

## Highest Credit Rating for Ayala Land, Inc.'s 3<sup>rd</sup> Sustainability-Linked Bonds of Up To ₱15 Billion

Philippine Rating Services Corporation (PhilRatings) has assigned an Issue Credit Rating of **PRS Aaa**, with a **Stable Outlook**, to Ayala Land, Inc.'s (ALI) proposed third Sustainability-linked Bonds amounting to ₱10.0 billion, with an oversubscription option of up to ₱5.0 billion. PhilRatings also maintained its Issue Credit Rating of PRS Aaa, with a Stable Outlook, for the Company's ₱104.25 billion outstanding bonds.

Obligations rated **PRS Aaa** are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. **PRS Aaa** is the highest rating assigned by PhilRatings. On the other hand, a **Stable** Outlook indicates that the assigned rating is likely to be maintained or to remain unchanged in the next 12 months.

PhilRatings identified the following key considerations in the assignment of the ratings and corresponding Outlook: a) A well-diversified portfolio, complemented by strong brand equity; b) Solid portfolio expansion strategies, backed by its experienced management team and synergies with Parent Company; c) The Company's sustained commitment to sustainability; d) Robust earnings and healthy cash flows, driven by the positive performance of its real estate and leasing portfolio; and e) Conservative capital structure.

The assigned ratings and Outlook are based on available information and projections at the time that the rating review was performed. PhilRatings shall continuously monitor developments relating to ALI and may change the ratings and Outlook at any time, should circumstances warrant a change. 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 target linked with the bond.

ALI is one of the leading real estate developers in the Philippines, with a diverse portfolio of businesses that includes the development of residential, commercial, office, hospitality, and industrial properties. Additionally, ALI has business interests in construction, retail energy supply, and property management. Its core business, residential development, caters to a wide range of market segments, from socialized housing to luxury residences. These operate under the following companies and brands: AyalaLand Premier (ALP) for the luxury segment; Alveo Land Corp. (Alveo) for the upscale segment; Avida Land Corp. (Avida) for the middle-income segment; Amaia Land Corp. (Amaia) for the affordable housing segment; and BellaVita Land Corp. (BellaVita) for the socialized housing segment.

The diversified portfolio of real estate properties and services places ALI in a good position to leverage on the opportunities, as well as mitigate risks arising in those segments. ALI also built a trusted brand, with a solid track record since its incorporation in 1988. As of end-2024, ALI had 53 estates in its portfolio and a land bank of 10,736 hectares (ha).

ALI established a five-year growth strategy in 2023, focusing on elevating the quality of its offerings and reinforcing its market position. The Company aims to reinvent and substantially expand its leasing portfolio. For its Property Development portfolio, ALI will be investing in its premium segment and

horizontal developments, while also ramping up its commercial and industrial lot offerings outside of Metro Manila. An average of 800 ha is planned to be utilized annually to support the Company's expansion and development plans. ALI will likewise remain focused on the achievement of its Group-wide sustainability goals.

In 2021, ALI committed to achieving Net Zero<sup>1</sup> by 2050, a collective endeavor of the Ayala Group. ALI successfully acquired new funding in support of its sustainability objectives in July 2024. The Company raised ₱20.5 billion from its Sustainability-Linked Financing Program, consisting of the Philippines' first ASEAN Sustainability-Linked Bonds amounting to ₱6.0 billion and ₱14.5-billion Sustainability-Linked Loan granted by the International Finance Corporation (IFC). The proposed third Sustainability-linked bond issuance is tied to the following predefined Sustainability Performance Targets (SPTs): (1) obtain EDGE Zero Carbon certification for 1.5 million sqm of office commercial properties by 2025, and 2) reduce the operational Scopes 1, 2, and 3 greenhouse gas (GHG) emissions of ALI's commercial properties by 42% by 2030, from a baseline date of 2021. Relative to SPT 1, of the total portfolio, 921,417 sqm of office space had green certification as of end-2024. As for SPT 2, ALI has reduced 42,827 tCO<sub>2</sub>e as of end-2024, putting the Company on track of achieving its 2030 target.

Seasoned professionals lead the management of ALI with long track records in their respective fields. Ms. Anna Ma. Margarita B. Dy is ALI's President and Chief Executive Officer (CEO). Prior to her appointment in October 2023, Ms. Dy led the Company's Residential Business Group, Malls Group, and Estates Group. Mr. Jaime Augusto Zobel de Ayala, ALI's Chairman of the Board, concurrently serves as the Chairman of Ayala Corporation (AC), ALI's parent company and one of the country's oldest conglomerates. He has been the Chairman of AC since 2006 and a Director since 1987. The leadership and management of the Company are also overseen by other key officers who likewise hold significant roles across various entities within the Ayala Group. ALI continues to bank on the expertise of its management, along with the synergies within the Ayala Group to support its growth moving forward.

In 2024, ALI's net income posted an 18.0% growth to ₱34.2 billion driven by strong property demand and coupled with controlled growth in costs and expenses. Total revenues jumped by 21.4% to ₱180.7 billion, as real estate revenues increased by 21.3% to ₱176.5 billion. Top line growth was attributed to higher residential and commercial lot bookings, contracts from external construction projects, and solid leasing operations. Total revenues marginally decreased by 1.4% year-on-year (YoY) to ₱83.1 billion in the first half of 2025 (1H 2025), on account of lower revenues from the Services segment. Bottomline nonetheless grew by 9.2% YoY to ₱17.2 billion in 1H 2025, backed by the more pronounced decline in costs and expenses. Margins likewise improved for the period. ALI expects to sustain growth in its earnings going forward, with margins and returns projected to be slightly above historical levels.

Backed by higher earnings, the Company registered a robust growth of 46.1% in its net cash provided by operations to ₱31.2 billion in 2024. Net operating cash flows remained healthy in 1H 2025, as such recorded a twofold increase YoY to ₱12.7 billion for the period. Cash and cash equivalents stood at ₱19.1 billion as of end-June 2025. Current ratio also remained satisfactory at 1.5x as of the same period.

In addition, ALI continues to have a conservative capital structure, with its debt-to-equity ratio stable at 0.8x as of end-June 2025. Leverage levels are also expected to remain manageable over the projected period. PhilRatings notes that ALI's conservative capital structure (considering the nature of its business), along with its strong cash generation capacity and strategically spread-out debt maturities, places the Company in a good position to pay off its obligations as these fall due.

---

<sup>1</sup> Net Zero refers to the state of emitting an equal amount of greenhouse gas (GHG) emissions into the atmosphere as is removed. It accounts for the reduction of all GHG emissions across the whole supply chain.