

 <b>PHILIPPINE RATING SERVICES CORPORATION</b>	RATING REPORT
	CEBU LANDMASTERS, INC.

**Date:** September 30, 2025  
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#### PROPOSED SUSTAINABILITY-LINKED BOND ISSUANCE

Amount	Tenor	Assigned Rating and Outlook
₱3.0 Billion, with an Oversubscription Option of up to ₱2.0 Billion	4, 7 and/or 10 years	<b>PRS Aa plus Stable</b>

Obligations rated ‘**PRS Aa**’ are of high quality and are subject to very low credit risk. The obligor’s capacity to meet its financial commitment on the obligation is very strong. The “plus” further qualifies the assigned rating.

On the other hand, a **Stable Outlook** is defined as: “The rating is likely to remain unchanged in the next 12 months.”

#### Analysts’ Notes:

- The proposed sustainability-linked bond issuance will be third and final tranche of the Company’s Debt Securities Program of up to ₱15.0 billion registered in 2022. Of the total, Cebu Landmasters, Inc. (CLI) has already issued ₱10.0 billion.
- The rating assigned to CLI’s proposed sustainability-linked bond issuance is mainly in relation to the Company’s capacity to pay the rated bonds. It is not an opinion on the attainability or capability to achieve the sustainability performance targets linked with the bonds.

#### Use of Proceeds:

Net proceeds will be used to refinance CLI’s maturing obligations, for capital expenditures, and for general corporate purposes, among others.

**Terms of the Sustainability-Linked Bond Issuance:**

<b>Key Performance Indicators (KPI) / Sustainability Performance Targets (SPT)</b>	<ul style="list-style-type: none"> <li>● Short Term SPT: Build 8,500 new affordable housing units by February 2027</li> <li>● Medium Term SPT: Build 16,000 new affordable housing units by February 2029</li> </ul> <p>Affordable housing are priced below the price ceilings for low-cost- and medium-cost housing based on the Joint Memorandum Circular between the Department of Human Settlements and Urban Developments (DHSUD) and National Economic Development Authority (NEDA). As of December 3, 2024, the price threshold was at below ₱4.9 million for low-cost and below ₱6.6 million for medium-cost.</p>
<b>Original Interest Rate</b>	<p>Series F Bonds (4 years): __%</p> <p>Series G Bonds (7 years): __%</p> <p>Series H Bonds (10 years): __%</p>
<b>Interest Rate Step-up</b>	<p>Interest rate step-up shall be equal to the Original Interest Rate plus 0.075% for each occurrence of a Trigger Event.</p>
<b>Target Observation Dates</b>	<p>Short Term SPT: February 28, 2027</p> <p>Medium Term SPT: February 28, 2029</p>
<b>Trigger Event</b>	<p>When an SPT is not met on the applicable Target Observation Dates</p>
<b>Call Option Date / Call Option Price</b>	<p><b>Series F Bonds</b></p> <ul style="list-style-type: none"> <li>● 3<sup>rd</sup> anniversary date of the Issue Date and before the 4<sup>th</sup> anniversary of the Issue Date <ul style="list-style-type: none"> <li>○ Call Option Price: 100.5%</li> </ul> </li> </ul> <p><b>Series G Bonds</b></p> <ul style="list-style-type: none"> <li>● 5<sup>th</sup> anniversary date of the Issue Date and before the 6<sup>th</sup> anniversary of the Issue Date <ul style="list-style-type: none"> <li>○ Call Option Price: 101.0%</li> </ul> </li> <li>● 6<sup>th</sup> anniversary date of the Issue Date and before the 7<sup>th</sup> anniversary of the Issue Date <ul style="list-style-type: none"> <li>○ Call Option Price: 100.5%</li> </ul> </li> </ul> <p><b>Series H Bonds</b></p> <ul style="list-style-type: none"> <li>● 7<sup>th</sup> anniversary date of the Issue Date and before the 8<sup>th</sup> anniversary of the Issue Date <ul style="list-style-type: none"> <li>○ Call Option Price: 101.5%</li> </ul> </li> <li>● 8<sup>th</sup> anniversary date of the Issue Date and before the 9<sup>th</sup> anniversary of the Issue Date <ul style="list-style-type: none"> <li>○ Call Option Price: 101.0%</li> </ul> </li> <li>● 9<sup>th</sup> anniversary date of the Issue Date and before the 10<sup>th</sup> anniversary of the Issue Date <ul style="list-style-type: none"> <li>○ Call Option Price: 100.5%</li> </ul> </li> </ul>

**OUTSTANDING PRS-RATED ISSUANCES OF THE COMPANY**

Amount	Interest Rates	Maturity	Assigned Rating and Outlook
Series A ₱2.76626 Billion	6.4222%	April 7, 2026	<b>PRS Aa plus Stable</b>
Series B ₱1.24367 Billion	6.9884%	April 7, 2028	
Series C ₱0.99007 Billion	7.3649%	October 7, 2029	
Series D ₱2.85640 Billion	6.6348%	March 21, 2028	
Series E ₱2.14360 Billion	6.9157%	March 21, 2030	
<b>₱10.0 Billion</b>			

**RATIONALE****Sound management and strategy, with a sustained competitive advantage in the Visayas and Mindanao (VisMin) markets as evidenced by its growth over the last few years**

CLI is reportedly the leading residential developer in the VisMin regions. It is engaged in real estate development, sales, leasing and property management. The Company's portfolio includes condominiums and subdivisions for residence, mixed-use properties, townships, hotels and offices. As of report writing date, CLI had a total of 127 projects in different stages of development across 18 key cities in VisMin region. Of the total, 50 projects have already been completed.

CLI continues to pursue its aggressive plans to establish and deliver quality developments across the VisMin region and its entry into Luzon. It remains proactive in landbank acquisition to sustain its pipeline of developments and drive revenue growth moving forward. As of report writing date, CLI has a total land bank of around 187 hectares (ha). Cebu accounts for more than half of the total land bank, following the recent acquisition in Liloan. Mindanao has the second-highest portion of the total, followed by the rest of Visayas. Metro Manila currently has a relatively minimal available land bank, which will be utilized for CLI's first Luzon project, specifically in Pasig City, with its launch targeted by end-2026.

Furthermore, the Company is actively engaged in ongoing negotiations with landowners in Cebu, Iloilo and Bacolod to expand its presence in estate developments.

According to Colliers Philippines' (Colliers) 2024 Real Estate Market Study, CLI is reportedly the leading residential developer in VisMin with a market share of 19.3% based on net take-up value.

**Steady earnings growth on account of the Company's real estate sales**

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

In the first six months of 2025 (6M2025), total revenue were at ₱10.3 billion, lower by 8.6% compared to the same period in 2024, mainly due to the reclassification of lot sales to other operating income. Real estate sales remained dominant, contributing 86.9% or ₱9.0 billion to total revenues. Net income for the period rose by 12.5% to ₱2.5 billion, with improved margins, as operating margin increased from 35.5% to 44.9% and net profit margin rising from 19.6% to 24.2%.

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

#### **Adequate liquidity and acceptable leverage level**

While the company's strategic acquisitions contributed to increased leverage, CLI's liquidity remained strong, supported by higher cash balances and a stable current ratio. Cash and cash equivalents rose by 73.3% to ₱1.6 billion as of end-2024, while current ratio was stable at 1.5x. As of end-June 2025, cash nearly tripled to ₱4.3 billion, with current assets increasing by 29.5% to ₱61.7 billion against current liabilities of ₱43.0 billion, maintaining a current ratio of 1.4x.

On the leverage side, total debt grew by 5.3% in 2024 to ₱49.6 billion, but equity expanded at a faster pace of 29.2% to ₱30.3 billion. This improved debt-to-equity (DE) ratio to 1.6x. As of end-June 2025, however, debt climbed further by 13.1% to ₱56.1 billion, while equity posted a modest growth of 4.3% to ₱31.6 billion, resulting in a higher DE ratio of 1.8x.

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

#### **Threats from a highly competitive market, with its peers having access to significant capital and a substantial landbank**

The Company faces significant competition from both local and national developers that are also expanding in the VisMin regions, particularly in Cebu. These players may have access to substantial capital and land bank in the area. Nevertheless, CLI's expertise and familiarity in the VisMin region continue to attract possible joint venture (JV) opportunities with landowners, as well as property acquisition offers.

In 2023, the Company entered into a new JV agreement with NTT UD Asia Pte. Ltd. (NTTUDA) to develop premium-grade residential towers in Cebu City. NTTUDA is an international Japanese developer of commercial properties which include office buildings, residences, and other mixed-use developments in Southeast Asia. This partnership led to the launch of CLI's first international JV project in July 2025 – The Wave Towers – valued at ₱9.2 billion.

In September 2025, CLI's JV subsidiary, Cebu Homegrown Developers, Inc. (CHDI) with Ixidor Holdings, Inc., acquired a 78.8 ha property in Liloan, Cebu. The Company plans to develop this site into the largest integrated township in Cebu, featuring a multi-segment residential community alongside commercial centers. This project is expected to expand CLI's footprint in Cebu and reinforce its capability to develop leading townships across VisMin, following the success of Manresa Town in Cagayan de Oro (CDO) and DGT in Davao City.

The Company's successful partnerships in its past and present projects underscore CLI's ability to collaborate with its JV partners. Moving forward, it plans continue to pursue local partnerships that will aid its expansion plans – securing strategic locations and entering new markets.

## **BUSINESS RISK**

### **Company Profile**

Incorporated on September 26, 2003, CLI is reportedly the leading residential developer in the VisMin regions. It is engaged in real estate development, sales, leasing and property management. The Company's portfolio includes condominiums and subdivisions for residence, mixed-use properties, townships, hotels and offices. As of report writing date, CLI had a total of 127 projects in different stages of development across 18 key cities in VisMin region. Of the total, 50 projects have already been completed.

### **Operations**

Each of CLI's operating segments represents a strategic business unit that offers different products and serves different markets.

- Real Estate Segment – includes the development and sale of residential, condotel, office units and commercial lots to individuals and corporate buyers
- Rental Segment – focuses on leasing of office and commercial spaces to corporate organizations
- Management Services Segment – covers the management of real estate projects and maintenance of condominium corporations and homeowners' associations
- Hotel Operations Segment – comprises the management of hotel business operations

In 2024, CLI spent ₱13.83 billion in capital expenditures, with 73.4% or majority was allocated for residential development, 18.5% for investment properties, and the remaining portion for existing lot payments.

**Table 1 Breakdown of Sales Revenues According to Business Segment (2023-2024 and 6M2025/6M2024)**

<i>(Amounts in Millions PHP)</i>	<b>2023</b>	<b>% to Total</b>	<b>2024</b>	<b>% to Total</b>	<b>6M2024</b>	<b>% to Total</b>	<b>6M2025</b>	<b>% to Total</b>
Residential	18,508	98.35	19,059	97.61	11,125	98.34	11,502	97.06
Hotel Operations	139	0.74	240	1.23	86	0.76	200	1.69
Rental	112	0.60	162	0.83	71	0.63	108	0.91
Management Services	59	0.31	64	0.33	31	0.27	41	0.34
<b>TOTAL</b>	<b>18,818</b>	<b>100.00</b>	<b>19,525</b>	<b>100.00</b>	<b>11,313</b>	<b>100.00</b>	<b>11,851</b>	<b>100.00</b>

CLI was able to sustain robust growth in its revenues, driven by its residential business segment. Such continued to account for the bulk of the Company's topline, with its share to total revenues of approximately 98.0%.

#### **A. Residential Real Estate**

Residential developments constitute the backbone of the Company's operations and project portfolio. The Company categorizes its housing developments into distinct brands to cater to diverse market segments.

Table 2 Residential Projects

<b>Horizontal (Subdivision) Projects</b>	
Socialized	Villa Casita North and Villa Casita Balamban in Cebu; Guadalupe Pinamalayan Socialized Housing Project
Mirani	Mirani Steps Danao
Economic	Casa Mira Linao and Casa Mira South in Cebu; Casa Mira Coast and Casa Mira Homes Dumaguete in Negros Oriental; Casa Mira Bacolod in Negros Occidental; Casa Mira Iloilo in Panay; Casa Mira Danao in Cebu; Casa Mira Davao
Mid-Market	San Jose Maria Villages, Midori Plains and Velmiro Homes in Cebu, CDO, Bacolod and Bohol
<b>Vertical (Condominium) Projects</b>	
Economic	Casa Mira Towers in Labangon Cebu, CDO, Mandaue Cebu, Guadalupe Cebu, LPU in Davao, Bacolod and Palawan
Mid-Market	Midori Residences, Mivesa Garden Residences and Mivela Garden Residences, Calle 104 (Ramos Tower), Mandtra Residences in Cebu; MesaVerte Garden Residences in CDO; MesaTierra Garden Residences, The East Village Towers DGT, Velmiro Heights, and Mindara Residences in Davao; and MesaVirre Garden Residences in Bacolod.
High-End	Asia Premier Residences, Base Line Residences, Base Line Premier, Base Line Prestige, 38 Park Avenue, One Astra Place, and Calle 104 (Ranudo Tower) in Cebu; One Paragon Place in Davao; Costa Mira Beachtown in Mactan Cebu and Panglao Bohol

CLI identified Casa Mira as its largest-contributing and fastest-growing brand in VisMin. It is designed to address the underserved demand in the affordable housing sector. This caters to households with monthly income of ₱15,000 to ₱30,000. Prices start at ₱2.0 million for studio condominium units, and ₱2.2 million for house and lot units. Correspondingly, the monthly amortizations range from as low as ₱6,000 to as high as ₱15,000.

For the socialized housing, CLI offers Villa Casita, with units priced at around ₱580,000.

Targeting the mid-market segment, the Garden Series includes both vertical and horizontal developments. Horizontal projects, branded as Velmiro, feature subdivisions with lot areas of 100 square meters (sqm) and floor areas ranging from 50 to 100 sqm, starting at about ₱4.5 million. On the other hand, vertical developments, branded as Garden Residences, are condominium projects priced between ₱2.5 million to ₱3.2 million.

In the premium segment, CLI offers upscale residential development under the Premier Masters brand, with unit prices ranging from ₱180,000 to ₱300,000 per sqm.

To expand its reach in the affordable housing market, CLI launched the Mirani brand in July 2023, targeting lower-income buyers with homes priced at around ₱1.9 million. Its first project, Mirani Steps, was launched in Danao in June 2023.

Overall, CLI's total sales reservations were relatively flat at ₱20.6 billion in 2024. In 6M2025, however, such significantly increased by 23.2% to ₱14.3 billion, compared to the same period last year. PhilRatings notes that CLI's economic and mid-market brands continued to lead the market, remaining

as the Company's largest contributors. Together, these two segments accounted for more than half of CLI's total sales reservations.

In terms of buyers, approximately 35.3% of the Company's sales come from Overseas Filipinos (OFs), 52.2% from locally employed individuals, and 12.5% from self-employed individuals.

As of report writing date, CLI's sales team consisted of over 73 sales support personnel, who collaborate, coordinate with, and support the over 11,000 accredited brokers/agents of the Company. Its strategy in working with the seller community is done by assisting the brokers 24/7 from sales origination to closing. Moving forward, CLI targets to expand its network and position sales teams in Luzon to support its initial expansion into Luzon. It has opened its first regional office outside the VisMin region, located in Makati City. Currently, the Company is actively negotiating the acquisition of properties for its initial expansion into the Luzon market.

## B. Hotel and Recreational Development

As of report writing date, CLI operates four hospitality properties:

- Citadines Cebu – 180 rooms, with 74 units sold and 106 units retained by the Company for recurring revenue;
- lyf Cebu City – 159 rooms;
- The Pad – 258 dormitory rooms; and
- Citadines Bacolod City – 200 rooms.

The Pad marks CLI's first venture into co-living spaces. Strategically located in Cebu City, it is situated near schools and Business Process Outsourcing (BPO) companies and is integrated within the mixed-use Banilad High Street development, which features retail and commercial components.

In the near- to medium-term, CLI is set to expand its hospitality portfolio with the following developments:

- Radisson RED (Mandaue City, Cebu)  
CLI has partnered with an international hotel brand by signing a management contract with Radisson Hotel Group for the first Radisson RED hotel in the Philippines. This will feature 144 guest rooms and is scheduled for completion and operational by 2026.
- Citadines Paragon Davao (Talomo, Davao City)  
This serviced apartment condotel will be managed by Ascott and will offer 263 rooms. It will be integrated with retail outlets and is expected to be completed by 2026.
- Mercure Hotel (Cebu City, Cebu)  
In partnership with the Archdiocese of Cebu, CLI is redeveloping the existing Patria de Cebu property under a 40-year lease agreement covering a 5,186 sqm area. This development will include hotel, retail and office components, with the hotel featuring 167 guest rooms. Full completion and operations are targeted for 2026.
- MagSpeak Resort and Villas (Balamban, Cebu)  
MagSpeak, composed of CLI and Cebuano businessmen and fellow Caminoans, Bob Gothong, Segundino Selma Jr., Richard Ray King and Douglas Gacasan, owns a 21-ha mountain estate in

Balamban, Cebu. It will be one of the starting points of the Camino de Cebu pilgrimage trail. Opening in 2027, the resort will have 13 exclusive mountain villas and 20 hotel rooms.

- **Abaca Resort Mactan (Mactan Island, Cebu)**  
With an area of 4,328 sqm, Abaca Resort Mactan is a luxury resort currently operating with nine rooms. CLI plans to expand it into a 125-room all-suite luxury development, with completion targeted by 2028.
- **Sofitel Cebu City**  
A joint project by CLI and the multinational hotel chain Accor, the first five-star luxury hotel in Cebu, will span 2,840 sqm. This development will feature 195 guest rooms, a grand ballroom, two restaurants, executive lounge, meeting rooms, roof deck, swimming pool, gym and spa.

Furthermore, with six more hotels under construction, CLI is strategically positioning itself to capitalize on the growing opportunities in the hospitality sector.

#### C. Office and Retail

CLI owns three operational office buildings, namely: Park Central Tower, BaseLine HQ and Latitude Corporate Center. Its leasing assets had a total gross leasable area (GLA) of 70,836 sqm as of end-June 2025, significantly up from 35,772 sqm as of end-2023. This growth was attributable to the successful turnover of Banilad High Street, 38 Park Avenue retail, Baseline Center phase 2, and Drive-Thru spaces in DGT, among others.

CLI's top lessees include BPO companies, supermarkets, service providers and food establishments. Retail space leases are typically short-term, lasting from one to three years, with renewability clauses. These leases have fixed rates with predetermined escalation provisions. It should be noted that no single lease agreement accounts for more than 1.0% of the Company's total revenues, as of report writing date.

Moving forward, CLI aims to significantly expand its recurring revenue projects in order to deliver a GLA of 200,000 sqm over the next five years.

#### D. Mixed-use Developments and Townships

CLI's mixed-use developments and townships have a mix of residential, commercial, office, retail and hospitality with Meeting, Incentives, Conferences, and Exhibitions (MICE) components. To date, the Company has 10 mixed-use development and three townships in its portfolio. The latter include Manresa Town (14.3 ha), Ming-mori Reclamation Project (100 ha) and DGT (22 ha).

Through a private-public partnership with the Municipality of Minglanilla, Cebu, CLI entered into industrial development through its associate, Ming-Mori Development Corporation (MDC). Such will finance, design, and undertake the Ming-Mori Reclamation Project. This involved the development of the 100-ha Minglanilla Techno-Business Hub, which will be a township project to accommodate light industrial facilities with residential, commercial areas and an integrated port facility. It is also expected to generate over 75,000 jobs in the municipality. The planned reclamation development was issued an Environmental Compliance Certificate (ECC) by the Department of Environment and Natural Resources (DENR) in July 2020, following a comprehensive two-year review. In October 2021, PRA issued its Notice to Proceed with the reclamation.

In September 2025, CLI's JV subsidiary, CHDI with Ixidor Holdings, Inc., acquired a 78.8-ha property in Liloan, Cebu. The Company plans to develop this site into the largest integrated township in Cebu, featuring a multi-segment residential community alongside commercial centers. This project is expected to expand CLI's footprint in Cebu and reinforce its capability to develop leading townships across VisMin, following the success of Manresa Town in CDO and DGT in Davao City.

Furthermore, the Company is actively engaged in ongoing negotiations with landowners in Cebu, Iloilo and Bacolod to expand its presence in estate developments.

#### E. Management Services

This is handled by Cebu Landmasters Project Management, Inc. (CLPM), a wholly owned subsidiary of CLI. Incorporated on April 20, 2017, CLPM provides property management services to housing, condominium and office projects developed by the Company. CLI envisions expanding CLPM's services beyond the Group, eventually offering property management solutions to external clients. Currently, CLPM manages 30 projects.

CLI recorded ₱63.9 million and ₱40.6 million in revenues in 2024 and 6M2025, respectively, from its management services.

#### Landbank

As of report writing date, CLI has a total land bank of around 187.5 ha. Cebu accounts for more than half of the total land bank, following the recent acquisition of a 78.8 ha property in Liloan. Mindanao had the second-highest portion of the total, then followed by the rest of Visayas. Metro Manila currently has a relatively minimal available land bank, which will be utilized for CLI's first project in Luzon, with its launch targeted by end-2026.

More than half of the Company's total land bank – 56.5% – will be utilized for horizontal residential developments. Additionally, about 28.6% of the land bank is held under JV partnerships.

#### Ownership and Management

CLI is mainly a family-run business, with most senior positions taken by members of the Soberano family. The Company, however, has taken steps to ensure that all family members with roles in the business are well-trained. As of end-June 2025, AB Soberano Holdings Corporation (AB Soberano, The Parent Company) owned 66.3% of the Company's total outstanding shares.

Table 3 Key Officers

Name	Position
Jose R. Soberano III	Chairman of the Board, President and Chief Executive Officer (CEO)
Ma. Rosario B. Soberano	Director, Treasurer and Executive Vice President
Jose Franco B. Soberano	Director, Chief Operating Officer (COO) and Senior Executive Vice President
Beauregard Grant L. Cheng	Director and Chief Financial Officer (CFO)
Joanna Marie B. Soberano-Bergundthal	Director, Vice President for Marketing and Assistant Treasurer

At the operational level, CLI has hired competent non-family professionals. Its CFO, Mr. Beauregard Grant L. Cheng, likewise is a non-family member.

Mr. Jose R. Soberano III (69 years old) has been the Chairman of the Board, CEO and President of CLI since 2003. He has more than 20 years of experience in managing and heading companies engaged in real estate development. He worked for the Ayala Group of Companies for over 23 years, including various stints in Ayala Investment, Bank of the Philippine Islands, and Ayala Land, Inc., where he was appointed Senior Division Manager in 1997. The last position he held before his resignation from the Ayala Group in 2000 was Vice-President of Cebu Holdings, Inc., the pioneer Ayala Land subsidiary in Cebu City. He served as President of the Rotary Club of Cebu in 2011 and President of the Chamber of Real Estate Builders Association-Cebu (CREBA-Cebu) in 2010. He is also the Chairman of the Board of the Center for Industrial Technology and Enterprise, a socially-oriented institution that offers technical training to less privileged youth. Mr. Soberano obtained a Bachelor of Arts degree in Economics from the Ateneo De Manila University in 1976 and completed the Strategic Business Economics Program at the University of Asia and the Pacific (UA&P) in 2000. In 2015, he completed the Advanced Management Development Program in Real Estate from the Harvard University Graduate School.

Mr. Beauregard Grant L. Cheng (44 years old) is the CFO of the Company. Before joining CLI, he was a Senior Deal Manager with a rank of Vice-President at BDO Capital & Investment Corporation. Previously, he was a private banker based in Singapore, handling accounts for high-net-worth individuals and institutions. Mr. Cheng is a CFA Charterholder and a member of the CFA Philippines Society. He earned his Bachelor of Science in Manufacturing Engineering and Management from De La Salle University Manila and graduated Magna Cum Laude. He earned his Master of Science in Wealth Management, with distinction, from Singapore Management University and Swiss Finance Institute in Zurich.

CLI expanded its Board of Directors from nine to 11 members, wherein the Company added two independent directors to support its plans for growth and strengthen its governance moving forward:

1. Mr. Eugene S. Acevedo (71 years old) has over 35 years of leadership experience in the banking sectors, having held top executive roles in both local and international banks. He was the former President and CEO of Rizal Commercial Banking Corporation (RCBC) and Philippine National Bank (PNB). Mr. Acevedo likewise held leadership positions in Union Bank of the Philippines (UBP), CitySavings Bank, and Citibank in the Philippines, Singapore, and Hong Kong. Currently, he serves on the Board of Trustees of the Asian Institute of Management. Mr. Acevedo holds a Bachelor of Science degree in Physics from the University of San Carlos, and a Master's degree in Business Administration from the Asian Institute of Management. Additionally, he completed the Advanced Management Development Program from the Harvard Business School.
2. Dr. Winton Conrad B. Padojinog (58 years old) is the outgoing President of UA&P and the Center for Research and Communication, bringing with him over 20 years of experience in educational leadership, economic research, and governance. He earned a Bachelor of Science Degree in Economics and Management (Double Major) from the University of the Philippines – Visayas, a Master's Degree in Industrial Economics from UA&P, and a Doctorate degree in Business Administration from De La Salle University – Graduate School of Business.

As of end-June 2025, CLI had a total headcount of 1,068 employees. There were also no labor unions or strikes reported since end-2024.

## Strategy

CLI has an integrated real estate system that covers acquisitions; business development; technical planning; engineering and project management; sales and marketing; documentation and licensing; legal services, customer service; and property management, among others. The Company's strategy focuses on the points below:

- Further expansion to key cities in VisMin and entry into Luzon

CLI continues its aggressive growth strategy across the VisMin region, with ongoing developments in Greater Cebu, Bacolod, CDO and Davao. The Company is also set to expand into Luzon, with its maiden project acquired early this year and is targeted to launch in Pasig by end-2026. This flagship Luzon development will be a multi-phased, mixed-use residential project and will feature four condominium towers with retail spaces.

To support this Luzon expansion, CLI established its first regional office outside VisMin in Makati City in 2024.

According to management, the Company is expected to launch 12 projects, with a total value of ₱29.0 billion, in 2H2025. CLI also remains proactive in landbank acquisition to sustain its pipeline of developments and drive revenue growth moving forward.

- Development of rental projects to strengthen recurring income portfolio

As of end-June 2025, CLI's leasing assets had a total GLA of 70,836 sqm, significantly up from 35,772 sqm as of end-2023. This growth underscores the Company's continued focus on expanding its recurring income portfolio.

Currently, the Company is constructing several commercial projects that will further boost its recurring income. Such include Astra Center, Patria de Cebu, DGT Commercial Center, and Masters Tower, among others. These are designed as mixed-use structures, integrating hotel, commercial, office and residential components to optimize income streams.

Moving forward, CLI plans to add around 80,000 sqm of new leasing in the next three years, with 40,000 sqm already under construction as of end-June 2025. It aims to significantly expand its recurring revenue projects in order to deliver a GLA of 200,000 sqm over the next five years. The Company targets to have a decent mix of residential developments and recurring income projects.

- Growth of its leading economic housing brand, Casa Mira

In 2025, CLI launched its first solar-powered horizontal project under the Casa Mira brand in General Santos City. The project recorded ₱4.3 billion in reservation sales within just three days of launch, with an 85% take-up of the 1,218 units. CLI disclosed that potential estimated energy savings range from ₱600 to ₱3,000 monthly.<sup>1</sup>

CLI also plans to develop Casa Mira projects in its newly-acquired expansion sites in Butuan and General Santos City. The Company believes that the demand for affordable housing will continue to increase considering the country's young and growing workforce.

- Establish and leverage strategic partnerships, alliances, JVs and corporations

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<sup>1</sup> <https://business.inquirer.net/534065/cli-sells-p4-3b-solar-ready-gensan-homes-in-just-3-days-from-launch>

Moving forward, CLI plans to continue to further pursue local partnerships that will aid its expansion plans – securing strategic locations and entering new markets.

In August 2025, CLI launched the Wave Towers, its first international JV project with Japanese real estate firm NTTUDA. The Wave Towers, valued at ₱9.2 billion, is a premium residential development in Cebu IT Park. The project consists of two 42-storey towers with around 700 units each. Units are reported to have a price range of ₱7.0 million to ₱68.0 million.<sup>2</sup>

### **Economic, Environmental, Social and Governance (EESG)**

CLI is committed to creating long-term value for its business and stakeholders, while managing its environmental impact. In 2022, the Company enhanced its 5-Pillar Sustainability Strategy and moved towards incorporating sustainability in the value creation process, from design development to property management. Its sustainability framework interconnects all aspects of its operations and defines its sustainability vision and strategy, goals and objectives, as well as the Company's alignment with the Sustainable Development Goals (SDGs).

Based on its identified issues and risks, CLI pins down the following pillars aligned with EESG metrics:

- Developing sustainable and resilient spaces
- Growing the business and supporting local markets
- Conserving resources and managing environmental impact
- Engaging and investing in its people, customers and communities
- Achieving organizational efficiency and good corporate governance

CLI's Corporate Governance Committee assists the Board of Directors with its oversight responsibilities and ensures the achievement of goals in each pillar that is set. This Committee then receives support from the Sustainability Head and several designated members from different departments.

### **Proposed Sustainability-Linked Bonds**

CLI plans to issue sustainability-linked bonds with a base issue of ₱3.0 billion, with an oversubscription option of up to ₱2.0 billion. Sustainability-linked bonds are forward-looking instruments with changing structural and/or financial characteristics depending on whether issuers meet predefined sustainability objectives.<sup>3</sup> These objectives can be identified by selecting certain KPIs and setting SPTs<sup>4</sup> in relation to the selected KPIs. It is worth noting that unlike Green Bonds,<sup>5</sup> Social Bonds,<sup>6</sup> and Sustainability Bonds,<sup>7</sup> Sustainability-linked Bonds impose no restrictions on the use of proceeds and may be used for general corporate purposes or other purposes.

In the case of CLI, its predefined SPTs for the aforementioned proposed bond issuance are the following:

<sup>2</sup> <https://business.inquirer.net/535272/cli-premium-the-wave-all-set-for-july-debut>

<sup>3</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>4</sup> Measurable improvements in key performance indicators on to which issuers commit to a predefined timeline

<sup>5</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>6</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>7</sup> Bonds where the proceeds will be exclusively applied to finance or refinance a combination of both green and social projects and assets

1. Short Term SPT: Build 8,500 new affordable housing units by February 2027
2. Medium Term SPT: Build 16,000 new affordable housing units by February 2029

Affordable housing is priced below the price ceilings for low-cost- and medium-cost housing based on the Joint Memorandum Circular between the Department of Human Settlements and Urban Developments (DHSUD) and National Economic Development Authority (NEDA). As of December 3, 2024, the price threshold was below 4.9 million for low-cost and below ₱6.6 million for medium-cost.

#### Monitoring

CLI employed the services of DNV (Thailand) Co., Ltd. (DNV), a global assurance and risk management provider, to assess the progress and achievement of the SPTs related to the Company's sustainability-linked bonds. It acts as a second opinion provider by assessing whether the issuer's bond issuance align with globally established sustainable principles and standards.

#### Step-Up Mechanism

The interest rate is to step-up by 0.075% for each occurrence of a Trigger Event. There is a Trigger Event when an SPT is not met on the applicable Target Observation Date as determined in the verification assurance report of the relevant External Verification Provider. The Target Observation Dates are February 28, 2027 for the short term SPT and February 28, 2029, for the medium-term SPT.

#### Early Redemption Option

CLI has the right, but not the obligation, to redeem the outstanding sustainability-linked bonds before the maturity date on any one of the interest payment dates indicated below, or the next business day, if such date is not a business day, in accordance with the following schedule:

**Table 4 Series F Bonds**

<b>Call Option Dates</b>	<b>Call Option Price</b>
3 <sup>rd</sup> anniversary date of the Issue Date and every interest payment thereafter before the 4 <sup>th</sup> anniversary of the Issue Date	100.5%

**Table 5 Series G Bonds**

<b>Call Option Dates</b>	<b>Call Option Price</b>
5 <sup>th</sup> anniversary date of the Issue Date and every interest payment thereafter before the 6 <sup>th</sup> anniversary of the Issue Date	101.0%
6 <sup>th</sup> anniversary date of the Issue Date and every interest payment thereafter before the 7 <sup>th</sup> anniversary of the Issue Date	100.5%

Table 6 Series H Bonds

Call Option Dates	Call Option Price
7 <sup>th</sup> anniversary date of the Issue Date and every interest payment thereafter before the 8 <sup>th</sup> anniversary of the Issue Date	101.5%
8 <sup>th</sup> anniversary date of the Issue Date and every interest payment thereafter before the 9 <sup>th</sup> anniversary of the Issue Date	101.0%
9 <sup>th</sup> anniversary date of the Issue Date and every interest payment thereafter before the 10 <sup>th</sup> anniversary of the Issue Date	100.5%

**FINANCIAL RISK**

*Analysts' Note:* PhilRatings' calculation of certain ratios may be different from what the Company uses and publishes. In addition, projections provided by CLI have a format different from its audited financial statements.

Table 7 Balance Sheet Items

	In Php Millions					YoY Change (%)		
	2022	2023	2024	6M2024	6M2025	2023	2024	6M2025
Cash	1,435	914	1,583	1,669	4,262	-36%	73%	169%
Total Assets	85,045	100,448	109,003	107,544	124,455	18%	9%	14%
Total Debt	39,993	47,137	49,617	47,285	56,093	18%	5%	13%
Total Liabilities	64,032	76,995	78,696	75,857	92,833	20%	2%	18%
Total Equity	21,013	23,453	30,306	31,687	31,622	12%	29%	4%

Table 8 Income Statement Items

	In Php Millions					YoY Change (%)		
	2022	2023	2024	6M2024	6M2025	2023	2024	6M2025
Revenues	15,657	18,818	19,525	11,289	10,315	20%	4%	-9%
Cost of Sales and Rental	7,873	8,403	9,356	5,845	5,105	7%	11%	-13%
Finance Costs	1,228	2,357	2,188	1,040	1,287	92%	-7%	24%
Net Income	3,102	3,836	3,998	2,215	2,491	24%	4%	12%
EBITDA	5,789	8,229	7,596	4,100	4,738	42%	-8%	16%

Table 9 Cash Flow Statement Items

	In Php Millions					YoY Change (%)		
	2022	2023	2024	6M2024	6M2025	2023	2024	6M2025
Cash Flow from Operations	1,292	(3,549)	4,290	3,297	(2,032)	-375%	-221%	-162%
Cash Flow from Investing	(6,352)	(1,339)	(5,562)	(4,196)	(29)	-79%	315%	-99%
Cash Flow from Financing	5,399	4,368	1,942	1,654	4,741	-19%	-56%	187%

Table 10 Key Financial Ratios

						YoY Change (%)		
	2022	2023	2024	6M2024	6M2025	2023	2024	6M2025
Gross Profit Margin (%)	46.5	49.7	55.3	48.2	50.5	322%	563%	229%
Operating Profit Margin (%)	31.3	35.9	42.7	35.5	44.9	455%	685%	934%
Net Profit Margin (%)	23.9	19.8	20.4	19.6	24.2	-412%	57%	453%
EBITDA Interest Cover (x)	13.7	4.7	3.5	3.9	3.7	-899%	-122%	-26%
Debt Service Coverage (x)	0.4	0.6	0.6	0.4	0.3	22%	-3%	-6%
Debt to Equity Ratio (x)	1.8	1.9	2.0	1.5	1.8	12%	11%	-24%
Current Ratio (x)	1.7	1.6	1.5	1.8	1.4	-9%	-8%	-7%
Return on Average Assets (%)	4.6	4.1	4.1	4.2	4.2	-49%	5%	1%
Return on Average Equity (%)	16.0	15.9	17.3	14.9	14.9	-4%	132%	2%

**Profitability****2024 vs. 2023**

CLI generated total revenues of ₱19.5 billion in 2024, slightly up by 3.8% compared to ₱18.8 billion in 2023. Real estate sales increased by 5.1% to ₱17.3 billion, supported by higher construction progress with more units qualifying for revenue recognition and lot sales, including the notable transaction with Insular Life at the DGT. This tempered the 13.8% decline in interest income from real estate sales to ₱1.8 billion, as a greater share of buyers were promptly taken out by banks under more favorable financing terms, resulting in fewer accounts generating interest income.

For CLI's other business segments, hotel operations surged 73.6% to ₱240.5 million as Iyf Cebu City, The Pad Co-Living, and Citadines Bacolod City began operations and ramped up occupancy. Leasing income grew by 44.6% to ₱162.4 million, driven by new retail tenants and higher occupancy from completed projects such as Banilad High Street, DGT Pavilion, and retail pads. Management fees rose by 8.0% to ₱63.9 million as more JV projects and completed properties required development and property management services.

Total cost of sales and rental climbed by 11.3%, from ₱8.4 billion in 2023 to ₱9.4 billion in 2024, largely due to higher construction costs for real estate projects and a more than twofold rise in hotel-related expenses amid segment expansion. As a result, gross profit decreased by 2.4% to ₱10.2 billion, with gross margin narrowing from 55.3% in 2023 to 52.1% in 2024.

Operating expenses went up by 14.9%, from ₱2.8 billion in 2023 to ₱3.2 billion in 2024, driven by higher salaries and employee benefits, as well as increased taxes and licenses linked to the Company's active project launches. Other operating income rose by 10.1%, from ₱410.8 million in 2023 to ₱452.2 million in 2024, mainly coming from administrative charges, move-in fees, and water service income. Given the aforementioned, operating profit fell by 7.7% to ₱7.4 billion, bringing operating profit margin down from 42.7% in 2023 to 38.0% in 2024. Finance costs, meanwhile, decreased by 7.2% to ₱2.2 billion, due to lower borrowing costs and capitalized interest on project development.

Overall, net income increased by 4.2%, from ₱3.8 billion in 2023 to ₱4.0 billion in 2024. This kept the Company's net income margin steady at 20.5%.

**6M2025 vs. 6M2024**

In 6M2025, CLI posted total revenues of ₱10.3 billion, lower by 8.6% compared to ₱11.3 billion in the same period in 2024. The decline primarily stemmed from the reclassification of lot sales to other operating income. Excluding this adjustment, revenues rose by 4.8% to ₱11.9 billion, driven by sustained construction progress and the recognition of additional units. Real estate sales remained the largest contributor at ₱9.0 billion. Interest income from real estate sales also dropped by 9.9% to ₱999.5 million on the back of fewer customers qualifying for interest income recognition, as previously discussed.

Notably, hotel operations more than doubled to ₱200.1 million, on account of the completion of Citadines Bacolod City. Leasing income jumped by 53.0% to ₱108.5 million, while management fees rose by 31.8% to ₱40.6 million.

Cost of sales and rental likewise went down by 12.7%, from ₱5.8 billion in 6M2024 to ₱5.1 billion in 6M2025. This was mainly due to a 14.8% reduction in real estate costs, resulting from a more favorable project mix and construction efficiency gains, although tempered by increased hotel-related expenses. Consequently, gross profit declined by 4.3% to ₱5.2 billion. Nonetheless, gross margin improved to 50.5%.

Operating expenses increased by 19.6% to ₱1.9 billion, attributable to higher selling and administrative costs tied to stronger sales and project launches. Meanwhile, other operating income reached ₱1.4 billion due to the reclassification, which lifted CLI's operating profit by 15.4% to ₱4.6 billion in 6M2025. Operating profit margin improved to 44.9%, compared to 35.4% in the prior period.

Finance costs climbed by 23.7% to ₱1.3 billion, following higher debt levels and borrowing costs. This, however, was partially offset by ₱5.4 million in gains, reversing a ₱2.2 million loss in the same period last year, driven by foreign exchange gains and the reversal of previously recognized impairment losses on financial assets.

With the foregoing, CLI's net income increased by 12.5%, from ₱2.2 billion in 6M2024 to ₱2.5 billion in 6M2025, with net income margin improving to 24.2%, from 19.6% in 6M2024.

### **Projections**

Over the projected period, CLI's total revenues are expected to grow steadily, largely fueled by real estate sales, which are seen to remain the primary driver of the Company's top line performance.

Recurring revenues are expected to remain a smaller share of the topline. Hotel revenues are poised to grow the fastest among other recurring income streams. Leasing income and management fees will provide relatively moderate contributions.

Meanwhile, total cost of sales is seen to grow at a slower pace than that of revenues, supporting modest margin expansion. Finance costs are likewise anticipated as the Company availed of additional loans moving forward.

Net income is forecasted to increase consistently, with net profit margins projected to remain relatively stable throughout the projected period.

### **Cash flow and Liquidity**

#### **2024 vs. 2023**

In 2024, CLI recorded net operating cash inflow of ₱4.3 billion, a significant turnaround from the ₱3.5 billion outflow in 2023. This improvement was primarily attributable to a reduced outflows from contract assets and increased net inflows from real estate inventories.

Net cash used in investing activities surged more than fourfold, from ₱1.3 billion in 2023 to ₱5.6 billion in 2024. Such was driven by higher acquisitions of investment properties, property and equipment, and additional investments in associates.

Financing activities generated a net inflow of ₱1.9 billion in 2024, down by 55.5% from the ₱4.4 billion in the prior year. Inflows from loan drawdowns, common share issuance, and additional investment from non-controlling shareholders were tempered by higher loan repayments, dividend distribution and interest payments.

Given the foregoing, cash and cash equivalents increased by 73.3%, from ₱913.8 million as of end-2023 to ₱1.6 billion as of end-2024. Despite such, current assets contracted by 9.7% to ₱47.6 billion, mainly due to decline in contract assets and real estate inventories. Current liabilities likewise fell by 9.6% to ₱31.6

billion, on account of lower interest-bearing debt and trade and other payables. Consequently, current ratio remained steady at 1.5x.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) interest coverage ratio was maintained at 3.5x, while debt service coverage ratio (DSCR) remained below 1.0x at 0.6x.

#### **6M2025 vs. 6M2024**

CLI reported a net operating cash outflow of ₱2.0 billion in 6M2025, a reversal from the ₱3.3 billion inflow recorded in the same period in 2024. This was due to lower operating income, coupled with higher working capital requirements during the period.

Investing cash outflow, on the other hand, amounted to ₱29.2 million in 6M2025, 99.3% lower than the ₱4.2 billion in 6M2024. The significant decline was due to a more moderate capital spending on investment properties and property and equipment, partly offset by ₱1.6 billion proceeds from the sale of investment properties, while the higher base in 6M2024 also included a ₱501.5 million outflow for investments in associates.

In addition to funding operations and investments, cash was utilized to settle debt obligations and pay dividends. The primary sources of cash were loan availments, bond issuance, preferred share issuance. As a result, net cash from financing activities more than doubled, from ₱1.7 billion in 6M2024 to ₱4.7 billion in 6M2025.

With the foregoing, the Company's cash balance nearly tripled to ₱4.3 billion as of end-June 2025. This, alongside increases in contract assets and real estate inventories, drove a 29.5% rise in current assets to ₱61.7 billion. Similarly, current liabilities went up by 35.8% to ₱43.0 billion, on the back of higher trade and other payables, interest-bearing loans, bonds payable, and the issuance of redeemable preferred shares during the period. Current ratio was slightly lower at 1.4x.

EBITDA interest coverage ratio remained adequate at 3.7x, while DSCR was still below 1.0x at 0.3x.

#### **Projections**

CLI's operating cashflows will be supported by the accelerated real estate sales collections, as well as increased recurring revenues. The Company plans to use a mix of internally generated cash and additional loans to fund its working capital and investment outlays.

EBITDA interest coverage ratio is seen to remain adequate, indicating sufficient capacity to cover interest expenses. Current ratio is likewise expected to stay healthy throughout the forecast period.

#### **Capital Structure**

##### **2024 vs. 2023**

As of end-2024, CLI's total interest-bearing debt stood at ₱49.6 billion, up by 5.3% from ₱47.1 billion as of end-2023, primarily due to additional loan availments during the year. On the other hand, stockholders' equity expanded by 29.2%, from ₱23.5 billion as of end-2023 to ₱30.3 billion as of end-2024, supported mainly by retained earnings and higher additional paid-in capital following the ₱4.3 billion preferred share issuance in April 2024.

Of the total preferred share issuance, ₱3.0 billion was raised from the base offer involving three million shares at ₱1.0 each, while the remaining ₱1.28 billion came from the exercise of oversubscription option. Proceeds from the issuance were allocated to capital expenditures for residential projects.

With equity growth outpacing the increase in debt, the Company's DE ratio improved from 2.0x as of end-2023 to 1.6x as of end-2024, although CLI remained relatively leveraged. Debt-to-capitalization ratio eased from 66.8% as of end-2023 to 62.1% as of end-2024, while solvency ratio was slightly up at 1.4x.

#### **6M2025 vs. 6M2024**

CLI's total debt increased by 13.1% to ₱56.1 billion as of end-June 2025, driven by new loan drawdown and a bond issuance during the period. Total equity was up by 4.3% at ₱31.6 billion, mainly due to an 8.8% increase in retained earnings.

Consequently, DE ratio rose to 1.8x, while debt-to-capitalization ratio increased to 63.9%. Nevertheless, the Company's solvency ratio remained adequate at 1.3x.

#### **Projections**

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

#### **Financial Flexibility**

As of August 31, 2025, CLI had a significant amount of available credit lines and undrawn facilities from various local banks. In addition, as a publicly-listed company, CLI may tap the domestic equity market should the need arise. As of September 23, 2025, the Company's market capitalization stood at ₱8.3 billion.

### **ECONOMY**

#### **Gross Domestic Product (GDP)**

The Philippines' GDP expanded by 5.7% in 2024, mainly driven by the growth in the following industries: Construction (10.3%), Financial and insurance activities (9.0%), Wholesale and retail trade; repair of motor vehicles and motorcycles (5.6%). While higher than the 5.5% GDP growth recorded in 2023, the number failed to hit the government's 6.0%-6.5% growth target for 2024. According to Department of Economy, Planning and Development (DEPDev, formerly NEDA)<sup>8</sup> Undersecretary Rosemarie Edillon, extreme weather events and geopolitical tensions during the year prevented the country from achieving its growth target. Nonetheless, with last year's growth, the country remained one of the fastest-growing economies in the Asia Pacific region.

Of the three major economic sectors, Services and Industry posted growths of 6.7% and 5.6%, respectively, while Agriculture, Forestry, and Fishing (AFF) contracted by 1.5%. The contraction of the AFF sector was on the back of the six consecutive storms that struck the country from the end of October to the middle of November last year.

On the demand side, all major expenditure items recorded growth: Household final consumption expenditure (HFCE) increased by 4.9%; Government final consumption expenditure (GFCE), 7.3%; Investment spending, 7.7%; Exports, 3.3%; and Imports, 4.2%. PhilRatings notes, however, that the HFCE growth for 2024 was slower than the 5.5% recorded in 2023, likely due to elevated price levels and borrowing costs during the period.

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<sup>8</sup>On April 10, 2025, President Ferdinand Marcos Jr. signed the Republic Act No. 12145, which legislated DEPDev's charter. NEDA was then reorganized into the DEPDev.

In 1H2025, the country recorded a GDP growth of 5.4%, slightly lower than the 5.5%-6.5% target of the government. Such was also notably lower than the 6.2% GDP growth recorded in 1H2024. In terms of quarterly growth, the economy expanded at a faster pace of 5.5% in the second quarter of the year, compared with the 5.4% recorded in the first quarter. According to DEPDev Undersecretary Rosemarie Edillon, the first quarter economic performance reflected developments from the broader global context of tempered economic activity amid persistent uncertainties. The second quarter performance, on the other hand, reflected stronger household spending growth, partially offset by dampened government expenditures due to the election-related ban on disbursements.

### **Inflation and Interest Rates**

In December 2024, inflation settled at 2.9%. This brought the 2024 average inflation rate to 3.2%, well within the 2.0%-4.0% target of the government. Such was also a notable improvement from the 6.0% average inflation rate recorded in 2023. Considering the easing inflation in 2024, the Bangko Sentral ng Pilipinas (BSP) reduced the policy rate by a total of 75 basis points (bps) during the year, bringing it down to 5.75% by end-December 2024.

From a low of 0.9% in July 2025, inflation rose to 1.5% in August 2025, according to the Philippine Statistics Authority (PSA). The PSA attributed the higher inflation rate to the annual increase in food and alcoholic beverages, which rose to 0.9% in August 2025 from 0.2% in July 2025. Transport held steady at -0.2% in August 2025. Core inflation, which does not include volatile commodities such as food and energy, increased to 2.7% in August 2025, from 2.3% in July 2025. The figure was also higher from 2.6% in August 2024. Considering the August 2025 figure, year-to-date inflation is 1.7%.

Citing the need to support growth amid global uncertainties, the BSP cut rates for a second meeting in a row on June 19, 2025, and left the door open for at least one more reduction this year. The decision of the Monetary Board brought the overnight borrowing rate to 5.25%. The BSP has so far reduced policy rates by a total of 125 bps since last year.

### **OFs Remittances<sup>9</sup>**

In 2024, total remittances from OFs reached its highest recorded figure of \$38.3 billion, up by 3.0% from \$37.2 billion in 2023. Growth was continued to be supported by remittances from both land- and sea-based workers. The central bank reported that the full-year figure was equivalent to 8.3% of the country's GDP and 7.4% of its Gross National Income (GNI). Cash remittances, amounting to \$34.5 billion, made up the bulk of the total, or 90.1% of the full-year figure. The United States (US) was the top source, contributing 40.1% of total cash remittances, followed by Singapore with a 7.2% share.

In 1H2025, total OF remittances amounted to \$18.7 billion, slightly more than the \$18.1 billion in the same period last year. The growth was mainly driven by land-based workers, whose remittances grew at a faster pace than those of sea-based workers. The US remained to be the top source of remittances for the period, maintaining its 40.1% share.

### **Outlook**

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<https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=7426#:~:text=%E2%80%8BPersonal%20remittances%20from%20Overseas,billion%20registered%20in%20December%202023.>

<https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=7624&MType=MediaReleases>

Various economic watchdogs believe that the country will grow at a slower pace over the next 18 months, considering the potential adverse impact of the reciprocal tariffs imposed by the US. Singapore-based DBS Bank lowered its forecast Philippine GDP growth for 2025 from 5.8% to 5.6%, citing softer consumer and business confidence. BMI Country Risk & Industry Research, on the other hand, maintained its forecast that growth will slow down to 5.4% this year. The research firm believes that subdued remittances growth and tariff uncertainty would weigh heavily on household consumption and investment. Japan-based Nomura Group, however, maintained its 2025 GDP growth forecast at 5.3%. Pantheon Macroeconomics, which is based in the United Kingdom, similarly kept its 5.3% growth forecast for 2025.

In June 2025, the government lowered its growth target for the year and narrowed its growth goals for 2026 to 2028. The revised targets reflect global uncertainties stemming from tensions in the Middle East and shifts in U.S. trade policies. GDP growth for 2025 is now projected at 5.5%-6.5%, down from the earlier forecast of 6%-8%, while GDP targets for 2026-2028 were narrowed to 6%-7%, from the previous range of 6%-8%.

The government also trimmed its inflation assumption for 2025, lowering it to 2%-3% from 2%-4%, but maintained its inflation outlook for 2026-2028 at 2%-4%. It also revised its fiscal program, with the budget deficit as a share of GDP now expected to widen to 5.5% in 2025 and 5.2% in 2025, from previous forecasts of 5.3% and 4.7%, respectively.

### **Regional GDP Growth<sup>10</sup>**

Based on the PSA data, Central Visayas was the fastest growing region in the Philippines in 2024, as its economy expanded by 7.3% for the year, consistent with its performance in the previous year. Growth in 2024 was driven by the following industries: Accommodation and food service activities, 14.6%; Human health and social work activities, 11.9%; and Transportation and storage, 11.3%. Domestic tourism also played a major role in the region's economic expansion. According to the Department of Tourism (DOT), Central Visayas welcomed 7.5 million tourist arrivals in 2024, a 37.0% increase from the previous year. In terms of national contribution, Central Visayas accounted for 5.7% of the Philippines' total GDP in 2024, the fourth highest among all regions.

Western Visayas, on the other hand, posted a 4.3% GDP growth in 2024, slower than the 6.8% growth in 2023. Growth for the year was driven by the following sectors: Professional and business services, 13.7%; Electricity, steam, water and waste management, 13.5%; and Human health and social work activities, 13.5%. Western Visayas was the eighth largest regional economy in the country in 2024, contributing 2.9% to national GDP.

Meanwhile, the Davao Region achieved 6.3% economic growth in 2024, slightly behind its 6.7% growth in 2023. It was nonetheless the fourth fastest growing region for the year. Growth was supported by the following industries: Construction, 15.5%; Transportation and storage, 10.5%; and Professional and business services, 10.3%.

### **INDUSTRY<sup>11</sup>**

#### **Cebu and Davao's Residential Market**

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<sup>10</sup> 2022 to 2024 Gross Regional Domestic Product (PSA)

<https://business.inquirer.net/521182/central-visayas-again-tops-ncr-as-fastest-growing-region>

<sup>11</sup> Colliers Philippines' 2Q2025 Property Market Briefing

Colliers reported that as of end-2024, a total of 5,270 of condominium units were launched in Cebu, which was notably 37.0% lower than the launches in 2021. Despite such, net take-up reached 5,250 units, higher by 21.0% from the previous year.

In Davao, fewer launches were made at 1,790 units in 2024. Such, however, represented a 22.0% increase compared to 2021. Net take-up was notably strong at 2,050 units, almost double (+92.0%) the net take-up recorded in 2021. This was despite Davao reportedly having the second most expensive condominium units in the pre-selling market in 2024, with an average unit price of ₱194,000 per sqm. By comparison, the average price of pre-selling units in Cebu was reported to be at ₱168,000 per sqm in 2024.

Overall, the demand in the VisMin region was robust from 2021 to 2024, as the average annual growth in condominium take-ups in the region was 38.0% throughout the period.

Looking ahead, Cebu's condominium market is expected to expand rapidly, with a forecast of 33,000 new condo units to be added from 2025 to 2028, the highest projected supply in the VisMin region. This far outpaces the second highest forecasted supply of around 8,000 units in Davao in the same period. By end-2028, Cebu is expected to have approximately 102,150 condominium units, while Davao is projected to reach 8,000 units.

As of end-June 2025, Colliers reported that around 95,000 condominium units in Cebu have already been taken up, which was 86% of the total supply in the region. Davao had a higher take-up of 90% of its total supply, or around 39,000 units.

In the house-and-lot market, around 61,000 of the total units in Cebu were already taken up, leaving only 5,000 units remaining, as of end-June 2025. Available lot-only units in Cebu were lower at 1,000, as total take-up was reported to be at 22,000 units.

### **Cebu's Office Market**

Colliers recorded office space transactions of 68,000 sqm in Cebu in the second quarter of 2025 (2Q2025), which was more than triple the total transactions of 20,000 sqm in the previous quarter. As of end-June 2025, around 253,000 sqm of office space remained available out of the total stock of 1.5 million sqm in Metro Cebu. Colliers sees the region as a key location for BPO firms that are looking to expand outside Metro Manila. Colliers found that 87.0% of the transactions made outside the capital region in 2Q2025 were driven by the expansion plans of BPO companies.

### **Hospitality**

Based on the data from the DOT, the Philippines welcomed 5.9 million international arrivals in 2024, slightly more than the 5.5 million arrivals in 2023. This, however, was lower than the targeted 7.7 million arrivals for the year, primarily due to a drop in arrivals from Chinese visitors. South Korea accounted for the largest contribution of international visitors in 2024 with 1.6 million visitors, followed by the United States, Japan, and Australia.

Despite missing the target, the DOT reported a significant increase in tourist spending, with total receipts reaching ₱760.0 billion in 2024. This marked a notable growth compared to ₱600.0 billion in 2019. Furthermore, Ninoy Aquino International Airport (NAIA) recorded a passenger volume of 50.1 million visitors in 2024, the highest in the airport's history. This broke past the airport's annual capacity of 35.0 million passengers, as well as the pre-pandemic passenger volume by 5.1%.

In 5M 2025, the Philippines registered 2.5 million foreign arrivals, which was 1.2% lower compared to the same period in 2024. This was less than half of the country's 7.7 million tourist target for the year. The slight dip for the period was on account of the decline in visits from the South Korean and Chinese tourists.

### **Cebu, Bacolod and Davao's Hospitality Market**

The average occupancy rates in Cebu, Bacolod, and Davao ranged from 50% to 80% in 2024, which was considered to be a significant improvement from the figures during the pandemic.<sup>12</sup> Notably, international hotel chains, such as the Hilton International, Pullman Hotels, and Asai Hotels, have made their debut in Cebu, with several developments currently underway in the region.

For 2025, a total of 510,000 sqm of new MICE facilities is forecasted to be delivered in the country. Of the total, 72,000 sqm (or 14.0%) will be situated in Cebu. In addition, more than half (60.0%) of the expected new hotel rooms outside Metro Manila will be in Cebu, Bohol and Bacolod from 2025 to 2029, while the Davao region will account for 5.0% of the new supply during the same period.

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<sup>12</sup> Average hotel occupancy in Cebu, Bacolod, and Davao during the height of the COVID-19 pandemic ranged from 10% to 25%.