



1H 2022 **Analyst Briefing**

15 August 2022

Agenda

1H 2022 Results

- Key Messages and Highlights
- Financial Performance
- Operating Statistics
- Dividends

2022 Property-for-share swap Timetable

Key Highlights

- 1. Consistent and growing results.** Throughout its first two years of operations, AREIT delivered consistent and growing financial results anchored on solid investment fundamentals.
- 2. Higher total revenues.** AREIT recorded revenues of P2.36B (+67%) and EBITDA of P1.70B (+62%) in 1H2022, driven by new asset acquisitions and stable operations. Factoring out the fair value adjustment, net income registered at P1.61B, 64% higher than P1.41B in same period last year.
- 3. Uninterrupted growth in DPU since IPO.** DPU has grown steadily by 75% since IPO. Q2 2022 dividends at P0.49/share is 2.1% higher than Q1 2022, up 10% year-on-year.
- 4. Strong balance sheet.** Net debt posted a reduction to P3.5B equivalent to a healthy net gearing of 0.07:1 and leverage ratio of 12%, allowing ample debt headroom.
- 5. 2022 property-for-share swap.** Six Cebu-based office buildings will expand AREIT's GLA to 673K sqm and AUM to P64B, a 113% increase since IPO.

AREIT 1H 2022 Performance Highlights

TOTAL REVENUES¹

P2.36B +67%

EBITDA¹

P1.70B +62%

NET INCOME²

P1.61B +64%

AVERAGE OCCUPANCY

97%

NET DEBT³

P3.50B

Borrowing Cost of 2.86%
12.0% of Deposited Property Value

AUM

(Assets under Management)

P53.4B

+76% from IPO

RENTAL COLLECTION

98%

NET GEARING

0.07:1

DPU

P0.49/sh

+75% from IPO

TSR

52%

At P37.00/sh

1. Higher Revenues and EBITDA arising from contribution of newly acquired properties in Q4 2021

2. NIAT excludes the net fair value change in investment properties and the one-time gain from the derecognition of an investment property under finance lease in 2021

3. Includes P3.0B fixed rate bonds due in December 2023

1H 2022 Financials (Fair Value Model)

Revenues of P2.4B (+67%) and Net Income of P1.6B* (+64%)

- Higher revenues and EBITDA from the contribution of new properties in 4Q 2021
- Expenses increased due to the new properties, higher building utilization and higher taxes.
- EBITDA margin of 72% is in line with the 72% margin in FY21; two percentage points lower than 1H21 due to higher building utilization and taxes
- NIAT increased in line with EBITDA

Income Statement (In Php millions)	1H 2022	1H 2021	Change	%
Total Revenues	2,364	1,414	951	67%
DOE and GAE	(665)	(367)	(298)	81%
EBITDA	1,699	1,047	653	62%
Interest expense- net	(94)	(77)	(17)	22%
Other income (expense)	4	37	(34)	-90%
Net fair value change in investment properties	17	308	(291)	-95%
Provision for Income Tax	(0.03)	(0.03)	(0.01)	33%
Net Income after Tax	1,625	1,315	311	24%
NIAT before change in fair value of investment properties and one time gain on finance lease*	1,609	979	630	64%
EBITDA Margin	72%	74%	-2%pts	
NIAT Margin**	68%	69%	-1%pts	

*NIAT of P1.61B and P979M are before the net fair value change in investment properties and one time gain from the derecognition of an investment property under finance lease

**NIAT margin is computed without the impact of net FV change and one time gain on finance lease

Improved QoQ EBITDA and NIAT due to lower cost

- Slight quarter-on-quarter (QoQ) decrease in revenues mainly due to a pre-termination in ANE
- Notwithstanding lower revenues, EBITDA and NIAT are higher due to lower costs and expenses
- EBITDA margin improved QoQ from 71% to 73%



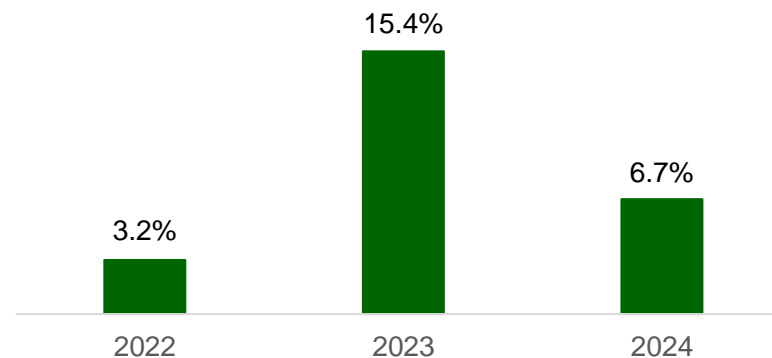
* NIAT excludes the net fair value change in investment properties

Stable operations; minimal lease expiry in 2022

- **Occupancy Rate: 97%**
- **Collection Rate: 98%**
- **Increased Building Utilization:**
 - NCR: 25%-50%,
 - Provincial: 50%-80%
- Hybrid work scheme is expected to continue as PEZA allows 30% work from home
- 2Q Retail concessions of P6.17M lower than 1Q of P11.3M
- 90% of 2022 expiring leases are for renewal

	GLA (in sqm)	Lease Occupancy	No. of Tenants Operating	Rental Discounts
Offices	348,908 (63%)	96%	54/54	-
Hotel	26,034 (5%)	100%	1/1	-
Retail	76,556 (14%)	98%	60/65	P17.47m
Industrial lots	98,179 (18%)	100%	1/1	-

Lease Expiry



	WALE (years)
Offices	3.3
Overall	9.1

Note: 2021 pre-terminations: ANE- already replaced; The 30th – strong prospects for replacement
 2022 pre-terminations: Two Evotech (4,542.40 sqm)- already replaced; The 30th (2,553.48 sqm) – with prospect for replacement

A strong balance sheet with a healthy net gearing of 0.07:1

- Total Borrowings and Deferred Payments are 12% of the Deposited Property Value, well within the 35% aggregate leverage limit
- Total Borrowings include the Php3 Billion Fixed Rate Bonds due 2023 with a coupon rate of 3.0445% payable quarterly.

Balance Sheet (in Php Millions)	(FV) June 2022	(FV) December 2021
Cash & Receivables	1,343	1,190
Total Assets	56,802	56,504
Total Borrowings	3,558	3,847
Stockholders' Equity	49,080	48,888
Current Ratio	0.78:1	0.67:1
Debt-to-Equity Ratio	0.07:1	0.08:1
Net Debt-to-Equity Ratio	0.07:1	0.08:1
Average Cost of Debt	2.86%	2.11%
Interest Coverage Ratio	15.92	12.97
Net Debt to EBITDA Ratio	1.03	1.56

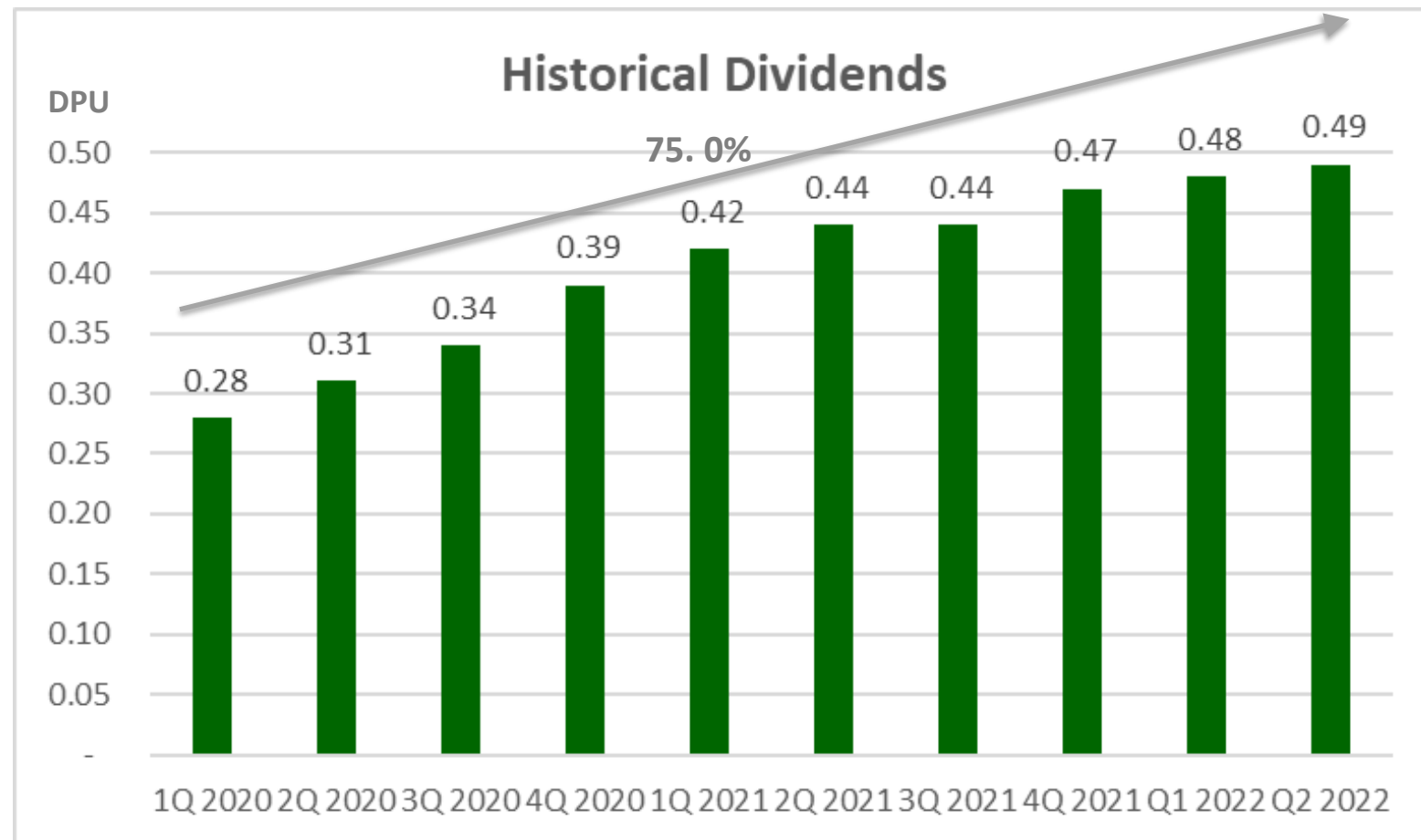
2Q22 Dividends

- Cash dividends of P0.49 per outstanding common share
- Payable on 09 September 2022, to stockholders of common shares as of record date 26 August 2022

Uninterrupted Growth in DPU Since IPO

DPU has grown since IPO by 75.0%, average QoQ growth 6.4%

Period	Dividend per Share
1Q 2020	0.28
2Q 2020	0.31
3Q 2020	0.34
4Q 2020	0.39
FY 2020	1.32
1Q 2021	0.42
2Q 2021	0.44
3Q 2021	0.44
4Q 2021	0.47
FY 2021	1.77
Q1 2022	0.48
Q2 2022	0.49
TOTAL	4.06



2022 Acquisitions

Prime Office Buildings in Cebu



eBloc 1
20,842 sqm **97.5%**
JP Morgan,
NCR Cebu Dev't



eBloc 2
27,727 sqm **99.8%**
Accenture, Teletech



eBloc 3
15,233 sqm **99.0%**
Accenture, VCustomer



eBloc 4
16,167 sqm **100.0%**
Google, JPMorgan



Ayala Center Cebu Tower
27,517 sqm **100.0%**
Synchrony, Realpage



Tech Tower 1
16,270 sqm **97.7%**
Wipro, WorldRemit,
Kuehne & Nagel,

ALI-AREIT
Property-for-Share Swap

124K sqm GLA
P11.3 billion

Indicative Timetable

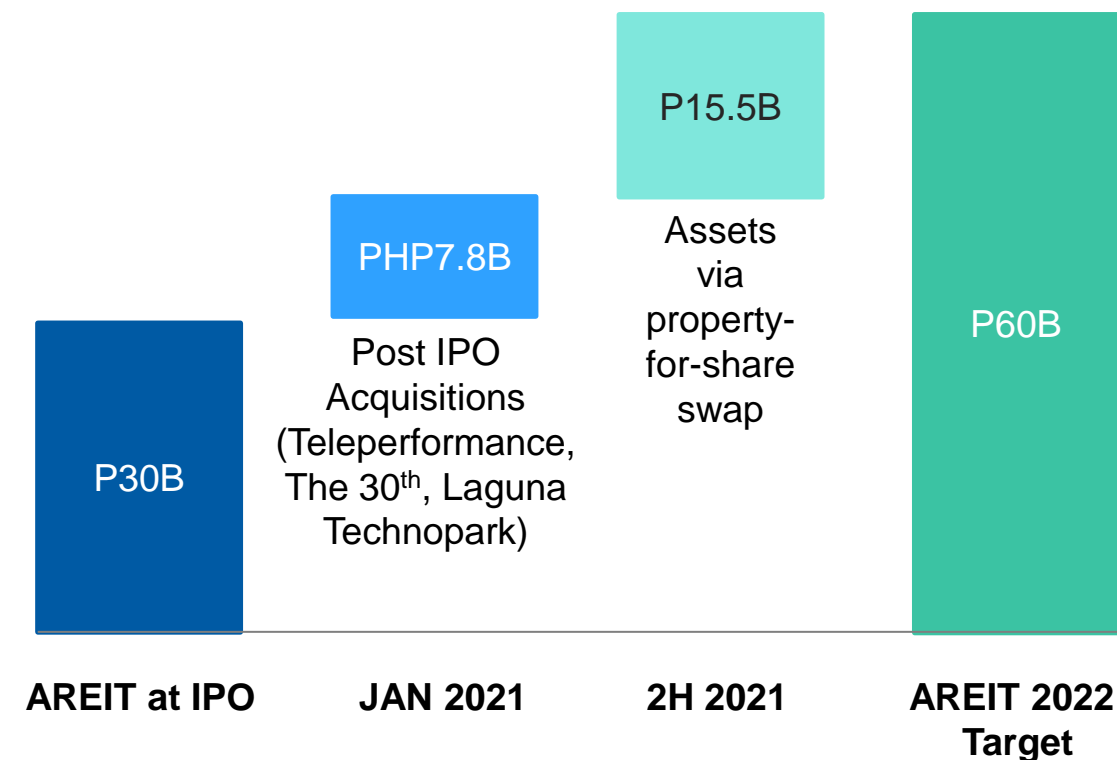
SEC Approval	4Q 2022
BIR Issuance of Certificates Authorizing Registration	1H 2023
PSE listing of new shares	1H 2023

AREIT remains focused to provide stable returns for its shareholders through a clear investment and growth strategy

Growth since IPO



On track to double AUM in 2022



Ayala North Exchange is LEED certified



Ayala North Exchange
Towers 1 and 2
received LEED
Accreditation

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Ayala North Exchange was also recognized as the Best mixed-use development for the Philippines in the 2022 International Property Awards

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