

July 17, 2017

**THE PHILIPPINE STOCK EXCHANGE, INC.**  
 3<sup>rd</sup> Floor, Philippine Stock Exchange Plaza  
 Ayala Triangle, Ayala Avenue  
 Makati City

Attention: **Ms. Janet A. Encarnacion**  
 Head – Disclosure Department

Subject: **Quarterly Summary of the Application of Proceeds from the Initial Public Offering (IPO)**

Dear Ms. Encarnacion:

In compliance with the Initial Public Offering (IPO) of Wilcon Depot Inc. (WDI) on March 31, 2017, we submit herewith our report on the application of the proceeds coming from the primary offer of WDI shares amounting to SEVEN BILLION THIRTY NINE MILLION TWO HUNDRED TWENTY SIX THOUSAND THREE HUNDRED TEN PESOS (₱7,039,226,310)

For the Second Quarter ended June 30, 2017, the application of the net proceeds is broken down as follows:

Use of Proceeds	Amount in Pesos
Debt repayment	₱428,100,000
Offer expenses	289,132,001
General corporate purposes	200,000,000
Store network expansion	44,709,153
Total	₱961,941,154

IN WITNESS WHEREOF, I have hereunto set my hand this day of JUL 17 2017 at Quezon City, Metro Manila Philippines.



**MARK ANDREW Y. BELO**  
 Chief Financial Officer

SUBSCRIBED AND SWORN to before me this day of \_\_\_\_\_, affiant exhibited to me his Tax Identification No. 220-546-117-000.

Doc. No. 168;  
 Page No. 23;  
 Book No. XVII  
 Series of 2017.

JUL 17 2017  
  
**RICHARD LEO M. BALDUEZA**  
 NOTARY PUBLIC FOR QUEZON CITY  
 REP LIFETIME # 7203 (1-17-08) ROLL NO. 53.  
 MCLE COMPLIANCE NO. V-0013807/2-9-16  
 PTR NO. 7799979/1- 5-17/PLARIDEL.BULACAN



July 17, 2017

The Stockholders and the Board of Directors  
WILCON DEPOT, INC.  
Doing Business under the Name and Style of  
WILCON DEPOT and WILCON HOME ESSENTIALS  
No. 90 E. Rodriguez Jr. Avenue  
Brgy. Ugong Norte Libis, Quezon City

### Report of Factual Findings

We have performed the procedures agreed to by management of WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT and WILCON HOME ESSENTIALS (the Company) with respect to the Progress Report of the Company for the quarter ended June 30, 2017 on the use of the proceeds from the Initial Public Offering (the Offering) of the Company's common shares in connection with its compliance with the reportorial requirements of the Philippine Stock Exchange, Inc. (PSE). Our engagement was undertaken in accordance with the Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-upon Procedures regarding Financial Information*, applicable to agreed-upon procedures engagements.

#### *Background*

On September 13, 2016, the stockholders and the Board of Directors of the Company authorized the Company to undertake the Offering of its shares with the PSE. Subsequently, on February 23 and March 8, 2017, the Securities and Exchange Commission (SEC) and the PSE approved the Company's application for the Offering, respectively.

The shares of stock of the Company are officially listed at the PSE on March 31, 2017. The Company listed 1,393,906,200 common shares at an offer price of ₱5.05 per share.

The proceeds from the Offering will be used by the Company for (i) store network expansion (ii) payment for the outstanding financial obligation and (iii) general corporate purposes.

#### *Procedures Performed and Results*

The agreed-upon procedures and the results thereof are summarized as follows:

- A. We obtained the Company's Prospectus for the Offering of its shares. We compared the planned use of the proceeds amounting to ₱6,739,850,000 based on the Prospectus against the actual results of the Offering.

A comparison of the estimated use of the proceeds from the offering and the actual results is as follows:

	Estimated	Actual	Balance
<b>Gross Proceeds</b>	<b>₱7,039,226,310</b>	<b>₱7,039,226,310</b>	<b>₱-</b>
Underwriting and Selling Fees	(178,029,707)	(178,029,707)	-
	6,861,196,603	6,861,196,603	-
Other Offer Expenses	(121,346,603)	(111,102,294)	10,244,309
<b>Net Proceeds</b>	<b>₱6,739,850,000</b>	<b>₱6,750,094,309</b>	<b>₱10,244,309</b>

Since the actual offer expenses are less than the estimated amount, the Company allocated the proceeds amounting to ₱10,244,309 to store network expansion based on the Prospectus. Accordingly, the planned and revised use of the proceeds is as follows:

	Prospectus	Revised
Debt repayment	₱428,100,000	₱428,100,000
General corporate purposes	200,000,000	200,000,000
Store network expansion	6,111,750,000	6,121,994,309
	<b>₱6,739,850,000</b>	<b>₱6,750,094,309</b>

1. We have traced the proceeds to the bank statement and found it in order. The gross proceeds from the Offering amounting to ₱7,039,226,310 less underwriting and selling fees amounting to ₱186,419,043 or ₱6,852,807,267 were deposited to the Company's savings account with Metropolitan Bank and Trust Company (MBTC), Account No. 196-7-19651206-0 (MBTC Account) on March 31, 2017.

On April 11, 2017, however, an additional amount of ₱8,389,336 was deposited to the MBTC Account. This amount representing a refund of an overpayment of underwriting and selling fees was traced to the bank statement.

Thus, the proceeds from the Offering, net of the underwriting and selling fees of ₱178,029,707, amounted to ₱6,861,196,603.

2. We have examined the underlying documents supporting the actual Offer Expenses or the disbursements directly related to the issuances of the Offering. No exceptions were noted.

Details of Offer Expenses are as follows:

Particulars	Amount
Underwriting and selling fees	₱178,029,707
Initial public offering tax	70,392,263
Listing fees	24,749,886
Professional and legal fees	8,200,000
Documentary stamp tax	6,969,531
Other fees	790,614
Actual Offer Expenses incurred	289,132,001
Estimated Offer Expenses	299,376,310
Difference	(₱10,244,309)

Listing, professional, legal and other fees amounting to ₱33,740,500 were paid by the Company using the CBC and MBTC regular disbursing bank accounts prior to the Offering. These will be reimbursed by the Company using the Offering proceeds in July 2017.

- B. We obtained the Progress Report on the Use of the Proceeds from the Offering for the quarter ended June 30, 2017.

	Estimated	Actual	Balance
<b>Net Proceeds</b>	<b>₱6,750,094,309*</b>	<b>₱6,750,094,309</b>	<b>₱-</b>
<b>Use of the Proceeds</b>			
Debt repayment	(428,100,000)	(428,100,000)	-
General corporate purposes	(200,000,000)	(200,000,000)	-
Store network expansion	(6,121,994,309)*	(44,709,153)	(6,077,285,156)
	<b>(6,750,094,309)</b>	<b>(672,809,153)</b>	<b>(6,077,285,156)</b>
<b>Unapplied Proceeds</b>	<b>₱-</b>	<b>₱6,077,285,156</b>	<b>(₱6,077,285,156)</b>

*\*Revised amounts after allocation for store network expansion as discussed in item A.*

1. On April 4 and May 5, 2017, the Company fully settled short-term and long-term loan obligations to Bank of the Philippine Islands (BPI) amounting to ₱245,000,000 and ₱183,100,000, respectively.

We reviewed the details of payments (including the amount, date, bank account number and payee's name) with the underlying documents supporting the settlement of the foregoing loan obligations. No exceptions were noted.

2. During the quarter ended June 30, 2017, the Company used ₱200,000,000 as additional working capital fund for purchases of inventories and payments of selling and marketing expenses of the new and existing stores. We traced the fund transfer of ₱200,000,000 to the approved application for fund transfer and respective bank statements from the MBTC Account to the BPI and Rizal Commercial Banking Corporation regular disbursing bank accounts. No exceptions were noted.
3. During the quarter ended June 30, 2017, the Company made actual disbursements for the ongoing construction of new stores located in Silang, Cavite, Jaro, Ilo-ilo and Tacloban City amounting to ₱44,709,153. We traced the payments to the bank statements and examined the underlying documents supporting the construction, which include, among others, the contracts, duly approved quotations and official receipts issued by the suppliers. No exceptions were noted.

Of the total disbursements, ₱10,870,290 were disbursed using China Banking Corporation (CBC) and MBTC regular disbursing bank accounts. These will be reimbursed by the Company using the Offering proceeds in July 2017.

4. We traced to the underlying documents the unapplied proceeds as follows: the bank statements for cash in banks, promissory notes and confirmation for money market placements and marketable security, respectively. No exceptions were noted.

The unapplied proceeds from the Offering are maintained in various current and savings accounts with MBTC and BDO Unibank, Inc., money market placements and marketable securities with First Metro Investment Corporation.

Details are as follows:

Cash in banks	₱728,276,538
Money market placements	2,349,008,618
Marketable security	3,000,000,000
Unapplied proceeds	₱6,077,285,156

The sufficiency of the foregoing procedures is solely the responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Because the foregoing procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing or Philippine Standards on Review Engagements, we do not express any assurance on any of the financial statement accounts of the Company.

Had we performed additional procedures or performed an audit or a review of the financial statements in accordance with Philippines Standards on Auditing or Philippine Standards on Review Engagements, other matters might have come to our attention that would have been reported to you. Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to items specified in the foregoing and does not extend to any financial statements of the Company taken as a whole.

**REYES TACANDONG & Co.**



EMMANUEL V. CLARINO

Partner

CPA Certificate No. 27455

Tax Identification No. 102-084-004-000

BOA Accreditation No. 4782; Valid until December 31, 2018

SEC Accreditation No. 1021-AR-2 Group A

Valid until March 27, 2020

BIR Accreditation No. 08-005144-005-2017

Valid until January 13, 2020

PTR No. 5908522

Issued January 3, 2017, Makati City

July 17, 2017

Makati City, Metro Manila