FY 2019 Analyst Briefing

20 February 2020

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

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Parqal, a word play on “Park” and “Kalye”, is a five-hectare development with leasable gross floor area of 70,000 sq.m. It is composed of nine independent four-story buildings that will occupy two blocks of Macapagal Boulevard. Its architectural expression has a modernized approach towards form, character, and material profile of the “Bahay-na-Bato” - the Philippines’ vernacular architecture derived from Hispanic and Chinese influences.

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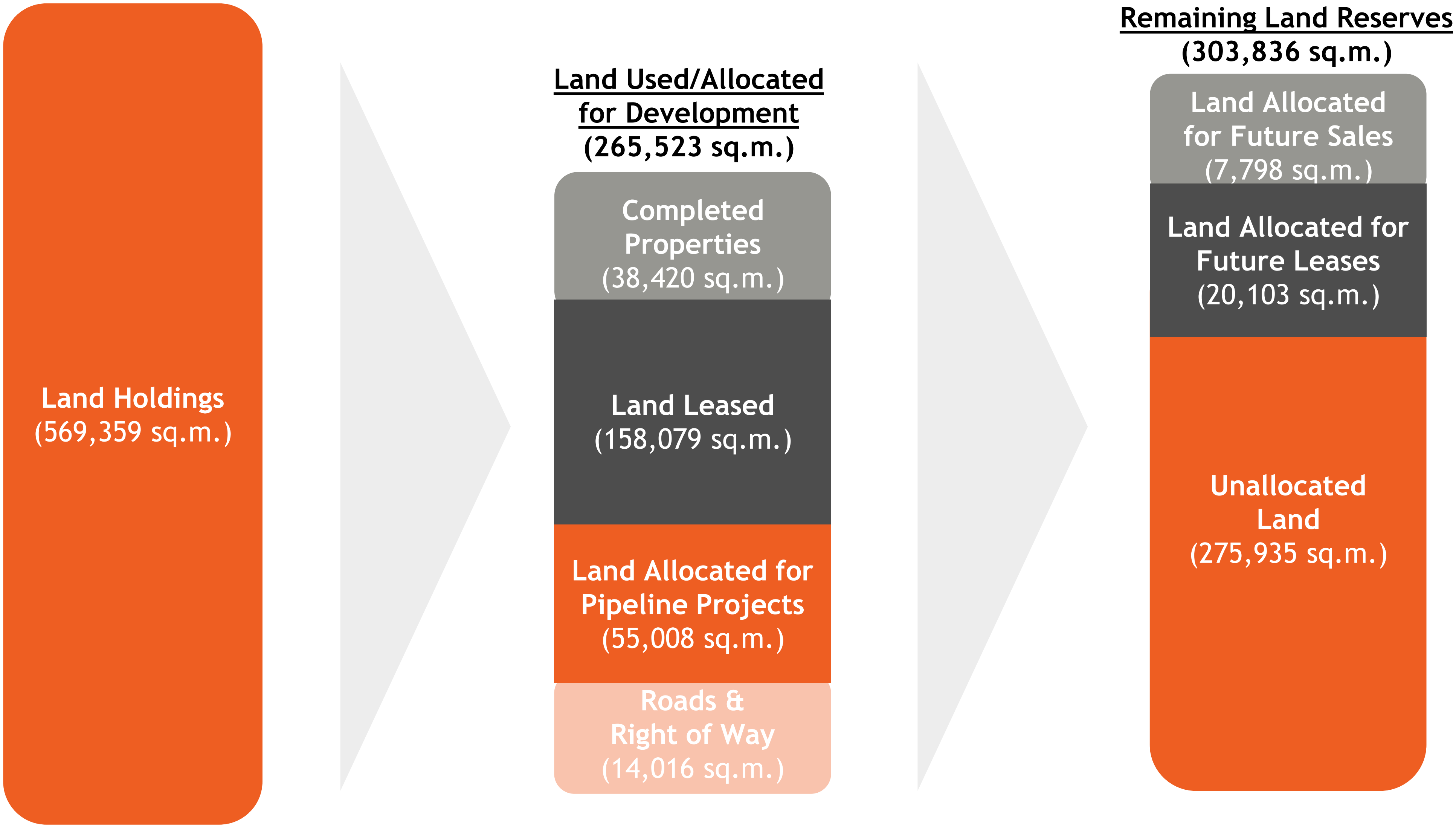
Updated summary of land holdings in Aseana City

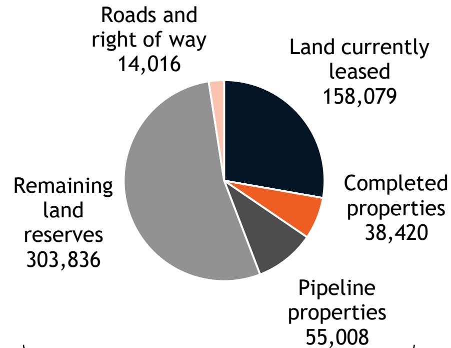


As of Feb 20, 2020

Value of properties in Aseana City Rises to P209.8 billion, up 30% YoY

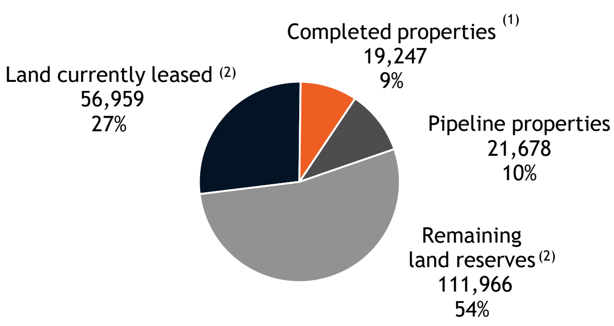
Owned Land Holdings

Land area (sq.m.)



Total: 569,359 sq.m.

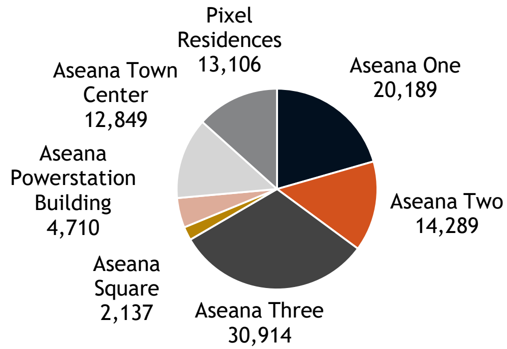
Valuation (PHP mm)



Total: PHP209,850 mm

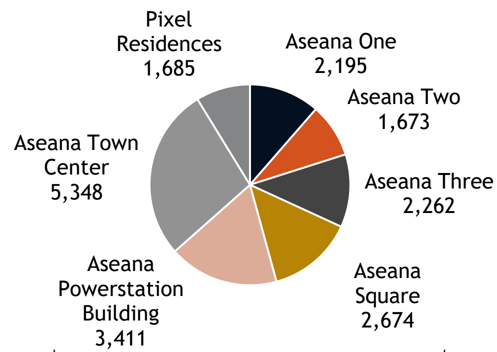
Completed Properties[1]

Total leasable/saleable floor area (sq.m.)



Total: 98,193 sq.m.

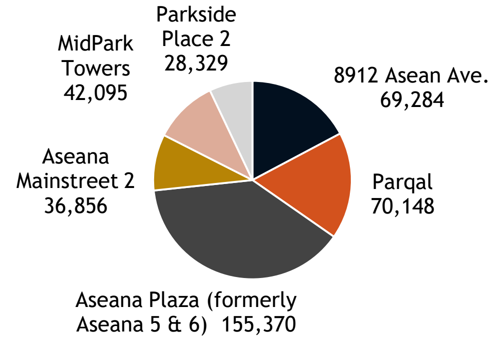
Valuation (PHP mm)



Total: PHP19,247 mm

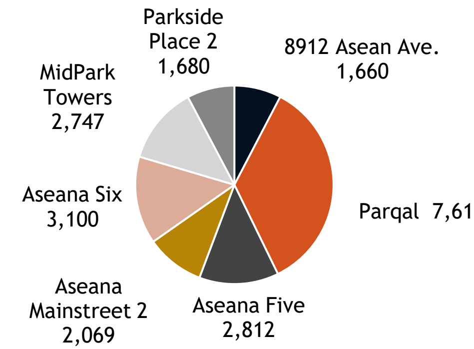
Pipeline Properties

Leasable/saleable floor area (sq.m.)



Total: 402,082 sq.m.

Valuation (PHP mm)[3]



Total: PHP21,678 mm

Notes
Colliers' valuation date is at October 21, 2019
1. *Excluding S&R Building*
2. *DMW holds a 60% shareholding interest in Bay Area Holdings, Inc. or BAHI through Fabricom, Inc.*
3. *As is, where is basis*

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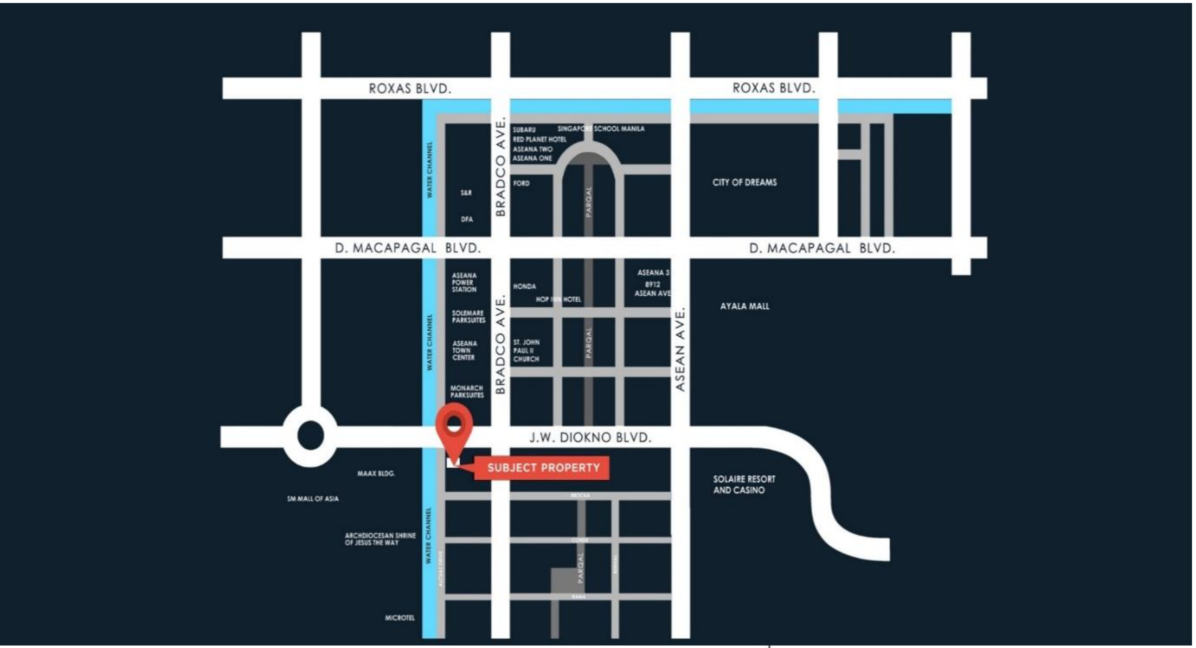
Sale of land for P425,000/sq.m., up 70% from P250,000/sq.m. in 2017 (1/2)



LOT AREA:

2,202

SQUARE METERS

E. ROMEO DRIVE COR. BROCKA STREET, ASEANA CITY, PARAÑAQUE CITY

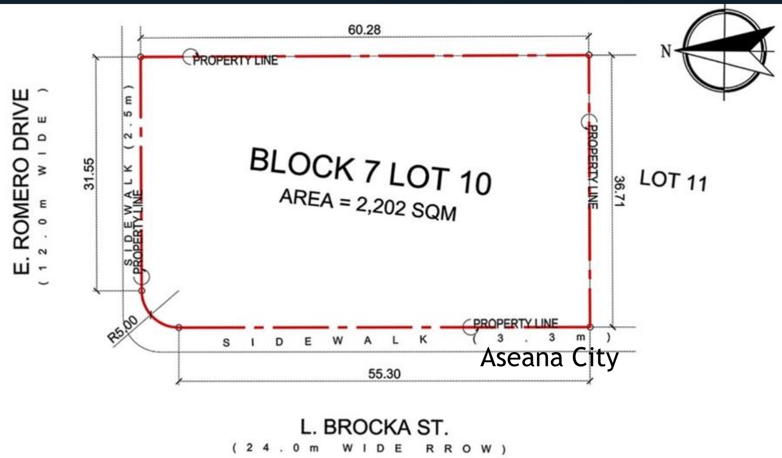
P935.85 million
Transaction amount

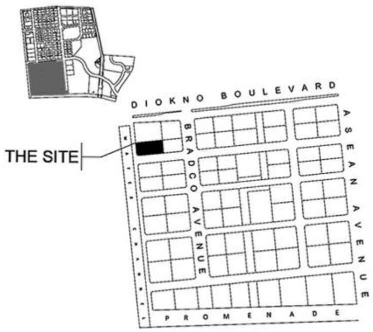
Cost of sale

7%

93%
Gross profit margin

P425,000/ sq.m.
Land price

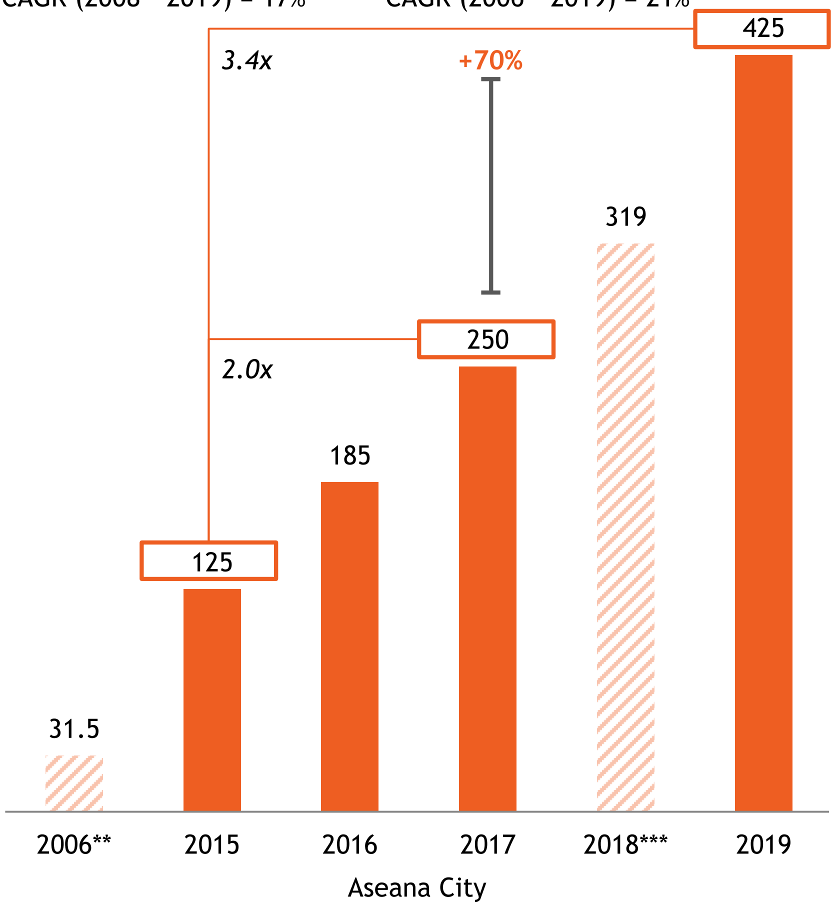




Sale of land for P425,000/sq.m., up 70% from P250,000/sq.m. in 2017 (2/2)

Prices of sold land per sq.m. (PHP'000)

CAGR (2015 – 2019) = 36%
CAGR (2008 – 2019) = 17%*
CAGR (2006 – 2019) = 21%**



Land sales transactions since 2015

Purchaser	Land Area (sq.m.)	Usage	Date of Contract to Sell	Sales (₱ mm)
Anchorland Holdings, Incorporated	4,867	Mixed Use	Mar 2015	608.38
Sequoia Manila Corp.	1,412	Mixed Use	Sep 2015	211.80
Anchorland Holdings, Incorporated	2,416 2,300	Mixed Use	Nov 2015	707.40
Bayprime Property Inc.	2,180	Mixed Use	Aug 2016	403.30
Harton Lyncoln Realty Inc.	874	Mixed Use	Dec 2016	161.69
Uni-Asia International Prime Holdings	2,521	Mixed Use	Jun 2017	605.04
MMA Land, Inc.	1,706	Mixed Use	Jul 2017	400.91
Jeco Development Corp.	1,933	Mixed Use	Sep 2017	483.25
Customer Confidential	2,202	Mixed Use	Oct 2019	935.85

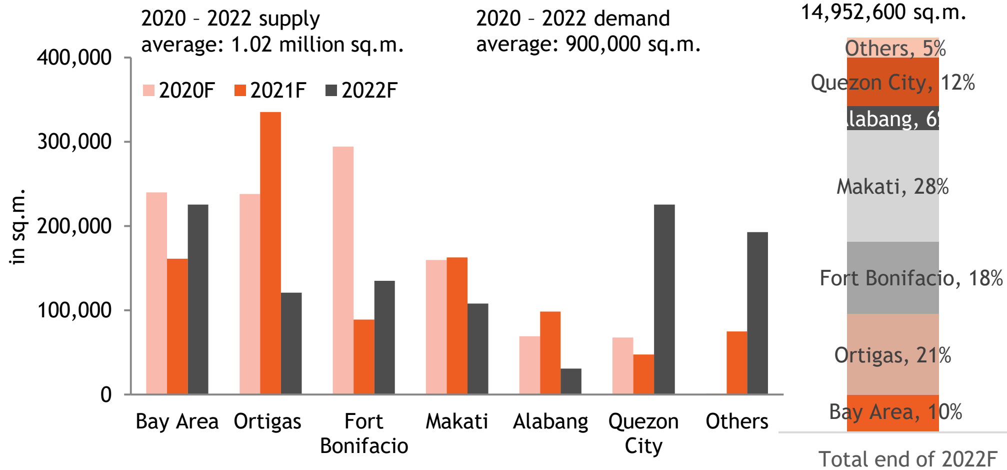
Based on our first land sale of P75,375/sq.m. involving 7,515 sq.m. to Embassy of the State of Qatar for P566.45 million in June 2008
***Based on the value of reclaimed land in 2006*
****Based on the transacted price of P318,888/sq.m. for a 5,626.88 sq.m. parcel of land sold by AFPRSBS in March 2018*

Well situated in both office and residential segments (1/2)

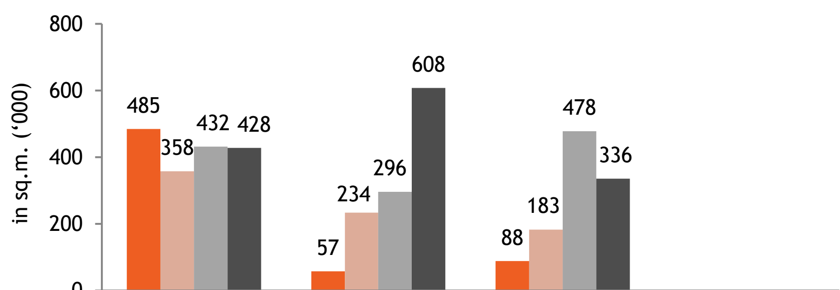
Metro Manila Office Supply Forecast, end 2019 and 2022 (1)

Location	end of 2019	end of 2022	change in sq.m.	% change	% to new supply
Makati CBD	3,358,400	3,571,100	212,700	6%	7%
Makati Fringe	417,700	635,600	217,900	52%	7%
Fort Bonifacio	2,231,400	2,749,800	518,400	23%	17%
Ortigas Center	1,840,900	2,446,800	605,900	33%	20%
Ortigas Fringe	535,800	624,800	89,000	17%	3%
Bay Area	798,600	1,425,400	626,800	78%	20%
Alabang	731,900	930,800	198,900	27%	6%
Quezon City	1,485,400	1,826,700	341,300	23%	11%
Others	472,300	741,600	269,300	57%	9%
Total	**11,872,400**	**14,952,600**	**3,080,200**	**26%**	**100%**

Future Office Supply Highest in Manila Bay from 2020-2022 (1)

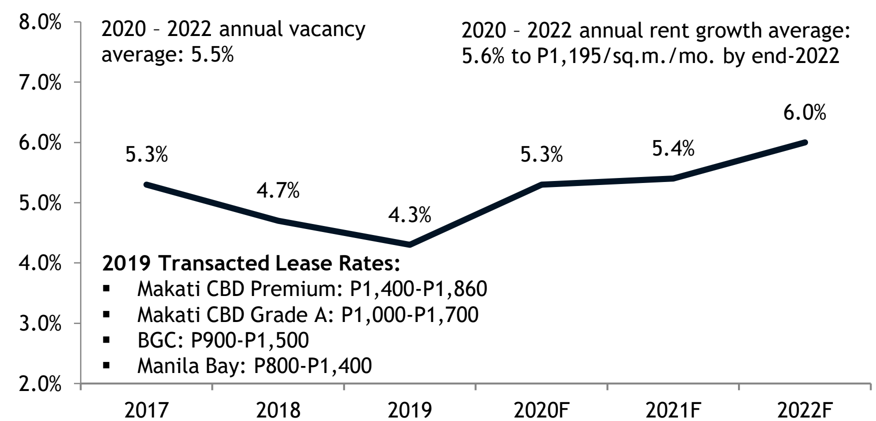


Strong Diversified Demand (2) …



	IT-BPM	POGO	Others	Total
2016	485	57	88	630
2017	358	234	183	775
2018	432	296	478	1,206
2019	428	608	336	1,372

…To Support Low Vacancy Rates and Continued Growth in Lease Rates (1)

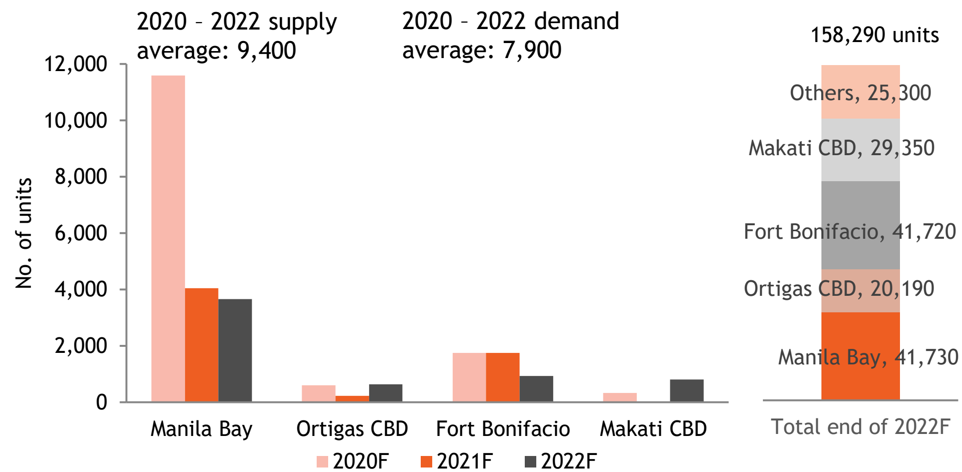


Well situated in both office and residential segments (2/2)

Metro Manila Residential Supply Forecast, end 2019 and 2022 (1)

Location	end of 2019	end of 2022	change in units	% change	% to new supply
Alabang	4,430	5,650	1,220	28%	4%
Araneta Center	4,550	4,550	-	-	-
Eastwood City	9,170	9,290	120	1%	-
Fort Bonifacio	37,290	41,720	4,430	12%	16%
Makati CBD	28,220	29,350	1,130	4%	4%
Bay Area	22,430	41,730	19,300	86%	68%
Ortigas Center	18,730	20,190	1,460	8%	5%
Rockwell Center	5,270	5,810	540	10%	2%
Total	**130,090**	**158,290**	**28,200**	**22%**	**100%**

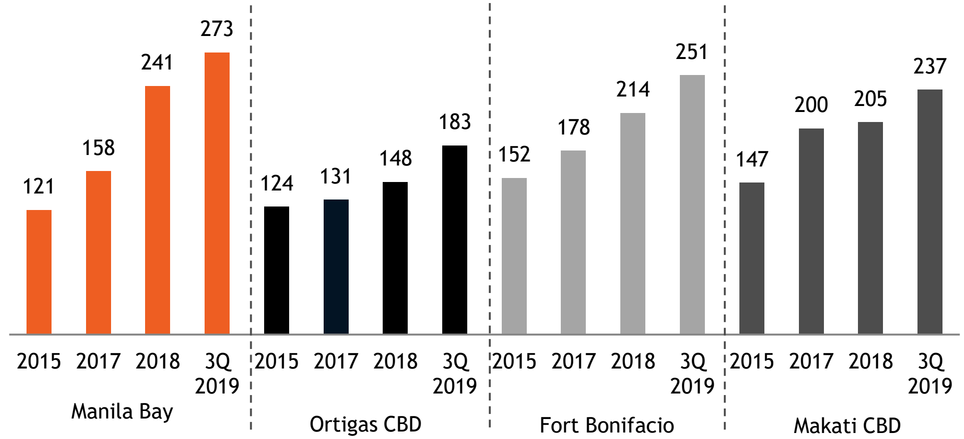
Bay Area to Account for 68% of New Supply from 2020-2022 (1)



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

	Bay Area	Makati	Fort Bonifacio	Ortigas	Alabang CBD
Luxury	-	2	8	3	-
High-end	9	24	10	50	10
Mid-end	69	39	15	31	5
Affordable	-	-	-	-	-
Units sold	95%	98%	97%	97%	99%
Average (4Q 2019)	34	31	11	38	14
Average (3Q 2019)	52	32	10	37	11
Average (2Q 2019)	33	20	11	25	16

Strong Growth in Average Residential Condominium Prices (PHP '000/sq.m.)(3)



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Pipeline of premier assets under construction inside Aseana City


Aseana Plaza (formerly Aseana Five and Six)


Parqal


MidPark Towers


8912 Asean Ave.

and outside of Aseana City

58 Jupiter in Makati City

58 JUPITER

TOPPING OFF
CEREMONY


Aseana Plaza (formerly Aseana Five and Six)

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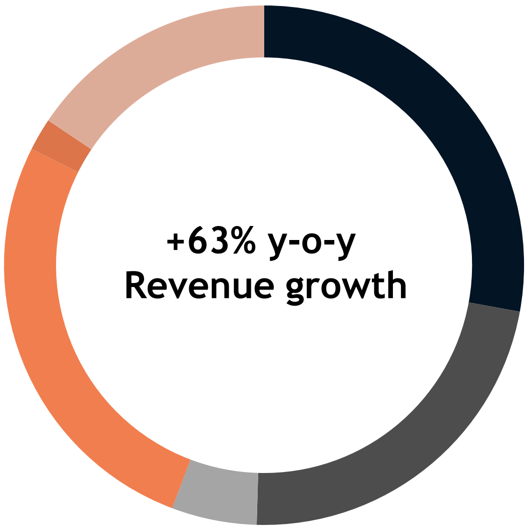
Stable recurring income sources and growing residential segment



Total revenues, P3,513.4 million
Recurring income from rentals, 56%
- Land, 28%
- Building, 23%
- Other revenues, 5%

- Land sales, 27%
- Sale of condominium units, 16%
- Construction contracts, 2%

PHP	2019	2018	Change (%)
Rentals			
Land	P 979,051,345	P 965,248,664	1.4%
Building	793,491,115	762,108,933	4.1%
Other revenues	186,239,052	173,841,016	7.1%
	1,958,781,512	1,901,198,613	3.0%
Land sales	935,850,000	1,252,800	74,600.7%
Construction contracts	71,107,851	130,524,057	-45.5%
Sale of condominium units	547,652,588	119,351,066	358.9%
Total Revenues	3,513,391,951	2,152,326,536	63.2%
Gross profit	2,806,915,656	1,805,540,716	55.5%
Operating expenses - net	540,211,868	433,204,856	24.7%
Operating profit	2,266,703,788	1,372,335,860	65.2%
Other income	1,060,500,151	1,205,979,341	-12.1%
Profit before tax	3,327,203,939	2,578,315,201	29.0%
Net profit attributable to equity holders of the parent	P 2,374,037,104	P 1,911,250,744	24.2%

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 P850 million was received in 2019. and was reported as part of Other Income.

In focus: Leasing

P1,958.8M

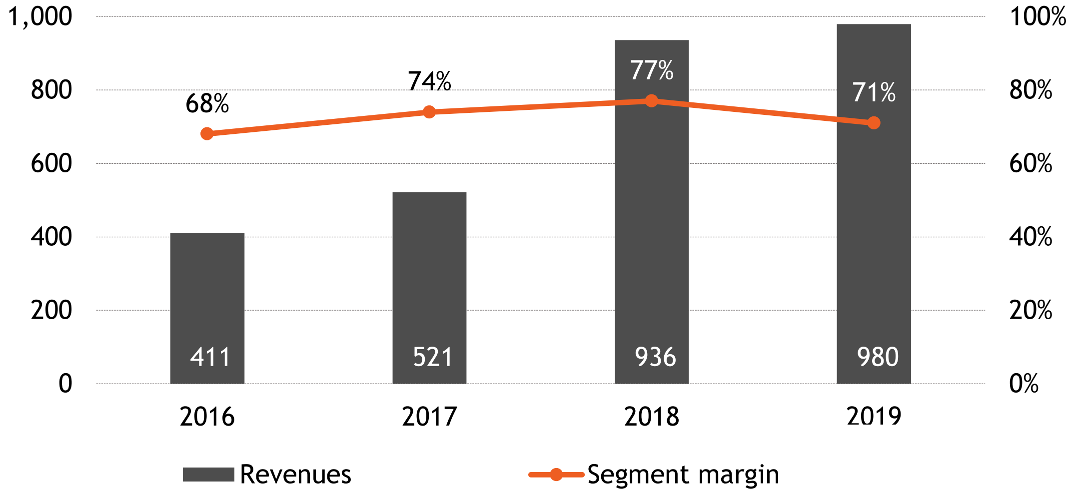
We pay particular attention to recurring income sources to provide us with higher earnings visibility. We primarily target traditional companies, including logistics, BPOs, and gaming and tourism-related businesses.

P979.0M
Land

P793.5M
Building

P186.2M
Other revenues

Building leasing and other revenues related to leasing



Ayala Land revenue contribution

	% to land leases	% to total
2017	83%	25%
2018	78%	35%
2019	74%	21%

Land

our lease with Ayala Land provides for a minimum guaranteed rent or, if higher, an agreed percentage of the income derived from the site

Average office lease rates (per sq.m./month)

	2018	2019
Aseana One	P825	P909
Aseana Two	P672	P735
Aseana Three	P744	P777
Weighted average	P749	P811

Buildings

our lease agreements generally stipulate fixed annual escalation rates ranging from 3% to 10% for commercial space

Weighted average lease expiry

2017	6.7 years
2018	5.7 years
2019	5.5 years

Buildings

occupancy rate of 98% and weighted average lease expiry of 5.5 years as of Dec 31

In focus: Residential

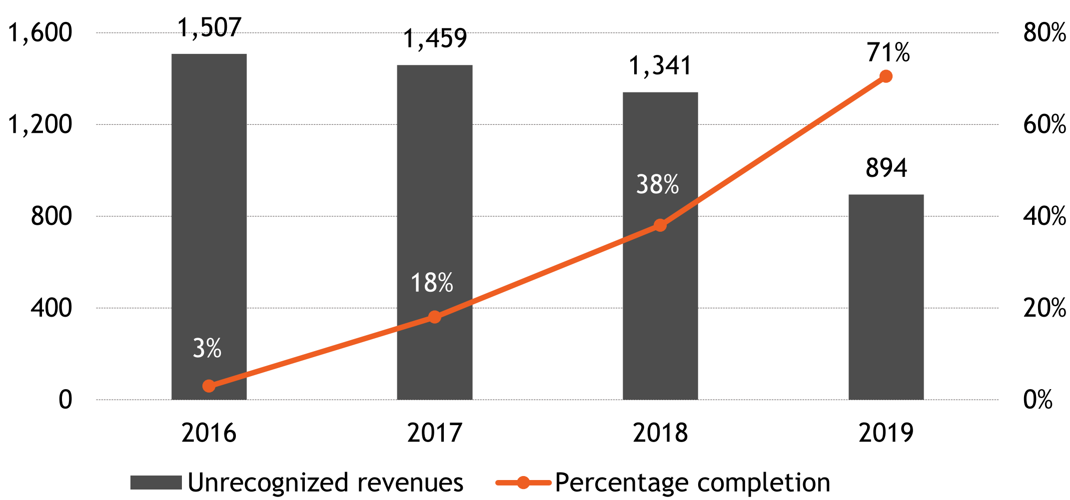
P547.7M

We are complementing the speed of development in the area with residential offerings in the mid-income and upscale categories, ranging in size from 36 sq.m. to 108 sq.m.

P446.5M
Pixel Residences

P101.2M
MidPark Towers

Pixel Residences



Residential sales % to total revenues

2017	2%
2018	6%
2019	16%

Revenue contribution

16% from 6% in 2018 on increased accounts that met 20% threshold for revenue recognition, increased percentage of completion and ongoing pre-selling activities

Sales take-up (170 units)

3Q 2016	11%
4Q 2016	32%
1Q 2017	64%
2Q 2017	100%

Pixel Residences

fully pre-sold as of June 2017 with unrecognized revenues of P894.3 million and total collection of P610.1 million as of Dec 31

Payment terms: 20%-80%

Sales take-up (669 units)

4Q 2018	22%
1Q 2019	33%
2Q 2019	40%
3Q 2019	48%
4Q 2019	59%
Feb 2020	61%

MidPark Towers

ongoing pre-selling with take-up of 61% of as of Feb 2020

total pre-sales of P6.1 billion and total collection of P1.1 billion as of Dec 31

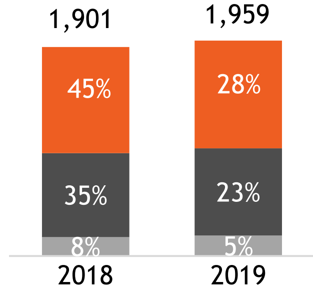
Payment terms: 10%-10%-80%

Unrecognized revenues exclude value-added tax (VAT)

Robust leasing activity reflects high level of sustainability

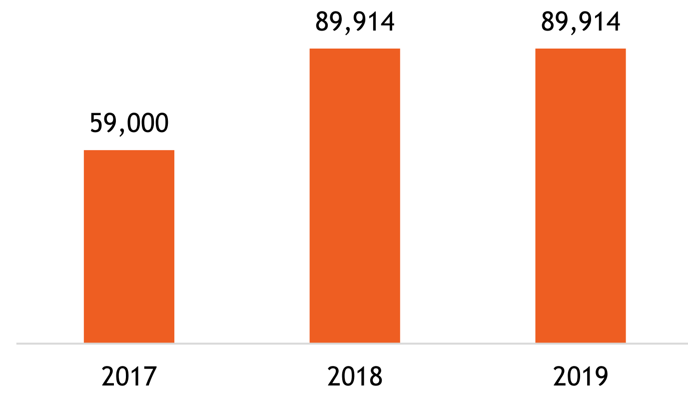
Recurring Income Contribution[1] (%)

Total recurring revenues

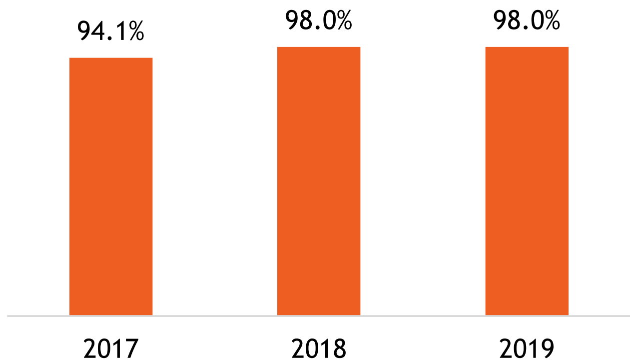


	2018	2019
% to Total Revenues	88%	56%
Land (PHP mm)	965	979
Building	762	793
Other Revenues	174	186

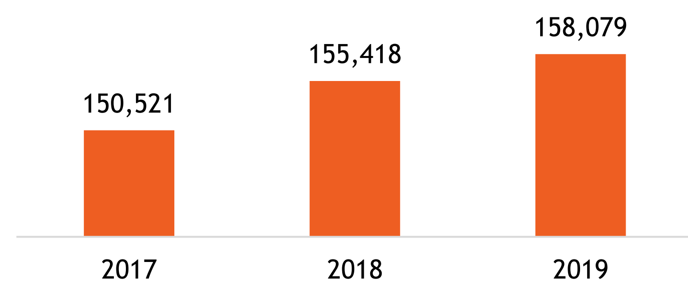
Total Leasable Floor Area[2] (sq.m.)



Period Ending Occupancy (%)



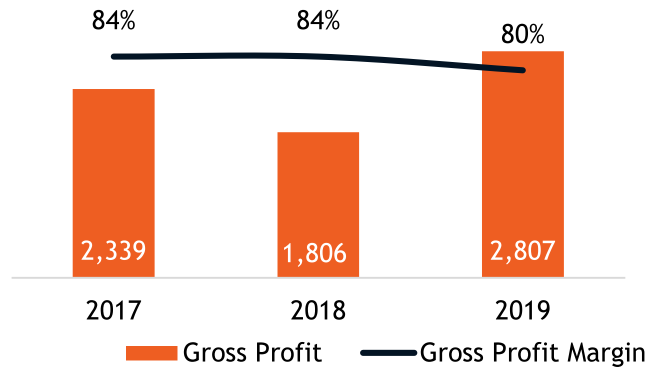
Total Leased Land Area (sq.m.)



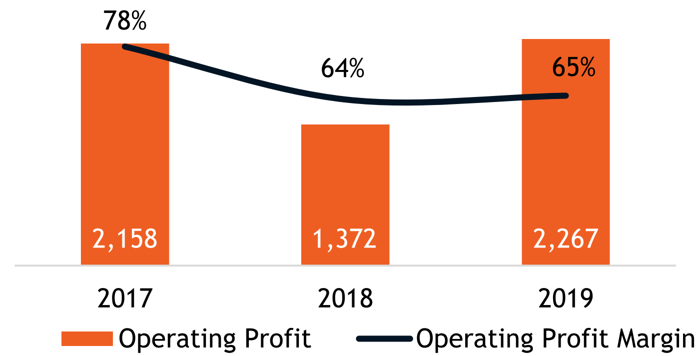
Notes:
All data as at December 31 of each year
1. *Recurring income is derived by dividing revenue from rentals by total revenue. Rentals comprise land, building and other revenues. Sum of the parts may not equal 100% due to rounding.*
2. *Calculated based on the ratio of total leased floor area to total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

Superior profitability scorecard consistent with resilient portfolio

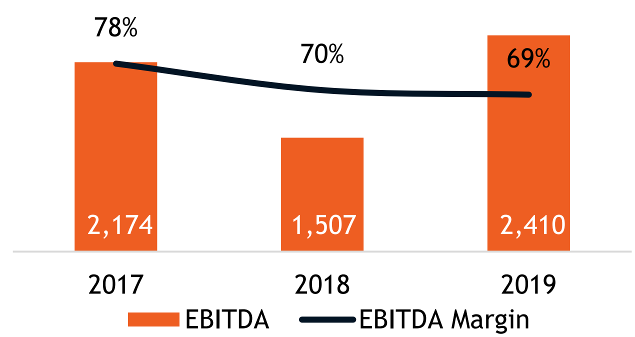
Gross Profit (PHP mm)



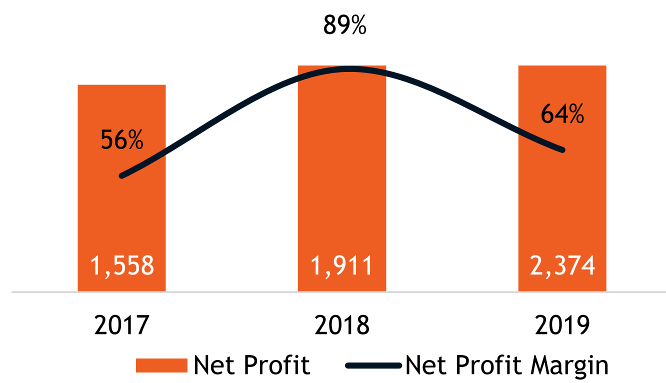
Operating Profit (PHP mm)



EBITDA[1] (PHP mm)



Net Profit Attributable to Equity Holders of the Parent [2] (PHP mm)



Note:
1. *EBITDA = operating profit + depreciation and amortization*
2. *Net income / revenues*

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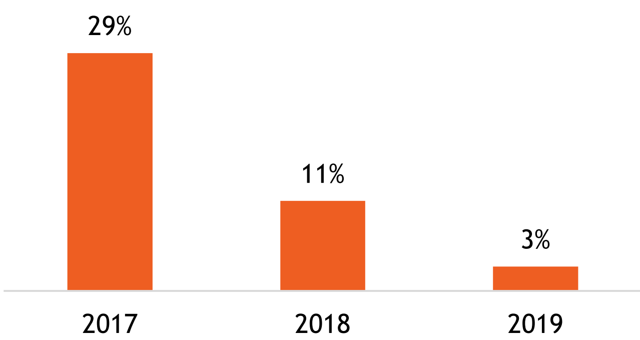
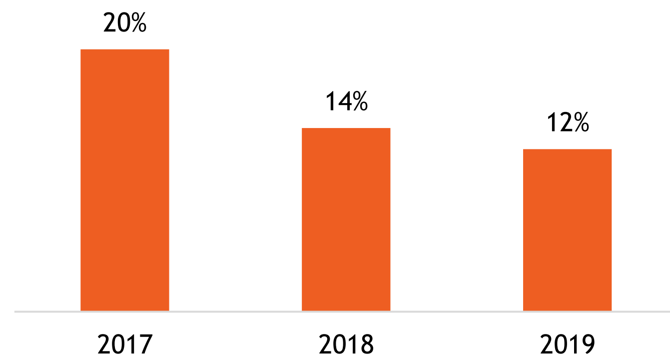
Financial strength supports growth aspirations

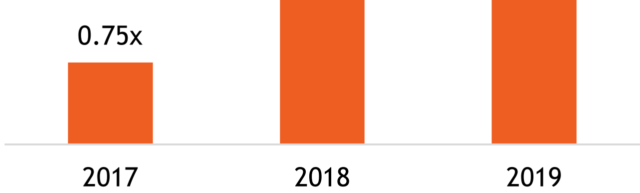
Debt To Equity[1] (%)



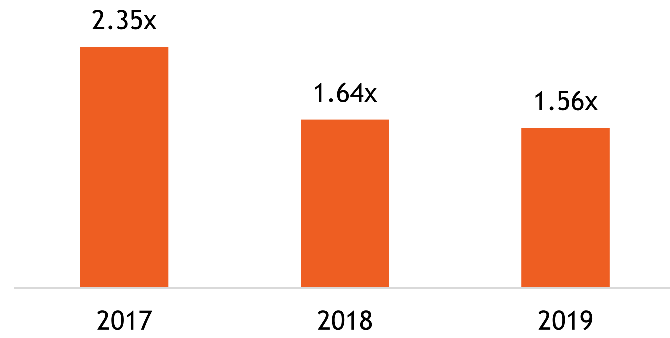
Return on Equity[2] (%)



Current Ratio[3] (x)



Asset to Equity[4] (x)



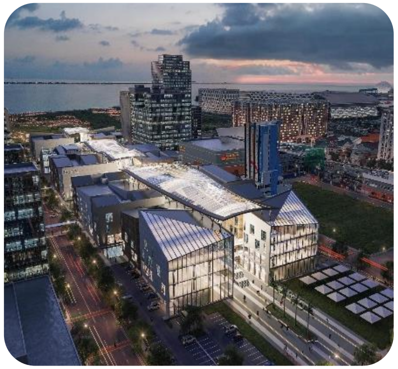
Notes:
All data as at December 31 of each year
1. *Our debt to equity ratio is derived by dividing our total loans and borrowings by total equity. It measures the degree of our financial leverage.*
2. *Our annualized return on equity is derived by dividing net profit by average shareholders' equity. 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*

Progress Report on Use of proceeds

	Allocation of Offering Proceeds	Application as of 30 Sep 2019	Application for the quarter ended 31 Dec 2019	Balance of the Offering Proceeds as of 31 Dec 2019
Pipeline project development	₱ 3,731,213,878	₱ 1,745,947,761	₱ 250,455,941	₱ 1,734,810,176
Land assets	2,880,101,954	-	-	2,880,101,954
Infrastructure development within Aseana City	524,345,738	168,244,955	46,720,629	309,380,154
General corporate purposes	463,552,030	53,588,200	148,756,909	261,206,921
	₱ 7,599,213,600	₱ 1,967,780,916	₱ 445,933,479	₱ 5,185,499,205

Pixel Residences P121M

8912 Asean Ave. P1.1B



Parqal P706M

MidPark Towers P104M

Aseana Plaza P16M

Total applied offering proceeds as of Dec 31, 2019

Aseana Plaza (formerly Aseana Five and Six)

D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

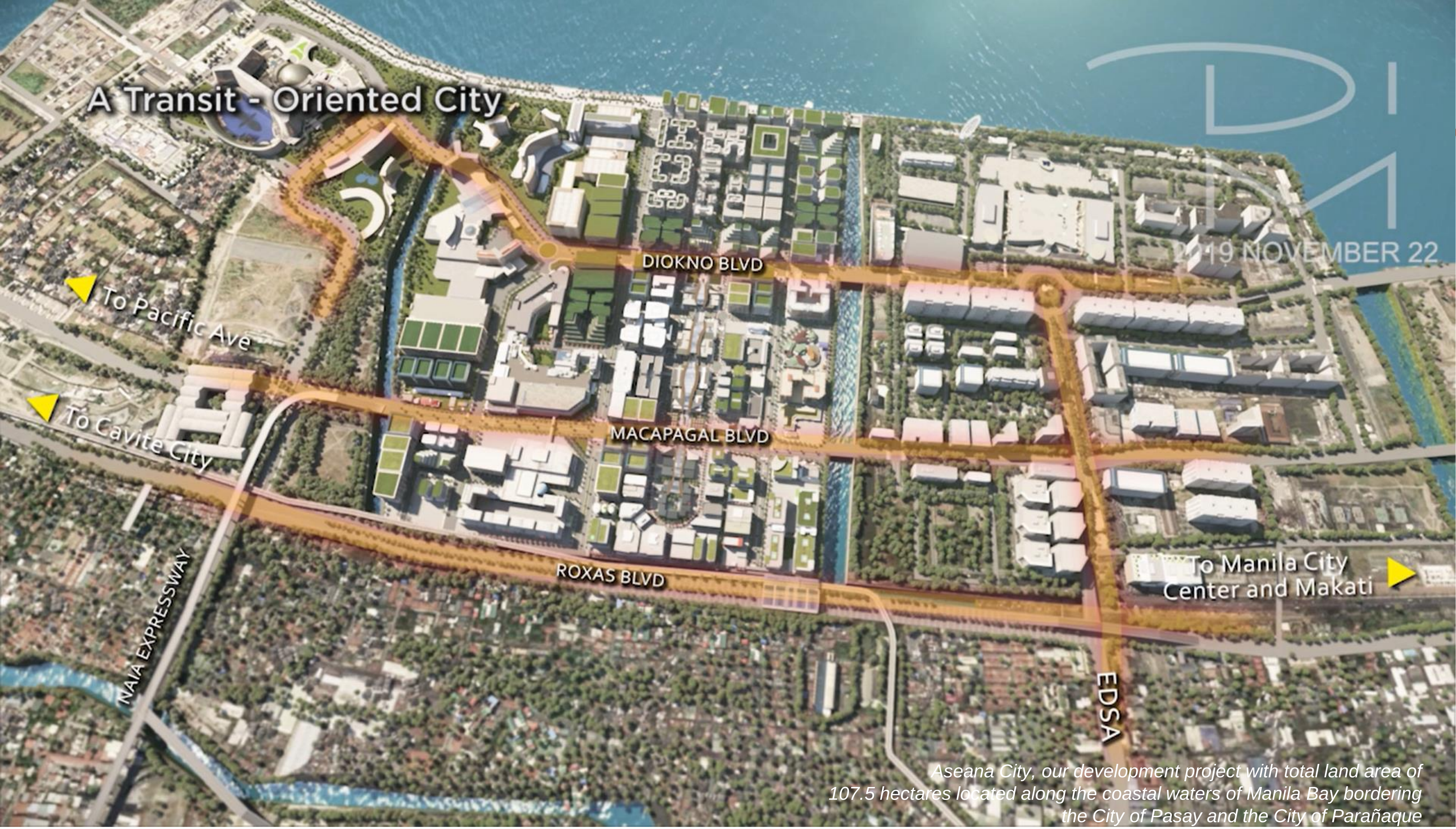
Summary: FY 2019 highlights

FY 2019 Summary

- Appraised values of our properties in Aseana City were valued at P209.8 billion, 30% higher than the prior year, according to Colliers
  - Remaining land reserves valued at P112.0 billion or P368,507/sq.m. (from P272,851/sq.m.)
- Sale of 2,202 sq.m. non-core-land for P425,000/sq.m., 70% higher from our last completed land sale of P250,000/sq.m. in 2017, exclusive of value-added tax
- Recurring income from leasing at 56% of total revenues
  - Leasing of building showed sustained growth with higher new rates than leases that expired during the year and consolidated occupancy of 98%
- Residential sales grew to P547.7 million or 16% of total revenues from 6% in 2018

2020 Outlook

- Recurring income to see increases in occupancy, rents and ancillary revenues from leasing of land and buildings
  - 50-year lease of a 13,896 sq.m.-parcel of land to St. Luke's Medical Center
  - Pre-leasing activities for 8912 Asean Ave. six months prior to expected completion
- Residential property business to continue to expand and contribute meaningfully to earnings
  - Ongoing turnover of our first residential project, Pixel Residences, with unbooked revenues of P894.3 million for recognition
  - MidPark Towers pre-sales of P6.1 billion as of Dec 31 or 59% take-up; 61% as of Feb 14
- External consultants were engaged to assist us in sustainability reporting and enterprise risk management



Q&A

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D.M. WENCESLAO AND ASSOCIATES, INCORPORATED

Event after reporting period: MOU with St. Luke's Medical Center

About St. Luke's Medical Center

St. Luke's Medical Center is recognized as the leading and most respected healthcare institution in the Philippines. Its two facilities in Quezon City and Global City, Taguig have a combined total of 1,146 rooms, with 60,321 average in-patient admissions and 2.7 million outpatient consultations annually. In 2003, it was the first hospital in the country and the second in Asia to be accredited by the Joint Commission International (JCI)—the world's leader in healthcare accreditation and quality improvement. In 2016, it was also the first in the country to be accredited as an Academic Medical Center Hospital.

TERM

50

YEARS

LOT AREA

13,896

SQUARE METERS

Event after reporting period: MOU with St. Luke's Medical Center

Appendix: Consolidated Statements of Profit or Loss

PHP	2019	2018	Change (%)
Rentals			
Land	P 979,051,345	P 965,248,664	1.4%
Building	793,491,115	762,108,933	4.1%
Other revenues	186,239,052	173,841,016	7.1%
	1,958,781,512	1,901,198,613	3.0%
Land sales	935,850,000	1,252,800	74,600.7%
Construction contracts	71,107,851	130,524,057	-45.5%
Sale of condominium units	547,652,588	119,351,066	358.9%
Total Revenues	3,513,391,951	2,152,326,536	63.2%
Gross profit	2,806,915,656	1,805,540,716	55.5%
Operating expenses - net	540,211,868	433,204,856	24.7%
Operating profit	2,266,703,788	1,372,335,860	65.2%
Other income	1,060,500,151	1,205,979,341	-12.1%
Profit before tax	3,327,203,939	2,578,315,201	29.0%
Net profit attributable to equity holders of the parent	P 2,374,037,104	P 1,911,250,744	24.2%

Appendix: Consolidated Statements of Financial Position

PHP	31 Dec 2019	31 Dec 2018
Current Assets	13,310,339,496	14,766,421,688
Non-current Assets	17,965,820,603	14,895,230,939
Investment in Joint Venture Held for termination	-	127,062,953
Total Assets	P 31,276,160,099	P 29,788,715,580
Current Liabilities	8,824,319,950	9,157,507,402
Non-current Liabilities	1,918,657,161	1,765,229,799
Total Liabilities	10,742,977,111	10,922,737,201
Total Equity	20,533,182,988	18,865,978,379
Total Liabilities and Equity	P 31,276,160,099	P 29,788,715,580
Capital Structure		
Short-term debt	P 114,670,000	P 1,417,170,000
Long-term debt	397,050,000	511,750,000
Total bank debts	P 511,720,000	P 1,928,920,000
Cash and cash equivalents	5,211,402,211	7,549,219,648
Net debt/ (net cash)	P (4,699,682,211)	P (5,620,299,648)
Common equity	19,986,736,107	18,197,464,904

Sale of land for P425,000/sq.m.