# D.M. Wenceslao & Associates, Incorporated ("DMW")

## Management Presentation

D.M. WENCESLAO
AND ASSOCIATES, INCORPORATED

# Disclaimer

NOT FOR PUBLICATION, DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OR ANY OTHER JURISDICTION IN WHICH THE PUBLICATION, DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL

By reading these materials, or attending the meeting where this presentation is made, you agree to be bound by the following limitations:

This document is highly confidential and being made available solely for information and may not be retained by you nor may this document, or any portion thereof, be shared, copied, reproduced or redistributed to any other person in any manner.

The information in this document has been prepared by D.M. Wenceslao & Associates, Incorporated ("DMWAI") and does not constitute a recommendation regarding the securities of DMWAI. The statements contained in this document speak only as at the date as of which they are made, and DMWAI expressly disclaims any obligation or undertaking to supplement, amend or disseminate any updates or revisions to any statements contained herein to reflect any change in events, conditions or circumstances on which any such statements are based. This presentation may not be all-inclusive and may not contain all the information that you may consider material. By preparing this presentation, none of DMWAI, its management, its advisers or any of their respective affiliates, shareholders, directors, employees, agents or advisers undertakes any obligation to provide the recipient with access to any additional information or to update this presentation or any additional information or to correct any inaccuracies in any such information which may become apparent. None of DMWAI, any of its advisers or any of their respective affiliates, shareholders, directors, employees, agents or advisers makes any expressed or implied representation or warranty as to the accuracy and completeness of the information contained herein and none of them shall accept any responsibility or liability (including any third party liability) for any loss or damage, whether or not arising from any error or omission in compiling such information or as a result of any party's reliance or use of such information. The information and opinions in this presentation are subject to change without notice.

This presentation contains certain "forward-looking statements". Forward-looking statements may include words or phrases such as DMWAI or any of its business components, or its management "believes", "expects", "anticipates", "intends", "plans", "foresees", or other words or phrases of similar import. Similarly, statements that describe DMWAI's objectives, plans or goals both for itself and for any of its business components also are forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Such forward-looking statements are made based on management's current expectations or beliefs as well as assumptions made by, and information currently available to, management. Neither DMWAI nor any of its advisers assumes any responsibility to update forward-looking statements or to adapt them to future events or developments. These forward-looking statements speak only as at the date of this presentation and nothing contained in this presentation is or should be relied upon as a promise or representation as to the future. There is no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on these forward-looking statements.

This presentation does not constitute a prospectus, offering circular or other offering memorandum in whole or in part. This presentation does not form part of and should not be construed as an offer to sell or issue or the solicitation of an offer to buy or acquire securities of DMWAI or any of its subsidiaries or affiliates in any jurisdiction or as an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. This document is not financial, legal, tax or other product advice. There shall be no sale of any of DMWAI's securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to qualification under securities laws of such state or jurisdiction. This presentation must not be distributed to the press or any media organization.

This presentation is not an offer of securities for sale in the United States and is not for publication or distribution to persons in the United States. This document is being made available on the basis that you have confirmed you are not located or resident in the United States. The securities described herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Any securities as described herein may not be offered or sold in the United States (as such terms are defined in Regulation S under the Securities Act) absent registration under the Securities Act or pursuant to an exemption from registration.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

# Key Presenters

**Delfin Angelo C. Wenceslao**
*Chief Executive Officer*

**Heherson M. Asiddao**
*Chief Finance Officer*

**Rachelle C. Paunlagui**
*Head of Investor Relations*

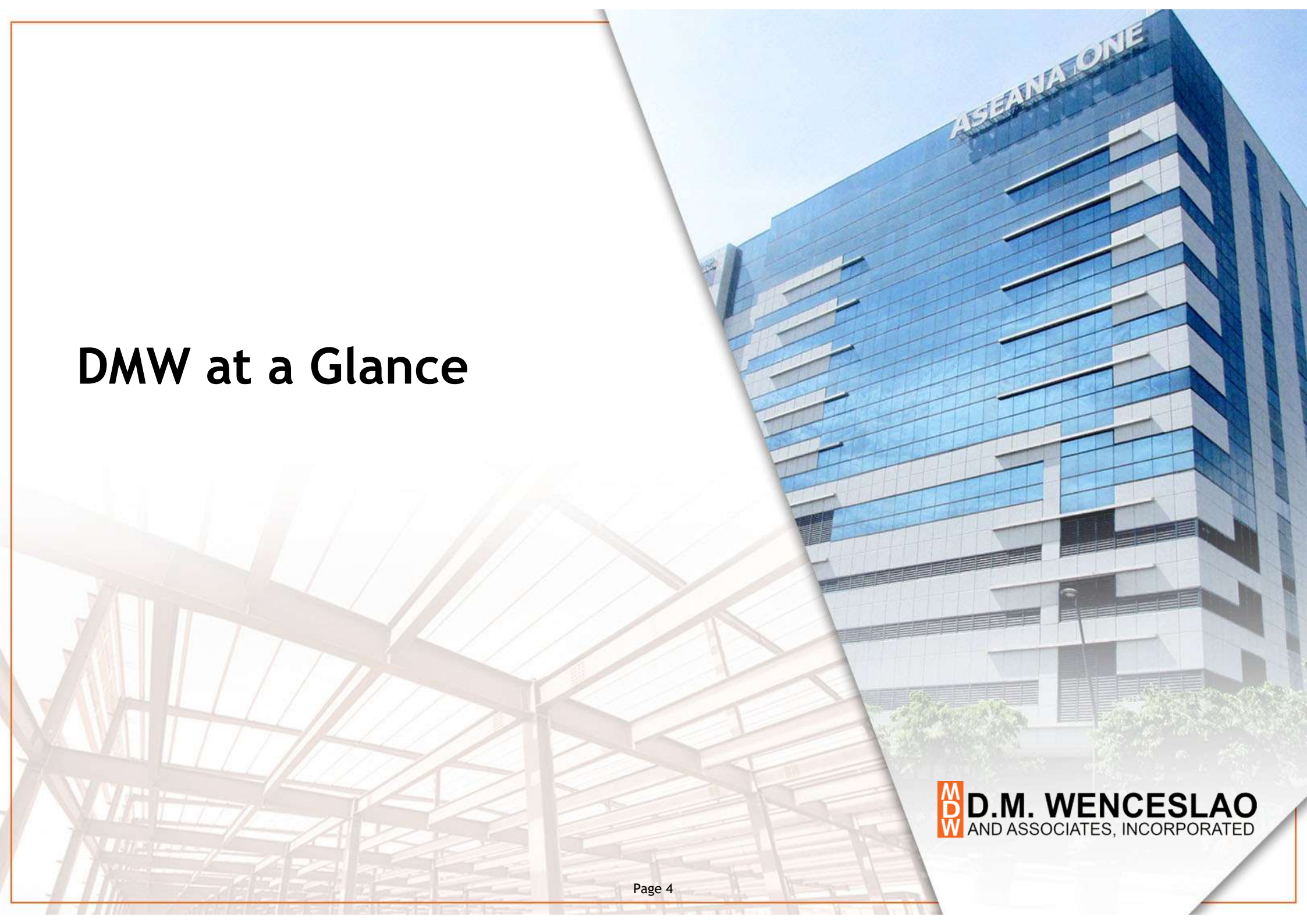
# Table of Contents

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

## Section


1. DMW at a Glance
2. Key Investment Highlights
3. Business Strategies
4. Financial Highlights

# DMW at a Glance




D.M. WENCESLAO
AND ASSOCIATES, INCORPORATED

# Distinct Profile with Strong Embedded Upside Across Businesses

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

We are an integrated property developer with expertise in land reclamation, construction and real estate development

## 1 Commercial Building Leasing

- 8 existing developed properties with **leasable floor area of 89,914 sq.m.** and **average occupancy** of **99%**[1]
- 7 of which are located in Aseana City: Aseana One, Aseana Two, Aseana Three, Aseana Powerstation Building, Aseana Town Center, Aseana Square and S&R

## 2 Property Development

- 8 pipeline projects (3 residential and 5 commercial) with **total saleable area of 88,316 sq.m.** and **total leasable floor area of 248,065 sq.m. to be completed in the next 5 years**
- Pixel Residences is 100% pre-sold
- With **292,035 sq.m. unallocated land bank** available for further development

## 3 Land Sales and Leasing

- Owns one of the largest and contiguous land holdings in Metro Manila
- With **land holdings of 569,121 sq.m.** in Aseana City
- **20,103 sq.m. allocated for future leases and 10,000 sq.m. allocated for future sales**

## 4 Land Reclamation

- **More than 50-year track record in infrastructure construction and land reclamation** with over 2.4 million sq.m. of land reclaimed to date
- Able to secure land at low cost relative to current market prices through land reclamation services

## 5 Construction

- **Licensed AAAA contractor** (less than 20 construction companies have this license in the Philippines[2])
- Holds a right to match the lowest bid or a right of first refusal to undertake certain construction works in Aseana City
- Ready-to-use, easily deployed capabilities, as well as in-house resources and personnel for Aseana City's master plan

*Notes:*
1. *Average in 1H 2018*
2. *Philippine Contractor's Accreditation Board, as of January 4, 2018*

# Key Milestones – Demonstrating Execution Track Record

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

**1965**
Establishment of DMW

**1965 - 76**
Undertook multiple projects and infrastructure works with various government institutions across the Philippines

**1979**
Undertook pile driving works for Frabel Industrial and Commercial Fishport

**1986**
Embarked on dredging activities for Navotas Fishport Complex

**1991**
Reclamation works for Aseana City began

**2003**
Entered into first land lease and commenced recognition of revenue from leasing of land to S&R

**2012**
Completion of Aseana One

**2004**
Developed Aseana Power Station

**2008**
All reclamation works in Aseana City completed

**2016**
- Pixel Residences starts pre-selling activities
- Aseana Square commences construction

**2014 - 2015**
- Completion of Aseana Two
- Awarded the City of Dreams development and construction works (100th construction project awarded to DMW)
- Commencement of Ayala Land lease
- Aseana Three commences construction

**2017**
- Pixel Residences fully pre-sold
- Completion of construction of Aseana Square
- Additional lease agreements with Ayala Land
- Aseana Three fully leased out

1965 1976 1979 1986 1991 2000 2003 2004 - 2008 2012 2014 - 2015 2016 2017

CITY OF DREAMS MANILA

# Key Investment Highlights

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

# Key Investment Highlights

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

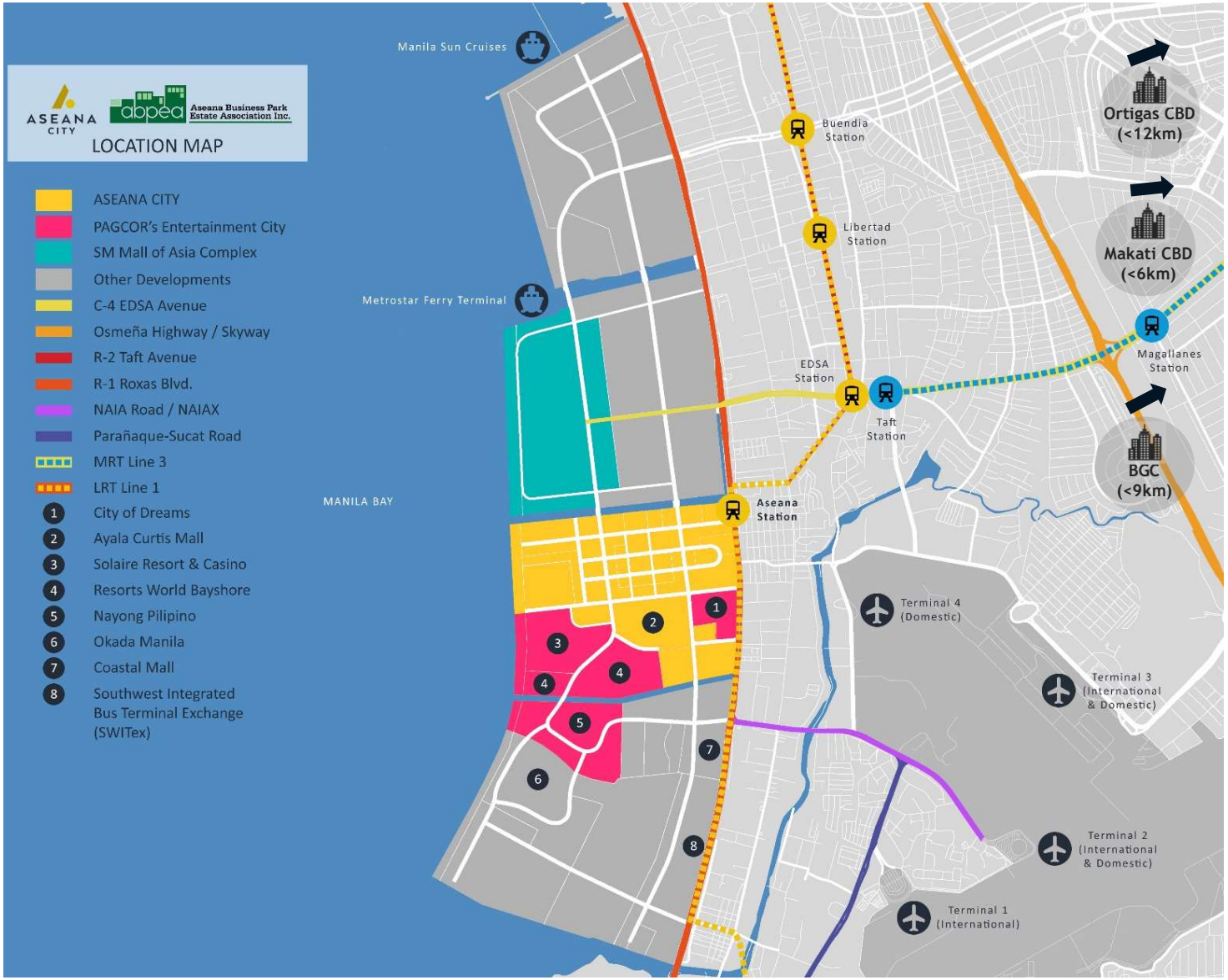
1. A Strategic and Sizeable Land Bank in Aseana City that is Well Positioned for Future Growth
2. Favorable Acquisition Costs for Our Land Holdings Provide a Solid Foundation for Value Appreciation and Profitability
3. An Integrated Master Developer with Competitive Advantages Across Business Lines
4. A Diversified Earnings Base With Substantial and Recurring Revenue Streams
5. A Proven Management Track Record
6. A Strong Financial Position Based on Prudent Financial Management
7. Well-positioned to Benefit from Strong Macroeconomic Fundamentals and Attractive Industry Growth Trends

# Key Investment Highlights

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

1. **A Strategic and Sizeable Land Bank in Aseana City that is Well Positioned for Future Growth**
2. Favorable Acquisition Costs for Our Land Holdings Provide a Solid Foundation for Value Appreciation and Profitability
3. An Integrated Master Developer with Competitive Advantages Across Business Lines
4. A Diversified Earnings Base With Substantial and Recurring Revenue Streams
5. A Proven Management Track Record
6. A Strong Financial Position Based on Prudent Financial Management
7. Well-positioned to Benefit from Strong Macroeconomic Fundamentals and Attractive Industry Growth Trends

# Aseana City – Conveniently Located and Anchored by Tourism, Recreational Developments and Retail Malls




## Aseana City

- ✓ Located along the shoreline of Manila Bay bordering Pasay City and extending east to Roxas Boulevard within Parañaque City

## Extensive Transport Network

- ✓ 5 – 10 minutes to Manila Ninoy Aquino International Airport ("NAIA") via NAIA Expressway
- ✓ Upcoming Southwest Integrated Bus Terminal Exchange ("SWITex") station expected to be completed in 2018
- ✓ The extension of LRT Line 1 targeted for completion in 2021 stops along Aseana City
- ✓ Improves connectivity to other cities such as Alabang, Cavite and Laguna

## PAGCOR's Entertainment City

- ✓ A gaming and entertainment complex under development and the setting of high-end integrated casino resorts, such as City of Dreams Manila, Solaire Resort & Casino, and Okada Manila
- ✓ Westside City Resorts World casino (to be completed in 2021)

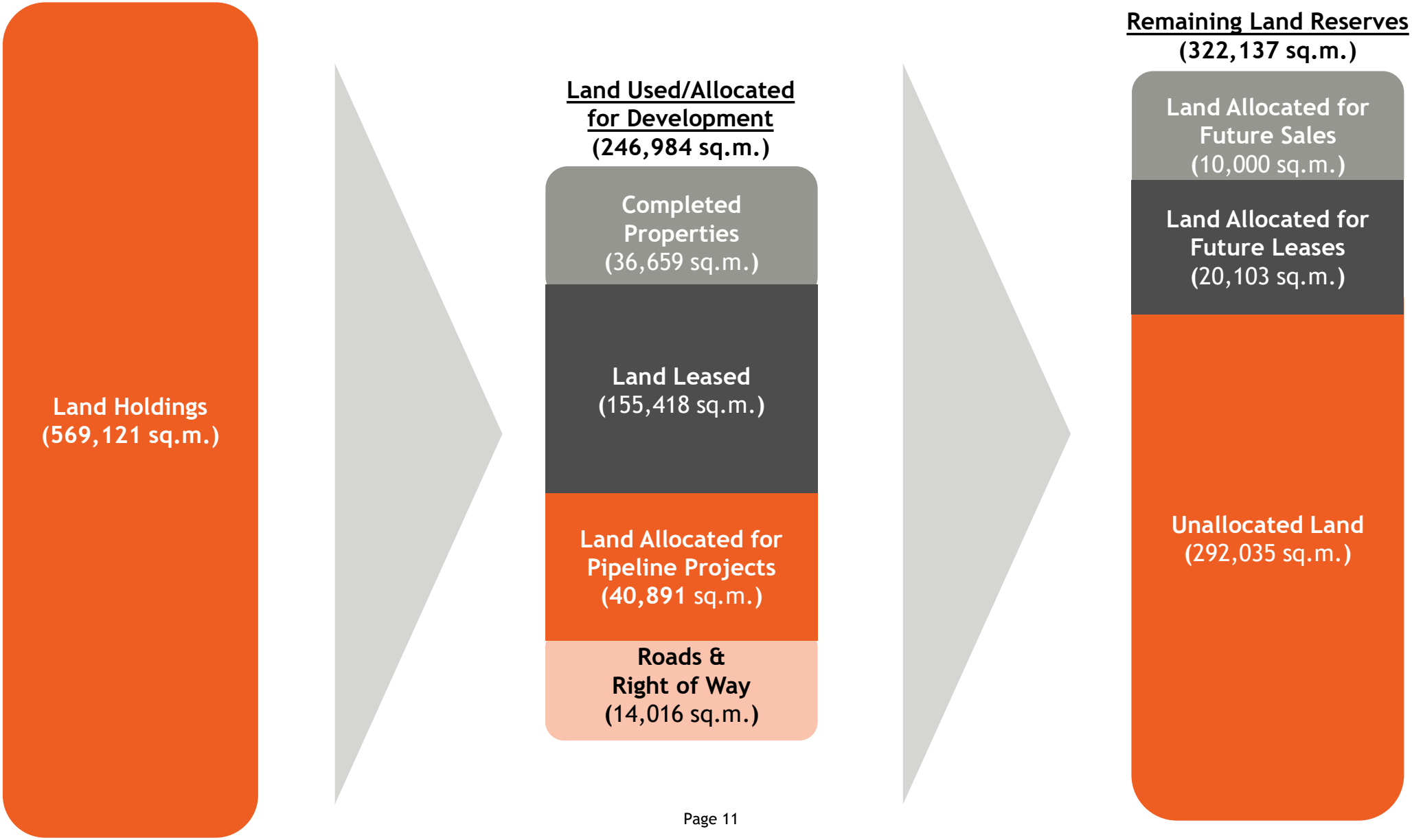
## SM Group's Mall of Asia

- ✓ One of the largest shopping malls in the world, attracting roughly 200,000 people every day

# A Strategic and Sizeable Land Bank in Aseana City

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

Positioned as the next major mixed-use CBD in Metro Manila anchored by tourism, recreational developments and retail malls

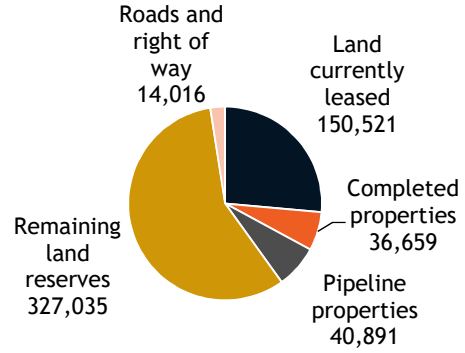


# DMW's Land Holdings, Completed Properties and Pipeline Projects in Aseana City

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

## Owned Land Holdings

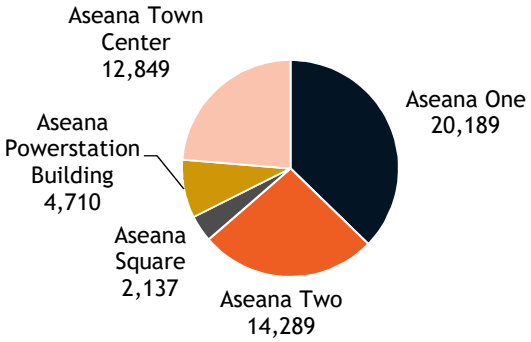
### Land area (sq.m.)




***Total: 569,121 sq.m.***

## Completed Properties[1]

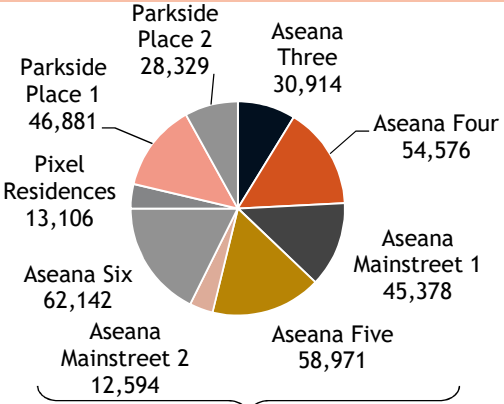
### Total leasable floor area (sq.m.)




***Total: 54,173 sq.m.***

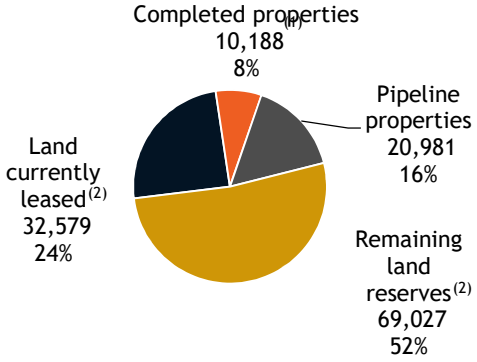
## Pipeline Properties

### Leasable/saleable floor area (sq.m.)



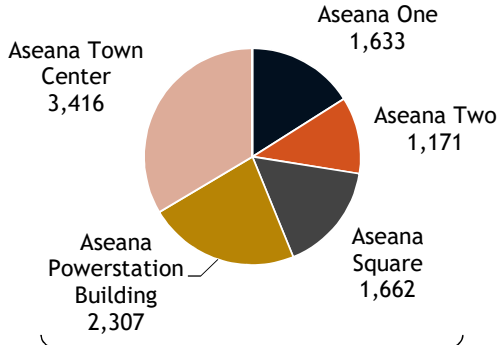

***Total: 352,890 sq.m.***

### Valuation (PHP mm)



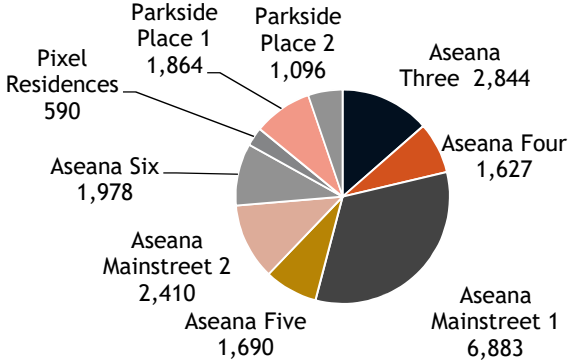

***Total: PHP132,775 mm***

### Valuation (PHP mm)




***Total: PHP10,188 mm***

### Valuation (PHP mm)[3]




***Total: PHP20,981 mm***

*Notes:*

1. *Excluding S&R Building*
2. *DMW holds a 60% shareholding interest in Bay Area Holdings, Inc. or BAHI through Fabricom, Inc. as of December 31, 2017. The value of the land currently leased and remaining land reserves under BAHI amounts to PHP1,077.3 mm and PHP15,068.9 mm respectively*
3. *As is, where is basis*

# Key Investment Highlights

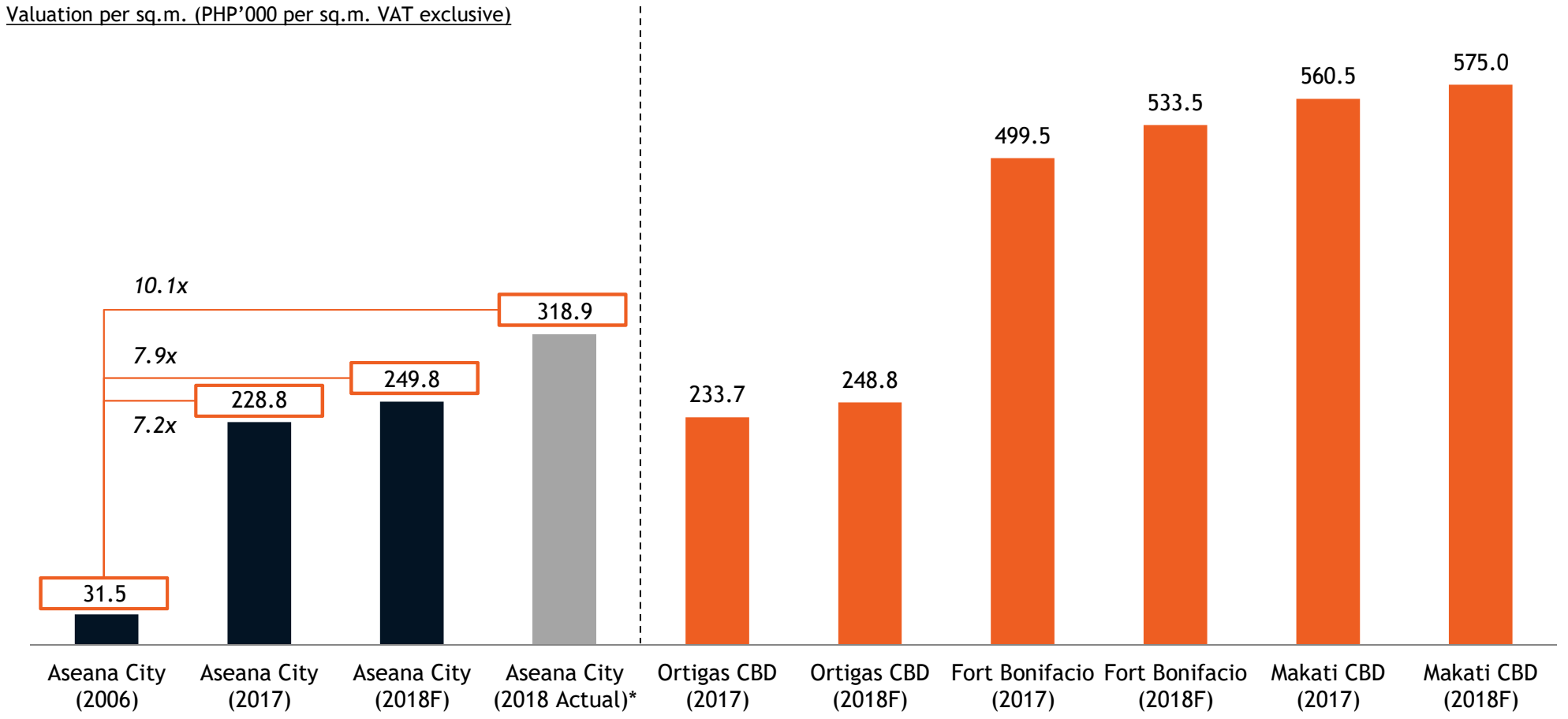
D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

1. A Strategic and Sizeable Land Bank in Aseana City that is Well Positioned for Future Growth
2. **Favorable Acquisition Costs for Our Land Holdings Provide a Solid Foundation for Value Appreciation and Profitability**
3. An Integrated Master Developer with Competitive Advantages Across Business Lines
4. A Diversified Earnings Base With Substantial and Recurring Revenue Streams
5. A Proven Management Track Record
6. A Strong Financial Position Based on Prudent Financial Management
7. Well-positioned to Benefit from Strong Macroeconomic Fundamentals and Attractive Industry Growth Trends

# Rapidly Appreciating Land Holdings Secured at Low Cost

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

**Land secured at low cost relative to current market prices as it was obtained in consideration of our land reclamation services**




*Source: Colliers Independent Market Research*
**Aseana City (2018 Actual) is based on transacted price of P318,888/ sq.m. VAT exclusive for a 5,626.88 sq.m. parcel of land sold in March 2018*
www.afprsbs.com/uploads/3/7/5/2/37521453/3__aseana_6b-d_.jpg
www.afprsbs.com/uploads/3/7/5/2/37521453/tor_aseana_6e_new.pdf

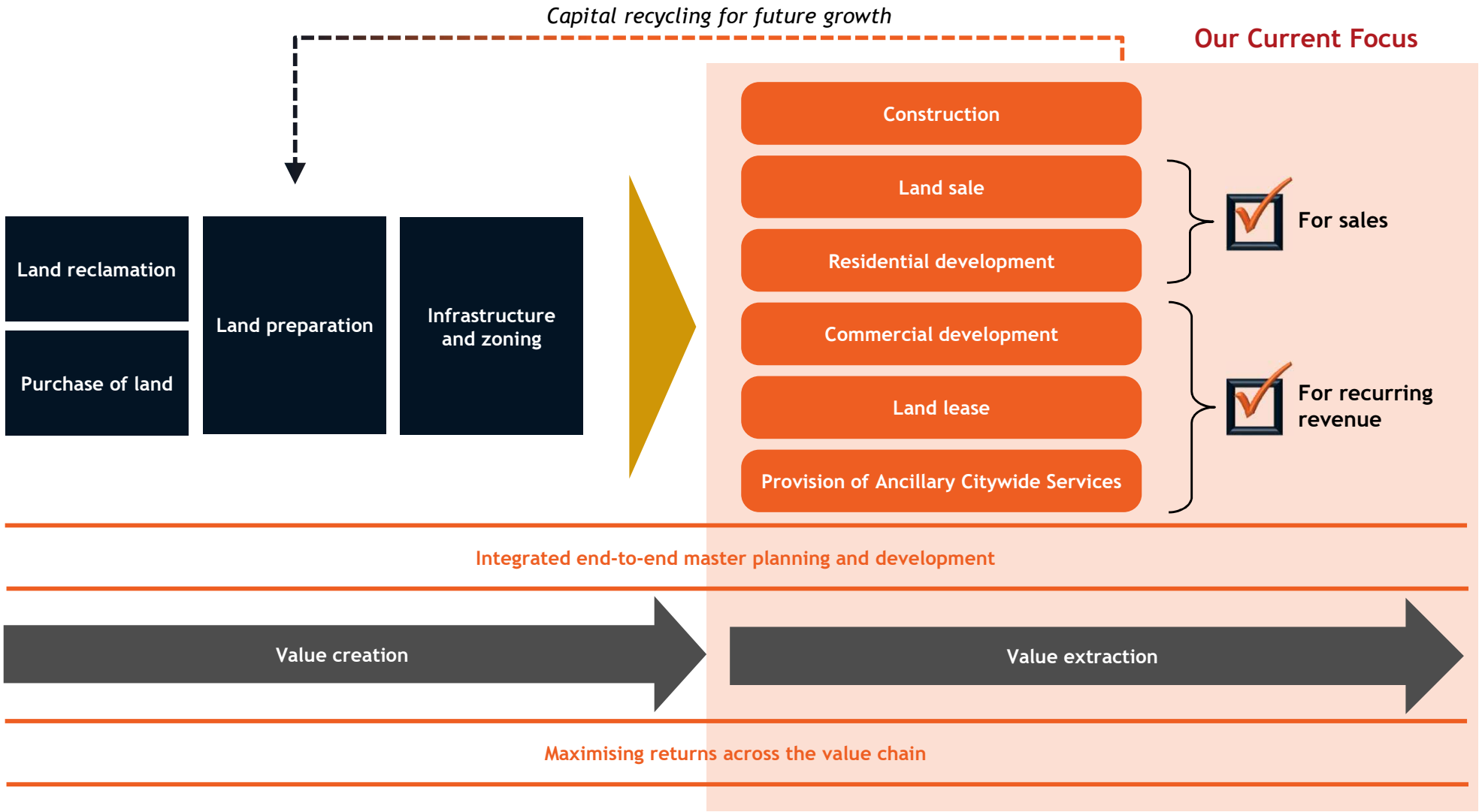
# Key Investment Highlights

1. A Strategic and Sizeable Land Bank in Aseana City that is Well Positioned for Future Growth
2. Favorable Acquisition Costs for Our Land Holdings Provide a Solid Foundation for Value Appreciation and Profitability
3. **An Integrated Master Developer with Competitive Advantages Across Business Lines**
4. A Diversified Earnings Base With Substantial and Recurring Revenue Streams
5. A Proven Management Track Record
6. A Strong Financial Position Based on Prudent Financial Management
7. Well-positioned to Benefit from Strong Macroeconomic Fundamentals and Attractive Industry Growth Trends

# An Integrated Master Developer with Competitive Advantages across Business Lines

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

Integrated master developer covering the entire value chain - land creation, infrastructure construction and property development



# Land Reclamation and Construction

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

## Licensed AAAA contractor with established track record and proven abilities

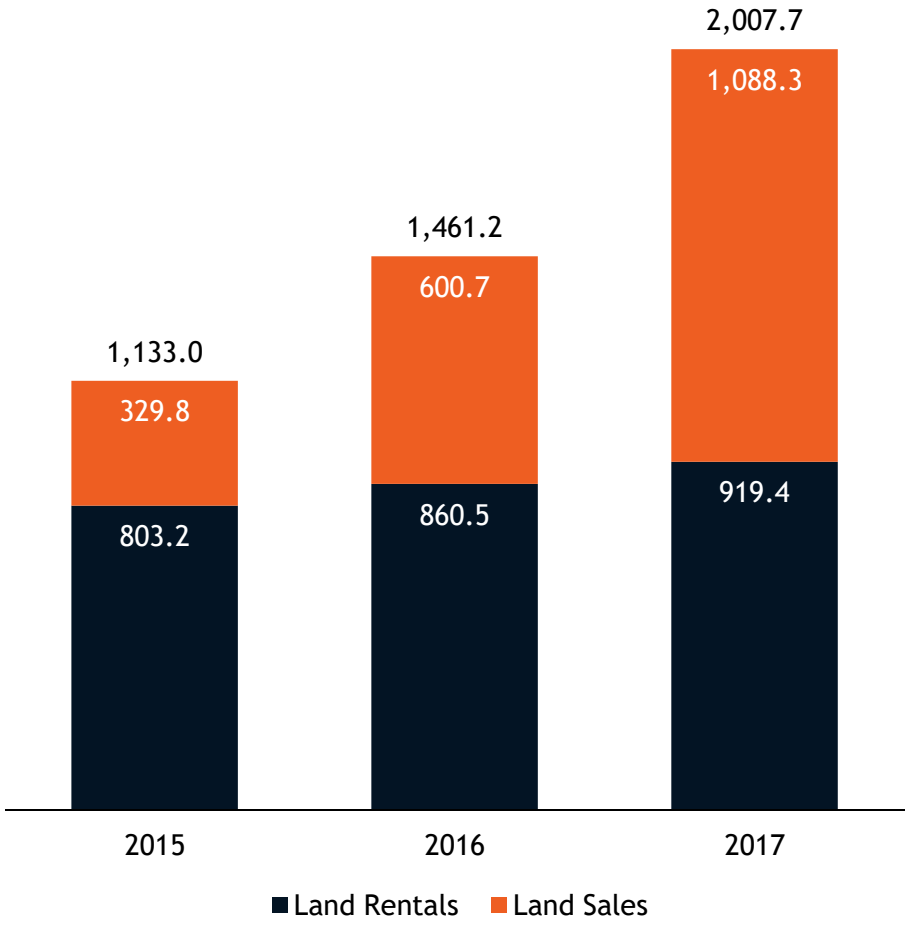
- One of the top national construction companies in land reclamation, having reclaimed c.2,424,834 sq.m. of land to date
- Completed more than 100 projects including large scale and complex government projects
- Over 50 years of operating history and track record in land reclamation and infrastructure construction
- Introduction of a right to match the lowest bid or ROFR for any piling, concreting and foundation works undertaken in Aseana City

| Type | Representative projects |
|---|---|
| Land reclamation | ✓ Reclaimed c.2,040,000 sq.m. of land in the Central Business Park<br>✓ Together with WHI, DMW obtained titles to 1,074,714 sq.m. of land pursuant to a duly executed Reclamation Agreement |
| Construction of infrastructure, roads and bridges | *TPLEX*<br> *Lucena Fishport*<br> *Alabang-Zapote Fly-Over*<br> *Marala Bridge* |
| Trenching and cable-laying | ✓ Laying of electrical cables from a mainland power source in various locations<br> |

| Terms | Details |
|---|---|
| Pile-driving and foundation works | *S&R, Aseana*<br> *Tune Hotels*<br> *Ayala Curtis Mall* |
| Housing | *Sanville Subdivision*<br> *Greenville Homes* |
| Vertical construction | *Toll Canopy Plaza of TPLEX*<br> *Admin Building of TPLEX*<br> *Aseana Three* |

# Land Sales and Leasing

## Revenue from Land Sales and Rentals (PHP mm)




## 1 Land Sales

- Starting 2016, we have successfully negotiated with our land buyers to pay the consideration in full upon signing of the purchase agreement
- Development plans to comply with our master plan and submitted 18 to 48 months from the signing
- Some contracts provide a ROFR to purchase the property development on the same terms as those offered to other prospective buyers or transferees

## 2 Land Leasing

- Long-term land leases of 10 to 20 years
- Grant longer leases to qualifying tenants such as Ayala Land for 45 years
- Yearly escalation rates generally ranging from 5% to 10%

# Commercial Building Leasing

*Aseana One*

*Aseana Two*

## Aseana One and Aseana Two

- ✓ Highly flexible in specifications
- ✓ PEZA-accredited, suited for BPOs and logistics companies
- ✓ Aseana One (93.5% leased out); Aseana Two (98.2% leased out)(1)
- ✓ Tenants include:

Jollibee, SECURITY BANK, V.Ships, TeleTech, 7-ELEVEN, BANK OF THE PHILIPPINE ISLANDS, xerox

## Completed Properties in Aseana City(2)

- ✓ Total land area: 36,659 sq.m.
- ✓ Total leaseable floor area: 54,173 sq.m.
- ✓ Lease term: 5-10 years
- ✓ Fixed lease rate + in some cases, variable payment (typically 3%-5% of the tenant's monthly gross product sales)(3)
- ✓ Fixed annual escalation rates: 3%-10%
- ✓ Valuation (as is, where is basis): PHP10,188 mm

*Aseana Powerstation*

*Aseana Square*

*Notes:*
1. *As of December 31, 2017*
2. *Completed properties include Aseana One, Aseana Two, Aseana Square, Aseana Powerstation Building and Aseana Town Center*
3. *Applicable to retail tenants*

# Property Development

*Aseana Three (Jun 2018)*

## Aseana Three / 8912 Asean Ave. (formerly Aseana Four) / Five / Six

- ✓ Aseana Three was fully leased out and completed
- ✓ Targeted at BPOs, logistics companies and gaming and tourism-related companies
- ✓ Located near Ayala Land's mall development which includes a transport terminal
- ✓ PEZA accreditation for all the office buildings
- ✓ Typical start of pre-leasing activities three to 10 months after commencement of construction
- ✓ Total leaseable floor area: 206,603 sq.m.
- ✓ Valuation (as is, where is basis): PHP8,139 mm

*8912 Asean Ave. (formerly Aseana Four) (2020)*

*Aseana Five & Six (Mar 2021 & Jul 2022)*

# Property Development (Cont'd)

*Pixel Residences (Oct 2019)*

*Parkside Place 1 & 2 (Jun 2021 & Sep 2022)*

*Aseana Mainstreet 1 & 2 (Dec 2019 & Jan 2021)*

## Pixel Residences

- ✓ Designed by Spark Architects in collaboration with Casas Architects
- ✓ Fully sold out with unrecognized revenue of PHP1,861 mm as of December 31, 2017

## Residential Developments

- ✓ Strategically located near schools, parks, transportation options and retail developments
- ✓ Targeting middle to higher income individuals and working families
- ✓ Start pre-selling activities 12 months prior to ground breaking
- ✓ Total saleable floor area: 88,316 sq.m.
- ✓ Valuation (as is, where is basis): PHP3,549 mm
- ✓ Gross Development Value (GDV): PHP14,871 mm

## Aseana Mainstreet 1 & 2

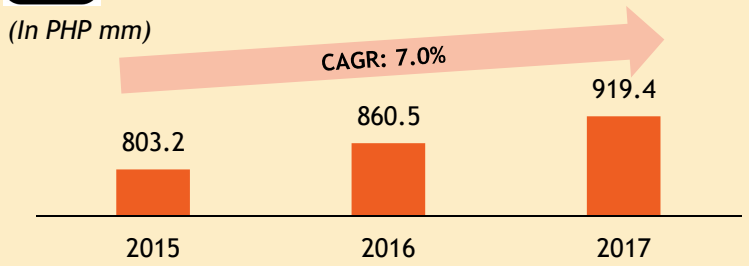
- ✓ Total leaseable floor area: 57,972 sq.m.
- ✓ Valuation (as is, where is basis): PHP9,293 mm

# Key Investment Highlights

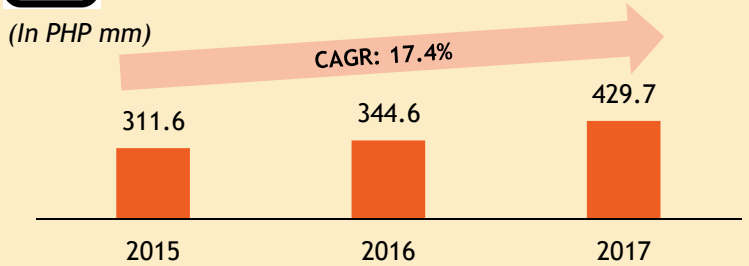
1. A Strategic and Sizeable Land Bank in Aseana City that is Well Positioned for Future Growth
2. Favorable Acquisition Costs for Our Land Holdings Provide a Solid Foundation for Value Appreciation and Profitability
3. An Integrated Master Developer with Competitive Advantages Across Business Lines
4. **A Diversified Earnings Base With Substantial and Recurring Revenue Streams**
5. A Proven Management Track Record
6. A Strong Financial Position Based on Prudent Financial Management
7. Well-positioned to Benefit from Strong Macroeconomic Fundamentals and Attractive Industry Growth Trends

# A Diversified Earnings Base with Substantial and Recurring Revenue Streams

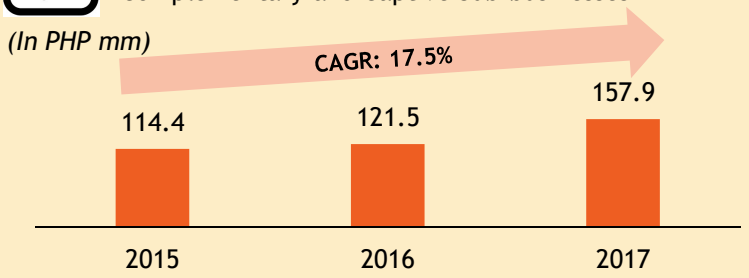
Increasing Land Leasing Revenues
Due to Scarcity of Leasable Land in Metro Manila




Increasing Building Leasing Revenues
with Strong Office Demand in Manila Bay




Increasing Ancillary Revenues from CUSA(1) and
Complementary and Captive Sub-businesses




*Note:*
*1. Refers to Common Use Service Areas*

# Key Investment Highlights

1. A Strategic and Sizeable Land Bank in Aseana City that is Well Positioned for Future Growth
2. Favorable Acquisition Costs for Our Land Holdings Provide a Solid Foundation for Value Appreciation and Profitability
3. An Integrated Master Developer with Competitive Advantages Across Business Lines
4. A Diversified Earnings Base With Substantial and Recurring Revenue Streams
5. **A Proven Management Track Record**
6. A Strong Financial Position Based on Prudent Financial Management
7. Well-positioned to Benefit from Strong Macroeconomic Fundamentals and Attractive Industry Growth Trends

# Proven Expertise and Management Track Record

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

| | |
|---|---|
| **Long history** | Over **50 years** of experience in the construction industry |
| **High credibility** | Licensed by the Philippine Licensing Board as a **"AAAA"** contractor (highest classification by PCAB) – **less than 20 construction companies** in the Philippines have this distinction[1] |
| **Well established track record** | **Completed over 100 major construction projects** including land reclamation for Aseana City, ports, highways, bridges and building foundations |

**DMW has completed a multitude of projects in numerous fields and disciplines across real estate and construction spaces and has consistently met project completion and delivery timetables over the past seven years**

### Capabilities expertise

- Integrated range of services and products covering the entire development cycle allowing for more control of execution timetables
- Capture opportunities for the provision of ancillary citywide services such as public surveillance and public transport

### Managerial expertise

- Chairman Mr. Delfin J. Wenceslao Jr
  - Highly influential figure in the Philippine construction and real estate industry
  - Over 50 years of experience
  - Former President of Philippine Constructors Association
- Highly experienced senior management team with average of over 20 years of experience in the construction and real estate industry

### Regulatory expertise

- Deep understanding of regulatory landscape and complex approval processes
- Excellent relationship with local governmental and regulatory authorities
- Enhanced ability to expedite approval process and facilitate timely delivery of projects

### Cost expertise

- Able to project capex and costs accurately by leveraging extensive experience in reclamation and construction
- Centralized procurement and sourcing

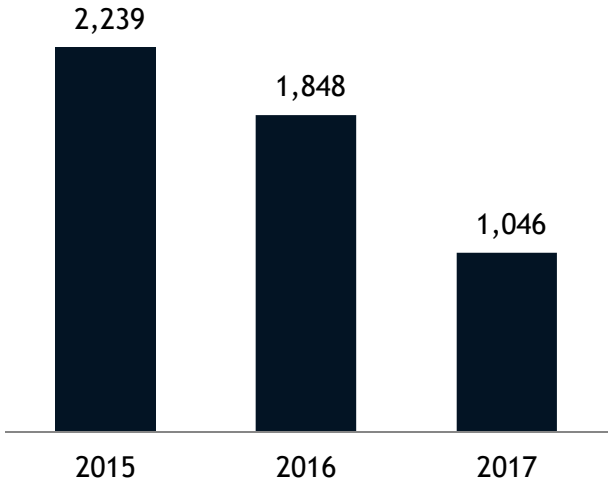
*Sources: Company, Philippine Contractors Accreditation Board (PCAB)*
*Note:*
*1. Out of approximately 9,800 contractors in the Philippines as of January 4, 2018*

# Key Investment Highlights

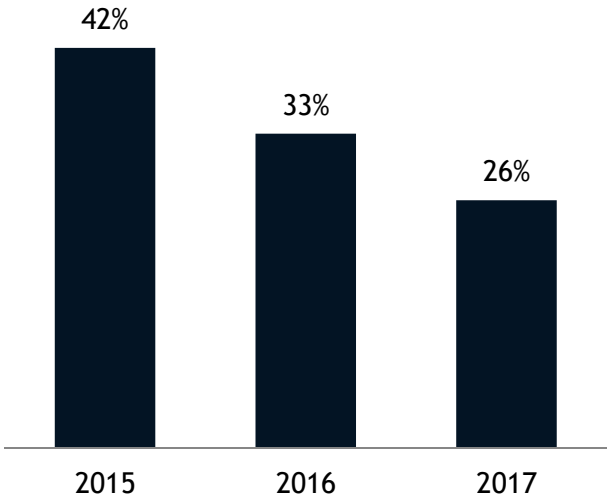
1. A Strategic and Sizeable Land Bank in Aseana City that is Well Positioned for Future Growth
2. Favorable Acquisition Costs for Our Land Holdings Provide a Solid Foundation for Value Appreciation and Profitability
3. An Integrated Master Developer with Competitive Advantages Across Business Lines
4. A Diversified Earnings Base With Substantial and Recurring Revenue Streams
5. A Proven Management Track Record
6. **A Strong Financial Position Based on Prudent Financial Management**
7. Well-positioned to Benefit from Strong Macroeconomic Fundamentals and Attractive Industry Growth Trends

# A Strong Financial Position Based on Prudent Financial Management

## Net Debt[1] (PHP mm)




## Debt to Equity[2] (%)




## Healthy borrowing profile and conservative funding strategy for land sales

- DMW maintains strict financial and risk management policies in order to minimize its net borrowings to equity ratio and its financial and operational risks
- Such prudent capital management has allowed DMW to avoid mid-construction stoppages or delays
- Land sales are a key source of internal funds to finance DMW's real estate development and construction project costs – DMW requires buyers to pay consideration in full upon the signing of the purchase agreement, resulting in a favorable payment policy that enables DMW to avoid the risks of delayed payments and cash collections

## Support from Leading Local Financial Institutions

- DMW maintains good relationships with and is well supported by leading local financial institutions, providing credibility and reputability
- More than 70% of DMW's existing credit facilities remain undrawn as of Dec 2017
- Relatively low borrowing rates ranging from 3.00%-3.25%

*Figures as of year-end December unless stated otherwise*
*Notes:*
1. *Net debt is calculated by subtracting cash and cash equivalents from total loans and borrowings*
2. *Debt to equity ratio is calculated by dividing total loans and borrowings by total equity*

# Key Investment Highlights

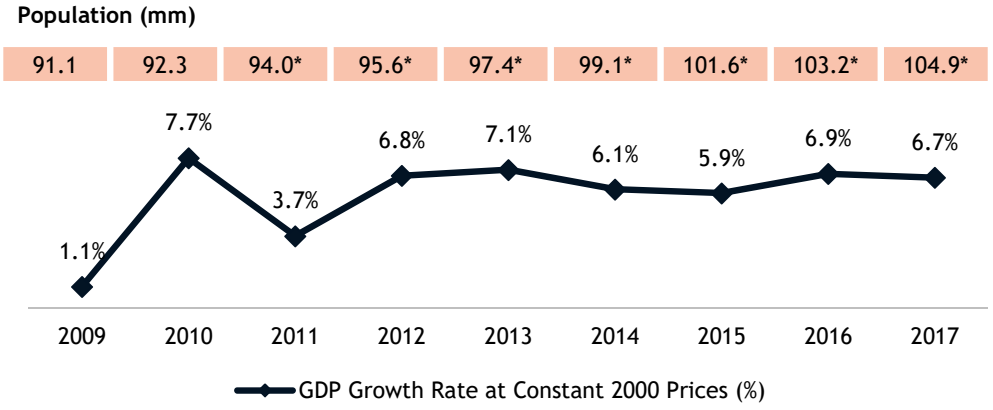
D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

1. A Strategic and Sizeable Land Bank in Aseana City that is Well Positioned for Future Growth
2. Favorable Acquisition Costs for Our Land Holdings Provide a Solid Foundation for Value Appreciation and Profitability
3. An Integrated Master Developer with Competitive Advantages Across Business Lines
4. A Diversified Earnings Base With Substantial and Recurring Revenue Streams
5. A Proven Management Track Record
6. A Strong Financial Position Based on Prudent Financial Management
7. **Well-positioned to Benefit from Strong Macroeconomic Fundamentals and Attractive Industry Growth Trends**

# Well-positioned to Benefit from Strong Macroeconomic Fundamentals and Attractive Industry Growth Trends (1/3)

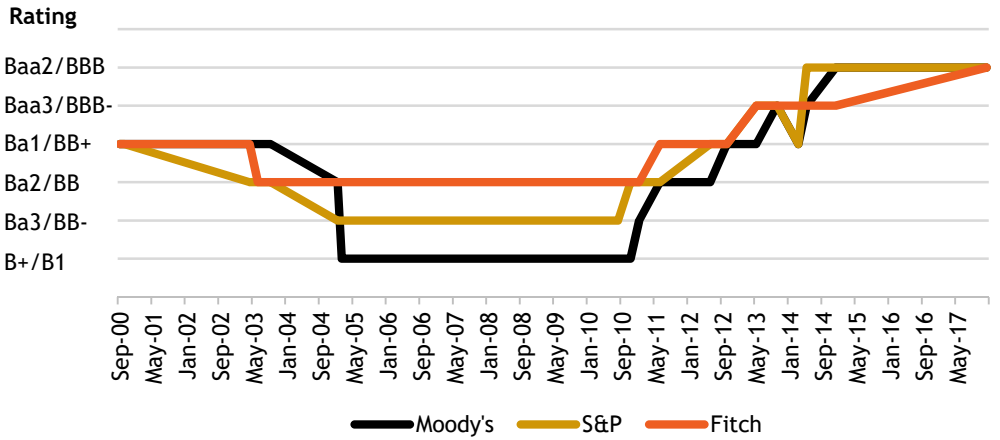
D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

## 1 Robust GDP and Population Growth

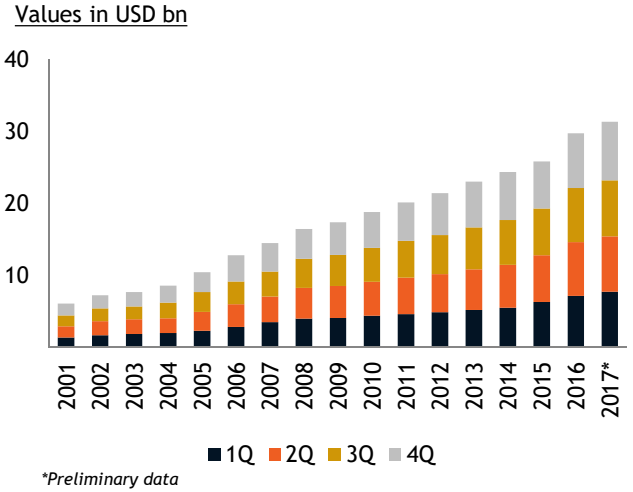



*National Statistics Coordination Board estimates*

## 2 Improving Investment Grade Ratings



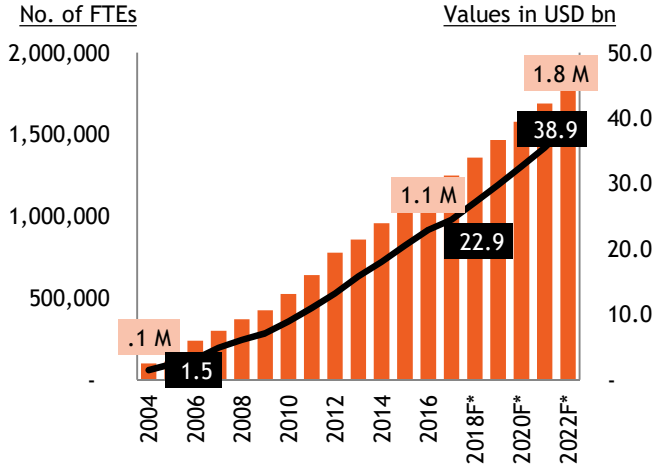

## 3 Steady Flow of Remittances from Overseas Filipino Workers




*Preliminary data

Source: Colliers Industry Market Report

## 4 Growth in the BPO Sector




## 5 Growth in the Gaming Sector

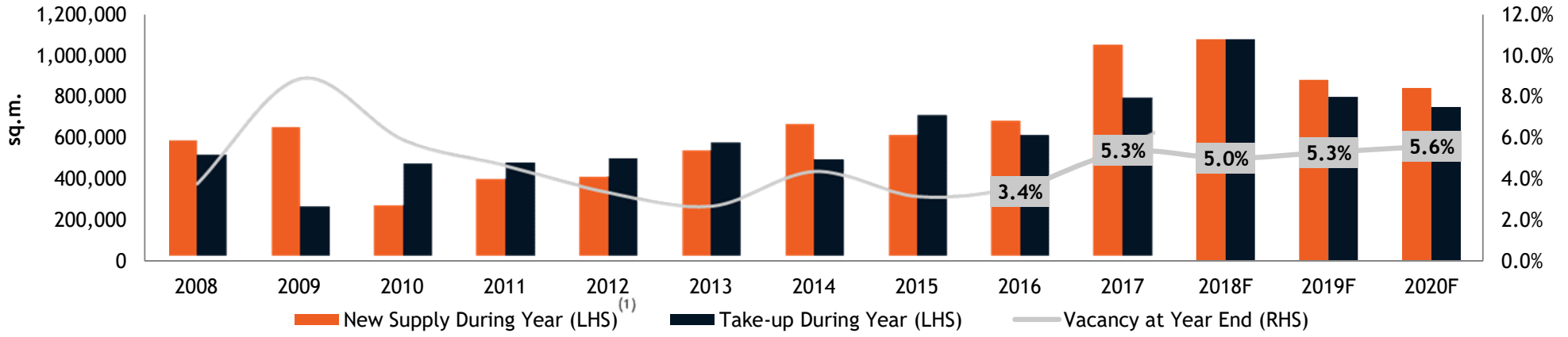
One of the first countries in Asia to legalize offshore online gaming (POGO)

- As at end-2017, PAGCOR had issued 51 POGO licenses, with the expectation of issuing many more due to strong demand
- PAGCOR expects net revenues from POGO licensees to increase by >2x in 2018

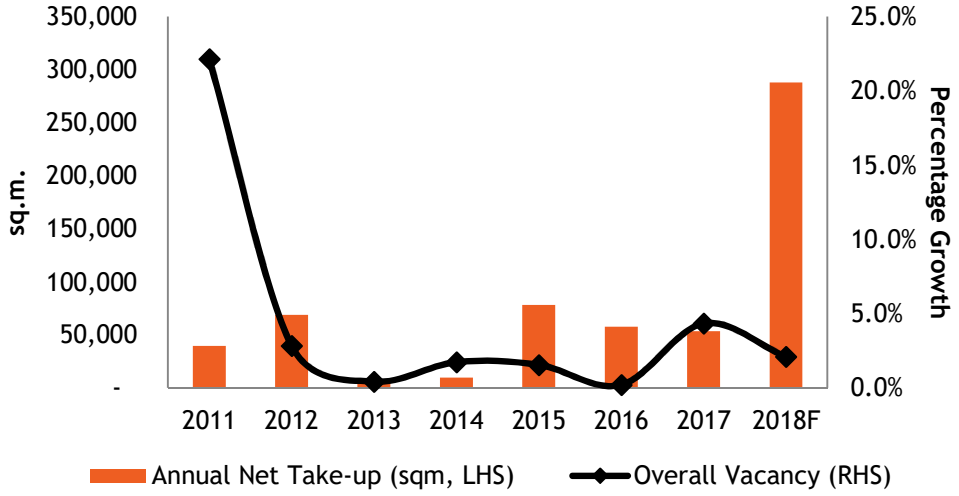
Note: PAGCOR: Philippine Amusement and Gaming Corporation

# Well-positioned to Benefit from Strong Macroeconomic Fundamentals and Attractive Industry Growth Trends (2/3)

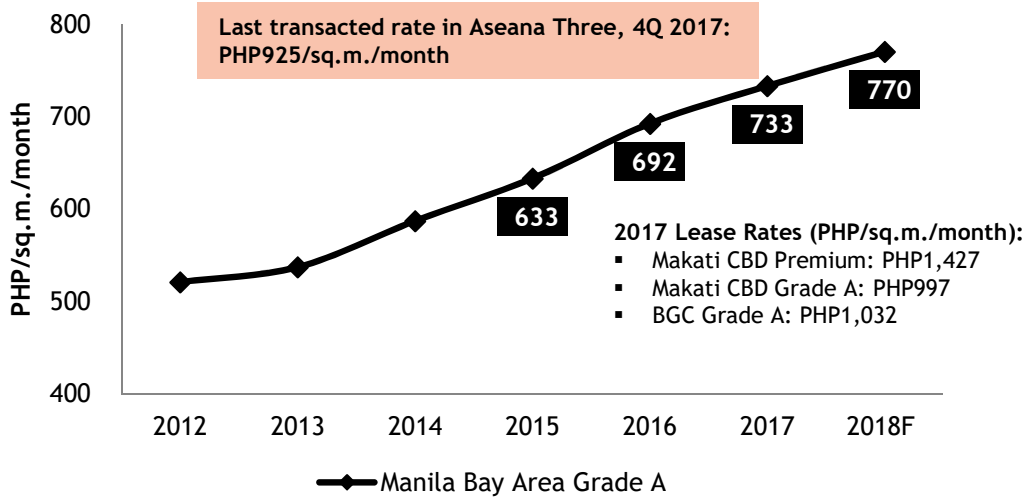
## Robust Demand for Office Space in Metro Manila




## Rising Manila Bay Office Net Take-up and Low Vacancy Rates...




## ...Which Results in Growth in Manila Bay Office Lease Rates




*Source: Colliers Industry Market Report*

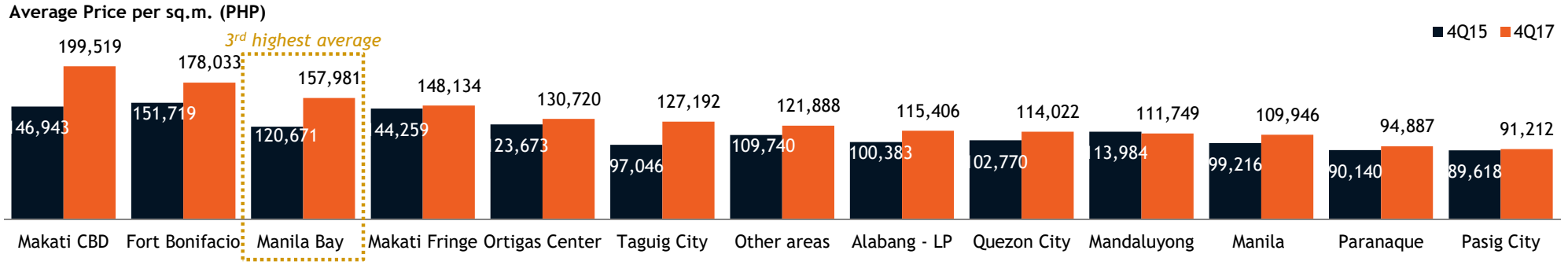
*Note:*

1. *In terms of gross leasable area*

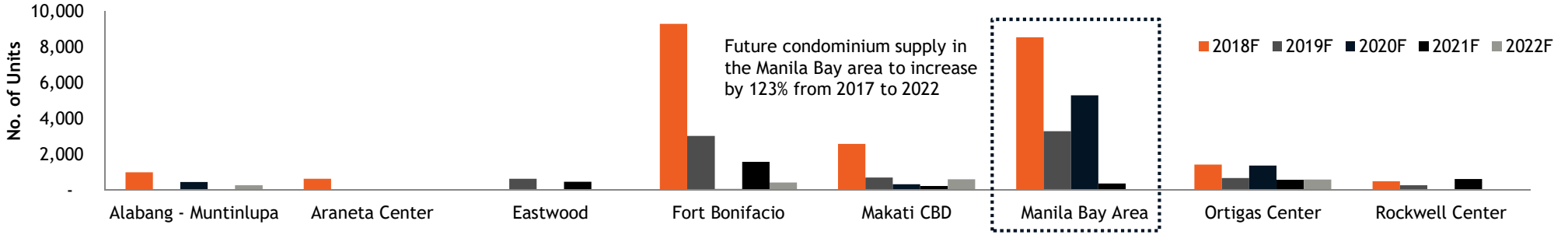
# Well-positioned to Benefit from Strong Macroeconomic Fundamentals and Attractive Industry Growth Trends (3/3)

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

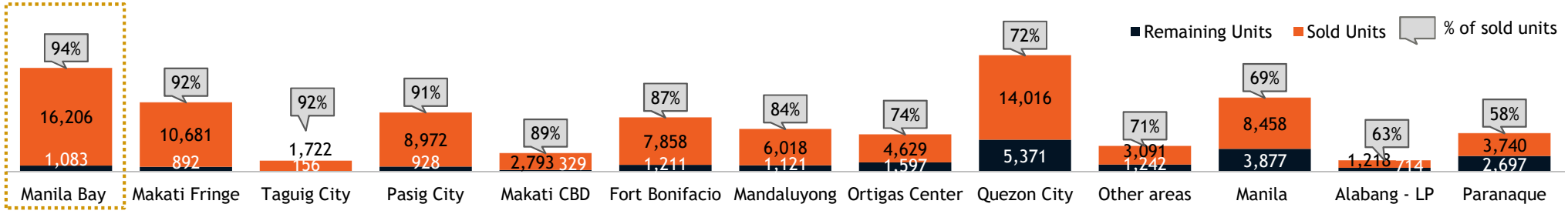
## Strong Growth in Average Price per sq.m. in Manila Bay's Primary Residential Market




## Future Condominium Unit Supply to Come Primarily from Manila Bay and Fort Bonifacio




## Strong Demand for Residential Properties in Manila Bay – *The highest percentage of condominium units were sold in Manila Bay (2017)*




*Source: Colliers Independent Market Research*

# Business Strategies

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

# Business Strategies

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

1. Grow Aseana City into a “Next Generation” CBD within Metro Manila
2. Develop a portfolio of high quality real estate projects
3. Multi-pronged Approach to Growing our Land Bank
4. Enhance our earnings base and grow our recurring income streams

# Grow Aseana City into a "Next Generation" CBD within Metro Manila

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

GLOBAL COMMUNITY

URBAN RECREATION

**Regular review**

- ✓ Update the master plan regularly to review progress made
- ✓ Ensure broad long-term strategies are appropriately adjusted in view of macroeconomic developments and market conditions

**Detailed development plan**

- ✓ Detailed plan will ensure proper guidance and progress tracking
- ✓ Current plan capitalises on the anticipated growth in office, retail, tourism, outlets in neighboring Entertainment City and Mall of Asia developments

**Attractive tenant mix**

- ✓ Attract a robust mix of quality tenants and locators
- ✓ Balanced tenant or locator mix will cultivate a vibrant next generation district that supports commercial, retail and residential purposes

**Promote continued investments**

- ✓ Implement key infrastructure such as standardized citywide services to enhance livability
- ✓ Continually attract top developers such as Ayala Land to invest in Aseana City

# Grow Aseana City into a "Next Generation" CBD within Metro Manila (Cont'd)

# Develop a Portfolio of High Quality Real Estate Projects

## Commercial Leasing/Sales

*8912 Asean Ave. (Aseana Four)*

- Targeted Completion: 2020
- Actual/Est. construction start: Jan 2018
- Total Leasable Floor Area: 54,576 sq.m.
- Valuation (as is, where is): PHP1,627.1 mm

*Aseana Five*

- Targeted Completion: Mar 2021
- Actual/Est. construction start: Sep 2018
- Total Leasable Floor Area: 58,971 sq.m.
- Valuation (as is, where is): PHP1,689.6 mm

*Aseana Six*

- Targeted Completion: Jul 2022
- Actual/Est. construction start: Jan 2020
- Total Leasable Floor Area: 62,142 sq.m.
- Valuation (as is, where is): PHP1,978.2 mm

## Residential Sales

*Pixel Résidences*

- Targeted Completion: Oct 2019
- Actual/Est. construction start: Nov 2017
- Total Saleable Floor Area: 13,106 sq.m.
- GDV: PHP1,302.4 mm

*Parkside Place 1*

- Targeted Completion: Jun 2021
- Actual/Est. construction start: Jun 2018
- Total Saleable Floor Area: 46,881 sq.m.
- GDV: PHP8,495.3 mm

*Parkside Place 2*

- Targeted Completion: Sep 2022
- Actual/Est. construction start: Sep 2019
- Total Saleable Floor Area: 28,329 sq.m.
- GDV: PHP5,072.8 mm

- ✓ Focus on the demand of BPOs, POGOs, logistics companies and companies in businesses relating to gaming, recreational activities, tourism, entertainment and hospitality
- ✓ Develop commercial space that is highly flexible in terms of specifications appealing to a wide range of tenants
- ✓ Obtain PEZA accreditation for our office buildings
- ✓ Refine the integration of our capabilities with our centralized resources

- ✓ Target higher mid-end consumer market - middle-class working families, executives, expatriates working at adjacent developments and foreign buyers
- ✓ Intend to work closely with real estate brokers and consultancies that handle a large number of high net worth individuals

# Multi-Pronged Approach to Growing Our Land Bank

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

- **Strategic acquisitions of land assets or purchase land from WHI with whom DMW has a ROFR**
- **Pursue strategic and opportunistic acquisition of land and other properties outside Aseana City**
- **Opportunistically undertake large-scale and complex Government and Public-Private Partnership projects that involve a land reclamation component**

# Enhance Our Earnings Base and Grow Our Recurring Income Streams

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

## Completed Projects (2005 - 2017)

Aseana Powerstation

Aseana Two

Aseana One

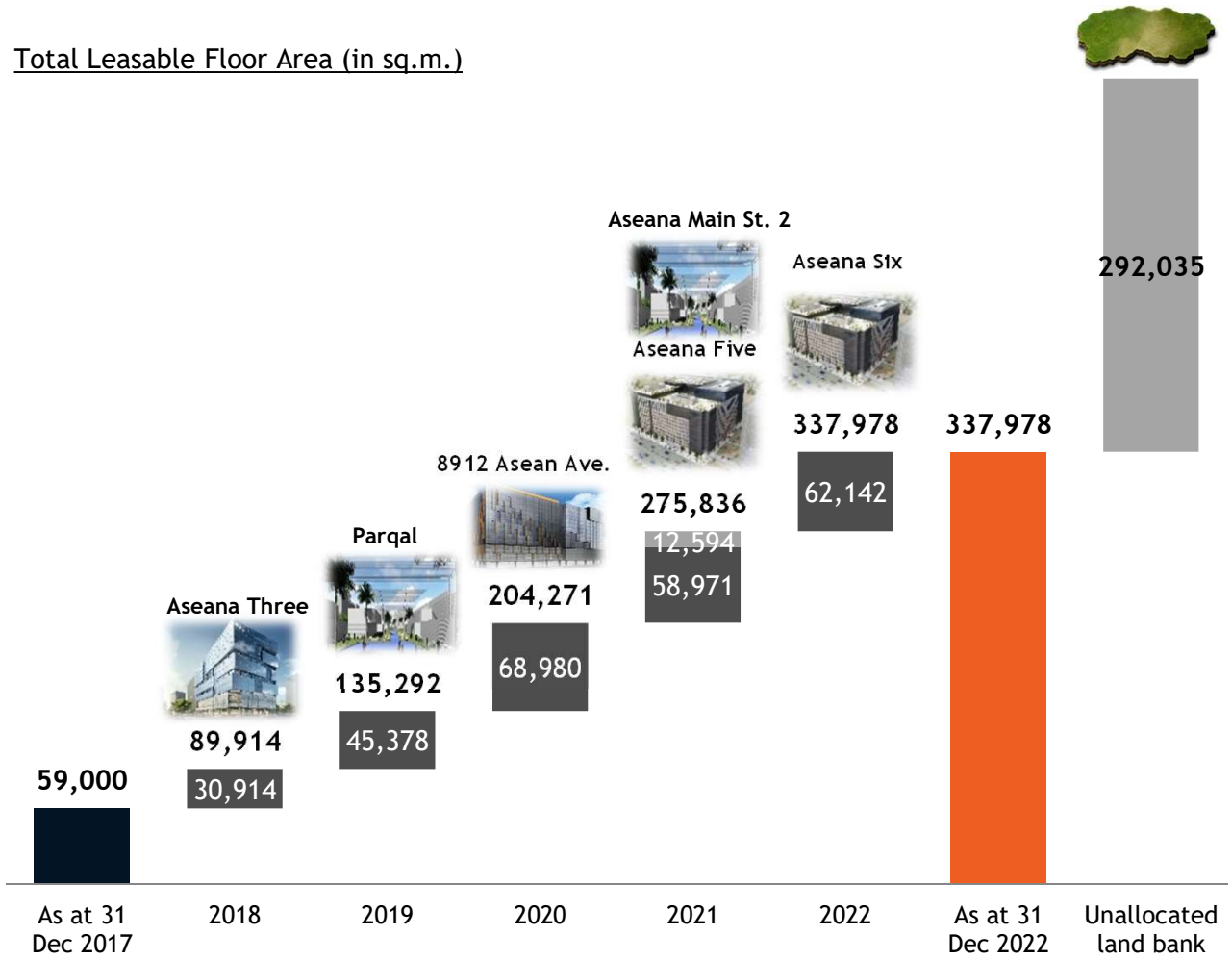
Aseana Square

Aseana Town Center

S&R

## Project Pipeline[1]

Total Leasable Floor Area (in sq.m.)

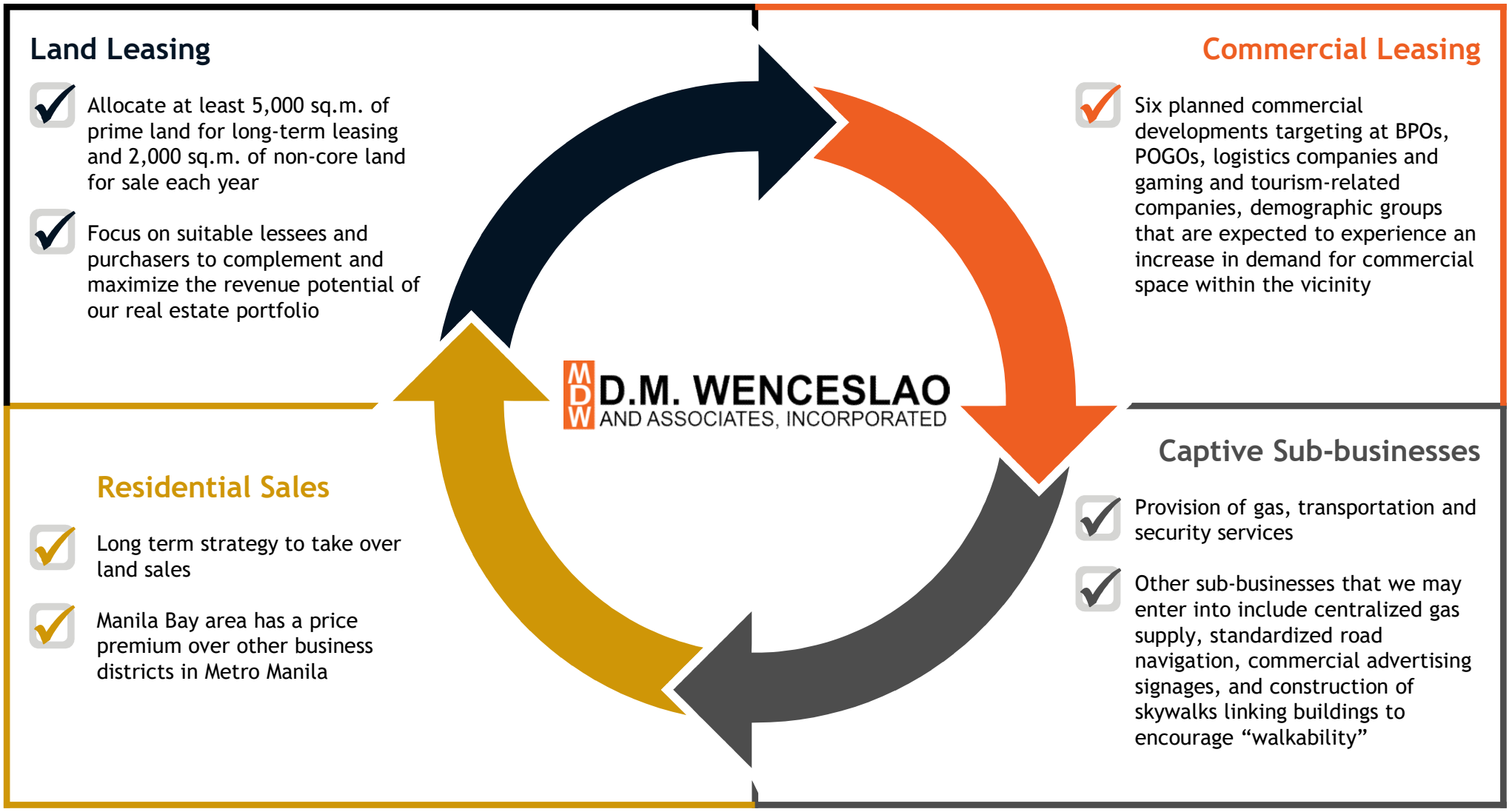



*Note:*

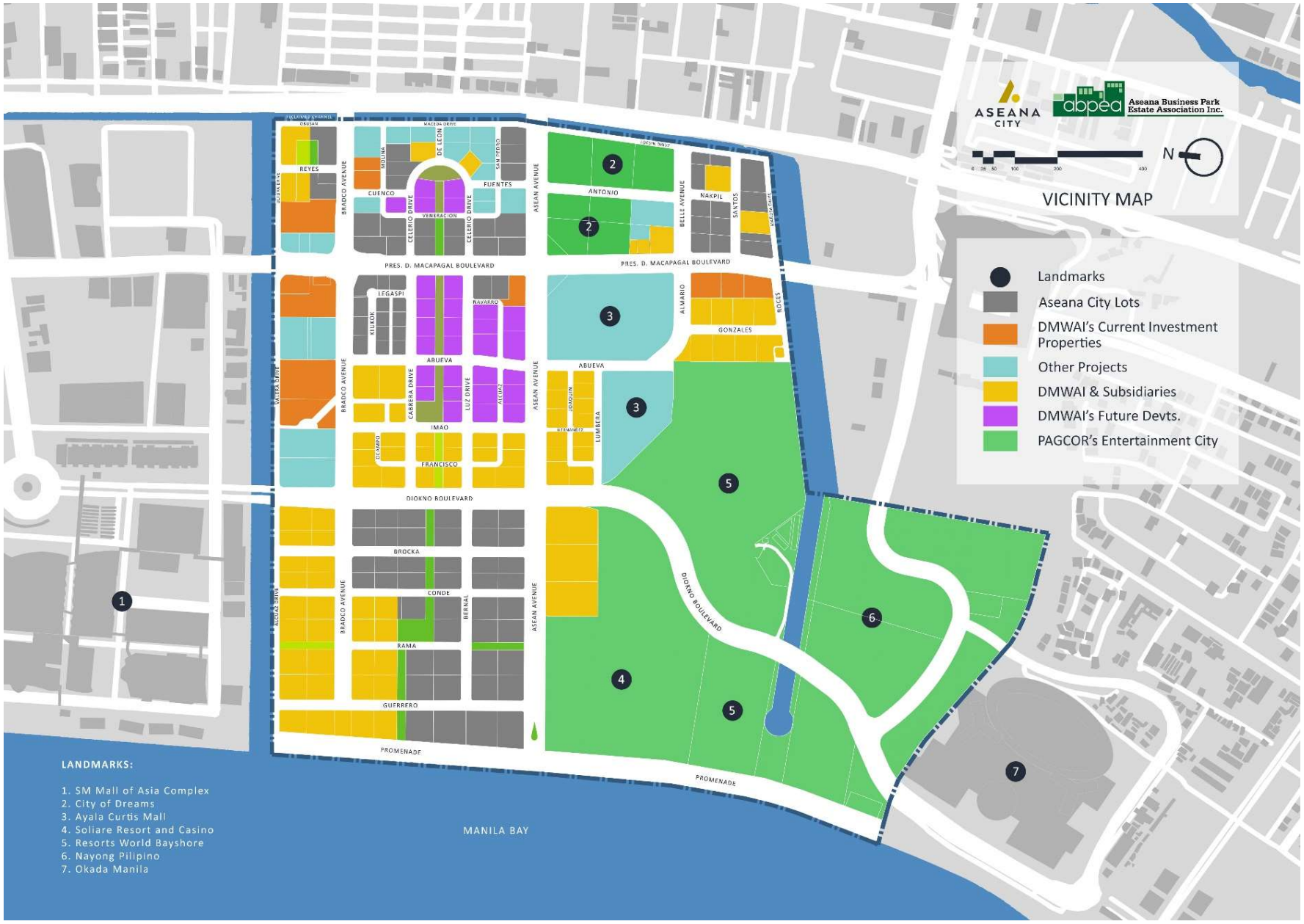
1. *Based on DMW's forward-looking estimates*

# Enhance Our Earnings Base and Grow our Recurring Income Streams (Cont'd)

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED



# Aseana City Master Plan



# Financial Highlights

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

# Robust Top-line Growth Driven By Increasing Recurring Income

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

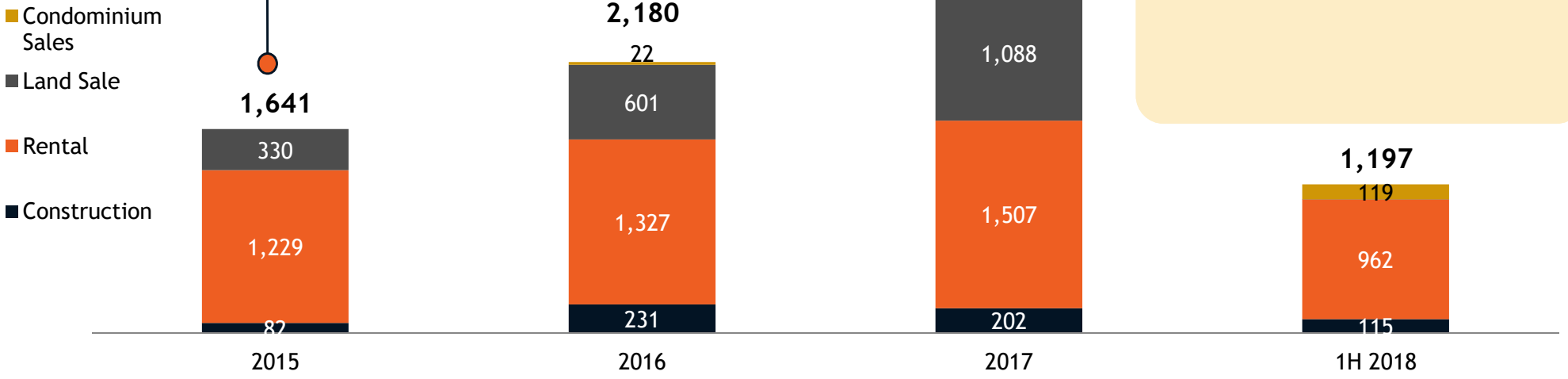
## Revenue (PHP mm)

**Key Events:**
- Ramp-up of lease and occupancy rate at Aseana Two
- Full year effect of Ayala Land's lease
- Sale of land to Anchor Land (land area of approximately 2,638 sq.m.)

**Key Events:**
- Pile driving works began for Ayala Mall
- Sale of 2,180 sq.m. land parcel to Bay Prime and 874 sq.m. to Harton
- Full year effect of Aseana Two's lease

**Key Events:**
- Sale of 2,521 sq.m. of land to Uni-Asia
- Completion and full occupancy of Aseana Square
- Full occupancy of Aseana Town Center
- Additional agreements entered to lease 9,980 sq.m. of land to Ayala Land
- Pixel Residences fully pre-sold

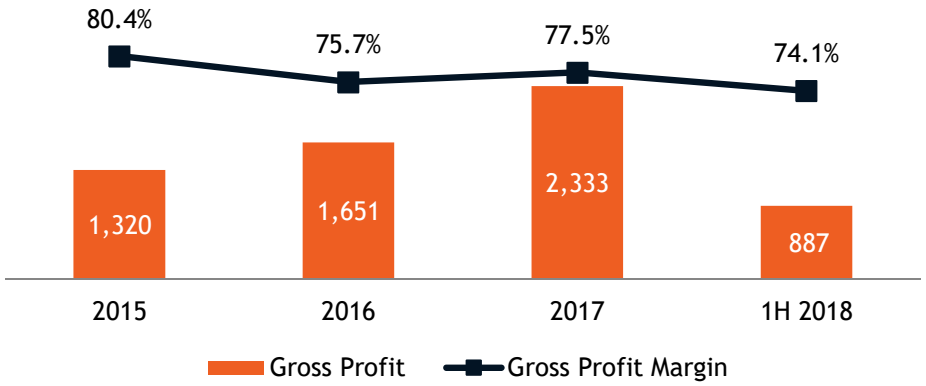
**Key Events:**
- Completion and full occupancy of Aseana Three



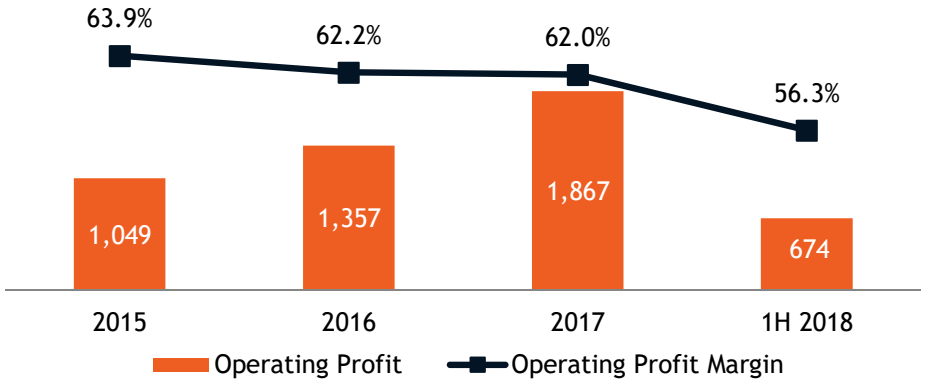

| Total Recurring Income (PHP mm) | 2015 | 2016 | 2017 | 1H 2018 |
|---|---|---|---|---|
| | 1,229 | 1,327 | 1,507 | 962 |

# Profit Expansion Supported by Strong Profit Margins from Rentals and Land Sales

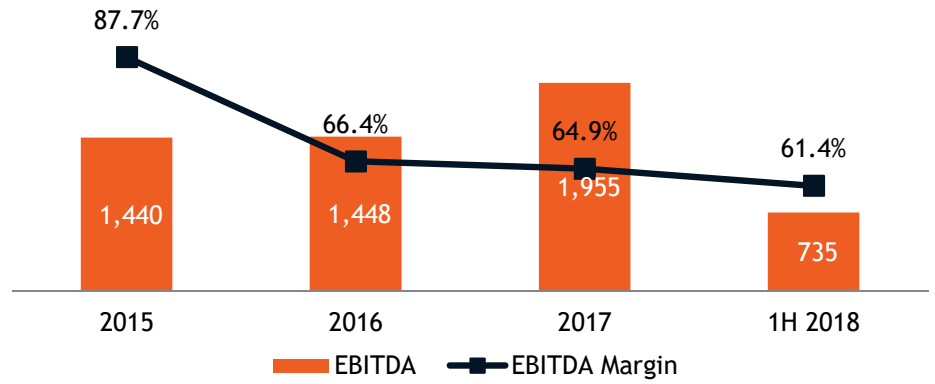
## Gross Profit (PHP mm)



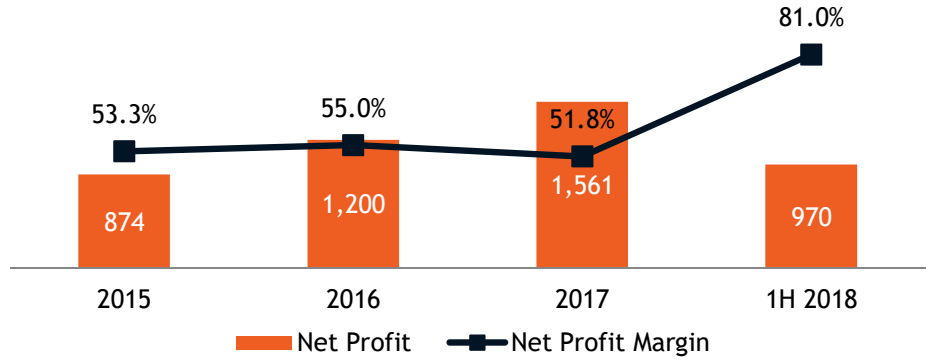

## Operating Profit (PHP mm)




## EBITDA(1) (PHP mm)



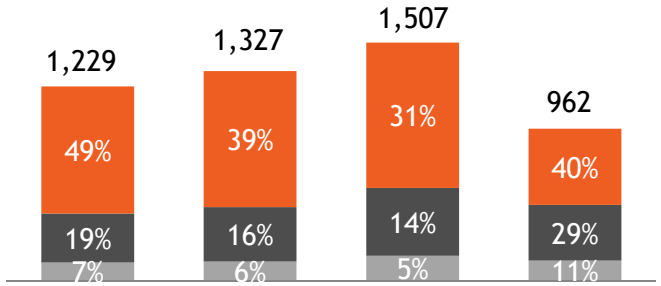

## Net Profit Attributable to Equity Holders of the Parent (PHP mm)




*Note:*
1. *EBITDA = operating profit + depreciation and amortization*

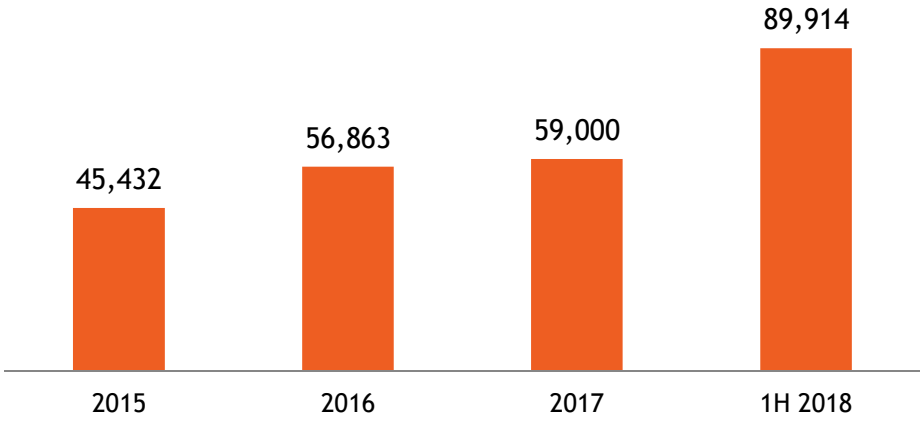
# Strong Performance Across All Operational Metrics

## Recurring Income Contribution[1] (%)

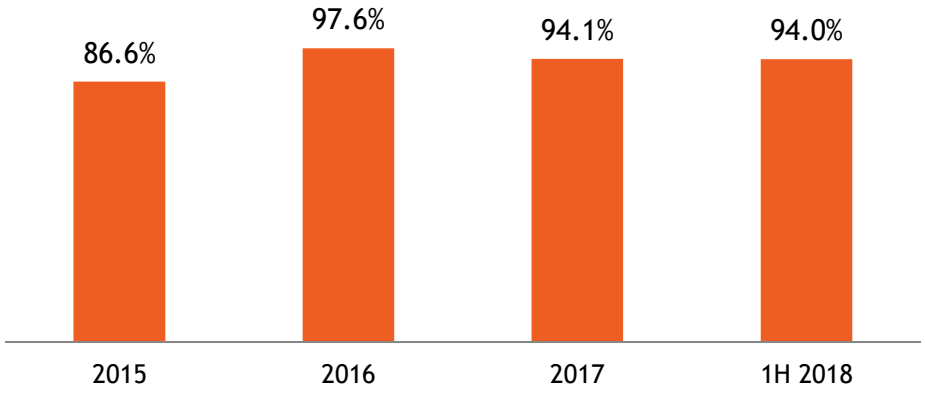



| | 2015 | 2016 | 2017 | 1H 2018 |
|---|---|---|---|---|
| % to Total Revenues | 75% | 61% | 50% | 80% |
| Land (PHP mm) | 803 | 861 | 919 | 482 |
| Building | 312 | 345 | 430 | 352 |
| Other Revenues | 114 | 122 | 158 | 128 |

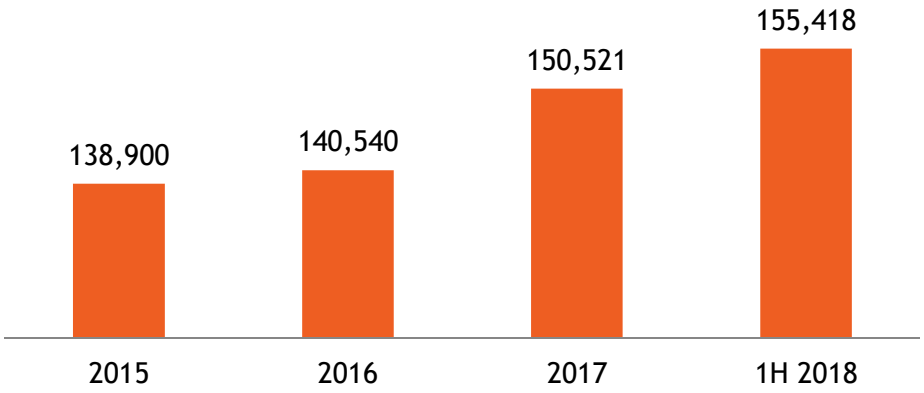
## Total Leasable Floor Area[2] (sq.m.)




## Period Ending Occupancy (%)




## Total Leased Land Area (sq.m.)

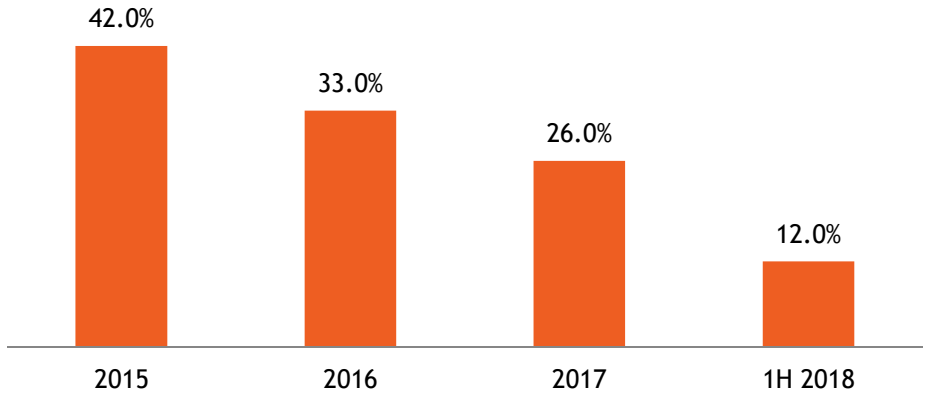



*Notes:*
*All data as at December 31 of each year except for 1H 2018 (June 30, 2018)*
1. *Recurring income is derived by dividing revenue from rentals by total revenue. Rentals comprise land, building and other revenues. Sum of the parts may not equal 100% due to rounding.*
2. *Calculated based on the ratio of total leased floor area to total leasable floor area made available*

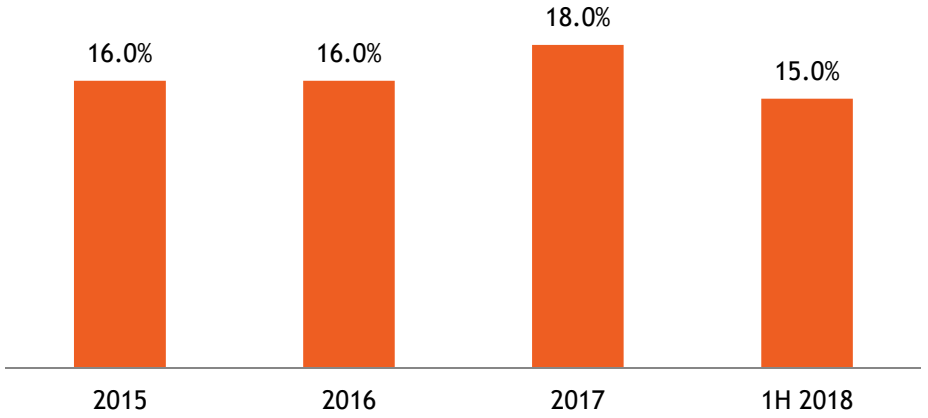
# Improving Debt Serviceability, Sustainable Returns & Working Capital

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

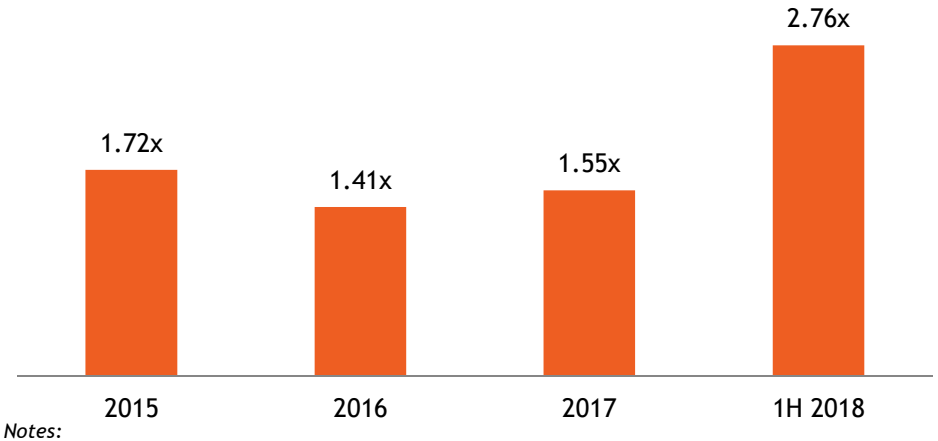
## Debt To Equity[1] (%)



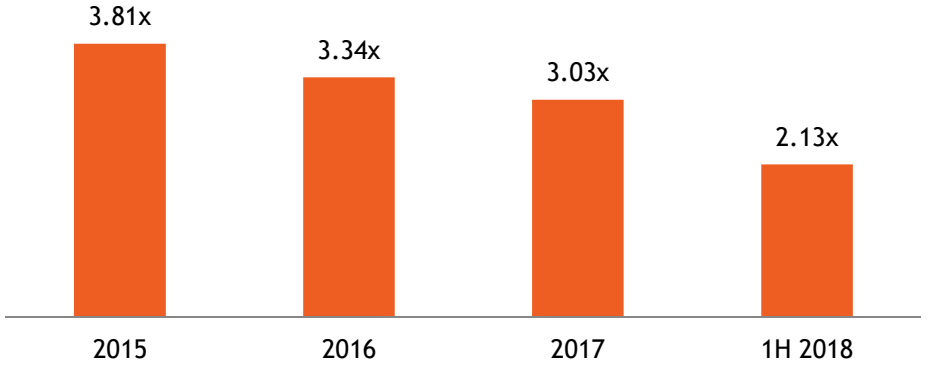

## Return on Equity[2] (%)




## Current Ratio[3] (x)




## Assets to Equity[4] (x)

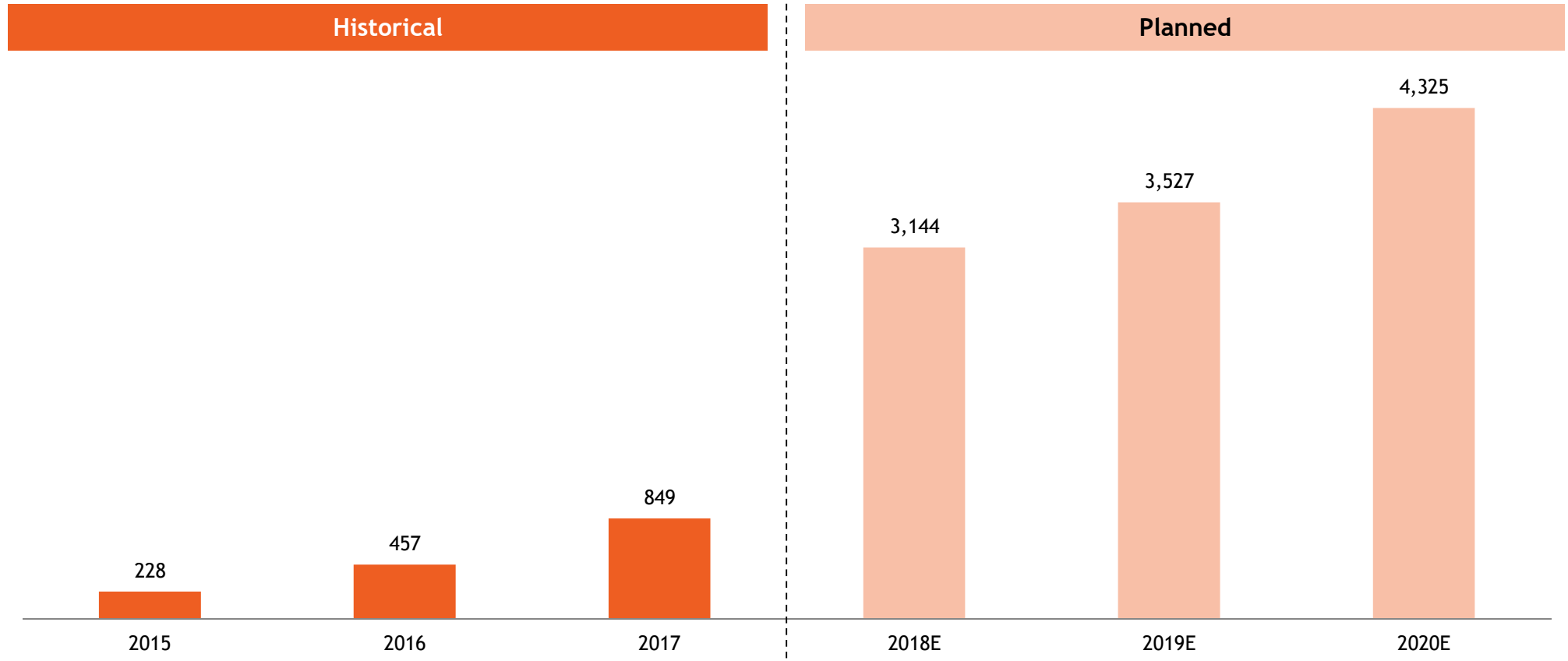



*Notes:*

1. *Our debt to equity ratio is derived by dividing our total loans and borrowings by total equity. It measures the degree of our financial leverage.*
2. *Our annualized return on equity is derived by dividing net profit by average shareholders' equity. It measures how profitable we are at generating profit from each unit of shareholder equity.*
3. *Our current ratio is derived by dividing current assets by current liabilities at the end of a given period. It measures our ability to pay short-term obligations.*
4. *Our asset to equity ratio is derived by dividing total assets by shareholders' equity. It measures our financial leverage and long-term solvency*

# Historical & Planned Capital Expenditure

## Historical & Planned Capital Expenditure (PHP mm)




- **Projected capital expenditure relates primarily to the development of pipeline projects**
- **Proceeds of IPO, together with our cash flow and available bank borrowings, will be sufficient to fund the planned capital expenditures from FY18E-20E**

# Proposed Use of IPO Proceeds

| Proposed Use | Percentage (%) | Est. Disbursements of Proceeds |
|---|---|---|
| Pipeline project development, such as but not limited to the development and construction of our nine planned real estate projects | 49.0 | By end of 2022 |
| Obtain land assets through potential share acquisitions | 38.0 | By end of 2022 |
| Development of infrastructure within Aseana City, including construction of public amenities and underground utilities in accordance with Aseana City's master plan | 7.0 | By end of 2022 |
| Other general corporate purposes, such as but not limited to (i) purchase/lease/repair of construction equipment, (ii) reserves/provision for potential projects and business opportunities, and (iii) working capital | 6.0 | - (1) |
| **Total** | **100** | |

*Note: (1) No estimated date of completion of disbursement for proceeds allocated to this proposed use - disbursement will be based on the needs of our Group from time to time, and subject to market conditions.*

www.dmwai.com

iro@dmwai.com

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED