

Tenth Annual General Meeting

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

Thursday, 21 July 2022

Fully virtual via <https://meeting.boardroomlimited.my>

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.

Contents

- FY2022 Key Highlights
- FY2022 Financial Review
- FY2022 Operational Review
- Market Overview and Outlook
- Moving Forward

FY2022 Key Highlights

Tenth Annual General Meeting, 21st July 2022

Fully virtual via <https://meeting.boardroomlimited.my>

FY2022 Key Highlights



Financials

RM1.61 bil ↓
In Asset Under Management
(31.3.2021: RM1.63 bil)

RM22.2 mil ↑
Realised Net Income
(FY2021: RM21.5 mil)

3.02 sen ↑
In Total DPU for FY2022
(FY2021: 2.82 sen)

49.1% ↑
In Gearing Ratio
(31.3.2021: 48.7%)



Operations

79% ↓
In Occupancy Rate
(31.3.2021: 81%)

93% ↑
In Tenants Retention
(FY2021: 82%)

122,511 sf ↑
In Committed new tenancy in FY2022
(FY2021: 68,917 sf)



ESG

Established
3-Year ESG Roadmap
For FY2023 to FY2025

5% ↓
Reduction in electricity consumption
as compared to FY2021

Certified Gold Star ★
awarded to Menara AmBank under the
Energy Management Gold Standard by
Malaysian Green Technology And
Climate Change Corporation and ASEAN
Energy Management Scheme

FY2022 Financial Review

Tenth Annual General Meeting, 21st July 2022

Fully virtual via <https://meeting.boardroomlimited.my>

Summary of Comprehensive Income

- **Lower gross revenue & net property income** mainly due to lower overall portfolio occupancy from 81.2% as at 31/3/2021 to 78.9% as at 31/3/2022 and lower carpark income.
- **Lower interest expense** driven by lower cost of debts as a result of reductions in the Policy Rate.
- **Higher DPU** of 3.02 sen or RM20.7 mil distributed for FY2022, represents distribution ratio of 93% of realised net income.

	FY2022 (RM mil)	FY2021 (RM mil)	Chg (RM mil)	Chg (%)
Gross Revenue – Realised	96.6	102.9	(6.3)	-6.1
Net Property Income	59.3	65.0	(5.7)	-8.8
Interest Expense	26.8	29.0	(2.2)	-7.6
Profit After Taxation	5.3	2.7	2.6	+96.3
Realised Net Income (available for distribution)	22.2	21.5	0.7	+3.3
DPU (Sen)	3.02	2.82	0.20	+7.1

Summary of Financial Position

- **Decrease in value of investment properties** mainly due to fair value loss on revaluation of investment properties of RM17.8 mil.
- **Marginal increase in borrowings** to finance the ongoing CAPEX and working capital purpose.

	31.3.2022 (RM mil)	31.3.2021 (RM mil)	YoY Chg (%)
Investment Properties ⁽ⁱ⁾	1,609	1,629	-1.0
Total Asset Value	1,661	1,674	-1.0
Borrowings	815	814	-0.1
Net Asset Value (NAV)	812	824	-1.4
Unit in Circulation (Unit) (mil)	686	686	-
Gearing	49.1%	48.7%	+0.4
NAV per Unit (RM)	1.163	1.186	-1.9

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

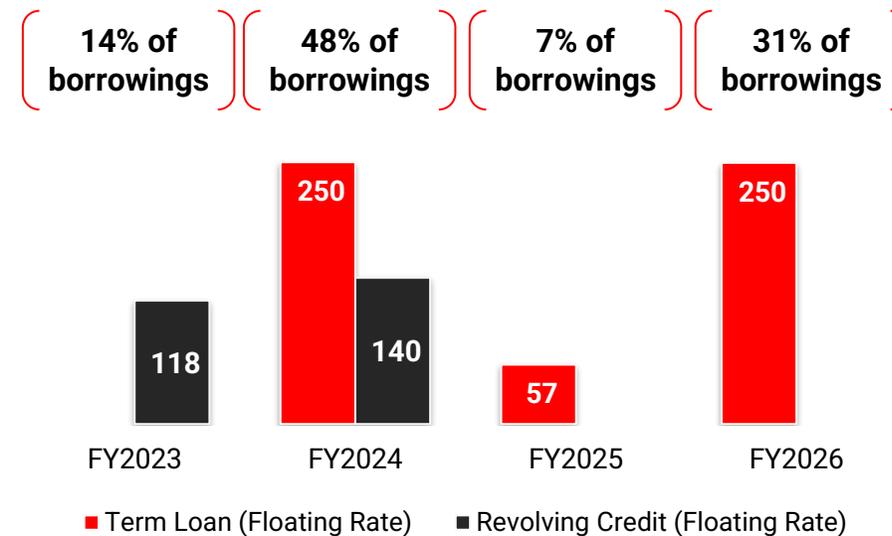
Capital & Interest Rate Management

- **Gearing** increased slightly to 49.1% mainly due to revaluation loss on investment properties of RM17.8 mil.
- **100% of borrowings** are on floating rate at average interest rate of 3.18% per annum.
- Expected increase/(decrease) in interest cost by RM2.0 mil for every 25bps increase/(decrease) in OPR.
- **No immediate loan maturity** except for RM118 mil revolving credit facilities which subject to annual review.

	As at 31.3.2022	As at 31.3.2021
Total Borrowings	RM815 mil	RM815 mil
Gearing	49.1%	48.7%
Debt Headroom (before 50% gearing limit)	RM31 mil	RM44 mil
Weighted Average Debt Maturity	2.2 years	3.2 years
Hedging Profile	100% variable	100% variable
Weighted Average Interest Rate	3.18%	3.18%

Debt Maturity Profile (RM' mil)

As at 31.3.2022



FY2022 Operational Review

Asset Under Management



Bangunan AmBank Group



Menara AmBank



Menara AmFIRST



Wisma AmFIRST



The Summit Subang USJ



Prima 9



Prima 10



Jaya 99



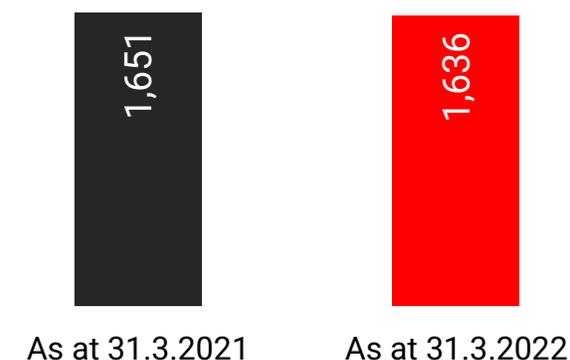
Mydin HyperMall, Bukit Mertajam

Asset Under Management – Contd.

- **No. of investment properties** remained at 9 properties.
- **Annual revaluation of investment properties** recorded a net revaluation loss of RM17.8 mil.
- **Additional capital expenditures** of RM2.2 mil recognised from the ongoing CAPEX at The Summit Subang USJ and Wisma AmFIRST amounted to RM2.2 mil.

Asset Class	Valuation (RM mil)		
	As at 31.3.2022	As at 31.3.2021	YoY Chg (%)
Office	1,051	1,064	-1.2
Retail ⁽ⁱ⁾	497	499	-0.4
Hotel	88	88	-
Total	1,636	1,651	-0.9

Asset Under Management (RM mil) ⁽ⁱ⁾



(i) Include accrued unbilled incremental lease rental income from Mydin Mohamed Holdings Berhad in respect of the 30 years operating lease agreement of RM26.8 mil.

Asset Under Management – Contd.

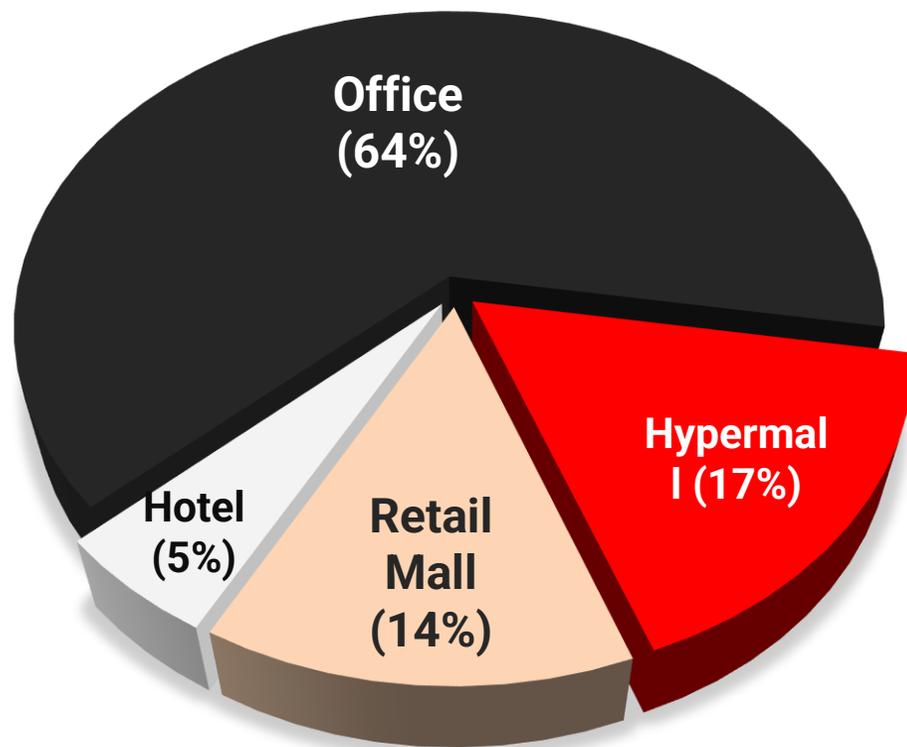
- Breakdown by Property

No.	Property	Carrying Amount as at 1.4.2021	Movement in FY2022			Carrying Amount as at 31.3.2022	
			CAPEX	Accrued Unbilled Rental	Revaluation Gain/(Loss)	RM mil	%
		RM mil	RM mil	RM mil	RM mil	RM mil	%
1.	Bangunan AmBank Group	265.9	-	-	0.5	266.4	16.6%
2.	Menara AmBank	322.0	0.1	-	0.2	322.4	20.0%
3.	Menara AmFIRST	66.2	-	-	(1.6)	64.6	4.0%
4.	Wisma AmFIRST	118.0	0.3	-	(4.6)	113.7	7.1%
5.	The Summit Subang USJ	357.4	1.7	-	(1.4)	357.7	22.2%
6.	Prima 9	73.2	0.1	-	(0.2)	73.1	4.5%
7.	Prima 10	65.8	0.0	-	(3.8)	62.0	3.9%
8.	Jaya 99	104.6	-	-	(3.8)	100.8	6.3%
9.	Mydin HyperMall, Bukit Mertajam (i)	255.4	-	(4.1)	(3.1)	248.1	15.4%
Total		1,628.5	2.2	(4.1)	(17.8)	1,608.7	100.0%

(i) The amount is adjusted with accrued unbilled rental income as required by MFRS 140 Investment Properties and MFRS 16 Leases of RM26.8 mil.

Diversified Asset Portfolio & Tenants' Base

Diversified Asset Portfolio (by Asset Value)



Top 10 Tenants (by Rental Income)

Top 10 tenants accounted for 74.8% or RM74.6 mil of the annual gross revenue.

Tenant	%
AmBank Group	38.8
Mydin Mohamed Holdings Berhad	21.0
RBC Investor Services (M) Sdn Bhd	3.6
Prudential Assurance	2.7
Medical Devices Authority	2.0
Summit Hotels Management Sdn Bhd	1.6
Shook Lin & Bok	1.5
Sudong Sdn Bhd	1.5
IMC Education Sdn Bhd	1.1
AIA Berhad	1.0
Total	74.8

Average Portfolio Occupancy

Property	Net Lettable Area (sf)	FY2022 (%)	FY2021 (%)	YoY Chg (%)
Bangunan AmBank Group	360,166	98.3%	100.0%	-
Menara AmBank	458,450	73.7%	72.7%	+1.0
Menara AmFIRST	158,450	69.2%	76.0%	-6.8
Wisma AmFIRST	284,539	88.4%	89.7%	-1.3
Summit Office	135,445	65.5%	81.8%	-16.3
Summit Retail	571,623	60.8%	66.0%	-4.6
Summit Hotel	286,600	100.0%	100.0%	-
Prima 9	111,224	41.9%	56.3%	-14.4
Prima 10	100,272	83.8%	83.8%	-
Jaya 99	225,912	74.9%	81.2%	-6.3
Mydin HyperMall, Bukit Mertajam	536,507	100.0%	100.0%	-
Overall Portfolio	3,229,188	79.0%	82.7%	-3.7

16 Leasing Management

Tenants' Retention

93%
or 687,177 sf was renewed in FY2022

82% in FY2021

Rental Reversion

-10%
Reversion in FY2022

-17% reversion in FY2021

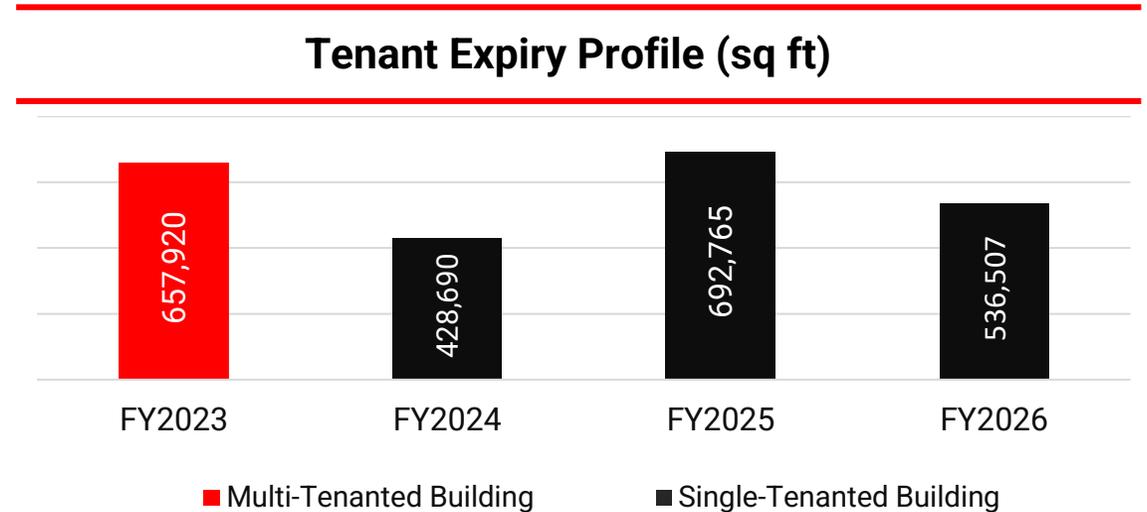
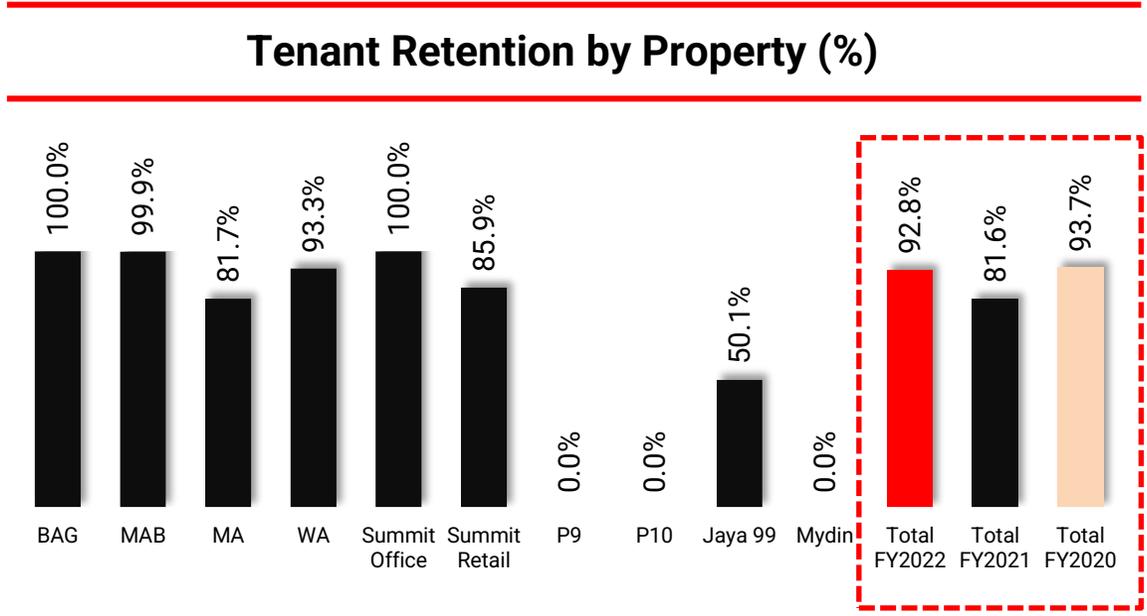
Committed New Tenancy

122,511 sf
of committed new tenancy in FY2022

68,917 sf in FY2021

Tenants' Expiry Profile

28%
or 0.7 mil sf are due for renewal in FY2023



Market Overview and Outlook

Tenth Annual General Meeting, 21st July 2022

Fully virtual via <https://meeting.boardroomlimited.my>

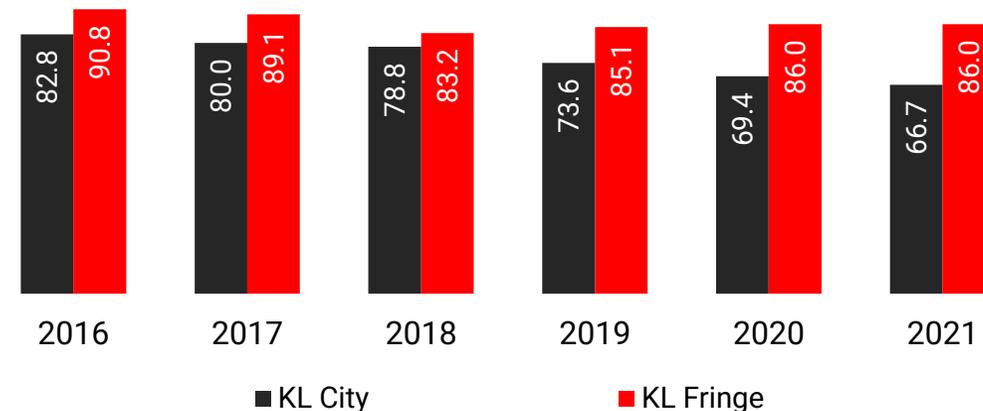
Market Outlook for KL Office

- **Overall occupancy** in KL City continued to decline to 67% (2020 : 69%) whilst the overall occupancy in KL Fringe remain relatively stable at 86% with no notable new completion.
- **Average rental rates** in KL City continued to be under pressure amidst widening supply-demand gap for office space and hybrid working model gaining traction among businesses.
- **Cumulative supply** in KL City and KL Fringe in 2021 stood at 58.9 mil sq ft and 29.4 mil sq ft.
- **High impending new supply** of 8.3 mil sq to enter the market in 2022 & 2023 with KL city leads with 5.7 mil sq ft.

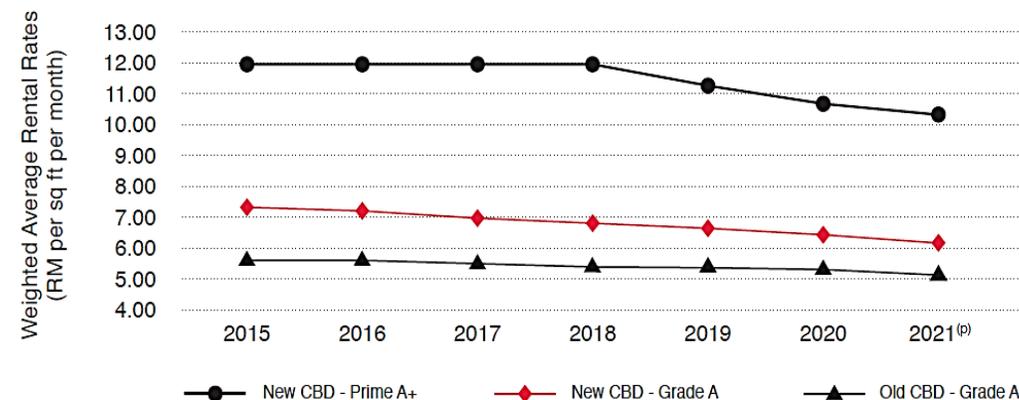
In the near term, flexible office operations and the demand for hybrid working arrangements are expected to significantly impact the office market.

Source : Knight Frank Research

Occupancy Rates (%)



Rental Rates (RM)



Market Outlook for Selangor & Penang Retail

Selangor

- Occupancy dropped to 79.2% in 2021 (2020: 80.2%).
- Average rental rate remained firm.
- Cumulative supply stood at 34.3 mil sq ft (2020 : 33.4 mil sq ft).
- Impending high new supply of 2.0 mil sq ft.

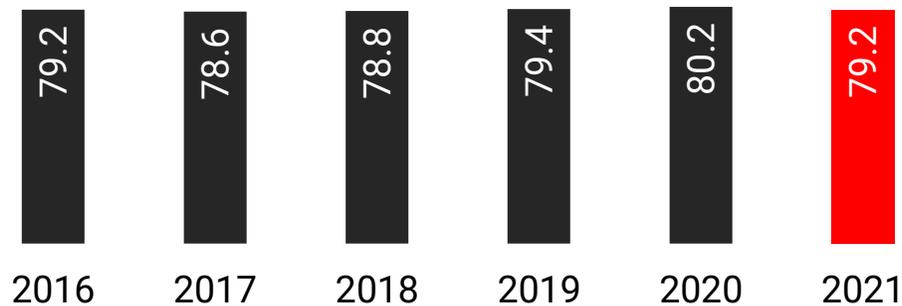
Penang

- Occupancy dipped to 71.2% in 2021 (2020: 72.8%).
- Average rental rate remained fairly stable.
- Cumulative supply stood at 20.1 mil sq ft with 43% of the supplies are in Penang Mainland area (2020 : 19.7 mil sq ft).
- Impending high new supply of 2.1 mil sq ft.

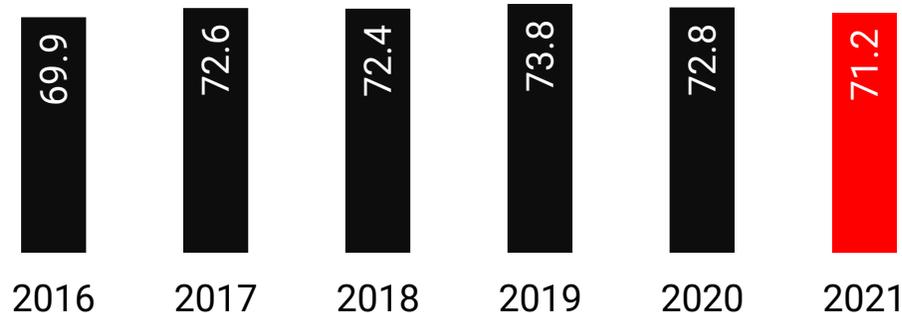
Recovery of retail sector is expected to be gradual given cautious consumer sentiments.

Occupancy Rates (%)

Selangor



Penang



Moving Forward

Tenth Annual General Meeting, 21st July 2022

Fully virtual via <https://meeting.boardroomlimited.my>

Moving Forward :

Improve Distribution and Long-Term Value Creation

Improve Distribution

Strategic Leasing Initiative

- Strengthen collaborative efforts with the AmBank Group for leasing efforts.
- Focus on existing tenants in the portfolio (organic growth) that require more space in line with the opening of the economy.
- Focus on defensive tenants to hedge against future uncertainties and market volatility.

Long Term Value Creation

Portfolio Rationalisation

- Strengthen collaborative efforts with the AmBank Group for portfolio rationalisation undertakings.
- Diversify into other asset classes to reduce dependency on the office & retail assets in the current portfolio.
- Diversify into logistics by riding on the e-commerce wave.

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.

Thank You