

# maestro

Why building with people in mind made us masters of the region.



Take a closer look at  
The Big Three CLI Residential  
Segments and discover why  
our market responds well  
to this range of developments.

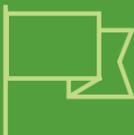
CLI Milestones: From being  
listed on the PSE to receiving  
major accolades, find out  
what makes 2017 another  
banner year.



# 14 years ago, CLI began its quest for local real estate mastery —

Through hands-on caring and fostering, CLI is committed to providing service that will last for years to come, making sure that we are with you every step of the way.

Cebu Landmasters is in constant pursuit for the next big step, taking to heart that we build with you in mind.



VISION

By 2020, CLI envisions to be the leading highly diversified real estate developer in Visayas and Mindanao delivering sustainable value for its employees, customers, partners, investors, and community.



MISSION

To transform properties into exceptional developments where people can proudly live, work, and thrive.



CORE VALUES

**C Customer-First**

Keeps internal and external customers informed by providing status reports and progress updates or updates on their requests.

**C Collaboration**

Recognizes issues and determines actions needed to advance the decision making process.

**C Competence**

Shares time, energy, and knowledge with others to ensure they can succeed.

**L Leadership**

Accomplishes goals independently.

**I Integrity**

Transparent in all his work and transactions; characterized by honesty and trustworthiness. Owns up to the outcome of his own doings and decisions.

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# OUR STORY |

## HISTORY

Cebu Landmasters, Inc. was founded by Jose Soberano III in 2003. Located in the wonderful Queen City of the South and established by a true blooded Cebuano entrepreneur; the Company's humble beginnings were guided by sincere family values, genuine real estate passion, and unrelenting faith. These same values remain an integral part of the Company's operations to this day, as CLI's commitment to both the customers and the community became the backbone of their success.



**2003** CLI launched the San Josemaria Village in Balamban as its first project. It provided comfortable living for Filipino workers in the area. The Company started with only two employees including its founder, Jose R. Soberano III, who was doing the hands-on selling at the time.



**2007** The Company developed the second San Josemaria Village in Minglanilla; offering the same affordable, mid-cost quality homes.

**2009** The third San Josemaria Village was developed in the prospering town of Toledo, bringing affordability and quality living closer to the needs of OFW families.

## 2010

2010 was the year the Company ventured into its first vertical project. CLI pioneered the first residential condominium at the booming Cebu I.T. Park with Asia Premiere Residences.

The fourth San Josemaria Village in Talisay City was developed, giving city dwellers the chance to own and experience the unique brand.



## 2011

Base Line Residences was launched in one of Cebu's landmark district, the Base Line. Its opening was inaugurated with a celebratory wine toasting ceremony.

Midori Plains was launched in the southern town of Minglanilla with over 370 house and lot units.



## 2012

Following the success of Midori Plains, the twin-tower Midori Residences was launched in the prime area of AS Fortuna, bridging the two cities of Cebu and Mandaue. A total of 396 condo units were developed.

# 2013

As a solution to bringing green spaces back to urban life, CLI launched Mivesa Garden Residences, a masterplanned garden community with integrated open spaces for the active Cebuano.

The development was launched with an on-site groundbreaking ceremony, followed by a record-breaking sales performance after having sold out 5 of its 7 buildings in just three weeks.



Velmiro Heights was developed, offering high-end amenities and generous living spaces that boast a rolling terrain of spectacular views.



# 2014

Park Centrale bagged the coveted Philippines Property Award for Best Commercial Development in Cebu. The award marked a significant milestone for home-grown real estate companies by being the first Cebu developer to win the PPA in 2014.

Villa Casita was launched in the western town of Balamban to cater to the low-cost housing needs of the low-income market.

# 2015

The Casa Mira brand was launched with a groundbreaking ceremony. The economic housing development started with Casa Mira Linao with 725 townhouse units followed by a vertical counterpart in Labangon, Casa Mira Towers, with over 700 condo units.

MesaVerte Residences was launched in Cagayan de Oro, Cebu Landmasters' pioneering project in Mindanao



The Casa Mira brand was born. An economic housing development that started with 725 townhouse units called Casa Mira Linao. It was followed by a vertical counterpart in Labangon — Casa Mira Towers, with over 700 condo units.

# 2016

The Latitude Corporate Center was launched. A grade A office building located at Cebu's premier business address, Cebu Business Park.

# 2017

CLI's first New York-inspired masterpiece, 38 Park Avenue, was launched in Cebu's very own address that never sleeps — Cebu I.T. Park.



MesaTierra Garden Residences was launched, CLI's first-ever property in Davao City. It became the fourth best-selling development in CLI's Garden Series.

# 2017

Casa Mira South, the biggest Casa Mira development to date, was launched – a beautifully designed economic community that sits on a rolling terrain of expansive views and open spaces.

CLI was officially listed in the Philippine stock market with a bell ringing ceremony at the Philippine Stock Exchange.



Casa Mira Towers Guadalupe was introduced. It's the second condominium of the Casa Mira Tower series, combining an estimated 727 units for the two towers.

CLI inked joint venture agreements with prominent Davao businessmen from the Villa-Abrille clan to build a mixed-use property and a world-class business district in Davao City.



CLI launched Phase 2 of Base Line Center – a mixed use property featuring offices, a residential condominium, and two CLI hotels in partnership with The Ascott Limited: Citadines Cebu City and Iyf Cebu City.

CLI expanded its hotel portfolio to 610 units by signing a partnership agreement with The Ascott Limited for two more hotels – Iyf Cebu City and Citadines Davao Riverside.



Cebu Landmasters Property Management Inc. (CLIPM), a fully-owned subsidiary of CLI, was launched. It was established to ensure project maintenance and to serve as administrators for CLI's properties.

CLI launched phase 3 of Mivesa Garden Residences by introducing two more towers in addition to the existing 5, bringing its total number of units to 1,514.

# 2018

History in the making.

PERFORMANCE HIGHLIGHTS

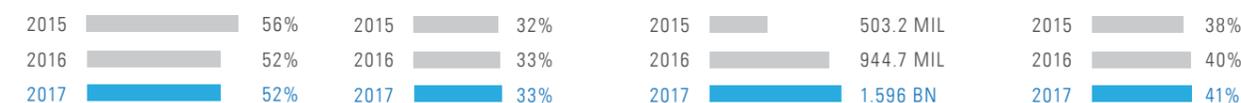
—  
A TESTAMENT  
OF SUCCESS  
—

Our significant business growth illustrated by outstanding numbers equips us with the confidence that CLI can truly be at the top of VisMin real estate.

# PERFORMANCE HIGHLIGHTS

	2015	2016	2017
<b>RESERVATION SALES</b>	1.799 B	2.95 B	4.58 B
<b>STATEMENT OF NET INCOME</b>			
Revenue	1,329,698,963	2,361,133,163	3,928,662,841
Net Income	425,849,866	780,328,949	1,294,994,302
<b>STATEMENT OF FINANCIAL POSITION</b>			
Cash and Cash Equivalents	123,644,624	90,617,743	1,206,637,796
Total Assets	3,389,982,991	5,084,846,269	11,512,327,831
Total Liabilities	2,239,283,617	3,561,508,465	6,566,339,133
Stockholder's Equity	1,150,699,374	1,523,337,804	4,945,988,698
<b>STATEMENT OF CASH FLOWS</b>			
Net Cash Provided by Operating Activities	-96,787,658	-429,951,017	-1,779,532,860
Net Cash Provided by Investing Activities	-15,541,660	-176,346,570	-415,785,360
Net Cash Provided by Financing Activities	121,491,485	573,270,706	3,311,338,273

## STABLE PERFORMANCE MARGINS



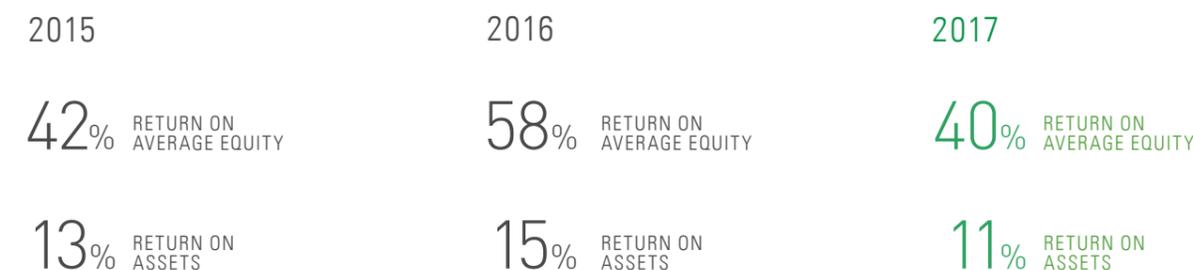
**52%**  
GROSS PROFIT  
MARGIN

**33%**  
NET INCOME  
MARGIN

**1.596BN**  
EBITDA

**41%**  
EBITDA  
MARGIN

## SUPERIOR RETURNS ON ASSETS AND EQUITY



## PRUDENT DEBT MANAGEMENT



## THE CHAIRMAN'S MESSAGE

Dear Fellow Shareholders,

Cebu Landmasters' new chapter as a publicly-listed company is off to a blazing start. Aside from registering record-high revenues and outperforming our financial targets for the fiscal year 2017, we also ended the year by cementing our status as the #1 homegrown real estate player in Cebu while emerging as one of the leading local players throughout the VisMin region. Nevertheless, the local real estate mastery we espouse is one that always seeks the true satisfaction of our homeowners and investors. We remain to be focused on becoming a better homebuilder, a responsible community-builder and a developer that is truly with you every step of the way. This is what will continue to drive us forward.

Over the past year, my team and I have been actively venturing into new markets. Ever since CLI was established in 2003, our projects have always proven to appreciate very well behind the strength of an excellent location. This can be attributed to the homegrown familiarity and edge. Thus, as we have utilized our IPO proceeds with several new acquisitions across VisMin, we have also fully immersed ourselves in these new locations, so that we can tailor-fit our projects to the unique advantages of each location. The recurring theme and common outlook in this region is that it continues to be bustling with opportunity. As the homegrown player in the region, we would like to be in the position to serve our fellow VisMin market best.

Moving forward, we are also aiming higher. Our portfolio has grown to include more mixed-use developments and also estate developments. Our mixed-use projects include the soon-to-be completed Base Line Center in the heart of Cebu, 38 Park Avenue in Cebu IT Park, Astra Centre in Mandaue, The Paragon in Davao City, and MesaVirre in Bacolod City. These mixed-use projects bring the best of CLI's portfolio in one site – residential, commercial and hospitality offerings that together create greater long-term value and sustainability. Most recently, CLI has also forged an important partnership to embark on its premier estate

development in Matina, Davao City – a 22-hectare central business district that will begin development in 2018. It is our mission to bring a more homegrown approach to mixed-use and estate development, such that these connect very well to the public and contribute strongly to the economic and social goals of each city.

Where CLI develops, CLI always endeavors to improve the surrounding areas and communities. As we will continue to grow, we will also grow in our capacity to be of better service to the community. One of the greatest needs remains to be housing, as this remains to be very underserved especially in VisMin. The need for more affordable, high quality housing options remains lacking and the backlog continues to grow. It will always be our priority to provide for the housing needs of the Filipino family. It will be our value-add proposition to develop housing communities that are well-managed even many years after they are completed.

On behalf of the Cebu Landmasters team, it gives me great pride to confirm to our shareholders that your company is on the rise. As we are on the rise, we are very much connected to the values that brought us to where we are today. We remain to be the hands-on, family-oriented and homegrown player who is always inspired by the best interests and ultimate satisfaction of our customers, partners and investors.

Daghang salamat kaninyong tanan!

Yours sincerely,



**JOSE R. SOBERANO III**  
Chairman & CEO

“The local real estate mastery we espouse is one that always seeks the true satisfaction of our homeowners and investors.”



## THE CHIEF OPERATING OFFICER'S MESSAGE

Dear CLI Shareholders,

At the end of 2017, we are very proud to report that CLI's portfolio has grown to over 46 developments. These are spread across 7 key cities of VisMin, including Cebu, Mandaue, Davao, Cagayan de Oro, Bacolod, Iloilo and Dumaguete. Our goal remains to become the leading homegrown player in VisMin by 2020, and we are positioned very well to realize this. We are conscious that this leadership should not only be realized in numbers, but it should also be realized in the quality and consistency of our operations as we scale up and bring our industry-leading value for money products to more VisMin homeowners, investors, families, and communities.

Thus, CLI has taken a very hands-on and personalized approach in its expansion. Satellite offices are set-up strategically, ensuring the best complement of localized teams from Sales, Accounting, Documentation and Engineering. CLI is committed to replicating its core competencies in these new locations, and the Company recognizes that its new regional offices can effectively continue "building with you in mind" with strong oversight and close collaboration with its Cebu-based management team. The very first C among our core values remains to be our Customer-first attitude, and as a homegrown player from the region, we know that the best way to manifest this is by delivering our products as best we can, and as fast we can. CLI continues to champion its "fast project turnaround" approach, so it can deliver greater value to its growing clientele. As the homegrown player, we will always endeavor to deliver the best service.

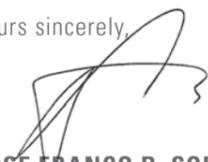
In 2018, CLI will launch a record number of 20 new projects. Our decision to diversify our portfolio many years ago is paying dividends today, as we are able to tailor-fit different products to the demand opportunities and supply gaps in each market. In 2018, we will be

launching over 12 residential projects encompassing the upscale, mid-market and economic segments. As part of thrust to grow our recurring income base, we are also developing 3 more offices, 2 more hotels, 1 industrial park and 1 central business district. This is not only a vote of confidence in the VisMin region, but this is also CLI's way of making the most of its local familiarity and mastery in a region that is clearly on the upswing. The VisMin's time is now, and CLI will do its best to be at the forefront of the action. There are many indicators and drivers that point towards VisMin's favor – booming trade and commerce, tourism growth, widespread infrastructure development, continued BPO expansion, and more. At the same time, the environment for real estate development remains highly conducive - with better land valuations, lower cost of living, abundant labor pool, and greater availability of development opportunities in both urban centers and fringe areas.

I would also like to take this opportunity to offer my praises to the hard-working men and women of Cebu Landmasters. They have embraced the opportunity to improve lives through real estate development, and they remain humble knowing that there is still more work to be done. It is no surprise the CLI has outperformed its 2017 targets, because we are both inspired by our customers and reinforced by the best real estate professionals in the region.

On behalf of Cebu Landmasters, thank you to our shareholders for continuing to journey with us.

Yours sincerely,



**JOSE FRANCO B. SOBERANO**

Executive Vice-President & Chief Operating Officer

“VisMin's time is now, and CLI will do its best to be at the forefront of the action.”



## THE CHIEF FINANCE OFFICER'S MESSAGE

Dear Valued Shareholders:

2017 has been another year of record-breaking success for CLI, with sales revenues reaching new highs, and financial performance remaining strong as ever. This outstanding achievement allowed CLI to hold its continuing title as the leading local real estate developer in the Visayas and Mindanao, both in the horizontal and vertical development categories.

The year 2017 saw sales revenues at P3.93-billion, coupled with operating profit and net income at P1.56-billion and P1.3-billion respectively. The record-breaking sales levels are attributable to timely implementation of projects and strong reservation sales during the prior periods. Effective strategies on strong broker network and support, coupled with fast project turnaround and construction have resulted to sustained outstanding profit margins. Gross profit margins remained at a high level of 52%, while net income margins continue at 33%. With sales from Baseline Premier in Cebu, MesaTierra Garden Residences in Davao, and new launches like the Mivesa Garden Residences Phase 3, Casa Mira South Phase 1 in Naga Cebu, and 38 Park Avenue in Cebu I.T. Park; reservation sales amounted to P4.58-billion, ensuring strong sales revenue recognition in the coming years.

The year 2017 also marked a great milestone for your company with the very successful Initial Public Offering last June 2, 2017; where CLI generated fresh equity capital amounting P2.15-billion. The 430

million in primary shares were fully subscribed, and the strong support during the IPO signifies the trust and confidence of the financial market in CLI, its management, and its strategies. Inspired and fueled by the market response to its IPO, CLI Management will utilize 58% of the IPO proceeds as of December 31, 2017. The amount of P1.3-billion has already been deployed for the key land acquisition and investments in joint ventures, a testament of the fast turnaround strategy of the Company.

Given the strong and continued growth in opportunities for the real estate industry, paired with our country's favorable investment climate, CLI looks to the coming years with confidence that it will continue to grow and surpass financial targets and expectations. As far as the real estate industry is concerned, CLI can only see a bright future ahead.



**STEPHEN A. TAN**  
CFO

“The strong support during the IPO signifies the trust and confidence of the financial market in Cebu Landmasters Inc., its management and strategies.”



OUR BUSINESS

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# THE JOURNEY TOWARDS EXCELLENCE

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Cebu Landmasters Inc. has developed 18 residential condominiums & subdivisions, 3 commercial developments, 2 hotels, with new projects to launch. The proliferation of these quality projects is a testament of CLI's real estate mastery in VisMin.

Park||Centrale  
CEBU LANDMASTERS

## RESIDENTIAL SUBDIVISIONS



COMPLETED

Status

370

Units

7

Hectares



### MIDORI PLAINS TUNGKOP MINGLANILLA, CEBU

Midori Plains nestles amid the green and serene vicinity of Tungkop, Minglanilla in Metro Cebu. This 7-hectare, Asian-inspired sanctuary fuses the quietude of zen living pampered by an uninhibited oasis of modern comforts at your behest.



### VELMIRO HEIGHTS TUNGHANAN, MINGLANILLA, CEBU

Velmiro Heights is a modern 8.8-hectare community set on a beautiful rolling terrain. Its house and lot units are designed to maximize the landscape's breathtaking views and cool climate.

COMPLETED

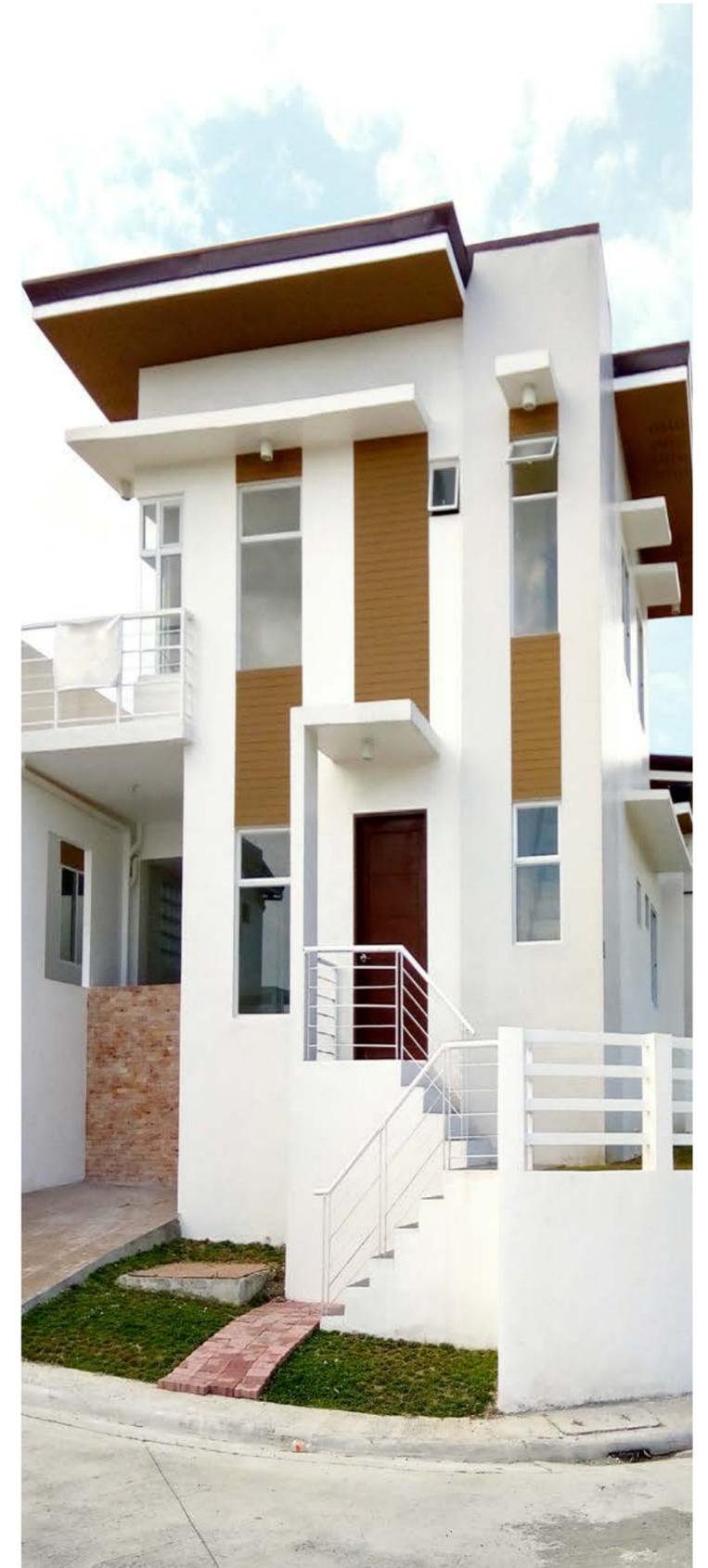
Status

348

Units

8.8

Hectares





**CASA MIRA LINAO**  
TALISAY CITY, CEBU

Overlooking the busy buzz of progress in the city, Casa Mira Linao offers premium quality homes that satisfy all your desires and expectations.

#1  
Best-Selling  
Casa Mira Brand

**ONGOING  
TURNOVER**  
Status

725  
Units

7.8  
Hectares



**CASA MIRA SOUTH**  
MINGLANILLA, CEBU

A beautifully designed economic community that sits on a rolling terrain. It generously offers three amenity areas for the community to enjoy. At Casa Mira South, there's always more for the Filipino family.

**ONGOING**  
Status (Phase 1)

1009  
Units

32  
Hectares



## RESIDENTIAL CONDOMINIUMS



### CASA MIRA TOWERS LABANGON, CEBU

With its close proximity to school, work, shopping centers, and other necessities, Casa Mira Towers Labangon provides convenient and affordable city living for starting families and single professionals alike.

ONGOING  
Status

272  
Units (Tower 1)

414  
Units (Tower 2)



### BASE LINE PREMIER JUANA OSMEÑA ST., CEBU CITY

Base Line Premier, the residential tower of the new Base Line Center, is a contemporary 27-floor structure with a commercial complex at its foot. It's designed to nurture an exclusive lifestyle while playing up the comfort of city living. Here, with everything already near, you have time for what really matters.

ONGOING  
Status

27  
Storeys

379  
Units





**MIVESA GARDEN RESIDENCES**  
LAHUG, CEBU CITY

Mivesa Garden Residences is a master-planned community located at the middle of Veterans & Salinas Drive, Cebu City. Its lush and vibrant complex provides a fusion of urban and green living for all its residents.

**COMPLETE** 1514  
Status of Building 1-3 Units

**ONGOING** 1.8  
Status of Buildings 4-7 Hectares



**MESAVERTE RESIDENCES**  
OSMEÑA EXT., CDO

A blooming garden community located at the heart of downtown Cagayan de Oro, MesaVerte Residences creates a refreshing balance between organic living and an active urban lifestyle.

**ONGOING**  
Status

798  
Units

1  
Hectare





## MESATIERRA GARDEN RESIDENCES

E. JACINTO EXT., DAVAO CITY

MesaTierra Garden Residences creates a living experience of leisure and relaxation in its lush green environment. It is your personal paradise at the heart of bustling Davao City.

### ONGOING

Status

694

Units

5094

Square Meters



## 38 PARK AVENUE

IT PARK, CEBU CITY

Standing high at a district that never sleeps, 38 Park Avenue is a New York-inspired masterpiece with 745 premium residential units and green open spaces strategically located at the bustling Cebu IT Park.

### ONGOING

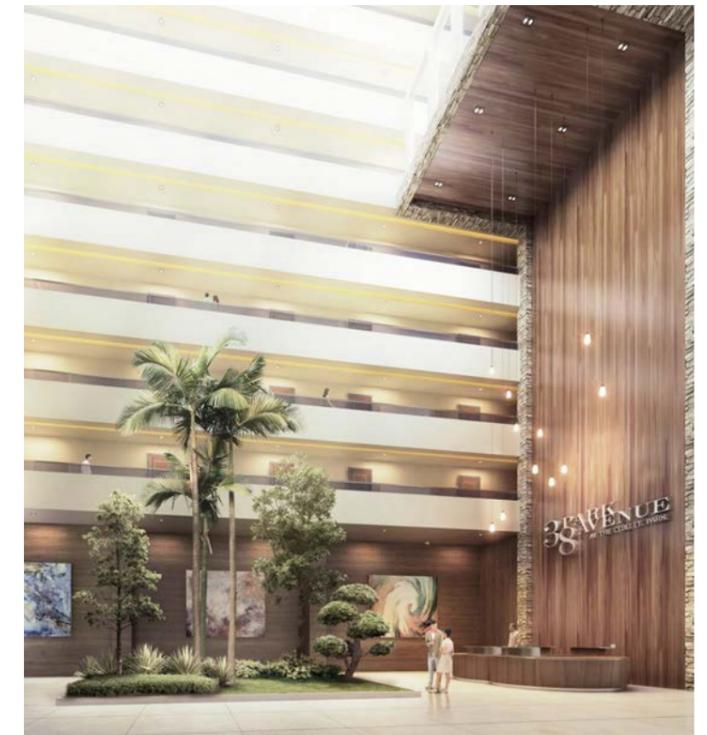
Status

745

Units

1.18

Hectares



# HOTELS



## CITADINES CEBU CITY JUANA OSMEÑA, CEBU CITY

Set to rise in the former site of Base Line is an international serviced residence, Citadines Cebu City. The property will be managed by The Ascott Limited, the world's largest international serviced residence owner-operator. The 180-unit development will feature apartments with contemporary interior design that depicts the vibrant Citadines brand.



180  
Units

ONGOING  
Status

6454  
Square Meters

## PROJECT ANNOUNCEMENT

Status

153  
Units

6  
Storeys

3,870  
Square Meters



## LYF HOTEL JUANA OSMEÑA, CEBU CITY

lyf Cebu City is the third serviced residence to be added to Cebu Landmasters' hospitality portfolio in partnership with The Ascott Limited. It is a 153-room serviced residence targeting the booming local and foreign millennial market in Cebu City.



# COMMERCIAL

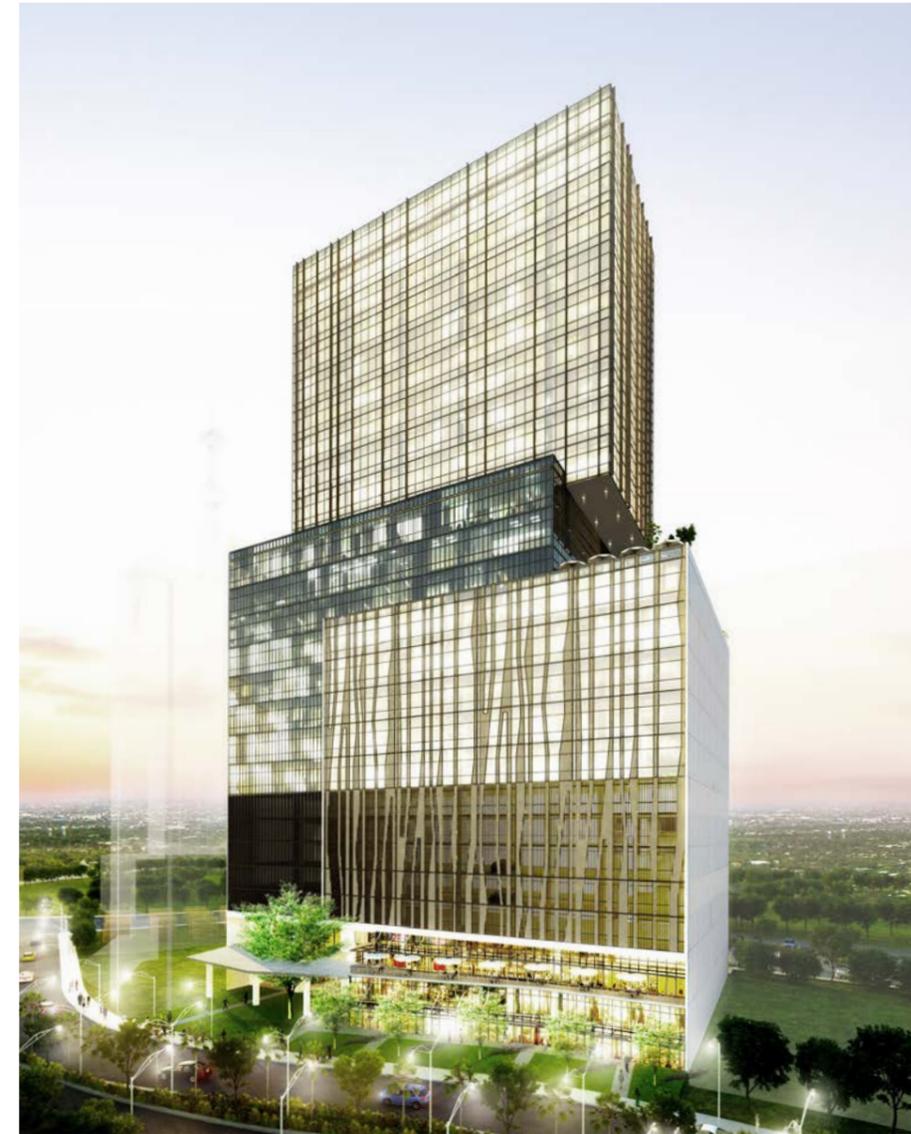


19  
Storeys  
11,920  
Square Meters



## PARK CENTRALE BUILDING IT PARK, CEBU CITY

Located at the heart of Cebu's commercial district and designed with long-term business growth in mind, Park Centrale is built to house the forefront of Cebu's booming business scene.



ONGOING  
Status  
54  
Units  
23,477  
Square Meters



## LATITUDE CORPORATE CENTER CEBU BUSINESS PARK, CEBU CITY

Latitude Corporate Center stands 24 storeys high at the heart of Cebu's business district. Its modern, sleek, and eco-friendly architecture is developed with sustainability in mind. Because of its state-of-the-art and forward-thinking design, this structure is envisioned to be the 1st BERDE Certified Building in Cebu Business Park.



**BASE LINE HQ**  
JUANA OSMEÑA, CEBU CITY

Set at the first tower's 3rd to 8th floor, Base Line HQ is a 6-storey office condo that caters to the needs of small, medium, and large scale enterprises.



**ONGOING**  
Status  
52  
Units  
4731.78  
Total GFA

**UPCOMING PROJECTS**



**ASTRA CENTRE**  
A.S. FORTUNA ST.,  
MANDAUE CITY

Situated in a vibrant area where work and leisure intertwines, Astra Centre brings upscale city living to a whole new level. This mixed-use development carries the high-end designs of our prominent residential towers, lifestyle malls, world-class hotels, and modern office spaces.

**MIXED-USE**  
Type of Development

478  
Units

1  
Hectare





**BASE LINE PRESTIGE**  
 JUANA OSMEÑA ST., CEBU CITY

Completing the evolution and excitement of the Baseline Center is the Baseline Prestige. A wing of spacious new residential units, amenity & retail podium and with an internationally-managed hip hotel.

**RESIDENTIAL  
 CONDOMINIUM**

Type of Development

351  
 Units

31  
 Hectares



**RADISSON RED**  
 A.S. FORTUNA ST.,  
 MANDAUE CITY

Radisson Red, a world-renowned international hotel chain, boasts its sleek, modern architecture and world-class amenities to provide a unique experience when staying at Cebu's lifestyle avenue.

**HOTEL**

Type of Development

7  
 Storeys

4,976  
 Square Meters





**CASA MIRA TOWERS  
GUADALUPE**  
GUADALUPE, CEBU CITY

Located in Guadalupe, this beautifully designed 2-tower residential condominium offers the best of both worlds when it comes to affordability and upscale city living.

**RESIDENTIAL  
CONDOMINIUM**

Type of Development

**5,358**  
Square Meters

**2**  
Towers

**544**  
Units (Tower 1)



**CASA MIRA COAST**  
SIBULAN,  
NEGROS ORIENTAL

Located by the coast of Sibulan, Negros Oriental, Casa Mira Coast is a 5.3-hectare property consisting of 543 townhouse units. This development is equipped with various lifestyle amenities to provide recreation and leisure to affordable living.

**RESIDENTIAL  
SUBDIVISION**

Type of Development

**543**  
Units

**5.3**  
Hectares





**MESAVIRRE GARDEN RESIDENCES**  
LACSON ST., BACOLOD CITY

MesaVirre Garden Residences is a refreshing addition to the Bacolod city skyline. Offering lush landscapes, outstanding garden-inspired amenities, and well-designed combinable residential units.

**RESIDENTIAL CONDOMINIUM**

Type of Development

736

Units  
(Buildings A&B)

1

Hectare



**VELMIRO UPTOWN CDO**  
UPPER CANITOAN, CDO

Velmiro Uptown CDO brings a beautiful modern community to the City of Golden Friendship. Staying true to its name, which translates to "beautiful views", its house and lots are designed to maximize space, natural light, good air circulation, and breathtaking sceneries.

**RESIDENTIAL SUBDIVISION**

Type of Development

396

Units

14.3

Hectares





**DAVAO MATINA  
BUSINESS PARK**  
GEN MACARTHUR HIGHWAY,  
DAVAO CITY

This 19-hectare business center is set to be Mindanao's premier business district over the medium term. Located in the southern part of Metro Davao, it is envisioned to be the city's first large-scale urban district community equipped with spaces for office, residential, retail, and institutional use.

**CENTRAL  
BUSINESS  
DISTRICT**

Type of Development

**19**  
Hectares



**THE PARAGON  
DAVAO**  
GEN MACARTHUR HIGHWAY,  
DAVAO CITY

The Paragon Davao is an emerging lifestyle destination. Because of its close proximity to prime establishments, this development offers city living at its finest; with residential towers, internationally-renowned hotels, sophisticated convention facilities, and commendable retail centers.

**MIXED-USED**

Type of Development

**554**  
Residential Units (Tower 1)

**19,084**  
Square Meters



**CITADINES  
PARAGON DAVAO**  
GEN MACARTHUR HIGHWAY,  
DAVAO CITY

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Citadines Paragon Davao is an international serviced residence with spacious apartments and personalized services through an Ascott Host.

This 263-unit serviced residence is CLI's second partnership project with Ascott Limited carrying the Citadines brand.

## HOTEL

Type of Development

263

Units

13,811

Total GFA

19

Storeys

“We have always endeavored to build with our customers in mind. As we have grown, we have not lost sight of this homegrown and hands-on approach, but rather we have built it better and stronger, and that’s what will differentiate Cebu Landmasters.”

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JOSE SOBERANO III

FEATURES

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# A COMMITMENT EVERY STEP OF THE WAY

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The previous year was a testament to CLI's growing foothold in Visayas and Mindanao, indicated by their public listing in the Philippine Stock Exchange. From changes in their internal structure to their overall effect in real estate, learn about how CLI commits to a unique, personal approach that makes them the preferred developer of many.



# THE CLI IPO JOURNEY



## 2015

During CLI's annual strategic planning session, the idea of going public was first considered. With its growing portfolio accompanied by both financial and marketing success, the Company felt that it has the potential to be one of the few listed companies from the VisMin region. At around this time, CLI also expanded outside Cebu with its first project in CDO. With a goal of becoming the preferred homegrown real estate company in VisMin by 2020, doing an IPO would further equip the Company to effectively roll out its expansion plans.

"Project Josemaria" was then conceived, named after the Patron Saint of the Soberano family, and the name of the very first CLI project. This is the working group that facilitated the necessary requirements for IPO. From the kick-off until the end of 2016, CLI worked with the IPO in handling several due diligence and regulatory requirements including initial preparations for the Company's IPO prospectus.

## 2016

Preparations for IPO started with a formal kick off in July 2016. BDO Capital and BPI Capital were engaged as co-lead underwriters, while ACCRA and Sycip Law formed part of the legal team. CLI's independent auditor, Punongbayan and Araullo, was also onboard.

## 2017

APRIL 4-12

- › One-on-one presentations
- › CLI presented the Company credentials and investment rationale through one-on-one presentations to institutional investors who visited the CLI headquarters. Site tours were also conducted in various locations.



“With a goal of becoming the preferred homegrown real estate company in VisMin by 2020, doing an IPO would further equip the Company to effectively roll out its expansion plans.”



**APRIL 21**

- › Investors Briefings started:
  - Manila – Manila Peninsula
  - Cebu – Marco Polo Plaza Cebu
- › CLI investor’s presentation was shown to a larger group of institutional investors in Manila and in Cebu.

**APRIL 21**

- › Approval from SEC
- › CLI received the approval from SEC for the initial public offering.

**APRIL 26**

- › Permit to sell was secured from SEC
- › CLI was issued the permit to sell by SEC, allowing the Company to sell its equity securities.

**MAY 10**

- › Approval from PSE
- › All listing requirements were accepted and approved and CLI got the authorization from PSE to proceed with the initial public offering.

**MAY 12**

- › Determination of the share price
- › Price of the initial public offering of CLI shares was assessed and agreed. It was pegged at P5.00 per share.

**MAY 17 – 19**

- › Roadshows:
  - Manila, Makati Shangri-la
  - Cebu, Cebu City Marriott Hotel
  - Davao, Marco Polo Davao
- › A series of roadshows were conducted in Cebu, Davao, and Manila to discuss and show to the public the investor’s presentation of CLI.

**MAY 19 – 26**

- › Offer Period
- › Local Small Investors (LSI) booth set-ups
- › Official selling of CLI shares began.

**JUNE 2**

- › Bell ringing / Listing date
- › CLI is officially listed in the Philippine stock market with a bell ringing ceremony at the Philippine Stock Exchange.

## CLI LAUNCHES CLIPM, ITS SUBSIDIARY PROPERTY MANAGEMENT ARM



Since 2003, CLI has been hands-on in managing and organizing homeowners associations for each of their subdivisions. For their condominiums, CLI worked alongside third-party providers like COLLIERS and CBRE. But in the 2nd half of 2017, CLI began to directly manage its condominiums to ensure their commitment to build with its customers in every step of the way.

Cebu Landmasters deepens its hands-on promise by finally establishing its property management arm, Cebu Landmasters Property Management Inc. (CLIPM), a fully-owned subsidiary that focuses on the general upkeep and maintenance of all CLI properties. This will provide property management service to all of their products, whether economic, mid-market, or high-end.

CLIPM hired close to 50 personnel by the end of 2017 to cover management of subdivisions, residential condominiums, and commercial centers of Cebu Landmasters Incorporated.

Through CLIPM, all property management functions will be overseen directly by CLI to ensure the quality of their operations.

With a dedicated property management arm, CLI will set high standards for the security, maintenance/upkeep, financial health, and strive to foster a harmonious community among members. This all leads to the protection and growth of property values.

In some cases, developers fully turnover the property to the respective Home Owners Association (HOA) or condo corporation. It will be up to these HOA's or condo corps to run or hire 3rd party management groups. CLI has chosen to remain partnered with HOAs and condo corporations to ensure long-term property management service for its homeowners.

Quality and experience of personnel is a competency of CLIPM. There's also direct involvement of CLI executives in HOA and Condo Corp directorship. CLI owners sit on most HOAs or Boards as directors. They work alongside homeowners in various boards.

Being a subsidiary of CLI, it has the technical, administrative & financial support of its mother company fostering its hands-on culture.

“We formed CLIPM to strengthen our commitment and fulfill our promise to nurture our CLI communities even after the turnover of the units. Since 2003, CLI has served as property managers to all its horizontal projects. Now, all our vertical projects will be managed by CLI as well. This is a value-add service that we will work very hard to deliver, and this is the very embodiment of CLI delivering hands-on service to our buyers.”

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JOSE FRANCO B. SOBERANO

## CLI EXPANDS HOTEL PORTFOLIO IN VISMIN



With the flourishing tourism industry in VisMin/Cebu, CLI expands hotel projects to three – two in Cebu and one in Davao.

### CITADINES CEBU CITY AND CITADINES RIVERSIDE DAVAO

Citadines Cebu City by The Ascott Limited, a 180-room serviced apartment/condotel with typical size of 30-50 square meters, is CLI's first hotel project. It is in tower 1 of the Base Line Center. The second hotel project is the newly launched Citadines Riverside Davao by The Ascott Limited with 250 rooms with typical size of 25 to 45 square meters.

Citadines caters to young professionals with its vibrant contemporary vibe. It offers short and long-stay guests with spacious apartments and personalized services through an Ascott Host – the personal concierge of guests staying in the property where they can coordinate their needs even prior to their stay in the property. Aside from this, the usual housekeeping, heightened security and amenities are also provided.

It is a stylish hotel for business and leisure travelers who look for top-notch service with all the comforts of home plus amenities to sustain the best ratio of work-life balance.

### LYF CEBU CITY

lyf Cebu City by The Ascott Limited is in Base Line Prestige, the third tower of Base Line Center, CLI's mixed-use property located at the heart of Cebu City.

Launched in November 2016, lyf Cebu City is the third and newest hotel of CLI in partnership with The Ascott Limited and is catered to the growing number of millennial travelers visiting Cebu.

CLI and The Ascott Limited entered into a Service Management Agreement for lyf Cebu City on Wednesday, December 6, right before the topping off ceremony of Towers 1 and 2 of the mixed-use property.

It promotes a new way of living and collaborating as a community, connecting guests with fellow travelers and change-makers.

“The Ascott Limited partners with Cebu Landmasters for its credibility. They have a deep understanding and knowledge of the real estate industry and have a strong foothold in the Visayas and Mindanao markets. Partnering with CLI strengthens our brand.”

ARTHUR G. GINDAP  
THE ASCOTT LIMITED REGIONAL GENERAL MANAGER (PHILIPPINES AND THAILAND)

lyf Cebu City will be Ascott's first lyf hotel in the Philippines and will be the first of its kind in Cebu City. It will feature hip and social serviced apartments designed for and managed by millennials who wish to experience Cebu as locals do.

Other lyf hotels that will open in 2018 are located in Singapore and China.

Each lyf property has its own unique personality with fun and quirky design elements.

lyf Cebu City will offer 180 units with a range of apartment layouts from “Big Bed” rooms (studios) to “Two of a Kind” rooms (twin rooms) – two private rooms with a shared kitchen.

They will all have communal spaces and co-working areas that can be easily transformed into zones for workshops or social gatherings. Project groups can opt for the “All Together” unit (business suites) which have smart display screens for video conferencing and discussions while a large table doubles up as a collaborative working zone and dining area.

Residents can also hang out at the common laundromat and play a round of foosball while waiting for their laundry to be done.

The social kitchen is where guests can prepare home-cooked meals, take cooking classes, and socialize while learning more about global cuisines from other residents.

“Cebu Landmasters is committed to bring the latest to our VisMin markets, especially to the influential and flourishing millennial generation, and to the other markets where hospitality continues to be in demand,” said CLI Chairman and CEO Jose R. Soberano III.

CLI's growing hotel portfolio is part of the Company's strategic response to the growing hospitality market in VisMin. More hotel projects will be introduced in 2018.

## THE BIG THREE CLI RESIDENTIAL SEGMENTS



### PREMIER MASTERS

CLI's masterpieces are situated in prime urban locations, providing premium lifestyle and world-class living.

Developments under Premier Masters are carefully planned from their prime locations to their high-end amenities. It's the perfect home for those who want to enjoy the finer things in life.



### GARDEN SERIES

CLI's best-selling series promises green open spaces, great views, and well-designed residences. It's the dream home for those who wish to live in an environment filled with fresh air and lush greeneries.

Living in a Garden Series unit is like living in a green oasis amidst the bustling urban jungle.



### CASA MIRA

CLI's sought-after affordable housing community caters to the common aspiration of every Filipino family. It forwards its mission in giving "More for the Filipino Family" by providing them more space, more amenities, and more value for money.

This series offers generous amenities with the best price, making this the perfect home for families who dream of living in a community with beautiful views and a life that gives them more.

## CLI COMPANY MILESTONES

### CLI LISTED IN PSE

Cebu Landmasters Inc. (CLI) took the spotlight at the Philippine Stock Exchange (PSE) in Makati City on June 2 as they became the first homegrown, Cebu-based real estate developer to ring the bell, marking its listing on the trading bourse.



### ENTREPRENEUR OF THE YEAR BY CEBU CHAMBER OF COMMERCE AND INDUSTRY

The Cebu Chamber of Commerce and Industry (CCCI) has named Jose R. Soberano III, chairman and chief executive officer of Cebu Landmasters Inc. (CLI), as 2017 Entrepreneur of the Year. He was awarded last June 30, 2017.



## INDUSTRY ENTREPRENEUR OF THE YEAR BY ERNST & YOUNG

Cebu Landmasters, Inc. (CLI) chief executive officer Jose Soberano III was awarded as “Industry Entrepreneur of the Year” by Ernst & Young last October 18 in an awards banquet at the Makati Shangri-La Hotel. Soberano is one of the 19 outstanding finalists representing enterprises from different industries nationwide chosen by Entrepreneur of the Year (EOY) Philippines in its search for the country’s most inspiring entrepreneurs. “Industry Entrepreneur of the Year” is one of the four awards given by EOY Philippines.



## CLI PROPERTY MANAGEMENT (CLIPM)

Cebu Landmasters deepens its hands-on promise by launching its property management arm. It created a separate subsidiary, Cebu Landmasters Property Management Inc. (CLIPM) that focuses on the general upkeep and maintenance of all CLI properties.



## TOP CONDOMINIUM DEVELOPER FOR VISAYAS BY LAMUDI

Cebu Landmasters Inc. bagged the award for Best Condo Developer–Visayas during The Outlook by Lamudi, held last November 29 at the Marquis Events Place in Bonifacio Global City.

## 4.58B RESERVATION SALES FOR 2017

Cebu Landmasters Inc. ended 2017 with a record of P 4.58B reservation sales, exceeding target by 13.75% and beating the 2016 results by 55.6%.



## 8 PROJECT LAUNCHES ACROSS VISMIN

CLI Project Milestones (1) 38 Park Avenue Launch, (2) MesaTierra Garden Residences Launch, (3) Casa Mira South Launch, (4) Citadines Davao Riverside Service Agreement Signing, (5) Iyf Hotel Service Agreement Signing Ceremony, (6) Mivesa Garden Residences Phase 3 Groundbreaking Ceremony, (7) Casa Mira Towers Labangon Top Off, (8) Davao Matina Business Park Joint Venture Signing Ceremony.



### CLI SUPPORTS GOVERNMENT HOUSING PROGRAM

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CLI believes that decent housing contributes greatly in preserving human dignity. The Company joins the government, the business sector, and civil society in implementing the provisions of R.A. No.7279, which is an act to uplift conditions of underprivileged and homeless citizens in urban and resettlement areas through affordable decent housing.

In partnership with Habitat for Humanity Philippines, the Company is building economic housing units to more than 500 families in Mindoro and Bohol. Part of the long-term strategic plan of CLI is to develop and undertake economic housing projects in Bogo City and other key cities and municipalities in Cebu.

This plan will successfully build a total estimate of 1,165 housing units by the end of 2020. CLI CEO Jose Soberano III is a member of the Capital Campaign Cabinet for Cebu of Habitat for Humanity.



### CLI-ACADEME LINKAGE PROVIDES STUDENTS INDUSTRY WORK EXPERIENCE

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To help support Cebu university students in their academic requirements, Cebu Landmasters, Inc. is accepting college and high school students for on-the-job training (OJT). The Company forged OJT Memorandum of Agreements (MOA) with University of San Carlos, University of San Jose Recoletos, Cebu Institute of Technology University, University of Cebu, and Cebu Technological University.

CLI's OJT Program became a good source of suitable candidates for the Company's manpower requirements; absorbing a number of trainees that performed well during the program.



## PARTNERING WITH NGO AND LGUS IN ENVIRONMENT PROTECTION

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Cebu Landmasters, Inc. partnered with Philippine Business for Social Progress (PBSP) for a reforestation program in the Central Cebu Protected Landscape. The reforestation program planted more than 50,000 seedlings in a period of five years since 2012.

Starting in 2017, the Company has expanded its network of cooperation by working with barangay volunteers and officials in localities where CLI operates its subdivision projects — Casa Mira Linao in Minglanilla, and Velmiro Heights in Talisay.



## CLI UNDERTAKES BARANGAY ROAD CONSTRUCTION AND IMPROVEMENT

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As a good corporate citizen, CLI has been helping barangays improve their communities and road infrastructures. In 2017, the Company constructed an 85m barangay road that passes Casa Mira Coast in Sibulan, Negros Oriental.

CLI also built a terminal area for tricycle and pedicab drivers near Casa Mira Towers in Barangay Guadalupe, Cebu City.



## REACHING OUT TO THE NEXT GENERATIONS

CLI envisions a happy and fulfilling future for our Filipino youth. In order to push this dream into fruition, CLI partnered with Children's Hour Philippines Foundation, a non-profit organization that implements welfare and development projects for disadvantaged Filipino children nationwide. CLI supported classroom constructions and annual benefits, with CLI CEO Jose Soberano III serving as the chairman for the Visayas Steering Committee of Children's Hour.

“CLI believes that decent housing contributes greatly in preserving human dignity. The Company joins the government, the business sector, and civil society in implementing the provisions of R.A. No.7279, which is an act to uplift conditions of underprivileged and homeless citizens in urban and resettlement areas through affordable decent housing.”

# THE BOARD OF DIRECTORS



1 JOSE R. SOBERANO III  
Chairman & CEO

2 MA. ROSARIO B. SOBERANO  
Executive Vice-President

3 JOSE FRANCO B. SOBERANO  
Senior Vice-President & Chief Operating Officer

4 JOANNA MARIE SOBERANO-  
BERGUNDTHAL  
Vice-President & Marketing Director

5 RUFINO LUIS T. MANOTOK  
Independent Director

6 MA. AURORA GEOTINA-GARCIA  
Independent Director

7 JESUS N. ALCORDO  
Independent Director

8 RETIRED RTC JUDGE JOSE P.  
SOBERANO, JR  
Corporate Secretary

9 JANELLA MAE B. SOBERANO  
Director

# THE EXECUTIVES

- 1 STEPHEN A. TAN  
Chief Finance Officer
- 2 PEDRITO CAPISTRANO, JR.  
Vice-President – Engineering
- 3 MACARIO BALALI  
Assistant Vice-President – Human Resources
- 4 MARIE ROSE YULO  
Vice-President – Sales and Customer Care
- 5 CONNIE GUIEB  
Vice President – Finance
- 6 SYLVAN JOHN MONZON  
Assistant Vice-President – Business Development
- 7 ATTY. LARRI-NIL VELOSO  
Vice-President – Legal and Permits



# CLI ORGANIZES COMMITTEES FOR CORPORATE GOVERNANCE

Cebu Landmasters' corporate governance is grounded on the core principles of fairness, accountability, and transparency. In 2017, CLI's Board adopted a Manual of Corporate Governance, not only for compliance to the listing requirements of SEC and PSE, but also for keeping the desire of the Soberano family to institutionalize their values as guideposts for the next generation who will lead and manage the Company after their time is up.

Last August 20, 2017, the Board of Directors formed the first five committees to draw up and drive the adoption of best practices across the organization. These are in the areas of audit, risk management, related-party transactions, compensation, and appointment of directors and key officers. When the Board met again last November 6, 2017, The number of committees was eventually pared down to three, namely Audit & Risk Oversight, Related-party Transactions, and Corporate Governance. Eventually, the separate committees for nomination and compensation were subsumed under Corporate Governance. The Board also decided that all committees shall be composed exclusively of independent directors to preserve and strengthen its autonomy and integrity.

For the 2017-2018 term, the composition of the three committees and its corresponding mandate and key functions are as follows:

## AUDIT & RISK OVERSIGHT COMMITTEE

The Audit & Risk Oversight committee is run by Chairperson Ma. Aurora D. Geotina-Garcia with her team members, Rufino Luis T. Manotok and Jesus N. Alcorido.

This committee assists the Board in fulfilling its responsibilities appertaining to financial reporting, internal control, internal and external audit, and compliance of laws, regulations, code of conduct, and risk management.

They are expected to review and endorse approval of interim and annual audited financial statements, oversee internal audit department, recommend appointment or retention of external auditor, oversee creation and implementation of enterprise risk management plan, and authorize or initiate investigations on matters within its scope of responsibility.

## CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance committee is headed by Chairperson Jesus N. Alcorido with his team members, Ma. Aurora D. Geotina-Garcia and Rufino Luis T. Manotok.

They will assist the Board in the adoption and observance of corporate governance principles and practices.

They are expected to craft and oversee the implementation of corporate governance framework, recommend continuing education and training programs for directors, draw up a succession plan, determine the nomination and election process for directors, and define the general profile of board members that the Company may need. They will also establish a policy for determining the remuneration of directors, key executives, and officers, and review the human resources development and personnel handbook to strengthen provisions on conflict of interest, whistleblowing, policies on salaries and benefits, promotion and career advancement.

## RELATED-PARTY TRANSACTIONS COMMITTEE

Headed by Chairperson Rufino Luis T. Manotok with team members Jesus N. Alcorido and Ma. Aurora D. Geotina-Garcia, the Related-party Transactions committee assists the Board in determining and ensuring that transactions are conducted at arms-length and on terms no less favorable than those available to unrelated third parties under similar circumstances.

They are expected to create and implement a system to identify, monitor, measure, control, and report related-party transactions, potential or actual conflicts of interest, evaluate existing relations between and among businesses and counterparties, and ensure appropriate disclosures are made, and/or information is provided to regulators and supervising authorities.

Since its formation, there have been two meetings of the Audit & Risk Oversight committee, the first on February 19, 2018 to formally approve its charter, the second exactly a month later to review and endorse board approval of the 2017 Audited Financial Statements. The Corporate Governance committee, meanwhile, met on February 27, 2018 to draw up the list of board directors who will stand for election at the next annual stockholders meeting in May. To date, there have been no instances of related-party transactions that have triggered a meeting of this committee.

FINANCIAL REVIEW

# THE PEOPLE BEHIND CEBU LANDMASTERS

It's all about people. The success of CLI is because of our workforce who we value as family. Our familial relationship and treatment towards people extends to our homeowners, buyers, partners and shareholders.



# 2017 PERFORMANCE REVIEW

## COMPANY MILESTONES

Robust growth marked the year 2017 for Cebu Landmasters, Inc (the “Company” or “CLI”) as the Company expanded into new markets and locations. The Company reported outstanding financial growth as its total revenues reached Php3.929 billion, a 66% year-on-year increase driven by strong performance across all business units. Its net income also significantly grew by 66%, to Php1.295 billion from last year’s profit of Php780 million. These results coincide with the latest market standing of CLI, where a recent report by C.B. Richard Ellis Philippines, Incorporated (CBRE) highlighted that CLI has the 2nd highest market share in the condominium market in Cebu (trailing a national developer), thus rendering it as the leading homegrown condominium developer in Cebu.

Across its portfolio of 46 developments, the Parent Company has over 20,000 housing, condominium and commercial units in various stages of development. Cebu Landmasters has diversified to cater to the various spectrums of the market, including economic, mid-cost and high-end segments to provide for the growing need of quality yet affordable homes for the Filipino families.

Aside from the robust growth, Cebu Landmasters has achieved several significant milestones in 2017. The Company became publicly listed in June 2 after issuing 430,000,000 primary shares at Php5 per share. The IPO proceeds was used for JV investments and pre-identified land purchases in key strategic areas of Davao, Cagayan de Oro, Iloilo, Bacolod and Dumaguete.

CLI in line with its regional expansion, entered into two new joint ventures to develop Riverside Davao, a

10-hectare township and Matina Davao Business park, a 22-hectare central business district. Aside from firming its foothold in Davao, the Company also launched in 2017 its first project in Dumaguete, Casa Mira Coast and Bacolod, MesaVirre Garden Residences.

To continue to strengthen its leadership in Cebu, CLI launched 38 Park Avenue, a collaboration with El Camino Developers Cebu, Inc. (El Camino). The 38-storey condominium will sit in a 1.17-hectare master planned mixed-use development that will also include BPO office spaces and a commercial retail center. The development is in Cebu I.T. Park where CLI has already developed two successful projects. The Company also partnered with two Cebuano developers, to develop Mivesa Garden Residences Towers 6 and 7 (Phase 3) on CLI’s 3,000-sq.m. parcel of land in Salinas, Lahug, Cebu City.

Another major development in 2017 is the launching of its largest subdivision project to date, Casa Mira South, a 30-hectare site that will deliver over 3,200 homes in the south of Cebu. The Casa Mira line of projects caters to the housing needs of families designed to be affordable yet offer unrivalled quality within its price range. Its communities provide facilities and amenities comparable with high-end subdivisions which makes the brand attractive to the market, consistently selling out in few months’ time.

The Company remains committed to its newly launched tagline “We build with you in mind” as the Group gears up for major project launches in the next years. This will push the Group to sustain its robust financial and operational growth, while maintaining its customer-first approach in delivering its projects in a timely and quality manner.

## 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:

	2017	2016
GROSS PROFIT MARGIN <sup>1</sup>	52%	52%
NET INCOME MARGIN <sup>2</sup>	33%	33%
EBITDA <sup>3</sup>	P 1.596 BILLION	P 944.7 MILLION
EBITDA MARGIN <sup>4</sup>	41%	40%
RETURN ON ASSETS <sup>5</sup>	11%	15%
RETURN ON AVERAGE EQUITY <sup>6</sup>	40%	58%
CURRENT RATIO <sup>7</sup>	2.67	2.24
DEBT TO EQUITY RATIO <sup>8</sup>	0.75	1.57
INTEREST COVERAGE RATIO <sup>9</sup>	15.94	13.23

1 Gross Profit Margin is gross profit as a percentage of revenues

2 Net Income Margin is net income as a percentage of revenues

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

4 EBITDA margin is EBITDA as a percentage of revenues

5 Return on Assets is net income as a percentage of assets

6 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.

7 Current Ratio is current assets divided by current liabilities

8 Debt to Equity Ratio is interest bearing debt over total equity

9 Interest Coverage ratio is EBITDA divided by interest paid

# REVIEW ON THE COMPANY'S RESULTS OF OPERATION

## FY 2016 VS FY 2017

Cebu Landmasters, Inc. posted a 66% increase in net income after tax in 2017 to Php1.295 billion from last year's Php780 million. This translates to Php1.01 earnings per share for the year using pre-IPO shares of 1,284,000 and Php0.86 earnings per share using weighted average number of shares. For analysis purposes, the Company believes computing EPS using the pre-IPO shares reflects the real measure of valuation as additional capital from IPO will be used to generate earnings in 2018.

## REVENUES

Cebu Landmasters, Inc. reported outstanding financial growth for the year ended December 31, 2017 as its total revenues reached Php3.929 billion, a 66% year-on-year growth driven by strong performance across all business units. The real estate segment of the Company which comprised a big portion of the revenue also increased by 67%, from Php2.322 billion in 2016 to Php3.869 billion in 2017. The said increase was primarily attributable to the robust sales performance and construction progress from newly constructed projects, Casa Mira Linao, Mivesa Residences building 5, Casa Mira Towers, MesaVerte Residences, Baseline Center where

Citadines, Baseline HQ and Baseline Premier is. The Company now uses the Percentage of Completion (POC) Method of revenue recognition to align with the industry practice and adapt in advance the Philippine Financial Reporting Standards (PFRS) 15 dictating that revenue from contracts be recognized in reference to the stages of development of the properties. With this change in method, the prior year's 2015 and 2016 were restated using POC in revenue recognition to reflect comparability in the financial statements.

The demand for real estate in selected growth areas increased reservation sales to Php4.58 billion, 55.7% higher than 2016's sales figure of Php2.94 billion. CLI attributed its exceptional performance primarily by the robust sales across various projects particularly from the Company's new launches: 38 Park Avenue in IT Park Cebu, MesaVerte in CDO, Casa Mira South in Naga, Cebu and Mivesa Garden Residences in Salinas Drive, Cebu. Currently these projects are nearing fully sold status after a few months after launching.

Furthermore, rental income increased by 17% Year on Year from Php46 million to Php39 million. The growth was attained due to higher occupancy rates and rental rate increases during the year.

The Company also started recognizing revenue from the projects it manages. These projects pertain to Joint Ventures (JV) where CLI is the project manager. Management fee charged is 2%-3% of the JV's sales collection and construction cost paid during the year. Currently, the Company has four Joint Venture projects under development, namely: MesaTierra in Davao, Latitude Corporate Center in Cebu Business Park, 38 Park Avenue in IT Park, Cebu, Mivesa Garden Residences Phase 3 in Salinas Drive, Cebu.

Part of the Management Fee are also revenues from the recently incorporated, Cebu Landmasters Property Management, Inc (CLPMI), the property management arm of Cebu Landmasters. CLPMI offers integrated property management services including building administration, subdivision maintenance, and special technical services. The subsidiary is currently managing five condominiums and six subdivision projects of CLI creating an extended relationship between Cebu Landmasters and its buyers even after turnover.

## COST AND EXPENSES

Cost of sales increased to Php1.886 billion – 68% more than last year's figures (Php1.124 million). The increase is primarily due to higher revenue of the Company in 2017.

Total operating expenses for the year amounted to Php 514 million, 53% more than the Php336 million incurred in 2016. The increase can be attributed to the higher manpower-related expenses in 2017 as the Company welcomed more employees to support its expansion into new growth areas in Visayas and Mindanao. The increase in commissions and incentives also contributed to the growth in operating expenses. This resulted from the higher sales and more launches of the Company. Despite the increase in operating expenses, CLI was able to improve on efficiency as OPEX ratio declined from 14% to 13% during the year.

Interest and other financing charges increased by 89% year on year, from Php16.57 million in to Php31.36 million as more debt was availed by the Company to support its project development.

REVENUE

2017	2016	INCREASE
<b>3.929</b> <sub>BN</sub>	<b>2.361</b> <sub>BN</sub>	↑ <b>66%</b>

COST OF SALES

2017	2016	INCREASE
<b>1.886</b> <sub>BN</sub>	<b>1.125</b> <sub>MIL</sub>	↑ <b>68%</b>

TOTAL OPERATING EXPENSES

2017	2016	INCREASE
<b>514</b> <sub>MIL</sub>	<b>336</b> <sub>MIL</sub>	↑ <b>53%</b>

INTEREST AND OTHER FINANCING CHARGES

2017	2016	INCREASE
<b>31.36</b> <sub>MIL</sub>	<b>16.57</b> <sub>MIL</sub>	↑ <b>89%</b>

NET INCOME AFTER TAX

2017	2016	INCREASE
<b>1.295</b> <sub>BN</sub>	<b>0.780</b> <sub>BN</sub>	↑ <b>66%</b>

REVIEW ON THE COMPANY'S FINANCIAL CONDITION

AS OF DECEMBER 31, 2017, VS DECEMBER 31, 2016

Cebu Landmaster's balance sheet is geared to support the expansion plan of the Company as it ventures to bring its expertise outside Cebu and into strategic areas in the Visayas Mindanao Region. As of December 2017, the Company reported Php11.515 billion in assets—a notable

growth from the Php5.085 billion in assets by the end of 2016. The growth in assets is driven by the proceeds from the recent Initial Public Offering of the Company and increased volume in collections from customers due to its outstanding sales performance.

ASSETS

- ↑ **1232%** Increase in Cash and Cash equivalents  
Primarily from the proceeds of the recent Initial Public Offering of the Company.
- ↑ **116%** Increase in Trade and other receivables (including non-current portion)  
Primarily caused by CLI's robust sales performance
- ↑ **101%** Increase in Real estate inventory  
Primarily due to new project launches and construction progress of existing developments
- ↑ **254%** Increase in Deposit on land for future development  
Due to land acquisitions to increase company's landbank
- ↑ **58%** Increase in Prepayments and other current assets  
Largely due to the input VAT related to the material purchases of the Company for the construction of its's projects.
- ↑ **115%** Increase in Investment in associates and joint ventures  
Mainly due to the investments made to new Joint Ventures the Company and its partners created for project development during the year.
- ↑ **40%** Increase in Other Non-current assets  
Due to the purchase of the new accounting software (SAP).

## LIABILITIES

↑ 232%

Increase in Trade and other payables  
This is a result of regular credit and payment transactions arising from the increased volume of projects currently in the construction stage.

↓ 29%

Decrease in Customer's deposit  
As certain accounts qualify as revenue, the related Customer Deposit balances were reclassified to Accounts Receivable.

↑ 54%

Increase in Interest bearing loans (including non-current portion) Due to the loan availments made by the Company to fund the construction of its projects. Increase in loans correspond the increase in projects constructed this year.

↑ 197%

Increase in reserve for property development  
This is due to accruals from the growing construction cost of projects in development.

## EQUITY

↑ 33%

Increase in Share Capital  
Mainly from the new common shares issued by the Company during its initial public offering.

↑ 100%

Increase in Share Premium  
Caused by the excess proceeds from the issuance of common shares

↑ 539%

Increase in Retained Earnings  
Due to the accumulation of earnings for the year.



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## Report of Independent Auditors

The Board of Directors and Stockholders  
Cebu Landmasters, Inc. and Subsidiaries  
(A Subsidiary of A B Soberano Holdings Corp.)  
10th Floor Park Centrale Tower  
Jose Ma. Del Mar St., E2 L3  
Cebu LT. Park, Brgy., Apas

### Opinion

We have audited the financial statements of Cebu Landmasters, Inc. (the Parent Company) and subsidiaries (collectively referred to herein as the Group), which comprise their consolidated statements of financial position as at December 31, 2017 and 2016, and their consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended; the Parent Company statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2015; and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended, and the financial performance of the Parent Company and its cash flows for the year ended December 31, 2015 in accordance with Philippine Financial Reporting Standards (PFRS).

### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We draw attention to Note 2 to the financial statements which discusses that the Group started preparing consolidated financial statements in 2018 because of the incorporation of a wholly owned subsidiary in the same year. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Revenue Recognition for Real Estate Sales

##### Description of the Matter

##### • Change in Revenue Recognition Policy

In 2017, the Group changed its revenue recognition policy for its real estate sales for pre-completed properties from the full accrual method to the percentage-of-completion method and applied it retrospectively. Accordingly, the Group restated its consolidated financial statements for the year ended December 31, 2018 and the Parent Company's financial statements for the year ended December 31, 2015 to reflect the effect of the change in its revenue recognition policy. The restatement resulted in material adjustments to certain accounts in the financial statements, hence, we consider this matter as significant in our audit.

The change in the Group's revenue recognition policy is more fully discussed in Note 2 to the financial statements.

##### • Application of Percentage-of-Completion

Revenue from real estate sale of pre-completed projects amounted to P3.8 billion which accounts for 88% of the total revenues of the Group for the year ended December 31, 2017 which is recognized using the percentage-of-completion method. Under the percentage-of-completion method, revenue from real estate sales is recognized after establishing that the collection of the total contract price is reasonably assured; i.e., determined when a certain percentage of the total contract price has already been collected. The percentage-of-completion, as estimated by management with the assistance of project engineers, is then applied on the contract price to determine the revenue to be recognized. We consider the application of percentage of completion as significant in our audit since it involves significant management judgment and estimation.

More details on the Group's revenue recognition policy is disclosed in Note 2 to the financial statements.

#### How the Matter was Addressed in the Audit

To address these matters, we performed the following:

- In respect of the Group's change in revenue recognition policy for its real estate sales for pre-completed properties from the full accrual method to the percentage-of-completion method, we obtained an understanding of the Group's restatement process and examined the adjustments management made to restate the 2018 and 2015 of the Group and the Parent Company, respectively. We have tested the percentage of collection set by management in 2018 and 2015 as basis to determine whether the contract price is reasonably assured and the application of percentage of completion on sales of pre-completed properties. We reviewed adjustments made to restate affected financial statement accounts in 2018 and 2015, and the sufficiency of related disclosures on the 2017 financial statements.
- With regard to the application of the percentage-of-completion method, the following were the procedures performed:
  - i) We tested the reasonableness of the assumptions used by management in determining whether collection of total contract price is reasonably assured which include among others the Group's historical experience and expected cancellation rate of real estate sales. We tested, on a sampling basis, the application of the collection percentage on real estate sales contracts for the years presented in the financial statements.
  - ii) For the actual recognition of revenues, we tested the application of percentage-of-completion method by ascertaining the qualifications and objectivity of the project engineers who certified the stage of completion of the projects. We performed physical inspection on selected projects under development and compared our independent observations of the physical stage of completion with the cost-to-cost budget estimate. In addition, we evaluated the reasonableness of the estimated contract costs with reference to the subcontractors' and suppliers' quotes and historical costs of similar and recently completed projects. Finally, on a sampling basis, we tested the appropriateness of the computation of revenues recognized by the Group using the percentage-of-completion used by management and determined their reasonableness.
  - iii) To further corroborate our testing of the Group's revenue recognition, we have also examined, on a sampling basis, the existence of contracts receivables that pertain to real estate sales of the Group by obtaining confirmation from buyers and, as an alternative audit procedure, for those buyers who did not confirm their obligation to the Group, we examined subsequent collections and original source documents.
  - iv) As part of our audit strategy, we have obtained an understanding and performed testing of the design effectiveness of the Group's internal control related to revenue existence and measurement.

#### **Existence and Valuation of Real Estate Inventories**

##### **Description of the Matter**

Real estate inventories amounted to P3.3 billion which accounts for 34% of total current assets of the Group as of December 31, 2017. The Group's real estate inventories comprise of condominium units, subdivision units, construction-in-progress, and raw land inventory which are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price less costs to complete and sell. More details on the Group's policy for existence and valuation of real estate inventories, and an analysis of the components of inventories are disclosed in Notes 2 and 7, respectively, to the financial statements.

In consideration of the volume of the real estate projects undertaken by the Group, an assessment of the net realizable value of real estate inventories is carried out at each reporting date. For this same reason, it is also necessary to establish the existence of inventories because of the asset's material effect on the financial statements should it be proven otherwise. In addition, the valuation of the asset is also hinged on its existence. The determination of its net realizable value requires estimation of selling prices that consider recent market prices and conditions, and costs to complete and sell, which are subject to market conditions in respect of materials and subcontractor's cost and construction issues. Accordingly, a change in the Group's estimation of selling prices and estimated cost to complete and sell could have a material impact on the carrying value of real estate inventories in the financial statements.

##### **How the Matter was Addressed in the Audit**

We performed ocular inspection of selected real estate projects near the reporting date to confirm their existence and examined documents such as land titles, progress reports, accomplishment billings among others to corroborate with other procedures. Moreover, we checked the mathematical accuracy and reasonableness of the Group's schedule of lower of cost and net realizable value of real estate inventories, and tested on a sampling basis the estimated selling price and costs to complete and sell. We tested the assumptions used by management in estimating the selling price by comparing it with the contract price of recently sold real estate projects and considering the market values of properties in the same location; the estimated cost to complete using recent projects of the Group and historical data on restoration costs, among others; and estimated cost to sell by analyzing selling expenses such as commissions and other related expenses.

As part of our audit strategy, we have obtained an understanding and performed testing of the design effectiveness of the Group's internal control related to inventory existence and valuation.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audits resulting in this independent auditors' report is Christopher M. Feraniza.

**PUNONGBAYAN & ARAYILLO**



By: Christopher M. Feraniza  
Partner

GPA Reg. No. 0007462  
TIN 104-505-075  
PTR No. 6018008, January 3, 2018, Makati City  
SEC Group A Accreditation  
Partner - No. 1185-AR-1 (until May 11, 2018)  
Firm - No. 0002-FR-4 (until Apr. 30, 2018)  
BIR AN 08-002511-34-2017 (until Jun. 19, 2020)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

March 19, 2018

**CEBU LANDMASTERS, INC. AND SUBSIDIARIES**  
*(A Subsidiary of A B Solerama Holdings Corp.)*  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2017 AND 2016**  
*(With Corresponding Figures of Parent Company as of January 1, 2018)*  
*(Amounts in Philippine Pesos)*

	Notes	December 31, 2017	December 31, 2016 (As Restated - See Note 2)	January 1, 2016 (As Restated - See Note 2)
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	3	P 3,986,497,794	P 40,617,243	P 625,644,624
Investments - net	6	3,986,498,849	3,973,847,254	853,036,671
Real estate inventory	7	3,348,468,423	3,452,353,885	3,309,493,000
Deposits on land for future development	8	618,884,139	258,867,327	77,256,615
Advances to related parties - net	25	98,488,344	36,739,232	171,245,848
Prepayments and other current assets	9	893,654,889	302,623,885	76,022,888
<b>Total Current Assets</b>		<b>6,794,288,038</b>	<b>4,315,037,456</b>	<b>2,853,202,036</b>
<b>NON-CURRENT ASSETS</b>				
Investments - net	6	698,474,434	148,761,634	36,922,714
Available-for-sale financial assets	10	31,486,278	34,133,225	49,748,795
Deposits on land for future development	8	68,494,884	-	-
Investments in joint ventures and associates	13	382,256,384	242,023,134	12,860,085
Property and equipment - net	11	894,981,737	344,365,429	25,022,314
Intangible intangible - net	12	383,446,363	292,494,389	302,640,593
Other non-current assets - net	14	38,324,737	23,879,846	19,163,234
<b>Total Non-current Assets</b>		<b>3,082,368,839</b>	<b>1,018,558,615</b>	<b>516,678,755</b>
<b>TOTAL ASSETS</b>		<b>P 9,876,656,877</b>	<b>P 5,333,596,071</b>	<b>P 3,369,880,791</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Interest-bearing loans	15	P 3,688,486,349	P 742,040,144	P 532,748,017
Taxes and other payables	16	3,482,487,719	496,254,171	306,073,728
Contractual deposits	17	875,082,520	336,454,124	368,494,224
Income tax payable		86,494	-	-
Receivables for property development	7	798,884,843	342,029,432	989,222,320
<b>Total Current Liabilities</b>		<b>8,845,808,345</b>	<b>1,816,777,871</b>	<b>1,936,544,289</b>
<b>NON-CURRENT LIABILITIES</b>				
Interest-bearing loans	15	3,471,866,439	3,401,029,847	884,026,000
Taxes and other payables	16	75,884,898	34,055,129	29,810,000
Post-employment defined benefit obligation	21	16,393,534	2,305,896	5,022,644
Deferred tax liabilities - net	22	246,246,884	302,149,354	43,224,654
<b>Total Non-current Liabilities</b>		<b>3,790,391,755</b>	<b>3,739,539,326</b>	<b>962,083,308</b>
<b>Total Liabilities</b>		<b>12,636,199,100</b>	<b>5,556,317,197</b>	<b>2,900,627,597</b>
<b>EQUITY</b>				
Equity attributable to shareholders of Parent Company	24			
Capital stock		1,714,000,000	1,294,000,000	652,000,000
Additional paid-in capital		1,444,917,974	-	-
Reserves		(4,389,849)	(625,200)	(2,714,140)
Retained earnings		3,322,494,882	3,341,832,884	3,113,714,140
		4,882,494,347	4,310,507,684	3,552,999,900
Non-controlling interest		96,464,390	-	-
<b>Total Equity</b>		<b>4,978,958,777</b>	<b>4,317,279,874</b>	<b>4,468,252,194</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P 9,876,656,877</b>	<b>P 5,333,596,071</b>	<b>P 3,369,880,791</b>

See Notes to Financial Statements

**CEBU LANDMASTERS, INC. AND SUBSIDIARIES**  
*(A Subsidiary of A B Solerama Holdings Corp.)*  
**STATEMENTS OF PROFIT OR LOSS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015**  
*(Amounts in Philippine Pesos)*

	Notes	Consolidated 2017	Consolidated 2016 (As Restated - See Note 2)	Parent Company 2015 (As Restated - See Note 2)
<b>REVENUES</b>				
Sale of real estates	2	P 3,869,897,864	P 2,321,887,719	P 1,317,143,742
Rental	25	45,647,337	28,870,444	12,555,228
Management fees		14,885,448	375,000	-
		<b>3,929,662,991</b>	<b>2,661,163,163</b>	<b>1,329,698,970</b>
<b>COST OF SALES AND SERVICES</b>	18	<b>( 1,885,689,516 )</b>	<b>( 1,124,034,649 )</b>	<b>( 583,925,061 )</b>
<b>GROSS PROFIT</b>		<b>2,043,973,475</b>	<b>1,537,098,514</b>	<b>745,743,882</b>
<b>OPERATING EXPENSES</b>	19	<b>( 513,517,914 )</b>	<b>( 265,809,263 )</b>	<b>( 288,561,022 )</b>
<b>OTHER OPERATING INCOME</b>	20	<b>28,435,777</b>	<b>17,158,070</b>	<b>13,012,072</b>
<b>OPERATING PROFIT</b>		<b>1,557,891,338</b>	<b>918,486,221</b>	<b>490,294,882</b>
<b>FINANCE COSTS</b>	20	<b>( 31,364,653 )</b>	<b>( 16,572,878 )</b>	<b>( 10,258,025 )</b>
<b>OTHER LOSSES</b>	20	<b>( 16,935,266 )</b>	<b>( 11,897,711 )</b>	<b>-</b>
<b>OTHER GAINS</b>	12	<b>-</b>	<b>6,252,291</b>	<b>-</b>
<b>FINANCE INCOME</b>	20	<b>5,898,995</b>	<b>477,978</b>	<b>266,416</b>
<b>PROFIT BEFORE TAX</b>		<b>1,584,798,264</b>	<b>896,866,696</b>	<b>480,043,243</b>
<b>TAX EXPENSE</b>	22	<b>( 239,795,982 )</b>	<b>( 116,471,747 )</b>	<b>( 54,552,377 )</b>
<b>NET PROFIT</b>		<b>P 1,344,992,282</b>	<b>P 780,328,949</b>	<b>P 425,449,866</b>
<b>Net profit attributable to:</b>				
Parent Company's shareholders		P 1,283,571,453	P 780,328,949	P 425,449,866
Non-controlling interests	24	1,472,849	-	-
		<b>P 1,284,994,302</b>	<b>P 780,328,949</b>	<b>P 425,449,866</b>
<b>Earnings per Share:</b>				
Basic and diluted	25	<b>P 0.86</b>	<b>P 0.91</b>	<b>P 0.53</b>

See Notes to Financial Statements

**CEBU LANDMASTERS, INC. AND SUBSIDIARIES**  
*(A Subsidiary of A.B. Sebanese Holdings Corp.)*  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015**  
*(Amounts in Philippine Pesos)*

Notes	Consolidated		Parent Company
	2017	2016 (As Restated - See Note 2)	2015 (As Restated - See Note 2)
<b>NET PROFIT</b>	<b>P 1,294,994,302</b>	<b>P 780,328,949</b>	<b>P 425,849,866</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Items that will not be reclassified</i>			
<i>subsequently to profit or loss</i>			
Loss on measurement of post-employment defined benefit obligation	21 ( 4,776,907 )	( 310,088 )	( 7,267,343 )
Tax income	22 2,865,896	193,026	2,180,203
	<u>( 4,746,981 )</u>	<u>( 357,062 )</u>	<u>( 5,087,142 )</u>
<i>Items that will be reclassified</i>			
<i>subsequently to profit or loss</i>			
Fair value gains on available-for-sale financial assets	10 1,800,000	3,500,000	3,500,000
Tax expense	22 ( 489,889 )	( 1,050,000 )	( 1,050,000 )
	<u>1,800,000</u>	<u>2,450,000</u>	<u>2,450,000</u>
<b>Other Comprehensive Income (Loss) - net of tax</b>	<b>( 3,696,981 )</b>	<b>2,092,938</b>	<b>( 2,637,142 )</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>P 1,291,308,411</b>	<b>P 782,421,887</b>	<b>P 425,212,724</b>
<b>Total comprehensive income attributable to</b>			
<b>Parent Company's shareholders</b>	<b>P 1,299,827,502</b>	<b>P 782,421,887</b>	<b>P 425,212,724</b>
<b>Non-controlling interests</b>	<b>1,472,909</b>	<b>-</b>	<b>-</b>
	<u>P 1,291,308,411</u>	<u>P 782,421,887</u>	<u>P 425,212,724</u>

See Notes to Financial Statements.

**CEBU LANDMASTERS, INC. AND SUBSIDIARIES**  
*(A Subsidiary of A.B. Sebanese Holdings Corp.)*  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015**  
*(Amounts in Philippine Pesos)*

Notes	Attributable to Parent Company's Shareholders					Non-controlling Interest	Total
	Capital Stock	Additional Paid-in Capital	Retained Earnings	Dividend Reserve	Total		
<b>Balance January 1, 2017</b>	<b>P 1,000,000,000</b>	<b>P -</b>	<b>(P 98,000)</b>	<b>P 200,000</b>	<b>P 1,000,000,000</b>	<b>P -</b>	<b>P 1,000,000,000</b>
As previously approved	-	-	( 98,000 )	200,000	( 98,000 )	-	( 98,000 )
Reversal of prior period	-	-	-	-	-	-	-
As issued	<u>1,000,000,000</u>	<u>-</u>	<u>( 98,000 )</u>	<u>200,000</u>	<u>1,000,000,000</u>	<u>-</u>	<u>1,000,000,000</u>
<b>Balance January 1, 2016</b>	<b>P 400,000,000</b>	<b>P 1,000,000</b>	<b>-</b>	<b>-</b>	<b>P 400,000,000</b>	<b>-</b>	<b>P 400,000,000</b>
As previously approved	-	-	-	-	-	-	-
Reversal of prior period	-	-	-	-	-	-	-
As issued	<u>400,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>400,000,000</u>	<u>-</u>	<u>400,000,000</u>
<b>Balance December 31, 2016</b>	<b>P 1,000,000,000</b>	<b>P 1,000,000</b>	<b>(P 98,000)</b>	<b>P 200,000</b>	<b>P 1,000,000,000</b>	<b>P -</b>	<b>P 1,000,000,000</b>
As previously approved	-	-	( 375,143 )	400,000	( 375,143 )	-	( 375,143 )
Reversal of prior period	-	-	-	-	-	-	-
As issued	<u>1,000,000,000</u>	<u>-</u>	<u>( 375,143 )</u>	<u>400,000</u>	<u>1,000,000,000</u>	<u>-</u>	<u>1,000,000,000</u>
<b>Balance January 1, 2015</b>	<b>P 400,000,000</b>	<b>P -</b>	<b>-</b>	<b>-</b>	<b>P 400,000,000</b>	<b>-</b>	<b>P 400,000,000</b>
As previously approved	-	-	-	-	-	-	-
Reversal of prior period	-	-	-	-	-	-	-
As issued	<u>400,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,000,000</u>	<u>-</u>	<u>400,000,000</u>
<b>Balance December 31, 2014</b>	<b>P 1,000,000,000</b>	<b>P -</b>	<b>(P 98,000)</b>	<b>P 200,000</b>	<b>P 1,000,000,000</b>	<b>P -</b>	<b>P 1,000,000,000</b>
As previously approved	-	-	( 98,000 )	200,000	( 98,000 )	-	( 98,000 )
Reversal of prior period	-	-	-	-	-	-	-
As issued	<u>1,000,000,000</u>	<u>-</u>	<u>( 98,000 )</u>	<u>200,000</u>	<u>1,000,000,000</u>	<u>-</u>	<u>1,000,000,000</u>
<b>Balance January 1, 2015</b>	<b>P 400,000,000</b>	<b>P -</b>	<b>-</b>	<b>-</b>	<b>P 400,000,000</b>	<b>-</b>	<b>P 400,000,000</b>
As previously approved	-	-	-	-	-	-	-
Reversal of prior period	-	-	-	-	-	-	-
As issued	<u>400,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,000,000</u>	<u>-</u>	<u>400,000,000</u>
<b>Balance December 31, 2014</b>	<b>P 1,000,000,000</b>	<b>P -</b>	<b>(P 98,000)</b>	<b>P 200,000</b>	<b>P 1,000,000,000</b>	<b>P -</b>	<b>P 1,000,000,000</b>
As previously approved	-	-	( 98,000 )	200,000	( 98,000 )	-	( 98,000 )
Reversal of prior period	-	-	-	-	-	-	-
As issued	<u>1,000,000,000</u>	<u>-</u>	<u>( 98,000 )</u>	<u>200,000</u>	<u>1,000,000,000</u>	<u>-</u>	<u>1,000,000,000</u>

See Notes to Financial Statements.

**CEBU LANDMASTERS, INC. AND SUBSIDIARIES**  
*(A Subsidiary of A B Software Holdings Corp.)*  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015**  
*(Amounts in Philippine Pesos)*

Notes	Consolidated		Parent Company
	2017	2016 (As Recensed - See Note 2)	2015 (As Recensed - See Note 2)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax	₱ 1,561,799,264	₱ 395,890,096	₱ 499,403,245
Adjustments for:			
Depreciation and amortization	13, 22, 19 14,721,778	13,387,074	12,546,762
Dry out loss net of association	20 11,349,873	2,342,730	2,381,309
Interest expense on loans	20 19,247,371	13,757,757	7,431,405
Share in net losses of associates and joint venture	13 86,487,226	10,387,539	-
Interest income	8 ( 3,895,996)	( 477,973)	( 364,415)
Net gain on sale of investment properties	12 -	( 4,761,877)	-
Opening profit before working capital changes	1,887,899,234	398,252,066	502,066,777
Losses in receivables	( 2,331,646,996)	( 1,393,994,725)	( 343,228,063)
Losses in cost versus inventory	( 6,681,349,488)	( 130,152,464)	( 278,191,977)
Losses in deposits on land for future development	( 485,879,442)	( 143,337,512)	( 32,539,613)
Losses in prepayments and other current assets	( 134,389,716)	( 4,264,937)	( 53,291,799)
Losses in other non-current assets	( 1,794,999)	( 10,749,667)	( 3,917,169)
Losses (decrease) in trade and other payables	1,378,164,494	122,623,041	( 46,708,949)
Losses (decrease) in customer deposits	( 23,894,813)	21,454,940	177,541,223
Losses in income tax payable	89,464	-	-
Losses in reserves for property development	325,189,499	32,262,312	48,328,705
Losses (decrease) in post-employment defined benefit obligations	1,499,689	( 3,427,226)	( 4,991,497)
Cash used in operations	( 1,774,999,388)	( 429,898,852)	( 64,415,994)
Cash paid for taxes	( 355,885)	( 53,945)	( 28,176,714)
<b>Net Cash Used in Operating Activities</b>	<b>( 1,775,355,273)</b>	<b>( 429,952,797)</b>	<b>( 92,592,708)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions of equity interest in associates and joint venture	13 ( 38,386,181)	( 340,262,306)	( 1,839,124)
Advances to related parties	25 ( 85,842,838)	( 113,235,599)	( 174,650,124)
Acquisitions of investment properties	12 ( 49,233,364)	( 6,783,161)	-
Acquisitions of property and equipment	11 ( 21,991,660)	( 189,083,253)	( 17,562,058)
Cash from newly controlled and consolidated entities	13 89,495,842	-	-
Collections of advances to related parties	25 29,342,695	263,494,133	185,365,637
Interest received	8 5,898,996	477,973	364,415
Acquisitions of computer software	14 ( 1,548,745)	( 777,185)	( 34,285)
Proceeds from sale and disposal of investment properties	12 -	32,272,233	-
Acquisitions of available-for-sale financial assets	10 -	( 845,029)	( 5,673,142)
<b>Net Cash Used in Investing Activities</b>	<b>( 98,795,388)</b>	<b>( 176,246,978)</b>	<b>( 13,541,642)</b>

Parent

Notes	Consolidated		Parent Company
	2017	2016 (As Recensed - See Note 2)	2015 (As Recensed - See Note 2)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of shares of stock	24 ₱ 2,889,891,869	₱ 409,808,809	₱ -
Proceeds of interest-bearing loans	18 2,642,498,373	1,603,798,677	1,378,373,933
Repayment of interest-bearing loans	18 ( 773,856,349)	( 546,172,497)	( 1,344,882,539)
Stock issuance costs charged to additional paid-in capital	24 ( 23,853,826)	-	-
Additional investment from non-controlling shareholders	24 76,933,943	-	-
Interest paid	20 ( 896,366,348)	( 71,429,170)	( 7,431,405)
Cash dividends paid	24 -	( 326,093,487)	( 302,809,809)
Collection of subscriptions receivable	24 -	46,319,809	-
Repayment of advances from related parties	20 -	( 3,153,857)	( 4,699,716)
Advances from related parties	20 -	-	1,118,250
<b>Net Cash From Financing Activities</b>	<b>2,561,599,272</b>	<b>573,278,706</b>	<b>121,491,482</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,314,884,883</b>	<b>( 33,825,881)</b>	<b>2,362,367</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>79,627,749</b>	<b>113,453,631</b>	<b>114,483,497</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>₱ 1,285,697,296</b>	<b>₱ 80,627,750</b>	<b>₱ 121,644,624</b>

**Supplemental Information for Non-cash Investing and Financing Activities:**

- 1) The Group made certain reclassifications which are as follows (see Notes 7, 11 and 12):
  - a) In 2017, parking gain amounting to ₱3.4 million from Property and Equipment account to the Investment Property account.
  - b) In 2016, condominium gain amounting to ₱4.6 million and ₱2.0 million from the Property and Equipment and Real Estate Inventory accounts, respectively, to the Investment Property account.
  - c) In 2015, properties from the Real Estate Inventory account amounting to ₱41.4 million and ₱24.6 million to Property and Equipment and Investment Property accounts, respectively.
- 2) Certain investment in associates amounting to ₱11.0 million was acquired in 2015 through offering of account with a related party (see Note 13).
- 3) In 2015, the Company issued ₱300.0 million stock dividends (see Note 24).

See Notes to Financial Statements.

## STAKEHOLDERS INQUIRIES

For inquiries or concerns from analysts, institutional investors, the financial community, customers and general public, please contact:

**GENERAL OR MEDIA INQUIRIES:**  
Rosemel@cebulandmasters.com

**INVESTOR COMMUNICATIONS:**  
Clarissa@cebulandmasters.com

**CORPORATE GOVERNANCE:**  
Larri\_nil@cebulandmasters.com

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## SHAREHOLDER SERVICES AND ASSISTANCE

For inquiries regarding dividend payments, change of address and account status, lost or damaged stock certificates, please contact:

**ADDRESS:**  
BDO Trust and Investments  
c/o Lorraine Carpio  
15F South Tower BDO Corporate Center  
Makati Ave, Makati City

**TELEPHONE:**  
+63(2) 878-4965

**EMAIL:**  
bdo-stock-transfer@bdo.com.ph

# I CREDITS I

## COVER CONCEPT

BBDO GUERRERO  
CEBU LANDMASTERS INC.

## DESIGN & LAYOUT

BBDO GUERRERO

## PORTRAITURES

JAN GONZALES  
NICO VILLEGAS  
JON UNSON

## OPERATIONAL PHOTOS

CEBU LANDMASTERS INC.

## PRINTER

BASIC GRAPHICS INC.



We at Cebu Landmasters  
became masters of the  
region by building with  
you in mind.

Through developments centered on passion, commitment, and hands-on care, we became today's leading local developer in VisMin real estate.

With all our successes through the years, CLI continues to push boundaries in VisMin – delivering growth, progress, and quality developments that demonstrate exemplary services to the region.

