

AmFIRST REIT's 4th Annual General Meeting held on 28 July 2016 at 10.30 am  
 Questions & Answers at the AGM

No	Unitholder/Proxy Name	Comments/Questions	Responses/Answers
1	En Abdul Rahim Bin Bidin	<p><u>C1</u>            AmFIRST REIT's unit price was low and quite depressing at 77 sen. Opined that this is due to AmFIRST REIT acquiring too many assets that had resulted in a low net income per asset. Request the Manager to promise not to acquire any more assets as the Distribution Per Unit goes down each time there was a new acquisition.</p>	<p><u>Mr Soo Kim Wai ("Chairman"):</u>            Currently, the gearing is high at 46.1%. There is hardly any room for new acquisition unless AmFIRST REIT divests some of its existing low-yielding properties.</p>
		<p><u>C2</u>            Prima 9 at Cyberjaya was untenanted for too long. There is no point in keeping the property. Suggest to rent out below market rate or dispose. No need for gain, as long as can cover the capital.</p>	<p><u>Chairman:</u>            This is the primary focus for this year. The Manager had been trying to dispose of Prima 9 since last year. Few offers were received but withdrawn subsequently due to poor market condition. In Kuala Lumpur alone, there is 12 million sq ft of new office building and Cyberjaya, 2 million sq ft. The Manager has been trying to rent out below market rate and lower the selling price to at least cover the capital but thus far no firm offer yet.</p>
		<p><u>C3</u>            Gross revenue has been declining. Pls ensure that the revenue will not go down for this year, otherwise the unit price will go further down.</p>	<p><u>Chairman:</u>            Revenue will certainly increase this year as the full year income from Mydin Hypermall's acquisition, which was completed in the last quarter of the last financial year, will be fully recognised this year.</p>
		<p><u>Q1</u>            Did The Summit Mall lose any of its tenants to da:men, the new mall next door?</p>	<p><u>Mr Wong Khim Chon ("CEO"):</u>            The Summit Mall did lose some tenants to da'men but it managed to retain all the key tenants. da'men was more complementary to The Summit Mall rather than a competitor, as da'men target market is more towards high end customers with focus on high end Foods and Beverages whilst The Summit Mall is more for the mass market. Some tenants that had moved to da'men had expressed their intention to the Management to come back to The Summit Mall. Additionally, with HomePro as an anchor tenant and completion of the refurbishment, it was hoped that the tenants are more confident and customers are more attracted to come to The Summit Mall. The existing tenants are positive about The Summit Mall positioning with Golden Screen Cinemas spending RM5 million to upgrade the cinemas. We reckon that the Mall is in good stead albeit movement in the tenants may be unavoidable.</p>

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2	Mr Teoh Yee Cheong	<p><u>Q1</u>                      Pls give more insights on The Summit Hotel. Market news was that the Management wanted to sell it.</p>	<p><u>Chairman:</u>                      The Hotel is operated by an Operator, and not the Manager. That is why in our books, occupancy is 100%. Actual occupancy is not 100% and it is confirmed that the Management is actively pursuing the disposal of The Summit Hotel.</p>
3	Mr Sze Kok Sing	<p><u>C1</u>                      Presentation slides' visibility was not good. Suggested to change the font colour and font size to a bigger size, in the future.</p>	<p><u>Chairman:</u>                      Noted the comments on the presentation slides. Will improve the slides visibility next year.</p>
		<p><u>Q1</u>                      On acquisition of Mydin Hypermall, it was stated that the asset will provide triple net yield of 6.5%. Pls clarify the meaning of the term 'triple net yield'</p>	<p><u>CEO:</u>                      During normal course of management of asset, you would have expenses incurred. The key expenses incurred would include:                      (i) Maintenance Charges                      (ii) Payment to authority like assessment and quit rent                      (iii) Staff expenses</p> <p>As far as Mydin Hypermall is concerned, it was leased to Mydin where all cost and maintenance are borne by Mydin. In other words, the income is net of all expenses.</p>
		<p><u>C1</u>                      Triple net yield term is a misleading term. Should just state net yield.</p>	<p><u>CEO</u>                      Triple net yield is a common term used in the real estate industry. Yield is 6.5% nett for the initial 5 years and increase by 10% from 6th years onward. Will be more specific what the term referred to in the future.</p>
4	Mr Leo Ann Puat	<p><u>C1</u>                      Congratulated the Chairman and Mr Thomas Kong for their appointments onto the Board of the Manager of AmFIRST REIT. Being Singaporean, it was hoped that Mr Thomas Kong can give invaluable input as REIT is doing well in Singapore. Also commended the Chairman's Statement which was well done and informative.</p>	-

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		<p><u>C2</u>                      Profit before tax looked good but if the fair value gain and gain on disposal were excluded, the real profit was only RM23 million.</p>	-
		<p><u>Q1</u>                      Performance/revenue had come down compared to last year. Was it due to the Asset Enhancement Initiatives ("AEIs") or market condition?</p>	<p><u>Chairman:</u>                      Revenue was down indirectly due to AEIs particularly due to refurbishment of The Summit Mall.</p>
		<p><u>Q2</u>                      What is the progress of the AEIs? Have they been completed?</p> <p>Summit Mall - Run down. Old and condition was terrible. Should get TESCO/AEON or a good supermarket as tenant.</p> <p>Summit Hotel - In a very bad condition. Cockroach everywhere. Luckily we did not own it.</p>	<p><u>Chairman:</u>                      AmFIRST REIT did not own the entire Summit Mall, as there were lots/units owned by individual strata parcel owners. Currently, we need to have independent management corporation where there is a lot of politics.</p> <p>The Summit Mall has new image and the Management and Board are trying hard to re-position the mall. We are talking to da'men to work together as we target different customer segments and see how we could complement each other.</p> <p>As for Summit Hotel, it was owned by the Trust but the Trust was not the operator. The Trust enjoys fixed rental income. The current tenancy was renewed on a 3-monthly basis as the Management target to sell it. If we change operator, we have to own it and bear the operational expenses. Some of the tenants asked us to reduce the rental due to the disruption from the LRT construction. This is one of the issues we faced.</p>
		<p><u>Q3</u>                      Menara AmFIRST - Location was good. How was the performance and occupancy rate?</p>	<p><u>Chairman:</u>                      Menara AmFIRST is where our office is located. Occupancy was about 70%. It was an office block in a restaurant area. The Board was confident that the occupancy rate could be improved.</p>

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		<p><u>Q4 - Share price</u>                      The dividend yield and NTA was quite good. Why the unit price was so low? Is it due to perception problem? What are the plans to push your unit price which was too low?</p> <p>Besides the current figure, Management should also provide comparative figure of the corresponding period in the Income Distribution Statement.</p>	<p><u>Chairman:</u>                      Unit price was our main concern. As you said, unit price will improve if we improve our performance. Investor relation is something that we are working on. Main reason was the growth. The Trust was an office REIT and the office market was overbuilt. In addition, most of the Trust's buildings are more than 15 years old. The Management was taking the necessary steps to diversify the nature of assets but that would take time. Have taken the press to look at The Summit Mall yesterday and the news appeared in Chinese daily today. Ultimately, if revenue improve, unit price will improve.</p> <p>Noted on the request to include the comparative figure in the Income Distribution Statement. Would include the comparative figure in the next Statement.</p>
5	Mr Tan Teong Huat	<p><u>Q1</u>                      What was the realised and unrealised income on page 13 of AR?</p> <p>The way the financial information was recorded, one year the profit was depressed and the next year, the profit was high. Statement of Profit did not really reflect the Company's profit. Am concerned that every time you depressed your profit the unit price was also depressed.</p> <p><u>Q2</u>                      Net Asset Value was quite consistent for the last 5 years but the unit price had gone down. No reason to go down per the earlier unitholder's remark. Need to do something about the unit price as it is too low now.</p> <p>What is the yield for the REIT now?</p>	<p><u>CEO:</u>                      When we have higher revaluation, there is a gain but until you sell it, it is not realised. It is a non-cash gain.</p> <p><u>Chairman:</u>                      Unrealised gain was the standard accounting practice and requirement of SC Guideline. We conducted independent revaluation on all the properties and recognised that as unrealised gain. DPU was the realised gain which is how much could be distributed to the unitholders, and is an indication of the underlying performance of the REIT.</p> <p><u>Chairman:</u>                      We have discussed at length on the actions that we are taking to improve the DPU, which should result in improved unit price.</p> <p><u>CEO:</u>                      At current unit price, the yield is 6.8% which is within the market range as far as REIT is concerned.</p>

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6	Ms Chong Siew Yoon	<p><u>C1</u>            If I were an investor, I will be worried because your gearing is too high. Do not want to invest in the Company that pay so much interest to Bank. Need to reduce the gearing.</p> <p><u>C2</u>            LRT station is at Taipan which is quite far from the Summit Mall. To look into providing public transport from the LRT Station to the Summit Mall and find ways to attract youngsters to the Summit Mall. Need to promote activities.</p> <p>Share price was all about perception. People do not see the Summit Mall as a shopping mall.</p> <p><u>Q1</u>            For Summit Hotel, is it not the responsibility of the landlord to do all the refurbishment and beautify the place for the tenants? With all the cockroaches, who would want to go there? It is more crucial to make up the Hotel if it is to be disposed. Suggest to work with the travel agents.</p>	<p><u>Chairman:</u>            Gearing is part of the strategy. Typically, for REIT, if it borrows at 3% and 4% and yield is 6% like Mydin Hypermall, there will be positive value. It make sense to gear up to enjoy the low interest rate rather than funding it 100% from capital of the Fund. That is why, at times, gearing is good for the performance of the REIT.</p> <p>Nevertheless, we noted and share the unitholders' concern on the high gearing. The Management is currently looking at selling some of the buildings.</p> <p><u>Chairman:</u>            For The Summit Mall, we did not promote because it was only yesterday we took down the scaffolding. Going forward, there would be more activities to promote and attract people to the mall.</p> <p>On the LRT, what I meant was during LRT construction, the tenants asked for rental rebates as people avoid going to the mall and using the road altogether.</p> <p><u>Chairman:</u>            On The Summit Hotel, the Management was not happy with the Operator. Therefore, we only give them short term lease of 3 months renewal. With the new positioning of the Summit Mall, the Management will be addressing the Hotel in terms of finding new operators or buyers.</p>
7	Ms Mitra Chen Wei Hong	<p><u>C1</u>            Agreed with Ms Chong. Gearing was high. Look seriously into reducing the gearing ratio. However, happy with lower market price. For long term investors, now is good time to buy.</p>	<p><u>Chairman:</u>            On the high gearing ratio, the Board and Management are actively looking into disposing some of the properties to reduce gearing.</p>

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		<p><u>Q1</u>                      Your floating rate is very high at 56%. How to reduce it and go more for fixed rate.</p>	<p><u>Chairman:</u>                      Fixed and Floating rate - It was a question of how one looks at interest rate outlook. In an environment if one expects that interest rate will go up, you would want to have fixed rate, which was what happened end of last year. Now the interest rate seems to be going down. It was not easy to decide. The Management is trying to maintain a balance. Early this year, we had reduced the floating rate exposure. The Management wanted to continue to convert more of our floating rate to fixed rate. So if we anticipate that the interest rate is going up, we will convert more to fixed rate.</p>
		<p><u>Q2</u>                      On your plan to diversify, I am concerned because you are more on Office. Are you acquiring the right assets? Where are your heading for in 5 years' time?</p> <p>Other REITs are doing well because they operate mall together with hotel. Why don't you want to operate the hotel? If you want to sell the hotel, sell the mall as well, as you will get a better price.</p>	<p><u>Chairman:</u>                      Strategically, the Trust will remain mainly as an office REIT. The Hotel is a legacy. Will diversify into something that of office profile. Like Mydin, its a hypermall, but for all intents and purposes, its like office with higher percentage of occupancy. What we are trying to say is we will diversify into asset class with office profiles.</p> <p>Summit Mall - The Trust does not own 100% of the building. There are 200 other co-owners. It is not easy to sell. We will find other avenues to dispose of our assets to reduce the gearing.</p>
8	Mr Ng Ken Peng	<p><u>Q1</u>                      Tax rate for REITs is currently 10% of income. Is this rate going to change next year? Heard that this incentive is going to end this year.</p>	<p><u>Chairman:</u>                      No say over that. It is a call by the Government depending on their budget. A lot of incentives/subsidies have been withdrawn. As an industry, REITs would want the preferred tax rate to maintain or reduce.</p>
9	En Rashid Esoofi	<p><u>C1</u>                      Considering complicated market, scope to increase rental income would be somewhat limited. So am not sure how much can you increase your rental to improve your DPU.</p>	-
		<p><u>Q1</u>                      What is the impact of the opening of da'men to the Summit Mall?</p>	<p><u>Chairman:</u>                      da'men had opened for business before Chinese New Year. As mentioned, the Management is talking to them on how to work together as we have different target segments. Those tenants that had moved out are not our tenants, they are the tenants of the strata title owner.</p>

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		<p><u>Q2</u>            On page 12 of the Annual Report, it was stated that for March 2016, disposal of AmBank Group Learning Centre generated realised net gain of RM8.4 million. But the CEO's presentation just now mentioned RM12.2 million. Can you explain the discrepancy?</p>	<p><u>Chairman:</u>            Discrepancy on gain on disposal of building was due to the cut off of financial year. Total net gain of RM12.2 million. For last year, there was a provision of revaluation loss of RM3.4 million. Net gain is RM8.4 million.</p>
		<p><u>Q3</u>            Why the increase in Management Expense Ratio ("MER") over the last few years?</p>	<p><u>CEO:</u>            As far as expenses are concerned, they are stable. But if the revenue comes down, the ratio will go up. Will ensure we continue to grow our revenue. For e.g. what the Management tried to do in Summit, despite the disruption caused by the construction of the LRT station, we cannot close the mall. As a result, it becomes a live mall. As a live mall, when there is a construction, business is affected. That is why rental rebates were given. Going forward, upon completion of renovation no more such rental rebates will be given. Therefore, revenue will go up.</p>
10	Mr Leo Ann Puat	<p><u>C1</u>            On high gearing, as long as your assets could earn higher return, then it should not be an issue.</p>	-
		<p><u>Q1</u>            Is there a net gain for all properties in Cyberjaya and Melaka? If loss, consider selling off. Then your gearing will go down.</p>	<p><u>Chairman:</u>            The property that has a net loss is Prima 9. Management is trying to rent out Prima 9 at a lower rate. There was a tenant which is a government agency, but it has no budget to pay deposit. Currently the Management is looking into selling the property.</p>
11	Mr Lee Cheng Hock	<p><u>Q1</u>            Has the Company submitted claim for compensation for the disruption of business at the Summit due to the LRT construction from the LRT company?</p>	<p><u>CEO</u>            When the proposal to construct the LRT station came few years ago, certain lands in front of The Summit was acquired. Some lands belonged to AmFIRST REIT and some are common lands belonging to the Management Corporation. Claims compensation have been applied. Prasarana had paid the Trust for the lands. On the disruption to the business, just like disruption to power supply, it is not easy to get the government to compensate.</p>
12	Ms Foong Poh San	<p><u>Q1</u>            By increasing the fund size to the maximum, will it erode the Distribution Per Unit ("DPU")?</p>	<p><u>Chairman:</u>            The Management and Board were only seeking mandate, and would only increase the fund size if there are opportunities and only if it can improve the DPU.</p>