



Financial and Operating Results

9M 2021

12 November 2021



Key Messages | YTD September 2021

- 1. AREIT sustained its growth momentum with revenues of P2.12B (+46%). Without the effect of fair value change and reversal of deferred tax, net income registered at P1.49B (+49%).**
 - Rental escalations and addition of new properties (The 30th, TP Cebu and LTI land parcels) boosted revenues.
 - Net Fair Value Gain in Investment Properties amounted to P304M.
- 2. Solid operations in 3Q21 resulted in an average occupancy of 99%, rental collection of 96%.**
- 3. Total debt was reduced to P4.0B, equivalent to 11% of AUM and a net gearing of 0.12:1.**
- 4. AREIT obtained a new issuer rating of PRS Aaa from PhilRatings last October.**
- 5. As a result of the SEC approval on the property-for-share swap last October, AREIT's AUM will grow to P52B and the new assets will contribute starting 4Q21. ALI' share will increase to 66%.**

YTD September Financials (Fair Value Model)

AREIT posted revenues of P2.12B, 46% higher. NIAT at P1.49B, before FV change and deferred tax reversal, 49% higher.

- Higher revenues due to rental escalations and addition of new properties (The 30th, Teleperformance Cebu and LTI land parcels).
- Expenses increased in line with the additional properties and management fees effected post-REIT.
- EBITDA of P1.6B, 45% higher
- Other income of P28M, mainly a one-time gain from the derecognition of an investment property under finance lease.
- Provision for income tax in 2020 of P3.3B tax benefit, mainly reversal of deferred income tax from prior years, arising from change in accounting policy from cost to fair value

Income Statement (In Php millions)	9M 2021	9M 2020	Change	%
Total Revenues (*)	2,117	1,449	668	46%
DOE and GAE	(551)	(370)	(181)	49%
EBITDA	1,566	1,078	488	45%
Depreciation	(0)	(0)	(0)	282%
Interest expense- net	(103)	22	(125)	-564%
Other income (expense)	28	9	19	203%
Net fair value change in investment properties	304	1,154	(850)	-74%
Net Income before Tax	1,796	2,264	(468)	-21%
Provision for Income Tax(**)	(0)	3,281	(3,281)	-100%
Net Income after Tax	1,796	5,545	(3,749)	-68%
NIAT without change in fair value and reversal of deferred tax	1,492	1,003	488	49%
EBITDA Margin	74%	74%	%pts	
NIAT Margin(***)	70%	69%	1%pts	

(*) Revenues include CUSA charges presented at gross

(**) 2020 provision for income of P3.3B tax benefit is mainly reversal of prior years deferred tax

(***)NIAT margin is computed without impact of Net FV Change and reversal of Deferred Income Tax

Quarterly P&L Highlights

- Stable Revenues and EBITDA Quarter-on-Quarter with slight decline mainly due to 2Q and 3Q ECQ impact on retail.
- Factoring out the one-time gain from the derecognition of an investment property under finance lease, 3Q NIAT is kept at same level as 2Q



* 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% and strong rental collection of 96%, 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:** All buildings are compliant with IATF guidelines and operated with zero downtime.
- 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
Offices	182,956 (53%)	99%	27/31	-
Hotel	26,034 (8%)	100%	1/1	-
Retail	36,599 (11%)	87%	151/213	P37.9m
Industrial lots	98,179 (29%)	100%	1/1	-

Lease Expiry



	WALE (years)
Offices	3.4
Overall	9.2

Note: Two 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 30th effective Sep 2021 with penalty coverage until Mar 2022.

Total debt was reduced to P4.0B, equivalent to 11% of AUM and a net gearing of 0.12:1.

- Debt of P4.0B is 11% of AUM, well within the 35% aggregate leverage limit.

Balance Sheet (in Php Millions)	(FV) Sept 2021	(FV) December 2020	(Cost) December 2020
Cash & Receivables	394	2,433	2,443
Total Assets	39,948	35,100	14,630
Total Borrowings	4,049	-	-
Stockholders' Equity	33,322	32,808	12,338
Current Ratio	0.17:1	3.71:1	3.72:1
Debt-to-Equity Ratio	0.12:1	-	-
Net Debt-to-Equity Ratio	0.12:1	-	-
Average cost of debt	2.11%	-	-
Interest cover ratio	14.6	-	-

Note: Total Borrowings are short-term debt with banks which are to be refinanced

AREIT obtained a new issuer rating of PRS Aaa from PhilRatings last October.

- **Issuer Credit Rating (Renewal)** (Opinion on the general and overall credit worthiness of the issuer)

Assigned Rating : **PRS Aaa (corp)**

Assigned Outlook : **Stable Outlook**

AREIT's AUM will grow to P52B and the new assets will contribute starting 4Q21. ALI' share will increase to 66%.

Update on the Property Swap:

SEC Approval (increase & issuance of shares)	October 8, 2021
BIR Issuance of Certificates Authorizing Registration	December 2021
PSE listing of new shares	December 2021

1. Transfer of economic rights commenced last October 1, 2021.
2. ALI's share increased to 66%
3. BIR issuance of CAR was filed in the last week of October.

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