

January 26, 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 26, 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: Annual 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)**.

Please see details:

Total proceeds (430,000,000 shares @ Php5 per share)		2,150,000,000
Less: IPO related expenses		
PSE Listing & processing fees	9,736,601	
SEC registration & listing fees	1,817,697	
Underwriting and selling commission fees	35,056,352	
Professional & accounting fees	31,708,872	
Estimated fee of Stock Transfer Agent & Receiving agent	829,000	
Estimated costs of printing and marketing	3,295,070	
Documentary stamp tax	2,150,000	
IPO Tax	43,000,000	
Miscellaneous expenses	2,406,408	130,000,000
Net proceeds after IPO expenses		2,020,000,000
Land Purchases		
Bacolod Sta. Clara	154,273,017	
Bacolod - Granada	189,529,027	
Sibulan, Dumaguete	55,946,643	
Jaro, Iloilo (technical assessment phase)	51,000	
Bogo, Cebu Land Purchase	24,061,085	
Guadalupe, Cebu	43,449,821	
Canitoan, CDO Land Purchase	137,062,515	
Naga, Cebu (partial)	1,208,539	
Investments in JVs and Associates		
Investment in MGR, Inc. (Cebu)	281,248	
Investment in AS Fortuna Prop. Ventures Inc.	254,877,380	
Investment in JV (Davao)	10,566,000	
Investment in JV (Pagtambayayong)	8,487,434	
Investment in JV (Davao-Matina)	189,555,167	
Investment in YES, Inc.	76,933,843	
Project Operational Funding		
Pinamalayan Socialized Housing (Phase 1 - full)	24,350,000	1,170,632,717
Balance of Proceeds as of December 31, 2017		849,367,282

Very truly yours,



STEPHEN A. TAN
Chief Financial Officer



Report on Factual Findings

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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 Annual Report on the Application of Proceeds (the Annual Report) for the period June 2, 2017 to December 31, 2017, as required by the Philippine Stock Exchange, Inc. (the PSE). The Annual 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 Annual Report are presented below.

1. Obtained and checked the mathematical accuracy of the following:
 - a. The Annual 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 period June 2, 2017 to December 31, 2017.

Certified Public Accountants

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

Offices in Cebu, Davao, Cavite

BOA/PRC Cert. of Reg. No. 0002
SEC Accreditation No. 0002-FR-4



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 Annual 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 Annual 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 Annual 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 period ended December 31, 2017 based on the information provided by management.

	Planned Allocation of IPO Proceeds	Re-allocation of Intended IPO Proceeds			Total Utilization of Proceeds as of December 31, 2017	Balance of Unused IPO Proceeds as of December 31, 2017
		June 27, 2017	November 6, 2017	Total Re-allocation		
Land acquisition: Outside Cebu Cebu Province ¹	P 1,050,000,000 730,000,000	(P 420,000,000) -	(P 26,197,956) (293,802,044)	(P 446,197,956) (293,802,044)	(P 536,862,202) (68,719,444)	P 66,939,842 367,478,512
Investment in Joint Ventures and Associates	240,000,000	420,000,000	260,000,000	680,000,000	(540,701,072)	379,298,928
Socialized housing Pinamalan	-	-	60,000,000	60,000,000	(24,350,000)	35,650,000
Unallocated ²	5,021,986	-	-	-	(5,021,986)	-
	P 2,025,021,986	P -	P -	P -	(P 1,175,654,704)	P 849,367,282

¹ Based on a Board Resolution of the Company dated June 27, 2017, P130 million allotted for the acquisition of land in Guadalupe, Cebu, as indicated in the final prospectus, shall now be used either to fund the construction of condominium towers or to purchase land for future project.

² This pertains to the IPO expenses that were only paid in the third quarter of 2017.

During the period June 2, 2017 to December 31, 2017, the Company made a total of P740 million re-allocations of IPO proceeds as shown in the analysis presented above. We noted that these are covered by Board Resolutions dated June 27, 2017 and November 6, 2017 and these were disclosed in the PSE on the same dates.

The breakdown of utilization of IPO proceeds for the period June 2, 2017 to December 31, 2017 is shown below.

	<u>Application of the Net IPO Proceeds</u>			<u>Total Utilization</u>
	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Proceeds as of December 31, 2017</u>
Land acquisition:				
Outside Cebu	P 158,292,995	P 166,082,370	P 212,486,837	P 536,862,202
Cebu Province	-	54,517,434	14,202,010	68,719,444
Investment in Joint Ventures				
And Associates	76,933,843	19,736,137	444,031,092	540,701,072
Socialized Housing Pinamalayan	-	-	24,350,000	24,350,000
Unallocated	-	5,021,986	-	5,021,986
	<u>P 235,226,838</u>	<u>P 245,357,927</u>	<u>P 695,069,939</u>	<u>P 1,175,654,704</u>

2. We have compared the schedule of planned application of the IPO proceeds, as adjusted for the re-allocation made on the second and fourth quarters 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 Annual Report with the schedule of planned application of proceeds from the IPO. The following are our observations:
 - a. Results of procedures performed on the second quarter progress report of the Company showed the following:

Bacolod land acquisition

Of the total amount reported as disbursements for Bacolod land acquisition, P5,000,000 was made on February 3, 2017. Based on the disclosure made by the Company in the prospectus, negotiations related to this land acquisition is already done prior to the IPO.

Dumaguete land acquisition

Included in the P55,946,643, as shown in the Annual Report, Sibulan, Dumaguete land acquisition are disbursements totaling P30,792,995 which were made between June 30, 2016 to March 29, 2017. Based on the disclosure made by the Company in the final prospectus, negotiations related to this land acquisition is already done prior to the IPO.

- b. Results of procedures performed on the third quarter progress report of the Company showed the following:

The following are disbursements made prior to the receipts of IPO proceeds. These expenses pertain to topographic and relocation fees, transfer taxes, geothermal evaluation, land registration fees.

<u>Location</u>	<u>Intended Use</u>	<u>Amount</u>
Sta. Clara, Bacolod City	Mixed-use	P 2,450,518
Canitoan, Cagayan de Oro	Residential	1,029,495
Sibulan, Dumaguete	Residential	623,706
Bogo, Cebu	Residential	<u>40,000</u>
		<u>P 4,103,719</u>

The Company also made an investment of P10,566,000 in a joint venture that is yet to be registered with the SEC at the time when such investment was made. Nonetheless, the said joint venture was subsequently incorporated and registered with the SEC on November 22, 2017.

According to management, disbursements made prior to receipt of the IPO proceeds were made out of the Company's operating funds because of the immediate requirement for earnest money and down payment to secure the acquisition of the properties, and other related expenses while the IPO process is still on-going.

- c. Results of procedures performed on fourth quarter progress report of the Company showed the following:

Land acquisitions

The negotiation for acquisitions of land in Jaro, Iloilo and in Mactan, Cebu are still on-going as at December 31, 2017.

Investment in Joint ventures and associates

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.



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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 26, 2018