



AmFIRST

Real Estate Investment Trust

ANNUAL REPORT

2019

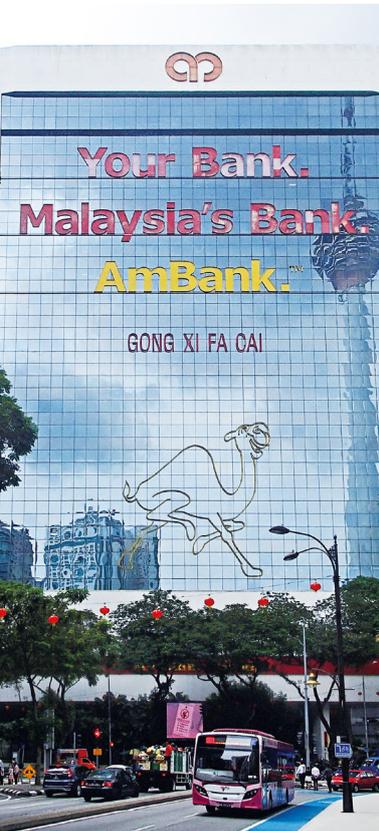


TABLE OF CONTENTS

1.

ABOUT US

- 2 FY2019 Highlights
- 3 Five - Year Financial Highlights
- 6 About AmFIRST REIT
- 7 About The Manager
- 8 Mission and Core Values
- 9 Fund Information



PAGE

10

Chairman's Statement

2.

PERFORMANCE REVIEW

- 10 Chairman's Statement
- 14 Management Discussion and Analysis



PAGE

14

Management Discussion and Analysis

3.

LEADERSHIP AND PEOPLE

- 30 Board of Directors
- 36 Senior Management Team

4.

BUSINESS REVIEW

- 40 Asset Profile
- 59 Market Report
- 76 Sustainability Statement



The Seventh Annual General Meeting ("AGM") of the Unitholders of AmFIRST Real Estate Investment Trust ("AmFIRST REIT")

Venue : Ballroom 2, First Floor, Sime Darby Convention Centre,
1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia
Date : Monday, 22 July 2019
Time : 10.00 a.m.

5. CORPORATE GOVERNANCE

- 91 Statement of Corporate Governance
- 103 Statement of Risk Management and Internal Control
- 107 Audit Committee Report
- 110 Directors' Responsibility Statement
- 111 Manager's Report

6. INVESTOR RELATIONS

- 115 Investor Relations and Communications



7. FINANCIAL STATEMENTS

- 118 Statement of Financial Position
- 119 Statement of Comprehensive Income
- 121 Statement of Changes in Net Asset Value
- 122 Statement of Cash Flows
- 123 Notes to the Financial Statements
- 154 Statement by the Directors of the Manager
- 154 Statutory Declaration
- 155 Trustee's Report
- 156 Independent Auditors' Report

8. OTHERS

- 160 Analysis of Unitholders
- 162 Corporate Directory
- 164 Notice of Seventh Annual General Meeting

Administrative Details for Seventh Annual General Meeting

Proxy Form

FY2019 HIGHLIGHTS



Asset Under Management

RM1,657.0 million
(31.3.2018 : RM1,650.1 million)



Gross Revenue

RM116.6 million
(FY2018 : RM114.1 million)



Closing Unit Price

53.5 sen
(31.3.2018 : 60.0 sen)



Net Property Income

RM75.3 million
(FY2018 : RM76.0 million)



Gearing

47.3%
(31.3.2018 : 46.8%)



Realised Net Profit

RM28.2 million
(FY2018 : RM30.7 million)



NAV Per Unit

RM1.2091
(31.3.2018 : RM1.2166)



DPU Per Unit

4.00 sen
(FY2018 : 4.20 sen)

FIVE-YEAR FINANCIAL HIGHLIGHTS

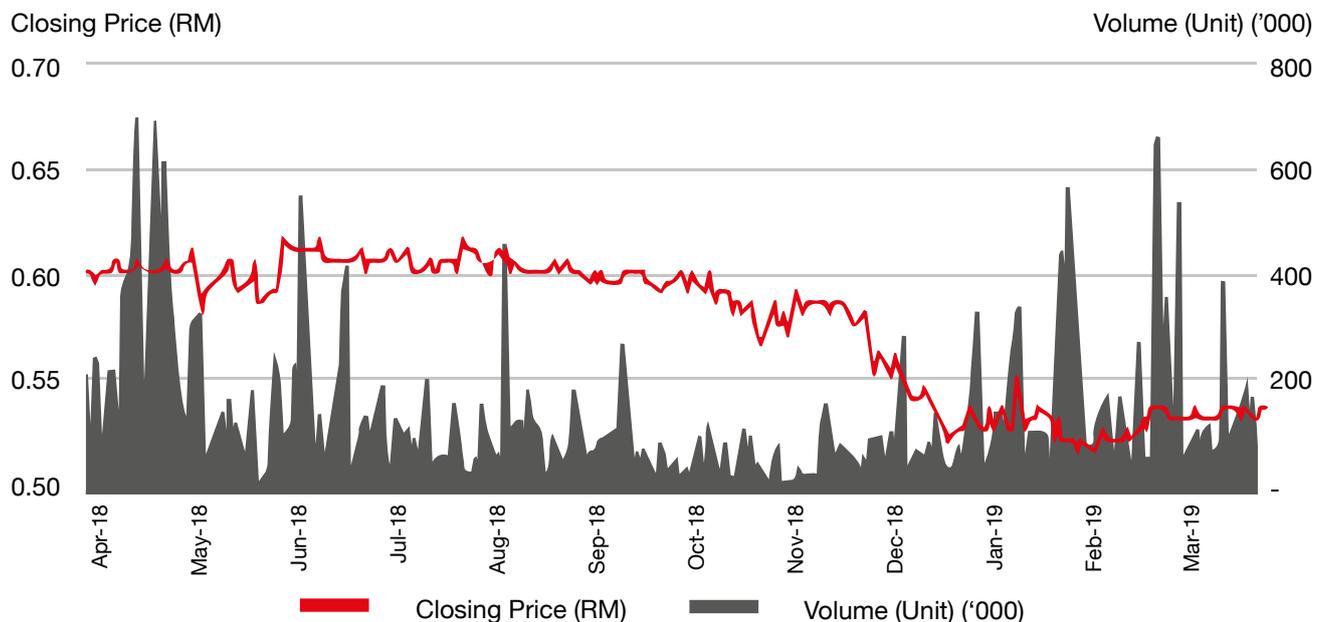
FINANCIAL YEAR ENDED 31 MARCH	FY2019 RM'000	FY2018 RM'000	FY2017 RM'000	FY2016 RM'000	FY2015 RM'000
SUMMARY OF FINANCIAL POSITION					
Investment Properties	1,657,045	1,650,060	1,662,800	1,627,800	1,332,200
Total Asset Value	1,671,846	1,664,385	1,679,565	1,728,132	1,370,131
Net Asset Value ("NAV")	844,544	849,364	867,206	879,287	841,597
Borrowings	791,085	779,042	775,143	797,516	491,300
Gearing (%)	47.32	46.81	46.15	46.15	35.86
Units in Circulation (Units) ('000)	686,402	686,402	686,402	686,402	686,402
NAV per Unit (RM)					
- Before proposed final distribution	1.2304	1.2374	1.2634	1.2810	1.2261
- After proposed final distribution	1.2091	1.2166	1.2421	1.2503	1.2017
- Highest NAV during the year (ex-distribution)	1.2438	1.2716	1.2514	1.2810	1.2488
- Lowest NAV during the year (ex-distribution)	1.2091	1.2166	1.2228	1.2115	1.2161
SUMMARY OF COMPREHENSIVE INCOME					
Gross Revenue	116,583	114,099	111,539	99,794	106,889
Net Property Income	75,296	76,040	72,802	61,092	66,619
Profit for the financial year, consisting of:-					
- Realised	28,205	30,686	27,889	38,358	37,944
- Unrealised	(5,912)	(19,356)	(5,650)	30,015	396
Total	22,293	11,330	22,239	68,373	38,340
Distribution per Unit ("DPU") (sen)					
- Interim	1.87	2.12	1.93	2.03	3.09
- Final	2.13	2.08	2.13	3.07	2.44
Total	4.00	4.20	4.06	5.10	5.53
Distribution Yield (based on respective closing market price) (%)	7.48	7.00	5.01	6.80	5.91
Management Expense Ratio ("MER") (%) ¹	1.01	0.98	1.04	0.99	0.96
Portfolio Turnover Ratio ("PTR") (Times) ²	-	-	-	0.14	-

¹ The calculation of MER is based on total fees incurred by AmFIRST REIT, including the Manager's fees, Trustee's fees, Audit fees, Tax Agent's fees and administrative expenses, to the average net asset value during the financial year.

² 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.

FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTD.)

UNIT PRICE AND TRADING PERFORMANCE (FY2019)



	FY2019	FY2018	FY2017	FY2016	FY2015
UNIT PRICE PERFORMANCE (RM)					
- As at 31 March	0.535	0.60	0.81	0.75	0.94
- Highest Traded Price during the year	0.615	0.825	0.86	0.95	1.00
- Lowest Traded Price during the year	0.515	0.60	0.73	0.71	0.85
- Average Traded Price during the year ³	0.57	0.71	0.79	0.84	0.95
- Average Volume Traded per day (Units) ('000)	121	192	193	289	272
TOTAL RETURN (%) ⁴					
Change in Unit Price	(11.45)	(29.79)	7.69	(21.96)	(4.19)
Income Distribution	7.05	5.96	5.21	6.05	5.79
Total Return	(4.41)	(23.83)	12.90	(15.91)	1.60
Average Annual Return (%) ⁵					
One year					(4.41)
Three years					(5.11)
Five years					(5.93)
Since listing date (21 December 2006)					2.02

³ Average traded price during the year is calculated based on average of opening price and closing price for the financial year.

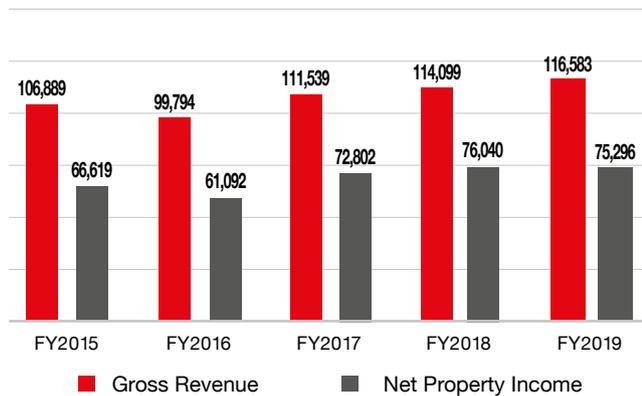
⁴ Total Return is based on the actual gross income distribution and net change in unit price at the opening and closing of the financial year, over the average unit price of the opening and closing of the respective financial year.

⁵ Average Annual Return is computed based on Total Return per unit for the period averaged over number of years.

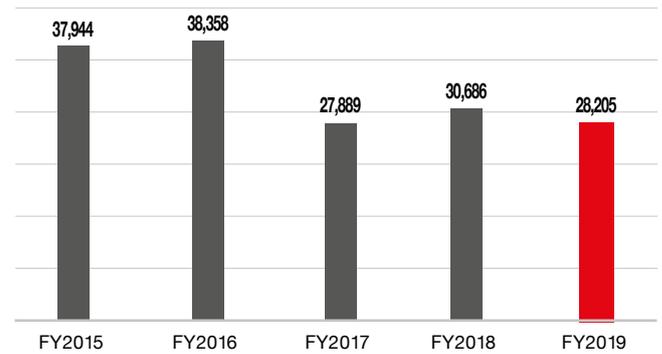
Past performance is not necessarily indicative of future performance, unit prices and investment returns may fluctuate.

FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTD.)

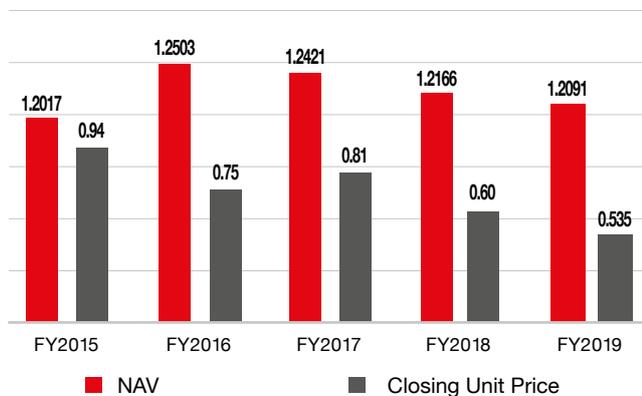
Gross Revenue and Net Property Income (RM'000)



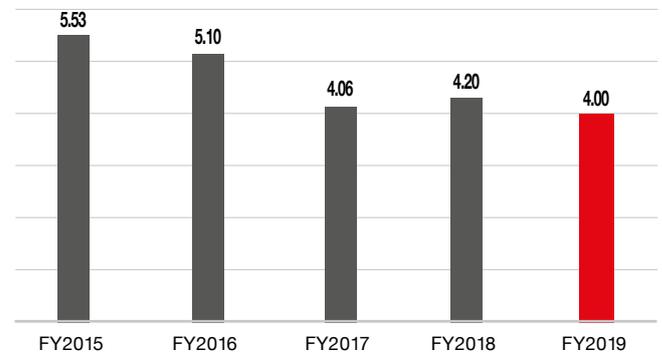
Realised Net Income (RM'000)



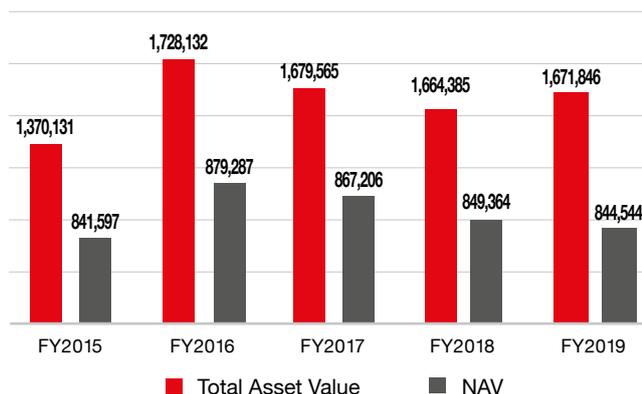
NAV Per Unit (after proposed income distribution) and Closing Unit Price (RM)



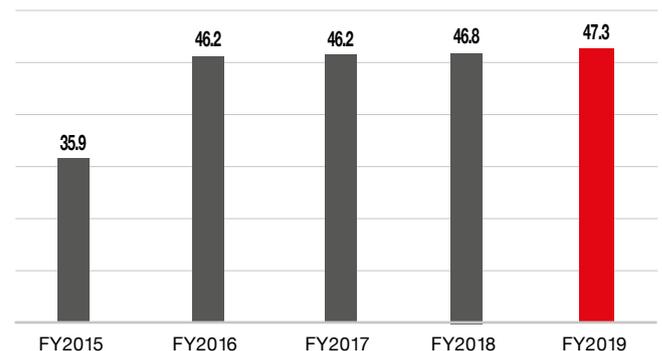
Distribution Per Unit (Sen per unit)



Total Asset Value and NAV (RM'000)



Gearing (%)

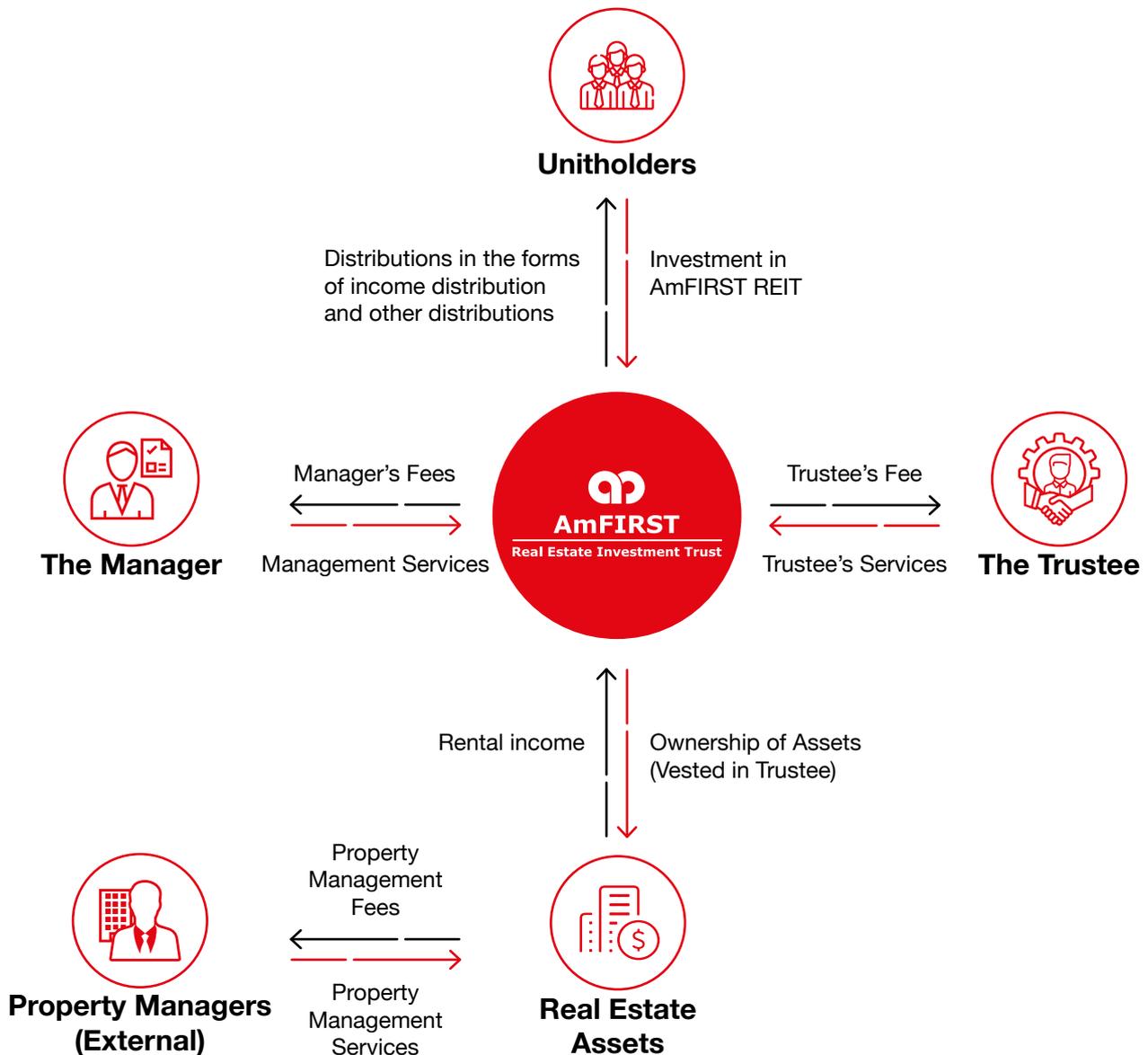


ABOUT AmFIRST REIT

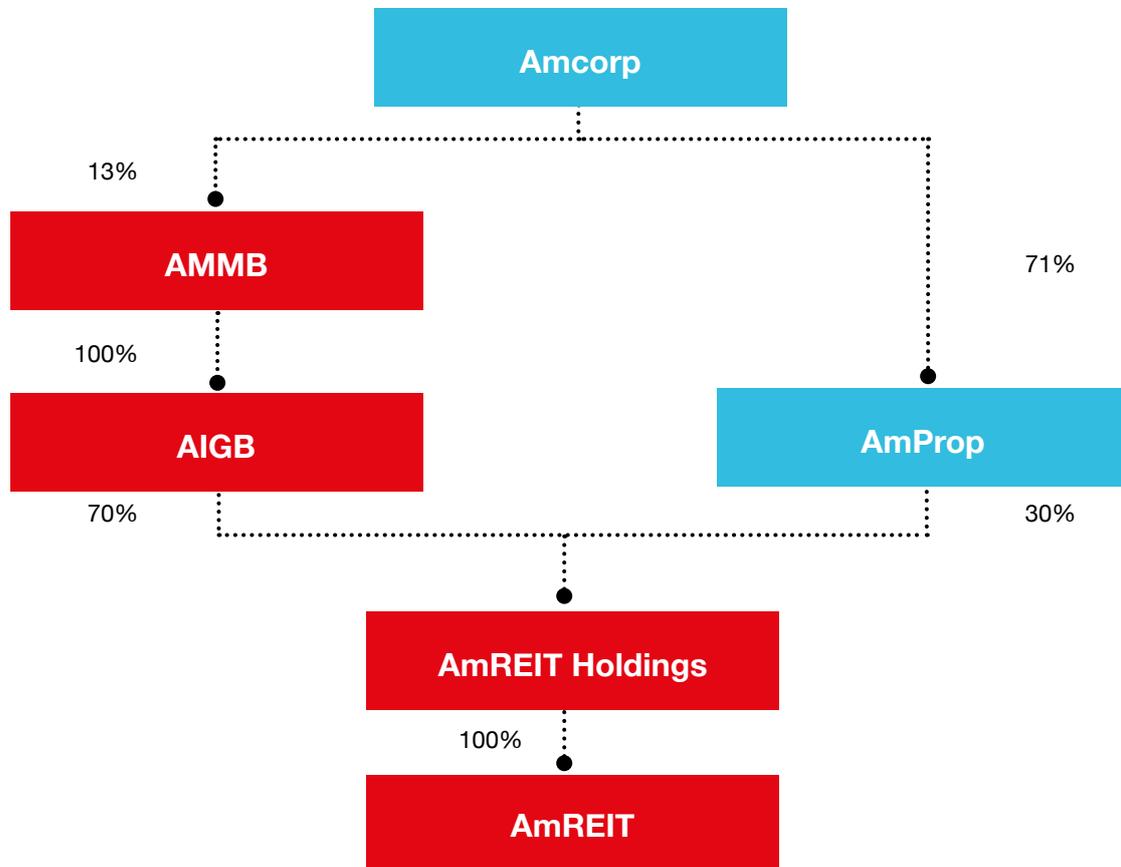
AmFIRST Real Estate Investment Trust (“AmFIRST REIT” or the “Trust”) is a real estate investment trust established in Malaysia and constituted by a Trust Deed dated 28 September 2006 (“Original Deed”) (as amended by the First Supplemented, Revised and Restated Trust Deed dated 15 December 2006 (“First Deed”) and the Second Restated Deed dated 13 September 2013 (“Second Deed or the “Deed”)) entered into between AmREIT Managers Sdn Bhd (“AmREIT” 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 and owns a diverse portfolio of nine (9) properties located in Klang Valley (including Cyberjaya), Melaka and Penang with a total Net Lettable Area (“NLA”) of 3.2 million sq ft as at 31 March 2019.



ABOUT THE MANAGER



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

The Manager was incorporated in Malaysia on 20 April 2006 and is wholly-owned by AmREIT Holdings Sdn Bhd ("AmREIT Holdings") which in turn is 70% owned by AmInvestment Group Berhad ("AIGB") and 30% owned by Amcorp Properties Berhad ("AmProp").

AIGB is a wholly owned subsidiary of AMMB Holdings Berhad ("AMMB"). AMMB is a public limited liability company incorporated and domiciled in Malaysia, and listed on the main market of Bursa Securities. The principal activity of AMMB is that of investment holding and its subsidiaries provide a wide range of wholesale banking, business banking, retail banking, investment banking and related financial services which also include Islamic banking business, underwriting of general insurance, stock and share-broking, futures broking, investment advisory and asset, real estate investment trust and unit trust management services. There have been no significant changes in the nature of the principal activities.

AmProp is a 71% owned subsidiary of Amcorp Group Berhad ("Amcorp"), which is also a substantial shareholder of AMMB, the ultimate holding company of AmREIT. AmProp is a company incorporated in Malaysia and is listed on the Main Market of Bursa Securities since 1972. AmProp is principally involved in property development, investment and management, renewable energy and contracting businesses. Its property portfolio includes projects in Malaysia and key global cities such as London, Tokyo, Madrid, Hong Kong and Shanghai.

MISSION AND CORE VALUES

OUR 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.



OUR CORE VALUES

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 that others will benchmark against us.



RESPECT



EXCELLENCE



INTEGRITY



TEAMWORK

FUND INFORMATION

Item	Brief Description
Name of Trust	AmFIRST REIT
Category of Trust	Real Estate Investment Trust
Type of Trust	Income and growth
Term of Trust	The Trust has no fixed termination date. However, the Deed provides a number of circumstances under which the Trust may be terminated.
Investment Objective	The key objective 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.
Investment Strategies	<p>The principal strategies are as follows:-</p> <ul style="list-style-type: none"> • Active asset management; • Improve rental rates while maintaining high occupancy rates; • Attract new tenants and explore expansion needs of existing tenants; • Raise the profile and visibility of property portfolio through proactive marketing, advertising and promotional efforts; • Develop close tenant-landlord relationships to optimise tenant retention; • Monitor and optimise property expenses; • Enhance the overall portfolio through acquisition of properties that meet the investment criteria; and • Employ prudent capital management strategy via optimising capital structure with debt and equity financing.
Permissible Investments	<p>Invest in real estate, non-real estate-related assets and cash, deposit and money market instruments.</p> <p>At least 75% of AmFIRST REIT's total assets must be invested in real estate that generates recurring rental income at all times.</p>
Borrowings Limit	Not exceeding 50% of the total asset value of AmFIRST REIT at the time the borrowings are incurred.
Investors' Profile	AmFIRST REIT may appeal to investors with a long term investment horizon seeking sustainable distribution of income and long term capital growth.
Distribution Policy	<p>Income distributions will be paid on a semi-annual basis (or such other intervals as determined by the Manager).</p> <p>The Manager intends to distribute at least 90% of the distributable income for each financial year.</p>
Revaluation Policy	The properties will be revalued annually pursuant to Clause 10.02(b)(i) of the Securities Commission Malaysia ("SC")'s Guidelines on Listed Real Estate Investment Trusts ("SC's Listed REITs Guidelines") and Malaysian Financial Reporting Standard ("MFRS") 140.

CHAIRMAN'S STATEMENT



Soo Kim Wai
*Chairman /
Non-Independent Non-Executive Director*

“

Dear Valued Stakeholders,

On behalf of the Board of Directors and management of AmREIT Managers Sdn Bhd, the Manager of AmFIRST REIT (the “Manager”), I am pleased to present the Annual Report for AmFIRST Real Estate Investment Trust (“AmFIRST REIT” or the “Trust”) and Audited Financial Statements for the financial year ended 31 March 2019 (“FY2019”).

AmFIRST REIT has delivered a moderate performance in striving to deliver sustainable returns to stakeholders amid the challenging market conditions and macroeconomic headwinds.

CHAIRMAN'S STATEMENT (CONTD.)

PERFORMANCE REVIEW

Despite the challenging market condition, AmFIRST REIT has recorded higher gross revenue of RM116.6 million for FY2019, an increase of 2.2% as compared to FY2018. The overall committed occupancy of the Trust has improved to 89.0% as at 31 March 2019 with higher occupancy recorded across the asset portfolio particularly from Prima 10, Wisma AmFIRST, The Summit Office and Retail during FY2019.

However, the topline growth was offset by higher property expenses mainly caused by the increase in service charges at The Summit Subang USJ and higher interest cost arising from the higher borrowings to finance the various asset enhancement initiatives ("AEIs"). As a result, the realised net income has decreased to RM28.2 million as compared to RM30.7 million last year.

During FY2019, AmFIRST REIT has paid an interim income distribution of 1.87 sen. Together with the recently declared final income distribution of 2.13 sen, the Trust has paid out a total distribution per unit ("DPU") of 4.00 sen for FY2019 which represents approximately 97.3% of the realised distributable net profits for FY2019.

Whilst the policy remains to distribute at least 90% of the distributable income for each financial year, we review the distribution ratio from time to time by taking into consideration the capital expenditure requirements together with the prevailing gearing level. As at 31 March 2019, the gearing of the Trust increased slightly to 47.3% from 46.8% of the preceding year mainly due to the higher borrowings to finance the on-going AEIs.

We continue to explore various means to optimise the gearing level of the Trust including potential divestment of non-core or low yielding assets as part of the strategy to rationalise the asset portfolio. In addition, we are adopting a strict review on the capital expenditure spending by focusing on the key areas of priority.



The overall committed occupancy of the Trust has improved to 89.0% as at 31 March 2019 with higher occupancy recorded across the asset portfolio particularly from Prima 10, Wisma AmFIRST, The Summit Office and Retail during FY2019.



CHAIRMAN'S STATEMENT (CONTD.)

ECONOMIC AND PROPERTY MARKET OVERVIEW

The unprecedented results of GE14 saw a change in Malaysia's political leadership for the first time since the country's independence. Despite some initial uncertainties over the new government's policies as well as some external macroeconomic headwinds, the country's Gross Domestic Product recorded commendable growth of 4.7% in 2018, driven by resilient private sector spending, an uptick in net exports and continued expansion in the services and manufacturing sectors. The installation of the Pakatan Harapan government also instigated the swift removal of Goods & Services Tax, resulting in the increase in consumer's spending before the re-implementation of the Sales & Services Tax in September 2018.



On the monetary policy front, while Bank Negara Malaysia ("BNM") still expects the domestic economy to remain on a steady growth path, it has in recent months warned of increasing downside risks to growth from the global slowdown and prolonged weakness in commodity-related sectors. BNM expects headline inflation to range between 0.7% and 1.7% in 2019 versus 1% in 2018 and has guided for Malaysia GDP to grow between 4.3% and 4.8% in 2019.

The office market remained soft as the supply of office space in Kuala Lumpur continues to grow and there is no major catalyst to boost demand in the short and medium term. The overall occupancy rates of offices in most areas in Kuala Lumpur remained stagnant with no major movement in average rental during 2018. Overall, office market is expected to remain challenging due to the high supply pipeline while demand from IT-related, co-working and shared-service offices will provide support to the overall occupancy of the office market.

As for the retail market, the landscape continues to face headwinds with additional space slated for completion which will further intensify competition in an already crowded market. Amid growing mismatch in supply and demand, existing malls are embarking on AELs and creating new experiences to stay relevant in the increasingly competitive retail market.



SUSTAINABILITY EFFORT AND REPORTING

We showcase our commitment to sustainability reporting as prescribed by Bursa Securities in the Sustainability Reporting Guide by including our second sustainability statement in this Annual Report. The statement discloses the Manager's approach to managing our material sustainability matters in the context of material economic, environmental and social ("EES") risks and opportunities.

We are committed to being a responsible corporate citizen, and will remain mindful of the environment in which we operate, as well as the needs of the various stakeholders that we serve and the community around us. In FY2019, we continue to strive for improved environmental sustainability performance, which includes reducing our carbon footprint through higher energy efficiencies throughout our portfolio of properties, and adopting environmentally sustainable practices in managing the properties within the asset portfolio of the Trust.



CHAIRMAN'S STATEMENT (CONTD.)

MOVING FORWARD

Looking ahead, analysts and economists are generally expecting stable economic growth for Malaysia in 2019. Despite the stable economy and level of accommodativeness in the monetary stance, we remain cautious as the property market is envisaged to remain challenging.

We will continue to adopt appropriate strategic and operational measures with the objective to deliver improved income distribution to Unitholders. We remain vigilant and will adhere to a disciplined approach in managing the Trust.

CHANGES IN BOARDROOM

On behalf of the Board, I am pleased to welcome Mr Seohan Soo and YM Raja Nazirin Shah bin Raja Mohamad, who were appointed as a Non-Independent and Non-Executive Director and Executive Director on 10 August 2018 and 22 April 2019 respectively.

I would also like to express our gratitude to Mr Wong Khim Chon and YM Raja Teh Maimunah binti Raja Abdul Aziz, who had served as an Executive Director and Non-Independent Non-Executive Director of the Manager until 27 July 2018 and 10 August 2018, respectively.

IN APPRECIATION

On behalf of the Board, I would like to extend my appreciation to all our stakeholders; Unitholders, Trustee, regulators, property managers, business partners, tenants and bankers for their continuous support and trust in AmFIRST REIT. To the management team of the Manager, a special thank you to each and every team member for their hard work and diligence.

I also wish to express my heartfelt appreciation to the former Chief Executive Officer, Mr Wong Khim Chon for his leadership, invaluable contributions and achievements during his tenure with us.

Last but not least, I would like to welcome our new Chief Executive Officer, YM Raja Nazirin Shah bin Raja Mohamad and wish him a successful career with AmFIRST REIT.

Sincerely,

Soo Kim Wai
Chairman /
Non-Independent Non-Executive Director

25 April 2019



MANAGEMENT DISCUSSION AND ANALYSIS



OVERVIEW OF AmFIRST REIT

AmFIRST REIT was constituted pursuant to the execution of a Deed by the Manager and the Trustee. It was listed on the Main Market of Bursa Securities on 21 December 2006.

The principal activity of the Trust is to own and invest in a portfolio of commercial properties in major growth areas of Malaysia. As at 31 March 2019, AmFIRST REIT owns a diverse portfolio of nine (9) properties located in the Klang Valley (including Cyberjaya), Melaka and Penang with a total net lettable area of 3.2 million sq ft.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

OVERVIEW OF AmFIRST REIT (CONTD.)

Investment Objectives

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.

Investment Policies

(i) Permitted Investments and Restrictions

AmFIRST REIT is allowed to invest in real estate, single-purpose companies whose principal assets comprise of 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 SC's Listed REITs Guidelines or otherwise permitted by SC.

(ii) Portfolio Composition

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

- (a) Invest in real estate, non-real estate-related assets and cash, deposit and money market instruments.
- (b) At least 75% of a REIT's total asset value must be invested in real estate that generates recurrent rental income at all times.

(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 SC's Listed REITs Guidelines, the borrowings of AmFIRST REIT must not exceed 50% of the total asset value of the REIT.

Investment Strategies

To achieve AmFIRST REIT's investment objectives, the Manager has employed the following three (3) key strategies: -

(i) Operating Strategy

The Manager'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 lettable space at the properties, minimising interruptions in rental income and operational costs and maintaining satisfactory service levels to our tenants.

The following key operating and management principles will be applicable: -

- Improve rental rates.
- Establish close relationships with tenants to ensure tenants' retention.
- Diversify tenant base.
- Review tenants mix and re-configure existing space to meet tenants' expectations.
- Maintain the quality of the properties.
- Maximise the performance of each property.
- Improve operating efficiencies and customer service levels.
- Raise the profile of the properties.

(ii) Acquisition/Divestment Strategy

The Manager's acquisition strategy for AmFIRST REIT is based on the following criteria: -

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

AmFIRST REIT intends to hold its properties on a long term basis. At any opportune time when there are offers to acquire any of the properties which has reached a stage where it offers limited scope for growth to the Trust, the Manager may consider selling the property and utilise the proceeds for alternative investments that will add value to its portfolio or to reduce the gearing level.

(iii) Capital Management Strategy

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

OVERVIEW OF AmFIRST REIT (CONTD.)

Investment Portfolio

There were no material changes in the portfolio composition of AmFIRST REIT during FY2019. AmFIRST REIT's composition of investments as at 31 March 2019 is as tabulated below: -

Properties	Location	Valuation	
		RM'000	%
Bangunan AmBank Group	Kuala Lumpur	262,200	15.8
Menara AmBank	Kuala Lumpur	321,500	19.4
Menara AmFIRST	Petaling Jaya	65,840	4.0
Wisma AmFIRST	Kelana Jaya	117,900	7.1
The Summit Subang USJ	Subang Jaya	369,400	22.3
Prima 9	Cyberjaya	72,600	4.4
Prima 10	Cyberjaya	65,700	4.0
Kompleks Tun Sri Lanang (also known as Jaya 99)	Melaka	103,905	6.3
Mydin HyperMall	Bukit Mertajam	278,000	16.7
Total		1,657,045	100.0

FINANCIAL REVIEW

	FY2019	FY2018	Changes	
	RM'000	RM'000	RM'000	%
Gross Revenue	116,583	114,099	2,484	2.2
Property Expenses	(41,287)	(38,059)	(3,228)	-8.5
Net Property Income	75,296	76,040	(744)	-1.0
Interest and Other Income	303	354	(51)	-14.4
Non Property Expenses	(8,571)	(8,442)	(129)	-1.5
Interest Expenses	(38,823)	(37,266)	(1,557)	-4.2
Realised Net Income	28,205	30,686	(2,481)	-8.1
<u>Unrealised Gain/(Loss)</u>				
Change in Fair Value of Investment Properties	(6,229)	(20,537)	14,308	69.7
Unrealised Gain on Revaluation of Derivatives	259	883	(624)	-70.7
Unrealised Gain on Financial Liabilities Measured at Amortised Cost	58	298	(240)	-80.5
Total Comprehensive Income For The Financial Year	22,293	11,330	10,963	96.8
Distribution Per Unit ("DPU") (Sen)				
- Interim	1.87	2.12	(0.25)	-11.8
- Final	2.13	2.08	0.05	2.4
Total	4.00	4.20	(0.20)	-4.8
Closing Unit Price (RM)	0.535	0.60	(0.06)	-10.8
Distribution Yield (%) (based on respective closing price)	7.5%	7.0%		

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

FINANCIAL REVIEW (CONTD.)

Gross Revenue

For the financial year under review, the Trust recorded total revenue of RM116.6 million, an increase of 2.2% against RM114.1 million registered in the previous financial year, mainly driven by a full occupancy in Prima 9 with effect from 1 October 2017 as well as higher average occupancy at Prima 10, Wisma AmFIRST, The Summit Retail and The Summit Office. However, the increase was partially offset by lower gross revenue at Menara AmBank as a result of lower average occupancy.

On the overall portfolio basis, the portfolio occupancy has improved to 86.7% as at 31 March 2019 as compared to 84.4% as at 31 March 2018.

Property Expenses

Property expenses increased by 8.5% y-o-y to RM41.3 million in FY2019 compared to RM38.1 million in FY2018. The increase was mainly attributed to the increase in service charges at The Summit Subang USJ with effect from 1 September 2018 coupled with increase in strata parcel quit rent for The Summit Subang USJ, higher electricity charges and higher leasing commission. The increase in electricity charges and leasing commission was in line with the increase in occupancy at some of our properties.

Non-Property Expenses

Non-property expenses were higher by 1.5% y-o-y and this was due primarily to provision for impairment loss on trade receivables in FY2019 as opposed to reversal of provision for impairment loss on trade receivables in FY2018. No significant movement for other non-property expenses including the manager's fees as compared to previous year.



For the financial year under review, the Trust recorded total revenue of RM116.6 million, an increase of 2.2% against RM114.1 million registered in the previous financial year.

Interest Expenses

Interest expenses increased by 4.2% to RM38.8 million due to higher borrowings to finance the ongoing capital expenditures as well as increase in interest cost as a result of the higher cost of fund. During FY2019, the total borrowings increased by RM12.0 million to RM791.1 million as at 31 March 2019 to fund mainly the various asset enhancement initiatives of the buildings within the asset portfolio.

The weighted average interest rate (including the cost of hedging arising from the Interest Rate Swap contracts) is 4.81% as at 31 March 2019.

Realised Net Income

Notwithstanding the improvement in gross revenue, it was offset by the increase in property expenses and interest cost, thus resulted to a lower realised net income for FY2019 by 8.1% to RM28.2 million as compared to RM30.7 million in FY2018.

Total Comprehensive Income for the Financial Year

Overall, the Trust registered a higher net income for the financial year of RM22.3 million, an increase of 96.8% y-o-y after taken into account the unrealised gain/(loss) particularly the lower unrealised loss on fair value adjustment of investment properties of RM6.2 million against RM20.5 million unrealised loss registered in the last financial year.

Income Distribution

The Trust has paid an interim income distribution of 1.87 sen per unit on 21 December 2018 and has declared a final income distribution of 2.13 sen per unit in respect of FY2019 to be payable on 29 May 2019. Adding the interim and final income distribution, the total income distribution was 4.00 sen per unit for FY2019, translated to a distribution yield of 7.5% based on the closing unit price of 53.5 sen as at 31 March 2019.

The total income distribution of 4.00 sen per unit or a total RM27.5 million, is lower by 4.8% as compared to 4.20 sen per unit in FY2018. This income distribution of 4.00sen represents approximately 97.3% of the realised distributable net profit for FY2019.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

FINANCIAL REVIEW (CONTD.)

Key Financial Position	31 March 2019 RM'000	31 March 2018 RM'000	Change %
Investment Properties	1,657,045	1,650,060	0.4
Total Asset Value	1,671,846	1,664,385	0.4
Borrowings	791,085	779,042	1.5
Net Asset Value ("NAV")	844,544	849,364	-0.6
Gearing (%)	47.3%	46.8%	0.5
Closing Unit Price (RM)	0.535	0.600	-10.8
Units in Circulation (Units) ('000)	686,402	686,402	-
Market Capitalisation	367,225	411,841	-10.8
NAV per Unit (RM)			
- Before proposed final distribution	1.2304	1.2374	-0.6
- After proposed final distribution	1.2091	1.2166	-0.6

Total Asset Value and Asset Under Management

The total asset value of RM1,671.8 million as at 31 March 2019, represents an increase of 0.4% as compared to RM1,664.4 million as at 31 March 2018. The increase was mainly due to the additional capital expenditures of RM13.2 million undertaken during the financial year.

The Trust's investment properties, representing approximately 99% of the total asset value, increased by RM7.0 million or 0.4% from RM1,650.1 million to RM1,657.0 million. The increase was attributable to the additional capital expenditures undertaken during the financial year as stated above, net off with the net revaluation deficit of RM6.2 million arising from the revaluation exercise conducted at the end of FY2019 by independent valuers. The revaluation deficit of RM6.2 million or 0.4% of the total investment properties was mainly arising from the decrease in valuation of Menara AmFIRST, The Summit Retail and Menara AmBank.

There were no new acquisitions or disposals during the financial year. The total asset portfolio remains at nine (9) properties.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

FINANCIAL REVIEW (CONTD.)

Total Borrowings

As at 31 March 2019, the Trust's total borrowings stood at RM791.1 million, an increase of RM12.0 million y-o-y due to additional borrowings to finance the ongoing capital expenditure undertaken during the financial year.

Net Asset Value

As at 31 March 2019, the Net Asset Value of RM844.5 million which translate to NAV Per Unit of RM1.2091 (after proposed final income distribution) representing a marginal decrease by 0.6% as compared to 31 March 2018, mainly due to revaluation deficit on the investment properties of RM6.2 million recorded in FY2019.

Unit Price and Market Capitalisation

During the financial year, closing unit price registered a decrease of 10.8% from the opening price of RM0.60 as at 1 April 2018 to a closing price of RM0.535 as at 31 March 2019, amplifying the trading discount to approximately 55.8% to the NAV per unit of RM1.2091 as at 31 March 2019. Based on the closing unit price of RM0.535 and 686,401,600 units in circulation, market capitalisation as at 31 March 2019 was RM367.2 million, as compared to the market capitalisation of RM411.8 million as at 31 March 2018.

Capital Management

As at 31 March 2019, the Trust's total borrowings comprise of term loans, revolving credit facilities and overdraft facility from licensed financial institutions are as per below: -

	31 March 2019 RM'000	31 March 2018 RM'000
Term Loan	557,850	392,850
Revolving Credit	229,000	387,500
Overdraft	6,729	-
Less : Transaction cost subject to amortisation	(2,493)	(1,308)
Total Borrowings	791,086	779,042
Total Asset Value	1,671,846	1,664,385
Gearing (%)	47.3%	46.8%

Total borrowings of RM791.1 million as at 31 March 2019 represent a gearing of 47.3% over total asset value of RM1,671.8 million, an increase of 1.5% from the preceding year.

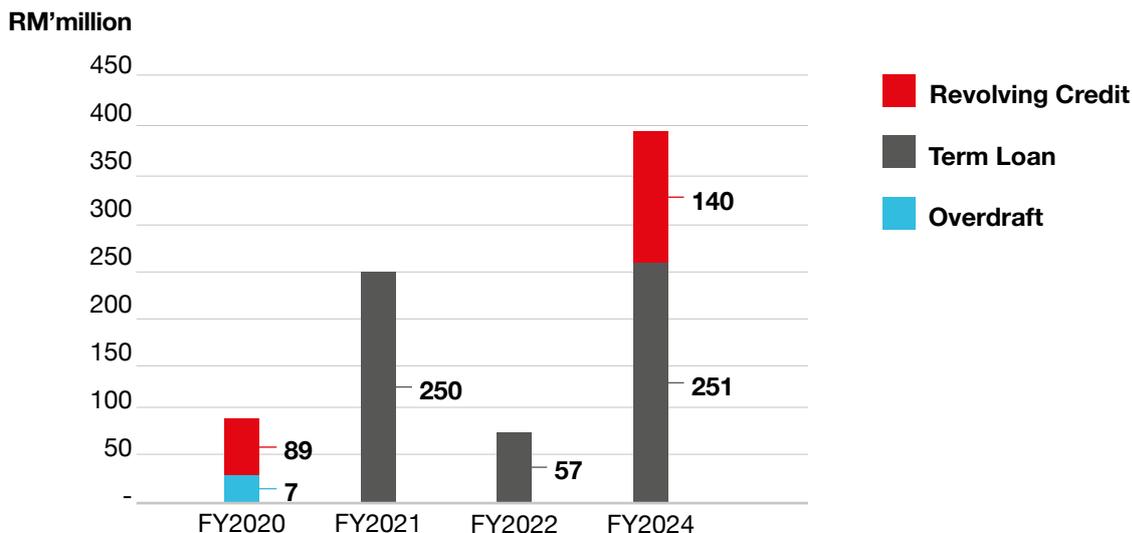
The Manager is actively exploring various means to optimise gearing level including reviewing income distribution ratio and capital expenditure requirement more diligently in order not to strain further the gearing level as well as looking at opportunistic strategic divestment of non-core and non-performing assets within the property portfolio as strategy to rationalise the asset portfolio.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

FINANCIAL REVIEW (CONTD.)

Capital Management (Contd.)

The Trust reviews its loan profile closely and keep a well-spread debt maturity profile to diversify the refinancing risks. The loan maturity profile for the Trust as at 31 March 2019 was as follows: -

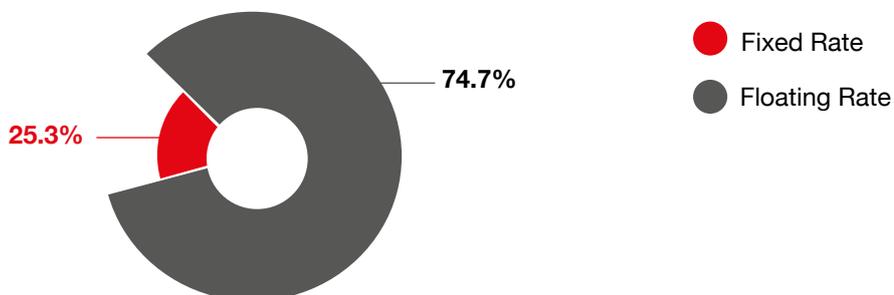


As at 31 March 2019, the weighted average maturity was approximately 3.1 years with 12.1% or RM96.0 million of the Trust's debt maturing in FY2020.

The Manager reviews the maturity profile of the Trust's loan portfolio and will take into account prevailing credit market condition as well as the potential funding avenue available to diversify the Trust's loan exposure.

Interest Rate Management

As at 31 March 2019, the Trust has total Interest Rate Swap ("IRS") contracts of RM200.0 million to hedge the exposure of interest rate movements. Effectively, 25.3% of the total borrowings are hedged while balance 74.7% of the total borrowings of the Trust is subject to variable interest rate movement, which fluctuates in tandem with variable cost of funds charged by the banks.



The Manager continues to diversify its funding sources as part of the capital management strategy to manage the concentration and refinance risk. During the financial year, the Trust had refinanced a floating rate revolving credit facility amounting to RM165.0 million with a term loan of RM165.0 million at a lower interest rate hence resulted to a lower weighted average interest rate (including the cost of hedging arising from the IRS contracts) of 4.81% as at 31 March 2019 as compared to 4.85% as at 31 March 2018.

Interest cost sensitivity analysis reveals that with 25.3% of the borrowings being hedged, a 25 basis point increase with all other variables held constant will cause a corresponding decrease of RM1.5 million of the Trust's net income or vice versa.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

FINANCIAL REVIEW (CONTD.)

Cash Flow / Liquidity

As at 31 March 2019, the Trust has cash and bank balances of RM0.8 million and deposits with financial institution of RM1.4 million.

Based on the Statement of Cash Flows for FY2019, the Trust has generated net cash from operating activities of RM66.3 million (before the payment of interest expenses of RM39.8 million) and utilised cash for investing activities amounting to RM13.1 million primarily for enhancements or AELs of investment properties. The net cash used by the Trust in financing activities of RM61.6 million comprising of the interest paid net of RM39.8 million, distributed income distribution totaling RM27.1 million and net drawdown of bank borrowings of RM5.3 million during the financial year under review.

On a net basis, the Trust has a net decrease of cash and cash equivalent of RM8.4 million for FY2019, which reduced the cash and cash equivalent to a deficit of RM4.5 million as at 31 March 2019.

As at 31 March 2019, the Trust has undrawn banking facilities of RM87.3 million, comprising of revolving credit and overdraft facility to finance any future funding needs of the Trust.

OPERATIONS REVIEW

Leasing Management

The overall portfolio occupancy rate as at 31 March 2019 improved slightly to 86.7% from 84.4% as at 31 March 2018.

	Overall Portfolio Occupancy		Committed Occupancy
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Bangunan AmBank Group	99.6%	99.6%	99.6%
Menara AmBank	82.4%	72.7%	72.7%
Menara AmFIRST	58.7%	68.5%	68.5%
Wisma AmFIRST	66.6%	97.6%	97.6%
The Summit – Office	72.7%	82.2%	89.6%
The Summit – Retail	77.9%	74.6%	84.8%
Prima 9	100.0%	100.0%	100.0%
Prima 10	60.1%	83.8%	83.8%
Jaya 99	93.4%	89.7%	89.7%
Mydin HyperMall, Bukit Mertajam	100.0%	100.0%	100.0%
Overall Portfolio	84.4%	86.7%	89.0%

Despite the weak business sentiment added with influx of commercial office and retail spaces into the market, our efforts of continuing engaging the market with various marketing incentive plans and tenant retention strategy have led to higher occupancy recorded for almost all properties within the asset portfolio except for Menara AmBank, The Summit Retail and Jaya 99.

As at 31 March 2019, the overall portfolio occupancy has increased to 86.7% while the total committed occupancy of the overall portfolio further increased to 89.0%.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

OPERATIONS REVIEW (CONTD.)

Leasing Management (contd.)

The Summit - Retail

The occupancy of The Summit Retail dropped slightly to 74.6% from 77.9% at the beginning of financial year caused mainly by the non-renewal of Giant Supermarket. We are currently sourcing for a replacement supermarket operator and also exploring other potential lease.

New leases has improved the committed occupancy to 84.8% with additional spaces to be taken up by Golden Screen Cinemas (GSC) and an indoor theme park. GSC will soon be opening additional three (3) new halls in 2nd half of 2019 while the indoor theme park operator is finalising the design and concept which expected to be opened beginning of 2020.

During FY2019, there were two new anchor tenants commenced businesses that are the child learning center (27,000 sq ft) and modern concept food court (21,000 sq ft).

The Summit - Office

The occupancy of The Summit - Office has improved by 9.5% to 82.2% from last year of 72.7%. This increase was attributed to the marketing effort in securing new tenants and expansion from existing tenant.

During FY2019, Regus opened its new concept co-working space in September 2018 occupying one full floor.

We have also secured new tenancy from existing MNC tenant for its office expansion and this has led the committed occupancy to further improved to 89.6%.



Menara AmFIRST

The occupancy at Menara AmFIRST has improved by 9.8% to 68.5% from the beginning of financial year of 58.7% with five (5) new tenants signed up during the FY2019. We will continue with the present aggressive marketing strategy to further improve on the occupancy rate as we foresee more competitive office market.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

OPERATIONS REVIEW (CONTD.)

Leasing Management (contd.)



Menara AmBank

Menara AmBank's occupancy has decreased by 9.7% to 72.7% mainly due to AmBank Group relocating its back office to Wisma AmFIRST. We are putting in more effort in engaging the market by stepping up the marketing activity in order to secure new tenants for the vacant space and at the same time working closely with AmBank Group on their future space requirement.



Jaya 99

The occupancy of Jaya 99 reduced marginally by 3.7% to 89.7% as at 31 March 2019 as compared to 93.4% as at 31 March 2018. During FY2019, we have signed up two (2) new tenancies with existing tenants for space expansion at ground floor of the retail spaces, however this was offset by a non-renewal of one (1) tenant in office block that caused the net decrease in occupancy. We are currently exploring with present tenants on their space expansion plan and other prospective tenants to fill up the vacant office space.

Prima 10

The occupancy of Prima 10 improved significantly by 23.7% to 83.8% from 60.1% last year. The increase was due to securing a new tenant and expansion of additional spaces taken by present tenant. There are enquiries from prospective tenants for the remainder space which we are currently following up closely.



Wisma AmFIRST

During FY2019, AmBank Group relocated its back office from others buildings including Menara AmBank to Wisma AmFIRST which contributed to the significant increase in occupancy of Wisma AmFIRST from 66.6% to 97.6%.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

OPERATIONS REVIEW (CONTD.)

Tenancy Expiry Profile

As of 31 March 2019, the total leased area due for renewal over the next three (3) years was 2.5 million sq ft, representing 86.7% of the total NLA of 2.9 million sq ft. The portfolio tenancy expiry profile was as follows:

FY	All Building Total (sq ft)	%
2020	712,297	27.9
2021	669,151	26.3
2022	1,168,162	45.8
Total	2,549,610	100.0

The thirty (30) years master tenancy of Mydin HyperMall expires in 2046.

The expiry dates for the portfolio's tenancies are quite evenly spread over the next three (3) years, mitigating the risk of imbalanced expiry on any one financial year.

Tenancy Renewal and New Tenancy

During FY2019, the Trust has achieved a tenant retention rate of 85.9% which is equivalent to 563,561 sq ft and secured total 25 new tenancies with a total NLA of 176,756 sq ft taken up during FY2019. The major non-renewal was the moving out of Giant Supermarket at The Summit Retail.

Properties	Total Due for Renewal (sq ft)	Total Space Renewed (sq ft)	Rental Reversion (%)
Bangunan AmBank Group	50,534	50,534	-
Menara AmBank	341,372	310,112	-3.3
Menara AmFIRST	28,147	28,147	0.9
Wisma AmFIRST	33,356	33,356	1.5
The Summit - Retail	159,459	110,972	12.3
The Summit - Office	18,542	15,945	13.4
Prima 9 *	-	-	-
Prima 10 *	-	-	-
Jaya 99 - Retail	9,785	1,361	29.7
Jaya 99 - Office	15,104	13,134	5.7
Mydin HyperMall, Bukit Mertajam *	-	-	-
Total	656,299	563,561	-0.1

* not due for renewal in FY2019.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

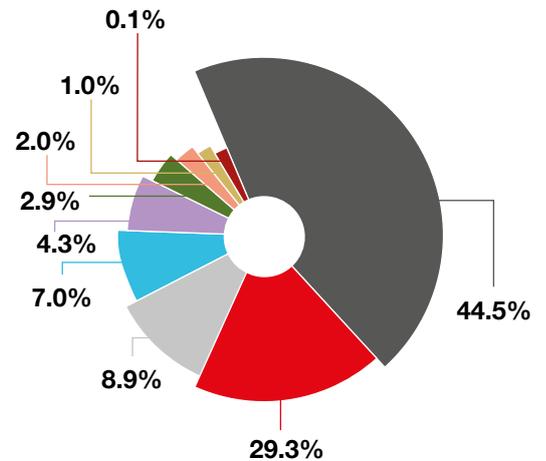
OPERATIONS REVIEW (CONTD.)

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 retail and office segment of the properties under the portfolio: -

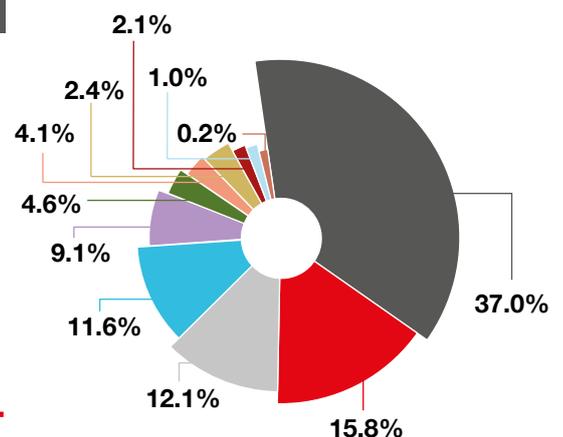
Tenant Mix for Office Component

Category	% of NLA
Banking & Financial Institutions	44.5
Services & Others	29.3
Logistics	8.9
Tele-communication / IT / Electronic / Electrical	7.0
Health / Personal Care	4.3
Advocates & Solicitors (Legal)	2.9
Food & Beverages	2.0
Education / Enrichment / College	1.0
Construction / Real Estate	0.1
Total	100.0



Tenant Mix for Retail Component

Category	% of NLA
Anchor (Hypermarket)	37.0
Entertainment / Karaoke / Cinema / Bowling	15.8
Food & Beverages	12.1
Home & Living / Home Deco / Electrical / DIY	11.6
Education / Enrichment / College / Training Centre	9.1
Services & Others	4.6
Fashion Apparel	4.1
Real Estate	2.4
Hobbies / Jewellery / Gifts & Specialty	2.1
Beauty Retail & Services / Personal Care / Health	1.0
IT Centre / Tele-communication	0.2
Total	100.0



MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

OPERATIONS REVIEW (CONTD.)

Key Tenants

The top ten (10) largest tenants by rental income in the portfolio contributed 71.1% to the total rental income of the Trust in FY2019.

Names	Trade Sectors	%
AmBank Group	Banking & Financial Institutions	37.2
Mydin Mohamed Holdings Berhad	Hypermarket	14.9
Medical Device Authority - Ministry of Health Malaysia	Services	4.9
RBC Investors Services (Malaysia) Sdn Bhd	Services	3.0
Summit Hotels Management Sdn Bhd	Hospitality	2.9
Prudential Assurance Malaysia Berhad	Services	2.6
Shook Lin & Bok	Advocates & Solicitors	1.8
Sudong Sdn Bhd	Services	1.4
IMC Education Sdn Bhd	Education	1.2
Kimberly-Clark Trading (M) Sdn Bhd	Trading	1.2
Total		71.1

AmBank Group continues to remain as the top revenue contributor to the Trust, accounting for 37.2% of the total rental income.

Asset Enhancement Initiatives (AEIs)

Upgrading of assets through strategic AEIs continued to be carried out during the financial year to ensure competitiveness and sustainability.

At Menara AmBank, the modernisation on all the 16 numbers of low, mid, high zones and Bomba lifts has been completed. The planned replacement of the two (2) numbers remaining car park lifts has commenced work and expected to be completed within the next financial year.

For Bangunan AmBank Group, the planned upgrading on all its 12 numbers of lifts has also commenced work and projected to complete within the next financial year.

Meanwhile, at The Summit Subang USJ, the Summit Office lifts modernisation is underway and expected to be completed by 3Q 2019. Further improvements on The Summit Car Park security systems including installation of additional CCTVs and emergency assistance system have been completed as planned.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

RISK MANAGEMENT

The Manager recognises that it has the responsibility to manage risks effectively in order to protect the Trust against potential losses, damages or failures to achieve the goals and objectives of the Trust due to uncertain action or event. Risk management is an integral part of the Manager's corporate governance and has been embedded in the management processes as part of the Manager's overall framework to deliver continuous improvement for the Trust.

The Manager has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Trust throughout the financial year under review.

(a) Interest Rate Risk

As at 31 March 2019, the Trust's exposure in interest rate risk stems from its borrowings at 47.3% gearing level and that 74.7% of its loans are subject to floating rate loans. An adverse interest rate movement will result in higher interest cost and reduce the net income of the Trust.

The Manager has adopted a balanced proportion of fixed and floating rate borrowings as its strategy to mitigate interest rate risk. To mitigate the interest rate exposure, the Trust uses fixed rate term loan and IRS as instruments to hedge against the volatility of interest rates.

The Manager closely monitors the interest rate environment and will continue to manage the interest cost diligently to minimise the Trust's exposure to adverse movement in interest rates.

(b) Capital and Liquidity Risk

Capital and liquidity risk is associated with the ability of the Trust to access cash or capital at any given time to prevent insufficient liquidity to meet its business needs and financial obligations, including paying of income distribution, interests and loan repayments.

Capital and liquidity risk arises from event of default in loan covenants which lead to foreclosure by the lenders, deteriorating credit market resulting in non-availability of loans, poor liquidity and cash flow management and underperforming unit price that will cause high dilution for new unit issuance.

The Trust's capital and liquidity management objectives are to safeguard our ability to continue as a going concern and maintain an efficient capital structure in order to maximise returns to the Unitholders. Our capital and liquidity management strategies include:-

- i Effective cash flow and treasury management.
- ii Ongoing financial monitoring and interest rate management.
- iii Regular review of compliance with loan covenants.



- iv Relationship management with bankers, investors and sponsors.
- v Reduction of gearing via strategic divestment of low yielding assets.

The Manager regularly reviews its capital and liquidity management strategy to ensure that the Trust's capital and liquidity management objectives are met. The limit of gearing level is observed and monitor closely to ensure compliance with the SC's Listed REITs Guidelines.

(c) Credit Risk

Credit risk is the risk of reduction in net income due to high allowance for impairment loss or bad debts write-off and high legal cost incurred to pursue recovery of outstanding receivables from the tenants. Poor credit collections also give rise to cash flows problems.

The Manager has identified several possible causes of credit risk, which include high concentration of tenant mix, loose or complex tenancy arrangement and economic slowdown or rising costs which affect the ability of tenants to pay their rent.

To mitigate the Trust's credit risk exposure, the Manager maintains a policy of collecting security deposits from all tenants which act as collateral. The Manager also performs thorough customer due diligence to assess the tenants' ability to meet the rental payments prior to commencing the tenancies.

The Manager has implemented effective credit control measures such as close follow-up on rental arrears with tenants and the charging of late payment interest to encourage timely payment of rental. The Manager also maintains good tenant relations to increase timely rental collections.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

RISK MANAGEMENT (CONTD.)

(d) Acquisition and Investment Risk

Acquisition and investment risks refer to imperil of assets / investments not being yield accretive, affecting the overall performance of the Trust. Prior to recommending to the Board, the Manager evaluates the proposed acquisition from financial, legal and technical aspects.

The Manager will remain selective and manages such risk by evaluating potential acquisitions against approved investment criteria. The Investment Department will evaluate all proposed acquisitions prior to recommending to the Board. Due diligence will be conducted prior to acquisition.

There were no acquisitions or divestments of real estate assets during the financial year.

(e) Valuation Risk

Valuation risk refers to risk that valuation of property may not be sustainable, hence affecting the Trust's asset value and gearing. The main constraints for valuation are rental rates, occupancy rates and also operational cost. All these factors will be monitored by the Manager to ensure that they are not compromised and are mitigated with appropriate strategies such as strategic marketing activities, building strong relationship with tenants and providing a wider range of tenant mix.

Various active asset management strategies are adopted by the Manager to ensure that all the asset under management maintain its high occupancy level and rental rates. Strategies such as providing value-added services, improving tenancy mix, organising promotional activities within the properties are being implemented to further attract customers and potential tenants.

(f) Tenant Concentration Risk

Generally, AmFIRST REIT has a broad mix of tenants across its properties. Nevertheless, as reported in the Tenancy Mix Analysis section, it is evident that there is a tenant concentration risk of over relying on tenants that contribute significant revenue to the Trust, which in turn may pose a risk when there is an adverse event of reduction in rental rate or reduction in office space under current economic conditions.

For FY2019, our top ten (10) tenants generated 71.1% of the total rental income, of which 37.2% is by AmBank Group and 14.9% is by Mydin Mohamed Holdings Berhad, while the remaining eight (8) tenants have a relatively lower percentage ranging from 1% to 5%.

On the contrary, AmBank Group being the main sponsor of AmFIRST REIT and the 30 years lease with Mydin Mohamed Holdings Berhad will mitigate the risk exposure with long term and sustainable rental income. It would then be favourable and advantageous to retain the said tenants.

(g) Market Risk

The glut in office space has resulted in pressure on office rental rates due to competition from new office buildings with low occupancy. It is inevitable that competitors will drop their rental rates to attract tenants from existing buildings.

The Manager has great challenges ahead in both retaining and securing new tenants. The Manager has re-strategised and enhanced its focus to address adverse risks arising from the market over-supply and stiff competition. Amongst others, the key strategy rolled out were to retain existing tenants with improve service level and provide attractive rental package to attract new tenants.

(h) Operation Risk

The Manager is managing nine (9) buildings which make up the asset portfolio. Apart from building structures, these buildings require constant attention on air-conditioning systems, vertical transportation systems, CCTV systems and fire-fighting systems. Inherently as these equipment and machineries comprise of mechanical and electrical components, there are inherent risks associated with them. Mechanical and electrical components can be faulty during its use due to wear and tear. This would have an impact on both of its functionality and safety.

The Manager mitigates the risk by appointing appropriate and competent specialists to ensure that proper planned maintenance is undertaken accordingly. Approved annual budgets for maintenance and where required, replacements or asset enhancement are provided for to address operations requirement. Asset enhancements will be carried out for the buildings where deemed required.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

RISK MANAGEMENT (CONTD.)

(i) Regulatory and Compliance Risk

The Manager is licensed under Capital Markets & Services Act 2007. Hence, it is subject to strict adherence of the requirements of the Act as well as SC's Listed REITs Guidelines. In addition, as the Manager is a subsidiary of a financial institution, namely, AmBank Group, there is great emphasis of compliance on various regulations such as anti-money laundering, personal data protection, securities trading and anti-corruption, amongst others.

It is pertinent that an effective framework and resources must be in place to ensure regulatory requirements are complied with. The dedicated Compliance & Risk department was established to address related compliance risks. The department is responsible and tasked in advocating appropriate compliance culture among the Management team as well as service providers who have dealings with AmFIRST REIT. The Manager's compliance culture is further strengthened and mitigated by appropriate oversight role, guidance and resources by AmBank's Group Compliance as well as Operational Risk Departments.



PROSPECTS

As at 31 March 2019, the overall occupancy of the Trust's portfolio stood at 86.7%. With the new tenancies secured for some of the properties pending commencement of the tenancy, the overall committed occupancy of the Trust's portfolio expected further improved to 89.0%.

In anticipation of the challenging outlook of the office and retail market, the Manager will continue to adopt more aggressive leasing and marketing strategies to increase the overall occupancy of the Trust's portfolio in order to improve the net income and hence, the income distribution to Unitholders.

Barring any unforeseen circumstances, the Manager expects the Trust to deliver moderate performance for the financial year ending 31 March 2020.



In anticipation of the challenging outlook of the office and retail market, the Manager will continue to adopt more aggressive leasing and marketing strategies to increase the overall occupancy of the Trust's portfolio in order to improve the net income and hence, the income distribution to Unitholders.

BOARD OF DIRECTORS



SOO KIM WAI

Chairman / Non-Independent Non-Executive Director
Malaysian, Age 58, Male

Board Meeting Attendance in FY2019

4/4

Date of Appointment

19 August 2015

Length of Tenure as Director (as at 25 April 2019)

3 years 8 months

Board Committee Membership of the Manager

Audit Committee

Academic/Professional Qualification(s)

- Member of the Malaysian Institute of Accountants.
- Member of the Malaysian Institute of Certified Public Accountants.
- Fellow of the Certified Practising Accountant, Australia.
- Fellow of the Association of Chartered Certified Accountants, United Kingdom.

Directorship(s)

Present Directorship(s)

- Director of AMMB Holdings Berhad.
- Director of RCE Capital Berhad.
- Director of Amcorp Properties Berhad.
- Director of British Malaysian Chamber of Commerce Berhad.
- Director of other private limited companies as well as foreign companies.

Present Appointment(s)

- Group Managing Director of Amcorp Group Berhad.

Past Directorship(s) and/or Appointment(s)

- Director of ECM Libra Financial Group Berhad (2013 to 2016).
- Director of Kesas Sdn Bhd (2007 to 2014).
- Director of Kesas Holdings Berhad (2007 to 2011).
- Director of other private limited companies.

Relevant Experience

Mr Soo joined Amcorp 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 Deloitte KassimChan from 1980 to 1985.

None of the Directors of the Manager in office at the end of FY2019 (i) has any interest in AmFIRST REIT (ii) has been imposed of any public sanction and/or penalty by the relevant regulatory bodies (iii) has any family relationship with any Director and/or major Unitholders of AmFIRST REIT (iv) has conflict of interest with AmFIRST REIT and (v) has been convicted of any offence within the past five (5) years.

BOARD OF DIRECTORS (CONTD.)



DATO' WONG NAM LOONG

Independent Non-Executive Director
Malaysian, Age 69, Male

Board Meeting Attendance in FY2019

4/4

Date of Appointment

15 August 2016

Length of Tenure as Director (as at 25 April 2019)

2 year 8 months

Board Committee Membership of the Manager

Audit Committee (Chairman)

Academic/Professional Qualification(s)

- Degree of an Utter Barrister from Lincoln's Inn, London.
- Called to the English Bar in 1972 after completing the post final examination.
- Called to the Malaysian Bar on 21 February 1973.

Directorship(s)

Present Directorship(s)

- Executive Director of Canggih Pesaka Sdn Bhd.

Present Appointment(s)

- Managing Director of Temasya Mentari Sdn Bhd.
- Managing Director of Richmond Crescent Sdn Bhd.
- Managing Director of The Esquire Kitchen Sdn Bhd.

Past Directorship(s) and/or Appointment(s)

- Managing Director of Homestake Development Sdn Bhd (1976 to 1985).
- Managing Director of Desa Permai Sdn Bhd (1986 to 1989).
- Executive Director of Scientex-Quatari (M) Sdn Bhd (1990 to 2003).
- Executive Director of Scientex Development Sdn Bhd (1991 to 1995).
- Executive Director of Arab-Malaysian Scientex Development Sdn Bhd (1993 to 1996).
- Executive Director of Rising Heights Development Sdn Bhd (2004 to 2009).
- Executive Director of Tri-Ivory Assets Sdn Bhd (2008 to 2011).

Relevant Experience

Dato' Wong started his career with Messrs Shook, Lin & Bok as an Advocate and Solicitor where he was given numerous assignments including taking charge of Bandaraya Developments Berhad's project in Bangsar. Dato' Wong is the co-founder of Messrs Wong, Fadzil Omar & Co, which had managed to be appointed to the panels of some of the leading banks in Malaysia.

BOARD OF DIRECTORS (CONTD.)



DATO' ABDULLAH THALITH BIN MD THANI

Independent Non-Executive Director
Malaysian, Age 64, Male

Board Meeting Attendance in FY2019

4/4

Date of Appointment

15 August 2016

Length of Tenure as Director (as at 25 April 2019)

2 years 8 months

Board Committee Membership of the Manager

Audit Committee

Academic/Professional Qualification(s)

- Degree in B. Surveying (Property Management) from Universiti Teknologi Malaysia.
- Master of Science (Business Studies) from University of Salford.

Directorship(s)

Present Directorship(s)

- Director of Amway (Malaysia) Holdings Berhad.

Present Appointment(s)

- Nil

Past Directorship(s) and/or Appointment(s)

- Director of Syarikat Perumahan Negara Berhad.
- Director of Syarikat Usahasama SPNB-LTAT Sdn Bhd.
- Director of SPNB Mesra Sdn Bhd.
- Director of SPNB Dana Sdn Bhd.

Relevant Experience

Dato' Abdullah joined the Valuation and Property Services Department, Ministry of Finance as a Valuation Officer in May 1978. Along the line, he had been elevated as District Valuer, State Director, Director of INSPEN (the training arm of the Department), Director of National Property Information Centre (NAPIC) and Deputy Director General. During his tenure, his major and significant contribution was the setting up of NAPIC in 1999 where he was the first director and had presented a number of papers at property forum and seminars, both local and abroad. His last position was as the Director-General of the Department from February 2006 prior to his retirement in November 2012.

BOARD OF DIRECTORS (CONTD.)



AZLAN BAQEE BIN ABDULLAH

Non-Independent Non-Executive Director
Malaysian, Age 56, Male

Board Meeting Attendance in FY2019

4/4

Date of Appointment

22 February 2018

Length of Tenure as Director (as at 25 April 2019)

1 year 2 months

Board Committee Membership of the Manager

Nil

Academic/Professional Qualification(s)

- Bachelor of Science in Business Administration (Major Accounting and Finance) California State University, Chico.

Directorship(s)

Present Directorship(s)

- Director of AmBank Islamic Berhad.
- Director of AmREIT Holdings Sdn Bhd.
- Board member of the subsidiaries within Amcorp and AmProp.

Present Appointment(s)

- Chief Operating Officer of AmProp.
- Chairman of EXCO of AmREIT Managers Sdn Bhd.
- Member of the Board Credit Committee of AmBank Islamic Berhad.

Past Directorship(s) and/or Appointment(s)

- EXCO of KESAS (2007 to 2011).

Relevant Experience

En Azlan Baqee joined Amcorp in 1990 and has since undertaken various challenging and multi-tasking positions within the Group. He was responsible for the overall management and development of a high rise development projects, Amcorp Trade Centre in Petaling Jaya, development of the 400 acres Kayangan Heights in Shah Alam, the 1,000 acres Sibu Jaya Township in Sarawak, and various other mid-sized projects throughout Malaysia.

In 2007, Encik Azlan Baqee was appointed as Chief Operating Officer of AmProp, a listed subsidiary of Amcorp. Apart from expanding AmProp's property ventures into overseas markets at prime central London, Tokyo, Madrid, Hong Kong, Singapore and Shanghai, he was also instrumental in setting-up AmProp Group's venture into Sustainable Renewable Energy Power Plants i.e. 6MW Sg Perting Mini Hydro Power plant, 10.25MW Gemas Solar Power Plant and 20MW Sg Liang Mini Hydro Power Plant in Malaysia.

BOARD OF DIRECTORS (CONTD.)



SEOHAN SOO

Non-Independent Non-Executive Director
Malaysian, Age 52, Male

Board Meeting Attendance in FY2019

3/3 (Appointed on 10 August 2018)

Date of Appointment

10 August 2018

Length of Tenure as Director (as at 25 April 2019)

8 months

Board Committee Membership of the Manager

Nil

Academic/Professional Qualification(s)

- Bachelor of Laws with Honours from University of Warwick, United Kingdom.
- Master of Laws from University of Cambridge, United Kingdom.
- Advocate and Solicitor, High Court of Malaya.
- Barrister-at-Law from Lincoln's Inn, London.

Directorship(s)

Present Directorship(s)

- Director of AmInvestment Group Berhad.
- Director of AmFunds Management Berhad.
- Director of AmIslamic Funds Management Sdn Bhd.
- Director of AmREIT Holdings Sdn Bhd.
- Director of AmREIT Managers Sdn Bhd.

Present Appointment(s)

- Chief Executive Officer of AmInvestment Bank Berhad.
- Member of EXCO of AmREIT Managers Sdn Bhd.

Past Directorship(s) and/or Appointment(s)

- Executive Vice President, Capital Markets Group, AmInvestment Bank Berhad.
- Executive Vice President, Markets, AmBank Group.
- Director/Head, Debt Capital Markets, AmInvestment Bank Berhad.
- Director of Debt Capital Markets – Investment Banking and Treasury Markets Division, HSBC Bank Malaysia Berhad.
- Debt Capital Markets of Commerce International Merchant Bankers Bhd.
- Legal Training (Chambering) in Soo Thien Ming & Sharizaf, Advocates & Solicitors.

Relevant Experience

Mr Seohan joined AmInvestment Bank Berhad in 2003 as a Director / Head of Debt Capital Markets and has held various positions before he was promoted to his current position. He was instrumental in securing investment banking mandates for advisory / capital markets with consistent placement within top three (3) positions in the Malaysian's bond market league tables over the last fifteen (15) years.

He is a Council Member of The Malaysian Investment Banking Association ("MIBA"), a Member of Financial Markets Association Malaysia ("PPKM") and an Associate Member of The Asian Institute of Chartered Bankers. He also holds a Capital Market Services Representative's License under the Capital Markets and Services Act 2007.

BOARD OF DIRECTORS (CONTD.)



**YM RAJA NAZIRIN SHAH
BIN RAJA MOHAMAD**

Executive Director / Chief Executive Officer
Malaysian, Age 55, Male

Board Meeting Attendance in FY2019

N/A (Appointed on 22 April 2019)

Date of Appointment

22 April 2019

Length of Tenure as Director (as at 25 April 2019)

Nil [Appointed on 22 April 2019]

Board Committee Membership of the Manager

Nil

Academic/Professional Qualification(s)

- Post Graduate Research in Business Administration from Faculty of Economics, Kagawa University, Japan.
- Bachelor of Estate Management (Hons) from Faculty of Architecture, Planning & Surveying, University Teknologi MARA.
- Diploma in Estate Management from Faculty of Architecture, Planning & Surveying, University Teknologi MARA.
- Registered Property Manager – PM0415, Board of Valuers, Appraisers & Estate Agents.
- Registered Valuer - V415, Board of Valuers, Appraisers & Estate Agents.
- Registered Real Estate Agent - E1247, Board of Valuers, Appraisers & Estate Agents.

Directorship(s)

Present Directorship(s)

- Director of AmREIT Managers Sdn Bhd.

Present Appointment(s)

- Chief Executive Officer of AmREIT Managers Sdn Bhd.

Past Directorship(s) and/or Appointment(s)

- Vice President & Head of Commercial, PNB Merdeka Ventures Sdn Bhd.
- Chief Operating Officer, PNB Commercial Sdn Bhd.
- General Manager, Sales, Marketing & Asset Management, Malaysian Resources Corporation Berhad.
- Head of Operation, Damansara Harta Management Sdn Bhd.
- Assistant Vice President, FIMA Group of Companies.
- Valuation Officer, Ministry of Finance.

Relevant Experience

YM Raja Nazirin Shah was appointed to the Board of AmREIT on 22 April 2019. He is currently the Chief Executive Officer of AmREIT. He has vast and relevant experience in the property sector. In his previous employments, he was responsible in setting up overall business strategies, formulating relevant sales and marketing strategies as well as overseeing the entire business operations. Previous achievement includes market positioning and asset management of KL Sentral Integrated Development and turning it into a successful mix-commercial hub connected with high modern rail station.

SENIOR MANAGEMENT TEAM



**YM RAJA NAZIRIN SHAH
BIN RAJA MOHAMAD**

Executive Director /
Chief Executive Officer

YM Raja Nazirin Shah Bin Raja Mohamad, a Malaysian, Male, aged 56, was appointed to the board of AmREIT on 22 April 2019. He is currently the Chief Executive Officer of AmREIT.

YM Raja Nazirin Shah has more than thirty two (32) years of experience in the real estate industry, in areas of sales and marketing, project management and asset management.

Prior to joining AmREIT, he served Permodalan Nasional Berhad's subsidiaries from August 2011 to April 2019. Permodalan Nasional Berhad is a Malaysian government-linked investment company. He was the Vice President and Head of Commercial for PNB Merdeka Ventures Sdn Bhd. PNB Merdeka Ventures Sdn Bhd involves in the development of PNB 118 which will be the tallest office building in South East Asia. It is a premier office building with an estimated Net Lettable Area ("NLA") of 1.7 million square feet. PNB 118 is part of the mix-commercial development known as Merdeka 118. Prior to that, he was the Chief Operating Officer for PNB

Commercial Sdn Bhd from August 2011 to December 2017 overseeing a workforce of over 305 staffs in managing 17 properties of various assets classes across commercial, retail, hospitality and residential with asset under management worth over RM1.5 billion. He was the General Manager - Sales, Marketing & Asset Management for Malaysian Resources Corporation Berhad from Dec 2000 to April 2011. He was instrumental in the market positioning and asset management of KL Sentral Integrated Development and for turning it into a successful mix commercial hub connected with high modern rail station.

YM Raja Nazirin Shah holds a Post Graduate Research in Business Administration from Faculty of Economics, Kagawa University, Japan and a Bachelor of Estate Management (Hons) from Faculty of Architecture, Planning & Surveying, University Teknologi MARA. He is professionally qualified as Registered Property Manager, Registered Valuer and Registered Real Estate Agent which are governed by the Board of Valuers, Appraisers & Estate Agents.



CHONG HONG CHUON

Chief Financial Officer

Mr Chong Hong Chuon joined AmREIT on 2 November 2015 as Chief Financial Officer.

On 11 June 2018, he was appointed as Acting Chief Executive Officer of AmREIT and relinquished his role as Acting Chief Executive Officer with effect from 22 April 2019. He remains as Chief Financial Officer of AmREIT 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 twenty (20) 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 that, he was the Head of Finance of AmREIT and Group Financial Controller of GLM REIT Management Sdn Bhd.

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

He currently also holds the Capital Market Services Representative's License under the Capital Markets and Services Act 2007.

SENIOR MANAGEMENT TEAM (CONTD.)



ZUHAIRY BIN MD ISA

Deputy Chief Executive Officer

Encik Zuhairy bin Md Isa joined AmREIT 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 AmREIT and responsible for the strategic direction, investment objectives and operations of AmFIRST REIT and AmREIT as well as overseeing the roles as the Head, Asset Management.

On 8 January 2015, he was redesignated as the Deputy CEO of the Manager and currently responsible for the investment strategies and property portfolio planning of AmFIRST REIT. He currently holds the Capital Market Services Representative's License under the Capital Markets and Services Act 2007 since April 2014 and a Registered Property Manager with the Board of Valuers, Appraisers, Estate Agents and Property Managers of Malaysia.

Encik Zuhairy has more than fifteen (15) years of related working experience prior to joining AmREIT. His last position was as the 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 is the Chairman of The Summit Subang USJ Management Corporation representing AmFIRST REIT, spearheading the management, operations and also the repositioning of the mall. He was the Vice Chairman of the 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.



HEONG KIM MENG

Vice President 1, Marketing & Leasing, Asset Management

Mr Heong Kim Meng joined AmREIT on 6 June 2014 as 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. In June 2016, he became Head of Marketing & Leasing as the Management restructured the Asset Management into Operation and Marketing & Leasing separately to streamline and meet strategic needs.

He has more than ten (10) years of related working experience prior to joining AmREIT. His last position was General Manager of Kwong Hing Group. He was responsible for 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.

SENIOR MANAGEMENT TEAM (CONTD.)



ONG BOON HOCK

Vice President 1, Operations, Asset Management

Mr Ong Boon Hock joined AmREIT on 15 June 2016 as Vice President of Operations, Asset Management.

He is primarily responsible for the property management which includes directly overseeing and setting service levels for the Property Managers. He also plans and implements the asset enhancement activities. He was also appointed as the Chairperson of the Occupational Safety and Health (OSH) Committee of Menara AmFIRST.

He has over twenty one (21) years of related working experience prior to joining AmREIT. Prior to joining AmREIT, he was attached to a local Property Consultant company as a General Manager. Formerly, he was with Hap Seng Land Sdn Bhd, part of Hap Seng Consolidated Berhad Group. He also briefly held the post of Centre Manager of Subang Parade while in Hektar REIT.

He spent his career in developing his professional knowledge in Property Management particularly in Shopping Mall Management including holding a Complex Manager's post while he was with an international property consultant firm, DTZ Nawawi Tie Leung Property Consultants Sdn Bhd.

He studied in the field of Institute of Chartered Secretaries and Administrators and Marketing.



**JAYASURAES NAIDU
A/L SUBRAMANIAM**

Vice President 1, Compliance & Risk

Mr Jayasuraes Naidu a/l Subramaniam joined AmREIT on 4 May 2015 as Vice President of Compliance & Risk. He is primarily responsible for compliance and risk management activities of AmREIT. He has twenty two (22) years of related working experience prior to joining AmREIT and has also been entrusted with the Business Operational Controls function which is a requirement enforced by the Group Operational Risk Department of AmBank Group.

Apart from specialised knowledge and skills in compliance, auditing and risk management, he too had an opportunity to lead management and its operations regionally in his previous employment. The combination of experiences that he has gained over the years greatly contributes to the current organisation and in discharging his current role.

He 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 AmREIT, he was attached to Turiya Technologies Pte Ltd, a semi-conductor 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 as well as a Chartered Accountant (M). He is currently a Member of The Malaysian Institute of Accountants and The Institute of Internal Auditors Malaysia.

SENIOR MANAGEMENT TEAM (CONTD.)



**CARRIE CHUA
MOOI CHU**

Vice President 2, Tenancy
Management

Ms Carrie Chua Mooi Chu joined AmREIT in October 2008. She is primarily responsible for the marketing and leasing of space involving negotiating with new and existing tenants and property management of the AmFIRST REIT's portfolios.

In addition, she handles all the tenancy related matters, responsible for oversees the property management aspects in the delivery of tenant care and services and has the responsibility to maximise tenant retention, loyalty and satisfaction.

She has more than twenty (20) 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, handled a variety of responsibilities in the areas of development, sales and marketing, leasing of various types of property development and retail management.

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



**ABDUL RAHMAN
BIN MOHD JONED**

Vice President 2, Finance

Encik Abdul Rahman bin Mohd Joned joined AmREIT 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 and assist in investor relation matters. He was the former Compliance Officer of AmREIT from June 2013 to April 2015 and was also previously responsible for the Business Operational Controls function in respect of the risk management activities of AmREIT.

He has more than ten (10) years of related working experience prior to joining AmREIT. 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 graduated from Universiti Teknologi MARA with a Degree in Accountancy (Hons). He is also a member of The Malaysian Institute of Accountants.

ASSET PROFILE



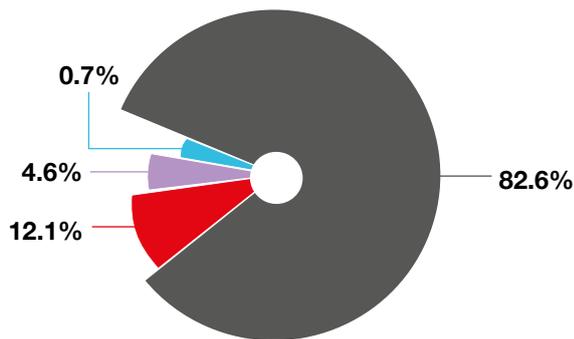
BANGUNAN AmBANK GROUP (“BAG”)

Bangunan AmBank Group is located along Jalan Raja Chulan, within the prime commercial centre of the Kuala Lumpur Golden Triangle and is easily accessible from most parts of Kuala Lumpur city centre.

The locality where BAG is situated is predominantly characterised by modern high-rise purpose-built office and commercial buildings, local and international class hotels, exclusive shopping complexes and luxury condominiums / service apartments.

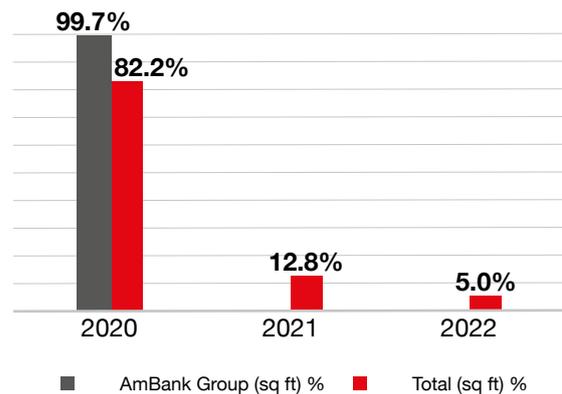
A prominent landmark within the immediate vicinity is the iconic Kuala Lumpur Tower (KL Tower) which is located within walking distance to the Property.

Tenants' Trade Mix Analysis



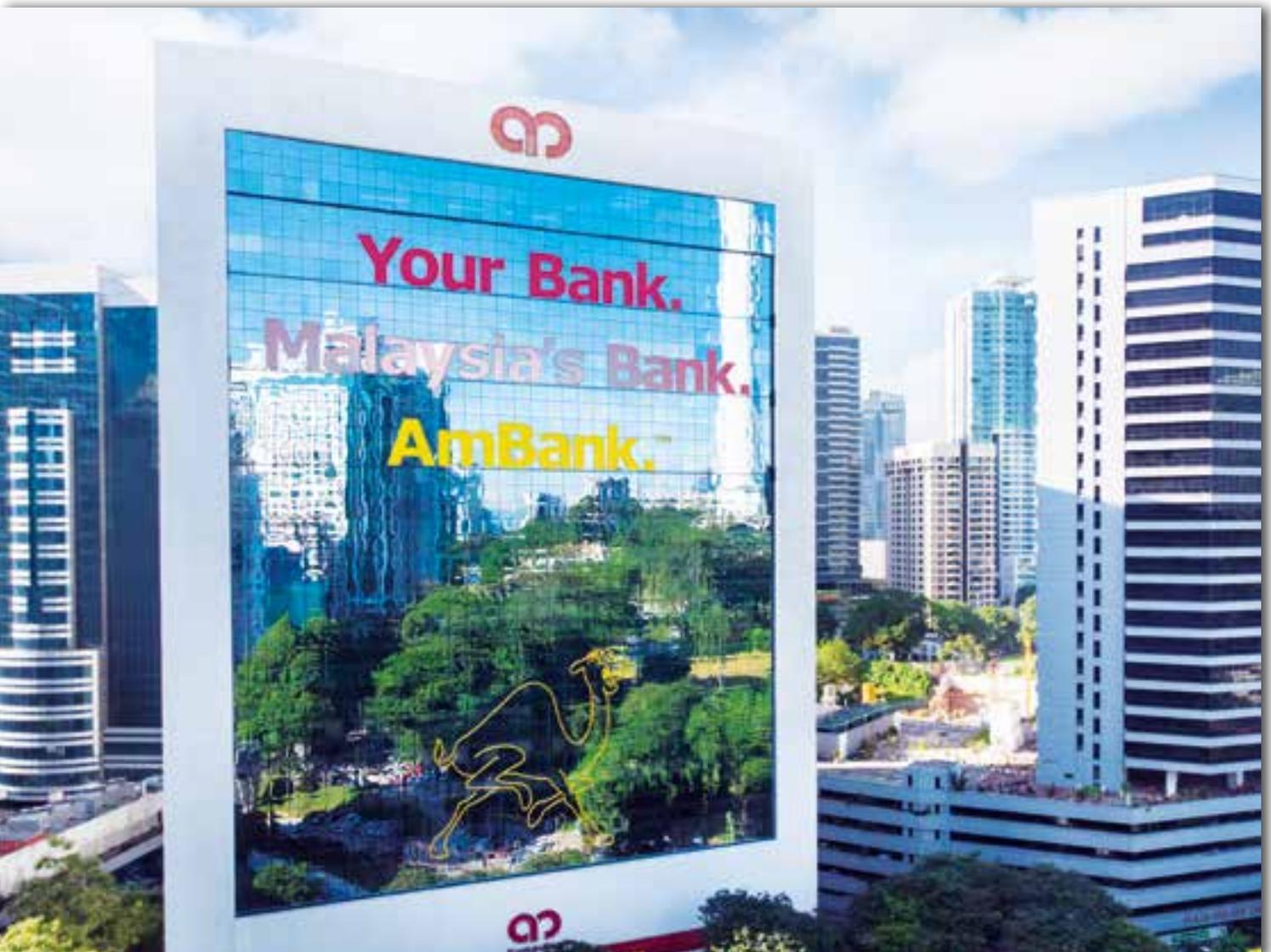
Category	%
Banking & Financial Institutions	82.6
Advocates & Solicitors	12.1
Food & Beverages	4.6
Services & Others	0.7
Total	100.0

Tenancy Expiry Profile



FY	AmBank Group (sq ft)	%	Total (sq ft)	%
2020	294,005	99.7	294,785	82.2
2021	-	-	45,875	12.8
2022	-	-	18,128	5.0
Total	294,005	99.7	358,788	100.0

ASSET PROFILE (CONTD.)



DETAILS OF PROPERTY

Location

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 65 years)

Encumbrances

Nil

Year of Completion

1987

Age of Building

32 years

Net Lettable Area

360,166 sq ft

Existing Use

Commercial Office

Car Park

522

Number of Tenants

10

Date of Acquisition

21 December 2006

Acquisition Cost

RM180.2 million

Latest Revaluation

RM260.2 million*

Date of Revaluation

19 January 2019

Occupancy Rate

99.6%*

Gross Revenue

RM23.9 million#

Net Property Income

RM17.6 million#

Major Capital Expenditure

RM2.6 million#

Average Tenancy Period

3 years

Valuer

Messrs Cheston International (KL) Sdn Bhd

Major Tenants

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

Property Manager

Knight Frank Property Management Sdn Bhd

* As at 31 March 2019

For FY2019

ASSET PROFILE (CONTD.)



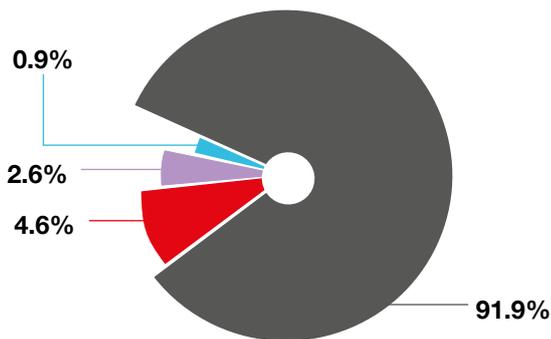
MENARA AmBANK (“MAB”)

Menara AmBank is located along Jalan Yap Kwan Seng, within the heart of the Kuala Lumpur Golden Triangle and is easily accessible from most parts of the city centre via Jalan Ampang and Jalan Tun Razak.

The Property is surrounded by modern high-rise purpose-built office and commercial buildings, prime shopping complexes, luxurious high-rise condominiums / service apartments as well as international hotels.

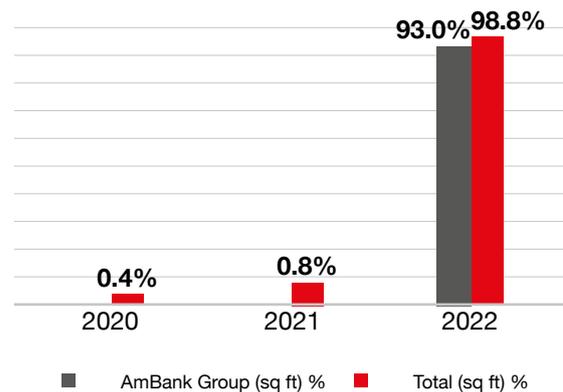
A prominent landmark in the immediate vicinity is the iconic KLCC Twin Towers which is located walking distance to the Property.

Tenants' Trade Mix Analysis



Category	%
Banking & Financial Institutions	91.9
Food & Beverages	4.6
Services & Others	2.6
Health	0.9
Total	100.0

Tenancy Expiry Profile



FY	AmBank Group (sq ft)	%	Total (sq ft)	%
2020	-	-	1,261	0.4
2021	-	-	2,631	0.8
2022	306,072	93.0	328,981	98.8
Total	306,072	93.0	332,873	100.0

ASSET PROFILE (CONTD.)



DETAILS OF PROPERTY

Location

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

Description of Property

46-storey office building
comprising 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

First Party Legal Charge

Year of Completion

1997

Age of Building

22 years

Net Lettable Area

458,187 sq ft

Existing Use

Commercial Office

Car Park

557

Number of Tenants

13

Date of Acquisition

21 December 2006

Acquisition Cost

RM230.2 million

Latest Revaluation

RM321 million*

Date of Revaluation

19 February 2019

Occupancy Rate

72.7%*

Gross Revenue

RM20.7 million#

Net Property Income

RM11.8 million#

Major Capital Expenditure

RM2.5 million#

Average Tenancy Period

3 years

Valuer

Messrs Cheston International
(KL) Sdn Bhd

Major Tenants

AmBank Group

Property Manager

Knight Frank Property
Management Sdn Bhd

* As at 31 March 2019

For FY2019

ASSET PROFILE (CONTD.)

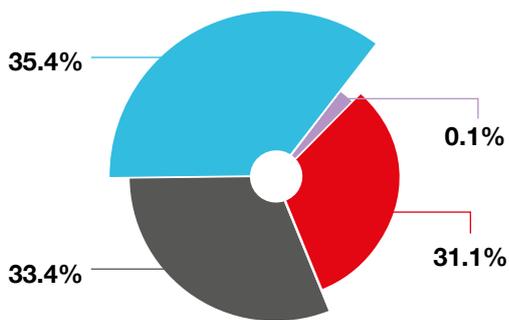


MENARA AmFIRST (“MA”)

Menara AmFIRST is located along Jalan 19/3, Section 19 Petaling Jaya and is easily accessible from Kuala Lumpur, Subang Jaya, Shah Alam and Klang via the Federal Highway, the SPRINT Highway and the North – Klang Valley Expressway. It is a landmark building within the vicinity.

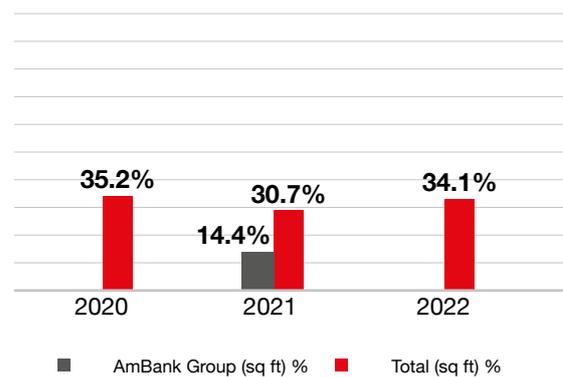
The immediate locality comprises mainly purpose-built detached factories and warehouses, purpose-built office and commercial buildings and shopoffices.

Tenants’ Trade Mix Analysis



Category	%
Services & Others	35.4
Health/Personal Care/Beauty	33.4
Telecommunication/IT/Eletronic/Electrical	31.1
Food & Beverages	0.1
Total	100.0

Tenancy Expiry Profile



FY	AmBank Group (sq ft)	%	Total (sq ft)	%
2020	-	-	37,558	35.2
2021	4,709	14.4	32,699	30.7
2022	-	-	36,363	34.1
Total	4,709	14.4	106,621	100.0

ASSET PROFILE (CONTD.)



DETAILS OF PROPERTY

Location

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

Description of Property

22-storey purpose-built office building comprising 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

25 years

Net Lettable Area

155,747 sq ft

Existing Use

Commercial Office

Car Park

324

Number of Tenants

27

Date Of Acquisition

21 December 2006

Acquisition Cost

RM57.1 million

Latest Revaluation

RM65.8 million*

Date of Revaluation

24 January 2019

Occupancy Rate

68.5%*

Gross Revenue

RM4.8 million#

Net Property Income

RM2.5 million#

Major Capital Expenditure

RM0.1 million#

Average Tenancy Period

1 - 3 years

Valuer

Messrs KGV International Property Consultants (M) Sdn Bhd

Major Tenants

KAO (Malaysia) Sdn Bhd
Locus-T Sdn Bhd
Asatsu-DK (M) Sdn Bhd
Perfect Pentagon Sdn Bhd
MTrustee Bhd
JVC Kenwood Malaysia Sdn Bhd

Property Manager

Savills (KL) Sdn Bhd

* As at 31 March 2019

For FY2019

ASSET PROFILE (CONTD.)



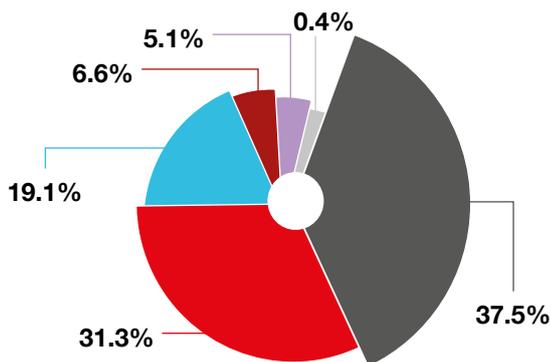
WISMA AmFIRST (“WA”)

Wisma AmFIRST is located within SS7, Kelana Jaya and it is easily accessible from Kuala Lumpur city centre via the North Klang Valley Expressway (NKVE), Lebuhraya Damansara-Puchong (LDP) and the Federal Highway.

The immediate locality is mixed in character and comprise purpose-built office and commercial buildings, apartments / condominiums, purpose-built detached houses and a shopping mall.

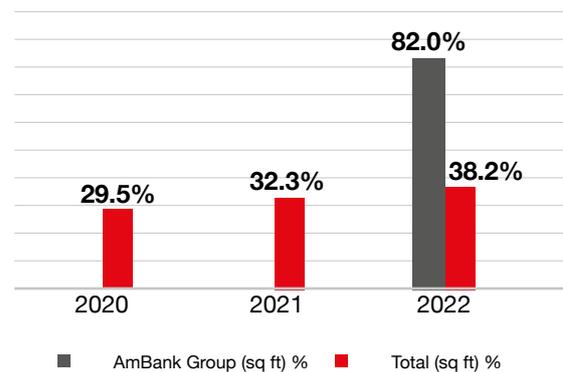
Prominent landmarks in the immediate surrounding include a stadium (Stadium MBPJ) and a recreational park (known as Kelana Jaya Recreational Park).

Tenants’ Trade Mix Analysis



Category	%
● Logistic & trading	37.5
● Banking & Financial Institutions	31.3
● Service & Others	19.1
● Health/Personal Care	6.6
● Telecommunication/IT/Electronic/Electrical	5.1
● Advocates & Solicitors	0.4
Total	100.0

Tenancy Expiry Profile



FY	AmBank Group (sq ft)	%	Total (sq ft)	%
2020	-	-	82,125	29.5
2021	-	-	89,482	32.3
2022	86,846	82.0	105,857	38.2
Total	86,846	82.0	277,465	100.0

ASSET PROFILE (CONTD.)



DETAILS OF PROPERTY

Location

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 of 99 years expiring on 19 February 2094 (unexpired term of approximately 75 years)

Encumbrances

Lien Holder's Caveat

Year of Completion

2001

Age of Building

18 years

Net Lettable Area

284,355 sq ft

Existing Use

Commercial Office

Car Park

645

Number of Tenants

26

Date Of Acquisition

21 June 2007

Acquisition Cost

RM86.0 million

Latest Revaluation

RM117.9 million*

Date of Revaluation

1 March 2019

Occupancy Rate

97.6%*

Gross Revenue

RM9.4 million#

Net Property Income

RM5.5 million#

Major Capital Expenditure

Nil#

Valuer

Messrs KGV International Property Consultants (M) Sdn Bhd

Major Tenants

AmBank (M) Berhad
Kimberly-Clark Trading (M) Sdn Bhd
Agensi Pengangkutan Awam Darat (APAD)
Swisslog Malaysia Welch Allyn (M) Sdn Bhd
Expeditors (M) Sdn Bhd
Welch Allyn (M) Sdn Bhd
Information Handling Services (M) Sdn Bhd

Property Manager

Savills (KL) Sdn Bhd

* As at 31 March 2019

For FY2019

ASSET PROFILE (CONTD.)



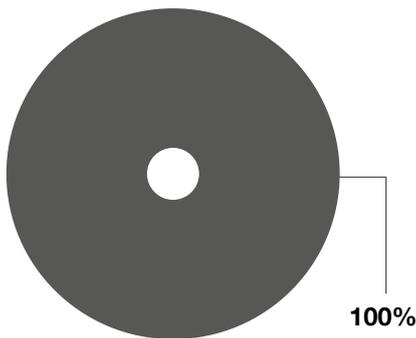
PRIMA 9

Prima 9 is located along Persiaran Apec within Cyberjaya. It is located approximately 40 kilometres to the south-west of Kuala Lumpur city centre and is easily accessible via the Kuala Lumpur – Putrajaya / Cyberjaya Expressway which is also known as the Maju Expressway (MEX).

Cyberjaya was conceptualised as an IT-theme township is Malaysia’s first Multimedia Super Corridor and all the purpose-built office and commercial buildings are accredited MSC status whilst some newer buildings are awarded Green Building Index (GBI) certificate.

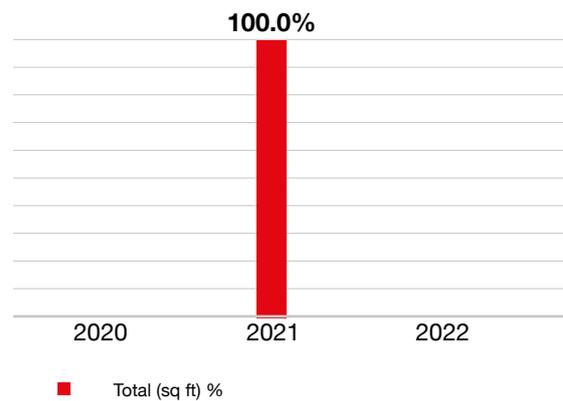
These buildings accommodate local and multinational IT based companies; i.e. IBM, Shell IT, Ericsson, HSBC, Nokia, EDS, DHL, Vivanova Systems and about 200 others.

Tenants’ Trade Mix Analysis



Category	%
● Services & Others	100.0
Total	100.0

Tenancy Expiry Profile



FY	Total (sq ft)	%
2020	-	-
2021	111,224	100.0
2022	-	-
Total	111,224	100.0

ASSET PROFILE (CONTD.)



DETAILS OF PROPERTY

Location

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 Darul Ehsan

Tenure

Freehold

Encumbrances

Nil

Year of Completion

2009

Age of Building

10 years

Net Lettable Area

111,224 sq ft

Existing Use

Commercial Office

Car Park

414

Number of Tenants

1

Date Of Acquisition

30 November 2011

Acquisition Cost

RM72.7 million

Latest Revaluation

RM72.6 million*

Date of Revaluation

1 March 2019

Occupancy Rate

100.0%*

Gross Revenue

RM5.4 million#

Net Property Income

RM3.8 million#

Major Capital Expenditure

Nil#

Average Tenancy Period

3 years

Valuer

Messrs KGV International Property
Consultants (M) Sdn Bhd

Major Tenants

Medical Device Authority
Ministry of Health M'sia

Property Manager

Savills (KL) Sdn Bhd

* As at 31 March 2019

For FY2019

ASSET PROFILE (CONTD.)



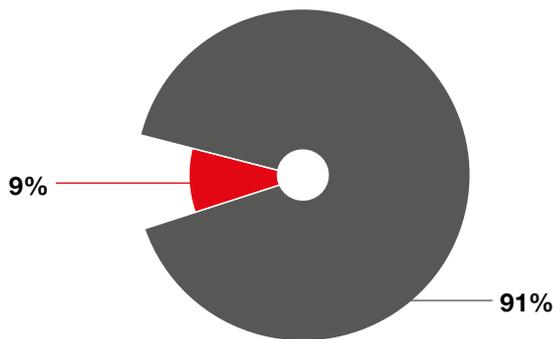
PRIMA 10

Prima 10 is located along Persiaran Apec within Cyberjaya. It is located approximately 40 kilometres to the south-west of Kuala Lumpur city centre and is easily accessible via the Kuala Lumpur – Putrajaya / Cyberjaya Expressway which is also known as the Maju Expressway (MEX).

Cyberjaya was conceptualized as an IT-theme township is Malaysia’s first Multimedia Super Corridor and all the purpose-built office and commercial buildings are accredited MSC status whilst some newer buildings are awarded Green Building Index (GBI) certificate.

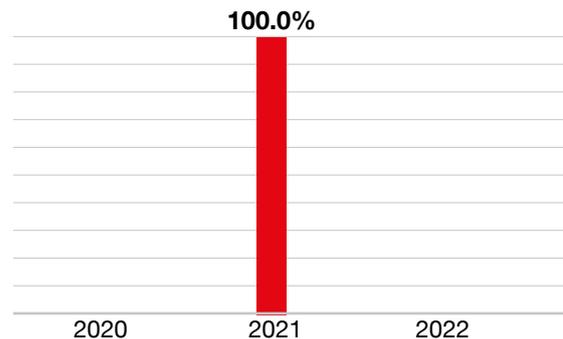
These buildings accommodate local and multinational IT based companies; i.e. IBM, Shell IT, Ericsson, HSBC, Nokia, EDS, DHL, Vivanova Systems and about 200 others.

Tenants’ Trade Mix Analysis



Category	%
● Services & Others	91.0
● Telecommunication/IT	9.0
Total	100.0

Tenancy Expiry Profile



FY	Total (sq ft)	%
2020	-	-
2021	84,078	100.0
2022	-	-
Total	84,078	100.0

ASSET PROFILE (CONTD.)



DETAILS OF PROPERTY

Location

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

9 years

Net Lettable Area

100,272 sq ft

Existing Use

Commercial Office

Car Park

327

Number of Tenants

2

Date Of Acquisition

30 November 2011

Acquisition Cost

RM61.7 million

Latest Revaluation

RM65.7 million*

Date of Revaluation

1 March 2019

Occupancy Rate

83.9%*

Gross Revenue

RM4.2 million#

Net Property Income

RM3.1 million#

Major Capital Expenditure

Nil#

Average Tenancy Period

3 - 5 years

Valuer

Messrs KGV International Property
Consultants (M) Sdn Bhd

Major Tenants

RBC Investor Services
(M) Sdn Bhd
Quest Software Technology
Systems Sdn Bhd

Property Manager

Savills (KL) Sdn Bhd

* As at 31 March 2019

For FY2019

ASSET PROFILE (CONTD.)



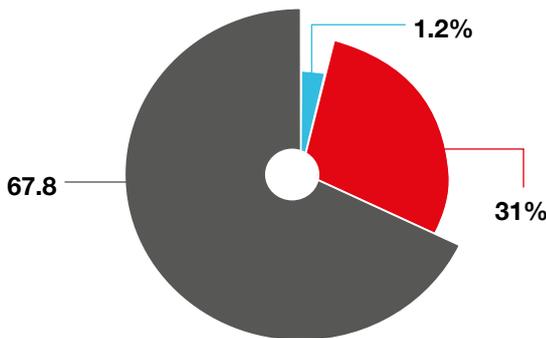
KOMPLEKS TUN SRI LANANG (Also known as Jaya 99)

Jaya 99 is located along Jalan Tun Sri Lanang, approximately 800 metres north of Melaka town.

The immediate locality is commercial in character and comprise purpose-built office and commercial buildings, local and international hotels, shopping complexes and shopoffices.

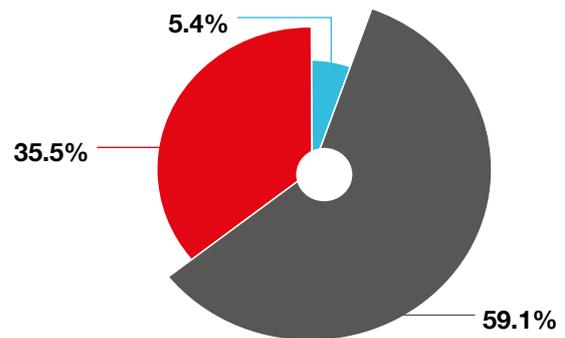
Prominent landmarks in the vicinity include the elevated Hang Jebat Melaka Monorail Station, Terminal Melaka Sentral and Melaka Dumai Ferry Terminal.

Tenants' Trade Mix Analysis "Office"



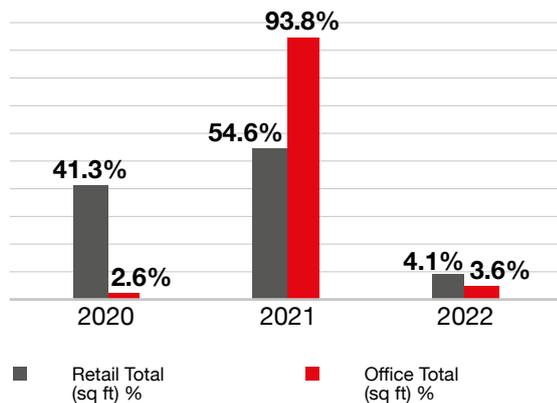
Category	%
Services & Others	67.8
Telecommunication/Electrical	31.0
Construction / Real Estate / Engineering	1.2
Total	100.0

Tenants' Trade Mix Analysis "Retail"



Category	%
Real Estate	59.1
Services & Others	35.5
Food & Beverages	5.4
Total	100.0

Tenancy Expiry Profile



FY (Retail)	Total (sq ft)	%
2020	14,409	41.3
2021	19,013	54.6
2022	1,429	4.1
Total	34,851	100.0

FY (Office)	Total (sq ft)	%
2020	4,371	2.6
2021	157,340	93.8
2022	6,084	3.6
Total	167,795	100.0

ASSET PROFILE (CONTD.)



DETAILS OF PROPERTY

Location

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

Description of Property

A 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 90 years)

Encumbrances

First Party Legal Charge

Year of Completion

2011

Age of Building

8 years

Net Lettable Area

225,912 sq ft

Existing Use

Commercial Office

Car Park

551

Number of Tenants

20

Acquisition Date

1 November 2012

Acquisition Cost

RM87.2 million

Latest Revaluation

RM103.9 million*

Date of Revaluation

1 March 2019

Occupancy Rate

89.7%*

Gross Revenue

RM8.4 million#

Net Property Income

RM5.9 million#

Major Capital Expenditure

RM0.4 million#

Average Tenancy Period

3 years

Valuer

Messrs KGV International Property Consultants (M) Sdn Bhd

Major Tenants

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

Property Manager

Rahim & Co. International
Sdn Bhd

* As at 31 March 2019

For FY2019

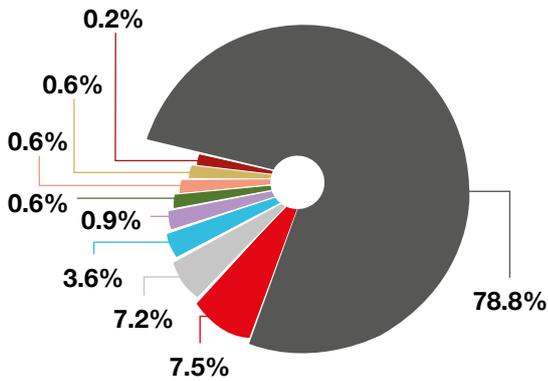
ASSET PROFILE (CONTD.)



MYDIN HYPERMALL BUKIT MERTAJAM (“MYDIN HYPERMALL”)

Mydin HyperMall is located strategically along Jalan Baru which is the main service road connecting Bukit Mertajam and Butterworth towns, Penang. These are currently the two major towns which are undergoing rapid development on the mainland of Penang due to the demand for housing. 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 Lingkar Luar Butterworth and North-South Expressway.

Tenants’ Trade Mix Analysis



Category	%
Anchor (Hypermarket)	78.8
Food & Beverages	7.5
Leisure & Entertainment, Sports & Fitness	7.2
Fashion Apparel / Jewellery / Accessories	3.6
Services & Others	0.9
Hobbies, Jewellery / Time Piece / Gifts & Specialty	0.6
Health / Personal Care / Beauty	0.6
Home Improvement / Furniture / Deco	0.6
Electrical / Telecommunication	0.2
Total	100.0

*Note: This tenant trade mix is for the type of tenant within the bulding. For AmFIRST REIT, it was only one master tenant which is Mydin Mohamed Holdings.

ASSET PROFILE (CONTD.)



DETAILS OF PROPERTY

Location

Mydin HyperMall
Jalan Baru
14000 Bukit Mertajam
Pulau Pinang

Description of Property

A 3-storey hypermall building with mezzanine floor for each storey) comprising 5 levels of retail space at the front portion and 2 levels of hypermarket, warehouse and office at the rear portion

Land Title

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

Tenure

Freehold

Encumbrances

First Party Legal Charge

Year of Completion

2015

Age of Building

4 years

Net Lettable Area

536,507 sq ft

Existing Use

Commercial Retail

Car Park

Car park - 1,239
Motorcycle - 1,270

Date of Acquisition

29 January 2016

Acquisition Cost

RM254.1 million

Latest Revaluation

RM278.0 million*

Date of Revaluation

7 March 2019

Occupancy Rate

100.0%*

Gross Revenue

RM16.3 million#

Net Property Income

RM16.2 million#

Major Capital Expenditure

Nil#

Lease Period

30 years

Valuer

Messrs KGV International Property
Consultants (M) Sdn Bhd

Master Lessee

Mydin Mohamed Holdings Bhd

Property Manager

Savills (KL) Sdn Bhd

* As at 31 March 2019

For FY2019

ASSET PROFILE (CONTD.)



THE SUMMIT SUBANG USJ (“THE SUMMIT”)

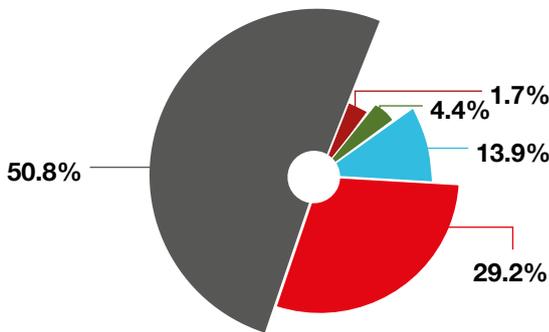
The Summit Subang USJ is located within the main commercial hub of UEP Subang Jaya which is amongst one of the major townships in the Klang Valley. It is easily accessible to Kuala Lumpur city centre and its peripherals via most of the highways / expressways within Klang Valley; i.e. Lebuhraya Shah Alam (KESAS), the Federal Highway, the New Pantai Expressway (NPE) and Lebuhraya Damansara – Puchong.

The immediate locality is commercial in character comprising purpose-built office and commercial buildings, showrooms, service apartments / condominiums, hotels and shopoffices.

Prominent landmarks in the locality include, Kompleks 3C MPSJ, Majlis Perbandaran Subang Jaya (MPSJ) and Balai Polis USJ (USJ 8).

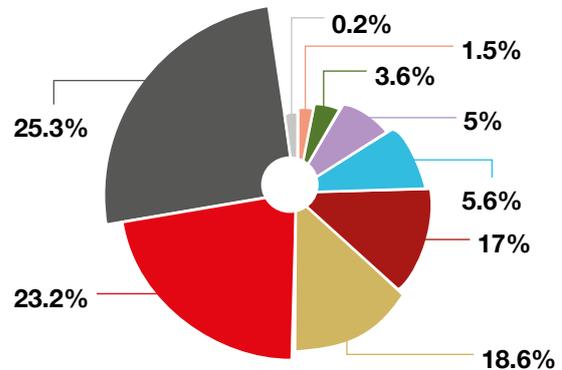
The larger locality includes the commercial developments in Bandar Sunway, SS 15 and SS 16 Subang Jaya and Bandar Puchong Jaya.

Tenants’ Trade Mix Analysis “Office”



Category	%
Services & Others	50.8
Logistic & Trading	29.2
Education / Enrichment / College	13.9
Health / Personal Care / Beauty	4.4
Electrical / Telecommunication	1.7
Total	100.0

Tenants’ Trade Mix Analysis “Retail”



Category	%
Entertainment / Karaoke / Cinema / Bowling	25.3
Home & Living / Home Deco / Electrical / Diy	23.2
Education / Enrichment / College / Training Centre	18.6
Food & Beverage / Bakery	17.0
Services & Others	5.6
Fashion Apparel	5.0
Hobbies, Jewellery / Time Piece / Gifts & Specialty	3.6
Health / Personal Care / Beauty	1.5
IT Centre / Telecommunication	0.2
Total	100.0

ASSET PROFILE (CONTD.)



DETAILS OF PROPERTY

Location

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 parking bays

Land Title

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

21 years

Net Lettable Area

Retail - 570,656 sq ft
Office - 138,604 sq ft

Existing Use

Commercial Office, Hotel
and Retail Mall

Car Park

1,966

Number of Tenants

Retail - 69
Office - 15
Hotel - 1

Date Of Acquisition

31 March 2008

Acquisition Cost

RM278.7 million

Latest Revaluation

RM369.4 million*

Date of Revaluation

22 February 2019

Occupancy Rate

Retail - 74.6%*
Office - 82.2%*
Hotel - 100.0%*

Gross Revenue

RM23.7 million#

Net Property Income

RM9.1 million

Major Capital Expenditure

RM7.6 million

Average Tenancy Period

1 to 3 years

Valuer

Messrs KGV International Property
Consultants (M) Sdn Bhd

Major Tenants - (Retail)

Home Product Center (M) Sdn Bhd
IMC Education Sdn Bhd
Golden Screen Cinemas Sdn Bhd
Royel Department Store Sdn Bhd

Major Tenants - (Office)

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

Property Manager

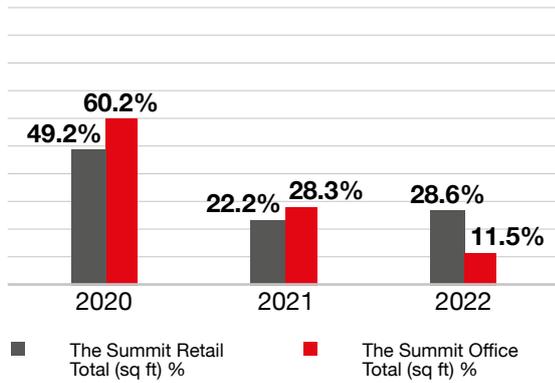
Knight Frank Property
Management Sdn Bhd

* As at 31 March 2019

For FY2019

ASSET PROFILE (CONTD.)

Tenancy Expiry Profile



FY (Retail)	Total (sq ft)	%
2020	209,236	49.2
2021	94,640	22.2
2022	121,663	28.6
Total	425,539	100.0

FY (Office)	Total (sq ft)	%
2020	68,552	60.2
2021	32,168	28.3
2022	13,150	11.5
Total	113,869	100.0



MARKET REPORT

1.0 ECONOMIC INDICATORS

Key Indicator	2015	2016	2017	2018e	2019f
1 GDP Growth Rate	5.0%	4.2%	5.9%	4.7%	4.9%
2 Inflation Rate	2.1%	2.1%	3.7%	1.0%	2.5% - 3.5%
3 Unemployment	3.1%	3.4%	3.4%	3.3%	3.3%

Source: Bank Negara Malaysia / Ministry of Finance

Note: e = estimate; f = forecast

The Malaysian economy grew 4.7% in 2018 compared to a 5.9% expansion in 2017, underpinned by private expenditure and consumption. On the supply side, the manufacturing and service sectors continued to be the main drivers of growth with 23.0% and 55.5% share respectively.

Bank Negara Malaysia (BNM) kept the Overnight Policy Rate (OPR) unchanged at 3.25% to remain accommodative and supportive of current economic activity.

The labour market conditions remain resilient with the unemployment rate at 3.3% in 2018 (2017: 3.4%).

For 2018 as a whole, headline inflation averaged at 1.0% compared with 3.7% posted in 2017.

Meanwhile, the Consumer Sentiment Index (CSI) as measured by the Malaysian Institution of Economic Research (MIER), continued to slide from a record high of 132.9 points in 2Q2018. The index dipped below the 100-point threshold of optimism to 96.8 points in 4Q2018 (3Q2018: 107.5 points) as consumers turned cautious and cut back on their spending due to rising cost of living amid a slowdown in the economy.

The MIER's Business Conditions Index (BCI) has also retreated and was recorded at 95.3 points in 4Q2018 (3Q2018: 108.8 points).

In 2018, the country received a total of 25.8 million visitors with corresponding tourist receipts of RM84.1 billion, short of its tourism targets of 26.4 million arrivals and receipts of RM84.9 billion. Although there was a 0.4% y-o-y decline in tourist arrivals, tourist receipts were however, higher by 2.4% during the same period. The top components of tourist expenditure for the January 2018 to June 2018 period are shopping (35.5%), accommodation (25.6%) and food & beverage (10.6%).

1.1 Services Sector Overview

In 2018, the services sector maintained its position as the leading contributor to the national gross domestic product (GDP).

The sector's contribution has been fairly consistent and on an annual basis, its share ranges from about 53.5% to 55.5%. In 2018, contribution from the services sector accounted for 55.5% of the country's GDP.

Table 1: Malaysia - Services Sector Percentage Contribution to Total GDP, at Constant 2015 Prices, 2015 to 2018(p)

	2015	2016e	2017p ⁽¹⁾	2018p ⁽²⁾
Services (RM Million)	569,258	601,341	638,753	683,080
GDP (RM Million)	1,063,355	1,108,227	1,173,633	1,229,800
Percentage of Total	53.5%	54.3%	54.4%	55.5%

Source: Department of Statistics, Malaysia / Ministry of Finance

Notes: e = estimated, p = preliminary

(1) The preliminary figures for 2017 are accumulated 1Q2017 to 4Q2017 data.

(2) The preliminary figures for 2018 are accumulated 1Q2018 to 4Q2018 data.

On a state level, the services sector also contributed the highest share to the GDP of Wilayah Persekutuan Kuala Lumpur, Selangor, Penang and Melaka.

MARKET REPORT (CONTD.)

1.1 Services Sector Overview

The table below shows the percentage share of the services sector in relation to the respective state's GDP.

Table 2: Services Sector - Percentage Contribution to Total GDP for WPKL, Selangor, Penang and Melaka, 2016 & 2017

Year/State	WPKL	Selangor	Penang	Melaka
2016p	87.7%	60.2%	49.2%	45.9%
2017p	87.0%	60.0%	49.3%	44.8%

Source: Department of Statistics, Malaysia
Note: e = estimated, p = preliminary

1.1.1 Wholesale And Retail Trade Sector Overview

The wholesale and retail trade sub-sector (which also includes the motor vehicle sub-segment) is the largest contributor to the services sector. In 2018, this sub-sector contributed 28.1% share to the country's services sector (2017: 27.7%).

Year-on year (y-o-y), the wholesale and retail trade expanded circa 3.3% to 15.6% share of total GDP (2017: 15.1%). The industry's contribution to GDP is expected to remain fairly constant underpinned by a more diversified economy structure and anchored by sustained private sector-led and domestic demand climate.

The table below shows the percentage contribution of the wholesale and retail trade (includes motor vehicle segment) sub-sector to the country's services sector and GDP.

Table 3: Wholesale and Retail Sub-Sector – Percentage Contribution to Service Sector and Total GDP, 2016 & 2017

	2017p	2018p
Total Service Sector	639,568	683,080
Percentage of Wholesale & Retail Sub-sector to the Services Sector	27.7%	28.1%
Percentage of Wholesale & Retail Sub-sector to Total GDP	15.1%	15.6%

Source: Department of Statistics, Malaysia
Note: p = preliminary

2.0 OFFICE MARKET OVERVIEW

2.1 Kuala Lumpur

2.1.1 Supply

The supply of purpose-built office space in Kuala Lumpur continues to grow.

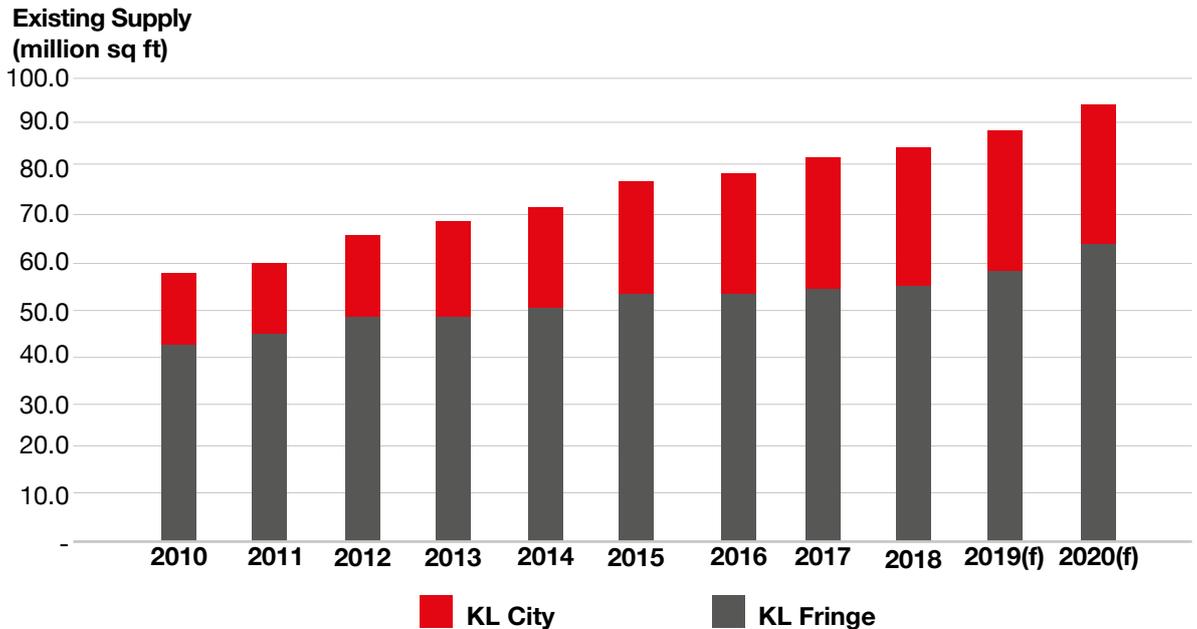
From 2010 to 2018, office supply from KL Fringe outpaced KL City, growing at a CAGR of 8.6% annually in comparison to a growth of 3.1% per annum in KL City.

As at 2018, the cumulative supply of purpose-built office space in KL City was recorded at about 55.0 million sq ft whilst in KL Fringe, the supply was at circa 29.5 million sq ft.

MARKET REPORT (CONTD.)

2.1.1 Supply

Chart 1: KL City & KL Fringe - Cumulative Supply of Purpose-Built Office Space, 2010 to 2020(f)



Source: Knight Frank Research

Note: f = forecast

In KL City, two buildings were completed in 2018, namely Equatorial Plaza (460,000 sq ft NLA) and Menara Khuan Choo (85,454 sq ft NLA) whilst in KL Fringe, the completed buildings were Mercu 2 @ KL Eco City (530,000 sq ft NLA), Menara Etiqa (379,000 sq ft NLA) and Menara Southpoint (500,000 sq ft NLA). Collectively, these completions contributed approximately 2.0 million sq ft to the existing office stock.

In the short term, a high impending supply is expected to enter the market with some 9.1 million sq ft of space scheduled to be completed by 2020.

Notable office buildings slated for completion by 2019 include The Exchange 106 (formerly TRX Signature Tower), Menara Prudential @ TRX, Menara Legasi, and BB Tower (YTL HQ) in KL City.

2.1.2 Occupancy

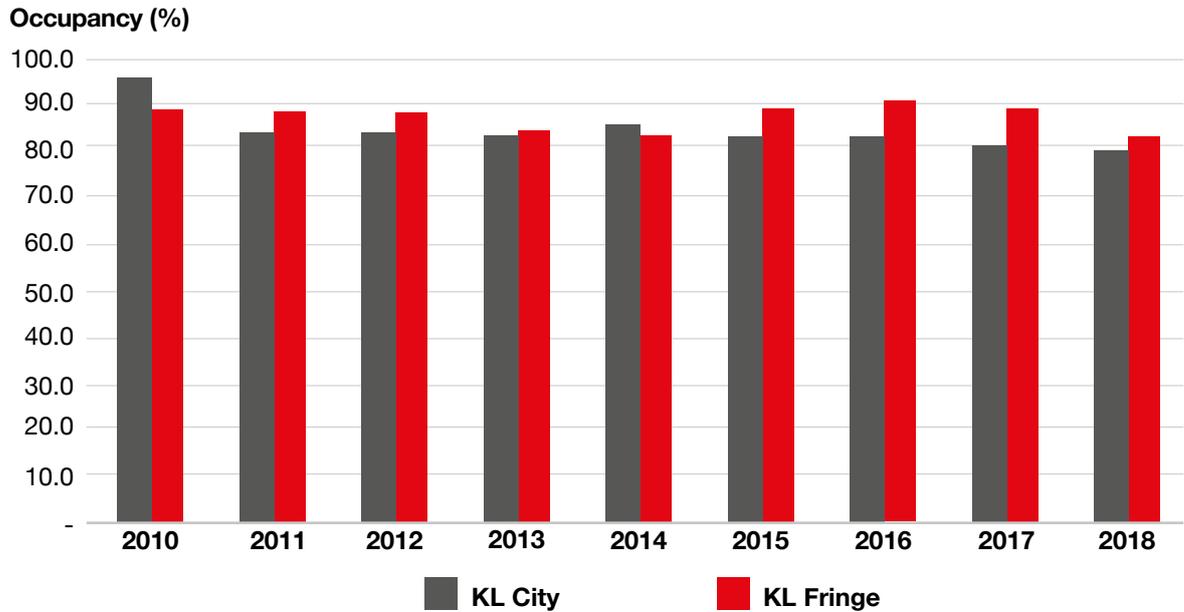
The overall occupancy rate of office buildings in KL City declined marginally from 80.0% in 2017 to record at 78.8%. While there were several notable tenant movements from Menara Citibank, Menara Dion and Rohas Purecircle, there were also new take-up at ILHAM Tower, Menara Worldwide and G Tower.

In KL Fringe, the overall occupancy rate dipped to 83.2% in 2018 (2017: 89.1%) due to slower take-up at newly completed buildings such as Mercu 2 @ KL Eco City, Menara Etiqa and Menara Southpoint.

MARKET REPORT (CONTD.)

2.1.2 Occupancy (Contd.)

Chart 2: KL City & KL Fringe – Overall Occupancy of Purpose-Built Office Space, 2010 to 2018

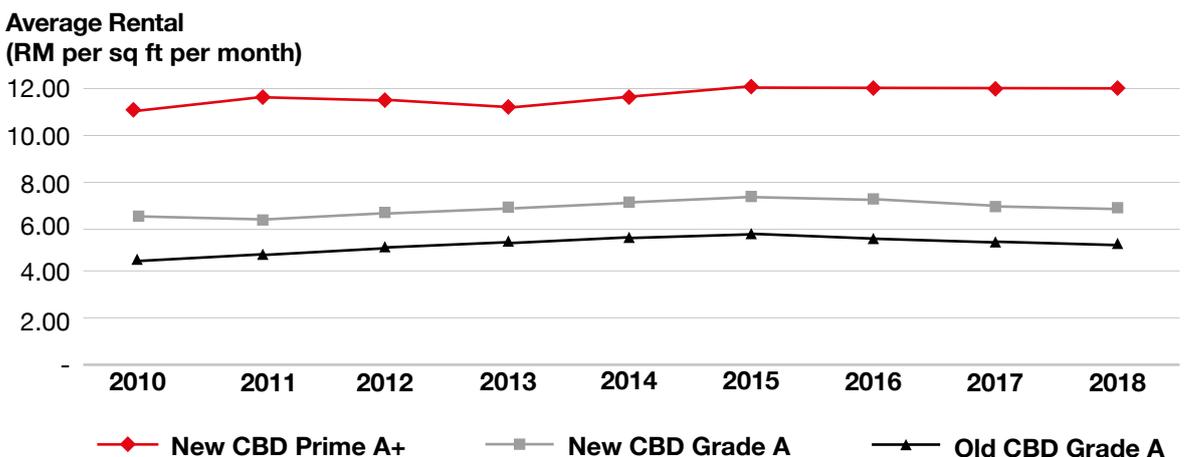


Source: Knight Frank Research

2.1.3 Rental Rates

The average achieved rental rates of Prime A+ and Grade A office space in the New Central Business District (New CBD) of Kuala Lumpur have consistently hovered above the average rental rate of similar Grade A office buildings in the Old Central Business District (Old CBD).

Chart 3: KL City - Average Achievable Rental Rates of Prime Office Space, 2010 to 2018



Source: Knight Frank Research

Note: GT refers to Golden Triangle; CBD refers to Central Business District

Prime A+: Iconic buildings located within prime or main address and form part of integrated developments, equipped with high quality marble/stone finishes and up-to-date facilities, and usually command the highest rents and attract high-profile tenants such as multinational companies.

Grade A: Modern buildings usually located within main or secondary address with high quality finishes, good amenities, accessibility and having full range of facilities.

MARKET REPORT (CONTD.)

2.1.3 Rental Rates (Contd.)

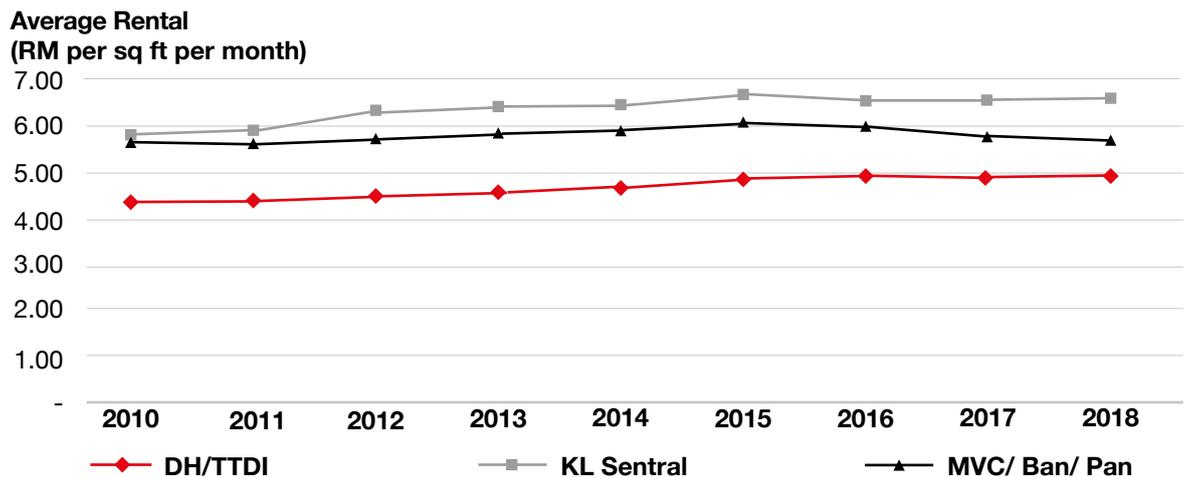
The average achieved rental rates for Prime A+ office space in the New CBD continued to hold steady at RM11.94 per sq ft per month as at 2018.

In the New CBD and Old CBD of Kuala Lumpur, the average achieved rental rates of Grade A and Grade B office space declined marginally to record at RM7.58 per sq ft and RM4.99 per sq ft per month in 2018 respectively (2017: RM7.63 per sq ft and RM5.03 per sq ft per month respectively).

In KL Fringe, the average achieved rental rates of office space also remained resilient, recording at RM4.88 per sq ft and RM5.68 per sq ft per month for the localities of Damansara Heights / Taman Tun Dr. Ismail (DH / TTDI) and Mid Valley City / Bangsar / Pantai (MVC / Ban / Pan) respectively.

Office buildings in KL Sentral continued to be highly sought after due to the strategic location and positioning of the integrated transportation hub offering seamless connectivity to various conurbations of Klang Valley. The average achieved rental rate at KL Sentral was analysed to RM6.58 per sq ft per month in 2018.

Chart 4: KL Fringe - Average Achievable Rental Rates of Purpose-Built Office Space in Selected Localities, 2010 to 2018



Source: Knight Frank Research

Note: DH/ TTDI – Locality of Damansara Heights/Taman Tun Dr. Ismail;
KLS – Locality of Kuala Lumpur Sentral;
MVC/ Ban/ Pan – Locality of Mid Valley City/Bangsar/Pantai

2.1.4 Market Outlook

The overall occupancy and rental rates of office space in KL City are expected to trend down moving forward due to mounting pressure in the office market - high supply pipeline and slow take-up.

Co-working and shared services operators continue to be active in the challenging office market with more landlords partnering these providers to offer value-add amenities to complement / raise the profile of their buildings.

At the same time, selected dated and older buildings are undergoing refurbishment / upgrading works to remain competitive.

Landlords, in general, are more pro-active in offering competitive leasing packages to retain existing tenants and attract new occupiers as they strive to maintain and improve the occupancy levels of their buildings.

The on-going infrastructure work on the Mass Rapid Transit Sungai Buloh – Serdang – Putrajaya Line (MRT Line 2) is expected to further improve accessibility and connectivity within Klang Valley once operational in July 2021 (phase one). In the mid to longer term, supported by the park and ride (Park N' Ride) facilities, this improved rail network is expected to boost demand for office space in decentralised and upcoming office locations.

MARKET REPORT (CONTD.)

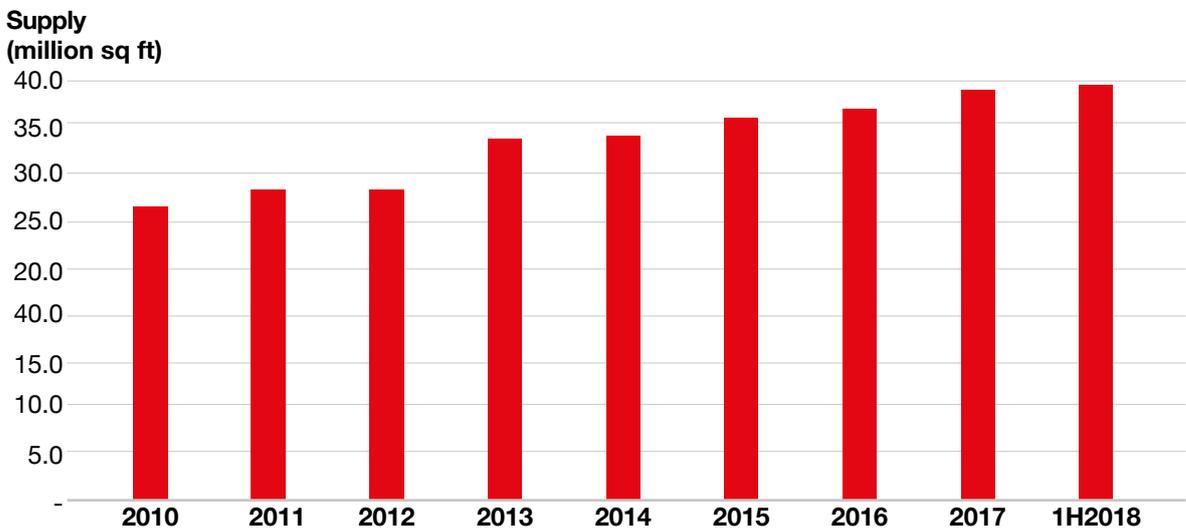
2.2 Selangor

2.2.1 Supply

The supply of purpose-built office space in Selangor has been growing steadily from 2010 to 2017, reflecting an average rate of circa 5.6% per annum. As at 1H2018, the cumulative supply in Selangor stood at circa 39.3 million sq ft.

Notable office completions in 1H2018 include Celcom Tower (450,000 sq ft NLA) in Petaling Jaya and Star Central (Phase 1C) (225,000 sq ft NLA) in Cyberjaya.

Chart 5: Selangor – Cumulative Supply of Purpose-Built Office Space, 2010 to 1H2018



Source: NAPIC

The incoming supply of purpose-built office space is estimated at 4.9 million sq ft as of 1H2018.

The localities of Petaling Jaya and Subang Jaya recorded the highest incoming supply with 2.3 million sq ft (47.9%) and 2.2 million sq ft (45.7%) of space respectively. The balance of new supply will come from the locality of Shah Alam (6.4%).

Two office buildings were completed in 2H2018, namely Nucleus Tower (238,000 sq ft NLA) and Tower 6 of Sky Park (178,000 sq ft NLA).

Meanwhile, office buildings slated for completion in 2019 include Menara Star 2, 1 Powerhouse, Symphony Square, KYM Tower, Block J @ Empire City (HCK Tower), and Tropicana Gardens Office Tower.

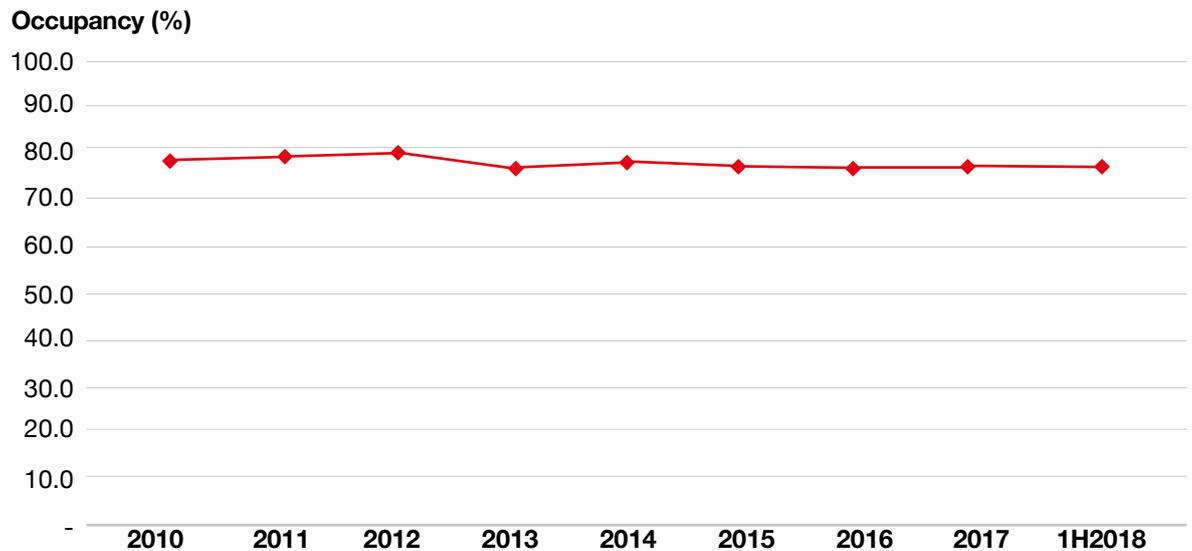
MARKET REPORT (CONTD.)

2.2.2 Occupancy

The overall occupancy rate of purpose-built office space in Selangor has remained fairly steady since 2010, hovering between 75.4% and 78.3%.

The occupancy rate dipped 0.1% in 1H2018 to record at 75.4% (2017: 75.5%).

Chart 6: Selangor - Overall Occupancy of Purpose-Built Office Space, 2010 to 1H2018



Source: NAPIC

The locality of Petaling Jaya maintained its occupancy rate at 76.2% in 1H2018 while in other selected established office locations such as Sunway City, Bandar Utama and Kelana Jaya, the occupancy rates were above the 80.0% mark.

Meanwhile, the locality of Kajang / Cheras / Bangi appears to have benefited from improved accessibility and connectivity (MRT Line 1 fully operational on 17 July 2017), with the overall occupancy rate analysed at 75.1% in 1H2018, circa 3.6% higher from the 2017 level of 71.5%.

The availability of quality office space with good specification at competitive rental rates coupled with improved rail connectivity within the Klang Valley / Greater Kuala Lumpur region has increased the competitiveness of decentralised office locations in the state.

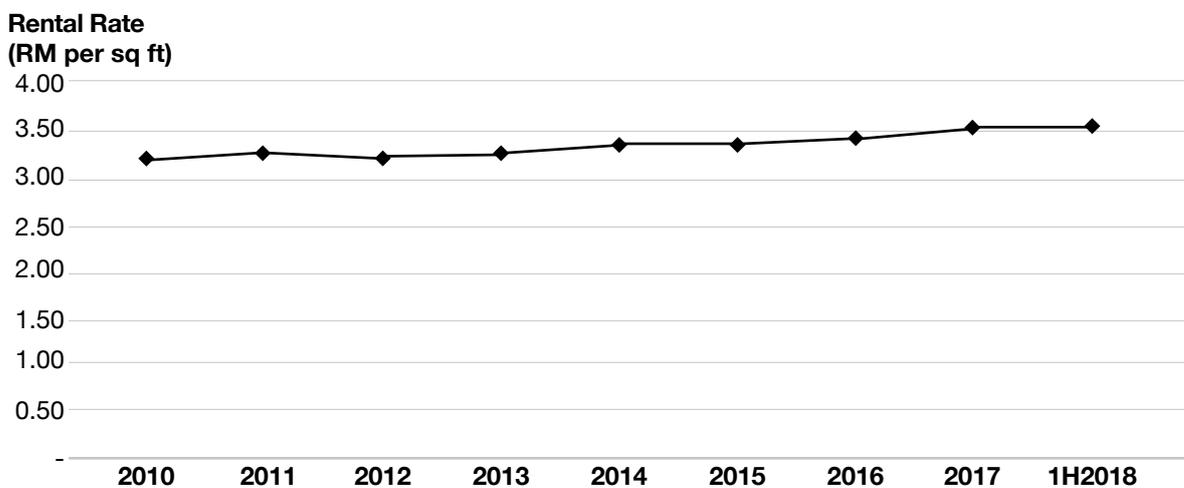
MARKET REPORT (CONTD.)

2.2.3 Rental Rates

The overall average rental rate of purpose-built office space in Selangor was marginally higher at RM3.45 per sq ft per month in 2017 (2016: RM3.36 per sq ft per month). It continued to remain resilient in 1H2018 and was quoted at RM3.48 per sq ft per month.

Newer office buildings generally come with higher specification and thus, are able to command higher rental rates. This contributes to the overall positive rental growth.

Chart 7: Selangor - Overall Average Rental Rate of Purpose-Built Office Space, 2010 to 1H2018



Source: NAPIC/ Knight Frank Research

2.2.4 Market Outlook

The overall occupancy and rental rates of the office space in Selangor are expected to hold steady in the short term. However, the incoming supply of some 4.9 million sq ft of space in the near future may exert downward pressure on the state's office market.

Demand for MSC Status and GBI certified office buildings continue to remain strong in new and upcoming office locations, especially those located within integrated mixed developments, due to the limited supply of good grade dual compliant office space.

In the mid to longer term, the on-going Mass Rapid Transit Sungai Buloh – Serdang – Putrajaya Line (MRT Line 2) is expected to act as a catalyst for the office market once operational. New and upcoming office locations along these transportation routes are expected to benefit from enhanced connectivity within the Klang Valley / Greater Kuala Lumpur region.

MARKET REPORT (CONTD.)

2.3 Melaka

2.3.1 Supply

As at 1H2018, the cumulative supply of purpose-built office space in Melaka stood at circa 4.33 million sq ft. Since the completion of an office building offering circa 53,863 sq ft in 2H2016, no new completion has been recorded in the state.

Melaka Tengah has the highest concentration of office supply with 2.68 million sq ft or circa 62.0% share of total office stock in the state, followed by Melaka Town with 1.39 million sq ft (32.1% share). Collectively, Pekan Jasin, Pekan Masjid Tanah and Pekan Alor Gajah constitute the remaining space of approximately 0.26 million sq ft or 5.9%.

2.3.2 Occupancy

The overall occupancy rate of office space in the state remained unchanged at 2017's level of 81.5% in 1H2018. The office space in Pekan Alor Gajah were reportedly fully occupied while in Pekan Masjid Tanah and Pekan Jasin, the occupancy rates have constantly hovered above the 90.0% mark (source: NAPIC).

2.3.3 Rental Rates

Gross rentals of selected existing office buildings in prime Central Town area generally hold steady, ranging from RM1.30 per sq ft to RM2.70 per sq ft per month.

Table 4: Melaka – Rental Range of Selected Office Buildings in Central Town, 1H2018

Name of Building / Location	Rental Range (RM per sq ft / month)
Bangunan Graha Maju Jalan Hang Tuah	1.60 - 2.15
Bangunan Graha Peladang Jalan Hang Tuah	1.50 - 2.20
Bangunan Tabung Haji Jalan Banda Kaba	1.30 - 2.10
Bangunan Risda Jalan Tun Sri Lanang	1.90 - 2.00
Kompleks Tun Sri Lanang Jalan Tun Sri Lanang	2.50 - 2.70

Source: NAPIC / Knight Frank Research

2.3.4 Market Outlook

The Melaka office market is expected to remain stable. With no impending new supply of office buildings in the state, both rental and occupancy levels are expected to hold steady in the short term.

Over the mid to longer term, the on-going landmark project of Impression City Melaka, sited at Kota Laksamana and fronting the Straits of Melaka, is expected to boost the state's property market once completed. The 138-acre integrated commercial development will feature iconic Impression Melaka theatre, hotels, serviced apartments, commercial complexes, office towers, educational and wellness facilities as well as a yacht club.

MARKET REPORT (CONTD.)

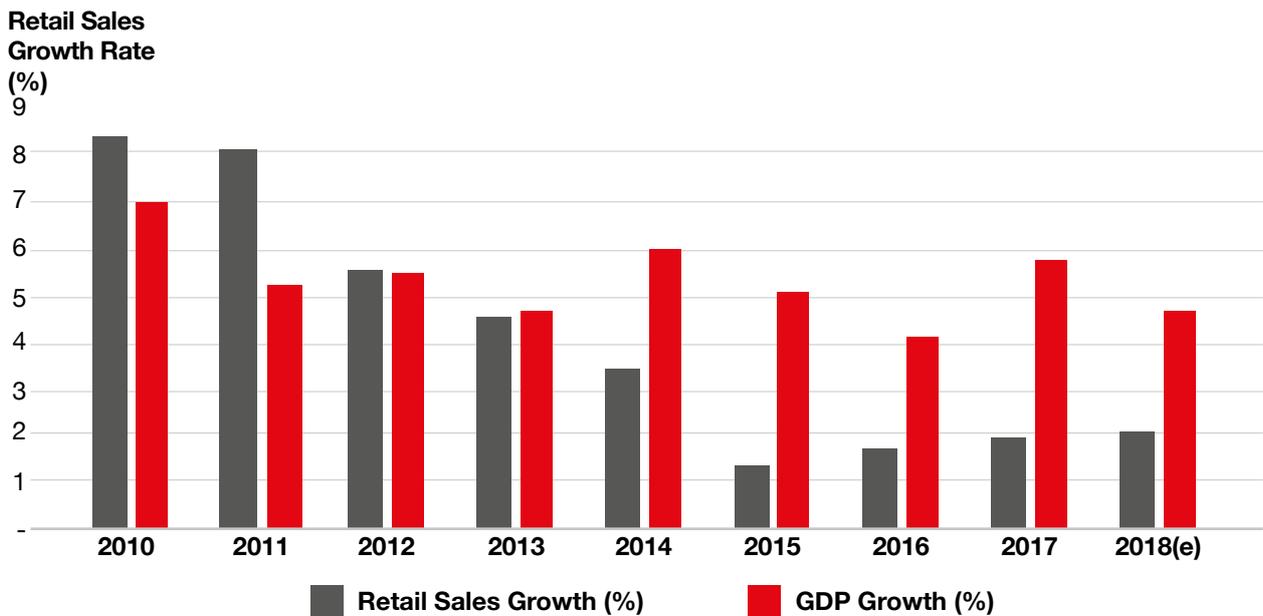
3.0 RETAIL MARKET OVERVIEW

Retail sales growth in Malaysia has been trending down from 4.5% in 2013 to 3.4% in 2014 and recorded its lowest growth rate at 1.4% in 2015. The upward adjustments in fuel prices and electricity tariffs as well as the implementation of the goods and services tax (GST) on 1st April 2015 have collectively led to higher costs of living and this has adversely impacted the country’s retail industry. Retail sales growth continued to remain lacklustre in 2016 and 2017, expanding only 1.7% and 2.0% respectively.

The 3-month tax holiday from 1st June 2018 to 31st August 2018 provided a boost to the retail industry with a 6.7% expansion in 3Q2018. For 4Q2018, however, the figure is projected to be lower at 4.7% underpinned by reintroduction of the Sales and Services Tax (SST) on 1st September.

However, the reintroduction of the SST is not expected to have much impact on the sales growth as many retailers continue to maintain their prices to attract buyers. For the entire year of 2018, retail sales growth is projected at 4.4%, an optimistic figure compared to the 2.0% growth for year 2017.

Chart 8: Malaysia – Retail Sales Performance, 2010 to 2018(e)



Source: Malaysia Retailers Association / Retail Group Malaysia
 Note: (e) = estimated

MARKET REPORT (CONTD.)

3.1 Selangor

3.1.1 Supply

As of 2018, the total retail supply for Selangor stood at circa 30.5 million sq ft. The completion of Evo Shopping Mall in Bangi contributed 250,000 sq ft of space to the cumulative existing supply.

The scheduled completion of two shopping centres in Selangor with combined NLA of circa 1.1 million sq ft by 1H2019 will increase the cumulative supply of retail space in the state to approximately 31.6 million sq ft.

Table 5: Selangor - New Completed Shopping Centres / Retail Components, 1H2019

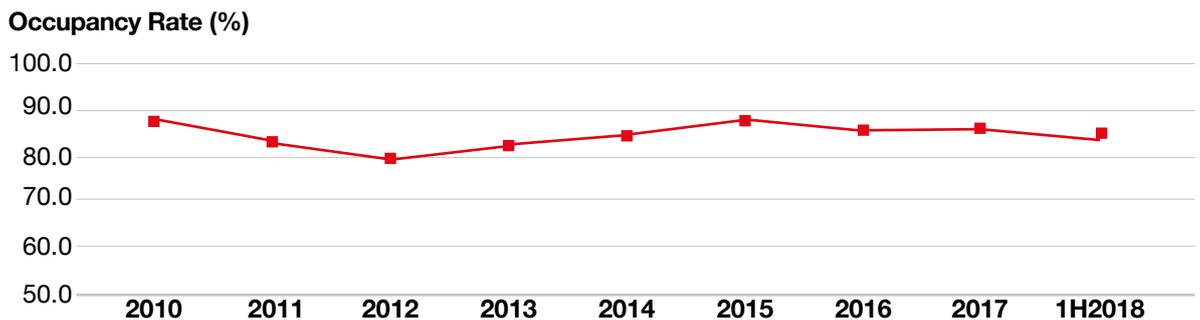
Shopping Centre / Retail Component	Locality	Estimated NLA (sq ft)
Pinnacle	Petaling Jaya	140,000
Central i-City Shopping Centre (Central Plaza @ i-City)	i-City, Shah Alam	940,000
Total		1,080,000

Source: Knight Frank Research

3.1.2 Occupancy

The average occupancy rate of retail space dipped in 2011 and 2012 but has since improved to register at a high of 87.9% in 2015. Despite the high supply pipeline of retail space coming into the market, the occupancy rate has continued to remain firm to record at 84.1% in 1H2018 (2017: 85.4%).

Chart 9: Selangor – Average Occupancy Rate of Shopping Centres, Arcades and Hypermarkets, 2010 to 1H2018



Source: NAPIC

MARKET REPORT (CONTD.)

3.1.3 Rental Rates

The rental levels of selected shopping centres in Selangor are summarised in the table below.

Table 6: Selangor - Rental Levels of Retail Space in Selected Shopping Centres, 1H2018

Shopping Centre	Location	Floor Level	Rental Range (RM per sq ft / month)
The Curve	Mutiara Damansara	Ground (Fashion Mall)	8.70
		Ground (Asian Courtyard)	12.20
		1 (Western Courtyard)	7.00
Subang Parade	Subang Jaya	Lower Ground	13.20 – 56.60
Sunway Pyramid Shopping Mall	Bandar Sunway	Oasis Boulevard	5.60 – 11.60
		Lower Ground 3	6.60 – 16.60
		Lower Ground 2	11.60 – 25.60
		Lower Ground 1	13.60 – 29.60
		Ground	21.60 – 31.60
		First	13.60 – 27.60
IOI Mall	Puchong	Ground	5.70 – 15.00
		First	9.00 – 11.00
		Second	6.00 – 9.50
SACC Mall	Shah Alam	Lower Ground	6.00 – 20.30
		Ground	4.00 – 23.00
		First	2.80 – 20.00
		Second	2.00 – 6.00
		Third	2.50 – 8.00

Source: NAPIC / Knight Frank Research

Rental levels for popular retail malls in Selangor, namely Subang Parade and Sunway Pyramid Shopping Mall remained competitive, ranging from RM5.60 per sq ft to RM56.60 per sq ft per month.

The other shopping centres under review command lower rentals averaging between RM2.00 per sq ft and RM23.00 per sq ft per month.

MARKET REPORT (CONTD.)

3.1.4 Market Outlook

The recent completion of Evo Shopping Mall in Bangi brought Selangor's cumulative retail supply to 30.5 million sq ft. As of 2018, the state's retail space per capita is analysed to circa 5 sq ft per person, lower when compared to the retail space per capita for the Klang Valley region, analysed at 7 sq ft per person.

The Selangor retail landscape continues to face strong headwinds with circa 1.1 million sq ft of additional space slated for completion by end 2020. This will further heighten competition in already crowded market.

The 3-month tax holiday has boosted the retail industry with encouraging retail sales growth of 6.7% in 3Q2018. For the full year of 2018, the Malaysia Retailer Association (MRA) has revised its forecast to 4.4%, an optimistic figure compared to the 2.0% growth for year 2017.

Meanwhile, the Consumer Sentiment Index (CSI) continued to slide from a record high of 132.9 points in 2Q2018. The index dipped below the 100-point threshold of optimism to 96.8 points in 4Q2018 (3Q2018: 107.5 points) underpinned by reintroduction of the Sales and Services Tax (SST) on 1st September.

Amid growing mismatch in supply and demand, more malls are embarking on asset enhancement initiatives (AEIs) and creating new experiences to stay relevant in the competitive retail market. We continue to see more creative ideas and trends that embrace technological innovation in the retail industry. For example, the debut of unmanned restaurant and a selfie museum bring another level of experience to the local retail scene.

3.2 Penang

3.2.1 Supply

Existing

The supply of retail space in Penang remained unchanged at 18.7 million sq ft as of 1H2018 (source: NAPIC). Penang Island accounted for 59.5% (11.1 million sq ft) of the total supply, with the remaining 40.5% (7.5 million sq ft) located in Penang Mainland area.

Chart 10: Penang – Existing Supply of Shopping Centres, Arcades and Hypermarkets, 1H2018



Source: NAPIC

There were no new completions of purpose-built shopping malls on the island in 1H2018.

Ikea and Ikano Power Centre Batu Kawan on the mainland opened its doors in 1H2019. In Seberang Perai, future supply will come from the extension of Sunway Carnival Shopping Mall (4Q2020) and the 120,000 sq ft GEM Mall (2021) currently under construction as part of Penang Sentral which is being developed over seven phases with full completion expected in 2030.

There are several proposed shopping malls on the island, namely Sunshine Sentral (a mixed development comprising of Retail, Hotel and Office components), Penang Times Square (Phases 3 & 4), Sunway (Paya Terubong) and the Light Waterfront Mall.

MARKET REPORT (CONTD.)

3.2.1 Supply (Contd.)

In the hypermarket segment, the mainland saw the opening of Tesco Bagan Ajam at Butterworth in February 2019 and the closure of Giant Prima Prai Mall in July 2018.

Table 7: Penang – Existing Supply of Selected Hypermarket Malls

Hypermarket	Area	Location	Estimated NLA / GFA (sq ft)	Estimated Year of Completion / Opening
Penang Island				
Tesco Seri Tanjung Pinang	Island	Tanjong Tokong	269,418	2011
Tesco Extra Sg. Dua Penang (formerly Makro)	Island	Sungai Dua	N/A	2007
Giant Hypermarket	Island	Bayan Baru	168,324	2005
Tesco Hypermarket Penang	Island	Jelutong	275,020	2004
Sub-total : Penang Island			712,762	
Penang Mainland				
Tesco Bagan Ajam	Mainland	Butterworth	102,257	2019
Tesco Bertam Perdana	Mainland	Kepala Batas	N/A	2017
Mydin Hypermall Bukit Mertajam	Mainland	Bukit Mertajam	536,507	2015
Mydin Wholesale Hypermarket Bertam	Mainland	Kepala Batas	160,000	2014
Tesco Hypermarket Alma	Mainland	Bukit Mertajam	N/A	N/A
Tesco Extra Seberang Jaya (formerly Makro)	Mainland	Seberang Jaya	N/A	2008
Sub-total : Penang Mainland			798,764	
Total - Penang			1,511,528	

Source: Knight Frank Research
Note: N/A denotes Not Available

MARKET REPORT (CONTD.)

3.2.1 Supply

Future

As of 1H2018, there were seven shopping centres under construction / planning stage in Penang, four of which are located in Penang Island accounting for circa 3.7 million sq ft. The remaining three developments are located in Batu Kawan and Seberang Jaya and Seberang Perai in Penang Mainland with collective retail space 1.9 million sq ft.

Table 8: Penang - Future Supply of Selected Shopping Centres

Shopping Centre	Location	Estimated NLA / GFA (sq ft)	Estimated Year of Completion / Opening
Penang Island			
Sunshine Sentral (mixed-development)	George Town	900,000	2021/ 2022
Penang Times Square Phases 3 & 4	George Town	340,000	Phase 3 - 2019 Phase 4 - N/A
Sunway Valley City Shopping Mall	Paya Terubong	1,000,000	Under Planning
The Light Waterfront Mall	Jelutong	1,500,000 (GFA)	Under Planning
Sub-total – Penang Island		3,740,000	
Penang Mainland			
Ikea and Ikano Power Centre	Batu Kawan	430,000	2019 ⁽¹⁾
Sunway Carnival Extension	Seberang Jaya	330,000	2020
Gem Mall	Seberang Perai	1,200,000	2021
Sub-total – Penang Mainland		1,960,000	
Total - Penang		5,700,000	

Source: Knight Frank Research

Note: ⁽¹⁾ Ikea and Ikano Power Centre Batu Kawan opened its doors in 1H2019.

3.2.2 Occupancy

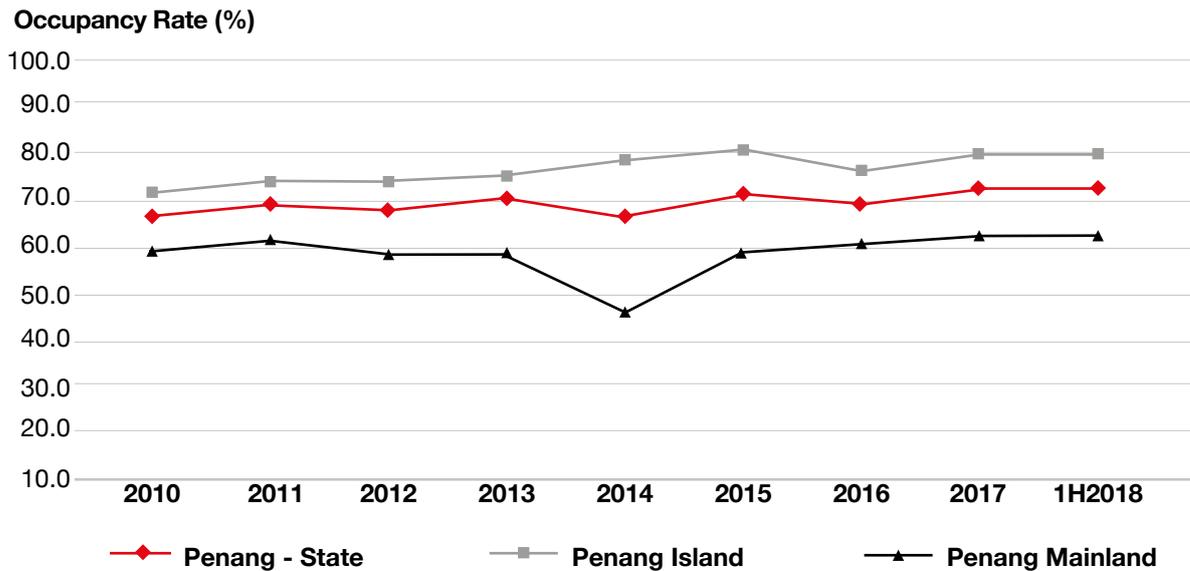
The average occupancy of retail stock (inclusive of shopping centres, arcades and hypermarkets) in Penang (include Penang Island and Penang Mainland) has been fairly stable over the years (2010 to 1H2018), ranging between 66.1% and 72.6%.

MARKET REPORT (CONTD.)

3.2.2 Occupancy

The average occupancy for 1H2018 remains stable at 72.4% (2017: 72.6%).

Chart 11: Penang – Average Occupancy Rates of Total Retail Stock 2010 to 1H2018



Source: NAPIC

The overall occupancy (2010 to 1H2018) rate for Penang Island is observed to be higher, ranging from 71.4% to 80.0%. In comparison, retail stock on the mainland has lower occupancies, ranging between 45.1% and 62.6%.

The occupancy rates for selected shopping centres / hypermarket in Penang are tabulated below.

Table 9: Penang – Occupancy Rates of Selected Shopping Centres / Hypermarket 2018

Hypermarket / Shopping Centre	Location Estimated	Estimated Occupancy Rate
Mydin Hypermall Bukit Mertajam	Bukit Mertajam, Seberang Perai Tengah	100% (fully leased to Mydin wholesale hypermarket)
Sunway Carnival	Seberang Jaya, Seberang Jaya Tengah	97.6%
Gurney Plaza	George Town, Penang Island	99.9% (as of December 2018)

Source: Knight Frank Research / various sources

MARKET REPORT (CONTD.)

3.2.3 Rental Rates

In general, rental rates of selected established shopping centres in the central town prime area on Penang Island range from RM6.20 per sq ft to RM45.00 per sq ft per month.

Table 10: Penang - Rental Rates of Selected Shopping Centres, 1H2018

Shopping Centre	Floor	Rental Range (RM per sq ft / month)
Gurney Plaza	LG	15.70 - 34.80
	Ground	12.10 - 45.00
	First Floor	10.20 - 35.60
Gurney Paragon	LG	7.10 - 15.70
	First Floor	8.50 - 23.00
	Second Floor	6.20 - 27.00
Queensbay Mall	LG	15.00 - 20.00
	Ground	24.60
	First Floor	14.00 - 30.00
	Second Floor	9.50 - 11.00

Source: NAPIC / Knight Frank Research

3.2.4 Market Outlook

The retail sector in Penang has remained relatively stable but a more challenging scenario is anticipated for this sector with new supply coming on-stream this year - the recent opening of IKEA Batu Kawan in 1H2019 and the completion of extension to Penang Times Square, also in 2019.

The proposed improvements to Penang International Airport and the expansion of Swettenham Cruise Terminal together with the creation of duty-free cruise centre (as announced in Budget 2019) are expected to lead to higher tourist arrivals and this is seen to be positive to the state's economy and retail sector.

SUSTAINABILITY STATEMENT



ABOUT THIS STATEMENT [102-1, 102-50]

AmFIRST REIT is pleased to present our Sustainability Statement for the second consecutive year. In this statement, we highlight the sustainability achievements for the reporting period from 1 April 2018 to 31 March 2019 as we continue to weave sustainability values into our business operations.

Our mission is to strive to work closely with our stakeholders to protect the environment, and care for our employees and community members in need.

In order to produce a meaningful statement that is based on a recognised international framework, we have aligned our report with the requirements of the Global Reporting Initiative (“GRI”) Sustainability Reporting Standards (Core Option) and Bursa Securities’ Sustainability Reporting Guide and Toolkits. The GRI indicator numbers, denoted in parenthesis next to the main titles throughout the statement, make reference the specific disclosure of the standards.



102-1 Name of the organisation
102-50 Reporting period

SUSTAINABILITY STATEMENT (CONTD.)

SCOPE AND BOUNDARIES [102-2, 102-4, 102-6]

AmFIRST REIT owns and invests in a diverse portfolio of property assets which consists of nine (9) commercial properties located in strategic locations throughout Peninsular Malaysia. As the Manager of the Trust, AmREIT is responsible for the management and administration of AmFIRST REIT, as well as the implementation of AmFIRST REIT's investment and business strategies. We also work closely with the appointed property managers for the property assets within the portfolio of the Trust to address sustainability issues that are material to the Trust.

COMMITMENT TO SUSTAINABILITY [102-18, 103-2]

We contribute to the creation of shared value by considering environmental, social and governance risks and opportunities in our business operations. To us, sustainability means conducting our business with integrity, taking ethics and compliance seriously, creating employment opportunities, developing our people, giving back to the community and being mindful of our environmental impact. We always adopt good sustainable practices in our investment decision-making process, asset management and other development activities.

Sustainability Policy

Our Sustainability Policy, which has been recently endorsed, will become the cornerstone for decisions that we make towards effectively guiding and managing sustainability across the business.

Guided by our core values, our approach towards sustainability emphasises on the following pillars: Compliant, Responsible, Ethical, Accurate, Trustworthy and Equitable (C.R.E.A.T.E). These values are inculcated in our working culture to always be compliant, responsible, accurate, equitable and ethical in managing our economic, environmental and social risks to gain trust amongst our stakeholders towards building a sustainable business.

The Thrust of our Sustainability Policy



We aim to adopt sustainable business practices to contribute favourably to the local economy, safeguard our natural resources and create a positive impact to the local community.

The tenets for our sustainability policy are:

- Encourage the adoption of sustainable principles and practices;
- Conduct business activities with high ethical integrity and in a transparent manner;
- Develop and foster a safe and healthy working environment for our employees, partners, suppliers, tenants and visitors with the implementation of prudent safety measures;
- Contribute towards sustainable development and support initiatives that address environmental risks and opportunities;
- Drive a greater awareness in preserving and conserving the environment for the future generation;
- Explore feasible opportunities to safeguard and minimise any adverse impacts to the environment from our operations and activities such as practices on responsible waste and effluent management;
- Recruit, develop and retain talent by providing competitive benefit package and ensuring fair workplace practices;
- Encourage growth and development of local suppliers and vendors through optimal use of local resources and materials;
- Shape a healthy, resilient and sustainable community through various community initiatives; and
- Comply with the relevant national and international legislations, standards and procedures on sustainability report (as applicable).

We commit to disclose our sustainability performance using both qualitative and quantitative data in our Annual Report.

102-2	Activities, brands, products and services
102-4	Location of operations
102-6	Markets served
102-18	Governance structure
103-2	The management approach and its components

SUSTAINABILITY STATEMENT (CONTD.)

Governance Structure

We have established a two-tiered governance structure with the Board at the apex to lead our sustainable development efforts. The Sustainability Working Team (“SWT”) reports to the Sustainability Management Team (“SMT”). The SMT is responsible to update the Board on the Manager’s sustainability performance and to obtain the necessary approvals.

The SMT and SWT comprises of six (6) members and five (5) members respectively as listed below.

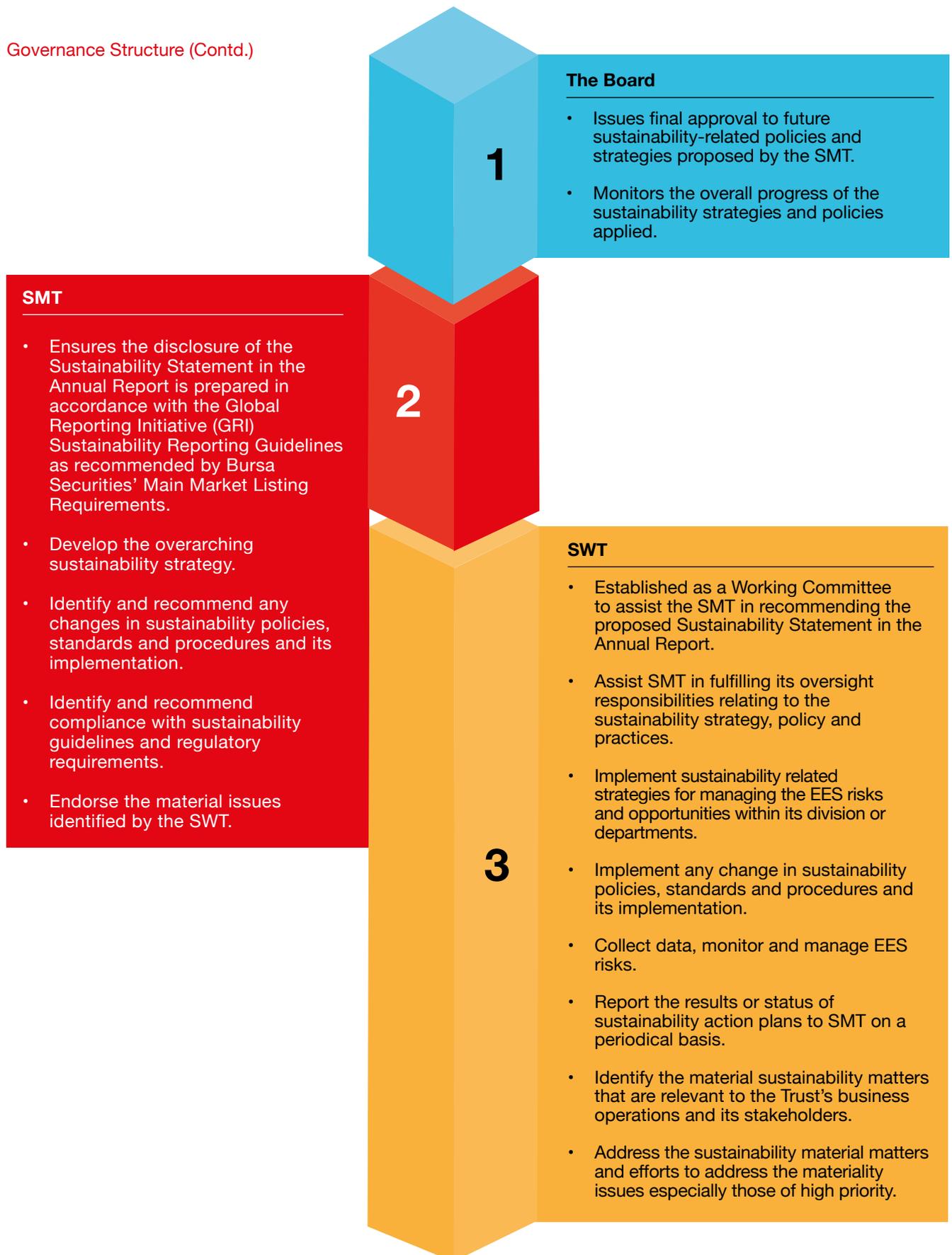
Composition of SMT	Composition of SWT
Chief Executive Officer	Representative from Finance Unit
Chief Financial Officer	Representative from Investment Unit
Head, Investment	Representative from Marketing and Leasing Unit
Head, Marketing and Leasing	Representative from Operations Unit
Head, Operations	Representative from Compliance and Risk Unit
Head, Compliance and Risk	

Meetings for both SMT and SWT are conducted on a quarterly basis or as and when required.

During the financial year, we proceeded to formalise their roles and responsibilities and conducted meetings to discuss way forward with respect to our sustainability performance.

SUSTAINABILITY STATEMENT (CONTD.)

Governance Structure (Contd.)



SUSTAINABILITY STATEMENT (CONTD.)

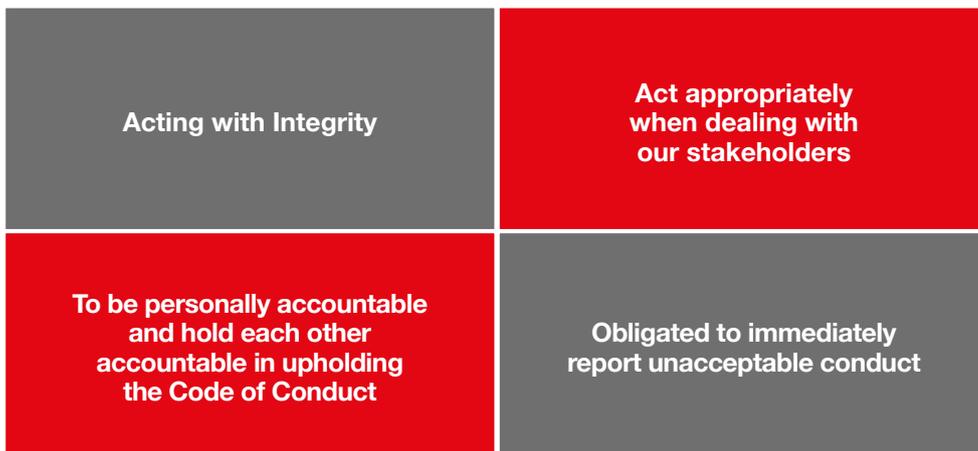
GOOD GOVERNANCE [102-16, 102-17, 205-2]

We believe that in order to meet our sustainability goals and conduct business based on our value system, we need to integrate best practices into our day-to-day operations. Striking a balance between economic viability, environmental accountability and social responsibility is challenging but we recognise the importance of embracing the tripartite approach to ensure long-term sustainability.

Ethics and Integrity

We require our employees to always maintain integrity and ethical standards when dealing with our stakeholders because by doing so, we build trust and strengthen our values amongst our stakeholders. We demonstrate our commitment to the highest ethical and professional standards by complying with our Code of Conduct and Code of Ethics.

In our Code of Conduct, we highlight the ethical standards that we uphold by acting with integrity and addressing risks arising from inappropriate professional conduct of employees.



Speak up and raise concerns

Raising Ethical Concerns

We encourage all employees to report any actual or possible misconduct promptly.



Investigation

Employees are expected to be honest, accurate and provide timely information when an investigation is to be performed.



Non-retaliation

Employees engaging in retaliation with employees who speak up or report an actual or possible misconduct will be subjected to disciplinary action.

102-16 Values, principles, standards, and norms of behaviour
 102-17 Mechanisms for advice and concerns about ethics
 205-2 Communication and training about anti-corruption policies and procedures

SUSTAINABILITY STATEMENT (CONTD.)

Good Governance (Contd.) [102-16, 102-17, 205-2]

Ethics and Integrity (Contd.)

Our Code of Ethics guides our business conduct and provides the framework for our decision-making. We would incorporate these core ethical values into our actions to assist us in doing what is right and protect the reputation of the Manager. Our Code of Ethics sets out six (6) key principles, which every employee must adhere to, namely:

C ompliant	Comply with all relevant laws and regulations.
R esponsible	Manage conflict of interest with honesty and integrity.
E thical	Practice honesty and integrity in everything we do.
A ccurate	Ensure completeness and accuracy of financial records.
T rustworthy	Protect the confidentiality and sensitivity of information.
E quitable	Treat each other and our community with respect.

Anti-Corruption

All of our employees are expected to act ethically at all times. As our commitment to uphold good business practices, we strictly forbid any misconduct on bribery and corruption. Our employees should not offer, solicit, give or accept any form of bribes such as cash or anything of value in exchange for business favours, information, favourable treatment or anything similar.

Our strict No Gift Policy requires all employees to adhere to the policy of giving and receiving gifts. The policy lists down the following in which employees shall not:

- i. Accept or give cash or cash equivalents (e.g. checks, cash convertible gift certificates or cards, securities and loans, etc.).
- ii. Accept or give anything that could be viewed as a bribe, payoff or improper influence.
- iii. Use their position in any way to obtain anything of value from prospective or existing customers, suppliers or business partners.
- iv. Provide entertainment that is lavish or too frequent for an existing or prospective customer or supplier.
- v. Accept or give gifts from any supplier during the selection process whether or not they are the primary relationship manager or involved directly in the negotiation.
- vi. Participate in any action that would cause the other person to violate their own company's standards for gifts and entertainment.
- vii. Provide gifts or entertainment to an existing or prospective customer or suppliers that are not recorded in the Gift Register.

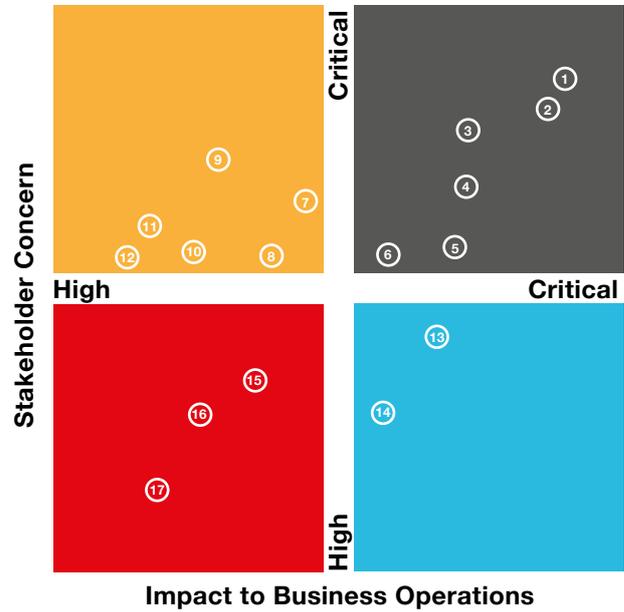
The main source of communication on anti-corruption comes in the form of memos from the Group and through an online assessment via the Learning Management System (LMS) to ensure all employees fully understand the policy that is set by the Group.

102-16 Values, principles, standards and norms of behaviour
 102-17 Mechanisms for advice and concerns about ethics
 205-2 Communication and training about anti-corruption policies and procedures

SUSTAINABILITY STATEMENT (CONTD.)

Materiality Matrix [102-46, 102-47]

For the purpose of reporting and inculcating sustainability within our operation, a materiality assessment has been conducted to define key sustainability aspects and indicators. We have completed the identification of material sustainability matters that represent the risks and opportunities arising from our operations which impact the surrounding economy, environment and society. The concerns of our stakeholders and business operation in terms of these sustainability matters were then consolidated and prioritised into a materiality matrix. The list of the 17 identified material sustainability matters and their positions in the matrix are shown below.



No.	Material Issues	Stakeholder(s)	GRI Indicator
1.	Corporate governance	Employees and Investors	GRI General Disclosure
2.	Financial performance	Employees and Investors	Economic Performance
3.	Regulatory compliance	Regulatory Agencies, Investors and Customers	Compliance
4.	Investors relation	Investors	GRI General Disclosure
5.	Anti-corruption	Regulatory Agencies, Employees, Investors and Customers	Anti-corruption
6.	Ethics and integrity	Employees and Investors	GRI General Disclosure
7.	Anti-money laundering	Regulatory Agencies, Employees, Investors and Customers	Anti-corruption
8.	Stakeholders concern	All Stakeholders	GRI General Disclosure
9.	Energy consumption	Local Communities and Investors	Energy
10.	Occupational health and safety	Employees and Customers	Occupational Health and Safety
11.	Waste management	Local Communities, Investors and Customers	Effluent and Waste
12.	Employee benefits	Employees	Employment
13.	Training and development	Employees	Training and Education
14.	Local community investment	Local Communities	Economic Performance
15.	Contribution to society	Local Communities	Local Communities
16.	Procurement process	Suppliers	Procurement Practices
17.	Supply chain	Suppliers	GRI General Disclosure

Table Legend

- Governance
- Economic
- Environmental
- Societal

102-46 Defining report content and topic Boundaries
 102-47 List of material topics

SUSTAINABILITY STATEMENT (CONTD.)

STAKEHOLDER ENGAGEMENT TABLE [102-40, 102-43, 102-44]

Our stakeholders greatly influence the way we conduct and sustain our business operations. We maintain good stakeholder relations by identifying the interests and concerns for each stakeholder group with regard to our business and regularly engaging with them. The needs and expectations of our stakeholders can be met through an open two-way communication, which subsequently enhances trust from our stakeholders and promotes accountability. The table below lists the stakeholder groups that influence our business operations followed by their respective areas of interests, the engagement methods undertaken to address these interests and the frequency at which these engagements are carried out.

Stakeholders	Area of Concern	Methods of Engagement	Frequency of Engagement
 Local Communities	<ul style="list-style-type: none"> Social contributions 	i. Community events	i. Regular basis
 Employees	<ul style="list-style-type: none"> Job benefit Career development 	i. Learning and development programmes ii. Induction training	i. Semi-annually ii. Once for new joiner
 Regulatory Authorities and Statutory Bodies	<ul style="list-style-type: none"> Labour practices Environmental regulations Non-compliance 	i. One-to-one meetings	i. As and when requested
 Unitholders or Investors	<ul style="list-style-type: none"> Financial performance 	i. Annual General Meetings ii. Annual Report iii. Quarterly Results iv. Website v. Investor's briefings	i. Annually ii. Annually iii. Quarterly iv. Regular basis v. As and when requested
 Tenants	<ul style="list-style-type: none"> Building safety Building services and amenities provided by the Manager 	i. Fire drills ii. OSH awareness seminar iii. Notices iv. One-to-one meeting	i. Annually ii. Annually iii. Regular basis iv. As and when requested
 Suppliers	<ul style="list-style-type: none"> Transparent procurement process 	i. Evaluation ii. Performance reviews iii. One-to-one meeting	i. Monthly ii. Monthly iii. As and when requested
 Trustee	<ul style="list-style-type: none"> Annual total return Sustainable growth Fund stability 	i. Annual General Meetings ii. One-to-one meeting	i. Annually ii. As and when requested

102-40 List of stakeholder groups
 102-43 Approach to stakeholder engagement
 102-44 Key topics and concerns raised

SUSTAINABILITY STATEMENT (CONTD.)

ECONOMIC PERFORMANCE [202-2, 203-1]

Local Market Presence

Sustainable market presence is maintained by creating a conducive working environment, hiring and retaining employees from the local community and offering fair wages to ensure that employees are well compensated. We as the Manager provide opportunities for local communities to grow and develop their skills and career path to create a sustainable and harmonious community.

Therefore, we believe in encouraging local talent which is why all of our employees are Malaysian citizens. We ensure that our employees are remunerated with fair wages based on their skills and experience in the industry and at the same time adhere to the requirements of the Employment Act 1955.

Procurement Practices

Our suppliers play an important role in supporting us by providing quality and timely products and services as part of our business conduct. As part of our sustainable initiatives, we procure almost all of our supplies locally.

We abide to several guidelines that are stated in our Code of Conduct when dealing with suppliers. We also abide to the Procurement Policy to safeguard all procurement activities and to ensure the compliance of procurement activities are being adhered and complied for transparency purposes.

The Procurement Policy details our purchase requisition process, direct quotation, approval request, tender process, direct negotiation, vendor selection and awarding, vendor registration, ethic policy and record management. The parties that are usually involved in the vendor sourcing process will include department heads and respective staffs of the operation department, consultant and property managers.

Investments

We readily invest in infrastructure, facilities and aesthetics of our established properties to ensure the highest of standards are met and all performing systems are regulated. We also provide common areas or shared facilities that benefit all the occupants of our properties. During FY2019, we have invested a total of RM13.2 million on facilities, some of which were as follow:

Bangunan AmBank Group	Menara AmBank	The Summit Subang USJ
<ul style="list-style-type: none"> Upgrading and modernisation of ten (10) units of existing passenger lifts and two (2) units of fire lifts. 	<ul style="list-style-type: none"> Upgrading and modernisation of two (2) existing units of carpark lifts. 	<ul style="list-style-type: none"> Upgrading and modernisation of two (2) units of podium carpark lifts and five (5) units of office tower lifts.
<ul style="list-style-type: none"> Upgrading Level 7 Cafeteria (common facility). 	<ul style="list-style-type: none"> Upgrading of the mother-care room (common facility). 	
<ul style="list-style-type: none"> Upgrading of the nursing mothers' room (common facility). 		

We uphold sustainable practices by installing new amenities and conducting maintenance works to ensure the best performance for our properties over the long run. To name a few, we installed LED lightings, additional power supply points, partitions and storage spaces; upgraded fire doors, ventilation system and earthing system; conducted cleaning for air-conditioning ducts and repainting works for external facades.

All of these investments were embarked to enhance the service level, security and safety for the tenants and ensure that our commercial properties remain relevant in attracting potential clients and retaining existing tenants.

202-2 Proportion of senior management hired from the local community
 203-1 Infrastructure investments and services supported

SUSTAINABILITY STATEMENT (CONTD.)

ECONOMIC PERFORMANCE (CONTD.) [202-2, 203-1]

Quality Service

We try our level best to maintain our properties in the most orderly condition and embarked on various AElS to improve the facilities and services for the occupants. In order to be fully cognisant of our services, we provide the convenience for tenants to report and provide complaint and feedback through surveys, contact number to speak to the property managers, customer care link at http://www.amfirstreit.com.my/customer_care.php and ad-hoc meetings as required.

ENVIRONMENTAL PERFORMANCE [302-3, 303-1]

Managing Energy Consumption

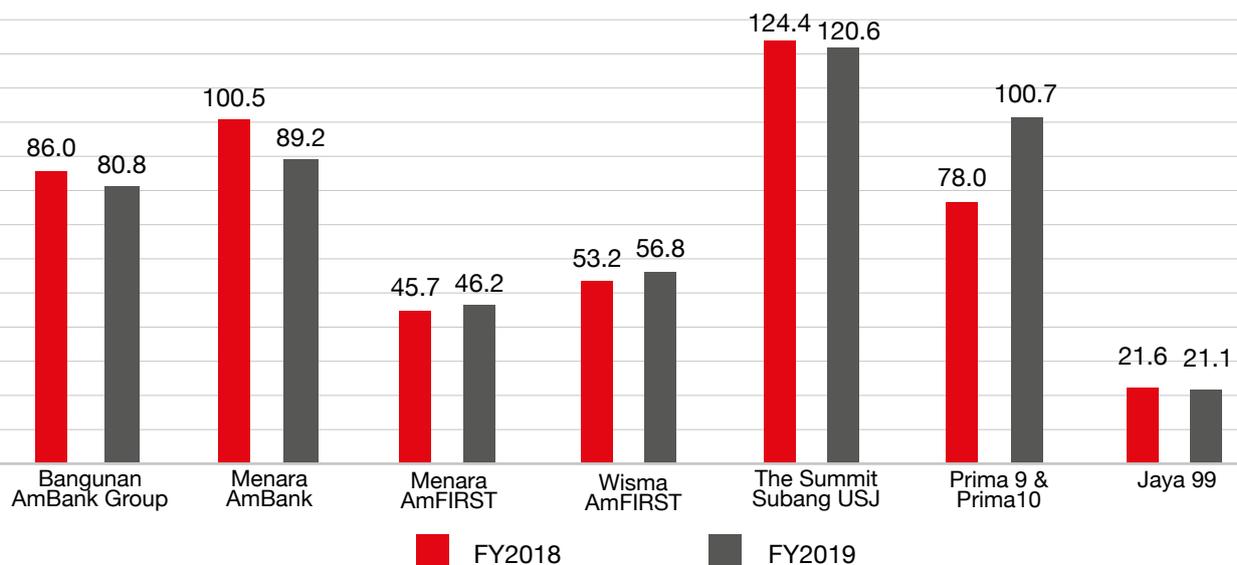
The Trust owns multiple commercial properties with a total NLA¹ of 3.2 million sq ft. The commercial properties within our investment portfolio consume a varying amount of energy in their daily operations. The major uses of energy are air-conditioning, lifts and lightings.

We understand that the use of energy contributes to carbon emission which will inevitably lead to global warming. This is a global issue that requires micro and macro level participation to mitigate the problem.

As a responsible Manager, we are committed to reducing our energy consumption by conducting various initiatives such as replacing conventional lights into LED lights which are more energy efficient and cost savings. We also practise partial use of lightings outside working hours. Other than that, we set a timer for our air handling unit (AHU) and fine-tune the air-conditioning hour run in order to optimise the usage of air-conditioning system which will directly minimise energy wastage. We regularly evaluate the efficiency of the chiller at our commercial properties and thereafter, invest in more energy-efficient equipment for energy-saving purposes.

We recognise that the electricity consumptions vary due to property size and occupancy rate of each respective property. We present the energy intensity, which is electricity consumed (kWh) per gross floor area (m²), of each property to get a meaningful comparison over the years. The chart below shows the comparison of energy intensity between FY2018 and FY2019 for all the commercial properties managed by the Manager, which excludes Mydin HyperMall, Bukit Mertajam as it is fully managed by tenants.

Energy Intensity (Kilowatt - Hour Per Square Metre)



Only three (3) of our properties namely Menara AmFIRST, Wisma AmFIRST and Prima 9² and Prima 10² experience an increase in energy consumption by 1%, 7% and 29% respectively mainly due to the increase in occupancy of the respective properties during the financial year under reviewed.

202-2 Proportion of senior management hired from the local community

203-1 Infrastructure investments and services supported

302-3 Energy intensity

303-1 Interactions with water as a shared resource

¹ Net Lettable Area

² Measurements for Prima 9 and Prima 10 are collated due to their close proximity.

SUSTAINABILITY STATEMENT (CONTD.)

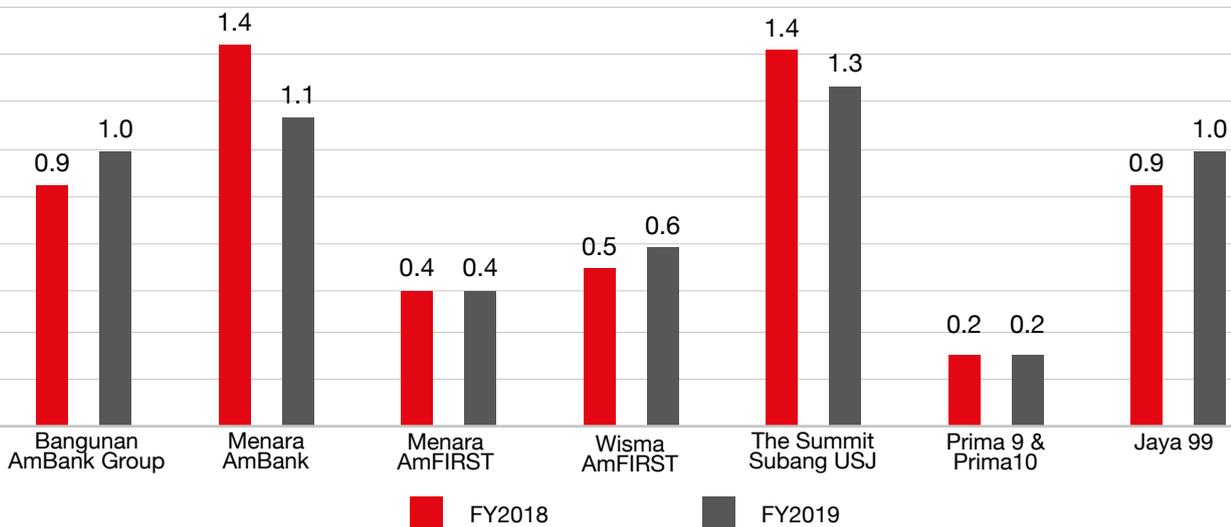
ENVIRONMENTAL PERFORMANCE (CONTD.) [302-3, 303-1]

Optimising Water Consumption

We strive towards optimising our water consumption as we believe efficient use of water will lead to cost savings. At all of our properties, water is mainly used by cooling towers for the air-conditioning system, followed by other consumptions for cleaning works, washrooms and café operations. At our Cyberjaya properties, which has the rainwater harvesting system, we are able to utilise the harvested water for landscaping purposes.

The following bar chart shows the comparison of water intensity (m³ of water consumed per m² of gross floor area) between FY2018 and FY2019 for all of our commercial properties, excluding Mydin HyperMall as it is fully leased out and managed by tenant. As a whole, the water consumption at all our properties do not show significant movement during the FY2019. The minor changes were attributable to the change in occupancy of the respective properties.

Water Intensity (Cubic Meter Per Square Metre)



Despite the challenges to implement water-efficient features due to the aging factor and equipment set-up of our properties, which require high initial cost, we are committed to continue reducing water usage in all the properties we manage within the Trust's properties portfolio.

Minimising Waste Generation

Our commercial properties generate domestic wastes such as papers, boxes, plastic bottles, aluminium cans, metals, food waste and tissue paper. Most of the solid wastes generated will be recycled given that proper segregation has been conducted.

At our properties, we encourage the cleaners to conduct waste separation for recyclables. This will not only reduce the amount of waste that will be sent to landfills but will also help to reduce the transportation cost related to collection and disposal of waste. To encourage occupants and the public to take up recycling habits, we provide recycling bins at our properties.

In line with the government's initiative, we have launched the Straw-free Campaign in some of our properties to minimise waste from single-use plastic straw. To reduce the usage of printed paper in our daily operation, we encourage our employees to make use of our online platform for documents sharing. Currently, the internal management meeting including the EXCO and Board of Directors meetings are conducted with meeting reports and circulars distributed online without any hard copies unless highly necessary.

302-3 Energy intensity
303-1 Interactions with water as a shared resource

SUSTAINABILITY STATEMENT (CONTD.)

SOCIAL PERFORMANCE [102-17, 404-1, 405-1, 413-1]

Maintaining a Safe Workplace and Healthy Workforce

The Manager values productivity and safety, believing that these two (2) qualities are closely associated. Effective performance in our daily tasks entails us to strive towards sustaining a healthy workforce and providing a safe workplace to our employees. To put that in place, we adopt measures to ensure the safety and health of our employees are secured. We are happy to report that in FY2019, there have been no cases of critical injuries and accidents.

One (1) of the measure in ensuring high standards of safety and health culture at our workplace is by conducting trainings such as First Aid and basic fire fighting. The trainings are aimed to create awareness and provide the basic skills to deal with such emergencies.

We have also established an OSH committee to monitor workplace conditions and the health of our employees. Simultaneously, the OSH committee meets the compliance towards Occupational Safety and Health Act 1994 ("OSHA") and other related regulations.

Addressing Labour Grievances

As part of our efforts towards upholding integrity, ethical conduct and open communication in our daily business operations, we have established the Whistleblower Protection Policy ("Policy"). This Policy provides a platform for all employees and external parties to report and disclose on any improper conduct (as defined under the Whistleblower Protection Act 2010) committed or about to be committed by a person in our organisation.

Improper misconduct includes dishonest, corruption, bribery or illegal practices, unethical behaviour, abuse of power and conflict of interest, among others. Apart from improper misconduct, any detrimental actions such as loss or damage, action causing injury, harassment and other tantamount actions are also subject to this Policy.

The Manager is committed to manage whistleblowing cases in a transparent manner and communicate for appropriate decision makings. The confidentiality of a whistleblower including his/her spouse is protected from any improper conduct and detrimental actions that may arise from the reporting. In addition to that, the Policy protects the information of our employees as well as external parties including customers and vendors from information misuse and unapproved disclosures.

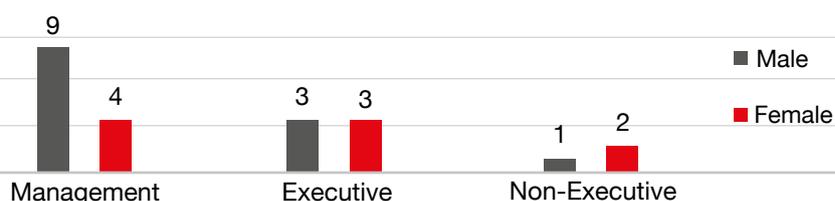
Besides the Policy, all of our employees can consult AmBank Group's Human Resources team by contacting the designated ombudsperson. No grievances were filed during FY2019.

Promoting Diversity and Inclusiveness

We promote diversity and inclusiveness among our employees. We believe that various backgrounds in age, gender and ethnicity are focal factors to attain opinions and feedback from different angles which ultimately will contribute towards the Manager's improved management and operational performance.

The charts below display our employee breakdown according to gender, age group and ethnicity. For a better understanding of our employee gender distribution, it is further broken down into employment type including Management, Executive and Non-Executive. Generally, the number of male employees is slightly higher than the number of female employees. Male employees are predominant in the Management level, whereas female employees are evenly distributed in all employment levels.

Gender Distribution According to Designation



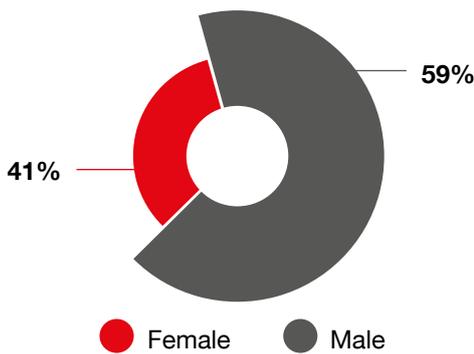
102-17	Mechanisms for advice and concerns about ethics
404-1	Average hours of training per year per employee
405-1	Diversity of governance bodies and employees
413-1	Operations with local community engagement, impact assessment and development programmes

SUSTAINABILITY STATEMENT (CONTD.)

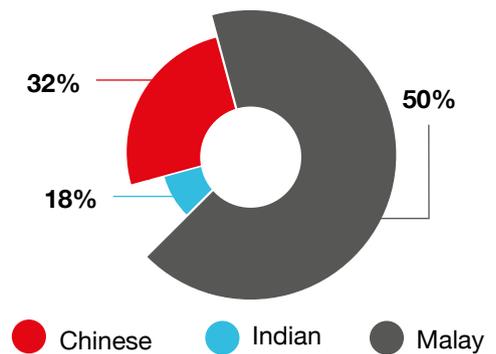
SOCIAL PERFORMANCE (CONTD.) [102-17, 404-1, 405-1, 413-1]

Promoting Diversity and Inclusiveness (Contd.)

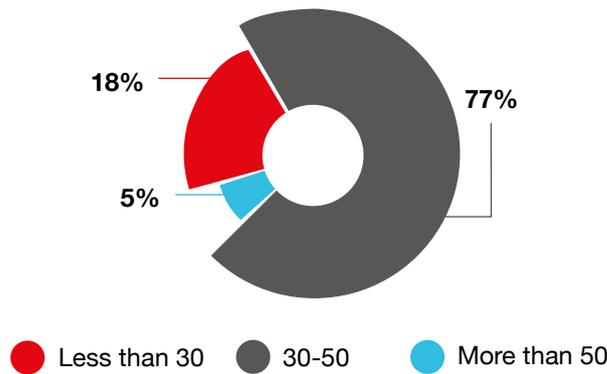
Gender Distribution



Ethnicity Distribution



Age Distribution



Our employees are mostly aged 30 to 50 years old, whereas the rest are mainly in the age group of less than 30 years old. Ethnicity is definitely not a criteria in our hiring process as we have a mix of heritage between our employees including Malay, Indian and Chinese. We hire employees based on skillset and experiences regardless of gender, age and ethnicity.

Providing Training and Education

We believe that our employees’ knowledge and development are crucial in ensuring our success. Therefore, we provide a platform for our employees to attend both internal and external trainings in order to equip them with the latest knowledge and experiences.

Opportunities to attend relevant trainings are provided equally to all of our employees. The total training hours clocked in FY2019 was 353.8 hours with the average training hour per male employee at 11.8 hours and per female employee at 16.9 hours. In terms of employee category, employees in management, executive and non-executive all attended trainings at an average of 17.5 hours, 14.4 hours and 4.6 hours respectively.

102-17 Mechanisms for advice and concerns about ethics
 404-1 Average hours of training per year per employee
 405-1 Diversity of governance bodies and employees
 413-1 Operations with local community engagement, impact assessment and development programmes

SUSTAINABILITY STATEMENT (CONTD.)

SOCIAL PERFORMANCE (CONTD.) [102-17, 404-1, 405-1, 413-1]

Enriching Community

Other than delivering our economic targets, we are also committed in giving back to our communities in terms of assisting the underprivileged or creating positive impacts to our local communities. Following were some of the community programmes conducted in The Summit Subang USJ during FY2019:



MPSJ Konvensyen Generasi Bestari

Annual campaign to provide guidelines to teachers and students for the implementation of six (6) main modules with 12 school activities throughout the year. In April 2018, Majlis Perbandaran Subang Jaya (MPSJ), Jabatan Pendidikan Selangor and Pejabat Pendidikan Daerah Petaling Perdana co-organised this event involving 50 schools in Subang Jaya.

Hari Raya CSR Project

Distribution of goody bags to underprivileged students from SMK USJ 13 and JKP Zone 4 USJ 1 in conjunction with Hari Raya.



Jom Durian

Annual program to raise fund and awareness about unfortunate childrens with illnesses and life struggles. The event co-organised by The Summit Subang USJ and Children's Wish Society of Malaysia (CWS) SJ Echo and MPSJ in July 2018. This event had successfully raised more than RM100,000 worth from corporate and individual funding.



Subang Jaya Zumba Carnival

In September 2018, 250 residents of Subang Jaya participated in the event which aimed to promote healthy lifestyle among communities in Subang Jaya. The event was co-organised by JKP Zone 3 and McDonald's Subang Jaya.



MPSJ and JKKN Seni Budaya 2018

Jabatan Pembangunan Masyarakat of MPSJ and Jabatan Kebudayaan dan Kesenian Selangor (JKKN) held this two-day event in October 2018 which attracted about 500 families from Subang Jaya. Activities included instrumental music performance using recycled items, various cultural dance and 'Tulisan Khat' competition.

102-17 Mechanisms for advice and concerns about ethics
 404-1 Average hours of training per year per employee
 405-1 Diversity of governance bodies and employees
 413-1 Operations with local community engagement, impact assessment and development programmes

SUSTAINABILITY STATEMENT (CONTD.)

SOCIAL PERFORMANCE (CONTD.) [102-17, 404-1, 405-1, 413-1]

Enriching Community (Contd.)

Humanistic Charity Run

“ Held in October 2018, the Humanistic Charity Run organised by The Summit Subang USJ, Yayasan Humanistic and Nanyang Siang Pau managed to raise fund for 1,300 underprivileged students in support of their education.



P3KU Charity Fair

“ Organised by Persatuan Kebajikan Kanak-kanak Kurang Upaya and MPSJ JKP Zone 3, the event aimed to benefit disabled children and was participated by 1,300 residents of Subang Jaya in November 2018.

Children’s Day Celebration

“ Celebrated Children’s Day with stage performance such as story-telling, kids Zumba, Poco & Tee and game session by McDonald’s restaurant.



Contribution to Bomba

“ In November 2018 together with MPSJ JKP Zone 3 have successfully raised RM30,000 for the families of six (6) unfortunate divers from the Fire Department’s team who lost their lives in a rescue effort.

The Classic Car Charity Event

“ Held in December 2018, My Classic Car and Kelab Volkswagen Beetle raised fund for the kids for Children’s Wish Society of Malaysia (CWS) with activities including percussion interactive session with the kids, Volkswagen merchant booth and lucky draw. More than 50 classic cars’ owners participated in this event.



Forging Forward

There are various elements that influence the sustainability and success of the Trust. Building on this, we have described our commitment succinctly across the three (3) pillars of sustainability, i.e. Economy, Environment and Society. Progressing forward, we will continue to make strategic investments which will improve the overall quality of our portfolio while ensuring long-term sustainability.

102-17 Mechanisms for advice and concerns about ethics
 404-1 Average hours of training per year per employee
 405-1 Diversity of governance bodies and employees
 413-1 Operations with local community engagement, impact assessment, and development programmes

CORPORATE GOVERNANCE



The Manager recognises the importance of having strong 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.

STATEMENT OF CORPORATE GOVERNANCE

Overview Statement

The Manager recognises the importance of having strong 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.

The corporate governance adopted by the Manager provides a framework of control mechanisms to support the Trust in achieving its goals. This is also critical to the performance of the Manager and consequently, the success of the Trust. The Manager has adopted a strong corporate governance framework that is designed to meet the best practice principles. In particular, 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 the Trust. 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 Trust is a real estate investment trust which was established under a Trust Deed with a mandatory requirement to appoint a trustee. Maybank Trustees Berhad was appointed as the Trustee for AmFIRST REIT and the appointment was approved by the SC as prescribed under sections 288(1)(a) and 289(1) of the Capital Markets and Services Act 2007 (“CMSA”). The Trustee is required to act honestly and discharge its roles and responsibilities in accordance with the Deed, SC’s Listed REITs Guidelines, trust laws and securities laws. It has to exercise a degree of due care and diligence and has to act in the best interests of Unitholders. The primary roles and functions of the Trustee are outlined in the Deed.

The following sections describe the Manager’s main corporate governance practices and policies which are guided by measures recommended in The Malaysian Code on Corporate Governance 2017 (the “Code”).

Chapter 15.25 (3) of the Main Market Listed Requirement (“MMLR”) requires the Board to provide only an overview of the application of the Principles set out in the Code. However, in the spirit of good corporate governance, the Manager has applied and outlined the practices under the Principles (wherever possible) during the financial year under review. The Code requires the REIT to provide a summary of its corporate governance practices during the financial year with reference to the three (3) broad principles as follows:

Principle A Board Leadership and Effectiveness

Principle B Effective Audit and Risk Management

Principle C Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

The key focus areas on corporate governance and its priorities are as follows:

Board and Key Management Leadership

The Manager’s shareholders critically assesses on an ongoing basis its Boards’ leadership and its key management staffs, especially its Chief Executive Officer who plays an important role in executing strategies that had been approved by the Board.

The Board and the key management staffs face an uphill task to improve the REIT’s performance especially during the challenging market conditions coupled with increased leasing space within Klang Valley. It is only through continuous focus by the Board and key management staffs on the key challenges, that action plans were formulated and executed to achieve the REIT’s intended goals.

The key management staffs work closely with the licensed property managers on a day-to-day basis in ensuring effective property management. It will be the Board’s priority to ensure Leadership in both the Board and key management staffs are always intact to ensure the REIT can deliver sustainable performance.

Code of Ethics, Code of Conduct, Whistleblowing Policy and No Gift Policy

The Code of Ethics as well as Code of Conduct has always been central in the Manager’s day-to-day activities. Being part of the AmBank Group, it has been continuously emphasised to all staff that they are to comply with the internal policy. The Codes provide the framework for sound decision-making and guide for good business conducts. The policy outlines six (6) key principles, which every director and employee must adhere to. These are being Compliant, Responsible, Ethical, Accurate, Trustworthy and Equitable.

In addition, the Whistleblowing Policy as well as the No Gift Policy were established and employed by the Manager to further enhance the culture of good ethics and business conduct. The Manager’s staff are also required to complete online trainings organized by AmBank Group whenever they are launched and attend refresher courses conducted by the Compliance Department.

The Whistleblowing Policy provides an independent reporting channel for all staff and stakeholders. External parties can always have access via e-mail or call the Compliance Officer for lodgment of complaints or clarification when required. Whistleblowers are protected and the channels are independent of the operational departments. The Compliance Department and the Company Secretary play an important role in receiving complaints and channeling the same to specified ombudspersons.

STATEMENT OF CORPORATE GOVERNANCE (CONTD.)

Governance, Risk Management and Internal Control Framework

Policies are approved by the Board and cascaded down to the entire organization to ensure all departments are aware of what is expected of them. Standard operating procedures are formulated based on these approved policies. Staff are guided by these policies and procedures in discharging their daily duties. In parallel, Business Operational Controls Officer (“BOC”) performs relevant key controls testing to ensure adherence to policies and procedures adopted. In addition, the Compliance Department’s role is also to assess whether key areas such as regulatory compliance and internal policies are complied with accordingly.

The Risk Management Committee which is headed by the Chief Executive Officer and supported by the Heads of Departments review the entity wide risk. The Committee is responsible for 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. The Risk Management framework further extends to functional roles and responsibilities established for the management of risk.

Finally, the Internal audit function is undertaken by the Group’s Internal Audit Department (“GIAD”) which is independent of the Manager and REIT’s business and operations, and reports directly to the Audit Committee. The GIAD performs independent assessment of the adequacy and effectiveness of the Manager’s risk management and systems of internal controls. Results of GIAD’s reviews and issues of concerns are reported directly to the Audit Committee. The CEO and Heads of Departments are responsible to ensure the audit findings are resolved within the agreed timelines.

Application of Specific Practices for each Principle

Although it is not mandatory, the Manager detailed out the specific applications of the practices for each principle as indicated by the Code as follows:

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Intended Outcome

1.0 Every company is headed by a board, which assumes responsibility for the company’s leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

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 the Trust, including establishing goals for management, monitoring the achievement of these goals and review of management’s performance.

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 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 and policies

The Board is adequately resourced and supported by an Audit Committee of Directors to look into, amongst others the risk management, internal control and financial management of the Trust.

Practice 1.2

The Chairman of the Board, Mr. Soo Kim Wai, a Non-Independent Non-Executive Director, leads the Board objectively and ensures its effectiveness. Whether in the Board meetings or informal discussions with the Management team, the Chairman encourages active participation and all parties are free to express their opinions.

STATEMENT OF CORPORATE GOVERNANCE (CONTD.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

Practice 1.3

The roles and responsibilities of the Chairman and Chief Executive Officer are separated and the positions are held by two (2) different individuals. Mr Soo Kim Wai is a Non-Independent Non-Executive Director / Chairman while YM Raja Nazirin Shah Bin Raja Mohamad is the Executive Director / Chief Executive Officer who was appointed on 22 April 2019. Mr. Chong Hong Chuon was the Acting Chief Executive Officer from 11 June 2018 to 21 April 2019. This is to ensure appropriate segregation of duties, authority and increased accountability.

The segregation ensures a clear distinction between the Chairman's responsibilities to lead and manage the Board and the Chief Executive Officer's responsibilities to manage the Trust and the Manager.

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.

The Chief Executive Officer has full executive responsibilities in consultation with the Executive Committee ("EXCO") over the business directions and operational decisions of the Trust. 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 the Trust and ensures that they are implemented as planned and in accordance with the Deed and the SC's Listed REITs Guidelines.

Practice 1.4

The Board is supported by qualified and competent licensed Company Secretaries. They 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 are responsible for the accuracy and adequacy of records of the proceedings of the Board and the Board Committees' meetings and resolutions.

Practice 1.5

The Company Secretaries work with the Chairman and Management to ensure that the Board papers and agenda are provided to the Directors ahead of meetings of the Board and Board Committees so that they have time to review matters to be discussed prior to the meetings. The Board papers are circulated at least five business days in advance. Meetings are usually a half-a-day event 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 meetings are scheduled at least four (4) times per annum with the purpose, amongst others, to discuss and review the operations of the Trust and approve the release of the interim and the audited financial statements of the Trust. Additional meetings are held as and when necessary between the scheduled meetings.

Directors	Designation	Number of Board Meetings	Percentage of Attendance (%)
Soo Kim Wai	Non-Independent Chairman / Non-Executive Director	4	100%
Dato' Abdullah bin Md Thani	Independent Non-Executive Director	4	100%
Dato' Wong Nam Loong	Independent Non-Executive Director	4	100%
Azlan Baqee bin Abdullah	Non - Independent Non - Executive Director	4	100%
Seohan Soo (Appointed on 10 August 2018)	Non - Independent Non - Executive Director	3	100%
YM Raja Teh Maimunah binti Raja Abdul Aziz (Resigned as Director on 10 August 2018)	Non - Independent Non - Executive Director	1	100%
Wong Khim Chon (Resigned as Director and Chief Executive Officer on 27 July 2018)	Executive Director / Chief Executive Officer	1	100%

Note: All attendances reflected were the number of meetings attended during the Directors' tenure of service for FY2019.

STATEMENT OF CORPORATE GOVERNANCE (CONTD.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

Intended Outcome

2.0 There is demarcation of responsibilities between the board, board committees and management. There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

Currently, the Manager has an Audit Committee of Directors, established to provide assistance to, and to review and report to the Board in relation to fulfilling the statutory responsibilities of the Manager, monitoring of the accounting and financial reporting practices, as well as ensuring adequate and effective internal control systems of the Manager are in place, amongst other roles and primary responsibilities. The Audit Committee comprises of three (3) members of the Board and the committee meets on a quarterly basis together with other key management staff.

In addition, the Board has established an EXCO which was formed to support the Board to assess, deliberate and approve operational decisions expeditiously. The EXCO minutes are tabled quarterly to the Board. The minutes comprise EXCO's key deliberations and decisions made. The EXCO comprises of four (4) members who are representatives of the Manager's shareholders. The EXCO meeting is held on a monthly basis and is attended by key management staffs.

Intended Outcome

3.0 The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The board, management, employees and other stakeholders are clear on what is considered acceptable behavior and practice in the company.

Practice 3.1

The Board employs the Code of Ethics and Code of Conduct which was enforced by the AmBank Group ("Group"). The Codes provide the framework for the decision-making and guides business conduct. The Group's Code of Ethics sets out six (6) key principles, namely:

- **C**ompliant - Comply with all relevant laws and regulations
- **R**esponsible - Manage conflict of interest with honesty and integrity
- **E**thical - Practice honesty and integrity in everything we do
- **A**ccurate - Ensure completeness and accuracy of financial records
- **T**rustworthy - Protect the confidentiality and sensitivity of information
- **E**quitable - Treat each other and our community with respect

The code includes reporting of unlawful or unethical behavior through established procedures including via whistleblowing policies that are in place. Staffs are reminded periodically of the six (6) key principles through an electronic learning management system executed group-wide. The Manager's staff are required to complete the refreshing course periodically to ensure staff understands what is required of them and are able to apply it when they are discharging their duties. In addition, the Compliance Officer too conducts briefing on the subject matter to further emphasise its importance.

The Manager has adopted the No Gift Policy enforced by the Group. This is to ensure no conflict of interest arises or preference is given to suppliers during transactions involving procurement process such as award of contracts or negotiations.

Practice 3.2

The whistleblowing policy and procedure was adopted by the Board and is currently in place. The purpose is to report the following, but not limited to:

- dishonest, fraudulent, corruption, bribery or illegal practices;
- manipulation of accounts;
- unethical behaviour;
- abuse of power;
- violation of laws and constitution; or
- conflict of interest.

The policy embeds the requirement for the protection of the whistleblower which is fundamental for the entire process. Key principles include:

- Whistleblower will be protected for reporting any actual or suspected improper conduct upon demonstrating sufficient basis for whistleblowing.
- The confidential information relating to whistleblowing will also be safeguarded.
- Whistleblower including his / her spouse and related persons who are employees of the Manager, will be protected from detrimental action.
- It is imperative that whistleblower should provide sufficient and accurate information on best effort basis.

STATEMENT OF CORPORATE GOVERNANCE (CONTD.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

Intended Outcome

4.0 Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

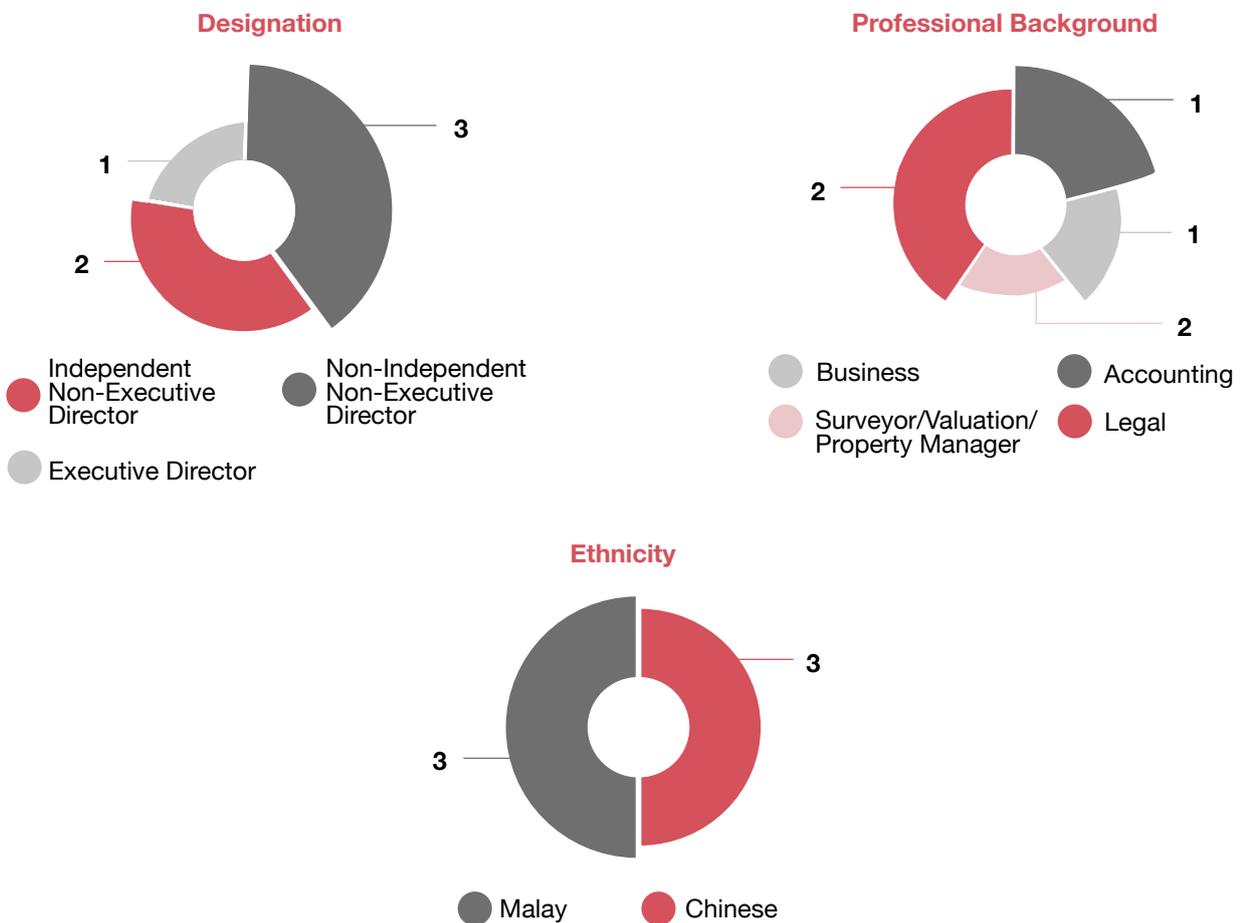
The Manager’s Board retains its Board composition with one-third (1/3) of independent directors and of the view that the decisions that the Board makes are objective and will be in the best interest of all stakeholders.

The Board has six (6) members comprising five (5) Non-Executive Directors and one (1) Executive Director. Two (2) of the Board members are Independent Directors (1/3 of the Board) in compliance with the SC’s Listed REITs Guidelines while the Chairman of the Board is a Non-Independent Non-Executive Director.

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 112 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, in the Notes to the Financial Statements.

The Board comprises business leaders and experienced professionals with backgrounds in fund management, property, banking, legal and finance. The profiles of the Directors are set out on pages 30 to 35 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.

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



STATEMENT OF CORPORATE GOVERNANCE (CONTD.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

Practice 4.2

The Code 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").

The Independent Director may continue as a Non-Independent Director subsequently subject to the recommendation of the Group Nomination and Remuneration Committee ("GNRC") of Directors and the approval of the Board.

Practice 4.3 [A Step Up]

The Manager has adopted the policy which limits the tenure of its independent directors to nine years. The policy has been complied diligently, and this was demonstrated in prior years, where independent directors had stepped down after nine (9) years of service. As of this annual report date, the Manager's current independent directors have both served for approximately 2 years and 8 months.

Practice 4.4

It is imperative that the Board and Senior Management are appointed based on objective criteria, merit and taking into account diversity in skills, experience, age, cultural background and gender. The Manager adopts the Group's appointment procedures for both directors and for its staff. The Manager utilizes the resources made available by Group Human Resources. The Board places significance on the merit as well as the role which objective criterias were derived.

Newly appointed Directors and Senior Management are given briefings by the Management on the business activities of the Trust, its strategic directions and policies and the regulatory environment in which the Trust 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 the Trust's units and restrictions on the disclosure of price-sensitive information.

Subsequent to a director's appointment, the director will be required to complete the Mandatory Accreditation Programme as required by Bursa Securities, and the Capital Market Director Programme ("CMDP") as required by SC within the timeline as stipulated in MMLR and SC's Licensing Handbook respectively. 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 the perspectives of multi stakeholders.

Practice 4.5

The Board takes cognizance of having more women directors on the Board. The Code's requirement is for the Board of large companies to comprise 30% of women directors. Although the REIT does not fall under the ambit of large companies as defined by the Code and it is not a requirement for the REIT, the shareholders of the Manager as well as the Board do consider women candidates who meet the role and merit. As of the annual report date, the Manager's Board does not have any woman director.

Practice 4.6

The Manager's Group has various approaches and sources to identify candidates for the appointment of directors. Apart from the common method of recommendation from Board members and major shareholders, the Group uses independent recruitment firms as well as the direct approach of identifying individuals that have relevant experience and undertaken similar Board roles, and are well known in the market.

Practice 4.7

The Board performs the function that a nominating committee would otherwise perform, namely it administers nominations to the Board, reviews the structure, size and composition of the Board, and reviews 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 Trust's business.

STATEMENT OF CORPORATE GOVERNANCE (CONTD.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

Intended Outcome

5.0 Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The Manager took note of practice 5.1 on the recommended practice to conduct a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director even though this practice note is not applicable to REIT entities. The Manager will look into a formal and objective board evaluation process.

Intended Outcome

6.0 The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The Manager acknowledges the need to ensure a fair and equitable remuneration mechanism for the directors and senior management, which commensurates with the demands and performance of the Manager, and also the individual's responsibilities.

Practice 6.2

The GNRC at Group level looks into the aspect on remuneration of the directors and Key Management Personnel (where applicable and if required).

Intended Outcome

7.0 Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

The Directors' remuneration is paid by the Manager and not the Trust. For Non-Executive Directors, they receive Directors' fees and meeting allowances for their attendance at meetings of the Board and any of the Board Committees.

The determination of the Non-Executive Directors' remuneration is a matter for the Board as a whole and is subject to the shareholders' approval of the Manager. The Directors are not involved in the approval of their own remuneration. The proposed Directors' fees for the FY2019 and its comparative figures are as follows:-

Directors	FY2019 Directors' Fees	FY2018 Directors' Fees
Soo Kim Wai	46,000	46,000
Dato' Abdullah Thalith bin Md Thani	40,000	40,000
Dato' Wong Nam Loong	40,000	40,000
Azlan Baqee bin Abdullah	40,000	4,164
Seohan Soo (Appointed on 10 August 2018)	25,644	-
YM Raja Teh Maimunah binti Raja Abdul Aziz (Resigned as Director on 10 August 2018)	-	40,000
Kong Tai Meng Thomas (Resigned as Director on 5 January 2018)	-	30,685
Total	191,644	200,849

STATEMENT OF CORPORATE GOVERNANCE (CONTD.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

Practice 7.2

The Board opined that the top senior management's remuneration will not be disclosed due to sensitivity and competitive external human resource environment in the industry. This is necessary and in the best interest of the Manager as well as the Trust, in order to retain its experienced staff and ensure smooth continuity of the business operations.

Furthermore, the Code, referring to Guidance 7.2 suggests that the disclosure of how director's remuneration is measured, allows stakeholders to understand the link between senior management remuneration and the company's performance. On the contrary, due to the unique REIT structure whereby the Manager is separate from the Trust, there is no direct link between the remuneration of Management team and the Trust's performance. The remunerations were disbursed from the management fees earned by the Manager, which were predetermined at the inception of the Trust via the Trust Deed.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Intended Outcome

8.0 There is an effective and independent Audit Committee. The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee, Dato' Wong Nam Loong is not the Chairman of the Board. Dato' Wong Nam Loong was appointed on 15 August 2016 as an Independent Non-Executive Director and has led the Audit Committee since then.

The Chairman of the Audit Committee ensures that the Committee's primary roles and responsibilities are discharged in accordance with its Terms of Reference which is set out in the Audit Committee's Report, pages 107 to 108 of this annual report.

Practice 8.2

The Board takes cognisance of matters pertaining to independence and conflict of interest. It is imperative that the functions of Board Committees are not impaired when they are discharging their duties. In this respect, the Board will require a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee, if there is any. This will also apply to any other similar appointments if the Board deems there is a potential conflict or an issue on independence.

Practice 8.3

It is the Audit Committee's responsibility to review the appointment of the external auditors and resignation of external auditors, negotiate and approve the annual audit fees. This is clearly outlined in the Audit Committee's Terms of Reference.

During the annual audit plan presentation by the external auditor, the Audit Committee will assess the suitability, objectivity and independence of the external auditor. The external auditor would also confirm their independence during the meeting with the Audit Committee prior to the commencement of their annual audit.

Practice 8.4 [Step Up]

While the requirement of the Code states that the Audit Committee should solely comprise of Independent Directors, the Board is of the view that the Audit Committee is able to discharge its duties effectively with its two-third (2/3) composition of Independent Directors. The inclusion of a Non-Independent Director who represents one-third (1/3) of the Committee is deemed necessary to facilitate and support the Independent Directors in areas of his expertise.

STATEMENT OF CORPORATE GOVERNANCE (CONTD.)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTD.)

Practice 8.5

The Audit Committee possesses the necessary range of skills to effectively discharge its duties. All members have good understanding of the operations and its financial reporting process. Mr. Soo Kim Wai, who is an Audit Committee member possesses extensive experience in the accounting field and is a member of several professional accounting bodies namely the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Association of Chartered Certified Accountants.

Apart from financial knowledge, the Board has ensured that the Independent Directors should also comprise of members who have experience in the relevant property related industry. Collectively, the current Audit Committee members have extensive experience and knowledge in accounting, finance, legal and real estate field.

During the financial year under review, the Directors, including the Audit Committee members 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 FY2019 were, on areas relating to real estates, corporate leadership and governance, professional development, risk management, information technology, regulatory and compliance which were arranged by the Group Learning and Development Department of the ultimate holding company of the Manager and regulators as well as professional establishments.

Intended Outcome

9.0 Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The Board has established an effective risk management and internal control framework. It plays a vital function in the Manager's management of its risks and transactions. The Board through its committee is responsible for the risk management of the Trust which includes but is 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.

Practice 9.2

The features of the risk management and internal control framework are disclosed in detail in the Statement on Risk Management and Internal Control on pages 103 to 106 of this Annual Report.

The internal control is mainly driven by policies and procedures which are designed to provide reasonable assurance to the Board that the Trust will achieve its objectives. There is an established internal audit function which is undertaken by the GIAD. The Manager also has a designated Compliance Officer to ensure compliance with regulations, internal policies and procedures.

The current risk management framework and internal control is adequate and effective.

Practice 9.3 [Step Up]

A Risk Management Committee was established to assist the Audit Committee in assessing the adequacy of internal control and risk management. The Risk Management Committee comprises of the Chief Executive Officer and Heads of Departments of the Manager, with the support from the Group Risk Management Department.

Intended Outcome

10.0 Companies have an effective governance, risk management and internal control framework and

Practice 10.1

The internal audit function is performed by the GIAD operating under a charter which gives it unrestricted access to review all activities of the Manager. The Head of GIAD reports independently to the Audit Committee.

STATEMENT OF CORPORATE GOVERNANCE (CONTD.)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTD.)

GIAD has internal procedures in place to ensure that the audit personnel are free from any relationships or conflicts of interest and their objectivity and independence are not impaired when conducting audits on the Manager.

The current structure allows GIAD to perform its function effectively and independently.

Practice 10.2

GIAD is headed by the Group Chief Internal Auditor (“GCIA”) Encik Shamsul Bahrom Mohamed Ibrahim, who has over 20 years of comprehensive internal auditing and management experience in the financial services industry. En Shamsul holds a BSc (Hons) Finance & Accounting from University of Salford, Manchester as well as Masters in Business Administration from University of Strathclyde, Scotland.

GIAD focuses its efforts in accordance with the Annual Audit Plan which is developed based on a structured risk assessment of all the activities undertaken by the Manager that ensures all risk-rated areas are kept in view to ensure appropriate audit coverage. The risk-based audit plan is reviewed periodically, taking into account the changes in the business and risk environment.

The Annual Audit Plan, including the internal audit resources required to execute the plan is approved by the Audit Committee.

The main objective of the audit review is to assess the adequacy and effectiveness of the risk management and systems of internal control.

Apart from the above, GIAD also performs ad-hoc reviews and investigations involving fraud, misconduct, or when requested by Regulators or Management.

The results of audit review, including Management’s action plans to address issues highlighted by internal auditors are tabled to the Audit Committee for deliberation. GIAD conducts follow-up and reports to the Audit Committee regarding the status of implementation of Management action plans, until full resolution.

The Audit Committee is of the view that GIAD is adequately resourced to perform its functions and has maintained its independence from the activities that it audits.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Intended Outcome

11.0 There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The Board emphasizes the need to communicate with stakeholders regularly, effectively and in a transparent manner.

Apart from media write ups, the Manager posts key information on the Trust’s official website (www.amfirstreit.com.my) for stakeholder awareness.

The stakeholders are able to query or reach senior management both via e-mail or telephone. The contact details are listed on the said website.

STATEMENT OF CORPORATE GOVERNANCE (CONTD.)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONTD.)

Intended Outcome

12.0 Unitholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

The Board through its management and Company Secretary strictly complies with the Annual General Meeting (“AGM”) notice issuance to the unitholders. The Manager gives more than 28 days notice prior to the meeting. The number of days of notice period provided since past 3 years were as follow:

	6th AGM	5th AGM	4th AGM
Financial Year	2018	2017	2016
Date of Notice of AGM	31 May 18	31 May 17	31 May 16
Date of AGM	25 Jul 18	25 Jul 17	28 Jul 16
Notice period in no. of days (including Saturday, Sunday & Public Holiday)	55	55	58

Practice 12.2

All directors are required to attend the AGM to address any questions raised by the Unitholders. All the questions raised with responses provided during the AGM are minuted by the Company Secretary and will be posted on the official website for Unitholders reference.

In addition, the Senior Management team is also required to attend the AGM to support the Board and explain on operational matters where required. As such stakeholders will be better informed and understand the nature of the Trust’s operations.

Practice 12.3

At all times the Board and the Senior Management encourage its Unitholders to attend its General Meetings. Where possible, electronic means were considered to facilitate Unitholders’ participation. As a start, electronic poll voting was introduced. In the best interest of Unitholders, the Board emphasizes that the General Meetings are held at locations easily accessible within Klang Valley vicinity.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT

The Manager's Board of Directors (the "Board") has established and implemented a sound risk management framework 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 are incorporated within the Trust's and the Manager's Risk Profiling:

- (i) Business model, objectives and strategies.
- (ii) Assessment of the internal and external environment.
- (iii) Identification of events that may affect the business objectives and strategies.
- (iv) Assessment of inherent risks within the business.
- (v) Establishment of appropriate risk responses.
- (vi) Ensuring control activities operate effectively.
- (vii) Ensuring accurate and sufficient information and communication.
- (viii) Monitoring the effectiveness of the framework and reporting to the Board.

The Risk Profiling is reviewed by the Manager's Audit Committee of Directors (the "AC") on a half-yearly basis or as and when required. In this respect, the AC assists the Board in oversight of risk management.

The risk management process is integrated with the business processes, enabling proper risk management at the operational level of each property, as well as at the Trust's level. Risks identified are systematically evaluated with proper mitigating actions 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 the adequacy and effectiveness of the risk management processes and system;
- (ii) Review and present to the Board and AC, the broad terms risk guidelines and risk appetite of the Trust on a periodic basis;
- (iii) Review identified key risks and its mitigating controls of the Trust's operations;
- (iv) Guide staff 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. It comprises of the First Line of Defense ("FLOD"), Second Line of Defense ("SLOD") and Third Line of Defense ("TLOD"). The FLOD comprises of the Business Operational Controls Officer ("BOC") and coordinators appointed for each functional department of the Manager.

The objectives of the establishment of FLOD are:

- (i) To establish personnel who are competent and appreciative of 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.

The SLOD is the enterprise wide operational risk management which was established at AmBank Group level that entails establishment of an independent operational risk management function which includes implementation and review of its operational risk measurement.

The TLOD represents the function of GIAD of AmBank Group where it independently ensures that the risk management process is appropriate and functioning as designed by conducting regular reviews on the processes.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTD.)

INTERNAL CONTROL

The Board has established an internal audit function which is undertaken by the GIAD. The Board recognises the need for a sound and effective internal control system as one of the key priorities for an effective corporate governance culture.

The Board is also committed to maintaining 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.

The system provides reasonable but not absolute assurance against material misstatement of management and financial information, financial losses, fraud and the occurrence of unforeseeable circumstances. As part of the effective and ongoing internal control and governance processes, the Manager reviews the adequacy and effectiveness of its internal control systems to ensure it remains relevant, effective and is 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 takes 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. Recommendations by the said parties are implemented accordingly where required to enhance internal controls.

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 reports on the status of implementation of management action plans arising from the internal audit reports.

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 were nominated by the Manager, is approved by the Trustee. The external auditors appointed must be independent of the Manager and the Trustee. The remuneration of the external auditors is approved by the Trustee based on the Manager’s recommendation.

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 the Trust as a whole. Any significant deficiencies and material weaknesses identified during the audit are communicated to the AC. As part of continuous refinement of the Trust’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 had appointed EY as the external auditors to conduct the statutory audit for the FY2019. 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTD.)

INTERNAL CONTROL (CONTD.)

Compliance Officer

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

The Compliance Officer plays an active role in advising the key management staff on regulatory matters as well as internal policies and procedures in their day to day activities. In addition, the incumbent employs Group's resources and collaborates closely with the Group Compliance and Group Operational Risk Department in respect of Compliance & Risk matters. It is an advantage that the Manager was able to utilize Group's expertise and resources on compliance and risk methodology for the benefit of the REIT.

Dealings with Related Parties

In general, the Manager has to ensure that related party transactions are undertaken in compliance with the SC's Listed REITs Guidelines, the Deed and the Listing Requirements. Such transactions are to be carried out at arm's length basis based on normal commercial terms and shall not be prejudicial to the interest of the Trust 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 AC prior to Board's notation.

All related party transactions carried out by or on behalf of the Trust should be:

- (i) at arm's length basis and on normal commercial terms;
- (ii) in the best interests of the Trust's Unitholders;
- (iii) adequately disclosed to the Trust's Unitholders in accordance with MMLR; and
- (iv) in relation to a real estate transaction:
 - (a) consented by the Trustee;
 - (b) consistent with the investment objective and strategy of the Trust; and
 - (c) transacted at a price that is supported by valuation report.

The Board members will consider the Trust's best interest in relation to decision affecting it when they vote at the Board meetings. In addition, Directors, Chief Executive Officer and management staff 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 reviews the related party transactions to ensure compliance with the internal control procedures, relevant provisions of the Deed, SC's Listed 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 disclose and abstain from participating in the review and the recommendation process in relation to the transaction. The related party transactions for the FY2019 are as disclosed in Note 24 of the notes to the financial statements within this annual report.

Dealings with Conflict of Interest

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

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

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTD.)

INTERNAL CONTROL (CONTD.)

Dealings with Conflict of Interest (Contd.)

Save for Directors' interests in the Trust (as disclosed on page 112 of the Manager's Report) and the transactions with companies related to the Manager (as disclosed in Note 24 of the notes to the financial statements within this annual report), no conflict of interest has arisen during the financial year under review.

TRADING IN THE TRUST'S UNITS

The Manager adopts best practices and issues policies to its Directors and employees which prohibit dealings in the Trust's units while in possession of material unpublished price-sensitive information. Under the MMLR, the Directors and employees of the Manager are prohibited from dealing in the Trust's units during the period commencing on and from one (1) month prior to the targeted date of announcement of the Trust's quarterly results to Bursa Securities, up to one (1) full market day after the announcement of the Trust's quarterly results. The Manager regularly notifies its Directors and employees on the maximum closing period of two months which takes effect immediately on the date after the end of each financial reporting quarter. If any of such affected persons deal in the Trust'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 and appropriate disclosures of their trading activities if there are any. There were no dealings in the Trust'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, 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 the Trust and the Manager. The aim of the Policy is to promote whistleblowing in a positive and independent manner which provides an avenue to escalate concern on improper conduct or transactions and such concern are being addressed appropriately.

The Policy provides protection to whistleblowers which includes not only the employees but also any person that who 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 policies or legislative requirements.

CONCLUSION

The Board has received assurance from the Executive Director / Chief Executive Officer, Chief Financial Officer and Compliance Officer of the Manager that the risk management and internal control system is operating adequately and effectively, in all material aspects.

The external auditors have reviewed this Statement for inclusion in the FY2019 Annual Report. The external auditors conducted the review in accordance with the Audit and Assurance Practice Guides 3 – Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("AAPG 3") issued by the Malaysian Institute of Accountants. The review has been conducted to assess whether this Statement is both supported by the documentation prepared by or for the Board and appropriately reflects the processes the Directors had adopted in reviewing the adequacy and integrity of the system of internal controls of the Group. AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the risk and control procedures. AAPG 3 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant matters disclosed in the Annual Report will, in fact, mitigate the risks identified or remedy the potential problems. Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes the Board has adopted in the review of the adequacy and effectiveness of the risk management and internal control.

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 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.

The AC Chairman is an Independent Non-Executive Director.

COMPOSITION

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

Dato’ Wong Nam Loong, Chairman
Independent Non-Executive Director

Dato’ Abdullah Thalith bin Md Thani
Independent Non-Executive Director

Soo Kim Wai
Non-Independent Non-Executive Director

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 the Trust 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, in relation to its management of the Trust.

TERMS OF REFERENCE

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

Primary Roles and Responsibilities

- (i) To provide assistance to, 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 Management 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.

AUDIT COMMITTEE REPORT (CONTD.)

TERMS OF REFERENCE (CONTD.)

- (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.
- (viii) To ensure thorough 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 FY2019, the AC had met a total of four (4) times. The attendance of the AC members to the AC meetings held for the FY2019 are as follows:-

Directors	Designation	Number of AC Meeting	Percentage of Attendance (%)
Dato' Wong Nam Loong	Independent Non-Executive Director	4	100
Dato' Abdullah Thalith bin Md Thani	Independent Non-Executive Director	4	100
Soo Kim Wai	Non-Independent Non-Executive Director	4	100

SUMMARY OF ACTIVITIES OF THE AC

The activities of the AC for the FY2019 as listed below:-

- (i) AC reviewed the adequacy and effectiveness of the systems of internal controls through the risk management framework, compliance and internal audit activity to ensure there is a systematic methodology to identify, assess and mitigate risk areas.
- (ii) Reviewed the adequacy of the scope, functions and resources of GIAD, and deliberated on and approved GIAD's Annual Audit Plan for the Manager.
- (iii) Deliberated on GIAD's reports, the audit recommendations, Management's responses and status of resolution of the audit issues and recommendations highlighted, to ensure Management had taken prompt and effective corrective actions to address the issues reported.
- (iv) 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. Prior to two AC meetings, the external auditors had private sessions with the AC without the presence of management, giving the AC and external auditors an opportunity to deliberate confidential matters that might not have been specifically asked in the formal part of the AC meeting.
- (v) Reviewed the financial statements, audit report, issues and reservations arising from the statutory audit with the external auditors.

AUDIT COMMITTEE REPORT (CONTD.)

SUMMARY OF ACTIVITIES OF THE AC (CONTD.)

- (vi) Reviewed and discussed the financial performance with the Manager.
- (vii) Reviewed the quarterly results and financial statements of the Trust for recommendation to the Board of the Manager for approval before release to Bursa Securities.
- (viii) Reviewed quarterly compliance reports to ensure regulatory requirements, internal policies as well as procedures are adhered to.
- (ix) Reviewed and endorsed all related party transactions entered into by the Trust.
- (x) 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.
- (xi) Discussed the implications of any latest changes and pronouncements on the Trust and / or the Manager, issued by the statutory and regulatory bodies.
- (xii) Reviewed overall risk management matters to ensure adequate measures are in place to manage the risks.
- (xiii) 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.
- (xiv) Reviewed and recommended the re-appointment of external auditors to the Board of the Manager for approval.

INTERNAL AUDIT

- (i) The internal audit function is undertaken by AmBank GIAD, headed by the Group Chief Internal Auditor, En. Shamsul Bahrom Mohamed Ibrahim.
- (ii) GIAD is independent of the activities and operations of the Manager, and reports directly to the AC.
- (iii) GIAD operates under an audit charter mandated by the AC which gives it unrestricted access to review all activities of the AmBank Group, including the Manager.
- (iv) GIAD focuses its efforts in accordance with the Annual Audit Plan ("AAP") approved by the AC, and the main objective of the audit reviews is to assess the adequacy and effectiveness of the risk management and systems of internal controls in the activities carried out by the Manager.
- (v) GIAD undertook the following activities during FY2019:
 - Determined and risk assessed all areas of activities within the Manager and the Trust and established the AAP which sets out the key areas of audit focus and emphasis.
 - Undertook and completed the planned audit review as set out in the AAP to provide an independent assessment and objective assurance on the adequacy and effectiveness of risk management and internal controls over the business activities and operations.
 - Prepared the audit report on the results of the review, incorporating the overall assessment and conclusion of the review, detailed audit observations, recommendations to enhance existing processes and internal controls and management responses on the agreed action plan to address the recommendations.
 - The audit report was discussed with the Management and tabled and deliberated at the AC meeting.
 - Performed follow-up with the Management on the status of resolution of audit issues and recommendations, and tabled updates on the status at each AC meeting, until the full resolution of the issues are highlighted.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible to ensure that the financial statements for the FY2019 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 Listed REITs Guidelines, so as to give a true and fair view of the financial position of AmFIRST REIT as at 31 March 2019 and of its financial performance and cash flows for the financial year then ended.

In preparing the financial statements for the FY2019, 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.

MANAGER'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

The Board have 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 2019.

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.

AmREIT, the Manager of AmFIRST REIT, is a private limited liability company incorporated and domiciled in Malaysia. AmREIT is principally involved in the business of managing real estate investment trusts.

AmREIT, is a wholly-owned subsidiary of AmREIT Holdings, incorporated in Malaysia. AmREIT Holdings is 70% owned by AIGB and 30% owned by AmProp. AmProp is a 71% owned subsidiary of Amcorp, which is also a substantial shareholder of AMMB, the ultimate holding company of AmREIT.

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 of the total asset value and a performance fee (excluding any taxes payable) of 3% per annum of the net rental income, but before deduction of property management fees. During the financial year ended 31 March 2019, the Manager's fee consists of base fee of 0.3% (FY2018 : 0.3%) per annum and performance fee of 3.0% (FY2018 : 3.0%) per annum.

In addition, the Manager will also be entitled to an acquisition fee of 1% 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 except for one as disclosed in Note 28 to the Financial Statements (page 153).

CHANGES IN THE STATE OF AFFAIRS

There was no change in the state of affairs of the Trust during the financial year under review.

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 under review.

MANAGER'S REPORT (CONTD.)

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
Dato' Wong Nam Loong
Dato' Abdullah Thalith bin Md Thani
Azlan Baqee bin Abdullah
Wong Khim Chon (Resigned on 27 July 2018)
YM Raja Maimunah binti Raja Abdul Aziz (Resigned on 10 August 2018)
Seohan Soo (Appointed on 10 August 2018)
YM Raja Nazirin Shah Bin Raja Mohamad (Appointed on 22 April 2019)

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 are accrued from the fees 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 substantial financial interest, other than 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 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 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 ended 31 March 2019.

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 2019.

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.

CONFLICT OF INTEREST

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

CONVICTIONS FOR OFFENCES (OTHER THAN TRAFFIC OFFENCES)

None of the Directors has been convicted for offences within the past five (5) years.

MANAGER'S REPORT (CONTD.)

AUDIT AND NON-AUDIT FEE

The amount of audit and non-audit fees paid or payable to the external auditors for the financial year ended 31 March 2019 are as follows:-

	FY2019
Audit Fee	53,500
Non-Audit Fees	8,000

OTHER STATUTORY INFORMATION

- (a) Before the statement of financial position and statement of comprehensive income of the Trust were made out, the Directors 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 provision for doubtful debts and satisfied themselves that there were no bad debts and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current asset which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Trust which would render:
- (i) it necessary to write off any bad debts or to make any provision for doubtful debts in the financial statements of the Trust; and
 - (ii) the values attributed to current assets in the financial statements of the Trust misleading.
- (c) At the date of this report, the Directors are 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 Directors are not aware of any circumstances not otherwise dealt with in this report or 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, other than those arising in the normal course of the business of the Trust.
- (f) In the opinion of the Directors of the Manager:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Trust to meet its obligations as and 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.

MANAGER'S REPORT (CONTD.)

AUDITORS

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

To the extent permitted by law, the Trust has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

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
19 April 2019

AZLAN BAQEE BIN ABDULLAH

INVESTOR RELATIONS AND COMMUNICATIONS

The Manager 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 financial year, the Management has 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 Main Market Listing Requirements of Bursa Securities. This includes quarterly financial results, annual reports, corporate presentations and any other material announcements.

Annual General Meeting

On 25 July 2018, AmFIRST REIT held its Sixth AGM where 549 Unitholders (5th AGM: 490) attended the AGM.

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 Seventh Annual General Meeting is scheduled on Monday, 22 July 2019.

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 presentations are available on AmFIRST REIT's website following the disclosure made to Bursa Securities.

Proposed AmFIRST REIT's FY2020 Calendar

1st	Interim Financial Report FY2020	Aug 2019
2nd	Interim Financial Report FY2020	Nov 2019
3rd	Interim Financial Report FY2020	Feb 2020
4th	Interim Financial Report FY2020	Apr 2020

Meetings

We provide a one-to-one meeting / group meeting to institutional investors and fund managers on quarterly and yearly basis upon requested by the institutional investors and fund managers where these meetings / briefings focus on providing updates on the financial results as well as on the business development.

INVESTOR RELATIONS AND COMMUNICATIONS (CONTD.)

STAKEHOLDERS ENGAGEMENT (CONTD.)

Malaysian REIT Managers Association (“MRMA”)

The Manager’s active involvement in industry-related associations enables us to share our voice through our participation. Through MRMA, members cohesively strive to achieve progressive growth of the Malaysian REITs’ market by developing common benchmarks against international best practices and favorable regulatory regime. It is also our objective to engage with the public through investors’ education, particularly in relation to raising awareness and sharing knowledge of investment in REITs. This approach is in line with MRMA’s objectives as MRMA collaborates with Bursa Securities in providing investors education programme.

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. Information such as announcements to Bursa Securities, unit price performance, media releases, corporate presentation, annual reports and other developments are archived on AmFIRST REIT’s corporate website.

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

Our stakeholders also can download our mobile apps to obtain up-to-date information about AmFIRST REIT.

Our latest online annual report was not only offered for desktop computers but also optimised for tablet computers and smartphones, hence, increasing its accessibility to the mobile devices’ users.

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 followings:-

YM Raja Nazirin Shah bin Raja Mohamad

Chief Executive Officer / Executive Director

E-mail: rajanazirinshah@ambankgroup.com

Tel No: +603 7969 1780

Mr Chong Hong Chuon

Chief Financial Officer

E-mail: chong-hong-chuon@ambankgroup.com

Tel No: +603 7955 8277

Encik Zuhairy bin Md Isa

Deputy Chief Executive Officer

E-mail: zuhairy-isa@ambankgroup.com

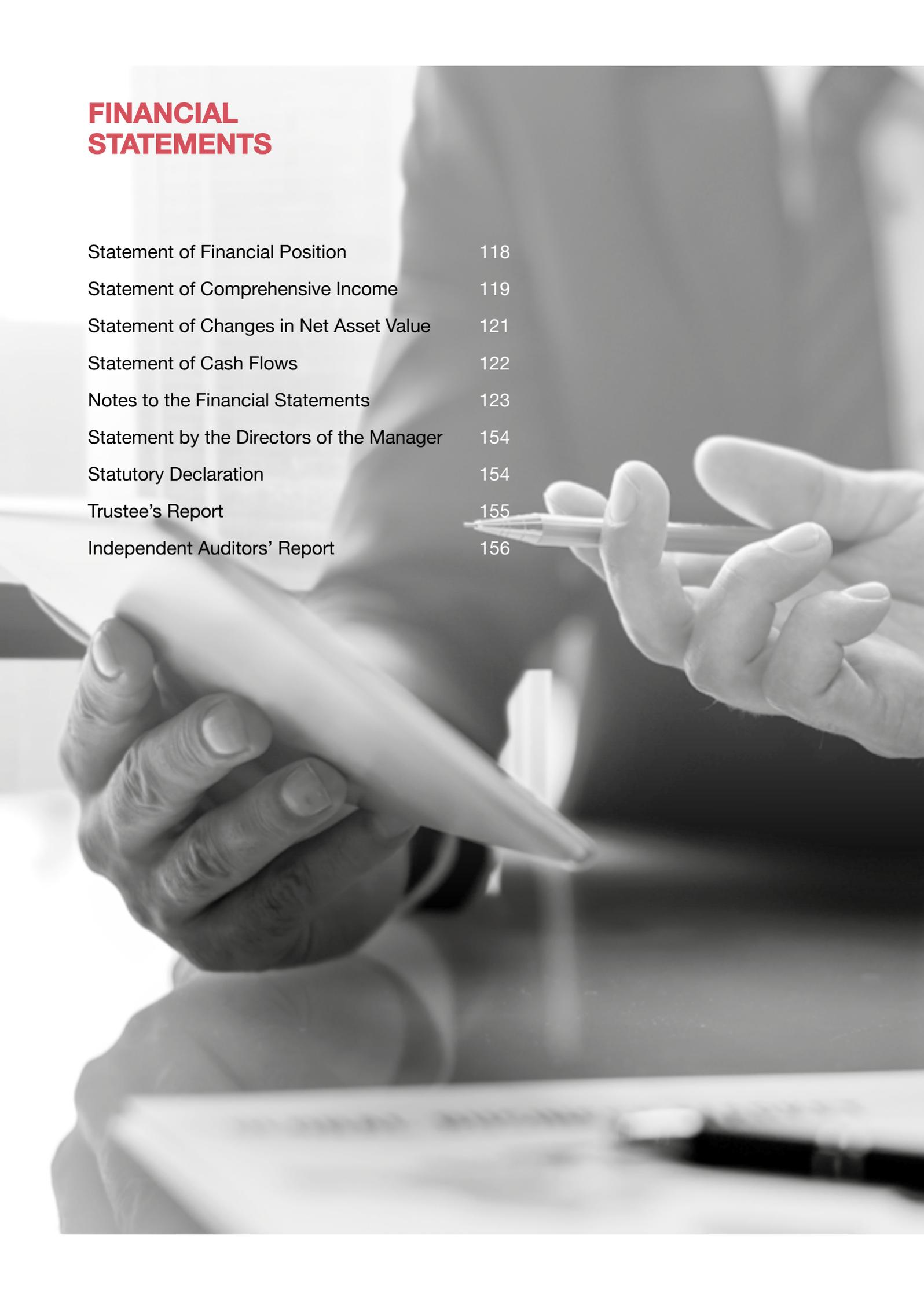
Tel No: +603 7955 8026

Encik Abdul Rahman bin Mohd Joned

Vice President 2, Finance

E-mail: rahman-joned@ambankgroup.com

Tel No: +603 7955 8120



FINANCIAL STATEMENTS

Statement of Financial Position	118
Statement of Comprehensive Income	119
Statement of Changes in Net Asset Value	121
Statement of Cash Flows	122
Notes to the Financial Statements	123
Statement by the Directors of the Manager	154
Statutory Declaration	154
Trustee's Report	155
Independent Auditors' Report	156

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	2019 RM	2018 RM
ASSETS			
Non-current assets			
Investment properties	5	1,657,045,000	1,650,060,000
Receivables	6	2,391,916	3,177,826
		1,659,436,916	1,653,237,826
Current assets			
Receivables	6	10,144,246	7,201,175
Deposits with financial institution	7	1,417,913	2,898,129
Cash and bank balances		847,175	1,047,897
		12,409,334	11,147,201
TOTAL ASSETS		1,671,846,250	1,664,385,027
UNITHOLDERS' FUNDS			
Unitholders' capital	12	636,624,829	636,624,829
Undistributed income	12	207,919,401	212,739,019
TOTAL UNITHOLDERS' FUNDS		844,544,230	849,363,848
LIABILITIES			
Non-current liabilities			
Rental deposits	8	15,670,448	13,688,025
Borrowings	9	695,356,923	633,041,935
Derivatives	10	396,040	764,146
		711,423,411	647,494,106
Current liabilities			
Payables	11	6,853,557	8,339,459
Rental deposits	8	12,251,556	12,251,772
Borrowings	9	95,728,556	146,000,000
Derivatives	10	1,044,940	935,842
		115,878,609	167,527,073
TOTAL LIABILITIES		827,302,020	815,021,179
TOTAL UNITHOLDERS' FUNDS AND LIABILITIES		1,671,846,250	1,664,385,027
NET ASSET VALUE		844,544,230	849,363,848
NUMBER OF UNITS IN CIRCULATION		686,401,600	686,401,600
NET ASSET VALUE PER UNIT			
- before proposed final distribution		1.2304	1.2374
- after proposed final distribution		1.2091	1.2166

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 RM	2018 RM
Gross revenue	13	116,582,983	114,098,852
Property expenses	14	(41,286,795)	(38,058,533)
Net rental income		75,296,188	76,040,319
Interest income		110,979	134,949
Changes in fair value of investment properties	5	(6,228,562)	(20,537,067)
Gain on financial liabilities measured at amortised cost		57,303	297,531
Unrealised gain on revaluation of derivatives	10	259,008	883,301
Other income		192,424	218,944
		69,687,340	57,037,977
Administrative expenses			
Manager's fee	15	(7,404,174)	(7,435,913)
Trustee's fee	16	(338,694)	(345,363)
Valuation fee		(195,893)	(199,662)
Auditors' remuneration		(53,500)	(53,500)
Tax agent's fee		(14,296)	(8,200)
Other expenses	17	(564,223)	(399,771)
Interest expense		(38,823,317)	(37,265,576)
		(47,394,097)	(45,707,985)
Profit before taxation		22,293,243	11,329,992
Taxation	18	-	-
Profit for the financial year, representing total comprehensive income for the financial year		22,293,243	11,329,992
Total comprehensive income for the financial year is made up as follows:			
- Realised		28,205,494	30,686,227
- Unrealised		(5,912,251)	(19,356,235)
		22,293,243	11,329,992

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (CONTD.)

	Note	2019 RM	2018 RM
Earnings per unit (sen)	19		
- after manager's fee		3.25	1.65
- before manager's fee		4.33	2.73
Income distribution	20		
Interim income distribution of 1.87 sen per unit paid on 21 December 2018 (FYE 2018: 2.12 sen per unit paid on 21 December 2017)		12,835,708	14,551,714
Proposed final income distribution of 2.13 sen per unit payable on 29 May 2019 (FYE 2018: Final income distribution of 2.08 sen per unit paid on 25 May 2018)		14,620,354	14,277,153
		27,456,062	28,828,867
Income distribution per unit* (sen)			
- Interim		1.87	2.12
- Final		2.13	2.08
		4.00	4.20

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

	2019	2018
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%	24%

STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Unitholders' Capital RM	Undistributed income: Realised Income RM	Unrealised Income RM	Unitholders' Funds RM
As at 1 April 2018	636,624,829	16,194,314	196,544,705	849,363,848
Total comprehensive income for the financial year	-	28,205,494	(5,912,251)	22,293,243
	636,624,829	44,399,808	190,632,454	871,657,091
Unitholders' transactions				
Distributions to Unitholders				
- 2018 final	-	(14,277,153)	-	(14,277,153)
- 2019 interim	-	(12,835,708)	-	(12,835,708)
	-	(27,112,861)	-	(27,112,861)
As at 31 March 2019	636,624,829	17,286,947	190,632,454	844,544,230
As at 1 April 2017	636,624,829	14,680,155	215,900,940	867,205,924
Total comprehensive income for the financial year	-	30,686,227	(19,356,235)	11,329,992
	636,624,829	45,366,382	196,544,705	878,535,916
Unitholders' transactions				
Distributions to Unitholders				
- 2017 final	-	(14,620,354)	-	(14,620,354)
- 2018 interim	-	(14,551,714)	-	(14,551,714)
	-	(29,172,068)	-	(29,172,068)
As at 31 March 2018	636,624,829	16,194,314	196,544,705	849,363,848

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		22,293,243	11,329,992
<i>Adjustments for:</i>			
Interest income from placements with financial institution		(110,979)	(134,949)
Interest expense		38,823,317	37,265,576
Provision/(write back) of impairment loss on trade receivables	17	60,152	(393,203)
Change in fair value of investment properties		6,228,562	20,537,067
Gain on financial liabilities measured at amortised cost		(57,303)	(297,531)
Unrealised gain on revaluation of derivatives		(259,008)	(883,301)
Operating profit before working capital changes		66,977,984	67,423,651
<i>Changes in working capital:</i>			
Increase in receivables		(2,217,313)	(198,039)
Decrease in payables		(542,326)	(976,598)
Increase in rental deposits		2,039,510	478,923
Net cash generated from operating activities		66,257,855	66,727,937
CASH FLOWS FROM INVESTING ACTIVITIES			
Enhancements of investment properties	5	(13,213,562)	(7,797,067)
Interest income received		110,979	134,949
Net cash used in investing activities		(13,102,583)	(7,662,118)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(39,766,893)	(36,824,653)
Distributions paid to Unitholders		(27,112,861)	(29,172,068)
Drawdown of borrowings (net)		5,314,988	3,899,343
Net cash used in financing activities		(61,564,766)	(62,097,378)
Net decrease in cash and cash equivalents		(8,409,494)	(3,031,559)
Cash and cash equivalents at the beginning of the financial year		3,946,026	6,977,585
Cash and cash equivalents at the end of the financial year		(4,463,468)	3,946,026
Cash and cash equivalents included in the statement of cash flows comprise the following:			
Cash and bank balances		847,175	1,047,897
Deposits with financial institution	7	1,417,913	2,898,129
Bank Overdraft	9	(6,728,556)	-
		(4,463,468)	3,946,026

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, AmREIT 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 AmREIT Holdings Sdn Bhd. AmREIT Holdings Sdn Bhd is 70% owned by AmInvestment Group Berhad and 30% owned by Amcorp Properties Berhad.

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 22nd 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 19 April 2019.

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 Listed Real Estate Investment Trusts (“SC’s Listed 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 property 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 measurement

2.4c(i) Initial recognition

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised using trade date accounting or settlement date accounting. The method used is applied consistently for all purchases and sales of financial assets that belong to the same category of financial assets. The Trust apply trade date accounting for derivative financial instruments and investments in equity instruments and settlement date accounting for investments in debt instruments.

2.4c(ii) Initial measurement of financial instruments

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 measurement (Contd.)

2.4c(iii) “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.

2.4d Financial instruments - classification and subsequent measurement (effective from 1 April 2018)

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Trust’s business model for managing them. The financial assets can be measured either:

- Amortised cost;
- Fair value through other comprehensive income (“FVOCI”); or
- Fair value through profit or loss (“FVTPL”)

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e; the date that the Trust commits to purchase or sell the asset.

The Trust determines the classification of its financial assets at initial recognition and categorises deposits with financial institutions, bank balances and receivables as financial assets at amortised cost.

2.4d(i) Financial assets at amortised cost

The Trust measures financial assets at amortised cost if both of the following conditions are met:

- (1) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- (2) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Trust’s financial assets at amortised cost includes trade receivables, bank balances and deposits with financial institution.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. Accounting Policies (Contd.)

2.4 Summary of significant accounting policies (Contd.)

2.4d Financial Instruments - classification and subsequent measurement (effective from 1 April 2018) (Contd.)

2.4d(ii) 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.

2.4d(iii) 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 effective interest rate ("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.

2.4e Financial Instruments - classification and subsequent measurement (prior to 1 April 2018)

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

2.4e(i) 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.

2.4e(ii) 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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. Accounting Policies (Contd.)

2.4 Summary of significant accounting policies (Contd.)

2.4e Financial Instruments - classification and subsequent measurement (prior to 1 April 2018) (Contd.)

2.4e(iii) 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.

2.4f Derecognition of financial assets and financial liabilities

2.4f(i) 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.

2.4f(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. Accounting Policies (Contd.)

2.4 Summary of significant accounting policies (Contd.)

2.4g 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.

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.

All assets or liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1: Quoted (unadjusted) market prices in active markets or identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Trust determines 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. Accounting Policies (Contd.)

2.4 Summary of significant accounting policies (Contd.)

2.4h Impairment of financial assets (effective from 1 April 2018)

The Trust recognises an allowance for expected credit losses (“ECL”) for all financial assets measured at amortised cost. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Trust expects to receive, discounted at an approximation of the original effective interest rate.

ECL allowance is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL allowance is provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Trust applies the simplified approach under MFRS 9 in calculating ECL. Therefore, the Trust does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Trust has established a historical credit loss rate that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Trust considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Trust may also consider a financial asset to be in default when internal or external information indicates that the Trust is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Trust. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4i Impairment of financial assets (prior to 1 April 2018)

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.

2.4i(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. Accounting Policies (Contd.)

2.4 Summary of significant accounting policies (Contd.)

2.4i Impairment of financial assets (prior to 1 April 2018) (Contd.)

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

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.

2.4j 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.

2.4k 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 with original maturity of less than three months and net of outstanding bank overdrafts.

2.4l 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.

2.4m 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.)

2.4m 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.

2.4n 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.

2.4o(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.

2.4o(ii) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.4p Property expenses

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

2.4q Manager's and Trustee's fees

The Manager's and Trustee's fees are recognised on an accrual basis in accordance with the services rendered.

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.)

2.4r Income distributions

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.

2.4s Taxation

2.4s(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.

2.4s(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

2. Accounting Policies (Contd.)

2.4 Summary of significant accounting policies (Contd.)

2.4s Taxation (Contd.)

2.4s(ii) Deferred tax (Contd.)

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.

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.

2.4t 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 financial 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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 2018:

- MFRS 9 Financial Instruments;
- MFRS 15 Revenue from Contracts with Customers;
- Transfer of Investment Property (Amendments to MFRS 140); and
- Annual Improvement to MFRS 2014-2016 Cycle - Amendments to MFRS 1 and MFRS 128.

The adoption of these new standards, amendments to published standards and new interpretation did not have any material impact on the financial statements of the financial statements of the Trust except for those arising from the adoption of MFRS 9 as disclosed below. The Trust did not have to change its accounting policies or make retrospective adjustments as a result of adopting the other amendments to published standards and new interpretation.

The nature of the new standards and amendments to published standards relevant to the Trust are described below:

3.1a MFRS 9 Financial Instruments

MFRS 9 replaces the provisions of MFRS 139 Financial instruments: Recognition and Measurement (“MFRS 139”) that relate to the recognition, classification and measurement, as well as derecognition of financial instruments, impairment of financial assets and hedge accounting. As permitted by the transitional provision of MFRS 9, comparative information have not been restated. The impact arising from the adoption of MFRS 9 are as follows:

3.1a(i) Classification and measurement

MFRS 9 requires all financial assets, other than equity instruments and derivatives, to be classified on the basis of two criteria, namely the entity’s business model for managing the assets, as well as the instruments’ contractual cash flow characteristics. Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest. If the financial assets are held within a business model whose objective is achieved by both selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, the assets are measured at fair value through other comprehensive income (“FVOCI”). Any financial assets that are not measured at amortised cost or FVOCI are measured at fair value through profit or loss (“FVTPL”).

Instruments that qualify for amortised cost or FVOCI may be irrevocably designated as FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments are normally measured at FVTPL; nevertheless entities are allowed to irrevocably designate equity instruments that are not held for trading as FVOCI, with no subsequent reclassification of gains or losses to the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

3. Changes In Accounting Policies (Contd.)

3.1 New and amended standards and interpretations adopted (Contd.)

3.1a MFRS 9 Financial Instruments (Contd.)

3.1a(i) Classification and measurement (Contd.)

Receivables, deposits with financial institutions and bank balances which form a substantial portion of the Trust's financial assets, satisfied the conditions for classification at amortised cost and hence there is no change to the accounting of these assets.

There is no impact on the Trust's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and the Trust does not have any such liabilities.

In summary, upon adoption of MFRS 9, the Trust had the following required or elected reclassifications as at 1 April 2018.

	Measurement category	
	Original (MFRS 139)	New (MFRS 9)
Financial assets		
Trade receivables	Loans and receivables	Amortised cost
Bank balances	Loans and receivables	Amortised cost
Deposits with financial institution	Loans and receivables	Amortised cost

3.1a(ii) Impairment

The adoption of MFRS 9 has fundamentally changed the Trust's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss approach. MFRS 9 requires the Trust to recognise allowance for expected credit losses for all financial assets not held at fair value through profit or loss and contract assets.

The adoption of MFRS 9 did not have financial impact to the carrying values of the financial instruments and retained profits.

3.1b MFRS 15 Revenue from Contracts with Customers

MFRS 15 established a new five-step model that applies to revenue arising from contracts with customers, based on the underlying principle that an entity should recognise revenue in a manner which depicts 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. 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. The standard also specified the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

In accordance with the transitional provision in MFRS 15, the Trust has adopted the standard using the modified retrospective approach without any restatement to the comparative information. No adjustment has been made to the amounts recognised in the financial statements as the adoption of MFRS 15 did not have any material financial impact because the Trust has been recognising revenue in a manner consistent with the principles of MFRS 15.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

3. Changes In Accounting Policies (Contd.)

3.1 New and amended standards and interpretations adopted (Contd.)

3.1c Transfers of Investment Property (Amendments to MFRS 140)

The amendments clarified that to transfer to, or from, investment properties, there must be a change in use. To conclude if a property has a change in use, there should be an assessment of whether the property meets, or has ceased to meet, the definition of investment property. This change must be supported by evidence; a change in intention in isolation is not enough to support a transfer. The adoption of these amendments did not result in any impact as is no reclassification of property to investment properties during the financial year.

3.2 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Trust's financial statements. The Trust intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 16 Leases	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
Long-term interests in Associates and Joint ventures (Amendments to MFRS 128)	1 January 2019
Plan Amendment, Curtailment or Settlement (Amendment to MFRS 119)	1 January 2019
Annual Improvements to MFRSs 2015-2017 Cycle	1 January 2019
Amendments to References to the Concepture Framework in MFRS Standards	1 January 2020
Definition of a Business (Amendments to MFRS 3)	1 January 2020
Definition of Material (Amendments to MFRS 101 and MFRS 108)	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	To be determined by MASB

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 is described below. The Trust is assessing the financial effects of their adoption.

3.3a MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The adoption of MFRS 16 on required effective date of 1 April 2019 for the Trust is not expected to have any material financial impact on the financial statements of the Trust.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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 for fair value measurement of investment properties and Note 2.4h and Note 6 for impairment assessment of receivables.

5. Investment Properties

	2019 RM	2018 RM
As at beginning of the financial year	1,650,060,000	1,662,800,000
Enhancements	13,213,562	7,797,067
Change in fair value	(6,228,562)	(20,537,067)
As at end of financial year	1,657,045,000	1,650,060,000

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 ¹	Reversion yield ²
(i) Menara AmBank	19 February 2019	6.00%	6.25%
(ii) Bangunan AmBank Group	19 February 2019	6.25%	6.50%
(iii) Menara AmFIRST	24 January 2019	6.00%	6.50%
(iv) Wisma AmFIRST	1 March 2019	6.00%	6.50%
(v) The Summit Subang USJ	22 February 2019	6.00%	6.25%
(vi) Prima 9	1 March 2019	6.00%	6.50%
(vii) Prima 10	1 March 2019	6.00%	6.50%
(viii) Jaya 99	1 March 2019	6.00%	6.50%
(ix) Mydin HyperMall, Bukit Mertajam	7 March 2019	6.50%	7.00%

¹ 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 term.

² Yield that the investment properties are expected to achieve upon expiry of current term rental.

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	31.3.2019		31.3.2018		
				Cost of Investment RM	Carrying value as at 31.3.2019 RM	Cost of Investment RM	Carrying value as at 31.3.2018 RM	
				% of valuation to net asset value as at 31.3.2019		% of valuation to net asset value as at 31.3.2018		
(i) Menara AmBank	Freehold	Kuala Lumpur	Office	262,075,679	321,500,000	259,610,872	321,500,000	37.85
(ii) Bangunan AmBank Group	Leasehold [@]	Kuala Lumpur	Office	196,926,202	262,200,000	194,332,208	260,000,000	30.61
(iii) Menara AmFIRST	Freehold	Petaling Jaya	Office	64,997,504	65,840,000	64,840,511	72,000,000	8.48
(iv) Wisma AmFIRST	Leasehold [#]	Kelana Jaya	Office	94,679,555	117,900,000	94,679,555	114,000,000	13.42
(v) The Summit Subang USJ	Freehold	Subang Jaya	Commercial Office, Hotel and Retail Mall	370,012,603	369,400,000	362,417,524	365,060,000	42.98
(vi) Prima 9	Freehold	CyberJaya	Office	73,239,407	72,600,000	73,239,407	73,200,000	8.62
(vii) Prima 10	Freehold	CyberJaya	Office	62,329,060	65,700,000	62,329,060	66,300,000	7.81
(viii) Jaya 99	Leasehold [^]	Melaka	Office	88,369,494	103,905,000	87,966,806	102,000,000	12.01
(ix) Mydin HyperMall	Freehold	Penang	HyperMall	254,123,504	278,000,000	254,123,504	276,000,000	32.49
				1,466,753,008	1,657,045,000	1,453,539,447	1,650,060,000	

Legend:

@ The leasehold land will expire on 3 June 2084.

The leasehold land will expire on 19 February 2094.

^ The leasehold land will expire on 7 October 2109.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6. Receivables

	2019 RM	2018 RM
<i>Non-Current</i>		
Accrued lease receivable (a)	2,391,916	3,177,826
<i>Current</i>		
Trade receivables (b)	5,700,473	2,255,497
Less: Allowance for impairment (c)	(269,460)	(209,308)
Trade receivables, net	5,431,013	2,046,189
Accrued lease receivable (a)	900,426	1,168,415
Other receivables, deposits and prepayments	3,812,807	3,986,571
Total current receivables, net	10,144,246	7,201,175

- (a) All leasing incentives for the new or renewed operating lease are recognised as a reduction of rental income over the lease term, on a straight-line basis. This represents the balance unamortised of the lease incentives arising from the fit-out costs and rent-free-period incentives given to lessee.
- (b) Included in trade receivables are rental outstanding from companies related to the Manager amounting to RM324,848 (2018: RM388,332) which are subject to normal trade terms.
- (c) The movement in allowance for impairment in trade receivables is as follows:

	2019 RM	2018 RM
As at beginning of the year	209,308	606,301
Charge / (Write back) (Note 17)	60,152	(393,203)
Amount written off	-	(3,790)
As at 31 March	269,460	209,308

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 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 AmBank Group, there is no significant concentration of credit risk.

7. Deposits With Financial Institution

	2019 RM	2018 RM
Placements with a licensed bank with original maturity of less than three months	1,417,913	2,898,129

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 26(ii).

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

8. Rental Deposits

	2019 RM	2018 RM
<i>Non-current</i>		
Payable after 12 months	15,670,448	13,688,025
<i>Current</i>		
Payable within 12 months	12,251,556	12,251,772
	27,922,004	25,939,797

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

	2019 RM	2018 RM
<i>Non-current</i>		
Payable after 12 months	5,070,731	3,976,955
<i>Current</i>		
Payable within 12 months	6,227,336	7,009,873
	11,298,067	10,986,828

9. Borrowings

	2019 RM	2018 RM
<i>Current</i>		
Overdraft	6,728,556	-
Term Loan	-	57,000,000
Revolving Credit	89,000,000	89,000,000
Loan transaction costs subject to amortisation	-	-
	95,728,556	146,000,000
<i>Non-Current</i>		
Term Loan	307,850,000	85,850,000
Revolving Credit	140,000,000	298,500,000
Syndicated Term Loan	250,000,000	250,000,000
Loan transaction costs subject to amortisation	(2,493,077)	(1,308,065)
	695,356,923	633,041,935
Total borrowings	791,085,479	779,041,935

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

9. Borrowings (Contd.)

A term loan facility of RM57.0 million and revolving credit facility of RM4.0 million are secured by way of a lien holder's caveat over Menara AmFIRST. A revolving credit facility of RM85.0 million is secured by way of a lien holder's caveat over Wisma AmFIRST. A revolving credit facility of RM140.0 million is secured by way of a lien holder's caveat over The Summit Subang USJ. A term loan facility of RM85.85 million is secured by first party legal charge over Jaya 99. The Syndicated Term Loan facility of RM250.0 million is secured by first party legal charge over Mydin and Prima 10. A Term Loan facility of RM165.0 million is secured by way of first party legal charge over Menara AmBank.

Details of the interest rate and maturity of the borrowings are disclosed in Note 26(ii).

The Trust has pledged its short term deposits of RM1,417,913 (2018: RM2,898,129) as a requirement for the RM57.0 million Term Loan Facility and RM85.0 million Revolving Credit Facilities.

10. Derivatives

	2019 RM	2018 RM
Interest rate swap contracts		
- Non-Current	396,040	764,146
- Current	1,044,940	935,842
	1,440,980	1,699,988

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

	2019 RM	2018 RM
Trade payables	197,287	1,339,828
Other payables and accruals	6,656,270	6,999,631
	6,853,557	8,339,459

Included in other payables and accruals is:

- (i) Amount owing to the Manager and Trustee of RM634,028 (2018: RM621,047) and RM28,152 (2018: RM28,308) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

12. Unitholders' Funds

Unitholders' funds is represented by:

	2019 RM	2018 RM
Unitholders' capital	636,624,829	636,624,829
Undistributed realised income	17,286,947	16,194,314
Undistributed unrealised income	190,632,454	196,544,705
	844,544,230	849,363,848

Number of units in circulation:

	2019 Unit	2018 Unit
At 1 April/31 March	686,401,600	686,401,600

Issued and fully paid:

	2019 RM	2018 RM
At 1 April/31 March	636,624,829	636,624,829

As at 31 March 2019, the Manager and all of the directors of the Manager do not have any unitholding in the Trust. However, the parties related to the Manager held unit in the Trust as follows:

	2019		2018	
	Number of units	Market Value RM	Number of units	Market Value RM
Unitholders of parties related to the Manager				
AmBank (M) Berhad	183,489,138	98,166,689	183,489,138	110,093,483
Yayasan Azman Hashim	41,779,353	22,351,954	41,779,353	25,067,612
Jadeline Capital Sdn Bhd	-	-	22,518,000	13,510,800
Amcorp Group Berhad	36,168,000	19,349,880	13,650,000	8,190,000
AmMetLife Insurance Berhad on behalf of Life Fund	11,200,000	5,992,000	11,200,000	6,720,000
Azman bin Hashim	849,076	454,256	849,076	509,446
AmGroup Foundation	2,560	1,370	2,560	1,536

The market value is determined by multiplying the number of units with the market closing price of RM0.535 per unit as at 31 March 2019 (31 March 2018: RM0.600 per unit).

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

13. Gross Revenue

	2019 RM	2018 RM
Gross rental income	108,100,803	106,226,294
Car park income	8,103,940	7,516,711
Other income	378,240	355,847
	116,582,983	114,098,852

AmFIRST REIT leases out its investment properties (Note 5) under operating leases. The future minimum lease receivable under non-cancellable leases are as follows:

	2019 RM	2018 RM
Not later than one year	97,082,619	91,625,375
Later than one year and not later than five years	158,153,181	125,853,996
Later than five years	471,164,030	506,914,022
	726,399,830	724,393,393

14. Property Expenses

Included in property expenses are the following:

	2019 RM	2018 RM
Property management fee and reimbursements*	4,304,954	3,870,499
Rates and assessment	5,703,248	5,972,852
Quit rent	480,160	164,820

* 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), accruing monthly;
- (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% (2018: 0.30%) per annum and performance fee of 3.00% (2018: 3.00%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

16. Trustee's Fee

Pursuant to the Deed, the Trustee is entitled to receive a fee up 0.10% per annum of the net asset value. The Trustee's fee for the current financial year is calculated based on 0.04% (2018: 0.04%) per annum on the net asset value.

17. Other Expenses

	2019 RM	2018 RM
Impairment loss/(write back) on trade receivables (Note 6)	60,152	(393,203)

18. Taxation

	2019 RM	2018 RM
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% (2018: 24%) of the estimated assessable profit for the financial year.

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:

	2019 RM	2018 RM
Profit before taxation	22,293,243	11,329,992
Income tax using Malaysian tax rate of 24% (2018: 24%)	5,350,378	2,719,198
Effects of non-deductible expenses	434,662	398,796
Effect of fair value adjustment on investment properties not subject to tax	1,494,855	4,928,896
Effects of income exempted from tax	(7,279,895)	(8,046,890)
Tax expense	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

19. Earnings Per Unit

Earnings per unit after manager's fee is computed based on net income for the financial year divided by the weighted average number of units in circulation during the financial year.

	2019	2018
Net income for the financial year (RM)	22,293,243	11,329,992
Number of units in circulation during the financial year (units)	686,401,600	686,401,600
Basic earnings per unit after manager's fee (sen)	3.25	1.65

Earnings per unit before manager's fee is computed based on net income for the financial year after adding back manager's fee, divided by the weighted average number of units in circulation during the financial year.

	2019	2018
Net income for the financial year (RM)	22,293,243	11,329,992
<i>Add back:</i>		
Manager's fee (RM)	7,404,174	7,435,913
Net income for the financial year before manager's fee (RM)	29,697,417	18,765,905
Number of units in circulation during the financial year (units)	686,401,600	686,401,600
Basic earnings per unit before manager's fee (sen)	4.33	2.73

20. Income Distribution

In respect of the current financial year ended 31 March 2019, the Manager had paid an interim income distribution of 1.87 sen per unit for the six-month financial period from 1 April 2018 to 30 September 2018 of RM12,835,708 and has proposed a final income distribution of 2.13 sen per unit for the six-month financial period from 1 October 2018 to 31 March 2019 totalling RM14,620,354 which is in line with the objectives of AmFIRST REIT to deliver regular and stable distributions to Unitholders. The total income distribution of 4.00 sen per unit for the financial year ended 31 March 2019 is from the following sources:

	2019 RM	2018 RM
Gross revenue	116,582,983	114,098,852
Interest income	110,979	134,949
Other income	192,424	218,944
	116,886,386	114,452,745
Less: Expenses	(88,680,892)	(83,766,518)
	28,205,494	30,686,227
Add: Undistributed income at beginning of the financial year	1,917,472	60,112
Total income available for distribution	30,122,966	30,746,339
Less: Undistributed income at end of the financial year	(2,666,904)	(1,917,472)
	27,456,062	28,828,867
Distribution per unit (sen)	4.00	4.20

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

21. Portfolio Turnover Ratio

	2019	2018
Portfolio Turnover Ratio ("PTR") (Times)	-	-

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 net asset value during the financial year.

22. Management Expense Ratio

	2019	2018
Management Expense Ratio ("MER") (%)	1.01	0.98

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 trusts which use different basis of calculation may not be an accurate comparison.

23. Capital Commitment And Contingencies

	2019 RM	2018 RM
Approved but not contracted for: Investment properties	12,013,734	23,885,960
Approved and contracted for: Investment properties	8,117,197	17,950,941

24. Transactions With The Companies Related To The Manager

	2019 RM	2018 RM
Rental earned from AmBank Group	40,647,626	42,408,849
Interest earned from AmBank (M) Berhad	110,979	134,949
Interest paid to AmBank (M) Berhad	23,779,678	26,344,496
Loan facilities fee	29,250	70,000
Insurance premium paid to AmGeneral Insurance Berhad	612,234	792,101

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 outstanding balances arising from transactions with companies related to the Manager as at end of the financial year include:

	2019 RM	2018 RM
AmBank Group		
Bank balances and deposits placed with AmBank (M) Berhad	2,253,038	3,931,113
Bank borrowings from AmBank (M) Berhad	392,728,556	544,500,000
Rental deposits received from the AmBank Group	11,298,067	10,986,828

The above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

25. Financial Instruments

- (a) The following are classes of financial instruments that have carrying amounts which are reasonable approximations of their fair value.

Financial assets at amortised cost	Note
Receivables	(i)
Deposits with financial institution	(i)
Cash and bank balances	(i)
Financial liabilities at amortised cost	
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 instruments measured at fair value:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31 March 2019				
Financial liabilities measured at fair value				
Derivatives	-	1,440,980	-	1,440,980
31 March 2018				
Financial liabilities measured at fair value				
Derivatives	-	1,699,988	-	1,699,988

26. Financial Risk Management Objectives And Policies

AmFIRST REIT operates within clearly defined guidelines as set out in the SC's Listed REITs Guidelines. The SC's Listed 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 SC's Listed REITs Guidelines, are set out below. It is not the Trust's policy to engage in speculative transactions.

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:

	2019 RM	2018 RM
Financial assets:		
<i>Floating rate instrument</i>		
Deposits with financial institution	1,417,913	2,898,129

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

26. Financial Risk Management Objectives And Policies (Contd.)

(i) Interest rate risk (Contd.)

	2019 RM	2018 RM
Financial liabilities:		
<i>Fixed rate instrument</i>		
Term Loan	-	57,000,000
Revolving credit	-	30,000,000
	-	87,000,000
<i>Floating rate instrument</i>		
Term Loan	555,356,923	334,541,935
Revolving credit	229,000,000	357,500,000
Overdraft	6,728,556	-
	791,085,479	692,041,935
Interest rate swap contracts	1,440,980	1,699,988

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 borrowings which is not hedged. The Trust has performed the following interest rate sensitivity analysis to show the Trust's sensitivity to interest rates exposure:

	25 basis point Increase RM	25 basis point Decrease RM
2019		
Floating rate instruments	(1,983,946)	1,983,946
IRS swap contract	500,000	(500,000)
	(1,483,946)	1,483,946
2018		
Floating rate instruments	(1,733,375)	1,733,375
IRS swap contract	500,000	(500,000)
	(1,233,375)	1,233,375

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

26. Financial Risk Management Objectives And Policies (Contd.)

(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
2019				
Financial assets				
Deposits with financial institution	3.00	1,417,913	1,417,913	-
Financial liabilities				
Term loans	4.68	555,356,923	-	555,356,923
Revolving credit facilities	4.60	229,000,000	89,000,000	140,000,000
Overdraft	4.75	6,728,556	6,728,556	-
2018				
Financial assets				
Deposits with financial institution	2.80	2,898,129	2,898,129	-
Financial liabilities				
Term loans	4.68	391,541,935	57,000,000	334,541,935
Revolving credit facilities	4.75	387,500,000	89,000,000	298,500,000

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

26. Financial Risk Management Objectives And Policies (Contd.)

(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	Allowances for Impairment RM	Net RM
2019			
Current	2,924,365	-	2,924,365
Past due 30 - 60 days	1,607,580	(120,238)	1,487,342
Past due 61 - 90 days	394,828	(43,468)	351,360
Past due more than 90 days	773,700	(105,754)	667,946
Total	5,700,473	(269,460)	5,431,013
2018			
Current	1,309,428	(15,316)	1,294,112
Past due 30 - 60 days	351,874	(36,133)	315,741
Past due 61 - 90 days	28,541	(1,092)	27,449
Past due more than 90 days	565,654	(156,767)	408,887
Total	2,255,497	(209,308)	2,046,189

All of the Trust's other receivables are neither past due nor impaired.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

26. Financial Risk Management Objectives And Policies (Contd.)

(iv) Liquidity risk (Contd.)

The table below summarises the maturity profile of the Trust's financial liabilities at the reporting date based on contractual repayment obligations.

	Within 1 year RM	1 - 5 years RM	Total RM
2019			
Rental deposits	12,251,556	15,670,448	27,922,004
Payables	6,853,557	-	6,853,557
Borrowings	95,728,556	695,356,923	791,085,479
Derivatives	1,044,940	396,040	1,440,980
Total financial liabilities	115,878,609	711,423,411	827,302,020
2018			
Rental deposits	12,251,772	13,688,025	25,939,797
Payables	8,339,459	-	8,339,459
Borrowings	146,000,000	633,041,935	779,041,935
Derivatives	935,842	764,146	1,699,988
Total financial liabilities	167,527,073	647,494,106	815,021,179

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 ratio of the Trust. Under the Securities Commission Malaysia's Listed 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. Gross borrowings refer to the gross interest-bearing borrowings as set out in Note 9.

	2019 RM	2018 RM
Total borrowings (Note 9)	791,085,479	779,041,935
Total assets	1,671,846,250	1,664,385,027
Gearing ratio (%)	47.3%	46.8%

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

28. Material Litigation

Legal Proceedings Instituted by Swan Property Sdn Bhd & 14 Others VS. The Summit Subang USJ Management Corporation and Maybank Trustees Berhad (as Trustee for AmFIRST Real Estate Investment Trust) by way of Kuala Lumpur High Court Suit No. WA-22NCC-82-02/2018 (“Kuala Lumpur Suit”)

On 28 February 2018, Swan Property Sdn Bhd and 14 others (the “Plaintiffs”) instituted legal proceedings against The Summit Subang USJ Management Corporation (the “MC”) (as the 1st Defendant) and the trustee of AmFIRST REIT, Maybank Trustees Berhad, (“AmFIRST REIT Trustees”) (as the 2nd Defendant) in the Kuala Lumpur High Court vide Suit No. WA-22NCC-82-02/2018 (“Civil Suit”). The Plaintiffs claimed that the MC has breached certain statutory and fiduciary duties; and the MC and AmFIRST REIT Trustees have conspired to injure them in relation to a refurbishment and renovation exercise of the retail podium /shopping mall of The Summit Subang USJ.

By way of application dated 17 April 2018, AmFIRST REIT Trustees applied to the High Court to strike out the Plaintiffs’ claim (“Striking Out Application”).

The Striking Out Application was heard on 27, 29, 30 August 2018 and 10 October 2018 and subsequently fixed for decision on 12 December 2018.

Following the decision on 12 December 2018 (and a further clarification date on 18 January 2019), the High Court’s decision in respect of Striking Out Application are as follows:-

- (a) The Plaintiffs’ claims (except the 5th Plaintiff) against AmFIRST REIT Trustees are stayed pending the disposal of related claims currently pending in the Strata Management Tribunal between the Plaintiffs and the MC; and
- (b) The 5th Plaintiff’s claim against AmFIRST REIT Trustees is struck out.

The Plaintiffs have since appealed against the decision of Striking Out Application to the Court of Appeal on 2 January 2019 (“Appeal”). The next case management before the Court of Appeal is fixed on 12 June 2019.

In the meantime, the proceedings at the High Court had been fixed for case management on 24 May 2019.

STATEMENT BY THE DIRECTORS OF THE MANAGER

We, Soo Kim Wai and Azlan Baqee Bin Abdullah, 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 118 to 153 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 2019 and of the results and the cash flows of the Trust for the financial year then ended.

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

SOO KIM WAI

AZLAN BAQEE BIN ABDULLAH

Kuala Lumpur, Malaysia
19 April 2019

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 118 to 153 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.

CHONG HONG CHUON
(MIA 18174)
Chief Financial Officer

SUBSCRIBED AND SOLEMNLY DECLARED by the abovenamed Chong Hong Chuon, at Kuala Lumpur, Malaysia on 19 April 2019.

Before me:

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 ("Trust") for the financial year ended 31 March 2019. To the best of our knowledge, AmREIT Managers Sdn Bhd ("Management Company") 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 Listed Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws during the financial year ended 31 March 2019.

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 2019 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

19 April 2019

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AmFIRST REAL ESTATE INVESTMENT TRUST

Report on the audit of the financial statements

Opinion

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 2019, 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 118 to 153.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Trust as at 31 March 2019, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Trust in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Trust for the current year. These matters were addressed in the context of our audit of the financial statements of the Trust as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT (CONTD.)

TO THE UNITHOLDERS OF AmFIRST REAL ESTATE INVESTMENT TRUST

Key audit matters (Contd.)

Risk area and rationale:

Fair value valuation of investment properties

The investment properties of the Trust as at 31 March 2019 stood at RM1,657,045,000 (31 March 2018: RM1,650,060,000) as disclosed in Note 5 to the financial statements. During the current financial year, the Trust conducted its annual revaluation for all of its investment properties using the qualified professional valuers.

The process of valuation of the investment properties involves various valuation models and assumptions that are affected by expected future market and economic conditions. There is significant measurement uncertainty involved in the revaluation.

The valuation methodology and assumptions used are described in Note 5 to the financial statements.

Valuation of interest rate swap

The interest rate swaps of the Trust as at 31 March 2019 stood at RM1,440,980 (31 March 2018: RM1,699,988) included under liabilities as disclosed in Note 10 to the financial statements. The interest rate swaps, which are derivatives are carried at fair value through profit or loss in accordance with requirements of MFRS 9 Financial Instruments and their fair values have been determined in accordance with requirements of MFRS 13 Fair Value Measurement.

The process of valuation of the interest rate swaps involves various valuation assessment and assumptions that are affected by expected future market and economic conditions, and involves the use of observable and unobservable inputs and parameters in the financial markets. There is significant measurement uncertainty involved in the valuation.

Net valuation gain or loss of interest rate swaps during the financial year is recognised in the profit or loss.

Our response

Our audit procedures on revaluation of investment properties included the following:

- (i) assessed the qualifications and competencies of the professional valuers;
- (ii) reviewed the valuation methodology adopted and the underlying assumptions applied by the valuers; and
- (iii) assessed the reasonableness of the methodology and assumptions adopted.

Our audit procedures on revaluation of interest rate swap included the following:

- (i) reviewed the critical terms of the contracts;
- (ii) assessed the accuracy of the calculations performed; and
- (iii) assessed the reasonableness of the assumptions adopted, including assessing if the inputs and parameters used were observable in the financial markets.

INDEPENDENT AUDITORS' REPORT (CONTD.) TO THE UNITHOLDERS OF AmFIRST REAL ESTATE INVESTMENT TRUST

Information other than the financial statements and auditors' report thereon

The Manager is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Trust and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Trust does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Trust, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Trust or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Manager and take appropriate action.

Responsibilities of the Manager and Trustee for the financial statements

The Manager is responsible for the preparation of financial statements of the Trust that 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 of the Trust 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 true and fair presentation of these financial statements.

In preparing the financial statements of the Trust, the Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Trust as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Trust, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Trust's internal control.

INDEPENDENT AUDITORS' REPORT (CONTD.)

TO THE UNITHOLDERS OF AmFIRST REAL ESTATE INVESTMENT TRUST

Auditors' responsibilities for the audit of the financial statements (Contd.)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Trust or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Trust, including the disclosures, and whether the financial statements of the Trust represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of the Trust for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Listed 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

Kuala Lumpur, Malaysia
19 April 2019

Chan Hooi Lam
No. 02844/02/2020 J
Chartered Accountant

ANALYSIS OF UNITHOLDERS

Thirty (30) Largest Unitholders
As At 10 May 2019

Nos.	Names	No. of Holdings	% of Holding
1.	AmBank (M) Berhad *	183,489,138	26.73
2.	Yayasan Azman Hashim *	77,947,353	11.36
3.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	20,352,300	2.97
4.	CIMB Group Nominees (Tempatan) Sdn Bhd Yayasan Hasanah (AUR-VCAM)	20,240,100	2.95
5.	Valuecap Sdn Bhd	13,724,800	2.00
6.	Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad For AmMetLife Insurance Berhad (FM-AMAB-LF) (419501)	11,200,000	1.63
7.	DFN Recources Sdn Bhd	7,142,900	1.04
8.	Affin Hwang Investment Bank Berhad IVT (FVOCI)	6,333,020	0.92
9.	Lim Soon Huat	5,122,272	0.75
10.	Seng Siaw Wei	5,000,000	0.73
11.	CIMB Group Nominees (Asing) Sdn Bhd Exempt An for DBS Bank Ltd (SFS)	4,916,000	0.72
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.Manickavasagan (Solaris-CL)	3,400,000	0.50
15.	Cimsec Nominees (Asing) Sdn Bhd Exempt An For CGS-CIMB Securities (Singapore) Pte Ltd (Retail Clients)	3,046,659	0.44
16.	Wing Kwong @ Chan Wing Kwong	2,876,724	0.42
17.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Liew Sun Yick	2,596,000	0.38
18.	Oh Eng Cheng	2,190,000	0.32
19.	Lim Kew Seng	2,083,080	0.30
20.	Radhakrishnan A/L Menon	2,050,000	0.30
21.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Sun Yick (CCTS)	2,000,045	0.29
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.	Wong Soh Har @ Wong Yin Teck	1,760,000	0.26
24.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Kin Kheong (E-IMO)	1,742,900	0.25
25.	Yap Ah Ngah @ Yap Neo Nya	1,500,000	0.22
26.	Koh Song Leang	1,465,000	0.21
27.	Maybank Nominees (Tempatan) Sdn Bhd Chau Mei Lan	1,383,451	0.20
28.	Affin Hwang Nominees (Tempatan) Sdn Bhd Exempt an for DBS Vickers Securities (Singapore) Pte Ltd (Clients)	1,335,000	0.19
29.	Goh Siew Cheng	1,280,000	0.19
30.	Lucky Star Pte Ltd	1,257,600	0.18
		398,524,282	58.06

* Substantial Unitholders [More than 5% of the unit in circulation].

ANALYSIS OF UNITHOLDERS (CONTD.)

Distribution Schedule of Unit As At 10 May 2019

Category	No. of Unitholders	No. of Holdings	% of Holdings
Less than 100	654	23,362	-
100 to 1,000	3,070	1,993,116	0.29
1,001 to 10,000	5,169	22,566,022	3.29
10,001 to 100,000	2,748	93,799,655	13.67
100,001 to less than 5% of the issued units	634	306,582,954	44.67
5% and above the issued units	2	261,436,491	38.08
Total	12,277	686,401,600	100.00

Classification of Unitholders As At 10 May 2019

Category of Unitholders	No. of Unitholders		No. of Holdings		% of Holdings	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1. Individuals	10,169	177	227,768,575	9,449,856	33.18	1.38
2. Body Corporate						
a. Banks / Finance / Companies	7	-	204,049,438	-	29.73	-
b. Investment Trusts / Foundation / Charities	4	-	78,323,661	-	11.41	-
c. Industrial and Commercial Companies	150	6	16,338,176	1,570,209	2.38	0.23
3. Government Agencies / Institutions	1	-	11,421	-	-	-
4. Nominees	1,656	107	129,875,800	19,014,464	18.92	2.77
Total	11,987	290	656,367,071	30,034,529	95.62	4.38

Breakdown of Unit Holding As At 31 March 2019

CATEGORY	No. of Unitholders	No. of Holdings
5,000 and below	7,304	11,708,619
5,001 to 10,000	1,493	12,341,742
10,001 to 50,000	2,176	53,819,014
50,001 to 500,000	1,027	148,179,246
500,001 and above	104	460,352,979
Total	12,104	686,401,600

CORPORATE DIRECTORY

BOARD OF DIRECTORS OF THE MANAGER

Mr Soo Kim Wai
Chairman / Non-Independent Non-Executive Director

Y Bhg Dato' Wong Nam Loong
Independent Non-Executive Director

Y Bhg Dato' Abdullah Thalith bin Md Thani
Independent Non-Executive Director

Encik Azlan Baqee bin Abdullah
Non-Independent Non-Executive Director

Mr Seohan Soo
Non-Independent Non-Executive Director

YM Raja Nazirin Shah bin Raja Mohamad
Executive Director / Chief Executive Officer



MANAGER

AmREIT Managers Sdn Bhd
(Company No. 730964-X)

REGISTERED OFFICE OF THE MANAGER

22nd 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

COMPANY SECRETARIES

Ms Chan Sau Leng
(MAICSA 7012211)

Ms Ruzeti Emar Binti Mohd Rosli
(LS0010372)

Boardroom Corporate Services Sdn Bhd
(Formerly known as Boardroom Corporate Services
(KL) Sdn Bhd)
Level 8, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor
Telephone No. : 603-7841 8000
Facsimile No. : 603-7841 8199

TRUSTEE

Maybank Trustees Berhad
(Company No. 5004-P)
8th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Telephone No. : 603-2078 8363
Facsimile No. : 603-2070 9387

CORPORATE DIRECTORY (CONTD.)

PROPERTY MANAGERS

Savills (KL) Sdn Bhd

(Company No. 587693-W)
Level 9, Menara Milenium
Jalan Damanela
Bukit Damansara
50490 Kuala Lumpur
Telephone No. : 603-2092 5955
Facsimile No. : 603-2092 5966

Knight Frank Property Management Sdn Bhd

(Company No. 1211775-H)
Suite 10.01, Level 10 Centrepoint South
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone No. : 603-2289 9688
Facsimile No. : 603-2289 9788

Rahim & Co International Sdn Bhd

(Company No. 1126587-X)
Level 17, Menara Uni-Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone No. : 603-2691 9922
Facsimile No. : 603-2691 9992

AUDITORS

Messrs Ernst & Young (AF: 0039)

Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanela
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 BANKERS

AmBank (M) Berhad

(Company No. 8515D)
(A Member of AmBank Group)
22nd Floor, Bangunan AmBank Group
No 55, Jalan Raja Chulan
50200 Kuala Lumpur Malaysia
Telephone No. : 603-2036 2633
Facsimile No. : 603-2072 8439

Public Bank Berhad

(Company No. 6463-H)
Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur
Telephone No. : 603-2163 8888/8899
Facsimile No. : 603-2163 9917

Malayan Banking Berhad

(Company No. 3813-K)
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Telephone No. : 603-2070 8833
Facsimile No. : 603-2715 9442

REGISTRAR

Boardroom Share Registrars Sdn Bhd

(Formerly known as Symphony Share
Registrars Sdn Bhd)
(Company No. 378993-D)
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 Securities

Stock Name : AmFIRST
Stock Code : 5120

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting (“AGM”) of the Unitholders of AmFIRST Real Estate Investment Trust (“AmFIRST REIT”) will be held at Ballroom 2, First Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Monday, 22 July 2019 at 10.00 a.m. or at any adjournment thereof, for the following purpose:

ORDINARY BUSINESS

- (1) **To receive the Audited Financial Statements for the financial year ended 31 March 2019 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 PARAGRAPH 6.59 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD** **ORDINARY RESOLUTION NO. 1**

“THAT pursuant to the 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 AmREIT 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 total number of units issued of AmFIRST REIT for the time being comprising 686,401,600 Units.

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 SEVENTH ANNUAL GENERAL MEETING (CONTD.)

(3) PROPOSED INCREASE IN THE EXISTING TOTAL NUMBER OF UNITS ISSUED 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 total number of units issued 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
AmREIT MANAGERS SDN BHD (730964-X)**
The Manager of AmFIRST Real Estate Investment Trust

Chan Sau Leng (MAICSA 7012211)
Ruzeti Emar Binti Mohd Rosli (LS0010372)
Company Secretaries

Kuala Lumpur
31 May 2019

Notes:-

- (1) In respect of deposited securities, only Unitholders whose names appear in the Record of Depositors of AmFIRST REIT on 15 July 2019 shall be eligible to attend the AGM or appoint proxies to attend, vote and speak on their behalf.
- (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 the Unitholder specifies the proportions of its holdings to be represented by each proxy in the Form of 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 (1) 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 22nd Floor, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default of this provision, the instrument of Proxy shall not be treated as valid.
- (8) **Note to Ordinary Resolution No. 1 – Proposed Authority to Allot and Issue New Units Pursuant to Paragraph 6.59 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**
Ordinary Resolution No. 1, if passed, will give the Directors, from the date of the forthcoming AGM, authority to allot and issue up to twenty percent (20%) of the existing total number of units issued 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 Total Number of Units Issued of AmFIRST REIT from 686,401,600 Units up to a maximum of 823,681,920 Units in AmFIRST REIT**
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

[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 AmREIT Managers Sdn Bhd and Maybank Trustees Berhad, companies incorporated under the Companies Act, 1965]

ADMINISTRATIVE DETAILS FOR SEVENTH ANNUAL GENERAL MEETING (“AGM”)

Date	: Monday, 22 July 2019
Time	: 10.00 a.m.
Venue	: Ballroom 2, First Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia.

1. REGISTRATION

- Registration will start at 8.00 a.m. and will end at time directed by the Chairman of the Meeting.
- Please present your original MYKAD or Passport [for foreigners] during registration for verification. No photocopy of MYKAD or Passport will be accepted. No person will be allowed to register on behalf of another person even with the original MYKAD or Passport of that other person. Please make sure you collect your MYKAD or Passport thereafter.
- After verification and registration, you will be provided with an identification wristband/tag. If you are attending the AGM as a Unitholder as well as proxy, you will be registered once and will only be given one identification wristband/tag to enter the meeting hall. No person will be allowed to enter the meeting hall without wearing the identification wristband/tag. The identification wristband/tag must be worn throughout the AGM. There will be no replacement in the event that you lose/misplace the identification wristband/tag.

2. REGISTRATION HELP DESK

- Please proceed to the Registration Help Desk located at the registration room, Ballroom 1 for any clarification or enquiry.
- The Registration Help Desk will also handle revocation of proxy's appointment, i.e. in the event you have submitted your Proxy Form prior to the AGM and subsequently decided to attend the AGM in person.

3. SECRETARIAT HELP DESK

- For any general enquiry, please proceed to the Secretariat Help Desk located in front of Ballroom 1.

4. REFRESHMENT

- Coffee/Tea and cookies will be available from 8.00 a.m. to 9.30 a.m.
- There will be no takeaway set meal distributed.

5. REDEMPTION VOUCHER

Unitholder/proxy will be given Redemption Voucher upon successful registration on the following basis:

- Each Unitholder will be entitled to one (1) Redemption Voucher.
- If the proxy has obtained the Redemption Voucher, a Unitholder who subsequently decided to attend the meeting in person will not be given any voucher.
- If you are a Unitholder and also appointed as proxy by another Unitholder, you are entitled to two (2) Redemption Vouchers.
- For a Unitholder who appoints more than one (1) proxy, one (1) Redemption Voucher will be given to the proxy who registers first.
- If you are a proxy, you are entitled to only one (1) Redemption Voucher, regardless of how many Unitholders you represent.
- No replacement in the event you lose/misplace your Redemption Voucher.

6. PARKING

- You can park at Sime Darby Convention Centre's parking lots located at Lower Ground 2, Ground Floor and Mezzanine Floor (subject to availability).
- Entrance to the parking is located at the East side of the Sime Darby Convention Centre.

7. ENQUIRIES

- If you have any enquiry relating to the registration and proxy form, please contact our Share Registrar at 03 – 7849 0777 during office hours.
- If you have any enquiry relating to the Administrative Details of the AGM, please contact Encik Abdul Rahman bin Mohd Joned at 03 – 7955 8120 during office hours (8.45 a.m. to 5.45 p.m.) from Mondays to Thursdays and (8.45 a.m. to 5.00 p.m.) on Fridays.

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 AmREIT 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 Seventh Annual General Meeting ("AGM") of the Unitholders of AmFIRST REIT to be held at **Ballroom 2, First Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Monday, 22 July 2019 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 casted. In the absence of specific directions, your proxy will vote or abstain as *he/she thinks fit.

Dated this _____ day of _____, 2019.

Signature of Unitholder/Common Seal (if Unitholder is a Corporation)

Tel: _____ (Office/House) _____ (Mobile)

* Delete if not applicable

Notes:-

- (1) In respect of deposited securities, only Unitholders whose names appear in the Record of Depositors of AmFIRST REIT on 15 July 2019 shall be eligible to attend the AGM or appoint proxies to attend, vote and speak on their behalf.
- (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 the Unitholder specifies the proportions of its holdings to be represented by each proxy in the Form of 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 (1) 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 22nd Floor, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default of this provision, the instrument of Proxy shall not be treated as valid.

Please Fold Here To Seal

Affix
Stamp

AmREIT Managers Sdn Bhd (730964-X)
The Manager for AmFIRST Real Estate Investment Trust
22nd Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

Please Fold Here To Seal

To view our 2019 Annual Report, go to:
<http://ir.chartnexus.com/amfirstreit/reports.php> or
download our Mobile App to view it via mobile devices



AmREIT Managers Sdn Bhd (730964-X)
The Manager for AmFIRST Real Estate Investment Trust
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