



**FY 2023**  
**Analyst Briefing**

21 February 2024

# Agenda

## **FY 2023 Results**

- Highlights
- Operating and Financial Performance
- Dividends

## **2024 Asset Acquisitions**

# FY 2023 Key Messages

1

**Consistent growth from stable operations and acquisitions**

- **Revenues** of P7.14B (+41%); **EBITDA** of P5.04B (+39%)
- **Net income** of P4.93B (+43%) excluding net fair value change
- **Overall occupancy** of 97%; **WALE** of 10.1 years (3.8 years for offices)

2

**Strong balance sheet supports future growth**

- **Low net gearing at 0.04:1** with net debt of P3.0B
- **Ample debt headroom** at only 8% of the deposited property value
- **Interest cover ratio** of 24x

3

**Highest dividend since IPO**

- **96% dividend growth** at P0.55/share in 4Q23 (vs P0.28/share at IPO)
- **FY23 dividends of P2.15/share** (+8.6%)
- **53% TSR** as of 19 Feb 2024
- **Consistent DPU accretion** from all asset infusions

4

**Continuing growth with accretive 2024 acquisitions**

- **AREIT's AUM to reach P117B** (4x IPO size)
- **ALI's new infusion of flagship assets** will further enhance AREIT's prime portfolio
- **More diversified asset and tenant base**
- **Guaranteed stable income and escalations; longer WALE**
- **Valuation at 6.8% cap rate**, net of fees and CAPEX
- **~4% DPS accretion** from the property-for-share swap and cash acquisition

# FY 2023 Highlights

## TOTAL REVENUES<sup>1</sup>

**P7.14B +41%**

## EBITDA<sup>1</sup>

**P5.04B +39%**

## NET INCOME<sup>2</sup>

**P4.93B +43%**

## OCCUPANCY

**97%**

## NET DEBT<sup>3</sup>

**P3.0B**

Borrowing Cost of 3.12%  
8.06% of Deposited Property Value

## AUM

(Assets under  
Management)

**P87.2B**

## GLA

**918K sqm +36%**

## NET GEARING

**0.04:1**

1. Higher revenues and EBITDA from the contribution of newly acquired properties in 4Q 2022 and July 2023
2. Excludes net fair value change in investment properties and one-time gain from finance lease
3. Includes P3.0B fixed rate bonds due in December 2023

# FY 2023 Financials

Revenues of P7.1B (+41%) and Net Income of P4.9B\* (+43%)

- Higher revenues and EBITDA from the assets acquired in 4Q2022 (Eblocs 1-4, ACC Tower, Tech Tower) in July 2023 (OAA Offices, Glorietta 1 & 2 BPO and Mall, Marquee Mall)
- Higher expenses due to the additional properties acquired, increase in building utilization and cost escalation
- NIAT growth faster than revenues due to lower interest expense

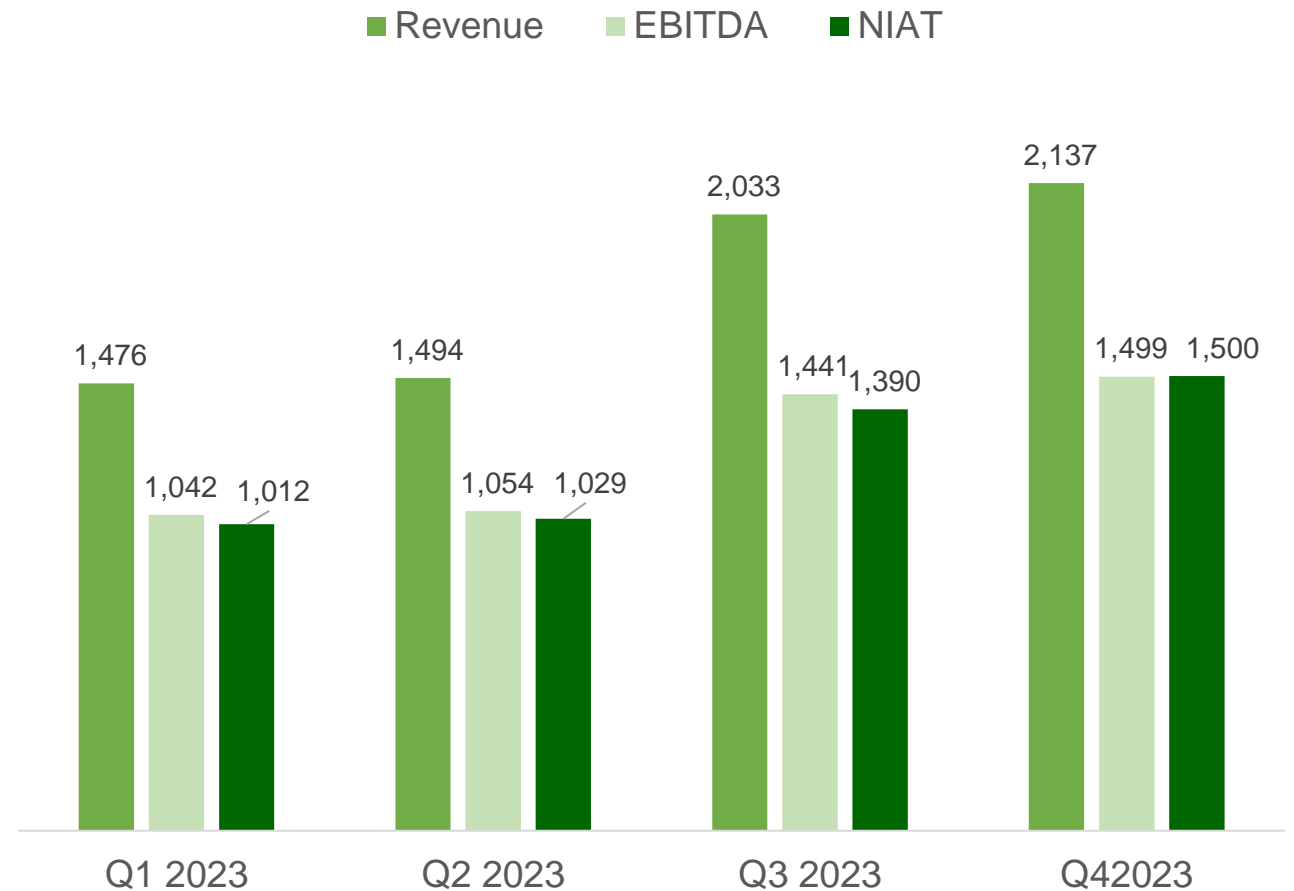
Income Statement (In Php millions)	FY 2023	FY 2022	Change	%
<b>Total Revenues</b>	<b>7,140</b>	<b>5,073</b>	<b>2,067</b>	<b>41%</b>
DOE and GAE	(2,105)	(1,439)	(665)	46%
<b>EBITDA</b>	<b>5,036</b>	<b>3,634</b>	<b>1,402</b>	<b>39%</b>
Depreciation	(0.22)	(0.09)	(0.13)	146%
Interest expense- net	(79)	(176)	97	55%
Other income (expense)	(24)	(21)	(3)	13%
Net fair value change in investment properties	99	(549)	648	-118%
Provision for Income Tax	(1.07)	(0.12)	(0.94)	757%
<b>Net Income after Tax</b>	<b>5,031</b>	<b>2,888</b>	<b>2,143</b>	<b>74%</b>
<b>NIAT before change in fair value of investment properties</b>	<b>4,931</b>	<b>3,437</b>	<b>1,495</b>	<b>43%</b>
<b>EBITDA Margin</b>	<b>71%</b>	<b>72%</b>	<b>-1.1%</b>	
<b>NIAT Margin**</b>	<b>69%</b>	<b>68%</b>	<b>1.3%pts</b>	

\*NIAT of P4.93B and P3.44B are before the net fair value change in investment properties

\*\*NIAT margin is computed without the impact of net FV change

# Quarterly P&L Highlights

- Acquisition of properties in 3Q 2023 increased Revenues, EBITDA and NIAT.
- EBITDA and NIAT growth in line with revenues



\* NIAT excludes the net fair value change in investment properties

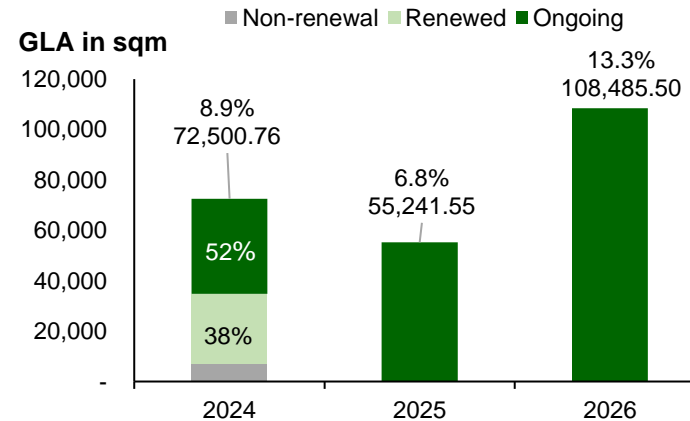
# Stable operations; manageable lease expiry in 2024

- **Occupancy Rate: 97%**
- **Higher Building Utilization:**
  - NCR: 70%,
  - Provincial: 80%
- Despite hybrid work, occupancy remains high
- 38% of 2024 leases expiring are already renewed while 52% are ongoing renewal

	GLA (in sqm)	
<b>Offices</b>	577,155	63%
<b>Industrial lots</b>	98,179	11%
<b>Retail</b>	217,340	24%
<b>Hotel</b>	26,034	3%
<b>TOTAL</b>	<b>918,708</b>	<b>100%</b>

	Lease Occupancy
<b>Offices</b>	96%
<b>Industrial lots</b>	100%
<b>Retail</b>	98%
<b>Hotel</b>	100%
<b>TOTAL</b>	<b>97%</b>

## Lease Expiry



\*68% of 10% non-renewal in 2024 has replacement already

	WALE (years)
<b>Offices</b>	3.8
<b>Overall</b>	10.1

WALE

# Net debt of P3.0B; net gearing of 0.04:1

- Total Borrowings and Deferred Payments are 8% of the Deposited Property Value, well within the 35% aggregate leverage limit
- Total borrowings of P3.0B represent short term bank loans

<b>Balance Sheet</b> (in Php Millions)	<b>December 2023</b>	<b>December 2022</b>
Cash & Receivables	4,264	1,747
Total Assets	93,272	67,686
Total Borrowings	3,000	3,278
Stockholders' Equity	83,410	60,073
Current Ratio	0.90:1	0.43:1
Debt-to-Equity Ratio	0.04:1	0.05:1
Net Debt-to-Equity Ratio	0.04:1	0.05:1
Average Cost of Debt	3.12%	2.95%
Interest Coverage Ratio	23.66	15.71
Net Debt to EBITDA Ratio	0.60	0.88



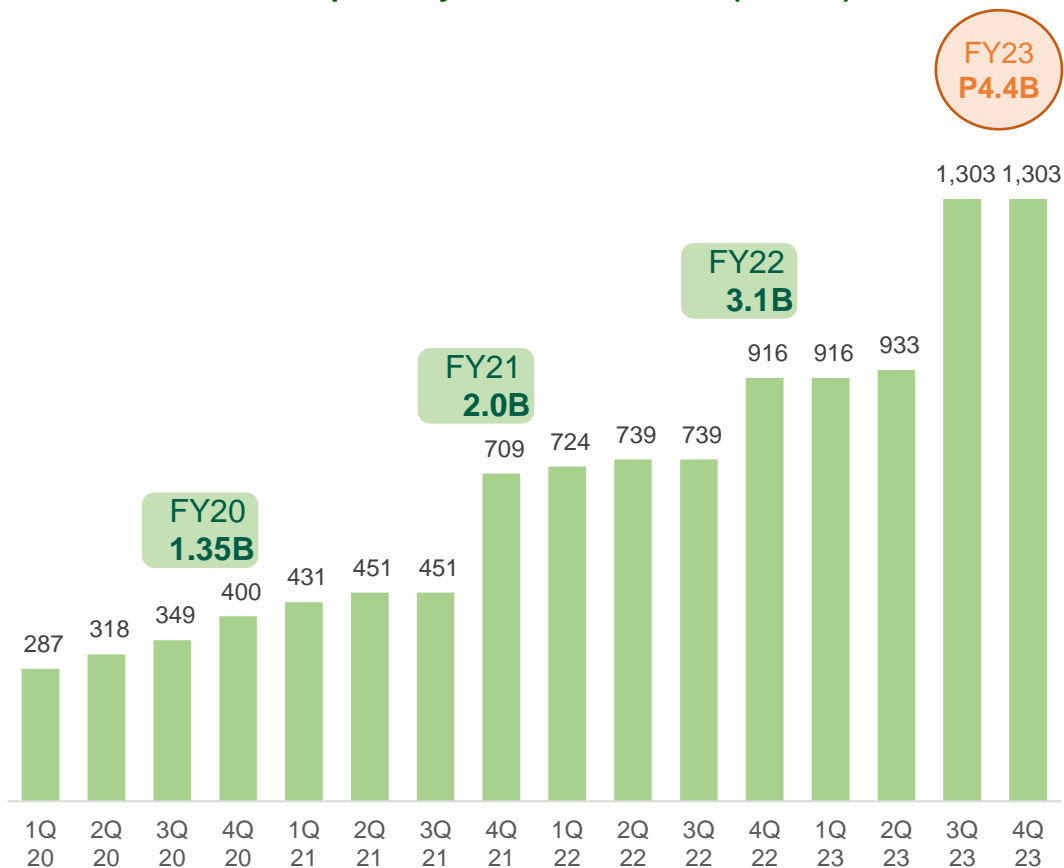
# Declaration of 4Q 2023 Cash Dividends

- **P0.55 per share** for 2,368,606,573 outstanding common shares
- **FY23 DPS of P2.15, a growth of 8.6%** from P1.98 in 2022
- Cash dividends will be **payable on March 20, 2024** to stockholders of common shares as of **record date March 4, 2024**

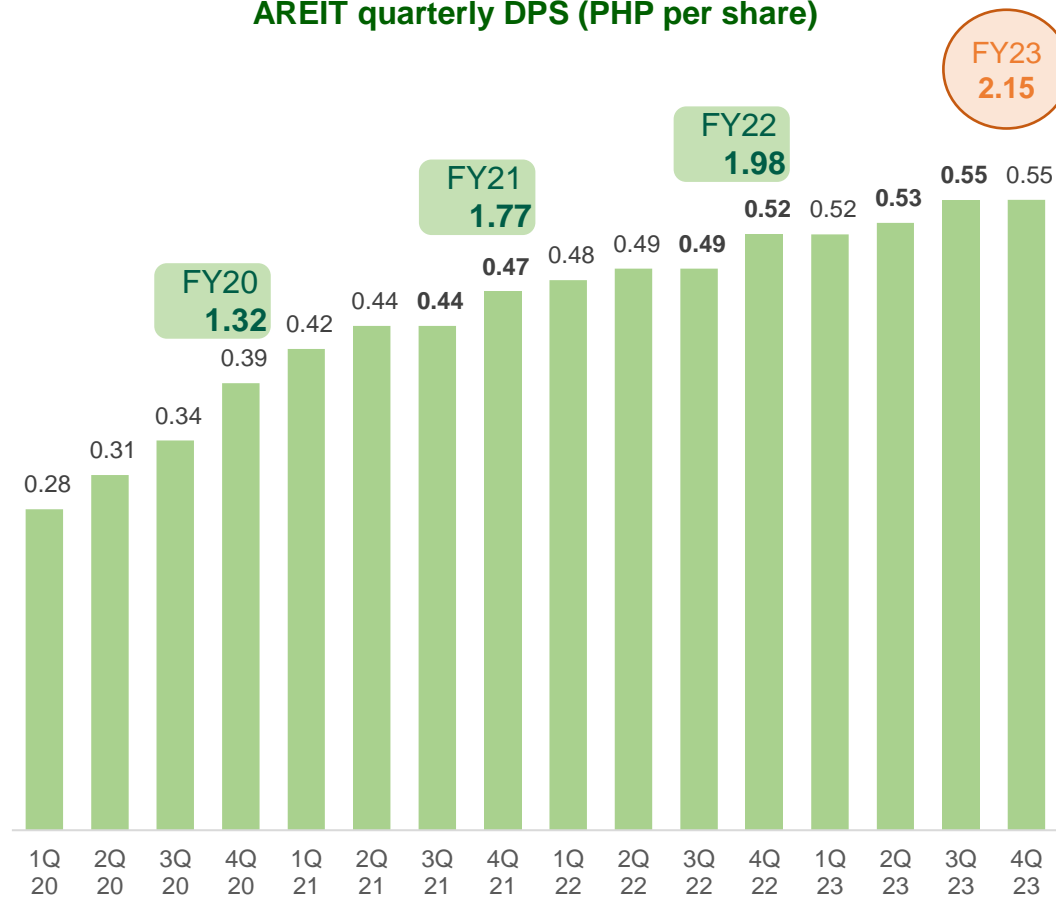
# Uninterrupted Growth in DPS Since IPO

DPS has grown since IPO by 96.5%, average QoQ growth 4.6%, 53.0% TSR as of Feb 19

AREIT quarterly dividend amount (PHP m)

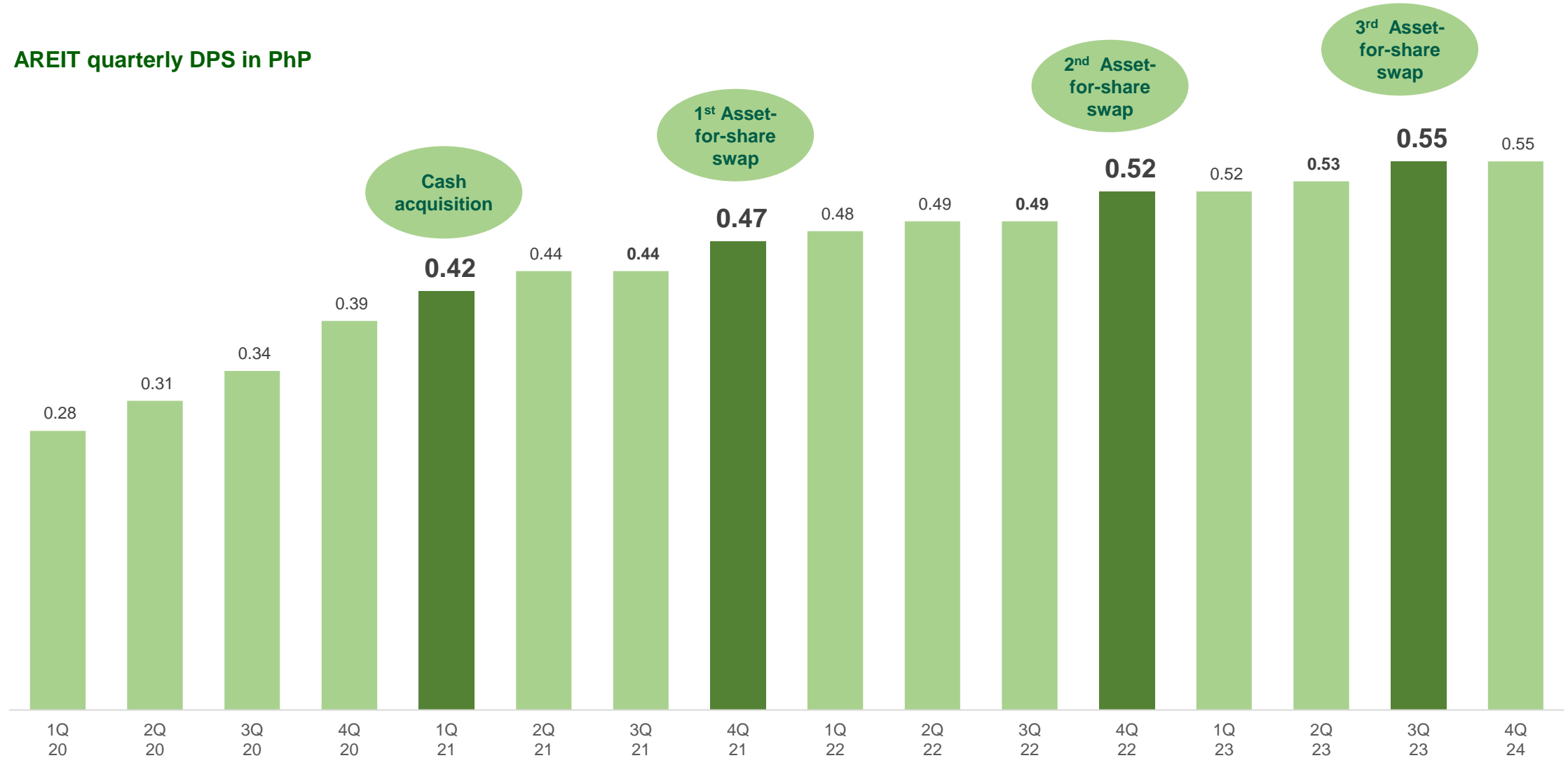


AREIT quarterly DPS (PHP per share)



# Consistent DPS accretion from asset infusions

AREIT quarterly DPS in PhP



# AREIT secured EDGE Zero Carbon Certification

## SHIFT TO RENEWABLE ENERGY

100% Renewal Energy by 2024



**91%**

- 746K sqm GLA
- 25 office/ malls

**2%**

application on-process

**7%**

on-going negotiation  
Renewable Energy  
Supplier

Note/s: Not applicable for LTI lots

## EDGE ZERO CERTIFICATION

- 354k sqm of EDGE Zero Carbon office portfolio -- largest in the Philippines

**45%** of AREIT office properties

- **8 Buildings:** Solaris, Glorietta 1 & 2 BPOs, McKinley Exchange, Vertis 1, 2 & 3, The 30th Corporate Center
- Minimum **40% energy savings** and **20% savings in water and embodied carbon**

Note/s: Excluding non-office properties, Makati FGU office space, Alabang FGU office space

# Agenda

## FY 2023 Results

- Highlights
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- Dividends

## 2024 Growth Plans

- Strategic Objectives
- 2024 Asset Infusions

# 2024: Continuing AREIT's Growth Story

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**Enlarge AREIT Assets Under Management (AUM) to US\$2B**

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**Diversify mix** of offices, malls, hotels, industrials to reduce sector risks

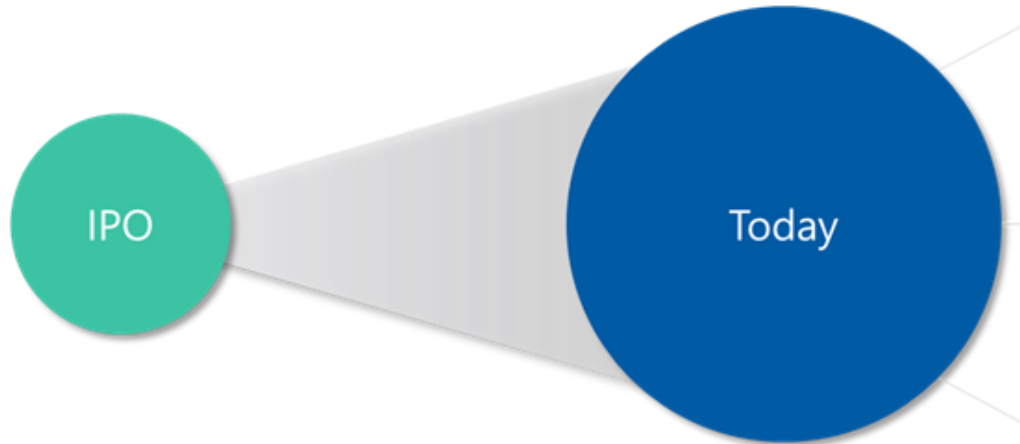
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**Capitalize on flagship commercial assets** from ALI as Sponsor

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**Dividend Accretion** in all asset acquisitions

# AREIT has grown significantly since its IPO



**AUM has grown 3x to P87B in 2023 since the IPO, ahead of the original plan**

AUM: P27B

> 3x growth >

AUM: P87B

Revenues: P1.95B

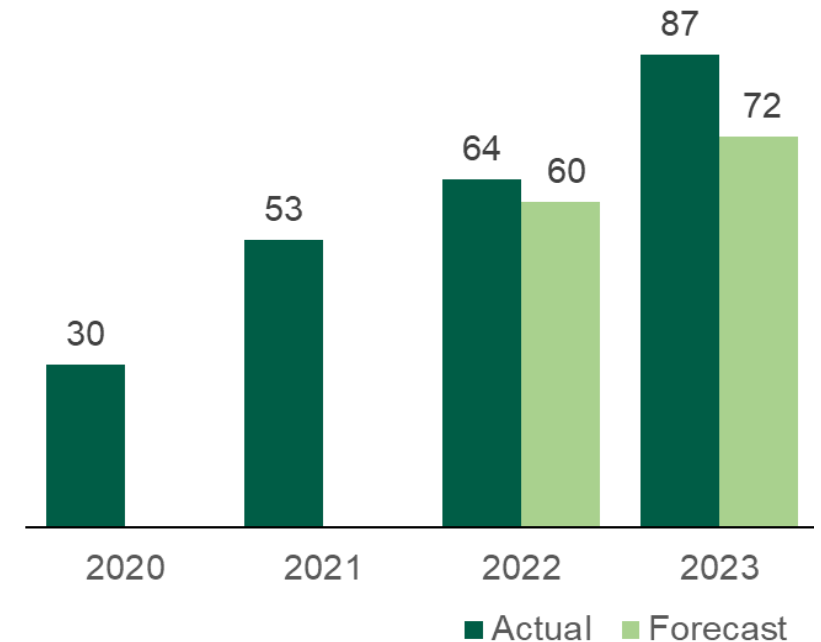
> 3.6x growth >

Revenues: P7.1B

3 Properties  
(All offices)

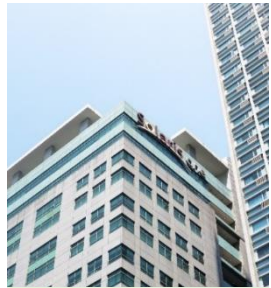
> 97%  
occupancy  
maintained with  
high quality  
tenants >

25 Properties –  
(Mix of offices,  
malls, hotels and  
industrial land)



# AREIT current portfolio of 25 properties

## IPO portfolio



Solaris One  
Makati



Ayala N. Exchange  
Makati



McKinley Exchange  
Makati



Teleperformance Cebu  
Cebu Biz. Park



The 30th  
Pasig



Lots in Laguna Technopark  
Laguna



Vertis North I  
Quezon City



One Evotech  
Laguna



Two Evotech  
Laguna



BPI-Philam Life  
Makati & Alabang



Bacolod Capitol  
Negros Occidental



Ayala Northpoint  
Negros Occidental



eBloc 1, 2, 3 and 4  
Cebu



Ayala Center Cebu  
Cebu



Tech Tower 1  
Cebu

## 2023 ASSET INFUSION



One Ayala East and  
West Towers, Makati









Glorietta 1&2 Mall and BPO offices  
Makati



MarQuee Mall  
Pampanga



# 2024 infusions bring AREIT's AUM to P117B

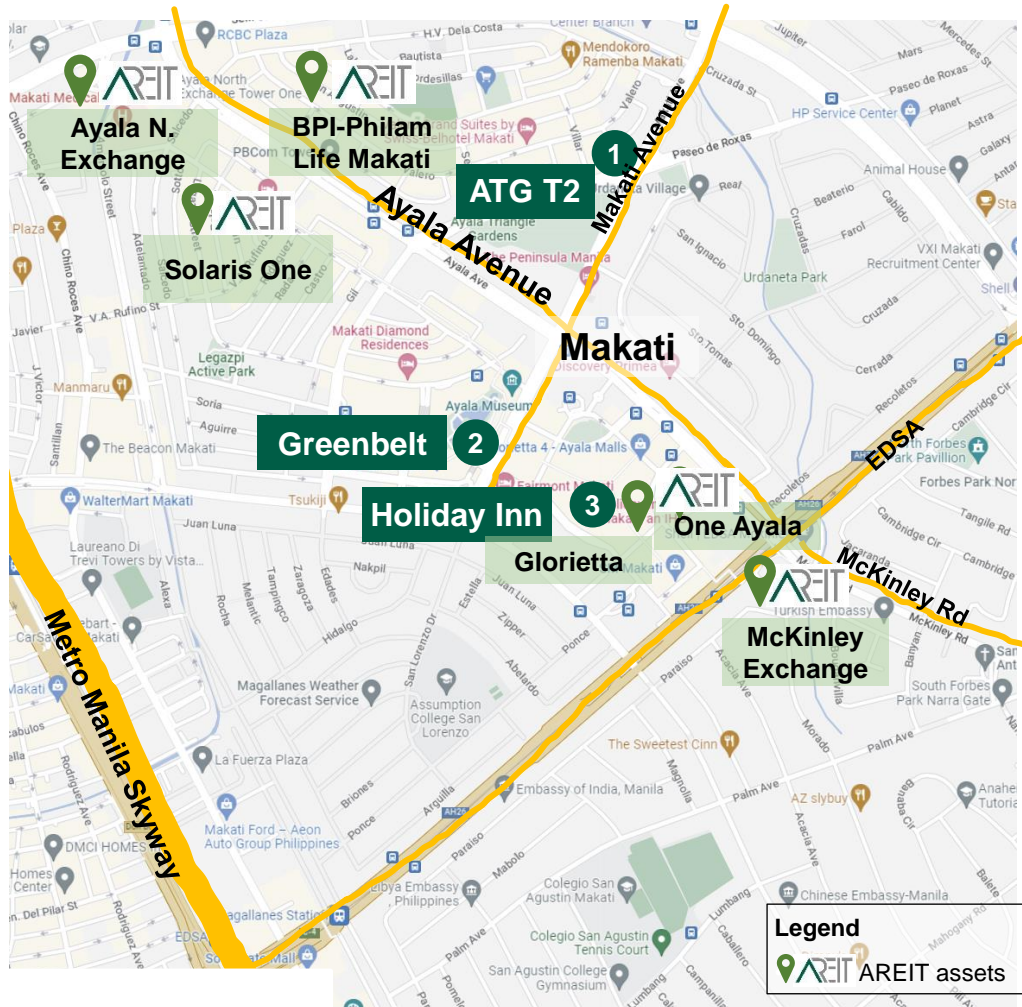
	ATG Tower 2	Greenbelt 3 & 5	Holiday Inn	Seda AC Cebu	Seda Lio	Zambales Land
						
<b>GLA</b> (in sqm)	63,150	93,732	26,218	13,759	17,680	2,759,135
<b>2024 Occupancy</b>	98%	100%	100%	100%	100%	100%
<b>2024 WALE</b> (in years)	7.4	25 years	25 years	25 years	25 years	25 years
<b>Valuation At a 6.8% cap rate*</b>	P12.5B	P5.4B	P2.6B	P1.3B	P1.2B	P6.8B
<b>Transfer Mode</b>	Asset-Share Swap	Asset-Share Swap with Leaseback**			Cash Purchase (acquired Jan 2024)	Asset-Share Swap with Leaseback**
<b>Lease Terms</b>	N/A	Guaranteed fixed rent with 2.5% annual escalation; subject to review every five (5) years				Guaranteed fixed rent with 1.5% annual escalation

\*6.92% cap rate before transaction costs and management fees

\*\* All CAPEX and operating expenses shouldered by the Lessee

# Makati Crown Jewels: ATG Tower 2, Greenbelt 3 & 5, and Holiday Inn

AREIT Properties line Ayala Avenue in Makati CBD



**Triple A Office, 39-storeys**  
LEED Gold, Pre-Certified WELL

**Major locators:** AC, ACEN, BPI, White & Case, Mitsubishi, Netflix, Bank of Singapore, CLSA, Standard Chartered, French Embassy, The Executive Center



**Greenbelt 3 & 5**  
93k sqm Lifestyle Mall  
Home to global brands  
Louis Vuitton, Hermes, Dior



**Holiday Inn Makati**  
348 key hotel at Ayala Center Makati

# Seda Ayala Center Cebu and Seda Lio in El Nido



## Seda Ayala Center, Cebu Business Park

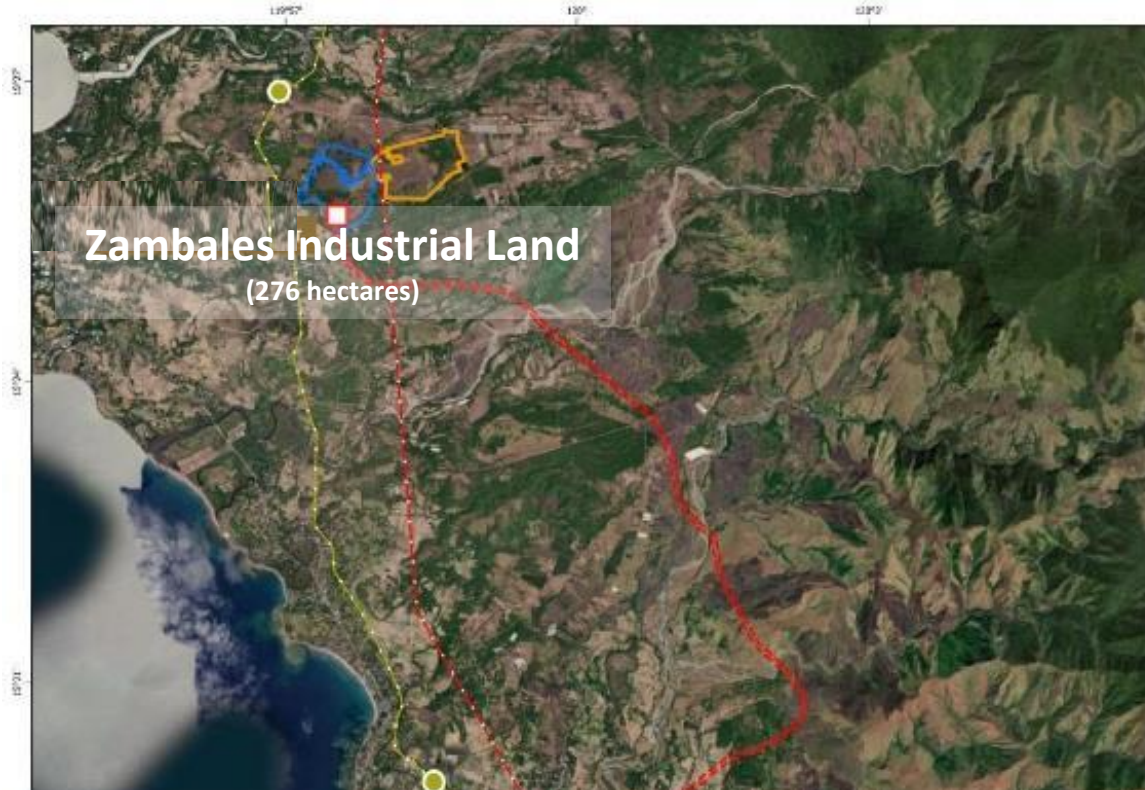
- **301-room businessman's hotel centrally located** beside the Ayala Mall in Ayala Center Cebu

## Seda Lio in El Nido

- **153-room resort hotel** nestled within Ayala Land's Lio Tourism Estate in El Nido, Palawan
- Acquired January 2024, via cash purchase

# 276-Hectare Industrial Land in Zambales

25-year guaranteed fixed lease +1.5% p.a. escalation with GigaAce8 for Solar power operations



- Land valuation of P6.77B at 6.92% cap rate based on DCF of guaranteed income stream
- 1.5% annual escalation
- 25-year guaranteed return of 8.4%
- DPS accretive to AREIT post-infusion

# Diversified portfolio of high-quality commercial buildings and industrial land

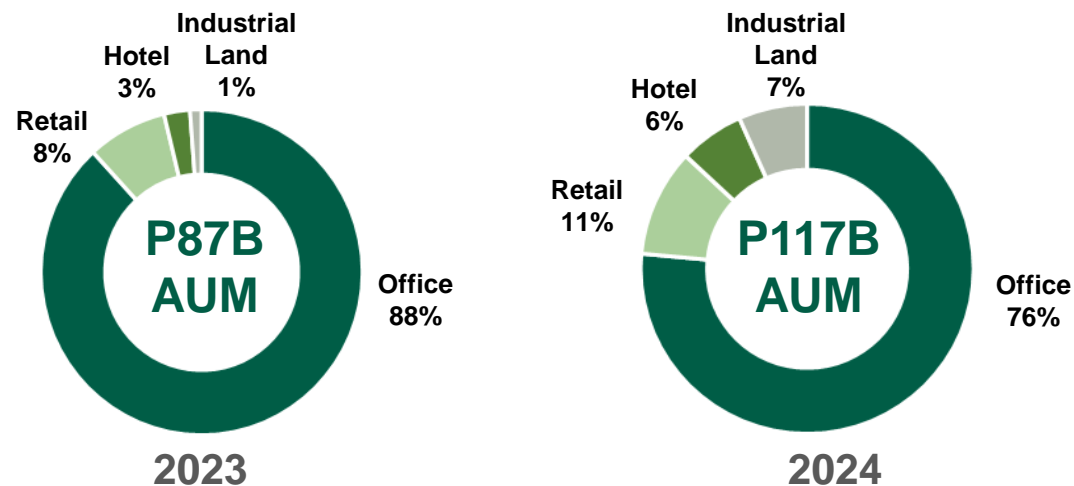
## Improved portfolio sector diversification

- Office exposure by AUM decreases to 76%
- Retail exposure by AUM increases to 11% and hotel to 6%
- Industrial land increases to 7%
- Resilient income stream given retail & hotel assets are on fixed master lease to ALI

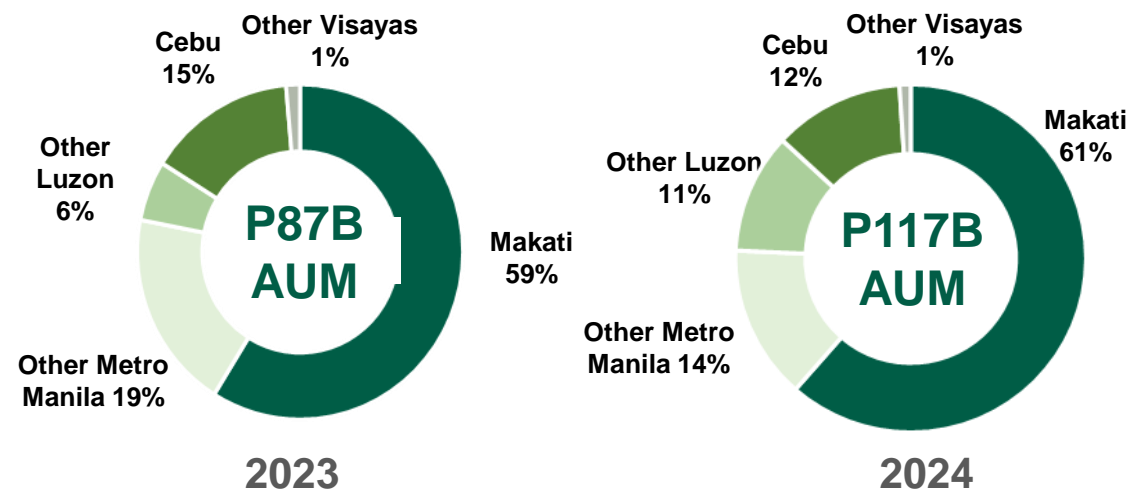
## Strong portfolio with quality assets in prime Makati CBD and key cities nationwide

- Makati presence by asset valuation further increases to 61%

AUM Breakdown by Sector



Portfolio AUM Breakdown by Location



# Yield accretive transactions cement AREIT's position as largest and most diversified Philippine REIT

1

## Enlarged and Improved Portfolio

- **34% increase in AUM**
- **23% increase in building GLA**
- **Flagship** crown jewels in Makati + SEDA hotels in Cebu and El Nido
- **2B in additional EBITDA**; 40% of current EBITDA level

2

## Enhanced Diversification and Stability

- Increases **diversification** of building asset mix
  - Mix of **Direct Income and Master Leases** (Retail and hotel master leased to Sponsor)
  - Increases building WALE from 9.5 to 11.9 yrs.
- **Decreases 2024 bldg. lease expiries from 8.5% to 6.6%** of building GLA
- **Lowers tenant concentration risk** – no single tenant above 10% of GLA
- **D/E ratio decreases** from 0.04:1 to 0.03:1

3

## Yield Accretive<sup>(1)</sup>

- **Effective 7.1% cap rate<sup>(2)</sup>** (6.8% net of fees at valuation)
- Combination of **equity and cash purchase**
- **~4% DPS accretion**
- Implied **total return of 10%** from in-place yield and DPS growth

Notes: (1) Estimated yields subject to actual operating performance and market conditions (2) Effective cap rate given swap price premium vs 30d VWAP as of Nov 16, 2023

# In Summary

- 1. AREIT has delivered outstanding financial results since it listed**
  - Double digit growth year-on-year
  - 3x growth in revenues and EBITDA in 3 years
  - 97% occupancy better than industry
- 2. AREIT significantly infused quality, prime assets**
  - P27B to P87B in AUM (3x since IPO)
  - 2024 asset infusion of P30B (largest since IPO) will quadruple AUM to P117B
- 3. AREIT continues to diversify its portfolio – reducing concentration risks**
- 4. AREIT, an integral vehicle for ALI with runway for growth, is steadfast in its vision to be the leading and most diversified Philippine REIT**

# AREIT -- the first, leading and most-diversified Philippine REIT



EPRA NAREIT ex-Japan Index  
Small Cap Index  
Micro Cap Index



Best IPO in the Philippines –  
2021



Most Outstanding IPO in the Philippines -  
2021



Southeast Asia  
Deal of the Year

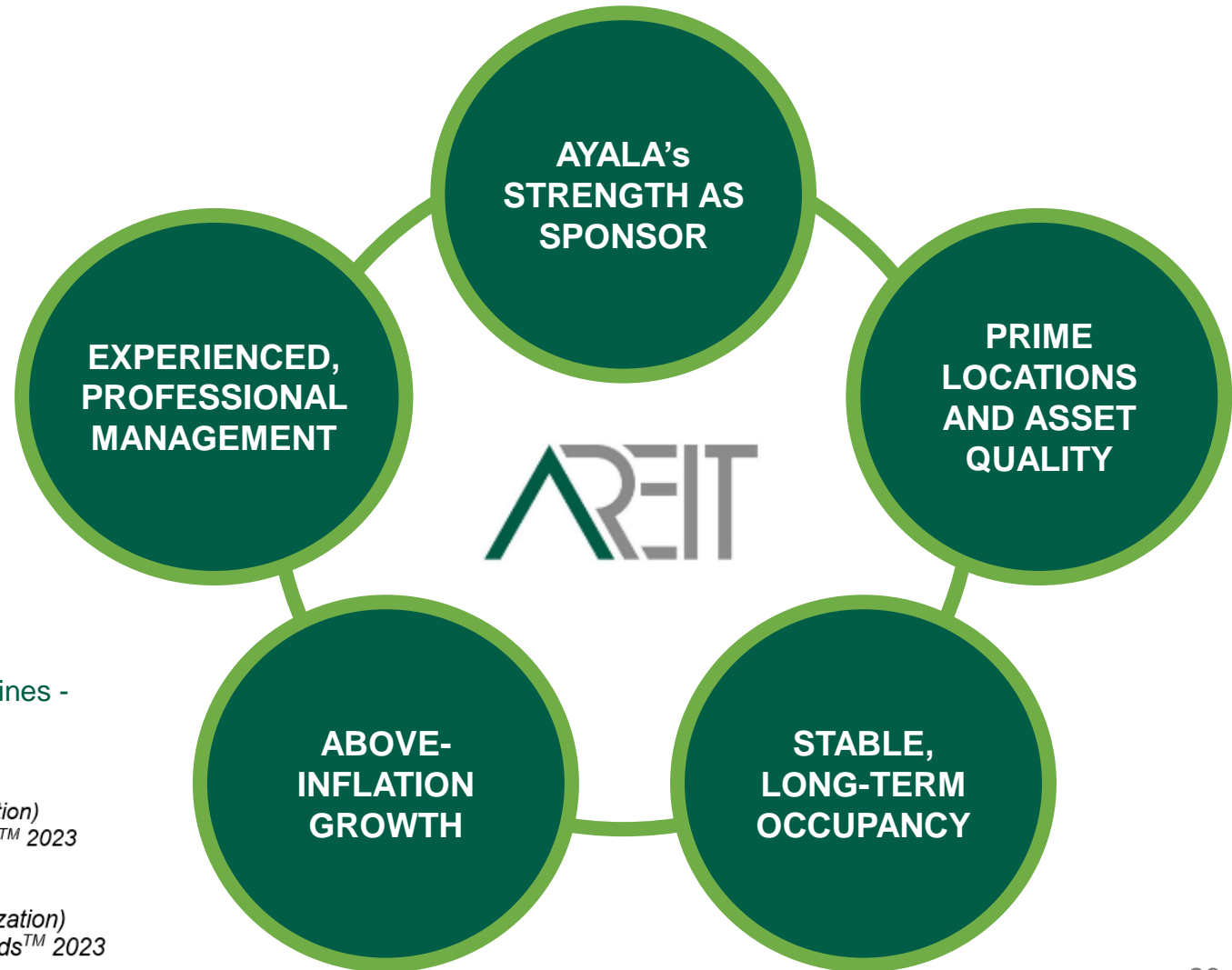


*Best Diversified REIT (Platinum)*  
*(USD 1 Billion and above in Market Capitalization)*  
*Asia Pacific Best of the Breeds REITs Awards™ 2023*

*Best Office REIT (Platinum)*  
*(USD 1 Billion and above in Market Capitalization)*  
*Asia Pacific Best of the Breeds REITs Awards™ 2023*



AREIT, Inc. | Investor Presentation







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**Thank you for joining!**

For questions, send an email to:

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To access the recording:

**<https://areit.com.ph>**