



13TH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT MANHATTAN II, LEVEL 14, BERJAYA TIMES  
SQUARE HOTEL KUALA LUMPUR, NO. 1 JALAN IMBI, 55100, KUALA LUMPUR, MALAYSIA  
ON MONDAY, 11 AUGUST 2024 AT 10.00 A.M.

*[APPENDIX 1: Listing of Questions and Responses]*

No.	Questions	Originator	Category	Response from Chairman and/or Management
1.	Q1 – Is the Board of Directors confident that the company’s upcoming performance will significantly improve compared to the results of the past few years?	Mr Leo Ann Puat (Unitholder)	Future Outlook	<p>Management expressed confidence in sustaining robust performance in FY 2026, building on the solid results achieved in FY 2025. This optimism is underpinned by a refreshed leadership team who bring renewed energy and a commitment to make changes to drive further improvements in performance.</p> <p>AmFIRST REIT (“the REIT”) continues to face operational challenges even post-Covid 19, including rising costs, increased wages, and a competitive property market. The influx of new developments has impacted tenant acquisition, with many buildings still in the process of being tenanted. Despite these headwinds, the team has successfully focused on attracting niche tenants to increase the occupancy.</p>



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2.	Q2 – Is there urgency to diversify the low-yielding assets and what is the strategy in place?	Mr Leo Ann Puat (Unitholder)	Diversification	<p>Management confirmed plans to diversify the portfolio through acquiring new assets, though this process involves multiple steps. While a general mandate was sought for additional unit allotments to help fund new acquisitions but the proceeds alone will not be sufficient for new acquisition. As such, divestments will also be necessary to support REIT's long-term strategy on restructure the asset portfolio.</p> <p>To date, divestment efforts have been cautious and strategic consideration. While occupancy rates of existing properties have improved, certain properties continue to experience low rental. Pending the divestment of identified low-yield asset, the team's immediate focus is to continue increasing occupancy, which is expected to enhance rental yields over time.</p> <p>While there have been offers received in recent years, the proposed prices were not favorable, and Management opted not to proceed with sales that did not align with the best interests of the REIT. Nevertheless, Management emphasizes that should a compelling offer arise for any of the identified assets, the REIT is open to divestment if the price is acceptable and beneficial to unitholders.</p>



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3.	Q3 - Despite year-on-year improvements, unit price and DPU have dropped significantly over the past decade. What is the Manager's strategy to restore long-term value for unitholders?	Mr Chua Song Yun (Unitholder)	Unit Price	Management acknowledged the long-term decline in unit prices, though comparison to levels from 10 years ago may not reflect current market realities. Since the past years, Management has undertaken significant efforts to improve revenue and exercised discipline in cost management-including interest expenses to strengthen net income. These efforts have led to improve profitability and Management hopeful that the improve income distribution will support a gradual recovery in unit price over time.
4.	Q4 -Will the Manager consider urgently disposing of consistently low-yielding assets such as Prima 9, Prima 10, The Summit Hotel, Manara AmBank given that their net income falls below the estimated 4.5% holding cost and continues to dilute returns to unitholders?	Mr Chua Song Yun (Unitholder)	Disposal of low-yielding assets/ Dividend	Management recognised the impact of the four identified low-yielding assets and has been actively exploring disposal options. While market conditions have not been favorable, the REIT remains committed to pursuing divestment when the market become more conducive and reasonable offers arise which align with the best interest of the REIT.



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5.	Q5 - With the current unit price at 30 cents and DPU around 2.4 cents (dividend yielding approximately 8%), how will the proposed 20% issuance of new units be structured to ensure it is accretive to existing unit holders, especially in terms of yield?	Mr Chua Song Yun (Unitholder)	Proposed General Mandate	<p>The Trust is currently trading at yield of 8.3%. and issuing new units under the general mandate may involve a placement discount of up to 10%.</p> <p>Proceeds from the placement of new units under the general mandate will be utilised for financing the Asset Enhancement Initiative (AEI), including the planned refurbishment and rebranding of Summit Hotel. Additionally, the funds may be allocated toward the potential acquisition of high-yielding asset to support the diversification of the REIT's asset portfolio.</p> <p>The planned refurbishment and rebranding of The Summit hotel, estimated at RM45.0 million, is expected to deliver solid returns and will be accretive to the REIT. While acquiring new assets with yields exceeding 8.3% is challenging under the current market environment, Management believes that raising additional equity funds will help reduce the REIT's current high gearing level of approximately 48%, thereby creating financial headroom for future acquisitions to support portfolio asset diversification. These measures are part of a broader strategy to enhance long-term value for unitholders.</p>



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6.	Q6 – How many 3-year term of the leasing tenure signed with Exsim Hospitality Berhad is fixed with no option to terminate and the refurbishment of Summit Hotel requires an upfront payment of RM 45.0 million, and the base rent of RM7.2 million per annum may only recover the amount of CAPEX after six years with no guarantee of continued performance beyond that, why is this refurbishment considered a better option than disposing of the Summit particularly judging from negative return generated from the previous refurbishment done on the Summit Retail Mall?	Mr Chua Song Yun (Unitholder)	The Summit Subang USJ	<p>Management acknowledged that The Summit is a challenging property that has delivered low returns. Disposal of this asset remains a priority for the Manager, and efforts to secure a buyer even at a discounted price have been ongoing for several years. However, despite past efforts, no viable offers have materialised to date. In the meantime, the Manager is also exploring alternative disposal strategies, including potential sale of individual components such as the hotel, car park, and office space, rather than the entire property. As previously explained, pending a reasonable offer to divest The Summit, Management continues to make efforts to improve the property's yield.</p> <p>Under the tenancy signed with Exsim Hospitality Berhad, The Summit Hotel is leased under a fixed six-year lease arrangement-comprising an initial three years with an automatic renewal for another three years. The tenant has the option not to renew after six years.</p>



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				<p>The condition of the Summit Hotel has deteriorated, generating a low return of only 1% in the last financial year. To improve performance, an investment of RM 45 million in CAPEX is required. In return, under the leasing arrangement with Exsim Hospitality Berhad, the refurbished hotel will receive a fixed rental of RM 7.2 million per annum, representing a 16% return on the CAPEX of RM45million. Even when factoring in the hotel’s full value of post-refurbishment of RM135 million, the overall net return is approximately 5.3%. This refurbishment and rebranding of Summit hotel will allow the hotel to generate a higher stable income while keeping the option open for future divestment.</p>



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7.	Q7 - Menara AmBank is in a prime location and has maintained around 70% occupancy for several years. What are the key challenges of filling up the remaining vacant space?	Mr Chua Song Yun (Unitholder)	Menara AmBank	<p>Management acknowledges that Menara AmBank has experienced pro-long period of low occupancy of around 70% in recent years. However, occupancy has recently improved to 78% following the leasing of a full floor to a digital marketing company and the successful launch of a co-working space occupied another full floor. As a result, the yields of Menara AmBank is expected to improve in the coming year, supported by recent AmBank's recent tenancy renewals, the additional rental from the new tenants and net rental contribution from the co-working space. While the team remains focused on improving the rental yield through active leasing and space optimization, Menara AmBank are also one of the identified asset as a potential divestment opportunity, should a compelling offer be received.</p>



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8.	Q8 – What strategies does the Board intend to implement to effectively reduce the current high gearing ratio, which is constraining operational flexibility?	Mr Muniandy Karishnan	Gearing Ratio	<p>To reduce the high gearing ratio, Management has taken several steps, including paying 90% dividends instead of 100% in recent years to conserve cash.</p> <p>Divesting existing low-yielding properties is another strategy that could significantly lower the gearing though finding suitable buyers has been challenging. In the past year, Menara AmFIRST was successfully disposed off with the clear objective of reducing gearing ratio through divestment of low-yielding asset. Management remains open to divesting conventional office assets to create headroom for new acquisitions. As previously explained, pending divestment, Management continue to focus on improving the yield of existing assets. These efforts not only enhance the attractiveness of the properties to potential buyers in future but also allow the REIT to benefit from stronger returns in the interim.</p> <p>Additionally, a private placement to raise new equity may be considered in the future to enhance financial flexibility. Meanwhile, Management remains mindful of ongoing CAPEX requirements that could have an impact on the REIT's gearing level.</p>





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9.	Q9- What is the fallback plan if the three plus three lease arrangement with EXSIM Hospitality Berhad (“EXSIM”) does not succeed , especially given the ongoing challenge with the Summit Hotel including fragmented ownership and past difficulties in securing the sale?	Mr Leo Ann Puat (Unitholder)	The Summit Subang USJ	<p>While no outcome can be guaranteed, the likelihood of EXSIM failing is considered low. EXSIM is a reputable and well-established developer, selected through a competitive tender process due to its strong track record and the most favourable terms offered among all tenders. It was noted that any potential failure would likely stem from severe macroeconomic conditions that affecting broader industry, rather than issues specific to this project.</p> <p>The Summit Hotel 's appeal is relatively lower, primarily due to a its strata-titled property, which present more challenges compared to en bloc developments. However, potential legislative changes may enable easier reacquisition of individual lots, which could help resolve some of the existing complexities associated with strata ownership.</p>



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10.	Q10- Given that AmBank is one of the major shareholders and a key tenant in Bangunan AmBank Group, has there been any consideration or discussion around encouraging them to occupy the remaining vacant space to achieve full occupancy?	Mr Leo Ann Puat (Unitholder)	Menara Ambank	Currently, Bangunan AmBank Group, located along Jalan Raja Chulan, is over 90% occupied, with only minimal vacant space. In contrast, it is Menara AmBank, located in Jalan Yap Kuan Sing that has experienced higher vacancy levels. In recent years, AmBank has expanded its space requirements, which reflects the growth of its business operation. This expansion is an indicator of the bank's long-term commitment and represents a positive development for the building.