PhilRatings
PHILIPPINE RATING SERVICES CORPORATION

RATING REPORT

ARTHALAND CORPORATION

Date: April 13, 2026
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Outstanding Issuance:

Tranche	Issue	Interest Rate	Issue Date	Maturity Date (Tenor)	Assigned Rating and Outlook
Second	₱1.60 billion	8.0000%	December 22, 2022	December 22, 2027 (5 years)	PRS Aa Stable Outlook
	₱1.40 billion	8.7557%	December 22, 2022	December 22, 2029 (7 years)	
Total of ₱3.0 billion Fixed Rate ASEAN Green Bonds from 3-year Shelf Registration					

Rating Definition
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.

Outlook Definition
An Outlook is an indication as to the possible direction of any rating change within a one-year period and serves as a further refinement to the assigned credit rating for the guidance of investors, regulators and the general public. A **Stable Outlook** is assigned when a rating is likely to be maintained or to remain unchanged in the next 12 months.

RATING RATIONALE

PhilRatings considered the following key factors in assigning the rating and Outlook:

1. Track record of delivering sustainable and green-certified developments

Arthaland Corporation (ALCO; the Company) is focused on building sustainable boutique developments, including environmentally sustainable residential, and commercial properties. Its portfolio is 100% certified as sustainable by local and international organizations. The certifications include: the Philippine Green Building Council's (PHILGBC) Building for Ecologically Responsive Design Excellence (BERDE), U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED), International Finance Corporation's (IFC) Excellence in Design for Greater Efficiencies (EDGE), and the International WELL Building Institute's (IWBI) WELL Building Standard (WELL). Moreover, all of ALCO's on-going projects, including the Company's developments in the broader middle-market segment (midscale), are registered and/or on-track to achieve the aforementioned certifications.

ALCO is a pioneer developer of premium and sustainable projects. It positioned itself as one of the leading green developers in the Philippines. ALCO's portfolio of multi-certified projects, combined with its unique distinction of being the only real estate developer in the country with a 100% certified sustainable portfolio of residential and commercial developments, provides the Company with a competitive advantage over its peers. Moreover, as a signatory to the World Green Building Council’s Net Zero Carbon Building Commitment, ALCO has adopted measures to decarbonize its operating portfolio by 2030. ALCO is also one of the earliest developers to adopt the Science-Based Target Initiative (SBTI), a globally recognized framework that is aligned with the 1.5°C global warming limit by 2030. However, as sustainability is becoming a key focus in the property industry, the Company may face increased competition. Nonetheless, Arthaland remains committed to supporting and pursuing sustainable development moving forward.

2. **Ability to compete in its targeted segments despite the presence of more established competitors**

ALCO has laid out a three-tier timeline for its plans in the medium and long term. As of 2024, the Company had substantially achieved its five-fold growth target in the second tier of its timeline when its development portfolioreached a total gross floor area (GFA) of approximately 456,019 square meters. [1] ALCO was also able to grow its revenues, reaching ₱6.2 billion in in 2024 from ₱1.3 billion in the beginning of the second tier in 2018. In the third tier (2025-2030), the Company intends to build a steady pipeline of projects and have a steady revenue stream.

While most of ALCO's developments cater to the upscale and luxury market segments, the Company strategically diversified into the broader midscale market segment in 2022, with the launch of the first tower of Una Apartments (Una Apartments Tower 1). Given the robust demand for this project, the launch of the second and third tower of Una Apartments was moved ahead of its initial schedule. The second tower, launched in November 2023, also received good reception and is substantially taken up. The third tower of the Una Apartments, on the other hand, has been launched recently. With its foray to the broader middle market segment, ALCO gained a more diversified demand base. In 2024, broader mid-market developments accounted for 27% of the total residential revenues of the Company.

Despite the glut in pre-selling condominiums in Metro Manila, ALCO managed to gain a foothold in this segment when it entered the market. It is worth noting, however, that the Una Apartment developments are outside Metro Manila and is specially positioned in the residential academe sub-market given its proximity to the De La Salle University Science and Technology campus in Laguna, where stronger take-up has been observed. ALCO intends to further expand its presence in the broader mid-market segment, and to position it as an important driver of its future growth. In September 2025, the Company launched Liv, a residential development in Katipunan Avenue, Quezon City, which similarly caters to the broader mid-market, residential academe segment, given its proximity to the Ateneo de Manila University campus in Quezon City. The Company’s pipeline of projects is distributed within and outside Metro Manila, and will be a mix of broader mid-market and upscale/luxury developments. Nonetheless, ALCO intends to maintain its position as one of the industry leaders in the core upscale and luxury segments. In December 2025, the Company launched Sondris, a premium green residential development along Arnaiz Avenue within the central business district of Makati.

[1] The second tier (2018-2024) covers building the Company’s portfolio and improving its brand traction, while keeping revenue momentum.

3. **Manageable leverage position**

As of end-2024, ALCO's total debt stood at ₱18.4 billion, up by 7.6% from ₱17.1 billion in 2023, while total equity amounted to ₱14.3 billion, an 8.7% improvement from the previous year. While retained earnings declined to ₱5.3 billion on account of dividend distributions to common and preferred shareholders, total equity managed to grow, due to the issuance of Preferred Shares Series F and partially offset by the redemption of Preferred Shares Series C. Debt-to-equity (DE) ratio stood at 1.3x as of end-2024, unchanged from end-2023.

As of end-September 2025, the Company's total debt inched up to ₱21.0 billion, a 14.2% increase from end-2024 following its acquisition of strategic properties and the launch of projects that will drive revenues in the third tier of its growth timeline. Total equity was unchanged at ₱14.3 billion. As such, the Company's DE ratio inched up to 1.5x as of end-September 2025.

The Company's capital structure is seen to remain manageable moving forward.

4. **Revenues on a higher trend than past years, albeit recent profitability weighed down by operating and financing costs**

ALCO's total revenues of ₱6.2 billion in 2024 was 6.2% lower than in 2023.[2] This was attributable to the completion and bulk sale of the Company's two large projects, Cebu Exchange and Savya Financial Center. As a result of the completion, a big chunk of revenues from these projects was already recognized in 2023. In addition, revenues in 2024 did not reflect any contribution from Una Apartments Tower 2 despite ₱2.1 billion of reservation sales generated during the year following financial reporting requirements for revenue recognition. Nonetheless, the Company has maintained a higher trajectory of revenues in recent years compared to historical levels.

In the first nine months of 2025 (9M2025), ALCO's total revenues declined by 13.2% to ₱3.9 billion, from ₱4.5 billion in 9M2024 as the projects that contributed in 9M2024 had already been fully sold or almost fully sold at the start of the period. Nonetheless, earnings before interest, taxes, depreciation, and amortization (EBITDA) was higher by 23.9% to ₱407.2 million, driven by the strong performance of its high-margin residential developments such as Eluria. Moreover, ALCO's operating profit margin (OPM) and EBITDA margins for the period marginally improved to 9.0% and 10.4%, respectively. Net income, however, declined by 53.7% to ₱365.6 million in 9M2025, from ₱790.5 million in the same period of 2024. NPM likewise notably dropped from 17.4% to 9.3% over the same period. Such declines were driven by lower gain from revaluation of investment properties given that no additional asset was reclassified to investment property during this period. Additionally, higher finance costs and lower interest income generated for the period contributed to the decline in net income as the Company disbursed funds to complete the acquisition of the properties for Project Liv, Sondris and Vanilla which will drive its future growth.

The Company expects to continue its growth with upcoming launches over the medium term. ALCO's net income is also expected to remain healthy moving forward.

[2] Total revenues comprised of real estate sales including interest, lease income, and project management sales.

BUSINESS REVIEW

Company Profile

ALCO is a publicly-listed real estate developer focused on building sustainable boutique developments, including environmentally sustainable residential and commercial properties. The Company began its operations in 2009 and pioneered the development of properties that adhere to global and national standards for green and sustainable real estate properties. All of the Company's projects are multiple-certified both locally, with the PHILGBC's BERDE, and internationally, with USGBC's LEED, IFC's EDGE, and IWBI's WELL. ALCO is also the only real estate developer in the country with a 100% certified sustainable residential and commercial portfolio.

Ownership

As of end-September 2025, CPG Holdings, Inc. (CPG), the investment vehicle of the Po Family, remained as the largest shareholder of ALCO, owning 40.29% its total issued and outstanding shares. CPG is an affiliate of Century Pacific Food, Inc. (CNPF), a publicly-listed food manufacturer. CPG and CNPF are both majority-owned subsidiaries of Century Pacific Group Inc., a company with business interests in food manufacturing, real estate development, and restaurant operations. Century Pacific Group Inc. was founded by Ricardo S. Po, Sr. in 1978 and was the pioneer in the tuna canning business in the Philippines, which has been carried out by CNPF since 2014. Some of its brands are: Century Tuna, 555, Argentina, and Birch Tree. Restaurant operations include Shakey's and Peri-Peri. CPG similarly gives importance to sustainability in its operations and adheres to global regulations for the preservation of its resources.

The second major stockholder is American Orient Capital Holdings 1, Inc. (AOCH1), holding 26.02% of the total issued and outstanding shares of ALCO as of end- September 2025. AOCH1 is an investment company wholly-owned by Mr. Jaime C. Gonzáles, Vice-Chairman and President of ALCO. AOCH1 is part of the AO Capital Partners Group, which offers financial advisory services in the Asia-Pacific region.

Management

Ernest K. Cuyegkeng is the Chairman of the Board of ALCO since 2016. He is a graduate of De La Salle University with degrees in B.A. Economics and B.S. Business Administration. He also has a Master's Degree in Business Administration from Columbia Graduate School of Business. He holds positions in various companies, including: President and Chief Executive Officer (CEO) of Phelps Dodge Philippines International, and a Consultant and Director of A. Soriano Corporation. He is concurrently the President and Director of Seven Seas Resorts & Leisure and Sumifru Philippines. He also is a Director in Prople, KSA Realty, Phinma Insurance Brokers, Inc., and Sumifru Singapore.

Jaime C. González is the Vice Chairman and President of ALCO since 2017. He holds degrees in B.A. Economics (cum laude) and B.S. Commerce (cum laude) from De La Salle University in Manila and has a Master's Degree from the Harvard Business School. Mr. González spearheaded the transition of ALCO in 2008 and envisioned the Company's direction. He is the founder, Chairman and Chief Executive Officer of AO Capital Partners.

Cornelio S. Mapa, Jr. is ALCO's Treasurer and Executive Vice President. He oversees the Finance Group and the Information Technology (IT) Department. Mr. Mapa earned his Bachelor's Degree in Economics and International Finance from New York University, and his Master's Degree in Business Administration from the International Institute for Management Development in Lausanne, Switzerland. Before his appointment in ALCO, Mr. Mapa held a variety of senior executive positions within the Gokongwei Group. His last position was Senior Vice President for Investments and New Builds of JG Summit Holdings, and Executive Vice President for Corporate Strategy of Universal Robina Corporation.

Ms. Sheryll P. Verano is an Executive Vice President (EVP) and heads the Strategic Funding and Investments of Arthaland Corporation. She is also the Investor Relations Head. Ms. Verano is a finance professional with over 20 years' experience in financial advisory, debt and equity capital raising, debt restructuring and mergers and acquisitions. Prior to joining Arthaland, she was Associate Director in American Orient Capital Partners (Philippines) and was with the Global Corporate Finance group of SGV and Co. Ms. Verano graduated from the University of the Philippines with a Bachelor's Degree in Business Administration and Accountancy with Latin honors (Cum Laude*)*. She passed the CPA Board Examinations in October 1999 and obtained her charter from the CFA Institute in November 2006.

Mr. Oliver L. Chan holds the position of EVP in Arthaland Corporation. He has been with the Company for 18 years. He heads Operations, Sales & Marketing and is the Chief Sustainability Officer of the Company. Mr. Chan is also the President of Arthaland Prestige Property Solutions, Inc. – the management services and construction project management arm of Arthaland Corporation. Prior to joining Arthaland, Mr. Chan was the Property Manager of Ayala Property Management Corporation who handled the operations of Ayala Land Inc.'s premiere retail and recreation centers namely, the Greenbelt complex, Ayala Museum, San Antonio Plaza in Forbes Park, and the retail spaces at The Residences at Greenbelt. Mr. Chan is a licensed mechanical engineer who obtained his Bachelor's Degree from the University of Santo Tomas.

Marivic S. Victoria is the Company's Chief Finance Officer (CFO). She was appointed upon the retirement of Mr. Ferdinand A. Constantino on September 30, 2022. Ms. Victoria has more than 25 years of experience in Finance, Controllership, Audit and Taxation in various industries like real estate, real estate financing and asset and portfolio management. She started her career in SGV & Co. and was the Treasurer and CFO of the Philippine office of Capmark Financial Group and Elite Union Group prior to her appointment as CFO of ALCO. She is a Certified Public Accountant and earned her Master's Degree in Business Administration from the joint program of Ateneo de Manila University and Regis University. She also attended the Executive Development Program of the Wharton School.

Operations Profile

ALCO generates revenues from (a) Real Estate Sales, (b) Leasing Operations, and (c) Project Management Fees and (d) Interest from Real Estate Sales. In the medium term, the Company's focus has shifted to expanding its residential portfolio, while continuing to monitor the trend in office space demand due to the effects of work-from-home arrangements, and artificial intelligence. Beyond Cebu Exchange and Savya Financial Center, the Company does not have new office/commercial or leasing projects. Nonetheless, increasing the Company's leasing income remains in its long-term goal.

Table 1. Breakdown of Revenue According to Source

in Millions	2023	%	2024	%	9M2025	%
Real Estate Sales	₱6,252	94.2%	₱5,758	92.5%	₱3,367	85.6%
Residential	₱2,399	38.4%	₱3,666	63.7%	₱2,857	84.8%
Office/Commercial	₱3,853	61.6%	₱2,092	36.3%	₱510	15.2%
Leasing Operations	₱366	5.5%	₱415	6.7%	₱480	12.2%
Property Management Fees	₱21	0.3%	₱36	0.6%	₱26	0.7%
Interest from real estate sales	-	0.0%	₱15	0.2%	₱58	1.5%
Total Revenues	₱6,639	100.0%	₱6,224	100.0%	₱3,931	100.0%

Revenues from real estate sales continued to be the largest source of revenue for the Company, albeit its contribution to total revenues marginally declined to 92.5% in 2024, from 94.2% in 2023. In 2024, 63.7% of ALCO's total real estate sales were from residential developments, a marked shift from 38.4% in 2023. In 9M2025, the share of real estate sales to total revenues declined to 85.6%. The contribution of residential developments to total real estate sales, on the other hand, increased to 84.8%, demonstrating the Company's strategic shift to residential projects.

The share of revenues from leasing operations was a far second at 6.7% of total revenues in 2024. In 9M2025, revenue share from leasing operations was at 12.2%, driven by the increase in lease income from Savya Financial Center.

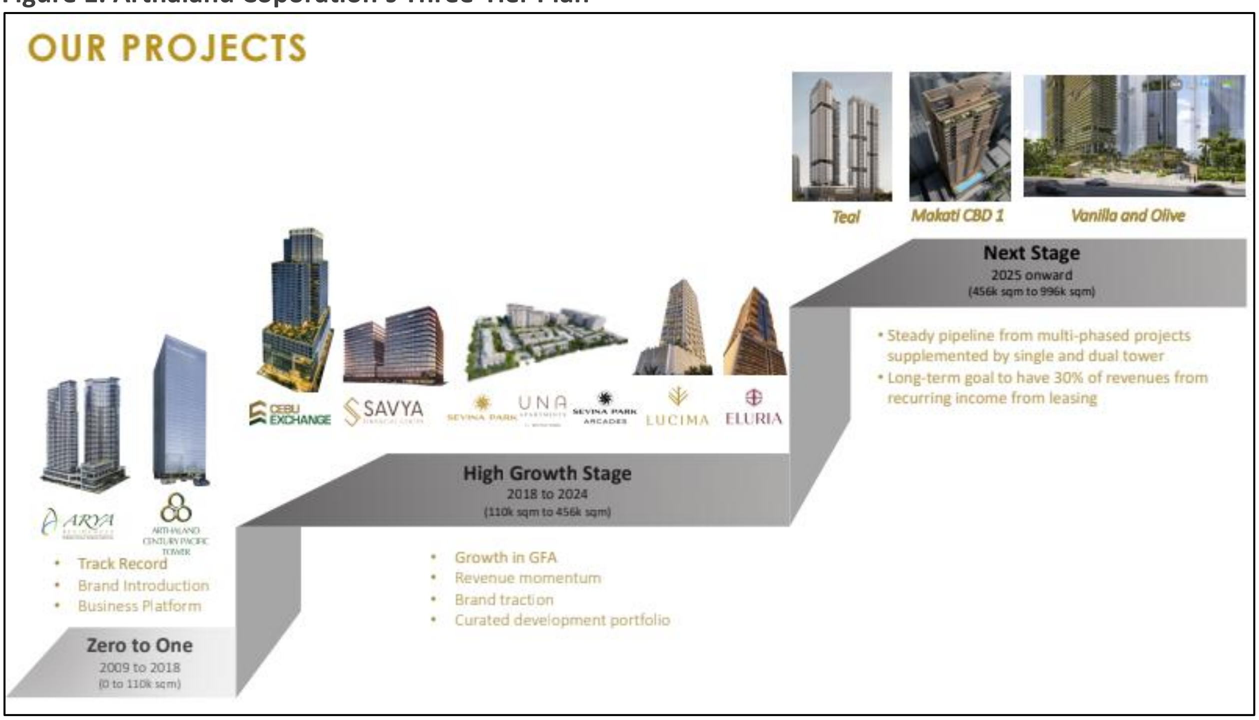
Table 2. Breakdown of Residential Real Estate Sales According to Market

In Millions	2023	%	2024	%	9M2025	%
Residential	₱2,399	100%	₱3,666	100%	₱2,857	100%
Upscale/Luxury	₱2,399	100%	₱2,675	73%	₱1,844	65%
Middle Income	₱0	0%	₱991	27%	₱1,013	35%

In 2024, ALCO recognized initial revenues from Una Apartments Tower 1, the Company's first broader mid-market development. As such, ALCO had a more diversified demand base, with broader mid-market developments contributing 27% to the total residential revenues in 2024. In 9M2025, revenue contribution from broader mid-market developments was at 35% of total residential revenues.

Reservation sales contracts continued to grow healthily, with more than 80% coming from Filipino customers and a relatively small share from other nationalities.

Figure 1. Arthaland Coporation's Three-Tier Plan



Strategies

ALCO has followed a three-tier plan that served as the road map for its business since the start of its operations in 2009.

In 2024, the Company substantially completed its five-fold growth objective. In this stage, ALCO focused on portfolio build-up, strengthening its brand name and increasing the Company's GFA to approximately 456,019 square meters (sqm). Projects included in the Company's high growth stage are Cebu Exchange and Savya Financial Center, which have been completed, and Sevina Park, Lucima, and Eluria, which are under construction and close to selling out. ALCO has also been preparing for the "Next Stage" of growth since 2024

In 2025, the Company successfully achieved the strategic acquisition of the following: (1) the properties for Liv and Sondris, the Company's new single and dual tower projects aimed to increase the value of inventory for sale in the near term and (2) the five-hectare property for the first phase of Project Vanilla. The Company's strategic focus in 2025 was on driving near-term growth through the launch of three new projects, Sondris, Liv, and the third tower of Una Apartments. These projects are projected to add a combined gross development value (GDV) of more than ₱27 billion to the inventory pipeline for sale in the near-term. Alongside this, ALCO also completed the acquisition of 50% of a five-hectare property for Project Vanilla and continued to drive the acquisition of larger, multi-hectare properties in high growth urban areas for Project Olive. Details on the projects and updates on respective land acquisitions will be discussed in a separate section of the report.

Consistent with the shift in focus towards residential projects, ALCO is expanding its presence in the broader mid-market segment as a way to diversify its demand source, while maintaining its position as one of the industry leaders in the core upscale and luxury segments.

For 2025, ALCO aimed to maintain critical mass in terms of revenues.[3] To achieve this, ALCO extended the selling program for the remaining units in the completed and soon-to-complete projects in 2025 and 2026. The initiation of revenue recognition for second tower of the Una Apartments (Una Apartments Tower 2) and the substantial construction progress for Eluria and Una Apartments Tower 1 also boosted the revenues for 2025.

In 2026, the Company's focus will be on the following: (1) completing the masterplan and launching the first of six towers for Project Vanilla, the Company's multi-phase project in Cebu; and (2) driving the land acquisition for Project Olive and/or other opportunities for possible acquisition. Management also expects its ongoing projects to reach significant milestones in 2026, further driving revenue growth.

[3] Critical mass in this context means reaching approximately $100 million (about P6.0 billion) in revenue, a level institutional investors use as benchmark for investment.

Completed Projects

Figure 2. Details of Completed Projects

Project	Location	Gross Development Value (in Billion Php)	Gross Floor Area	Achieved Certifications
ARYA RESIDENCES	BGC, Taguig City	8.8	76,284	LEED Gold BERDE 4-Star ANZ/PH 3-Star WELL Health-Safety Rated
ARTHALAND CENTURY PACIFIC TOWER	BGC, Taguig City	11.2	34,295	LEED Platinum BERDE 5-Star EDGE Zero Carbon WELL Precertified ANZ/PH Net Zero WELL Health-Safety Rated
CEBU EXCHANGE	Salinas Drive, cebu City	12.4	108,564	LEED Gold BERDE 5-Star EDGE Zero Carbon WELL Precertified WELL Health-Safety Rated
SAVYA FINANCIAL CENTER	Arca South, Taguig City	12.4	59,763	BERDE 5-Star WiredScore Gold LEED Precertified Gold EDGE Advanced Preliminary WELL Precertified WELL Health-Safety Rated

Arya Residences

Arya Residences is a two-tower residential development with available retail space on the ground floor and is located along McKinley Parkway, Bonifacio Global City (BGC) in Taguig. The towers have a GFA of 76,284 sqm and net saleable area (NSA) of 67,876 sqm. All available residential units in Tower 1 and Tower 2 have been completed and sold out.

Arya Residence is the first residential condominium in the Philippines to be awarded LEED Gold BERDE 4-Star. It was also awarded 3-Star certification under PHILGBC's pilot implementation of Advancing Net Zero/PH (ANZ/PH) program. In 2025, Arya Residences earned the Health-Safety Rating by the IWBI, reinforcing for its safe and healthy living environment for its occupants.

There are also leasable commercial spaces at Arya Plaza, a canopied *al fresco* retail area within Arya Residences. These commercial spaces had a 100% occupancy to date. Of the total occupied space, bulk was taken up by food and beverage businesses, with the rest by service and retail establishments.

Arthaland Century Pacific Tower (ACPT)

ACPT is a AAA-grade 30-storey office building located along 5th Avenue in BGC. It has 34,295 sqm of GFA and 32,016 sqm of net leasable area (NLA). ACPT is registered with the Philippine Economic Zone Authority (PEZA) and was therefore granted tax incentives.

ACPT is the world's first building to achieve EDGE Zero Carbon certification from the IFC, a member of the World Bank Group. This is in addition to the building's earlier certifications, including LEED Platinum and BERDE 5-Star. ACPT was also certified Net Zero Energy under PHILGBC's ANZ/PH program and received the Health-Safety Rating since 2021.

To date, the leasable space owned by ALCO in ACPT is 98% occupied and it is expected to essentially be fully occupied moving forward. Of the ALCO-owned floors (excluding ALCO Head Office and Business Center), the bulk of the total leased area is occupied by a Business Process Outsourcing (BPO) company, and the rest by consulting firms and other traditional offices in IT, Financial, Banking, Insurance, Internet, and Food industries. Contracts with tenants which expired since the last review have been renewed.

Cebu Exchange
Cebu Exchange (CebEx) is ALCO's first project in the Southern Philippines, located at the gateway of the Cebu IT Park. CebEx is a 38-storey office and retail establishment with a GFA of 108,564 sqm. The office segment has an NSA of 84,293 sqm, while the retail segment has 4,724 sqm of NSA.

The building was designed to be divided into three major sections, namely: the low, mid, and high zones. The low zone caters to BPO and Knowledge Process Outsourcing (KPO) operators which require large spaces. Each floor in this zone has 5,000 sqm in floor area, which is a preferred layout by such companies. The mid zone is ideal for smaller BPOs, KPOs, and traditional companies. The high zone offers smaller units for local and regional entrepreneurs. To date, office units for sale in Cebu Exchange is almost fully taken up.

CebEx is reportedly the largest multi-certified green building in the Philippines. Its certifications include: LEED Gold in 2022, EDGE Advanced in 2023, and BERDE 5-Star in 2023.It also holds the WELL Health-Safety Rating since 2022 and WELL precertification. In 2025, it achieved EDGE Zero Carbon certification.

In 2022 and 2023, ALCO reclassified a total of 13,375 sqm of office, 2,628 sqm of retail units, and 36 non-appurtenant parking slots in CebEx from Real Estate for Sale to Investment Properties. The reclassification was intended to boost the Company's recurring revenues from leasing operations in the long-term. As a result, the Company has approximately 16,003 sqm of NLA in CebEx.

In 2025, ALCO had a negotiation with a financial company for the lease of office units in CebEx. As of report writing date, 80% of the units reclassified to investment property is covered by lease contracts. ALCO's target to reach 90% occupancy rate was revised to end-2026.

Savya Financial Center
Savya Financial Center (Savya) is located in Arca South, Taguig City. It is a two-tower grade-A mid-rise office condominium development with a retail component. Its two towers, the North Tower and the South Tower, have a GFA of 59,763 sqm. Moreover, it has an NLA of 47,677 sqm for office space, and approximately 1,400 sqm of NLA for retail space. The North and South Towers were completed and were handed over to unit owners in 2023. In 2023, the Company, through its subsidiary Savya Land Development Corporation, reclassified 4,197 sqm of office units and 50 non-appurtenant parking slots in South Tower from Real Estate for Sale to Investment Properties with the intention to retain the units and generate lease income from locators in Savya. The units in the South Tower are fully committed to Help Holdings Inc. (HHI). Savya is a joint development of the Company and HHI where 100% of the North Tower is attributed to Kashtha Holdings Inc. and 100% of the South Tower is attributed to HHI. In turn, Kashtha is a 60%-40% joint venture between Arthaland and Mitsubishi Estate Corporation, one of the largest developers in Japan.

Savya achieved multiple certifications, including BERDE 5-Star certification in 2026 and WiredScore Gold certification in 2024. Savya became the first building in the country to earn such rating for real estate's digital connectivity. The certification signifies Savya's high level of digital connectivity and smart technology. Savya also received LEED Gold precertification, WELL precertification, and EDGE Advanced preliminary certification. It has also held WELL Health-Safety Rating since 2024.

Savya is almost fully taken up as of this report.

Projects Under Construction and Projects in the Pipeline with Completed Land Acquisition

Figure 3. Details of Ongoing and Pipeline of Projects

Project		Location	GDV (in billion)	GFA (in sqm)	% of Completion	Target Turnover Date	Certification/s
SEVINA PARK	Courtyard Hall	Binan, Laguna	₱20.6	3,418	100%	2019	LEED ND Platinum (for the Estate) BERDE for Districts 5-Star (for the Estate)
	Sevina Park Villas			17,217	Tranche 1 - 100% Tranche 2 - 100% (excl 7 units) Tranche 3 - 58.7%	2022 1Q2024 to 4Q2026 3Q2025 to 4Q2026	LEED Homes Platinum (for the 4-BR Model Unit) EDGE Advanced Preliminary (for all Villas)
	Una Apartments Tower 1			16,316	55.5%	4Q2026	LEED Registered EDGE Registered WELL Registered BERDE On-Track
	Una Apartments Tower 2			19,192	1.2%	4Q2027	LEED On-track BERDE On-track EDGE On-track WELL On-track
	Una Apartments Tower 3			-	-	1Q2030	LEED On-track BERDE On-track EDGE On-track WELL On-track
	Sevina Park Arcades (Lots Only)			25,825	100%	2023	N/A
LUCIMA		Cebu Business Park, Cebu City	₱4.9	28,063	85.9%	1Q2027	LEED Pre-certified Gold BERDE Registered WELL Registered EDGE Registered
ELURIA		Rada Street, Makati City	₱5.3	14,656	50.1%	Mid-2026	LEED Pre-certified Gold EDGE Registered WELL Registered BERDE Registered
SONDRIS		Arnaiz, Makati City	₱11.0	31,871	Not Applicable	2Q2030	LEED Registered BERDE On-track EDGE On-track WELL On-track
Liv		Katipunan, Quezon City	₱12.6	52,212	Not Applicable	4Q2030	LEED Registered BERDE On-track EDGE On-track WELL On-track

Sevina Park

ALCO acquired an 8.1-hectare property in Biñan, Laguna through its subsidiary Cazneau, Inc. (Cazneau). This property is currently under development as Sevina Park (Sevina). Sevina is the Company's first mixed-use community, with residential and commercial spaces accounting for a GFA of 134,761 sqm. Sevina Park is composed of several components including the Sevina Park Villas, Una Apartments, Sevina Park Arcades, and Courtyard Hall which are being developed in phases as discussed below.

This integrated green project is the first in the Philippines to achieve LEED Platinum under the Neighborhood Development category and BERDE 5-Star under PHILGBC's pilot implementation of the BERDE for Districts rating system.

Sevina Park Villas

The first phase of Sevina Park includes the development of the Sevina Park Villas with an accumulative GFA of 17,217 sqm and NSA of 17,036 sqm. Within the estate will be townhouse villas ranging from two to four-bedrooms. There will be a total of 108 villas which are almost sold out to date. The first and second tranches of the Sevina Park Villas were fully completed as of end-March 2025. The construction of the tranche 3 of Sevina Park Villas commenced in 2025. Unit turnover is ongoing in phases until 4Q 2026.

All four-bedroom villas are undergoing LEED certification with the model unit achieving LEED Platinum, while all villa types secured EDGE Advanced preliminary certification.

Courtyard Hall

The Courtyard Hall is also part of the initial development of Sevina Park. It is a two-story dormitory building adjacent to the De La Salle University (DLSU) Laguna Campus. It has a GFA of 3,418 sqm and an NLA of 2,091 sqm.

Courtyard Hall will be re-developed as the site for the last residential tower of Una Apartments in the future. As a temporary building, Courtyard Hall is not viable for green building certifications. Nonetheless, its operations will continue only until 2H2026 to boost the leasing market for the completing first tower of Una Apartments. At its full occupancy, Courtyard Hall is expected to generate ₱20 million in leasing revenue. This is equivalent to 5% of the Company's total leasing revenues or 0.3% of total revenues. As such, its re-development will not have a significant effect on ALCO's leasing operations.

Una Apartments

Una Apartments is an 88,301 sqm development in Sevina Park and is the Company's flagship project catering to the broader mid-market segment. The development consists of multiple mid-rise residential buildings, at least three of which are intended to cater to the broader middle market, while the rest are targeted towards the upscale market.

ALCO launched the first tower of Una Apartments in 2022. Such is in line with the Company's strategic direction to strengthen its product offerings for the broader mid-market segment. Tower 1 of the Una Apartments is a vertical residential development offering a mix of studio and one-bedroom units. It has a GFA of approximately 16,316 sqm and a total of 392 units that are priced between ₱4.2 million to ₱8.9 million. Tower 1 of the Una Apartments towers was launched in September 2022. It received a very strong market reception and was substantially sold out within the first 10 months from its launch.[4] The target turnover schedule remains unchanged for October 2026. Una Apartments Tower 1 is LEED registered and is in the process of getting BERDE, EDGE, and WELL certifications.

Following the success of the first Una Apartments tower and given the higher-than-expected demand for midscale residential condominiums, the planned launch of the first upscale tower was pushed back, while the second tower of the mid-scale Una Apartments was launched ahead of schedule. ALCO launched Una Apartments Tower 2 in November 2023 and commenced construction in 2025. As of date of this report, Una Apartments Tower 2 was almost fully taken up.

2025 marked the initial revenue recognition for the first tower of Una Apartments. Such contributed approximately 27% of the total revenues from residential projects for the period. Despite generating reservation sales amounting to ₱2.1 billion in 2024, no revenues from Una Apartments Tower 2 were recognized during the year, in line with financial reporting standards that require completion of foundation work before initial revenue recognition. Una Apartments Tower 2 is also on track to reach its goal to be a LEED, BERDE, EDGE, and WELL certifications.

Amid sustained demand, the launch of the third tower of the Una Apartments was pulled forward to 2H2025. The third tower offers over 400 residential units, bringing the total units across the three towers to approximately 1,200.

[4] https://business.inquirer.net/414624/100-of-una-apartments-sold-in-the-first-ten-months

While there is a slowdown in the pre-selling of condominium units for middle-income developments in Metro Manila, ALCO managed to gain a foothold in this segment when it entered this market segment.

Una Apartments fits the lending parameters of the BALAI BERDE program of the National Home Mortgage Financing Corporation (NHMFC). The BALAI BERDE program was formed to incentivize developers in building green, sustainable, and affordable housing. The program provides up to 30-year housing loans at a preferential fixed rate of as low as 3% per annum on the condition that the purchased units have obtained EDGE certification and the loan amount does not exceed ₱6.0 million. ALCO is on track to reach this certification for both towers of the Una Apartments.

Sevina Park Arcades
This township features commercial lots for sale. The strategic location of the development makes it an ideal space for coffee shops, quick service restaurants, clinics, convenience stores, and small grocery marts.[5].

Lucima
Another project in Cebu City, Lucima is a 37-storey luxury condominium building located in the Cebu Business Park in a prime location right across the Ayala Center Mall. The project is set to be the first premier, multi-certified, sustainable residential condominium in Cebu City. This will contribute a total GFA of 28,063 sqm and NSA of 21,925 sqm. The project will deliver a total of 265 condominium units, and these are almost sold out to date.

Handover for the ground floor retail space is scheduled in 3Q2026 while initial handover for the residential units will be in 1Q2027. These expected turnover dates, however, have been changed from the initial target of September 2024. The slide in timeline was due to the termination of the contract with Lucima's general contractor in October 2024 as it failed to fulfill its contractual obligations and meet the required quality standards.

ALCO has strengthened its internal controls (e.g., immediate evaluation of periodic accomplishment and more extensive monitoring of deviations from agreed construction schedule) to ensure that such situation will be avoided in the future.

Additional contractors have been engaged to do finishing works. The unit buyers were also informed and have agreed with the new timelines, subject to deferral of the final payment dates.

Lucima received LEED Gold precertification and is targeting BERDE, EDGE, and WELL certifications.

Eluria
Eluria is a sustainable luxury residential development in Legazpi Village in Makati City, within walking distance of Greenbelt Mall. Eluria is ALCO's pioneer development in Makati. It will be a low-density, multi-certified, ultra-luxury development that will offer spacious designer homes with personalized white-glove service. Eluria will offer 37 residential units, with a maximum of two apartments per floor and elevators that lead into the residents' personal lobbies. It will have a GFA of approximately 14,656 sqm and NSA of 11,729 sqm.

[5] https://kmcmaggroup.com/for-lease/sevina-park/

The building has significant construction progress to date. The start of unit turnover, however, was moved to 2Q2026, from the initial target of October 2025.

As turnover nears, ALCO's hospitality directors completed training at the International Butler Academy in Netherlands to obtain best practices for its white-glove service for Eluria residents.

To date, all of Eluria's Garden Units and the Penthouse are sold out.

Eluria received LEED Gold precertification and is on track to achieve additional certifications under EDGE, WELL, and BERDE.

Sondris

Sondris is a premium green residential development located along Arnaiz Avenue, Makati. Launched in early 2026, this 37-story tower will offer a total of 252 residential units, comprising one-bedroom units (46–61 sqm), two-bedroom units (91–114 sqm), three-bedroom units (135–137 sqm), and garden units (180–230 sqm). It will have convenient access to both EDSA and Skyway. The project is scheduled for turnover by April 2030.

ALCO partnered with Mitsui Fudosan (Asia) (MFA) for the development of Sondris. Under the partnership, the Company has been engaged by the project company as the project development manager which will oversee the development and operations, while leveraging MFA's global expertise in design and property management. Mitsui Fudosan (Asia) is a wholly-owned subsidiary of Mitsui Fudosan Group – one of Japan's largest real estate companies and a publicly traded company, with approximately $62 billion in assets as of-end-2024.

Similar to other developments of ALCO, Sondris is expected to achieve multi-certification, having registered under LEED, and on track on its certifications for WELL, EDGE, and BERDE.

Liv

Liv is a residential property situated in Loyola Heights, Katipunan Avenue in Quezon City, right across the Ateneo de Manila University in Quezon City and within close proximity to two other major universities/schools and several international schools. It is envisioned to be a two-tower, quadruple-certified high-rise residential condominium. This development will offer more than 1,000 units, comprised of studio units sized at 20 sqm and one-bedroom units sized at 33 sqm. Mainly catering to the broader middle-market segment, Liv is estimated to have a GFA of 52,000 sqm.

Liv was added as part of the Company's medium-term development plans. In 2025, ALCO closed the acquisition of the property for Liv through its wholly-owned subsidiary, Sotern Land. This project was officially launched in September 2025. Liv North, the first tower of this project (Liv), is set to complete in 4Q2030, while the second tower is set to complete in 3Q2032.

While there is a current oversupply of ready-for-occupancy (RFO) condominiums in Metro Manila, the Company sees the demand for academic-related residential projects as resilient, hence, management is confident that there will be immediate demand for the project. As of year-end 2025, 32% of the first tower, Liv North has been taken up, corresponding to ₱2.8 billion in reservation sales. It is also worth noting that existing nearby developments are significantly taken up.

LIV is expected to achieve multi-certification, having registered under LEED, and on track on its certifications for WELL, EDGE, and BERDE.

Land Bank and Land Banking Activities

As of report-writing date, ALCO had 519,404 sqm in available land bank for development. The successful execution of the Company's land acquisition and development strategy will continue to be a critical factor in sustaining growth in the long-term.

Table 3. Existing Landbank

Location	Area (in sqm) Company Owned	Land Use Type	Acquisition Cost	Latest Appraised Value
Laguna and Tagaytay properties (UPHI)	331,769	Investment property	₱149,816,377	₱1,194,367,264
Batangas and Tagaytay properties (ALCO)	103,062	Investment property	₱45,019,935	₱335,896,000
Laguna property (Cazneau)	9,135	Real Estate for Sale	₱35,099,623	No appraisal since real estate for sale
Laguna property (Courtyard Hall - Land)	4,000	Investment property	₱15,368,720	₱366,510,000
Laguna property (Cazneau)	51,996	Real Estate for Sale	₱199,778,167	No appraisal since real estate for sale
Loyola Heights, Quezon City	3,742	Real Estate for Sale	₱1,013,232,140	No appraisal since real estate for sale
Cebu City (FLC)	15,700	Real Estate for Sale	₱2,837,000,000*	No appraisal since real estate for sale
Total	519,404			

*This may change depending on the actual taxes and processing fees incurred for the transfer of the titles to FLC's name.

Project Vanilla

As of the date of this report, ALCO, through its wholly-owned subsidiary, Furusato Land Corporation (FLC), has also completed the acquisition of 50% ownership over a five-hectare estate in Cebu City which will be the site of Project Vanilla. Total acquisition cost for the Company's 50% ownership is approximately ₱2.8 billion.

Project Vanilla (formerly Project Midtown) is a five-hectare property located in one of the prime CBDs in southern Philippines, in which ALCO has 50% undivided interest. This five-hectare property will be partitioned into multiple lots, half of which will be conveyed to the land owner, while the remaining half—covering a total area of 15,700 sqm will be conveyed to FLC – the project company for Project Vanilla.

ALCO, through FLC, completed the masterplan for Project Vanilla. This project is expected to be developed over the long term and is seen to have a mix of midscale and upscale developments.

In the previous review, ALCO mentioned its aim to secure the property by 3Q 2024 and initiate the launch of the first tower within 2025. The definitive agreement and the first of four payment tranches, however, were only executed in May 2025. As of the date of this report, the title to the five-hectare property have been registered under FLC and the landowner, with each party having 50% undivided interest over the property. With the completion of the masterplan, ALCO expects the partitioning of the property within 2Q2026. As a result, the launch of the first tower, is moved to 4Q2026. Nonetheless, the completion of Project Vanilla's land acquisition is a significant milestone in securing ALCO's long-term revenue growth.

Project Vanilla is projected to contribute 200,000 sqm of GFA to the Company's portfolio.

The development is on track to its LEED certification under the Neighborhood Development category.

Land Banking Activities for Future Projects
Project Olive
Project Olive is a 36,321-sqm property in one of the prime CBDs in Metro Manila. Project Olive is a master-planned residential community with multiple towers. The development of this property spans over 15 years and is expected to benefit from the new transportation infrastructure to be built around the area in the coming years.

According to management, the timeline to close the land acquisition was extended to ensure that the sellers submit all conditions precedent to the closing. As such, the launch of the first of the twelve residential towers slid from the initial target of 2025. Nonetheless, the revised schedule for Project Olive is not expected to have a significant effect on near-term revenues and profits.

Project Olive will contribute a total of 254,979 sqm to ALCO's total GFA.

Other Land Banking activities
To support sustained long-term growth, the Company is evaluating the potential acquisition of multi-hectare properties in high-growth urban areas for future multi-phase developments.

Distribution of Tranche 2 Bond Proceeds
Due to the change in project line-up, the allocation of proceeds from the Company's tranche 2 ASEAN Green Bonds (T2) were reallocated to ALCO's latest projects, primarily Sondris and Liv.

Table 4. Use of Proceed of the ASEAN Green Bonds Tranche 2

Project Name	Approved Reallocation as of March 2026	Disbursements as of end-2025	Balance
Sondris	₱1,594	₱1,594	₱0
Project Vanilla	₱1,080	₱930	₱150
Liv	₱50	₱50	₱0
ACPT	₱225	₱225	₱0
Total	₱2,949	₱2,799	₱150

Environmental, Social, and Governmental (ESG) Framework
Since its inception, ALCO has been committed to incorporating sustainability features into its developments – from design, construction, to operations. All of the Company's projects adhere to globally and nationally recognized standards for green and wellness buildings through the pursuance of certifications such as LEED, BERDE, EDGE, and WELL. Moreover, ALCO is the first real estate developer in Asia to sign the World Green Building Council's Net Zero Carbon Buildings Commitment and is one of the early adopters of the SBTi in the Philippines. This requires extending accountability beyond operational emissions to cover the full value chain, including the lifecycle of the building materials and other significant emissions. The Company became a signatory of the SBTi in 2024.

ALCO is committed to reach full decarbonization of its entire portfolio by 2030 and aligning its emission reduction goals with the 1.5°C warming limit. In view of this, the Company's commitment to sustainability extends beyond operational emissions and covers the full value chain, including the lifecycle of the building materials and other significant emissions.

In 2025, the Company's developments achieved 54% energy savings, 39% water savings, and an 96% greenhouse gas emissions (GHG) avoidance compared to conventionally designed buildings (or non-green) in the Philippines – higher than the savings recorded in the previous year. As of 2025, the Company sourced 97% of its energy from renewable sources, a notable improvement from 81% in 2024. According to management, Arya, ACPT, CebEx, and Savya are all running through renewable energy sources.

In 2024, ALCO launched the "Drink Sustainably" campaign, designed to eliminate the beverage-related disposables in the Company's premises. The Company likewise banned disposable cups in its premises. In just 12 months, the Company eliminated approximately 15,000 disposable cups, reducing its waste by 96%.

Arthaland continues its partnership with academic institutions for the Arthaland Masterclass, a program which aims to give intensive training to aspiring architects about sustainable design. Under the program, ALCO has partnered with four institutions including National University, Technological Institute of the Philippines, Far Eastern University, and Adamson University. Since 2024, the Company conducted cumulative of 7,200 training hours. Out of the thirty beneficiaries, 57% were given additional academic or credentialing scholarships. As of date, all scholars have graduated from their universities and 80% have obtained green building credentials.

FINANCIAL REVIEW

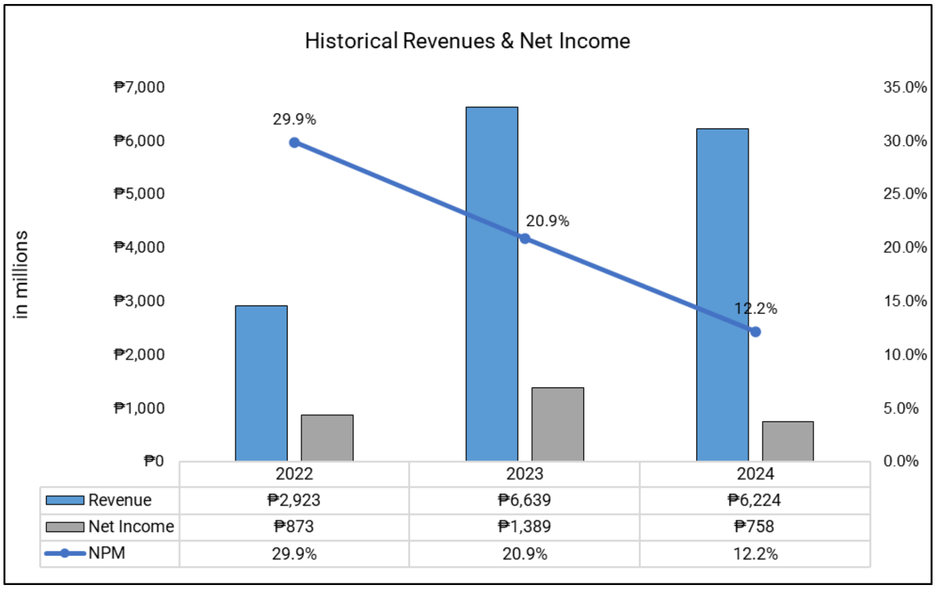
Table 5. Financial Highlights from 2022 to 9M2025

(in millions php)							
Balance Sheet Items	**2022**	**2023**	**2024**	**9M2024**	**9M2025**	**2024 vs 2023**	**9M2025 vs 2024**
Cash and cash equivalents	4,796	5,605	4,046		1,855	-27.8%	-54.1%
Total Assets	36,393	37,264	40,542		46,107	8.8%	13.7%
Total Debt	17,690	17,128	18,432		21,050	7.6%	14.2%
Total Liabilities	24,332	24,148	26,289		31,808	8.9%	21.0%
Total Equity	12,060	13,116	14,252		14,299	8.7%	0.3%
Income Statement Items	**2022**	**2023**	**2024**	**9M2024**	**9M2025**	**2024 vs 2023**	**9M2025 vs 9M2024**
Total Revenues	2,923	6,639	6,224	4,531	3,931	-6.2%	-13.2%
Costs and expenses	1,804	3,925	4,529	3,217	2,340	15.4%	-27.3%
Gross Profit	1,119	2,714	1,695	1,314	1,591	-37.6%	21.1%
Operating Expenses	872	1,351	1,464	1,035	1,239	8.4%	19.6%
EBITDA	290	1,426	299	329	407	-79.0%	23.9%
Operating Profit	247	1,364	231	278	353	-83.1%	26.8%
Finance costs	501	1,020	1,487	1,092	1,114	45.7%	2.1%
Net Income	873	1,389	758	790	366	-45.4%	-53.7%
Statement of Cash flows	**2022***	**2023***	**2024**	**9M2024**	**9M2025**	**2024 vs 2023**	**9M2025 vs 9M2024**
Net Cash from Operating Activities	700	2,090	(768)	(1,360)	(4,199)	-136.7%	208.7%
Net Cash from Investing Activities	2,050	1,409	(938)	(1,546)	891	-166.5%	-157.6%
Net Cash from Financing Activities	88	(2,694)	144	(251)	1,118	-105.3%	-545.8%

Ratios	2022	2023	2024	9M2024	9M2025
Net profit margin (%)	29.9	20.9	12.2	17.4	9.3
EBITDA Interest Coverage (x)	0.6	1.4	0.2	0.3	0.4
Current Ratio (x)	2.4	2.3	1.6		1.7
Debt to Equity Ratio (x)	1.5	1.3	1.3		1.5

Profitability

Figure 4. Historical Revenues and Net Income



2024

ALCO's total revenues declined by 6.2%, from ₱6.6 billion in 2023 to ₱6.2 billion in 2024, attributable to the bulk sale of Savya Financial Center's commercial units in the previous year. Additionally, ALCO's larger projects, particularly Cebu Exchange and Savya Financial Center, had already been substantially taken up in early 2024. Management, however, highlighted that while total revenues dipped, the Company sustained critical mass, with its revenue reaching more than $100 million, which is reportedly the benchmark for investors. Real estate sales declined by 7.9% to ₱5.8 billion, from ₱6.3 billion in 2023. On the contrary, revenues from leasing operations recorded a 13.3% increase to ₱414.9 million in 2024.

Despite lower revenues, ALCO recorded higher cost and expenses. Total cost and expenses grew by 15.4%, from ₱3.9 billion in 2023 to ₱4.5 billion in 2024. This increase was attributable to the higher percentage of project completion and the accounting treatment of the repossessed units sold during the year. Selling, marketing, and administrative (SGA) expenses also grew from ₱1.4 billion in 2023 to ₱1.5 billion in 2024. As such, ALCO recorded a steep 83.1% decline in its total operating income in 2024, from ₱1.4 billion in 2023 to ₱230.7 million. Similarly, EBITDA fell to ₱299.3 million, from ₱1.4 billion in 2023.

Gross profit margin (GPM) dropped to 27.2% in 2024, from 40.9% in 2023. OPM and EBITDA margin likewise declined from 20.5% and 21.5% in 2023 to 3.7% and 4.8% in 2024, respectively. According to management, the lower margins were attributed to the financial reporting standards in relation to two items. First, when previously repossessed units are sold, the cost attributed to such sale is equal to the previous price at which it was initially sold, thereby substantially bringing down the GPM for such sale.

Second, in 2024, ALCO adopted a change in accounting policy in relation to non-capitalization of borrowing costs. As a result, finance costs were shown as full current period costs in 2024.

In 2024, the fair value of the Company's office, retail units, and land properties almost doubled to ₱1.9 billion, propping up ALCO's earnings. The Company's bottom line, however, still recorded a decline, from ₱1.4 billion in 2023 to ₱758.4 million in 2024. Net profit margin (NPM) also dipped from 20.9% to 12.2% following the decline in GPM and the treatment for finance costs as current period costs as explained above.

6M2025 vs 6M2024
ALCO's total revenues in 6M2025 declined by 14.1% to ₱2.2 billion, from ₱2.6 billion in 6M2024. Cost and expenses declined at a faster rate of 28.7%, from ₱1.7 billion in 6M2024 to ₱1.2 billion in 6M2025. SGA expenses, on the other hand, grew from ₱629.9 million to ₱785.9 million in 6M2025 as the Company prepared for three major project launches in 2025, Liv, Una Tower 3 and Sondris. Mirroring the movement in revenues, total operating income for the period amounted to ₱151.7 million, 13.2% lower than the ₱174.9 million in 6M2024. Notwithstanding this, the Company's margins improved during the period due to the strong performance of high-margin residential developments such as Eluria, the higher leasing revenue from Savya Financial Center and the minimal effect of lower margins from sale of repossessed units in 2025 compared to 2024. ALCO's Other Income was notably lower in 6M2025, dropping by 45.4% from ₱462.4 million in 6M2024 to ₱252.3 million, driven by the lower fund balance in money market placements as the Company deployed significant funding towards the acquisition of strategic properties for Liv, Sondris and Project Vanilla. Due to the aforementioned, ALCO's bottom line declined by 48.6%, from ₱466.9 million in 6M2024 to ₱240.1 million in 6M2025. NPM also dropped to 10.9%, from 18.2% in 6M2024.

9M2025 vs 9M2024
ALCO's total real estate revenues in 9M2025 declined by 13.2% to ₱3.9 billion, from ₱4.5 billion in 9M2024. Despite the increased revenue contribution of Eluria and the initial revenue recognition of the Una Apartments Tower 2, topline declined due to the lower revenue recognized from Cebu Exchange. The combined cost of sales and services and operating expenses also recorded a faster decline at 15.9% during the period. As such, OPM improved from 6.1% in 9M2024 to 9.0% in 9M2025. Net income, however, declined by 53.7% to ₱365.6 million in 9M2025, from ₱790.5 million in the same period of 2024. Such decline was driven by lower gain from revaluation of investment properties given that there were no new reclassifications to investment property over the period, and the lower interest income generated for the period due to the lower fund balance following further disbursements for strategic land acquisition. As a result, NPM likewise notably dropped from 17.4% to 9.3% over the same period. ALCO's revenue and net income in 9M2025 still lagged, with attainment rates of only 59.9% and 43.1%, respectively.

Projected Period
2025 is a transition year for ALCO, as it moved from to the Next Stage of its three-tier plan. The majority of ALCO's revenues are seen to come from the residential segment given its strategic shift. The progress on the construction and completion of the Company's ongoing projects and the initial revenues from recently launched projects, are anticipated to drive ALCO's topline. Net income growth is seen to remain at healthy over the projected period.

Cash Flow and Liquidity
2024
In 2024, the Company recorded a net cash outflow from operating activities amounting to ₱767.6 million. This was a reversal from the net operating cash inflow of ₱2.1 billion in 2023. The net operating cash outflow was largely driven by payments to complete strategic property acquisitions and and payments for project development costs of on-going projects. The higher increase in contract assets in 2024, on account of the new real estate contracts from buyers of the residential projects also contributed to the difference in operating cashflows.

With the negative operating cash flow in 2024, ALCO availed additional bank loans to support its cash needs. Moreover, the Company generated ₱2.5 billion from the issuance of 5.0 million Preferred Shares (Series F) in November 2024. The proceeds from such were used to repay the short-term loan with a local bank which was used to redeem ALCO's Series C Preferred Shares in June 2024, while the rest were largely allocated for Liv. ALCO's cash was also used for its investing activites (e.g. money market investments) and the servicing of its debt obligations (principal and interest).

As a result, cash and cash equivalents declined to ₱4.0 billion as of end-2024, from ₱5.6 billion in the previous year. Notwithstanding this, current ratio remained more than ample at 1.6x, albeit lower than the 2.3x recorded in end-2023. The decline in current ratio is due to the inclusion of the ₱3 billion Green ASEAN Bonds Tranche 1 and ₱1 billion Green Loan, which was fully paid in February 2025.

6M2025 vs 6M2024
Operating cash flow remained negative in 6M2025 at ₱2.5 billion. This was 257.5% higher than the ₱709.4 million outflow in 6M2024, driven by property acquisition and increase in receivables. On the other hand, ALCO recorded an inflow from investing activities amounting to ₱1.2 billion, a reversal from the net outflow of ₱235.2 million in 6M2024. ALCO's cash needs in 6M2025 were augmented by additional loans amounting to ₱8.0 billion. In addition to funding the Company's working capital, the cash was also utilized for loan and bond repayments during the period. The Company recorded a ₱686.3 million cash outflow from financing activities in 6M2025. Due to the aforementioned, ALCO's cash balance further dropped to ₱2.0 billion as of end-June 2025 as the Company prioritized deployment of cash from previous capital-raising exercises to fund the acquisition of properties and to launch new projects. Nonetheless, current ratio inched up to 1.8x driven by the settlement and maturity of the Company's ₱3.0 billion ASEAN Green Bonds in February 2025, alongside the higher receivables and real estate for sale.

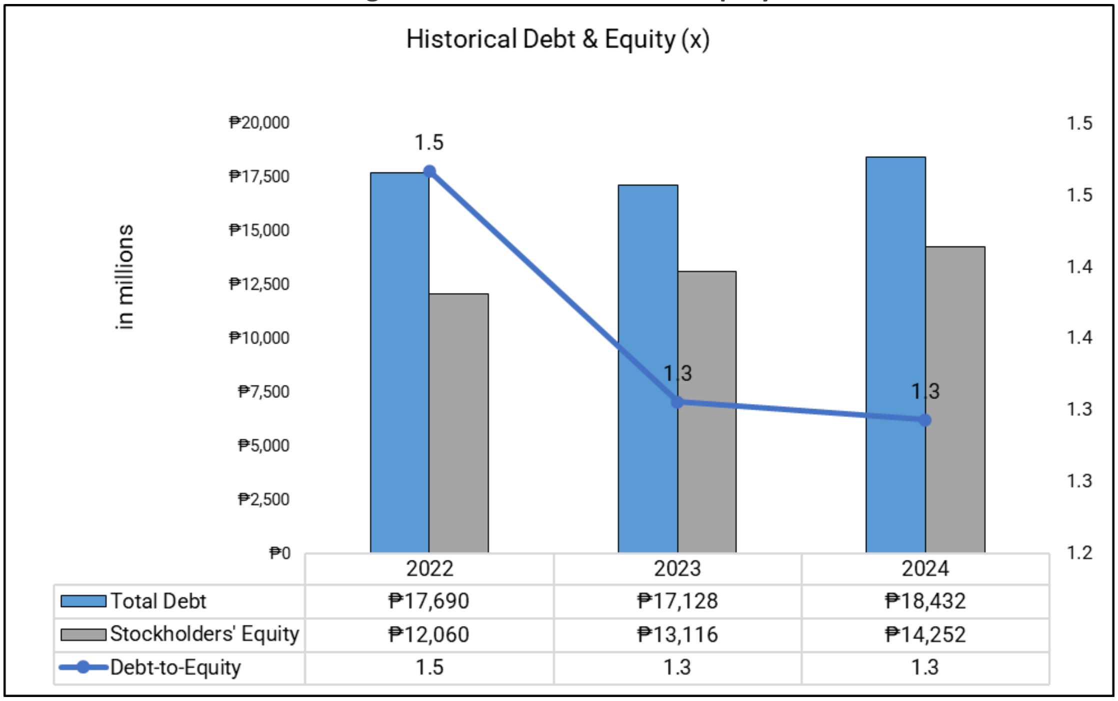
9M2025 vs 9M2024
The Company's cash used in its operating activities ballooned to ₱4.2 billion in 9M2025 – almost threefold from the same period of 2024. Such increase was on account of the land and property acquisitions in Metro Manila and Cebu for future developments. Cash and cash equivalents, therefore, notably declined from ₱4.0 billion as of end-2024 to ₱1.9 billion as of end-September 2025.

Current assets as of end-September 2025 stood at ₱29.1 billion, a 15.9% increase from end-2024. Similarly, current liabilities grew, albeit at a slower rate, by 4.8% to ₱16.7 billion. Current ratio, therefore, inched up to 1.7x.

Projected Period
The Company's growth is seen to be supported by a mix of internally generated cash and borrowings. Cashflows are expected to ride the construction progress of projects in the pipeline. Nevertheless, liquidity is expected to remain manageable.

Capital Structure

Figure 5. Historical Debt and Equity



<u>**2024**</u>

As of end-2024, ALCO's total debt, comprising of loans and bonds payable, stood at ₱18.4 billion, a 7.6% increase from the ₱17.7 billion in 2023. Of the Company's total debt as of end-2024, 63% were classified as current. This was higher than the 31% share recorded in 2023. Aside from the increased short-term loans, the reclassification of the outstanding ASEAN bonds maturing in 1Q2025 to current debt also contributed to the higher share of short-term debt. ALCO's loans have a maturity of one to three years, while the outstanding bonds will mature in 2027 and 2029.

Total equity grew by 8.7% to ₱14.3 billion in 2024, from ₱13.1 billion in the previous year. While retained earnings declined to ₱5.3 billion on account of dividend distribution, total equity increased due to the issuance of Series F Preferred Shares, partially offset by the redemption of Series C. ALCO had a total 37.5 million outstanding preferred shares as of end-2024. In August 2024, ALCO's Series B Preferred Shares which were redeemed in 2021, were cancelled following the approval by the SEC of the amendment of the Corporation's Articles of Incorporation.

Due to the aforementioned, DE ratio was unchanged at 1.3x as of end-2024. ALCO and its subsidiaries were also compliant with the financial ratio requirements for its loans as of end-2024.

9M2025 vs 2024

ALCO's total debt stood at ₱21.0 billion as of end-September 2025 – a 14.2% increase from end-2024. While ALCO's ₱3.0 billion ASEAN Green bond matured and was settled in February 2025, the Company acquired additional loans to finance the acquisition of properties and to continuously fund the development of ongoing projects. Of the total debt, 56% was short-term in nature, including working capital loans and contract-to-sell financing which were backed by receivables from buyers and which allowed the Company's subsidiaries to fund the construction of its projects while providing attractive payment terms to its buyers. Meanwhile, total equity remained relatively unchanged at ₱14.3 billion. As such, DE ratio inched up to 1.5x as of end-September 2025, from 1.3x as of end-2024.

Projected Period
The Company's capital structure is seen to remain manageable moving forward.

Financial Flexibility
The Company has available credit lines which it could tap should the need arise. ALCO is also a publicly listed company with a market capitalization amounting to ₱2.29 billion as of March 26, 2026. In the first quarter of 2026, ALCO executed a ₱3 billion 5-year credit line which it can draw to fund additional investments to support its projects, to acquire new properties or to refinance maturing short-term obligations.

ECONOMY AND INDUSTRY

Economy

Gross Domestic Product (GDP) [6]
The Philippine GDP expanded by 3.0% in the fourth quarter of 2025 (4Q2025). This was the slowest quarterly growth recorded since 3Q2011, excluding the contractions during the height of the COVID-19 pandemic. The foregoing brought the country's GDP growth rate for full-year 2025 to 4.4%, which was below the government's target of 5.5%–6.5%. This marked the third straight year that GDP growth fell short of the target.

On the supply side, drivers of growth in 2025 were the following industries: Wholesale and retail trade; repair of motor vehicles and motorcycles, 4.6%; Financial and insurance activities, 5.6%; and Public administration and defense; compulsory social security, 7.9%. At the aggregate sector level, Agriculture, forestry and fishing (AFF), Industry, and Services grew by 3.1%, 1.5%, and 5.9%, respectively.

Department of Economy, Planning, and Development (DEPDev) Secretary Arsenio Balisacan cited as reasons for the missed growth target the impact of weather-related disturbances for the year and the corruption scandal surrounding flood control projects. The latter reportedly dampened investments and consumer confidence.

On the demand side, HFCE grew by 4.6% in 2025, slower than the 4.9% recorded in 2024. Government Final Consumption Expenditure (GFCE) likewise increased by 9.1%, quicker than the 7.3% posted in 2024. Gross capital formation (GCF), on the other hand, declined by 2.1% in 2025, from a 7.7% growth in 2024, driven by the contraction in the government's spending for infrastructure during the last quarter of the year.

Inflation and Interest Rates[7]
Headline inflation in February 2026 accelerated to 2.4%, higher than the 2.0% recorded in the previous month and the 2.1% a year ago. This marked the fastest pace in 13 months. Nonetheless, such remained within the Bangko Sentral ng Pilipinas' (BSP) forecast range of 2.3% to 3.1% for the month. According to the Philippine Statistics Authority (PSA), the faster inflation print was mainly driven by higher price increases in housing, water, electricity, gas and other fuels, food and non-alcoholic beverages, and

[6] Philippine Statistics Authority
https://business.inquirer.net/571342/philippine-gdp-growth-down-to-3-in-q4-2025
[7] https://business.inquirer.net/577609/breaking-philippine-inflation-rises-to-2-4-in-february
https://www.gmanetwork.com/news/money/economy/978827/inflation-picks-up-to-12-month-high/story/

restaurants and accommodation services. Housing, water, electricity, gas and other fuels rose from 3.3% to 3.5%, contributing the most to overall inflation rate. Additionally, food and non-alcoholic beverages increased from 1.1% in January 2026 to 1.8% in February 2026, while restaurants and accommodation services increased from 4.0% to 4.4%. On the other hand, transport inflation remained in negative territory at -0.3% in February 2026 from -0.2% in January 2026, due to lower transport costs. Meanwhile, core inflation, which excludes selected volatile food and energy items, rose slightly from 2.8% in January 2026 to 2.9% in February 2026.

The BSP has reduced policy rates by a total of 150 basis points to support economic growth amid low inflation and softer domestic demand. This includes the Monetary Board's most recent 25-basis points rate cut on February 19, 2026, bringing the benchmark target reverse repurchase rate down to a three-year low of 4.25% and marking the sixth consecutive policy rate reduction. BSP Governor Eli M. Remolona Jr. said that further monetary easing would depend on the pace of economic growth and the speed at which confidence recovers. While the Monetary Board previously stated that the easing cycle was nearing its end, recent developments suggest that it remains open to further loosening. It also emphasized that it will remain vigilant, closely monitoring inflation and other economic indicators.

Impact of the ongoing conflicts in the Middle East

In light of the recent geopolitical tensions in the Middle East, Finance Secretary Frederick Go stated that the ongoing conflict will have a modest, albeit temporary, effect on the Philippine economy. The closure of the Strait of Hormuz is seen to be among the key headwinds affecting the country's inflation, as such will drive the projected spike in oil prices globally. ING Think claimed that a 0.4 percentage point increase to the Philippines' inflation print may be triggered for every 10% increase in oil prices.

Fuel prices have markedly increased since the last week of February 2026. The pump prices for gasoline and diesel have risen by approximately ₱2 per liter and ₱1 per liter, respectively as of the first week of March 2026. Further increases are expected if the war drags on. Higher fuel prices increase the cost of production for manufacturing firms, the energy costs of households, and transportation costs. The Department of Energy (DOE) emphasized that it can only monitor prices, not regulate them, under the 1998 Downstream Oil Industry Deregulation Act.

The BSP stated that it might be forced to hike its interest rates if inflation moves past the government's target range. An increase in interest rates would, in turn, push mortgage rates upwards. The IMF, on the other hand, also mentioned that the conflict will carry significant risks to the global economy, especially on growth and inflation. The magnitude of the impact will depend on how long the conflict lasts. The Department of Foreign Affairs projected four to eight weeks for the duration of the conflict. Iran's Revolutionary Guards declared, however, that the country's defenses are prepared to last six months as negotiations between nations continue.

Remittances from OFs in the Middle East are also likely to be affected by the ongoing situation. Philippine Institute for Development Studies (PIDS) mentioned, however, that remittances remained resilient even amid tensions. Short-term precautionary remittances also recorded increases even amid past uncertainties. The Philippine Peso, on the other hand, may also expect some downward pressure against the US dollar. China Banking Corporation's chief economist Domin Velasquez mentioned that during conflicts in the Middle East, global markets historically responded with risk aversion, which supports the US dollar.

As of report writing date, there is no unanimity on how long the war will last, with projections lasting from a few weeks, including by President Trump, to a much longer, but possibly at lower intensity.

INDUSTRY

Real Estate[8]

Residential

In 2025, Metro Manila's condominium market posted substantial improvements. Residential Inventory Life (RIL) settled at roughly eight years, notably down from the record high of 13 years in 2Q2025. Net take-up also sustained its footing from the previous quarter, supported by attractive RFO promos curated by developers.

Colliers recorded the launch of 12,700 condominium units in Metro Manila, up by 12% YoY. Net take-up, nonetheless, inched up by 8% to 10,100 units in 2025. Of the 10,100 units sold, about 40% were RFO units in locations such as Pasig City, Manila, Cubao – New Manila, and Paranaque. RFO promos included hefty discounts for spot cash payments, rent-to-own schemes, extended downpayment terms, and even free parking.

About 7,400 units were completed in 2025, with Fort Bonifacio, Bay Area, and C5 Corridor accounting for about two-thirds of the new supply. In 2026, Colliers expects the delivery of 13,000 new condominium units in Metro Manila, notably higher by 74% YoY.

Premium residential condominiums under the luxury (₱20 million to ₱100 million) and ultra luxury (₱100 million and above) segments are foreseen to be delivered in the coming years, with developers expanding their projects to target higher-priced horizontal developments. Beyond 2026, however, the property research firm forecasts overall slower completion and new supply delivery given tempered launches in the past three to four years. From 2026 to 2028, projected annual delivery is seen to amount to 7,000 units, still way below the pre-pandemic average of 14,000 units.

Additionally, Colliers pointed out the strengthening interest in buying lot-only developments in Metro Manila. In key regions such as Southern and Central Luzon, Central Visayas, Western Visayas and Davao regions, lot-only developments recorded price appreciation of between 5% and 13% annually from 2016 to 2025.

Retail

Supported by the continuous expansion of foreign retail brands and the integration of omnichannel (online and offline) shopping experience for consumers, the Philippine retail sector is showing signs of full recovery to pre-COVID performance levels. As consumer traffic strengthens—supported by easing

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[8] Colliers Philippines Property Market Reports
https://news.outsourceaccelerator.com/philippine-bpos-office-growth/
https://cebudailynews.inquirer.net/665651/bpo-jobs-in-ph-proposed-us-laws-could-threaten-them
https://business.inquirer.net/559250/sec-lists-reforms-to-boost-reit-regulation
https://www.bworldonline.com/economy/2025/09/03/695672/international-visitor-arrivals-approaching-4m/
https://mb.com.ph/2025/06/26/dot-logs-29-m-tourist-arrivals-in-first-half-of-2025
https://dailyguardian.com.ph/philippines-makes-debut-at-future-hospitality-summit-2025/
https://www.colliers.com/en-ph/news/bpo-situationer-floorplates-footprints-where-bpo-should-expand-next
https://mb.com.ph/2025/11/04/shifting-the-bpo-industry-to-value-based-services
https://www.bworldonline.com/special-reports/2025/09/08/696381/it-bpm-industry-counting-on-ai-to-defend-global-market-share/

inflation rate and rising disposable income, coupled with refreshed and immersive mall spaces—Colliers retains its forecast that mall vacancy will return to pre-pandemic levels by the end of 2026.

From 2Q2025 to 3Q2025, an additional 15,000 sqm of retail space went online. In 2025, a total of 265,000 sqm will be delivered, almost triple of the 86,900 sqm completed in 2024. In the coming years, Colliers conservatively looks forward to an average annual completion of 111,000 sqm, notably below the 322,000 sqm delivered in 2017-2019.

Retail vacancy rate further improved from 13.1% in 1Q2025 to 11.4% in 3Q2025, the lowest since the 9.7% recorded in 1Q2020. This was driven by continued space take-up from local and foreign brands, particularly under home furnishing and personal accessory segments. By end-2025, vacancy is forecasted to inch down to 11.0% due to limited upcoming supply for the remainder of the year.

Rental rates observed a marginal rise of 0.8%. These are expected to stabilize in the coming years as retailers continue to take up physical mall space and developers continue to refresh retail spaces.

Offices

The Metro Manila office market closed in 2025 with a stronger performance, with net take-up reaching 309,000 sqm. Net take-up recorded as of end-2025 exceeded the higher revised target of 285,000 sqm for 2025 and was the highest level since 2020.

Office transactions also showed robust signs of recovery, as recorded deals as of end-2025 went up by 11% and reached 847,000 sqm, the highest level since 2021. Fort Bonifacio, Bay Area, and Quezon City covered nearly half of total transactions. For deals outside of Metro Manila, Cebu dominated with more than half its share, followed by Pampanga and Iloilo. About 65% of deals recorded in 2025 were from Traditional firms and government agencies followed by third party outsourcing (24%), and shared services (11%).

Colliers noted that of the 603,000 sqm of office space transactions in 1H2025, about 293,000 sqm (or 49%) were from the BPO sector, underscoring its robust performance.

In 2025, approximately 369,600 sqm of office area was delivered, lower than the initial forecast of 395,000 sqm. For 2026, Colliers expects the delivery of 474,300 sqm of new office space, with supply coming from the Bay Area, Makati Fringe, and Quezon City. Annual delivery for the next three years will be at 378,700 sqm, up from the previous forecast of 359,600 sqm as of end-September 2025. The revised forecast will be higher than the level of supply recorded from 2011 to 2013.

Vacated office space eased to 485,000 sqm, the lowest annual level since 2021. The decline is mainly attributable to the absence of major POGO-related surrenders.

The improvement in vacancies and the sustained transaction activity will likely support net take-up in the next two to three years. If such conditions continue to improve, Colliers believes the office market could return to a "normalized" net take-up level of 500,000 sqm. The BPO sector is seen to be among the drivers of demand for office spaces, as also noted by the market reports of Jones Lang La Salle (JLL). New office spaces particularly constructed for BPOs in areas outside of Metro Manila commenced groundbreaking in 2025.

There are two pending measures in the US Congress that pose a threat to the Philippines' BPO sector, however, namely the Keep Call Centers in America Act of 2025 and the Halting International Relocation of Employment (HIRE) Act of 2025. These bills make outsourcing less attractive for American firms that offshore at least 30% of its call center operations, as they will lose access to federal grants and guaranteed loans for five years.

Moreover, based on the survey of the Information Technology and Business Process Association of the Philippines (IBPAP), around two-thirds of the IT-Business Process Management (IT-BPM) industry have already begun integrating AI into its operations. Although this automates and speeds operations of BPOs, the usage of AI is seen to cause job displacement and decrease the need for large office spaces.

The country's BPO sector is nevertheless seen to remain strong amid the looming threats. IBPAP has been working with the Philippine government to calibrate the country's BPO industry toward higher-value services, including data analytics, cybersecurity, and healthcare information management. The industry is also reportedly undergoing a massive reskilling phase, with the BPO workforce being equipped with the requisite skills to shift toward roles that require critical thinking, emotional intelligence, and specialization. These higher-value specialized services are seen to be augmented instead of being replaced by AI, as well as drive growth in the industry's revenues.

The local BPO industry is projected to record revenues of $42 billion in 2026 and employ almost two million Filipinos. In terms of take-up moving forward, new office spaces in Bohol and Cavite to be occupied by BPO tenants are under construction.

Philippine Economic Zone Authority (PEZA)
The Philippine Economic Zone Authority (PEZA) aids in the registration of foreign businesses and grants them fiscal and non-fiscal incentives when such operate inside PEZA Special Economic Zones. Some of the fiscal incentives include: Income Tax Holiday or 100% exemption from corporate income tax, 5% Special Tax on Gross Income, and exemption from all national and local taxes. Non-fiscal incentives are simplified import and export procedures, and special non-immigrant visa with multiple entry privileges for non-resident foreign nationals in a PEZA-registered economic zone enterprise. ACPT is registered with PEZA and is entitled to 5% tax on Gross Income Earned (GIE), in lieu of all national and local taxes, and tax and duty-free importation of capital equipment of the registered facilities or activities.