



# **1H 2023** **Analyst Briefing**

15 August 2023

# 1H 2023 Key Messages

1

**Consistent growth driven by stable operations**

- Revenues of P2.97B (+26%); EBITDA of P2.09B (+23%)
- Net income of P2.04B (+27%), excluding the net fair value change.

2

**Dividends of P0.53/share from 2Q23 operations**

- 2Q23 dividends (+2% QoQ) brings 1H23 dividends to P1.05/share, (+8% YoY).
- Payable on September 13, 2023, to stockholders on record as of August 30, 2023.

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**Uninterrupted dividend growth since the IPO**

- Quarterly DPS has grown by 89% since the IPO, representing a 5% average QoQ growth, and a 49% TSR (as of Aug 14, 2023)

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**Strong balance sheet supports growth**

- Net debt is P3.08B, equivalent to a healthy net gearing of 0.05:1 and ample debt headroom at only 9.55% of the deposited property value.

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**2023 property-for-share swap to boost GLA and AUM**

- P22.5B worth of ALI flagship assets in Makati CBD and a regional mall in Pampanga
- AREIT's AUM to reach P87B, 3x IPO, GLA to expand 5x to 863K sqm
- Enhances AREIT's asset and tenant diversification, occupancy and WALE

# 1H 2023 Highlights

## TOTAL REVENUES

**P2.97B +26%**

## EBITDA

**P2.09B +23%**

## NET INCOME<sup>1</sup>

**P2.04B +27%**

## OCCUPANCY

**98%**

## NET DEBT<sup>2</sup>

**P3.08B**

Borrowing Cost of 3.13%  
9.56% of Deposited Property Value

## AUM

(Assets under  
Management)

**P64.2B**

## GLA

**673K sqm +22%**

## NET GEARING

**0.05:1**

1. Before the net fair value change in investment properties
2. Mainly from P3.0B fixed rate bonds due in December 2023

# 1H 2023 Financials (Fair Value Model)

Revenues of P3.0B (+26%) and Net Income of P2.0B\* (+27%)

- Higher revenues and EBITDA from stable operations
- Increased expenses due to the properties acquired in 4Q22, higher building utilization and cost escalation
- NIAT growth is in line with Revenue growth

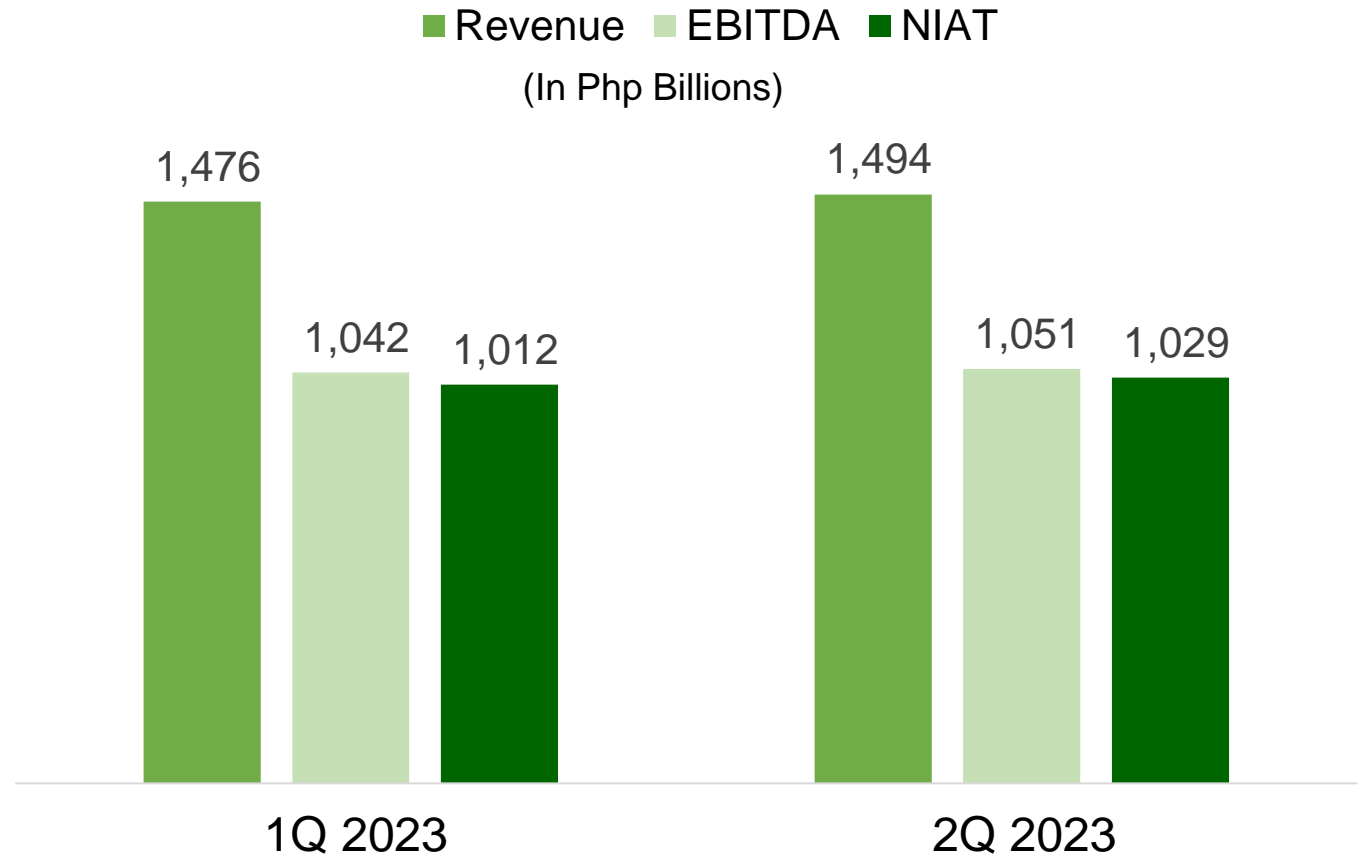
Income Statement (In Php millions)	1H 2023	1H 2022	Change	%
<b>Total Revenues</b>	<b>2,970</b>	<b>2,364</b>	<b>606</b>	<b>26%</b>
DOE and GAE	(874)	(665)	(209)	31%
<b>EBITDA</b>	<b>2,097</b>	<b>1,699</b>	<b>397</b>	<b>23%</b>
Interest expense- net	(39)	(94)	55	-59%
Other income (expense)	(16)	4	(20)	-538%
Net fair value change in investment properties	(3)	17	(20)	-118%
<b>Net Income after Tax</b>	<b>2,038</b>	<b>1,625</b>	<b>413</b>	<b>25%</b>
<b>NIAT before net fair value change in investment properties</b>	<b>2,041</b>	<b>1,609</b>	<b>432</b>	<b>27%</b>
<b>EBITDA Margin</b>	<b>71%</b>	<b>72%</b>	<b>-1.3%</b>	
<b>NIAT Margin**</b>	<b>69%</b>	<b>68%</b>	<b>.7%pts</b>	

\*Before the net fair value change in investment properties

\*\*Excludes the impact of net FV change

# Quarterly Financial Highlights

- 2Q23 performance is slightly higher than the previous quarter due to new leases and rent escalations



Note: NIAT excludes the net fair value change in investment properties

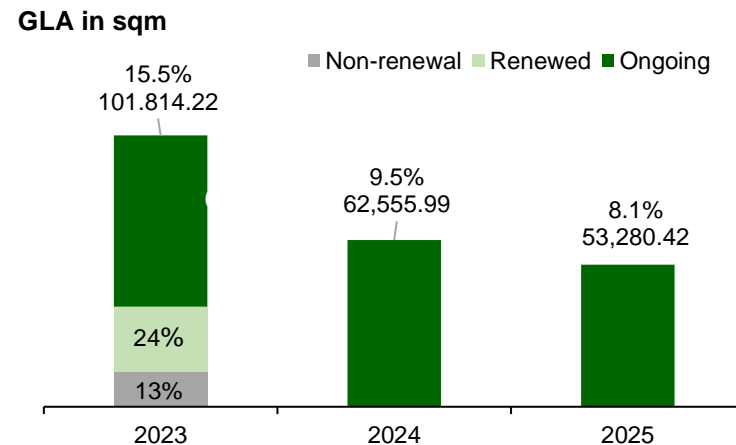
# Stable operations; manageable lease expiry in 2023

High occupancy despite prevailing hybrid work arrangements

- **Occupancy Rate: 98%**
- **Building Utilization:**
  - NCR: 40%-50%,
  - Provincial: 50%-80%
- **Stable Lease Renewals:** 24% of expiring 2023 leases already renewed; 63% are ongoing renewal

	GLA (in sqm)	Lease Occupancy	No. of Operating Tenants
<b>Offices</b>	466,405 (69%)	97%	80/85
<b>Hotel</b>	26,034 (4%)	100%	1/1
<b>Retail</b>	82,535 (12%)	98%	87/89
<b>Industrial lots</b>	98,179 (15%)	100%	1/1

## Lease Expiry



Note: 2023 pre-terminations: The 30<sup>th</sup> (3,327.52 sqm)

	<u>WALE (years)</u>	
	GLA	Revenue
<b>Offices</b>	2.8	3.3
<b>Overall</b>	7.4	12.8



# Net Debt of P3.08B; Net D/E of 0.05:1

- Total Borrowings and Deferred Payments are 9.55% of the Deposited Property Value, well within the 35% aggregate leverage limit
- Total Borrowings mainly pertain to the Php3 Billion Fixed Rate Bonds with a coupon rate of 3.0445% payable quarterly due in Dec 2023

<b>Balance Sheet</b> (in Php Millions)	<b>June</b> <b>2023</b>	<b>December</b> <b>2022</b>
Cash & Receivables	2,330	1,747
Total Assets	68,832	67,686
Total Borrowings	3,289	3,278
Stockholders' Equity	60,279	60,073
Current Ratio	0.57:1	0.43:1
Debt-to-Equity Ratio	0.05:1	0.05:1
Net Debt-to-Equity Ratio	0.05:1	0.05:1
Average Cost of Debt	3.13%	2.95%
Interest Coverage Ratio	23.36	15.71
Net Debt to EBITDA Ratio	0.74	0.88

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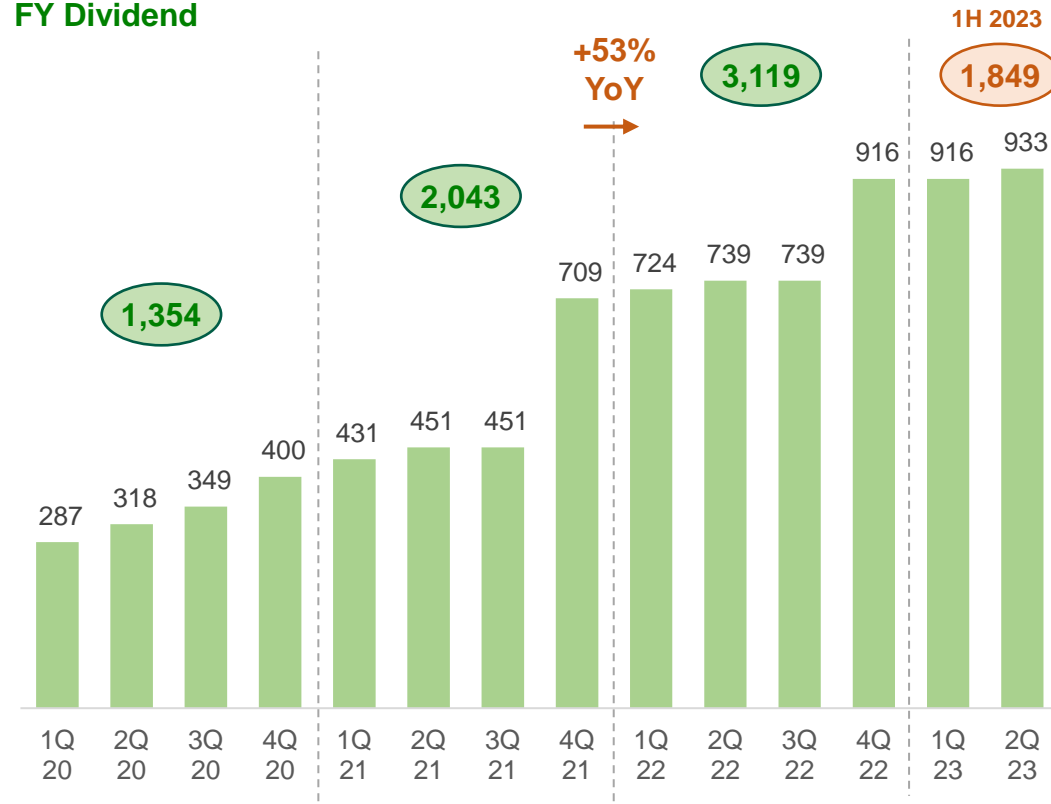


# Dividend declaration of P0.53/share from 2Q23 operations\*

DPS has grown since IPO by 89%, average QoQ growth 5%, 49% TSR (as of Aug 11, 2023)

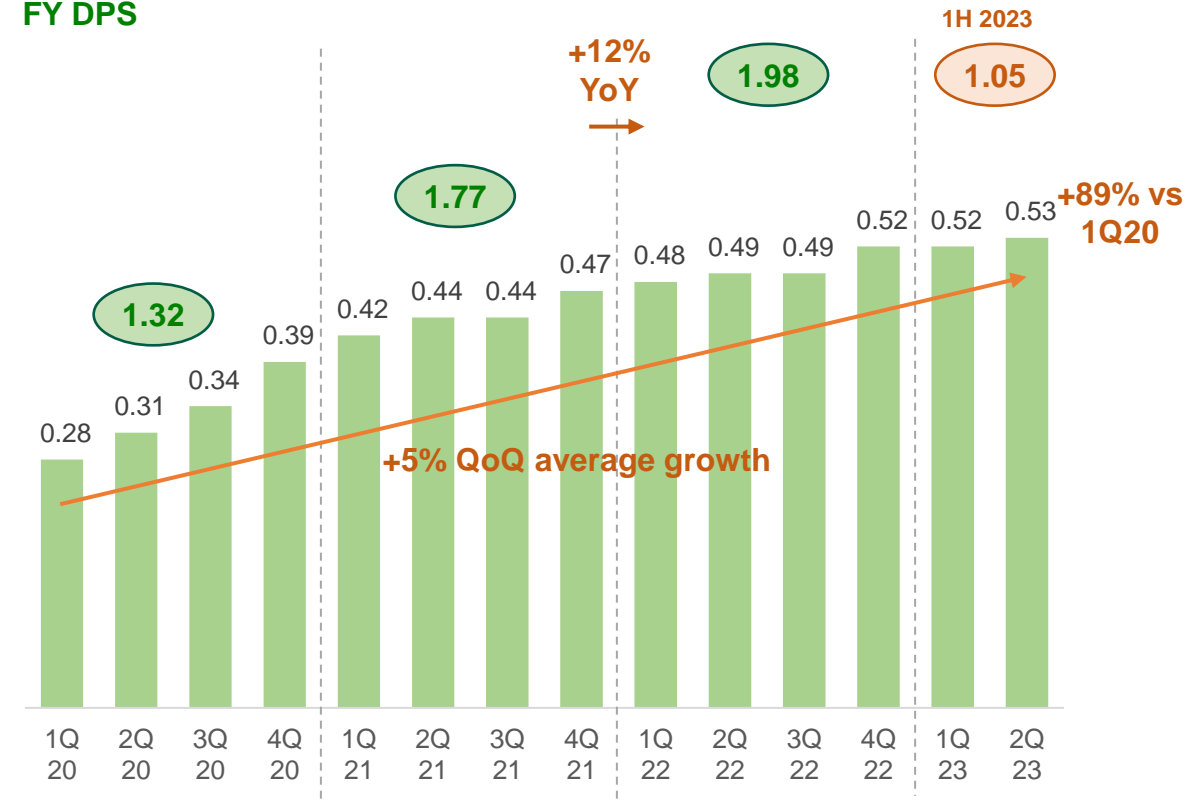
AREIT quarterly dividend amount (PHP m)

FY Dividend



AREIT quarterly DPS (PHP per share)

FY DPS

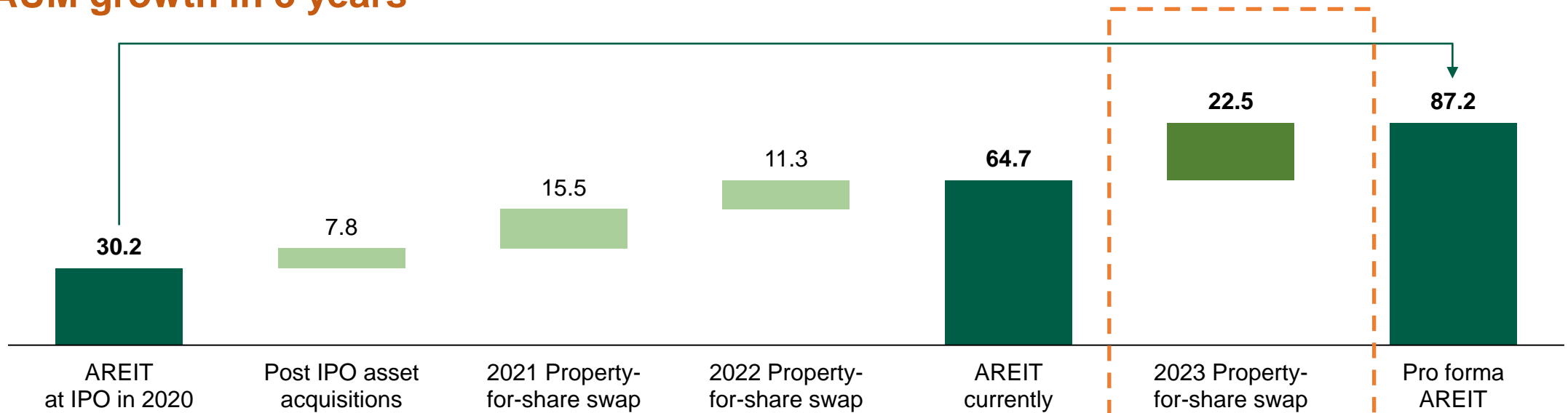


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# Continuing AREIT's acquisition track record

AREIT AUM since IPO (Php B)

**3x AUM growth in 3 years**



<b>Asset Count</b>	3	6	13	19	19	23
<b>Total GLA ('000 sqm)</b>	153	344	550	673	673	863
<b>Asset Breakdown</b>	<ul style="list-style-type: none"> <li>Solaris One</li> <li>McKinley Exchange</li> <li>Ayala N. Exchange</li> </ul>	<ul style="list-style-type: none"> <li>Teleperformance Cebu</li> <li>The 30th</li> <li>Laguna Technopark</li> </ul>	<ul style="list-style-type: none"> <li>Vertis North</li> <li>Bacolod Capitol</li> <li>Ayala Northpoint</li> <li>One Evotech</li> <li>Two Evotech</li> <li>BPI-Philam Life Makati</li> <li>BPI-Philam Life Alabang</li> </ul>	<ul style="list-style-type: none"> <li>eBloc Tower 1</li> <li>eBloc Tower 2</li> <li>eBloc Tower 3</li> <li>eBloc Tower 4</li> <li>Ayala Center Cebu</li> <li>Tech Tower 1</li> </ul>	<ul style="list-style-type: none"> <li>One Ayala East &amp; West</li> <li>Glorietta 1 &amp; 2 Mall</li> <li>Glorietta 1 &amp; 2 BPO offices</li> <li>Marquee Mall</li> </ul>	

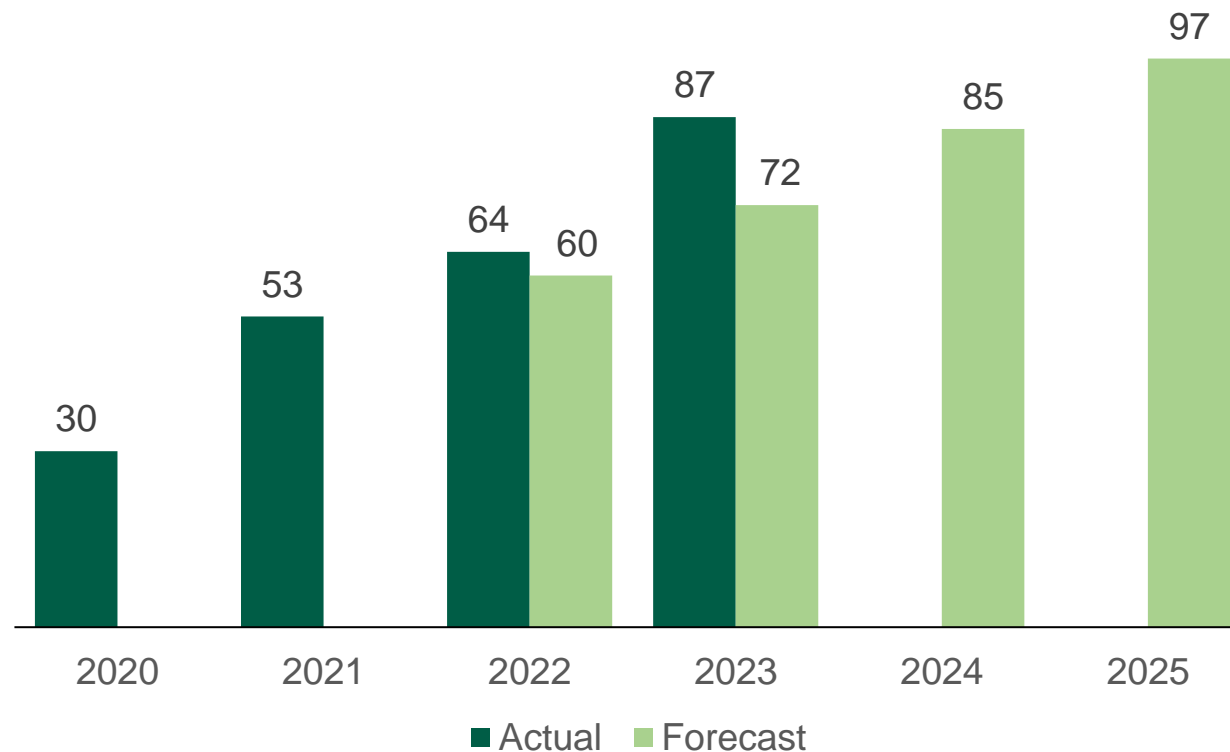
# AUM to reach P87B in 2023, 3x IPO and ahead of 3-year plan

AREIT will maintain its position as the Philippines' leading REIT and will continue to grow its portfolio of quality commercial assets

## AREIT's 3-Year Investment Strategy

- 100k sqm GLA per year
- P10-15B AUM growth per year, funded with equity and debt

AREIT AUM Growth (Php B)  
(Actual vs. 3-Year Plan)



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