

COVER SHEET

					6	5	0		5	6	5	6	
							S.E.C	C. Re	gist	ratio	n Nı	umb	er
C E N T U R Y P R	COP	E ]	R T	I	E	S		G	R	0	U	Р	
				1	IL.	0		U	N	U	U	I	
INC.													
				-	1	1		1		I			
	Company'	s Full	Name	)									
35 <sup>th</sup> Floor, Century Diamond Tower, Century City, Kalayaan Avenue, Poblacion, Makati City (Business Address: No. Street City / Town / Province)													
JOHN PAUL C. FLORES								(632	2) 79	3550	00		
Contact Person						Co	ompa	ny T	Telep	hone	e Nu	ımb	er
1   2   3   1     Month   Day     Fiscal Year	-	- RM T	<b>Q</b> YPE							) 6 Ionth Innua		2 Da leeti	-
Secon Dept. Requiring this Doc.	ndary Lice	nse Ty	ype, If	Âpp			led A	rticl	es N	umb	er/S	ecti	on
			-	1			(D						
		<b>—</b>		<u>otal</u> 9,345				orro	wing	S			
							<u></u>						
To be accomplished by SEC Personnel concerned													
File Number		Ι	.CU					_					
Document I.D.		(	Cashie	r									
STAMPS													

Remarks = pls. use black ink for scanning purposes.



# SECURITIES AND EXCHANGE COMMISSION

# SEC FORM 17-Q

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

- 1. For the quarterly period ended: March 31, 2023
- 2. Commission identification number: 60566
- 3. BIR Tax Identification: <u>004-504-281-000</u>
- 4. Exact name of registrant as specified in its charter:

# **CENTURY PROPERTIES GROUP INC.**

- 5. Province, country or other jurisdiction of incorporation or organization: Metro Manila, Philippines
- 6. Industry Classification Code: (SEC Use Only)
- 7. Address of registrant's principal office/Postal Code: <u>35<sup>th</sup> Floor, Century Diamond Tower,</u> <u>Century City, Kalayaan Avenue, Makati City</u>
- 8. Registrant's telephone number, including area code: (632) 793-8905
- 9. 9. Former name, former address and former fiscal year, if changed since last report:
- 10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA:

Title of Each Class	No. of Shares of Stock Outstanding and Issued as of March 31, 2023
Common Shares	11,599,600,690 Outstanding Shares 100,123,000 Treasury Shares
Preferred Shares	30,000,000 Outstanding Shares

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

Yes [ ✓ ] No [ ]

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

# **Philippine Stock Exchange - All outstanding Common Shares and Preferred Shares**



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

Yes [ ✓ ] No [ ]

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

Yes [ ✓ ] No [ ]



# PART I – FINANCIAL STATEMENTS

### Item 1. Financial Statements

- Comparative Consolidated Balance Sheets as of March 31, 2023 and December 31, 2022
- Comparative Consolidated Statements of Income for the three months ended March 31, 2023 and 2022
- Comparative Consolidated Statements of Changes in Equity for the three months ended March 31, 2023 and 2022
- Comparative Consolidated Statements of Cash Flows for the three months ended March 31, 2023 and 2022.
- Notes to Consolidated Financial Statements

### Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations

- 1<sup>st</sup> Quarter 2023 vs. 1<sup>st</sup> Quarter 2022 Operating Results
- 1<sup>st</sup> Quarter 2023 vs. Full Year 2022 Financial Conditions
- Key Performance Indicators

# **PART II – OTHER INFORMATION**



	March 31, 2023	December 31, 2022
ASSETS	(Unaudited)	(Audited)
ASSE 15 Current Assets		
Cash and cash equivalents (Note 5)	₽6,797,409,024	₽4,130,877,582
Short-term investments (Note 6)	26,679,897	36,786,565
Receivables (Note 7)	9,962,159,745	9,845,284,321
Real estate inventories (Note 8)	17,256,080,853	17,723,397,564
Due from related parties (Note 17)	1,153,787,108	975,322,703
Advances to suppliers and contractors (Notes 9)	1,841,313,091	1,749,972,375
Other current assets (Note 14)	1,718,663,924	1,642,042,968
Total Current Assets	38,756,093,642	36,103,684,078
Noncurrent Assets		
Noncurrent portion of installment contracts receivable		
(ICR; Notes 2 and 6)	109,043,517	109,043,517
Deposits for purchased land (Note 10)	1,409,481,407	1,409,481,407
Investments in and advances to joint ventures and associate (Note 11)	275,367,104	275,367,104
Investment properties (Note 12)	12,394,980,010	12,394,980,010
Property and equipment (Note 13)	2,469,146,857	2,484,315,465
Deferred tax assets (Note 25)	33,204,518	33,204,518
Other noncurrent assets (Note 14)	1,220,272,796	1,121,024,349
Total Noncurrent Assets	17,911,496,209	17,827,416,370
TOTAL ASSETS	₽56,667,589,851	₽53,931,100,448
	100,007,007,007,007	155,751,100,110
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 15)	₽5,468,267,892	₽4,994,692,908
Contract liabilities (Notes 16)	2,514,916,730	2,769,098,151
Due to related parties (Note 17)	408,060,626	358,060,626
Short-term debt (Note 18)	181,631,190	235,141,310
Current portion of:		
Long-term debt (Note 18)	2,004,040,274	2,192,453,618
Bonds Payable (Note 19)	3,000,000,000	-
Liabilities from purchased land (Note 20)	67,200,000	67,200,000
Lease liabilities (Note 26)	15,434,671	15,434,671
Income tax payable	131,942,845	68,577,371
Other current liabilities (Note 27)	71,000,762	68,161,473
Total Current Liabilities	13,862,494,990	10,768,820,128
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt (Note 18)	8,286,231,204	8,813,861,924
Bonds Payable (Note 19)	5,873,878,381	5,917,253,923
Liability from purchased land (Note 20)	39,812,701	63,782,533
Lease liability (Note 26)	12,297,519	12,297,519
Pension liabilities (Note 24)	233,461,819	231,186,468
Deferred tax liabilities (Note 25)	2,532,241,227	2,542,144,918
Other noncurrent liabilities (Note 27)	1,782,623,477	1,789,211,161
Total Noncurrent Liabilities	18,760,546,328	19,369,738,446
Total Liabilities	32,623,041,318	30,138,558,574



	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Equity (Note 21)		
Capital stock – ₱0.53 par value		
Authorized – 15,000,000,000 shares		
Issued – 11,699,723,690 shares	₽6,200,853,553	₽6,200,853,553
Preferred Shares – ₱0.53 par value		
Authorized – 3,000,000 Shares		
Issued – 30,000,000 Shares	15,900,000	15,900,000
Additional paid-in capital	5,524,776,889	5,524,776,889
Treasury shares – 100,123,000 shares	(109,674,749)	(109,674,749)
Other components of equity	(683,197,961)	(683,197,961)
Retained earnings	10,637,731,382	10,514,098,828
Remeasurement gain (loss) on defined benefit plan	17,440,823	17,440,823
Total Equity Attributable to Equity Holders		
of the Parent Company	21,603,829,937	21,480,197,383
Non-controlling interest (Note 20)	2,440,718,596	2,312,344,491
Total Equity	24,044,548,533	23,792,541,874
TOTAL LIABILITIES AND EQUITY	₽56,667,589,851	₽53,931,100,448



	Three Months Ended March 31		
	2023	2022	
REVENUES			
Real estate sales	₽2,886,105,811	₽2,277,549,069	
Leasing revenue (Note 11)	312,429,545	215,622,988	
Property management fee and other services	110,853,639	96,674,831	
Hotel Revenue	7,371,753	_	
Interest income from real estate sales (Notes 15)	20,777,076	20,823,957	
	3,337,537,824	2,610,670,845	
COST AND EXPENSES			
Cost of real estate sales	1,702,149,785	1,352,096,657	
Cost of leasing (Note 11)	109,834,769	79,886,528	
Cost of services	71,608,602	64,318,566	
	1,883,593,156	1,496,301,751	
GROSS PROFIT	1,453,944,668	1,114,369,094	
GENERAL, ADMINISTRATIVE AND			
SELLING EXPENSES (Note 21)	885,080,084	658,395,684	
OTHER INCOME (EXPENSES)			
Interest and other income (Note 22)	104,775,812	90,650,011	
Loss from change in fair value of derivatives (Note 13)	_	-	
Interest and other financing charges	(273,477,010)	(219,360,975)	
Unrealized foreign exchange gain (Note 17)	_	-	
	(168,701,198)	(128,710,964)	
INCOME BEFORE INCOME TAX	400,163,386	327,262,446	
PROVISION FOR INCOME TAX (Note 24)	97,773,977	77,823,319	
NET INCOME	302,389,409	249,439,127	
<b>OTHER COMPREHENSIVE INCOME (OCI)</b>			
Items that will not be reclassified to profit or loss			
in subsequent periods:	_	_	
TOTAL COMPREHENSIVE INCOME	₽302,389,409	₽249,439,127	
Net income attributable to:			
Equity holders of the Parent Company (Note 20)	₽174,015,304	₽149,515,349	
Non-controlling interests (Note 20)	128,374,105	99,923,778	
	₽302,389,409	₽249,439,127	
Total comprehensive income attributable to:			
<b>Total comprehensive income attributable to:</b> Equity holders of the Parent Company (Note 20)	₽174,015,304	₽149,515,349	
Non-controlling interests (Note 20)	₽174,015,304 128,374,105	99,923,778	
	₽302,389,409	₽249,439,127	
		· · ·	
Basic/diluted earnings per share (Note 20)	₽0.011	₽0.009	



# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
CAPITAL STOCK (Note 21)	₽6,200,853,553	₽6,200,853,553
PREFERRED SHARES (Note 21)	15,900,000	15,900,000
ADDITIONAL PAID-IN CAPITAL (APIC; Note 21)	5,524,776,889	5,524,776,889
TREASURY SHARES (Note 21)	(109,674,749)	(109,674,749)
<b>RETAINED EARNINGS</b> (Note 21)		
Balance at beginning of year	10,514,098,828	9,814,339,360
Net Income	174,015,304	149,515,349
Cash dividends	(50,382,750)	(50,382,750)
Balance at end of period	10,637,731,382	9,913,471,959
OTHER COMPONENT OF EQUITY (Note 21)	(683,197,961)	(683,197,961)
REMEASUREMENT LOSS ON DEFINED BENEFIT PLAN	17,440,823	(42,504,741)
TOTAL EQUIY ATTRIBUTABLE TO PARENT COMPANY	21,603,829,937	20,819,624,950
NON-CONTROLLING INTEREST		
Beginning Balance	2,312,344,491	1,630,172,290
Net Income	128,374,105	99,923,778
Ending Balance	2,440,718,596	1,730,096,068
	₽24,044,548,533	₽22,549,721,018



2023 2022 **CASH FLOWS FROM OPERATING ACTIVITIES** Income before income tax ₽400,163,386 ₽327,262,446 Adjustments for: Interest and other financing charges 273,477,010 219,360,975 Depreciation (Note 22) 24,511,755 8,117,038 Interest income from cash and cash equivalents (Note 23) (19,343,620)(18, 812, 145)Operating income before working capital changes 678,808,531 535,928,314 Decrease (increase) in: Receivables (Notes 6 and 16) (116,875,424) 280,275,108 Real estate inventories (Notes 7) 510,649,030 232,956,140 Advances to suppliers and contractors (Note 8) (91,340,716) (127, 202, 264)Other assets (Note 13) (196,238,231) (161,862,362) Increase in: Accounts and other payables (Notes 15) 473,574,984 150,251,193 (254,181,421) Contract liabilities (Note 16) (96,749,956) (23,969,832) Liability from purchased land intended for development Other liabilities (3,748,394) 6,488,917 Net cash provided by (used in) operations 820,085,090 976,678,527 18,812,145 Interest received 19,343,620 Interest and other financing costs paid (360, 184, 872)(334,601,501)(139,697,942) Income taxes paid (29, 966, 131)Retirement benefits paid 2,275,351 2,486,624 Net cash provided by (used in) operating activities 608,146,495 367,084,416 **CASH FLOWS FROM INVESTING ACTIVITIES** Decrease (Increase) in due from related parties 10,106,668 (61, 124, 538)Additions to: (3,320,382) (1,420,318,068)Short-term investments Deposits for purchased land (Note 9) (71,604,733)(71,604,733) Property and equipment (Note 12) (128,464,405) (4,033,702)(121, 678, 119)(1,557,081,041) Net cash used in investing activities **CASH FLOWS FROM FINANCING ACTIVITIES** Increase in due to related parties Proceeds from: Availment of bonds payable 3,000,000,000 3,000,000,000 Payments of: Short-term and long-term debt (769,554,184) (128,673,681)Cash dividends (50, 382, 750)2,871,326,319 Net cash provided by financing activities 2,180,063,066 NET INCREASE IN CASH AND CASH EQUIVALENTS 2,666,531,442 1,681,329,694 **CASH AND CASH EOUIVALENTS AT BEGINNING OF PERIOD (Note 5)** 4.130.877.582 3.693.074.161 **CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)** ₽6,797,409,024 ₽5,374,403,855

Three-Month Period Ended March 31

See accompanying Notes to Interim Condensed Consolidated Financial Statement



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### **1. CORPORATE INFORMATION**

Century Properties Group Inc. (the Parent Company or CPGI), a publicly-listed company, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 6, 1975. The Parent Company is a 68.22%-owned subsidiary of Century Properties Inc. (CPI) and the rest by the public. The Group is primarily engaged in the development and construction of residential and commercial real estate projects.

The registered office address of the Parent Company is 35th Floor, Century Diamond Tower, Century City, Kalayaan Avenue, Poblacion, Makati City.

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

### **1.2 RECENT TRANSACTIONS**

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

On March 3, 2023, the Certificate of Permit to Offer Securities for Sale was approved by the Securities and Exchange Commission relative to the Parent Company's Second Tranche Offer of Fixed Rate Retail Bonds consisting of up to Two Billion Pesos (P2,000,000,000.00) with an Over-subscription Option of up to One Billion Pesos (P1,000,000,000.00), worth of Fixed Rate Bonds comprising of 6.5760% per annum three (3) year fixed rate bonds ("Series A Bonds"), 7.4054% per annum five (5) year fixed rate bonds ("Series B Bonds") and 7.6800% per annum seven (7) year fixed rate bonds ("Series C Bonds"), under its Six Billion Pesos (P6,000,000.00) Debt Securities Program Shelf Registration. This bond was listed at the PDEx on March 17, 2023. The bonds are rated "AA+" by Credit Rating and Investor Services Philippines Inc. (CRISP).

# **1.3 SUBSIDIARIES AND ASSOCIATE**

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

	Percentage of Ownership as of the Filing of the Report	
	Direct	Indirect
Century Communities Corporation (CCC)	100	-
Century City Development Corporation (CCDC)	100	-
Century Limitless Corporation (CLC)	100	-
Century Properties Management Inc. (CPMI)	100	-
Phirst Park Homes Inc. (PPHI)	60	-
Century Destinations and Lifestyle Corp. (Formerly Century Properties Hotel and Leisure, Inc.)	100	-
Century Nuliv Development Corporation (Formerly Century Prima Corp)	100	-



Currently, the Company has six wholly-owned subsidiaries Communities Corporation (CCC), Century City Development Corporation (CCDC), Century Limitless Corporation (CLC), Century Properties Management Inc. (CPMI), Century Properties Hotel and Leisure, Inc. (CPHLI) and Century Nuliv Development Corporation (CNDC) and a 60% owned subsidiary namely Phirst Park Homes Inc (PPHI). Through these Subsidiaries, CPGI develops, markets and sells residential, office, medical and retail properties in the Philippines, as well as manages residential and commercial properties in the Philippines.

# Century Communities Corporation

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

# Century City Development Corporation

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

### Century Limitless Corporation

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

### Century Properties Management, Inc.

Incorporated in 1989, CPMI is one of the largest property management companies in the Philippines, as measured by total gross floor area under management. CPMI currently has 58 projects in its portfolio, covering a total gross floor area of 3.45 million sq.m. CPMI has been awarded 18 safety and security distinctions from the Safety Organization of the Philippines.

# Century Destinations and Lifestyle Corp (CDLC)

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

# PHirst Park Homes Inc. (PPHI)

PHirst Park Homes Inc., incorporated on August 31, 2018, is the first-home division and brand of CPGI. Its projects are located within the fringes of Metro Manila and its target market are first-time homebuyers. Its current projects are located at Lipa and Batulao in Batangas, San Pablo and Calamba in Laguna, Naic, General Trias and Tanza in Cavite, Baliwag and Pandi in Bulacan, Tayabas in Quezon, Magalang in Pampanga, Balanga in Bataan and Gapan Nueva Ecija, which involve a multi-phase horizontal residential property and offer both Townhouse units & Single Attached units. PHirst Park Homes is a joint venture project between Century Properties Group Inc. and Mitsubishi Corporation with a 60-40% shareholding, respectively.



Century Nuliv Development Corporation (CNDC) (Formerly Century Prima Corp.)

Incorporated in 2020, CNDC shall focus on continuing Century's legacy of serving the needs of the premium and luxury market. Its subdivisions and enclaves consist of premium townvillas, house and lots, and low-rise, low-density condos located in Metro Manila and key growth cities in the Philippines. CNDC's developments feature innovative and inspired architectural designs and provide superior customer experience that is keenly attuned to primary home buyer preferences and new generation living. Century Nuliv Townvillas at Acqua is the brand's maiden project, strategically located within the award-winning Acqua Private Residences community in Mandaluyong City; followed soon after by a similar townvilla community within the Azure North Estate in San Fernando, Pampanga.

# 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Preparation

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

The accompanying consolidated financial statements have been prepared using the historical cost basis, except for investment properties. The consolidated financial statements are presented in Philippine Peso ( $\mathbb{P}$ ), which is the functional currency of the Parent Company and of all the investee companies. All amounts are rounded off to the nearest  $\mathbb{P}$ , except when otherwise indicated.

### Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting relief on the accounting for significant financing components as issued and approved by the SEC in response to the COVID-19 pandemic:

- a. Assessing if the transaction price includes a significant financing component discussed in Philippine Interpretations Committee (PIC) Questions and Answers (Q&A) No. 2018-12-D;
- b. Treatment of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E; and,
- c. Application of International Financial Reporting Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*).

These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers*, affecting the real estate industry:

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



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

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

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the section below under Changes in Accounting Policies and Disclosures.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and interpretations issued by PIC.

### **Basis of Consolidation**

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

	Percentage of Ownership		
	March 31,	December 31,	
	2023	2022	2021
Century Limitless Corporation (CLC)	100	100	100
Century Acqua Lifestyle Corporation (CALC)	100	100	100
Tanza Properties I, Inc. (TPI I)	60	60	60
Tanza Properties II, Inc. (TPI II)	60	60	60
Tanza Properties III, Inc. (TPI III)	60	60	60
Katipunan Prime Development Corporation (KPDC)	100	100	100
Century PHirst Corporation (CPC)*	100	100	100
Century Properties Management, Inc. (CPMI)	100	100	100
Siglo Suites, Inc. (SSI)	100	100	100
Siglo Commercial Management Corporation			
(SCMC)**	-	-	100
Century Communities Corporation (CCC)	100	100	100
Century City Development Corporation (CCDC)	100	100	100
Century City Development Corporation II (CCDC II)	100	100	100
Centuria Medical Development Corporation (CMDC)	100	100	100
Knightsbridge Residences Development Corporation**	-	-	100
Milano Development Corporation (MDC)	100	100	100
Century City Development Corporation VII**	-	-	100
Century City Development Corporation VIII**	-	-	100
Century City Development Corporation X**	-	-	100
Century City Development Corporation XI**	-	-	100
Century City Development Corporation XII**	-	-	100
Century City Development Corporation XIV**	-	-	100
Century City Development Corporation XV**	-	-	100
Century City Development Corporation XVI**	-	-	100
Century City Development Corporation XVII**	-	-	100
Century City Development Corporation XVIII**	-	-	100
Century Destination Lifestyle Corporation (CDLC)***	100	100	100
PHirst Park Homes, Inc. (PPHI)	60	60	60
Century Nuliv Development Corporation****	100	100	100
*formerly PHirst Park Homes Development Corporation (PPHDC) **liauidated during 2022			

\*\*liquidated during 2022

\*\*\* formerly Century Properties Hotel and Leisure Inc. (CPHLI)

\*\*\*\* formerly Century Prima Corporation. (CPC)



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

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

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

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

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

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

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

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

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2022, except for the adoption of new standards effective as of January 1, 2023. The Group has not early adopted any standard, interpretation, or amendment that has been issued but it is not yet effective.

Unless otherwise indicated, adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.



# Effective beginning on or after January 1, 2023

• Amendments to PAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023. The amendments have no impact on the Group.

• Amendments to PAS 8, Definition of Accounting Estimates

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments have no material impact on the Group.

• Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure of Accounting Policies

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments have no material impact on the Group.

# Future Changes in Accounting Policies

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

# Effective beginning on or after January 1, 2024

• Amendments to PAS 1, Classification of Liabilities as Current or Non-current



Effective beginning on or after January 1, 2025 • PFRS 17. Insurance Contracts

Deferred effectivity

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

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

		Deferral Period
a.	Assessing if the transaction price includes a significant financing	Until
	component as discussed in PIC Q&A 2018-12-D (as amended by	December 31, 2023
	PIC Q&A 2020-04)	
b.	Treatment of land in the determination of the POC discussed in	Until
	PIC Q&A 2018-12-E	December 31, 2023

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

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

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

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

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



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

The mismatch between the POC of the real estate projects and right to an amount of a consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements in case a full retrospective approach is applied. Depending on the approach of adoption, the adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented (full retrospective approach), and the opening balance of retained earnings (full retrospective approach and modified retrospective approach). The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach.

The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

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

The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

• IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)

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

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

On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda



Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

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

The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

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

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

On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost (Approach 3). PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group since it has previously adopted approach 3 in its accounting for sales cancellation which records the repossessed inventory at cost.

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

### Current versus Noncurrent Classification

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

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or



• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

### Cash and Cash Equivalents

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

### Short-term Investments

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

### Financial Instruments

# Initial recognition

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

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

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

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



# Subsequent measurement of financial assets

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

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

### Financial assets at amortized cost

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

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

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

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

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

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

### Classification of financial liabilities

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

- financial liabilities measured at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in accordance with PFRS 3.

As of March 31, 2023 and December 31, 2022, the financial liabilities of the Group are of the nature of financial liabilities at amortized cost (debt instrument). This accounting policy applies to the Group's "Accounts and other payables" (excluding customer's advances and statutory liabilities), "Due to related parties", "Short-term debt", Liability from purchased land", Long-term debt" and "Bonds Payable".



### **Reclassifications of Financial Instruments**

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

# Impairment of Financial Assets

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

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

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

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

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

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

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



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

# Derecognition of Financial Assets and Liabilities

# Financial assets

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

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

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

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

# Financial liabilities

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

# Write-off

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

# Offsetting Financial Instruments

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



# Fair Value Measurement

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

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

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

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

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

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

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

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

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

# Advances to Suppliers and Contractors

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

# Real Estate Inventories

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



Cost includes:

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

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

Real estate inventories include land held for future development. The Group has plans to construct and develop these parcels of land as a residential property for sale in the ordinary course of business. The physical construction activities have not commenced as of March 31, 2023 and December 31, 2022.

### Deposits for Purchased Land

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

### Borrowing Costs

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

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

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

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

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

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



of the investor's share of the net fair value of the investee's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is instead included as income in the determination of the share in the earnings of the investees.

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

### **Investment Properties**

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

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

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

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

# Property and Equipment

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

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its



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

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

	Years
Building	50
Office equipment	3 - 5
Computer equipment	3 - 5
Furniture and fixtures	3 - 5
Transportation equipment	5
Leasehold improvements	5 or lease term, whichever is shorter
Construction equipment	5
Right-of-use assets	3 - 6
Furniture and fixtures Transportation equipment Leasehold improvements Construction equipment	3 - 5 5 5 5 or lease term, whichever is shorter 5

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

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

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

It is the Group's policy to classify right-of-use assets as part of property and equipment.

### Leases

# Company as a lessee

# Right-of-use assets

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



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

### Lease liabilities

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

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

### Short-term leases

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

# Company as a lessor

# Operating Lease

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

# Creditable Withholding Tax (CWT)

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

### Impairment of Nonfinancial Assets

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



# Deposits for Preferred Shares Subscription

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

Prior to full payment and availability of the rooms, the Group accounts for the amounts received from the buyers of preferred shares as "Deposits for preferred shares subscription" classified as a liability under the "Other noncurrent liabilities" account, given that based on the terms of the contract, the preferred shares shall be entitled to any of the rights and benefits as stated above upon full payment of their shares and subject to the availability of the rooms. In 2022, the facility relating to the generation of NRRR was completed.

The deposits are fully refundable until such time that the asset is complete and readily available for use. Upon full payment and availability of the rooms and when the rights indicated above vest, the amounts received from the preferred shareholders are allocated between the equity and liability components. The amount allocated to the liability is classified as "Other noncurrent liabilities" and is accounted for as financial liabilities at amortized cost.

# Equity

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

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

### Retained earnings

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

# Treasury shares

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

### Non-controlling interest

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



### Revenue and Cost Recognition under PFRS 15

### Revenue from Contract with Customers

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

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

### Real estate sales

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

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

# Property management fee and other services

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

# *Cost of real estate sales*

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

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



# Leasing Revenue

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

# Income from Forfeited Collections

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

### Interest Income

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

### Other Income

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

### Cost of Leasing

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

### Cost of Services

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

### General and Administrative Expenses

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

# Contract Balances

### Installment contract receivables (ICRs)

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

# Contract liabilities

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



### Costs to Obtain Contract

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

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

### Pension Cost

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

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

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

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

# Income Taxes

### Current tax

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

### *Deferred tax*

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

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carry forward benefit of unused tax credits from the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary



differences and the carry forward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

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

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

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

# Value-added Tax (VAT)

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

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

### Foreign Currency Transactions

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

### Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on the Group's business segments is presented in Note 4 to the consolidated financial statements.

# Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income attributable to common stockholders by the weighted average number of common shares issued and outstanding during the year and adjusted to give retroactive effect to any stock dividends declared during the period. The net income attributable to common stockholders of the Parent Company is net of dividends attributable to preferred stockholders.

Diluted EPS is computed by dividing net income attributable to common equity holders by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common



shares. The calculation of diluted EPS does not assume conversion, exercise or other issue of potential common shares that would have an antidilutive effect on earnings per share.

As of March 31, 2023 and December 31, 2022, the Group has no potentially dilutive common shares.

### Events After the Reporting Date

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

# 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

### Judgments

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

# Material partly-owned subsidiaries

The consolidated financial statements include additional information about subsidiaries that have NCI that are material to the Company (see Note 21). Management determined material partly-owned subsidiaries as those with carrying value of NCI greater than 5% of total NCI as at end of the year.

### Existence of a contract

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

# Revenue recognition method and measure of progress

The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that



otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer of about 5% would demonstrate the buyer's commitment to pay.

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

### Incorporation of forward-looking information

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

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

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

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

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

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

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

• Quantitative criteria

The borrower is more than 90 days past due on its contractual payments, i.e. principal and/or interest, which is consistent with the regulatory definition of default.



# • Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is experiencing financial difficulty or is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter Bankruptcy or other financial reorganization
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

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

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

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

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

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



### *Receivable financing*

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

### Classification of deposit for preferred shares subscription

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

On December 15, 2022, the project was already completed, and Novotel Suites formally began its operations. Thus, the Group utilized a discounted cash flow model and used certain assumptions (including discount rate, annual average occupancy rate, performance growth rates, and a terminal value) to determine the value of the financial liability and equity component of the preferred shares. The model used (b) a pre-tax discount rate of 11.00% 2022 and (c) a growth rate of 5.00% applied beyond the 10th year projections in 2022, among others. The Group benchmarked these assumptions on similar performance drivers and industry outlook. Based on the calculation performed, the Group reclassified the equity portion amounting to ₱54.18 million to preferred shares.

### Operating lease commitments - the Group as a lessor

Management has determined that the Group retains all significant risks and rewards of underlying assets and thus, accounts for the contracts as operating leases. The ownership of the underlying assets is not transferred to the lessee by the end of the lease term. Leasing revenue amounted to P312.43 million and P215.62 million for the three-month period ended March 31, 2023 and 2022, respectively.

### Management's Use of Estimates and Assumptions

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

### Revenue recognition on real estate projects

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

### Collectability of the sales price

In determining whether the sales price is collectible, the Group considers that the initial and continuing investments by the buyer of 5% would demonstrate the buyer's commitment to pay. Based on the historical trend of cancellations of customer contracts, the management believes that 5% continues to be reasonable. The revenue arising from these sales contracts amounted to P2,886.11 million and P2,277.55 million for the three-month period ended March 31, 2022 and 2021, respectively.



#### Fair value of investment properties

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

## Evaluation of impairment of financial assets

The Group uses a provision matrix to calculate ECLs for cash and cash equivalents, short-term investments, receivables other than ICRs, due from related parties, rental deposits and investment in bonds. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

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

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

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

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

The Group has considered the impact of COVID-19 pandemic and to the extent applicable revised its assumptions in determining macroeconomic variables and loss rates in the ECL computation. The changes in the gross carrying amounts of receivables from the sale of real estate during the year and impact of COVID-19 pandemic did not materially affect the allowance for ECLs.

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



As of March 31, 2023 and December 31, 2022, the allowance for impairment losses on financial assets of the Group amounted to \$\P9.70 million (see Notes 6). As of March 31, 2023 and December 31, 2022, the carrying values of these assets are as follows:

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Cash and cash equivalents	₽6,797,409,024	₽4,130,877,582
Short-term investments	26,679,897	36,786,565
Receivables (see Notes 6 and 15)	9,719,242,980	9,581,162,303
Due from related parties (see Note 16)	1,153,787,108	975,322,703
Rental Deposits	95,749,165	95,958,665
* Excluding other receivables that are non-financial in nature amounting to P3	861.66 million and ₽382.87 million as of	March 31, 2023 and

December 31, 2022, respectively.

# Estimating NRV of real estate inventories

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

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

The carrying values of real estate inventories amounted to ₱17,256.08 million and ₱17,723.40 million as of March 31, 2023 and December 31, 2022, respectively (see Note 8).

## Impairment of nonfinancial assets

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

- Significant changes in asset usage;
- Significant decline in assets' market value; •
- Obsolescence or physical damage of an asset; ٠
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of usage of the acquired assets or the strategy for the Group's overall business; and
- Significant negative industry or economic trends.

If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the asset's fair value less cost to sell or value in use whichever is higher.

The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to be generated from the continued use of the asset. The Group is required to make estimates and assumptions that can materially affect the carrying amount of the asset being assessed.



The Group did not identify impairment indicators on the other cash generating units of the Group, mainly on the basis that as consistently observed across the industry, the Group continued to perform well as of March 31, 2023 and December 31, 2022, in particular in respect of its real estate development segment which is the core business segment of the Group.

## Recognition of deferred tax assets

The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future planning strategies. The Group assessed its projected performance in determining the sufficiency of the future taxable income.

#### Estimating pension liabilities

The determination of the Group's pension liabilities and cost of retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in the consolidated financial statements and include among others, discount rates and salary increase rates. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension liabilities. The Group's net pension liabilities amounted to P233.46 million as of March 31, 2023 (see Note 23).

## 4. SEGMENT REPORTING

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

The segments where the Group operate follow:

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

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



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

	For the Three-Month Period Ended March 31, 2023				
	Real Estate Development	Leasing	Property Management	Adjustments and Elimination	Consolidated
Revenue	₽2,933,093,504	₽312,429,545	₽110,853,639	(₽18,838,864)	₽3,337,537,824
Costs and expenses			, ,	( ) / /	
Cost of real estate sales and					
services	1,702,149,785	109,834,769	71,608,602	_	1,883,593,156
General, administrative and	1,702,149,705	109,004,709	/1,000,002		1,005,575,150
selling expenses	889,275,401	13,470,530	15,918,052	(33,583,899)	885,080,084
Operating income	341,668,318	189,124,246	23,326,985	14,745,035	568,864,584
Other income	368,321,378	2,609,534	25,520,705	(266,155,100)	104,775,812
Other expense	(173,611,483)	(99,860,852)	(4,675)	(200,135,100)	(273,477,010
Income before income tax	536,378,213	91,872,928	23,322,310	(251,410,065)	400,163,386
Provision for income tax	81,294,139	16,479,838	23,322,310	(231,410,003)	97,773,977
Net income	₽455,084,074	₽75,393,090	₽23,322,310		₽302,389,409
Net mcome	£455,064,074	£/5,595,090	#23,322,310	(#251,410,005)	£302,389,409
Net income attributable to:					
Owners of the Parent Company	₽326,709,969	₽75,393,090	₽23,322,310	(₽251,410,065)	₽174,015,304
Non-controlling interests	128,374,105	F75,575,070	F25,522,510	(F231,410,003)	128,374,105
Non-controlling interests	₽358,075,021	₽75,393,090	₽23,322,310	(₽251,410,065)	₽302,389,409
	F556,075,021	F75,575,070	F25,522,510	(F231,410,003)	1302,307,407
		A	As of March 31, 202	23	
Other information					
Segment assets	₽67,392,933,360	₽18,768,484,419	₽298,297,841	(₽29,825,330,287)	₽56,634,385,333
Deferred tax assets	10,590,006	-	12,625,887	9,988,625	33,204,518
Total Assets	₽67,403,523,366	₽18,768,484,419	₽310,923,728	(₽29,815,341,662)	₽56,667,589,851
Segment liabilities	₽36,035,463,798	₽13,420,968,000	₽230,942,854	(₽19,596,574,561)	₽30,090,800,091
Deferred tax liabilities	1,570,692,006	902,645,971	-	58,903,250	2,532,241,227
Total Liabilities	₽37,606,155,804	₽14,323,613,971	₽230,942,854	(₽19,537,671,311)	₽32,623,041,318
	Real Estate	For the Three	-Month Period End	ed March 31, 2022 Adjustments and	
	Development	Leasing	Property	Elimination	Consolidated
	₽2,298,373,026	Ŭ	Management	Emmation P_	₽2,610,670,845
Revenue	₽2,298,373,020	₽215,622,988	₽96,674,831	<del>r</del> -	₽2,010,070,845
Costs and expenses					
Cost of real estate sales and					
services	1,352,096,657	79,886,528	64,318,566	-	1,496,301,751
General, administrative and					
selling expenses	649,417,357	25,837,639	22,527,664	(39,386,976)	658,395,684
Operating income	296,859,012	109,898,821	9,828,601	39,386,976	455,973,410
Other income	272,799,542	22,846,276	-	(204,995,807)	90,650,011
Other expense	(144,110,057)	(74,294,769)	(956,149)	-	(219,360,975
Income before income tax	425,548,497	58,450,328	8,872,452	(165,608,831)	327,262,446
Provision for income tax	67,473,476	7,964,029	2,385,814	-	77,823,319
Net income	₽358,075,021	₽50,486,299	₽6,486,638	(₱165,608,831)	₽249,439,127
Net income attributable to:					
Owners of the Parent Company	₽258,151,243	₽50,486,299	₽6,486,638	(₱165,608,831)	₽149,515,349
Non-controlling interests	99,923,778	-	-	-	99,923,778
			DC 40C (20	(₱165,608,831)	₽249,439,127
	₽358,075,021	₽50,486,299	₽6,486,638	(F105,008,851)	1219,189,127
	₽358,075,021	, , , , , , , , , , , , , , , , , , ,	, ,		1210,100,121
	₽358,075,021	, , , , , , , , , , , , , , , , , , ,	P6,486,638 As of March 31, 202		
Other information			As of March 31, 202	22	
Segment assets	₽358,075,021 ₽65,130,873,186	, , , , , , , , , , , , , , , , , , ,	As of March 31, 202 ₽250,636,987	(₽25,955,950,681)	₽57,546,481,840
Segment assets Deferred tax assets	₽65,130,873,186	₽18,120,922,348 -	As of March 31, 202 ₽250,636,987 16,775,820	(₽25,955,950,681) 11,447,068	₽57,546,481,840 28,222,888
Segment assets Deferred tax assets			As of March 31, 202 ₽250,636,987	(₽25,955,950,681)	₽57,546,481,840 28,222,888
Segment assets Deferred tax assets Total Assets	₽65,130,873,186 ₽65,130,873,186	₽18,120,922,348 ₽18,120,922,348	As of March 31, 202 ₱250,636,987 16,775,820 ₱267,412,807	(¥25,955,950,681) 11,447,068 (¥25,944,503,613)	₽57,546,481,840 28,222,888 ₽57,574,704,728
Segment assets Deferred tax assets Total Assets Segment liabilities	₱65,130,873,186 ₱65,130,873,186 ₱36,868,411,133	₱18,120,922,348 ₱18,120,922,348 ₱18,120,922,348 ₱11,840,010,621	As of March 31, 202 ₽250,636,987 16,775,820	(¥25,955,950,681) 11,447,068 (¥25,944,503,613) (¥16,510,922,819)	<ul> <li>₱57,546,481,840</li> <li>28,222,888</li> <li>₱57,574,704,728</li> <li>₱32,425,828,256</li> </ul>
Segment assets Deferred tax assets	₽65,130,873,186 ₽65,130,873,186	₽18,120,922,348 ₽18,120,922,348	As of March 31, 202 ₱250,636,987 16,775,820 ₱267,412,807	(¥25,955,950,681) 11,447,068 (¥25,944,503,613)	₽57,546,481,840 28,222,888



# 5. CASH AND CASH EQUIVALENTS

This account consists of:

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Cash on hand and in banks	₽1,370,472,872	₽2,043,009,395
Cash equivalents	5,426,936,152	2,087,868,187
	₽6,797,409,024	₽4,130,877,582

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn interest at prevailing short-term rates ranging from 4.12% to 6.00% and 0.25% to 4.60%. Interest income in cash and cash equivalents amounted to  $\mathbb{P}19.29$  million and  $\mathbb{P}18.67$  million for the three-month period ended March 31, 2023 and 2022, respectively.

# 6. SHORT-TERM INVESTMENTS

As of March 31, 2023 and December 31, 2022, short-term investments amounted to P26.68 million and P36.79 million. Short-term investments include money market placements exceeding 3 months but less than one year. Short-term investments earn at prevailing short-term rate of 0.90% to 2.125% in 2023 0.90% to 2.125% in 2022.

Interest income earned on short-term investments amounted to P0.05 million and P0.14 million for the three months period-ended March 31, 2023 and 2022, respectively.

# 7. RECEIVABLES

This account consists of:

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Trade receivables		
ICR	₽8,663,727,668	₽8,584,320,427
Leasing receivable	474,761,324	450,320,867
Management fees	141,876,562	140,819,720
Receivable from employees and agents (see Note 16)	361,664,387	382,869,640
Advances to condominium corporations	104,981,945	104,981,945
Advances to customers	117,855,815	119,638,563
Other receivables	216,039,666	181,080,781
	10,080,907,367	9,964,031,943
Allowance for impairment losses	(9,704,105)	(9,704,105)
	10,071,203,262	9,954,327,838
Non-current portion of ICR	(109,043,517)	(109,043,517)
	₽9,962,159,745	₽9,845,284,321



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

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

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

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

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

Advances to customers pertain to expenses paid by the Group on 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.

#### Receivable financing

The Group entered into various agreements with a local bank whereby the Group assigned its ICRs and contract assets with recourse at weighted average interest rates ranging from 6.07% to 9.50% in March 31, 2023. The assignment agreements provide that the Group will substitute defaulted CTS with other CTS of equivalent value.

The Group still retains the assigned receivables in the receivables account and records the proceeds from these sales as long-term debt (see Note 18). The gross amount of ICRs and contract assets used as collateral amounted to P1,022.84 million and P1,303.15 million as of March 31, 2023 and of December 31, 2022, respectively (see Note 18).

## 8. REAL ESTATE INVENTORIES

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

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Condominium units	₽11,143,047,525	₽11,751,816,204
Residential house and lots	5,334,395,452	5,192,943,484
Land held for future developments	778,637,876	778,637,876
	₽17,256,080,853	₽17,723,397,564



The roll forward of this account follows:

	March 31, 2022	December 31, 2022
	(Unaudited)	(Audited)
Balance at beginning of the year	₽17,723,397,564	₽16,143,099,068
Construction costs incurred	949,607,384	4,028,718,661
Purchase of land	241,893,370	1,905,092,486
Borrowing costs capitalized (Note 18)	43,332,320	214,146,276
Transfers from investment properties	_	1,039,604,760
Cost of real estate sales	(1,702,149,785)	(5,607,263,687)
Balance at the end of the year	₽17,256,080,853	₽17,723,397,564

General and specific borrowings were used to finance the Group's ongoing real estate projects. The related borrowing costs were capitalized as part of real estate inventories. The capitalization rate used in 2022 and 2021 are 0.40% and 1.25%, respectively, for general borrowing costs.

Real estate inventories recognized as "Cost of real estate sales" amounted to P1,702.15 million and P1,352.10 million for the three-month period ended March 31, 2022 and 2021, respectively.

In 2022, CLC purchased land in Katipunan which will be developed into a condominium project to be held for sale in the future amounting to P526.90 million. The related advances to land-owners amounting P419.23 million and deposit for purchased land amounting to P30.16 million were applied as part of the payment for the purchase of land (see Note 10 and 14).

The carrying values of inventories mortgaged for trust receipts payables and bank loans amounted to P825.73 million and P1,281.94 million as of March 31, 2023 and December 31, 2022, respectively (see Note 18).

# 9. ADVANCES TO SUPPLIERS AND CONTRACTORS

Advances to suppliers and contractors amounting to  $\mathbb{P}1,841.31$  million and  $\mathbb{P}1,749.97$  million as of March 31, 2023 and December 31, 2022, respectively, are recouped and capitalized as part of inventories upon every progress billing payment depending on the percentage of accomplishment. These advances are intended for the construction of the Group's projects.

# **10. DEPOSIT FOR PURCHASED LAND**

This account consists of deposits made to property owners for the acquisition of parcels of land for which the use is currently undetermined. Deposits for purchased land amounted to P1,409.48 million as of March 31, 2023 and December 31, 2022.

In 2022, the Group made additional deposits to property owners for the acquisitions of parcels of land located in Novaliches amounting to ₱80.83 million.

In 2022, the Group purchased land in Katipunan which will be developed into a condominium project to be held for sale in the future. The related deposit for the purchased land for the property, amounting to  $\frac{2}{3}$  30.16 million, was applied as part of the payment for the purchase of land (see Note 8).



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

Investment in and advances to joint ventures and associate amounted to ₱275.37 million as of March 31, 2023 and December 31, 2022, respectively.

The Group has not incurred any contingent liabilities as of March 31, 2023 and December 31, 2022 in relation to its interest in the joint ventures and associate, nor do the joint ventures and associate themselves have any contingent liabilities for which the Group is contingently liable. The Group has not entered into any capital commitments in relation to its interest in the joint ventures and associate and did not receive any dividends from the joint ventures and associate.

## **12. INVESTMENT PROPERTIES**

The Group's investment properties are classified as follows:

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Land	₽5,061,961,969	₽5,061,961,969
Building	7,333,018,041	7,333,018,041
	₽12,394,980,010	₽12,394,980,010

Movements in this account are as follows:

	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)
Cost:		
Balance at the beginning of the year	₽8,343,741,289	₽9,962,422,883
Additions/construction costs incurred	_	13,448,339
Sale of property	_	(22,256,511)
Transfer to property and equipment	_	(556,820,321)
Transfer from real estate inventories (Note 8)	_	(1,053,053,101)
Balance at the end of the year	8,343,741,289	8,343,741,289
Change in fair value:		
Balance at the beginning of the year	4,051,238,721	4,032,608,471
Sale of property	_	(9,615,488)
Gain from change in fair value of investment property	_	28,245,738
Balance at the end of the year	4,051,238,721	4,051,238,721
	₽12,394,980,010	₽12,394,980,010

Construction-in-progress pertains to properties being constructed that are intended to be leased out. The property was completed in 2022.

In 2022, the Group sold portion of its medical office at a loss amounting to  $\mathbb{P}0.82$  million. Due to the change in the intended use of the properties and the opening of the hotel facilities, the Group made certain transfers from investment properties to real estate inventories and property and equipment amounting to  $\mathbb{P}1,053.05$  million and  $\mathbb{P}556.82$  million, respectively.

The Group recorded gain on fair value of investment properties amounting to ₱28.25 million in 2022.



Investment properties are stated at fair value, which has been determined based on valuations performed by Cuervo Appraisers, Inc., an accredited independent valuer, as of December 31, 2022. Cuervo Appraisers, Inc. is an industry specialist in valuing these types of investment properties.

For the Group's leasing properties, the Group adopted the discounted cash flow analysis which considers the future cash flows from lease contracts.

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

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

V	aluation		Range
Property te	echnique	Significant unobservable inputs	2022
Buildings D	DCF	Discount rates for similar lease contracts, market rent levels, expected vacancy and expected maintenance.	Discount rate – 11.26 % to 12.48% Market rent levels – ₱400 to ₱1,500/sqm per month Expected vacancy – 5% to 45%; Expected maintenance – 2% to 10% of gross revenue

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

For the three-month period ended March 31, 2023 and 2022, the Group recognized leasing revenue from the use of the said real properties amounting to P312.43 million and P215.62 million, respectively, and incurred direct cost of leasing amounting to P109.83 million and P79.89 million, respectively, in relation to these investment properties.

The carrying values of investment properties mortgaged for trust receipts payables and bank loans amounted to ₱8,415.78 million as of March 31, 2023 and December 31, 2022 (see Note 18).

# **13. PROPERTY AND EQUIPMENT**

Property and equipment include construction-in-progress that pertains to the construction cost incurred by the Group for the construction of Novotel Suites Manila at Acqua 6 Tower of Acqua Private Residences. On December 15, 2022, the construction of the properties was completed, and Novotel Suites Manila also formally began its operations. As of December 31, 2022, the total cost of Novotel Suites and The Pebble transferred from construction-in-progress to building amounted to P1,760.61 million and P591.80 million, respectively.

Depreciation expense amounted to ₱18.48 million for the three-months ended March 31, 2023.



# **14. OTHER ASSETS**

This account consists of:

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Current:		
Prepaid commissions	₽887,053,994	₽823,634,164
Input taxes	329,652,115	360,268,502
Creditable withholding taxes (CWTs)	359,993,591	374,339,654
Prepaid expenses	111,761,724	60,422,350
Others	30,202,500	23,378,298
	₽1,718,663,924	₽1,642,042,968
Noncurrent:		
Prepaid commissions	₽397,465,932	₽397,465,932
Advances to landowners	259,024,174	259,024,174
Input taxes	150,915,609	55,864,797
Rental deposits	95,749,165	95,958,665
Creditable withholding taxes	243,553,449	243,553,449
Intangible assets	48,364,798	42,342,033
Others	25,199,669	26,815,299
	₽1,220,272,796	₽1,121,024,349

Prepaid commissions pertain to capitalized commission expenses payable to its agents on the sale of its real estate projects related to contracts that have qualified for revenue recognition. These will be recognized as commission expense under "General, administrative and selling expenses" in the period in which the related real estate sales are recognized. This also includes prepayments to Century Integrated Sales, Inc. (CISI) for future services of CISI in relation to managing the Group's sales activities which amounted to P155.26 million and P123.31 million as of March 31, 2023 and December 31, 2022, respectively (see Note 17).

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

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

Advances to land-owners includes advances made by CLC for the purchase of land which will be developed into a condominium project to be held for sale in the future. In 2022, CLC executed the deed of sale of the land and the title was also transferred to the Company. The advances amounting to P419.23 million were applied as part of the payment for the purchase of land (see Note 8).

It also represents the minimum share of the lot property owners in relation to the profit-sharing agreement of CDLC with land-owners. In accordance with the profit-sharing agreement, CDLC advanced this share in significant installments throughout the term of the project. The advances shall be deducted from the proceeds of the sales and collection of the land-owners' units. As of March 31, 2023 and December 31, 2022, advances amounted to P259.03 million.



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

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

Others under "Other current assets" pertain mostly to deposits made by preferred shares subscribers kept in an escrow account with an escrow agent in compliance with the preferred shares subscription agreement.

# **15. ACCOUNTS AND OTHER PAYABLES**

This account consists of:

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Accounts payable	₽2,611,156,306	₽1,932,462,937
Customers' advances	2,228,778,037	1,651,799,539
Accrued expenses	356,391,465	988,157,796
Retention payable	175,976,641	307,624,517
Dividends payable (Note 20)	52,962,007	52,980,641
Other payables	43,003,436	61,667,478
	₽5,468,267,892	₽4,994,692,908

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

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

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

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

#### 16. CONTRACT BALANCES AND CUSTOMERS DEPOSIT

Contract liabilities consist of collections from real estate customers which have not qualified for revenue recognition and excess of collections over the recognized receivables based on percentage of completion. As of March 31, 2023 and December 31, 2022, carrying values of contract liabilities amounted to P2,514.92 million and P2,769.10 million, respectively.



# **17. RELATED PARTY TRANSACTIONS**

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

## Terms and Conditions of Transactions with Related Parties

The Group in their regular conduct of business has entered into transactions with related parties principally consisting of advances and reimbursement of expenses, development, management, marketing, leasing and administrative service agreements and purchases which are made at normal market prices. Outstanding balances at year-end are unsecured and noninterest-bearing. There have been no guarantees provided or received for any related party receivables or payables. Related party transactions are settled in cash.

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

The Group has an approval requirement such that material related party transactions shall be reviewed by the Related Party Transactions Committee (the Committee) and endorsed to the BOD for approval. Material related party transactions are those transactions that meet the threshold value as approved by the Committee amounting to P50.0 million and other requirements as may be recommended by the Committee.

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

#### Due from Related Parties

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	Amount of transaction	Terms and Conditions
Ultimate Parent	₽270,437,913	₽270,437,913	₽-	
Officers and stockholders	223,177,152	223,177,152	-	
<b>Under common control</b> CISI CGIC CRIT	629,123,714 77,093 10,821	450,659,309 77,093 10,821	178,464,405 	Noninterest bearing, due and demandable, unsecured, no impairment
Entity managed by a related party CAC	30,960,415	30,960,415	_	
	₽1,153,787,108	₽975,322,703	₽178,464,405	



#### Due to Related Parties

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	Amount of transaction	Terms and Conditions
Ultimate Parent	₽237,284,750	₽237,284,750	<del>₽</del>	Noninterest bearing, due
CGIC	456,360	456,360	_	and demandable, unsecured
Officers and stockholders	170,319,516	120,319,516	50,000,000	
	₽408,060,626	₽358,060,626	₽50,000,000	

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

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

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

#### Management agreement

In 2018, the Group contracted CISI to manage all of its sales and marketing activities. CISI is a whollyowned subsidiary of CPI. Prepayments to CISI for initial marketing services recognized under "Other current assets" account as of March 31, 2022 and December 31, 2021 amounted to P155.26 million and P123.31 million, respectively.

#### Key management compensation

The key management personnel of the Group include all directors, executive, and senior management. The details of compensation and benefits of key management personnel for the three-month period ended March 31, 2023 and 2022 follow:

	March 31, 2023	March 31, 2022
Short-term employee benefits	<b>₽</b> 30,671,515	₽38,819,403
Post-employment benefits	1,535,213	1,943,042
	₽32,206,728	₽40,762,445

## Terms and condition of transactions with related parties

There have been no guarantees provided or received for any related party receivables or payables. As of March 31, 2023 and December 31, 2022, the Group has not made any provision for probable losses relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.



# **18. SHORT-TERM AND LONG-TERM DEBT**

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Short-term debt:		
Trust receipts	₽166,631,190	₽235,141,310
Bank loans	15,000,000	-
	₽181,631,190	₽235,141,310
Long-term debt: Bank loans	₽8,618,712,356	₽9,012,998,322
Payable under CTS financing	1,671,170,505	1,992,662,424
Car loan financing	388,617	654,796
	10,290,271,478	11,006,315,542
Less current portion	2,004,040,274	2,192,453,618
Noncurrent portion	₽8,286,231,204	₽8,813,861,924

## Trust receipts

Trust receipts (TRs) are facilities obtained from various banks to finance purchases of construction materials the Group's projects. Under these facilities, the banks pay the Group's suppliers then require the Group to execute trust receipts over the goods purchased. The TRs have average interest rates ranging from 7.60% and 5.75% to 6.25% in 2023 and 2022, respectively. These are paid monthly or quarterly in arrears with full payment of principal balance at maturity of one year and with an option to prepay.

## Bank loans

On March 2023, the Group availed of a peso-denominated short-term PN facility with BPI amounting to ₱15.00 million with interest rate of 7.00%.

## Long-term Debt

#### Bank Loans

In 2022, the Group availed a five-year loan agreement from PNB amounting to P4,000.00 million, P3,500.00 million of which was drawn on August 26, 2022 with a interest of 6.56% fixed for 2 years with an option to reprice over 90 days as agreed by the parties. While the P500.00 million balance was drawn on October 6, 2022 with a interest of 7.39% fixed for 2 years with an option to reprice over 90 days as agreed by the parties. As of March 31, 2023 and December 31, 2022, the outstanding balance of the loan amounted to P3,962.50 million and P3,982.50 million, respectively.

In May 2021, the Group entered into a four-year loan agreement amounting to P450.00 million with a local bank to finance land development and house construction of its project. The loan bears interest of 4.65% per annum and payable on a quarterly basis amortization. First interest payment will be made on August 17, 2021. The principal is payable on a quarterly basis after a two-year grace period. As of March 31, 2023 and December 31, 2022, the outstanding balance of the loan amounted to P274.94 million.



In July 2021, the Group availed of another four-year loan agreement amounting to P470.00 million with BPI to finance land development and house construction of its project. The loan bears interest of 5.25% per annum and payable on a monthly basis amortization. First interest payment will be made on August 2021. The principal is payable on a quarterly basis to commence at the start of October 2022. As of March 31, 2023 and December 31, 2022, the outstanding balance of the loan amounted to P278.47 million and P293.33 million, respectively.

In January and March 2022, the Company availed of another four-year loan agreement amounting to  $\mathbb{P}94$  million and  $\mathbb{P}211.81$  million, respectively, with another local bank with the same purpose, which is, to finance land development and house construction of its project. The loan bears interest of 5.71% and 6.62% per annum, which is payable on a monthly basis. First interest payments were made in February 2022 and April 2022, respectively. The principal is payable on a quarterly basis to commence at the start of 5th quarter. As of December 31, 2022, the outstanding balance of the loan amounted to  $\mathbb{P}236.71$  million.

In December 2022, the Company availed of another four-year loan agreement amounting to P500.00 million with another local bank with the same purpose, which is, to finance land development and house construction of its project. The loan bears interest of 8.50% per annum and payable on a quarterly basis. First interest payment was made on March 16, 2023. The principal is payable on a quarterly basis to commence at the start of 9th quarter. As of March 31, 2023 and December 31, 2022, the outstanding balance of the loan amounted to P500.00 million.

On July 10, 2020, the Group availed of a five-year term loan facility from China Banking Corporation (CBC) amounting to  $\mathbb{P}1,600.00$  million, with principal payments due quarterly with an interest of 5.13% per annum. As of December 31, 2021, the outstanding balance of the loan amounted to  $\mathbb{P}1,408.00$  million, which was fully paid by the Group during 2022.

On August 24 and September 2, 2020, the Group entered into a two-year term loan agreement with CBC amounting to P1,400.00 million and P1,000.00 million, respectively. The loan has principal payments due quarterly with an interest of 4.85% per annum. As of December 31, 2021, the outstanding balance of the loan amounted to P2,208.65 million, which was fully paid by the Group during 2022.

On September 27, 2022, the Group availed loan from its AIB loan facility amounting to P492.94 million, payable quarterly with interest of 8.00% per annum. As of March 31, 2023 and December 31, 2022, the outstanding balance of this loan amounted to P292.94 million and P392.94 million, respectively.

In 2019, the Group obtained a five-year term loan from UCPB amounting to P1,000.00 million, which is payable quarterly with interest of 8.42% per annum. As of March 31, 2023 and December 31, 2022, the outstanding balance of this loan amounted to P480.23 million and P541.02 million, respectively.

In 2019, the Group refinanced its five-year term loan from BDO amounting to  $\mathbb{P}4,200.00$  million. The  $\mathbb{P}3,500.00$  million was availed on September 17, 2019, with interest of 6.31% per annum payable semiannually, while the remaining was  $\mathbb{P}700.00$  million was availed on October 28, 2019 with a fixed interest of 6.07% fixed for 92 days with an option to reprice over 30-180 days as agreed by the parties. As of March 31, 2023 and December 31, 2022, the outstanding balance of the Group's term loan amounted to  $\mathbb{P}2,747.5$  million and  $\mathbb{P}2,852.5$  million, respectively.



In 2023, the Group availed loan from its ₱1,000.00 million DBP facility totaling ₱150.00 million in January, February and March 2023 with interest average interest rate of 7.54% payable quarterly until July 2026.

## CTS financing

CTS financing pertains to loan facilities which were used in the construction of the Group's real estate development projects. The related PNs have terms ranging from twelve (12) to forty-eight (48) months and are secured by the buyer's post-dated checks, the corresponding CTS, and parcels of land held by the Parent Company. The Group retained the assigned ICRs and recorded the proceeds from these assignments as "Long-term debt". These CTS loans bear fixed interest rates ranging from 6.79% to 7.69% and 6.07% to 9.50% as March 31, 2023 and December 31, 2022, respectively.

## Security and Debt Covenants

Certain bilateral, trust receipts, payables under CTS financing and bank loans have mortgaged real estate inventories and assigned ICRs and contract assets wherein such assets can no longer be allowed to be separately used as collateral for another credit facility, grant loans to directors, officers and partners, and act as guarantor or surety in favor of banks. As of March 31, 2023 and December 31, 2022, the carrying values of these assets mortgaged for trust receipts, payables under CTS financing and bank loans are as follows:

	March 31, 2023	December 31, 2022
Real estate inventories	₽825,729,447	₽1,281,943,917
ICR	1,022,841,880	1,303,147,610
Investment properties	8,415,779,604	8,415,779,604

Certain bilateral loans have covenants to maintain a debt-to-equity ratio of not more than 2.33x and a debt service coverage ratio of at least 1.5x and current ratio of 1.2x. Debt includes note payables, short term and long-term debt. The bank loans have a covenant, specific to the projects it is financing, of having loan to security value of no more than 50% to 60%. Security value includes, among other things, valuation appraisal by independent appraisers and takes into account the sold and unsold sales and market value of the properties. The loan agreements require submission of the valuation of each mortgage properties on an annual basis or upon request of the facility agent. As of March 31, 2023 and December 31, 2022, the Company complied with the provisions of its debt covenants.

Under the term loan agreement with CBC, the Parent Company pledged its shares over CCDC II amounting to ₱1,900.00 million (see Note 11). The Pledged Shares include the following:

- the Acquisition Shares, including the Directors' Shares, and the After Acquired Shares and all the rights, title and interest of any kind or character therein, together with all accessory contracts in relation thereto;
- all rights, benefits, dividends, loss proceeds, indemnities, insurance payments, and other payments received by or due to the Security Grantor in lieu of, or inherent to, or in connection with, the Pledged Shares; and
- all Property of every nature and description whether now owned or hereafter acquired as proceeds for, in exchange for, in substitution of, or replacement of any of the Pledged Shares.

## Borrowing Costs

Borrowing cost capitalized amounted to P43.33 million and P214.15 million for the three-month period ended March 31, 2023 and for the year ended December 31, 2022, respectively (see Notes 7 and 11).



Interest Expense and Other Finance Charges

Interest and other financing charges for the short-term and long-term debts for the three-month periods ended March 31, 2023 and 2022 totaled to ₱193.98 million and ₱183.01 million, respectively.

## **19. BONDS PAYABLE**

This account consists of the following:

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Three-year bond	₽3,692,600,000	₽3,000,000,000
Five-year bond	4,307,400,000	3,000,000,000
Seven-year bond	1,000,000,000	_
	9,000,000,000	6,000,000,000
Less: Unamortized transaction costs	(126,121,619)	(82,746,077)
	8,873,878,381	5,917,253,923
Less: Current portion	3,000,000,000	-
Non-current portion	₽5,873,878,381	₽5,917,253,923

On March 3, 2023, the Certificate of Permit to Offer Securities for Sale was approved by the Securities and Exchange Commission relative to the Parent Company's Second Tranche Offer of Fixed Rate Retail Bonds consisting of up to Two Billion Pesos (P2,000,000,000.00) with an Over-subscription Option of up to One Billion Pesos (P1,000,000,000.00), worth of Fixed Rate Bonds comprising of 6.5760% per annum three (3) year fixed rate bonds ("Series A Bonds"), 7.4054% per annum five (5) year fixed rate bonds ("Series B Bonds") and 7.6800% per annum seven (7) year fixed rate bonds ("Series C Bonds"), under its Six Billion Pesos (P6,000,000,000.00) Debt Securities Program Shelf Registration. This bond was listed at the PDEx on March 17, 2023. The bonds are rated "AA+" by CRISP.

On February 11, 2022, the Securities and Exchange Commission approved the application of the Parent Company's Shelf Registration of Debt Securities in the aggregate amount of Six Billion Pesos (P6,000,000,000) to be offered within a period of 3 years or such period as Securities and Exchange Commission may allow at an Issue Price of 100% of Face Value. The First Tranche of the Fixed Rate Retail Bonds is Two Billion Pesos (P2,000,000,000) with an Oversubscription Option of up to One Billion Pesos (P1,000,000,000) Five (5)-Year Fixed Retail Bonds due 2027.

On February 24, 2022, the Parent Company listed at the PDEx its five-year bonds, with interest rates of 5.7524%% p.a. The bonds are rated "AA" by CRISP.

On December 14, 2020, the Board approved the Parent Company's application of public offering of unsecured fixed-rate peso denominated retail bonds in amount of Two Billion Pesos (P2,000,000,000) with an Oversubscription Option of up to One Billion Pesos (P1,000,000,000).

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



On April 15, 2019, CPGI listed at the PDEx its three-year bonds, with interest rates of 7.8203% p.a. The P3.00 billion proceeds of the bonds will be used to partially finance development costs for CPGI's affordable housing and townhome projects. The bonds are rated "AA" by CRISP. As of December 31, 2022, the three-year bonds amounting to P3.00 billion was paid in full.

#### Interest Expense and Other Finance Charges

Interest and other financing charges from bonds payable for the three-month periods ended March 31, 2023 and 2022 totaled to ₱79.49 million and ₱36.35 million, respectively.

#### Security and Debt Covenants

Covenants related to bonds payable include maintenance of current ratio of at least 1.5x, debt-to-equity ratio of not more than 2.0x and debt service coverage ratio of at least 1.2x. As of March 31, 2023 and December 31, 2022, the Group has complied with the provisions of its bond covenants.

# 20. LIABILITY FROM PURCHASED LAND

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

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Current	₽67,200,000	₽67,200,000
Noncurrent	39,812,701	63,782,533

# 21. EQUITY

Earnings per share

Basic/diluted earnings per share amounts attributable to equity holders of the Parent Company for the three-month period ended March 31, 2023 and 2022 are as follows:

	March 31, 2023 (Unaudited)	March 31, 2021 (Unaudited)
Net income attributable to the owners of the Parent		
Company	₽174,015,304	₽149,515,349
Dividends declared to preferred shares	50,382,750	50,382,750
	123,632,554	99,132,599
Weighted average number of shares	11,599,600,690	11,599,600,690
Basic/diluted earnings per share	₽0.011	₽0.009

Basic earnings per share are calculated using the net income attributable to the equity holders of Parent Company less dividend declared to preferred shares divided by the weighted average number of shares. No dilutive potential ordinary shares are outstanding as of March 31, 2023 and 2022.



#### Common shares

The Group's authorized capital stock and issued and subscribed shares amounted to 15,000.00 million shares and 11,699.72 million shares, respectively as of March 31, 2023 and December 31, 2022. There are no movements in the Group's authorized, issued and subscribed shares in 2023 and 2022.

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

On February 09, 2000, the Parent Company was listed with the Philippine Stock Exchange with a total of 3,554.72 million common shares, issued, paid and outstanding. The offering of the shares was at P1.00 per share.

On November 11, 2014, the Philippine Stock Exchange, Inc. approved the application of the Group to list additional 730.32 million common shares, with a par value of P0.53 per share, to cover the Group's 20.62% stock dividend declaration to stockholders of record as of October 27, 2014 which was paid on November 14, 2014.

On August 30, 2019, the Group's BOD authorized and approved the amendment of the stockholders' resolution dated September 29, 2017, specifically: (a) change in the par value of the proposed reclassified 3.00 billion Preferred Shares from  $\mathbb{P}1.00$  to  $\mathbb{P}0.53$  per share and (b) no increase in the authorized capital stock of the Parent Company, together with the consequent amendment of article nine of the amended articles of incorporation of the Parent Company. The amendment was approved by the SEC in January 2020.

As of March 31, 2023 and December 31, 2022, the Parent Company had 496 and 497 stockholders, respectively, with at least one board lot at the PSE, for a total of 11,599,600,690 (P0.53 par value) issued and outstanding common shares.

## Preferred stock

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

The 30,000,000 preferred stock with a par value of P0.53 were fully subscribed totaling P15.90 million. Additional paid-in capital from preferred stock amounted P2,984.10 million and issuance cost totaled P99.06 million resulting in a net additional paid-in capital P2,885.03 million. Total cash received from issuance of preferred shares amounted to P2,910.77 million.

#### 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 P800.00 million worth of shares were up for buyback for a time period of up to 24 months. In 2014 and 2013, a total of 85.68 million shares and 14.44 million shares were reacquired at a total cost of P87.15 million and P22.52 million, respectively.



As of March 31, 2023 and December 31, 2022 treasury shares amounted to ₱109.67 million consisting of 100.12 million shares.

#### *Retained earnings*

Retained earnings include the accumulated equity in undistributed net earnings of consolidated subsidiaries amounting to P10,528.06 million and P10,404.43 million as of March 31, 2023 and December 31, 2022, respectively. These amounts are not available for dividend declaration until these are declared by the subsidiaries.

#### Cash dividend declaration

On March 8, 2023, the BOD approved the declaration of cash dividends for the preferred shares with dividend rate of 6.7177% amounting to ₱50.38 million for shares of record April 3, 2023 with payment date on April 11, 2023.

On December 6, 2022, the BOD approved the declaration of cash dividends for the preferred shares with dividend rate of 6.7177% amounting to ₱50.38 million for shares of record January 5, 2023 with payment date on January 10, 2023. On January 10, 2023, all dividend declared were paid.

On August 11, 2022, the BOD approved the declaration of cash dividends for the preferred shares with dividend rate of 6.7177% amounting to P50.38 million for shares of record October 5, 2022 with payment date on October 10, 2022.

On May 26, 2022, the BOD approved the declaration of cash dividends for the preferred shares with dividend rate of 6.7177% amounting to ₱50.38 million for shares of record July 6, 2022 with payment date on July 11, 2022

On February 4, 2022, the BOD approved the declaration of cash dividends for the preferred shares with dividend rate of 6.7177% amounting to ₱50.38 million for shares of record April 6, 2022 with payment date on April 11, 2022.

On November 29, 2021, the BOD approved the declaration of cash dividends for the preferred shares with dividend rate of 6.7177% amounting to P50.38 million for shares of record January 5, 2022 with payment date on January 10, 2022.

Total unpaid dividends amounted to ₱52.96 million as of March 31, 2023 and December 31, 2022, respectively.

#### Other components of equity

Other components of equity mainly pertain to the equity reserve recognized between the consideration paid by Mitsubishi Corporation (MC) and the carrying value of the net assets of TPI I, TPI II, TPI III and CCDC II given up amounting to P104.49 million as of March 31, 2022 and December 31, 2021. This also includes the remeasurement loss on equity instruments at FVOCI amounting to P5.45 million as of March 31, 2023 and December 31, 2022, respectively.

#### Non-controlling interest

On December 15, 2022, CALC recognized the equity portion of its deposit for preferred shares subscription. This resulted to increase in non-controlling interest amounting to ₱54.18 million.



On June 29, 2022, Tanza Properties I, Inc (TP1) approved the declaration of P159.44 per share cash dividends amounting to P70.00 million. This resulted to a decrease in non-controlling interest amounting to P28.00 million. The dividends were paid on June 30, 2022.

On June 29, 2022, Tanza Properties I, Inc (TP2) approved the declaration of P657.14 per share cash dividends amounting to P230.00 million. This resulted to a decrease in non-controlling interest amounting to P92.00 million. The dividends were paid on June 30, 2022.

On June 29, 2022, Tanza Properties I, Inc (TP3) approved the declaration of P666.67 per share cash dividends amounting to P200.00 million. This resulted to a decrease in non-controlling interest amounting to P80.00 million. The dividends were paid on June 30, 2022.

In 2022, PPHI issued additional 354 million common shares with a par value of  $\mathbb{P}1.00$  and 96,000 preferred shares with  $\mathbb{P}1,000.00$  par value per share to CPGI. At the same time, PPHI also issued 254 million common shares with a par value of  $\mathbb{P}1.00$  and 64,000 preferred shares with  $\mathbb{P}1,000.00$  par value per share to Mitsbishi Corporation (MC). which resulted into an aggregate increase in the noncontrolling interest amounting to  $\mathbb{P}320.00$  million.



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

Summarized statements of financial position (in millions):

	TPI I			TPI II		TPI III		PPHI	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	
Current assets	₽460.95	₽457.27	₽474.70	₽469.61	₽619.36	₽595.92	<b>₽10,828.54</b>	₽11,035.03	
Noncurrent assets	0.24	0.41	0.18	0.30	0.47	0.64	136.99	139.38	
Current liabilities	(153.17)	(150.98)	(319.70)	(307.75)	(363.70)	(325.37)	(4,678.28)	(4,568.41)	
Noncurrent liabilities	(25.00)	(29.59)	(82.31)	(91.39)	(61.12)	(74.43)	(1,373.98)	(1,756.01)	
Total equity	₽283.02	₽277.11	₽72.88	₽70.78	₽195.02	₽196.76	₽4,913.26	₽4,849.99	
Attributable to:									
Equity holders of the Parent									
Ĉompany	₽165.71	₽162.17	₽43.27	₽42.02	<b>₽118.36</b>	₽119.41	₽2,750.28	₽2,817.41	
Non-controlling interest	117.31	114.95	29.60	28.76	76.66	77.35	2,162.97	2,032.58	
Total equity	₽283.02	₽277.11	<b>₽72.88</b>	₽70.78	<b>₽</b> 195.02	₽196.76	₽4,913.26	₽4,849.99	

Summarized statements of comprehensive income (in millions):

		TPI I		TPI II		TPI III		PPHI
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Revenue	<b>₽14.26</b>	₽-	₽27.39	₽78.30	₽55.52	₽396.46	₽1,494.75	₽5,159.94
Cost of real estate sales and								
services	(2.72)	-	(17.32)	(56.89)	(38.66)	(133.45)	(733.11)	(2,722.76)
General and								
administrative expenses	(4.75)	(36.65)	(11.91)	(36.49)	(13.51)	(53.83)	(390.06)	(1,143.77)
Operating income (loss)	6.78	(36.65)	(1.84)	(15.08)	3.35	209.18	371.58	1,293.42
Other income (charges)	1.26	4.77	11.49	24.95	6.38	24.00	5.11	55.62
Provision for income tax	(2.14)	(5.24)	(7.55)	(15.84)	(11.48)	(9.46)	(47.26)	(137.19)
Other Comprehensive Income	` –´		· –		`_´	-	· · ·	4.52
Total comprehensive income	₽5.90	(₱37.12)	₽2.10	(₱5.96)	(₽1.74)	₽223.71	₽329.42	₽1,216.36
		TPI I		TPI II		TPI III		PPHI
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	B December 31, 2022	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	
Total comprehensive income attributable to: Equity holders of the			,,	, , , , , , , , , , , , , , , , , , ,		· · · · · · · · · · · · · · · · · · ·		
Parent Company	₽3.54	(₽22.27)	₽1.26	(₽3.58)	(₽1.05	) ₽134.23	₽203.55	₹ ₹729.82
Non-controlling interests	2.36	(14.85)	0.84	(2.39)	(0.70	) 89.48	125.8	486.55
	₽5.90	(₽37.12)	₽2.10	(₽5.96)	(₽1.74	) ₽223.71	₽329.42	₽1,216.36



## Capital management

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

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

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

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. The Group is subject to externally imposed capital requirements from its bank loans which it has complied with as of March 31, 2023 and December 31, 2022.

Equity, which the Group considers as capital, pertains to the equity attributable to equity holders of the Parent Company excluding other components of equity and remeasurement loss on defined benefit plan, amounting to a total of P22,269.59 million and P22,145.96 million as of March 31, 2023 and December 31, 2022, respectively.

No changes were made in the objectives, policies or processes for managing capital in March 31, 2023 and December 31, 2022.

## 22. GENERAL, ADMINISTRATIVE AND SELLING EXPENSES

This account consists of:

	March 31, 2023	March 31, 2022
	(Unaudited)	(Unaudited)
Salaries, wages and employee benefits	<b>₽241,501,916</b>	₽131,487,897
Commission	199,884,741	119,076,193
Marketing and promotions	146,761,624	124,395,952
Taxes and licenses	75,431,159	72,279,052
Outside services	59,982,295	20,734,630
Entertainment, amusement and recreation	26,501,779	19,728,170
Depreciation and amortization	24,511,755	8,117,038
Professional fees	19,115,850	20,206,958
Utilities	9,846,814	11,875,634
Supplies	5,805,107	19,887,172
Transportation and travel	5,339,433	4,577,330
Rent	5,030,562	43,035,013
Repairs and maintenance	4,943,608	13,274,220
Communication	4,682,964	4,085,995
Miscellaneous	55,740,477	45,634,430
	₽885,080,084	₽658,395,684

Miscellaneous pertains mainly to research development, sponsorships, recruitment fess, software maintenance and insurance



# 23. INTEREST AND OTHER INCOME

This account consists of:

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Income from forfeited collections	₽15,951,123	₽21,839,013
Interest income from		
cash and cash equivalents and short-term		
investments (Note 4)	19,343,620	18,812,145
Interest income from in-house financing	23,233,999	-
Other income	46,247,068	49,998,853
	₽104,775,810	₽90,650,011

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

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

# 24. PENSION COST

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

The plan assets as of March 31, 2023 and December 31, 2022 pertain solely to bank deposits. The Group does not expect to contribute to its retirement fund in 2022.

Outstanding pension liabilities amounted ₱233.46 million and ₱231.19 million as of March 31, 2023 and December 31, 2022, respectively.

# **25. INCOME TAXES**

The provision for income tax consists of:

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Current	₽107,677,668	₽128,032,812
Deferred	(9,903,691)	(50,209,493)
	<b>₽</b> 97,773,977	₽77,823,319



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

	March 31, 2023	December 31, 2022
Recognized in the interim condensed consolidated statements of comprehensive income:	(Unaudited)	(Audited)
Deferred tax assets on:		
Accrued retirement costs	₽55,370,591	₽55,370,591
Advance rentals	7,209,604	7,209,604
Provisions for impairment losses	2,426,026	2,426,026
NOLCO	1,002,337	1,002,337
	66,008,558	66,008,558
Deferred tax liabilities on:		
Effect of difference in accounting and tax		
base on real estate sales (see Note 2)	(870,524,928)	(911,958,879)
Fair value gains on investment properties	(1,012,809,680)	(1,012,809,680)
Prepaid commissions	(321,129,982)	(305,275,024)
Effect of difference in accounting and tax		
base on investment properties	(298,011,894)	(293,180,478)
Unamortized deferred financing costs	(46,765,431)	(35,921,545)
Others	(8,482,013)	(8,482,013)
	(2,557,723,928)	(2,567,627,619)
Recognized directly in equity:		
Deferred tax asset on re-measurement loss on		
retirement obligation	(7,321,339)	(7,321,339)
	(₽2,499,036,709)	(₽2,508,940,400)

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

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Deferred tax assets – net	₽33,204,518	₽33,204,518
Deferred tax liabilities – net	2,532,241,227	2,542,144,918

#### **26. LEASE LIABILITY**

The Group has lease contracts for various office spaces with lease terms of two (2) to three (3) years. Rental due is based on prevailing market conditions.

	March 31, 2023	December 31, 2022
Balance at beginning of year	₽27,732,190	₽57,139,963
Accretion for the year (Note 26)	_	4,829,999
Payments	_	(34,237,772)
Balance at the end of the year	27,732,190	27,732,190
Less current portion	15,434,671	15,434,671
Noncurrent portion	₽12,297,519	₽12,297,519



# 27. OTHER NON-CURRENT LIABILITIES

# Deposits for Preferred Shares Subscription

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

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

	Number of Shares				
	Preferred A	Preferred B	Preferred C	Preferred D	
Class of shares	shares	shares	shares	shares	Total
Authorized shares	6,344	520	520	520	
Par value in ₽	10	100	1,000	10,000	
Issued and outstanding shares at					
December 31, 2015	1,430	234	_	234	1,898
Issuances during 2016	286	52	_	_	338
Cancellation of shares	_	_	_	(221)	(221)
Issued and outstanding shares at					
December 31, 2016	1,716	286	_	13	2,015
Issuances during 2017	4,498	200	91	26	4,815
Cancellation of shares	-	_	_	_	_
Issued and outstanding shares at					
December 31, 2017	6,214	486	91	39	6,830
Issuances during 2018	-	8	416	169	593
Cancellation of shares	(26)	_	_	_	(26)
Issued and outstanding shares at	X X				
December 31, 2018	6,188	494	507	208	7,397
Issuances during 2019	_	_	_	_	_
Cancellation of shares	_	_	_	_	_
Issued and outstanding shares at					
December 31, 2019	6,188	494	507	208	7,397
Issuances during 2020	_	_	13	39	52
Cancellation of shares	(39)	(13)	_	_	(52)
Issued and outstanding shares at					
December 31, 2020	6,149	481	520	247	7,397
Issuances during 2021	_	_	_	_	_
Cancellation of shares	(520)	(52)	(39)	(104)	(715)
Number of shares at					
December 31, 2021	5,629	429	481	143	6,682
Issuances during 2022	_	_	_	_	_
Cancellation of shares	(169)	(39)	(39)	_	(247)
Issued and outstanding shares at					
December 31, 2022	5,460	390	442	143	6,435
Issuances during 2023	_	_	_	_	_
Cancellation of Shares	(195)	(13)	(39)	_	(247)
Issued and outstanding shares at					´ _ / _
March 31, 2023	5,265	377	403	143	6,188



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

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

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

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

- c. The preferred shareholders shall be entitled to a share in Net Room Rental Revenue at the rate of 40% for all of the 152 rooms to be owned by the Group. The share of a preferred shareholder in the Net Room Rental Revenue shall be payable annually. The share of a preferred shareholder in the Net Room Rental Revenue shall be calculated based on the attributable square meters ("SQM") corresponding to the class of preferred shares held by such preferred shareholder for every 13 preferred shares held.
- d. Net Room Rental Revenue means total revenue from rentals of all rooms less total room cost of sales. The corresponding attributable SQM of each class of shares are as follows:

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

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

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

Upon full payment and availability of the rooms and when the rights and benefits vest upon completion of the Project, these deposits will be reclassified to preferred shares and will be split between the equity and liability components. As of March 31, 2023 and December 31, 2022, 4914 shares and 4,914 shares have been fully paid, respectively.

On December 15, 2022, the project was already completed, and Novotel Suites formally began its operations. Thus, the Group utilized a discounted cash flow model and used certain assumptions (including discount rate, annual average occupancy rate, performance growth rates, and a terminal value) to determine the value of the financial liability and equity component of the preferred shares. The model used (a) a pre-tax discount rate of 11.00% in 2022 and (b) a growth rate of 5.00% applied



beyond the 10th year projections in 2022, among others. The Group benchmarked these assumptions against historical observations in internal businesses with similar performance drivers, as well as industry outlook. Based on the calculation performed, the Group reclassified the equity portion amounting to ₱54.18 million to preferred shares.

#### Advance Deposits and Refundable Deposits

Refundable deposits pertain to utilities and meter deposits, and security deposits collected from tenants which are refundable at the end of the lease contracts. The Group received refundable deposits and security deposits classified as "Other current liabilities" amounting to P64.18 million and P61.34 million "Other noncurrent liabilities" amounting to P729.06 million and P769.13 million as of March 31, 2023 and December 31, 2022, respectively.

#### Deferred Lease Income

Deferred lease income is amortized over the lease term on a straight-line basis and which amortization is recorded as part of "Leasing revenue" in the statements of comprehensive income. The carrying value of the deferred lease income presented under financial statement caption "Other current liabilities" amounted to P6.81 million and "Other noncurrent liabilities" amounted to P6.81 million as of March 31, 2023 and December 31, 2022.

	March 31, 2023		December	r 31, 2022	
	Carrying Value	Fair value	Carrying Value	Fair value	
Financial assets					
ICR	₽8,663,727,668	₽8,906,393,141	₽8,584,320,427	₽8,824,761,754	
Rental deposits	95,749,165	98,694,308	95,958,665	98,910,252	
	₽8,759,476,833	₽9,005,087,449	₽8,680,279,092	₽8,923,672,006	
Other financial liabilities Long-term debt	₽10,290,271,478	₽10,358,144,069	₽11,006,315,542	₽11,067,255,646	
Bonds payable	8,873,878,381	9,000,000,000	5,917,253,923	6,000,000,000	
Liability from					
purchased land	107,012,701	110,161,039	130,982,533	134,836,069	
Refundable deposits	838,107,512	863,886,814	830,474,255	856,018,766	
Total financial liabilities	₽20,109,270,072	₽20,332,191,922	₽17,885,026,253	₽18,058,110,481	

# **28. FINANCIAL INSTRUMENTS**

#### 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 ICRs), due from related parties, marginal deposit accounts and other payables, due to related parties and short-term debt

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

## ICRs

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. Discount



rates ranging from 8.12% to 9.23% were used in calculating the fair value as of March 31, 2023 and December 31, 2022.

#### Rental deposits and investment in bonds

The fair values of rental deposits and investment in bonds are based on the discounted value of future cash flows using the applicable market interest rates. Discount rates ranging from 5.21% to 6.24% were used in calculating the fair value of the Group's rental deposits as of March 31, 2023 and December 31, 2022, respectively.

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

The fair values are estimated using the discounted cash flow method using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used for long-term debt ranged from 1.79% to 2.82% and 1.55% to 2.82% as of March 31, 2023 and December 31, 2022, respectively. The discount rates used for the bonds payable ranged from 5.05% to 6.09% and 4.05% to 4.83% as of March 31, 2023 and December 31, 2022, respectively. The discount rates used for the liability from purchased land ranged from 1.79% to 2.82% and 1.55% to 2.67% as of March 31, 2023 and December 31, 2023, respectively.

The discount rates used for refundable deposits ranged from 5.05% to 6.09% and 4.25% to 5.01% as of March 31, 2023 and December 31, 2022, respectively.

The Group has no financial instruments measured under Level 3 of fair value hierarchy. For the threemonth period ended March 31, 2022 and for the year ended December 31, 2021, the Group did not have transfers between Level 1 and 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

#### Financial Risk Management Policies and Objectives

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

Exposure to credit, interest rate and liquidity risks arise in the normal course of the Group's business activities.

The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

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

## Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation.

The Group trades only with recognized, creditworthy third parties. The Group's receivables are monitored on an ongoing basis to manage exposure to bad debts and to ensure timely execution of necessary intervention efforts. Real estate buyers are subject to standard credit check procedures, which



are calibrated based on payment scheme offered. The Group assessed that its customers portfolio is homogeneous. The Group's respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness.

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

The Group's maximum exposure to credit risk as of March 31, 2023 and December 31, 2022 is equal to the carrying values of its financial assets amounting to  $\mathbb{P}9,119.44$  million and  $\mathbb{P}5,776.46$  million, respectively, except for ICR carrying values of  $\mathbb{P}8,663.72$  million and  $\mathbb{P}8,584.32$  million, respectively.

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

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

Receivables - these are considered as high grade since there are no default in payments.

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

## Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties. It matches its projected cash flows to the projected amortization of long-term borrowings. For its short-term funding, the Group's policy is to ensure that there are sufficient operating inflows to match repayments of short-term debt.

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

	March 31, 2023			
	Within 1 Year	1 - 5 years	Total	
Financial assets				
Cash and cash equivalents	₽6,797,409,024	₽_	₽6,797,409,024	
Short-term investments	26,679,897	_	26,679,897	
Receivables*	9,600,495,358	109,043,517	9,709,538,875	
Due from related parties	1,153,787,108	_	1,153,787,108	
Rental Deposits	_	95,749,165	95,749,165	
	<b>₽</b> 17,578,371,387	₽204,792,682	₽17,783,164,069	



	March 31, 2023		
	Within 1 Year	1 - 5 years	Total
Financial liabilities			
Accounts and other payables**	₽3,113,878,607	₽-	₽3,113,878,607
Due to related parties	408,060,626	_	408,060,626
Short-term debt	181,631,190	_	181,631,190
Liability from purchased land	67,200,000	39,812,701	107,012,701
Long-term debt:			
Principal	2,004,040,274	8,354,103,795	10,358,144,069
Interest	694,203,721	1,204,914,918	1,899,118,639
Bonds payable:			
Principal	3,000,000,000	6,000,000,000	9,000,000,000
Interest	537,136,576	1,456,879,550	1,994,016,126
Lease liability	15,434,671	12,297,519	27,732,190
Security deposits	64,182,298	773,925,214	838,107,512
	₽10,085,767,963	₽17,841,933,697	₽27,927,701,660

\* Excluding receivables from employees amounting to P361.66 million as of March 31, 2023.

\*\* Excluding customers' advances and statutory liabilities amounting to P2,228.78 million and P125.61 million, respectively, as of March 31, 2022.

	December 31, 2022			
	Within 1 Year	More than 1 year	Total	
Financial assets				
Cash and cash equivalents	₽4,130,877,582	₽-	₽4,130,877,582	
Short-term deposits	36,786,565	_	36,786,565	
Receivables*	9,462,414,681	109,043,517	9,571,458,198	
Due from related parties	975,322,703	-	975,322,703	
Rental deposits	_	95,958,665	95,958,665	
	₽14,605,401,531	₽205,002,182	₽14,810,403,713	
Financial liabilities				
Accounts and other payables**	₽3,256,518,941	₽-	₽3,256,518,941	
Due to related parties	358,060,626	_	358,060,626	
Short-term debt	235,141,310	—	235,141,310	
Liability from purchased land	67,200,000	63,782,533	130,982,533	
Long-term debt:				
Principal	2,192,453,618	8,813,861,924	11,006,315,542	
Interest	_	60,940,103	60,940,103	
Bonds payable:				
Principal	_	6,000,000,000	6,000,000,000	
Interest	-	82,746,077	82,746,077	
Lease liabilities	15,434,671	12,297,519	27,732,190	
Security deposits	61,343,009	769,131,246	830,474,255	
	₽6,186,152,175	₽15,802,759,402	₽21,988,911,577	

\* Excluding other receivables from employees amounting to P382.87 million as of December 31, 2022. \*\*Excluding customers' advances and statutory liabilities amounting to P1,645.01 million and P93.16 million, respectively, as of December 31, 2022.

#### Foreign currency risk

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



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

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

# **29. CONTINGENCIES**

The Group is contingently liable for lawsuits or claims filed by third parties (substantially civil cases that are either pending decision by the courts or are under negotiation, the outcomes of which are not presently determinable). In the opinion of management and its legal counsels, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims or assessments. No provisions were made for the period-ended March 31, 2023 and December 31, 2022 with respect to the foregoing matters.

## **30. NOTES TO CASH FLOWS**

Below are the noncash transactions for the period ended March 31, 2023 and March 31, 2022.

- a. Accretion of unamortized discount for noninterest-bearing contracts receivable amounting to ₱20.77 million and ₱20.82 million for the three-month periods ended March 31, 2023 and 2022, respectively (see Note 7).
- Borrowing costs capitalized in real estate inventories amounting to ₱43.33 million and ₱60.61 million for the three-month periods ended March 31, 2023 and 2022, respectively (see Note 8).





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

Results of Operations and Material Changes to the Company's Income Statement for the three-month period ended March 31, 2023 compared to March 30, 2022 (In Millions of Peso)

			Ι	Movement
	2023	2022	Amount	%
REVENUE				
Real estate revenue	₽2,886.11	₽2,277.55	₽608.56	26.72%
Leasing revenue	312.43	215.62	96.81	44.90%
Property management fee and other services	110.85	96.67	14.18	14.67%
Hotel revenue	7.37	-	7.37	100.00%
Interest income from real estate sales	20.78	20.82	(0.05)	-0.23%
	3,337.54	2,610.67	726.87	27.84%
COST AND EXPENSES				
Cost of real estate revenue	1,702.15	1,352.10	350.05	25.89%
Cost of leasing	109.83	79.89	29.95	37.49%
Cost of services	71.61	64.32	7.29	11.33%
	1,883.59	1,496.31	387.29	25.88%
GROSS PROFIT	1,453.94	1,114.35	339.58	30.47%
GENERAL, ADMINISTRATIVE AND SELLING				
EXPENSES	885.08	658.40	226.68	34.43%
OTHER INCOME (EXPENSES)				
Interest and other income	104.78	90.65	14.13	15.58%
Interest and other financing charges	(273.48)	(219.36)	(54.12)	24.67%
	(168.70)	(128.71)	(39.99)	31.07%
INCOME BEFORE INCOME TAX	400.16	327.24	72.90	22.28%
PROVISION FOR INCOME TAX	97.77	77.82	19.95	25.64%
NET INCOME	₽302.39	₽249.42	₽52.95	21.23%

#### 26.72% increase in real estate revenue

The increase in real estate revenue is mostly due to increase in sales take up, collections and construction activities of affordable housing projects during the period.

#### 44.90% increase in leasing revenue

The increase was mainly due to increase in number of tenants during the period.

#### 14.67% increase in property management fee and other services

The increase is primarily due to increase in management fee and service rates for property managed.

## 100.00% increase in hotel revenue

The increase is due to commencement of hotel operations on December 15, 2022.

#### 25.89% increase in cost of sales

The increase is directly attributable to the decrease of real estate revenue.



# 37.49% increase in cost of leasing

The increase is directly attributable to higher leasing revenues.

## 11.33% increase in cost of services

The increase is directly attributable to higher property management fee and other services.

# 30.47% increase in general, administrative and selling expenses

The increase is directly related to increase operations of affordable housing segment.

#### 15.58% increase in interest and other income

The increase is mainly attributable to the increase in interest income from cash in banks, money market placements and short-term investments and increase in forfeited collection or cancelled buyers' discount.

## 24.67% increase in interest and other financing charges

The increase was due to higher average interest rates.

#### 25.64% increase in Provision for Income Tax

The increase was primarily due to higher taxable income during the period.

## As a result of the foregoing, net income decreased by 21.23%.



# Financial Condition and Material Changes to the Company's Statement of Financial Position for the periodended March 31, 2023 compared to December 31, 2022 (In Millions of Peso)

	Mover			Movement
	2023	2022	Amount	%
ASSETS				
Cash and cash equivalents	₽6,797.41	₽4,130.88	₽2,666.53	64.55%
Short-term investments	26.68	36.79	(10.11)	-27.47%
Receivables	9,962.16	9,845.28	116.88	1.19%
Real estate inventories	17,256.08	17,723.40	(467.32)	-2.64%
Due from related parties	1,153.79	975.32	178.46	18.30%
Advances to suppliers and contractors	1,841.31	1,749.97	91.34	5.22%
Other current assets	1,718.66	1,642.04	76.62	4.67%
Total Current Assets	38,756.09	36,103.68	2,652.41	7.35%
Noncurrent portion of installment contract receivables	109.04	109.04	-	0.00%
Deposits for purchased land	1,409.48	1,409.48	_	0.00%
Investments in and advances to joint ventures and associate	1,407.40	1,409.40		0.0070
investments in and advances to joint ventures and associate	275.37	275.37	_	0.00%
Investment properties	12,394.98	12,394.98	-	0.00%
Property and equipment	2,469.15	2,484.32	(15.17)	-0.61%
Deferred tax assets - net	33.20	33.20	(13.17)	0.00%
			99.25	
Other noncurrent assets	1,220.27	1,121.02		8.85%
Total Noncurrent Assets TOTAL ASSETS	<u>17,911.50</u> 56,667.59	17,827.42	84.08	0.47%
IOTAL ASSETS	50,007.59	53,931.10	2,736.49	5.07%
LIABILITIES				
Accounts and other payables	5,468.27	4,994.69	473.57	9.48%
Contract liabilities	2,514.92	2,769.10	(254.18)	-9.18%
Short-term debt	181.63	235.14	(53.51)	-22.76%
Current portion of:				
Long-term debt	2,004.04	2,192.45	(188.41)	-8.59%
Bonds Payable	3,000.00	-	3,000.00	100.00%
Liability from purchased land	67.20	67.20	-	0.00%
Lease Liability	15.43	15.43	-	0.00%
Due to related parties	408.06	358.06	50.00	13.96%
Income Tax Payable	131.94	68.58	63.37	92.40%
Other current liabilities	71.00	68.16	2.84	4.17%
Total Current Liabilities	13,862.49	10,768.82	3,093.67	28.73%
Noncurrent portion of:				
Long-term debt	8,286.23	8,813.86	(527.63)	-5.99%
Bonds Payable	5,873.88	5,917.25	(43.38)	-0.73%
Liability from purchased land	39.81	63.78	(23.97)	-37.58%
Lease Liability	12.30	12.30	-	0.00%
Pension liabilities	233.46	231.19	2.28	0.98%
Deferred tax liabilities	2,532.24	2,542.14	(9.90)	-0.39%
Other noncurrent liabilities	1,782.62	1,789.21	(6.59)	-0.37%
Total Noncurrent Liabilities	18,760.55	19,369.74	(609.19)	-3.15%
Total Liabilities	32,623.04	30,138.56	2,484.48	8.24%
EQUITY				
Capital stock				
Common	6,200.85	6,200.85	-	0.00%
Preferred	15.90	15.90	-	0.00%
Additional paid-in capital	5,524.78	5,524.78	-	0.00%
Treasury shares	(109.67)	(109.67)	-	0.00%
Other components of equity	(683.20)	(683.20)	-	0.00%
Retained earnings	10,637.73	10,514.10	123.63	1.18%
Remeasurement loss on defined benefit plan	17.44	17.44	-	0.00%
Total Equity Attributable to Equity Holders				
of the Parent Company	21,603.83	21,480.20	123.63	0.58%
Non-controlling interests	2,440.72	2,312.34	128.37	5.55%
Total Equity	24,044.55	23,792.54	252.01	1.06%
TOTAL LIABILITIES AND EQUITY	₽56,667.59	₽53,931.10	₽2,736.49	5.07%



#### 64.55% increase in cash and cash equivalents

Increase is primarily due to net proceeds from issuance of bonds and collections from operations during the period.

#### 27.47% decrease in short-term investments

During the year the Group decreased the placement on money market exceeding three (3) months but less than one (1) year.

#### 18.30% increase in due from related parties

Due to additional advances from related parties, which are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and collectible/payable on demand.

#### 5.22% increase in advances to suppliers

Due to additional advances to new and ongoing projects.

#### 6.37% increase in total other current and non-current assets

The increase is primarily due to increase in prepaid selling expenses for pre-sales during the period and increase in input taxes.

# 9.48% increase in accounts and other payables

The increase is primarily due to accruals made at the end of the period and increase in inventory related purchases.

## 9.18% decrease in accounts and other payables

Decrease was due to recognition of customers deposits as revenue during the period as the accounts meet the accounting criteria for revenue recognition.

## 6.85% decrease in total short-term and long-term debt

The decrease was due to net repayment of loans during the period.

## 49.97% increase in bonds payable

The increase was due to new issuance of bond in March 2023.

#### 13.96% increase in due to related parties

The increase is due to additional purchases from related parties, which are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and collectible/payable on demand.

## 92.40% increase in income tax payable

Due primarily to higher taxable income during the period.

## 1.06% increase in total stockholders' equity

Due to the net income recognized for the three-month period ended March 31, 2023.

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.



There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are no material commitments for capital expenditures.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations apart from the impact of ongoing Covid-19 pandemic.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

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

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

Key Performance Indicators	31-Mar-23	31-Mar-22
Current Ratios (a)	2.8x	2.2x
Debt to Equity (b)	0.8x	0.9x
Debt to EBITDA (c)	7.2x	9.6x
Return on Assets (d)	2.2%	1.8%
Return on Equity (e)	5.1%	4.4%

Notes:

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

Current ratio increased mainly due to increase in cash as a result of issuance of bond and collections from operations during the period.

Debt to equity decreased as a result of the decline in debt from the long-term debt while total equity increased due to the net income as of March 31, 2023 compared to the same period as of March 31, 2022.

Debt to EBITDA decreased primarily due to the increase in annualized EBITDA as of March 31, 2023 compared to the same period as of March 31, 2022.

Return on Equity and Return on Assets increase due to higher annualized net income recognized during the period ended March 31, 2023 compared to the same period ended March 31, 2022.



# **Key Performance Indicators**

March 31, 2023 and March 30, 2022 Financial ratios	March 04 0000	Manak 04 0000
	March 31, 2023	March 31, 2022
Current/Liquidity Ratios		
Current Assets	38,756,093,642	37,863,745,782
Current Liabilities	13,862,494,990	17,432,437,368
Current Ratios	2.8	2.2
Current Assets	38,756,093,642	37,863,745,782
nventory	17,256,080,853	15,970,752,590
Quick Assets	21,500,012,789	21,892,993,192
Current Liabilities	13,862,494,990	17,432,437,368
Quick Ratios	1.6	1.3
Solvency Ratio		
Total Assets	56,667,589,851	57,574,704,728
Total Liabilities	32,623,041,318	35,024,983,710
Solvency Ratio	1.7	1.6
Financial Leverage Ratios		
Debt	8,873,878,381	8,880,554,721
Total Assets	56,667,589,851	57,574,704,728
Debt Ratio	0.2	0.2
iabilities and Debt Ratios		
Short-term debt	181,631,190	523,057,225
_ong-term debt - Current	2,004,040,274	4,907,221,872
_ong-term debt - Non-current	8,286,231,204	6,748,014,655
Bonds payable	8,873,878,381	8,880,554,721
Debt	19,345,781,049	21,058,848,473
Equity	24,044,548,533	22,549,721,018
Debt-to-Equity	0.8	0.9
Debt	19,345,781,049	21,058,848,473
Cash and Cash Equivalents	6,797,409,024	5,374,403,855
Net Debt	12,548,372,025	15,684,444,618
Equity	24,044,548,533	22,549,721,018
Net Debt-to-Equity	0.5	0.7
norma hafar Incoma Tay	400 462 286	207 262 446
ncome befor Income Tax	400,163,386	327,262,446
Interest expense Depreciation and amortization	243,323,690 24,511,755	210,689,082
EBITDA	<u>667,998,831</u>	8,117,038 <b>546,068,566</b>
2-14	10 045 704 040	04 050 040 470
Debt	19,345,781,049	21,058,848,473
EBITDA (annulized for interim) Debt-to-EBITDA	2,671,995,324 <b>7.2</b>	2,184,274,264 9.6
ncome befor Income Tax	400,163,386	327,262,446
nterest expense	243,323,690	210,689,082
EBIT	643,487,076	537,951,528
nterest expense	243,323,690	210,689,082
nterest coverage ratio	2.6	2.6
Asset to Equity Ratios		
Total Assets	56,667,589,851	57,574,704,728
Total Equity	24,044,548,533	22,549,721,018
Asset to Equity Ratio	2.4	2.6
Liabilities to Equity Ratios		
Total Liabilities	32,623,041,318	35,024,983,710
Total Equity	24,044,548,533	22,549,721,018



Financial ratios	March 31, 2023	March 31, 2022
Profitability ratios		
Revenue	3,337,537,824	2,610,670,845
Gross Profit	1,453,944,668	1,114,369,094
Gross Profit Ratio	44%	43%
Net Income	302,389,409	249,439,127
Revenue	3,337,537,824	2,610,670,845
Net Income Margin	9.1%	9.6%
Total Net Income after tax (annualized)	1,209,557,636	997,756,508
Total Asset CY	56,667,589,851	57,574,704,728
Total Asset PY	53,931,100,448	54,506,509,548
Average total asset	55,299,345,150	56,040,607,138
Return on Asset	2.2%	1.8%
Total Net Income after tax	1,209,557,636	997,756,508
Total Equity CY	24,044,548,533	22,549,721,018
Total Equity PY	23,792,541,874	22,350,664,641
Average total equity	23,918,545,204	22,450,192,830
Return on Equity	5.1%	4.4%



## PART II--OTHER INFORMATION

## Item 3. 1st Quarter of 2022 Developments

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

None

#### **B.** Composition of Board of Directors

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

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

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

**D.** Declaration of Dividends.

None

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

None

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

None

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

Not Applicable

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

None.



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

None.

#### Item 4. Other Notes as of 1<sup>st</sup> Quarter of 2023 Operations and Financials.

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

#### None.

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

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

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

See Notes to Financial Statements and Management Discussion and Analysis.

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

## None

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

None

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

None

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

None.

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

#### None

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

None.

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

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



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

As of March 31, 2023, there are no known trends, events or uncertainties that are reasonably expected to have impact on sales/revenues/income from continuing operations except for those being disclosed in the 1<sup>st</sup> quarter of 2022 financial statements.

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

None.

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

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

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

None.

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

None.

#### SIGNATURES

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

# CENTURY PROPERTIES GROUP INC.

By:

**FLORES** JOHN P VP Compti



# **CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES**

SCHEDULE OF BONDS PROCEEDS

March 31, 2023

#### **<u><b>P3.0 BILLION BONDS DUE ON 2024**</u>

Use of Proceeds	ESTIMATED PER PROSPECTUS	ACTUAL
Estimated proceeds from the sale of Bonds	₽3,000,000,000	₽3,000,000,000
Less: Upfront fees		
SEC registration and legal research fee	1,325,625	1,325,625
Underwriting fees	22,500,000	22,500,000
DST	22,500,000	22,500,000
Estimated Professional and Agency Fees	9,343,100	14,306,538
Listing application fees	100,000	100,000
Other Miscellaneous expense	50,000	44,837
Subtotal	₽55,818,725	₽60,777,000
Net proceeds	₽2,944,181,275	₽2,939,223,000

#### Balance of Proceeds as of March 31, 2023

Century Properties Group, Inc. raised from the Bonds gross proceeds of P3.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P2.94 billion were used to partially repay existing obligations of the Company, and partially finance capital expenditures of vertical project development and other corporate fund requirements.

#### **<u>P3.0 BILLION BONDS DUE ON 2027</u>**

Use of Proceeds	ESTIMATED PER PROSPECTUS	ACTUAL
Estimated proceeds from the sale of Bonds	₽3,000,000,000	₽3,000,000,000
Less: Upfront fees		
SEC registration and legal research fee	1,325,625	1,325,625
Underwriting fees	22,500,000	22,500,000
DST	22,500,000	22,500,000
Estimated Professional and Agency Fees	9,343,100	23,436,549
Listing application fees	100,000	100,000
Other Miscellaneous expense	50,000	44,837
Subtotal	₽55,818,725	₽69,907,011
Net proceeds	₽2,944,181,275	₽2,930,092,989

#### Balance of Proceeds as of March 31, 2023

Century Properties Group, Inc. raised from the Bonds gross proceeds of  $\mathbf{P}3.00$  billion. After issue-related expenses, actual net proceeds amounted to approximately  $\mathbf{P}2.93$  billion were used to partially repay existing obligations of the Company, and partially finance capital expenditures of vertical project development and other corporate fund requirements.

NIL

NIL



# **CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES**

# SCHEDULE OF BONDS PROCEEDS March 31, 2023

# **₽3.0 BILLION BONDS**

- ₽0.7 billion due on 2027
- ₽1.3 billion due on 2028
- ₽1.0 billion due on 2030

Use of Proceeds	ESTIMATED PER PROSPECTUS	ACTUAL
Estimated proceeds from the sale of Bonds	₽3,000,000,000	₽3,000,000,000
Less: Upfront fees		
SEC registration and legal research fee	757,530	757,530
Underwriting fees	22,500,000	22,500,000
DST	22,500,000	22,500,000
Estimated Professional and Agency Fees	9,683,000	7,526,920
Listing application fees	300,000	300,000
Other Miscellaneous expense	50,000	50,000
Subtotal	₽55,790,530	₽53,634,450
Net proceeds	₽2,944,209,470	₽2,946,365,550

## Balance of Proceeds as of March 31, 2023

## ₽2.2 BILLION

Century Properties Group, Inc. raised from the Bonds gross proceeds of  $\mathbb{P}3.0$  billion. After issue-related expenses, actual net proceeds amounted to approximately  $\mathbb{P}2.95$  billion were used to partially repay existing obligations of the Company, and partially finance capital expenditures of vertical project development and other corporate fund requirements.



# **CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES** SCHEDULE OF PREFERRED SHARES PROCEEDS March 31, 2023

# **₽2.0 BILLION PREFERRED SHARES WITH ₽1.0 BILLION OVERSUBSCRIPTION**

	ESTIMATED P	ESTIMATED PER PROSPECTUS	
Use of Proceeds	Base Offer	With Oversubscription Option	ACTUAL
Net proceeds from the sale of	<b>DA</b> A A A A A A A A A A A A A A A A A A	<b>R</b> 4 000 000 000	<b>Da</b> 000 000 000
Preferred Shares	₽2,000,000,000	₽1,000,000,000	₽3,000,000,000
Less: Offer Related Expenses			
Underwriting fees	20,000,000	10,000,000	49,031,689
DST	106,000	53,000	159,000
SEC registration and legal research fee	1,325,625	-	1,325,725
SEC listing fee	2,525	-	2,525
PSE Filing fee (inclusive of VAT)	3,360,000	-	3,300,050
Legal fees (excluding OPE)	3,500,000	-	1,711,217
Stock Transfer and Receiving Agent fee	225,000	-	550,000
Insurance Commission processing fee	10,100	-	10,100
Audit fees	3,300,000	-	4,693,071
Other miscellaneous expenses			
(signing, publicity, etc.)	50,000	-	99,027
Subtotal	₽31,879,250	₽10,053,000	₽60,882,404
Estimated Net proceeds for the Offer	₽1,968,120,750	₽989,947,000	
Net proceeds for the Offer		₽2,958,067,750	₽2,939,117,596
Capital Expenditures and			
Project Related Expenses			₽2,939,117,596
Balance of proceeds as of			-
March 31, 2023			₽-