

# AREIT

9M 2024

Investor Presentation

November 2024

ONE AVILA

# Contents

## **9M 2024 Results**

- Highlights
- Operating and Financial Performance
- Dividends

## **2024 Asset Infusion**

## **Growth Plans**

# 9M 2024 Key Messages

1

Consistent growth  
from stable operations  
and acquisitions

- **Revenues** of P7.1B (+42%); **EBITDA** of P5.1B (+45%)
- **Net income** of P5.0B (+46%), excluding net fair value change
- **Overall occupancy** of 99%; **WALE** of 21 years (4.0 years for offices)

2

Strong balance sheet  
supports future growth

- **Low net gearing** at **0.03:1** with net debt of P2.8B
- **Ample debt headroom** at only 5.4% of the deposited property value
- **Interest cover ratio** of over 20x

3

Highest dividend  
since IPO

- **107% dividend growth** at P0.58/share in 3Q24 (vs P0.28/share at IPO)
- **FY23 dividends** of **P2.15/share** (+8.6%)
- **Consistent DPU accretion** from all asset infusions

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Continuing growth  
with accretive  
2024 acquisitions

- **AREIT's AUM** reached **P117B** (4x IPO size) only 4 years from its IPO
- **2024 infusion of ALI's 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

# 9M 2024 Highlights

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

**P7.1B +42%**

## EBITDA<sup>1</sup>

**P5.1B +45%**

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

**P5.0B +46%**

## OCCUPANCY

**99%**

## NET DEBT

**P2.9B**

Borrowing Cost of 6.1%  
5.42% of Deposited Property Value

## AUM

(Assets under  
Management)

**P117.6B**

## GLA

**3.9M sqm +324%**

Building 1.0M sqm +26%

Land 2.9M sqm

## NET GEARING

**0.03:1**

## DPS

**P1.12**

Q2 P0.56 double since  
IPO of P0.28

1. Higher revenues and EBITDA from the contribution of newly acquired properties in July 2023 and Seda Lio in Jan 2024

2. Excludes net fair value change in investment properties

# 9M 2024 Financials (Fair Value Model)

Revenues of P7.1B (+42%) and Net Income of P5.0B\* (+46%)

- Higher Revenues and EBITDA driven by the new assets acquired in July 2024, (Ayala Triangle Tower 2, Holiday Inn, Seda Ayala Center Cebu, Greenbelt 3& 5, and Palauig Lot) Seda Lio in January 2024 and FY contribution of 2023 additional assets
- Expenses increased due to the additional properties acquired in 2023 and 2024
- EBITDA grew higher than revenues due to higher margins on master leases
- NIAT grew in line with EBITDA

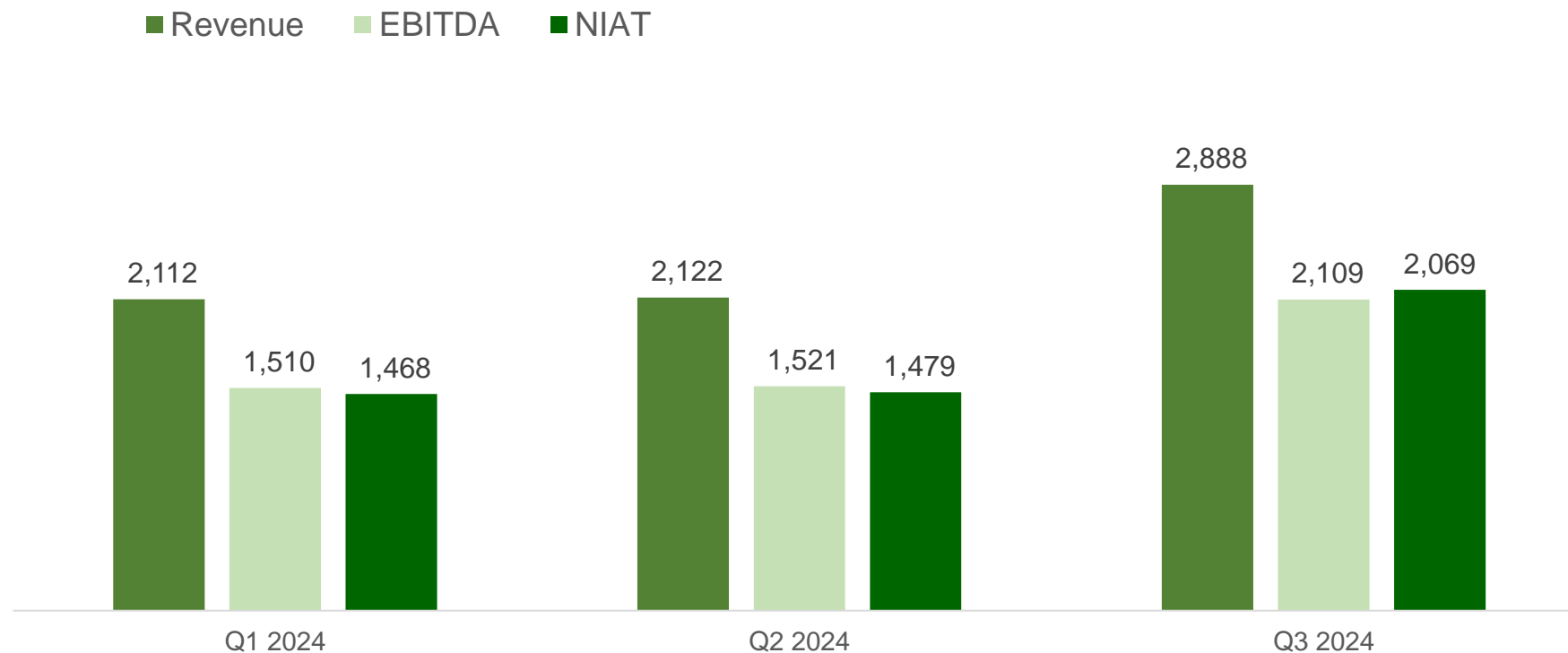
Income Statement (In Php millions)	9M 2024	9M 2023	Change	%
<b>Total Revenues</b>	<b>7,122</b>	<b>5,003</b>	<b>2,118</b>	<b>42%</b>
DOE and GAE	(1,982)	(1,466)	(516)	35%
<b>EBITDA</b>	<b>5,139</b>	<b>3,537</b>	<b>1,602</b>	<b>45%</b>
Interest expense- net	(120)	(107)	(14)	-13%
Other income (expense)	0	1	(1)	-91%
Net fair value change in investment properties	(198)	(161)	(37)	23%
<b>Net Income after Tax (NIAT)</b>	<b>4,818</b>	<b>3,270</b>	<b>1,549</b>	<b>47%</b>
<b>NIAT before change in fair value of investment properties*</b>	<b>5,017</b>	<b>3,431</b>	<b>1,586</b>	<b>46%</b>
<b>EBITDA Margin</b>	<b>72%</b>	<b>71%</b>	<b>1%pts</b>	
<b>NIAT Margin**</b>	<b>70%</b>	<b>69%</b>	<b>1%pts</b>	

\*NIAT of P5.0B and P3.4B 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

## Stable quarter-on-quarter performance



NIAT excludes the net fair value change in investment properties



# Higher occupancy than industry; healthy WALE

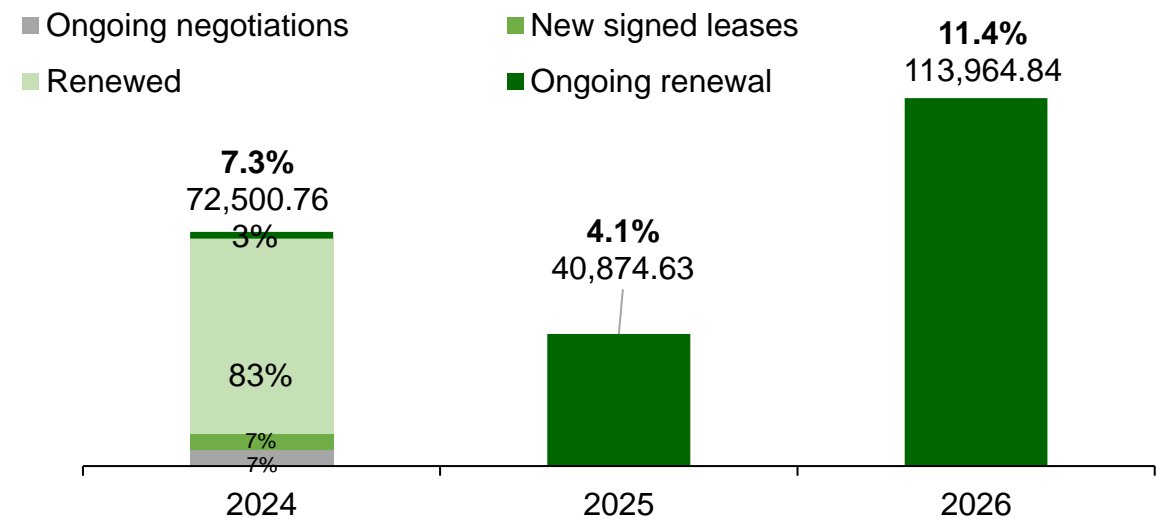
**Occupancy Rate: 99%** +3% vs 1H2024

- Despite hybrid work, occupancy remains high
- 7% signed new leases, replacing non-renewals
- 83% of FY 2024 expiring leases have been renewed; 3% ongoing renewals and 7% ongoing negotiations

Asset Type	GLA (in sqm)	Occupancy
Offices	639,786 (16%)	94%
Hotel	83,511 (2%)	100%
Retail	311,252 (8%)	99%
Industrial lots	3,891,863 (73%)	100%

WALE	Years
Offices	4.0
Overall	21.0

Annual Lease Expirations (in GLA sqm)



# Healthy balance sheet with a net gearing of 0.03:1

- Total Borrowings and Deferred Payments are 5.42% 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>September 2024</b>	<b>December 2023</b>
Cash & Receivables	4,574	4,264
Total Assets	123,720	93,272
Total Borrowings	3,000	3,000
Stockholders' Equity	112,734	83,410
Current Ratio	0.79:1	0.90:1
Debt-to-Equity Ratio	0.03:1	0.04:1
Net Debt-to-Equity Ratio	0.03:1	0.04:1
Average Cost of Debt	6.1%	3.1%
Interest Coverage Ratio	22.25	23.66
Net Debt to EBITDA Ratio	0.43	0.60



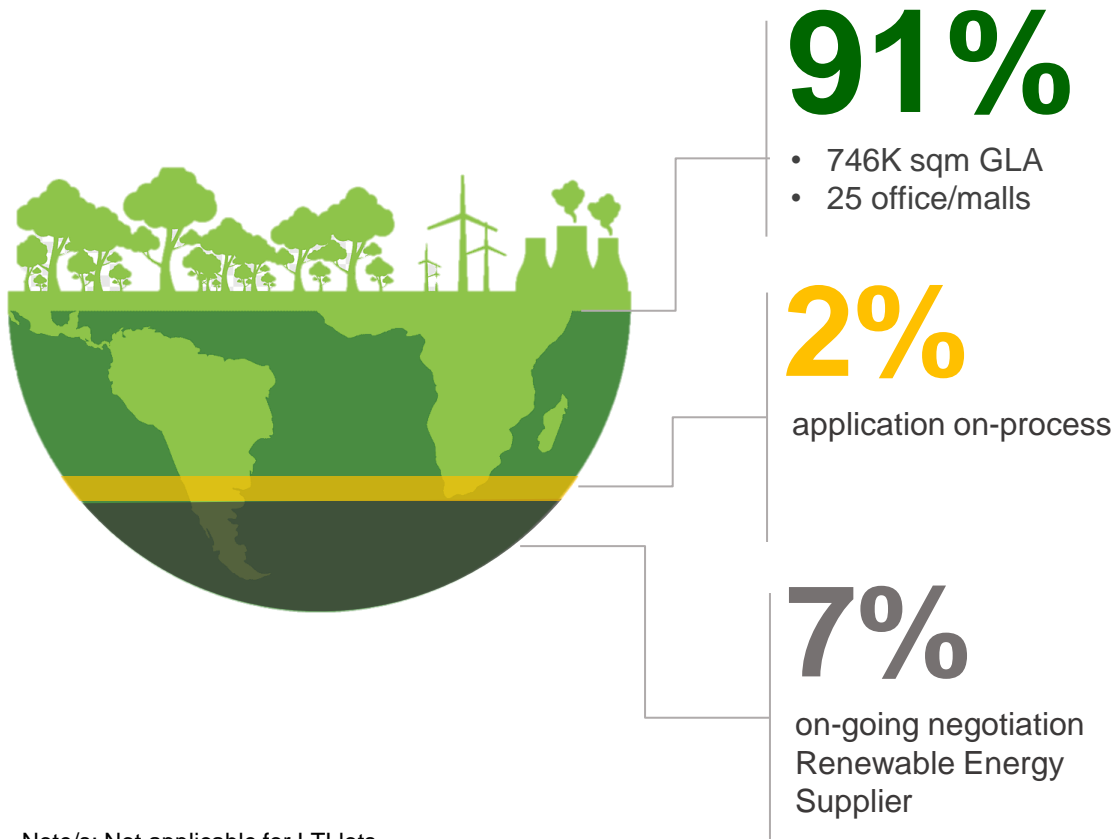
# Declaration of 3Q 2024 Cash Dividends

- **P0.58 per share** for 3,209,865,985 outstanding common shares
- Cash dividends will be **paid** on **December 13, 2024**, to stockholders of common shares as of the **record date November 27, 2024**.

# Leading ESG practices

## SHIFT TO RENEWABLE ENERGY

100% Renewal Energy by 2024



Note/s: Not applicable for LTI lots

## EDGE ZERO CERTIFICATION

The largest EDGE Zero Carbon office portfolio in the Philippines with 345K sqm

**45%** of AREIT office properties

- **8 Buildings:** Solaris, Glorietta 1 & 2 BPOs, McKinley Exchange, Vertis 1, 2 & 3, The 30th Corporate Center
- Minimum of **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

## ZERO WASTE TO LANDFILL

Partnership with **Prime Waste Management** to **divert 80% or 364 tons** of solid waste from the landfill by year end for AREIT's Cebu properties

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## Growth Plans

# 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



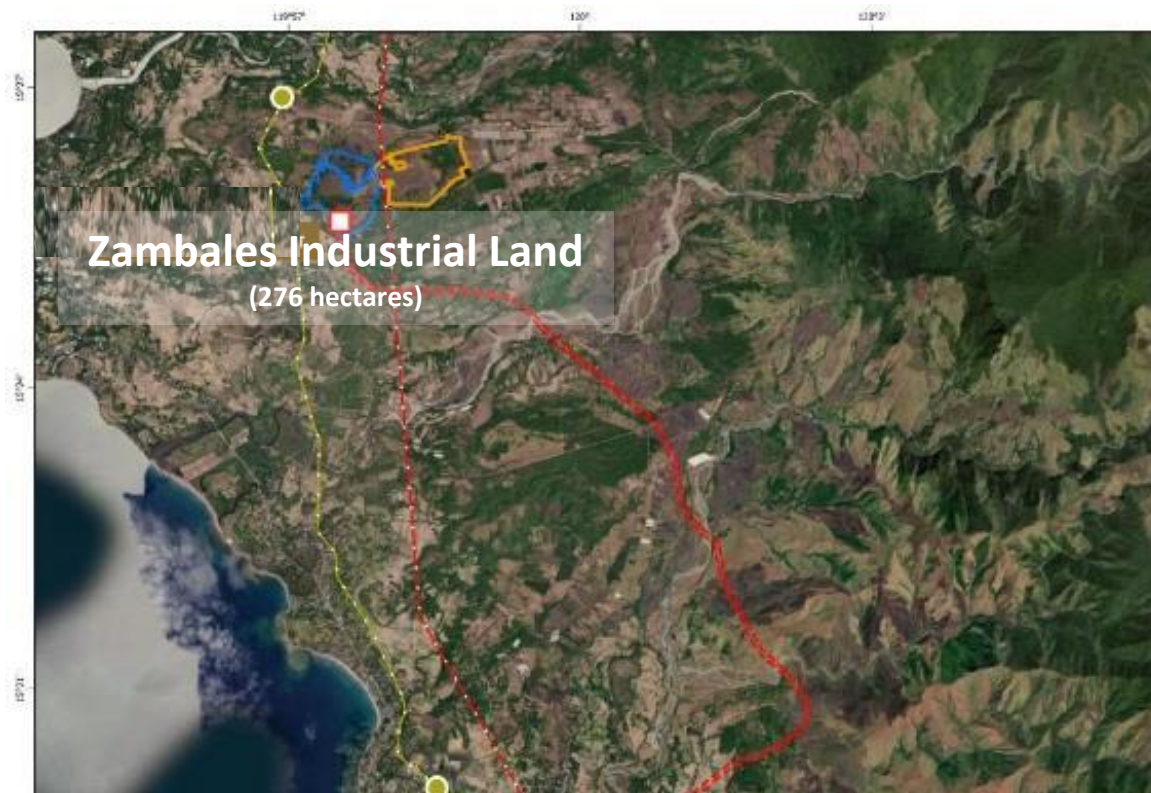
## Seda Lio in El Nido

- **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





# Diversify the portfolio mix further to reduce sector risk

## 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**  
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



**One Ayala East and West Towers**, Makati

## 2024 ASSET INFUSION



**Glorietta 1&2 Mall and BPO offices**  
Makati



**Marquee Mall**  
Pampanga



**ATG Tower 2**  
Makati



**Greenbelt 3 and 5**  
Makati



**Holiday Inn**  
Makati



**Seda AC Cebu**  
Cebu



**Seda Lio**  
Cebu



**Commercial Lots**  
Zambales

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

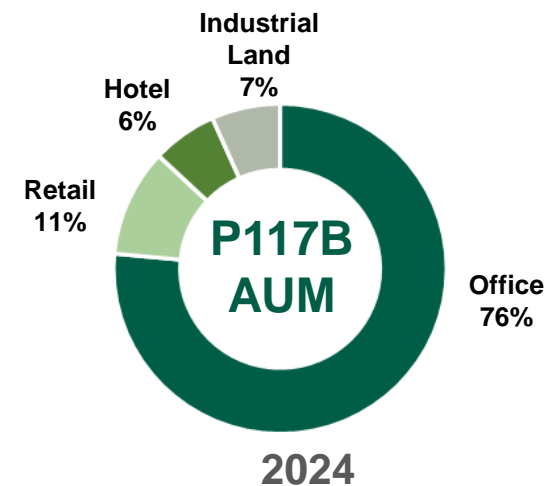
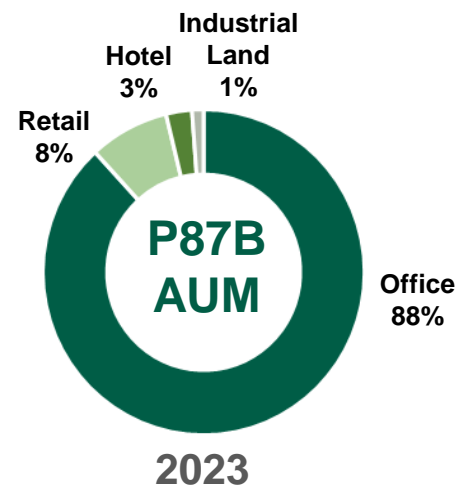
## Improved portfolio sector diversification

- 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

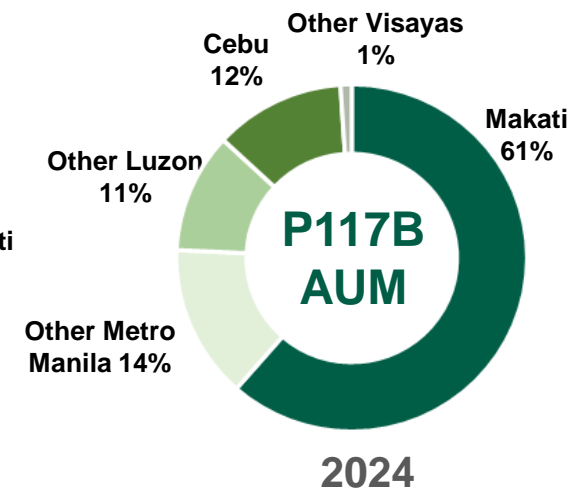
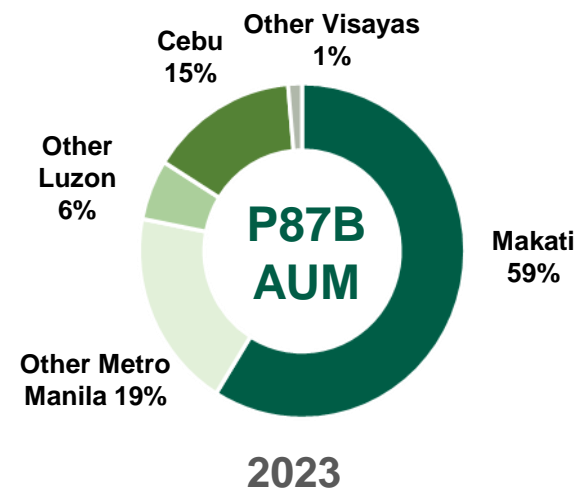
## Strong portfolio with quality assets in prime Makati CBD and key cities nationwide

- 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

# Consistent DPS accretion from asset infusions; No dilution

AREIT quarterly DPS in PhP



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AREIT aims to maintain market leadership by **enlarging its AUM to a size at par with major regional REITs**, grow and diversify its portfolio, and **achieve a 10-12% total shareholder return**

# Continuing AREIT's Growth Story

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**Enlarge AREIT Assets Under Management (AUM) to ~US\$3B**

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

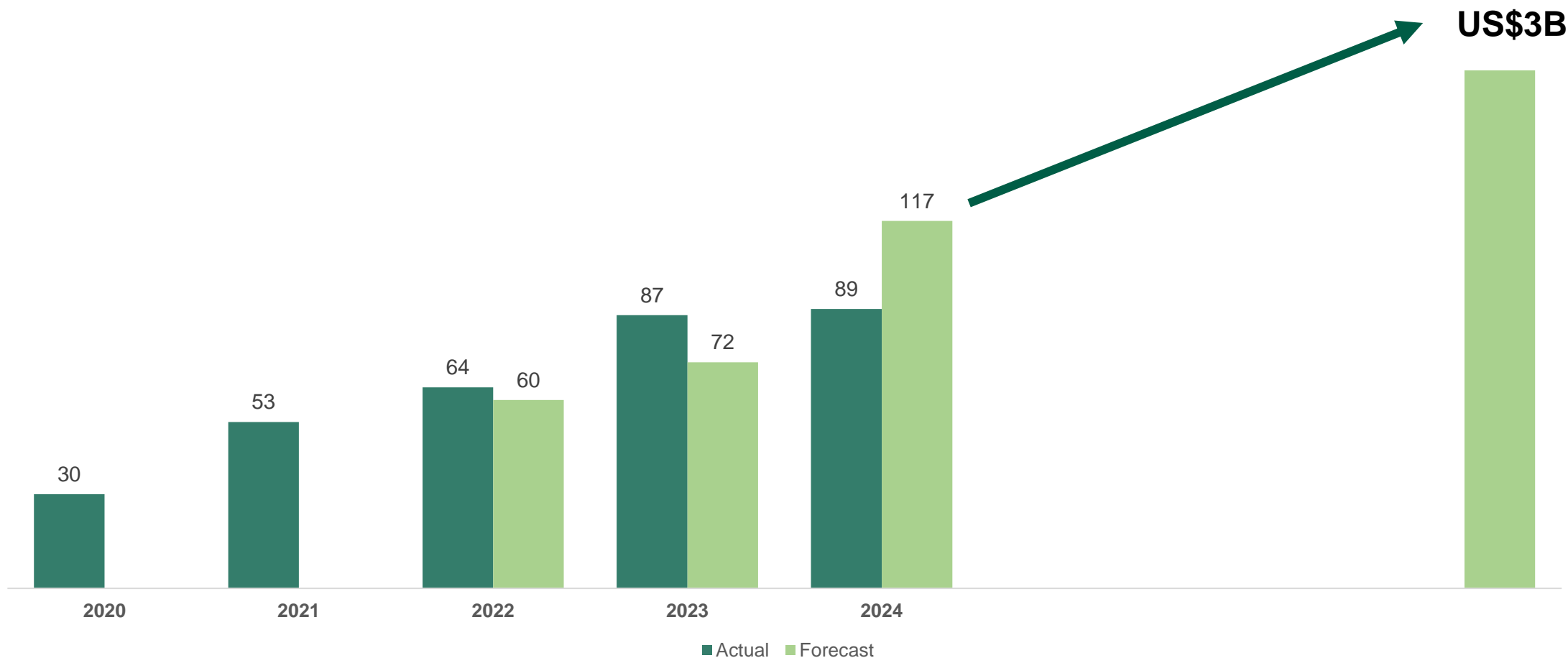
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**Capitalize on flagship commercial assets** from ALI as Sponsor

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**Dividend Accretion** in all asset acquisitions

# Enlarge AREIT's AUM to US\$3 billion





# Capitalize on flagship commercial assets from ALI as Sponsor





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



Philippines Small Cap Index



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



Property Index  
Mid Cap Index  
Dividend Yield



Best IPO in the Philippines –  
2021



Southeast Asia  
Deal of the Year



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*Best Diversified REIT (Platinum)*  
(USD 1 Billion and above in Market Capitalization)  
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*Best Office REIT (Platinum)*  
(USD 1 Billion and above in Market Capitalization)  
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