

14 January 2025

The Philippine Stock Exchange, Inc.
6th Floor, PSE Tower, 28th Street corner
5th Avenue, Bonifacio Global City
Taguig City

Attention: **Alexandra D. Tom Wong**
Officer-in-Charge, Disclosure Department

Philippine Dealing & Exchange Corp.
29th Floor, BDO Equitable Tower
8751 Paseo de Roxas
Makati City 1226

Attention: **Atty. Suzy Claire R. Selleza**
Head - Issuer Compliance and Disclosure Department

Securities and Exchange Commission
The SEC Headquarters, 7907 Makati Ave.
Salcedo Village, Bel-Air
Makati City 1209

Attention: **Atty. Oliver O. Leonardo**
Director, Markets and Securities Regulation Department

Dear Mesdames and Gentlemen:

We are submitting the following attachments in compliance with The Philippine Stock Exchange (“PSE” or the “Exchange”) requirement in connection with the application and disbursement of the Company’s Series A-1 and Series A-2 Preferred Shares (the “Offer”) proceeds.

1. Progress Report on the application of proceeds for the year ended December 31, 2024; and
2. Certification of Punongbayan & Araullo (“P&A”) on the accuracy of information provided by Cebu Landmasters, Inc. (“CLI” or the “Company”) in relation to the Progress Report.

We hope you find everything in order.

Very truly yours,



BEAUREGARD GRANT L. CHENG
Chief Financial Officer

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Attention: **Atty. Suzy Claire R. Selleza**
Head - Issuer Compliance and Disclosure Department

Securities and Exchange Commission

The SEC Headquarters, 7907 Makati Ave.
Salcedo Village, Bel-Air
Makati City 1209

Attention: **Atty. Oliver O. Leonardo**
Director, Markets and Securities Regulation Department

Subject: Annual Progress Report on the application and disbursement of the Company's Series A-1 and Series A-2 Preferred Shares (the "Offer") proceeds with External Auditor Certification

Dear Mesdames and Gentlemen:

In relation to the follow-on public offering of Series A-1 and Series A-2 Preferred Shares of Cebu Landmasters, Inc. ("CLI" or the "Company") on April 12, 2024, and in compliance with regulatory requirements, we submit herewith CLI's annual progress report on the application and disbursement of proceeds for the year ended December 31, 2024.

The details of the disbursements are as follows:

| Use of Proceeds | As of April 12, 2024 | Application of Offering Proceeds for the Year Ended December 31, 2024 | As of December 31, 2024 |
|---|-------------------------|--|----------------------------|
| Total proceeds (4,280,340 shares at P1,000 per share) | P 4,280,340,000 | P - | P 4,280,340,000 |
| Less: Estimated offer-related expenses | | | |
| Underwriting fees | 22,550,250 | - | 22,550,250 |
| Professional and accounting fees | 8,557,600 | - | 8,557,600 |
| PSE filing fee | 5,600,000 | - | 5,600,000 |
| Issue management fee | 4,505,621 | - | 4,505,621 |
| SEC registration fee | 1,830,625 | - | 1,830,625 |
| Receiving agent | 817,600 | - | 817,600 |
| Trading participants fee | 574,738 | - | 574,738 |
| PDTC lodgement fee | 123,114 | - | 123,114 |
| Documentary stamp tax | 42,803 | - | 42,803 |
| Insurance commission fee | 10,100 | - | 10,100 |
| SEC listing fee | 5,127 | - | 5,127 |
| Miscellaneous expenses | 424,958 | - | 424,958 |
| Total | 45,042,536 | - | 45,042,536 |

| | | | |
|-------------------------------------|-----------------|-----------------|-----------------|
| Estimated Net Offer Proceeds | 4,235,297,464 | - | 4,235,297,464 |
| General corporate expenses | 872,289,375 | 872,289,375 | - |
| Project development expenses | 3,363,008,089 | 719,785,791 | 2,643,222,298 |
| TOTALS | P 4,235,297,464 | P 1,592,075,166 | P 2,643,222,298 |

In compliance with the conditions of the Securities and Exchange Commission’s Notice of Approval for the public offering, the undersigned hereby certifies the foregoing as true and correct based on available records. Likewise enclosed is the certification from CLI’s external auditor, Punongbayan & Araullo (“P&A”), in connection with the Report.

We trust that you find everything in order.

Very truly yours,



BEAUREGARD GRANT L. CHENG
Chief Financial Officer

Report of Independent Auditors on Factual Findings

**The Board of Directors and Stockholders
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 agreed with you and enumerated below with respect to the attached Annual Progress Report (the Report) as of and for the year ended December 31, 2024 on the application of proceeds from the follow-on public offering of Series A-1 and Series A-2 Preferred Shares (the Public Offering) of Cebu Landmasters, Inc. (the Company) on April 12, 2024. The procedures were performed solely to enable the Company to comply with the requirement of the Philippine Securities and Exchange Commission (SEC) to submit the Report accompanied by an external auditor's report. Our engagement was undertaken, and our report is issued in accordance with Philippine Standard on Related Services 4400 (Revised), *Agreed-Upon Procedures Engagement*, applicable to agreed-upon procedures engagements.

Agreed-upon Procedures

The procedures we performed are as follows:

1. Obtained and checked the mathematical accuracy of the following:
 - a) The Report;
 - b) Schedule of planned application of proceeds from the Offering;
 - c) Trial balance as of and for the year ended December 31, 2024 (the Trial Balance); and,
 - d) Detailed schedule of the utilization of proceeds as of and for the year ended December 31, 2024.

2. Compared the schedule of planned application of the proceeds with the Use of Proceeds section of the Prospectus. Inquired with the Company's management of the reason for any difference, if any, and request a copy of the approval by the Board of Directors (BOD) and the SEC, as appropriate, i.e., if it involved reallocation or change in the use of proceeds.

3. Compared the disbursements from the net proceeds shown in the Report with the schedule of planned application of proceeds from the Public Offering 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 Trial Balance; and,
 - b) Assessed reasonableness of the movements in the designated cash in bank ledgers 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 the Performance of Agreed-Upon Procedures

1. With respect to item 1, we noted no exceptions on the mathematical accuracy of the Report and schedules.
2. With respect to item 2, we noted that the planned application of proceeds differs with the Use of Proceeds section of the Prospectus because the oversubscription option was not fully exercised. A comparison of the planned and actual net proceeds from the Public Offering is shown below.

| | <u>Planned Net Proceeds</u> | | |
|----------------------------------|---|---|--|
| | <u>No Exercise of Oversubscription Option</u> | <u>Full Exercise of Oversubscription Option</u> | <u>Actual Net Proceeds from the Offering</u> |
| Gross proceeds | P 3,000,000,000 | P 5,000,000,000 | P 4,280,340,000 |
| Initial public offering expenses | <u>27,710,625</u> | <u>36,730,625</u> | <u>45,042,536</u> |
| Net proceeds | <u>P 2,972,289,375</u> | <u>P 4,963,269,375</u> | <u>P 4,235,297,464</u> |

On September 4, 2024, the Company's BOD approved the reallocation of the unutilized proceeds from the Public Offering. The breakdown of the reallocation is shown below.

| | <u>Initial Allocation of Offering Proceeds</u> | <u>Reallocation</u> | <u>Revised Allocaton of Offering Proceeds</u> |
|---|--|---------------------|---|
| House and lot projects: | | | |
| Casa Mira Homes Butuan | P 750,000,000 | (P 745,860,000) | P 4,140,000 |
| Velmiro Heights Consolacion | 750,000,000 | (303,733,643) | 446,266,357 |
| Casa Mira Homes Davao | 750,000,000 | (352,140,976) | 397,859,024 |
| Velmiro Heights Davao | 650,000,000 | (76,224,921) | 573,775,079 |
| Mirani Steps Danao | 600,000,000 | (583,580,194) | 16,419,806 |
| Condominium Projects: | | | |
| Casa Mira Towers Palawan | 750,000,000 | (384,280,266) | 365,719,734 |
| High-end Condo in Cebu IT Park | - | 381,650,000 | 381,650,000 |
| Mid-market Condo in Midtown Cebu | - | 155,000,000 | 155,000,000 |
| Lot Acquisition | - | 1,909,170,000 | 1,909,170,000 |
| General Corporate Expenses | <u>872,289,375</u> | <u>-</u> | <u>872,289,375</u> |
| | 5,122,289,375 | - | 5,122,289,375 |
| Difference between full exercise of oversubscription option and actual net proceeds from the offering | | | |
| | (<u>886,991,911</u>) | <u>-</u> | (<u>886,991,911</u>) |
| TOTAL | <u>P 4,235,297,464</u> | <u>P -</u> | <u>P 4,235,297,464</u> |

3. With respect to item 3, we present below the summary of breakdown and application of the Offering Proceeds for the year ended December 31, 2024 based on the information we obtained from the Company.

| | <u>Revised Allocaton of Offering Proceeds</u> | <u>Application of Offering Proceeds during the Year</u> | <u>Unused Offering Proceeds as of December 31, 2024</u> |
|---|---|---|---|
| House and lot projects: | | | |
| Casa Mira Homes Butuan | P 4,140,000 | P 4,140,000 | P - |
| Velmiro Heights Consolacion | 446,266,357 | 90,760,160 | 355,506,197 |
| Casa Mira Homes Davao | 397,859,024 | 88,443,241 | 309,415,783 |
| Velmiro Heights Davao | 573,775,079 | - | 573,775,079 |
| Mirani Steps Danao | 16,419,806 | 16,419,806 | - |
| Condominium Projects: | | | |
| Casa Mira Towers Palawan | 365,719,734 | 56,303,951 | 309,415,783 |
| High-end Condo in Cebu IT Park | 381,650,000 | 381,650,000 | - |
| Mid-market Condo in Midtown Cebu | 155,000,000 | - | 155,000,000 |
| Lot Acquisition | 1,909,170,000 | 82,068,633 | 1,827,101,367 |
| General Corporate Expenses | <u>872,289,375</u> | <u>872,289,375</u> | <u>-</u> |
| | 5,122,289,375 | 1,592,075,166 | 3,530,214,209 |
| Difference between full exercise of oversubscription option and actual net proceeds from the offering | | | |
| | (<u>886,991,911</u>) | <u>-</u> | (<u>886,991,911</u>) |
| TOTAL | <u>P 4,235,297,464</u> | <u>P 1,592,075,166</u> | <u>P 2,643,222,298</u> |

4. With respect to item 4, we have:
 - a) agreed related totals to the Trial Balance, no exceptions were noted, and;
 - b) assessed the reasonableness of the movements in the designated cash in bank ledgers. We noted no exceptions.

5. The disbursement made for the period relates to the payment of general corporate expenses, real estate projects and cash infusion to its associate to be used in the construction of its condo project in Cebu IT Park. With respect to these, we traced the disbursements to the related approved payment vouchers, official receipts, statements of accounts, progress billings, deposit slip and subscription contract. We noted no exceptions.

Because the foregoing procedures do not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), respectively, we do not express an assurance on the use of the Offering proceeds based on the said standards. Had we performed additional procedures or had we performed an audit or 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.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the information and items specified above and does not extend to any financial statements of the Company, taken as a whole.

PUNONGBAYAN & ARAULLO



By: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 10465913, January 2, 2025, Makati City
BIR AN 08-002511-037-2022 (until Oct. 13, 2025)
BOA/PRC Cert. of Reg. No. 0002/P-010 (until Aug. 27, 2027)

January 13, 2025