D.M. Wenceslao & Associates, Incorporated

1Q 2019 Analyst Briefing

10 May 2019

D.M. WENCESLAO
AND ASSOCIATES, INCORPORATED

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Completed in 2018, Aseana Three is our third commercial office building with total leasable floor area of 30,914 sq.m. It is located at the corner of D. Macapagal Blvd. and Asean Avenue across Ayala Malls Bay Area.

2 Points of Focus
6 Development Pipeline
9 Operating and Financial Highlights
15 Summary

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Stable Economic Growth Sustains Office Demand

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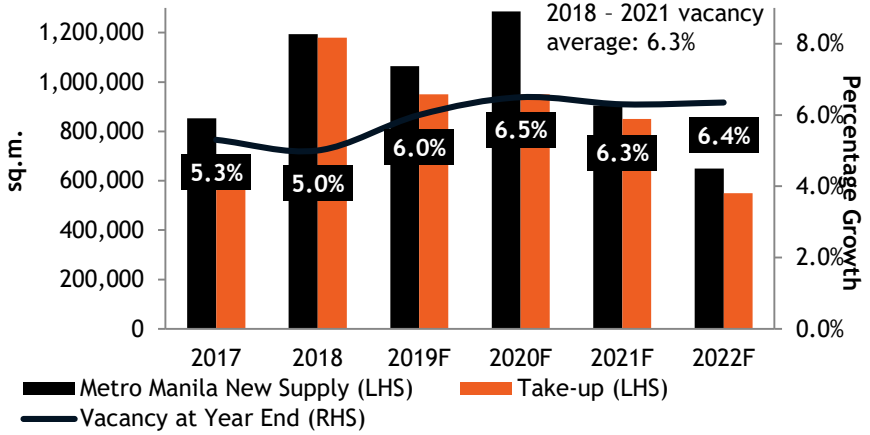
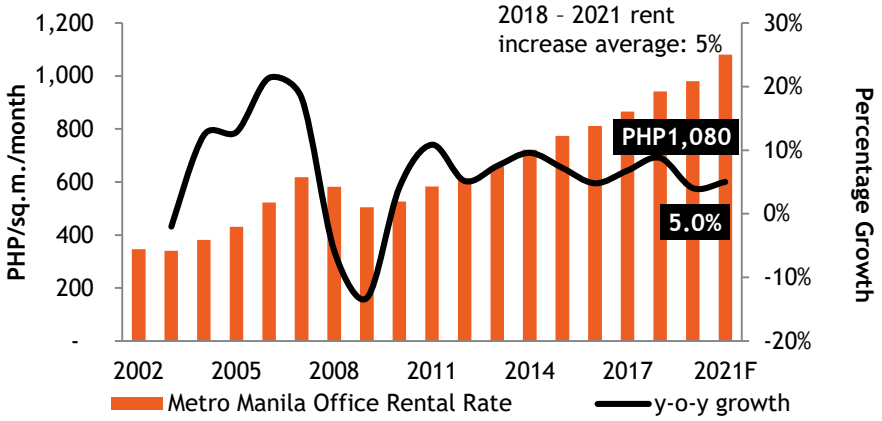
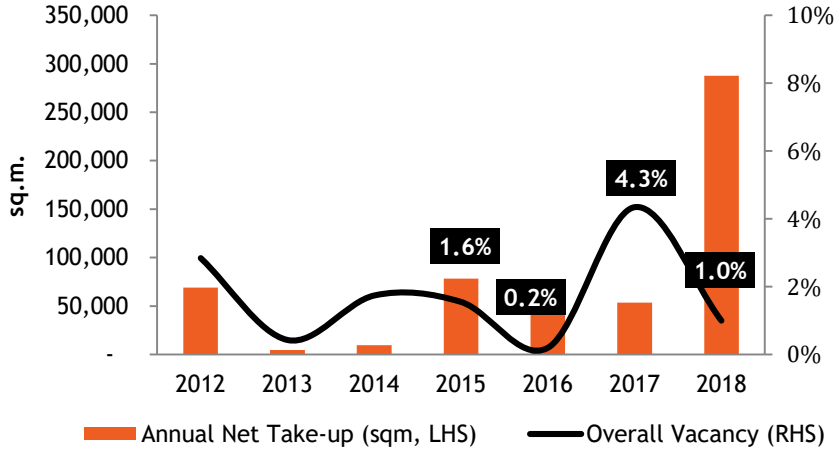
Sustained Demand to Absorb New Office Deliveries…



…And to Result in Rising Average Office Rental Rates

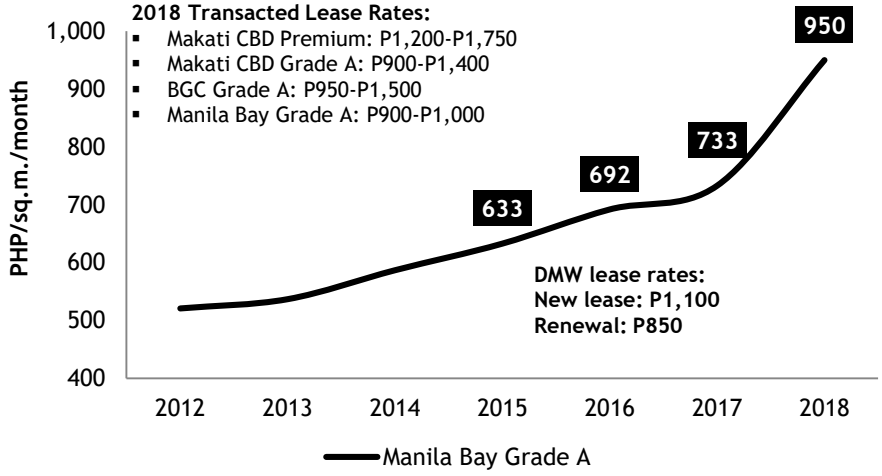


Strong Manila Bay Office Net Take-up and Low Vacancy Rates…



Source: Colliers Industry Market Report
Note:
1. In terms of gross leasable area

…To Support Continued Growth in Manila Bay Office Lease Rates



Continued Growth in Business Districts Boost Residential Sales

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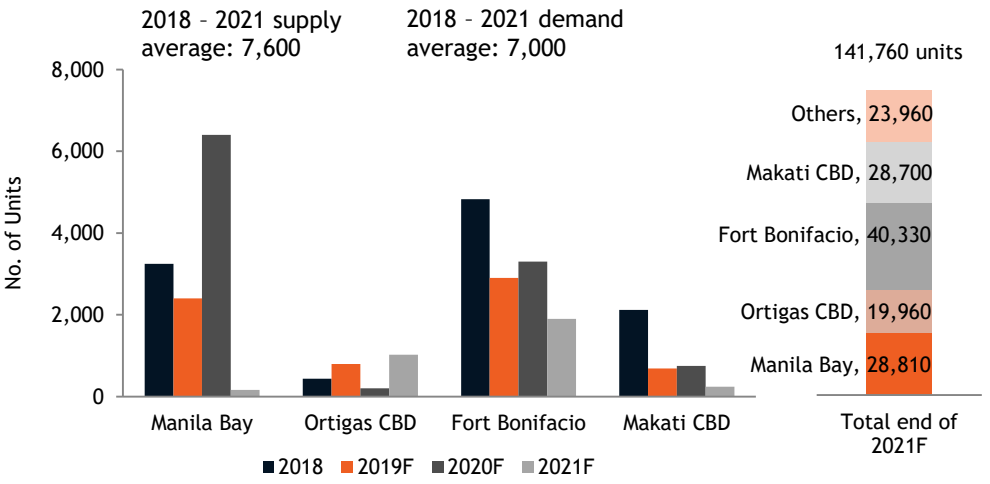
Metro Manila Residential Supply Forecast, end 2019 and 2021 (1)

Location	end of 2019	end of 2021	% change
Alabang	4,430	4,430	-
Araneta Center	4,550	4,550	-
Eastwood City	8,540	9,170	7.4%
Fort Bonifacio	35,140	40,330	14.8%
Makati CBD	27,700	28,700	3.6%
Bay Area	22,260	28,810	29.4%
Ortigas Center	18,730	19,960	6.6%
Rockwell Center	5,270	5,810	10.2%
Total	**126,620**	**141,760**	**12.0%**

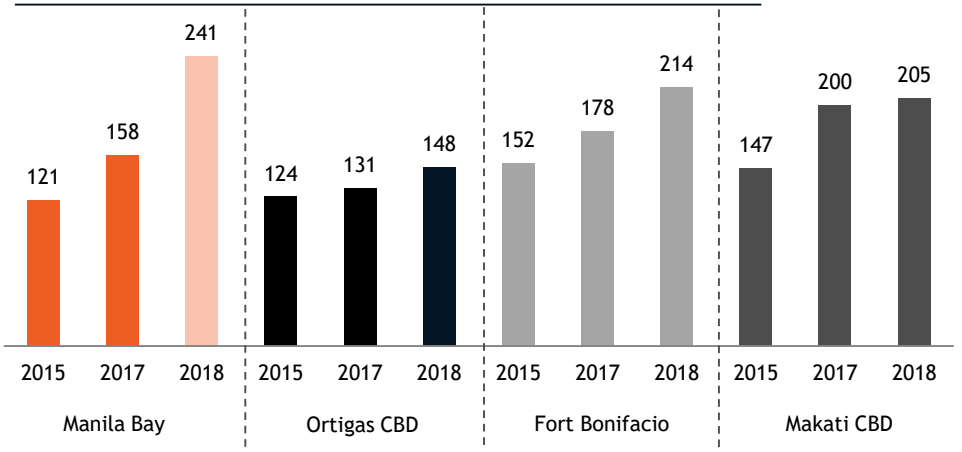
Future Supply Concentrated in Manila Bay and Fort Bonifacio (3)



Average Monthly Take-up Highest in Manila Bay (in units) (2)

	Bay Area	Makati	Fort Bonifacio	Ortigas	Alabang CBD
Luxury	-	7	4	7	-
High-end	26	14	8	13	45
Mid-end	43	62	25	32	11
Affordable	-	5	-	-	9
Average (3Q 2018)	40	33	12	24	16
Average (4Q 2018)	50	44	13	48	12
Units sold (end-2018)	96%	97%	97%	94%	96%

Strong Growth in Average Residential Condominium Prices (PHP '000/sq.m.)



Source: (1) Colliers, (2) Santos Knight Frank

In focus: Office lease renewal at Aseana One

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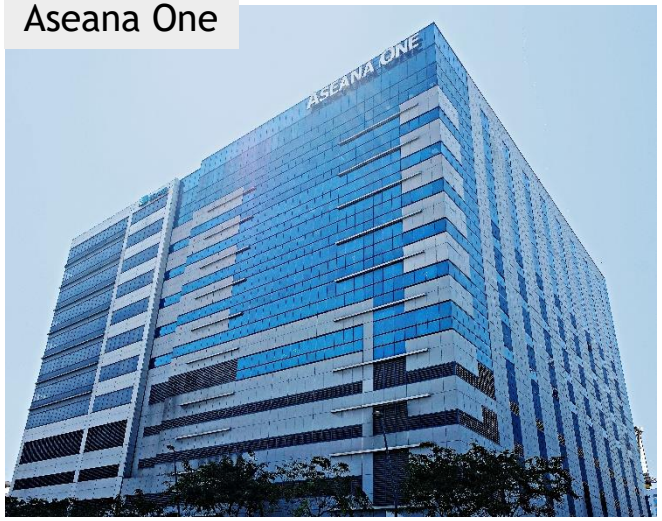
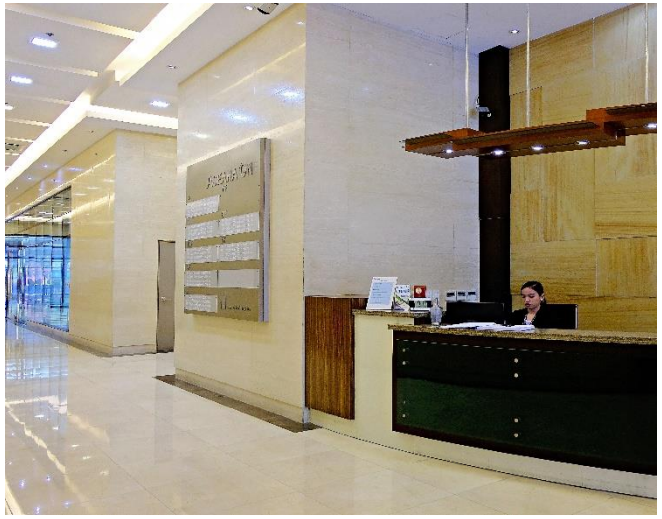
Aseana One





2012
year completed

20,189
leasable floor area in sq.m.

P480
average lease rate per sq.m.

6.6
average lease term in years

2,777
land area in sq.m.

PEZA
accredited

2019
data as of 31 Mar

100%
occupancy rate

P870
average lease rate per sq.m.

40%
year-on-year rate increase
from P620 per sq.m. in 1Q 2018

3.7
weighted average lease to expiry in years

81%
rate increase
from P480 per sq.m. after completion

Pixel Residences is our first residential development, with 170 units ranging from 36 sq.m. to 88 sq.m. It was launched in July 2016 and was sold out in June 2017.

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Commercial: Stepping up our recurring business model

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8912 Asean Ave.
(formerly Aseana Four)

Broke ground Apr 2018

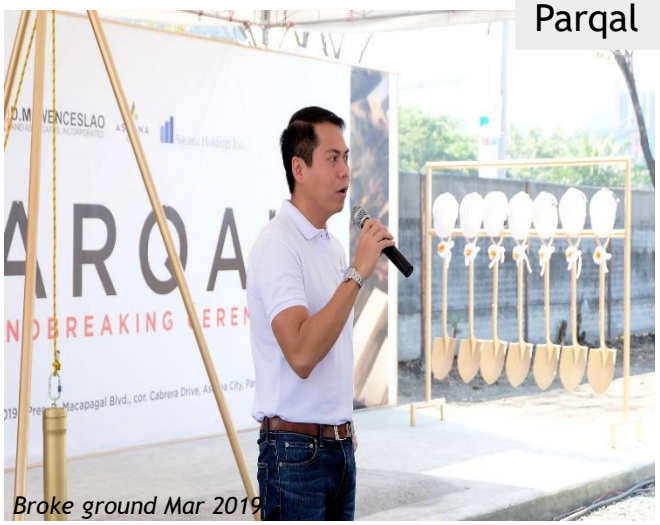
Apr 2018
groundbreaking

68,000+
sq.m. leasable GFA

15
floors with highly flexible specifications

Dec 2020
target turnover

Parqal



Broke ground Mar 2019

Office & Retail
use

67,000+
sq.m. leasable GFA

4/9
number of floors/ buildings

26,000
sq.m. public space area

2021
target turnover

Residential: Making good progress on many fronts

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Pixel Residences

2016
year launched

170
total units

Apr 2019
topped off

P125,000
per sq.m. base price

<12
months pre-selling

P1.7 billion
project value
P1.2 billion unrecognized revenues

MidPark Towers

Broke ground Mar 2019

20 Nov 2018
launch date

309
units launched *out of 669 total*

P200,000
base price per sq.m.

P236,000
current price per sq.m.

62%
project take-up
as of 15 Feb 2019

75%
project take-up
as of 30 Apr 2019

P2.8 billion
as of 15 Feb 2019

P3.6 billion
as of 30 Apr 2019

Unit prices stated are exclusive of 12% value-added tax (VAT)

MidPark Towers is our second residential project, with 669 units ranging from 36 sq.m. to 108 sq.m. Two of its four towers were launched in November 2018.

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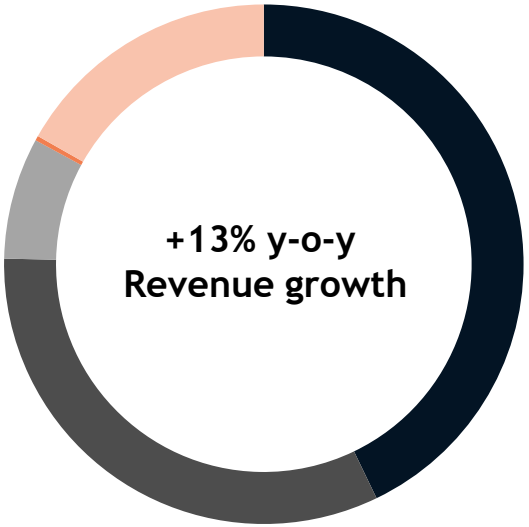
Office renewal and residential completion lift revenues



Total revenues, P595.6 million
Recurring income from rentals, 83%
- Land, 43%
- Building, 32%
- Other revenues, 8%

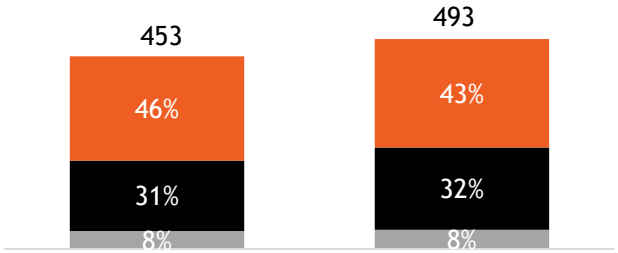
- Sale of condominium units, 17%

PHP	3M 2019	3M 2018	Change (%)
Rentals			
Land	P 255,243,279	P 245,563,437	4%
Building	193,518,445	165,607,785	17%
Other revenues	45,112,440	42,185,733	7%
	493,874,164	453,356,955	9%
Construction contracts	1,745,622	61,801,659	-97%
Sale of condominium units	100,003,999	11,770,158	750%
Land sales	-	1,252,800	-100%
Total Revenues	595,623,785	528,181,572	13%
Gross profit	475,103,676	461,106,238	3%
Operating expenses - net	132,846,620	105,037,701	26%
Operating profit	342,257,056	356,068,537	-4%
Other income (charges)[1]	355,869,501	287,020,998	24%
Profit before tax	698,126,557	643,089,535	9%
Net profit attributable to equity holders of the parent	P 507,094,027	P 466,247,232	9%

Notes:
Sum of the parts may not equal 100% due to rounding.
1. With reference to the settlement agreement with Alphaland Development, Inc., DMW is entitled to P2.05 billion over two years starting Jan 2018. A total of non-refundable portion amounting to P300 million was received during 3M 2019.

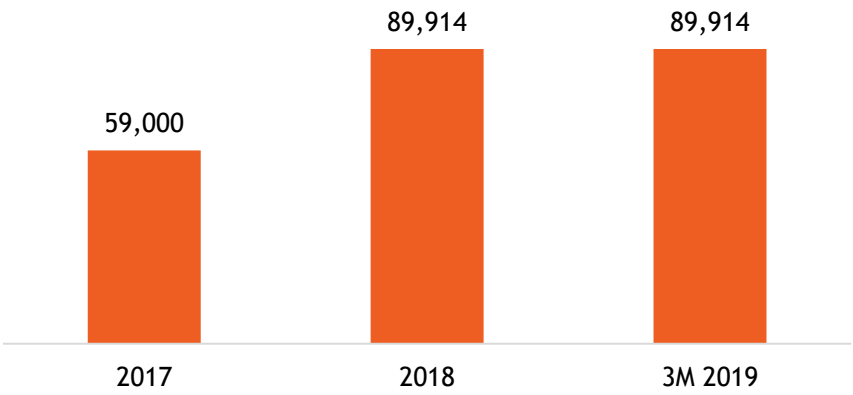
Robust Leasing Activity

Recurring Income Contribution[1] (%)

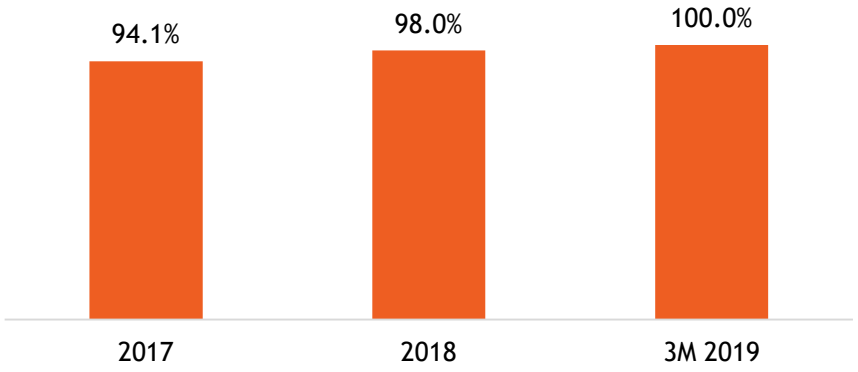


	3M 2018	3M 2019
% to Total Revenues	86%	83%
Land (PHP mm)	246	255
Building	166	194
Other Revenues	42	45

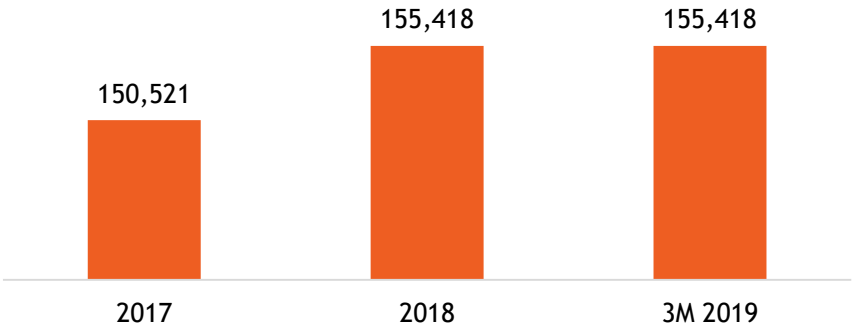
Total Leasable Floor Area[2] (sq.m.)



Period Ending Occupancy (%)



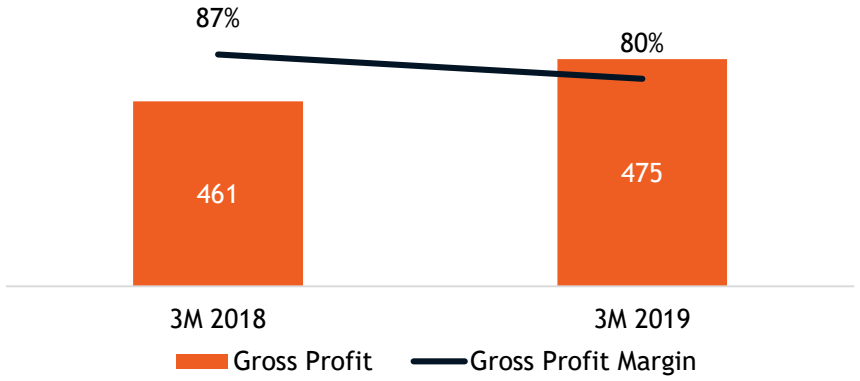
Total Leased Land Area (sq.m.)



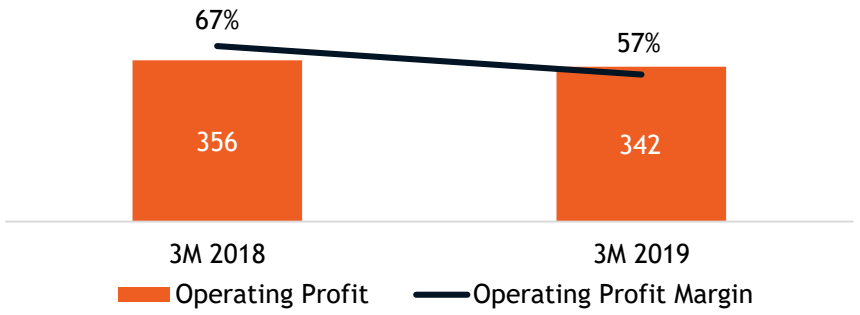
Notes:
All data as at December 31 of each year except for 3M 2019 (March 31, 2019)
1. *Recurring income is derived by dividing revenue from rentals by total revenue. Rentals comprise land, building and other revenues. Sum of the parts may not equal 100% due to rounding.*
2. *Calculated based on the ratio of total leased floor area to total leasable floor area made available*

Superior Profitability Scorecard

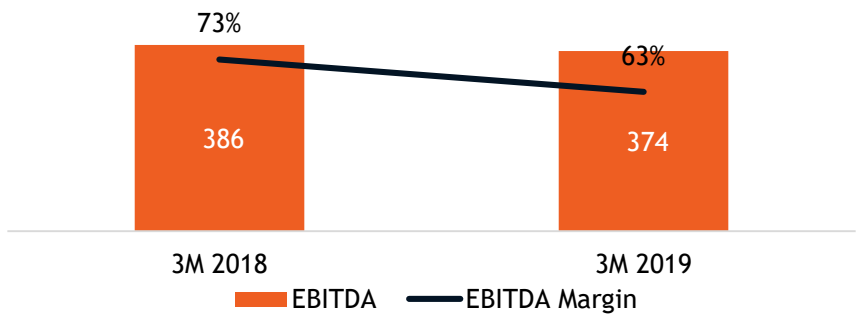
Gross Profit (PHP mm)



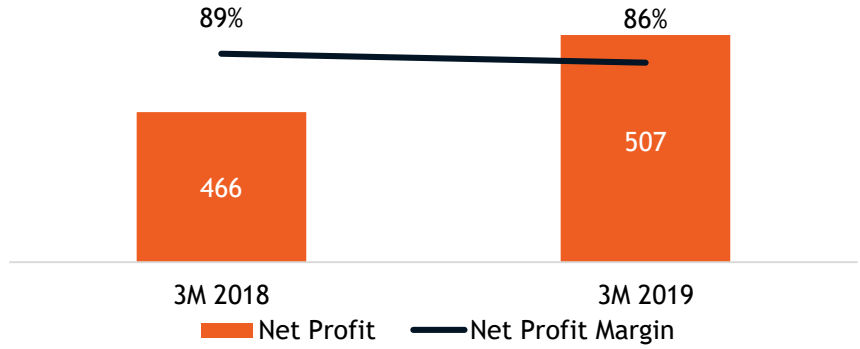
Operating Profit (PHP mm)



EBITDA[1] (PHP mm)



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



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

Low Leverage, High Financial Liquidity

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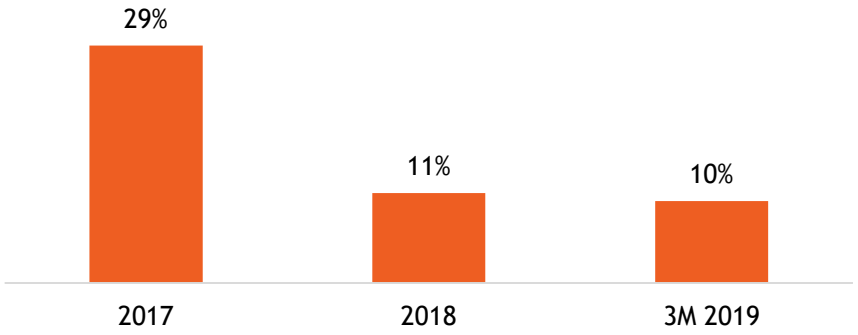
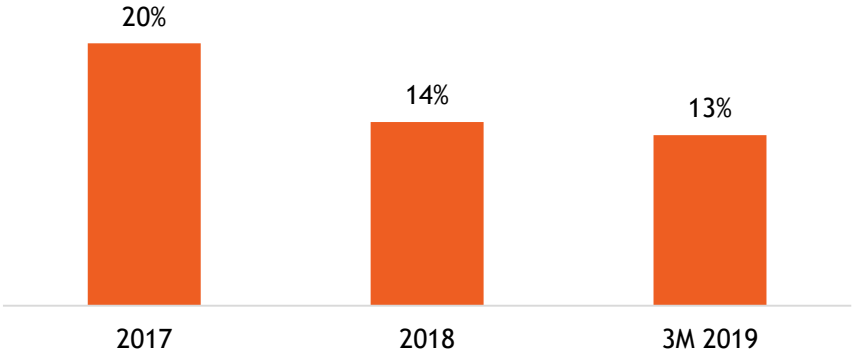
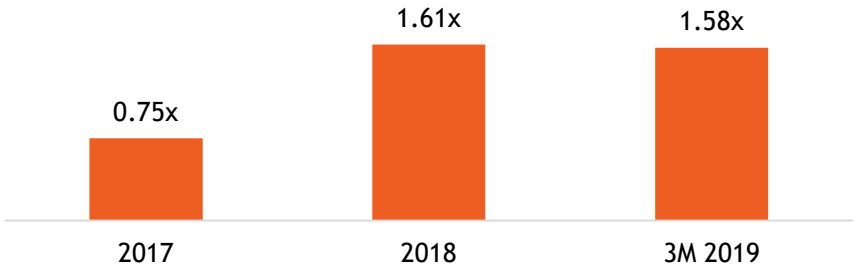
Debt To Equity[1] (%)



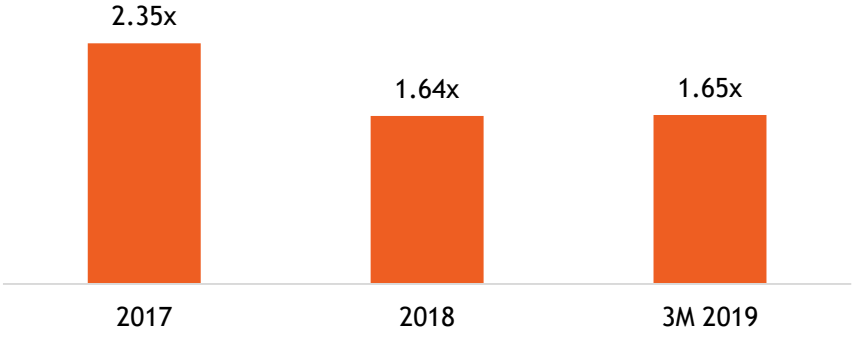
Return on Equity[2] (%)



Current Ratio[3] (x)



Assets to Equity[4] (x)



Notes:
All data as at December 31 of each year except for 3M 2019 (March 31, 2019)

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*

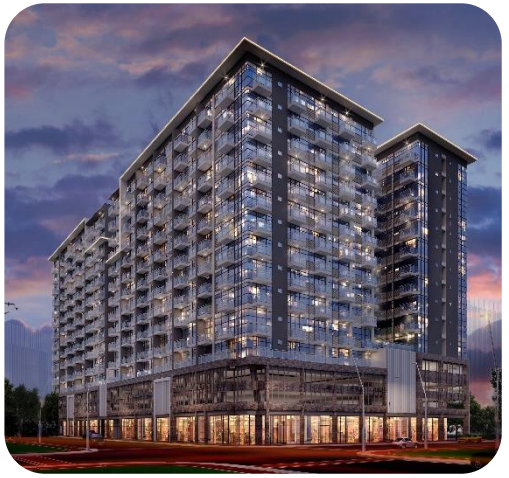
Use of Proceeds

	Allocation of Offering Proceeds	Application as of 31 Dec 2018	Application for the quarter ended 31 Mar 2019	Balance of the Offering Proceeds as of 31 Mar 2019
Pipeline project development	₱ 3,731,213,878	₱ 491,657,589	₱ 110,389,102	₱ 3,129,167,187
Land assets	2,880,101,954	-	-	2,880,101,954
Infrastructure development within Aseana City	524,345,738	50,732,032	45,624,756	427,988,950
General corporate purposes	463,552,030	34,307,810	19,280,390	409,963,830
	₱ 7,599,213,600	₱ 576,697,431	₱ 175,294,248	₱ 6,847,221,921

Pixel Residences I P50.4M

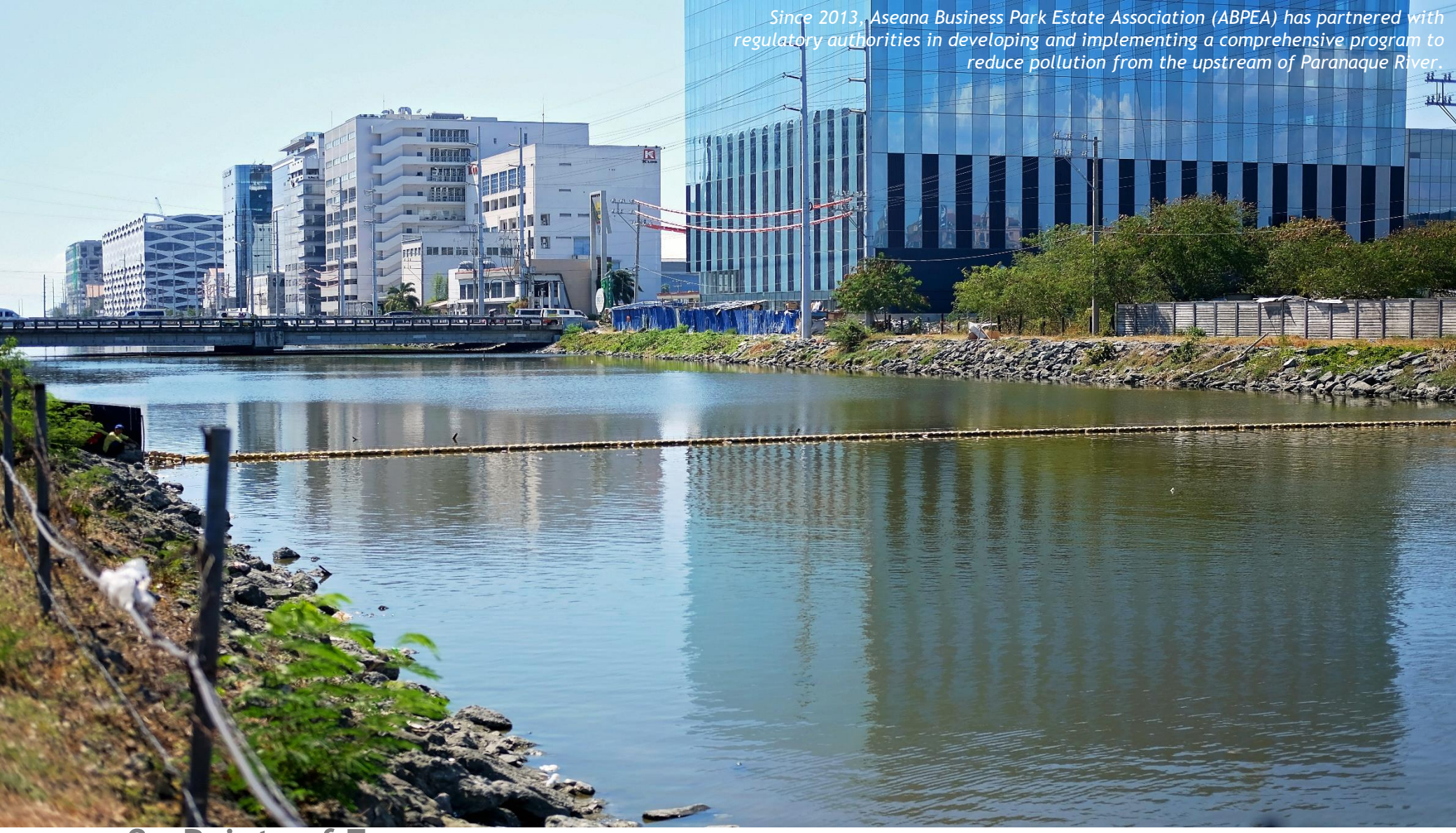
8912 Asean Ave. I P2.9M

Parqal I P31.2M



MidPark Towers I P25.9M

applied offering proceeds as of 31 Mar 2019



Since 2013, Aseana Business Park Estate Association (ABPEA) has partnered with regulatory authorities in developing and implementing a comprehensive program to reduce pollution from the upstream of Paranaque River.

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Summary: 1Q 2019 Highlights

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1Q 2019 Summary

- Recurring income from rentals grew 9% to P493.9 million or 83% of total revenues
    - Average lease rate in Aseana One up by 40% year-on-year to P870 per sq.m. from P620 per sq.m. due to higher lease renewal rate
- Residential sales surged almost ninefold to P100 million on increased percentage of project completion
- Development activities continue steady progress
    - On-track construction of 8912 Asean Ave.
    - Broke ground on Parqal and MidPark Towers in Mar 2019
    - Topped off Pixel Residences in Apr 2019

2019 Outlook

- Residential
    - Unbooked revenues of P1.2 billion from Pixel Residences for recognition
    - MidPark Towers pre-sales of P3.6 billion as of 30 Apr 2019
- Land sale of approximately 2,000 sq.m. to 3,000 sq.m.
- Capex spend of P4 billion

SECURITY

WALKABILITY

SUSTAINABILITY

ACCESSIBILITY

Q&A

www.dmwai.com
www.aseanacity.com

iro@dmwai.com

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AND ASSOCIATES, INCORPORATED

Appendix: Consolidated Statements of Profit or Loss

PHP	3M 2019	3M 2018	Change (%)
Rentals			
Land	P 255,243,279	P 245,563,437	4%
Building	193,518,445	165,607,785	17%
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Land sales	-	1,252,800	-100%
Total Revenues	595,623,785	528,181,572	13%
Gross profit	475,103,676	461,106,238	3%
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Profit before tax	698,126,557	643,089,535	9%
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Appendix: Consolidated Statements of Financial Position

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PHP	31 Mar 2019	31 Dec 2018
Current Assets	15,021,996,328	14,766,421,688
Non-current Assets	15,498,653,738	14,895,230,939
Investment in Shares of Stock Held for termination	127,062,953	127,062,953
Total Assets	P 30,647,713,019	P 29,788,715,580
Current Liabilities	9,536,008,145	9,157,507,402
Non-current Liabilities	1,854,526,024	1,765,229,799
Total Liabilities	11,390,534,169	10,922,737,201
Total Equity	19,257,178,850	18,865,978,379
Total Liabilities and Equity	P 30,647,713,019	P 29,788,715,580
Capital Structure		
Short-term debt	P 1,407,245,000	P 1,417,170,000
Long-term debt	511,750,000	511,750,000
Total bank debts	P 1,918,995,000	P 1,928,920,000
Cash and cash equivalents	9,028,302,585	8,949,219,648
Net debt/ (net cash)	P (7,109,307,585)	P (7,020,299,648)
Common equity	18,584,559,282	18,197,464,904