

## COVER SHEET

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(Company Name)

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(Business Address: No. Street/City/Province)

Clarissa Mae A. Cabalda
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Contact Person

032-231-4870
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Company Telephone Number

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3	1
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Month

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17-A
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Form Type

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*Annual Meeting*

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Secondary License Type, If Applicable

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Dept. Requiring this Doc

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

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To be accomplished by SEC Personnel concerned

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File Number

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Cashier

**SEC Number:** CS200321240  
**File Number:**

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**CEBU LANDMASTERS, INC.**

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(Company's Full Name)

**10TH FLOOR, PARK CENTRALE, B2 L3,  
JOSE MA. DEL MAR ST.,  
CEBU IT PARK, APAS, CEBU CITY**

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(Company Address)

**(032) 231-4914**

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(Telephone Number)

**December 31, 2019**

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(Fiscal Year Ended)

**SEC Form 17-A Annual Report**

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(Form Type)

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(Amendments)

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-A**  
**ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended December 31, 2019
2. SEC Identification Number CS200321240
3. BIR Tax Identification No. 277-599-320
4. Exact name of issuer as specified in its charter CEBU LANDMASTERS, INC
5. Province, Country or other jurisdiction of incorporation or organization CEBU CITY, CEBU, PHILIPPINES
6. Industry Classification Code  (SEC Use Only)
7. Address of principal office  
10<sup>th</sup> FLOOR, PARK CENTRALE, B2 L3, JOSE MA. DEL MAR ST., CEBU IT PARK, APAS, CEBU CITY Postal Code 6000
8. Issuer's telephone number, including area code (032) 231-4914
9. Former name, former address, and former fiscal year, if changed since last report  
not applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of each class	Number of shares issued and outstanding
<b>COMMON SHARES</b>	<b>1,659,180,000</b>

11. Are any or all of these securities listed on a Stock Exchange.

Yes [ X ]      No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Stock Exchange: Philippine Stock Exchange

Securities listed: Common shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [ X ]      No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [ X ]      No [ ]

13. Aggregate market value of the voting stock held by non-affiliates: P2,207,534.980 as of December 31, 2019

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## PART I – BUSINESS AND GENERAL INFORMATION

### Item 1 Business

#### Background

Cebu Landmasters, Inc. was incorporated on September 26, 2003. On June 2, 2017, the Company was listed on the PSE with “CLI” as its ticker symbol. A total of 430,000,000 shares were issued and fully subscribed at ₱5.00 per share.

After 16 years of operations, the Company has diversified its portfolio to better match the myriad demands of the VisMin property sector. As of year-end 2019, CLI has a total of 65 projects in different stages of development which include 17 residential subdivisions, 25 residential condominiums, 5 offices, 6 hotels, 6 retail locations, 6 mixed-use and an estate development that was recently launched.

CLI opened its first hotel development in September 2019 and began to recognize a new stream of revenue from this promising segment. Citadines Cebu City, the 180-room condotel, is operated and managed by Ascott International Management Pte Ltd., one of the leading international lodging owner-operators. This is the first of several hotel developments being built by CLI that will be managed by Ascott and other world-renowned hotel operators.

In a recent 2019 study conducted by the market research firm, Santos Knight Frank, CLI leads the VisMin housing sector accounting for 12% of the total supply in aggregate for both vertical and horizontal developments. The research covers major cities of Metro Cebu, Dumaguete, Bacolod, Bohol, Iloilo, Davao, and Cagayan de Oro.

CLI continues to expand its land bank to support its expansion plans. As of December 31, 2019, the Company has a total of 1,245,485 sq.m. of developable land in 10 growth centers in Visayas and Mindanao.

During the 7th Annual Property Guru Philippines Property Awards on July 5, 2019, CLI was awarded as the Best Developer in the Philippines of 2019. Other honors were also given to the Company’s projects. 38 Park Avenue was named as the Best High-End Condominium Development in Cebu, Casa Mira Towers Labangon was awarded as the Highly Commended for Best Affordable Condominium Development in Cebu, and MesaTierra Garden Residences was named as the Best Condominium Development in Davao. CLI also received special recognition in corporate social responsibility.

CLI has several strategic land acquisitions lined up in greater Cebu, Bacolod, and Davao, with new expansion areas such as Iloilo, Butuan, and General Santos City also on the horizon.

#### CLI Visayas – Mindanao Presence

Since its incorporation, CLI has grown its portfolio to include residential subdivision and condominiums, offices, hotels, retail locations and recently, mixed-use and estate developments.

The Company designs its projects to meet the needs of different market segments. Its brands are carefully planned and priced to provide excellent value for the particular segment it serves.

The Premier Series includes projects such as Baseline Premier, 38 Park Avenue and Astra Center that are designed to meet the taste of the high-end market. The Garden Series projects, like Mivesa Garden Residences and Velmiro Heights cater to the middle market. The Casa Mira brand, on the other hand, is for the affordable housing segment and the Villa Casita brand is for the socialized housing market.

All of the Company’s projects are discussed in detail in the succeeding sections.

In 2018, CLI started to venture into larger scale developments with the launch of Davao Global Township (“DGT”), a 22-hectare estate located in Matina, Davao. Site development is ongoing and the first project on the site is scheduled for launch in 2020.

Aside from DGT, the Company has ongoing negotiations with land owners in Cebu, Bacolod and CDO for future estate projects.

The Company endeavors to sustain its growth momentum by launching 27 new projects in the next two years across Visayas and Mindanao.

#### Real estate development overview

As of the year-end 2019, CLI has a total of 65 projects in different stages of development. The company's projects are located in Cebu, Bacolod, Dumaguete CDO and Davao.

From a single residential project in 2003, Cebu Landmasters has diversified its product portfolio to Residential, Office, Hotel Retail and now estates. Likewise, CLI is also present in the different market levels, providing housing needs to the High-end, Middle, Economic and Socialized housing segment.

#### Completed projects

In 2019, Cebu Landmasters was able to complete and turnover Casa Mira south phase 2, MesaVerte Garden Residences towers. During the year, CLI opened its first hotel development in September 2019 and began to recognize a new stream of revenue from this promising segment. Citadines Cebu City, the 180-room condotel, is operated and managed by Ascott International Management Pte Ltd., one of the leading international lodging owner-operators. This is the first of several hotel developments being built by CLI that will be managed by Ascott and other world-renowned hotel operators.

The Company's 28 completed developments are a mix of vertical and horizontal residential projects, office, retail and its first hotel project, Citadines Cebu City. Below is a list of the Company's completed projects to date.

No .	Project	Location	Constructi on	Type	Use	No. of Units	Sold Units	Year of Completion
1	San Jose Maria Village – Balamban	Balamban, Cebu	Horizontal	Residential	Mid-Market	231	198	2006
2	San Jose Maria Village – Minglanilla	Minglanilla, Cebu	Horizontal	Residential	Mid-Market	145	145	2008
3	San Jose Maria Village – Talisay	Talisay City, Cebu	Horizontal	Residential	Mid-Market	96	96	2012
4	San Jose Maria Village – Toledo	Toledo City, Cebu	Horizontal	Residential	Mid-Market	144	98	2010
5	Villa Casita	Balamban, Cebu	Horizontal	Residential	Socialized Housing	101	100	2015
6	Midori Plains	Minglanilla, Cebu	Horizontal	Residential	Mid-Market	370	370	2014
7	Asia Premier Residences	Cebu City	Vertical	Residential	High-End	88	88	2012
8	Baseline Residences	Cebu City	Vertical	Residential	High-End	201	201	2013
9	Midori Residences	Mandaue City, Cebu	Vertical	Residential	Mid-Market	396	396	2014
10	Park Centrale Tower	Cebu City	Vertical	Office	Office	50	50	2015
11	Mivesa Garden Residences (Phase 1)	Cebu City	Vertical	Residential	Mid-Market	479	479	2016
12	Mivesa Garden Residences (Phase 2)	Cebu City	Vertical	Residential	Mid-Market	459	459	2016

<b>13</b>	Velmiro Heights (Phase 1)	Minglanilla, Cebu	Horizontal	Residential	Mid-Market	347	346	2016
<b>14</b>	Casa Mira Linao	Minglanilla, Cebu	Horizontal	Residential	Economic Housing	725	725	2016
<b>15</b>	Casa Mira Towers Labangon Tower 1	Labangon, Cebu	Vertical	Residential	Economic Housing	272	272	2018
<b>16</b>	Casa Mira Towers Labangon Tower 2	Labangon, Cebu	Vertical	Residential	Economic Housing	414	413	2019
<b>17</b>	Casa Mira South Phase 1A	Cebu City	Horizontal	Residential	Economic Housing	1753*	1568**	2018
<b>18</b>	Casa Mira South Phase 1B	Cebu City	Horizontal	Residential	Economic Housing			2018
<b>19</b>	Casa Mira South Phase 2A	Cebu City	Horizontal	Residential	Economic Housing			2019
<b>20</b>	Casa Mira South Phase 2B	Cebu City	Horizontal	Residential	Economic Housing			2019
<b>21</b>	MesaVerte Residences Tower 1	CDO	Vertical	Residential	Mid-Market	252	252	2019
<b>22</b>	MesaVerte Residences Tower 2	CDO	Vertical	Residential	Mid-Market	252	252	2019
<b>23</b>	Baseline Retail	Cebu City	Vertical	Retail	Retail	5,918 sq.m		2019
<b>24</b>	Citadines Cebu City	Cebu City	Vertical	Hotel	Hotel	81	81	2019
<b>25</b>	Base Line Center	Cebu City	Vertical	Mixed-Use	Mixed-Use	***	***	2019
<b>26</b>	Base Line HQ	Cebu City	Vertical	Office	Office	54	48	2019
<b>27</b>	Base Line Premier	Cebu City	Vertical	Residential	High-end	379	378	2019
<b>28</b>	MesaVerte Residences Tower 3	CDO	Vertical	Residential	Mid-Market	252	252	2019

#### Ongoing projects (under construction)

CLI has the following ongoing projects in various stages of construction.

No.	Project	Location	Construction	Type	Use	No. of Units	Sold Units	Target Year of Completion
<b>1</b>	Base Line Prestige	Cebu City	Vertical	Residential	High-end	351	347	2023
<b>2</b>	Base Line Lyf	Cebu City	Vertical	Hotel	Hotel	153	***	2021
<b>3</b>	Astra Center	Mandaue City, Cebu	Vertical	Mixed-Use	Mixed-Use	**	**	2023
<b>4</b>	Astra Corporate Center	Mandaue City, Cebu	Vertical	Office	Office	15,906 sq.m		2023
<b>5</b>	Astra Lifestyle Mall	Mandaue City, Cebu	Vertical	Retail	Retail	13,464 sq.m		2022
<b>6</b>	Radisson Red	Mandaue City, Cebu	Vertical	Hotel	Hotel	146	***	2022
<b>7</b>	One Astra Place Residences 1	Mandaue City, Cebu	Vertical	Residential	High-end	478	456	2023
<b>8</b>	One Astra Place Residences 2	Mandaue City, Cebu	Vertical	Residential	High-end	533	188	2023
<b>10</b>	Mivesa Garden Residences (Phase 3)	Cebu City	Vertical	Residential	Mid-market	576	569	2020

<b>11</b>	MesaTierra Garden Residences	Davao City	Vertical	Residential	Mid-market	677	674	2021
<b>12</b>	Latitude Corporate Center	Cebu City	Vertical	Office	Office	54	54	2020
<b>13</b>	Casa Mira Coast	Cebu City	Horizontal	Residential	Economic Housing	543	543	2020
<b>14</b>	MesaVirre Building A	Bacolod City	Vertical	Residential	Mid-market	294	294	2021
<b>15</b>	MesaVirre Building B	Bacolod City	Vertical	Residential	Mid-market	442	440	2021
<b>16</b>	MesaVirre Building C	Bacolod City	Vertical	Residential	Mid-market	442	252	2023
<b>17</b>	38 Park Avenue Mixed-Use	Cebu City	Vertical	Mixed-Use	Mixed-Use	**	**	2022
<b>18</b>	38 Park Avenue	Cebu City	Vertical	Residential	High-end	756	745	2022
<b>19</b>	The Park @ 38 Park Avenue	Cebu City	Vertical	Retail	Retail	1,899 sq.m		2022
<b>20</b>	Casa Mira Towers Guadalupe Tower 1	Cebu City	Vertical	Residential	Economic Housing	544	544	2021
<b>21</b>	Velmiro Uptown CDO	CDO	Horizontal	Residential	Mid-Market	396	364	2021
<b>22</b>	Villa Casita Bogo	Bogo, Cebu	Horizontal	Residential	Socialized Housing	480	217	2020
<b>23</b>	Velmiro Plains Bacolod	Bacolod City	Horizontal	Residential	Mid-Market	342	48	2020
<b>24</b>	Casa Mira Bacolod	Bacolod City	Horizontal	Residential	Economic Housing	431	104	2023
<b>25</b>	Davao Global Township	Davao	Estate	Estate	Estate	**	**	
<b>26</b>	Paragon Center	Davao City	Vertical	Mixed-Use	Mixed-Use	6,650 sq.m.****	2023	2023
<b>27</b>	One Paragon Convention center	Davao City	Vertical	Hotel	Hotel			
<b>28</b>	Paragon Retail	Davao City	Vertical	Retail	Retail	2022		
<b>29</b>	Citadines Paragon	Davao City	Vertical	Hotel	Hotel	132*	59	2023
<b>30</b>	One Paragon Place	Davao City	Vertical	Residential	High-end	554	475	2022
<b>31</b>	Casa Mira Towers CDO Tower 1	CDO	Vertical	Residential	Economic Housing	542	430	2023
<b>32</b>	Casa Mira Towers CDO Tower 2	CDO	Vertical	Residential	Economic Housing	542	133	2023
<b>33</b>	Casa Mira Towers Mandaue Tower 1	Mandaue City, Cebu	Vertical	Residential	Economic Housing	821	487	2023
<b>34</b>	Patria de Cebu Retail	Cebu City	Vertical	Retail	Retail	5,186 sq.m.*****	2022	2022
<b>35</b>	Patria de Cebu Office	Cebu City	Vertical	Office	Office			
<b>36</b>	Patria de Cebu Hotel	Cebu City	Vertical	Hotel	Hotel			
<b>37</b>	Citadines Bacolod	Bacolod City	Vertical	Hotel	Hotel	200	***	2022
<b>38</b>	Mivela Garden Residences Tower 1 to 4	Cebu City	Vertical	Residential	Mid-Market	1,536	1006	2022

Notes:

- \*Citadines Paragon – 263 units of which 132 units are for sale; Citadines Cebu City – 180 units of which 81 units are for sale
- \*\*Mixed-use – individual components already describe its respective number of units, hotel keys and gross leasable area
- \*\*\*Not applicable as the project relates to pure hotel operations
- \*\*\*\*Total for item #s 26 to 28s
- \*\*\*\*\*Total for item #s 34 to 35

## **Residential development**

CLI's initial forte is in residential development. It created a niche when it started developing low to middle cost subdivisions in the south of Cebu with house and lot packages ranging from P2 million to P5 million. Today, CLI is the leading residential developer in Visayas and Mindanao and it has diversified its residential offerings to cater to the four major market segments – socialized, economic, mid-market and high-end.

High-end residential developments have a price of more than P4 million per unit, while mid-market housing projects are priced at P3 million to P4 million per unit. Economic housing on the other hand is priced within the range of P480,000 to P3 million. Meanwhile, to qualify as socialized housing, the housing units must be sold at a price not exceeding P480,000.

The list below categorizes the projects according to market segments:

### Horizontal (Subdivision) Projects:

- Socialized: Villa Casita Bogo, Villa Casita Balamban, Guadalupe Pinamalayan Socialized Housing Project
- Economic: Casa Mira Linao and Casa Mira South in Cebu, Casa Mira Coast in Dumaguete and Casa Mira Bacolod
- Mid-Market: San Jose Maria Villages, Midori Plains, Velmiro Heights in Cebu, Velmiro Greens Bohol, Velmiro Uptown CDO and Velmiro Plains Bacolod

### Vertical (Condominium) Projects:

- Economic : Casa Mira Towers Labangon, Casa Mira Towers Guadalupe and Casa Mira Mandaue in Cebu, Casa Mira Towers CDO
- Mid-Market : Midori Residences, Mivesa Garden Residences, MesaVerte Garden Residences CDO, MesaTierra Garden Residences Davao, MesaVirre Garden Residences Bacolod and Mivela Garden Residences
- High-End : Asia Premier Residences, Base Line Residences, Base Line Premier, 38 Park Avenue, Baseline Prestige, One Astra Place

## **Residential development projects**

### Horizontal (Subdivision) Projects

#### *Villa Casita Balamban*

Launched in 2014, this is CLI's first socialized housing development and is located in Buanoy, Balamban, Cebu. With an area of 8,128 sq.m., it consists of 101 row house units, with each unit having a lot area of 36 sq.m. and a floor area of 22.65 sq.m. Pre-sold units were priced at about P400,000. It is fully developed, completed and sold out.

#### *Villa Casita Bogo*

The project is the second of the Villa Casita series in Cebu, the socialized housing brand of the company. Villa Casita offers its homeowners well-designed homes, well-planned site development, and sizable green spaces for parks and community facilities traditionally found only in mid-market or upscale developments. The development is designed to provide over 694 homes to families in the North of Cebu.

#### *Guadalupe Pinamalayan Socialized Housing Project*

Launched in 2015, this socialized housing project is developed in cooperation with Habitat for Humanity and is located in Pinamalayan, Oriental Mindoro. The 38,639-sq.m. project consists of 337 single-floor and detached units, 77 of which have been allocated to Habitat for Humanity beneficiaries.

#### *Casa Mira Linao*

Launched in 2015, this is CLI's first foray into economic housing development. The project is located in the hills of Linao-Lipata, Minglanilla, Cebu on a 7.8-hectare property. It is composed of 725 townhouse units with floor areas ranging from 37 to 62 sq.m. and lot areas ranging from about 42 sq.m. to more than 52 sq.m. per unit. Average selling price starts at P900,000 for the smallest unit and up to about P1.4 million for the largest unit. It is fully developed, completed and sold out.

#### *Casa Mira South*

Launched in 2016, this economic housing development is located in the Naga City and the Municipality of San Fernando, both in Cebu. This 31-hectare community is divided into three phases consisting of 3,242 townhouse units, with each unit having floor areas ranging from 36 to 59 sq.m. and lot areas ranging from 42 sq.m. to more than 68 sq.m. Average pre-selling price ranges from P1.07 million to P1.6 million. The project is completed and turnover to unit owners is currently on-going.

#### *Casa Mira Coast*

Casa Mira Coast in Barangay Maslong, Sibulan, Negros Oriental is residential subdivision is a 53,031 sq.m. project that consists of 543 townhouses selling at P1.4 million to P2.2 million. It offers amenities that are not only top of the line but also affordable. Apart from this, the project has a breathtaking view of the nearby coast and is only 2 km away from the Dumaguete Airport.

#### *Casa Mira Bacolod*

Casa Mira Bacolod is the 7th Casa Mira project of CLI with 431 house and lot units. The development offers generous open spaces and well-planned amenities where families can spend quality time together. With its accessible location, homeowners enjoy more the conveniences brought by business establishments, malls, schools, churches and major institutions. It also creates an ideal home space to suit your family's desired comfort.

#### *San Jose Maria Villages ("SJMV")*

This series of villages located in the south and southwest of Cebu City paved the way for CLI in providing affordable mid-cost quality homes to the middle market segment. SJMV offered a mix of single-detached, semi-attached townhouses and lot-only choices to the buyers. SJMV-Balamban is a three-hectare development with 231 units launched in 2013. SJMV-Minglanilla is a 2.9-hectare development with 145 units launched in 2007. SJMV-Toledo is a 3-hectare development with 144 units launched in 2009. SJMV-Talisay is a 1.9-hectare development with 96 units launched in 2010. Lots were pre-sold at P7,000 per sq.m., while house and lot units averaged at P1.4 million to P3.6 million. All SJMV projects are fully developed and completed, with both SJMV-Minglanilla and SJMV-Talisay sold out.

### *Midori Plains*

Launched in 2011, this mid-market development is located in Municipality of Minglanilla, Cebu. This eight-hectare Asian-inspired subdivision south of Cebu City has 370 residential units ranging from townhouse units with 40-sq.m. floor areas to single-detached units with an area of 77 sq.m. each. It is fully developed, completed and almost sold-out.

### *Velmiro Heights Cebu*

This mid-market development was launched in 2013 and is located on an 8.8-hectare property in Tunghaan, Minglanilla, Cebu. This 428-unit development offers 11 different house models, ranging from townhouses to single-detached, two-storey units. Townhouses have 60-sq.m. floor areas, while the largest unit contained 131 sq.m. of living space. Townhouses were pre-sold at an average price of P1.7 million while the largest single-detached unit is about ₱5.3 million. Phase 1 is already fully developed, completed and sold out while the 81 units belonging to Phase 2 are still being marketed.

### *Velmiro Uptown CDO*

Launched in 2017, Velmiro Uptown is located in Upper Canituan, Cagayan de Oro city. This 143,452 sq.m Horizontal Subdivision has a total 396 homes with prices that range from P 2.4 million to P 5.7 million. Velmiro Heights provides easy access to various establishments in the city. The project is set to completed by 2021

## Vertical (Condominium) Projects

### *Casa Mira Towers Labangon*

Launched in 2016, this is CLI's primary venture in the economic segment of residential condominiums. It is located in Labangon, Cebu City on a 3,681-sq.m. property that used to be the location of the old CLI headquarters. It has two towers on top of a commercial podium and a total of 686 residential units. It offers 20-sq.m. studio units and 1-bedroom units averaging 37 sq.m. units were pre-sold at P1.25 million to P1.43 million. Construction for the development started in 2016 and completed in 2018.

### *Casa Mira Towers Guadalupe*

Located across the Fooda intercession of V. Ramos St., and V. Rama, Casa Mira Guadalupe is a 5,342.81 sq. m. residential condominium. It has 544 units in total, with retail components of the first two floors of the building. This beautifully designed two-towered residential Condominium offers quality living and an upgraded lifestyle. A studio room currently costs about P 1.97 million pesos, whereas units were pre-sold at 1.58 million. This project is expected to be completed by 2021.

### *Casa Mira Towers Mandaue*

Launched in 2019, Casa Mira Towers Mandaue is a four-tower mid-rise condominium located in Marciano Quizon, St, Mandaue City, Cebu, walking distance to malls, schools and hotels. The project offers a mix of studio and one-bedroom units with prices ranging from ₱75,000 to ₱80,000 per square meter (sq.m). The 1<sup>st</sup> phase of the development is allocated with 659 units while 736 units is with the second phase. The project is expected to be delivered and turned over by 2022.

### *Casa Mira Towers CDO*

Located within the progressive city of Cagayan de Oro, Casa Mira towers CDO is a 2-tower residential condominium with 1,084 units offering an upgraded lifestyle for the Filipino family. The first tower was launched in the 2<sup>nd</sup> quarter of 2019 and is currently 80% sold out. Due to the robust take-up, tower 2 was opened in quarter 4 with 25% absorption rate as of December 31, 2019.

The development also has its own retail spaces on the ground floor area providing utmost convenience to its residents. With more space and more amenities, Casa Mira Towers CDO prides in giving its residents more value for their homes.

### *Midori Residences*

This zen-inspired mid-market residential condominium development is located in Banilad, Mandaue City, Cebu. This twin-vertical development is the first of its kind in the city. Its 22-sq.m. studio and 40-sq.m. 1-bedroom units were pre-sold at an average of P1.3 million to P2.6 million. It is fully developed, completed and fully sold out a total of 396 units.

### *Mivesa Garden Residences*

Located in Lahug, Cebu City and launched in 2013, this 1.8-hectare development will be home to seven mid-rise, mid-market residential buildings, and is designed as a garden-inspired community which has 60% open spaces within the prime property. This is a three-phase project with the first two phases covering the first five buildings. The first two phases offer 938 units consisting of studio, 1-bedroom and 2-bedroom units. Pre-selling starts at P1.2 million for a 20-sq.m. studio unit, and up to P2.9 million for a 2-bedroom 48-sq.m. unit. Phase 1 and 2 are sold out, completed and delivered. Phase 3 with a total of 576 units is currently under construction and is expected to be finished by the 2nd quarter of 2020.

### *MesaVerte Residences*

Launched in 2015, this is CLI's initial entry into the Mindanao market. It is located on an 8,740-sq.m. property in downtown CDO, Misamis Oriental, and 60% of the property is dedicated to open spaces. The project offers 20-sq.m. studio and 39-sq.m. 1-bedroom units which were pre-sold at P1.47 million and P2.88 million respectively. The development is fully sold and is completed with turn-over to unit owners on-going.

### *MesaTierra Garden Residences*

Located in Emilio Jacinto Extension, the heart of Davao City, this 5,094 sq m. condominium development has a total of 694 residential units priced between P1.60 – P 3.40 million. This condominium has various amenities like swimming pools, a sky garden, a playground and work spaces. This condo project is expected to be turned over by the 3rd Quarter of 2020.

### *MesaVirre Garden Residences*

Launched in the first quarter of 2018, MesaVirre Garden Residences, a 3-tower condominium is the first project of CLI in Bacolod. The first two towers consisting of 736 units is currently sold-out paving the way to launch the 3<sup>rd</sup> tower in the 2<sup>nd</sup> half of 2019. The project is only 17 minutes away from the airport, 3 km from the Riverside hospital and situated near a number of malls. Land development has already started and building construction is expected to be finished by the end of 2021.

### *Mivela Garden Residences*

Mivela Garden Residences is a 5.3 billion project with four towers located in Banilad, Cebu City. The Best-Selling Garden Series development has generated overwhelming buyer interest as it is 80 percent sold out after 3 weeks of selling. The project is close to major establishments providing urban comforts within near distance while maintaining its serene and refreshing ambiance. Construction immediately started and will be completed by the first half of 2023.

### *Asia Premier Residences*

Launched in 2010, this is CLI's first vertical high-end residential condominium project. It is located at the Cebu IT Park and is also the first residential development in the area. The units ranged from studio units sized at 28 sq.m. and 3-bedroom units measuring 109 sq.m. It is fully developed and completed and has since sold out its 88 units.

### *Base Line Residences*

This 201-unit residential condominium project is located in uptown Cebu City on Juan Osmeña Street. The project offered 23-sq.m. studio units at a pre-selling price of P1.59 million, while its 41-sq.m. 1-bedroom unit pre-sold at P3.15 million. The project was launched in 2011, and is fully developed and completed, with its 201 units having been sold out.

### *Base Line Premier*

This development was launched in 2015 as the residential component of Base Line Center, a one-hectare mixed-use development located along Juan Osmeña Street, Cebu City and right beside another CLI project, Base Line Residences. It has 379 units consisting of 24-sq.m. studio and 45-sq.m. 1-bedroom units. Studio units pre-sold at P2.22 million, while 1-bedroom units pre-sold at P4.16 million. Construction started in March 2016 and was completed in 2018.

### *38 Park Avenue*

38 Park Avenue was launched last 2017 with a total of 745 units. This 38-floor New York inspired condominium is designed to be the highest building in Cebu I.T. Park offering an exclusive and breathtaking 360 view of the city. 38 Park Avenue presents five (5) types of condo residences: Studio 24 sq.m, One-bedroom 54 to 56 sq.m, Two-bedroom 80 sq.m, Three-Bedroom 111 to 137 sq.m and the biggest units are the Penthouses 320 to 420 sq.m. The project is expected to be completed by the fourth quarter of 2021.

### *Baseline Prestige*

Located in Juana Osmena St., Kamputhaw Cebu City, this 3,600-sq m Residential Condominium the final tower to rise in the Base Line Center. With 351 units, each unit is designed to be spacious and accessible to various establishments. This tower has a wide range of amenities, from retail podiums, fitness gyms, pools and playgrounds. Units for this project are being sold for P2 million to P 10 million. The project is set to be completed by 2021.

### *One Astra Place*

Situated in the heart of A.S. Fortuna Street, the lifestyle avenue of Mandaue City, One Astra Place is the residential component of Astra Centre, a mixed-use development that carries astounding design of residential towers, upscale lifestyle mall, world-class hotel and modern office spaces. One Astra place is a

15-storey condominium at 95% take-out that comes with a wide range of world-class amenities and features. During the last quarter of 2019, the second residential tower was launched with 35% take-up as of year-end. The development is scheduled to be completed on the 2nd Quarter of 2021.

### **Office development**

CLI capitalized on the growth of the BPO sector in Cebu when it launched its first office project, Park Centrale in IT Park Cebu way back in 2013. Today, Part of CLI's strategy is to significantly grow its recurring income projects to deliver 200,000 sq.m. of Gross leasable area in the next three to four years.

During 2019, the company turned over Base Line HQ located in prime Cebu City while construction is ongoing for Latitude Corporate Center, a Grade A office tower at the Cebu Business Park with a GFA of 35,000 sq.m , Astra Corporate Center with 28,000 GFA and Patria de Cebu Office with 4,033 sq.m. of GFA.

Office Buildings: Park Centrale Tower, Base Line HQ, Latitude Corporate Center, Astra Corporate Center and Patria de Cebu Office

#### *Park Centrale Tower*

Park Centrale Tower is CLI's first office development. Located at the Cebu IT Park, the 19-storey Grade B office tower was launched in 2013 with a total construction floor area of 17,500 sq.m., and total GFA of 11,920 sq.m., and was completed in only two years of construction. The project was positioned to cater to both BPOs and executive offices. Sixty percent of the office spaces were offered for lease, while the rest were fully sold as office condo units. In 2014, the project was awarded as the Best Commercial Development (Cebu) during the 2014 Philippines Property Awards.

#### *Base Line HQ*

This project is the office component of the Base Line Center, a major mixed-used development of CLI. Similar to the company's successful Park Centrale, the said project also caters to both BPOs and executive offices. CLI offers for sale 60% of the 74 office units, while 40% was retained for the company's growing leasing business. The strategic location attracted customers in the medical, legal, government and outsourcing services.

#### *Latitude Corporate Center*

Latitude is a green building project registered with BERDE, the nationally accepted green building rating system used to measure, verify and monitor the environmental performance of buildings that exceed existing mandatory regulations and standards in the Philippines. This 34,000-sq.m. development is a project of BL CBP Ventures, Inc., a joint venture company of CLI and Borromeo Bros, Inc. At 24-storeys, Latitude will be the tallest office development at the Cebu Business Park. As the project's developer and manager, CLI uniquely positioned this project as a three-product office development with BPO, enterprise and executive office offerings. With its iconic design and green building features, the project is aiming for a 3-star BERDE certification.

#### *Astra Corporate Center*

Part of the mixed-use project in AS Fortuna, is Astra Corporate Center, the office leasing component of Astra Centre. The Office building is 15-storey high with a total of 28,000 sq.m. of gross floor area. The project is expected to be completed and be a source of leasing income of the company by 2023.

## Patria de Cebu office

In 2018, Cebu Landmasters announced its partnership through a 40-year lease with the Archdiocese of Cebu to develop and operate a mixed-use project in the 6,670 sq.m property. The project will be a redevelopment of the existing Patria de Cebu, an old Spanish establishment to accommodate hotel, retail and offices. It will have approximately 21,000 sq.m of gross floor area, with 4,400 sq.m of office spaces. The project is expected to be completed and fully operational by year 2022.

## **Hotel and recreational development**

Aside from residential and office developments, CLI has recently entered the hospitality business starting with the completion of its' first hotel, Citadines Cebu City in September 2019.

### *Citadines Cebu City*

Citadines Cebu City started operations in September 2019. The project is an international serviced residence with 180 rooms of which 92 units were offered for sale and 88 units is retained by the Company for recurring revenue. Citdaines is part of the mixed-use Base Line Center located in Juana Osmeña St, Cebu City, Cebu. It complies with international hospitality standards as it operates under the management of The Ascott Limited, the world's largest international serviced residence owner-operator.

### *Radisson Red*

Cebu Landmasters expands partnership with international hotel brands by signing a management contract with Radisson Hotel Group, one of the world's largest and most dynamic hotel groups, for the first Radisson RED in the Philippines. Radisson RED will be part of the Astra Centre, a major mixed-use development of the Cebu Landmasters, Inc. along A.S. Fortuna St. in Mandaue City, Cebu. The 146 guest rooms of Radisson RED, with its unique design and upscale select service offering, injects life into the hotel through informal services.

### *Baseline Lyf Hotel*

Part of the 3rd tower of the Baseline Center project is Baseline Lyf Hotel, a 153-room serviced residence targets the booming local and foreign millennial market in Cebu City. The hotel will be managed by Ascott Limited, one of the world's leading international serviced residences. This project is set to be completed by 2021.

### *Citadines Paragon Davao*

Located at General Douglas McArthur Highway, Bucana Tolomo, Davao City, Citadines Riverside is an apartment hotel which will be managed by Ascott. The hotel is designed to provide guests its world class amenities, such as a fully-equipped kitchen, home entertainment, dining and retail outlets. Citadines Paragon is set to open on 2023.

### *Citadines Bacolod*

Citadines Bacolod will be the first internationally branded hotel of Bacolod managed by Ascott Limited, a member of CapitaLand, Singapore.. The international hotel will provide 200 hotel units, an events hall, function rooms, meeting rooms, restaurants, bar and various hotel amenities within a 4,502 sq.m property. The project is scheduled to open and start contributing to hotel revenue by 2023.

The company is working on the following pipeline projects for its hotel portfolio: Patria de Cebu Hotel, Abaca Resort Mactan Cebu, Lowaii Hotel Cebu, CBP Hotel Cebu

### **Mixed-use developments and Townships**

With its growing brand, experience and portfolio, CLI pursued larger scale developments in prime urban locations. CLI's first major mixed-use development is the Base Line Center, a 1.6-hectare modern redevelopment in the heart of midtown Cebu. The Company removed the existing structures in the old Base Line, a well-known favorite gathering place of Cebuano families, and built a mixed-use development. The project was completed in 2019.

CLI, through its joint venture, El Camino, also acquired a 1.17-hectare property inside the Cebu IT Park, the largest remaining private property inside the prestigious address. This property called 38 Park Avenue at the Cebu IT Park, will be transformed into a mixed-use urban park with a 38-storey residential tower, BPO office, hotel and retail boulevard

In 2017, CLI launched another major mixed-used development, the Astra Center, in the bustling AS Fortuna Mandaue area, a growing commercial district and the major thoroughfare that connects Cebu and Mandaue. This medium-density project will house a hotel, residential, office and boutique mall.

Another mixed-use development by CLI is the Paragon Center, a joint venture project in Davao that was launched in 2018. The development comprises of the premier condominium, One Paragon Place, Citadines Davao Hotel, a convention center and a lifestyle retail strip.

CLI further entered into another joint venture to develop a central business district in Matina, Davao. The 22-hectare estate, called Davao Global Township will be developed into a large-scale self-contained community with office, residential, mall and institutional uses.

Mixed-Use and township Developments: Base Line Center, Astra Center, Park Avenue, Paragon Center and Davao Global Township

### **COMPETITIVE STRENGTHS**

#### **Leading property developer in Cebu with a distinguished brand and reliable track record of project execution**

CLI is the leading VisMin property developer from Cebu with extensive knowledge and experience of the local markets, a strong relationship with the local broker community, a trusted brand by its buyers and end-users, and a preferred partner of landowners as demonstrated by its successful JV partnerships.

CLI has 12% market share in the Visayas and Mindanao areas in terms of the total supply for residential units for both vertical and horizontal projects, followed by Ayala Land, Inc. (10%) and Vista Land (8%). This makes CLI the leading residential developer in Visayas and Mindanao.

CLI has responded well to the increasing market demands of VisMin, outpacing other developers in finishing construction and delivering completed units to its customers. On the average, CLI can convert raw land to a turned-over project in less than two to three years depending on the project size. CLI's condominium developments Base Line Residences, Park Centrale Tower, Mivesa Garden Residences (Phase 1), Midori Residences, and Casa Mira Labangon were delivered to the buyers in two years, as committed by the Company in its marketing materials.

The Company adopted a rigorous project management team approach, wherein key personnel from each business unit are given a regular platform to monitor project milestones, and discuss important synergies and shared deliverables among business units.



## **Strategic location selection to provide value-for-money proposition to customers**

CLI has stringent location selection criteria. The Company consistently seeks locations with high-value appreciation potential. Whether for a high-end condominium project or an economic housing project, CLI's location selection has always been a driver for its outstanding sales performance. In Cebu City alone, CLI has projects in the most valuable real estate locations – Cebu IT Park, Cebu Business Park, Salinas Drive (Lahug), Astra Center (Mandaue), Base Line (midtown Cebu). For its mid-market and economic housing projects, the Company targets sites within a two-kilometer distance from the nearest highway. The Company has improved the neighborhood infrastructure around some of its housing projects. This has always proven to result in a win-win situation for both the residents and the neighboring community.

As a homegrown developer, CLI's familiarity with the area and its communities enables the Company to choose the best locations for its developments and to address the needs and preferences of the market. CLI's first development, San Jose Maria Village - Balamban, was conceived because the founder, Mr. Jose R. Soberano III, knew that there was a ready market composed of employees of the industrial companies in Balamban for affordable housing.

Because of CLI's proven track record, landowners who wish to sell or develop their properties find it easier to approach and work together with the Company. This is evidenced by the number of proposals from landowners regularly received by CLI to buy or develop their properties.

CLI gives its clients more value for their investment. Its properties are distinguished by the quality of its locations, award-winning planning and design, generous amenities, timely and quality construction, and industry-best customer care, after-sales and property management support at very competitive prices. The Company has a strong pipeline in various affordability levels, and will strive to continuously improve its products' value proposition. As a success criterion and as practiced, CLI has always projected its initial pre-selling prices to appreciate by at least 20-25% by the time the construction is completed. As an indication of the positive market response, a number of its projects have set selling records in the markets they are launched. 97% of the inventory from its completed projects have been sold out. CLI's MesaVirre Garden Residences in Bacolod and Mivela Garden Residences in Cebu for example, were respectively 100% and 80% sold out in three weeks.

**Diversified portfolio of projects and socio-economic markets**

CLI caters to several real estate categories such as residential, offices, retail and hospitality.

The 2019 growth in revenue was mainly driven by its Garden Series, the brand catering to the mid-market segment, representing 37% of revenues. The Premier Series on the other hand posted the highest growth for the year particularly driven by 38 Park Avenue in Cebu.

Because of the Company's diverse portfolio of projects addressing the needs of customers from all socio-economic classes, the Company should be less affected by negative economic trends that impact a certain segment of the market. The Company is also able to harness the full potential of the market with its capability to supply whatever the market demands.

### **Experienced management team and organizational culture**

The Company aims to grow its workforce in line with high standards of professionalism, as it has over the last 16 years. The Company has grown from two employees to a dynamic team of 415 executives, managers, officers and staff, who have contributed to the Company's culture of excellence and strong corporate governance values. CLI's customer-first attitude and family-oriented team enables the Company to achieve high stakeholder satisfaction and establish strong brand equity.

CLI is led by a family of real estate professionals. Its founder, Chairman of the Board of Directors, President and CEO Jose R. Soberano III, was a former executive at Ayala Land, where he played an integral role in the development of Cebu Business Park and Cebu IT Park, the two most valuable commercial districts in Cebu City up to this day. CLI has grown its talent pool with the addition of knowledgeable accounting, finance, sales, marketing, legal and engineering professionals with extensive experience and success in their respective professional careers. A number of CLI's key executives have had prior experience in reputable companies from related industries such as real estate development, construction, power, banking, business process outsourcing, consulting and others.

CLI has recently launched a new marketing push for its brand with the tagline "We Build With You in Mind". This captures the customer-centric focus the Company has adopted since its incorporation in 2003 and shows how CLI personnel perform in every phase of the development cycle from project planning to turnover. The customer care department extends post-turnover services by assisting the tenants and unit owners in title processing and payment of real property taxes on the unit. CLI's 2018 campaign, "With You Every Step of the Way" encapsulates the solid partnership between CLI and the buyer in every stage leading to the creation of Cebu Landmasters Property Management, Inc. ("CLPM"), the property management arm of Cebu Landmasters. CLPM offers integrated property management services including building administration, subdivision maintenance, and special technical services.

### **Socially responsible development**

CLI is committed to demonstrate responsible planning and development. Wherever the Company develops, community and infrastructure improvements within the neighborhood are integral parts of the development plans. CLI has partnerships with various barangays, local government units and institutions, including Habitat for Humanity ("Habitat").

For partnerships with barangays, a fine example is the community improvements done in Barangay Lahug, Cebu City as part of its Mivesa Garden Residences project. As its gesture of goodwill for the barangay and its constituents, the Company upgraded various barangay infrastructures including the widening of the Salvador Ext. barangay road, installation of new drainage lines, and the construction of a three-storey public market in 2013. The previous market was located along the sidewalk, so the developer provided a more stable, hygienic and secure facility. This was well received by the local community and serves as a testament that private development can also generate good social works.

Cebu Landmasters also developed a tricycle terminal for Barangay Quijada Guadalupe, right beside the Casa Mira Towers-Guadalupe. The terminal was built to alleviate traffic in the area caused by the loading and unloading of tricycle passengers. The new establishment provides safety and security to both passengers and operators of Guadalupe.

Additionally, CLI collaborated with Habitat for the Pinamalayan Socialized Housing Project and Bastikville 4 Socialized Housing Project in Quezon City, where CLI served as the developer of over 338 socialized units and 266 walk-up apartments, respectively. Aside from this, the Company generously contributed to the Habitat Bohol Rebuild Program in 2015, which aimed to rebuild over 8,000 homes affected by the October 2013 earthquake.

For its partnership with Philippine Business for Social Progress ("PBSP"), CLI's current tree planting program includes over 241,836 seedlings planted over 43 hectares. CLI continues to collaborate with PBSP as part of its responsible compliance to ECC requirements for its growing number of projects.

CLI is also an advocate of green building standards with some of its projects incorporating important green building and environmentally friendly features. Recently, its Latitude Corporate Center office project was registered under BERDE, the Philippines' green building rating system that aims to promote sustainable design and operations.

### **Strategic joint venture partnerships**

CLI takes pride in its ability to collaborate with and deliver great value to its joint venture partners. CLI is the project manager and developer in all its joint ventures. These joint ventures enable the Company to position itself in strategic locations such as Cebu Business Park through BL CBP Ventures, Inc., and Cebu IT Park through El Camino Developers Cebu, Inc.

CLI's JV partnerships are typically of a closer and more collaborative nature than the norm, where it treats its JV partners as true and equal business partners. Its collaboration results in better-suited products in the markets they are launched, while benefitting from the market intelligence of its partners. Product execution and delivery are also improved by leveraging on the professional and regulatory networks of its partners.

Collaborating with a joint venture partner also facilitated the Company's forays into new markets such as Davao and Iloilo. After the success of MesaTierra, the Company entered into new partnerships with YHES Inc. to develop Paragon Center and with YHEST Realty Dev't Corp. to develop Davao Global Township.

During the year, Cebu Landmasters signed a joint venture agreement with AboitizLand, the real estate arm of Aboitiz Equity Ventures. The JV company, Cebu Homegrown Developers, Inc., is set to develop a mid-market, mixed-use, multi-tower condominium project in Mandaue City, Cebu as its first project.

After the success of Latitude Corporate Center, CLI and Borromeo Bros. partnered afresh to develop another project in another prime location within Cebu City. The initial plans of the joint venture is to develop a multi-tower residential condominium with retail spaces to complement the residential development.

Additionally, CLI recently signed a joint venture agreement with prominent Iloilo businessman Alfonso Tan, chairman of International Builders Corporation, for a high-rise residential tower on a prime corner lot in the city's downtown area. The tower will be the first condominium offering in the highly accessible downtown area.

The Company's successful JV partnerships in its past and present projects underscores CLI's prominence as a preferred JV partner because of the priority it gives to its partners, its transparency in terms of project planning and accounting, and its quick execution and delivery of projects. The fast business development cycle it implements makes the Company attractive to its current and future JV partners.

### **Financial strength: strong profitability and prudent financial management**

Throughout its growth, the Company has consistently demonstrated strong profitability and prudent financial management. CLI's gross profit and net income posted significant growth while maintaining healthy margins and practicing prudence in its debt management. Debt to equity as of December 31, 2019 remained low at 1.23x.

For the three years ended December 31, 2019, 2018 and 2017, CLI's consolidated revenues amounted to ₱8.50 billion, ₱6.76 billion and ₱3.93 billion, respectively. Its consolidated net income increased from ₱1.26 million in 2017 to ₱2.44 billion in 2019, representing a compounded annual growth rate (CAGR) of 39.02%. Net income attributable to Parent on the other hand grew from ₱1.29 million in 2017 to ₱2.01 billion in 2019 with a CAGR of 25.05%.

For the year ending December 31, 2019, CLI generated a consolidated NIAT growth of 12% to ₱2.44 billion versus ₱2.17 billion year-on-year (y-o-y). Parent NIAT on the other hand is at ₱2.01 million, a 21% y-o-y increase from ₱1.67 billion in 2018. This translates to Earnings Per Share (EPS) of ₱1.21 for the year.

The Company also prides itself in its cost discipline. While CLI hires contractors for its projects, it purchases its own raw materials to ensure that the quality and cost are according to the Company's specifications.

Moreover, CLI has one of the most disciplined and responsive accounts receivable monitoring teams in the industry. Its delinquency rate averages at less than 2%, which can be attributed to CLI's proactive approach in managing its accounts receivable. Only less than 1% of delinquent accounts end up in cancellations, as the Company's accounts receivable team works closely with the sales and marketing team to ensure that the Company's customers' accounts get updated. CLI also has a dedicated team who facilitates the process of turning over unit ownership, whether through a bank mortgage or a cash payout for the contract balance.

### **Operational excellence**

CLI has a fully-integrated real estate set-up encompassing different areas, namely, acquisitions, business development, technical planning, engineering and project management, sales and marketing, documentation and licensing, legal services, customer care, and property management. The Company prides itself on its hands-on and personalized approach, which allows itself to respond effectively to its clients and industry partners.

#### *Construction*

For each horizontal and vertical development, CLI engages various general and specialty contractors with both local and national experience. With over 93 engineers in its roster, CLI handles the project and construction management aspect of every project, and manages the various contractors and sub-contractors that are utilized. By serving as the project manager of its projects, CLI is able to control delivery of its projects with priority on promptness, quality and professionalism. CLI does not have any in-house construction or any affiliated general contracting business.

#### *Sales*

CLI has one of the industry-leading sales support teams. With over 44 sales support personnel, this team collaborates, coordinates and supports the over 11,000-strong accredited broker/agent network of CLI. This is CLI's strategy in working harmoniously with the seller community by assisting the brokers 24/7 from sales origination to closing. CLI works alongside brokers in addressing the client inquiries until closing.

## **KEY STRATEGIES**

### **Expansion to key cities in the Visayas and Mindanao**

In 2015, CLI embarked on its regional expansion when it launched MesaVerte Garden Residences in CDO. This is the mid-market condominium offering of CLI with three 15-storey residential towers having a total of 798 units which almost sold out in less than a year of pre-selling. The Company then introduced its Mid-Market Horizontal project in the same city – Velmiro Uptown. The subdivision's master plan shows an inventory of 392 units intended to meet the housing demand in the area.

In CDO, the Company set up its first satellite sales, administrative and engineering offices. The Company finds a unique advantage in being homegrown, as it can distinguish itself further in these new regional markets with similar local dynamics as Cebu.

In 2016, CLI successfully set its foothold in Davao by launching MesaTierra Garden Residences, a 22-storey residential condominium.

In 2017, CLI strengthened its market presence in Davao by entering into two new joint ventures to develop the Paragon Center and Davao Global Township, a 22-hectare estate project. The Company then launched Casa Mira Coast, a five-hectare property in Sibulan, Negros Oriental. After the successful launch of its first Casa Mira brand outside Cebu, CLI expanded its footprint from Negros Oriental to Negros Occidental by introducing MesaVirre Garden Residences, a three-tower residential condominium project in Bacolod City.

In 2018, the Company launched Astra Center, its first mixed-used building in Mandaue, Cebu. The Astra Centre is composed of Astra Centre Mall, Radisson RED, One Astra Place and Astra Corporate Centre.

In 2019, the Company acquired Abaca Resorts Mactan and Lowaii Marine Cebu Resort in Mactan, Cebu to increase revenues from its hotel segment. CLI entered into a joint venture with Aboitiz Land, Inc., the real estate arm of Aboitiz Equity Ventures, to develop a mid-market, mixed-use, multi-tower condominium project in Mandaue City, Cebu. CLI also received a notice of interest from Xavier University ("XU") to develop the latter's property in CDO into a campus town. The proposed development is currently undergoing a final review for approval from the Jesuit Superior General in Vatican.

CLI has several strategic land acquisitions lined up in greater Cebu, Bacolod and Davao, with new expansion areas such as Iloilo, Butuan and General Santos City also on the horizon.

CLI continues to pursue its aggressive plans to establish and deliver quality developments across the Visayas and Mindanao region.

#### Regional Developments:

Bohol	: Velmiro Plains Bohol
Dumaguete	: Casa Mira Coast
Bacolod	: MesaVirre Garden Residences, Casa Mira Granada, Velmiro Plains
Iloilo	: Casa Mira Iloilo
CDO	: MesaVerte Garden Residences, Velmiro Uptown CDO, Casa Mira Towers
Davao City	: MesaTierra Garden Residences, The Paragon Center, Davao Global Township

#### **Building recurring income developments**

As CLI sets its sight on a long-term growth trajectory, the Company is committed to growing its recurring income portfolio. In 2013, CLI launched its first office building in Cebu IT Park. The project, Park Centrale Tower, was designed to host both BPO and executive offices (office condominium units). With its Grade A design and features, Park Centrale Tower was awarded as the Best Commercial Development in Cebu in the 2014 Philippines Property Awards.

In 2015, CLI made another significant step in growing its recurring income portfolio when it launched phase 1 of Base Line Center, a redevelopment of one of the largest remaining properties in the prime midtown Cebu area. The project is a mix of retail, office, hotel and residential project.

In 2016, CLI launched Latitude Corporate Center, a joint venture development under BL CBP Ventures Inc. This is a 24-storey Grade A office building offering future-ready spaces for businesses with a 11,620.11 sq.m. gross leasable area.

In 2017, the Company launched 38 Park Avenue, a residential high-rise project with 3,000 sq.m of retail space located in the last 1.18-hectare patch of green in Cebu I.T. Park, one of the Philippines' top 20 prime real estate property.

In 2018, the Company launched Astra Center, a mixed-use development located in Mandaue City designed to have a boutique mall, hotel, office and residential tower adding over 30,000 sq.m. of gross leasable area.

The first hotel business of the Company started operations in September 2019 allowing CLI to recognize a new stream of revenue from the segment. Citadines Cebu City, the 180-room condotel, is operated and managed by Ascott International Management Pte Ltd., the world's largest international serviced residence owner-operator.

CLI's current recurring income assets include BPO floor space, executive office space, residential units, and various commercial and retail units in its condominium projects. These assets are now delivering an annual lease income to CLI of close to ₱50 million with their combined gross leasable area of 13,806 sq.m.

At present, the Company has a number of commercial developments that will further boost its recurring income. This includes Latitude Corporate Center, Astra Lifestyle Mall, and Baseline Center.

The new developments in Davao, Phase 1 of Davao Global Township and Paragon Center, are also designed to boost the recurring income of the company by 2023 by integrating a hotel, commercial center, office and residential tower into one development.

### **Vertical integration – property management**

In April 20, 2017, Cebu Landmasters Property Management, Inc. ("CLPM"), a wholly-owned subsidiary of the Company, was incorporated to provide property management services to housing and condominium projects developed by the Company. With the goal of making CLPM a self-sustaining and revenue generating business unit, CLPM is envisioned to eventually offer and expand its services to outside clients.

### **Growth of economic housing brand (Casa Mira)**

The Casa Mira brand of Cebu Landmasters is designed to answer the underserved demand in the affordable housing sector. The fastest selling brand has both subdivision and condominium types of development. Unit prices range from ₱800,000 to ₱3 million. Correspondingly, the monthly amortizations range from as low as ₱6,000 to as high as ₱15,000. This caters to households with monthly incomes of ₱15,000 to ₱30,000.

CLI has five projects in Cebu under this brand, namely: (1) Casa Mira Linao, (2) Casa Mira South, (3) Casa Mira Towers Guadalupe, (4) Casa Mira Towers Labangon, and (5) Casa Mira Towers Mandaue. Other Casa Mira projects were also launched in Sibulan Negros and Bacolod. In 2020, CLI will roll out this brand in Iloilo, Dumaguete and Davao.

The Company sees this as a great opportunity to tap into the class B, C and D markets where a majority of the working population belongs. With the Philippines' young and growing workforce, the need for affordable permanent housing options will continue to escalate.

### **Capitalizing on pipeline projects**

CLI has positioned itself well for the next two years with key pipeline projects in Metro Cebu, and key cities in Visayas and Mindanao. CLI intends to grow its current product offerings with new vertical residential and mixed-use developments in Metro Cebu, which are expected to generate revenues and recurring income for the Company. CLI targets to replicate its success in Cebu as it introduces its economic and mid-market housing format in Dumaguete, Bacolod and Iloilo and its mixed-use developments in Davao and Bacolod.

### **Establish and leverage strategic partnerships, alliances joint ventures and cooperation**

CLI will also continue to pursue local partnerships that will serve to enhance its expansion plans. The Company has proven that strategic alliances can provide a winning formula for securing strategic locations and entering new markets for as long as the joint ventures are executed with best practices. Its existing joint venture are BL CBP Ventures, Inc. ("BL Ventures"), Yuson Excellence Soberano Inc. ("YES"), Mivesa Garden Residences Inc. ("MGR") and Yuson Huang Excellence Soberano Inc. ("YHES"), YHEST Realty and Development Corporation ("YHEST"), CCLI Premier Hotels ("CCLI"), and El Camino Developers Cebu, Inc. ("El Camino"). Cebu Homegrown Developers, Inc. ("CHD"), BL Ramos Ventures, Inc., and GGTT Realty Corporation ("GGTT") are in the pipeline.

## CORPORATE ORGANIZATION

CLI is presently engaged in real estate-related activities such as real estate development, sales, leasing and property management. Its real estate portfolios include residential condominium units, subdivision house and lots, and townhouses as well as hotels, office projects, retail spaces and townships.

In 2016, AB Soberano Holdings Corp. ("ABS"), formerly AB Soberano International Corporation, one of CLI's stockholders, assumed control of CLI by acquiring additional 400,000,000 shares of CLI and became the parent company of CLI.

On January 6, 2017, the board of directors approved CLI's application for the registration of 1,714 million of its common shares with the SEC and application for the listing thereof in the PSE. The board of directors' approval also covered the planned initial public offering of 430 million unissued common shares of CLI. CLI's shares were listed in the PSE on June 2, 2017.

ABS is a holding company and is incorporated and domiciled in the Philippines. The registered office and principal place of business of ABS is located at 2nd Street Villa San Lorenzo, Quijada Street, Barangay Guadalupe, Cebu City.

## SUBSIDIARIES AND AFFILIATES

The Company holds ownership interests in the following subsidiaries and associates:

Entity	Effective Percentage of Ownership	
	2019	2018
<b>Subsidiaries</b>		
CLI Premier Hotels Int'l. Inc. ("CLIPH")	100	100
Cebu Landmasters Property Management, Inc. ("CLIPM")	100	100
A.S. Fortuna Property Ventures, Inc. ("ASF")	100	100
BL CBP Ventures, Inc. ("BL Ventures")	50	50
Yuson Excellence Soberano, Inc. ("YES")	50	50
Yuson Huang Excellence Soberano, Inc. ("YHES")	50	50
YHEST Realty and Development Corporation ("YHEST")	50	50
CCLI Premier Hotels, Inc. ("CCLI")	50	50
Cebu Homegrown Developers, Inc. ("CHDI")	50	-
Mivesa Garden Residences, Inc. ("MGR")	45	45
El Camino Developers Cebu, Inc. ("El Camino")	35	35
<b>Associates</b>		
Magspeak Nature Park, Inc. ("Magspeak")	25	25
Ming-mori Development Corporation ("MDC")	20	20

**CLI Premier Hotels Intl., Inc.**, a wholly-owned subsidiary of the Company, was incorporated on August 26, 2016 to take charge of Citadines Cebu City and the Company's future hotel developments. Its principal office address is at 10th Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.

**Cebu Landmasters Property Management, Inc.**, a wholly-owned subsidiary of the Company, was incorporated on April 20, 2017 to provide property management services initially to housing and condominium projects developed by the Company. It is envisioned to eventually offer and expand its services to outside clients. Its principal office address is at 10th Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.

**A.S. Fortuna Property Ventures, Inc.** was incorporated on March 9, 2017 to facilitate the acquisition of a 9,989-sq.m. property along AS Fortuna Avenue for the development of the Astra Center Mandaue, a mixed-use development in the AS Fortuna Mandaue area that will house a hotel, residential and office development and a boutique mall. Its principal office is located at 10th Floor, Park Centrale Tower, Josemaria del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.

**BL CBP Ventures, Inc.** was incorporated on February 3, 2016 to develop Latitude Corporate Center, a 24-storey office development at the Cebu Business Park. BL CBP Ventures, Inc. was a joint venture of the Company and Borromeo Bros, Inc. Its principal office address is at AB Soberano Bldg., Salvador Ext., Labangon, Cebu City.

**YES, Inc.** was incorporated on December 15, 2016 to mark the Company's entry into the Davao market. It is a joint venture between the Company and Yuson Comm. Investments Inc. to undertake the development of MesaTierra Garden Residences, a 21-storey residential condominium, and two other mixed-use projects in Davao City. It will also engage in real estate brokering to facilitate the marketing and sale of the joint venture developments in Davao. Its principal office address is at Suite A, 204 Plaza De Luisa Complex, 140 R. Magsaysay Ave., Brgy. 30-C, 8000 Davao City.

**YHES, Inc.** was incorporated on November 10, 2017 to develop the Paragon Davao, a 1.9-hectare property in Riverside Davao. The development will become a township which will include a residential, retail, hotel and convention center. YHES, Inc. is a joint venture of CLI, Yuson Strategic Holdings Inc., and Davao Filandia Realty Corp. Its principal office is located in R. Magsaysay Avenue, Davao City.

**YHEST Realty and Development, Inc.** was incorporated on December 11, 2017 to develop the Davao Global Township. YHEST Realty and Development is a joint venture between CLI, Yuson Strategic Holdings Inc., Davao Filandia Realty Corp., Plaza De Luisa Development Inc., Yuson Newtown Corp., and Davao Primeland Properties Corp. Its principal address is at 425 Ramon Magsaysay Avenue, Davao City.

**CCLI Premier Hotels, Inc.** was incorporated in 2018 as an undertaking between CLI and Capitaine, Inc. for the development of Citadines Hotel in Bacolod City. The Citadines Hotel is planned to be managed by Ascott. The principal place of business of CCLI is located in Bacolod City.

**Mivesa Garden Residences, Inc. ("MGR")** was incorporated on March 13, 2017 to develop Towers 6 and 7 (Phase 3) of Mivesa Garden Residences, a real property development project located on a 3,000-sq.m. property to be registered under the JV's name. Its principal office is located at 10th Floor, Park Centrale Tower, Josemaria del Mar St., Cebu IT Park, Brgy. Apas, Cebu City. CLI holds a 45% stake in MGR.

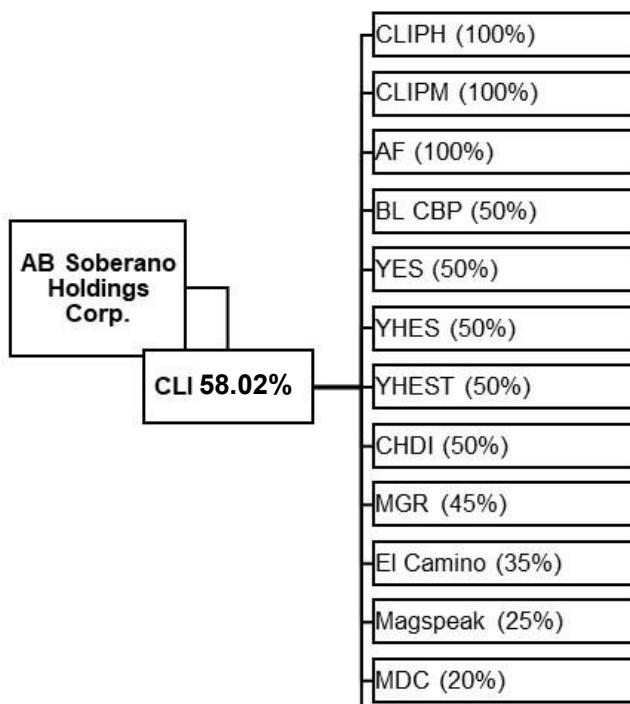
**El Camino Developers, Inc.** was incorporated on August 15, 2016 to develop a 1.17-hectare property inside the Cebu IT Park, and to construct (1) 38 Park Avenue at the Cebu IT Park, a 38-storey high-end residential condominium, and (2) Park Avenue Corporate Center, a Grade A office building with over 20,000 sq.m. of leasable area. Its principal office address is at Base Line Center, Juana Osmeña St., Brgy. Kamputhaw, Cebu City. The Company has a 35% stake in El Camino.

**Cebu Homegrown Developers, Inc.**, a joint venture of Aboitizland and CLI, was recently incorporated on September 20, 2019 to develop a high-rise mixed-use condominium complex, with sellable and leasable units, in a 12,405-sq.m. lot area in Mandaue City, Cebu. The Company has a 50% stake in this JV. As at September 30, 2019, CHDI is still pending registration with the SEC.

**Magspeak Nature Park, Inc.** ("Magspeak") was incorporated on October 21, 2011 to acquire, lease and develop lands into nature and eco-tourism parks, and to manage and operate the same. Magspeak plans to develop a 30-hectare outdoor leisure park and conference center to be launched in 2017 in Mt. Manunggal, the highest mountain in Cebu. CLI holds a 25% stake in Magspeak.

**Ming-Mori Development Corporation** was incorporated on August 1, 2013 to undertake and execute land reclamation projects, submit bids and accept awards for reclamation projects, and manage, hold and sell reclaimed land and other real property. Ming-Mori Development Corporation is the private consortium that has proposed to undertake the Ming-Mori Reclamation Project of the Municipality of Minglanilla, which involves the development of the Minglanilla TechnoBusiness Hub, a 100-hectare techno-business park in the progressive town of Minglanilla, a mere 30 minutes away from Cebu City. The Company has subscribed to 20% in Ming-Mori Development Corporation.

As a result of the above-described transactions, CLI's corporate structure as of date is as follows:



## COMPETITION

A 2019 real estate market study by Santos Knight Frank (SKF) reveals that CLI is the number 1 developer of residential projects in VisMin. The SKF market study that covered 10 key cities and included both national and local developers in the VisMin areas named CLI as “the leading residential developer in VisMin”.

The study shows that CLI leads the residential market with a 12% market share, delivering close to 18,000 units in eight cities of the 10 covered by the SKF study. These are based on actual and current market supply offering. The listed company bested Sta. Lucia Land and Vista Land which tied at second, each garnering 8% market share. Avida Land and Filinvest Land captured 5% and 4%, respectively. Other developers accounted for 64% of the market share.

In Metro Cebu, CLI has the largest market share of vertical residential developments at 23%, according to the SKF study. The company's absorption rate registered at 96% or significantly above the 80% industry average in Metro Cebu indicating high demand for its products. Recently, for instance, it launched Mivela Garden Residences, which sold out more than 80% of units in less than three weeks from market launch.

The firm's take-up rate at 24 per month and absorption rate at almost 60% in Davao City is way above the industry average in the market. In Cagayan de Oro, CLI is able to absorb high sales take-up at 217 per month against its main competitors whose average is 52.

To leverage itself against competition, CLI draws its advantage on its core strengths – its hands-on personalized service, local (i.e., Visayas and Mindanao) real estate expertise, stringent location selection, and responsible development as well as in its aggressiveness, speed to market and best value projects.

## SUPPLIERS

CLI sources construction materials and services from third party suppliers and service providers both in the local and national level who meet the Company's strict quality standards through a pre-qualification and a bidding process. There is no shortage of raw materials or services that the Company needs for its day-to-day business as these are readily available in the market. Hence, the CLI is not dependent on any single supplier or service provider.

Through its purchasing team, evaluates suppliers who can provide the best value at the highest quality with the least cost, can guarantee safe and on time deliveries, and have the capacity to improve and innovate to meet the Company's requirements. At the same time, the Company has the necessary internal controls, organizational structure and financial viability to assure the continuous delivery of the raw materials by the supplier.

The Company engages contractors to undertake land development and construction on a per project basis. While the Company mostly outsources architectural and engineering services for its projects, this year, CLI has started doing engineering and design in-house.

The following are the Company's top contractors and suppliers:

SUPPLIER	PRODUCT / SERVICE
Young Builders Corporation	General Contractor
ZAKRAM Construction	General Contractor
Kevlar Development Corporation	General Contractor
Dakay Construction & Development Corporation	General Contractor
UKC Builders, Inc.	General Contractor
J.E. Abraham C. Lee Construction	General Contractor

Cigin Construction	General Contractor
Castrete Builders	General Contractor
PLD Construction & Development Inc.	General Contractor
CYC Construction	General Contractor
DVS Construction Supplies and Services	General Contractor
A.V. Pamatong Trading & Construction, Inc.	General Contractor
Carwill Construction Incorporated	General Contractor
Vic Enterprises	Supplier
Cemex Apo	Supplier
Holcim	Supplier
SteelAsia	Supplier
Worldwide Steel Group, Inc	Supplier
Bacolod Triumph Hardware	Supplier
Cebu Oversea Hardware Company, Inc.	Supplier

### CUSTOMERS

CLI caters to several real estate categories – residential, retail, offices and hotels. Among the four categories, the Company's experience in the industry has been primarily focused on residential development which comprises 98% of total current projects.

Of the Company's residential developments, **37%** of CLI's horizontal and vertical projects serve the need of the mid-market. Fast-selling projects like Midori Residences, Midori Plains, Velmiro Heights, Mivesa Residences, and MesaVerte Garden Residences show the growing demand of the mid-market for new, well-built, well-planned and strategically located homes. CLI's mid-market clients are those who can afford a monthly equity payment of P8,000 to P15,000 and an annual income of P400,000 to P800,000. The Company also caters to a small portion belonging to the upper-mid market segment who can afford a monthly equity of P15,000 to P20,000 and earning P1 million to P3 million annually. These mid-market segments prefer units at a price range of P900,000 to P3 million.

CLI's biggest product offering is economic housing through the Casa Mira brand comprising **29%** of the Company's total revenues from its residential projects. High-end residential developments are at **30%**, with successful projects such as Asia Premier Residences, Base Line Residences, Base Line Premier and 38 Park Avenue at the Cebu IT Park. Socialized housing comprises only 1% of the Company's residential projects, with two projects to date.

Employment Profile	%	Citizenship	%	Marital Status	%
<b>Local</b>	<b>42%</b>	Filipino	96%	Married	60%
<b>OFW</b>	<b>39%</b>	Foreigner	4%	Single	39%
<b>Self-Employed</b>	<b>8%</b>			Others	1%
<b>Entrepreneur</b>	<b>5%</b>				
<b>Others</b>	<b>6%</b>				

For its leasing business, the Company's top lessees include a BPO company, a service provider and food establishments.

CLI is committed to continuously address the growing needs and demand of the market in each segment the Company caters to. CLI aims to constantly innovate, and remain consistent with the quality of the developments, the selection of location and the hands-on service that goes along with it.

Transactions with related parties

Please refer to Item 12 of this report ("Certain Relationships and Related Transactions").

Government approvals/regulations

The Company secures various government approvals such as the environmental compliance certificate, development permits, license to sell, etc. as part of the normal course of its business.

EMPLOYEES

The Company has a total of 415 employees, broken down per department as follows:

Department	Number of Employees
Engineering	106
Accounting and Finance	74
Sales	46
Permits and Licenses	22
Accounts Management	18
Property Management	18
Business Development	24
Treasury	27
Human Resources and Admin	19
Marketing	12
Customer Care	11
Purchasing	10
IT	6
Legal	5
Corporate Finance	5
Leasing	5
Internal Audit	4
Top Management	3
<b>Total</b>	<b>415</b>

## Item 2 Properties

### LAND INVENTORY

Using its location selection criteria, the Company, its joint ventures and associates (“**Company and its Related Entities**”) have invested in properties located in strategic areas in Visayas and Mindanao which the Company and its Related Entities believe to have high future appreciation potential for its existing and future development projects.

The table below enumerates the parcels of land owned by the Company and its Related Entities as of December 31, 2019.

Project	Location	Use	Land Area (in sq.m.)	Ownership
Minglanila, Cebu	Cebu	Residential	18,369	Company
Naga, San Fernando, Cebu	Cebu	Residential	115,437	Company
Cebu IT Park, Lahug Cebu City	Cebu	Retail	3,389	Title registered under El Camino Developers, Inc.(35%-owned by CLI)
A.S. Fortuna St. Mandaue City	Mandaue	Office	5,569	Company
Matina, Davao	Davao	Central Business District	220,000	Title registered under YHEST, Inc. (50%-owned by CLI)
Riverside, Davao	Davao	Residential	10,687	Title registered under YHES, Inc.(50%-owned by CLI)
Linao, Talisay Cebu	Cebu	Residential	31,760	Company
Jaro, Iloilo	Iloilo	Residential	151,040	Company
Lyceum Property, Davao City	Davao	Residential	10,976	Company
Bohol, Biking	Bohol	Residential	36,998	Company
Ibabao mandaue, Cebu	Mandaue	Residential	11,413	Company
Lacson st. Bacolod city	Bacolod	Hotel	10,000	Title registered under CCLI Premier Hotels, Inc.
Junob, Dumaguete	dumaguete	Residential	71,181	Company
Misamis Oriental, Cagayan de Oro	CDO	Residential	121,915	Company
Lapu-Lapu City, Cebu	Mactan	Resort	18,413	Company
Ormoc	Ormoc	Residential	90,100	Company
Punta Engano Rd, Lapu-Lapu City, Cebu	Mactan	Resort	4,328	Company
Guadalupe, Cebu	Cebu	Residential	1,915	Company
Magtuod, Davao	Davao	Residential	285,842	Company
Lacson st. Bacolod city	Bacolod	Residential	11,209	Company
Tipolo, Mandaue City Cebu	Cebu	Residential	12,405	Title registered under CHDI (50%-owned by CLI)
Guadarama, Iloilo	Iloilo	Residential	2,539	Title registered under GGTT (50%-owned by CLI)
<b>TOTAL</b>			<b>1,245,485</b>	

CLI continues to expand its land bank in Visayas and Mindanao by looking into areas with high growth potential. Acquisition of land maybe done through direct purchase or via joint ventures. These JV partnerships allows the company to access high-value sites without requiring intensive capital outlay. Furthermore, CLI also benefits from the partner’s expertise and established presence in new markets.

## OTHER REAL PROPERTIES

In addition to its land inventory, the Company owns several other real properties, including available commercial and retail spaces in its completed projects, which are currently used by the Company, or leased out to third parties to generate recurring income. The details of these properties are set out below.

Among the projects with commercial spaces leased out to tenants are:

Project	Location	Type	Total Area Available for Lease (in sq.m.)
Asia Premier Residences	Cebu IT Park, Apas, Lahug, Cebu City	Retail	924.96
Base Line Residences 1	Juana Osmeña St., Brgy. Kamputhaw, Cebu City	Retail	292.54
Base Line Center	Juana Osmeña St., Brgy. Kamputhaw, Cebu City	Retail	6,688.56
Casa Mira Towers	Salvador Ext., Labangon Cebu City	Retail	1,123.92
Midori Residences	AS. Fortuna-Banilad, Mandaue City	Retail	86.00
Mivesa Garden Residences	Lahug, Cebu City	Retail	339
Park Centrale Tower	Cebu IT Park, Apas, Lahug, Cebu City	Office	5,164.50
<b>TOTAL</b>			<b>14,619.48</b>

The Company's residential leases have an average term of one year, while the Company's commercial leases have an average term of three to five years, both renewable upon mutual agreement of parties. Sixty days' notice is required from tenants for the extension or pre-termination of their leases, and a two-month security deposit is paid at the commencement of the lease. The Company charges rent as either a fixed rent per sq. m., which may be subject to an escalation clause.

In its leases with its Related Entities, the Company observes arm's length commercial terms and considers the current rentals payable by tenants of the condominium units and parking slots that are operational at present reflect prevailing market rents.

## OTHER ASSETS

Other properties of the Company comprise of the following:

Assets	Cost	Accum. Depreciation	Book Value as of 12/31/2019
Property and Equipment			
Land	139,794,060	-	139,794,060
Building	150,489,581	(67,392,431)	83,097,150
Leasehold improvements	2,330,639	(2,232,938)	97,701
Furnitures and fixtures	26,199,329	(16,034,935)	10,164,394
Transportation equipment	41,012,555	(29,791,431)	11,221,124
Office equipment	62,335,052	(23,669,191)	38,665,861
Construction in progress	72,080,690	-	72,080,690
<b>Total Property</b>	<b>494,241,906</b>	<b>(139,120,926)</b>	<b>355,120,980</b>
Investment Property			

Land	5,256,263,217	-	5,256,263,217
Retail Building	100,228,005	(15,112,259)	85,115,746
Condominium units	285,413,555	(55,981,489)	229,432,066
Parking Units	31,371,804	(4,393,726)	26,978,078
Construction in progress	3,303,621,915	-	3,303,621,915
<b>Total Investment Property</b>	<b>8,976,898,496</b>	<b>(75,487,474)</b>	<b>8,901,411,022</b>

#### LEASED PROPERTIES

The Company has leased properties for use as office space and staff houses of its employees with the details set out below:

Leased Property	Description/Use	Annual Lease (in ₱)	Expiration of Lease	Renewal Option
Cagayan De Oro City	Staffhouse	264,000	Jan-21	Renewable
Bacolod	Staffhouse	216,000	Aug-20	Renewable
Bacolod	Staffhouse	300,000	Oct-20	Renewable
Bacolod	Office	1,617,72	Nov-20	Renewable
Dumaguete	Office	420,000	Mar-21	Renewable
Dumaguete	Staffhouse	220,320	Aug-20	Renewable
Iloilo	Staffhouse	201,600	Nov-20	Renewable
Iloilo	Office	598,476	Julu 2020	Renewable
Bohol	Office	638,760	Apr-25	Renewable
<b>TOTAL</b>		<b>4,476,883</b>		

The Company does not lease any land for development nor does it lease any land for its operations.

#### MORTGAGE, LIENS AND ENCUMBRANCES

In pursuit of its business, the Company has entered into various mortgage agreements covering certain parcels of land and improvements for the purposes of securing development loans or credit facilities extended by financial institutions. The properties which are subject to real estate mortgages are:

Property Location	Area (in sq.m.)	Mortgagee
Cardinal Rosales Avenue, Cebu Business Park, Cebu City	2,939	BDO
Juana Osmena St., Cebu City	5,102	BPI
Sibulan, Dumaguete City, Negros Oriental	53,031	BPI
Upper, Cagayan de Oro, Misamis Oriental	143,452	BPI
Juana Osmena St., Cebu City	5,074	BPI
Cebu IT Park, Cebu City	11,798	BPI
Brgy Camalig, Jaro, Iloilo City	151,040	BPI
Salinas Dr Ext, Cebu City	12,619	Chinabank
Osmena St., Cagayan de Oro, Misamis Oriental	10,440	Chinabank

Salinas Dr Ext, Cebu City	13,176	Chinabank
Brgy Kauswagan, Cagayan de Oro, Misamis Oriental	6,315	Chinabank
AS Fortuna, Mandaue City	12,338	DBP
V. Rama Ave., Cor. Quijada St., Gudalupe, Cebu City	5,358	PNB
Arellano St., Poblacion District, Davao City, Davao del Sur	5,094	PNB
Mac-Arthur Highway, Matina, Davao City, Davao del Sur	10,687	PNB
Lacson St., Bacolod City	6,951	RCBC

Under Section 18 of Presidential Decree No. 57, no mortgage on any unit or lot shall be made by the owner or developer without prior written approval of the HLURB. Accordingly, before the Company can mortgage properties being used for its condominium or subdivision projects, it should ensure compliance with the said law and its implementing regulations.

Properties of the Company and its Related Entities in which particular projects have been developed are also subject to restrictions arising from the nature of such projects. For instance, certain properties over which a condominium building project has been constructed would have restrictions annotated on the title of such property arising from the Master Deed restrictions on the use of the property for condominium use.

Likewise, properties being leased by the Company are subject to typical lease-related limitations on usage, e.g., for office use only.

### INSURANCE

CLI procures insurance coverage required by relevant laws and regulations for its real and personal properties and requires contractors to submit performance bonds, marine insurance policies, and other sureties for its covered activities. Throughout the construction stage, the Company also maintains Contractor's All-risk Insurance for each of its projects, subject to customary deductibles and exclusions. For completed projects, CLI also requires homeowner's associations and condominium corporations to obtain fire and allied risks insurance as part of the master deed for these projects.

**Item 3 Legal Proceedings**

The Company and its subsidiaries are not a party to nor any of the Company's properties are the subject of pending material litigation, arbitration or other legal proceedings, and no litigation or claim of material importance is known to the management and directors to be threatened against the Company, its subsidiaries or any of its properties.

**Item 4 Submission of Matters to a Vote of Security Holders**

Below were matters submitted to a vote by security holders during the Annual Stockholders Meeting of CLI on 28 May 2019 held in Cebu City:

**A. Review and Approval of Previous Minutes of the Annual Stockholders Meeting**

Action Taken: On motion duly seconded, the minutes of the Annual Stockholders Meeting on 30 May 2018 was approved by majority of shareholders voting in person or by proxy.

**B. Report of Chief Finance Officer**

Action Taken: On motion duly seconded, the report of Stephen A. Tan was unanimously approved by shareholders voting in person or by proxy.

**C. Report of Chief Operating Officer**

Action Taken: On motion duly seconded, the report of Jose Franco B. Soberano was unanimously approved by shareholders voting in person or by proxy.

**D. Report of the Chairman / President**

Action Taken: On motion duly seconded, the report of Jose R. Soberano III was unanimously approved by shareholders voting in person or by proxy.

**E. Approval of Audited Financial Statements as of 31 December 2018**

Action Taken: On motion duly seconded, the Audited Financial Statements for the year-ending 31 December 2018 was unanimously approved by shareholders voting in person or by proxy.

**F. Ratification of all Acts of the Board of Directors in 2018**

Action Taken: On motion duly seconded, the shareholders voting in person or by proxy unanimously ratified all the acts of the Board of Directors in 2018.

#### **G. Election of Directors for the 2019-2020 Term**

Action Taken: On motion duly seconded, the shareholders voting in person or by proxy elected the following to serve on the Board of Directors for the 2019-2020 Term:

- Jose R. Soberano III
- Ma. Rosario B. Soberano
- Jose Franco B. Soberano
- Joanna Marie S. Bergundthal
- Stephen A. Tan
- Beauregard Grant L. Cheng
- Rufino Luis T. Manotok
- Ma. Aurora D. Geotina-Garcia
- M. Jasmine S. Oporto

#### **H. Appointment of Independent Auditor for Calendar Year 2019**

Action Taken: On motion duly seconded, the shareholders voting in person or by proxy unanimously adopted the recommendation by the Audit Committee to re-appoint Punongbayan & Araullo as independent auditor for Fiscal Year 2019

#### **I. Summary of Votes**

Below is the summary of votes for each of the items submitted to shareholders for approval during the 2019 Annual Stockholders Meeting. The ballots for these were distributed as part of the Definitive Information Statement and at the venue prior to the start of the meeting.

ITEMS	YES	NO	ABSTAIN	TOTAL
Review and Approval of Previous Minutes	1,155,550,309	-	1,005,000	<b>1,156,555,309</b>
CFO's Report	1,156,555,309	-	-	<b>1,156,555,309</b>
COO's Report	1,156,555,309	-	-	<b>1,156,555,309</b>
President's Report	1,156,555,309	-	-	<b>1,156,555,309</b>
Approval of Audited Financial Statements as of December 31, 2018	1,156,555,309	-	-	<b>1,156,555,309</b>

Ratification of All Acts of the Board of Directors in 2018	1,156,555,309	-	-	<b>1,156,555,309</b>
Appointment of Independent Auditor for Fiscal Year 2019	1,156,555,309	-	-	<b>1,156,555,309</b>

**Summary of Votes for Election of Directors**

<b>NAMES OF DIRECTORS</b>	<b>YES</b>	<b>NO</b>	<b>ABSTAIN</b>	<b>TOTAL</b>
Jose R. Soberano III	1,156,555,309	-	-	<b>1,156,555,309</b>
Ma. Rosario B. Soberano	1,156,555,309	-	-	<b>1,156,555,309</b>
Jose Franco B. Soberano	1,156,555,309	-	-	<b>1,156,555,309</b>
Joanna Marie S. Bergundthal	1,156,555,309	-	-	<b>1,156,555,309</b>
Stephen A. Tan	1,156,555,309	-	-	<b>1,156,555,309</b>
Beauregard Grant L. Cheng	1,156,555,309	-	-	<b>1,156,555,309</b>
Rufino Luis T. Manotok	1,156,555,309	-	-	<b>1,156,555,309</b>
Ma. Aurora D. Geotina-Garcia	1,156,555,309	-	-	<b>1,156,555,309</b>
M. Jasmine S. Oporto	1,156,555,309	-	-	<b>1,156,555,309</b>

## PART II – OPERATIONAL AND FINANCIAL INFORMATION

### Item 5 Market for Registrant's Common Equity and Related Stockholder Matters

#### Market information

Cebu Landmasters, Inc. listed its common shares with the Philippine Stock Exchange last June 2, 2017.

Philippine Stock Exchange  
Prices (in ₱/ share)

	<u>High</u>	<u>Low</u>	<u>Close</u>
<b>2017</b>			
Second Quarter (month of June only)	5.98	5.13	5.34
Third Quarter	5.51	4.58	5.07
Fourth Quarter	5.17	4.59	4.88
<b>2018</b>			
First Quarter	5.12	4.21	4.70
Second Quarter	5.06	4.48	4.58
Third Quarter	4.73	4.27	4.42
Fourth Quarter	4.59	3.60	4.14
<b>2019</b>			
First Quarter	4.29	4.19	4.20
Second Quarter	4.89	4.80	4.83
Third Quarter	4.75	4.70	4.74
Fourth Quarter	4.83	4.67	4.83

The market capitalization of CLI as of end-2019, based on the closing price of P4.83/share, was approximately P8 billion.

#### Stockholders

The following are the list of **registered holders** of the common equity securities of the Company as of December 31, 2019:

	<b>Stockholder Name</b>	<b>No. of Common Shares</b>	<b>Percentage (of common shares)</b>
1	AB Soberano Holdings Corp.	994,395,197	58%
2	PCD Nominee Corp. (Filipino)	663,934,790	39%
3	PCD Nominee Corp. (Non-Filipino)	33,864,960	2%
4	Jose R. Soberano III	14,000,000	1%
5	Jose Franco B. Soberano	3,250,000	0%
6	Janella Mae B. Soberano	2,250,000	0%
7	Joanna Marie B. Soberano	2,250,000	0%
8	Myrna P. Villanueva	25,000	0%
9	Milagros P. Villanueva	10,000	0%
10	Marietta V. Cabreza	10,000	0%
11	Lolita Siao-Ignacio	10,000	0%

12	Owen Nathaniel S Au Itf: Li Marcus Au	50	0%
13	Jesus N. Alcordo	1	0%
14	Ma. Aurora D. Geotina-Garcia	1	0%
15	Rufino Luis T. Manotok	1	0%
	<b>TOTAL</b>	<b>1,714,000,000</b>	<b>100%</b>

The following are common shares held by the Company's Board of Directors lodged with PCD Nominee Corporation:

	<b>Stockholder Name</b>	<b>No. of Common Shares</b>	<b>Percentage (of common shares)</b>
1	Jose R. Soberano III	61,625,000	4%
2	Ma. Rosario B. Soberano	59,125,000	3%
3	Jose Franco B. Soberano	5,741,700	0%
4	Janella Mae B. Soberano	5,231,700	0%
5	Joanna Marie B. Soberano	5,231,700	0%
6	AB Soberano Holdings, Inc	2,450,001	0%
	<b>TOTAL</b>	<b>139,405,101</b>	<b>8%</b>

#### Dividends

2018	0.15	March 23, 2018	235,186,980
2019	0.20	March 26, 2019	332,590,000
2020	0.25	April 3, 2020	(est.) 414,795,000

#### Recent Sale of Securities

There was no sale of the Company's securities was made during the reporting period.

## **Item 6 Management's Discussion and Analysis or Plan of Operation**

### **COMPANY MILESTONES**

The year 2019 is a year of sustained growth and expansion for Cebu Landmasters, Inc. (“CLI” or the “Company”) as the Company expands into promising ventures, new markets and locations. CLI’s Consolidated Net Income After Tax (NIAT) increased to ₱2.52 billion, 16% y-o-y growth. Parent NIAT on the other hand grew to ₱2.10 billion, 26% y-o-y increase due to the substantial growth of revenue from purely CLI projects allowing the company to surpass its year-end target of P2 Billion.. The favorable result is driven from the construction progress of its ongoing projects.

CLI reported a 26% topline growth, to ₱8.51 billion from ₱6.76 billion, driven by the strong performance across all business units, including its leasing and hotel portfolio. The recent turnover of Casa Mira Towers Labangon and Base Line Retail and HQ, the office component of the mixed-use Base Line Center in Cebu, increased the Company’s total GLA to 14,296 sq.m. from 8,952 sq.m. Citadines Cebu City, the first hotel business of CLI started operations in the third quarter of 2019 allowing the Company to recognize a new stream of recurring revenue.

The Company sustained its growth momentum with 32% y-o-y increase in consolidated reservations sales, from ₱9.61 billion to ₱12.68 billion, due to the Company’s robust sales of newly launched projects in 2019 exceeding from its year-end guidance of ₱12.50 billion.

With the outstanding performance of CLI, the BOD declared cash dividend of ₱0.25 per share on February 19, 2020 with a total estimated amount of ₱414,000,000 to stockholders on record as of April 3, 2020. Such dividend will be paid on April 30, 2020.

During the year, the Company launched ₱18.0 billion worth of projects namely:

- (i) Davao Global Township – Phase 1;
- (ii) One Paragon Place in Davao;
- (iii) Citadines Paragon in Davao;
- (iv) Citadines Paragon in Bacolod;
- (v) Casa Mira Bacolod;
- (vi) MesaVirre Garden Residences C in Bacolod;
- (vii) Velmero Plains in Bacolod;
- (viii) Casa Mira Towers Cagayan de Oro (CDO);
- (ix) Pinamalayan Socialized Housing in Mindoro
- (x) Mivela Garden Residences in Cebu;
- (xi) One Astra Place Tower 2;
- (xii) Casa Mira Towers Mandaue;

CLI current landbank of 1,245,485 sq.m. will be used to roll out its major brands in new locations such as Iloilo, Bohol, Ormoc in 2020. 80% of the total land bank are 100% owned by CLI while the rest are under joint venture companies to allow the CLI access to high value locations without requiring intensive capital.

Part of its recent acquisitions is an existing resort in Mactan, Cebu with 18,000 sqm of land area. The said resort will be re-developed to integrate a residential component. The company also purchased a 9.4-hectare property in Ormoc to be developed into a residential project in 2020. Additionally, CLI purchased 28 hectares of land in Davao for its first horizontal project in the region, the development will house both the company’s economic and mid-market brand, Casa Mira and Velmero homes respectively. Cebu Landmasters also recently acquired 11,000 sqm of land in Bacolod city adjacent to its existing the three-tower condo project, MesaVirre Garden Residences. The high demand for condominiums in the area

supported the company's intent to roll-out Casa Mira towers, the economic brand of the company in Bacolod.

During the year, CLI entered into a strategic partnership with AboitizLand, the real estate arm of Aboitiz Equity Ventures. The joint venture company will develop a mid-market, mixed-use, multi-tower condominium project in Mandaue City, Cebu. CLI is also teaming up with prominent Iloilo businessman Alfonso Tan, chairman of International Builders Corporation (IBC) for a high-rise multi-tower condominium with retail spaces on a prime corner lot in Iloilo City's downtown area. Moreover, CLI and Borromeo Brothers, after the success of Latitude Corporate Center, are also launching another joint venture to develop a two-tower residential condominium in a prime Cebu City area.

CLI recently received the notice of interest from Xavier University (XU) to develop the latter's property in CDO into a campus town. In the initial plan, CLI will be the project manager to transfer the existing XU campus to uptown Manresa. CLI will also lead the development of the future Manresa area into a university town and the transformation of the existing XU campus into a business district. The proposed development is currently undergoing a final review for approval from the Jesuit Superior General in Vatican.

Future CLI developments in Cebu City also include a mixed-use community with hotel, office and retail in a prime Cebu Business Park lot adjacent to Ayala Mall. CLI holds a 43-year lease contract for the vacant lot which is one of the last remaining undeveloped lots in the most prime of business districts in Cebu.

During the 7th Annual Property Guru Philippines Property Awards last July 5, Cebu Landmasters was awarded as the Best Developer presented by global brand Kohler. Other honors were also given to the company's projects. 38 Park Avenue development, named as Best High-End Condominium Development (Cebu), Casa Mira Towers Labangon as Highly Commended for Best Affordable Condominium Development (Cebu), and MesaTierra Garden Residences as Best Condominium Development (Davao) and special recognition for Corporate Social Responsibility.

In order to fund the company's expansion plans, Cebu Landmasters, Inc., entered into a notes facility agreement with ALFM Peso Bond Fund, Inc., and ALFM Money Market Fund, Inc. wherein CLI will issue an 18-month corporate note worth Php 2 Billion at an initial fixed rate of 4.75% to the ALFM mutual funds. The facility was arranged by BPI Capital Corporation. Proceeds of the notes will be used for capital expenditures and general corporate purposes. CLI has several strategic land acquisitions lined up in greater Cebu, Bacolod, and Davao, with new expansion areas such as Iloilo, Butuan, and General Santos City also on the horizon.

Cebu Landmasters continues to pursue its aggressive plans to establish and deliver quality developments across the Visayas and Mindanao region.

## **REVIEW ON THE COMPANY'S RESULTS OF OPERATION**

### **FY 2019 vs FY 2018**

CLI posted a consolidated NIAT growth of 12%, from ₱2.17 billion to ₱2.44 billion. Net income attributable to Parent likewise increased to ₱2.01 billion, solid earnings growth of 21% y-o-y as compared to the ₱1.67 billion in 2018. The favorable result is driven from the construction progress of the following ongoing projects: MesaVirre Garden Residences in Bacolod, Velmiro Uptown in CDO, 38 Park Avenue and Casa Mira South in Cebu, and MesaTierra Garden Residences in Davao.

For 2019, CLI registered an EPS of ₱1.21 per share, a notable 24% increase from the ₱0.98 EPS in 2018. Total outstanding shares as of December 31, 2019 is 1,659,180,000 after 54,820,000 treasury shares.

### **REVENUES**

For the period ending December 31, 2019, total consolidated revenues reached ₱8.50 billion, 26% higher than from ₱6.76 billion reported y-o-y. The growth was mainly driven by its Garden Series, a mid-market segment, representing 37% of revenue, 30% for Premier Series, a high-end segment, and 30% for Casa Mira, an economic housing segment. In 2018, Garden series represented 45% of the total revenue, 28% from Casa Mira Series and 19% from Premier Series.

In 2019, 38 Park Avenue, a high-end segment project in Cebu, posted the highest revenue growth in 2019, followed by Casa Mira South, an economic housing project, and MesaVirre Garden Residences and Velmiro Uptown CDO, both mid-market projects.

In terms of location, the CLI's real estate revenue presence in Cebu remains to be strong representing 56% of the total revenues, followed by CDO's revenue of 14% and Bacolod of 12%. In 2018, Cebu's real estate revenue generated 64% of the total revenues, while Davao and CDO posted significant contributions of 12% and 11%, respectively. The Company expects to grow revenue contribution of its expansion areas such as Iloilo, Davao, Bohol and Puerto Princesa in 2020.

The rental revenue of CLI grew by 10% y-o-y from ₱57.48 million to ₱63.16 million. This is attributable to the Company's 60% increase in GLA to 14,296 sq.m. with the recent turnover of Base Line Retail (5,216 sq.m. GLA), Base Line HQ (1,721 sq.m. GLA) and Casa Mira Towers Labangon (1,124 sq.m. GLA) in Cebu. In 2020, Latitude Corporate Center in Cebu is scheduled for completion turning over a GLA of 3,263 sq.m. The project will further augment the Company's recurring portfolio by 2020.

### **COST AND EXPENSES**

CLI reported a total cost of sales of ₱4.30 billion in 2019, a 37% y-o-y increase from the prior year of ₱3.14 billion. The increase is in line with the growth of the Company's revenue.

Total operating expenses for the year amounted to ₱1.15 billion, a 28% increase from ₱893.89 million in 2018 to support the Company's expansion. The increase is primarily attributed to higher commissions and incentives and transfer taxes which resulted from the stronger sales performance as 13 projects were launched during the year. Salaries and employee benefits posted 40% growth due to increased manpower to support the CLI's increase in operations.

Borrowing costs, both booked as cost of real estate sale and outright expense, for the year decreased from ₱176.95 million to ₱169.53 million due to interest cost savings during 2019. Total interest cost capitalized as real estate inventory amounted to ₱802.55 million, from ₱242.24 million y-o-y, as more debt was availed

in 2019 to support the Company's planned capital expenditures including land banking initiative and project development. This includes the ₱2.00 billion corporate notes issued in 2019 and ₱5.00 billion corporate notes issued in 2018.

Consolidated tax expense increased to ₱743.56 million, 70% growth from ₱438.61 million in 2018, in line with the increase of the Company's consolidated net income.

#### **FY 2018 vs FY 2017**

CLI posted a consolidated net income growth of 72% from ₱1.26 billion to ₱2.17 billion. Net income attributable to Parent likewise increased to ₱1.67 billion in 2018, a solid earnings growth of 30% compared to the ₱1.29 billion of the previous year. The Company sustained its growth momentum with consolidated revenues increasing by 72%, to ₱6.76 Billion in 2018 versus ₱3.93 Billion in 2017. Revenues from the sale of real estate similarly increased by 73% to ₱6.69 billion due to robust sales performance and construction progress from projects under construction.

For 2018, CLI registered an EPS of ₱0.98 per share, a notable 15% increase from the ₱0.86 per share in 2017. Total outstanding shares as of December 31, 2018 is 1,667,500,000 after acquiring treasury shares of 46,500,000.

#### **REVENUES**

Total consolidated revenues for 2018 reached ₱6.76 billion, 72% higher than ₱3.93 billion reported for the year ended December 31, 2017. Majority of the Company's revenues are from the sale of real estate which likewise grew 73% due to the robust sales performance and progress in construction of projects under construction. Developments that contributed to the growth were MesaTierra Garden Residences in Davao, Mivesa Garden Residences Phase 3, Casa Mira South, Latitude Corporate Center and MesaVirre Garden Residences.

In terms of market segment, 45% of the total revenues in 2018 came from Garden series, the Mid-Market brand. Followed by Casa Mira, its economic housing product with 28% and Premier Series with 19%. In 2017, Casa Mira accounted for 39% followed by Premier Series with 34% and Garden Series with 24%.

With respect to location, 64% of the total revenue was significantly contributed by Cebu projects. Davao and CDO on the other hand accounted for 12% and 11% respectively. The remaining allocation was generated from projects located in new expansion sites of Bacolod and Dumaguete. In 2017, aside from Cebu with 82% of the total revenue, only Cagayan de Oro has recognized revenue for the year.

In 2018, the leasing revenue of CLI grew by 26% y-o-y from ₱45.65 million to ₱57.58 million. The growth in rental revenue is attributable to the 42% increase of the Company's GLA to 8,952 sq.m. and moderate lease rate increases from existing contracts. A portion of the retail area in Baseline center was turned over to Robinsons Supermarket in December 2018.

#### **COST AND EXPENSES**

CLI reported a total cost of sales of ₱3.1 billion for the period ended December 31, 2018, an increase of 66% from 2017. This is in line with the growth of the Company's revenue. As a percentage of revenue, 2018 cost rate declined from 48% to 46% due to the PFRS 15, *Revenue from Contracts with Customers*, wherein costs are recognized when billed and incurred.

Total operating expenses for the period ended 2018 amounted to ₦895 million, 58% more than the ₦566 million incurred in 2017. The increase is primarily attributed to higher commissions and incentives. Such increase resulted from the robust sales performance as more projects were launched during the year.

Interest costs for the period ended 2018 increased from ₦159 million to ₦305 million as more debt was availed during 2018. This includes the ₦3 billion of the ₦5 billion corporate notes issued in 2018 to support CLI's planned capital expenditures including land banking initiative and project development. Total capitalized interest for 2018 amounted to [₦216.5] million, higher than 2017 balance of [₦134.8] million.

Total tax expense for 2018 increased significantly from ₦202.8 million to ₦438.6 million in line with the Company's growth in net income[CL1].

## **REVIEW ON THE COMPANY'S FINANCIAL CONDITION**

### ***As of December 31, 2019 vs December 31, 2018***

CLI's balance sheet continues to be solidly positioned to support the Company's growth plans. As of December 30, 2019, the Company reported ₦38.28 billion in total assets, a 51% growth from ₦25.43 billion as of December 31, 2018. This is driven by the increased volume in customer receivables due to increase in real estate reservation sales and revenue.

## **ASSETS**

### ***3% decrease in Cash and Cash equivalents***

Declined to ₦917.17 million from ₦949.16 million due to increase in cash outflows for purchase of land and payment to project suppliers and contractors during the year.

### ***45% increase in Receivables (including non-current portion)***

Increased to ₦5.88 billion from ₦4.04 billion is in line with increase in real estate reservation sales and revenues as construction progress of the units sold are moved to receivables accounts.

### ***63% increase in Contract assets (including non-current portion)***

Increased to ₦8.89 billion from ₦5.44 billion is in line with increase in real estate reservation sales and revenues as progress in construction of sold units. Contract assets are yet to be due once projects are fully completed.

### ***51% increase in Real Estate inventory***

This refers to the cost of land and development costs of real estate properties that are being developed, and those that are already available for sale. The increase to ₦9.45 billion from ₦6.26 billion is due to progress in construction of ongoing projects.

### ***27% decrease in Deposit on land for future development (including non-current portion)***

Decreased to ₦1.29 billion from ₦1.75 billion due to increased project developments during 2019.

### ***53% decrease in Due from related parties***

Transactions paid by CLI on behalf of its subsidiaries and affiliates decreased to ₦9.95 million from ₦21.15 million as of December 31, 2018.

### ***162% increase in Prepayments and other current assets***

Increased to ₦2.27 billion from ₦864.14 million is due to prepayments and input VAT to owner supplied materials to support 38 projects in construction in 2019 versus 24 projects in 2018.

*46% increase in Investments in associates*

Increased to ₦16.38 million from ₦11.21 million significantly due to incorporation of new joint ventures and affiliates, such as CHDI, YHESPH and TWDC, during the year.

*56% increase in Investment Properties*

Increased to ₦8.90 billion from ₦5.70 billion is attributable to the ongoing construction progress of properties held to earn rental income and/or for capital appreciation.

*100% increase in Right of uses asset and Lease liabilities*

Recognition of Right of use asset and Lease liability from the leasehold rights acquired on leased units classified as finance lease due to implementation of PFRS 16, *Leases*, starting January 1, 2019.

*100% increase in Fair value of plan assets - net*

Recognition of plan assets – net of liability due to plan contributions exceeding the present value of retirement obligation.

*99% increase in Other Non-current assets*

Increased to ₦128.87 million from ₦64.66 million due to additional purchase of computer software and long-term deposits with suppliers.

## **LIABILITIES**

*58% increase in Interest bearing loans (including non-current portion)*

Increased to ₦16.86 billion from ₦10.64 billion due to new loan availments made during the year to fund the Company's ongoing projects in construction.

*141% increase in Trade and other payables (including non-current portion)*

Increased to ₦5.78 billion from ₦2.40 billion due to increase in payables and accruals to various suppliers and contractors arising from the increased volume of projects in construction.

*22% increase in Contract Liabilities and Customers' deposits*

Contract liabilities pertain to collections from buyers that are ahead of the stage of completion while Customers' deposits pertain to collections from buyers where the revenue criteria for sales recognition has not yet met. Increased to ₦610.01 million from ₦500.70 million is in line with increase in reservation sales and project launches during the year.

*37% increase in Income tax payable*

Increased to ₦29.73 million from ₦17.73 million due to the higher taxable income.

*109% increase in Deferred tax liabilities*

Increased to ₦1.12 billion from ₦537.04 million due to increase in recognized tax liability on taxable temporary difference in net income.

## **EQUITY**

*16% increase in Treasury shares*

Increased to ₦247.19 million from ₦212.46 million due to the 8.32 million shares repurchased during the year in relation to its share buy-back program.

*47% decrease in Revaluation Reserve*

Decreased to ₦6.59 million from ₦12.43 million due to the other comprehensive income remeasurements of post-employment defined benefit plans. This is in line with the decrease in post-employment defined benefit liabilities.

*57% increase in Retained Earnings*

Increased to ₦4.62 billion from ₦2.94 billion due to the accumulation of earnings for the year after reducing the ₦332.59 million dividends paid in 2019.

*15% increase in Non-Controlling interests*

Increased to ₦6.06 billion from ₦5.28 billion is significantly due to incorporation of new joint ventures and affiliates investments during the year.

## KEY PERFORMANCE INDICATORS

The Company uses a range of financial and operational key performance indicators ("KPIs") to help measure and manage its performance. These KPIs reflect the Company's continuous focus on efficiency, cost control and profitability across all its operations. The management considers the following as KPIs:

	2019	2018	2017
Gross Profit Margin <sup>1</sup>	49%	54%	52%
Net Income Margin <sup>2</sup>	29%	32%	32%
EBITDA <sup>3</sup>	₱3.28 billion	₱2.79 billion	₱1.55 billion
EBITDA Margin <sup>4</sup>	39%	41%	39%
Return on Average Assets <sup>5</sup>	8%	11%	12%
Return on Average Equity (Parent) <sup>6</sup>	29%	31%	40%
Current Ratio <sup>7</sup>	2.56	3.66	3.16
Debt to Equity Ratio <sup>8</sup>	1.23	0.94	0.94
Interest Coverage Ratio <sup>9</sup>	4.19	9.16	9.76

<sup>1</sup> Gross Profit Margin is gross profit as a percentage of revenues

<sup>2</sup> Net Income Margin is net income as a percentage of revenues

<sup>3</sup> EBITDA is defined as earnings before interest, tax, depreciation and amortization from continuing operations and before exceptional items.

<sup>4</sup> EBITDA margin is EBITDA as a percentage of revenues

<sup>5</sup> Return on Assets is net income as a percentage of assets average of the as at year-end and assets as at end of the immediately preceding year.

<sup>6</sup> Return on Average Equity is net income as a percentage of the average of the equity as at year-end and equity as at end of the immediately preceding year.

<sup>7</sup> Current Ratio is current assets divided by current liabilities

<sup>8</sup> Debt to Equity Ratio is interest bearing debt over total equity

<sup>9</sup> Interest Coverage ratio is EBITDA divided by interest paid

## Item 7. Financial Statements

The 2019 consolidated financial statements of the Company are incorporated in the accompanying Index to Exhibits.

## Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has engaged the services of P&A Grant Thornton. There were no disagreements with the firm on any matter of accounting and financial disclosure.

### PART III – CONTROL AND COMPENSATION INFORMATION

#### Item 9 Directors and Executive Officers of the Registrant

##### DIRECTORS, EXECUTIVE OFFICERS & KEY PERSONNEL

The overall management and supervision of the Company is vested in its board of directors. The Company's officers and management team cooperate with its Board by preparing relevant information and documents concerning the Company's business operations, financial condition and results of operations for its review and action. At present, the Board consists of nine members, including three independent directors in accordance with the requirements of the SRC and the SEC's New Code of Corporate Governance for Publicly Listed Companies. All of the Company's directors were elected at the Company's annual stockholders' meeting held on May 28, 2019.

During the May 28, 2019 Board Meeting, Stephen A. Tan, the retired Chief Finance Officer and Beauregard Grant L. Cheng, the new CFO of CLI was elected as new members of the board of directors.

##### Members of the Board of Directors

Name	Age	Position	Citizenship
Jose R. Soberano III	64	Chairman of the Board, CEO and President	Filipino
Ma. Rosario B. Soberano	61	Director, Treasurer and Executive Vice-President	Filipino
Jose Franco B. Soberano	34	Director, Chief Operating Officer and Senior Vice-President	Filipino
Joanna Marie B. Soberano-Bergundthal	32	Director, VP-Marketing	Filipino
Beauregard Grant L. Cheng	38	Director, CFO	Filipino
Stephen A. Tan	63	Director, Assistant Treasurer	Filipino
Rufino Luis Manotok	69	Independent Director	Filipino
Ma. Aurora D. Geotina-Garcia	67	Independent Director	Filipino
Atty. M. Jasmine S. Oporto	60	Independent Director	Filipino

**Jose R. Soberano III**, Filipino, has been the Company's Chairman, CEO and President since its incorporation. He obtained a Bachelor of Arts degree in Economics from the Ateneo De Manila University

in 1976, and completed the Strategic Business Economics Program at the University of Asia and Pacific in 2000. In 2015, he completed the Advanced Management Development Program in Real Estate from the Harvard University Graduate School. He previously worked for the Ayala Group of Companies for over 23 years, including various stints in Ayala Investment, Bank of the Philippine Islands, and in Ayala Land, Inc., where he was appointed Senior Division Manager in 1997. He was Vice-President of Cebu Holdings, Inc., the pioneer Ayala Land subsidiary in Cebu City when he resigned in 2000 from Ayala. He served as President of the Rotary Club of Cebu 2011, and President of the Chamber of Real Estate Builders Association-Cebu (CREBA-Cebu) in 2010. He is currently Chairman of the Board of the Center for Technology and Enterprise, a socially-oriented instruction that offers technical training to less privileged youth. Mr. Jose R. Soberano III has more than 20 years of experience in managing and heading companies engaged in real estate development.

**Ma. Rosario B. Soberano**, Filipino, has served as the Director, Treasurer and Executive Vice President of the Company since 2003. Ms. Ma. Rosario B. Soberano received a Bachelor of Science major in Accountancy degree (1979, *summa cum laude*) from St. Theresa's College in Cebu, and is a certified public accountant. She obtained a Master's Degree in Business Administration from the University of the Philippines – Cebu in 1983.

**Jose Franco B. Soberano**, Filipino, has served as Director of the Company since 2010 and joined the Company as Chief Operating Officer and Senior Vice-President in 2010. He received a Bachelor of Science degree in Management, major in Legal Management and minor in Finance, from the Ateneo de Manila University in 2007. In 2012, he obtained a Master's Degree in Real Estate Development from Columbia University in New York City. Prior to joining the Company, he was a project manager at Hewlett-Packard Asia Pacific (HK). Ltd. He is a founding member of the Global Shapers – Cebu Hub, an initiative of the World Economic Forum and is President of the Sacred Heart School – Ateneo de Cebu Alumni Association since 2014.

**Joanna Marie B. Soberano-Bergundthal**, Filipino, has served as Director of the Company since 2010, and joined the Company as Vice President and Marketing Director in July 2016. She earned from the University of Asia and the Pacific both her Bachelor and Master of Arts in Communication, Major in Integrated Marketing Communication in 2008 and 2009 respectively. She was Top 1 of her Batch 2008. Prior to joining the Company, she was a Marketing Manager of the Global Team of Nestle based in Switzerland from June 2014 to August 2015 and was Marketing Project Manager based in Thailand from August 2015 to June 2016. In October 2013 to May 2014, she worked as a Marketing Manager of Nestle Philippines.

**Beauregard Grant L. Cheng**, Filipino, is currently the Chief Finance Officer of Cebu Landmasters. Before joining CLI, he was a Senior Deal Manager with a rank of Vice-President at BDO Capital & Investment Corporation. He led his project teams in managing various complex capital market transactions and advised companies in a broad array of industries on corporate restructuring and reorganization. Previously, he was a private banker based in Singapore handling accounts for high net worth individuals and institutions. Grant is a registered CFA Charterholder and is a member of the CFA Philippines Society. He earned his Bachelor of Science in Manufacturing Engineering and Management as a Star Scholar from De La Salle University Manila and graduated Magna Cum Laude. He was awarded as one of the Top Ten Outstanding Students of the Philippines by the Philippine President. He earned his Masters of Science in Wealth Management with distinction from Singapore Management University and Swiss Finance Institute in Zurich.

**Stephen A. Tan**, Filipino, is a Certified Public Accountant and a holder of Master in Business Administration, with distinction, from Katholieke Universiteit te Leuven in Belgium and a Bachelor of Science

in Management Engineering from Ateneo de Manila University. Stephen is also a Hubert H. Humphrey (Fulbright) Fellow in Agricultural Economics at the University of California, Davis. He earned his degree in Accounting from the University of San Carlos. Prior to retiring from CLI as Chief Finance Officer in May 2019, Stephen has also served as Chief Finance Officer/Treasurer at various companies engaged in real estate development, construction, food, and shipbuilding, among others. For more than 30 years, he has been a part-time MBA professor in leading universities in Cebu City.

**Atty. M. Jasmine S. Oporto**, Filipino, joined the Board of Directors of Cebu Landmasters as an Independent Director in August 2018. She obtained her Bachelor of Laws (LLB) from the College of Law of the University of the Philippines, and Bachelor of Landscape Architecture from the same university. Atty. Oporto has also attended Comparative International and American Law Program of the Center for American and International Law. She is an experienced Chief Legal Officer, Chief Compliance Officer, and Corporate Secretary and has worked in said capacity with publicly listed companies like Aboitiz Equity Ventures, Inc. and Aboitiz Power Corporation. In her legal practice, Atty. Oporto has intensive experience in working with wide network of external and in-house legal counsels for labor, commercial litigation, securities law, power industry regulation, land, infrastructure capital, and general corporate law.

**Rufino Luis Manotok**, Filipino, joined as one of the Company's Independent Directors in February 2017. He finished Advanced Management Program of Harvard Business School in 1994. He earned his Master of Business Management degree from the Asian Institute of Management in 1973, and Bachelor of Arts, major in Economics by Ateneo de Manila University in 1971. He is currently an Independent Director of First Metro Investment Corporation and was the Chairman and President of Ayala Automotive Holdings Corporation from 2009 to 2012. From 2007 to 2009, he was Ayala Corporation's Senior Managing Director, Chief Financial Officer and Chief Information Officer. He was Managing Director, heading Strategic Planning Group of Ayala Corporation from 1998 to 2006.

**Ma. Aurora D Geotina-Garcia**, Filipino, joined as one of the Company's Independent Directors in February 2017. She received her Bachelor of Science in Business Administration and Accountancy degree from the University of the Philippines in 1973. She completed her Master of Business Administration from the same university in 1978. She headed SGV & Co.'s Global Corporate Finance Division from 1992 until her retirement from the partnership in 2001. She was a Senior Adviser to SGV & Co from the time of her retirement until September 2006. She has served as a consultant to businesses and the government for over 30 years in the area of corporate finance. She is presently the President of Mageo Consulting Inc. since March 2014 and CIBA Capital Philippines Inc. since December 2008.

### Executive Officers

Name	Age	Position	Citizenship
Jose R. Soberano III	63	President and CEO	Filipino
Ma. Rosario B. Soberano	60	Treasurer and Executive Vice-President	Filipino
Jose Franco B. Soberano	33	Chief Operating Officer and Senior Vice-President	Filipino

Beauregard Grant L. Cheng	38	Chief Finance Officer	Filipino
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**Mathias Bergundthal**, Swiss, is the Director of Asset - CLI Premier Hotel International Inc. He is responsible for overseeing the hotel assets and its operations by representing CLI's interests vis-à-vis the hotel operators'. His tasks include meeting investment goals and increase the value of CLI Premier hotel assets and optimizing CLI's recurring income business from the hospitality business. Prior to joining CLI, Mathias worked for 10 years in Nestlé Switzerland occupying various roles. The latest of which, is within Corporate Affairs as a Senior Public Affairs Manager. He was responsible of advocating Nestlé's economic policy interests towards governmental bodies, trade associations and politicians. Mathias holds a Bachelor's and a Master's degree in International Affairs at the Graduate Institute of Geneva including an exchange in the National University of Singapore. Mathias is currently finishing his 2-year MBA in Hospitality Management at École Hôtelière de Lausanne (EHL), ranked the best Hospitality Management School worldwide.

**Larri-Nil G. Veloso**, Filipino, is the Vice-President for Legal department of the Company, and serves as the Company's Assistant Corporate Secretary and Compliance Officer. An experienced practitioner in Corporate Law, he holds a B.A. in Mass Communication from University of the Philippines and earned his Bachelor of Laws from University of Southern Philippines Foundation. While finishing law school, Atty. Veloso had worked for a print and online newspaper, occupying various positions in progression from correspondent, staff reporter, copy editor, copywriter, junior editor, group editor, to managing editor. Prior to joining the Company, he was the Corporate Legal Counsel of InfoWeapons Corporation, an American-owned software company specializing in networking appliances, and later promoted as General Manager.

**Pedrito A. Capistrano Jr.**, Filipino, is the Vice-President for Engineering of the Company. He is a licensed engineer in the field of Civil Engineering and Geodetic Engineering. He has been working with the Company since August 2011 when he was hired as Project Manager. In two years, he was promoted to his present position. His more than 25 years of experience has established for him solid foundation and credibility in the construction and allied fields. Some of the established companies Mr. Capistrano had worked with were Filinvest Land Inc., Robinson's Land Corporation, Cebu Industrial Park Developers, Inc., Aboitiz Land, Inc. and Aboitiz Construction Group, Inc. He finished his Bachelor of Science degree in Civil Engineering at Cebu Institute of Technology University in Cebu City and earned his Master of Science in Management Engineering from University of the Visayas also in Cebu City.

**Connie N. Guieb**, Filipino, has been the Vice- President for Finance and Accounting of the Company since June 2014. She also serves as the Financial Comptroller. She has more than 15 years of accountancy and finance experience in various industries in both public and private sectors in the Philippines. She graduated *cum laude* with a Bachelor of Science in Accountancy degree from the University of San Carlos, and Bachelor of Laws from the University of Cebu. She is a Certified Public Accountant.

**Marie Rose C. Yulo**, Filipino, is the Company's Vice-President for Sales. Prior to this, she was the Assistant Vice-President for both Sales and Marketing since March 2011 until August 2016 when the Company spun off its marketing unit as a separate department to provide focused attention to the equally challenging marketing and branding initiative of the Company. Ms. Yulo also has significant experience in the areas of travel and tours and banking, and has worked with AB Soberano, an affiliate of the Company and a well-known local producer of jewelry products for international market. She completed her Bachelor

of Science degree in Business Administration at the University of San Carlos and earned units of Masters in Business Administration from the University of the Visayas.

**Jessel M. Kabigting**, Filipino, has been the Vice-President for Operations of Cebu Landmasters, Inc.. Jess finished Civil Engineering from the University of Santo Tomas and is the Gold Medalist in the Ateneo-Regis University MBA Program with a specialization in Marketing and Finance. Jess worked for 25 years in construction, real estate, and in outsourcing companies prior to joining Cebu Landmasters. He managed the planning, construction, procurement, and operations of various residential, office, retail, and mixed-use projects in the Philippines under Ayala Land and MCDC. Jess worked in Accenture for 6 years and served as Service Transition Executive and Solution Architect for the Philippines. During this time, Jess led outsourcing and sales engagements for Philippines and India and worked with clients from the USA and Europe. Jess also managed day to day business operations for three firms before joining Cebu Landmasters.

**Sylvan John M. Monzon**, Filipino, is the Vice-President of Business Development of Cebu Landmasters, Inc. He holds a Bachelor's Degree in Management and a Professional Program in Business Economics from the University of Asia and the Pacific. Prior to serving CLI, Sylvan has served in business development and project development positions from other leading real estate companies in Cebu and Manila for 20 years.

#### **Item 10 Executive Compensation**

The following table sets out the Company's President and CEO and the four most highly compensated senior officers:

Name	Position
Jose R. Soberano III	Chief Executive Officer
Ma. Rosario B. Soberano	Executive Vice-President
Jose Franco B. Soberano	Executive Vice-President & Chief Operating Officer
Beauregard Grant L. Cheng	Chief Financial Officer
Joanna Marie B. Soberano-Bergundthal	Vice-President- Marketing

The following table identifies and summarizes the aggregate compensation of the Company's President CEO and the three most highly compensated executive officers, and all other officers and directors as a group, for the years ended December 31, 2019, 2018 and 2017.

Year	Basic Compensation (in P)	Other Compensation (in P)
President and CEO and the four most highly compensated executive officers named above.....		
2019	36,023,682.11	13,926,666.67
2018	28,323,326.05	14,589,173.95
2017	27,459,615.39	14,315,896.13

Each of the executive officers named above executed an employment contract with the Company and is entitled to receive retirement benefits in accordance with the terms and conditions of the Company's retirement plan.

No bonuses have been declared for the Board of Directors for the last two years. For the ensuing year, the amount of bonuses to be received by the members of the Board of Directors has yet to be approved by it.

There is no plan or arrangement by which the executive officers will receive from the Company any form of compensation in case of a change in control of the Company or change in the officers' responsibilities following such change in control.

There are no outstanding warrants or options held by the Company's chief executive officer, the named executive officers, and all officers and directors as a group.

#### **Item 11 Security Ownership of Certain Beneficial Owners and Management**

(a) Security Ownership of Record and Beneficial Owners of more than 5% as of December 31, 2019:

Title of Class	Name, Address of Record Ownership and Relationship with Issuer	Stockholder Name	No. of Common Shares	Percentage (of common shares)
Common Shares	AB Soberano Holdings Corp., 2877 v. rama avenue guadalupe cebu city	AB SOBERANO HOLDINGS CORP.	994,395,197	58.02%
Common Shares	PCD Nominee Corporation (Filipino)	PCD NOMINEE CORP. (FILIPINO)	663,934,790	38.74%
	G/F MSE Bdlg. Ayala Ave. Makati City			

(b) Security Ownership of Directors and Management (Executive Officers) as of December 31, 2019:

#### Directors

Name	Direct	Indirect	Total direct & indirect shares	% to Total Outstanding Shares
Jose R. Soberano III	75,625,000	478,485,695	554,110,695	32.33%
Ma. Rosario B. Soberano	59,125,000	478,485,695	537,610,695	31.37%
Jose Franco B. Soberano	8,991,700	9,968,452	18,960,152	1.11%
Joanna Marie B. Soberano	7,481,700	9,968,452	17,450,152	1.02%
Beauregard Grant L. Cheng	1,000,000		1,000,000	0.06%

Stephen A. Tan	5,000		5,000	0.00%
Rufino Luis T. Manotok	1	0	1	0.00%
M. Jasmine S. Oporto	4,000	0	4,000	0.00%
Ma. Aurora Geotina-Garcia	1	0	1	0.00%
Total	152,232,402	976,908,294	1,129,140,696	65.88%

Officers

Name	Direct	Indirect	Total direct & indirect shares	% to Total Outstanding Shares
Larri-Nil G. Veloso	6,000	0	6,000	0.000%
Marie Rose C. Yulo	0	120,000	120,000	0.007%
Sylvan John M. Monzon	38,000	12,000	50,000	0.003%

**Item 12 Certain Relationships and Related Transactions**

The Company and its subsidiaries (the “Group”), in their regular conduct of business, have entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, construction contracts, and development, management, underwriting, marketing, leasing and administrative service agreements. Sales and purchases of goods and services to and from related parties are made on an arm’s length basis and at current market prices at the time of the transactions.

However, no other transaction, without proper disclosure, was undertaken by the Group. CLI employees are also required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are surfaced and brought to the attention of management.

## PART IV – CORPORATE GOVERNANCE

### Item 13 Corporate Governance

#### Corporate Governance

The Company is committed to doing business in accordance with the highest professional standards, business conduct and ethics and all applicable laws, rules, and regulations in the Philippines. The Company, its directors, officers, and employees are dedicated to promote and adhere to the principles of good corporate governance by observing and maintaining its core business principles of accountability, integrity, fairness, and transparency.

#### Independent Directors

Per SEC Memorandum Circular No. 24, Series of 2019, the Company is required to have at least two independent directors in its Board of Directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher. The Company's Board of Directors is composed of nine members, six of whom are regular directors and three are independent directors. The Company's independent directors are Mr. Rufino Luis Manotok, Ms. Ma. Aurora D. Geotina-Garcia, and Atty. M. Jasmine Oporto. Independent directors must hold no interests or relationships with the Company that may hinder their independence from the Company or its management, or which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Under the SEC Revised Code of Corporate Governance, independent directors should always attend Board meetings. Unless otherwise provided in the by-laws, their absence shall not affect the quorum requirement. The By-Laws of the Company do not provide for such quorum requirement. However, pursuant to the Company's Manual, to promote transparency, the Board requires the presence of at least one independent director in all its meetings.

#### Compliance Officer

The Board shall appoint a Compliance Officer who shall be a member of the Company's management team and will be in charge of the compliance function. The Compliance Officer should not be a member of the Board and should be different from the Corporate Secretary. He shall have the rank of Senior Vice President or an equivalent position with adequate stature and authority in the Company. The Compliance Officer is primarily liable to the Company and its shareholders, and not to its Chairman or President. Among others, he shall have the following duties and responsibilities:

- 1) Ensure proper onboarding of new directors (i.e., orientation on the Company's business, charter, articles of incorporation and by-laws, among others);
- 2) Monitor, review, evaluate and ensure the compliance by the Company, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;
- 3) Report the matter to the Board if violations are found and recommend the imposition of appropriate disciplinary action;
- 4) Ensure the integrity and accuracy of all documentary submissions to regulators;

- 5) Appear before the SEC when summoned in relation to compliance with this Code;
- 6) Collaborate with other departments to properly address compliance issues, which may be subject to investigation;
- 7) Identify possible areas of compliance issues and work towards the resolution of the same;
- 8) Ensure the attendance of board members and key officers to relevant trainings; and
- 9) Perform such other duties and responsibilities as may be provided by the SEC.

#### **Chief Audit Officer**

The Chief Audit Officer, who is appointed by the Board, directly reports functionally to the Audit Committee and administratively to the Chief Executive Officer. He shall oversee and be responsible for the internal audit activity of the Company, including that portion that is outsourced to a third-party service provider.

#### **Resolving Stockholders' Disputes**

Stockholders who have matters for discussion or concerns directly resulting to the business of the Company may initially elevate such matters or concerns to: (a) the Corporate Secretary; (b) the Investor Relations Officer; (c) Management; or (d) the Board.

#### **Committees of the Board**

The Board of Directors has constituted certain committees to effectively manage the operations of the Company. The Company's principal committees include the Audit Committee, Related Party Transaction Committee, Risk Oversight Committee, and the Corporate Governance Committee. A brief description of the functions and responsibilities of the key committees are set out below:

##### **A. Audit Committee**

The Audit Committee shall be composed of at least three board members, preferably with accounting and finance background, one of whom shall be an independent director and another should have related audit experience. The Chairman of this Committee should be an independent director. He should be responsible for inculcating in the minds of the Board Members the importance of management responsibilities in maintaining a sound system of internal control and the Board's oversight responsibility.

The Audit Committee shall perform the following functions:

- 1) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, internal and external audit process, and monitoring of compliance with applicable laws, rules and regulations.

- 2) Recommend the approval the Internal Audit Charter (“**IA Charter**”), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter.
- 3) Through the Internal Audit (“**IA**”) Department, monitor and evaluate the adequacy and effectiveness of the Company’s internal control system, integrity of financial reporting, and security of physical and information assets.
- 4) Oversee the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Officer. The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;
- 5) Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;
- 6) Review and monitor management’s responsiveness to the internal auditor’s findings and recommendations;
- 7) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- 8) Evaluate and determine the non-audit work, if any, of the external auditor, and periodically review the non-audit fees paid to the external auditor in relation to the total fees paid to him and to the Company’s overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence.
- 9) Review and approves the interim and annual financial statements before their submission to the Board, with particular focus on the following matters:
- 10) Review the disposition of the recommendations in the external auditor’s management letter;
- 11) Perform oversight functions over the Company’s internal and external auditors. It ensures the independence of internal and external auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions, taking into consideration relevant Philippine professional and regulatory requirements;
- 12) Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- 13) Recommend to the Board the appointment, reappointment, removal and fees of the external auditor, duly accredited by the SEC, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders; and
- 14) Oversee the implementation of the risk management and related party strategies and policies, including but not limited to the following:

- i. Evaluate on an ongoing basis existing the relations between and among businesses and counterparties to ensure that all related parties are continuously identified, related party transactions ("RPTs") are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured.
- ii. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with nonrelated parties under similar circumstances and that no corporate or business resources of the Company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.
- iii. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest.
- iv. Report to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- v. Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
- vi. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

## **B. Corporate Governance Committee**

The Corporate Governance Committee shall consist of three directors, one of whom must be an independent director. Among other functions that may be delegated by the Board, the Committee shall be responsible for the following:

- 1) Overseeing the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments;
- 2) Overseeing the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;
- 3) Ensuring that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement
- 4) Recommending continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- 5) Adopting corporate governance policies and ensure that these are reviewed and updated regularly, and consistently implemented in form and substance;

- 6) Proposing and planning relevant trainings for the members of the Board;
- 7) Determining the nomination and election process for the Company's directors and has the special duty of defining the general profile of board members that the Company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and
- 8) Establishing a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Company's culture and strategy as well as the business environment in which it operates.
- 9) The Corporate Government Committee is currently sitting as Nomination Committee. Eventually, the Board shall create a Nomination Committee which shall have at least three members, one of whom shall be an independent director. The Nomination Committee shall review and evaluate the qualifications of all individuals nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.

The nomination and election process also includes the review and evaluation of the qualifications of all persons nominated to the Board, including whether candidates: (1) possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile; (2) have a record of integrity and good repute; (3) have sufficient time to carry out their responsibilities; and (4) have the ability to promote a smooth interaction between board members.

Only a stockholder of record entitled to notice and to vote at the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated and elected as a director of the Company.

#### **C. Penalties for Non-compliance with the Manual on Corporate Governance**

In case of violation of any of the provisions of the Manual on Corporate Governance, the following penalties shall be imposed, after due notice and hearing, on the Company's directors, officers, and employees:

- 1) First Violation – reprimand;
- 2) Second Violation –suspension from office, the duration of which shall depend on the gravity of the violation; and
- 3) Third Violation – removal from office.

The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

## **PART V – EXHIBITS AND SCHEDULES**

### **Item 14 Exhibits**

The schedules required by SRC Rule 68 be presented is included/shown in the related consolidated financial statements or in the notes thereto.

### **Item 15 Reports on SEC Form 17-C**

The company has filed SEC Form 17-C last March 16 pursuant to the requirement by the Securities and Exchange Commission to appraise the public on the risks, business impact and mitigating measures the company has implemented in light of the COVID-19 situation.

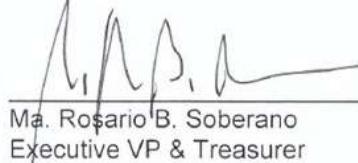
## SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of \_\_\_\_\_ on \_\_\_\_\_, 20\_\_\_\_.

By:



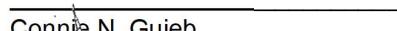
Jose R. Soberano III  
PRESIDENT & CEO



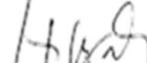
Ma. Rosario B. Soberano  
Executive VP & Treasurer



Beauregard Grant L. Cheng  
Chief Finance Officer



Connie N. Guieb  
VP-Accounting & Finance/ Controller



Atty. Larri-Nil Veloso  
Assistant Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAMES	ID NO.	DATE OF ISSUE	PLACE OF ISSUE
Jose R. Soberano III	SSS ID: 06-0583595-5	N/A	N/A
Ma. Rosario B. Soberano	PRC ID: 0013942	November 2016	Cebu, Philippines
Beauregard Grant L. Cheng	P2730987B	AUG 6, 2019	San Juan, Manila, Phil
Connie N. Guieb	PRC ID: 0104301	November 2014	Cebu City, Philippines

Notary Public