



AmFIRST

Real Estate Investment Trust



**ANNUAL REPORT
2020**

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

Broadcast Venue : Symphony Square Auditorium, 3A Floor, No. 5
Jalan Prof. Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Day and Date : Monday, 10 August 2020
Time : 10.00 a.m.



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documents

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2020 Annual Report online

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FY2020 Highlights

Asset Under Management

RM1,647.1 million

(31.3.2019 : RM1,642.3 million) ¹



Gross Revenue

RM120.7 million

(FY2019 : RM121.2 million) ¹



Closing Unit Price

40.5 sen

(31.3.2019 : 53.5 sen)



Net Property Income

RM76.6 million

(FY2019 : RM79.9 million) ¹



Gearing

47.6%

(31.03.2019 : 47.3%)



Realised Net Profit

RM25.5 million

(FY2019 : RM28.2 million)



NAV Per Unit

RM1.2100

(31.3.2019 : RM1.2091)



DPU Per Unit

3.35 sen

(FY2019 : 4.00 sen)



¹ The amounts are adjusted with accrued unbilled rental income as required by MFRS 140 *Investment Property* and MFRS 16 *Leases*.

Five-Year Financial Highlights

	FY2020 RM'000	FY2019 RM'000	FY2018 RM'000	FY2017 RM'000	FY2016 RM'000
SUMMARY OF FINANCIAL POSITION					
Investment Properties ¹	1,647,140	1,642,331	1,639,993	1,657,379	1,627,026
Total Asset Value	1,679,146	1,671,846	1,664,385	1,679,565	1,728,132
Net Asset Value ("NAV")	840,744	844,544	849,364	867,206	879,287
Borrowings	798,669	791,085	779,042	775,143	797,516
Gearing (%)	47.56	47.32	46.81	46.15	46.15
Units in Circulation (Units) ('000)	686,402	686,402	686,402	686,402	686,402
NAV Per Unit (RM)					
- Before proposed final distribution	1.2249	1.2304	1.2374	1.2634	1.2810
- After proposed final income distribution	1.2100	1.2091	1.2166	1.2421	1.2503
- Highest NAV during the year (ex-distribution)	1.2347	1.2438	1.2716	1.2514	1.2810
- Lowest NAV during the year (ex-distribution)	1.2071	1.2091	1.2166	1.2228	1.2115
SUMMARY OF COMPREHENSIVE INCOME					
Gross Revenue ¹	120,682	121,229	118,745	116,185	100,568
Net Property Income ¹	76,565	79,942	80,686	77,448	61,866
Profit for the financial year, is made up of:-					
- Realised	25,493	28,205	30,686	27,889	38,358
- Unrealised	(1,906)	(5,912)	(19,356)	(5,650)	30,015
Total	23,587	22,293	11,330	22,239	68,373
DISTRIBUTION PER UNIT ("DPU") (SEN)					
- Interim	1.86	1.87	2.12	1.93	2.03
- Final	1.49	2.13	2.08	2.13	3.07
Total	3.35	4.00	4.20	4.06	5.10
Distribution Yield (based on the respective closing market price) (%)	8.27	7.48	7.00	5.01	6.80
Management Expense Ratio ("MER") (%) ²	1.05	1.01	0.98	1.04	0.99
Portfolio Turnover Ratio ("PTR") (Times) ³	-	-	-	-	0.14

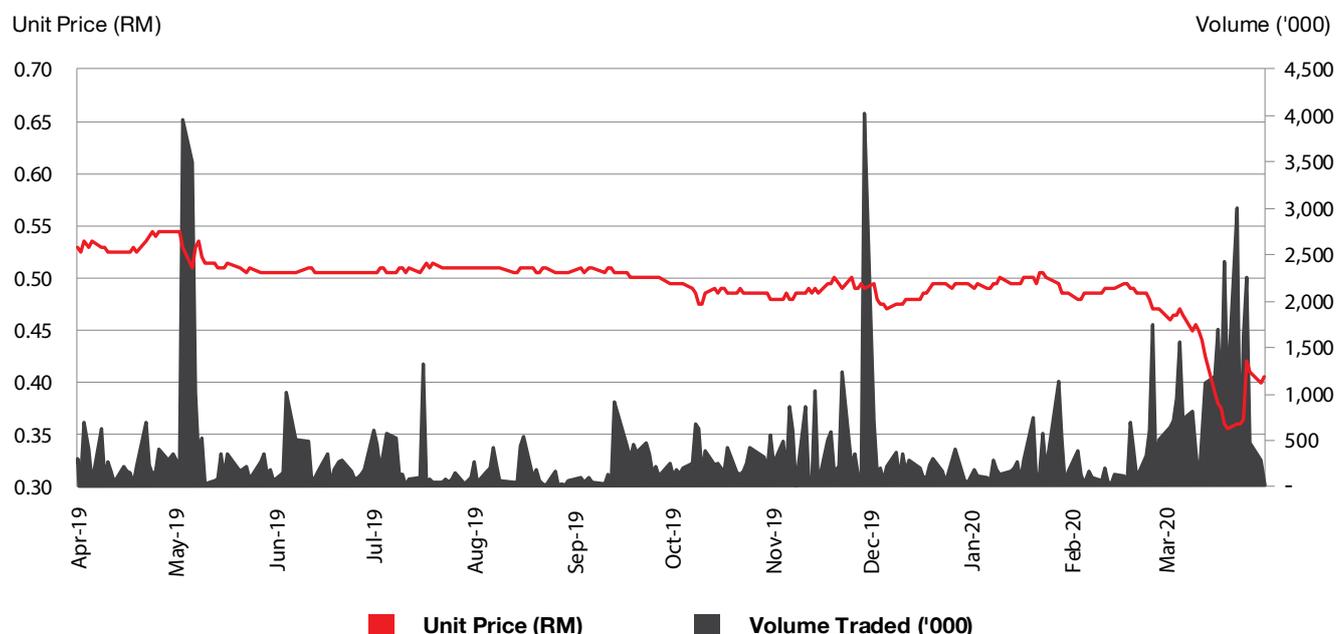
¹ These amounts are adjusted with accrued unbilled incremental lease rental income of Mydin Mohamed Holding Berhad's 30 years operating lease agreement commencing from 1 February 2016 and expiring on 31 January 2046 as required by MFRS 140 *Investment Property* and MFRS 16 *Leases*.

² 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.

³ 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

UNIT PRICE AND TRADING PERFORMANCE (FY2020)



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	FY2020	FY2019	FY2018	FY2017	FY2016
UNIT PRICE PERFORMANCE (RM)					
- As at 31 March	0.405	0.535	0.60	0.81	0.75
- Highest Traded Price during the year	0.545	0.615	0.825	0.86	0.95
- Lowest Traded Price during the year	0.355	0.515	0.60	0.73	0.71
- Average Traded Price during the year ⁴	0.477	0.57	0.71	0.79	0.84
- Average Volume Traded per day (Units) ('000)	374	121	192	193	289
TOTAL RETURN (%) ⁵					
Change in Unit Price	(27.66)	(11.45)	(29.79)	7.69	(21.96)
Income Distribution	7.13	7.05	5.96	5.21	6.05
Total Return	(20.53)	(4.41)	(23.83)	12.90	(15.91)

AVERAGE ANNUAL RETURN (%) ⁶

One year	(20.5)
Three years	(16.3)
Five years	(10.4)
Since the listing date (21 December 2006)	0.3

⁴ Average traded price during the year is calculated based on average of opening price and closing price for the financial year.

⁵ 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.

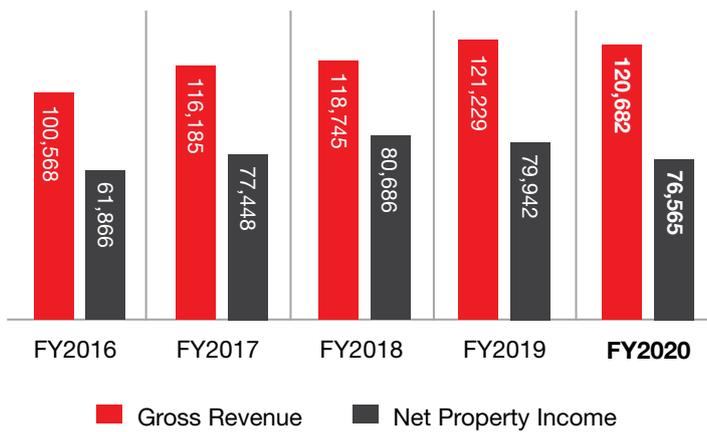
⁶ Average Annual Return is computed based on Total Return per unit for the period averaged over number of years.

Note

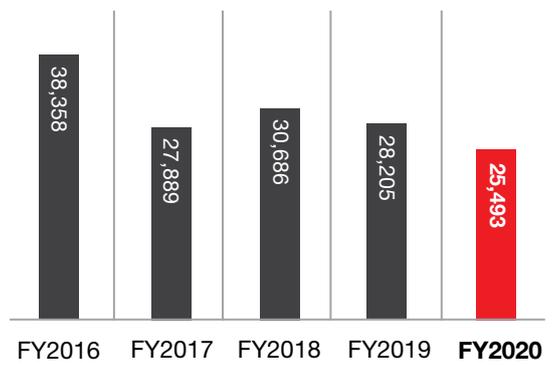
Past performance is not necessary indicative of future performance, unit prices and investment returns may fluctuate.

Five-Year Financial Highlights

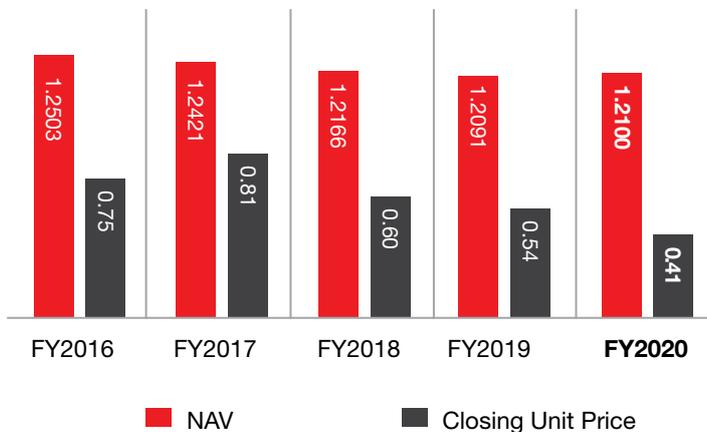
Gross Revenue and Net Property Income (RM'000)



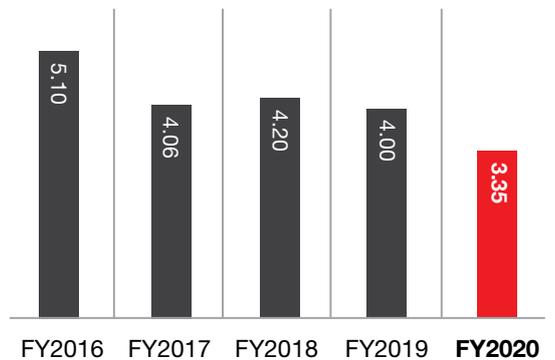
Realised Net Income (RM'000)



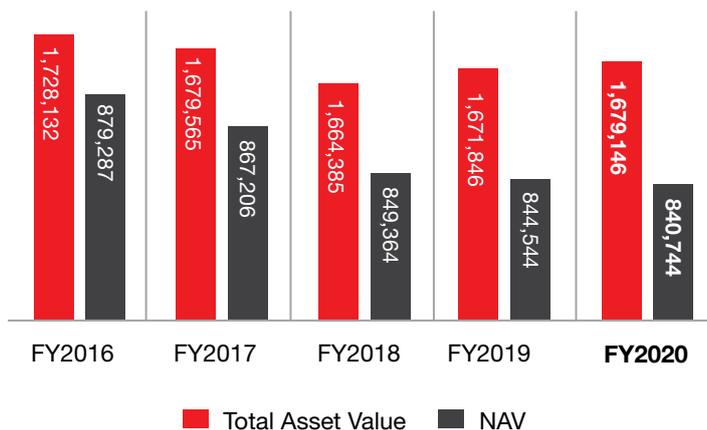
NAV Per Unit (after proposed income distribution) and Closing Unit Price (RM per unit)



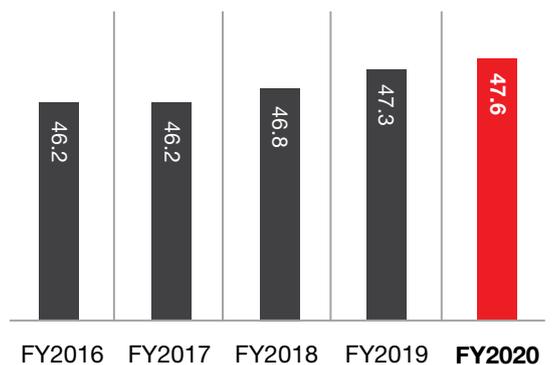
Distribution Per Unit (Sen per unit)



Total Asset Value and NAV (RM'000)



Gearing (%)

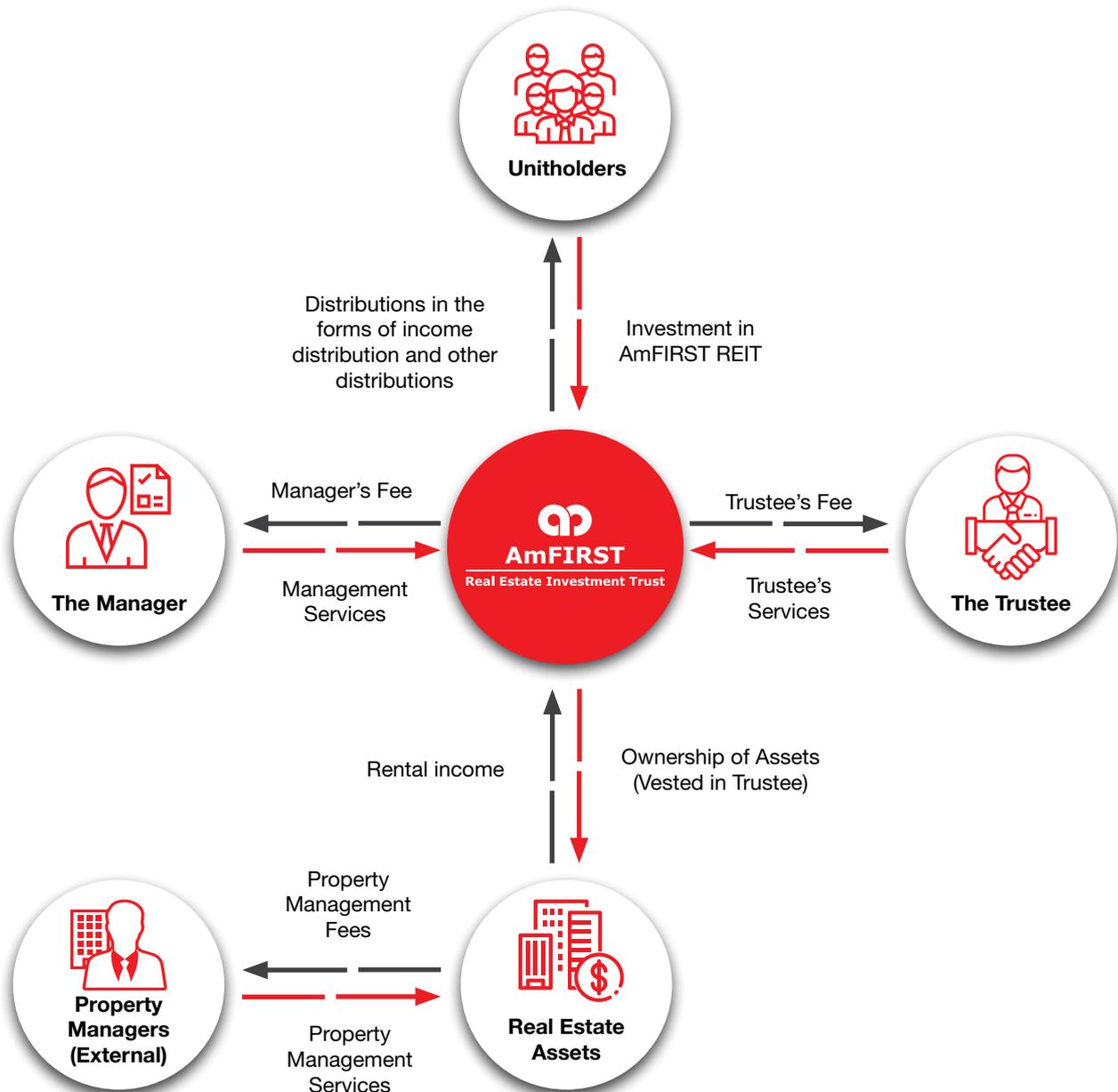


About AmFIRST REIT

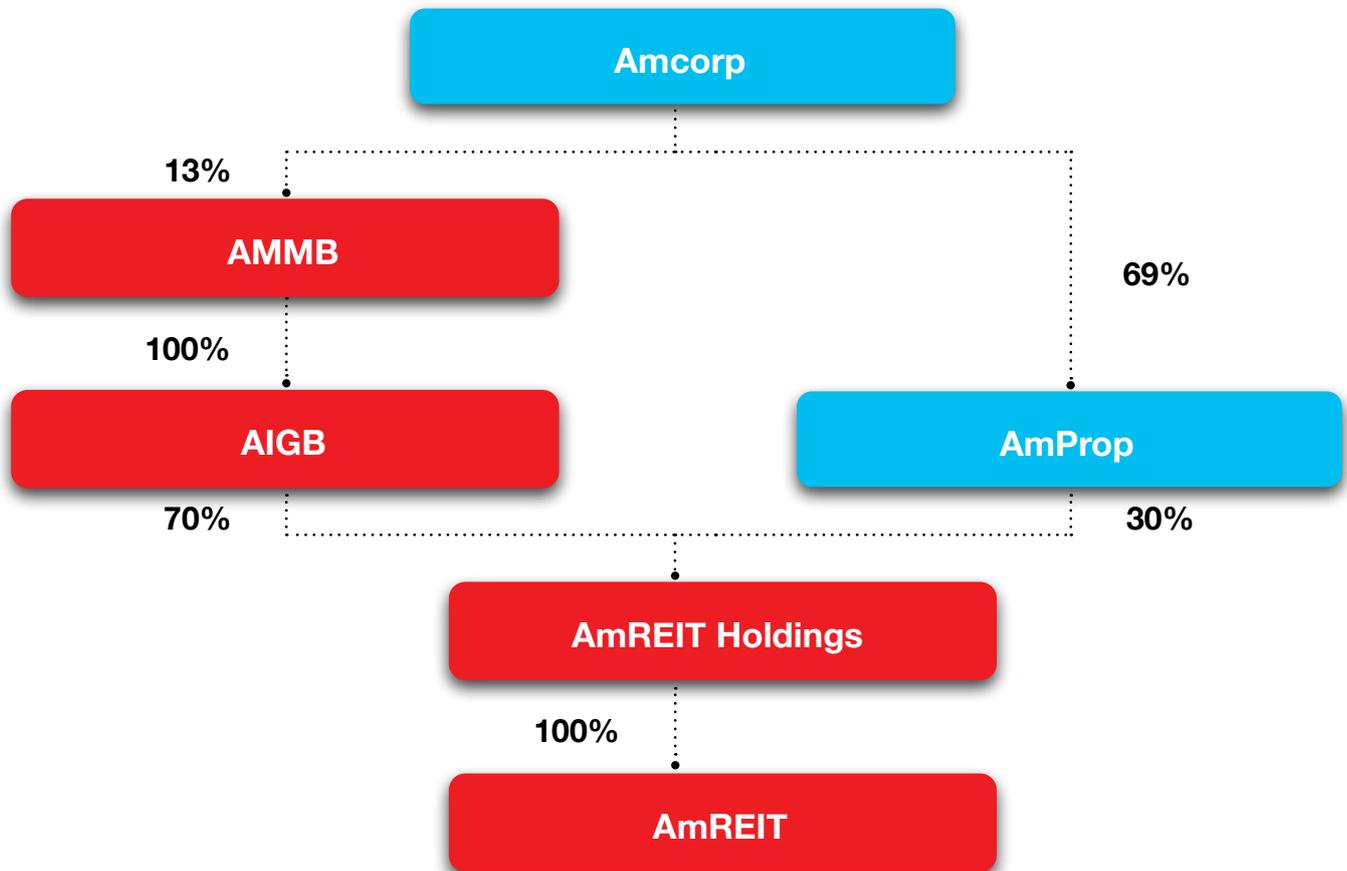
AmFIRST Real Estate Investment Trust (“AmFIRST REIT” or the “Trust”) is a real estate investment trust established in Malaysia and constituted by a Trust Deed dated 28 September 2006 (“Original Deed”) (as amended by the First Supplemented, Revised and Restated Trust Deed dated 15 December 2006 (“First 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 approximately 3.2 million sq ft as at 31 March 2020.



About the Manager



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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 69% 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, Madrid, Tokyo, Hong Kong, Shanghai and Singapore.

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 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 are revalued annually pursuant to Malaysian Financial Reporting Standard ("MFRS") 140 and Clause 10.02(b)(i) of the Securities Commission Malaysia ("SC")'s Guidelines on Listed Real Estate Investment Trusts ("SC's Listed REIT Guidelines").

Chairman's Statement



Soo Kim Wai

*Chairman /
Non-Independent Non-Executive Director*

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Dear Unitholders,

On behalf of the Board of Directors of AmREIT Managers Sdn Bhd (“AmREIT” or “the Manager”), the Manager of AmFIRST Real Estate Investment Trust (“AmFIRST REIT” or “the Trust”), it is my pleasure to present the Annual Report and Audited Financial Statements of AmFIRST REIT for the financial year ended 31 March 2020 (“FY2020”).

PERFORMANCE REVIEW

Amid the challenging economic climate and property market, AmFIRST REIT reported marginally lower gross revenue of RM120.7 million for FY2020, a decrease of 0.5% as compared to FY2019. Overall portfolio occupancy decreased slightly to 84.9% from 86.7% a year ago. The Trust achieved higher revenue from the improved occupancy at Wisma AmFIRST, Menara AmFIRST, Prima 10 and The Summit Office. However, the increase in revenue was offset by lower occupancy at The Summit Retail, Menara AmBank and Jaya 99.

Net property income for FY2020 was lower at RM76.6 million as compared to RM79.9 million in FY2019 mainly caused by increase in property expenses as a result of the higher service charges in The Summit Subang USJ and utilities costs.

Overall, with the lower interest cost and fair value loss from revaluation of the investment properties, the Trust registered a higher profit after taxation of RM23.6 million as compared to

RM22.3 million in FY2019. However, excluding the unrealised gain/loss, the realised net profit was RM25.5 million for FY2020 as compared to RM28.2 million a year ago.

The Trust declared a final income distribution of 1.49 sen per unit for the current financial year. In addition to the interim income distribution of 1.86 sen per unit which was paid on 20 December 2019, total income distribution for FY2020 amounted to 3.35 sen per unit.

This total income distribution amounting to RM23.0 million represents approximately 90% of the RM25.5 million realised distributable net profit generated in FY2020. It translates into a distribution yield of 8.3% based on AmFIRST REIT's closing price of 40.5 sen as at 31 March 2020. As part of prudent capital management, we have retained 10% of the realised net income generated in FY2020 in view of the prevailing gearing level and the potential impact of the current Covid-19 pandemic on the financial position of the Trust.

Chairman's Statement

Gross Revenue

RM120.7 million

RM121.2 million in FY2019



Net Property Income

RM76.6 million

RM79.9 million in FY2019



Realised Net Income

RM25.5 million

RM28.2 million in FY2019



Distribution Per Unit

3.35 sen

4.00 sen in FY2019



The Kuala Lumpur office market is expected to remain challenging in the short to medium term amid rising new supply and the impact of the Covid-19 pandemic. With no immediate catalyst to boost demand coupled with the weak business conditions, there is growing pressure on the office market in terms of rental and occupancy rates.

The MCO has also constrained consumer spending and weakened labour market conditions. This will significantly affect the retail market but it is too soon to estimate to what degree and how long does it take for the retail sector to recover.

SUSTAINABILITY EFFORT AND REPORTING

We continue to showcase our commitment to sustainability reporting by including our third sustainability statement in this Annual Report. The statement discloses our approach in managing the material economic, environmental and social ("EES") risks and opportunities.

As part of the efforts in contributing to the United Nations Sustainable Development Goals ("UNSDGs"), we have enhanced our sustainability approaches and implemented programmes to accelerate business growth and address EES risks and opportunities. We aim to achieve a balance between delivering financial returns to Unitholders and minimising the EES impact on the communities where the Trust is operating.

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ECONOMY AND PROPERTY MARKET OVERVIEW

The Malaysian economy grew at a moderate pace of 4.3% in 2019 from 4.7% registered in 2018. However, the 1Q2020 GDP reported the weakest growth of 0.7% as overall economic activity fell sharply following the emergence of the outbreak of Covid-19. To contain the spread of the virus, the Movement Control Order ("MCO") that was implemented in March 2020 has disrupted the supply chain in the economy, dragged down demand and fuelled unemployment.

The Government has announced various stimulus packages to cushion the impact of Covid-19 by providing reliefs for individuals and businesses, especially the vulnerable Small Medium Enterprises ("SMEs"), while Bank Negara Malaysia has slashed the Overnight Policy Rate ("OPR") and reduced the statutory reserve requirement of banks to provide monetary easing to support the economy.

Since the start of the MCO, leasing activity has slowed down immensely as real estate plans have either been delayed or cancelled altogether as businesses aim to control their cash flows and limit spending. This could potentially lead to a dip in the overall occupancy, especially as companies are looking to avoid non-essential capital expenditure until the market recovers.

MOVING FORWARD

Looking ahead, the overall impact of Covid-19 on the Malaysian economy will depend on the duration and spread of the outbreak as well as policy responses by the government. Business interruptions during and after the MCO will likely increase the delinquencies of the tenants which will impact the financial performance of the Trust.

Although the fiscal stimulus and monetary easing measures will offer some support to the economy, we remain cautious as the property market is envisaged to remain challenging.

We will remain vigilant and agile in managing the Trust while we continue to work in partnership with our tenants, customers, partners and communities to provide them support and help them recover from this economic and health crisis.

Chairman's Statement

8TH ANNUAL GENERAL MEETING ("8TH AGM")

The Government has implemented various measures to contain the spread of the Covid-19 virus including issuing guidance for social distancing and banning mass gatherings.

In view of the unprecedented circumstances and considering the well-being and safety of our Unitholders, we will conduct our forthcoming 8th AGM fully virtual using Remote Participation and Voting Facilities at the broadcast venue. We invite Unitholders to participate in and follow the proceedings electronically or remotely.

IN APPRECIATION

I would like to express my sincere gratitude to Members of the Board, Executive Committee Members and the Management for their leadership and commitment.

On behalf of the Board, I would also like to extend my deepest appreciation to all our stakeholders, regulators, business partners, tenants and bankers for their continuous support and trust in AmFIRST REIT.

I am confident that the capabilities and resiliency of our people will get us through this unprecedented situation. They have faced these challenging times with fortitude and dedication. I hope you are as proud of them as I am.

Stay safe, stay strong and stay healthy.

Sincerely,

Soo Kim Wai
Chairman

22 May 2020



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 2020, AmFIRST REIT owns a diverse portfolio of nine (9) properties located in the Klang Valley (including Cyberjaya), Melaka and Penang with a total NLA of approximately 3.2 million sq ft.

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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

› 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.

Management Discussion and Analysis

OVERVIEW OF AmFIRST REIT (CONTD.)

Investment Policies (Contd.)

> Portfolio Composition

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

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

> Diversification

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

> 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 the 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: -

> 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 tenants.

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

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

> Acquisition/Divestment Strategy

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

- Yield-accretive.
- Good location.
- Healthy tenants 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 optimise the gearing level.

> 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 can: -

- 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

OVERVIEW OF AmFIRST REIT (CONTD.)

Investment Properties

There were no material changes in the portfolio composition of AmFIRST REIT during FY2020. AmFIRST REIT's composition of investments properties as at 31 March 2020 is as tabulated below: -

Properties	Location	Carrying Amount	
		RM'000	%
Bangunan AmBank Group	Kuala Lumpur	265,700	16.1
Menara AmBank	Kuala Lumpur	322,000	19.5
Menara AmFIRST	Petaling Jaya	66,000	4.0
Wisma AmFIRST	Kelana Jaya	117,900	7.2
The Summit Subang USJ	Subang Jaya	374,000	22.8
Prima 9	Cyberjaya	73,200	4.4
Prima 10	Cyberjaya	65,700	4.0
Kompleks Tun Sri Lanang (also known as Jaya 99)	Melaka	104,000	6.3
Mydin HyperMall ¹	Bukit Mertajam	258,640	15.7
Total		1,647,140	100.0

¹ Accrued unbilled rental income of RM19,360,184 have been excluded from the carrying amount of Mydin HyperMall.

Management Discussion and Analysis

FINANCIAL REVIEW

	FY2020	FY2019	Changes	
	RM'000	RM'000 Restated	RM'000	%
Gross Revenue				
- Realised	116,036	116,583	(547)	(0.5)
- Unrealised (in relation to unbilled lease rental receivable)	4,646	4,646	-	-
Property Expenses	120,682 (44,117)	121,229 (41,287)	(547) (2,830)	(0.5) (6.9)
Net Property Income	76,565	79,942	(3,377)	(4.2)
Interest and Other Income	339	303	36	11.9
Changes in Fair Value of Investment Properties	(4,372)	(10,875)	6,503	59.8
Unrealised Gain on Revaluation of Derivatives	531	259	272	104.9
Unrealised (Loss)/Gain on Financial Liabilities Measured at Amortised Cost	(290)	58	(348)	(599.4)
Total Income	72,773	69,687	3,086	4.4
Non-Property Expenses	(8,847)	(8,571)	(276)	(3.2)
Interest Expenses	(37,918)	(38,823)	905	2.3
Profit Before Taxation	26,008	22,293	3,715	16.7
Taxation	(2,421)	-	(2,421)	(100.0)
Profit After Taxation	23,587	22,293	1,294	5.8
Distribution Per Unit ("DPU") (Sen)				
- Interim	1.86	1.87	(0.01)	(0.5)
- Final	1.49	2.13	(0.64)	(30.0)
Total	3.35	4.00	(0.65)	(16.3)
Closing Unit Price (RM)	0.405	0.535	(0.13)	(24.3)
Distribution Yield (%) (based on respective closing price)	8.3%	7.5%	-	0.8

Gross Revenue

For the current financial year ended 31 March 2020, the Trust's realised gross revenue was marginally lower by 0.5% as compared to preceding year mainly due to slightly lower overall portfolio occupancy. On the overall portfolio basis, the overall portfolio occupancy reduced marginally to 84.9% as at 31 March 2020 as compared to 86.7% as at 31 March 2019.

The Trust registered higher revenue at Wisma AmFIRST, Prima 10, Menara AmFIRST and The Summit Office with higher occupancy. However, the increase in revenue was offset by lower occupancy at The Summit Retail, Menara AmBank and Jaya 99.

The unrealised revenue refers to the unbilled incremental lease rental receivable from Mydin Mohamed Holdings Berhad ("Mydin")'s 30 years operating lease agreement commencing from 1 February 2016 and expires on 31 January 2046. Pursuant to the lease rental agreement, the lease rental receivable from Mydin is incremental by 10% for every 5 years from the commencement date up to the term of 30 years. This non-cancellable operating lease rental income is recognised on a straight-line basis over the lease term of 30 years.

Management Discussion and Analysis

FINANCIAL REVIEW (CONTD.)

Property Expenses

	FY2020	FY2019	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Building maintenance expenses	9,056	9,395	(339)	(3.6)
Service charges - The Summit Subang USJ	12,847	10,759	2,088	19.4
Utilities expense	10,046	8,706	1,340	15.4
Property management fee and reimbursement	4,743	4,305	438	10.2
Quit rent	416	480	(64)	(13.3)
Assessment and Rates	5,415	5,703	(288)	(5.0)
Other property expenses	1,594	1,939	(345)	(17.8)
Total	44,117	41,287	2,830	6.9

Property expenses increased by 6.9% as compared to the preceding year mainly due to the increase in service charges at The Summit Subang USJ as well as higher utilities expenses in most of the properties arising from higher electricity surcharge.

Non-Property Expenses

Non-property expenses were slightly higher by 3.2% YoY due primarily to increase in provision for impairment loss on trade receivables as additional provision have been made considering the potential acceleration of credit risk arising from Covid-19 pandemic.

No significant movement for other non-property expenses including the manager's fees as compared to the previous year.

Interest Expenses

Interest expenses declined by 2.3% from RM38.8 million in FY2019 to RM37.9 million in FY2020 due to lower interest cost as a result of the lower cost of fund arising from the cut in OPR.

Profit Before Taxation

After taken into account the unrealised gain/(loss), the Trust's achieved higher profit before taxation of RM26.0 million in FY2020 as compared to RM22.3 million for FY2019 mainly driven by lower revaluation loss in fair value of investment properties of RM4.4 million as opposed to restated revaluation loss of RM10.9 million for FY2019.

Profit After Taxation

Profit after taxation was RM23.6 million after the provision for deferred taxation of RM2.4 million. The provision for deferred taxation was arising from the recognition of the deferred tax liability for the Real Property Gain Tax ("RPGT") exposure on the cumulative fair value gain of investment properties that are expected to be realised through sale, as disclosed in Note 10 to the financial statements.

Realised / Unrealised Net Profit

The profit after taxation of RM23.6 million was made up by realised net income of RM25.5 million and the unrealised portion of total unrealised loss of RM1.9 million from the fair value adjustment, unrealised revenue and deferred taxation.

The realised net income of RM25.5 million was translated to realised earning per unit of 3.71 sen.

Management Discussion and Analysis

FINANCIAL REVIEW (CONTD.)

Income Distribution

Based on the realised net profit of RM25.5 million, the Trust has declared total income distribution amounted to RM23.0 million or 3.35 sen for FY2020 which made up of interim income distribution of 1.86 sen and final income distribution of 1.49 sen. This total DPU of 3.35 sen represents approximately 90% of the realised net profit generated in FY2020. As part of the prudent capital management, the Manager decided to retain 10% of the realised net profit generated in FY2020 considering the prevailing gearing level and challenging market ahead. Nevertheless, this 90% distribution for the DPU of 3.35 sen remains in line with the Trust's distribution policy to distribute at least 90% of the distributable income for each financial year.

Key Financial Position

	31 March 2020 RM'000	31 March 2019 RM'000	Change %
Investment Properties	1,647,140	1,642,331	0.3
Total Asset Value	1,679,146	1,671,846	0.4
Borrowings	798,669	791,086	1.0
Net Asset Value ("NAV")	840,744	844,544	(0.5)
Gearing (%)	47.56	47.32	0.2
Closing Unit Price (RM)	0.405	0.535	(24.3)
Units in Circulation (Units) ('000)	686,402	686,402	-
Market Capitalisation	277,993	367,225	(24.3)
NAV Per Unit (RM)			
- Before proposed final distribution	1.2249	1.2304	(0.5)
- After proposed final income distribution	1.2100	1.2091	(0.1)

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Total Asset Value / Asset Under Management

As at 31 March 2020, the Trust recorded total asset value of RM1,679.1 million, 0.4% higher than on 31 March 2019.

The Trust's investment properties with asset portfolio remains at nine (9) commercial properties, increased by RM4.8 million or 0.3% from RM1,642.3 million as at 31 March 2019 to RM1,647.1 million as at 31 March 2020. During FY2020, the Trust spent a total RM7.8 million in capital expenditures on various Asset Enhancement Initiatives ("AEIs") and has acquired an additional prime lot at ground floor of The Summit Retail for RM1.4 million to expand the ownership of the strategic lots in The Summit Retail.

Total Borrowings

As at 31 March 2020, the Trust's total borrowings stood at RM798.7 million, an increase of RM7.6 million as compared to 31 March 2019 due to additional borrowings to finance the ongoing capital expenditures and acquisition of an additional lot at The Summit Retail.

Net Asset Value

As at 31 March 2020, the net asset value of RM840.7 million which translated to NAV Per Unit of RM1.2100 (after proposed final income distribution) representing a marginal increase of 0.1% as compared to 31 March 2019.

Management Discussion and Analysis

FINANCIAL REVIEW (CONTD.)

Unit Price and Market Capitalisation

During the financial year, unit price registered a decrease of 24.3% from the opening price of RM0.535 as at 1 April 2019 to a closing price of RM0.405 as at 31 March 2020, amplifying the trading discount to approximately 66.5% to the NAV Per unit of RM1.2100 as at 31 March 2020.

Based on the closing unit price of RM0.405 and 686,401,600 units in circulation, market capitalisation as at 31 March 2020 was RM278.0 million, as compared to the market capitalisation of RM367.2 million as at 31 March 2019.

Capital Management

As at 31 March 2020, the Trust's total borrowings comprised of term loans, revolving credit facilities and overdraft facility from licensed financial institutions were as follows: -

	31 March 2020 RM'000	31 March 2019 RM'000
Term Loan	307,850	557,850
Revolving Credit	492,500	229,000
Overdraft Facility	-	6,729
Less : Transaction cost subject to amortisation	(1,681)	(2,493)
Total Borrowings	798,669	791,086
Total Asset Value	1,679,146	1,671,846
Gearing (%)	47.56	47.32

Total borrowings of RM798.7 million as at 31 March 2020 represent a gearing of 47.6% over total asset value of RM1,679.1 million, an increase of 0.3% from the preceding year.

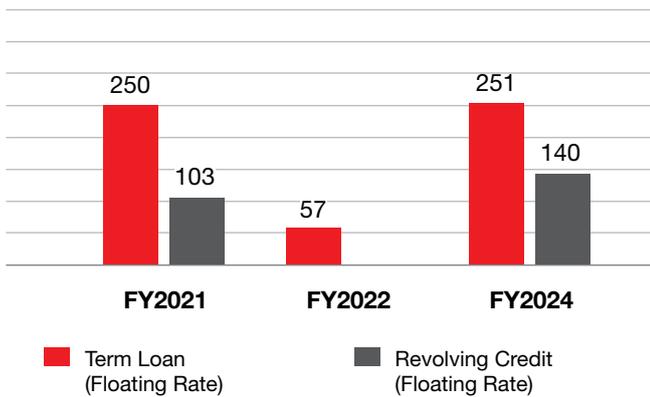
The Manager continues to exploring various means to optimise gearing level including reviewing income distribution ratio and implementing more stringent approach on discretionary capital expenditure requirement in order not to strain further the gearing level as well as looking at opportunistic strategic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

Management Discussion and Analysis

FINANCIAL REVIEW (CONTD.)

Capital Management (Contd.)

The Trust reviews its loan profile closely and keeps a well-spread debt maturity profile to diversify the refinancing risks. The loan maturity profile for the Trust as at 31 March 2020 was as follows: -



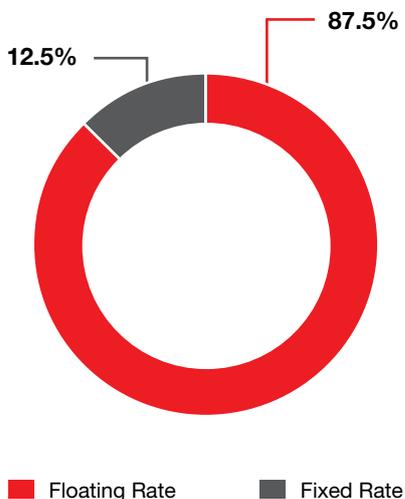
As at 31 March 2020, the weighted average debt maturity of the RM798.7 million loan was 2.27 years with no immediate loan refinancing in FY2021 except for RM103.0 million Revolving Credit which subject to annual review and the Syndicated Term Loan of RM250 million which expiring in Jan 2021.

The Manager actively reviews the maturity profile of the Trust's loan portfolio to manage the refinancing risk and will take into account prevailing credit market condition as well as the available potential funding avenue to diversify the Trust's loan exposure as part of the capital management strategy to manage the concentration and refinance risks.

Interest Rate Management

As at 31 March 2020, the Trust has total Interest Rate Swap ("IRS") contracts of RM100.0 million to hedge the exposure of interest rate movements. Effectively, 12.5% of the total borrowings were hedged while balance 87.5% of the total borrowings of the Trust were subject to variable interest rate movement, which fluctuated in tandem with variable cost of funds charged by the banks.

The weighted average interest rate (including the cost of hedging arising from the IRS contracts) was 4.06% as at 31 March 2020 (as at 31 March 2019 : 4.81%). The recent cuts in OPR have brought down substantially the average interest rate of Trust. With 87.5% or approximately RM700 million of the borrowings are at floating rate, this will enable the Trust to benefit from the lower cost of fund arising from recent drop in OPR.



Based on the interest cost sensitivity analysis, it reveals that with every 25 basis point decrease in interest rate with all other variables held constant will cause a corresponding increase of RM1.7 million of the Trust's net income or vice versa.

Management Discussion and Analysis

FINANCIAL REVIEW (CONTD.)

Cash Flow / Liquidity

As at 31 March 2020, the Trust has cash and bank balances of RM1.1 million and deposits with financial institution of RM3.0 million.

The Trust's net operating cash flow (before the payment of interest expenses of RM37.9 million) increased by 4.2%, from RM66.3 million to RM69.1 million mainly due to decrease in receivables resulted from higher collection while registered a net outflow in investing activities amounting to RM9.1 million primarily for capital expenditures and an acquisition of additional lot at The Summit Retail. Meanwhile, the financing activities resulted in the net cash outflow of RM51.4 million comprising of the interest paid (net) of RM38.2 million, distributed income distribution totaling to RM27.4 million and

net drawdown of bank borrowings of RM14.3 million during the financial year under review.

On a net basis, the Trust has a positive net cash flow of RM8.5 million for FY2020, thus resulted increased in the cash and cash equivalent to RM4.1 million as at 31 March 2020.

As at 31 March 2020, the Trust has undrawn banking facilities of RM80.5 million, comprising of revolving credit and overdraft facility to finance any future funding needs of the Trust. The Trust meets its financing requirements through a mixture of its short and long-term borrowings and cash generated from its operations.

OPERATIONS REVIEW

Leasing Management

The overall portfolio occupancy rate as at 31 March 2020 reduced slightly to 84.9% from 86.7% as at 31 March 2019

	Overall Portfolio Occupancy		Committed Occupancy
	As at 31 March 2019	As at 31 March 2020	As at 31 March 2020
Bangunan AmBank Group	99.6%	100.0%	100.0%
Menara AmBank	72.7%	72.5%	72.5%
Menara AmFIRST	68.5%	74.6%	74.6%
Wisma AmFIRST	97.6%	91.2%	91.2%
The Summit – Office	82.2%	85.1%	86.0%
The Summit – Retail	74.6%	68.5%	68.5%
Prima 9	100.0%	100.0%	100.0%
Prima 10	83.8%	83.9%	83.9%
Jaya 99	89.7%	83.2%	83.2%
Mydin HyperMall, Bukit Mertajam	100.0%	100.0%	100.0%
Overall Portfolio	86.7%	84.9%	84.9%

The effect of US and China trade war and the Covid-19 pandemic have further added the uncertainty onto the already much challenging weak business sentiment and demand of commercial spaces. The Manager is preserving the occupancy through continuous efforts in engaging the market with various marketing incentive plans and tenant retention strategies.

Management Discussion and Analysis

OPERATIONS REVIEW (CONTD.)

Leasing Management (Contd.)



The Summit Subang USJ

The Summit Retail

22 The occupancy rate of The Summit Retail dropped slightly to 68.5% due to non-renewal of Miniature Wonder Sdn Bhd. The Covid-19 has hard hit to the challenging shopping mall segment.

The Manager has been engaging the retail tenants on their business sustainability and adopting a proactive stance in supporting impacted tenants by working out financial reliefs on a case-by-case basis to assist tenants in this challenging period.

The Summit – Office

The committed occupancy rate of The Summit Office has improved by 3.8% to 86% from last year of 82.2%. This increase was due to existing MNC tenant taken up additional spaces for their business expansion.

The Manager will continue to engage tenant on their business expansion plan while actively looking out new prospect to fill up the vacancy.



Menara AmFIRST

Menara AmFIRST

During the FY2020, the occupancy rate of Menara AmFIRST has improved by 6.1% to 74.6% from 68.5% a year ago with two (2) new tenants signed up.

The Manager will continue with the present aggressive marketing strategy to further improve on the occupancy rate while anticipating more competitive office market at the surrounding areas.

Management Discussion and Analysis

OPERATIONS REVIEW (CONTD.)

Leasing Management (Contd.)



Menara AmBank

The occupancy rate of Menara AmBank decreased by 0.2% to 72.5% mainly due to a non-renewal of one (1) F&B tenant at ground floor. This building remains substantially occupied by AmBank Group.

The low demand in KL City Center office space has slowed down the filling up process despite aggressive marketing efforts and attractive rental packages offered to prospects.

This further aggravated by the current oversupply of office space in KL City Center and most businesses have grind to a halt with the impact of Covid-19 on business expansion.



Wisma AmFIRST

The occupancy rate of Wisma AmFIRST declined to 91.2% as at 31 March 2020 from 97.6% as at 31 March 2019 mainly due to a non-renewal of Agensi Pengangkutan Awam Darat (formerly known as Suruhanjaya Pengangkutan Awam Darat).

The Manager will continue to engage the tenants on their expansion plan while ensuring tenant retention to maintain the high occupancy of the building.



Jaya 99

The occupancy rate of Jaya 99 which is located in Melaka has reduced to 83.2% as at 31 March 2020 mainly due to non-renewal of two (2) tenants.

The Manager has intensified the marketing effort to fill up the vacant floors while engaging existing tenants on their expansion plan.

Management Discussion and Analysis

OPERATIONS REVIEW (CONTD.)

Leasing Management (Contd.)

Impact of Covid-19 on Leasing

The Covid-19 pandemic has slowed down the leasing activities as businesses focus to control their cash flow and cautious on discretionary capital expenditure for office space while some are considering downsizing to reduce occupancy costs.

The implementation of CMCO to replace MCO have made tenants bringing their work force gradually back to work. As a result, both building owners and tenants are now emphasis more on building health and safety issues. During the CMCO period, some tenants are still continuing with "Work From Home" arrangement on a rotation basis and this may result to these organisation to review their office space requirements.

The office space requirement will evolve and change to adapt to the new norm. The Manager will implement more aggressive marketing program and focus on sector-specific leasing undertaking to attract new tenants while continue to engage existing tenants on their space requirement.

Similarly, the shifting in consumer shopping behavior to online shopping and space distancing will continue to post challenge to the retail sector. The Manager is actively engaging tenants on their business sustainability and at the same time working closely with The Summit Subang USJ's Management Corporation on the retail promotion activities to promote and bring back the shoppers as well as exploring with more potential retailers on essential services to improve the tenants' mix of The Summit Retail.

Tenancy Expiry Profile

As of 31 March 2020, the total leased area due for renewal over the next three (3) years was 2.49 million sq ft, representing 84.7% of the total NLA of 2.94 million sq ft. The portfolio tenancy expiry profile was as follows:

	Total (sq ft)	%
FY2021	688,689	27.6
FY2022	713,712	28.6
FY2023	1,090,045	43.8
Total	2,492,446	100.0

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.

Management Discussion and Analysis

OPERATIONS REVIEW (CONTD.)

Tenancy Renewal and New Tenancy

During FY2020, the Trust achieved tenant retention rate of 85.9% which is equivalent to 705,936 sq ft and secured a total of nine (9) new tenancies with total NLA of 35,553 sq ft.

The major non-renewal during FY 2020 were Agensi Pengangkutan Awam Darat at Wisma AmFIRST, Apple 99 Development Sdn Bhd at Jaya 99 and Miniature Wonders Sdn Bhd at The Summit Retail.

	Total Due For Renewal (sq ft)	Total Space Renewed (sq ft)	Rental Reversion %
Bangunan AmBank Group	294,785	294,785	(0.6)
Menara AmBank	1,261	401	-
Menara AmFIRST	37,558	35,868	(12.2)
Wisma AmFIRST	82,125	82,125	1.5
The Summit - Retail	236,658	215,932	8.4
The Summit - Office	68,552	65,955	5.0
Prima 9	-	-	-
Prima 10	-	-	-
Jaya 99 - Retail	14,409	997	5.7
Jaya 99 - Office	18,297	9,873	(27.6)
Mydin HyperMall, Bukit Mertajam*	-	-	-
Total	753,646	705,936	0.7

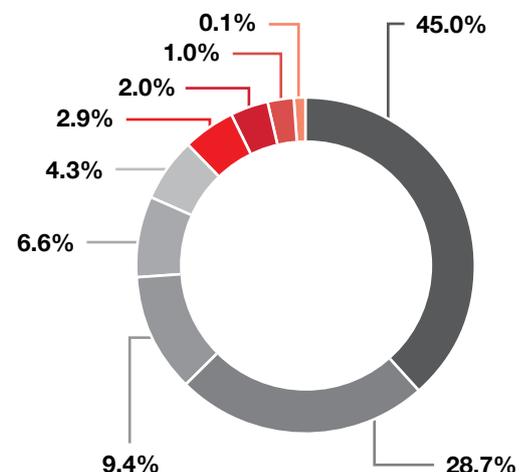
* not due for renewal in FY2020.

Tenancy Mix Analysis

The properties under the portfolio have diverse tenants' 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	45.0
Services & Others	28.7
Logistic	9.4
Tele-communication / IT / Electronic / Electrical	6.6
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



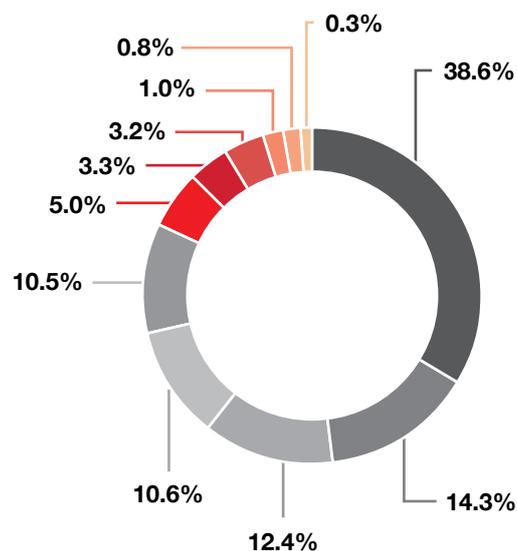
Management Discussion and Analysis

OPERATIONS REVIEW (CONTD.)

Tenancy Mix Analysis (Contd.)

Tenant Mix for Retail Component

Category	% of NLA
● Anchor (Hypermarket)	38.6
● Entertainment / Karaoke / Cinema / Bowling	14.3
● Home & Living / Home Deco / Electrical / DIY	12.4
● Education / Enrichment / College / Training Centre	10.6
● Food & Beverages	10.5
● Services & Others	5.0
● Fashion Apparel	3.3
● Hobbies / Jewellery / Gifts & Specialty	3.2
● Real Estate	1.0
● Beauty Retail & Services / Personal Care / Health	0.8
● IT Centre / Tele-communication	0.3
Total	100.0



Key Tenants

The top ten (10) largest tenants by rental income in the portfolio contributed 66.8% to the total rental income of the Trust in FY2020.

Names	Trade Sectors	%
AmBank Group	Banking & Financial Institutions	33.6
Mydin Mohamed Holdings Berhad	Hypermarket	14.0
Medical Device Authority - Ministry of Health Malaysia	Services	4.6
RBC Investor Services (M) Sdn Bhd	Services	3.7
Summit Hotels Management Sdn Bhd	Hospitality	2.6
Prudential Assurance Malaysia Berhad	Services	2.5
Shook Lin & Bok	Advocates & Solicitors	1.7
Kimberly-Clark Group	Services	1.7
Sudong Sdn Bhd	Education	1.4
NOL Global Services Centre Sdn Bhd	Trading	1.0
Total		66.8

AmBank Group continues to remain as the top revenue contributor to the Trust, accounting for 33.6% of the total rental income.

Management Discussion and Analysis

OPERATIONS REVIEW (CONTD.)

Asset Enhancement Initiatives ("AEIs")

Upgrading of assets through strategic AEIs continued to be carried out during FY2020 to ensure competitiveness and sustainability of the buildings.

At Menara AmBank, the lift system is fully upgraded to a modern and latest technology with improved service level and cost efficiency with the completion of lift modernisation programme of sixteen (16) numbers of its Tower lifts and also the completion of total replacement programme of its two (2) numbers of car park lifts.

For Bangunan AmBank Group, the upgrading work of all its twelve (12) numbers of lifts is progressing to its final phase with the last two (2) lifts expected to complete in the 2Q2020.

The Summit Office tower's lifts modernisation is underway and expected to be completed by 3Q2020. The Management is planning for further improvement of The Summit's carpark fresh air fan and smoke spill system to improve the air ventilation at the basement car park.

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) Pandemic Risk

A pandemic is a rapidly spreading infectious disease that may pose a threat to human lives as well as businesses and creates both social and economic chaos. It affects health of individuals and ultimately disrupts business operations.

In January 2020, the Ministry of Health ("MOH") of Malaysia through the National Crisis Preparedness and Response Centre ("CPRC") reported its first of Covid-19 case. In March 2020, MOH took notice of the World Health Organisation's declaration that the Covid-19 situation was declared as a pandemic. On 16 March 2020, the Prime Minister of Malaysia announced the MCO was to be effective from 18 March 2020 and subsequently the announcement of CMCO.

The pandemic has affected local as well as global businesses. Since the inception of MCO, the Manager invoked its Business Continuity Plan to ensure its administration and critical operations are activated within the prescribed rules and guidelines issued by the authorities.

The Manager has initiated appropriate measures for its relevant buildings to support those tenants who are classified as essential service providers.

The implementation of MCO and CMCO would certainly impact the Trust arising from its tenants' ability to weather through during this difficult period. The Manager will be performing assessments on its tenants and its impact on the Trust.

(b) Interest Rate Risk

As at 31 March 2020, the Trust's exposure in interest rate risk stems from its borrowings at 47.6% gearing level and that 87.5% of its borrowings 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.

Management Discussion and Analysis

RISK MANAGEMENT (CONTD.)

(c) 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 its 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:-

- Effective cash flow and treasury management.
- Ongoing financial monitoring and interest rate management.
- Regular review of compliance with loan covenants.
- Relationship management with bankers, investors and sponsors.
- 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 monitors closely to ensure compliance with the SC's Listed REITs Guidelines.

(d) 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 tenants' 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.

The current Covid-19 pandemic have impacted the business of the tenants. The Manager is working closely with affected tenants for possible financial relief including rental deferment scheme on a case-by-case basis to assist tenants to settle their rental obligation.

(e) Acquisition and Investment Risks

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 risks 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 except the acquisition of a retail lot at The Summit Retail and no divestment of real estate during the financial year.

Management Discussion and Analysis

RISK MANAGEMENT (CONTD.)

(f) 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 are being monitored by the Manager to ensure that they are not compromised and mitigated with appropriate strategies such as strategic marketing activities, building strong relationship with tenants and providing a wider range of tenants' mix.

The valuation of the investment properties may adversely affect by the drop in occupancy, rental or capitalisation rate that may be caused by Covid-19. However, it is hard to predict the impact now as it will depend on how long this crisis will end and the post-MCO business disruption which may cause the decrease in occupancy. If the impact of Covid-19 is short term with market recovery thereafter, the asset value is expected to be less impacted as the valuation is based on long-term value of the asset.

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 including finding retail tenants with omni-channel capabilities, and strengthening the property management of all the assets to ensure the properties are safe, clean and well ventilated.

(g) 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 FY2020, our top ten (10) tenants generated 66.8% (FY2019: 71.1%) of the total rental income, of which 33.6% (FY2019: 37.2%) is by AmBank Group and 14% (FY2019: 13.9%) is by Mydin Mohamed Holdings Berhad, while the remaining eight (8) tenants have a relatively lower percentage ranging from 1% to 5%. The concentration risk has improved compared to previous year.

On the contrary, AmBank Group being the main sponsor of AmFIRST REIT and the remaining 26 years lease with Mydin Mohamed Holdings Berhad will mitigate the risk exposure with long-term and sustainable rental income. It would then be favorable and advantageous to retain the said tenants. Nevertheless, with the recent Covid-19 pandemic outbreak which has affected worldwide, the impacts on the major revenue contributing tenants have yet to be known. Management has been continuously communicating and assessing the tenant's business sustainability.

(h) 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. This phenomenon is expected to worsen with the Covid-19 pandemic which may have an impact on demand for office space. The market is expected to adapt with the new norm going forward.

During the financial year, the Manager had great challenges 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 strategies rolled out were to retain existing tenants with improved service level and provide attractive rental package to attract new tenants.

Management Discussion and Analysis

RISK MANAGEMENT (CONTD.)

(i) 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, vertical transportation, CCTV and fire-fighting systems. 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.

The MCO / CMCO pursuant to the Covid-19 pandemic has rolled out requirements on various precautionary measures that buildings should comply with during its operations. The Manager has immediately established standard operating procedures to mitigate the risk associated with the virus from spreading to the entire building. The Manager has enforced stringent screening on both occupants and visitors to the buildings such as self-declaration form for visitors, restriction for visitors to access food court and introduction of food take away only, temperature screening to both occupants and visitors and emphasising social distancing at the common areas such as lobbies, food court and elevators. The Manager had also put in place systematic regular cleaning using disinfectants to ensure surfaces are free from contamination. There is an incident reporting process in place to ensure authorities are informed immediately if there are any Covid-19 cases reported within the building. The relevant authorities would then activate quarantine and to undergo appropriate disinfecting procedures to ensure the building is safe.

(j) 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 and Group Operational Risk Departments.

Management Discussion and Analysis

PROSPECTS

The Covid-19 pandemic and the MCO have resulted in an unprecedented disruption to almost all businesses and severely impacted many local economies. Most economists forecasted Malaysia's real gross domestic product to contract in 2020 with rising unemployment and lower income.

The repercussion of the pandemic is expected to slow down the office leasing activities. Office demand will be impacted due to deferment of relocation and expansion plan as affected business avoid non-essential capital expenditure until the market recovers. This subdued demand will further dampen the office market which has already been struggling to keep up with the oversupply. However, there may be opportunities for new demand of space from business related to digital start up, e-commerce, healthcare and business process outsourcing that provide support to office market.

The Summit Subang USJ which consist of retail, hotel and office components contributed about 21% of the Trust's total revenue in FY2020. Both retail and hotel components were badly impacted by the Covid-19 as businesses forced to cease operations during MCO. Given the significant business disruption brought about by Covid-19, the retail and hotel operating environment are expected to remain challenging post-MCO for business recovery. The sustainability of the retail and hospitality sector will depend on the revival of economic activity and the consumer sentiment towards spending in retail mall and travelling.

To cushion the impact of Covid-19, Government have announced various economic stimulus packages to help those affected businesses while Bank Negara Malaysia has provided monetary easing to support the economy. The Trust will benefit from the interest saving arising from the recent cut in OPR and the energy cost discount.

Overall, the Trust expects to be negatively impacted by this outbreak on its operations, asset value and financial performance. However, due to the uncertainty and challenges that the Covid-19 pandemic brings with it are unprecedented, the full extent of the impact on Trust's financial performance in the next reporting period cannot be determined at this stage.

The Manager will implement more stringent approach in cost management and discretionary capital expenditure while proactively manage the asset performance by focusing on tenant retention to preserve the financial sustainability of the Trust.

Given the fluidity of the pandemic situation, the Manager will continue to monitor the operations closely and adopt appropriate business strategies to mitigate the negative impact in this challenging time.

Board of Directors



SOO KIM WAI

Chairman / Non-Independent Non-Executive Director
Malaysian, Age 59, Male

32

Board Meeting Attendance in FY2020

4/4

Date of Appointment

19 August 2015

Length of Tenure as Director (as at 22 May 2020)

4 years 9 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.
- Chairman, Non-Independent Non-Executive Director of AmREIT Holdings Sdn Bhd.
- Chairman, Non-Independent Non-Executive Director of AmREIT Managers Sdn Bhd.

- Director of RCE Capital Berhad.
- Director of Amcorp Properties Berhad.
- Director of Amcorp Global Limited (previously known as TEE Land Ltd).
- 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 British Malaysian Chamber of Commerce (2012 to 2018).
- 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.

Note

None of the Directors of the Manager in office at the end of FY2020 (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



DATO' WONG NAM LOONG

Independent Non-Executive Director
Malaysian, Age 70, Male

33

Board Meeting Attendance in FY2020

4/4

Date of Appointment

15 August 2016

Length of Tenure as Director (as at 22 May 2020)

3 years 9 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 Cangjih 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



DATO' ABDULLAH THALITH BIN MD THANI

Independent Non-Executive Director
Malaysian, Age 65, Male

34

Board Meeting Attendance in FY2020

4/4

Date of Appointment

15 August 2016

Length of Tenure as Director (as at 22 May 2020)

3 years 9 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 Thalith 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



AZLAN BAQEE BIN ABDULLAH

Non-Independent Non-Executive Director
Malaysian, Age 57, Male

35

Board Meeting Attendance in FY2020

4/4

Date of Appointment

22 February 2018

Length of Tenure as Director (as at 22 May 2020)

2 years 3 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.
- Industry Advisory Panel for Azman Hashim International Business School at University Teknologi Malaysia (UTM).

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



SEOHAN SOO

Non-Independent Non-Executive Director
Malaysian, Age 53, Male

36

Board Meeting Attendance in FY2020

4/4

Date of Appointment

10 August 2018

Length of Tenure as Director (as at 22 May 2020)

1 year 9 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.
- Barrister-at-Law from Lincoln's Inn, London.
- Advocate and Solicitor, High Court of Malaya.

Directorship(s)

Present Directorship(s)

- Director of AmInvestment Group Berhad.
- Director of AmREIT Holdings Sdn Bhd.
- Director of AmREIT Managers Sdn Bhd.
- Director of ThreeWoods Capital 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)

- Director of AmFunds Management Berhad.
- Director of AmIslamic Funds Management Sdn Bhd.

- 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) at Messrs Soo Thien Ming & Shahrizat, Advocates & Solicitors.

Relevant Experience

Mr Seohan joined AmInvestment Bank Berhad in 2003 as 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 seventeen (17) years.

As the CEO of AmInvestment Bank Berhad, he is tasked with driving the investment banking arm of the AmBank Group which provides a full range of investment advisory solutions and products with key areas being corporate finance, equity and debt capital markets, private banking and fund management.

Mr Seohan 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



YM RAJA NAZIRIN SHAH BIN RAJA MOHAMAD

Executive Director / Chief Executive Officer
Malaysian, Age 56, Male

37

Board Meeting Attendance in FY2020

4/4

Date of Appointment

22 April 2019

Length of Tenure as Director (as at 22 May 2020)

1 year 1 month

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 NLA of 1.7 million sq ft. PNB 118 is part of the mixed-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 December 2000 to December 2011. He was instrumental in the market positioning and asset management of KL Sentral Integrated Development and for turning it into a successful mixed-commercial hub connected with highly 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 and Property Managers.

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 which include 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 management and financial accounting experience in real estate industry. 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 Markets Services Representative's License under the Capital Markets and Services Act 2007.



CHONG HONG CHUON

Chief Financial Officer

Senior Management Team



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 re-designated 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 Markets 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.

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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.



HEONG KIM MENG
Vice President 1
Marketing & Leasing
Asset Management

Senior Management Team



**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.

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 overseeing the property management aspects in the delivery of tenant care and services and has the responsible in maximising tenants 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.



CARRIE CHUA MOOI CHU

Vice President 2
Tenancy Management

Senior Management Team



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 has held various positions before he was promoted to his current position. He is responsible for financial and management reporting, credit control, capital management and treasury of AmFIRST REIT and assists in investor relation matters.

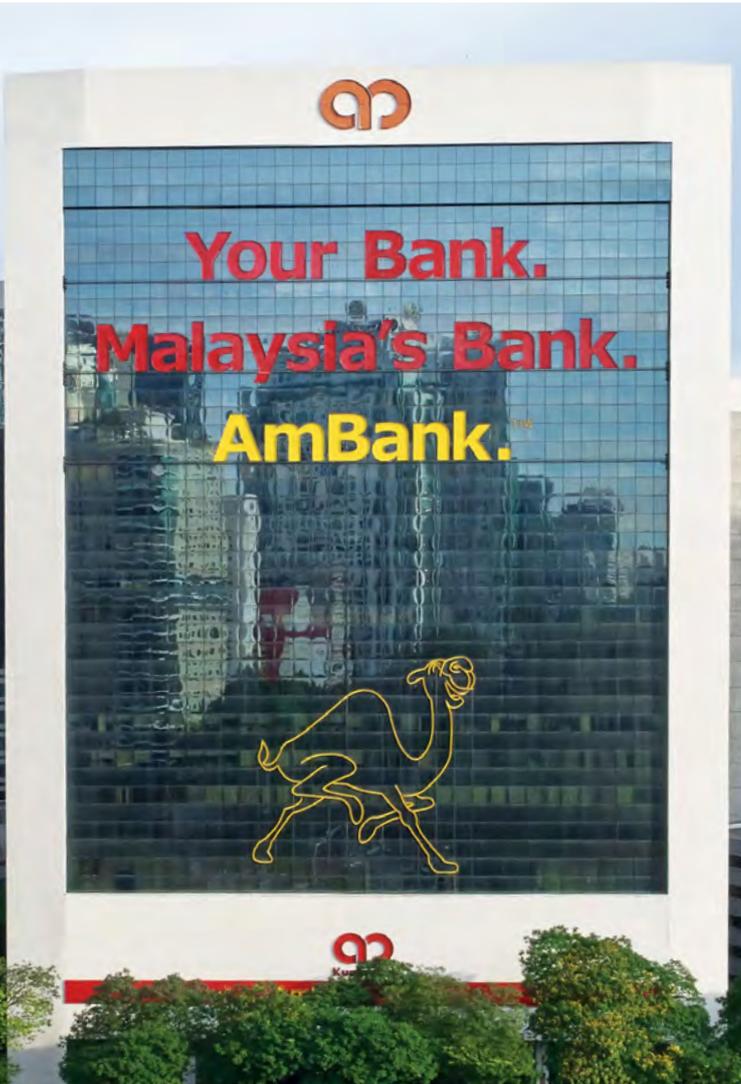
He was the former Compliance Officer of AmREIT from June 2013 to April 2015 and was also previously responsible for the Business Operational Controls function in respect of the risk management activities of AmREIT.

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.

Location

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

Description of Property

A 26-storey purpose built office building with 3 levels of 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 64 years)

Encumbrances

Nil

Year of Completion

1987

Age of Building

33 years

Net Lettable Area

360,166 sq ft

Existing Use

Commercial Office

Car Park

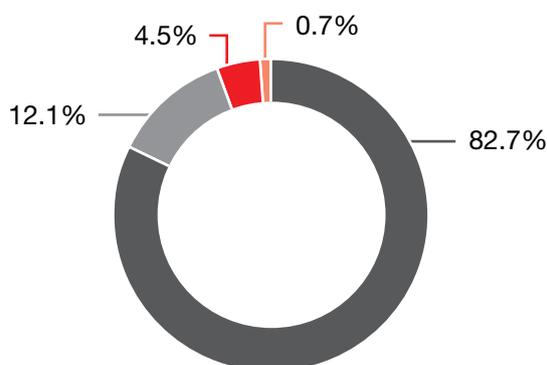
522

Number of Tenants

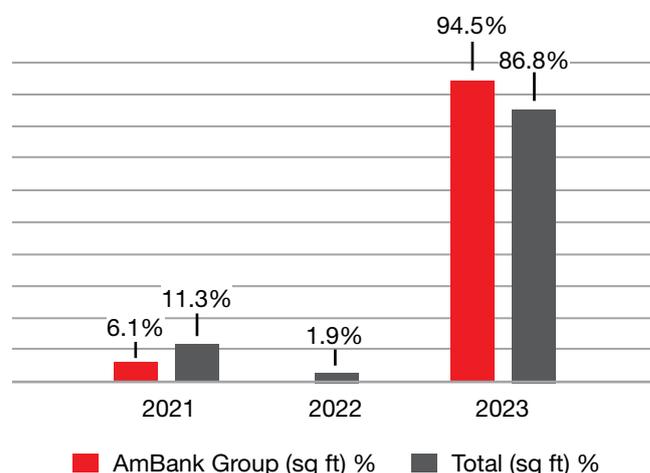
11

Asset Profile

Tenants' Trade Mix Analysis



Tenancy Expiry Profile



Category	%
Banking & Financial Institutions	82.7
Advocates & Solicitors	12.1
Food & Beverages	4.5
Services & Others	0.7
Total	100.0

FY	AmBank Group (sq ft)	%	Total (sq ft)	%
2021	2,468	6.1	40,734	11.3
2022	-	-	6,939	1.9
2023	295,383	94.5	312,493	86.8
Total	297,851	82.7	360,166	100.0

Date of Acquisition

21 December 2006

Occupancy Rate

100.0%

Average Tenancy Period

3 years

Acquisition cost

RM180.2 million

Gross Revenue

RM23.1 million

Valuer

Messrs Cheston International (KL)
Sdn Bhd

Latest Revaluation

RM265.7 million

Net Property Income

RM16.1 million

Major Tenants

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

Date of Revaluation

6 February 2020

Major Capital Expenditure

RM3.5 million

Property Manager

Knight Frank Property Management
Sdn Bhd

Asset Profile



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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.

Location

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

Description of Property

A 46-storey purpose built office building with 7 levels of elevated 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

23 years

Net Lettable Area

458,187 sq ft

Existing Use

Commercial Office

Car Park

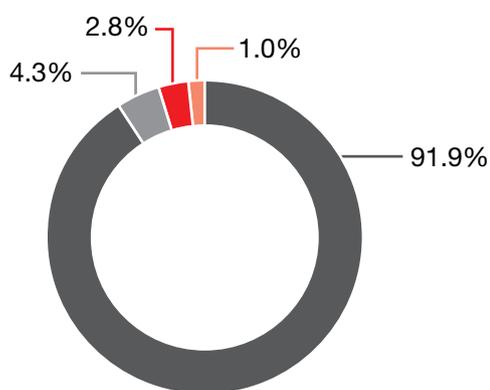
557

Number of Tenants

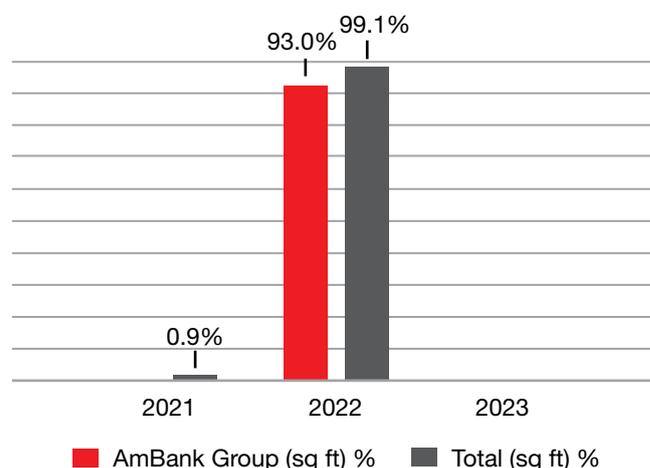
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Asset Profile

Tenants' Trade Mix Analysis



Tenancy Expiry Profile



Category	%
Banking & Financial Institutions	91.9
Food & Beverages	4.3
Health	2.8
Services & Others	1.0
Total	100.0

FY	AmBank Group (sq ft)	%	Total (sq ft)	%
2021	-	-	3,032	0.9
2022	306,072	93.0	328,981	99.1
2023	-	-	-	-
Total	306,072	92.2	332,013	100.0

Date of Acquisition

21 December 2006

Occupancy Rate

72.5%

Average Tenancy Period

3 years

Acquisition Cost

RM230.2 million

Gross Revenue

RM18.8 million

Valuer

Messrs Cheston International (KL)
Sdn Bhd

Latest Revaluation

RM322.0 million

Net Property Income

RM10.0 million

Major Tenants

AmBank Group

Date of Revaluation

6 February 2020

Major Capital Expenditure

RM0.5 million

Property Manager

Knight Frank Property Management
Sdn Bhd

Asset Profile

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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 as it is the only high rise building in the area.

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

A prominent landmark within the immediate vicinity is the premise of Sin Chew Daily which is located within walking distance to the property.

Location

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

Tenure

Freehold

Net Lettable Area

155,436 sq ft

Description of Property

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

Encumbrances

Lien Holder's Caveat

Existing Use

Commercial Office

Year of Completion

1994

Car Park

333

Land Title

Title No. HSM 9104
PT No 29649
Mukim of Sungai Buloh
District of Petaling
State of Selangor Darul Ehsan

Age of Building

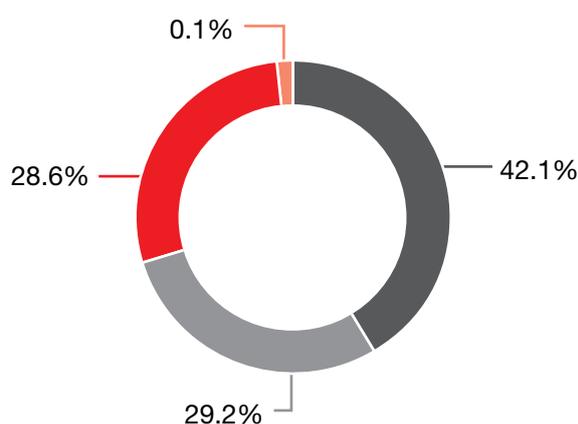
26 years

Number of Tenants

27

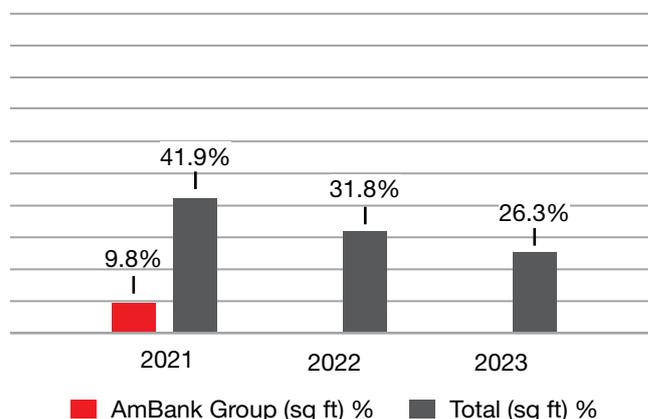
Asset Profile

Tenants' Trade Mix Analysis



Category	%
Services & Others	42.1
Health/Personal Care/Beauty	29.2
Tele-communication/IT/Electronic/Electrical	28.6
Food & Beverages	0.1
Total	100.0

Tenancy Expiry Profile



FY	AmBank Group (sq ft)	%	Total (sq ft)	%
2021	4,709	9.8	47,842	41.9
2022	-	-	36,363	31.8
2023	-	-	30,065	26.3
Total	4,709	4.1	114,270	100.0

Date of Acquisition

21 December 2006

Acquisition Cost

RM57.1 million

Latest Revaluation

RM66.0 million

Date of Revaluation

13 February 2020

Occupancy Rate

74.6%

Gross Revenue

RM5.3 million

Net Property Income

RM2.8 million

Major Capital Expenditure

RM0.2 million

Average Tenancy Period

1-3 years

Valuer

Messrs First Pacific Valuers Property Consultants Sdn Bhd

Major Tenants

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

Property Manager

Savills (KL) Sdn Bhd

Asset Profile

48



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 comprises of 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).

Location

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

Land Title

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

Year of Completion

2001

Car Park

642

Description of Property

Two block of 16-storey purpose built office building with car park space located at Basement Level, Level 1 to 5

Tenure

Leasehold of 99 years expiring on 19 February 2094 (unexpired term of approximately 74 years)

Age of Building

19 years

Number of Tenants

26

Net Lettable Area

284,919 sq ft

Date of Acquisition

21 June 2007

Existing Use

Commercial Office

Acquisition Cost

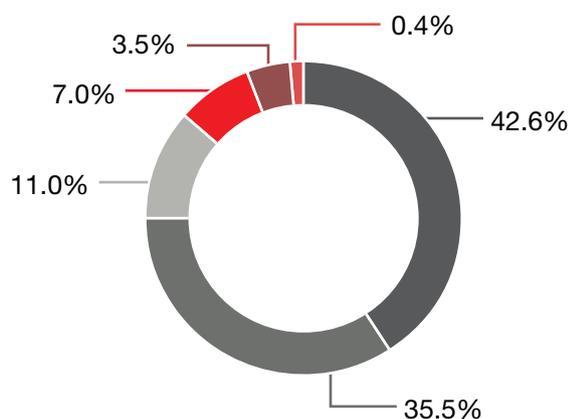
RM86.1 million

Encumbrances

Lien Holder's Caveat

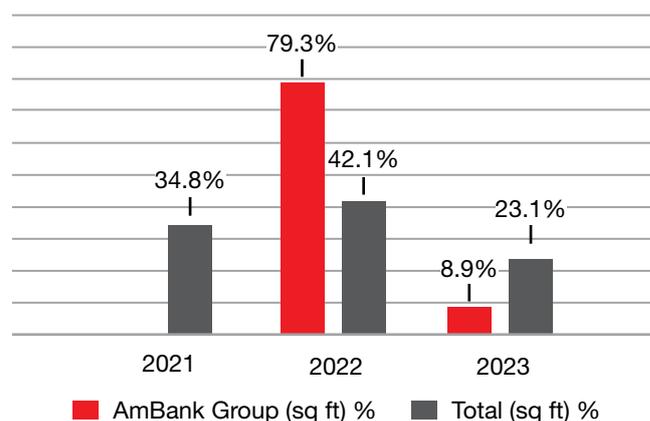
Asset Profile

Tenants' Trade Mix Analysis



Category	%
● Logistic & Trading	42.6
● Banking & Financial Institutions	35.5
● Services & Others	11.0
● Health/Personal Care	7.0
● Tele-communication/IT/Electronic/Electrical	3.5
● Advocates & Solicitors	0.4
Total	100.0

Tenancy Expiry Profile



FY	AmBank Group (sq ft)	%	Total (sq ft)	%
2021	-	-	90,482	34.8
2022	86,846	79.3	109,476	42.1
2023	5,353	8.9	59,946	23.1
Total	92,199	35.5	259,905	100.0

Latest Revaluation

RM117.9 million

Date of Revaluation

13 February 2020

Occupancy Rate

91.2%

Gross Revenue

RM11.3 million

Net Property Income

RM7.2 million

Major Capital Expenditure

RM0.3 million

Average Tenancy Period

1-3 years

Valuer

Messrs First Pacific Valuers Property Consultants Sdn Bhd

Major Tenants

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

Property Manager

Savills (KL) Sdn Bhd

Asset Profile



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 which 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.

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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 basements levels

Land Title

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

Tenure

Freehold

Encumbrances

Nil

Year of Completion

2009

Age of Building

11 years

Net Lettable Area

111,224 sq ft

Existing Use

Commercial Office

Car Park

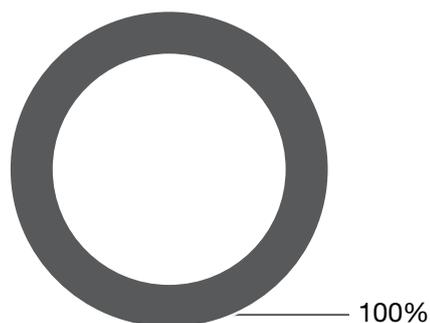
414

Number of Tenants

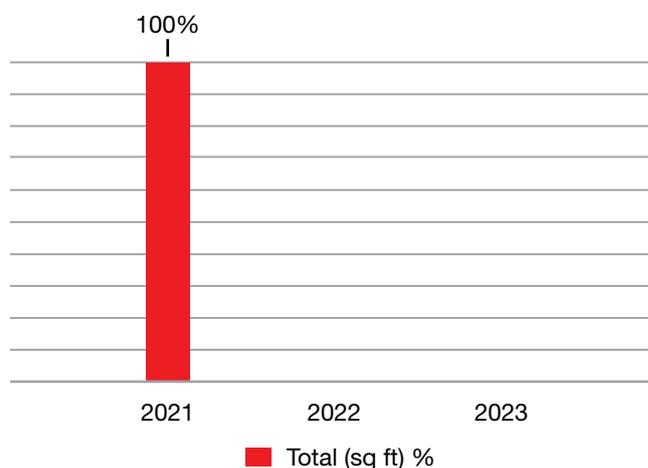
1

Asset Profile

Tenants' Trade Mix Analysis



Tenancy Expiry Profile



Category	%
● Services & Others	100.0
Total	100.0

FY	Total (sq ft)	%
2021	111,224	100.0
2022	-	-
2023	-	-
Total	111,224	100.0

Date of Acquisition

30 November 2011

Occupancy Rate

100.0 %

Average Tenancy Period

3 years

Acquisition Cost

RM72.9 million

Gross Revenue

RM5.5 million

Valuer

Messrs First Pacific Valuers Property Consultants Sdn Bhd

Latest Revaluation

RM73.2 million

Net Property Income

RM4.2 million

Major Tenants

Medical Device Authority Ministry of Health M'sia

Date of Revaluation

11 February 2020

Major Capital Expenditure

Nil

Property Manager

Savills (KL) Sdn Bhd

Asset Profile

52



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 which 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.

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

10 years

Net Lettable Area

100,272 sq ft

Existing Use

Commercial Office

Car Park

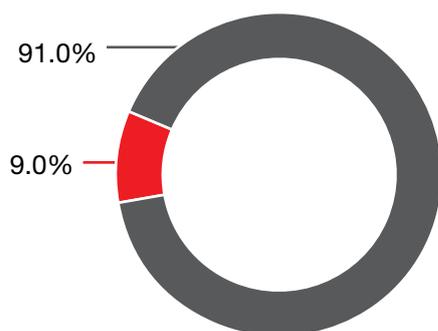
327

Number of Tenants

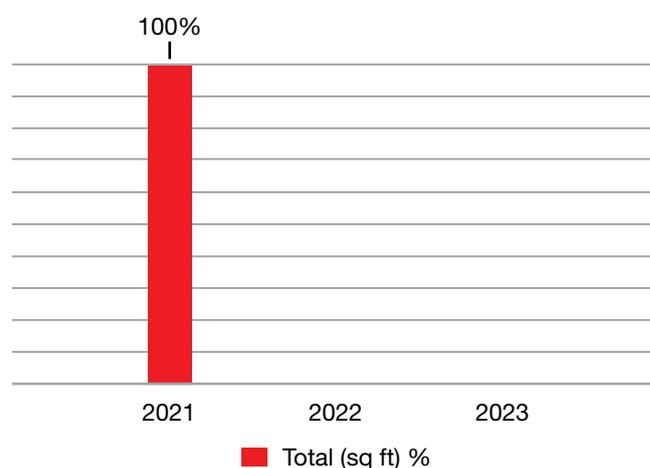
2

Asset Profile

Tenants' Trade Mix Analysis



Tenancy Expiry Profile



Category	%
Services & Others	91.0
Tele-communication/IT	9.0
Total	100.0

FY	Total (sq ft)	%
2021	84,078	100.0
2022	-	-
2023	-	-
Total	84,078	100.0

Date of Acquisition

30 November 2011

Acquisition Cost

RM61.7 million

Latest Revaluation

RM65.7 million

Date of Revaluation

11 February 2020

Occupancy Rate

83.9%

Gross Revenue

RM4.6 million

Net Property Income

RM3.2 million

Major Capital Expenditure

RM0.02 million

Average Lease Period

5 years

Valuer

Messrs First Pacific Valuers Property Consultants Sdn Bhd

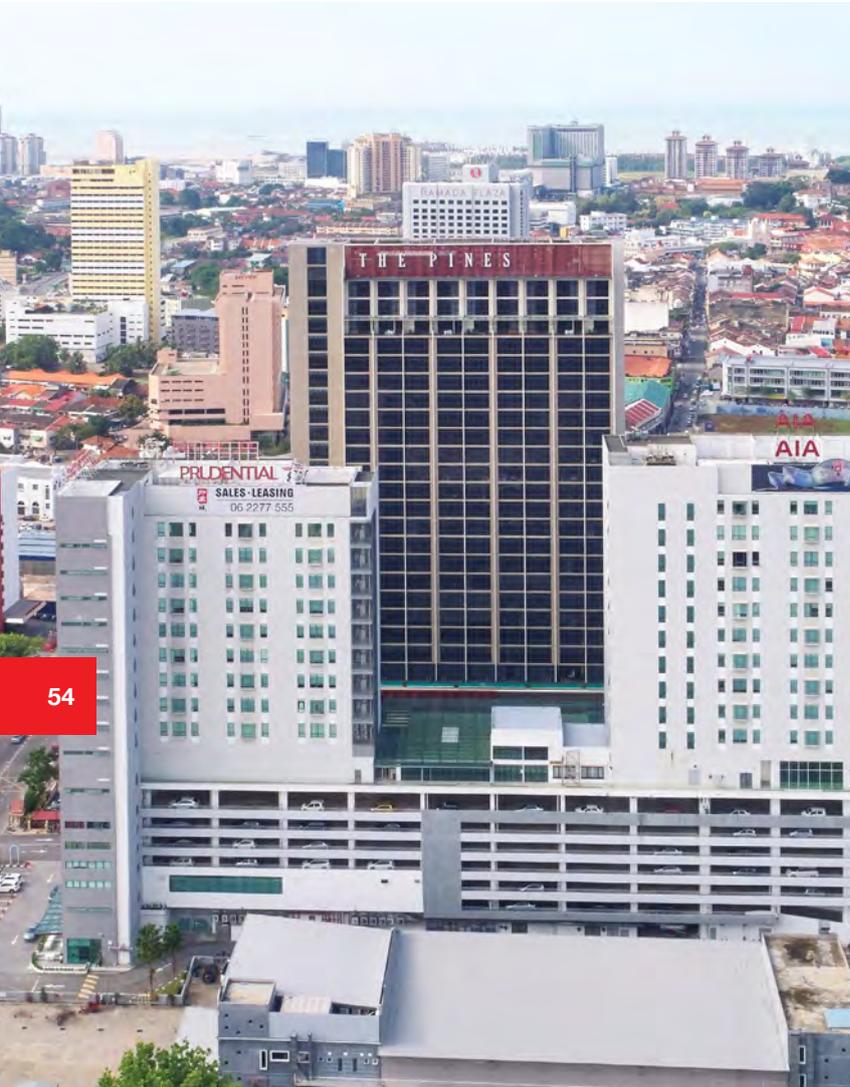
Major Tenants

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

Property Manager

Savills (KL) Sdn Bhd

Asset Profile



KOMPLEKS TUN SRI LANANG (“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 comprises of purpose-built office and commercial buildings, local and international hotels, shopping complexes and shop offices.

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

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Location

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

Land Title

Title No. HS(D) 68894
Lot No. PT 45
Kawasan Bandar XVIII
District of Melaka Tengah
State of Melaka

Year of Completion

2011

Car Park

551

Description of Property

A 6-storey podium block comprising retail and mechanical and electrical services on the ground floor, car park area from the 1st to 5th floors (inclusive) and convention facilities on the 6th floor and 2 office towers identified as Tower A comprising 9 floors and Tower B comprising 10 floors

Tenure

Leasehold 99 years expiring on 7 October 2109 (unexpired term of approximately 89 years)

Age of Building

9 years

Number of Tenants

16

Net Lettable Area

225,912 sq ft

Date of Acquisition

1 November 2012

Existing Use

Commercial Office

Acquisition Cost

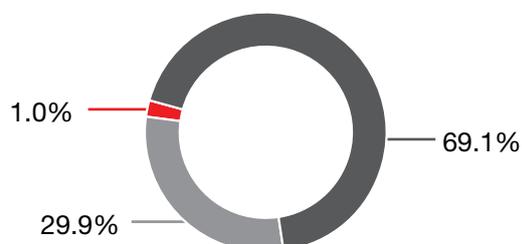
RM87.2 million

Encumbrances

First Party Legal Charge

Asset Profile

**Tenants' Trade Mix Analysis
"Office"**



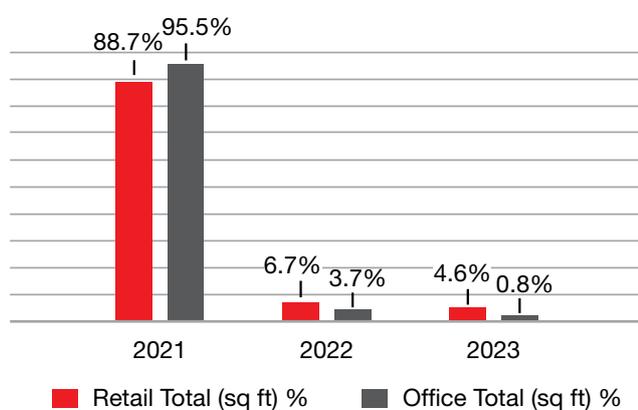
Category	%
Services & Others	69.1
Tele-communication/Electrical	29.9
Construction/Real Estate/Engineering	1.0
Total	100.0

**Tenants' Trade Mix Analysis
"Retail"**



Category	%
Services & Others	56.0
Real Estate	38.8
Food & Beverages	5.2
Total	100.0

Tenancy Expiry Profile



FY (Retail)	Total (sq ft)	%
2021	19,013	88.7
2022	1,429	6.7
2023	997	4.6
Total	21,439	100.0

FY (Office)	Total (sq ft)	%
2021	158,934	95.5
2022	6,084	3.7
2023	1,421	0.8
Total	166,439	100.0

Latest Revaluation

RM104.0 million

Date of Revaluation

6 February 2020

Occupancy Rate

83.2%

Gross Revenue

RM8.1 million

Net Property Income

RM5.5 million

Major Capital Expenditure

RM0.05 million

Average Tenancy Period

3 - 6 years

Valuer

Messrs Cheston International (KL)
Sdn Bhd

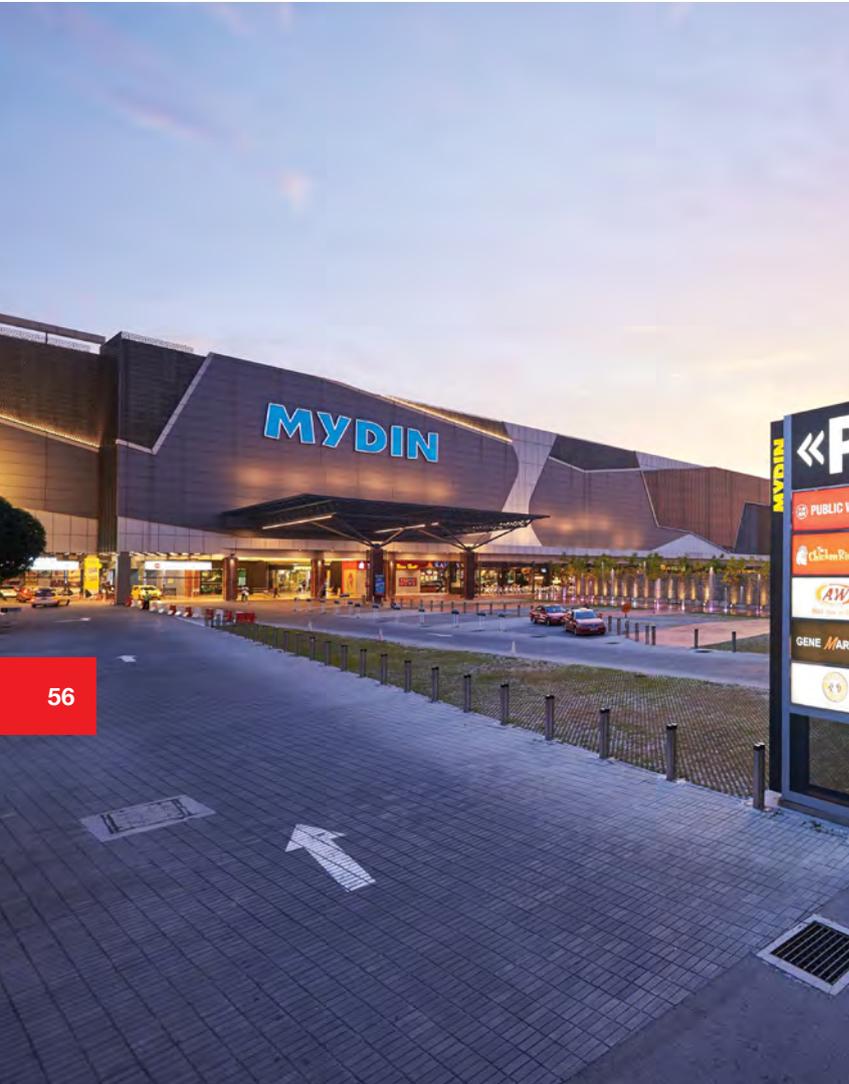
Major Tenants

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

Property Manager

Rahim & Co. International Sdn Bhd

Asset Profile



MYDIN HYPERMALL, BUKIT MERTAJAM ("MYDIN HYPERMALL")

Mydin HyperMall is strategically located 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 transportation centres and major highways such as Butterworth Ferry Terminal, Lebuhraya Lingkar Luar Butterworth and North-South Expressway.



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Location

Mydin HyperMall
Jalan Baru
14000 Bukit Mertajam
Pulau Pinang

Description of Property

A 3-storey wholesale hypermarket with
3-storey mezzanine floor

Land Title

Title No. GRN 173212
Lot No. 10413, Mukim 6
District of Seberang Perai Tengah
State of Penang

Tenure

Freehold

Encumbrances

First Party Legal Charge

Year of Completion

2015

Age of Building

5 years

Net Lettable Area

536,507 sq ft

Existing Use

Commercial Retail

Parking Bays

Car park - 1,239
Motorcycle - 1,270

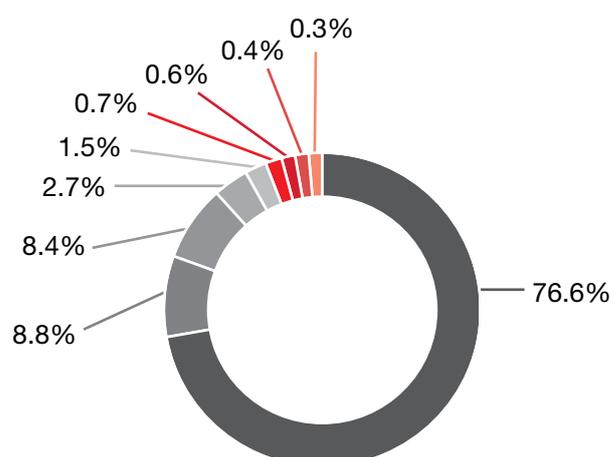
Date of Acquisition

29 January 2016

Asset Profile

Tenants' Trade Mix Analysis

Category	%
Anchor (Hypermarket)	76.6
Food & Beverages	8.8
Leisure & Entertainment/Sport & Fitness	8.4
Hobbies/Jewelery/Time Piece/Gifts & Specialty	2.7
Fashion Apparel/Jeweleries/Accessories	1.5
Health/Personal Care/Beauty	0.7
Electrical/Tele-communication	0.6
Home Improvement/Furniture/Deco	0.4
Services & Others	0.3
Total	100.0



Acquisition Cost

RM254.1 million

Latest Revaluation

RM278.0 million

Date of Revaluation

18 February 2020

Occupancy Rate

100.0%

Gross Revenue

- Realised : RM16.3 million
- Unrealised : RM4.6 million¹

Net Property Income

RM16.2 million

Major Capital Expenditure

Nil

Lease Period

30 years

Valuer

Messrs First Pacific Valuers
Property Consultants Sdn Bhd

Master Lessee

Mydin Mohamed Holdings Berhad

Property Manager

Savills (KL) Sdn Bhd

Note

¹ Unrealised in relation to the unbilled lease rental receivable pursuant to the requirement of MFRS 16 *Lease*, recognised on straight-line basis

Asset Profile



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 shop offices.

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.

Location

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

Description of Property

An integrated development consists of part of a stratified 6-level shopping mall with a level of basement comprising levels 1 to 6 (inclusive) known as The Summit USJ Shopping Mall, a stratified 13-level office tower comprising levels 9 to 21

(inclusive) known as Menara Summit, a stratified 19-level hotel with a mezzanine level comprising of level 1, 5 & 6 and 7 to 22 (inclusive) known as The Summit Hotel Subang Jaya and a stratified 3-level basement car park known as The Summit Subang USJ Car Park being part of The Summit, Subang USJ.

Land Title (Parent Lot)

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

Tenure

Freehold

Encumbrances

Lien Holder's Caveat

Year of Completion

1998

Age of Building

22 years

Net Lettable Area

Retail - 571,345 sq ft
Office - 135,445 sq ft
Hotel - 286,600 sq ft

Existing Use

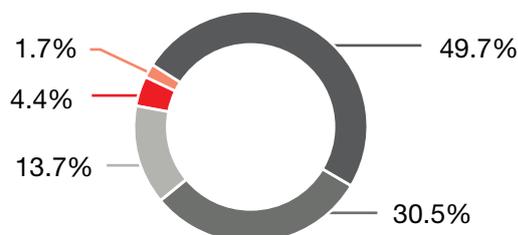
Commercial Office, Hotel and Retail Mall

Car Park

1,952

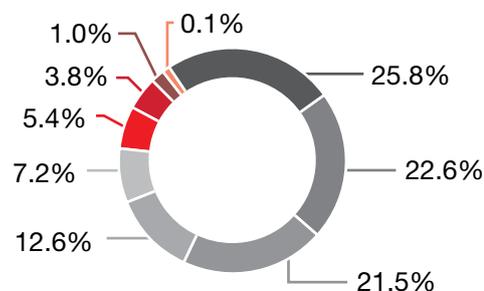
Asset Profile

**Tenants' Trade Mix Analysis
"Office"**



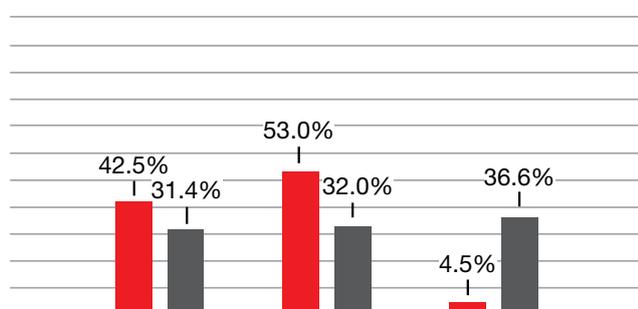
Category	%
Services & Others	49.7
Logistic & Trading	30.5
Education/Enrichment/College	13.7
Health/Personal Care/Beauty	4.4
Electrical/Tele-communication	1.7
Total	100.0

**Tenants' Trade Mix Analysis
"Retail"**



Category	%
Home & Living/Home Deco/Electrical/DIY	25.8
Education/Enrichment/College/ Training Centre	22.6
Entertainment/Karaoke/Cinema/Bowling	21.5
Food & Beverages/Bakery	12.6
Services & Others	7.2
Fashion Apparel	5.4
Hobbies/Jewellery/Time Piece/Gifts & Specialty	3.8
Health/Personal Care/Beauty	1.0
IT Centre/Tele-communication	0.1
Total	100.0

Tenancy Expiry Profile



■ Total (office) (sq ft) % ■ Total (retail) (sq ft) %

FY	Total (Office) (sq ft)	%	Total (Retail) (sq ft)	%
2021	48,979	42.5	122,637	31.4
2022	61,174	53.0	124,999	32.0
2023	5,166	4.5	143,450	36.6
Total	115,319	100.0	391,086	100.0

Numbers of Tenants

Retail - 58
Office - 12
Hotel - 1

Occupancy Rate

Retail - 68.5%
Office - 85.1%
Hotel - 100.0%

Valuer

Messrs Cheston International (KL) Sdn Bhd

Ampang Superbowl
Dynasty Dragon Seafood Restaurant
New Market

Date of Acquisition

31 March 2008

Gross Revenue

RM23.0 million

Major Tenants - Office

NOL Global Services Sdn Bhd
Salcon Resources Sdn Bhd
Bakat Pintar Sdn Bhd
MS Tower (MYS) Sdn Bhd
REKA Advisory Sdn Bhd

Dream Village Learning Centre Sdn Bhd
EUT Marketing (M) Sdn Bhd

Acquisition Cost

RM280.1 million

Net Property Income

RM6.8 million

Property Manager

Knight Frank Property Management Sdn Bhd

Latest Revaluation

RM374.0 million

Major Capital Expenditure

RM3.2 million

Major Tenants - Retail

HomePro
IMC Education Sdn Bhd
Golden Screen Cinemas Sdn Bhd

Date of Revaluation

7 February 2020

Average Tenancy Period

1 to 3 years

Market Report

1.0 ECONOMIC INDICATORS

No.	Key Indicator	2015	2016	2017	2018	2019p	2020f
1.	GDP Growth Rate	5.0%	4.4%	5.7%	4.7%	4.3%	-2.0% to 0.5%
2.	Inflation Rate	2.1%	2.1%	3.7%	1.0%	0.7%	-1.5% to 0.5%
3.	Unemployment Rate	3.1%	3.4%	3.4%	3.3%	3.3%	4.0%

Source: Department of Statistics Malaysia / Knight Frank Research

Note: p = preliminary; f = forecast

The Malaysian economy expanded by only 3.6% in 4Q2019 (3Q2019: 4.4%), its slowest pace since 2009, attributed to lower output of oil palm, crude oil and natural gas as well as a fall in exports amid the ongoing US-China trade war. For the whole year of 2019, the country's economy grew by 4.3%. Domestic demand remained as the anchor of growth, underpinned by the continued expansion in private sector activity.

For 2020, the central bank has cut its GDP forecast to between -2.0% and 0.5% against a highly challenging global economic outlook due mainly to the novel coronavirus (Covid-19) pandemic.

For the first time in a decade, Bank Negara Malaysia ("BNM") reduced the OPR twice within three months by 25 basis points each; from 3.00% to 2.75% on 22nd January 2020 and again from 2.75% to 2.50% on 3rd March 2020. The central bank also announced a 100-basis-point cut in the statutory reserve requirement ("SRR") ratio from 3.0% to 2.0%, the second SRR cut in four months. These measures were taken amid slower growth in both domestic and external demand arising from Covid-19 outbreak coupled with the recent sharp weakness in global oil prices.

The headline inflation in 2019 averaged at circa 0.7% as compared with 1.0% posted in 2018 as the impact of the Sales and Services Tax ("SST") implementation lapsed. As for 2020, the country's headline inflation is forecasted to range from -1.5% to 0.5%.

Amid the Covid-19 outbreak, the labour market conditions, which remained resilient with the unemployment rate at 3.3% in 2019 (2018: 3.3%), is expected to weaken in 2020. Higher unemployment rate of 4% is expected this year due to difficult business environment.

Meanwhile, the Consumer Sentiments Index ("CSI") as measured by the Malaysian Institution of Economic Research ("MIER"), was at 82.3 points in 4Q2019 (3Q2019: 84.0 points), its lowest reading since 4Q2017 due to weak confidence level amongst consumers.

In contrast, the MIER's Business Conditions Index ("BCI") improved by 19.3 points to record at 88.3 points in 4Q2019 (3Q2019: 69.0 points) as manufacturers regained their confidence.

In 2019, Malaysia received a total of 26.1 million visitors with corresponding tourist receipts of RM86.1 billion (2018: 25.3 million tourist arrivals with receipts of RM84.1 billion), short of its tourism targets of 28.1 million arrivals and receipts of RM92.2 billion. The length of average stay and per capita expenditure improved marginally to 7.4 nights and RM3,300.4 respectively. The top components of tourist expenditure are shopping, accommodation and food & beverage.

1.1 Services Sector Overview

In 2019, 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 over the years. On an annual basis, its shares range from about 54.7% to 57.7%. In 2019, contribution from the services sector accounted for 57.7% of the country's GDP.

Table 1: Malaysia – Services Sector Percentage Contribution to Total GDP, at Constant 2015 Prices, 2015 to 2019(p)

	2015	2016e	2017e	2018p	2019p
Services Sector (RM million)	643,833	680,561	722,617	771,861	819,220
GDP (RM million)	1,176,941	1,229,313	1,299,897	1,361,533	1,420,491
Percentage of Total	54.7%	55.4%	55.6%	56.7%	57.7%

Source: Department of Statistics, Malaysia / Knight Frank Research

Note: e = estimates, p = preliminary

The services sector also forms the major contributor to the GDP of selected states / federal territory, namely Wilayah Persekutuan Kuala Lumpur, Selangor, Penang and Melaka.

The table below shows the percentage share of the services sector in relation to the GDP of selected states / federal territory.

Table 2: Services Sector – Percentage Contribution to Total GDP for WPKL, Selangor, Penang and Melaka, 2017 & 2018

Year / State	WPKL	Selangor	Penang	Melaka
2017e	87.4%	61.5%	50.1%	45.6%
2018p	87.8%	62.0%	50.6%	46.6%

Source: Department of Statistics Malaysia / Knight Frank Research

Note: e = estimate; p = preliminary

1.1.1 Wholesale and Retail Trade Sector Overview

The wholesale and retail trade sub-sectors, including the motor vehicles sub-sector, are the largest GDP contributor to the services sector. These sub-sectors collectively contributed circa 29.5% share to the country's GDP in 2019 (2018: 29.4%).

In 2019, wholesale and retail trade sales account for circa 17.0% share of total GDP; circa 0.3% higher than the contribution recorded in 2018 (16.7%). The industry's contribution to the country's 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 sub-sectors (including the motor vehicles sub-sector) to the country's GDP and its services sector.

Market Report

1.1.1 Wholesale and Retail Trade Sector Overview (Contd.)

Table 3: Wholesale and Retail Sub-Sectors – Percentage Contribution to Services Sector and Total GDP, 2018p & 2019p

	2018p	2019p
Services Sector: Total GDP	771,861	819.220
Services Sector's GDP: Percentage Share of Wholesale & Retail Sub-sectors	29.4%	29.5%
Country's GDP: Percentage Share of Wholesale & Retail Sub-sectors	16.7%	17.0%

Source: Department of Statistics Malaysia / Knight Frank Research

Note: p = preliminary

1.2 Impact of Covid-19 Pandemic

The global economies, including Malaysia's is reeling amid the coronavirus (Covid-19) pandemic. Hospitality, tourism and aviation related segments are being hit the hardest evident by cancellations of flights, tour packages and hotel bookings following international travel restrictions and lockdown of countries. The escalating number of infected cases, which has led the country to being placed under the MCO until 28 April 2020, is also affecting other economic sectors.

All business activities with the exception of 'Essential Services', have literally slowed or come to a complete halt during the MCO although three additional sub-sectors are allowed to operate in its (MCO) third phase.

Business sentiment is at its lowest level as many operations are severely impacted by the outbreak. The sense of uncertainty will inevitably lead to slower demand for real estate as businesses and occupiers will likely delay or put on hold their real estate decisions, resulting in lower level of leasing / transactional activity.

In the immediate term preceding the lifting of the extended MCO, co-working or flexible space may be less popular as there will be reduced desire for clients / members to congregate and interact face to face in one location. Revenue derived from memberships fees and events may be affected during this period although e-events will continue to progress.

However, once business confidence is restored post-MCO, co-working or flexible space may be a good option for new occupiers and businesses looking to expand to navigate in the near term before committing to longer term plan.

Meanwhile, the country's retail industry contracted 18.8% in the January - March 2020 period, its highest ever quarterly contraction since 1998 as the Covid-19 pandemic forces store closures under the MCO, consumers shun crowded places and tourist arrivals see a drastic drop. Retail Group Malaysia is projecting a 5.5% annual retail sales contraction in 2020.

While retail spending on non-essential goods are not the focus at this moment, demand for essential goods is increasing. Online shopping and delivery services are also gaining popularity during the MCO. Occupancy of malls will likely be under pressure post-MCO as retail outlets may be forced to close due to the strain on cash flow and unsustainable businesses.

Landlords are also stepping up during the MCO to assist retailers by introducing relief measures, for example rent free package for non-F&B related retailers and rental rebates for retailers.

1.2 Impact of Covid-19 Pandemic (Contd.)

On a positive note, the government has launched a few economic stimulus packages with the latest package of RM10 billion aimed at supporting struggling small and medium size enterprises (“SMEs”) which contribute 40% to the national economy. The government is also encouraging private property owners to provide at least 30% rental discounts to SMEs during the MCO and three months after it ends by granting these landlords equivalent tax deductions. Similarly, SMEs operating at premises owned by government-linked companies (“GLCs”) will also enjoy rent exemption or discounts. These rental exemptions / discounts may cushion the financial impact of Covid-19 pandemic for office tenants and retailers.

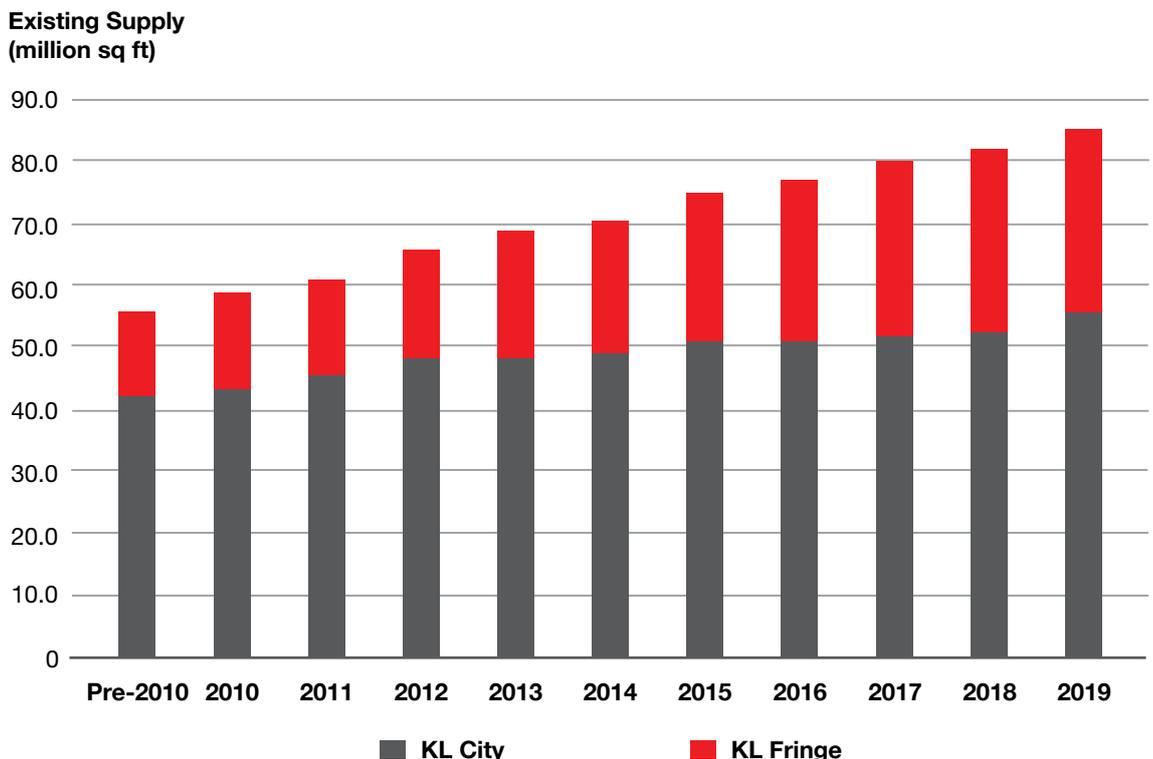
2.0 OFFICE MARKET OVERVIEW

2.1 Kuala Lumpur

2.1.1 Supply

The supply of office space in Kuala Lumpur has grown steadily over the years, as depicted in the chart below.

Chart 1: KL City & KL Fringe - Cumulative Supply of Purpose-Built Office Space, Pre-2010 to 2019



Source: Knight Frank Research

From 2010 to 2019, office supply in KL Fringe grew at a Compound Annual Growth Rate (“CAGR”) of circa 7.5%, outpacing KL City’s CAGR at 2.8%.

The bulk of existing office supply comes from KL City, recorded at about 65.4% or 55.7 million sq ft whilst the remaining office stock in KL Fringe was at circa 34.6% or 29.4 million sq ft. The latter covers the decentralised localities of Bangsar South, Kerinchi, Damansara Heights, KL Sentral, Mid Valley City, KL Eco City, Pantai, Bangsar, Taman Tun Dr Ismail (TTDI), Mont Kiara and Dutamas.

Market Report

2.0 OFFICE MARKET OVERVIEW (CONTD.)

2.1 Kuala Lumpur (Contd.)

2.1.1 Supply (Contd.)

In 2019, three buildings were completed in KL City, namely BB Tower (260,000 sq ft NLA), Menara Prudential (413,000 sq ft NLA) and The Exchange 106 (2.65 million sq ft NLA). Collectively, these completions contributed approximately 3.3 million sq ft to the existing office stock.

A high impending supply of circa 8.7 million sq ft is expected to enter the market in the near term (2020 and 2021).

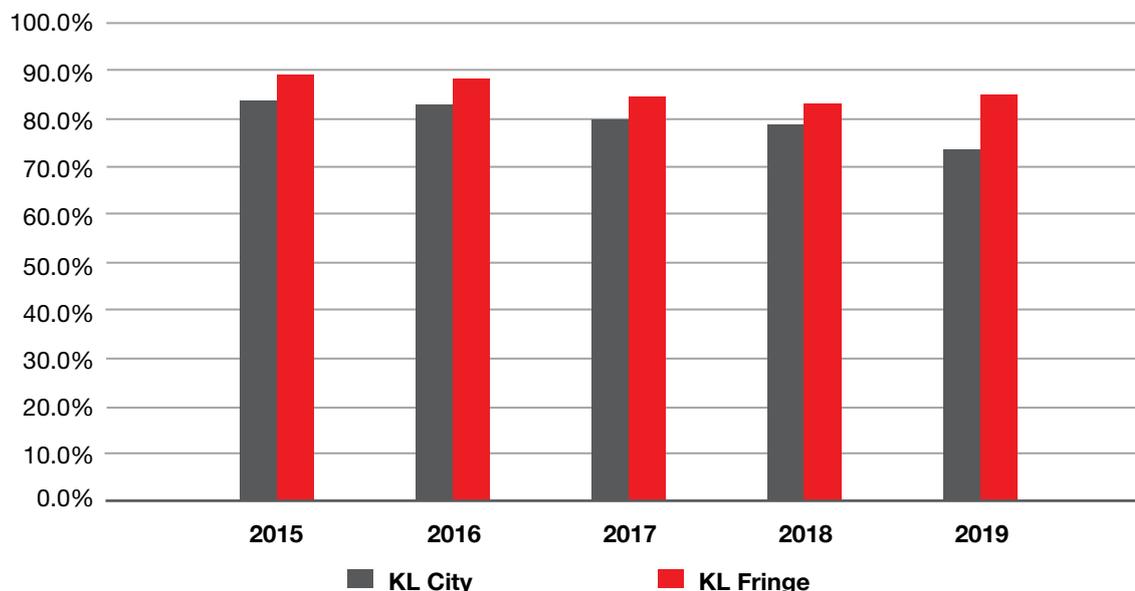
2.1.2 Occupancy

With the newly completed buildings yet to achieve significant occupancy levels, the overall occupancy rate of office buildings in KL City continued to weaken from 78.8% in 2018 to 73.6% in 2019.

In KL Fringe, however, the overall occupancy rate improved to 85.1% in 2019 (2018: 83.2%) as attractive rental rates and leasing packages coupled with ease of connectivity continue to support selected decentralised office locations.

Chart 2: KL City & KL Fringe – Overall Occupancies of Purpose-Built Office Space, 2015 to 2019

Estimated Occupancy



Source: Knight Frank Research

2.1.3 Rental Rates

The average achievable rental rates of prime office space in KL City (Prime A+ and Grade A) dipped marginally to record at RM8.17 per sq ft per month in 2019 (2018: RM8.21 per sq ft per months).

Prime A+ and Grade A office space in the New CBD consistently command higher average achievable rental rates when compared to similar Grade A space located in the Old CBD.

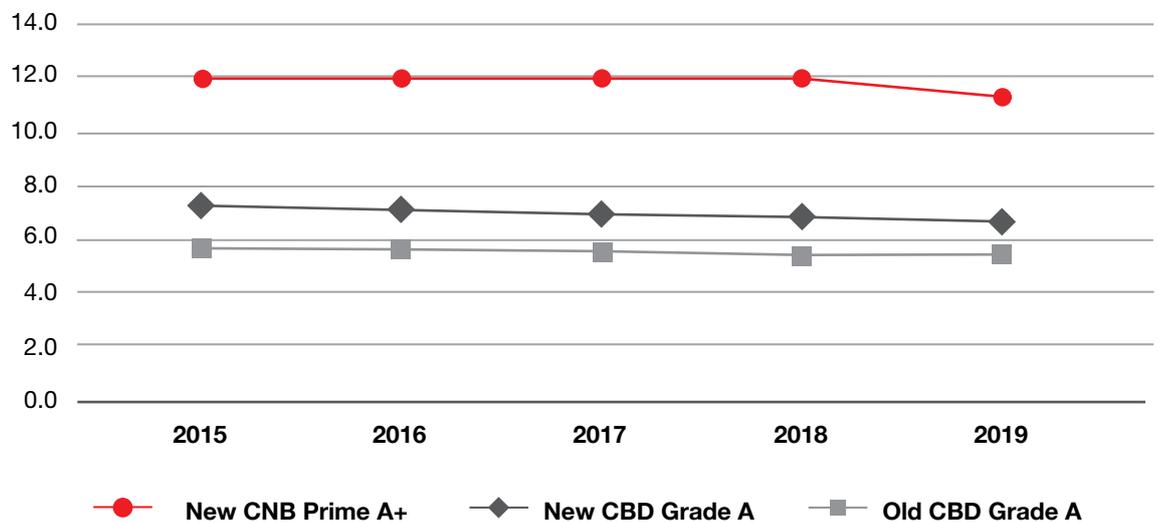
2.0 OFFICE MARKET OVERVIEW (CONTD.)

2.1 Kuala Lumpur (Contd.)

2.1.3 Rental Rates (Contd.)

Chart 3: KL City - Average Achievable Rental Rates of Prime Office Space, 2015 to 2019

Weighted Average Achievable Rental Rates
(RM per sq ft per month)



Source: Knight Frank Research

Notes: 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.

The average achievable rental rates for Prime A+ office space in the New CBD continued to hold steady from 2015, recording at RM11.94 per sq ft per month. In 2019, it dipped to record at RM11.27 per sq ft per month amid widening gap between supply and demand and as existing and new buildings compete for the same pool of tenants.

Meanwhile, the average achievable rental rates of Grade A office space in the New CBD and Old CBD also declined to record at RM6.66 per sq ft and RM5.43 per sq ft per month respectively in 2019 (2018: New CBD - RM6.84 per sq ft per month; Old CBD - RM5.44 per sq ft per month).

In KL Fringe, the average achievable rental rates in the localities of Damansara Heights and KL Sentral were lower at RM4.75 per sq ft and RM6.56 per sq ft per month respectively. In other localities, the average rental rates increased marginally to range between RM5.23 per sq ft and RM6.12 per sq ft per month.

Market Report

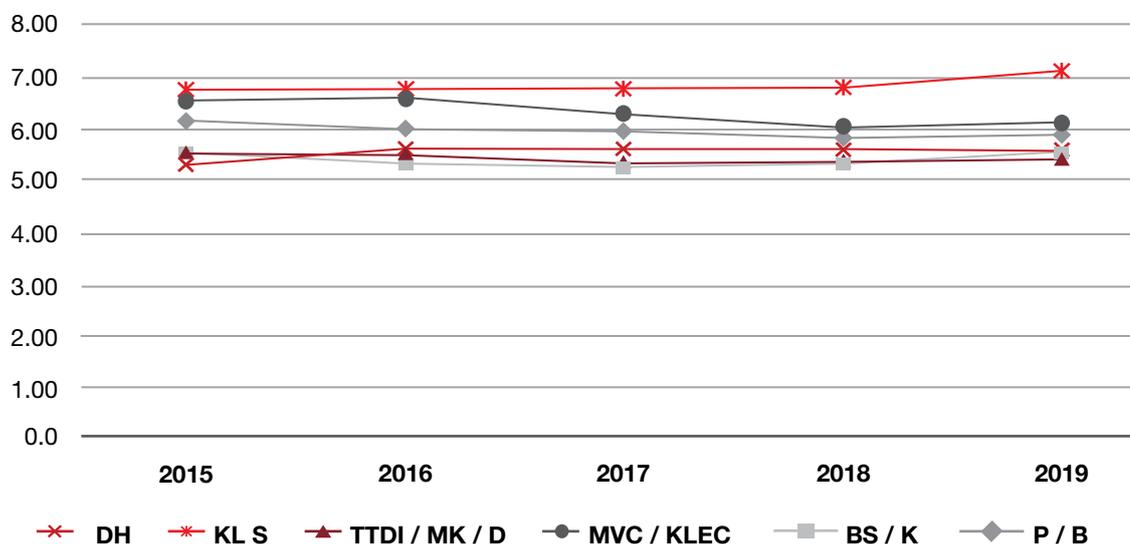
2.0 OFFICE MARKET OVERVIEW (CONTD.)

2.1 Kuala Lumpur (Contd.)

2.1.3 Rental Rates (Contd.)

Chart 4: KL Fringe - Average Achievable Rental Rates of Purpose-Built Office Space in Selected Localities, 2015 to 2019

**Weighted Average Achievable Rental Rates
(RM per sq ft per month)**



Source: Knight Frank Research

Note: DH – Locality of Damansara Heights;
 KLS – Locality of Kuala Lumpur Sentral;
 TTDI / MK / D – Locality of Taman Tun Dr. Ismail/Mont Kiara/Dutamas;
 MVC / KLEC – Locality of Mid Valley City/KL Eco City;
 BS / K – Bangsar South/Kerinchi;
 P / B – Pantai/Bangsar

2.1.4 Market Outlook

The Kuala Lumpur office market is expected to remain challenging in the short to medium term amid rising new supply and several external factors such as the outbreak of Covid-19 pandemic, new government policies, geopolitical uncertainties, plunge in oil prices, etc. With no immediate catalyst to boost demand coupled with the weak business conditions, there is growing pressure on the office market.

The completion of better grade / Prime A+ office space in the New CBD continued to heighten competition on this sub-market as landlords of existing and new buildings compete for the same pool of tenants / occupiers.

On a positive note, investment incentives announced in the National Budget 2020 to encourage more inbound investment from Fortune 500 companies and “global Unicorns” who are looking to set up their operations in premium or Grade A office space, may provide a breather to the oversupplied office market. Newly completed buildings in ongoing mega developments such as Tun Razak Exchange and other matured economic clusters which offer good and high specification office with competitive rentals and attractive tenancy terms, will appeal to this category of occupiers.

2.0 OFFICE MARKET OVERVIEW (CONTD.)

2.1 Kuala Lumpur (Contd.)

2.1.4 Market Outlook (Contd.)

Meanwhile, the matured decentralised office market in KL Fringe is expected to hold steady amid the challenging office market due to strong domestic and regional occupier demand. Office buildings that are well-connected to the road and rail infrastructure as well as wide array of amenities continue to garner strong demand.

Landlords / owners are exploring plans to refurbish / upgrade selected dated but well-located office buildings to improve the market competitiveness of these buildings. There is growing trend of similar buildings being repurposed for new or alternative uses subject to various factors. With the current oversupplied office market, there are developers reviewing their approved / proposed office developments for other potential uses.

The concerted efforts by InvestKL to attract more MNCs to set up their regional offices in the country and subsequently create more job opportunities and generate demand for office space has a multiplier impact on the country's economy and real estate market moving forward.

Malaysia has moved up to 12th position from 15th previously in the World Bank Doing Business 2020 report, supported by ongoing reform initiatives. The country scored 81.50 points amongst 190 global economies due to advantages in terms of location, infrastructure quality and resources while its capital city remains a key investment destination with strong and stable fundamentals.

2.2 Selangor

2.2.1 Supply

The supply of purpose-built office space in Selangor increased steadily from 2010 to 2019.

As of 2019, the cumulative supply of office space in Selangor stood at approximately 22.9 million sq ft, growing from 13.6 million sq ft in 2010 with a CAGR of circa 6.0%.

Notable office completions in 2019 include Symphony Square (226,000 sq ft NLA), KYM Tower (180,000 sq ft NLA), 1 Powerhouse (600,000 sq ft NLA) and Tropicana Gardens Office Tower (217,000 sq ft NLA), all located in the locality of Petaling Jaya.

Office buildings slated for completion in 2020 include Tower 5 of PJ Sentral Garden City, Sumurwang Tower at I-City, Blocks G and J of Empire City, Q Tower at twentyfive.7, and Menara Star 2 of Pacific Star as well as Quill 9 Annex. Collectively, they are expected to add another 1.8 million sq ft to the existing stock.

Meanwhile, Imazium @ Uptown, with an estimated NLA of 450,000 sq ft, is expected to be completed in 2021.

Market Report

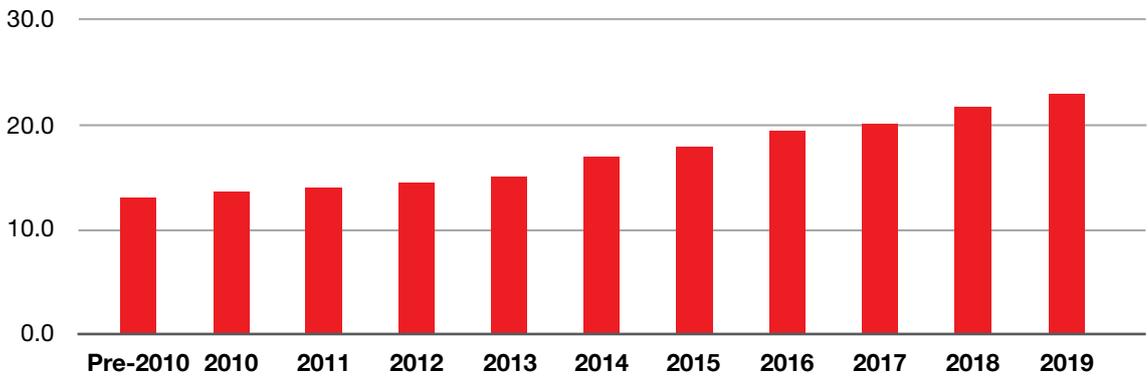
2.0 OFFICE MARKET OVERVIEW (CONTD.)

2.2 Selangor (Contd.)

2.2.1 Supply (Contd.)

Chart 5: Selangor – Cumulative Supply of Purpose-Built Office Space, Pre-2010 to 2019

**Existing Supply
(million sq ft)**



Source: Knight Frank Research

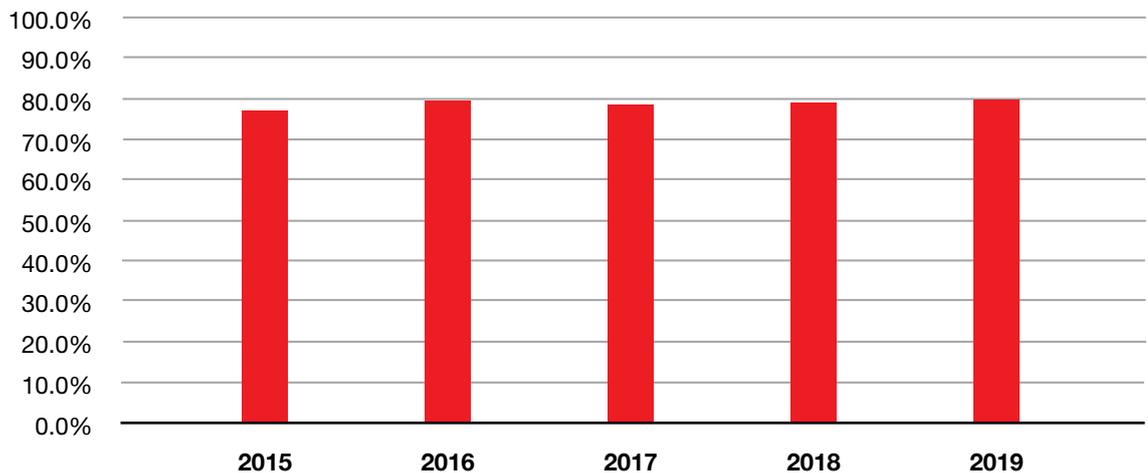
2.2.2 Occupancy

The overall occupancy rate of purpose-built office space in Selangor has remained fairly steady since 2015, ranging between 76.0% and 80.0%.

On the state’s level, the overall occupancy rate of purpose-built office space has increased marginally to record at 79.4% in 2019 from 78.8% in 2018.

Chart 6: Selangor - Overall Occupancy of Purpose-Built Office Space, 2015 to 2019

Weighted Average Estimated Occupancy



Source: Knight Frank Research

2.0 OFFICE MARKET OVERVIEW (CONTD.)

2.2 Selangor (Contd.)

2.2.2 Occupancy (Contd.)

The occupancy rate of purpose-built office buildings in the locality of Petaling Jaya dropped slightly to record at 79.5% in 2019 (2018: 80.4%) while similar space in Cyberjaya showed an improved occupancy to record at 76.5% on the year (2018: 75.5%).

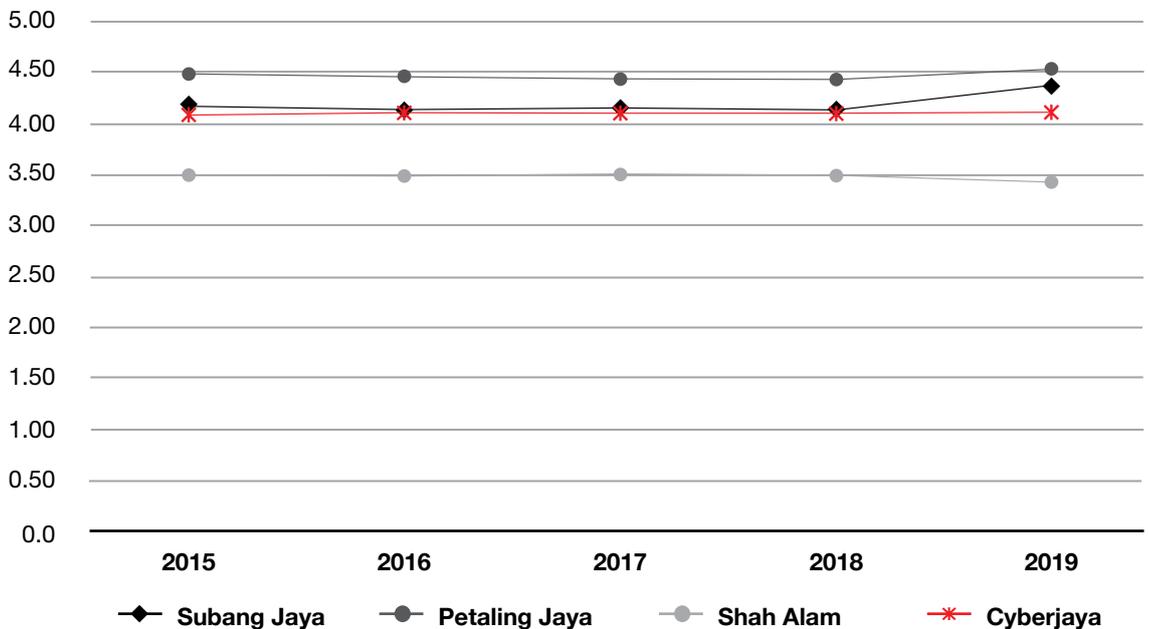
In other selected office locations such as Subang Jaya and Shah Alam, the occupancies hovered above the 80.0% mark, at 81.3% and 88.8% respectively. The locality of Shah Alam achieved commendable occupancy due to improved take-up in buildings such as Wisma Sunway and Menara MRCB.

2.2.3 Rental Rates

The overall average achievable rental rate of purpose-built office space in Selangor showed an increment from RM4.22 per sq ft per month in 2018 to RM4.31 per sq ft per month in 2019.

Chart 7: Selangor - Overall Average Rental Rates of Purpose-Built Office Space by Localities, 2015 to 2019

Weighted Average Estimated Occupancy (RM per sq ft per month)



Source: Knight Frank Research

In the localities of Petaling Jaya and Subang Jaya, the rates increased to RM4.52 per sq ft and RM4.36 per sq ft per month respectively. In contrast, however, the monthly average rates in Shah Alam and Cyberjaya dipped marginally to RM3.41 per sq ft and RM4.10 per sq ft respectively.

Market Report

2.0 OFFICE MARKET OVERVIEW (CONTD.)

2.2 Selangor (Contd.)

2.2.4 Market Outlook

The overall occupancy and rental rates of the office space in Selangor are expected to hold steady moving forward.

The availability of good grade office space at attractive rental rates coupled with improved infrastructure providing easy accessibility and good connectivity via the fully operational MRT Line 1 as well as the existing LRT and KTM Komuter lines continue to support the office decentralisation trend in Selangor.

The growing popularity of co-working space provides opportunities to landlords looking to improve the occupancy levels of their buildings with a number of them partnering with co-working and shared services operators to accommodate existing / new tenants' requirements such as flexible / customised workspace and leasing arrangement. With the facilities offered coupled with opportunities for community building and networking, the landlords are able to attract other tenants and the millennial workforce.

2.3 Melaka

70

2.3.1 Supply

As of 2019, the cumulative supply of purpose-built office space in Melaka stood at circa 4.3 million sq ft. Private buildings contribute some 2.6 million sq ft or circa 59.8% while the remaining 1.7 million sq ft (circa 40.2%) is made up of public (government) office space.

Since the completion of an office building in 2H2016, offering circa 54,000 sq ft NLA, no new completion has been recorded in the state.

Melaka Tengah has the highest concentration of office supply with circa 2.7 million sq ft or 62.0% share of total office stock in the state, followed by Melaka Town with circa 1.4 million sq ft (32.1% share). Collectively, Pekan Jasin, Pekan Masjid Tanah and Pekan Alor Gajah constitute the remaining office supply with approximately 255,000 sq ft or 5.9% share.

2.3.2 Occupancy

For privately-owned office buildings, the overall occupancy rate improved marginally to record at 70.1% in 4Q2019 (3Q2019: 69.3%).

The office space in Pekan Alor Gajah were reportedly fully occupied while in Pekan Masjid Tanah, the occupancy rate has constantly hovered above the 90.0% mark (*source: NAPIC*).

2.0 OFFICE MARKET OVERVIEW (CONTD.)

2.3 Melaka (Contd.)

2.3.3 Rental Rates

Gross rentals of selected existing office buildings in prime Central Town area continued to hold steady generally, ranging from RM0.80 per sq ft to RM2.70 per sq ft per month.

Table 4: Melaka – Rental Range of Selected Office Buildings in Central Town, 2019

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	0.80 – 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 resilient moving forward. With no impending new supply of office buildings in the state, the rental level and overall occupancy rate are expected to continue to hold steady in the short and medium term.

The construction of the Kuala Lumpur-Singapore High Speed Rail (HSR) railway project has been postponed until end-May 2020. The railway project, which will have a train station in Ayer Keroh, is expected to boost the demand for office space in the surrounding areas upon its completion. The HSR express service is expected to be operational by January 2031.

3.0 RETAIL MARKET OVERVIEW

Retail sales growth in Malaysia has been trending down from 5.5% in 2012 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 1 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, expanding only 1.7% in 2016 and 2.0% in 2017.

The 3-month tax holiday in 2018 failed to lift Malaysia's retail industry. Retail sales for the year expanded only 3.9%, lagging behind the country's economic growth for six consecutive years.

On a quarterly basis, retail sales growth started to pick up and expanded 3.8% in 4Q2019 (3Q2019: 1.8%). However, amid growing economic uncertainties, growth for the whole year of 2019 has been revised downwards from 4.4% to 3.7%, the third revision since the beginning of this year as consumers remain cautious in their spending.

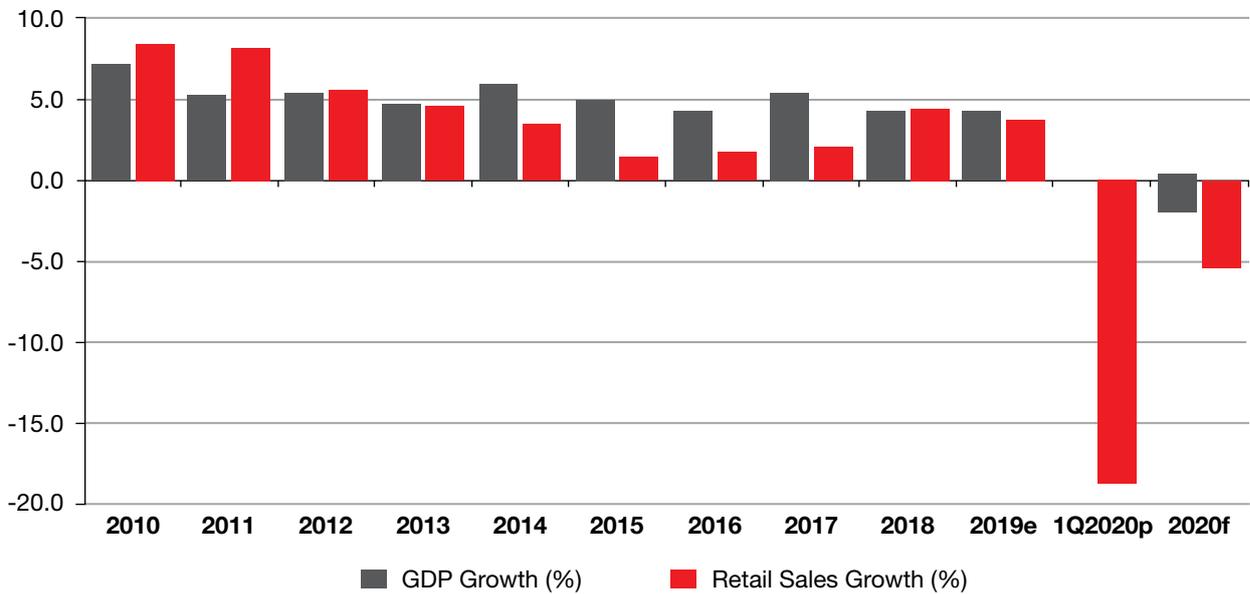
Market Report

3.0 RETAIL MARKET OVERVIEW (CONTD.)

Meanwhile, the country’s retail industry contracted 18.8% in the first three months of 2020, its highest ever quarterly contraction since 1998 as the Covid-19 pandemic forces store closures under the MCO, consumers shun crowded places and tourist arrivals see a drastic drop. For the whole year of 2020, Retail Group Malaysia is projecting a 5.5% annual retail sales contraction.

Chart 8: Malaysia – Retail Sales Performance, 2010 to 2020f

Retail Sales Growth Rate (%)



Source: Malaysia Retailers Association / Retail Group Malaysia

Note: e = estimates, p = preliminary, f = forecast

3.1 Selangor

3.1.1 Supply

In 2019, the total existing supply of retail space in Selangor stood at circa 39 million sq ft (source: NAPIC) with no notable opening of new shopping centres during 2H2019. It is also observed that most of the under-construction retail components have delayed their completions or openings to 2020.

The scheduled completions of three shopping centres by 2020 with combined NLA of circa 1.6 million sq ft will increase the cumulative supply of retail space in Selangor to approximately 40.6 million sq ft.

3.0 RETAIL MARKET OVERVIEW (CONTD.)

3.1 Selangor (Contd.)

3.1.1 Supply (Contd.)

Table 5: Selangor – Incoming Supply of Retail Space, 2020

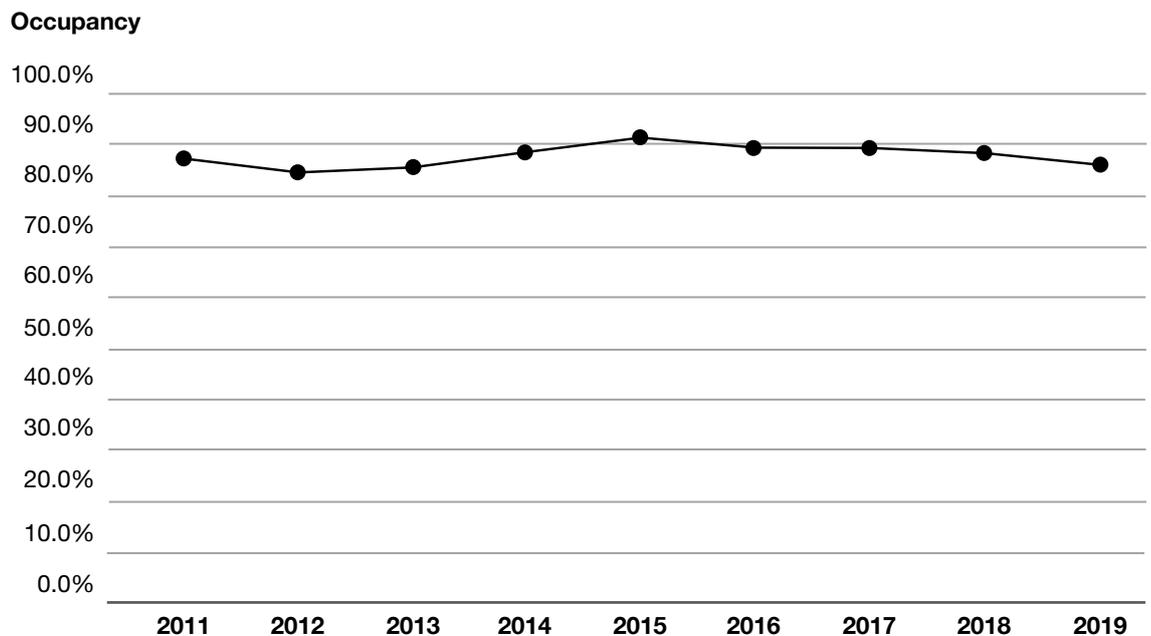
Shopping Centre / Retail Component	Locality	Estimated NLA (sq ft)
Tropicana Gardens Mall	Petaling Jaya	1,000,000
KL East Mall	Petaling Jaya	380,000
Pacific Star Retail Podium	Petaling Jaya	240,000
Total		1,620,000

Source: Knight Frank Research

3.1.2 Occupancy

The average occupancy rate of retail space dipped in 2012 but has since improved to register at a high of 87.7% in 2015. However, amid heightened competition arising from increased retail space supply in recent years, the occupancy rate declined to record at 82.1% in 2019 (2018: 84.3%).

Chart 9: Selangor – Average Occupancy Rate of Shopping Centres, Arcades and Hypermarkets, 2010 to 2019



Source: NAPIC

Market Report

3.0 RETAIL MARKET OVERVIEW (CONTD.)

3.1 Selangor (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, 1H2019

Shopping Centre	Location	Floor Level	Rental Range (RM per sq ft / month)
The Curve	Mutiara Damansara	Ground	9.10 - 39.20
		First	8.20 - 17.20
Subang Parade	Subang Jaya	Lower Ground	7.80 - 20.60
		Ground	12.00 - 17.00
The Mines	Seri Kembangan	First (Fashion)	10.00 - 20.70
		First (Food)	7.20 - 16.40
		Second (Fashion)	8.00 - 17.90
		Third (Fashion)	5.40 - 8.40
		Third (Food)	5.90 - 14.80
IOI Mall	Puchong	Ground (Fashion)	14.00 - 25.00
		Ground (Food)	10.50 - 28.00
		First (Fashion)	9.90 - 16.50
		Second (Food)	9.30 - 14.00
SACC Mall	Shah Alam	Ground (Food)	6.70 - 19.10
		First	5.00
		Second	3.60 - 4.30
		Third	3.20 - 5.50

Source: NAPIC / Knight Frank Research

Rental levels at popular shopping centres, namely The Curve, Subang Parade and IOI Mall remained competitive, ranging from RM7.80 per sq ft to RM39.20 per sq ft per month. The remaining shopping centres under review generally command lower rentals between RM3.20 per sq ft and RM20.70 per sq ft per month.

The rental rates are dependent on the shopping centre and its location / market catchment, orientation of the retail lot, floor level, unit sizing and other value factors.

3.0 RETAIL MARKET OVERVIEW (CONTD.)

3.1 Selangor (Contd.)

3.1.4 Market Outlook

The MIER CSI declined 1.7 points to record at 82.3 points in 4Q2019 (3Q2019: 84.0 points), its lowest reading since 4Q2017. The index has remained below the 100-point threshold for five consecutive quarters as consumers are increasingly cautious of their spending amid the slowing down of global and domestic economies and weaker job market.

In addition, with heightened competition and increased challenges in the retail market, selected existing shopping centres have embarked on AEs cum rejuvenation plans to cater to current shopping habits. For example, the annex block of Sungei Wang, which spans approximately 171,000 sq ft, has been converted into a lifestyle zone housing specialty stores in September 2019.

Following the government's change in rules to allow foreign hypermarket operators to set up smaller stores, Tesco Stores (M) Sdn Bhd has opened its first 21,500 sq ft store in Wangsa Walk Mall. The change in rules has helped foreign hypermarket operators to transform and survive during the current economic downturn.

More operators and retailers are also embracing technological changes as well as interactive cum experiential engagements to drive footfalls and boost sales as the country's e-commerce market which had reportedly tripled in size since 2015 continues its strong growth momentum.

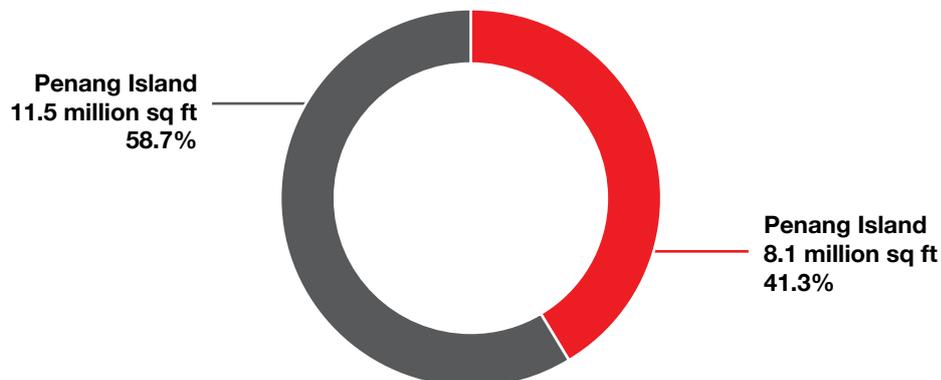
Malaysia's retail industry is expected to post a 3.9% YoY contraction for the 1Q2020 as businesses have been severely affected by the Covid-19 outbreak. Footfalls in shopping centres have declined sharply as foreign tourists cancelled their travel plans while locals are shying away from crowded places.

3.2 Penang

3.2.1 Supply

The cumulative supply of retail space in Penang was recorded at 19.6 million sq ft as of 2019 (*source: NAPIC*). Penang Island accounted for 58.7% share (11.5 million sq ft) of the total supply while the remaining 41.3% share (8.1 million sq ft) are located in Penang Mainland area.

Chart 10: Penang – Existing Supply of Shopping Centres, Arcades and Hypermarkets, 2019



Source: NAPIC / Knight Frank Research

Market Report

3.0 RETAIL MARKET OVERVIEW (CONTD.)

3.2 Penang (Contd.)

3.2.1 Supply (Contd.)

The first phase of IKEA Southeast Asia's integrated shopping centre in Aspen Vision City was officially opened in December 2019. The retail extension, measuring approximately 80,000 sq ft of space spread over 4 levels, is linked to IKEA Batu Kawan. Its notable tenants include Harvey Norman, SportsDirect, Project Rock and 7-Eleven.

In the locality of Simpang Ampat on the mainland, a new shopping mall, measuring circa 430,000 sq ft was completed in 2H2019.

Meanwhile, Mercato, an upscale supermarket chain made its debut at Gurney Plaza in November 2019, its third store in Malaysia after Mercato Pavilion and Mercato Hartamas. The supermarket offers more than 2,000 unique and international products such as meats, live tank seafood and wines.

Table 7: Penang – Existing Supply of Selected Hypermarkets

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	Bukti Mertajam	536,507	2015
Mydin Wholesale Hypermarket Bertam	Mainland	Kepala Batas	160,000	2014
Tesco Hypermarket Alma	Mainland	Bukti 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			1,511,526	

Source: Knight Frank Research

Note: N/A = Not Available

3.0 RETAIL MARKET OVERVIEW (CONTD.)

3.2 Penang (Contd.)

3.2.1 Supply (Contd.)

There are eight shopping centres currently under construction / in planning stage in Penang. Five of them, located in Penang Island, account for circa 3.4 million sq ft of impending supply while the three remaining developments with combined retail space of circa 2.0 million sq ft are located in Butterworth, Seberang Jaya and Seberang Perai on Penang Mainland.

Table 8: Penang – Future Supply of Selected Shopping Centres

Shopping Centre	Location	Estimated NLA / GFA (sq ft)	Status / Expected Completion Year
Penang Island			
Penang Times Square (Phase 3 & Phase 4)	Georgetown	341,971	Phase 3: 2Q2020 Phase 4: N/A
Botanica CT Centre	Balik Pulau	80,000	2021
Sunshine Tower	Georgetown	900,000	2022
Sunway Valley City	Paya Terubong	1,000,000	2023
The Light Waterfront Mall	Jelutong	Phase 1: 700,000 Phase 2: 400,000	2023
Sub-total – Penang Island		3,421,971	
Penang Mainland			
Penang Sentral	Butterworth	400,000	2020
Sunway Carnival Shopping Mall (Extension)	Seberang Jaya	350,000	4Q2020
Gem Mall	Seberang Perai	1,200,000	2021
Sub-total – Penang Mainland		1,950,000	
Total - Penang		5,371,971	

Source: Knight Frank Research

Note: N/A = Not Available

3.2.2 Occupancy

The average occupancy rate of retail space (inclusive of shopping centres, arcades and hypermarkets) in Penang (include Penang Island and Penang Mainland) has been fairly stable over the years (2010 to 2019), ranging between 66.1% and 73.8%.

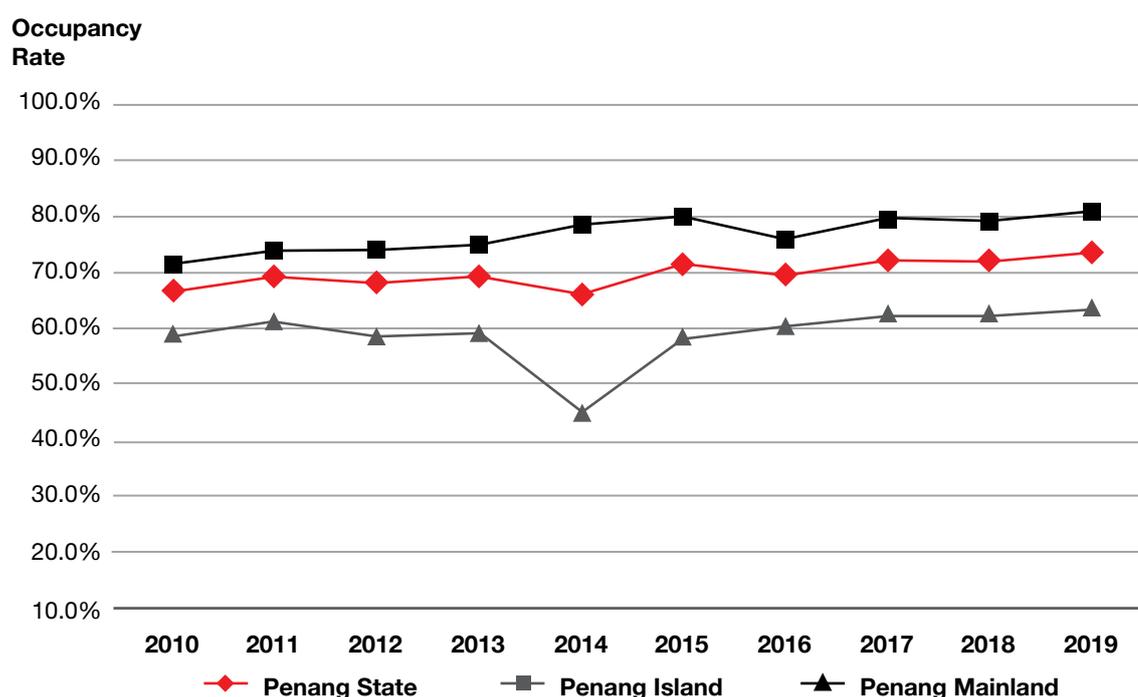
Market Report

3.0 RETAIL MARKET OVERVIEW (CONTD.)

3.2 Penang (Contd.)

3.2.2 Occupancy (Contd.)

Chart 11: Penang – Average Occupancy Rates of Total Retail Space 2010 to 2019



Source: NAPIC / Knight Frank Research

In 2019, the average occupancy rate of retail space in Penang was at 73.8% (2018: 72.4%).

During the period under review, it is observed that the occupancy trend for Penang Island mirrors the state's performance albeit at higher levels while on the mainland, the occupancy level was consistently lower.

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

Table 9: Penang – Occupancy Rates of Selected Shopping Centres / Hypermarket, 2019

Hypermarket / Shopping Centre	Location	Estimated Occupancy Rate
Mydin HyperMall Bukit Mertajam	Bukit Mertajam, Seberang Perai Tengah	100% (fully leased to Mydin wholesale hypermarket)
Sunway Carnival	Seberang Jaya, Seberang Prai Tengah	96.4% (as of June 2019)
Gurney Plaza	George Town, Penang Island	99.8% (as of December 2019)

Source: Various Sources / Knight Frank Research

3.0 RETAIL MARKET OVERVIEW (CONTD.)

3.2 Penang (Contd.)

3.2.3 Rental Rates

In general, rental rates of retail lots in selected established shopping centres in the central town prime area on Penang Island range from RM4.20 per sq ft to RM52.00 per sq ft per month, depending on factors such as location and building condition of the mall, floor level and size of retail lots amongst others.

Table 10: Penang - Rental Rates of Selected Shopping Centres, 2019

Shopping Centre	Floor	Rental Range (RM per sq ft / month)
Gurney Plaza	Ground Floor	13.70 – 49.80
	First Floor	12.15 – 47.00
	Second Floor	6.10 – 52.00
	Third to Fourth Floor	5.40 – 31.50
Gurney Paragon	LG	7.20 – 12.40
	First Floor	18.70 - 20.90
	Second Floor	17.90 – 19.90
	Third to Sixth floor	4.40 – 17.00
1 st Avenue	Ground Floor	10.00 – 32.80
	Second Floor	6.90 – 11.00
	Fourth Floor	4.90

Source: NAPIC / Knight Frank Research

3.2.4 Market Outlook

As of 2H2019, the occupancy rates for prime shopping malls on the island generally range from 90.0% to 98.0% while for secondary shopping malls, the occupancy rates typically range between 70.0% and 90.0%.

The retail sector will be facing a tough times and weak shopping centres will continue to face downward pressures on both occupancy and rental levels. Stronger shopping centres with a good mix of tenants, good management and track record are expected to remain resilient in the short to medium term despite disruptions caused by the Covid-19 pandemic and current market uncertainties.

Online shopping platform remains as a strong competitor for the brick and mortar players as more and more retailers or shopping malls embrace the digital technology to attract online shoppers and boost sales.

Sustainability Statement



ABOUT THIS STATEMENT

This sustainability statement (the “Statement”) marks our third annual publication which aims to provide insights on our sustainability initiatives in the FY2020, that is from 1 April 2019 to 31 March 2020. We are committed to reporting in a transparent manner, activities which we have carried out to manage the economic, environmental and social (“EES”) impacts of our investments and building management activities.

In FY2020, we built on the sustainability initiatives of previous years and introduced new initiatives especially on the environmental front. In terms of materiality, we enhanced our materiality methodology by engaging our key stakeholders through a materiality survey as part of our commitment to engage our valued stakeholders and to enhance our understanding of their requirements. This was an important step for us to gauge the level of significance of material matters to our key stakeholders and to guide us in managing stakeholder expectations.

We continuously seek to improve our sustainability reporting and disclosures to ensure our Statement is meaningful for the readers. Where applicable, we provide YoY monitoring and trends of our performance in the EES areas of sustainability.

Sustainability Statement

SCOPE AND BOUNDARY

This Statement provides an overview of our sustainability initiatives carried out by the Manager across our nine (9) properties located in Klang Valley, Melaka and Penang.

Properties	Location of Properties
Bangunan AmBank Group	Kuala Lumpur
Menara AmBank	Kuala Lumpur
Menara AmFIRST	Petaling Jaya
Wisma AmFIRST	Kelana Jaya
The Summit Subang USJ	Subang Jaya
Prima 9	Cyberjaya
Prima 10	Cyberjaya
Kompleks Tun Sri Lanang (also known as Jaya 99)	Melaka
Mydin HyperMall	Bukit Mertajam

**Details of our properties are disclosed in the Asset Profile, pages 42 to 59 of this annual report.*

REPORTING APPROACH

This Statement is prepared in accordance with the Bursa Securities' Main Market Listing Requirements and its Sustainability Reporting Guide 2018. This report references the GRI Standards 2018 (the "Standards") and the specific content used from the Standards are listed as below.

- GRI 102-1, 102-2, 102-4 to 102-7 and 102-9 : Organisational profile
- GRI 102-14 and 102-15 : Strategy
- GRI 102-18 to 102-20, 102-22, 102-23, 102-26, 102-29 and 102-32 : Governance
- GRI 102-40 and 102-42 to 102-44 : Stakeholder engagement
- GRI 102-46, 102-47, 102-50, 102-52, 102-53 and 102-55 : Reporting practice
- GRI 102-16 and 102-17 : Ethics and Integrity
- GRI 201-1 : Economic Performance
- GRI 203-1 : Indirect Economic Impacts
- GRI 204-1 : Procurement Practices
- GRI 302-3 and 302-4 : Energy
- GRI 306-2 : Effluents and Waste
- GRI 401-1 : Employment
- GRI 403-4 to 403-6 : Occupational Health and Safety
- GRI 404-1 and 404-2 : Training and Education
- GRI 405-1 : Diversity and Equal Opportunity
- GRI 413-1 : Local Communities
- GRI 419-1 : Socioeconomic Compliance

FEEDBACK

We encourage our stakeholders to share their feedback pertaining to our sustainability approach, performance and reporting. For any queries or clarifications on these matters, you may contact the following:

Name : YM Raja Nazirin Shah Bin Raja Mohamad
Designation : Executive Director / Chief Executive Officer
Email : rajanazirinshah@ambankgroup.com

Sustainability Statement

OUR APPROACH TO SUSTAINABILITY

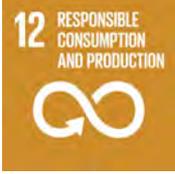
We have undertaken a multipronged approach to become a sustainable REIT. By strengthening internal governance mechanisms, lowering energy use and investing in our workforce, we are better positioned to manage environmental, economic, social and governance risks and opportunities.

We have aligned our sustainability initiatives to the United Nations Sustainable Development Goals (“SDGs”) with the aim to further define our focus on sustainable investment and growth.

SDGs	SDG Targets	Our Contributions
	<p>SDG Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value.</p>	<ul style="list-style-type: none"> • Established Code of Ethics and Code of Conduct to guide employees on professional conduct. • Established Safety and Health Committee for each property to monitor safety and health issues. • Provided employee benefits. • Provided training and development for employees to enhance knowledge and skills. We recorded a total of 649 hours of training in FY2020.
	<p>SDG Target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.</p>	<ul style="list-style-type: none"> • Total training hours for FY2020 was 649 hours (FY2019 : 354 hours). • Both technical and non-technical trainings were provided to employees such as on occupational safety and health, Malaysian Financial Reporting Standards and Strata Property Management Seminar, among others.
	<p>SDG Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies.</p>	<ul style="list-style-type: none"> • Invested RM7.8 million to upgrade facilities to improve user convenience in FY2020 (FY2019 : RM13.2 million). • Upgraded facilities within our properties such as modernising the elevators and carparks in FY2020. • Replaced old chiller units and cooling tower units e.g. installed green chiller system at Menara AmFIRST in FY2017. • Ongoing substitution of conventional lighting with LED.

Sustainability Statement

Our Approach to Sustainability (Contd.)

SDGs	SDG Targets	Our Contributions
	<p>SDG Target 11.7: By 2030, provide universal access to safe, inclusive and accessible, green and public spaces.</p>	<ul style="list-style-type: none"> • Provided safe and accessible spaces in all properties within the property portfolio.
	<p>SDG Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources.</p>	<ul style="list-style-type: none"> • Implemented segregation of waste at source. • Provided recycling bins at our properties. • Established an e-Board platform where electronic copies of documents are used instead of hard copies. • Co-organised #nosingleplasticuse campaign with AmBank Group in FY2020.
	<p>SDG Target 16.5: Substantially reduce corruption and bribery in all their forms.</p>	<ul style="list-style-type: none"> • Established Whistleblowing Policy and No Gift Policy. • Organised Anti-Money Laundering training to provide knowledge and awareness to employees.

Sustainability Statement

Our Approach to Sustainability (Contd.)

Our commitment to sustainability is further enhanced with the establishment of our Sustainability Policy in FY2018. The policy guides our business practices and decision making with considerations of sustainability risk on the local economy, environment and society at large.

Tenets of Sustainability Policy



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.



Recruit, develop and retain talent by providing competitive benefit package and ensuring fair workplace practices.



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.



Encourage growth and development of local suppliers and vendors through optimal use of local resources and materials.



Comply with relevant national and international legislations, standards and procedures for sustainability reporting (as applicable).

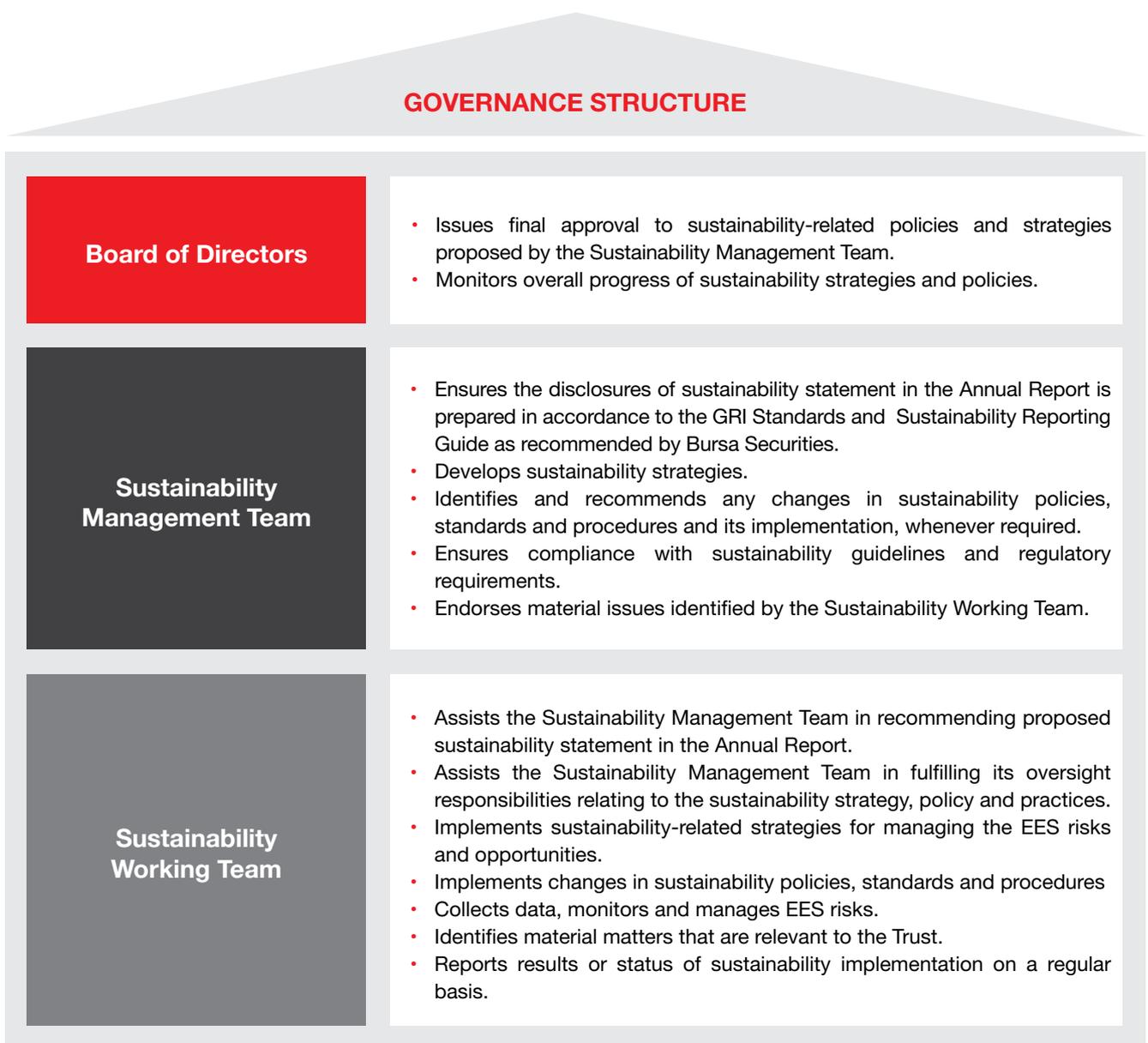


Shape a healthy, resilient and sustainable community through various community initiatives.

Sustainability Statement

OUR SUSTAINABILITY GOVERNANCE STRUCTURE

Our sustainability agenda is driven by the Board who oversees the overall implementation of initiatives throughout our operations. Sustainability at the Board's level shows strong accountability and commitment towards sustainable practices. The Board is assisted by the Sustainability Management Team and Sustainability Working Team who are responsible for implementing initiatives and monitoring sustainability performance. The illustration below lists the roles and responsibilities of the Board, Sustainability Management Team and Sustainability Working Team.



Sustainability Statement

OUR STAKEHOLDERS

We practice regular engagement sessions with our stakeholders to communicate concerns pertaining to our activities and to understand and address various stakeholder expectations.

Stakeholder Groups	Areas of Interest	Mode of Engagement	Frequency	Our Response
Unitholders or Investors 	<ul style="list-style-type: none"> Financial performance 	<ul style="list-style-type: none"> Annual General Meeting Annual Report Quarterly Results Company Website Investor's Briefing 	<ul style="list-style-type: none"> Annually Annually Quarterly Regular basis As and when requested 	<ul style="list-style-type: none"> Regular engagement sessions with investors such as financial results announcement and Annual General Meeting
Trustee 	<ul style="list-style-type: none"> Annual total return Sustainable growth Fund stability 	<ul style="list-style-type: none"> Regular reporting Annual General Meeting One-to-one meeting 	<ul style="list-style-type: none"> Regular basis Annually As and when requested 	<ul style="list-style-type: none"> Policies and guidelines on governance and control Responsible investment
Tenants 	<ul style="list-style-type: none"> Building safety Building services and amenities provided 	<ul style="list-style-type: none"> Fire drill Occupational Safety and Health ("OSH") awareness seminar Notices One-to-one meeting 	<ul style="list-style-type: none"> Annually Annually Regular basis As and when requested 	<ul style="list-style-type: none"> Conducted annual unannounced fire drill Provision of safety and health training <p><i>Details can be found under 'Occupational Health and Safety' on page 96.</i></p>
Suppliers 	<ul style="list-style-type: none"> Transparent procurement process 	<ul style="list-style-type: none"> Evaluation Performance reviews One-to-one meeting 	<ul style="list-style-type: none"> Monthly Monthly As and when requested 	<ul style="list-style-type: none"> Fair evaluation prior to appointment of suppliers Monthly suppliers' performance evaluation <p><i>Details can be found under 'Procurement Process and Supply Chain Management' on page 94.</i></p>
Regulatory Authorities and Statutory Bodies 	<ul style="list-style-type: none"> Non-compliance Labour practices Environmental regulations 	<ul style="list-style-type: none"> Regular reporting One-to-one meeting 	<ul style="list-style-type: none"> Regular basis As and when required 	<ul style="list-style-type: none"> Policies and guidelines on governance and control Dedicated Compliance Officer

Sustainability Statement

Our Stakeholders (Contd.)

Stakeholder Groups	Areas of Interest	Mode of Engagement	Frequency	Our Response
Employees 	<ul style="list-style-type: none"> • Job benefit • Career development 	<ul style="list-style-type: none"> • Learning and development • Induction training 	<ul style="list-style-type: none"> • Regular basis • Upon employment 	<ul style="list-style-type: none"> • Training and development opportunities provided to employees • Provision of benefits for employees <p><i>Details can be found under 'Training and Development' on page 100.</i></p>
Local Communities 	<ul style="list-style-type: none"> • Social contributions 	<ul style="list-style-type: none"> • Community events 	<ul style="list-style-type: none"> • Regular basis 	<ul style="list-style-type: none"> • Organised CSR programmes • Provided aid or donation to underprivileged groups including those with special needs <p><i>Details can be found under 'Our Local Communities' on pages 101 to 104.</i></p>

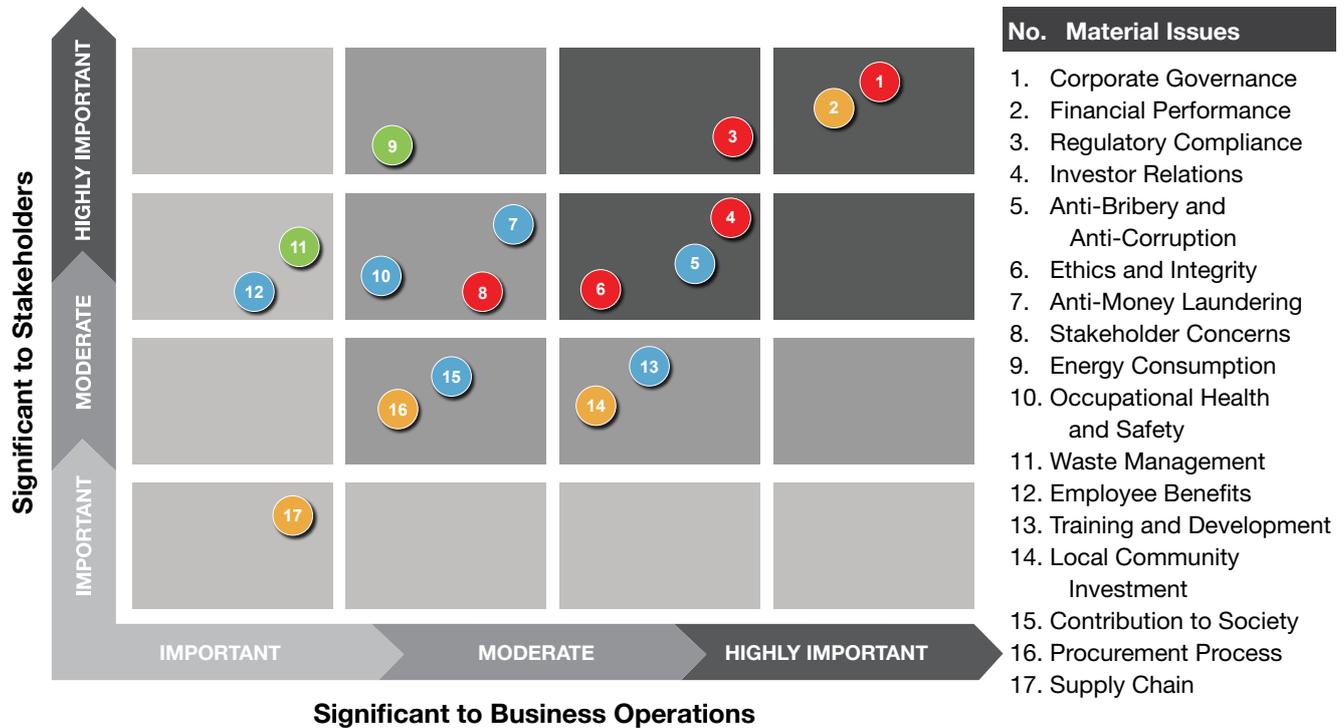
OUR MATERIAL MATTERS

Material sustainability matters were identified in FY2018 via a materiality assessment conducted using a weighted ranking method. Weightage was placed on each stakeholder group based on the level of priority and influence the stakeholder group has on the Trust. The next step involved in this assessment was to evaluate the level of significance of sustainability matters to both the Trust and our stakeholders.

While we maintained the seventeen (17) material sustainability matters identified in FY2018, for this reporting year, we conducted a review and reassessment of the material matters in relation to the requirements of our key stakeholders (Unitholders/ investors, tenants, suppliers/property managers, employees and local communities). The findings of this exercise were used to guide us in managing stakeholder expectations. Based on the survey results, thirteen (13) out of seventeen (17) material matters maintained the same rank and position when compared to the FY2018 materiality matrix.

Sustainability Statement

Our Material Matters (Contd.)



Legend

- Governance Indicator
- Economic Indicator
- Environmental Indicator
- Societal Indicator

MAPPING OUR MATERIAL SUSTAINABILITY MATTERS TO SDGs

This year, to reflect our commitment to sustainability, we mapped our material sustainability matters to relevant SDGs in order to showcase how our sustainability initiatives contribute to the global effort in achieving sustainable development. We recognise the EES impacts of our operations in investment and building management and therefore, strive to address these impacts and minimise its associated risk to our businesses.

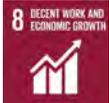
Sustainability Statement

Mapping our Material Sustainability Matters to SDGs (Contd.)

Material Sustainability Matters	Corresponding GRI Aspects	Relevant Stakeholders	Relevant SDGs
Governance			
Corporate Governance 	<ul style="list-style-type: none"> General Disclosures 	<ul style="list-style-type: none"> Employees, Investors, Trustee 	 
Regulatory Compliance 	<ul style="list-style-type: none"> Socioeconomic Compliance 	<ul style="list-style-type: none"> Regulatory Authorities and Statutory Bodies, Investors, Customers 	
Investor Relations 	<ul style="list-style-type: none"> General Disclosures 	<ul style="list-style-type: none"> Investors 	
Ethics and Integrity 	<ul style="list-style-type: none"> General Disclosures 	<ul style="list-style-type: none"> Employees, Investors, Trustee 	
Stakeholder Concerns 	<ul style="list-style-type: none"> General Disclosures 	<ul style="list-style-type: none"> All Stakeholders 	
Economic			
Financial Performance 	<ul style="list-style-type: none"> Economic Performance 	<ul style="list-style-type: none"> Investors, Trustee 	
Local Community Investment 	<ul style="list-style-type: none"> Indirect Economic Impacts 	<ul style="list-style-type: none"> Local Communities 	

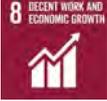
Sustainability Statement

Mapping our Material Sustainability Matters to SDGs (Contd.)

Material Sustainability Matters	Corresponding GRI Aspects	Relevant Stakeholders	Relevant SDGs
Economic			
Procurement Process 	<ul style="list-style-type: none"> Procurement Practices 	<ul style="list-style-type: none"> Suppliers 	 
Supply Chain 	<ul style="list-style-type: none"> General Disclosures 	<ul style="list-style-type: none"> Suppliers 	 
Environmental			
Energy Consumption 	<ul style="list-style-type: none"> Energy 	<ul style="list-style-type: none"> Local Communities, Investors 	 
Waste Management 	<ul style="list-style-type: none"> Effluents and Waste, Environmental Compliance 	<ul style="list-style-type: none"> Local Communities, Investors, Regulatory Authorities and Statutory Bodies 	 
Social			
Anti-Bribery and Anti-Corruption 	<ul style="list-style-type: none"> Anti-Bribery and Anti-Corruption 	<ul style="list-style-type: none"> Regulatory Authorities and Statutory Bodies, Employees, Investors, Customers, Suppliers 	
Anti-Money Laundering 	<ul style="list-style-type: none"> Anti-Bribery and Anti-Corruption 	<ul style="list-style-type: none"> Regulatory Authorities and Statutory Bodies, Employees, Investors, Customers, Suppliers 	

Sustainability Statement

Mapping our Material Sustainability Matters to SDGs (Contd.)

Material Sustainability Matters	Corresponding GRI Aspects	Relevant Stakeholders	Relevant SDGs
Social			
Occupational Health and Safety 	<ul style="list-style-type: none"> Occupational health and safety 	<ul style="list-style-type: none"> Employees, Customers, Regulatory Authorities and Statutory Bodies 	
Employee Benefits 	<ul style="list-style-type: none"> Employment 	<ul style="list-style-type: none"> Employees 	
Training and Development 	<ul style="list-style-type: none"> Training and Education 	<ul style="list-style-type: none"> Employees 	 
Contribution to Society 	<ul style="list-style-type: none"> Local Communities 	<ul style="list-style-type: none"> Local Communities 	

Sustainability Statement

ROBUST GOVERNANCE FRAMEWORK

We implement robust governance framework to ensure transparent communication, foster stakeholders' relationships built on trust, define leadership behaviour and roles and adhere to ethical business conduct. We aim to practice good organisational processes and policies to minimise and address the risk of non-compliances and maintain legal and ethical standing among stakeholders.

Corporate Governance

The Board leads the Manager and is responsible for overall management of the Trust including establishing goals and monitoring progress of achievement and performance. The Board fulfils its roles and responsibilities with honesty and good faith for the interest of the Unitholders.

The effective corporate governance framework enables us to set and achieve goals by implementing a control mechanism which minimises risk and assures compliance. The Manager established policies and procedures to guide employees to carry out their daily duties and Head of Departments are responsible to ensure compliance for their respective departments. The Compliance and Risk Department performs planned tests on specific procedures based on agreed risk-based methodology.

The Manager has also established a Risk Management Committee to analyse business risks including EES risks. The Committee is responsible to identify risks and ensure the risks are properly minimised and mitigated. In addition, AmBank Group Internal Audit Department ("GIAD") which is independent from our business activities, conduct independent assessments to evaluate the effectiveness of the Manager's risk management and internal control framework that are in place.

The Manager is guided by measures recommended by The Malaysian Code on Corporate Governance 2017 ("MCCG") and governed by a set of rules which determine how the Trust is being managed and operated. Our adherence to MCCG is further described in the Corporate Governance section available on pages 109 to 120 of this Annual Report.

Regulatory Compliance

Under the Capital Markets and Services Act 2007 ("CMSA"), the Manager is required to be licensed and subject to the stipulations of the CMSA. The Trust is also governed by the SC's Listed REIT Guidelines. In ensuring compliance to regulatory requirements, the Manager has established the Compliance and Risk Department which is supervised by AmBank's Group Compliance and Operational Risk Department.

Programmes to ensure regulatory compliance are continuously carried out, such as briefings on Malaysian Anti-Corruption Commission (MACC) Corporate Liability on Section 17A, changes in the SC's Listed REIT Guidelines, Business Continuity Plan, No Gift Policy and Capital and Operational Delegation Policy.

In addition, the Manager conducts annual reviews on policies and procedures as well as control and compliance evaluations. In FY2020, there have been no fines for non-compliance with legal requirements.

Investor Relations

We strive to engage and communicate in a transparent and effective manner with our stakeholders, including Unitholders and prospective investors. We engage with our Unitholders and prospective investors via various platforms such as Annual General Meeting of the Unitholders, financial result announcements, REIT's website and one-to-one or group meetings.

Details of our Investor Relations initiatives are available on the 'Investor Relations and Communications' section on pages 135 to 136 of this Annual Report.

Sustainability Statement

Robust Governance Framework (Contd.)

Ethics and Integrity

We believe ethical and professional business conduct will build trust and confidence among our stakeholders and enhance the Trust's reputation in the market. The Manager has established multiple policies to govern the behaviour of Directors and employees in conducting daily business activities. This includes the Code of Ethics, Code of Conduct, Whistleblowing Policy and No Gift Policy as well as internal policies of AmBank Group. The Code of Ethics outline six (6) key principles which are Compliant, Responsible, Ethical, Accurate, Trustworthy and Equitable.

Key Principles

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

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We prohibit unethical and unlawful behaviour in our business operations and dealings. Following the Whistleblower Protection Act 2010, the Manager established a Whistleblowing Policy to manage incidents of malpractices. The policy provides a mechanism for all employees and stakeholders to report any potential or actual misconduct for investigation and resolution. Any concerns pertaining to wrongdoings can be directed to the Compliance Officer via email or call and it is to be treated with highest confidentiality. Whistleblower's identity is protected to avoid any retaliation.

Anti-Bribery and Anti-Corruption

We have taken a strong stance against bribery and corruption, and all employees and partners are made aware of it. The "No Gift Policy" which was launched in September 2017 is reviewed on a yearly basis and in case of any changes, it is made known throughout the organisation. We consider gifts as anything of value, any bestowing of money, any item of value, services, loan or financing, promise, advantage, benefit-in-kind and discount or rebate.

We practice tracking of any received physical gifts or rewards and it is reported to the CEO for monitoring. Periodically, the register is evaluated by an appointed Compliance Officer to audit the process.

Anti-Money Laundering

In FY2020, anti-money laundering online assessment course was conducted which aims to equip our employees with knowledge on appropriate actions to be undertaken to counter money-laundering. The course is reviewed periodically to ensure it is consistent with any updated regulations or added business values.

Sustainability Statement

CONTRIBUTION TO LOCAL ECONOMY

The Trust's business revolves around leasing space and distributes the income as income distributions to Unitholders. We ensure good returns to Unitholders by adopting strong leasing and marketing strategies to increase occupancy rates at our properties. Other than ensuring income distribution to Unitholders, we support the local economy by providing business opportunities for other companies and also investing in shared facilities that are beneficial for tenants and the local community.

Financial Performance

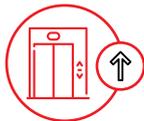
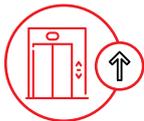
We strive to deliver long-term sustainable returns to the Unitholders and investors whilst ensuring capital stability for business continuity. The Trust has successfully ensured profitability to enable pay-outs for our capital providers, Unitholders, investors, and employees.

More information on our financial performance in FY2020 is available in the 'Financial Statements' section of this Annual Report.

Local Community Investment

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Apart from tenanted spaces, the properties within the Trust's portfolio also maintain common spaces such as corridors, elevators and carparks among others, which are accessible to the public. In FY2020, the Trust has invested approximately RM7.8 million to upgrade some of these facilities to improve user convenience and these efforts are outlined below.

Bangunan AmBank Group	Menara AmBank	The Summit Subang USJ
 <p>Modernisation of existing ten (10) units of passenger lift and two (2) units of fire lift.</p>	 <p>Modernisation of existing two (2) units of passenger lift.</p>	 <p>Modernisation of two (2) podium carpark lift and five (5) units of office tower lift.</p>

The Trust ensures its properties are well-maintained and operate at optimum conditions by conducting regular maintenance and upgrading works with the aim of further improving services and tackling relevant issues pertaining to security and safety.

Procurement Process and Supply Chain Management

We engage with stakeholders across the supply chain including suppliers. We are cognisant of the role that the suppliers play in growing the Trust's business. We are careful in selecting our suppliers and appoint only suppliers who offer cost-effective solutions and meet our requirements in terms of quality of goods and services.

Prior to appointment, evaluations are conducted for the selection of suppliers. Apart from pre-appointment evaluations, we conduct monthly performance assessments for all contractual service vendors to evaluate their quality of work. These assessments look into areas such as quality of service, punctuality, response to emergency, technical knowledge, reporting and health and safety, among others. In FY2020, all our suppliers were local. We engage local suppliers as they understand local business culture and requirements better and it also reduces transportation needs which has both cost and environmental benefits.

Sustainability Statement

OUR ENVIRONMENTAL IMPACT

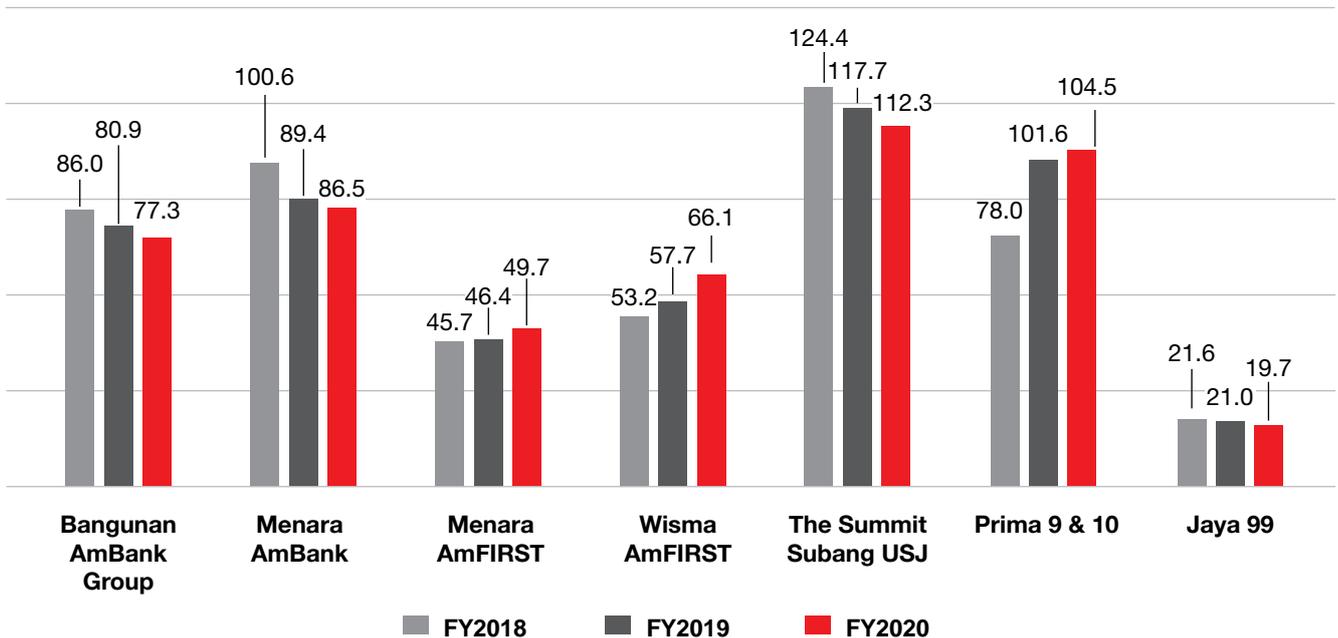
Responsible Energy Consumption

We are committed to increase energy efficiency within all the Trust's properties by implementing relevant initiatives. The substitution of conventional lighting with LED bulbs has been ongoing since 2016 and only certain units of lighting are switched on during non-working hours, both of which help reduce electricity consumption as well as its cost. Apart from that, the centralised air handling unit ("AHU") is set with timer to automate the system to minimise energy loss. The temperature output from centralised AHU is set at the standard temperature for office environment to provide consistent temperature which contributes to efficient use of energy.

Some of the Trust's properties have initiated the replacement of old chiller units and cooling tower units with new and more modern ones in order to optimise energy utilisation. A green chiller system has been installed at Menara AmFIRST and The Summit Subang USJ. The Trust will continue to benefit from this initiative in terms of energy savings.

The electricity intensity consumption patterns across the Trust's properties are presented in the graphs below, excluding Mydin HyperMall, Bukit Mertajam which is fully managed by the leasee as part of the lease terms signed under the sale and leaseback agreement.

Energy Intensity (Kilowatt - Hour Per Square Meter)



For FY2020, the electricity intensity reduced in four (4) of the Trust's properties; Bangunan AmBank Group, Menara AmBank, The Summit Subang USJ and Jaya 99. While Menara AmFIRST, Wisma AmFIRST, Prima 9 and Prima 10 have recorded higher electricity intensity due to the increase of occupancy rate in FY2020 as compared to FY2019.

Furthermore, in support to the Earth Hour 2020, Bangunan AmBank Group, Menara AmBank and Wisma AmFIRST took part by switching off non-essential lights for a period of an hour on 28 March 2020.

Sustainability Statement

Our Environmental Impact (Contd.)

Effective Waste Management

The properties within the Trust's portfolio adhere to the Solid Waste and Public Cleansing Management Act 2007 (Act 672) and local authority's waste management guidelines. It is a prerequisite to segregate solid waste generated at source to prevent disposal and contamination of recyclable materials and to reduce the gross weight of municipal waste sent to landfills which will subsequently reduce the dependency on landfills.

The tenants of the Trust generate solid waste from their respective business operations such as paper and boxes, plastic items, aluminum cans, food waste, obsolete electrical and electronic equipment and old furniture units, amongst others. We have embarked on waste segregation initiatives and delegate this task to appointed cleaning service providers. Three (3) of the Trust's properties, Bangunan AmBank Group, Menara AmBank and Wisma AmFIRST have been furnished with recycling bins and we target to furnish the remaining properties of the Trust with recycling bins in stages.

Besides waste segregation, the Manager communicates internal documentation (i.e. meeting minutes, reports, statements, attachments etc.) via established e-Board platform where documents are converted into electronic copies in order to cut down the amount of paper used in the offices. Also, all printed materials are printed in black and white ink instead of colour, unless necessary, and use double-sided printing when a hardcopy is needed.

On 31 January 2020, a "#nosingleplasticuse" campaign was launched across the food and beverages outlets at Bangunan AmBank Group, Menara AmBank and Wisma AmFIRST, to reduce single-use plastics. This campaign was communicated to all tenants via email.

THE MANAGER'S EMPLOYEES

Occupational Health and Safety

We are cognisant of our duty to provide a conducive, safe working environment to each employee. We adhere to the Occupational Safety and Health Act 1994 (Act 514) to provide a safe and healthy environment for the employees, and via the establishment of a Safety and Health Policy, we are able to identify safety risks and hazards in the workplace. The policy is communicated through various platforms such as induction training and online assessments.

Training is provided to equip the employees with knowledge on relevant regulations in managing safety and health issues at the workplace. Online Occupational Safety and Health ("OSH") e-learning modules are compulsory for employees depending on their job scope. Apart from e-learning modules, physical training involving First-Aid and basic firefighting are also provided to the employees.

All the Trust's properties have each established a Safety and Health Committee, which consists of a chairman, secretary and representatives from the employer and the employees. The committee is responsible for managing, reviewing and investigating any incidents, as well as recommending and implementing mitigation measures when needed. Committee meetings are conducted on a quarterly basis where the latest updates on safety and health legal requirements, improvement initiatives and action plans to embed a safety and health culture among employees, are discussed.

An online reporting platform was created to provide a channel for employees to report accidents, dangerous occurrences and incidents of occupational poisoning or occupational disease, and to report the recorded data, if any, to the Department of Occupational Safety and Health¹.

In line with the government's requirement² to limit smoking in public spaces, since 2014, all the Trust's properties have been smoke-free through the provision of designated smoking areas outside the properties.

Fire is a common risk to any building, and therefore, an unannounced fire drill is conducted annually together with the Fire Department (BOMBA) and basic firefighting demonstrations are held each time to educate employees on how to handle a fire incident.

¹ The Occupational Safety and Health Act 1994 (Act 514). Law of Malaysia. Part VIII, Section 132. Notifications of Accident, dangerous occurrence, occupational poisoning and occupational disease, and inquiry.

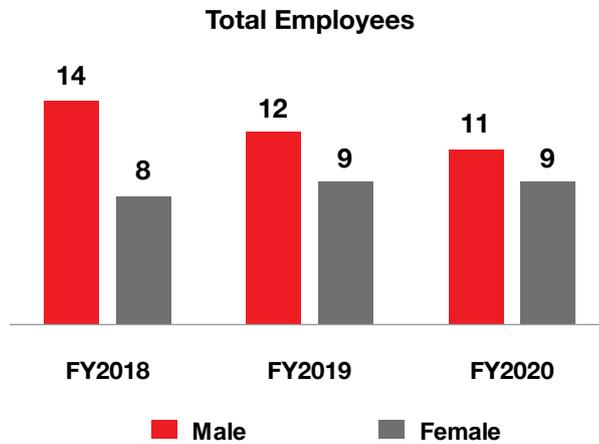
² The Food Act 1983 (Act 281). Law of Malaysia. Part V, Section 36. Application to Tobacco etc.

Sustainability Statement

The Manager's Employees (Contd.)

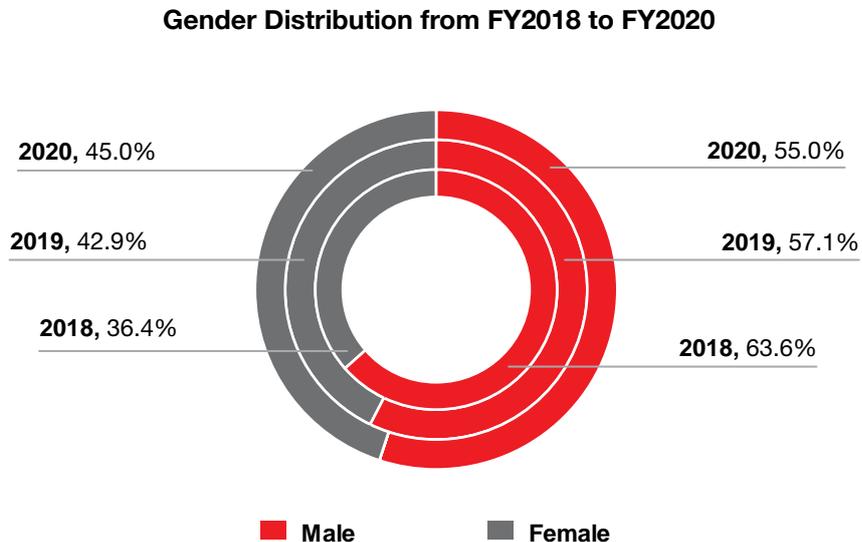
Promoting Equality, Diversity and Inclusivity

A successful business depends on the strengths, skills and effectiveness of its workforce. The Manager emphasises on equality, diversity, inclusiveness and employee benefits, all of which help to retain talent. The Manager's hiring framework does not discriminate on the basis of gender, ethnicity nor age. We leverage on the diversity of the employees as we believe it encourages different business perspectives and a broader knowledge of the industry. The Manager had 22 employees in FY2018 (14 males; 8 females), 21 employees in FY2019 (12 males; 9 females) and 20 employees in FY2020 (11 males; 9 females).



Gender Equality

The distribution of male and female employees has been similar across the last three (3) years in that the percentage of male employees has been slightly higher. The Manager provides equal opportunity and fair treatment for both men and women in the hiring process and while employed.



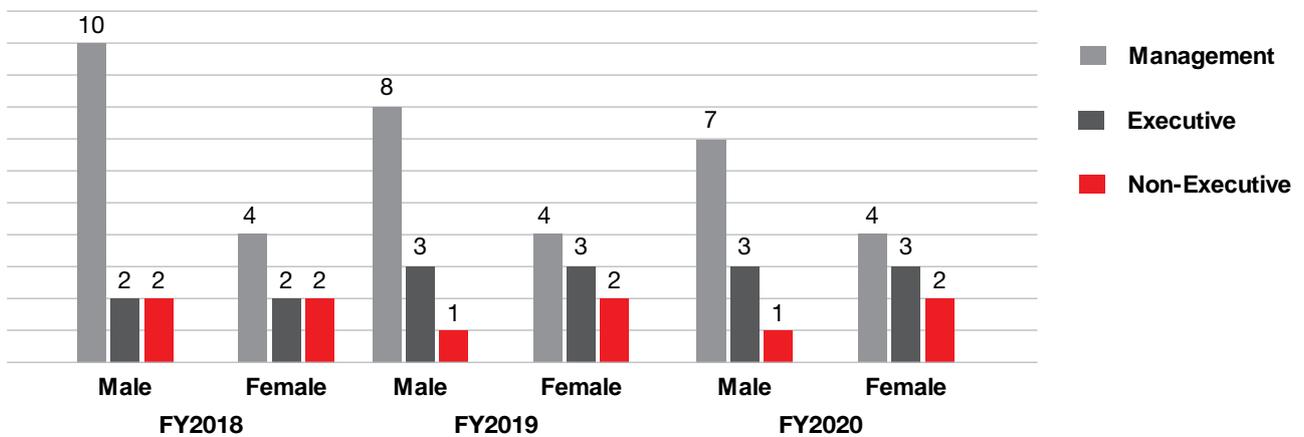
Sustainability Statement

The Manager's Employees (Contd.)

Gender Equality (Contd.)

In terms of employment category, Management comprises majority of the workforce, followed by Executive and Non-Executive category.

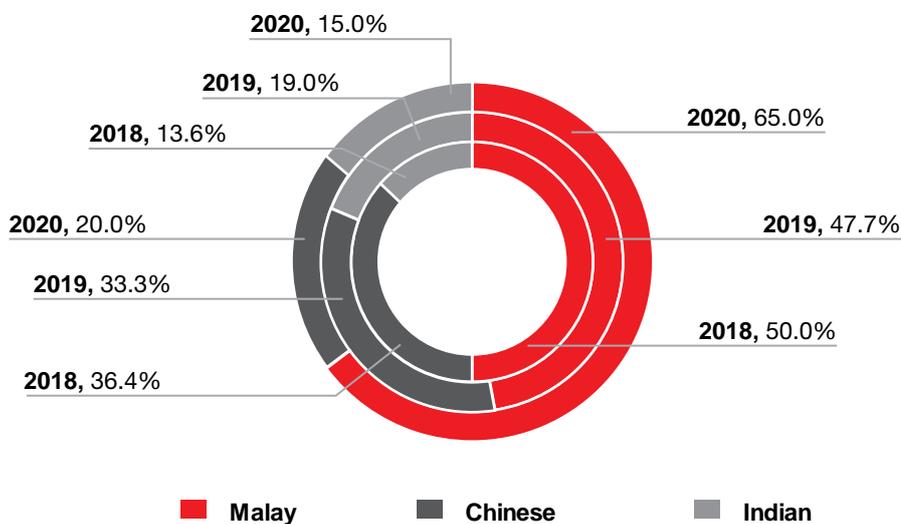
Number of employees (by gender and employment category)



Ethnicity Diversity

The Manager's workforce is ethnically diverse, comprising 65% Malay, 20% Chinese and 15% Indian employees in FY2020.

Ethnicity Distribution from FY2018 to FY2020

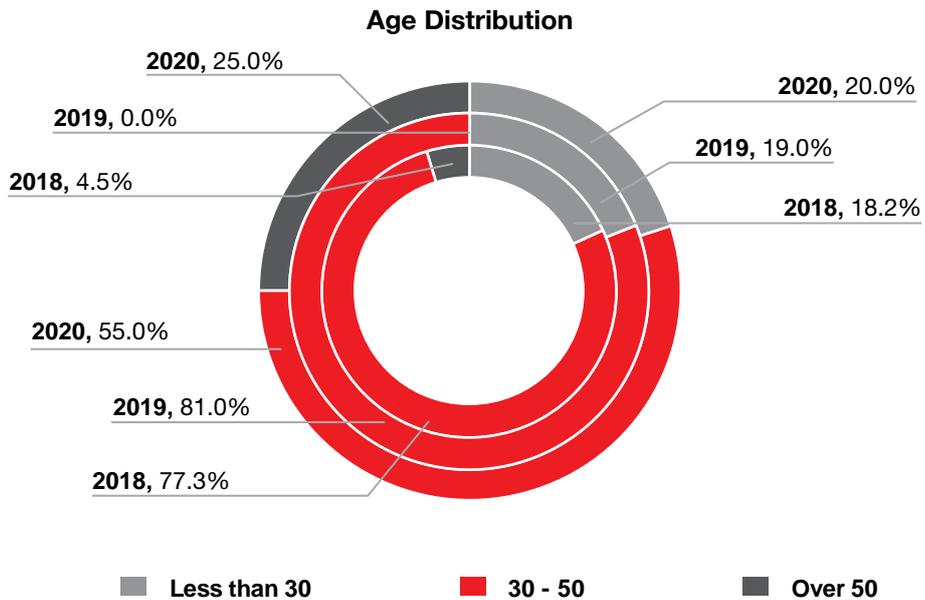


Sustainability Statement

The Manager's Employees (Contd.)

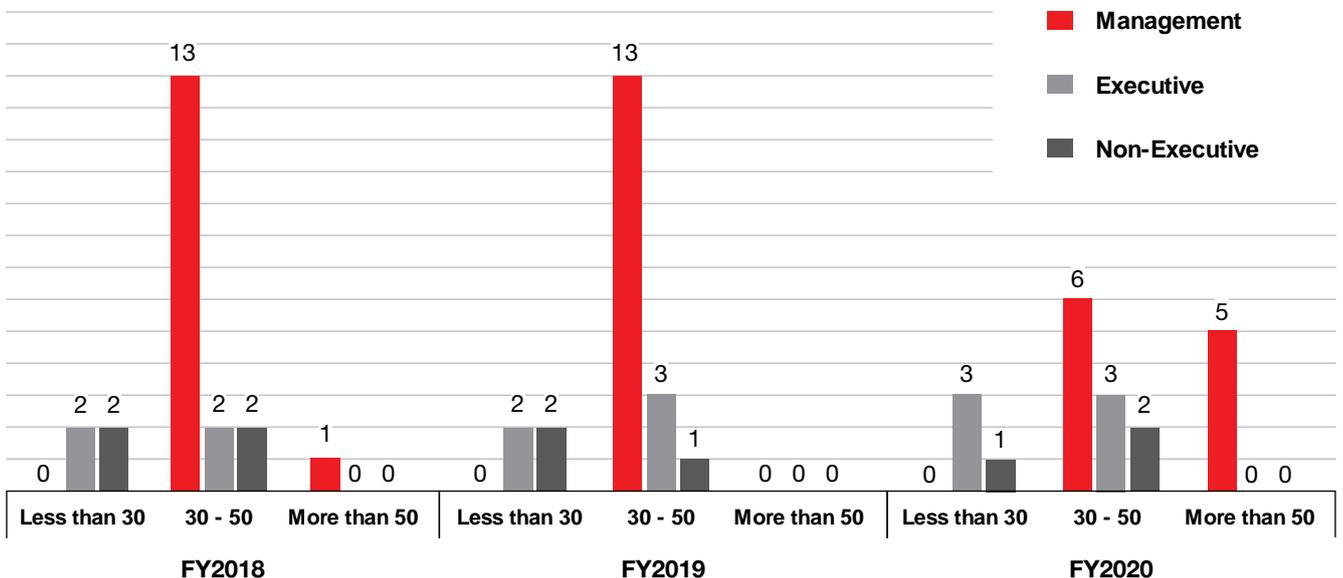
Age Inclusivity

The diversity of the Manager's workforce is demonstrated by the different age groups. In FY2020, the Manager had 20% employees below 30 years old, 55% between 30 to 50 years old, and another 25% of 50 years and above.



Most of the Manager's employees fall within the age range of 30 to 50 years old which are mainly Management. This is consistent with the rising trend in the corporate world which shows leaders are now made up from employees in this age bracket.

**Number of employees
(by age and employment category)**



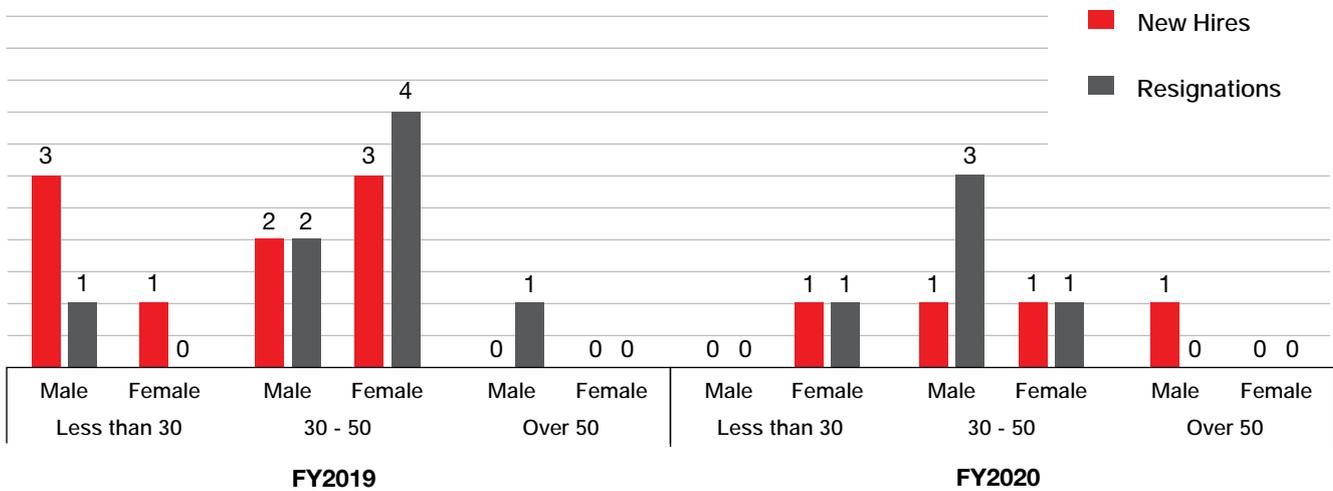
Sustainability Statement

The Manager's Employees (Contd.)

New Hires and Turnover

In FY2020, the Manager hired four (4) new/replacement employees compared to nine (9) in FY2019. In terms of turnover rate, the Manager observed a lower rate of 24% in FY2020 compared to 39% in FY2019.

New Hires and Resignations Distribution for FY2019 and FY2020



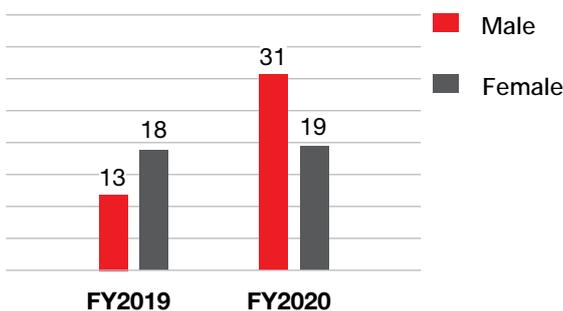
100

Training and Development

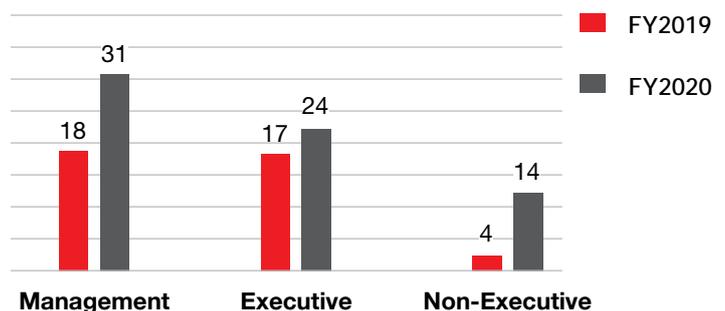
Inclusive training and development programmes are believed to help the organisation in retaining talent. The Manager plans for and conducts training that covers constructive learning modules for employees. The Manager believes that with the value-added knowledge and enhanced soft skills which the training equips them with, employees are able to deliver productive results.

The Manager's internal and external training programmes covers elements of business management, financial management, security awareness, safety and health as well as personal development. In FY2020, the Manager recorded a significant increase in training hours from 354 hours in FY2019 to 649 hours. This is due to the increased number of external training provided in FY2020. The average training hours per male employee was 31 hours and the average per female employee was 19 hours. As per employment category, average training hours were recorded at 31 hours, 24 hours and 14 hours for Management, Executive and Non-Executive staff, respectively.

Average training hours (by gender)



Average training hours (by employment category)



Sustainability Statement

OUR LOCAL COMMUNITIES

Corporate Social Responsibility (“CSR”)

CSR programmes not only benefit the society, but also encourage a spirit of volunteerism among the employees. In FY2020, in collaboration with The Summit Subang USJ’s Management Corporation, we conducted a range of CSR programmes. Below is a summary of each of these programmes.



“World Kidney Day 2019 – NKF Malaysia Health Carnival”. Co-organised with National Kidney Foundation (“NKF”) Malaysia.

Held on 14 April 2019, the event offered free health screening (i.e. ear screening, Hepatitis B and C tests, Brain Assessment and Stress test) and an exhibition on breast cancer awareness. More than 150 members of the public participated in this programme.

Young Chef’s Charity Food Bazaar”. Jointly organised by Cilantro Cooking Academy and the Residents Committee of Majlis Perbandaran Subang Jaya (“MPSJ”) (JKP Zone 3).

More than 100 students from the Academy participated in the charity to raise funds for “Food Aid Foundation”, a food bank NGO for the underprivileged.



“Tabung Amal MPSJ Sponsorship”. Initiated by MPSJ.

The fund was raised on 21 June 2019 for the B40 community, who have a total household income of RM4,360 and below.

Sustainability Statement

OUR LOCAL COMMUNITIES (CONTD.)

Corporate Social Responsibility (“CSR”) (Contd.)



“Program Gaya Hidup Sihat – Let’s Zumba”. Co-organised by the MPSJ’s JKP Zone 3 and Jabatan Kemajuan Masyarakat (“KEMAS”).

More than 60 residents of Subang Jaya participated in the one-hour Zumba session on 13 July 2019, which was organised to promote healthy living. Before the Zumba session, a demonstration on healthy meal preparation was conducted.

“Jom Durian 12”. Collaboration with The Summit Subang USJ, Children’s Wish Society of Malaysia, SJ Echo and MPSJ.

On 3 and 4 August 2019, the annual programme was held to raise funds to fulfill the wishes of the children suffering from terminal illnesses in Malaysia. More than RM130,000.00 was raised from both corporate and individual contributions.



“Lantern Party”. Organised by The Summit Subang USJ and supported by Ai FM radio and the MPSJ’s JKP Zone 3.

On 8 September 2019, this event was held in conjunction with the Mid-Autumn festival. About 1,000 residents participated.



Sustainability Statement

OUR LOCAL COMMUNITIES (CONTD.)

Corporate Social Responsibility (“CSR”) (Contd.)



“P3KU Charity Carnival”. Organised by Persatuan Kebajikan Kanak-Kanak Kurang Upaya (P3KU) Subang Jaya.

The annual charity event was held to raise funds for their community centre, Persatuan Kanak-Kanak Kurang Upaya Subang Jaya. RM30,000.00 was collected and more than 50 charity booths were set up on the day of the event.

“Humanistik Charity Run”. Organised by Yayasan Humanistik.

7,000 runners registered across five different locations: Subang, Klang, Penang, Pahang and Johor. It was recorded that 1,106 runners flagged off from The Summit Subang USJ.



“Children’s Day Celebration”. Jointly organised with the Residents Committee of MPSJ (JKP Zone 3).

In conjunction with National Children’s Day, this event was conducted on 23 November 2019 with 300 children participating. Activities such as drum circle interaction, McDonald’s game session, magic show and fun fair game booths were made available for the participants.

Sustainability Statement

OUR LOCAL COMMUNITIES (CONTD.)

Corporate Social Responsibility (“CSR”) (Contd.)



“MRCA Pre-Countdown Charity Fun Run”.

The charity fun run held on 14 December 2019 aimed to raise funds for 10 charitable bodies. More than 1,200 runners registered and joined the 2020 pre-countdown. The event included live band performances, lucky draws and fireworks.

CONCLUSION

We recognise that sustainability should constitute an integral part of the corporate culture, creating long-term value for the Trust’s stakeholders and the community. We believe that our endeavour to strengthen corporate sustainability will manage the EES impact of the Trust’s business and build our resilience to handle risks that threaten sustainable development in the future.

Community wellness, customer experience, safety at the workplace, environmental protection and sustaining a cohesive workforce are what we consider crucial aspects in becoming a sustainable business. With every passing year, we continue to grow in this direction through established policies, governance and procedures that embed a strong culture of sustainability within the organisation and all operations of the Trust.

Sustainability Statement

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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 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 Listing Requirement (“MLLR”) 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 assess on an ongoing basis its Board’s 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, WHISTLEBLOWER PROTECTION 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 staffs 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 staffs are also required to complete online trainings organised 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 staffs 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

GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Policies are approved by the Board and cascaded down to the entire organisation to ensure all departments are aware of what is expected of them. Standard operating procedures are formulated based on these approved policies. Staffs are guided by these policies and procedures in discharging their daily duties. The Board is assisted by the Audit Committee in ensuring the adequacy and effectiveness of the risk management and internal control framework.

The Risk Management Committee, a Management level committee headed by the Chief Executive Officer and supported by the Heads of Departments reviews 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.

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.

Finally, the Internal audit function is undertaken by the 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, internal control and governance processes and systems. 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.

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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.

Statement of Corporate Governance

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

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.

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. 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 (5) 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.

Statement of Corporate Governance

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

Directors	Designation	Number of Board Meeting	Percentage of Attendance (%)
Soo Kim Wai	Chairman / Non-Independent Non-Executive Director	4	100%
Dato' Abdullah Thalith bin Md Thani	Independent Non-Executive Director	4	100%
Dato' Wong Nam Loong	Independent Non-Executive Director	4	100%
Azlan Bagee bin Abdullah	Non-Independent Non-Executive Director	4	100%
Seohan Soo	Non-Independent Non-Executive Director	4	100%
YM Raja Nazirin Shah bin Raja Mohamad	Executive Director / Chief Executive Officer	4	100%

Note: All attendances reflected were the number of meetings attended during the Directors' tenure of service for FY2020.

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 staffs.

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 Chief Executive Officer, Heads of Departments and key support 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 ("Codes") 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:

Statement of Corporate Governance

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

- **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.

Pursuant to the incorporation of Section 17A, Corporate Liability (for corruption) under the MACC Act 2009, which is effective from 1 June 2020, the Manager had performed an assessment to ensure that there are adequate procedures in place based on the prescribed Guidelines on Adequate Procedures ("GAP"). The GAP was issued pursuant to Section 17A(5) of MACC Act 2009 and was derived based on the 5 principles as follow:

- Top level commitment
- Risk assessment
- Undertake control measures
- Systematic review, monitoring & enforcement
- Training & communication

The Manager has adequate procedures and in compliance with the prescribed guidelines.

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

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

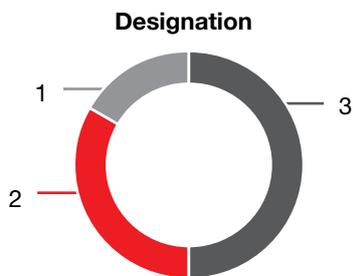
The Manager’s Board retains its Board composition with one-third (1/3) of independent directors and is of the view that the decisions that the Board makes are objective and in the best interest of all stakeholders.

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 MMLR and 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 132 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 15 and Note 27 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 32 to 37 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.

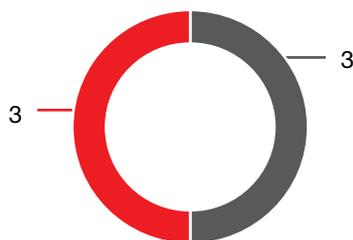
The Board diversity in terms of ethnicity, professional background and experience are as illustrated below:-



Professional Background



Ethnicity



Statement of Corporate Governance

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 3 years and 9 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 utilises 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 cognisance 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

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.

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.

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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 approval of the Manager's shareholders. The Directors are not involved in the approval of their own remuneration. The proposed Directors' fees for the FY2020 and its comparative figures are as follows:-

Directors	FY2020 Directors' Fees	FY2019 Directors' Fees
Soo Kim Wai	46,000	46,000
Dato' Wong Nam Loong	40,000	40,000
Dato' Abdullah Thalith bin Md Thani	40,000	40,000
Azlan Bagee bin Abdullah	40,000	40,000
Seohan Soo (Appointed on 10 August 2018)	40,000	25,644
Total	206,000	191,644

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.

Statement of Corporate Governance

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

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.

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 126 to 129 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 had assessed the suitability, objectivity and independence of the external auditor. The external auditor had confirmed 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.

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.

Statement of Corporate Governance

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

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 FY2020 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.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

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 Audit 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 121 to 125 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 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 which is a management level 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 stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

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

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 21 years of comprehensive internal auditing and management experience in the financial services industry.

Statement of Corporate Governance

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

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. En Shamsul is also a Chartered Banker and Qualified Risk Auditor.

GIAD focuses its efforts in accordance with the Annual Audit Plan which is developed based on a structured risk-based 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, when requested by Regulators, the Board 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 emphasises 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.

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:

Statement of Corporate Governance

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

	7th AGM	6th AGM	5th AGM
Financial Year	2019	2018	2017
Date of Notice of AGM	31 May 19	31 May 18	31 May 17
Date of AGM	22 Jul 19	25 Jul 18	25 Jul 17
Notice period in no. of days (including Saturday, Sunday and Public Holiday)	52	55	55

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.

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 emphasises that the General Meetings are held at locations easily accessible within Klang Valley vicinity.

Statement on Risk Management and Internal Control

The Manager's Board of Directors (the "Board") is pleased to present the Statement on Risk Management and Internal Control in compliance with Chapter 15, Paragraph 15.26 of the Main Market Listing Requirements of Bursa Securities and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (Guidelines).

RISK MANAGEMENT

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 establishing risk-based strategies and making decisions across the respective functions which consist of the following components and are incorporated within the Trust's and the Manager's Risk Profile:

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

The Risk Profile 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:-

- Review the adequacy and effectiveness of the risk management processes and system;
- Review and present to the Board and AC, the broad terms of risk guidelines and risk appetite of the Trust on a periodic basis;
- Review identified key risks and the mitigating controls of the Trust's operations;
- Guide staff in identifying, evaluating and managing key risks; and
- Report to the Board on material and pervasive findings which exceeded the risk appetite and make appropriate recommendations.

The Risk Management Framework encompasses, amongst others, the functional roles and responsibilities established for the management of risk, covering 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.

Statement on Risk Management and Internal Control

RISK MANAGEMENT (CONTD.)

The objectives of the establishment of FLOD are:

- To establish personnel who are competent and appreciative of risk management principles within the business;
- To enhance accountability within the business in executing risk management controls within their span of authority; and
- 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 and methodology. It also encompasses the Compliance function which has been established in the organisation.

The GIAD of AmBank Group forms the TLOD which independently evaluates and assesses the adequacy and effectiveness of the risk management process as designed by conducting regular reviews on the Manager's activities and processes.

Business Continuity Plan

The Manager has an established Business Continuity Plan ("BCP") to ensure disruption to the business activities are mitigated in the event of an unfavourable incident. The BCP is in place for staffs' reference and regularly tested to ensure its effectiveness.

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

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 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 PLT ("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 established 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.

Statement on Risk Management and Internal Control

INTERNAL CONTROL (CONTD.)

Internal Audit Function (Contd.)

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 to the AC 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, if there is any.

The Trustee had appointed EY as the external auditors to conduct the statutory audit for the FY2020. EY had provided a written confirmation to the AC there is no relationship between them and the Trust and / or the Manager which may impair their independence.

Compliance Officer

The Manager has a designated Compliance Officer who works towards ensuring the compliance with all regulations and guidelines issued by SC, Bursa Securities, Trust Deed 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 utilise the 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.

Statement on Risk Management and Internal Control

INTERNAL CONTROL (CONTD.)

Dealings with Related Parties (Contd.)

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 FY2020 are as disclosed in Note 27 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.

Save for Directors' interests in the Trust (as disclosed on page 132 of the Manager's Report) and the transactions with companies related to the Manager (as disclosed in Note 27 of the notes to the financial statements within this annual report), no conflict of interest has arisen during the financial year under review.

Statement on Risk Management and Internal Control

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 closed 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 FY2020 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.

Audit Committee Report

TERMS OF REFERENCE (CONTD.)

Primary Roles and Responsibilities

- (v) To review and approve the scope of audits, audit plans and audit reports of both the external and internal auditors.
- (vi) To evaluate the adequacy and effectiveness of the Manager's control systems through the review of the reports of both the external and internal auditors that highlight internal accounting, organisational and operating control weaknesses and to determine that appropriate corrective actions are being taken by the Manager.
- (vii) To ensure the adequacy of the scope, functions and resources of the internal audit functions and that they have the necessary authority to carry out their works.
- (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.

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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 FY2020, the AC had met a total of four (4) times. The attendance of the AC members to the AC meetings held for the FY2020 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

Audit Committee Report

SUMMARY OF ACTIVITIES OF THE AC

The activities of the AC for the FY2020 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 (2) 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.
- (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 including risk profile register 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.

Audit Committee Report

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 governing the activities carried out by the Manager.
- (v) GIAD undertook the following activities during FY2020:
 - 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.

Director's Responsibility Statement

The Board is responsible to ensure that the financial statements for the FY2020 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 2020 and of its financial performance and cash flows for the financial year then ended.

In preparing the financial statements for the FY2020, 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 2020

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 2020.

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 69% 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 2020, the Manager's fee consists of base fee of 0.3% (FY2019 : 0.3%) per annum and performance fee of 3.0% (FY2019 : 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 31 to the Financial Statements page 178.

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

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
Seohan Soo
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 27 to the financial statements of the Trust.

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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 2020.

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 2020.

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

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 2020 are as follows:-

	RM
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

AUDITORS

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

To the extent permitted by law, the Trust has agreed to indemnify its auditors, Ernst & Young PLT, 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 PLT 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
18 May 2020

YM RAJA NAZIRIN SHAH BIN RAJA MOHAMAD

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.

Stakeholders Engagement

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.

01 Bursa Securities

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

04 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.

02 Annual General Meeting

On 22 July 2019, AmFIRST REIT held its Seventh AGM where 831 Unitholders (6th AGM : 549) 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 Eighth Annual General Meeting will be conducted via Remote Participation Electronic Voting ("RPEV") virtually and is scheduled on Monday, 10 August 2020.

05 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.

03 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 corporate website following the disclosure made to Bursa Securities.

Investor Relations and Communications

06 Corporate 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, annual reports, corporate presentation and other developments are archived on AmFIRST REIT's corporate website.

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

Our stakeholders can also download our mobile apps "AmFIRST REIT" 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:-

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Executive Director / Chief Executive Officer
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Telephone No: +603 7955 8026

Encik Abdul Rahman bin Mohd Joned
Vice President 2, Finance
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AmFIRST REIT's Proposed Calendar FY2021

Aug 2020

- **1st Quarter**
Interim Financial Report FY2021

Nov 2020

- **2nd Quarter**
Interim Financial Report FY2021

Feb 2021

- **3rd Quarter**
Interim Financial Report FY2021

Apr 2021

- **4th Quarter**
Interim Financial Report FY2021

Financial Statements



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Statement of Financial Position

As at 31 March 2020

	Note	2020 RM	2019 RM (Restated)
ASSETS			
Non-current assets			
Investment properties	5 and 7	1,647,139,816	1,642,331,260
Right-of-use assets	6	146,955	-
Receivables	7	20,902,016	17,105,656
		1,668,188,787	1,659,436,916
Current assets			
Receivables	7	6,886,582	10,144,246
Deposits with financial institution	8	2,969,390	1,417,913
Cash and bank balances		1,101,065	847,175
		10,957,037	12,409,334
TOTAL ASSETS		1,679,145,824	1,671,846,250
UNITHOLDERS' FUNDS			
Unitholders' capital	15	636,624,829	636,624,829
Undistributed income		204,119,441	207,919,401
TOTAL UNITHOLDERS' FUNDS		840,744,270	844,544,230
LIABILITIES			
Non-current liabilities			
Rental deposits	9	15,568,226	15,670,448
Deferred tax liabilities	10	2,421,029	-
Borrowings	11	446,903,865	695,356,923
Derivatives	12	-	396,040
Lease liabilities	13	20,302	-
		464,913,422	711,423,411
Current liabilities			
Payables	14	8,306,080	6,853,557
Rental deposits	9	12,375,712	12,251,556
Borrowings	11	351,765,592	95,728,556
Derivatives	12	910,180	1,044,940
Lease liabilities	13	130,568	-
		373,488,132	115,878,609
TOTAL LIABILITIES		838,401,554	827,302,020
TOTAL UNITHOLDERS' FUNDS AND LIABILITIES		1,679,145,824	1,671,846,250
NET ASSET VALUE		840,744,270	844,544,230
NUMBER OF UNITS IN CIRCULATION		686,401,600	686,401,600
NET ASSET VALUE PER UNIT			
- before proposed final distribution		1.2249	1.2304
- after proposed final distribution		1.2100	1.2091

Statement of Comprehensive Income

For the financial year ended 31 March 2020

	Note	2020 RM	2019 RM (Restated)
Gross revenue	16	120,682,003	121,229,427
Property expenses	17	(44,117,162)	(41,286,795)
Net rental income		76,564,841	79,942,632
Interest income		85,453	110,979
Changes in fair value of investment properties	5	(4,372,157)	(10,875,006)
(Loss)/gain on financial liabilities measure at amortised cost		(289,664)	57,303
Unrealised gain on revaluation of derivatives		530,800	259,008
Other income		253,735	192,424
		72,773,008	69,687,340
Administrative expenses			
Manager's fee	18	7,327,213	7,404,174
Trustee's fee	19	336,254	338,694
Valuation fee		207,872	195,893
Auditors' remuneration		53,500	53,500
Tax agent's fee		9,116	14,296
Other expenses	20	899,044	564,223
Interest on lease liabilities		13,266	-
Interest expense		37,918,246	38,823,317
		46,764,511	47,394,097
Profit before taxation		26,008,497	22,293,243
Taxation	21	(2,421,029)	-
Profit for the financial year, representing total comprehensive income for the financial year		23,587,468	22,293,243
Total comprehensive income for the financial year is made up as follows:			
- Realised		25,493,074	28,205,494
- Unrealised		(1,905,606)	(5,912,251)
		23,587,468	22,293,243

Statement of Comprehensive Income

For the financial year ended 31 March 2020

	Note	2020	2019
Earnings per unit (sen)	22		
- after manager's fee		3.44	3.25
- before manager's fee		4.50	4.33
Income distribution (RM)	23		
Interim income distribution of 1.86 sen per unit paid on 20 December 2019 (2019: 1.87 sen per unit paid on 21 December 2018)		12,767,068	12,835,708
Proposed final income distribution of 1.49 sen per unit payable on 25 June 2020 (2019: Final income distribution of 2.13 sen per unit paid on 29 May 2019)		10,227,384	14,620,354
		22,994,452	27,456,062
Income distribution per unit* (sen)			
- Interim		1.86	1.87
- Final		1.49	2.13
		3.35	4.00

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

	2020	2019
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 2020

	Non-Distributable Unitholders' Capital RM	Undistributed Income Realised Income RM	Undistributed Income Unrealised Income RM	Unitholders' Funds RM
As at 1 April 2019	636,624,829	17,286,947	190,632,454	844,544,230
Total comprehensive income for the financial year	-	25,493,074	(1,905,606)	23,587,468
	636,624,829	42,780,021	188,726,848	868,131,698
Unitholders' transactions				
Distributions to Unitholders				
- 2019 final	-	(14,620,360)	-	(14,620,360)
- 2020 interim	-	(12,767,068)	-	(12,767,068)
	-	(27,387,428)	-	(27,387,428)
As at 31 March 2020	636,624,829	15,392,593	188,726,848	840,744,270
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

Statement of Cash Flows

For the financial year ended 31 March 2020

	Note	2020 RM	2019 RM (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		26,008,497	22,293,243
<i>Adjustments for:</i>			
Accrued unbilled rental income	16	(4,646,444)	(4,646,444)
Interest income		(85,453)	(110,979)
Interest on lease liabilities		13,266	-
Interest expense		37,918,246	38,823,317
Depreciation of right-of-use assets	6	184,699	-
Provision of impairment loss on trade receivables	20	343,358	60,152
Changes in fair value of investment properties		4,372,157	10,875,006
Loss/(gain) on financial liabilities measured at amortised cost		289,664	(57,303)
Unrealised gain on revaluation of derivatives		(530,800)	(259,008)
Operating profit before working capital changes		63,867,190	66,977,984
<i>Changes in working capital:</i>			
Decrease/(increase) in receivables		3,764,390	(2,217,313)
Increase/(decrease) in payables		1,709,883	(542,326)
(Decrease)/increase in rental deposits		(267,730)	2,039,510
Net cash generated from operating activities		69,073,733	66,257,855
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment properties	5	(1,371,421)	-
Enhancements of investment properties	5	(7,809,292)	(13,213,562)
Interest income		85,453	110,979
Net cash used in investing activities		(9,095,260)	(13,102,583)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(38,175,606)	(39,766,893)
Distributions paid to Unitholders		(27,387,428)	(27,112,861)
Drawdown of borrowings (net)		14,312,534	5,314,988
Payment of lease liabilities	13	(194,050)	-
Net cash used in financing activities		(51,444,550)	(61,564,766)
Net increase/(decrease) in cash and cash equivalents		8,533,923	(8,409,494)
Cash and cash equivalents at the beginning of the financial year		(4,463,468)	3,946,026
Cash and cash equivalents at the end of the financial year		4,070,455	(4,463,468)
Cash and cash equivalents included in the statement of cash flows comprise the following:			
Cash and bank balances		1,101,065	847,175
Deposits with financial institution	8	2,969,390	1,417,913
Bank overdraft	11	-	(6,728,556)
		4,070,455	(4,463,468)

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 18 May 2020.

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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.

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.

Notes to the Financial Statements

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4a Investment properties (Contd.)

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 whether the arrangement conveys a right to control the 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. Rental income is recognised over the term of the lease on a straight-line basis. 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.

2.4b(ii) The Trust as a lessee (Policy applicable from 1 April 2019)

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Trust.

At the commencement date of the lease, the Trust recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Trust and payments of penalties for terminating a lease, if the lease term reflects the Trust exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Trust uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Notes to the Financial Statements

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4b Leases (Contd.)

2.4b(ii) The Trust as a lessee (Policy applicable from 1 April 2019) (Contd.)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying assets or the site on which it is located, less any lease incentives received. Unless the Trust is reasonably certain to obtain ownership of the underlying asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. If the Trust is reasonably certain to obtain ownership of the underlying asset at the end of the lease term, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use assets are assessed for impairment whenever there is an indication that the right-of-use assets may be impaired.

The Trust applies the short-term lease recognition exemption to its short-term leases, i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value, i.e. those with a value of RM20,000 or less when new. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.4b(iii) The Trust as a lessee (Policy applicable before 1 April 2019)

Leases that transfer to the Trust substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases, and are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. The corresponding lease obligations, net of finance charges, are included in other short-term and long-term payables. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Trust will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases that do not transfer to the Trust substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term. The aggregate benefits of incentives provided by the lessor are recognised as a reduction of rental expenses over the lease term on a straight-line basis.

2.4c Financial instruments – initial recognition and measurement

2.4c(i) Initial recognition

Financial assets and financial liabilities are recognised when the Trust become 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 applies trade date accounting for derivative financial instruments and investments in equity instruments, and settlement date accounting for investments in debt instruments.

Notes to the Financial Statements

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

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

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 borrowings and payables, net of directly attributable transaction costs.

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

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 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.

Notes to the Financial Statements

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4d Financial Instruments - Classification and subsequent measurement (Contd.)

2.4d(i) Financial assets at amortised cost (Contd.)

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") 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, cash and bank balances and deposits with financial institution.

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 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 Derecognition of financial assets and financial liabilities

2.4e(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; or
- 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.

Notes to the Financial Statements

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4e Derecognition of financial assets and financial liabilities (Contd.)

2.4e(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.

2.4f 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 for 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.

Notes to the Financial Statements

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4f Fair value measurement (Contd.)

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 as 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 28.

2.4g Impairment of financial assets

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 is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL 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 a simplified approach 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.

Arising from the macro-economic contraction resulted by the Covid-19 Pandemic, the Trust has recognised additional ECL. Specific allowance for ECL have been provided for tenants with high probabilities of default resulted from the Covid-19 Pandemic.

2.4h 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.

2.4i 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 3 months and net of outstanding bank overdrafts.

Notes to the Financial Statements

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4j 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.

2.4k 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 of economic resources is remote.

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.

2.4l 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.

2.4l(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.

2.4l(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.

Notes to the Financial Statements

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4l Recognition of income and expenses (Contd.)

2.4l(iii) Recognition of revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Trust transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Trust and its customer have approved the contract and intend to perform their respective obligations, the Trust's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Trust will collect the consideration to which it will be entitled to in exchange of those goods or services.

At the inception of each contract with customer, the Trust assesses the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with customer is recognised.

Revenue is measured at the amount of consideration to which the Trust expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties. If the amount of consideration varies, the Trust estimates the amount of consideration that it expects to be entitled based on the expected value or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The consideration allocated to each performance obligation is recognised as revenue when or as the customer obtains control of the goods or services. At the inception of each contract with customer, the Trust determines whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Revenue is recognised over time if the control over the goods or services is transferred over time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

2.4m Property expenses

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

2.4n Manager's and Trustee's fees

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

The basis by which Manager's and Trustee's fee is derived is as explained in Note 18 and Note 19 respectively.

2.4o Income distribution

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.

Notes to the Financial Statements

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4p Taxation

2.4p(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.

2.4p(ii) Deferred tax

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

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

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

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

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

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

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.

Notes to the Financial Statements

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4p Taxation (Contd.)

2.4p(ii) Deferred tax (Contd.)

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.

2.4q Earnings per Unit

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

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

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

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3. CHANGES IN ACCOUNTING POLICIES

3.1 Adoption of amendments and annual improvements to standards

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new standards and amendments to published standards which became effective for the first time for the Trust on 1 April 2019:

- MFRS 16 Leases
- IC Interpretation 23 Uncertainty over Income Tax Treatments
- Prepayment Features with Negative Compensation (Amendments to MFRS 9)
- Annual Improvements to MFRSs 2015-2017 Cycle

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 Trust and the Trust except for those arising from the adoption of MFRS 16 as disclosed below. Other than the adoption of new accounting policies as disclosed in Note 2.4b, the Trust did not have significant change in its accounting policies or make retrospective adjustments as a result of adopting these 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 16 Leases

- (a) Leases in which the Trust are lessor

The current accounting treatment remains unchanged for the Trust as lessors. There are no contracts that are or contain a lease in which the Trust expect to reclassify as a finance lease.

Notes to the Financial Statements

3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

3.1 Adoption of amendments and annual improvements to standards (Contd.)

3.1a MFRS 16 Leases (Contd.)

(b) Leases in which the Trust are lessee

As a lessee, the Trust previously classified each of its leases as operating leases (off balance sheet) in accordance with MFRS 117 Leases if the arrangements do not transfer substantially all the risks and rewards incidental to ownership of the leased assets to the Trust; otherwise, they were classified as finance leases (on balance sheet).

MFRS 16, which supersedes MFRS 117, eliminates the classification of leases by the lessee as either finance leases or operating leases. MFRS 16 requires a lessee to account for all leases under a single on balance sheet model similar to the accounting for a finance lease under MFRS 117 which involves the recognition of a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in the statement of profit or loss.

The Trust has adopted MFRS 16 for the first time since 1 April 2019. In its transition to MFRS 16, the Trust has elected to apply the simplified transition approach whereby the comparative amounts were not restated. For leases previously classified as operating leases with remaining lease term greater than 12 months from the date of initial application, the Trust recognised the lease liabilities at the date of initial application which were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. Correspondingly, the Trust recognised the right-of-use assets at an amount equal to the lease liabilities and hence the Trust did not make any adjustment to the opening retained earnings. In addition, the Trust has made use of the following transitional practical expedients for recognition and measurement purposes at the date of initial application:

- (i) The Trust has elected not to reassess whether an agreement is, or contains a lease at the date of initial application. Instead, for agreements entered into before the transition date, the Trust relied on its previous assessments made in accordance with MFRS 117 and IC Interpretation 4 Determining whether an Arrangement contains a Lease.
- (ii) Lease agreements for which the remaining lease term ends within 12 months from the date of initial application are accounted as short-term leases whereby the Trust has elected not to recognise the associated right-of-use assets and lease liabilities. Similarly, the Trust will not recognise a right-of-use asset and a lease liability on leases for which the underlying asset is of low value.
- (iii) A single discount rate was applied for those portfolio of leases with reasonably similar characteristics, such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment.
- (iv) Initial direct costs were excluded from the measurement of the right-of-use assets at the date of initial application.

Notes to the Financial Statements

3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

3.1 Adoption of amendments and annual improvements to standards (Contd.)

3.1a MFRS 16 Leases (Contd.)

The adoption of MFRS 16 has resulted in the following financial effects as summarised below:

(i) Impact on the statement of financial position (Increase/(decrease)):

	As at 31.3.2019 RM	Effects of Adoption RM	As at 1.4.2019 RM
Right-of-use assets	-	331,654	331,654
Lease liabilities	-	331,654	331,654

There is no material impact on other comprehensive income or the basic and diluted earnings per share.

3.1b IC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation provides guidance on how to recognise and measure deferred and current income tax assets and liabilities in situations where there is uncertainty over whether the tax treatment applied by an entity will be accepted by the tax authority. If it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, the accounting for income taxes shall be determined consistently with that tax treatment. If an entity concludes that it is not probable that the treatment will be accepted, it should reflect the effect of the uncertainty in its income tax accounting in the period in which that determination is made, by applying the most likely amount method or the expected value method. The adoption of this Interpretation did not have any material financial impact to the Trust.

3.1c Prepayment Features with Negative Compensation (Amendments to MFRS 9)

Under the current MFRS 9 requirements, the "solely payments of principal and interest on the principal amount outstanding" ("SPPI") condition is not met if the lender has to make a settlement payment in the event of early termination by the borrower. The existing requirements are amended to enable entities, to measure at amortised cost or at fair value through other comprehensive income (depending on the business model), some prepayable financial assets with negative compensation if the negative compensation is a reasonable compensation for early termination of the contract. An example of such reasonable compensation is an amount that reflects the effect of the change in the relevant benchmark rate of interest at the time of termination; the calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain. The adoption of these amendments did not result in any impact as the Trust and the Trust do not hold any prepayable financial asset with negative compensation.

Notes to the Financial Statements

3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

3.1 Adoption of amendments and annual improvements to standards (Contd.)

3.1d Annual Improvements to MFRSs 2015-2017 Cycle

The Annual Improvements to MFRSs 2015-2017 Cycle include minor amendments affecting MFRSs, as summarised below:

(i) MFRS 112 Income Taxes

The amendments clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated the distributable amounts were recognised. Hence the tax consequences are recognised in profit or loss only when an entity determines payments on such instruments are distributions of profits. The amendment did not have any material financial impact to the Trust.

(ii) MFRS 123 Borrowing Costs

The amendments clarified that if any specific borrowings remains outstanding after the related asset is ready for its intended use or sale, that borrowings becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The amendment did not have any material financial impact to the Trust.

3.2 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual 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
Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101)	1 January 2022
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

The nature of the new standards, amendments to published standards and new interpretation that are issued and relevant to the Trust but not yet effective are described below. The Trust are currently assessing the financial effects of their adoption.

Notes to the Financial Statements

3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

3.2 Standards issued but not yet effective (Contd.)

(i) Amendments to published standards effective for financial year ending 31 March 2021

Amendments to References to the Conceptual Framework in MFRS Standards

The amendments, affecting nine published standards and five published interpretations, were issued as a consequence to the issuance of the revised Conceptual Framework for Financial Reporting ("Conceptual Framework") on 30 April 2018. The references and quotations in these published standards and interpretations to the Conceptual Framework have been updated so as to clarify the version of the Conceptual Framework these published standards and interpretations refer to. The amendments are effective for annual periods beginning on or after 1 January 2020 for entities that develop an accounting policy by reference to the Conceptual Framework.

Definition of a Business (Amendments to MFRS 3)

The amendments revised the definition of a business, whereby the term "outputs" is narrowed to focus on goods and services provided to customers, as well as generation of investment income and other income from ordinary activities; returns in the form of lower costs and other economic benefits are no longer considered. In addition, a new framework is added to help evaluate when an input and a substantive process are present.

The amendments are applied prospectively to business combinations and asset acquisitions that occur on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Early adoption is permitted.

Definition of Material (Amendments to MFRS 101 and MFRS 108)

The amendments clarified the definition of material and how it should be applied through the addition of definition guidance. In addition, the explanations accompanying the definition have been improved and aligned across all MFRS standards to make it easier for entities to make materiality judgments. The amendments are applied prospectively from annual reporting period beginning on or after 1 January 2020. Early adoption is permitted.

Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)

The amendments, issued to address the pre-replacement issues arising from the interest rate benchmark reform recommendations by Financial Stability Board, provides temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by the interest rate benchmark reform until the uncertainty arising from this reform is longer present.

The interest rate benchmark reform may affect the application of cash flow hedge accounting because at some point in time, forecast cash flows based on interbank offered rates may no longer meet the highly probable requirement due to uncertainties arising from interest rate benchmark reform. The relief provided by the amendments requires an entity to assume that the interest rate on which the hedged cash flows are based does not change as a result of the reform. Similarly, an entity shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform when performing hedge effectiveness assessments. The amendments are applied prospectively from annual reporting period beginning on or after 1 January 2020. Early adoption is permitted.

Notes to the Financial Statements

3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

3.2 Standards issued but not yet effective (Contd.)

(ii) Amendments to published standards effective for financial year ending 31 March 2022

Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101)

The amendments clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. Classification is unaffected by the expectations or intentions of the entity, as well as events after the reporting date. The amendments are applied retrospectively from annual reporting period beginning on or after 1 January 2022. Early adoption is permitted.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

In the process of applying AmFIRST REIT's accounting policies, the Trust has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

4.1 Critical judgements made in applying accounting policies

Exemption of income tax

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. No provision of tax have been made by the Trust as the Trust is intended to distribute 90% or more of the total income of the Trust to its Unitholders.

Operating lease commitments – as lessor

The Trust has entered into commercial property leases on its investment property portfolio. AmFIRST REIT has determined, based on an evaluation of the terms and conditions of the arrangements such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4.2a Fair valuation of investment properties

The Trust carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Trust had engaged independent professional valuers to determine the fair value. The independent professional valuers have considered the impact of Covid-19 pandemic and concluded that no material impact to the fair value of investment properties.

Notes to the Financial Statements

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTD.)

4.2 Key sources of estimation uncertainty (Contd.)

4.2a Fair valuation of investment properties (Contd.)

The determined fair value of the investment properties by the independent professional valuers is most sensitive to the estimated yield rate. The range of the term yield rate and the reversion yield rate used in the valuation is disclosed in Note 5.

The following table demonstrates the sensitivity of the fair value measurement to changes in estimated term yield rate and its corresponding sensitivity result in a higher or lower fair value measurement:

	Fair value Increase/(decrease)	
	2020 RM	2019 RM
Yield rate		
+ 0.25%	(58,150,000)	(57,710,000)
- 0.25%	60,850,000	61,950,000

The other key assumptions used to determine the fair value of the investment properties are further explained in Note 5.

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5. INVESTMENT PROPERTIES

	2020 RM	2019 RM (Restated)
As at beginning of the financial year	1,642,331,260	1,639,992,704
Acquisition	1,371,421	-
Enhancements	7,809,292	13,213,562
Changes in fair value :		
- Based on valuation report	274,287	(6,228,562)
- Accrued unbilled rental income	(4,646,444)	(4,646,444)
As at end of the financial year	1,647,139,816	1,642,331,260

The carrying amount of the investment properties for the financial years ended 31 March 2020 and 2019 is based on the market value determined based on valuations, adjusted with accrued unbilled rental income as required by MFRS 140, as follows:

	2020 RM	2019 RM (Restated)
Investment properties - based on valuation report	1,666,500,000	1,657,045,000
Investment properties - accrued unbilled rental income (Note 7)	(19,360,184)	(14,713,740)
Carrying amount	1,647,139,816	1,642,331,260

Notes to the Financial Statements

5. INVESTMENT PROPERTIES (CONTD.)

Investment properties are stated at fair value which has been determined based on valuations that reflect market conditions at the end of the reporting period by accredited independent valuers.

The investment properties are carried at Level 3 of the fair value measurement hierarchy as defined in Note 2.4f. There have been no transfers between Level 1, Level 2 and Level 3 during the financial years ended 31 March 2020 and 31 March 2019.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable input used in the valuation models:

Description of property	Valuation technique	Term yield ¹	Reversion yield ²
(i) Menara AmBank	Investment Method	6.00%	6.25%
(ii) Bangunan AmBank Group	Investment Method	6.25%	6.50%
(iii) Menara AmFIRST	Investment Method	6.00%	6.50%
(iv) Wisma AmFIRST	Investment Method	6.00%	6.50%
(v) The Summit Subang USJ	Investment Method	6.00%	6.25%
(vi) Prima 9	Investment Method	6.00%	6.50%
(vii) Prima 10	Investment Method	6.00%	6.50%
(viii) Jaya 99	Investment Method	6.25%	6.75%
(ix) Mydin HyperMall	Investment Method	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.

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

Notes to the Financial Statements

5. INVESTMENT PROPERTIES (CONTD.)

The breakdown of investment properties is as follows:

Description of property	Land title	Location	Existing use	Cost of investment		Carrying amount		% of valuation to net asset value as at		Carrying amount as at 31.3.2019 RM	% of valuation to net asset value as at 31.3.2019 %
				as at 31.3.2020 RM	as at 31.3.2020 RM	as at 31.3.2020 RM	as at 31.3.2020 %	as at 31.3.2020 %			
(i) Menara AmBank	Freehold	Kuala Lumpur	Office	262,581,961	322,000,000	38.30	262,075,679	321,500,000	38.07		
(ii) Bangunan AmBank Group	Leasehold@	Kuala Lumpur	Office	200,451,028	265,700,000	31.60	196,926,202	262,200,000	31.05		
(iii) Menara AmFIRST	Freehold	Petaling Jaya	Office	65,237,504	66,000,000	7.85	64,997,504	65,840,000	7.80		
(iv) Wisma AmFIRST	Leasehold#	Kelana Jaya	Office	94,941,183	117,900,000	14.02	94,679,555	117,900,000	13.96		
(v) The Summit Subang USJ	Freehold	Subang Jaya	Commercial Office, Hotel and Retail Mall	374,590,620	374,000,000	44.48	370,012,603	369,400,000	43.74		
(vi) Prima 9	Freehold	CyberJaya	Office	73,239,407	73,200,000	8.71	73,239,407	72,600,000	8.60		
(vii) Prima 10	Freehold	CyberJaya	Office	62,348,828	65,700,000	7.81	62,329,060	65,700,000	7.78		
(viii) Jaya 99	Leasehold^	Melaka	Office	88,419,686	104,000,000	12.37	88,369,494	103,905,000	12.30		
(ix) Mydin HyperMall*	Freehold	Penang	HyperMall	254,123,504	258,639,816	30.76	254,123,504	263,286,260	31.17		
				1,475,933,721	1,647,139,816		1,466,753,008	1,642,331,260			

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.

* Accrued unbilled rental income of RM19,360,184 (2019: RM14,713,740) have been excluded from the carrying amount of Mydin HyperMall.

Notes to the Financial Statements

6. RIGHT-OF-USE ASSETS

	2020 RM Retail Space
Cost	
As at beginning of the financial year	-
Effects of adoption of MFRS 16 (Note 3.1a)	331,654
As at beginning of the financial year, as restated	331,654
Addition	-
As at end of the financial year	331,654
Accumulated depreciation	
As at beginning of the financial year	-
Depreciation charged for the financial year	184,699
As at end of the financial year	184,699
Carrying amount	146,955

The corresponding lease liabilities relating to the right-of-use assets is disclosed in Note 13.

7. RECEIVABLES

	2020 RM	2019 RM (Restated)
<i>Non-Current</i>		
Accrued unbilled rental income (Note 5) (a)	19,360,184	14,713,740
Accrued lease receivable (b)	1,541,832	2,391,916
Total	20,902,016	17,105,656
<i>Current</i>		
Trade receivables (c)	3,575,794	5,700,473
Less: Allowance for impairment (d)	(612,818)	(269,460)
Trade receivables, net	2,962,976	5,431,013
Accrued lease receivable (b)	255,422	900,426
Other receivables, deposits and prepayments	3,668,184	3,812,807
Total	6,886,582	10,144,246

- (a) Accrued unbilled rental income consist of unbilled incremental lease rental receivable from Mydin Mohamed Holding Bhd ("Mydin")'s 30 years operating lease agreement commencing from 1 February 2016 and expiring 31 January 2046. Pursuant to the lease rental agreement dated 11 January 2016, the lease rental receivable from Mydin is incremental by 10% every 5 years from the commencement date of 1 February 2016 up to the term of 30 years. This uncancellable operating lease rental income is recognised on straight-line basis over the lease term of 30 years.
- (b) 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.

Notes to the Financial Statements

7. RECEIVABLES (CONTD.)

- (c) Included in trade receivables are rental outstanding from companies related to the Manager amounting to RM228,248 (2019: RM324,848) which are subject to normal trade terms.
- (d) The movement in allowance for impairment in trade receivable is as follow:

	2020 RM	2019 RM
As at beginning of the financial year	269,460	209,308
Charge during the financial year (Note 20)	343,358	60,152
As at end of the financial year	612,818	269,460

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.

In view of the business disruption caused by the Covid-19 pandemic as declared by the World Health Organisation in March 2020 and the MCO enforced by the Malaysia government to contain the spread of the virus, the Trust has recognised additional ECL based on estimated expected future cash flows as disclosed in Note 2.4g.

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8. DEPOSITS WITH FINANCIAL INSTITUTION

	2020 RM	2019 RM
Placements with a licensed bank with original maturity of less than three months	2,969,390	1,417,913

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 29(ii).

9. RENTAL DEPOSITS

	2020 RM	2019 RM
<i>Non-Current</i> Payable after 12 months	15,568,226	15,670,448
<i>Current</i> Payable within 12 months	12,375,712	12,251,556
	27,943,938	27,922,004

Notes to the Financial Statements

9. RENTAL DEPOSITS (CONTD.)

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

	2020 RM	2019 RM
<i>Non-Current</i>		
Payable after 12 months	10,104,991	5,070,731
<i>Current</i>		
Payable within 12 months	1,211,923	6,227,336
	11,316,914	11,298,067

10. DEFERRED TAX LIABILITIES

	2020 RM	2019 RM
As at beginning of the financial year	-	-
Recognised in profit or loss (Note 21)	2,421,029	-
As at end of the financial year	2,421,029	-

The deferred tax liability relates to fair value gain of freehold land component within the investment properties which is expected to be recovered through sale.

Where investment properties are carried at fair value as disclosed in Note 5 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying values at the reporting date unless the property is held with the objective to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Based on the Finance Act 2019 which was gazetted in December 2019, it was clarified that the RPGT rate of 10% is prescribed for disposal of investment properties held for more than 5 years for a trustee of a trust.

Notes to the Financial Statements

11. BORROWINGS

	2020 RM	2019 RM
<i>Current</i>		
Overdraft	-	6,728,556
Syndicated term loan	250,000,000	-
Revolving credit	102,500,000	89,000,000
Loan transaction costs subject to amortisation	(734,408)	-
	351,765,592	95,728,556
<i>Non-Current</i>		
Term loan	307,850,000	307,850,000
Revolving credit	140,000,000	140,000,000
Syndicated term loan	-	250,000,000
Loan transaction costs subject to amortisation	(946,135)	(2,493,077)
	446,903,865	695,356,923
Total borrowings	798,669,457	791,085,479

A term loan facility of RM57.0 million (2019: RM57.0 million) and revolving credit facility of RM4.0 million (2019: RM4.0 million) are secured by way of a lien holder caveat over Menara AmFIRST.

A revolving credit facility of RM85.0 million (2019: RM85.0 million) is secured by way of a lien holder caveat over Wisma AmFIRST.

A revolving credit facility of RM140.0 million (2019: RM140.0 million) is secured by way of a lien holder caveat over The Summit Subang USJ.

A term loan facility of RM85.85 million (2019: RM85.85 million) is secured by first party legal charge over Jaya 99. The Syndicated Term Loan facility of RM250.0 million (2019: RM250.0 million) is secured by first party legal charge over Mydin and Prima 10.

A Term Loan facility of RM165.0 million (2019: RM165.0 million) is secured by way of first party legal charge over Menara AmBank. A Short Term Revolving Credit Facility of RM60 million (2019: nil) is secured by way of second party legal charge over Menara AmBank.

Details of the interest rate and maturity of the borrowings are disclosed in Note 29(ii).

The Trust has pledged its short term deposits of RM1,459,287 (2019: RM1,417,913) as a requirement for the RM57.0 million Term Loan Facility and RM85.0 million Revolving Credit Facilities.

12. DERIVATIVES

	2020 RM	2019 RM
Interest rate swap contracts		
- Non-Current	-	396,040
- Current	910,180	1,044,940
	910,180	1,440,980

Notes to the Financial Statements

12. DERIVATIVES (CONTD.)

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. This contract has expired on 31 December 2019.

On 18 January 2016, The Trust has entered into a new 5-year 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. This contract will expire on 19 October 2020.

13. LEASE LIABILITIES

	2020 RM Retail Space
As at beginning of the financial year	-
Effects of adoption on MFRS 16 (Notes 3.1a)	331,654
As at beginning of the financial year, as restated	331,654
Addition	-
Finance cost charged	13,266
Payment of lease liabilities	(194,050)
As at end of the financial year	150,870
Within 1 year	130,568
More than 1 year	20,302
As at end of the financial year	150,870

The weighted-average incremental discounted borrowing rate for lease liabilities initially recognised as of 1 April 2019 was 4.0% per annum.

There were no variable lease payments, subleasing, leases with residual value guarantees, leases not yet commenced, restrictions or covenants imposed to which the Trust is committed.

Lease liabilities analysed by undiscounted contractual payments are as follows:

	2020 RM Retail Space
Within 1 year	139,748
More than 1 year	22,257
As at end of the financial year	162,005

Notes to the Financial Statements

14. PAYABLES

	2020 RM	2019 RM
Trade payable	1,291,434	197,287
Deposit payable	1,500,000	-
Loan interest and commitment fee payable	1,036,352	1,293,712
Accrued Manager's fee	607,204	634,028
Accrued Trustee's fee	27,946	28,152
Accrued property managers' fees and salaries	477,908	483,955
Other payable and accruals	3,365,236	4,216,423
	8,306,080	6,853,557

15. UNITHOLDERS' FUNDS

Number of units in circulation:

	2020 Unit	2019 Unit
At 1 April/31 March	686,401,600	686,401,600

Issued and fully paid:

	2020 RM	2019 RM
At 1 April/31 March	636,624,829	636,624,829

As at 31 March 2020, 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:

	2020		2019	
	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	74,313,101	183,489,138	98,166,689
Yayasan Azman Hashim	77,947,353	31,568,678	41,779,353	22,351,954
Amcorp Group Berhad	-	-	36,168,000	19,349,880
AmMetLife Insurance Berhad on behalf of Life Fund	11,200,000	4,536,000	11,200,000	5,992,000
Azman bin Hashim	849,076	343,876	849,076	454,256
AmGroup Foundation	2,560	1,037	2,560	1,370

The market value is determined by multiplying the number of units with the market closing price of RM0.405 per unit as at 31 March 2020 (31 March 2019: RM0.535 per unit).

Notes to the Financial Statements

16. GROSS REVENUE

	2020 RM	2019 RM (Restated)
Gross rental income		
- Realised	107,593,097	108,100,803
- Unrealised (in relation to accrued unbilled rental income)	4,646,444	4,646,444
Car park income	8,234,941	8,103,940
Other income	207,521	378,240
	120,682,003	121,229,427

The realised revenue comprises rental and service charges, car park income from properties and other miscellaneous recoverable from tenants. The unrealised revenue refers to the accrued unbilled rental income receivable pursuant to requirements of MFRS 16 Leases, recognised on straight-line basis.

17. PROPERTY EXPENSES

Included in property expenses are the following:

	2020 RM	2019 RM
Property management fee and reimbursements*	4,743,082	4,304,954
Rates and assessment	5,415,362	5,703,248
Quit rent	416,481	480,160

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

18. MANAGER'S FEE

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

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

The Manager's fee for the current financial year consists of a base fee of 0.30% (2019: 0.30%) per annum and performance fee of 3.00% (2019: 3.00%) per annum.

Notes to the Financial Statements

19. TRUSTEE'S FEE

Pursuant to the Deed, the Trustee is entitled to receive a fee up to 0.10% per annum of the net asset value. The Trustee's fee for the current financial year is calculated based on 0.04% (2019: 0.04%) per annum on the net asset value.

20. OTHER EXPENSES

Included in other expenses are:

	2020 RM	2019 RM
Impairment loss on trade receivables (Note 7(d))	343,358	60,152

21. TAXATION

	2020 RM	2019 RM
Current tax expense	-	-
Deferred tax relating to the origination and reversal temporary differences (Note 10)	2,421,029	-
	2,421,029	-

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

A reconciliation of taxation applicable to profit before taxation at the statutory income tax rate to taxation at the effective tax rate of the Trust is as follows:

	2020 RM	2019 RM
Profit before taxation	26,008,497	22,293,243
Taxation at statutory tax rate of 24% (2019: 24%)	6,242,039	5,350,378
Effects of non-deductible expenses	630,408	434,662
Effect of fair value adjustment on investment properties not subject to tax	1,049,318	2,610,001
Effects of income exempted from tax	(7,921,765)	(8,395,041)
Deferred tax recognised at different tax rate	2,421,029	-
	2,421,029	-

Notes to the Financial Statements

22. 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 year.

	2020	2019
Net income for the financial year (RM)	23,587,468	22,293,243
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)	3.44	3.25

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.

	2020	2019
Net income for the financial year (RM)	23,587,468	22,293,243
Add back:		
Manager's fee (RM)	7,327,213	7,404,174
Net income for the financial year before manager's fee (RM)	30,914,681	29,697,417
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)	4.50	4.33

Notes to the Financial Statements

23. INCOME DISTRIBUTION

In respect of the current financial year ended 31 March 2020, the Manager had paid an interim income distribution of 1.86 sen per unit for the six-month financial period from 1 April 2019 to 30 September 2019 of RM12,767,068 and has proposed a final income distribution of 1.49 sen per unit for the six-month financial period from 1 October 2019 to 31 March 2020 totalling RM10,227,384 which is in line with the objectives of AmFIRST REIT to deliver regular and stable distributions to Unitholders. The total income distribution of 3.35 sen per unit for the financial year ended 31 March 2020 is from the following sources:

	2020 RM	2019 RM (Restated)
Gross revenue	120,682,003	121,229,427
Less: Unrealised gross revenue derived from accrued unbilled rental income recognised on straight line method	(4,646,444)	(4,646,444)
Interest income	85,453	110,979
Other income	253,735	192,424
	116,374,747	116,886,386
Less: Expenses	(90,881,673)	(88,680,892)
	25,493,074	28,205,494
Add: Undistributed income at beginning of the financial year	2,666,904	1,917,472
Total income available for distribution	28,159,978	30,122,966
Less: Undistributed income at end of the financial year	(5,165,526)	(2,666,904)
	22,994,452	27,456,062
Distribution per unit (sen)	3.35	4.00

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24. PORTFOLIO TURNOVER RATIO

	2020	2019
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.

25. MANAGEMENT EXPENSE RATIO

	2020	2019
Management Expense Ratio ("MER") (%)	1.05	1.01

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.

Notes to the Financial Statements

26. COMMITMENTS

(a) Capital expenditure as at reporting date is as follows:

	2020 RM	2019 RM
Approved but not contracted for: Investment properties	4,140,641	12,013,734
Approved and contracted for: Investment properties	2,369,331	8,117,197

(b) Operating lease commitments - as lessors

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

	2020 RM	2019 RM (Restated)
Not later than one year	97,490,633	101,729,071
Later than one year and not later than five years	139,609,542	153,718,146
Later than five years	444,049,431	464,945,875
	681,149,606	720,393,092

27. TRANSACTIONS WITH THE COMPANIES RELATED TO THE MANAGER

	2020 RM	2019 RM
Rental earned from AmBank Group	39,045,278	40,647,626
Interest earned from AmBank (M) Berhad	85,453	110,979
Interest paid to AmBank (M) Berhad	18,214,251	23,779,678
Loan facilities fee	75,631	29,250
Insurance premium paid to AmGeneral Insurance Berhad	620,164	612,234

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:

	2020 RM	2019 RM
AmBank Group		
Bank balances and deposits placed with AmBank (M) Berhad	3,963,453	2,253,038
Rental receivable from AmBank Group (Note 7(c))	228,248	324,848
Bank borrowings from AmBank (M) Berhad (Note 11)	369,500,000	392,728,556
Rental deposits received from the AmBank Group (Note 9)	11,316,914	11,298,067

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.

Notes to the Financial Statements

28. 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 amounts 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.

- (b) Financial instruments measured at fair value:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31 March 2020				
Financial liabilities measured at fair value				
Derivatives	-	910,180	-	910,180
31 March 2019				
Financial liabilities measured at fair value				
Derivatives	-	1,440,980	-	1,440,980

29. 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.

Notes to the Financial Statements

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

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:

	2020 RM	2019 RM
Financial assets:		
<i>Floating rate instrument</i>		
Deposits with financial institution	2,969,390	1,417,913
Financial liabilities:		
<i>Floating rate instrument</i>		
Term loan	556,169,456	555,356,923
Revolving credit	242,500,000	229,000,000
Overdraft	-	6,728,556
	798,669,456	791,085,479
Interest rate swap contracts	910,180	1,440,980

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 rate 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	Profit or loss 25 basis point Decrease RM
2020		
Floating rate instruments	(2,000,875)	2,000,875
IRS swap contract	250,000	(250,000)
	(1,750,875)	1,750,875
2019		
Floating rate instruments	(1,983,946)	1,983,946
IRS swap contract	500,000	(500,000)
	(1,483,946)	1,483,946

Notes to the Financial Statements

29. 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
2020				
Financial assets				
Deposits with financial institution	2.56	2,969,390	2,969,390	-
Financial liabilities				
Term loans	3.99	556,169,456	249,265,591	306,903,865
Revolving credit facilities	3.88	242,500,000	102,500,000	140,000,000
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	-

Notes to the Financial Statements

29. 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
2020			
Current	1,464,694	(63,973)	1,400,721
Impairment			
Past due 30 - 60 days	583,958	(123,857)	460,101
Past due 61 - 90 days	610,678	(13,192)	597,486
Past due more than 90 days	916,464	(411,796)	504,668
Total	3,575,794	(612,818)	2,962,976
2019			
Current	2,924,365	-	2,924,365
Impairment			
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

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.

The table below summarises the maturity profile of the Trust's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

Notes to the Financial Statements

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(iv) Liquidity risk (Contd.)

	Within 1 year RM	1 - 5 years RM	Total RM
2020			
Rental deposits	12,592,521	16,843,196	29,435,717
Payables	34,756,855	42,284,314	77,041,169
Borrowings	352,500,000	447,850,000	800,350,000
Derivatives	910,180	-	910,180
Lease liabilities	139,748	22,257	162,005
Total financial liabilities	400,899,304	506,999,767	907,899,071
2019			
Rental deposits	12,472,771	17,230,774	29,703,545
Payables	40,516,913	54,525,948	95,042,861
Borrowings	95,728,556	697,850,000	793,578,556
Derivatives	1,044,940	396,040	1,440,980
Total financial liabilities	149,763,180	770,002,762	919,765,942

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30. 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 11.

	2020 RM	2019 RM
Total borrowings (Note 11)	798,669,457	791,085,479
Total assets	1,679,145,824	1,671,846,250
Gearing ratio (%)	47.6	47.3

Notes to the Financial Statements

31. 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 (“SMT Proceedings”); and
- (b) The 5th Plaintiff’s claim against AmFIRST REIT Trustees is struck out.

Pursuant to parties’ consent order dated 1 March 2019, the SMT Proceedings are stayed pending the disposal of the Appeal. Given that the proceedings before the High Court are stayed pending the disposal of the SMT Proceedings (which is now stayed pending the disposal of the Appeal), case managements have been fixed for parties to update the High Court on the status of the Appeal.

The Plaintiffs have since appealed against the decision of Striking Out Application to the Court of Appeal on 2 January 2019 (“Appeal”). The hearing of the Appeal is fixed on 1 July 2020.

32. MATERIAL SIGNIFICANT AND SUBSEQUENT EVENTS

The Covid-19 which emerged in December 2019 has subsequently been declared as a pandemic by the World Health Organisation in March 2020. Due to the rapidly rising confirmed cases in Malaysia, the Government of Malaysia had announced the implementation of a nationwide Movement Control Order (“MCO”) which has been extended to 12 May 2020 since its first enforcement on 18 March 2020 as a measure to contain the outbreak. On 1 May 2020 and 10 May 2020, the government has further announced the enforcement of Conditional Movement Control Order (“CMCO”) which has been extended from 12 May 2020 to 9 June 2020. The enforcement of CMCO allows most of the businesses to resume business activities with conditions and subject to strict adherence to Standard Operating Procedures set out by the government.

To contain the spreading of the virus, the government has taken several measures including travel bans, quarantines, social distancing and businesses are being forced to temporarily close down or limit operations during MCO and CMCO. The Trust has adhered to government and the regulatory directives arising from the MCO and CMCO by implementing relevant precautionary measures and procedures based on recommendations from the relevant authorities.

The enforcement of MCO have triggered significant disruptions to businesses which resulting in the economic slowdown. The governments, Bank Negara Malaysia and other relevant authorities have responded by providing both financial and non-financial assistance to disrupted industry sectors and affected business organisations to soften the impact to the economy.

Notes to the Financial Statements

32. MATERIAL SIGNIFICANT AND SUBSEQUENT EVENTS (CONTD.)

While the outbreak has impact on almost all entities either directly or indirectly, some of the worst-hit sectors are hospitality and retail with widespread lockdowns being enforced.

The ongoing Covid-19 outbreak remains fluid and evolving which will impact the Trust's financial performance for the next reporting period. The Manager is actively monitoring the development of this pandemic and will proactively manage the risks caused by the Covid-19 on the Trust accordingly. The Manager has assessed and there is no adjusting post balance sheet event as at the date of the adoption of this financial statements in accordance with MFRS 110 *Events after the Reporting Period*.

33. RESTATEMENT OF COMPARATIVE INFORMATION

Certain comparative figures were restated to conform with current financial year's presentation.

The effects arising from the restatement of the comparative information are as follows:

	As previously reported RM	Restatement RM	As restated RM
(i) Statement of financial position:			
As at 31 March 2019			
Non-current assets			
Investment properties	1,657,045,000	(14,713,740)	1,642,331,260
Receivables	2,391,916	14,713,740	17,105,656
(ii) Statement of comprehensive income:			
2019			
Gross revenue	116,582,983	4,646,444	121,229,427
Changes in fair value of investment properties	(6,228,562)	(4,646,444)	(10,875,006)
No restatement on prior year's profit before and after taxation and earnings per unit.			
(iii) Statement of cash flows:			
2019			
Cash flows from operating activities			
Accrued unbilled rental income	-	(4,646,444)	(4,646,444)
Changes in fair value of investment properties	6,228,562	4,646,444	10,875,006

Notes to the Financial Statements

33. RESTATEMENT OF COMPARATIVE INFORMATION (CONTD.)

(iv) Notes to the Financial Statements

	As previously reported RM	Restatement RM	As restated RM
<u>Note 5 - Investment properties</u>			
As at 31 March 2019			
As at beginning of the financial year	1,650,060,000	(10,067,296)	1,636,992,704
Enhancement	13,213,562	-	13,213,562
Changes in fair value :			
- Based on valuation report	(6,228,562)	-	(6,228,562)
- Accrued unbilled rental income	-	(4,646,444)	(4,646,444)
As at end of the financial year	1,657,045,000	(14,713,740)	1,642,331,260
<u>Note 7 - Receivables</u>			
As at 31 March 2019			
<i>Non-current</i>			
Accrued unbilled rental income	-	14,713,740	14,713,740
<u>Notes 16 - Gross revenue</u>			
2019			
Gross rental income			
- Unrealised (in relation to accrued unbilled rental income)	-	4,646,444	4,646,444

Statement by the Directors of the Manager

We, Soo Kim Wai and YM Raja Nazirin Shah Bin Raja Mohamad 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 138 to 180 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 2020 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

YM RAJA NAZIRIN SHAH BIN RAJA MOHAMAD

Kuala Lumpur, Malaysia
18 May 2020

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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 138 to 180 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 18 May 2020

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 (the "Trust") for the financial year ended 31 March 2020. To the best of our knowledge, AmREIT Managers Sdn Bhd (the "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 2020.

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 2020 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

18 May 2020

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 2020, 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 138 to 180.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Trust as at 31 March 2020, 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 Code of Ethics for Professional Accountants (including International Independence Standards) (“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 financial 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

To the Unitholders of AmFIRST Real Estate Investment Trust

Key audit matters (Contd.)

Valuation of investment properties

As at 31 March 2020, the carrying amount of the Trust's investment properties amounted to RM1,647,139,816 (2019: RM1,642,331,260) which represents 98% (2019: 98%) of the Trust's total assets. The Trust adopts the fair value model for its investment properties. The valuation of investment properties is significant to our audit due to their magnitude, complex valuation method and high dependency on a range of estimates (amongst others, rental income data and yield rate) which are based on current and future market or economic conditions. The Trust had engaged an external valuer to determine the fair value of the investment properties at the reporting date.

Our audit procedures focused on the valuations performed by firms of independent valuers, which included, amongst others, the following procedures:

- We considered the objectivity, independence and expertise of the firms of independent valuers;
- We obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;
- We had discussions with the independent valuers to obtain an understanding of the property related data used as input to the valuation models which included, amongst others, rental income data, yield rate and discount rate;
- We tested the accuracy of rental income data applied in the valuation by comparing them with lease agreements and challenged significant key inputs and assumptions adopted; and
- We also evaluated the Trust's disclosures on those assumptions to which the outcome of the valuation is most sensitive. The Trust's disclosures on the valuation sensitivity and significant assumptions used are included in Notes 4.2a and 5 to the financial statements.

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.

Independent Auditors' Report

To the Unitholders of AmFIRST Real Estate Investment Trust

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.
- 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.

Independent Auditors' Report

To the Unitholders of AmFIRST Real Estate Investment Trust

Auditors' responsibilities for the audit of the financial statements (Cont'd)

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 financial 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 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 PLT
202006000003 (LLP0022760-LCA) & AF0039

Chartered Accountants

Kuala Lumpur, Malaysia
18 May 2020

Lee Pei Yin
03189/05/2021 J
Chartered Accountant

Analysis of Unitholders

Thirty (30) Largest Unitholders As at 5 June 2020

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	33,933,000	4.94
4.	Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad for AmMetLife Insurance Berhad (FM-AMAB-LF) (419501)	11,200,000	1.63
5.	DFN Resources Sdn Bhd	7,142,900	1.04
6.	Khazanah Nasional Berhad	6,578,900	0.96
7.	CIMB Group Nominees (Asing) Sdn Bhd Exempt an for DBS Bank Ltd (SFS)	5,406,000	0.79
8.	Lim Soon Huat	5,122,272	0.75
9.	Seng Siaw Wei	5,000,000	0.73
10.	Tan Kim Chuan	4,901,000	0.71
11.	AMSEC Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Ng Bee Lan	4,400,000	0.64
12.	Permodalan Nasional Berhad	4,241,600	0.62
13.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ramanathan A/L L.Manickavasagan (Solaris-CL)	3,264,500	0.48
14.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (NP-Other-REITS)	3,075,300	0.45
15.	CGS-CIMB Nominees (Asing) Sdn Bhd Exempt an for CGS-CIMB Securities (Singapore) Pte. Lte. (Retail Clients)	3,044,859	0.44
16.	Wing Kwong @ Chan Wing Kwong	2,546,024	0.37
17.	Lim Kew Seng	2,315,080	0.34
18.	Oh Eng Cheng	2,190,000	0.32
19.	Radhakrishnan A/L Menon	2,050,000	0.30
20.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (AP-REITS)	2,000,000	0.29
21.	Kenanga Nominees (Asing) Sdn Bhd Exempt an for Phillip Securities Pte Ltd (Client Account)	1,970,060	0.29
22.	Wong Soh Har @ Wong Yin Teck	1,850,000	0.27
23.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA International Real Estate Securities Portfolio of DFA Investment Dimensions Group Inc	1,788,940	0.26
24.	Chan Chor Yook	1,620,000	0.24
25.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Sun Yick	1,500,045	0.22
26.	Koh Song Leang	1,495,000	0.22
27.	Goh Siew Cheng	1,480,000	0.22
28.	Maybank Nominees (Tempatan) Sdn Bhd Chau Mei Lan	1,383,451	0.20
29.	Yeap Ah Kau @ Yeap Chan Too	1,281,000	0.19
30.	Lucky Star Pte. Ltd.	1,257,600	0.18
Total		385,474,022	56.18

* Substantial Unitholders [More than 5% of the unit in circulation].

Analysis of Unitholders

Distribution Schedule of Unit As at 5 June 2020

Category	No. of Unitholders	No. of Holdings	% of Holdings
Less than 100	797	25,220	-
100 to 1,000	3,282	2,047,634	0.30
1,001 to 10,000	5,488	24,435,608	3.56
10,001 to 100,000	2,965	100,372,471	14.62
100,001 to less than 5% of the issued units	651	298,084,176	43.43
5% and above the issued units	2	261,436,491	38.09
Total	13,185	686,401,600	100.00

Classification of Unitholders As at 5 June 2020

Category of Unitholders	No. of Unitholders		No. of Holdings		% of Holdings	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1. Individuals	10,823	180	244,414,457	9,082,338	35.61	1.32
2. Body Corporate						
a. Banks / Finance / Companies	5	-	188,232,818	-	27.42	-
b. Investment Trusts / Foundation / Charities	3	-	78,291,661	-	11.41	-
c. Industrial and Commercial Companies	145	6	23,280,856	1,570,209	3.39	0.23
3. Government Agencies / Institutions	1	-	11,421	-	-	-
4. Nominees	1,924	98	123,199,409	18,318,431	17.95	2.67
Total	12,901	284	657,430,622	28,970,978	95.78	4.22

Breakdown of Unit Holding As at 5 June 2020

Category	No. of Unitholders	No. of Holdings
5,000 and below	7,895	12,567,623
5,001 to 10,000	1,672	13,940,839
10,001 to 50,000	2,419	59,814,401
50,001 to 500,000	1,086	152,478,106
500,001 and above	113	447,600,631
Total	13,185	686,401,600

BOARD OF DIRECTORS

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

MANAGER

AmREIT Managers Sdn Bhd
Registration No. 200601011214 (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)
(SSM PC No. 202008002709)

Ms Ruzeti Emar Binti Mohd Rosli
(LS0010372)
(SSM PC No. 202008000974)

Boardroom Corporate Services Sdn Bhd
Registration No. 196001000110 (3775-X)
12th Floor, Menara Symphony, No. 5
Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya, Selangor, Malaysia
Telephone No. : 603-7890 4800
Facsimile No. : 603-7890 4650

TRUSTEE

Maybank Trustees Berhad
Registration No. 196301000109 (5004-P)
8th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Telephone No. : 603-2078 8363
Facsimile No. : 603-2070 9387

PROPERTY MANAGERS

Savills (KL) Sdn Bhd
Registration No. 200201020030 (587693-W)
Level 9, Menara Milenium
Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Telephone No. : 603-2092 5955
Facsimile No. : 603-2092 5966

**Knight Frank Property Management Sdn
Bhd**
Registration No. 201601040834
(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
Registration No. 201501001265
(1126597-X)
Level 17, Menara Liberty
1008, Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Telephone No. : 603-2691 9922
Facsimile No. : 603-2691 9992

AUDITORS

Ernst & Young PLT
[2020060000003 (LLP0022760-LCA) &
AF0039]
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Telephone No. : 603-7495 8000
Facsimile No. : 603-2095 5332

TAX ADVISER

**PricewaterhouseCoopers Taxation
Services Sdn Bhd**
Registration No. 199801008604 (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
Registration No. 196901000166 (8515-D)
(A Member of AmBank Group)
22nd Floor, Bangunan AmBank Group
No 55, Jalan Raja Chulan
50250 Kuala Lumpur Malaysia
Telephone No. : 603-2036 2633
Facsimile No. : 603-2072 8439

Public Bank Berhad
Registration No. 196501000672 (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
Registration No. 196001000142 (3813-K)
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Telephone No. : 603-2070 8833
Facsimile No. : 603-2715 9442

REGISTRAR

SHARE REGISTRAR
Boardroom Share Registrars Sdn Bhd
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Telephone No. : +603-7890 4700
Facsimile No. : +603-7890 4670

STOCK EXCHANGE LISTING

Main Market of Bursa Securities
Stock Name : AmFIRST
Stock Code : 5120



AmFIRST

Real Estate Investment Trust

AmFIRST REAL ESTATE INVESTMENT TRUST

[Established in Malaysia under the Trust Deed dated 28 September 2006 (“Original Deed”) (as amended by the First Supplemented, Revised and Restated Trust Deed dated 15 December 2006 (“First Deed”) and the Second Restated Deed dated 13 September 2013 (“Second Deed”)) entered into between AmREIT Managers Sdn Bhd and Maybank Trustees Berhad, companies incorporated under the Companies Act, 1965]

NOTICE OF EIGHTH ANNUAL GENERAL MEETING

Notice is hereby given that the Eighth Annual General Meeting (“8th AGM”) of the Unitholders of AmFIRST Real Estate Investment Trust (“AmFIRST REIT”) will be conducted via Remote Participation Electronic Voting (“RPEV”) virtually for the purpose of considering and if thought fit, passing with or without modifications the resolutions setting out in this notice.

Meeting Platform : <https://web.lumiagm.com/>
Day and Date : **Monday, 10 August 2020**
Time : **10.00 a.m.**
Broadcast Venue : **Symphony Square Auditorium**
3A Floor, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya, Selangor, Darul Ehsan, Malaysia

AGENDA

AS ORDINARY BUSINESS

1. **To receive the Audited Financial Statements for the financial year ended 31 March 2020 of AmFIRST REIT together with the Reports of the Trustee and Auditors thereon.**

AS SPECIAL BUSINESS

To consider and if thought fit, 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 Eighth Annual General Meeting

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**
Registration No. 200601011214 (730964-X)
The Manager of AmFIRST Real Estate Investment Trust

Chan Sau Leng (MAICSA 7012211) (SSM PC No.: 202008002709)
Ruzeti Emar Binti Mohd Rosli (LS0010372) (SSM PC No.: 202008000974)
Company Secretaries

Kuala Lumpur
30 June 2020

EXPLANATORY NOTES:

- (A) **Audited Financial Statements**
This Agenda item is meant for discussion only and does not require a formal approval of the Unitholders. Hence, this item is not put forward for voting.
- (B) **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.
- (C) **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.

NOTES:

1. **Precautionary measures against Coronavirus disease 2019 (Covid-19) pandemic**
- (i) In light of the current Covid-19 pandemic and having regard to the well-being and the safety of our Unitholders, the 8th AGM will be conducted via RPEV virtually through live streaming and online remote voting using LUMI AGM facilities which are available on Boardroom Smart Investor Portal at <https://web.lumiagm.com/>. Please follow the procedures provided in the Administrative Guide for the 8th AGM in order to register, participate and vote remotely via LUMI AGM facilities.
 - (ii) With LUMI AGM facilities, a Unitholder may exercise his/her right to participate (including to pose questions to the Board of the Manager) and vote at the 8th AGM, at the comfort of your home/office. Unitholders may use the query box facility to submit questions real time during the AGM.
 - (iii) The venue of the 8th AGM is strictly for the purpose of observing the requirement where it entails the Chairman of the Meeting to be at the main venue (broadcast venue). No Unitholders/Proxy(ies) from the public will be physically present at the broadcast venue.
 - (iv) Due to the constant evolving Covid-19 pandemic situation in Malaysia, we may be required to change the arrangements of our 8th AGM at short notice. Kindly check the website or announcements of AmFIRST REIT for the latest updates on the status of the 8th AGM.

Notice of Eighth Annual General Meeting

2. Proxy

- (i) Since the 8th AGM will be conducted via RPEV virtually, if a Unitholder entitled to attend and vote at a meeting is not able to participate the AGM via LUMI AGM facilities on 10 August 2020, in accordance with established practices, we encourage the Unitholders to appoint the Chairman of the meeting as his/her Proxy and indicate the voting instructions in the instrument appointing a Proxy (Proxy Form).
- (ii) A Unitholder entitled to attend and vote at the 8th 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 8th AGM shall have the same rights as the Unitholder to speak at the AGM.
- (iii) 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.
- (iv) 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 Proxy Form shall be in writing under the hands of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a Proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.
- (v) 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.
- (vi) 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.
- (vii) The appointment of Proxy may be made in a hardcopy form or by electronic means as follows:

In Hardcopy Form

The Hardcopy Proxy Form shall be in writing under the hands of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a Proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.

The Proxy Form shall be deposited at the office of the Share Registrar of AmFIRST REIT at Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia no later than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote, and in default the Proxy Form shall not be treated as valid.

By Electronic Means

The Proxy Form may be submitted:

- a) to the Share Registrar of AmFIRST REIT, Boardroom Share Registrars Sdn Bhd via e-mail to bsr.helpdesk@boardroomlimited.com, no later than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote, or
- b) via electronic means ("e-Proxy") through the smart investor portal at <https://boardroomlimited.my> by logging in and selecting "E-PROXY LODGEMENT" no later than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote, (please refer to the Annexure to the Proxy Form for further information on submission via e-Proxy).

3. Unitholders entitled to participate and vote

For the purposes of determining a Unitholder who shall be entitled to participate and vote at the 8th AGM, AmFIRST REIT shall be requesting from Bursa Malaysia Depository Sdn. Bhd., to issue a General Meeting Record of Depositors as at **30 July 2020**. In respect of the deposited securities, only Unitholders whose names appear in the Record of Depositors of AmFIRST REIT on **30 July 2020 shall be entitled to participate and vote at the 8th AGM or appoint the Chairman of the Meeting as Proxy to participate and vote on such depositor's behalf.**

4. Registration of Unitholders/Proxies

Registration of Unitholders/Proxies is opened from 10.00 a.m. Tuesday, 30 June 2020 up to 10.00 a.m. Saturday, 8 August 2020. Please follow the procedures provided in the Administrative Guide for the 8th AGM in order to register, participate and vote remotely via LUMI AGM facilities.

5. Voting

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in the Notice of the 8th AGM will be put to vote by poll. Poll Administrator and Independent Scrutineer will be appointed to conduct the poll via e-voting process and to verify the poll results.

Upon completion of the voting session for the 8th AGM, the Independent Scrutineer will verify and announce the poll results followed by the Chairman of the meeting's declaration whether the resolutions are duly passed.

6. Personal Data Privacy

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the Unitholder has consented to the use of such data for purposes of processing and administration by AmFIRST REIT (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The Unitholder agrees that he/she will indemnify AmFIRST REIT in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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 Guide for the Eighth Annual General Meeting
of the Unitholders of AmFIRST Real Estate Investment Trust (“AmFIRST REIT”)**

Meeting Platform	:	https://web.lumiagm.com/
Day and Date	:	Monday, 10 August 2020
Time	:	10.00 a.m.
Broadcast Venue	:	Symphony Square Auditorium 3A Floor, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13 46200 Petaling Jaya, Selangor, Darul Ehsan, Malaysia

Dear Unitholders,

As a precautionary measure amid Covid-19 pandemic, the forthcoming Eighth Annual General Meeting (“8th AGM”) of AmFIRST REIT will be conducted virtually via the Meeting Platform, as the safety of our Unitholders, Board of Directors, staffs and other stakeholders who will attend the 8th AGM is of paramount importance to us.

In line with the Malaysian Code on Corporate Governance Practice 12.3, by conducting a fully virtual AGM, this would facilitate greater Unitholders’ participation as it facilitates Remote Participation Electronic Voting (“RPEV”) virtually. With the Virtual Meeting Facilities, you may exercise your rights as a Unitholder to participate (including to pose questions to the Board of Directors of the Manager) and vote at the 8th AGM. Alternatively, you may also appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 8th AGM.

Kindly ensure that you are connected to the internet at all times in order to participate and vote when the virtual 8th AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained. Kindly note that the quality of the live webcast is dependent on the bandwidth and stability of the internet connection of the participants.

Digital Copies of Annual General Meeting Documents

As part of our commitment to reduce paper usage, the following documents are available on our website.

1. Annual Report 2020 at <http://ir2.chartnexus.com/amfirstreit/reports.php>.
2. Notice of the 8th AGM, Proxy Form and Administrative Guide at <http://ir2.chartnexus.com/amfirstreit/agm.php>.

Should you require a printed copy of the above documents, you may submit your request through telephone/email to us or our service provider at the number/email address provided in the enquiry section of this document. Any request for the printed documents would be forwarded to the requestor within seven (7) market days or from the date of receipt of the verbal or written request, whichever is later.

Administrative Guide for the Eighth Annual General Meeting

Broadcast Venue

Unitholders are not allowed to participate in the 8th AGM at the Broadcast Venue as the venue is only meant to facilitate the conduct of the virtual 8th AGM. Unitholders who turn up at the Broadcast Venue would be requested to leave the venue.

Entitlement to Participate the 8th AGM

In respect of deposited securities, only Unitholders whose names appear on the Record of Depositors on 30 July 2020 (General Meeting Record of Depositors) shall be eligible to participate the meeting or appoint proxy(ies) to participate and vote on his/her behalf.

Form(s) of Proxy

Unitholders are encouraged to go online, participate, and vote at the 8th AGM using remote participation and electronic voting facilities. If you are not able to participate, you can appoint the Chairman of the meeting as your proxy and indicate the voting instructions in the proxy form(s).

Please ensure that the original form is deposited at our Share Registrar's office not less than forty-eight (48) hours before the time appointed for holding the meeting. Details of our Share Registrar's office can be found in the enquiry section of this document.

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Alternatively, you may deposit your proxy form(s) by electronic means through the smart investor portal at <https://boardroomlimited.my> to login and deposit your proxy form electronically, also 48 hours before the meeting.

Revocation of Proxy

If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in our electronic AGM by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy forty eight (48) hours before the meeting.

Voting Procedure

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM will be conducted by poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

Steps for registration for remote participation and electronic voting

Procedure		Action
Before the day of the AGM		
1.	Register Online with Boardroom Smart Investor Portal	<p><i>[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register. You may proceed to Step 2.]</i></p> <p>a. Access website https://boardroomlimited.my</p> <p>b. Click <<Login>> and click <<Register>> to sign up as a user.</p> <p>c. Complete registration and upload softcopy of MyKAD (front and back) or Passport.</p> <p>d. Please enter a valid email address.</p> <p>e. Your registration will be verified and approved within one business day and an email notification will be provided.</p>

Administrative Guide for the Eighth Annual General Meeting

Procedure	Action
Before the day of the AGM	
2. Submit Request for Remote Participation	<p>Registration for remote access will be opened at 10.00 a.m. on Tuesday, 30 June 2020. Please note that the closing time to submit your request is at 10.00 a.m. on Saturday, 8 August 2020 (48 hours before the commencement of the AGM).</p> <p>Individual Members</p> <ol style="list-style-type: none"> a. Log in to https://boardroomlimited.my b. Select “Hybrid/Virtual Meeting” from main menu and select the correct Corporate Event “Virtual AGM”. c. Enter your CDS Account. d. Read and agree to the terms & condition and thereafter submit your request. <p>Corporate Unitholders</p> <ol style="list-style-type: none"> a. Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request. b. Please provide a copy of Corporate Representative’s MyKad (Front and Back) or Passport as well as his/her email address. <p>Authorised Nominee and Exempt Authorised Nominee</p> <ol style="list-style-type: none"> a. Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Form of Proxy to submit the request. b. Please provide a copy of Corporate Representative’s MyKad (Front and Back) or Passport as well as his/her email address.
3. Email Notification	<ol style="list-style-type: none"> a. You will receive notification(s) from Boardroom that your request(s) has/have been received and is/are being verified. b. Upon system verification against the General Meeting Record of Depositories as at 30 July 2020, you will receive an email from Boardroom either approving or rejecting your registration for remote participation. If your registration for remote participation is approved, you will receive an email notification from Boardroom with the Meeting ID together with your remote access user ID and password.

Administrative Guide for the Eighth Annual General Meeting

Procedure		Action
On the day of the AGM		
4.	Login to Meeting Platform	<p>a. The Meeting Platform will be open for login one (1) hour before the commencement of the AGM.</p> <p>b. The Meeting Platform can be accessed via one of the following:-</p> <ul style="list-style-type: none"> ▶ Download the free LUMI AGM application from Apple App Store or Google Play Store; ▶ Scan the QR Code provided in the email notification; ▶ Navigate to the website at https://web.lumiagm.com/ <p>c. Insert the Meeting ID No. [●] and sign in with the user ID and password provided to you via the email notification in Step 3.</p>
5.	Participate	<p><i>[Note: Questions submitted online will be moderated before being sent to the Chairman to avoid repetition. All questions and messages will be presented with the full name and identity of the participant raising the question.]</i></p> <p>a. If you would like to view the live webcast, please select the broadcast icon. </p> <p>b. If you would like to ask a question during the AGM, please select the messaging icon. </p> <p>c. Type your message within the chat box, once completed click the send button.</p>
6.	Voting	<p>a. Once voting has been opened, the polling icon will appear with the resolutions and your voting choices.</p> <p>b. To vote, please select your voting direction from the options provided. A confirmation message will appear to show your vote has been received.</p> <p>c. To change your vote, please select another voting direction.</p> <p>d. If you wish to cancel your vote, please press "Cancel".</p>
7.	End of Participation	Upon the announcement by the Chairman on the closure of the AGM, the live webcast will end and the Messaging window will be disabled.

Administrative Guide for the Eighth Annual General Meeting

No Distribution of Door Gifts, Food and Beverages

There will be no distribution of food voucher or door gift to Unitholders.

Enquiry

If you have any enquiries on LUMI AGM Facilities (technical assistance) prior to the AGM, please contact the following during office hours from Monday to Friday (8.30 a.m. to 5.30 p.m.):-

Boardroom Share Registrars Sdn Bhd

Address : 11th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

General Line : 603-7890 4700
Fax Number : 603-7890 4670
Email : bsr.helpdesk@boardroomlimited.com

Mode of Communication of the virtual AGM

- 1) Typed text in the Meeting Platform
- 2) E-mail questions to rahman-joned@ambankgroup.com prior to Meeting.

Personal Data Privacy

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the Unitholder has consented to the use of such data for purposes of processing and administration by AmFIRST REIT (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The Unitholder agrees that he/she will indemnify AmFIRST REIT in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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AmFIRST

Real Estate Investment Trust

AmFIRST REAL ESTATE INVESTMENT TRUST

[Established in Malaysia under the Trust Deed dated 28 September 2006 ("Original Deed") (as amended by the First Supplemented, Revised and Restated Trust Deed dated 15 December 2006 ("First Deed") and the Second Restated Deed dated 13 September 2013 ("Second Deed")) entered into between 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, *hereby appoint the Chairman of the meeting, as my/our Proxy to attend and vote for me/us on my/our behalf at the Eighth Annual General Meeting ("8th AGM") of AmFIRST REIT to be conducted via Remote Participation Electronic Voting ("RPEV") virtually on the following Meeting Platform, set out below and at any adjournment thereof:

Meeting Platform : <https://web.lumiagm.com/>
 Day and Date : **Monday, 10 August 2020**
 Time : **10.00 a.m.**
 Broadcast Venue : **Symphony Square Auditorium**
3A Floor, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya, Selangor, Darul Ehsan, Malaysia

No	Resolution	For	Against
1	Ordinary Resolution No. 1		
2	Ordinary Resolution No. 2		

Please indicate with an "X" in the spaces above as to how you wish your votes to be cast. In the absence of specific directions, your proxy will vote or abstain as *he/she thinks fit.

Dated this _____ day of _____, 2020.

Signature of Unitholder/Common Seal (if Unitholder is a Corporation)

Tel: _____ (Office/House) _____ (Mobile)

* Delete if not applicable

NOTES:

1. Precautionary measures against Coronavirus disease 2019 (Covid-19) pandemic

- (i) In light of the current Covid-19 pandemic and having regard to the well-being and the safety of our Unitholders, the 8th AGM will be conducted via RPEV virtually through live streaming and online remote voting using LUMI AGM facilities which are available on Boardroom Smart Investor Portal at <https://web.lumiagm.com/>. Please follow the procedures provided in the Administrative Guide for the 8th AGM in order to register, participate and vote remotely via LUMI AGM facilities.
- (ii) With LUMI AGM facilities, a Unitholder may exercise his/her right to participate (including to pose questions to the Board of Directors of the Manager) and vote at the 8th AGM, at the comfort of your home/office. Unitholders may use the query box facility to submit questions real time during the AGM.
- (iii) The venue of the 8th AGM is strictly for the purpose of observing the requirement where it entails the Chairman of the Meeting to be at the main venue (broadcast venue). No Unitholders/Proxy(ies) from the public will be physically present at the broadcast venue.
- (iv) Due to the constant evolving Covid-19 pandemic situation in Malaysia, we may be required to change the arrangements of our 8th AGM at short notice. Kindly check the website or announcements of AmFIRST REIT for the latest updates on the status of the 8th AGM.

2. Proxy

- (i) Since the 8th AGM will be conducted via RPEV virtually, if a Unitholder entitled to attend and vote at a meeting is not able to participate the 8th AGM via LUMI AGM facilities on 10 August 2020, in accordance with established practices, we encourage the Unitholders to appoint the Chairman of the meeting as his/her Proxy and indicate the voting instructions in the instrument appointing a Proxy (Proxy Form).
- (ii) A Unitholder entitled to attend and vote at the 8th 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 8th AGM shall have the same rights as the Unitholder to speak at the AGM.
- (iii) 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.
- (iv) 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 Proxy Form shall be in writing under the hands of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a Proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.
- (v) 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.
- (vi) 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.
- (vii) The appointment of Proxy may be made in a hardcopy form or by electronic means as follows:

In Hardcopy Form

The Hardcopy Proxy Form shall be in writing under the hands of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a Proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.

The Proxy Form shall be deposited at the office of the Share Registrar of the AmFIRST REIT at Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia no later than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote, and in default the Proxy Form shall not be treated as valid.

By Electronic Means

The Proxy Form may be submitted:

- a) to the Share Registrar of AmFIRST REIT, Boardroom Share Registrars Sdn. Bhd. ("Boardroom Share Registrar's") via e-mail to bsr.helpdesk@boardroomlimited.com, no later than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote, or
- b) via electronic means ("e-Proxy") through the smart investor portal at <https://boardroomlimited.my> by logging in and selecting "E-PROXY LODGEMENT" no later than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote, (please refer to the Annexure to the Proxy Form for further information on submission via e-Proxy).

3. Unitholders entitled to participate and vote

For purposes of determining a Unitholder who shall be entitled to participate and vote at the 8th AGM, AmFIRST REIT shall be requesting from Bursa Malaysia Depository Sdn. Bhd., to issue a General Meeting Record of Depositors as at **30 July 2020**. In respect of the deposited securities, only Unitholders whose names appear in the Record of Depositors of AmFIRST REIT on **30 July 2020 shall be entitled to participate and vote at the 8th AGM or appoint the Chairman of the Meeting as Proxy to participate and vote on such depositor's behalf.**

4. Registration of Unitholders/Proxies

Registration of Unitholders/Proxies is opened from 10.00 a.m. Tuesday, 30 June 2020 up to 10.00 a.m. Saturday, 8 August 2020. Please follow the procedures provided in the Administrative Guide for the 8th AGM in order to register, participate and vote remotely via LUMI AGM facilities.

5. Voting

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in the Notice of the 8th AGM will be put to vote by poll. Poll Administrator and Independent Scrutineer will be appointed to conduct the poll via e-voting process and to verify the poll results.

Upon completion of the voting session for the 8th AGM, the Independent Scrutineer will verify and announce the poll results followed by the Chairman of the meeting's declaration whether the resolutions are duly passed.

6. Personal Data Privacy

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the Unitholder has consented to the use of such data for purposes of processing and administration by AmFIRST REIT (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The Unitholder agrees that he/she will indemnify AmFIRST REIT in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

PLEASE FOLD HERE TO SEAL

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Stamp

The Registrar for AmFIRST Real Estate Investment Trust
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

PLEASE FOLD HERE TO SEAL

ANNEXURE TO THE PROXY FORM

Dear Unitholders,

We are pleased to inform you that as a Unitholder, you have the option to submit your Proxy Form via electronic means (e-Proxy) in paperless form. Once you have successfully submitted your e-Proxy form, you are no longer required to complete and submit the physical Proxy Form to the office of the Share Registrar of AmFIRST REIT.

To assist you on how to engage with e-Proxy, kindly read and follow the guidance notes which are detailed below:

ELECTRONIC LODGEMENT OF PROXY FORM OF THE 8TH AGM (E-PROXY LODGEMENT)

Step 1 : Register online with Boardroom Smart Investor Portal (for first time registration only)

[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 below for e-Proxy lodgement.]

- a. Access Boardroom's website at <https://boardroomlimited.my>
- b. Click <<Login>> and click <<Register>> to sign up as a user. Registration is free.
- c. Complete registration and upload a softcopy of your MYKAD (for Malaysian) front and back or your Passport (for non-Malaysian).
- d. Please enter a valid e-mail address and wait for Boardroom's e-mail verification.
- e. Your registration will be verified and approved within one (1) business day and an e-mail notification will be provided.

Step 2 : e-Proxy lodgement

- a. Access Boardroom's website at <https://boardroomlimited.my>.
- b. Login with your user ID (i.e. e-mail address) and password.
- c. Go to "E-PROXY LODGEMENT" and browse the Meeting List for **AmFIRST REIT's 8th AGM** and click "APPLY".
- d. Read the terms and conditions and confirm the declaration.
- e. Enter the CDS account number and indicate the number of securities for your Proxy to vote on your behalf or Appoint the Chairman of the Meeting as your Proxy and enter the required particulars.
- f. Indicate your voting instructions – FOR or AGAINST or ABSTAIN, otherwise your Proxy will decide your vote.
- g. Review and confirm your Proxy appointment.
- h. Click submit.
- i. Download or print the e-Proxy form acknowledgement.

REQUEST FORM

To : AmREIT Managers Sdn Bhd (“AmREIT”)

Please send to me / us a printed copy of **AmFIRST REIT - Annual Report 2020**.

Name of Unitholder :	
NRIC No. / Passport No. / Company No. :	
CDS Account No. :	
Address :	
Contact No. / E-mail Address :	
Signature of Unitholder :	

Contact details of AmREIT for a printed copy of the Annual Report 2020 and the designate person to answer queries relating to the use of the electronic format are as follow:-

Telephone No. : 03-7955 8120 through Encik Abdul Rahman bin Mohd Joned
Facsimile No. : 03-7955 8360/80
E-mail Address : rahman-joned@ambankgroup.com
Mailing Address : Penthouse, Menara AmFIRST, No. 1, Jalan 19/3, 46300 Petaling Jaya, Selangor

The printed copy of **AmFIRST REIT - Annual Report 2020** will be sent to Unitholder within seven (7) market days from the date of receipt of the verbal or written request.

OUR ANNUAL REPORT

Download here



The softcopy of our 2020 Annual Report is available at <http://ir.chartnexus.com/amfirstreit/reports.php>



Download our Mobile App “AmFIRST REIT” from Google Play and App Store to view our 2020 Annual Report



Scan the QR Code to view our 2020 Annual Report online

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AmREIT Managers Sdn Bhd
Registration No. 200601011214 (730964-X)
The Manager for AmFIRST Real Estate Investment Trust
Penthouse, Menara AmFIRST
No. 1, Jalan 19/3
46300 Petaling Jaya
Selangor
Malaysia

PLEASE FOLD HERE TO SEAL

AmREIT Managers Sdn Bhd

Registration No. 200601011214 (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

OUR ANNUAL REPORT

Download here



The softcopy of our
2020 Annual Report
is available at
**[http://ir.chartnexus.com/
amfirstreit/reports.php](http://ir.chartnexus.com/amfirstreit/reports.php)**



Download our
Mobile App
“**AmFIRST REIT**” from
Google Play and
App Store to view our
2020 Annual Report



Scan the QR Code
to view our
2020 Annual Report
online