

# AmFIRST Real Estate Investment Trust

[Established in Malaysia under the Trust Deed dated 28 September 2006 (as amended by the First Supplemented, Revised and Restated Trust Deed dated 15 December 2006 and the Second Restated Deed dated 13 September 2013) entered into between Am ARA REIT Managers Sdn Bhd and Maybank Trustees Berhad, companies incorporated under the Companies Act, 1965 repealed and replaced with Companies Act, 2016 with effect from 31 January 2017]

## **Summary of Key Matters Discussed at the Fifth Annual General Meeting ("5TH AGM") of the Unitholders of AmFIRST Real Estate Investment Trust ("AmFIRST REIT") held at Manhattan II, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1 Jalan Imbi, 55100 Kuala Lumpur on Tuesday, 25 July 2017 at 10.00 a.m.**

The Chairman, Mr Soo Kim Wai, called the Meeting to order at 10.15 a.m. after confirmation of the requisite quorum being present pursuant to paragraph (f) of Schedule 1 of the Trust Deed.

The Chairman proceeded to invite Mr Wong Khim Chon, the Executive Director ("ED")/Chief Executive Officer ("CEO") of the Manager, Am ARA REIT Managers Sdn Bhd, to present AmFIRST REIT's financial performances and operation review as well as the rationale for the resolutions set out under the Special Business of the Agenda of the Meeting.

### **Presentation on the financial performance and operation review of AmFIRST REIT**

The Company's financial performance and operation review for the financial year ended 31 March 2017 were presented, covering the following topics:-

#### 1. Market Review

- Impact on the real estate market – market continue to be trending downwards with cumulative supply in 2016 standing at 51 million square feet of office space;
- Impact on the occupancy and rental rate – major concern on the expected supply for 2017 and 2018 of 11.7 million square feet of office space, and an expected absorption rate of an average 5.9 million square feet;
- Overall, the 2017 market outlook continues to be subdued.

#### 2. Financial Highlights for the financial year end 31 March 2017

- Gross revenue and net property income recorded at RM111.5 million and RM72.8 million, which increased by 11.8% and 19.2% year-on-year respectively – mainly attributed to the full year rental contribution from Mydin HyperMall;
- Improved results come from higher occupancy and rental reversion in Menara AmBank as at 30 June 2017 committed at 87.3% and improved revenue from The Summit Retail Mall as at 30 June 2017 committed at 80.0% after the completion of the refurbishment in December 2016 – however, partially offset by lower rental income from Prima 10, The Summit Office and Menara AmFIRST as a result of lower occupancies excluding the one-off disposal gain of AmBank Group Leadership Centre ("AGLC") of RM12.2 million in 2016;
- As a result in the increased gross income, the net property income stood at RM27.9 million in 2017, an increase of 6.7% from RM26.1 million from the previous year;

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- Interest expense increased as a result of the borrowings to acquire Mydin HyperMall at RM250 million. However, from the operations perspective, interest rate had slightly decreased to RM25 million from RM25.2 million from the previous year;
  - Total income distribution recorded at 4.06 sen per unit representing approximately 100% of the realised distributable net profit generated during the financial year.
3. Update on progress up to 30 June 2017
- Positive developments as the overall portfolio recorded an increase in the occupancy rate from 82.6% to 87.3% as at 30 June 2017;
  - The Summit USJ Subang has completed the major refurbishment in December 2016;
  - The Summit Retail Mall managed to retain and secure profitable tenants such as Giant, GSC, HomePro, Hot Market, Encore KTV and Miniature;
  - The footfall for Retail Mall has also increased to 552,000 (1H2017) from an average of 397,000 last year.
4. AmFIRST REIT's plans moving forward – FY 2018 Key Action Plans
- Low yielding properties
    - to set up leasing efforts to improve occupancy;
    - enhancing property management to improve service level and lower expenses.
  - Unit Price
    - to improve distribution per unit and distribution yield;
    - to conduct regular engagement with the Media/Analysts/Key Unitholders.
  - High gearing and high interest cost
    - to de-gear by divesting low yielding or non-core properties.

The Unitholders raised some questions which were responded to by the Chairman and/or ED/CEO. The detailed questions and responses were set out in Appendix 1 enclosed herein.

We are pleased to announce that the two (2) resolutions as set out in the Notice were duly passed the Unitholders by way of poll. The results of the poll were duly verified by Symphony Corporatehouse Sdn Bhd, the independent Scrutineer appointed by Am ARA REIT Managers Sdn Bhd, the Manager of AmFIRST REIT.

There being no other business, the 5th AGM concluded at 12.35 p.m. with a vote of thanks to the Chairman and the Board of Directors of the Manager.