



Analyst Briefing

9M 2020

30 October 2020



Key Messages

- 1. AREIT posted revenues of P1.37B, 3% higher than the REIT plan and a net income of P844M in 9M 2020 on account of stable operations during the pandemic.**
 - AREIT distributed its first cash dividends as a listed company last Sept 15, 2020 at P0.59 per share, reflecting income from its operations in 1H 2020.
- 2. Operations remained steady in 3Q 2020 with healthy occupancy and rental collection.**
- 3. The Teleperformance Cebu Building was acquired last September 15 using primary proceeds and has contributed to operating income starting October 1, 2020. This increased AREIT's GLA from 153K to 171K sqms.**
- 4. The 30th, a 76K sqm. commercial development located along Meralco Avenue in Pasig City will be acquired by AREIT from its Sponsor, Ayala Land, for P5.1B. This will bring AREIT's total GLA from 171K to 247K sqms and boost its leasing portfolio.**
- 5. AREIT has a strong balance sheet and funding strategy in place to support its growth.**

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Revenues of P1.37B and a net income of P844M in 9M 2020

- Total Revenues of P1.37B, 3% higher
- Total EBITDA of P1.13B, 4% higher
- P15M net other charges due to IPO expenses
- Income tax of P107M, 54% higher

Income Statement <i>(in Php millions)</i>	9M 2020	REIT Plan	Change	%
Total Revenues	1,373	1,337	36	3%
EBITDA	1,125	1,079	46	4%
Depreciation	(159)	(160)	1	1%
Other Income (Charges)	(15)	(1)	(14)	-969%
Provision for Income Tax	(107)	(69)	(37)	-54%
Net Income after Tax	844	848	(4)	-0.5%

Revenues of P466M and a net income of P304M in 3Q 2020

- Average EBITDA margin of 82%
- Cash dividends of P0.59 per share for 1H 2020

Income Statement <i>(in Php millions)</i>	1Q 2020	2Q 2020	3Q 2020
Total Revenues	447	461	466
EBITDA	364	388	374
Depreciation	(51)	(54)	(54)
Other Income (Charges)	(1)	16	(31)
Provision for Income Tax	(60)	(62)	16
NIAT	252	288	304
<i>Dividends</i>	<i>287</i>	<i>318</i>	

Cash Dividends of 0.59 per share distributed 15 Sep 2020

Period covered	1H 2020
Cash dividend per share	1Q: P0.28 2Q: P0.31
Total amount	P 605.1million
Record Date	September 2
Distribution Date	September 15

Steady operations in 3Q 2020

1. **Business Continuity and Resilience:** All 4 buildings are open throughout ECQ/MECQ/ GQC without interruption
2. **Strong Income Collection:** No waivers and pre-termination in offices, fixed lease from Seda Residences, some rental discounts to retail tenants
3. **Safe, Uninterrupted Operations:** 112 building service personnel housed on-site to ensure safe and uninterrupted operations

	GLA (in sqm)	No. of Tenants Operating	Lease Occupancy
Offices	135,066 (79%)	15/18	98%
Hotel	26,034 (15%)	1/1	100%
Retail	9,856 (6%)	35/51	81% (99% Leased out)

	Rental Waivers (as of 3Q20)	Rental Collection
Offices	-	99%
Hotel	-	99%
Retail	P28.71m	99%

The Teleperformance Cebu Building was acquired last Sept 15 and has contributed to operating income starting Oct 1



Strategic Value

- Increase AREIT's GLA to 171K sqm (from 153K)
- Prime location at the center of Cebu IT Park
- Stable income and yield accretive to AREIT starting Oct 1

Property Details

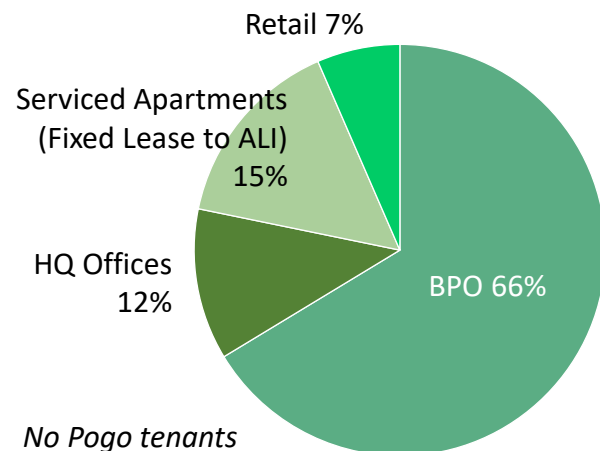
GLA	17,682 sqm office (12 storeys) and 410 sqm of retail
Year Completed	2013
Occupancy, WALE	100%, 6.4 years
Major Tenant	Teleperformance
Total Acquisition Cost	P1,667m (VAT-inc and transaction costs)

Note:

Land Lease Terms with Ayala Land: 5% of Gross Revenues; Lease expiring 2051
PEZA registration was transferred to AREIT last September 29.

AREIT grew its total GLA from 153K to 171K sqms

Total GLA: 170,704 sqm



Average Rent Php/sqm

Office	922
Hotel	500
Retail	481

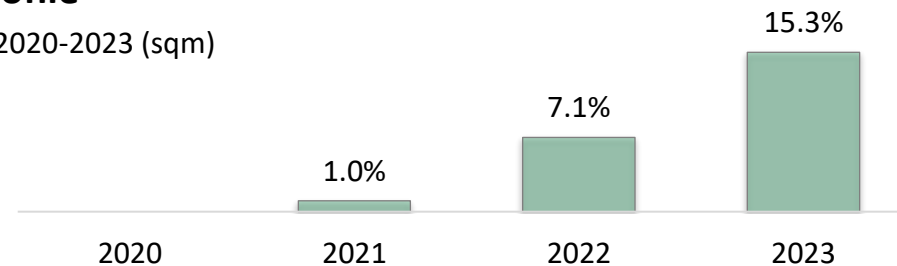
Office WALE of 6 years with low tenant concentration risk

Top 10 Tenants	Description	GLA (sqm)	% to Total GLA
Shell Shared Services (Asia) B.V. Phils	Shared service	33,092	19.39%
Makati North Hotel Ventures, Inc.	Serviced apartment	26,034	15.25%
Concentrix CVG Phils, Inc.	Outsourcing	24,137	14.14%
TPPH-FHCS, Inc (Teleperformance)	Outsourcing	17,948	10.51%
Oracle Netsuite, Inc.	Shared service	10,099	5.92%
Bank of the Philippine Islands	Banking and finance	10,012	5.87%
TELUS International Philippines	Outsourcing	9,633	5.64%
ANZ Global Services and Operations (Manila), Inc.	Shared service	8,653	5.07%
Amaysim Philippines, Inc.	Outsourcing	4,081	2.39%
Prulife Insurance Corporation of UK	Insurance	3,280	1.92%
Total GLA (Top 10 Tenants)		146,969	86.10%
Total GLA AREIT		170,704	

AREIT Office Lease Expiry Profile

As a % of total GLA expiring between 2020-2023 (sqm)

Minimal near-term expirations



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The 30th will be acquired from Ayala Land for P5.1B to boost its leasing portfolio



Strategic Value

- Increase AREIT's GLA to 247K from 171K
- Prime location in the Pasig/Ortigas CBD
- Accretive acquisition thru leverage

Property Details

GLA	76,000 sqm (Office: 48,000 sqm, Retail: 28,000 sqm)	
Year Completed	2017	
Occupancy, WALE	Office Occupancy 99% WALE 3.8 years ALI to pay a fixed lease to AREIT and operate the retail podium	
Major Tenants	Office	PWC, Transcom, Amdocs, IQVIA
	Retail	Marketplace, Abenson, True Value
Total Acquisition Cost	P5.2 B (Vat-incl and transactions costs)	
2021 Projected Yield	6.1%	

Note:

Transaction to be completed in 1Q 2021

Land Lease (expiring 2052) and PEZA registration to be transferred to AREIT

AREIT has a solid balance sheet and funding strategy in place to support its growth

- PhilRatings assigned AREIT a PRS AAA credit rating with a Stable Outlook.
- 3-year shelf registration of up to P15 billion worth of debt securities with the SEC
- Debt funding of up to P6.4B, with a tenor of up to 10 years, through the issuance of retail bonds and/or corporate notes for listing on the PDEX, and/or bilateral term loans, and/or preferred shares for the purpose of financing asset acquisitions
- Establishment of short-term credit facilities with banks amounting to P12.0 billion

Balance Sheet	September
(in Php Millions)	2020
Cash & Receivables	3,717
Total Borrowings	-
Stockholders' Equity	12,304

In Summary

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