

1st Annual General Meeting

Audited Financial Statements
For FYE 31 March 2013





Overview & Key Highlights

Fund Information

(as at 31 March 2013)

Item	Description
Manager	Am ARA REIT Managers Sdn Bhd
Listing Date	21 December 2006
Approved Fund Size	686,401,600 units
Unit Price	RM 1.08
Market Capitalization	RM 741.3 million
Borrowings / Gearing	RM 426.4 million / 32.9%
No. of Investment Properties	9
Sector / Type of Properties	Commercial office & retail
Assets Under Management	RM 1,277.2 million
Total Assets	RM 1,297.6 million
Net Asset Value per unit	RM 1.1828
No. of Unitholders	12,981 (as at 31 March 2013) 12,964 (as at 15 May 2013)

Our Strategies

Growth via Acquisition

- Growth via yield accretive acquisitions:
- Commercial assets in the high growth areas of Malaysia
- Special purpose built offices with long lease (i.e. MNC tenants)

Prudent Capital Management

- Strengthen balance sheet via capital raising
- Optimize fund structure & diversify funding source
- Adopting active interest rate management to manage risks associated with change in interest rate

Active Asset Management

- Asset enhancement initiatives
- Intensify leasing activities to attract quality tenants to increase occupancy & positive rental reversion
- Boost tenants' care and lease renewals
- Enhance facilities management to improve service level and cost optimization

To deliver sustainable long term growth in DPU and NAV

Our Strengths

Diversity & Depth

- Widely diversified portfolio consisting of three (3) property classes – commercial offices, retail and hotel – ***mitigate any income stream and capital values volatility.***
- Strategically located quality properties within KL City Centre, Petaling Jaya, Subang Jaya, Cyberjaya and Melaka; ***focusing on quality rather than quantity***
- Strong & Reputable Sponsors – ***AmBank Group & ARA Group***

Earnings Protection

- Stable portfolio of committed leases at the 3 commercial buildings in KL City Centre – ***81.3% occupied by the AmBank Group. The remaining balance have been long term tenants occupying these premises.***
- High sustainability of revenue – ***AmBank Group's tenancies contribute 42.1% of Total Gross Revenue and 33% of the Total Nett Lettable area (excluding Summit Hotel). Opportunity to provide 'office space' solutions to meet AmBank Group's continuous expansion as anchor tenants.***

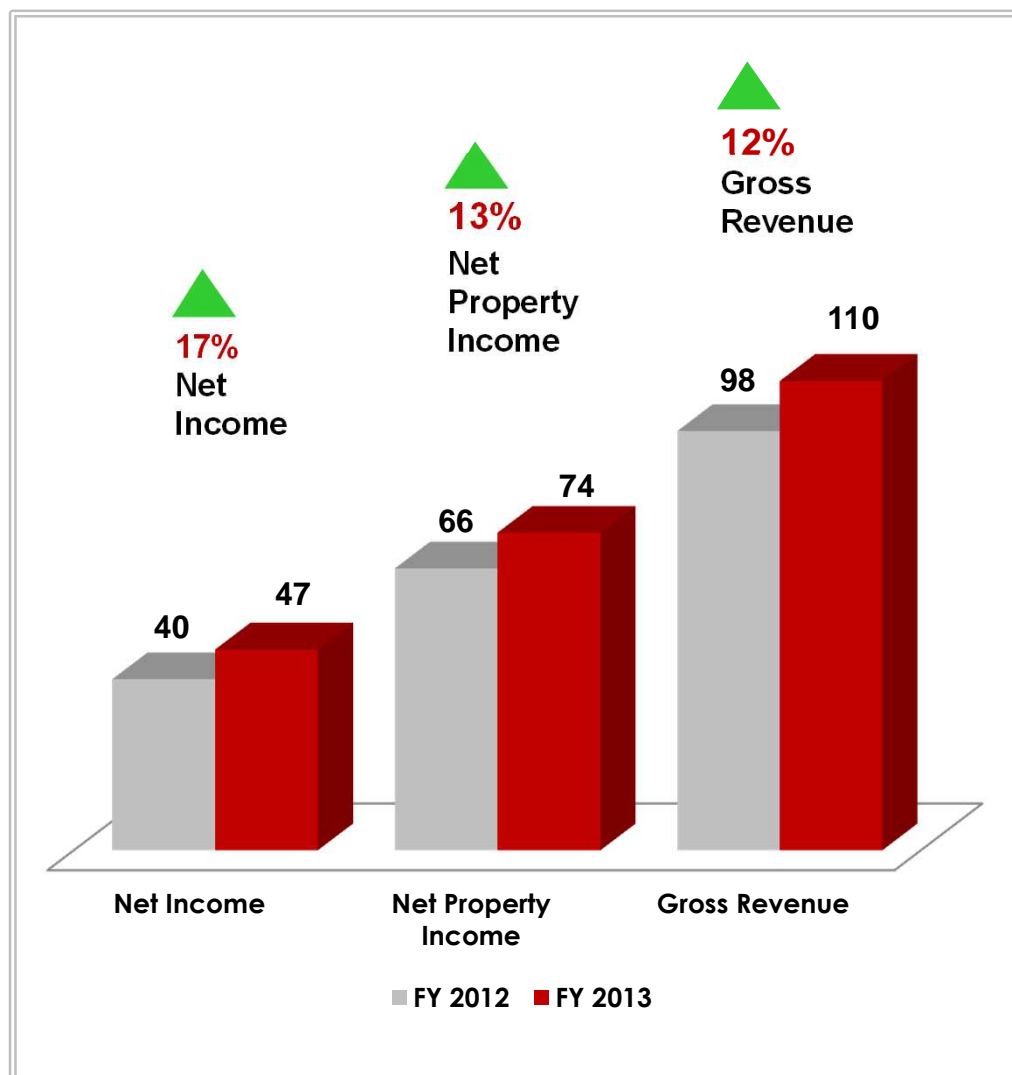
Our Achievements FYE 2012/13

- ✓ 1st Malaysian REIT to undertake and complete Rights Issue, raising gross proceeds of **RM214 million**.
- ✓ Market Cap stands at **RM741 million**.
- ✓ New accretive acquisition of Jaya 99 for **RM86 million**.
- ✓ Gearing level reduced by **13% to 33%**.
- ✓ Gross Revenue & Realized Net income increased by **12% & 17%** respectively.



Key Highlights – FYE 2012/13

Continuous growth in Gross Revenue & Net Income contributed by new acquisition (Jaya 99) & interest saving (Rights Issue)



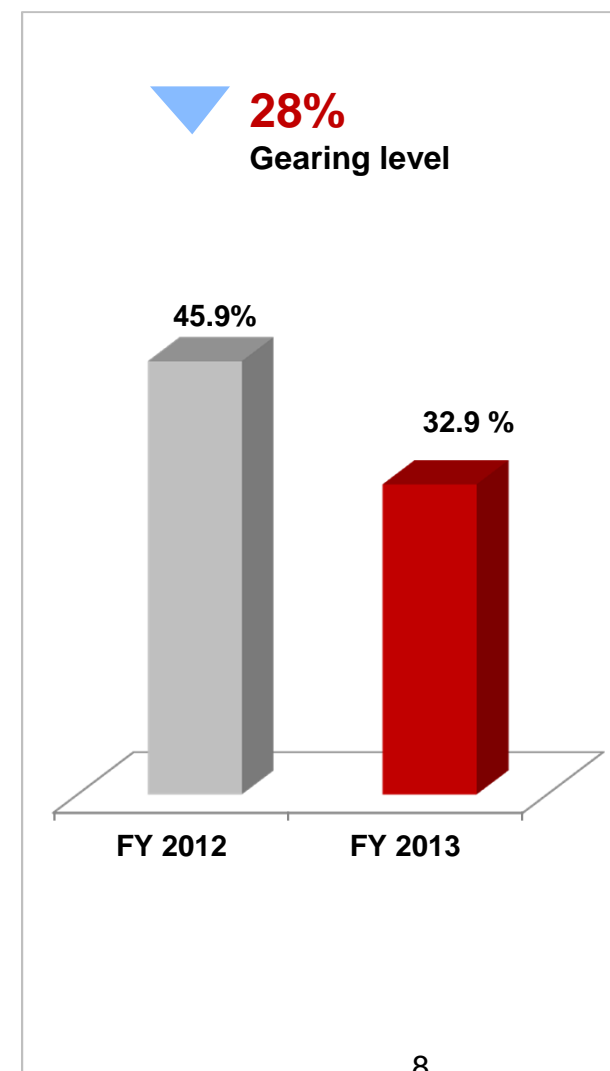
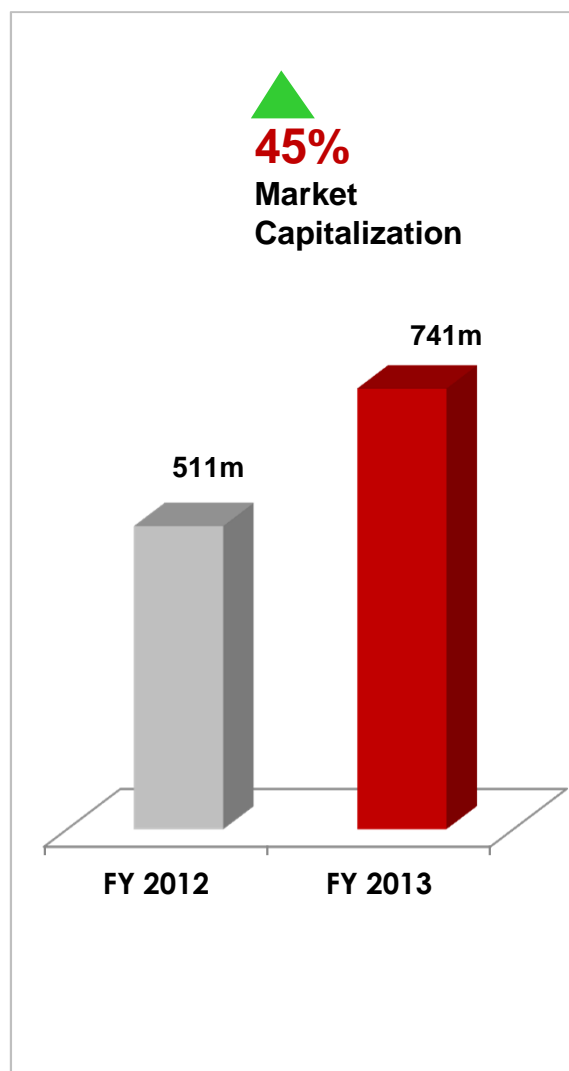
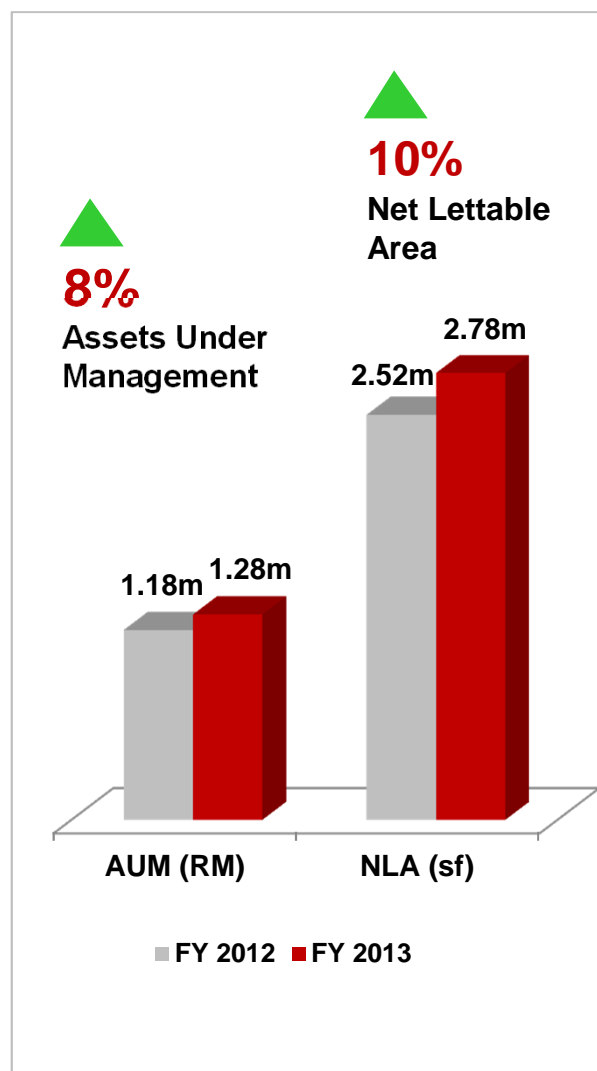
8.72%
Total
Return

6.38%
DPU Yield

2.34%
Capital Gain

Key Highlights – FYE 2012/13

- ✓ Acquisition of Jaya 99 - Diversification via new acquisition outside KL City Centre
- ✓ Completion of Rights Issue – lower down gearing to healthy level of 32.9%



Tracking Volume Traded & Closing Price – Pre & Post Rights

Period	No. of Months	Total Units Traded	Average per Month	Closing Price
Apr 11 – Mar 12	12	57,944,400	4,828,700	RM 1.19
Apr 12 – Aug 12	5	61,557,700	12,311,540	RM 1.06
Sept 12 – Mar 13	7	39,492,400	5,641,771	RM 1.08
Total FY 2012/13		101,050,100	8,420,842	RM 1.08
April 2013	1	5,537,000		RM 1.08
May 2013	1	8,881,300		RM 1.07
June 2013	1	10,626,600		RM1.06

- Excludes any 'off-market' transactions
- Units in circulation increased from 429,100,000 to 686,401,600 (by 257,400,600)

Classification of Unitholders @ 15 May 13 – 12,964 unitholders

No	Category	Malaysian	Units Held	Unitholdings	Foreigners	Units Held	Unitholdings
1	Individuals	10,577	201,453,721	29.35 %	198	5,958,118	0.87 %
2	Body Corporate	191	290,304,302	42.30 %	7	440,073	0.06 %
3	Govt. Agencies	2	51,421	0.00 %	-	-	0.00 %
4	Nominees	1,816	178,669,267	26.03 %	173	9,524,698	1.39 %
	Total	12,586	670,478,711	97.68%	378	15,922,889	2.32 %

Financial Review

Statement of Financial Position

RM'000	31/3/2012 (Audited)	Post - Rights (Listed on 7 August 2012)	31/3/2013 (Audited)
No. of Investment Properties	8	8	9
Assets Under Management	1,179,844	1,182,098	1,277,226
Total Asset Value	1,198,542	1,193,313	1,297,589
Total Net Asset Value	617,765	820,503	836,903
Total Borrowings	550,000	347,200	426,400
Gearing Ratio (%)	45.9%	29.1%	32.9%
Units in Circulation ('000 unit)	429,001	686,401	686,401
Net Asset Value per unit (RM)	1.39	1.19	1.18
Market Price per unit (RM)	1.19	1.06	1.08
Unit Price Discount to NAV (%)	-14.4%	-10.9%	- 8.5%

Statement of Comprehensive Income

RM '000	FYE 31/3/13	FYE 31/3/12	% Change
No. of Properties	9	8	+ 12.5
Gross Revenue	109,784	97,980	+ 12.0
Property Expenses	(35,616)	(32,100)	+ 10.9
Net Property Income	74,168	65,880	+ 12.6
Interest & Other Income	317	211	+ 50.3
Total Income	74,485	66,091	+ 12.7
Non-Property Expenses	(7,703)	(6,377)	+ 20.8
Interest Expense	(19,861)	(19,720)	+ 0.7
Net Income – Realized	46,921	39,994	+ 17.3
Unrealized gain on fair value of investment properties	5,052	12,240	
Unrealized loss – others	(176)	(42)	
Total Comprehensive Income for the year	51,797	52,192	- 0.8
Total Units in Circulation ('000) (Unit)	686,402	429,001	
Distribution per Unit – Sen (Enlarged Unit)	6.81	9.31	-26.8

Impact of Rights Issue on FYE 2013 Performance

RM ' 000	No Rights Issue – 8 properties	Rights issue	Jaya 99	Audited 31/3/13
Total Gross Revenue	106,429	-	3,355	109,784
Property Expenses	(34,901)	-	(715)	(35,616)
Net Property Income	71,528	-	2,640	74,168
Interest & Other Income	317	-	-	317
Non-Property Expenses	(7,540)	-	(164)	(7,704)
Interest Expenses	(23,844)	5,563	(1,580)	(19,861)
Net Income - Realized	40,461	5,563	896	46,920
Units in Circulation ('000) (Unit)	429,001	257,401	686,402	686,402
Earnings Per Unit – sen (WA)	9.43			6.83
<u>FYE 2012 – Audited</u>				
Net Realized Income	39,994			
Distribution Per Unit	9.31			6.81
Incremental Earnings Per Unit	0.12			
Gearing	45.9%			32.9%

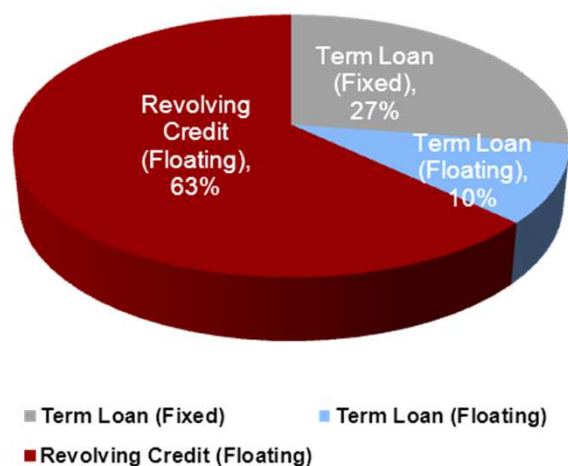
Total Return Since IPO

	Since IPO (21 Dec 2006) Without Rights	Rights Issue	Since IPO & Take-up Rights
Total DPU received (RM)	0.54	0.07	0.54
Cost of Investment (RM)	1.00	0.83	0.94
Closing Price (RM) @ 31 Mar 2013	1.08	1.08	1.08
Total Capital Gain (RM)	0.08	0.25	0.14
Distribution Return (%)	53.6%	8.2%	57.0%
Capital Gain (%)	8.0%	30.1%	14.9%
Total Return (%)	61.6%	38.3%	71.9%
Average Return p.a. (%)	9.9%	38.3%	11.5%

Capital & Interest Rate Management

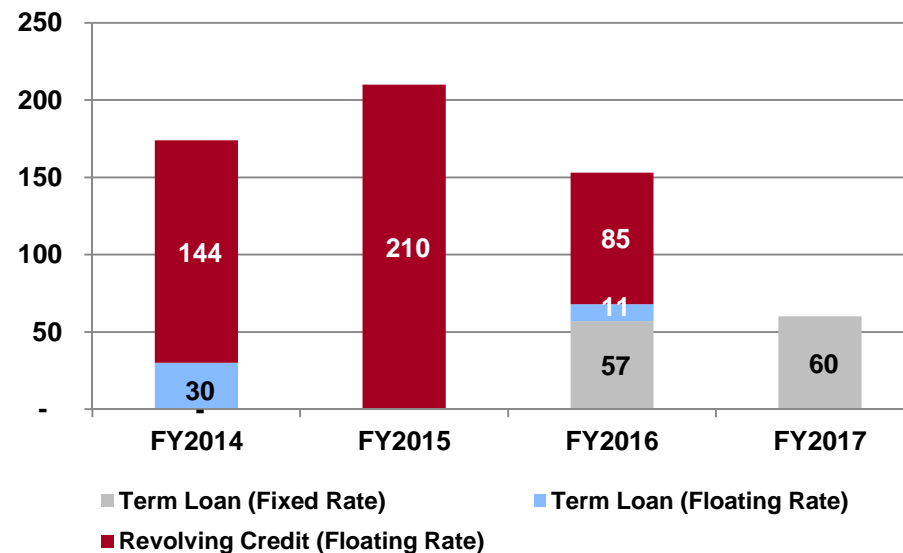
RM'000	2007	2008	2009	2010	2011	2012	2013
Borrowings	65,500	395,606	402,000	413,000	407,000	550,000	426,400
Total Asset Value	515,450	876,714	1,022,747	1,044,202	1,045,262	1,198,542	1,297,589
Gearing (%)	12.70%	45.10%	39.30%	39.60%	38.90%	45.90%	32.90%
Average Interest Rate (%)	4.94%	4.41%	4.43%	3.30%	3.78%	4.31%	4.37%

Interest Rate Management



✓ 73% Floating Rate : 27% Fixed Rate

Debt Expiry Profile



✓ The weighted average maturity is 1.72 years.

Operation Review

Accretive Acquisition

Kompleks Tun Sri Lanang (also known as **Jaya 99**)

- Acquisition completed on 1 November 2012, being 1st acquisition outside Klang Valley.
- Purchase Consideration of RM86 mil (RM378 psf), fully funded by borrowing.
- 6-years guarantee on gross annual proceeds with an inception NPI Yield of approx 7%.
- An 18-storey purpose built commercial building with NLA of 227,432 sf.
- Major tenants such as Prudential Assurance, SingTel Communication, Ernst & Young, PricewaterhouseCoopers & Suruhanjaya Perkhidmatan Awam.



Assets Under Management (AUM)



Acquisitions of 5 properties post IPO of **RM587 mil**

RM30 mil of Assets Enhancement Initiatives

Fair value gains on revaluation of properties of **RM174 mil**

Assets Under Management – Property Portfolio



	Property Portfolio	Location	NLA sf	No of Carpark	Valuation @ 31/3/13	
					RM mil	RM psf
1	Bangunan AmBank Group	KL City Centre	360,166	522	238	661
2	Menara AmBank	KL City Centre	458,187	776	310	677
3	AGLC	KL City Centre	57,801	57	22	381
4	Menara AmFIRST	PJ	159,001	324	68	428
5	Wisma AmFIRST	Kelana Jaya	285,461	645	110	385
6	The Summit Subang USJ	Subang Jaya				
	- Retail		599,474		139	232
	- Office		138,475		39	282
	- Hotel		332 rooms		96	
	- Carpark			1,966	31	
7	Prima 9	Cyberjaya	111,224	414	75	674
8	Prima 10	Cyberjaya	100,272	322	62	618
9	Jaya 99	Melaka	227,432	551	87	383
	TOTAL		2,784,093	5,577	1,277	459

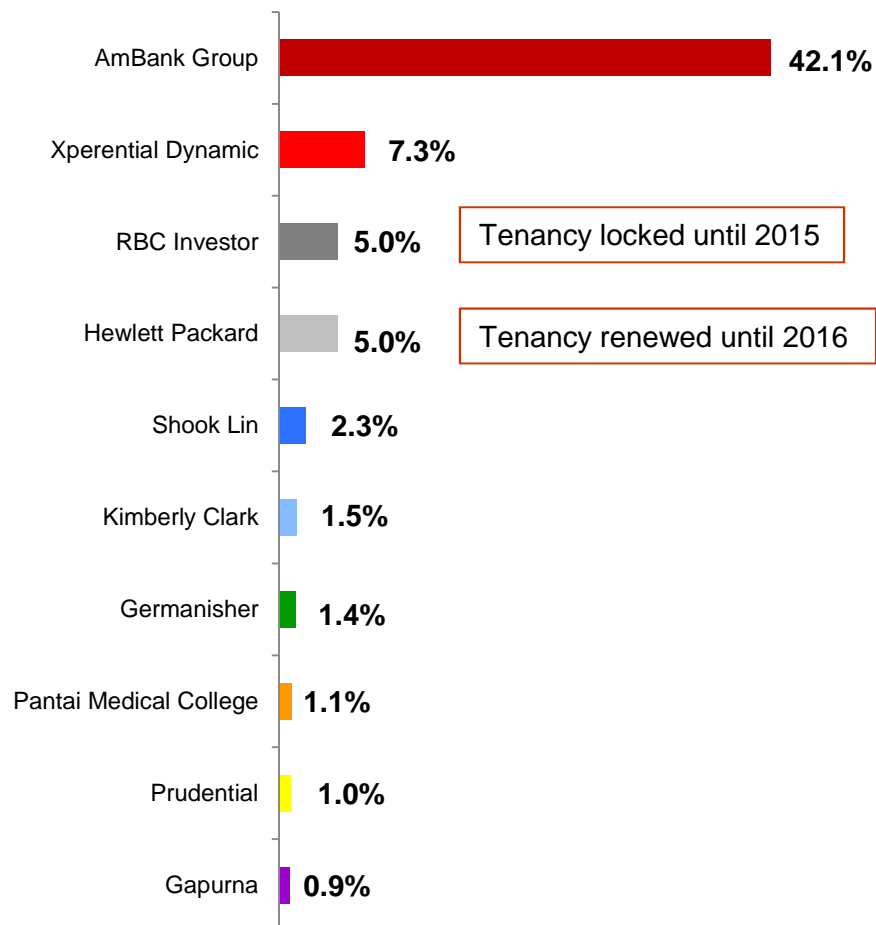
Portfolio Occupancy

	BAG	MAB	AGLC	MA	WA	Summit (Office)	Summit (Retail)	Prima 9	Prima 10	Jaya 99	Overall
☐ Occupancy @ 31 March 2011	100%	96%	100%	53%	60%	60%	88%	N/A	N/A	N/A	83.6%
☐ Occupancy @ 31 March 2012	100%	97%	100%	67%	74%	50%	94%	N/A	N/A	N/A	89.0%
☐ Occupancy @ 31 March 2013	100%	97%	100%	73%	70%	71%	91%	80%	100%	88.6%	89.3%
☐ Occupancy @ 31 May 2013	100%	97%	100%	74%	71%	72%	92%	80%	100%	*88.6%	89.0%
Target by end 31 March 2014	100%	100%	100%	85%	85%	92%	95%	100%	100%	90.0%	92.6%

1. BAG Bangunan AmBank Group
2. MAB Menara AmBank
3. AGLC AmBank Group Leadership Centre
4. MA Menara AmFIRST
5. WA Wisma AmFIRST
- * Jaya 99 Income guarantee top-up for a period of 6 years – based on 9.36% pa of Purchase Price based on Gross Yield for 1st 3 years and a 9.83% for the next 3 years.

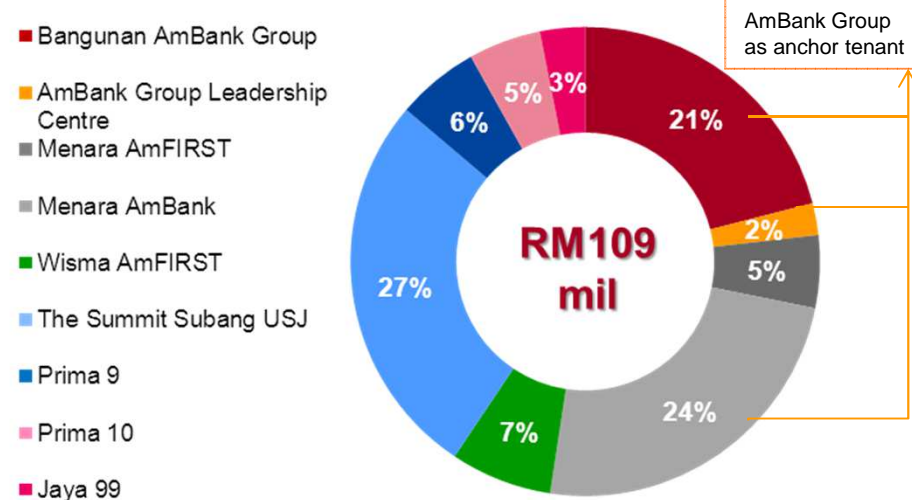
Portfolio & Tenants Profile

Top 10 Tenants by Rental Income (%)

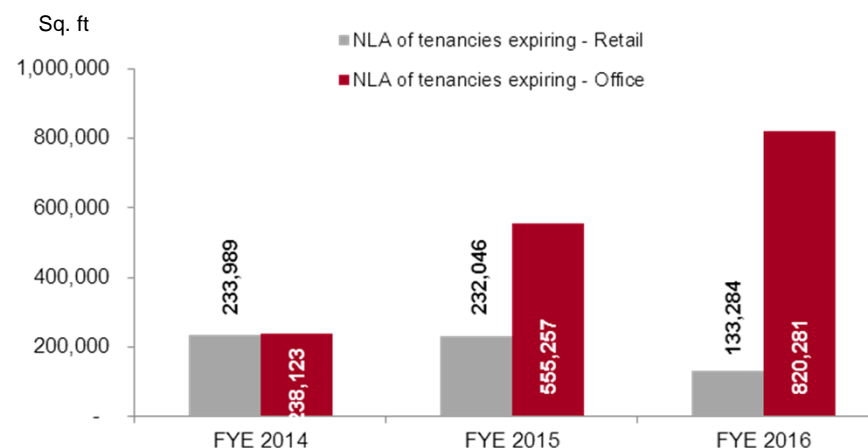


Top 10 tenants contributed 68% to the total rental income for the year, of which AmBank Group took the top spot contributing 42% of the total rental income

Gross Revenue By Property (%)

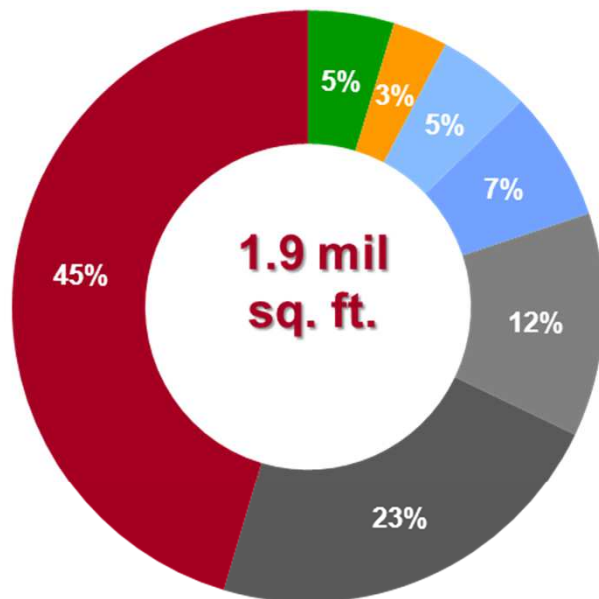


Tenancy Expiry Profile (by NLA)



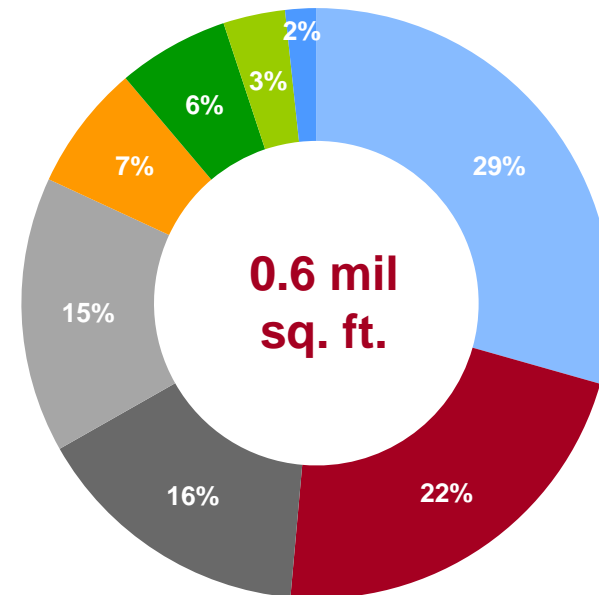
Tenants Diversification

Tenants Diversification by Sector (Office)



- Others
- Advocates & Solicitors
- Health
- Construction/ Real Estate
- Telecommunication/ IT
- Services
- Banking & Financial Institution

Tenants Diversification by Sector (Retail)



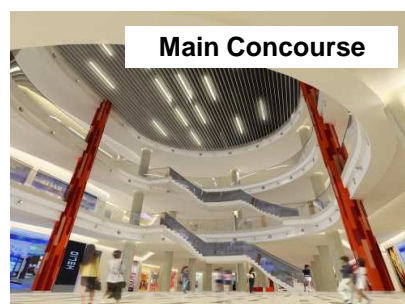
- Entertainment
- Supermarket
- Food & Beverages
- Education
- Services
- Fashion Apparel
- Home Improvement
- Others

Asset Enhancement Initiatives (“AEIs”) In Progress – Wisma AmFIRST

- Commenced upgrading in FYE 2011/12 and completed basic amenities works e.g. toilets
- For FYE 2012/13, commenced on the upgrading of the lift lobbies, common corridors, cafeteria & pantries areas and had completed external works - repainting the façade, waterproofing on the exterior windows & rooftop.
- Installation of new CCTVs to enhance security surveillance system.
- All refurbishment works expected to complete by end July 2013. Total Cost is approx. RM6.0 million.



Planned AEs – The Summit Retail Mall



(Artist Impression)

Estimated AEs cost : RM70 million
AmFIRST's share cost : RM49 million
Target commencement : FY 2013/14
Project Period : 18-Months

STRENGTHS & OPPORTUNITIES

- ✓ Excellent catchment -substantial swathes of residential / industrial
- ✓ Easy access and connectivity to major highways
- ✓ Good frontage exposure to main traffic artery
- ✓ Sizable enough for sufficient trade mix

KEY POINTS OF BENEFITS

- ✓ Complete overhaul of layout and merchandise mix
- ✓ Opportunities for more vibrant tenancy mix
- ✓ Enhancements to the facade and additional F&B spaces to extract more crown
- ✓ Enhanced income from new created lettable area

Planned AElS – Menara AmBank



Estimated AElS cost : RM25 million
Target commencement : FY 2013/14
Target completion date : 4 Quarter of FY 2014/15

KEY POINT OF BENEFIT

- ✓ Upgrading the building conditions & services to remain relevant and competitive to existing and new tenants.

SCOPE OF REFURBISHMENT WORKS

- ✓ Upgrading of main lobby, lift lobbies & common facilities
- ✓ Installation of access management system and upgrading of security surveillance
- ✓ Replacement and upgrading of mechanical & electrical equipment including lifts system & BAS system
- ✓ Façade restoration, waterproofing and sealant works.
- ✓ Replacement of the external and internal lightings.
- ✓ Car parks repainting and lightings.



(Artist Impression)

Thank You