



1Q 2022  
Analysts' Briefing

May 17, 2022

**MDW** **D.M. WENCESLAO**  
AND ASSOCIATES, INCORPORATED

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- 7 Valuation of Assets in Aseana
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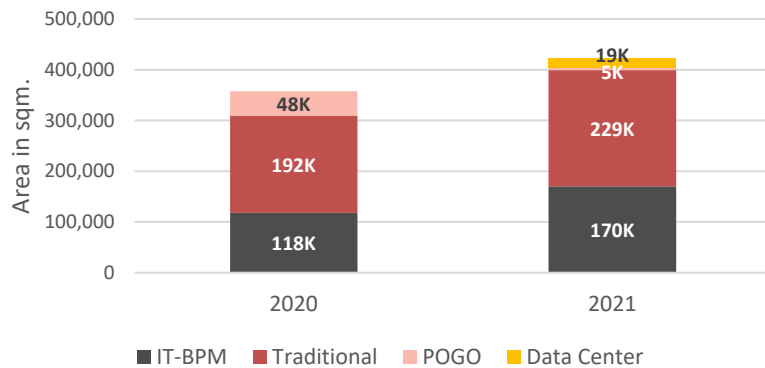
# Metro Manila Office Market Update

## Metro Manila Office Supply Forecast, end 2020 and 2024

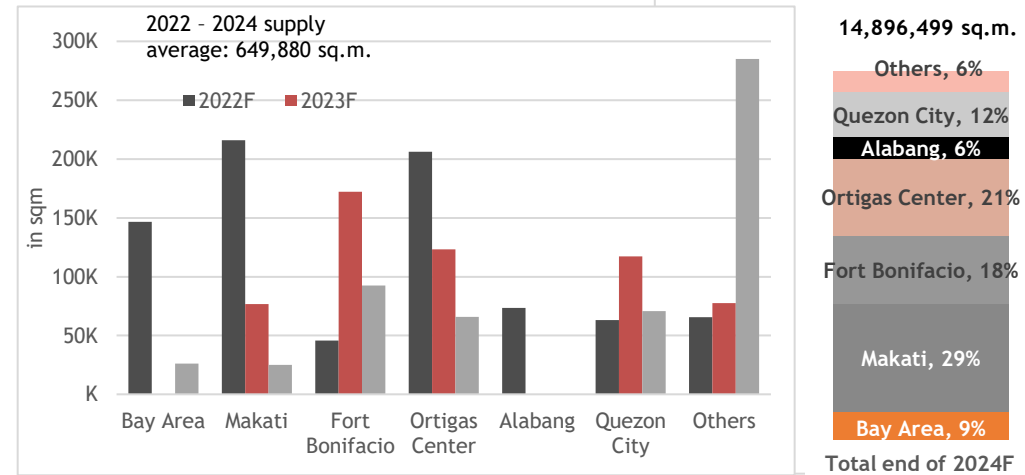
Location	end of 2020	end of 2024	change in sq.m.	% change	% of total new supply
Makati CBD	3,355,400	3,490,700	135,300	4%	5%
Makati Fringe	439,200	788,000	348,800	79%	13%
Fort Bonifacio	2,307,100	2,735,040	427,940	19%	17%
Ortigas Center	1,998,200	2,407,200	409,000	20%	16%
Ortigas Fringe	565,300	670,100	104,800	19%	4%
Bay Area	979,500	1,330,559	351,059	36%	14%
Alabang	746,300	866,900	120,600	16%	5%
Quezon City	1,520,000	1,784,400	264,400	17%	10%
Others	395,400	823,600	428,200	108%	17%
<b>Total</b>	<b>12,306,400</b>	<b>14,896,499</b>	<b>2,590,099</b>	<b>21%</b>	<b>100%</b>

## Office take-up recovering from the effects of the pandemic

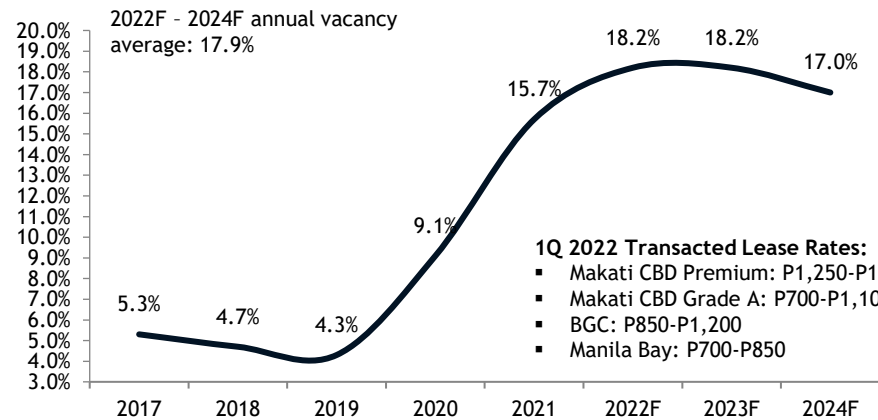
### Office Take-up per Tenant Type



## Manila Bay Future Office Supply to grow by 13.6% from 2021-2024



## Vacancies to peak in 2022-23

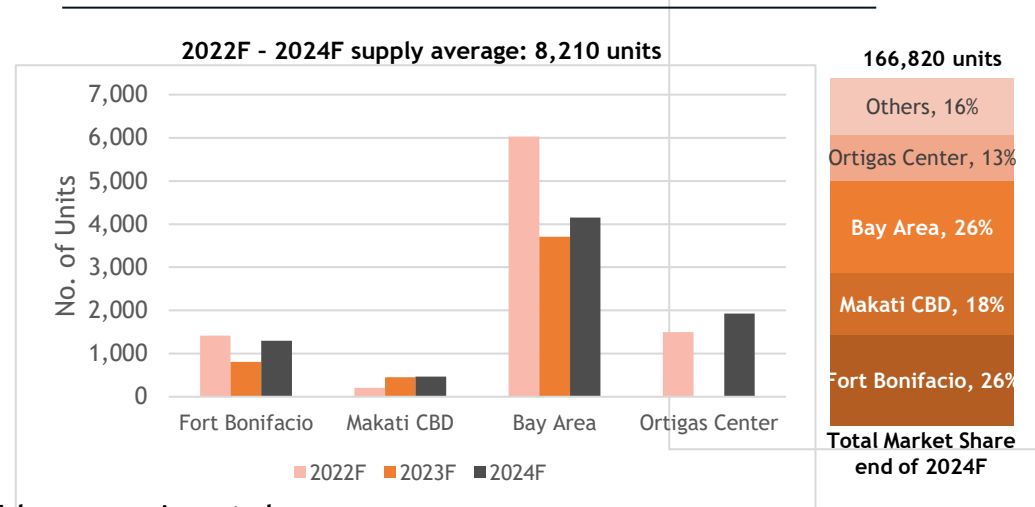


# Metro Manila Residential Market Update

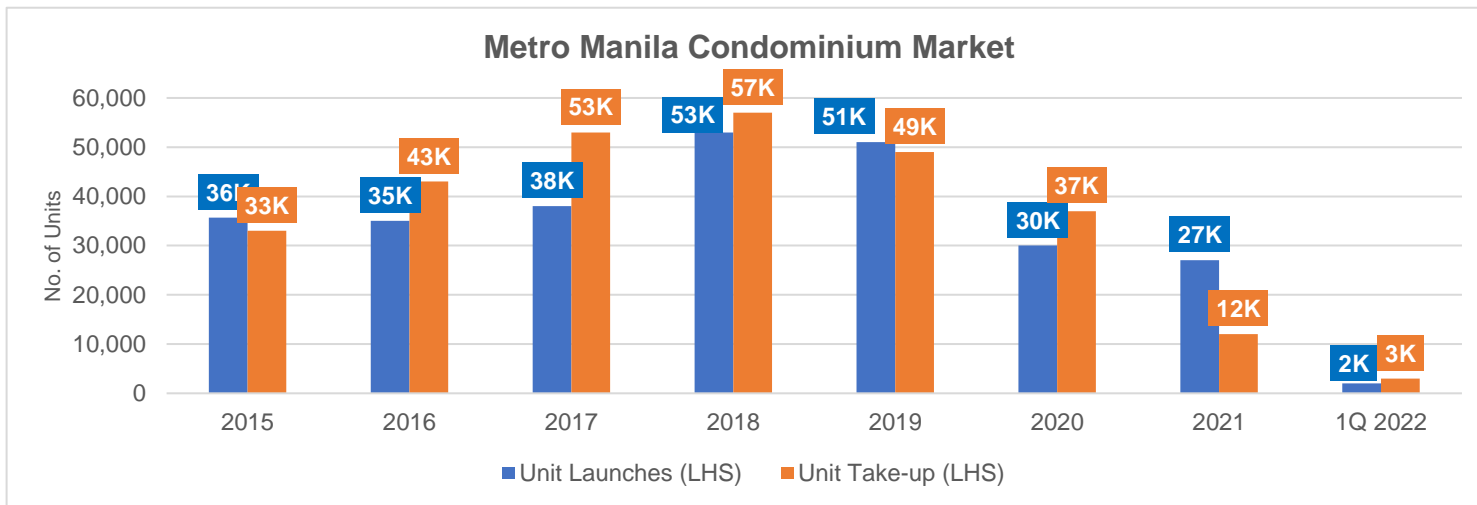
## Metro Manila Residential Supply Forecast, end 2020 and 2024

Location	end of 2020	end of 2024	change in units	% change	% to new supply
Alabang	4,880	6,370	1,490	31%	4%
Araneta Center	4,550	5,150	600	13%	2%
Eastwood City	9,630	9,630	0	0%	0%
Fort Bonifacio	39,100	43,850	4,750	12%	14%
Makati CBD	28,550	29,680	1,130	4%	3%
Bay Area	22,750	44,150	21,400	94%	64%
Ortigas Center	18,730	22,160	3,430	18%	10%
Rockwell Center	5,270	5,830	560	11%	2%
<b>Total</b>	<b>133,460</b>	<b>166,820</b>	<b>33,360</b>	<b>25%</b>	<b>100%</b>

## Bay Area to Account for 64% of New Supply from 2022-2024

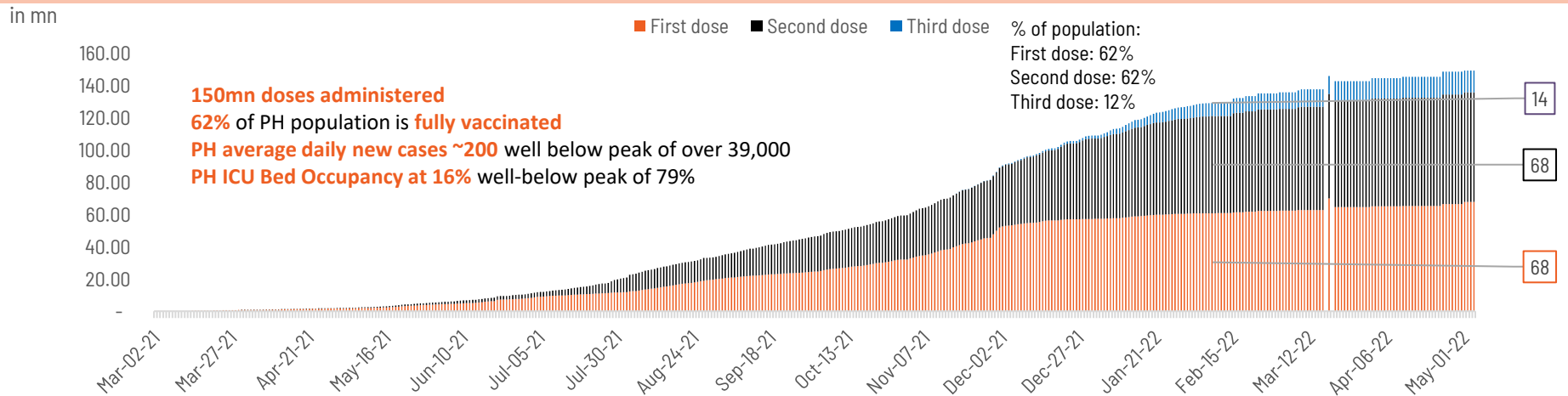


## Launches and Take-up remain muted

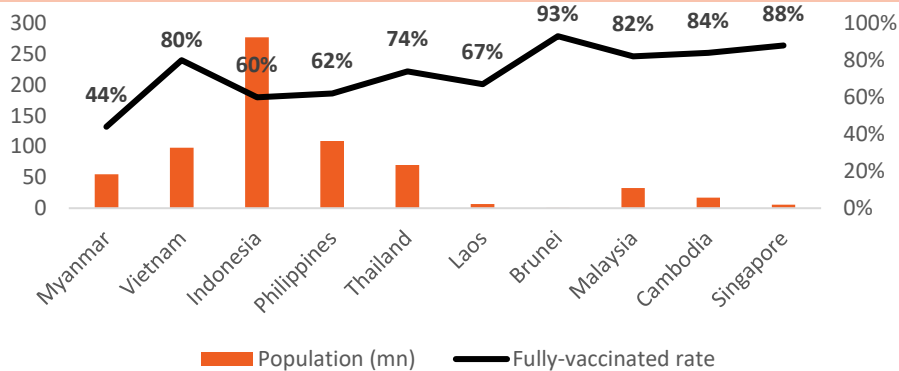


# High Vaccination Rate Allows for Continued Re-opening

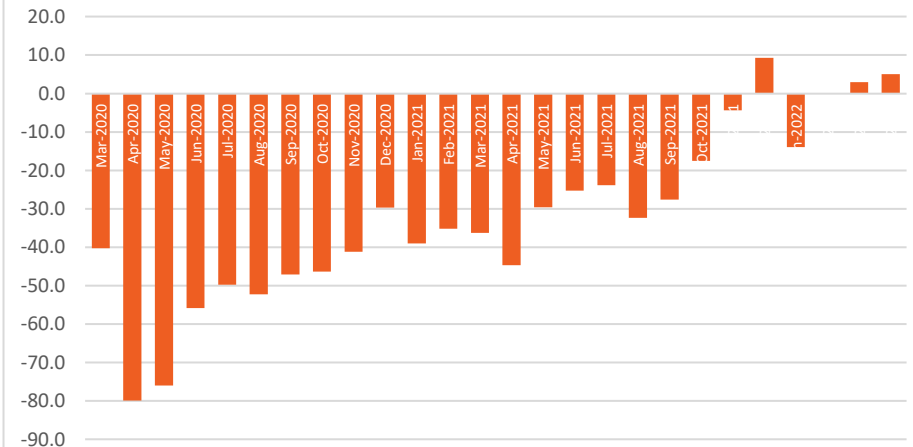
## Vaccines Administered



## ASEAN Fully-Vaccinated Rate



## Google Mobility Index - Philippines Retail and Recreation



PH Fully-Vaccinated Rate **at par with ASEAN peers with population of at least 50mn**

Sources: Department of Health, OCTA Research, Google Mobility

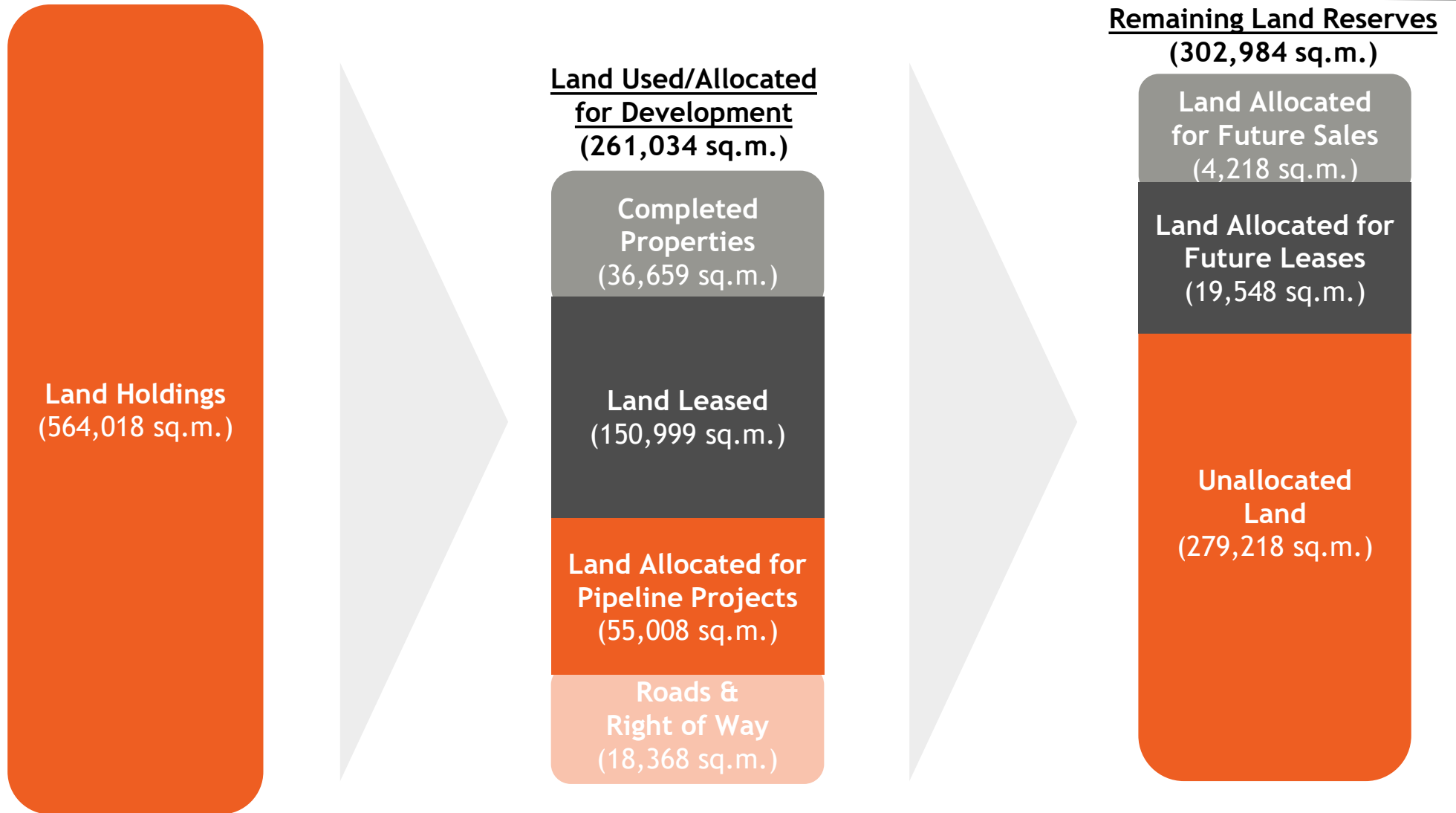
# NCR and Other Key Areas Transitioned to Alert Level 1 since March 1

	Alert Level 1	Alert Level 2	Alert Level 3	Alert Level 4	Alert Level 5
Age Restrictions	All ages allowed, subject to LGU Rules	All ages allowed, subject to LGU Rules	All ages allowed, subject to LGU Rules	Below 18 years old and above 65 years old not allowed	Below 18 years old and above 65 years old not allowed
Malls	Full Capacity	Indoor activities at 50% for vaccinated; 70% outdoor	Indoor activities at 30% for vaccinated, 50% outdoor	Personal care services at 30% outdoor, 10% indoor for vaccinated	Essentials only
Restaurants	Full Capacity	50% indoor, 70% outdoor	30% capacity	10% indoor, 30% outdoor for vaccinated	Take out and delivery only
Schools	Full Capacity	50% capacity face to face	30% capacity face to face for tertiary	Online	Online
Interzonal Travel	Allowed subject to LGU Rules	Allowed subject to LGU Rules	Allowed subject to LGU Rules	Allowed for persons not under stay-at-home orders	Allowed for Authorized persons



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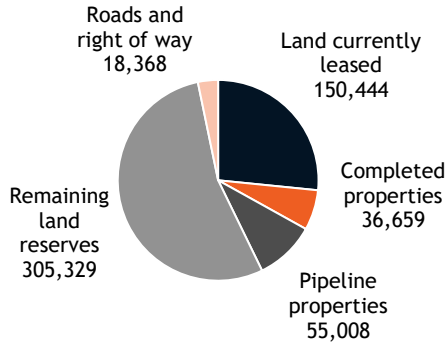
# Updated summary of land holdings in Aseana City as of March 31, 2022



# Value of properties inside of Aseana City as of December 31, 2021

## Owned Land Holdings

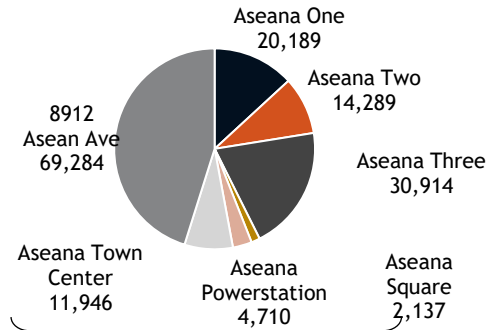
### Land area (sq.m.)



**Total: 565,808 sq.m.**

## Completed Properties<sup>(1)</sup>

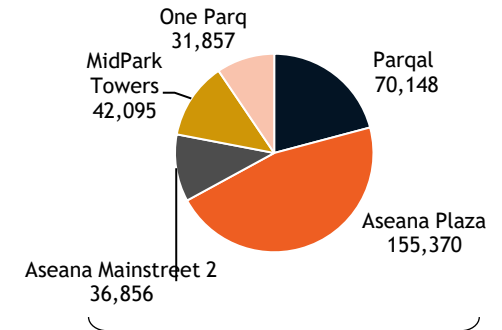
### Total leasable/saleable floor area (sq.m.)



**Total: 153,468 sq.m.**

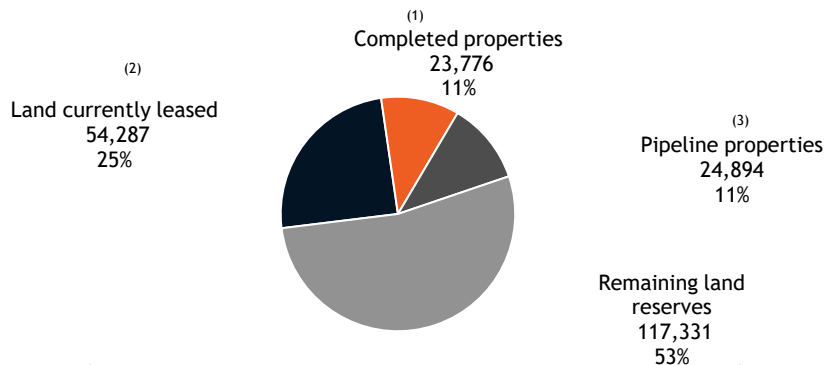
## Pipeline Properties

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



**Total: 336,326 sq.m.**

## Colliers' Valuation (PHP mm)



**Total: PHP220 billion**

**PHP220 Billion**  
Colliers' Valuation of DMW's Assets in Aseana

**PHP23 Billion**  
Current Market Capitalization

**90%**  
Discount to Colliers' Valuation

**Php2.7 Billion**  
Net Cash Position (1Q2022)

Notes  
Colliers' valuation date is at December 31, 2021.

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



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# Commercial Milestones: 8912 ASEAN AVE.



**Inaugurated: Oct 29, 2021**

# Commercial Milestones: 58 JUPITER



Inaugurated:  
Dec 9, 2021

# Commercial Pipeline Milestones: PARQAL

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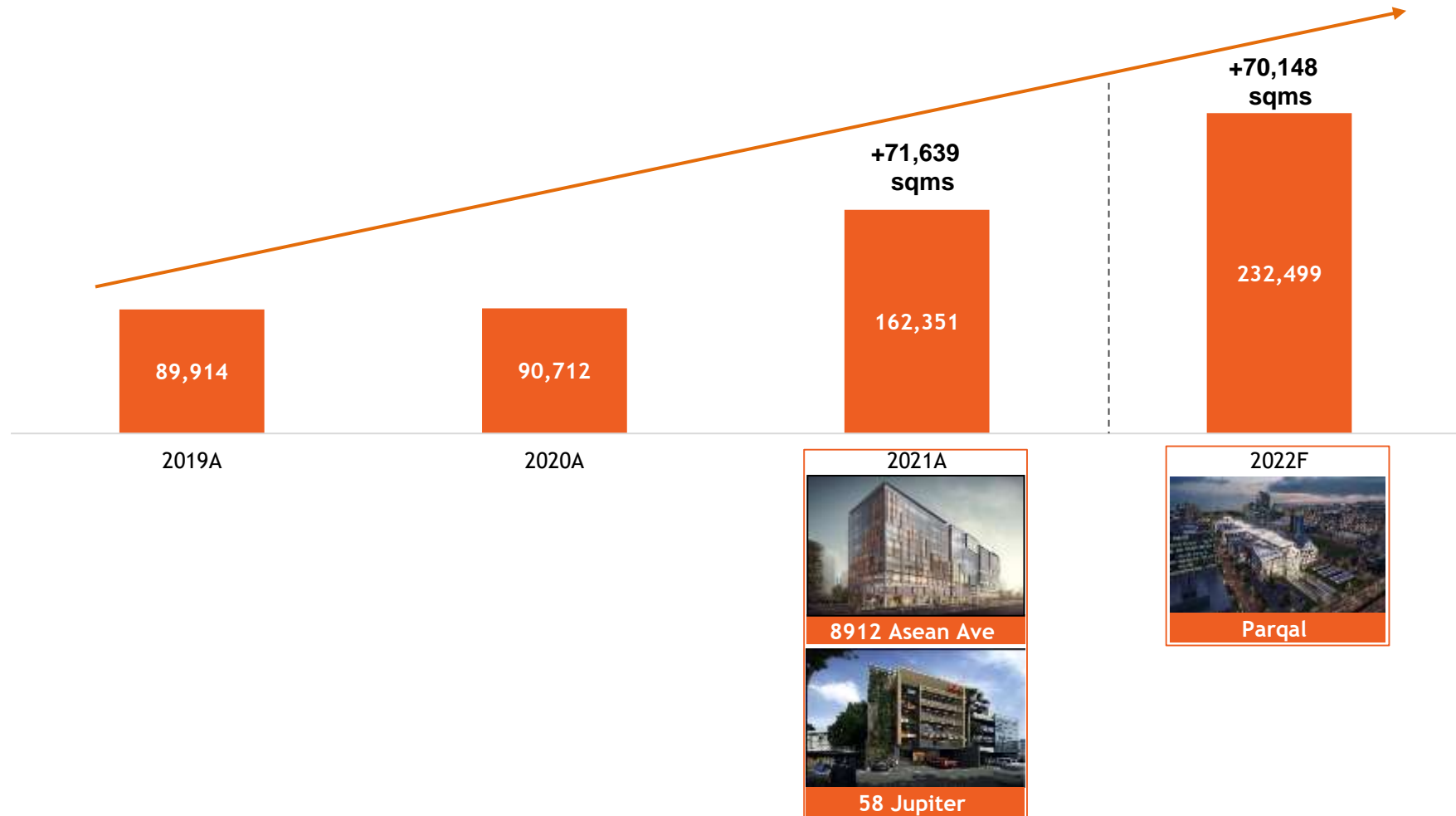


**Construction Progress**

**70%**

# Hypergrowth Stage: Massive New and Upcoming Completions

Total Building Leasable Floor Area (sq.m.)



# Residential Pipeline Milestones: MIDPARK TOWERS



**Construction Progress**

**28%**

# Pipeline of Premier Assets



## Commercial Leasing

- After Parqal, **close to ~200,000sqms of Gross Leasable Area** will be added to our portfolio in the medium term with the planned completions of 1) Aseana Plaza and 2) Aseana Mainstreet 2.



## Residential

- One Parq Suites, our third residential development, will add ~30,000sqms of saleable floor area to our inventory upon launch.
- Planned Residential Project in Legazpi Makati which will rise in the property bought by DMW in 2020



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# January 2022 Land Sale



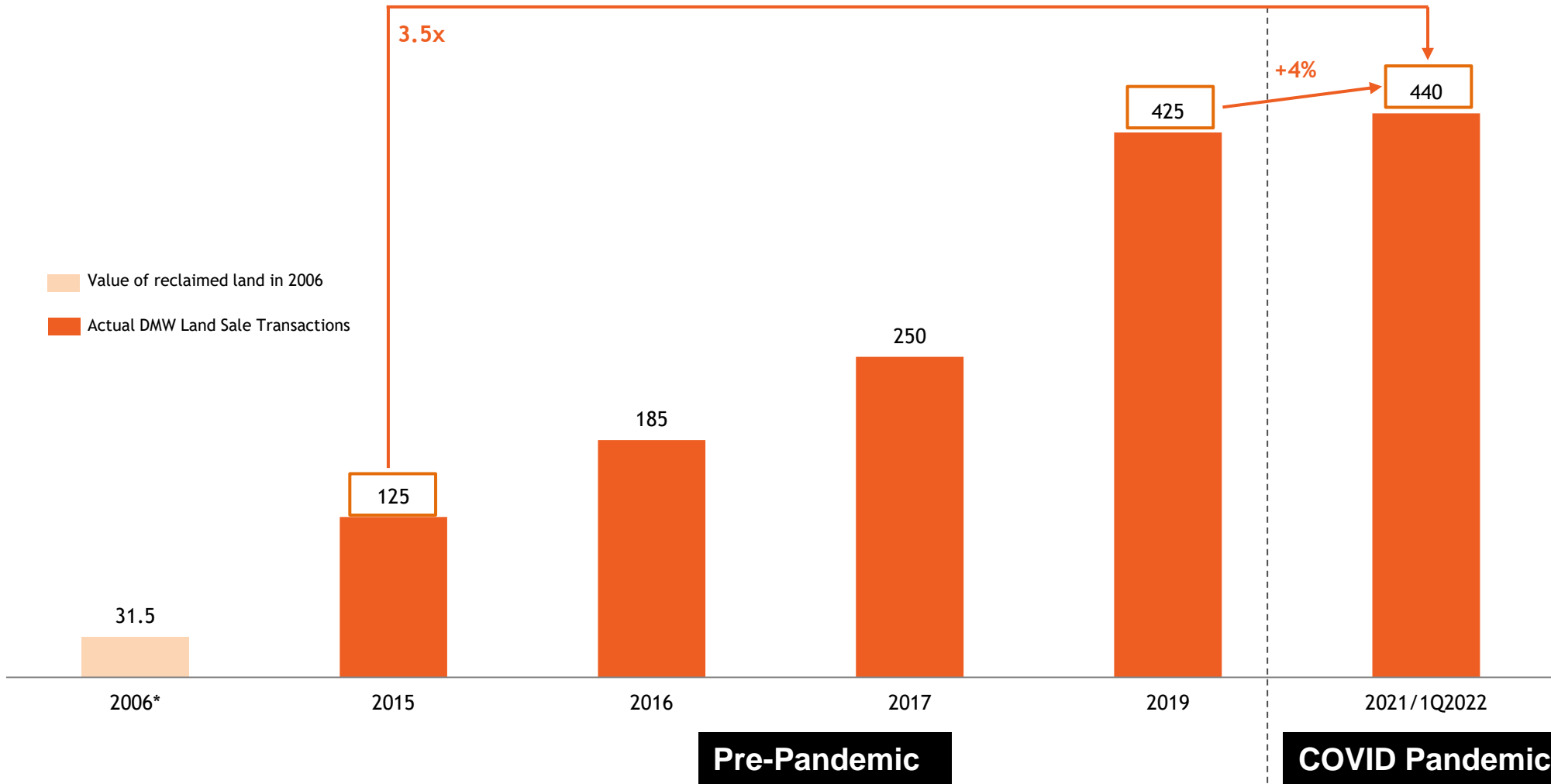
**1,790**  
Square Meters

**Php787.6 million**  
Total Contract Price ex-  
VAT

**93%**  
Land Sale Gross Margin

# Land Sales Crystallize Value of Assets

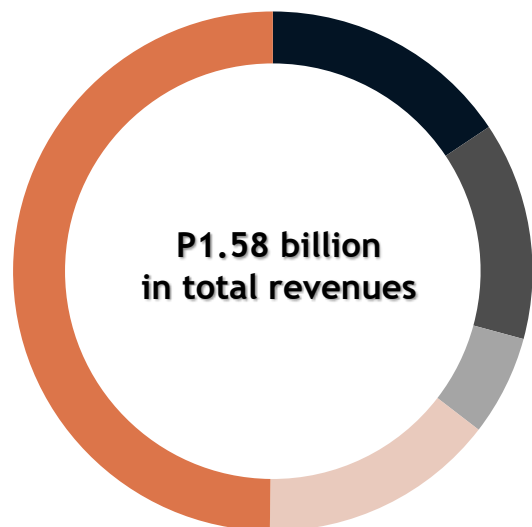
Prices of sold land per sq.m. (PHP'000)





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# 1Q2022 Core Net Income Jumps Almost Three-Fold YoY to ₱961 Million



Total revenues, P1.58 billion  
 Recurring income from rentals, 35%  
 ■ Land, 16%  
 ■ Building, 13%  
 ■ Other rental revenues, 6%  
 ■ Land sale, 50%  
 ■ Sale of condominium units, 15%

Sum may not equal 100% due to rounding

PHP	1Q2022	1Q2021	Change
Rentals			
Land	P247,144,201	P257,292,441	-4%
Building	214,578,527	192,336,160	+12%
Other revenues	98,621,873	47,142,162	+109%
	560,344,601	496,770,763	+13%
Land Sales	787,600,000	-	N/A
Sale of condominium units	233,002,571	193,561,044	+20%
Construction contracts	-	2,203,181	N/A
<b>Total Revenues</b>	<b>1,580,947,172</b>	<b>692,534,988</b>	<b>+128%</b>
Gross profit	1,350,700,206	529,130,747	+155%
Operating expenses - net	133,167,923	64,918,247	+105%
Operating profit	1,217,532,283	464,212,500	+162%
Other income (charges)	(1,371,283 )	(2,426,995)	-44%
Profit before tax	1,216,161,000	461,785,505	+163%
Tax expense (credit)	250,045,322	(91,770,997)	+373%
Net profit to parent	960,500,540	552,025,550	+74%
<b>Core Net Profit to Parent</b>	<b>P960,500,540</b>	<b>P364,638,047</b>	<b>+163%</b>

Core net income excludes the adjustment of tax expense in 1Q2021 due to the effectivity of CREATE Law.

# In focus: Leasing

## P560M

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.

## P247.1M

Land

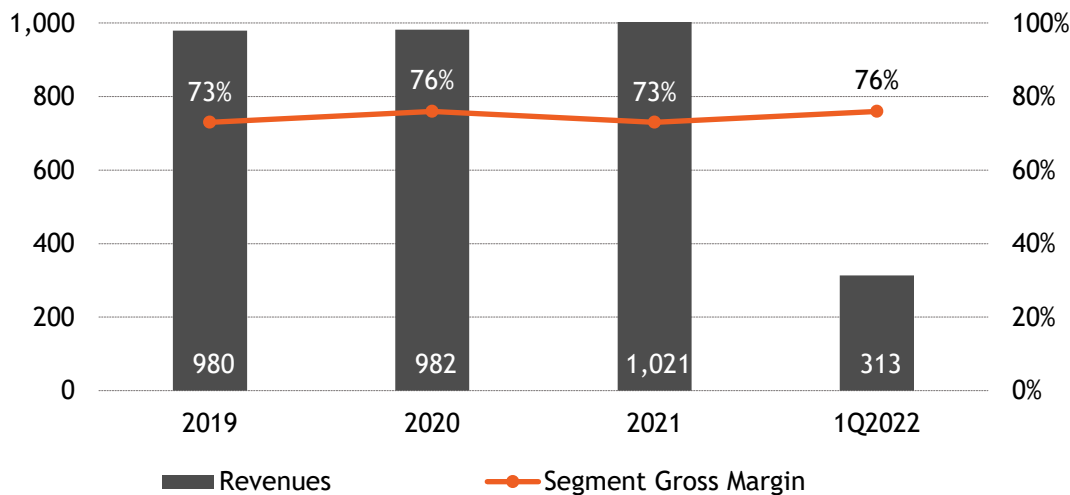
## P214.6M

Building

## P98.6M

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

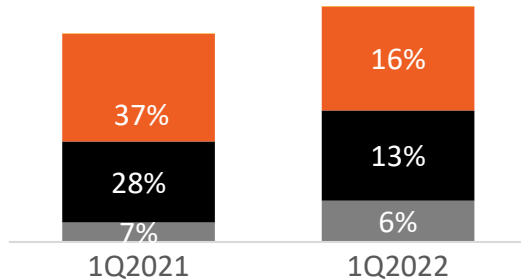
our lease agreements generally stipulate fixed annual escalation rates ranging from 3% to 10% for commercial space

Weighted average lease expiry at **5.8 years** as of Mar 31, 2022

# Robust leasing activity reflects high level of sustainability

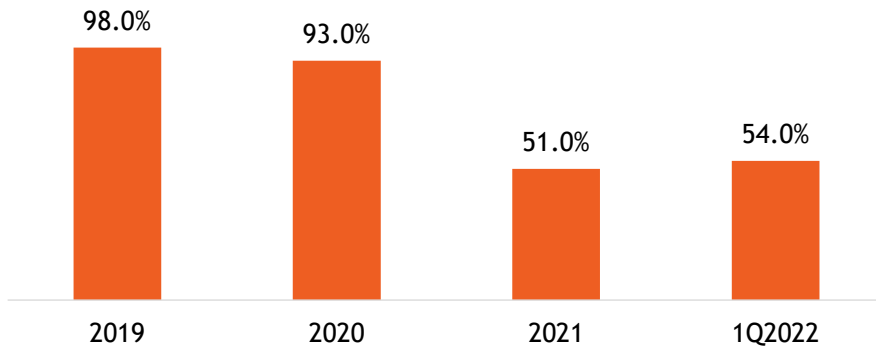
## Recurring Income Contribution<sup>(1)</sup> (%)

Total recurring revenues

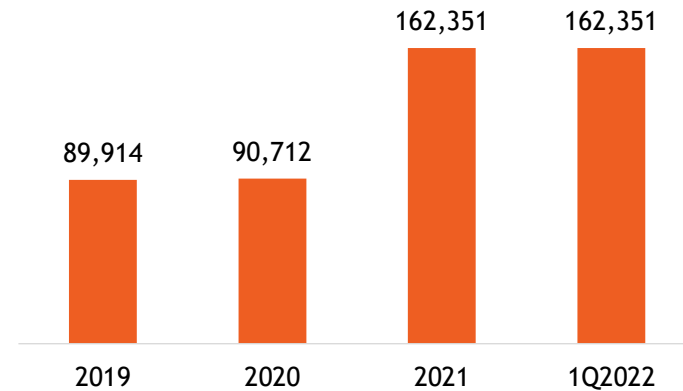


■ % to Total Revenues	72%	35%
■ Land (PHP mm)	257	247
■ Building	192	215
■ Other Revenues	47	99

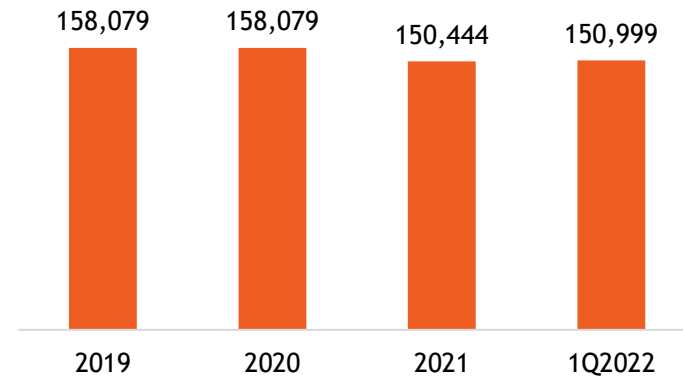
## Period Ending Occupancy (%)



## Total Leasable Floor Area<sup>(2)</sup> (sq.m.)



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



Notes:

Data as of December 31 of each year and as of 1Q2022

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.

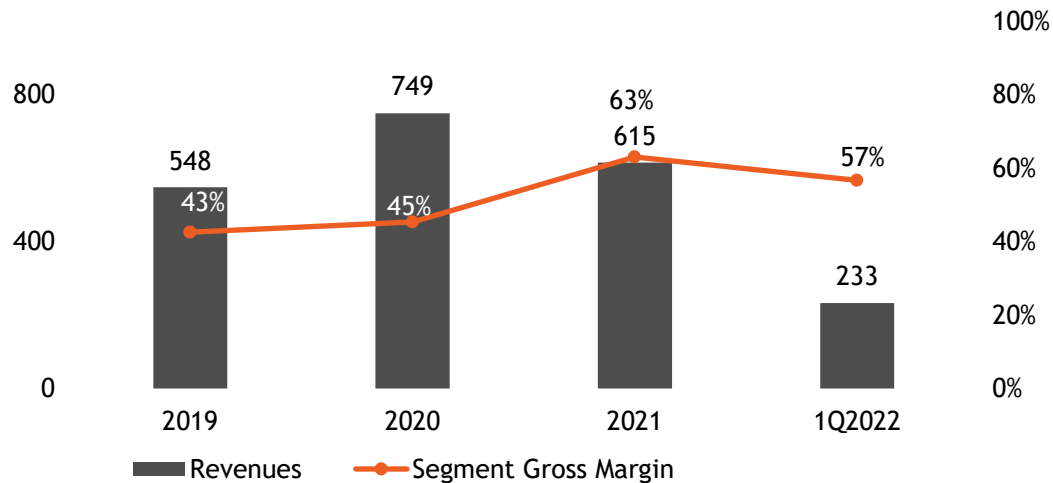
2. Calculated based on the ratio of total leased floor area to total leasable floor area made available

# In focus: Residential

**P233.0M**

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.

## Residential Gross Margin



### Residential sales % to total revenues

2019	16%
2020	27%
2021	18%
1Q2022	15%

### Revenue contribution

Accounted for 15% of total revenues on the back of accounts that met 20% threshold for revenue recognition, percentage of completion, and ongoing pre-selling activities

### Pixel Residences

Fully pre-sold in June 2017 with total collection of P1.6 billion as of March 31, 2022

Payment terms: 20%-80%



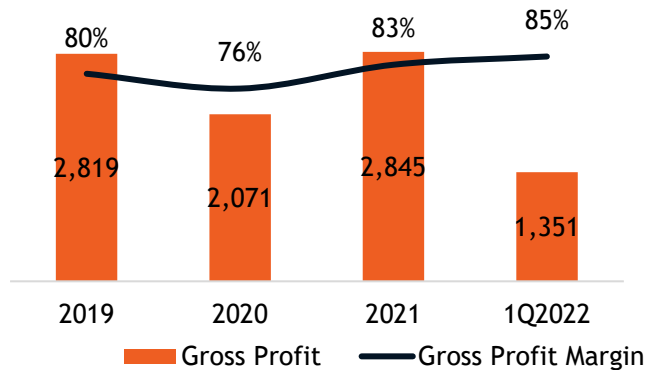
### MidPark Towers

Over 3/4 of launched units sold with total collection of P1.74 billion as of March 2022.

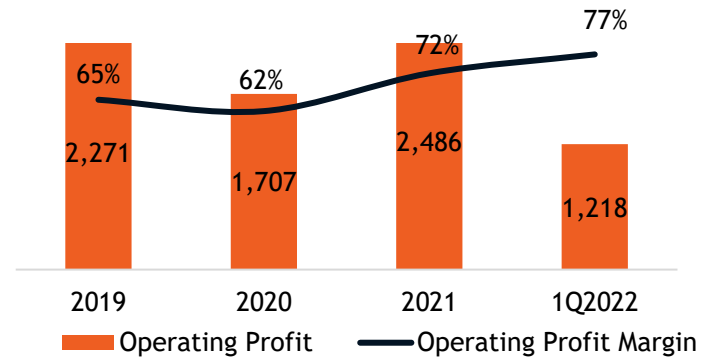
Ave. collection - 32%

# Superior profitability scorecard consistent with resilient portfolio

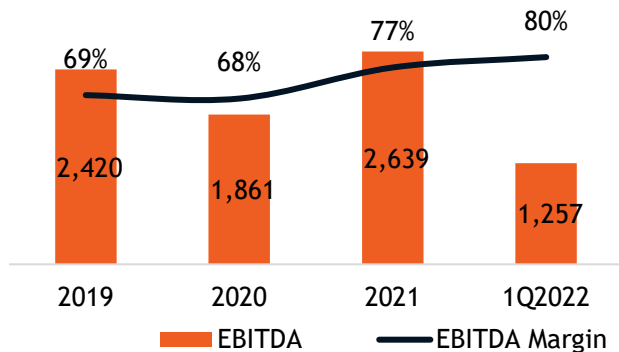
Gross Profit (PHP mm)



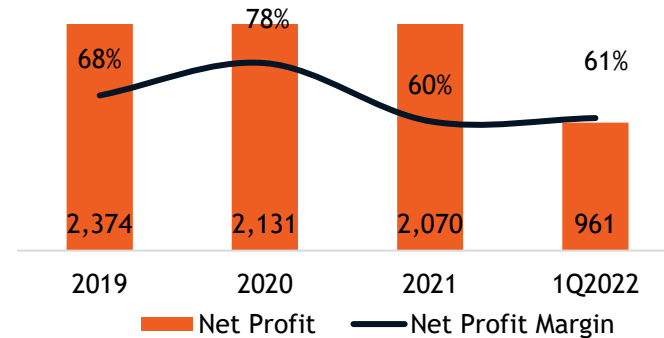
Operating Profit (PHP mm)



EBITDA<sup>(1)</sup> (PHP mm)



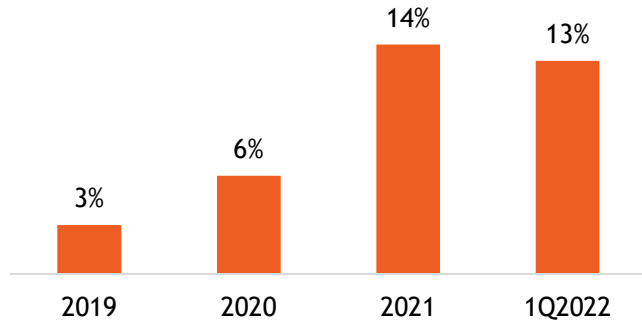
Net Profit Attributable to Equity Holders of the Parent <sup>(2)</sup> (PHP mm)



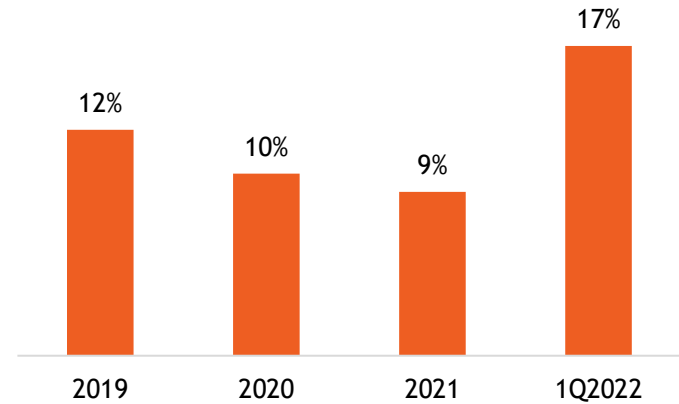
Note:  
 1. EBITDA = operating profit + depreciation and amortization  
 2. Net income / revenues

# Financial strength supports growth aspirations

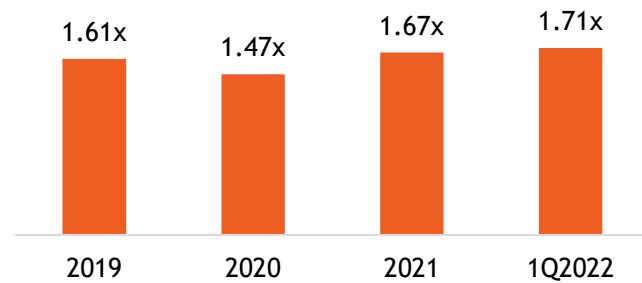
Debt To Equity<sup>(1)</sup> (%)



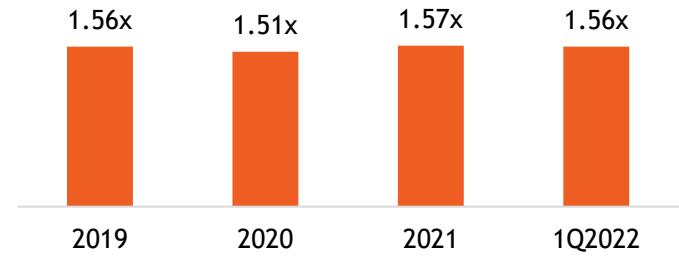
Return on Equity<sup>(2)</sup> (%)



Current Ratio<sup>(3)</sup> (x)



Asset to Equity<sup>(4)</sup> (x)



Notes:

Data as of December 31 of each year and as of 1Q2022

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>Revised Allocation of Offering Proceeds</u>	<u>Application of Offering Proceeds as of December 31, 2021</u>	<u>Application of Offering Proceeds for the Quarter ended March 31, 2022</u>	<u>Balance of Offering Proceeds as of March 31, 2022</u>
Pipeline project development	P 5,731,213,878	P 5,731,182,397	P -	P 31,481
Land assets	880,101,954	566,061,976	-	314,039,978
Infrastructure development within Aseana City	524,345,738	313,298,912	9,858,194	201,188,632
General corporate purposes	<u>463,552,030</u>	<u>255,773,013</u>	<u>134,413,336</u>	<u>73,365,681</u>
	<u>P 7,599,213,600</u>	<u>P 6,866,316,298</u>	<u>P 144,271,530</u>	<u>P 588,625,772</u>



Pixel Residences P286M



8912 Asean Ave. P2.4B



Parqal P2.4B



MidPark Towers P540M



Aseana Plaza P113M

# Summary: 1Q 2022 highlights

## 1Q 2022 Summary

- **Consolidated revenues** amounted to ₱1.6 billion, and **core net income to parent** jumped almost three-fold to ₱961 million from ₱365 million a year ago. *Core net income excludes the adjustment of tax expense in 1Q2021 due to the effectivity of CREATE Law.*
- **Revenues from rentals** of land, building and other revenues improved 13% to ₱560 million, accounting for 35% of total revenues.
- **Residential revenues** improved to ₱233 million from ₱194 million in the same period last year on the back of a higher number of units qualified for revenue recognition. The increase in residential revenues is notwithstanding the fact that the Omicron variant-led surge in COVID-19 cases earlier this year limited construction capacity.
- **Successful deployment** of ₱6.9 billion or 92% of total net proceeds from the IPO.

## 2022 Outlook

- The newly completed 69,000sqm GLA **8912 Asean Ave** and the over 2,000sqm GLA **58 Jupiter** are expected to post more pronounced recurring earnings contributions this year on the back of their first full year in operation and as operating metrics begin to stabilize.
- Expected completion of **Parqal** in 2H2022 will further augment recurring income streams.
- **Residential segment** will be driven by revenue bookings from MidPark Towers as Pixel Residences is already fully-turned over.



**100%  
VACCINATED**

ALL ASEANA CITY ESTATE PERSONNEL

**I AM  
COVID-19  
VACCINATED!**  
  
TOGETHER,  
WE can BEAT this!



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W** **D.M. WENCESLAO**  
AND ASSOCIATES, INCORPORATED

# DMWAI's Response to the COVID-19 Pandemic

## Supporting our Business Partners through these Trying Times

- ✓ More **market-friendly terms** such as no escalation and lower rates were introduced to our smaller tenants\*
- ✓ **Rent discounts and other concessions** like rent deferment and waiving of penalties were provided to our retail lessees\*
- ✓ **Safety-Seal Certified Buildings & fully-vaccinated estate personnel**, ensuring safety of tenants

## The Health and Safety of our Employees and Stakeholders Remain as our Top Priority

- ✓ **Preventive measures were taken as early as January 2020** when the news of the virus first came out
- ✓ Allotted a **Php100 million emergency contingency fund** for its employees and tenants
- ✓ **Flexible work arrangements** were introduced to employees
- ✓ **Regular disinfection and sanitation** of office buildings, physical distancing in common areas, rapid testing, foot baths, and temperature checks at entry points
- ✓ **Ongoing administration of booster shots**, 100% of Employees already fully vaccinated

## Expanding Reach to Clients: Adopting to the New Normal

- ✓ **Monthly virtual presentations and webinars** via Zoom/MS Teams to tap clients wherever they are, in lieu of open houses and usual marketing events
- ✓ Bringing our residential projects closer to our market through **hosted tours** that warmly showcase MidPark Towers and Aseana City over in social media platforms

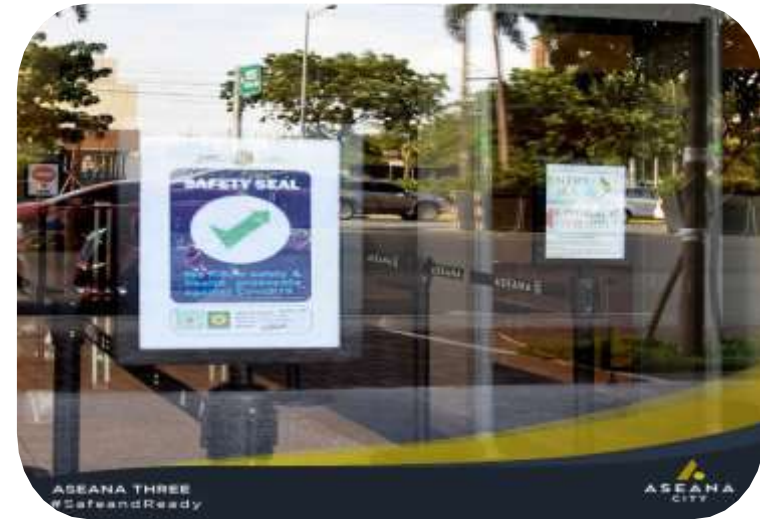
## COVID-19 Aid: Extending a Helping Hand to the Community

- ✓ Donated sacks of rice , rapid test kits, sets of Personal Protective Equipment (PPEs) and vaccines to specific LGUs/ communities.

# Employee Vaccination Program


















# Safety Seal - Certified Mixed Use and Office Buildings





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# DM Wenceslao's Five Pillars of Sustainability

Quality of Life	Environmental Stewardship	Good Governance and Ethical Business Practice	People-Centric Labor Practices	Economic Development
<ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Customer Satisfaction</li> <li>• Pedestrian Mobility and Transportation</li> <li>• Access to Needed Facilities &amp; Infrastructure</li> <li>• Disaster Risk Resiliency</li> <li>• Innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental Compliance</li> <li>• Energy Efficiency</li> <li>• Water Conservation</li> <li>• GHG Emissions</li> <li>• Waste Management and Recycling</li> </ul>	<ul style="list-style-type: none"> <li>• Business Conduct and Ethics (Corruption, Bribery, Data Privacy, Fair-Dealing)</li> <li>• Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>• Human Rights (Child labor, forced labor, discrimination, harassment)</li> <li>• Employee Retention</li> <li>• Employee well-being</li> <li>• Human Capital Development</li> <li>• Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Economic value generated</li> <li>• Employment generated</li> <li>• Local purchases</li> </ul>
    	  		   	 

# S&P Global Corporate Sustainability Assessment

Corporate Sustainability Assessment Scorecard | 2021

**D.M. Wenceslao & Associates, Incorporated**

REA Real Estate

**73%**

**Percentile Rank**  
*(100 being the highest)*

As of March 2022, DMW performed in the top third in the Real Estate Industry of S&P Global Corporate Sustainability Assessment.



## Q&A

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## Appendix: Consolidated Statements of Profit or Loss

PHP	1Q2022	1Q2021	Change (%)
Rentals			
Land	P247,144,201	P257,292,441	-4%
Building	214,578,527	192,336,160	+12%
Other revenues	98,621,873	47,142,162	+109%
	560,344,601	496,770,763	+13%
Land sales	787,600,000	-	+100%
Sale of condominium units	233,002,571	193,561,044	+20%
Construction contracts	-	2,203,181	-100%
Total Revenues	1,580,947,172	692,534,988	+128%
Gross profit	1,350,700,206	529,130,747	+155%
Operating expenses - net	133,167,923	64,918,247	+105%
Operating profit	1,217,532,283	464,212,500	+162%
Other income (charges)	(1,371,283 )	(2,426,995)	-44%
Profit before tax	1,216,161,000	461,785,505	+163%
Tax expense (credit)	250,045,322	(91,770,997)	+373%
Net profit to parent	960,500,540	552,025,550	+74%
<b>Core net profit to parent</b>	<b>P960,500,540</b>	<b>P364,638,047</b>	<b>+163%</b>

## Appendix: Consolidated Statements of Financial Position

PHP		1Q2022		2021
Current Assets		14,887,108,071		14,049,443,598
Non-current Assets		23,187,112,888		22,934,039,805
Total Assets	P	38,074,220,959	P	36,983,483,403
Current Liabilities		8,691,439,400		8,407,529,857
Non-current Liabilities		4,339,571,205		4,351,775,429
Total Liabilities		13,031,010,605		12,759,305,286
Total Equity		25,043,210,354		24,224,178,117
Total Liabilities and Equity	P	38,074,220,959	P	36,983,483,403
<b>Capital Structure</b>				
Short-term debt	P	1,084,925,000	P	1,094,850,000
Long-term debt		2,168,750,000		2,187,500,000
Total bank debts	P	3,253,675,000	P	3,282,350,000
Less: Cash and cash equivalents and short-term placements		5,949,549,990		5,665,952,194
Net debt/ (net cash)	P	(2,695,874,990)	P	(2,383,602,194)