

No	Unitholder/Proxy	Comments/Questions	Responses/Answers
1	Ms Chong Siew Yoon (Unitholder)	<p>Based on my reading of the Edge and other Written Publications, there appears to be an oversupply in property market. Hence, I am concerned with the struggles faced by the buildings; namely:-</p> <ul style="list-style-type: none"> <li>• Bangunan AmBank Group (“BAG”);</li> <li>• The Summit USJ Subang (“Summit Subang”); and</li> <li>• Wisma AmFIRST.</li> </ul> <p>Despite having strategic locations and accessible by public transports such as busses and Light Rail Transits (“LRT”), the buildings occupancy rate is worrying as unable to attract tenants nor contribute to the targeted performance of AmFIRST REIT.</p> <p>How would you improve rental and occupancy rate? Perhaps, may want to consider to reduce the rental to attract more tenants?</p>	<p>The CEO informed the Unitholders that the occupancy rate for BAG is still quite good compared to Menara AmBank located along Jalan Yap Kwan Seng as the competition within the Kuala Lumpur vicinity is fierce. Other than that, Menara AmBank had just lost a major Tenant, Acer, as a result of the consolidation of their business. Hence, AmFIRST REIT is currently facing a fair bit of challenge due to this.</p> <p>The CEO noted and agreed that something needs to be done before it further deteriorates and highlighted the following actions to improve the situation:-</p> <ol style="list-style-type: none"> <li>1) will strive to attract more tenants and look beyond the existing office occupants; and</li> <li>2) will look into more flexible office requirements, such as shared office operators, a new trend among businesses.</li> </ol> <p>He added that for The Summit Subang USJ there is a healthy growth in the Food &amp; Beverage (“F&amp;B”) industry, however, not so for other businesses such as the fashion industry. HomePro Malaysia, an anchor tenant at The Summit Subang USJ is also facing difficulties and unable to achieve the expected profit projection.</p>

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		<p>She also suggested that the lower level of Wisma AmFIRST be converted into a hypermarket since the location is accessible to the public.</p>	<p>The CEO informed that the Management have discussed with other property players if they are able to revamp their buildings into service apartments or hospitality properties.</p> <p>As for Wisma AmFIRST, the Managers are trying to finalise the terms with some anchor tenants to increase the occupancy rate in stages over the next 9 to 12 months and to close it at about 95% occupancy.</p> <p>At Menara AmFIRST, parking and access issues are also challenges faced due to congestion caused by the public at a well-known restaurant located near the building. The issue had been raised to the Petaling Jaya City Council and despite issuing summons, the issue still persists up to today.</p> <p>In response to that, the Management initiated a cohesion with the restaurant owner to resolve the issue and measures have been taken to improve the conditions.</p> <p>The Unitholders were informed that the restaurant currently pays a nominal sum for the carpark service while the patrons pay the normal visitor parking rate.</p> <p>The CEO then added, in spite of the struggles and challenges faced by AmFIRST, they take note and will explore Ms Chong's suggestions.</p>

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2	Mr Toh Yee Chong (Unitholder)	<p>Based on the information presented by the CEO, I wish to enquire on the status of The Summit Hotel as it was mentioned in the previous year's Annual General Meeting ("AGM") that there were plans to change the hotel operator.</p>	<p>The CEO affirmed that at the 2017 AGM, the Managers pointed out that there were plans to change the existing hotel operator to a new operator. However, the new operator has set a requirement for Capital Expenditure (CAPEX) ranging from RM20 million to RM25 million.</p> <p>The Managers were mindful of AmFIRST' financial position and decided to drop the proposal in view of the high CAPEX. As an alternative, the Managers decided to continue with the existing operator with a revised rental and a lower CAPEX for another year.</p>
		<p>Can the Board explain the tax implication on the retained dividend?</p>	<p>The Chairman informed that the Trust had distributed 94% of its profit and highlighted that for REIT to enjoy the tax exemption, at least 90% must be distributed. Hence, the Trust is still enjoying the tax exemption status.</p>
		<p>Can the Board explain the mechanism of capitalisation of Assets Enhancements Initiative ("AEI"), as it seems to be a cosmetic accounting treatment where the figure affects the net tangible assets ("NTA") – is it reflecting a true and fair view of the income?</p>	<p>The CEO agreed that some of the AEI spent did appear to be for cosmetic purpose, however, it was not the intention as most of the Trust properties are very old and thus required CAPEX to upgrade the buildings. The CEO informed that in the past 12 to 18 months, there are increasing incidences whereby the customers were trapped in the faulty elevator at Menara Summit.</p>

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			<p>Hence, it is necessary to spend some CAPEX to upgrade these facilities, especially the ones related to the safety of the customers. Nevertheless, it is a responsibility of the Manager to ensure that AmFIRST REIT continue to preserve the value of the buildings and ensure that they can retain current tenants and to be able to attract new tenants which eventually will lead to increase in gross property income.</p>
		<p>The share price continue to drop, will there be any plans to issue new units to acquire properties? This will in the end dilute the existing Unitholders' value since the current share price is already low.</p> <p>As such, actions must be taken to improve the share value in order to attract institutional investors, perhaps conducting roadshows.</p>	<p>The Chairman informed that the Board of Directors is also concern on the low share price of AmFIRST. He mentioned that management has conducted roadshows and met analysts periodically.</p> <p>The Chairman informed that AmFIRST REIT has also been approaching institutional investors. He highlighted that to attract institutional investors, the yield plays a big factor as institutional investors will make comparisons with other competitors.</p> <p>With regard to the issuance of new units, today's AGM is the passing of a resolution with a general mandate and the new units will only be issued, as and when the Board deemed appropriate. The Chairman assured the Unitholders that issuing new unit will be AmFIRST's last resort to raise fund. The issuance of new units does not mean that the units will be issued at a current price.</p>

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3	Mr Muniandy Karishnan (Unitholder)	<p>Firstly, I wish to compliment the detailed presentation given by the CEO. However, my concern is that amongst all REIT companies, why is AMFIRST REIT badly effected?</p> <p>Based on page 21 of the 2018 Annual Report, it states that tenancies will be expiring in year 2019, 2020 and 2021.</p> <p>Furthermore, there'll be more challenges in the upcoming years with the existence of more properties that could give fierce competitions in the industry such as the Tun Razak Exchange (TRX) and other offices spaces that are nearing completion.</p> <p>Based on the projection in 2019, almost 35% of the tenancies will expire. Can the Board share the strategies to overcome this issue?</p>	<p>The CEO agreed that property market is challenging and it is difficult to compete with other property due to AmFIRST' aged buildings, however, so far, AmFIRST REIT has been able to retain its major tenancies.</p> <p>He mentioned that the industry will continue to be challenging with the emergence of new office space coupled with the attractiveness of other locations, therefore, it is necessary to find innovative ways to attract new tenants, whilst retaining the existing tenants.</p> <p>The CEO added that to overcome the market adversities, their strategy is to ensure good maintenance and refurbished buildings as well as improve the service level to tenants. He stated that AmFIRST REIT has succeeded to secure tenants for Prima 9 after it was empty for almost 2 years with the tenants of the building given the option to acquire the building at a certain agreed price.</p> <p>As for the retail segment in The Summit Subang USJ, ongoing measures have been undertaken to gradually combat challenges with suitable marketing initiatives where some of the incoming tenants would have their rents divided into 2 parts with fixed rental that would take care of the costs and % of GTO. Should the tenant's sale go beyond a certain threshold, landlord will be able to enjoy additional rental.</p>

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		Another issue is your gearing is nearing maximum, any plans of reducing it?	The CEO replied that AmFIRST REIT is currently looking at selling some properties to lower down gearing.
4	Ms Chong Siew Yoon (Unitholder)	May I suggest that more events be conducted in The Summit USJ Subang and to propose lower rental rate to attract more tenants and customers.	The Chairman informed that there are numbers of events conducted in The Summit Subang to reach out to the community. The most recent event was ' <i>Jom Durian</i> '.
		In view that there is a court hearing for MC, was the AGM intentionally planned since there are no representatives present judging from the crowd today?	The Chairman informed that the matter is under court thus not at liberty to further comment. Legal disputes with owners of a strata mall is normal but the AGM was not intentionally planned in view of the court proceedings against MC.
5	Mr Leo Ann Puat (Unitholder)	Judging from the 2018 performance it's a positive outlook as better results from previous years – noted that distribution income increase by 6% despite suffered loss due to non-cash value.  However, based on page 4 of 2018 Annual Report, the average of Annual Returns shows negative in the past years. Can I have further explanation on these trends?	Mr Chong informed the basis of calculation of the total return and annual returns is explained under the footnote of page 4.  He added that the negative return shown in the average return was mainly caused by the negative movement in unit price over the various period of measurement.

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		<p>On moving forward in the short term, what would be the expected performance or comparative advantage for 2019 for the commercial office sector considering the following challenges:-</p> <ul style="list-style-type: none"> <li>• age of the properties</li> <li>• excess supply, and</li> <li>• absorption/flat rental rate.</li> </ul>	<p>The CEO informed that moving forward, oversupply will be the main challenge and for now, AmFIRST REIT will maintain its strategies to continue sustain the REIT's performance. The goal to be achieved are retaining existing tenants as well as securing new tenants.</p>
		<p>For mid and long term, what other things would AmFIRST REIT be looking into?</p>	<p>The CEO inform that there is a possibility to divest some properties but would need to study the geographical aspects and diversity.</p> <p>The Chairman agreed as the representative of AmBank group, one of the major Unitholders, the unit price of AmFIRST REIT appears alarming. But to compare with other REITs, AmFIRST's properties has more disadvantage locations. The Management is hopeful that the current tenant would opt to buy over the building in Prima 9.</p> <p>At the same time, the Management is actively looking to divest the hotel. As AmFIRST REIT is not a hospitality player, there is a heavy reliance on hotel operators in managing the properties. However, so far, we have not received any offer to buy the hotels.</p>

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		Why has AmFIRST REIT underperform, it has a low share price compared to other REITs. Is it because lacking of number of institutional investors?	The Chairman explained the share price performed badly last year was probably due to the aborted merger between RHB Bank Berhad and AmBank Berhad. Should the merger exercise materialise, it may cause one of the buildings to be left vacant.
6	Mr Ng Ken Peng (Unitholder)	The parking rate in The Summit Subang USJ is one of the highest in Subang Jaya – can the Management consider a lower rate or adjusted to be more flexible, especially for shoppers to the mall.	The CEO took note of the comments and will raise the issue with the parking operator.  He added, the parking rate may be one of the factors driving people away but based on the data collected that does not seem to be the case.
7	Mr Woo Kai Hung (Unitholder)	What are the grievances and damages purportedly suffered by the plaintiff that was stated in Note 27, page 143 and whether the claim is restricted?	The Chairman explained that the claim is against the management corporation whereby the plaintiff alleged that there was a breach of certain statutory and fiduciaries duties.  He highlighted that the court case is currently ongoing and he is unable to comment further or it will be a contempt of court.
8	Mr Abdul Rahim Bidin (Unitholder)	Has the Board passed any resolution to issue major acquisition as it would not be a good idea to buy anything due to the weak property market?	The Chairman informed that it is up to the limit stated in the resolution for AmFIRST REIT to issue new unit to finance major acquisitions, however, we have not identified any acquisition at the moment.



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9	Mr Leo Ann Puat (Unitholder)	May I know why the 2018 Annual Report did not disclose the top 3 largest unitholders?	The Chairman mentioned that as AmFIRST REIT is a REIT company, therefore it is not a mandatory requirement as compared to other PLC companies, however, the largest unitholder is AmBank Berhad.
		To this, what is the percentage of AmBank Berhad unit holdings and whether it is a direct or indirect interest?	The Chairman informed the percentage of AmBank Group's unit holdings is about 34%.