



Performance Report for the Third Quarter of 2023

November 14, 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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B. Income from Related Parties for the Period Ended September 30, 2023 *(In Pesos, Millions)*

Related Parties	Total		Solaris	Ayala North Exchange	The30th	Laguna Technopark Land	Vertis	BPI- Philam Makati	BPI- Philam Alabang	Bacolod Capitol	Ayala Northpoint	Evotech	ACC Tower	Tech Tower	Glorietta 1&2 Mall	Marque Mall
	%	Amount														
Rental income																
Alveo Land Corporation	0.1%	3.9	3.9	-	-	-	-	-	-	-	-	-	-	-	-	-
Amaia Land Corp.	0.1%	4.2	-	-	-	-	-	-	4.2	-	-	-	-	-	-	-
Amicassa Process Solutions, Inc.	0.1%	3.2	-	-	-	-	-	-	-	-	-	-	-	3.2	-	-
Avida Land Corp.	0.1%	2.5	-	-	-	-	-	-	-	-	-	0.6	1.9	-	-	-
AyalaLand Sales, Inc.	0.1%	3.2	-	-	-	-	-	-	-	-	-	-	3.2	-	-	-
Bank of the Philippine Islands	2.3%	93.9	2.0	71.6	-	-	19.7	-	-	-	-	0.6	-	-	-	-
BPI Capital Corporation	0.2%	8.0	-	8.0	-	-	-	-	-	-	-	-	-	-	-	-
BPI Securities Corporation	0.1%	5.0	-	5.0	-	-	-	-	-	-	-	-	-	-	-	-
First Gateway Real Estate Corporation	0.2%	9.0	-	9.0	-	-	-	-	-	-	-	-	-	-	-	-
Integrated Microelectronics, Inc.	1.5%	61.4	-	-	-	61.4	-	-	-	-	-	-	-	-	-	-
North Eastern Commercial Corporation	0.1%	5.5	-	-	1.2	-	4.3	-	-	-	-	-	-	-	-	-
Interest income from finance lease receivables																
Makati North Hotel Ventures, Inc.	2.7%	110.8	-	110.8	-	-	-	-	-	-	-	-	-	-	-	-
North Eastern Commercial Corporation	1.3%	54.8	-	-	21.5	-	33.3	-	-	-	-	-	-	-	-	-
AyalaLand Malls, Inc.	1.7%	69.5	-	-	-	-	-	-	-	-	-	-	-	-	69.5	-
Northbeacon Commercial Corporation	1.1%	45.1	-	-	-	-	-	-	-	-	-	-	-	-	-	45.1
Total rental income and interest income from finance lease receivables	11.8%	480.0	5.9	204.4	22.7	61.4	57.3	-	4.2	-	-	1.2	5.1	3.2	69.5	45.1

C. Statement of Cash Flows for the Period Ended September 30, 2023 *(In Pesos, Millions)*

CASH FLOWS FROM OPERATING ACTIVITIES	
Income before income tax	3,270.67
Adjustments for:	
Net fair value change in investment properties	161.06
Depreciation and amortization	0.15
Interest expense	132.84
Interest income from finance lease receivables	(280.21)
Interest income	(46.80)
Operating income before working capital changes	3,237.71
Changes in operating assets and liabilities:	
Decrease (increase) in:	
Receivables	(459.11)
Other assets	(41.81)
Increase (decrease) in:	
Accounts and other payables	1,098.67
Deposits and other liabilities	745.99
Construction bonds	(15.74)
Cash generated from (used in) operations	4,565.71
Interest received	46.80
Interest paid	(70.14)
Income tax paid	(0.76)
Net cash flows provided by (used in) operating activities	4,541.62
CASH FLOWS FROM INVESTING ACTIVITIES	
Decrease (increase) in due from related parties	(1,457.46)
Payments for additions to investment properties	(22,688.72)
Net cash flows provided by (used in) investing activities	(24,146.18)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments of dividends	(2,764.84)
Proceeds from share issuance cost	22,479.70
Payment of share issuance cost	(105.72)
Payments of lease liability	(6.55)
Net cash flows provided by (used in) financing activities	19,602.59
NET INCREASE (DECREASE) IN CASH	(1.97)
CASH AT BEGINNING OF PERIOD	62.75
CASH AT END OF PERIOD	60.78

D. Adjusted Funds from Operations for the Period Ended September 30, 2023 *(In Pesos, Millions)*

	Total
Net income after tax	3,269.91
Add back: Depreciation	0.15
Change in fair value of investment property	161.06
Deduct: CAPEX	(165.08)
PAS adjustment	(13.11)
Adjusted Funds from Operations	3,252.93

E. Operating Statistics as of September 30, 2023

Overall						
Property	Location	Total gross leasable area (GLA) in sq. m	Occupied GLA, in sq. m	Occupancy rate	Revenue Contribution in 9M23	Cost contribution in 9M23 ¹
Solaris	Makati	46,768	45,740	98%	11.0%	10.9%
Ayala North Exchange	Makati	95,314	85,530	90%	15.8%	17.5%
MECC	Makati	10,688	10,117	95%	2.4%	1.5%
TP Cebu	Cebu	18,093	18,093	100%	3.1%	2.7%
The30th	Pasig	74,704	70,033	94%	8.4%	10.5%
Laguna Technopark Land	Laguna	98,179	98,179	100%	1.2%	0.3%
Vertis	Quezon City	164,450	163,492	99%	22.9%	23.4%
BPI-Philam Makati	Makati	1,072	-	0%	0.0%	0.1%
BPI-Philam Alabang	Muntinlupa	551	551	100%	0.1%	0.1%
Bacolod Capitol	Negros Occidental	11,313	11,313	100%	1.3%	1.4%
Ayala Northpoint	Negros Occidental	4,654	4,654	100%	0.5%	0.7%
Evotech	Laguna	23,727	23,727	100%	4.4%	3.1%
Ebloc Towers 1-4	Cebu	79,640	78,499	99%	13.0%	12.5%
ACC Tower	Cebu	27,458	26,365	96%	3.1%	3.7%
Tech Tower	Cebu	16,273	12,852	79%	1.5%	1.9%
One Ayala West and East Towers	Makati	70,995	69,575	98%	5.8%	6.5%
Glorietta 1&2 BPOs and Mall	Makati	76,106	75,681	99%	4.7%	3.0%
Marque Mall	Pampanga	40,544	40,544	100%	0.9%	0.2%

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 Sept 2022) ²
Solaris	46,027	44,999	98%	1,022	1%
Ayala North Exchange	61,737	52,431	85%	1,017	5%
MECC	9,633	9,633	100%	1,032	10%
TP Cebu	17,682	17,682	100%	696	4%
The30th	47,871	47,871	100%	770	2%
Vertis	125,144	124,186	99%	770	1%
BPI-Philam Makati	1,072	-	0%	-	-
BPI-Philam Alabang	551	551	100%	783	9%
Bacolod Capitol	11,313	11,313	100%	500	0%
Ayala Northpoint	4,654	4,654	100%	451	0%
Evotech	23,058	23,058	100%	642	1%
Ebloc Towers 1-4	74,992	74,992	100%	649	N/A
ACC Tower	27,458	26,365	96%	646	N/A
Tech Tower	14,941	11,898	80%	537	N/A

One Ayala West and East Towers	70,995	69,575	98%	1,295	N/A
Glorietta 1&2 BPOs	40,026	39,601	99%	1,251	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%	79%	87%	78%	71%	74%	58%
Ave. rent/sq. m	₱ 1,100- 1,500	₱ 400-800	₱ 650-850	₱ 600-800	₱ 500-750	₱ 500-700	₱ 350-650

Sources:

- Colliers Philippines Research. Q3 2023 Property Market Briefing and CBRE Q1 2023 Market Monitor

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 Towers 1-4	Building	8,385	December 2022	Income Approach
ACC Tower	Building	1,913	December 2022	Income Approach
Tech Tower	Building	1,207	December 2022	Income Approach
One Ayala East and West Towers²	Building	6,356		Income Approach
Glorietta 1&2 BPOs and Mall²	Building	14,075		Income Approach

Marque Mall ²	Building	2,049	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

⁽²⁾ Valuation cost is based on latest transaction value.

H. Asset Value, Price per Share and Total Capitalization as of September 30, 2023

	Total value <i>In millions</i>	Value per share
Book value	82,951,939	35.02
Net asset value	84,194,674	35.55
Market capitalization	77,690,296	32.80

I. Performance Indicators as of September 30, 2023

Current ratio ¹	0.75:1
Net debt-to-equity ratio ²	0.04:1
Profitability Ratios:	
Return on assets ³	5%
Return on equity ⁴	6%
Asset to Equity ratio ⁵	1.11:1
Market-to-book ratio ⁶	0.94:1

Net debt-to-equity ratio as of September 30, 2023 is 0.04. The availment of loan and issuance of bond to partially fund the acquisition of The 30th and Laguna Technopark lots with outstanding balance of ₱3.00 billion as of September 30, 2023 resulted in interest expense of ₱75.47 million for YTD September 30, 2023.

⁽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.

II. PERFORMANCE METRICS

II. Performance Highlights

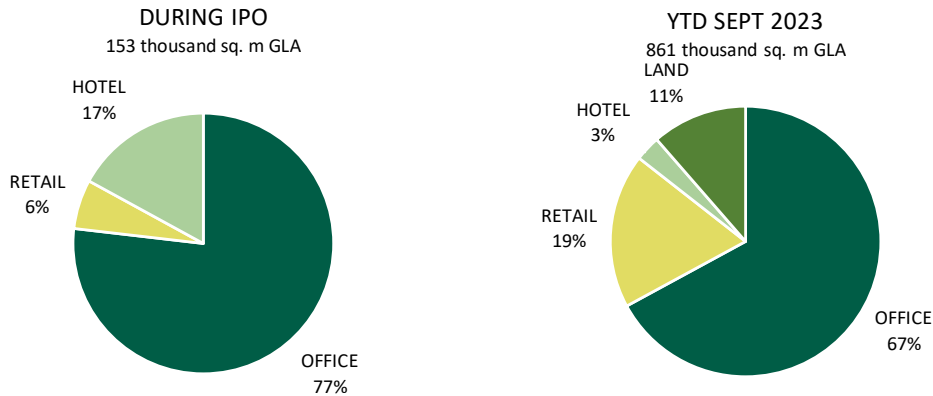
AREIT consistently adheres to its four investment fundamentals: prime location and quality of assets, stable occupancy with long term contracts from top BPO and corporate locators, inflation-hedged growth and new asset infusions, and execution by an experienced management team backed by the strength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

Total portfolio size of 861 thousand sq. m is now 5.6 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 September 20, 2023 added 188 thousand sq.m of GLA to AREIT’s portfolio of quality commercial assets. The assets include One Ayala East and West Towers, Glorietta BPOs 1 & 2, Glorietta 1 & 2 mall wings, and Marquee Mall. All properties, which include flagship Makati CBD assets, are in prime locations and have good operating track record, high occupancy and contracted long term leases with high credit grade tenants.

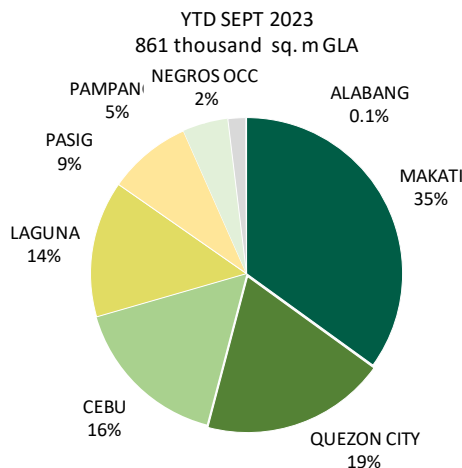
Diversified Asset Portfolio in Prime Locations

From its initial portfolio of 153 thousand sq. m gross leasable area (GLA) during IPO, AREIT’s portfolio diversified and grew to 861 thousand sq. m GLA as of YTD September 2023 with the office sector comprising 67% of its total GLA. AREIT’s properties are now located in several central business districts and prime locations across the Philippines.

GLA BY SECTOR



GLA BY LOCATION



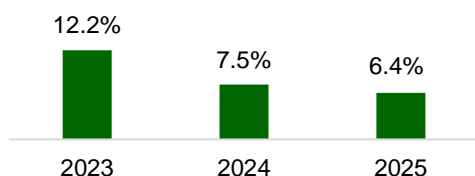
Stable Occupancy and Tenancy

AREIT's consistent and solid operations in the quarter ended September 30, 2023 resulted in an average occupancy of 97%. Stable recurring income is ensured with AREIT's contracted leases and Weighted Average Lease Expiry of AREIT's portfolio of 8.9 years and 3.5 years for offices. Lease expiries are also minimal in the next three years.

Weighted Average Lease Expiry (WALE)

Property	WALE (years)
Office	3.5
Retail	26.3
Hotel	34.8
Industrial Land	4.3
Overall	8.9

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)	% of occupied GLA
1	Integrated Microelectronics, Inc. ¹	98,179	12%
2	North Eastern Commercial Corporation (Ayala Malls The 30 th and Vertis Mall) ²	67,207	8%
3	Google Services Philippines, Inc.	50,677	6%
4	Northbeacon Commercial Corporation ²	40,544	5%
5	Telephilippines Incorporated	38,154	5%
6	AyalaLand Malls, Inc. ²	36,080	4%
7	Concentrix CVG Philippines, Inc.	33,537	4%
8	Shell Shared Services (Asia), B.V.	33,056	4%
9	Telus International (Philippines), Inc.	31,134	4%
10	Makati North Hotel Ventures, Inc. (Seda Residences Makati) ³	26,034	3%
	Total GLA	454,602	55%

⁽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.

og samaniego
PATRICIA GAIL Y. SAMANIEGO
Attorney-in-Fact

Beverly S. Espina
BEVERLY S. ESPINA
Attorney-in-Fact

SUBSCRIBED AND SWORN to before me this NOV 13 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. <i>Represented by:</i> Patricia Gail Y. Samaniego	TIN: 007-888-715-000 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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Series of : 2023

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



Felora A. Mangawang
MA. FELORA A. MANGAWANG
Notary Public - Makati City
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Roll of Attorneys No. 64804
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