

### **Strong Investment Grade Rating Assigned to A Brown's Proposed Maiden Bond Issuance**

Philippine Rating Services Corporation (PhilRatings) has assigned an investment grade Issue Credit Rating of **PRS A plus**, with a **Stable Outlook**, to A Brown Company, Inc.'s (ABCI; the Company) maiden bond issuance amounting to ₱3.0 billion, with an Oversubscription Option of up to ₱2.0 billion.

ABCI was originally incorporated in 1966 and adopted its present name A Brown Company Inc. in 1993. ABCI is primarily engaged in residential and mixed-use developments, with projects largely concentrated in Mindanao, particularly in Cagayan de Oro City and Initao, Misamis Oriental; Valencia City and Manolo Fortich in Bukidnon; Butuan City, Agusan del Norte; and Cainta and Tanay, Rizal. Through its subsidiaries, the Company has also ventured into palm oil milling, power generation, and holdings of other investments.

The proceeds of the bonds will be used for renewable energy investments, to partially finance development costs for the Company's identified pipeline residential real estate projects, and for general corporate purposes.

Obligations rated **PRS A plus** have favorable investment attributes and are considered as upper-medium grade obligations. Although these obligations are somewhat more susceptible to the adverse effects of changes in economic conditions, the obligor's capacity to meet its financial commitments on the obligation is still **strong**. The plus sign further qualifies the rating. 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 assigned rating and the corresponding Outlook take into account the following key considerations:

1. Strong real estate presence in Mindanao, with expansion into Luzon
2. Experienced management team supporting expansion across real estate, palm oil, and power
3. Sustained recovery in revenues, supported by growing real estate sales, although bottom line fluctuated
4. Ample liquidity and conservative capital structure

PhilRatings based its assessment on available information and projections at the time the rating was assigned. PhilRatings shall continuously monitor developments relating to ABCI and may change the rating and Outlook at any time, should circumstances warrant a change.

As of December 31, 2025, the Company has completed a total of 15 estate and housing developments, consisting mostly of horizontal subdivisions. One of its anchor projects is Xavier Estates, a multi-phased horizontal residential subdivision catering to the high-end, middle-market, and economic segments in Cagayan de Oro City. Several other developments were also implemented in phases under established project brands such as Adelaida and West Highlands. Most of ABCI's completed projects are fully sold, with only a limited number of projects carrying remaining inventory. Ongoing developments, meanwhile, continue to register high levels of unit take-up. As of the same period, ABCI has 19 ongoing residential and mixed-use projects, largely consisting of additional phases of its existing developments in Mindanao as well

as in Tanay, Rizal. The Company also has 10 pipeline projects with a combined land area of 172.8 hectares (ha) and a total of 2,548 units.

ABCI has a land bank of 897.9 ha which are located in Mindanao and Luzon. ABCI expanded into Luzon, particularly in Tanay, Rizal, with projects under the Adelaida brand, as well as pipeline developments such as Trinidad Homes and Epic Leisure Farm.

The Company's agribusiness segment mainly pertains to its palm oil operations, which are undertaken through its wholly-owned subsidiary, Surigao Greens Agri Corp. (SGAC). SGAC operates a palm oil milling plant in Tambis, Barobo, Surigao del Sur.

Additionally, its wholly-owned subsidiary ABC Energy Inc. serves as its energy holding company for power assets and renewable energy projects at various stages of development. Key projects include the wind farms in Tanay, Rizal and Alabat Island, Quezon Province undertaken together with listed power company, Alternergy Holdings Corporation.

The Company is led by a management team with experience across real estate, agribusiness, and energy, with long tenures within ABCI and its related businesses. Mr. Walter W. Brown is Chairman Emeritus and Director. He has extensive experience in the mining, energy, and natural resources sectors, and continues to provide strategic direction to the Company and its subsidiaries. Mr. Robertino E. Pizarro, Chairman and Chief Executive Officer (CEO), has held various leadership roles within ABCI, including serving as President for over two decades prior to his appointment as CEO. He has been actively involved in the Company's real estate developments and expansion initiatives, as well as its agribusiness operations. Mr. Paul Francis B. Juat is ABCI's President and has been part of the Company since 2019. He has experience in business development in the energy and mining sectors and is involved in overseeing the Company's emerging business segments, including its power investments.

Starting 2021, the Company launched new real estate projects which mainly focused on further expansion of completed high-end and economic offerings. These launches, in turn, supported revenue expansion from 2022 to 2024. Top line increased by a compound annual growth rate (CAGR) of 9.1% to ₱1.8 billion during the period. This growth was mainly driven by higher real estate sales, given increased demand for house and lot properties and higher completion rates. Sale of agricultural goods as well as water and other service revenues marginally contributed to the uptick.

In 2023 and 2024, net income went down by 14.0% and 38.9%, from ₱546.5 million in 2023 to ₱334.1 million in 2024, primarily attributable to lower equity in net earnings of associates. Net profit margins (NPM) likewise fell from 33.6% in 2023 to 18.5% in 2024. Return on average assets (ROAA) and return on average equity (ROAE) were also lower at 2.6% and 4.3%, respectively.

In 2025, consolidated revenues went up by 4.6% to ₱1.9 billion, supported by higher revenues across all operating segments. Bottom line more than doubled to ₱866.7 million in 2025, substantially lifted by the growth in other income. Higher earnings for the year translated to a notably higher NPM of 45.8%. ROAA and ROAE also improved to 5.7% and 9.9%, respectively. While ABCI has limited recurring income from its real estate operations, it is to be noted that the Company's equity in net earnings of energy subsidiaries consistently provided additional income and dividends.

As of end-2025, the Company maintained ample liquidity with year-end cash balance at ₱1.1 billion and current ratio at 2.3x. It likewise had a conservative leverage position, with debt-to-equity ratio at 0.4x as of end-2025, supported by the Company's continued plowback of earnings.