



1H 2020
Analyst Briefing

26 August 2020

MDW **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.

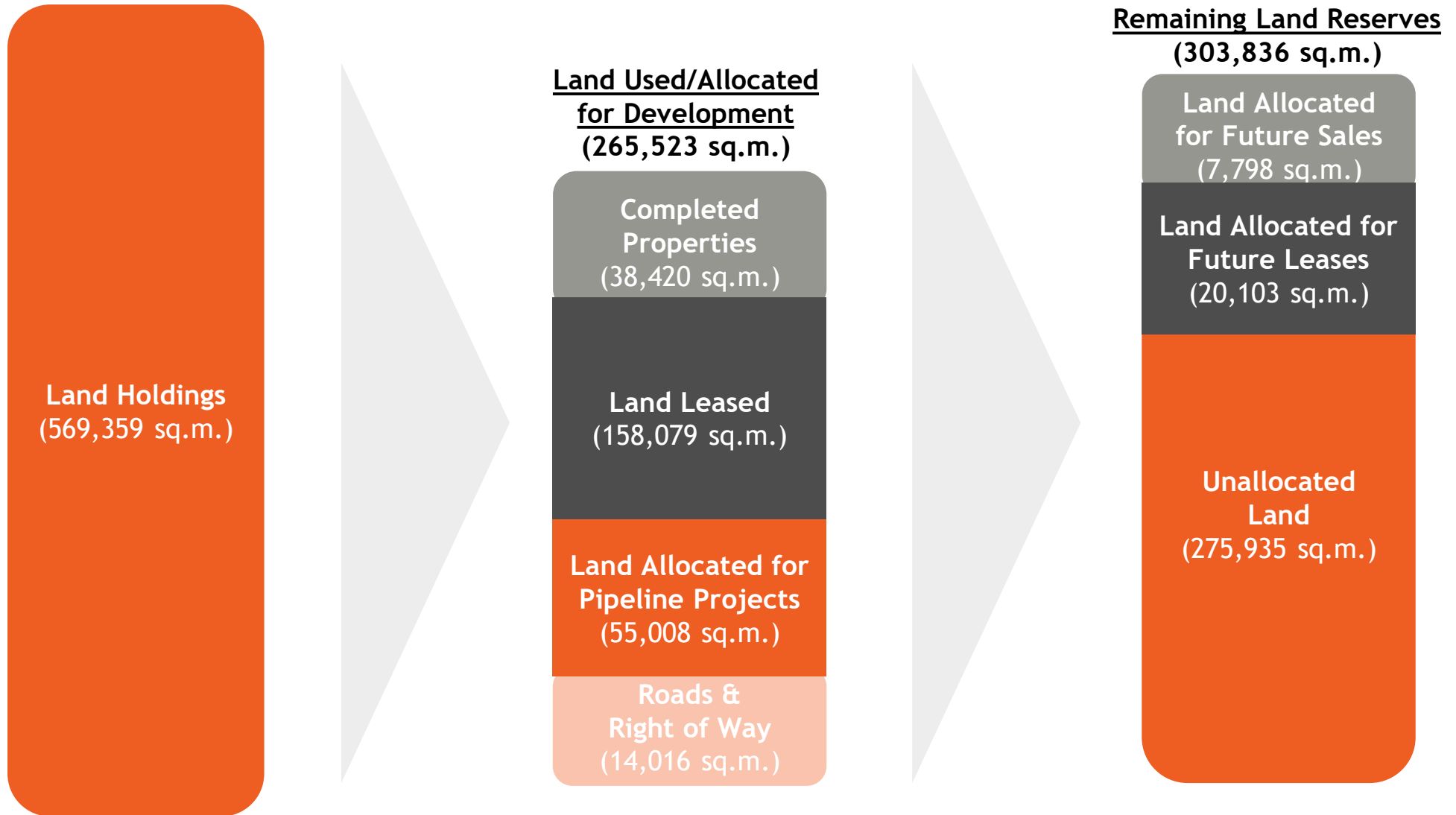
2 Points of Focus

9 Development Pipeline

12 Operating and Financial Highlights

20 Summary

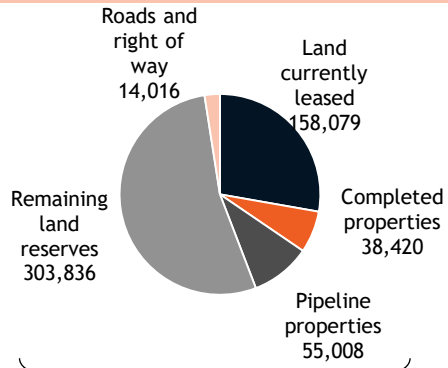
Updated summary of land holdings in Aseana City



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

Owned Land Holdings

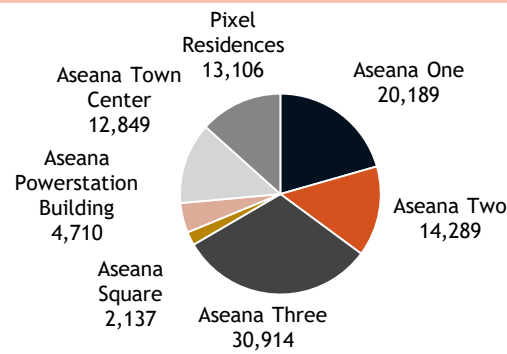
Land area (sq.m.)



Total: 569,359 sq.m.

Completed Properties⁽¹⁾

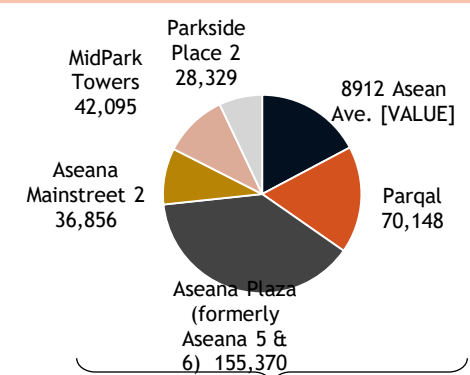
Total leasable/saleable floor area (sq.m.)



Total: 98,193 sq.m.

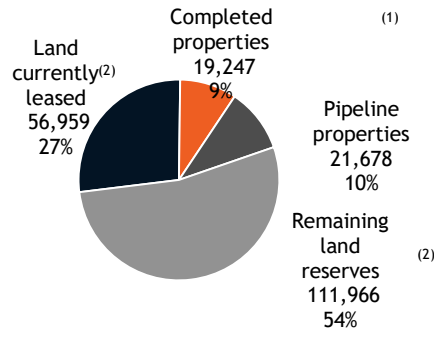
Pipeline Properties

Leasable/saleable floor area (sq.m.)



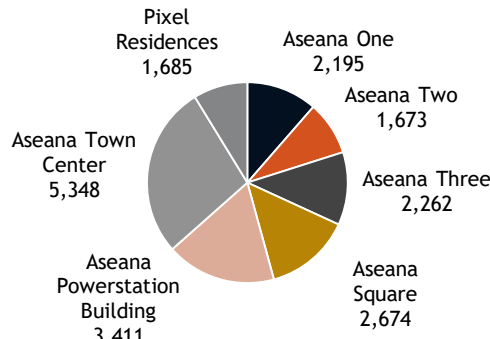
Total: 402,082 sq.m.

Valuation (PHP mm)



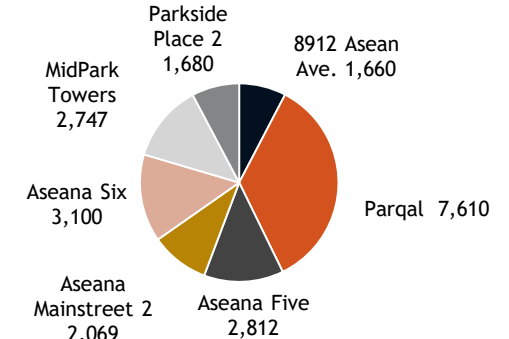
Total: PHP209,850 mm

Valuation (PHP mm)



Total: PHP19,247 mm

Valuation (PHP mm)⁽³⁾



Total: PHP21,678 mm

Notes
Colliers' valuation date is at October 21, 2019

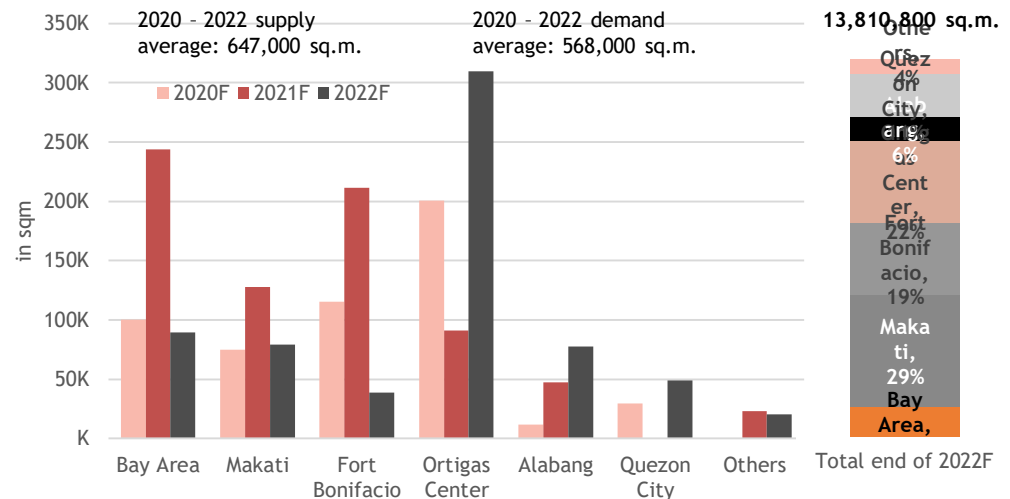
1. Excluding S&R Building
2. DMW holds a 60% shareholding interest in Bay Area Holdings, Inc. or BAH through Fabricom, Inc.
3. As is, where is basis

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

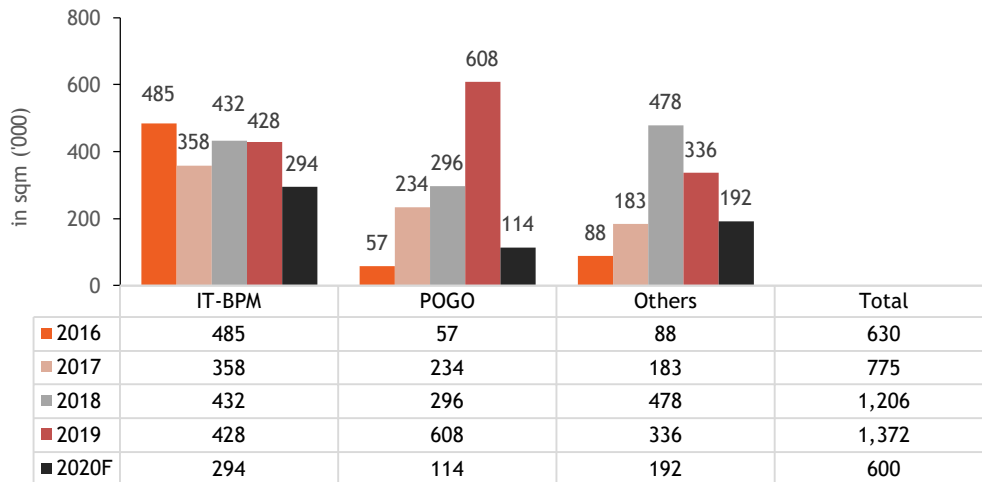
Metro Manila Office Supply Forecast, end 2019 and 2024 (1)

Location	end of 2019	end of 2024	change in sq.m.	% change	% to new supply
Makati CBD	3,355,400	3,626,600	271,200	8%	8%
Makati Fringe	417,700	644,900	227,200	54%	6%
Fort Bonifacio	2,231,400	2,753,500	522,100	23%	14%
Ortigas Center	1,840,900	2,446,100	605,200	33%	17%
Ortigas Fringe	535,800	679,300	143,500	27%	4%
Bay Area	798,600	1,424,100	625,500	78%	17%
Alabang	731,900	986,200	254,300	35%	7%
Quezon City	1,485,400	2,109,200	623,800	42%	17%
Others	472,300	806,300	334,000	71%	9%
Total	11,869,400	15,476,200	3,606,800	30%	100%

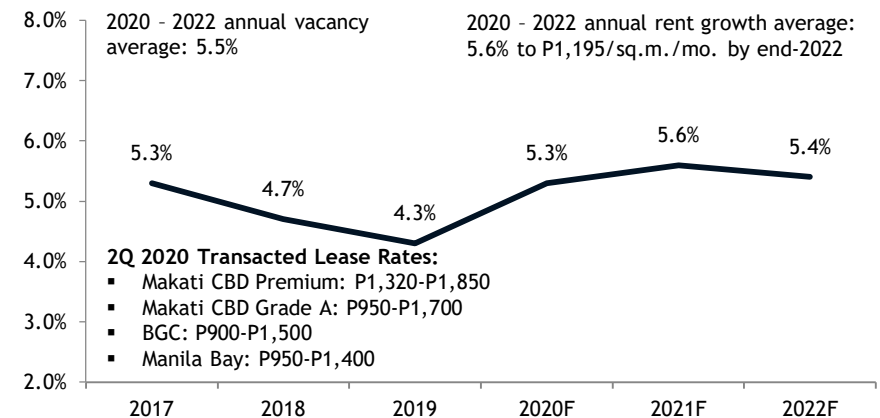
Manila Bay Future Office Supply Among Highest from 2020-2022 (1)



Continuous diverse demand (2) ...



...despite more competitive environment due to COVID-related challenges (1)



Source: (1) Colliers as of 2Q 2020, (2) Leechiu Property Consultants as of 1H 2020 (forecasts extrapolated based on low demand assumption of 600K sqm)

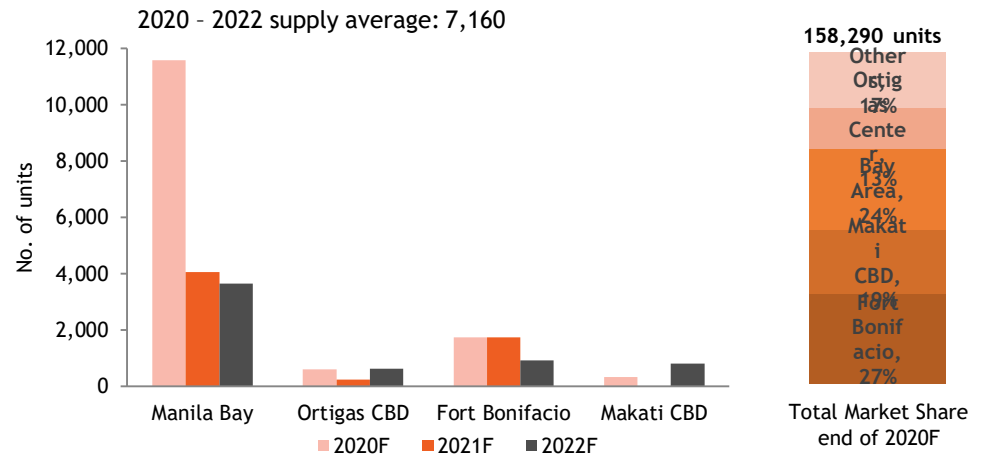
Source: (1) Jones Lang LaSalle, (2) Commission on Higher Education, (3) IT-BPM, (4) Colliers

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	5,380	950	21%	4%
Araneta Center	4,550	4,550	0	0	0%
Eastwood City	9,170	9,630	460	5%	2%
Fort Bonifacio	37,290	41,180	3,890	10%	18%
Makati CBD	28,220	28,970	750	3%	3%
Bay Area	22,430	36,840	14,410	64%	67%
Ortigas Center	18,730	19,190	460	2%	2%
Rockwell Center	5,270	5,830	560	11%	3%
Total	130,090	151,570	21,480	17%	100%

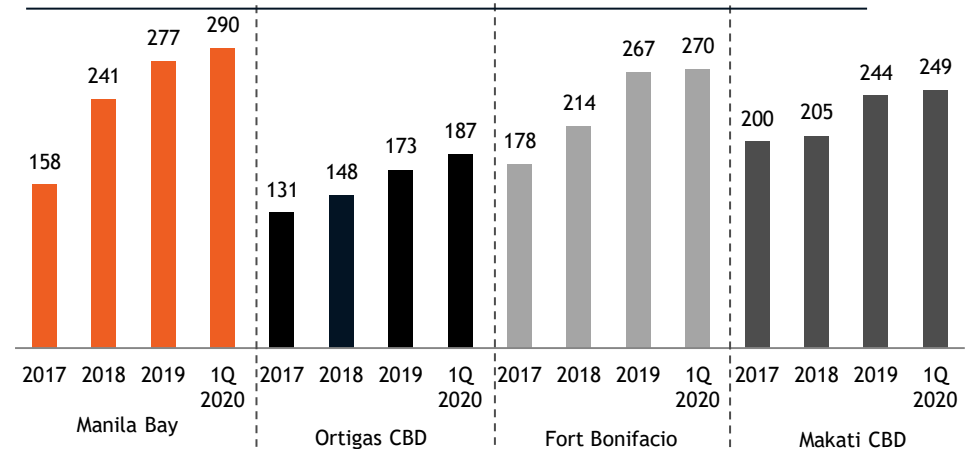
Bay Area to Account for 67% of New Supply from 2020-2022 (1)



Average Monthly Unit Take-up Remains Strong in Manila Bay (2)

	Bay Area	Makati	Fort Bonifacio	Ortigas	Alabang CBD
Units sold	95%	99%	98%	93%	97%
Average - 1Q 2020	25	28	10	30	9
Average - 4Q 2019	34	31	11	38	14
Average - 3Q 2019	52	32	10	37	11
Average - 2Q 2019	33	20	11	25	16

Steady Increase in Ave. Residential Condominium Prices (PHP '000/sq.m.) (2)



Source: (1) Colliers as of 4Q 2019, (2) Santos Knight Frank as of 1Q 2020

Source: (1) Jones Lang LaSalle, (2) Commission on Higher Education, (3) IT-BPM, (4) Colliers



- 3 Points of Focus
- 9 **Development Pipeline**
- 12 Operating and Financial Highlights
- 20 Summary

Pipeline of premier assets under construction inside Aseana City



Pipeline Milestones



8912
ASEAN AVE.
TOPPING OFF
C E R E M O N Y

PARQAL



Pipeline Milestones

JUNE 30, 2020



Completion
99%



Turnover
44%



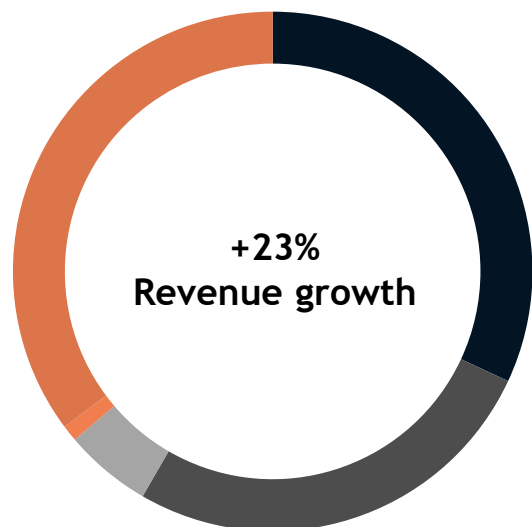
Construction Progress
9%



Aseana Plaza (formerly Aseana Five and Six)

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Stable recurring income sources and growing residential segment



Total revenues, P1,552.3 million
 Recurring income from rentals, %64

- Land, 32%
- Building, 26%
- Other revenues, 5%
- Sale of condominium units, 35%
- Construction contracts, 1%

PHP	1H 2020	1H 2019	Change (%)
Rentals			
Land	P 495,820,595	P 497,444,984	0%
Building	409,877,477	392,489,115	4%
Other revenues	84,520,714	93,439,186	-10%
	990,218,786	983,373,285	1%
Construction contracts	15,643,101	12,130,599	29%
Sale of condominium units	546,455,576	266,741,449	105%
Total Revenues	1,552,317,463	1,262,245,333	23%
Gross profit	1,101,557,378	982,427,599	12%
Operating expenses - net	153,940,430	225,652,601	-32%
Operating profit	947,616,948	756,774,998	25%
Other income	46,408,940	710,837,929	-93%
Profit before tax	P 994,025,888	P 1,467,612,927	-32%
Net profit attributable to equity holders of the parent	P 716,499,076	P 1,122,199,226	-36%

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

P990.2M

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.

P495.8M

Land

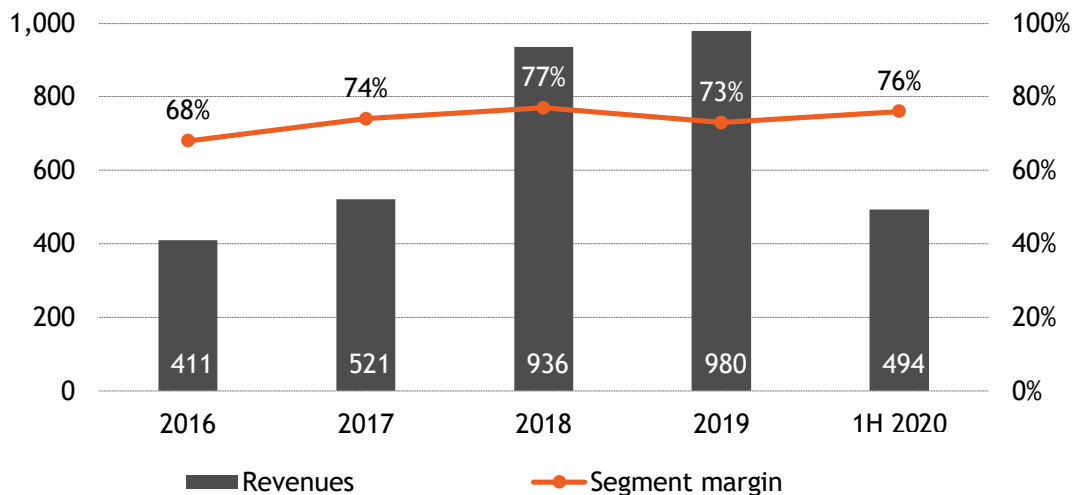
P409.9M

Building

P84.5M

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%
1H 2020	74%	24%

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)

	2019	2020
Aseana One	P909	958
Aseana Two	P735	777
Aseana Three	P777	819
Weighted average	P811	851

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 94% and weighted average lease expiry of 5.5 years as of June 30

In focus: Residential

P546.5M

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.

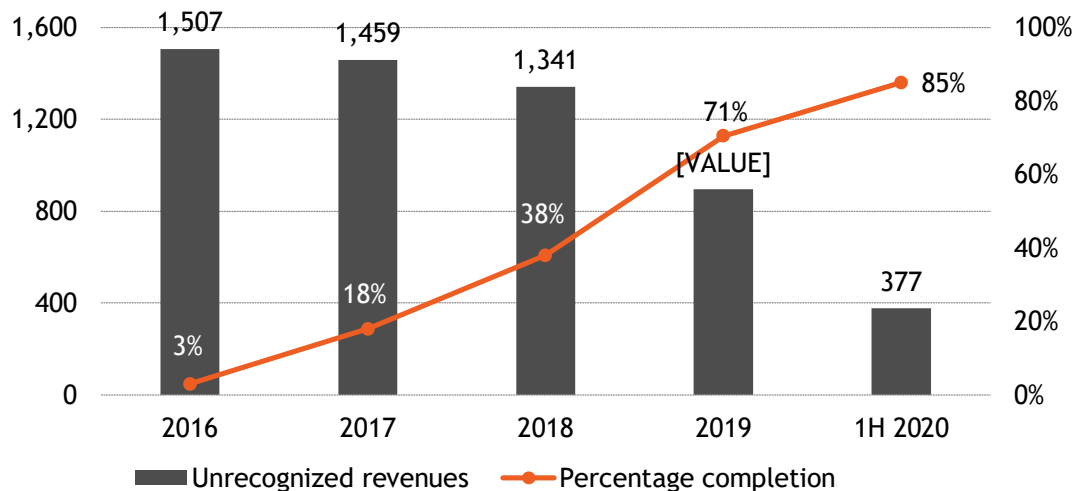
P517.1M

Pixel Residences

P29.3M

MidPark Towers

Pixel Residences



Unrecognized revenues exclude value-added tax (VAT)

Residential sales % to total revenues

2017	2%
2018	6%
2019	16%
1H 2020	35%

Revenue contribution

35% from 16% in 2019 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 P377.2 million and total collection of P994.5 million as of Jun 30

Payment terms: 20%-80%

Sales take-up (669 units)

4Q 2018	22%
1Q 2019	33%
2Q 2019	40%
3Q 2019	48%
4Q 2019	59%
1H 2020	62%

MidPark Towers

ongoing pre-selling with take-up of 62% of as of June 2020

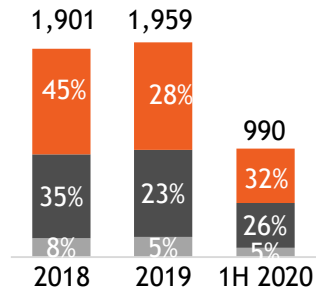
total pre-sales of P6.3 billion and total collection of P1.3 billion as of June 30

Ave. Collection % - 24%

Robust leasing activity reflects high level of sustainability

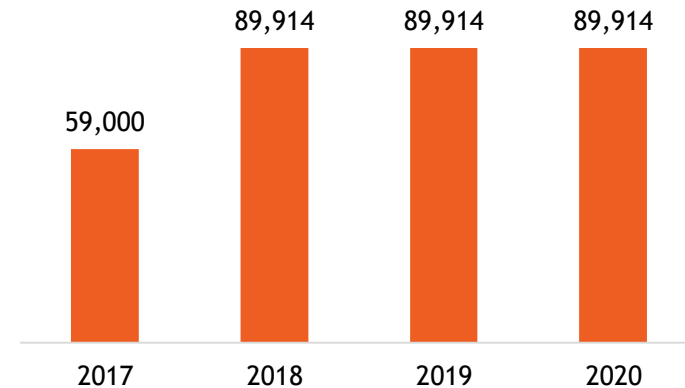
Recurring Income Contribution⁽¹⁾ (%)

Total recurring revenues

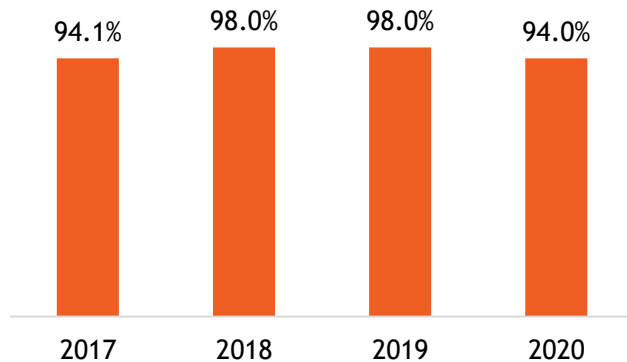


	2018	2019	1H 2020
% to Total Revenues	88%	56%	64%
Land (PHP mm)	965	979	496
Building	762	793	410
Other Revenues	174	186	85

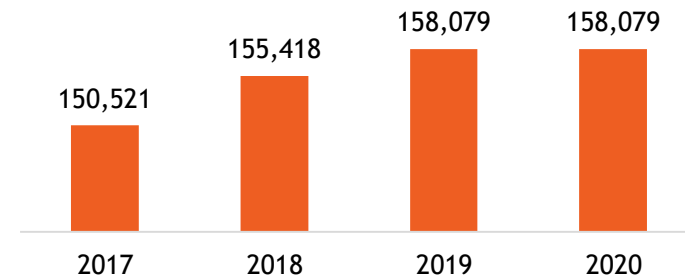
Total Leasable Floor Area⁽²⁾ (sq.m.)



Period Ending Occupancy (%)



Total Leased Land Area (sq.m.)



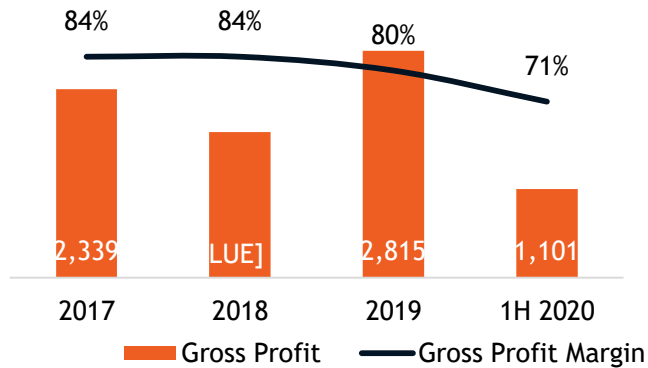
Notes:

All data as at December 31 of each year

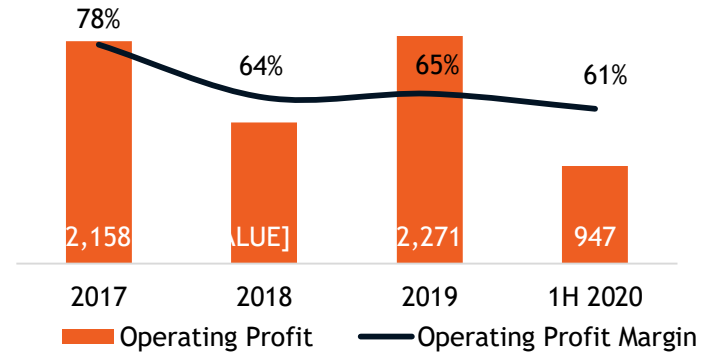
1. Recurring income is derived by dividing revenue from rentals by total revenue. Rentals comprise land, building and other revenues. Sum of the parts may not equal 100% due to rounding.
2. Calculated based on the ratio of total leased floor area to total leasable floor area made available

Superior profitability scorecard consistent with resilient portfolio

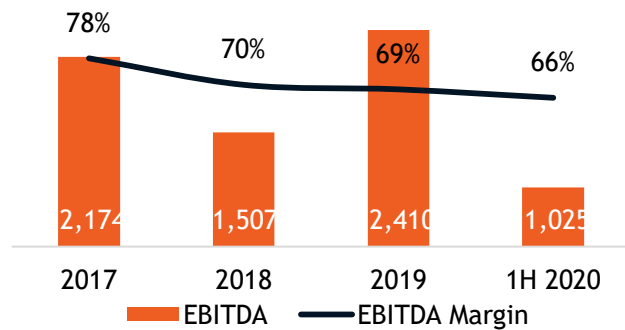
Gross Profit (PHP mm)



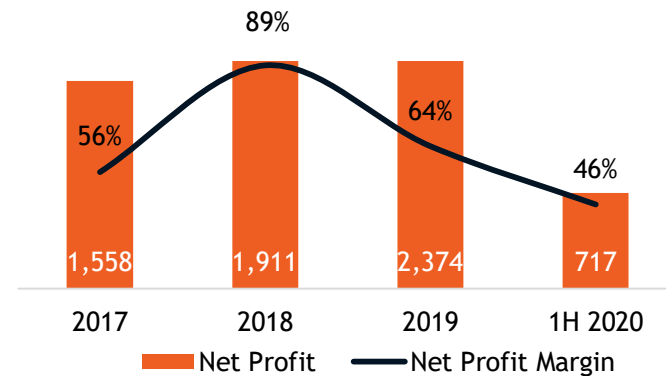
Operating Profit (PHP mm)



EBITDA⁽¹⁾ (PHP mm)



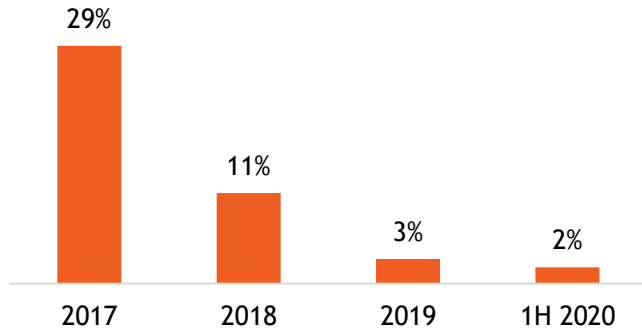
Net Profit Attributable to Equity Holders of the Parent ⁽²⁾ (PHP mm)



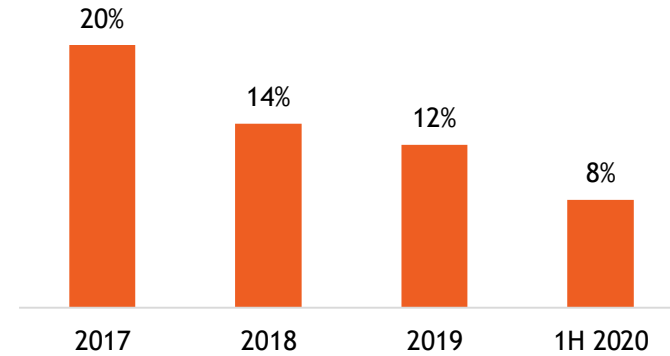
Note:
 1. EBITDA = operating profit + depreciation and amortization
 2. Net income / revenues

Financial strength supports growth aspirations

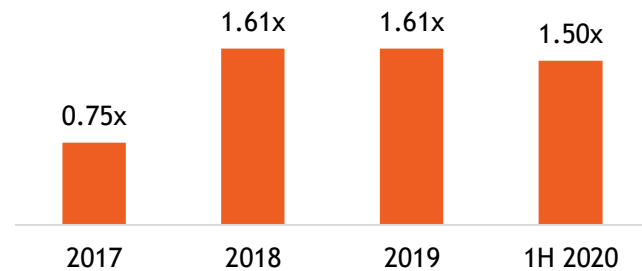
Debt To Equity⁽¹⁾ (%)



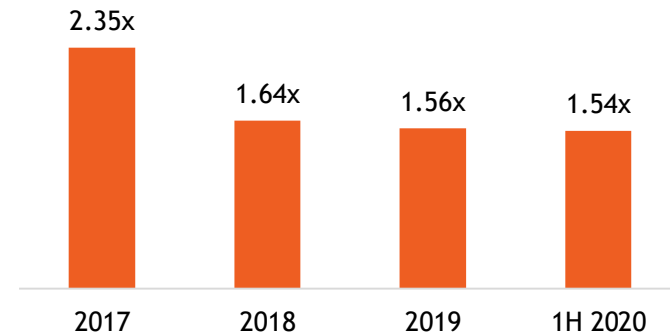
Return on Equity⁽²⁾ (%)



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

	<u>Allocation of Offering Proceeds</u>	<u>Application as of 31 Dec 2019</u>	<u>Application for the period 30 Jun 2020</u>	<u>Balance of the Offering Proceeds as of 30 Jun 2020</u>
Pipeline project development	₱ 3,731,213,878	₱ 1,996,403,702	₱ 517,862,044	₱ 1,216,948,132
Land assets	2,880,101,954	-	-	2,880,101,954
Infrastructure development within Aseana City	524,345,738	214,965,584	30,806,598	278,573,556
General corporate purposes	<u>463,552,030</u>	<u>202,345,109</u>	<u>15,159,332</u>	<u>246,047,589</u>
	<u>₱ 7,599,213,600</u>	<u>₱ 2,413,714,395</u>	<u>₱ 563,827,974</u>	<u>₱ 4,621,671,231</u>



Pixel Residences P225M



8912 Asean Ave. P1.3B



Parqal P815M



MidPark Towers P113M



Aseana Plaza P22M



Aseana Plaza (formerly Aseana Five and Six)

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Summary: FY 2020 highlights

1H 2020 Summary

- St Lukes Land lease MOA Signing
- Core Earnings Growth - 25% growth in operating profit
- Residential Highlights (105% growth)
 - Turnover of 74 units
- COVID EFFECTS
 - Delays in Pipeline Construction
 - Rent concessions
 - Residential Payment Deferment
 - Resiliency of Intergrated Masterplanned Communities
 - Only 3 condominium units sold were cancelled or less than 1%

2H 2020 Outlook

- Recurring income to provide stable rental yield and ancillary revenues from leasing of land and buildings
 - 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 P377.2 million for recognition in the second half of 2020
 - MidPark Towers pre-sales of P6.3 billion as of Jun 30 or 62% take-up as of June 30
- External consultants were engaged to assist us in sustainability reporting and enterprise risk management



Q&A

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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	LOT AREA
50	13,896
YEARS	SQUARE METERS

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



Appendix: Consolidated Statements of Profit or Loss

PHP		1H 2020		1H 2019	Change (%)
Rentals					
Land	P	495,820,595	P	497,444,984	0%
Building		409,877,477		392,489,115	4%
Other revenues		84,520,714		93,439,186	-10%
		990,218,786		983,373,285	1%
Construction contracts		15,643,101		12,130,599	29%
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Operating profit		947,616,948		756,774,998	25%
Other income		46,408,940		710,837,929	-93%
Profit before tax		994,025,888		1,467,612,927	-32%
Net profit attributable to equity holders of the parent	P	716,499,076	P	1,122,199,226	-36%

Appendix: Consolidated Statements of Financial Position

PHP	30 Jun 2020		31 Dec 2019	
Current Assets		12,350,078,248		13,509,277,300
Non-current Assets		19,370,309,540		17,757,520,909
Total Assets	P	31,720,387,788	P	31,266,798,209
Current Liabilities		8,218,986,396		8,400,854,268
Non-current Liabilities		2,387,898,858		2,332,760,947
Total Liabilities		10,606,885,254		10,733,615,215
Total Equity		21,113,502,534		20,533,182,994
Total Liabilities and Equity	P	31,720,387,788	P	31,266,798,209
Capital Structure				
Short-term debt	P	94,820,000	P	114,670,000
Long-term debt		359,550,000		397,050,000
Total bank debts	P	454,370,000	P	511,720,000
Cash and cash equivalents and short-term placements		6,231,808,928		7,271,402,211
Net debt/ (net cash)	P	5,777,438,928	P	6,759,682,211