D.M. Wenceslao & Associates, Incorporated

9M 2018 Analyst Briefing

13 November 2018

D.M. WENCESLAO
AND ASSOCIATES, INCORPORATED

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Aseana City, our development project with total land area of 107.5 hectares located along the coastal waters of Manila Bay bordering the City of Pasay and the City of Parañaque

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Local and Global Developments

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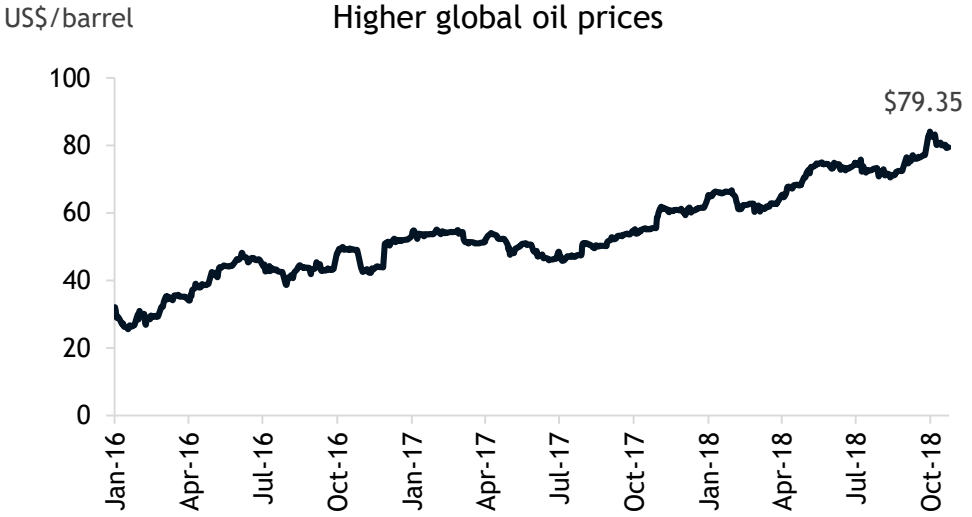
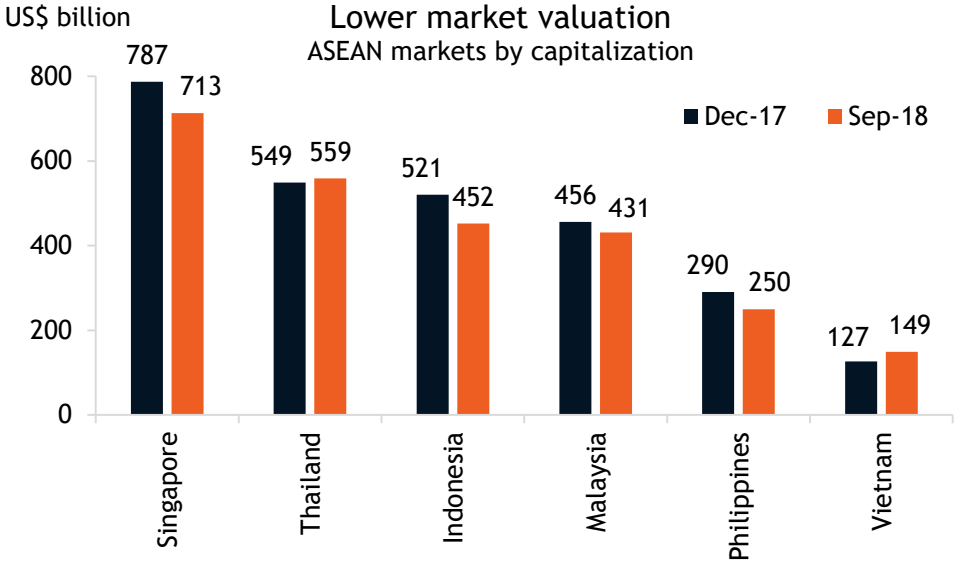
Higher global oil prices

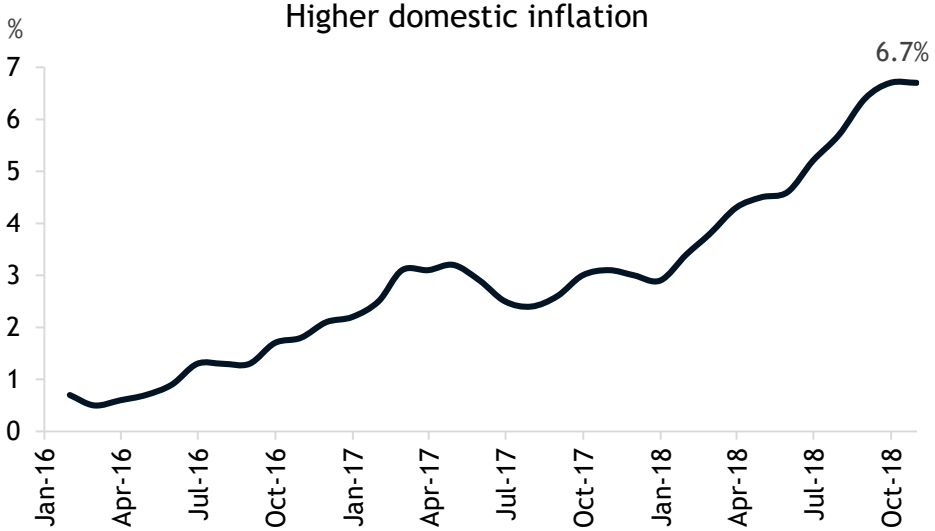


Lower market valuation

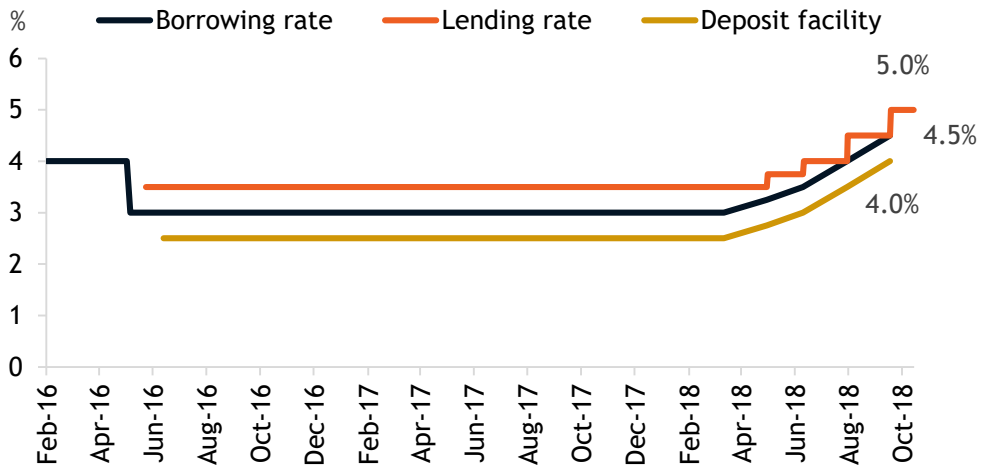
ASEAN markets by capitalization



Higher domestic inflation

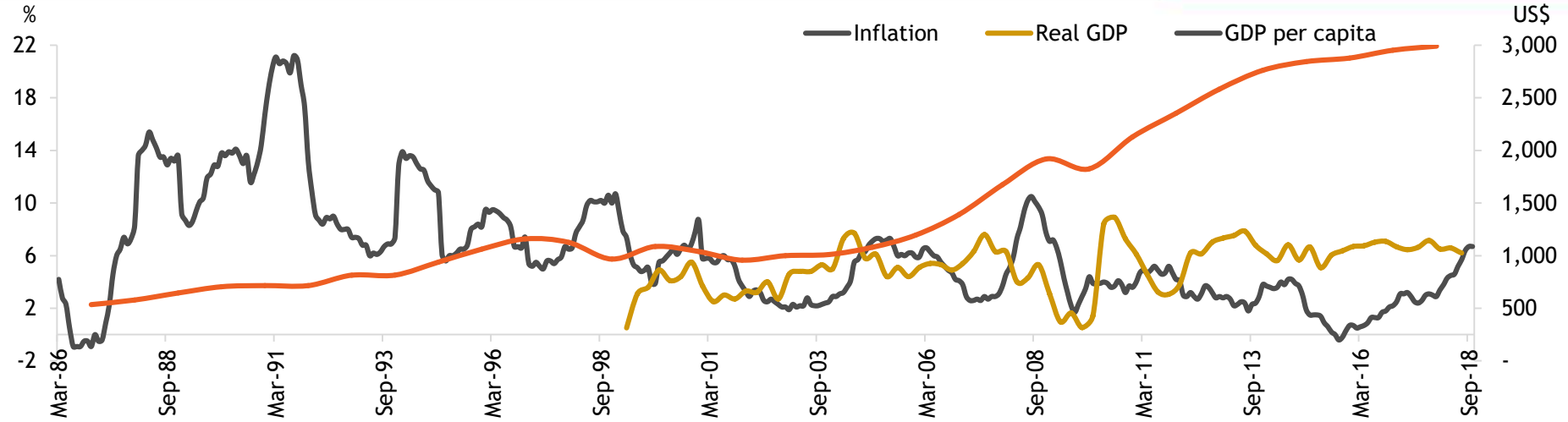


Tighter monetary policy



Source: Dubai Mercantile Exchange, World Federation of Exchanges, Philippine Statistics Authority, Bangko Sentral ng Pilipinas

GDP and Inflation: A Historical Perspective



	Gross Domestic Product			Consumer Price Index	
	Average (YoY %)	Average per capita (US$)	Administration	Average (YoY %)	Highest inflation during the period
1980 - 1989	2%	616	Cory Aquino (Mar 1986 – Jun 1992)	10.5%	21.2% Aug 1991
1990 - 1999	2.8%	940	Fidel Ramos (Jul 1992 – Jun 1998)	8.1%	13.9% Feb 1994
2000 – 2009	4.5%	1,309	Joseph Estrada (Jul 1998 – Jan 2001)	7.1%	10.7% Jan 1999
2010 - 2016	6.3%	2,642	Gloria Arroyo (Feb 2001 – Jun 2010)	4.7%	10.5% Aug 2008
2017	6.7%	2,989	Benigno Aquino III (Jul 2010 – Jun 2016)	2.8%	5.2% Jun/Oct 2011
9M 2018	6.3%		Rodrigo Duterte (Jul 2016 – present)	3.4%	6.7% Sep/Oct 2018

Source: Philippine Statistics Authority

Measures Toward Inflation Control

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Suspension of second tranche of fuel taxes

Philippine economic managers have recommended the suspension of the second tranche of oil taxes following expectations that Dubai crude oil prices will likely stay above US$80/barrel throughout 4Q 2018

Tighter monetary policy response

The Bangko Sentral ng Pilipinas (BSP) has raised key policy interest rates by a total of 150 basis points since May 2018 to temper inflation outlook

Proposed rice tariffication bill

The Congress has approved on third and final reading House Bill No. 7735 which is expected to reduce the retail price of rice by PHP4 to PHP7 per kilogram

Directives to boost food supply

The Palace has issued Administrative Order No. 13 and Memorandum Orders No. 26 to 28 to boost food supply

Administrative No. 13 – Removing non-tariff barriers and streamlining administrative procedures on the importation of agricultural products

Memorandum No. 26 – Directing the Department of Agriculture and the Department of Trade and Industry to adopt measures to reduce the gap between farmgate prices and retail prices of agricultural products

Memorandum No. 27 – Directing the Department of Agriculture, Department of Interior and Local Government, Philippine National Police, and the Metro Manila Development Authority to adopt measures to ensure the efficient and seamless delivery of imported agriculture and fishery products from the ports of markets

Memorandum No. 28 – Directing the National Food Authority to immediately release existing rice stocks in its warehouses

Public art between Red Planet Hotel and Aseana Two walkway

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Updated Summary of Land Holdings in Aseana City

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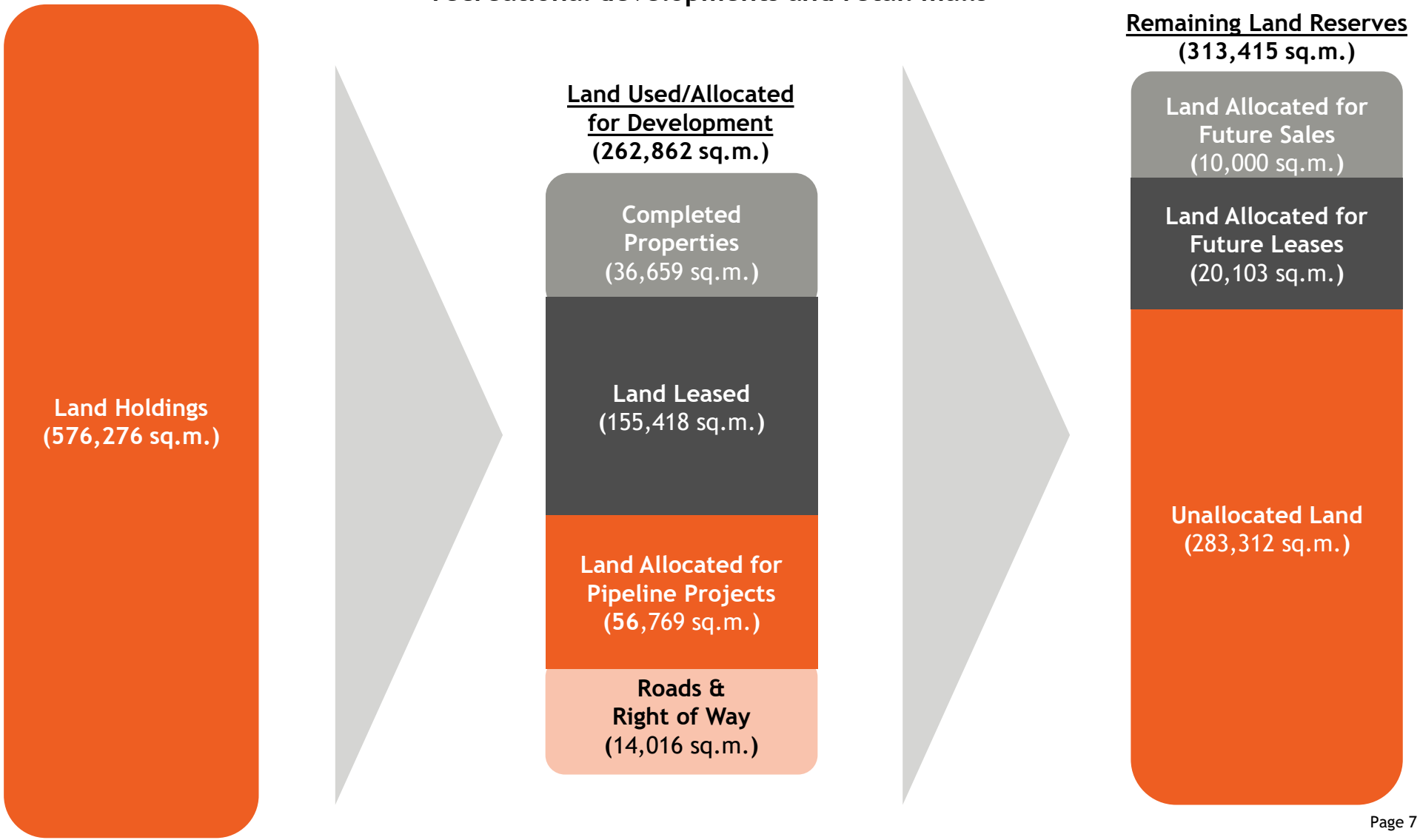
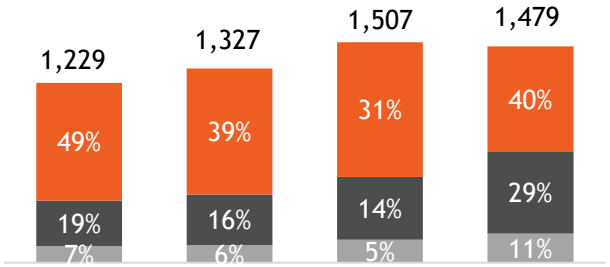
Positioned as the next major mixed-use CBD in Metro Manila anchored by tourism, recreational developments and retail malls



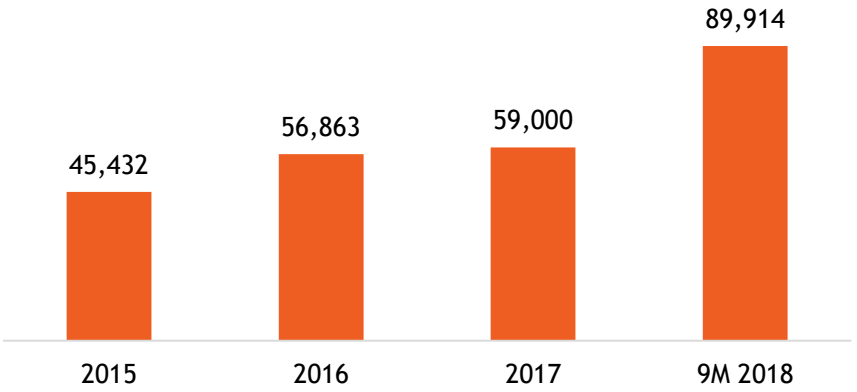
Robust Leasing Activity

Recurring Income Contribution[1] (%)

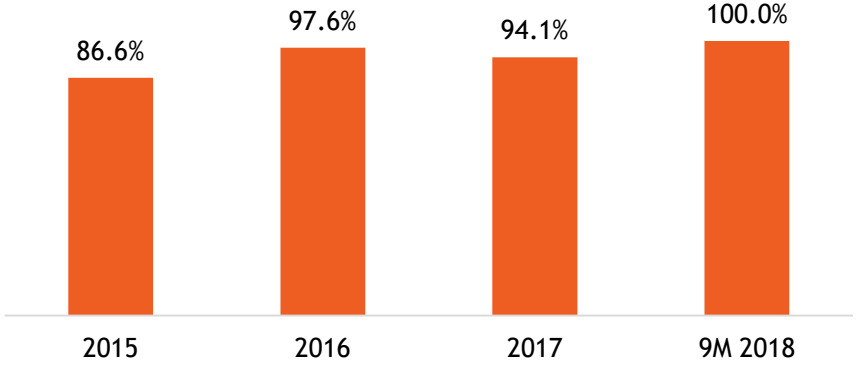


	2015	2016	2017	9M 2018
% to Total Revenues	75%	61%	50%	83%
Land (PHP mm)	803	861	919	722
Building	312	345	430	558
Other Revenues	114	122	158	199

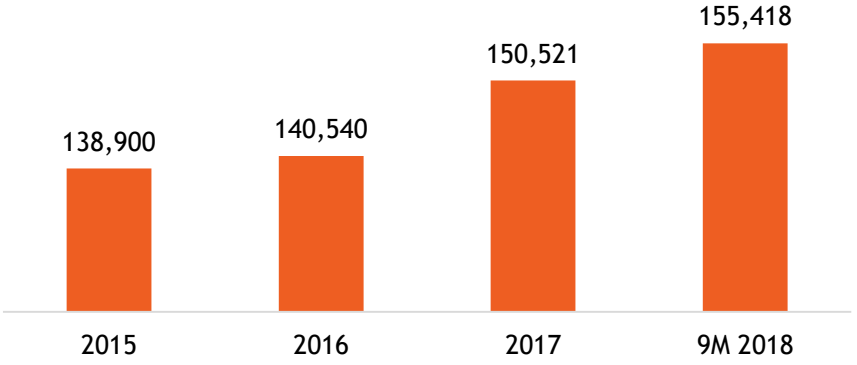
Total Leasable Floor Area[2] (sq.m.)



Period Ending Occupancy (%)



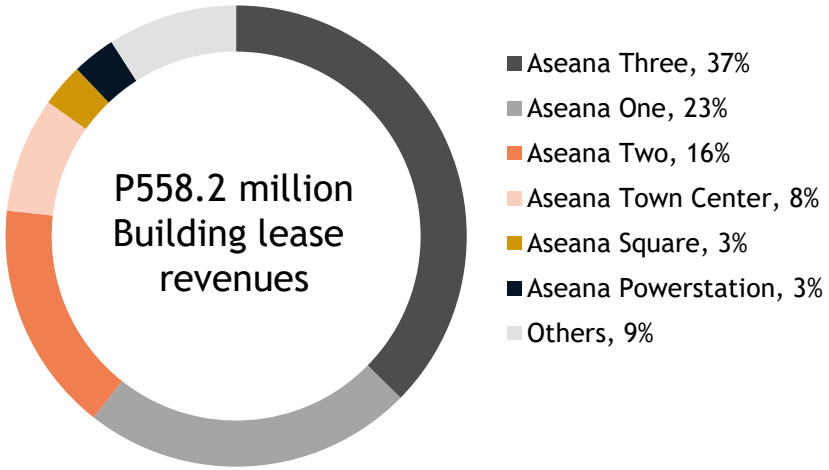
Total Leased Land Area (sq.m.)



Notes:
All data as at December 31 of each year except for 9M 2018 (September 30, 2018)
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*

Office Updates

Commercial lease breakdown by property



Existing completed developments

- ✓Aseana One and Two sign new leases at P950/sq.m., 70% higher than the rates of the expiring contracts
- ✓Aseana Three secures PEZA accreditation
- ✓Aseana One last transacted rate P1,100/sq.m. (Oct)

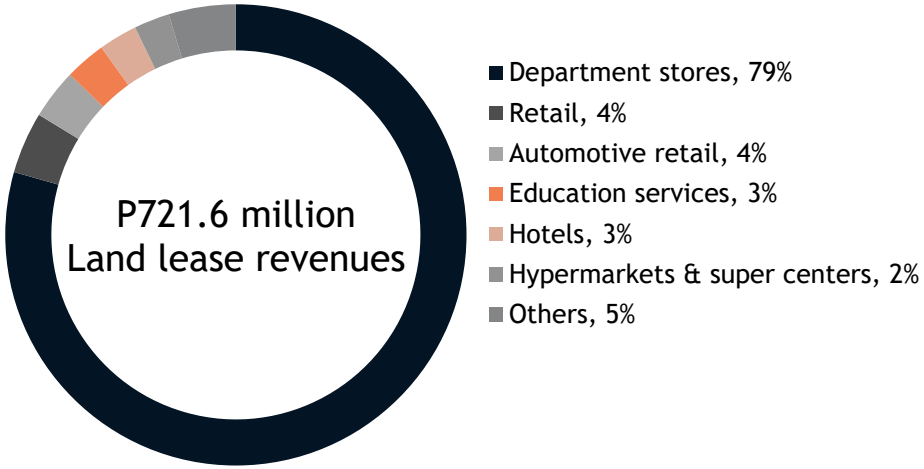
Pipeline projects

- ✓8912 Asean Ave. (formerly Aseana Four) revises total leasable floor area to 69,280 sq.m. from original estimate of 54,576 sq.m.

Lessee	Term	Industry	Total Area (sq.m.)	Start of Revenue Recognition	% of Total 9M 2018 Commercial Rental Revenues	% of Total 9M 2018 Revenues
Flying Dragon Network Phils	5 years	Gaming	19,827	Jan 2018	25%	9%
Starfuzion Management	10 years	Retail	7,646	Dec 2016	9%	3%
V Ships Services Oceana	10 years	Logistics	6,728	Dec 2014	8%	3%
Rialton Avenue	8 years	Mixed-use commercial	5,202	Dec 2016	5%	2%

Land Lease Updates

Land lease breakdown by tenant profile(1)



Ayala Malls Bay Area

- ✓Phase 1 (Target opening in April 2019)
- ✓Phase 2 (Ongoing civil and structural works)
- ✓Landmark Manila Bay (Ongoing pile driving)

Lessee	Term	Usage of Land	Total Area (sq.m.)	Start of Revenue Recognition	% of Total 9M 2018 Land Rental Revenues	% of Total 9M 2018 Revenues
Ayala Land	45 years	Mixed-use mall and hotel	102,297	Sep 2014/ Jan 2017	79%	32%
Prestige Bay Realty Development	15 years	Mixed-use commercial	4,897	Mar 2018	4%	2%
Singapore School Manila	10 years	School	4,787	Mar 2014	3%	1%
Globeway Property Ventures	10 years	Retail	4,897	Jun 2016	2%	1%

Notes:
(1) Sum of the parts may not equal 100% due to rounding.

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Residential Updates

Pixel Residences
P150,000/sq.m. average price
Target completion: 2019

MidPark Towers
P220,000/sq.m. launch price
Target completion: 2022

Pixel Residences

- ✓100% pre-sold as of June 2017
- ✓Total saleable floor area: 13,106 sq.m.
- ✓Total leasable floor area: 622 sq.m.
- ✓28% completed with unrecognized revenue of P1,065 million as of Sep 30, 2018; 0% cancellation
- ✓Buyer profile: Middle to higher income Filipinos and expatriates working in the neighboring recreational and casino developments

MidPark Towers

- ✓Four-tower complex with various unit sizes from studio (36 sq.m.) to three-bedroom (105 sq.m.) + balcony
- ✓Total saleable floor area: approx. 42,000 sq.m.
- ✓Total leasable floor area: 2,000 sq.m.
- ✓License to sell received on Nov 7, 2018
- ✓Official launch date: Nov 20, 2018

Pipeline Updates: Larger Footprint for Parqal

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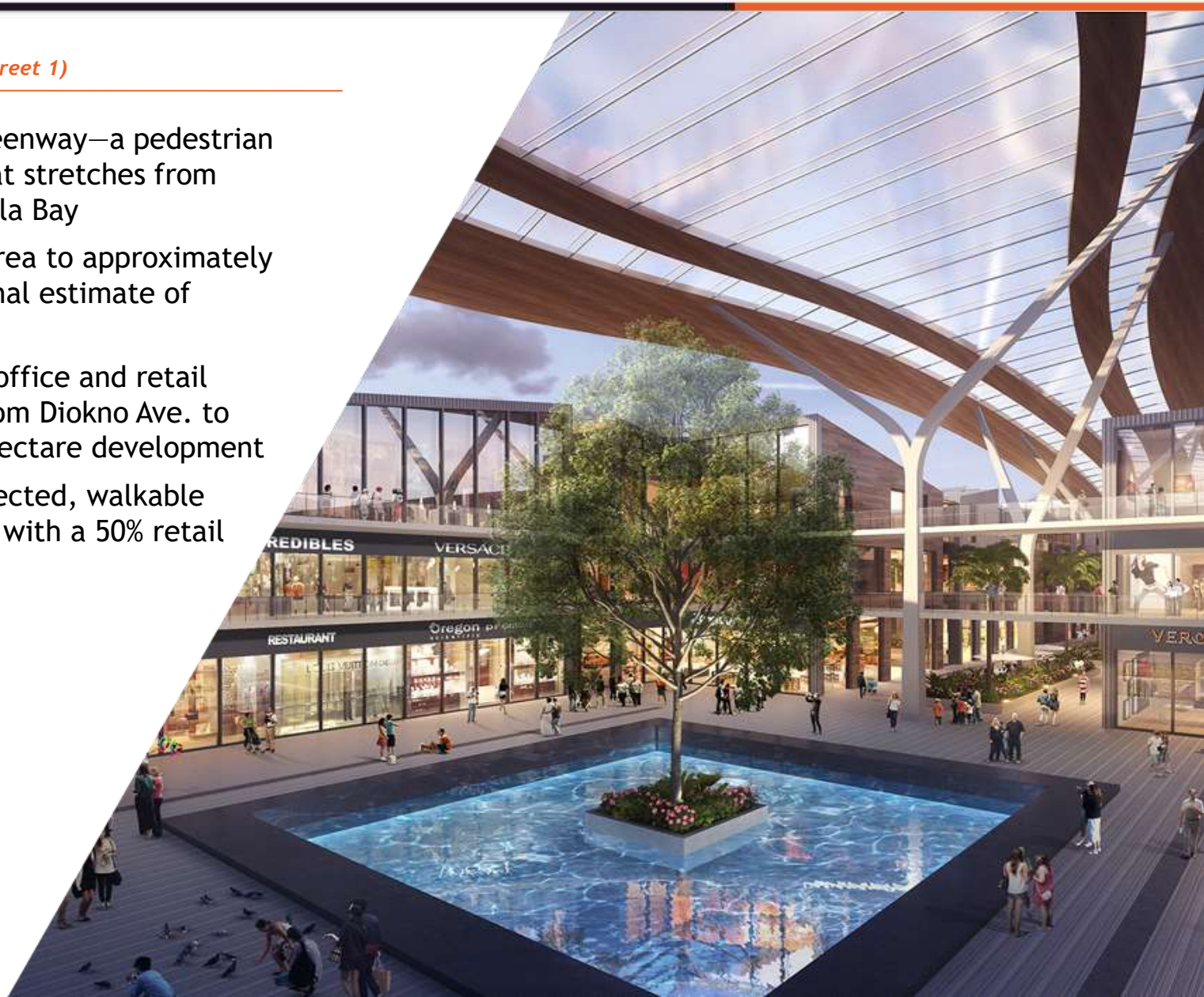
Parqal *(formerly Aseana Mainstreet 1)*

- ✓Part of Aseana City's greenway—a pedestrian park and promenade that stretches from Roxas Boulevard to Manila Bay
- ✓Revised leasable floor area to approximately 67,000 sq.m. from original estimate of 45,378 sq.m.
- ✓Mixed-use project with office and retail spaces that stretches from Diokno Ave. to Macapagal Ave. on a 5-hectare development
- ✓Features a climate protected, walkable mixed-use development with a 50% retail component
- ✓Retail: 1st and 2nd floors
- ✓Office: 3rd and 4th floors



Other Ongoing Developments within Aseana City

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6 Offices

5 Mixed-use

2 Hotels

2 Residential condominiums

2 Retail

3 Underground Utilities and Roadworks

Transport Link Updates: PITX

Paranaque Integrated Terminal Exchange (PITX)

formerly Southwest Integrated Bus Terminal Exchange (SWITex)

- ✓Inaugurated on Nov 5, 2018
- ✓Urban transport terminal that links provincial buses from Cavite and Batangas to other in-city transport systems such as buses, taxis, other public utility vehicles and the future LRT-1 Extension
- ✓Distance to Aseana City: 1.9 km
- ✓Capacity: 100,000 passengers daily; 34 million annually

Aseana Three, a 15-story PEZA-accredited office building with total leasable floor area of 30,914 sq.m.

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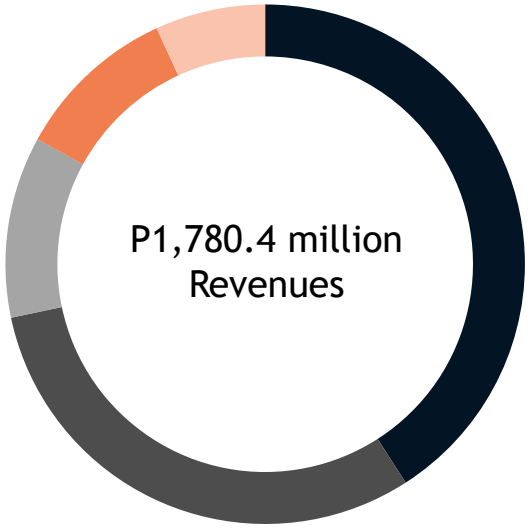
Deliberate Control Over Land Sales



Rentals, 83%
- Land, 41%
- Building, 31%
- Other revenues, 11%

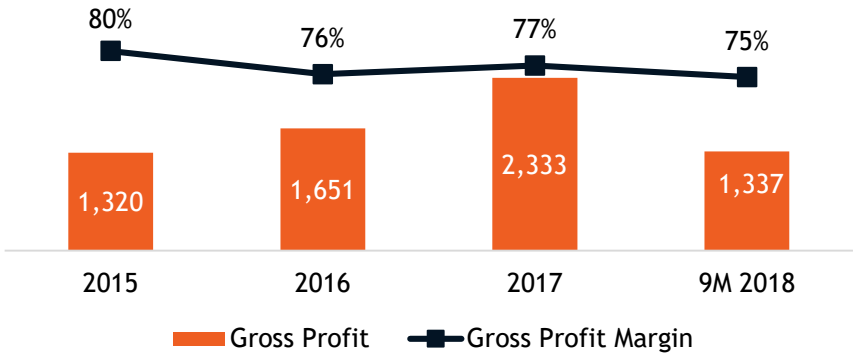
- Sale of condominium units, 10%
- Construction contracts, 7%

PHP	9M 2018	9M 2017	Change (%)
Rentals			
Land	721,594,865	685,157,775	5%
Building	558,169,654	328,897,674	70%
Other revenues	199,208,328	112,319,343	77%
	1,478,972,847	1,126,374,792	31%
Land sales	1,252,800	1,088,290,000	-100%
Construction contracts	121,036,454	115,619,674	5%
Sale of condominium units	179,108,585	207,056,608	-13%
Total Revenues	1,780,370,686	2,537,341,074	-30%
Gross profit	1,337,341,459	1,953,803,666	-32%
Operating expenses	292,772,818	300,102,794	-2%
Operating profit	1,044,568,641	1,653,700,872	-37%
Other income (charges)[1]	943,701,287	239,177,936	295%
Profit before tax	1,988,269,928	1,892,878,808	5%
Net profit attributable to equity holders of the parent	1,494,503,425	1,441,839,136	4%

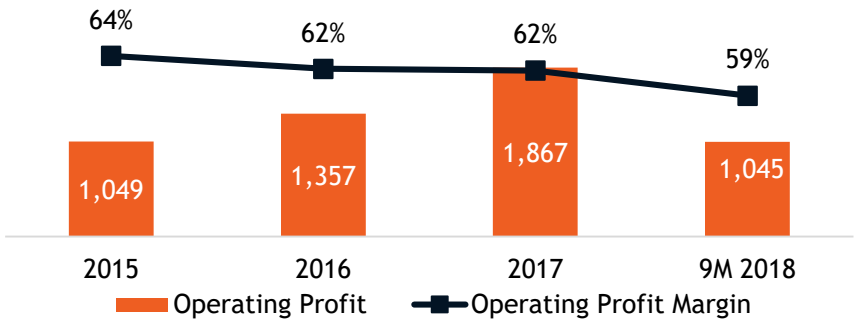
Notes:
Unaudited. Sum of the parts may not equal 100% due to rounding.
1. With reference to the settlement agreement with Alphaland Development, Inc., DMW is entitled to P2.05 billion over two years

Superior Profitability Scorecard

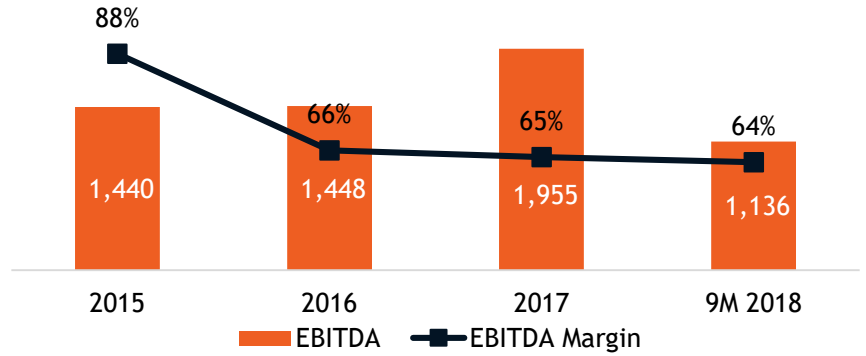
Gross Profit (PHP mm)



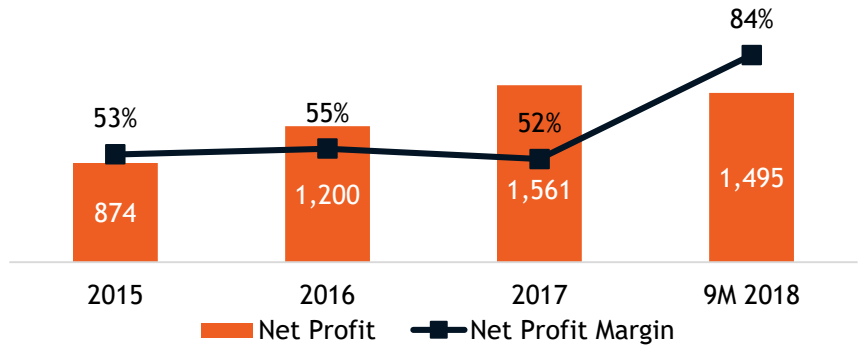
Operating Profit (PHP mm)



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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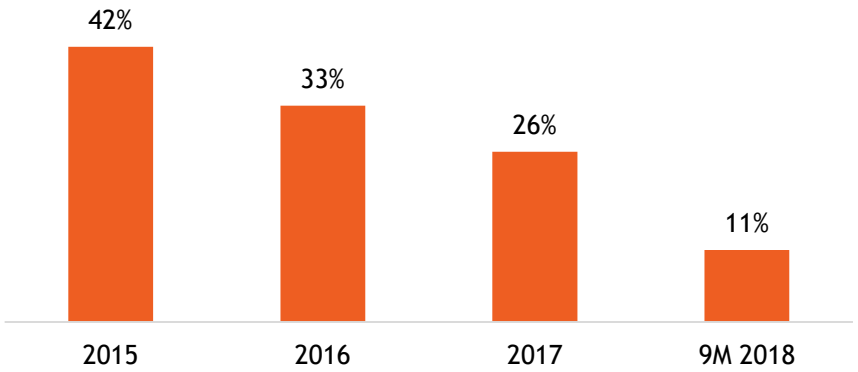
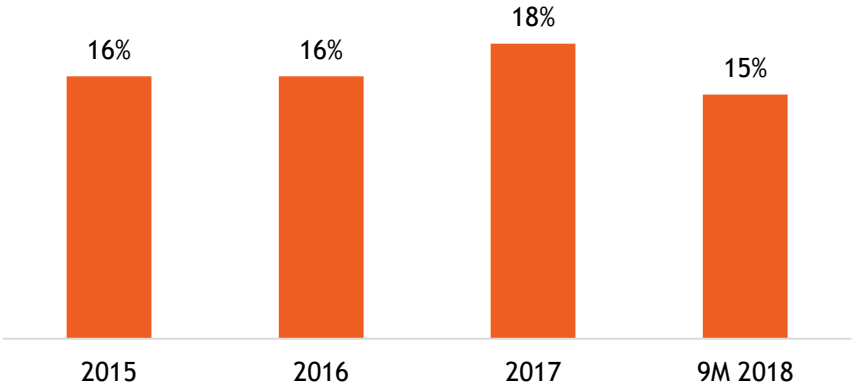
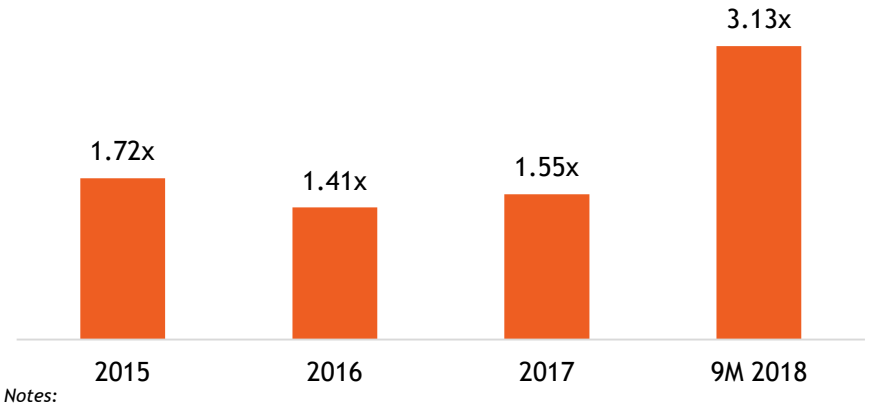
Debt To Equity[1] (%)



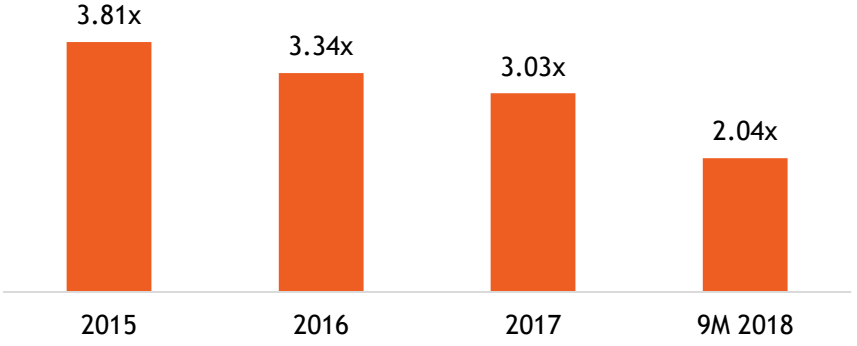
Return on Equity[2] (%)



Current Ratio[3] (x)



Assets to Equity[4] (x)



Notes:

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 for Pipeline Project Development

	Allocation of Offering Proceeds	Application of the Offering Proceeds as of and for the Quarter ended September 30, 2018	Balance of the Offering Proceeds as of September 30, 2018
Pipeline project development	₱ 3,731,213,878	₱ 449,821,429	₱ 3,281,392,449
Land assets	2,880,101,954	-	2,880,101,954
Infrastructure development within Aseana City	524,345,738	-	524,345,738
General corporate purposes	463,552,030	-	463,552,030
	₱ 7,599,213,600	₱ 449,821,429	₱ 7,149,392,171

Pipeline Project Development

8912 Asean Ave. (formerly Aseana Four) is DMW's largest office project to date.

At September 30, 2018, a total of P449.8 million from the offering proceeds have been used to fund the down payment for its general contractor and certain construction and planning related activities.

Consolidated Statements of Profit or Loss

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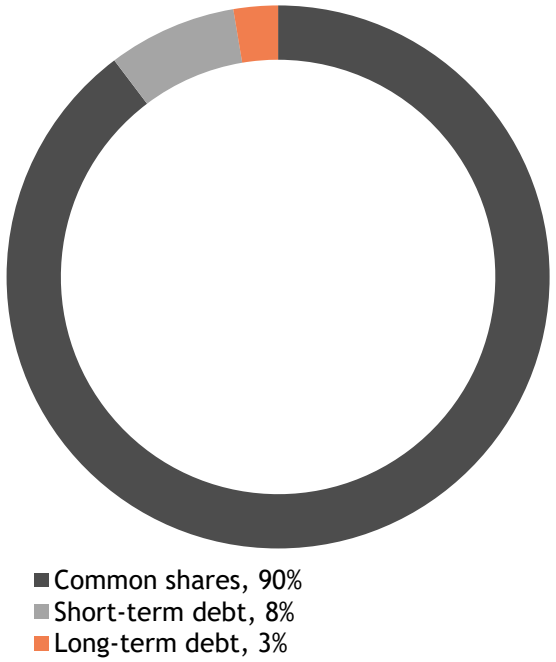
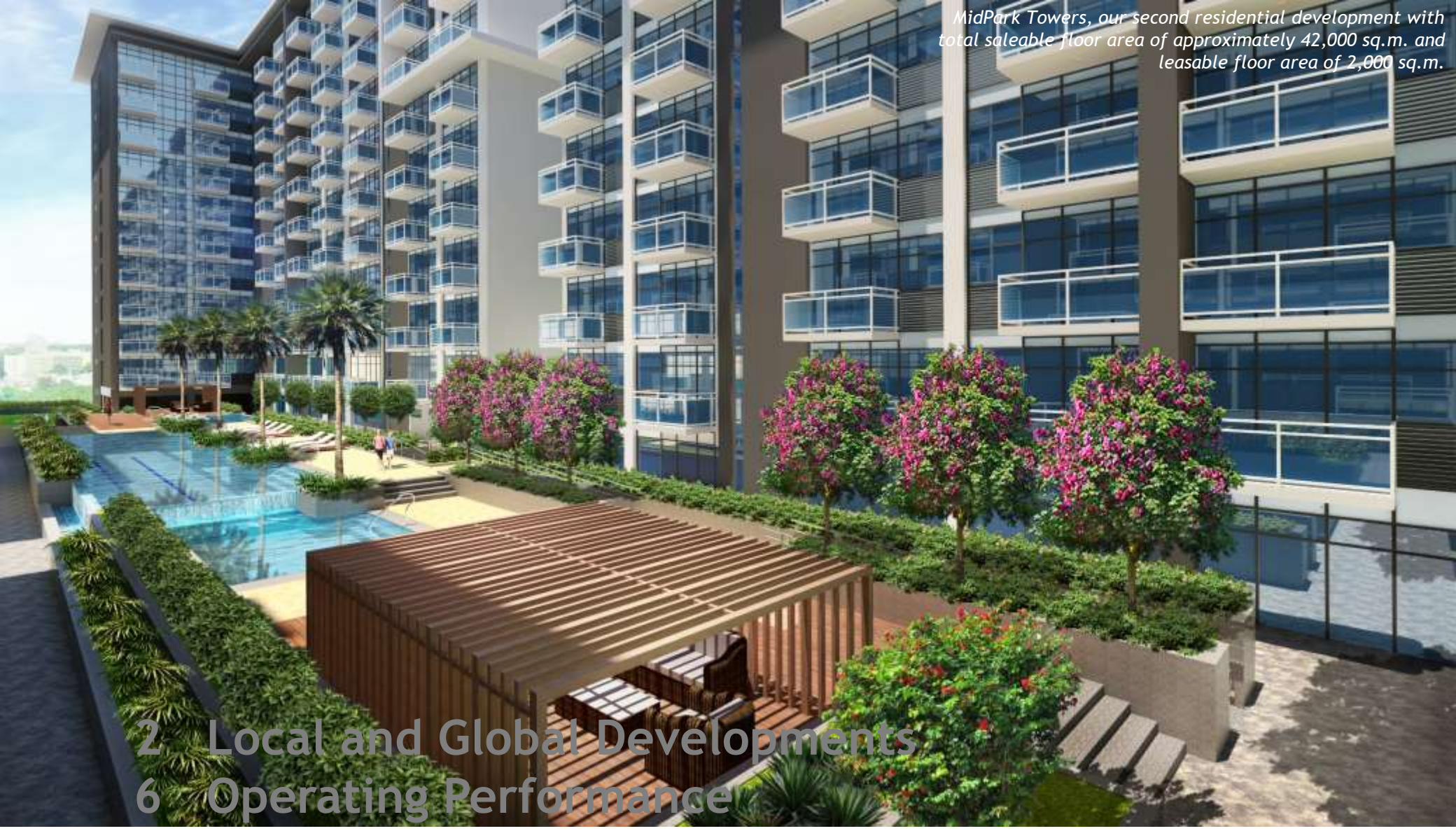
PHP	1Q 2018	2Q 2018	3Q 2018	9M 2018
Rentals				
Land	242,901,942	239,291,039	239,401,884	721,594,865
Building	168,269,280	183,631,649	206,268,725	558,169,654
Other revenues	61,703,259	66,205,767	71,299,302	199,208,328
Recurring income	472,874,482	489,128,454	516,969,911	1,478,972,847
Land sales	1,252,800	-	-	1,252,800
Construction contracts	61,801,660	52,716,123	6,518,671	121,036,454
Sale of condominium units	23,968,689	95,515,590	59,624,306	179,108,585
Total Revenues	559,897,631	637,360,167	583,112,888	1,780,370,686
Gross profit	459,408,937	427,313,824	450,618,698	1,337,341,459
Operating expenses	113,715,317	99,211,883	79,845,618	292,772,818
Operating profit	345,693,620	328,101,941	370,773,080	1,044,568,641
Other income (charges)[1]	296,116,529	323,905,804	323,678,954	943,701,287
Profit before tax	641,810,149	652,007,745	694,452,034	1,988,269,928
Net profit attributable to equity holders	466,644,394	503,126,112	524,732,919	1,494,503,425

Consolidated Statements of Financial Position



PHP	Sep 30, 2018	Dec 31, 2017	Change (%)
Current Assets	16,327,263,389	8,212,136,455	99%
Non-current Assets	21,762,682,966	20,838,465,600	4%
Total Assets	38,089,946,355	29,050,602,055	31%
Current Liabilities	5,218,128,502	5,305,109,945	-2%
Non-current Liabilities	13,493,477,453	13,488,597,621	0%
Total Liabilities	18,711,605,955	18,793,707,566	0%
Equity	19,378,340,401	10,256,894,489	89%
Total Liabilities and Equity	38,089,946,356	29,050,602,055	31%

Capital Structure (PHP)	
Short-term debt	1,593,777,897
Long-term debt	549,250,000
Total bank debts	**2,143,027,897**
Cash and cash equivalents	9,032,907,020
Net cash	**6,889,879,123**
Common equity	18,709,546,712



MidPark Towers, our second residential development with total saleable floor area of approximately 42,000 sq.m. and leasable floor area of 2,000 sq.m.

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Summary: 9M 2018 Highlights

Demonstrated scalability creates short and long term opportunities

- Recurring income from rentals up 31% to P1,479.0 million or 83% of total revenues
  - Office

    New leases signed in 3Q 2018 had 70% higher rental rates than the leases that were expiring
  - Residential

    Unbooked revenues of P1,065 million from Pixel Residences will be progressively recognized from 4Q 2018—2019

    License to sell received for MidPark Towers and launch date set for Nov 20

- Total saleable area of approximately 85,000 sq.m. and total leasable floor area of 290,000 sq.m. to be completed by 2022
- Sizable unallocated land bank of 283,312 sq.m. available for further development by end of 2022
- Planned land sale in 2019

SECURITY

WALKABILITY

SUSTAINABILITY

ACCESSIBILITY

Q&A

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