



Supplemental Performance Report for the Fourth Quarter of 2022

February 24, 2023

This document was prepared by AREIT Fund Managers, Inc. ("AFMI") for AREIT, Inc. ("AREIT" or the "Company") in compliance with the reportorial requirements of the REIT Implementing Rules & Regulations under Republic Act No. 9856.



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I. FINANCIAL PERFORMANCE

Driven by the property-for-shares swap which started contributing to AREIT's income in the fourth quarter of 2022 and contracted rental escalations, AREIT recorded revenues of P5.07 billion, 53% higher than YTD December 2021. EBITDA grew by 52% to PHP3.63 billion, in line with revenue growth. Factoring out the fair value adjustment and one time gain on finance lease, net income after tax registered at P3.44 billion, 55% higher than YTD December 2021

A. Statement of Comprehensive Income for the Period Ended December 31, 2022 (In Pesos, Millions)

Total	Solaris	Ayala North Exchange	MECC	TP Cebu	The 30th	Laguna Tech Land	Vertis	BPI-Philam Makati	BPI-Philam Alabang	Bacolod Capitol	Ayala North point	Evotech	Ebloc 1	Ebloc 2	Ebloc 3	Ebloc 4	ACC Tower	Tech Tower	
Rental income	3,807.5	612.3	756.5	114.2	166.1	378.5	77.9	1,148.7	9.0	5.5	68.1	25.3	207.9	41.1	60.8	29.1	35.7	46.4	24.6
Dues	1,043.0	233.5	159.5	20.8	41.9	109.4	0.0	273.8	1.5	2.5	19.7	5.9	102.5	12.1	33.9	6.5	8.9	8.9	1.8
Interest income from finance lease receivables	222.3	0.0	149.2	0.0	0.0	28.7	0.0	44.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue	5,072.8	845.7	1,065.2	135.0	207.9	516.7	77.9	1,466.8	10.5	8.0	87.8	31.2	310.5	53.2	94.7	35.6	44.6	55.3	26.3
Direct operating expenses	(961.7)	(112.4)	(238.4)	(15.7)	(31.8)	(146.5)	(0.8)	(296.2)	(2.6)	(1.2)	(18.6)	(10.0)	(29.6)	(9.9)	(12.9)	(7.8)	(9.2)	(11.5)	(6.6)
Fund management fees	(198.5)	(37.7)	(44.7)	(4.1)	(10.1)	(17.8)	(1.1)	(54.6)	(0.5)	(0.3)	(3.2)	(1.0)	(11.8)	(2.0)	(3.5)	(1.3)	(1.7)	(2.1)	(1.0)
Property management fees	(199.6)	(32.6)	(45.7)	(4.9)	(9.1)	(18.5)	(2.3)	(57.7)	(0.4)	(0.3)	(3.4)	(1.2)	(11.5)	(2.1)	(3.6)	(1.4)	(1.7)	(2.1)	(1.1)
Total direct operating expenses	(1,359.8)	(182.7)	(328.8)	(24.7)	(51.0)	(182.8)	(4.2)	(408.5)	(3.6)	(1.8)	(25.2)	(12.2)	(53.0)	(14.0)	(20.0)	(10.5)	(12.6)	(15.7)	(8.7)
Net operating income	3,713.0	663.0	736.4	110.3	156.9	333.9	73.7	1,058.3	6.9	6.3	62.6	19.0	257.5	39.3	74.7	25.2	32.0	39.5	17.6
General and administrative expenses	(79.4)																		
Earnings before interest, taxes, depreciation and amortization	3,633.6																		
Depreciation	(0.1)																		
Interest income	34.3																		
Interest expense	(208.4)																		
Unrealized gain from fair value adjustment	(549.0)																		
Other income (expenses)	(22.9)																		
Other income (charges) - net	(745.9)																		
Income before tax	2,887.7																		
Provision for income tax	(0.1)																		
Net Income After Tax (NIAT)	2,887.6																		
Other comprehensive income	0.0																		
Total comprehensive income	2,887.6																		
Distributable income	3,436.5																		



B. Income from Related Parties for the Period Ended December 31, 2022 *(In Pesos, Millions)*

Related Parties	Total		Solaris	Ayala North Exchange	The30th	Laguna Technopark Land	Vertis	BPI-Philam Alabang	Evotech	ACCI Tower	ACCI Tower
	%	Amount									
Rental income											
Alveo Land Corporation	0.13%	5.0	5.0	-	-	-	-	-	-	-	-
Amaia Land Corp.	0.13%	5.3	-	-	-	-	-	5.3	-	-	-
Amicassa Process Solutions, Inc.	0.01%	0.6	-	-	-	-	-	-	-	-	0.6
Avida Land Corp.	0.03%	1.3	-	-	-	-	-	-	1.1	0.2	-
Bank of the Philippine Islands	3.68%	148.4	2.5	119.8	-	-	25.4	-	0.7	-	-
BPI Capital Corporation	0.33%	13.5	-	13.5	-	-	-	-	-	-	-
BPI Securities Corporation	0.21%	8.4	-	8.4	-	-	-	-	-	-	-
First Gateway Real Estate Corporation	0.28%	11.1	-	11.1	-	-	-	-	-	-	-
Integrated Microelectronics, Inc.	1.93%	77.9	-	-	-	77.9	-	-	-	-	-
North Eastern Commercial Corporation	0.28%	11.2	-	-	5.6	-	5.5	-	-	-	-
Interest income from finance lease receivables											
Makati North Hotel Ventures, Inc.	3.70%	149.2	-	149.2	-	-	-	-	-	-	-
North Eastern Commercial Corporation	1.81%	73.1	-	-	28.7	-	44.3	-	-	-	-
Total rental income and interest income from finance lease receivables	12.53%	505.0	7.5	302.0	34.3	77.9	75.2	5.3	1.9	0.2	0.6

C. Statement of Cash Flows for the Period Ended December 31, 2022 *(In Pesos, Millions)*

CASH FLOWS FROM OPERATING ACTIVITIES	
Income before income tax	2,887.69
Adjustments for:	
Net fair value change in investment properties	548.95
Depreciation and amortization	0.09
Interest expense	180.39
Gain under finance lease	0.00
Interest income from finance lease receivables	(222.32)
Interest income	(34.33)
Operating income before working capital changes	3,360.46
Changes in operating assets and liabilities:	
Decrease (increase) in:	
Receivables	(340.42)
Other assets	155.14
Increase (decrease) in:	
Accounts and other payables	534.46
Deposits and other liabilities	(40.12)
Construction bonds	40.00
Cash generated from (used in) operations	3,709.53
Interest received	222.32
Interest paid	(98.55)
Income tax paid	(0.12)
Net cash flows provided by (used in) operating activities	3,833.17
CASH FLOWS FROM INVESTING ACTIVITIES	
Decrease (increase) in due from related parties	(181.20)
Payments for additions to investment properties	(81.46)
Payments for additions to property and equipment	(0.38)
Net cash flows provided by (used in) investing activities	(263.05)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments of dividends	(2,912.20)
Availment (repayment) of loans	(590.00)
Payments of share issuance cost	(47.95)
Payments of lease liability	(49.23)
Net cash flows provided by (used in) financing activities	(3,599.39)
NET INCREASE (DECREASE) IN CASH	(29.26)
CASH AT BEGINNING OF PERIOD	92.01
CASH AT END OF YEAR	62.75

D. Adjusted Funds from Operations for the Period Ended December 31 2022 *(In Pesos, Millions)*

	Total
Net income after tax	2,887.56
Add back: Depreciation	0.09
PAS adjustment	17.81
Loss on change in fair value of investment property	548.95
Deduct: CAPEX	(64.57)
Adjusted Funds from Operations	3,389.85

E. Operating Statistics as of December 31, 2022

Overall						
Property	Location	Total gross leasable area (GLA) in sq. m	Occupied GLA, in sq. m	Occupancy rate	Revenue Contribution in 2022	Cost contribution in 2022 ¹
Solaris	Makati	46,768	45,740	98%	16.7%	13.4%
Ayala North Exchange	Makati	95,300	94,655	99%	21.0%	24.2%
MECC	Makati	10,688	10,593	99%	2.7%	1.8%
TP Cebu	Cebu	18,093	18,093	100%	4.1%	3.8%
The30th	Pasig	74,704	73,322	98%	10.2%	13.4%
Laguna Technopark Land	Laguna	98,179	98,179	100%	1.5%	0.3%
Vertis	Quezon City	164,628	158,985	97%	28.9%	30.0%
BPI-Philam Makati	Makati	1,072	-	0%	0.2%	0.3%
BPI-Philam Alabang	Muntinlupa	551	551	100%	0.2%	0.1%
Bacolod Capitol	Negros Occidental	11,313	11,313	100%	1.7%	1.9%
Ayala Northpoint	Negros Occidental	4,654	4,654	100%	0.6%	0.9%
Evotech	Laguna	23,727	23,727	100%	6.1%	3.9%
Ebloc 1	Cebu	20,842	20,314	97%	1.0%	1.0%
Ebloc 2	Cebu	27,727	27,591	100%	1.9%	1.5%
Ebloc 3	Cebu	15,235	15,015	99%	0.7%	0.8%
Ebloc 4	Cebu	15,835	15,835	100%	0.9%	0.9%
ACC Tower	Cebu	27,458	26,052	95%	1.1%	1.2%
Tech Tower	Cebu	16,273	15,025	92%	0.5%	0.6%

Office						
Property	Total GLA, in sq. m	Occupied GLA, in sq. m	Occupancy rate	Average rent per sq. m per month	Average rent income growth (vs YTD Dec2021) ²	
Solaris	46,027	44,999	98%	1,010	3%	
Ayala North Exchange	61,724	61,724	100%	943	-4%	
MECC	9,633	9,633	100%	948	8%	
TP Cebu	17,682	17,682	100%	677	3%	
The30th	47,871	46,489	97%	759	4%	
Vertis	125,322	119,680	95%	761	9%	
BPI-Philam Makati	1,072	-	0%	1,136	-1%	
BPI-Philam Alabang	551	551	100%	740	7%	
Bacolod Capitol	11,313	11,313	100%	500	0%	
Ayala Northpoint	4,654	4,654	100%	451	0%	
Evotech	23,058	23,058	100%	645	2%	
Ebloc 1	19,558	19,378	99%	643	N/A	
Ebloc 2	26,419	26,345	100%	775	N/A	
Ebloc 3	14,212	14,212	100%	655	N/A	
Ebloc 4	14,803	14,803	100%	697	N/A	

ACC Tower	27,458	24,459	89%	563	N/A
Tech Tower	14,941	14,073	94%	537	N/A

⁽¹⁾ Contribution of each property to the overall cost. Cost consists of land lease, taxes and licenses, fund and property management fees, and depreciation.

⁽²⁾ Income from the assets infused via property-for-share swap accrued to AREIT beginning October 1, 2022. The swap covers Eblocs 1-4, ACC Tower and Tech Tower buildings.

F. Office Industry Benchmarks

All AREIT properties perform better than industry average in terms of occupancy rate. Average office rent per square meter and rental escalations are also at par with industry.

	Makati	Cebu	Pasig/ Ortigas CBD	Quezon City	Muntinlupa	Laguna	Bacolod
Occupancy rate	90%	78%	85%	78%	69%	74%	78%
Ave. rent/sq. m	₱ 1,000- 1,500	₱ 500-700	₱ 575-800	₱ 500-800	₱ 500-750	₱ 500-700	₱ 450-550

Sources:

- Colliers Philippines Research. Q4 2022 Property Market Briefing.

G. Current Valuation of the AREIT Properties

The valuation of the AREIT properties is aligned with the appraisal reports issued by Asian Appraisal Company, Inc. ("Asian Appraisal"). Asian Appraisal used the Discounted Cashflows ("DCF") Approach or Income Approach as the primary method to estimate the fair value of the buildings. Under the DCF approach, the future cashflows of the properties were discounted based on a weighted average cost of capital (WACC) using the Capital Asset Pricing Model.

The Market Approach was used for the Laguna Technopark Land where the property's value was estimated based on actual market transactions and current listings within the area at the time of the appraisal.

Property	Type	Valuation cost (in Pesos, millions)	Valuation Date	Valuation Method
Solaris	Building	7,328	December 2022	Income Approach
Ayala North Exchange ¹	Building	11,428	December 2022	Income Approach
MECC	Building	1,965	December 2022	Income Approach
TP Cebu	Building	2,008	December 2022	Income Approach
The30th ¹	Building	5,206	December 2022	Income Approach
Laguna Technopark Land	Land	1,126	September 2022	Market Approach
Vertis ¹	Building	17,249	December 2022	Income Approach
BPI-Philam Makati	Building	125	December 2022	Income Approach
BPI-Philam Alabang	Building	70	December 2022	Income Approach
Bacolod Capitol	Building	802	December 2022	Income Approach
Ayala Northpoint	Building	227	December 2022	Income Approach
Evotech	Building	2,790	December 2022	Income Approach
Ebloc 1	Building	2,338	December 2022	Income Approach
Ebloc 2	Building	2,915	December 2022	Income Approach
Ebloc 3	Building	1,378	December 2022	Income Approach
Ebloc 4	Building	1,734	December 2022	Income Approach
ACC Tower	Building	1,913	December 2022	Income Approach

Tech Tower	Building	1,207	December 2022	Income Approach
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(1) Does not include portion of ANE Seda, The 30th Mall and Vertis Mall which are accounted for under finance lease

H. Asset Value, Price per Share and Total Capitalization as of December 31, 2022

	Total value <i>In millions</i>	Value per share
Book value	₱ 60,073	₱ 34.11
Net asset value	₱ 61,259	₱ 34.79
Market capitalization	₱ 62,341	₱ 35.40

I. Performance Indicators as of December 31, 2022

Current ratio ¹	0.43:1
Net debt-to-equity ratio ²	0:05:1
Profitability Ratios:	
Return on assets ³	5%
Return on equity ⁴	5%
Asset to Equity ratio ⁵	1.13:1
Market-to-book ratio ⁶	1.04:1

Net debt-to-equity ratio as of December 31, 2022 is 0.05:1. The availment of loan and issuance of bond to partially fund the acquisition of The 30th and Laguna Technopark lots with outstanding balance of ₱3.28 billion as of December 31, 2022 resulted in interest expense of ₱100.25 million for YTD December 31, 2022.

- (1) Current ratio is derived by dividing current assets by current liabilities at the end of a given period. Current ratio measures our ability to pay short-term obligations.
- (2) Net debt to equity ratio is derived by dividing our total loans and borrowings less cash by total equity.
- (3) Return on assets is derived by annualized net income by total assets
- (4) Return on equity is derived by dividing annualized net income by average shareholders' equity. Return on equity measures how profitable we are at generating profit from each unit of shareholder equity.
- (5) Asset to equity ratio is derived by dividing total assets by shareholders' equity. Asset to equity ratio measures our financial leverage and long-term solvency.
- (6) Market-to-book ratio is derived by dividing the market capitalization or the stock's closing price by the book value. Market-to-book ratio measures the market's valuation of our company relative to our book value.

J. Investment Return

On February 24, 2023, the Board of Directors declared cash dividends of ₱ 0.52 per outstanding common share for the fourth quarter of 2022. The cash dividends will be payable on March 24, 2023 to stockholders on record as of March 10, 2023. To date, the total shareholder return is 50% based on IPO price per share of ₱ 27.00.

YTD December 31, 2022 Dividends per share	₱ 1.98
Price per share as of December 29, 2022	₱ 35.40
Annualized dividend yield based on closing price as of December 29, 2022	5.59%
Price growth based on IPO price per share of ₱ 27.00	31.11%
Total return since IPO	49.89%
REIT Benchmarks	
Ten-year BVAL as of end of period	6.9%
Dividend yield of Asia Pacific REITs	6.14% ¹

Source:

⁽¹⁾ Dividend yield of FTSE EPRA Nareit Asia ex Japan REITs 10% Capped USD Index ("Index") from FTSE EPRA Nareit Asia ex Japan REITs Index FactSheet as of December 30, 2022. The Index has been designed to represent the performance of REITs from China, Hong Kong, India, Indonesia, Malaysia, Pakistan, Philippines, Singapore, South Korea, Taiwan and Thailand. AREIT became a constituent of the FTSE EPRA Nareit Asia ex Japan REITs 10% Capped Index effective Sept. 20, 2021.

The Company's dividends per share for YTD December 31, 2022 is 11.86% higher than YTD December 31, 2021. Apart from rental escalations, this growth is attributable to the full year income contribution of assets infused in Q4 2021 and in Q4 2022 via property-for-share swap which was approved by the SEC on December 29, 2022. These assets infused in Q4 2022 include 6 prime office buildings in Cebu City.

	YTD Dec 2021	YTD Dec 2022	Growth rate (YTD Dec 2022 vs YTD Dec 2021)
Dividends per share	₱ 1.77	₱ 1.98	11.86%

Computation of the distributable income of the Company for YTD December 2022 is shown below.

(In Millions):

Net income	₱ 2,887.56
Less: Unrealized gain on fair value change in investment properties	548.95
Distributable income	₱ 3,436.52

II. PERFORMANCE METRICS

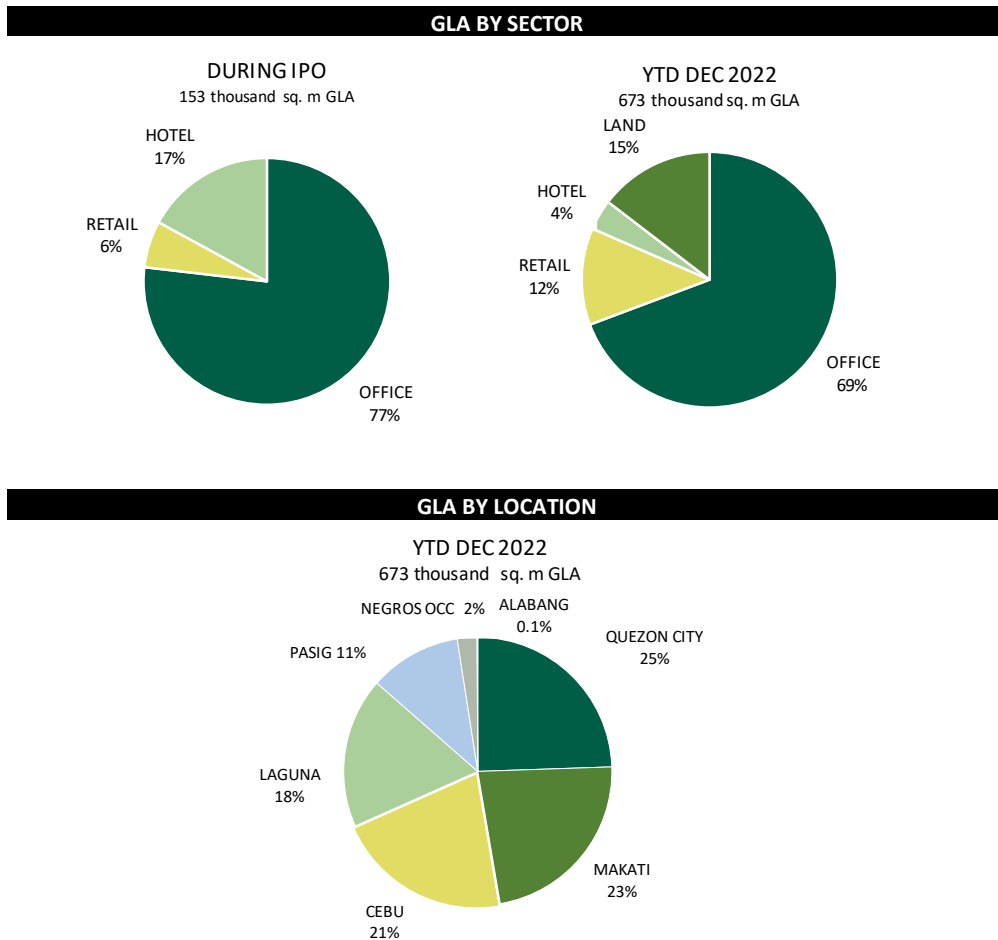
Performance Highlights

AREIT, since its listing last August 2020, consistently adhered to its four investment fundamentals: prime location and quality of assets, stable occupancy with long term contracts from top BPO and corporate locators, inflation-hedged growth and new asset infusions, and execution by an experienced management team backed by the strength of its sponsor Ayala Land.

Total portfolio size of 673 thousand sq. m is now 4.4 times larger than its initial size of only 153 thousand sq. m during the IPO. The property-for-share swap transaction approved by the SEC on December 29, 2022 added 123 thousand sq.m of GLA to AREIT’s portfolio of quality commercial assets. The assets include Ebloc 1, Ebloc2, Ebloc 3, Ebloc 4, ACC Tower and Tech Tower buildings. All properties are in prime locations and have good operating track record, high occupancy and contracted long term leases with high credit grade tenants.

Diversified Asset Portfolio in Prime Locations

From its initial portfolio of 153 thousand sq. m gross leasable area (GLA) during IPO, AREIT’s portfolio diversified and grew to 673 thousand sq. m GLA as of end 2022 with the office sector comprising 69% of its total GLA. AREIT’s properties are now located in several central business districts and prime locations across the Philippines.



AREIT’s total GLA during IPO was 153 thousand sq. m. All IPO assets are located in Makati.

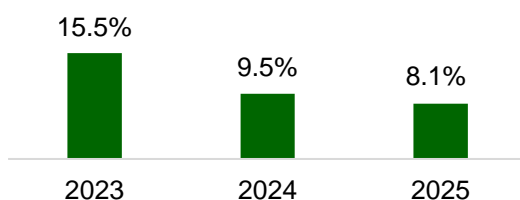
Stable Occupancy and Tenancy

AREIT's consistent and solid operations in the full year ended December 31, 2022 resulted in an average occupancy of 98%. Stable recurring income is ensured with AREIT's contracted leases and Weighted Average Lease Expiry of AREIT's portfolio of 7.7 years and 3.0 years for offices. Lease expiries are also minimal in the next three years.

Weighted Average Lease Expiry (WALE)

Property	WALE (years)
Office	3.0
Retail	28.2
Hotel	35.5
Industrial Land	5.0
Overall	7.7

Percentage of GLA expiring between 2023-2025



Strong Tenancy of High Credit Grade Locators

AREIT continues to derive recurring income from its solid base of high credit grade tenants composed of top multinational and local companies. The table below shows the top ten largest tenants of AREIT in terms of gross leasable area.

Rank	Tenant	GLA (sq. m)	%
1	Integrated Microelectronics, Inc. ¹	98,179	15%
2	North Eastern Commercial Corporation (Ayala Malls The 30 th and Vertis Mall) ²	66,139	10%
3	Google Services Philippines, Inc.	50,677	8%
4	Concentrix CVG Philippines, Inc.	33,537	5%
5	Shell Shared Services (Asia), B.V.	33,056	5%
6	Telus International (Philippines), Inc.	31,134	5%
7	Makati North Hotel Ventures, Inc. (Seda Residences Makati) ³	26,034	4%
8	Telephilippines Incorporated	20,472	3%
9	TPPH-FHCS, Inc.	17,682	3%
10	Accenture, Inc.	16,775	2%
	Total GLA	393,686	58%

⁽¹⁾ Subsidiary of Ayala Corporation

⁽²⁾ Subsidiary of Ayala Land, Inc.

⁽³⁾ Subsidiary of Ayala Hotels and Resorts Corporation

CERTIFICATION

This PERFORMANCE REPORT was prepared and assembled under our supervision in accordance with existing rules of the Securities and Exchange Commission. The information and data provided herein are complete, true and correct to the best of our knowledge and/or based on authentic records

By:

AREIT FUND MANAGERS, INC.
Fund Manager for AREIT, Inc.

pgsamaniego
PATRICIA GAIL Y. SAMANIEGO
Attorney-in-Fact

Beja
BEVERLY S. ESPINA
Attorney-in-Fact

SUBSCRIBED AND SWORN to before me this FEB 24 2023 at Makati City, affiants exhibiting to me their identification documents as follows:

Name	Competent Evidence of Identity	Date and Place Issued
AREIT FUND MANAGERS INC.	TIN: 007-888-715-000	
<i>Represented by:</i>		
Patricia Gail Y. Samaniego	Passport No. P4748326B	08 Feb 2020/ DFA NCR South
Beverly S. Espina	Driver's License No. N02-22-316854	Expiration Date 15 Oct 2026

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MA
MA FELORA A. MANGAWANG
Notary Public - Makati City
Appt. No. M-257 until December 31, 2023
Roll of Attorneys No. 64804
Lifetime IBP No. 013749 - Makati City
PTR No. MKT9569473 - 01/09/2023 - Makati City
MCLE Compliance No. VII -0006702 - 11/18/2021
28th Floor, Tower One and Exchange Plaza, Ayala Triangle,
Ayala Avenue, Makati City, Philippines

Notarial DST pursuant to
Sec. 188 of the Tax Code
Affixed on Notary Public's cop