

April 16, 2018

**The Philippine Stock Exchange**

9th Floor, Philippine Stock Exchange Tower,  
28th Street corner 5th Avenue, BGC Taguig 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 March 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

April 16, 2018

**The Philippine Stock Exchange**

9th Floor, Philippine Stock Exchange Tower,  
28th Street corner 5th Avenue, BGC Taguig 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:

<b>Total proceeds (430,000,000 shares @ Php5 per share)</b>		<b>Php2,150,000,000.00</b>
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
<b>Net proceeds after IPO expenses</b>		<b>2,025,021,985.53</b>
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
<b>Balance of Proceeds as of June 30, 2017</b>		<b>Php1,789,795,148.03</b>

<b>Beg. Balance of Proceeds as of June 30, 2017</b>		<b>Php1,789,795,148.03</b>
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		
<b>I. Land Acquisitions</b>		
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
<b>II. Investment in JVs and Associates</b>		
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
<b>Balance of Proceeds as of September 30, 2017</b>		<b>Php1,544,437,221.26</b>

<b>Beg. Balance of Proceeds as of September 30, 2017</b>		<b>Php1,544,437,221.26</b>
Capital Expenditures		
<b>I. Land Acquisitions</b>		
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
<b>II. Investment in JVs and Associates</b>		
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
<b>III. Project Operational Funding</b>		
Pinamalayan Socialized Housing (Phase 1 - full)	24,350,000.00	24,350,000.00
<b>Balance of Proceeds as December 31, 2017</b>		<b>Php849,367,282.53</b>

<b>Beg. Balance of Proceeds as of December 31, 2017</b>		<b>Php849,367,282.53</b>
Capital Expenditures		
<b>I. Land Acquisitions</b>		
Bacolod - Sta. Clara Estate (full)	744,452.74	
Canitoan, CDO (full)	122,767.86	
Guadalupe, Cebu (partial)	1,000,662.29	
Linao, Cebu (partial)	1,579,575.00	
Naga, Cebu (partial)	1,390,200.00	
Sibulan, (full)	59,220.00	4,896,877.89
<b>II. Investment in JVs and Associates</b>		
Investment in AS Fortuna Prop. Ventures Inc.	201,021,592.71	
Investment in JV (Davao-Matina)	171,989,403.19	
Investment in YHES, Inc.	624,982.14	
Investment in Mivesa Garden Residences, Inc.	4,218,750.00	
Investment in JV (Pagtambayayong)	1,444,200.00	379,298,928.04
<b>III. Project Operational Funding</b>		
Pinamalayan Socialized Housing (Phase 1)	39,530.88	39,530.88
<b>Balance of Proceeds as March 31, 2018</b>		<b>Php 465,131,945.72</b>

Very truly yours,



**STEPHEN A. TAN**  
Chief Financial Officer

## Report on Factual Findings

**The Board of Directors**  
**Cebu Landmasters, Inc.**  
*(A Subsidiary of A B Soberano Holdings Corp.)*  
10<sup>th</sup> 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 March 31, 2018, as required by the Philippine Stock Exchange, Inc. (the PSE). The Report covers the utilization of the P2.02 billion net proceeds from 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 March 31, 2017; and
  - d. Detailed schedule of utilization of proceeds for the quarter ended March 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 re-allocations on the application of the net IPO proceeds based on the information provided by management.

	Planned Allocation of IPO Proceeds	Re-allocation of Intended IPO Proceeds			Revised Allocation of IPO Proceeds
		June 27, 2017 <sup>1</sup>	November 6, 2017	Total Re-allocation	
Land acquisitions:					
Outside Cebu	P 1,050,000,000	(P 420,000,000)	(P 26,197,956)	(P 446,197,956)	P 603,802,044
Cebu province	730,000,000	-	( 293,802,044)	( 293,802,044)	436,197,956
Investments in joint ventures and associates	240,000,000	420,000,000	260,000,000	680,000,000	920,000,000
Pinamalayan socialized housing	-	-	60,000,000	60,000,000	60,000,000
Unallocated	5,021,986	-	-	-	5,021,986
	<b>P 2,025,021,986</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P 2,025,021,986</b>

We noted a disclosure made by the Company in the PSE on January 30, 2018 for certain planned re-allocations totaling P378,825,400 which comprises the following:

- a. Originally allocated for Jaro, Iloilo land acquisition - P59,949,000
- b. Savings from CDO land acquisition - P12,937,485
- c. Originally allocated for Mactan land acquisition - P300,000,000
- d. Savings from Bogu land acquisition - P5,938,915

While these have yet to be reflected by management in the table above as at March 31, 2018, management confirmed that it shall remain to be for future land acquisition and development, and investments because only the location would change.

We present below a summary of the application of the net IPO proceeds for the period ended March 31, 2018 based on the information provided by management.

	Revised Allocation of IPO Proceeds <sup>1</sup>	Application of the Net Proceeds (Amount Released)			Balance of Unused IPO Proceeds as of March 31, 2018
		2 <sup>nd</sup> to 4 <sup>th</sup> Quarters 2017	1 <sup>st</sup> Quarter 2018	Total Utilization	
Land acquisitions:					
Outside Cebu	P 603,802,044	(P 536,862,202)	(P 926,441)	(P 537,788,643)	P 66,013,401
Cebu province	436,197,956	( 68,719,444)	( 3,970,437)	( 72,689,881)	363,508,075
Investments in joint ventures and associates	920,000,000	( 540,701,072)	( 379,298,928)	( 920,000,000)	-
Pinamalayan socialized housing	60,000,000	( 24,350,000)	( 39,531)	( 24,389,531)	35,610,469
Unallocated	5,021,986	( 5,021,986)	-	( 5,021,986)	-
	<b>P 2,025,021,986</b>	<b>(P 1,175,654,704)</b>	<b>(P 384,235,337)</b>	<b>(P 1,559,890,041)</b>	<b>P 465,131,945</b>

<sup>1</sup> The revised allocation of IPO proceeds is after the adjustments for the June 27, 2017 and November 6, 2017 re-allocations as shown on the first schedule.

2. We have compared the schedule of planned application of the IPO proceeds to the use of proceeds section of the final prospectus. No exceptions 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. We noted the following disbursements:
  - a. Included in the investments in joint ventures and associates are disbursements totaling P201,021,593 which was made to A.S Fortuna Property Ventures, Inc. (ASF). ASF became a wholly-owned subsidiary of the Company in 2017.
  - b. Included in the investments in joint ventures and associates are the disbursements for the Davao-Matina Project and Pagtambayayong Project amounting to P171,989,403 and P1,444,200, respectively. The joint venture entities for the projects are yet to be incorporated as at March 31, 2018.
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 and 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. 5908616, January 3, 2017, Makati City  
SEC Group A Accreditation  
Partner - No. 1185-AR-1 (until May 11, 2018)  
Firm - No. 0002-FR-5 (until Mar. 26, 2021)  
BIR AN 08-002511-34-2014 (until Aug. 5, 2017)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

April 16, 2018