



COVER SHEET

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S.E.C. Registration Number

C E N T U R Y P R O P E R T I E S G R O U P  
I N C .

(Company's Full Name)

**21<sup>st</sup> Floor, Pacific Star Building, Senator Gil Puyat Avenue corner Makati Avenue, Makati City**  
(Business Address: No. Street City / Town / Province)

JOHN PAUL C. FLORES  
Contact Person

(632) 7935500  
Company Telephone Number

1 2 3 1  
Month Day  
Fiscal Year

1 7 - Q  
FORM TYPE

0 7 2 6  
Month Day  
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings  
₱18,468,378,977

To be accomplished by SEC Personnel concerned

File Number

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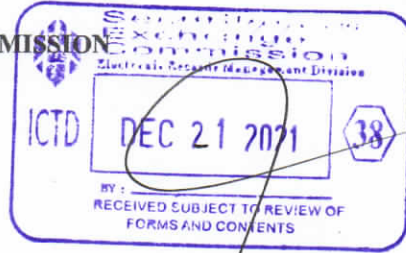
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SECURITIES AND EXCHANGE COMMISSION



SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **September 30, 2021**
2. Commission identification number: **60566**
3. BIR Tax Identification: **004-504-281-000**
4. Exact name of registrant as specified in its charter:  
**CENTURY PROPERTIES GROUP INC. (formerly East Asia Power Resources Corporation)**
5. Province, country or other jurisdiction of incorporation or organization:  
**Metro Manila, Philippines**
6. Industry Classification Code:  (SEC Use Only)
7. Address of registrant's principal office/Postal Code:  
**21<sup>ST</sup> Floor, Pacific Star Building, Senator Gil Puyat corner Makati Avenue, Makati City**
8. Registrant's telephone number, including area code:  
**(632) 7935500**
9. Former name, former address and former fiscal year, if changed since last report:  
**EAST ASIA POWER RESOURCES CORPORATION, Ground Floor, PFDA Building, Navotas Fishport Complex, Navotas Metro Manila**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	11,599,600,690 Common Shares 100,123,000 Treasury Shares
Preferred Shares	30,000,000 Preferred Shares



11. Are any or all of the securities listed on the Philippine Stock Exchange?

Yes [  ] No [  ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

**Philippine Stock Exchange, Inc.; 11,699,723,690 Common shares and 30,000,000 Preferred shares**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code 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 the registrant was required to file such reports)

Yes [  ] No [  ]

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

Yes [  ] No [  ]



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## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 5)	₱3,796,205,896	₱2,473,555,750
Short-term investments	1,040,820,087	285,241,756
Receivables (Note 6)	10,240,870,486	11,491,045,104
Real estate inventories (Note 7)	15,271,289,483	14,651,328,952
Due from related parties (Note 17)	2,651,647,411	464,422,862
Advances to suppliers and contractors (Notes 8)	584,585,003	2,427,704,449
Investment in bonds	–	463,750,000
Other current assets (Note 13)	1,754,670,625	1,809,894,312
<b>Total Current Assets</b>	<b>35,340,088,991</b>	<b>34,066,943,185</b>
<b>Noncurrent Assets</b>		
Noncurrent portion of installment contracts receivable (ICR; Notes 2 and 6)	102,827,202	124,776,589
Deposits for purchased land (Note 9)	1,357,918,908	1,354,243,056
Investments in and advances to joint ventures and associate (Note 10)	270,559,105	265,560,204
Investment properties (Note 11)	13,944,201,881	13,627,582,382
Property and equipment (Note 12)	1,796,909,166	1,783,594,786
Deferred tax assets (Note 25)	28,569,988	86,280,221
Other noncurrent assets (Note 13)	1,989,390,768	1,699,922,997
<b>Total Noncurrent Assets</b>	<b>19,490,377,018</b>	<b>18,941,960,235</b>
<b>TOTAL ASSETS</b>	<b>₱54,830,466,009</b>	<b>₱53,008,903,420</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts and other payables (Note 15)	₱5,486,345,990	₱5,591,640,977
Contract liabilities (Notes 16)	3,086,429,484	1,457,777,002
Due to related parties (Note 17)	338,675,673	270,006,022
Short-term debt (Note 18)	335,708,389	811,948,735
Current portion of:		
Long-term debt (Note 18)	3,268,725,181	5,447,303,305
Bonds Payable (Note 19)	2,985,247,759	118,781,010
Liability from purchased land (Note 20)	67,200,000	67,200,000
Lease liability (Note 26)	4,525,606	4,525,606
Income tax payable	67,823,869	61,498,374
Other current liabilities (Note 27)	330,954,079	352,673,888
<b>Total Current Liabilities</b>	<b>15,971,636,030</b>	<b>14,183,354,919</b>
<b>Noncurrent Liabilities</b>		
Noncurrent portion of:		
Long-term debt (Note 18)	8,928,435,196	9,408,872,360
Bonds Payable (Note 19)	2,950,262,452	2,965,985,277
Liability from purchased land (Note 20)	141,145,286	208,335,743
Lease liability (Note 26)	32,946,679	–
Pension liabilities (Note 24)	407,855,288	372,985,206
Deferred tax liabilities (Note 25)	2,400,197,634	2,951,528,631
Other noncurrent liabilities (Note 27)	1,864,988,893	1,786,567,624
<b>Total Noncurrent Liabilities</b>	<b>16,725,831,428</b>	<b>17,694,274,841</b>
<b>Total Liabilities</b>	<b>32,697,467,458</b>	<b>31,877,629,760</b>



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



# CENTURY

PROPERTIES GROUP, INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Jul-Sept 2021 Q3 2021 (Unaudited)	Jul-Sept 2020 Q3 2020 (Unaudited)	Jan-Sept 2021 9M 2021 (Unaudited)	Jan-Sept 2020 9M 2020 (Unaudited)
<b>REVENUES</b>				
Real estate sales	₱1,659,819,224	₱3,416,936,570	₱5,336,869,382	₱7,305,183,752
Leasing revenue (Note 11)	182,003,051	239,868,683	724,104,919	587,143,150
Property management fee and other services	95,986,989	87,912,887	304,990,075	256,147,475
Interest income from real estate sales	66,124,998	16,780,437	115,786,997	133,545,246
	<b>2,003,934,262</b>	<b>3,761,498,577</b>	<b>6,481,751,373</b>	<b>8,282,019,623</b>
<b>COST AND EXPENSES</b>				
Cost of real estate sales	1,125,254,990	2,338,626,449	3,436,143,678	4,863,002,707
Cost of leasing (Note 11)	59,408,685	56,259,846	213,172,063	127,677,419
Cost of services	65,725,117	67,983,372	198,513,204	192,738,919
	<b>1,250,388,792</b>	<b>2,462,869,667</b>	<b>3,847,828,945</b>	<b>5,183,419,045</b>
<b>GROSS PROFIT</b>	<b>753,545,470</b>	<b>1,298,628,911</b>	<b>2,633,922,428</b>	<b>3,098,600,578</b>
<b>GENERAL, ADMINISTRATIVE AND SELLING EXPENSES (Note 22)</b>	<b>607,280,957</b>	<b>656,443,181</b>	<b>1,749,906,339</b>	<b>1,818,963,508</b>
<b>OTHER INCOME (EXPENSES)</b>				
Interest and other income (Note 23)	130,498,304	34,790,097	250,984,541	246,195,553
Gain from change in fair value of investment properties (Note 11)	118,611,501	389,451,634	177,917,251	465,218,767
Share in net earnings of joint ventures and associate	2,734,909	–	4,998,900	6,791,973
Interest and other financing charges	(198,265,510)	(275,036,330)	(594,796,529)	(470,874,578)
	<b>53,579,204</b>	<b>149,205,401</b>	<b>(112,894,544)</b>	<b>247,331,715</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>199,843,717</b>	<b>791,391,130</b>	<b>723,120,252</b>	<b>1,526,968,785</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 25)</b>	<b>(119,516,985)</b>	<b>232,697,664</b>	<b>(358,550,954)</b>	<b>427,065,959</b>
<b>NET INCOME</b>	<b>319,360,702</b>	<b>558,693,466</b>	<b>1,081,671,206</b>	<b>1,099,902,826</b>
<b>OTHER COMPREHENSIVE INCOME (OCI)</b>				
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>				
Net change in fair value of equity instruments at fair value through OCI	–	–	(5,022,907)	–
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱319,360,702</b>	<b>₱558,693,466</b>	<b>₱1,076,648,297</b>	<b>₱1,099,902,826</b>
<b>Net income attributable to:</b>				
Equity holders of the Parent Company (Note 21)	₱259,198,365	₱373,357,183	₱845,078,114	₱831,487,170
Non-controlling interests (Note 21)	60,162,337	185,336,283	236,593,092	268,415,656
	<b>₱319,360,702</b>	<b>₱558,693,466</b>	<b>₱1,081,671,206</b>	<b>₱1,099,902,826</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Parent Company (Note 21)	₱259,198,365	₱373,357,183	₱840,055,205	₱831,487,170
Non-controlling interests (Note 21)	60,162,337	185,336,283	236,593,092	268,415,656
	<b>₱319,360,702</b>	<b>₱558,693,466</b>	<b>₱1,076,648,297</b>	<b>₱1,099,902,826</b>
<b>Basic/diluted earnings per share (Note 21)</b>	<b>₱0.049</b>	<b>₱0.032</b>	<b>₱0.072</b>	<b>₱0.072</b>
<b>Dividend per share (Note 23)</b>	<b>₱0.0050</b>	<b>₱0.0063</b>	<b>₱0.0050</b>	<b>₱0.0063</b>



**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
<b>CAPITAL STOCK</b> (Note 21)	<b>₱6,200,853,553</b>	<b>₱6,200,853,553</b>
<b>PREFERRED SHARES</b> (Note 21)		
Beginning Balance	15,900,000	–
Issuance of Preferred Shares	–	15,900,000
Balance at end of period	<b>15,900,000</b>	<b>15,900,000</b>
<b>ADDITIONAL PAID-IN CAPITAL</b> (APIC; Note 21)		
Beginning Balance	5,524,776,889	2,639,742,141
APIC on Issuance of Preferred Shares	–	2,885,034,748
Balance at end of period	<b>5,524,776,889</b>	<b>5,524,776,889</b>
<b>TREASURY SHARES</b> (Note 21)	<b>(109,674,749)</b>	<b>(109,674,749)</b>
<b>RETAINED EARNINGS</b> (Note 21)		
Balance at beginning of year	9,028,945,474	8,733,916,278
Net Income	845,078,114	831,487,170
Common Dividends	(114,923,405)	(147,847,020)
Preferred Dividends	–	(151,148,250)
Balance at end of period	<b>9,759,100,183</b>	<b>9,266,408,178</b>
<b>OTHER COMPONENT OF EQUITY</b> (Note 21)	<b>(682,845,178)</b>	<b>(682,845,178)</b>
<b>REMEASUREMENT LOSS ON DEFINED BENEFIT PLAN</b>	<b>(123,521,811)</b>	<b>(81,174,033)</b>
<b>TOTAL EQUITY ATTRIBUTABLE TO PARENT COMPANY</b>	<b>20,584,588,887</b>	<b>20,134,244,660</b>
<b>NON-CONTROLLING INTEREST</b>		
Beginning Balance	1,271,816,573	2,132,513,056
Net Income	236,593,091	268,415,656
Dividends	(160,000,000)	–
Investment from non-controlling interest	200,000,000	–
Acquisition of non-controlling interest	–	(1,117,761,580)
Ending Balance	<b>1,505,892,925</b>	<b>1,283,167,132</b>
	<b>₱22,132,998,551</b>	<b>₱21,417,411,792</b>





**CENTURY**  
PROPERTIES GROUP, INC.  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Nine-Month Periods Ended Sept 30

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	₱723,120,252	₱1,526,968,785
Adjustments for:		
Interest and other financing charges	594,796,529	470,874,578
Depreciation (Note 22)	42,060,593	36,499,286
Retirement expense	35,452,806	9,608,527
Loss on sale of investment property	34,128,752	-
Gain on reversal of retention payable	(73,396,199)	-
Gain on change in fair value of investment properties (Note 11)	(177,917,251)	(465,218,767)
Interest income from cash and cash equivalents and investment in bonds (Note 23)	(46,571,661)	(89,431,360)
Interest income from real estate sales	(115,786,997)	(133,545,246)
Share in net earnings of joint ventures and associate	(4,998,901)	(6,791,973)
Operating income before working capital changes	1,010,887,924	1,348,963,830
Decrease (increase) in:		
Receivables (Notes 6 and 16)	1,387,911,001	(25,975,218)
Real estate inventories (Notes 7)	(725,600,211)	2,280,346,570
Advances to suppliers and contractors (Note 8)	(223,942,962)	(319,662,939)
Other assets (Note 13)	(239,146,391)	(616,910,563)
Increase in:		
Liability from purchased land (Note 19)	(67,190,457)	(60,000,000)
Accounts and other payables (Notes 15)	(11,608,441)	(219,622,085)
Contract liabilities (Note 16)	1,702,048,683	92,905,432
Other liabilities	56,701,460	70,791,378
Net cash provided by (used in) operations	2,906,401,141	2,550,836,405
Interest received	46,571,661	85,077,497
Interest and other financing costs paid	(779,082,572)	(1,019,617,858)
Income taxes paid	(133,767,224)	(126,560,391)
Retirement benefits paid	(582,724)	(2,767,673)
Net cash provided by (used in) operating activities	2,039,540,282	1,486,967,980
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (Increase) in due from related parties	(120,162,141)	380,165
Proceeds from disposal of investment property	96,069,934	-
Proceeds from investment in bonds	463,750,000	-
Additions to:		
Short-term investments	(755,578,331)	-
Deposits for purchased land (Note 9)	(3,675,852)	(233,666,429)
Investment properties (Notes 11)	-	(213,754,792)
Property and equipment (Note 12)	(7,773,706)	(251,973,970)
Intangible assets	(16,340,535)	-
Acquisition of non-controlling interest	-	(1,900,000,000)
Net cash used in investing activities	(343,710,631)	(2,599,015,026)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Additional investment from non-controlling interest	200,000,000	-
Increase in due to related parties	68,669,651	90,278,222
Proceeds from:		
Availment of bonds payable	3,000,000,000	-
Availment of short-term and long-term debt	2,146,660,237	5,538,734,858
Issuance of preferred shares	-	3,000,000,000
Deposits for preferred shares	-	48,393,542
Payments of:		
Short-term and long-term debt	(5,290,104,492)	(5,989,961,381)
Bonds payable	(119,110,000)	(1,393,530,000)
Common cash dividends	(217,461,706)	(84,795,415)
Preferred cash dividends	(151,148,250)	(100,765,500)
Lease liabilities (Notes 26)	(10,684,945)	(12,773,181)
Net cash provided by financing activities	(373,179,505)	1,095,581,145
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,322,650,146</b>	<b>(16,465,901)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD (Note 5)</b>	<b>2,473,555,750</b>	<b>4,005,009,231</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)</b>	<b>₱3,796,205,896</b>	<b>₱3,988,543,330</b>

See accompanying Notes to Interim Condensed Consolidated Financial Statement



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Century Properties Group Inc. (the Parent Company or CPGI), a publicly-listed company, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 6, 1975. The Parent Company is a 64.40%-owned subsidiary of Century Properties Inc. (CPI) and the rest by the public. The Group is primarily engaged in the development and construction of residential and commercial real estate projects.

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

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

#### 1.2 RECENT TRANSACTIONS

##### **CPG Issues PHP 3 Billion Bonds**

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

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

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

##### **CPG Buys Out Mitsubishi’s Stake in Century Diamond Tower**

On Aug 25, 2020 CPG acquired its joint venture partner Mitsubishi Corporation’s 40% stake in the newly-completed Century Diamond Tower. Mitsubishi was CPG’s joint-venture partner through Century City Development II Corp (CCDC II) since 2015 when the office development was launched. The two companies eventually agreed to a buyout transaction, which was approved by the Philippine Competition Commission on August 11, 2020. The deed of sale of shares was executed on August 24, 2020.

CPG paid Php1.9 billion for the acquisition of Mitsubishi’s common shares in CCDCII. The buyout transaction made CCDCII a wholly-owned subsidiary of CPG. This acquisition effectively increased CPG’s recurring income assets in line with the Company’s strategy of growing its high-margin businesses including office leasing.



## Century Properties Group Raises Php3 B from Preferred Shares Follow-On Offering

On January 10, 2020, CPG marked its follow-on offering of preferred shares with a bell-ringing ceremony at the Philippine Stock Exchange, successfully raising Php 3 billion representing 20 million shares from base offer plus the 10 million shares oversubscription size as approved by the Securities and Exchange Commission on December 122, 2019. The offer period was held on December 16, 2019 to January 3, 2020.

The rate was set at the tight end of pricing guidance or at 6.7177% per annum with quarterly dividend payment dates every January 10, April 10, July 10, and October 10 for a period of 3 years.

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

### 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 Destinations and Lifestyle Corp. <i>(Formerly Century Properties Hotel and Leisure, Inc.)</i>	100	-
A2Global Inc.	49	-
Phirst Park Homes Inc.	60	-

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

#### *Century Communities Corporation*

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



CCDC, incorporated in 2006, is focused on developing mixed-use communities that include residences, office and retail properties. CCDC is currently developing Century City, a 3.4-hectare mixed-use development along Kalayaan Avenue in Makati City.

*Century Limitless Corporation*

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

*Century Properties Management, Inc.*

Incorporated in 1989, CPMI is one of the largest property management companies in the Philippines, as measured by total gross floor area under management. CPMI currently has 46 projects in its portfolio, covering a total gross floor area of 2.55 million sq.m. CPMI has been awarded 18 safety and security distinctions from the Safety Organization of the Philippines.

*Century Destinations and Lifestyle Corp (CDLC)*

Incorporated in 2014, CDLC shall operate, conduct and engage in hotel business and related business ventures.

*PHirst Park Homes Inc. (PPHI)*

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

*A2Global Inc.*

A2Global, Inc., in an associate incorporated in 2013, is a company where CPGI has a 49% shareholding stake.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### Basis of Preparation

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

The accompanying consolidated financial statements have been prepared using the historical cost basis, except for investment properties and financial assets measured at fair value through other comprehensive income. The consolidated financial statements are presented in Philippine Peso (₱), which is the functional currency of the Parent Company and of all the investee companies. All amounts are rounded off to the nearest ₱, except when otherwise indicated.



Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with the Philippine Financial Reporting Standards (PFRSs), which include the availment of the reliefs granted by the Securities and Exchange Commission (SEC) under Memorandum Circulars (MC) Nos. 14-2018 and 3-2019, to defer the implementation of the following accounting pronouncements until December 31, 2020. These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry.

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

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

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

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the Adoption of New and Amended Accounting Standards and Interpretations section of this note.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation

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

	<b>Percentage of Ownership</b>		
	<b>September 30, 2021</b>	December 31, 2020	December 31, 2019
Century Limitless Corporation (CLC)	<b>100</b>	100	100
Century Acqua Lifestyle Corporation (CALC)	<b>100</b>	100	100
Tanza Properties I, Inc. (TPI I)	<b>60</b>	60	60
Tanza Properties II, Inc. (TPI II)	<b>60</b>	60	60
Tanza Properties III, Inc. (TPI III)	<b>60</b>	60	60
Katipunan Prime Development Corporation (KPDC)	<b>100</b>	100	60
PHirst Park Homes Development Corporation (PPHDC)	<b>100</b>	100	100
Century Properties Management, Inc. (CPMI)	<b>100</b>	100	100
Siglo Suites, Inc. (SSI)	<b>100</b>	100	100
Siglo Commercial Management Corporation (SCMC)	<b>100</b>	100	100
Century Communities Corporation (CCC)	<b>100</b>	100	100
Century City Development Corporation (CCDC)	<b>100</b>	100	100
Century City Development Corporation II (CCDC II)	<b>100</b>	60	60



Centuria Medical Development Corporation (CMDC)	100	100	100
Knightsbridge Residences Development Corporation*	100	100	100
Milano Development Corporation (MDC)	100	100	100
Century City Development Corporation VII*	100	100	100
Century City Development Corporation VIII*	100	100	100
Century City Development Corporation X*	100	100	100
Century City Development Corporation XI*	100	100	100
Century City Development Corporation XII*	100	100	100
Century City Development Corporation XIV*	100	100	100
Century City Development Corporation XV*	100	100	100
Century City Development Corporation XVI*	100	100	100
Century City Development Corporation XVII*	100	100	100
Century City Development Corporation XVIII*	100	100	100
Century Destination Lifestyle Corporation (CDLC)**	100	100	100
PHirst Park Homes, Inc. (PPHI)	60	60	60
<i>*non-operating CCDC subsidiaries</i>			
<i>**formerly Century Properties Hotel and Leisure Inc. (CPHLI)</i>			

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

On July 20, 2018, KPDC was incorporated by CLC, a wholly-owned subsidiary of the Parent Company, and TCG Holdings, Inc. (THI) for 60% and 40% ownership interests, respectively (see Note 22). The primary purpose of KPDC is to engage in real estate development. KPDC has not yet started commercial operations.

On February 2, 2018, PPHDC, a wholly owned subsidiary of CLC, was incorporated. PPHDC was organized primarily to engage in real estate development.

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

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

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

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

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



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

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

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

#### Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2020. Unless otherwise indicated, adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*
- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018  
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*
- *Adoption of PIC Q&A 2020-03, Q&A No. 2018-12-D: STEP 3- On the accounting of the difference when the percentage of completion is ahead of the buyer's payment*  
PIC Q&A 2020-03 was issued by the PIC on September 30, 2020. The latter aims to provide an additional option to the preparers of financial statements to present as receivables, the difference



between the POC and the buyer's payment, with the POC being ahead. This PIC Q&A is consistent with the PIC guidance issued to the real estate industry in September 2019.

The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group since it has previously adopted the additional guidance issued by the PIC in September 2019.

#### Future Changes in Accounting Policies

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Group intends to adopt the following pronouncements when they become effective.

##### *Effective beginning on or after January 1, 2021*

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

##### *Effective beginning on or after January 1, 2022*

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

##### *Effective beginning on or after January 1, 2023*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

##### *Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- *Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)*

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





	Deferral Period
a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023
c. Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)	Until December 31, 2020
d. Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H	Until December 31, 2020

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

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

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

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

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

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

- a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell.



# CENTURY

PROPERTIES GROUP, INC.

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

Had the Group accounted for the revenue from air-conditioning services, CUSA and handling services as principal, this would have resulted in the gross presentation of the related revenue, costs and expenses. Currently, the related revenue is presented net of costs and expenses. There is no impact on opening retained earnings, income and expense and the related balance sheet accounts.

The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

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

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

On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. This adjustment should have been applied retrospectively and would have resulted in restatement of prior year consolidated financial statements. Adoption of the IFRIC agenda decision would have impacted interest expense, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liability and the opening balance of retained earnings. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.



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

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

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

The Group availed of the SEC relief to defer of adoption of this PIC Q&A until December 31, 2020. Currently, the Group records the repossessed inventory at cost. The Group has opted to implement approach 3 in its accounting for sales cancellation.

As prescribed by SEC MC No. 34-2020, for financial reporting periods beginning on or after January 1, 2021, the availment of the above deferral will impact the Group's financial reporting during the period of deferral as follows:

- a. The financial statements are not considered to be in accordance with PFRS and should specify in the "*Basis of Preparation of the Financial Statements*" section of the financial statements that the accounting framework is:

*PFRS, as modified by the application of the following financial reporting reliefs issued and approved by the Securities and Exchange Commission in response to the COVID-19 pandemic:*

- 1) *Assessing whether the transaction price includes a significant financing component*
- 2) *Treatment of land in the determination of the percentage-of-completion*
- 3) *Impact of implementing the IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost*

- b. The Auditor's report will:
  - i. reflect in the Opinion paragraph that the consolidated financial statements are prepared in accordance with the compliance framework described in the notes to the consolidated financial statements; and
  - ii. include an Emphasis of Matter paragraph to draw attention to the basis of accounting that has been used in the preparation of the consolidated financial statements.

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



#### Current versus Noncurrent Classification

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

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

#### Cash and Cash Equivalents

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

#### Short-term Investments

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

#### Financial Instruments

##### *Initial recognition*

The Group classifies financial assets, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.



For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### *Subsequent measurement of financial assets*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost
- Financial assets at fair value through profit or loss
- Financial assets at fair value through OCI, where cumulative gains or losses previously recognized are reclassified to profit or loss
- Financial assets designated at fair value through OCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

#### *Financial assets at amortized cost*

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are initially recognized at fair value plus directly attributable transaction costs and subsequently measured using the effective interest (EIR) method, less any impairment in value. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. This accounting policy relates to the Group's "Cash and cash equivalents", "Short-term investments", "Receivables" (excluding other receivables), rental deposits under "Other current assets", "Due from related parties" and "Investment in bonds".

*Equity instruments.* The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its quoted equity investments under this category.

#### *Classification of financial liabilities*

Financial liabilities are measured at amortized cost, except for the following:

- financial liabilities measured at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;



- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in accordance with PFRS 3.

As of September 30, 2021, and December 31, 2020, the financial liabilities of the Group are of the nature of financial liabilities at amortized cost (debt instrument). This accounting policy applies to the Group's "Accounts and other payables" (excluding customer's advances and statutory liabilities), "Due to related parties", "Short-term debt", Liability from purchased land", Long-term debt" and "Bonds Payable".

#### Reclassifications of Financial Instruments

The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial liabilities.

#### Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are also recognized and interest revenue is calculated by applying the credit-adjusted EIR to the amortized cost of the financial asset.

The Group applies a simplified approach in calculating ECLs for "ICRs". Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. For leasing receivables, the Group has established a provision matrix that is based on its historical credit loss experience. For ICR, the Group uses a vintage analysis that is based on its historical credit loss experience. Both are further adjusted for forward-looking factors specific to the debtors and the economic environment.

For all debt financial assets other than ICRs, ECLs are recognized using the general approach wherein the Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.



Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Group from the time of origination.

The Group's "Cash and cash equivalents", "Short-term Investments" and "Due from related parties" are graded to be low credit risk investments based on the credit ratings of depository banks and related parties as published by Bloomberg Terminal.

#### Derecognition of Financial Assets and Liabilities

##### *Financial assets*

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

##### *Financial liabilities*

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

##### Write-off

The Group writes-off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.



#### Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

#### Fair Value Measurement

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

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

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

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

#### Advances to Suppliers and Contractors

The Group recognizes advances to suppliers at the time payment has been made to specific suppliers and contractors for the construction of its real estate inventories. These are subsequently classified to real estate inventories when incurred.





#### Real Estate Inventories

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

Cost includes:

- Land cost
- Land improvement cost
- Borrowing cost
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale.

Real estate inventories also consist of land held for future development. The Group has plans to construct and develop these parcels of land as a residential property for sale in the ordinary course of business. The physical construction activities have not commenced as of September 30, 2021.

#### Deposits for Purchased Land

This represents deposits made to land owners for the purchase of certain parcels of land whose ultimate use is currently undetermined. The Group normally makes deposits before a CTS or Deed of Absolute Sale (DOAS) is executed between the Group and the land owner. These are recognized at cost.

#### Borrowing Costs

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

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

#### Investments in and Advances to Joint Ventures and Associate

Investments in and advances to joint ventures and associate (investee companies) are accounted for under the equity method of accounting. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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



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

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

#### Investment Properties

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

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

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

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

#### Property and Equipment

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



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

Depreciation of property and equipment commences once the property and equipment are put into operational use and is computed on a straight-line basis over the estimated useful lives (EUL) of the property and equipment as follows:

	Years
Office equipment	3 - 5
Computer equipment	3 - 5
Furniture and fixtures	3 - 5
Transportation equipment	5
Leasehold improvements	5 or lease term, whichever is shorter
Construction equipment	5
Right-of-use assets	3 - 6

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

Construction in progress, included in property and equipment, is stated at cost. Depreciation is computed when the relevant asset is completed and becomes available for use in operations, at which time, the asset is reclassified to its property and equipment category.

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

Effective January 1, 2019, it is the Group’s policy to classify right-of-use assets as part of property and equipment. Prior to that date, all of the Group’s leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded on the consolidated statements of financial position.

Leases

*Company as a lessee*

*Right-of-use assets*

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.



Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the lease term. Right-of-use assets are subject to impairment.

#### *Lease liabilities*

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### *Short-term leases*

The Group applies the short-term lease recognition exemption to its short-term leases of office spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

#### *Company as a lessor*

##### *Operating Lease*

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

##### Creditable Withholding Tax (CWT)

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

##### Impairment of Nonfinancial Assets

The Group assesses as at reporting date whether there is an indication that its nonfinancial assets (e.g., property and equipment and investments in joint ventures and associate) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in the expense categories of profit or loss consistent with the function of the impaired asset.



#### Deposits for Preferred Shares Subscription

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

Prior to full payment and availability of the rooms, the Group accounts for the amounts received from the buyers of preferred shares as "Deposits for preferred shares subscription" classified as a liability under the "Other noncurrent liabilities" account, given that based on the terms of the contract, the preferred shares shall be entitled to any of the rights and benefits as stated above upon full payment of their shares and subject to the availability of the rooms. At present, the facility relating to the generation of NRRR is under construction representing an obligation on the part of the Group to the preferred shares subscribers.

Upon full payment and availability of the rooms and when the rights indicated above vest, the amounts received from the preferred shareholders is allocated between the equity and liability components. The deposits are fully refundable until such time that the asset is complete and readily available for use.

#### Equity

##### *Common stock, Preferred stock and Additional paid-in capital*

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

##### *Retained earnings*

Retained earnings represent accumulated earnings of the Group less dividends declared, if any and transition adjustments from policy changes.

##### *Treasury shares*

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

##### *Non-controlling interest*

Non-controlling interest are recognized and measured at the proportionate share of the non-controlling interest to the net assets of the Group. When non-controlling interest is subsequently acquired, the difference between the acquisition price and the carrying value of the interest as at acquisition date is recognized as equity reserve under "Other components of equity" account in the consolidated financial statements.



#### Revenue and Cost Recognition under PFRS 15

##### *Revenue from Contract with Customers*

The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity in its leasing units, wherein it is acting as agent.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

##### *Real estate sales*

The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured based on the physical proportion of the real estate project's completion. This is based on the monthly project accomplishment report prepared by the third party project engineers which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

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

Revenue from property management and other services is recognized over time as they are rendered since the customer simultaneously receives and consumes the benefits provided by the Group's performance of its obligation. Property management fee and other services consist of revenue arising from management contracts, auction services and technical services.

##### *Cost of real estate sales*

The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated between the sold units being recognized as cost of sales and the unsold units being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

##### Leasing revenue

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



#### Income from forfeited collections

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

#### Interest income

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

#### Other income

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

#### Cost of leasing

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

#### Cost of services

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

#### General and administrative expenses

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

#### Contract Balances

##### *Installment contract receivables (ICRs)*

ICRs pertain to any excess of progress of work over the right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

##### *Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

#### Costs to Obtain Contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are recorded as “Prepaid commissions” in the consolidated statements of financial position. These are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the “General and administrative expenses” account in the consolidated statement of comprehensive income.

Costs incurred prior to obtaining contract with customer are expensed as incurred.



#### Pension Cost

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

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

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

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

#### Income Taxes

##### *Current tax*

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

##### *Deferred tax*

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

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

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

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





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

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

#### Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable and is included as part of the "Accounts and other payables" account in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset and is included as part of the "Other current assets" and "Other noncurrent assets" accounts in the consolidated statement of financial position to the extent of the recoverable amount.

#### Foreign Currency Transactions

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

#### Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on the Group's business segments is presented in Note 31 to the consolidated financial statements.

#### Earnings Per Share

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

As of September 30, 2021 and December 31, 2020, the Group has no potentially dilutive common shares

#### Events After the Reporting Date

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



### 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

#### Judgments

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

#### *Existence of a contract*

The Group's primary document for a contract with a customer is a signed CTS. It has determined, however, that in cases wherein CTS are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

#### *Revenue recognition method and measure of progress*

The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer of about 5% would demonstrate the buyer's commitment to pay.

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

#### *Incorporation of forward-looking information*

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.



To do this, the Group has considered a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group considers a representative range of possible forecast scenarios. This process involves gathering two or more economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

#### *Definition of default and credit-impaired financial assets*

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative criteria*  
The borrower is more than 90 days past due on its contractual payments, i.e. principal and/or interest, which is consistent with the regulatory definition of default.
- *Qualitative criteria*  
The borrower meets unlikelihood to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
  - The borrower is experiencing financial difficulty or is insolvent
  - The borrower is in breach of financial covenant(s)
  - An active market for those financial assets has disappeared because of financial difficulties
  - Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty
  - It is becoming probable that the borrower will enter Bankruptcy or other financial reorganization
  - Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected loss calculation.

An instrument is considered to be no longer in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months as it has exhibited a satisfactory track record. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.



*Determining the incremental borrowing rate and lease term of contracts with renewal options*

The Group uses its incremental borrowing rate (IBR) to measure lease liabilities because the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has the right at its option, to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew such as a change in business strategy.

*Receivable financing*

The Group has entered into various receivable financing transactions with local banks to assign its ICRs. The Group has determined that it has retained substantially all the risks and rewards of ownership of these assets. Thus, the Group still retains the assigned ICRS in the financial statements and records the proceeds from these sales as long-term debt.

*Classification of deposit for preferred shares subscription*

The Group determined that CALC's preferred shares under the "Other noncurrent liabilities" account is compound financial instruments, which contain both liability and equity components. However, prior to full payment and availability of the rooms through the completion of the project, the Group has determined that amounts received from the buyers of preferred shares are classified as "Deposits for preferred shares subscription" under the "Other noncurrent liabilities" account since the shareholders rights to the 28 free nights to stay at the hotel and contractual right to dividends will inure to the shareholder only upon full payment and availability of the rooms.

Management's Use of Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Revenue recognition on real estate projects*

The Group's revenue recognition require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate and construction contracts is recognized based on POC are measured principally on the basis of the estimated completion of a physical proportion of the contract work. Apart from involving significant estimates in determining the quantity of imports such as materials, labor and equipment needed, the assessment process for the POC is complex and requires technical determination by management's specialists (third party project engineers).



*Collectability of the sales price*

In determining whether the sales price is collectible, the Group considers that the initial and continuing investments by the buyer of 5% would demonstrate the buyer's commitment to pay. Based on the historical trend of cancellations of customer contracts, the management believes that 5% continues to be reasonable.

*Fair value of investment properties*

The Group carries its investment properties at fair value, with changes in fair value being recognized in profit or loss except for investment properties under construction. The Group determined that its investment properties under construction is to be measured at cost. During its construction phase, fair value of the investment properties is not reliably measurable. Once the construction is complete, the Group will be able to measure the property at fair value. The Group engages annually independent valuation specialists to determine the fair value. For the investment property, the appraisers used a valuation technique based on comparable market data and future cash flows available for such properties.

*Evaluation of impairment of financial assets*

The Group uses a provision matrix to calculate ECLs for trade receivables other than ICRs. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and GDP growth rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group uses vintage analysis approach to calculate ECLs for ICRs. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The Group defines a financial instrument as in default when a customer is more than 90 days past due on its contractual obligations. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. An instrument is considered to be no longer in default (i.e. to have cured) when it no longer meets any of the default criteria.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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



As of September 30, 2021, the allowance for impairment losses on financial assets and contract assets of the Group amounted to ₱10.99 million (see Notes 6). As of September 30, 2021, the carrying values of these assets are as follows:

	<b>September 30, 2021</b>
	<b>(Unaudited)</b>
Cash and cash equivalents	<b>₱3,796,205,896</b>
Short-term investments	<b>1,040,820,087</b>
Receivables (see Notes 6 and 15)	<b>9,814,457,138</b>
Due from related parties (see Note 16)	<b>584,585,003</b>
Rental Deposits	<b>112,735,470</b>

\* Excluding other receivables that are non-financial in nature amounting to ₱540.63 million as of September 30, 2021.

#### *Estimating NRV of real estate inventories*

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

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

The carrying values of real estate inventories amounted to ₱15,271.29 million and ₱14,651.33 million as of September 30, 2021 and December 31, 2020, respectively (see Note 8).

#### *Impairment of nonfinancial assets*

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

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

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

Considering the above, the Group assessed in 2021 that there are indicators of impairment in respect of its property intended to be operated as a hotel with a carrying value of ₱1,705.55 million as of



September 30, 2021 (see Note 12), given the current effect of the pandemic on the hospitality industry and future economic uncertainties that it brings along. Accordingly, the Group performed an impairment testing of the relevant asset as a separate cash-generating unit to determine if the carrying value of such asset is impaired as of September 30, 2021. The Group utilized a discounted cash flow model and used certain assumptions (including discount rate, annual average occupancy rate, performance growth rates, and a terminal value) to determine the value in use. The model used (a) projected cash flows that incorporated the impact of the pandemic in 2020, (b) a pre-tax discount rate of 11.90%, and (c) a growth rate of 3% applied beyond the 10th year projections, among others. The Group benchmarked these assumptions against historical observations in internal businesses with similar performance drivers, as well as industry outlook. Based on the impairment testing performed, the Group did not identify impairment of such property as of September 30, 2021. In terms of sensitivity, an impairment will result if the discount rate will be at 12.90%.

The Group did not identify impairment indicators on the other cash generating units of the Group, mainly on the basis that as consistently observed across the industry, the Group continued to perform well in 2021 and 2020, in particular in respect of its real estate development segment which is the core business segment of the Group. The aggregate value of other nonfinancial assets (except for the hotel property) are ₱8,002.81 million and ₱7,502.97 million as of September 30, 2021 and December 31, 2020, respectively.

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

#### *Estimating pension liabilities*

The determination of the Group's pension liabilities and cost of retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in the consolidated financial statements and include among others, discount rates and salary increase rates. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension liabilities. The Group's net pension liabilities amounted to ₱407.86 million as of September 30, 2021 (see Note 23).

#### **4. SEGMENT REPORTING**

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

The segments where the Group operate follow:

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

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

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



For the Nine-Month Period Ended September 30, 2021

	Real Estate Development	Leasing	Property Management	Adjustments and Elimination	Consolidated
<b>Revenue</b>	<b>₱5,452,656,379</b>	<b>₱676,103,626</b>	<b>₱304,990,075</b>	<b>₱-</b>	<b>₱6,433,750,080</b>
<b>Costs and expenses</b>					
Cost of real estate sales and services	3,436,143,678	213,172,063	198,513,204	-	3,847,828,945
General, administrative and selling expenses	1,634,918,482	114,704,517	67,813,533	(67,530,194)	1,749,906,338
<b>Operating income</b>	<b>381,594,219</b>	<b>348,227,045</b>	<b>38,663,338</b>	<b>67,530,194</b>	<b>836,014,797</b>
Other income	611,271,680	211,296,006	-	(340,665,701)	481,901,985
Other expense	(433,715,279)	(158,310,308)	(2,770,943)	-	(594,796,530)
<b>Income before income tax</b>	<b>559,150,620</b>	<b>401,212,743</b>	<b>35,892,395</b>	<b>(273,135,507)</b>	<b>723,120,252</b>
(Benefit from) Provision for income tax	(232,573,933)	(108,449,581)	2,719,008	(20,246,448)	(358,550,954)
<b>Net income</b>	<b>₱791,724,554</b>	<b>₱509,662,325</b>	<b>₱33,173,387</b>	<b>(₱252,889,059)</b>	<b>₱1,081,671,206</b>
<b>Net income attributable to:</b>					
Owners of the Parent Company	₱555,131,462	₱509,662,325	₱33,173,387	(₱252,889,059)	₱845,078,114
Non-controlling interests	236,593,092	-	-	-	236,593,092
	<b>₱791,724,554</b>	<b>₱509,662,325</b>	<b>₱33,173,387</b>	<b>(₱252,889,059)</b>	<b>₱1,081,671,206</b>

As of September 30, 2021

<b>Other information</b>					
Segment assets	₱62,134,295,844	₱18,095,706,229	₱285,468,633	(₱25,756,091,424)	₱54,759,379,282
Deferred tax assets	6,520,537	-	22,049,451	-	28,569,988
<b>Total Assets</b>	<b>₱62,140,816,381</b>	<b>₱18,095,706,229</b>	<b>₱307,518,084</b>	<b>(₱25,756,091,424)</b>	<b>₱54,787,949,270</b>
Segment liabilities	₱36,471,412,040	₱9,921,434,159	₱251,963,548	(₱16,347,539,923)	₱30,297,269,824
Deferred tax liabilities	1,677,731,476	754,159,674	-	(31,693,516)	2,400,197,634
<b>Total Liabilities</b>	<b>₱38,149,143,516</b>	<b>₱10,675,593,833</b>	<b>₱251,963,548</b>	<b>(₱16,379,233,439)</b>	<b>₱32,697,467,458</b>

For the Nine-Month Period Ended September 30, 2020

	Real Estate Development	Leasing	Property Management	Adjustments and Elimination	Consolidated
<b>Revenue</b>	<b>₱7,450,844,490</b>	<b>₱587,143,150</b>	<b>₱256,147,475</b>	<b>(₱12,115,492)</b>	<b>₱8,282,019,623</b>
<b>Costs and expenses</b>					
Cost of real estate sales and services	4,888,972,880	107,324,053	192,738,919	(25,970,173)	5,163,065,679
General, administrative and selling expenses	1,736,114,795	108,483,589	45,335,153	(50,616,663)	1,839,316,874
<b>Operating income</b>	<b>825,756,815</b>	<b>371,335,508</b>	<b>18,073,403</b>	<b>64,471,344</b>	<b>1,279,637,070</b>
Other income	297,390,080	470,520,206	93,610	(49,797,603)	718,206,293
Other expense	(382,746,277)	(87,972,037)	(250,345)	94,081	(470,874,578)
<b>Income before income tax</b>	<b>740,400,618</b>	<b>753,883,677</b>	<b>17,916,668</b>	<b>14,767,822</b>	<b>1,526,968,785</b>
Provision for income tax	195,525,949	226,165,103	5,374,907	-	427,065,959
<b>Net income</b>	<b>₱544,874,669</b>	<b>₱527,718,574</b>	<b>₱12,541,761</b>	<b>₱14,767,822</b>	<b>₱1,099,902,826</b>
<b>Net income attributable to:</b>					
Owners of the Parent Company	₱470,837,561	₱333,340,025	₱12,541,761	₱14,767,823	₱831,487,170
Non-controlling interests	74,037,107	194,378,549	-	-	268,415,656
	<b>₱544,874,669</b>	<b>₱527,718,574</b>	<b>₱12,541,761</b>	<b>₱14,767,822</b>	<b>₱1,099,902,826</b>





As of September 30, 2020

Other information					
Segment assets	P62,113,111,501	P15,383,071,409	P318,368,447	(P23,947,075,056)	P53,867,476,301
Deferred tax assets	10,154,388	–	16,486,391	11,447,068	38,087,846
<b>Total Assets</b>	<b>P62,123,265,888</b>	<b>P15,383,071,409</b>	<b>P334,854,838</b>	<b>(P23,935,627,988)</b>	<b>P53,905,564,147</b>
Segment liabilities	P30,647,182,727	P13,442,969,183	P230,701,091	(P14,800,882,567)	P29,519,970,434
Deferred tax liabilities	2,268,117,108	700,064,813	–	–	2,968,181,921
<b>Total Liabilities</b>	<b>P32,915,299,835</b>	<b>P14,143,033,996</b>	<b>P230,701,091</b>	<b>(P14,800,882,567)</b>	<b>P32,488,152,355</b>

## 5. CASH AND CASH EQUIVALENTS

This account consists of:

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

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn interest at prevailing short-term rates ranging 0.5 % to 6.5%. Interest income on cash and cash equivalents amounted to ₱20.28 million and ₱70.04 million for the nine-month periods ended September 30, 2020 and 2019, respectively.

## 6. SHORT-TERM INVESTMENTS

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

## 7. RECEIVABLES

This account consists of:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade receivables		
ICR	<b>₱8,885,005,193</b>	₱10,447,472,507
Leasing receivable	<b>362,607,464</b>	366,512,959
Management fees	<b>142,487,764</b>	96,026,771
Receivable from employees and agents (see Note 16)	<b>540,630,441</b>	372,272,315
Advances to condominium corporations	<b>60,533,397</b>	68,344,391
Advances to customers	<b>67,206,851</b>	76,500,121
Other receivables	<b>296,616,469</b>	200,082,519
	<b>10,355,087,579</b>	11,627,211,583
Allowance for impairment losses	<b>(11,389,890)</b>	(11,389,890)
	<b>10,343,697,689</b>	11,615,821,693
Non-current portion of ICR	<b>102,827,203</b>	124,776,589
	<b>₱10,240,870,486</b>	₱11,491,045,104



ICR pertain to receivables from the sale of real estate properties. These are collectible in monthly installments over a period of one (1) to five (5) years, bear no interest and with lump sum collection upon project turnover. Titles to real estate properties are not transferred to the buyer until full payment has been made.

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

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

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

Advances to condominium corporations pertain to expenses paid by the Group in behalf of the condominium corporations for various expenses incurred for the projects already turned over. These receivables are due and demandable and bear no interest.

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

Other receivables include receivables from the sale of investment properties amounting to ₱68.70 million as of September 30, 2021.

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

	<b>September 30, 2021</b>	December 31, 2020
	<b>(Unaudited)</b>	(Audited)
Balance at beginning of year	<b>₱11,389,890</b>	₱10,989,287
Additional provision during the year	-	11,194,117
Reversal	-	(10,793,514)
Balance at end of year	<b>₱11,389,890</b>	₱11,389,890

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

*Receivable financing*

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

The Group still retains the assigned receivables in the receivables account and records the proceeds from these sales as long-term debt (see Note 18). The gross amount of ICRs and contract assets used as collateral amounted to ₱2,554.63 million and ₱6,210.21 million as of September 30, 2021 and of December 31, 2020, respectively (see Note 18).



## 8. REAL ESTATE INVENTORIES

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

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

The roll forward of this account follows:

	<b>September 30, 2020</b> <b>(Unaudited)</b>	December 31, 2020 <b>(Audited)</b>
Balance at beginning of the year	<b>₱14,651,328,952</b>	₱15,558,004,362
Construction costs incurred	<b>4,161,743,889</b>	4,627,612,199
Borrowing costs capitalized (Note 18)	<b>163,261,254</b>	551,180,990
Transfers to investment properties (Note 11)	<b>(268,900,934)</b>	(2,519,067)
Cost of real estate sales	<b>(3,436,143,678)</b>	(6,082,949,532)
<b>Balance at the end of the year</b>	<b>₱15,271,289,483</b>	<b>₱14,651,328,952</b>

General and specific borrowings were used to finance the Group's ongoing real estate projects. The related borrowing costs were capitalized as part of real estate inventories. The capitalization rate used in 2021 and 2020 are 1.16% and 4.50%, respectively, for general borrowing costs.

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

The carrying values of inventories mortgaged for trust receipts payables and bank loans amounted to ₱4,909.13 million and ₱8,858.44 million as of September 30, 2021 and December 31, 2020, respectively (see Note 18).

## 9. ADVANCES TO SUPPLIERS AND CONTRACTORS

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

## 10. DEPOSIT FOR PURCHASED LAND

This account consists of deposits made to property owners for the acquisition of parcels of land in which the use is currently undetermined. Deposits for purchased land amounted to ₱1,357.92 million and ₱1,357.92 million as of September 30, 2021 and December 31, 2020, respectively. In 2021, the Group made additional deposits to property owners for the acquisitions for parcels of land located in Novaliches amounting to ₱15.52 million net of return of deposits in land located in Quezon City amounting to ₱11.84 million.



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

## 11. INVESTMENT IN AND ADVANCES TO JOINT VENTURES AND ASSOCIATE

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

## 12. INVESTMENT PROPERTIES

The Group's investment properties are classified as follows:

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

Movements in this account are as follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>Cost:</b>		
Balance at the beginning of the year	₱9,783,127,031	₱9,634,581,666
Sale of property	(92,856,186)	(29,415,290)
Additions/construction costs incurred	-	113,329,077
Borrowing cost capitalized (Note 17)	-	62,112,511
Transfer from real estate inventories (Note 8)	268,900,934	2,519,067
Balance at the end of the year	<b>9,959,171,779</b>	<b>9,783,127,031</b>

*Balance forwarded:*

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>Change in fair value:</b>		
Balance at the beginning of the year	3,844,455,351	3,297,942,219
Sale of property	(37,342,500)	(12,107,886)
Gain from change in fair value of investment property	177,917,251	558,621,018
Balance at the end of the year	<b>3,985,030,102</b>	<b>3,844,455,351</b>
	<b>₱13,944,201,881</b>	<b>₱13,627,582,382</b>

The Group recorded net gain on fair value of investment properties amounting to ₱177.92 million and ₱465.22 million for the nine-month period ended September 30, 2021 and 2020, respectively.

In 2021, the Group sold portion of its investment property at a loss amounting to ₱32.13 million.



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

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

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

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

For the nine-month period September 30, 2021 and 2020, the Group recognized leasing revenue from the use of the said real properties amounting to ₱676.10 million and ₱587.14 million, respectively, and incurred direct cost of leasing amounting to ₱213.17 million and ₱127.67 million, respectively, in relation to these investment properties.



### 13. PROPERTY AND EQUIPMENT

The composition and movements of this account are as follows:

	September 30, 2021 (Unaudited)								
	Office Equipment	Computer Equipment	Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Construction Equipment	Construction - in -Progress	Right-of-use Assets	Total
<b>Cost</b>									
At January 1	₱77,714,432	₱65,239,942	₱30,907,181	₱62,155,114	₱78,023,604	₱251,492,426	₱1,705,550,923	₱ 11,572,605	₱2,282,656,227
Additions	4,295,916	13,055,829	532,842	2,429,324	1,625,880	–	4,492,160	42,698,958	69,130,908
Disposals	(101,935)	(18,768,526)	–	–	–	–	–	–	(18,870,460)
<b>At September 30</b>	<b>81,908,414</b>	<b>59,527,246</b>	<b>31,440,023</b>	<b>64,584,438</b>	<b>79,649,484</b>	<b>251,492,426</b>	<b>1,710,043,083</b>	<b>54,271,563</b>	<b>2,332,916,676</b>
<b>Accumulated Depreciation</b>									
At January 1	52,130,244	41,391,311	28,524,273	53,174,139	67,044,938	251,492,426	–	5,304,110	499,061,441
Depreciation	7,726,561	9,405,062	2,102,152	3,514,513	3,735,256	–	–	10,674,739	37,158,283
Disposals	23,571	(353,789)	–	108,821	9,181	–	–	–	(212,216)
<b>At September 30</b>	<b>59,880,377</b>	<b>50,442,584</b>	<b>30,626,426</b>	<b>56,797,472</b>	<b>70,789,375</b>	<b>251,492,426</b>	<b>–</b>	<b>15,978,849</b>	<b>536,007,510</b>
<b>Net Book Values at September 30</b>	<b>₱22,028,037</b>	<b>₱9,084,662</b>	<b>₱813,596</b>	<b>₱7,786,966</b>	<b>₱8,860,109</b>	<b>₱–</b>	<b>₱1,710,043,083</b>	<b>₱38,292,713</b>	<b>₱1,796,909,166</b>
	December 31, 2020 (Audited)								
	Office Equipment	Computer Equipment	Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Construction Equipment	Construction - in -Progress	Right-of-use Assets	Total
<b>Cost</b>									
At January 1	₱63,888,256	₱51,735,754	₱38,256,241	₱79,591,287	₱70,149,946	₱251,492,426	₱1,520,409,911	₱71,933,617	₱2,147,457,438
Additions	13,826,176	13,511,016	1,484,694	1,163,929	7,873,658	–	185,141,012	11,572,605	234,573,090
Disposals	–	(6,828)	(8,833,754)	(18,600,102)	–	–	–	(71,933,617)	(99,374,301)
<b>At December 31</b>	<b>77,714,432</b>	<b>65,239,942</b>	<b>30,907,181</b>	<b>62,155,114</b>	<b>78,023,604</b>	<b>251,492,426</b>	<b>1,705,550,923</b>	<b>11,572,605</b>	<b>2,282,656,227</b>
<b>Accumulated Depreciation</b>									
At January 1	41,572,868	30,798,416	33,637,542	66,423,374	60,814,069	251,491,859	–	14,596,999	499,335,127
Depreciation	10,557,376	10,599,723	3,352,321	4,295,012	6,230,869	567	–	18,849,731	53,885,599
Disposals	–	(6,828)	(8,465,590)	(17,544,247)	–	–	–	(28,142,620)	(54,159,285)
<b>At December 31</b>	<b>52,130,244</b>	<b>41,391,311</b>	<b>28,524,273</b>	<b>53,174,139</b>	<b>67,044,938</b>	<b>251,492,426</b>	<b>–</b>	<b>5,304,110</b>	<b>499,061,441</b>
<b>Net Book Values at December 31</b>	<b>₱25,584,188</b>	<b>₱23,848,631</b>	<b>₱2,382,908</b>	<b>₱8,980,975</b>	<b>₱10,978,666</b>	<b>₱–</b>	<b>₱–</b>	<b>₱6,268,495</b>	<b>₱1,783,594,786</b>



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

#### 14. OTHER ASSETS

This account consists of:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Current:		
Prepaid commissions	₱940,757,954	₱790,695,547
Input taxes	508,366,430	524,400,246
Creditable withholding taxes (CWTs)	218,723,399	389,829,714
Prepaid expenses	19,817,237	29,264,331
Others	67,005,605	75,704,474
	<b>₱1,754,670,625</b>	<b>₱1,809,894,312</b>
Noncurrent:		
Prepaid commissions	₱635,616,657	₱635,616,658
Advances to land owners	669,234,205	669,234,205
Creditable withholding taxes	344,123,069	33,899,349
Input taxes	149,942,420	157,363,969
Rental deposits	112,735,470	132,394,312
Intangible assets	45,876,944	34,438,719
Deferred financing costs	13,825,625	13,825,625
Others	18,036,378	23,150,160
	<b>₱1,989,390,768</b>	<b>₱1,699,922,997</b>

Prepaid commissions pertain to capitalized commission expenses payable to its agents on the sale of its real estate projects related to contracts that have qualified for revenue recognition. These will be recognized as commission expense under “General, administrative and selling expenses” in the period in which the related real estate sales are recognized. This also includes prepayments to Century Integrated Sales, Inc. (CISI) for future services of CISI in relation to managing the Group’s sales activities which amounted to ₱404.11 million and ₱294.50 million as of September 30, 2021 and December 31, 2020, respectively (see Note 16).

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

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

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

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

Advances to land owners represent the minimum share of the lot property owners in relation to the profit-sharing agreement of the Group with land owners. In accordance with the profit-sharing



agreement, the Group advanced this share in significant installments throughout the term of the project. The advances shall be deducted from the proceeds of the sales and collection of the land owners' units.

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

Intangible assets include software costs and trademarks. Software cost includes application software and intellectual property licenses owned by the Group. Trademarks are licenses acquired separately by the Group. These licenses arising from the Group's marketing activities have been granted for a minimum of 10 years by the relevant government agency with the option to renew at the end of the period at little or no cost to the Group. Previous licenses acquired have been renewed and enabled the Group to determine that these assets have an indefinite useful life. The related amortization is charged to expense as "Depreciation and amortization" in the "General, administrative and selling expenses" account amounting to ₱4.90 million and ₱3.60 million in 2021 and 2020, respectively.

## 15. INVESTMENTS IN BONDS

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

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

## 16. ACCOUNTS AND OTHER PAYABLES

This account consists of:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Accounts payable	₱4,235,325,673	₱3,613,781,270
Customers' advances	467,055,129	430,120,778
Accrued expenses	277,120,879	944,933,654
Retention payable	299,167,813	318,563,249
Dividends payable (Note 20)	120,911,150	215,064,277
Other payables	86,765,346	69,177,749
	<b>₱5,486,345,990</b>	<b>₱5,591,640,977</b>

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

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





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

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

## **17. CONTRACT BALANCES AND CUSTOMERS DEPOSIT**

Contract liabilities consist of collections from real estate customers which have not qualified for revenue recognition and excess of collections over the recognized receivables based on percentage of completion. As of September 30, 2021 and December 31, 2020, carrying values of contract liabilities amounted to ₱3,086.43 million and ₱1,457.78 million, respectively.

## **18. RELATED PARTY TRANSACTIONS**

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

### Terms and Conditions of Transactions with Related Parties

The Group in their regular conduct of business has entered into transactions with related parties principally consisting of advances and reimbursement of expenses, development, management, marketing, leasing and administrative service agreements and purchases which are made at normal market prices.

The Group has material related party transactions policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirements under the Revised SRC Rule 68 and SEC Memorandum Circular 10, series of 2019.

The Group has an approval requirement such that material related party transactions shall be reviewed by the Related Party Transactions Committee (the Committee) and endorsed to the BOD for approval. Material related party transactions are those transactions that meet the threshold value as approved by the Committee amounting to ₱50.0 million and other requirements as may be recommended by the Committee.

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



**Due from Related Parties**

	September 30, 2021	December 31, 2020	Amount of transaction	Terms and Conditions
Ultimate Parent	₱201,848,736	₱168,241,771	₱33,606,965	
Stockholders	223,227,151	155,459,433	67,767,718	
<b>Under Common Control</b>				Noninterest bearing, due and
CISI	129,291,559	110,553,812	18,737,747	demandable,
CGIC	50,982	24,957	26,025	unsecured, no
CRIT	50,982	24,957	23,686	impairment
<b>Other Affiliates</b>				
CAC	17,709,269	17,709,269	-	
Centuria Pharma	12,433,619	12,433,619	-	
	<b>₱584,585,003</b>	<b>₱464,422,862</b>	<b>₱120,162,141</b>	

**Due to Related Parties**

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

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

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

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

*Management agreement*

In 2018, the Group contracted CISI to manage all of its sales and marketing activities. CISI is a wholly-owned subsidiary of CPI. Prepayments to CISI for initial marketing services recognized under “Other current assets” account as of September 30, 2021 and December 31, 2020 amounted to ₱404.11 million and ₱294.50 million, respectively.



*Key management compensation*

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

	<b>September 30, 2021</b>	September 30, 2020
Short-term employee benefits	<b>₱66,397,202</b>	₱101,383,535
Post-employment benefits	<b>3,650,071</b>	4,301,435
	<b>₱70,047,273</b>	₱105,684,969

*Terms and condition of transactions with related parties*

There have been no guarantees provided or received for any related party receivables or payables. As of September 30, 2021 and December 30, 2020, the Group has not made any provision for probable losses relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.



## 19. SHORT-TERM AND LONG-TERM DEBT

This account consists of:

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

### Short-term Debt

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

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

### *Trust receipts*

Trust receipts (TRs) are facilities obtained from various banks to finance purchases of construction materials the Group's projects. Under these facilities, the banks pay the Group's suppliers then require the Group to execute trust receipts over the goods purchased. The TRs have average interest rates ranging from 5.75% to 8.50% and 5.75% to 8.75% in 2021 and 2020, respectively. These are paid monthly or quarterly in arrears with full payment of principal balance at maturity of one year and with an option to prepay. Total availments of trust receipts for the nine-month periods ended September 30, 2021 and 2020, amounted to ₱435.18 million and ₱581.41 million, respectively.

### *Bank loans*

Bank loans pertain to the various short-term promissory note (PN) obtained by the Group.

In 2020, repayments related to short-term PNs with China Bank Corporation (CBC) amounted to ₱540.00 million. As of September 30, 2021, PNs with CBC is already paid in full.



### Long-term Debt

In 2021 and 2020, the Group availed additional loan from DBP amounting to ₱225.00 and ₱450.00 million, respectively, with interest ranging from 3.599% to 5.655% and 6.692% to 6.702% per annum, respectively. The principal amount which has maturities ranging from two (2) to four (4) years will be used to fund ongoing development of its projects and for additional working capital.

In 2019, the Group availed the remaining undrawn balance of its loan facility from Amalgamated Investment Bancorporation (AIB) amounting to ₱148.90 million, which is payable in two years with interest of 8.50% per annum and availed another bank loan with AIB amounting to ₱100.00 million with interest of 7.97% per annum. The outstanding amount of this loan as of September 30, 2021 and December 31, 2020 amounted to ₱592.94 million.

In 2019, the Group obtained a five-year term loan from UCPB amounting to ₱1,000.00 million, which is payable quarterly with interest of 8.42% per annum. As of September 30, 2021, outstanding balance of this loan amounted to ₱775.46 million.

On September 17, 2019, the Group refinanced its five-year term loan from BDO amounting to ₱3,500.00 million, which is payable semi-annually with interest of 6.31% per annum.

On October 28, 2019, the Group renewed a portion of its five-year term loan from BDO amounting to ₱700.00 million with a fixed interest of 6.07% fixed for 92 days with an option to reprice over 30-180 days as agreed by the parties. In 2021 and 2020, principal repayments related to loans with BDO amounted to ₱315.00 million and ₱449.16 million, respectively.

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

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

On July 10, 2020, the Company availed of a five-year term loan facility from China Banking Corporation amounting to ₱1,600.00 million, with principal payments due quarterly with an interest of 5.13% per annum. As of September 30, 2021, outstanding balance of this loan amounted to ₱1,456.00 million.

On August 24 and September 2, 2020, the Group entered into a two-year term loan agreement with CBC amounting to ₱1,400.00 million and ₱1,000.00 million, respectively. The loan has principal payments due quarterly with an interest of 4.85% per annum. As of September 30, 2021, outstanding balance of this loan amounted to ₱2,248.33 million.

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



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

*CTS financing*

CTS financing pertains to loan facilities which were used in the construction of the Group’s real estate development projects. The related PNs have terms ranging from twelve (12) to forty-eight months and are secured by the buyer’s post-dated checks, the corresponding CTS, and parcels of land held by the Parent Company. The Group retained the assigned ICRs and recorded the proceeds from these assignments as “Long-term debt”. These CTS loans bear fixed interest rates ranging from 5.88% to 9.50% and 6.25% to 9.64% in 2021 and 2020, respectively.

*Car loan financing*

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

Security and Debt Covenants

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

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

Certain bilateral loans have covenants to maintain a debt-to-equity ratio of not more than 2.33x and a debt service coverage ratio of at least 1.5x and current ratio of 1.2x. Debt includes note payables, short term and long-term debt. The bank loans have a covenant, specific to the projects it is financing, of having loan to security value of no more than 50% to 60%. Security value includes, among other things, valuation appraisal by independent appraisers and takes into account the sold and unsold sales and market value of the properties. The loan agreements require submission of the valuation of each mortgage properties on an annual basis or upon request of the facility agent. As of September 30, 2021 and December 31, 2020, the Company complied with the provisions of its debt covenants.

Under the term loan agreement with CBC, the Parent Company pledged its shares over CCDC II amounting to ₱1,900.00 million (see Note 12). The Pledged Shares include the following:

- the Acquisition Shares, including the Directors’ Shares, and the After Acquired Shares and all the rights, title and interest of any kind or character therein, together with all accessory contracts in relation thereto;
- all rights, benefits, dividends, loss proceeds, indemnities, insurance payments, and other payments received by or due to the Security Grantor in lieu of, or inherent to, or in connection with, the Pledged Shares; and



- all Property of every nature and description whether now owned or hereafter acquired as proceeds for, in exchange for, in substitution of, or replacement of any of the Pledged Shares.

As of September 30, 2021, the Group has complied with the provisions of its loan covenants

Borrowing Costs

Borrowing cost capitalized amounted to ₱163.26 million and ₱613.28 million for the six-month period ended June 30, 2021 and for the year ended December 31, 2020, respectively (see Notes 8 and 12).

Interest Expense and Other Finance Charges

Interest and other financing charges for the nine-month periods ended September 30, 2021 and 2020 totaled to ₱484.47 million and ₱470.87 million, respectively.

**20. BONDS PAYABLE**

This account consists of the following:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Three-year bond	₱6,000,000,000	₱3,000,000,000
Seven-year bond	–	119,110,000
	<b>6,000,000,000</b>	3,119,110,000
Less: Unamortized transaction costs	<b>(94,586,654)</b>	(34,343,713)
	<b>5,905,413,346</b>	3,084,766,287
Less: Current portion	<b>3,000,000,000</b>	118,781,010
Non-current portion	<b>₱2,905,413,346</b>	₱2,965,985,277

On September 2, 2014, the Group also issued and listed at the Philippine Dealing & Exchange Corp. (PDEX) its P2.7 billion bonds, which bear interest rates of 6% p.a. for the three-year bonds, 6.6878% p.a. for the five-and-a-half year bonds, and 6.9758 % p.a. for the seven-year bonds. The three-year bonds matured on September 2, 2017. The bonds are rated “AA+” with a Stable outlook by Credit Rating and Investor Services Philippines Inc. (CRISP). As of September 30, 2021, this bon

On March 2020, the five-and-half year bond payable amounting to ₱1.39 billion was paid in full. As of September 30, 2021, the seven-year bond payable amounting to ₱119.11 million was paid in full.

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

On December 14, 2020, the Board approved the Parent Company’s application of public offering of unsecured fixed-rate peso denominated retail bonds in amount of Two Billion Pesos (₱2,000,000,000) with an Oversubscription Option of up to One Billion Pesos (₱1,000,000,000) to be filed with the Securities and Exchange Commission. The listing of the said retail bonds once approved will be at the Philippine Dealing and Exchange Corporation.



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

Security and Debt Covenants

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

**21. LIABILITY FROM PURCHASED LAND**

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

	<b>September 30, 2020</b> <b>(Unaudited)</b>	December 31, 2019 (Audited)
Current	<b>₱67,200,000</b>	₱67,200,000
Noncurrent	<b>141,145,286</b>	208,335,743

**22. EQUITY**

*Earnings per share*

Basic/diluted earnings per share amounts attributable to equity holders of the Parent Company for the nine-month period ended September 30, 2020 and 2019 are as follows:

	<b>September 30, 2021</b> <b>(Unaudited)</b>	September 30, 2020 (Unaudited)
Net income attributable to the owners of the Parent Company	<b>₱845,078,115</b>	₱831,487,170
Dividend declared to preferred shares	–	151,148,250
	<b>₱845,078,115</b>	680,338,920
Weighted average number of shares	<b>11,599,600,690</b>	11,599,600,690
Basic/diluted earnings per share	<b>₱0.073</b>	₱0.059

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





#### *Common shares*

On February 09, 2000, the Parent Company was listed with the Philippine Stock Exchange with a total of 3,554.72 million common shares, issued, paid and outstanding. The offering of the shares was at ₱1.00 per share.

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

On August 30, 2019, the Group's BOD authorized and approved the amendment of the stockholders' resolution dated September 29, 2017, specifically: (a) change in the par value of the proposed reclassified 3.00 billion Preferred Shares from ₱1.00 to ₱0.53 per share and (b) no increase in the authorized capital stock of the Parent Company, together with the consequent amendment of Article IX of the amended articles of incorporation of the Parent Company.

As of September 30, 2020 and December 31, 2019, the Parent Company had 498 stockholders with at least one board lot at the PSE, for a total of 11,599,600,690 (₱0.53 par value) issued and outstanding common shares.

#### *Deposit for future stock subscription*

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

On January 10, 2020, the Group listed in the Philippines Stock Exchange (PSE) a public offering of 20,000,000 preferred shares with an oversubscription of 10,000,000 preferred shares of at offer price of ₱100.00. The Preferred shares are being offered for subscription solely in the Philippines through China Bank Capital Corporation

The Group's authorized capital stock and issued and subscribed shares amounted to 18.00 million shares and 11.70 million shares, respectively as of December 31, 2019 and 2018. There are no movements in the Group's authorized, issued and subscribed shares in 2019, 2018 and 2017.

The following summarizes the Group's record of registration of securities under the Revised Securities Regulation Code:

On February 09, 2000, the Parent Company was listed with the Philippine Stock Exchange with a total of 3,554.72 million common shares, issued, paid and outstanding. The offering of the shares was at ₱1.00 per share.

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

On August 30, 2019, the Group's BOD authorized and approved the amendment of the stockholders' resolution dated September 29, 2017, specifically: (a) change in the par value of the proposed reclassified 3.00 billion Preferred Shares from ₱1.00 to ₱0.53 per share and (b) no increase in the



authorized capital stock of the Parent Company, together with the consequent amendment of article nine of the amended articles of incorporation of the Parent Company. The amendment was approved by the SEC in January 2020.

As of December 31, 2020 and 2019, the Parent Company had 498 stockholders with at least one board lot at the PSE, for a total of 11,599,600,690 (₱0.53 par value) issued and outstanding common shares.

*Preferred stock*

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

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

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

The rollforward of preferred stock of the Parent Company as of December 31, 2020 is as follows:

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

*Treasury shares*

On January 7, 2013, the BOD of the Parent Company approved a share buyback program for those shareholders who opt to divest of their shareholdings in the Parent Company. A total of ₱800.00 million worth of shares were up for buyback for a time period of up to 24 months. In 2014 and 2013, a total of 85.68 million shares and 14.44 million shares were reacquired at a total cost of ₱87.15 million and ₱22.52 million, respectively.

As of September 30, 2021 and December 31, 2020 treasury shares amounted to ₱109.67 million consisting of 100.12 million shares.

*Retained earnings*

Retained earnings include the accumulated equity in undistributed net earnings of consolidated subsidiaries amounting to ₱9,759.10 million and ₱9,028.95 million as of September 30, 2021 and



December 31, 2020, respectively. These amounts are not available for dividend declaration until these are declared by the subsidiaries.

*Cash dividend declaration*

On July 21, 2021, the BOD approved the declaration of ₱0.0050 per share cash amounting to ₱114.92 million for the common shares for distribution to the stockholders of the Parent Company of record August 6, 2021 with payment date on August 18, 2021, and of record date October 7, 2021 with payment date on October 18, 2021. As of September 30, 2021, outstanding dividends payable for common share holder amounted to ₱120.91 million.

On August 26, 2020, the BOD approved the declaration of ₱0.0063 per share cash amounting to ₱147.85 million for the common shares for distribution to the stockholders of the Parent Company of record September 10, 2020 with payment date on September 18, 2020, and of record date November 6, 2020 with payment date on November 18, 2020. As of September 30, 2020, outstanding dividends payable for common share holder amounted to ₱74.77 million.

On July 1, 2020, the BOD the declaration of cash dividends for the preferred shares with dividend rate of 6.7177% for shares of record July 8, 2020 with payment date on July 10, 2020, and shares of record date October 6, 2020 with payment date on October 12, 2020. As of September 30, 2020, outstanding dividends payable for preferred shares amounted to ₱50.38 million.

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

On June 25, 2019, the BOD approved the declaration of ₱0.02 per share cash dividends amounting to ₱137.92 million for distribution to the stockholders of the Parent Company of record as of July 11, 2019. As of December 31, 2019, ₱126.20 million of the dividend declarations has been paid.

*Other components of equity*

Other components of equity mainly pertain to the equity reserve recognized between the consideration paid by MC and the carrying value of the net assets of TPI I, TPI II, TPI III and CCDC II given up amounting to ₱104.49 million as of December 31, 2020. In 2020, CPGI acquired the total outstanding shares held by MC in one of its subsidiaries, CCDC II. The difference between the acquisition price and the value of the NCI as of August 24, 2020 amounting to ₱782.24 million was charge against the Group's equity reserve. This also includes the remeasurement loss on equity instruments at FVOCI amounting to ₱5.10 million as of September 30, 2021 and December 31, 2020.

*Non-controlling interest*

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

On September 28, 2021, TP2 approved the declaration of P11.43 per share cash dividends amounting to P400.00 million. This resulted to a decrease in non-controlling interest amounting to P160.00 million. The dividends were paid in September 2021.

On August 24, 2020, CPGI has completed the acquisition of 40% of the total outstanding shares or 511,561,143 common shares of FMT Kalayaan Inc. ("FMTK") in one of its subsidiary Century City Development II Corporation. The acquisition price is One Billion Nine Million Pesos Only



(₱ 1,900,000,000.00) or ₱3.71 per share, paid in cash on August 24, 2020. A Deed of Absolute Sale was executed by FMTK in favor of CPGI. The difference in the acquisition price and the value of the NCI as of August 24, 2020 amounting to ₱782.24 million was charged against the Group's equity reserve.

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

In 2019, PPHI issued additional 480.00 million common shares with a par value of ₱1.00 and 0.12 million preferred shares with 1,000.00 par value to MC, which resulted into an aggregate increase in the non-controlling interest amounting to ₱600.00 million.

In 2019, MC paid an additional ₱226.52 million for its subscription to CCDC II, which resulted to an increase in the non-controlling interest for the same amount.



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

Summarized statements of financial position (in millions):

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

Summarized statements of comprehensive income (in millions):

	TPI I		TPI II		TPI III		CCDC II		PPHI	
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Revenue	<b>₱33.48</b>	₱52.32	<b>₱382.13</b>	₱443.81	<b>₱196.54</b>	₱162.28	<b>₱333.80</b>	₱336.59	<b>₱2,149.65</b>	₱1,606.10
Cost of real estate sales and services	(4.49)	(3.08)	(200.54)	(263.40)	(110.69)	(82.07)	(122.93)	(71.82)	(1,152.07)	(827.45)
General and administrative expenses	(14.41)	(34.43)	(35.29)	(72.14)	(35.58)	(35.78)	(31.27)	(68.44)	(627.39)	(569.23)
Operating income (loss)	14.58	14.81	146.31	108.27	50.27	44.43	179.60	196.33	370.18	209.42
Other income	7.89	6.54	7.26	7.08	2.33	0.09	130.79	631.99	27.33	23.16
Provision for income tax	(2.31)	(2.06)	(2.59)	(2.02)	(0.66)	(0.01)	13.43	(249.00)	(29.12)	(10.05)
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	(0.92)
<b>Total comprehensive income</b>	<b>₱20.17</b>	₱19.29	<b>₱150.98</b>	₱113.33	<b>₱51.94</b>	₱44.51	<b>₱323.82</b>	₱579.32	<b>₱368.40</b>	₱221.61
Total comprehensive income attributable to:										
Equity holders of the Parent										
Parent Company	<b>₱12.10</b>	₱11.57	<b>₱90.59</b>	₱68.00	<b>₱31.16</b>	₱26.71	<b>₱323.82</b>	₱384.95	<b>₱221.04</b>	₱133.21
Non-controlling interests	<b>8.07</b>	7.72	<b>60.39</b>	45.33	<b>20.77</b>	17.80	-	194.38	<b>147.36</b>	88.40
<b>Total comprehensive income</b>	<b>₱20.17</b>	₱19.29	<b>₱150.98</b>	₱113.33	<b>₱51.94</b>	₱44.51	<b>₱323.82</b>	₱579.33	<b>₱368.40</b>	₱221.61

*Capital management*

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

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

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

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. The Group is subject to externally imposed capital requirements from its bank loans which it has complied with as of September 30, 2021 and December 31, 2020.

Equity, which the Group considers as capital, pertains to the equity attributable to equity holders of the Parent Company excluding other components of equity and remeasurement loss on defined benefit plan, amounting to a total of ₱21,390.95 million and ₱20,660.80 million as of September 30, 2021 and December 31, 2020, respectively.

No changes were made in the objectives, policies or processes for managing capital in September 30, 2021 and December 31, 2020.

### 23. GENERAL, ADMINISTRATIVE AND SELLING EXPENSES

This account consists of:

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

Miscellaneous pertains mainly supplies, business and research development and software maintenance.

## 24. INTEREST AND OTHER INCOME

This account consists of:

	<b>September 30, 2021</b>	September 30, 2020
	<b>(Unaudited)</b>	(Unaudited)
Gain or reversal of retention payable	<b>₱73,369,199</b>	
Income from forfeited collections	<b>35,132,705</b>	₱101,101,262
Interest income from		
cash and cash equivalents and short-term		
investments (Note 4)	<b>46,571,661</b>	89,431,360
Other income	<b>95,910,975</b>	55,662,931
	<b>₱250,984,541</b>	₱246,195,553

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

Other income mainly consists of the penalties and other surcharges billed against defaulted installments from sales contracts. Real estate buyers are normally charged a penalty of 3.00% of the monthly installment for every month in arrears from the time the specific installment becomes due and payable.

## 25. PENSION COST

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

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

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

## 26. INCOME TAXES

The provision for income tax consists of:

	<b>September 30, 2020</b>	September 30, 2020
	<b>(Unaudited)</b>	(Unaudited)
Current		
RCIT/MCIT	<b>₱213,091,513</b>	₱149,078,821
Final	<b>4,041,6056</b>	14,008,163
	<b>217,133,119</b>	163,086,984
Deferred	<b>(575,684,073)</b>	263,978,975
	<b>(₱358,550,954)</b>	₱427,065,959

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

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

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

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Deferred tax assets – net	₱28,569,988	₱86,280,221
Deferred tax liabilities – net	2,400,197,634	2,951,528,631

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

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

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



As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. Accordingly, current and deferred income taxes as of and for the year ended December 31, 2020 were still computed and measured using the applicable income tax rates as of December 31, 2020 (30% RCIT and 2% MCIT) for financial reporting purposes.

The passage of CREATE Act into law on March 26, 2021 resulted to the measurement of the provision for current and deferred income tax using the revised income tax rate of 25% for the nine months ended September 30, 2021. Accordingly, the differences in the amount of current and deferred income tax recognized in the books using the old income tax rate and the amount that should be recorded using the revised income tax rate under CREATE Act as of December 31, 2020 amounting to ₱39.54 million and ₱472.73 million, respectively, were adjusted as reduction in the September 30, 2021 balances of current and deferred income tax.

## 27. LEASE LIABILITY

The Group has lease contracts for various office spaces with lease terms of two (2) to three (3) years. Rental due is based on prevailing market conditions. As of September 30, 2021 and December 31, 2020, the Group has rental deposits pertaining to these lease contracts amounting to ₱112.74 million and ₱132.39 million and ₱152.40 million, respectively (see Note 13)

The rollforward of this account is as follows:

	September 30, 2021	December 31, 2020
Balance at beginning of period	₱4,525,606	₱61,178,004
Additions	42,698,958	10,027,785
Accretion for the year (Note 26)	932,666	4,659,965
Payments	(10,684,945)	(21,750,839)
Termination	–	(49,589,309)
Balance at the end of period	37,472,285	4,525,606
Less current portion	4,525,606	4,525,606
	<b>₱32,946,679</b>	–

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

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

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

## 28. OTHER NON-CURRENT LIABILITIES

### Deposits for Preferred Shares Subscription

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

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

Class of shares	Number of Shares				Total
	Preferred A shares	Preferred B shares	Preferred C shares	Preferred D shares	
Authorized shares	6,344	520	520	520	
Par value in ₪	10	100	1,000	10,000	
Issued and outstanding shares at December 31, 2015	1,430	234	–	234	1,898
Issuances during 2016	286	52	–	–	338
Cancellation of shares	–	–	–	(221)	(221)
Issued and outstanding shares at December 31, 2016	1,716	286	–	13	2,015
Issuances during 2017	4,498	200	91	26	4,815
Cancellation of shares	–	–	–	–	–
Issued and outstanding shares at December 31, 2017	6,214	486	91	39	6,830
Issuances during 2018	–	8	416	169	593
Cancellation of shares	(26)	–	–	–	(26)
Issued and outstanding shares at December 31, 2018	6,188	494	507	208	7,397
Issuances during 2019	–	–	–	–	–
Cancellation of shares	–	–	–	–	–
Issued and outstanding shares at December 31, 2019	6,188	494	507	208	7,397
Issuances during 2020	–	–	13	39	52
Cancellation of shares	(39)	(13)	–	–	(52)
Issued and outstanding shares at December 31, 2020	6,149	481	520	247	7,397
Issuances during September 2021	–	–	–	–	–
Cancellation of shares	(442)	(52)	(39)	(104)	(637)
<b>Number of shares at September 30, 2021</b>	<b>5,707</b>	<b>429</b>	<b>481</b>	<b>143</b>	<b>6,760</b>

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

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

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

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

In September 2021, total of 637 shares were cancelled

The preferred shares have the following features, rights, privileges and obligations which can be availed

by the preferred shareholders upon full payment:

- a. All classes of the preferred shares are non-voting.
- b. Preferred shareholders are entitled to use and occupy, for twenty-eight (28) nights per year, the rooms to be owned by the Company in the planned Acqua 6 Tower of the Acqua Private Residences subject to the availability of the rooms and class of preferred share room entitlement as follow:
  - Preferred Class A - Studio Room
  - Preferred Class B - Deluxe 1-Bedroom
  - Preferred Class C - Superior 1-Bedroom
  - Preferred Class D - Premier 1-Bedroom
- c. The preferred shareholders shall be entitled to a share in the NRRR at the rate of 40% for all of the 152 rooms to be owned by the Company. The share of a preferred shareholder in the NRRR shall be payable annually.
- d. The preferred shareholders shall no longer participate in any dividend declaration of the Company.

Upon full payment and availability of the rooms and when the rights and benefits vest upon completion of the Project, these deposits will be reclassified to preferred shares and will be split between the equity and liability components. As of September 30, 2021, and December 31, 2020, 4,888 shares and 4,953 shares have been fully paid, respectively. The deposits, however, are retained as liabilities since the shareholder's rights to the 28 free nights to stay at the hotel and contractual right to dividends will inure to the shareholder only upon full payment and availability of rooms. Currently, the facility is still under construction. Once the facility is complete and available for use, the Company will determine the liability and equity components of the said deposits and will classify accordingly.

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

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

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

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

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

- g. The preferred shareholders shall be entitled to a share in Net Room Rental Revenue at the rate of 40% for all of the 152 rooms to be owned by the Group. The share of a preferred shareholder in



the Net Room Rental Revenue shall be payable annually. The share of a preferred shareholder in the Net Room Rental Revenue shall be calculated based on the attributable square meters (“SQM”) corresponding to the class of preferred shares held by such preferred shareholder for every 13 preferred shares held.

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

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

- i. The preferred shareholders shall no longer participate in any dividend declaration of the Group.

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

Deposit for future stock subscription

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

In 2020, the increase in authorized capital stock was approved and 30,000,000 preferred shares with a par value of ₱0.53 were fully subscribed, thus the DFFS amounting the ₱42.48 million was reclassified to equity (see Note 23)

Advance Deposits and Refundable Deposits

Refundable deposits pertain to utilities and meter deposits, and security deposits collected from tenants which are refundable at the end of the lease contracts. The Group received refundable deposits and security deposits classified as “Other current liabilities” amounting to ₱330.95 million and ₱352.67 million “Other noncurrent liabilities” amounting to ₱813.13 million and ₱694.45 million, as of September 30, 2021 and December 31, 2020, respectively.

Deferred Lease Income

Deferred lease income is amortized over the lease term on a straight-line basis and which amortization is recorded as part of “Leasing revenue” in the statements of comprehensive income. The carrying value of the deferred lease income presented under financial statement caption “Other noncurrent liabilities” amounted to ₱45.60 million and ₱214.26 million presented under financial statement caption “Other current liabilities” as of September 30, 2021.

## 29. FINANCIAL INSTRUMENTS

	September 30, 2021		December 31, 2020	
	Carrying Value	Fair value	Carrying Value	Fair value
<b>Financial assets</b>				
ICR	<b>₱8,869,272,119</b>	<b>₱9,011,011,070</b>	₱10,447,472,507	₱10,664,466,511
Rental deposits	<b>112,735,470</b>	<b>114,608,795</b>	32,394,312	135,144,142
Investment in bonds	–	–	463,750,000	463,750,000
	<b>₱8,982,007,589</b>	<b>₱9,125,619,865</b>	₱11,043,616,819	₱11,263,360,653
<b>Other financial liabilities</b>				
Long-term debt	<b>₱12,197,160,377</b>	<b>₱12,423,967,240</b>	₱14,856,175,665	<b>₱14,961,379,531</b>
Bonds payable	<b>5,935,510,211</b>	<b>6,038,632,277</b>	3,084,766,287	3,172,154,215
Liability from purchased land	<b>208,345,286</b>	<b>212,984,229</b>	310,364,351	316,810,619
Refundable deposits	<b>723,666,880</b>	<b>749,165,735</b>	945,111,754	964,741,725
<b>Total financial liabilities</b>	<b>₱19,064,682,754</b>	<b>₱19,424,749,481</b>	₱19,196,418,057	₱19,415,086,090

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

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

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

*Rental deposits and investment in bonds*

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

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

The fair values are estimated using the discounted cash flow method using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used for long-term debt ranged from 1.66% to 2.50% and 1.12% to 1.71% as of September 30, 2021 and December 31, 2020, respectively. The discount rates used for the bonds payable ranged from 1.66% to 2.87% and 2.79% to 4.52% as of September 30, 2021 and December 31, 2020, respectively. The discount rates used for the liability from purchased land ranged from 1.66% to 2.50% and 1.12% to 1.71% as of September 30, 2021 and December 31, 2020, respectively.

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

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

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

*Credit Risk*

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

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

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

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

As of September 30, 2021 and December 31, 2020, the Group has not recognized an expected credit loss on its financial assets.

*Liquidity risk*

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

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

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

	September 30, 2021		Total
	Within 1 Year	1 - 5 years	
<b>Financial assets</b>			
Cash and cash equivalents	₱3,796,205,896	₱-	₱3,796,205,896
Short-term investments	1,040,820,087	-	1,040,820,087
Receivables	10,198,353,747	102,827,202	10,301,180,949
Due from related parties	584,585,003	-	584,585,003
Rental Deposits	-	112,735,470	112,735,470
	<b>₱15,619,964,733</b>	<b>₱215,562,672</b>	<b>₱15,835,527,405</b>

	September 30, 2021		
	Within 1 Year	1 - 5 years	Total
Other financial liabilities			
Accounts and other payables*	₱4,904,272,786	₱–	₱4,904,272,786
Due to related parties	338,675,673	–	338,675,673
Short-term debt	335,708,389	–	335,708,389
Liability from purchased land	67,200,000	141,145,286	208,345,286
Lease liability	4,525,606	32,946,679	37,472,285
Long-term debt:			
Principal	3,268,725,181	9,033,330,508	12,302,055,689
Interest	544,207,011	496,376,845	1,040,583,856
Bonds payable:			
Principal	3,000,000,000	3,000,000,000	6,000,000,000
Interest	321,357,750	218,101,500	539,459,250
	<b>₱12,784,518,381</b>	<b>₱12,921,900,818</b>	<b>₱25,706,419,199</b>

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

	December 31, 2020		
	Within 1 Year	1 - 5 years	Total
Financial assets			
Cash and cash equivalents	₱2,473,555,750	₱–	₱2,473,555,750
Short-term investments	285,241,756	–	285,241,756
Receivables*	14,534,369,287	124,776,589	14,659,145,876
Due from related parties	464,422,862	–	464,422,862
Rental Deposits	–	132,394,312	132,394,312
Investment in bonds	463,750,000	–	463,750,000
	<b>₱18,221,339,655</b>	<b>₱257,170,901</b>	<b>₱18,478,510,556</b>

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

	December 31, 2020		
	Within 1 Year	1 - 5 years	Total
Financial liabilities			
Accounts and other payables**	₱5,070,311,732	₱–	₱5,070,311,732
Due to related parties	270,006,022	–	270,006,022
Short-term debt	811,948,735	–	811,948,735
Liability from purchased land	67,200,000	208,335,743	275,535,743
Long-term debt:			
Principal	5,505,137,842	9,469,719,972	14,974,857,814
Interest	395,275,349	707,668,456	1,102,943,805
Bonds payable:			
Principal	119,110,000	3,000,000,000	3,119,110,000
Interest	240,840,657	117,304,500	358,145,157
Lease liabilities	4,609,939	–	4,609,939
Security deposits	250,645,280	694,466,474	945,111,754
	<b>₱12,735,085,556</b>	<b>₱14,197,495,145</b>	<b>₱26,932,580,701</b>

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

*Foreign currency risk*

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

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

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

### **30. CONTINGENCIES**

The Group is contingently liable for lawsuits or claims filed by third parties (substantially civil cases that are either pending decision by the courts or are under negotiation, the outcomes of which are not presently determinable). In the opinion of management and its legal counsels, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims or assessments. No provisions were made for the period-ended September 30, 2021 and December 31, 2020 with respect to the foregoing matters.

### **31. NOTES TO CASH FLOWS**

Below are the noncash transactions for the period ended September 30, 2021 and 2020.

- a. Accretion of unamortized discount for noninterest-bearing contracts receivable amounting to ₱116.23 million and ₱133.55 million for the nine-month periods ended September 30, 2021 and 2020, respectively
- b. Borrowing costs capitalized in real estate inventories amounting to ₱163.26 million and ₱612.33 million for the nine-month periods ended September 30, 2021 and 2020, respectively (see Note 8).
- c. Borrowing costs capitalized in investment properties amounting to ₱62.12 million for nine-month period ended September 30, 2020 (see Note 12).
- d. Amortization of deferred financing costs amounting to ₱69.63 million and ₱97.77 million for the nine-month periods ended September 30, 2021 and 2020, respectively (see Note 19 and 20).
- e. Accrued interest payable from long-term debts amounting to ₱15.31 million and ₱156.38 million as of September 30, 2021 and 2020, respectively (see Note 16)
- f. Dividends declared amounting to ₱120.91 million and ₱221.15 million are unpaid as of September 30, 2021 and 2020 (see Note 22)
- g. Additions to right-of-use assets and increase in lease liabilities amounting ₱42.70 million for the nine-month period ended September 30, 2021 (see Note 13).



**MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS**

*Results of Operations and Material Changes to the Company's Income Statement for the nine-month period ended September 30, 2021 compared to September 30, 2020  
(In Millions of Peso)*

	2021	2020	Amount	Movement %
<b>REVENUE</b>				
Real estate revenue	<b>₱5,336.87</b>	₱7,305.18	(₱1,968.31)	-26.94%
Leasing revenue	<b>676.10</b>	587.14	88.96	15.15%
Property management fee and other services	<b>304.99</b>	256.15	48.84	19.07%
Interest income from real estate sales	<b>115.79</b>	133.55	(17.76)	-13.30%
	<b>6,433.75</b>	8,282.02	(1,848.27)	<b>-22.32%</b>
<b>COST AND EXPENSES</b>				
Cost of real estate revenue	<b>3,436.14</b>	4,863.00	(1,426.86)	-29.34%
Cost of leasing	<b>213.17</b>	127.68	85.49	66.96%
Cost of services	<b>198.51</b>	192.74	5.77	3.00%
	<b>3,847.83</b>	5,183.42	(1,335.59)	-25.77%
<b>GROSS PROFIT</b>	<b>2,585.92</b>	3,098.60	(512.68)	<b>-16.55%</b>
<b>GENERAL, ADMINISTRATIVE AND SELLING EXPENSES</b>	<b>1,749.91</b>	1,818.96	(69.06)	<b>-3.80%</b>
<b>OTHER INCOME (EXPENSES)</b>				
Interest and other income	<b>298.99</b>	246.20	52.79	21.44%
Gain from change in fair value of investment property	<b>177.92</b>	465.22	(287.30)	-61.76%
Share in net income	<b>5.00</b>	6.79	(1.79)	-26.40%
Interest and other financing charges	<b>(594.80)</b>	(470.87)	(123.92)	26.32%
	<b>(112.89)</b>	247.33	(360.23)	<b>-145.64%</b>
<b>INCOME BEFORE INCOME TAX (BENEFIT FROM) PROVISION FOR INCOME TAX</b>	<b>723.12</b>	1,526.97	(803.85)	<b>-52.64%</b>
<b>TAX</b>	<b>(358.55)</b>	427.07	(785.62)	<b>-183.96%</b>
<b>NET INCOME</b>	<b>₱1,081.67</b>	₱1,099.90	(₱18.23)	<b>-1.66%</b>

**26.94% decrease in real estate revenue**

The decrease in real estate revenue is due to slowdown in sales take up, collections and limited construction activities during the period.

**15.15% increase in leasing revenue**

The increase was mainly due to the leasing revenues recognized for additional units leased out by Century Diamond Tower, Asian Century Center, and Centuria Medical Makati.

**19.07% increase in Property Management Fees**

The increase is mainly due to increase in rates during the period.



**13.30% decrease in interest income from real estate sales**

Interest income from real estate sales represents interest accretion from installment contract receivables and contract asset recognized during the year. Discount subject to accretion arises from the difference between present value of ICR and contract asset and its nominal value. Income decrease since majority of the projects are already turned over and slowdown in new sales during the nine-month period in 2021.

**29.34% decrease in cost of sales**

The decrease is mainly due to the decrease in real estate revenue.

**66.96% increase in cost of leasing**

The increase is due to increase in direct operating expenses for CDT and ACC in the current reporting period.

**3.00% increase in cost of services**

The increase is directly attributable to the increase of property management fees.

**3.80% decrease in general, administrative and selling expenses**

The decrease is a result of cost cutting efforts of the management during the period.

**21.44% increase in interest and other income**

The increase is mainly attributable to the increase in dues billed to tenants of leasing.

**61.76% decrease in gain from fair value of investment property**

The decrease was mainly due decline in fair value gain recognized from Century Diamond Tower building.

**26.32% increase in interest and other financing charges**

The increase is mostly due to interest and other financing charges from new bond issuance during the period.

**183.96% increase in Provision for Income Tax**

The increase was primarily due to impact on change in tax rate on deferred tax liabilities net of current tax expenses on taxable income.

**As a result of the foregoing, net income decreased by 1.66%.**

*Financial Condition and Material Changes to the Company's Statement of Financial Position for the period-ended September 30, 2021 compared to December 31, 2020 (In Millions of Peso)*

	2021	2020	Amount	Movement %
<b>ASSETS</b>				
Cash and cash equivalents	₱3,796.21	₱2,473.56	₱1,322.65	53.47%
Receivables	10,240.87	11,491.05	(1,250.17)	-10.88%
Short-term investments	1,040.82	285.24	755.58	264.89%
Real estate inventories	15,271.29	14,651.33	619.96	4.23%
Due from related parties	584.59	464.42	120.16	25.87%
Advances to suppliers and contractors	2,651.65	2,427.70	223.94	9.22%
Investment in bonds	-	463.75	(463.75)	-100.00%
Other current assets	1,754.67	1,809.90	(55.22)	-3.05%
<b>Total Current Assets</b>	<b>35,340.09</b>	<b>34,066.95</b>	<b>1,273.15</b>	<b>3.74%</b>
Noncurrent portion of installment contract receivables	102.83	124.78	(21.95)	-17.59%
Deposits for purchased land	1,357.92	1,354.24	3.68	0.27%
Investments in and advances to joint ventures and associate	270.56	265.56	5.00	1.88%
Investment properties	13,944.20	13,627.58	316.62	2.32%
Property and equipment	1,796.91	1,783.59	13.31	0.75%
Deferred tax assets - net	28.57	86.28	(57.71)	-66.89%
Other noncurrent assets	1,989.39	1,699.93	289.47	17.03%
<b>Total Noncurrent Assets</b>	<b>19,490.38</b>	<b>18,941.95</b>	<b>548.42</b>	<b>2.90%</b>
<b>TOTAL ASSETS</b>	<b>54,830.47</b>	<b>53,008.90</b>	<b>1,821.56</b>	<b>3.44%</b>
<b>LIABILITIES</b>				
Accounts and other payables	5,486.35	5,591.63	(105.29)	-1.88%
Contract liabilities	3,086.43	1,457.77	1,628.65	111.72%
Short-term debt	335.71	811.95	(476.24)	-58.65%
Current portion of:				
Long-term debt	3,268.73	5,447.30	(2,178.58)	-39.99%
Bonds Payable	2,985.25	118.78	2,866.47	2413.24%
Liability from purchased land	67.20	67.20	-	0.00%
Lease Liability	4.53	4.53	-	0.00%
Due to related parties	338.68	270.01	68.67	25.43%
Income Tax Payable	67.82	61.50	6.33	10.29%
Other current liabilities	330.95	352.67	(21.72)	-6.16%
<b>Total Current Liabilities</b>	<b>15,971.64</b>	<b>14,183.34</b>	<b>1,788.44</b>	<b>12.61%</b>
Noncurrent portion of:				
Long-term debt	8,928.44	9,408.87	(480.44)	-5.11%
Bonds Payable	2,950.26	2,965.99	(15.72)	-0.53%
Liability from purchased land	141.15	208.34	(67.19)	-32.25%
Lease Liability	32.95	-	32.95	100.00%
Pension liabilities	407.86	372.99	34.87	9.35%
Deferred tax liabilities	2,400.20	2,951.53	(551.33)	-18.68%
Other noncurrent liabilities	1,864.99	1,786.56	78.42	4.39%
<b>Total Noncurrent Liabilities</b>	<b>16,725.83</b>	<b>17,694.28</b>	<b>(968.44)</b>	<b>-5.47%</b>
<b>Total Liabilities</b>	<b>32,697.47</b>	<b>31,877.62</b>	<b>819.84</b>	<b>2.57%</b>
<b>EQUITY</b>				
Capital stock				
Common	6,200.85	6,200.85	-	0.00%
Preferred	15.90	15.90	-	0.00%
Additional paid-in capital	5,524.78	5,524.78	-	0.00%
Treasury shares	(109.67)	(109.67)	-	0.00%
Other components of equity	(682.85)	(682.85)	-	0.00%
Retained earnings	9,759.10	9,028.95	730.15	8.09%
Remeasurement loss on defined benefit plan	(123.52)	(118.50)	(5.02)	4.24%
Total Equity Attributable to Equity Holders of the Parent Company	20,584.59	<b>19,859.46</b>	725.13	3.65%
Non-controlling interests	1,548.41	<b>1,271.82</b>	276.59	21.75%
<b>Total Equity</b>	<b>22,133.00</b>	<b>21,131.28</b>	<b>1,001.72</b>	<b>4.74%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱54,830.47</b>	<b>₱53,008.90</b>	<b>₱1,821.56</b>	<b>3.44%</b>

**53.47% increase in cash and cash equivalents**

The increase is primarily due to higher operating cashflows for the period and proceeds from issuance of the bonds in March 2021.

**10.59% decrease in total receivables and noncurrent portion of installment contract receivables**

The decrease is primarily due to collections during the period.

**264.89% increase in short-term investments**

Increase is primarily from additional money market placements with maturity more of than 3 months during the period.

**9.22% increase in advances to suppliers**

Increase is primarily due to down payments made to contractors and suppliers for newly awarded contracts.

**6.67% increase in other current and non-current assets**

Increase is primarily mostly due to increase in deferred selling expenses from and input VAT from the affordable housing segment.

**100.00% decrease in investment in bonds**

Decrease is due to maturity of investment in bonds in January 2021.

**111.72% increase in total contract liabilities**

The increase is attributable to collections from customers booked as liability pending satisfaction of criteria for revenue recognition.

**20.01% decrease in total short-term and long-term Debt**

Decrease was due to net repayment of loans during the period.

**92.41% increase in bonds payable**

The increase is due to the newly issued P3billion bond in March 2021.

**4.74% increase in total stockholders' equity**

Due to the net income recorded for the nine-month period ended September 30, 2021, additional investment from Mitsubishi Corporation interest amounting to ₱200 million net of dividend declaration.



The top 5 key performance indicators of the Company are shown below:

Key Performance Indicators	30-Sep-21	30-Sep-20
Current Ratios (a)	2.2x	2.8x
Debt to Equity (b)	0.8x	0.9x
Debt to EBITDA (c)	10.7x	7.4x
Return on Assets (d)	2.7%	2.7%
Return on Equity (e)	6.7%	7.2%

*Notes:*

- 1) *Current ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.*
- 2) *Debt to Equity ratio computed by dividing total interest-bearing debt (includes short-term and long-term debts and bonds payable) by total equity.*
- 3) *Debt to EBITDA is calculated by dividing annualized EBITDA (EBITDA for the nine-month period ended September 30 divided by three multiplied by four) for the period by total interest-bearing debt.*
- 4) *Return on assets is calculated by dividing annualized net income (net income for the nine-month period ended September 30 divided by three multiplied by four) for the period by average total assets (beginning plus end of the period divided by two).*
- 5) *Return on equity is calculated by dividing annualized net income (net income for the nine-month period ended September 30 divided by three multiplied by four) for the period by average total equity (beginning plus end of the period divided by two).*

Current ratio decreased mainly due to the increase in current liabilities, primarily as a result of in maturing of bonds payable and long-term debt.

Debt to equity decreased as a result of the decline in debt from the long-term debt while total equity increased due to the net income during period ended September 30, 2021 and additional investment from minority interest compared to the same period as of September 30, 2020.

Debt to EBITDA increased primarily due to the decline in annualized EBITDA as of September 30, 2021 compared to the same period as of September 30, 2020.

Return on Equity declined due to lower annualized net income recognized during the nine-month period ended September 30, 2021 compared to the same period ended September 30, 2020.

### Key Performance Indicators

#### Selected Financial Indicators September 30, 2021 and September 30, 2020

<b>Financial ratios</b>	<b>30-Sep-21 (Unaudited)</b>	<b>30-Sep-20 (Unaudited)</b>
<b>Current/Liquidity Ratios</b>		
Current Assets	35,340,088,991	32,377,893,244
Current Liabilities	15,971,636,030	11,700,047,002
<b>Current Ratios</b>	<b>2.2</b>	<b>2.8</b>
<b>Current Assets</b>		
Current Assets	35,340,088,991	32,377,893,244
Inventory	15,271,289,483	13,879,985,395
Quick Assets	20,068,799,508	18,497,907,849
Current Liabilities	15,971,636,030	11,700,047,002
<b>Quick Ratios</b>	<b>1.3</b>	<b>1.6</b>
<b>Liabilities and Debt Ratios</b>		
Short-term debt	335,708,389	566,006,056
Long-term debt - Current	3,268,725,181	2,695,914,931
Long-term debt - Non-current	8,928,435,196	13,026,022,155
Bonds payable	5,935,510,211	3,078,437,291
<b>Debt</b>	<b>18,468,378,977</b>	<b>19,366,380,433</b>
<b>Equity</b>	<b>22,132,998,551</b>	<b>21,321,411,792</b>
<b>Debt-to-Equity</b>	<b>0.8</b>	<b>0.9</b>
<b>Debt</b>		
Debt	18,468,378,977	19,366,380,433
Cash and Cash Equivalents	3,796,205,896	3,988,543,330
<b>Net Debt</b>	<b>14,672,173,081</b>	<b>15,377,837,103</b>
<b>Equity</b>	<b>22,132,998,551</b>	<b>21,321,411,792</b>
<b>Net Debt-to-Equity</b>	<b>0.7</b>	<b>0.7</b>
<b>Debt-to-EBITDA</b>		
Debt	18,468,378,977	19,366,380,433
EBITDA (Annualized for Interim)	1,721,577,827	2,620,193,459
<b>Debt-to-EBITDA</b>	<b>10.7</b>	<b>7.2</b>
<b>EBITDA</b>		
Income before Income Tax	723,120,252	1,526,968,785
Interest expense	526,002,525	401,677,023
Depreciation and amortization	42,060,593	36,499,286
<b>EBITDA</b>	<b>1,291,183,370</b>	<b>1,965,145,094</b>
<b>Asset to Equity Ratios</b>		
Total Assets	54,830,466,009	53,905,564,147
Total Equity	22,132,998,551	21,321,411,792
<b>Asset to Equity Ratio</b>	<b>2.5</b>	<b>2.5</b>
<b>Liabilities to Equity Ratios</b>		
Total Liabilities	32,697,467,458	32,584,152,355
Total Equity	22,132,998,551	21,321,411,792
<b>Liabilities to Equity Ratio</b>	<b>1.5</b>	<b>1.5</b>

<b>Financial ratios</b>	<b>30-Sep-21 (Unaudited)</b>	<b>30-Sep-20 (Unaudited)</b>
<b>Profitability ratios</b>		
Revenue	6,433,750,080	8,282,019,623
Gross Profit	2,585,921,135	3,098,600,578
<b>Gross Profit Ratio</b>	<b>40%</b>	<b>37%</b>
<b>Net Income Attributable to Equity holders of the Parent Company</b>		
Revenue	845,078,114	831,487,170
Revenue	6,433,750,080	8,282,019,623
<b>Net Income Margin</b>	<b>13.1%</b>	<b>10.0%</b>
<b>Total Net Income after tax</b>		
	<b>1,442,228,275</b>	<b>1,466,537,101</b>
Total Asset CY	54,830,466,009	53,905,564,147
Total Asset PY	53,008,903,420	53,441,685,612
<b>Average total asset</b>	<b>53,919,684,715</b>	<b>53,673,624,880</b>
<b>Return on Asset</b>	<b>2.7%</b>	<b>2.7%</b>
<b>Total Net Income after tax</b>		
	<b>1,442,228,275</b>	<b>1,466,537,101</b>
Total Equity CY	22,132,998,551	21,321,411,792
Total Equity PY	21,131,273,660	19,615,569,488
<b>Average total equity</b>	<b>21,632,136,106</b>	<b>20,468,490,640</b>
<b>Return on Equity</b>	<b>6.7%</b>	<b>7.2%</b>
<b>Net Income</b>		
Revenue	1,081,671,206	1,099,902,826
Revenue	6,433,750,080	8,282,019,623
<b>Net Income Margin</b>	<b>16.8%</b>	<b>13.3%</b>

**PART II--OTHER INFORMATION**
**Item 3. 3<sup>rd</sup> Quarter of 2021 Developments**

**A.** New Projects or Investments in another line of business or corporation.

*None*

**B.** Composition of Board of Directors

<b>Name of Director</b>	<b>Position</b>
Jose E.B. Antonio	Chairman of the Board
John Victor R. Antonio	Director
Jose Marco R. Antonio	Director
Jose Carlo R. Antonio	Director
Ricardo Cuerva	Director
Rafael G. Yaptinchay	Director
Hilda R. Antonio	Director
Jose L. Cuisia	Independent Director
Stephen T. CuUnjieng	Independent Director
Carlos C. Ejercito	Independent Director
Aileen Christel U. Ongkauko	Independent Director
David Almirol	Independent Director

**C.** Performance of the corporation or result/progress of operations.

*Please see unaudited Financial Statements and Management's Discussion and Analysis.*

**D.** Declaration of Dividends.

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

**E.** Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements.

*None*

**F.** Offering of rights, granting of Stock Options and corresponding plans thereof.

*None*

**G.** Acquisition of additional mining claims or other capital assets or patents, formula, real estate.

*Not Applicable*

**H.** Other information, material events or happenings that may have affected or may affect market price of security.

*None.*





**I.** Transferring of assets, except in normal course of business.

*None.*

**Item 4. Other Notes as of 3<sup>rd</sup> Quarter of 2021 Operations and Financials.**

**J.** Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size, or incidents.

*None.*

**K.** Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

*There were no changes in estimates of amounts reported in prior interim period or prior financial years that have a material effect in the current interim period.*

**L.** New financing through loans/ issuances, repurchases and repayments of debt and equity securities.

*See Notes to Financial Statements and Management Discussion and Analysis.*

**M.** Material events to the end of the interim period that have not been reflected in the financial statements for the interim period.

*None*

**N.** The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

*None*

**O.** Changes in contingent liabilities or contingent assets since the last annual statement of financial position date.

*None*

**P.** Existence of material contingencies and other material events or transactions during the interim period

*None.*

**Q.** Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

*None*

**R.** Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

*None.*

**S.** Material commitments for capital expenditures, general purpose and expected sources of funds.

*The movement of capital expenditures being contracted arose from the regular land development and construction requirements.*



**T.** Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/income from continuing operations.

*As of September 30, 2021, there are no known trends, events or uncertainties that are reasonably expected to have impact on sales/revenues/income from continuing operations except for those being disclosed in the 3<sup>rd</sup> quarter of 2021 financial statements.*

**U.** Significant elements of income or loss that did not arise from continuing operations.

*None.*

**V.** Causes for any material change/s from period to period in one or more-line items of the financial statements.

*See Notes to Financial Statements and Management Discussion and Analysis (MD&A) as material changes are described in detail in the MD&A section*

**W.** Seasonal aspects that had material effect on the financial condition or results of operations.

*None.*

**X.** Disclosures not made under SEC Form 17-C.

*None.*



**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**CENTURY PROPERTIES GROUP INC.**

**By:**

**JOHN PAUL C. FLORES**  
VP Comptroller

A handwritten signature in black ink, appearing to be "JP Flores", written over the printed name and title.