



AmFIRST

Real Estate Investment Trust



FIFTH ANNUAL GENERAL MEETING

10.00 A.M., TUESDAY, 25 JULY 2017



The Manager

Am ARA REIT Managers Sdn Bhd (730964-X)



CEO's PRESENTATION



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MARKET REVIEW



MARKET REVIEW

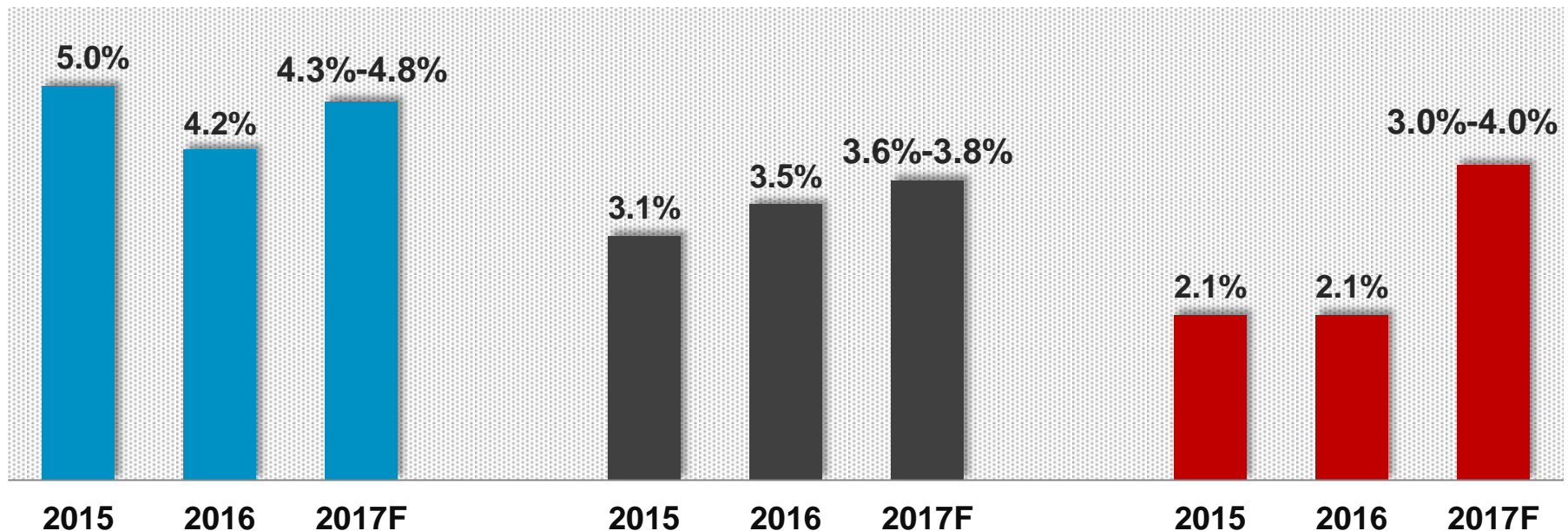
- ECONOMIC INDICATORS

Despite facing external & domestic headwinds, the economy **expanded in 2016** albeit at a slower pace

GDP (%)

Unemployment Rate (%)

Inflation Rate (%)



Source : Knight Frank Market Report / BNM Report

MARKET REVIEW

- RETAIL SECTOR (SELANGOR)

- Retail industry expanded by only **1.7%** in 2016.
- Overall occupancy remain stable at **87.3%** (1H2015 : 87.8%).
- Rental rates for prime shopping centres remain steady.
- Rental rates for less established centres under growing pressure.
- Cumulative supply stood at **29.6 mil sq. ft.** as at December 2016.
- Impending supply of **4.1 mil sq. ft.** in 2017 and **1.34 mil sq. ft.** in 2018.

Source : Knight Frank Market Report

MARKET REVIEW

- OFFICE SECTOR (KUALA LUMPUR)

- Overall occupancy declined to **82.8%** (2015 : 83.5%).
- Average rental rates on declining trend in 2016.
GT = RM7.61 psf (2015 : RM7.77 psf)
CBD = RM5.33 psf (2015 : RM5.55 psf)
- Cumulative supply stood at **51.0 mil sq. ft.** in 2016.
- Between 2017 and 2018, expected supply of **11.7 mil sq. ft.**
- Outlook for 2017 = **Subdued.**

Source : Knight Frank Market Report



FY2017 FINANCIAL HIGHLIGHTS



FY2017 KEY HIGHLIGHTS

Gross revenue
RM111.5 mil
+11.8%

DPU
4.06 sen
-20.4%

Gearing
46.2%
[As at 31/3/16 : 46.1%]

Net property income
RM72.8 mil
+19.2%

Investment properties
RM1.66 bil
+2.2%

NAV per unit
RM1.2421
-0.7%

Realised net income
RM27.9 mil
+6.7%

Completed The
Summit's major
refurbishment in
Dec 2016

Closing unit price
81.0 sen
+8.0%



GROSS REVENUE

Overall increased by **11.8% y-o-y**

Mydin

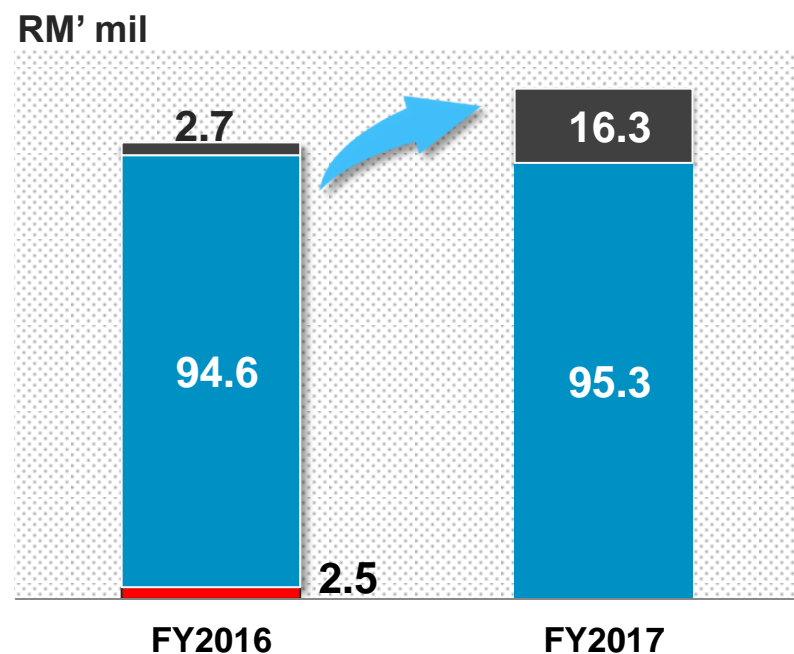
- Full year rental contribution.

Existing Properties net increased by 0.7% y-o-y

- Higher rental income from MAB, Wisma AmFIRST & Jaya 99.
- Improved revenue from The Summit Retail.
- Partially offset by lower revenue from Prima 10, The Summit Office & Menara AmFIRST.

AGLC

- Disposed in March 2016.

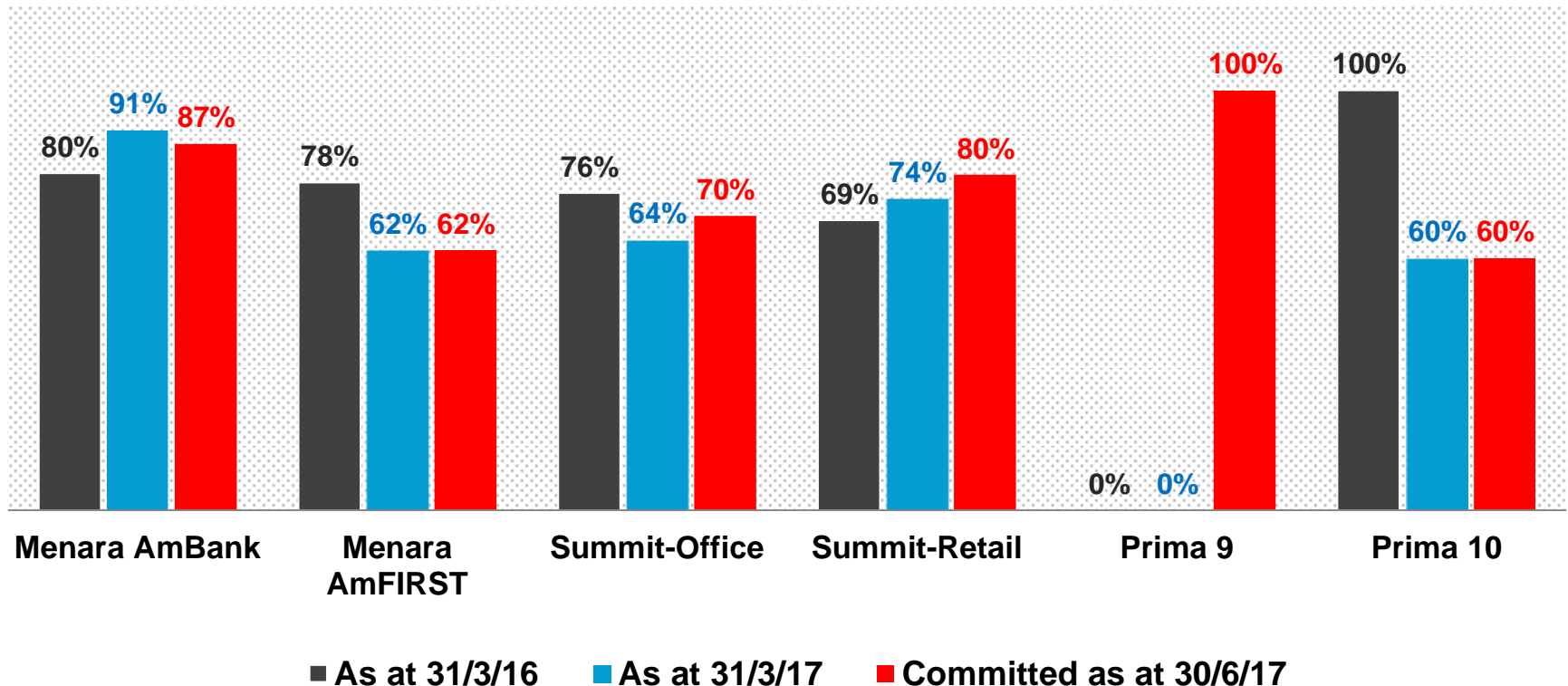


- Mydin
- Existing Properties [Exclude Mydin & AGLC]
- AGLC

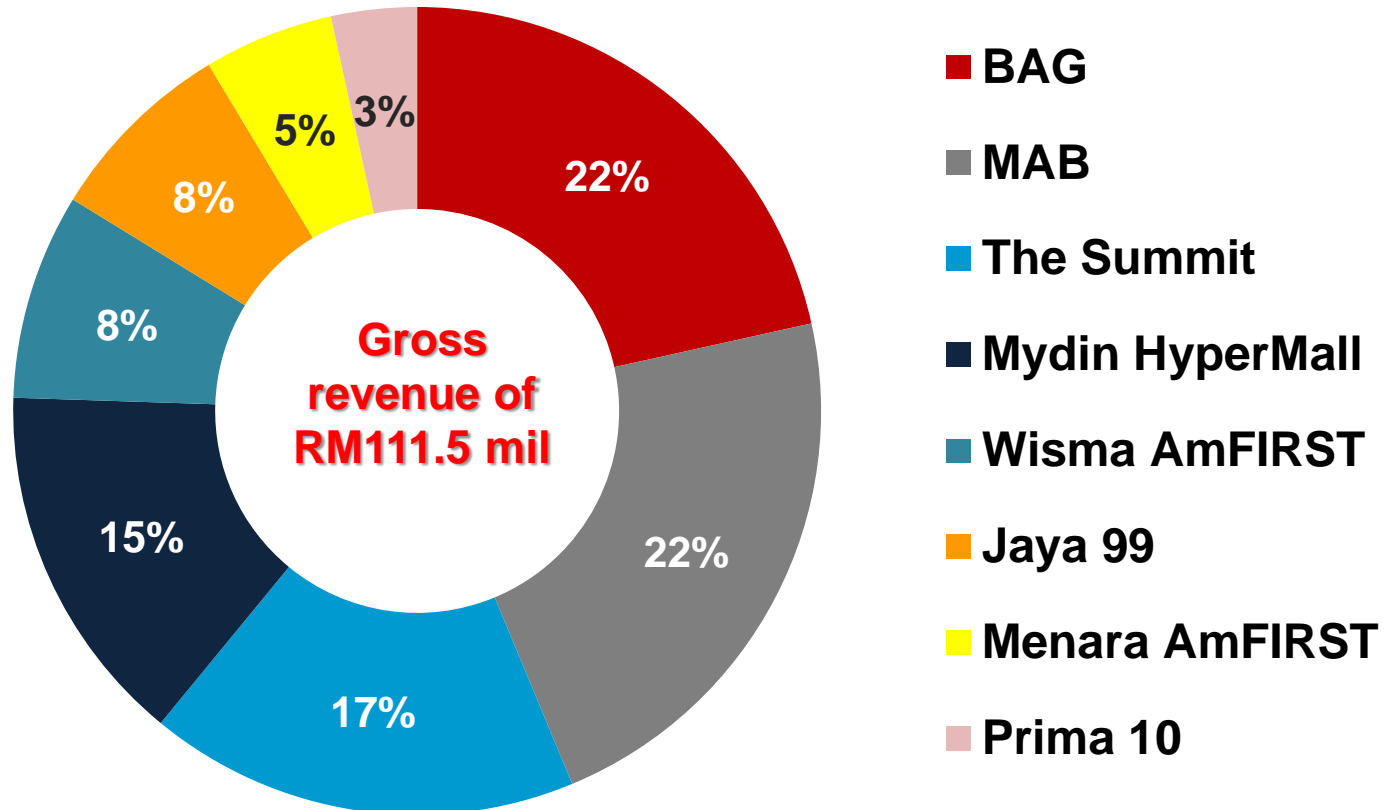
OCCUPANCY RATE (%)

- ✓ Overall portfolio occupancy as at 31 March 2017 increased by **1.2% to 82.6%**
- ✓ Committed overall portfolio occupancy as at 30 June 2017 improved to **87.3%**

Properties with significant movement in occupancy y-o-y



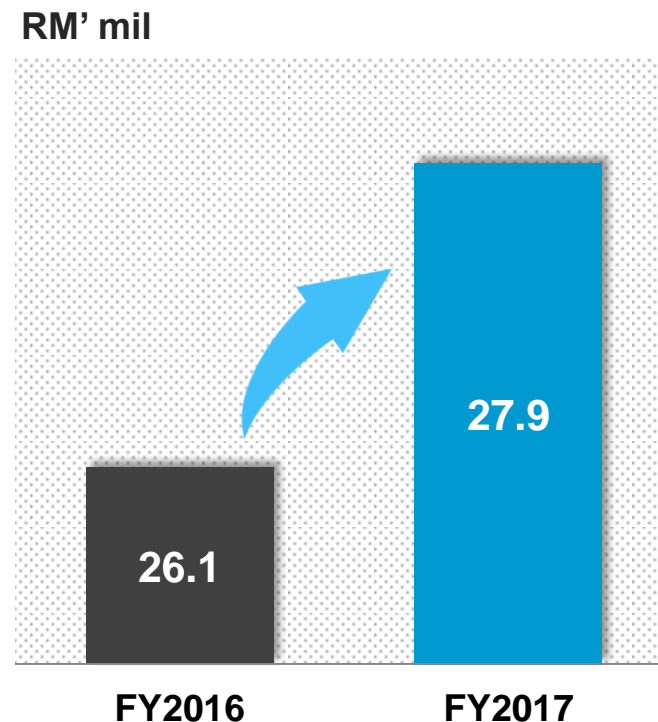
GROSS REVENUE - CONTRIBUTION BY PROPERTIES



REALISED NET INCOME

Increased by **6.7%** due to higher NPI

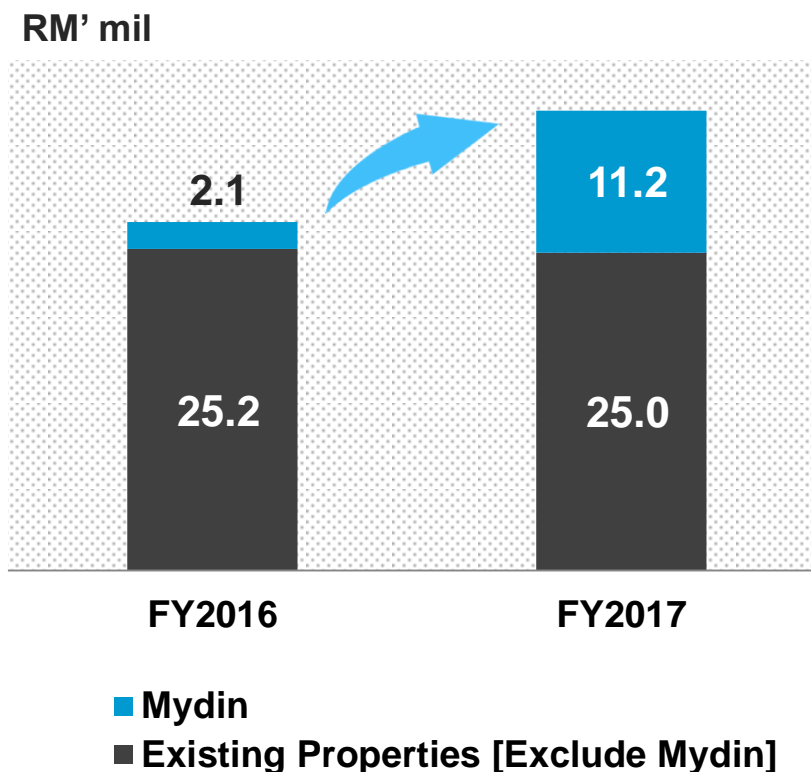
- Full year contribution from Mydin.
- Higher rental income from MAB.
- Improved revenue from The Summit Retail.



INTEREST EXPENSES

Increased by **32% y-o-y**

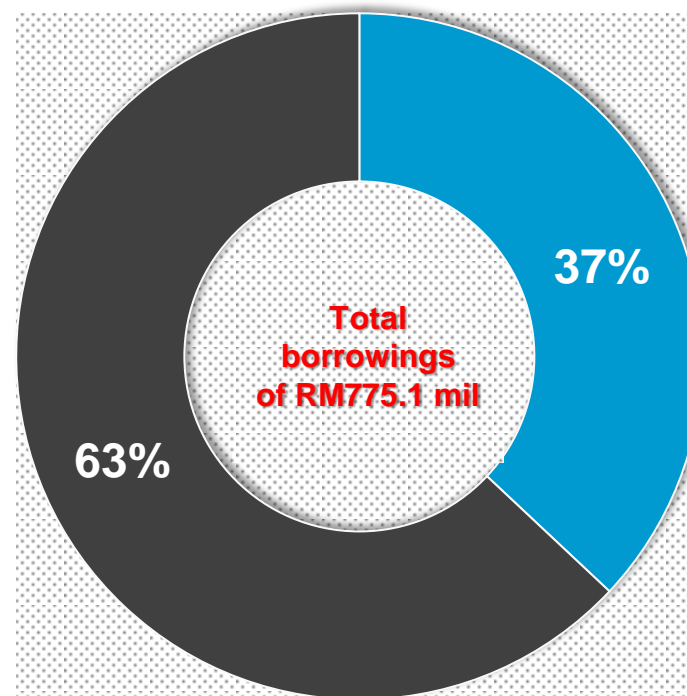
Increase was mainly due to additional borrowings to finance the acquisition of Mydin [RM250 mil].



INTEREST RATE MANAGEMENT

37% of borrowings are fixed via fixed rate loan and IRS

- The borrowings are hedged via RM200 mil of IRS & RM87 mil fixed rate term loan.
- Weighted average interest rate stood at 4.58% p.a. [FY2016 : 4.71% p.a.].

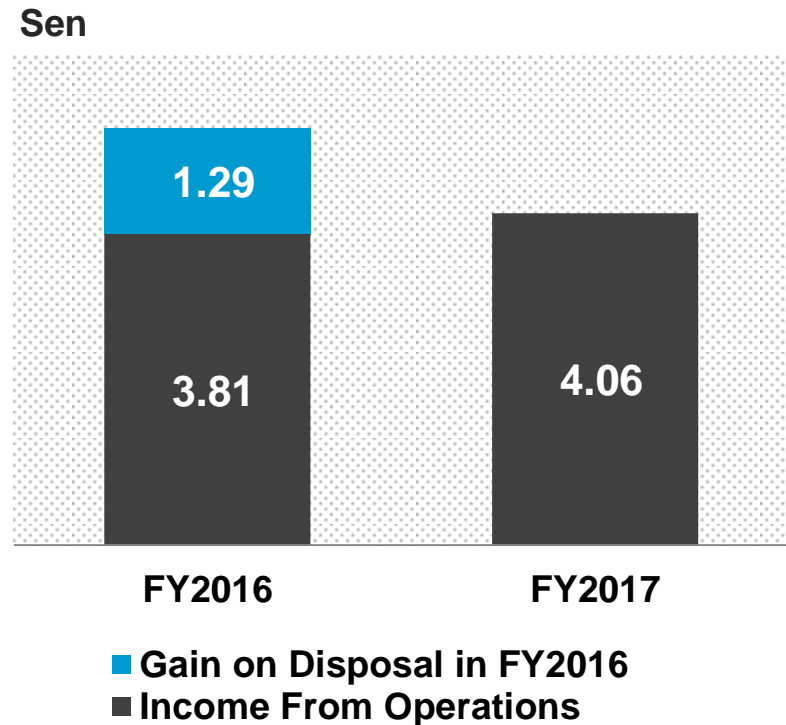


■ Fixed Rate ■ Floating Rate

DISTRIBUTION PER UNIT (“DPU”)

Increased by **6.7%**
excluding one-off gain on disposal of AGLC in FY2016

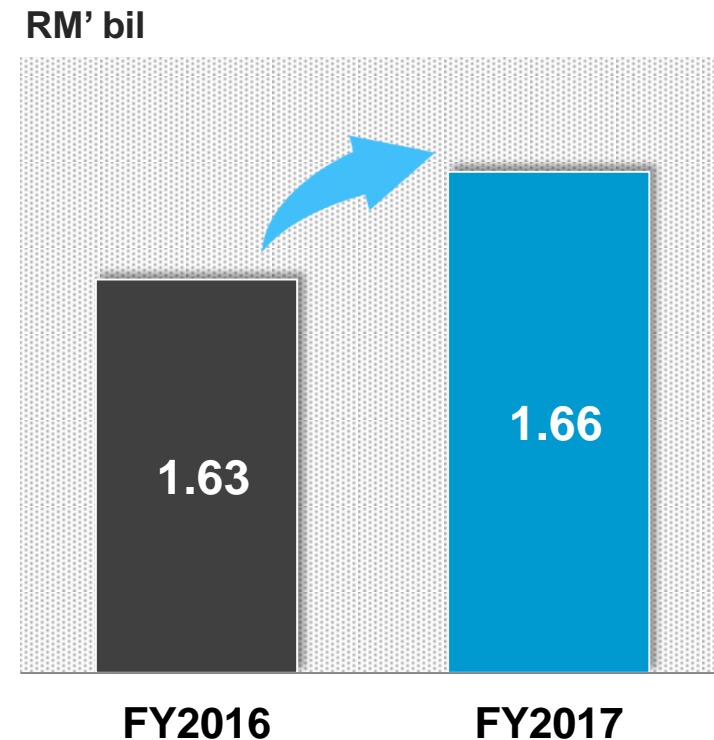
- Distribution Yield of 5.0% based on DPU of 4.06 sen & closing unit price of 81.0 sen.
- Total DPU of 4.06 sen was 20.4% lower than 5.10 sen in FY2016.



INVESTMENT PROPERTIES

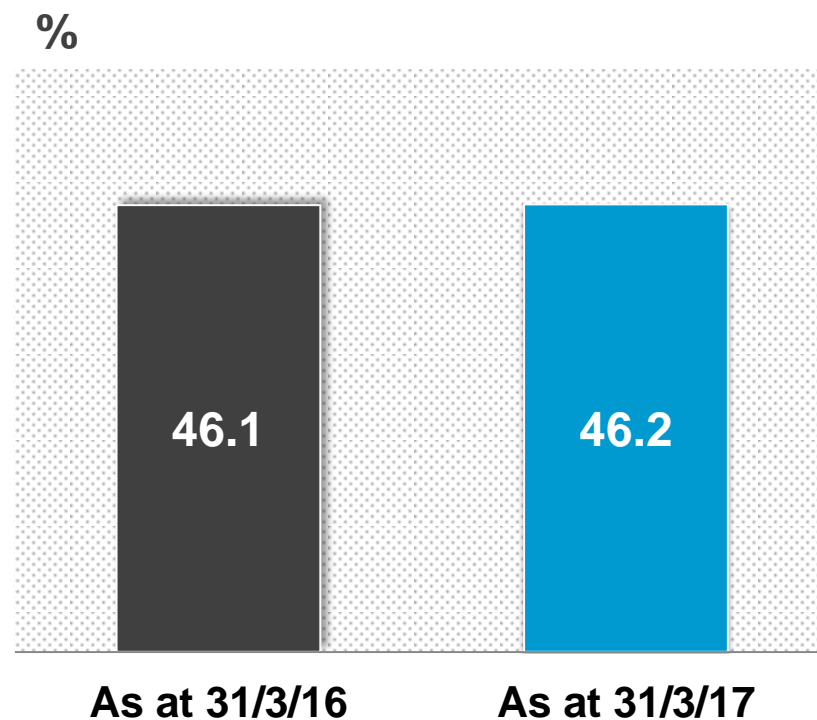
Asset value increased by **2.2%**

- No new acquisition or disposal – Asset portfolio remains at 9 properties.
- Capitalised AElS of RM41.6 mil.



Gearing at **46.2%**

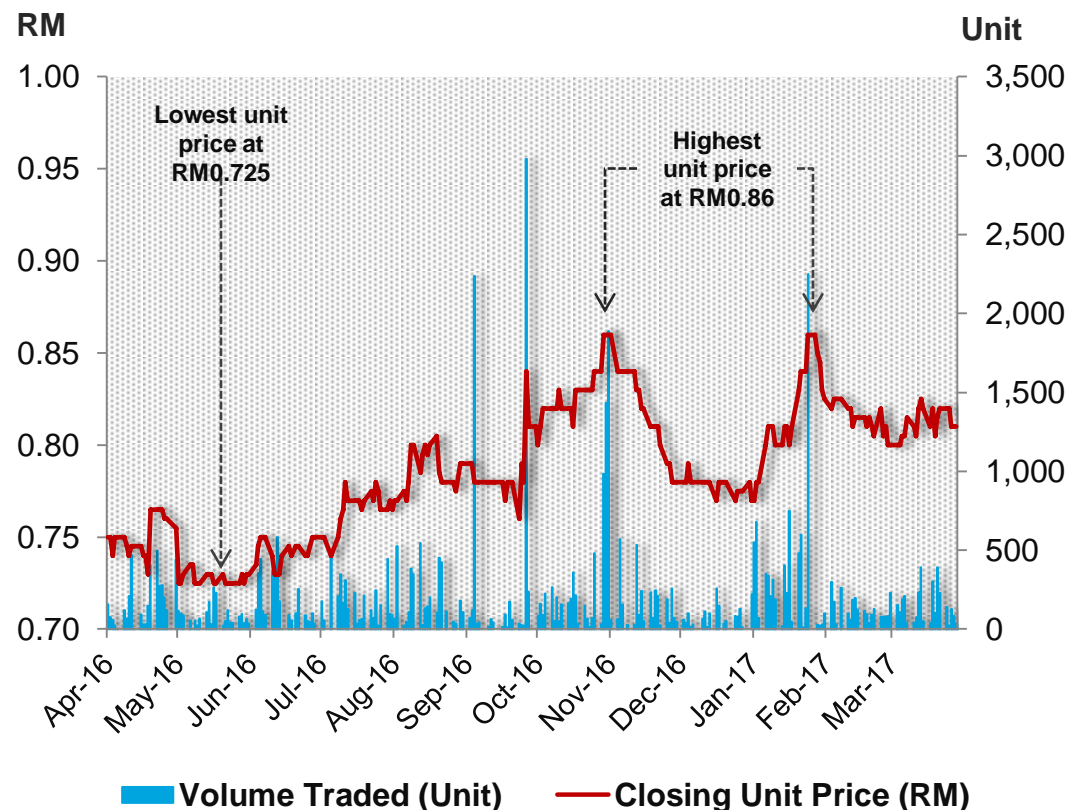
- Debt headroom of RM128.5 mil before reaching 50% threshold set by SC's REIT Guidelines.
- Medium to long term target gearing structure in the region of 35% - 40%.



UNIT PRICE PERFORMANCE

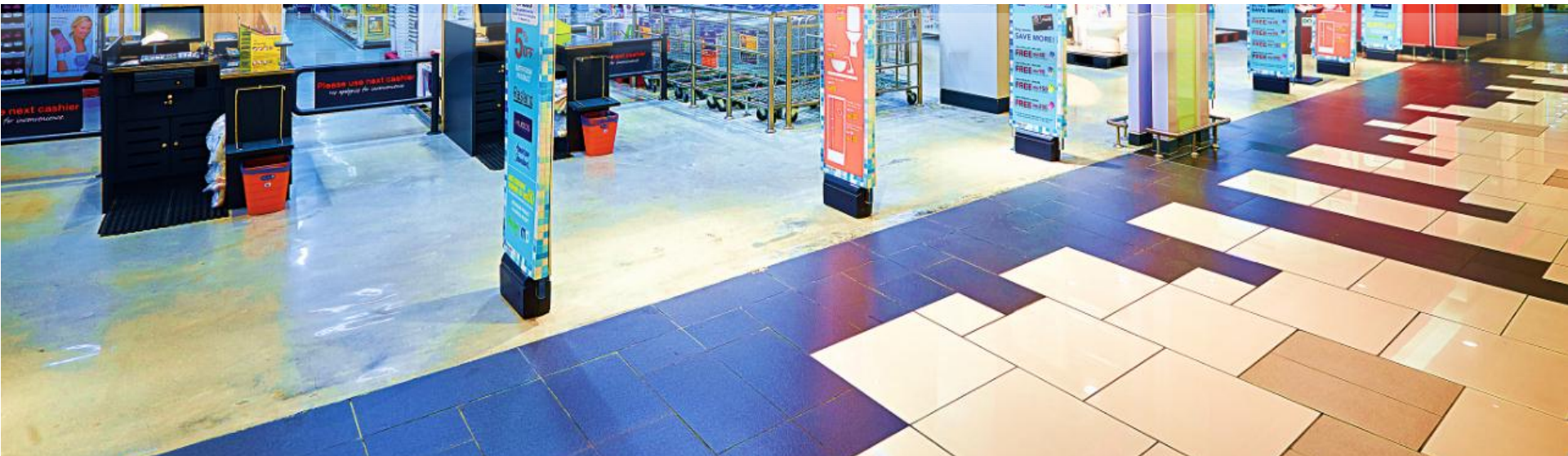
Closing unit price as at 31 March 2017 was **RM0.81**
[31 March 2016 : RM0.75]

- Average daily volume traded was 193,000 units.
- Top 30 Unitholders made up to 57.5% of the total unit in circulation.
- Unitholdings by related parties stood at 39.7%.





PROGRESS UPDATE



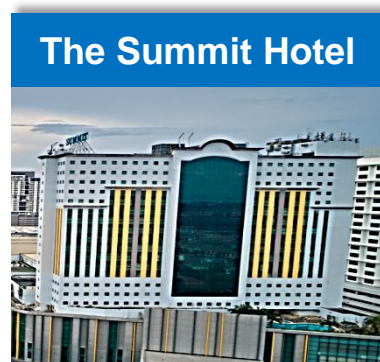
PROGRESS UPDATE

- PORTFOLIO OCCUPANCY (%)

Overall portfolio committed occupancy is **87.3%** as at 30 June 2017, increased by 4.7% from 31 March 2017 of 82.6%



- Currently vacant.
- Secured tenant to lease en-bloc (100%) with option to purchase. Tenancy commences 1 October 2017.



- Signed up new operator with higher rental
- Expected commencement 4Q2017



- Refurbishment completed.
- Occupancy on increasing trend = 69% (at 31 March 2016) to 80% (current committed occupancy).



- Currently 67.5% occupied.
- Committed occupancy improved to 70.2%.
- Working with a shared office operator (12,000 sq. ft.).

PROGRESS UPDATE - THE SUMMIT SUBANG USJ

Completed the major refurbishment in December 2016



Key Improvements

- ✓ External façade upgraded.
- ✓ Mall internal refurbishment.
- ✓ Upgraded 7 existing cinema halls.
- ✓ Hotel & Office external painting & waterproofing.
- ✓ Upgrading carpark.
- ✓ Newly created common lettable area.

PROGRESS UPDATE - THE SUMMIT SUBANG USJ

Positive development in The Summit Retail Mall

- ✓ Retained key tenants : Giant and GSC.
- ✓ Secured new anchor tenants : HomePro, Hot Market, Encore KTV, Miniature.
- ✓ Footfall increased = Average 397,000 (2016) to 552,000 (1H2017).
- ✓ Committed occupancy as at 30 Jun 2017 of 80%.
- ✓ Negotiating with 2 major tenants : food-court operator and indoor theme park operator.

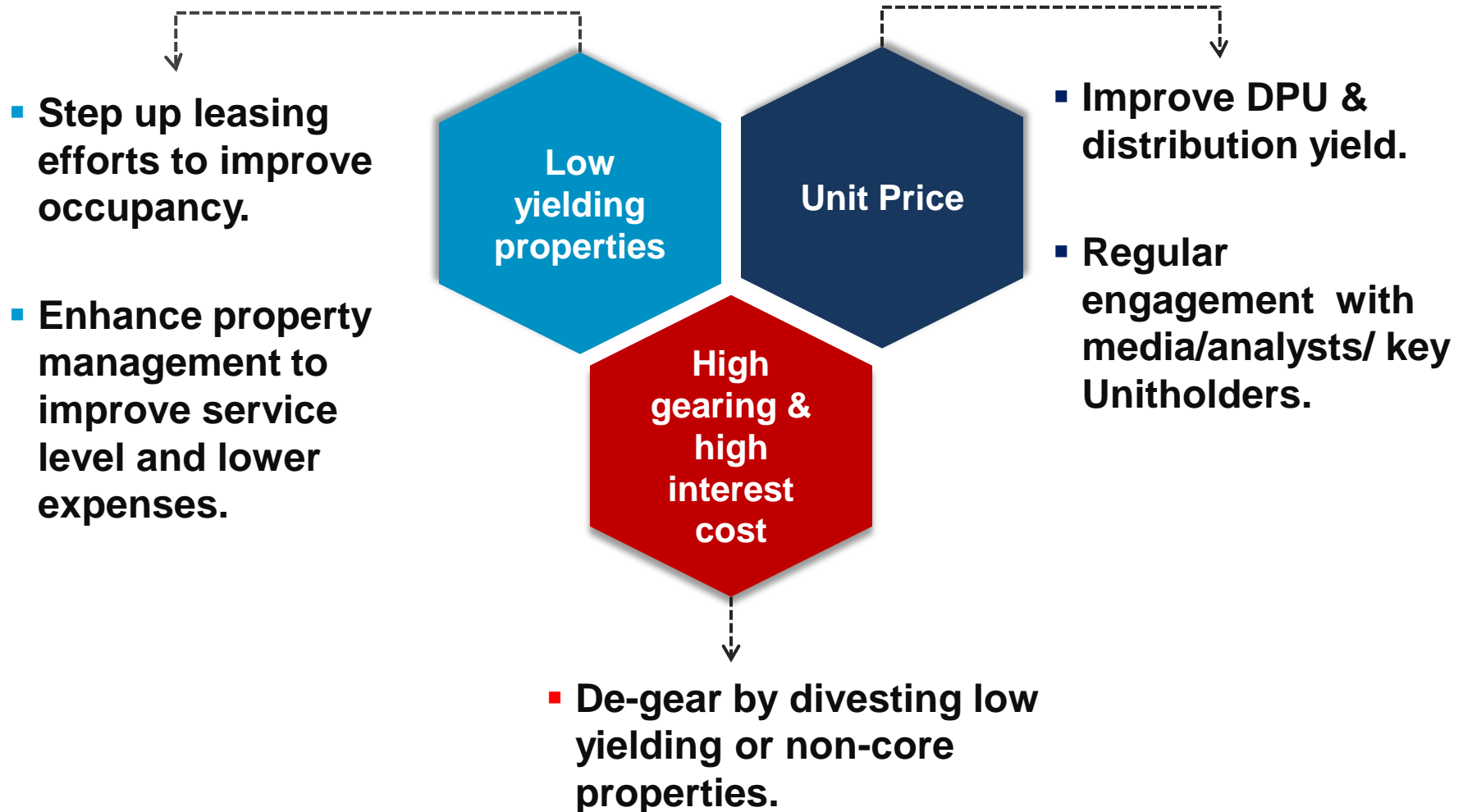




FY2018 KEY ACTION PLANS



FY2018 KEY ACTION PLANS





AGM RESOLUTIONS



RESOLUTIONS

Items	Agenda	Approval Required	Purpose
Resolution 1	<p>Proposed Authority to Allot & Issue New Units pursuant to Clause 14.03 of SC's REIT Guidelines – 'General Mandate' ≤ 20% of existing Fund Size.</p>	<p>Ordinary Resolution</p>	<p>To enable the Manager to raise fresh equity to meet future acquisitions and asset enhancement expenditure without breaching the 50% gearing threshold.</p>
Resolution 2	<p>Proposed Increase in Existing Approved Fund Size to a Maximum of 823,681,920 Units pursuant to the passing of Resolution 1.</p>	<p>Ordinary Resolution</p>	<p>To increase the fund size pursuant to the passing of Resolution 1.</p>



THANK YOU