



## RATING REPORT

## ROBINSONS LAND CORPORATION

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## MONITORING

	Outstanding Amount (in PHP Billions)	Interest Rate (%)	Issue Date	Maturity Date	Assigned Rating and Outlook
Series D Fixed Rate Bonds	0.42721	3.8000	07.17.2020	07.17.2025	PRS Aaa Stable Outlook
Series E Fixed Rate Bonds*	6.00000	5.3789	08.26.2022	08.26.2025	
Series F Fixed Rate Bonds*	9.00000	5.9362	08.26.2022	08.26.2027	
Series G Fixed Rate Bonds*	6.00000	6.0972	06.30.2023	06.30.2026	
Series H Fixed Rate Bonds*	9.00000	6.1663	06.30.2023	06.30.2028	
<b>Total</b>	<b>30.42721</b>				

\*Under the Company's P30.0 billion shelf registration

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** is assigned when a rating is likely to be maintained or to remain unchanged in the next 12 months.

## RATING RATIONALE

**Diversified portfolio alongside an established brand name**

Robinsons Land Corporation (RLC) is one of the country's leading and reputable real estate developers. The Company has a wide property portfolio spanning various business divisions, namely: Robinsons Malls, RLC Residences, Robinsons Offices, Robinsons Hotels and Resorts (RHR), Robinsons Logistics and Industrial Facilities (RLX) and Robinsons Destination Estates (RDE). RLC boasts of a nationwide presence, with 30 provinces (16 in Luzon and 7 each for Visayas and Mindanao) having at least one development from the Company.

Robinsons Malls develops, leases, and manages shopping malls all over the country. RLC is the second largest mall operator in the country, with a total of 55 lifestyle commercial centers (9 in Metro Manila and 46 in other areas) as of end-September 2024. Robinsons Malls' retail portfolio had a total gross leasable space of 1.68 million square meters (sqm) and a system-wide occupancy rate of 93% as of the

same date. The division also had approximately 8,500 lessees. This division had consistently driven RLC's revenue and operating income growth.

RLC Residences and Robinsons Homes were merged under the brand of RLC Residences to optimize synergies and maximize cost efficiencies. The division had a total of 134 developments as of end-September 2024. In 2023, the pre-sale figure of RLC Residences was the highest in the Company's history.

Robinsons Offices develops office buildings within and outside Metro Manila. The Company has a significant presence in the Ortigas Central Business District (CBD). As of end-September 2024, its 32 office developments, with a combined gross leasable area (GLA) of 793,000 sqm, had a system-wide lease rate of 86%.

RHR operates a chain of hotels under four brands which cater to different market segments. It manages a total of 5,047 hotel rooms across 30 hotels (including franchises) as of end-September 2024. After introducing Fili Hotel in 2022 and The Westin Manila in 2023, RHR unveiled the NuStar Hotel, another luxury hotel, in 2024.

RLX deals with the development and leasing of industrial and logistic warehouse facilities. RLX has been capitalizing on the rapid demand for warehouse facilities, brought about by the rise of e-commerce. As of end-September 2024, RLX had 10 industrial facilities across Luzon, with a combined GLA of 244,000 sqm.

RDE continues to improve the premier destination estates in its portfolio, namely, Bridgetowne, Sierra Valley, and Montclair. Each of these estates have ongoing developments in its pipeline. Close to 30% of the Company's total land bank is taken up by these destination estates. Through this segment, the Company builds strategic partnerships for its mixed-use developments. RDE also harnesses opportunities to synergize with RLC's other business segments.

In addition, RLC is the Sponsor of RL Commercial REIT, Inc. (RCR), which has the widest geographical reach among Real Estate Investment Trusts (REIT) in the country. RCR has an outstanding Issuer Credit Rating of PRS Aaa (corp.) with a Stable Outlook. The Company is also a subsidiary of JG Summit Holdings, Inc. (JGS), one of the largest and most diversified conglomerates in the Philippines.

### **Steady growth in margins and returns**

In 2023, RLC recorded an increase in its bottom line for the third straight year, with its net income amounting to P13.37 billion (up by 20.13% from 2022). Margins also continued to improve, supported by higher revenues from all but one business segment and proper cost control. Gross margin jumped from 40.58% in 2022 to 53.54% in 2023. The Company then recorded its highest EBITDA and EBIT margins in its history at 54.31% and 41.26%, respectively. Likewise, RLC's net profit margin grew from 24.46% in 2022 to 31.83% in 2023. Additionally, RLC's margins in 2023 finally surpassed 2019 pre-pandemic levels. Returns also steadily rose. Return on average equity (ROAE) climbed from 8.38x in 2022 to 9.66x in 2023, while return on average assets (ROAA) increased from 4.93x to 5.83x.

For the first nine months of 2024 (9M 2024), RLC's revenues, operating income, and net income grew by 4.01%, 7.20%, and 17.60% year-on-year (YoY), respectively. Growth was driven by the continued solid performance of its investment portfolio (malls, offices, hotels, and warehouse segments). The Company's margins and returns for the period similarly improved.

RLC expects its revenues and net income for full year 2024 and 2025 to post further improvements. Margins and returns will similarly see growth. These will be on account of the Company's profitable operations, continued cost efficiencies, knowledgeable and experienced leadership, plans for expansion, and positive performance of the domestic economy.

### **Ambitious expansion plans to continue, overseen by experienced management**

Maria Socorro Isabelle V. Aragon-GoBio was appointed as RLC's President and Chief Executive Officer (CEO), effective February 1, 2025, replacing Lance Y. Gokongwei. Having spent over 30 years in the real estate business with RLC, Ms. Aragon-GoBio previously held significant leadership roles in the Company's main operating segments. She particularly played an important role in establishing RLC's vertical developments and office projects.

Mr. Gokongwei, on the other hand, will remain as RLC's Chairman. Mr. Gokongwei has been part of the Company's huge growth in both the domestic and international spaces. He stepped in to assume the President, CEO, and Chairman positions in 2024, after Mr. Frederick Go vacated these positions upon his appointment by President Ferdinand Marcos as Special Assistant to the President for Investment and Economic Affairs (with full cabinet secretary rank).

RLC is expected to receive strong support from the Company's Board, including Chairman Emeritus James Go. Throughout the years, the Gokongwei family, along with capable senior management members outside of the Gokongweis, have successfully steered RLC's growth and expansion.

RLC plans to capitalize on the continued growth of the Philippine economy through sustained expansion of its portfolio. The Company already has several projects under development in its pipeline, along with various proposed projects. RLC remains optimistic about its overall growth prospects, banking on the strength and resiliency of its different business segments.

### **Healthy liquidity, supported by steady cash flows from operations**

Higher earnings translated to a larger net cash flow from operating activities of P15.98 billion in 2023, up by 35.29% from 2022. In 9M 2024, operating cash flows amounted to P13.60 billion, still supported by solid profitability. Moving forward, operating cash is seen to remain robust, on account of the continued growth in RLC's earnings.

Current and acid test ratios were also sufficient as of end-September 2024. The Company's liquidity and coverage ratios are anticipated to inch up going forward. Backed by the steady stream of cash from its operations, RLC is expected to remain in a good position to service its obligations as these become due.

### **Conservative capital structure**

RLC's debt-to-equity (D/E) ratio slightly improved to 0.34x as of end-September 2024. Debt-to-capital ratio likewise decreased from 27.61% as of end-2023 to 25.35% as of end-September 2024. The Company expects to keep its leverage levels more than manageable, banking on the continued plowback of earnings.

## BUSINESS PROFILE

### Company Profile

Robinsons Land Corporation (RLC) is one of the leading real estate developers in the Philippines based on revenues, number of projects, and total project size. RLC is engaged in the construction and operation of lifestyle commercial centers, office spaces, hotels, and industrial facilities; and the development of mixed-use properties, integrated developments, and vertical and horizontal residential developments such as condominiums and socialized housing projects. These are strategically located in key cities and other urban areas nationwide. RCR, RLC's REIT arm, also currently has the widest geographical reach among Philippine REITs, with its assets located from Metro Manila to Davao.

RLC's operations are divided into various divisions: Robinsons Malls, RLC Residences, Robinsons Offices, Robinsons Hotels and Resorts (RHR), Robinsons Logistics and Industrial Facilities (RLX) and Robinsons Destination Estates (RDE).

### Operating Highlights

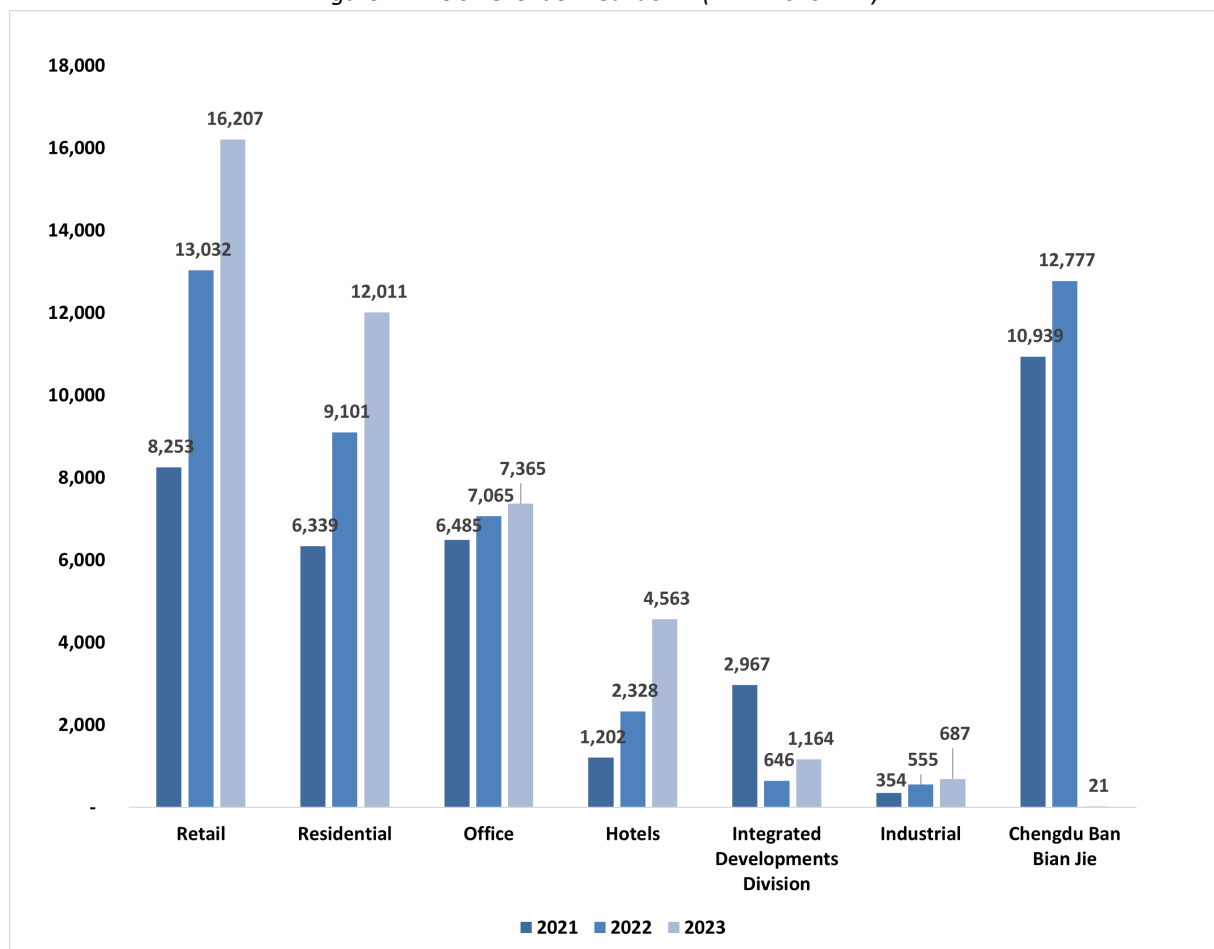
RLC derives its revenues from real estate operations and hotel operations. Revenues from the former include lease income from commercial spaces, office buildings, and industrial facilities, and the sale of residential projects and parcels of land. Real estate revenues took up the majority of the Company's revenues in 2023 at 89.14% of the total; the remaining 10.86% of the Company's revenues came from its hotel operations.

Consolidated revenues reached P42.02 billion in 2023, a 7.66% drop from the prior year's P45.50 billion. Excluding the Company's Chinese residential venture, however, all business segments saw topline growths in 2023. RLC ably managed its cost, leading to growth in the Company's EBITDA (up by 17.94% from P19.35 billion in 2022 to P22.82 billion in 2023) and operating income (up by 22.84% from P14.11 billion in 2022 to P17.34 billion in 2023).

Robinsons Malls (Commercial Centers Division) accounted for the largest share of total revenues at 38.57% in 2023, as seen in Figure 1. Its revenue contribution amounted to P16.21 billion, up by 24.36% from 2022. The segment's performance was driven by resilient consumer spending, robust retail sales, and higher occupancy rates. Amusement revenues, in particular, surged by 79%, as more cinemas returned to full operation during the year. Among RLC's business segments, the retail division had the highest EBIT of P5.85 billion in 2023, up by 93.89% from 2022.

The Residential Division grabbed the second largest revenue share, accounting for 28.59% of consolidated revenues in 2023. It posted P12.01 billion in revenues, driven by efficient collections from unit owners, faster completion of projects, and significant contributions from its joint ventures. RLC Residences and Robinsons Homes had a combined net pre-sale figure of P21.33 billion, the highest in the Company's history. To add, net sales take-up from RLC's joint venture projects grew twofold in 2023, recording P19.47 billion (up by 117% from P8.99 billion in 2022). The Residential Division ended up with the third highest EBIT, amounting to P4.63 billion, among RLC's business segments. RLC's Chinese residential development (the Chengdu Ban Bian Jie project) registered a 99.84% and 99.56% drop in its topline and EBIT, respectively; this was due to revenues already being realized in the previous years. Still, Chengdu Ban Bian Jie managed to record a healthy EBIT margin of 40.98%, up from 2022's EBIT margin of 14.89%.

Figure 1: RLC's Revenue Breakdown (in Millions PHP)



Robinsons Offices (Office Division) took up the third largest share (17.53%, equivalent to P7.36 billion) in RLC's topline, backed by its system-wide leased rate of 87% in 2023. Among the Company's business segments, the office division claimed the highest EBIT margin of 71.45% and the second highest EBIT of P5.26 billion.

RHR's (Hotel Division) revenues notably ballooned by 96.01% to P4.56 billion in 2023, making the division the fastest growing segment for the year. It should be noted that this division also had the highest revenue growth rate in 2022 of 93.67%. The rapid growth in 2023 was spurred by the total lifting of travel restrictions, which, in turn, revived Philippine tourism and reopened international borders. Higher average room rates, increased food and beverage (F&B) sales, and the gaining momentum in Meetings, Incentives, Conferences and Exhibitions (MICE) events propelled the Hotel Division to a strong performance. The division's EBITDA ballooned from P276.95 million in 2022 to P1.12 billion in 2023 (up by 303.43%), also partly due to the pre-operating expenses recorded in 2022 for the new properties.

RLX (Industrial Division) contributed P687.05 million to RLC's topline in 2023, up by 23.86% from 2022. Growth was on the back of the operational success of its industrial facilities. RLX registered an EBIT of P484.75 million for 2023, which was 38.02% more than its EBIT in 2022. The division's EBIT margin of 70.56% in 2023 was the second highest among RLC's business segments.

RDE (formerly the Industrial Development Division) recorded revenues of P1.16 billion in 2023, an 80.27% hike from the previous year, which made it the second fastest growing segment in RLC. The

division's revenues were primarily from deferred gain from the sale of land to joint venture entities. RDE's EBIT jumped to P665.16 million from P387.51 million in 2022 (71.65% growth). The division's EBIT margin of 57.16% was the third highest among RLC's businesses in 2023.

In 9M 2024, RLC's consolidated revenues amounted to P31.42 billion, reflecting a 4.01% uptick. This was on account of the continued solid performance of the Company's investment portfolio. Robinsons Malls sustained its growth momentum and remained as the biggest top line contributor, accounting for 41.87% of RLC's 9M 2024 revenues. The Residential Division continued to rank second with a share of 20.55%, while Robinsons Offices was a close third, as it made up 18.84% of total revenues during the period. Consolidated EBITDA and EBIT grew by 6.74% YoY to P17.79 billion and 7.20% YoY to P13.56 billion, respectively. EBITDA and EBIT margins similarly inched up.

As of end-September 2024, the Company had 838 hectares of land bank valued at P191.8 billion and strategically located across the country. Land bank located in Luzon (including Metro Manila and RLC's Destination Estates) took up 578 ha, which is 68.97% of RLC's total land bank. RLC estimates its land bank will be good for over 10 years of development. Furthermore, the Company has numerous ongoing and planned projects across all its business units with completion dates until 2031.

## Operations

### Robinsons Malls

Robinsons Malls develops, leases, and manages lifestyle centers throughout the Philippines. RLC is the second largest mall operator in the country, with a total of 55 shopping centers (9 of which are in Metro Manila and 46 in other areas) as of end-September 2024. RLC's malls had a combined GLA of 1.68 million sqm and a system-wide occupancy rate of 93% as of the same date. The division also had approximately 8,500 lessees. According to RLC, the foot traffic in its malls in 2023 was already well above pre-pandemic levels.

The Retail Division launched more alfresco dining concepts and tenant designs, in response to its customers' preferences. Jollyland, an indoor playground, was introduced in some branches in Manila to promote family-oriented fun, while select malls set up outdoor amenities to attract more active customers. Co-event and co-working lounges were introduced to provide customers with productive working spaces.

The segment also offers the RMalls+ App, which displays the directories of the Robinsons Malls branches, offers exclusive deals to shoppers, and informs users of upcoming promos and events.

Robinsons Malls has partnered with local government units (LGUs) in providing Filipinos with convenient spaces to conduct their government-related transactions, which would also boost occupancy in its malls. Robinsons Malls Lingkod Pinoy Center, known for housing Pag-IBIG Fund and PhilHealth offices, opened the Pasig City Hall Annex 2 in Robinsons Metro East in July 2023. The Commission on Elections (COMELEC) also chose RLC's malls as venues for its Register Anywhere Program and the Barangay and Sangguniang Kabataan elections. Robinsons Malls Lingkod Pinoy



*In picture: Opus Mall*

Center also worked with the Department of Labor and Employment (DOLE) in May 2024 in a three-month long job fair in select RLC mall branches.

In December 2023, The Mall in NuStar Resort was launched. This is the first and currently the only luxury mall in the Visayas and Mindanao regions. The Mall houses a collection of global luxury brands and restaurants offering diverse international cuisines. In July 2024, Robinsons Malls also opened the Opus Mall, its flagship luxury mall, in Bridgetowne.

In July 2024, RLC entered into its third property-for-share swap transaction with RCR. The transaction involved the infusion of 11 of RLC's malls and two of its office facilities into RCR; these malls have a combined GLA of 278,526 sqm as seen in Table 1. RLC acquired a total of 4,987,641,178 common shares of RCR in exchange for the properties, which were valued at P33.92 billion.

*Table 1: Malls included in RLC-RCR Asset Swap*

Branch Location	GLA (sqm)	Occupancy Rate (in %)
Novaliches	53,860	95%
Cainta	19,390	96%
Lusita	15,780	94%
Cabanatuan	15,811	100%
Lipa	43,692	98%
Sta. Rosa	26,932	93%
Imus	37,376	97%
Los Banos	5,317	96%
Palawan	26,753	94%
Ormoc	22,775	97%
Cybergate Davao	10,841	100%
<b>Total</b>	<b>278,526</b>	<b>96%</b>

*Source: RCR's 3Q 2024 Performance Report*

### Competition

RLC considers SM Prime Holdings, Inc. (SMPH) and Ayala Land, Inc (ALI) as its primary competitors in the Philippine retail market. Aside from RLC, SMPH, and ALI, there are other smaller players in the Philippine retail market. The high barriers to entry in the market, however, makes it difficult for these smaller players to increase their market share.

RLC believes its strength is in its mixed-use retail and residential developments. The Company employs a flexible mall development strategy that adapts to the retail appetite of its market in each location. It balances its core tenant mix, while leveraging its brand equity and the drawing power of its affiliates to further strengthen its position as one of the biggest shopping businesses in the country.

### **RLC Residences**

RLC's residential division focuses on the construction and sale of residential condominiums, house and lot, and subdivision projects. The Company merged its two brands, namely, RLC Residences and Robinsons Homes, under RLC Residences to optimize synergies and maximize cost efficiencies. RLC Residences caters to various segments of the market.

#### Vertical developments

RLC Residences offers residential condominiums in key urban areas and CBDs in the Philippines. In 2023, it introduced Le Pont Residences, its first premium high-rise property, within the Bridgetown Destination Estate. Le Pont offers homeowners a range of options in terms of unit size, from 46 sqm to 380 sqm. As of end-2023, the first tower of the condominium had sold 79% of its inventory. In April of the same year, RLC opened the Mantawi Residences, another premium condominium development in Mandaue City, Cebu. The condominium sold 56% of its inventory in just nine months after its launch.

Targeting millennials, RLC also launched Sierra Valley Building 4 and Woodsville Crest's Olive Building in April and September 2023, respectively. Sierra Valley Building 4 turned into one of RLC's fastest-selling properties, with 89% of its inventory sold in 2023 after its April launch. Woodsville Crest's Olive Building, on the other hand, sold 26% of its inventory three months after its launch.

RLC's joint venture residential developments had a notable sales performance in 2023, as net sales-take up doubled from P8.99 billion in 2022 to P19.47 billion in 2023. This was due to the strong sales of existing projects such as the Aurelia Residences and the recently launched Velaris North Tower.

The Company further launched the second tower of Mira Residences in July 2024. This launch followed the strong sales performance from the first tower, which sold 80% of its units after its introduction in April 2024. In addition to having units with smart home upgrades, the vertical development also has over 8,000 sqm of amenities dedicated to outdoor activities. Located in Quezon City, Mira Residences is close to business districts such as Araneta City, Eastwood City, Ortigas Center, and Makati. It is also strategically positioned near shopping, dining, entertainment, and transportation hubs. Mira Tower 2 has 538 units with a sales value of P4.40 billion.

RLC additionally introduced the second tower of Le Pont Residences in July 2024, as the first tower was already 85% sold. Le Pont Tower 2 features 644 units and a total saleable value of P13.30 billion. In August 2024, RLC also launched the second phase of the Sierra Valley Gardens, as the first four towers of the development was nearly sold out. Sierra Valley Garden Tower 5 offers 502 units with a sales value of P3.30 billion.

RLC created myRLC, a mobile application that assists prospective property owners in their search for a new home and the transactions that come with it. The app provides secure online payments, easier account monitoring and permit processing, among others. Moreover, RLC introduced its own Leasing Website, which helps customers survey RLC Residences properties that are up for lease.

### *Competition*

RLC Residences strives to compete with companies that already have a strong reputation for developing residences for the elite market. These competitors are Ayala Land Premier, Megaworld Corporation (MEG), Century Properties Group, Inc. (CPGI) and Rockwell Land Corporation (ROCK).

In the middle-income market, RLC has numerous competitors, namely SMPH, Avida Land, Filinvest Land, Inc. (FLI), and DMCI Homes. Unlike in other segments of the property market, RLC does not enjoy the “early mover” advantage in the middle-income market. Nevertheless, the Company believes that it is among the top five mid-range condominium developers in the country, based on public records and independent industry reports. RLC considers as competitive advantages its brand name, technical expertise, financial standing, and successful track record.

Just like RLC Residences, Alveo Land, MEG, FLI, and Ortigas & Co. target young professionals and budding families that are keen to invest in residential properties. RLC Residences reportedly remain among the go-to residential developers for the younger market due to the Company’s sales experience, distribution network, and convenient project locations.

### Horizontal developments

RLC also offers lots only as well as house and lot packages in master planned, gated subdivisions located in prime locations. Such cater to the affordable and mid-cost segment, as well as the premier market. RLC offers different architectural designs for its developments, with every residential development featuring wide, open, and secure spaces and amenities. Some of the properties include lots zoned for commercial use. There are also properties undertaken through joint venture arrangements. The latter properties are allocated equitably between RLC and its joint venture partners.

### *Competition*

RLC considers ALI, FLI, Vista Land & Landscapes, Inc. (VLL), Aboitiz Land, Inc., and Cebu Landmasters, Inc. (CLI) as its main competitors for this segment. In the affordable housing developments, the brand also competes with PHirst Park Homes, Inc. and 8990 Holdings Inc.

Robinsons Homes has established a solid presence across the country. The Company believes that its reliability in delivering products of consistent quality and affordability has and will continue to generate sales.

### **Robinsons Offices**

Robinsons Offices develops office buildings for lease in Metro Manila and in key locations outside of Metro Manila. The division provides premium working spaces, utilizing innovative and eco-friendly practices. Office spaces operate uninterruptedly and are placed strategically close to lifestyle centers and commute hubs. Robinsons Offices also introduced the “work.able” brand, which offers flexible plug and play and built-to-suit business spaces. The brand’s offerings make it attractive to Business Process Outsourcing (BPO) firms and international companies. The division also reportedly enjoys a dominant presence in the Ortigas CBD.

Robinsons Offices had 32 office developments with a combined GLA of 793,000 sqm and an occupancy rate of 86%, as of end-September 2024. The segment is said to be a leading office space provider to the Information Technology and Business Process Management (IT-BPM) industry.

In 2023, the Company introduced two new workable office spaces, which brought the total number of such to 10. In the first quarter of 2024 (1Q 2024), Robinsons Offices launched the GBF Center 1 in Pasig City; this added 52,000 sqm to the brand's total GLA. The Cybergate Iloilo Building 3's construction wrapped up in January 2025, contributing an additional 31,521 sqm. GBF Center 2, which has a GLA of 60,872 sqm, is also anticipated to be finished in the latter half of 2025. The brand is poised to further expand its portfolio of office spaces, with more projects expected to be operational in the coming years. RLC is also actively working to increase its occupancy rate by reaching out to its existing and prospective tenants that are seeking to expand its operations, particularly outside of Metro Manila.

RLC also launched The Jewel in January 2024, a P25 billion project that will fuse four office buildings and a shopping mall. Set to stand where Forum Robinsons once was, this property development aims to be an architectural landmark in the country. In line with the division's commitment to sustainability, The Jewel will incorporate eco-friendly amenities such as a rainwater collection system and e-vehicle charging stations.<sup>1</sup> The Company aims to make The Jewel's first office tower operational in 2026, with the remaining three towers to open by the end of the decade.

As part of the property-for-share swap transaction that RLC entered with RCR in July 2024, the former transferred two of its office spaces, namely: the Giga Tower located in Pasig City and Cybergate Delta 2 located in Davao City, to its REIT arm. These office buildings have a combined leasable space of 68,803 sqm.



*In picture: The Jewel*

### *Competition*

RLC considers ALI, MEG, and SMPH as its primary competitors in providing office space. The Company believes that competition for office space is based on location, quality and reliability of the space's design and equipment, reputation of the developer, availability of space, and Philippine Economic Zone Authority (PEZA) registration.

Robinsons Offices competes in the office market by strategically placing its office developments close to malls and residences that are also part of RLC's mixed-use developments, as well as near public transportation terminals. The brand ensures that its facilities can accommodate all types of companies that require its own workspace.

### **Robinsons Hotels and Resorts**

RHR owns, develops, and operates hotels and resorts within Metro Manila and in other urbanized and popular tourist destinations in the Philippines. The multi-branded division operates 30 hotels and resorts that have a total of 5,047 rooms (including franchises).

RHR has four hotel and resort brands that cater to its broad customer market: (1) Luxury Hotels and Resorts, (2) Upscale Deluxe Hotels, (3) Mid-Market City and Resort Hotels, and (4) Essential Service Value Hotels.

<sup>1</sup> <https://www.jgsummit.com.ph/impact/atmp-towers-at-the-jewel-robinsons-offices-glittering-gem-of-design-excellence-20240206-lfrm>

### Luxury Hotels and Resorts

After introducing the Fili Urban Resort Hotel (Fili Hotel) in 2022, its first Filipino five-star hotel, RHR opened The Westin Manila in the Ortigas Center in 2023. The 32-storey hotel has 303 rooms as well as amenities that aim to provide visitors with a premium stay experience; The Westin Manila is managed by Marriott International. This year, RHR will unveil another luxury hotel: the NuStar Hotel. The hotel is located within NuStar Resort, a premier integrated resort in Cebu. Furthermore, RLC is planning to open another Fili Hotel branch in Bridgetowne in 2026.<sup>2</sup>

### Upscale Deluxe Hotels

RHR owns Crowne Plaza Manila Galleria (Crowne Plaza) and Holiday Inn Manila Galleria (Holiday Inn). The pair is managed by Holiday Inn (Philippines), Inc., a subsidiary of the InterContinental Hotels Group. Both Crowne Plaza and Holiday Inn finished upgrading their hotel rooms, lounges, decorations, and other key areas in May 2024. Aside from the two hotels, RHR also has the Grand Summit Hotel in this subsegment, which is in General Santos City, South Cotabato; this hotel is the first of its lifestyle and celebrations hotel brand. The Grand Summit Hotel has 104 hotel rooms as well as amenities for leisure and business.

### Mid-Market City and Resort Hotels

RHR owns and manages its Summit Hotels and Resorts brand. Catering to contemporary business and leisure travelers, the brand also offers MICE facilities, sports facilities, and full-service restaurants. Currently, there are seven Summit Hotel and Resorts located in Quezon City, San Juan City, Tagaytay City, Cebu City, and Naga City.

### Essential Service Value Hotels

RHR owns and manages the Go Hotels brand, the Philippines' largest budget hotel chain. RHR also has a Go Hotels Plus brand, which provides an enhanced experience for customers with more modern concept designs and functional facilities while maintaining affordability. RLC entered into franchise agreements with Roxaco-Asia Hospitality Corporation for four of its 17 properties under the Go Hotels brand.

*Table 2: RHR's Hotel Room Inventory*

<b>Hotel Brand</b>	<b>Total no. of rooms</b>
Luxury Hotels and Resorts	954
Upscale Deluxe Hotels	657
Mid-Market City and Resort Hotels	919
Essential Value Service Hotels	2,517
<b>Total Hotel Room Inventory</b>	<b>5,047</b>

### *Competition*

RLC recognizes ALI, Alliance Global Group Inc., SM Hotels and Conventions Corporation, FLI, and DoubleDragon Corporation (DD) as its main competitors in the hotel and resorts business. The Philippine hotel and resorts industry has proven to be competitive, as large and small players, and

<sup>2</sup> <https://www.esquiremag.ph/money/industry/fili-hotel-will-open-in-bridgetowne-a7940-20240709>

even foreign entrants, are making their presence in the market. RHR is focusing on strengthening its hotel and resorts portfolio by investing in strategic locations and in its employees.

### **Robinsons Logistics and Industrial Facilities**

RLX focuses on developing and leasing logistics facilities and warehouses to ride the surging growth of the digital economy. As of end-September 2024, RLX had 10 operational industrial facilities all located in Luzon. These facilities had a combined GLA of 244,000 sqm.

Aiming to become one of the fastest growing warehouse providers in the Philippines, RLX's goal is to provide facilities that are safe and well-equipped in response to the vigorous demand of the industry; the industrial leasing division is already one of RLC's top performers in terms of growth. After completing RLX Calamba 2A and 2B in 2023 and RLX Sierra 2 in Taytay, Rizal in 1Q 2024, RLX is now focusing on launching one industrial facility each in Pampanga and Laguna within 2024. It also plans to launch one industrial facility each in Rizal, Laguna, and Montclair in 2025. The Company aims to further grow its industrial arm by acquiring already-built warehouses and upgrading these to fit its signature RLX brand.

#### *Competition*

The demand for logistics facilities remains strong in the country. RLX's biggest competitors in the development of such facilities are Ayalaland Logistics Holdings Corp. and DD.

### **Robinsons Destinations Estates**

RDE, formerly known as RLC's Integrated Developments Division, owns three master-planned estates that combine various property offerings, such as offices, residences, hotels, and shopping centers. These estates feature a strategic mix of concepts that cater to their respective markets: Bridgetowne as an urban center, Sierra Valley as a suburban community, and Montclair as a global gateway. The land bank allotted for these estates had a total appraised value of P60.00 billion, as of end-September 2024.

#### Bridgetowne

Bridgetowne is a 32-hectare urban center connecting Quezon City and Pasig City. In 2023, it unveiled The Victor, a 60-meter-high landmark that pays homage to the resilient spirit of the Filipino. This lighting projection art installation is among the tallest of its kind worldwide. With its strategic partners, Bridgetowne launched the country's first FIFA (Fédération Internationale de Football Association) football field. Bridgetowne also served as a preferred venue for outdoor activities and events in 2024. RLC aims to introduce more attractions in Bridgetowne, including a five-star hotel, a premier sports lounge, and more premium residential properties.

#### Sierra Valley

Sierra Valley is an 18-hectare estate close to the Ortigas Business District and Rizal. Sierra Valley Garden, a residential area within the estate, recorded a strong pre-selling performance in 2023; this was followed by the launch of its fifth condominium tower in 3Q 2024. Going forward, Sierra Valley expects to add more dining and retail offerings.

## Montclair

Located in Pampanga, Montclair is RDE's largest development in its portfolio, spanning 229 hectares. The estate includes a mix of commercial areas, residential communities, office buildings, a logistics and industrial hub, hotels and entertainment establishments, and green open spaces. RDE intends Montclair to operate in a sustainable ecosystem. Near Clark Freeport Zone, RLC has completed the construction of its access bridge that connects the development to the SCTEX (Subic–Clark–Tarlac Expressway). As of end-September 2024, RDE is constructing Montclair's spine road.

RLC introduced in August 2024 the Bonifacio Capital District, its latest mixed-use development project in Taguig City. In partnership with the Bases Conversion and Development Authority (BCDA), the 61,761 sqm project will be a combination of retail, office, and recreational spaces along with residential and hotel developments. RLC will be adhering to its sustainability cause in this project, as the Company plans to incorporate sustainable and smart technology installations, such as energy-saving features and passive cooling architecture. Bonifacio Capital District will be located near major roads (Lawton Avenue, Chino Roces Extension, and the South Luzon Expressway), schools, hospitals, and retail centers. The development will also be close to Lawton Station of the proposed Metro Manila Subway Project of the Department of Transportation (DOTr).

## *Competition*

RLC is an experienced developer of integrated developments, acquiring parcels of land and incorporating different real estate components to attract investors and customers. The biggest competitors of RLC in integrated developments are ALI, MEG, FLI, and DD.

RDE will continue to look for opportunities that has synergy with RLC's other core business units. RLC believes that its solid experience in integrated developments provides RDE with a competitive advantage.

## **Ownership**

RLC is the real estate arm of JG Summit Holdings, Inc. (JGS). Incorporated in 1990, JGS is one of the largest and most diversified Filipino conglomerates. JGS' subsidiaries are involved in the sectors of F&B, property, air transportation, petrochemicals, financial services, digital banking, technology, logistics, infrastructure, power distribution, and telecommunications. JGS owns majority (65.59%) of RLC's outstanding shares, as of end-2024.

Figure 2: JG Summit's Corporate Structure

## Corporate Structure

Market Capitalization:  
₱178.2 bn

Strengthen and drive the full potential of these BUs

### Food & Beverage

Stake: 56.4%  
Mkt Cap: ₱207.1 bn  
Att Mkt Cap: ₱116.9 bn



### Air Transportation

Stake: 65.2%  
Mkt Cap: ₱19.9 bn  
Att Mkt Cap: ₱13.0 bn



### Real Estate

Stake: 65.5%  
Mkt Cap: ₱72.0 bn  
Att Mkt Cap: ₱47.1 bn



### Petrochemicals

Stake: 100.0%



Leverage on the synergies available within our extensive network of businesses

### Infrastructure

Stake: 33.0%



### Logistics

Stake: 50.0%



### Technology

Stake: 100.0%



Stake: 44.4%



### Digital Banking

Stake: 16.1%



Maximize value through their steady stream of cash flows and capital appreciation

### Power

Stake: 26.4%  
Mkt Cap: ₱551.1 bn  
Att Mkt Cap: ₱145.3 bn



### Real Estate

Stake: 37.0%  
Mkt Cap: ₱112.3 bn  
Att Mkt Cap: ₱41.6 bn



### Communications

Stake: 11.3%  
Mkt Cap: ₱302.3 bn  
Att Mkt Cap: ₱34.2 bn



### Banking\*

Stake: 3.6%  
Mkt Cap: ₱727.5 bn  
Att Mkt Cap: ₱26.0 bn



Stakes as of September 30, 2024  
Market capitalization as of November 11, 2024  
Forex Rate: 1 USD = 58.4130 PHP

\*Effective January 1, 2024, Bank of the Philippine Islands ("BPI") and Robinsons Bank Corporation ("RBank") have merged with BPI as the surviving entity after securing regulatory approvals. As a result, JG Summit obtains a 3.6% stake in BPI in exchange for its 60% stake in RBank.

Source: JGS 9M 2024 Investor Briefing

In 2023, JGS' topline figure rose to P343.8 billion, a 13.93% increase from 2022. This growth was supported by the strong performance of Philippine tourism in its first full year without travel restrictions, and the steady increase in revenues of subsidiaries involved in food and petrochemicals. JGS recorded an improved operating margin of 14.24% in 2023, from 6.05% in 2022. Furthermore, JGS' net income quadrupled to P34.13 billion (324.39% increase from P8.04 billion in 2022), with Cebu Air, Inc. (CEB) being the key driver of bottom-line growth. Improved performance of both RLC and Universal Robina Corporation (URC) also contributed to the increase in JGS' net income. JGS' assets stood at P1.11 trillion as of end-2023, which is 3.64% more than its assets a year ago (P1.07 trillion).

JGS closed 2023 with a current ratio of 1.01x; an improvement from the recorded 0.98x as of end-2022. JGS' reduced debt obligations also resulted in a better D/E ratio of 0.68x, compared with 0.77x a year ago.

In 9M 2024, JGS' revenues went up to P276.96 billion, which translated to a 10.29% YoY increase. Positive performance was attributed to the healthy demand for travel and leisure, higher preference for value food and beverage products, and increased utilization rates in JGS' petrochemical plants. Supported by the growth in its revenues coupled with the gains realized from the merger of Robinsons Bank with the Bank of the Philippine Islands (BPI), JGS' net income in 9M 2024 climbed by 6.25% to P27.82 billion (from P26.18 billion in 9M 2023).

JGS' total assets stood at P1.03 trillion as of end-September 2024, slightly lower than the P1.11 trillion as of end-2023. JGS' current ratio likewise marginally dropped from 1.06x as of end-2023 to 1.00x as of end-September 2024.

## Management

The overall management and supervision of the Company is overseen by the Board of Directors. Currently, there are eight members of the Board, of which three are independent directors.

James L. Go, 84 years old, is the Chairman Emeritus of RLC. Mr. Go is also the Chairman Emeritus of URC and JG Summit Olefins Corporation (JGSOC). He is the Vice Chairman of Robinsons Retail and Holdings Inc. (RRHI) and the Chairman of JGS. He is also the President of the Gokongwei Brothers Foundation, Inc. Mr. Go further holds several positions (Chairman, CEO, Director) in other JGS-affiliated businesses.

Lance Y. Gokongwei, 57 years old, is the Chairman of RLC. He is likewise the Chairman of URC, Universal Hotels and Resorts, Inc., Robinsons Bank Corporation, and JGSOC. Mr. Gokongwei is also the President and CEO of JGS and CEB. He is the Vice Chairman and Director of Manila Electric Company and a Director of RCR. He is a Trustee and the Chairman of the Gokongwei Brothers Foundation, Inc. and Robinsons Land Foundation. He additionally holds several directorships and senior management positions in other JGS-affiliated businesses.

On January 8, 2024, Frederick Go resigned as a Director, President and CEO of RLC and as Chairman and Board member of RCR, when he was the appointed Special Assistant to the President for Investment and Economic Affairs; Mr. Go spent 35 years with the RLC prior to his resignation. He also held several senior management positions in JGS-affiliated businesses and local corporations such as the Luzon International Premier Airport Development (LIPAD) Corporation. Mr. Go's positions in the Company were taken over by Mr. Lance Gokongwei, who is also his cousin.

On January 6, 2025, Maria Socorro Isabelle V. Aragon-GoBio was appointed as RLC's President and CEO, effective February 1, 2025. She replaced Mr. Gokongwei, who would continue to serve as the Chairman of RLC. Ms. Aragon-GoBio has been with RLC since 1993, holding significant leadership roles in the Company's main operating segments. She played an important role in establishing RLC's vertical developments and office projects that catered to the growing domestic BPO industry. She earned her degree in Management Engineering from Ateneo de Manila University in 1993 and her minor degree in International Business from the University of Antwerp.

The Gokongwei family continues to have significant control over RLC. The Company, nevertheless, also has seasoned professionals outside of the Gokongwei family that occupy top management positions.

As of end-2023, RLC and its subsidiaries had a total of 3,299 permanent employees.

## **Strategies**

After hurdling the challenges brought by the pandemic, RLC earmarked P22 billion for the expansion of its portfolio in 2024. It plans to capitalize on the continued growth of the Philippine economy through sustained expansion of its portfolio. The Company remains optimistic about its overall growth prospects, banking on the strength and resiliency of its different business segments.

## **ESG Initiatives**

After the global economy was crippled by the COVID-19 pandemic, RLC deemed that a reassessment on its overall strategies was appropriate to address the immediate concerns of its stakeholders.

### *Responsible Growth*

RLC's short and long-term strategies consider how the Company can make its portfolio sustainable and resilient. Specifically, RLC focuses on further reducing its greenhouse gas emissions, mitigating its negative environmental impacts, and promoting efficient land use.

*Reaching Underserved Markets*

RLC is primarily engaged in developing and managing prime office buildings, shopping complexes, hotels, residential projects, and integrated estates in 30 provinces spanning from Ilocos Norte to South Cotabato. Together with JGS, RLC’s parent company, the Company has committed its resources to build resilient communities and implement sustainable business practices for the benefit of its stakeholders.

*Reshaping Communities*

RLC commits to creating low-carbon and resilient spaces. The Company sees considerable opportunities to lower emissions across the life cycles of its buildings, and in doing so, the Company contributes to the fight against climate change while creating value for its stakeholders and the Philippine society.

Shown in Figure 3 are RLC’s ESG initiatives as of 9M 2024.

Figure 3: RLC’s ESG Initiatives



Source: RLC’s 9M 2024 Analyst Briefing

In 2024, it was reported that RLC allegedly suffered a data breach. There had been no reported case of identity theft nor harm to data subjects because of the alleged breach. RLC had nevertheless taken necessary steps in accordance with the applicable National Privacy Commission (NPC) guidelines on breach management.

**FINANCIAL PROFILE**

*Analysts' Note: PhilRatings' calculation of certain financial metrics may differ from that of RLC.*

**Profitability**2023

RLC ended 2023 with consolidated revenues of P42.02 billion, a 7.66% drop from the previous year's revenues of P45.50 billion. This decrease was primarily due to the revenues of the Chengdu Ban Bian project being fully recognized in 2021 and 2022. RLC's investment portfolio, which consist of the retail, office, hotel, and industrial segments, saw a 25.43% revenue growth from P22.98 billion in 2022 to P28.82 billion in 2023. Lower realized revenues from Chengdu Ban Bian Jie project dragged the topline contributions of RLC's development portfolio down by 41.41%, from 22.52 billion in 2022 to P13.20 billion in 2023, despite higher revenues from the Company's residential and integrated developments segments. Excluding revenues from the Chinese residential project, RLC's topline would have grown by 28.33%. RLC overall had a strong performance in 2023, as the rest of its business segments exceeded their revenues from the previous year.

Robinsons Malls led in terms of revenue contribution (38.57% of the total). It booked revenues of P16.21 billion, up by 24.36% from 2022. Growth was on account of resilient consumer spending, good retail outputs from tenants, and higher occupancy rates. Revenues of the Residential Division similarly climbed by 31.98% to P12.01 billion. This growth was a result of higher collections from property owners, faster construction of developments, and stronger contributions from joint venture projects. RHR's revenues notably rose by 96.01% to P4.56 billion, on account of the continued positive performance of the Philippine tourism industry.

The dip in total revenues was offset by the 27.80% drop in costs, from P27.04 billion in 2022 to P19.52 billion in 2023. Such can be mainly traced to the decrease in costs of real estate operations, which were down by 37.13% to P15.39 billion. RLC's gross margin consequently improved, from 40.58% in 2022 to 53.54% in 2023.

Higher revenues across all but one business segment and improved operational efficiencies supported RLC's higher EBITDA and EBIT in 2023, amounting to P22.82 billion and P17.34 billion, respectively (up by 17.94% and 22.84% from 2022 figures). RLC's EBITDA and operating margins additionally reached a record high of 54.31% and 41.26%, respectively. Robinsons Malls, Offices, and the Residential Division were the top contributors to the Company's total EBITDA and EBIT. Robinsons Offices and RLX consistently led in terms of EBITDA and EBIT margins from 2021 to 2023.

RLC booked a net income of P13.37 billion for 2023, up by 20.13% from P11.13 billion in 2022, marking its third straight year of net income growth since the onset of the COVID-19 pandemic. This three-year growth trend was also mirrored by RLC's net profit margin (NPM), as the Company recorded an NPM of 31.83% in 2023, up from 24.46% in 2022. It should also be noted that RLC's 2023 NPM finally broke past its 2019 pre-pandemic NPM of 25.67%. Moreover, in 2023, RLC's ROAE and ROAA increased to 9.66% and 5.83%, respectively.

Table 3: RLC's 2023 Results (in Millions PHP)

	2022	2023	% Change
<b>Revenues</b>			
Real estate operations	43,175	37,455	-13.25%
Hotel Operations	2,328	4,563	96.01%
	<b>45,503</b>	<b>42,018</b>	-7.66%
<b>Costs and Expenses</b>			
Real Estate Operations	24,486	15,394	-37.13%
Hotel operations	2,553	4,128	61.68%
	27,040	19,523	-27.80%
General and administrative expenses	4,351	5,160	18.59%
<b>Operating Income</b>	<b>14,112</b>	<b>17,336</b>	22.84%
Other income (losses)	(1,053)	(2,114)	100.74%
<b>Income before tax</b>	<b>13,059</b>	<b>15,222</b>	16.56%
Provision for (benefit from) income tax	1,927	1,849	-4.06%
<b>Net income</b>	<b>11,132</b>	<b>13,372</b>	20.13%

### 9M 2024

In 9M 2024, RLC registered a 4.01% uptick in its consolidated revenues to P31.42 billion, from P30.21 billion in 9M 2023. This was brought about by the improved performance of the Company's investment portfolio, as revenues from such grew by 14.32% from P21.04 billion in 9M 2023 to P24.05 billion in 9M 2024. The revenue share of the Company's investment portfolio also increased to 76.54% in the period. Robinsons Malls (41.87% of total revenues) recorded an 11.70% growth in its revenues from P11.78 billion in 9M 2023 to P13.16 billion in 9M 2024, prompted by robust consumer spending and higher occupancy rates. The rest of RLC's business segments likewise saw higher top lines for the period except for the Residential Division, which realized revenues of P6.46 billion in 9M 2024 (down by 23.49% YoY).

Total costs in 9M 2024 marginally inched down (-0.33% YoY) to P13.92 billion. The 6.70% YoY decrease in RLC's costs of real estate operations to P10.28 billion was offset by the 23.5% YoY growth in costs of hotel operations to P3.64 billion. General and administrative expenses grew by 9.65% YoY to P3.94 billion, driven by the 11.23% increase in salaries and wages.

The Company sustained its growth momentum in 9M 2024, recording a stronger EBITDA of P17.79 billion (up by 6.74% YoY) and EBIT of P13.56 billion (7.20%), respectively. Ultimately, RLC saw a robust bottom line expansion of 17.60%, from P9.9 billion in 9M 2023 to P11.60 billion in 9M 2024.

RLC's margins similarly improved in 9M 2024, with operating and net profit margins reaching 43.16% and 36.91%, respectively. ROAE and ROAA also went up to 10.11% and 6.24%, respectively.

### Projections

RLC expects its revenues to steadily grow in 2024 and 2025, owing to the profitable operations of its business units and continued expansion of its portfolio. Robinsons Malls, The Residential Division, and Robinsons Offices are expected to remain as the biggest revenue contributors over the projected period, while RHR will benefit from the recovery of Philippine tourism and sustained room rate increases.

The Company's operating income and net income are likewise foreseen to continue its upward trajectory. Additionally, margins and returns are anticipated to remain healthy going forward.

## Cashflow and Liquidity

### 2023

Net cash flows provided by RLC's operations grew by 35.29% to P15.98 billion in 2023, supported by higher earnings during the year. Net cash used in investing activities, bulk of which were for additions to investment properties, shrunk to P11.84 billion (down by 37.21%). On the other hand, cash flows used in financing activities doubled to P6.69 billion (from P3.33 billion in 2022). Cash was mostly used for payment of maturing debt, including RLC's P12.76 billion Series C bonds that matured in July 2023. As a result of the foregoing, RLC ended 2023 with cash and cash equivalents of P5.72 billion, down by 30.85% from P8.28 billion as of end-2022.

Despite its lower cash balance, RLC's current assets expanded from P60.75 billion as of end-2022 to P62.41 billion as of end-2023. This is attributable to the respective 11.66% and 9.76% growth in receivables and inventories. It should be noted that 70% of RLC's total receivables were current as of end-2023. Current and acid test ratios of RLC improved to 1.82x and 0.66x, respectively, as of end-2023. This was also due to the 21.11% decrease in current liabilities. Moreover, lower current debt obligations along with higher EBITDA caused debt service coverage ratio (DSCR) to double to 2.56x in 2023 (from 1.02x in 2022) and surpass the 2019 pre-pandemic level of 1.78x. Interest coverage ratio declined but remained more than adequate at 11.97x.

### 9M 2024

With higher recorded earnings and the 3.4% decrease in receivables in 9M 2024, RLC's net operating cash increased by 4.70% YoY to 13.60 billion. Investing cash outflows rose by 40.88% from P9.21 billion in 9M 2023 to P12.98 billion in 9M 2024, with the biggest chunk still going to investment properties. Cash inflows provided by financing activities amounted to P1.06 billion, as opposed to a net outflow of P6.17 billion in 9M 2023. RLC's total cash balance as of end-September 2024 was at P7.40 billion, higher by 29.34% than the cash balance as of end-2023. Current and acid test ratios slightly fell to 1.62x and 0.56x, respectively, as of end-September 2024. This downward movement is attributable to the faster growth (24.52%) in RLC's current liabilities compared to the growth in its current (10.52%) and quick assets (4.91%).

### Projections

RLC anticipates healthy cash flows from its operations moving forward, while cash flows used in investing activities will increase on account of additions to the Company's investment properties. Cash flows used in financing activities will also grow due to the settlement of bonds that will mature in 2025, for which RLC will use a combination of internally generated funds and refinancing. Liquidity levels will remain satisfactory, with current and acid test ratios expected to improve. The Company will have ample funds to service its obligations, reflected in the favorable projections for its DSCR and EBITDA coverage ratios.

## Capital Structure

### 2023

RLC's interest-bearing debt moved up slightly by 5.45% to P53.95 billion as of end-2023 (P51.16 billion as of end-2022). The increase was due to the two bond issuances that will mature in 2026 and 2028. Equity similarly grew by 4.45% to P141.47 billion, from P135.45 billion a year ago. RLC's repurchase of

shares under its share buyback program was offset by the substantial increase in its retained earnings. D/E ratio stood at 0.38x as of end-2023, unchanged from a year ago. Debt-to-capital ratio also barely moved to 27.61%, from 27.42% as of end-2022.

### 9M 2024

RLC's total debt was trimmed by 1.42% to P53.19 billion as of end-September 2024, while its equity grew by 10.73% to P156.65 billion. Equity growth was driven by the 40.77% jump in equity reserves, following RLC's sale of its 1.73 billion shares in RCR in April 2024. Consequently, the Company's D/E ratio and debt-to-capital ratio slightly improved to 0.34x and 25.35%, respectively.

### Projections

Moving forward, RLC expects to maintain its conservative leverage levels. Total debt is seen to remain very manageable, while total equity will steadily grow, backed by the plowback of earnings. Such will translate to the Company's D/E ratio and debt-to-capital ratio remaining conservative over the projected period.

### **Financial Flexibility**

RLC is a publicly traded company that is listed in the Philippine Stock Exchange (PSE). As of February 19, 2025, RLC had a market capitalization of P60.30 billion, based on 4.82 billion outstanding shares. RCR, RLC's publicly traded REIT firm and which is 63.87%-owned by the Company, also had a market capitalization of P94.13 billion, based on 15.71 billion outstanding shares, as of the same date. In addition, RLC's Parent Company, JGS, had a market capitalization of P129.36 billion, based on 7.52 billion outstanding shares.

RLC has also been granted significant bank lines on a "clean" basis, indicating the high degree of confidence of its lenders in the Robinsons Group.

## **ECONOMY AND INDUSTRY**

### **Economy**

#### Gross Domestic Product (GDP)

The country's GDP grew by 5.2% in 4Q 2024, unchanged from the previous quarter. The expected boost in economic activity in 4Q 2024 due to the holiday season was dampened by the impact of destructive storms and other climate-related disruptions. Such brought the full-year 2024 GDP growth to 5.6%, lower than the government's revised full-year target of 6.0%–6.5%. Nonetheless, the Philippines remained one of the fastest-growing economies in the Asia Pacific region, trailing Vietnam (7.5%) and China (5.4%).<sup>3</sup>

The Industry and Services sectors grew by 5.6% and 6.7%, respectively, in 2024. In contrast, Agriculture, Forestry, and Fisheries (AFF) contracted by 1.6%, still attributed to the record-breaking typhoon season—six typhoons struck the country from the end of October until the middle of November.

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<sup>3</sup> <https://www.philstar.com/headlines/2025/01/30/2417970/philippines-ends-2024-56-economic-growth-missing-govt-target>

Household final consumption expenditure (HFCE) expanded by 4.8% in 2024, slower compared with the 5.6% growth recorded in 2023. Government final consumption expenditure (GFCE), on the other hand, grew by 7.2%, notably higher than the marginal 0.6% growth in 2023.

### *Outlook*

In December 2024, the Development Budget Coordination Committee (DBCC) revised the GDP growth target for 2025 to 2028 and widened it to 6.0%–8.0%, from the previous range of 6.5%–7.5% for 2025 and 6.5%–8.0% for 2026 to 2028. Despite the slower economic growth in 2024, the Philippine government kept the 2025 GDP target at 6.0%–8.0%.

In its recently-released World Economic Outlook, the International Monetary Fund (IMF) said that domestic demand, particularly consumption and investment, will drive the country's economic growth for 2025 to 2026. For the Philippines, the IMF retained its economic growth projection of 6.1% for 2025 and 6.3% for 2026. Consumption growth will be supported by lower food prices and gradual monetary policy easing. Investment growth is also expected to pick up on the back of sustained public investments push, gradually declining borrowing costs, and acceleration in the implementation of public-private partnership (PPP) projects and foreign direct investments (FDI), following recent legislative reforms.<sup>4</sup>

Asean Macroeconomic Research Office (AMRO) and the World Bank's GDP forecasts for 2025 were likewise unchanged at 6.3% and 6.1%, respectively.

### Inflation and Interest Rate<sup>5</sup>

The Philippines recorded an average inflation rate of 3.2% in 2024, well within the government's target of 2.0–4.0%. This is also markedly lower than the 6.0% average registered for 2023. The Philippine Statistics Authority (PSA) cited tempered inflation for food and non-alcoholic beverages compared to the previous year, as well as rice inflation hitting its lowest since January 2022. In its December 2024 meeting, the DBCC kept its 2.0–4.0% inflation target until 2028.

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 further made another policy rate cut of 25 basis points (bps) to 6.0% in October. Its decision was made on the assessment that price pressures continued to be manageable. The BSP ended 2024 with another rate cut of 25 bps in December, bringing the benchmark rate down to 5.75%.

### Foreign Exchange Rate

In November 2024, the Philippine Peso sunk to a two-year low of ₱59 against the US Dollar—first on November 21 and once again on November 26. The last time the Philippine Peso closed at the ₱59-a-dollar level was in October 2022. The US dollar continued to strengthen against Asian and most major global currencies on the back of fresh developments following the re-election of President Donald Trump.

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<sup>4</sup> <https://www.pna.gov.ph/articles/1242115>

<sup>5</sup> <https://www.bworldonline.com/top-stories/2024/10/17/628412/bsp-cuts-rates-for-a-2nd-straight-meeting/>  
<https://www.rappler.com/business/inflation-rate-philippines-december-2024/>

## Industry<sup>6</sup>

### Office

In 9M 2024, about 176,400 sqm of new office space in Metro Manila were completed, down by 47% YoY. Lower output was on account of the combined effects of construction delays, persistent high vacancy rates in some submarkets, weaker pre-leasing activities, and cost optimization efforts of landlords in underutilized spaces. In 3Q 2024, only 9,500 sqm of new office was delivered. Colliers Philippines (Colliers PH) expects Metro Manila to end 2024 with a total new supply of office space of 295,700 sqm, down from its previous forecast of 494,700 sqm. Average annual delivery of new office space in Metro Manila from 2024 to 2028 will be 370,500 sqm. Quezon City, the Makati Fringe, and Fort Bonifacio are expected to account for more than half of the new supply during the period.

Office spaces in Metro Manila dealt in transactions reached 651,400 sqm in 9M 2024, which was up by 31% YoY. The recorded 192,000 sqm of office space transactions in 3Q 2024, however, was marginally lower by 2% quarter-on-quarter (QoQ). Expansion of businesses was the most prominent reason (53%) for office space transactions in 9M2024. Additionally, the majority of transactions (60%) in Metro Manila in 9M 2024 were made in the Bay Area, Fort Bonifacio, and Quezon City. Office deals outside of Metro Manila, particularly in Cebu and Davao, were robust in 9M 2024. Colliers PH stated that demand for office space in the capital region remains stable despite the absence of office space deals made by POGO firms in 3Q 2024.

Metro Manila office space vacancy marginally increased from 18.3% in 2Q 2024 to 18.5% in 3Q 2024, due to space surrenders from POGO firms and non-renewal of pre-pandemic leases. Net take-up in 3Q 2024 was -33,000 sqm, marking the first negative space take-up in the capital region since 4Q 2021. CBDs such as the Makati CBD, Ortigas CBD, and Fort Bonifacio are seen to be well-equipped to record a recovery in its vacancies. Colliers PH estimates that net absorption by end-2024 will be flat. The office space vacancy in Metro Manila is expected to rise from 19.3% in 2023 to 20.5% in 2024. Rent in submarkets that previously had a substantial POGO exposure, particularly the Bay Area, are expected to decline by end-2024. Rent in the Makati CBD, Ortigas CBD, and Fort Bonifacio, on the other hand, will increase as vacancy rates improve.

### Residential

Colliers PH reported that 830 units were completed in 3Q 2024, lower than the 1,990 units delivered in the previous quarter. Colliers PH now expects a total of 9,860 units to be delivered in 2024. This is lower than the previous forecast of 11,290 due to the delay in the unit turnovers of a vertical development in the Bay Area.

In relation to the Metro Manila pre-selling market, only 8,000 units were launched in 9M 2024, down by 61% YoY. Colliers PH believes that vertical developers, especially those catering to the lower to upper mid-income segments, are exercising caution. This is in consideration of the sizeable unsold RFO units of 27,200 in the Metro Manila region. Among the submarkets that have an elevated level of RFO units include Pasig City, Quezon City, Parañaque City, North Manila, and the Makati Fringe. Only 9,300 units were sold in the pre-selling market in 9M2024, which was down by 53% YoY.

The weakened appetite for condominiums in the capital region is offset by the growth in demand for horizontal developments outside of Manila, mainly in the regions of Central Luzon, CALABA (Cavite, Laguna, Batangas), Central and Western Visayas, and Davao. Colliers PH foresees more horizontal

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<sup>6</sup> Colliers Philippines Market Reports

project launches in these regions in the near to medium term. Additionally, the recent interest rate cuts are seen to lower mortgage rates and prop up demand for condominium units.

Following the ban on POGOs made by President Marcos in July 2024, vacancy in the Metro Manila secondary market slightly moved up from 17.2% in 2Q 2024 to 17.4% in 3Q 2024. As such, unit rent and prices grew at a sluggish pace. With vacancy foreseen to remain heightened until 2025 due to the POGO ban, rent and prices are expected to return to its pre-pandemic levels from 2Q 2028 to 3Q 2029.

### Retail

In 3Q 2024, a total of 86,900 sqm of new mall space was delivered in Metro Manila, driven by the opening of the Opus Mall and SM City Caloocan, and the SM Bicutan expansion. In 4Q 2024, the SM Mall of Asia expansion is expected to deliver 250,000 sqm of new space. From 2024 to 2026, Colliers sees average annual new retail space to be 159,600 sqm (lower than its previous estimate of 162,300 sqm). By end-2024, vacancy is seen to settle at 15.3%, which will reflect an improvement from the vacancy rate of 15.5% in 1Q 2024. Foreign retailers have been aggressively taking up space from 2Q to 3Q 2024, namely Flying Tiger, Nitori, Anko, Toni Pons, Love Bonito, Rossopomodoro, United Colors of Benetton, and The Editor's Market. The recent interest rate cuts made by the BSP are expected to boost consumption, with the expectation of further rate cuts boding well for the retail sector.

With the retail sector contributing one to two percent more to the economy each year, Philippine Retailers Association (PRA) President Roberto Claudio expects the sector to have a 20% contribution to the country's GDP by early 2025, backed by strong appetite from shoppers. Mr. Claudio mentioned that the sector accounts for 18.6% of the country's GDP with an average tax contribution of almost ₱750 billion from 2018 to 2023. The sector also provides employment for about five million Filipinos. The PRA acknowledges the growing online marketplace, as online sales already account for 15-20% of total retail sales transactions. This share is seen to grow to 25% in three to five years. As a result, 30-40% of Philippine retailers have adopted an omnichannel strategy.

Colliers PH sees several options for revenue growth in retailers' high-density spaces. Robinsons Malls' spaces, for example, were offered as flexible workspaces, while Ayala Malls' spaces were used for active and sporting events. Colliers PH sees retailers increasing footfall in their branches by adopting strategies wherein retailers will be using their space for activities or events for their shoppers. It also suggests that employers set up coworking spaces in malls and/or near transit-oriented retail spaces. Malls are regarded as ideal locations for flexible work areas, as these establishments give employees easy access to necessities and relaxation after working hours.

### Hospitality

The Philippine tourism sector continued to recover, as foreign arrivals in the first half of 2024 (1H 2024) reached 3 million, up by 12% YoY. Most of the country's foreign arrivals were from South Korea, followed by the United States, and then China. The Department of Tourism (DOT) is confident that the country will hit its 7.7 million target of tourist arrivals by end-2024 when the holiday season comes. BMI Research, however, expects that tourist arrivals would only return to its pre-pandemic levels in 2025, as current inflationary pressures could weaken the demand for travel. Furthermore, Fitch Solutions expects that the Philippines will continue to welcome more tourists until 2028, forecasting 9.5 million visitors. The average annual growth rate from Fitch Solutions' 2024-2028 projections is 15.8%.

New hotel rooms delivered in 1H 2024 totaled 2,700, which was more than triple the number of rooms delivered from the same period last year. Colliers PH projects a total of 4,560 rooms to be completed

by end-2024, with Quezon City and the Bay Area covering up the majority (80% combined) of the new rooms. This is lower, however, than Colliers PH's initial forecast of 5,100 rooms for 2024 due to construction delays. Five new hotels also opened in Metro Manila (three in Quezon City and two in the Bay Area). Three more hotels are slated for completion in 2H2024. On the other hand, average daily rates (ADR) grew at a slower rate of 1.3% in 1H 2024, compared with the 5.1% ADR growth in 2H 2023. This was driven by the increase in new hotel rooms and the depreciating Philippine peso. In 2023, ADRs grew at a faster rate than occupancy growth, which is usually lagging compared with the latter. The rising rates, however, will be counterbalanced by the completion of additional rooms in 2024.

Occupancy was slightly lower in 1H 2024 at 63%, compared with the 65% occupancy rate in 2H 2023. This was due to higher supply of rooms delivered for the period. The upcoming holiday season and heightened demand for MICE facilities are seen to drive demand for the whole year.

The ADR's forecasted growth, combined with a foreseen shortage of hotel rooms, could derail the Philippine tourism's goal of welcoming 12 million international visitors by 2028, according to Leechiu Property Consultants (LPC). With not enough hotel projects in the pipeline from 2025 to 2028, domestic hotel keys are expected to grow by less than one percent over the period. The effects of the pandemic, the current cost of funding, and inflationary pressures are to blame for the slow growth in hotel rooms and challenges in constructing new hotels. With hotel rooms getting more expensive, vacation-goers and tourists might find it difficult to find rooms that fit their budget.

To address the shortage in hotel projects, the DOT is working with the Philippine Hotel Owners Association to develop a strategic action plan for the hotel industry. DOT Secretary Christina Garcia Frasco emphasized that hotels are one of the key items that should attract substantial investments to further encourage tourists to visit the country.

On the other hand, prices of condotel units are expected to jump in response to the newest SEC regulation<sup>7</sup>, which would now classify rental pool agreements as investment contracts. Developers would now have to register with the SEC and pay the associated fees to avail the requirements needed before offering condotels. Such increases the costs to be incurred by developers and, in turn, the buyers. Mid-priced properties are seen to suffer the most from this new regulation.

### Industrial

As of 1H 2024, about 75 hectares of new industrial spaces were delivered. Demand was driven by F&B, semiconductor firms, and machinery manufacturers, as these firms took a total of 5 hectares of industrial spaces during the period.

Vacancy rose to 7.0% in 1H 2024, from the 5.5% vacancy in 4Q 2023. This is attributable to additional space delivered in Laguna and Batangas and the non-renewals and pre-terminations from logistics firms due to slower demand in the e-commerce sector. Colliers PH expects demand to recover in 2H 2024 when the holiday season commences, as fast-moving consumer goods (FMCG) firms tend to expand by that period.

Colliers PH believes that the industrial sector that will hugely benefit from government's push to promote the country as a manufacturing hub in the ASEAN region. As of 1Q 2024, 10% of the approved foreign investments in the country were allocated for manufacturing projects. Once these materialize, Colliers PH expects higher industrial space absorption and more supply of industrial space to be made available.

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<sup>7</sup> <https://business.inquirer.net/471401/analysts-new-sec-rules-to-make-condotels-pricier>

The Philippines' investment promotion agencies (IPA) also aim to present the country as a viable choice for firms that are seeking industrial spaces outside of China. PEZA disclosed that Taiwan would be one of the IPA's priority markets for investment missions this year, reaching out to more than 4,000 Taiwanese firms. PEZA is also aiming to tap into the Asian-Pacific and European markets, while Japan is expected to remain as a key investor in the Philippines industrial market. The US CHIPS (Creating Helpful Incentives to Promote Semiconductors) Act, which aims to boost the United States' semiconductor manufacturing, will also likely benefit the Philippine industrial market, as American operators are seen to include the country in their expansion plans.

From 2024 to 2026, Colliers PH expects approximately 700 hectares of additional industrial space in the Southern and Central Luzon regions, with the latter aiming to establish its reputation as an agro-industrial corridor. Demand for industrial space will be supported by manufacturing firms that are looking to expand their operations in the Philippines. In addition, warehouse and land lease rates are expected to grow by 8% and 7.5% YoY in 2024, respectively.

Colliers PH encourages industrial developers to grab opportunities in relation to the investment pledges that could materialize in the coming 12-24 months. It suggests that developers recalibrate and modernize their facilities. IHS Marikit noted in January 2024 that the country had a Purchasing Managers Index (PMI) of 50.9, second only to Indonesia. The index score indicates that the Philippines has been expanding its manufacturing industry. The Philippine Development Plan (PDP) 2023 to 2028 would support the government's push for industrialization, which would result in a stronger focus on the development and modernization of the country's industrial space.