loans to directors, officers and partners, and act as guarantor or surety in favor of banks. As of December 31, 2016, the carrying values of the properties mortgaged for trust receipts, payables under CTS financing and bank loans amounted to ₱3,210.58 million, higher compared to ₱2,648.93 million in the previous year. (see Note 6).

Certain bilateral loans have the covenants including maintenance of a debt-to-equity ratio of not more than 2.33x and 3.00x, and a debt service coverage ratio of at least 1.5x. The bank loans have a covenant, specific to the projects it is financing, of having loan to security value of no more than 50.00% and loan to gross development value of no more than 20.00%. Security value includes, among other things, valuation appraisal by independent appraisers and takes into account the sold and unsold sales and market value of the properties. The loan agreements require submission of the valuation of each mortgage properties on an annual basis or upon request of the facility agent.

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

As of December 31, 2016, the Group has complied with the provisions of the loan covenants.

Borrowing Costs
Borrowing cost capitalized in 2016 amounted to ₱660.98 million, higher than ₱230.90 million in 2015 (see Note 6).

Interest Expense and Other Financing Charges
Interest and other financing charges for the short-term and long-term debts amounted to ₱178.80 million in 2016 and lower compared to ₱215.58 million in 2015 (see Note 26).

18. Bonds Payable

Bonds payable consist of the following:

	2016	2015
Three-year bond	**₱1,187,360,000**	₱1,187,360,000
Five-and-half year bond	**1,393,530,000**	1,393,530,000
Seven-year bond	**119,110,000**	119,110,000
	2,700,000,000	2,700,000,000
Less: Unamortized deferred financing costs	**21,212,527**	32,503,933
	₱2,678,787,473	₱2,667,496,067

The bonds are listed at the Philippine Dealing & Exchange Corp. (PDEx) on September 2, 2014, have interest rates of 6% p.a. for the three-year bonds, 6.6878% p.a. for the five-and-a-half year bonds, and 6.9758 % p.a. for the seven-year bonds. The CPGI bonds have been rated “AA+” with a Stable outlook by the Credit Rating and Investor Services Philippines Inc. (CRISP).

Borrowing Costs
Borrowing cost capitalized amounted to ₱173.13 million and ₱171.00 million in 2016 and 2015, respectively (see Note 6).

Interest Expense
Interest and other financing charges from bonds payable in 2016, 2015 and 2014 amounted to ₱11.29 million, ₱10.17 million and ₱5.62 million, respectively (see Note 26).

19. Liability from Purchased Land

This account pertains to the outstanding payable of the Group for the cost of land purchases recognized under “Real estate inventories” and “Land held for future development” as follow:

	2016	2015
Current	**₱67,200,000**	₱62,899,428
Noncurrent	**453,844,063**	577,512,408

20. Equity

Capital stock
The details of the Parent Company’s common shares follow:

	2016	2015
Par value per share	**₱0.53**	₱0.53
Authorized shares	**18,000,000,000**	18,000,000,000
Issued and subscribed shares	**11,699,723,690**	11,699,723,690

Placement and Subscription Agreement between the Parent Company and CPI
On March 5, 2013, the Parent Company entered into a Subscription and Placement Agreement with CPI, Standard Chartered Securities (Singapore) Pte. Limited (Standard Chartered) and Macquarie Capital (Singapore) Pte. Limited (Macquarie) wherein CPI has appointed Standard Chartered and Macquarie to offer 800,000,000 existing common shares (the Offer Shares) of the Parent Company at ₱2.05 per share (the Offer Price) outside the United States in reliance on Regulation S under the U.S. Securities Act. On the same day, the Parent Company and CPI entered into a Subscription Agreement wherein CPI has agreed to subscribe for the new common shares to be issued by the Parent Company in an amount equal to the number of the Offer Shares sold by CPI at a price equal to the Offer Price.

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

As of December 31, 2016 and 2015, treasury shares amounted to ₱109.67 million.

Retained earnings
Retained earnings include the accumulated equity in undistributed net earnings of consolidated subsidiaries amounting to ₱4,430.73 million and ₱5,563.76 million as of December 31, 2016 and 2015, respectively. These amounts are not available for dividend declaration until these are declared by the subsidiaries.

Cash dividend declaration
On June 22, 2016, the BOD of the Parent Company approved the declaration of ₱0.02 per share cash dividends amounting to ₱205.02 million for distribution to the stockholders of the Parent Company of record as of July 12, 2016 which was paid on July 20, 2016.

On June 15, 2015, the BOD of the Parent Company approved the declaration of ₱0.02 per share cash dividends amounting to ₱201.16 million for distribution to the stockholders of the Parent Company of record as of July 3, 2015 and was paid on July 16, 2015.

On April 4, 2014, the BOD of the Parent Company approved the declaration of ₱0.02 per share cash dividends amounting to ₱184.47 million for distribution to the stockholders of the Parent Company of record as of May 15, 2014 and was paid on June 5, 2014.

Increase in authorized capital stock and declaration of stock dividend
At a special meeting of the BOD held on June 23, 2014, the BOD of the Parent Company approved the following resolutions:

(1) Approval of the increase in the authorized capital stock of the Parent Company from five billion three hundred million pesos (₱5,300.00 million), divided into 10,000.00 million common shares, par value of ₱0.53 per share, to nine billion five hundred forty million pesos (₱9,540.00 million) divided into 18,000.00 million common shares with par value of ₱0.53 per share.

(2) Approval, ratification and confirmation subject to the consents and approvals, of the increase in the authorized capital stock of the Parent Company at a price of ₱0.53 per share or at an aggregate price equivalent to four billion two hundred forty million pesos (₱4,240.00 million) and the corresponding payment thereof by way of the declaration of stock dividends equivalent to Two Billion (2,000.00 million) common shares amounting to one billion sixty million pesos (₱1,060.00 million) to be taken out of the Group's retained earnings. This amount represents at least the minimum 25% subscribed and paid-up capital requirement for the increase of the authorized capital stock from ten billion common shares to eighteen billion common shares with par value of ₱0.53 per share.

    The aforesaid resolutions were approved by the stockholders on July 23, 2014.

    On October 8, 2014, the SEC approved the increase in the authorized capital stock of the Parent Company from five billion three hundred million pesos (₱5,300.00 million), divided into ten billion (10,000.00 million) common shares, par value of ₱0.53 per share, to nine billion five hundred forty million pesos (₱9,540.00 million) divided into eighteen billion (18,000.00 million) common shares with par value of ₱0.53 per share.

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

Non-controlling interest and equity reserve
On June 17, 2016, the SEC approved the application of CCDC II to increase its authorized capital stock from 2.00 million shares to 1,279.88 million shares. Subsequently on August 12, 2016, MC subscribed to 511.56 million shares of CCDCII at a subscription price of ₱905.46 million for a 40% proportionate interest in CCDC II of which ₱190.52 million has been paid. This resulted in the dilution of the Group's ownership in CCDC II and the recognition of non-controlling interest amounting to ₱119.79 million. The difference between the consideration paid by MC and the net assets of CCDC II given up amounting to ₱70.73 million is accounted for as equity reserve included under "Other components of equity" in the consolidated statements of changes in equity.

The Group's non-controlling interest recognized is the proportionate interest of MC to CCDC II net of any unpaid subscription at the subscription date.

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

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

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

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. As of December 31, 2016 and 2015, the Group had the following ratios:

	2016	2015
Debt to equity	**84.68%**	76.49%
Net debt to equity	**62.85%**	62.78%

Debt consists of short-term and long-term debts. Net debt includes short-term and long-term debt less cash and cash equivalents, short-term investments and AFS financial assets. Equity, which the Group considers as capital, pertains to the equity attributable to equity holders of the Parent Company excluding other component of equity, and remeasurement loss on defined benefit plan, amounting to a total of ₱15,228.65 million and ₱14,706.74 million as of December 31, 2016 and 2015, respectively.

The Group is subject to externally imposed capital requirements due to loan covenants (see Note 17). No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2016 and 2015. The Group has complied with the above covenants as of December 31, 2016 and 2015.

21. Earnings Per Share

Basic/diluted earnings per share amounts attributable to equity holders of the Parent Company for 2016, 2015 and 2014 follow:

	2016	2015	2014
Net income attributable to equity holders of the Parent Company	**₱726,931,997**	₱1,519,006,176	₱2,158,887,753
Weighted average number of shares	**11,699,723,690**	11,699,723,690	11,679,931,964
Basic/diluted earnings per share	**₱0.062**	₱0.130	₱0.185

Earnings per share are calculated using the consolidated net income attributable to the equity holders of Parent Company divided by the weighted average number of shares. To determine the weighted average number of shares, the stock dividend declaration was retroactively adjusted. Stock dividend declaration was approved by the BOD on June 23, 2014 and was paid on November 14, 2014 to stockholders of record as of October 27, 2014 (see Note 20).

22. Property Management Fee and Other Services

This account consists of:

	2016	2015	2014
Property management fee	**₱301,967,380**	₱297,307,587	₱284,410,803
Technical services	**129,520**	137,893	1,317,662
	₱302,096,900	₱297,445,480	₱285,728,465

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

Technical services pertain to various services such as plan evaluation, consultation and project management.

23. Interest and Other Income

This account consists of:

	2016	2015	2014
Interest income:			
Accretion of unamortized discount (see Note 5)	**₱656,152,907**	₱801,750,294	₱825,646,206
Cash and cash equivalents (see Note 4)	**42,635,726**	13,309,323	119,887,408
Income from forfeited collections	**312,488,209**	176,463,096	274,209,468
Foreign exchange gains	**114,431,918**	84,645,916	–
Other income (see Note 15)	**297,851,067**	70,596,192	70,907,941
	₱1,423,559,827	₱1,146,764,821	₱1,290,651,023

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

Other income mainly consists of the penalties and other surcharges billed against defaulted installments from sales contracts. Real estate buyers are normally charged a penalty of 3.00% of the monthly installment for every month in arrears from the time the specific installment becomes due and payable. In 2016, other income includes the long-outstanding trade payables amounting to ₱220.18 million which were reversed since management assessed that it is unlikely that such amounts will still be payable in the future (see Note 15).

24. Personnel Cost

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

	2016	2015	2014
General, administrative and selling expenses (see Note 25)	**₱494,272,709**	₱570,196,139	₱492,781,146
Cost of services	**237,706,828**	216,513,767	215,390,743
	₱731,979,537	₱786,709,906	₱708,171,889

25. General, Administrative and Selling Expenses

This account consists of:

	2016	2015	2014
Marketing and promotions	**₱1,164,620,661**	₱938,813,253	₱892,938,561
Salaries, wages and employee benefits (see Notes 24, 28 and 29)	**494,272,709**	570,196,139	492,781,146
Commission	**407,911,993**	504,007,220	508,662,050
Taxes and licenses	**160,919,906**	196,122,280	184,242,066
Professional fees	**113,198,430**	110,607,722	116,212,968
Entertainment, amusement and Recreation	**66,296,287**	50,043,392	46,993,341
Rent (see Note 30)	**31,716,378**	56,031,453	50,636,460
Depreciation (see Note 13)	**24,539,586**	24,337,340	20,762,625
Outside services	**26,420,771**	18,627,753	5,970,801
Communication	**19,830,889**	20,692,204	21,122,487
Transportation and travel	**13,854,393**	20,046,342	27,792,308
Supplies	**9,242,059**	14,479,123	10,657,467
Utilities	**7,111,422**	38,773,162	38,788,206
Miscellaneous (see Note 14)	**79,889,346**	169,032,489	303,186,578
	₱2,619,824,830	₱2,731,809,872	₱2,720,747,064

Miscellaneous expenses pertain mostly to repairs and maintenance and insurance.

26. Interest and Other Financing Charges

Details of this account follow:

	2016	2015	2014
Interest expense (see Notes 17 and 18)	**₱102,490,010**	₱71,992,593	₱16,703,757
Other financing charges (see Notes 17 and 18)	**87,604,767**	153,755,309	108,006,608
	₱190,094,777	₱225,747,902	₱124,710,365

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

27. Income Tax

The provision for income tax consists of:

	2016	2015	2014
Current			
RCIT/MCIT	**₱381,317,728**	₱292,265,835	₱324,989,524
Final	**8,527,145**	2,661,865	23,977,482
	389,844,873	294,927,700	348,967,006
Deferred	**(137,790,651)**	316,334,669	663,238,492
	₱252,054,222	₱611,262,369	₱1,012,205,498

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

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

Interest allowed as a deductible expense is reduced by an amount equivalent to 33% of interest income subjected to final tax starting January 1, 2009.

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

	2016	2015
Recognized in the consolidated statements of comprehensive income:		
Deferred tax assets on:		
NOLCO	**₱218,133,668**	₱603,482,319
MCIT	**65,668,376**	62,556,677
Accrued retirement costs	**45,019,122**	34,075,192
Unrealized foreign exchange loss	**23,219,534**	–
Provisions for impairment losses	**3,293,827**	3,293,827
	355,334,527	703,408,015

(Forward)

	2016	2015
Deferred tax liabilities on:		
Effect of difference between revenue recognized for tax and accounting	**(₱1,642,194,311)**	(₱2,174,525,300)
Fair value gains on investment properties	**(758,514,742)**	(654,036,739)
Deferred selling expense	**(294,184,179)**	(324,656,286)
Unamortized deferred financing costs	**(41,208,280)**	(35,095,354)
Effect of difference in accounting and tax base on investment properties	**(26,490,737)**	(13,245,369)
Valuation gain on derivative assets	**(10,684,202)**	(43,195,235)
Others	**(1,131,907)**	(15,518,213)
	(2,774,408,358)	(3,260,272,496)
	(2,419,073,831)	(2,556,864,482)
Recognized directly in equity:		
Deferred tax asset on re-measurement loss on retirement obligation	**26,094,346**	26,175,831
	(₱2,392,979,485)	(₱2,530,688,651)

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

	2016	2015
Deferred tax assets - net	**₱160,362,044**	₱92,132,290
Deferred tax liabilities - net	**2,553,341,529**	2,622,820,941

As of December 31, 2016, carryover NOLCO that can be claimed as deduction from future taxable income are as follows:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2013	₱649,970,775	(₱649,970,775)	₱–	2016
2014	754,697,325	(634,524,728)	120,172,597	2017
2015	609,502,255	–	609,502,255	2018
2016	502,993	–	502,993	2019
	₱2,014,673,348	(₱1,284,495,503)	₱730,177,845	

As of December 31, 2016, MCIT that can be used as deductions against income tax liabilities are as follows:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2013	₱8,889,734	(₱8,889,734)	₱–	2016
2014	25,810,875	–	25,810,875	2017
2015	27,856,068	–	27,856,068	2018
2016	12,001,433		12,001,433	2019
	₱74,558,110	(₱8,889,734)	₱65,668,376	

Unrecognized deferred tax assets
The Group has NOLCO that are available for offset against future taxable income or tax payable for which deferred tax assets have not been recognized. Unrecognized NOLCO amounted to ₱3.07 million and ₱2.56 million as of December 31, 2016 and 2015, respectively.

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

	2016	2015	2014
Provision for income tax computed at statutory rate	**₱293,695,866**	₱639,080,563	₱951,327,975
Adjustments for:			
Nondeductible interest and other expenses	**14,722,984**	25,788,589	48,669,414
Expired MCIT	**8,889,734**	–	–
Final tax	**8,527,145**	2,661,865	23,977,482
Change in unrecognized deferred tax assets	**150,898**	663,078	345,405
Income tax holiday	**–**	–	(6,329,439)
Non-taxable interest and other income	**(73,932,405)**	(56,931,726)	(5,785,339)
	₱252,054,222	₱611,262,369	₱1,012,205,498

28. **Related Party Transactions**

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

Terms and Conditions of Transactions with Related Parties
The Group in their regular conduct of business has entered into transactions with related parties principally consisting of advances and reimbursement of expenses, development, management, marketing, leasing and administrative service agreements.

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

Due from Related Parties

	2016	2015	Terms	Conditions
Ultimate Parent	**₱279,405,429**	₱368,825,635	Noninterest bearing, due and demandable	Unsecured, no impairment
Stockholders	**153,706,725**	126,537,363	Noninterest bearing, due and demandable	Unsecured, no impairment
Other affiliates	**99,966,166**	37,239,799	Noninterest bearing, due and demandable	Unsecured, no impairment
	₱533,078,320	₱532,602,797		

Due to Related Parties

	2016	2015	Terms	Conditions
Ultimate Parent	**₱142,089,838**	₱19,979,821	Noninterest bearing, due and demandable	Unsecured
Stockholders	**165,615,680**	–	Noninterest bearing, due and demandable	Unsecured
Other affiliates	**18,299,970**	26,872,213	Noninterest bearing, due and demandable	Unsecured
	₱326,005,488	₱46,852,034		

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

Due from related parties pertains to advances provided by the Group to the stockholders and other affiliates. These are generally unsecured, noninterest-bearing, and are due and demandable and are not impaired.

Due to related parties pertains to advances made by the Group for the capital expenditure of the affiliates. These are generally noninterest bearing and are due and demandable.

Receivable from employees
The Group has advances to its employees amounting to ₱296.50 million and ₱204.30 million as of December 31, 2016 and 2015, respectively for retitling costs, taxes and other operational and corporate-related expenses. This advances also include salary and other loans granted to the employees and are recoverable through salary deductions. These are noninterest-bearing and are due and demandable (see Note 5).

Construction management contract
The Group has contracted Century Properties Management Construction Corporation (CPMCC) as the project manager that will handle the construction activities of the Group. CPMCC is owned by one of the key management personnel of the Group. As of December 31, 2016 and 2015, advances made to CPMCC recognized under the "Advances to suppliers and contractors" account amount to ₱672.52 million and ₱621.41 million, respectively.

Key management compensation
The key management personnel of the Group include all directors, executive, and senior management. The details of compensation and benefits of key management personnel in 2016, 2015 and 2014 follow:

	2016	2015	2014
Short-term employee benefits	**₱118,848,849**	₱113,827,976	₱116,601,070
Post-employment benefits (Note 29)	**1,674,645**	8,696,457	6,456,171
	₱120,523,494	₱122,524,433	₱123,057,241

Terms and condition of transactions with related parties
Outstanding balances at year-end are unsecured, interest free and expected to be settled within one year after the reporting date. There have been no guarantees provided or received for any related party receivables or payables. As of December 31, 2016 and 2015, the Group has not made any provision for probable losses relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

29. **Pension Cost**

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

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

	2016	2015	2014
Current service cost	**₱28,048,154**	₱25,701,214	₱17,690,784
Net interest cost on benefit obligation	**10,062,490**	8,822,119	8,758,430
Retirement expense	**₱38,110,644**	₱34,523,333	₱26,449,214

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

	2016	2015
PVRO:		
Balance at January 1	**₱206,687,957**	₱191,284,766
Current service cost	**28,048,154**	25,701,214
Interest cost	**10,346,859**	8,952,601
Benefits paid	**(1,630,875)**	(958,063)
Actuarial gains	**(550,491)**	(18,292,561)
Balance at December 31	**242,901,604**	206,687,957
FVPA:		
Balance at January 1	**5,851,214**	–
Interest income	**284,369**	130,482
Contributions made	**–**	5,851,214
Remeasurement gain	**(278,874)**	(130,482)
Balance at December 31	**5,856,709**	5,851,214
Net liability arising from retirement obligation	**₱237,044,895**	₱200,836,743

The plan assets as of December 31, 2016 and 2015 pertain solely to bank deposits. The Group does not expect to contribute to its retirement fund in 2017.

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

	December 31, 2016		
			Effect on DBO
Discount rate	**7.8%**	**1.0 % decrease**	**(₱21,133,873)**
Discount rate	**9.4%**	**1.0 % increase**	**25,687,579**
Rate of salary increase	**8.9%**	**1.0 % increase**	**24,018,642**
Rate of salary increase	**7.5%**	**1.0 % decrease**	**(8,913,915)**

	December 31, 2015		
			Effect on DBO
Discount rate	6.0%	1.0 % decrease	(₱29,915,416)
Discount rate	4.0%	1.0 % increase	(24,299,135)
Rate of salary increase	7.0%	1.0 % increase	27,468,383
Rate of salary increase	5.0%	1.0 % decrease	(22,965,473)

The assumptions used to determine pension benefits for the Group for the years ended December 31, 2016 and 2015 are as follows:

	2016	2015
Discount rate	**5.86%**	4.86% to 5.55%
Salary increase rate	**4.00% to 7.00%**	6.00% to 7.00%

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

Year ending:	
December 31, 2016	₱90,072,506
December 31, 2017	3,217,731
December 31, 2018	1,916,408
December 31, 2019	17,331,728
December 31, 2020	3,724,882
December 31, 2021 through December 31, 2025	83,299,269

30. **Operating Lease Agreements**

Operating lease - Group as a Lessee
The Group is a lessee under operating leases covering the sales and administrative offices including the model units for prospective buyers. The leases have terms ranging from two to three years, with renewal options. Monthly rent payment is computed using a fix rate per square meter. Rental expense charged to operations amounted to ₱31.72 million, ₱56.03 million and ₱50.64 million and in 2016, 2015 and 2014, respectively (see Note 25). Rental deposits recognized in “Other noncurrent assets” amounted to ₱84.30 million and ₱83.98 million as of December 31, 2016 and 2015, respectively (see Note 14).

Future minimum rentals payable under operating leases follow:

	2016	2015	2014
Within one year	**₱38,266,225**	₱64,951,325	₱72,672,390
After one year but not more than five years	**104,015,270**	88,144,150	84,255,049
	₱142,281,495	₱153,095,475	₱156,927,439

Operating lease - group as a lessor
The Group entered into lease agreements with third parties covering its investment properties. These leases generally provide for either (a) fixed monthly rent, or (b) minimum rent or a certain percentage of gross revenue, whichever is higher.

	2016	2015
Within one year	**₱113,141,758**	₱156,353,501
After one year but not more than five years	**155,701,126**	171,112,070
More than five years	**32,190,717**	27,949,000
	₱301,033,601	₱355,414,571

31. **Financial Instruments**

Fair Value Information

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

	2016		2015	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Loans and receivables				
ICR	**₱10,817,045,873**	**₱10,898,655,920**	₱12,433,551,954	₱12,840,610,882
Other financial liabilities				
Long-term debt	**₱12,491,209,321**	**₱12,607,357,727**	₱10,286,934,622	₱10,371,415,204
Bonds payable	**2,678,787,473**	**2,702,090,190**	2,667,496,067	2,701,835,090
Liability from purchased land	**521,044,063**	**525,889,946**	640,411,836	645,671,164
Total financial liabilities	**₱15,691,040,857**	**₱15,835,337,863**	₱13,594,842,525	₱13,718,921,458

Fair Value of Financial Instruments

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

Financial assets

Cash and cash equivalents, receivables (excluding ICR with more than one year tenor) and due from related parties - Carrying amounts approximate fair values due to the short-term maturities of these instruments.

Noncurrent ICR - Fair value is based on undiscounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date using the remaining terms of maturity.

Derivative assets - The fair value of cross currency swap transaction is determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for credit and liquidity risks existing at the end each of reporting period. The fair values of cross currency swap transactions are determined based on changes in the term structure of interest rates of each currency and the spot rate.

Other financial liabilities

The fair values of accounts and other payables, due to related parties and short-term debt approximate the carrying amount due to the short-term maturities of these instruments.

The fair value of long-term debt, bonds payable and liability from purchased land are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used for long-term debt ranged from 2.65% to 2.60% and from 2.60% to 5.55% as of December 31, 2016 and 2015, respectively. The discount rates used for the bonds payable ranged from 3.35% to 5.43% and 2.98% to 4.64% as of December 31, 2016 and 2015, respectively. The discount rates used for the liability from purchased land ranged from 2.75% to 2.60% and 6.00% to 6.98% as of December 31, 2016 and 2015, respectively.

Fair Value Hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1: quoted (unadjusted prices) in active markets for identical assets and liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

The Group's ICR, long-term debt, bonds payable and liability for purchased land are measured under Level 3.

The Group held freestanding derivatives which are measured at fair value under Level 2.

The Group has no financial instruments measured under Level 3.

In 2016 and 2015, the Group did not have transfers between Level 1 and 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

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

Exposure to credit, interest rate, liquidity and foreign currency risks arise in the normal course of the Group's business activities. In 2013, the Group also entered into derivative transactions, the purpose of which is to manage the currency and interest rate risk arising from its financial instruments.

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

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

Credit risk
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with recognized, creditworthy third parties. The Group's receivables are monitored on an ongoing basis resulting to manageable exposure to bad debts. Real estate buyers are subject to standard credit check procedures which are calibrated based on the payment scheme offered. The Group's respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness.

Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. In addition, the credit risk for ICR is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject house in case of refusal by the buyer to pay on time the installment due. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price. With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group transacts only with institutions or banks which have demonstrated financial soundness for the past 5 years.

The Group has no significant concentrations of credit risk.

The Group's maximum exposure to credit risk as of December 31, 2016 and 2015 is equal to the carrying values of its financial assets, except for ICR with carrying values of ₱10,817.05 million and ₱12,433.55 million, respectively and fair value of collateral amounting to ₱10,898.66 million and ₱12,840.61 million as of December 31, 2016 and 2015, respectively.

The table below shows the credit quality and aging analysis of the Group's financial assets:

2016

	Neither past due nor impaired		Past due but not		
	High grade	**Standard grade**	**impaired**	**Impaired**	**Total**
Cash and cash equivalents*	**₱3,207,474,122**	**₱–**	**₱–**	**₱–**	**₱3,207,474,122**
Trade receivables:					
ICR	**10,705,963,363**	**–**	**111,082,510**	**–**	**10,817,045,873**
Leasing receivables	**55,341,384**	**–**	**–**	**–**	**55,341,384**
Management fee	**70,640,924**	**–**	**–**	**3,091,974**	**73,732,898**
Advances to customers	**31,902,045**	**–**	**–**	**–**	**31,902,045**
Other receivables	**144,096,188**	**–**	**–**	**–**	**144,096,188**
Due from related parties	**–**	**533,078,320**	**–**	**–**	**533,078,320**
	14,215,418,026	**533,078,320**	**111,082,510**	**3,091,974**	**14,862,670,830**
Derivative assets	**35,614,007**	**–**	**–**	**–**	**35,614,007**
	₱14,251,032,033	**₱533,078,320**	**₱111,082,510**	**₱3,091,974**	**₱14,898,284,837**

**Excluding cash on hand amounting to ₱.86 million as of December 31, 2016.*

2015

	Neither past due nor impaired		Past due but not		
	High grade	Standard grade	impaired	Impaired	Total
Cash and cash equivalents*	₱2,008,198,471	₱–	₱–	₱–	₱2,008,198,471
Trade receivables:					
ICR	12,320,215,417		113,336,537		12,433,551,954
Leasing receivables	85,688,816	–	–	–	85,688,816
Management fee	60,178,019	–	–	3,091,974	63,269,993
Advances to customers	38,567,901	–	–	–	38,567,901
Other receivables	145,033,491	–	–	–	145,033,491
Due from related parties	–	532,602,797	–	–	532,602,797
	14,657,882,115	532,602,797	113,336,537	3,091,974	15,306,913,423
Derivative assets	143,984,118	–	–	–	143,984,118
	₱14,801,866,233	₱532,602,797	₱113,336,537	₱3,091,974	₱15,450,897,541

**Excluding cash on hand amounting to ₱.13 million as of December 31, 2015.*

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

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

Receivables - high grade pertains to receivables with no default in payments, standard grade pertains to receivables with up to 3 defaults in payment.

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

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

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

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

	2016		
	Within 1 Year	**1 - 5 years**	**Total**
Loans and receivables			
Cash and cash equivalents	**₱3,343,072,343**	**₱–**	**₱3,343,072,343**
Receivables			
Trade receivables:			
ICR	**8,190,820,088**	**6,213,509,065**	**14,404,329,153**
Leasing receivables	**55,341,384**	**–**	**55,341,384**
Management fee	**73,732,898**	**–**	**73,732,898**
Advances to customers	**31,902,045**	**–**	**31,902,045**
Other receivables	**144,096,188**	**–**	**144,096,188**
Due from related parties	**533,078,320**	**–**	**533,078,320**
	₱12,372,043,266	**₱6,213,509,065**	**₱18,585,552,331**
Other financial liabilities			
Accounts and other payables			
Accounts payable*	**₱2,035,291,432**	**₱–**	**₱2,035,291,432**
Accrued expenses	**240,861,200**	**–**	**240,861,200**
Retentions payable	**197,735,409**	**–**	**197,735,409**
Other payables	**63,434,234**	**–**	**63,434,234**
Due to related parties	**326,005,488**	**–**	**326,005,488**
Short-term debt	**505,953,699**	**–**	**505,953,699**
Liability from purchased land	**67,200,000**	**453,844,063**	**521,044,063**
Long-term debt:			
Principal	**2,028,369,478**	**10,578,988,249**	**12,607,357,727**
Interest	**183,136,119**	**955,148,889**	**1,138,285,008**
Bonds payable:			
Principal	**–**	**2,700,000,000**	**2,700,000,000**
Interest	**32,641,522**	**97,924,566**	**130,566,088**
	₱5,680,628,581	**₱14,785,905,767**	**₱20,466,534,348**

**Excluding statutory payables amounting to ₱169.79 million as of December 31, 2016*

	2015		
	Within 1 Year	1 - 5 years	Total
Loans and receivables			
Cash and cash equivalents	₱2,008,198,471	₱–	₱2,008,198,471
Receivables			
Trade receivables:			
ICR	10,550,573,129	4,304,777,353	14,855,350,482
Leasing receivables	85,688,816	–	85,688,816
Management fee	63,269,993	–	63,269,993
Advances to customers	38,567,901	–	38,567,901
Other receivables	145,033,491	–	145,033,491
Due from related parties	532,602,797	–	532,602,797
	₱13,423,934,598	₱4,304,777,353	₱17,728,711,951
Other financial liabilities			
Accounts and other payables			
Accounts payable*	₱1,710,946,102	₱–	₱1,710,946,102
Accrued expenses	119,172,653	–	119,172,653
Retentions payable	144,577,246	–	144,577,246
Other payables	14,435,083	–	14,435,083
Due to related parties	46,852,034	–	46,852,034
Short-term debt	961,608,054	–	961,608,054
Liability from purchased land	62,899,428	577,512,408	640,411,836
Long-term debt:			
Principal	2,656,900,049	7,714,515,154	10,371,415,203
Interest	370,139,325	675,949,310	1,046,088,635
Bonds payable:			
Principal	–	2,700,000,000	2,700,000,000
Interest	32,503,934	97,511,802	130,015,736
	₱6,120,033,908	₱11,765,488,674	₱17,885,522,582

**Excluding statutory payables amounting to ₱136.36 million as of December 31, 2015*

Foreign currency risk

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

The following table shows the Group's consolidated foreign currency-denominated monetary assets and liability and their peso equivalents as of December 31, 2016 and 2015:

	2016		2015	
	Original Currency	**Peso Equivalent**	Original Currency	Peso Equivalent
Assets				
Cash and cash equivalents				
US Dollar	**\$1,182,762**	**₱58,806,927**	\$1,425,632	₱67,090,242
Euro	**€22,818**	**1,182,885**	€22,761	1,177,654
Loans payable				
US Dollar	**\$35,617,527**	**(1,770,903,442)**	\$60,788,519	(2,860,707,704)
Net foreign currency denominated instruments		**(₱1,710,913,630)**		(₱2,792,439,808)

The spot exchange rates used were ₱49.72 to US\$1 and ₱51.84 to €1 in 2016; ₱47.06 to US\$1 and ₱51.74 to €1 in 2015

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

	2016		2015	
	Increase (decrease) in foreign exchange rates	**Effect on profit before tax**	Increase (decrease) in foreign exchange rates	Effect on profit before tax
Dollar	**5%**	**₱85,604,826**	**5%**	₱139,680,873
	(5%)	**(85,604,826)**	**(5%)**	(139,680,873)
Euro	**5%**	**(₱59,144)**	**5%**	₱58,883
	(5%)	**59,144**	**(5%)**	(58,883)

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

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

	Interest terms (p.a.)	**Rate fixing period**	**<1 year**	**1 to 5 years**
2016	**6.5-8%**	**Monthly; Annually**	**₱2,009,682,622**	**₱10,481,526,699**
2015	6.5-8%	Monthly; Annually	₱2,635,258,214	₱7,651,676,408

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

	2016		2015	
	Increase (decrease) in interest rates	**Effect on profit before tax**	Increase (decrease) in interest rates	Effect on profit before tax
Basis points	**0.33%**	**(₱18,604,250)**	0.33%	(₱9,351,868)
	(0.33%)	**18,604,250**	(0.33%)	9,351,868

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

Derivative Assets
The Group's freestanding derivative financial instruments are accounted for as transactions not designated as hedges. The table below sets out information about the Group's derivative financial instruments and the related fair values as of December 31, 2016 and 2015:

	2016		2015	
	Notional Amount	**Derivative Asset**	Notional Amount	Derivative Asset
Cross currency and interest rate swap	**$7,312,775**	**₱35,614,007**	$58,570,000	₱143,984,118

32. **Segment Information**

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments.

Accordingly, the segment information is reported based on the nature of service the Group is providing.

The segments where the Group operates follow:

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

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Details of the Group's operating segments as of December 31, 2016 and 2015 are as follows:

2016

	Real Estate Development	**Property Management**	**Leasing**	**Adjustments and Elimination**	**Consolidated**
Revenue	**₱5,452,932,493**	**₱302,096,900**	**₱337,853,830**	**(₱484,484,272)**	**₱5,608,398,951**
Costs and expenses					
Cost of real estate sales and services	**2,967,621,074**	**237,706,828**	**266,766,649**	**(66,370,487)**	**3,405,724,064**
General, administrative and selling expenses	**2,810,657,342**	**60,878,035**	**118,474,669**	**(370,185,216)**	**2,619,824,830**
Operating income	**(325,345,923)**	**3,512,037**	**(47,387,488)**	**(47,928,569)**	**(417,149,943)**
Other income (expenses)					
Interest and other income	**2,170,894,997**	**10,651,526**	**100,135,521**	**(695,451,105)**	**1,586,230,939**
Interest and other financing charges	**(582,178,419)**	**(377,896)**	**(4,484,433)**	**396,945,971**	**(190,094,777)**
Income before income tax	**1,263,370,655**	**13,785,667**	**48,263,600**	**(346,433,703)**	**978,986,219**
Provision for income tax	**239,211,575**	**4,618,576**	**8,224,071**	**–**	**252,054,222**
Net income	**₱1,024,159,080**	**₱9,167,091**	**₱40,039,529**	**(₱346,433,703)**	**₱726,931,997**
Other information					
Segment assets	**₱54,610,547,595**	**₱219,574,257**	**₱8,214,659,625**	**(₱21,896,619,267)**	**₱41,148,162,210**
Deferred tax assets	**143,637,637**	**15,487,057**	**1,237,350**	**–**	**160,362,044**
Total Assets	**₱54,754,185,232**	**₱235,061,314**	**₱8,215,896,975**	**(₱21,896,619,267)**	**₱41,308,524,254**
Segment liabilities	**₱36,996,480,929**	**₱190,785,887**	**₱1,645,443,331**	**(₱15,423,947,708)**	**₱23,408,762,439**
Deferred tax liabilities	**2,231,065,674**	**–**	**322,275,855**	**–**	**2,553,341,529**
Total Liabilities	**₱39,227,546,603**	**₱190,785,887**	**₱1,967,719,186**	**(₱15,423,947,708)**	**₱25,962,103,968**

2015

	Real Estate Development	Property Management	Leasing	Adjustments and Elimination	Consolidated
Revenue	₱7,866,970,500	₱297,445,481	₱311,668,777	(₱115,649,294)	₱8,360,435,464
Costs and expenses					
Cost of real estate sales and services	4,808,587,411	216,513,767	153,494,504		5,178,595,684
General, administrative and selling expenses	2,658,814,848	67,323,870	113,532,531	(107,861,377)	2,731,809,872
Operating income	399,568,241	13,607,843	44,641,742	(7,787,917)	450,029,909
Other income (expenses)					
Interest and other income	2,588,424,407	439,698	755,601,281	(1,438,478,848)	2,020,828,222
Interest and other financing charges	(623,711,721)	(329,465)	(31,801,523)	430,094,807	(225,747,902)
Income before income tax	2,364,280,928	13,718,077	761,461,195	(1,016,171,958)	2,130,268,547
Provision for income tax	536,363,048	5,205,589	69,693,732	–	611,262,369
Net income	₱1,827,917,880	₱8,512,488	₱691,767,463	(₱1,016,171,958)	₱1,519,006,176
Other information					
Segment assets	₱50,343,049,088	₱146,790,462	₱5,578,938,674	(₱18,683,086,016)	₱37,385,692,208
Deferred tax assets	77,204,006	14,928,284	–	–	92,132,290
Total Assets	₱50,420,253,094	₱161,718,746	₱5,578,938,674	(₱18,683,086,016)	₱37,477,824,498
Segment liabilities	₱31,932,676,198	₱129,580,707	₱1,444,653,298	(₱13,216,297,279)	₱20,290,612,924
Deferred tax liabilities	2,376,805,396	–	176,536,133	–	2,553,341,529
Total Liabilities	₱34,309,481,594	₱129,580,707	₱1,621,189,431	(₱13,216,297,279)	₱22,843,954,453

33. **Significant Contracts**

CALC

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

As of December 31, 2016, there had been subscriptions of 466 Preferred A shares at a total amount of ₱375.60 million, 37 Preferred B shares at a total amount of ₱74.73 million, 16 Preferred C shares at a total amount of ₱4.71 million and 4 Preferred D shares at a total amount of ₱5.78 million. Outstanding subscription receivable on preferred shares as of December 31, 2016 amounted to ₱292.23 million.

There were no fully paid subscriptions as of December 31, 2016. Amount presented under financial statement caption "Other noncurrent liabilities" represents initial subscription payments received. Prior to full payment and availability of the rooms, the Group has determined that amounts received from the buyers of preferred shares are classified as liability since the shareholders rights to the 28 free nights to stay at the hotel and contractual right to dividends will inure to the shareholder only upon full payment and availability of the rooms.

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

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

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

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

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

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

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

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

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

CCDC II

On August 7, 2015, CCDC and MC entered into an agreement to operate CCDC II for the purpose of: (a) developing, or causing development of, the "Project" in accordance with such designs, plans, specifications, and timetable prepared, or caused to be prepared by the management of CCDC II; and (b) undertaking the lease, marketing, and sale of the properties comprising the "Project".

The parties agreed that their shareholding ratio in CCDC II shall be 60% for CCDC and 40% for MC. The parties shall infuse capital to CCDC II in accordance with the shareholding ratio.

On November 12, 2015, CCDC II with its shareholders partners, CCDC and MC, signed a ₱2,200 million loan facility with BPI. Proceeds from the ten-year senior loan will be used to partly finance the ₱4,500 million Forbes Media Tower project. The balance of ₱2,300 million will be funded through equity contributions of 60% from CCDC and 40% from MC.

On June 17, 2016, the SEC approved the application of CCDC II to increase its authorized capital stock from 2.00 million shares to 1,279.88 million shares. Subsequently on August 12, 2016, MC subscribed to 511.56 million shares of CCDC II (see Note 20).

CPHLI

On April 21, 2015, CPHLI 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. No payments were made as of December 31, 2016. CPHLI 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.

34. Contingencies

The Group is contingently liable for lawsuits or claims filed by third parties (substantially civil cases that are either pending decision by the courts or are under negotiation, the outcomes of which are not presently determinable). In the opinion of management and its legal counsels, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims or assessments. No provisions were made in 2016 and 2015 with respect of the foregoing matters.

35. **Notes to Consolidated Statements of Cash Flows**

Below are the noncash investing and financing transactions in 2016, 2015 and 2014:

a. Accretion of unamortized discount for noninterest-bearing contracts receivable amounting to ₱656.15 million, ₱801.75 million and ₱825.65 million in 2016, 2015 and 2014, respectively (see Note 23).

b. Transfer from investment property to inventories amounting to ₱79.71 million in 2016 (see Note 6 and 12)

c. Amortization of deferred financing costs amounting to ₱52.17 million and ₱49.20 million in 2016 and 2015, respectively (see Note 17).

d. Transfer of ₱654.83 million and ₱41.76 million worth of investment properties to real estate inventories in 2015 and 2014, respectively (see Notes 6 and 13).

e. Transfer of ₱43.13 million worth of land held for future development to real estate inventories in 2015 (see Notes 6 and 7).

f. Declaration of stock dividends amounting to ₱1,060.00 million in 2014.

Century Properties Group, Inc.
Financial Ratios

	As of December 31		
	2016	2015	2014
Current Ratio	2.9x	2.8x	2.7x
Debt to Equity Ratio	1.0x	1.0x	0.8x
Asset to Equity Ratio	2.7x	2.6x	2.4x
	For the year ended December 31		
	2016	2015	2014
Return on Assets	1.8%	4.4%	7.5%
Return on Equity	4.8%	10.9%	17.5%
EBIT	1,081.5	2,202.3	3,187.8
EBITDA	1,142.7	2,259.0	3,249.0
Total Debt	15,676.0	13,916.0	10,931.5
Net Debt	12,332.9	11,907.7	9,502.2
Gross Profit from Real Estate Sales Margin	48.4%	43.8%	45.6%
Net Income Margin	9.8%	14.6%	16.9%
Net debt-to-equity ratio	0.8x	0.8x	0.7x
Debt-to-EBITDA ratio	13.7x	6.2x	3.4x
Net debt-to-EBITDA ratio	10.8x	5.3x	2.9x

Century Properties Group, Inc.
Other Financial Data

Financial Ratios [Amount in millions]	As of or for the year ended December 31 2013	2014	2015	FY 2016
1. Return on Assets	**8.2%**	**7.5%**	**4.4%**	**1.8%**
Net income	1,844.7	2,158.9	1,519.0	726.9
Total Assets [Average]	22,361.3	28,908.1	34,564.0	39,393.2
2. Return on Equity	**16.7%**	**17.5%**	**10.9%**	**4.8%**
Net income	1,844.7	2,158.9	1,519.0	726.9
Total Equity [Average]	9,838.0	12,309.7	13,969.0	14,990.1
3. EBIT	**2,746.4**	**3,187.8**	**2,202.3**	**1,081.5**
Net Income	1,844.7	2,158.9	1,519.0	726.9
Interest	29.2	16.7	72.0	102.5
Provision for income tax	872.5	1,012.2	611.3	252.1
4. EBITDA	**2,810.0**	**3,249.0**	**2,259.0**	**1,142.7**
Net Income	1,844.7	2,158.9	1,519.0	726.9
Interest	29.2	16.7	72.0	102.5
Provision for income tax	872.5	1,012.2	611.3	252.1
Depreciation and amortization	63.6	61.2	56.7	61.2
5. Total Debt	**6,039.1**	**10,931.4**	**13,916.1**	**15,676.0**
Short-term debt	579.7	673.3	961.6	506.0
Current portion of long-term debt	1,178.2	1,924.3	2,635.3	2,009.7
Long-term debt - net of current portion	4,281.2	5,676.5	7,651.7	10,481.5
Bonds	0.0	2,657.3	2,667.5	2,678.8
6. Net Debt	**4,600.2**	**9,502.2**	**11,907.8**	**12,332.9**
Total Debt	6,039.1	10,931.4	13,916.1	15,676.0
Cash and cash equivalents	(1,438.9)	(1,429.2)	(2,008.3)	(3,343.1)
7. Gross Margin	**42.1%**	**45.6%**	**43.8%**	**48.4%**
Real estate sales	9,304.2	10,823.0	7,751.3	4,968.4
Interest accretion	654.8	825.6	801.8	656.2
Total	9,959.0	11,648.6	8,553.1	5,624.6
Cost of real estate sales	5,766.9	6,342.6	4,808.6	2,901.3
Gross profit with accretion	4,192.1	5,306.0	3,744.5	2,723.4
8. Net Margin	**17.1%**	**16.9%**	**14.6%**	**9.8%**
Net Income	1,844.7	2,158.9	1,519.0	726.9
Total revenue	10,809.1	12,760.8	10,381.3	7,380.2
9. Net debt-to-equity ratio	**0.4x**	**0.7x**	**0.8x**	**0.8x**
Net Debt	4,600.2	9,502.2	11,907.8	12,332.9
Total equity	11,435.0	13,304.4	14,633.9	15,346.4
9. Total debt-to equity ratio	**52.8%**	**82.2%**	**1.0x**	**1.0x**
Total Debt	6,039.1	10,931.4	13,916.1	15,676.0
Total equity	11,435.0	13,304.4	14,633.9	15,346.4
9. Debt-to-total capitalization ratio				
Total Debt	6,039.1	10,931.4	13,916.1	15,676.0
10. Debt-to-EBITDA ratio	**2.1x**	**3.4x**	**6.2x**	**13.7x**
Total Debt	6,039.1	10,931.4	13,916.1	15,676.0
EBITDA	2,810.0	3,249.0	2,259.0	1,142.7
11. Net debt-to-EBITDA ratio	**1.6x**	**2.9x**	**5.3x**	**10.8x**
Net Debt	4,600.2	9,502.2	11,907.8	12,332.9
EBITDA	2,810.0	3,249.0	2,259.0	1,142.7
12. Total Liabilities-to-Equity ratio	**1.3x**	**1.4x**	**1.6x**	**1.7x**
Total Liabilities	14,731.0	18,345.8	22,845.0	25,962.1
Equity	11,435.0	13,304.4	14,633.9	15,346.4