PhilRatings PHILIPPINE RATING SERVICES CORPORATION *The Pioneer Domestic Credit Rating Agency*	**RATING NEWS** **September 30, 2025**

Cebu Landmasters' Proposed Sustainability-Linked Bonds of up to ₱5.0 Billion Receive a Very Strong Credit Rating

Philippine Rating Services Corporation (PhilRatings) has assigned an Issue Credit Rating of **PRS Aa plus**, with a **Stable Outlook**, to Cebu Landmasters, Inc.'s (CLI) proposed Sustainability-Linked Bonds of ₱3.0 billion, with an Oversubscription Option of up to ₱2.0 billion. This is the third and final tranche of the Company's three-year Shelf Registration program of up to ₱15.0 billion. PhilRatings has also maintained its Issue Credit Rating of **PRS Aa plus**, with a **Stable Outlook**, to the Company's outstanding bond issuances of ₱10.0 billion.

In relation to the proposed bonds, CLI's Sustainability Performance Targets are to build 8,500 new affordable homes by February 2027 and 16,000 new affordable homes by February 2029. The proceeds of the proposed bond issuance will be used to refinance CLI's maturing obligations, capital expenditures, and for other general corporate purposes, among others.

Obligations rated "**PRS Aa**" are of high quality and are subject to very low credit risk. The obligor's capacity to meet its financial commitment on the obligation is very strong. The "plus" further qualifies the assigned ratings. A **Stable Outlook**, on the other hand, indicates that the rating is likely to be maintained or to remain unchanged in the next 12 months.

The rating assigned to the proposed Sustainability-linked Bonds is mainly in relation to the Company's capacity to pay the rated bonds and is not an opinion on the attainability or capability to achieve the sustainability targets linked with the bonds.

PhilRatings identified the following key considerations in the assignment of the ratings and the corresponding Outlook: a) CLI's sound management and strategy, with a sustained competitive advantage in the Visayas and Mindanao (VisMin) markets as evidenced by its growth over the last few years; b) Its steady earnings growth on account of the Company's real estate sales; c) Its adequate liquidity and acceptable leverage level; and d) Threats from a highly competitive market, with peers having access to significant capital and a substantial landbank.

PhilRatings' ratings are based on available information and projections at the time that the rating review was performed. PhilRatings shall continuously monitor developments relating to CLI and may change the ratings and Outlook at any time, should circumstances warrant a change.

CLI is reportedly the leading residential developer in the VisMin regions, with a market share of 19.3% in net-take up based on Colliers Philippines' 2024 Real Estate Market Study. The Company's portfolio includes condominiums and subdivisions for residence, mixed-use properties, townships, hotels and offices. As of report writing date, CLI has a total of 127 projects in different stages of development across 18 key cities in VisMin region. Of the total, 50 projects were already completed.

CLI continues to pursue its plans to establish and deliver quality developments across the VisMin region and its entry into Luzon. It remains proactive in land bank acquisition to sustain its pipeline of developments and drive revenue growth moving forward. As of report writing date, CLI has a total land bank of 187.5 hectares (ha), including the recent acquisition in Liloan, Cebu. The Company is also actively negotiating with landowners in Cebu, Iloilo and Bacolod to strengthen its presence in estate developments, and in Luzon to support its initial projects in the region.

Along with its growing footprint and landbank, CLI has continued to post steady financial performance. In 2024, CLI recorded total revenues of ₱19.5 billion, up by 3.8% from ₱18.8 billion in 2023. Real estate sales continued to be the main revenue driver, accounting for 88.6% of total revenues, and rose by 5.1% to ₱17.3 billion on the back of construction progress and lot sales – including a transaction with Insular Life at the Davao Global Township. Net income likewise grew by 4.2% to ₱4.0 billion, from ₱3.8 billion in the prior year, despite margin pressures, as operating margin declined from 42.7% to 38.0%, and net profit margin remained relatively flat at 20.5%.

In the first six months of 2025, total revenues decreased by 8.6% to ₱10.3 billion, mainly due to the reclassification of lot sales to other operating income. Excluding this adjustment, revenues rose by 4.8% to ₱11.9 billion. This reclassification has no impact on the company's net income for the period. Real estate sales remained dominant, contributing 86.9% or ₱9.0 billion to total revenues. Net income for the period rose by 12.5% to ₱2.5 billion, with improved margins, as operating margin increased from 35.5% to 44.9% and net profit margin rose from 19.6% to 24.2%.

Moving forward, revenue is projected to grow steadily, with real estate sales continuing to serve as the primary driver. Net income is likewise seen to expand in line with revenue, with margins expected to remain relatively stable.

While the company's strategic acquisitions contributed to increased leverage, CLI's liquidity remained strong, supported by higher cash balances and a stable current ratio. As of end-June 2025, cash and cash equivalents nearly tripled to ₱4.3 billion compared to end-2024 levels. Current ratio stood at 1.4x as of the period. On the leverage side, total debt climbed by 13.1% to ₱56.1 billion as of end-June 2025, while equity grew by 4.3% to ₱31.6 billion. This led to a rise in the debt-to-equity ratio to 1.8x, from 1.6x as of end-2024.

Moving forward, CLI's liquidity is expected to remain healthy. While debt is projected to increase in line with expansion requirements in the near- to medium-term, it is expected to gradually decline as loan and bonds maturities are repaid. Meanwhile, equity is anticipated to expand steadily, supported mainly by retained earnings, resulting in an improved capital structure over time.

CLI operates in a highly competitive market, facing strong competition from local and national players that are also expanding in the VisMin regions, particularly Cebu. These players may possess substantial capital and extensive landholdings in the area. Nevertheless, CLI's expertise and familiarity in the VisMin markets attracts possible joint ventures (JVs) with landowners and offers for property acquisitions. CLI's track record of successful JVs, including its first international JV project that was launched in July 2025, underscores its ability to work effectively with its JV partners. Looking ahead, CLI intends to bolster its expansion efforts by securing strategic locations and forging new local partnerships to penetrate emerging markets.