

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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

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

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Form Type

A	A	F	S
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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

**cpgi@century-
properties.com**

Company's Telephone Number

(02)793-5526

Mobile Number

0995 573 4010

No. of Stockholders

499

Annual Meeting (Month / Day)

6/14

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Isabelita C. Sales

Email Address

**cpgi@century-
properties.com**

Telephone Number/s

N/A

Mobile Number

0995 573 4010

CONTACT PERSON'S ADDRESS

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

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

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS


The management of **Century Properties Group Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended December 31, 2020, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

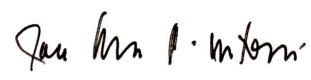
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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


The Board of Directors is responsible for overseeing the Company's financial reporting process.


The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

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



JOSE E. B. ANTONIO
Chairman of the Board

JOSE MARCO R. ANTONIO
President and CEO

PONCIANO S. CARREON, JR.
Chief Finance Officer

JOHN PAUL C. FLORES
VP Comptroller

Signed this 30th day of April 2021



CENTURY
PROPERTIES GROUP, INC.

SUBSCRIBED AND SWORN to before me this 07 day of MAY 2021 affiants exhibiting to me their Identification Numbers, as follows:

Jose E.B. Antonio

Jose Marco R. Antonio

Ponciano S. Carreon Jr.

John Paul C. Flores

Passport No. P3568592A

Passport No. P2695556B

Passport No. P0133005A

SSS No. 04-1546667-9

Doc. No. 386:
Page No. 79:
Book No. X1:
Series of 2021

DARLENE ALVINA P. TALA

Appointment No. M-94

Notary Public for Makati City

Until December 31, 2021

19th Floor, Pacific Star Building, Sen Gil Puyat Avenue,
corner Makati Avenue, Makati City

MCLE Compliance No. VI-0017530 / 02-11-2019

PTR No. 8127818 / 01-09-2020 / Makati City

IBP No. 105641 / 01-09-2020 / RSM

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Century Properties Group Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

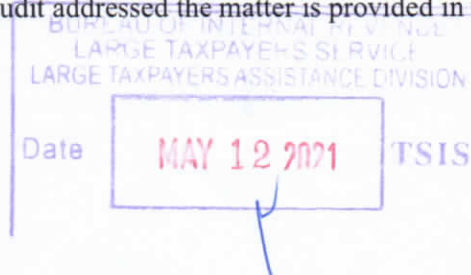
In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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



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

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures is significant to our audit because this involves the application of significant judgment and estimation in the following areas: (1) assessment of the probability that the Group will be able to collect the consideration from the buyer; 2) determination of the transaction price; (3) application of the output method as the measure of progress of project completion in determining real estate sales; (4) determination of the actual costs incurred as cost of real estate sales; and (5) recognition of costs to obtain a contract.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is assessed by considering factors such as past collection history, age of receivables and the pricing of the property. Management regularly evaluates the history of sales cancellations and back-outs, after considering also the impact of the coronavirus pandemic, to determine if these would continue to support the Group's current threshold of buyer's equity before commencing revenue recognition.

In determining the transaction price, the Group considers the selling price of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done which requires technical determination by the management's specialist (third party project managers).

In determining the actual costs incurred to be recognized as cost of real estate sales, the Group estimates costs incurred on materials, labor and overhead that have not yet been billed by the contractors.

The Group identifies sales commission after contract inception as cost of obtaining a contract. For contracts that qualified for revenue recognition, the Group capitalized the total sales commission due to the sales agent and recognized the related liability. The Group uses the percentage-of-completion (POC) method in amortizing sales commission consistent with its revenue recognition policy.

The disclosures related to real estate revenue are included in Note 31 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process, policies and procedures.

For the buyer's equity, we evaluated the management's basis by comparing this with the history of sales collections and back-outs of buyers with accumulated payments above the collection threshold. We also considered the impact of the coronavirus pandemic to the level of cancellations during the year. We traced the analysis to supporting documents such as the buyer's collection reports, cancellation notices and official receipts.

Date MAY 12 2021 TSIS



For the determination of the transaction price, we obtained an understanding of the nature of other fees charged to the buyers. For selected contracts, we agreed the amounts excluded from the transaction price against the expected amounts required to be remitted to the government based on existing tax rules and regulations (e.g., documentary stamp taxes, transfer taxes and real property taxes).

For the application of the output method in determining real estate revenue, we obtained an understanding of the Group's processes for determining the POC, and performed tests of the relevant controls. We obtained the certified POC reports prepared by the third party project managers and assessed their competence and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries, including inquiries on how the coronavirus pandemic affected the POC during the year, and obtained the supporting details of POC reports showing the completion of the major activities of the project construction.

For the cost of real estate sales, we obtained an understanding of the Group's cost accumulation process and tested relevant controls. For selected projects, we traced the accumulated costs, including those costs incurred but not yet billed, to supporting documents such as invoices, accomplishment reports from the contractors, official receipts, among others.

For the recognition of cost to obtain a contract, we obtained an understanding of the sales commission process. For selected contracts, we agreed the basis for calculating the sales commission capitalized and portion recognized in profit or loss, particularly (1) the percentage of commission due against contracts with sales agents, (2) the total commissionable amount (i.e., net contract price) against the related contract to sell, and, (3) the POC used in calculating the sales commission against the POC used in recognizing the related revenue from real estate sales.

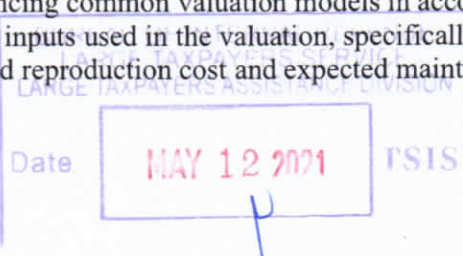
Valuation of Investment Properties at Fair Value

The Group accounts for its investment properties using the fair value model. Investment properties consist of land and buildings leased out to tenants and represent 26% of consolidated assets as of December 31, 2020. Fair value gains relating to these properties amounted to ₱559 million, which is 36% of consolidated income before income tax of the Group in 2020. The Group used the income approach for the valuation of its investment properties. The determination of the fair value of investment properties involves significant management judgment and estimation. The valuation also requires the involvement of an appraiser whose calculations also depend on certain assumptions such as market rent levels, expected vacancy, interest rates and expected maintenance. Thus, we considered the valuation of investment properties at fair value as a key audit matter.

The disclosures relating to investment properties are included in Note 11 to the consolidated financial statements.

Audit Response

We evaluated the competence, capabilities and objectivity of the appraisers by considering their qualifications, experience and reporting responsibilities. We involved our internal specialist in the review of the methodology and assumptions used in the valuation of the investment properties. We assessed the methodology adopted by referencing common valuation models in accordance with the assets' highest and best use, and evaluated key inputs used in the valuation, specifically market rent levels, expected vacancy, interest rates, estimated reproduction cost and expected maintenance. We compared the inputs



and assumptions used against internal and external evidence such as lease contracts, historical vacancy rates and maintenance costs, and published market data. We also inquired from the appraiser the basis of the adjustments made to the sales price. We also reviewed the disclosures relating to investment properties.

Impairment Testing of Long-lived Asset

The Group's property and equipment includes a building that is to be operated as a hotel once it is completed and ready for use. The carrying value of this long-live asset amounted to ₱1,706 million as of December 31, 2020. The hospitality industry continues to be heavily affected by the coronavirus pandemic which management assessed as an impairment indicator and accordingly performed an impairment testing to determine the long-live asset's recoverable amount as of December 31, 2020. The assessment of recoverable amount requires significant judgment and involves estimation and assumptions about future revenue and costs, as well as external inputs such as discount rate, occupancy rate and growth rate. In addition, because of the coronavirus pandemic, there is heightened level of uncertainty on the future economic outlook and market forecast. Hence, such impairment testing is a key audit matter.

The disclosures relating to this long-live asset are included in Note 12 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodology and the assumptions used. These assumptions include future revenue, occupancy rate, and costs, as well as external inputs such as discount rate and growth rate. We compared the key assumptions such as occupancy rate and growth rate used with market information, taking into consideration the impact associated with the coronavirus pandemic and the expected economic recovery. We also compared the growth rate and occupancy rate used against relevant historical performance and industry outlook. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of impairment test is most sensitive, specifically those that have the most significant effect in the determination of the recoverable amount of the property involved.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and

Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditor's report.

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

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

Date

MAY 12 2021

TSIS



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

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

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

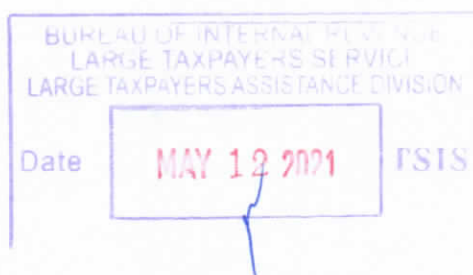
Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

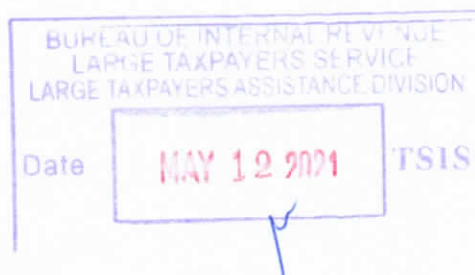


- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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



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

John T. Villa

John T. Villa

Partner

CPA Certificate No. 94065

SEC Accreditation No. 1729-A (Group A),

December 18, 2018, valid until December 17, 2021

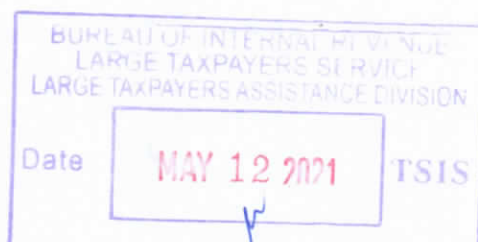
Tax Identification No. 901-617-005

BIR Accreditation No. 08-001998-076-2020,

December 3, 2020, valid until December 2, 2023

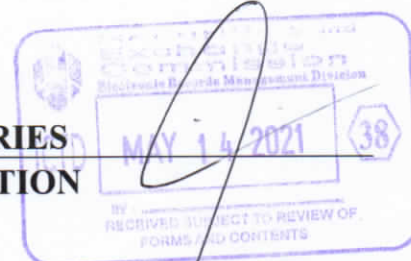
PTR No. 8534381, January 4, 2021, Makati City

April 30, 2021



CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION



	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	P2,473,555,750	P4,005,009,231
Short-term investments (Note 5)	285,241,756	-
Receivables (Notes 2 and 6)	11,491,045,104	10,967,149,055
Real estate inventories (Note 7)	14,651,328,952	15,558,004,362
Due from related parties (Note 17)	464,422,862	419,654,624
Advances to suppliers and contractors (Note 8)	2,427,704,449	2,006,510,283
Investment in bonds (Note 14)	463,750,000	-
Other current assets (Note 13)	1,809,894,312	1,409,171,684
Total Current Assets	34,066,943,185	34,365,499,239
Noncurrent Assets		
Noncurrent portion of installment contracts receivable (ICR; Notes 2 and 6)	124,776,589	1,137,658,202
Investment in bonds (Note 14)	-	463,750,000
Deposits for purchased land (Note 9)	1,354,243,056	1,079,443,219
Investments in and advances to joint ventures and associate (Note 10)	265,560,204	258,768,231
Investment properties (Note 11)	13,627,582,382	12,932,523,885
Property and equipment (Note 12)	1,783,594,786	1,648,122,313
Deferred tax assets - net (Note 28)	86,280,221	42,148,127
Other noncurrent assets (Note 13)	1,699,922,997	1,513,772,396
Total Noncurrent Assets	18,941,960,235	19,076,186,373
TOTAL ASSETS	P53,008,903,420	P53,441,685,612

LIABILITIES AND EQUITY

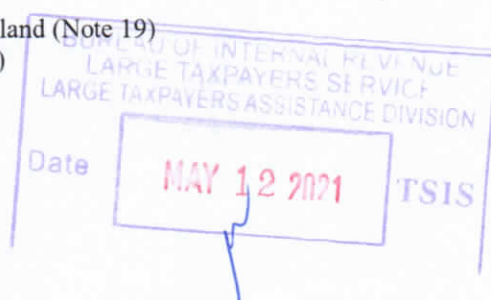
Current Liabilities

Accounts and other payables (Note 15)	P5,591,640,977	P5,703,064,295
Contract liabilities (Notes 16)	1,457,777,002	1,784,093,580
Due to related parties (Note 17)	270,006,022	171,191,762
Short-term debt (Note 18)	811,948,735	1,452,692,919
Current portion of:		
Long-term debt (Note 18)	5,447,303,305	5,462,166,897
Bonds payable (Note 20)	118,781,010	1,392,653,130
Liability from purchased land (Note 19)	67,200,000	67,200,000
Lease liabilities (Note 29)	4,525,606	21,642,553
Income tax payable	61,498,374	9,352,517
Other current liabilities (Note 29)	352,673,888	35,277,576
Total Current Liabilities	14,183,354,919	16,099,335,229

Noncurrent Liabilities

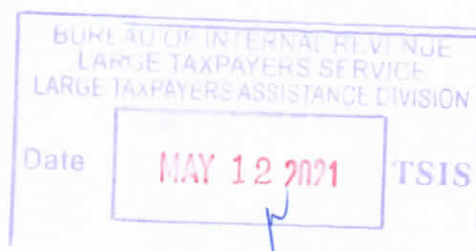
Noncurrent portion of:		
Long-term debt (Note 18)	9,408,872,360	9,880,550,051
Bonds payable (Note 20)	2,965,985,277	3,060,379,036
Liability from purchased land (Note 19)	208,335,743	268,335,743
Lease liabilities (Note 29)	-	39,535,451

(Forward)



	December 31	
	2020	2019
Pension liabilities (Note 27)	₱372,985,206	₱307,402,078
Deferred tax liabilities - net (Note 28)	2,951,528,631	2,708,263,227
Deposit for future stock subscription (Note 21)	—	42,480,000
Other noncurrent liabilities (Notes 29 and 33)	1,786,567,624	1,419,835,309
Total Noncurrent Liabilities	17,694,274,841	17,726,780,895
Total Liabilities	31,877,629,760	33,826,116,124
Equity (Note 21)		
Capital stock - ₱0.53 par value		
Authorized - 18,000,000,000 shares		
Issued - 11,699,723,690 shares	6,200,853,553	6,200,853,553
Preferred shares	15,900,000	—
Additional paid-in capital	5,524,776,889	2,639,742,141
Treasury shares - 100,123,000 shares	(109,674,749)	(109,674,749)
Other components of equity	(682,845,178)	99,393,242
Retained earnings	9,028,945,474	8,733,916,278
Remeasurement loss on defined benefit plan	(118,498,902)	(81,174,033)
Total Equity Attributable to Equity Holders of the Parent Company	19,859,457,087	17,483,056,432
Non-controlling Interest (Note 21)	1,271,816,573	2,132,513,056
Total Equity	21,131,273,660	19,615,569,488
TOTAL LIABILITIES AND EQUITY	₱53,008,903,420	₱53,441,685,612

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2020	2019	2018
REVENUES			
Revenue from contracts with customers:			
Real estate sales (Note 31)	₱9,482,619,641	₱12,685,387,079	₱9,576,668,266
Property management fee and other services (Notes 24 and 31)	389,723,319	412,151,431	395,460,217
Leasing revenue (Notes 11 and 29)	795,034,245	713,381,592	407,267,202
Interest income from real estate sales (Note 6)	168,367,487	504,096,166	322,482,606
	10,835,744,692	14,315,016,268	10,701,878,291
COSTS			
Cost of real estate sales (Note 7)	6,082,949,532	8,459,544,061	5,655,403,635
Cost of leasing (Note 11)	226,533,530	217,448,235	227,747,720
Cost of services (Note 24)	285,985,555	295,241,150	276,552,505
	6,595,468,617	8,972,233,446	6,159,703,860
GROSS PROFIT	4,240,276,075	5,342,782,822	4,542,174,431
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES (Note 22)	2,863,713,699	3,235,818,061	3,254,526,410
OTHER INCOME (EXPENSES) - Net			
Interest income and others (Notes 14 and 25)	568,068,169	573,363,478	568,656,249
Gain from change in fair value of investment properties (Note 11)	558,621,018	260,934,423	376,898,561
Foreign exchange gain (loss)	2,070,399	116,330,537	(145,192,729)
Share in net earnings of joint ventures and associate (Note 10)	6,791,973	11,183,946	12,430,580
Interest and other financing charges (Note 26)	(947,509,167)	(936,688,211)	(594,275,763)
Gain (loss) from change in fair value of derivative (Note 13)	—	(76,055,987)	115,791,961
	188,042,392	(50,931,814)	334,308,859
INCOME BEFORE INCOME TAX	1,564,604,768	2,056,032,947	1,621,956,880
PROVISION FOR INCOME TAX (Note 28)	415,370,732	577,562,748	503,770,261
NET INCOME	1,149,234,036	1,478,470,199	1,118,186,619
OTHER COMPREHENSIVE INCOME (OCI)			
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement loss on defined benefit plan - net of deferred tax (Note 27)	(37,324,869)	(15,131,603)	(31,462,443)
Net change in fair value of equity instruments at fair value through OCI	(613,473)	162,228	77,333
TOTAL COMPREHENSIVE INCOME	₱1,111,295,694	₱1,463,500,824	₱1,086,801,509
Net income attributable to:			
Equity holders of the Parent Company (Note 21)	₱795,555,466	₱1,281,748,829	₱985,915,365
Non-controlling interest (Note 21)	353,678,570	196,721,370	132,271,254
	₱1,149,234,036	₱1,478,470,199	₱1,118,186,619
Total comprehensive income attributable to:			
Equity holders of the Parent Company (Note 21)	₱758,230,597	₱1,266,779,454	₱954,530,255
Non-controlling interest (Note 21)	353,065,097	196,721,370	132,271,254
	₱1,111,295,694	₱1,463,500,824	₱1,086,801,509
Basic earnings per share (Note 21)	₱0.03	₱0.11	₱0.09

See accompanying Notes to Consolidated Financial Statements.

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

Date MAY 19 2021

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYER DIVISION
LARGE TAXPAYER SERVICE CENTER

Total Equity Attributable to Equity Holders of the Parent Company

	Common Stock	Preferred Stock	Additional Paid-in Capital	Treasury Shares	Other Components of Equity	Retained Earnings	Remeasurement Loss on Defined Benefit Plan	Total	Non-controlling Interest	Total
At January 1, 2020	P6,200,853,553	P-	P2,639,742,141	(P109,674,749)	P99,393,242	P8,733,916,278	(P81,174,033)	P17,483,056,432	P2,132,513,056	P19,615,569,488
Net income	-	-	-	-	-	795,555,466	-	795,555,466	353,678,570	1,149,234,036
Other comprehensive income (loss) (Note 27)	-	-	-	-	-	-	(37,324,869)	(37,324,869)	(613,473)	(37,938,342)
Total comprehensive income	-	-	-	-	-	795,555,466	(37,324,869)	758,230,597	353,065,097	1,111,295,694
Cash dividends (Note 21)	-	-	-	-	-	(500,526,270)	-	(500,526,270)	(96,000,000)	(596,526,270)
Issuance of preferred stock	-	15,900,000	2,885,034,748	-	-	-	-	2,900,934,748	-	2,900,934,748
Acquisition of non-controlling interest (Note 21)	-	-	-	-	(782,238,420)	-	-	(782,238,420)	(1,117,761,580)	(1,900,000,000)
At December 31, 2020	P6,200,853,553	P15,900,000	P5,524,776,889	(P109,674,749)	(P682,845,178)	P9,028,945,474	(P118,498,902)	P19,859,457,087	P1,271,816,573	P21,131,273,660
At January 1, 2019	P6,200,853,553	P-	P2,639,742,141	(P109,674,749)	P99,231,014	P7,590,086,701	(P66,042,430)	P16,354,196,230	P1,109,270,329	P17,463,466,559
Net income	-	-	-	-	-	1,281,748,829	-	1,281,748,829	196,721,370	1,478,470,199
Other comprehensive income (loss) (Note 27)	-	-	-	-	162,228	-	(15,131,603)	(14,969,375)	-	(14,969,375)
Total comprehensive income	-	-	-	-	162,228	1,281,748,829	(15,131,603)	1,266,779,454	196,721,370	1,463,500,824
Cash dividends (Note 21)	-	-	-	-	-	(137,919,252)	-	(137,919,252)	-	(137,919,252)
Investment from non-controlling interest (Note 21)	-	-	-	-	-	-	-	-	826,521,357	826,521,357
At December 31, 2019	P6,200,853,553	P-	P2,639,742,141	(P109,674,749)	P99,393,242	P8,733,916,278	(P81,174,033)	P17,483,056,432	P2,132,513,056	P19,615,569,488
At January 1, 2018	P6,200,853,553	P-	P2,639,742,141	(P109,674,749)	P99,153,681	P6,804,171,335	(P34,579,987)	P15,599,665,974	P555,658,023	P16,155,323,997
Net income	-	-	-	-	-	985,915,365	-	985,915,365	132,271,254	1,118,186,619
Other comprehensive income (loss) (Note 27)	-	-	-	-	77,333	-	(31,462,443)	(31,385,110)	-	(31,385,110)
Total comprehensive income	-	-	-	-	77,333	985,915,365	(31,462,443)	954,530,255	132,271,254	1,086,801,509
Cash dividends (Note 21)	-	-	-	-	-	(199,999,999)	-	(199,999,999)	-	(199,999,999)
Investment from non-controlling interest (Note 21)	-	-	-	-	-	-	-	-	421,341,052	421,341,052
At December 31, 2018	P6,200,853,553	P-	P2,639,742,141	(P109,674,749)	P99,231,014	P7,590,086,701	(P66,042,430)	P16,354,196,230	P1,109,270,329	P17,463,466,559

See accompanying Notes to Consolidated Financial Statements.

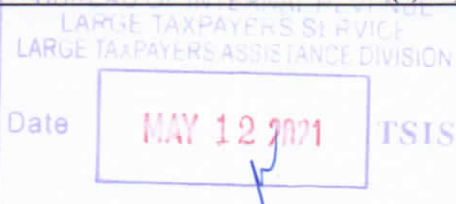


CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

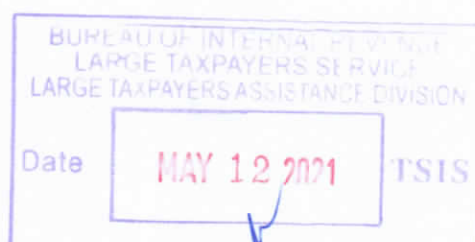
	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱1,564,604,768	₱2,056,032,947	₱1,621,956,880
Adjustments for:			
Interest and other financing charges (Note 26)	947,509,167	936,688,211	594,275,763
Loss (gain) from change in fair value of derivative (Note 13)	—	76,055,987	(115,791,961)
Depreciation and amortization (Notes 12, 13 and 22)	59,467,026	57,545,711	37,854,976
Retirement expense (Note 27)	53,846,232	40,927,863	35,599,728
Loss on pre-termination of derivative (Notes 13 and 25)	—	39,735,974	—
Gain from pre-termination of lease contracts (Note 29)	(5,798,312)	—	—
Interest income (Notes 4, 5, 6, 14 and 25)	(263,269,520)	(616,121,641)	(385,108,364)
Gain from change in fair value of investment properties (Note 11)	(558,621,018)	(260,934,423)	(376,898,561)
Foreign exchange loss (gain)	—	(116,330,537)	145,192,729
Share in net earnings of joint ventures and associate (Note 10)	(6,791,973)	(11,183,946)	(12,430,580)
Loss (gain) on sale of investment property (Note 11)	12,978,992	(3,521,396)	(12,941,360)
Operating income before working capital changes	1,803,925,362	2,198,894,750	1,531,709,250
Decrease (increase) in:			
Receivables	488,985,564	(1,335,917,877)	(785,380,593)
Real estate inventories	1,455,337,334	2,735,041,283	(1,578,749,310)
Advances to suppliers and contractors	(421,194,166)	229,614,424	(272,146,577)
Other assets	(650,382,893)	(423,368,311)	(142,172,562)
Increase (decrease) in:			
Accounts and other payables	(488,190,474)	759,056,890	1,157,531,784
Contract liabilities	(326,316,578)	(510,233,156)	(464,274,871)
Liability from purchased land intended for development	(60,000,000)	(33,232,990)	(79,473,009)
Other liabilities	590,054,996	418,119,692	—
Cash generated by (used in) operations	2,392,219,145	4,037,974,705	(632,955,888)
Interest received (Note 25)	263,269,520	616,121,641	385,108,364
Interest and other financing costs paid	(1,272,763,532)	(1,944,181,954)	(1,404,625,946)
Income taxes paid	(136,876,642)	(362,908,775)	(319,165,692)
Retirement benefits paid (Note 27)	(43,089,171)	(5,796,722)	(29,499,275)
Net cash provided by (used in) operating activities	1,202,759,320	2,341,208,895	(2,001,138,437)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Refund of deposits for purchased land (Note 9)	—	181,595,212	—
Sale of investment properties (Note 11)	28,544,184	156,600,215	179,598,017
Marginal deposits	—	31,658,800	15,016,031
Refund of rental deposits (Note 29)	20,002,609	7,177,123	1,008,513
Sale of property and equipment	—	—	2,070,400
Payments for:			
Additions to investment properties (Note 11)	(113,329,077)	(1,250,844,013)	(1,981,590,313)
Additions to short-term investments (Note 5)	(285,241,756)	—	—
Additions to investment in bonds (Note 14)	—	(463,750,000)	—
Additions to property and equipment (Notes 12 and 35)	(223,000,485)	(354,538,481)	(232,121,247)
Deposits for purchased land (Note 9)	(274,799,837)	(237,561,373)	(342,167,634)
Intangible assets (Note 13)	(5,346,041)	(2,105,735)	(1,473,211)
Marginal deposits	—	—	(31,658,800)
Acquisition of non-controlling interest (Note 21)	(1,900,000,000)	—	—
Collections from (advances to) related parties	(44,768,238)	(25,300,115)	96,891,440
Net cash used in investing activities	(2,797,938,641)	(1,957,068,367)	(2,294,426,804)

(Forward)



	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Short-term and long-term debt (Note 18)	₱6,099,533,446	₱12,464,293,414	₱11,359,147,970
Issuance of preferred stock (Note 21)	2,910,771,277	—	—
Deposits for preferred shares (Note 33)	56,107,956	412,195,714	201,678,447
Issuance of bonds payable (Note 20)	—	3,000,000,000	—
Additional investment from non-controlling interest (Note 21)	—	826,521,357	421,341,052
Deposits for future stock subscription (Note 21)	—	42,480,000	—
Receipts of advances from related parties	126,452,736	72,169,497	14,991,684
Payments for:			
Short-term and long-term debt (Note 18)	(7,225,067,363)	(14,807,436,336)	(6,814,295,001)
Deferred financing cost (Note 18)	(86,445,789)	(150,470,673)	(137,268,569)
Cash dividends (Note 21)	(297,179,924)	(126,201,322)	(199,999,999)
Dividends paid to non-controlling interest (Note 21)	(96,000,000)	—	—
Lease liabilities (Note 29)	(17,090,874)	(10,755,613)	—
Bonds payable (Note 20)	(1,393,530,000)	—	—
Bond issuance cost (Note 13)	(13,825,625)	—	—
Stock issuance cost (Note 13)	—	(52,316,528)	—
Net cash provided by financing activities	63,725,840	1,670,479,510	4,845,595,584
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,531,453,481)	2,054,620,038	550,030,343
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 4)	4,005,009,231	1,950,389,193	1,400,358,850
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱2,473,555,750	₱4,005,009,231	₱1,950,389,193

See accompanying Notes to Consolidated Financial Statements.



CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Century Properties Group Inc. (the Parent Company or CPGI), a publicly listed company, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 6, 1975. The Parent Company is a 63.12%-owned subsidiary of Century Properties Inc. (the Ultimate Parent or CPI) and the rest by the public. CPGI and its subsidiaries (collectively referred to hereinafter as the Group) is primarily engaged in the development and construction of residential and commercial real estate projects.

Acquisition of Noncontrolling Interest

The Parent Company has completed the acquisition of 40% of the total outstanding shares or 511,561,143 common shares of Mitsubishi Corporation (“MC”) in Century City Development II Corporation, a subsidiary of the Century Properties Group, Inc. (“CPGI”), on August 24, 2020. The acquisition price is ₱1.90 billion or ₱3.71 per share, paid in cash on August 24, 2020. A deed of absolute sale was executed by MC in favor of CPGI. This resulted to CCDC II becoming a wholly-owned subsidiary of CPGI.

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

The accompanying consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 were approved and authorized for issue by the Board of Directors (BOD) on April 30, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

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

Statement of Compliance

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

- *Deferral of the following provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry*
 - a. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04);



- b. Treatment of land in the determination of the percentage-of-completion (POC); and
- c. Treatment of uninstalled materials in the determination of the POC
(as amended by PIC Q&A 2020-02).

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

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

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

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

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

Basis of Consolidation

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

	Percentage of Ownership		
	2020	2019	2018
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	60	60
PHirst Park Homes Development Corporation (PPHDC)	100	100	100
Century Properties Management, Inc. (CPMI)	100	100	100
Siglo Suites, Inc. (SSI)	100	100	100
Siglo Commercial Management Corporation (SCMC)	100	100	100
Century Communities Corporation (CCC)	100	100	100
Century City Development Corporation (CCDC)	100	100	100
Century City Development Corporation II (CCDC II)	100	60	60
Centuria Medical Development Corporation (CMDIC)	100	100	100
Knightsbridge Residences Development Corporation*	100	100	100
Milano Development Corporation (MDC)	100	100	100
Century City Development Corporation VII*	100	100	100
Century City Development Corporation VIII*	100	100	100
Century City Development Corporation X*	100	100	100
Century City Development Corporation XI*	100	100	100
Century City Development Corporation XII*	100	100	100
Century City Development Corporation XIV*	100	100	100

(Forward)



	Percentage of Ownership		
	2020	2019	2018
Century City Development Corporation XV*	100	100	100
Century City Development Corporation XVI*	100	100	100
Century City Development Corporation XVII*	100	100	100
Century City Development Corporation XVIII*	100	100	100
Century Destination Lifestyle Corporation (CDLC)**	100	100	100
PHirst Park Homes, Inc. (PPHI)	60	60	60
<i>*non-operating CCDC subsidiaries</i>			
<i>**formerly Century Properties Hotel and Leisure Inc. (CPHLI)</i>			

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

On August 31, 2018, PPHI was incorporated by the Parent Company and Mitsubishi Corporation (MC) for 60% and 40% ownership interests, respectively (see Note 20). The primary purpose of PPHI is to engage in real estate development.

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

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

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

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

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

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

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

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



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

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

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2020.

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

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

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

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

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

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

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*
- Adoption of PIC Q&A 2020-03, Q&A No. 2018-12-D: STEP 3- On the accounting of the difference when the percentage of completion is ahead of the buyer's payment

PIC Q&A 2020-03 was issued by the PIC on September 30, 2020. The latter aims to provide an additional option to the preparers of financial statements to present as receivables, the difference between the POC and the buyer's payment, with the POC being ahead. This PIC Q&A is consistent with the PIC guidance issued to the real estate industry in September 2019.

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



Future Changes in Accounting Policies

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

Effective beginning on or after January 1, 2021

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

Effective beginning on or after January 1, 2022

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

Effective beginning on or after January 1, 2023

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

Deferred effectivity

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

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

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



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

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

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

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

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

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

- a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell.
- 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.
- c. Had the Group accounted for the revenue from air-conditioning services, CUSA and handling services as principal, this would have resulted in the gross presentation of the related revenue, costs and expenses. Currently, the related revenue is presented net of costs and expenses. There is no impact on opening retained earnings, income and expense and the related balance sheet accounts.

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



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

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

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

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

- *Deferral of PIC Q&A 2018-14, Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)*
On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost (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 Group availed of the SEC relief to defer of adoption of this PIC Q&A until December 31, 2020. Currently, the Group records the repossessed inventory at cost. The Group has opted to implement Approach 3 in its accounting for sales cancellation.

As prescribed by SEC MC No. 34-2020, for financial reporting periods beginning on or after



January 1, 2021, the availment of the above deferral will impact the Group's financial reporting during the period of deferral as follows:

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

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

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

- b. The Auditor's report will:

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

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

Current versus Noncurrent Classification

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

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

Cash and Cash Equivalents

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



Short-term Investments

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

Financial Instruments

Initial recognition

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

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

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

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

Subsequent measurement of financial assets

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

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

Financial assets at amortized cost

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

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

Financial assets at amortized cost are initially recognized at fair value plus directly attributable transaction costs and subsequently measured using the effective interest (EIR) method, less any impairment in value. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. This accounting policy relates to the Group's "Cash and cash equivalents",



“Short-term investments”, “Receivables” (excluding other receivables), rental deposits under “Other current assets”, “Due from related parties” and “Investment in bonds”.

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

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

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

Classification of financial liabilities

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

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

As of December 31, 2020 and 2019, the financial liabilities of the Group are of the nature of financial liabilities at amortized cost (debt instrument). This accounting policy applies to the Group’s “Accounts and other payables” (excluding customer’s advances and statutory liabilities), “Due to related parties”, “Short-term debt”, Liability from purchased land”, Long-term debt” and “Bonds Payable”.

Reclassifications of Financial Instruments

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

Impairment of Financial Assets

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

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



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

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

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

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

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

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

Derecognition of Financial Assets and Liabilities

Financial assets

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

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

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



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

Financial liabilities

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities



- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

Advances to Suppliers and Contractors

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

Real Estate Inventories

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

Cost includes:

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

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

Real estate inventories 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 December 31, 2020 and 2019.

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

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



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

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

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

Leases

Company as a lessee

Right-of-use assets

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

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

Lease liabilities

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

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

Short-term leases

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



Company as a lessor

Operating Lease

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

Creditable Withholding Tax (CWT)

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

Impairment of Nonfinancial Assets

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

Deposits for Preferred Shares Subscription

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

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

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



Deposit for Future Stock Subscription

Deposits for future stock subscriptions refers to the amount received by the Group from its stockholders with the purpose of applying the same as payment for future issuance of shares of stock.

Under existing SEC rules, DFFS can only be presented as equity if the following conditions are met:

1. Unissued authorized capital stock is insufficient to cover the DFFS;
2. The increase in authorized capital stock is approved by the BOD and stockholders; and
3. Application of the increase in authorized capital stock has been filed with the SEC and related filing fees have been paid as of the reporting date.

Deposits for future stock subscription as of December 31, 2019 were classified as liability since the application for the increase in authorized capital stock was not yet filed with the SEC as of the reporting date. The deposits were fully refundable until such time that the asset is complete and readily available for use. In 2020, the deposits for future stock subscription were fully utilized.

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, 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 31 to the consolidated financial statements.

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income attributable to common stockholders by the weighted average number of common shares issued and outstanding during the year and adjusted to give retroactive effect to any stock dividends declared during the period. 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 December 31, 2020, 2019 and 2018, 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 PFRSs requires the Group to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying consolidated financial statements are based upon management’s evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.



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

Judgments

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

Existence of a contract

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

Revenue recognition method and measure of progress

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

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

Incorporation of forward-looking information

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

To do this, the Group has considered a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on its 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 assets has disappeared because of financial difficulties
- Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

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

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

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

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



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

Receivable financing

The Group has entered into various receivable financing transactions with local banks to assign its ICRs. The Group has determined that it has retained substantially all the risks and rewards of ownership of these assets. Thus, the Group still retains the assigned ICRS in the consolidated 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 are 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.

Operating Lease Commitments - the Group as a Lessor

Management has determined that the Group retains all significant risks and rewards of ROU assets and thus, accounts for the contracts as operating leases. The ownership of the ROU assets is not transferred to the lessee by the end of the lease term. Rental income amounted to ₱795.03 million and ₱713.38 million in 2020 and 2019, 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 ₱9,482.62 million, ₱12,685.39 million and ₱9,576.67 million in 2020, 2019 and 2018, respectively (see Note 30).



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 the fair value of its investment properties under construction cannot yet be reliably measurable, as such these investment properties are measure at cost. Once the construction is complete or the fair value is reliably measurable, whichever comes first, the Group will measure the investment property at fair value.

For its investment properties that are complete and whose fair value are reliably measurable, the Group engages annually independent valuation specialists to determine its fair value. The appraisers used market approach for its land, which is based on comparable market data and income approach for its buildings, which are based on future cash flows available for such properties. Gain from change in fair value of investment properties amounted to ₱558.62 million, ₱260.93 million and ₱376.90 million in 2020, 2019 and 2018, respectively. The carrying value of the investment properties amounted to ₱13,627.58 million and ₱12,932.52 million as of December 31, 2020 and 2019, respectively (see Note 10).

Evaluation of impairment of financial assets

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

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

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

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

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

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



As of December 31, 2020, and 2019, the allowance for impairment losses on financial assets of the Group amounted to ₱11.40 million (see Note 5). As of December 31, 2020, and 2019, the carrying values of these assets are as follows:

	2020	2019
Cash and cash equivalents (Note 4)	₱2,473,555,750	₱4,005,009,231
Short-term investments	285,241,756	—
Receivables* (Note 5)	11,254,939,268	11,720,584,861
Due from related parties (Note 16)	464,422,862	419,654,624
Rental deposits (Note 12)	132,394,312	152,396,921
Investment in bonds	463,750,000	463,750,000

*Excluding other receivables that are non-financial in nature amounting to ₱372.27 million and ₱411.63 million as of December 31, 2020 and 2019, 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 ₱14,651.33 million and ₱15,558.00 million as of December 31, 2020 and 2019, respectively (see Note 6).

Impairment of nonfinancial assets

The Group assesses impairment on its nonfinancial assets and considers the following important indicators:

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

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

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



Considering the above, the Group assessed in 2020 that there are indicators of impairment in respect of its property intended to be operated as a hotel with a carrying value of ₱1,705.55 million as of December 31, 2020 (see Note 12), given the current effect of the pandemic on the hospitality industry and future economic uncertainties that it brings along. Accordingly, the Group performed an impairment testing of the relevant asset as a separate cash-generating unit to determine if the carrying value of such asset is impaired as of December 31, 2020. The Group utilized a discounted cash flow model and used certain assumptions (including discount rate, annual average occupancy rate, performance growth rates, and a terminal value) to determine the value in use. The model used (a) projected cash flows that incorporated the impact of the pandemic in 2020, (b) a pre-tax discount rate of 10.58%, and (c) a growth rate of 5% applied beyond the 10th year projections, among others. The Group benchmarked these assumptions against historical observations in internal businesses with similar performance drivers, as well as industry outlook. Based on the impairment testing performed, the Group did not identify impairment of such property as of December 31, 2020. In terms of sensitivity, an impairment loss would have resulted had the growth rate applied was about 4.95% or lower.

The Group did not identify impairment indicators on the other cash generating units of the Group, mainly on the basis that as consistently observed across the industry, the Group continued to perform well in 2020, in particular in respect of its real estate development segment which is the core business segment of the Group. The aggregate value of other nonfinancial assets (except for the hotel property) are ₱7,502.97 million and ₱6,627.20 million as of December 31, 2020 and 2019, respectively.

No impairment was recognized for the Group's nonfinancial assets as of December 31, 2020 and 2019.

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. As of December 31, 2020, and 2019, the Group has unrecognized deferred tax assets amounting to ₱191.33 million and ₱132.04 million, respectively (see Note 28).

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 pension liabilities net of its plan assets amounted to ₱372.99 million and ₱307.40 million as of December 31, 2020 and 2019, respectively (see Note 27).



4. Cash and Cash Equivalents

This account consists of:

	2020	2019	2018
Cash on hand and in banks	₱1,163,069,715	₱1,765,436,278	₱1,084,410,768
Cash equivalents	1,310,486,035	2,239,572,953	865,978,425
	₱2,473,555,750	₱4,005,009,231	₱1,950,389,193

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

Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term rates ranging from 0.3% to 1.5% and 0.5 % to 6.5% in 2020 and 2019, respectively. Interest income on cash and cash equivalents amounted to ₱68.86 million, ₱99.29 million and ₱62.63 million in 2020, 2019 and 2018, respectively (see Note 25).

5. Short-term Investments

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

Interest income earned on short-term investments amounted to ₱0.19 million in 2020.

6. Receivables

This account consists of:

	2020	2019
Trade receivables		
ICR	₱10,447,472,507	₱10,477,877,484
Leasing receivable	366,512,959	192,163,903
Management fees	96,026,771	174,895,185
Receivable from employees and agents	372,272,315	411,632,225
Advances to condominium corporations	68,344,391	162,244,369
Advances to customers	76,500,121	68,203,079
Other receivables	200,082,519	628,780,299
	11,627,211,583	12,115,796,544
Allowance for estimated credit losses for management fees and other receivables	(11,389,890)	(10,989,287)
	11,615,821,693	12,104,807,257
Noncurrent portion of ICR	(124,776,589)	(1,137,658,202)
	₱11,491,045,104	₱10,967,149,055

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.



Details of ICRs are as follows:

	2020	2019
Gross ICR	₱15,596,119,517	₱21,611,151,889
Unamortized discount arising from noninterest-bearing ICR	(3,404,206,608)	(3,371,786,927)
	12,191,912,909	18,239,364,962
Percentage of completion adjustment	(1,744,440,402)	(7,761,487,478)
Carrying value of ICR	10,447,472,507	10,477,877,484
Non-current portion of ICR	(124,776,589)	(1,137,658,202)
Current portion of ICR	₱10,322,695,918	₱9,340,219,282

Unamortized discounts

These ICRs were recorded initially at fair value which is derived using the discounted cash flow model using discount rates ranging from 1.71% to 3.95% and 5.21% to 6.44% in 2020 and 2019, respectively.

Movements in the unamortized discount on ICRs follow:

	2020	2019
Balance at beginning of year	₱3,371,786,927	₱3,349,772,920
Additions	200,787,168	526,110,173
Accretion for the year	(168,367,487)	(504,096,166)
Balance at end of year	₱3,404,206,608	₱3,371,786,927

Interest income from accretion of unamortized discount on ICRs amounted to ₱168.37 million, ₱504.10 million and ₱322.48 million in 2020, 2019 and 2018, respectively.

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

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

Receivable from employees and agents pertain salary and other loans granted to the employees and are recoverable through salary deductions. These are noninterest-bearing and are due and demandable.

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

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

Other receivables include advances to a third party amounting ₱384.22 million as of December 31, 2019 for a purchase of a parcel of land to be held for future development. In 2020, this is converted to advances to land-owners presented under "Other assets".



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

	2020	2019
Balance at beginning of year	₱10,989,287	₱10,989,287
Additional provision during the year	11,194,117	—
Reversal	(10,793,514)	—
Balance at end of year	₱11,389,890	₱10,989,287

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

Receivable financing

The Group entered into various agreements with a local bank whereby the Group assigned its ICRs with recourse at average interest rates ranging from 6.25% to 9.64% and 5.75% to 9.12% in 2020 and 2019, respectively. The assignment agreements provide that the Group will substitute defaulted CTS with other CTS of equivalent value.

The Group retains the assigned receivables in the consolidated financial statements since the Group retains the risks and rewards related to these receivables. The Group records the proceeds from these sales as long-term debt. The gross amount of ICRs used as collateral amounted to ₱6,210.21 million and ₱6,722.17 million as of December 31, 2020 and 2019, respectively (see Note 18).

7. Real Estate Inventories

This account consists of:

	2020	2019
Condominium units	₱11,908,680,712	₱12,952,038,940
Residential house and lots	2,490,907,124	1,374,400,543
Land held for future developments	251,741,116	1,231,564,879
	₱14,651,328,952	₱15,558,004,362

The roll-forward of this account follows:

	2020	2019
Balance at beginning of year	₱15,558,004,362	₱17,257,481,436
Construction costs incurred	4,627,612,199	5,301,173,696
Purchase of raw land	—	423,329,082
Borrowing costs capitalized (Notes 18)	551,180,990	935,352,352
Transfer from deposits for purchased land (Note 9)	—	166,000,000
Transfers to investment properties (Note 11)	(2,519,067)	(256,913,745)
Transfers from investment properties (Note 11)	—	191,125,602
Cost of real estate sales	(6,082,949,532)	(8,459,544,061)
Balance at end of year	₱14,651,328,952	₱15,558,004,362

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 2020 and 2019 are 4.50% and 4.84%, respectively, for general borrowing costs.

Real estate inventories recognized as "Cost of real estate sales" amounted to ₱6,082.95 million, ₱8,459.54 million and ₱5,655.40 million in 2020, 2019 and 2018, respectively.



In 2019, the Group purchased land in Batangas intended for development into affordable housing amounting to ₱423.33 million

In 2019, land situated in Laguna and Batangas amounting to ₱208.74 million started its development as residential house and lots.

The carrying values of real estate inventories mortgaged for trust receipts payables and bank loans amounted to ₱8,858.44 million and ₱7,533.24 million as of December 31, 2020 and 2019, respectively (see Note 18).

8. Advances to Suppliers and Contractors

Advances to suppliers and contractors amounting to ₱2,427.70 million and ₱2,006.51 million as of December 31, 2020 and 2019, respectively, are capitalized as part of real estate inventories when the materials have been delivered or services have been rendered by the suppliers and contractors, respectively. These advances are intended for the construction of the Group's real estate inventories.

9. Deposits for Purchased Land

This account consists of deposits made to property owners for the acquisition of parcels of land in which the use is currently undetermined. Deposits for purchased land amounted to ₱1,354.24 million and ₱1,079.44 million as of December 31, 2020 and 2019, respectively.

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

In 2019, a deposit for purchased land amounting to ₱181.60 million was cancelled and refunded to the Group.

In 2019, the Group made additional deposits to property owners for the acquisitions of parcels of land located in Quezon City amounting to ₱237.56 million.

In 2019, the Group finalized its deed of absolute sales (DOAS) for the land acquired in Novaliches with contract price and deposit amounting to ₱166.00 million. On the same year the Group decided to develop the land for future development and sale, hence the deposit was reclassified to real estate inventories.

10. Investments in and Advances to Joint Ventures and Associate

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

	2020	2019
Joint ventures:		
A2Global, Inc. (A2 Global)	₱3,055,000	₱3,055,000
One Pacstar Realty Corporation (One Pacstar)	204,674,684	197,882,711
Two Pacstar Realty Corporation (Two Pacstar)	49,830,620	49,830,620
Associate:		
Asian Breast Center (ABC)	7,999,900	7,999,900
	₱265,560,204	₱258,768,231



	2020	2019
Acquisition cost	₱404,033,094	₱404,033,094
Accumulated equity in net losses		
Balance at beginning of year	(145,264,863)	(156,448,809)
Share in net earnings	6,791,973	11,183,946
Balance at end of year	(138,472,890)	(145,264,863)
	₱265,560,204	₱258,768,231

Investment in A2Global

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

On February 26, 2013, the Parent Company acquired 122,200 shares in A2Global with acquisition price of ₱3.06 million, for a 48.88% ownership. A2Global has six (6) directors, three (3) from the Parent Company and three (3) from Asian Carmakers Corp. A2 Global's principal place of business is 5th Floor, Pacific Star Building, Gil Puyat Avenue corner Makati Avenue, Makati City.

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

As of December 31, 2020, A2Global is still in its pre-operating stage.

Investments in One Pacstar Realty Corporation and Two Pacstar Realty Corporation

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

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

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

Following are the significant financial information of the joint ventures as of December 31, 2020 and 2019 and for the years then ended (in millions):

	2020	2019
Total assets	₱830	₱813
Total current liabilities	300	300
Total revenue	17	59
Total expenses	3	37



The Group recognized share in net earnings of the joint ventures amounting to ₱6.79 million, ₱11.18 million and ₱12.43 million in 2020, 2019 and 2018, respectively.

Investment in Asian Breast Center, Inc. (ABC)

On January 7, 2016, the Group acquired 79,999 shares in ABC with an acquisition price of ₱8.00 million, for a 16.00% ownership. ABC has five (5) directors, one from the Group and four from ABC. Because the Group only has significant influence, this arrangement is considered as an investment in associate and is measured using the equity method.

The primary purpose of ABC is to provide comprehensive ambulatory care for women afflicted with any form of breast disease, including prevention, early detection, early diagnosis, and treatment. ABC's principal place of business is 8th Floor, Centuria Medical Makati, Kalayaan Avenue, Makati City. As of December, 31 2020 and 2019, ABC is still in its pre-operating stage.

The Group has not incurred any contingent liabilities as at December 31, 2020 and 2019 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.

11. Investment Properties

The Group's investment properties are classified as follows:

	2020	2019
Land	₱4,089,999,969	₱2,718,303,174
Building	7,795,021,430	6,305,892,789
Construction-in-progress	1,742,560,983	3,908,327,922
	₱13,627,582,382	₱12,932,523,885

Movements in this account are as follows:

	2020	2019
Cost:		
Balance at beginning of year	₱9,634,581,666	₱8,291,938,498
Construction costs incurred	113,329,077	1,250,844,013
Borrowing cost capitalized (Note 18)	62,112,511	126,398,369
Sale of property	(29,415,290)	(100,387,357)
Transfer to real estate inventories (Note 7)	—	(191,125,602)
Transfer from real estate inventories (Note 7)	2,519,067	256,913,745
Balance at end of year	9,783,127,031	9,634,581,666
Change in fair value:		
Balance at beginning of year	3,297,942,219	3,089,699,258
Sale of property	(12,107,886)	(52,691,462)
Gain from change in fair value of investment property	558,621,018	260,934,423
Balance at end of year	3,844,455,351	3,297,942,219
	₱13,627,582,382	₱12,932,523,885



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

As of December 31, 2020 and 2019, the Group have investment properties under construction located in Century City and Bonifacio Global City. The Group has contractual obligations to develop these properties amounting to nil and ₱624.83 million as of December 31, 2020 and 2019, respectively.

In 2019 and 2018, the Group sold portion of its Papermoon and Gramercy property at a gain amounting to ₱3.52 million and ₱12.94 million, respectively (see Note 25). In 2020, the Group sold portion of its medical office at a loss amounting ₱12.98 million.

The Group recorded gain on fair value of investment properties amounting to ₱558.62 million, ₱260.93 million and ₱376.90 million in 2020, 2019 and 2018, respectively.

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, 2020 and 2019. Cuervo Appraisers, Inc. is an industry specialist in valuing these types of investment properties.

The fair value of the investment properties was estimated by using the Sales Comparison Approach (SCA) and the Income Capitalization Approach (ICA). SCA is an approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. ICA is a method in which the appraiser derives an indicated of value for income producing property by converting anticipated future benefits into current property value. 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:

Property	Valuation technique	Significant unobservable inputs	Range	
			2020	2019
Buildings	DCF	Discount rates for similar lease contracts, market rent levels, expected vacancy and expected maintenance.	Discount rate – 11.01 % to 11.44% Market rent levels - ₱400 to ₱1,500/sqm per month Expected vacancy - 5% to 58%; Expected maintenance - 6% to 43% of gross revenue	Discount rate - 8 % to 10% Market rent levels - ₱400 to ₱1,500/sqm per month Expected vacancy - 3% to 15%; Expected maintenance - 6% to 60% of gross revenue
Land	SCA	Selling price for the land adjusted for external factors and internal factors External factors pertain to negative externalities outside the property limits that influence the value namely: social, economic, environmental and governmental. Internal factors include adjustments due to location, use, size and time elements	External Factors: -10% Internal Factors: -5% to -8%	External Factors: -10% Internal Factors: -5% to -8%

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



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

In 2020, 2019 and 2018, the Group recognized leasing revenue from the use of the said real properties amounting to ₱795.03 million, ₱713.38 million and ₱407.27 million, respectively, and incurred direct cost of leasing amounting to ₱226.53 million, ₱217.45 million and ₱227.75 million, respectively, in relation to these investment properties.

The carrying values of investment properties mortgaged for trust receipts payables and bank loans amounted to ₱3,931.34 and ₱1,606.06 million as of December 31, 2020 and 2019, respectively (see Note 18).



12. Property and Equipment

The composition and movements of this account are as follows:

	2020								
	Office Equipment	Computer Equipment	Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Construction Equipment	Construction - in -Progress	Right-of-use Assets	Total
Cost									
At January 1	₱63,888,256	₱51,735,754	₱38,256,241	₱79,591,287	₱70,149,946	₱251,492,426	₱1,520,409,911	₱71,933,617	₱2,147,457,438
Additions	13,826,176	13,511,016	1,484,694	1,163,929	7,873,658	—	185,141,012	11,572,605	234,573,090
Disposals	—	(6,828)	(8,833,754)	(18,600,102)	—	—	—	(71,933,617)	(99,374,301)
At December 31	77,714,432	65,239,942	30,907,181	62,155,114	78,023,604	251,492,426	1,705,550,923	11,572,605	2,282,656,227
Accumulated Depreciation									
At January 1	41,572,868	30,798,416	33,637,542	66,423,374	60,814,069	251,491,859	—	14,596,999	499,335,127
Depreciation	10,557,376	10,599,723	3,352,321	4,295,012	6,230,869	567	—	18,849,731	53,885,599
Disposals	—	(6,828)	(8,465,590)	(17,544,247)	—	—	—	(28,142,620)	(54,159,285)
At December 31	52,130,244	41,391,311	28,524,273	53,174,139	67,044,938	251,492,426	—	5,304,110	499,061,441
Net Book Values at December 31	₱25,584,188	₱23,848,631	₱2,382,908	₱8,980,975	₱10,978,666	₱—	₱—	₱6,268,495	₱1,783,594,786

	2019								
	Office Equipment	Computer Equipment	Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Construction Equipment	Construction - in -Progress	Right -of-use Assets	Total
Cost									
At January 1	₱52,831,269	₱43,085,203	₱36,222,147	₱76,194,662	₱68,854,219	₱251,492,426	₱1,193,692,369	₱—	₱1,722,372,295
Additions	11,056,987	8,671,679	2,428,492	4,368,054	1,295,727	—	326,717,542	71,933,617	426,472,098
Disposals	—	(21,128)	(394,398)	(971,429)	—	—	—	—	(1,386,955)
At December 31	63,888,256	51,735,754	38,256,241	79,591,287	70,149,946	251,492,426	1,520,409,911	71,933,617	2,147,457,438
Accumulated Depreciation									
At January 1	30,128,127	22,339,348	29,337,427	60,799,242	54,488,845	251,488,469	—	—	448,581,458
Depreciation	11,444,741	8,480,196	4,694,512	6,595,561	6,325,224	3,389	—	14,596,999	52,140,622
Disposals	—	(21,128)	(394,398)	(971,429)	—	—	—	—	(1,386,955)
At December 31	41,572,868	30,798,416	33,637,541	66,423,374	60,814,069	251,491,858	—	14,596,999	499,335,125
Net Book Values at December 31	₱22,315,388	₱20,937,338	₱4,618,700	₱13,167,913	₱9,335,877	₱568	₱1,520,409,911	₱57,336,618	₱1,648,122,313



Construction-in-progress pertains to the construction cost incurred by the Group for the construction of Novotel Suites Manila at Acqua 6 Tower of Acqua Private Residences. The Group has contractual obligations to develop its construction in progress amounting to ₱35.00 million and ₱90.45 million as of December 31, 2020 and 2019, respectively.

Borrowing cost capitalized in 2018 related to the construction in progress amounted to ₱9.02 million (see Note 18).

The depreciation and amortization of property and equipment in 2020, 2019 and 2018 are recognized as follows:

	2020	2019	2018
General, administrative and selling expenses (see Note 22)	₱53,885,599	₱52,140,622	₱33,838,820

13. Other Assets

This account consists of:

	2020	2019
Current:		
Prepaid commissions	₱790,695,547	₱793,835,366
Creditable withholding taxes	524,400,246	356,043,741
Input taxes	389,829,714	204,820,589
Prepaid expenses	29,264,331	5,173,186
Others	75,704,474	49,298,802
	₱1,809,894,312	₱1,409,171,684
Noncurrent:		
Prepaid commissions	₱635,616,658	₱535,038,383
Advances to land-owners	669,234,205	350,000,000
Input taxes	157,363,969	304,690,593
Rental deposits (Note 29)	132,394,312	152,396,921
Creditable withholding taxes	33,899,349	67,761,682
Intangible assets	34,438,719	34,674,105
Deferred financing costs	13,825,625	3,116,451
Others	23,150,160	66,094,261
	₱1,699,922,997	₱1,513,772,396

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 ₱294.50 million and ₱314.96 million as of December 31, 2020 and 2019, 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.

In 2020 and 2019, the Group revisited its forecasted tax payable position as well as its output tax liability position and accordingly, reclassified a total of ₱33.89 million and ₱67.76 million in creditable withholding taxes, respectively and ₱157.36 million and ₱304.69 million in input taxes to noncurrent assets.

Advances to land-owners includes 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.

Rental deposits mostly pertain to security deposits held and applied in relation to the Group's lease contracts for its administrative and sales offices. The deposits are noninterest-bearing and are recoverable through application of rentals at the end of the lease term (see Note 29).

Intangible assets include software costs and trademarks. Software cost includes application software and intellectual property licenses owned by the Group. Trademarks are licenses acquired separately by the Group. These licenses arising from the Group's marketing activities have been granted for a minimum of 10 years by the relevant government agency with the option to renew at the end of the period at little or no cost to the Group. Previous licenses acquired have been renewed and enabled the Group to determine that these assets have an indefinite useful life. The related amortization is charged to expense as "Depreciation and amortization" in the "General, administrative and selling expenses" account amounting to ₱5.58 million, ₱5.41 million and ₱4.01 million in 2020, 2019 and 2018, respectively (see Note 22). Additions to software amounted to ₱5.35 and ₱2.11 million in 2020 and 2019, respectively.

Gain (loss) from change in fair value of a derivative amounted to (₱76.06 million) and ₱115.79 million in 2019 and 2018, respectively. In 2019, the Group pre-terminated its loan with SCB hence the derecognition of the derivative asset and recognition of a loss on pre-termination amounting to ₱39.74 million (see Notes 18 and 25).

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.

As of December 31, 2019, others under "Other noncurrent assets" include stock issuance costs amounting to ₱52.32 million for the listing of its preferred shares on January 10, 2020. This was subsequently reclassified as a reduction in equity on the date the preferred shares were issued in 2020.

14. Investment in Bonds

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



In 2020 and 2019, interest income from investment in bonds amounted to ₱25.85 million and ₱12.74 million, respectively (see Note 25).

15. Accounts and Other Payables

This account consists of:

	2020	2019
Accounts payable	₱3,613,781,270	₱3,631,221,875
Accrued expenses		
Interest	265,843,307	92,422,496
Commissions	376,817,470	177,382,771
Taxes	91,208,470	294,057,904
Salaries	91,066,031	55,986,056
Others	119,998,376	50,995,073
Customers' advances	430,120,778	871,388,151
Retention payable	318,563,249	443,016,187
Dividends payable	215,064,277	11,717,930
Other payables	69,177,749	74,875,852
	₱5,591,640,977	₱5,703,064,295

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

Customers' 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.

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

16. Contract Liabilities

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 December 31, 2020 and 2019, carrying values of contract liabilities amounted to ₱1,457.78 million and ₱1,784.09 million, respectively.

The amount of revenue recognized from amounts included in contract liabilities at the beginning of the year amounted to ₱1,403.26 million and ₱2,376.28 million in 2020 and 2019, 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.

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

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

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

Due from Related Parties

	2020	2019	Amount of transaction	Terms and Conditions
Ultimate Parent	₱168,241,771	₱156,878,875	₱11,362,896	Noninterest bearing, due and demandable, unsecured, no impairment
Stockholders	155,459,433	188,509,842	(33,050,409)	
Other affiliates	140,721,658	74,265,907	69,555,731	
	₱464,422,862	₱419,654,624		

Due to Related Parties

	2020	2019	Amount of transaction	Terms and Conditions
Ultimate Parent	₱195,430,779	₱115,225,874	₱80,204,905	Noninterest bearing, due and demandable, unsecured
Stockholders	74,575,243	19,175,305	55,399,938	
Other affiliates	—	36,790,583	(36,790,583)	
	₱270,006,022	₱171,191,762		



The related party transactions that are eliminated during consolidation follows:

Due from Related Parties

	2020	2019	Amount of transaction	Terms and Conditions
Parent Company				
CPGI	₱9,009,271,803	₱6,119,677,982	₱2,889,593,821	Noninterest bearing, due and demandable, unsecured, no impairment
Subsidiaries:				
CLC	1,034,644,203	866,355,877	168,288,326	
PPHI	132,513,010	7,249,564	125,263,446	
CCDC	5,014,132,364	4,874,625,300	139,507,064	
CCC	—	10,959,478	(10,959,478)	
CPMI	7,055,206	—	7,055,206	
	₱15,197,616,586	₱11,878,868,201	₱3,318,748,385	

Due to Related Parties

	2020	2019	Amount of transaction	Terms and Conditions
Parent Company				
CPGI	₱109,531,551	₱36,775,774	₱72,755,777	
Subsidiaries:				Noninterest bearing, due and demandable, unsecured
CLC	7,898,498,323	6,682,277,191	1,216,221,132	
PPHI	87,139,889	13,683,920	73,455,969	
CCDC	5,110,218,668	2,766,219,356	2,343,999,312	
CCC	1,705,870,977	2,099,441,132	(393,570,155)	
CPMI	32,699,663	26,882,989	5,816,674	
CDLC	253,657,515	253,587,839	69,676	
	₱15,197,616,586	₱11,878,868,201	₱3,318,748,385	

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.

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

Management agreement

In 2018, the Group contracted CISI to manage all of its sales and marketing activities. CISI is a wholly owned subsidiary of CPI. Prepayments to CISI for initial marketing services recognized under “Other current assets” account as of December 31, 2020 and 2019 amounted to ₱294.50 million and ₱314.96 million, respectively (see Note 13).

Key management compensation

The key management personnel of the Group include all directors, executive, and senior management. The details of compensation and benefits of key management personnel in 2020, 2019 and 2018 follow:

	2020	2019	2018
Short-term employee benefits	₱135,178,047	₱172,530,681	₱166,550,735
Post-employment benefits (see Note 27)	5,735,247	8,635,745	6,022,060
	₱140,913,294	₱181,166,426	₱172,572,795



18. Short-term and Long-term Debts

Short-term Debt

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

	2020			2019		
	Trust receipts	Bank loans	Total	Trust receipts	Bank loans	Total
Beginning balance	₱557,692,919	₱895,000,000	₱1,452,692,919	₱805,610,954	₱1,401,000,000	₱2,206,610,954
Availments	835,818,202	—	835,818,202	1,711,073,696	1,457,500,000	3,168,573,696
Repayments	(896,862,386)	(579,700,000)	(1,476,562,386)	(1,958,991,731)	(1,963,500,000)	(3,922,491,731)
Ending balance	₱496,648,735	₱315,300,000	₱811,948,735	₱557,692,919	₱895,000,000	₱1,452,692,919

Trust receipts

Trust receipts (TRs) are facilities obtained from various banks to finance purchases of construction materials the Group's projects. Under these facilities, the banks pay the Group's suppliers then require the Group to execute trust receipts over the goods purchased. The TRs have average interest rates ranging from 5.75% to 8.75% and 5.75% to 9.00% in 2020 and 2019, 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

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

On July 25, 2019, the Group availed of a peso-denominated short-term PN facility with CBC amounting up to ₱1,000.00 million to be issued in multiple tranches. The facility has a term a term of twelve (12) months with interest payable quarterly. In 2019, the Group availed of ₱890.00 million of the total facility, with interest rate of 5.91%.

In 2020 and 2019, repayments related to short-term PNs with CBC amounted to ₱540.00 million and ₱747.00 million, respectively.

In 2019, the Group availed an additional short-term PN from the same loan facility with BDO amounting to ₱562.50 million subject to the same terms and interest. In 2019, the Group fully paid its short-term PNs with BDO amounting to ₱811.50 million.

In 2019 and 2018, repayments related to short-term PNs with MPI amounted to ₱400.00 million and ₱100.00 million, respectively.

In 2019, the Group renewed the short-term PN amounting to ₱5.00 million from BPI for the same terms and interest rates. In 2020, the Group fully paid its short-term PN with BPI.

Long-term Debt

As of December 31, 2020 and 2019, this account consists of:

	2020	2019
Long-term debt:		
Bank loans	₱10,495,477,996	₱8,414,050,455
Payable under CTS financing	4,351,402,524	6,914,652,948
Car loan financing	9,295,145	14,013,545
	14,856,175,665	15,342,716,948
Less current portion	5,447,303,305	5,462,166,897
Noncurrent portion	₱9,408,872,360	₱9,880,550,051



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

2020				
	Bank Loans	CTS Financing	Car Loan Financing	Total
Principal:				
Balances at beginning of year	₱8,525,382,837	₱6,914,652,948	₱14,013,545	₱15,454,049,330
Addition	4,450,000,000	813,715,244	—	5,263,715,244
Payments	(2,366,820,909)	(3,376,965,668)	(4,718,400)	(5,748,504,977)
Balances at end of year	10,608,561,928	4,351,402,524	9,295,145	14,969,259,597
Deferred financing costs:				
Balances at beginning of year	111,332,382	—	—	111,332,382
Addition	86,445,789	—	—	86,445,789
Amortization	(84,694,239)	—	—	(84,694,239)
Balances at end of year	113,083,932	—	—	113,083,932
Carrying values	₱10,495,477,996	₱4,351,402,524	₱9,295,145	₱14,856,175,665

2019				
	Bank Loans	CTS Financing	Car Loan Financing	Total
Principal:				
Balances at beginning of year	₱9,264,955,585	₱7,875,795,684	₱18,853,485	₱17,159,604,754
Addition	6,627,518,487	2,666,232,117	1,969,114	9,295,719,718
Payments	(7,250,760,698)	(3,627,374,853)	(6,809,054)	(10,884,944,605)
Effect of foreign currency translation	(116,330,537)	—	—	(116,330,537)
Balances at end of year	8,525,382,837	6,914,652,948	14,013,545	15,454,049,330
Deferred financing costs:				
Balances at beginning of year	125,356,369	—	—	125,356,369
Addition	76,458,240	—	—	76,458,240
Amortization	(90,482,227)	—	—	(90,482,227)
Balances at end of year	111,332,382	—	—	111,332,382
Carrying values	₱8,414,050,455	₱6,914,652,948	₱14,013,545	₱15,342,716,948

Bank loans

On January 3, 2018, the Group entered into an Omnibus Agreement with SCB for a senior secured dollar term loan facility up to USD 40.00 million or ₱1,990.00 million to finance the planned construction and development of its properties and to refinance its unpaid debts. Under this agreement the utilization of the loan shall be subject to the dollar term loan facility agreement. The loan facility bears interest rate equal to the screen rate or the reference bank rate plus 3.00% margin payable quarterly.

Concurrent with the loan agreement, the Group entered into a cross currency and interest rate swap agreement with SCB to hedge their foreign currency and interest rate risk related to the bank loan (see Note 13). In 2019, the Group pre-terminated its loans from SCB for a total payment of ₱2,933.33 million.

In 2020 and 2019, the Group availed additional loan from DBP amounting to ₱450.00 million and ₱581.00 million, respectively, with interest ranging from 3.599% to 5.655% and 6.692% to 6.702% per annum, respectively. The principal amount which has maturities ranging from two (2) to four (4) years will be used to fund ongoing development of its projects and for additional working capital.

In 2020 and 2019, repayments related to loans with DBP amounted to ₱671.50 million and ₱157.02 million, respectively.

In 2018, the Group entered into an Omnibus Loan and Security Agreement with Amalgated Investment Bancorporation, for a two-year term-loan with a principal amount of up to ₱500.00 million. The loan facility bears interest of 7% per annum.



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

In 2019, the Group obtained a five-year term loan from UCPB amounting to ₱1,000.00 million, which is payable quarterly with interest of 8.42% per annum. As of December 31, 2020, outstanding balance of this loan amounted to ₱899.63 million

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

On October 28, 2019, the Group renewed a portion of its five-year term loan from BDO amounting to ₱700.00 million with a fixed interest of 6.07% fixed for 92 days with an option to reprice over 30-180 days as agreed by the parties.

In 2020 and 2019, principal repayments related to loans with BDO amounted to ₱449.16 million and ₱3,196.10 million, respectively.

In 2019, the Group fully paid its loan with Phoenix Property Investors amounting to ₱781.75 million.

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

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

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

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

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 6.25% to 9.64% and 5.88% to 9.75% in 2020 and 2019, respectively.



Security and Debt Covenants

Certain bilateral, trust receipts, payables under CTS financing and bank loans have mortgaged real estate inventories and assigned ICRs 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 December 31, 2020 and 2019, the carrying values of these assets mortgaged for trust receipts, payables under CTS financing and bank loans are as follows:

	2020	2019
Real estate inventories (Note 7)	₱8,858,435,704	₱7,533,240,582
ICR (Note 6)	6,210,206,697	6,722,174,747
Investment properties (Note 11)	3,931,340,000	1,606,057,348

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 December 31, 2020 and 2019, 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 costs capitalized by the Company in 2020, 2019 and 2018 amounted to ₱613.29 million, ₱946.29 million and ₱806.81 million, respectively (see Notes 9 and 12).

Interest Expense

Interest expense for the notes payable, short term and long-term debt in 2020, 2019 and 2018 amounted to ₱651.37 million, ₱915.54 million and ₱585.68 million, respectively (see Note 26).

19. Liabilities 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:

	2020	2019
Current	₱67,200,000	₱67,200,000
Noncurrent	208,335,743	268,335,743



20. Bonds Payable

This account consists of the following:

	2020	2019
Principal:		
Five-and-half year bond	₱3,000,000,000	₱1,393,530,000
Three-year-bond	—	3,000,000,000
Seven-year bond	119,110,000	119,110,000
	3,119,110,000	4,512,640,000
Deferred financing cost:		
Balances at beginning of year	59,607,834	6,745,302
Addition	—	74,012,433
Amortization	(25,264,121)	(21,149,901)
Balances at end of year	34,343,713	59,607,834
Carrying value	3,084,766,287	4,453,032,166
Less: current portion	118,781,010	1,392,653,130
Noncurrent portion	₱2,965,985,277	₱3,060,379,036

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

In 2020, the Parent Company repaid its five-and-half year bond in full amounting to ₱1,393.53 million. Outstanding balance from this bond amounted to ₱119.11 million as of December 31, 2020.

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

The bond agreement contains some or all of the following restrictions: maintenance of debt service ratio, debt to equity ratio and current ratio of 1.2x, 2.0x and 1.5x, respectively. These restrictions and requirements were complied with by the Parent Company as of December 31, 2020 and 2019.

Application for Public Offering of Retail Bonds

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

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



Borrowing Costs Capitalized

Borrowing cost capitalized amounted to ₱115.46 million and ₱97.81 million in 2019 and 2018, respectively (see Notes 7, 11 and 12). There is no borrowing cost capitalized in 2020.

Interest Expense and Other Finance Charges

Interest and other financing charges from bonds payable in 2020, 2019 and 2018 amounted to ₱291.48 million, ₱21.15 million and ₱8.6 million, respectively (see Note 26).

21. Equity

Earnings per share

Basic earnings per share amounts attributable to equity holders of the Parent Company in 2020, 2019 and 2018 are as follows:

	2020	2019	2018
Net income attributable to the owners of the Parent Company	₱795,555,466	₱1,281,748,829	₱985,915,365
Dividends declared to preferred shares	448,679,250	—	—
	346,876,216	1,281,748,829	985,915,365
Weighted average number of shares	11,599,600,690	11,599,600,690	11,599,600,690
Basic earnings per share	₱0.03	₱0.11	₱0.09

Earnings per share are calculated using the consolidated net income attributable to the equity holders of Parent Company less dividend declared to preferred shares divided by the weighted average number of shares. The Group has no potentially dilutive ordinary shares as of December 31, 2020, 2019 and 2018.

Deposit for future stock subscription

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

On January 10, 2020, the Group listed in the Philippines Stock Exchange (PSE) a public offering of 20,000,000 preferred shares with an oversubscription of 10,000,000 preferred shares of at offer price of ₱100.00. The Preferred shares are being offered for subscription solely in the Philippines through China Bank Capital Corporation (Note 35).

Common shares

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

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

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



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

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

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

Preferred stock

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

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

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

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

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



Treasury shares

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

As of December 31, 2020 and 2019, treasury shares amounted to ₱109.67 million consisting of 100.12 million shares.

Retained earnings

Retained earnings include the accumulated equity in undistributed net earnings of consolidated subsidiaries amounting to ₱9,028.95 million and ₱8,055.51 million as of December 31, 2020 and 2019, respectively. These amounts are not available for dividend declaration until these are declared by the subsidiaries.

Cash dividend declaration

On December 22, 2020, the BOD approved the declaration of cash dividends for the preferred shares with dividend rate of 6.7177% amounting to ₱201.53 million for shares of record January 5, 2021 with payment date on January 11, 2021, shares of record date April 6, 2021 with payment date on April 12, 2021, shares of record date July 6, 2021 with payment date on July 12, 2021 and shares of record date October 6, 2021 with payment date on October 11, 2021.

On August 26, 2020, the BOD approved the declaration of ₱0.0063 per share cash amounting to ₱147.85 million for the common stock for distribution to the stockholders of the Parent Company of record September 10, 2020 and November 6, 2020. On September 18, 2020 and November 18, 2020, dividends amounting to ₱146.03 million were paid.

On July 1, 2020, the BOD approved the declaration of cash dividends for the preferred shares with dividend rate of 6.7177% amounting to ₱100.77 million for shares of record July 8, 2020 with payment date on July 10, 2020, and of record date October 6, 2020 with payment date on October 12, 2020.

On March 20, 2020, the BOD approved the declaration of cash dividends for the preferred shares with dividend rate of 6.7177% amounting to ₱50.38 million with payment date on April 13, 2020.

On June 25, 2019, the BOD of the Parent Company approved the declaration of ₱0.02 per share cash dividends amounting to ₱137.92 million for distribution to the stockholders of the Parent Company of record as of June 26, 2019. On July 23, 2019, dividends amounting ₱126.20 million were paid.

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 ₱104.49 million as of December 31, 2020 and 2019. This also includes the remeasurement loss on equity instruments at FVOCI amounting to ₱5.25 million and ₱5.10 million as of December 31, 2020 and 2019, respectively.

Non-controlling interest

On August 24, 2020, CPGI has completed the acquisition of 40% of the total outstanding shares or 511,561,143 common shares of FMT Kalayaan Inc. ("FMTK") in one of its subsidiaries Century City Development II Corporation. The acquisition price is ₱1,900,000,000.00, or ₱3.71 per share, paid in cash on August 24, 2020. A Deed of Absolute Sale was executed by FMTK in favor of CPGI. The



difference in the acquisition price and the value of the NCI as of August 24, 2020 amounting to ₱782.24 million was charged against the Group's equity reserve.

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

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

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



The financial information of subsidiaries that have material non-controlling interests is provided below.

Summarized statements of financial position (in millions):

	TPI I		TPI II		TPI III		CCDC II		PPHI	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Current assets	₱514.70	₱813.00	₱846.26	₱736.52	₱359.88	₱271.39	₱750.34	₱561.25	₱3,978.44	₱2,571.22
Noncurrent assets	3.13	5.54	7.24	8.64	5.51	6.60	5,387.32	4,467.67	46.87	31.20
Current liabilities	(160.00)	(200.35)	(345.00)	(362.57)	(276.00)	(233.34)	(789.00)	(579.52)	(1,768.00)	(578.79)
Noncurrent liabilities	(12.06)	(51.15)	(12.58)	—	—	—	(2,461.84)	(2,137.81)	(18.89)	(5.85)
Total equity	₱345.77	₱567.04	₱495.92	₱382.59	₱89.39	₱44.65	₱2,886.82	₱2,311.59	₱2,238.42	₱2,017.78
Attributable to:										
Equity holders of the Parent										
Company	₱203.26	₱340.22	₱299.60	₱229.55	₱55.07	₱26.79	₱2,886.82	₱1,386.95	₱1,342.24	₱1,210.67
Non-controlling interest	142.51	226.82	196.32	153.04	34.32	17.86	—	924.64	896.18	807.11
Total equity	₱345.77	₱567.04	₱495.92	₱382.59	₱89.39	₱44.65	₱2,886.82	₱2,311.59	₱2,238.42	₱2,017.78



Summarized statements of comprehensive income (in millions):

	TPI I		TPI II		TPI III		CCDC II		PPHI	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue	₱52.32	₱285.19	₱443.81	₱555.59	₱162.28	₱57.13	₱336.59	₱131.96	₱1,606.10	₱844.06
Cost of real estate sales and services	(3.08)	(205.02)	(263.40)	(178.73)	(82.07)	(17.73)	(71.82)	—	(827.45)	(409.42)
General and administrative expenses	(34.43)	(55.27)	(72.14)	(108.44)	(35.78)	(8.44)	(68.44)	(75.22)	(569.23)	(402.03)
Operating income (loss)	14.81	24.90	108.27	268.42	44.43	30.96	196.33	56.74	209.42	32.61
Other income	6.54	1.28	7.08	11.21	0.09	0.56	631.99	130.01	23.16	18.93
Provision for income tax	(2.06)	(6.24)	(2.02)	(3.43)	(0.01)	(0.18)	(249.00)	(55.75)	(10.05)	(14.31)
Other Comprehensive Income	—	—	—	—	—	—	—	—	(0.92)	—
Total comprehensive income	₱19.29	₱19.94	₱113.33	₱276.20	₱44.51	₱31.34	₱579.32	₱131.00	₱221.61	₱37.23

	TPI I		TPI II		TPI III		CCDC II		PPHI	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total comprehensive income attributable to:										
Equity holders of the Parent Company	₱11.57	₱11.96	₱68.00	₱165.72	₱26.71	₱18.80	₱384.95	₱78.60	₱133.21	₱22.34
Non-controlling interests	7.72	7.98	45.33	110.48	17.80	12.54	194.38	52.40	88.40	14.89
	₱19.29	₱19.94	₱113.33	₱276.20	₱44.51	₱31.34	₱579.33	₱131.00	₱221.61	₱37.23

Summarized cash flows information (in millions):

	TPI I		TPI II		TPI III		CCDC II		PPHI	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Operating	₱40.92	₱236.13	59.53	₱80.95	2.79	(₱17.96)	548.69	₱758	(344.17)	(₱44.99)
Investing	—	—	—	—	—	(0.07)	(730.07)	(1,358)	(25.07)	(32.35)
Financing	(101.30)	(221.05)	(105.30)	44.78	1.10	125.71	(220.52)	600	(60.66)	1,004.65



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 December 31, 2020 and 2019 (see Note 18).

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 ₱20,660.80 million and ₱17,464.84 million as of December 31, 2020 and 2019, respectively.

No changes were made in the objectives, policies or processes for managing capital in 2020 and 2019.

22. General, Administrative and Selling Expenses

This account consists of:

	2020	2019	2018
Commission	₱838,230,807	₱1,073,736,547	₱834,317,060
Salaries, wages and employee benefits (Note 23)	673,729,980	734,098,003	629,488,457
Marketing and promotions	447,335,070	603,383,309	1,121,772,561
Taxes and licenses	325,487,131	202,501,561	193,656,209
Professional fees	74,976,338	116,454,983	87,860,082
Depreciation and amortization (Notes 12 and 13)	59,467,026	57,545,711	37,854,976
Utilities	57,996,893	18,367,414	20,732,147
Repairs and maintenance	55,283,417	62,074,477	13,757,548
Outside services	47,783,997	43,335,986	29,165,709
Supplies	29,883,987	21,110,823	10,194,937
Rent	26,343,133	22,412,548	65,994,163
Representation expenses	25,964,987	93,552,363	66,050,772
Communication	11,827,687	15,702,014	20,122,275
Transportation and travel	7,115,365	17,056,463	16,104,758
Miscellaneous	182,287,881	154,485,859	107,454,756
	₱2,863,713,699	₱3,235,818,061	₱3,254,526,410

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



23. Personnel Cost

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

	2020	2019	2018
General, administrative and selling expenses (Note 22)	₱673,729,980	₱731,772,223	₱629,488,457
Cost of services	285,985,555	295,241,150	276,552,505
	₱959,715,535	₱1,027,013,373	₱906,040,962

The breakdown of salaries, wages and employee benefits is as follows:

	2020	2019	2018
Salaries and wages	₱765,421,425	₱712,558,986	₱639,423,507
Retirement expense (Note 27)	53,846,232	40,927,863	35,599,728
Other employee benefits	140,447,878	273,526,524	231,017,727
	₱959,715,535	₱1,027,013,373	₱906,040,962

24. Property Management Fee and Other Services

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

Other services pertain to technical services such as plan evaluation, consultation and project management.

Total property management fee and other services recognized amounted to ₱389.72 million, ₱412.15 million and ₱395.46 million in 2020, 2019 and 2018, respectively. Direct cost of services incurred amounted to ₱285.99 million, ₱295.24 million and ₱276.55 million in 2020, 2019 and 2018, respectively, in relation to property management.

25. Interest Income and Others

This account consists of:

	2020	2019	2018
Income from forfeited collections	₱329,453,236	₱335,707,714	₱363,850,996
Interest income from deposits and short-term investments (Notes 4 and 5)	69,047,970	99,287,587	62,625,758
Interest income from investment in bonds (Note 14)	25,854,063	12,737,888	—
Gain on sale of investment property (Note 11)	12,978,992	3,521,396	12,941,360
Foreign exchange gains	—	—	10,677,268
Loss on pre-termination of derivative (Note 13)	—	(39,735,974)	—
Other income	130,733,908	161,844,867	118,560,867
	₱568,068,169	₱573,363,478	₱568,656,249



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.

26. Interest and Other Financing Charges

Details of this account follow (see Notes 18, 20 and 29):

	2020	2019	2018
Interest expense	₱784,022,304	₱747,608,418	₱414,117,993
Other financing charges	163,486,863	189,079,793	180,157,770
	₱947,509,167	₱936,688,211	₱594,275,763

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

27. Pension Costs

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 Retirement Pay Law*. The benefits are based on current salaries and years of service and compensation on the last year of employment. An independent actuary conducts an actuarial valuation of the retirement benefit obligation using the projected unit credit method.

The components of retirement expense included under “Salaries, wages and employee benefits” under general, administrative and selling expenses follow (see Note 22):

	2020	2019	2018
Current service cost	₱37,426,041	₱21,593,153	₱22,013,276
Net interest cost on benefit obligation	16,420,191	19,334,710	13,586,452
Retirement expense	₱53,846,232	₱40,927,863	₱35,599,728

Changes in the fair value of the plan assets (FVPA) and the present value of the retirement obligation (PVRO) are as follows as of December 31, 2020 and 2019:

	2020	2019
FVPA:		
Balance at January 1	₱6,733,686	₱5,938,951
Interest income	345,361	457,299
Remeasurement gain from changes in financial assumptions	76,830	337,436
Balance at December 31	7,155,877	6,733,686

(Forward)



	2020	2019
PVRO:		
Balance at January 1	₱314,135,764	₱257,040,379
Current service cost	23,978,421	21,593,153
Interest cost	25,249,263	19,792,009
Past service costs	4,964,089	–
Benefits paid	(43,089,171)	(5,796,722)
Transfer to an affiliate (see Note 17)	–	(447,067)
Actuarial loss (gain) from changes in:		
Financial assumptions	64,170,906	76,042,712
Experience and demographic assumptions	(9,268,189)	(54,088,700)
Balance at December 31	380,141,083	314,135,764
Net liability arising from retirement obligation	₱372,985,206	₱307,402,078

The plan assets as of December 31, 2020 and 2019 pertain solely to bank deposits. The Group does not expect to contribute to its retirement fund in 2021.

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

	December 31, 2020	
	Increase (decrease)	Effect on DBO
Discount rate	1.0%	(₱42,256,637)
Discount rate	(1.0%)	51,070,165
Rate of salary increase	1.0%	49,714,093
Rate of salary increase	(1.0%)	(42,043,649)

	December 31, 2019	
	Increase (decrease)	Effect on DBO
Discount rate	1.0%	(₱32,075,086)
Discount rate	(1.0%)	38,542,932
Rate of salary increase	1.0%	38,109,923
Rate of salary increase	(1.0%)	(22,655,620)

The assumptions used to determine pension benefits for the Group in 2020 and 2019 are as follows:

	2020	2019
Discount rate	3.92%-4.19%	5.50%
Salary increase rate	3.50%-6.00%	4.00 to 6.00%

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

Year ending	Amount
December 31, 2021	₱72,049,072
December 31, 2022	3,536,267
December 31, 2023	2,612,754
December 31, 2024	9,173,139
December 31, 2025	15,494,738
December 31, 2026 through December 31, 2030	100,945,874



28. Income Taxes

The provision for income tax consists of:

	2020	2019	2018
Current:			
RCIT/MCIT	₱171,229,503	₱345,148,121	₱308,117,860
Final	17,792,996	22,405,095	12,525,152
	189,022,499	367,553,216	320,643,012
Deferred	226,348,233	210,009,532	183,127,249
	₱415,370,732	₱577,562,748	₱503,770,261

Current tax

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

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

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

	2020	2019
Recognized in the consolidated statements of comprehensive income:		
Deferred tax assets on:		
NOLCO	₱37,079,649	₱8,891,813
Accrued retirement costs	59,605,673	57,431,752
MCIT	35,047,411	2,626,632
Advance rentals	81,745,139	—
Difference in accounting under PFRS 16	—	1,152,416
Provisions for impairment losses	3,416,967	3,296,786
	216,894,839	73,399,399
Deferred tax liabilities on:		
Effect of difference in accounting and tax base on real estate sales (see Note 2)	(1,475,894,783)	(1,305,730,303)
Fair value gains on investment properties	(1,153,336,605)	(989,382,666)
Prepaid commissions	(262,438,865)	(304,173,303)
Effect of difference in accounting and tax base on investment properties	(182,261,431)	(112,770,175)
Unamortized deferred financing costs	(44,228,294)	(52,217,000)
Others	(16,273,160)	(10,029,923)
	(3,134,433,138)	(2,774,303,370)
Recognized directly in equity:		
Deferred tax asset on re-measurement loss on retirement obligation	52,289,889	34,788,871
	(₱2,865,248,410)	(₱2,666,115,100)



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

	2020	2019
Deferred tax assets - net	₱86,280,221	₱42,148,127
Deferred tax liabilities - net	2,951,528,631	2,708,263,227

As of December 31, 2020, carryover NOLCO that can be claimed as deduction from future taxable income are as follows:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2017	₱169,080,670	(₱169,080,670)	₱—	2020
2018	43,234,045	—	43,234,045	2021
2019	238,937,496	—	238,937,496	2022
2020	470,848,536	—	470,848,536	2025
	₱922,100,747	(₱169,080,670)	₱753,020,077	

As of December 31, 2020, MCIT that can be used as deductions against income tax liabilities are as follows:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2017	₱5,314,166	(₱5,314,166)	₱—	2020
2018	34,378	—	34,378	2021
2019	2,840,330	—	2,840,330	2022
2020	34,676,659	—	34,676,659	2025
	₱42,865,533	(₱5,314,166)	₱37,551,367	

Unrecognized deferred tax assets

The Group has NOLCO and MCIT that are available for offset against future taxable income or tax payable for which deferred tax assets have not been recognized. Unrecognized deferred tax assets on NOLCO and MCIT amounted to ₱188.83 million and ₱2.50 million, respectively, as of December 31, 2020 and ₱126.48 million and ₱5.56 million, respectively, as of December 31, 2019.

Statutory reconciliation

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

	2020	2019	2018
Provision for income tax computed at statutory rate	₱469,381,430	₱616,809,884	₱486,587,064
Adjustments for:			
Expired NOLCO	50,724,201	7,821,922	79,394,320
Change in unrecognized deferred tax assets	59,284,238	120,934,999	56,736,634
Final tax	17,735,542	22,405,095	12,525,152
Expired MCIT	5,314,166	14,418,987	2,367,377
Income under income tax holiday	(110,002,111)	(268,591,541)	(202,780,529)
Non-taxable interest and other income	(110,363,544)	(97,415,017)	(62,533,273)
Nondeductible interest and other expenses	33,296,810	161,178,419	131,473,516
Provision for income tax	₱415,370,732	₱577,562,748	₱503,770,261



29. Lease Contracts

Group as lessee

The Group has lease contracts for various office spaces with lease terms of two (2) to three (3) years. Rental due is based on prevailing market conditions. As of December 31, 2020 and 2019, the Group has rental deposits pertaining to these lease contracts amounting to ₱132.39 million and ₱152.40 million, respectively (see Note 13). The Group refunded rental deposits amounting to ₱20.0 million and ₱7.18 million in 2020 and 2019, respectively.

The rollforward of lease liability is as follows:

	December 31, 2020	December 31, 2019
Balance at beginning of year	₱61,178,004	₱71,933,617
Additions	10,027,785	–
Accretion for the year (Note 26)	4,659,965	5,477,704
Payments	(21,750,839)	(16,233,317)
Termination	(49,589,309)	–
Balance at end of year	4,525,606	61,178,004
Less current portion	4,525,606	21,642,553
Noncurrent portion	₱–	₱39,535,451

Proceeds from refund of rental deposits amounted to ₱20.00 million, ₱7.18 million and ₱1.01 million in 2020, 2019 and 2018, respectively.

Payments for principal and interest on lease liability are presented under financing activities while payments for interest on lease liability are presented under operating activities.

The following are the amounts recognized in consolidated statements of comprehensive income:

	2020	2019
Depreciation expense of right-of-use assets included in property and equipment	₱18,849,731	₱14,596,999
Interest expense on lease liabilities	4,659,965	5,477,704
Expenses relating to short-term leases (included in general, selling and administrative expenses) (Note 22)	26,343,133	22,412,548
Gain on pre-termination of lease contracts	(5,798,312)	–
Leasing revenues	795,034,245	713,381,592
Total amount recognized in the consolidated statements of comprehensive income	₱839,088,762	₱755,868,843

The movements of ROU assets during 2020 and 2019 are as follows:

	2020	2019
Balance at beginning of year	₱57,336,618	₱–
Additions (Note 12)	11,572,605	71,933,617
Termination	(43,790,997)	–
Amortization expense (Note 12)	(18,849,731)	(14,596,999)
Balance at end of year	₱6,268,495	₱57,336,618



Shown below is the maturity analysis of the future undiscounted lease payments as of December 31, 2020 and 2019:

	2020	2019
Within one year	₱4,609,939	₱16,977,177
After one year but not more than three years	–	56,470,097

Group as lessor

The Group is a lessor of its commercial units in its retail mall, hospital, office and commercial spaces. The leases have terms ranging from one (1) year to (10) years, with renewal options. Monthly rent payment is computed using a fixed rate per square meter and variable rent based on percentage of sales of the tenants for the year. Leasing revenue recognized amounted to ₱168.37 million, ₱713.38 million and ₱407.27 million in 2020, 2019 and 2018, respectively.

The Group received security deposits and advance rentals amounting to P352.67 million and P35.28 million classified as “Other current liabilities” and ₱694.46 million and ₱382.84 million “Other noncurrent liabilities” as of December 31, 2020 and 2019, respectively for its lease contracts from its project.

Future minimum rentals receivable under operating leases are as follows:

	2020	2019
Within one year	₱330,302,531	₱585,442,933
After one year but not more than three years	2,226,552,046	2,902,733,169

30. Financial Instruments

Fair Value Information

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

	December 31, 2020		December 31, 2019	
	Carrying Value	Fair value	Carrying Value	Fair Value
Financial assets				
ICR	₱10,447,472,507	₱10,664,466,511	₱10,477,877,484	₱11,568,452,788
Rental deposits	132,394,312	135,144,142	152,396,921	153,476,981
Investment in bonds	463,750,000	463,750,000	463,750,000	471,542,330
	₱11,043,616,819	₱11,263,360,653	₱11,094,024,405	₱12,193,472,099
Financial liabilities				
Long-term debt	₱14,856,175,665	₱14,961,379,531	₱15,342,716,948	₱15,986,421,333
Bonds payable	3,084,766,287	3,172,154,215	4,453,032,166	4,541,582,403
Liability from purchased land	310,364,351	316,810,619	335,535,743	349,217,856
Security deposits	945,111,754	964,741,725	382,842,116	403,727,199
	₱19,196,418,057	₱19,415,086,090	₱20,514,126,973	₱21,280,948,791

Fair Value of Financial Instruments

The methods and assumptions used by the Group in estimating the fair values 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 December 31, 2020 and 2019.

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 4.29% to 5.07% and 4.29% to 5.07% were used in calculating the fair value of the Group's rental deposits as of December 31, 2020 and 2019, respectively. The discount rate used for the investment in bonds is 1.71% and 3.82% as of December 31, 2020 and 2019, respectively.

Long-term debt, bonds payable, liability from purchased land and, security deposits and

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 1.12% to 1.71% and 4.97% to 5.04% as of December 31, 2020 and 2019, respectively. The discount rates used for the bonds payable ranged from 4.95% to 5.00% and 2.79% to 4.52% as of December 31, 2019 and 2018, respectively. The discount rates used for the liability from purchased land ranged from 1.12% to 1.71% and 4.97% to 5.18% as of December 31, 2020 and 2019, respectively. The discount rates used for refundable deposits ranged from 4.97% to 5.04% as of December 31, 2019. The discount rates used for the lease liabilities ranged from 1.12% to 1.71% and 4.38% to 5.12% as of December 31, 2020 and 2019, respectively.

In 2020 and 2019, the Group did not have transfers between Level 1 and Level 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 December 31, 2020 and 2019 is equal to the carrying values of its financial assets with an aggregate amount of ₱14,732.19 million and ₱6,280.72 million, which excludes cash on hand amounting to ₱2.47 million and ₱2.80 million, respectively, and ICRs with carrying values of ₱10,477.47 million and ₱10,477.89 million, respectively, and fair value of collateral amounting to ₱6,210.21 million and ₱13,871.70 million, respectively.

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

Cash and cash equivalents, rental deposits and derivative asset - 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:

	December 31, 2020		Total
	Within 1 Year	More than 1 year	
Financial assets			
Cash and cash equivalents	₱2,473,555,750	₱—	₱2,473,555,750
Short-term deposits	285,241,756	—	285,241,756
Receivables*	14,534,369,287	124,776,589	14,659,145,876
Due from related parties	464,422,862	—	464,422,862
Rental deposits	—	132,394,312	132,394,312
Investment in bonds	463,750,000	—	463,750,000
	₱18,221,339,655	₱257,170,901	₱18,478,510,556
Financial liabilities			
Accounts and other payables**	₱5,070,311,732	₱—	₱5,070,311,732
Due to related parties	270,006,022	—	270,006,022
Short-term debt	811,948,735	—	811,948,735
Liability from purchased land	67,200,000	208,335,743	275,535,743
Long-term debt:			
Principal	5,505,137,842	9,469,719,972	14,974,857,814
Interest	395,275,349	707,668,456	1,102,943,805
Bonds payable:			
Principal	119,110,000	3,000,000,000	3,119,110,000
Interest	240,840,657	117,304,500	358,145,157
Lease liabilities	4,609,939	—	4,609,939
Security deposits	250,645,280	694,466,474	945,111,754
	₱12,735,085,556	₱14,197,495,145	₱26,932,580,701

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

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

	December 31, 2019		Total
	Within 1 Year	More than 1 year	
Financial assets			
Cash and cash equivalents	₱4,005,009,231	₱—	₱4,005,009,231
Receivables*	10,582,926,659	1,137,658,202	11,720,584,861
Due from related parties	419,654,624	—	419,654,624
Rental Deposits	—	152,396,921	152,396,921
Investment in bonds	463,750,000	—	463,750,000
	₱15,471,340,514	₱1,290,055,123	₱16,761,395,637
Financial liabilities			
Accounts and other payables**	₱4,537,618,240	₱—	₱4,537,618,240
Due to related parties	171,191,762	—	171,191,762
Short-term debt	1,452,692,919	—	1,452,692,919
Liability from purchased land	67,200,000	268,335,743	335,535,743
Long-term debt:			
Principal	5,462,166,897	9,991,882,433	15,454,049,330
Interest	38,643,173	72,689,208	111,332,381
Bonds payable:			
Principal	1,392,653,130	3,119,986,870	4,512,640,000
Interest	6,210,246	40,965,921	47,176,167
Lease liabilities	21,642,553	50,448,594	72,091,147
Security deposits	—	382,842,116	382,842,116
	₱13,150,018,920	₱13,927,150,885	₱27,077,169,805

* Excluding other receivables amounting to ₱348.22 million as of December 31, 2019.

**Excluding customers' advances and statutory liabilities amounting to ₱871.39 million and ₱294.06 million, respectively, as of December 31, 2019.

Foreign currency risk

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



The following table shows the Group's consolidated foreign currency-denominated monetary assets and liability and their peso equivalents as of December 31, 2020 and December 31, 2019:

	December 31, 2020		December 31, 2019	
	Original Currency	Peso Equivalent	Original Currency	Peso Equivalent
Assets				
Cash and cash equivalents				
US Dollar	\$327,021	₱15,714,973	\$559,980	₱28,223,031
Euro	€4,390	257,652	€7,160	396,286
Net foreign currency denominated instruments		₱15,972,625		₱28,619,317

The spot exchange rates used were; ₱48.09 to US\$1 and ₱58.69 to €1 in 2020 ₱50.4 to US\$1 and ₱55.34 to €1 in 2019.

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

	2020		2019	
	Increase (decrease) in foreign exchange rates	Effect on profit before tax	Increase (decrease) in foreign exchange rates	Effect on profit before tax
Dollar	5% (5%)	₱785,749 (785,749)	5% (5%)	₱1,411,151 (1,411,151)
Euro	5% (5%)	12,883 (12,883)	5% (5%)	19,814 (19,814)

Interest rate risk

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

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

	Interest terms (p.a.)	Rate fixing period	<1 year	1 to 5 years
2020	6.2-10.3 %	Monthly; Annually	₱4,790,613,689	₱9,896,905,464
2019	6.2-10.3 %	Monthly; Annually	₱89,678,076	₱10,134,117,726

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

	2020		2019	
	Increase (decrease) in interest rates	Effect on profit before tax	Increase (decrease) in interest rates	Effect on profit before tax
Basis points	0.33% (0.33%)	(₱16,303,146) 16,303,146	0.33% (0.33%)	(₱19,729,570) 19,729,570

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



31. Performance Obligations

Information about the Group's performance obligations are summarized below:

Real estate sales

The Group entered into contracts to sell with one identified performance obligation, which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration. The sale of real estate unit may cover the contract for either the (i) serviced lot; (ii) service lot and house, and (iii) condominium unit and the Group concluded that there is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10%-30% of the contract price spread over a certain period (e.g., three months to four years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to five (5) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either an installment contract receivable or contract liability.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2020 and 2019 are as follows:

	2020	2019
Within one year	₱6,655,183,190	₱2,624,812,013
More than one year	3,203,070,219	10,112,663,995
	₱9,858,253,409	₱12,737,476,008

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Group's real estate projects. The Group's condominium units are completed within three years and five years, respectively, from start of construction while serviced lots and serviced lots and house are expected to be completed within two to three years from start of development.

All of the Group's real estate sales from residential development are revenue from contracts with customers recognized over time. The Group's disaggregation of each sources of real estate sales are presented below:

Project	Location	2020	2019	2018
Century City Mall	Makati City	₱1,660,954,270	₱3,894,435,955	₱1,338,683,860
The Residences at Commonwealth	Quezon City	1,702,846,685	2,465,763,621	2,061,766,134
Azure Urban Resort Residences	Paranaque City	988,828,244	1,528,571,196	1,416,055,991
Acqua Private Residences	Mandaluyong City	261,152,819	1,182,514,118	1,856,393,357

(Forward)



Project	Location	2020	2019	2018
The Resort Residences				
at Azure North	Pampanga City	₱1,650,674,821	₱1,534,977,998	₱1,718,593,263
Tanza Properties	Cavite	658,408,344	897,915,882	1,036,620,987
PHirst Park Homes	Cavite	1,606,098,551	844,062,390	133,842,483
Batulao Landscapes	Batangas	302,822,070	323,057,116	–
Canyon Ranch	Cavite	650,833,837	14,088,803	14,712,191
		₱9,482,619,641	₱12,685,387,079	₱9,576,668,266

Property management and other service fees

The Group's disaggregation of each source of property management and other service fees are as follows:

Location	2020	2019	2018
Within Metro Manila	₱383,489,931	₱380,775,404	₱365,635,328
Outside Metro Manila	6,233,388	31,376,027	29,824,889
	₱389,489,931	₱412,151,431	₱395,460,217

32. Segment Information

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

The segments where the Group 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 Year Ended December 31, 2020				
	Real Estate Development	Property Management	Leasing	Adjustments and Elimination	Consolidated
Revenue	₱9,662,658,113	₱389,723,319	₱795,034,245	(₱11,670,985)	₱10,835,744,692
Costs and expenses					
Cost of real estate sales and services	6,108,919,705	285,985,555	226,533,530	(25,970,173)	6,595,468,617
General, administrative and selling expenses	2,591,025,651	93,819,746	246,398,496	(67,530,194)	2,863,713,699
Operating income	962,712,757	9,918,018	322,102,219	81,829,382	1,376,562,376
Other income (expenses)					
Interest and other income	1,302,662,925	10,806,244	827,524,492	(1,005,442,102)	1,135,551,559
Interest and other financing charges	(784,760,101)	(264,738)	(194,092,328)	31,608,000	(947,509,167)
Income before income tax	1,480,615,581	20,459,524	955,534,383	(892,004,720)	1,564,604,768
Provision for income tax	171,599,808	9,899,533	290,709,343	(56,837,952)	415,370,732
Net income	₱1,309,015,773	₱10,559,991	₱664,825,040	(₱835,166,768)	₱1,149,234,036



	As of December 31, 2020				
Segment assets	₱60,737,259,653	₱276,131,172	₱17,189,180,306	(₱25,279,947,932)	₱52,922,623,199
Deferred tax assets	8,521,291	22,049,451	—	55,709,479	86,280,221
Total Assets	₱60,745,780,944	₱298,180,623	₱17,189,180,306	(₱25,224,238,453)	₱53,008,903,420
Segment liabilities	₱33,928,803,567	₱275,584,925	₱10,823,793,820	(₱16,102,081,183)	₱28,926,101,129
Deferred tax liabilities	2,187,251,755	80,362	809,242,114	(45,045,600)	2,951,528,631
Total Liabilities	₱36,116,055,322	₱275,665,287	₱11,633,035,934	(₱16,147,126,783)	₱31,877,629,760

	For the Year Ended December 31, 2019				
	Real Estate Development	Property Management	Leasing	Adjustments and Elimination	Consolidated
Revenue	₱13,551,163,364	₱412,151,431	₱713,381,593	(₱361,680,120)	₱14,315,016,268
Costs and expenses					
Cost of real estate sales and services	8,638,664,807	295,241,150	217,448,235	(179,120,746)	8,972,233,446
General, administrative and selling expenses	2,933,170,351	99,664,088	202,983,622	—	3,235,818,061
Operating income	1,979,328,206	17,246,193	292,949,736	(182,559,374)	2,106,964,761
Other income (expenses)					
Interest and other income	1,040,347,760	1,543,625	23,497,911	(103,576,912)	961,812,384
Interest and other financing charges	(1,073,115,571)	(372,012)	(42,833,527)	103,576,912	(1,012,744,198)
Income before income tax	1,946,560,395	18,417,806	273,614,120	(182,559,374)	2,056,032,947
Provision for income tax	501,139,550	4,330,376	79,518,996	(7,426,174)	577,562,748
Net income	₱1,445,420,845	₱14,087,430	₱194,095,124	(₱175,133,200)	₱1,478,470,199

	As of December 31, 2019				
Segment assets	₱65,431,347,121	₱328,496,231	₱8,384,169,137	(₱20,744,475,004)	₱53,399,537,485
Deferred tax assets	25,013,993	17,134,134	—	—	42,148,127
Total Assets	₱65,456,361,114	₱345,630,365	₱8,384,169,137	(₱20,744,475,004)	₱53,441,685,612
Segment liabilities	₱37,863,283,879	₱260,753,562	₱6,411,286,302	(₱13,417,470,846)	₱31,117,852,897
Deferred tax liabilities	2,168,872,268	—	546,817,133	(7,426,174)	2,708,263,227
Total Liabilities	₱40,032,156,147	₱260,753,562	₱6,958,103,435	(₱13,424,897,020)	₱33,826,116,124

	For the Year Ended December 31, 2018				
	Real Estate Development	Property Management	Leasing	Adjustments and Elimination	Consolidated
Revenue	₱10,001,951,426	₱390,551,113	₱407,267,202	(₱97,891,450)	₱10,701,878,291
Costs and expenses					
Cost of real estate sales and services	5,726,713,078	279,364,283	227,918,806	(74,292,307)	6,159,703,860
General, administrative and selling expenses	2,903,943,006	97,440,044	253,143,360	—	3,254,526,410
Operating income (loss)	1,371,295,342	13,746,786	(73,794,964)	(23,599,143)	1,287,648,021
Other income (expenses)					
Interest and other income	776,743,967	6,652,692	395,963,836	(105,583,144)	1,073,777,351
Interest and other financing charges	(840,872,163)	(282,068)	(3,897,405)	105,583,144	(739,468,492)
Income before income tax	1,307,167,146	20,117,410	318,271,467	(23,599,143)	1,621,956,880
Provision for income tax	337,928,617	7,709,092	163,857,083	(5,724,531)	503,770,261
Net income	₱969,238,529	₱12,408,318	₱154,414,384	(₱17,874,612)	₱1,118,186,619

	As of December 31, 2018				
Segment assets	₱53,523,802,781	₱305,335,227	₱11,888,813,090	(₱16,413,197,686)	₱49,304,753,412
Deferred tax assets	41,983,795	19,945,622	—	—	61,929,417
Total Assets	₱53,565,786,576	₱325,280,849	₱11,888,813,090	(₱16,413,197,686)	₱49,366,682,829
Segment liabilities	₱35,047,770,114	₱250,733,529	₱4,229,631,053	(₱10,149,438,382)	₱29,378,696,314
Deferred tax liabilities	1,603,334,709	—	926,909,778	(5,724,531)	2,524,519,956
Total Liabilities	₱36,651,104,823	₱250,733,529	₱5,156,540,831	(₱10,155,162,913)	₱31,903,216,270



33. Significant Contracts

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.

As of December 31, 2020, there had been subscriptions of 6,149 Preferred A shares at a total amount of ₱1,022.96 million, 481 Preferred B shares at a total amount of ₱113.70 million, 520 Preferred C shares at a total amount of ₱99.42 million and 247 Preferred D shares at a total amount of ₱56.92 million. Outstanding subscription receivable on preferred shares as of December 31, 2020 amounted to ₱200.90 million. Outstanding subscription receivable on preferred shares as of December 31, 2019 amounted to ₱349.86 million. As of December 31, 2020 and 2019, fully paid subscriptions amounted to ₱850.88 million and ₱805.89 million, respectively. In 2020, 2019 and 2018, the Group received additional deposits amounting to ₱56.11 million, ₱412.20 million, and ₱201.68 million, respectively.

Total deposits for preferred shares subscriptions received presented under financial statement caption "Other noncurrent liabilities" amounted to ₱1,092.10 million and ₱1,035.99 million as of December 31, 2020 and 2019, respectively. Prior to full payment and availability of the rooms, the Group has determined that amounts received from the buyers of preferred shares are classified as liability since the shareholders' rights to the 28 free nights to stay at the hotel and contractual right to dividends will inure to the shareholders only upon full payment and availability of the rooms. The Group has an obligation to complete the facility expected to be completed in 2021.

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

- 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:

<u>Class of Preferred Shares</u>	<u>Corresponding Room Class</u>
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:

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

- e. The preferred shareholders shall no longer participate in any dividend declaration of the Group.
- f. The preferred shareholders shall regularly and diligently pay the fees, contributions, charges and other dues, including but not limited to the Annual Management Fee, Annual Operating Budget, Furniture, Fittings and Equipment Reserve, pertaining to the maintenance and use of the rooms to be owned by the Group.

34. Contingencies

The Group is contingently liable for lawsuits or claims filed by third parties (substantially civil cases that are either pending decision by the courts or are under negotiation, the outcomes of which are not presently determinable). In the opinion of management and its legal counsels, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims or assessments. No provisions were made in 2020, 2019 and 2018 with respect to the foregoing matters.

35. Notes to Consolidated Statements of Cash Flows

Below are the noncash transactions not included in the adjustments for income before tax in the consolidated statements of cash flows for the years ended December 31, 2020, 2019 and 2018:

- a. Transfer from deposit for purchased land to real estate inventories amounting to ₱166.00 million and ₱522.26 million in 2019 and 2018, respectively (see Notes 7 and 9).
- b. Transfer from real estate inventories to investment property amounting to ₱2.52 million, ₱256.91 million and ₱1,299.39 million in 2020, 2019 and 2018 respectively (see Notes 7 and 11).
- c. Other receivables amounting to ₱384.22 million converted to advances to land owners in 2020 (see Notes 6 and 13).
- d. Transfer from investment property to real estate inventories amounting to ₱191.13 million in 2019 (see Notes 7 and 11).
- e. Gain from change in fair value of investment properties amounting to ₱558.62 million, ₱260.93 million and ₱376.90 million in 2020, 2019 and 2018 respectively (Note 11).



- f. Net change in fair value of equity instruments at FVOCI recognized in other components of equity amounting to (₱0.06 million), ₱0.02 million and ₱0.01 million in 2020, 2019 and 2018, respectively.
- g. Amortization of deferred financing costs amounting to ₱84.69 million, ₱90.48 million and ₱89.34 million in 2020, 2019 and 2018, respectively (see Notes 18).
- h. Additions to right-of-use assets and increase in lease liabilities amounting ₱11.57 million and ₱71.93 million in 2020 and 2019, respectively (see Note 12).



Changes in liabilities arising from financing activities

2020							
	Beginning of the year	Cash flows	Acquisition of NCI	Amortization of discount	Dividend declaration	Other movements	End of the year
Short-term and long-term debts	₱16,795,409,867	(₱1,211,979,706)	₱—	₱84,694,239	₱—	₱—	₱15,668,124,400
Bonds payable	4,453,032,166	(1,393,530,000)	—	25,264,121	—	—	3,084,766,287
Paid-in capital	8,840,595,694	2,910,771,277	—	—	—	(9,836,529)	11,741,530,442
Non-controlling interest	2,132,513,056	(96,000,000)	(1,117,761,580)	—	—	353,065,096	1,271,816,572
Deposits for future stock subscription	42,480,000	—	—	—	—	(42,480,000)	—
Other noncurrent liabilities	1,455,112,885	56,107,956	—	—	—	275,346,783	1,786,567,624
Due to related parties	171,191,762	126,452,736	—	—	—	(27,638,476)	270,006,022
Dividends payable	11,717,930	(297,179,924)	—	—	500,526,270	—	215,064,276
Lease liabilities	61,178,004	(17,090,874)	—	—	—	(39,561,524)	4,525,606
Other noncurrent assets	(1,513,772,396)	(13,825,625)	—	—	—	(172,324,976)	(1,699,922,997)
	₱32,449,458,968	₱63,725,840	(₱1,117,761,580)	₱109,958,360	₱500,526,270	₱336,570,374	₱32,342,478,232

	2019								
	Beginning of the year	Cash flows	Adoption of PFRS 16	Effect of foreign currency translation	Amortization of discount	Dividend declaration	Advance rentals and security deposits	Other movements	End of the year
Short-term and long-term debts	₱19,240,859,339	(₱2,419,601,162)	₱—	(₱116,330,537)	₱90,482,227	₱—	₱—	₱—	₱16,795,409,867
Bonds payable	1,505,894,698	2,925,987,567	—	—	21,149,901	—	—	—	4,453,032,166
Paid-in capital	8,840,595,694	—	—	—	—	—	—	—	8,840,595,694
Non-controlling interest	1,109,270,329	826,521,357	—	—	—	—	—	196,721,370	2,132,513,056
Other noncurrent liabilities	624,797,479	412,195,714	—	—	—	—	418,119,692	—	1,455,112,885
Deposits for future stock subscription	—	42,480,000	—	—	—	—	—	—	42,480,000
Due to related parties	98,575,198	72,169,497	—	—	—	—	—	447,067	171,191,762
Dividends payable	—	(126,201,322)	—	—	—	137,919,252	—	—	11,717,930
Other noncurrent assets	(1,320,598,313)	(52,316,528)	—	—	—	—	—	(140,857,555)	(1,513,772,396)
Lease liabilities	—	(10,755,613)	71,933,617	—	—	—	—	—	61,178,004
	₱30,099,394,424	₱1,670,479,510	₱71,933,617	(₱116,330,537)	₱111,632,128	₱137,919,252	₱418,119,692	₱56,310,882	₱32,449,458,968



	2018						
	Beginning of the year	Cash flows	Effect of foreign currency translation	Amortization of discount	Dividend declaration	Other movements	End of the year
Short-term and long-term debts	₱14,598,740,062	₱4,407,584,400	₱145,192,729	₱89,342,148	₱—	₱—	₱19,240,859,339
Paid-in capital	8,840,595,694						8,840,595,694
Non-controlling interest	537,149,940	421,341,052	—	—	—	150,779,337	1,109,270,329
Other noncurrent liabilities	423,119,032	201,678,447	—	—	—	—	624,797,479
Bonds payable	1,500,966,910	—	—	4,927,788	—	—	1,505,894,698
Dividends payable	—	(199,999,999)	—	—	199,999,999	—	—
Due to related parties	48,171,031	14,991,684	—	—	—	35,412,483	98,575,198
Other noncurrent assets	(1,324,884,878)					4,286,565	(1,320,598,313)
	₱24,623,857,791	₱4,845,595,584	₱145,192,729	₱94,269,936	₱199,999,999	₱190,478,385	₱30,099,394,424



36. Events After the Reporting Date

Public Offering of Retail Bonds

On February 10, 2021, the Securities and Exchange Commission has issued the Order rendering effective the Parent Company's registration of its unsecured fixed-rate peso denominated retail bonds with the aggregate principal amount of ₱2,000.0 million with an oversubscription option of up to ₱1,000.0 million. On March 1, 2021, the Parent Company listed at the PDEx its three-year bonds, with interest rate of 4.8467% p.a.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill

On March 26, 2021, the CREATE Bill was signed into law by the Philippine President. General provisions of the CREATE bill include the following:

- Domestic corporations with total assets of 100.00 million and below
 - With taxable income of 5.00 million and below - 20% RCIT
 - With taxable income of more than 5.00 million - 25% RCIT
- Domestic corporations with total assets of more than 100.00 million - 25% RCIT
- Reduction of MCIT from 2% to 1% for a period of three years (effective July 1, 2020 until June 30, 2023).

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Group would have been subjected to lower regular corporate income tax rate of 27.5% effective July 1, 2020. Based on the provisions of Revenue Regulations (RR) No. 50-2021 dated April 5, 2021 issued by the BIR, the prorated CIT rate of the Group for CY2020 is 27.5%. This will result in lower provision for current income tax for the year ended December 31, 2020. The reduced amounts will be reflected in the Group's 2020 annual income tax return. However, for financial reporting purposes, the changes will only be recognized in the 2021 consolidated financial statements.

COVID-19 Outbreak

The COVID-19 pandemic which broke out in early 2020 resulted in nationwide community quarantine from March 15, 2020 that extends until the audit report date and negatively impacted the Philippine economy. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The pandemic situation slowed down construction and collections resulting to a 25% decline in total real estate sales revenue.

The above are considered as non-adjusting subsequent events.

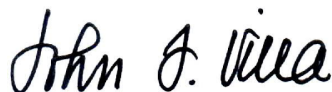


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Century Properties Group Inc. and Subsidiaries (the Group) as at December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated April 30, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for the purpose of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



John T. Villa

Partner

CPA Certificate No. 94065

SEC Accreditation No. 1729-A (Group A),

December 18, 2018, valid until December 17, 2021

Tax Identification No. 901-617-005

BIR Accreditation No. 08-001998-076-2020,

December 3, 2020, valid until December 2, 2023

PTR No. 8534381, January 4, 2021, Makati City

April 30, 2021

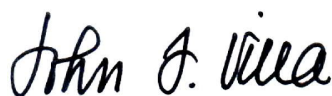


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Century Properties Group, Inc. and Subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated April 30, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



John T. Villa
Partner
CPA Certificate No. 94065
SEC Accreditation No. 1729-A (Group A),
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April 30, 2021



INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Schedule	Contents
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Intangible Assets - Other Assets
E	Long-Term Debt
F	Indebtedness to Related Parties
G	Guarantees of Securities of Other Issuers
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I	Schedule of Retained Earnings Available for Dividend Declaration
J	Financial Ratios
K	Map Showing the Relationships Between and Among the Companies in the Group, its Ultimate Parent Company and Co-subsiidiaries

SCHEDULE A

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
DECEMBER 31, 2020

	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received or accrued
Cash and cash equivalents	P—	₱2,473,555,750	₱68,862,723
Short-term investments		285,241,756	185,247
Receivables			
Trade receivables:			
ICR	—	10,447,472,507	389,723,319
Leasing receivables	—	366,512,959	—
Management fee	—	96,026,771	—
Advances to condominium corporations		68,344,391	—
Advances to customers	—	76,500,121	—
Other receivables	—	200,082,519	—
Due from related parties	—	464,422,862	—
Investment in Bonds	—	463,750,000	—
Rental deposit	—	132,394,312	—
	P—	₱15,074,303,948	₱458,771,289

SCHEDULE B**CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES****SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM
DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND
PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2020**

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Current	Not Current	Balance at the end of the period
Officers, Directors and Employees	₱16,049,162	₱7,339,988	(₱4,561,077)	₱18,828,073	₱-	₱18,828,073

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

**SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM
RELATED PARTIES WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2020**

	Receivable Balance	Payable Balance	Current Portion
CPGI	₱9,009,271,803	(₱109,531,551)	₱8,899,740,252
CLC	1,034,644,203	(7,898,498,323)	(6,863,854,120)
PPHI	132,513,010	(87,139,889)	45,373,121
CCDC	5,014,132,364	(5,110,218,668)	(96,086,304)
CCC	–	(1,705,870,977)	(1,705,870,977)
CPMI	7,055,206	(32,699,663)	(25,644,457)
CDLC	–	(253,657,515)	(253,657,515)
Total Eliminated Receivables/Payables	₱15,197,616,586	(₱15,197,616,586)	₱–

SCHEDULE D**CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES****SUPPLEMENTARY SCHEDULE OF INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2020**

Description	Beginning Balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending Balance
Trademark	₱3,024,289	₱—	₱—	₱—	₱—	₱3,024,289
Software						
Cost	31,649,816	5,346,041	(5,581,427)	—	—	31,414,430
	₱34,674,105	₱5,346,041	(₱5,581,427)	₱—	₱—	₱34,438,719

SCHEDULE E

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
AND BONDS PAYABLE
DECEMBER 31, 2020

Long-term Debt and Bonds Payable

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current Liabilities" in related balance sheet	Amount shown under caption "Noncurrent Liabilities" in related balance sheet
Term Loan	₱10,495,477,996	₱3,586,268,841	₱6,909,209,155
Payable under CTS financing	4,351,402,524	1,855,826,409	2,495,576,115
Chattel Mortgage	9,295,145	5,208,055	4,087,090
Bonds payable	3,084,766,287	118,781,010	2,965,985,277
	₱17,940,941,952	₱5,566,084,315	₱12,374,857,637

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

**SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)**

DECEMBER 31, 2020

Indebtedness to related parties (Long-term loans from Related Companies)		
Name of related party	Balance at beginning of period	Balance at end of period
N/A		

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES**SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF
OTHER ISSUERS****DECEMBER 31, 2020**

Guarantees of Securities of Other Issuers				
Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is file	Nature of guarantee
N/A				

SCHEDULE H

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK
DECEMBER 31, 2020

Capital Stock						
Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common Stock*	18,000,000,000	11,599,600,690	—	—	11	—
Preferred Stock	3,000,000,000	30,000,000	—	—	—	—

**All nine (9) directors have one (1) nominal common shares issued*

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
DECEMBER 31, 2020

Unappropriated Retained Earnings, as adjusted to
available for dividend distribution, beginning **₱1,338,291,238**

Add: Net income (loss) actually earned/realized during the period

Net income (loss) during the period closed to Retained Earnings **(224,107,736)**

Less: Non-actual/unrealized income net of tax

Equity in net income of associate/joint venture —

Unrealized foreign exchange gain - net (except those attributable
to Cash and Cash Equivalents) —

Unrealized actuarial gain

Fair value adjustment (M2M gains) —

Fair value adjustment of Investment Property resulting to gain —

Adjustment due to deviation from PFRS/GAAP-gain —

Other unrealized gains or adjustments to the retained earnings as
a result of certain transactions accounted for under the PFRS —

Sub-total —

Add: Non-actual/Unrealized Losses

Depreciation on revaluation increment (after tax) —

Adjustment due to deviation from PFRS/GAAP – loss —

Loss on fair value adjustment of investment property (after tax) —

Net Income Actual/Realized **(224,107,736)**

Add (Less):

Dividend declarations during the period **(137,919,252)**

Appropriations of Retained Earnings during the period —

Reversals of appropriations —

Effects of prior period adjustments —

Treasury shares **(109,674,749)**

(247,594,001)

TOTAL RETAINED EARNINGS, END
AVAILABLE FOR DIVIDEND

₱866,589,501

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL RATIOS
DECEMBER 31, 2020

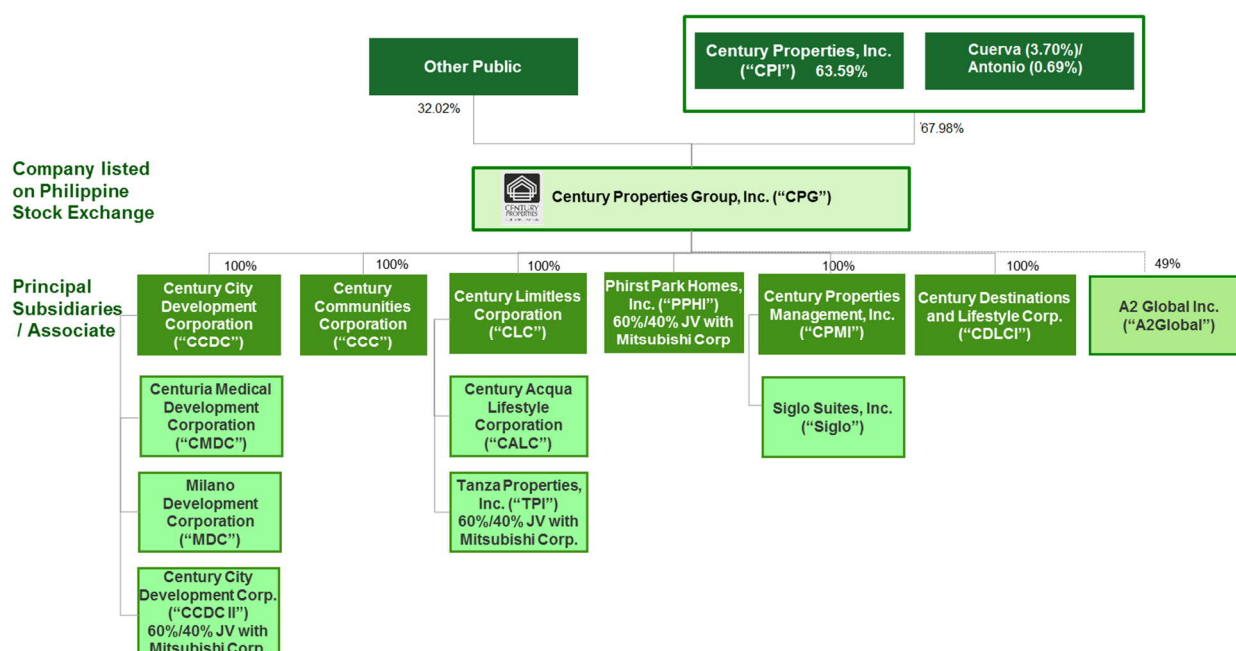
Financial ratios	Dec-20	Dec-19
Current/Liquidity Ratios		
Current Assets	₱34,066,943,185	₱34,365,499,239
Current Liabilities	14,183,354,919	16,099,335,229
Current Ratios	2.40	2.1
Current Assets	34,066,943,185	34,365,499,239
Inventory	14,651,328,952	15,558,004,362
Quick Assets	19,415,614,233	18,807,494,878
Current Liabilities	14,183,354,919	16,099,335,229
Quick Ratios	1.37	1.2
Liabilities and Debt Ratios		
Short-term debt	811,948,735	1,452,692,919
Long-term debt - Current	5,447,303,305	5,462,166,897
Long-term debt - Non-current	9,408,872,360	9,880,550,051
Bonds payable	3,084,766,287	4,453,032,166
Debt	18,752,890,687	21,248,442,033
Equity	21,131,273,660	19,615,569,488
Debt-to-Equity	0.89	1.1
Debt	18,752,890,687	21,248,442,033
Cash and Cash Equivalents	2,473,555,750	4,005,009,231
Net Debt	16,279,334,937	17,243,432,802
Equity	21,131,273,660	19,615,569,488
Net Debt-to-Equity	0.77	0.9
Debt	18,752,890,687	21,248,442,033
EBITDA	2,408,094,098	2,861,187,076
Debt-to-EBITDA	7.79	7.42
Income before Income Tax	1,564,604,768	2,056,032,947
Interest expense	784,022,304	747,608,418
Depreciation and amortization	59,467,026	57,545,711
EBITDA	2,408,094,098	2,861,187,076
Asset to Equity Ratios		
Total Assets	53,008,903,420	53,441,685,612
Total Equity	21,131,273,660	19,615,569,488
Asset to Equity Ratio	2.51	2.7
Liabilities to Equity Ratios		
Total Liabilities	31,877,629,760	33,826,116,124
Total Equity	21,131,273,660	19,615,569,488
Liabilities to Equity Ratio	1.51	1.7
Financial ratios	Dec-20	Dec-19
Profitability ratios		
Revenue	₱10,835,744,692	₱14,315,016,268
Gross Profit	4,240,276,075	5,342,782,822

Gross Profit Ratio	39%	37%
Net Income Attributable to Equity holders of the Parent Company	795,555,466	1,281,748,829
Revenue	10,835,744,692	14,315,016,268
Net Income Margin	7.34%	9.0%
Total Net Income after tax (Annualized)	1,149,234,036	1,478,470,199
Total Asset CY	53,008,903,420	53,441,685,612
Total Asset PY	53,441,685,612	49,366,682,829
Average total asset	53,225,294,516	51,404,184,221
Return on Asset	2.16%	2.9%
Total Net Income after tax (Annualized)	1,149,234,036	1,478,470,199
Total Equity CY	21,131,273,660	19,615,569,488
Total Equity PY	19,615,569,488	17,463,466,559
Average total equity	20,373,421,574	18,539,518,024
Return on Equity	5.64%	8.0%
Net Income	1,149,234,036	1,478,470,199
Revenue	10,835,744,692	14,315,016,268
Net Income Margin	10.61%	10.3%

CENTURY PROPERTIES GROUP INC. AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES

DECEMBER 31, 2020



Century Properties Group Inc. (CPGI) – incorporated in May 6, 1975, CPGI is the listed Company of CPI with property development corporations as subsidiaries.

CPGI Subsidiaries

Century City Development Corporation (CCDC) – incorporated in 2006, is focused on developing mixed-use communities that contain residences, office and retail properties. CCDC is currently developing Century City, a 3.4 hectare mixed-use development along Kalayaan Avenue, Makati City. CCDC has fourteen local subsidiaries.

Milano Development Corporation (MDC) & Centuria Medical Development Corporation (CMDC) – is a wholly owned subsidiary of CCDC. Affiliated company under CCDC includes CCDC II.

Century Communities Corporation – 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. 100% owned by CPGI.

Century Limitless Corporation (CLC) – incorporated in 2008, is Century's newest brand category that focuses on developing high-quality, affordable residential projects. Projects under CLC caters to first-time home buyers, start-up families and investors seeking safe, secure and convenient homes. It has one internal branch office in Singapore namely CLC Singapore. CLC is 100% owned by CPGI.

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

PHirst Park Homes Inc. - PHirst Park Homes Inc. was incorporated on August 31, 2018 and 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 homebuyers. Its current projects are located at Bo. San Lucas in Lipa City and San Pablo, Laguna, which involve a multi-phase horizontal residential property and offer both Townhouse units & Single Attached units. PHirst Park Homes is a joint venture project between Century Properties Group Inc. and Mitsubishi Corporation with a 60-40% shareholding, respectively.

Century Properties Management Inc. (CPMI) – incorporated in 1989, is one of the largest property management companies in the Philippines, as measured by total gross floor area under management. 100% owned by CPGI after acquisition of the shares of Mr. Romig.

Century Destinations and Lifestyle Corporation (formerly “Century Properties Hotel and Leisure Inc.”) - CDLC, incorporated in March 27, 2014, is a newly formed wholly-owned subsidiary of CPGI. CDLC shall operate, conduct and engage in hotel business and related business ventures.

A2Global Inc. - A2Global Inc., incorporated in 2013, is a newly formed company wherein CPGI has a 49% shareholdings stake. A2Global shall act as a sub-lessee for the project initiatives of Asian Carmakers Corporation (ACC) and Century Properties Group Inc. in the development and construction commercial office in Fort Bonifacio.