



**AmFIRST**

**Real Estate Investment Trust**

# Strategic Diversification

annual report 2016





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## ABOUT AmFIRST REIT

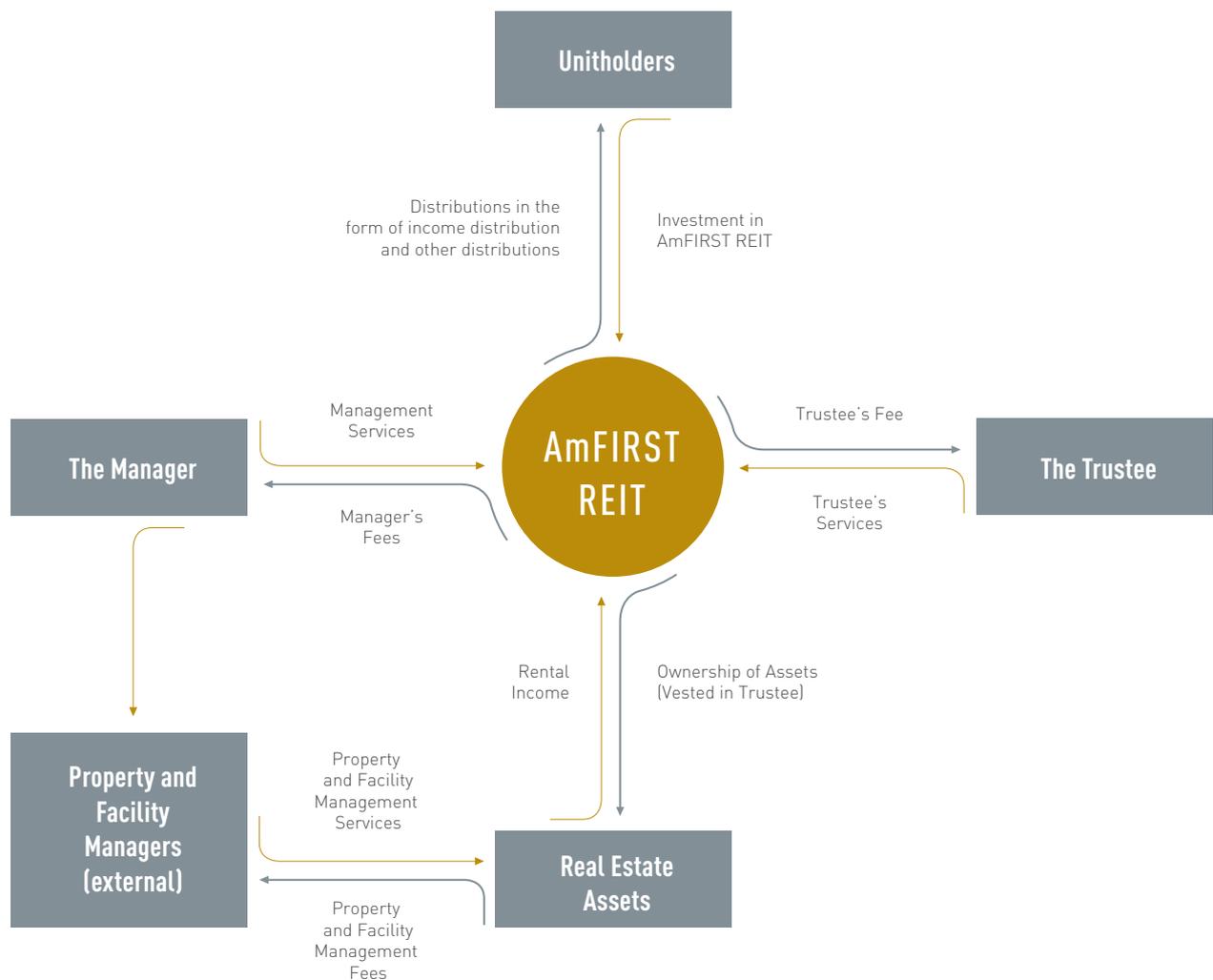
Item	Brief Description
<b>Name of Trust</b>	AmFIRST REIT.
<b>Category of Trust</b>	Real Estate Investment Trust.
<b>Type of Trust</b>	Income and growth.
<b>Term of Trust</b>	The Trust has no fixed termination date. However, the Deed provide a number of circumstances under which the Trust may be terminated.
<b>Investment Objective</b>	The key objective for AmFIRST REIT is to own and invest in real estate and real estate related assets, whether directly or indirectly, through the ownership of single-purpose companies whose principal assets comprise of real estate and real estate-related assets.
<b>Investment Strategies</b>	<p>The principal strategies are as follows:-</p> <ul style="list-style-type: none"> <li>• Invest in income-producing real estate and real estate-related assets directly and/or indirectly through the ownership of single-purpose companies whose principal assets comprise of real estate;</li> <li>• Active asset management;</li> <li>• Improve rental rates while maintaining high occupancy rates;</li> <li>• Attract new tenants and explore expansion needs of existing tenants;</li> <li>• Raise the profile and visibility of property portfolio through proactive marketing, advertising and promotional efforts;</li> <li>• Develop close tenant-landlord relationships to optimize tenant retention;</li> <li>• Monitor and optimise property expenses;</li> <li>• Enhance the overall portfolio through acquisition of properties that meet the investment criteria; and</li> <li>• Employ prudent capital management strategy via optimising capital structure with debt and equity financing.</li> </ul>
<b>Authorised Investments</b>	<p>Invest in real estate, single-purpose companies, real estate-related assets, non-real estate related assets and liquid assets:-</p> <ul style="list-style-type: none"> <li>• At least 50% of AmFIRST REIT's total assets must be invested in real estate and/or single-purpose companies at all times; and</li> <li>• Investment in non-real estate-related assets and/or cash, deposits and money markets must not exceed 25% of AmFIRST REIT's total assets.</li> </ul>
<b>Borrowing Limit</b>	Up to 50% of the total asset value of AmFIRST REIT at the time the borrowings are incurred.
<b>Investors' Profile</b>	AmFIRST REIT may appeal to investors with a long term investment horizon seeking sustainable distribution of income and long term capital growth.
<b>Distribution Policy</b>	<p>Income distributions will be paid on a semi-annual basis (or such other intervals as the Manager shall determine).</p> <p>The Manager intends to distribute at least 90% of the distributable income for each financial year.</p>
<b>Revaluation Policy</b>	The properties will be revalued annually pursuant to Malaysian Financial Reporting Standard ("MFRS") 140 and at least once every three (3) years from the date of last revaluation pursuant to Clause 10.03 of the Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts.

## ABOUT AmFIRST REIT (CONTD.)

AmFIRST Real Estate Investment Trust ("AmFIRST REIT" or the "Trust") is a real estate investment trust established in Malaysia and constituted by a Trust Deed dated 28 September 2006 ("Original Deed") (as amended by the First Supplemented, Revised and Restated Trust Deed dated 15 December 2006 ("First Deed") and the Second Restated Deed dated 13 September 2013 ("Second Deed or the "Deed")) entered into between Am ARA REIT Managers Sdn Bhd ("Am ARA" or the "Manager") and Maybank Trustees Berhad, as the Trustee of AmFIRST REIT (the "Trustee"). The Second Deed has superseded the Original Deed and the First Deed. AmFIRST REIT was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 21 December 2006.

AmFIRST REIT is one of the largest Malaysian-based commercial real estate investment trusts ("REITs") and owns a diverse portfolio of nine (9) properties located in Klang Valley (including Cyberjaya), Melaka and Penang, with a total net lettable area of 3.2 million sq ft as at 31 March 2016.

AmFIRST REIT is managed by Am ARA which is responsible for the management and administration of AmFIRST REIT, as well as the implementation of AmFIRST REIT's investment and business strategies.

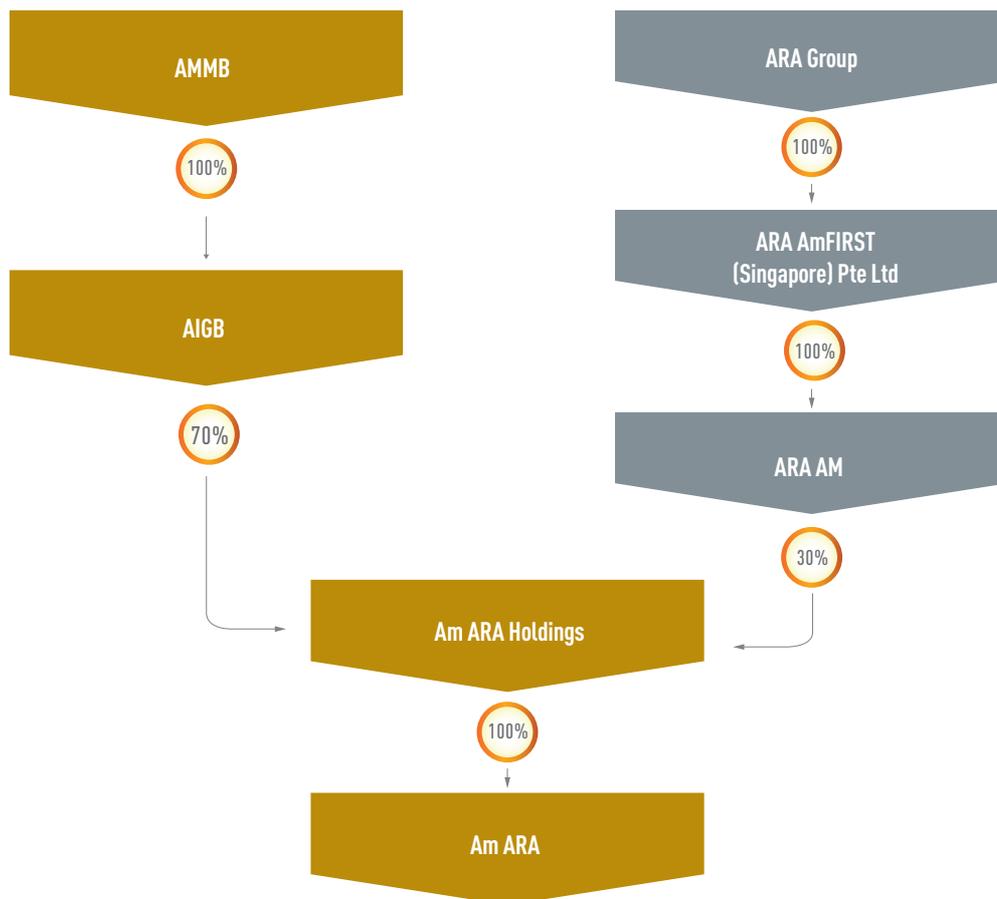


## ABOUT THE MANAGER

The Manager was incorporated in Malaysia on 20 April 2006 and is wholly-owned by Am ARA REIT Holdings Sdn Bhd ("Am ARA Holdings") which in turn is 70% owned by AmInvestment Group Berhad ("AIGB") and 30% owned by ARA Asset Management (Malaysia) Limited ("ARA AM").

AIGB is a wholly owned subsidiary of AMMB Holdings Berhad ("AMMB"). AMMB is listed on the Main Market of Bursa Securities. The principal activity of AMMB is that of investment holding and whose subsidiaries provide a wide range of both conventional and Islamic financial products and services, including retail banking, wholesale banking, investment banking, fund management as well as the underwriting of general insurance, life assurance and family takaful.

ARA AM is a wholly owned subsidiary of Singapore-based ARA AmFIRST (Singapore) Pte Ltd, a wholly-owned subsidiary of ARA Asset Management Limited ("ARA Group"), listed on the Singapore Exchange Securities Trading Limited since November 2007. ARA Group is an integrated real estate fund manager in Asia, founded on its core values of Integrity, Excellence, Respect and Teamwork. Established since 2002, ARA Group has built a diverse suite of real estate investment trusts and private real estate funds that are invested in the office, retail, logistics/industrial, hospitality and residential sectors in the Asia Pacific region, complemented by its in-house real estate management services division. To date, ARA Group has over 1,200 professionals in 15 cities managing total assets of approximately S\$30 billion.



## ABOUT THE MANAGER (CONTD.)

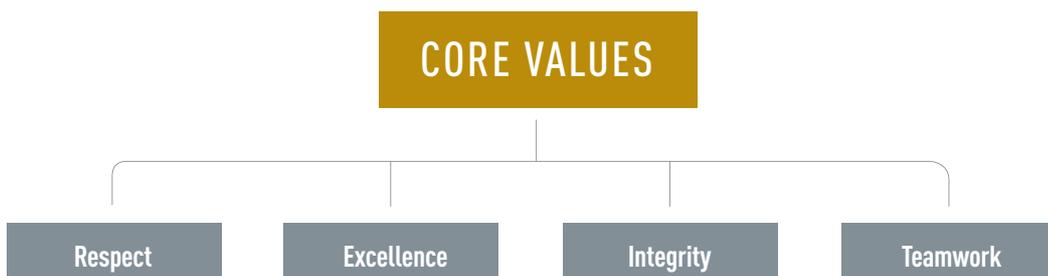
### MISSION

We focus on delivering sustainable long-term income distributions and investment performance of our diversified portfolio of commercial real estate. In accomplishing and looking beyond our mission, we embrace the following attributes and deliverables to meet our objectives.



### CORE VALUES

We are proactive and resourceful in developing investment and asset management strategies for the benefit of all Unitholders. We believe in transparency and respect to go far in creating long term trusting relationships with all stakeholders. We always believe in maintaining our integrity in order to uphold our good reputation in the REIT industry. As a team, we are collaborative, working together as an efficient and dynamic unit to deliver exceptional service.



## CHAIRMAN'S STATEMENT



“Dear Unitholders,

On behalf of the Board of Directors of Am ARA REIT Managers Sdn Bhd (the “Board”), the Manager of AmFIRST Real Estate Investment Trust (“AmFIRST REIT” or the “Trust”), I am pleased to present AmFIRST REIT’s 10th Annual Report together with its audited financial statements for the financial year ended 31 March 2016”.

## CHAIRMAN'S STATEMENT (CONTD.)

### OVERVIEW

Malaysia's gross domestic product expanded 5% in 2015, a lower growth than the preceding year, but in line with Bank Negara Malaysia's target of 4.5% – 5.5%. This goes to show that Malaysia's economy has remained resilient despite the challenging global economy and financial landscape.

Malaysia's retail market in 2015 suffered from the introduction of the Goods and Services Tax ("GST") as well as the depreciation of the Ringgit, which affected sales. We predicted consumer sentiment to remain weak in 2016 but will be supported by some relief that was announced in Budget 2016 for lower-to middle-income group, which will boost their disposable income.

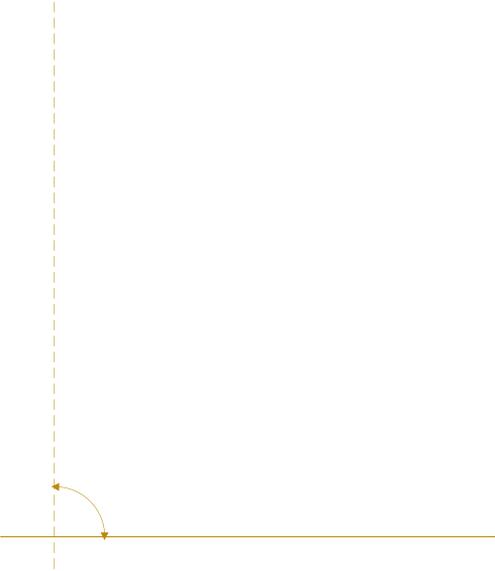
Cost of business operations have been on an upward pressure due to higher minimum wages, implementation of GST and removal of subsidies in utilities and transportation. This has caused businesses to put on hold their expansion plans thus presenting a challenge for us to secure new tenants and retain existing tenants in order to maintain our occupancy rates for our office and retail property portfolio. Furthermore, due to the global economic slowdown, demand from overseas for office and retail space will remain subdued.

Taking all these into consideration, and with continuing new supply of office space, office rental rates will remain under pressure. However, challenging market conditions may provide opportunities for Malaysian REITs to grow their property portfolio through yield enhancement and value accretion acquisitions.

### OPERATIONS REVIEW

FYE2016 was another year of moderate performance despite the challenging operating environment for the Trust. During the year under review, the Trust had taken several initiatives which it believes will be beneficial to its Unitholders.

The Trust adopts an active asset management strategy and continuously evaluates its assets within the portfolio. Consistent with this approach, the Trust had entered into a Sale and Purchase Agreement with Techvance Properties Management Sdn Bhd in December 2015, for the disposal of AmBank Group Leadership Centre ("AGLC") for a total cash consideration of RM36.0 million which resulted in a realised net gain of RM8.4 million. The proceeds from the disposal will be distributed as income distribution and utilised to pare down existing debt. The disposal was completed on 31 March 2016.



On 29 January 2016, the Trust had completed its acquisition of Mydin HyperMall in Bukit Mertajam, expanding its footprint to Penang. Mydin HyperMall is the largest Mydin wholesale hypermarket in the country and is fully leased to Mydin Mohamed Holdings Berhad. The move is in line with the Trust's strategy to diversify geographically and acquire yield enhancing assets to grow its portfolio.

## CHAIRMAN'S STATEMENT (CONTD.)

Net profit after taxation increased by 78.6% to RM68.4 million in FYE2016 compared to RM38.3 million in FYE2015. The significant jump were mainly due to unrealised revaluation gain on investment properties and realised net gain on disposal of AGLC amounting to RM31.4 million and RM12.2 million, respectively.

One of the main challenges that the Trust encounters is to maintain occupancy and rental rates. The commercial office market in Klang Valley will continue to be a tenants' market with the incoming supply of office space in 2016. The average occupancy of the current portfolio as at 31 March 2016 was 81.2%, down 3.0% from the preceding year.

With increased competitiveness and ongoing refurbishments, our challenge still lies in filling up occupancy for our properties in Cyberjaya and The Summit Subang USJ. The Management Team has managed to secure a large international retailer for The Summit Retail, which hopefully will act as a catalyst to boost occupancy and drive up rental rates for this property. Moving forward, we believe that once the Asset Enhancement Initiatives ("AEIs") undertaken are completed on the properties, we will achieve better tenants' retention rate and improve rental reversions and occupancies. The ongoing AEIs at The Summit Subang USJ, Menara AmBank and Bangunan AmBank Group are expected to complete in 2016.

During the current financial year, the Trust conducted revaluation exercises for all of its investment properties (excluding AGLC as the property was disposed on 31 March 2016) and registered a positive fair value gain of RM31.4 million, a significant increase as compared to last year fair value gain of RM2.3 million.

### FINANCIAL REVIEW

Gross revenue for FYE2016 slightly dipped by 6.6% to RM99.8 million from RM106.9 million in FYE2015. This was the result of lower occupancy rate of a couple of our properties and rental reduction to The Summit Retail's tenants and The Summit Hotel, as rebate for temporary business disruption due to ongoing refurbishment works.

For the FYE2016, the Trust had to incur additional borrowings due to the ongoing refurbishment on some of its properties and the acquisition of Mydin HyperMall, which resulted in an increase in interest expense by 28.8% to RM27.3 million.

### DISTRIBUTION TO UNITHOLDERS

On 21 April 2016, the Board declared a final income distribution of 3.07 sen per unit for the period from 1 October 2015 to 31 March 2016 to be paid on 30 May 2016. The final income distribution, including the interim income distribution of 2.03 sen per unit for the period from 1 April 2015 to 30 September 2015 paid on 11 December 2015, represents a total distribution per unit ("DPU") of 5.10 sen for the financial year ended 31 March 2016. The total DPU of 5.10 sen translated to a distribution yield of 6.8% based on AmFIRST REIT's closing price of 75 sen as at 31 March 2016. The Trust will continue to maintain its income distribution policy of at least 90% of the distributable income for each year.

## CHAIRMAN'S STATEMENT (CONTD.)

### PROSPECTS

Despite facing another challenging year ahead, the Trust is committed in delivering sustainable returns to its Unitholders. With that in mind, we will continue to strengthen our operational and leasing efforts to ensure that the properties under our portfolio deliver improved results.

In this respect, the recently acquired Mydin HyperMall will provide a full year's contribution for the Trust in the coming financial year.

At the same time, we will continue to explore opportunities to expand and diversify our portfolio by making yield accretive acquisitions in the Klang Valley and other states in Malaysia.

### ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our gratitude to the Manager's former Chairman, Y Bhg Dato' Azlan bin Hashim and former Director, Mr Anthony Ang Meng Huat, who retired from the Board on 12 August 2015 and 28 January 2016, respectively. Their contributions towards AmFIRST REIT are greatly appreciated.

With that, I would like to welcome Mr Kong Tai Meng Thomas, who was appointed as Non-Independent Non-Executive Director on 28 January 2016.

In closing, I would like to thank our fellow Directors for their insight and advice during my first year as the Chairman of the Board, as well as the dedicated Management Team and employees for their contribution towards Am ARA. My sincere appreciation also goes to the trustee, regulators, bankers, business associates and consultants for their valuable support throughout the year.

Finally, our sincere gratitude goes to our Unitholders and tenants for their continued support for AmFIRST REIT.

Sincerely,



Soo Kim Wai  
Chairman

6 May 2016

We will continue to focus on completing all the AEs to support our quest for improved occupancies and enhanced rental reversion in all our properties.

MESSAGE  
FROM CEO

Economic uncertainties and market challenges pose serious headwinds to AmFIRST REIT during the financial year 2016, with performance affected by lower revenue in some of the properties under the Trust's portfolio. Despite so, the Trust achieved two (2) significant milestones over the year – completing the acquisition of Mydin HyperMall at Bukit Mertajam, Penang and the divestment of AGLC. These two achievements provide positive contributions to the Trust, acting as long-term benefits for the Trust and providing an opportune time to reap value from an existing property which has reached its limited potential for organic revenue growth.

## MESSAGE FROM CEO (CONTD.)

### STRATEGY

The Management Team is guided by the clear strategic directions set by the Board for FYE2016, with the following key objectives in mind:-

- Accretive acquisitions and strategic divestment of non-core or low-yielding properties;
- Proactive leasing management;
- Responsive operations management; and
- Prudent capital management.

With the current portfolio, the debt ratio of the Trust is almost at the maximum allowable limit, which prohibits the Trust from making any significant acquisition without breaching the allowable threshold. To move forward, the Trust is looking at divesting some non-core and low-yielding assets to achieve the dual objectives of paring down of debt and improving returns to Unitholders. The divestment of AGLC was executed with these objectives in mind. At the same time, the Management Team is working on ways to improve the effectiveness of its leasing and operations endeavor, while managing the capital structure of the Trust.

### PERFORMANCE REVIEW AND PROSPECT

The Trust goes through another challenging period for the FYE2016, delivering a moderate realised net operation income of RM26.1 million. However, the net profit after taxation increased by 78.6% to RM68.4 million for the FYE2016 compared to RM38.3 million in the FYE2015, mainly due to unrealised revaluation gain on investment properties and realised net gain on disposal of AGLC amounting to RM31.4 million and RM12.2 million respectively. The contribution from the disposal of AGLC enables the Trust to deliver a total DPU of 5.10 sen for the FYE2016, despite the lower realised net operation income.

While the internal refurbishment works at The Summit Subang USJ has largely been completed, the overall refurbishment works was delayed by the external façade works and will likely be completed by the third quarter of 2016 whilst the works at Menara AmBank will only be completed by end of 2016.

Mindful of the challenges of the tight market conditions, the Manager will be re-organising its Management Team, focusing on the following key result areas:-

- Strategic divestment and acquisition;
- Focused marketing and leasing on poor performing assets; and
- Operational excellence, with emphasis on asset value enhancement, cost containment and operational efficiency.

With increased competitiveness and ongoing refurbishments, our main challenge still lies in filling up occupancy for our properties in Cyberjaya and The Summit Subang USJ. The Management Team has managed to secure a large international retailer and a miniature theme park operator for The Summit Retail, which hopefully will act as catalysts to boost occupancy and drive up rental rates for this property. With the disposal of AGLC, we will be moving the existing tenants from AGLC to Menara AmBank, reducing the vacancy in the latter property by about 10%. Moving forward, we believe that once the AELs undertaken are completed on the properties, we will achieve better tenant retention rate, improve rental reversions and higher occupancies.

### MOVING FORWARD

Despite challenging times, the Management Team shall remain focused on the same strategic objectives to ride through this trying period and ensure that better results will be delivered to Unitholders moving forward. We are re-organising our resources to ensure that these objectives are met, to keep pace with the demands of the market place and ensuring that existing customer needs are taken care of. The positive developments on the leasing front and notable milestone achieved in rationalising the asset portfolio will spur the Management Team to work harder to achieve targeted results.

I look forward to your continued support.



Wong Khim Chon  
Executive Director/Chief Executive Officer

6 May 2016

## YEAR IN REVIEW

### April 2015

Announced the proposed acquisition of the largest Mydin Hypermarket in the Malaysia for a cash consideration of RM250.0 million from Mydin Wholesale Cash and Carry Sdn Bhd.

### June 2015

Payment of Final Income Distribution for the FYE2015 of RM16.7 million or 2.44 sen per unit .

### July 2015

Obtained Unitholders' approvals on all resolutions tabled at the 3rd Annual General Meeting.

### August 2015

- Dato' Azlan bin Hashim retired as a Non-Independent Non-Executive Director/Chairman of Am ARA after serving the Board for 9 years since IPO.
- Mr Soo Kim Wai was appointed as a Non-Independent Non-Executive Director/Chairman of Am ARA.

### October 2015

Launched the refreshed website of AmFIRST REIT.

### December 2015

- Payment of Interim Income Distribution for the FYE2016 of RM13.9 million or 2.03 sen per unit.
- Announced the proposed disposal of AGLC to Techvance Properties Management Sdn Bhd for cash consideration of RM36.0 million, represents a premium of 57% to the carrying value of RM22.9 million.

### January 2016

- Obtained a syndicated term loan of RM250.0 million to finance the acquisition of Mydin HyperMall.
- Entered in to second Interest Rate Swap contract with notional amount of RM100.0 million to further hedge against the fluctuation in interest rate.
- Mr Anthony Ang Meng Huat resigned as a Non-Independent Non-Executive Director and replaced by appointment of Mr Thomas Kong Tai Meng as the Non-Independent Non-Executive Director of Am ARA.
- Completed the acquisition of the Mydin HyperMall, Bukit Mentajam which is fully leased to Mydin Mohamed Holdings Bhd, with a triple net yield of 6.5% for the first 5-year term of the 30-year lease.

### March 2016

- Completed proposed disposal of AGLC at a disposal price of RM36.0 million, generated a realised net gain of RM8.4 million which is distributable.
- Concluded the revaluation exercise of the investment properties under the portfolio which registered a fair value gain of RM31.4 million.

### April 2016

Announced the proposed Final Income Distribution for the FYE2016 of RM21.1 million or 3.07 sen per unit.

## FINANCIAL REVIEW

	←----- FYE 31 March ----->				
	2016	2015	2014	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>SUMMARY OF FINANCIAL POSITION</b>					
Investment Properties	<b>1,627,800</b>	1,332,200	1,301,900	1,277,226	1,179,844
Total Asset Value	<b>1,728,132</b>	1,370,131	1,314,092	1,297,589	1,198,542
Net Asset Value ("NAV")	<b>879,287</b>	841,597	849,864	836,903	617,765
Borrowings	<b>797,516</b>	491,300	429,079	426,400	550,000
Gearing (%)	<b>46.1</b>	35.9	32.6	32.9	45.9
Units in Circulation (Units) ('000)	<b>686,402</b>	686,402	686,402	686,402	429,001
NAV per Unit (RM)					
- Before proposed final distribution	<b>1.2810</b>	1.2261	1.2381	1.2193	1.4400
- After proposed final distribution	<b>1.2503</b>	1.2017	1.2011	1.1828	1.3917
- Highest NAV during the year (ex-distribution)	<b>1.2810</b>	1.2488	1.2381	1.3941	1.3917
- Lowest NAV during the year (ex-distribution)	<b>1.2115</b>	1.2161	1.1967	1.1755	1.3617
<b>SUMMARY OF COMPREHENSIVE INCOME</b>					
Gross Revenue	<b>99,794</b>	106,889	112,793	109,784	97,980
Net Rental Income	<b>61,092</b>	66,619	76,475	74,168	65,880
Profit for the financial year	<b>68,373</b>	38,340	63,068	51,797	52,192
Profit for the financial year, consisting of:-					
- Realised	<b>38,358</b>	37,944	50,267	46,920	39,994
- Unrealised	<b>30,015</b>	396	12,801	4,877	12,198
	<b>68,373</b>	38,340	63,068	51,797	52,192
Earnings per Unit ("EPU") (sen) <sup>1</sup>					
- Realised	<b>5.59</b>	5.53	7.32	7.87	9.32
- Unrealised	<b>4.37</b>	0.06	1.87	0.82	2.85
	<b>9.96</b>	5.59	9.19	8.69 <sup>1</sup>	12.17
Distribution per Unit ("DPU") (sen) <sup>2</sup>					
- Interim	<b>2.03</b>	3.09	3.65	3.16	4.48
- Final	<b>3.07</b>	2.44	3.70	3.65	4.83
	<b>5.10</b>	5.53	7.35	6.81	9.31
Distribution Yield (based on respective closing market price) (%)	<b>6.80</b>	5.91	7.54	6.31	7.82
Management Expense Ratio ("MER") (%) <sup>3</sup>	<b>0.99</b>	0.96	0.88	1.00	1.06
Portfolio Turnover Ratio ("PTR") (Times) <sup>4</sup>	<b>0.14</b>	-	-	0.11	0.22

<sup>1</sup> Based on weighted average number of units in circulation.

<sup>2</sup> Below were the distribution dates since the last five (5) years:-

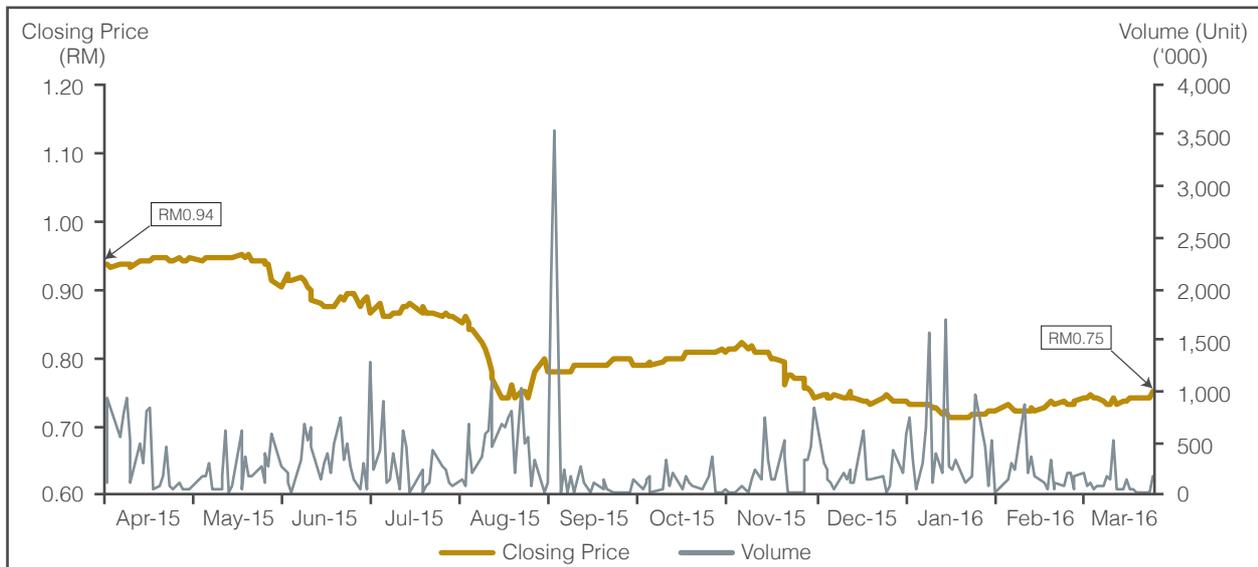
FYE 31 March	2016	2015	2014	2013	2012
Interim	11/12/15	23/12/14	05/12/13	12/12/12	30/11/11
Final	30/05/16	30/06/15	12/06/14	31/05/13	31/05/12

<sup>3</sup> The calculation of MER is based on total fees incurred by AmFIRST REIT, including the Manager's fees, Trustee's fees, Auditors' remuneration, Tax Agent's fees and administrative expenses, to the average net asset value during the financial year.

<sup>4</sup> The calculation of PTR is based on the average of total acquisition and total disposal of investments in AmFIRST REIT for the financial year to the average net asset value during the financial year.

## FINANCIAL REVIEW (CONTD.)

### UNIT PRICE AND TRADING PERFORMANCE



←----- FYE 31 March ----->

#### Unit Price Performance (RM)

	2016	2015	2014	2013	2012
As at 31 March	<b>0.75</b>	0.94	0.98	1.08	1.19
Highest Traded Price during the year	<b>0.95</b>	1.00	1.09	1.23	1.22
Lowest Traded Price during the year	<b>0.71</b>	0.85	0.91	1.02	1.11
Average Traded Price during the year <sup>5</sup>	<b>0.84</b>	0.95	1.03	1.14	1.18
Average Volume Traded per day (Units) ('000)	<b>289</b>	272	384	435	235

#### TOTAL RETURN (%)<sup>6</sup>

	2016	2015	2014	2013	2012
Change in Unit Price	<b>(21.96)</b>	(4.19)	(10.22)	2.34	2.56
Income Distribution	<b>6.05</b>	5.79	7.15	6.38	7.92
Total Return	<b>(15.91)</b>	1.60	(3.07)	8.72	10.48

#### AVERAGE ANNUAL RETURN (%)<sup>7</sup>

	2016
One year	<b>(15.91)</b>
Three years	<b>(5.79)</b>
Five years	<b>0.37</b>
Since listing date (21 December 2006)	<b>6.61</b>

<sup>5</sup> Average Traded Price during the year is calculated based on average of opening price and closing price for the financial year.

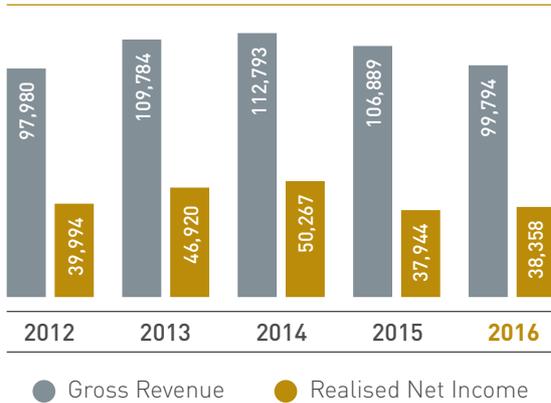
<sup>6</sup> Total Return is based on the actual gross income distribution and net change in unit price at the opening and closing of the financial year, over the average unit price of the opening and closing of the respective financial year. However, for FYE 2013, the opening unit price as at 1 April 2012 was restated from RM1.19 to cum rights at RM1.06 to reflect the effects of Rights Issue that was completed in August 2012.

<sup>7</sup> Average Annual Return is computed based on total return per unit for the period averaged over number of years.

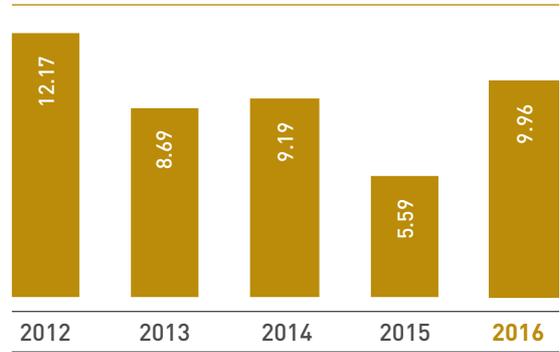
Past performance is not necessarily indicative of future performance. Unit prices and investment returns may fluctuate.

## FINANCIAL REVIEW (CONTD.)

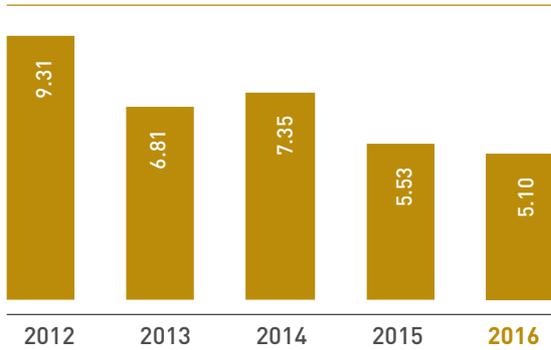
### GROSS REVENUE AND REALISED NET INCOME (RM'000)



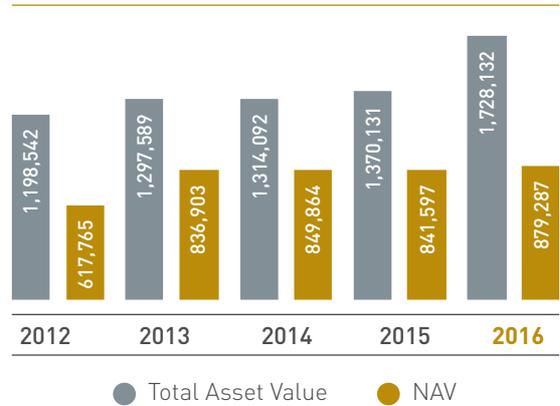
### EPU (SEN)



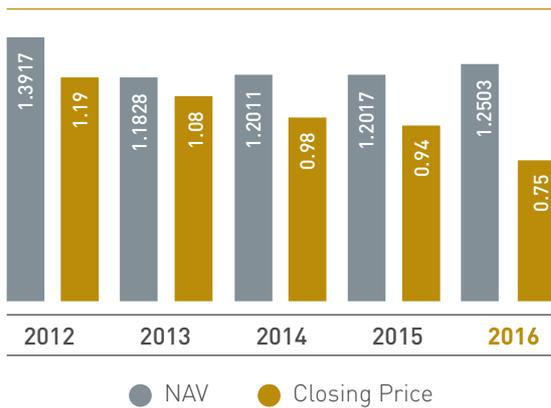
### DPU (SEN)



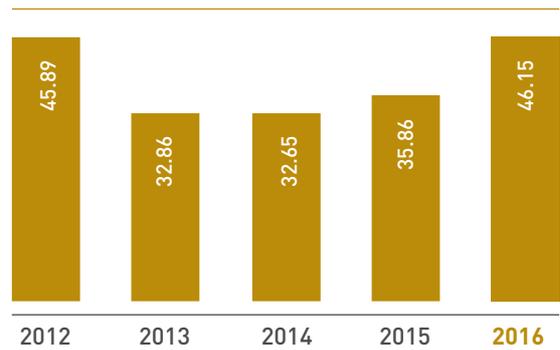
### TOTAL ASSET VALUE AND NAV (RM'000)



### NAV PER UNIT AND CLOSING UNIT PRICE (RM)



### GEARING (%)



## OPERATIONS REVIEW

For the year under review, the Manager has taken strategic and operational measures to realise the following key objectives :-

- Asset Portfolio Rationalisation;
- Proactive Leasing Management; and
- Improvement in Property Management and cost containment.

### ASSET PORTFOLIO RATIONALISATION

#### Yield Accretive Acquisition

During the financial year ended 31 March 2016, we have completed the acquisition of Mydin HyperMall, Bukit Mertajam at RM250.0 million, and the lease back to Mydin Mohamed Holdings Berhad is for a period of thirty (30) years with an initial triple net yield of 6.5% per annum for the first five (5) years, with an upside rental reversion of 10% every interval of five (5) years. This acquisition is in line with our portfolio and geographical diversification strategy of acquiring yield accretive assets in other parts of Malaysia other than the Klang Valley.



#### Strategic Divestment

On 15 December 2015, the Trustee entered into a Sale and Purchase Agreement with Techvance Properties Management Sdn Bhd for the disposal of AGLC for RM36.0 million and the disposal was completed on 31 March 2016. Based on the valuation report prepared by Cheston International (KL) Sdn Bhd dated 30 Sept 2015, the market value was RM30.0 million. The gain on disposal of AGLC is RM12.2 million. The Management will re-locate the existing tenant, AmBank Group, to occupy about 50,000 sq ft at Menara AmBank at a much higher rental compare to the rent payable in AGLC. The divestment of AGLC is to enable the Trust to profit from a good offer to purchase as the building has reached the limit of its organic growth potential at its current use as an office.

With the completion of the above acquisition and divestment exercise, the total number of investment property remain at nine (9) properties. However the overall asset quality and future yield will be improved.

#### LEASING MANAGEMENT

There are new supply of office and retail space coming on stream rapidly, as there will be at least 17 million sq ft of office space scheduled to be completed by end of 2017 in Greater Kuala Lumpur and according to Savills Malaysia Sdn Bhd, the total retail space in Greater Kuala Lumpur will reach 70 million sq ft by end of 2018.

In view of the competitive market due to the prevalent supply-demand imbalance situation, the Manager has adopted an active leasing strategy on tenant retention and filling up of vacant spaces in our portfolio. We have renewed tenancies ahead of their expiry while on the other hand, we are pursuing to market the vacant space through flexible marketing packages by meeting the needs of prospective tenants on a win-win proposal, both through our direct marketing efforts as well as working closely with real estate agencies.

## OPERATIONS REVIEW (CONTD.)

### LEASING MANAGEMENT (CONTD.)

The challenges we had in 2015 is to improve on the occupancy and rental of the properties under the portfolio. We have initiated various intensive efforts and implemented specific marketing strategies on each individual building in particular the following:-

1. Menara AmBank
2. Prima 9
3. The Summit Subang USJ - Retail Mall

- **Menara AmBank**

In addressing the drop in occupancy from 87.0% as at 31 March 2015 to 80.3% as at 31 March 2016, the Management, having executed the strategic divestment of AGLC, will improve the occupancy rate of Menara AmBank to 92%, with higher rental rate when the relocation of the tenants from AGLC to Menara AmBank is completed with effect from 2<sup>nd</sup> Quarter of FYE2017.

- **Prima 9**

The office property market in Cyberjaya is facing an oversupply situation, partly due to incoming supply as well as easing of MSC-status for buildings located outside of Cyberjaya. Presently, more and more buildings in Kuala Lumpur, Petaling Jaya, Puchong and Sunway are able to obtain the MSC-status, which acts as a major pull factor for MSC-status companies moving outside of Cyberjaya. As a result, while the Management is able to retain our tenant at Prima 10, we are still unable to find a suitable tenant to occupy Prima 9.

As a result of the stiff competition, we had first appointed a renowned real estate agent (who are active in Cyberjaya) working on an exclusive basis on leasing and marketing while at the same time working on divesting the building. While several prospects have expressed interest, however no concrete offers have been received for both leasing and divestment to-date.

Arising from this, we will be replacing the existing Property Manager and restructuring the scope and responsibility of

the new Property Manager, who already have a significant presence in Cyberjaya, with key performance indicators to achieve the leasing objectives of both Prima 9 and Prima 10. We will also consider divesting the building should a reasonable offer is forthcoming.

- **The Summit Subang USJ - Retail Mall**

The refurbishment exercise at The Summit Retail was carried out to enable the mall to meet the competitive retail mall environment and to remain relevant to retailers and consumers alike. In so doing, we have taken steps to assist the affected existing tenants to sustain their business while working to attract new tenants.

With a lot of hard work, we have been able to retain most of the existing anchor tenants like Golden Screen Cinemas, Ampang Superbowl and Giant Supermarket. The marketing efforts have also paid off as we have signed up an internationally renowned brand, Home Products (Malaysia) Sdn Bhd ("HomePro") to take over the existing retail space from Point B Departmental Store for a total Net Lettable Area of 84,185 sq ft. The capture of HomePro as an anchor tenant is a very significant milestone in the re-positioning of The Summit Retail as HomePro will be seen as the catalyst for increased occupancy and improved rental rates, moving forward. This is evidenced by the fact that the proprietor of Point B Departmental Store has agreed to stay on and occupy another prominent location at Ground Floor with another brand which will offer products of higher quality.



The Summit Retail

## OPERATIONS REVIEW (CONTD.)

### Occupancy Rate

On an overall portfolio basis, we have achieved an average occupancy of 81.4% as at 31 March 2016 and tenancy renewal rate of 89.8% with an average rental reversion of 4.8% during FYE2016.

	As at 31 March 2016	As at 31 March 2015
Bangunan AmBank	100.0%	100.0%
Menara AmBank	80.3%	87.0%
AGLC	100.0%	100.0%
Menara AmFIRST	79.3%	74.6%
Wisma AmFIRST	77.0%	80.9%
The Summit - Office	76.3%	82.5%
The Summit - Retail	69.7%	73.0%
Prima 9	-	-
Prima 10	100.0%	100.0%
Jaya 99	100.0%	100.0%
Mydin Hypermall	100.0%	NA
<b>Overall Porfolio</b>	<b>81.4%</b>	<b>82.0%</b>

### Tenancy Renewal and Rental Reversion for FYE 2016

	Total Due for Renewal sq. ft	Total Space Renewed sq. ft	Rental Reversion %
Bangunan AmBank	50,534	50,534	+5.6%
Menara AmBank	346,022	336,865	+6.5%
Menara AmFIRST	59,757	53,550	+2.1%
Wisma AmFIRST	56,705	42,894	+5.0%
The Summit - Retail	248,805	206,268	+1.8%
The Summit - Office	22,013	5,854	+3.9%
Prima 10	100,272	100,272	+7.1%
Jaya 99*	18,608	14,308	+2.6%
<b>Total</b>	<b>902,716</b>	<b>810,745</b>	<b>+4.8%</b>

**Tenant Retention Rate 89.8%**

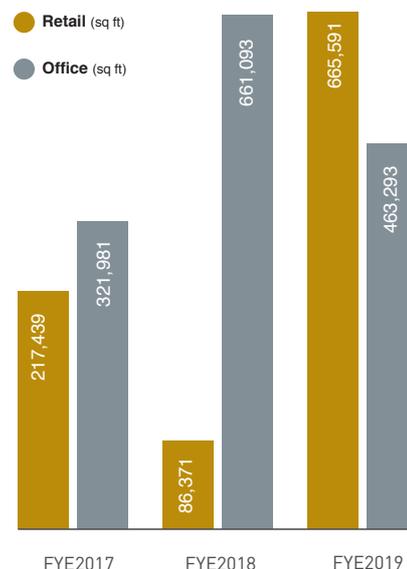
\* Jaya 99 is under a rental guarantee by the property vendor.

Moving forward, the Management will strengthen our Marketing and Leasing Team and take back a large portion of the leasing and marketing scope of work currently carried out by appointed Property Managers. This strategic change will strengthen the business relationship with our tenants, thereby improving tenant retention in the future.

### Tenancy Expiry Profile

The typical tenancies of the Trust are of 3 years with option to renew with certain anchor tenants having multiple renewal terms. As at 31 March 2016, those leases expiring in 2017 accounted for 22.4% of the retail leases and 22.2% for office of the respective total NLA.

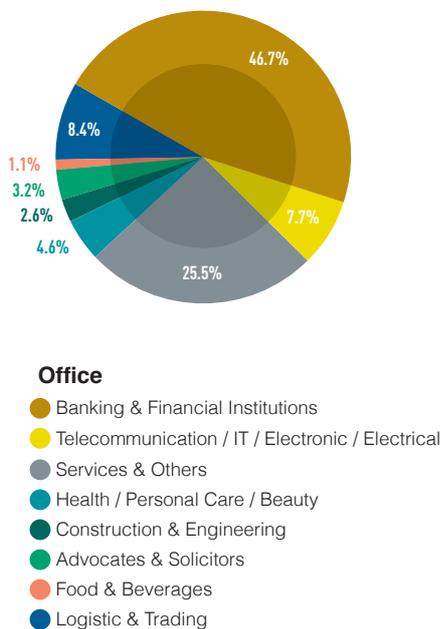
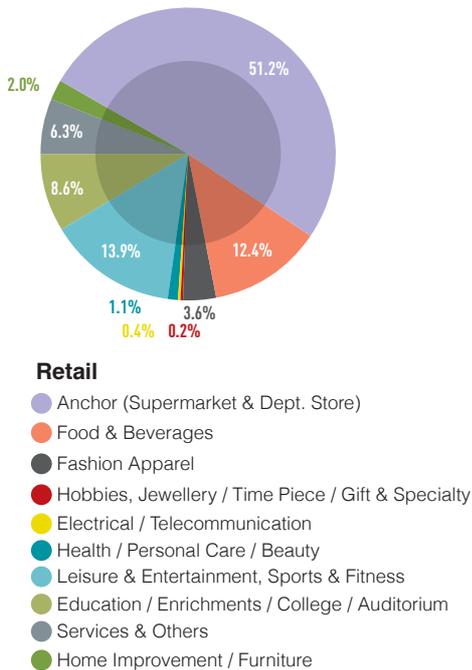
The Marketing and Leasing team will continue its strategy on tenant retention program to renew tenancy ahead of its expiry and stepping up marketing effort to attract new tenants.



## OPERATIONS REVIEW (CONTD.)

### Tenancy Mix Analysis

The properties under the portfolio have a diverse tenant base across various business sectors to provide the diversification of risk exposure. Following is the tenancy trade mix analysis for the retail and office segments of the properties under the portfolio:



### Top 10 Largest Tenants by Rental Income

Name	Trade Sector	%
AmBank Group	Banking & Financial Institutions	45.2%
RBC Investor Services (M) Sdn Bhd	Services	4.9%
Mydin Mohamed Holdings Berhad	Hypermarket	2.9%
Prudential Assurance Malaysia Berhad	Services	2.8%
Shook Lin & Bok	Advocates & Solicitors	2.5%
Xperential Dynamics Sdn Bhd	Hospitality	1.9%
Sudong Sdn Bhd	Services	1.5%
Kimberly-Clark Trading (M) Sdn Bhd	Trading	1.3%
Summit Hotels Management Sdn Bhd	Hospitality	1.2%
IMC Education Sdn Bhd	Education	1.2%
<b>Total</b>		<b>65.4%</b>

The top 10 largest tenants by rental income in the portfolio contributed 65.4% to the total rental income of the Trust in FYE2016. Majority of these tenants are reputable multinational corporation and professional firms. The AmBank Group continues to remain as the top tenant accounting for 45.2% of the total rental income. Since the AmBank Group is a related party to the Manager, the rental rates charged are guided by the recommendation of an independent valuer appointed by the Trustee, based on comparable current market rental rate to ensure transparency and that rental rates are fair and pegged at arm's length.

## OPERATIONS REVIEW (CONTD.)

### OPERATIONS MANAGEMENT

The AElS which started earlier in Bangunan AmBank Group, Menara AmBank and The Summit Subang USJ will continue, which despite setbacks on completion dates, will hopefully be completed by end 2016. These AElS are beginning to bear fruits as we have seen satisfactory rental reversion and addition of new tenants as described above. Presently, the internal refurbishment works of The Summit Retail have been completed while the works to the external façade and landscape is ongoing, with a target completion date in 2Q FYE2017.

At the same time, we have made improvement on the service levels, operational efficiency and energy cost containment in the way we managed the buildings. Some of the changes we made or are in the process of implementing include:-

- **Change of Property Managers**

Management has in the recent tender exercise for Property Managers seek to improve the efficiency of the Property Managers by reducing the current two-tier model (Property Manager and Facility Manager) to a single-tier model (Property Manager only).

- **Change of Carpark Equipment**

We have conducted a carpark tender exercise whereby the Management has incorporated replacement of present old carpark equipment with new branded equipment by the successful carpark operator. Based on results of the tender, the carpark equipment in Bangunan AmBank, Menara AmBank, Wisma AmFIRST and Menara AmFIRST were upgraded since March 2016. Initial results show that there is much improvement on the level of customer satisfaction and rental collection.

- **Energy cost containment**

In the pilot project to replace T5 lights with energy saving LED lights at The Summit basement carpark, we achieved significant improvement in energy saving. In view of such, we are expanding the replacement of fluorescent lights with LED lights in the carparks and common areas of our other office buildings to conserve and reduce energy consumption. We have also replaced one of the chillers to the air-conditioning system at Menara AmFIRST with satisfactory results.

### REVALUATION EXERCISE

The Trust has conducted the year end revaluation of its investment properties and registered a fair value gain of RM31.4 million. The valuation methodology is using investment and comparison method:-

As at 31 March 2016	Net Book Value RM'000	Market Value RM'000	Fair Value Gain/(Loss) RM'000
Bangunan AmBank	259,002	259,000	(2)
Menara AmBank	321,961	314,000	(7,961)
Menara AmFIRST	71,705	72,500	795
Wisma AmFIRST	112,190	114,000	1,810
The Summit	338,826	349,400	10,574
Prima 9	77,000	74,500	(2,500)
Prima 10	68,000	68,000	-
Jaya 99	93,632	101,400	7,768
Mydin HyperMall	254,107	275,000	20,893
<b>TOTAL</b>	<b>1,596,423</b>	<b>1,627,800</b>	<b>31,377</b>

## OPERATIONS REVIEW (CONTD.)

### CAPITAL MANAGEMENT

The Trust uses a combination of debt and equity funding for the acquisitions and AELs. As at 31 March 2016, the Trust has a total borrowing of RM797.5 million, representing a gearing of 46.1% over the total asset value of RM1.7 billion.

	As at 31 March 2016 RM'000	As at 31 March 2015 RM'000
Term Loan	378,000	128,000
Revolving Credit	421,000	363,300
Less : Transaction cost subject to amortisation	(1,484)	-
<b>Total Borrowing</b>	<b>797,516</b>	<b>491,300</b>
<b>Total Asset</b>	<b>1,728,132</b>	<b>1,370,131</b>
<b>Gearing (%)</b>	<b>46.1%</b>	<b>35.9%</b>

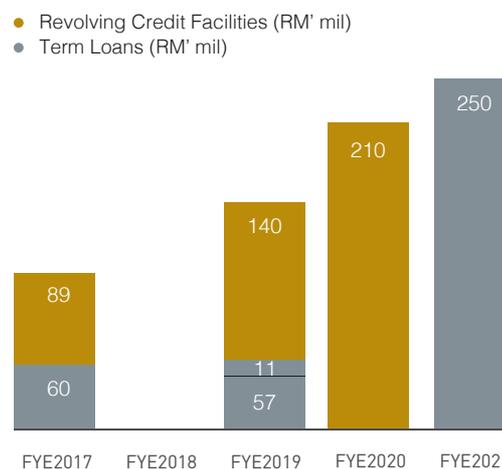
The total borrowing had increased by RM306.2 million to RM797.5 million, mainly to fund the new acquisition and the various AELs under the portfolio.

In January 2016, AmFIRST REIT drawdown RM250.0 million from the new syndicated term loan to finance the acquisition of Mydin HyperMall, Bukit Mertajam. The tenure of the syndicated term loan is five (5) years with interest cost of approximately 4.68% p.a. charged during the period under review. This newly acquired asset provides triple net yield of 6.5% based on the first 5-year term of the 30-year lease.

The disposal of AGLC was completed on 31 March 2016. This strategic divestment has generated net proceeds of RM34.6 million and realised net gain on disposal of RM8.4 million after taking into consideration the realisation of brought forward revaluation loss of RM3.4 million. The Manager has proposed to distribute the realised net gain arising from the disposal as part of the total final income distribution for the financial year ended 31 March 2016. The balance of net disposal proceeds of RM26.2 million had been utilised to repay the Trust's existing bank borrowing to reduce the gearing level in order to provide additional debt headroom.

The current gearing level of 46.1% provides a debt headroom of approximately RM132.0 million before it exceeds the gearing threshold of 50% as permitted under the Securities Commission's REIT Guidelines. The Manager will consider further rationalising of its portfolio via strategic divestment to optimise its gearing level.

The Trust reviews its loan profile closely so as to diversify the refinance risks and spread out the loan maturity profile. The loan maturity profile for the Trust as at 31 March 2016 was as follows:-

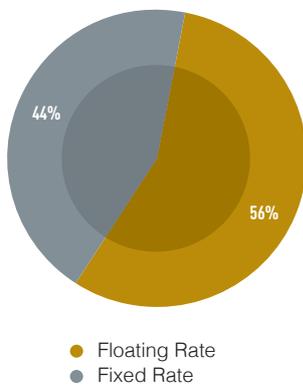


As at 31 March 2016, the weighted average maturity is approximately 3.12 years with 18.6% or RM149.0 million of the Trust's debt maturing in FYE2017. We will continue to review the maturity profile of its loan portfolio and will take into account prevailing credit market condition as well as the potential funding avenue available to diversify its loan exposure.

## OPERATIONS REVIEW (CONTD.)

### INTEREST RATE MANAGEMENT

As interest cost formed an integral component of the trust expenses, we adopt a balanced approach in terms of interest rate management by having a combination of fixed rate borrowing while having a portion of borrowing that capitalises on the floating low interest rates for the Trust. The Trust's weighted average interest cost as at 31 March 2016 was 4.71% including the cost of hedging arising from the Interest Rate Swap ("IRS").



As at 31 March 2016, the fixed rate borrowings constituted 44% of the portfolio and the balance 56% were floating rate. The Trust is hedging the unfavorable movement of interest rate by having long term fixed rate bank borrowing as well as entering into IRS contracts by swapping floating interest exposure to fixed rate.

During the financial year under review, the Trust had further entered into an additional RM100.0 million notional contract of IRS, swapping the floating 3-month KLIBOR in exchange of the fixed rate of 4.09% to increase the hedged portion of the variable loan borrowing. As at 31 March 2016, the Trust has RM147.0 million fixed rate bank loans and total IRS contract with notional amount of RM200.0 million to mitigate the exposure to interest rate movement.

From the perspective of interest cost sensitivity analysis, with 44% of the borrowing being hedged, a 25 basis-point increase or decrease (with all other variables held constant) will cause a corresponding decrease or increase of RM1.1 million to the Trust's net income.

We are closely monitoring the interest rate environment and will continue to manage the interest cost diligently to minimise the Trust's exposure to the adverse movement of interest rate.

## ASSET PROFILE REVIEW

### PORTFOLIO AT A GLANCE

				
Property	<b>Bangunan AmBank Group</b>	<b>Menara AmBank</b>	<b>Menara AmFIRST</b>	<b>Wisma AmFIRST</b>
Location	Kuala Lumpur	Kuala Lumpur	Petaling Jaya	Kelana Jaya
Existing Use	Commercial Office	Commercial Office	Commercial Office	Commercial Office
Tenure	Leasehold (3 June 2084)	Freehold	Freehold	Leasehold (19 February 2094)
Age of Building (year)	29	19	22	15
Net Lettable Area (sq ft)	360,166	458,187	159,001	285,461
No. of Carpark (bay)	522	776	324	645
Occupancy Rate (%) @ 31 March 2016	100.0	80.3	79.3	77.0
Valuation (RM' mil) @ 31 March 2016	259.0	314.0	72.5	114.0

					
Property	<b>Prima 9</b>	<b>Prima 10</b>	<b>Jaya 99</b>	<b>Mydin HyperMall</b>	<b>The Summit Subang USJ</b>
Location	Cyberjaya	Cyberjaya	Melaka	Bukit Mertajam	Subang Jaya
Existing Use	Commercial Office	Commercial Office	Commercial Office	Commercial Retail	Office Hotel and Retail Mall
Tenure	Freehold	Freehold	Leasehold (7 Oct 2109)	Freehold	Freehold
Age of Building (year)	7	6	5	Completed in November 2015	18
Net Lettable Area (sq ft)	111,224	100,272	227,662	536,507	Retail - 599,474 Office - 138,431 Hotel - 332 rooms
No. of Carpark (bay)	414	322	551	1,242	1,966
Occupancy Rate (%) @ 31 March 2016	Nil	100.0	100.0	100.0	Retail - 69.7 Office - 76.3 Hotel - 100.0
Valuation (RM' mil) @ 31 March 2016	74.5	68.0	101.4	275.0	349.4

## ASSET PROFILE REVIEW (CONTD.)



### BANGUNAN AmBANK GROUP ("BAG")

Bangunan AmBank Group is situated within an established commercial area which comprises of mainly purpose-built office buildings, high-end condominiums and serviced apartments, international hotels and prime shopping complexes as well as embassy offices. Kuala Lumpur City Centre ("KLCC") is located a short distance from Bangunan AmBank Group. Other prominent landmarks located within the vicinity are the Kuala Lumpur Tower, Forest Information Centre and Muzium TELEKOM.

#### ADDRESS

Bangunan AmBank Group  
No. 55, Jalan Raja Chulan  
50200 Kuala Lumpur

#### DESCRIPTION OF PROPERTY

26-storey office building comprising of a 21-storey office tower block, a 1-level cafeteria, gymnasium and a multi-purpose hall, 4-upper level car park and 3-basement car park

#### LAND TITLE

Title No. Pajakan Negeri 4512  
Lot No. 1200 Section 57  
Town and District of Kuala Lumpur  
State of Federal Territory  
of Kuala Lumpur

#### TENURE

Leasehold 99 years expiring on  
3 June 2084 (unexpired term of  
approximately 68 years)

#### ENCUMBRANCES

Nil

#### YEAR OF COMPLETION

1987

#### AGE OF BUILDING

29 years

## ASSET PROFILE REVIEW (CONTD.)

### NET LETTABLE AREA

360,166 sq ft

### EXISTING USE

Commercial Office

### CAR PARK

522 bays

### NUMBER OF TENANTS

10

### DATE OF ACQUISITION

21 December 2006

### ACQUISITION COST

RM180.1 million

### LATEST REVALUATION

RM259.0 million\*

### DATE OF REVALUATION

11 March 2016

### OCCUPANCY RATE

100.0%\*

### GROSS REVENUE

RM23.4 million<sup>#</sup>

### NET RENTAL INCOME

RM17.6 million<sup>#</sup>

### MAJOR CAPITAL EXPENDITURE

RM2.0 million<sup>#</sup>

### AVERAGE TENANCY PERIOD

3 years

### VALUER

Rahim & Co Chartered Surveyors  
Sdn Bhd

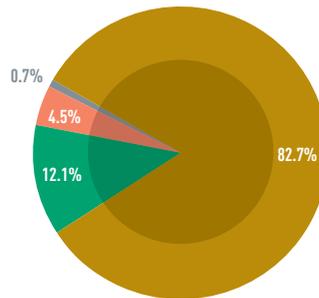
### MAJOR TENANTS

AmBank Group  
Shook Lin & Bok  
Syed Alwi, Ng & Co.

### PROPERTY MANAGER

Malik & Kamaruzaman Property  
Management Sdn Bhd

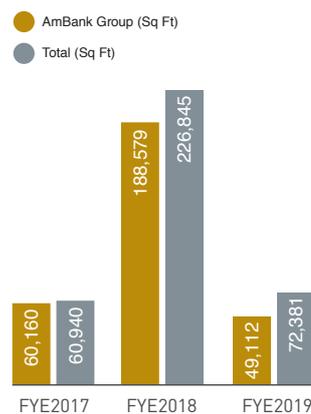
### TENANTS' TRADE MIX ANALYSIS\*



- Banking & Financial Institutions
- Advocates & Solicitors
- Food & Beverages
- Services & Others

CATEGORY	SQ FT	%
Banking & Financial Institutions	297,851	82.7
Advocates & Solicitors	43,407	12.1
Food & Beverages	16,330	4.5
Services & Others	2,578	0.7
<b>TOTAL</b>	<b>360,166</b>	<b>100.0</b>

### TENANCY EXPIRY PROFILE\*



FYE	AmBank Group (sq ft)	%	Total (sq ft)	%
2017	60,160	98.7	60,940	16.9
2018	188,579	83.2	226,845	63.0
2019	49,112	67.8	72,381	20.1
<b>TOTAL</b>	<b>297,851</b>	<b>82.7</b>	<b>360,166</b>	<b>100.0</b>



\* As at 31 March 2016.

<sup>#</sup> For the financial year ended 31 March 2016.

## ASSET PROFILE REVIEW (CONTD.)



### MENARA AmBANK ("MAB")

Menara AmBank is situated along Jalan Yap Kwan Seng and is within the walking distance from Kuala Lumpur City Centre ("KLCC"). It is easily accessible from Jalan Ampang or Jalan Tun Razak. It is located within a densely developed area of predominantly commercial buildings within the Golden Triangle of Kuala Lumpur.

#### ADDRESS

No. 8, Menara AmBank  
Jalan Yap Kwan Seng  
50450 Kuala Lumpur

#### DESCRIPTION OF PROPERTY

46-storey office building comprising of a 38-storey office tower block, a 1-level canteen and a 7-level car park

#### LAND TITLE

Title No. Geran 52468  
Lot No. 140, Section 44  
Town and District of Kuala Lumpur  
State of Federal Territory of Kuala Lumpur

#### TENURE

Freehold

#### ENCUMBRANCES

Lien Holder's Caveat

#### YEAR OF COMPLETION

1997

#### AGE OF BUILDING

19 years

#### NET LETTABLE AREA

458,187 sq ft

## ASSET PROFILE REVIEW (CONTD.)

### EXISTING USE

Commercial Office

### CAR PARK

776 bays

### NUMBER OF TENANTS

13

### DATE OF ACQUISITION

21 December 2006

### ACQUISITION COST

RM230.2 million

### LATEST REVALUATION

RM314.0 million\*

### DATE OF REVALUATION

15 March 2016

### OCCUPANCY RATE

80.3%\*

### GROSS REVENUE

RM23.3 million<sup>#</sup>

### NET RENTAL INCOME

RM14.3 million<sup>#</sup>

### MAJOR CAPITAL EXPENDITURE

RM12.0 million<sup>#</sup>

### AVERAGE TENANCY PERIOD

3 years

### VALUER

Messrs Rahim & Co Chartered  
Surveyors Sdn Bhd

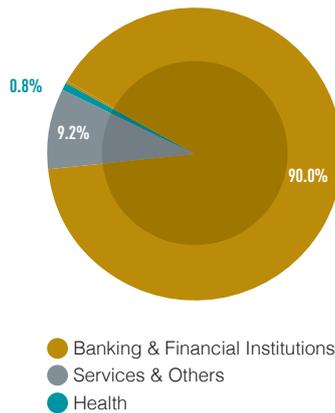
### MAJOR TENANTS

AmBank Group  
Acer Sales & Services Sdn Bhd  
Mongoose Publishing (M) Sdn Bhd

### PROPERTY MANAGER

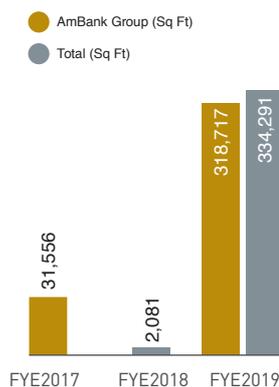
Savills (Malaysia) Sdn Bhd

### TENANTS' TRADE MIX ANALYSIS\*

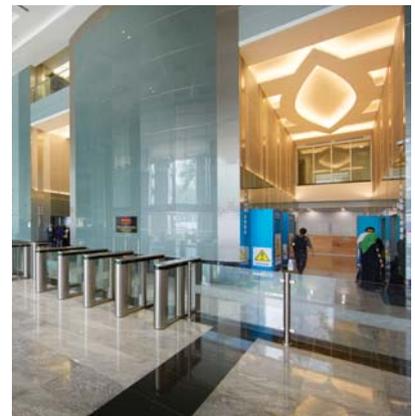
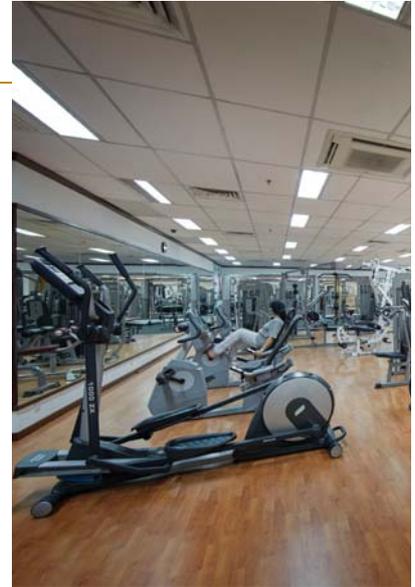


CATEGORY	SQ FT	%
Banking & Financial Institutions	331,286	90.0
Health	3,005	0.8
Services & Others	33,637	9.2
<b>TOTAL</b>	<b>367,928</b>	<b>100.0</b>

### TENANCY EXPIRY PROFILE\*



FYE	AmBank Group (sq ft)	%	Total (sq ft)	%
2017	-	0.0	31,556	8.6
2018	-	0.0	2,081	0.6
2019	318,717	95.3	334,291	90.8
<b>TOTAL</b>	<b>318,717</b>	<b>86.6</b>	<b>367,928</b>	<b>100.00</b>



\* As at 31 March 2016.

<sup>#</sup> For the financial year ended 31 March 2016.

## ASSET PROFILE REVIEW (CONTD.)



### MENARA AmFIRST ("MA")

Menara AmFIRST is a landmark building within Petaling Jaya, as it is the tallest building within the vicinity. It is easily accessible from Kuala Lumpur City Centre via Federal Highway and Lebuhraya Damansara-Puchong. It is also accessible from Kuala Lumpur via Jalan Duta, Jalan Semantan in Damansara and The Sprint Highway.

#### ADDRESS

Menara AmFIRST  
No. 1, Jalan 19/3  
46300 Petaling Jaya  
Selangor Darul Ehsan

#### DESCRIPTION OF PROPERTY

22-storey purpose-built office building comprising of a 3-level basement car park

#### LAND TITLE

Title No. HSM 9104  
PT No 29649  
Mukim of Sungai Buluh  
District of Petaling  
State of Selangor

#### TENURE

Freehold

#### ENCUMBRANCES

Lien Holder's Caveat

#### YEAR OF COMPLETION

1994

#### AGE OF BUILDING

22 years

#### NET LETTABLE AREA

159,001 sq ft

#### EXISTING USE

Commercial Office

## ASSET PROFILE REVIEW (CONTD.)

### CAR PARK

324 bays

### NUMBER OF TENANTS

28

### DATE OF ACQUISITION

21 December 2006

### ACQUISITION COST

RM57.1 million

### LATEST REVALUATION

RM72.5 million\*

### DATE OF REVALUATION

14 March 2016

### OCCUPANCY RATE

79.3%\*

### GROSS REVENUE

RM6.3 million<sup>#</sup>

### NET RENTAL INCOME

RM3.5 million<sup>#</sup>

### MAJOR CAPITAL EXPENDITURE

Nil<sup>#</sup>

### AVERAGE TENANCY PERIOD

1-3 years

### VALUER

Rahim & Co Chartered Surveyors  
Sdn Bhd

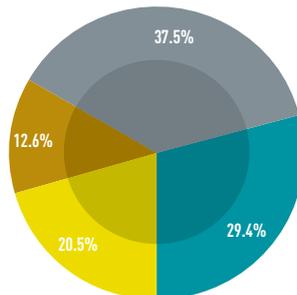
### MAJOR TENANTS

KAO (M) Sdn Bhd  
Groupon Sdn Bhd  
Perfect Pentagon Sdn Bhd  
Locus-T Online Sdn Bhd  
Asatsu-DK (Malaysia) Sdn Bhd  
JVC Kenwood Malaysia Sdn Bhd  
AmTrustee Berhad

### PROPERTY MANAGER

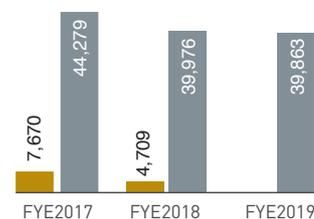
Savills (Malaysia) Sdn Bhd

### TENANTS' TRADE MIX ANALYSIS\*

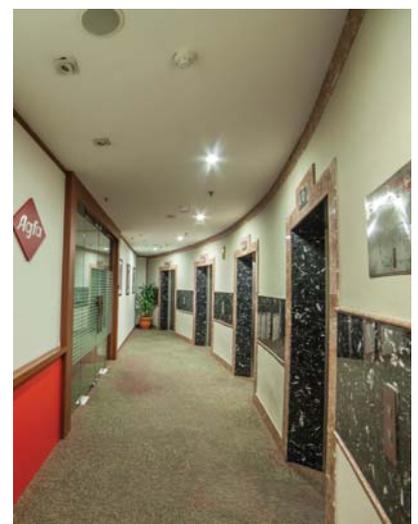
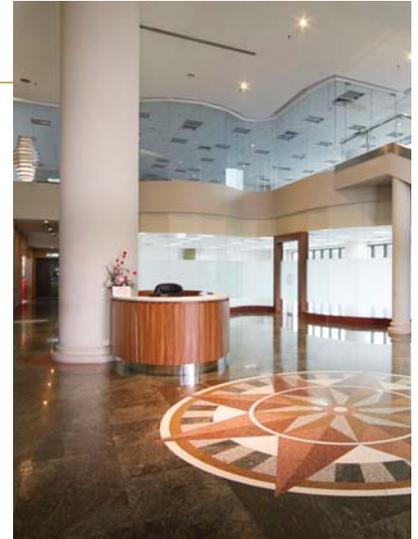


CATEGORY	SQ FT	%
Health / Personal Care / Beauty	36,514	29.4
Telecommunication / IT / Electronic / Electrical	25,429	20.5
Banking & Financial Institutions	15,631	12.6
Services & Others	46,544	37.5
<b>TOTAL</b>	<b>124,118</b>	<b>100.00</b>

### TENANCY EXPIRY PROFILE\*



FYE	AmBank Group (sq ft)	%	Total (sq ft)	%
2017	7,670	17.3	44,279	35.7
2018	4,709	11.8	39,976	32.2
2019	-	0.0	39,863	32.1
<b>TOTAL</b>	<b>12,379</b>	<b>9.9</b>	<b>124,118</b>	<b>100.0</b>



\* As at 31 March 2016.

<sup>#</sup> For the financial year ended 31 March 2016.

## ASSET PROFILE REVIEW (CONTD.)



### WISMA AmFIRST ("WA")

Wisma AmFIRST is located within SS7 Kelana Jaya, an established mixed development area. It is easily accessible from Kuala Lumpur City Centre via North-Klang Expressway, Lebuhraya Damansara-Puchong and Federal Highway. Located in the immediate vicinity is the Kelana Jaya Park, MBPJ Stadium, MBPJ Swimming Pool Complex and Kelana Jaya Sports Centre. Shopping centres such as Paradigm Mall, Giant Kelana Jaya Hypermarket, Sunway Pyramid, Citta Mall and 1 Utama Shopping Centre are located within a short distance.

#### ADDRESS

Wisma AmFIRST  
Jalan SS 7/15 (Jalan Stadium)  
47301 Kelana Jaya  
Selangor Darul Ehsan

#### DESCRIPTION OF PROPERTY

16-storey office building comprising of 2 towers, a 5-storey podium block and 1-level basement car park and a 1-level cafeteria

#### LAND TITLE

Title No. HSM 8547  
Lot No. PT 5135  
Mukim of Damansara  
District of Petaling  
State of Selangor Darul Ehsan

#### TENURE

Leasehold 99 years expiring on 19 February 2094 (unexpired term of approximately 78 years)

#### ENCUMBRANCES

Lien Holder's Caveat

#### YEAR OF COMPLETION

2001

#### AGE OF BUILDING

15 years

#### NET LETTABLE AREA

285,461 sq. ft.

## ASSET PROFILE REVIEW (CONTD.)

### EXISTING USE

Commercial Office

### CAR PARK

645 bays

### NUMBER OF TENANTS

26

### DATE OF ACQUISITION

21 June 2007

### ACQUISITION COST

RM86.0 million

### LATEST REVALUATION

RM114.0 million\*

### DATE OF REVALUATION

19 February 2016

### OCCUPANCY RATE

77.0%\*

### GROSS REVENUE

RM9.0 million<sup>#</sup>

### NET RENTAL INCOME

RM5.6 million<sup>#</sup>

### MAJOR CAPITAL EXPENDITURE

RM0.2 million<sup>#</sup>

### AVERAGE TENANCY PERIOD

2-3 years

### VALUER

Messrs Cheston International (KL)  
Sdn Bhd

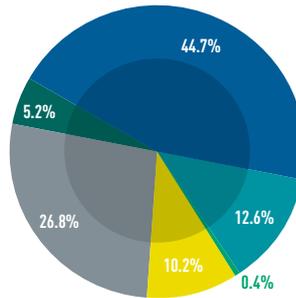
### MAJOR TENANTS

Kimberly-Clark Trading (M) Sdn Bhd  
Suruhanjaya Pengangkutan Awam Darat  
MyTV Broadcasting Sdn Bhd  
KFM Holdings Sdn Bhd  
Welch Allyn (M) Sdn Bhd  
LG Electronics (M) Sdn Bhd

### PROPERTY MANAGER

Malik & Kamaruzaman Property  
Management Sdn Bhd

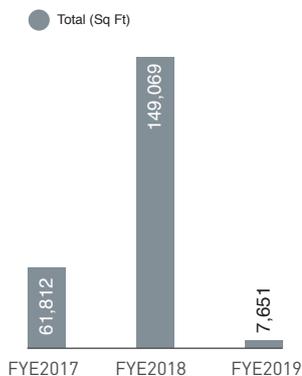
### TENANTS' TRADE MIX ANALYSIS\*



- Logistic & Trading
- Services & Others
- Health / Personal Care
- Telecommunication / IT / Electronic / Electrical
- Construction / Real Estate
- Advocates & Solicitors

CATEGORY	SQ FT	%
Telecommunication / IT / Electronic / Electrical	22,242	10.2
Services & Others	58,546	26.8
Construction / Real Estate	11,400	5.2
Logistic & Trading	97,794	44.7
Health / Personal Care	27,550	12.6
Advocates & Solicitors	1,000	0.5
<b>TOTAL</b>	<b>218,532</b>	<b>100.0</b>

### TENANCY EXPIRY PROFILE\*



FYE	Total (sq ft)	%
2017	61,812	28.3
2018	149,069	68.2
2019	7,651	3.5
<b>TOTAL</b>	<b>218,532</b>	<b>100.0</b>



\* As at 31 March 2016.

<sup>#</sup> For the financial year ended 31 March 2016.

## ASSET PROFILE REVIEW (CONTD.)

### PRIMA 9



Prima 9 is located in Cyberjaya which is known as the largest Multimedia Super Corridor Cybercity. It is easily accessible from Putrajaya-Cyberjaya Expressway and is located about 38 kilometres to the south-west of Kuala Lumpur City Centre. About 200 other multinationals have invested and relocated within Cyberjaya.

#### ADDRESS

Prima 9, Prima Avenue II,  
Block 3547, Persiaran Apec  
63000 CyberJaya  
Selangor Darul Ehsan

#### DESCRIPTION OF PROPERTY

A 7-storey office tower with  
2 levels of basement car park

#### LAND TITLE

Title No. GRN 207783  
Lot 23582  
Mukim of Dengkil  
District of Sepang  
State of Selangor

#### TENURE

Freehold

#### ENCUMBRANCES

Nil

#### YEAR OF COMPLETION

2009

#### AGE OF BUILDING

7 years

#### NET LETTABLE AREA

111,224 sq ft

#### EXISTING USE

Commercial Office

## ASSET PROFILE REVIEW (CONTD.)

**CAR PARK**

414 bays

**NUMBER OF TENANT**

Nil

**DATE OF ACQUISITION**

30 November 2011

**ACQUISITION COST**

RM72.9 million

**LATEST REVALUATION**

RM74.5 million\*

**DATE OF REVALUATION**

18 February 2016

**OCCUPANCY RATE**

Nil\*

**GROSS REVENUE**

Nil#

**NET RENTAL INCOME**

(RM1.0 million)#

**MAJOR CAPITAL EXPENDITURE**

Nil#

**AVERAGE TENANCY PERIOD**

Nil

**VALUER**

Messrs Cheston International (KL) Sdn Bhd

**MAJOR TENANT**

Nil

**PROPERTY MANAGER**

Malik & Kamaruzaman Property Management Sdn Bhd



\* As at 31 March 2016.

# For the financial year ended 31 March 2016.

## ASSET PROFILE REVIEW (CONTD.)



### PRIMA 10

Prima 10 is located in Cyberjaya which is known as the largest Multimedia Super Corridor Cybercity. It is easily accessible from Putrajaya-Cyberjaya Expressway and is located about 38 kilometres to the south-west of Kuala Lumpur City Centre. About 200 other multinationals have invested and relocated within Cyberjaya.

#### ADDRESS

Prima 10, Prima Avenue II  
Block 3544, Persiaran Apec  
63000 Cyberjaya  
Selangor Darul Ehsan

#### DESCRIPTION OF PROPERTY

A 7-storey office tower with  
2 levels of basement car park

#### LAND TITLE

Title No. GRN 207774  
Lot 23589  
Mukim of Dengkil  
District of Sepang  
State of Selangor Darul Ehsan

#### TENURE

Freehold

#### ENCUMBRANCES

First Party Legal Charge

#### YEAR OF COMPLETION

2010

#### AGE OF BUILDING

6 years

#### NET LETTABLE AREA

100,272 sq ft

#### EXISTING USE

Commercial Office

## ASSET PROFILE REVIEW (CONTD.)

### CAR PARK

322 bays

### NUMBER OF TENANT

1

### DATE OF ACQUISITION

30 November 2011

### ACQUISITION COST

RM61.7 million

### LATEST REVALUATION

RM68.0 million\*

### DATE OF REVALUATION

18 February 2016

### OCCUPANCY RATE

100.0%\*

### GROSS REVENUE

RM5.1 million<sup>#</sup>

### NET RENTAL INCOME

RM4.1 million<sup>#</sup>

### MAJOR CAPITAL EXPENDITURE

Nil<sup>#</sup>

### AVERAGE TENANCY PERIOD

5 years

### VALUER

Messrs Cheston International (KL)  
Sdn Bhd

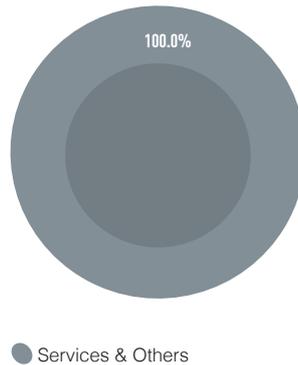
### MAJOR TENANT

RBC Investor Services (Malaysia)  
Sdn Bhd

### PROPERTY MANAGER

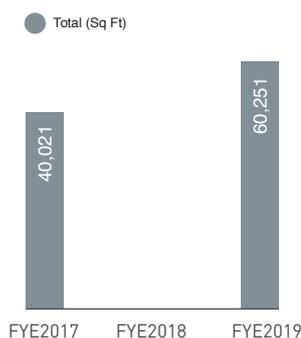
Malik & Kamaruzaman Property  
Management Sdn Bhd

### TENANTS' TRADE MIX ANALYSIS\*

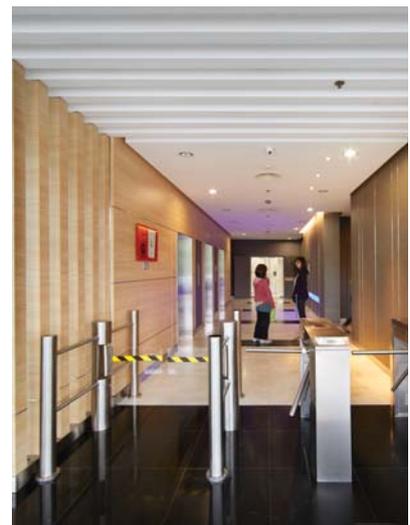


CATEGORY	SQ FT	%
Services & Others	100,272	100.0
<b>TOTAL</b>	<b>100,272</b>	<b>100.0</b>

### TENANCY EXPIRY PROFILE\*



FYE	Total (sq ft)	%
2017	40,021	39.9
2018	-	-
2019	60,251	60.1
<b>TOTAL</b>	<b>100,272</b>	<b>100.0</b>



\* As at 31 March 2016.

<sup>#</sup> For the financial year ended 31 March 2016.

## ASSET PROFILE REVIEW (CONTD.)



### KOMPLEKS TUN SRI LANANG (also known as Jaya 99)

Jaya 99 is located 800 metres north of Melaka town. Main shopping attractions located nearby Jaya 99 include Mahkota Parade Shopping Complex, Dataran Pahlawan Megamall Shopping Complex, Plaza Mahkota, Hang Tuah Mall, Orchard Square, Melaka Sentral which houses Tesco Hypermarket, AEON Bandaraya Melaka and Plaza Melaka Raya. The elevated Melaka Monorail, Hang Jebat Monorail Station, Terminal Melaka Sentral and Melaka-Dumai Ferry Terminal are located a short distance from Jaya 99.

#### ADDRESS

Kompleks Tun Sri Lanang  
(also known as Jaya 99)  
No. 99, Jalan Tun Sri Lanang  
75100 Melaka

#### DESCRIPTION OF PROPERTY

An 18-storey office building consisting of two (2) office towers (9-level & 10-level), sitting atop a 7-level podium block with a mezzanine floor

#### LAND TITLE

Title No. HSD 68894  
Lot No. PT 45  
Kawasan Bandar XVIII  
District of Melaka Tengah  
State of Melaka

#### TENURE

Leasehold 99 years expiring on 7 October 2109 (unexpired term of approximately 93 years)

#### ENCUMBRANCES

Nil

#### YEAR OF COMPLETION

2011

#### AGE OF BUILDING

5 years

## ASSET PROFILE REVIEW (CONTD.)

### NET LETTABLE AREA

227,662 sq ft

### EXISTING USE

Commercial Office

### CAR PARK

551 bays

### NUMBER OF TENANTS

22

### DATE OF ACQUISITION

1 November 2012

### ACQUISITION COST

RM87.2 million

### LATEST VALUATION

RM101.4 million\*

### DATE OF VALUATION

22 February 2016

### OCCUPANCY RATE

100.0%\*

### GROSS REVENUE

RM8.23 million<sup>#</sup>

### NET RENTAL INCOME

RM6.0 million<sup>#</sup>

### MAJOR CAPITAL EXPENDITURE

RM0.1 million<sup>#</sup>

### AVERAGE LEASE PERIOD

3-6 years

### VALUER

Messrs Cheston International (KL)  
Sdn Bhd

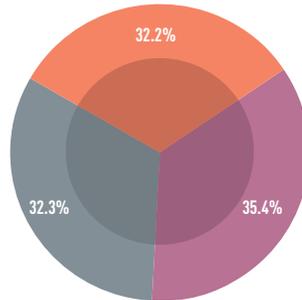
### MAJOR TENANTS

Prudential Assurance Malaysia Berhad  
Sudong Sdn Bhd  
AIA Berhad  
KPMG Resources Sdn Bhd

### PROPERTY MANAGER

Malik & Kamaruzaman Property  
Management Sdn Bhd

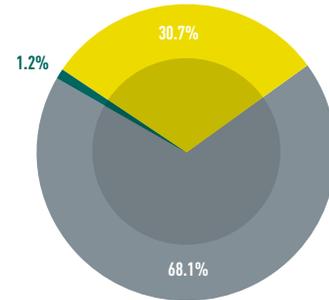
### TENANTS' TRADE MIX ANALYSIS\*



#### RETAIL

- Real Estate
- Service & Others
- Food & Beverages

CATEGORY	SQ FT	%
<b>OFFICE</b>		
Construction / Real Estate / Engineering	1,970	1.2
Telecommunication / Electrical	52,044	30.7
Service & Others	115,531	68.1
<b>TOTAL</b>	<b>169,545</b>	<b>100.0</b>
<b>RETAIL</b>		
Food & Beverages	18,744	32.3
Real Estate	20,603	35.4
Service & Others	18,770	32.3
<b>TOTAL</b>	<b>58,117</b>	<b>100.0</b>



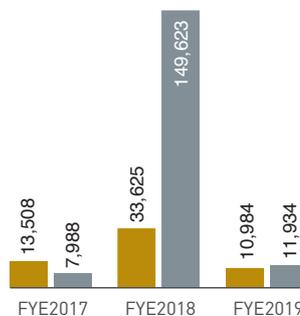
#### OFFICE

- Service & Others
- Construction / Real Estate / Engineering
- Telecommunication / IT



### TENANCY EXPIRY PROFILE\*

- RETAIL Total (Sq Ft)
- OFFICE Total (Sq Ft)



FYE	Retail Total (sq ft)	%	Office Total (sq ft)	%
2017	13,508	23.2	7,988	4.7
2018	33,625	57.9	149,623	88.3
2019	10,984	18.9	11,934	7.0
<b>TOTAL</b>	<b>58,117</b>	<b>100.0</b>	<b>169,545</b>	<b>100.0</b>



\* As at 31 March 2016.

<sup>#</sup> For the financial year ended 31 March 2016.

## ASSET PROFILE REVIEW (CONTD.)

### MYDIN HYPERMALL



Mydin HyperMall is one of the largest wholesale hypermall under Mydin, located strategically along Jalan Baru which is the main service road connecting Bukit Mertajam and Butterworth, Penang. These are two major rapidly developing towns on the mainland of Penang. It is also located very strategically close to nearby towns, transportation centres and major highways such as Bukit Mertajam town, Butterworth Ferry Terminal and Lebuhraya Lingkaran Luar Butterworth and North-South Expressway.

#### ADDRESS

Mydin Hypermall  
Jalan Baru  
14000 Bukit Mertajam  
Pulau Pinang

#### DESCRIPTION OF PROPERTY

3-storey Hypermall Building, each floor with a mezzanine level.

#### LAND TITLE

Title No. HSD 62289  
Lot No. 10413  
Mukim 06  
District of Seberang Perai Tengah  
State of Pulau Pinang

#### TENURE

Freehold

#### ENCUMBRANCES

Firsr Party Legal Charge

#### YEAR OF COMPLETION

2015

#### AGE OF BUILDING

Completed in November 2015

#### NET LETTABLE AREA

536,507 sq ft

#### EXISTING USE

Commercial Retail

#### PARKING BAYS

1,242 bays

#### NUMBER OF TENANTS

1

#### DATE OF ACQUISITION

29 January 2016

# ASSET PROFILE REVIEW (CONTD.)

## ACQUISITION COST

RM254.1 million

## LATEST REVALUATION

RM275.0 million\*

## DATE OF REVALUATION

29 February 2016

## OCCUPANCY RATE

100.0%\*

## GROSS REVENUE

RM2.7 million#

## NET RENTAL INCOME

RM2.7 million#

## MAJOR CAPITAL EXPENDITURE

Nil#

## AVERAGE LEASE PERIOD

30 years

## VALUER

Messrs Cheston International (KL)  
Sdn Bhd

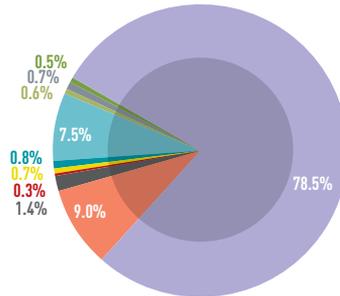
## MAJOR TENANT

Mydin Mohamed Holdings Bhd

## PROPERTY MANAGER

Savills (Malaysia) Sdn Bhd

## TENANTS' TRADE MIX ANALYSIS\*



- Anchor (Supermarket & Dept. Store)
- Food & Beverages
- Fashion Apparel
- Hobbies, Jewellery / Time Piece / Gift & Specialty
- Electrical / Telecommunication
- Health / Personal Care / Beauty
- Leisure & Entertainment, Sports & Fitness
- Education / Enrichments / College / Auditorium
- Services & Others
- Home Improvement / Furniture

CATEGORY	SQ FT	%
Anchor (Supermarket & Dept. Store)	320,771	78.5
Food & Beverages	36,740	9.0
Fashion Apparel	5,726	1.4
Hobbies, Jewellery / Time Piece / Gift & Specialty	1,418	0.3
Electrical / Telecommunication	3,013	0.7
Health / Personal Care / Beauty	3,466	0.8
Leisure & Entertainment, Sports & Fitness	30,776	7.5
Education / Enrichments / College / Auditorium	2,400	0.6
Services & Others	3,059	0.7
Home Improvement / Furniture	1,947	0.5
<b>TOTAL</b>	<b>409,316</b>	<b>100.0</b>

### Note

Mydin HyperMall is fully leaseback to Mydin Mohamed Holdings Berhad as single tenant for 30 years lease. The above tenancy mix analysis is referring to the sub-tenancy mix analysis for Mydin HyperMall.



\* As at 31 March 2016.

# For the period from 29 January 2016 (date of acquisition) to 31 March 2016.

## ASSET PROFILE REVIEW (CONTD.)

### THE SUMMIT SUBANG USJ ("THE SUMMIT")



The Summit Subang USJ is located within one of the commercial hubs of UEP Subang Jaya which comprises mainly purpose-built commercial buildings and is easily accessible from Lebuhraya Shah Alam (KESAS Highway). The commercial areas of Subang Jaya and Bandar Sunway are also located a short distance.

#### ADDRESS

The Summit Subang USJ  
Persiaran Kewajipan, USJ 1  
47600 UEP Subang Jaya  
Selangor Darul Ehsan

#### DESCRIPTION OF PROPERTY

A 13-storey office tower, a 6-storey retail podium, a 332-room 4 star rated hotel and 1,966 car park bays

#### LAND TITLE (PARENT LOT)

Title No. GRN 43528  
Lot 14, Pekan Subang Jaya  
District of Petaling  
State of Selangor Darul Ehsan

#### TENURE

Freehold

#### ENCUMBRANCES

Lien Holder's Caveat

#### YEAR OF COMPLETION

1998

#### AGE OF BUILDING

18 years

#### NET LETTABLE AREA

Retail-599,474 sq ft  
Office-138,431 sq ft  
Hotel-286,600 sq ft

#### EXISTING USE

Commercial Office, Hotel and Retail Mall

#### CAR PARK

1,966 bays

#### NUMBER OF TENANTS

Retail-70  
Office-18  
Hotel-1

#### DATE OF ACQUISITION

31 March 2008

#### ACQUISITION COST

RM278.7 million

#### LATEST REVALUATION

RM349.4 million\*

#### DATE OF REVALUATION

10 March 2016

# ASSET PROFILE REVIEW (CONTD.)

## OCCUPANCY RATE

Retail-69.7%\*  
Office-76.3%\*  
Hotel-100.0%\*

## GROSS REVENUE

RM18.6 million#

## NET RENTAL INCOME

RM6.8 million#

## MAJOR CAPITAL EXPENDITURE

RM18.6 million\*

## AVERAGE TENANCY PERIOD

1-3 years

## VALUER

Rahim & Co. Chartered Surveyors Sdn Bhd

## MAJOR TENANTS - OFFICE

Salcon Resources Sdn Bhd  
NOL Global Services Sdn Bhd  
Bakat Pintar Sdn Bhd

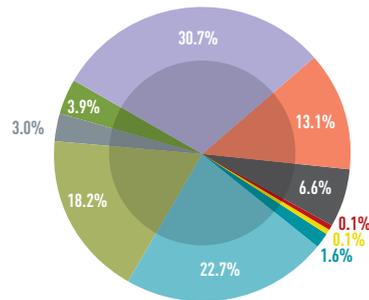
## MAJOR TENANTS - RETAIL

Point B!  
Giant Supermarket  
IMC Education Sdn Bhd  
Golden Screen Cinemas  
Ampang Superbowl  
Dynasty Dragon Seafood Restaurant  
Segi College (Subang)  
Mr DIY  
Ace Hardware

## PROPERTY MANAGER

DTZ Nawawi Tie Leung  
Consultants Sdn Bhd

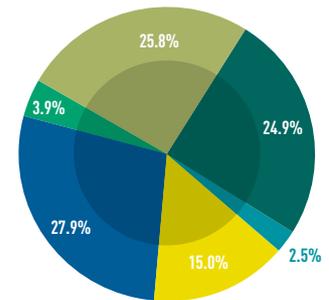
## TENANTS' TRADE MIX ANALYSIS\*



### RETAIL

- Anchor (Supermarket & Dept. Store)
- Food & Beverages
- Fashion Apparel
- Hobbies, Jewellery / Time Piece / Gift & Specialty
- Electrical / Telecommunication
- Health / Personal Care / Beauty
- Leisure & Entertainment, Sports & Fitness
- Education / Enrichments / College / Auditorium
- Services & Others
- Home Improvement / Furniture

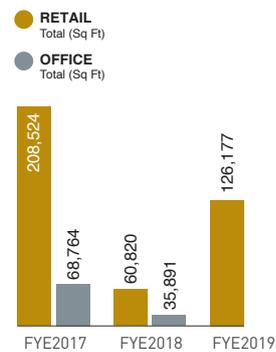
CATEGORY	SQ FT	%
<b>OFFICE</b>		
Education & Services / Others	26,973	25.8
Construction & Engineering	26,061	24.9
Health / Personal Care / Beauty	2,586	2.5
Telecommunication / IT	15,696	15.0
Logistic & Trading	29,236	27.9
Advocates & Solicitors	4,103	3.9
<b>TOTAL</b>	<b>104,655</b>	<b>100.0</b>
<b>RETAIL</b>		
Anchor (Supermarket & Dept. Store)	121,211	30.7
Food & Beverages	51,878	13.1
Fashion Apparel	25,963	6.6
Hobbies, Jewellery / Time Piece / Gift & Specialty	592	0.1
Electrical / Telecommunication	400	0.1
Health / Personal Care / Beauty	6,286	1.6
Leisure & Entertainment, Sports & Fitness	89,862	22.7
Education / Enrichments / College / Auditorium	71,944	18.2
Services & Others	11,917	3.0
Home Improvement / Furniture	15,468	3.9
<b>TOTAL</b>	<b>395,521</b>	<b>100.0</b>



### OFFICE

- Education & Services / Others
- Construction & Engineering
- Health / Personal Care / Beauty
- Telecommunication / IT
- Logistic & Trading
- Advocates & Solicitors

## TENANCY EXPIRY PROFILE\*



FYE	Retail Total (sq ft)	%	Office Total (sq ft)	%
2017	208,524	52.3	68,764	65.7
2018	60,820	15.3	35,891	34.3
2019	126,177	31.9	-	-
<b>TOTAL</b>	<b>395,521</b>	<b>100.0</b>	<b>104,655</b>	<b>100.0</b>



\* As at 31 March 2016.

# For the financial year ended 31 March 2016.

# CORPORATE SOCIAL RESPONSIBILITY

We believe Corporate Social Responsibility (“CSR”) is integral to the growth of a company. We seek to fulfill our social commitment to our stakeholders and the communities where we do business.

In the past year, we have hosted a number of social activities at The Summit Subang USJ as part of our community engagement efforts. We also continue to engage our employees, tenants and stakeholders, to be environmentally friendly and use energy conscientiously.



**Jom Durian 8**  
1 August 2015



**“I Love Malaysia”  
Merdeka Kids Coloring & Drawing  
Competition**  
22 August 2015



## CORPORATE SOCIAL RESPONSIBILITY (CONTD.)



MPSJ Jom Konvoi 2015 – Belia Madini Cegah Jenayah & Keselamatan Jalan Raya  
31 August 2015



Mid Autumn Celebration - Lantern  
Making Competition 2015  
12 September 2015



JKKN Festival Kecemerlangan Seni Selangor  
14 November 2015

## INVESTOR RELATIONS AND COMMUNICATION

**The Manager of AmFIRST REIT is committed to maintaining timely and consistent communication with various stakeholders. We engage our stakeholders, including Unitholders, prospective investors, analysts and media, to ensure that they are provided with relevant information on major developments on AmFIRST REIT in a timely manner.**

**We strive to present our stakeholders with relevant information to enable them to make sound investment decisions. We are constantly working towards sound investor relations practice, improved transparency and corporate governance.**

### STAKEHOLDERS ENGAGEMENT

During the year, the Management Team have reached out to stakeholders through various communication channels in order to enable them to keep abreast of AmFIRST REIT's performance and outlook, including:-

#### ***Bursa Securities***

The Manager makes disclosures on an immediate basis pursuant to the Listing Requirements of Bursa Securities. This includes quarterly financial results, annual reports, media releases, corporate presentations and any other material announcements.

#### ***Annual General Meeting***

AmFIRST REIT held its 3<sup>rd</sup> Annual General Meeting ("AGM") on 28 July 2015. The AGM serves as a platform for both the Manager and the Unitholders to interact. The AGM enables the Unitholders to provide constructive feedback and raise their concerns directly to the Board and the Management. It also allows the Manager to update the Unitholders on the latest development and strategic direction of AmFIRST REIT.

The 4<sup>th</sup> Annual General Meeting is scheduled on 28 July 2016.

#### ***Website***

Comprehensive information and updates relating to AmFIRST REIT are also made accessible to the public on AmFIRST REIT's corporate website at [www.amfirstreit.com.my](http://www.amfirstreit.com.my). Information

such as announcements to Bursa Securities, share price performance, financial statements, media releases, corporate presentation, annual reports and other developments are archived on AmFIRST REIT's corporate website.

The website is regularly updated to ensure that the latest information is readily available to our stakeholders.

#### ***Financial Results***

AmFIRST REIT publishes quarterly corporate presentation in an investor-friendly manner to provide more clarity on AmFIRST REIT's financial and operational performance. The corporate presentation are available on the corporate website following the disclosure made to Bursa Securities.

### FEEDBACK AND ENQUIRIES

We welcome feedback from our investors so that we can further improve our interaction with our investing community. Please feel free to contact us via the following:-

#### **Mr Wong Khim Chon**

Executive Director/ Chief Executive Officer  
(email: [khimchon@ambankgroup.com](mailto:khimchon@ambankgroup.com))

#### **En Zuhairy bin Md Isa**

Deputy Chief Executive Officer  
(email: [zuhairy-isa@ambankgroup.com](mailto:zuhairy-isa@ambankgroup.com))

# MARKET REPORT



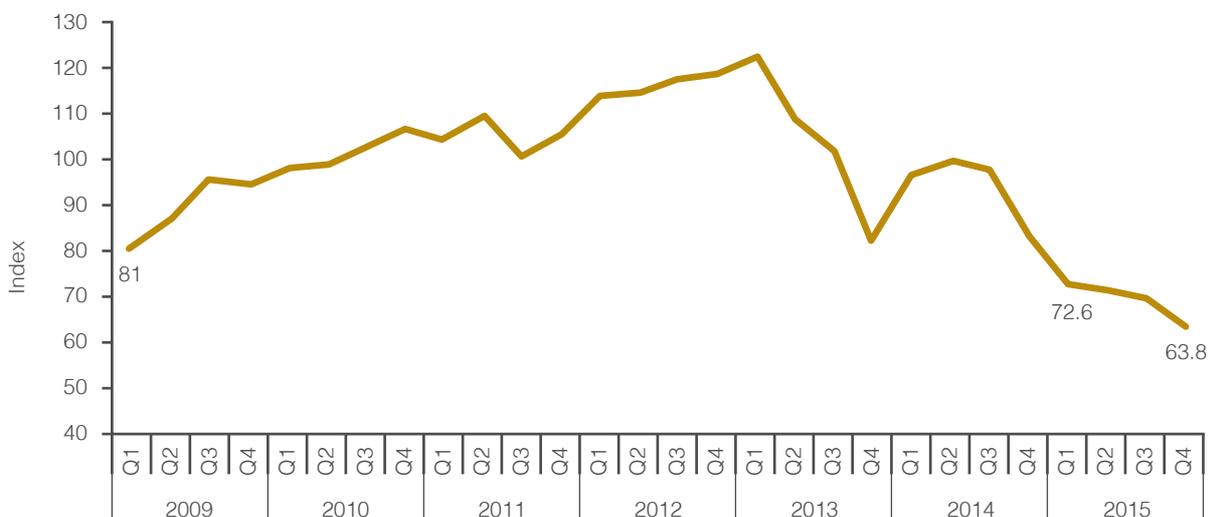
## 1 RETAIL SECTOR



### 1.1 Kuala Lumpur

Retail sale grew moderately at 1.4% in 2015, as the industry faced various challenges. Overall market sentiments were significantly affected by the weakening Ringgit, Malaysia’s “political environment” and the implementation of Goods and Services Tax (GST) on the 1st April 2015. The Consumer Sentiments Index (CSI), by Malaysian Institute of Economic Research (MIER), started the first quarter of 2015 with 72.6 point following a sharp drop from 83.0 in Q4 2014. The CSI continued to decline consecutively for the next 3 quarters, barely sustaining above 70.0 point before plummeting to a record-low of 63.8 point in Q4 2015 following the global equity sell off. Sentiments may see improvement in 2016 following the improvement in global market as plunging oil prices regains lost grounds in 2016.

**Figure 1: Trend in Consumer Sentiments Index**



Source: MIER

## MARKET REPORT (CONTD.)



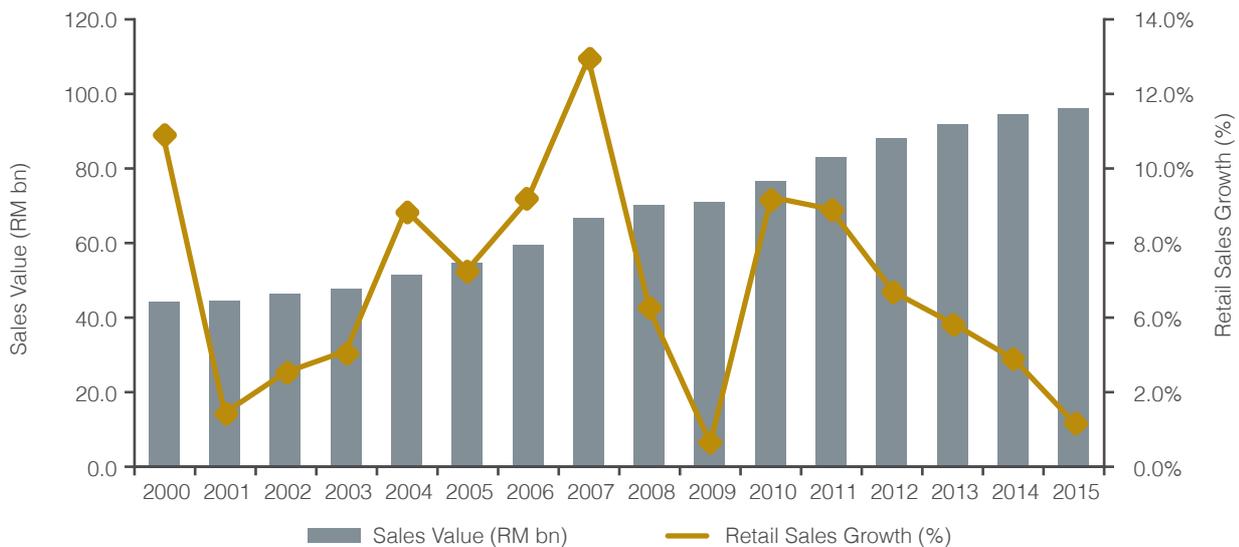
### 1 RETAIL SECTOR (CONTD.)

#### 1.1 Kuala Lumpur (Contd.)

The second quarter of 2015 saw retail sales, as reported by Retail Group Malaysia (RGM), plunge a staggering 11.9% year-on-year, the worst quarterly retail growth since 1997/1998 Asian Financial Crisis. The growth, however, saw a rebound during the Hari Raya Festival resulting in an overall growth of 1.4% in 2015, the worst performance since 2001. On a quarterly basis, Q4 2015 registered a sales growth of 1.3%, which is below the forecasted growth of 3.8% by RGM. However, the Q4 performance met the expectations of Malaysian Retail Association's (MRA) forecast of 1.3%.

Several factors affecting this decline can be identified such as the depreciation of Ringgit since August 2014, the implementation of the Goods and Service Tax, poorer job prospects and the dampening of consumers' confidence. Sales, however, is expected to improve in 2016 as consumers adapt to the newly implemented Goods and Service Tax and introduction of accommodative monetary policies.

**Figure 2: Retail Sale Value and Growth Rate**



Source: DTZ Consulting & Research, RGM, MRA

Despite the challenging environment of 2015, the retail property market held up strong throughout 2015. Occupancy rate of shopping malls in Kuala Lumpur stayed high, averaging at 90.3%, lower than 2014 by only 1% point. 2015 saw the opening of Jakel Mall (330,000 sq ft) and the reopening of the refurbished Sunway Putra Mall (620,000 sq ft), adding to the current stock in KL resulting in 25.0 mil sq ft in 2015. The Retail Market in 2016 is expected to see 12 new retail developments set to be completed. Notable retail developments, such as Sunway Velocity and MyTown are set to provide an additional 1.9 mil sq ft of retail space to the Taman Maluri neighbourhood, adding to the newly completed IKEA with 450,000 sq ft of retail space. In light of new malls opening, there was also the temporary closing of Bukit Bintang Plaza to make way for the construction of the MRT Station.

Several malls were transacted in 2015 include Intermark Mall along Jalan Tun Razak by Pavilion REIT for a consideration of RM160 mil (RM711 psf), which comes with a rental guarantee of RM5 mil for the first three years of acquisition.

Looking ahead, several malls are expected to be completed in 2016 injecting a further 4.5 mil of retail spaces into the competitive retail environment.

## MARKET REPORT (CONTD.)



### 1 RETAIL SECTOR (CONTD.)

#### 1.1 Kuala Lumpur (Contd.)

**Table 1 : Incoming Malls in Kuala Lumpur**

Mall	Nett Lettable Area (sq ft)	Expected completion
M3 Mall	300,000	2016
Glo Damansara	360,000	2016
Sunway Velocity	800,000	2016
Lulu Hypermall @ Jakel Square	300,000	2016
Jakel Square	100,000	2016
Bangsar Trade Centre	100,000	2016
Four Seasons	120,000	2016
Pavilion (Extension)	225,000	2016
Damansara City	188,000	2016
Melawati Mall	635,000	2016
MyTown	1,100,000	2016
Kiara 163	300,000	2016
<b>Total</b>	<b>4,528,000</b>	

Source: DTZ Consulting & Research, 2016

Moving forward to 2016, the retail industry is expected to be challenging year with subdued year-on-year growth as the market expects continued sober Consumer Sentiments, shadowed by poor employment prospect, high household debt ratio and increasing cost of living expenses that place a burden on the average consumer.

#### 1.2 Petaling Jaya / Subang Jaya

Out of the 55.35 mil sq ft of retail space in the Greater Klang Valley, approximately 23% (12.64 mil sq ft) is located within Petaling Jaya/Subang Jaya, which consists of about 32 retail destinations. Retail spaces newly injected into Petaling Jaya/Subang Jaya (completed in 2015) are listed in Table 2 below.

**Table 2 : Newly Opened Malls in Petaling Jaya/Subang Jaya**

Mall	Location	Nett Lettable Area (sq ft)
The Place (One City)	Subang Jaya	150,000
Atria	Petaling Jaya	450,000
Evolve Concept Mall	Petaling Jaya	400,000
<b>Total</b>		<b>1,000,000</b>

Source: DTZ Consulting & Research, 2016

Occupancy Rates of Shopping malls in 2016 stabilised at 88.9% after a drop from 91.4% (2013) to 88.5% (2014).

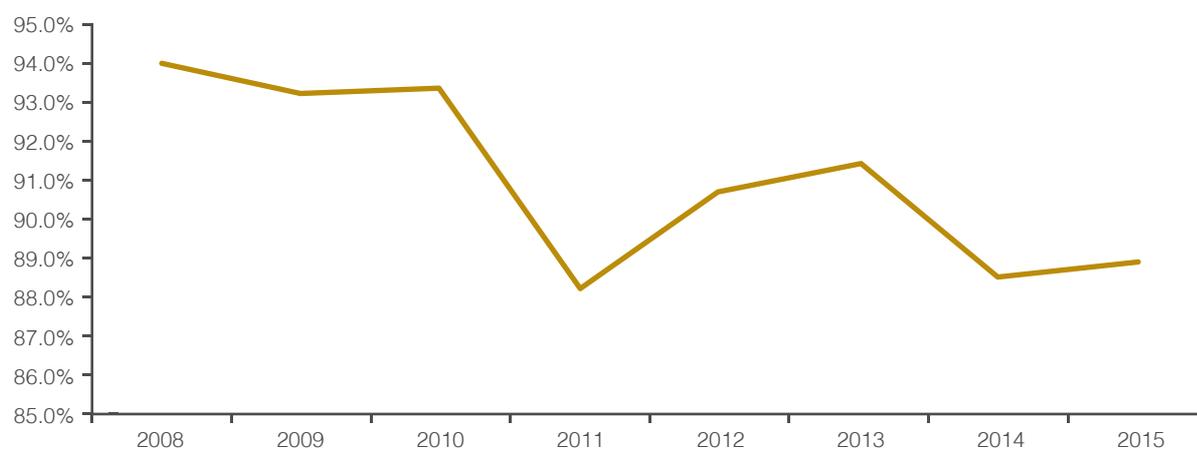
## MARKET REPORT (CONTD.)



### 1 RETAIL SECTOR (CONTD.)

#### 1.2 Petaling Jaya / Subang Jaya (Contd.)

Figure 3: Occupancy Rate of Malls in Petaling Jaya / Subang Jaya



Source: NAPIC

Rental Rates are expected to be under pressure from incoming competitions with lower rental reversions. Occupancy in the area is expected to face further challenges with new malls anticipated to enter the market in the coming years. One of the newer malls, The Place at One City has struggled to secure tenants.

Table 3 : Incoming Malls in Petaling Jaya / Subang Jaya

Mall	Location	Nett Lettable Area (sq ft)	Expected Completion
DaMen Shopping Mall	Subang Jaya	400,000	2016
The Starling	Damansara Uptown	380,000	2016
Empire Remix Mall	Subang Jaya	1,500,000	2016
Sunway Pyramid phase 3	Bandar Sunway	62,000	2016
Empire City	Damansara Perdana	2,000,000	2016
Tropicana Gardens Mall	Tropicana PJ	1,000,000	2018
<b>Total</b>		<b>5,342,000</b>	

Source: DTZ Consulting & Research, 2016

The challenging environment for the retail sector has affected some new malls such as Paradigm where tenants' turnover at end of tenancies has been high, whilst the owner of SSTwo Mall has decided to convert it to alternative usage. New malls are also needing to offer good incentives to attract retailers' commitment. The Empire City Mall in Damansara Perdana is one project that will be the bellwether on the direction of the industry given its mega-size in a location that is already well served with retail facilities. Already the delay in its planned completion is creating jitters in the market.

## MARKET REPORT (CONTD.)



### 1 RETAIL SECTOR (CONTD.)

#### 1.3 Malacca

With the recent opening of Malacca's latest factory outlet, Freeport A'Famosa in Alor Gajah, the total stock of retail space has reached 4.6 mil sq ft with 27 shopping centres all over the state. The state capital, Bandar Malacca, being the center of development, houses 16 shopping centers, representing more than 2.5 mil sq ft of the overall stock in Malacca.

Freeport A'Famosa outlet is set within the popular A'Famosa Resort with over 70 international fashion brands. The new outlet mall takes the architectural design of Malacca's rich Dutch heritage. Phase 1 of the development is completed in Q4 2015 with 180,000 sq ft of net lettable area with phase 2 and phase 3 expected to be completed in 2016 with an additional 130,000 sq ft.

**Table 4 : New Malls in Malacca**

Mall	Location	Nett Lettable Area (sq ft)
Freeport A'Famosa Outlet Village Phase 1	A'Famosa Resort	180,000

Source: DTZ Consulting & Research, 2016

International tourist arrivals for Malacca in 2015 observed a surge of 20.1% or 144,452 tourists compared to the same corresponding period in 2014. As a UNESCO world heritage city, Malacca is a well-known tourism destination that attracts international and local investments. In February 2014, the government launched Malacca Gateway, a megaproject spanning across 246 hectares of reclaimed land including an artificial island. Among various other components, several malls are planned for the development such as Cruise Mall and Ocean Themed Mall. Additionally, a Chinese developer, Xin Eco Marine Group Properties Sdn Bhd, a subsidiary of Xinyuan China, is also planning for a mixed development project spanning over 68 hectares of reclaimed land called Eco Theme Park Resort. The project's commercial component is to include a theme park and a shopping mall. Construction is slated to start off in 2016 and will take 6 years to complete.

In response to the positive numbers, several more shopping malls are set in the pipeline for Malacca City targeting to cater for the growing international tourist arrivals to the UNESCO Heritage City.

# MARKET REPORT (CONTD.)



## 1 RETAIL SECTOR (CONTD.)

### 1.3 Malacca (Contd.)

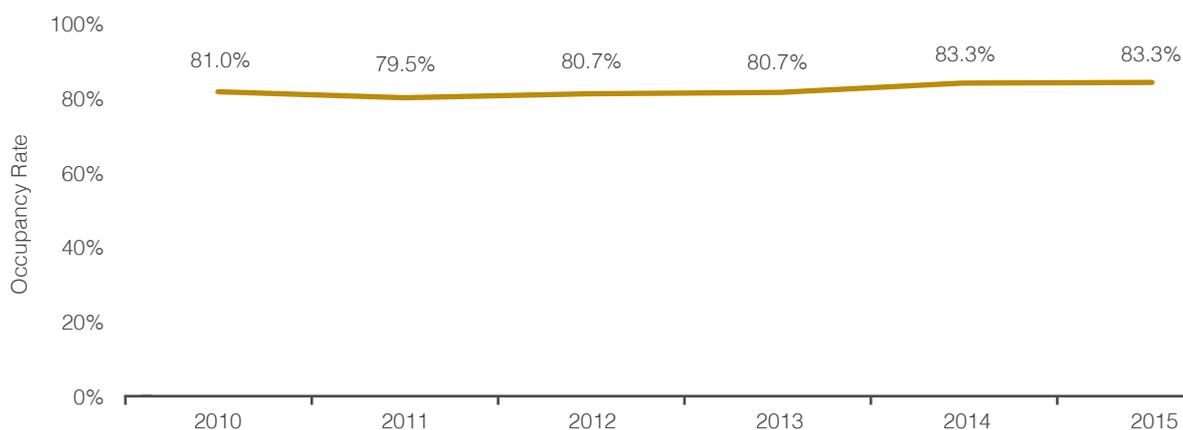
**Table 5 : Incoming Malls in Malacca**

Mall	Nett Lettable Area (sq ft)	Expected Completion
Elements Mall @ Hatten City	800,000	2016
Freeport A'Famosa Outlet Village Phase 2 & 3	130,000	2016
Imperio Mall @ Hatten City	350,000	2018
Vedro Mall @ Bunga Raya	107,000	2018
Ocean Themed Mall @ Harbour City, Pulau Malacca	1,000,000	2019
<b>Total</b>	<b>2,387,000</b>	

Source: DTZ Consulting & Research, 2016

Occupancy of malls in Malacca has been hovering at 80% over the last 5 years and stabilised at 83.3% for the last two years. However, the numerous new malls coming to Malacca City may pose greater challenge on securing tenants despite the city growing rapidly driven by its tourism industry.

**Figure 4: Average Occupancy Rate of Malls in Malacca**



Source: NAPIC

## MARKET REPORT (CONTD.)



### 2 OFFICE SECTOR



#### 2.1 Kuala Lumpur

The Office sector in 2015 was overshadowed by the overall slow economic growth, the downsizing in the Oil and Gas sector, continued significant new completions and supply pipeline. Demand growth has in the last few years lagged new supply and this has exerted pressure on rental and occupancy rates, with new buildings beginning to feel the brunt of the competitive market conditions.

Year 2015 saw six office buildings completed. In comparison, this is slightly lower than the seven office buildings built in 2014. The addition of the six office buildings to Kuala Lumpur saw increase of 4.2 mil sq ft of office space supply resulting in a total of 76.5 mil sq ft of office space offered in Kuala Lumpur. About 45% of this supply (33 mil sq ft) is located in the Golden Triangle. Two of these buildings are stratified (Summer Suites and Q Sentral), making the further inroad of the stratified segment into the prime office market.

**Table 6: New Office Buildings in Kuala Lumpur**

Office	Location	Net Floor Area (sq ft)
Naza Tower	Jalan Binjai	580,000
Ilham Baru Tower	Jalan Binjai	426,200
Summer Suites	Off Jalan Sultan Ismail	800,000
Menara Centara	Jalan TAR	200,000
Q Sentral	Jalan Stesen Sentral	1,400,000
The Vertical	Jalan Kerinchi	808,000

Source: DTZ Consulting & Research, 2016

Office rentals in 2015 are observed to be under pressure from the continuous increase in office supply either stagnant or declining. Building owners continued to struggle throughout the year in order to balance between securing tenants and obtaining good rental returns. Year 2015 has been especially challenging due to several factors such as the implementation of GST which dented company's profit and increasing competition due to the continual increase in office supply. These factors affects rental yield resulting in lower returns to owners.

## MARKET REPORT (CONTD.)



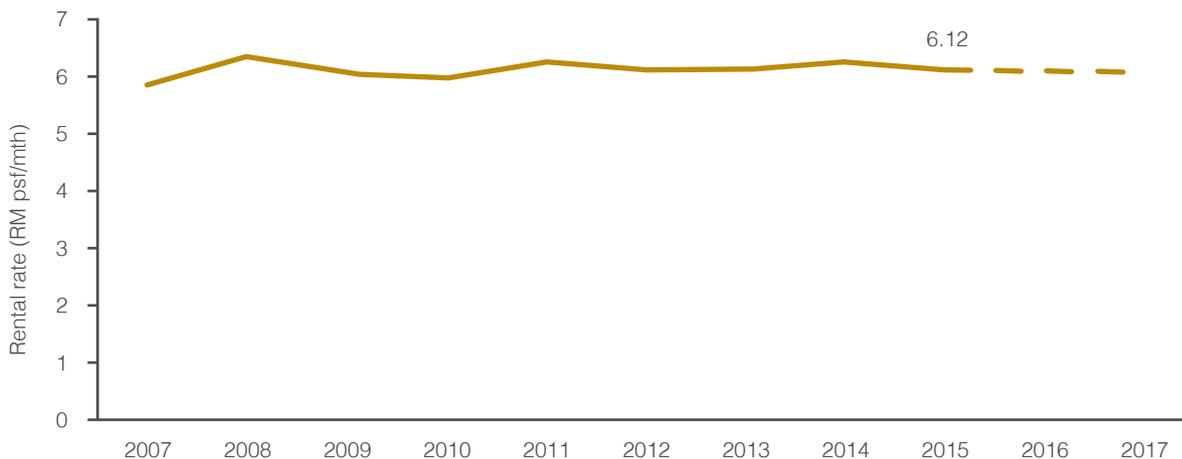
### 2 OFFICE SECTOR (CONTD.)

#### 2.1 Kuala Lumpur (Contd.)

Notwithstanding the year recorded a higher absorption rate i.e. 1.7 mil sq ft (2014: 1 mil sq ft), average occupancy rate recorded a gradual decline from 83% in the beginning of the year to 80.73% by year end due to the high influx of office supply.

Despite the challenges faced, rental rate has generally remained stable. Office rentals in 2014 gradually increased from RM 6.13 psf per month in Q1 2014 to RM 6.25 psf per month in Q4 2014 and remained stagnant at RM 6.25 psf throughout 2015 before dropping back to RM 6.12 psf in Q4 2015. By end of the year, average rental rate stand at RM6.12 psf. This is attributed to owners' efforts to stay competitive in the market including refurbishments and renegotiations of rentals.

**Figure 5: Average Rental Rates of Key Office Buildings in KL**



Source: DTZ Consulting & Research, 2016

Year 2015 witnessed the acquisition of Integra Tower at about RM1,400 psf by Retirement Fund Incorporated (KWAP). In terms of transactions, 2015 registered four transactions in comparison to five transactions in the previous year (2014).

**Table 7: Transactions of Office Buildings in KL**

Building	Location	Date	Net Lettable Area (sq ft)	Consideration (RM psf)
Plaza Pekeliling	Jalan Tun Razak	Q1	144,376	RM196 psf
Integra Tower	Jalan Tun Razak	Q2	760,715	RM1,400 psf
Menara Raja Laut	Jalan Raja Laut	Q2	397,939	RM553 psf
Wisma Amanah Raya	Jalan Ampang	Q2	153,908	RM507 psf

Source: DTZ Consulting & Research, 2016

## MARKET REPORT (CONTD.)



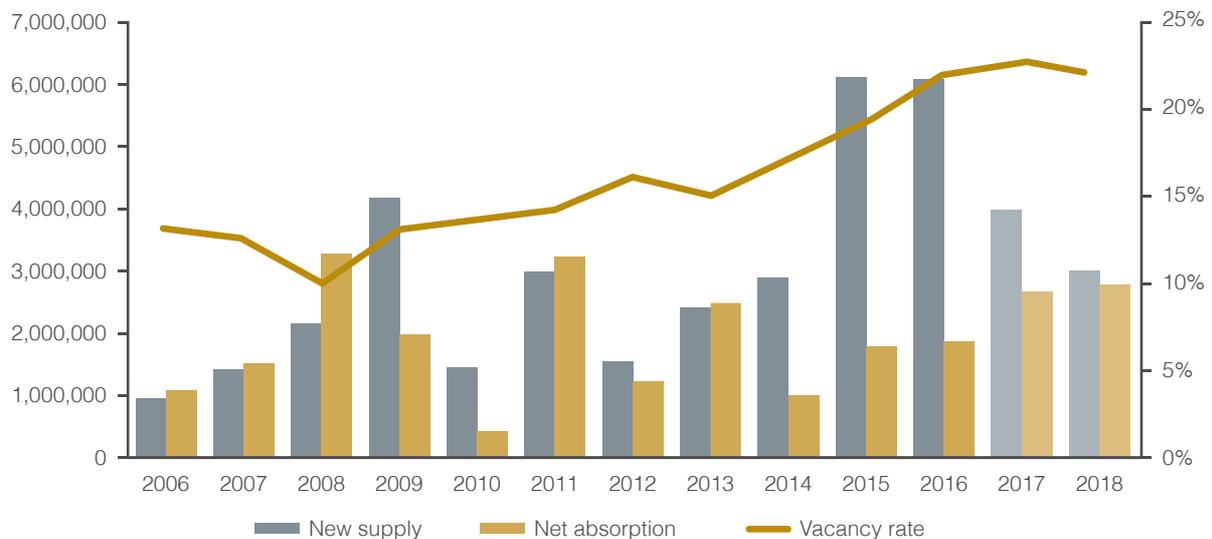
### 2 OFFICE SECTOR (CONTD.)

#### 2.1 Kuala Lumpur (Contd.)

The influx of office space in 2015 offers plenty of choices to tenants, creating a tenants' market. Integrated office development is becoming a preferred choice by tenants in selecting office. Integrated development comes in many forms where the other components of the development such as hotel and retail podium complement the office space. Such developments offer shopping convenience to the tenants and provide ample parking space. As new supply is aplenty, tenants also favoured office building with Green certification especially Green Building Index (GBI), and/or Multimedia Super Corridor (MSC)-certified office. Transit oriented developments in which the office space is supported by the convenience of a public transportation such as MRT and LRT Stations has also been on top of the list of office spaces preferred by tenants resulting in developers flocking to develop lands surrounding the proposed MRT stations.

The office sector shall continue to face challenging time in the short to medium terms. The coming years are expected to bring an influx of office space to KL market. Within three years, 12.2 mil sq ft of office supply is estimated to be injected, of which, more than 4.46 mil sq ft is slated for 2016 alone.

**Figure 6: Pipeline of Office Space Supply in KL**



Source: DTZ Consulting & Research, 2016

Looking ahead, several mega projects are also in the pipeline. They include Tun Razak Exchange (TRX), Bukit Bintang City Centre, KL Metropolis, Warisan Merdeka and KL EcoCity amongst others. Though the earliest phase(s) of these projects are expected to complete in around 2017, they will nevertheless make a major impact on the market. Whilst Kuala Lumpur continued to be cost competitive on a global and regional basis, it still has many challenges in attracting major MNCs to relocate their regional headquarters and operation compared to the likes of Hong Kong and Singapore. InvestKL has however some limited success in this aspect and continue to hope to attract more MNCs to make Kuala Lumpur their location of choice in the region.

## MARKET REPORT (CONTD.)

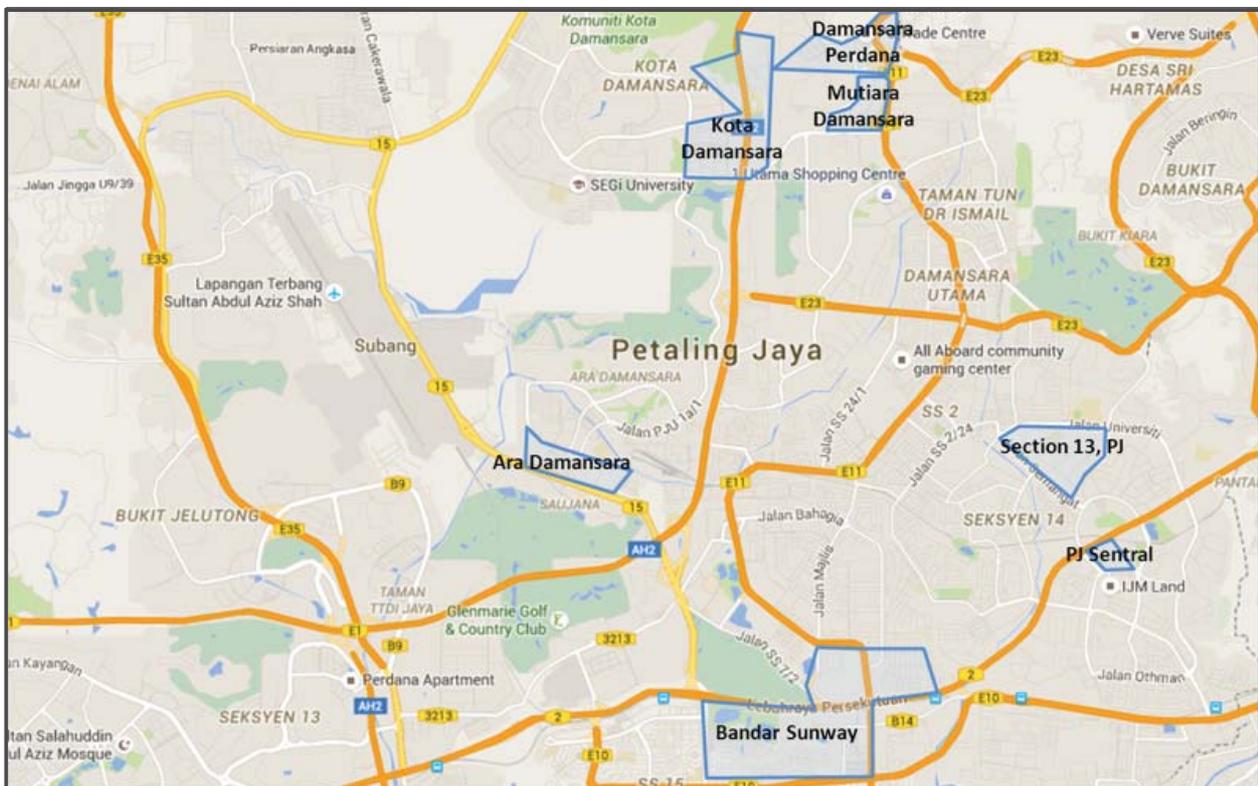


### 2 OFFICE SECTOR (CONTD.)

#### 2.2 Petaling Jaya / Subang Jaya

Petaling Jaya and Subang Jaya have been serving as a good alternatives office location for many businesses that requires lower rental rates in comparison to those of Kuala Lumpur and for those companies that do not require a KL CBD location. New office locations including Bandar Sunway, Damansara Perdana, Mutiara Damansara, Kota Damansara, Section 13 Petaling Jaya, and Ara Damansara have emerged as new commercial locations as infrastructures and connectivity in decentralised locations improved while providing competitive rentals and services to businesses.

**Figure 7: Emerging Office Locations**



Source : DTZ Consulting and Research, 2016

The overall stock of office space in Petaling Jaya & Subang Jaya has reached 22.47 mil sq ft with 2015 adding more than 970,000 sq ft of office supply. As comparison, 2014 had more than 1.1 mil sq ft of office supply injected to the stock.

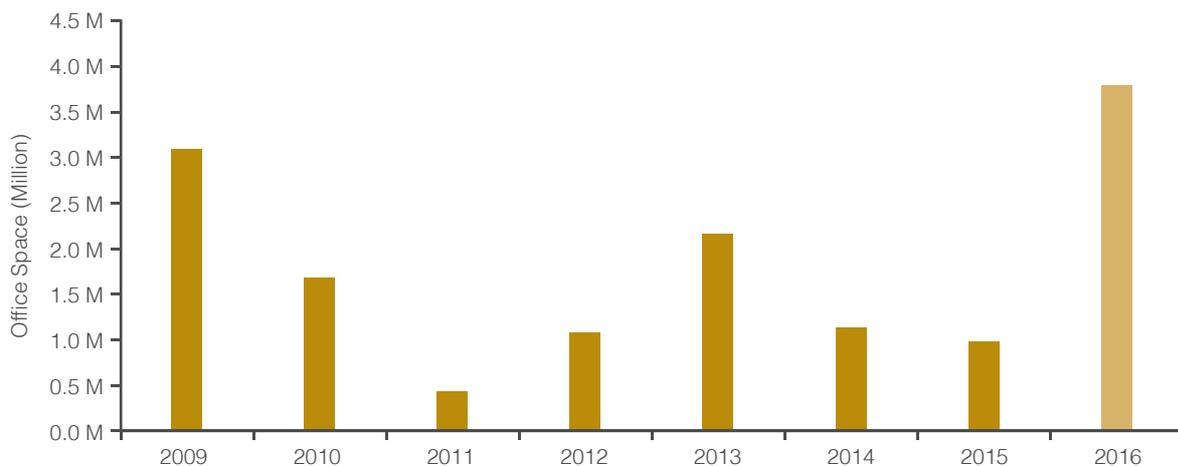
# MARKET REPORT (CONTD.)



## 2 OFFICE SECTOR (CONTD.)

### 2.2 Petaling Jaya / Subang Jaya (Contd.)

Figure 3: Trend of Office Space Supply in Petaling Jaya / Subang Jaya



Source : DTZ Consulting and Research, 2016

Table 8: New Office Buildings in Petaling Jaya / Subang Jaya

Office Development	Location	Nett lettable Area (sq ft)
Sunway Nexis Biz Suite	Kota Damansara	297,000
The Ascent	Kelana Jaya	520,000
Tropicana Avenue	Petaling Jaya	172,468

Source : DTZ Consulting and Research, 2016

A large supply of about 3.8 mil sq ft is anticipated to come in 2016, with seven proposed new offices, most of which are in stratified buildings which has been quite popular to investors as well as owner occupiers.

Table 9: Office Buildings in the Pipeline for Petaling Jaya / Subang Jaya

Office Development	Location	Expected Completion	Nett lettable Area (sq ft)
Atria Twin SOFO Towers	Damansara Jaya	2016	240,000
Oasis Corporate Park Centum	Ara Damansara	2016	327,000
One City - Corporate Office Tower	Subang Jaya	2016	1,500,000
Pinnacle PJ	Intersec. Jalan Utara/Fed Highway	2016	580,000
HCK Tower @ Empire City	Damansara Perdana	2016	440,000
Mercu Mustapha Kamal	Damansara Perdana	2016	468,000
The Star Tower @ Pacific Star	Sect 13, Petaling Jaya	2016	270,000

Source : DTZ Consulting and Research, 2016

## MARKET REPORT (CONTD.)



### 2 OFFICE SECTOR (CONTD.)

#### 2.2 Petaling Jaya / Subang Jaya (Contd.)

Despite the incoming competitions, occupancy rates of Petaling Jaya and Subang Jaya office spaces saw an improvement from 71.7% (2014) to 72.4% (2015). On the other hand, rental rates in Petaling Jaya/ Subang Jaya has maintained at the same level throughout the year.

**Table 10: Approximate Rental Rate of Key Offices in Petaling Jaya/ Subang Jaya**

Office	Rental Rate (RM psf /mth)
1 First Avenue	5.50 – 6.50
8 First Avenue	5.00 – 5.50
PJ8	3.50 – 4.50
Menara UAC	4.50
Surian Tower	5.00 – 6.00
Jaya 33	4.50 – 5.50
The Pinnacle Sunway	5.00 – 5.50
Sky Park, One City	3.00 – 3.50
Menara TSR	4.00 – 5.00

Source : DTZ Consulting and Research, 2016

In contrast to 2014 in which no significant office building transactions were recorded, 2015 observed the acquisition of Tropicana City Office Tower by Capital Mall which also includes the mall's portion for a total consideration of RM540 mil. In addition to that, MyEG also acquired Block N of Empire City for RM155.3 mil.

**Table 11: Transactions of Office Buildings in Petaling Jaya/Subang Jaya**

Building	Location	Date	Net Lettable Area (sq ft)	Consideration (RM psf)
Tropicana City Office Tower	Tropicana City	Q1	101,246	N/A
Block N Empire City	Empire City	Q2	238,932	RM 650 psf

Source : DTZ Consulting and Research, 2016

#### 2.3 Cyberjaya

Office supply in Cyberjaya experienced slower growth in recent years. The year 2015 recorded no addition to the current stock of 8.6 mil sq ft. The latest additions to the area would be Quill 18 (523,000 sq ft), Shaftsbury Square's iTech Tower (188,000 sq ft) and Shaftsbury Square's MCMC Tower 1 & 2 (400,000 sq ft), all completed in 2014. Notwithstanding, 2016 will see a spike in supply of more than 2 mil sq ft into the market.

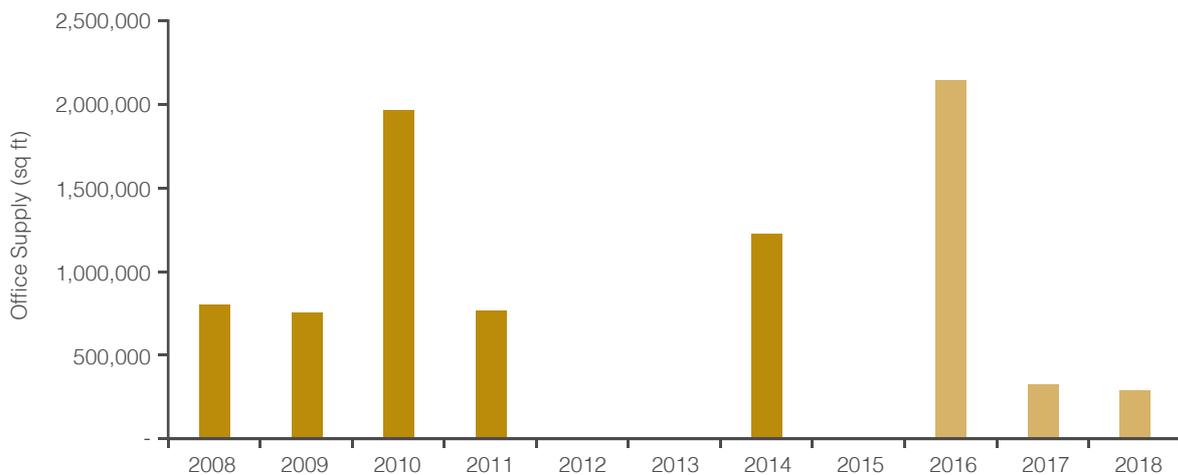
## MARKET REPORT (CONTD.)



### 2 OFFICE SECTOR (CONTD.)

#### 2.3 Cyberjaya (Contd.)

Figure 4: Trend of Office Supply in Cyberjaya



Source : DTZ Consulting and Research, 2016

Developers continue to introduce mixed-developments to Cyberjaya especially consisting SOHO, serviced apartments, and retail components. Several office developments are currently under construction and are slated in the incoming years. Most of these are speculative in nature and stratified unlike past projects which are essentially built to suit for major committed MNC tenants.

Table 52: Upcoming Office Buildings in Cyberjaya

Buildings	NLA (sq ft)	Completion Year
MKN Embassy Techzone (Phase 3A)	1,588,000	2016
Star Central	570,000	2016
Office Tower 5 at Sky Park @ Cyberjaya	219,000	2017
Office Tower 6 at Sky Park @ Cyberjaya	123,000	2017
Office Tower at Glomac Cyberjaya 2	165,000	2018
Office Tower at Pan'gaea	135,000	2018
<b>Total</b>	<b>2,800,000</b>	

Source : DTZ Consulting and Research, 2016

Demand is stable and have not grown substantially as more MSC buildings and sites are becoming available outside of Cyberjaya and this poses competition. Rental has maintained its rate at RM4.00 to RM4.50 psf with occupancy at 78.3%. Government spill over demand from Putrajaya has also abated as new offices are completed there. As such market prospect is likely to be more competitive with downward pressure on rental and occupancy.

## MARKET REPORT (CONTD.)



### 2 OFFICE SECTOR (CONTD.)

#### 2.4 Malacca

Malacca currently houses close to 4.3 mil sq ft of office space supply, of which about 3.5 mil sq ft (81%) has been occupied. The office spaces are mostly situated within “Malacca Tengah” (2.68 mil sq ft) and Malacca Town (1.35 mil sq ft). Other office locations located within the state of Malacca are Pekan Alor Gajah, Pekan MaSubang Jayaid Tanah and Pekan Jasin with an aggregate supply of 255,308 sq ft of office space.

**Figure 10: Trend of Office Supply in Malacca**



Source : NAPIC

Demands for office spaces in Malacca has been consistent throughout the years, with occupancy rates of office spaces in Malacca, achieving 80.1% between 2011 to 2013 before improving to an occupancy rate of 81.4% in 2014 and 2015. Demand of office spaces from the Public Sector are mainly directed at Malacca International Trade Center (MITC), Ayer Keroh. On the other hand, office buildings in Malacca Town are predominantly occupied by the private sector.

Rental rates in Malacca Central Town Prime Area were stable, achieving rates between RM 1.00 to RM 2.50 psf per month with certain older buildings achieving rates slightly below RM 1.00 psf. However, the rental rates of office spaces in Central Town Secondary area were slightly higher at RM 1.50 – RM 3.00 psf per month in comparison to rates in the primary area. In contrast to the central town areas, the suburban prime areas of Malacca achieved rental rates below RM 1.00 psf per month.

Looking ahead, apart from one small office development in “Malacca Tengah” of 53,862 sq ft, the other office developments are located within Malacca Gateway and Eco marine Resort Malacca as a part of the integrated mixed development.

## BOARD OF DIRECTORS



### **Mr Soo Kim Wai**

Non-Independent  
Non-Executive Director/Chairman

Mr Soo Kim Wai, a Malaysian, aged 55, was appointed to the Board of Am ARA REIT Managers Sdn Bhd, the Manager of AmFIRST Real Estate Investment Trust ("AmFIRST REIT") on 19 August 2015. He is also a Member of the Manager's Audit Committee of Directors.

Mr Soo is currently the Group Managing Director of Amcorp Group Berhad. He joined Amcorp Group Berhad in 1989 as Senior Manager of Finance, and has since held various senior positions before he was promoted to his current appointment. Prior to that, he was attached with Plantation Agencies Sdn Bhd from 1985 to 1989, and in the accounting profession for five (5) years with KassimChan Tax Services Sdn Bhd (now known as Deloitte KassimChan Tax Services Sdn Bhd) from 1980 to 1985.

Mr Soo sits on the boards of AMMB Holdings Berhad, RCE Capital Berhad, Amcorp Properties Berhad, ECM Libra Financial Group Berhad and other private limited companies as well as foreign companies. He is also a Board Member of British Malaysian Chamber of Commerce.

Mr Soo is a Member of the Malaysian Institute of Accountants (Chartered Accountant) and Malaysian Institute of Certified Public Accountants (Certified Public Accountant). He is also a Fellow of The Certified Practising Accountant, Australia and the Association of Chartered Certified Accountants, United Kingdom.

## BOARD OF DIRECTORS (CONTD.)



### **Y Bhg Dato' Teo Chiang Quan**

Independent Non-Executive Director

Y Bhg Dato' Teo Chiang Quan, a Malaysian, aged 67, was appointed to the Board of Am ARA REIT Managers Sdn Bhd the Manager of AmFIRST Real Estate Investment Trust ("AmFIRST REIT") on 24 August 2006. He is the Chairman of the Manager's Audit Committee of Directors.

Dato' Teo is an entrepreneur and the controlling shareholder of Paramount Corporation Berhad ("Paramount"), a progressive investment holding company listed on the Main Market of Bursa Malaysia Securities Berhad with diverse interest and strong position in property development and education. He has helmed Paramount since 1989, driving it to become a successful group of companies today. Dato' Teo is the Chairman of the Board of Paramount.

Dato' Teo is the co-founder of ECS ICT Berhad ("ECS") which is principally involved in the distribution and wholesaling of Information and Communication Technology products. He resigned from the Board of ECS on 7 January 2016.

Dato' Teo has successfully completed the Harvard Business School Owner/President Management Program in 2004. He received the award of Doctor of the University Honoris Causa from Middlesex University as recognition of his contribution towards British Higher Education in July 1995.

## BOARD OF DIRECTORS (CONTD.)



### **Sr Tuan Haji Mohd Salleh bin Akram**

Independent Non-Executive Director

Sr Tuan Haji Mohd Salleh bin Akram, a Malaysian, aged 67, was appointed to the Board of Am ARA REIT Managers Sdn Bhd the Manager of AmFIRST Real Estate Investment Trust ("AmFIRST REIT") on 24 August 2006. He is also a member of the Manager's Audit Committee of Directors.

Tuan Haji Mohd Salleh obtained his Diploma in Land Use Control from North-East London Polytechnic (now part of East London University) in 1973. He passed the Final Examinations of the Royal Institution of Chartered Surveyors (General Practice Section) United Kingdom in 1974 and became a Professional Associate and, soon after, a Fellow of the Royal Institution until his resignation in 2014. He remains a Fellow of The Royal Institution of Surveyors, Malaysia (RISM). He is also a Registered Valuer and Estate Agent with The Board of Valuers, Appraisers and Estate Agents, Malaysia, and a Life Member of The Institute of Directors, Malaysia.

Tuan Haji Mohd Salleh served as a Valuation Officer in the Federal Treasury, Ministry of Finance Malaysia from April 1974 to 1980 and saw postings in Selangor, Penang, Johor and Kelantan. He became the Kelantan State Director of Valuation in 1975 until 1977 followed by his appointment as the Deputy Regional Director of Valuation Selangor Region.

In April 1980, he joined a chartered valuation firm and became one of the founder directors upon its incorporation as a private limited professional company. On 1 July 1988, he commenced AKRAM & Co., a sole proprietor chartered surveying firm providing professional services, mainly in the valuation of properties including plant & machinery and property consultancy. The practice had since 1 March 2011 continued as a private limited company, Akram Real Estate Professionals & Co. Sdn Bhd.

## BOARD OF DIRECTORS (CONTD.)



### **Ms Pushparani a/p A Moothathamby**

Non-Independent  
Non-Executive Director

Ms Pushparani a/p A Moothathamby, a Malaysian, aged 58, was appointed to the Board of Am ARA REIT Managers Sdn Bhd, the Manager of AmFIRST Real Estate Investment Trust ("AmFIRST REIT") on 1 April 2013.

Ms Pushpa is currently the Managing Director of Wholesale Banking of AmBank Group and Acting Chief Executive Officer of AmInvestment Bank Berhad. She joined AmBank Group in 1989 and has over 25 years of experience in the corporate, commercial and investment banking, capital markets and advisory. She has held various senior management positions in AmBank Group.

Prior to joining AmBank Group, she was attached with Coopers & Lybrand (now known as PricewaterhouseCoopers), undertaking financial and consultancy related works. Ms Pushpa sits on the boards of several companies of

AmBank Group, which include the Trustee Services, Offshore Banking, Venture Capital Management, Real Estate Investment Trust, Fund Management and Private Equity. She is also on the boards of Financial Institutions Directors' Education (FIDE) and Asian Banking School Sdn Bhd.

Ms Pushpa is the Alternate Chairman of the Malaysian Investment Banking Association (MIBA) and Member of the Working Group of Financial Services Professional Board (FSPB). She is actively involved in the financial sector market development and sits on Regulatory and Industry panels and working groups.

Ms Pushpa is a Fellow Member of The Chartered Association of Certified Accountants, United Kingdom and Member of The Malaysian Institute of Accountants.

## BOARD OF DIRECTORS (CONTD.)



### **Mr Kong Tai Meng Thomas**

Non-Independent  
Non-Executive Director

Mr Kong Tai Meng Thomas, a Singaporean, aged 44, was appointed to the Board of Am ARA REIT Managers Sdn Bhd, the Manager of AmFIRST Real Estate Investment Trust ("AmFIRST REIT") on 28 January 2016.

Mr Thomas Kong is currently the Chief Executive Officer of ARA Harmony Fund III (Malaysian Malls) and Straits Investment Partners. He joined ARA Asset Management Limited Group ("ARA Group") in October 2004 as Manager of Business Development, and has since held various senior positions before he was promoted to his current position.

Mr Thomas Kong was actively involved in setting up the ADF I and had held various key positions including Investment Director and Portfolio Management Director in the ADF. Prior to that, he was the Fund Manager for Al Islamic Far Eastern Real Estate Fund, which was fully divested in 2007. He was also actively

involved in the listing of Prosperity REIT in Hong Kong and AmFIRST REIT in Malaysia in 2005 and 2006, respectively.

Mr Thomas Kong started his career with Wing Tai Group, a listed real estate developer based in Singapore in 1996. Prior to joining ARA Group, Mr Thomas Kong was attached with CapitaLand Group, one of the largest listed real estate developers in Southeast Asia from 2000 to 2004, in investments, business development and asset management, with the last position as Vice President of TCC Capital Land Limited, a joint venture between CapitaLand Group and T.C.C. Limited, a Thai conglomerate group.

Mr Thomas Kong holds a Bachelor of Business Degree (Financial Analysis) from Nanyang Technological University, Singapore. He is also a Chartered Financial Analyst of The Association for Investment Management and Research, Singapore.

## BOARD OF DIRECTORS (CONTD.)



### **Mr Wong Khim Chon**

Executive Director/  
Chief Executive Officer

Mr Wong Khim Chon, a Malaysian, aged 56, was appointed to the Board of Am ARA REIT Managers Sdn Bhd ("Am ARA"), the Manager for AmFIRST Real Estate Investment Trust ("AmFIRST REIT") on 8 January 2015. He is currently the Chief Executive Officer of Am ARA.

Mr Wong has more than thirty (30) years of experience in the real estate industry, in areas of building and civil construction, property development, project management and property management, including property related asset management for a life insurance company.

Prior to joining Am ARA, he was attached with Hap Seng Land Sdn Bhd, a wholly owned subsidiary of Hap Seng Consolidated Berhad, a well-diversified public listed group of companies with business activities in both East and Peninsular Malaysia

as Senior General Manager, Property from 2010 to 2014. He was the Head of Property Management and Leasing Department, responsible for the group's investment properties in Peninsular Malaysia, in addition to oversee the Sales and Marketing Department for commercial and residential properties in the Property Development Business Unit. Mr Wong was recently elected as the Vice Chairman of the Management Board of The Malaysian REIT Managers Association (MRMA).

Mr Wong holds a Master of Business Administration from University of Strathclyde, Glasgow, Scotland, a Bachelor of Engineering (Hons) in Civil Engineering from University of Malaya, and a Certified Diploma in Accounting and Finance of The Association of Chartered Certified Accountants, United Kingdom.

## MANAGEMENT TEAM



### **Mr Wong Khim Chon**

Chief Executive Officer

Please refer to page 64 under the Board of Directors of this Annual Report.



### **En Zuhairy bin Md. Isa**

Deputy Chief Executive Officer

Encik Zuhairy bin Md Isa joined Am ARA on 15 April 2008 as the Head, Asset Management where he was responsible for overseeing property management, marketing and leasing and the implementation of organic growth strategies to enhance the performance of AmFIRST REIT's portfolio as well as planning and implementing the asset enhancement initiatives.

On 1 August 2013, he was appointed as the Acting Chief Executive Officer ("CEO") of Am ARA and responsible for the strategic direction, investment objectives and operations of AmFIRST REIT and Am ARA as well as overseeing the roles as the Head, Asset Management.

On 8 January 2015, he was re-designated to Deputy CEO of the Manager overseeing the asset management and investment portfolios.

Encik Zuhairy has more than fifteen (15) years of related working experience prior to joining Am ARA.

His last position was Assistant Vice-President II with MIDF Property Berhad, heading the Leasing and Marketing Department for Klang Valley region. He was also responsible in handling the land development matters throughout Malaysia as well as Indonesia. He also served as a director for the subsidiaries involved in logistics in Malaysia and property development in Indonesia, namely MIEL Logistics Sdn Bhd and PT Miel Nusantara Development.

Presently, Encik Zuhairy holds the Chairmanship of The Summit Subang USJ Management Corporation representing AmFIRST REIT, spearheading the management, operations and also the planned repositioning of the mall. He was the Vice Chairman of The Malaysian REIT Managers Association (MRMA) for 2014 and 2015.

He graduated from the University of Newcastle Upon-Tyne, United Kingdom with Postgraduate Diploma and Bachelor of Arts (Hons) Degree, both in Town Planning.

## MANAGEMENT TEAM (CONTD.)



### **Mr Chong Hong Chuon**

Chief Financial Officer

Mr Chong Hong Chuon joined Am ARA on 2 November 2015 as the Chief Financial Officer. He is overall in charge of the full spectrum of financial matters relating to AmFIRST REIT and this includes financial and management reporting, capital management, treasury and taxation.

Mr Chong started his career as an auditor and has over seventeen (17) years of extensive financial and management accounting experience in real estate industry particularly real estate investment trust. His last position was General Manager,

Finance of Tropicana Corporation Berhad. Prior to joining Tropicana Corporation Berhad, he was the Head, Finance of Am ARA and Group Financial Controller of GLM REIT Management Sdn Bhd (the Manager of Tower REIT).

He holds a Master of Science in Financial Management from The Robert Gordon University, United Kingdom and is a Member of The Association of Chartered Certified Accountants, United Kingdom and The Malaysian Institute of Accountants.



### **Mr Heong Kim Meng**

Vice President 1, Asset Management

Mr Heong Kim Meng joined Am ARA on 6 June 2014 as the Head, Asset Management. He is primarily responsible for the properties management, marketing and leasing of properties as well as planning and implementation of asset enhancement initiatives.

He has more than ten (10) years of related working experience prior to joining Am ARA. His last position

was General Manager of Kwong Hing Group. He was responsible of group operation and administration, mainly involved in properties management, marketing and leasing of properties and properties investment.

He is an Associate Member of The Chartered Institute of Management Accountants, United Kingdom. He is also a Member of The Malaysian Institute of Accountants.

## MANAGEMENT TEAM (CONTD.)



### **Mr Jayasuraes Naidu a/l Subramaniam**

Vice President 1, Compliance & Risk

Mr Jayasuraes Naidu a/l Subramaniam joined Am ARA on 4 May 2015 as Vice President of Compliance & Risk.

He is primarily responsible for compliance and risk management activities of Am ARA.

He has nineteen (19) years of related working experience prior to joining Am ARA. Mr Jaya began his career with Arthur Andersen & Co., as an external Auditor in the public accounting firm and later pursued his interest in internal audit function with IGB Corporation Berhad ("IGB"). He was one of the key members in the Group Internal Audit team in IGB during its initial establishment

and implementation of internal audit function. Prior to joining Am ARA, he was attached with Turiya Technologies Pte Ltd, a semiconductor company based in Singapore. He was the Head of Finance and Risk Management for the Singapore Group of Companies. He was later promoted to General Manager to helm the Singapore and China Operations.

He holds a Bachelor Degree in Accountancy (Hons) from University Putra Malaysia and is a Certified Internal Auditor. He is currently a Member of The Malaysian Institute of Accountants and Institute of Internal Auditors Malaysia.



### **Ms Carrie Chua Mooi Chu**

Vice President 2, Tenancy Management

Ms Carrie Chua Mooi Chu joined Am ARA in October 2008. Ms Carrie Chua is responsible for the marketing and leasing of space involving negotiating with new and existing tenancies and property management of the AmFIRST REIT's portfolios. In addition, she handles all the tenancy related matters, supervises the appointed Property Managers and prepares all tenancy agreements as well as oversees the Tenants Care Program.

She has more than fifteen (15) years of extensive real estate experience in various aspect of real estate management, ranging from sales and marketing, and managing retail mall. She has worked in several public listed companies, mainly in sales and marketing division.

She holds an London Chamber of Commerce and Industry ("LCCI") in Business Accounting and Diploma in Secretarial from Systematic College.



### **En Abdul Rahman bin Mohd Joned**

Vice President 2, Finance

En Abdul Rahman bin Mohd Joned joined Am ARA in June 2007 as Assistant Manager, Finance and subsequently promoted to Vice President 2, Finance. He is responsible for financial and management reporting, credit control, capital management and treasury of AmFIRST REIT.

He has more than ten (10) years of related working experience prior to joining Am ARA. His last position was Assistant Accountant with Chase Perdana Berhad, a public listed company, responsible for

the preparation of financial and management reports of the company and its subsidiaries.

He started his career as an Auditor with Abu Bakar Rajudin & Co. and involved in auditing, accounting, taxation, secretarial and due diligence works.

He was graduated from Universiti Teknologi MARA with a Degree in Accountancy (Hons). He is also a member of The Malaysian Institute of Accountants.

## MANAGEMENT TEAM (CONTD.)



### **Sr Anuar bin Husin**

Senior Manager, Property Management

Sr Anuar bin Husin joined Am ARA on 10 January 2010 as Manager, Property Management and promoted to Senior Manager on 1 April 2014.

He began his career in 2002 as a Valuer with MN Associates Sdn Bhd, undertaken real estate valuations relating to mortgages, insurance and for auction purposes. In 2003, he joined Raine & Horne International Zaki & Partners Sdn Bhd as Senior Valuer at its Subang Jaya branch. He later left to join Malaysia Building Society Berhad ("MBSB") as its Senior Property Executive and was responsible for the management and maintenance of MBSB's property assets nationwide as well as the set-up of new branches until he left in early 2007.

Currently, he reports to the Head of Asset Management and is responsible for overseeing AmFIRST REIT's investment properties in relation to operational matters, safety and health and tenancy management including undertaking acquisition analysis

relating to valuation and coordinating due diligence exercises. He is also appointed as Operational Control Coordinator (OCC) that covering Risk Management's spectrum under Asset Management Department.

He directly supervises the Facility and Property Managers of AmFIRST REIT's investment portfolios. He also participates actively in AmFIRST REIT's asset enhancement projects which include coordinating and evaluating tenders.

He holds both a Master in Property Investment and a Bachelor of Science (Hons) in Estate Management from Universiti Teknologi MARA.

He is currently holding professional memberships with the Royal Institute Surveyors Malaysia (RISM), The Malaysian Institute of Professional Property Managers (MIPPM) and also a Probationary Valuer (PV 1840) under the Board of Valuers, Estate Agents and Appraisers Malaysia (BOVEA).



### **Ms Lee Yoon Lien**

Manager, Finance

Ms Lee Yoon Lien joined Am ARA on 18 August 2011 as Accountant and subsequently promoted to Manager, Finance in 2014. She is responsible for the accounting and management reporting of AmFIRST REIT.

She started her career in an audit firm and her job responsibilities include auditing, management accounting and taxation. She has more than twenty (20) years of experience in management accounting. Her last

position in August 2011 was Assistant Manager, Finance with GLM REIT Managers Sdn Bhd (the Manager for Tower REIT) and was responsible for credit control, treasury management and preparation of management accounts for Tower REIT and GLM REIT Managers Sdn Bhd.

She is a Member of The Association of Chartered Certified Accountants, UK and Member of The Malaysian Institute of Accountants.

## MANAGER'S REPORT

**The Board has the pleasure in presenting their report to the Unitholders of the Trust together with the audited financial statements of the Trust for the financial year ended 31 March 2016.**

### THE TRUST, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The Trust was constituted pursuant to the execution of a Deed dated 28 September 2006 ("Original Deed") [as amended by the First Supplemented, Revised and Restated Trust Deed dated 15 December 2006 ("First Deed") and the Second Restated Deed dated 13 September 2013] ("Second Deed" or the "Deed")] by the Manager and the Trustee, Maybank Trustees Berhad. The Second Deed superseded the Original Deed and the First Deed. The principal activity of the Trust is to own and invest in a portfolio of commercial properties in major growth areas of Malaysia, primarily in the Klang Valley.

Am ARA, is a private limited liability company incorporated and domiciled in Malaysia. The registered office of Am ARA is located at 22<sup>nd</sup> Floor, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business of Am ARA is located at Penthouse, Menara AmFIRST, No. 1, Jalan 19/3, 46300 Petaling Jaya, Selangor. Am ARA is principally involved in the business of managing real estate investment trust and properties. It is a wholly-owned subsidiary of Am ARA Holdings a company incorporated in Malaysia. Am ARA Holdings is 70% owned by AIGB and 30% owned by ARA AM, a wholly-owned subsidiary of ARA AmFIRST (Singapore) Pte Ltd, which in turn is a wholly owned subsidiary of ARA Group, which is listed on the Main Board of Singapore Exchange Securities Trading Limited.

### TERM OF THE TRUST

The Trust has no fixed termination date. However, the Deeds provide a number of circumstances under which the Trust may be terminated.

### INVESTMENT OBJECTIVES AND STRATEGIES

AmFIRST REIT's investment objectives are to deliver regular and stable income distributions to Unitholders and to achieve long term growth in the net asset value per unit through proactive management of the Trust's portfolio of assets and acquisition of yield accretive properties. The Manager intends to achieve AmFIRST REIT's investment objectives through three (3) key strategies, as follows:-

#### (i) Operating Strategy

Am ARA's operating strategy is to continue to enhance the performance of the existing properties by increasing yields and returns through retaining existing tenants, reducing vacancy levels, adding and/or optimising office space at the properties and minimising interruptions in rental income and operational costs. Am ARA expects to apply the following key operating and management principles in order to continue to manage the properties efficiently, to increase the yields of the properties and to maximise growth:-

- Improve rental rates.
- Establish close relationships with tenants to optimise tenant retention.
- Diversify tenant base.
- Review tenant mix and re-configure existing space.
- Maintain the quality of the properties.
- Maximise the performance of each property.
- Improve operating efficiencies and economies of scale.
- Raise the profile of the properties.

#### (ii) Acquisition Strategy

The Manager intends to pursue an acquisition strategy for AmFIRST REIT to increase net property income and asset growth based on the following criteria:-

- Yield-accretive.
- Good location.
- Healthy tenant mix and occupancy level.
- Value add opportunities.
- Quality building and facilities specifications.

The Manager expects to benefit from the network of the sponsor and its business partner, ARA AM which is part of ARA Group, Asia's premier integrated real estate fund manager and is listed on the Main Board of Singapore Exchange since November 2007. It has a strong presence in the region with investments in many parts of Asia. ARA Group possesses expertise in identifying opportunities in the development of the Asian real estate industry and is dedicated to the real estate fund management business. Its key staff have been involved in many corporate restructurings in Asia involving real estate assets.

## MANAGER'S REPORT (CONTD.)

Their experience and network will provide an edge to the Manager in its efforts to grow AmFIRST REIT.

AmFIRST REIT intends to hold its properties on a long term basis. In the future, any of the properties which has reached a stage where it offers limited scope for growth, the Manager may consider selling the property and utilise the proceeds for alternative investments in properties that meet its investment criteria.

### (iii) Capital Management Strategy

The Manager's strategy for the management of capital structure of AmFIRST REIT involves adopting and maintaining an appropriate debt-equity structure with gearing to be maintained within the prescribed limit and utilising an active interest rate management policy to manage the risks associated with interest rate fluctuations. The Manager believes the strategy will:-

- optimise the returns of Unitholders.
- maintain operating flexibility when considering capital expenditure requirements; and.
- enable AmFIRST REIT to maintain financing flexibility in the funding of future acquisitions.

## INVESTMENT POLICIES

### (i) Permitted Investments and Restrictions

AmFIRST REIT is allowed to invest in real estate, single-purpose companies whose principal assets comprise real estate, real estate-related or non real estate-related assets, liquid assets, asset-backed securities, listed or unlisted debt securities and any other investments which are permissible under Securities Commission Malaysia ("SC")'s Guidelines on Real Estate Investment Trusts ("REITs") [the "REITs Guidelines"] or otherwise permitted by SC.

### (ii) Portfolio Composition

AmFIRST REIT's investments may be allocated in the manner as prescribed by the REITs Guidelines, as follows:-

- Invest in real estates, single-purpose companies, real estate-related assets, non real estate-related assets and liquid assets;
- At least 50% of AmFIRST REIT's total assets must be invested in real estate and/or single-purpose companies at all times; and
- Investment in non real estate-related assets and/or liquid assets must not exceed 25% of AmFIRST REIT's total assets.

### (iii) Diversification

AmFIRST REIT will seek to diversify its real estate portfolio by property type and location, and will focus on investing in real estates which are primarily used for commercial purposes.

### (iv) Gearing

AmFIRST REIT is able to leverage on borrowings to make permitted investments that will enhance the returns to Unitholders. Under the REITs Guidelines, AmFIRST REIT is permitted to procure borrowings of up to 50%, or any other percentage (as stipulated by the REITs Guidelines from time to time) of its total asset value.

Summary of AmFIRST REIT's current and historical gearing is as tabulated below:-

	As at				
	31 March				
	2016	2015	2014	2013	2012
Gearing (%)	<b>46.1%</b>	35.9	32.6	32.9	45.9

At the gearing of 46.1%, there is capacity for an additional debt financing of approximately RM132,000,000 prior to reaching the threshold of 50% under the REITs Guidelines.

The Manager may consider strategic divestment to lower down the gearing and debt borrowings or issuance of new Units to further pursue its acquisitions and/or asset enhancement initiatives.

## CHANGES IN NET ASSET VALUE

	As at 31 March 2016	As at 31 March 2015
Net asset value (RM)	<b>879,287</b>	841,597
Units in circulation (Units)	<b>686,402</b>	686,402
Net asset value per Unit (RM)		
- Before proposed final distribution	<b>1.2810</b>	1.2261
- After proposed final distribution	<b>1.2503</b>	1.2017

The NAV (after proposed final distribution) has increased from RM1.2017 to RM1.2503 mainly due to revaluation gain on investment properties of RM31.4 million.

## MANAGER'S REPORT (CONTD.)

### DISTRIBUTION OF INCOME

For the financial year ended 31 March 2016, included the realisation of the unrealised fair value adjustment of RM3,363,270 arising from the disposal of investment property, the total realised income available for distribution was RM34,994,333, which translated to approximately distribution per unit of 5.10 sen.

During the financial year, AmFIRST REIT paid an interim income distribution of 2.03 sen per unit (of which 2.02 sen per unit subject to withholding tax and 0.01 sen per unit tax exempt) amounting to RM13,933,942 for the six-month period from 1 April 2015 to 30 September 2015 to its Unitholders on 11 December 2015.

The Board declared a final income distribution of 3.07 sen per unit (of which 1.01 sen per unit is subject to withholding tax and 2.06 sen per unit is non taxable) amounting to RM21,072,529 for the six-month period from 1 October 2015 to 31 March 2016 to be payable on 30 May 2016.

The financial statements for the current financial year do not reflect the final income distribution. Such income distribution will be accounted for in the statement of changes in net asset value as distribution to Unitholders in the next financial year ending 31 March 2017.

The distribution of income is in line with AmFIRST REIT's objective to deliver regular and stable distributions to Unitholders.

### INVESTMENTS OF THE TRUST

AmFIRST REIT's composition of investments as at 31 March 2016 is as tabulated below:-

Investment Properties	Valuation RM'000	% of Investment
Bangunan AmBank Group	259,000	15.8
Menara AmFIRST	72,500	4.4
Menara AmBank	314,000	19.2
Wisma AmFIRST	114,000	7.0
The Summit Subang USJ	349,400	21.3
Prima 9	74,500	4.6
Prima 10	68,000	4.2
Jaya 99	101,400	6.2
Mydin HyperMall, Bukit Mertajam	275,000	16.8
	1,627,800	99.5
Deposits with financial institution	9,019	0.5
	1,636,819	100.0

The values of investment properties have increased by 22.2% or RM295.6 million during the financial year ended 31 March 2016. The increase were mainly attributable to the addition of a newly acquired investment property, Mydin HyperMall, Bukit Mertajam for purchase consideration of RM250.0 million, capitalisation of refurbishments cost amounting to RM33.0 million and changes in fair value of the investment properties amounting to RM31.4 million. The major refurbishments cost were mostly incurred in refurbishment and upgrading of The Summit Subang USJ and Menara AmBank.

During the current financial year, the Trust had disposed one of its investment properties, namely AGLC for a disposal price of RM36.0 million. The disposal price represents a premium of 57% to the property's carrying value of RM22.9 million and generated a realised net gain of RM8.4 million after taking into account the realisation of the unrealised fair value adjustment of RM3.4 million.

### BREAKDOWN OF UNIT HOLDINGS AS AT 31 MARCH 2016

	Number of Unitholders	Number of Units
5,000 and below	7,677	12,576,379
5,001 to 10,000	1,634	13,500,810
10,001 to 50,000	2,328	57,885,775
50,001 to 500,000	1,067	156,150,738
500,001 and above	114	446,287,898
	12,820	686,401,600

### DIRECTORS OF THE MANAGER

The Directors of the Manager in office since the date of the last report and at the date of this report are:-

Soo Kim Wai (Appointed on 19 August 2015)  
Dato' Azlan bin Hashim (Resigned on 12 August 2015)  
Dato' Teo Chiang Quan  
Sr Tuan Haji Mohd Salleh bin Akram  
Pushparani a/p A Moothathamby  
Kong Tai Meng Thomas (Appointed on 28 January 2016)  
Anthony Ang Meng Huat (Resigned on 28 January 2016)  
Wong Khim Chon

## MANAGER'S REPORT (CONTD.)

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Manager has received or become entitled to receive a benefit (other than benefits which accrue from the fee paid to the Manager or from transactions made with companies related to the Manager as shown in the notes to the financial statements of the Trust) by reason of a contract made by the Manager or the Trust or a related corporation with the Director of the Manager or with a firm in which the Director of the Manager is a member, or with a company in which the Director of the Manager has a substantial financial interest, other than for the related party transactions as shown in Note 24 to the financial statements of the Trust.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any arrangement to which the Manager or the Trust was a party, whereby the Directors of the Manager might acquire benefits by means of acquisition of shares in or debentures of the Manager or any other body corporate, other than those arising from the scheme shares and options granted pursuant to the Executives' Share Scheme of AMMB, the ultimate holding company, or of the acquisition of units of the Trust.

### DIRECTORS' INTEREST

None of the directors of the Manager in office at the end of the financial year had any interest in the Trust during the financial year.

### MANAGER'S FEES AND COMMISSION

Pursuant to the Deed, the Manager is entitled to receive from the Trustee out of the Assets of the REIT a base fee (excluding any taxes payable) of up to 0.5% per annum ("p.a.") of the total asset value and a performance fee (excluding any taxes payable) of 3% p.a. of the net property income, but before deduction of property management fees. During the financial year ended 31 March 2016, the Manager's fee consists of base fee of 0.3% p.a (2015 : 0.3% p.a) and performance fee of 3.0% p.a (2015: 3.0% p.a).

In addition, the Manager will also be entitled to an acquisition fee of 1.0% of the acquisition price of any real estate or single-purpose company whose principal assets comprise real estate for any acquisition by AmFIRST REIT and a divestment fee of 0.5% of the sale price of any real estate or single-purpose company whose principal assets comprise real estate, sold or divested by AmFIRST REIT (pro-rated, if applicable to the proportion of the interest in real estate or single-purpose company purchased or sold).

During the financial year, the Manager did not receive any soft commission (i.e. goods and services) from its broker, by virtue of transactions conducted by AmFIRST REIT.

### MATERIAL LITIGATION

There is no material litigation pending since the issuance of the last annual report up to the date of this report.

### OTHER STATUTORY INFORMATION

- (a) Before the statement of comprehensive income and statement of financial position of the Trust were made out, the Manager took reasonable steps:-
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to their estimated realisable values.

## MANAGER'S REPORT (CONTD.)

(b) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or financial statements of the Trust which would render:-

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts made in the financial statements of the Trust inadequate to any material extent; and

(ii) the values attributed to the current assets in the financial statements of the Trust misleading.

(c) At the date of this report, the Manager is not aware of any circumstances which have arisen, which would render adherence to the existing method of valuation of assets or liabilities of the Trust misleading or inappropriate.

(d) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Trust which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:-

(i) any charge on the assets of the Trust which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Trust which has arisen since the end of the financial year.

(f) In the opinion of the Directors of the Manager:-

(i) no contingent or other liability of the Trust has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Trust to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Trust for the financial year in which this report is made.

### AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager.



**SOO KIM WAI**



**WONG KHIM CHON**

Kuala Lumpur, Malaysia  
21 April 2016

## STATEMENT OF CORPORATE GOVERNANCE

Am ARA REIT Managers Sdn Bhd (“Am ARA” or the “Manager”), the Manager of AmFIRST Real Estate Investment Trust (“AmFIRST REIT” or the “Trust”) recognises the importance to have good and effective corporate governance culture to promote and safeguard the best interests of its Unitholders and other stakeholders, thereby enhancing the credibility and reputation of the Trust. This is also critical to the performance of the Manager and consequently, the success of AmFIRST REIT.

The Manager has adopted a good corporate governance framework that is designed to meet the best practice principles. In particular, the Board of Directors (the “Board”) and the Management of the Manager have the obligation to act honestly, with due care and diligence, and in the best interests of its Unitholders and other stakeholders by emphasising on the transparency of decision making process, fairness and trustworthiness in managing AmFIRST REIT.

The Manager also recognises the need to adapt and improve the principles and practices to meet the ongoing changes and challenges in regulatory requirements, international developments and investor expectations.

The following sections describe the Manager’s main corporate governance practices and policies which are guided by measures recommended in Securities Commission Malaysia (“SC”)’s Guidelines on Real Estate Investment Trusts (“REITs”) (the “REITs Guidelines”), Capital Markets and Services Act 2007 (“CMSA”), The Malaysian Code on Corporate Governance 2012 (“MCCG 2012” or the “Code”) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”) as well as the Manager’s obligations as described in the Deed.

### UNITHOLDERS

The Manager, in particular, the Board and the Management recognise their responsibilities to protect the best interests of all Unitholders with the objective of maximising values of Unitholders.

The summary of Unitholders’ profiles and unitholdings are as set out on pages 127 and 128 of this Annual Report.

Pursuant to Clause 15.33A of the REITs Guidelines, the Manager shall call for a general meeting of Unitholders once in every calendar year and not more than fifteen (15) months from the last preceding annual general meeting. Section 305(1) of CMSA further provides that a general meeting of Unitholders must be convened upon a written request of not less than fifty (50) Unitholders or one-tenth (1/10) of all Unitholders having a right to vote at that meeting, and deposited at the Manager’s registered office at 22<sup>nd</sup> Floor, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

On 28 July 2015, AmFIRST REIT convened its Third Annual General Meeting (“AGM”) at The Royale Chulan Kuala Lumpur to seek its Unitholders’ approval on the following:-

- (i) Proposed authority to allot and issue new units pursuant to Clause 14.03 of the REITs Guidelines.
- (ii) Proposed increase in the existing approved fund size of AmFIRST REIT from 686,401,600 units up to a maximum of 823,681,920 units.

All the resolutions were voted by way of a poll and were carried based on the results from the Unit Registrar, namely Symphony Share Registrars Sdn Bhd and the Scrutineers, namely Messrs Ernst & Young.

### THE MANAGER

AmFIRST REIT, constituted as a trust, is externally managed by the Manager and thus, it has no personnel of its own. The Manager appoints experienced and well qualified management personnel to handle the day-to-day operations of AmFIRST REIT. All the Directors and employees of the Manager are remunerated by the Manager and not the Trust.

Subject to the provisions of the Deed and the applicable laws and regulations, the Manager has general powers of management over the assets of AmFIRST REIT. Its

## STATEMENT OF CORPORATE GOVERNANCE (CONTD.)

### THE MANAGER (CONTD.)

main objective is to manage the assets and liabilities of AmFIRST REIT for the benefit of its Unitholders, with a view to provide long-term and sustainable distribution of income to its Unitholders and to achieve long-term growth in the net asset value per unit, in order to provide competitive investment return to its Unitholders. The primary roles and functions of the Manager as outlined in the Deed are to set the strategic directions of AmFIRST REIT and make recommendations to the Trustee on acquisition and enhancement or divestment of assets of AmFIRST REIT, in accordance with its stated investment strategy as provided under the Deed. Other general roles and functions of the Manager are, including but not limited to, as follows:-

#### Asset Management

Supervise and oversee the management of AmFIRST REIT's properties including procurement of service providers to carry out specified activities, including but not limited to, on-site property management, property maintenance, letting and leasing services, rent collection and arrears control.

#### Finances

Formulate plans for equity and debt financing for AmFIRST REIT's capital requirements with the objective of optimising the capital structure and cost of capital. The Manager is also responsible for managing the finances of AmFIRST REIT including preparation of accounts and financial statements.

#### Investor Relations

Developing and maintaining investor relations including information coordination and distribution as well as customer service to investors.

#### Legal and Compliance Management

Ensuring compliance with all legislations, tax rulings, rules and guidelines issued by SC, Bursa Securities, Inland Revenue Board Malaysia and other relevant authorities, where applicable.

The Manager endeavors to carry on and conduct AmFIRST REIT's business in a proper and efficient manner and to conduct all transactions with, or on behalf of AmFIRST REIT, at arm's length basis.

#### Risk Management

Responsible for the risk management of AmFIRST REIT which includes but not limited to, identifying the principal risks associated with the business activities and ensuring appropriate measures, systems and internal controls are in place to mitigate the risk exposure.

### CMSA

CMSA was amended to expand the definition of fund management to include management of assets in a unit trust scheme by an asset fund manager. Under this new regime, the Manager is required to be appropriately licensed in order to carry out the regulated activity.

SC issued a Capital Markets Services Licence ("CMSL") to the Manager to carry out the regulated activity of fund management in relation to asset management restricted to REITs pursuant to the requirements under CMSA. As at the date of this report, the Manager has three (3) Capital Markets Services Representative's Licence ("CMSRL") holders where the Executive Director/Chief Executive Officer of the Manager is also a CMSRL holder to comply with the licensing requirements.

### THE BOARD OF DIRECTORS OF THE MANAGER (the "Board")

The Manager is managed by an experienced Board with a wide and varied range of expertise. The Board is responsible for the overall management and corporate governance of AmFIRST REIT, including establishing goals for management and monitoring the achievement of these goals.

Each Director has a duty to act honestly and in good faith, with due care and diligence, and in the best interests of the Unitholders. The Board ensures that proper and effective controls are in place to assess and manage business risk, and compliance with applicable laws, regulations, guidelines and policies.

The Board is supported by an Audit Committee of Directors to look into, amongst others the risk management, internal control and financial management of AmFIRST REIT, which in turn is supported by the Group Internal Audit and Group Compliance Departments of the ultimate holding company of the Manager.

The Board focuses mainly on strategy, financial performance and critical business issues, including:-

- strategic business plans.
- key financial performance indicators.
- principal risks and their management.
- succession planning for senior management.
- investors and Unitholders relations programs.
- system of internal control.

#### Board Composition

The Board has six (6) members comprising five (5) Non-Executive Directors and one (1) Executive Director, one (1) of whom is a female Director. Two (2) of the Board members are Independent Directors in compliance with the REITs Guidelines while the Chairman of the Board is a Non-Independent Director.

## STATEMENT OF CORPORATE GOVERNANCE (CONTD.)

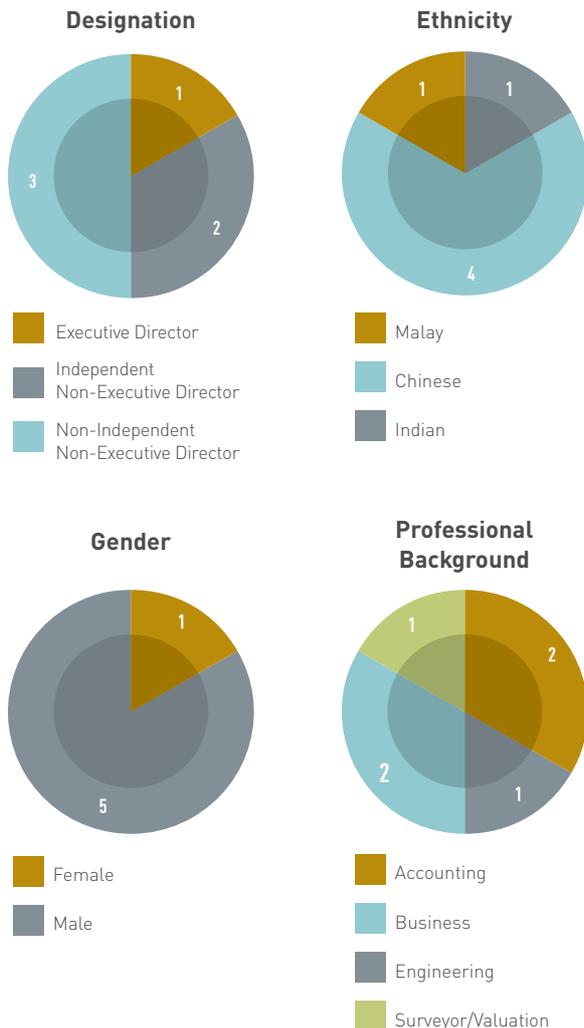
### THE BOARD OF DIRECTORS OF THE MANAGER (the "Board") (CONTD.)

#### Board Composition (Contd.)

Pursuant to Recommendation 3.5 of MCCG 2012, the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director.

Notwithstanding that Recommendation 3.5 of MCCG 2012 is not met, one-third (1/3) of the Board comprises Independent Directors, and in compliance with the MMLR and REITs Guidelines. The Board strongly believes that all the Directors act in the best interest of all stakeholders.

The Board diversity in terms of gender, ethnicity, professional background and experience are as illustrated below:-



As at the date of this Report, none of the Directors held directorships in more than five (5) listed issuers.

The relationships among the Board members are disclosed on page 87 of this Annual Report. In addition to this, information on direct and indirect unitholdings related to the Manager and transactions with the companies related to the Manager are disclosed in Note 12 and Note 24 respectively, of this Annual Report.

The Board comprises business leaders and experienced professionals with backgrounds in fund management, property, banking and finance. The profiles of the Directors are set out on pages 59 to 64 of this Annual Report. The Board is of the view that its current composition comprises individuals who, as a group, provide the necessary core competencies and that the current Board size is appropriate and effective, taking into consideration the nature and scope of AmFIRST REIT's operations.

A Director who is independent of the Manager (or the controlling or significant shareholder of the Manager) and free from any business or other relationship, which could interfere with the exercise of independent judgment or the ability to act in the best interests of AmFIRST REIT, is considered to be independent.

The Board performs the function that a Nominating Committee would otherwise perform, namely, it administers nominations to the Board, review the structure, size and composition of the Board, and review the independence of Board members. The composition of the Board is reviewed to ensure an appropriate mix of expertise, independence, experience and knowledge in business, finance and management skills critical to AmFIRST REIT's business is present in the composition of the Board.

Newly appointed Directors are given briefings by the Management on the business activities of AmFIRST REIT, its strategic directions and policies and the regulatory environment in which AmFIRST REIT operates. Directors are also informed of their statutory and other duties and responsibilities as well as policies and procedures relating to the corporate conduct and governance including the disclosure of interests, prohibitions on dealings in AmFIRST REIT's units and restrictions on the disclosure of price-sensitive information.

## STATEMENT OF CORPORATE GOVERNANCE (CONTD.)

### THE BOARD OF DIRECTORS OF THE MANAGER (the "Board") (CONTD.)

#### Chairman and Executive Director/Chief Executive Officer

The roles and responsibilities of the Chairman and Executive Director/Chief Executive Officer are separate and the positions are held by two (2) different individuals. Mr Soo Kim Wai is a Non-Independent Non-Executive Director/Chairman while Mr Wong Khim Chon, the Executive Director ("ED") also holds the position as the Chief Executive Officer ("CEO"). This is to ensure an appropriate balance of power and increased accountability. The segregation ensures a clear distinction between the Chairman's responsibilities to lead and manage the Board and the ED/CEO responsibilities to manage the Trust and the Manager.

Mr Soo Kim Wai, the Chairman, leads the Board and ensures that members of the Board work together with the management in a constructive manner to address strategies, business operations, financial performance, risk management and internal control issues.

Mr Wong Khim Chon, the ED/CEO has full executive responsibilities over the business directions and operational decisions of AmFIRST REIT. He leads the management and provides direction on the day-to-day operations and works with the Board to determine the overall business, investment and operational strategies for AmFIRST REIT and ensures that they are implemented as planned and in accordance with the Deed and the REITs Guidelines. In addition, he is also responsible for the overall planning for the future strategic development and growth of AmFIRST REIT.

#### Board Meetings

The Board meetings are scheduled at least four (4) times per annum with the purpose, amongst others, to discuss and review the operations of AmFIRST REIT and approve the release of the interim and the audited financial statements of AmFIRST REIT. Additional meetings are held as and when necessary between the scheduled meetings.

During the financial year ended 31 March 2016, the Board met six (6) times. Total number of meetings attended by the Board members were as follows:-

Director	Designation	Number of Board Meeting	Percentage of Attendance (%)
Soo Kim Wai (Appointed on 19 August 2015)	Non-Independent Non-Executive Director/Chairman	4/4	100%
Dato' Azlan bin Hashim (Resigned on 12 August 2015)	Non-Independent Non-Executive Director/Chairman	1/1	100%
Dato' Teo Chiang Quan	Independent Non-Executive Director	5/6	83%
Sr Tuan Haji Mohd Salleh bin Akram	Independent Non-Executive Director	5/6	83%
Pushparani a/p A Moothathamby	Non-Independent Non-Executive Director	6/6	100%
Kong Tai Meng Thomas (Appointed on 28 January 2016)	Non-Independent Non-Executive Director	1/1	100%
Anthony Ang Meng Huat (Resigned on 28 January 2016)	Non-Independent Non-Executive Director	5/5	100%
Wong Khim Chon	Executive Director/Chief Executive Officer	6/6	100%

#### Note:

All attendances reflected the number of meetings attended during the Directors' tenure of service.

## STATEMENT OF CORPORATE GOVERNANCE (CONTD.)

### THE BOARD OF DIRECTORS OF THE MANAGER (the "Board") (CONTD.)

#### Directors' Remunerations

The Directors' remuneration is paid by the Manager and not the Trust. For Non-Executive Directors, they receive Directors' fees and attendance fee for participation in meetings of the Board and any of the Board Committee meetings.

The Board as a whole resolves on the fees for the Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees payable to the Non-Executive Directors are subject to the approval of the Manager's shareholders. The proposed Directors' fees for the financial year ended 31 March 2016 are as follows:-

Director	FYE 2015 Directors' Fees (RM)	FYE 2016 Directors' Fees (RM)
Soo Kim Wai (Appointed on 19 August 2015)	-	28,404
Dato' Azlan bin Hashim (Resigned on 12 August 2015)	46,000	16,716
Dato' Teo Chiang Quan	40,000	40,000
Sr Tuan Haji Mohd Salleh bin Akram	40,000	40,000
Pushparani a/p A Moothathamby	40,000	40,000
Kong Tai Meng Thomas (Appointed on 28 January 2016)	-	6,995
Anthony Ang Meng Huat (Resigned on 28 January 2016)	26,667	33,005

#### Directors' Trainings

During the financial year under review, the Directors had attended various conferences, seminars and workshops to enhance their knowledge and expertise and to keep abreast with the relevant changes in laws, regulations and the business environment. The training programs attended by

the Directors during the financial year ended 31 March 2016 were, inter alia, on areas relating to real estates, corporate leadership and governance, professional development, risk management, financial and tax issues, regulatory and compliance conducted by Group Learning and Development of the ultimate holding company of the Manager and regulators as well as professional establishments.

Mr Soo Kim Wai and Mr Kong Tai Meng Thomas who were appointed to the Board on 19 August 2015 and 28 January 2016, respectively, had completed the Mandatory Accreditation Programme (MAP) within four (4) months of their appointments pursuant to Clause 2.0 of the Practice Note 5 of the MMLR on Training for Directors.

Effective 1 May 2015, SC has enforced that all Directors of CMSL holder for dealing in securities, dealing in derivatives and fund management in relation to portfolio management are required to attend and complete the Capital Market Director Programme ("CMDP") within the stipulated timeline pursuant to the requirement of SC's Licensing Handbook.

CMDP is an exclusive platform for Directors of licensed intermediaries to be equipped with the relevant knowledge, skills and abilities to meet the expected competencies required of a board. It is also designed to allow Directors to explore and deliberate on pertinent issues affecting the industry from multi-stakeholders perspectives. The Group Learning & Development has organised for all the Directors to complete the relevant CMDP modules within the stipulated timeline as prescribed by SC.

The Board continues to evaluate and determine the training needs of its Directors on an ongoing basis.

#### Appointment and Removal, Retirement by Rotation and Re-election of Directors

##### (i) Appointment and Removal

The Board as a whole will serve as the Nominating Committee. All new nominations received are assessed and approved by the entire Board in line with its policy of ensuring nominees are persons of sufficient caliber and experience. The process of assessing the Directors is an ongoing responsibility of the entire Board. The Board has the power to appoint any person to be a Director, either to fill a vacancy or as an addition to the existing Directors. Shareholders of the Manager may by ordinary resolution remove any Director and appoint another person in his stead.

## STATEMENT OF CORPORATE GOVERNANCE (CONTD.)

### THE BOARD OF DIRECTORS OF THE MANAGER (the “Board”) (CONTD.)

#### Appointment and Removal, Retirement by Rotation and Re-election of Directors (Contd.)

##### (ii) Retirement by Rotation and Re-election

The Manager’s Articles of Association provides that one-third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting. A retiring Director who is subject to retirement by rotation will retire at every Annual General Meeting with the exception of the First Annual General Meeting whereby all Directors shall retire from office.

A retiring Director shall be eligible for re-election. The retiring Directors on each occasion will be those Directors who have remained in office the longest since their last election or appointment. As between persons who become Directors on the same day, those to retire shall (unless otherwise agreed among themselves) be determined by lot.

##### (iii) Tenure

Recommendation 3.2 of the MCGG 2012 states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. This is in line with the Group’s existing policy which states that an Independent Non-Executive Director shall serve up to a maximum of nine (9) years (the “9-Year Rule”) and any exception to the same will be subject to the recommendation of the Group Nomination and Remuneration Committee of Directors and the approval of the Board.

In line with the 9-Year Rule, Y Bhg Dato’ Teo Chiang Quan and Sr. Tuan Haji Mohd Salleh bin Akram, who have served as Independent Non-Executive Directors of Am ARA for nine (9) years, have indicated that they will be stepping down as Directors of Am ARA after the forthcoming AGM of Am ARA. Am ARA is in the process of identifying suitable candidates to replace Y Bhg Dato’ Teo Chiang Quan and Sr. Tuan Haji Mohd Salleh bin Akram.

#### Access to Information

The Management provides the Board with complete and adequate information in a timely manner. This is done through regular updates on financial results, market trends and business developments. Changes to regulations and accounting standards are monitored closely. To keep pace with regulatory changes, where these changes have an important and significant bearing on AmFIRST REIT and its disclosure obligations, the Directors are briefed by the Management either during Board meetings, at specifically convened sessions or via circulation of Board papers.

The Company Secretaries work with the Chairman and Management to ensure that Board papers and agenda are provided to the Directors ahead of meetings of the Board and Board Committees so that they can familiarise themselves with the matters prior to the meetings. Meetings are usually half-a-day affairs and include presentations by the Management, and when necessary, presentations by external consultants and experts on strategic issues relating to specific business areas.

The Board will take independent professional advice when it deems necessary for the proper and efficient discharge of its responsibilities and the Company Secretaries will assist the Board in obtaining such advice upon request.

The Board has separate and independent access to the Management and Company Secretaries, and vice versa. The Company Secretaries render necessary assistance to the Board, and ensure meeting procedures are followed and the applicable laws and regulations are complied with. Under the direction of the Chairman, the Company Secretaries’ responsibilities include ensuring good information flows within the Board and the Board Committees, and between the Management and Directors, as well as facilitating orientation and assisting with professional development as required.

#### COMPANY SECRETARIES

The Company Secretaries report directly to the Board and are the sources of guidance and advice to the Directors on areas of corporate governance, relevant legislations, regulations and policies besides ensuring compliance with the MMLR and other regulatory requirements.

The Company Secretaries attend the Board and the Board Committees’ meetings and responsible for the accuracy and adequacy of records of the proceedings of the Board and the Board Committees’ meetings and resolutions.

#### MANAGEMENT PERSONNEL

The Management have the responsibilities to ensure the successful implementation of the strategies and directions which have been set by the Board. In discharging these responsibilities, they apply business principles and ethics which are consistent with those expected by the Board, Unitholders and other stakeholders as guided by the Deed, the REITs Guidelines, the MMLR, other applicable laws and regulations together with the established policies and procedures.

The details and profiles of the Senior Management are as set out on pages 65 to page 68 of this Annual Report.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### RISK MANAGEMENT

**The Board has established a sound risk management framework which has been implemented by the Manager that enables it to continuously identify, evaluate, mitigate and monitor risks that affect the Trust and the Manager in achieving its business objectives within the defined risk parameters and acceptable risk appetite.**

The Manager applies the risk management framework as a structured process in making risk-based strategies and decisions across the respective functions which consist of the following components and which are incorporated within the Trust's and the Manager's Risk Profile Register. The Risk Profile Register is reviewed by the Manager's Audit Committee of Directors (the "AC") on a half-yearly basis or as and when required:-

- (i) Business model, objectives and strategies.
- (ii) Assessment of the internal and external environment.
- (iii) Identify events that may affect the business objectives and strategies.
- (iv) Assessment of inherent risks within the business.
- (v) Establish appropriate risk responses.
- (vi) Ensure control activities operate effectively.
- (vii) Ensure accurate and sufficient information and communication.
- (viii) Monitor the effectiveness of the Framework and report to the Board.

The risk management process is integrated with the business processes, enabling proper risk management at operation level of each property, as well as at the Trust's level. Risks identified are systematically evaluated with proper mitigating action in place, developed to manage the risks to an acceptable level and monitored on a continuous basis.

A Risk Management Committee at the Manager level was established to assist the AC in assessing the adequacy of internal control and risk management. The Risk Management Committee comprises the Chief Executive Officer and Heads of Departments of the Manager with the support from the AmBank Group (the "Group") Risk Management Department. The Risk Management Committee performs the following roles:-

- (i) Review adequacy and effectiveness of risk management process and system;
- (ii) Review and recommend to the Board and AC of the Manager to approve the broad terms risk guidelines and risk appetite of AmFIRST REIT on a periodic basis;
- (iii) Review identified key risks at AmFIRST REIT's operations and the status of each activity;
- (iv) Guide managerial staff in operations in identifying, evaluating and managing key risks; and
- (v) Report to the Board on material and pervasive findings which exceeded the risk appetite and make appropriate recommendations.

The Risk Management Framework comprises functional roles and responsibilities established for the management of risk, i.e. the First Line of Defense ("FLOD"). The FLOD comprises coordinators for Business Operational Controls ("BOC") at the Manager's level and Operational Controls Coordinators ("OCC") appointed at each functional department of the Manager.

The objectives of the establishment of FLOD are:-

- (i) To establish continuity of competent personnel who appreciate risk management principles within the business;
- (ii) To enhance accountability within the business in executing risk management controls within their span of authority; and
- (iii) To promote proactive risk management culture in the business.

### INTERNAL CONTROL

The Board has voluntarily adopted the best practices in corporate governance by establishing an AC and internal audit function, the latter of which is undertaken by the Group's Internal Audit Department ("GIAD"), although it is not compulsory for a REIT to comply with such requirements under the Listing Requirements. These efforts demonstrate that the Board recognises the need for a sound and effective internal control system is one of the key priorities for an effective corporate governance culture.

The Board is committed to maintain a sound and effective system of internal control which consists of policies and procedures designed to provide reasonable assurance to the Board that the Trust will achieve its objectives to safeguard the interests of the Unitholders including reliability of financial reporting, compliance with applicable laws and regulations and effectiveness and efficiency of operations. These policies and procedures are regularly reviewed and updated to reflect changes in the business and regulatory requirements. Changes in the policies and procedures are communicated to the management and other affected stakeholders in a timely manner upon approval by the Board.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTD.)

### INTERNAL CONTROL (CONTD.)

The system provides reasonable but not absolute assurance against material misstatement of management and financial information, against financial losses, fraud and the occurrence of unforeseeable circumstances.

As part of the effective and ongoing internal control and governance processes, the Manager is reviewing on the adequacy and effectiveness of its internal control systems to ensure it remain relevant, effective and able to meet the ongoing changes and challenges faced by the Trust. This involves reviewing for improvement opportunities in the areas of financial, operational and compliance controls. The Manager take cognizance of recommendations made for the Trust by the External Auditors, Messrs Ernst & Young ("EY"), and GIAD in respect of the accounting and operational controls in their audit reports issued during the financial year.

#### Internal Audit Function

GIAD operates under a charter from the AC that gives it unrestricted access to the Manager's personnel, premises, documents, records, information, and is authorised to obtain such information and explanations considered necessary to fulfill and discharge its responsibilities. The Head of GIAD reports directly to the AC.

GIAD performs the audit reviews in accordance with an audit plan, which is based on the risk assessment of all activities undertaken by the Manager. The risk-based audit plan is reviewed annually taking into account the changing business and risk environment. The AC reviews and approves the annual audit plan of GIAD.

The main objective of the audit reviews is to assess the adequacy and effectiveness of the Manager's system of internal control and risk management. When required, GIAD also undertakes special reviews or investigations as directed by the AC.

Audit findings, recommendations and the Manager's action plans are highlighted in audit reports which are tabled to the AC. GIAD conducts follow-up and report on the status of implementation of Management action plans arising from the internal audit report.

The AC reviews the internal audit reports and activities on an ongoing basis. The AC is of the view that the Internal Audit team is adequately resourced to perform its functions and has maintained its independence from the activities that it audits.

### External Auditors

The Board maintains a transparent relationship throughout their association with the External Auditors. The appointment of External Auditors, who may be nominated by the Manager, is approved by the Trustee. The External Auditors appointed must be independent of the Manager and Trustee. The remuneration of the External Auditors is approved by the Trustee.

As part of the External Auditors' audit of the financial statements, the External Auditors obtain an understanding of internal controls sufficient for their planning of the audit and to assist in their expression of an opinion on the financial statements of AmFIRST REIT as a whole. Any significant deficiencies and material weaknesses identified during the audit are communicated to the AC. As part of continuous refinement of AmFIRST REIT's internal control system, the AC reviews the effectiveness of measures taken by the Manager in response to those significant deficiencies and material weaknesses identified.

The Trustee has appointed EY as the External Auditors to conduct the statutory audit for the financial year ended 31 March 2016. EY had written to the AC confirming there is no relationship between them and the Trust and/or the Manager which may impair their independence.

### Compliance Officer

The Manager has a designated Compliance Officer who works towards ensuring the compliance with the Deed as well as all the rules and guidelines issued by SC, Bursa Malaysia Securities Berhad, other laws and regulations as well as internal policies and procedures which are applicable to the Trust and the Manager.

### Dealings with Related Parties

In general, the Manager has to ensure that related party transactions are undertaken in compliance with the REITs Guidelines, the Deed and the Listing Requirements and such transactions are carried out at arm's length basis based on normal commercial terms and will not be prejudicial to the interest of AmFIRST REIT and its Unitholders.

In respect of such transactions, the Manager would have to demonstrate to the AC that the transactions are undertaken on normal commercial terms, which may include (where applicable) obtaining quotations from parties unrelated to the Manager, or obtaining a valuation from an independent valuer. All related party transactions are subject to review by the GIAD and the AC prior to recommendation to the Board for approval.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTD.)

### INTERNAL CONTROL (CONTD.)

#### Dealings with Related Parties (Contd.)

In dealing with any related party transactions, all related party transactions carried out by or on behalf of AmFIRST REIT should be:-

- (i) at arm's length basis and on normal commercial terms;
- (ii) in the best interests of AmFIRST REIT's Unitholders;
- (iii) adequately disclosed to AmFIRST REIT's Unitholders;
- (iv) in relation to a real estate transaction:-
  - (a) consented by the Trustee;
  - (b) consistent with the investment objective and strategy of AmFIRST REIT; and
  - (c) transacted at a price that is supported by the value assessed in the valuation report. Any variation of price must comply with REIT Guidelines issued by Securities Commission as described in the subsequent paragraph.

Acquisition/disposal may be transacted at a price other than as per the valuation report provided that:-

- (i) the acquisition price is not more than 110% of the value assessed in the valuation report;
- (ii) the disposal price is not less than 90% of the value assessed in the valuation report; and
- (iii) the Trustee provides a written confirmation that the transaction is based on normal commercial terms, at arm's length, and not prejudicial to Unitholders' interest.

The Manager and the Trustee must ensure that prior approval of the Unitholders (by way of an ordinary resolution) is obtained where the transaction value with related parties is equal to or exceeding 5% of the total asset value of AmFIRST REIT (post acquisition). Where the transaction value does not exceed 5% of the total asset value of AmFIRST REIT (post acquisition), the Trustee must provide a written confirmation that the transaction is based on normal commercial terms, at arm's length, and not prejudicial to the Unitholders' interest.

The Board members will consider AmFIRST REIT's best interest in relation to decision affecting it when they vote at the Board meetings. In addition, Directors and Chief Executive Officer of the Manager are expected to act with honesty and integrity at all times.

#### Role of the Audit Committee for Related Party Transactions

The AC together with the Management review the related party transactions to ensure compliance with the internal control procedures, relevant provisions of the Deed, REITs Guidelines and the Listing Requirements. The review includes examination of the nature of the transaction and the supporting documents, or such other data deemed necessary by the AC.

If a member of the AC has an interest in a transaction, he is to abstain from participating in the review and the recommendation process in relation to the transaction. The related party transactions for the financial year ended 31 March 2016 are as disclosed in Note 24 of this Annual Report.

#### Dealings with Conflict of Interest

All transactions carried out for or on behalf of AmFIRST REIT are executed on commercial terms and are no less favorable than arm's length transactions between independent parties. The Manager and Trustee will avoid conflict of interests from arising or if conflict arises, will ensure that AmFIRST REIT is not disadvantaged by the transaction concerned.

The Directors of the Manager are under a fiduciary duty to AmFIRST REIT to act in its best interests in relation to decisions affecting AmFIRST REIT when they are voting as members of the Board.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTD.)

Under the Deed, the related parties of the Manager (as defined in the Deed) are prohibited from voting at, or being part of a quorum for, any meeting of Unitholders convened to approve matter or business if the related parties have interest in the outcome of a transaction which is different from the interest of other Unitholders.

Save for Directors' interests in AmFIRST REIT (as disclosed on page 72 of the Manager's Report) and the transactions with companies related to the Manager (as disclosed in Note 24 of this Annual Report), no conflict of interest has arisen during the financial year under review.

### TRADING IN AmFIRST REIT's UNITS

The Manager adopts best practices and issues policies to its Directors and employees which prohibit dealings in AmFIRST REIT's units while in possession of material unpublished price-sensitive information. Under these policies, the Directors and employees of the Manager are prohibited from dealing in AmFIRST REIT's units during the period commencing on and from one (1) month prior to the targeted date of announcement of AmFIRST REIT's quarterly results to Bursa Malaysia Securities Berhad, up to one (1) full market day after the announcement of AmFIRST REIT's quarterly results. If any of such affected persons deal in AmFIRST REIT's units during such closed period, they are required to comply with the conditions as set out in the Listing Requirements and the related policies of the Manager. They are also made aware of the applicability of the insider trading laws at all times.

There were no dealings in AmFIRST REIT's units during the closed periods by the Directors or employees of the Manager reported during the financial year up to the date of this Report.

### WHISTLEBLOWER PROTECTION POLICY (THE "POLICY")

The Manager, being part of AMMB Holdings Berhad, has in place a policy to provide employees of the Manager and members of the public with well-defined and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to AmFIRST REIT and the Manager. The aim of the Policy is to promote whistleblowing in a positive manner which provides an avenue to escalate concern on improper conduct and such concern are being handled appropriately.

The Policy provides protection to whistleblower which includes not only the employees but also any person that provides information, causing information to be provided or otherwise assisting in an investigation regarding improper conduct and/or filing, causing to be filed, testifying, participating in or otherwise assisting in a proceeding filed or about to be filed relating to the violation of this Policy or legislative requirements.

### CONCLUSION

The Board has received assurance from the Executive Director/Chief Executive Officer and Chief Financial Officer that the risk management and internal control system is operating adequately and effectively, in all material aspects. Pursuant to paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement for inclusion in the 2016 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuer, nor is the Statement is factually inaccurate.

The Board is of the view that the system of internal control and risk management for the year under review and up to the date of approval of this Statement is in place, sound and provides a level of confidence on which the Board relies for assurance.

## AUDIT COMMITTEE REPORT

**An Audit Committee of Directors (“AC”) was established by the Board of the Manager to assist the Manager in fulfilling its statutory and fiduciary responsibilities relating to internal controls, financial reporting and reviewing policies as well as to carry out certain oversight functions on behalf of the Board with the main objective of protecting the interests of the Unitholders.**

**The AC comprises three (3) members, all of whom are Non-Executive Directors, of which two (2) members are Independent Directors.**

### COMPOSITION

The AC members of the Manager since the date of the last report and at the date of this report are:-

Y Bhg Dato’ Teo Chiang Quan (Chairman)  
Sr Tuan Haji Mohd Salleh bin Akram  
Mr Soo Kim Wai (Appointed on 19 August 2015)  
Ms Pushparani a/p A Moothathamby (Ceased as Member on 19 August 2015)

The Manager is of the view that the AC members have the relevant expertise to discharge the functions of an AC.

The primary role and responsibilities of the AC is to monitor and evaluate the effectiveness of AmFIRST REIT and the Manager’s internal controls and to ensure that the financial statements comply with the applicable financial reporting standards.

The AC has a set of terms of reference defining its scope of authority which includes, in relation to its management of AmFIRST REIT.

### TERMS OF REFERENCE

The AC is governed by the terms of reference as listed below:-

#### Primary Roles and Responsibilities

- (i) To provide assistance to and to review and report to the Board of the Manager in relation to:-
  - (a) fulfilling the statutory and fiduciary responsibilities of the Manager; and
  - (b) monitoring of the accounting and financial reporting practices of the Trust and the Manager.

- (ii) To determine that the Trust and the Manager have adequate established policies, procedures and guidelines, operating and internal controls, and that they are being complied with and are operating effectively in promoting efficiency and proper conduct and protecting the assets of the Trust.
- (iii) To serve as an independent and objective party in the review of the financial information of the Trust that is presented by the Manager to the Board.
- (iv) To review the quarterly and annual financial statements of the Trust prior to the approval by the Board in particular, with reference to:-
  - (a) changes in or implementation of major accounting policy;
  - (b) significant and unusual events; and
  - (c) compliance with accounting standards and other regulatory requirements.
- (v) To review and approve the scope of audits, audit plans and audit reports of both the external and internal Auditors.
- (vi) To evaluate the adequacy and effectiveness of the Manager’s control systems through the review of the reports of both the external and internal Auditors that highlight internal accounting, organisational and operating control weaknesses and to determine that appropriate corrective actions are being taken by the Manager.
- (vii) To ensure the adequacy of the scope, functions and resources of the internal audit functions and that they have the necessary authority to carry out their works.

## AUDIT COMMITTEE REPORT (CONTD.)

### TERMS OF REFERENCE (CONTD.)

#### Primary Roles and Responsibilities (Contd.)

- (viii) To ensure through discussions with the external and internal Auditors, that no restrictions are being placed by the Manager and employees of the Manager on the scope of their examinations.
- (ix) To direct and supervise any special project or investigation which is considered necessary.
- (x) To prepare when necessary, periodic reports to the Board summarising the works deemed performed in fulfilling the AC primary responsibilities.
- (xi) To review any related party transaction and conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of the Manager's integrity.
- (xii) To review the annual appointment of the external Auditors, or letter of resignation from external Auditors, to negotiate and approve the annual audit fees and/or special audit fees, and evaluate basis of billings therewith.

### MEETING

The AC shall meet at quarterly intervals or such other intervals as the AC shall decide. The quorum necessary for the transaction of the business of the AC shall be two (2) members.

For the financial year ended 31 March 2016, the AC had met a total of four (4) times. The attendance of the AC members to the AC meetings held for the financial year ended 31 March 2016 are as follows:-

Member	Designation	AC Meeting
Y Bhg Dato' Teo Chiang Quan	Independent Non-Executive Director/Chairman	4/4
Sr Tuan Haji Mohd Salleh bin Akram	Independent Non-Executive Director	4/4
Mr Soo Kim Wai (Appointed on 19 August 2015)	Non-Independent Non-Executive Director	2/2
Ms Pushparani a/p A Moothathamby (Ceased as Member on 19 August 2015)	Non-Independent Non-Executive Director	2/2

### SUMMARY OF ACTIVITIES OF THE AC

The activities of the AC for the financial year ended 31 March 2016 as listed below:-

- (i) Reviewed the adequacy and relevance of the scope, functions, resources, risk based internal audit plan and results of the internal audit with the internal Auditors.
- (ii) Reviewed the audit activities carried out by the internal Auditors and the audit reports to ensure corrective actions were taken to address the issues reported.
- (iii) Reviewed with the external Auditors, the audit plan for the year (inclusive of risk and audit approach, system evaluation, audit fees and issues raised, and the Manager's responses) prior to the commencement of the annual statutory audit.
- (iv) Reviewed the financial statements, audit report, issues and reservations arising from the statutory audit with the external Auditors.
- (v) Reviewed and discussed the financial performance with the Manager.
- (vi) Reviewed the quarterly results and financial statements of AmFIRST REIT for recommendation to the Board of the Manager for approval before release to Bursa Malaysia Securities Berhad.
- (vii) Reviewed and endorsed all related party transactions entered into by AmFIRST REIT.
- (viii) Reviewed any conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises question of the Manager's integrity.
- (ix) Discussed the implications of any latest changes and pronouncements on AmFIRST REIT and/or the Manager, issued by the statutory and regulatory bodies.
- (x) Reviewed overall risk management matters to ensure measures in place to manage the risks are adequate.
- (xi) Reported to the Board of the Manager on the significant issues and concerns discussed during the AC meetings, together with applicable recommendations. Minutes of the AC meetings were tabled and noted by the Board of the Manager.
- (xii) Reviewed and recommended the re-appointment of external Auditors to the Board of the Manager for approval.

## DIRECTOR'S RESPONSIBILITY STATEMENT

The Board is responsible to ensure that the financial statements for the financial year ended 31 March 2016 have been prepared and drawn out in accordance with the Malaysian Financial Reporting Standards in Malaysia, International Financial Reporting Standards, applicable provisions of the Deed of AmFIRST REIT and the SC's REITs Guidelines, so as to give a true and fair view of the financial position of AmFIRST REIT as at 31 March 2016 and of its financial performance and cash flows for the year then ended.

In preparing the financial statements for the financial year ended 31 March 2016, the Directors have:-

- Adopted appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;

- Ensured that the financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards; and
- Prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Trust have adequate resources to continue in operational existence for the foreseeable future.

The Directors of the Manager are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of AmFIRST REIT. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.

## ADDITIONAL DISCLOSURES

### A Non-Audit Fee

The non-audit fees paid/payable to the External Auditors, Ernst & Young, for the financial year ended 31 March 2016 amounted to RM9,000.

### B Sanction and/or Penalties

There was no public sanction and/or penalty imposed on the Trust and the Directors of the Manager by the relevant regulatory bodies during the financial year ended 31 March 2016.

### C Material Contract

There was no material contract entered by the Trust that involved the Directors of the Manager or major Unitholders of the Trust during the financial year ended 31 March 2016 except as follow:-

In January 2016, the Trust obtained a new syndicated term loan of total RM250.0 million from Public Bank Berhad (RM150.0 million) and AmBank (M) Berhad (RM100.0 million) to finance the acquisition of Mydin HyperMall, Bukit Mertajam.

- **Relationship between the lender and the borrower**

AmBank (M) Berhad is the major Unitholders of AmFIRST REIT and related to the Trust by virtue of its being the related corporation of AIGB and AMMB.

- **Interest rate**

Cost of Fund + 0.75%.

- **Payment Terms**

Principal loan shall be repaid by a single lump sum payment on the repayment date. Interest shall be paid in arrears on each interest payment date at the prescribed rate which shall be calculated daily on the basis of actual days elapsed and a year of 365 days.

- **Security**

First Party Legal Charge over Mydin HyperMall and Prima 10.

- **Gearing**

46.1% as at 31 March 2016.

### D Family Relationship with any Director and/or Substantial Unitholders

None of the Directors of the Manager has any family relationship with any other Directors or major Unitholders of AmFIRST REIT,

### E Conflict of Interest

No conflict of interest has arisen during the financial year under review.

### F Convictions for Offences (other than traffic offences)

None of the Directors has been convicted for offences within the past ten (10) years.



# Financial Statements

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## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note	2016 RM	2015 RM
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Investment properties	5	1,627,800,000	1,332,200,000
<b>Current Assets</b>			
Receivables	6	55,553,909	33,228,264
Deposits with financial institution	7	9,019,973	4,197,124
Cash and bank balances		35,757,911	505,716
		100,331,793	37,931,104
<b>TOTAL ASSETS</b>		1,728,131,793	1,370,131,104
<b>UNITHOLDERS' FUNDS</b>			
Unitholders' capital	12	636,624,829	636,624,829
Undistributed income	12	242,662,333	204,971,887
<b>Total unitholders' funds</b>		879,287,162	841,596,716
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Rental deposits	8	16,648,977	10,540,261
Borrowings	9	648,515,625	365,200,000
Derivatives	10	3,086,893	1,419,077
		668,251,495	377,159,338
<b>Current Liabilities</b>			
Payables	11	17,784,837	9,045,605
Rental deposits	8	12,869,940	15,616,775
Borrowings	9	149,000,000	126,100,000
Derivatives	10	938,359	612,670
		180,593,136	151,375,050
<b>TOTAL LIABILITIES</b>		848,844,631	528,534,388
<b>TOTAL UNITHOLDERS' FUNDS AND LIABILITIES</b>		1,728,131,793	1,370,131,104
<b>NET ASSET VALUE</b>		879,287,162	841,596,716
<b>NUMBER OF UNITS IN CIRCULATION</b>			
		686,401,600	686,401,600
<b>NET ASSET VALUE PER UNIT</b>			
- before proposed final distribution		1.2810	1.2261
- after proposed final distribution		1.2503	1.2017

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	2016 RM	2015 RM
<b>Gross revenue</b>	13	99,794,016	106,889,417
Property expenses	14	(38,701,793)	(40,270,514)
<b>Net rental income</b>		61,092,223	66,618,903
Interest income		118,016	105,927
Changes in fair value of investment properties	5	31,376,869	2,340,447
Gain on financial liabilities measured at amortised cost		631,621	87,158
Unrealised loss on revaluation of derivatives		(1,993,506)	(2,031,747)
Gain on disposal of investment property		12,222,840	-
Other income		641,659	531,580
		104,089,722	67,652,268
<b>Administrative expenses</b>			
Manager's fee	15	(6,323,113)	(6,126,904)
Trustee's fee	16	(336,530)	(337,590)
Valuation fee		(198,051)	(164,120)
Auditors' remuneration		(53,500)	(46,000)
Tax agent's fee		(16,028)	(99,324)
Other expenses	17	(1,447,674)	(1,305,910)
Interest expense		(27,342,239)	(21,232,660)
		(35,717,135)	(29,312,508)
<b>Profit before taxation</b>		68,372,587	38,339,760
<b>Taxation</b>	18	-	-
<b>Profit for the financial year, representing total comprehensive income for the year</b>		68,372,587	38,339,760
<b>Total comprehensive income for the year is made up as follows:</b>			
- Realised		38,357,603	37,943,902
- Unrealised		30,014,984	395,858
		68,372,587	38,339,760

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONTD.)

	Note	2016 RM	2015 RM
<b>Earnings per unit (sen)</b>	19		
- after manager's fee		9.96	5.59
- before manager's fee		10.88	6.48
		<hr/>	
<b>Net income distribution (RM)</b>	20		
Interim income distribution of 2.03 sen per unit paid on 11 December 2015 (FYE 2015: 3.09 sen per unit paid on 23 December 2014)		13,933,942	21,209,811
Proposed final income distribution of 3.07 sen per unit payable on 30 May 2016 (FYE 2015: Final income distribution of 2.44 sen per unit paid on 30 June 2015)		21,072,529	16,748,199
		<hr/>	
		35,006,471	37,958,010
		<hr/>	
<b>Income distribution per unit * (sen)</b>			
- Interim		2.03	3.09
- Final		3.07	2.44
		<hr/>	
		5.10	5.53
		<hr/>	

\* Withholding tax will be deducted for distributions made to the following types of Unitholders:-

	2016	2015	
Resident individual	10%	10%	
Resident institutional investor	10%	10%	
Non-resident institutional investor	10%	10%	
Resident company (No withholding tax, subject to prevailing corporate tax rate)	Nil	Nil	
Non-resident company	24%/ 25%	25%	
		<hr/>	

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Unitholders' Capital RM	← Undistributed Income →		Unitholders' Funds RM
		Realised Income RM	Unrealised Income RM	
<b>As at 1 April 2015</b>	636,624,829	16,799,353	188,172,534	841,596,716
Total comprehensive income for the year	-	38,357,603	30,014,984	68,372,587
Realisation of the unrealised loss	-	(3,363,270)	3,363,270	-
	636,624,829	51,793,686	221,550,788	909,969,303
<b>Unitholders' transactions</b>				
Distributions to Unitholders				
- 2015 final	-	(16,748,199)	-	(16,748,199)
- 2016 interim	-	(13,933,942)	-	(13,933,942)
	-	(30,682,141)	-	(30,682,141)
<b>As at 31 March 2016</b>	<b>636,624,829</b>	<b>21,111,545</b>	<b>221,550,788</b>	<b>879,287,162</b>
<b>As at 1 April 2014</b>	636,624,829	25,462,341	187,776,676	849,863,846
Total comprehensive income for the year	-	37,943,902	395,858	38,339,760
	636,624,829	63,406,243	188,172,534	888,203,606
<b>Unitholders' transactions</b>				
Distributions to Unitholders				
- 2014 final	-	(25,397,079)	-	(25,397,079)
- 2015 interim	-	(21,209,811)	-	(21,209,811)
	-	(46,606,890)	-	(46,606,890)
<b>As at 31 March 2015</b>	<b>636,624,829</b>	<b>16,799,353</b>	<b>188,172,534</b>	<b>841,596,716</b>

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	68,372,587	38,339,760
<i>Adjustments for:</i>		
Interest income from placements with financial institution	(118,016)	(105,927)
Interest expense	27,342,239	21,232,660
Provision of impairment loss on trade receivables	46,586	311,509
Change in fair value of investment properties	(31,376,869)	(2,340,447)
Gain on financial liabilities measured at amortised cost	(631,621)	(87,158)
Gain on disposal of investment property	(12,222,840)	-
Unrealised loss on revaluation of derivative	1,993,506	2,031,747
Operating profit before working capital changes	53,405,572	59,382,144
<i>Changes in working capital:-</i>		
Increase in receivables	(14,972,232)	(23,143,745)
Increase in payables	8,187,809	215,810
Increase/(decrease) in rental deposits	3,993,502	(213,133)
<b>Net cash generated from operating activities</b>	<b>50,614,651</b>	<b>36,241,076</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investment properties (Note 5)	(254,107,489)	-
Deposit on acquisition of investment properties	-	(2,500,000)
Enhancements of investment properties (Note 5)	(33,013,650)	(27,959,553)
Net proceeds from disposal of investment property	27,720,848	-
Interest income	118,016	105,927
<b>Net cash used in investing activities</b>	<b>(259,282,275)</b>	<b>(30,353,626)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(26,790,816)	(21,095,213)
Distributions paid to Unitholders	(30,682,141)	(46,606,890)
Drawdown of borrowings (net)	306,215,625	62,221,327
<b>Net cash generated from/ (used in) financing activities</b>	<b>248,742,668</b>	<b>(5,480,776)</b>
Net increase in cash and cash equivalents	40,075,044	406,674
Cash and cash equivalents at the beginning of the financial year	4,702,840	4,296,166
<b>Cash and cash equivalents at the end of the financial year</b>	<b>44,777,884</b>	<b>4,702,840</b>
<b>Cash and cash equivalents included in the statement of cash flows comprise the following:-</b>		
Cash and bank balances	35,757,911	505,716
Deposits with financial institution (Note 7)	9,019,973	4,197,124
	<b>44,777,884</b>	<b>4,702,840</b>

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

AmFIRST Real Estate Investment Trust ("AmFIRST REIT" or the "Trust") was constituted pursuant to the execution of a Deed dated 28 September 2006 ("Original Deed") (as amended by the First Supplemented, Revised and Restated Trust Deed dated 15 December 2006 ("First Deed") and the Second Restated Deed dated 13 September 2013 ("Second Deed")) executed between the Manager, Am ARA REIT Managers Sdn Bhd, and the Trustee, Maybank Trustees Berhad. The Second Deed has superseded the Original Deed and the First Deed. The Manager, incorporated in Malaysia, is a wholly-owned subsidiary of Am ARA REIT Holdings Sdn Bhd. Am ARA REIT Holdings Sdn Bhd is 70% owned by AmInvestment Group Berhad and 30% owned by ARA Asset Management (Malaysia) Limited, a wholly-owned subsidiary of ARA AmFIRST (Singapore) Pte. Ltd., which in turn is a wholly-owned subsidiary of ARA Asset Management Limited.

AmFIRST REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 21 December 2006.

The key objective of AmFIRST REIT is to own and invest in real estate, whether directly or indirectly, through the ownership of single-purpose companies whose principal assets comprise real estate and real estate-related assets.

There have been no significant changes in these activities during the financial year.

The registered office of the Manager is located at 22<sup>nd</sup> Floor, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business of the Manager is located at Penthouse, Menara AmFIRST, No. 1, Jalan 19/3, 46300 Petaling Jaya, Selangor.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the Directors on 21 April 2016.

## 2. ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis unless otherwise indicated in the financial statements.

### 2.2 Statement of compliance

The financial statements of the Trust have been prepared in accordance with the provision of the Deed, the Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts ("REITs Guidelines"), Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and applicable securities laws in Malaysia.

### 2.3 Presentation of financial statements

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Trust.

### 2.4 Summary of significant accounting policies

#### 2.4a Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both, rather than for use in the production or supply of goods and services, or for administrative purpose, or sale in the ordinary course of business.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 2. ACCOUNTING POLICIES (CONTD.)

#### 2.4 Summary of significant accounting policies (Contd.)

##### 2.4a Investment properties (Contd.)

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment properties at the time the cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value which reflects market condition at the reporting date. The fair value is arrived at by reference to market evidence of transaction prices for similar properties and is valued by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of property being valued. Gains and losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

##### 2.4b Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

##### 2.4b(i) The Trust as a lessor

Leases in which the Trust does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

##### 2.4c Financial instruments – initial recognition and subsequent measurement

##### 2.4c(i) Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Trust becomes a party to the contractual provisions of the instrument. This includes regular way trades; purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

##### 2.4c(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 2. ACCOUNTING POLICIES (CONTD.)

#### 2.4 Summary of significant accounting policies (Contd.)

##### 2.4c Financial instruments – initial recognition and subsequent measurement (Contd.)

###### 2.4c(iii) Subsequent measurement

The subsequent measurement of financial instruments depends on their classification as described below:-

###### 2.4c(iii)(a) Financial assets and financial liabilities at fair value through profit or loss: derivatives

The Trust uses derivative instrument i.e. interest rate swap to hedge its risk associated with interest rates. Such derivative financial instrument is initially recognised at fair value on the date on which derivative contract is entered into and it is subsequently re-measured at fair value. Derivative is recorded at fair value and carried as asset when its fair value is positive and as liability when its fair value is negative. Changes in fair value of derivative is recognised in profit or loss.

###### 2.4c(iii)(b) Financial assets at amortised cost – loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method based on effective interest rate ("EIR") less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in "interest income" in profit or loss. The losses arising from impairment are recognised in profit or loss as "impairment losses on financial investments" for loans/ financing or "other operating expenses" for receivables.

###### 2.4c(iii)(c) Financial liabilities at amortised cost

Financial liabilities issued by the Trust, that are not designated at fair value through profit or loss, are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Trust having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset.

After initial measurement, borrowings and rental deposits are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

###### 2.4c(iii)(d) "Day 1" profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Trust immediately recognises the difference between the transaction price and fair value (a "Day 1" profit or loss) in "gain/(loss) arising from measuring non-current financial liabilities at amortised cost". In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 2. ACCOUNTING POLICIES (CONTD.)

#### 2.4 Summary of significant accounting policies (Contd.)

##### 2.4c Financial instruments – initial recognition and subsequent measurement (Contd.)

##### 2.4c(iv) Derecognition of financial assets and financial liabilities

##### 2.4c(iv)(a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:-

- The contractual rights to receive cash flows from the asset have expired.
- The Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either:-
  - the Trust has transferred substantially all the risks and rewards of the asset, or
  - the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Trust has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Trust's continuing involvement in the asset. In that case, the Trust also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Trust has retained.

##### 2.4c(iv)(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

##### 2.4d Fair value measurement

The Trust measures certain financial instruments such as derivative, and non-financial assets such as investment property, at fair value at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:-

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 2. ACCOUNTING POLICIES (CONTD.)

#### 2.4 Summary of significant accounting policies (Contd.)

##### 2.4d Fair value measurement (Contd.)

The principal or most advantageous market must be accessible by the Trust.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Trust uses valuation techniques that are in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist, option pricing models and other relevant valuation models.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Trust determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on lowest level input that is significant to the fair value measurements a whole) at the financial year end.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 25.

##### 2.4e Impairment of financial assets

The Trust assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event"), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

##### 2.4e(i) Financial assets carried at amortised cost – loans and receivables

For financial assets carried at amortised cost, the Trust first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Trust determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 2. ACCOUNTING POLICIES (CONTD.)

#### 2.4 Summary of significant accounting policies (Contd.)

##### 2.4e Impairment of financial assets (Contd.)

###### 2.4e(i) Financial assets carried at amortised cost – loans and receivables (Contd.)

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of trade receivables is reduced through the use of an allowance account while the carrying amount of other financial assets are reduced directly in that account. The associated loss is recognised in profit or loss. Trade receivables together with the associated allowance are written-off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Trust. If, in subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account and the particular financial asset account for trade receivables and other financial asset respectively. If a write-off is later recovered, the recovery is adjusted in profit or loss.

##### 2.4f Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

##### 2.4g Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash and bank balances with banks and other financial institution, and short-term deposits maturing within three months.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term funds as defined above and net of outstanding bank overdrafts.

##### 2.4h Provisions

Provisions are recognised when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Trust expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

##### 2.4i Contingent liabilities and contingent assets

A contingent liability is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or in extremely rare cases whereby there is a liability that cannot be recognised because it cannot be measured reliably. The contingent liability is not recognised but instead is disclosed in the financial statements. A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust is also disclosed as a contingent liability unless the probability of outflow or economic resources is remote.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 2. ACCOUNTING POLICIES (CONTD.)

#### 2.4 Summary of significant accounting policies (Contd.)

##### 2.4i Contingent liabilities and contingent assets (Contd.)

A contingent asset is a possible asset that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust. The Trust does not recognise contingent assets in the financial statements but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

##### 2.4j Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:-

##### 2.4j(i) Interest/ financing income and similar income and expense

For all financial assets and financial liabilities measured at amortised cost, interest/ financing income or expense is recorded using the EIR. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Trust revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded in profit or loss.

##### 2.4j(ii) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

##### 2.4k Property expenses

Property expenses consist of property management fees, quit rent, assessment and other outgoings in relation to investment properties.

##### 2.4k(i) Manager's and Trustee's fees

The Manager's and Trustee's fees are recognised on an accrual basis.

The basis by which Manager's and Trustee's fee is derived is as explained in Note 15 and Note 16 respectively.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 2. ACCOUNTING POLICIES (CONTD.)

#### 2.4 Summary of significant accounting policies (Contd.)

##### 2.4l Income distribution of AmFIRST REIT's units

Income distributions are recognised as a liability when they are approved by Trustee and the Board of Directors of the Manager. Interim distributions are deducted from unitholders' funds when they are paid.

Income distribution to unitholders of AmFIRST REIT that are declared after the reporting period are not recognised as a liability at the end of the reporting period.

##### 2.4m Taxation

###### 2.4m(i) Current tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date.

###### 2.4m(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:-

- Where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:-

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 2. ACCOUNTING POLICIES (CONTD.)

#### 2.4 Summary of significant accounting policies (Contd.)

##### 2.4m Taxation (Contd.)

##### 2.4m(ii) Deferred tax (Contd.)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted, or substantively enacted, at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in income statement.

##### 2.4n Earnings per Unit

The Trust's earnings per unit ("EPU") is presented based on basic and diluted format.

Basic EPU is calculated by dividing the profit or loss attributable to unitholders of AmFIRST REIT by the weighted average number of units outstanding during the year.

Diluted EPU is determined by adjusting the profit or loss attributable to unitholders against the weighted average number of units outstanding adjusted for the effects of all dilutive potential units.

### 3. CHANGES IN ACCOUNTING POLICIES

#### 3.1 New and amended standards and interpretations adopted

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended standards and interpretations which became effective for the Trust on 1 April 2015.

- Amendments to MFRS 119: Defined Benefits Plans: Employee Contributions
- Annual Improvements to MFRSs 2010 - 2012 Cycle
- Annual Improvements to MFRSs 2011 - 2013 Cycle

The adoption of these new and amended standards and interpretations did not have any material impact on the financial statements of the Trust.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

#### 3.2 Standards issued but not yet effective

The following are standards issued but not yet effective up to the date of issuance of the Trust's financial statements. The Trust intends to adopt the relevant standards when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127 Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101 Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 107 Disclosure Initiative	1 January 2017
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019

#### 3.3 Effect of adoption of standards issued but not yet effective

The nature of the Standards relevant to the Trust, that are issued but not yet effective are described below. The Trust is assessing the financial effects of their adoption.

##### 3.3a Amendments to MFRS 101 Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:-

- Materiality;
- Disaggregation and subtotals;
- Notes structure;
- Disclosure of accounting policies; and
- Presentation of items of other comprehensive income arising from equity accounted investments.

##### 3.3b MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

#### 3.3 Effect of adoption of standards issued but not yet effective (Contd.)

##### 3.3b MFRS 15 Revenue from Contracts with Customers (Contd.)

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

##### 3.3c MFRS 9 Financial Instruments

In November 2014, the Malaysian Accounting Standards Board (“MASB”) issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

##### 3.3d Annual Improvements to MFRSs 2012-2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs, which are summarised below:-

##### 3.3d (i) MFRS 7 Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

##### 3.3d (ii) MFRS 134 Interim Financial Reporting

MFRS 134 requires entities to disclose information in the notes to the interim financial statements “if not disclosed elsewhere in the interim financial report”.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

#### 3.3 Effect of adoption of standards issued but not yet effective (Contd.)

##### 3.3e MFRS 16 Leases

MFRS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the income statement. For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently. MFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early application permitted provided MFRS 15 is also applied.

##### 3.3f Amendments to MFRS 107 Disclosure Initiative

The amendments to MFRS 107 introduce an additional disclosure on changes in liabilities arising from financing activities. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after 1 January 2017 with early adoption permitted.

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. Judgements, estimates and assumptions are continually evaluated and are based on past experience, reasonable expectations of future events and other factors. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

No major judgements have been made by the Trust in applying the accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year other than those disclosed in Note 5.

### 5. INVESTMENT PROPERTIES

	2016 RM	2015 RM
As at beginning of the year	1,332,200,000	1,301,900,000
Acquisition	254,107,489	-
Enhancements	33,013,650	27,959,553
Disposal	(22,898,008)	-
Change in fair value	31,376,869	2,340,447
	<hr/>	<hr/>
As at end of year	1,627,800,000	1,332,200,000

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 5. INVESTMENT PROPERTIES (CONTD.)

Investment properties are stated at fair value which has been determined based on valuations that reflect market conditions at the end of the reporting period by accredited independent valuers. The valuations were based on comparison and investment methods that makes comparison to comparable properties. The fair value measurement of the investment properties were based on significant inputs that are not observable in the market, which MFRS 13 refers to as Level 3 fair value hierarchy inputs. The significant unobservable input for all investment properties are the capitalisation term yield and the reversion yield.

Description of property	Valuation Date	Term Yield <sup>1</sup>	Reversion Yield <sup>2</sup>
(i) Menara AmBank	15 March 2016	5.75%	6.00%
(ii) Bangunan AmBank Group	11 March 2016	6.00%	6.25%
(iii) Menara AmFIRST	14 March 2016	6.00%	6.25%
(iv) Wisma AmFIRST	19 February 2016	6.25%	6.75%
(v) The Summit Subang USJ	10 March 2016	5.75% - 6.00%	6.00 - 10.00%
(vi) Prima 9	18 February 2016	- <sup>3</sup>	6.50%
(vii) Prima 10	18 February 2016	6.25%	6.50%
(viii) Jaya 99	22 February 2016	6.25%	6.75%
(ix) Mydin HyperMall Bukit Mertajam	29 February 2016	6.50%	7.00%

<sup>1</sup> yield that the investment properties are expected to achieve and is derived from the current average rental rate, including revision upon renewal of tenancies during the year.

<sup>2</sup> yield that the investment properties are expected to achieve upon expiry of current term rental.

<sup>3</sup> No yield is expected to achieve upon expiry of current term rental due to the subject property is vacant as at valuation date.

Significant increases/(decreases) in estimated inputs in isolation would result in a significant higher/(lower) fair value.

NOTES TO THE  
FINANCIAL STATEMENTS (CONTD.)

## 5. INVESTMENT PROPERTIES (CONTD.)

Description of property	Land Title	Location	Existing Use	Cost of Investment		Carrying value as at 31.3.2016		% of valuation to net asset value as at 31.3.2016		Cost of Investment		Carrying value as at 31.3.2015		% of valuation to net asset value as at 31.3.2015	
				RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
(i) Menara AmBank	Freehold	Kuala Lumpur	Commercial Office	251,898,340	314,000,000	35.71	239,937,314	310,000,000	36.83						
(ii) Bangunan AmBank Group	Leasehold <sup>a</sup>	Kuala Lumpur	Commercial Office	192,845,345	259,000,000	29.46	190,842,352	257,000,000	30.54						
(iii) Menara AmFIRST	Freehold	Petaling Jaya	Commercial Office	63,914,876	72,500,000	8.25	63,909,476	71,700,000	8.52						
(iv) AmBank Group Leadership Centre	Freehold	Kuala Lumpur	Commercial Office	-	-	-	26,163,270	22,800,000	2.71						
(v) Wisma AmFIRST	Leasehold <sup>#</sup>	Kelana Jaya	Commercial Office	94,405,989	114,000,000	12.97	94,216,214	112,000,000	13.31						
(vi) The Summit Subang USJ	Freehold	Subang Jaya	Commercial Office, Hotel and Retail Mall	324,194,868	349,400,000	39.74	305,570,316	320,200,000	38.05						
(vii) Prima 9	Freehold	CyberJaya	Commercial Office	73,224,077	74,500,000	8.47	73,224,077	77,000,000	9.15						
(viii) Prima 10	Freehold	CyberJaya	Commercial Office	61,829,610	68,000,000	7.73	61,829,610	68,000,000	8.08						
(ix) Jaya 99	Leasehold <sup>a</sup>	Melacca	Commercial Office	87,753,989	101,400,000	11.53	87,622,093	93,500,000	11.11						
(x) Mydin HyperMall Bukit Mertajam ("Mydin")	Freehold	Penang	Commercial Retail	254,107,488	275,000,000	31.28	-	-	-						
				1,404,174,582	1,627,800,000		1,143,314,722	1,332,200,000							

## Legend:

<sup>a</sup> The leasehold land will expire on 3 June 2084.<sup>#</sup> The leasehold land will expire on 19 February 2094.<sup>a</sup> The leasehold land will expire on 7 October 2109.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 6. RECEIVABLES

	2016 RM	2015 RM
Trade receivables (a)	3,757,165	4,260,744
Less: Allowance for impairment	(784,307)	(997,737)
Trade receivables, net	2,972,858	3,263,007
Other receivables, deposits and prepayments, net (b)	52,581,051	29,965,257
Total receivables, net	55,553,909	33,228,264

- (a) Included in trade receivables are rental outstanding from companies related to the Manager amounting to RM496,844 (2015: RM50,421) which are subject to normal trade terms.
- (b) Included in other receivables in the current year are the contribution to The Management Corporation based on the share unit which had not been capitalised due to the progress of the work for the proposed re-development of The Summit Subang USJ amounting to RM22,120,823 (2015: RM22,190,047).

The Trust's primary exposure to credit risk arises through its trade receivables. The Trust's trading terms with its tenants are mainly on credit. The credit period is generally for a period of seven (7) days as stipulated in the tenancy agreement. The Trust seeks to maintain strict control over its outstanding receivables and has a sound credit control processes in place to minimise credit risk. Overdue balances are reviewed regularly by the management. The Trust's trade receivables relate to a large number of diversified customers, and other than AMMB Holdings Berhad and its subsidiaries and associates ("AmBank Group"), there is no significant concentration of credit risk.

### 7. DEPOSITS WITH FINANCIAL INSTITUTION

	2016 RM	2015 RM
Placements with a licensed bank maturing within three (3) months	9,019,973	4,197,124

The deposits have been placed with a financial institution related to the Manager of the Trust.

Details of the interest rate and maturity of the deposits are disclosed in Note 25(b)(ii).

Included in placements with licensed bank of RM899,412 as disclosed in Note 11(ii) in 2015 held by the Trust on behalf of the vendor of Jaya 99 has been fully refunded to the vendor.

Included in placements with a licensed bank is an amount of RM6,281,240 (2015: Nil) held by the Trust on behalf of the vendor of Mydin Wholesale Cash and Carry Sdn Bhd, as retention sum during the defect liability period (Note 11(iii)).

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 8. RENTAL DEPOSITS

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<i>Non-current</i>		
Payable after 12 months	16,648,977	10,540,261
<i>Current</i>		
Payable within 12 months	12,869,940	15,616,775
	<u>29,518,917</u>	<u>26,157,036</u>

Included in the above are rental deposits received from companies related to the Manager amounting to:-

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<i>Non-current</i>		
Payable after 12 months	8,169,279	3,722,564
<i>Current</i>		
Payable within 12 months	1,739,339	7,040,767
	<u>9,908,618</u>	<u>10,763,331</u>

### 9. BORROWINGS

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<i>Current</i>		
Term Loan	60,000,000	68,000,000
Revolving Credit	89,000,000	58,100,000
	<u>149,000,000</u>	<u>126,100,000</u>
<i>Non-Current</i>		
Term Loan	68,000,000	60,000,000
Revolving Credit	332,000,000	305,200,000
Syndicated Term Loan	250,000,000	-
Loan transaction cost subject to amortisation	(1,484,375)	-
	<u>648,515,625</u>	<u>365,200,000</u>
Total borrowings	<u>797,515,625</u>	<u>491,300,000</u>

A term loan of RM57.0 million and revolving credit of RM4.0 million are secured by way of a lien holder's caveat over Menara AmFIRST. A revolving credit of RM85.0 million is secured by way of a lien holder's caveat over Wisma AmFIRST. A revolving credit of RM210.0 million is secured by a lien holder's caveat over Menara AmBank. A revolving credit of RM140.0 million and term loan of RM60.0 million and RM11.0 million are secured by way of a lien holder's caveat over The Summit Subang USJ. The Syndicated Term Loan of RM250.0 million is secured by first party legal charge over Mydin HyperMall and Prima 10.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 9. BORROWINGS (CONTD.)

Details of the interest rate and maturity of the borrowings are disclosed in Note 25(b)(ii).

The Trust has pledged part of its short term deposits of RM2,738,733 (2015: RM2,657,712) as a requirement for the RM57.0 million Term Loan, RM85.0 million and RM210.0 million Revolving Credit Facilities.

### 10. DERIVATIVES

	2016 RM	2015 RM
Interest rate swap contracts		
Non-Current	3,086,893	1,419,077
Current	938,359	612,670
	4,025,252	2,031,747

On 6 January 2015, The Trust has entered into a 5-year Interest Rate Swap ("IRS") contract with AmBank (M) Berhad with a notional amount of RM100,000,000 to hedge the Trust's floating interest rate for fixed rate in order to mitigate the risk on fluctuating interest rate. The Trust pays fixed rate of 4.25% per annum on the notional amount in exchange of the 3-month KLIBOR.

On 18 January 2016, The Trust has entered into a new 5-year Interest Rate Swap ("IRS") contract with AmBank (M) Berhad with a notional amount of RM100,000,000 to hedge the Trust's floating interest rate for fixed rate. In this contract, The Trust pays fixed rate of 4.09% per annum on the notional amount in exchange of the 3-month KLIBOR.

### 11. PAYABLES

	2016 RM	2015 RM
Trade payables	510,305	1,775,545
Other payables and accruals	17,274,532	7,270,060
	17,784,837	9,045,605

Included in other payables and accruals are:-

- (i) amounts owing to the Manager and Trustee of RM625,340 (2015: RM500,625) and RM29,318 (2015: RM28,123) respectively,
- (ii) the balance of retention sum as at 31 March 2015 of RM899,412 held in trust for the vendor of Jaya 99 (also known as Kompleks Tun Sri Lanang) had been refunded to the vendor upon completion of the guaranteed period of First Term from 1 November 2012 to 31 October 2015. The retention sum for the Second Term of guaranteed period from 1 November 2015 to 31 October 2018 is secured by a bank guarantee from a licensed bank amounted to RM9,361,758.
- (iii) the retention sum for the defect liability period amounted to RM6,281,240 (2015: Nil) from Mydin Wholesale Cash And Carry Sdn Bhd upon completion of the acquisition of Mydin HyperMall Bukit Mertajam.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 12. UNITHOLDERS' FUNDS

Unitholders' funds is represented by:-

	2016 RM	2015 RM
Unitholders' capital	636,624,829	636,624,829
Undistributed realised income	21,111,545	16,799,353
Undistributed unrealised income	221,550,788	188,172,534
	<hr/> 879,287,162	<hr/> 841,596,716

Number of units in circulation:-

	Unit	Unit
At 1 April/31 March	686,401,600	686,401,600

Issued and fully paid:-

	RM	RM
At 1 April/31 March	636,624,829	636,624,829

	← 2016 →		← 2015 →	
	Number of units	Market Value RM	Number of units	Market Value RM
<b>Unitholdings of individual/ companies related to the Manager</b>				
Amcorp Group Berhad	-	-	41,779,353	39,063,695
Yayasan Azman Hashim	41,779,353	31,334,515	-	-
AmBank (M) Berhad	183,489,138	137,616,854	183,489,138	171,562,344
Jadeline Capital Sdn Bhd	36,168,000	27,126,000	36,168,000	33,817,080
AmMetLife Insurance Berhad on behalf of Life Fund	11,200,000	8,400,000	11,200,000	10,472,000
Azman bin Hashim	849,076	636,807	849,076	793,886
<hr/>				
<b>Direct unitholdings of Directors of the Manager</b>				
Zuhairy bin Md Isa (resigned on 8 January 2015)	7,400	5,550	7,400	6,919

The market value is determined by multiplying the number of units with the market closing price of RM0.750 per unit as at 31 March 2016 (31 March 2015: RM0.935 per unit).

All of the Directors of the Manager do not have any unitholding in the Trust during the current financial year end.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 13. GROSS REVENUE

	2016 RM	2015 RM
Gross rental income	92,295,297	98,704,643
Car park income	7,386,147	7,767,406
Other income	112,572	417,368
	<hr/> 99,794,016	<hr/> 106,889,417

### 14. PROPERTY EXPENSES

Included in property expenses are the following:-

	2016 RM	2015 RM
Property management fee*	1,634,395	1,985,555
Rates and assessment	5,889,333	6,162,861
Quit rent	170,117	170,115
	<hr/> 7,693,845	<hr/> 8,318,531

\*Property management fee was charged by property managers in accordance with the Valuers, Appraisers and Estate Agent Act 1981 with permissible discount.

### 15. MANAGER'S FEE

Pursuant to the Deed, the Manager is entitled to receive:-

- (i) a base fee of up to 0.50% per annum of the total asset value of the Trust (excluding any taxes payable);
- (ii) a performance fee of up to 3.00% per annum of the net property income (excluding any taxes payable), accruing monthly, but before deduction of property management fees;
- (iii) an acquisition fee of 1.00% of the acquisition price of any asset of the Trust; and
- (iv) a divestment fee of 0.50% of the sale price of any asset of the Trust.

The Manager's fee for the current financial year consists of a base fee of 0.30% (2015: 0.30%) per annum and performance fee of 3.00% (2015: 3.00%) per annum.

During the financial years, the Manager also received an acquisition fee of RM2,500,000 (2015: RM Nil) for the acquisition of Mydin HyperMall Bukit Mertajam ("Mydin") which was included in the cost of investment of Mydin as disclosed in Note 5, and divestment fee of RM180,000 (2015: RM Nil) for the disposal of AmBank Group Leadership Centre.

### 16. TRUSTEE'S FEE

Pursuant to the Deed, the Trustee is entitled to receive a fee up to 0.10% per annum of the net asset value. The Trustee's fee for the current financial year is calculated based on 0.04% (2015: 0.04%) per annum on the net asset value.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 17. OTHER EXPENSES

Included in other expenses are:-

	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
Provision of impairment loss on trade receivables (Note 25(b)(iii))	46,586	311,509

### 18. TAXATION

	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
Current tax expense	-	-

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967 under the Finance Act 2006 which was gazetted on 31 December 2006, where in the basis period for a year of assessment, 90% or more of the total income of the Trust is distributed to its Unitholders, the total income of the Trust for that year of assessment shall be exempted from tax.

Domestic current income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year. The tax rate was reduced to 24% effective from the financial year of assessment 2016.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective tax rate of the Trust is as follows:-

	<b>2016</b> <b>RM</b>	<b>2015</b> <b>RM</b>
Income before taxation	68,372,587	38,339,760
Income tax using Malaysian tax rate of 24% (2015: 25%)	16,409,421	9,584,940
Effects of non-deductible expenses	429,077	754,760
Effect of fair value adjustment on investment properties not subject to tax	7,530,449	585,112
Effects of income exempted from tax	(24,368,947)	(10,924,812)
Tax expense	-	-

### 19. EARNINGS PER UNIT

Earnings per unit after manager's fees is computed based on net income for the year divided by the weighted average number of units in circulation during the year.

	<b>2016</b>	<b>2015</b>
Net income for the year (RM)	68,372,587	38,339,760
Number of units in circulation during the year (units)	686,401,600	686,401,600
Basic earnings per unit after manager's fee (sen)	9.96	5.59

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 19. EARNINGS PER UNIT (CONTD.)

Earnings per unit before manager's fees is computed based on net income for the year after adding back manager's fees, divided by the weighted average number of units in circulation during the year.

	2016	2015
Net income for the year (RM)	68,372,587	38,339,760
<i>Add back:</i>		
Manager's fee (RM)	6,323,113	6,126,904
Net income for the year before manager's fee (RM)	74,695,700	44,466,664
Number of units in circulation during the year (units)	686,401,600	686,401,600
Basic earnings per unit before manager's fee (sen)	10.88	6.48

### 20. NET INCOME DISTRIBUTION

In respect of the current financial year ended 31 March 2016, the Manager had paid an interim income distribution of 2.03 sen per unit for the six-month financial period from 1 April 2015 to 30 September 2015 of RM13,933,942 and has proposed a final income distribution of 3.07 sen per unit for the six-month financial period from 1 October 2015 to 31 March 2016 totalling RM21,072,529 which is in line with the objectives of AmFIRST REIT to deliver regular and stable distributions to Unitholders. The total income distribution of 5.10 sen per unit for the financial year ended 31 March 2016 is from the following sources:-

	2016 RM	2015 RM
Gross revenue	99,794,016	106,889,417
Interest income	118,016	105,927
Other income	641,659	531,580
Gain on disposal of investment property	12,222,840	-
Fair value loss on investment property	(3,363,270)	-
	109,413,261	107,526,924
Less: Expenses	(74,418,928)	(69,583,022)
	34,994,333	37,943,902
Add: Undistributed income at beginning of the year	51,465	65,573
Total income available for distribution	35,045,798	38,009,475
Less: Undistributed income at end of the year	(39,327)	(51,465)
	35,006,471	37,958,010
Distribution per unit (sen)	5.10	5.53

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 21. PORTFOLIO TURNOVER RATIO

	2016	2015
Portfolio Turnover Ratio ("PTR") (Times)	0.14	-

The calculation of PTR is based on the average of the total acquisitions and total disposals of investments in the Trust for the financial year calculated to the average of the net asset value during the financial year.

### 22. MANAGEMENT EXPENSE RATIO

	2016	2015
Management Expense Ratio ("MER") (%)	0.99	0.96

The calculation of MER is based on total fees of the Trust incurred, including the Manager's fee, Trustee's fee, auditors' remuneration, tax agent's fee and administrative expenses, to the average net asset value during the financial year. Comparison of MER of the Trust with other real estate investment trust which use different basis of calculation may not be an accurate comparison.

### 23. CAPITAL COMMITMENT AND CONTINGENCIES

	2016 RM	2015 RM
<i>Approved but not contracted for:</i> Investment properties	35,599,486	16,606,089
<i>Approved and contracted for:</i> Investment properties	15,435,568	29,879,148

### 24. TRANSACTIONS WITH THE COMPANIES RELATED TO THE MANAGER

	2016 RM	2015 RM
Rental earned from AmBank Group	41,941,410	42,674,742
Interest earned from AmBank (M) Berhad	118,016	105,927
Interest paid to AmBank (M) Berhad	26,004,935	21,095,213

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 24. TRANSACTIONS WITH THE COMPANIES RELATED TO THE MANAGER (CONTD.)

Other than as disclosed in the respective notes, the other balances and transactions with companies related to the Manager include:-

	2016 RM	2015 RM
<b>AmBank Group</b>		
Bank balances and deposits placed with AmBank (M) Berhad	44,771,334	4,646,197
Bank borrowings from AmBank (M) Berhad	649,000,000	491,300,000
Rental deposits received from the AmBank Group	9,908,618	10,763,331
Loan Facilities fee	195,000	40,000
	<hr/>	<hr/>
<b>AmInvestment Bank Berhad</b>		
Corporate Advisory fee	-	60,000
	<hr/>	<hr/>

The above transactions have been entered into in the normal course of business and have been established on terms and conditions that have been negotiated between the related parties.

### 25. FINANCIAL INSTRUMENTS

AmFIRST REIT operates within clearly defined guidelines as set out in the REITs Guidelines. The REITs Guidelines have been formulated with the objective of providing a regulatory framework that would protect the interests of the investing public. AmFIRST REIT's risk management policies, which ensure compliance with the spirit of the REITs Guidelines, are set out below. It is not the Trust's policy to engage in speculative transactions.

- (a) The following are classes of financial instruments that have carrying amounts which are reasonable approximations of their fair value.

<b>Loans and receivables</b>	<b>Note</b>
Receivables	(i)
Deposits with financial institution	(i)
Cash and bank balances	(i)
<b>Financial liabilities</b>	
Payables	(i)
Rental deposits	(ii)
Borrowings	(ii)

The following methods and assumptions were used to estimate the fair values of financial assets and liabilities as at the reporting date:-

**(i) Cash and bank balances, deposits with financial institution, receivables and payables**

The carrying values of these financial assets and financial liabilities approximate their fair value due to the short-term maturity of these instruments.

**(ii) Rental deposits and borrowings**

Fair value is estimated by discounting expected future cash flows at the market incremental lending rate for similar types of borrowings and payables at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 25. FINANCIAL INSTRUMENTS (CONTD.)

#### (b) Financial risk management objectives and policies

AmFIRST REIT is exposed to financial risks arising from operations and the use of financial instruments. The key financial risks include interest rate, credit and liquidity risks.

#### (i) Interest rate risk

AmFIRST REIT's exposure to changes in interest rates relate primarily to interest-earning financial assets and interest bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which interest expense could be affected by adverse movements in interest rate.

The interest rate profile of AmFIRST REIT's significant interest bearing financial instruments, based on carrying amounts as at the end of reporting period is as follows:-

	2016 RM	2015 RM
<b>Financial assets:</b>		
<i>Floating rate instrument</i>		
Deposits with financial institution	9,019,973	4,197,124
<b>Financial liabilities:</b>		
<i>Fixed rate instrument</i>		
Term Loans	117,000,000	117,000,000
Revolving credit	30,000,000	30,000,000
	147,000,000	147,000,000
<i>Floating rate instrument</i>		
Term Loans	259,515,625	11,000,000
Revolving credit	391,000,000	333,300,000
	650,515,625	344,300,000
Interest rate swap contracts	4,025,252	2,031,747

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 25. FINANCIAL INSTRUMENTS (CONTD.)

#### (b) Financial risk management objectives and policies (Contd.)

##### (i) Interest rate risk (Contd.)

##### Interest rate risk sensitivity analysis

If the interest rates have been higher or lower and all other variables were held constant, the Trust's income for the following year would increase or (decrease) accordingly as a result from the Trust's exposure to interest rates on its borrowing which is not hedged. The Trust has performed the following interest rate sensitivity analysis to show the Trust's sensitivity to interest rates exposure:-

	Profit or loss	
	25 bp Increase RM	25 bp Decrease RM
<b>2016</b>		
Floating rate instruments	(1,630,000)	1,630,000
IRS swap Contract	500,000	(500,000)
	<hr/>	<hr/>
	(1,130,000)	(1,130,000)
	<hr/>	<hr/>
<b>2015</b>		
Floating rate instruments	(860,750)	860,750
IRS swap Contract	250,000	(250,000)
	<hr/>	<hr/>
	(610,750)	(610,750)
	<hr/>	<hr/>

##### (ii) Effective interest rates

In respect of interest-earning financial assets and interest bearing liabilities, the following table indicates their weighted average effective interest rates at the reporting date and the periods in which they mature.

	Weighted average effective interest rate %	Total RM	Within 1 year RM	> 1 - 5 years RM
<b>2016</b>				
<b>Financial assets</b>				
Deposits with financial institution	3.10	9,019,973	9,019,973	-
		<hr/>	<hr/>	<hr/>
<b>Financial liabilities</b>				
Term loans	4.66	376,515,625	60,000,000	316,515,625
Revolving credit facilities	4.54	421,000,000	89,000,000	332,000,000
		<hr/>	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 25. FINANCIAL INSTRUMENTS (CONTD.)

#### (b) Financial risk management objectives and policies (Contd.)

##### (ii) Effective interest rates (Contd.)

	Weighted average effective interest rate %	Total RM	Within 1 year RM	> 1 - 5 years RM
<b>2015</b>				
<b>Financial assets</b>				
Deposits with financial institution	2.58	4,197,124	4,197,124	-
<b>Financial liabilities</b>				
Term loans	4.53	128,000,000	68,000,000	60,000,000
Revolving credit facilities	4.63	363,300,000	58,100,000	305,200,000

##### (iii) Credit risk

Credit risk is the risk of loss that may arise on the outstanding financial assets should a counterparty default on its obligation.

As at the reporting date, other than the amount due from the AmBank Group, the Trust does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

The Trust's credit risk profile of its trade receivables as at the reporting date is tabled as follows:-

	Gross RM	Provision of Impairment Loss RM	Net RM
<b>2016</b>			
<b>Current</b>	2,478,393	(190,327)	2,288,066
Impairment			
Past due 30 - 60 days	657,484	(92,856)	564,628
Past due 61 - 90 days	113,557	(72,784)	40,773
Past due more than 90 days	507,731	(428,340)	79,391
	3,757,165	(784,307)	2,972,858

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 25. FINANCIAL INSTRUMENTS (CONTD.)

#### (b) Financial risk management objectives and policies (Contd.)

##### (iii) Credit risk (Contd.)

	Gross RM	Provision of Impairment Loss RM	Net RM
<b>2015</b>			
<b>Current</b>	1,863,008	-	1,863,008
Past due but not impaired:			
Past due 30 - 60 days	676,040	-	676,040
Past due 61 - 90 days	612,028	-	612,028
Past due more than 90 days	111,931	-	111,931
Impaired:			
Past due more than 90 days	997,737	(997,737)	-
	<u>4,260,744</u>	<u>(997,737)</u>	<u>3,263,007</u>

All of the Trust's other receivables are neither past due nor impaired.

Movement in the allowance for the impairment of receivables is as follows:-

	2016 RM	2015 RM
As at beginning of the year	997,737	770,745
Amount written off	(260,016)	(84,517)
Charge (Note 17)	46,586	311,509
As at 31 March	<u>784,307</u>	<u>997,737</u>

##### (iv) Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting its financial obligations as they fall due.

The Trust manages its liquidity risk by maintaining a portion of its resources in deposits and balances with financial institutions to meet estimated commitments arising from financial liabilities.

The table below summarises the maturity profile of the Trust's financial liabilities at the reporting date based on contractual repayment obligations.

	Within one year RM	1 - 5 years RM	Total RM
<b>2016</b>			
Rental deposits	12,869,940	16,648,977	29,518,917
Payables	17,784,837	-	17,784,837
Borrowings	149,000,000	648,515,625	797,515,625
<b>Total financial liabilities</b>	<u>179,654,777</u>	<u>665,164,602</u>	<u>844,819,379</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 25. FINANCIAL INSTRUMENTS (CONTD.)

#### (b) Financial risk management objectives and policies (Contd.)

##### (iv) Liquidity risk (Contd.)

	Within one year RM	1 - 5 years RM	Total RM
<b>2015</b>			
Rental deposits	15,616,775	10,540,261	26,157,036
Payables	9,045,605	-	9,045,605
Borrowings	126,100,000	365,200,000	491,300,000
<b>Total financial liabilities</b>	<b>150,762,380</b>	<b>375,740,261</b>	<b>526,502,641</b>

### 26. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

- (a) On 15 April 2015, an announcement was made to Bursa Securities for the proposed acquisition of a three (3) storey hypermall building, each floor with a mezzanine level together with 1,242 car park bays and 1,236 motorcycle bays identified as Mydin HyperMall for a cash consideration of RM250.0 million from Mydin Wholesale Cash and Carry Sdn Bhd.

The proposed acquisition has been completed on 29 January 2016.

- (b) On 15 December 2015, an announcement was made for the proposed disposal of a 13-storey office building comprising of a 10-storey office block, a penthouse and a 3-level car park known as AmBank Group Leadership Center located at Jalan Puncak, off Jalan P Ramlee, 50250 Kuala Lumpur to Techvance Properties Management Sdn Bhd ("Purchaser") for a cash consideration of RM36.0 million.

The proposed disposal has been completed on 31 March 2016.

### 27. CAPITAL MANAGEMENT

The Trust's objective when managing capital are to safeguard the Trust's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise Unitholders' value.

The Manager monitors capital using the gearing of the Trust. Under the SC's REITs Guidelines, the Trust is required to maintain a gearing not exceeding 50%.

The gearing is calculated as gross borrowings divided by total assets value of the Trust, based on the latest valuations. Gross borrowings refer to the gross interest-bearing borrowings as set out in Note 9.

	2016 RM	2015 RM
Total borrowings	797,515,625	491,300,000
Total assets	1,728,131,793	1,370,131,104
Gearing (%)	46.1%	35.9%

## SUPPLEMENTARY INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD

### 28. DISCLOSURE OF REALISED AND UNREALISED INCOME

The breakdown of undistributed income of the Trust into realised and unrealised profits, pursuant to the directive issued by Bursa Malaysia Securities Berhad on 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the context of Disclosure Pursuant to Bursa Malaysia Securities Berhad's Listing Requirements, as issued by The Malaysian Institute of Accountants, is as follows:-

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>Realised</b>		
Distributable undistributed income	21,111,545	16,799,353
<b>Unrealised</b>		
Cumulative net change arising from the fair value of investment properties	223,625,418	188,885,279
Gain on financial liabilities measured at amortised cost	1,950,623	1,319,002
Unrealised loss on revaluation of derivative	(4,025,253)	(2,031,747)
	<hr/> 242,662,333	<hr/> 204,971,887

## STATEMENT BY THE DIRECTORS OF THE MANAGER

We, Soo Kim Wai and Wong Khim Chon, being two of the Directors of the Manager, do hereby state that, in the opinion of the Directors of the Manager, the financial statements of AmFIRST Real Estate Investment Trust (the "Trust") as set out on pages 90 to 122 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Trust as at 31 March 2016 and of the results and the cash flows of the Trust for the financial year then ended.

The information set out in page 123 of the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the context of disclosure pursuant to Bursa Securities's Listing Requirements, as issued by The Malaysian Institute of Accountants.

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager.



**SOO KIM WAI**

Kuala Lumpur, Malaysia  
21 April 2016



**WONG KHIM CHON**

## STATUTORY DECLARATION

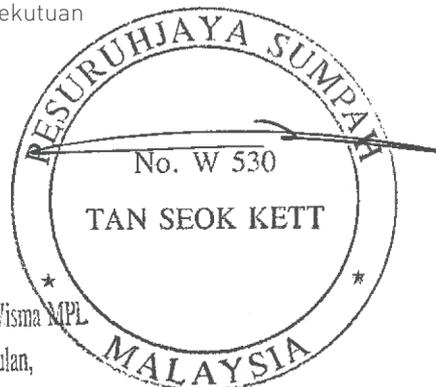
I, Chong Hong Chuon, being the officer primarily responsible for the financial management of AmFIRST Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 90 to 123 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
the abovenamed Chong Hong Chuon  
at Kuala Lumpur in Wilayah Persekutuan  
on 21 April 2016



**CHONG HONG CHUON**

Before me:



Lot 350, 3rd Floor, Wisma MPL  
Jalan Raja Chulan,  
50200 Kuala Lumpur.

Commissioner for Oaths

## TRUSTEE'S REPORT

To the Unitholders of AmFIRST Real Estate Investment Trust

We have acted as the Trustee of AmFIRST Real Estate Investment Trust ("the Trust") for the financial year ended 31 March 2016. To the best of our knowledge, Am ARA REIT Managers Sdn. Bhd. has managed the Trust in accordance with the roles and responsibilities and limitation imposed on the investment powers of the management company and the Trustee under the Deed, the Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws during the financial year ended 31 March 2016.

We are of the opinion that:-

- (i) the valuation and pricing of the Trust's units are adequate and such valuation/pricing is carried out in accordance with the Deed and other regulatory requirements.
- (ii) the income distributions declared and paid during the financial year ended 31 March 2016 are in line with and are reflective of the objectives of the Trust.

For Maybank Trustees Berhad



**BERNICE LAU KAM MUN**  
Head, Operations

Kuala Lumpur, Malaysia  
21 April 2016

## INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AmFIRST REAL ESTATE INVESTMENT TRUST

### Report on the financial Statements

We have audited the financial statements of AmFIRST Real Estate Investment Trust (the "Trust"), which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 90 to 122.

#### *Manager's and Trustee's responsibility for the financial statements*

The Manager of the Trust is responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable fair presentation of these financial statements.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Trust as at 31 March 2016 and of its financial performance, changes in net asset value and cash flows for the year ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### *Reporting Responsibilities*

"The supplementary information as disclosed in Note 28 on page 123 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors of the Manager are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by The Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### Other matters

This report is made solely to the Unitholders of the Trust, as a body, in accordance with the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young  
AF: 0039  
Chartered Accountants



Chan Hooi Lam  
No. 2844/02/18 (J)  
Chartered Accountant

## ANALYSIS OF UNITHOLDERS

### Thirty (30) Largest Unitholders As At 6 May 2016

Nos.	Names	No. of Unit Held	% of Unitholdings
1	AmBank (M) Berhad *	183,489,138	26.73
2	Yayasan Azman Hashim *	41,779,353	6.09
3	Jadeline Capital Sdn Bhd *	36,168,000	5.27
4	CIMB Group Nominees (Tempatan) Sdn Bhd Yayasan Hasanah (AUR-VCAM)	20,252,700	2.95
5	AMSEC Nominees (Tempatan) Sdn Bhd AmMetLife Insurance Berhad (FM-AMAB-LF)	11,200,000	1.63
6	Affin Hwang Investment Bank Berhad iVT (JBD)	9,143,520	1.33
7	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	9,068,600	1.32
8	AmanahRaya Trustees Berhad Public Optimal Growth Fund	8,500,000	1.24
9	DFN Resources Sdn Bhd	7,142,900	1.04
10	Valuecap Sdn Bhd	5,855,900	0.85
11	Lim Soon Huat	5,122,272	0.75
12	Tan Kim Chuan	4,901,000	0.71
13	AMSEC Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad For Ng Bee Lan (9917-2101)	4,400,000	0.64
14	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ramanathan A/L L. Manickavasagam (Solaris-CL)	3,304,900	0.48
15	Wing Kwong @ Chan Wing Kwong	3,298,724	0.48
16	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For AIA Bhd	2,572,932	0.37
17	Cimsec Nominees (Asing) Sdn Bhd Exempt AN for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	2,535,280	0.37
18	Seng Siaw Wei	2,500,000	0.36
19	Lim Kew Seng	2,083,080	0.30
20	Radhakrishnan A/L Menon	2,050,000	0.30
21	AmanahRaya Trutees Berhad Public Mutual PRS Growth Fund	1,800,000	0.26
22	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA International Real Estate Securities Portfolio of DFA Investment Dimensions Group Inc	1,788,940	0.26
23	Oh Eng Hoe	1,600,000	0.23
24	Wong Soh Har @ Wong Yin Teck	1,582,600	0.23
25	Labuan Reinsurance (L) Ltd	1,525,200	0.22
26	Yap Ah Ngah @ Yap Neo Nya	1,500,000	0.22

## ANALYSIS OF UNITHOLDERS (CONTD.)

### Thirty (30) Largest Unitholders As At 6 May 2016 (Contd.)

Nos.	Names	No. of Unit Held	% of Unitholdings
27	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Liew Sun Yick	1,416,500	0.21
28	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Kin Kheong (E-IMO)	1,385,000	0.20
29	Maybank Nominees (Tempatan) Sdn Bhd Chau Mei Lan	1,366,251	0.20
30	Neoh Choo Ee & Company Sdn Berhad	1,357,142	0.20
<b>Total</b>		<b>380,689,932</b>	<b>55.44</b>

\* Substantial Unitholders (More than 5% of the unit in circulation).

### Distribution Schedule of Unit As At 6 May 2016

Category	No. of Unitholders	No. of Unit Held	% of Unitholdings
Less than 100	583	22,441	0.00
100 to 1,000	3,215	2,108,691	0.31
1,001 to 10,000	5,556	24,243,278	3.53
10,001 to 100,000	2,855	95,531,020	13.92
100,001 to less than 5% of the issue units	683	303,059,679	44.15
5% and above the issue units	3	261,436,491	38.09
<b>Total</b>	<b>12,895</b>	<b>686,401,600</b>	<b>100.00</b>

### Classification of Unitholders As At 6 May 2016

Category of Unitholders	No. of Unitholders		No. of Unit Held		% of Total Unitholdings	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1. Individual	10,613	189	223,298,771	8,081,713	32.53	1.18
2. Body Corporate						
a. Banks/Finance Companies	12	-	210,502,638	-	30.67	-
b. Investment Trusts/Foundation/ Charities	5	-	42,163,661	-	6.14	-
c. Industrial and Commercial Companies	172	8	22,120,846	36,608,073	3.22	5.33
3. Government Agencies/Institutions	2	-	51,421	-	0.01	-
4. Nominees	1,746	148	127,538,269	16,036,208	18.58	2.34
<b>Total</b>	<b>12,550</b>	<b>345</b>	<b>625,675,606</b>	<b>60,725,994</b>	<b>91.15</b>	<b>8.85</b>

## CORPORATE DIRECTORY

### THE MANAGER

**Am ARA REIT Managers Sdn Bhd**  
(Company No. 730964-X)

### REGISTERED OFFICE OF THE MANAGER

22<sup>nd</sup> Floor, Bangunan AmBank Group  
No. 55, Jalan Raja Chulan  
50200 Kuala Lumpur  
Telephone No. : 603 – 2036 2633  
Facsimile No. : 603 – 2032 1914

### BUSINESS ADDRESS OF THE MANAGER

Penthouse, Menara AmFIRST  
No. 1, Jalan 19/3  
46300 Petaling Jaya  
Selangor  
Telephone No. : 603 – 7955 8780/8782  
Facsimile No. : 603 – 7955 8360/80  
Website: [www.amfirstreit.com.my](http://www.amfirstreit.com.my)

### BOARD OF DIRECTORS OF THE MANAGER

**Mr Soo Kim Wai**  
Non-Independent Non-Executive Director/Chairman

**Y Bhg Dato' Teo Chiang Quan**  
Independent Non-Executive Director

**Sr Tuan Haji Mohd Salleh bin Akram**  
Independent Non-Executive Director

**Ms Pushparani a/p A Moothathamby**  
Non-Independent Non-Executive Director

**Mr Kong Tai Meng Thomas**  
Non-Independent Non-Executive Director

**Mr Wong Khim Chon**  
Executive Director/Chief Executive Officer

### COMPANY SECRETARIES

**Ms Koid Phaik Gunn (MAICSA 7007433)**  
**Puan Hafidzah binti Zakaria (MAICSA 7052802)**  
22<sup>nd</sup> Floor, Bangunan AmBank Group  
No. 55, Jalan Raja Chulan  
50200 Kuala Lumpur  
Telephone No. : 603 – 2036 2633  
Facsimile No. : 603 – 2032 1914

### TRUSTEE

**Maybank Trustees Berhad**  
(Company No. 5004-P)  
8<sup>th</sup> Floor, Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur  
Telephone No. : 603 – 2078 8363  
Facsimile No. : 603 – 2070 9387

### PROPERTY MANAGERS

**Malik & Kamaruzaman Property Management Sdn Bhd**  
3<sup>rd</sup> Floor, Wisma Yakin  
Jalan Melayu  
50100 Kuala Lumpur  
Telephone No. : 603 – 2698 5522  
Facsimile No. : 603 – 2692 5202

**Savills (KL) Sdn Bhd**  
#9-1, Level 9, Menara Milenium  
Jalan Damanela  
Bukit Damansara  
50490 Kuala Lumpur  
Telephone No. : 603 – 2092 5955  
Facsimile No. : 603 – 2092 5966

**DTZ Nawawi Tie Leung Property Consultants Sdn Bhd**  
Suite 34.01, Level 34  
Menara Citibank  
165 Jalan Ampang  
50450 Kuala Lumpur  
Telephone No. : 603 – 2161 7228  
Facsimile No. : 603 – 2161 1633

## CORPORATE DIRECTORY (CONTD.)

### AUDITORS

#### **Messrs Ernst & Young (AF: 0039)**

Chartered Accountants  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
Telephone No. : 603 – 7495 8000  
Facsimile No. : 603 – 2095 5332

### TAX ADVISER

#### **PricewaterhouseCoopers Taxation Services Sdn Bhd**

(Company No. 464731-M)  
Level 10, 1 Sentral Jalan Rakyat  
Kuala Lumpur Sentral  
P.O. Box 10192  
50706 Kuala Lumpur  
Telephone No. : 603 – 2173 1188  
Facsimile No. : 603 – 2173 1288

### PRINCIPAL BANKER

#### **AmBank (M) Berhad**

Level 18, Menara Dion  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Telephone No. : 603 – 2026 3939  
Facsimile No. : 603 – 2026 6855

#### **Public Bank Berhad**

Menara Public Bank  
146, Jalan Ampang  
50450 Kuala Lumpur  
Telephone No. : 603 – 2163 8888 / 8899  
Facsimile No. : 603-2163 9917

### REGISTRAR

#### **Symphony Share Registrars Sdn Bhd**

Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor  
Telephone No. : 603 – 7849 0777  
(Helpdesk)  
Facsimile No. : 603 – 7841 8151/8152

### STOCK EXCHANGE LISTING

#### **Main Market of Bursa Malaysia**

Securities Berhad  
Stock Name : AmFIRST  
Stock Code : 5120

## NOTICE OF FOURTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fourth Annual General Meeting (“AGM”) of the Unitholders of AmFIRST Real Estate Investment Trust (“AmFIRST REIT”) will be held at Manhattan III, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No.1 Jalan Imbi, 55100 Kuala Lumpur on Thursday, 28 July 2016 at 10.00 a.m. or at any adjournment thereof, for the following purposes:-

### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2016 of AmFIRST REIT together with the Reports of the Trustee and Auditors thereon.

### SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

2. **PROPOSED AUTHORITY TO ALLOT AND ISSUE NEW UNITS PURSUANT TO CLAUSE 14.03 OF SECURITIES COMMISSION MALAYSIA’S GUIDELINES ON REAL ESTATE INVESTMENT TRUSTS (“REITs GUIDELINES”)**

### ORDINARY RESOLUTION NO. 1

“THAT pursuant to the REITs Guidelines, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and subject to the passing of Ordinary Resolution No. 2 below and the approvals being obtained from all relevant authorities and/or parties, where required, the Board of Directors of Am ARA REIT Managers Sdn Bhd (the “Manager”) (the “Directors”) be and are hereby authorised to allot and issue new units in AmFIRST REIT (“Units”) from time to time to such persons and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of new Units issued, when aggregated with the number of Units to be issued pursuant to this resolution does not exceed 20% of the existing approved fund size of AmFIRST REIT for the time being comprising 686,401,600.

AND THAT the new Units to be issued pursuant to this resolution shall, upon allotment and issuance, rank equally in all respects with the existing Units, except that the new Units will not be entitled to any distributable income, rights, benefit, entitlement and/or any other distributions that may be declared prior to the date of allotment and issuance of such new Units.

AND THAT the Directors and Maybank Trustees Berhad (the “Trustee”), acting for and on behalf of AmFIRST REIT, be and are hereby authorised to give effect to this resolution with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be imposed by the relevant authorities or as the Manager and the Trustee may deem to be in the best interest of the Unitholders and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and to give full effect to this resolution.”

## NOTICE OF FOURTH ANNUAL GENERAL MEETING (CONTD.)

3. **PROPOSED INCREASE IN THE EXISTING APPROVED FUND SIZE OF AmFIRST REIT FROM 686,401,600 UNITS UP TO A MAXIMUM OF 823,681,920 UNITS IN AmFIRST REIT ("UNITS")**

**ORDINARY  
RESOLUTION NO. 2**

"THAT subject to the passing of Ordinary Resolution No.1 above and the approvals being obtained from all relevant authorities and/or parties, where required, the existing approved fund size of AmFIRST REIT be increased from 686,401,600 Units up to a maximum of 823,681,920 Units by the creation of up to 137,280,320 new Units.

AND THAT the Directors and Maybank Trustees Berhad (the "Trustee"), acting for and on behalf of AmFIRST REIT, be and are hereby authorised to give effect to the increase in fund size with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as they may deem fit in the best interest of AmFIRST REIT and/or as may be required by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as may be deemed necessary or expedient to implement, finalise and to give full effect to the increase in fund size."

**By Order of the Board of**

**Am ARA REIT MANAGERS SDN BHD (730964-X)**

The Manager of AmFIRST Real Estate Investment Trust

Koid Phaik Gunn (MAICSA 7007433)  
Hafidzah binti Zakaria (MAICSA 7052802)  
Company Secretaries

Kuala Lumpur  
31 May 2016

**Notes:-**

- (1) In respect of deposited securities, only unitholders whose names appear in the Record of Depositors of AmFIRST REIT on 21 July 2016 shall be eligible to attend the AGM.
- (2) A Unitholder entitled to attend and vote at the AGM is entitled to appoint another person (whether a Unitholder or not) as its proxy to attend and vote instead of him/her. There shall be no restrictions as to the qualification of the proxy. A proxy appointed to attend and vote at the AGM shall have the same rights as the Unitholder to speak at the AGM.
- (3) A Unitholder shall not be entitled to appoint more than two (2) proxies to attend and vote at the AGM. Where a Unitholder appoints two (2) proxies, the appointment shall be invalid unless it specifies the proportions of its holdings to be represented by each proxy.
- (4) Where a Unitholder is a corporation, its duly authorised representative shall be entitled to attend and vote at the AGM and shall be entitled to appoint another person (whether a Unitholder or not) as its proxy to attend and vote. The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation, the Form of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (5) If a Unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with units of AmFIRST REIT standing to the credit of the said securities account.
- (6) Where a Unitholder is an exempt authorised nominee which holds units in AmFIRST REIT for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- (7) The instrument appointing a proxy must be deposited at the registered office of the Manager at 22<sup>nd</sup> Floor, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.
- (8) **Note to Ordinary Resolution No. 1 – Proposed Authority to Allot and Issue New Units Pursuant to Clause 14.03 of Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts**  
Ordinary Resolution No. 1, if passed, will give the Board of Directors of the Manager (the "Directors"), from the date of the forthcoming Fourth AGM, authority to allot and issue up to twenty percent (20%) of the existing approved fund size of AmFIRST REIT for the time being, as and when the need or business opportunities arise which the Directors consider would be in the interest of AmFIRST REIT. This authority, unless revoked or varied at a general meeting, will expire at the next AGM.
- (9) **Note to Ordinary Resolution No. 2 – Proposed Increase in the Existing Approved Fund Size of AmFIRST REIT from 686,401,600 Units in AmFIRST REIT up to a maximum of 823,681,920 Units**  
Ordinary Resolution No. 2, if passed, would facilitate the allotment and issuance of Units pursuant to Ordinary Resolution No. 1.



# AmFIRST

Real Estate Investment Trust

## AmFIRST REAL ESTATE INVESTMENT TRUST

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

### FORM OF PROXY

CDS Account No.
**CDS Account No. of Authorised Nominee
Number of Units held

\*I/We (full name), .....

(\*NRIC No./Passport No./Company No.....)

of (full address).....

being a Unitholder of **AmFIRST Real Estate Investment Trust ("AmFIRST REIT")** hereby appoint:-

#### First Proxy "A"

Full Name:		Proportion of Unitholdings Represented	
		No. of Units	%
NRIC No./Passport No.:			
Full Address:			

and/or failing \*him/her,

#### Second Proxy "B"

Full Name:		Proportion of Unitholdings Represented	
		No. of Units	%
NRIC No./Passport No.:			
Full Address:			

100%

or \*failing him/her, \*the Chairman of the meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Fourth Annual General Meeting ("AGM") of the Unitholders of AmFIRST REIT to be held at Manhattan III, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1 Jalan Imbi, 55100 Kuala Lumpur on Thursday, 28 July 2016 at 10.00 a.m. or at any adjournment thereof.

No.	Resolution	For	Against
1	Ordinary Resolution No. 1		
2	Ordinary Resolution No. 2		

Please indicate with an "X" in the spaces above as to how you wish your votes to be cast. In the absence of specific directions, your proxy will vote or abstain as \*he/she thinks fit.

Date this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

Signature of Unitholder/Common Seal

Tel: \_\_\_\_\_ (Office/House) \_\_\_\_\_ (Mobile)

#### Notes:-

- In respect of deposited securities, only unitholders whose names appear in the Record of Depositors of AmFIRST REIT on 21 July 2016 shall be eligible to attend the AGM.
- A Unitholder entitled to attend and vote at the AGM is entitled to appoint another person (whether a Unitholder or not) as its proxy to attend and vote in his/her stead. There shall be no restrictions as to the qualification of the proxy. A proxy appointed to attend and vote at the AGM shall have the same rights as the Unitholder to speak at the AGM.
- A Unitholder shall not be entitled to appoint more than two (2) proxies to attend and vote at the AGM. Where a Unitholder appoints two (2) proxies, the appointment shall be invalid unless it specifies the proportions of its holdings to be represented by each proxy.
- Where a Unitholder is a corporation, its duly authorised representative shall be entitled to attend and vote at the AGM and shall be entitled to appoint another person (whether a Unitholder or not) as its proxy to attend and vote in his/her stead.
- If a Unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with units of AmFIRST REIT standing to the credit of the said securities account.
- Where a Unitholder is an exempt authorised nominee, which holds units in AmFIRST REIT for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing, or if the appointor is a corporation, the Form of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the registered office of the Manager at 22nd Floor, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.



PLEASE FOLD HERE TO SEAL

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Affix  
Stamp

The Company Secretary  
**AmFIRST Real Estate Investment Trust**  
**Am ARA REIT Managers Sdn Bhd**  
22<sup>nd</sup> Floor, Bangunan AmBank Group  
No. 55, Jalan Raja Chulan  
50200 Kuala Lumpur  
Malaysia

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# REQUEST FORM

To : Am ARA REIT Managers Sdn Bhd

Please send to me/us a printed copy of AmFIRST Real Estate Investment Trust ("AmFIRST REIT") - Annual Report 2016.

Name of Unitholder:	
NRIC No. / Passport No. / Company No.:	
CDS Account No.:	
Address:	
Contact No./Email Address:	
Signature of Unitholder:	

Contact details of Am ARA REIT Managers Sdn Bhd for a printed copy of the Annual Report 2016:-

- Telephone No. : 03-7955 8780 through En Abdul Rahman bin Mohd Joned
- Email Address : rahman-joned@ambankgroup.com
- Facsimile No. : 03-7955 8360/80

The printed copy of AmFIRST REIT - Annual Report 2016 will be sent to Unitholder within four (4) market days from the date of receipt of your written or verbal request.



PLEASE FOLD HERE TO SEAL

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Affix  
Stamp

**Am ARA REIT Managers Sdn Bhd**  
**The Manager for AmFIRST Real Estate Investment Trust**  
Penthouse, Menara AmFIRST  
No. 1, Jalan 19/3  
46300 Petaling Jaya  
Selangor

---

PLEASE FOLD HERE TO SEAL

Am ARA REIT Managers Sdn Bhd (730964-X)

Penthouse, Menara AmFIRST, No.1, Jalan 19/3, 46300 Petaling Jaya, Selangor Darul Ehsan

Tel : +603 7955 8780/82 Fax : +603 7955 8360/80

[www.amfirstreit.com.my](http://www.amfirstreit.com.my)



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