



**AmFIRST**

Real Estate Investment Trust

# Ninth Annual General Meeting

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

Wednesday, 7<sup>th</sup> July 2021

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

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# FY2021

# Key Highlights

# Key Highlights 2021



**81 %**

Solid Occupancy Rate  
as at 31 March 2021



**82%**

In Tenants Retention



**68,917 sf**

Committed new tenancy  
in FY2021



**27% or RM3.6 mil**

Reduction of electricity consumption  
as compared to 2016, achieved  
through energy optimisation &  
Go-Green Initiatives



**11.62%**

FY2021

Total Return

**VS**

**(20.53)%**

FY2020

Total Return

# FY2021 Financial Review

# Statement of Comprehensive Income

- **Lower gross revenue & net property income** mainly due to rental rebate & waiver given to eligible tenants affected by COVID-19 pandemic & lower overall portfolio occupancy from 84.9%@31/3/20 to 81.2%@31/3/21.
- **Lower interest expense** driven by lower cost of debts as a result of reductions in the Policy Rate.
- **Total DPU** of 2.82 sen or RM19.4 mil distributed for FY2021 represents distribution ratio of 90%.

	FY2021 (RM mil)	FY2020 (RM mil)	YoY Change (RM)	YoY Change (%)
Gross Revenue – Realised	102.9	116.1	-13.2	-11.3
Net Property Income	65.0	76.6	-16.6	-15.1
Interest Expense	29.0	37.9	-8.9	-23.5
Profit After Taxation	2.7	23.6	-20.9	-88.4
<b>Realised Net Income (available for distribution)</b>	<b>21.5</b>	<b>25.5</b>	<b>-4.0</b>	<b>-15.6</b>
<b>DPU (Sen)</b>	<b>2.82</b>	<b>3.35</b>	<b>-0.53</b>	<b>-15.8</b>

# Statement of Financial Position

- **Decrease in value of investment properties** largely due to the fair value loss of RM22.9 million.
- **Increase in Borrowings** driven by the ongoing AELs and for working capital purpose.

	31 Mar 21 (RM mil)	31 Mar 20 (RM mil)	YoY Change (%)
Investment Properties <sup>1</sup>	1,629	1,647	-1.1
Total Asset Value	1,674	1,679	-0.3
Borrowings	814	799	+2.0
Net Asset Value (NAV)	824	841	-2.0
Unit in Circulation (Unit) (mil)	686	686	-
<b>Gearing</b>	<b>48.7%</b>	<b>47.6%</b>	<b>+1.1</b>
<b>NAV per Unit (RM)</b>	<b>1.186</b>	<b>1.210</b>	<b>-2.0</b>

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

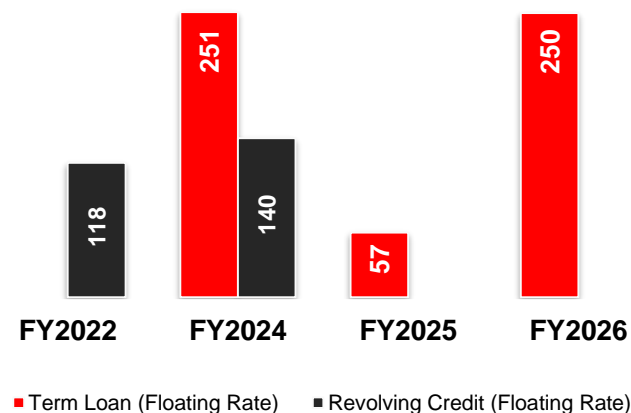
- **Gearing increased slightly to 48.7%** mainly due to revaluation loss on investment properties.
- **100% of borrowings are on floating rate**, enjoying the current low interest rate.
- **Lower interest cost** resulted from lower cost of debts as a result of reductions in the Overnight Policy Rate. Expected interest saving of RM2.0 mil for every 25bps cut in OPR, vice versa.
- Renewed RM250 mil Syndicated Term Loan for another 5 years to Jan 2026. **No immediate loan maturity except for RM118 mil revolving credit facilities expiring in Oct'21 & Mar'22, that are subject to annual review.**

	As at 31 Mar 21	As at 31 Mar 20
Total Borrowings	RM815 mil	RM799 mil
Gearing	48.7%	47.6%
Debt Headroom (before 50% gearing)	RM44 mil	RM81 mil
Weighted Average Debt Maturity	3.2 years	2.3 years
Hedging Profile	100% variable	12.5% fixed via IRS
Weighted Average Interest Rate	3.18%	4.06%
Undrawn Credit Facilities	RM65 mil	RM81 mil
Interest Cover Ratio	1.1 times	1.6 times

## Debt Maturity Profile (RM' mil)

As at 31 Mar 2021

( 14.4% of borrowings )
( 48.0% of borrowings )
( 7.0% of borrowings )
( 30.6% of borrowings )





# FY2021 Operational Review

# Asset Under Management



**Bangunan  
AmBank Group**



**Menara  
AmBank**



**Menara  
AmFIRST**



**Wisma  
AmFIRST**



**The Summit  
Subang USJ**



**Prima 9**



**Prima 10**



**Jaya 99**

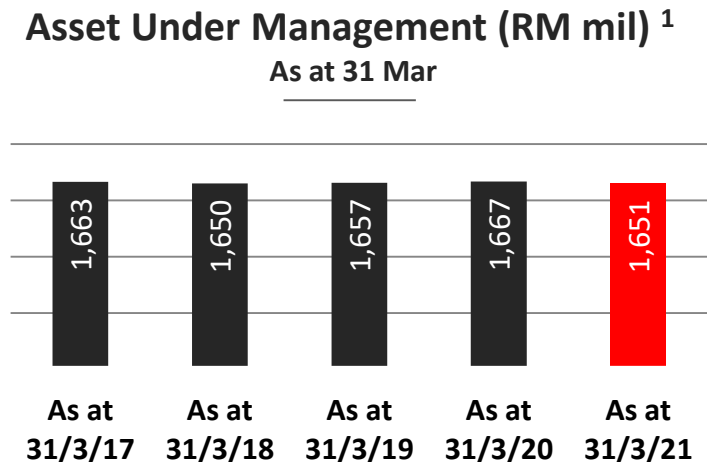


**Mydin HyperMall, Bukit Mertajam**

# Asset Under Management

- **No. of investment properties** remained at 9 properties.
- **Annual revaluation of investment properties** recorded a net revaluation loss of RM22.9 mil.
- **Additional capital expenditures of RM4.2 mil** was recognised from the ongoing AElS largely at Menara AmBank, The Summit Retail and Hotel.

Asset Class	Valuation (RM mil)		
	As at 31 Mar 21	As at 31 Mar 20	YoY Change (%)
Office	1,064	1,063	+0.1
Retail <sup>1</sup>	499	509	-2.0
Hotel	88	95	-7.4
<b>Total</b>	<b>1,651</b>	<b>1,667</b>	<b>-1.0</b>



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

# Asset Under Management

## Breakdown by Property

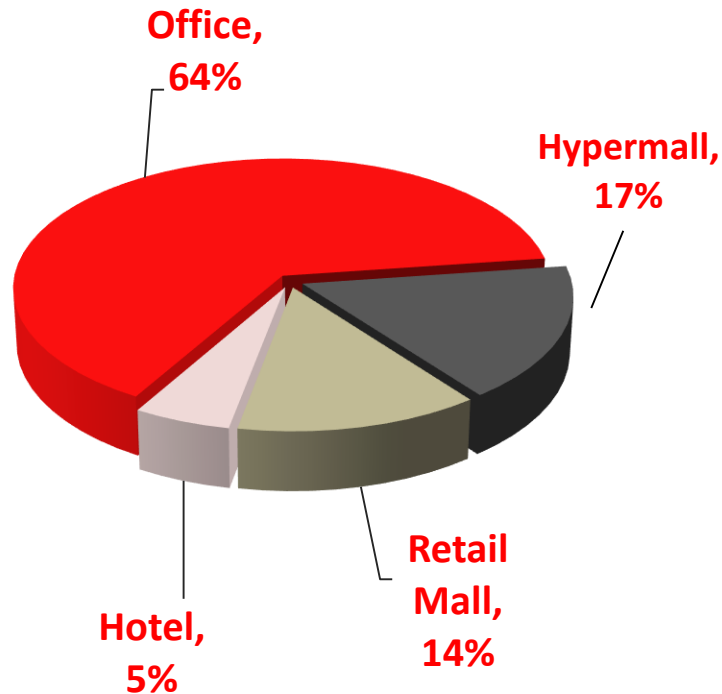
No.	Property	Carrying Amount as at 1 Apr 2020	Movement in FY2021			Carrying Amount as at 31 Mar 2021
			CAPEX	Accrued Unbilled Rental Income	Revaluation Gain/(Loss)	
		(RM mil)	(RM mil)	(RM mil)	(RM mil)	(RM mil)
1.	Bangunan AmBank Group	265.7	0.6	-	(0.4)	265.9
2.	Menara AmBank	322.0	1.1	-	(1.1)	322.0
3.	Menara AmFIRST	66.0	-	-	0.2	66.2
4.	Wisma AmFIRST	117.9	0.0	-	0.1	118.0
5.	The Summit Subang USJ	374.0	2.5	-	(19.1)	357.4
6.	Prima 9	73.2	-	-	-	73.2
7.	Prima 10	65.7	0.0	-	0.1	65.8
8.	Jaya 99	104.0	0.0	-	0.6	104.6
9.	Mydin HyperMall (Note 1)	258.6	-	(3.3)	-	255.4
<b>Total</b>		<b>1,647.1</b>	<b>4.2</b>	<b>(3.3)</b>	<b>(19.6)</b>	<b>1,628.5</b>

### Note

1. The amount is adjusted with accrued unbilled rental income as required by MFRS 140 Investment Properties and MFRS 16 Leases.

# Diversified Asset Portfolio & Tenants' Base

## Diversified Asset Portfolio (by Asset Value)



## Top 10 Tenants (by Rental Income)

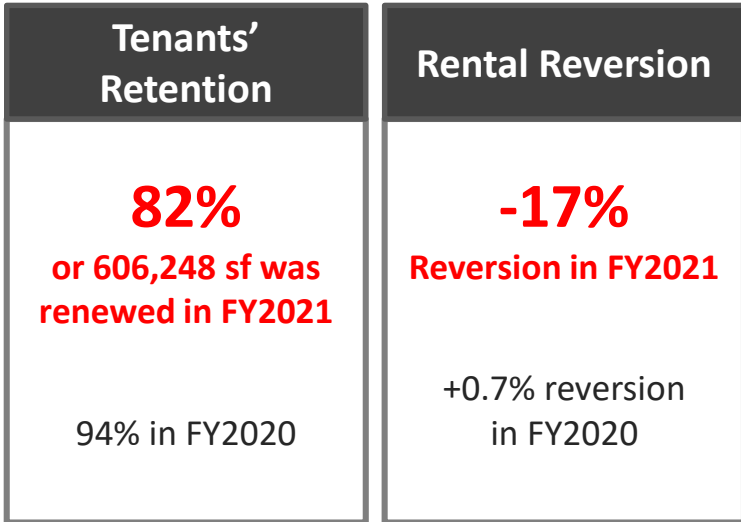
Top 10 tenants accounted for 69.8% or RM74.9 mil of the annual gross revenue.

Tenant	Category	%
AmBank Group	Essential	36.0
Mydin Mohamed Holdings Berhad	Essential	18.0
RBC Investor Services (M) Sdn Bhd	Essential	3.8
Medical Devices Authority	Essential	3.4
Prudential Assurance	Essential	2.5
Shook Lin & Bok	Non-Essential	1.5
Sudong Sdn Bhd	Essential	1.5
Home Product Centre	Essential	1.1
IMC Education Sdn Bhd	Non-Essential	1.0
AIA Berhad	Essential	1.0
<b>Total</b>		<b>69.8</b>

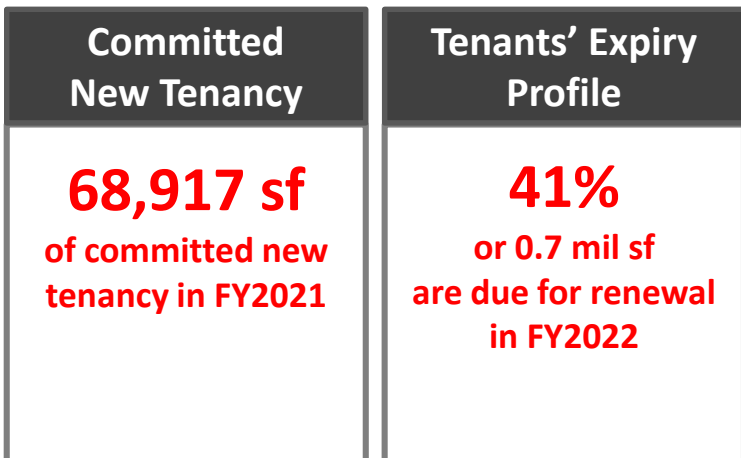
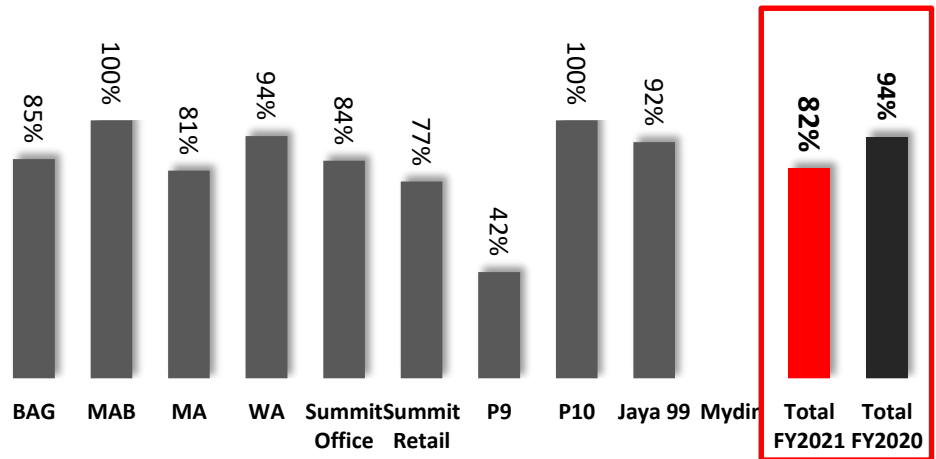
# Average Portfolio Occupancy

Property	Net Lettable Area (sf)	FY2020 (%)	FY2021 (%)	YoY Change (%)
Bangunan AmBank Group	360,166	100.0%	100.0%	-
Menara AmBank	458,187	72.5%	72.7%	+0.2
Menara AmFIRST	155,436	69.5%	75.4%	+5.9
Wisma AmFIRST	284,919	94.9%	89.7%	-5.2
Summit Office	135,445	87.2%	83.1%	-4.1
Summit Retail	571,345	71.4%	66.8%	-4.6
Summit Hotel	286,600	100.0%	100.0%	-
Prima 9	111,224	100.0%	70.8%	-29.2
Prima 10	100,272	83.8%	83.8%	-
Jaya 99	225,912	88.0%	81.9%	-6.1
Mydin HyperMall, Bukit Mertajam	536,507	100.0%	100.0%	-
<b>Overall Portfolio</b>	<b>3,226,013</b>	<b>86.0%</b>	<b>83.0%</b>	<b>-3.0</b>

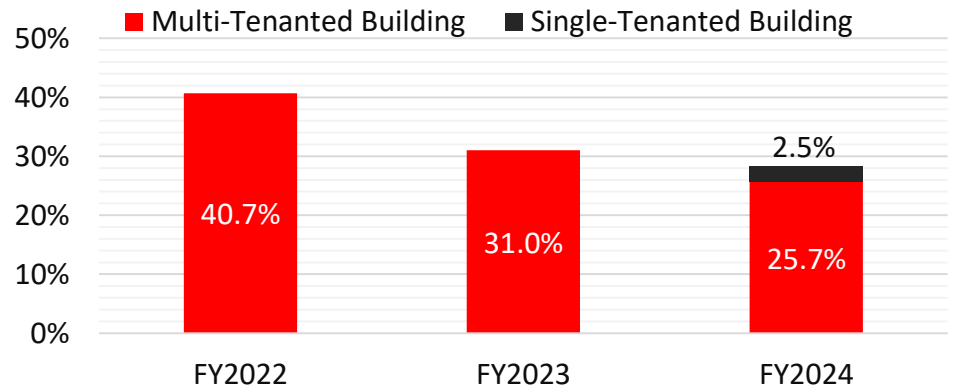
# Leasing Management



## Tenants' Retention by Property



## Tenants' Expiry Profile

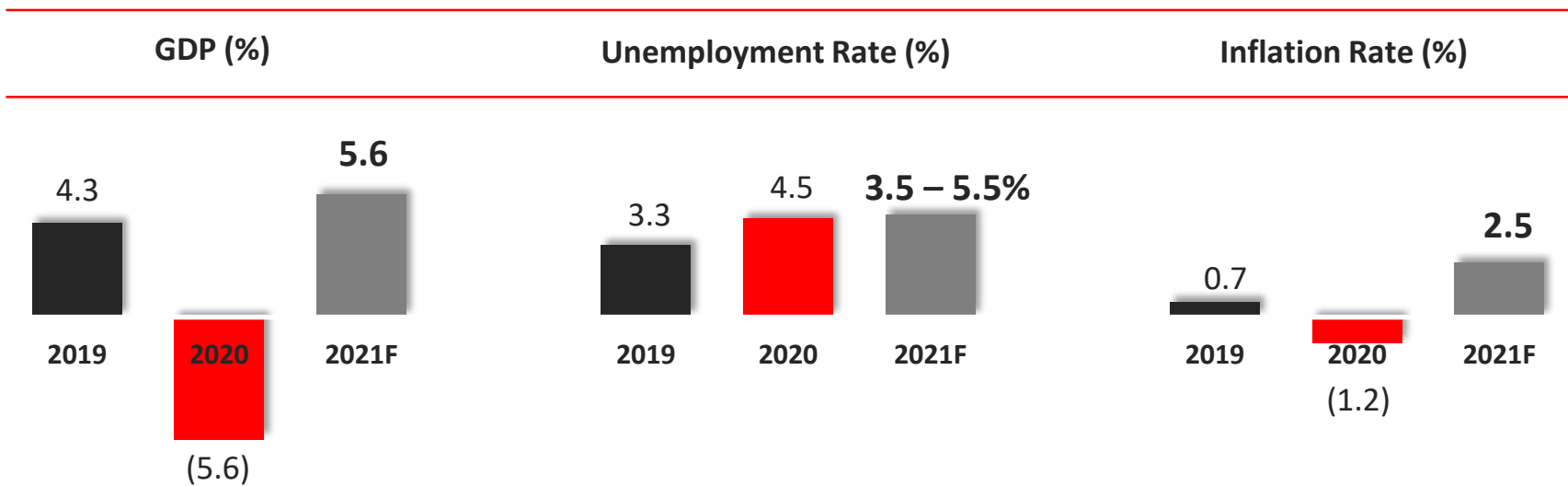


# Market Overview and Outlook



# Market Overview

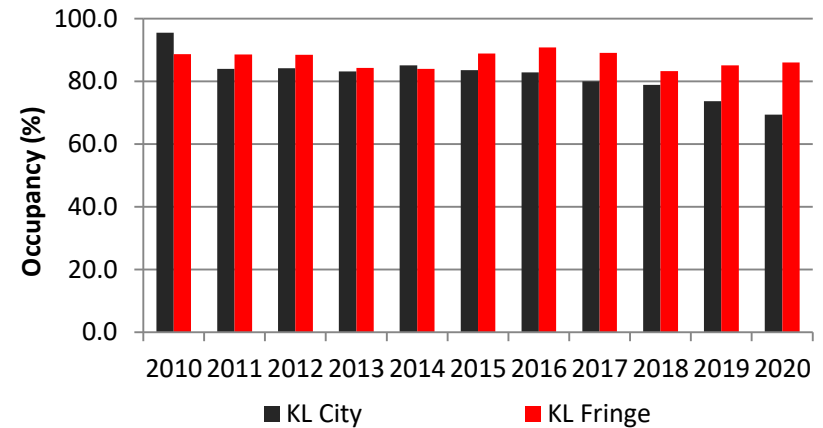
- **GDP** contracted 5.6% in 2020 (2019 : 4.3%) & registered a negative growth of 0.5% in 1Q2021. GDP is projected to recover with the expected rebound in global growth, gradual normalisation in economic activity & labor market conditions & various targeted policy support.
- **Unemployment rate** is expected to edge upward & range between 3.5% to 5.5%.
- **Inflation** is projected to average higher in 2021, primarily due to higher global oil prices.
- **Prolonged COVID-19** is expected to exert further pressure on oversupplied office market.
- **Leasing activity** remains subdued with the possibility of further impacts from further lockdown.



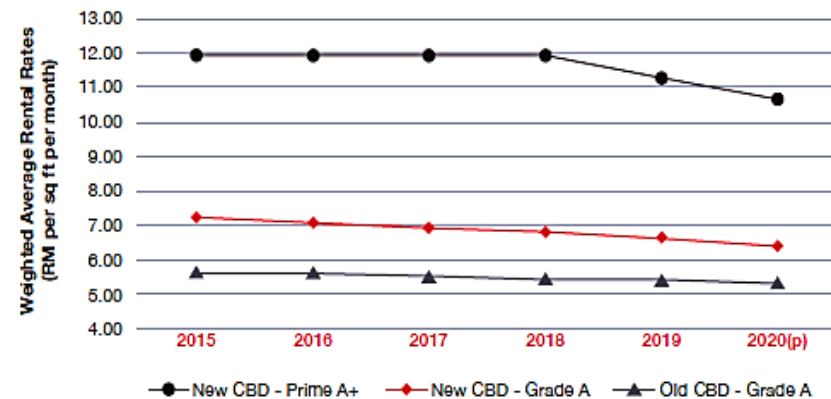
# Market Outlook for KL Office

- **Overall occupancy** in KL City continue to decline to 69.4% (2019 : 73.6%) whilst in KL Fringe, the overall occupancy improved to 86% (2019 : 85.1%). occupancy rate continues to be under pressure which saw negative absorption in 1Q2021.
- **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 56.1 mil sq ft in 2019 whilst in KL Fringe, the supply was 29.4 mil sq ft.
- **New supply** of 10.8 mil sq in 2021 & 2022.
- In the near term, the trend of working from home amid MCO to contain the spread of COVID-19 will further depress the office market.

## Occupancy declined



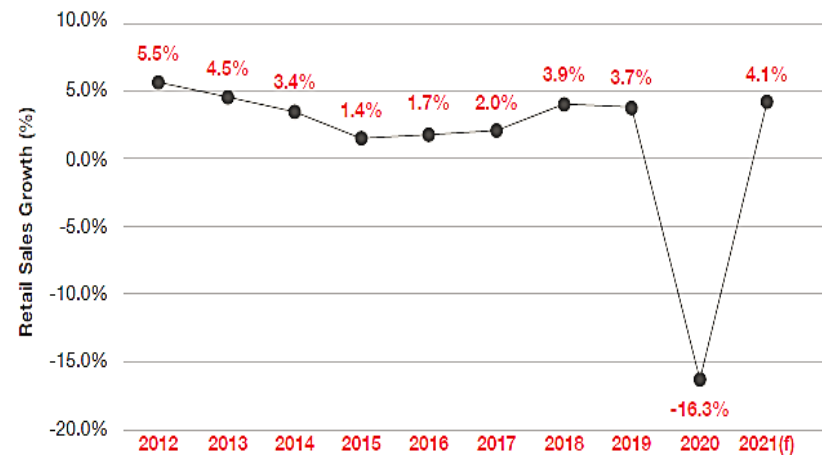
## Rental under pressure



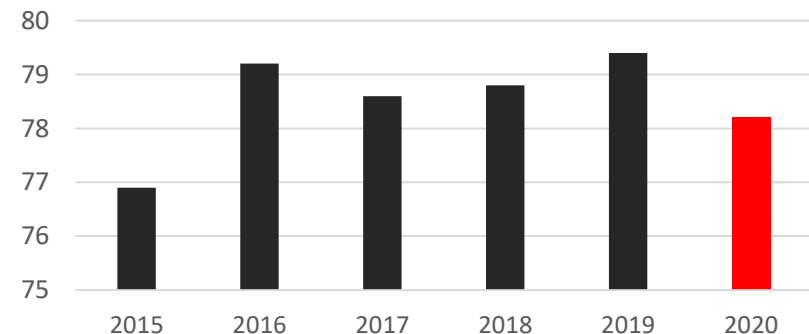
# Market Outlook for Selangor Retail

- **Occupancy** dropped marginally to 78.2% (2019: 79.4%).
- **Average rental** in Selangor remained firm with average achievable rental rates holding steady.
- **Cumulative supply** stood at 33.4 mil sq ft (2019 : 39.0 mil sq ft).
- **Retail landscape continues to remain weak** due to cautious consumer spending amid the economic downturn. The reinforcement of MCO 3.0 has thwarted the gradual recovery of the economy.

## Retail industry registered its worst performance in two decades

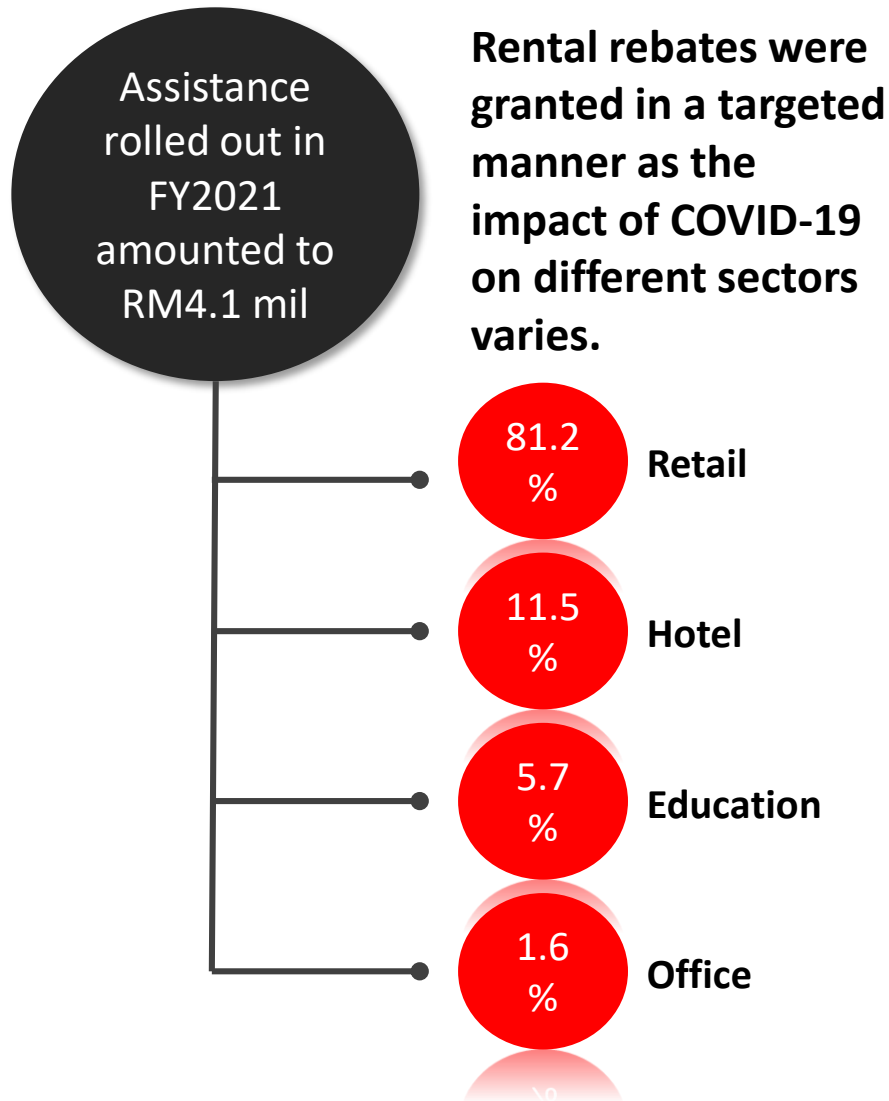


## Occupancy under pressure



# COVID-19 Updates

# Targeted Rental Assistance Programme



## Other assistance to support affected tenants

- Rental outstanding installment scheme.
- Deferment of rental payment.
- Provide short term renewal at lower rental to assist tenant to sustain the business.

# Riding through COVID-19

## Prudent Capital Management

- Implement stringent cost control and limit and/or defer non-essential capital expenditure to conserve cash.
  - Distribute 90% of realised income by retaining 10%.
  - Current available undrawn credit facilities stood at RM64 mil.
- 

## Proactive Leasing Management

- Focus on tenants retention.
  - Implement proactive marketing strategies.
  - Reinvent to be more resilient, adapting the operational models to the 'new normal'.
- 

## Diversification of asset class

- Diversification into logistics asset class to capitalise on the increasing demand due to the acceleration in e-commerce.
- Continue looking at opportunistic divestment of low yielding assets within the property portfolio as strategy to rationalise the asset portfolio and optimize the gearing level before exploring diversification of asset into other asset class such as logistic asset.

# Moving Forward

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Ninth Annual General Meeting, 7th July 2021

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

# Moving Forward :

## Improve Distribution and Long Term Value Creation

### Improve Distribution

#### Sector-specific Leasing Initiative

- Focus on existing tenants in the portfolio (organic growth) that require more space due to social distancing.
- Focus on tenants that are accelerating the digitalisation process.
- Focus on essential services tenants as demand will likely be strong over 2-3 years.

### Long Term Value Creation

#### Portfolio Rationalisation

- Disposal of non-performing assets to reduce gearing & recycle capital into better assets.
- Diversify into logistics by riding on the e-commerce wave.
- Diversify into other asset classes to reduce dependency on the office & retail assets in the current portfolio.

#### Prudent Capital Management

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



# Focus for FY2022



## Continue on the Rescue Plan

To continue with our rescue plan for our tenants (especially in the retail and SME segment) during the ongoing MCO and post MCO, leading to future tenancy renewals of current tenants (building on the > 600,000 sq. ft. tenancy renewal in FYE2021)



## Focus on essential tenants

To focus on acquiring essential tenants for our assets that will be a natural hedge against the ongoing COVID-19 pandemic. Examples are Lulu Hypermarket (hypermarket MNC) and CMA CGM France (global shipping MNC)



## Summit Hotel repositioning

To continue with the repositioning of Summit Hotel as a quarantine center for global travelers that enter Malaysia, which is a stable business model in a very volatile and fragile hospitality industry

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