

# COVER SHEET

SEC Registration Number

0 0 0 0 0 6 0 5 6 6

**COMPANY NAME**C E N T U R Y P R O P E R T I E S G R O U P I N C .  
  
  
  
**PRINCIPAL OFFICE** ( No. / Street / Barangay / City / Town / Province )2 1 s t F l o o r P a c i f i c S t a r B u i l d i  
n g , S e n . G i l P u y a t c o r n e r M a k a  
t i A v e n u e , M a k a t i C i t y  
  

Form Type

1 7 - A

Department requiring the report

S E C

Secondary License Type, If Applicable

N / A

**COMPANY INFORMATION**

Company's Email Address

N/A

Company's Telephone Number

(02)793-5526

Mobile Number

N/A

No. of Stockholders

486

Annual Meeting (Month / Day)

07/22

Fiscal Year (Month / Day)

12/31

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

Name of Contact Person

John Paul C. Flores

Email Address

jpcflores@century-  
properties.com

Telephone Number/s

(02) 793-8981

Mobile Number

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.

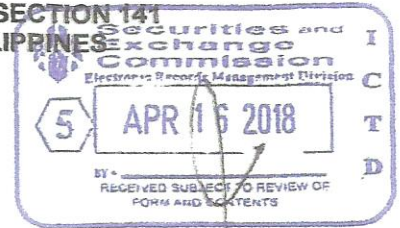
**2:** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for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



**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, 2017

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: 21<sup>st</sup> 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, 2017

**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 [ ☒ ] 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 ☒ No ☐

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

Yes ☒ 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, 2017**

**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 ☒

**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, 2017  
(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 31-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, 2017, the Company completed the following: 18 residential condominium buildings, consisting of 10,890 units with a total gross floor area (GFA) of 795,849 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
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	34,817	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	34,793	559	2016
Maui	Parañaque City	Residential	41,235	601	2016
Dettifoss	Mandaluyong City	Residential	36,536	606	2016
Livingstone	Mandaluyong City	Residential	40,251	674	2016
Trump Tower	Makati City	Residential	55,504	266	2017
Maldives	Parañaque City	Residential	28,859	385	2017
Quezon North	Quezon City	Residential	17,760	285	2017
Roxas East	Quezon City	Residential	27,255	389	2017
<b>Total</b>			<b>795,849</b>	<b>10,890</b>	

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
<b>Total</b>			<b>126,336</b>		

*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, Pampanga, Novaliches, Palawan, and Batulao that cover a total site area of 219.29 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 44 projects as of December 31, 2017 with 2.53 million sq.m of GFA (with parking) under management. Of the total, 64% 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 and Philippine National Bank Financial Center in Pasay 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 471 exclusive agents who receive monthly allowances and commissions and 1,725 non-exclusive commission based agents and brokers as of December 31, 2017.

For 2015, 2016 and 2017, revenue (including other income) was P10,381.3 million, P7,380.2 million and P7,792.9 million, respectively, and our net income was P1,519.0 million, P726.9 million and P649.9 million, respectively. As of December 31, 2017, we had total assets of P42,555.7 million, and total equity of P15,718.5 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 Accorm Hotels 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 and fully paid in 2017, and the second, bilateral facility of P500 million, which was fully paid in 2015. s

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, lease 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 44 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 1,813 employees as of December 31, 2017, compared to 1,940 employees as of December 31, 2016. 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 2,196 agents as of December 31, 2017. 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:

	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
Development operations.....	462	466
Sales and marketing.....	9	9
Construction.....	804	870
Property management.....	538	595
Total.....	<b>1,813</b>	<b>1,940</b>
<b>Agents</b>		
Subsidized Agents.....	471	408
Agents on Commission.....	1,725	4,304
Total.....	<b>2,196</b>	<b>4,712</b>

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 CPGI. 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 471 agents who receive subsidy allowance and remunerated through commissions, 1,725 agents and brokers on commission as of December 31, 2017. 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, Hongkong, Qatar 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	For renewal of application
Century City Development Corporation	4-2007-003034	08/13/2007	For renewal of application
The Gramercy Residences at Century City	4-2007-003343	08/13/2007	For renewal of application
MOMA the Modern Makati	4-2007-004279	10/29/2007	For renewal of application
Century City	4-2007-003035	08/13/2007	For renewal of application

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	06/22/2017	Active
PHirst	4-2017-002148	06/22/2017	Active
PHirst Park Homes Tanza	4-2017-002149	06/15/2017	Active
Azure	4-2017-009341	06/16/2017	New
Miami	4-2017-009350	06/16/2017	New
Rio	4-2017-009342	06/16/2017	New
Azure North	4-2017-009355	06/16/2017	New
St. Tropez	4-2017-009344	06/16/2017	New
Rio at the Azure	4-2017-009343	06/16/2017	New
The St. Tropez at the Azure	4-2017-009345	06/16/2017	New
The Santorini at the Azure	4-2017-009346	06/16/2017	New
Positano at the Azure	4-2017-009347	06/16/2017	New

Maui	4-2017-009348	06/16/2017	New
Maui at the Azure	4-2017-009349	06/16/2017	New
The Miami at the Azure	4-2017-009351	06/16/2017	New
The Maldives at the Azure	4-2017-009352	06/16/2017	New
Bahamas at the Azure	4-2017-009353	06/16/2017	New
Boracay at the Azure	4-2017-009354	06/16/2017	New
Barbados at Azure North	4-2017-009356	06/16/2017	New
Monaco at Azure North	4-2017-009357	06/16/2017	New
Bali at Azure North	4-2017-009358	06/16/2017	New
Batulao Artscares	4-2017-009367	06/16/2017	New
Batulao Artscares	4-2017-009368	06/16/2017	New
Artventure	4-2017-011921	07/28/2017	New
Artscares	4-2017-011920	07/28/2017	New
Co. Doms	4-2018-002012	02/02/2018	New
Co. Livingspaces	4-2018-002013	02/02/2018	New
Co.	4-2018-002014	02/02/2018	New
Co. Spaces	4-2018-002015	02/02/2018	New
Prima	4-2018-002016	02/02/2018	New
Prima Villahome	4-2018-002017	02/02/2018	New
Prima Townvilla	4-2018-002018	02/02/2018	New
Prima Resorthome	4-2018-002019	02/02/2018	New

#### Century Communities Corporation

Trademark Title	Registration No.	Registration Date	Status
Century Communities and Device	4-2007-003036	08/13/2007	For renewal of application
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, 2017.

As of December 31, 2017, 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 86.7% for capital expenditures in 2017, compared to 93.4% in 2016, and 83.51% in 2015.

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 Overseas 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 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 2018. 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 2017 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 minimum 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 pride 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.

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 34 residential condominium buildings, three commercial buildings for lease, and 887 landed houses, with a total expected GFA (with parking) of 1,816,237 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 653,099 sq.m. and targets the middle income and luxury markets. As of December 2017, the Company has completed the Gramercy Residences, the Knightsbridge Residences, Century City Mall, Centuria Medical Makati, The Milano Residences with interiors designed by Versace Home and Trump Tower. Ongoing projects at Century City are Century Spire and The Forbes Media Tower. These projects have estimated completion dates through 2020.
- **Acqua Private Residences** – Acqua Private Residences is located in Mandaluyong City and comprises six towers with a total planned GFA (with parking) of 227,331 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 339,669 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, 2017, 866 units have been completed; there are no remaining units under construction.
- **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.

- **PHirst Park Homes** – PHirst Park Homes is the first-home division and brand of the Century Properties Group Inc. Its maiden project located along Governor's Drive, Brgy. Tanauan, Tanza Cavite, is a three phase horizontal residential property which offers both Townhouse units & Single Attached units. The development covers a total planned GLA of 256,514 sq.m.

## 2.2 COMPLETED PROJECTS AS OF DECEMBER 31, 2017

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	34,817	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	34,793	559	2016
Maui	Parañaque City	Residential	41,235	601	2016
Dettifoss	Mandaluyong City	Residential	36,536	606	2016
Livingstone	Mandaluyong City	Residential	40,251	674	2016
Trump Tower	Makati City	Residential	55,504	266	2017
Maldives	Parañaque City	Residential	28,859	385	2017
Quezon North	Quezon City	Residential	17,760	285	2017
Roxas East	Quezon City	Residential	27,255	389	2017
<b>Total</b>			<b>795,849</b>	<b>10,890</b>	

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
<b>Total</b>			<b>126,336</b>		

Note: Excludes projects completed by Meridien

## 2.3 PROPERTIES UNDER MANAGEMENT AS OF DECEMBER 31, 2017

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
The Trump Tower	Makati City	Century City Development Corporation	42,165
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.	<u>57,752</u>
<b>Subtotal</b>			<b><u>1,371,117</u></b>

# **COMMERCIAL PROPERTIES**

<b>Project</b>	<b>Location</b>	<b>Developer</b>	<b>GFA (sq.m.)</b>
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
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
<b>Subtotal</b>			<b>1,158,904</b>
<b>TOTAL GFA</b>			<b>2,530,021</b>
<b>TOTAL PROJECTS</b>			<b>44</b>

## 2.4 PROJECT UPDATES AS OF DECEMBER 31, 2017

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	2020
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	227,311	2015 - 2019
Azure Urban Resort Residences	CLC	Residential	Affordable	Barangay Marcelo, Bicutan, Parafiaque City	339,699	2013 - 2018
The Resort Residences at Azure North	CLC	Residential	Affordable	San Fernando Pampanga	123,614	2020-2021
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
<b>Total</b>					<b>1,714,503</b>	

## 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, 2017, 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:

	<u>2017</u>			<u>2016</u>			<u>2015</u>		
<u>Quarter</u>	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
First quarter	P0.62	P0.485	0.49	P0.61	P0.40	0.55	1.04	0.92	0.93
Second quarter	0.59	0.485	0.55	0.60	0.49	0.51	0.96	0.79	0.82
Third quarter	0.69	0.49	0.52	0.78	0.50	0.58	0.86	0.55	0.58
Fourth quarter	0.54	0.46	0.49	0.75	0.51	0.55	0.65	0.54	0.56

As of December 29, 2017, the last trading day of the Company's shares for the fourth (4<sup>th</sup>) quarter of the year 2017, the Company's closing share price is ₱0.49 per share.

## 5.2 STOCKHOLDERS

The number of shareholders of the Company of record as of December 31, 2017 was Four Hundred Ninety Seven(497). The number of issued and outstanding common shares of the Company as of December 31, 2017 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, 2017 are as follows:

Name	Number of Shares Held	% to Total
1. Century Properties Inc.	5,612,370,679	47.970
2. PCD Nominee Corporation ( Filipino )	4,252,748,442	36.349
3. PCD Nominee Corporation ( Non-Filipino )	608,401,901	5.200
4. Ricardo P. Cuerva	214,995,168	1.838
5. Jaimie Marie C. Cuerva	214,995,160	1.838
6. Lourdes C. Cuerva	214,995,160	1.838
7. Ma. Cristina Louise C. Cuerva	214,995,160	1.838
8. Ricardo C. Cuerva	214,995,160	1.838
9. Triventures Construction & Management Corp.	119,441,756	1.021
10. Ernesto B. Lim	12,669,508	0.108
11. Qui Nini	6,800,000	0.058
12. Victor S. Chiongbian	4,022,064	0.034
13. Alfred Reiterer	2,000,000	0.017
14. Antonio Andres Chua	1,447,943	0.012
15. Pedro Rizaldy Alarcon	1,000,000	0.009
16. Antonio A. Inductivo	723,959	0.006
17. Vicente Goquiolay & Co., Inc.	395,288	0.003
18. Magdaleno B. Delmar, Jr.	361,458	0.003
19. Crisanto L. Dapigran	217,000	0.002
20. Pacifico B. Tacub	150,661	0.001

### 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 2015 until 2017.

Cash Dividends				
Fiscal Year	Total Amount of Dividends	Amount of dividends per share	Date of Declaration	Date of Payment
2014	PhP201,158,909	0.0173 per share	June 15, 2015	July 16, 2015
2015	PhP205,022,943	0.0177 per share	June 22, 2016	July 20, 2016
2016	PhP205,065,834	0.0177 per share	May 22, 2017	June 19, 2017

#### ***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.

## 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 10% to 30% 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, 2017, the Group recorded revenue from real estate sales amounting to P5,345.9 million compared to P4,968.4 million in 2016.

The increase in real estate sales is attributable to the increase in selling price of the units among projects and additional projects with recognized revenue in both condominium and affordable projects during the year.

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

Interest and other income decreased by 1.10% to P1,752.3 million in the year ended December 31, 2017 from P1,771.8 million in the year ended December 31, 2016. This decrease is primarily due to lower gain in Fair Value of Investment Properties recognized during 2017. The gain on fair value gain in investment properties recognized in 2017 amounted to P286.0 million which is lower compared to P348.3 million recognized in 2016.

Investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent appraisers, as of December 31, 2017 and 2016.

**Property management fee and other services**

Property management fee and other services increased by 16.84% to P353.0 million in the year ended December 31, 2017 from P302.1 million in the year ended December 31, 2016. This was due to the increase in the revenue from managed properties, specifically BPI properties increased from 1 to 4 buildings, and additional Century related developments.

**Leasing Revenue**

Leasing revenue increased by 1.13% to P341.7 million in the period ended December 31, 2017 from P337.9 million in the same period ended December 31, 2016 due to the increase in occupancy rate of Century City Mall. Century City Mall has 96.3% occupancy rate for 2017 higher compared to 95.5% occupancy rate in 2016.

**Costs and Expenses (including loss from change in fair value of derivatives and unrealized foreign exchange losses)**

Cost and expenses increased by 5.79% to P6,772.0 million during 2017 from P6,401.2 million for the year ended December 31, 2016.

Cost of real estate sales decreased by 3.27% to P2,806.5 million in the year ended December 31, 2017 from P2,901.3 million in the year ended December 31, 2016 due to price increases in its projects.

- Cost of leasing decreased by 10.85% to P237.8 million for the year ended December 31, 2017 from P266.8 million in the year ended December 31, 2016. The decrease is mainly due to the Group's implementation cost cutting measures during the year.
- Cost of services increased by 13.89% from P237.7 million in the year ended December 31, 2016 to P270.7 million in the year ended December 31, 2017. This is due to the increase of properties managed by CPML.
- Interest and other financing charges (including unrealized foreign exchange loss and loss on change in fair value of derivatives) increased by 31.21% to P492.9 million for the year ended December 31, 2017 from P375.7 million for 2016. This was primarily due to bank fees and other financing charges paid other than capitalized borrowing costs during the year. These interests came from loans that do not qualify for capitalization as borrowing costs. The Loss on Fair Value of derivatives amounted to P35.6 million and P108.37 million in 2017 and 2016, respectively.

**Provision for Income Tax**

Provision for income tax increased by 47.16% to P370.9 million for the year ended December 31, 2017 from P252.1 million in the year ended December 31, 2016. The increase was primarily due to higher taxable income during the year.

**Net Income**

As a result of the foregoing, net income decreased by 10.59% to P649.9 million for the year ended December 31, 2017 from P726.9 million in the year ended December 31, 2016.

## **FINANCIAL CONDITION**

### ***As of December 31, 2017 vs. December 31, 2016***

Total assets as of December 31, 2017 were P42,555.7 million compared to P41,308.5 million as of December 31, 2016, or a 3.02% increase. This was due to the following:

- Cash and cash equivalents decreased by 58.11% from P3,343.1 million as of December 31, 2016 to P1,400.4 million as of December 31, 2017 primarily due to capital expenditures for the investment property, payment of land and the use of cash for operations. During the period the Company also paid its 3-year term bonds.
- Receivables decreased by 11.71% from P11,307.6 million as of December 31, 2016 to P9,983.5 million as of December 31, 2017 million due to increase in collection on receivables from turned over projects.
- During the year ended December 31, 2017, real estate inventories increased by 14.17% from P13,302.8 million as of December 31, 2016 to P15,187.4 million as of December 31, 2017 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 30.71% to P7,759.6 million as of December 31, 2017 as compared to P5,936.5 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.

Total liabilities as of December 31, 2017 were P26,300.0 million compared to P25,962.1 million as of December 31, 2016, or a 1.30% increase. This was due to the following:

- Accounts and other payables decreased by 4.45% from P4,010.7 million as of December 31, 2016 to P3,832.0 million as of December 31, 2017 due to payments made to suppliers and contractors.
- 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 12.32% from P12,997.2 million as of December 31, 2016 to P14,598.7 million as of December 31, 2017 due to increased net availments from existing and new lines during the period. The increase in debt was partially used to fund operations, investment properties, and to refinance debt.
- Pension liabilities decreased by 0.67% from P237.0 million as of December 31, 2016 to P235.5 million as of December 31, 2017 as a result of recognition of significant actuarial gain during the year amounting to P37.75 million.
- Income tax payable decreased by 60.33% from P8.1 million as of December 31, 2016 to P3.2 million as of December 31, 2017 primarily due to application of creditable withholding taxes as part of tax payments in 2017.

Total stockholder's equity net increased by 3.23% to P15,718.5 million as of December 31, 2017 from P15,226.6 million as of December 31, 2016 due to the net income recorded during the year net of CPGI's cash dividend declarations during the year.

**Century Properties Group, Inc.**  
**Financial Ratios**

	As of December 31		
	2017	2016	2015
<b>Current Ratio</b>	<b>2.5x</b>	<b>2.9x</b>	<b>2.8x</b>
<b>Debt to Equity Ratio</b>	<b>1.0x</b>	<b>1.0x</b>	<b>1.0x</b>
<b>Asset to Equity Ratio</b>	<b>2.6x</b>	<b>2.7x</b>	<b>2.6x</b>
	For the year ended December 31		
	2017	2016	2015
<b>Return on Assets</b>	<b>1.5%</b>	<b>1.8%</b>	<b>4.1%</b>
<b>Return on Equity</b>	<b>4.1%</b>	<b>4.8%</b>	<b>10.9%</b>
<b>EBIT</b>	<b>1,308.2</b>	<b>1,081.5</b>	<b>2,202.3</b>
<b>EBITDA</b>	<b>1,341.4</b>	<b>1,110.1</b>	<b>2,230.1</b>
<b>Total Debt</b>	<b>16,099.7</b>	<b>15,676.0</b>	<b>13,916.0</b>
<b>Net Debt</b>	<b>14,699.3</b>	<b>12,332.9</b>	<b>11,907.7</b>
<b>Gross Profit from Real Estate Sales Margin</b>	<b>53.3%</b>	<b>48.4%</b>	<b>43.8%</b>
<b>Net Income Margin</b>	<b>8.3%</b>	<b>9.8%</b>	<b>14.6%</b>
<b>Net debt-to-equity ratio</b>	<b>0.9x</b>	<b>0.8x</b>	<b>0.8x</b>
<b>Debt-to-EBITDA ratio</b>	<b>12.0x</b>	<b>14.1x</b>	<b>6.2x</b>
<b>Net debt-to-EBITDA ratio</b>	<b>11.0x</b>	<b>11.1x</b>	<b>5.3x</b>

**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 short term and long-term debt including bonds payable 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. Total Revenue includes, Real Estate Sales, Leasing Revenue, Property Management fee and other services, interest and other income, and Gain from change in Fair Value.
- (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 year.
- (9) Net debt to EBITDA ratio is calculated as net debt as of the end of the period divided by EBITDA for the year.
- (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, 2017 compared to December 31, 2016 (increase/decrease of 5% or more)**

Cash and cash equivalents decreased by 58.11% from P3,343.1 million as of December 31, 2016 to P1,400.4 million as of December 31, 2017 primarily due to capital expenditures for the investment property, payment of land and the use of cash for operations. During the period the Company also paid its 3-year term bonds.

Receivables decreased by 11.71% from P11,307.6 million as of December 31, 2016 to P9,983.5 million as of December 31, 2017 million due to increase in collection on receivables from turned over projects.

During the year ended December 31, 2017, real estate inventories increased by 14.17% from P13,302.8 million as of December 31, 2016 to P15,187.4 million as of December 31, 2017 due to development of various projects during the period and lower cost of real estate recognized during the period.

Due from Related parties decreased by 7.85% from P533.08 million as of December 31, 2016 to P491.25 million as of December 31, 2017 due to settlements within of made between the subsidiaries of the Group.

Prepayments and other current assets (including derivative assets) decreased by 22.58% from P1,303.2 million as of December 31, 2016 to P1,009.0 million as of December 31, 2017 mainly due to amortization of deferred selling expenses, derecognition of derivative asset and application of creditable withholding taxes on the income tax payable during the period.

Deposits for purchased land increased by 17.04% from P1,170.1 million as of December 31, 2016 to P1,369.6 million as of December 31, 2017 due to payment made by the Company to the Land Owners during the period.

Investment and advances to Joint Ventures and Associates decreased by 40.31% from P393.9 million as of December 31, 2016 to P235.15 million as of December 31, 2017 mainly due to A2 Global settlement all of its advances from the Group for the construction of the investment property.

Investment properties posted an increase by 30.71% to P7,759.6 million as of December 31, 2017 as compared to P5,936.5 million as of December 31, 2016 primarily due to other costs incurred for Forbes and Fort Projects. Increase in fair value of other investment properties assets also contributes to the increase in investment property.

Property and equipment increased by 120.08% from P485.5 million as of December 31, 2016 to P1,068.6 million as of December 31, 2017 due to additional cost incurred for the construction of the Novotel Suites Manila at Acqua 6 Tower of the Acqua Private Residences.

Deferred Tax Asset decreased by 35.15% from P160.4 million as of December 31, 2016 to P104.0 million as of December 31, 2017. The decrease is primarily due to the NOLCO claimed by the Group against its taxable income during the year.

Other non-current assets increased by 78.94% from P740.39 million as of December 31, 2016 to P1,324.9 million as of December 31, 2017 primarily due to the increase in rental deposits held and applied in relation to the Company's lease contracts for their administrative and sales offices.

Customers' advances and deposits increased by 16.87% from P2,360.4 million as of December 31, 2016 to P2,758.6 million as of December 31, 2017. Balances as of December 31, 2017 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 12.32% from P12,997.2 million as of December 31, 2016 to P14,598.7 million as of December 31, 2017 due to increased net availments from existing and new lines during the period. The increase in debt was partially used to fund operations, investment properties, and to refinance debt.

Liability from purchased land decreased by 13.97% from P521.0 million as of December 31, 2016 to P448.2 million as of December 31, 2017 due to payments made to Land Owner during the year.

Bond Payable decreased by 44.0% from P2,678.8 million as of December 31, 2016 to P1,501.0 million as of December 31, 2017 due to settlement of the 3-year bonds payable.

Due to related parties decreased by 85.22% from P326.0 million as of December 31, 2016 to P48.2 million as of December 31, 2017 due to payment of advances to Ultimate Parent made by the Group during the year.

Income tax payable decreased by 60.33% from P8.1 million as of December 31, 2016 to P3.2 million as of December 31, 2017 primarily due to application of creditable withholding taxes as part of tax payments in 2017.

Other Noncurrent Liabilities increased by 57.0% from P269.5 million as of December 31, 2016 to P423.1 million as of December 31, 2017 due to the increase in subscription and collected deposit for future preferred stock subscription of the Group during the year.

Total stockholder's equity net increased by 3.23% to P15,718.5 million as of December 31, 2017 from P15,226.6 million as of December 31, 2016 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, 2017 compared to the year ended December 31, 2016 (increase/decrease of 5% or more)**

Real estate revenue posted an increase by 7.60% for the year ended December 31, 2017 from P4,968.4 million in 2016 to P5,345.9 million in 2017. The increase in real estate sales is attributable to the increase in selling price of the units among projects and additional projects with recognized revenue in both condominium and affordable projects during the year.

Property management fee and other services increased by 16.84% to P353.0 million in the year ended December 31, 2017 from P302.1 million in the year ended December 31, 2016. This was due to the increase in the revenue from managed properties, specifically BPI properties increased from 1 to 4 buildings, and additional Century related developments.

Cost and expenses increased by 5.79% to P6,772.0 million during 2017 from P6,401.2 million for the year ended December 31, 2016.

Cost of leasing decreased by 10.85% to P237.8 million for the year ended December 31, 2017 from P266.8 million in the year ended December 31, 2016. The decrease is mainly due to the Group's implementation cost cutting measures during the year.

Cost of services increased by 13.89% from P237.7 million in the year ended December 31, 2016 to P270.7 million in the year ended December 31, 2017. This is due to the increase of properties managed by CPML.

Interest and other financing charges (including unrealized foreign exchange loss and loss on change in fair value of derivatives) increased by 31.21% to P492.9 million for the year ended December 31, 2017 from P375.7 million for 2016. This was primarily due to bank fees and other financing charges paid other than capitalized borrowing costs during the year. These interests came from loans that do not qualify for capitalization as borrowing costs. The Loss on Fair Value of derivatives amounted to P35.6 million and P108.37 million in 2017 and 2016, respectively.

Provision for income tax increased by 47.16% to P370.9 million for the year ended December 31, 2017 from P252.1 million in the year ended December 31, 2016. The increase was primarily due to higher taxable income during the year.

As a result of the foregoing, net income decreased by 10.59% to P649.9 million for the year ended December 31, 2017 from P726.9 million in the year ended December 31, 2016.

## **REVIEW OF YEAR END 2016 VS YEAR END 2015**

### **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 gain from change in fair value of investments properties recognized in 2015. The gain from change in fair value of investment properties amounted to P348.3 million in 2016, lower than the P755.6 million gain recognized in 2015. In addition, there was no gain from change in fair value of derivatives amounted recognized in 2016 while P118.5 million was recognized in 2015.

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 (Including loss on Fair Value of Derivative Asset)**

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 12.8% from P12,959.4 million as of December 31, 2015 to P11,307.6 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 P5,936.5 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 P22,844.0 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 15.6% 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.

**Century Properties Group, Inc.**  
**Financial Ratios**

	As of December 31		
	2016	2015	2014
<b>Current Ratio</b>	<b>2.9x</b>	<b>2.8x</b>	<b>2.7x</b>
<b>Debt to Equity Ratio</b>	<b>1.0x</b>	<b>1.0x</b>	<b>0.8x</b>
<b>Asset to Equity Ratio</b>	<b>2.7x</b>	<b>2.6x</b>	<b>2.4x</b>
	For the year ended December 31		
	2016	2015	2014
<b>Return on Assets</b>	<b>1.8%</b>	<b>4.1%</b>	<b>7.5%</b>
<b>Return on Equity</b>	<b>4.8%</b>	<b>10.9%</b>	<b>17.5%</b>
<b>EBIT</b>	<b>1,081.5</b>	<b>2,202.3</b>	<b>3,187.8</b>
<b>EBITDA</b>	<b>1,110.1</b>	<b>2,230.1</b>	<b>3,249.0</b>
<b>Total Debt</b>	<b>15,676.0</b>	<b>13,916.0</b>	<b>10,931.5</b>
<b>Net Debt</b>	<b>12,332.9</b>	<b>11,907.7</b>	<b>9,502.2</b>
<b>Gross Profit from Real Estate Sales Margin</b>	<b>48.4%</b>	<b>43.8%</b>	<b>45.6%</b>
<b>Net Income Margin</b>	<b>9.8%</b>	<b>14.6%</b>	<b>16.9%</b>
<b>Net debt-to-equity ratio</b>	<b>0.8x</b>	<b>0.8x</b>	<b>0.7x</b>
<b>Debt-to-EBITDA ratio</b>	<b>14.1x</b>	<b>6.2x</b>	<b>3.4x</b>
<b>Net debt-to-EBITDA ratio</b>	<b>11.1x</b>	<b>5.3x</b>	<b>2.9x</b>

**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 short term and long-term debt including bonds payable 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. Total Revenue includes, Real Estate Sales, Leasing Revenue, Property Management fee and other services, interest and other income, and Gain from change in Fair Value.
- (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 year.
- (9) Net debt to EBITDA ratio is calculated as net debt as of the end of the period divided by EBITDA for the year.
- (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 longterm debt during the period and improvement in the result of cash flow from operations.

Receivables decreased by 12.8% from P12,959.4 million as of December 31, 2015 to P11,307.6 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 P1,070.1 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 P5,936.5 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 33.8% 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.

Deferred Tax Asset increased by 74.1% from P92.1 million as of December 31, 2015 to P160.4 million as of December 31, 2016 due to recognition deferred tax asset from NOLCO during the year.

Other non-current assets increased by 9.9% from P673.5 million as of December 31, 2015 to P740.4 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 (including gain from change in Fair Value) 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(including loss of fair value of derivatives) 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.

### **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 2012, 2013, 2014, 2015, 2016 and 2017.

	<b>Expenditure (in millions)</b>
2012	P 7,267.7
2013	9,074.5
2014	8,588.1
2015	8,668.9
2016	6,894.2
2017	6,757.5

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		
	2017	2016	2015
Advances and payments to joint venture partners	P 86.2	P 385.0	P 416.4
Acquisition of property and equipment and investment property	2,010.1	502.1	793.5
Construction	<u>4,661.2</u>	<u>6,007.1</u>	<u>7,458.9</u>
Total	<u>P 6,757.5</u>	<u>P 6,894.2</u>	<u>P 8,668.9</u>

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 29, 2017 the Company held its Annual Shareholders' Meeting wherein SGV and Co. was appointed as the external auditors of the Company for the years 2016 and 2017, 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 2017 inclusive of VAT amounted to P3.6 million.

Fees for the years 2016 and 2015, inclusive of VAT, amounted to P3.5 million and P3.1 million respectively.

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 2017.

### **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, 2017 are as follows:

<b>Name of Director</b>	<b>Position</b>	<b>Age</b>
Amb. Jose E.B. Antonio	Chairman of the Board, President and CEO	71
John Victor R. Antonio	Director and Co. COO	45
Jose Marco R. Antonio	Director and Co. COO	43
Jose Roberto R. Antonio	Co-Managing Director	41
Jose Carlo R. Antonio	Director and Chief Financial Officer	34
Ricardo Cuerva	Director	73
Rafael G. Yaptinchay	Co-Managing Director	67
Amb. Jose L. Cuisa, Jr.	Independent Director	71
Stephen T. CuUnjieng	Independent Director	58
Carlos C. Ejercito	Independent Director	71
Atty. Camille Kristine I. Aromas	Corporate Secretary	32
Domie S. Eduvane	Senior Vice President for Legal and Corporate Affairs	53
Gerry Joseph Albert Ilagan	Executive Vice President for Century Worldwide Services and Sales Management Operations	38
Carlos Benedict K. Rivilla, IV	Vice President for Corporate Affairs and Assistant Corporate Secretary	46
Maria Theresa Fucanan – Yu	Vice President for Corporate Communications	37
Kristina I. Garcia	Director for Investor Relations	44

Patrick Carague	Senior Vice President for Decision Support Services and IT	46
Atty. Isabelita Ching Sales	Chief Information Officer and Compliance Officer	38
Ramon S. Villanueva III	Tax Compliance Officer	38
John Paul Flores	Comptroller	35
Gerardo A. Morales	Treasurer	56
Ricardo C. Cuerva	Senior Vice President for Design Innovation and Material Management Group	44
Gerardo R. Mina	Vice President for Property Management	53
Ritchelle T. Cordero	Head for Human Resources and Administration	38
Ricky M. Celis	President for Affordable Housing Business Segment	49

**Amb. Jose E.B. Antonio**, 71 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**, 45 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**, 43 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**, 41 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**, 34 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**, 73 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**, 67 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.**, 71 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**, 58 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**, 71 years old, Filipino, is the former Chairman of the United Coconut Planters Bank and currently the Chairman and CEO of Northern 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**, 53 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**, 38 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**, 46 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**, 38 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**, 44 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**, 38 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**, 32 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 Carague**, 46 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**, 35 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**, 56 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**, 45 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**, 53 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**, 38 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**, 37 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.

**Mr. Ricky M. Celis**, 49 years old, Filipino, will lead Century Properties in capturing the vast opportunities in the affordable housing segment. Prior to joining the Company, he served as the Head for Corporate Sales of Ayala Land Residential Business Group and President of Amaia Land (ALI Subsidiary). He also worked for Vista Land and Lifescapes for 11 years where he served as

Technical Services Engineer and eventually the Operating Head for Camella Homes South Division. He earned his degree in Civil Engineering at the Holy Angel University where he graduated as Magna Cum Laude. He also took Management Development Program at the Asian Institute of Management and Executive Development Program (LEAP) at the Harvard School of Business.

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 2017	P68,404,140.35	P5,248,129.54	0
	Projected 2018	P72,508,388.77	P5,563,017.31	
Aggregate executive compensation all other officers unnamed	Actual 2017	P69,522,249.06	P4,103,388.97	0
	Projected 2018	P73,693,584.01	P4,349,592.3	

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, 2017, 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. ( 21 <sup>st</sup> Floor, Pacific Star Building, Sen Gil Puyat corner Makati Avenue Makati City)	-CPI-  Carlos Benedict K. Rivilla, IV Duly authorized representative	Filipino	6,819,745,151	58.79%

### 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, 2017, 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 P. Cuerva	214,995,169	Filipino	1.838
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. Carague	-	Filipino	-
-	Ramon S. Villanueva III	-	Filipino	-
-	John Paul C. Flores	-	Filipino	-
-	Gerardo A. Morales	-	Filipino	-
	Ricardo C. Cuerva	214,995,160	Filipino	1.838
-	Gerardo S. Mina	-	Filipino	-
-	Ritchelle T. Cordero	-	Filipino	-
	Ricky M. Celis	-	Filipino	-
Common	Aggregate Amount of Ownership of all Directors and Officers as a Group	429,990,338		3.676

### 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**

<b>EXHIBIT</b>
Statement of Management's Responsibility
Consolidated Financial Statements
Supplementary Schedules

## REPORTS ON SEC FORM 17-C FOR PERIOD FY 2017

REPORTS on SEC FORM 17-C FOR PERIOD FY 2017																																																					
February 7, 2017	<p>CENTURY PROPERTIES INC, the majority shareholder of the Company, has sold a total of ONE BILLION ONE HUNDRED NINETY FOUR MILLION FOUR HUNDRED SEVENTEEN THOUSAND FIVE HUNDRED SIXTY FOUR (1,194,417,564) Common Shares via a special block sale duly approved by the Exchange on February 7, 2017 to the following:</p> <table><thead><tr><th>BUYER'S NAME</th><th>DATE OF TRANSACTION</th><th>TOTAL NUMBER OF SHARES</th><th>PRICE</th><th>PER SHARE</th><th>TOTAL PURCHASE PRICE</th></tr></thead><tbody><tr><td>Triventures Mgt. &amp; Cons. Corp.</td><td>February 6, 2017</td><td>119,441,756</td><td></td><td>0.713</td><td>P85,162,173.48</td></tr><tr><td>Ricardo P. Cuerva</td><td>February 6, 2017</td><td>214,995,168</td><td></td><td>0.713</td><td>P153,291,593.92</td></tr><tr><td>Lourdes C. Cuerva</td><td>February 6, 2017</td><td>214,995,160</td><td></td><td>0.713</td><td>P153,291,588.22</td></tr><tr><td>Ricardo C. Cuerva</td><td>February 6, 2017</td><td>214,995,160</td><td></td><td>0.713</td><td>P153,291,588.22</td></tr><tr><td>Jalmie Marie C. Cuerva</td><td>February 6, 2017</td><td>214,995,160</td><td></td><td>0.713</td><td>P153,291,588.22</td></tr><tr><td>Ma. Cristina Louise C. Cuerva</td><td>February 6, 2017</td><td>214,995,160</td><td></td><td>0.713</td><td>P153,291,588.22</td></tr><tr><td>TOTAL</td><td></td><td>1,194,417,564</td><td></td><td></td><td>P851,620,120.29</td></tr></tbody></table>					BUYER'S NAME	DATE OF TRANSACTION	TOTAL NUMBER OF SHARES	PRICE	PER SHARE	TOTAL PURCHASE PRICE	Triventures Mgt. & Cons. Corp.	February 6, 2017	119,441,756		0.713	P85,162,173.48	Ricardo P. Cuerva	February 6, 2017	214,995,168		0.713	P153,291,593.92	Lourdes C. Cuerva	February 6, 2017	214,995,160		0.713	P153,291,588.22	Ricardo C. Cuerva	February 6, 2017	214,995,160		0.713	P153,291,588.22	Jalmie Marie C. Cuerva	February 6, 2017	214,995,160		0.713	P153,291,588.22	Ma. Cristina Louise C. Cuerva	February 6, 2017	214,995,160		0.713	P153,291,588.22	TOTAL		1,194,417,564			P851,620,120.29
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February 8, 2017	<p>Century Properties Group Inc. (CPGI or the "Company") would like to issue its Official Statement below relative to the material transaction that was disclosed yesterday, February 7, 2017 for the benefit of the investing public:</p> <p>"Century Properties Inc. (CPI), the majority shareholder of listed firm Century Properties Group Inc. ("the Company" or "CPGI"), sold 1.194 billion shares via a special block sale to the existing directors and shareholders of the company. The existing directors and shareholders, Mr. Rafael Yaptinchay and Mr. Ricardo Cuerva, sold their unlisted shareholdings in parent company CPI, and in turn bought listed shares in CPGI.</p> <p>There is no dilution to existing CPGI shareholders or change in the public float.</p> <p>The price per share was set at 0.713.</p> <p>0.713 per share represents a 27% premium to today's closing price of 0.56.</p> <p>CPGI shares closed today with a gain of 5.66%. It opened at 0.54 with a high of 0.62 per share on volume of 270 million shares."</p> <p>Management confirms that there is no change in management or operations in the Company.</p> <p>The Company fully undertakes that it shall furnish the Honorable Exchange all material documentation and filings for the aforementioned transactions.</p>																																																				
February 27, 2017	<p>Official Press release entitled:</p> <p>Century Properties creates the 'first home' market segment</p> <p>Php28 maiden project in Tanza, Cavite to offer 3,000 homes</p>																																																				
March 29, 2017	<p><b>Results of the Regular Board Meeting held last March 29, 2017</b></p> <p><b>The following were unanimously approved:</b></p> <p><b>I. APPROVAL OF ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016</b></p> <p>The Chairman informed the Board that there is a need to approve the Annual Financial Report of the Company for the year ended 31 December 2016. Upon motion made and duly seconded, the following resolution was unanimously approved and adopted by the Board:</p> <p>"RESOLVED, That the Board of Directors of Century Properties Group Inc. ( the "Corporation") be authorized, as it is hereby authorized to approve the Annual Financial Report of the Company for the year ended 31 December 2016 and the release of the same."</p> <p><b>II. OTHER BUSINESS</b></p> <p><b>1. Key Business and Project Updates</b></p> <p>The Executive Committee presented the Company's Key Business and Project Updates which the Board duly noted.</p> <p><b>2. Appointment of Senior Officer</b></p> <p>The Board approved the appointment of MR. RICKY M. CELIS as President for the Company's Affordable Housing Business Segment.</p>																																																				
April 17, 2017	<p>CPGI would like to inform the Honorable Exchange that the Company shall have its Analyst Briefing on Financial Results for the year ending 31 December 2016 on APRIL 20, 2017 at 2:00 in the afternoon.</p> <p>The briefing shall be held at the Century City Mall.</p> <p>Interested parties may confirm their attendance by contacting our Investment Relations' Director, Ms. Kristina Garcia at:</p> <p>Email : Kristina.garcia@century-properties.com</p> <p>Telephone Number : (632) 793-8928</p>																																																				

April 17, 2017	Official Press release entitled: Century Properties strengthens balance sheet, expands product offerings Php6B capex set for 2017																					
May 3, 2017	Official Press release entitled: Century Properties Group and Revolution Precrafted Inks JV agreement with Indonesia's Bakrie Group to develop Media City, Sporst City, and Technology Corridor in the Philippines.																					
May 8, 2017	<p>Results of the Regular Board Meeting held last May 8, 2017</p> <p>The following resolutions were passed:</p> <p><b>I. APPROVAL OF THE COMPANY'S FINANCIAL REPORT FOR THE FIRST QUARTER ENDING MARCH 31, 2017</b> The Chairman informed the Board that there is a need to approve the First 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 First Quarter Financial Report of the Company."</p> <p><b>II. AMENDMENT OF ARTICLE SIX OF THE CORPORATION'S AMENDED ARTICLES OF INCORPORATION</b> The Chairman informed the Board that there is a need to amend Article Six of the Amended Articles of Incorporation of the Company. "RESOLVED that the Board of Directors of Century Properties Group Inc. hereby approves the amendment of Article Six of the Amended Articles of Incorporation, specifically:</p> <p>1. To reclassify 3,000,000,000 unissued common shares with a par value of Php0.53 per share to 3,000,000,000 preferred shares with a par value of Php1.00 per share</p> <p>2. To increase the company's authorized capital stock from Php9,540,000,000.00 to Php10,950,000,000.00</p> <p>3. To authorize the Board of Directors to adopt resolutions authorizing the issuance of one or more series for such number of preferred shares to constitute each series and relative rights and preferences of such series as it may deem beneficial to the Corporation. The resolution thus adopted shall be recorded with the Security and Exchange Commission.</p> <table><thead><tr><th></th><th>FROM</th><th>TO</th></tr></thead><tbody><tr><td>Number of Common Shares</td><td>18,000,000,000</td><td>15,000,000,000</td></tr><tr><td>Par Value per Share</td><td>0.53</td><td>0.53</td></tr><tr><td>Value</td><td>9,540,000,000.00</td><td>7,950,000,000.00</td></tr><tr><td>Reclassified to Preferred Shares</td><td></td><td>3,000,000,000</td></tr><tr><td>Par Value per Share</td><td></td><td>1.00</td></tr><tr><td>Total Authorized Capital</td><td>9,540,000,000.00</td><td>10,950,000,000.00</td></tr></tbody></table> <p>"RESOLVED FINALLY, that the proper officers of the Corporation are hereby authorized and directed to execute and file the proper certificates of the proceedings of this meeting, to execute, sign, and file any and all documents which may be required by the Securities and Exchange Commission, Philippine Stock Exchange, and other government agencies and to do all actions and things as may be necessary to comply with the provisions of the Corporation Code of the Philippines, Securities Regulation Code and other regulations relating to the subject matter of this resolution."</p> <p><b>III. NOMINATION, REMUNERATION AND COMPENSATION COMMITTEE ENDORSEMENT FOR THE SELECTION AND NOMINEES FOR INDEPENDENT DIRECTORS AND REGULAR DIRECTORS</b> 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. After discussion and upon motion made and duly seconded by majority of the committee body and board members, the following resolutions were both approved by majority of the Committee members and the Board of Directors: "RESOLVED, That the Board of Directors of Century Properties Group Inc. (the Corporation) upon endorsement of majority of the Board Committee on Nomination, Remuneration and Compensation hereby approves the selection and nomination of the following Independent Directors and Regular Directors for the year 2017-2018</p> <p>Independent Directors:</p> <p>CARLOS C. EJERCITO - nominated by CPI</p> <p>STEPHEN CuUNJIENG - nominated by CPI</p> <p>JOSE CUISIA - nominated by CPI</p>		FROM	TO	Number of Common Shares	18,000,000,000	15,000,000,000	Par Value per Share	0.53	0.53	Value	9,540,000,000.00	7,950,000,000.00	Reclassified to Preferred Shares		3,000,000,000	Par Value per Share		1.00	Total Authorized Capital	9,540,000,000.00	10,950,000,000.00
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Par Value per Share		1.00																				
Total Authorized Capital	9,540,000,000.00	10,950,000,000.00																				

June 29, 2017	<p><b>RESULTS OF THE ANNUAL STOCKHOLDERS MEETING: PRESENT:</b></p> <p>Number of Shares Percentage  Total Shares Present (In person or by Proxy) 9,344,319,550 79.87%  Total Outstanding Shares  (Treasury shares) 11,599,600,690  (100,123,000)  • As of Record Date: June 1, 2017</p> <p>I. CALL TO ORDER  II. CERTIFICATION OF NOTICE AND QUORUM  III. APPROVAL OF THE MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS HELD ON JULY 22, 2016  IV. REPORT OF THE PRESIDENT TO THE STOCKHOLDERS, MANAGEMENT REPORT AND PRESENTATION OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR 2016  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:</p> <ol style="list-style-type: none"> <li>1. Jose E.B. Antonio</li> <li>2. John Victor R. Antonio</li> <li>3. Jose Marco R. Antonio</li> <li>4. Jose Roberto R. Antonio</li> <li>5. Jose Carlo R. Antonio</li> <li>6. Ricardo P Cuerva</li> <li>7. Rafael G. Yaptinchay</li> <li>8. Jose L. Cuisia Jr – Independent Director</li> <li>9. Stephen T. CuUnjleng – Independent Director</li> <li>10. Carlos C. Ejercito – Independent Director</li> </ol> <p>VII. APPOINTMENT OF EXTERNAL AUDITORS  VIII. AMENDMENT OF CHARTER, BYLAWS</p>
June 29, 2017	<p><b>RESULTS OF THE ORGANIZATIONAL MEETING OF THE BOARD. Election of members of the Compensation and Remuneration Committee, the Audit Committee, and the Nomination Committee as follows:</b></p> <p>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</p> <p>Audit Committee:  Stephen CuUnjleng – Chairman of the Committee (Ind. Director)  Carlos C. Ejercito – Member (Ind. Director)  Jose Carlo R. Antonio – Member  Jose Marco R. Antonio – Member</p> <p>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</p>
	<p>Risk Management Committee  Jose E.B. Antonio – Chairman of the Committee  Amb. Jose L. Cuisia – Member (Ind. Director)  Stephen CuUnjleng – Member (Ind. Director)  Jose Carlo R. Antonio – Member  Jose Marco R. Antonio – Member  Paul Patrick M. Carague – Risk Management,  Non-voting member</p>
July 21, 2017	<p>Official Press release entitled:  Century Properties reports successful sales of PHirst Park Homes® Tanza  83% of Phase 1 sold as of mid-July 2017</p>

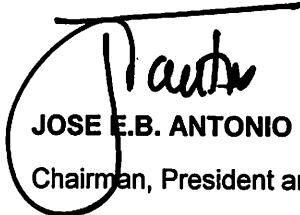
August 7, 2017	<p>Special meeting of the Board of Directors on 7 August 2017, the following were approved:</p> <p>• <b>APPROVAL OF THE OFFERING AND ISSUANCE OF SHORT-TERM PROMISSORY NOTES</b> The Board of Directors have APPROVED the Company's proposed Offer-ing and Issuance of Short-term Promissory Notes for up to PHP 502 Million only to qualified investors/buyers not exceeding 19 persons. The said Is-suance is an exempt transaction under Section 10.1 (k) of the Securities Regulations Code which pertains to the sale of securities by an issuer to fewer than twenty 20 persons in the Philippines during any twelve month period. The said Issuance shall be arranged by China Bank Capital Cor-poration, as the Sole Arranger. The proceeds shall be used to fund day-to-day working capital and augment existing short-term bank lines.</p> <p>For this purpose, the Board has authorized the Chairman or Mr. Rafael G. Yaptinchay, Managing Director, or Mr. Gerardo Morales, the Company's Treasurer to execute, sign, and file any and all documents which may be required by the Securities and Exchange Commission, Philippine Stock Exchange, and other government agencies and to do all actions and things as may be necessary to comply with the conditions set forth in the Approval and other regulations relating to the subject matter of this</p>
August 14, 2017	<p>Results of the Regular Board Meeting held last August 14, 2017:</p> <p>The following resolutions were passed:</p> <p>I. <b>APPROVAL OF THE COMPANY'S FINANCIAL REPORT FOR THE SECOND QUARTER ENDING JUNE 30, 2017:</b> The Chairman informed the Board that there is a need to approve the Second 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."</p> <p>II. <b>PRESENTATION OF KEY BUSINESS UPDATES</b> The Executive Committee presented the Company's Key Business Updates which the Board duly noted. The Company fully undertakes that it shall furnish the Honorable Exchange all material documentation and filings for the aforementioned transactions.</p>
August 15, 2017	<p>Official Press release entitled: Century Properties on Track with Expansion Plans Affordable Housing Unit Sales Exceed Targets; First Tourism Project Slated for Q4 2017 Launch</p>
October 4, 2017	<p>Official Press release entitled: PHirst Park Homes® commences construction in Tanza, Cavite Signs memorandum of agreement with Megawide for the use of precast panel system in 2,830 housing units</p>
November 8, 2017	<p>Results of the Regular Board Meeting held last Nov. 8, 2017</p> <p>The following resolutions were passed:</p> <p>I. <b>APPROVAL OF THE COMPANY'S FINANCIAL REPORT FOR THIRD QUARTER ENDING SEPTEMBER 30, 2017</b> The Chairman informed the Board that there is a need to approve the Third 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."</p> <p>II. <b>PRESENTATION OF KEY BUSINESS UPDATES</b> The Executive Committee presented the Company's Key Business Updates which the Board duly noted.</p> <p>III. <b>APPROVAL OF THE RELATED PARTY TRANSACTIONS POLICY OF THE COMPANY AND THE RELATED PARTY TRANSACTIONS COMMITTEE</b> The Chairman informed the Board that there is a need to approve the Related Party Transactions Policy of the Company and the appointment of the members of the Related Party Transactions Committee as well as the members of the Related Party Evaluation Panel 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 Related Party Transactions Policy of the Company and the appointment of the members of the Committee and the Evaluation Panel, as follows: <b>RELATED PARTY TRANSACTIONS COMMITTEE:</b> Mr. Carlos C. Ejercito - Chairman (Independent Director) Amb. Jose L. Quisla, Jr. - Member (Independent Director) Mr. Jose Marco R. Antonio - Member Mr. Rafael G. Yaptinchay – Member <b>RELATED PARTY TRANSACTIONS EVALUATION PANEL:</b>  Mr. Arnold L. Abad - Chairman Atty. Domie S. Eduvane - Member Mr. Ferdinand Capati – Member</p>

## SIGNATURES

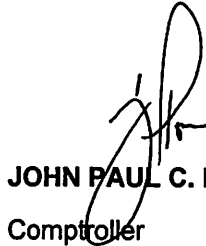
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on \_\_\_\_\_.

### CENTURY PROPERTIES GROUP INC.

By:

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

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

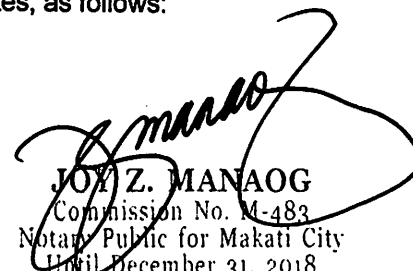
  
**JOHN PAUL C. FLORES**  
Comptroller

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

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of 13 APR 2018 affiants exhibiting to me his/their Residence Certificates, as follows:

Doc. No. 229 ;  
Page No. 47 ;  
Book No. 74 ;  
Series of 2018



  
**JOY Z. MANAOG**  
Commission No. M-483  
Notary Public for Makati City  
Until December 31, 2018  
19F Pacific Star Building  
Sen. Gil Puyat cor. Makati Ave, Makati City  
MCLE Compliance No. V-0003241; 08-13-2014  
PTR No. 6614622; 01-03-2018, Makati City  
IBP No. 019336; 12-22-2017, PPLM Chapter