



Performance Report for the Second Quarter of 2024

August 14, 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.



TABLE OF CONTENTS

I. Financial Performance.....	3
II. Performance Metrics.....	10



B. Income from Related Parties for the Period Ended June 30, 2024 *(In Pesos, Millions)*

Related Parties	Total		Solaris	Ayala North Exchange	The30th	Laguna Technopark Land	Vertis	BPI-Philam Alabang	Evotech	ACC Tower	Tech Tower	Glorietta 1&2 Mall	Marquee Mall	Seda Lio
	%	Amount												
Rental income														
Alveo Land Corporation	0.0%	0.5	0.5	-	-	-	-	-	-	-	-	-	-	-
Amaia Land Corp.	0.0%	1.3	-	-	-	-	-	1.3	-	-	-	-	-	-
Amicassa Process Solutions, Inc.	0.1%	2.0	-	-	-	-	-	-	-	-	2.0	-	-	-
Avida Land Corp.	0.0%	1.1	-	-	-	-	-	-	-	1.1	-	-	-	-
Bank of the Philippine Islands	0.5%	16.6	0.9	1.5	-	-	13.7	-	0.4	-	-	-	-	-
First Gateway Real Estate Corporation	0.2%	8.3	-	8.3	-	-	-	-	-	-	-	-	-	-
Integrated Microelectronics, Inc.	1.2%	43.0	-	-	-	43.0	-	-	-	-	-	-	-	-
Bay City Commercial Ventures Corp.*	0.1%	2.9	-	-	-	-	3.0	-	-	-	-	-	-	-
Interest income from finance lease receivables														
Makati North Hotel Ventures, Inc.	2.1%	73.3	-	73.3	-	-	-	-	-	-	-	-	-	-
Bay City Commercial Ventures Corp.*	1.0%	36.5	-	-	14.3	-	22.2	-	-	-	-	-	-	-
AyalaLand Malls, Inc.	3.9%	139.5	-	-	-	-	-	-	-	-	-	139.5	-	-
Northbeacon Commercial Corporation	2.6%	90.6	-	-	-	-	-	-	-	-	-	-	90.6	-
Econorth Resort Ventures, Inc.	1.5%	51.3	-	-	-	-	-	-	-	-	-	-	-	51.3
Total rental income and interest income from finance lease receivables	13.2%	466.9	1.4	83.1	14.2	43.0	38.9	1.3	0.4	1.1	2.0	139.5	90.6	51.3

*previously North Eastern Commercial Corporation

C. Statement of Cash Flows for the Period Ended June 30, 2024 (In Pesos, Millions)

CASH FLOWS FROM OPERATING ACTIVITIES	
Income before income tax	2,862.73
Adjustments for:	
Net fair value change in investment properties	86.25
Depreciation and amortization	0.14
Interest expense	83.69
Interest income from finance lease receivables	(391.17)
Interest income	(65.23)
Operating income before working capital changes	2,576.40
Changes in operating assets and liabilities:	
Decrease (increase) in:	
Receivables	332.39
Other assets	(332.29)
Increase (decrease) in:	
Accounts and other payables	712.96
Deposits and other liabilities	180.23
Construction bonds	12.18
Cash generated from (used in) operations	3,481.87
Interest received	65.23
Income tax paid	(1.43)
Net cash flows provided by (used in) operating activities	3,545.67
CASH FLOWS FROM INVESTING ACTIVITIES	
Decrease (increase) in due from related parties	482.35
Payments for additions to investment properties and PPE	(1,282.85)
Net cash flows provided by (used in) investing activities	(800.50)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments of dividends	(2,629.15)
Interest paid	(40.87)
Payments of lease liability	(8.61)
Net cash flows provided by (used in) financing activities	(2,678.63)
NET INCREASE (DECREASE) IN CASH	66.54
CASH AT BEGINNING OF PERIOD	41.76
CASH AT END OF PERIOD	108.29

D. Adjusted Funds from Operations for the Period Ended June 30, 2024 (In Pesos, Millions)

	Total
Net income after tax	2,861.30
Add back: Depreciation	0.14
Change in fair value of investment property	(86.25)
Deduct: CAPEX	(109.39)
PAS adjustment	86.25
Adjusted Funds from Operations	2,752.05

E. Operating Statistics as of June 30, 2024

Overall						
Property	Location	Total gross leasable area (GLA) in sq. m	Occupied GLA, in sq. m	Occupancy rate	Revenue Contribution in 1H2024	Cost contribution in 1H2024 ¹
Solaris	Makati	46,768	44,038	94%	6.1%	8.9%
Ayala North Exchange	Makati	95,314	82,764	87%	11.8%	13.4%
MECC	Makati	10,688	10,241	96%	2.2%	1.3%
TP Cebu	Cebu	18,093	18,093	100%	2.5%	2.2%
The30th	Pasig	74,704	73,514	98%	6.3%	8.1%
Laguna Technopark Land	Laguna	98,179	98,179	100%	1.1%	0.3%
Vertis	Quezon City	164,450	151,787	92%	18.5%	18.8%
BPI-Philam Makati	Makati	1,072	660	62%	0.1%	0.1%
BPI-Philam Alabang	Muntinlupa	551	551	100%	0.0%	0.1%
Bacolod Capitol	Negros Occidental	11,313	11,313	100%	1.1%	1.2%
Ayala Northpoint	Negros Occidental	4,654	4,654	100%	0.4%	0.6%
Evotech	Laguna	23,727	23,439	99%	3.7%	2.5%
Ebloc Towers 1-4	Cebu	79,640	76,463	96%	10.3%	10.7%
ACC Tower	Cebu	27,458	23,852	87%	2.3%	2.9%
Tech Tower	Cebu	16,273	12,852	79%	1.1%	1.5%
One Ayala West and East Towers	Makati	70,995	70,995	100%	17.8%	18.7%
Glorietta 1&2 BPOs and Mall	Makati	108,790	108,365	100%	11.6%	7.9%
Marquee Mall	Pampanga	66,041	66,041	100%	2.1%	0.6%
Seda Lio	Palawan	17,680	17,680	100%	1.2%	0.1%

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 June 2024) ²	
Solaris	46,027	43,297	94%	1,044	2%	
Ayala North Exchange	61,737	49,509	80%	1,020	0%	
MECC	9,633	9,633	100%	1,034	0%	
TP Cebu	17,682	17,682	100%	713	3%	
The30th	47,871	46,681	98%	760	-8%	
Vertis	125,144	112,481	90%	830	8%	
BPI-Philam Makati	1,072	660	62%	581	0%	
BPI-Philam Alabang	551	551	100%	815	5%	
Bacolod Capitol	11,313	11,313	100%	500	0%	
Ayala Northpoint	4,654	4,654	100%	474	5%	
Evotech	23,058	22,779	99%	656	2%	
Ebloc Towers 1-4	74,992	72,833	97%	646	-1%	
ACC Tower	27,458	23,852	87%	627	-5%	

Tech Tower	14,941	11,800	79%	501	-8%
One Ayala West and East Towers	70,995	70,995	100%	1,355	N/A
Glorietta 1&2 BPOs	40,026	39,601	99%	1,152	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 July 1, 2023. The swap covers One Ayala East and West Towers, Glorietta BPOs 1 & 2, Glorietta 1 & 2 mall wings, and Marquee Mall.

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%	81%	87%	78%	71%	74%	78%
Ave. rent/sq. m	₱ 1,100-1,500	₱ 400-900	₱ 650-850	₱ 600-800	₱ 500-750	₱ 500-700	₱ 300-550

Sources:

- Colliers Philippines Research. Q2 2024 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 June 30, 2024

	Total value <i>In millions</i>	Value per share
Book value	83,641,976	35.31
Net asset value	84,892,992	35.84
Market capitalization	81,716,927	34.50

I. Performance Indicators as of June 30 2024

Current ratio ¹	0.77
Net debt-to-equity ratio ²	0.03
Profitability Ratios:	
Return on assets ³	6%
Return on equity ⁴	7%
Asset to Equity ratio ⁵	1.13
Market-to-book ratio ⁶	0.98

Net debt-to-equity ratio as of June 30, 2024 is 0.03. Total borrowings ₱3.00 billion represent short term bank loans which resulted in interest expense of ₱73.7 million for YTD June 30, 2024.

- (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 July 12, 2024, the Board of Directors declared cash dividends of ₱ 0.56 per outstanding common share for the second quarter of 2024. The cash dividends will be payable on August 11, 2024 to stockholders on record as of July 26, 2024. To date, the total shareholder return is 59% based on IPO price per share of ₱ 27.00.

YTD 2024 Dividends per share	₱ 1.12
Price per share as of June 30, 2024	₱ 34.50
Annualized dividend yield based on closing price as of June 30, 2024	6.49%
Price growth based on IPO price per share of ₱ 27.00	27.78% ¹
Total return since IPO	58.67% ¹
REIT Benchmarks	
Ten-year BVAL as of end of period	6.6535%
Dividend yield of Asia Pacific REITs	6.43% ²

Source:

⁽¹⁾ Based on closing price as of June 30, 2024



⁽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 July 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 for 1H2024 of 1.12 is 6.67% higher than same period of 2023. Apart from rental escalations, this growth is attributable to the income contribution of sponsor assets infused in July 2023 via property-for-share swap which was approved by the SEC on September 20, 2023 respectively as well as the addition of Seda Lio in January 2024.

	1H23	1H24	Growth rate
Dividends per share	₱ 1.05	₱ 1.12	6.67%

Computation of the distributable income of the Company for YTD June 30, 2024 is shown below.

(In Millions):

Net income	₱ 2,861.3
Net fair value change in investment properties	86.3
Distributable income	₱ 2,947.6

II. PERFORMANCE METRICS

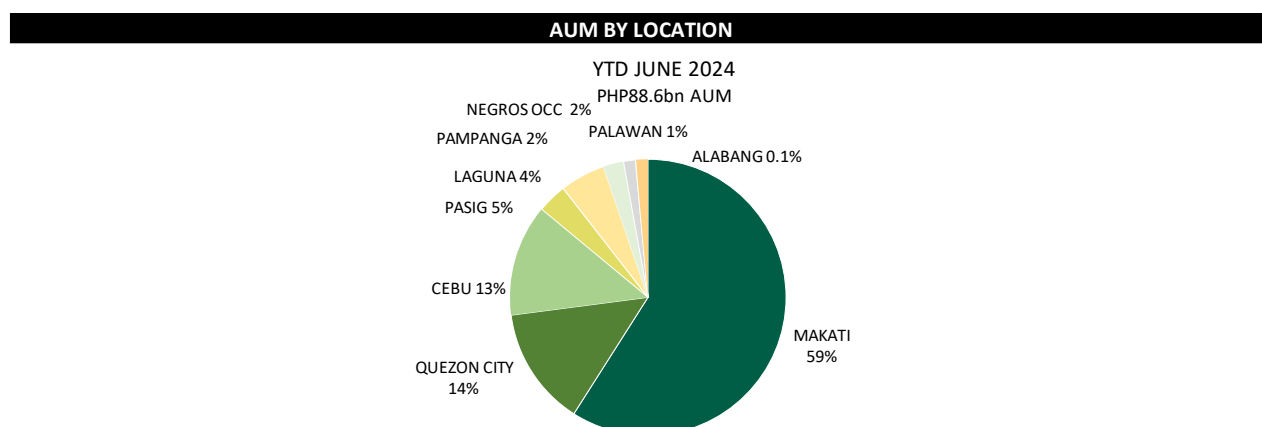
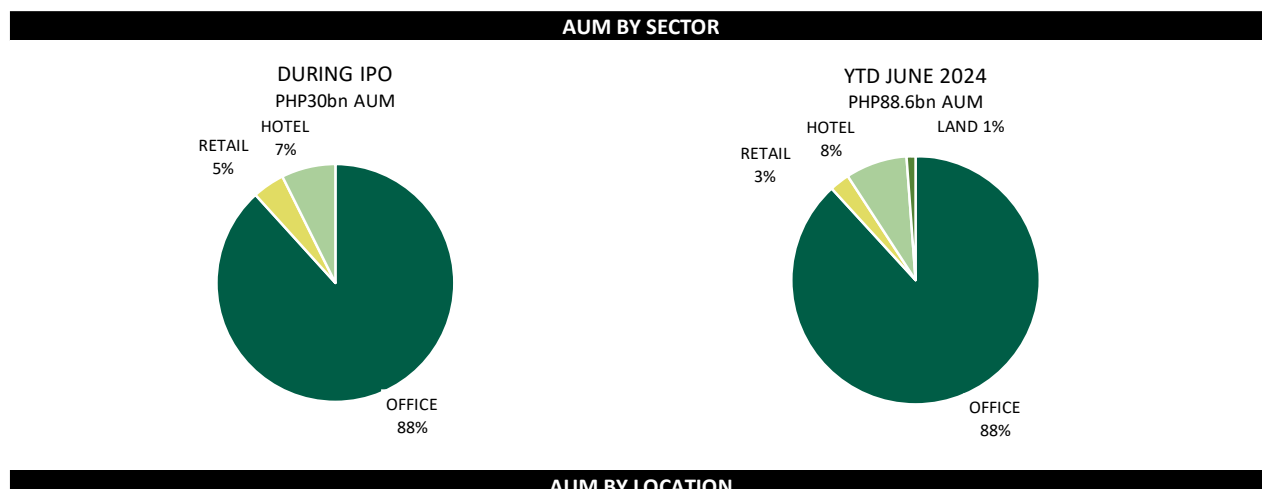
II. Performance Highlights

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 936 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 contributed 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. Meanwhile, the acquisition of Seda Lio last January 2024 added 18 thousand sqm of GLA in Palawan.

Diversified Asset Portfolio in Prime Locations

From its initial AUM of PHP30 billion during IPO, AREIT’s portfolio diversified and grew its AUM to PHP88.6billion as of YTD June 2024 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.



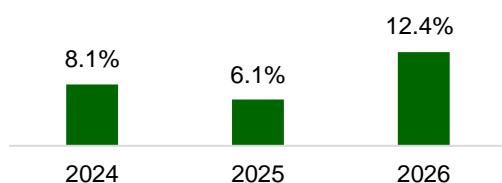
Stable Occupancy and Tenancy

AREIT's consistent and solid operations in the quarter ended June 30, 2024 resulted in overall occupancy rate of 96%. Stable recurring income is ensured with AREIT's contracted leases and Weighted Average Lease Expiry of AREIT's portfolio of 10.2 years and 3.7 years for offices. Lease expiries are also manageable in the next three years.

Weighted Average Lease Expiry (WALE)

Property	WALE (years)
Office	3.7
Retail	25.3
Hotel	30.2
Industrial Land	3.5
Overall	10.2

Percentage of GLA expiring between 2024-2026



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	Bay City Commercial Ventures Corp. (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. Formerly North Eastern Commercial Corporation

⁽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

AUG 13 2024

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

Table with 3 columns: Name, Competent Evidence of Identity, Date and Place Issued. Rows include AREIT FUND MANAGERS INC., Patricia Gail Y. Samaniego, and Beverly S. Espina.

Doc. No.: 321
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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
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