

AmFIRST Real Estate Investment Trust

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Summary of Key Matters Discussed at the Ninth Annual General Meeting ("9th AGM") of the Unitholders of AmFIRST REAL ESTATE INVESTMENT TRUST ("AmFIRST REIT") conducted via online meeting platform at <https://web.lumiagm.com/> provided by Boardroom Share Registrars Sdn. Bhd. at 12th Floor, Menara Symphony, No. Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 7 July 2021 at 10:00 a.m.

The Chairman, Mr Soo Kim Wai, called the Meeting to order at 10:00 a.m. after confirmation of the requisite quorum being present pursuant to paragraph (f) of Schedule 1 of the Trust Deed.

Y.M. Raja Nazirin Shah bin Raja Mohamad, the Executive Director cum Chief Executive Officer ("CEO") of AmREIT Managers Sdn. Bhd. ("the Manager of AmFIRST REIT") was invited to present AmFIRST REIT's financial performance and operations review for the financial year ended 31 March 2021 as well as its future plans.

Presentation on AmFIRST REIT's financial performance and operations review for the financial year ended 31 March 2021

AmFIRST REIT's financial performance and operations review for the financial year ended 31 March 2021 were presented by the CEO covering the following topics: -

1. Key Highlights for the financial year ended 31 March 2021

- Achieved a solid occupancy rate at 81% as at 31 March 2021 during FY2021, with 82% tenant retention or more than 600,000 square feet ("sf") being renewed.
- Lock-in new commercial space from new tenants of more than 68,000 sq ft during FY2021.
- Achieved a 27% reduction in electricity consumption amounted to RM3.6 million as compared to year 2016, from the energy optimisation and Go-Green initiatives.
- All the above factors contributed to the total annual return of 11.6% for the financial year ended 31 March 2021 which was significantly better compared to the preceding financial year which recorded at -20.53%.

2. Statement of Comprehensive Income for Financial Year Ended 31 March 2021

- Gross Revenue marginally declined by 11.3% year-on-year mainly due to rental rebate and waiver given to tenants affected by the Covid-19 pandemic and lower overall portfolio occupancy from 84.9% as at 31 March 2020 to 81.2% as at 31 March 2021.
- Interest expenses decreased by 23.5% from RM37.9 million in FY2020 to RM29.0 million due to various drop in the overnight policy rate during FY2021. Currently, all the borrowings of AmFIRST REIT are on the floating rate basis, hence enabling the Trust to benefit from the current low interest rate.

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- As a result, the total realised income generated for FY2021 was recorded at RM21.5 million.
- Total DPU of 2.82 sen was declared in FY2021, representing a distribution ratio of 90%.

3. Statement of Financial Position as at 31 March 2021

- Investment properties decreased to RM1.628 billion due to the fair value loss of RM22.9 million, largely from The Submit Subang USJ.
- Borrowings have increased slightly to RM814 million to finance the ongoing capital expenditure and working capital.
- Net Asset Value per unit declined to RM1.186 mainly due to the revaluation loss on investment properties.

4. Capital and Interest Rate Management

- Gearing increased slightly to 48.7% as at 31 March 2021 with 100% of the borrowings are on the floating rate basis.
- The current average interest rate is 3.18% per annum. The lower interest cost was resulted from lower cost of debts as a result of reduction in OPR. The Manager estimates an interest saving of RM2.0 million for every 25 bps reduction in OPR and vice versa.
- The weighted average maturity of the borrowings profile was 3.2 year with no immediate loan maturity except for RM118 million revolving credit facilities which are subject to annual review.

5. Asset Under Management

- The current asset portfolio of nine (9) properties which consist of seven (7) office buildings, one (1) mixed development consisting of office, hotel, carpark and retail mall in Subang USJ, and a HyperMall in Bukit Mertajam.
- Additional capital expenditures of RM4.2 million were incurred during FY2021 mainly for the lifts modernisation at Bangunan AmBank Group and installation of hot water tanks and chiller water system at The Summit Hotel.

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- As at 31 March 2021, the valuation of the nine (9) investment properties were approximately RM1.651 billion.

Net revaluation loss of RM22.9 million was reported, where this was largely contributed by The Summit Subang USJ, which comprise of retail lots and hotel, being amongst sectors most affected by the outbreak.

6. Diversified Asset Portfolio and Tenants' Base

- Asset class by asset value comprises of 64% Office, 17% HyperMall, 14% Retail Mall and 5% Hotel.
- Top ten (10) tenants accounted for 69.8% or RM74.9 million of the annual gross revenue with AmBank Group as the largest tenant contributed 36.0% of the annual gross revenue.

7. Average Portfolio Occupancy

- The average overall portfolio occupancy declined from 86.0% in FY2020 to 83.0% in FY2021 mainly due to reduction in occupancy of Prima 9 as a result of the surrender of 58% spaces occupied by the Medical Device Authority as well as lower occupancy in Summit Retail Mall.

8. Leasing Management

- Achieved tenants' retention of 82% with 606,248 sf was renewed and a negative rental reversion of 17% during FY2021.
- Secured nine (9) new tenants with total leased area of 68,917 sf during FY2021.
- 41% or approximately 0.7 million sf of the leased area are subject for renewal in FY2022.

9. Market Overview

- Gross Domestic Product contracted 5.6% in 2020 and is forecasted to achieve a negative growth of 0.5% in Q12021.
- Unemployment rate was expected to rise to a range of 3.5% to 5.5%.
- Inflation was projected to average higher in 2021 due to higher global oil prices.

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- Prolonged Covid-19 pandemic was expected to exert further pressure on the oversupplied office market.
- Leasing activity remained subdued with the possibility of further impacts from the total lockdown.

10. Market Outlook for Kuala Lumpur Office

- Overall occupancy in KL City declined from 73.6% in 2019 to 69.4% in 2020, whereas occupancy in KL Fringe improved from 85.1% in 2019 to 86% in 2020.
- Occupancy rate continue to be under pressure which saw a negative absorption in Q12021.
- Average rental in KL City remained under pressure from growing challenges attributed to Covid-19 pandemic and the imbalance of office supply and demand.
- Cumulative supply for KL City and KL Fringe stood at 56.1 million sf and 29.4 million sf respectively.
- Approximately 10.8 million sf of new supply was expected throughout year 2021 and 2022.
- The trend of Work From Home and implementation of Movement Control Order ("MCO") had further depressed the office market.

11. Market Outlook for Selangor Retail

- Overall occupancy for Selangor retail declined marginally from 79.4% in 2019 to 78.2% in 2020.
- Average rental rates remained steady in Selangor in the first half of year 2020.
- Cumulative supply declined from 39.0 million sf in 2019 to 33.4 million sf in 2020.
- Retail landscape continued to remain weak due to cautious consumer spending amid the economic downturn and with the reinforcement of MCO 3.0 that has derailed the gradual recovery of the economy.

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12. Navigating through COVID-19 Pandemic

- Targeted Rental Assistance Programme
 - Rolled out a targeted rental assistance programme on a case-by-case basis, where rental rebate amounted to RM4.2 million have been granted to the affected tenants where more than 98% of the rebates went to tenants in the retail and hotel sectors in FY2021.
 - Apart from the targeted rental assistance programme, the Trust had also provided other assistance to support affected tenants such as rental instalment scheme, deferment of rental payment and short-term renewal at lower rental during FY2021.
- Prudent Capital Management
 - Implemented stringent cost control, limit non-essential capital expenditure and distributed 90% of realised income by retaining 10% in order to preserve cash in the uncertain time.
 - Current available undrawn credit facilities stood at RM64 million.
- Proactive Leasing Management
 - To focus on tenants' retention by implementing proactive marketing strategies.
 - To reinvent and redefine the business model to be more resilient by adapting the operational models to the 'new normal' apart from focusing on tenants' retention and proactive marketing strategies.
- Diversification of asset class
 - To continue to look at opportunistic divestment of low yielding assets as a strategy to rationalise the asset portfolio and optimise the gearing level before exploring for diversification of asset into other asset class such as logistics asset which has exhibited a degree of resilient during the outbreak as the crisis has accelerated the demand for e-commerce.

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13. Moving Forward: Improve Distribution and Long-Term Value Creation

- The Manager will focus on three (3) key strategies to improve the distribution and deliver long term value to the Unitholders: -
 - Sector-specific Leasing Initiative:
 - To assist existing tenants in the portfolio (organic growth) that require more space due to social distancing.
 - To focus on tenants that are accelerating the digitalisation process.
 - To focus on essential services tenants as demand will likely be strong over the next two (2) to three (3) years.
 - Portfolio Rationalisation:
 - To dispose the non-performing assets in order to reduce gearing and recycle capital into better assets.
 - To diversify into logistics by riding on the e-commerce wave.
 - To diversify into other asset classes to reduce dependency on the office and retail assets in the current portfolio.
 - Prudent Capital Management:
 - To focus on achieving the targeted gearing level of 35% to 40% through optimisation of capital structure.
 - To actively manage interest rates and establish effective hedging strategies.
 - To maintain competitive interest rate and diverse funding sources.

14. Focus for FY2022

- The Manager will remain focus on three (3) key strategies in FY2022: -
 - Continue Rescue Plan
 - to continue with the rescue plan for the tenants, especially in the retail and SME segment, during the ongoing MCO and post MCO which may lead to

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future tenancy renewals of current tenants.

- Focus on acquiring essential tenants
 - to focus on acquiring essential tenants who will be a natural hedge against the ongoing Covid-19 pandemic such as, Lulu Hypermarket (hypermarket MNC) and CMA CGM France (global shipping MNC).
- Summit Hotel repositioning
 - to continue to reposition The Summit Hotel as a quarantine centre for global travellers who enter Malaysia. This action plan was considered a stable business model in a very volatile and fragile hospitality industry.

Upon completion of the CEO's presentation, the Unitholders, Proxies and Corporate Representatives raised some questions which were moderated by the Independent Moderator from KPMG Management & Risk Consulting Sdn Bhd. The questions posed were made visible to all during the meeting and multiple and repetitive questions were summarised collectively. The questions were responded to by the Chairman, the CEO, Chief Financial Officer and the External Auditors. The detailed questions and responses were set out in Appendix 1 enclosed herein.

We are pleased to announce that the two (2) ordinary resolutions as set out in the Notice of the 9th AGM were duly passed by way of electronic polling. The results of the poll from the Poll Administrator, Boardroom Share Registrars Sdn. Bhd. were verified by the Independent Scrutineers, Commercial Quest Sdn. Bhd. appointed by the Manager of AmFIRST REIT.

There being no other business, the 9th AGM concluded at 11:45 a.m. with a vote of thanks to the Chairman and the Board of Directors of the Manager.