



Supplemental Performance Report for the Fourth Quarter of 2023

February 28, 2024

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 December 31, 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	Marquee 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.	0.0%	2.5	-	-	-	-	-	-	-	-	-	0.6	1.9	-	-	-
AyalaLand Sales, Inc.	0.1%	3.2	-	-	-	-	-	-	-	-	-	-	3.2	-	-	-
Bank of the Philippine Islands	1.6%	93.9	2.0	71.6	-	-	19.7	-	-	-	-	0.6	-	-	-	-
BPI Capital Corporation	0.1%	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.	1.0%	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.	1.9%	110.8	-	110.8	-	-	-	-	-	-	-	-	-	-	-	-
North Eastern Commercial Corporation	0.9%	54.8	-	-	21.5	-	33.3	-	-	-	-	-	-	-	-	-
AyalaLand Malls, Inc.	2.4%	139.1	-	-	-	-	-	-	-	-	-	-	-	-	139.1	-
Northbeacon Commercial Corporation	1.5%	90.3	-	-	-	-	-	-	-	-	-	-	-	-	-	90.3
Total rental income and interest income from finance lease receivables	10.1%	594.8	5.9	204.4	22.7	61.4	57.3	-	4.2	-	-	1.2	5.1	3.2	139.1	90.3

C. Statement of Cash Flows for the Period Ended December 31, 2023 *(In Pesos, Millions)*

CASH FLOWS FROM OPERATING ACTIVITIES	
Income before income tax	5,031.61
Adjustments for:	
Net fair value change in investment properties	(99.25)
Depreciation and amortization	0.22
Interest expense	235.22
Interest income from finance lease receivables	(450.83)
Interest income	(133.83)
Operating income before working capital changes	4,583.14
Changes in operating assets and liabilities:	
Decrease (increase) in:	
Receivables	(834.38)
Other assets	64.51
Increase (decrease) in:	
Accounts and other payables	961.19
Deposits and other liabilities	1,402.48
Construction bonds	(2.89)
Cash generated from (used in) operations	6,174.05
Interest received	364.81
Income tax paid	(1.07)
Net cash flows provided by (used in) operating activities	6,537.79
CASH FLOWS FROM INVESTING ACTIVITIES	
Decrease (increase) in due from related parties	(1,734.90)
Payments for additions to investment properties and PPE	(201.85)
Net cash flows provided by (used in) investing activities	(1,936.75)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments of dividends	(4,067.58)
Interest paid	(94.84)
Payment of share issuance cost	(105.72)
Availment (repayment of loans)	(300.00)
Payments of lease liability	(53.90)
Net cash flows provided by (used in) financing activities	(4,622.03)
NET INCREASE (DECREASE) IN CASH	(20.99)
CASH AT BEGINNING OF PERIOD	62.75
CASH AT END OF PERIOD	41.76

D. Adjusted Funds from Operations for the Period Ended December 31, 2023 *(In Pesos, Millions)*

	Total
Net income after tax	5,030.54
Add back: Depreciation	0.22
Change in fair value of investment property	(12.69)
Deduct: CAPEX	(175.44)
PAS adjustment	(86.56)
Adjusted Funds from Operations	4,756.07

E. Operating Statistics as of December 31, 2023

Overall						
Property	Location	Total gross leasable area (GLA) in sq. m	Occupied GLA, in sq. m	Occupancy rate	Revenue Contribution in 2023	Cost contribution in 2023 ¹
Solaris	Makati	46,768	45,740	98%	10.3%	10.6%
Ayala North Exchange	Makati	95,314	86,086	90%	14.5%	16.4%
MECC	Makati	10,688	10,117	95%	2.5%	1.5%
TP Cebu	Cebu	18,093	18,093	100%	2.9%	2.5%
The30th	Pasig	74,704	70,174	94%	7.7%	9.6%
Laguna Technopark Land	Laguna	98,179	98,179	100%	1.3%	0.3%
Vertis	Quezon City	164,450	163,971	100%	21.6%	21.8%
BPI-Philam Makati	Makati	1,072	660	62%	0.0%	0.1%
BPI-Philam Alabang	Muntinlupa	551	551	100%	0.1%	0.1%
Bacolod Capitol	Negros Occidental	11,313	11,313	100%	1.2%	1.4%
Ayala Northpoint	Negros Occidental	4,654	4,654	100%	0.4%	0.7%
Evotech	Laguna	23,727	23,727	100%	4.0%	3.0%
Ebloc Towers 1-4	Cebu	79,640	78,499	99%	12.0%	11.9%
ACC Tower	Cebu	27,458	26,365	96%	2.9%	3.5%
Tech Tower	Cebu	16,273	12,852	79%	1.4%	1.8%
One Ayala West and East Towers	Makati	70,995	70,195	99%	9.3%	9.6%
Glorietta 1&2 BPOs and Mall	Makati	108,790	108,365	100%	6.5%	4.6%
Marquee Mall	Pampanga	66,041	66,041	100%	1.3%	0.4%

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 Dec 2023) ²
Solaris	46,027	44,999	98%	1,017	1%
Ayala North Exchange	61,737	52,923	86%	1,009	4%
MECC	9,633	9,633	100%	1,033	9%
TP Cebu	17,682	17,682	100%	698	3%
The30th	47,871	47,871	100%	780	3%
Vertis	125,144	124,665	100%	773	2%
BPI-Philam Makati	1,072	660	62%	-	-
BPI-Philam Alabang	551	551	100%	787	6%
Bacolod Capitol	11,313	11,313	100%	500	0%
Ayala Northpoint	4,654	4,654	100%	457	1%
Evotech	23,058	23,058	100%	644	0%
Ebloc Towers 1-4	74,992	74,992	100%	647	-8%
ACC Tower	27,458	26,365	96%	637	9%
Tech Tower	14,941	11,898	80%	523	-3%

One Ayala West and East Towers	70,995	70,195	99%	1,331	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 CBD	Cebu	Pasig/ Ortigas CBD	Quezon City	Muntinlupa	Laguna	Bacolod
Occupancy rate	91%	80%	87%	77%	70%	74%	75%
Ave. rent/sq. m	₱ 1,100-1,500	₱ 350-650	₱ 650-850	₱ 600-800	₱ 500-750	₱ 500-700	₱ 300-500

Sources:

- Colliers Philippines Research. Q4 2023 Property Market Briefing

G. Current Valuation of the AREIT Properties

The valuation of the AREIT properties is aligned with the appraisal reports issued by Cuervo Appraisers, Inc. ("Cuervo"). Cuervo 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.

Property	Type	Valuation cost (in Pesos, millions)	Valuation Date	Valuation Method
Solaris	Building	7,056	December 2023	Income Approach
Ayala North Exchange ¹	Building	9,744	December 2023	Income Approach
MECC	Building	1,720	December 2023	Income Approach
TP Cebu	Building	1,827	December 2023	Income Approach
The30th ¹	Building	4,659	December 2023	Income Approach
Laguna Technopark Land	Land	1,489	December 2023	Income Approach
Vertis ¹	Building	16,353	December 2023	Income Approach
BPI-Philam Makati	Building	178	December 2023	Income Approach
BPI-Philam Alabang	Building	27	December 2023	Income Approach
Bacolod Capitol	Building	783	December 2023	Income Approach
Ayala Northpoint	Building	318	December 2023	Income Approach
Evotech	Building	2,833	December 2023	Income Approach
Ebloc Towers 1-4	Building	7,890	December 2023	Income Approach
ACC Tower	Building	2,024	December 2023	Income Approach
Tech Tower	Building	1,011	December 2023	Income Approach
One Ayala East and West Towers	Building	12,854	December 2023	Income Approach
Glorietta 1&2 BPOs	Building	8,389	December 2023	Income Approach

⁽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, 2023

	Total value <i>In millions</i>	Value per share
Book value	83,409,837	35.21
Net asset value	84,628,798	35.73
Market capitalization	79,111,460	33.40

I. Performance Indicators as of December 31, 2023

Current ratio ¹	0.90
Net debt-to-equity ratio ²	0.04
Profitability Ratios:	
Return on assets ³	6%
Return on equity ⁴	7%
Asset to Equity ratio ⁵	1.12
Market-to-book ratio ⁶	0.95

Net debt-to-equity ratio as of December 31, 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 December 31, 2023 resulted in interest expense of ₱93.9 million for YTD December 31, 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.

J. Investment Return

On February 19, 2024, the Board of Directors declared cash dividends of ₱ 0.55 per outstanding common share for the fourth quarter of 2023. The cash dividends will be payable on March 20, 2024 to stockholders on record as of March 4, 2024. To date, the total shareholder return is 48% based on IPO price per share of ₱ 27.00.

YTD 2023 Dividends per share	₱ 2.15
Price per share as of December 31, 2023	₱ 33.40
Annualized dividend yield based on closing price as of December 31, 2023	6.44%
Price growth based on IPO price per share of ₱ 27.00	23.70% ¹
Total return since IPO	48.41% ¹
REIT Benchmarks	
Ten-year BVAL as of end of period	6.0012%
Dividend yield of Asia Pacific REITs	6.31% ²



Source:

- (1) Based on closing price as of December 29, 2023
- (2) 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 January 31, 2024. 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 as of fourth quarter of 2023 is 8.59% higher than same period of 2022. Apart from rental escalations, this growth is attributable to the income contribution of sponsor assets infused in Q4 2022 and Q3 2023 via property-for-share swap which was approved by the SEC on December 29, 2022 and September 20, 2023 respectively.

	YTD 2022	YTD 2023	Growth rate
Dividends per share	₱ 1.98	₱ 2.15	8.59%

Computation of the distributable income of the Company for YTD December 31, 2023 is shown below.

(In Millions):

Net income	₱ 5,030.5
Unrealized (gain)/loss on fair value change in investment properties	(99.3)
Distributable income	₱ 4,931.3

II. PERFORMANCE METRICS

II. Performance Highlights

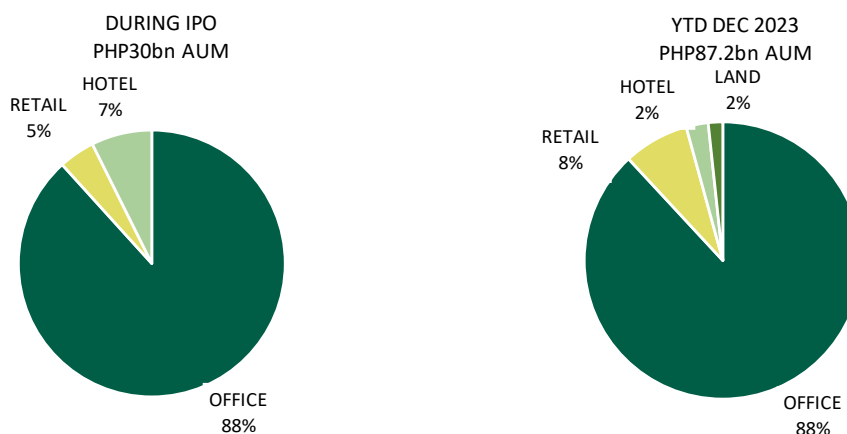
AREIT consistently adheres to its four investment fundamentals: prime location and quality of assets, stable occupancy with long term contracts from top BPO and corporate locators, inflation-hedged growth and new asset infusions, and execution by an experienced management team backed by the strength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

Total portfolio size of 918 thousand sq. m is now 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 245 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.

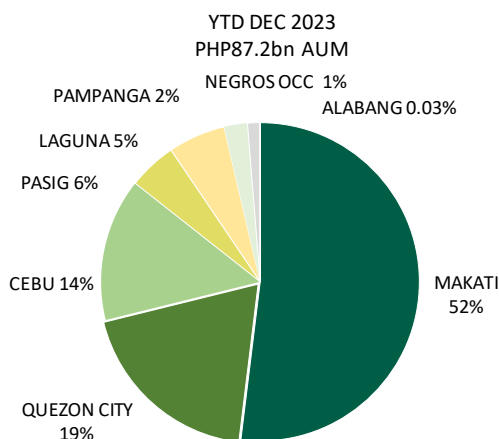
Diversified Asset Portfolio in Prime Locations

From its initial AUM of PHP30 billion during IPO, AREIT’s portfolio diversified and grew its AUM to PHP87.2 billion as of YTD December 2023 with the office sector comprising 88% of total portfolio. AREIT’s properties are also now geographically diversified in several central business districts and prime locations across the Philippines.

AUM BY SECTOR



AUM BY LOCATION



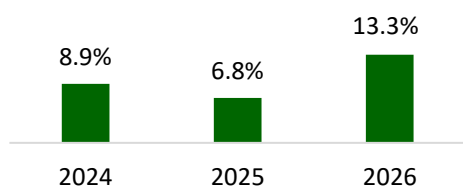
Stable Occupancy and Tenancy

AREIT's consistent and solid operations in the quarter ended December 31, 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 10.1 years and 3.8 years for offices. Lease expiries are also manageable in the next three years.

Weighted Average Lease Expiry (WALE)

Property	WALE (years)
Office	3.8
Retail	25.7
Hotel	34.5
Industrial Land	4.0
Overall	10.1

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	11%
2	Ayala Land, Inc. (Glorietta 1 & 2 Mall)	68,764	8%
3	North Eastern Commercial Corporation (Ayala Malls The 30 th and Vertis Mall) ²	67,207	8%
4	Northbeacon Commercial Corporation ² (Marquee Mall)	66,041	8%
5	Google Services Philippines, Inc.	50,677	6%
6	Telephilippines Incorporated	38,154	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	512,783	59%

⁽¹⁾ Subsidiary of Ayala Corporation

⁽²⁾ Subsidiary of Ayala Land, Inc.

⁽³⁾ Subsidiary of Ayala Hotels and Resorts Corporation

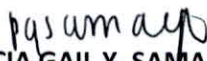


CERTIFICATION

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.


PATRICIA GAIL Y. SAMANIEGO
Attorney-in-Fact


BEVERLY S. ESPINA
Attorney-in-Fact

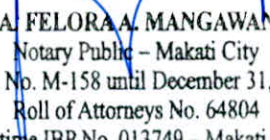
SUBSCRIBED AND SWORN to before me this FEB 28 2024 at Makati City, affiants exhibiting to me their identification documents as follows:

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 2024

Notarial DST pursuant to Sec. 61 of the TRAIN Act (Amending Sec. 188 of the NIRC) affixed on Notary Public's copy




MA. FELORA A. MANGAWANG
Notary Public – Makati City
Appt. No. M-158 until December 31, 2025
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