



AmFIRST

Real Estate Investment Trust

11th Annual General Meeting AmFIRST Real Estate Investment Trust

Presentation to Unitholders

Thursday, 20 July 2023

Virtually via <https://meeting.boardroomlimited.my>

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What's Inside

- FY2023 Financial Review
- FY2023 Operational Review
- Market Outlook
- Moving Forward

Key Highlights **FY2023**



Asset Portfolio

Disposal of Menara AmFIRST



Asset Performance

Improved occupancy



Financial Performance

Higher revenue but offset by high utility costs & interest expense

RM1.54 bil ↓

Asset Under Management
(31.3.2022: RM1.61 bil)

82.6% ↑

Overall Portfolio Occupancy Rate
(31.3.2022: 78.9%)

RM103.4 mil ↑

Gross Revenue
(FY2022: RM99.6 mil)

RM1.157 ↓

NAV Per Unit
(31.3.2022: RM1.163)

122,673 sq ft ↑

New Tenants
(FY2022: 122,511 sq ft)

RM17.5 mil ↓

Realised Net Income
(FY2022: RM22.2 mil)

47.4% ↓

Gearing Ratio
(31.3.2022: 49.1%)

87.9% ↓

Tenants Retention Rate
(FY2022: 93.0%)

2.70 sen ↓

DPU
(FY2022: 3.02 sen)

Financial Review

Summary of Comprehensive Income

	FY2023 (RM mil)	FY2022 (RM mil)	Chg (RM mil)	Chg (%)
Gross Revenue (Realised)	103.4	99.6	3.8	+3.8%
Property Expenses	(44.5)	(40.4)	(4.1)	+10.2%
Net Property Income	58.9	59.3	(0.4)	0.7%
Interest Expense	(31.2)	(26.8)	(4.4)	+16.4%
Profit After Taxation	14.2	5.3	8.9	>100%
Realised Net Income (available for distribution)	17.5	22.2	(4.7)	-21.2%
DPU (Sen)	2.70	3.02	(0.32)	-10.6%

↑ **Gross revenue:** Higher average overall portfolio occupancy, absence of rental rebate.

↑ **Property expenses:** Higher utilities charges & lower service charge rebate from The Summit MC.

↑ **Interest expenses:** Higher cost of debts resulted from various hikes in OPR.

Summary of Financial Position

	31.3.2023 (RM mil)	31.3.2022 (RM mil)	Chg (RM mil)	Chg (%)
Investment Properties	1,543	1,609	(66)	-4.1%
Total Asset Value	1,592	1,661	(70)	-4.2%
Borrowings	754	815	(61)	-7.5%
Net Asset Value (NAV)	805	812	(7)	-0.8%
Unit in Circulation (Unit) (mil)	686	686	-	-
Gearing	47.4%	49.1%		-1.7%
NAV per Unit (RM)	1.157	1.163	(0.006)	-0.5%

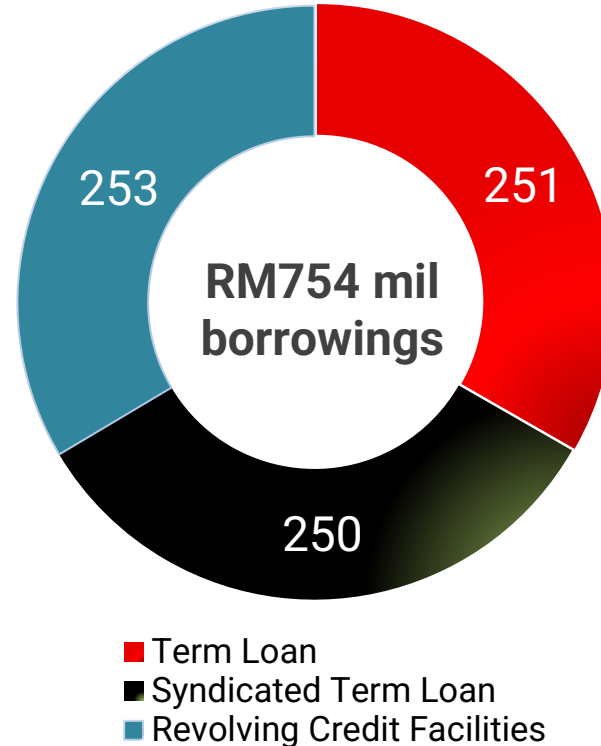
↓ **Investment Properties**: Decrease due to disposal of Menara AmFIRST on 15 Nov 2022.

↓ **Borrowing/Gearing** : Decrease due to repayment of borrowings by net proceeds of disposal of Menara AmFIRST.

↓ **NAV** : NAV reduced slightly to RM1.157.

Capital & Interest Rate Management

Borrowings Profile



Gearing Level

47.4%

(31.3.2022: 49.1%)



Debt Headroom

RM83.4 mil

(31.3.2022: RM30.4 mil)



Weighted Average Debt Maturity

1.4 Years

(31.3.2022: 2.2 Years)



Hedging Profile

20% exposure fixed for 5 years via RM150 mil Interest Rate Swap
(31.3.2022: 100% Variable)



Weighted Average Interest Rate

4.22%

(As at 31.3.2022: 3.18%)

- **Debt Expiry Profile:** No immediate maturity except for RM253 mil revolving credit facilities, subject to annual review.
- **Gearing / Debt Headroom:** 47.4% gearing with debt headroom of RM83.4 mil based on 50% gearing.
- **Hedging:** 20% interest rate exposure being hedged via RM150 mil 5-year Interest Rate Swap contracts.

Operation Review

Portfolio Review

Asset Under Management



Bangunan AmBank Group



Menara AmBank



Wisma AmFIRST



The Summit Subang USJ



Prima 9



Prima 10



Jaya 99



Mydin HyperMall, Bukit Mertajam

Portfolio Review

Asset Profile

- **Disposal:** Menara AmFIRST was disposed off on 15 November 2022.
- **Capital expenditure:** RM1.9 mil was spent during FY2023 mainly on The Summit Subang Jaya.
- **Annual revaluation:** RM0.4 mil in fair value gain for valuation @ 31 March 2023.



No. of Asset

8

(31.3.2022: 9)



Net Lettable Area

3.07 mil sq ft

(31.3.2022: 3.23 mil sq ft)



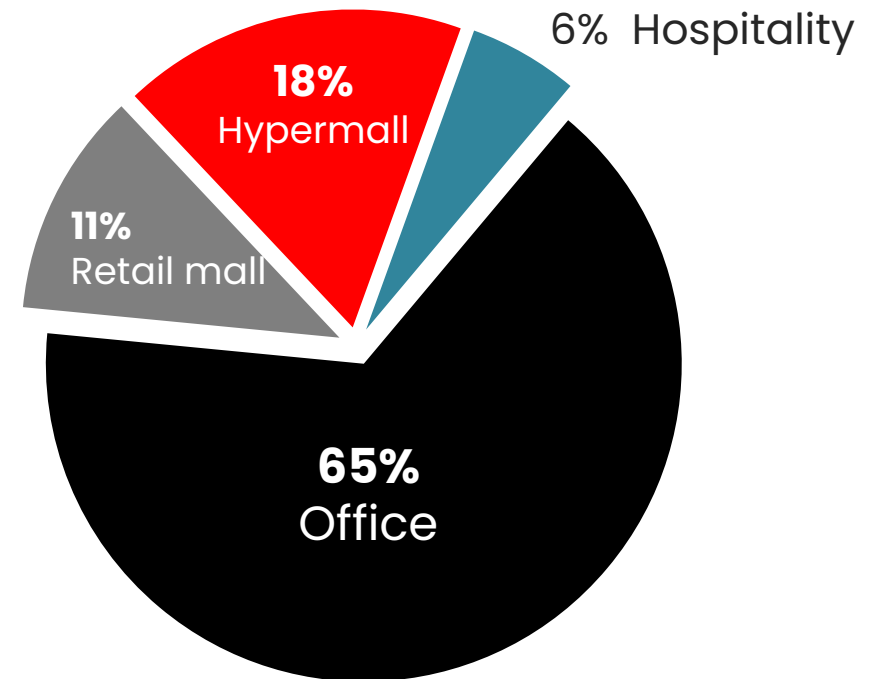
Latest Valuation

RM1.57 bil¹

(31.3.2022: RM1.63 bil)

¹Exclude accrued rental income from Mydin Mohamed Holdings Berhad in respect of the 30 years operating lease agreement of RM29.8 mil.

Asset Diversification (based on latest revaluation)



Portfolio Review

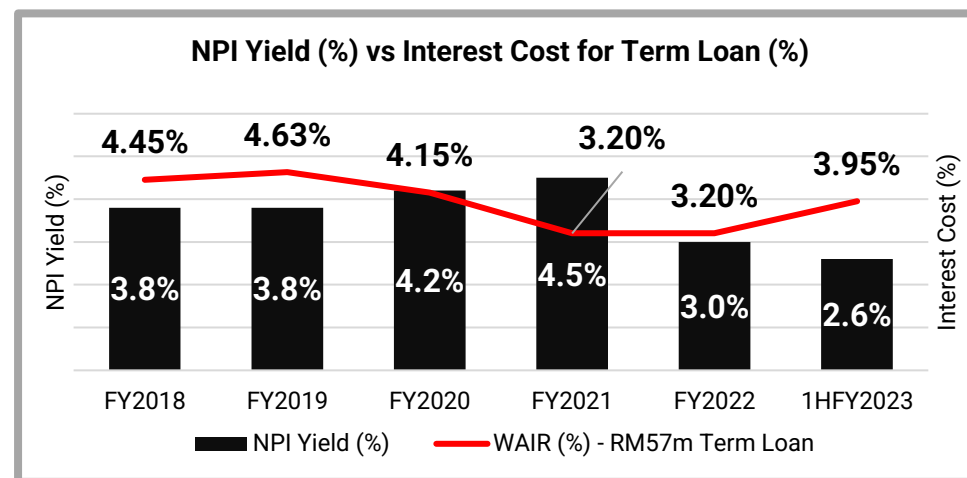
Disposal of Menara AmFIRST



	RM'000
Cost of investment	64,600
Incidental cost of disposal	2,052
Total cost	66,652
Disposal price	62,000
Capital loss on disposal	4,652

Rationale of the disposal

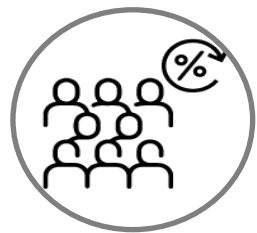
- ✓ Lower down gearing with net proceeds utilised to repay debts.
- ✓ Low yielding asset with NPI yield generated lower than borrowing cost.
- ✓ Mature asset with limited scope for growth.



Leasing Management

FY2023 Leasing Performance

- **Occupancy:** Higher occupancy achieved at The Summit Retail and Office, Wisma AmFIRST & Prima 9.
- **New tenancy:** Major new tenants include indoor theme park, home living/electrical, AmBank Group.
- **Committed tenancy:** Supermarket, virtual golf operator, multi-level marketing firm, snooker academy etc.



**Overall
Occupancy**

82.6%
@ 31 March 2023



New Tenant
122,673 sq ft
During FY2023

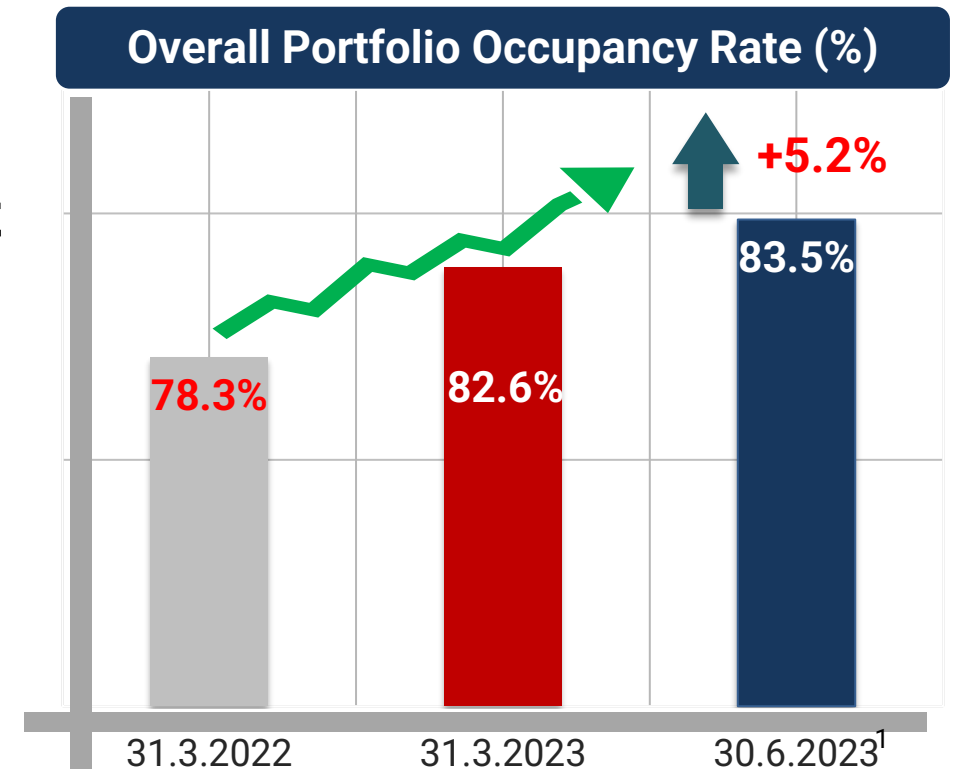


**Tenant
Retention
Rate**

87.9%
for FY2023



**Rental
Reversion**
+2.2%
For FY2023



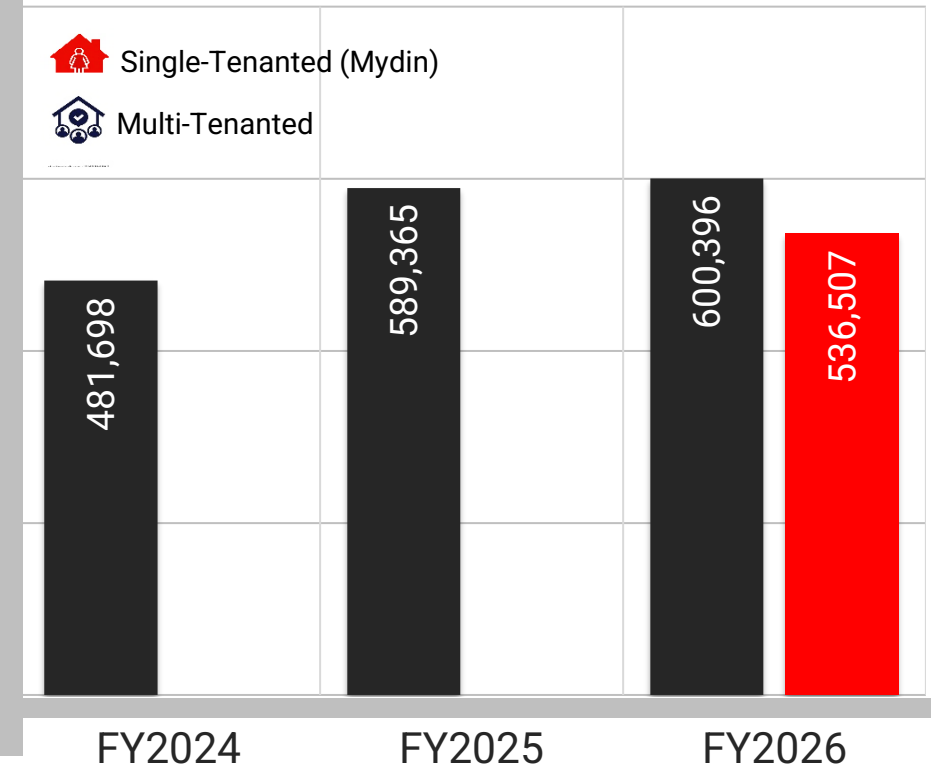
¹Committed occupancy.

Leasing Management

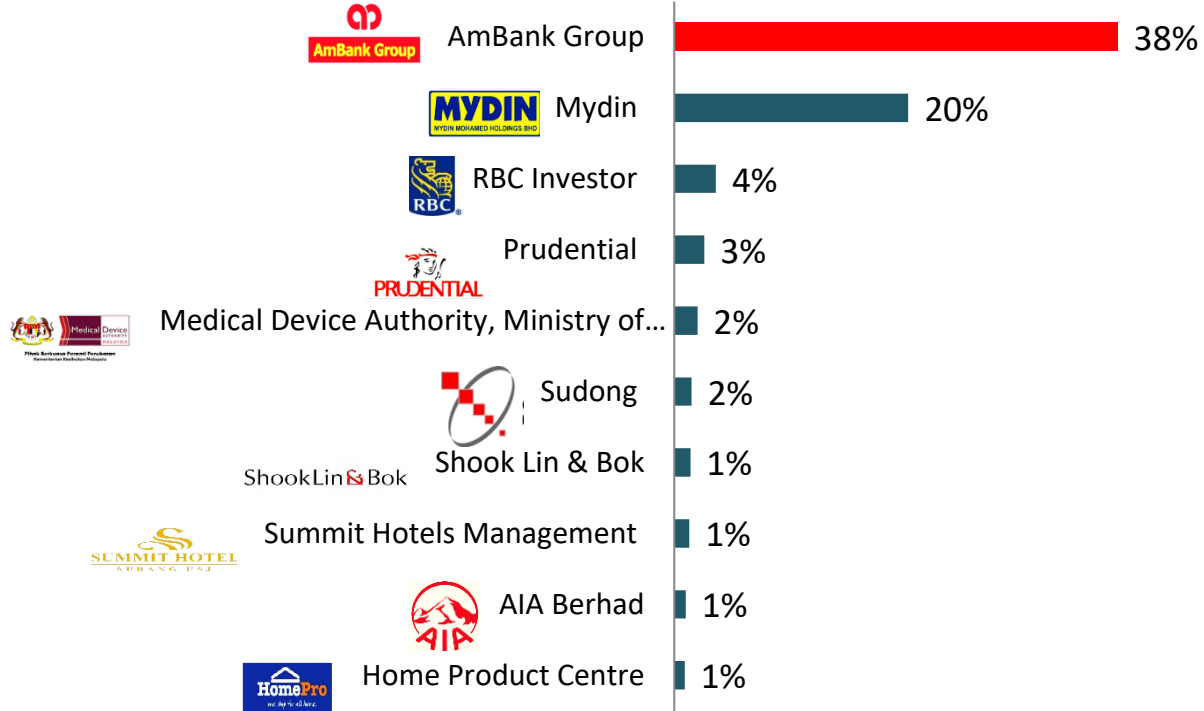
Tenants' Profile

- **Tenancy expiry profile:** 21.8% of leased area will be expiring in FY2024.
- **Single-tenanted:** 24.3% of leased area is single-tenanted. This is uncancellable lease & will expire in Jan 2046.
- **Top 10 tenants:** 72.8% of rental income contributed by top 10 tenants. AmBank Group remains top contributor.

Tenancy Expiry Profile (sq ft)



Top 10 Tenants (by rental income)



The Summit Retail Mall

Improved Tenant Mix - Notable New Tenants

FY2023

Coming Soon



Fun-X World
Indoor Theme Park



AIO Home
Home appliances and furniture



NSK Grocer
Supermarket



Fun-X Golf
Golf Simulator



StemBerry
Health and wellness products

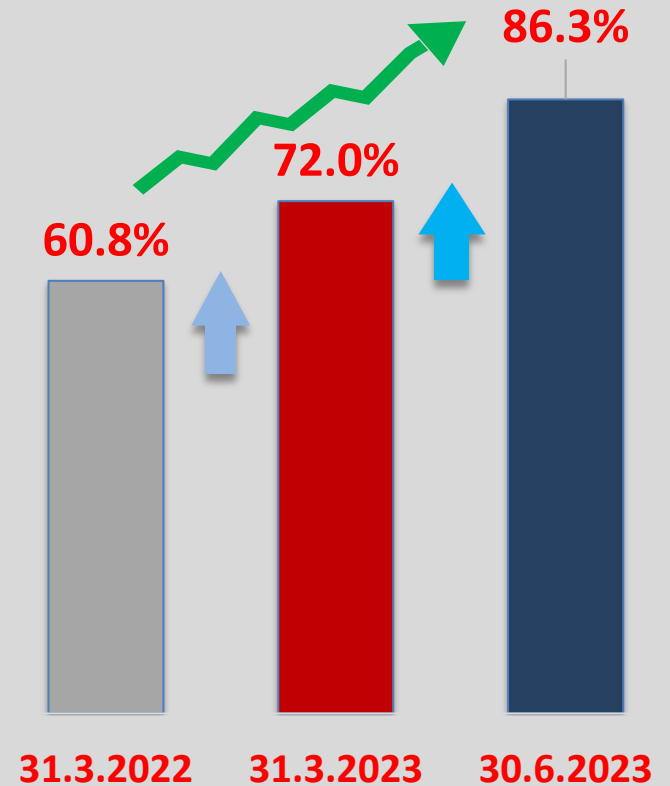


Niche 147
Snooker academy



Above 10 years – Retail – Strata

Occupancy Rate (%)



ESG Highlights

Energy Use & Climate Change

24% reduction in Scope 2 GHG emission compared to the 2018 baseline year.

Water Management

2% reduction in overall water intensity compared to the 2018 baseline year.

Strong Governance

Zero case of non-compliance with environmental, social and economic laws and regulations.

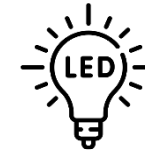
Social Responsibilities

22 community events/activities organized during the year.

ESG initiatives carried out during FY2023



Sustainability Policy to include climate change related risks.



Replacement of conventional lighting to LED & utilised sensor-controlled LED.



Conduct Energy Audit.



Delamping exercise within an overlit location.



Optimise M&E equipment utilization.

Market Outlook

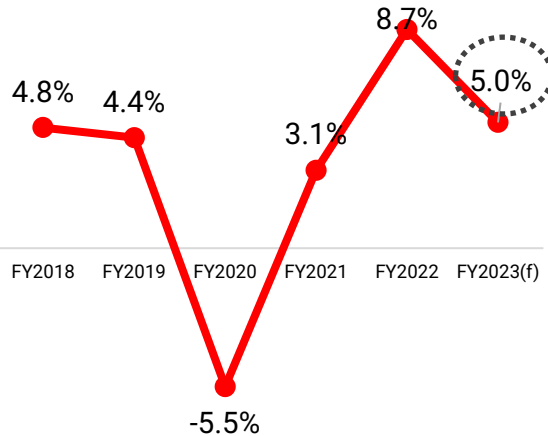
Economic Review & Outlook

GDP

8.7% in 2022

(2021: 3.1%)

GDP expanded in 2022, driven by higher domestic demand following the full reopening of the economy.



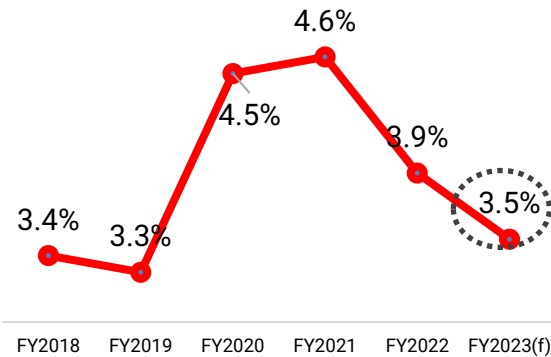
GDP is forecast to grow between 4% to 5% in 2023

Unemployment Rate

3.9% in 2022

(2021: 4.6%)

Labour market conditions improved as labour demand continue to expand.



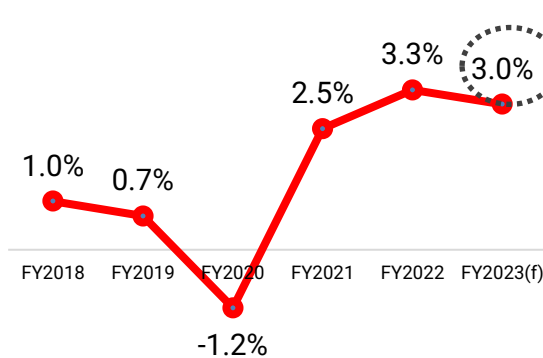
Unemployment rate is forecast to decline to ~3.5% in 2023.

Inflation

3.3% in 2022

(2021: 2.5%)

Inflation increased contributed by high global commodity prices, supply-related disruptions & domestic food supply shortages.



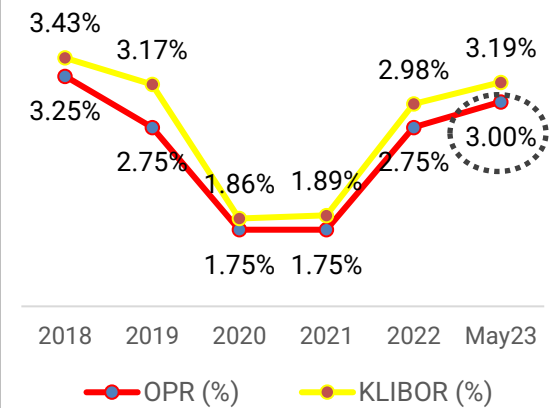
Headline and core inflation to average between 2.8% and 3.8% in 2023

OPR

3.00% in May 2023

(2021: 1.75%)

OPR has increase to 3.0% from historical low of 1.75%.



Any potential adjustments to OPR will be guided by balance of risk to inflation and growth.

Market Review & Outlook – KL Office



Overall Occupancy

Occupancy in KL City dropped slightly while KL fringe increase slightly.



Average Rental Rate

Headline rent holding firm but effective net rental continue under pressure.



Cumulative Supply

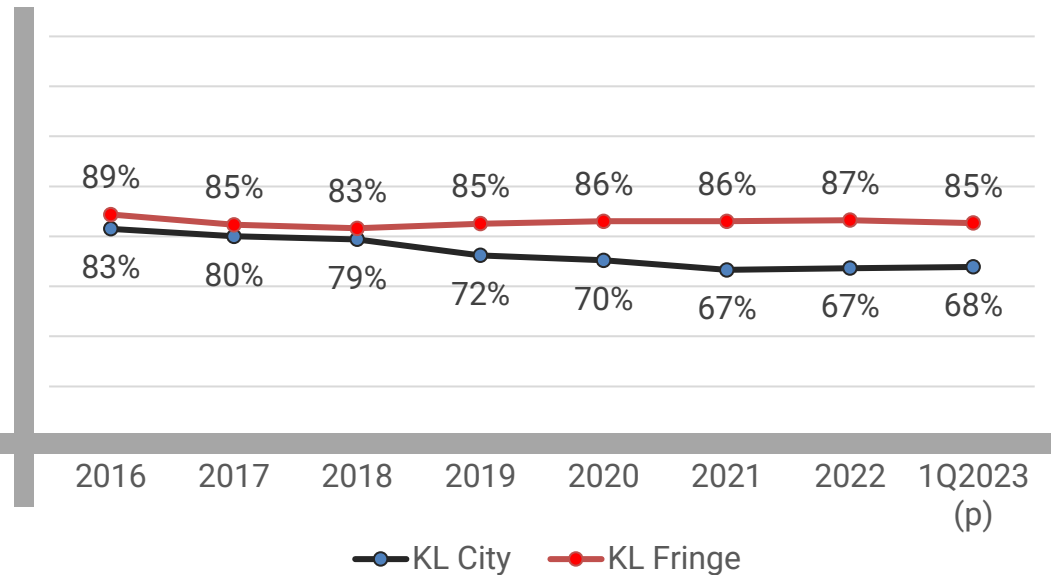
Grown steadily with 58.0 mil comes from KL City while 30.3 mil are in KL Fringe.



Impending New Supply

High impending new supply of 4.4 mil sf expected to enter market by end 2023.

Occupancy Rate (%)



Outlook

Klang Valley office market remain challenging due to imbalance between supply & demand with more companies re-evaluate their workspace requirement.

Market Review & Outlook – Selangor Retail



Overall Occupancy

Occupancy drop slightly to 77.6% from 80.8%



Average Rental Rate

Rental level for neighbourhood shopping mall remained firm.



Cumulative Supply

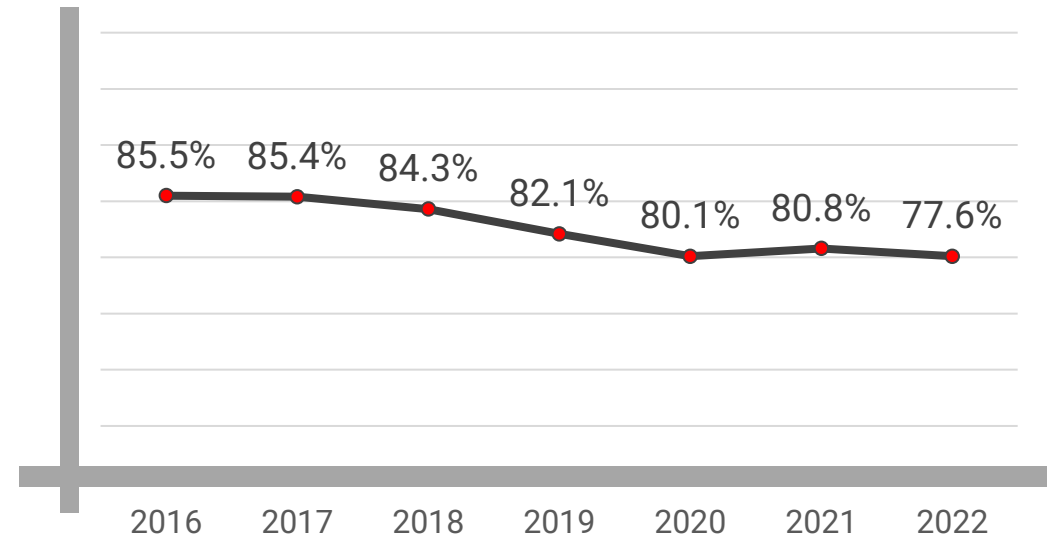
36 mil in cumulative supply as at 1Q2023



Impending New Supply

Impending new supply of 0.7 mil sq ft expected to enter market by mid 2023.

Occupancy Rate (%)



Outlook

Retail sector is expected to remain favorable with upward trend on rental reversion, however rising inflation couple with expected slower economic growth may dampen consumer sentiments.

Moving Forward

Moving Forward

Improve Income Distribution & Long-Term Value Creation

Key Focus Areas	Strategies & Action Plan
Asset Performance Optimisation	<ul style="list-style-type: none">✓ Continue improve overall portfolio occupancy by stepping up various leasing efforts & collaboration initiatives. <i>(Target average portfolio occupancy > 90%).</i>✓ Implement cost containment measures to optimise property expense. ESG initiatives to drive cost saving.
Asset Portfolio Rationalisation & Diversification	<ul style="list-style-type: none">✓ Divestment of non-core, low yielding & mature assets.✓ Acquisition of new asset by diversification to other growing sub-sectors with high yielding quality property (commercial, logistic & industrial etc.).
Prudent Capital & Interest Rate Management	<ul style="list-style-type: none">✓ To further optimise gearing via divestment of assets. No immediate plan for equity issuance due to dilutive effect of current low unit price. <i>(Target optimum gearing of 35% - 40%).</i>✓ To maintain competitive interest rate & implement effective hedging strategy <i>(Target to hedge 50% of exposure depending on hedging cost).</i>

Thank You.