

 <b>PHILIPPINE RATING SERVICES CORPORATION</b>	<b>CREDIT RATING REPORT</b>
	<b>AYALA LAND, INC. (ALI)</b>

**Date:** August 22, 2025  
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## PROPOSED ISSUANCE

Proposed KPI-Based Sustainability-Linked Bonds			
Amount*	Tenors	Assigned Rating	Assigned Outlook
Base of ₱10.0 billion, with an Oversubscription Option of up to ₱5.0 billion	5 and 10 years	PRS Aaa	Stable
<b>Total Proposed Issuance – up to ₱15.0 billion</b>			

\*The fourth tranche from the existing 2023 Debt Securities Program Shelf Registration of up to ₱50.0 billion.

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. A **Stable Outlook**, on the other hand, is assigned when a 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.

*Use of Proceeds: To partially refinance general corporate requirements and maturing debt*

<i>Other salient terms:</i>	
<b>Key Performance Indicators (KPI) / Sustainability Performance Targets (SPT)</b>	<ol style="list-style-type: none"> <li>Obtain EDGE Zero Carbon certification for 1.5 million square meters (sqm) of office commercial properties by 2025; measurement date of March 31, 2026</li> <li>Reduce the operational Scopes 1, 2, and 3 GHG emissions of ALI's commercial properties by 42% by 2030, from a baseline date of 2021 – measurement date of March 2031</li> </ol>
<b>Interest Rate Step-up</b>	The Interest Rate is to step-up by five bps for each KPI that is not achieved, commencing on the quarterly interest period immediately succeeding the relevant measurement date.

## OUTSTANDING ISSUANCES

<b>Total Outstanding Bonds</b>	₱104.25 billion	₱22.00 billion from 2016 SP, ₱18.00 billion from 2019 SP, ₱38.00 billion from 2021 SP, ₱24.25 billion from 2023 SP, and ₱2.0 billion from other outstanding bonds
<b>Total of Proposed Issuances and Outstanding Bonds</b>	₱119.25 billion	₱104.25 billion outstanding bonds and up to ₱15.00 billion proposed bonds

*Earlier PRS-rated Bond*

Amount	Interest Rate	Tenor	Maturity Date	Issue Date	Reviewed Rating	Reviewed Outlook
₱2.00 billion	6.0000%	20 years	Oct. 10, 2033	Oct. 10, 2013	PRS Aaa	Stable

**Analysts' Note:** ALI fully utilized its 2016, 2019, and 2021 Securities Programs.

*3-year 2016 Securities Program of up to ₱50 billion*

Amount	Interest Rate	Tenor	Maturity Date	Issue Date	Reviewed Rating	Reviewed Outlook
₱8.00 billion	4.8500%	10 years	Mar. 23, 2026	Mar. 23, 2016	PRS Aaa	Stable
₱7.00 billion	4.7500%	9 years	Oct. 25, 2025	Apr. 25, 2016	PRS Aaa	Stable
₱7.00 billion	5.2624%	10 years	May 02, 2027	May 02, 2017	PRS Aaa	Stable
<b>Total Outstanding Amount Issued under the 2016 SP – ₱22.00 billion</b>						

*3-year 2019 Securities Program of up to ₱50 billion*

Amount	Interest Rate	Tenor	Maturity Date	Issue Date	Reviewed Rating	Reviewed Outlook
₱8.00 billion	6.3690%	7 years	May 06, 2026	May 06, 2019	PRS Aaa	Stable
₱1.00 billion	4.9899%	8 years	Feb. 06, 2027	Nov. 06, 2019	PRS Aaa	Stable
₱6.25 billion	3.8620%	5 years	Sept. 29, 2025	Sept. 29, 2020	PRS Aaa	Stable
₱0.25 billion <sup>†</sup>	4.0776%	10 years	Oct. 26, 2031	Oct. 26, 2021	PRS Aaa	Stable
₱2.50 billion <sup>†</sup>	5.8086%	6 years	May 05, 2028	May 05, 2022	PRS Aaa	Stable
<b>Total Outstanding Amount Issued under the 2019 SP – ₱18.0 billion</b>						

<sup>†</sup>A total of ₱2.75 billion from the 2019 SP was issued as part of two bond issuances, both of which were also partly drawn from the 2021 SP.

*3-year 2021 Securities Program of up to ₱50 billion*

Amount	Interest Rate	Tenor	Maturity Date	Issue Date	Reviewed Rating	Reviewed Outlook
₱2.75 billion <sup>†</sup>	4.0776%	10 years	Oct. 26, 2031	Oct. 26, 2021	PRS Aaa	Stable
₱9.50 billion <sup>†</sup>	5.8086%	6 years	May 05, 2028	May 05, 2022	PRS Aaa	Stable
₱7.00 billion	6.2110%	5 years	Jul. 04, 2027	Jul. 04, 2022	PRS Aaa	Stable
₱14.00 billion	6.8045%	7 years	Jul. 04, 2029	Jul. 04, 2022	PRS Aaa	Stable
₱4.75 billion <sup>†</sup>	6.0253%	5 years	Jun. 26, 2028	Jun. 26, 2023	PRS Aaa	Stable
<b>Total Outstanding Amount Issued under the 2021 SP – ₱38.00 billion</b>						

<sup>†</sup>As mentioned in the previous table, ₱0.25 billion from the 2019 SP was issued with ₱2.75 billion from the 2021 SP for a total issue amount of ₱3.0 billion. Similarly, ₱2.5 billion from the 2019 SP was issued with

₱9.5 billion from the 2021 SP for a total issue amount of ₱12.0 billion. The balance of ₱4.75 billion was the final tranche of the 2021 SP and issued with a total of ₱10.25 billion from the new 2023 SP.

### 3-year 2023 Securities Program of up to ₱50 billion

Amount	Interest Rate	Tenor	Maturity Date	Issue Date	Reviewed Rating	Reviewed Outlook
₱5.325 billion <sup>†</sup>	6.0253%	5 years	Jun. 26, 2028	Jun. 26, 2023	PRS Aaa	Stable
₱4.925 billion	6.2948%	10 years	Jun. 26, 2033	Jun. 26, 2023	PRS Aaa	Stable
₱6.0 billion <sup>††</sup>	6.9931%	10 years	Jul. 18, 2034	Jul. 18, 2024	PRS Aaa	Stable
₱8.0 billion <sup>†††</sup>	6.1134%	10 years	Nov. 13, 2034	Nov. 13, 2024	PRS Aaa	Stable
<b>Total Outstanding Amount Issued under the 2023 SP – ₱24.25 billion</b>						

<sup>†</sup>As mentioned in the previous table, ₱4.75 billion from the 2021 SP was issued with a total of ₱5.325 billion from the 2023 SP.

<sup>††</sup>First tranche of ASEAN Sustainability-Linked Bonds

<sup>†††</sup>Second tranche of ASEAN Sustainability-Linked Bonds

## OUTSTANDING ISSUANCES OF RELATED COMPANIES

### Ayala Corporation (AC) – Parent Company of ALI

AC owned 53.3% of ALI's total outstanding shares as of end-June 2025.

Issue Amount	Interest Rate	Tenor	Maturity Date	Issue Date	Outstanding Rating	Outstanding Outlook
<i>3-year 2021 Debt Securities Program (DSP) of up to ₱30.00 billion</i>						
₱6.00 billion	3.7874%	5 years	May 28, 2026	May 28, 2021	PRS Aaa	Stable
₱7.50 billion	5.6239%	5 years	May 26, 2027	May 26, 2022	PRS Aaa	Stable
₱2.50 billion	6.1351%	7 years	May 26, 2029	May 26, 2022	PRS Aaa	Stable
<b>Total Outstanding PRS-rated Bonds of AC – ₱16.00 billion</b>						

## RATIONALE

### 1. A well-diversified portfolio, complemented by strong brand equity

Ayala Land, Inc. (ALI, The Company) stands as one of the leading and most established property developers in the Philippines, with an operating history of more than 37 years since 1988. It is engaged in the development of large-scale, integrated, mixed-used and sustainable estates. It has a well-diversified portfolio of businesses that range from the development of residential, office, commercial, and industrial properties, commercial leasing through shopping centers, offices, hotels, resorts, factory buildings, warehouses, co-living, and co-working spaces, construction, property management, and retail energy supply.

ALI's core business, which is the development of residential projects, includes a diverse portfolio that caters to different markets. The AyalaLand Premier (ALP) brand offers developments targeted to 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.

ALI also manages a chain of Ayala Malls, office buildings, its own hotel brand, Seda, an eco-luxury resort in El Nido, a tourism estate in Iloilo, and dry and cold storage facilities. ALI also entered into the growing leasing formats of co-working and co-living spaces through the Clock In and The Flats brands. Additionally, ALI holds equity interests in construction through Makati Development Corporation (MDC), property management through Ayala Property Management Corporation (APMC), and in the sale of electricity.

The diversified portfolio of real estate properties and services places ALI in a good position to leverage on any potential opportunities and mitigate risks that might arise in those segments.

As of end-2024, ALI had 53 estates in its portfolio. These estates are comprised of 34 integrated mixed-use estates, three tourism estates, five residential estates, five commercial estates, and six industrial estates. The Company likewise held a land bank of 10,736 hectares (ha) as of end-2024.

ALI is a highly trusted brand, with a solid track record of successful expansions and delivery of high-quality projects nationwide. At present, ALI has 57 growth centers across the country.

## **2. Solid portfolio expansion strategies, backed by its experienced management team and synergies with Parent Company**

ALI established a new five-year growth strategy in 2023, that focused on elevating its standard for quality and reinforcing its market position. To support this, the Company is aiming to substantially expand its leasing portfolio. Around three to five shopping malls are planned to be introduced annually with a target to bring its total retail gross leasable area (GLA) to 700,000 sqm. On the other hand, ALI will allot \$500 million for its hospitality business to increase its total room count to 8,000 rooms. Over 15 industrial estates are also targeted to be launched, as ALI envisions to own a nationwide network in logistics and warehousing. For its Property Development portfolio, the Company will be leveraging on its premium and horizontal developments by launching projects in line with its vision of growth, 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 has a seasoned management team, with Mr. Jaime Augusto Zobel de Ayala as the Chairman of ALI's Board since October 2022. He took over the role from Mr. Fernando Zobel de Ayala, who resigned due to health concerns. Mr. Jaime Augusto Zobel de Ayala has been simultaneously serving as the Chairman of ALI's Parent Company, Ayala Corporation (AC), since 2006 and Director since 1987. ALI's management is led by President and Chief Executive Officer (CEO) Ms. Anna Ma. Margarita B. Dy. Prior to assuming these positions on October 1, 2023, Ms. Dy was the Head of the Residential Business Group of ALI in 2022 and Head of the Malls Group in 2023. She previously headed the Ayala Land Estates Group. The leadership and management of the Company are also being overseen by other key officers who also hold significant roles across various businesses within the Ayala Group.

As of end-June 2025, AC owns 53.3% of ALI. AC is one of the country's oldest and largest conglomerates, with diversified operations in real estate, telecommunications, financial services, water, industrial technologies, power, infrastructure, education, healthcare, and technology ventures.

ALI enjoys strategic advantages with its connection to a well-diversified conglomerate, operating with a solid track record in various industries. ALI can continue to leverage on AC's resources and markets, management, and established networks and relationships to achieve its goals.

### 3. The Company's sustained commitment to sustainability

ALI has been making notable progress in achieving its sustainability goals since it formalized sustainability as a guiding principle for the Group in 2007. In July 2024, ALI achieved a milestone with the issuance of the country's first KPI-based ASEAN Sustainability-Linked Bonds amounting to ₱6.0 billion. Such issuance formed part of ALI's debt package of ₱20.5-billion Sustainability-Linked Financing Program, alongside the ₱14.5-billion Sustainability-Linked Loan granted by the International Finance Corporation (IFC).

The issuance is aligned with the transition of ALI's decarbonization strategy in 2021, from Carbon Neutrality to setting targets and identifying interventions for a Net Zero<sup>1</sup> by 2050 program. Such program is a collective endeavor of the Ayala Group, along with ALI's sister companies Globe Telecom (Globe), Bank of the Philippine Islands (BPI) and AC Energy (ACEN).

The structural/financial characteristics of the proposed bond are tied to the predefined sustainability objectives of (i) obtaining EDGE<sup>2</sup> Zero Carbon certification for 1.5 million sqm of office commercial properties by 2025 – measurement date of March 2026, and (ii) reduction of 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. The SPTs for the proposed issuance are also similar to the predefined targets of the two Sustainability-Linked Bonds issued by ALI in 2024.

For the first sustainability objective, it is positively noted that 24 of the Company's office buildings have acquired the EDGE Zero Carbon certification as of end-2024, triple from the eight buildings certified in January 2024.<sup>3</sup> This brought the total office space with green certification to 921,417 sqm as of end-2024. The significant progress in achieving its SPT is attributed to ALI's commitment to incorporating sustainable and responsible business practices in its operations. Aside from its office buildings, ALI is aiming to secure the aforementioned certification for 11 of its hotels by 2026.

In terms of the second sustainability objective, the Company is on track to achieving its 2030 targets of 42% of GHG emissions reduction from 2021 base year. In 2024, the Company is already at 42,827 tCO<sub>2</sub>e.

### 4. Robust earnings and healthy cash flows, driven by the positive performance of real estate and leasing portfolio

ALI's net income amounted to ₱34.2 billion in 2024, which reflected an 18.0% increase from ₱29.0 billion in 2023. This was on account of the higher revenues across all of its business segments. Total real estate revenues for the year amounted to ₱176.5 billion, up by 21.3% from 2023.

Revenues from the Property Development segment, which historically accounted for more than half of total real estate revenues, expanded by 22.3% to ₱112.9 billion in 2024. Such was attributed to the 22.9% increase in residential sales to ₱94.9 billion, on account of the higher bookings across all residential brands. Reservation sales of residential units also posted a growth of 11.5% to ₱127.1 billion in 2024, even amid the reported dampened demand of condominium units in Metro Manila. The sale of commercial

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<sup>1</sup> Carbon Neutrality refers to the state of emitting an equal amount of carbon dioxide (CO<sub>2</sub>) into the atmosphere as is removed. Net Zero refers to the state of emitting an equal amount of greenhouse gases (GHG) into the atmosphere as is removed. It accounts for the reduction of all GHG emissions across the whole supply chain.

<sup>2</sup> Established by the IFC in 2014, Excellence in Design For Greater Efficiencies (EDGE) is a green building certification system focused on making new residential and commercial buildings more resource-efficient.

Source: <https://www.gbci.org/press-kit-edge>

<sup>3</sup> [Ayala Land Green Building Certifications](#)

and industrial lots also contributed to top line growth, as such rose by 33.7% to ₱14.6 billion, driven by sales in ALI's estates.

The Commercial Leasing segment grew steadily by 9.4% to ₱45.6 billion in 2024, driven by the positive performance of its leasing assets. Revenues from malls, which accounted for 50.4% of the leasing revenues, increased by 9.0% to ₱23.0 billion, supported by lease escalations and contributions from One Ayala and Ayala Malls Manila Bay. Office revenues grew by 9.1% to ₱12.9 billion similarly on account of lease escalations and contributions of its office buildings in Makati.

Revenues from the Services segment recorded a steep increase of 56.9% to ₱18.0 billion for the year, led by the strong performance of MDC, its construction arm. Such registered an almost twofold increase or 97.5% higher revenues to ₱13.0 billion, as new projects from external sources propped up its total order book.

In line with the top line growth for the year, total cost of real estate sales went up by 26.5% to ₱110.2 billion in 2024. On the other hand, general and administrative expenses (GAE) posted a slower increase of 3.4% to ₱9.2 billion. Driven by the strong revenue performance and controlled GAE growth, the Company's earnings before interest, taxes, depreciation, and amortization (EBITDA) recorded a robust growth of 17.3% to ₱67.4 billion.

Total costs and expenses increased at a slightly quicker pace, however, than consolidated revenues. This cut ALI's EBITDA margin from 40.5% in 2023 to 38.2% in 2024. Net profit margin (NPM) was also marginally down to 19.4%, from 19.9% in the previous year. Nevertheless, return on average equity (ROAE) and return on average assets (ROAA) improved to 10.1% and 3.9% in 2024, respectively.

In the first half of 2025 (1H 2025), the Company's real estate revenues recorded a marginal decrease of 1.3% year-on-year (YoY) to ₱42.6 billion. The Property Development segment registered a slight 0.8% growth to ₱52.3 billion, driven by its premium residential brands and the sale of commercial and industrial lots. The Commercial Leasing segment also grew at a modest rate of 4.7% to ₱23.2 billion, backed by the leasing portfolio's stable occupancy and lease escalations. On the other hand, the Services segment dropped by 30.6% to ₱5.9 billion, on account of lower revenues from construction and property management and others.

Nonetheless, EBITDA was up by 12.3% YoY to ₱35.0 billion in 1H 2025, as total real estate costs declined by 10.0% to ₱46.7 billion. As a result, EBITDA margin improved from 37.8% in 1H 2024 to 43.0% in 1H 2025. Given the more pronounced decrease in total costs and expenses, net income grew by 9.2% YoY to ₱17.2 billion in 1H 2025. NPM also improved from 19.1% in 1H 2024 to 21.1% for the period.

Backed by higher earnings and lower increases in trade receivables and inventories, net cash from operating activities expanded by 46.1% to ₱31.2 billion in 2024. This mainly drove ALI's cash balance to increase by 26.0% to ₱21.5 billion as of end-2024. Current ratio was at an ample level of 1.7x for the year. Growth in operating cash flow was sustained in 1H 2025, as it ballooned by 142.7% YoY to ₱12.7 billion. Such was similarly driven by lower increases in receivables and inventories, coupled with the increase in accounts payable and deposits. Current ratio remained satisfactory at 1.5x as of 1H 2025.

ALI expects sustained growth in its revenues and net income moving forward, with margins and returns hovering slightly above historical levels.

## 5. Conservative capital structure

Similar to the previous years, ALI's capital structure remained conservative. Debt-to-equity (D/E) ratio was sustained at 0.8x as of end-2024 and end-June 2025. The Company expects its capital structure to remain conservative 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.

## BUSINESS PROFILE

ALI was incorporated in 1988 to focus on the development of the Ayala Group's existing real estate assets. It is one of the largest and the most diversified real estate conglomerates in the Philippines. The Company is principally engaged in land acquisition; planning and development of large-scale, integrated, mixed-use, and sustainable estates; development and sale of residential condominiums and house and lots (H&L), office buildings, and commercial and industrial lots; development and lease of commercial and office spaces, factory buildings and warehouses; and development, operation, and management of hotels, resorts, and co-living spaces. In addition, it is also engaged in property management, construction, power and airline services.

ALI organized its main business lines into three categories, namely: (1) Property Development, which includes the sale of residential lots and units, office spaces, commercial and industrial lots, and operations of Avaland Berhad (Avaland Bhd.)— ALI's publicly-listed subsidiary based in Malaysia; (2) Commercial Leasing, which involves the operation of shopping centers, office buildings, and hotels and resorts; and (3) Services, which includes construction, property management, and retail electricity supply.

The next table summarizes the performance of the Company's business segments from 2023 to the first quarter of 2025 (1Q 2025):

**Table 1. Revenue per Business Segment**

<i>(in Millions PHP)</i>	2023	2024	% change	1Q 2024	1Q 2025	% change
<b>Business Segments</b>						
<b>Property Development</b>	<b>92,336</b>	<b>112,917</b>	<b>22.3%</b>	<b>25,034</b>	<b>27,839</b>	<b>11.2%</b>
Residential	77,194	94,859	22.9%	21,402	22,012	2.9%
Office for sale	4,229	3,456	-18.3%	826	96	-88.4%
Commercial and industrial lots	10,913	14,593	33.7%	2,806	5,731	104.2%
<b>Commercial Leasing</b>	<b>41,677</b>	<b>45,594</b>	<b>9.4%</b>	<b>10,886</b>	<b>11,602</b>	<b>6.6%</b>
Shopping Centers	21,088	22,984	9.0%	5,469	5,707	4.4%
Offices	11,808	12,878	9.1%	2,839	2,946	3.8%
Hotels and Resorts	8,780	9,732	10.8%	2,355	2,592	10.1%
Industrial Real Estate	-	-	-	223	357	60.1%
<b>Services</b>	<b>11,489</b>	<b>18,022</b>	<b>56.9%</b>	<b>4,189</b>	<b>3,190</b>	<b>-23.8%</b>
Construction	6,596	13,028	97.5%	2,650	2,419	-8.7%
Property Management & Others	4,893	4,994	2.1%	1,539	771	-49.9%
<b>Real Estate Revenues</b>	<b>145,502</b>	<b>176,533</b>	<b>21.3%</b>	<b>40,117</b>	<b>42,631</b>	<b>6.3%</b>

In 2024, ALI sustained its growth momentum and recorded a 21.3% increase in total real estate revenues to ₱176.5 billion. Such growth was on account of higher bookings in the Company's residential portfolio,

strong lot sales, stable leasing operations, and significant expansion in revenues from construction services. Of the total, revenues from the Property Development segment accounted for 64.0% in 2024, remaining as the top contributor to ALI's top line. Revenues from the Commercial Leasing segment accounted for a 25.8% share in 2024, lower than its 28.6% share in the previous year. On the other hand, the share of revenues from Services segment to the total grew from 7.9% in 2023 to 10.2% in 2024.

Revenues from the Property Development segment amounted to ₱112.9 billion in 2024, which translated to a 22.3% increase from ₱92.3 billion in 2023. This upward trend hinged on the increased bookings across all residential brands, which led to the 22.9% growth in residential sales to ₱94.9 billion in 2024. Sales of commercial and industrial lots similarly rose to ₱14.6 billion in 2024, up by 33.7% from ₱10.9 billion in 2023. This was attributed to the lot sales outside of Metro Manila, specifically in Nuvali and Azuela Cove Estates and in the Laguindingan Technopark. On the other hand, revenues from the sale of office spaces dropped by 18.3% to ₱3.5 billion in 2024, as the lower incremental percentage of completion (POC) of nearly completed projects offset the new bookings.

**Table 2. Occupancy Rates of the Commercial Leasing Segment**

Change in Occupancy Rates	2023	2024	ppts*	1Q 2024	1Q 2025	ppts*
Malls	90%	90%	0	89%	89%	0
Offices	92%	91%	-1	90%	90%	0
Hotels	67%	67%	0	65%	70%	+5
Resorts	41%	43%	+2	56%	56%	0

Source: Analyst Briefing Presentations

\*ppts = percentage points

The Commercial Leasing segment inched up by 9.4% to ₱45.6 billion in 2024, from ₱41.7 billion in the previous year, on account of higher rent and room rates. Accounting for 50.4% of revenues from Commercial Leasing, revenues from the Company's shopping centers increased by 9.0% to ₱23.0 billion in 2024, due to the contributions of One Ayala and Ayala Malls Manila Bay. On the other hand, revenues from the leasing of office spaces grew by 9.1% to ₱12.9 billion in 2024, driven by the contributions of the One Ayala Business Process Outsourcing (BPO) Towers and Ayala Triangle Tower Two. Revenues from hotels and resorts also climbed to ₱9.7 billion in 2024, up by 10.8% from the ₱8.8 billion in 2023, spurred by the contributions of the new rooms in Seda Manila Bay and Nuvali Tower 2.

Similar to 2023, revenues from the Services segment recorded the highest growth among all business segments in 2024, recording a 56.9% increase to ₱18.0 billion. Construction revenues expanded by almost twofold or 97.5% to ₱13.0 billion, attributable to higher bookings from external projects. Revenues from property management and others grew at a more modest rate of 2.1% to ₱5.0 billion.

In 1Q 2025, ALI's total real estate revenues increased by 6.3% YoY to ₱42.6 billion. This was driven by the 11.2% YoY growth in the revenues of the Property Development segment to ₱27.8 billion, driven by the strong demand for premium residential offerings and the twofold increase in the sale of commercial and industrial lots. On the other hand, the sale of office spaces plummeted by 88.4% YoY to ₱96 million in 1Q 2025, on account of the lower incremental POC of booked units.

The Company's Commercial Leasing segment recorded a 6.6% YoY growth in 1Q 2025. Revenues from shopping centers and offices inched up by 4.4% and 3.8%, respectively, on account of stable occupancy rates and lease escalations. Revenues from hotels and resorts jumped by 10.1% YoY to ₱2.6 billion for the period, owing to higher average rates and the new rooms of the Seda brand. Although accounting for only

3.1% of Commercial Leasing revenues, industrial real estate revenues ballooned by 60.1% YoY to ₱357 million, due to higher contribution of newly opened cold storage assets.

Services dipped by 23.8% YoY to ₱3.2 billion in 1Q 2025, as revenues from construction activities and property management and others both registered YoY decreases of 8.7% and 49.9% for the period, respectively. The significant decline of the latter was attributed to the absence of airline revenues, following the sale of AirSWIFT Transport, Inc. (AirSWIFT) to Cebu Pacific, Inc. (Cebu Pacific).

The gross profit margin (GPM) of the Company's office space for sale improved from 43% in 2023 to 48% in 2024, on the back of higher selling prices of booked sales. In contrast, ALI's horizontal and vertical projects and commercial and industrial lots registered slightly lower GPMs. The EBITDA margin of the Commercial Leasing assets also dipped but only marginally in 2024. The Services segment similarly recorded a lower EBITDA margin of 6% in 2024, owing to the impact of quality initiatives.

Actual capital expenditures (CAPEX) in 2024 amounted to ₱84.6 billion. This was slightly lower than the ₱86.3 CAPEX in the prior year and was equivalent to 77.8% of the pre-pandemic CAPEX of ₱108.7 billion in 2019. More than half of the total CAPEX was spent on the development of residential projects, which was then followed by strategic land bank management, and then for its leasing assets.

ALI launched 21 projects by the end of 2024, with a consolidated value of ₱80.5 billion. Among the notable residential developments launched for the year are the following:

1. Enara at Nuvali Heights (worth ₱15.5 billion) – Positioned atop the highest point of the Nuvali area in Laguna, Enara offers 415 residential lots ranging from 500 to 900 sqm. It is strategically located near the South Luzon Expressway (SLEX) and nearby cities such as Santa Rosa, Tagaytay, and Alabang. In ALI's one-day Chinese New Year Open House event in February 2025 that featured its newly launched developments, sales of Enara's units reportedly reached ₱2.0 billion.<sup>4</sup>
2. Avida Towers Makati Southpoint Tower 3 (worth ₱6.3 billion) – Following the strong sales performance of the first two towers, the Avida Towers Makati Southpoint launched its final tower. It offers 924 units, with studio and one-bedroom units sized from 23.1 to 41.9 sqm, priced starting at ₱7.1 million. The vertical development is located in Don Chino Roces Avenue, near hospitals and schools, as well as ALI's flagship malls.
3. Avida Serrin Terraces (worth ₱3.1 billion) – Located in Barangay Silang Crossing West, Tagaytay, this townhouse development offers 267 units with an estimated price range of ₱12.2 to ₱15.0 million. The floor area of end units has an approximate size of 80 sqm. Less than two kilometers (km) of the development is the Tagaytay Rotonda and the Tagaytay-Nasugbu Highway. The vacation rental business surrounding this development is also reportedly active.
4. Anvaya Searidge Residences A & B (worth ₱3.9 billion) – This resort-style vertical development has 131 units and is located in the 620-ha Anvaya Cove in Bataan. The launch of Building B was accelerated to December 2024 after the units of Building A were sold out two days after its launch in June of the same year, reportedly generating ₱1.3 billion in sales.<sup>5</sup> Units are sized from 58 to 137 sqm. These units have an estimate price of ₱350,000 per sqm.

In February 2025, ALI launched Virendo, its first luxury residential estate in Davao under the ALP brand. Virendo has 150 residential lots sized from 4,800 to 19,400 square feet and is situated nearby the Davao

<sup>4</sup> <https://www.philstar.com/business/2025/02/16/2421780/ayala-land-premier-sees-robust-demand>

<sup>5</sup> <https://mb.com.ph/7/2/2025/ayala-land-sees-strong-demand-for-upscale-anvaya-project>

Gulf and the Mt.Apo-Talomo mountain range. The turnover of the units from the Virendo's first phase is set to be in 2Q 2029. Sales from the project one week after its launch reportedly reached ₱2.7 billion.

ALI added 72,000 sqm of GLA to its leasing portfolio in 2024, on account of the opening of the following leasing assets:

1. Park Triangle Tower – A Grade-A office tower located in the Park Triangle District of Alveo in Fort Bonifacio, Taguig City. It comprises 28 storeys, with 20 floors for office spaces. This added 35,000 sqm to ALI's total GLA in 2024. As disclosed by ALI, this building achieved a lease take-up of 70%.
2. One Ayala South Tower Headquarters – This newly opened tower added 12,000 sqm of GLA to ALI's leasing portfolio. Together with the South Tower, the 2.8-ha One Ayala situated in Makati City stands with three office towers. It is within Ayala Station of the Metro Rail Transit (MRT), while also serving as a transportation terminal for north- and south-bound buses, Asian Utility Vehicles (AUVs), and jeepneys. Retail centers are also present beneath the office towers. One Ayala is also close to Glorietta and Greenbelt – ALI's flagship malls. Similar to the previous development, this building had a lease take-up of 70%.
3. Ayala Malls Vermosa – Having opened in 2023, the Vermosa mall finished its expansion phase in the following year, adding 25,000 sqm of GLA to ALI's leasing portfolio in 2024.

## BUSINESS LINES

### Property Development

The Property Development segment is subdivided into three groups: (1) Residential Business Group (RBG), (2) Estates Group, and (3) Avaland Bhd. (formerly Modular Construction Technology Berhad or MCT Bhd.).

The RBG handles the development and sale of residential and office condominiums and H&Ls, as well as the development and sale of commercial and industrial lots. It operates under five brands, each targeting a distinct segment of the market: ALP for the luxury segment; Alveo for the upscale segment; Avida for the middle-income segment; Amaia for the affordable housing segment; and BellaVita for the socialized housing segment.

The Estates Group handles the acquisition, planning, and development of large scale, mixed-use, master-planned communities. It also handles the development and sale, or lease of its commercial lots in its estates within the region. ALI had 53 estates in its portfolio as of end-2024, comprised of 34 integrated mixed-use estates, three tourism estates, five residential estates, five commercial estates, and six industrial estates. Some of the flagship estates built by the Company include: the Makati Central Business District (CBD), Ayala Alabang, Cebu Park District, Bonifacio Global City (BGC), and Nuvali. In 2025, the Company launched Dela Rosa Gardens, a mixed-use development project located along Dela Rosa Street in Makati City spanning 2,600 sqm. The estate will integrate surrounding office buildings, vertical developments, and green walkable spaces. The project is slated for completion by 4Q 2028.

Avaland Bhd. (formerly MCT Bhd.) is a publicly listed property developer in Malaysia. It is engaged in land acquisition, planning, and development of residential condominiums targeted towards the middle income segment. ALI owns 66.3% of Avaland, as of end-December 2024. Avaland's top line surged by 51.3% in 2024 to ₱11.2 billion, driven by the strong bookings of its newly launched projects, namely Amika Metropark, Aetas Seputeh, and the second phase of Casa Embun and Anja Bangi. Net income hit its record-high of ₱1.3 billion for the year, up by 49.6% from 2023. Its asset size stood at ₱28.2 billion as of end-2024, which was 17.4% higher than the asset size as of end-2023. Growth was led by robust increases in

its cash and contract assets. It also had a land bank of 192 acres (approximately 77.7 ha) as of the same period.

As mentioned earlier, ALI launched 21 new residential projects in 2024 worth ₱80.5 billion. This was four developments lower than the 25 launches in the previous year. The Company made a downward adjustment to the number of target launches, as it focused on selling its existing residential stock. Of the total projects launched, 70% were from the premium brands (ALP and Alveo) and 30% were from the core brands (Avida, Amaia, and Bellavita).

ALI also aimed to be more calculated with the pricing and location of its core launches. By product type, 65% of the launches were horizontal developments, with the remaining share accounted for by vertical developments. About 66% of the new residential projects were launched in suburban areas, while 34% were launched in Metro Manila.

Residential reservation sales grew by 11.6% to ₱127.1 billion in 2024, despite the condominium glut in Metro Manila. Growth was driven by the resilient demand of premium residential brands and horizontal projects. In particular, consolidated reservation sales of ALP and Alveo reached ₱80.8 billion in 2024 (up by 25%), equivalent to 64% of the total reservation sales for the year. Reservation sales from horizontal lots and H&L projects rose to ₱46.4 billion in 2024, up by 16% from 2023. In addition, developments outside of Metro Manila registered a 14% increase in reservation sales for the year. Majority of the reservation sales (or 72%) were from local Filipinos. Sales from this demographic rose by 20% in 2024. On the other hand, sales made to overseas Filipinos (OFs) and other nationalities declined by 8% and 2% for the year, respectively.

In 1Q 2025, ALI launched four residential projects worth ₱12.6 billion. All of these launches were horizontal developments, with 89% of the additional units being from the premium segment. The Company minimized its launches in its core residential segment, as it has been focusing on selling its existing core residential inventory. Competitive pricing strategies and promos are being implemented to boost the sales of its core residential inventory.

Reservation sales from residential developments in 1Q 2025 amounted to ₱31.2 billion, which translated to a 6.3% YoY dip from the ₱33.3 billion in 1Q 2024. The Company's vertical developments recorded a 21% decrease in reservation sales, while reservation sales from horizontal developments climbed by 16%. Reservation sales from developments located in Metro Manila were also down by 15% YoY in 1Q 2025. Local Filipinos kept its 72% share to ALI's total reservation sales, while OFs and foreign buyers accounted for 15% and 13% of the total for the period, respectively.

On the other hand, reservations of commercial and industrial lots surged by 221% to ₱4.9 billion in 1Q 2025. This propped up the total reservation sales of the Property Development segment to record a modest 3.7% growth to ₱36.2 billion for the period.

### **Commercial Leasing**

The Commercial Leasing segment involves the development and lease of shopping centers, offices, co-working spaces, and factory buildings and warehouses. It also consists of the operations of hotels and resorts and co-living spaces.

### **Shopping Centers**

ALI is involved in the development of shopping centers under the Ayala Malls brand and the lease to third parties of retail space and land therein; operation of movie theaters, food courts, entertainment facilities and car parks in these shopping centers; and the management and operation of malls which are co-owned with partners.

As of end-2024, ALI had 34 malls and 63 amenity retail shops<sup>6</sup>. Total mall GLA stood at 2.1 million sqm as of the same period. The expansion of Ayala Malls Vermosa, which is located in Imus, Cavite, added 25,000 sqm of GLA to the Company's total leasable area. The average lease-out rate was at 90% in 2024, unchanged from the previous year.

Total mall GLA as of end-June 2025 increased to 2.2 million sqm. The lease-out rate for malls was 90% in 1H 2025, 1 ppt higher than the lease-out rate in 1H 2024.

There is a total of 694,000 sqm GLA for malls in the pipeline as of end-June 2025. Four of its flagship malls, namely Glorietta, Greenbelt, Trinoma, and Ayala Center Cebu, were undergoing renovations as of end-2024. Trinoma and Ayala Center Cebu are set to finish their renovation works by end-2025, while the renovations of Glorietta and Greenbelt are targeted to be completed by 1H 2026. In addition to this, a mall in the Evo City Estate in Imus, Cavite is slated for completion in 2025, which will then be followed by Solenad 4 in Nuvali, and Park Triangle in Bonifacio Global City. ALI is reportedly targeting to open three to five malls annually.<sup>7</sup>

## Offices

Operating through Ayala Land Offices, ALI is likewise involved in the development and lease of office buildings.

As of end-2024, the Company's total office leasing GLA remained at 1.4 million sqm, with 66 buildings catering to the BPO sector and seven buildings being used as Headquarters (HQ). ALI opened two new office buildings in 2024, namely the Alveo Park Triangle Tower in Taguig and the One Ayala South Tower HQ. These added 47,000 sqm to the Company's total office leasing GLA. The average lease-out rate dipped slightly from 92% in 2023 to 91% in 2024. Occupancy rate was also marginally lower from 92% in 2023 to 91% in 2024.<sup>8</sup>

The office occupancy mix in 2024 was as follows: BPO at 79% (80% in 2023), HQ at 12% (11% in 2023), POGO and others at 0% (1% in 2023), and vacant at 9% (8% in 2022).

Total office GLA remained at 1.4 million sqm as of end-June 2025, with a total of 67 BPO buildings (from 66 as of end-2024) and seven HQ buildings. The lease-out rate for office properties remained at 91% in 1H 2025.

About 362,000 sqm of leasable office space is in the pipeline as of end-June 2025, including the 45-storey BPI HQ slated for completion by 2029. Two office buildings, Atria Technohub (25,000 sqm) and Nuvali Technohub (25,000 sqm), were positioned within estates with a high concentration of BPO employees are also expected to open in 2025.

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<sup>6</sup> An amenity retail shop refers to a retail business included as a supplementary service or convenience for residents or visitors within a larger development, such as a residential development or an office building.

<sup>7</sup> <https://www.philstar.com/business/2025/07/18/2458709/ayala-put-3-5-new-malls-annually>

<sup>8</sup> The lease-out rate is when the term sheet between ALI and the lessee is signed, whereas the occupancy rate is determined once the rent begins or when the unit is occupied.

## Hotels and Resorts

ALI is also involved in the development, operation and management of branded hotels and eco-resorts, as well as the lease of land to hotel tenants.

The Company managed 4,267 rooms under its hotels and resorts business, as of end-2024 (from 4,452 rooms as of end-2023). The lower room count was on account of the rooms of Circuit Residences, which were removed from the total count due to the undergoing renovations. Of the total, 660 hotel rooms were from its international brand segment, such as Fairmont Hotel, Raffles Residences, and Holiday Inn & Suites in Makati CBD. Seda, its own hotel brand, operated 3,268 rooms (3,224 rooms as of end-2023) in 12 branches. The system-wide hotel occupancy rate was maintained at 67% in 2024.

ALI had 339 rooms in its resort developments as of end-2024. Of the total, 187 rooms were from its four El Nido Resorts, 50 rooms under its Lio Tourism Bed and Breakfast (B&B) offerings, and 102 rooms in its B&B in the Sicogon Tourism Estate. Occupancy rate improved to 43% for the year, from 41% in 2023.

As of end-June 2025, the hospitality segment had 4,255 rooms, slightly lower than its total room count in end-2024, on account of the ongoing renovation works. Occupancy rate of hotels moved up by 3 ppts to 67% in 1H 2025, while resort occupancy rate declined by 4 ppts to 48% in the same period.

ALI has 4,058 hotel and resort rooms in the pipeline as of end-June 2025. Ayala Land Hospitality Corporation<sup>9</sup> (ALH, formerly known as Ayala Land Hotels and Resorts) aims to spend \$500.0 million through 2030 to increase its hotel rooms to 8,000 rooms by 2030. Ms. Mariana Zobel de Ayala, who heads ALI's Leasing and Hospitality Group, stated that the Company would focus on adding value to its estates, and in areas where direct international flights are available. ALH will bank on foreign tourist arrivals to drive in more visitors. Its medium term target will be funded by a mix of debt and equity.<sup>10</sup>

ALI acquired the New World Hotel in Makati in June 2025, which has at least 500 rooms. The hotel was previously operated by New World Development Co. Ltd., a Hong-Kong based property firm. In addition, ALI is working on a five-star Filipino-themed hotel in Mactan, Cebu, which will be located nearby a beach. It is also planning to finish the renovations of the Lagen Resort in El Nido and reopen it within 2025.

## Other Leasing Formats

### Factory Buildings and Warehouses

ALI's industrial real estate business is operated and managed by its subsidiary, AyalaLand Logistics Holdings Corp. (ALLHC). ALLHC, which is a publicly listed developer and an operator of industrial parks, is a major player in real estate logistics in the country. ALLHC and its subsidiaries have principal business interests in holding companies, commercial leasing, and industrial lot sales and development. ALI owned 70.9% of ALLHC as of end-2024.

The buildings and warehouses for lease were consolidated under the "ALogis" brand in 2020. ALLHC then entered into the cold logistics industry in 2021, under the "ALogis Artico" brand. ALogis Artico, Inc. (AAI), which was engaged in the sale of electricity, shifted its focus to the industrial real estate business in 2022. Consequently, the ALLHC Group did not record any sale of electricity since the shift in business operations in 2023.

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<sup>9</sup> ALH is the hospitality arm of ALI. As of end-2024, ALH is 100% owned by ALI.

<sup>10</sup> <https://www.bworldonline.com/corporate/2025/03/12/658736/ayala-land-hospitality-targets-8000-rooms-by-2030/>

As of end-2024, ALLHC operated five industrial parks and had approximately 340,000 sqm of GLA from 314,000 sqm in 2023. The delivery of additional leasing space in Alogis Calamba and Naic increased ALLHC's total GLA for the year. In 1H 2025, the lease-out rate of dry storage facilities declined to 87%, from 97% in 1H 2024.

As for its cold storage facilities, ALLHC's cold storage portfolio expanded to five facilities after the opening of Alogis Artico Santo Tomas facility in Batangas in May 2024 and Alogis Artico Mabalacat facility in Pampanga in December 2024. These two facilities were constructed specifically to address the demand for cold storage facilities in the region. Both facilities feature 5,000 pallet positions (pp), augmenting ALLHC's total capacity to 20,300 pp in 2024 (from 10,300 pp in 2023). In August 2024, ALI broke ground for its new cold storage facility in Cebu, which would add 6,000 pp to ALLHC's portfolio.<sup>11</sup> The construction of the second phase of the Mabalacat facility has also commenced, which would further increase GLA by 18,000 sqm.

In March 2025, ALLHC acquired two industrial parks in Urduyeta, Pangasinan and Santa Barbara, Iloilo. Renamed to Artico Urduyeta and Artico Santa Barbara after the acquisition, both parks are equipped with a cold storage facility, bringing ALLHC's cold storage facility portfolio to seven as of end-March 2025. The combined capacity of the new cold storage facilities was 11,200 pp, increasing ALLHC's total capacity to 31,500 pp.<sup>12</sup>

The cold storage business posted a 55% lease-out rate in 1H 2025, lower than the lease-out rate in the previous period, attributable to the opening of the Santo Tomas and Mabalacat facilities, along with the two newly acquired facilities.

ALI targets to develop over 15 green logistics parks that will create a nationwide network of industrial and warehouse facilities, with four planned logistic parks set to launch in 2025.

### The Flats

In 2018, ALI also opened its first co-living product under the brand "The Flats". These co-living spaces cater to young professionals that wish to reside close to their jobs but lack the funds to invest in their own condominium unit. This brand offers bed space for rent or a whole room for lease, for a minimum of six months. In 2024, a fourth branch opened in Circuit Makati. The three other branches are located in Amorsolo and Sacred Heart in Makati, and in the 5th Avenue in Bonifacio Global City (BGC). The total room count across four branches was at 2,294 rooms as of end-2024.

### Clock In

In 2017, ALI launched a co-working space product under the brand "Clock In". It offers flexible, co-working, and serviced office facilities for start-up, small, and mid-sized enterprises. As of end-2024, the Clock In brand had a total of 1,411 seats across its eight branches (seven in Metro Manila and one in the Lio Estate in Palawan).

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<sup>11</sup> <https://www.bworldonline.com/corporate/2024/09/05/618384/allhc-eyes-completion-of-2nd-cold-storage-facility-in-cebu-by-q3-2025>

<sup>12</sup> <https://www.bworldonline.com/corporate/2025/03/26/661743/allhc-expands-cold-storage-with-pangasinan-iloilo-acquisitions>

## **Services**

Under the Company's Services business segment are its construction, property management, and retail electricity supply.

## **Construction**

MDC, ALI's construction arm, is engaged in the engineering, design, and construction of vertical and horizontal development projects. It is responsible for horizontal construction works of ALI's land development projects and is likewise engaged in private industrial and government infrastructure projects. MDC also develops mall projects. It continues to service site development requirements of Ayala-related projects, while also providing services to third-parties in both the private and public sectors. On the other hand, MDC Build Plus, a 100% subsidiary of MDC, caters primarily to projects focusing on the lower end of the market, particularly the residential brands Amaia and BellaVita. In 2024, new external projects added ₱2.3 billion to MDC's total order book.

In March 2024, MDC launched MDTK Corp., a joint venture with Japanese firm Takenaka Corp. This partnership aims to exchange best design, construction practices, and technologies, as well as to introduce and explore complex construction projects in the country.<sup>13</sup> This venture is currently focusing on the renovation of Greenbelt 1, which is set to reopen in 2028.<sup>14</sup>

In May 2025, MDC partnered with H3 Zoom.AI and became the sole construction firm in the Philippines to utilize artificial intelligence (AI) and drones to automate and digitize ocular inspections for construction projects. This partnership aligns with MDC's commitment to modernize and expand its construction capabilities. H3 Zoom.AI provides end-to-end AI-powered solutions to help reduce deferred costs and carbon emissions while improving energy efficiency and extending the life of buildings.

## **Property Management**

ALI conducts its property management business through Ayala Property Management Corporation (APMC). A leading property management company in the Philippines, APMC's services covered 475 buildings and projects across different real estate industries as of end-2024. APMC offers a full suite of services, not only to Ayala property owners and lessees but also to third-party clients.

## **Power Distribution**

ALI is engaged in power distribution, particularly in retail electricity supply, through Direct Power Services, Inc. (DPSI), , and Philippine Integrated Energy Solutions, Inc. (PhilEnergy). These companies supply power to commercial leasing assets and tenants of industrial parks.

## **OTHER UPDATES**

### **Merger and Acquisitions**

In December 2021, the Securities and Exchange Commission (SEC) approved and made effective the merger of Cebu Holdings, Inc. (CHI), Asian I-Office Properties, Inc. (AiO), Arca South Commercial Ventures Corp. (ASCVC), and Central Block Developers, Inc. (CBDI)—all of which are subsidiaries of ALI—with and into ALI, with ALI as the surviving entity. The merger consolidated the Company's Cebu portfolio under a

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<sup>13</sup> <https://business.inquirer.net/452741/ayala-teams-up-with-japanese-firm-for-complex-construction-projects>

<sup>14</sup> <https://ditosapilipinas.com/luzon/lifestyle-features/article/04/02/2024/greenbelt-1-five-year-renovation>

single listed entity and is anticipated to result in operational synergies, efficient funds management, and simplified reporting to government agencies. On December 15, 2023, the Bureau of Internal Revenue (BIR) issued the Certificate Authorizing Registration (CAR) for the transfer of the properties from the absorbed corporations to ALI. The shares arising from the merger were listed on February 26, 2024.

In June 2024, ALI also entered into a share sale and purchase agreement with Aboitiz Land and Aboitiz Equity Ventures (AEV). The transaction involved ALI buying Aboitiz Land and AEV's 50% equity stake in Cebu District Property Enterprise Inc. (CDPEI) for ₱1.8 billion. In November of the same year, ALI received the approval from the Philippine Competition Commission (PCC) for its proposed acquisition, granting full ownership of CDPEI. The latter is the developer of the Gatewalk Central, a 17.5-ha mixed-use estate in Mandaue City, Cebu. Gatewalk Central will be ALI's fourth major mixed-use district in Metro Cebu and is envisioned to contribute to ALI's growing presence in the Visayas region. This subsequently propped up ALI's estate portfolio to 53 as of end-2024. According to management, malls and office developments are currently under construction in Gatewalk Central.

Still in relation to the plan of simplifying the ownership structure and operational efficiencies, the Company received the SEC's approval of its Articles and Plan of Merger with an effective date of April 1, 2025, involving 29 absorbed corporations with ALI as the surviving entity. The Company stated that the mergers were made to simplify its ownership structure, which would result in operational synergies.

#### **Property-for-Share Swap Transactions with AREIT, Inc. (AREIT)**

AREIT is the country's pioneer Real Estate Investment Trust (REIT), having completed its initial public offering (IPO) in August 2020. AREIT was established primarily to own and invest in income-generating commercial portfolio of office, retail, and hotel properties in the country that meets its investment criteria. A REIT is a type of investment instrument that gains rental income and gives returns to its investors in the form of dividends. ALI, as the Sponsor of AREIT, directly or indirectly, contributes cash or property in establishing the REIT.

In April 2025, the shareholders of AREIT approved another share-for-property transaction with ALI valued at ₱21.0 billion at an exchange price of ₱41.50 per share. Included in the transaction are the following Ayala Land subsidiaries: (1) Accendo Commercial Corporation (Accendo), (2) Cagayan de Oro Gateway Corporation (CDOGC), and (3) Central Bloc Hotel Ventures, Inc. (Central Bloc). ALI and the subsidiaries will subscribe to 505.9 million shares of AREIT. In exchange, eight prime commercial assets will be infused to AREIT's portfolio, as illustrated by the table below. The assets to be infused have a combined GLA of 306,000 sqm, which will bring AREIT's total GLA to 4.2 million sqm once the regulatory bodies approve the deal.<sup>15</sup>

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<sup>15</sup> <https://mb.com.ph/21/2/2025/portfolio-expansion-pushes-areit-profits-up-by-49>

**Table 3. Details of the Latest Property-For-Share Transaction between ALI and AREIT**

Transaction value (PHP)	AREIT Share Issuance	Properties	Location	Combined GLA (in sqm)	AREIT's Total GLA once transaction is approved (sqm)
20,994,442,345.50	505,890,177	Central Bloc Corporate Center One	Cebu	306,000	4.2 million
		Central Bloc Corporate Center Two	Cebu		
		Ayala Malls Central Bloc	Cebu		
		Seda Hotel Central Bloc	Cebu		
		Ayala Malls Abreeza	Davao		
		Abreeza Corporate Center Office	Davao		
		Ayala Malls Centrio	Cagayan de Oro		
		Centrio Corporate Center Office	Cagayan de Oro		

ALI has made multiple block sales of its AREIT shares, with its latest block sale of 12,000,000 common shares of AREIT in July 2025. As of end-June 2025, ALI held 41.1% of AREIT's outstanding shares, which was lower than its 54.4% ownership as of end-June 2024. Notwithstanding such, ALI remained as the top shareholder of AREIT. All transactions were executed in relation to its asset swap transactions with AREIT.

### **Sale of AirSWIFT to Cebu Pacific**

In October 2024, ALI, through its subsidiary ALI Capital Corp., sold its 100% ownership of AirSWIFT to Cebu Pacific for ₱1.8 billion via a share purchase agreement (SPA).

AirSWIFT is a boutique airline that offers roundtrip flights from Manila and Clark, Pampanga to major tourist destinations such as El Nido, Cebu, Boracay, Coron, and Bohol. Cebu Pacific settled AirSWIFT's ₱1.6 billion debt to ALI Capital Corp. In a previous interview with ALI's Chief Financing Officer (CFO) Mr. Augusto Bengzon, the buyer of AirSWIFT would be required to provide air transport to ALI's resorts and other properties in Palawan.<sup>16</sup>

### **LAND BANK**

ALI had a total land bank of 10,736 ha nationwide as of end-2024, lower than the total 11,240 ha as of end-2023. The Company's land bank in Luzon (excluding Metro Manila) represented the majority (80.5%) of the total land bank for the year. Per area, ALI had the most land bank situated in Cavite, with a total of 2,554 ha, followed by Laguna with 1,745 ha, and Pampanga with 1,535 ha. ALI selected parcels of land based on accessibility of the locations in relation to anticipated transportation and infrastructure projects. ALI believes that its current land bank is sufficient for its upcoming developments in the next 25 years. The Company will continue to seek new opportunities to acquire additional large-scale master-planned developments to replenish its inventories. It will focus on acquiring sites in the Mega Manila area and other growth areas where value appreciation is strong. An annual average of 800 ha a year is targeted to be used to support product launches and development plans.

**Table 4. ALI's Land Bank as of end-2024**

Location	Area (hectares)	% to total
Metro Manila	240	2.2%
Luzon (excluding Metro Manila)	8,641	80.5%
Visayas	1,120	10.4%
Mindanao	735	6.8%
<b>Total</b>	<b>10,736</b>	<b>100.0%</b>

<sup>16</sup> <https://www.bworldonline.com/corporate/2024/08/09/613073/ayala-land-says-airswift-entices-several-buyers/>

## OWNERSHIP

ALI's Parent Company, AC, held 52.3% of total outstanding common shares of the Company as of end-June 2025. AC is one of the country's oldest and largest conglomerates, with diversified operations in real estate, telecommunications, financial services, water, industrial technologies, power, infrastructure, education, healthcare, and technology ventures.

AC's consolidated net income jumped by 11.4% to ₱61.5 billion in 2024, from ₱55.2 billion in 2023. Such improvement was led by the strong performance of its core subsidiaries — BPI, ALI, and ACEN. AC's top line increased by 8.2% from ₱341.9 billion in 2023 to ₱370.1 billion in 2024.

BPI's net income expanded by 19.8% in 2024 to ₱62.2 billion, on account of the sustained loan growth across all of its segments. Net interest income rose by 22% for the year, driven by the continued loan book growth. ALI's bottom line recorded a double-digit growth of 18.0% to ₱34.2 billion, attributable to the robust performance of its Property Development and Commercial Leasing segments. ACEN's net income grew by 11.0% to ₱10.1 billion in 2024, spurred by the increased outputs of its new renewable energy (RE) plants and value realization gains of ₱2.8 billion.

The Ayala Group's CAPEX in 2024 reached ₱223.7 billion, which was 9.7% lower than the ₱247.7 billion capex in 2023. Outlays set aside for ALI was 37.8% of the total Ayala Group CAPEX, which was the largest portion for the year. For 2025, CAPEX is expected to inch up to ₱229.7 billion (+2.7% from 2024). The expected budget to be set aside for ALI will continue to take up the largest portion of the total CAPEX of AC.

In 1Q 2025, AC's net income grew marginally by 2.3% to ₱17.7 billion. This was supported by the stronger contributions from BPI and ALI. The former's total revenues for the period were up by 13.2% YoY to ₱44.7 billion, on account of its growing loan book. ALI's total revenues grew by 6.2% in 1Q 2025 to ₱43.6 billion, prompted by the robust performance of its residential developments and the growth in its sales of commercial and industrial lots. AC's growth was tempered by the weaker earnings of Globe and AC Energy & Infrastructure (ACEIC), the parent company of ACEN. Globe's core net income dropped by 22.4% to ₱4.5 billion in 1Q 2025, attributable to lower gross service revenues (GSR). ACEIC's bottom line, on the other hand, declined by 25.9% to ₱2.0 billion, owing to lower spot market prices and the depreciation of its new plants.

AC is aiming to reach a return on equity (ROE) of 12% by 2026. Its ROE was at 8.5% in 2024. This is on top of its target to attain a core net income of ₱65 billion by 2026. Its core net income was ₱45.0 billion in 2024. To achieve its 2026 targets, AC will continue supporting its core business units. BPI will tap into digitization to expand its customer base. ALI will focus on its premium residential segment and its transformative initiatives for its leasing portfolio and MDC. For ACEN, the focus would be on the delivery of high quality RE projects in focused markets. Globe will refocus on its core telecommunication operations, while being supported by its non-telco businesses.

## MANAGEMENT

ALI has a highly experienced and professional management team, supported by a talent pool specializing in multiple business lines across all levels of the organization.

Mr. Fernando Zobel de Ayala was the Chairman of the Board of ALI since April 1999 before he resigned from all positions in the Ayala Group in September 2022 due to health reasons. Five months after stepping

down, Mr. Fernando Zobel de Ayala was appointed as advisor to the Board of ALI.<sup>17</sup> Currently, he serves as a Director of AC and BPI, and Chairman of the Ayala Foundation's Board. He is also a Vice Chairman of Fort Bonifacio Development Corp. Mr. Fernando Zobel de Ayala is also a Member of the Board of Trustees of Pilipinas Shell Petroleum Corp.

In October 2022, the Board approved the election of Mr. Jaime Augusto Zobel de Ayala as Chairman and Ms. Mariana Zobel de Ayala as Director. Both will serve the unexpired term of Mr. Fernando Zobel de Ayala. Ms. Mariana Beatriz Zobel de Ayala was likewise appointed as ALI's Senior Vice President in October 2023. She is the daughter of Mr. Jaime Augusto Zobel de Ayala and the niece of Mr. Fernando Zobel de Ayala. The commitment of the Ayala Family is seen through the involvement of the next generation of family members who hold key management positions within the Group.

Mr. Jaime Augusto Zobel de Ayala served as the Company's Vice Chairman before his appointment as Chairman of the Board. He is also the Chairman of AC since 2006 and has been a Director since 1987. He holds various positions in other publicly listed companies. He is the Chairman of ACEIC, Globe, and BPI. He graduated Cum Laude from Harvard College with a Degree in Economics and obtained a Master's Degree in Business Administration from the Harvard Graduate School of Business in 1987.

Mr. Cezar P. Consing took over as Vice Chairman of ALI effective on April 26, 2023, after the position was vacated by Mr. Jaime Augusto Zobel de Ayala. Mr. Consing has been the President and CEO of AC since September 27, 2022. Prior to such, Mr. Consing was a Senior Managing Director of AC and President and CEO of BPI from 2013 to 2021. He is concurrently the Vice Chairman of Globe, BPI, and ACEIC. He also serves as the Chairman of ACEN and other unlisted companies within the Ayala Group. Mr. Consing graduated as Magna Cum Laude from De La Salle University with a Degree in Economics (Accelerated Program) in 1979. He obtained a Master's Degree in Applied Economics from the University of Michigan in 1980.

Ms. Anna Ma. Margarita B. Dy is Director, President and CEO of ALI beginning on October 1, 2023. Ms. Dy took over such positions after the resignation of Mr. Bernard Vincent O. Dy, who served as President and CEO since April 2014. Prior to becoming President and CEO, she was the Head of the Residential Business Group of ALI in 2022 and Head of the Malls Group in 2023. She also headed the Ayala Land Estates Group. Ms. Dy concurrently holds key management positions in other subsidiaries of the Group. She holds a Bachelor's Degree in Economics from Ateneo de Manila, a Master's Degree of Science in Economics from London School of Economics, and a Master's Degree in Business Administration from Harvard Business School.

ALI's CFO is Mr. Augusto Bengzon, who concurrently serves as the Company's Chief Compliance Officer (CCO) and Treasurer.<sup>18</sup> Mr. Bengzon assumed the CFO role in April 2017. He has been credited for putting in place robust accounting controls, financial reporting, and risk management in the Company. He is concurrently the Director of AREIT. Mr. Bengzon graduated with a Bachelor of Science Degree in Business Management from Ateneo de Manila University. He earned his Master's Degree in Business Management from the Asian Institute of Management.

As of end-December 2024, ALI had a total workforce of 257 regular employees; 34 senior management, 186 middle management, and 37 staff members.

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<sup>17</sup> [https://edge.pse.com.ph/openDiscViewer.do?edge\\_no=ce852bfdc5a944889e4dc6f6c9b65995](https://edge.pse.com.ph/openDiscViewer.do?edge_no=ce852bfdc5a944889e4dc6f6c9b65995)

<sup>18</sup> Mr. Bengzon is re-elected as Treasurer effective August 20, 2024

## STRATEGY

In 2023, ALI established its new five-year growth strategy that will focus on elevating its standard for quality and reinforcing its market position, while enhancing the customer experience across its diverse range of product and services. This strategy will be supported by the following pillars:

- 1. Setting New Standards for Quality and Customer Experience** – For its commercial leasing portfolio, specifically its malls, the Company had set aside a budget to renovate and reinvent its retail centers. Flagship malls such as Glorietta, Greenbelt, Trinoma, and Ayala Center Cebu have been set aside a ₱13.0 billion budget for its renovations. As mentioned earlier, the two latter shopping centers are expected to be finished with its reinvention works by end-2025. A ₱7.0 billion budget was also earmarked for the transformation of two El Nido resorts, two Seda hotels and Holiday Inn. ALP will focus on launching signature luxury projects, with an added focus on increasing its amenity offerings.
- 2. Sustainable Long-Term Growth** – ALI will focus on leveraging its premium residential brands and horizontal projects to ensure its growth would be sustainable, even amid economic challenges. More commercial and industrial lots will also be offered outside the capital region, on the back of the demand for real estate in areas with key growth and with surrounding major public projects. The Company will be looking to expand its leasable area for its mall and office portfolios, while its hospitality portfolio will be allotted a \$500 million budget to expand its total room count. ALI also envisions creating a nationwide network of dry and cold storage facilities through expanding its industrial portfolio. As mentioned previously, around 800 ha is expected to be used yearly in support of the Company's development plans. For 2025, the Company is confident that it could grow more than twice the projected economic growth of the Philippines.
- 3. Empowering People** – The Company's workforce is emphasized, with initiatives to strengthen its capabilities to ensure that the products and services Ayala Land offers would be aligned with its brand promise. Included in these initiatives were employee trainings and upskilling programs. ALI also ensures that its management and its leaders are well-versed in the sectors that it operates in.
- 4. Delivering on the Sustainability Agenda** – ALI's sustainability initiatives are driven by the Ayala Group's Net Zero target.<sup>19</sup> In 2024, the Company's Scope 1 and 2 combined emissions<sup>20</sup> of 101,271 tCO<sub>2</sub>e was 14.3% lower than its combined emissions in 2023. A total of 323,380 tCO<sub>2</sub>e was also offset through the use of RE and carbon forest removals, translating to a 91% reduction of its total gross emissions from commercial properties. ALI's total of green-certified leasing assets reached 41 in 2024 (24 office buildings and 17 hotels and resorts). Additionally, 96% of its commercial leasing assets, two of its estates (Nuvali and Circuit Makati), and 38 residential projects are already powered by RE in 2024.

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<sup>19</sup> Net Zero refers to the state of emitting an equal amount of GHG into the atmosphere as is removed. It accounts for the reduction of all GHG emissions across the whole supply chain.

<sup>20</sup> Scope 1 emissions are direct emissions from operations that are owned or controlled by the reporting company. Scope 2 emissions are indirect emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company. Scope 3 emissions cover all other indirect emissions that occur in the value chain of the reporting company, including both upstream and downstream emissions.

## Sustainability

In 2007, sustainability was formalized as a guiding principle to the Group's brand of land use and development. The Ayala Land Sustainability Framework was created in 2008 to serve as the Company's sustainability-management mechanism for more responsible land development. In the same year, the Sustainability Council and a full-time Sustainability Office were established. Mr. Robert S. Lao leads ALI's sustainability efforts as the appointed Chief Sustainability Officer, while also serving as the President and CEO of ALLHC. ALI's current success in achieving its sustainability targets is attributed to Mr. Lao's leadership.

In 2021, ALI transitioned its decarbonization strategy from Carbon Neutrality to setting targets and identifying interventions for a Net Zero by 2050 program, the latter being a collective endeavor of the Ayala Group, along with ALI's sister companies Globe Telecom (Globe), Bank of the Philippine Islands (BPI) and AC Energy (ACEN).

In July 2024, ALI raised a total of ₱20.5 billion through its Sustainability-Linked Financing Program to fund the Company's sustainability initiatives. The debt package consisted of the maiden issuance of KPI-based ASEAN Sustainability-Linked Bonds amounting to ₱6.0 billion and the ₱14.5-billion Sustainability-Linked Loan from the IFC. Both of these debt instruments marked specific milestones for ALI, the former being the first Sustainability-Linked Bond issued in the Philippines, while the latter was the first Sustainability-Linked Loan granted by the IFC to a Philippine corporation.

In 2022, the Company targeted to reduce its GHG emissions by 42% by 2030, which is in alignment with the Net-Zero Corporate Standard by the Science Based Targets initiative (SBTi).<sup>21</sup> The Company has also set a farther target of reducing its emissions by 90% by 2050. In September 2024, SBTi verified ALI's reduction target, making the Company the first publicly listed real estate developer in the country to receive such verification.

### Proposed KPI-based Sustainability-Linked Bonds

ALI is aiming to issue its third Sustainability-Linked Bonds in 2025 with an issue size of up to ₱15.0 billion. Sustainability-linked bonds are forward-looking instruments with changing structural and/or financial characteristics, depending on whether issuers meet its predefined sustainability objectives.<sup>22</sup> These objectives can be identified by selecting certain KPIs and setting SPTs<sup>23</sup> in relation to the selected KPIs. It is worth noting that unlike green bonds,<sup>24</sup> social bonds,<sup>25</sup> and sustainability bonds,<sup>26</sup> sustainability-linked bonds impose no restrictions on the use of proceeds and may be used for general corporate purposes or other purposes.

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<sup>21</sup> SBTi is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis. It launched the first Net-Zero Corporate Standard in 2021, which aligns with the Paris Agreement's goal of keeping planetary warming to 1.5°C.

<sup>22</sup> OECD (2024), "Sustainability-linked bonds: How to make them work in developing countries, and how donors can help", OECD Publishing, Paris, 2024, p. 8

<sup>23</sup> Measurable improvements in key performance indicators on to which issuers commit to a predefined timeline

<sup>24</sup> Structurally the same as regular bonds, offering comparable risk/reward profiles and following the same issuance procedures, but the proceeds are used for a wide variety of climate and other environmental projects

<sup>25</sup> Any type of bond instrument where the proceeds will be exclusively applied to finance or refinance in part or in full new and/or existing eligible social projects and which are aligned with the four core components of the Social Bond Principles

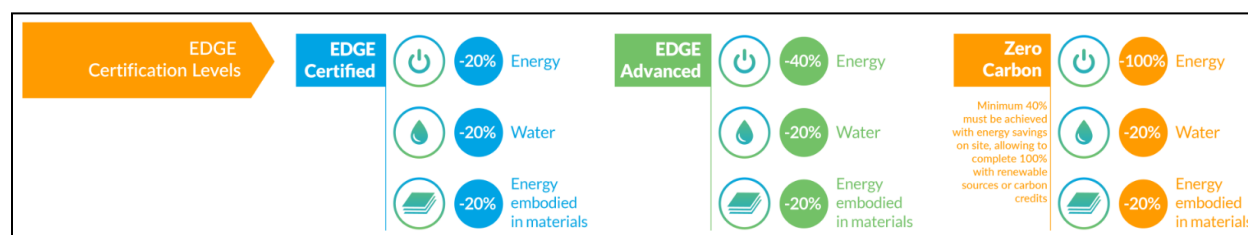
<sup>26</sup> Bonds where the proceeds will be exclusively applied to finance or refinance a combination of both green and social projects and assets

Predefined Sustainability Objectives

1. Obtain EDGE Zero Carbon certification for 1.5 million sqm of office properties by 2025 – with the measurement date set to March 31, 2026
2. Reduce the operational Scopes 1, 2, and 3 GHG emissions of ALI’s commercial properties by 42% by 2030, from a baseline date of 2021 – measurement date of March 2031

The SPTs of the proposed issuance is similar to the SPTs of ALI’s previously issued Sustainability-Linked Bonds. These fall in line with the Ayala Group’s target of achieving net zero<sup>27</sup> by 2050. The Company’s first sustainability objective for the proposed bond issuance is consistent with the signed Memorandum of Understanding (MOU) among ALI, AREIT, and IFC in September 2023, wherein ALI aims to achieve an EDGE Zero Carbon certification for 1.5 million sqm by 2025, establishing the Philippines’ largest net zero building portfolio.<sup>28</sup>

EDGE<sup>29</sup> Zero Carbon certification is a globally recognized net zero building certification and the highest of three levels of certification for EDGE, namely; EDGE Certified<sup>30</sup>, EDGE Advanced<sup>31</sup>, and EDGE Zero Carbon. EDGE Zero Carbon is awarded to a project that produces 40% savings on energy use via onsite measures, and that the buildings must be carbon neutral, through RE, carbon offsets<sup>32</sup>, or a combination of both.



**Figure 1. EDGE Certification Levels**

Source: Bioconstrucción y Energía Alternativa S.A. de C.V.

As of end-2024, the number of ALI’s office buildings awarded with the EDGE Zero Carbon certification tripled from eight buildings in January 2024 to 24 buildings in end-2024. Of the gross floor area (GFA) of ALI’s office buildings of 1.6 million, 921,417 sqm was already green-certified (mix of both EDGE and LEED<sup>33</sup> certified) as of end-2024, from 354,000 sqm in January 2024. PhilRatings positively notes that ALI has made significant progress in achieving its SPT of obtaining the EDGE Zero Carbon certification for 1.5 million sqm of its office properties. This shows ALI’s sustained commitment to incorporate sustainable

<sup>27</sup> Net Zero refers to the state of emitting an equal amount of GHGs into the atmosphere as is removed. It accounts for the reduction of all GHG emissions across the whole supply chain

<sup>28</sup> <https://www.ayalaland.com.ph/news/ayala-land-and-ifc-sign-agreement-in-pursuit-of-worlds-largest-edge-zero-carbon-certified-leasing-portfolio/>

<sup>29</sup> Established by the IFC in 2014, EDGE is a green building certification system focused on making new residential and commercial buildings more resource-efficient. Source: <https://www.gbci.org/press-kit-edge>

<sup>30</sup> EDGE Certified is awarded to a project when a minimum savings of 20% is achieved in each of energy, water, and embodied carbon in the materials in the building.

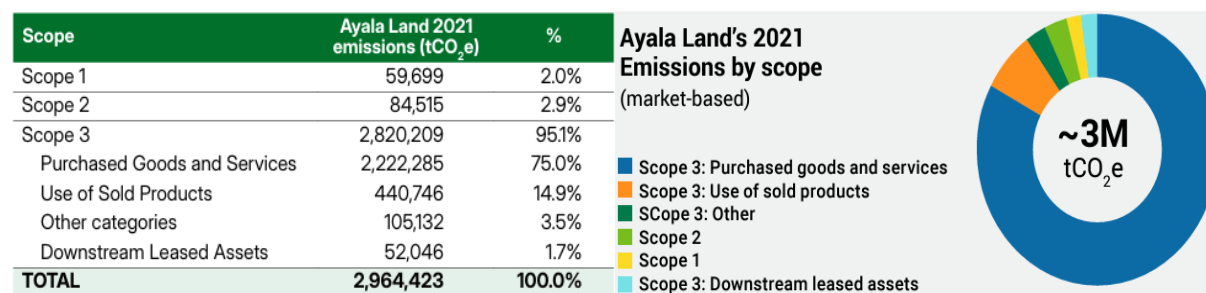
<sup>31</sup> EDGE Advanced is awarded to a project that demonstrates a minimum 40% reduction in energy, and 20% savings in water and energy incorporated in the materials.

<sup>32</sup> Tradable “rights” or certificates linked to activities that lower the amount of carbon dioxide (CO<sub>2</sub>) in the atmosphere

<sup>33</sup> The Leadership in Energy and Environmental Design (LEED) certification is a globally recognized rating system for green and sustainable buildings and communities.

and responsible business practices in its operations. In addition, ALH also signed an agreement with the IFC to achieve EDGE Zero Carbon certification for 11 of its hotel buildings encompassing 2,826 rooms by 2026. ALH aims to include more from its hotel portfolio to be certified as EDGE Zero Carbon buildings in the future.<sup>34</sup>

Meanwhile for the second sustainability objective, ALI partnered with South Pole Group, a leading climate solutions provider, and completed the baseline (2021) GHG inventory for Scopes 1, 2 and 3 emissions. This data will be the benchmark for the first sustainability target, which is aimed to be reduced by 42% by 2030.



**Figure 2. ALI's 2021 Baseline of GHG Inventory for Scopes 1, 2 and 3 Emissions**

Source: Integrated Report 2024

The Company believes that it is on track to achieve its 2030 target of reducing 42% of GHG emissions from the 2021 base year. In 2024, the Company's net reduction was at 42,827 tCO<sub>2</sub>e.

Total GHG emissions for 2024 was at 2.88 million tCO<sub>2</sub>e, 19% higher than the 2023 emissions at 2.41 million tCO<sub>2</sub>e. The combined Scopes 1 and 2 emissions in 2024 was at 101,271 tCO<sub>2</sub>e, posting a 30% reduction from the original 2021 base year emissions. On the other hand, Scope 3 emissions in 2024 was at 2.84 million tCO<sub>2</sub>e, which was a 2% reduction from the original 2021 base year emissions.

To achieve its sustainability targets, ALI has set forth the following strategies:

- Consistent use of energy-efficient building designs
- Installation of energy efficient equipment and devices in its buildings
- Shifting the Company's commercial properties to RE sources through onsite solar installation and through power purchase agreements (PPAs)
- Demand reduction and improvement through periodic energy efficiency audits and energy efficiency initiatives
- Bundling PPAs with quality renewable energy certificates (RECs)<sup>35</sup>

### Monitoring

The relevant ESG data is collected monthly through the Diligent<sup>36</sup> platform, a centralized software used to effectively collect, manage and collaborate information across the organization. The data will be analyzed

<sup>34</sup> <https://www.ayalaland.com.ph/news/ayalaland-hotels-and-resorts-becomes-the-first-hotel-group-in-the-philippines-to-target-edge-zero-carbon-certification-by-2026/>

<sup>35</sup> A type of energy attribute certificate that is issued when a 1 megawatt hour (MWh) of electricity is produced and delivered to the power grid from renewable sources (e.g., solar, wind). It is used to track renewable electricity generation and consumption, and it also enables end-users to claim reductions in carbon emissions. (Source: <https://seads.adb.org/solutions/can-renewable-energy-certificates-increase-clean-energy-investments-bimp-eaga-countries>)

<sup>36</sup> <https://www.diligent.com/company/about-us>

and consolidated in the Annual Sustainability Report, that will form part of ALI’s Integrated Report and is released during the Annual Stockholders’ Meeting.

The monitoring of the progress of the KPIs is under ALI Treasury, based on the data submitted by the Sustainability Team from respective strategic business units.

ALI employed the services of Det Norske Veritas (DNV), an independent external verification provider, to assess the progress and achievement of the SPTs related to the Company’s Sustainability-Linked Bonds. DNV also provides Second Party Opinion (SPO) on the accuracy and integrity of a bond, loan, or framework based on globally recognized green, social and sustainable principles and standards.

Step-Up Mechanism

A unique feature of a sustainability-linked bond is that it involves structural and/or financial changes to the characteristics of the bond (e.g., coupon, maturity, repayment, interest payment date, amount, options, etc.) depending on whether the selected KPIs reach the predefined SPTs. For ALI’s proposed sustainability-linked bond issuance, the interest rate is to step-up by five bps if its identified KPI is not achieved, commencing on the quarterly interest period immediately succeeding the relevant measurement date.

**ECONOMY AND INDUSTRY**

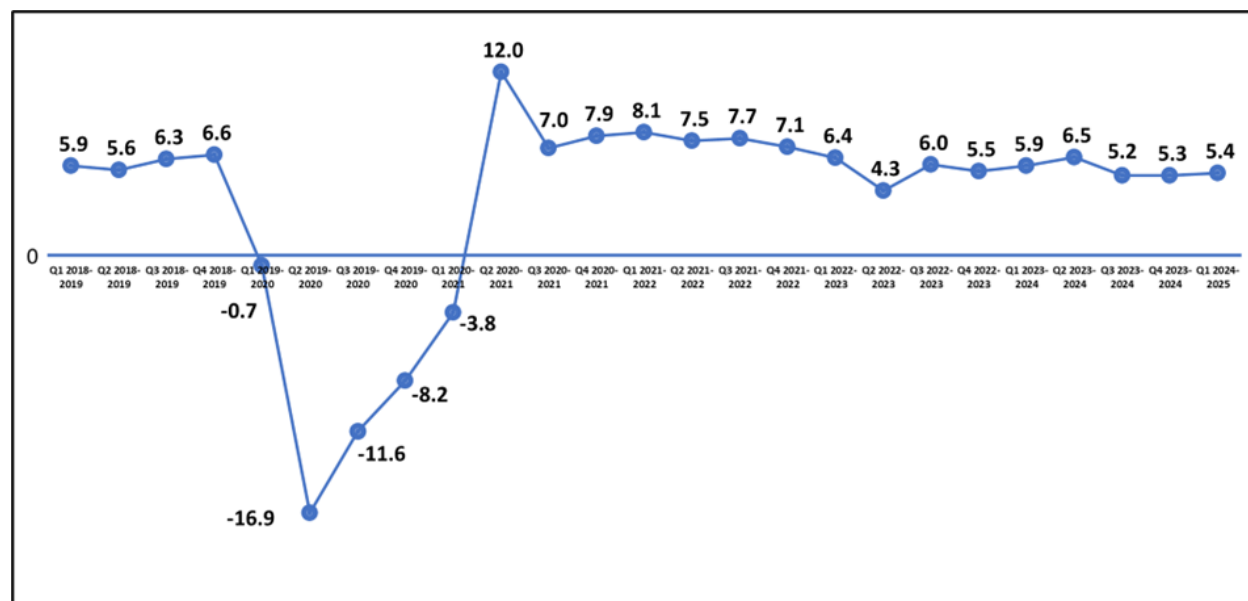


Figure 3. Historical Gross Domestic Product from 1Q 2019 to 1Q 2025 (%)

**Gross Domestic Product (GDP)**

2024

The Philippine economy grew by 5.2% in the 4Q 2024, lower than the 5.5% growth recorded in the same quarter of the previous year. This brought the full-year GDP expansion to 5.6% in 2024, unchanged the

previous year. Growth in 2024 was driven by the following industries: Wholesale and retail trade; repair of motor vehicles and motorcycles, 5.6%; Financial and insurance activities, 9.0%; and Construction, 10.3%. Among major economic sectors, Industry and Services grew by 5.6% and 6.7% in 2024, respectively. Agriculture, forestry and fishing (AFF) recorded a full-year decline of 1.6% in the same period.

With full-year GDP growth settling at 5.6% in 2024, the Philippines missed its government's revised target of 6.0-6.5% for 2024. National Economic and Development Authority (NEDA) Undersecretary for Policy and Planning Group Rosemarie Edillon attributed such to the extreme weather conditions for the year, geopolitical tensions, and subdued global demand. Among Asian countries, however, the Philippines was among the fastest growing economies in 4Q 2024, behind only Vietnam (7.5%) and China (5.4%), and ahead of Malaysia (4.8%).

Household Final Consumption Expenditure (HFCE) recorded a 4.7% YoY growth in 4Q 2024, supported by the increase in the following: Miscellaneous goods and services, 7.7%; Transport, 10.9%; Health, 11.5%; Food and non-alcoholic beverages, 1.3%; and Restaurant and hotels, 5.3%. For full-year 2024, HFCE grew by 4.8%, slower than the growth rate recorded in 2023 of 5.6%. On the other hand, Government Final Consumption Expenditure (GFCE) was up by 9.7% in 4Q 2024. Full-year GFCE growth in 2024 settled at 7.2%, considerably higher than 0.6% in 2023.

### 1Q 2025

In 1Q 2025, the Philippine economy expanded by 5.4%. Though reflecting a slight increase from the growth in 4Q 2024, the recorded growth in 1Q 2025 is lower than the 5.9% growth recorded in the same quarter of the previous year. Falling below the government's target, Edillon cited the country's 1Q 2025 growth as steady amid global uncertainties. Growth was driven by the following industries: Wholesale and retail trade; repair of motor vehicles and motorcycles, 6.4%; Financial and insurance activities, 7.2%; and Manufacturing, 4.1%. Among major economic sectors, Industry, Services, and AFF grew by 4.5%, 6.3%, and 2.2%, respectively.

HFCE recorded a 5.3% YoY growth in 1Q 2025, higher than the 4.7% growth in the previous period. Growth in 1Q 2025 was supported by the increase in the following: Miscellaneous goods and services, 4.7%; Transport, 8.5%; Health, 9.8%; Food and non-alcoholic beverages, 4.5%; and Restaurant and hotels, 6.0%. On the other hand, GFCE was up by 18.7% in 1Q 2025, noticeably higher than the 2.6% growth in the same period last year.

### **Inflation and Interest Rates**

The Philippines recorded an average inflation rate of 3.2% in 2024, well within the government's target of 2.0–4.0%. This was also significantly lower than the full-year inflation of 6.0% in 2023. The Philippine Statistics Authority (PSA) noted tempered inflation for food and non-alcoholic beverages in 2024 led to the inflation rate falling within target. Rice inflation hitting its lowest since January 2022 also contributed to the lower inflation rate for the year.

In June 2025, the country's inflation rate was at 1.4%, slightly above the inflation print of 1.3% in the previous month. This is the first time the inflation rate recorded an increase in four months. The upward movement was driven by the jump in electricity prices, from 2.8% in May to 7.4% in June. This was mitigated by the slower increase in food inflation, from 0.7% in May to 0.1% in June. In particular, rice prices continued to deflate to record levels of 14.3% in June 2025. The country's average inflation rate for the first half of 2025 (1H 2025) was 1.8%, below the lower band of the government's inflation target.

June's inflation rate also marked the eleventh straight month that the country's inflation rate fell within its target. Core inflation, which excludes volatile food and energy prices, remained at 2.2% in June.

Following the decision of the Bangko Sentral ng Pilipinas (BSP) in August 2024 to cut interest rates for the first time in almost four years, the central bank made further rate cuts to bring the benchmark rate to 5.75% by end-2024. In June 2025, the BSP executed its second 25 bps rate cut for the year, bringing the key policy rate to 5.25%. This was the lowest level in two and a half years.

## Outlook

Following the trade-related tariffs imposed by US President Donald Trump and the Middle Eastern conflict, the Development Budget Coordination Committee (DBCC) cut the country's economic growth target for 2025 from 6.0-8.0% to 5.5-6.5%. It also narrowed down its 6.0-8.0% growth target to 6.0-7.0% for 2026 to 2028. Several economic analysts of international banking and macroeconomic research institutions similarly slashed their respective growth outlook for the country accounting for the threats posed by the mentioned tariffs and geopolitical conflicts, as illustrated in the table below. S&P Global Ratings notably made an upward adjustment to its growth outlook from 5.7% to 5.9% for 2025, citing the potential effects of the reduction of bilateral tariffs between the USA and China. Regardless, the Philippines is still seen to be among the fastest growing economies in Southeast Asia in 2025, given the easing monetary policy and its consumption-driven economic model. Moody's Analytics (Moody's) economist Sarah Tan stated that the Philippines' reliance on exports is lesser when compared to other countries in the region.<sup>37</sup> Private consumption, stronger labor market, and the gradual increase in investments are seen to support the country's growth in the short-term.<sup>38</sup>

**Table 5: Philippine Growth Outlook for 2025**

Institution	Initial growth estimate for 2025	Revised growth estimate for 2025
DBCC <sup>39</sup>	6.0-8.0%	5.5%-6.5%
World Bank (WB) <sup>40</sup>	6.1%	5.3%
Asian Development Bank (ADB) <sup>41</sup>	6.2%	6.0%
International Monetary Fund (IMF) <sup>42</sup>	6.1%	5.5%
S&P Global Ratings <sup>43</sup>	5.7%	5.9%

Following the favorable monthly inflation prints, BSP slashed its inflation forecast for 2025 from 2.4% to 1.6%.<sup>44</sup> Finance Secretary Ralph Recto, who is part of BSP's Monetary Board, sees the BSP cutting its policy rates by 50 to 75 bps in 2025. Following the second rate cut made in June 2025, there is an expectation that central bank is on track to make another rate cut for the year. Some analysts also see the slower-than-expected growth in 1Q 2025 will trigger the BSP to make further rate cuts to stimulate economic activity. The central bank also adjusted its inflation projection upwards for 2026 from 3.3% to 3.4%, and

<sup>37</sup> <https://www.bworldonline.com/top-stories/2025/03/27/662026/moodys-unit-cuts-phl-growth-outlook/>

<sup>38</sup> <https://business.inquirer.net/529120/ph-may-miss-growth-goal-this-2025-oecd>

<sup>39</sup> <https://www.philstar.com/business/2025/06/26/2453518/philippines-cuts-growth-target-amid-middle-east-tensions-us-tariff-risks>

<sup>40</sup> <https://business.inquirer.net/521808/wb-cuts-2025-gdp-growth-outlook-on-ph-to-5-3-from-6-1>

<sup>41</sup> <https://business.inquirer.net/518786/adb-trims-growth-outlook-on-ph>

<sup>42</sup> <https://business.inquirer.net/521118/imf-cuts-ph-%CA%BC25-growth-outlook-to-5-5>

<sup>43</sup> <https://www.philstar.com/business/2025/06/25/2453021/sp-lifts-philippines-growth-outlook>

<sup>44</sup> <https://www.bworldonline.com/top-stories/2025/06/30/682170/inflation-likely-picked-up-in-june-poll/>

for 2027 from 3.2% to 3.7%. These are notably within the government's target range. Mr. Remolona mentioned that oil and electricity price hikes and rice tariffs are seen to add to inflationary pressures.

## INDUSTRY<sup>45</sup>

### Residential

According to Colliers Philippines (Colliers), 7,800 units were added to Metro Manila's inventory in 2024, lower than the 11,290 projected units for the year. Launches from developers were tempered due to the large number of unsold condominium units. Colliers found that there were 74,400 unsold units in the National Capital Region (NCR) in 2024. Of the total, around 26,300 units were ready-for-occupancy (RFO) units. Colliers mentioned that it would take around 8.2 years to fully sell out the unsold RFO units.<sup>46</sup> Most of the unsold RFO units in the region were from the mid-income segment. Real estate developers have been launching more units from the luxury segment, with 41% of the total launched units in 2024 where from the luxury segment (from 20% in 2023). On the other hand, H&L projects and lot-only projects had better absorption, particularly in regions outside of NCR. Such projects also had notable price increases from 2016 to 2024.

In 1Q 2025, no condominium units were completed and added to Metro Manila's inventory in 1Q 2025. Around 5,300 units were launched in the region, however, up by 83% YoY. This was the most units launched since Q3 2023. Net take-ups were only at 87 units in the pre-selling market in the same period. Vacancy in the Metro Manila secondary market marginally increased to 24.3% in 1Q 2025.

For 2025, Colliers sees 8,600 condominium units to be completed and added to Metro Manila's supply. The Bay Area is expected to account for 27% (or 45,800 units) of the total supply in the capital region by end-2025. Moving forward, the annual supply to be completed annually from 2025 to 2027 is projected to be at 5,800 units. This is notably lower from the 13,000 average units added yearly from 2017 to 2019, which was boosted by the demand from Philippine offshore gaming operators (POGOs). Demand is expected to remain tempered in the near-term. Vacancy is projected to reach 26% by end-2025, which would be the region's highest recorded vacancy rate. As such, rental and price corrections are expected to be around 1.0-1.5% in 2025. Colliers sees the central bank's rate cuts, sustained remittances from OFs, and the government's push in infrastructure will improve the real estate demand, particularly units from the mid-income projects.

### Retail

From 3Q 2024 to 1Q 2025, Colliers recorded 250,000 sqm of new retail space completed in Metro Manila. Such was attributable to the additional space from the SM Mall Of Asia expansion in Pasay City. Retail space vacancy improved from 15.1% in 3Q 2024 to 13.1% in 1Q 2025, following significant absorption from newly completed malls in NCR. This also marked the lowest vacancy rate in the capital region since 13.8% in 3Q 2021. Rent prices only recorded a marginal 0.6% increase despite the substantial space added during the period. The capital region is projected to end 2025 with a total of 270,000 sqm of new retail space. Rent is expected to rise by 1.6% in 2025. From 2025 to 2027, Colliers forecasts an average of 158,300 sqm of new mall spaces to be delivered annually.

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<sup>45</sup> Colliers Philippines Real Estate Market Reports

<sup>46</sup> <https://tribune.net.ph/2025/03/21/it-will-take-82-years-to-clear-condo-oversupply#>

About 390,900 sqm of mall spaces is expected to be leased in Metro Manila in 2025, driven by the expansion of foreign brands. Food and beverage (F&B) retailers are expected to absorb the most retail space for the period, similar to the previous trends. Home and furnishing businesses are seen to present real estate developers with growth opportunities, which was evident in the entry of IKEA, Anko, and Flying Tiger Copenhagen in retail centers in the capital region. More foreign brands have also opened up shop in Philippine malls, supported by the country's consumption-driven economic model. Colliers projects vacancy to dip further to 13.0% by end-2025, driven by the limited new supply for the remainder of the year. It also sees mall vacancy rates to return to its pre-COVID levels by end-2026. Some retail developers reportedly had higher consumer traffic than its pre-pandemic levels.

## Offices

In 1Q 2025, Colliers recorded 96,800 sqm of new office space in Metro Manila. Net take-up, on the other hand, was 77,100 sqm for the period. Vacancy rates marginally improved to 19.7% in 1Q 2025, from 19.8% in the previous quarter. Lease rates in the NCR were also cut slightly by 0.4% quarter-on-quarter (QOQ), led by the 2.1% decline in the Bay Area rent prices. This was countered by the 3.1% increase in rent in the Makati CBD.

Office space transactions in Metro Manila reached 237,700 sqm in 1Q 2025, which was up by 66% QoQ. More than half of the transactions were in Fort Bonifacio, Quezon City, and the Makati CBD. Majority of the transactions (61%) were made by traditional firms, while third party outsourcing businesses had a 34% share in total transactions. Outside of Metro Manila, transactions were up by 18% YoY to 54,900 sqm. Deals made in Cebu and Pampanga accounted for half of the total transactions made outside the capital region. Notably, more green office spaces are being taken up. In 9M 2024, Colliers recorded 293,900 sqm of office spaces with green certifications in transactions. This was 93.5% higher than the green office space transactions of 151,900 sqm in the previous period.

Metro Manila is projected to record 612,300 sqm of new office space by end-2025. This is lower than the previous projection of 655,800 sqm, accounting for construction delays. Colliers projects about 150,000 sqm of office space to be taken up in 2025, with vacancy expected to reach 22.0% in 2025. Primary CBDs such as Makati, Fort Bonifacio, and Ortigas are seen to record healthier vacancy in 2025 compared to the Bay Area and the Makati and Alabang Fringe. Meanwhile, demand for office space is expected to remain strong in Pampanga, Cebu, Bacolod, Iloilo, and Davao. Metro Manila rent is expected to remain flat in 2025. About 355,800 sqm is expected to be added to the capital region's office supply yearly from 2025 to 2027. More than half of the expected new supply will be in the Bay Area, Makati Fringe and Quezon City. Colliers also expects nearly 61% (or 722,000 sqm) of the new supply to have green certifications.

## Hospitality<sup>47</sup>

Hotel occupancy in Metro Manila improved slightly from 63% in 2023 to 64% in 2024, partly attributable to the arrivals during the holiday season. The hotel industry in the capital region added 2,700 new rooms in 2024, which was similar to the number of total rooms added in the previous year. This was lower than the forecast of Colliers of 4,500 new rooms in 2024, however, on account of construction delays. Average daily rates (ADR) in NCR grew only by 2.7% in 2024, slower than the 10.6% hike in the previous year. The increase in the ADR of four-star hotels drove total ADR growth for the year.

Based on the data of the Department of Tourism (DOT), the Philippines welcomed 5.9 million international arrivals in 2024, slightly more than the 5.5 million arrivals in 2023. This is lower than the targeted 7.7

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<sup>47</sup> <https://business.inquirer.net/499567/record-high-naia-passengers-topped-50m-in-2024>

million arrivals in 2024, prompted by the drop in arrivals from Chinese visitors. Arrivals from South Korea accounted for the largest contribution of the total arrivals in 2024 with 1.6 million visitors, followed by arrivals from the United States (USA), Japan, and Australia. Despite missing the target, the DOT reported that tourists have been spending more in the country, with receipts reaching ₱760 billion in 2024. This marked a notable growth from the ₱600 billion in 2019. The Ninoy Aquino National Airport (NAIA) also recorded a passenger volume of 50.1 million visitors in 2024, the highest volume the airport has recorded. This broke past the airport's annual capacity of 35 million passengers, and the pre-pandemic passenger volume by 5.1%.

In 2025, Colliers projects 2,680 new rooms in the capital region, with the Bay Area and Makati CBD accounting for nearly half of the total. Occupancy is expected to remain stable in 2025, with a projected 3% growth in ADR for the year. From 2025 to 2027, about 1,600 rooms are expected to be added yearly to the hotel room supply in NCR.

## Industrial

In 2H 2024, Colliers recorded 20 ha of industrial space occupied by electronic, pharmaceutical, and F&B firms in Central Luzon. Warehouse and land lease rates grew by 2.0% when compared to 1H 2024. The vacancy rate of the industrial sector in the Cavite-Laguna-Batangas (CALABA) corridor climbed from 5.5% in 2023 to 6.5% in 2024.

In December 2024, the Senate and House Representatives approved on the third and final reading of a priority bill that will lengthen the land lease limits of foreigners from 75 years to 99 years. This is among the most prioritized bills of the Legislative-Executive Development Advisory Council (LEDAC) for the 19th Congress, as it aims to reel in more foreign investors into the country. The latest data from the PSA found that foreign investments (FIs) from the manufacturing industry accounted for 21.9% of the ₱28.0 billion approved FIs in 1Q 2025. Other notable economic and legislative developments that could further attract foreign investments include the establishment of 27 new economic zones<sup>48</sup> by the Philippine Economic Zone Authority (PEZA), and the enactment of the CREATE MORE Act, which lowers corporate income tax from 25% to 20% for registered business enterprises.

Additionally, according to IHS Markit, the Philippines' Purchasing Market Index (PMI)<sup>49</sup> reached its highest level in December 2024 of 54.3, indicating that the country's industrial sector has been expanding.

In 2025, Colliers projects about 30 ha of industrial space will be taken up, driven by the demand of manufacturing firms and the cold storage subsector in Central and Southern Luzon. About 260 ha is forecasted to be added to the supply in the regions, which would lead to an increase in vacancy to 8.0%. An annual average of 80 ha from 2025 to 2029 is also projected to be added in Central and Southern Luzon. Rent is seen to increase by 4.0% annually during the period.

## FINANCIAL PROFILE

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*Analysts' Note: PhilRatings' calculation of certain financial metrics may differ from what ALI discloses.*

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<sup>48</sup> Also known as Free Trade Zones, special economic zones promote foreign direct investment and setting up businesses in the areas, which would stimulate the economy. Operations set up in these zones are provided with custom tax exemptions and benefits, and other regulatory benefits.

<sup>49</sup> The PMI is a metric is used to monitor the monthly economic activity of the manufacturing and services sector and gauge its overall health. Ranging from 0 to 100, values above 50 translate to an expansion of the sector, while values below 50 translate to a contraction.

**Table 6: Balance Sheet Items**

<i>(in Millions PHP)</i>	2022	2023	2024	1Q2025
Cash and Cash Equivalents	11,885	17,066	21,058	21,127
Accounts & Notes Receivables – Current	102,151	105,530	108,063	102,303
Inventories	180,348	209,317	226,560	227,240
Investment Properties	245,526	241,062	267,920	270,112
Total Assets	779,655	846,632	918,755	932,892
Short-term Debt	6,547	16,905	20,671	28,949
Current Portion of Long-term Debt	19,258	18,969	26,239	41,420
Long-term Debt – Net of Current	210,233	222,380	235,246	219,320
Total Debt	236,039	258,254	282,156	289,689
Total Liabilities	485,990	526,703	560,259	574,695
Total Equity	293,665	319,929	358,496	358,197

**Table 7: Income Statement and Cash Flow Items**

<i>(in Millions PHP)</i>	2022	2023	2024	1Q2024	1Q2025
Total Real Estate Revenues	123,051	145,501	176,533	40,117	42,631
Total Revenues	126,556	148,857	180,738	41,006	43,556
Real Estate Costs and Expenses	75,629	87,139	110,208	25,617	25,445
General and Administrative Expenses	7,264	8,910	9,216	2,274	2,439
Interest and Other Financing Charges	11,447	13,499	15,851	3,774	4,058
Income Before Income Tax	28,220	36,460	42,770	9,225	10,435
Net Income	22,524	29,004	34,236	7,440	8,393
Net Income Attributable to Equity Holders of ALI	18,617	24,508	28,233	6,292	6,946
Net Cash from Operating Activities	26,348	21,360	31,212	2,064	8,191
Net Cash from Investing Activities	(22,925)	(30,186)	(54,683)	(7,238)	(7,366)
Net Cash from Financing Activities	(5,537)	13,886	27,830	8,168	(1,099)

**Table 8: Key Financial Ratios**

	2022	2023	2024	1Q2024	1Q2025
Gross Margin (%)	38.5	40.1	37.6	36.2	40.3
Net Profit Margin (%)	18.3	19.9	19.4	18.5	19.7
Return on Average Assets (%)	3.0	3.6	3.9	3.4	3.5
Return on Average Equity (%)	8.0	9.5	10.1	8.6	8.8
Interest Coverage Ratio (x)	4.4	4.4	4.3	3.9	4.3
Current Ratio (x)	1.8	1.8	1.8	1.8	1.6
Debt to Equity Ratio (x)	0.8	0.8	0.8	0.8	0.8
Solvency Ratio (x)	1.6	1.6	1.6	1.6	1.6

## Profitability

### 2024 vs. 2023

ALI recorded a double-digit growth of 21.3% in its real estate revenues to ₱176.5 billion in 2024. Revenues from the Property Development segment, which was the main driver of the total real estate revenues, expanded by 22.3% to ₱112.9 billion for the year. This was led by the strong sales performance of the Company's residential developments and its commercial and industrial lots. Such counterbalanced the 18.3% decline in the sale of office spaces for the year, due to the lower incremental increase in the POC of nearly completed projects. Revenues from the Commercial Leasing segment were also up by 9.4% to ₱45.6 billion in 2024, driven by the favorable performance of ALI's rental portfolio. Services revenues surged by 56.9% to ₱18.0 billion, primarily on account of the almost twofold growth or 97.5% higher construction revenues to ₱13.0 billion. The latter was on account of the increase in bookings from external projects. Total revenues peaked at ₱180.7 billion in 2024, up by 22.4% from 2023. PhilRatings notes that this was ALI's record high real estate revenues, surpassing its pre-pandemic figure of ₱157.8 billion in 2019.

In line with the robust growth of the Company's real estate revenues, the cost of real estate sales jumped by 26.5% to ₱110.2 billion in 2024. This grew at a faster rate compared with the real estate revenue growth for the year, due to the increase in costs of residential and condominium units. Given this, GPM dropped from 40.1% in 2023 to 37.6% in 2024. Gross profit, nonetheless, grew by 13.6% to ₱66.3 billion in 2024. On the other hand, GAE grew slower at 3.4% to ₱9.2 billion in 2024, attributed to lower expenses tied to repairs and maintenance, advertising, and utilities. In addition, interest expense increased by 17.4% to ₱15.9 billion, on the back of higher debt levels for the year. Given the aforementioned, EBITDA amounted to ₱67.4 billion in 2024, up by 14.3%.

Driven by the robust performance of its main business lines and the overall muted growth of operating expenses, ALI's net income rose by 18.0% to ₱34.2 billion in 2024. Its net profit margin (NPM), however, was slightly lower at 19.4% in 2024, from 19.9% in the previous year. On the other hand, ROAE improved to 10.1% in 2024, while ROAA similarly inched upwards to 3.9%.

### 1Q 2025 vs. 1Q 2024

Total real estate revenues in 1Q 2025 amounted to ₱42.6 billion which was up by 6.3% YoY. Revenues from the Property Development segment increased to ₱27.8 billion in 1Q 2025, led by the 2.9% growth in residential sales for the period. Sales of commercial and industrial lots more than doubled, growing by 104.2% to ₱5.7 billion. Such was counterbalanced by the 88.4% drop in revenues from office spaces for sale to ₱96 million.

The Commercial Leasing segment inched upwards to ₱11.6 billion, on account of the positive performance of the Company's leasing portfolio. Meanwhile, the Services segment registered a 23.8% YoY decline in revenues, due to lower contributions from construction, and property management and others.

Costs of real estate sales amounted to ₱25.4 billion in 1Q 2025, marginally lower by 0.7% than the ₱25.6 billion costs in the previous period. GAE grew faster by 7.3%, attributable to higher manpower costs. GPM and EBITDA margin improved to 40.3% and 40.7% in 1Q 2025, respectively.

Owing to the stable performance of the Property Development and Leasing segments, coupled with the controlled growth of its costs and expenses, ALI's net income recorded a double-digit growth of 12.8% to

₱8.4 billion in 1Q 2025. NPM improved to 19.7% for the period, from 18.5% in 1Q 2024. Returns were also up for the period, albeit only marginally.

### Projected Period

Moving forward, ALI expects to sustain its revenue growth, supported by the earnings from its residential and leasing portfolio. Revenues from residential developments are still expected to account for the bulk of total real estate revenues. In line with the top line movements, bottom line is similarly expected to consistently expand.

The Company's margins are projected to be at par with the historical figures.

## **Cash Flow and Liquidity**

### 2024 vs. 2023

ALI's operating activities continued to generate positive cash flows in 2024, which rose by 46.1% to ₱31.2 billion. The cash flow expansion was backed by the larger pre-tax income of ₱42.8 billion and the lower increases in trade receivables and inventories. Additionally, the Company recorded a ₱1.7 billion inflow from its other current assets, which was a turnaround from the ₱15.6 billion outflow in 2023. These were partially offset by the lower increase in accounts and other payables and the ₱14.3 billion decrease in deposits and other current liabilities for the year, due to lower deposits from real estate customers.

Net cash flows used in investing activities ballooned by 81.2% to ₱54.7 billion in 2024, on account of the growth in capital outlays to investment properties (up by 50.4%) and property and equipment (up by 165.0%). In addition, the increase in noncurrent accounts and notes receivables grew twofold to ₱20.4 billion for the year, in line with the growth in trade receivables as of end-2024.

On the other hand, net cash flows provided by financing activities doubled to ₱27.8 billion in 2024, from ₱13.9 billion in 2023. Such was attributed to the ₱213.5 billion proceeds from short- and long-term debt, which was 70.2% higher than the proceeds from the previous year. This was partly counterbalanced by debt payments which expanded by 84.0% to ₱190.0 billion for the year. Equity reserves more than doubled to ₱9.8 billion in 2024, attributable to the executed block sales of AREIT stock during the year. The Company also recorded a ₱2.4 billion cash inflow from deposits and other noncurrent liabilities, which was a reversal from the ₱4.5 billion outflow in 2023. Dividends declared to equity holders of ALI amounted to ₱7.4 billion in 2024.

Given the aforementioned, ALI's year-end cash and cash equivalents balance grew by 26.0% to ₱21.5 billion as of end-2024. Current assets increased by 5.5% to ₱435.7 billion, hinged on the growth of the Company's cash, accounts receivables, and inventories. Current liabilities increased at a slightly quicker pace of 6.4% to ₱249.1 billion as of the same year, on account of the growth in accounts and other payables and the current portion of long-term debt. As such, current ratio remained adequate at 1.7x as of end-2024, albeit slightly lower from the 1.8x as of end-2023. Quick ratio was flat at 0.5x as of the same period.

### 1Q 2025 vs. 1Q 2024

ALI's net operating cash flows were its main source of cash for the period, ballooning by 298.6% YoY to ₱8.2 billion in 1Q 2025, primarily driven by higher pre-tax income and coupled with the increase in accounts and other payables and other current liabilities. These countered the ₱5.0 billion increase in

trade receivables for the period, which was 27.9% more than in the previous period. The increase in other current assets was also up twofold to ₱3.7 billion.

Net cash flows used in investing activities amounted to ₱7.4 billion in 1Q 2025. Additions to property and equipment jumped by 294.9% YoY to ₱2.9 billion for the period, while additions to financial assets at fair value through profit and loss (FVTPL) also increased to ₱1.0 billion. These were counterbalanced by the 48.7% decline in outlays for investment properties to ₱3.7 billion.

On the other hand, the Company's financing activities netted a cash outflow of ₱1.1 billion in 1Q 2025, which was a reversal from the ₱8.2 billion inflow in 1Q 2024. Proceeds from and payments of debt decreased by 24.6% and 33.5% for the period, respectively. Equity reserves dropped by 96.5% YoY to ₱130.9 billion, which was coupled with the growth of 469.7% YoY in treasury share acquisitions to ₱3.8 billion. A decrease of ₱23.0 million in noncontrolling interest in consolidated subsidiaries was also recorded in 1Q 2025, a turnaround from the ₱1.5 billion increase in the previous period.

As a result, the Company's cash balance was slightly cut by 1.8% to ₱21.1 billion as of end-March 2025. The current ratio remained ample, but lower at 1.6x.

### Projected Period

The Company expects its operations to continue generating positive net cash flows throughout the projected period. On the other hand, ALI will continue to grow its investment property portfolio. The yearly budget for residential developments will remain to account for the largest share of ALI's budgeted CAPEX.

Given the projected growth of its net operating cash flow throughout the period, coupled with ample cash reserves, ALI forecasts more tempered external borrowings moving forward as the Company focuses on obligations and debt repayments.

### **Capital Structure**

#### 2024 vs. 2023

ALI ended 2024 with total assets of ₱918.8 billion, up by 8.5% from ₱846.6 billion as of end-2023 and first time breaching the ₱900.0-billion mark. Investment properties recorded a double-digit growth of 11.1% to ₱267.9 billion for the year, supported by the additions in land and construction in progress. Real estate inventories likewise climbed by 8.2% to ₱226.6 billion. Inventories and investment properties accounted for more than half of the total assets for the year, with a consolidated share of 53.8% in 2024.

In terms of capital structure, ALI's debt-to-equity (D/E) ratio was unchanged at 0.8x as of end-2024. Total borrowings reached ₱282.2 billion for the year, up by 9.3% from the ₱258.3 billion balance as of end-2023, due to additional availments made in 2024. Of the total balance, 16.6% or ₱46.9 billion was classified as current debt. Average maturity of borrowings was at 4.3 years as of end-2024, with an average borrowing cost of 5.3%, higher than the 2023 average of 5.0%. About 77% of total debt had fixed rates.

Total equity registered a larger increase of 12.1% to ₱358.5 billion as of end-2024, supported by the plowback of earnings and the equity reserves amounting to ₱7.2 billion for the year. The latter was attributable to the block sale of AREIT's shares which reversed the negative equity reserves balance of ₱2.6 billion as of end-2023. This also partly offset the 32.3% increase in treasury stock at ₱30.1 billion for the year, on account of the buyback of ALI's shares.

## 1Q 2025 vs. 2024

ALI's total assets marginally grew by 1.5% to ₱932.9 billion as of end-March 2025, due to the marginal increase in real estate inventories (+0.3%) and investment properties (+0.8%). These continued to account for more than half of ALI's assets, with a 53.3% share for the period.

D/E ratio was flat at 0.8x as of end-March 2025. Total debt further increased to ₱289.7 billion for the period, with 24.3% or ₱70.4 billion classified as current debt. Total equity was relatively unchanged at ₱328.5 billion (-0.1%). The marginal 1.2% growth in retained earnings at ₱227.0 billion was offset by the 12.5% increase in treasury stock at ₱33.9 billion from the share buybacks.

In the Board of Directors (BOD) meeting in February 2025, it was approved by ALI's BOD to raise up to ₱75.0 billion in debt capital to partially refinance its general corporate requirements and its maturing debt through the issuances of retail bonds and/or corporate notes.

## Projected Period

Moving forward, ALI's total assets are expected to continuously expand. Leverage position will remain conservative over the projected period, supported by comfortable debt levels and backed by equity growth.

## **Financial Flexibility**

ALI had sufficient available credit facilities, which the Company may tap into should the need arise. Furthermore, ALI and AC are publicly listed in the Philippine Stock Exchange (PSE), providing the Company with more flexibility to raise funds through the equities market. As of August 15, 2025, ALI had a market capitalization of ₱389.3 billion based on 14.6 billion outstanding shares. AC had a market capitalization of ₱378.2 billion based on 624.0 million outstanding shares as of the same date.

## **Latest Interim Updates (1H 2025)**

ALI launched ₱40.5 billion worth of projects in 1H 2025, with majority coming from the premium segment. Among the launched projects was The Laurean Residences, which reportedly sold 25% of its ₱28 billion project value at its private selling event in June 2025. Overall inventory levels stood at 23 months as of end-June 2025. In 2H 2025, about one-third of the launches will be from the core segment. The Company is gearing up to launch its first non-sequel vertical development from its core segment, namely the Avida Katipunan Heights project in Quezon City.

ALI's total real estate revenues amounted to ₱81.3 billion in 1H 2025, which was slightly down by 1.4% from ₱82.5 billion in 1H 2024. Revenues from the Property Development segment were flat from ₱51.9 billion in 1H 2024 to ₱52.3 billion in 1H 2025. Such was on account of the 5.4% decline in residential revenues to ₱41.3 billion, as the lower bookings in the core segment were offset by higher revenues from the premium segment. Additionally, sales of commercial and industrial lots registered a robust 42.3% growth to ₱9.1 billion for the period. The Commercial Leasing Segment also recorded a modest 4.7% increase to ₱23.2 billion in 1H 2025. Leasing revenues from ALI's malls, which were 50.0% of total leasing revenues for the period, grew by 4.7% to ₱11.6 billion. On the other hand, revenues from the Services segment were down by 30.6% to ₱5.9 billion for the period. Construction revenues were trimmed by 20.3% to ₱4.3 billion due to the completion of MDC's external contracts. The absence of airline revenues also dragged down Service revenues.

Total costs and expenses decreased by 4.6% in 1H 2025, which was larger than the dip in revenues for the period. As a result, ALI's bottom line recorded a 9.2% growth to ₱17.2 billion. Margins notably improved, with EBITDA margin increasing from 37.8% in 1H 2024 to 43.0% in 1H 2025. NPM similarly grew to from 19.1% in 1H 2024 to 21.1% in the same period.

ALI's net operating cash flows ballooned by 142.7% to ₱12.7 billion in 1H 2025, driven by the lower increase in trade receivables and inventories and the 66.6% growth in accounts payable. Net cash flows used in investing activities amounted to ₱15.3 billion (up by 35.6%), propped up by the additions to investment properties and property and equipment. Net cash flows provided by financing activities, on the other hand, plummeted from ₱8.3 billion in 1H 2024 to ₱539.9 million in 1H 2025. This was attributable to the 6.7% decrease in loan proceeds, the increase in deposits and other noncurrent liabilities, and the dividends declared during the period. Given the foregoing, the Company's cash balance declined by 11.2% to ₱19.1 billion as of end-June 2025. Current ratio tapered, though still adequate, from 1.7x as of end-2024 to 1.5x as of end-June 2025.

The Company's capital structure remained conservative, with its D/E ratio at 0.8x as of end-June 2025. Total debt grew by 5.8% to ₱298.6 billion for the period, which was primarily attributed to the availments of additional short-term debt. On the other hand, total equity increased by 1.4% to ₱363.6 billion as of end-June 2025. The growth in paid-in capital to ₱122.4 billion (up by 24.1%) and in retained earnings to ₱234.1 billion (up by 4.4%) were offset by the almost twofold growth of treasury stock to ₱59.6 billion.