Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the notes thereto presented elsewhere in this Offering Circular. This discussion contains forward-looking statements that involve significant risks and uncertainties. As a result of many factors, such as those set forth under "Risk Factors" and elsewhere in this Offering Circular, our actual results may differ materially from those anticipated in these forward-looking statements.

Overview

The Company is one of the leading real estate companies in the Philippines with a 28-year track record. According to Colliers International, the Company was ranked third in terms of the Metro Manila condominium residential market share by value of units sold in 2013. The Company is primarily engaged in the development, marketing, and sale of mid- and high-rise condominiums and single detached homes, retail and office space leasing and property management.

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

As of 30 September 2014, the Company has, including projects completed by its founding principals, completed a total of 26 condominium towers and commercial buildings for lease, with a total GFA (with parking) of 922,090 sq.m. The Company's noteworthy developments include the Essensa East Forbes and South of Market in Fort Bonifacio, SOHO Central in the Greenfield District of Mandaluyong City, Pacific Place in Ortigas, Le Triomphe, Le Domaine and Le Metropole in Makati City, and the Gramercy Residences in Century City in Makati City. In March 2014, the Company opened Century City Mall as its first retail development for lease.

The Company is currently developing five master-planned communities that are expected to have 28 condominium towers, three commercial buildings for lease, and 934 landed houses, with a total expected GFA (with parking) of 1,651,024 sq.m. As of 30 September 2014, five condominium towers, one retail mall, and 820 houses have been completed, with the remaining 23 condominium towers, two commercial buildings, and 114 houses targeted to be gradually completed by 2019.

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

The five master-planned communities are:

- ***Century City***—Century City is a 3.4-hectare mixed-use project in Makati City with eight buildings covering a total planned GFA (with parking) of 643,175 sq.m. and targets the middle income and luxury markets. The Company has completed the Gramercy Residences, the Knightsbridge Residences and the Century City Mall as of September 2014. Centuria Medical Makati was completed in December 2014. There are four additional ongoing projects, including The Milano Residences, Trump Tower at Century City, Century Spire and an office building in partnership with Forbes Media LLC. These four ongoing projects have estimated completion dates ranging from 2015 to 2019.
- ***Acqua Private Residences***—Acqua Private Residences is located in Mandaluyong City and comprises six towers with a total planned GFA (with parking) of 229,996 sq.m. The development targets the middle income market. Its amenities will include a country club with fitness, retail, dining and entertainment facilities, as well as what is expected to be the first riverwalk promenade in the Philippines. This project has estimated completion dates from 2015 up to 2019.
- ***Azure Urban Resort Residences***—Azure Urban Resort Residences is the Company's first project in the affordable market segment. It is a nine building residential property located in Parañaque City. The development covers a total planned GFA (with parking) of 328,925 sq.m. and features the first man-made beach in an urban residence of its scale in the Philippines and a beach club designed by Paris

Hilton. The first three buildings have been completed, and the remaining six buildings are estimated to be completed from 2015 to 2018.

- ***Commonwealth***—Commonwealth is the Company's first master-planned residential community development in Quezon City and covers 4.4 hectares and comprises eight towers. The development targets the affordable market segment, providing a total planned GFA (with parking) of 187,016 sq.m. It will be within close proximity to a shopping centre, top schools, technology hubs, churches and major thoroughfares. This project has completion dates ranging from 2015 to 2019.
- ***Canyon Ranch***—Canyon Ranch is a 25-hectare house and lot community that is part of the 77-hectare San Lazaro Leisure Park in Cavite City and targets middle-income buyers. The total planned GFA (with parking) is 280,300 sq.m. The community features a clubhouse with sports and leisure facilities and offers residents views of the Leisure Park which includes one of only two operating horse racing tracks in the Philippines. Currently, 820 units have been completed, and the remaining 114 units are projected to be completed on a per lot basis.

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

The Company, through CPMI, also engages in a wide range of property management services, from facilities management and auction services, to lease and secondary sales. Through CPMI, the Company endeavours to ensure the properties it manages maintain and improve their asset value, and are safe and secure. CPMI manages 51 projects as of 30 September 2014 with 2.56 million sq.m. GFA (with parking) of managed properties and 86% of the projects CPMI manages were developed by third-parties. Notable third-party developed projects under management include the Asian Development Bank in Ortigas, BPI Buendia Center in Makati City, Philippine National Bank Financial Center in Pasay City, Pacific Star Building in Makati City, Makati Medical Center in Makati City and three Globe Telecom buildings in Cebu, Mandaluyong and Makati City.

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

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

The Company had consolidated net income of ₱1,844.7 million (US$41.0 million) for the year ended 31 December 2013, which represents a slight decrease from ₱1,849.8 million for the year ended 31 December 2012 and consolidated net income of ₱1,516.1 million (US$33.7 million) for the nine months ended 30 September 2014 which represents a decrease from ₱1,586.8 million for the nine months ended 30 September 2013. The Company had consolidated total revenue of ₱10,809.1 million (US$240.4 million) for the year ended 31 December 2013, which represents an increase from ₱9,611.2 million for the year ended 31 December 2012 and consolidated total revenue of ₱8,230.8 million (US$183.0 million) for the nine months ended 30 September 2014, which represents an increase from ₱8,089.3 million for the nine months ended 30 September 2013.

Basis of Presentation

The financial information included in this Offering Circular has been derived from our consolidated financial statements prepared in accordance with PFRS, which differ from accounting principles generally accepted in other countries. We prepare our consolidated financial statements on a historical cost basis, except for investment properties and available-for-sale financial assets that are measured at fair value. We present our consolidated financial statements in peso, our functional currency.

In this Offering Circular, references to "2011," "2012," and "2013" refer to the years ended 31 December 2011, 31 December 2012 and 31 December 2013, respectively. SyCip Gorres Velayo & Co., a member firm of Ernst & Young Global Limited, has audited, and rendered an unqualified audit report on our consolidated financial statements for 2011, 2012 and 2013, in accordance with Philippine Standards on Auditing. Our interim condensed consolidated financial statements as of 30 September 2014 and for the nine months ended 30 September 2013 and 2014, prepared under Philippine Accounting Standard 34, Interim Financial Reporting, and included in this Offering Circular, have been reviewed by SyCip Gorres Velayo & Co., a member firm of Ernst & Young Global Limited in accordance with PSRE 2410. A review conducted in accordance with PSRE 2410 is substantially less in scope than an audit conducted in accordance with Philippine Standards on Auditing and, as stated in its review report appearing in this Offering Circular, SyCip Gorres Velayo & Co., a member firm of Ernst & Young Global Limited did not audit and does not express any opinion on such unaudited interim condensed consolidated financial statements included in this Offering Circular. Accordingly, the degree of reliance on its review report on such information should be restricted in light of the limited nature of the review procedures applied.

Factors Affecting Results of Operations

Set out below is a discussion of the most significant factors that have affected, and we expect will continue to affect, our results of operations. Other factors could also have a significant impact on our financial results.

General global economic conditions, including in the Philippines, and the condition of the Philippine land and housing markets

We derive substantially all of our revenue from our property development and property management activities in the Philippines. Accordingly, we are heavily dependent on the state of the Philippine economy generally and specifically the Philippine property market. The Philippine property market has in the past been cyclical and property values have been affected by the supply of and the demand for comparable properties, the rate of economic growth and political and social developments in the Philippines. Demand for new residential projects in the Philippines, in particular, has also fluctuated in the past as a result of prevailing economic conditions (including overall growth levels, the value of the Philippine peso and interest rates), the strength of overseas markets (as a substantial portion of demand for our residential projects comes from OFWs and other overseas customers), the political and security situation in the Philippines and other related factors. We expect this trend to continue, which means that our results of operations are expected to continue to vary from period to period in accordance with fluctuations in the Philippine and global economies and the Philippine property market.

Demand for residential home ownership

We have benefited from greater demand for residential homes due to the growth of the Philippine economy, a relatively young and growing population, rising homeownership rates, the increasing number of Filipinos investing in the Philippine real estate market, strong levels of OFW remittances and increasing demand from expatriate Filipinos. In response to these developments, we have increased the number of our residential development projects, particularly projects within the affordable and middle-income sectors favoured by first-time home buyers. It is not clear whether these trends will continue, whether new trends affecting the market will emerge and what these trends might be, or whether the demand for residential developments in the Philippines will continue to remain strong. We will have to continue to adapt our business to respond to changing conditions within the Philippine market and our business and results of operations will continue to be affected by demand for home ownership in the Philippines and the popularity of our products, which in turn is affected by design, location, price, facilities and various other factors.

Access to, and cost of financing for, us and our potential customers

The ability of us and our potential customers to obtain financing, as well as the cost of such financing, affects our business and demand for our products. For example:

- our access to capital and our cost of financing are affected by restrictions such as single borrower limits imposed by the BSP on bank lending in the Philippines;
- a substantial portion of our customers procure bank financing to fund their purchases. Increased interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for our residential projects; and

- if the Government increases its borrowing levels in the domestic currency market, this could increase the interest rates banks and other financial institutions charge and also reduce the amount of bank financing available to prospective property purchasers and to real estate developers, including us.

Any lack of access to financing could negatively impact both our plans to expand and develop our business and the ability of potential customers to obtain financing for property purchases.

Timing of project completion and of customer payments

Our results of operations tend to fluctuate from period to period. The number of properties that we can develop or complete during any particular period is limited due to the time and costs involved in acquiring land and/or entering into joint ventures with landowners. There are also substantial capital requirements for property development and construction and a lengthy development period before positive cash flows may be generated from any particular project. We may also experience delays in project construction and/or completion.

Further, we do not recognise a sale as income until a buyer has paid 5% of the purchase price. As of 31 December 2012, we did not recognise a sale as income until a buyer had paid 15% of the purchase price and as of 31 December 2013, we did not recognise a sale as income until a buyer had paid 10% of the purchase price. Once 5% has been paid, the revenue is recognised as follows: (a) for completed projects, the revenue is accounted for using the accrual method and (b) for projects where we have material obligations under the sales contract to complete the project after the property is sold, the percentage of completion method is used. Under the percentage of completion method, revenue is recognised as the related obligations are fulfilled, measured principally in relation to actual costs incurred to date over the total estimated costs of the project. The amount of sales we can recognise as income during any given accounting period will depend on when buyers complete their 5% payment for the property. The period during which a buyer enters into a purchase agreement with us will also have an impact on our real estate sales. For example, in our experience, buyers who enter into purchase agreements during the second half of the year generally do not complete their payments until the succeeding year. As a result, our results of operations in a given year may not reflect the actual number of purchase agreements entered into during that year. See "—Description of Certain Income Statement Line Items—Revenue—Real estate sales," "—Critical Accounting Policies—Judgments—Revenue and cost recognition" and "—Critical Accounting Policies—Management's Use of Estimates and Assumptions—Revenue and cost recognition."

IFRIC 15, which is currently expected to take effect from 1 January 2017, will require companies to recognise revenue from construction of real estate only upon completion. If IFRIC 15 takes effect in its proposed form, revenue and certain other items in our financial statements may vary significantly from previously recorded amounts using our current revenue recognition policy. See "Risk Factors—Risks Relating to the Company and its Business—A new accounting rule on the recognition of revenue may materially change the way the Company records revenue from construction at real estate in its financial statements and could result in its revenue being lower and more volatile than under it."

Sales made prior to commencement of project development

Sales of residential real estate units before site development and construction commence, which are referred to as pre-sales, constitute an important source of our operating cash inflow. We use cash from pre-sales to finance site development and construction costs. The amount and timing of cash inflows from pre-sales are affected by a number of factors, including market demand for pre-sale properties and the number of properties available for pre-sale. Reduced cash flow from pre-sales will require us to increase our reliance on external financing, increase our cost of sales and impair our ability to finance our property developments.

The regulatory and tax framework

We operate in a highly regulated environment. Regulations applicable to our operations include those regarding:

- road access;
- suitability of building sites;
- community facilities;
- building height and open spaces;
- water supply;

- sewage disposal systems;
- electricity supply;
- environment suitability;
- lot sizes;
- size of housing and condominium units; and
- house and condominium unit construction.

Approval of the development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities. Approvals must be obtained at both the national and local levels, and our results of operations are affected by the nature and extent of the regulation of our business, including the relative time and costs involved in procuring approvals for our new projects.

In addition, significant changes in the Philippine tax framework directly affect our net income while other changes, such as increases in the rate of value-added tax or additional exemptions granted by tax authorities, are expected to indirectly impact our results of operations by affecting general levels of spending in the Philippines. We expect that changes in regulatory and tax policy and applicable tax rates will continue to affect results of operations.

See "Regulation."

Tax incentives and exemptions

Certain of our sales of residential real estate units are currently not subject to 12% VAT. If these sales become subject to VAT, increases in the prices of our subdivision lots and housing and condominium units could adversely affect our real estate sales. These prospective tax charges will directly affect our net income, and we expect that changes in tax policy and applicable tax rates will continue to affect our results of operations. See "Risk Factors—Risks Relating to the Company and its Business— The change of policy regarding transactions subject to VAT could adversely affect the sales of the Company."

Price volatility of construction materials and other development costs

Our cost of sales is affected by volatility in the price of construction materials such as steel, timber and cement. As a matter of policy, we attempt to fix the cost of materials components in our construction contracts. However, in cases where demand for steel, timber and cement are high, or when there are shortages in supply, prices for these materials may rise. As a result, rising costs for any construction materials will increase our construction costs, cost of sales and the price for our products. This in turn could adversely affect demand for our products and the relative affordability of such products as compared to our competitors' products. This could reduce our profitability.

With regard to sales of subdivision lots, if the actual cost of completing the development of a particular project exceeds our estimates, any increase in cost is recorded as part of the cost of sales of subdivision lots in the same project that are recognised after we have recorded the increased cost. This means that the cost of sales for future sales in the same project will be higher. Therefore, if we are unable to pass on the increased development cost to buyers, our margin on future sales from the same project will be lower.

Competition

We face significant competition in the Philippine residential and commercial property development market. In particular, we compete with other developers in locating and acquiring parcels of land of suitable size in prime locations and at attractive prices. This is particularly true for land located in the central business districts of Manila, as well as in other urbanised areas in the Philippines. Our continued growth also depends in large part on our ability either to acquire high quality land at attractive prices or to enter into joint venture agreements with land-owning partners under terms that yield reasonable returns. Based on our current development plans, we believe that we have sufficient land reserves for property developments for the next several years. We expect that competition among developers for land reserves that are suitable for property development will intensify and that land acquisition costs, and our cost of sales, will increase as a result. If we are unable to acquire suitable land at acceptable prices, or enter into joint ventures with land owners, our long-term growth prospects could be limited and our business and results of operations could be adversely affected. See "Risk Factors—Risks Relating to the Company and its Business— Since the Company operates in a competitive industry, it might not be able to maintain or increase its market share, profitability and ability to acquire land for new projects."

Our existing and potential competitors include major domestic developers and, to a lesser extent, foreign developers, including several leading developers from Asia and other parts of the world. Some of these competitors may have better track records, greater financial, human and other resources, larger sales networks and greater name recognition than we do. Competition from other developers may adversely affect our ability to develop and sell our products, and continued development by other market participants could result in saturation of the residential real estate market. See "Business—Competition."

Critical Accounting Policies

Critical accounting judgments and policies are those that are both (i) relevant to the presentation of our financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. To provide an understanding of how our management forms its judgments about future events, including the variables and assumptions underlying our estimates, and the sensitivity of those judgments to different circumstances, we have identified the critical accounting policies discussed below. While we believe that all aspects of our financial statements should be studied and understood in assessing our financial condition and results of operations, we believe that the following critical accounting policies warrant particular attention.

Judgments

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

Revenue and cost recognition

Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgments based on, among other things, the buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment, and the stage of completion of the project.

Operating lease commitments

We have entered into contracts of lease with La Costa Development Corporation and other unit owners of the Pacific Star Building for our administrative office location and model units for ongoing projects. We have determined that these are operating leases since we do not bear substantially all the significant risks and rewards of ownership of these properties. In determining significant risks and benefits of ownership, we considered, among other things, the significance of the lease term as compared with the estimated useful life of the related asset.

Distinction between investment properties and land held for future development

We determine that a property is investment property if it is not intended for sale in the ordinary course of business, but is held primarily to earn rental income and capital appreciation. Land held for future development comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that we develop and intend to sell before or on completion of construction.

Distinction between investment properties and owner-occupied properties

We determine whether a property qualifies as an investment property. In making our judgment, we consider whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. We consider each property separately in making our judgment.

Contingencies

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

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 and cost recognition

Our revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. Our revenues from real estate recognised based on the percentage of completion are measured principally on the basis of the estimated completion of a physical proportion of the contract work. The rate of completion is validated by the responsible department to determine whether it approximates the actual completion rate. Changes in estimate may affect the reported amounts of revenue and cost of real estate sales and receivables.

Collectability of the sales price

In determining whether the sales price is collectible, the Company considers that the initial and continuing investments by the buyer of 5% of the sales price would demonstrate the buyer's commitment to pay as of 30 September 2014. This threshold decreased from 10% as of 31 December 2013 and 15% as of 31 December 2012. Buyers' credit standings, past due amounts, sales returns, as well as adopting equity requirements closer to prevailing industry practices in recognising realised sales prompted the Company to revise the basis of estimating the level of buyers' payments wherein it is probable that economic benefits will flow to the Company.

Fair value of investment properties

We carry our investment properties at fair value, with changes in fair value being recognised in profit or loss. We engage independent valuation specialists to determine the fair value. The appraisers used a valuation technique based on comparable market data available for such properties.

Impairment losses on receivables and due from related parties

We review our loans and receivables at each reporting date to assess whether an allowance for impairment should be recorded in the consolidated statement of financial position and any changes thereto in profit or loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors. Actual results may also differ, resulting in future changes to the allowance.

We maintain an allowance for impairment losses based on the result of the individual and collective assessment under Philippine Accounting Standards 39. Under the individual assessment, we are required to obtain the present value of estimated cash flows using the receivable's original effective interest rate. Impairment loss is determined as the difference between the receivables' carrying balance and the computed present value. Factors considered in individual assessment are payment history, past-due status and term. The collective assessment would require us to classify our receivables based on the credit risk characteristics (customer type, payment history, past due status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period in which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the period.

Estimating net realisable value ("NRV") of real estate inventories and land held for future development

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

NRV for completed real estate inventories and land held for future development is assessed with reference to market conditions and prices existing at the reporting date and is determined by us 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.

Impairment of nonfinancial assets

We assess impairment on our non-financial assets (e.g., property and equipment and intangible assets) and consider 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 our overall business; and
- significant negative industry or economic trends.

Our intangible assets with indefinite life are tested for impairment annually. 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 net selling price. The net selling price 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. We are required to make estimates and assumptions that can materially affect the carrying amount of the asset being assessed.

Estimating useful life of property and equipment and intangible assets

We estimate the useful lives of our property and equipment and intangible assets other than those with indefinite lives based on the period over which the assets are expected to be available for use. We review annually the estimated useful lives of property and equipment based on factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property and equipment would increase depreciation and amortisation expense and decrease noncurrent assets.

Recognition of deferred tax assets

We review the carrying amounts of deferred tax assets at each reporting date and reduce the amounts to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilised. Significant judgment is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable income together with future planning strategies. We assess our projected performance in determining the sufficiency of the future taxable income.

Estimating pension obligations

The determination of our pension obligations and cost of retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 26 to our consolidated financial statements as of 30 September 2014 and 2010 and 31 December 2010 and for the nine months ended 30 September 2013 and 2014 included elsewhere in this offering Circular and include among others, discount rates, rate of expected return on plan assets, and salary increase rates. While we believe that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension obligations.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position or disclosed in the notes cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation.

Description of Certain Income Statement Line Items

Revenue

The table below sets out our revenue for the periods indicated.

	For the years ended 31 December				For the nine months ended 30 September		
	Audited				Unaudited		
	2011	2012	2013	2013(1)	2013	2014	2014(1)
				(in millions)			
Real estate sales	₱3,760.5	₱8,582.0	₱ 9,304.2	US$ 206.9	₱6,973.2	₱7,004.1	US$ 155.8
Property management fee and other services	191.6	222.2	254.4	5.7	197.6	217.3	4.8
Leasing revenue	—	—	—	—	—	106.0	2.4
Interest and other income	750.3	807.0	1,220.6	27.1	918.5	843.2	18.8
Gain from change in fair value of derivatives	—	—	29.9	0.7	—	60.1	1.3
Total	₱4,702.5	₱9,611.2	₱10,809.1	US$ 240.4	₱8,089.3	₱8,230.8	US$ 183.0

Note:

(1) Amounts in Philippine pesos were converted to U.S. dollars using the BSP Rate of ₱44.966 = US$1.00 as of 30 September 2014. Translation of peso amounts to U.S. dollars is provided for convenience only and is unaudited.

Real estate sales

We account for real estate revenue from completed housing and condominium units and lots using the full accrual method. We use the percentage of completion method, on a unit by unit basis, to recognise income from sales where we have material obligations under the sales contract to complete after the property is sold. Under this method, we recognise revenue as we fulfil the related obligations, measured principally in relation to actual costs incurred to date over the total estimated costs. We typically require payments of 20% to 40% of the total contract price, depending on the type of property being purchased, and buyers are given the duration of the construction period to complete such payment. The turnover balance is paid at project completion, with majority paid via cash and mortgage financing.

If a sale is cancelled in the same calendar year in which it was recorded, either because a buyer defaults on its payment obligations or otherwise cancels a sale, we reverse the corresponding entries made in both the "Real

Estate" line item under "real estate sales" and "cost of real estate sales" in our statement of comprehensive income.

If a sale is cancelled after the end of the calendar year in which it was recorded, we recognise the real estate inventory and derecognise the corresponding outstanding contracts receivable, customers' deposit and reimbursable costs (which are transaction costs we initially bear but are reimbursable under the sales contract with the buyer) and any difference is recognised as a gain or loss under "interest and other income" in our statement of comprehensive income. As a result, to the extent we experience cancellations of sales, our revenues for previous years, where revenue related to cancelled accounts were recognised, may be overstated.

In 2013 and in 2014, the Company changed the criteria for estimating when the sales price of a property is collectible by reducing the percentage required from 15% to 10% to 5% over the last three years. For a discussion of the basis as well as the revenue effect of this change, see "—Results of Operations—Nine Months Ended 30 September 2014 vs. Nine Months Ended 30 September 2013" and "—Results of Operations—The Year Ended 31 December 2013 vs. The Year Ended 31 December 2012."

Property management fee and other services

Property management fee represents facility management and consultancy fees of condominiums, corporate facilities and prior projects which have been turned over to buyers. We also record a nominal amount of fees for facilitating auctions of foreclosed real estate projects and providing various technical services such as plan evaluation, consultation and project management.

Interest and other income

The following table shows a breakdown of our interest and other income for the periods indicated.

	For the years ended 31 December				For the nine months ended 30 September		
	Audited				Unaudited		
	2011	2012	2013	2013(1)	2013	2014	2014(1)
	(in millions)						
Interest income:							
Cash and cash equivalents	₱ 52.0	₱103.5	₱ 43.9	US$ 1.0	₱ 94.5	₱ 25.8	US$ 0.6
Accretion of unamortised discount	434.3	397.6	654.8	14.6	356.5	567.3	12.6
Income from forfeited collections	245.8	203.2	416.3	9.3	293.1	222.2	4.9
Marketing fee income from joint ventures	—	55.8	—	—	96.7	—	—
Gain on sale of available-for-sale financial assets	—	7.4	—	—	—	—	—
Unrealised foreign exchange gain	0.1	0.0	45.8	1.0	—	—	—
Other income	18.1	39.4	59.9	1.3	77.7	27.9	0.6
Total	₱750.3	₱807.0	₱1,220.6	US$ 27.1	₱ 918.5	₱ 843.2	US$ 18.8

Note:

(1) Amounts in Philippine pesos were converted to U.S. dollars using the BSP Rate of ₱44.966 = US$1.00 as of 30 September 2014. Translation of peso amounts to U.S. dollars is provided for convenience only and is unaudited.

Interest income represents interest from cash and cash equivalents and the accretion of unamortised discount on noninterest-bearing instalment contracts receivable. Accretion of unamortised discount pertains to the amortisation of any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Income from cancelled sales includes both pre-sale fees that have been prescribed from the allowable period of completing the requirements for such pre-sale as well as forfeited collections from defaulted contracts that we determine to be no longer refundable. Other income mainly comprises penalties and other surcharges billed against defaulted contracts receivable. We normally charge buyers a penalty of 3% of the monthly instalment amount each month the instalment is in arrears.

Gain from change in fair value of investment properties

We own 9,479 sq.m. of land in Makati City that we classified as investment properties in 2008. We periodically engage a third party appraiser to determine the fair value of these properties and recognise gains or losses based on the change in the fair value.

Leasing Revenue

We generate leasing revenue from Century City Mall which opened in 2014.

Costs and Expenses

The following table sets out our costs and expenses for the periods indicated.

	For the year ended 31 December				For the nine months ended 30 September		
	Audited				Unaudited		
	2011	2012	2013	2013(1)	2013	2014	2014(1)
				(in millions)			
Cost of real estate sales	₱2,444.3	₱4,940.7	₱5,766.9	US$128.3	₱4,023.1	₱4,273.5	US$ 95.0
Cost of services	141.7	157.6	185.6	4.1	132.1	168.0	3.7
Cost of leasing	—	—	—	—	—	71.9	1.6
General, administrative and selling expenses	794.4	1,960.3	2,041.9	45.4	1,565.6	1,547.4	34.4
Interest and other financing charges	74.8	62.5	97.5	2.2	65.7	40.5	0.9
Total	**₱3,455.2**	**₱7,121.1**	**₱8,091.9**	**US$180.0**	**₱5,786.5**	**₱6,101.3**	**US$135.7**

Note:
(1) Amounts in Philippine pesos were converted to U.S. dollars using the BSP Rate of ₱44.966 = US$1.00 as of 30 September 2014. Translation of peso amounts to U.S. dollars is provided for convenience only and is unaudited.

Cost of real estate sales

Cost of real estate sales reflect the cost of subdivision lots and housing and condominium units sold and the sales of which have been recorded as real estate sales. The cost of subdivision lots and housing and condominium units sold before project completion is determined primarily on the cost of land, expenses for regulatory approvals, project personnel costs, site development costs, construction costs (including raw materials) and other project cost estimates.

Cost of services

Cost of services primarily reflects the salaries, wages and employee benefits of CPMI.

General, administrative and selling expenses

The following table sets out the components of our general, administrative and selling expenses for the periods indicated:

	For the year ended 31 December				For the nine months ended 30 September		
	Audited				Unaudited		
	2011	2012	2013	2013(1)	2013	2014	2014(1)
				(in millions)			
Salaries, wages and employee benefits	₱269.4	₱ 538.0	₱ 395.1	US$ 8.8	₱ 384.7	₱ 337.9	US$ 7.5
Commissions	198.4	359.6	445.8	9.9	205.3	354.8	7.9
Marketing and promotions	107.4	705.5	708.1	15.7	521.4	544.6	12.1
Professional fees	46.1	88.4	148.1	3.3	148.1	87.0	1.9
Taxes and licenses	41.8	28.3	102.2	2.3	98.1	41.7	0.9
Entertainment, amusement and recreation	32.1	26.3	42.1	0.9	27.2	30.8	0.7
Depreciation and amortisation	19.0	51.5	39.4	0.9	39.9	26.1	0.6
Communication	16.0	20.2	23.6	0.5	14.4	14.6	0.3
Rent	15.3	42.9	41.3	0.9	35.0	25.5	0.6
Outside services	4.8	17.3	3.1	0.1	14.2	7.2	0.2
Supplies	6.0	10.7	11.4	0.3	6.3	8.0	0.2
Transportation and travel	6.1	41.6	48.7	1.1	30.2	20.4	0.5
Utilities	0.8	10.4	15.7	0.3	8.3	9.8	0.2
Miscellaneous	31.2	19.7	17.1	0.4	32.4	39.2	0.9
Total	**₱794.4**	**₱1,960.3**	**₱2,041.9**	**US$45.4**	**₱1,565.6**	**₱1,547.4**	**US$34.4**

Note:
(1) Amounts in Philippine pesos were converted to U.S. dollars using the BSP Rate of ₱44.966 = US$1.00 as of 30 September 2014. Translation of peso amounts to U.S. dollars is provided for convenience only and is unaudited.

Commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognised as earned. Accordingly, when the percentage of completion method is used, commissions are likewise charged to expense in the period the related revenue is recognised.

Interest and Other Financing Charges

The table below sets out our interest and other financing charges for the periods indicated.

	For the year ended 31 December				For the nine months ended 30 September		
	Audited				Unaudited		
	2011	2012	2013	2013(1)	2013	2014	2014(1)
				(in millions)			
Interest expense on:							
Short-term and long-term debt and bonds payable	₱44.9	₱41.6	₱29.2	US$ 0.6	₱ 5.1	₱19.5	US$ 0.4
Liability from purchased land	14.9	7.6	—	—	—	—	—
Other financing charges	14.9	13.4	68.2	1.5	60.6	21.0	0.5
Total	**₱74.8**	**₱62.5**	**₱97.5**	**US$ 2.2**	**₱65.7**	**₱40.5**	**US$ 0.9**

Note:

(1) Amounts in Philippine pesos were converted to U.S. dollars using the BSP Rate of ₱44.966 = US$1.00 as of 30 September 2014. Translation of peso amounts to U.S. dollars is provided for convenience only and is unaudited.

Interest expenses directly attributable to the construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other interest expenses are expensed in the period they occur. The interest on short-term and long-term debt pertains to interest incurred from long-term debt related to our retail mall and short-term CPMI bank loans. Interest expenses incurred from long-term debt related to our retail mall are already recognised as period costs since the building is already completed and operational.

Provision for Income Tax

Our provision for income tax consists of provisions for current and deferred income taxes. The current provision for income tax is based on the current tax rate. Deferred income tax primarily represents allowance for probable losses, unrealised foreign exchange losses, net operating losses and the deferred tax liabilities from the difference between tax and book basis of accounting for real estate transactions and unamortised discounts on noninterest-bearing instalment contracts receivable.

The deferred tax liabilities from the difference between tax and book basis of accounting for real estate transactions reflect revenue that was recognised in our income statement but not recognised as taxable income for the BIR's income tax purposes. For income tax purposes, collections of 25% and above are recognised in the year of sale and collections below 25% at the year of sale are recognised to the extent of the actual collected amount.

Results of Operations

Nine Months Ended 30 September 2014 vs. Nine Months Ended 30 September 2013

Real Estate

The Company recorded revenue from real estate sales amounting to ₱7,004.1 million in the nine months ended 30 September 2014, an increase of 0.4% from ₱6,973.2 million in the same period last year. This was due to the recognition of more real estate sales pursuant to higher pre-sales, in addition to the policies and estimates pursuant to the collectibility of sales price and the percentage of completion methods. During 2014, Century City buildings reported sale of ₱2,751.9 million primarily from Knightsbridge, Trump Tower, Spire, Milano Residences, and Centuria Medical Tower, as compared to ₱2,605.7 million in the same period of 2013. Century Limitless Corporation reported ₱4,346.3 million of revenue from real estate sales, particularly from certain towers of Azure, Aqua and Commonwealth Residences, as compared to ₱3,917.6 million in the same period of 2013.

Furthermore, in the process of applying the Company's accounting policies, management has made certain judgments and estimates. One of these estimates is the collectibility of the sales prices, which prompts the recognition of the Company's sales. As of 30 September 2014, in determining whether the sales price is collectible, the Company considers that the initial and continuing investments by a buyer of 5% of the sales price would demonstrate such buyer's commitment to pay. This threshold decreased from 10% as of 31 December 2013 and is believed to be closer to prevailing industry practices. The change in this estimate increased the Company's real estate sales by ₱1,950.2 million (with an additional ₱349.7 million of interest income from accretion) for the nine months ended 30 September 2014. The effect of this change in future periods cannot be estimated.

Interest and Other Income

Interest and other income decreased by 8.2% to ₱843.2 million in the nine months ended 30 September 2014 from ₱918.5 million in the nine months ended 30 September 2013. This was due primarily to reduced forfeited collections during the year.

Property Management Fee and Other Services

Property management fee and other services increased by 10% to ₱217.3 million in the nine months ended 30 September 2014 from ₱197.6 million in the nine months ended 30 September 2013. This was primarily due to management fee rate escalations ranging from 5% to 9% for some of the projects under management.

Leasing Revenue

An increase in leasing revenue by ₱106.0 million in the period ended 30 September 2014 from nil in the same period ended 30 September 2013 was due to the start of operations at Century City Mall in 2014.

Costs and Expenses

Cost and expenses increased by 5.4% to ₱6,101.3 million for the nine months ended 30 September 2014 from ₱5,786.5 million for the nine months ended 30 September 2013.

- Cost of real estate sales increased by 6.2% from ₱4,023.1 million in the nine months ended 30 September 2013 to ₱4,273.5 million in the nine months ended 30 September 2014. This was primarily due to the corresponding growth in revenue from real estate sales as well as an increase in certain components of development costs.
- An increase in cost of leasing by ₱71.9 million in the nine months ended 30 September 2014 from nil in the same period ended 30 September 2013 was due to the start of operations at Century City Mall in 2014.
- Cost of services increased by 27.2% to ₱168.0 million for the nine months ended 30 September 2014 from ₱132.1 million in the nine months ended 30 September 2013. This was primarily due to corresponding growth in property management and other service fees.
- General, administrative and selling expenses decreased by 1.2% to ₱1,547.4 million in the nine months ended 30 September 2014 from ₱1,565.6 million in the nine months ended 30 September 2013. This was primarily due to management's drive to reduce cost and accrual of expenses. Expenses, in particular, salaries, wages and employee benefits, decreased by ₱46.8 million, professional fees by ₱61.1 million, rent by ₱9.5 million, outsourced services by ₱7.0 million and transportation and travel by ₱9.8 million for the nine months ended 30 September 2014. Furthermore, taxes and licenses decreased by 57.5% to ₱41.7 million in the nine months ended 30 September 2014 from ₱98.14 million in the period ended 30 September 2013. On the other hand, the decline in the aforementioned expenses was offset by the increase in commission and marketing expenses amounting to ₱149.6 million and ₱23.2 million, respectively, for the nine months ended 30 September 2014. This increase is primarily due to the increase in amortisation of these deferred marketing expenses.
- Interest and other financing charges decreased by 38.3% to ₱40.5 million for the nine months ended 30 September 2014 from ₱65.7 million for the same period in 2013. This was primarily due to bank fees and other financing charges paid other than capitalised borrowing costs during the year.

Provision for Income Tax

Provision for income tax decreased by 14.3% to ₱613.4 million in the nine months ended 30 September 2014 from ₱715.9 million in the nine months ended 30 September 2013. This was primarily due to lower taxable income during the period.

Net Income

As a result of the foregoing, net income decreased by 4.5% to ₱1,516.1 million for the nine months ended 30 September 2014 from ₱1,586.8 million in the nine months ended 30 September 2013.

The Year Ended 31 December 2013 vs. The Year Ended 31 December 2012

Real Estate

In 2013, the Company recorded revenue from real estate sales amounting to ₱9,304.2 million, an increase of 8.4% from ₱8,582.0 million in 2012. The increase was due to recognition of more real estate sales pursuant to higher pre-sales, in addition to the policies and estimates pursuant to the collectability of sales price and the percentage of completion methods. The Company also completed buildings both in Century City, such as Knightsbridge Residences and turned over buildings in Azure Residences, including the Rio and Santorini towers. Increased construction accomplishments of other Century City Towers, such as Milano Residences, Centuria Medical Tower, Trump Tower at Century City, Positano and Miami Buildings of the Azure Project; Niagara, Sutherland, Dettifoss and Livingstone Buildings of the Aqua Project also contributed to the growth in revenues. The Company also started recognising real estate revenue from its Commonwealth buildings, particularly Osmeña West, Quezon North and Osmeña East Towers.

Furthermore, in the process of applying the Company's accounting policies, management has made certain judgments and estimates. One of these estimates is the collectibility of the sales prices, which prompts the recognition of the Company's sales. In determining whether the sales price is collectible, the Company considers that the initial and continuing investments by the buyer of 10% of the sales price would demonstrate the buyer's commitment to pay as of 31 December 2013. This threshold decreased from 15% as of 31 December 2012. Buyers' credit standings, past due amounts, sales returns, as well as adopting equity requirements closer to prevailing industry practices in recognising realised sales prompted the Company to revise the basis of estimating the level of buyers' payments wherein it is probable that economic benefits will flow to the Company. The change in estimate increased the Company's real estate sales by ₱3,043.1 million (with an additional ₱334.3 million of interest income from accretion) for the period ended 31 December 2013. The effect of this change in future periods cannot be estimated.

Interest and Other Income

Interest and other income increased by 51.3% to ₱1,220.6 million in 2013 from ₱807.0 million in 2012. This increase was due primarily to non-cash accretion of unamortised discounts reflecting increased revenue from real estate sales, and forfeited collections, during the year.

Property Management Fee and Other Services

Property management fee and other services increased by 14.5% to ₱254.4 million in 2013 from ₱222.2 million in 2012. This increase was primarily due to additional buildings under management and management fee rate escalations for some of the projects under management ranging from 5% to 10%. The number of buildings under management as of 31 December 2013 was 55 compared to 51 as of 31 December 2012.

Costs and Expenses

Cost and expenses increased by 13.6% to ₱8,091.9 million during 2013 from ₱7,121.1 million for 2012.

- Cost of real estate sales increased by 16.7% from ₱4,940.7 million in 2012 to ₱5,766.9 million in 2013. This was primarily due to the corresponding growth in revenue from real estate sales as well as increased cost of real estate sales.

- Cost of services increased by 17.8% to ₱185.6 million for 2013 from ₱157.6 million in 2012. This was primarily due to corresponding growth in property management and other service fees and higher personnel costs.
- General, administrative and selling expenses increased by 4.2% to ₱2,041.9 million in 2013 from ₱1,960.3 million in 2012. The increase was primarily due to increased amortisation of deferred marketing expenses given more projects are undergoing construction and development.
- Interest and other financing charges increased by 55.9% to ₱97.5 million for 2013 from ₱62.5 million for 2012. This was primarily due to bank fees and other financing charges paid other than capitalised borrowing costs during the year.

Provision for Income Tax

Provision for income tax increased by 36.3% to ₱872.5 million in 2013 from ₱640.2 million in 2012. The increase was primarily due to collections on new sales during the period as well as from amortisation of accounts sold in previous year The Company also excluded certain expenses for income tax deductibility purposes, pending compliance with withholding tax requirements as mandated by BIR.

Net Income

As a result of the foregoing, net income slightly decreased by 0.3% to ₱1,844.7 million for 2013 from ₱1,849.8 million in 2012.

The Year Ended 31 December 2012 vs. The Year Ended 31 December 2011

Real Estate

The Company recorded revenue from real estate sales amounting to ₱8,582.0 million in 2012, an increase of 128.2% from ₱3,760.5 million in 2011. The increase was due to recognition of more real estate sales pursuant to higher pre-sales, in addition to the policies and estimates pursuant to the collectability of sales price and the percentage of completion methods. The Company also completed the Gramercy Residences and increased construction accomplishments of the Knightsbridge Residences, The Trump Tower at Century City, The Milano Residences, Centuria Medial Building, and the Rio, Santorini and St. Tropez Buildings in Azure Urban Resort Residences, the Niagara and Sutherland Buildings of Acqua Private Residences, and Canyon Ranch.

Interest and Other Income

Interest and other income increased by 7.5% to ₱807.0 million in 2012 from ₱750.3 million in 2011. This increase was due primarily to non-cash accretion of unamortised discounts reflecting increased revenue from real estate sales during the year and the increase in earnings from excess funds.

Property Management Fee and Other Services

Property management fee and other services increased by 16.0% to ₱222.2 million in 2012 from ₱191.6 million in 2011. This increase was primarily due to management fee rate escalations for some of the projects under management ranging from 5% to 10%. The number of buildings under management as of 31 December 2012 was 51 compared to 48 as of 31 December 2011.

Costs and Expenses

Cost and expenses increased by 106.1% to ₱7,121.1 million during 2012 from ₱3,455.2 million for 2011.

- Cost of real estate sales increased by 102.1% from ₱2,444.3 million in 2011 to ₱4,940.7 million in 2012. This increase was primarily due to the corresponding growth in revenue from real estate sales.
- Cost of services increased by 11.2% to ₱157.6 million for 2012 from ₱141.7 million in 2011. This increase was primarily due to corresponding growth in property management and other service fees.
- General, administrative and selling expenses increased by 146.8% to ₱1,960.3 million in 2012 from ₱794.3 million in 2011. The increase was primarily due to amortisation of deferred marketing expenses of launched projects with no percentage-of-completion as of 31 December 2011 and those incurred by the projects during 2012.
- Interest and other financing charges decreased by 16.4% to ₱62.5 million for 2012 from ₱74.8 million for 2011. This was primarily due to capitalisation of borrowing costs during the year.

Provision for Income Tax

Provision for income tax increased by 68.0% to ₱640.2 million in 2012 from ₱381.1 million in 2011. The increase was primarily due to collections on new sales during the period as well as from amortisation of accounts sold in previous year.

Net Income

As a result of the foregoing, net income increased by 113.5% to ₱1,849.8 million for 2012 from ₱866.2 million for 2011.

Liquidity and Capital Resources

In recent periods, our principal sources of liquidity have been collections from pre-sales, credit facilities with commercial banks and proceeds from issuances of debt and equity securities.

We expect to meet our working capital and capital expenditure requirements for the next 12 months primarily from the proceeds of this offering, cash flows from operations and credit facilities with commercial banks. As of 30 September 2014, we had undrawn credit facilities from banks for ₱3,882 million and have negotiated an additional ₱2,850 million under agreed term sheets that are subject to final documentation. We may also from time to time seek other sources of funding, such as debt or equity financing, including peso-denominated loans from Philippine banks, depending on our financing needs and market conditions.

Cash Flows

The following table sets forth selected information from our consolidated statements of cash flows for the periods indicated:

	For the years ended 31 December				For the nine months ended 30 September		
	Audited				Unaudited		
	2011	2012	2013	2013(1)	2013	2014	2014(1)
	(in millions)						
Net cash used in operating activities	(₱251.8)	(₱3,413.7)	(₱ 1,585.8)	US$ (35.3)	(₱1,559.0)	(₱1,235.7)	US$ (27.5)
Net cash provided by (used in) investing activities	325.0	(863.2)	(1,547.8)	(34.4)	(678.2)	(1,271.7)	(28.3)
Net cash provided by financing activities	10.7	4,812.1	3,670.6	81.6	3,118.4	3,845.7	85.5
Net increase in cash and cash equivalents	83.9	535.2	537.1	11.9	881.3	1,338.2	29.8
Cash and cash equivalents at beginning of period	282.7	366.6	901.8	20.1	901.8	1,438.9	32.0
Cash and cash equivalents at end of period	**₱366.6**	**₱ 901.8**	**₱ 1,438.9**	**US$ 32.0**	**₱ 1,783.1**	**₱ 2,777.1**	**US$ 61.8**

Note:
(1) Amounts in Philippine pesos were converted to U.S. dollars using the BSP Rate of ₱44.966 = US$1.00 as of 30 September 2014. Translation of peso amounts to U.S. dollars is provided for convenience only and is unaudited.

Net cash used in operating activities

Net cash used in operating activities was ₱1,235.7 million (US$27.5 million) in the nine months ended 30 September 2014, primarily reflecting spending for operating cost and expenses amounting to ₱6,635.4 million and payments for income taxes and interest amounting to ₱211.0 million and ₱375.0 million, respectively. Inflows from operating activities which includes collections from buyers and interest income received amounted to ₱5,959.8 million and ₱25.8 million, respectively.

Net cash used in operating activities was ₱1,585.8 million (US$35.3 million) in 2013, primarily reflecting spending for operating cost and expenses amounting to ₱9,017.2 million and payments for income taxes and interest amounting to ₱523.0 million and ₱444.2 million, respectively. Inflows from operating activities which includes collections from buyers and interest income received amounted to ₱8,354.7 million and ₱43.9 million, respectively.

Net cash used in operating activities was ₱3,413.7 million in 2012, primarily reflecting spending for operating cost and expenses amounting to ₱7,296.2 million and payments for income taxes and interest amounting to ₱172.5 million and ₱267.3 million, respectively. Inflows from operating activities which includes collections from buyers and interest income received amounted to ₱4,218.9 million and ₱103.5 million, respectively.

Net cash used in operating activities was ₱251.8 million in 2011, primarily reflecting spending for operating cost and expenses amounting to ₱4,280.6 million and payments for income taxes and interest amounting to ₱53.5 million and ₱221.4 million, respectively. Inflows from operating activities which includes collections from buyers and interest income received amounted to ₱4,251.6 million and ₱52.0 million, respectively.

Net cash provided by (used in) investing activities

Net cash used in investing activities was ₱1,271.7 million (US$28.3 million) in the nine months ended 30 September 2014, primarily reflecting additions to deposit for purchased land, investment property and other non-current current assets amounting to ₱429.6 million, ₱205.0 million and ₱392.9 million, respectively.

Net cash used in investing activities was ₱1,547.8 million (US$34.4 million) in 2013, primarily reflecting additions to land held for future use, deposit for purchased land and investment property amounting to ₱380.0 million, ₱154.5 million and ₱875.8 million, respectively.

Net cash used in investing activities was ₱863.2 million in 2012, primarily reflecting additions to investment property amounting to ₱800.9 million.

Net cash provided by investing activities was ₱325.0 million in 2011, primarily reflecting collection of due from related parties amounting to ₱558.1 million. Additions to investment property amounting to ₱58.4 million and property and equipment acquisitions amounting to ₱168.9 million reduced the cash inflows from investing activities.

Net cash provided by financing activities

Net cash provided by financing activities was ₱3,845.7 million (US$85.5 million) in the nine months ended 30 September 2014, primarily reflecting availment of short-term and long-term debt (net of repayments) amounting to ₱1,701.5 million and cash from issuance of bonds net of transaction costs amounting to ₱2,654.8 million. Repayment of liabilities from purchased land and issuance of dividends amounting to ₱327.7 million and ₱184.5 million partially reduced the cash inflows from financing activities.

Net cash provided by financing activities was ₱3,670.6 million (US$81.6 million) in 2013, primarily reflecting availment of short-term and long-term debt (net of repayments) amounting ₱2,378.1 million and proceeds from issuance of capital stocks amounting to ₱1,580.6 million. Dividend payment and acquisition of treasury shares amounting to ₱184.4 million and ₱22.5 million reduced the cash inflows from financing activities.

Net cash provided by financing activities was ₱4,812.1 million in 2012, primarily reflecting availment of short-term and long-term debt (net of repayments) amounting ₱2,778.4 million and proceeds from issuance of capital stocks amounting to ₱2,186.6 million. Dividend payment and repayment of purchased land amounting to ₱86.4 million and ₱54.4 million reduced the cash inflows from financing activities.

Net cash provided by financing activities was ₱10.7 million in 2011, primarily reflecting net repayments of short-term and long-term debt and liabilities from purchased land amounting ₱343.5 million and ₱60.0 million, respectively. Payments for these financing activities were sourced by additional financing from related parties amounting ₱421.2 million.

Indebtedness

As of 30 September 2014, we had ₱570.5 million of short-term debt, comprising trust receipts and bank loans, and ₱7,182.0 million of long-term debt, comprising primarily a receivables financing facility bank loans and bonds payable. In August 2014, the Company issued a ₱2.7 billion Peso-denominated bond. The value of short-term and long-term debt combined increased by 28.4% from ₱6,039.1 million as of 31 December 2013 to ₱7,752.5 million as of 30 September 2014 due to draw downs and availments and issuance of bonds payable made during the period.

As of 30 September 2014, we had ₱2,654.8 million of unsecured debt and ₱7,752.5 million of secured debt.

Capital Expenditures

The table below sets out our capital expenditures in 2011, 2012, 2013 and the nine months ended 30 September 2014.

Year ended 31 December	Expenditure (in ₱ millions)
2011	3,608.4
2012	7,309.2
2013	9,074.5
2014 (nine months ended 30 September 2014)	6,615.8

We have historically sourced funding for capital expenditures through internally-generated funds and credit facilities from commercial banks.

The table below sets forth components of our capital expenditures for the periods indicated.

	For the year ended 31 December			For the nine months ended 30 September
	2011	2012	2013	2014
		(in ₱ millions)		
Advances and payments to joint venture partners[1]	1,455.6	602.3	621.6	840.6
Acquisition of property and equipment and investment property	227.2	851.8	905.5	224.2
Construction (including capitalised borrowing costs)	1,925.5	5,855.1	7,547.4	5,551.0
Total	3,608.3	7,309.2	9,074.5	6,615.8

Note:

(1) Advances and payments to joint venture partners is comprised of advances to land owners, additions to deposits for land purchase, additions to investment in and advances to joint venture and repayments of liability from purchased land.

Contractual Obligations

The table below sets forth our contractual obligations as of 30 September 2014:

	Contractual Obligations
	(in ₱ millions)
Short-term and long-term debt and bonds payable	10,407.3
Accounts payable and other payables	5,057.2
Liabilities from purchased land	106.2
Due to related parties	35.7
Total	**15,606.4**

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet obligations or arrangements.

Market Risk

Our principal financial instruments consist of cash on hand and in banks, cash equivalents, receivables from instalment sales and due from and to affiliated companies and credit facilities from commercial banks. We use these financial instruments to fund our business operations. We do not enter into hedging transactions or engage in speculation with respect to financial instruments.

We believe that the principal risks arising from our financial instruments are interest rate risk, liquidity risk, credit risk and commodity risk. Because our assets, liabilities, revenue and costs are mostly peso-denominated, we believe that we do not have significant exposure to foreign exchange risk.

Interest Rate Risk

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

Fluctuations in interest rates also have an effect on demand for our products. As most of our customers obtain some form of financing for their real estate purchases, increases in interest rate levels could adversely affect the affordability and desirability of our subdivision lots and housing and condominium units. See "Risk Factors—Risks Relating to the Company and its Business—Increases in interest rates and changes in Government borrowing patterns and Government policies could adversely affect the Company and its customers' ability to obtain financing."

Liquidity Risk

We face the risk that we will not have sufficient cash flows to meet our operating requirements and financing obligations when they come due. We manage our liquidity profile by pre-selling housing and land development projects. In addition, we have receivables backed credit facilities with banks and other financial institutions under the terms of which we, from time to time, assign instalment contract receivables on a "with recourse" basis. We are typically required to replace receivables assigned on a "with recourse" basis if the property buyer fails to pay three consecutive instalments or when the sale is otherwise cancelled.

If we are unable to maintain our credit lines with banks and other financial institutions, we may not have sufficient funds to meet our operational requirements. See "Risk Factors—Risks Relating to the Company and its Business—The Company might not be able to generate sufficient funds internally or through external financing to operate and grow its business as planned."

We intend primarily to use internally generated funds and proceeds from pre-sales, assignment of receivables, borrowings, debt issuances and additional equity offerings to meet our financing requirements.

Credit Risk

We are exposed to credit risk from defaults by purchasers on their mortgages during the pre-sale periods for our properties. We guarantee the mortgages of purchasers of uncompleted projects. Accordingly, if a purchaser who has a mortgage on an uncompleted project defaults on the mortgage, and we are not able to find a replacement purchaser, or if we fail in an undertaking with the bank, including delivering the property and title to such property within the mutually agreed period, we are obligated to pay the mortgage. As of 30 September 2014, we had guaranteed mortgages for certain of our completed projects, with an aggregate amount of ₱2,601.5 million. As the projects are completed, the Company's undertaking is limited to delivering title to the buyer.

Commodity Risk

We are exposed to the risk that prices for construction materials used to build our properties (including timber, cement and steel) will increase. These materials are global commodities whose prices are cyclical in nature and fluctuate in accordance with global market conditions. We are exposed to the risk that we may not be able to pass increased commodities costs to our customers, which would lower our margins. We do not engage in commodity hedging, but we attempt to manage commodity risk by requiring our internal procurement group to supply raw materials for the relevant construction and development projects (and bear the risk of price fluctuations). See "—Factors Affecting Results of Operations— Price volatility of construction materials and other development costs."

Currency Risk

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

Inflation

For 2011, 2012, 2013 and the nine months ended 30 September 2014, the Philippine consumer price index increased by 4.9%, 3.2%, 3.3% and 4.7%, respectively, year-on-year. The Philippine producer price index for manufacturing increased by 0.9% year-on-year for 2011 and decreased by 0.6%, 7.6% and 0.8%, respectively, year-on-year for 2012, 2013 and the nine months ended 30 September 2014.

We do not believe that inflation has had a significant effect on our financial condition or results of operations.

Recent Accounting Pronouncements

Certain new accounting standards and interpretations and amendments to existing accounting standards are effective for financial reporting periods beginning after 30 September 2014. We do not expect the adoption of these standards and interpretations to have a significant impact on our consolidated financial statements. For more information, see Note 2 to our consolidated financial statements as of 30 September 2013 and 2014 and 31 December 2011, 2012 and 2013 included elsewhere in this Offering Circular.

Business

Overview

The Company is one of the leading real estate companies in the Philippines with a 28-year track record. According to Colliers International, the Company was ranked third in terms of the Metro Manila condominium residential market share by value of units sold in 2013. The Company is primarily engaged in the development, marketing, and sale of mid- and high-rise condominiums and single detached homes, retail and office space leasing and property management.

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

As of 30 September 2014, the Company has, including projects completed by its founding principals, completed a total of 25 condominium towers and one commercial building for lease, with a total GFA (with parking) of 922,090 sq.m. The Company's noteworthy developments include the Essensa East Forbes and South of Market in Fort Bonifacio, SOHO Central in the Greenfield District of Mandaluyong City, Pacific Place in Ortigas, Le Triomphe, Le Domaine and Le Metropole in Makati City, and the Gramercy Residences in Century City in Makati City. In March 2014, the Company opened Century City Mall as its first retail development for lease.

The Company is currently developing five master-planned communities that are expected to have 28 condominium towers, three commercial buildings for lease, and 934 landed houses, with a total expected GFA (with parking) of 1,449,412 sq.m. As of 30 September 2014, five condominium towers, one retail mall, and 820 houses have been completed, with the remaining 23 condominium towers, two commercial buildings (Acqua 6 and Forbes Media Tower), and 114 houses targeted to be gradually completed by 2019.

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

Sale Projects(1)

Completion/Targeted Completion Dates	Buildings	GFA (sq.m.) (with parking)	Units	% of Units Sold as of 30 September 2014
Jan. 2012 to Sept. 2014	5	323,742	4,645	98%
Oct. 2014 to Dec. 2015	7	288,562	3,581	95%
2016	3	133,203	1,501	88%
2017	4	109,981	1,934	77%
2018	5	227,169	2,383	71%
2019	4	117,373	2,168	83%
Total	**28**	**1,200,032**	**16,212**	**88%**

Note:
(1) Excludes landed houses.

Lease Projects(1)

Completion/Targeted Completion Dates	Buildings(2)	GFA (sq.m.) (with parking)	Type
Jan. 2012 to Sept. 2014	1	50,065	Mall
Oct. 2014 to Dec. 2015	1	7,150	Medical office
2016	—	—	—
2017	1	27,196(3)	Office
2018	—	—	—
2019	2	106,440	Office, Hotel
Total	**5**	**190,850**	

Notes:
(1) Does not include the Company's acquisition of 50% of the Pacific Star Low Rise Building in October 2014, with total attributable GFA of 2,958 sq.m.
(2) Excluding for lease component of Gramercy Residences and Quezon North.
(3) Based on 50% of the total GFA of Asian Century Center.

The five master-planned communities are:

- ***Century City***—Century City is a 3.4-hectare mixed-use project in Makati City with eight buildings covering a total planned GFA (with parking) of 643,175 sq.m. and targets the middle income and luxury markets. The Company has completed the Gramercy Residences, the Knightsbridge Residences and the Century City Mall as of September 2014. Centuria Medical Makati was completed in December 2014. There are four additional ongoing projects, including The Milano Residences, Trump Tower at Century City, Century Spire and an office building in partnership with Forbes Media LLC. These four ongoing projects have estimated completion dates ranging from 2015 to 2019.
- ***Acqua Private Residences***—Acqua Private Residences is located in Mandaluyong City and comprises six towers with a total planned GFA (with parking) of 229,996 sq.m. The development targets the middle income market. Its amenities will include a country club with fitness, retail, dining and entertainment facilities, as well as what is expected to be the first riverwalk promenade in the Philippines. This project has estimated completion dates from 2015 up to 2019.
- ***Azure Urban Resort Residences***—Azure Urban Resort Residences is the Company's first project in the affordable market segment. It is a nine building residential property located in Parañaque City. The development covers a total planned GFA (with parking) of 328,925 sq.m. and features the first man-made beach in an urban residence of its scale in the Philippines and a beach club designed by Paris Hilton. The first three buildings have been completed, and the remaining six buildings are estimated to be completed from 2015 to 2018.
- ***Commonwealth***—Commonwealth is the Company's first master-planned residential community development in Quezon City and covers 4.4 hectares and comprises eight towers. The development targets the affordable market segment, providing a total planned GFA (with parking) of 187,016 sq.m. It will be within close proximity to a shopping centre, top schools, technology hubs, churches and major thoroughfares. This project has completion dates ranging from 2015 to 2019.
- ***Canyon Ranch***—Canyon Ranch is a 25-hectare house and lot community that is part of the 77-hectare San Lazaro Leisure Park in Cavite City and targets middle-income buyers. The total planned GFA (with parking) is 280,300 sq.m. The community features a clubhouse with sports and leisure facilities and offers residents views of the Leisure Park which includes one of only two operating horse racing tracks in the Philippines. Currently, 820 units have been completed, and the remaining 114 units are projected to be completed on a per lot basis.

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

The Company, through CPMI, also engages in a wide range of property management services, from facilities management and auction services, to lease and secondary sales. Through CPMI, the Company endeavours to ensure the properties it manages maintain and improve their asset value, and are safe and secure. CPMI manages 51 projects as of 30 September 2014 with 2.56 million sq.m. GFA (with parking) of managed properties and 86% of the projects CPMI manages were developed by third-parties. Notable third-party developed projects under management include the Asian Development Bank in Ortigas, BPI Buendia Center in Makati City, Philippine National Bank Financial Center in Pasay City, Pacific Star Building in Makati City, Makati Medical Center in Makati City and three Globe Telecom buildings in Cebu, Mandaluyong and Makati City.

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

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

Key Strengths

Established track record of delivering innovative, high quality products

The Company has a 28-year track record of delivering innovative luxury, middle-income and affordable condominiums. The Company focuses on identifying the best global standards and adapting them for the Philippines. Concepts that the Company has introduced into the Philippines include FF/FF units (now common throughout the Philippines), the first urban residence of its scale featuring a man-made beach, and medical offices that are sold to doctors.

The Company also believes that it leads the Philippines in partnering with globally renowned brands to enhance the prestige and visibility of its developments, leveraging its credibility, track record and focus on quality to make it a preferred partner for global franchises. For example, the Company has previously partnered with Paris Hilton, Versace Home, Trump Organisation, Missoni Home, Yoo inspired by Starck, and Armani/Casa. The Company believes these partnerships have contributed to higher demand and pricing power for its developments, for example, pre-sales revenue increased by 36% in the three months after the announcement of Paris Hilton's involvement in Azure Residences, and profits from Milano Residences, which had its interior designed by Versace Home, were higher compared to the Company's neighbouring unbranded projects.

Complementing its focus on innovation, the Company is similarly dedicated to ensuring its projects are delivered on time and on budget. The Company believes that its reputation for high quality, well-executed projects is of paramount importance and will continue to be a key driver of demand.

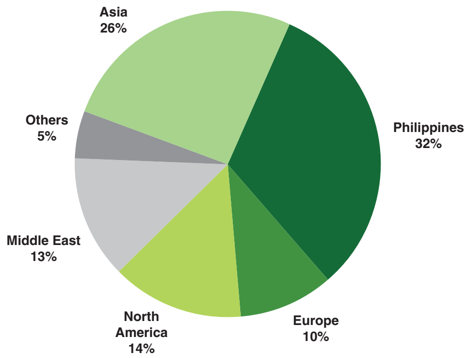
Proven international sales platform providing access to diversified and resilient sources of demand

The Company employs a progressive marketing strategy which, in addition to successfully marketing to domestic buyers, actively targets OFWs and other overseas buyers in over 50 countries, enabling it to derive over two-thirds of its pre-sales from overseas. The Company's international presence includes seven company offices and 64 selling partners across Asia, Europe, North America, Middle East and Australia. The Company's OFW customer base is largely formed of professionals. Historically, of the Company's OFW customers, 33% were company executives and business owners, and 34% were professionals, such as, accountants, lawyers and engineers.

The Company believes it has an industry-leading overseas sales and marketing presence, consisting of overseas offices, international selling partners, and a network of 1,099 overseas agents and brokers. The Company also conducts approximately 20 to 30 international roadshows per month, which directly generate significant pre-sales while also increasing its brand presence. In addition, the Company has an online sales platform which allows its overseas customers to access their statements and enables its agents to market its projects in real time.

The Company believes that its significant international presence offers several advantages. First, it believes that the overseas market, underpinned by OFW buyers, represents one of the most resilient sources of demand for Philippine real estate. According to the BSP, OFW remittances exhibited steady growth throughout the global financial crisis, in part due to the geographical diversification of OFWs. Second, the geographical diversity of the Company's sales similarly decreases its exposure to any single jurisdiction. Third, the average income of the OFW population is higher than that of Philippine residents, allowing the Company to sell its developments at a higher price point.

Pre-sales Breakdown by Buyer Location for the nine months ended 30 September 2014



Strong pre-sales and cashflow from upcoming project completions

The Company has enjoyed strong historical pre-sales with 88% of its current inventory already pre-sold. The Company therefore expects to enjoy strong cash collections from pre-sold projects that are due to complete in the near-to-medium term. As of 30 September 2014, the Company has ₱39.9 billion (US$887.3 million) of uncollected balance from pre-sold units.

The Company believes that the high pre-sales of its ongoing projects and consequently strong expected cash collections provides it with superior visibility over its future cashflow and financial performance.

Conservative expansion and land banking strategy

The Company employs a prudent expansion and capital expenditure policy, to ensure sufficient liquidity and funding for its developments. For example, the Company typically staggers the launch of condominium towers within each project, and will only launch a new condominium tower once it has achieved pre-sales of above 80% for the previously-launched tower. This policy ensures that there is sufficient demand for each tower, staggers the Company’s construction expenditures, and mitigates inventory build-up. As a result, the Company believes it has one of the lowest remaining inventory life amongst its peers (as defined by launched inventory divided by sales per year). The remaining inventory life according to Colliers International is 1.24 years for Ayala Land, 1.34 years for the Company, 1.38 for DMCI Homes, 1.44 for SM Development Corporation, and 1.62 years for Megaworld Corporation as of September 30, 2014.

In addition, the Company employs a conservative land banking policy which seeks to match its cash inflows and outflows. The Company employs an “asset light” land banking policy, and does not aim to speculatively acquire land bank far ahead of projected use. This policy not only reduces the upfront financing requirement, but also enables the Company to identify sites that are likely to have strong demand. In addition, the Company also often uses deferred cash payments or profit sharing arrangements to acquire its land bank, thus minimizing the upfront risk and cash required.

The table below sets forth a list of projects of the Company by acquisition type.

Project	Hectares	Acquisition Type
Century City, Makati	3.4	Cash
Azure Urban Residences, Paranaque	2.5	Cash instalment(1)
Acqua Residences, Mandaluyong	6.5	Cash instalment
Commonwealth Residences, Quezon City	4.4	Joint venture
Canyon Ranch, Cavite	25.0	Joint venture
Fort Bonifacio, Taguig	0.3	Leasehold
San Fernando, Pampanga	7.9	Cash instalment
Batulao, Batangas	142.0	Joint venture
Novaliches, Quezon City	50.0	Cash instalment and joint venture
Total	**242.0**	

Notes:

(1) Cash instalment acquisitions are sale and purchase agreements wherein the purchase price is payable over time (anywhere from two years to seven years). These cash installment transactions may include additional interest expense, while some may include a percent of revenue as additional consideration to the purchase price.

(2) Joint ventures are transactions wherein the landowner contributes the land, in exchange for a percent of share on collections of projected revenue. The benefit to the landowner is that it values the land at a higher cost per square meter, while it makes it efficient for developers as payment is sourced from pre-sales' collections. The landowners retain title of the property, but convey the right to sell and develop the land, to the developer. To protect the interests of the developer, the owner's copy of the title to the property is surrendered to the developer for safekeeping and custody, and the joint venture agreement is annotated on the title, which serves as a notice to other parties that the property is already under agreement with the developer and can no longer be dealt with other parties. In the event the landowner decides not to proceed with the development of his land for whatever reason, the developer has the following rights: (1) to cancel the development agreement and seek the return of all expenses plus damages from the landowner; or (2) secure portion of the property already developed and transfer in the name of developer as payment or compensation for expenses incurred by developer. Historically, the Company has not had any instance wherein the joint venture partner rescinded on its obligations on a joint venture agreement.

Prudent receivables management policy mitigates risks from cancellations and defaults

The Company employs a prudent receivables management policy. Payment schemes typically include progressive payments during construction (typically 20 to 40% of total price) and a lump-sum payment for the balance being paid at completion and turnover, either through cash, mortgage financing or the Company's in-house financing. Historically, 58% of buyers paid the lump-sum via cash, 40% via mortgage financing, and 2% via the Company's in-house financing. See "—Sales and Customer Financing."

To minimise cancellations and increase our buyers' chances of obtaining mortgage financing upon turnover, new buyers are subject to our in-house credit investigation process which looks into their capability and willingness to fulfill the financial obligations of their purchase. Among other things, our checks include: a) verification of the buyer's amount, source, and stability of income; b) ensuring prudent debt-to-income ratios are not breached throughout the buyer's pre- and post-turnover amortisation period; c) looking into any credit and legal cases; and d) other technical issues related to marriage, nationality, and residency that may jeopardize the buyer's chances of obtaining bank financing.

Our buyers' mortgage application approval rates vary across the different demographics that our projects serve, which historically has been as high as 96% for our high-end residential condominiums in Century City, to as low as 92% for our more affordable units in Azure and Commonwealth. Financially capable and willing buyers who cannot obtain bank financing due to technical reasons related to marriage or nationality are financed through the Company's in-house financing programme, which comprises less than 5% of the Company's buyers.

To mitigate the risk of cancellations, the Company retains full title over the units until full payment is received. In the event of cancellation, buyers are not entitled to any refunds if they have made progressive payments for less than two years, and are allowed a partial refund only if they have made payments for over two years. See "Regulation—Real Estate Sales On Instalments."

Prudent project financing policy and cash collection cycle

The Company generally aims to finance its condominium projects via a prudent mix of pre-sales, retained earnings, and bank loans.

Our condominium projects are typically capitalised as follows (excluding approximately 20% as targeted profit margin):

- Approximately 30% is financed via collections from pre-sales during the three to five-year construction period;
- Approximately 20% is financed via retained earnings, as well as equity issuances, from previously completed projects; and
- Approximately 30% is financed via bank loans and other project-specific financing.

The foregoing is only illustrative and varies from project to project.

Upon completion and turnover, the Company collects the remaining 70% lump sum payments from its buyers and repays its bank loans, with the remaining free cash flow used to partially finance its next project.

The Company believes that its project financing policy and cash cycle is relatively prudent and helps to mitigate its financing risks. First, the Company finances the majority of its construction via pre-sales and retained earnings, which allows it to employ a relatively low loan-to-value ratio of 30% for each project. Second, the Company typically obtains committed credit facilities for the loan financing component. As of 30 September

2014, the company has ₱10,614 million of outstanding debt. Additionally, the Company has undrawn credit facilities from local banks of ₱3,882 million, and have negotiated an additional ₱2,850 million under agreed term sheets that are subject to final documentation.

Extensive property management experience is a natural fit for gradual growth of leasing portfolio

Over the next five years, the Company intends to gradually grow its leasing portfolio in order to diversify its income sources and increase recurring rental income as a proportion of revenue. Excluding projects under its landbank, and within its projects of Century City, Acqua Private Residences and Fort Bonifacio, the Company expects to gradually build more than 140,000 sq.m. of commercial leasing space over the next five years in addition to Century City Mall. The Company believes that its experience and track record in property management makes it well placed to manage the growth of its leasing portfolio. The Company has utilised its property management experience with the opening of its first retail mall, Century City Mall, in March 2014. The mall is 99% leased and 100% reserved as of 30 September 2014.

Experienced management team

The Company has an experienced management team that has been with the Company since its founding, with an average of 20 years of operational and management experience in real estate. It has completed projects in all stages of the business cycle, including the Asian financial crisis in the late 1990s. The Company's management team has extensive experience in, and in-depth knowledge of, the Philippine real estate market and has also developed positive relationships with key market participants, including contractors and suppliers, regulatory agencies and local government officials in the areas where the Company's projects are located.

Business Strategy

The primary components of the Company's business strategy are as follows:

Maintain leadership in the luxury and middle-income segments, while continuing expansion into the affordable segment

As the Company grows, it intends to continue to strengthen its reputation as one of the Philippines' most innovative developers in the luxury and middle-income segments, and to maintain its position as a key developer in the central business districts of Metro Manila.

The Company further aims to leverage its success with the Azure Urban Resort Residences to grow its presence in the affordable housing segment. The Company defines the various market segments as follows:

- Affordable: Properties in which a majority of the units are priced ₱2.3 million to ₱3.6 million
- Middle-income: Properties in which a majority of the units are priced between ₱3.7 million and ₱7.2 million
- Luxury: Properties in which a majority of the units are priced at ₱7.3 million and above

The Company believes that by creating aspirational offerings for a market familiar with largely practical developments, the Company can create a defensible niche in what is commonly considered a commoditized market.

The table below sets forth the breakdown in terms of GFA and units, of the Company's residential condominium units, inclusive of only launched towers.

	GFA (sq.m.) (with parking)	Units	Percentage of Total Units
Affordable	515,941	8,493	50.4
Middle-income	755,288	7,109	42.2
Luxury	174,000	1,243	7.4
Total	**1,445,229**	**16,845**	**100**

Prudent expansion of commercial property portfolio to diversify earnings and generate recurring income

Although the Company believes that a majority of its earnings in the next few years will continue to come from the sale of residential units, it recognises that it is important to expand its leasing portfolio in order to diversify its sources of earnings and increase its recurring income.

In 2014, the Company completed Century City Mall, its first retail mall with total GFA (with parking) of 49,143 sq.m. It is 99% leased and 100% reserved as of 30 September 2014. The retail mall was designed to cater to residents, employees and patients of Century City, as well as residents of surrounding communities.

Excluding projects under its landbank, and within its projects of Century City, Acqua Private Residences and Fort Bonifacio, the Company expects to gradually build more than 140,000 sq.m. of commercial leasing space over the next five years in addition to Century City Mall. Commercial properties that are expected to be built include an office building in Fort Bonifacio, a condotel at Acqua Private Residences, the Forbes Media Tower in Century City.

Continue "asset light" and targeted land banking strategy

The Company intends to continue its conservative land banking policy, which seeks to match its cash inflows and outflows. The Company employs an "asset light" land banking policy, and does not aim to speculatively acquire land bank far ahead of projected use. This policy not only reduces the upfront financing requirement, but also enables the Company to identify sites that are likely to enjoy strong demand-supply fundamentals. In addition, the Company also often uses deferred cash payments or profit sharing arrangements to acquire its land bank, thus minimizing the upfront risk and cash required.

The Company believes that significant parcels of land remain available in key locations throughout its target districts within the Philippines, and new opportunities for redevelopment will be created as various cities grow. The Company plans to continue leveraging upon its extensive history in the industry, its reputation as an innovative, leading property developer, and its strong relationships with key industry participants to enter into joint venture agreements, complete deferred cash purchases, and acquire land for its future projects.

Expand leading international sales and marketing presence

In addition to the Company's strong marketing network in the Philippines, the Company aims to continue building upon its global marketing platform. The Company believes that significant opportunities remain to capitalise on sources of untapped demand in global markets and that the Company has developed the necessary infrastructure and processes to effectively target these opportunities. In the future, the Company intends to increase its international sales and marketing network in established markets such as Canada, the Middle East, and the United Kingdom, while expanding into new markets, including certain countries in the Middle East and Europe, where the Company does not currently have a significant presence. The Company intends to take advantage of new opportunities rapidly by setting up new sales offices within three to six months of identifying an opportunity.

Maintain relationships with key international brands and increase the number of collaborations

The Company believes that one of its distinguishing features is its ability to provide customers with unique real estate offerings. The Company believes that its ability to collaborate with globally recognised brands, designers, and architects on its projects sets its developments apart from those offered by many of its competitors. It also believes that as the Filipino market continues to evolve, a greater level of significance will be placed on the lifestyle and branding elements in the residential market and that the Company is well-positioned in that regard.

The Company will continue to identify new partnerships and collaborations, while maintaining long-term relationships with its current partners. To take advantage of economies of scale, the Company plans to increase the number of buildings covered under one partnership (for instance, Azure Urban Resort Residences, where the whole master-planned community is marketed with Paris Hilton) rather than partnerships on a building-by-building basis. Based on past experiences, these partnerships are expected to lead to higher pre-sales and margins on the Company's developments.

Maintain prudent cash management

The Company maintains prudent cash management policies and diversified funding sources, including bi-lateral loans, syndicated term loans, public debt issuances and equity investments.

Expand outside of Metro Manila

Over the medium to longer term, the Company expects to expand to sites outside of Metro Manila in order to increase its geographical diversification. Such expansions will target developing cities where the Company believes it can attain critical mass.

These areas are characterized by one or more of the following:

- source of many overseas Filipino workers and benefits from OFW remittances;
- has exhibited strong economic growth;
- has healthy and strong consumption patterns vis-a-vis the national average; and
- has developed infrastructure, such as roads, telecommunications facilities and airports or is currently undergoing such development.

Corporate History and Structure

History

The Company, formerly EAPRC, was originally incorporated on 23 March 1975 as Northwest Holdings and Resources Corporation. EAPRC was a corporation organised under the laws of the Philippines and listed on the Philippine Stock Exchange. On 27 October 2011, CPI acquired EAPRC and formed the Company. The Company currently undertakes real estate projects and developments through its Subsidiaries. Through such Subsidiaries, the Company develops, markets and sells residential, office, medical and retail properties as well as manages residential and commercial properties in the Philippines. Chairman Jose E.B. Antonio spearheaded the Company’s formation with the vision of becoming one of the Philippines’ top five real estate sales and development firms as measured by total sales value.

After experiencing the sales and marketing aspects of the real estate industry, the founders of the Company established Meridian Land Holdings, Inc., Meridian East Realty and Development Corporation, Meridian Far East Development Corporation, and other related entities (“Meridian”) to focus primarily on developing mid-market central business district high-rise projects. Chairman Jose E.B. Antonio has a 40% ownership stake in Meridian.

CPI, the parent of the Company, was incorporated in 1983 and began operations in 1986. It was primarily organised to focus on marketing and sales for third-party real estate developers. CPI continued its operations throughout the 1990s, and established itself as an innovative, high-quality property developer in the central business districts of the Philippines.

In 1989, the Company established CPMI as the first professional real estate management company in the Philippines to handle property management services. CPMI manages 51 projects as of 30 September 2014, including properties such as the Asian Development Bank, Philippine National Bank Headquarters, BPI Buendia Center, Pacific Star Building and Makati Medical Center. Of the total CPMI’s projects under management, 86% of the properties were not developed by the Company, underscoring CPMI’s reputation in the market.

In 2004, the Company further expanded its property development business by developing its first large-scale house-and-lot development, Canyon Ranch. In 2006, leveraging on its experience in developing high-quality buildings and infrastructure, CCDC, a subsidiary of the Company expanded its business into developing large-scale mixed-use properties and the Company undertook one of its most ambitious projects to date, Century City, which is believed to be one of the preeminent mixed-use communities in Makati City.

In 2009, the Company expanded its product line into providing condominiums for the affordable to middle-income segment of the market by launching Azure Urban Resort Residences. This was followed by the launch of Acqua Private Residences in Mandaluyong City in 2011. In 2012, the Company launched The Residences at Commonwealth by Century, which also caters to the affordable market. In 2013, the Company completed the Century City Mall, its first retail mall designed to cater to residents, employees and patients of Century City, as well as residents of surrounding communities.

In its 28 years of operations, the Company expanded and diversified its services, developments, products, and market segments. It aims to provide specialised service to each of its projects and its potential clients. Since its incorporation in 1983, the Company has grown to 406 full time employees, excluding sales agents, construction and property management, as of 30 September 2014.

Completed / Turned Over Projects as of 30 September 2014

Project Name[1]	Developer	Location	Type	GFA (sq.m.) (with parking)	Units	Year Completed
Le grand	Meridien	Makati City	Residential	15,423	46	1989
Vine Villas	Meridien	Pasig City	Townhouse	N/A	37	1991
Le Triomphe	Meridien	Makati City	Residential	20,239	85	1991
La Maison Rada	Meridien	Makati City	Residential	6,467	67	1992
Le Metropole	Meridien	Makati City	Residential	17,833	70	1992
Pacific Place	Meridien	Pasig City	Residential	33,515	204	1993
Le Domaine	Meridien	Makati City	Residential	16,503	106	1994
One Magnificent Mile	Meridien	Pasig City	Office	23,105	130	1996
Medical Plaza Makati	Meridien	Makati City	Medical Office	24,218	189	1996
Medical Plaza Ortigas	Meridien	Makati City	Medical Office	34,642	264	1998
Essensa[2]	Meridien	Taguig City	Residential	115,000	236	2000
Oxford Suites	Meridien	Makati City	Service Apartment	17,407	242	2001
West of Ayala	Meridien	Makati City	Residential	57,752	365	2002
Bel-air Soho	Meridien	Makati City	Residential	9,468	207	2005
South of Market[2]	Meridien	Taguig City	Residential	62,246	709	2007
SOHO Central[2]	Meridien	Mandaluyong	Residential	64,816	811	2009
Grand SOHO Makati	CPI	Makati City	Residential	29,628	360	2010
Gramercy Residences	CCDC	Makati City	Residential	121,595	1,432	2012
Knightsbridge Residences	CCDC	Makati City	Residential	87,717	1,328	2013
Rio	CLC	Parañaque City	Residential	42,898	756	2013
Santorini	CLC	Parañaque City	Residential	36,215	553	2013
St. Tropez	CLC	Parañaque City	Residential	36,260	580	2013
Century City Mall	CCDC	Makati City	Retail	49,143	—	2013
Total				**922,090**	**8,777**	

Note:
(1) Including projects completed by Meridien.
(2) With two buildings per project.

Properties Under Management as of 30 September 2014

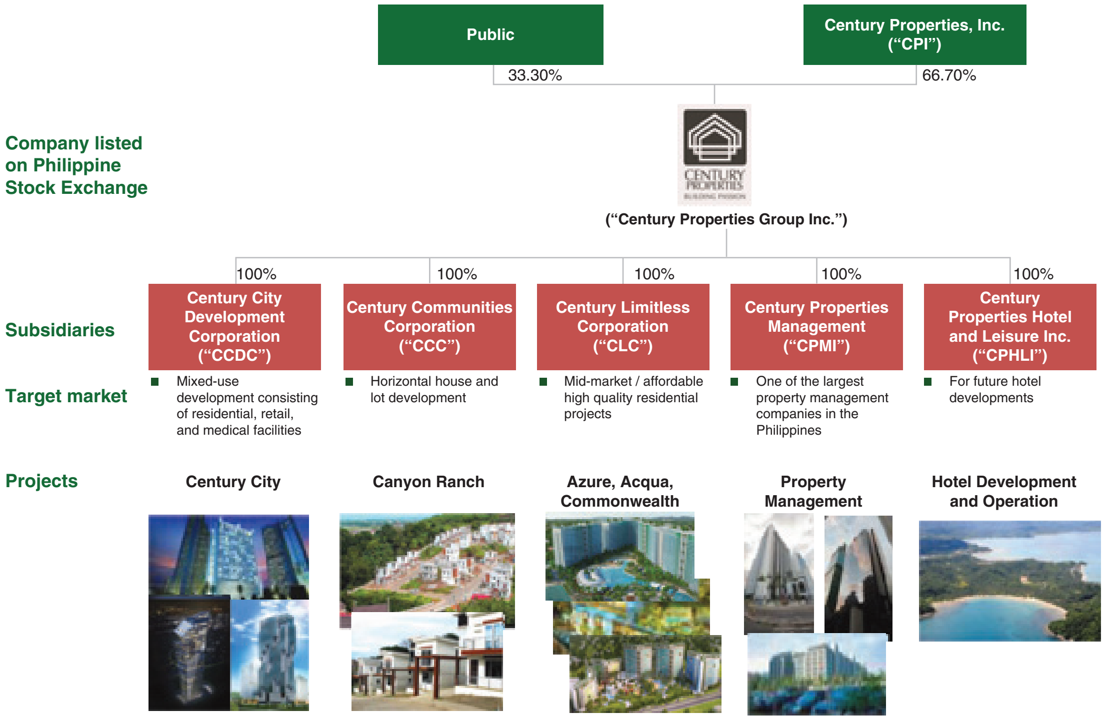
The Company, through CPMI, manages both residential and commercial properties. The following table sets forth information regarding residential properties under its management.

Project Name	Number of Buildings	Location	Developer	GFA (sq.m.) (with parking)
Residential Properties				
Astoria Plaza Condominium	1	Pasig	Millennium Properties & Brokerage	53,767
Aqua Private Residences	1	Mandaluyong	Century Properties, Inc.	
Azure Urban Residences	5	Parañaque	Century Properties, Inc.	79,196
BSA Suites Condominium	1	Makati	ASB Development Corp.	22,925
Canyon Ranch Estate		Carmona, Cavite	Century Communities Corporation	83,889
Essensa East Forbes	2	Taguig	Meridien East Realty & Development Corp.	115,000
Golden Empire Tower	2	Manila	Moldex Land Holdings	129,514
Goldland Plaza Condominium	1	San Juan	Goldland Development & Realty Group	54,524
Grand Soho Makati Condominium	1	Makati	Century Properties, Inc.	29,628
Knightsbridge Condominium	1	Makati	Century City Development Corp	43,414
Le Gran Condominium	1	San Juan	Arpen Real Estate Development, Inc.	15,423
Le Triomphe Condominium	1	Makati	Meridien East Realty & Development Corp.	20,239
Paragon Plaza	1	Mandaluyong	Fil Estate Properties, Inc.	71,631
Pioneer Highlands North	1	Mandaluyong	Universal Rightfield Property Holdings, Inc.	89,990
Skyway Twin Towers	2	Pasig	Amberland Corporation	95,417
Soho Central Condominium	1	Mandaluyong	Meridien East Realty & Development Corp.	64,816
South of Market Condominium	1	Taguig	Meridien East Realty & Development Corp.	62,246
The Gramercy residences	1	Makati	Century City Development Corp	121,595
Tiffany Place Condominium	1	Makati	River Oaks Realty Corporation	24,702
Two Lafayette Square	1	Makati	Megaworld Properties & Holdings, Inc.	17,189
West of Ayala Condominium	1	Makati	Meridien East Realty & Development Corp.	57,752
Sub-Total	**27**			**1,252,857**
Commercial Properties				
139 Corporate Center	1	Makati	Antel Realty & Development Corporation	24,426
88 Corporate Condominium	1	Makati	Belgen Realty Development, Inc.	37,677
Antel Global Condominium	1	Pasig	World Class Properties, Inc.	60,238
AvecShares Asia, Inc.	1	Taguig	Avecshares Asia, Inc.	12,232
Century City Lifestyle Mall	1	Makati	Century Properties, Inc.	52,233
BPI Buendia Center	1	Makati	Bank of the Philippine Islands	61,262
Glaxo Smith Klein	1	Makati	GlaxoSmithKline Philippines, Inc.	9,471
Innove Plaza Condominium	1	Cebu	Prosperity Properties & Management Corporation	12,031
Medical Plaza Ortigas	1	Pasig	Meridien Property Ventures, Inc.	34,642
One Corporate Center Ortigas	1	Pasig	Amberland Corporation	117,799
One Corporate Plaza	1	Makati	Inchport Realty Corporation	12,034
One Magnificent Mile Condominium	1	Pasig	Meridien Far East Properties	23,105
One San Miguel Avenue Condominium	1	Pasig	Amberland Corporation	64,577
Pacific Star Building	1	Makati	Penta Pacific Realty Corporation	95,302
Prestige Tower Condominium	1	Pasig	Amberland Corporation	58,698
Singapore Embassy	1	Taguig		4,900
Solar Century Tower	1	Makati	Solar Entertainment Corporation	5,265
Times Plaza Condominium	1	Manila	RHL Properties & Development	35,820
Sub-Total	**18**			**721,712**

Project Name	Number of Buildings	Location	Developer	GFA (sq.m.) (with parking)
Facilities Management				
Asian Development Bank, Clark	1	Pampanga	Asian Development Bank	2,000
Asian Development Bank, Headquarters	1	Mandaluyong	Asian Development Bank	204,092
Fisher-Rosemount Systems, Inc.	1	Pasig	Amberland Corporation	7,378
Globe IT Plaza Cebu	1	Cebu	Globe Telecom, Inc.	12,678
Globe Telecom Avatar	1	Cavite	Globe Telecom, Inc.	3,085
Globe Telecom Pioneer	2	Mandaluyong	Globe Telecom, Inc.	34,918
Globe Telecom Valero	1	Makati	Globe Telecom, Inc.	29,340
Globe Data Center	1	Makati	Innove Plaza	7,964
Globe Technohub	1	UP Diliman	Innove Plaza	25,000
Makati Cinema Square	1	Makati	MCS Condominium Corporation	20,000
Makati Medical Center	1	Makati	Medical Doctors, Inc.	90,467
PNB Financial Center	1	Pasay	Philippine National Bank	151,435
Sub-Total	**13**			**588,357**
Total number of projects	**51**			**2,562,926**
Total number of buildings	**58**			

Corporate Structure

The following chart shows the Company's current corporate structure.



The Subsidiaries are segregated by the target market of each project, allowing each to specialise and focus on their buyers' requirements in pricing, size, location and amenities.

Below is a description of each subsidiary of the Company:

Century Communities Corporation

CCC, incorporated on 15 March 1994, is focused on horizontal house-and-lot developments. From the conceptualisation to the sellout of a project, CCC provides experienced specialists who develop and execute the right strategy to successfully market a project. CCC is currently developing Canyon Ranch, a 25-hectare house-and-lot development located in Carmona, Cavite.

Century City Development Corporation

CCDC, incorporated on 19 December 2006, is focused on developing mixed-use communities that contain residences, office, and retail properties. CCDC is currently developing Century City, a 3.4-hectare mixed-use development along Kalayaan Avenue in Makati City.

Century Limitless Corporation

CLC, incorporated on 9 July 2008, focuses on developing high-quality, affordable residential projects. Projects under CLC will cater to first-time home buyers, start-up families, and retirees seeking safe, secure, and convenient homes within close proximity of quality healthcare facilities.

Century Properties Management, Inc.

CPMI, incorporated on 17 March 1989, is one of the largest property management companies in the Philippines, as measured by total gross floor area under management. CPMI manages 51 projects, covering a total GFA (with parking) of 2.56 million sq.m. as of 30 September 2014. The Company believes that CPMI is the first independent and local property management company to introduce first-class international property management standards in the Philippine property market. CPMI has been awarded 18 safety and security distinctions from the Safety Organisation of the Philippines.

Century Properties Hotel and Leisure, Inc.

CPHLI, incorporated in 27 March 2014, is a newly formed wholly-owned subsidiary of the Company. CPHLI is expected to engage in the hotel business and related business ventures.

Property Development Projects

As one of the leading real estate developers in the Philippines, the Company prides itself on providing a wide range of innovative real estate products to its customers. The Company's approach to property development focuses on creating unique real estate properties with the best design, quality, and amenities. The Company identifies the global standard and combines that with its ability to acquire land in prime urban areas to create properties that meet the demands of the Philippine real estate market. The Company uses strategic partnerships with key global franchises to capture consumer awareness and demand for its projects. It develops properties for several market segments, from luxury residential projects to affordable and mixed-use developments.

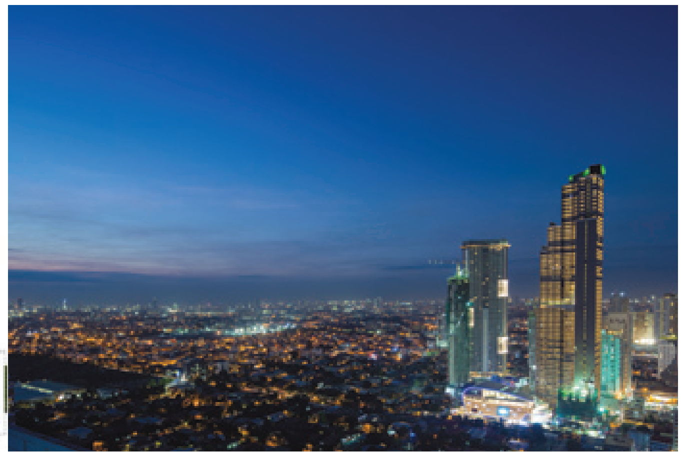
Upon completion, Century City, Acqua Private Residences, Azure Urban Resort Residences, The Residences at Commonwealth, and Canyon Ranch are expected to have a total of 16,212 condominium and commercial units (including un-launched towers of Spire office and Acqua 6) and 934 single-detached homes, with a total expected GFA (with parking) of 1,669,412 sq.m.

The following table sets forth certain information regarding the Company's current projects for which master plans have been launched as of 30 September 2014:

Project Name	Developer	Type of Project	Target Market	Average Unit Price (in ₱ millions)	Location	GFA (sq.m.) (with parking)	Number of Buildings / Houses	Status of Development
Century City	CCDC	Residential Office Retail	Middle Income Luxury	4.4 16.6	Barangay Poblacion, Makati City	643,175	8	3 completed projects as of September 2014 1 completed office building in December 2014 4 additional ongoing projects estimated to be completed between 2015 to 2019
Azure Urban Residences	CLC	Residential	Affordable	3.7	Parañaque City	328,925	9	3 completed buildings, with 6 additional buildings projected to be completed between 2015 to 2018
Acqua Residences	CLC	Residential	Middle Income	5.0	Mandaluyong City	229,996	6	Project estimated to be completed from 2015 to 2019
Commonwealth Residences	CLC	Residential	Affordable	3.5	Commonwealth, Quezon City	187,016	8	Project estimated to be completed from 2015 to 2019
Canyon Ranch	CCC	Residential	Middle Income	3.9	Carmona, Cavite	280,300	934	820 houses completed, with remaining 114 houses to be completed on a per lot basis
Total						**1,669,412**		

Century City

The Company, through CCDC, began development on one of the last remaining undeveloped pieces of real estate in Makati City in 2007. Rising on a portion of the property formerly occupied by the International School Manila, Century City is a 3.4-hectare mixed-use project with eight buildings covering a total planned GFA (with parking) of 643,175 sq.m. The development is a fully master-planned vertical village that is home to the Gramercy Residences, Knightsbridge Residences, Milano Residences, the Trump Tower, Centuria Medical Makati, Century Spire, Forbes Media Tower and Century City Mall. As of 30 September 2014, 94% of the for sale residential development has been sold.



Gramercy Residences

The Gramercy Residences is a New York-inspired luxury tower that is the Philippines' first fully furnished and fully serviced condominium with advanced technology. On the 71st floor, it currently houses 71 Gramercy, a New York-style restaurant and club. The club has an inside lounge and bar area, a restaurant area as well as an outside roof deck terrace that affords views of Metro Manila. It offers a number of amenities, including, restaurants, bars, entertainment and well-being facilities, exclusive internet and telecommunication solutions, a day care centre, a THX-certified theatre, cafes, a library, and a grand view of Makati City. The Gramercy Residences targets the middle-income segment, consists of over 1,400 units, and has a total GFA (with parking) of 121,595 sq.m. It was the first residential tower to be turned over in Century City. As of 30 September 2014, 100% of the development has been sold.

Knightsbridge Residences

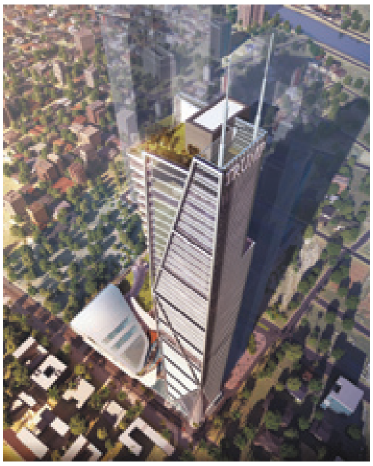
Inspired by one of London's most prestigious neighbourhoods, the Knightsbridge Residences is the second residential tower completed at Century City. Each unit in the property is called a POD. The POD concept allows units to be combined, giving buyers flexibility to maximize space and addressing urban dwellers' need for a living space that matches their lifestyle. Each POD is FF/FF with one of five design themes. Amenities in the building include several large lounge areas, a spa, a swimming pool, fitness centre, game room, library, and an outdoor patio with views of the city. The Knightsbridge Residences was completed in December 2013. The development targets the middle-income segment, consists of approximately 1,200 units, and has a total GFA (with parking) of 87,717 sq.m. As of 30 September 2014, 100% of the development has been sold.

Milano Residences

Milano Residences is the first private luxury residence in Asia built in collaboration with Gianni Versace, S.P.A. with its interior designed by Versace Home. The Company entered into an Interior Design Agreement with Gianni Versace S.P.A. for them to design the building's common areas and provide buyers with an option to have the interiors of their units designed by Versace Home. The development is one of only five properties worldwide with an interior designed by the brand. Milano is planned to have 54 floors and is expected to have amenities such as a business centre, pool, library, spa, juice bar, fitness centre and a roof garden. The project was launched in 2010 and is expected to be completed in 2015. It is expected to consist of over 470 units and will have a total GFA (with parking) of 64,304 sq.m. upon completion. As of 30 September 2014, 91% of the development has been sold.

Trump Tower at Century City

Trump Tower at Century City will capitalise on the growth of Makati City to create a property that will be one of the first of its kind in the Philippine real estate market. Each unit in this 60-floor development is expected to feature high-end finishes and classic design and the building's amenities are expected to include a pool, spa lounge, fitness centre, business centre, meeting rooms, library, and a video room. Part of the common areas are expected to be furnished with pieces from the Hermes home collection. Sales for the development began in 2011. Trump Tower at Century City is the second luxury development in Century City, and it is expected to consist of over 260 units and have a total GFA (with parking) of 54,660 sq.m., once completed. CCDC is the developer of the property and uses the "Trump" name under license from Trump Marks Philippines LLC. Trump Tower at Century City is not owned, developed, or sold by Donald J. Trump, the Trump Organisation, or any of their affiliates. The project is expected to be completed in 2016. As of 30 September 2014, 88% of the development has been sold.



Centuria Medical Makati

Centuria Medical Makati is an information technology out-patient medical facility that is expected to offer clinic and office space for sale to doctors and wellness practitioners. This 28-floor development is expected to feature floors devoted to diagnostic equipment and services, rooms for aesthetic procedures, post-recovery suites, and spaces for other service providers in health, wellness, and preventive medicine. The Company entered into an agreement with General Electric Healthcare for them to provide the diagnostic equipment used in the building and to offer value-added services upon request. The Company launched the development of this project in 2010. The property is expected to consist of office suites, both for sale and for lease. It has a total GFA (with parking) of 74,103 sq.m. upon completion in 2014, including more than 7,000 sq.m. GFA for lease. As of 30 September 2014, 100% of the for sale units of the development has been sold.

Century City Mall

The Century City Mall was built on the 6,313 sq.m. lot adjacent to the Gramercy Residences. This retail centre was completed in September 2013 and was launched to the public in March 2014. It serves as the neighbourhood retail centre for residents of Century City's residential buildings, the doctors, employees, and patients of Centuria Medical Makati, and the residents of the surrounding area. Century City Mall hosts a mix of local and international shops, concept stores and restaurants. There are three basement floors open for visitors' parking with valet services. The development is fully-owned by the Company and managed by CPMI. It has a total GFA (with parking) of 49,123 sq.m. and net leasable area of 17,000 sq.m. As of 30 September 2014, the mall is 99% leased and 100% reserved.

Century Spire

Century Spire was launched in 2013 as the last of the five residential buildings developed in Century City and the first residential building to bear the Century name. The building's architecture is designed by Daniel Libeskind, the architect behind New York's Ground Zero, while its amenities and common areas are interior-designed by Armani/Casa. Century Spire is a 60-story building expected to have a total GFA (with parking) of 98,583 sq.m. and over 500 of residential units for sale. Century Spire will also comprise office space for sale of approximately 43,000 sq.m. The project is expected to be completed in 2018.

Forbes Media Tower

The Forbes Media Tower is expected to be the world's first Forbes-branded commercial building. This project, located in Makati City, is designed by G2 Development Planning ("G2DP"), a real estate development and planning firm which specialises in comprehensive development solutions focused on projects for urban regeneration, as well as environmentally sensitive destination developments around the world. G2DP is responsible for the design of the Carrasco International Airport, 20 Fenchurch Street, Forbes Media Towers in Brazil and Thailand, among others. The project is situated on a land area of 3,166 sq.m. and will be composed of commercial and IT office units. The entire project is expected to have a total GFA (with parking) of approximately 93,091 sq.m. This project is planned to be comprised of office units for lease. The project is expected to be completed in 2019.

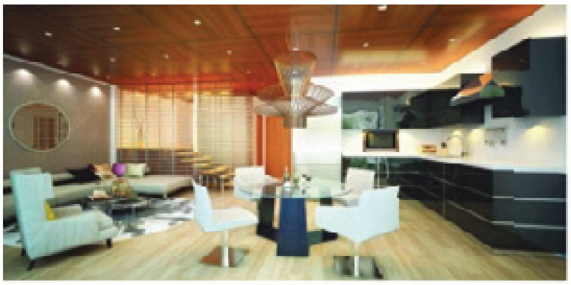
Acqua Private Residences

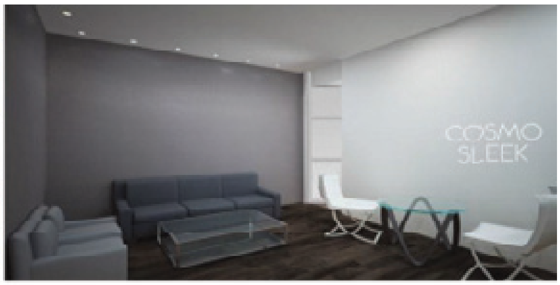
A six-tower master-planned development built on 2.4 hectares at the border of Makati City and Mandaluyong City, Acqua Private Residences has a tropical rainforest design that attempts to combine nature with urban living. The towers are each expected to have views of the Makati City skyline. Acqua's amenities are expected to include a lounge area, juice bar and cafe, spa, climbing wall, boxing studio, tennis courts, and what is expected to be the first river walk promenade in the Philippines, which will feature restaurants, bars, and designer stores. The project was launched in February 2011. The six-tower project is targeted at customers in the middle-income segment and is expected to consist of over 3,000 units with a total GFA (with parking) of 229,996 sq.m.

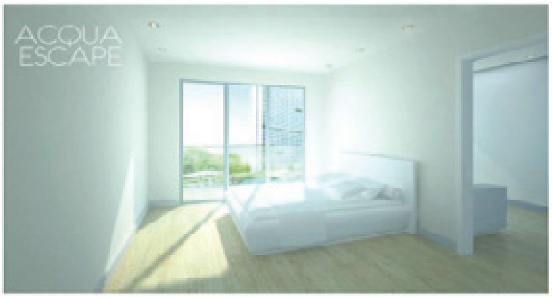
upon completion. The Pasig River separates Acqua Private Residences from Makati City, and the property will be accessible from Makati City via a newly constructed bridge from the Pasig River. Below are the descriptions of five out of six towers in Acqua that have been already been launched by the Company. As of 30 September 2014, 88% of the development has been sold.

Niagara Tower, Sutherland and Dettifoss Towers

The Niagara Tower is the first building that will rise at Acqua Private Residences. It is planned to have 42 floors, with FF/FF units facing the Makati-Rockwell, Manila, and Mandaluyong skylines. The project was launched in 2011 and is expected to have a total GFA (with parking) of 34,519 sq.m. upon completion in 2015. The Sutherland Tower is the second building that is expected to be completed in 2015. The tower is expected to have 44 floors with FF/FF residential units. The project was launched in 2011 and is expected to have a total GFA (with parking) of 42,145 sq.m. upon completion. The Dettifoss Tower is the most central of the six buildings to be built at Acqua Private Residences. Dettifoss is expected to have 46 floors with FF/FF residential units. The project was launched in 2011 and is expected to have a total GFA (with parking) of 37,616 sq.m. upon completion in 2016. As of 30 September 2014, 95% of the development has been sold.





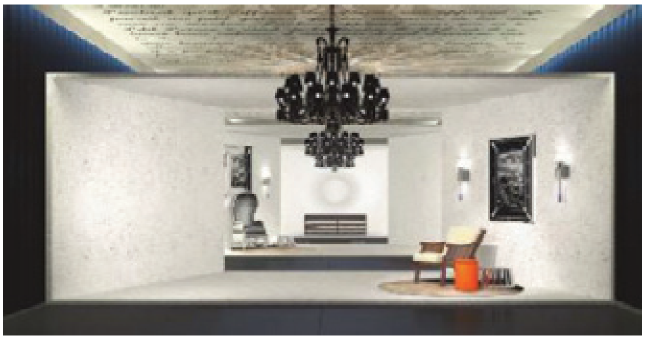


Livingstone Tower

Acqua Livingstone is a 53-story residential tower and is the world's first and only Missoni-branded residential project. The project was launched in 2012 and is expected to have a total GFA (with parking) of 40,927 sq.m. upon completion in 2016. As of 30 September 2014, 79% of the development has been sold.


Iguazu Tower

Acqua Iguazu by Yoo is expected to be the fifth tower to rise in Acqua Private Residences. The tower will be interior designed by Yoo, the design company founded by designer Philippe Starck and international property entrepreneur John Hitchcox. The tower will feature a sky deck, whose amenities include a swimming pool, bar, dining area, function rooms, an indoor and an outdoor library, and a movie room. The project was launched in 2012 and is expected to have a total GFA (with parking) of 36,367 sq.m. upon completion in 2018. As of 30 September 2014, 70% of the development has been sold.

Acqua 6

A phase of the overall Acqua Private Residences development is focused on hospitality through the Acqua 6 development. Acqua 6 is a 40-story building with approximately 466 units and a total GFA (with parking) of more than 30,000 sq.m. The building comprises approximately 150 units of branded residences, 152 units of shared ownership residences and 158 units that will be operated as an all-suite hotel and serviced apartment and managed by Accor, one of the largest hotel groups in the world, under the Novotel Suites brand. The Acqua 6 development is focused on delivering hospitality services that will be managed to international hotel standards. Its amenities are expected to include an international restaurant, executive club lounge, residents' lounge, fitness and wellness centre, executive meeting facilities and pool, which are all supported by butler and concierge services.

Azure Urban Resort Residences

Designed by the award-winning master planning and architectural firm Broadway Malyan, Azure Urban Resort Residences is expected to consist of nine residential buildings on a six-hectare property, with 80% of the land dedicated to open space. The property is the first man-made beach residential development of its scale in the Philippines and features a beach club designed by celebrity, Paris Hilton. In addition to the Paris Beach Club, the property's amenities are expected to include a beach volleyball area, Zen garden, lap pool with cascading waterfalls, poolside bar, basketball court, multi-purpose court, THX-certified theatre, an open park, playgrounds, and restaurants. The property is located beside the SM Bicutan mall in Parañaque City. The development targets the affordable housing segment, and is expected to consist of approximately 5,000 units and have a total GFA (with parking) of 328,925 sq.m. The first three towers of Rio, Santorini and St. Tropez have already been completed, and the remaining 6 towers are expected to be completed from 2016 to 2018. As of 30 September 2014, 90% of the development has been sold.

The Residences at Commonwealth

The Residences at Commonwealth is a 4.4-hectare project of the Company and its first master-planned residential community development in Quezon City. The eight-tower project is located in Commonwealth Avenue within the vicinity of a shopping centre, top schools, techno hubs, churches and major thoroughfares.

The Commonwealth by Century residential package includes liveable unit layouts with extended balconies, distinctive amenities that encourage outdoor and holistic social interaction, a community with open spaces, greenery and waterscapes; and 24-hour safety and security systems. The entire project will have a total GFA (with parking) of 187,016 sq.m. The 8 buildings are expected to be completed from 2015 to 2019. As of 30 September 2014, 84% of the development has been sold.

Canyon Ranch

The Canyon Ranch development, located in Carmona, Cavite, is a community south of Manila containing single family detached homes. This development is a part of the San Lazaro Leisure Park, which includes one of only two operating horse racing tracks in the Philippines. The Company acquired the right to develop the land and launched the project in May 2007. The project is a joint venture with the Manila Jockey Club. The development targets middle-income customers and is expected to consist of 934 single family detached homes situated on 280,300 sq.m. upon completion. The Canyon Ranch development is a 25-minute drive from Makati City and is highly accessible via the South Luzon Expressway or the Alabang Skyway. The project is close to several shopping destinations, including the Alabang Town Center, Festival Mall, SM Dasmariñas, Pavillion Mall, and Robinsons Place Dasmariñas. 820 houses have already been completed, with the remaining 114 houses expected to be completed on a per house basis based on when each house is sold. As of 30 September 2014, 95% of the development has been sold.

Asian Century Center

The planned office development in Fort Bonifacio will be the Company's first venture into the office property segment in Bonifacio Global City. It is a 23-story office building in Fort Bonifacio Global City, Taguig City. It is expected to have a total GFA (with parking) of approximately 53,685 sq.m., with the Company's share of 26,843 sq.m. Asian Carmakers Corp. will develop the building as planned and thereafter assign in favour of the Company, through its subsidiary CCDC, the usage rights over 50% of the building. The project is expected to be completed in 2017.

Land Bank

The Company has an aggregate land bank with a total site area of 2,000,970 sq.m. The Company believes that its disciplined land acquisition, usually through joint ventures or instalment sales, allows the Company to maintain a higher return on its equity compared to its peers and to have sufficient developable inventory for the next several years.

The table below sets forth Company's land bank as of the date of this Offering Circular.

Location	Land size (in sq.m.)
Batulao(1)	1,422,899
Novaliches (in Metro Manila)(1)	500,000
Pampanga(2)	78,071
Total	**2,000,970**

Notes:
(1) No development to date.
(2) Pre-sales commenced in the third quarter of 2014 but there has been no development to date.

Land Acquisition

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

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

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

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

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

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

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

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

Project Design

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

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

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

Project Development and Construction

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

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

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

Marketing and Sales

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

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

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

Sales and Customer Financing

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

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

After Sales Services

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

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

Employees

The Company has 3,304 employees as of 30 September 2014.

The Company's employees are primarily engaged in development operations, construction, property management, as well as sales and marketing. The Company's local and international marketing and distribution network consists of 510 exclusive agents as of 30 September 2014.

The following table shows a breakdown of the employees and agents of the Company.

	As of 30 September 2014
Development operations	405
Sales and marketing	11
Construction	2,612
Property management	276
Total Employees	**3,304**
Agents on payroll	433
Agents on commission	2,928
Brokers	570
Total Agents	**3,931**

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

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

The total employee remuneration program provided by the Company has been designed to help compete in the marketplace for quality employees and the Company believes that these packages are in line with industry standards in the Philippines. The Company provides long term incentive programs such as housing program, employees stock option plan and retirement program. The Company conducts annual performance reviews and reward employees with annual salary increases, if merited. The Company's goal is to position itself as an employer of choice in the Philippines. The employees are not covered by a collective bargaining agreement and no employee belongs to a labour union. There has been no loss of work due to any labour disputes.

Insurance

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

Competition

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

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

Suppliers

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

Customers

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

Intellectual Property

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

The Company does not believe that its business is dependent on any individual patent, trademark, copyright or other intellectual property.

Litigation

The Company is involved in legal proceedings from time to time in the ordinary course of business. As of the date of this Offering Circular, the Company is not involved in any legal proceeding which may have or have had in the 12 months preceding the date of this Offering Circular a significant effect on the financial position of the Company.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Stockholders and the Board of Directors
Century Properties Group Inc.

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Century Properties Group Inc. and Subsidiaries as at September 30, 2014 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the nine months ended September 30, 2014 and 2013, and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with Philippine Accounting Standards (PAS) 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with PAS 34, “Interim Financial Reporting”.

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna

Jessie D. Cabaluna
Partner
CPA Certificate No. 36317
SEC Accreditation No. 0069-AR-3 (Group A),
February 14, 2013, valid until February 13, 2016
Tax Identification No. 102-082-365
BIR Accreditation No. 08-001998-10-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 4751262, January 5, 2015, Makati City

January 26, 2015

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(WITH COMPARATIVE AUDITED FIGURES AS OF DECEMBER 31, 2013)

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱ 2,777,131,400**	₱ 1,438,887,780
Receivables (Note 6)	**8,326,563,122**	5,876,832,431
Real estate inventories (Note 7)	**8,420,626,694**	7,026,881,612
Land held for future development (Note 8)	**86,313,185**	86,313,185
Due from related parties (Note 25)	**309,762,247**	177,322,678
Advances to suppliers and contractors (Notes 9 and 25)	**1,198,667,005**	1,314,881,003
Prepayments and other current assets (Note 10)	**1,852,459,669**	1,265,883,423
Derivative asset (Note 26)	**66,496,727**	29,925,021
Total Current Assets	**23,038,020,049**	17,216,927,133
Noncurrent Assets		
Real estate receivables—net of current portion (Note 6)	**3,213,068,584**	3,216,988,358
Land held for future development—net of current portion (Note 8)	**388,333,944**	380,000,000
Deposits for land purchase (Note 11)	**584,116,149**	154,542,087
Available-for-sale financial assets	**9,481,017**	9,481,017
Investment in and advances to joint venture (Note 12)	**113,837,551**	48,775,736
Investment properties (Note 13)	**4,260,275,290**	4,039,058,003
Property and equipment (Note 14)	**123,347,329**	157,760,697
Intangible assets (Note 15)	**34,200,593**	17,971,655
Deferred tax assets (Note 24)	**149,723,762**	124,696,676
Other noncurrent assets (Note 16)	**1,192,672,920**	799,819,726
Total Noncurrent Assets	**10,069,057,139**	8,949,093,955
	₱33,107,077,188	₱26,166,021,088

(Forward)

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 17)	**₱ 5,057,228,580**	₱ 4,226,008,124
Customers' advances and deposits (Note 18)	**2,483,517,909**	2,222,749,481
Short-term debt (Note 19)	**570,457,035**	579,743,773
Current portion of:		
Long-term debt (Note 19)	**1,269,011,014**	1,178,233,690
Liability for purchased land (Note 8)	**77,815,987**	405,531,337
Due to related parties (Note 25)	**35,738,658**	31,909,492
Income tax payable	**19,858,640**	5,833,893
Total Current Liabilities	**9,513,627,823**	8,650,009,790
Noncurrent Liabilities		
Long-term debt—net of current portion (Notes 19)	**5,913,035,709**	4,281,167,759
Bonds payable (Notes 20)	**2,654,771,538**	—
Liability for purchased land—net of current portion (Note 8)	**28,341,162**	28,341,162
Pension liabilities	**148,881,300**	142,710,475
Deferred tax liabilities (Note 24)	**2,042,159,958**	1,628,751,695
Other noncurrent liabilities	**41,763,183**	—
Total Noncurrent Liabilities	**10,828,952,850**	6,080,971,091
Total Liabilities	**20,342,580,673**	14,730,980,881
Equity		
Capital stock (Note 28)	**5,140,853,731**	5,140,853,731
Additional paid-in capital	**2,639,742,141**	2,639,742,141
Treasury shares (Note 28)	**(24,711,695)**	(22,521,542)
Equity reserves	**(6,970,678)**	(6,970,678)
Retained earnings (Note 28)	**5,075,204,428**	3,743,557,967
Unrealized loss on available-for-sale financial assets	**(3,192,061)**	(3,192,061)
Remeasurement loss on defined benefit plan	**(56,429,351)**	(56,429,351)
Total Equity	**12,764,496,515**	11,435,040,207
	₱33,107,077,188	₱26,166,021,088

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Nine Months Ended September 30	
	2014 (Unaudited)	2013 (Unaudited)
REVENUE		
Real estate sales	**₱7,004,135,602**	₱6,973,182,218
Property management fee and other services	**217,308,124**	197,593,798
Leasing revenue (Note 13)	**105,997,071**	—
Interest and other income (Note 22)	**843,242,834**	918,478,613
Gain from change in fair value of derivative assets (Note 26)	**60,126,177**	—
	8,230,809,808	8,089,254,629
COSTS AND EXPENSES		
Cost of real estate sales (Note 7)	**4,273,487,906**	4,023,084,467
Cost of services	**167,966,200**	132,051,912
Cost of leasing (Note 13)	**71,854,105**	—
General, administrative and selling expenses (Note 23)	**1,547,446,653**	1,565,626,458
Interest and other financing charges (Note 19)	**40,536,329**	65,714,206
	6,101,291,193	5,786,477,043
INCOME BEFORE INCOME TAX	**2,129,518,615**	2,302,777,586
PROVISION FOR INCOME TAX (Note 24)	**613,400,578**	715,940,652
NET INCOME	**1,516,118,037**	1,586,836,934
OTHER COMPREHENSIVE INCOME	**—**	—
TOTAL COMPREHENSIVE INCOME	**₱1,516,118,037**	₱1,586,836,934
Basic/diluted earnings per share (Note 21)	**₱ 0.157**	₱ 0.171

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	For the nine months ended September 30, 2014 (Unaudited)							
	Capital Stock	**Additional paid-in capital**	**Treasury Shares**	**Retained Earnings**	**Equity Reserve**	**Unrealized Loss on AFS Financial Assets**	**Remeasurement Loss on Defined Benefit Plan**	**Total**
At January 1, 2014	**₱5,140,853,731**	**₱2,639,742,141**	**(₱22,521,542)**	**₱3,743,557,967**	**(₱6,970,678)**	**(₱3,192,061)**	**(₱56,429,351)**	**₱11,435,040,207**
Net income	**—**	**—**	**—**	**1,516,118,037**	**—**	**—**	**—**	**1,516,118,037**
Dividends declared (Note 28)	**—**	**—**	**—**	**(184,471,576)**	**—**	**—**	**—**	**(184,471,576)**
Acquisition of treasury shares (Note 28)	**—**	**—**	**(2,190,153)**	**—**	**—**	**—**	**—**	**(2,190,153)**
At September 30, 2014	**₱5,140,853,731**	**₱2,639,742,141**	**(₱24,711,695)**	**₱5,075,204,428**	**(₱6,970,678)**	**(₱3,192,061)**	**(₱56,429,351)**	**₱12,764,496,515**

	For the nine months ended September 30, 2013 (Unaudited)							
	Capital Stock	**Additional paid-in capital**	**Treasury Shares**	**Retained Earnings**	**Equity Reserve**	**Unrealized Loss on AFS Financial Assets**	**Remeasurement Loss on Defined Benefit Plan**	**Total**
At January 1, 2013	₱4,716,853,731	₱1,483,184,722	₱ —	₱2,083,278,407	(₱6,970,678)	(₱4,737,050)	(₱30,577,349)	₱ 8,241,031,783
Net income	—	—	—	1,577,772,165	—	—	—	1,577,772,165
Dividends declared (Note 28)	—	—	—	(184,529,487)	—	—	—	(184,529,487)
Issuance of shares (Note 28)	424,000,000	1,156,557,419	—	—	—	—	—	1,580,557,419
Acquisition of treasury shares (Note 28)	—	—	(22,521,542)	—	—	—	—	(22,521,542)
At September 30, 2013	₱5,140,853,731	₱2,639,742,141	(₱22,521,542)	₱3,476,521,085	(₱6,970,678)	(₱4,737,050)	(₱30,577,349)	₱11,192,310,338

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30	
	2014 (Unaudited)	2013 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱ 2,129,518,615**	₱ 2,302,777,586
Adjustments for:		
Interest expense (Note 19)	**19,533,010**	5,092,931
Depreciation and amortization (Notes 14 and 15)	**26,052,633**	39,850,893
Pension expense	**6,170,825**	33,643,142
Unrealized foreign exchange loss	**35,462,567**	—
Interest income	**(593,121,238)**	(450,992,188)
Gain from change in fair value of derivatives	**(60,126,177)**	—
Operating income before working capital changes	**1,563,490,235**	1,930,372,364
Decrease (increase) in:		
Receivables	**(1,878,529,468)**	(1,742,558,371)
Real estate inventories	**(982,136,139)**	(1,977,829,224)
Advances from suppliers and contractors	**116,213,998**	(195,241,765)
Prepayments and other current assets	**(586,576,246)**	(1,224,704,027)
Increase (decrease) in:		
Accounts and other payables	**831,220,456**	2,549,022,800
Customers' advances and deposits	**260,768,428**	(518,549,577)
Net cash used in operations	**(675,548,736)**	(1,179,487,800)
Interest received	**25,839,791**	36,495,106
Interest paid	**(375,011,938)**	(243,451,590)
Income tax paid	**(210,994,655)**	(172,520,381)
Net cash used in operating activities	**(1,235,715,538)**	(1,558,964,665)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Land held for future development (Note 8)	**(8,333,944)**	—
Deposits for land purchase (Note 11)	**(429,574,062)**	—
Investment in and advances to joint venture (Note 12)	**(65,061,815)**	(28,775,736)
Investment properties	**(205,017,962)**	(552,360,702)
Property and equipment (Note 14)	**(19,220,800)**	(65,847,748)
Intangible assets (Note 15)	**(19,213,561)**	(18,494,505)
Due from related parties	**(132,439,569)**	(11,907,705)
Other noncurrent assets	**(392,853,194)**	(797,453)
Net cash used in investing activities	**(1,271,714,907)**	(678,183,849)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availments of:		
Short-term debt	**792,401,052**	557,917,217
Long-term debt	**2,671,548,996**	2,491,255,492
Repayments of:		
Short-term debt	**(801,687,792)**	(492,378,273)
Long-term debt	**(960,811,817)**	(766,726,373)
Liability from purchased land	**(327,715,350)**	—
Additions to (payments to) to related parties	**3,829,167**	(45,247,250)
Payment of cash dividends (Note 28)	**(184,471,576)**	(184,436,193)
Acquisition of treasury shares	**(2,190,153)**	(22,521,542)
Issuance of bonds payable (net of financing costs) (Note 20)	**2,654,771,538**	—
Issuance of shares (Note 28)	**—**	1,580,557,419
Net cash from financing activities	**3,845,674,065**	3,118,420,497
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,338,243,620**	881,271,983
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,438,887,780**	901,825,739
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱ 2,777,131,400**	₱ 1,783,097,722

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Century Properties Group Inc. (the Parent Company), a publicly-listed company, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 6, 1975. The Parent Company is a 66.7%-owned subsidiary of Century Properties Inc. (CPI) and the rest by the public. The Parent Company and its subsidiaries (the Group) are primarily engaged in the development and construction of residential and commercial real estate projects.

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

2. Basis of Preparation and Summary of Significant Accounting Policies

Basis of Preparation

The interim condensed consolidated financial statements of the Group have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements as of and for the year ended December 31, 2013.

The interim condensed consolidated financial statements are presented in Philippine Peso (₱), which is the Group's functional and presentation currency. All amounts are rounded-off to the nearest Peso unless otherwise indicated.

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Parent Company and the following wholly owned subsidiaries, all incorporated in the Philippines, as at September 30, 2014 and December 31, 2013.

- Century Limitless Corporation (CLC)
- Century Properties Management, Inc. (CPMI)
- Century Communities Corporation (CCC)
- Century City Development Corporation (CCDC)
  - Century City Development Corporation II
  - Century Medical Development Corporation
  - Knightsbridge Residences Development Corporation*
  - Milano Development Corporation
  - Century City Development Corporation VII*
  - Century City Development Corporation VIII*
  - Century City Development Corporation X*
  - Century City Development Corporation XI*
  - Century City Development Corporation XII*
  - Century City Development Corporation XIV*
  - Century City Development Corporation XV*
  - Century City Development Corporation XVI*
  - Century City Development Corporation XVII*
  - Century City Development Corporation XVIII*
- Century Properties Hotel and Leisure Inc.

** Non-operating subsidiaries of CCDC*

Century Properties Hotel and Leisure Inc. was incorporated on March 27, 2014.

Liquidation of Non-operating CCDC Subsidiaries

On September 23, 2014, the BOD of non-operating CCDC subsidiaries approved the amendment of the articles of incorporation amending the date of the term of existence of these subsidiaries to until December 31, 2014.

Changes in Accounting Policies

The accounting policies adopted in the preparation of the Group's interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2013, except for the adoption of the following new and amended standards and Philippine Interpretations effective as of January 1, 2014. Except as otherwise indicated, the adoption of these new and amended standards and Philippine Interpretations, did not have any impact on the interim condensed consolidated financial statements.

The nature and the impact of each new standard and amendment are described below:

- PAS 32, *Financial Instruments: Presentation—Offsetting Financial Assets and Financial Liabilities* (Amendments)

  These amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group's financial position or performance.

- PAS 36, *Impairment of Assets—Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)

  These Amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement* on the disclosures required under PAS 36. In addition, these Amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These Amendments are effective retrospectively with earlier application permitted, provided PFRS 13 is also applied. The application of these Amendments has no material impact on the disclosure in the Group's consolidated financial statements.

- *Investment Entities* (Amendments to PFRS 10, PFRS 12 and PAS 27)

  These Amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10, *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These Amendments have no impact to the Group, since none of the entities within the Group qualifies to be an investment entity under PFRS 10.

- Philippine Interpretation IFRIC 21, *Levies*

  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, consistent with the requirements of IFRIC 21 in prior years.

- PAS 39, *Financial Instruments: Recognition and Measurement—Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)

  These Amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior years.

Annual Improvements to PFRSs (2010-2012 cycle)

- PFRS 13, *Fair Value Measurement* (Amendment)

  The Amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This Amendment has no impact on the Group.

New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to December 31, 2014

The Group will adopt the following relevant standards and interpretations when these become effective.

Effective 2015

- PAS 19, *Employee Benefits—Defined Benefit Plans: Employee Contributions* (Amendments)

  The Amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The Amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014. It is not expected that this amendment would be relevant to the Group since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)

The Annual Improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 2, *Share-based Payment—Definition of Vesting Condition*

  The Amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This Amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This Amendment does not apply to the Group as it has no share-based payments.

- PFRS 3, *Business Combinations—Accounting for Contingent Consideration in a Business Combination*

  The Amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The Amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this Amendment for future business combinations.

- PFRS 8, *Operating Segments—Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*

  The Amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The Amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. The Amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PAS 16, *Property, Plant and Equipment* and PAS 38*, Intangible Assets- Revaluation Method—Proportionate Restatement of Accumulated Depreciation and Amortization—Revaluation Method—Proportionate Restatement of Accumulated Depreciation*

  The Amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The Amendment has no impact on the Group's financial position or performance.

- PAS 24, *Related Party Disclosures—Key Management Personnel*

  The Amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The Amendments affect disclosures only and have no impact on the Group's financial position or performance.

Annual Improvements to PFRSs (2011-2013 cycle)

The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards. The Amendments are effective for annual periods beginning on or after January 1, 2015 and are applied prospectively. Earlier application is permitted.

- PFRS 3, *Business Combinations—Scope Exceptions for Joint Arrangements*

  The Amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The Amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.

- PFRS 13, *Fair Value Measurement—Portfolio Exception*

  The Amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The Amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The Amendment has no significant impact on the Group's financial position or performance.

- PAS 40, *Investment Property*

  The Amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The Amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This Amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The Amendment has no significant impact on the Group's financial position or performance.

Effective 2016

- PAS 16, *Property, Plant and Equipment, and* PAS 38*, Intangible Assets—Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)

  The Amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. These Amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

- PAS 16, *Property, Plant and Equipment, and PAS 41, Agriculture—Bearer Plants* (Amendments)

  The Amendments change the accounting requirements for biological assets that meet the definition of bearer plants. These Amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

- PAS 27, *Separate Financial Statements—Equity Method in Separate Financial Statements* (Amendments)

  The Amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. These Amendments will not have any impact on the Group's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  These Amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The Amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- PFRS 11, *Joint Arrangements—Accounting for Acquisitions of Interests in Joint Operations* (Amendments)

  The Amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. These Amendments are not expected to have any impact to the Group.

- PFRS 14, *Regulatory Deferral Accounts*

  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Since the Group is an existing PFRS preparer, this standard would not apply.

Annual Improvements to PFRSs (2012-2014 cycle)

The following Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations—Changes in Methods of Disposal*
- PFRS 7, *Financial Instruments: Disclosures—Servicing Contracts*
- PFRS 7—*Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
- PAS 19, *Employee Benefits—regional market issue regarding discount rate*
- PAS 34, *Interim Financial Reporting—disclosure of information 'elsewhere in the interim financial report'*

Effective 2018

- PFRS 9, *Financial Instruments—Hedge Accounting and amendments to* PFRS 9, PFRS 7 and PAS 39 *(2013 version)*

  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

  The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

- PFRS 9, *Financial Instruments (2014 or final version)*

  In July 2014, the final version of PFRS 9, Financial Instruments, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, Financial Instruments: Recognition and Measurement, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

  The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

  The following new standard issued by the IASB has not yet been adopted by the FRSC:

- IFRS 15, *Revenue from Contracts with Customers*

  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

3. **Seasonality of Interim Operations**

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

4. **Segment Information**

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

The segments where the Group operate follow:

- Real estate development—sale of high-end, upper middle-income and affordable residential lots and units and lease of residential developments under partnership agreements
- 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.
- Leasing—lease of shopping mall and other commercial development

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

Details of the operations of the Group's operating segments for the nine months ended September 30, 2014 and 2013 are as follows:

Nine Months Ended September 30, 2014 (Unaudited)

	Real Estate Development	Leasing	Property Management	Adjustments and Elimination	Consolidated
Revenue	**₱7,004,135,602**	**₱105,997,071**	**₱217,308,124**	**₱ —**	**₱7,327,440,797**
Costs and expenses					
Cost of real estate sales and services	**4,273,487,906**	**71,854,105**	**167,966,200**	**—**	**4,513,308,211**
General, administrative and selling expenses	**1,495,424,776**	**13,232,344**	**38,789,533**	**—**	**1,547,446,653**
Operating income	**1,235,222,920**	**20,910,622**	**10,552,391**	**—**	**1,266,685,933**
Interest and other income	**1,229,628,480**	**—**	**35,705**	**(326,295,174)**	**903,369,011**
Interest and other financing charges	**(11,833,844)**	**(28,397,033)**	**(305,452)**	**—**	**(40,536,329)**
Income before income tax	**2,453,017,556**	**(7,486,411)**	**10,282,644**	**(326,295,174)**	**2,129,518,615**
Provision for income tax	**607,755,796**	**—**	**5,644,782**	**—**	**613,400,578**
Net income	**₱1,845,261,760**	**(₱7,486,411)**	**₱ 4,637,862**	**(₱326,295,174)**	**₱1,516,118,037**

Nine Months Ended September 30, 2013 (Unaudited)

	Real Estate Development	Leasing	Property Management	Adjustments and Elimination	Consolidated
Revenue	₱6,973,182,218	₱—	₱197,593,798	₱ —	₱7,170,776,016
Costs and expenses					
Cost of real estate sales and services	4,023,084,467	—	132,051,912	—	4,155,136,379
General, administrative and selling expenses	1,527,624,284	—	38,002,174	—	1,565,626,458
Operating income	1,422,473,467	—	27,539,712	—	1,450,013,179
Interest and other income	2,218,259,846	—	218,767	(1,300,000,000)	918,478,613
Interest and other financing charges	(65,347,478)	—	(366,728)	—	(65,714,206)
Income before income tax	3,575,385,835	—	27,391,751	(1,300,000,000)	2,302,777,586
Provision for income tax	707,723,127	—	8,217,525	—	715,940,652
Net income	₱2,867,662,708	₱—	₱ 19,174,226	(₱1,300,000,000)	₱1,586,836,934

The financial information about the segment assets and liabilities of these operating segments is summarized below:

As at September 30, 2014 (Unaudited)

	Real Estate Development	**Leasing**	**Property Management**	**Adjustments and Elimination**	**Consolidated**
Other information					
Segment assets	**₱41,158,439,092**	**₱2,535,912,948**	**₱131,813,074**	**(₱10,868,801,688)**	**₱32,957,353,426**
Deferred tax assets	**139,457,752**	**—**	**10,266,010**	**—**	**149,723,762**
Total Assets	**₱41,297,896,844**	**₱2,535,912,948**	**₱142,079,084**	**(₱10,868,801,688)**	**₱33,107,077,188**
Segment liabilities	**₱22,968,263,342**	**₱1,187,778,790**	**₱121,578,914**	**(₱5,977,200,331)**	**₱18,300,420,715**
Deferred tax liabilities	**2,042,159,958**	**—**	**—**	**—**	**2,042,159,958**
Total Liabilities	**₱25,010,423,300**	**₱1,187,778,790**	**₱121,578,914**	**(₱5,977,200,331)**	**₱20,342,580,673**

As at December 31, 2013 (Audited)

	Real Estate Development	Leasing	Property Management	Adjustments and Elimination	Consolidated
Other information					
Segment assets	₱39,040,843,595	₱—	₱120,101,571	(₱13,119,620,754)	₱26,041,324,412
Deferred tax assets	113,308,937	—	11,387,739	—	124,696,676
Total Assets	₱39,154,152,532	₱—	₱131,489,310	(₱13,119,620,754)	₱26,166,021,088
Segment liabilities	₱21,059,371,503	₱—	₱115,816,128	(₱8,072,958,445)	₱13,102,229,186
Deferred tax liabilities	1,628,751,695	—	—	—	1,628,751,695
Total Liabilities	₱22,688,123,198	₱—	₱115,816,128	(₱8,072,958,445)	₱14,730,980,881

5. **Cash and Cash Equivalents**

For the purpose of the interim consolidated statements of cash flows, cash and cash equivalents comprise the following:

	September 30		December 31,
	2014 (Unaudited)	2013 (Unaudited)	2013 (Audited)
Cash on hand	**₱ 104,783**	₱ 89,553	₱ 89,553
Cash in banks	**711,807,348**	979,013,083	752,888,375
Cash equivalents	**2,065,219,269**	803,995,086	685,909,852
	₱2,777,131,400	₱1,783,097,722	₱1,438,887,780

6. **Receivables**

This account consists of:

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Trade receivables:		
Real estate	**₱10,661,656,211**	₱ 8,091,813,331
Management fee	**69,918,242**	59,788,449
Auction fee and commissions	**2,394,043**	2,394,043
Receivable from employees	**160,042,287**	167,820,480
Advances to customers	**43,309,632**	54,260,184
Advances to related parties (Note 25)	**386,275,601**	299,746,751
Other receivables	**227,619,384**	430,411,490
	11,551,215,400	9,106,234,728
Allowance for impairment losses	**(11,583,694)**	(12,413,939)
	11,539,631,706	9,093,820,789
Noncurrent portion of real estate receivables	**(3,213,068,584)**	(3,216,988,358)
	₱ 8,326,563,122	₱ 5,876,832,431

Real estate receivables pertain to receivables from the sale of real estate properties including residential condominium units and subdivision house and lots. These are collectible in monthly installments over a period of one to five years and bear no interest. Titles to real estate properties are not transferred to the buyer until full payment has been made.

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 service agreement.

Auction fees and commissions are revenues earned by the Group in facilitating auction of properties and in marketing real estate properties developed by third parties and affiliates. Receivable from auction fees and commissions are due within 30 days upon billing.

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

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

Other receivables pertain mainly to advances made by the Group to the respective condominium corporations handling the management of the Groups' completed projects. These are due and demandable and bear no interest.

7. **Real Estate Inventories**

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

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Condominium units	**₱8,038,943,853**	₱6,758,571,290
Residential house and lots	**381,682,841**	268,310,322
	₱8,420,626,694	₱7,026,881,612

The rollforward of this account follows:

	For the Nine Months Ended September 30		For the Year Ended December 31, 2013
	2014 (Unaudited)	2013 (Unaudited)	(Audited)
At January 1	**₱ 7,026,881,612**	₱ 3,951,847,226	₱ 3,951,847,226
Construction costs incurred	**5,311,754,061**	5,977,457,989	8,376,075,033
Borrowing costs capitalized	**355,478,927**	238,358,659	414,987,894
Transfers from land held for future development (Note 8)	**—**	—	69,859,940
Transfers to investment properties (Note 13)	**—**	—	(568,101,023)
Transfers from investment properties (Note 13)	**—**	—	549,103,385
Cost of real estate sales	**(4,273,487,906)**	(4,023,084,467)	(5,766,890,843)
	₱ 8,420,626,694	₱ 6,144,579,407	₱ 7,026,881,612

General 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 to determine the borrowings eligible for capitalization ranges from 4.9% to 9.0% and 7.00% to 10.00% for the nine months ended September 30, 2014 and December 31, 2013, respectively.

The Group has various loans which are secured by its real estate inventories amounting to ₱4,645.50 (see Note 19).

8. **Land Held for Future Development**

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

This account consists of:

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Current:		
Land held by CLC	**₱ 86,313,185**	₱ 86,313,185
Noncurrent:		
Land held by CCC	**388,333,944**	380,000,000
	₱474,647,129	₱466,313,185

Land held by CLC

On October 29, 2008, CLC entered into a contract to sell (CTS) with the United Coconut Planters Bank (UCPB) to purchase 24,837 square meters (sqm) of industrial lot situated in Mandaluyong City. Also, on April 5, 2011, CLC acquired adjacent lot with an area of 14,271 sqm under the registered name of Noah's Ark Sugar Refinery.

In 2013, land held for future development of CLC amounting to ₱44.79 million which started the design and development phase was transferred to real estate inventories (Note 7).

Land held by CCC

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

Outstanding balance of the liability from the purchased land presented in the interim condensed consolidated statements of financial position amounted to ₱106.16 million and ₱433.87 million as of September 30, 2014 and December 31, 2013, respectively.

Land held by CCDC

In 2013, land held for future development of CCDC amounting to ₱25.07 million which started the design and development phase was transferred to real estate inventories (Note 7).

9. **Advances to Suppliers and Contractors**

Advances to suppliers and contractors amounting to ₱1,198.67 million and ₱1,314.88 million as of September 30, 2014 and December 31, 2013, respectively, are recouped in subsequent progress billings.

10. **Prepayments and Other Current Assets**

This account consists of:

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Deferred selling expenses (Note 16)	**₱ 660,873,677**	₱ 612,724,820
Input taxes	**648,507,093**	308,272,743
Creditable withholding taxes	**303,158,745**	235,925,863
Marginal deposits	**76,368,600**	6,957,971
Prepaid expenses	**59,261,710**	11,530,405
Advances to land owners	**37,962,896**	19,730,341
Tax credit certificates	**3,425,638**	983,391
Others	**62,901,310**	69,757,889
	₱1,852,459,669	₱1,265,883,423

Deferred selling expenses pertain to costs incurred in selling real estate projects prior to its development. These capitalized costs shall be charged to expense in the period in which the construction begins and the related revenue is recognized.

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 property management fees and real estate sales.

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

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

Advances to land owners represent the minimum share of the land owners in relation to certain completed projects of the Group. In accordance with the respective agreements, the Group advanced these shares in significant installments throughout the term of the project. The advances shall be deducted from the proceeds of the sales and collection of the land owners.

Management has assessed that the settlement of these advances is within one year based on the pre-selling and development activities that are currently in progress.

Tax credit certificates pertain to the Group's claims granted by the Bureau of Internal Revenue in relation to income and value added tax refunds. Tax credit certificates and creditable withholding taxes will be applied against income tax payable.

11. **Deposits for Land Purchase**

The movement in this account for the nine months ended September 30, 2014 pertains to the payments made to property owner for the acquisition of parcels of land in Novaliches, Quezon City in the amount of ₱429.57 million.

12. **Investment in and Advances to Joint Venture**

In 2013, the Parent Company entered into a joint venture agreement with Asian Carmakers Corp. and other individuals which aim to create an entity, A2Global Inc., with the primary purpose to develop, own and manage properties of all kinds and nature and to develop them into economic and tourism zones, golf course, theme parks and all other forms of leisure estates.

On February 26, 2013, the Parent Company purchased 122,200 shares in A2Global Inc. with a purchase price of ₱3.06 million, resulting to a 48.88% ownership. A2Globa Inc., which is still in pre-operating stage, has six directors, three from the Parent Company and three from Asian Carmakers Corp.

According to its by-laws, most of the major business decisions of A2Global Inc. shall require the majority decision of the board of directors (BOD). Because the BOD is equally represented, the arrangement is considered a joint venture and accounted for using the equity method.

During the nine months ended September 30, 2014, the Parent Company made additional advances amounting to ₱65.06 million.

Total investment in and advances made by the Parent Company to A2Global Inc. for working capital and other expenses amounted to ₱113.84 and ₱48.78 million as of September 30, 2014 and December 31, 2013, respectively.

13. **Investment Properties**

The Group's investment properties are classified as shown below:

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Undeveloped land	**₱ 3,796,653**	₱ 3,796,653
Construction-in-progress	**1,740,605,887**	4,035,261,350
Completed	**2,515,872,750**	—
	₱4,260,275,290	₱4,039,058,003

Movements in this account follow:

	For the Nine Months Ended September 30		For the Year Ended December 31, 2013 (Audited)
	2014 (Unaudited)	2013 (Unaudited)	
At January 1	**₱4,039,058,003**	₱1,920,129,185	₱1,920,129,185
Construction-in-progress	**221,217,287**	552,360,702	1,059,653,495
Transfers from land held for future development	**—**	—	1,040,277,685
Transfers from real estate inventories (Note 7)	**—**	—	568,101,023
Transfers to real estate inventories (Note 7)	—	—	(549,103,385)
	₱4,260,275,290	₱2,472,489,887	₱4,039,058,003

Investment properties are stated at fair value, which have been determined based on valuations performed by Cuervo Appraisers, Inc., an accredited independent valuer, as of December 31, 2013. Cuervo Appraisers, Inc. is an industry specialist in valuing these types of investment properties. The value of the land was estimated by using the Sales Comparison Approach. In Sales Comparison Approach, the value of the land is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. Accordingly, the fair value of the land is classified under Level 3 of the fair value hierarchy.

Capitalized borrowing costs included in investment properties amounted to ₱3.32 million and ₱24.57 million for the nine months ended September 30, 2014 and 2013, respectively.

The Group recognized leasing revenue amounting to ₱106.00 million and incurred cost of leasing amounting ₱71.85 million in relation to the completed investment properties.

14. **Property and Equipment**

The Group acquired property and equipment amounting to ₱19.22 million during the nine months ended September 30, 2014. Depreciation expense amounted to ₱23.07 million and ₱38.33 million for the nine months ended September 30, 2014 and 2013, respectively.

The total capitalized depreciation expense amounted to ₱30.57 million and ₱27.82 million as of September 30, 2014 and 2013, respectively.

15. **Intangible Assets**

The Group acquired additional software and trademarks during the nine months ended September 30, 2014 amounting to ₱19.21 million. Amortization expense amounted to ₱2.98 million and ₱1.52 million for the nine months ended September 30, 2014 and 2013, respectively.

16. **Other noncurrent assets**

This account consists of:

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Deferred selling expenses	**₱ 979,126,377**	₱702,609,792
Deferred financing costs (Note 19)	**90,409,737**	—
Rental deposit	**56,924,903**	46,023,100
Land	**41,763,183**	41,763,183
Miscellaneous deposits	**8,290,781**	8,285,781
Others	**16,157,939**	1,137,870
	₱1,192,672,920	₱799,819,726

Deferred selling expenses pertain to costs incurred in selling real estate projects prior to its development. These capitalized costs shall be charged to expense in the period in which the construction begins and the related revenue is recognized.

Deferred financing costs pertain to transaction costs incurred in obtaining certain loan facility; however, no availment was made as of September 30, 2014. These deferred financing costs will be amortized upon availment of the loan facility (see Note 19).

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

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

Miscellaneous deposits pertain primarily to utility deposits related to the construction activities of the Group.

17. **Accounts and Other Payables**

This account consists of:

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Accounts payable	**₱4,872,239,059**	₱3,814,033,192
Retentions payable	**86,144,841**	75,778,739
Accrued expenses	**62,022,105**	142,775,830
Payable to related parties (Note 25)	**11,482,032**	151,495,380
Other payables	**25,340,543**	41,924,983
	₱5,057,228,580	₱4,226,008,124

Accounts payable is attributable to the construction costs incurred by the Group. These are noninterest-bearing and with normal terms of 15 to 60 days.

Retentions payable are noninterest-bearing and with normal term 30 days upon completion of the relevant contracts.

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

18. **Customers' Advances and Deposits**

The Group requires buyers of residential units to pay a minimum percentage of the total selling price as deposit before a sale transaction is recognized. In relation to this, the customers' advances and deposits represent payments from buyers which have not reached the minimum required percentage. When the level of required payment is reached by the buyer, a sale is recognized and these deposits and downpayments will be applied against the related installment contracts receivable.

The account also includes the excess of collections over the recognized receivables based on percentage of completion. As of September 30, 2014 and December 31, 2013, customers' advances and deposits amounted to ₱2,483.52 million and ₱2,222.75 million, respectively.

19. **Short-term and Long-term Debt**

Short-term Debt

Short-term debt consists of:

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Trust receipts	**₱564,633,242**	₱572,844,302
Bank loans	**5,823,793**	6,899,471
	₱570,457,035	₱579,743,773

Trust receipts (TRs) are obtained for the purchase of construction materials for CLC and CCDC's projects with a weighted average interest rate 5.80% per annum payable monthly or quarterly in arrears and full payment of principal balance is at maturity of one year with option to prepay or partially pay principal before maturity.

Bank loans pertain to short-term promissory note (PN), which was obtained from a local bank for CPMI's additional working capital requirements. This was renewed by CPMI each year for the same terms and rates of interest. The PN has a term of one (1) year, the full payment of which is to be made at maturity date at a fixed interest rate of 6.74% per annum.

Long-term Debt

Long-term debt consists of:

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Payable under CTS financing	**₱1,787,125,514**	₱1,307,402,985
Bank loan—Philippine Peso	**5,394,845,428**	4,151,607,312
Car loan financing	**75,781**	391,152
	7,182,046,723	5,459,401,449
Less current portion	**1,269,011,014**	1,178,233,690
	₱5,913,035,709	₱4,281,167,759

Payable under CTS financing

In 2014 and 2013, the Parent Company, CCDC and CLC obtained additional CTS financing from local banks amounting to ₱899.76 million and ₱130.27 million, respectively. These loans bear fixed interest rates ranging from 6.00% to 8.50%.

The proceeds of the loans were used in the construction of its real estate projects subject to interest rate ranging from 6.00% to 8.50% per annum. The related promissory notes have terms ranging from thirty-six (36) to forty-eight (48) months and are secured by the buyer's post-dated checks, the corresponding CTS, and parcels of land held by the Parent Company. CCDC and CLC retain the assigned receivables in the "Trade receivables" account and record the proceeds from these assignments as "Long-term debt".

Bank loan—Philippine Peso

Parent Company

On June 11, 2013, the Parent Company entered into a loan syndication agreement with Standard Chartered Bank (SCB) to finance the planned construction and development of its properties. This loan has a facility agreement of up to ₱4,200.00 million or its USD equivalent. Under this agreement, the utilization of the loan shall be subjected to the provisions of the USD Facility agreement and PHP Facility agreement. The percentage rate per annum for loans pertaining to the USD facility agreement is the LIBOR rate on the determined quotation day plus a 4.00% margin. For loans pertaining to the PHP facility agreement, the percentage rate per annum is the higher of (i) the rate of interest determined at the specified time on the relevant quotation day for the loan based on 3 month PDST-F plus a 4.00% margin or (ii) the rate of interest determined at the specified time on the relevant quotation day for the loan based on BSP overnight borrowing rate plus a 2.50% margin. As of September 30, 2014 and December 31, 2013, the loan balance amounted to ₱3,427.23 million and ₱2,160.29 million, respectively. The Parent Company received funds with an aggregate amount ₱1,255.04 million in 2014 and ₱2,232.63 million in 2013.

Consequently, the Parent Company has incurred transaction costs attributable to the loan syndication agreement totaling ₱119.54 million. These transactions costs that are directly attributable to the acquisition of the loan syndication agreement are deferred and recognized over the term of the loan using effective interest rate method when the loan are availed. The allocated transaction costs for the loans that are not yet utilized which are lodged under "Prepayments and other current assets" amounted to ₱6.61 million and ₱47.19 million as of September 30, 2014 and December 31, 2013, respectively.

In 2013, the Parent Company obtained additional loan from a local bank amounting to ₱56.25 million. This loan bears interest rate at three months PDST bases rate plus 5% spread payable quarterly. Principal repayment of ₱3.75 million is scheduled to start at the fifteenth month after the date of the initial borrowing. Repayments of principal balance amounted to ₱11.25 million for the nine months ended September 30, 2014.

Subsidiaries

In 2013 and 2012, CCDC obtained peso-denominated loans from local banks amounting to ₱300.00 million and ₱500.00 million, respectively to finance the construction costs of its projects at interest rate ranging from 6.25% to 8.50% payable in three to five years. As of September 30, 2014 and December 31, 2013, loans from these local banks amounted to ₱800.00 million.

In 2014, CCDC obtained additional loans from a local bank amounting to ₱500.00 million which shall be used to finance the construction of its projects. Principal repayment is provided with a grace period of one year, thereafter, an equal yearly amortization of ₱50.00 million to commence on its second year up to fifth year. The remaining ₱300.00 million shall be paid upon its maturity. Interest payment shall be computed on the outstanding principal amount of the loan; at a fixed rate of 6.00% per annum.

During 2013 and 2012, CLC obtained a peso-denominated loan from a local bank amounting to ₱322.00 million and ₱400.00 million, respectively, with terms of two years at interest rate of 1.00% per annum or the prevailing three month PDST-F on Interest Setting Date plus a credit spread of 3.50% per annum, whichever is higher. Principal repayment is scheduled within two years from and after the date of the initial borrowing, inclusive of a grace period of one year on principal repayment. In 2014 and 2013, principal repayments of these loans amounted to ₱426.03 million and ₱96.17 million, respectively. As of September 30, 2014 and December 31, 2013, the unpaid principal amount of these loans amounted to ₱199.80 million and ₱625.83 million.

Additionally in 2012, CLC obtained a ₱500.00 million secured transferrable term loan facility at interest rate of 2.75% per annum plus bank's cost of funds. Principal payment is scheduled within three years from the date of the agreement. In 2014 and 2013, principal repayments of these loans amounted to ₱150.00 million and ₱50.00 million, respectively. As of September 30, 2014 and December 31, 2013, the unpaid principal amount of these loans amounted to ₱300.00 million and ₱450.00 million.

Moreover, in 2014 and 2013, CLC obtained additional loans from certain local bank amounting to ₱89.09 million and ₱50.00 million, respectively. This loan bears a fixed interest rate of 5.00% to 9.00% per annum. Repayments for these loans amounted to ₱15.58 million and ₱0.70 million in 2014 and 2013, respectively. As of September 30, 2014 and December 31, 2013, the unpaid principal amount of these loans amounted to ₱122.81 million and ₱49.3 million.

Security and Debt Covenants

Certain bi-lateral, trust receipts, payables under CTS financing and bank loans have mortgaged property wherein such property can no longer 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, 2014, the carrying values of the properties mortgaged for trust receipts, payables under CTS financing and bank loans were ₱792.40 million, ₱1,035.47 million and ₱6,149.73 million, respectively.

Certain bi-laterals have the covenants to include maintenance of a debt-to-equity ratio of not more than 2.33 and 3.00, and a debt service coverage ratio of at least 1.5x. The syndicated term loan has a covenant, specific to the projects it is financing, of having loan to security value of no more than 50.00% and loan to gross development value of no more than 20.00%. Security value includes, among other things, valuation appraised by independent appraisers and takes into account the sold and unsold sales and market value of the properties.

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

Borrowing Costs

The total borrowing costs incurred by the Group from its short-term and long-term debts and bonds payable as of September 30, 2014 and 2013 amounted to ₱378.33 million and ₱268.02 million, respectively. Borrowing cost capitalized amounted to ₱358.80 million and ₱262.93 million during the nine months September 30, 2014 and 2013, respectively. Interest and other financing charges for the nine months ended September 30, 2014 and 2013 amounted to ₱40.54 million and ₱65.71 million, respectively.

New Facility Agreement

On June 13, 2014, CCDC signed a $30.00 million Secured Facility Agreement with Golden First Century Pte. Ltd., a company affiliated with Phoenix Property Investors. Proceeds from the facility shall be used to partly finance one of the company's project located in Century City, Makati. As of September 30, 2014, no drawdowns or availment was yet made from the facility.

Transaction costs incurred by the Company attributable to the Secured Facility Agreement amounted to ₱90.41 million. These transaction costs are recognized as deferred financing costs which will be amortized using effective interest method upon drawdowns or availment of the facility. The deferred financing costs are presented as part of "Others" under "Other noncurrent assets"

20. **Bonds Payable**

Bonds Payable

Bonds payable consists of the following:

Three-year bond	**₱1,187,360,000**
Five-and-half year bond	**1,393,530,000**
Seven-year bond	**119,110,000**
	2,700,000,000
Less: Unamortized transaction costs	**45,228,462**
	₱2,654,771,538

In 2014, CPGI raised ₱2.70 billion worth of SEC-registered unsecured fixed rate peso retail bonds due on September 2, 2017 for the three-year bonds, on March 2, 2020 for the five-and-half year bonds and on September 2, 2021 for the seven-year bonds.

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

21. **Earnings Per Share**

The Group's earnings per share for the nine months ended September 30, 2014 and 2013 were computed as follows:

	2014	2013
Net income attributable to the owners of the Parent Company	**₱1,516,118,037**	₱1,586,836,934
Weighted average number of shares	**9,655,164,363**	9,278,541,255
Basic/diluted earnings per share	**₱ 0.157**	₱ 0.171

22. **Interest and other income**

Interest and other income for the nine months ended September 30, 2014 and 2013 consists of:

	2014	2013
Interest income	**593,121,238**	450,992,188
Income from forfeited collections	**222,235,497**	293,078,407
Marketing fee income from joint ventures	**—**	96,734,583
Other income	**27,886,099**	77,673,435
	₱843,242,834	₱918,478,613

Income from forfeited collections includes both reservation fees that have prescribed from the allowable period of completing the requirements for such reservation as well as forfeited collections from defaulted contracts receivables that have been assessed by the Group's management as no longer refundable.

Marketing fee income from joint ventures is derived by from undertaking the marketing and sale of lots, being appointed as exclusive marketing agent of its real estate inventories.

Other income mainly consists of the penalties and other surcharges billed against defaulted installment contracts receivable. Real estate buyers are normally charged a penalty of 3% of the monthly installment for every month in arrears from the time the specific installment becomes due and payable.

23. **General, Administrative and Selling Expenses**

General, administrative and selling expenses for the nine months ended September 30, 2014 and 2013 consists of:

	2014	2013
Marketing and promotions	**₱ 544,583,558**	₱ 521,371,811
Salaries, wages and employee benefits	**337,942,694**	384,746,665
Commission	**354,829,572**	205,258,648
Professional fees	**87,005,156**	148,146,468
Taxes and licenses	**41,686,848**	98,134,267
Entertainment, amusement and recreation	**30,783,996**	27,242,933
Depreciation and amortization	**26,052,633**	39,850,893
Rent	**25,462,738**	34,992,520
Transportation and travel	**20,371,238**	30,180,862
Communication	**14,558,332**	14,401,158
Utilities	**9,795,038**	8,301,109
Supplies	**7,979,446**	6,342,355
Outside services	**7,210,660**	14,216,468
Miscellaneous	**39,184,744**	32,440,301
	₱1,547,446,653	₱1,565,626,458

24. **Income Tax**

The provision for income tax for the nine months ended September 30, 2014 and 2013 consists of:

	2014	2013
RCIT/MCIT	**₱221,366,451**	₱241,510,583
Final	**3,652,950**	3,119,018
	225,019,401	244,629,601
Deferred	**388,381,177**	471,311,051
	₱613,400,578	₱715,940,652

25. **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.

There have been no guarantees provided or received for any related party receivables or payables. The Group does not provide allowance relating to receivable from related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The effects of the foregoing transactions of the Group with related parties are shown under the following accounts in the interim condensed consolidated financial statements:

As of September 30, 2014

	Amount/ Volume	**Receivables and Advances to Contractors**	**Due from related parties**	**Terms**	**Conditions**
Ultimate Parent	**₱454,102,490**	**₱382,008,276**	**₱ 72,094,214**	**Noninterest bearing, due and demandable**	**Unsecured, no impairment**
Stockholders	**235,014,671**	**—**	**235,014,671**	**Noninterest bearing, due and demandable**	**Unsecured, no impairment**
Other affiliates	**111,830,687**	**109,177,325**	**2,653,362**	**Noninterest bearing, due and demandable**	**Unsecured, no impairment**
	₱800,947,848	**₱491,185,601**	**₱309,762,247**		

	Amount/ Volume	**Accounts payable and other payables**	**Due to related parties**	**Terms**	**Conditions**
Stockholders	**₱27,729,425**	**₱ —**	**₱27,729,425**	**Noninterest bearing, due and demandable**	**Unsecured**
Other affiliates	**19,491,266**	**11,482,032**	**8,009,234**	**Noninterest bearing, due and demandable**	**Unsecured**
	₱47,220,691	**₱11,482,032**	**₱35,738,659**		

As of December 31, 2013

	Amount/ Volume	Receivables and Advances to Contractors	Due from related parties	Terms	Conditions
Ultimate Parent	₱299,746,751	₱299,746,751	₱ —	Noninterest bearing, due and demandable	Unsecured, no impairment
Stockholders	166,620,067	—	166,620,067	Noninterest bearing, due and demandable	Unsecured, no impairment
Other affiliates	76,432,611	65,730,000	10,702,611	Noninterest bearing, due and demandable	Unsecured, no impairment
	₱542,799,429	₱365,476,751	₱177,322,678		

	Amount Volume	Accounts payable and other payables	Due to related parties	Terms	Conditions
Stockholders	₱ 26,949,659	₱ —	₱26,949,659	Noninterest bearing, due and demandable	Unsecured
Other affiliates	156,455,213	151,495,380	4,959,833	Noninterest bearing, due and demandable	Unsecured
	₱183,404,872	₱151,495,380	₱31,909,492		

Receivables from the Ultimate Parent amounting to ₱382.00 million and ₱299.75 million as of September 30, 2014 and December 31, 2013 pertain mainly to the assumption of pension obligation by the Parent Company in 2012. These also include advances to the Ultimate Parent to finance its operations.

Receivable from other affiliates pertain to advances made by the Parent Company for the operating requirements of its affiliates.

Due from related parties pertain to the intercompany advances provided by the Parent Company the Ultimate Parent, stockholders and other affiliates

Payables to related parties (included in the “Accounts Payable” and “Due to Related Parties”) pertain to advances received by the Group from stockholders and other affiliates.

The Group has contracted Century Properties Management Construction Corporation (CPMCC) as the project manager that will handle the construction activities of the Group. CPMCC is owned by one of the key management personnel of the Group. As of September 30, 2014 and December 31, 2013, advances made to CPMCC recognized under the "Advances to contractors and suppliers" account amount to ₱104.91 million and ₱65.73 million, respectively.

Significant transactions among the Parent Company and its subsidiaries during the period, which are eliminated during consolidation, are described below:

Outsourced service agreement between the Parent Company and its subsidiaries

In 2013, the subsidiaries entered into Omnibus Marketing, Logistics and Support Services Agreement with the Parent Company wherein the latter undertakes to secure, maintain, preserve, market, promote and enhance the economic value of the subsidiaries' projects in exchange for outsourced service fees.

Group On-loan agreement

In 2013, the subsidiaries entered into an On-Loan Agreement (the Agreement) with the Parent Company wherein the latter agreed to extend loan to the subsidiaries provided that the proceeds of the borrowings should solely be used to finance the construction and development of its properties. The said borrowing is from the proceeds of the syndicated loan entered into by the Parent Company with Standard Chartered Bank. The Agreement consists of other provisions that are based on the Omnibus Loan Agreement of the Parent Company with Standard Chartered Bank dated June 11, 2013.

26. **Fair Value Information**

Fair Value of Financial Instruments

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

Financial assets

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

Noncurrent real estate receivables—Fair value is based on undiscounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date using the remaining terms of maturity. The discount rate used ranged from 3.20% to 8.00% as of September 30, 2014 and December 31, 2013. The fair value of noncurrent real estate receivables amounted to ₱3,328.28 million and ₱3,216.99 million as of September 30, 2014 and December 31, 2013, respectively.

AFS financial assets—Fair values are based on quoted prices published in the market.

Other financial liabilities

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

The fair value of long-term debt and liability for purchased land are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used for long-term debt ranged from 2.50% to 4.44% as of September 30, 2014 and December 31, 2013. The fair value of long-term debt and liability for purchased land amounted to ₱7,298.40 million and ₱6,318.24 million as of September 30, 2014 and December 31, 2013, respectively.

The fair value of the cross-currency swaps and forward exchange contracts is calculated by using the interest rate parity concept.

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

As of September 30, 2014 and December 31, 2013, the fair value of the Group's derivative assets amounted to ₱66.50 million and ₱29.93 million, respectively.

Fair Value Hierarchy

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

Level 1: quoted (unadjusted prices) in active markets for identical assets and liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

The Group categorizes trade receivables and long-term debt under Level 3 as of September 30, 2014 and December 31, 2013. The fair value of these financial instruments is determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value.

As of September 30, 2014 and December 31, 2013, the Group held AFS financial assets comprising of quoted equity securities which are measured at fair value. Accordingly, such investments are classified under Level 1.

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

For the nine months ended September 30, 2014 and year ended December 31, 2013, 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.

27. **Contracts and Commitments**

CCDC

In 2013, CCDC entered into a contract with Giorgio Armani S.P.A, a company incorporated under the Laws of the Italian Republic for the interior design of CCDC's Century Spire project. Century Spire is a landmark project of CCDC in partnership with Armani/Casa Interior Design Studio. It will sell "residential units characterized by elegant spaces and graceful interiors, not to mention amazing views of the Makati Skyline".

On September 2, 2013, CCDC partnered with Forbes Media to launch the Forbes Media Tower, a commercial office building "designed to serve the world's business leaders by providing an environment to conduct business with premium amenities." This Tower will offer approximately 60,000 sqm of premium office space which will be available for sale and for rent to business owners, entrepreneurs and companies. In addition to office space, the building will provide meeting and event space with plans for a fine dining restaurant, fitness center and exhibition facilities.

CPGI

On October 31, 2013, the Parent Company signed a Memorandum of Agreement with Eagle I Landholdings, a Philippine affiliate of Universal Entertainment Corporation to develop 5 hectares of land within the 44 hectare site called "Manila Bay Resorts". The 5 hectare site will include luxury residential and retail properties that will total over 300,000 sqm of gross floor area upon completion.

In addition, the Parent Company has entered into an investment agreement with Eagle 1 whereby it will be issued with 432 million preferred shares, representing 36% of Eagle I's pro forma capital stock for $12.00 million.

28. **Equity**

Capital Stock

The details of the Parent Company's common shares follow:

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Authorized shares	**10,000,000,000**	10,000,000,000
Par value per share	**₱ 0.53**	₱ 0.53
Issued and subscribed shares	**9,699,724,027**	9,699,724,027

Increase in authorized capital stock and declaration of stock dividend

At a special meeting of the Board of Directors held on June 23, 2014, the Board of Directors of Century Properties Group Inc. approved the following resolutions:

(1) Approval of the increase in the authorized capital stock of Century Properties Group Inc. (the "Corporation") from Five Billion Three Hundred Million Pesos (₱5,300,000,000.00), divided into 10,000,000,000 common shares, par value of ₱0.53 Peso per share, to Nine Billion Five Hundred Forty Million Pesos (₱9,540,000,000.00) divided into Eighteen Billion 18,000,000,000 common shares with par value of ₱0.53 per share.

(2) Approval, ratification and confirmation subject to the consents and approvals, of the increase in the authorized capital stock of the Corporation at a price of ₱0.53 per share or at an aggregate price equivalent to Four Billion Two Hundred Forty Million Pesos (₱4,240,000,000.00) and the corresponding payment thereof by way of the declaration of stock dividends equivalent to Two Billion (2,000,000,000) common shares amounting to One Billion Sixty Million Pesos (₱1,060,000,000.00) to be taken out of the Corporation's retained earnings. This amount represents at least the minimum 25% subscribed and paid-up capital for the increase of the authorized capital stock from Ten Billion common shares to Eighteen Billion common shares with par value of ₱0.53 per share; to be issued as stock dividends to all shareholders as of record date.

The aforesaid resolutions were approved by the Stockholders during the Annual Stockholders' Meeting held last July 23, 2014.

Thus, Management intends to address the actual filing of the increase in capital stock, and execute the necessary updated resolutions subject to both the approval of the SEC and PSE.

Cash dividend declaration

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

Retained earnings

Retained earnings include the accumulated equity in undistributed net earnings of consolidated subsidiaries amounting to ₱5,075.20 million and ₱3,743.56 million as of September 30, 2014 and December 31, 2013, respectively. These amounts are not available for dividend declaration until these are declared by the subsidiaries.

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 will be up for buyback for a time period of up to 24 months.

As of September 30, 2014 and December 31, 2013, a total of 16.20 million shares were reacquired at a total cost of ₱24.71 million.

29. **Events After the Reporting Date**

Incorporation of Century Acqua Lifestyle Club Corporation (CALCC)

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

One Pacstar Realty Corporation and Two Pactstar Realty Corporation

On October 22, 2014, CLC entered into an agreement with La Costa Development Corporation, Inc. (La Costa) to take out the loan of La Costa with Union Bank of the Philippines in its name and for its sole account.

For and in consideration of the loan take out, La Costa will transfer, cede, and convey 196,250 shares of One Pacstar Realty Corporation (One Pacstar) and 42,250 shares of Two Pactstar Realty Corporation (Two Pacstar).

One Pacstar and Two Pacstar owns several condominium units of a low rise building in Makati which both CLC and La Costa both agreed to develop at some future time.

30. **Change in Accounting Estimate**

According to PIC Q&A 2006–01, the use of the percentage of completion method for revenue recognition is allowed for sales of property units under pre-completion contracts when equitable interest is transferred to the buyer, the seller is obliged to perform significant acts and the amount of revenue can be measured reliably.

In the process of applying the Group's accounting policies, management has made some judgments and estimates. One of these estimates is the collectability of the sales prices, which prompts the recognition of the Group's sales. 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 as of September 30, 2014. This decreased from 10% as of December 31, 2013 and September 30, 2013. Buyers' credit standings, past due, sales returns, as well as adopting equity requirement closer to prevailing industry practices in recognizing realized sales prompted the Group to revise the basis of estimating the level of buyers' payments wherein it is probable that economic benefits will flow to the Group.

The change in estimate increased the real estate sales, interest accretion and cost of real estate sale by ₱1,950.17 million, ₱349.73 million and ₱1,378.37 million, respectively, for the nine months ended September 30, 2014.

The effect of this change in the future periods is not disclosed because it cannot be estimated as it is dependent on future sales transactions.

31. **Approval of Financial Statements**

The interim condensed consolidated financial statements of the Group as of September 30, 2014 and for the nine months ended September 30, 2014 and 2013 were approved and authorized for issue by the BOD on January 26, 2015.