



AmFIRST

Real Estate Investment Trust

Eighth Annual General Meeting

Presentation to Unitholders
by Raja Nazirin Shah bin Raja Mohamad
Chief Executive Officer and Executive Director

Monday, 10th August 2020

Fully virtual via <https://web.lumiagm.com/>

Contents

- FY2020 Financial and Operational Highlights
- FY2020 Financial Review
- FY2020 Operational Review
- Market Overview and Outlook
- Covid-19 Updates
- Moving Forward
- AGM Resolutions

FY2020 Financial and Operational Highlights

FY2020 Financial Highlights

Income Statement	RM120.7 mil ¹ IN GROSS REVENUE -0.5% YoY	RM76.6 mil ¹ IN NET PROPERTY INCOME -4.2% YoY	RM25.5 mil IN REALIZED NET INCOME -9.6% YoY
Assets & Liabilities	RM1.65 bil OF ASSET UNDER MANAGEMENT +0.3% YoY	RM798.7 mil OF BORROWINGS +1.0% YoY	47.6% OF GEARING +0.2% YoY
Returns to Unitholders	3.35 sen OF TOTAL DPU -16.3% YoY	8.3% IN DISTRIBUTION YIELD BASED ON CLOSING UNIT PRICE OF 40.5 SEN +0.8% YoY	

1. Included the accrued unbilled incremental lease rental income from Mydin Mohamed Holdings Berhad in respect of the 30 years operating lease agreement.

FY2020 Operational Highlights



RM0.3 mil

**NET REVALUATION SURPLUS WITH
RM1.67 BIL ¹ IN APPRAISED VALUE**

RM6.2 mil net revaluation loss in FY2019
with RM1.66 bil ¹ in appraised value



84.9%

OVERALL PORTFOLIO OCCUPANCY

86.7% overall portfolio occupancy in FY2019



RM1.4 mil

**NEW ACQUISITION OF ONE PRIME
LOT AT THE SUMMIT RETAIL**

No acquisition in FY2019



93.7%

IN TENANTS' RETENTION

85.9% tenants' retention in FY2019



16.1%

**REDUCTION OF ELECTRICITY
CONSUMPTION FROM 2016 TO
2019 RESULTED FROM ENERGY
OPTIMIZATION & GO GREEN
INITIATIVES**



35,553 sf

**OF LEASED AREA TAKEN UP BY NEW
TENANTS**

176,756 sf leased area taken up by new
tenants in FY2019

1. Included the accrued unbilled incremental lease rental income from Mydin Mohamed Holdings Berhad in respect of the 30 years operating lease agreement.

FY2020 Financial Review

Statement of Comprehensive Income

- **Gross revenue** declined mainly due to lower overall portfolio occupancy reduced marginally to 84.9%@31/3/20 from 86.7%@31/3/19.
- **Net property income** was lower mainly due to full year impact on increase in service charges & higher electricity cost as well as lower revenue.
- **Interest expenses** declined by 2.3% from RM38.8 mil in FY2019 to RM37.9 mil in FY2020.
- **Total realized income generated** was RM25.5 mil.
- **Total DPU** of 3.35 sen or RM23.0 mil distributed in FY2020 represents distribution ratio of 90%.

	FY2020 (RM mil)	FY2019 (RM mil)	YoY Change (%)
Gross Revenue – Realised	116.1	116.6	-0.5
Net Property Income	76.6	79.9	-4.2
Interest Expense	37.9	38.8	-2.3
Profit After Taxation	23.6	22.3	+5.8
Realised Net Income (available for distribution)	25.5	28.2	-9.6
DPU (Sen)	3.35	4.00	-16.3

Statement of Financial Position

- **Investment properties** increased due to ongoing AELs & acquisition of an additional prime lot at The Summit Retail of RM7.8 mil & RM1.4 mil respectively.
- **Borrowings** increased by RM7.8 mil due to the ongoing AELs.

	31 Mar 20 (RM mil)	31 Mar 19 (RM mil)	YoY Change (%)
Investment Properties ¹	1,647	1,642	+0.3
Total Asset Value	1,679	1,672	+0.4
Borrowings	799	791	+1.0
Net Asset Value (NAV)	841	844	-0.5
Unit in Circulation (Unit) (mil)	686	686	-
Gearing	47.6%	47.3%	+0.3
NAV per Unit (RM)	1.210	1.209	+0.1

1. Excluded the accrued unbilled incremental lease rental income from Mydin Mohamed Holdings Berhad in respect of the 30 years operating lease agreement.

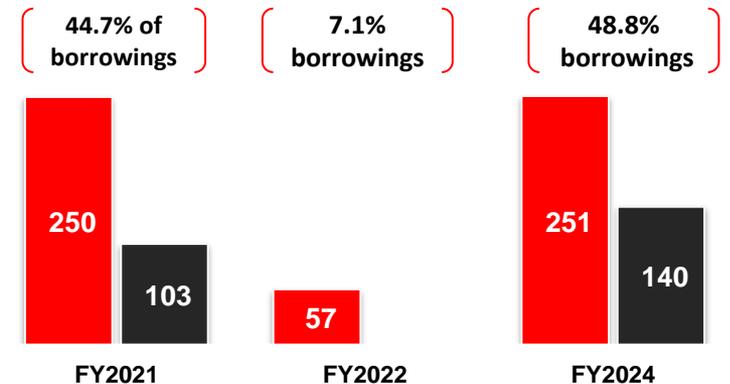
Capital & Interest Rate Management

- **12.5% of total borrowings was hedged** via RM100 mil Interest Rate Swap (“IRS”).
- **87.5% out of RM799 mil borrowings is on floating rate**, enjoying the current low interest rate.
- **Expected lower interest cost** with recent drop in OPR (Average Interest rate of 3.30% in Jul 2020). Interest saving of RM1.75 mil for every 25bps cut in OPR.
- Renewed RM103 mil revolving credit. **No immediate loan maturity except RM250 mil syndicated term loan expiring in Jan21.**

	As at 31 Mar 20	As at 31 Mar 19
Total Borrowings	RM799 mil	RM791 mil
Gearing	47.6%	47.3%
Debt Headroom	RM81 mil	RM90 mil
Weighted Average Maturity	2.3 years	3.1 years
Hedging Profile	12.5% (RM100 mil IRS)	25.3% (RM200 mil IRS)
Weighted Average Interest Rate	4.06%	4.81%
Undrawn Credit Facilities	RM81 mil	RM89 mil
Interest Cover Ratio	1.6 times	1.7 times

Debt Maturity Profile (RM' mil)

As at 31 Mar 2020



■ Term Loan (Floating Rate) ■ Revolving Credit (Floating Rate)

FY2020 Operational Review

Asset Under Management



**Bangunan
AmBank Group**



**Menara
AmBank**



**Menara
AmFIRST**



**Wisma
AmFIRST**



**The Summit
Subang USJ**



Prima 9



Prima 10



Jaya 99

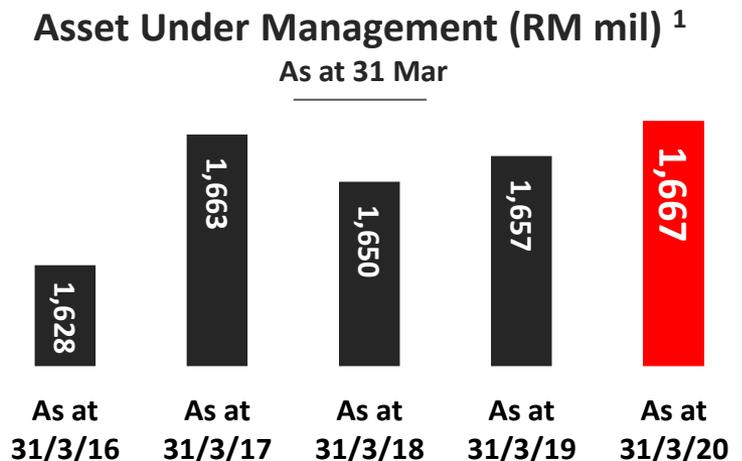


Mydin HyperMall, Bukit Mertajam

Asset Under Management

- **No. of investment properties** remained at 9 properties.
- **Annual revaluation of investment properties** recorded a net revaluation surplus of RM0.3 mil as opposed to net revaluation loss of RM6.2 mil a year earlier.
- **New acquisition** of an additional prime lot at ground floor of The Summit Retail of RM1.4 mil, thus expanding the ownership of strategic lots.
- **Additional capital expenditures** of RM7.8 mil was recognized from the ongoing AElS mainly on lifts modernization at Bangunan AmBank Group & The Summit Office.

Asset Class	Valuation (RM mil)		
	As at 31 Mar 20	As at 31 Mar 19	YoY Change (%)
Office	1,063.0	1,055.6	+0.7
Retail ¹	508.5	506.4	+0.4
Hotel	95.0	95.0	-
Total	1,666.5	1,657.0	+0.6



1. Included the accrued unbilled incremental lease rental income from Mydin Mohamed Holdings Berhad in respect of the 30 years operating lease agreement.

Average Portfolio Occupancy

Property	Net Lettable Area (sf)	FY2019 (%)	FY2020 (%)	YoY Change (%)
Bangunan AmBank Group	360,166	99.6%	100.0%	+0.4
Menara AmBank	458,187	74.9%	72.5%	-2.4
Menara AmFIRST	155,436	60.6%	69.5%	+8.9
Wisma AmFIRST	284,919	77.7%	94.9%	+17.2
Summit Office	135,445	77.1%	71.4%	-5.7
Summit Retail	571,345	79.9%	87.2%	+7.3
Summit Hotel	286,600	100.0%	100.0%	-
Prima 9	111,224	100.0%	100.0%	-
Prima 10	100,272	73.1%	83.8%	+10.7
Jaya 99	225,912	91.9%	88.0%	-3.9
Mydin HyperMall, Bukit Mertajam	536,507	100.0%	100.0%	-
Overall Portfolio	3,226,013	84.5%	86.0%	+1.5

Leasing Management

Tenants' Retention

93.7%

or 705,936 sf was renewed in FY2020

85.9% in FY2019

Rental Reversion

+0.7%
positive reversion

-0.1% negative reversion in FY2019

New Tenant

35,553 sf

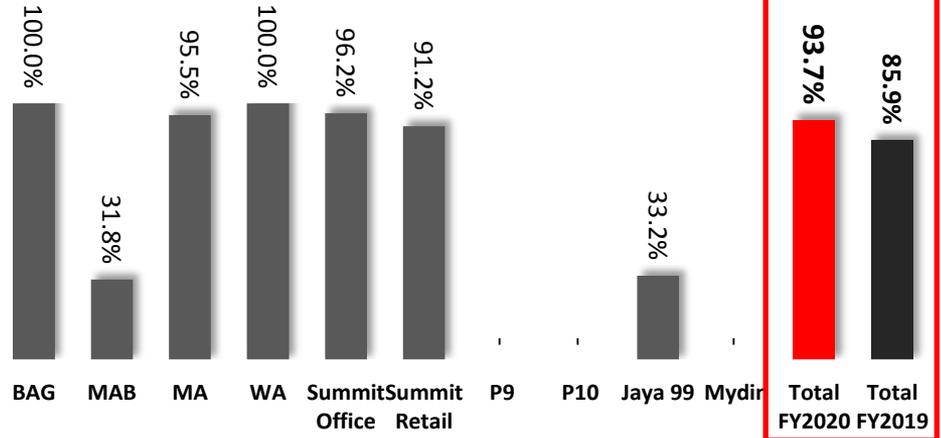
of NLA secured by 9 new tenants

175,756 sf NLA secured by 25 new tenants in FY2019

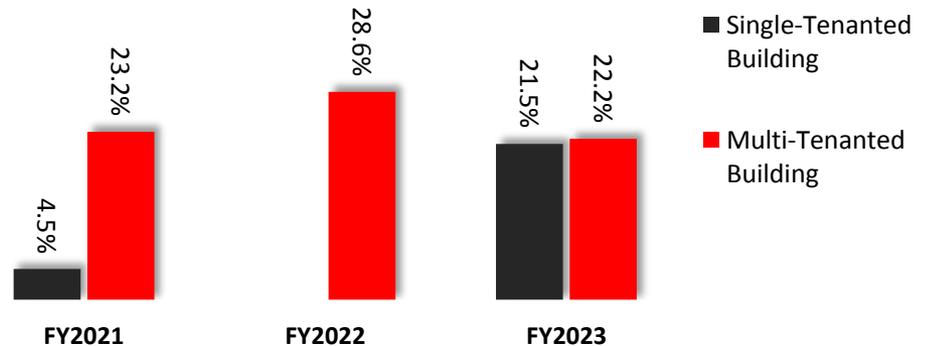
Tenants' Expiry Profile

27.6%
or 0.7 mil sf are due for renewal in FY2021

Tenants' Retention by property

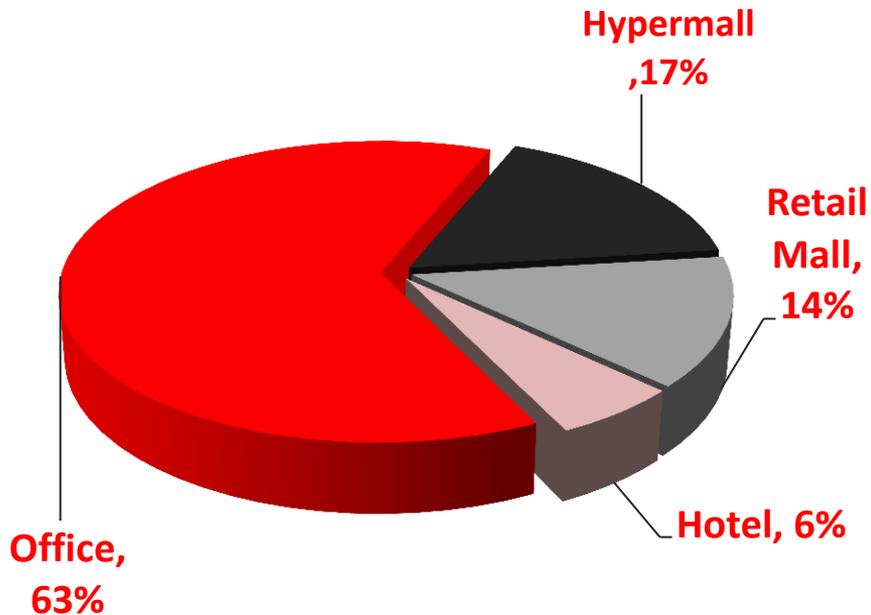


Tenants' Expiry Profile



Diversified Asset Portfolio & Tenants' Base

Diversified Asset Portfolio (by Asset Value)



Top 10 Tenants (by Rental Income)

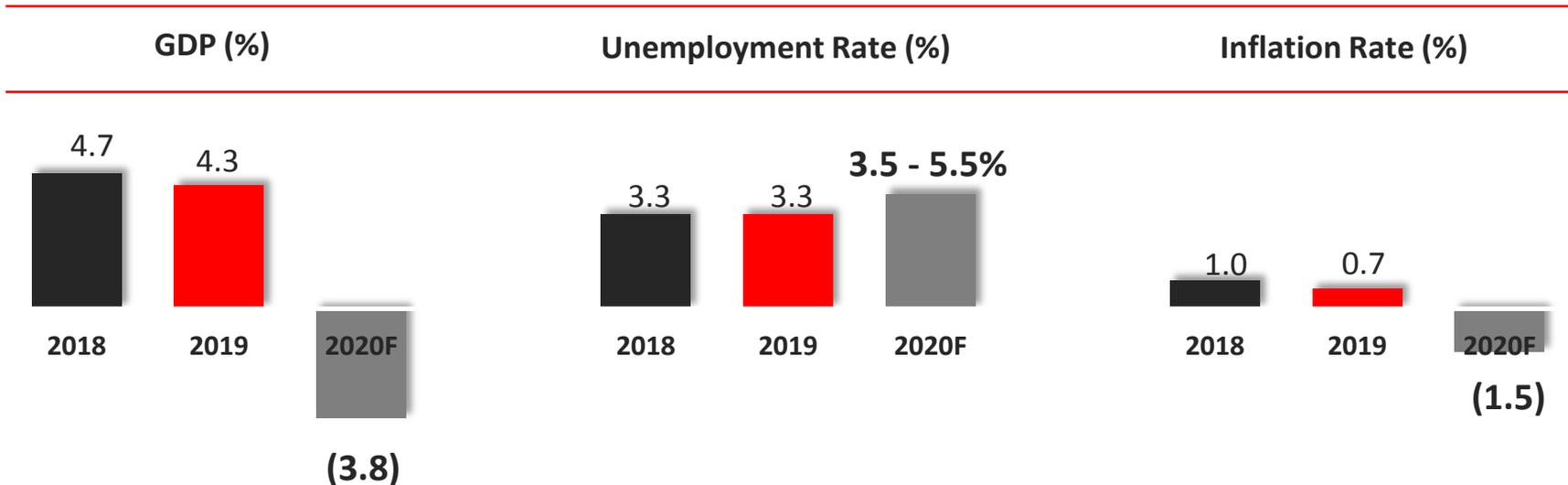
Top 10 tenants accounted for **66.8%** or RM77.5 mil of the annual gross revenue.

Tenant	%
AmBank Group	33.6
Mydin Mohamed Holdings Berhad	14.0
Medical Device Authority	4.6
RBC Investor Services (M) Sdn Bhd	3.7
Summit Hotels Management	2.6
Prudential Assurance	2.5
Shook Lin & Bok	1.7
Kimberly-Clark Group	1.7
Sudong Sdn Bhd	1.4
NOL Global Services Centre Sdn Bhd	1.0
Total	66.8

Market Overview and Outlook

Market Overview

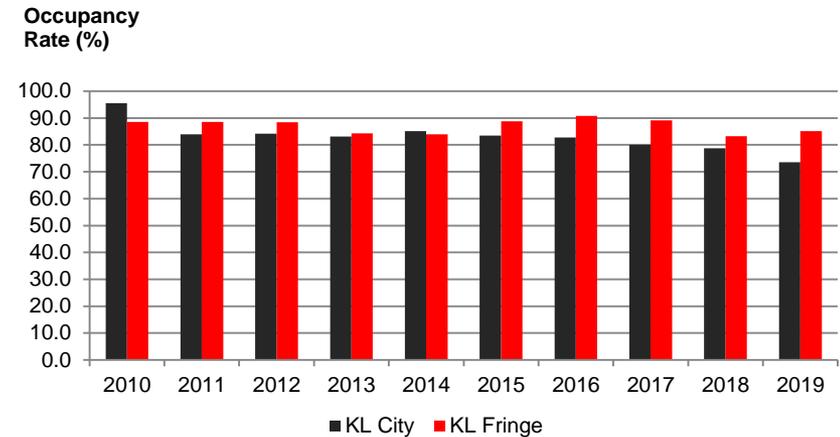
- **GDP** expanded 4.3% in 2019 & is projected at between -2.0% and 0.5% in 2020.
- **Unemployment rate** is expected to peak & range between 3.5% to 5.5%
- **Inflation** is expected to turn negative due to lower global fuel prices coupled with weaker domestic growth prospects & labor market.
- **Prolonged Covid-19** is expected to exert further pressure on oversupplied office market.
- **Lower leasing activity** is expected as businesses cope with the financial fallout.



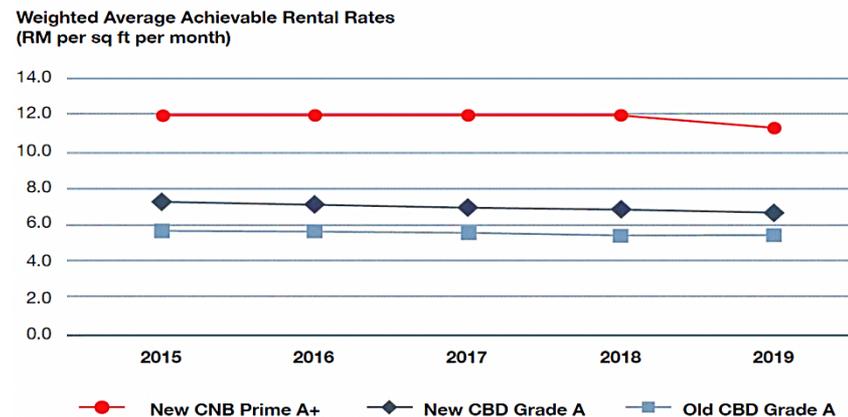
Market Outlook for KL Office

- **Overall occupancy** in KL City continue to decline to 73.6% in 2019 (2018 : 78.8%) whilst in KL Fringe, the overall occupancy improved to 85.1% in 2019 (2018 : 83.2%). Overall occupancy rate continues to be under pressure in 1H2020.
- **Average rental** in KL City continued to be under pressure with growing challenges attributed to the Covid-19 & imbalance in office supply-demand
- **Cumulative supply** in KL City stood at 55.7 mil sq ft in 2019 whilst in KL Fringe, the supply was 29.4 mil sq ft.
- **New supply** by 2020 & 2021 of ~8.7 mil sq ft (~16% of the current supply in 2019).
- **Office outlook remains cloudy** with rental & occupancy levels expected to head south as gap between supply and demand continues to widen amid weaker office demand.

Occupancy declined



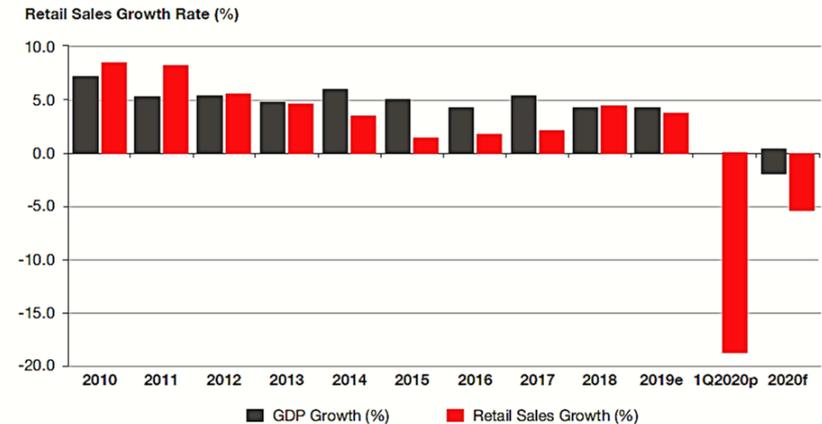
Stagnant in rental rate



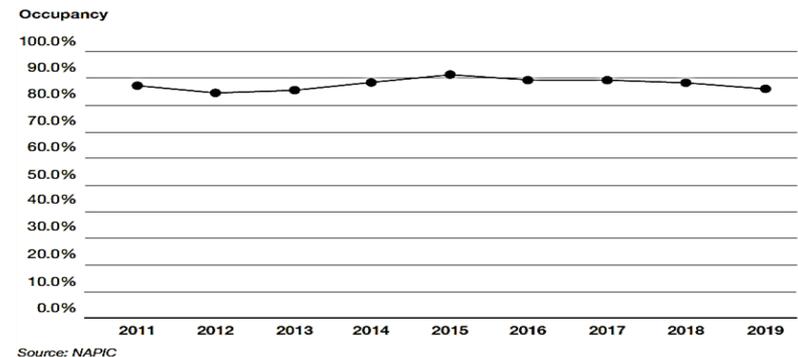
Market Outlook for Selangor Retail

- **Occupancy** dropped marginally to 82.1% in 2019 (2018: 84.3%). Overall occupancy rate further declined to 78.4% in 1H2020.
- **Average rental** in Selangor remained resilient with 1H2020 average achievable rental rates holding steady.
- **Cumulative supply** stood at 39.0 mil sq ft in 2019 [2018 : 30.5 mil sq ft] with additional spaces of 1.6 mil sq ft slated for completion by end 2020.
- **AEIs cum rejuvenation plans** embarked by shopping malls amid heightened competition & increased challenges in retail market
- **Retail landscape continues to face hardships** largely due to the fallout of the Covid-19 outbreak. However, retail sales trend is anticipated to gradually improve moving forward after RMCO.

Retail Growth has been trending down



Occupancy under pressure



Covid-19 Updates

Navigating through Covid-19



SUPPORTING AFFECTED TENANTS

- **Government's stimulus packages**, amongst other moratorium for loan, Wage subsidy program, Special grant for SME, special tax incentive to affected sector etc.
- **Bank Negara Malaysia's monetary easing** to support the economy by reducing OPR by 125bps, from Jan 2020 – July 2020.

AmFIRST REIT's Tenants Support Measures rolled-out to support tenant business continuity particularly for retail & hotel :-

- ✓ Rental rebate on a case-by-case basis
- ✓ Deferment rental payment



PRECAUTIONARY HEALTH & SAFETY MEASURES

- **Standard operating procedures** is established to mitigate the spreading of the virus.
- **Stringent screening** is enforced on both occupants & visitors such as
 - ✓ Self-declaration form; and
 - ✓ Temperature screening.
- Additional measures put in place -
 - ✓ **Enhanced sanitization** for heavy touch surface;
 - ✓ **Thermal scanning**;
 - ✓ **Hand sanitizer** provided at reception;
 - ✓ **Enforcement of social-distancing** at common area.

Business Impacts by Covid-19



Operational Challenges & Risk Management

- ✓ **Valuation investment properties** is expected to be impacted and hence the gearing level.
- ✓ **Leasing activities** slowed down as tenants are holding back expansion plans.
- ✓ **Occupancy & rental rates** under pressure as tenant business impacted by Covid-19.
- ✓ Implement various **precaution measures and SOP** on buildings health and safety to mitigate the risk associated with the virus from spreading.
- ✓ **Leases due for renewal** in FY2021 accounted ~27.6% of total NLA.



Financial & Liquidity

- ✓ **Revenue** impacted by rental rebate and tenant default.
- ✓ Estimated **interest saving** of RM8.6 mil YoY from recent cut in OPR as 87.5% of total borrowings in floating rate.
- ✓ Implemented stringent **cost control** and **limit discretionary capital expenditure** to conserve cash.
- ✓ **Electricity discount** of 15% (Retail) & 2% (Office).
- ✓ **Distribute 90%** of realised income by retained 10%.
- ✓ RM250 mil **borrowings due for renewal** in FY2021.

Moving Forward

Eighth Annual General Meeting, 10th August 2020

Fully virtual via <https://web.lumiagm.com/>

Moving Forward :

Improve Distribution and Long Term Value Creation

Improve Distribution

Long Term Value Creation

Assets Optimisation

- Step up leasing efforts to improve occupancy (Target > 90% overall occupancy).
- Leasing undertaking to ride on current trend (work from home, social distancing, digital set-up process, essential services etc).
- Further explore energy & cost optimizing initiative to cushion the impact of Covid-19.

Portfolio Rationalisation

- Strategic divestments of non-core & non-strategic assets.
- Value accretive deals that create long term value.
- Target key growth market segments with strong fundamentals.

Prudent Capital Management

- Optimise capital structure (Target Gearing level of 35% - 40%).
- Active interest rate management & effective hedging strategy.
- Diversify funding sources and maintain competitive average interest rate.

AGM Resolutions

AGM Resolutions

Items	Agenda	Approval Required	Purpose
Resolution 1	Proposed Authority to Allot & Issue New Units pursuant to Paragraph 6.59 of Main Market Listing Requirements of Bursa Securities – ‘General Mandate’ ≤ 20% of existing Fund Size.	Ordinary Resolution	To enable the Manager to raise fresh equity to meet future acquisitions and asset enhancement expenditure without breaching the 50% gearing threshold.
Resolution 2	Proposed Increase in Existing Total Number of Units Issued to a Maximum of 823,681,920 Units pursuant to the passing of Resolution 1 .	Ordinary Resolution	To increase the fund size pursuant to the passing of Resolution 1 .

Disclaimer

- The information contained herein does not carry any right of publication or disclosure to any other party. Neither this proposal nor its content may be used for any other purpose without prior written consent of AmREIT Managers Sdn Bhd (“**AmREIT**”), the Manager of AmFIRST Real Estate Investment Trust.
- The information may contain forward-looking statements that involves risks and uncertainties. Prospective investors are cautioned that actual results may differ materially from those set forth in any forward-looking statements herein as a result of a number of risks, uncertainties and assumptions.
- The information does not constitute an offer or invitation to purchase or subscribe for any units in the AmFIRST REIT. Any decision to purchase shares in the offering should be made solely on the basis of the information contained in the prospectus to be published in due course in conjunction with the listing exercise.
- AmREIT expressly disclaims any and all liabilities to any parties or representations, expressed or implied, contained in or omissions from the documents or any other written or oral communications transmitted as a result of the circulation, publication, reproduction or use of this document.

Thank You