



9M 2020
Analyst Briefing

18 November 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.

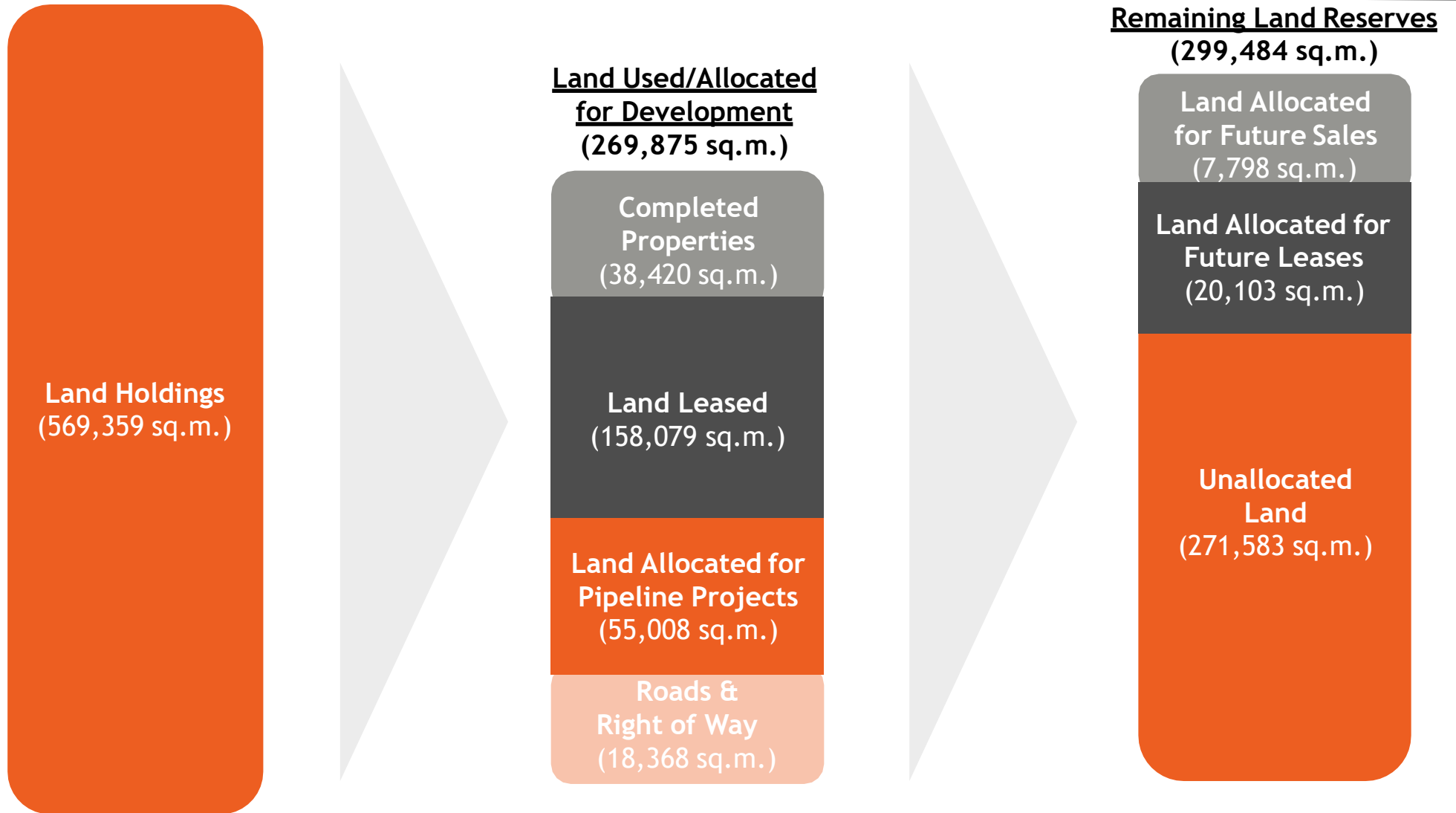
2 Points of Focus

9 Development Pipeline

12 Operating and Financial Highlights

20 Summary

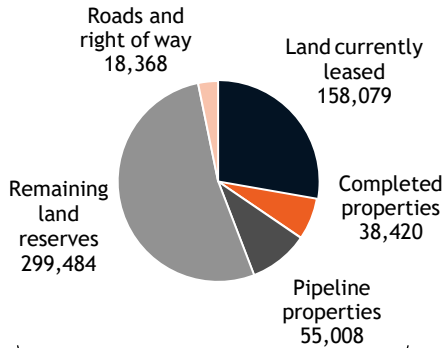
Updated summary of land holdings in Aseana City



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

Owned Land Holdings

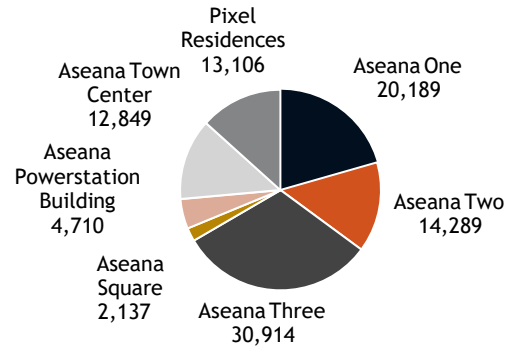
Land area (sq.m.)



Total: 569,359 sq.m.

Completed Properties⁽¹⁾

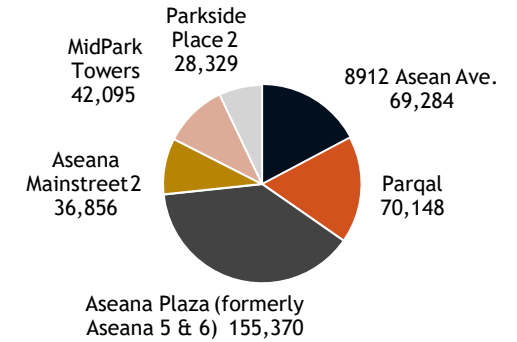
Total leasable/saleable floor area (sq.m.)



Total: 98,193 sq.m.

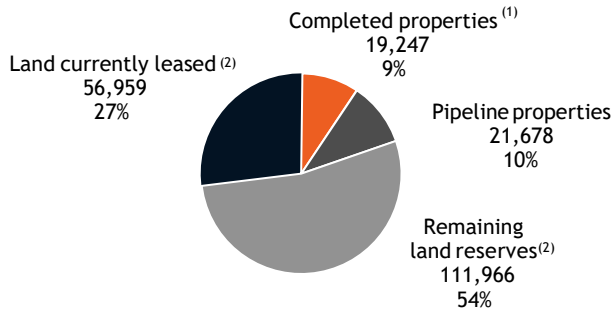
Pipeline Properties

Leasable/saleable floor area (sq.m.)



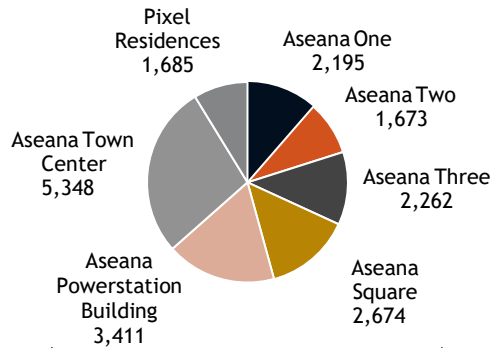
Total: 402,082 sq.m.

Valuation (PHP mm)



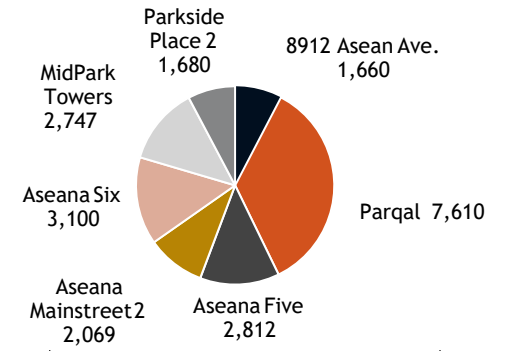
Total: PHP209,850 mm

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.

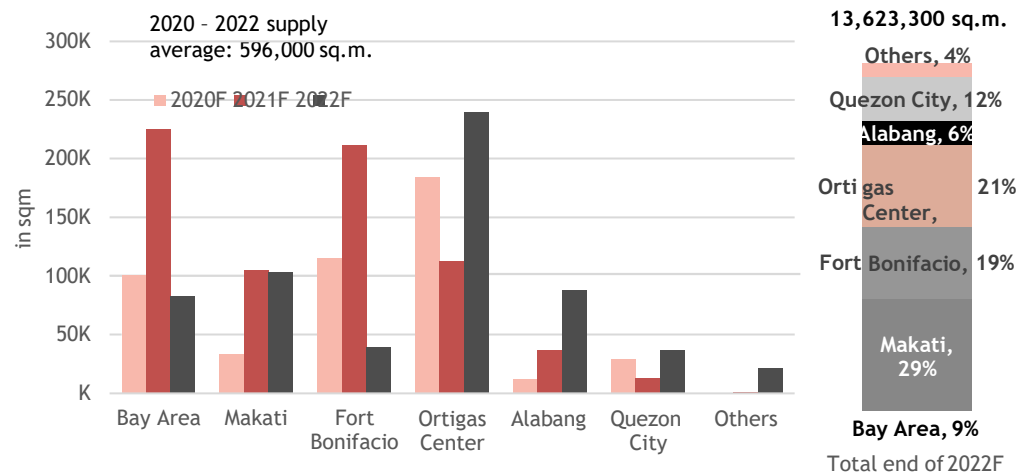
3. As is, where is basis

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

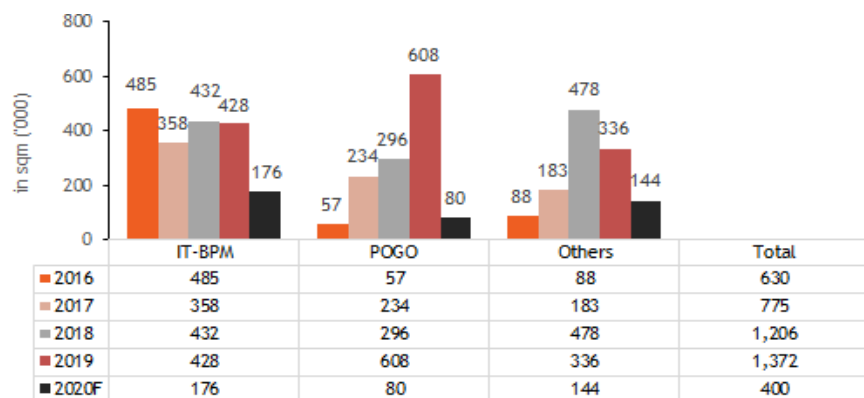
Metro Manila Office Supply Forecast, end 2019 and 2024 (1)

Location	end of 2019	end of 2024	change in sq.m.	% change	% to new supply
Makati CBD	3,355,400	3,626,700	271,300	8%	8%
Makati Fringe	417,700	638,600	220,900	53%	7%
Fort Bonifacio	2,231,400	2,681,000	449,600	20%	14%
Ortigas Center	1,840,900	2,432,600	591,700	32%	18%
Ortigas Fringe	535,800	626,700	90,900	17%	3%
Bay Area	798,600	1,429,800	631,200	79%	20%
Alabang	731,900	884,700	152,800	21%	5%
Quezon City	1,489,500	2,014,100	524,600	35%	16%
Others	472,300	773,300	301,000	64%	9%
Total	11,869,400	15,107,500	3,234,000	30%	100%

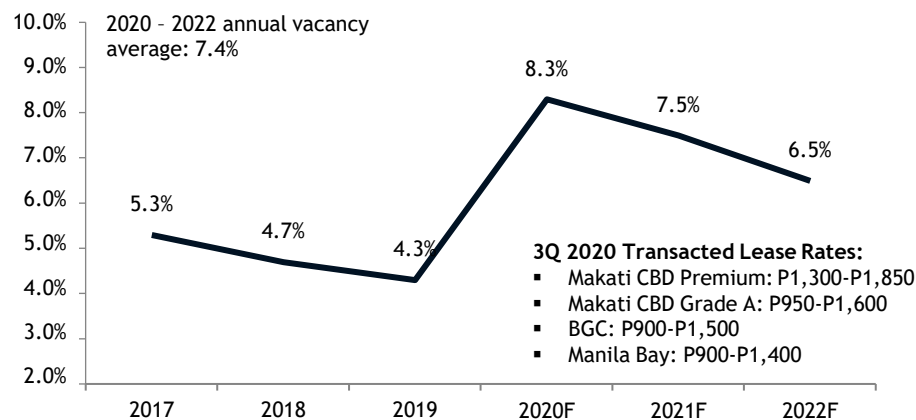
Manila Bay Future Office Supply Among Highest from 2020-2022 (1)



Continuous diverse demand (2) ...



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



Source: (1) Colliers as of 3Q 2020, (2) Leechiu Property Consultants as of 3Q 2020 (forecasts extrapolated based on low demand assumption of 400K sqm)

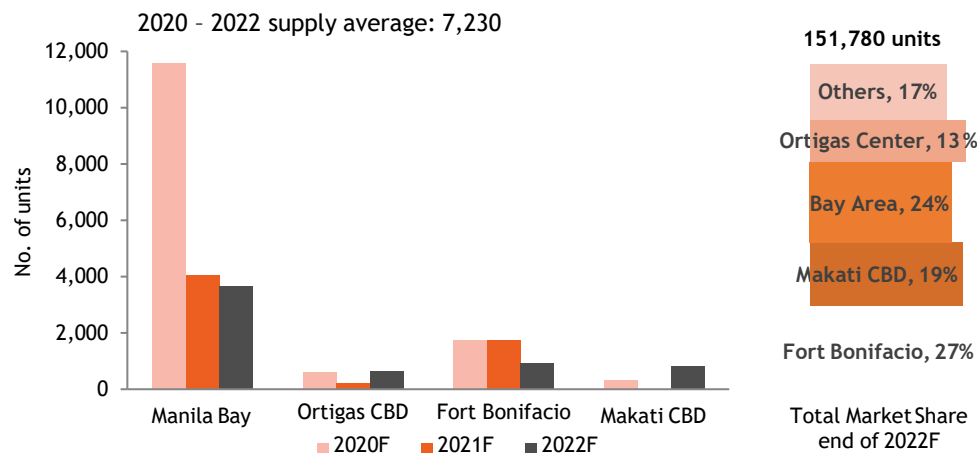
Source: (1) Jones Lang LaSalle, (2) Commission on Higher Education, (3) IT-BPM, (4) Colliers

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	37,050	14,620	65%	67%
Ortigas Center	18,730	19,190	460	2%	2%
Rockwell Center	5,270	5,830	560	11%	3%
Total	130,090	151,780	21,690	17%	100%

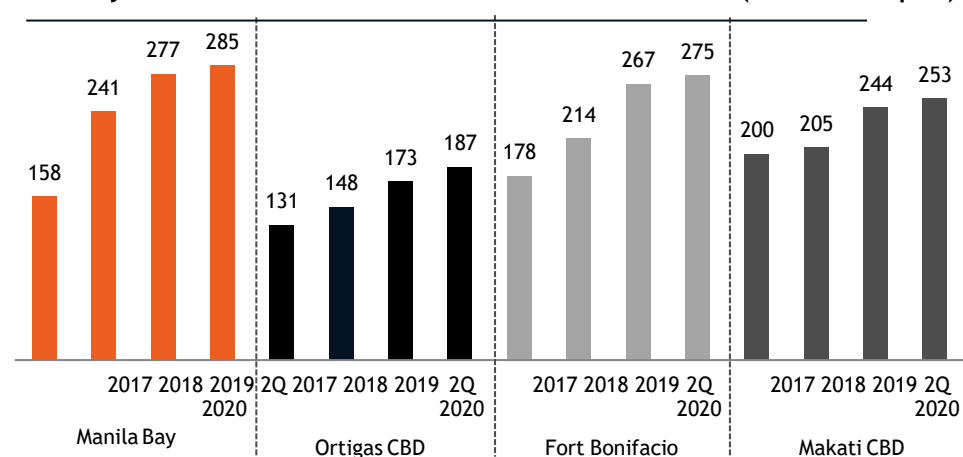
Bay Area to Account for 67% of New Supply from 2020-2022 (1)



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

	Bay Area	Makati	Fort Bonifacio	Ortigas	Alabang CBD
Units sold - 2Q2020	96%	99%	98%	91%	95%
Average - 1Q2020	25	28	10	30	9
Average - 4Q2019	34	31	11	38	14
Average - 3Q2019	52	32	10	37	11
Average - 2Q2019	33	20	11	25	16

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



Source: (1) Colliers as of 3Q 2020, (2) Santos Knight Frank as of 1Q 2020

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



- 2 Points of Focus
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Pipeline of premier assets under construction inside Aseana City



8912
ASEAN AVE.



Construction Progress
71.06%

PARQAL



PARQAL



Construction Progress
26.04%



PIXEL RESIDENCES



Completion 99%



Turnover 89%



M I D P A R K
T O W E R S

Construction
Progress
11%

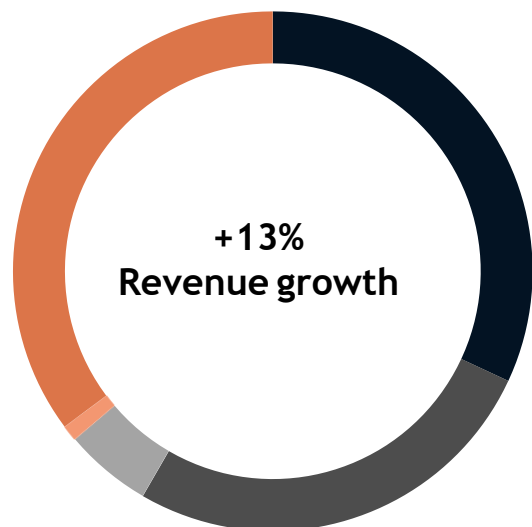




Aseana Plaza (formerly Aseana Five and Six)

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Stable recurring income sources and growing residential segment



Total revenues, P2,200.4 million
 Recurring income from rentals, 67%

- Land, 33%
- Building, 28%
- Other revenues, 6%
- Sale of condominium units, 32%
- Construction contracts, 1%

PHP	9M 2020	9M 2019	Change (%)
Rentals			
Land	P 733,236,103	P 736,750,507	0%
Building	610,960,611	594,339,433	3%
Other revenues	124,056,344	142,175,967	-13%
	1,468,253,058	1,473,265,907	0%
Construction contracts	24,802,115	49,052,530	-49%
Sale of condominium units	707,303,752	422,742,944	67%
Total Revenues	2,200,358,925	1,945,061,381	13%
Gross profit	1,594,819,740	1,479,846,356	8%
Operating expenses - net	287,056,935	354,255,724	-19%
Operating profit	1,307,762,805	1,125,590,632	16%
Other income	1,077,300,165	1,001,597,652	8%
Profit before tax	P 2,385,062,970	P 2,127,188,284	12%
Net profit attributable to equity holders of the parent	P 1,826,356,234	P 1,654,836,563	10%

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

P1,468.3M

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.

P733.2M

Land

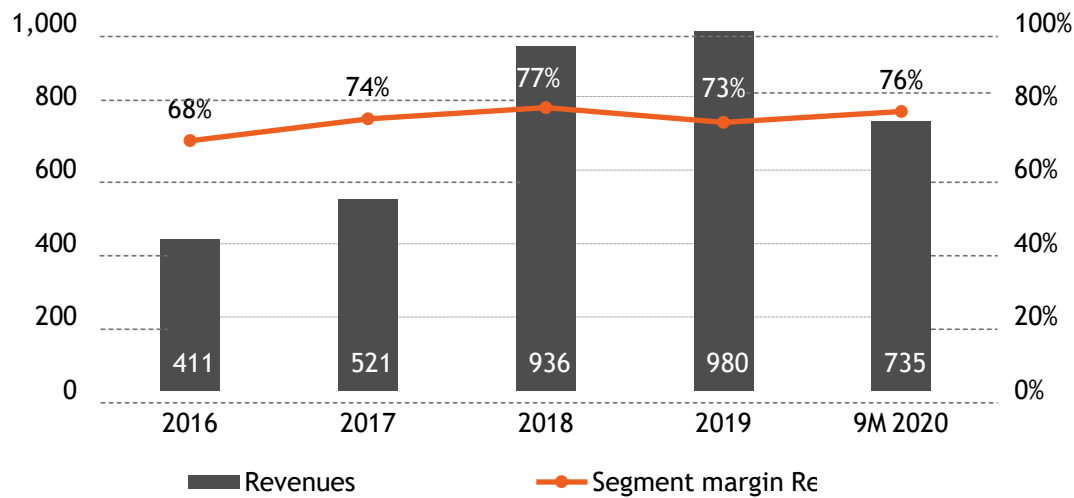
P611.0M

Building

P124.1M

Other revenues

Building leasing and other revenues related to leasing



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

Buildings

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

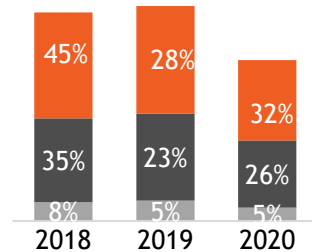
Buildings

occupancy rate of 94% and weighted average lease expiry of 5.6 years as of Sept 2020

Robust leasing activity reflects high level of sustainability

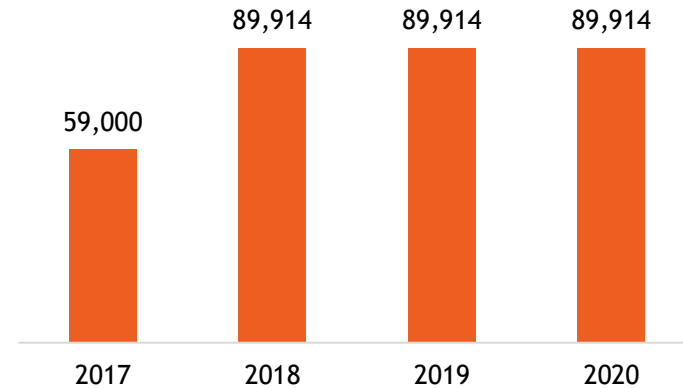
Recurring Income Contribution⁽¹⁾ (67%)

Total recurring revenues

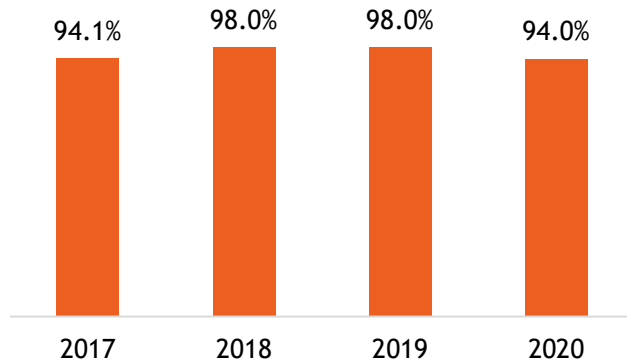


	2018	2019	2020
% to Total Revenues	88%	56%	67%
Land (PHP mm)	965	979	733
Building	762	793	611
Other Revenues	174	186	124

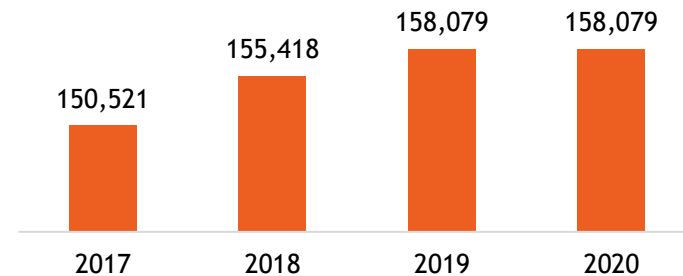
Total Leasable Floor Area⁽²⁾ (sq.m.)



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

In focus: Residential

P707.3M

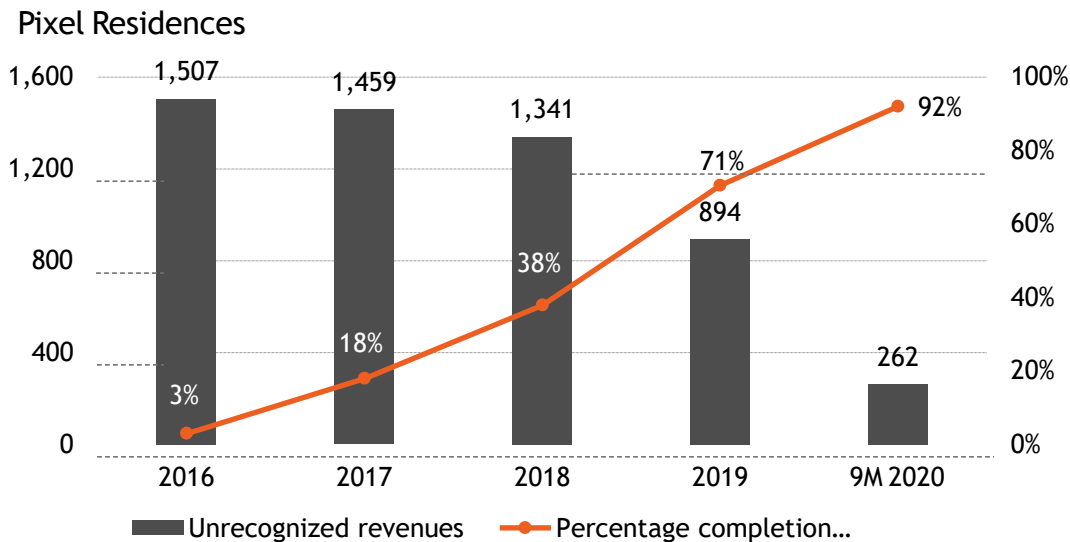
We are complementing the speed of development in the area with residential offerings in the mid-income and upscale categories, ranging in size from 36 sq.m. to 108 sq.m.

P632.1M

Pixel Residences

P75.2M

MidPark Towers



Unrecognized revenues exclude value-added tax (VAT)

Residential sales % to total revenues

2017	2%
2018	6%
2019	16%
9M 2020	32%

Revenue contribution

32% from 16% in 2019 on increased accounts that met 20% threshold for revenue recognition, increased percentage of completion and ongoing pre-selling activities

Pixel 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 P262.2 million and total collection of P1.23 billion as of Sept 30

Payment terms: 20%-80%
No Cancellation to date



MidPark Towers

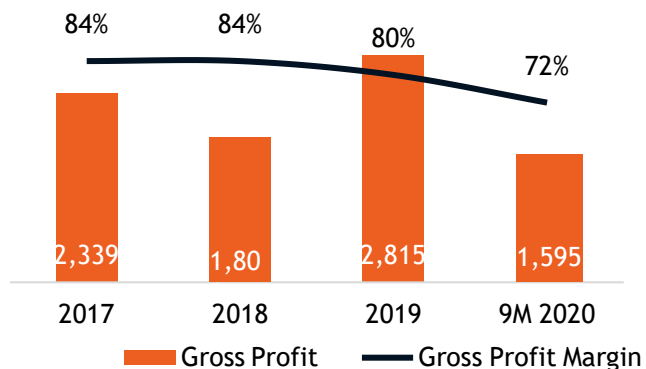
ongoing pre-selling with take-up of 62% of as of September 2020

total pre-sales of P6.3 billion and total collection of P1.4 billion as of Sept 2020.

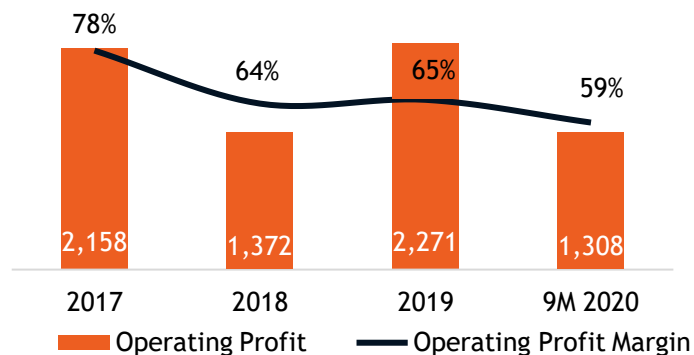
Payment terms: 10%-10%-80%
Only 2 cancellations

Superior profitability scorecard consistent with resilient portfolio

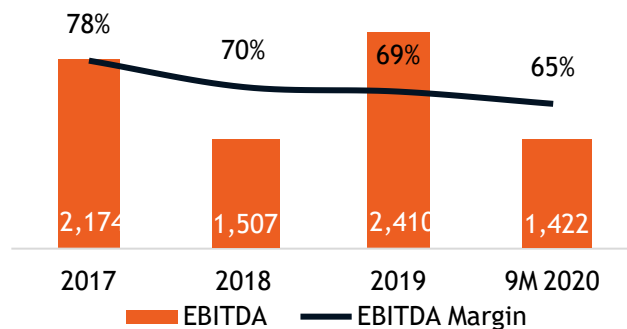
Gross Profit (PHP mm)



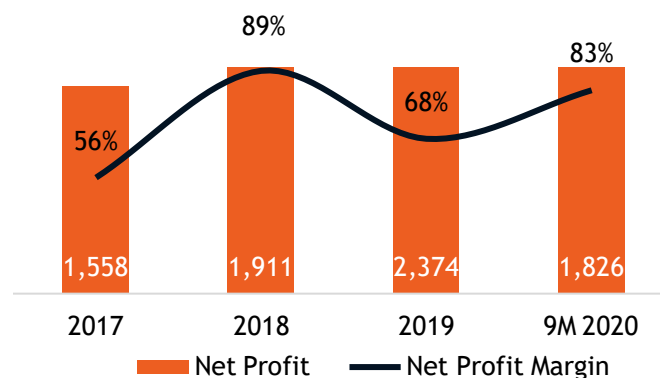
Operating Profit (PHP mm)



EBITDA⁽¹⁾ (PHP mm)



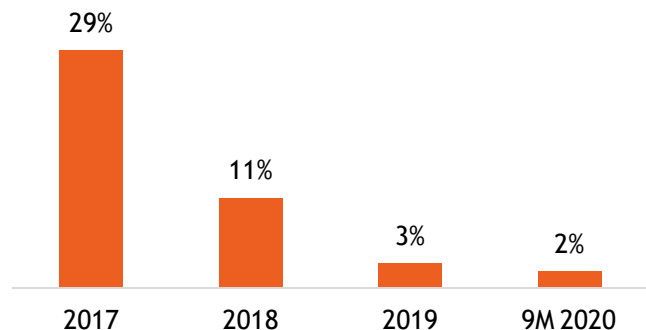
Net Profit Attributable to Equity Holders of the Parent ⁽²⁾ (PHPmm)



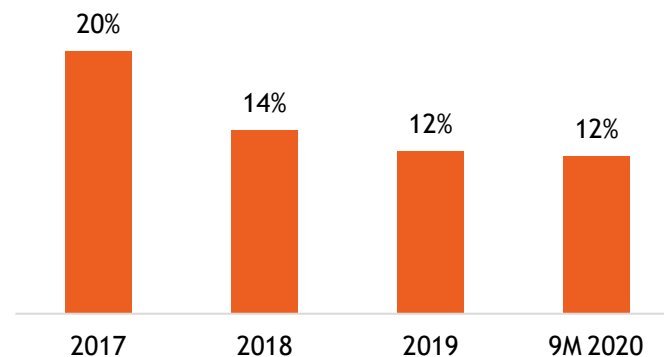
Note:
 1. EBITDA = operating profit + depreciation and amortization
 2. Net income / revenues

Financial strength supports growth aspirations

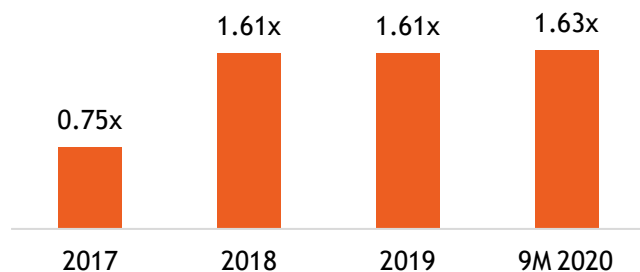
Debt To Equity⁽¹⁾ (%)



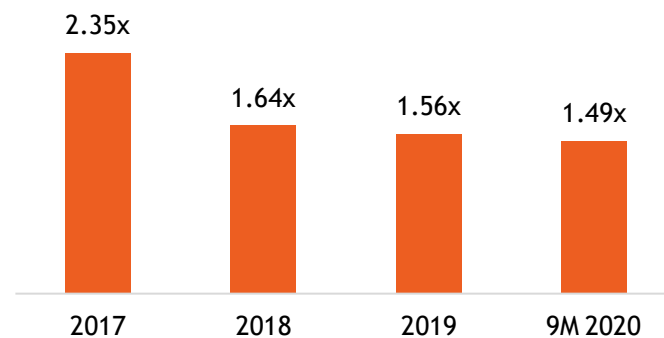
Return on Equity⁽²⁾ (%)



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 of Offering Proceeds as of June 30, 2020</u>	<u>Application of Offering Proceeds for the Quarter ended September 30, 2020</u>	<u>Balance of Offering Proceeds as of September 30, 2020</u>
Pipeline project development	P 3,731,213,878	P 2,514,265,746	P 542,365,520	P 674,582,612
Land assets	2,880,101,954	-	-	2,880,101,954
Infrastructure development within Aseana City	524,345,738	245,772,182	23,429,729	255,143,827
General corporate purposes	<u>463,552,030</u>	<u>217,504,441</u>	<u>-</u>	<u>246,047,589</u>
	<u>P 7,599,213,600</u>	<u>P 2,977,542,369</u>	<u>P 565,795,249</u>	<u>P 4,055,875,982</u>



Pixel Residences P256M



8912 Asean Ave. P1.5B



Parqal P1.1B



MidPark Towers P486M



Aseana Plaza P217M



Aseana Plaza (formerly Aseana Five and Six)

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Summary: FY 2020 highlights

9M 2020 Summary

- Sustained top-line growth of 13% to P2,200.36 million from P1,945.06 million year-on-year.
- 67% increase in residential sales, up to P707.3 million or 32% of total revenues:
 - Pixel Residences: Physical turnover of 72 units, up 500% from the last quarter, and the highest since the start of the project.
- Net income grew 11% to P1,857.51 million, and net income attributable to equity holders expanded 10% to P1,826.36 million.
- Close to nothing (2 units) cancelled units shows the quality of the buyers of our residential projects

2020 Outlook

- Continued upsurge in revenue led by the residential segment:
 - Pixel Residences: Ongoing turnover and with unbooked revenues of P262.24 million for recognition in the last quarter of the year.
 - MidPark Towers: Digitization of marketing activities
- Diversification in other prime areas to increase the quality of our company's development pipeline:
 - Erlag Building acquisition in Legazpi Village, Makati City
- Steady progress in construction activities of pipeline projects



Q&A

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Event after reporting period: Building acquisition in Makati



Lot area
770 sqm



Appendix: Consolidated Statements of Profit or Loss

PHP		9M 2020		9M 2019	Change (%)
Rentals					
Land	P	733,236,103	P	736,750,507	0%
Building		610,960,611		594,339,432	3%
Other revenues		124,056,344		142,175,969	-13%
		1,468,253,058		1,473,265,907	0%
Construction contracts		24,802,115		49,052,530	-49%
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Other income		1,077,300,165		1,001,597,652	8%
Profit before tax		2,385,062,970		2,127,188,284	12%
Net profit attributable to equity holders of the parent	P	1,826,356,234	P	1,654,836,563	10%

Appendix: Consolidated Statements of Financial Position

PHP	30 Sept 2020		31 Dec 2019	
Current Assets		12,118,821,980		13,509,277,300
Non-current Assets		19,788,620,417		17,757,520,909
Total Assets	P	31,907,442,395	P	31,266,798,209
Current Liabilities		7,437,201,156		8,400,854,268
Non-current Liabilities		2,439,547,935		2,332,760,947
Total Liabilities		9,876,749,091		10,733,615,215
Total Equity		22,030,693,304		20,533,182,994
Total Liabilities and Equity	P	31,907,442,395	P	31,266,798,209
Capital Structure				
Short-term debt	P	84,895,000	P	114,670,000
Long-term debt		340,800,000		397,050,000
Total bank debts	P	425,695,000	P	511,720,000
Cash and cash equivalents and short-term placements		5,955,921,970		7,271,402,211
Net debt/ (net cash)	P	5,530,226,170	P	6,759,682,211