

January 15, 2018

The Philippine Stock Exchange
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

For the Attention of: **Ms. Janet A. Encarnacion**
Head – Disclosure department

Securities and Exchange Commission
SEC Building, EDSA
Mandaluyong City

For the Attention of: **Mr. Vicente Graciano Felizmenio, Jr.**
Director – Markets & Securities Regulation Department

Sir/Madams:

We are submitting the following attachments in compliance with the PSE requirement in connection with Cebu Landmasters, Inc. IPO proceeds.

1. Progress Report on the application of proceeds for the quarter ended December 31; and,
2. Certification of Punongbayan & Araullo on the accuracy of information provided by Cebu Landmasters, Inc. in relation to the Progress Report.

We hope you find everything in order.

Very truly yours,



STEPHEN A. TAN
Chief Financial Officer

January 15, 2018

The Philippine Stock Exchange

3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Ms. Janet A. Encarnacion**
Head – Disclosure department

Subject: Quarterly Progress Report on the Application of IPO Proceeds with
External Auditor Certification

Sir/Madams:

In line with the Initial Public Offering (IPO) of Cebu Landmasters, Inc. on June 2, 2017, we submit herewith our report on the application of the proceeds amounting to **TWO BILLION ONE HUNDRED FIFTY MILLION PESOS (2,150,000,000.00)**.

The details of the disbursements are as follows:

Total proceeds (430,000,000 shares @ Php5 per share)		Php2,150,000,000.00
Less: IPO related expenses		
PSE Listing & processing fees	9,736,600.66	
SEC registration & listing fees	1,817,697.00	
Underwriting and selling commission fees	35,056,352.08	
Professional & accounting fees	29,041,928.06	
Estimated fee of Stock Transfer Agent & Receiving agent	829,000.00	
Estimated costs of printing and marketing	2,378,768.61	
Documentary stamp tax	2,150,000.00	
IPO Tax	43,000,000.00	
Miscellaneous expenses	967,668.06	124,978,014.47
Net proceeds after IPO expenses		2,025,021,985.53
Bacolod Land purchase (partial)	127,500,000.00	
Dumaguete Land Purchase (partial)	30,792,995.00	
Investment in YES, Inc.	76,933,842.50	235,226,837.50
Balance of Proceeds as of June 30, 2017		Php1,789,795,148.03

Beg. Balance of Proceeds as of June 30, 2017		Php1,789,795,148.03
Less: Additional Offer Expenses		
Professional & accounting fees	2,654,400.23	
Estimated costs of printing and marketing	916,301.60	
Miscellaneous expenses	1,451,283.70	5,021,985.53
Less: Capital Expenditures		
I. Land Acquisitions		
Bacolod - Sta. Clara (full)	4,273,016.61	
Bacolod - Granada (technical assessment phase)	150,000.00	
Sibulan Land Purchase (full)	25,153,647.89	
Canitoan, CDO Land Purchase (partial)	136,454,705.35	
Jaro, Iloilo (technical assessment phase)	51,000.00	
Bogo, Cebu Land Purchase (partial)	23,861,084.50	
Guadalupe, Cebu (partial)	30,656,350.00	220,599,804.35
II. Investment in JVs and Associates		
Investment in MGR, Inc. (Cebu)	281,248.00	
Investment in AS Fortuna Prop. Ventures Inc.	8,888,888.89	
Investment in JV (Davao)	10,566,000.00	19,736,136.89
Balance of Proceeds as of September 30, 2017		Php1,544,437,221.26

Beg. Balance of Proceeds as of September 30, 2017		Php1,544,437,221.26
Capital Expenditures		
I. Land Acquisitions		
Bacolod - Sta. Clara Estate (full)	22,500,000.00	
Bacolod - Granada (full)	189,379,027.47	
Canitoan, CDO (full)	607,809.56	
Bogo, Cebu (full)	200,000.00	
Guadalupe, Cebu (partial)	12,793,471.08	
Naga, Cebu (partial)	1,208,539.00	226,688,847.11
II. Investment in JVs and Associates		
Investment in AS Fortuna Prop. Ventures Inc.	245,988,490.96	
Investment in JV (Davao-Matina)	189,555,166.66	
Investment in JV (Pagtambayayong)	8,487,434.00	444,031,091.62
III. Project Operational Funding		
Pinamalayan Socialized Housing (Phase 1 - full)	24,350,000.00	24,350,000.00
Balance of Proceeds as December 31, 2017		Php849,367,282.53

Very truly yours,



STEPHEN A. TAN
Chief Financial Officer

Report on Factual Findings

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1200 Makati City
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The Board of Directors
Cebu Landmasters, Inc.
(A Subsidiary of A B Soberano Holdings Corp.)
10th Floor Park Centrale Tower
Jose Ma. Del Mar St., B2 L3
Cebu I.T. Park, Brgy., Apas
Cebu City

We have performed the procedures enumerated below, which have been agreed upon with you, on the accompanying Progress Report on the Application of Proceeds (the Report) for the quarter ended December 31, 2017, as required by the Philippine Stock Exchange, Inc. (the PSE). The Report covers the utilization of the P2,025,021,986 net proceeds from and expenses related to the initial public offering (the IPO) of common shares of Cebu Landmasters, Inc. (the Company) at the PSE on June 2, 2017. The procedures were performed solely to assist the Company comply with the PSE requirement.

Our engagement was undertaken in accordance with Philippine Standard on Related Services 4400, *Engagement to Perform Agreed-Upon Procedures Regarding Financial Information*, applicable to agreed-upon procedures engagements.

Agreed-Upon Procedures Performed

The agreed-upon procedures that we performed on the Report are presented below.

1. Obtained and checked the mathematical accuracy of the following:
 - a. The Report;
 - b. Schedule of planned application of proceeds from the IPO;
 - c. Trial balance as of December 31, 2017; and
 - d. Detailed schedule of utilization of proceeds for the quarter ended December 31, 2017.

2. Compared the schedule of planned application of the IPO proceeds to the use of proceeds section of the prospectus. Inquired with the Company's management of the reason for the difference, if any, and requested a copy of the approval by the Board of Directors and the PSE, as appropriate, i.e., if it involved reallocation or change in the use of proceeds.
3. Compared the disbursements from the net IPO proceeds shown in the Report with the schedule of planned application of proceeds from the IPO and investigated any difference or excess of disbursements over the planned application of proceeds.
4. Performed the following procedures on the schedules obtained:
 - a. Agreed related totals to the general ledger;
 - b. Assessed reasonableness of the movements in the designated cash in bank ledger with the list of disbursements in the Report.
5. Traced to and examined supporting documents, including approval documents, of significant disbursements in the detailed schedule of utilization of proceeds and traced the total amount of disbursements per category to the Report.

Results of Agreed-upon Procedures Performed

We report the results of our work as follows:

1. We have obtained the required documents and noted no exceptions on the mathematical accuracy of each of the documents.

We present below a summary of the application of the net IPO proceeds for the quarter ended December 31, 2017 based on the information provided by management.

	Planned Allocation of IPO Proceeds ¹	Re-allocation of Intended Use of IPO Proceeds	Application of the Net Proceeds			Balance of Unused IPO Proceeds as of December 31, 2017
			2nd to 3rd Quarters 2017	4th Quarter 2017	Total Utilization	
Land acquisition:						
Outside Cebu	P 630,000,000	(P 26,197,956)	(P 324,375,365)	(P 212,486,837)	(P 536,862,202)	P 66,939,842
Cebu Province ²	730,000,000	(293,802,044)	(54,517,434)	(14,202,010)	(68,719,444)	367,478,512
Investment in Joint Ventures and Associates	660,000,000	260,000,000	(96,669,980)	(444,031,092)	(540,701,072)	379,298,928
Socialized housing Pinamalayan	-	60,000,000	-	(24,350,000)	(24,350,000)	35,650,000
Unallocated ³	5,021,986	-	(5,021,986)	-	(5,021,986)	-
	<u>P 2,025,021,986</u>	<u>P -</u>	<u>(P 480,584,765)</u>	<u>(P 695,069,939)</u>	<u>(P 1,175,654,704)</u>	<u>P 849,367,282</u>

¹ This is after the re-allocation of P420 million from land acquisition outside of Cebu to Investments in Joint Venture and Associates as reported on the second quarter.

² Based on the Company's Board Resolution dated June 27, 2017, P130 million allotted for the acquisition of land in Guadalupe, Cebu is re-allocated and will be used either to fund the construction of the condominium towers on the land itself or used to acquire another land for future project.

³ This pertains to IPO expenses that were paid in the third quarter of 2017.

During the quarter ended December 31, 2017, the Company made another re-allocation of the IPO proceeds totaling P320 million as shown in the analysis presented above. We noted that this is covered by a Board Resolution dated November 6, 2017 and it was disclosed in the PSE on the same date

2. We have compared the schedule of planned application of the IPO proceeds, as adjusted for the re-allocation made on the second quarter of 2017, to the use of proceeds section of the final prospectus. No exceptions were noted.
3. We have compared the disbursements from the net IPO proceeds shown in the Report with the schedule of planned application of proceeds from the IPO. The following are our observations:
 - a. The negotiation for acquisitions of land in Jaro, Iloilo and in Mactan, Cebu are still on-going as of December 31, 2017.
 - b. In December 2017, the Company paid P180 million to its co-venturers in A.S. Fortuna Property Ventures, Inc. (A.S. Fortuna) as down payment for the Company's acquisition of all the ownership interest in the joint venture by the co-venturers. The transaction gave the Company full control of A.S. Fortuna, making A.S. Fortuna a wholly-owned subsidiary of the Company as at December 31, 2017.
4. We noted no exceptions after performing procedures 4 and 5.

Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagement (PSRE), respectively, we do not express an opinion or conclusion, respectively, on the use of the IPO proceeds. Had we performed additional procedures or had we performed an audit or a review of the financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

PUNONGBAYAN & ARAULLO

By: Christopher M. Ferareza
Partner

CPA Reg. No. 0097462
TIN 184-595-975
PTR No. 6616009, January 3, 2018, Makati City
SEC Group A Accreditation
Partner - No. 1185-AR-1 (until May 11, 2018)
Firm - No. 0002-FR-4 (until Apr. 30, 2018)
BIR AN 08-002511-34-2017 (until Jun. 19, 2020)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

January 12, 2018