



# Analyst Briefing

1H 2021

06 Aug 2021



# Key Messages | 1H 2021

- 1. AREIT posted revenues of P1.37B (+50%), an EBITDA of P1.1B (+40%) and net income of P808M (+48%) in the first half of 2021, driven by the stable operations of its properties.**
- 2. Adopting the fair value model, revenues and EBITDA posted the same level of growth but net income increased to P1.31B due to unrealized gains of P308M from changes in fair value and non-recognition of depreciation expense.**
- 3. AREIT's quarter-on-quarter performance remained stable, recording an average occupancy of 99% and a strong rental collection rate of 92%. All of its Metro Manila-located buildings have secured Safety Seal certifications from the DILG.**
- 4. AREIT's balance sheet is robust to support its growth plans; debt of P4.4B is 12% of AUM, well within the 35% aggregate leverage limit.**
- 5. AREIT is on track to grow its AUM to P52B by 4Q21.**

# 1H21 Financials (Fair Value Model)

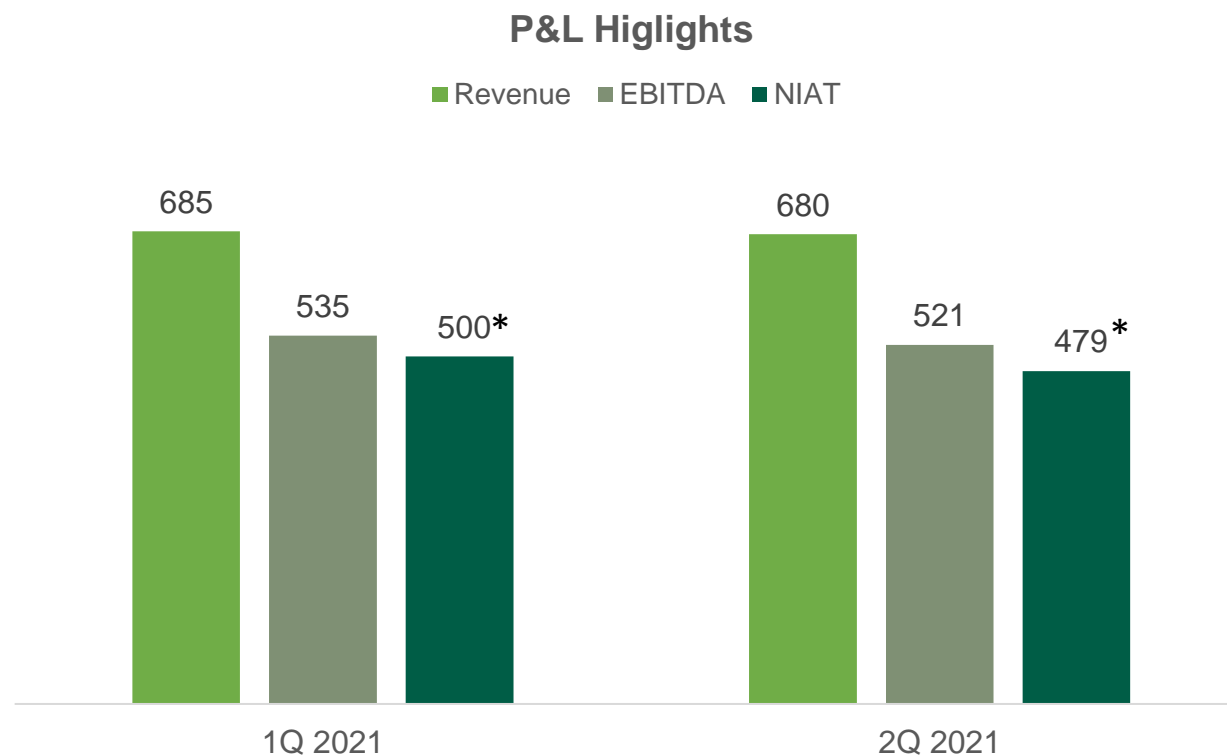
AREIT posted revenues of P1.37B and net income of P1.31B, 50% and 29% higher, respectively. NIAT before Unrealized Gain is P1.01B, 55% higher

- Revenues of P1.37B, 50% higher due to new properties (The 30<sup>th</sup>, TP Cebu and LTI land parcels) and rental escalations.
- Expenses of P309M, due to additional properties and management fees effected post-REIT.
- EBITDA of P1.1B, 40% higher
- Other income of P28M, mainly a one-time gain from the derecognition of an investment property under finance lease.
- Unrealized gain of P308M from changes in fair value of investment properties
- Net income of P1.31B, 29% higher. Without effect of fair value gain, increase in net income is 55%

<b>Income Statement</b> (In Php millions)	<b>1H 2021</b>	<b>1H 2020</b>	<b>Change</b>	<b>%</b>
<b>Total Revenues</b>	<b>1,365</b>	<b>911</b>	<b>454</b>	<b>50%</b>
DOE and GAE	(309)	(155)	(154)	99%
<b>EBITDA</b>	<b>1,056</b>	<b>755</b>	<b>300</b>	<b>40%</b>
Depreciation	(0)	(0)	(0)	94%
Interest expense- net	(77)	16	(93)	-592%
Other income	28	0	28	100%
Unrealized gain from changes in fair values of investment property	308	476	(168)	-35%
Provision for Income Tax	(0)	(230)	230	-100%
<b>Net Income after Tax</b>	<b>1,315</b>	<b>1,017</b>	<b>298</b>	<b>29%</b>
<b>NIAT before change in fair value</b>	<b>1,007</b>	<b>652</b>	<b>356</b>	<b>55%</b>
<b>EBITDA Margin</b>	<b>77%</b>	<b>83%</b>	<b>-6%pts</b>	
<b>NIAT Margin</b>	<b>96%</b>	<b>112%</b>	<b>-15%pts</b>	

# Quarterly P&L Highlights

- Stable Revenues and EBITDA Quarter-on-Quarter with slight decline due to 2Q ECQ impact on retail.
- Factoring out the one-time gain from the derecognition of an investment property under finance lease, NIAT is stable with only a 4% decline due to retail concessions



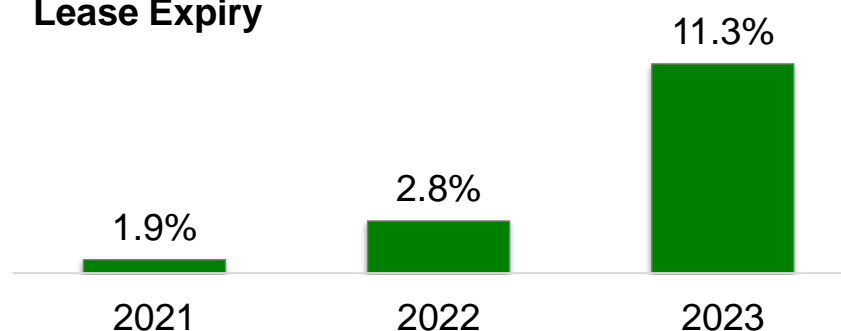
\* NIAT excludes the unrealized gain from changes in fair value of investment properties and one-time gain from the derecognition of an investment property under finance lease recorded in 1Q21.

# Sustained high occupancy of 99%, operations of AREIT's properties remained stable.

1. **Business Continuity and Resilience:** All properties continue to operate without interruption.
2. **Sustained Income Collection:** No waivers and pre-termination in office rents and fixed lease from Seda Residences; some rental discounts granted to retail tenants but impact is minimal.
3. **Safe, Uninterrupted Operations:** Total of 49 building service personnel is housed on-site to ensure safe and uninterrupted operations.
4. **AREIT buildings are Safety Seal compliant:** All Metro Manila-located buildings secured Safety Seal Certifications from the DILG

	GLA (in sqm)	Lease Occupancy	No. of Tenants Operating	Rental Discounts
<b>Offices</b>	182,937 (53%)	100%	23/31	-
<b>Hotel</b>	26,034 (8%)	100%	1/1	-
<b>Retail</b>	36,581 (11%)	95%	169/215	P25.4m
<b>Industrial lots</b>	98,179 (29%)	100%	1/1	-

## Lease Expiry



## WALE (years)

<b>Offices</b>	3.6
<b>Overall</b>	9.4

\* 2 Notices of Pre-Termination (2% of Total Portfolio): Approx 4,000 sqm in ANE effective Mar 2022, with penalty coverage until Sep 2022; Approx 2,000 sqm in The 30<sup>th</sup> effective Sep 2021 with penalty coverage until Mar 2022.

# AREIT's balance sheet is robust to support its growth plans

- Debt of P4.4B is 12% of AUM, well within the 35% aggregate leverage limit.

Balance Sheet (in Php Millions)	FV	FV	Cost
	June 2021	December 2020	December 2020
Cash & Receivables	937	2,385	2,443
Total Assets	40,113	35,100	14,630
Total Borrowings	4,423	-	-
Stockholders' Equity	33,292	32,808	12,338
Current Ratio	0.19:1	3.71:1	3.72:1
Debt-to-Equity Ratio	0.13:1	-	-
Net Debt-to-Equity Ratio	0.13:1	-	-

\* Current ratio is at 1.2:1 without bank debt, which is to be refinanced

\*\* Fair Value of Investment Property is at P37.1B vs NBV of P13.3B

# AREIT is on track to grow its AUM to P52B by 4Q21

## Update on the Property Swap: Indicative Timetable

<b>SEC Approval (increase &amp; issuance of shares)</b>	August 2021
<b>BIR Issuance of Certificates Authorizing Registration</b>	September to November 2021
<b>PSE listing of new shares</b>	December 2021

1. The SEC is already reviewing the Deed of Exchange and is targeted to release their approval within August
2. Target transfer of economic rights will be September 1
3. BIR issuance of CAR will be filed upon SEC approval

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