

**AmFIRST REAL ESTATE INVESTMENT TRUST (“AmFIRST REIT”)
8TH ANNUAL GENERAL MEETING ON 10 AUGUST 2020 (FULLY VIRTUAL)
- UNITHOLDERS’ QUESTIONS AND ANSWERS SESSION MODERATED
BY KPMG MANAGEMENT & RISK CONSULTING SDN. BHD. (“KPMG”)**

A - QUESTIONS ADDRESSED BY THE CHAIRMAN AND/OR THE MANAGEMENT DURING THE MEETING

| No. | Question | Originator | Category | Response from the Chairman and/or the Management | Status |
|-----|--|--|----------------|--|----------|
| 1. | Are e-vouchers provided to attendees who participate in Remote Participating Voting (“RPV”) as some listed issuers have undertaken to provide such tokens? | <ol style="list-style-type: none"> 1. Francis Leong 2. Stephen Lye 3. Chan Chee Keong 4. Chan Lai Yin 5. Lau Chuan Teng 6. Lee Eng Fock 7. Lim Jit Thin | Administrative | The Chairman responded that AmFIRST REIT is focused on minimising cost. Hence, no e-voucher is given for this year virtual AGM. | Answered |
| 2. | In view of the pandemic in which earnings are depressed, will there be a lay-off of staff, salary deduction of workforce and fee deduction for Directors? | <ol style="list-style-type: none"> 1. Stephen Lye 2. Lim Jit Thin | Human capital | <p>The Chairman clarified that AmFIRST REIT do not hire any staff or pay director fees as the directors and staffs are appointed under AmREIT Managers Sdn. Bhd., the Manager of AmFIRST REIT.</p> <p>Presently, the Manager has twenty-one (21) staffs and has no intention to reduce the workforce or impose a salary cut.</p> | Answered |
| 3. | In view of the low net property income and low share price versus the value of Net Tangible Assets held, has the REIT considered the option of disposing assets to pare down the borrowings and distribute capital to Unitholders? | Tan See Fee | Financial | <p>The Chairman replied that the Manager always explores opportunities to divest non-core and non-performing assets as an avenue to de-gear. However, the current market environment is not conducive for disposal of assets.</p> <p>There were potential buyers which performed due diligence on the assets</p> | Answered |

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| 4. | What is causing the downward trend of distributable income and what measures are being undertaken to reverse this trajectory? | Chua Song Yun | Financial | <p>with the intention to purchase but ultimately did not proceed with the acquisition.</p> <p>The Manager will continue to explore opportunities to divest its non-core and non-performing assets to lower down the gearing of AmFIRST REIT.</p> <p>The CEO responded that the primary cause for the downward trend in distributed income were lower gross revenue and high operational costs especially increase in the service charges in The Summit Subang USJ.</p> | Answered |
| 5. | What is the 1st Quarter result and what will be the expected financial result for the full year of 2020? Will it be better or worse? | Leo Ann Puat | Financial | <p>The CEO replied that the financials will be more challenging this year with higher impact in retail sector. It is hoped that the current situation will not prolong as it will then start to affect the office sector as well.</p> | Answered |
| 6. | How much did the REIT spend to conduct this virtual AGM? | 1. Teh Peng Tin 2. Tan Kong Huat | Administrative | <p>The Chairman responded that the total cost incurred for this year’s virtual AGM was around RM50,000, which was 1/3d of the total cost incurred in the last year’s AGM.</p> | Answered |

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| 7. | Would the REIT provide hard copy annual report to Unitholders? | Teh Peng Tin | Administrative | The Chairman responded that Unitholders may request for the hardcopy of FY2020 Annual Report by submitting the Request Form available in the e-copy FY2020 Annual Report. Unitholders may also email or call-in to request for a hardcopy of the FY2020 Annual Report. | Answered |
| 8. | What is effect of Covid-19 on the REIT’s profitability? | Lau Yong En | Financial | The Chairman responded that the Covid-19’s impact analysis had been presented during the CEO’s presentation. Generally, this year’s results will be impacted and would not be favorable as compared to previous financial year. | Answered |
| 9. | What is the amount of rental rebates given to tenants? Which properties gave rental rebates to tenants? | Loke Yoon Hoe | Financial/ Operational | The CEO mentioned that rental rebates have been given to the affected tenants, particularly retail and hotel tenants. However, there was no rental rebate given to office tenants as they are less impacted by Covid-19 pandemic. | Answered |
| 10. | Are the issuance of new units emanating from the share capital? | Lim Jit Thin | Financial | The Chairman mentioned that the issuance of new units is to cater for any | Answered |

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| | | | | <p>new acquisition(s) and to lower the gearing of AmFIRST REIT.</p> <p>The Chairman further clarified that the Ordinary Resolution No. 2, if approved, will provide the Manager a mandate to increase the existing total number of units issued of AmFIRST REIT.</p> | |
| 11. | Why is the REIT purchasing vacant properties which are going to affect the unit price adversely through additional management expenses? | Lim Jit Thin | Financial | The Chairman responded that the acquisition of a vacant unit/lot at RM1.4 million which located at the ground floor of The Summit Retail was due to its strategic location for the repositioning of the ground floor's tenants mix which are vital to attract footfall to the mall. | Answered |
| 12. | Since the Government had been supporting retail sectors and hotels, did the company receive any such support given to our company? Has TNB given any similar benefits as accorded to private households? | Lim Jit Thin | Strategy | <p>The CEO replied that the Government's incentives were given to the tenants, in particular tenants in SME industry.</p> <p>However, AmFIRST REIT received electricity discounts of 15% and 2% for retail and office properties respectively.</p> | Answered |
| 13. | What is the loss of revenue from Summit Hotel and Summit Retail? | Loke Yoon Hoe | Financial | The CEO mentioned that The Summit Hotel did not perform well. The hotel has been used as a quarantine centre and recorded gross revenue of RM500k | Answered |

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| | | | | <p>per month. The hotel business will be monitored closely.</p> <p>In the meantime, The Summit Retail is not performing well and the Manager is exploring opportunities which cannot be confirmed at this juncture.</p> | |
| 14. | <p>Will Resolution 2 (increase fund size) be implemented this year? If yes, what is the rationale?</p> | Leo Ann Puat | Financial | <p>The Chairman mentioned that AmFIRST REIT does not have any intention to increase the fund size unless there are attractive yield accretive acquisition opportunities.</p> <p>The Manager is not looking at any opportunities at the current juncture and hence, uncertain if the resolution will be implemented this year.</p> | Answered |
| 15 | <p>Has any of the 9 assets recorded losses? If yes, please inform which asset(s) incurred losses and what action is taken to improve the performance?</p> | Leo Ann Puat | Financial/ Operations | <p>The CEO responded that the other eight (8) assets are performing well and the focus is on The Summit Retail and Hotel components.</p> <p>The Manager is in the midst of assessing ways to improve the performance of these assets.</p> | Answered |
| 16. | <p>How is the REIT Manager’s fee determined and what measures are</p> | Chua Song Yun | Financial | <p>The Chairman responded that there are two (2) components of the Manager’s fees.</p> | Answered |

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| | being undertaken to align the fee with Unitholders' interests? | | | <ul style="list-style-type: none"> The first component is the base fee which can be charged up to 0.5% of the total asset value pursuant to the Deed. Presently, the base fee is charged at 0.3% of the total asset value, being 40% discount from the maximum allowable base fee pursuant to the Deed. The second component is the performance fee, which is a 3% of the net property income of AmFIRST REIT. | |
| 17 | With the opening of foreign students back to Malaysia, The Summit Hotel can open up for rental to earn some income for the REIT? | Lim Jit Thin | Operational | The Chairman clarified that The Summit Hotel is rented out to an operator in return for fixed rental income. Hence, AmFIRST REIT does not directly control the manner in which the Hotel is operated. | Answered |
| 18. | Can management please explain why despite heavy capex on AEI (asset enhancement initiatives) being spent every year, the return on invested capital seems to be not yielding satisfactory results? | Chua Song Yun | Financial | The Chairman mentioned that the bulk of capital expenditures are spent on upgrading and replacing lifts and escalators, which are necessary expenditures for safety reasons. | Answered |

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| | | | | Nevertheless, capital expenditures of AmFIRST REIT have been contained and reducing over the years. | |

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B - QUESTIONS NOT ADDRESSED BY THE CHAIRMAN AND/OR THE MANAGEMENT DURING THE MEETING

| No. | Unanswered Questions during the virtual AGM | Originator | Category | Response from the Chairman and/or the Management |
|-----|---|---------------|----------------|---|
| 19. | Understand that Board has explained on reducing distributable income is due to Summit, however, please explain the reason for downtrend of distributable income over the past 10 years? | Chua Song Yun | Financial | The distributable income of AmFIRST REIT has been diminishing over the past ten (10) years mainly due to decrease in revenue caused by lower occupancy and rental rates in some of the properties as well as high interest cost incurred due to high gearing. |
| 20. | Do the current fees structure disincentives the Manager in disposing underperforming assets to optimise Unitholders return? | Chua Song Yun | Financial | Under the Deed, the Manager can charge divestment fee of 0.5% of the disposal price for any asset disposal of AmFIRST REIT |
| 21. | Are our questions being filtered? If so, we will complain to Bursa and SC. | Chua Song Yun | Administrative | AmREIT had appointed KPMG as the independent moderator to moderate the AGM Questions & Answers Session. All questions have been answered with multiple and repetitive question posed being summarised collectively. |