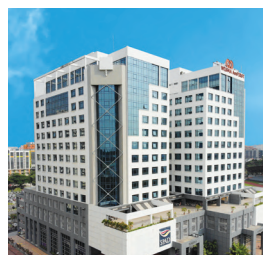
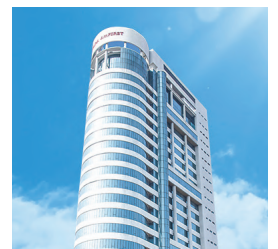
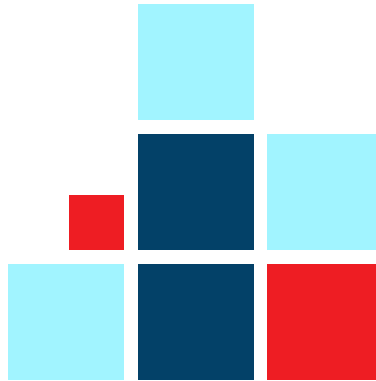




AmFIRST

Real Estate Investment Trust



**ANNUAL
REPORT
2021**

IN THIS REPORT



Ninth Annual General Meeting ("9th AGM") of the Unitholders of AmFIRST Real Estate Investment Trust

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

Wednesday, 7 July 2021

Time

10:00 a.m.



Scan the QR
Code to download
the 9th AGM's
documents



Scan the QR Code
to view our
Annual Report 2021
online

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FY2021

Highlights



Asset Under Management
RM1,628.5 million
(31.3.2020 : RM1,647.1 million)

Revenue
RM107.3 million
(FY2020 : RM120.7 million)



Net Property Income
RM65.0 million
(FY2020 : RM76.6 million)

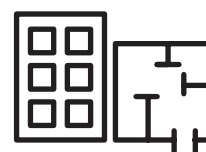


Realised Net Profit
RM21.5 million
(FY2020 : RM25.5 million)



Gearing
48.7%
(31.3.2020 : 47.6%)

NAV Per Unit
(After Income Distribution)
RM1.1857
(31.3.2020 : RM1.2100)



DPU Per Unit
2.82 sen
(FY2020 : 3.35 sen)



Closing Unit Price
42.5 sen
(31.3.2020 : 40.5 sen)

Five-Year Financial Highlights

	FY2021 RM'000	FY2020 RM'000	FY2019 RM'000	FY2018 RM'000	FY2017 RM'000
SUMMARY OF FINANCIAL POSITION					
Investment Properties	1,628,489	1,647,140	1,642,331	1,639,993	1,657,379
Total Asset Value	1,673,720	1,679,146	1,671,846	1,664,385	1,679,565
Net Asset Value ("NAV")	823,632	840,744	844,544	849,364	867,206
Borrowings	814,702	798,669	791,085	779,042	775,143
Gearing (%)	48.68	47.56	47.32	46.81	46.15
Units in Circulation (Units) ('000)	686,402	686,402	686,402	686,402	686,402
NAV Per Unit (RM)					
- Before proposed final income distribution	1.1999	1.2249	1.2304	1.2374	1.2634
- After proposed final income distribution	1.1857	1.2100	1.2091	1.2166	1.2421
- Highest NAV during the year (ex-distribution)	1.2340	1.2347	1.2438	1.2716	1.2514
- Lowest NAV during the year (ex-distribution)	1.1857	1.2071	1.2091	1.2166	1.2228
SUMMARY OF COMPREHENSIVE INCOME					
Revenue	107,303	120,682	121,229	118,745	116,185
Net Property Income	64,969	76,565	79,942	80,686	77,448
Profit for the financial year, consisting of:-					
- Realised	21,513	25,493	28,205	30,686	27,889
- Unrealised	(18,788)	(1,906)	(5,912)	(19,356)	(5,650)
Total	2,725	23,587	22,293	11,330	22,239
DISTRIBUTION PER UNIT ("DPU") (SEN)					
- Interim	1.40	1.86	1.87	2.12	1.93
- Final	1.42	1.49	2.13	2.08	2.13
Total	2.82	3.35	4.00	4.20	4.06
Distribution Yield (based on the respective closing market price) (%)	6.64	8.27	7.48	7.00	5.01
Management Expense Ratio ("MER") (%) ¹	1.39	1.05	1.01	0.98	1.04
Portfolio Turnover Ratio ("PTR") (Times) ²	-	-	-	-	-

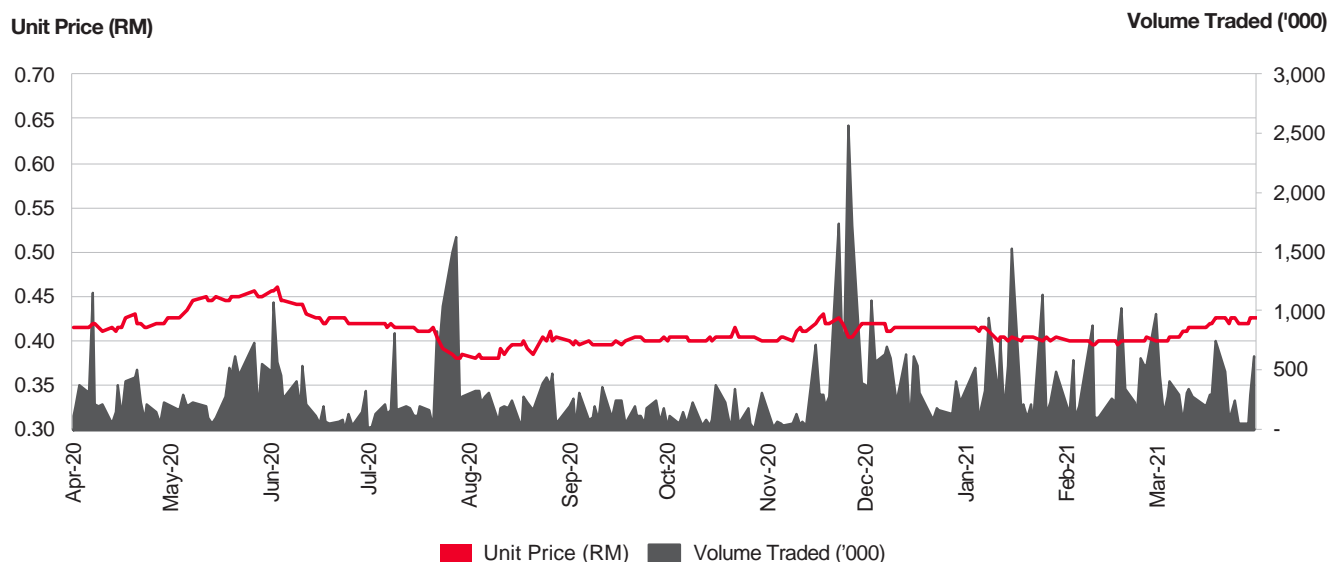
Note

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

² The calculation of PTR is based on the average of total acquisition and total disposal of investments for the financial year to the average net asset value during the financial year.

Five-Year Financial Highlights

FY2021 UNIT PRICE AND TRADING PERFORMANCE



	FY2021	FY2020	FY2019	FY2018	FY2017
UNIT PRICE PERFORMANCE (RM)					
- As at 31 March	0.425	0.405	0.535	0.60	0.81
- Highest Traded Price during the year	0.460	0.545	0.615	0.825	0.86
- Lowest Traded Price during the year	0.380	0.355	0.515	0.60	0.73
- Average Traded Price during the year ³	0.415	0.477	0.57	0.71	0.79
- Average Volume Traded per day (Units) ('000)	317	374	121	192	193

TOTAL RETURN (%) ⁴					
Change in Unit Price	4.82	(27.66)	(11.45)	(29.79)	7.69
Income Distribution	6.80	7.13	7.05	5.96	5.21
Total Return	11.62	(20.53)	(4.40)	(23.83)	12.90

AVERAGE ANNUAL RETURN (%) ⁵					
One year					11.61
Three years					(4.4)
Five years					(4.8)
Since the listing date (21 December 2006)					1.1

Note

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

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

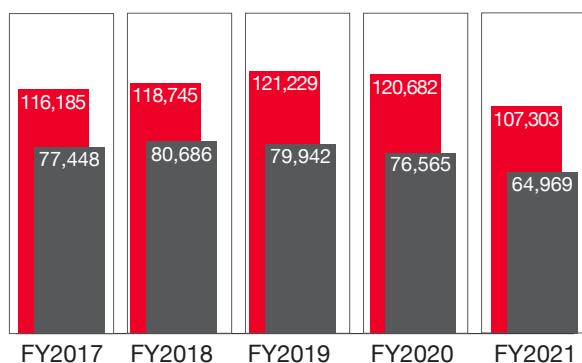
⁵ Average Annual Return is computed based on Total Return per unit for the period averaged over number of years.

Note

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

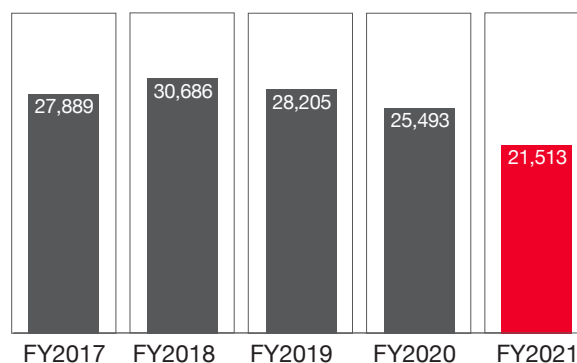
Five-Year Financial Highlights

Revenue and Net Property Income
(RM'000)

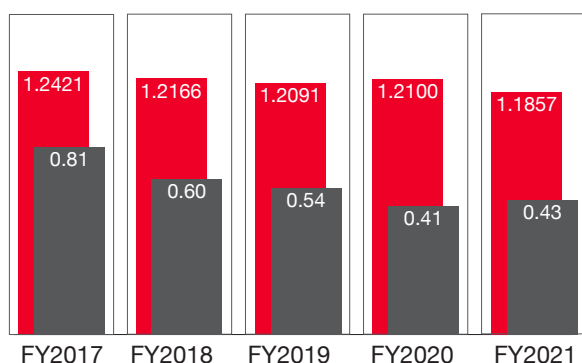


■ Revenue
■ Net Property Income

Realised Net Income
(RM'000)

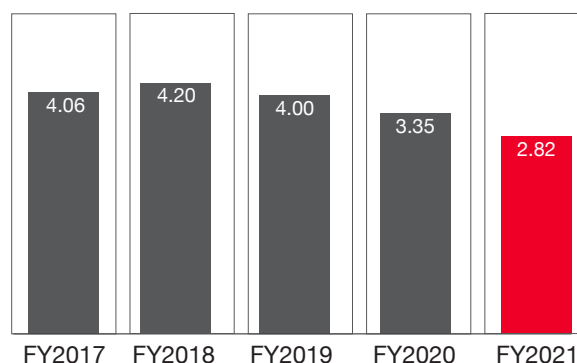


**NAV Per Unit (after proposed income distribution)
and Closing Unit Price**
(RM per Unit)

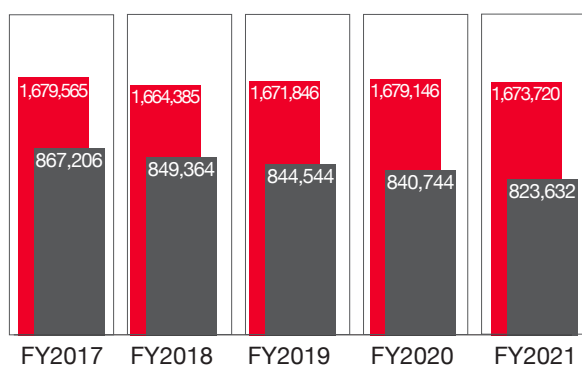


■ NAV per unit
■ Unit Price

Distribution Per Unit
(Sen per Unit)

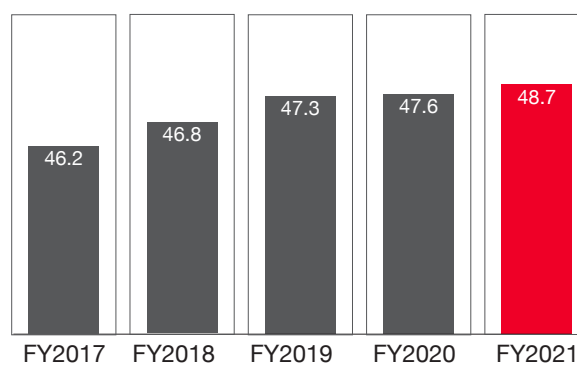


Total Asset Value and NAV
(RM'000)



■ Total Asset Value
■ NAV

Gearing
(%)

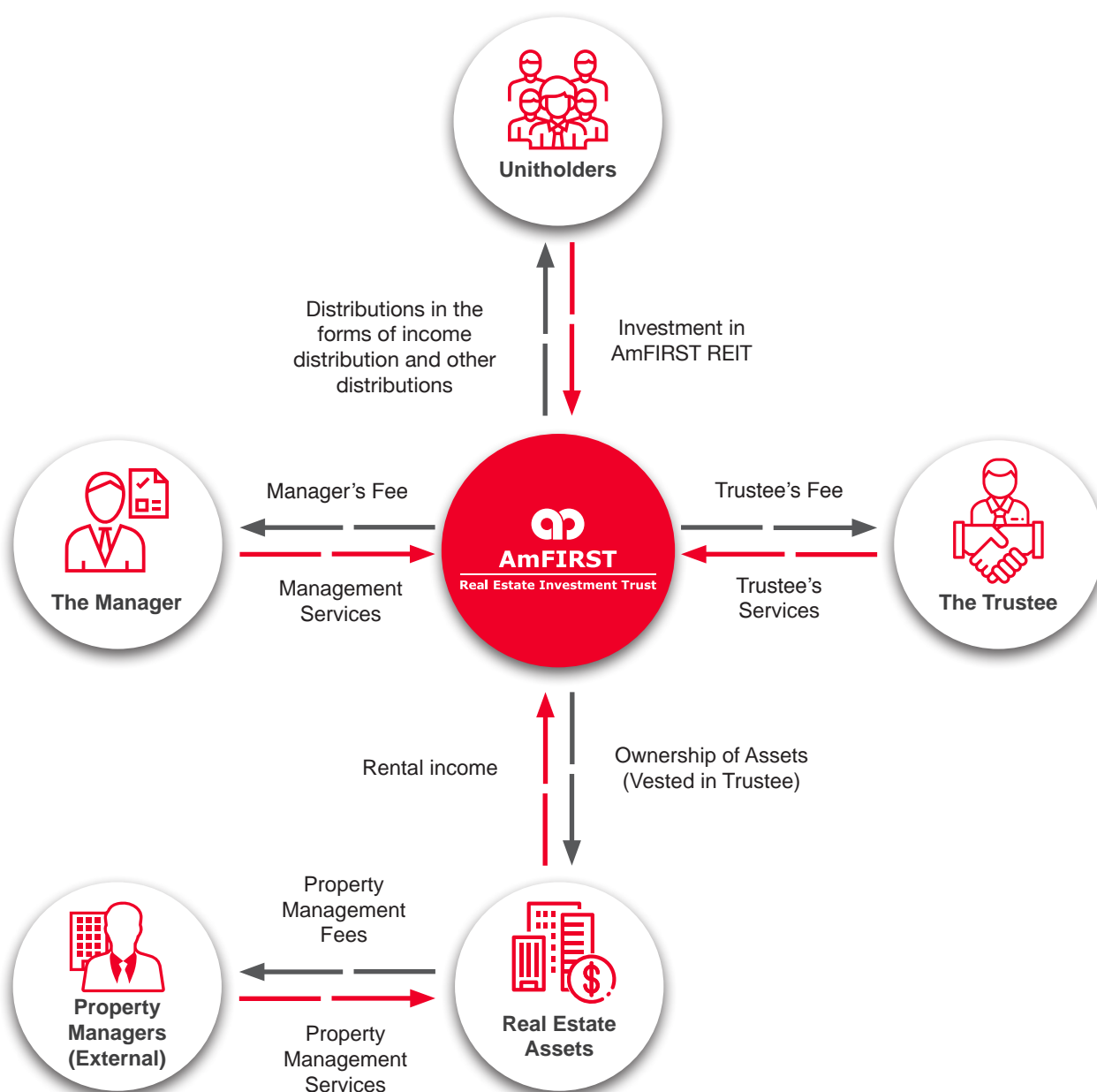


About AmFIRST REIT

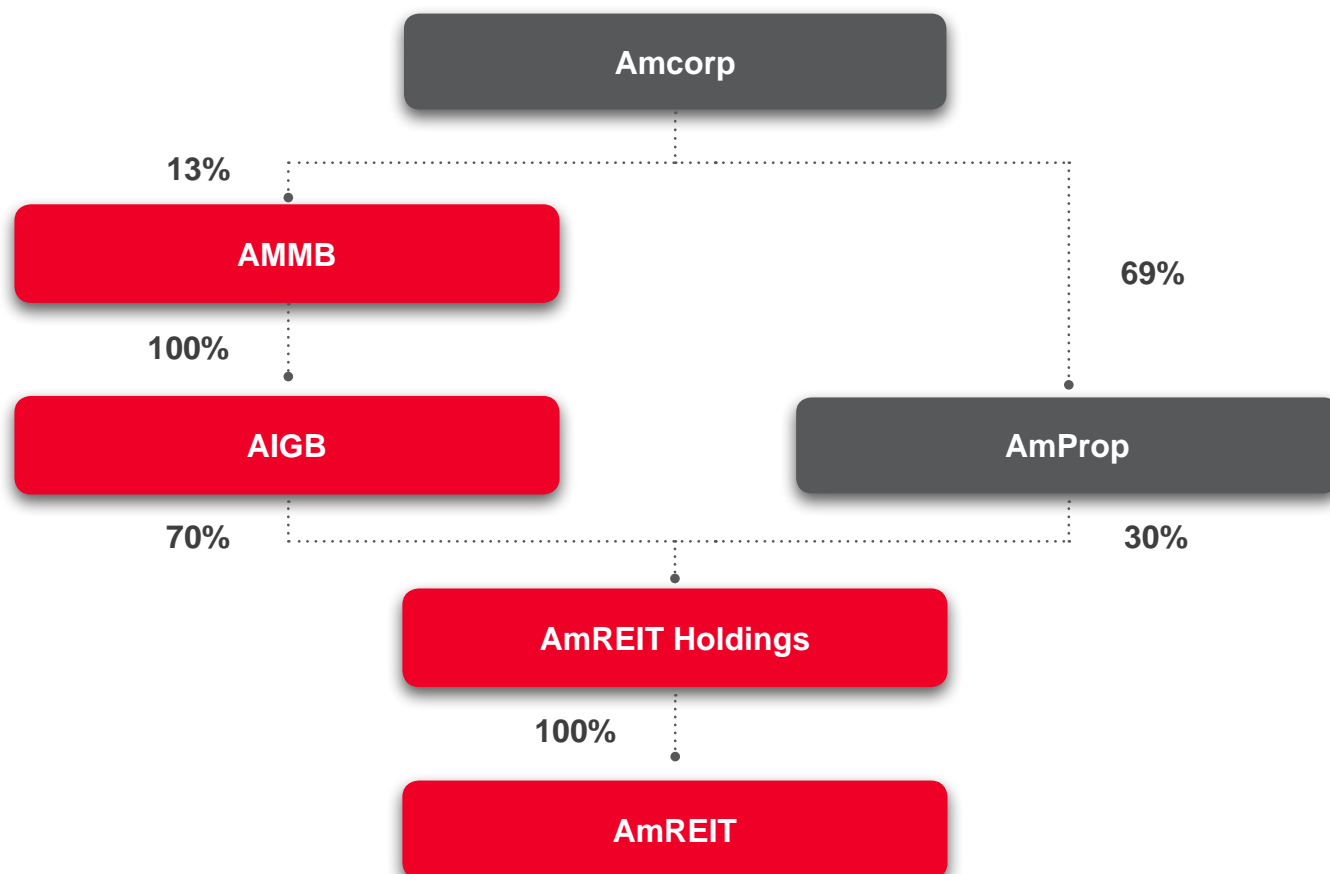
AmFIRST Real Estate Investment Trust (“AmFIRST REIT” or the “Trust”) is a real estate investment trust established in Malaysia and constituted under the Deed dated 28 September 2006 (“Original Deed”) (as amended by the First Supplemented, Revised and Restated Trust Deed dated 15 December 2006 (“First Deed”), the Second Restated Deed dated 13 September 2013 (“Second Deed”) and the Third Restated Deed dated 12 June 2020 (“Third 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 Third Deed has superseded the Original Deed, the First Deed and the Second Deed.

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

AmFIRST REIT has a diverse portfolio of nine (9) properties located in the Klang Valley (including Cyberjaya), Melaka and Penang with a total Net Lettable Area (“NLA”) of 3.2 million sq ft as at 31 March 2021.



About the Manager



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

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

AIGB is a wholly owned subsidiary of AMMB Holdings Berhad ("AMMB"). AMMB is a public limited liability company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Securities. The principal activity of AMMB is that of investment holding and its subsidiaries provide a wide range of wholesale banking, business banking, retail banking, investment banking and related financial services

which also include Islamic banking business, underwriting of general insurance, stock and share-broking, futures broking, investment advisory and asset, real estate investment trust and unit trust management services. There have been no significant changes in the nature of the principal activities.

AmProp is a 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 maximise 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

DEAR VALUED 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”), I am pleased to present the Annual Report and Audited Financial Statements of AmFIRST REIT for the financial year ended 31 March 2021 (“FY2021”).

The year 2020 was an exceptionally challenging year. The unprecedented crisis of the COVID-19 pandemic has taken its toll on lives, livelihoods and the broader economy. The M-REITs in general and the Trust in particular were not spared. As the movement control order (“MCO”) moved into a recovery phase, the re-opening of industries and businesses and assistance from the Government’s stimulus measures have allowed the economy to re-start and recover gradually.

Notwithstanding the progressive roll-out of the vaccination programs, there remains considerable uncertainty over the timing and extent of a sustainable business recovery. Amid the weak economic and business sentiment, we expect the office, retail and hospitality sectors to remain challenging due to the already oversupplied market and weaker absorption rates.

Despite these uncertainties, AmFIRST REIT has delivered a moderate performance for FY2021 due to the various measures that we have put in place to minimise the impact of the pandemic.

NAVIGATING THE PANDEMIC

Safe operations

Our key priority has always been to safeguard the well-being of our employees, tenants, suppliers and contractors. Towards this end, we have taken the necessary steps to

ensure our multi-tenanted buildings were fully-compliant with the guidelines issued by the Ministry of Health Malaysia (“MOH”), Department of Occupational Safety and Health (“DOSH”) and National Security Council (“NSC”). We have also implemented safety protocols and measures at all our properties, which include:-

- (i) installing physical equipment such as temperature scanners;
- (ii) providing hand sanitisers;
- (iii) applying disinfectant chemicals on heavy touch-point surfaces;
- (iv) implementing contact tracing requirements; and
- (v) reminders to practise social distancing at all times.

We have also implemented working from home (“WFH”) practices, split team arrangements and shorter working hours.

With the COVID-19 response plan in place, we were able to transition smoothly into the new normal during various phases of the MCO, supported by AmBank Group’s initiatives.

Chairman's Statement

NAVIGATING THE PANDEMIC (CONTD.)

Supporting Business Continuity

The Trust has reached out to support our tenants who were most affected by the MCO, providing selective assistance on a case by case basis which included:

- (i) Deferment of rental payments, allowing affected tenants to pay rental in instalments over a negotiated period;
- (ii) Rental rebates; and
- (iii) Waiver or discount on season car park fees.

We have also been constantly monitoring and reviewing the impact of the pandemic on the Trust's operations and finances. Stress tests were done under various hypothetical scenarios to ensure that Management has a comprehensive view of the Trust's position as the basis for informed, prudent and strategic decisions.

A critical component of the Manager's response was to clearly and consistently communicate operational and financial developments with all stakeholders in a timely manner, from our Board and employees, to tenants, and service providers, as well as the regulatory authorities and our Unitholders.

Collectively, these measures were aimed at helping our stakeholders navigate the MCO and support business continuity through the pandemic. Ultimately, our objective has been to minimise any adverse long-term financial impact to the Trust in a win-win manner with our tenants, while containing operational and financial risks at tolerable levels.

FINANCIAL REVIEW

The Trust recorded lower revenue of RM107.3 million for FY2021 compared to RM120.7 million in FY2020. This was mainly due to rental rebates given to assist tenants impacted by the shutdown of certain economic sectors, lower average portfolio occupancy and lower monthly rental contribution from The Summit Hotel.

Property expenses were lower by 4% from RM44.1 million in FY2020 to RM42.3 million in FY2021 mainly due to reduced service charges at The Summit Subang USJ and lower electricity expenses.

As a result, the Net Property Income for FY2021 declined by 15.1% to RM65.0 million as compared to RM76.6 million in the previous year.

With the reduction in OPR, interest cost for FY2021 was reduced by RM8.9 million, a decrease of 23.6% from FY2020.

The Trust had conducted the revaluation of all the investment properties and recorded a fair value loss of RM22.9 million as at 31 March 2021. Consequently, the Trust's gearing as at 31 March 2021 has increased slightly to 48.7% from the previous year of 47.6%.

After adjusting for the unrealised fair value loss on investment properties, the Trust recorded a profit after taxation of RM2.7 million for FY2021 as compared to RM23.6 million in FY2020. Excluding the unrealised loss, the realised net profit available for distribution was RM21.5 million for FY2021 compared to RM25.5 million last year.

The Trust has declared an interim income distribution of 1.40 sen and a final distribution of 1.42 sen per unit for FY2021. The total income distribution per unit of 2.82 sen amounting to RM19.3 million, represents 90% of the total realised net income generated in FY2021. The balance 10% of the net realised income will be retained to conserve cash for working capital considering the prevailing gearing level.

PROPERTY MARKET REVIEW

The supply of office space in Kuala Lumpur has grown steadily over the years. With the growing imbalance in supply and demand, the overall occupancy rate of office buildings continued to weaken and average rental rate trending downward. In the near term, the trend of working from home amid movement restrictions under the MCO will further depress the office market in the country, especially in Kuala Lumpur.

The economic fallout from the COVID-19 outbreak continues to have an unprecedented impact on the retail landscape. Despite gradual recovery of footfalls in shopping centres during the conditional and recovery phases of the MCO, retail sales remain weak due to cautious consumer spending amid the economic downturn.

Chairman's Statement

SUSTAINABILITY EFFORT AND REPORTING

The Board and Management recognised and embraced corporate sustainability to overcome future challenges and changes in the socio-economic and environmental landscape.

We continue to showcase our commitment to sustainability development through the adoption of the United Nations Sustainable Development Goals. We take great efforts to contribute to the global agenda by implementing various initiatives as part of our sustainability journey through the years.

This year, we have re-looked at the priorities of our material sustainability matters to take into consideration the lasting effects of the COVID-19 pandemic. We believe that proper management of our economic, environmental and social ("EES") impacts is pivotal to creating long-term value for our stakeholders.

MOVING FORWARD

We are mindful that we are still in the midst of the COVID-19 pandemic and will remain proactive, vigilant and agile. We will be seeking closer cooperation with our tenants and provide them support towards a more sustainable relationship. Likewise, we value our Unitholders and stakeholders for their support and patience as we navigate the challenges and uncertainty ahead.

We will also remain focused on cost rationalisation measures and will adopt appropriate business strategies to sustain the performance of the Trust.

CHANGES IN THE BOARDROOM

On behalf of the Board, I am pleased to welcome Mr Christopher Yap Huey Wen who was appointed as Non-Independent Non-Executive Director of AmREIT on 15 September 2020 as well as YBhg Tan Sri Mazlan bin Mansor who was appointed as Independent Non-Executive Director on 2 February 2021.

I would also like to express our gratitude to Mr Seohan Soo, who had served as a Non-Independent Non-Executive Director of AmREIT until 1 September 2020.

IN APPRECIATION

On behalf of the Board, I would like to convey my sincere appreciation to the Trustee, regulators, business partners, tenants, bankers, and last but not least, our frontliners for your contributions and continuous support of AmFIRST REIT.

I would also like to express my sincere gratitude to members of the Board and Management for their leadership and commitment as we navigate this challenging period to sustain the Trust's performance.

Sincerely,

Soo Kim Wai
Chairman

19 April 2021

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 2021, 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.

Investment Objectives

AmFIRST REIT's investment objectives are to deliver regular and stable income distributions to Unitholders and to achieve long-term growth in the net asset value per unit through proactive management of the Trust's portfolio of assets and acquisition of yield accretive properties.



Investment Policies

(i) Permitted Investments and Restrictions

AmFIRST REIT is allowed to invest in real estate, single-purpose companies whose principal assets comprise of real estate, real estate-related or non-real estate-related assets, liquid assets, asset-backed securities, listed or unlisted debt securities and any other investments which are permissible under SC's Listed REITs Guidelines or otherwise permitted by SC.

(ii) Portfolio Composition

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

- 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.

(iii) Diversification

AmFIRST REIT seeks 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.

(iv) Gearing

AmFIRST REIT is able to leverage on borrowings to make permitted investments that will enhance the returns to Unitholders. Under the SC's Listed REITs Guidelines, the borrowings of the REIT must not exceed 50% of the total asset value of the REIT. SC has announced on 12 August 2020 that Malaysian Real Estate Investment Trusts ("M-REITs") will be permitted to temporarily increase the gearing limit from 50% to 60% of the total asset value. This temporary increase in gearing limit takes effect until 31 December 2022.

Investment Strategies

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

(i) Operating Strategy

The Manager's operating strategy is to continue to enhance the performance of the existing properties by increasing yields and returns through retaining existing tenants, reducing vacancy levels, adding and / or optimising lettable space at the properties, minimizing interruptions in rental income and operational costs and maintaining satisfactory service levels to tenants.

Management Discussion and Analysis

OVERVIEW OF AmFIRST REIT (CONTD.)

Investment Strategies (Contd.)

(i) Operating Strategy (Contd.)

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.

(ii) 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.

(iii) Capital Management Strategy

The Manager's strategy for managing the capital structure of AmFIRST REIT involves adopting and maintaining an optimum debt-equity structure 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.

Investment Properties

There were no material changes in the portfolio composition of AmFIRST REIT during FY2021. AmFIRST REIT's composition of investments properties as at 31 March 2021 is as tabulated below: -

Properties	Location	Carrying Amount	
		RM'000	%
Bangunan AmBank Group	Kuala Lumpur	265,900	16.3
Menara AmBank	Kuala Lumpur	322,000	19.8
Menara AmFIRST	Petaling Jaya	66,200	4.1
Wisma AmFIRST	Kelana Jaya	118,000	7.2
The Summit Subang USJ	Subang Jaya	357,400	22.0
Prima 9	Cyberjaya	73,200	4.5
Prima 10	Cyberjaya	65,800	4.0
Kompleks Tun Sri Lanang (also known as Jaya 99)	Melaka	104,600	6.4
Mydin HyperMall ¹	Bukit Mertajam	255,389 ¹	15.7
Total		1,628,489	100.0

¹ Accrued unbilled rental income of RM22,611,447 have been excluded from the carrying amount of Mydin HyperMall.

Management Discussion and Analysis

FINANCIAL REVIEW

	FY2021	FY2020	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
- Realised	102,927	116,036	(13,109)	(11.3)
- Unrealised (in relation to unbilled lease rental receivable)	4,376	4,646	(270)	(5.8)
	107,303	120,682	(13,379)	(11.1)
Property Expenses	(42,334)	(44,117)	1,783	4.0
Net Property Income	64,969	76,565	(11,596)	(15.1)
Interest and Other Income	437	339	98	29.0
Changes in Fair Value of Investment Properties	(22,862)	(4,372)	(18,490)	(422.9)
Unrealised Gain on Revaluation of Derivatives	910	531	379	71.5
Unrealised Loss on Financial Liabilities Measured at Amortised Cost	(440)	(290)	(150)	(51.6)
Total Income	43,014	72,773	(29,759)	(40.9)
Non-Property Expenses	(11,639)	(8,847)	(2,792)	(31.6)
Interest Expenses	(29,002)	(37,918)	8,916	23.5
Profit Before Taxation	2,373	26,008	(23,635)	(90.9)
Taxation	352	(2,421)	2,773	114.5
Profit After Taxation	2,725	23,587	(20,862)	(88.4)
Profit after taxation consisting of:-				
- Realised	21,513	25,493	(3,980)	(15.6)
- Unrealised	(18,788)	(1,906)	(16,882)	(885.7)
	2,725	23,587	(20,862)	(88.4)
Distribution Per Unit ("DPU") (Sen)				
- Interim	1.40	1.86	(0.46)	(24.7)
- Final	1.42	1.49	(0.07)	(4.7)
Total	2.82	3.35	(0.53)	(15.8)
Closing Unit Price (RM)	0.425	0.405	0.02	4.9
Distribution Yield (%) (based on respective closing price)	6.6%	8.3%		

Revenue

For the FY2021, the Trust's realised revenue was lower by 11.3% compared to preceding year mainly due to the rental rebate and waiver given on case-by-case basis to tenants impacted by COVID-19 pandemic, lower average occupancy of Prima 9, Wisma AmFIRST, Jaya 99, The Summit Retail and The Summit Office as well as lower monthly income contribution from The Summit Hotel. On the overall portfolio basis, the overall portfolio occupancy reduced to 81.2% as at 31 March 2021 as compared to 84.9% as at 31 March 2020.

The unrealised revenue refers to the unbilled incremental lease rental receivable from Mydin Mohamed Holdings Bhd ("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

	FY2021 RM'000	FY2020 RM'000	Increase/(Decrease)	
			RM'000	%
Building maintenance expenses	9,649	9,056	593	6.6
Service Charge - The Summit Subang USJ	12,043	12,847	(804)	(6.3)
Utilities expense	8,250	10,046	(1,796)	(17.9)
Property management fee and reimbursement	4,553	4,743	(190)	(4.0)
Quit rent	441	416	25	6.0
Assessment and Rates	6,005	5,415	590	10.9
Other property expenses	1,391	1,594	(201)	(12.7)
Total	42,334	44,117	(1,783)	(4.0)

Total property expenses decreased by 4.0% as compared to the preceding year primarily due to one-off reduced service charges from The Summit Management Corporation coupled with lower electricity charges of other buildings within the asset portfolio.

Changes in Fair Value of Investment Properties

The Trust conducted the revaluation of all the investment properties as at 31 March 2021 and recorded fair value loss of RM22.9 million. The fair value loss was mainly derived from the revaluation loss of The Summit Retail and The Summit Hotel.

Non-Property Expenses

Non-property expenses were significantly higher by 31.8% YoY mainly due to higher allowance of ECL being recognised in FY2021, reflecting the acceleration of credit risk arising from COVID-19 pandemic.

No significant movement for other non-property expenses. The Manager's fees was lower by 3.3% as compared to the previous year.

Interest Expenses

Interest expenses decreased by 23.5% from RM37.9 million in FY2020 to RM29.0 million in FY2021 driven by lower interest cost as a result of the lower cost of fund arising from the various cut in the policy rate during FY2021.

Profit before taxation

After taken into account the unrealised gain/(loss), the Trust's achieved lower profit before taxation of RM2.4 million in FY2021 compared to RM26.0 million for FY2020 mainly due to higher revaluation loss in investment properties of RM22.9 million in FY2021 as opposed to revaluation loss of RM4.3million for FY2020.

Profit after taxation

Profit after taxation was RM2.7 million after the reversal of provision for deferred taxation of RM0.4 million as a result of the revaluation loss of the assets under the portfolio. 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.

Management Discussion and Analysis

FINANCIAL REVIEW (CONTD.)

Realised / Unrealised Net Profit

The profit after taxation of RM2.7 million was made up by realised net income of RM21.5 million and total unrealised loss of RM18.8 million from the fair value adjustment, unrealised revenue and deferred taxation.

The realised net income of RM21.5 million was translated to realised earning per unit of 3.13 sen.

Income Distribution

Based on the realised net income of RM21.5 million, the Trust has declared total income distribution amounted to RM19.4 million or 2.82 sen for FY2021 which made up of interim income distribution of 1.40 sen and final income distribution of 1.42 sen. This total DPU of 2.82 sen represents approximately 90% of the realised net income generated in FY2021. The balance undistributed realised net income of RM2.1 million from FY2021 will be retained to ease the cash flow and hence the gearing level of the Trust. This income distribution of 2.82 sen in FY2021 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

	As at 31 March 2021 RM'000	As at 31 March 2020 RM'000	Change %
Investment Properties	1,628,489	1,647,140	(1.1)
Total Asset Value	1,673,720	1,679,146	(0.3)
Borrowings	814,702	798,669	2.0
Net Asset Value ("NAV")	823,632	838,808	(1.8)
Gearing (%)	48.68	47.56	2.3
Closing Unit Price (RM)	0.425	0.405	4.9
Units in Circulation (Units) ('000)	686,402	686,402	-
Market Capitalisation	291,721	277,993	4.9
NAV per Unit (RM)			
- Before proposed final distribution	1.1999	1.2220	(1.8)
- After proposed final distribution	1.1857	1.2071	(1.8)

Management Discussion and Analysis

FINANCIAL REVIEW (CONTD.)

Total Asset Value / Asset Under Management

As at 31 March 2021, the Trust recorded total asset value of RM1,673.7 million, 0.3% lower than on 31 March 2020.

The Trust's investment properties, decreased by RM18.7 million or 1.1% from RM1,647.1 million as at 31 March 2020 to RM1,628.5 million as at 31 March 2021. During FY2021, the Trust spent a total RM4.2 million in capital expenditures on various Asset Enhancement Initiatives and has recorded fair value loss of total RM22.9 million.

Total Borrowing

As at 31 March 2021, the Trust's total borrowings stood at RM814.7 million, an increase of RM16.0 million compared to 31 March 2020 due to additional borrowings to finance the ongoing capital expenditures as well as working capital arising from the increase in trade receivables.

Capital Management

As at 31 March 2021, the Trust's total borrowings comprised of term loans and revolving credit facilities from licensed financial institutions were as follows: -

	As at 31 March 2021 RM'000	As at 31 March 2020 RM'000
Term Loan	307,850	307,850
Revolving Credit	508,100	492,500
Less : Transaction cost subject to amortisation	(1,248)	(1,681)
Total Borrowings	814,702	798,669
Total Asset Value	1,673,720	1,679,146
Gearing	48.7%	47.6%

Total borrowings of RM814.7 million as at 31 March 2021 represent a gearing of 48.7% over total asset value of RM1,673.7 million, compared to preceding year gearing level of 47.6%.

On 12 August 2020, SC has announced the gearing limit of the M-REITs is permitted to temporarily increase from 50% to 60% for period up to 31 December 2022. According to SC, the temporary increase in gearing limit is to provide M-REITs with greater cash flow flexibility and allow the manager of M-REITs to manage the debt and capital structure of their REITs more efficiently, especially in light of the challenging operating environment during the COVID-19 pandemic.

Net Asset Value

As at 31 March 2021, the net asset value of RM823.6 million which translated to NAV Per Unit of RM1.1999 representing a marginal decrease of 1.8% as compared to 31 March 2020 mainly due to recognition of fair value loss of investment properties of RM22.9 million in FY2021.

Unit Price and Market Capitalisation

During FY2021, unit price registered an increase of 4.9% from the opening price of RM0.405 as at 1 April 2020 to a closing price of RM0.425 as at 31 March 2021. This unit price of RM0.425 as at 31 March 2021 translated to the trading discount of approximately 64.2% to the NAV per unit of RM1.1857 (after proposed final income distribution) as at 31 March 2021.

Based on the closing unit price of RM0.425 and 686,401,600 units in circulation, market capitalisation as at 31 March 2021 was RM291.7 million, compared to the market capitalisation of RM278.0 million as at 31 March 2020.

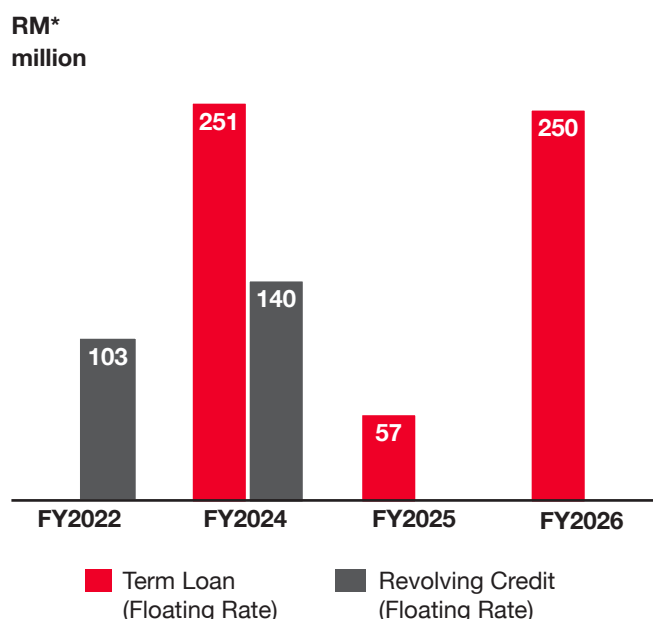
Notwithstanding the above temporary uplift of gearing limit, the Manager continues to exploring various means to optimise gearing level including minimum 90% income distribution to conserve cash and limit the discretionary capital expenditure in order not to strain further the gearing level. The Manager also continues on looking at opportunistic strategic divestment of non-core and non-performing assets within the property portfolio as strategy to rationalise the asset portfolio and optimise the gearing level.

Management Discussion and Analysis

FINANCIAL REVIEW (CONTD.)

Capital Management (Contd.)

The Manager reviews the Trust's 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 2021 was as follows: -



As at 31 March 2021, the weighted average debt maturity was 3.09 years with no immediate loan refinancing in FY2022 except for RM118.1 million Revolving Credit which subject to annual review.

The Syndicated Term Loan of RM250 million which expired in January 2021 has been renewed for another five (5) years to January 2026.

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 risk.

Interest Rate Management

Various cuts in the policy rate during FY2021 have brought down substantially the average interest rate of Trust. The weighted average interest rate has significantly dropped to 3.18% as at 31 March 2021 from the previous year of 4.06%.

As at 31 March 2021, all of the total borrowings were subject to variable interest rate movement, which fluctuated in tandem with variable cost of funds charged by the banks. With 100% of the borrowings are at floating rate, this will enable the Trust to benefit from the current low cost of fund. At the same time, the Manager is monitoring closely the interest rate market for opportunity to hedge portion of the borrowing into fixed rate in order to manage the Trust's exposure to any adverse movement in interest rates.

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 RM2.0 million of the Trust's net income or vice versa.

Cash Flow / Liquidity

As at 31 March 2021, the Trust has cash and bank balances of RM2.2 million and deposits with financial institution of RM2.5 million.

The Trust's net operating cash flow (before the payment of interest expenses of RM29.2 million) dropped by 44.8%, from RM69.1 million to RM38.1 million mainly due to increase in receivables resulted from lower collection while registered a net outflow in investing activities amounting to RM4.1 million primarily for capital expenditures. Meanwhile, the financing activities resulted in the net cash outflow of RM33.3 million comprising of the interest paid (net) of RM29.2 million, distributed income distribution totaling to RM19.8 million and net drawdown of bank borrowings of RM16.0 million during FY2021.

On a net basis, the Trust has a positive net cash flow of RM0.7 million for FY2021, thus resulted increased in the cash and cash equivalent to RM4.7 million as at 31 March 2021.

As at 31 March 2021, the Trust has undrawn banking facilities of RM64.9 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 undistributed realised net income generated from its operations.

Management Discussion and Analysis

OPERATIONS REVIEW

Leasing Management

The overall portfolio occupancy rate as at 31 March 2021 reduced slightly to 81.2% from 84.9% as at 31 March 2020.

	Overall Portfolio Occupancy		Committed Occupancy
	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
Bangunan AmBank	100.0%	100.0%	100.0%
Menara AmBank	72.5%	73.3%	73.8%
Menara AmFIRST	74.6%	74.4%	74.4%
Wisma AmFIRST	91.2%	89.8%	92.5%
The Summit – Office	85.1%	81.2%	81.2%
The Summit – Retail	68.5%	63.6%	80.1%
Prima 9	100.0%	41.7%	41.7%
Prima 10	83.9%	83.8%	83.8%
Jaya 99	83.2%	79.2%	79.2%
Mydin HyperMall, Bukit Mertajam	100.0%	100.0%	100.0%
Overall Portfolio	84.9%	81.2%	84.7%

Various marketing and leasing incentives and efforts which have been put in place to attract new prospect tenants coupled with tenants' assistance schemes introduced to support tenants which have been affected by the COVID-19 pandemic, has enabled us to retain existing tenants and brought in new tenants despite facing a challenging and stringent business environment.

As at 31 March 2021, the committed occupancy was 84.7% with the committed commercial space of 68,917 sq ft signed-up, pending commencement of tenancies. These committed occupancy are mainly make up by two (2) retail tenants namely Fun X World and LuLu Hypermarket in The Summit Retail.

Management Discussion and Analysis

OPERATIONS REVIEW (CONTD.)

Leasing Management (Contd.)



The Summit - Retail

The committed occupancy rate of The Summit Retail has improved by 11.5% to 80.1% from last year's 68.5%. The increase was mainly due to the recognition of Fun X World and LuLu Hypermarket tenancies in the current financial year despite the non-renewal by four (4) tenants.

The retail malls' businesses are badly affected as a result of drop in patronage and business. The Summit Retail is no exception. Despite the uplifting of MCO to CMCO, many retailers are still facing the challenges of rebuilding the businesses.

The Manager is working closely with The Summit Management Corporation for the advertising and promotional activities in bringing back shoppers.

With the ease in type of businesses that are allowed to operate during CMCO, almost all retailers in The Summit-Retail had opened their businesses and this had helped to bring shoppers back to The Summit-Mall.

The Summit – Office

The occupancy of The Summit Office has reduced by 4.8% to 81.2% from last year 85.1%. The decrease was due to non-renewal of tenancies by three (3) tenants as their businesses were affected by the COVID-19 pandemic.

The Manager will continue to engage existing tenants for tenants' retention and to provide flexible rental packages to attract new prospect tenants to fill up the vacancy.



Menara AmFIRST

The occupancy of Menara AmFIRST has reduced slightly by 0.2% to 74.4%. The marginal reduction was due to the downsizing of one (1) tenant coupled with a non-renewal. Notwithstanding, the reduction was offset by the addition of two (2) new tenants during FY2021.

On the tenant retention, we have managed to retain majority of tenants via tenancy renewal with flexible rental packages.

At the same time, we have embarked into online digital marketing in reaching out to prospects with aggressive marketing strategy and competitive rental rates.

Management Discussion and Analysis

OPERATIONS REVIEW (CONTD.)

Leasing Management (Contd.)



Menara AmBank

The committed occupancy rate of Menara AmBank has improved by 1.3% to 73.8%, driven by the addition of two (2) tenants.

The office demand in KL city center was lackluster mainly due to most companies rotating some of their work force on work-from-home arrangement. Certain MNCs have adopted mostly work-from-home arrangement during the pandemic period which have affected the office demand.

We have increased the online marketing and introduced a virtual visiting to enable prospect tenants to view our office space. In addition, we had also offered flexible rental packages and CAPEX arrangement to entice prospect tenants.



Wisma AmFIRST

The committed occupancy rate of Wisma AmFIRST has increased by 1.3% to 92.5%, contributed mainly by the addition of one (1) new tenant.

We have also managed to retain majority of tenants via tenancy renewal with flexible rental packages during FY2021.



Jaya 99

The occupancy of Jaya 99 has reduced by 4.0% to 79.2%, driven primarily by a non-renewal of two (2) office tenants.

We have intensified the marketing efforts 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

With the ease in public health restriction in the last quarter of 2020, more businesses are back in operation. Similarly, with the lifting of the requirement of 70% office staff work-from-home, this has gradually improved and increased the office usage.

Despite the gradual positive development in the market, we remain cautious on the market outlook.

We have teamed up with AmBank Group on a business collaboration to expand the network into AmBank Group's clientele. This collaboration exercise was launched recently and have been receiving encouraging responses from the AmBank Group's client. We are targeting on filling-up the vacancy spaces in The Summit Retail and Menara AmBank.

Tenancy Expiry Profile

As of 31 March 2021, the total leased area due for renewal over the next three (3) years was 2.35 million sq ft, representing 80.1% of the total NLA of 2.94 million sq ft. The portfolio tenancy expiry profile was as follows:

	Total (sq ft)	%
FY2022	740,472	31.4
FY2023	564,644	24.0
FY2024	1,050,286	44.6
Total	2,355,402	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.

Tenancy Renewal and New Tenancy

During FY2021, the Trust achieved tenants' retention rate of 81.6%, with a negative rental reversion of 16.8%. Through the tenants' retention strategies implemented during the COVID-19 pandemic, we have renewed impacted tenants at a lower staggered rental rates as part of the rescue plan to assist them.

Major non-renewals during the current financial year were Medical Device Authority at Prima 9, Dynasty Dragon Seafood Restaurant (USJ) Sdn Bhd, Ancient Thai and Go On Excel Marketing Sdn Bhd at The Summit Retail and KPMG Resources Sdn Bhd at Jaya 99.

Management Discussion and Analysis

OPERATIONS REVIEW (CONTD.)

Tenancy Renewal and New Tenancy (Contd.)

	Total Due For Renewal (sq ft)	Total Space Renewed (sq ft)	Rental Reversion %
Bangunan AmBank Group	40,734	34,677	(28.5)
Menara AmBank	3,032	3,032	(17.6)
Menara AmFIRST	47,842	38,586	(32.5)
Wisma AmFIRST	90,482	85,037	(3.4)
The Summit - Retail	122,637	93,819	(33.9)
The Summit - Office	48,979	41,387	(3.3)
Prima 9	111,224	46,364	(11.0)
Prima 10	100,272	100,272	(20.8)
Jaya 99 - Retail	19,013	14,339	(9.7)
Jaya 99 - Office	158,934	148,735	(7.0)
Mydin HyperMall, Bukit Mertajam *	-	-	-
Total	743,149	606,248	(16.8)

* not due for renewal in FY2021

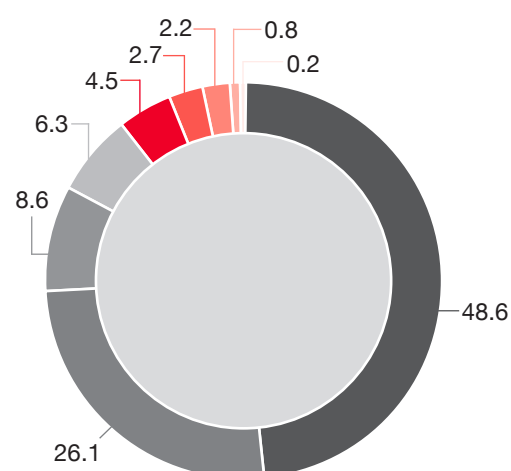
In term of new tenancies, we secured a total of twelve (12) new tenancies with a total NLA of 29,766 sq ft.

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	48.6
Services & Others	26.1
Logistic	8.6
Tele-communication / IT / Electronic	6.3
Health & Personal Care	4.5
Advocates & Solicitors	2.7
Food & Beverages	2.2
Education / Enrichment / College	0.8
Construction / Real Estate	0.2
Total	100.0



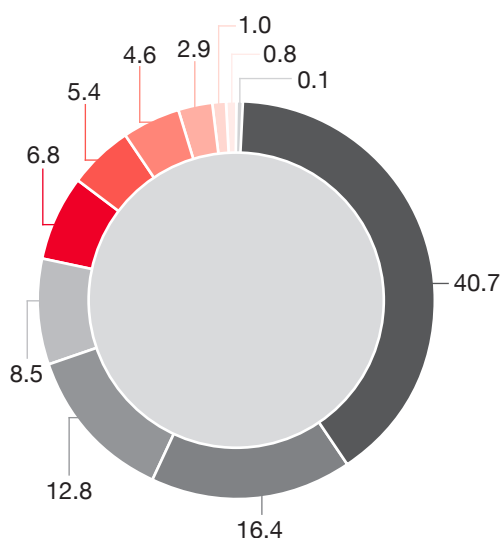
Management Discussion and Analysis

OPERATIONS REVIEW (CONTD.)

Tenancy Mix Analysis (Contd.)

Tenant Mix for Retail Component

Category	% of NLA
● Anchor (Hypermarket)	40.7
● Entertainment / Karaoke / Cinema / Bowling	16.4
● Home & Living / Home Deco / Electrical / DIY	12.8
● Education / Enrichment / College	8.5
● Food & Beverages	6.8
● Fashion Apparel	5.4
● Services & Others	4.6
● Hobbies / Jewellery / Optical / Time Piece / Gifts & Specialty	2.9
● Real Estate	1.0
● Health / Personal Care / Beauty	0.8
● IT Centre / Tele-communication	0.1
Total	100.0



Key Tenants

The top ten (10) largest tenants by rental income in the portfolio contributed 69.8% to the total rental income of the Trust in FY2021.

Names	Trade sectors	%
AmBank Group	Banking & Financial Institutions	36.0
Mydin Mohamed Holdings Bhd	Hypermarket	18.0
RBC Investor Services Sdn Bhd	Services	3.8
Medical Device Authority - Ministry of Health Malaysia	Services	3.4
Prudential Assurance Malaysia Berhad	Services	2.5
Shook Lin & Bok	Advocates & Solicitors	1.5
Sudong Sdn Bhd	Services	1.5
Home Product Center (Malaysia) Sdn Bhd	Home & Living	1.1
IMC Education Sdn Bhd	Education	1.0
AIA Berhad	Services	1.0
Total		69.8

AmBank Group continues to remain as the top revenue contributor to the Trust, accounting for 36% of the total rental income.

Asset Enhancement Initiatives ("AEIs")

Upgrading of assets through strategic AEIs continued during the current financial year to ensure competitiveness and sustainability of the buildings.

At Bangunan AmBank Group, the upgrading work of all its twelve (12) numbers of lifts has been completed in Q2 2020. With the modernization initiative, the lift system is currently operating with better efficiency of the service level and also improved the cost efficiency.

Wisma AmFIRST is currently undergoing enhancement work to its safety features with the commencement of the installation of fire shutter at the fire escape route. The work is underway and expected to be completed by Q2 2021. As the enhancement to its security system is also needed,

Wisma AmFIRST is also currently undergoing the installation of additional CCTVs and Door Access Card system to secure the access from its car park floors.

In The Summit Subang USJ, the Office Tower lift modernization work has completed in Q1 2021. Summit Hotel received its new chiller and hot water tanks with the completion of the chiller and hot water tanks replacement programme in Q3 2020. The phase 2 of the upgrading work of Summit Basement Carpark smoke spill fan and fresh air fan system has also commenced and completed in Q1 2021.

We are currently planning for the expansion of its existing hypermarket loading bay area to entice a hypermarket player to occupy the space in The Summit Retail.

Management Discussion and Analysis

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. Governments across the world impose various laws and regulations to mitigate the spread of the infectious disease. This in turn impacts business operations and affects country's economy.

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 (effective 4 May 2020). Generally, the country entered into RMCO phase from June 10 2020 till mid of January 2021. However, some states and areas were re-designated as CMCO and EMCO during the said period due to increasing COVID-19 cases. MCO was re-imposed from 13 January 2021 to 4 March 2021 and subsequently under CMCO to date.

The pandemic has greatly 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 its tenants. The implementation of MCO and CMCO impacted the Trust arising from its tenants' ability to weather through the difficult period. The Manager had performed assessments on its tenants and its impact on the Trust. Based on the assessments, the Manager came up with the necessary action plan to ensure Trust's risks are mitigated and tenants are able to sustain with continued tenancy.

(b) Interest Rate Risk

As at 31 March 2021, the Trust's exposure in interest rate risk stems from its borrowings of RM815 million which currently all are subject to floating rate. Any hike in interest rate will result in higher interest cost and will reduce the net income of the Trust.

The Manager closely monitors the interest rate environment and will consider hedging portion of the borrowing exposure into a fixed rate via Interest Rate Swap or fixed rate term loan, if the rate is favorable to manage the Trust's exposure to adverse movement in interest rates.

(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 active 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.

Management Discussion and Analysis

RISK MANAGEMENT (CONTD.)

(c) Capital and Liquidity Risk (Contd.)

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 monitored 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 has impacted the businesses of the tenants. The Manager has been working closely with the affected tenants on providing financial reliefs including rental deferment scheme and rental rebates on a case-by-case basis. It was pertinent to assist the tenants so that they are able to sustain during the economic slowdown.

(e) Acquisition and Investment Risk

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

The Manager will remain selective and manages such 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 and divestment of real estate during the financial year.

(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 considerations for valuation are rental rates, occupancy rates and also operational cost. All these factors will be monitored by the Manager to ensure that they are not compromised and are mitigated with appropriate strategies such as strategic marketing activities, building strong relationship with tenants towards tenants' retention and providing a wider range of tenants mix.

In addition, there is a risk of further downward valuation due to the impact of COVID-19 pandemic that are affecting the abovementioned factors. As at 31 March 2021, the Trust recorded a fair value loss of RM22.9 million, mainly as a result of the revaluation loss of The Summit Retail and The Summit Hotel that have been badly impacted by the COVID-19 pandemic.

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

Management Discussion and Analysis

RISK MANAGEMENT (CONTD.)

(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 FY2021, our top ten (10) tenants generated 69.8% (FY2020: 68.1%) of the total rental income, of which 36.0% (FY2020: 32.4%) is by AmBank Group and 18.0% (FY2020: 17.3%) is by Mydin Mohamed Holdings Berhad, while the remaining eight (8) tenants have a relatively lower percentage ranging from 1% to 5%.

On the contrary, AmBank Group being the main sponsor of AmFIRST REIT and the remaining 25 years lease with Mydin Mohamed Holdings Bhd 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 nationwide. The Manager has been continuously communicating and assessing tenants performance and their business recovery.

(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-strategized and enhanced its focus to address adverse risks arising from the market over-supply and stiff competition. Amongst others, the key strategy rolled out were to retain existing tenants with improved service level and provide attractive rental package to attract new tenants.

Notwithstanding of the efforts taken by the Manager, the COVID-19 pandemic had certainly created an unfavorable impact to the overall markets. In order to

mitigate poor market conditions, Malaysian authorities had announced economic stimulus packages progressively to assist industries and its people to cope with the adverse economic situation. The Trust benefitted from the interest saving arising from the cuts in Overnight Policy Rates and the energy cost discounts. In addition, the Manager will further improvise its existing sales and marketing strategy to adapt the new norm.

(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 systems, vertical transportation systems, CCTV systems and fire-fighting systems. Inherently as these equipment and machineries comprise of mechanical and electrical components, there are inherent risks associated with them. Mechanical and electrical components can be faulty during its use due to wear and tear. This would have an impact on both of its functionality and safety.

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

Due to the COVID-19 pandemic, the Manager had immediately established standard operating procedures to mitigate the risk associated with the COVID-19 virus. The Manager enforced stringent screening on both occupants and visitors to the buildings such as declaration through MySejahtera App, temperature screening to both occupants and visitors and emphasizing social distancing at the common areas such as lobbies, food court, prayer room and elevator. 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. Appropriate disinfecting procedures are in place to ensure the building is safe.

Management Discussion and Analysis

RISK MANAGEMENT (CONTD.)

(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.

PROSPECTS

The COVID-19 pandemic and global macroeconomic uncertainty have led to significant reduction in commercial real estate lettings demand in 2020. With the extension of the Movement Control Order, the timing and extent of a sustainable recovery in commercial real estate sectors remained largely uncertain.

Amidst this COVID-19 pandemic, the office market is expected to remain subdued due to weak demand and oversupply. In the meantime, the retail and hospitality sectors are expected to remain challenging as its recovery are dependent on the revival of economic activities, re-opening of international borders and consumers' sentiment.

To cushion the impact of the pandemic, the Government has launched various economic stimulus packages to assist the affected sectors whilst Bank Negara Malaysia has maintained a monetary easing policy to support the recovery of the economy. The recent rollout of COVID-19 vaccination programme has boosted hopes for economic recovery and restoring business confidence.

The COVID-19 pandemic continues to present numerous challenges to the community. Notwithstanding, the Manager remained focused in monitoring the operations and will continue to adopt appropriate business strategies to sustain the financial performance of the Trust.

Board of Directors



SOO KIM WAI

Chairman / Non-Independent Non-Executive Director
Malaysian, Male, Age 60

Board Meeting Attendance in FY2021

4/4

Date of Appointment

19 August 2015

Length of Service (as at 19 April 2021)

5 years 8 months

Board Committee Membership of the Manager

Audit Committee

Academic/Professional Qualification(s)

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

Present Directorship(s) in Listed Entity

- Director, AMMB Holdings Berhad.
- Director, RCE Capital Berhad.
- Director, Amcorp Properties Berhad.
- Director, Amcorp Global Limited (previously known as TEE Land Ltd).

Present Appointment(s)

- Group Managing Director of Amcorp Group Berhad.

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.



**DATO' WONG
NAM LOONG**

Independent Non-Executive Director
Malaysian, Male, Age 71

Board Meeting Attendance in FY2021

4/4

Date of Appointment

15 August 2016

Length of Service (as at 19 April 2021)

4 year 8 months

Board Committee Membership of the Manager

Chairman of the Audit Committee

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.

Present Directorship(s) in Listed Entity

None

Present Appointment(s)

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

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



Board Meeting Attendance in FY2021

1/1

Date of Appointment

2 February 2021

Length of Service (as at 19 April 2021)

2 months

Board Committee Membership of the Manager

Audit Committee

Academic/Professional Qualification(s)

- LLB (Hons) from University of Wales, Aberystwyth.
- Certificate in Legal Practice (CLP).

Present Directorship(s) in Listed Entity

- Director, RCE Capital Berhad.
- Director, Amcorp Properties Berhad.

Present Appointment(s)

- Nil

Relevant Experience

Tan Sri Mazlan served in the Royal Malaysia Police for almost 41 years until his retirement as the Deputy Inspector-General of the Royal Malaysia Police in August 2020, having joined as a Senior Police Officer in 1979.

Throughout his policing career, Tan Sri Mazlan had held various senior positions within the Royal Malaysia Police, including Director of Commercial Crime Investigation Department, Chief Police Officer of Selangor, Commissioner of Police Sarawak, Chief Police Officer of Melaka and he has vast experience in investigation work. He has received numerous state and federal awards for his invaluable contribution towards the public service, particularly in the area of public security.



Board Meeting Attendance in FY2021

4/4

Date of Appointment

15 August 2016

Length of Service (as at 19 April 2021)

4 year 8 months

Board Committee Membership of the Manager

Audit Committee

Academic/Professional Qualification(s)

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

Present Directorship(s) in Listed Entity

- Director of Amway (Malaysia) Holdings Berhad.

Present Appointment(s)

- Nil

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



Board Meeting Attendance in FY2021
4/4

Date of Appointment
22 February 2018

Length of Service (as at 19 April 2021)
3 Year 2 month

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.

Present Directorship(s) in Listed Entity
None.

Present Appointment(s)

- Chief Operating Officer, AmProp.
- Chairman of EXCO, AmREIT.
- Member of the Board Credit Committee, AmBank Islamic Berhad.
- Industry Advisory Panel for Azman Hashim International Business School at University Teknologi Malaysia (UTM).

Relevant Experience
En Azlan Baeqee 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 Baeqee 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.

En Azlan Baeqee is currently a director of AmBank Islamic Berhad and a board member of the subsidiaries within Amcorp and AmProp. He also serves as Non-Independent Non-Executive Director of AmREIT, the Manager of AmFIRST REIT. He is also the Non-Independent Non-Executive Director of AmREIT Holdings.



Board Meeting Attendance in FY2021
2/2

Date of Appointment
15 September 2020

Length of Service (as at 19 April 2021)
7 months

Board Committee Membership of the Manager
Nil

Academic/Professional Qualification(s)

- Bachelor of Science, Business Administration, St. Cloud State University, United States of America.

Present Directorship(s) in Listed Entity
None

Present Appointment(s)

- Managing Director Business Banking, AmBank Group.

Relevant Experience
Mr Christopher Yap holds more than two (2) decades of financial services experience, with a major portion spent on commercial and SME segments. He began his career in trade services with Citibank Malaysia and was the Head of SME Banking at Alliance Bank where he was instrumental in growing the bank's SME business to a 25% share of the bank's revenue.

Board of Directors



**YM RAJA NAZIRIN SHAH BIN
RAJA MOHAMAD**

Executive Director / Chief Executive Officer
Malaysian, Male, Age 57

Board Meeting Attendance in FY2021
4/4

Date of Appointment
22 April 2019

Length of Service (as at 19 April 2021)
2 year

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.

Present Directorship(s) in Listed Entity
None

Present Appointment(s)
• Chief Executive Officer, AmREIT.

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 the overall business strategies, formulating relevant sales and marketing strategies as well as overseeing the entire business operations. His previous achievements 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.

Note

All the Directors of the Manager in office at the end of FY2021 have no family relationship with any other Directors or major Unitholders of AmFIRST REIT, have no conflict of interest with AmFIRST REIT, have not been convicted of any offences within the past five (5) years and have not been imposed with any penalty by the relevant regulatory bodies.

Senior Management Team



YM RAJA NAZIRIN SHAH BIN RAJA MOHAMAD
Executive Director / Chief Executive Officer
Malaysian, Male, Age 57

Date of Appointment

22 April 2019

Present Directorship(s) in Listed Entity

None

Relevant Experience

YM Raja Nazirin Shah Bin Raja 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.



CHONG HONG CHUON
Chief Financial Officer
Malaysian, Male, Age 48

Date of Appointment

2 November 2015

Present Directorship(s) in Listed Entity

None

Relevant Experience

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 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 and a Registered Property Manager with the Board of Valuers, Appraisers, Estate Agents and Property Managers of Malaysia.

Senior Management Team



ZUHAIRY BIN MD ISA
Deputy Chief Executive Officer
Malaysian, Male, Age 51

Date of Appointment

8 January 2015

Present Directorship(s) in Listed Entity

None

Relevant Experience

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 AmREIT 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.

He was the first and former Chairman of The Summit Subang USJ Management Corporation representing AmFIRST REIT, spearheading the management and operations of the integrated strata development. He was the Vice Chairman of the MRMA for 2014 and 2015.

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



HEONG KIM MENG
Vice President 1, Marketing & Leasing, Asset Management
Malaysian, Male, Age 53

Date of Appointment

6 June 2014

Present Directorship(s) in Listed Entity

None

Relevant Experience

Mr Heong Kim Meng joined AmREIT on 6 June 2014 as Head, Asset Management. He was primarily responsible for the marketing and leasing of properties. 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 is currently the Secretary to The Summit Subang USJ Management Corporation.

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 and a Member of the Malaysian Institute of Accountants. He is also a registered Property Manager with the Board of Valuers, Appraisers, Estate Agents and Property Managers of Malaysia.

Senior Management Team



JAYASURAES NAIDU A/L SUBRAMANIAM

Vice President 1, Compliance & Risk
Malaysian, Male, Age 48

Date of Appointment

4 May 2015

Present Directorship(s) in Listed Entity

None

Relevant Experience

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-four (24) 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.



AHMAD SHAH BIN MD SAID

Vice President 2, Operations
Malaysian, Male, Age 61

Date of Appointment

20 July 2020

Present Directorship(s) in Listed Entity

None

Relevant Experience

En Ahmad Shah bin Md Said joined AmREIT on 20 July 2020 as Vice President of Operations. He and his team are responsible for managing the nine (9) buildings owned by AmFIRST REIT.

He has thirty-eight (38) years of technical working experience with architectural background.

He began his career in government sector under Public Work Department ("PWD") in Head Office for twelve (12) years since 1980. He was involved in several government projects during his tenure with PWD.

In 1992, he joined Bank of Commerce where he started his career in banking sector. He was assigned as a project officer and involved in several renovations works at Head Office and branches. He played an important role in the bank's merger exercise with Bank Bumiputra, CIMB and Southern Bank and was assigned to conduct feasibility studies for branch rationalisation exercise. His last position in CIMB was a Director in Establishment Support.

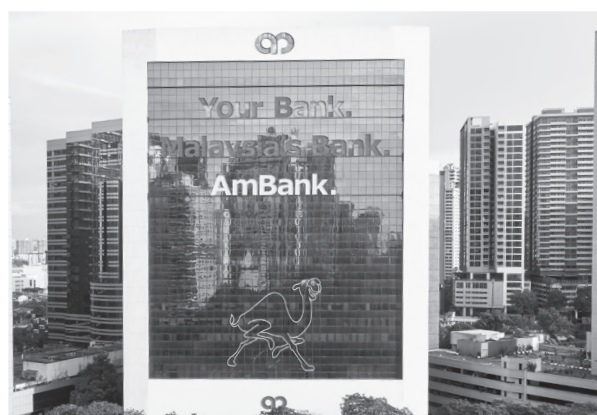
Prior to joining AmREIT, he was attached to AmBank in Group Property and Administration Department as the Head of Property for two (2) years where he managed Projects, branches and head office's renovation works including repair and maintenance nationwide.

He obtained a Civil Architecture Certificate from Ungku Omar Polytechnic in 1979. In 1989, he was selected by the Government to attend a special program (Look East Policy) in Japan under the collaboration between the Government of Malaysia and Japanese International Corporation Agency (JICA).

Note

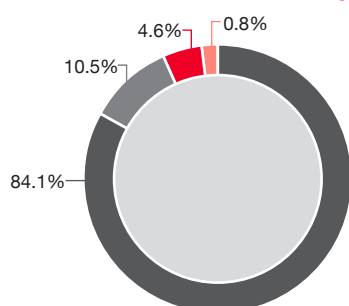
All the key senior management of the Manager in office at the end of FY2021 have no family relationship with any Directors or major Unitholders of AmFIRST REIT, have no conflict of interest with AmFIRST REIT, have not been convicted of any offences within the past five (5) years and have not been imposed with any penalty by the relevant regulatory bodies.

Asset Profile



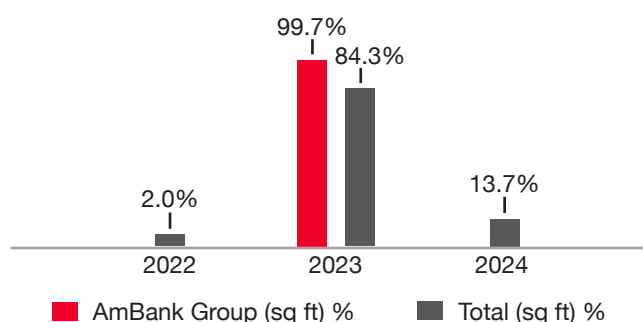
BANGUNAN AmBANK GROUP ("BAG")

Tenants' Trade Mix Analysis



Category	%
Banking & Financial Institutions	84.1
Advocates & Solicitors	10.5
Food & Beverages	4.6
Services & Others	0.8
Total	100.0

Tenancy Expiry Profile



FY	AmBank Group (sq ft)	%	Total (sq ft)	%
2022	-	-	6,939	2.0
2023	297,851	99.7	298,631	84.3
2024	-	-	48,539	13.7
Total	297,851	84.1	354,109	100.0

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
63 years)

Encumbrance

Nil

Year of Completion

1987

Age of Building

34 years

Net Lettable Area

360,166 sq ft

Existing Use

Commercial Office

Car Park

522

Number of Tenants

11

Date of Acquisition

21 December 2006

Acquisition cost

RM180.2 million

Latest Revaluation

RM265.9 million

Date of Revaluation

6 February 2021

Occupancy Rate

100.0%

Gross Revenue

RM22.4 million

Net Property Income

RM15.8 million

Major Capital Expenditure

RM0.6 million

Average Tenancy Period

3 years

Valuer

Messrs First Pacific Valuers
Property Consultants Sdn Bhd

Major Tenants

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

Property Manager

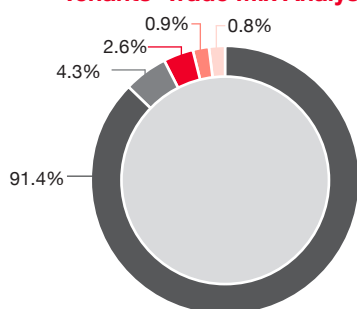
Knight Frank Property
Management Sdn Bhd

Asset Profile



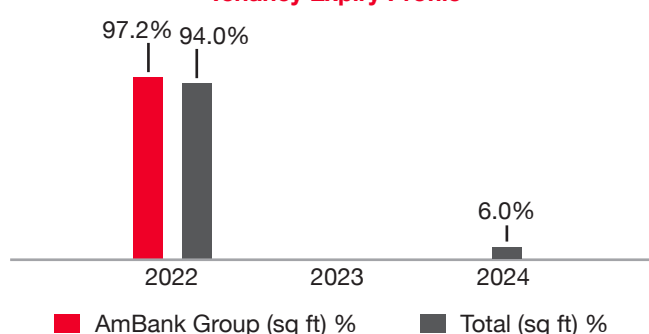
MENARA AmBANK ("MAB")

Tenants' Trade Mix Analysis



Category	%
Banking & Financial Institutions	91.4
Food & Beverages	4.3
Health	2.6
Services & Others	0.9
Construction & Engineering	0.8
Total	100.0

Tenancy Expiry Profile



FY	AmBank Group (sq ft)	%	Total (sq ft)	%
2022	306,072	97.2	314,942	94.0
2023	-	-	-	-
2024	-	-	19,934	6.0
Total	306,072	91.4	334,876	100.0

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

Encumbrance

First & Second Party Legal
Charge

Year of Completion

1997

Age of Building

24 years

Net Lettable Area

458,187 sq ft

Existing Use

Commercial Office

Car Park

557

Number of Tenants

15

Date of Acquisition

21 December 2006

Acquisition cost

RM230.2 million

Latest Revaluation

RM322.0 million

Date of Revaluation

5 February 2021

Occupancy Rate

73.3%

Gross Revenue

RM18.8 million

Net Property Income

RM10.0 million

Major Capital Expenditure

RM1.1 million

Average Tenancy Period

3 years

Valuer

Messrs Cheston International
(KL) Sdn Bhd

Major Tenants

AmBank Group

Property Manager

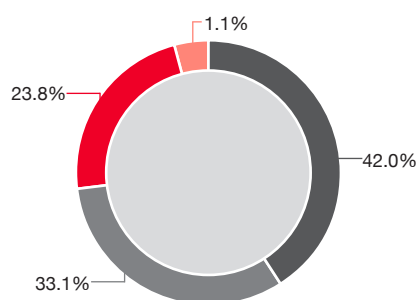
Knight Frank Property
Management Sdn Bhd

Asset Profile



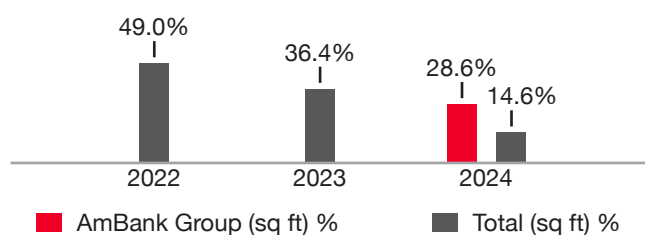
MENARA AmFIRST ("MA")

Tenants' Trade Mix Analysis



Category	%
Services & Others	42.0
Health/Personal Care/Beauty	33.1
Tele-communication/IT/Electronic/Electrical	23.8
Food & Beverages	1.1
Total	100.0

Tenancy Expiry Profile



FY	AmBank Group (sq ft)	%	Total (sq ft)	%
2022	-	-	54,898	49.0
2023	-	-	40,774	36.4
2024	4,709	28.6	16,442	14.6
Total	4,709	4.2	112,114	100.0

Location

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

Description of Property

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

Land Title

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

Tenure

Freehold

Encumbrance

Lien Holder's Caveat

Year of Completion

1994

Age of Building

27 years

Net Lettable Area

155,436 sq ft

Existing Use

Commercial Office

Car Park

333

Number of Tenants

28

Date of Acquisition

21 December 2006

Acquisition cost

RM57.1 million

Latest Revaluation

RM66.2 million

Date of Revaluation

6 February 2021

Occupancy Rate

74.4%

Gross Revenue

RM5.3 million

Net Property Income

RM3.0 million

Major Capital Expenditure

Nil

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
Perfect Pentagon Sdn Bhd
Rockwills Property
Management Sdn Bhd
MTrustee Bhd

Property Manager

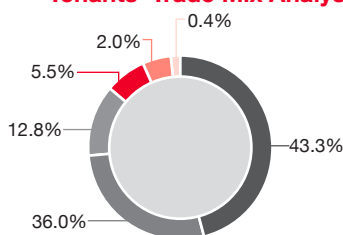
Savills (KL) Sdn Bhd

Asset Profile



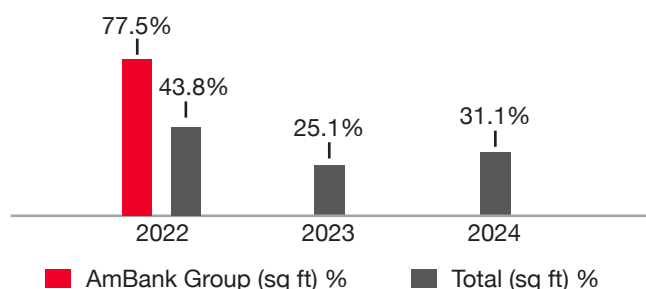
WISMA AmFIRST ("WA")

Tenants' Trade Mix Analysis



Category	%
● Logistic & Trading	43.3
● Banking & Financial Institutions	36.0
● Services & Others	12.8
● Health/Personal Care	5.5
● Tele-communication/IT/Electronic/Electrical	2.0
● Advocates & Solicitors	0.4
Total	100.0

Tenancy Expiry Profile



FY	AmBank Group (sq ft)	%	Total (sq ft)	%
2022	86,846	77.5	112,066	43.8
2023	-	-	64,096	25.1
2024	-	-	79,687	31.1
Total	86,846	33.9	255,849	100.0

Location

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

Description of Property

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

Land Title

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

Tenure

Leasehold of 99 years
expiring on 19 February
2094 (unexpired term of
approximately 73 years)

Encumbrance

Lien Holder's Caveat

Year of Completion

2001

Age of Building

20 years

Net Lettable Area

284,919 sq ft

Existing Use

Commercial Office

Car Park

642

Number of Tenants

24

Date of Acquisition

21 June 2007

Acquisition cost

RM86.1 million

Latest Revaluation

RM118.0 million

Date of Revaluation

6 February 2021

Occupancy Rate

89.9%

Gross Revenue

RM10.2 million

Net Property Income

RM6.2 million

Major Capital Expenditure

RM0.02 million

Valuer

Messrs First Pacific Valuers
Property Consultants Sdn Bhd

Major Tenants

AmBank (M) Berhad
Kimberly-Clark Trading (M)
Sdn Bhd
Swisslog Malaysia Sdn Bhd
Expeditors (Malaysia) Sdn Bhd
Welch Allyn (M) Sdn Bhd

Property Manager

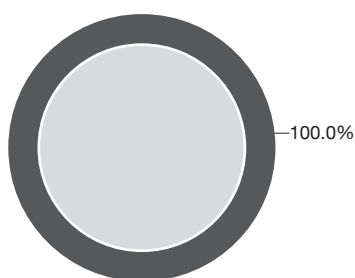
Savills (KL) Sdn Bhd

Asset Profile



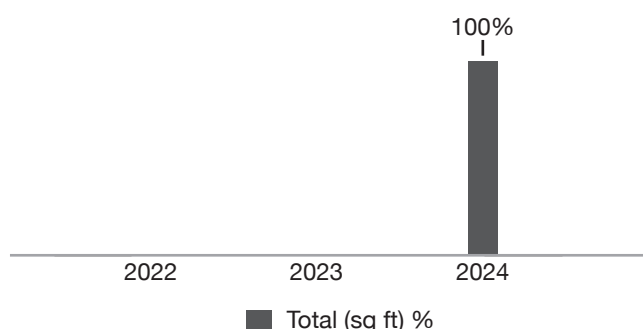
PRIMA 9

Tenants' Trade Mix Analysis



Category	%
Services & Others	100.0
Total	100.0

Tenancy Expiry Profile



FY	Total (sq ft)	%
2022	-	-
2023	-	-
2024	46,364	100.0
Total	46,364	100.0

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 basement levels

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

Tenure
Freehold

Encumbrance
Nil

Year of Completion
2009

Age of Building
12 years

Net Lettable Area
111,224 sq ft

Existing Use
Commercial Office

Car Park
414

Number of Tenants
1

Date of Acquisition
30 November 2011

Acquisition cost
RM72.9 million

Latest Revaluation
RM73.2 million

Date of Revaluation
4 February 2021

Occupancy Rate
41.7%

Gross Revenue
RM3.8 million

Net Property Income
RM2.7 million

Major Capital Expenditure
Nil

Average Tenancy Period
3 years

Valuer
Messrs Cheston International
(KL) Sdn Bhd

Major Tenants
Medical Device Authority -
Ministry of Health Malaysia

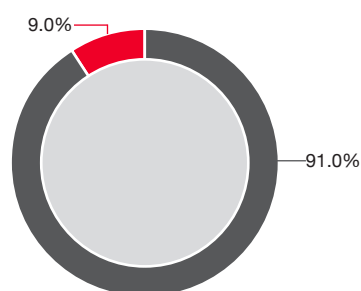
Property Manager
Savills (KL) Sdn Bhd

Asset Profile



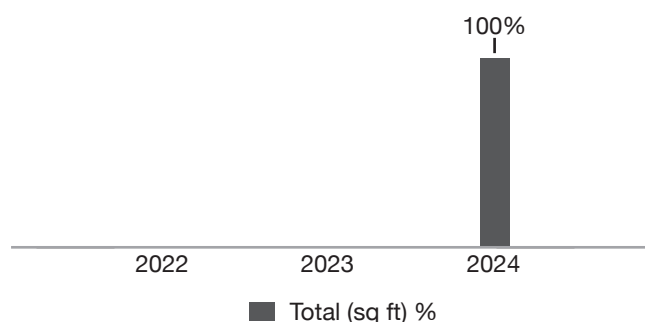
PRIMA 10

Tenants' Trade Mix Analysis



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

Tenancy Expiry Profile



FY	Total (sq ft)	%
2022	-	-
2023	-	-
2024	84,078	100.0
Total	84,078	100.0

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

Encumbrance

First Party Legal Charge

Year of Completion

2010

Age of Building

11 years

Net Lettable Area

100,272 sq ft

Existing Use

Commercial Office

Car Park

327

Number of Tenants

2

Date of Acquisition

30 November 2011

Acquisition cost

RM61.7 million

Latest Revaluation

RM65.8 million

Date of Revaluation

4 February 2021

Occupancy Rate

83.9%

Gross Revenue

RM4.4 million

Net Property Income

RM2.9 million

Major Capital Expenditure

RM0.02 million

Average Tenancy Period

5 years

Valuer

Messrs Cheston International
(KL) Sdn Bhd

Master Tenants

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

Property Manager

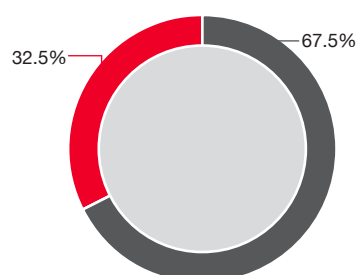
Savills (KL) Sdn Bhd

Asset Profile



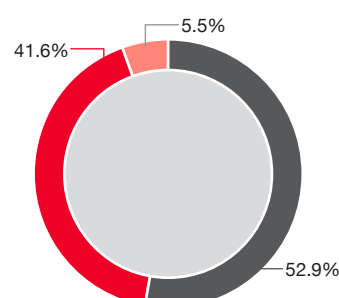
KOMPLEKS TUN SRI LANANG ("JAYA 99")

Tenants' Trade Mix Analysis "Office"



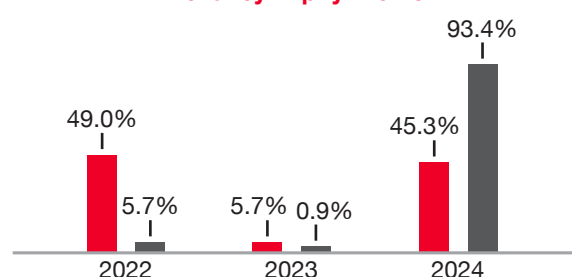
Category	%
Services & Others	67.5
Tele-communication/Electrical	32.5
Total	100.0

Tenants' Trade Mix Analysis "Retail"



Category	%
Services & Others	52.9
Real Estate	41.6
Food & Beverages	5.5
Total	100.0

Tenancy Expiry Profile



■ Retail Total (sq ft) % ■ Office Total (sq ft) %

FY (Office)	Total (sq ft)	%
2022	9,034	5.7
2023	1,421	0.9
2024	147,141	93.4
Total	157,596	100.0

FY (Retail)	Total (sq ft)	%
2022	10,504	49.0
2023	1,227	5.7
2024	9,708	45.3
Total	21,439	100.0

Location

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

Description of Property

A 6-storey podium block comprising retail, 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

Land Title

Title No. HS(D) 68894
Lot No. PT 45
Kawasan Bandar XVIII

District of Melaka Tengah
State of Melaka

Tenure

Leasehold 99 years
expiring on 7 October
2109 (unexpired term of
approximately 88 years)

Encumbrance

First Party Legal Charge

Year of Completion

2011

Age of Building

10 years

Net Lettable Area

225,912 sq ft

Existing Use

Commercial Office

Car Park

551

Number of Tenants

14

Date of Acquisition

1 November 2012

Acquisition cost

RM87.2 million

Latest Revaluation

RM104.6 million

Date of Revaluation

4 February 2021

Occupancy Rate

79.2%

Gross Revenue

RM7.3 million

Net Property Income

RM4.5 million

Major Capital Expenditure

RM0.02 million

Average Tenancy Period

1 - 3 years

Valuer

Messrs Cheston
International (KL) Sdn Bhd

Major Tenants

Prudential Assurance
Malaysia Berhad
Sudong Sdn Bhd
AIA Berhad

Property Manager

Rahim & Co. International
Sdn Bhd

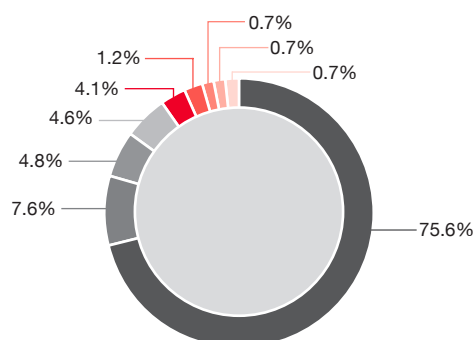
Asset Profile



**MYDIN HYPERMALL,
BUKIT MERTAJAM**

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 (2) 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 Lingkaran Luar Butterworth and North-South Expressway.

Tenants' Trade Mix Analysis



Category	%
Anchor (Hypermarket)	75.6
Leisure & Entertainment	7.6
Fashion & Accessories	4.8
Food & Beverages	4.6
Services & Others	4.1
Books, Gifts & Toys	1.2
Health, Beauty & Wellness	0.7
Lifestyle & Home Living	0.7
Timepiece, Jewellery & Optical	0.7
Total	100.0

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

Encumbrance

First Party Legal Charge

Year of Completion

2015

Age of Building

6 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

Acquisition cost

RM254.1 million

Latest Revaluation

RM278.0 million

Date of Revaluation

3 February 2021

Occupancy Rate

100.0%

Gross Revenue

RM19.3 million

Net Property Income

RM19.2 million

Major Capital Expenditure

Nil

Tenancy Period

30 years expired 2046.

Valuer

Messrs First Pacific Valuers
Property Consultants
Sdn Bhd

Master Lessee

Mydin Mohamed Holdings
Bhd

Property Manager

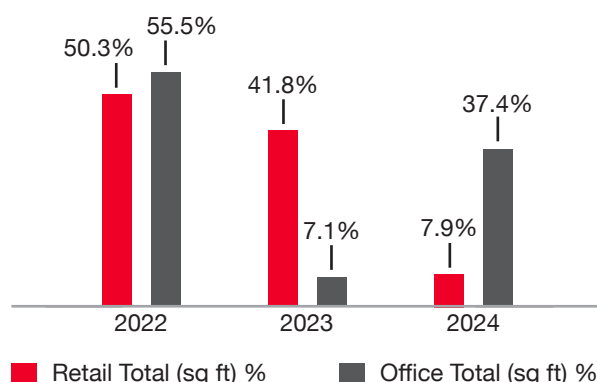
Savills (KL) Sdn Bhd

Asset Profile



THE SUMMIT SUBANG USJ ("THE SUMMIT")

Tenancy Expiry Profile



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.

FY (Retail)	Total (sq ft)	%
2022	182,896	50.3
2023	152,221	41.8
2024	28,655	7.9
Total	363,772	100.0

FY (Office)	Total (sq ft)	%
2022	49,193	55.5
2023	6,274	7.1
2024	33,231	37.4
Total	88,698	100.0

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 level 1 to 6 (inclusive) known as The Summit USJ Shopping Mall, a stratified 13-level office tower comprising level 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

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

Tenure

Freehold

Encumbrance

Lien Holder's Caveat

Year of Completion

1998

Age of Building

23 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

Number of Tenants

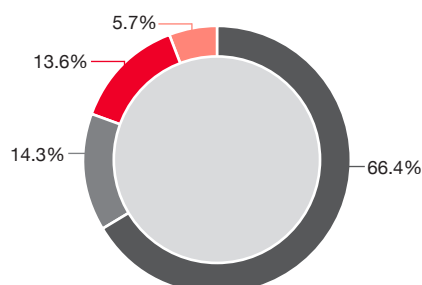
Retail - 54
Office - 12
Hotel - 1

Date of Acquisition

31 March 2008

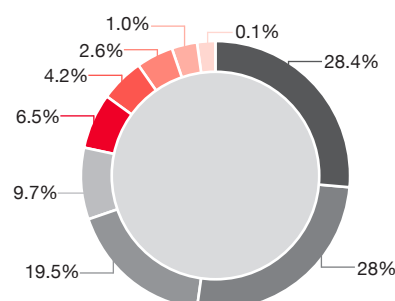
Asset Profile

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



Category	%
Services & Others	66.4
Logistic & Trading	14.3
Education/Enrichment/College	13.6
Health/Personal Care/Beauty	5.7
Total	100.0

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



Category	%
Home & Living/Home Deco/Electrical/DIY	28.4
Entertainment/Karaoke/Cinema/Bowling	28.0
Education/Enrichment/College/Training Centre	19.5
Food & Beverages/Bakery	9.7
Fashion Apparel	6.5
Hobbies/Jewelery/Time Piece/Gifts & Specialty	4.2
Services & Others	2.6
Health/Personal Care/Beauty	1.0
Tele-communication	0.1
Total	100.0

Acquisition cost
RM280.1 million

Latest Revaluation
RM357.4 million

Date of Revaluation
4 and 5 February 2021

Occupancy Rate
Retail - 63.6%
Office - 81.2%
Hotel - 100.0%

Gross Revenue
RM15.8 million

Net Property Income
RM0.6 million

Major Capital Expenditure
RM2.5 million

Average Tenancy Period
1 to 3 years

Valuer
Messrs Cheston
International (KL) Sdn Bhd

Major Tenants - Retail
Home Product Center
(Malaysia) Sdn Bhd
Golden Screen Cinemas
Sdn Bhd
IMC Education Sdn Bhd
Ampang Superbowl
Dream Village Learning
Centre Sdn Bhd
Hot Market Vision Sdn Bhd

Major Tenants - Office
Salcon Resources Sdn Bhd
CMA CGM (M) Sdn Bhd
Bakat Pintar Sdn Bhd
MS Tower (MYS) Sdn Bhd
REKA Advisory Sdn Bhd

Property Manager
Knight Frank Property
Management Sdn Bhd

Market Report

1.0 MARKET INDICATIONS

1.1 Economic Indicators

Table 1: Malaysia - Key Economic Indicators, 2016 to 2020(e)

Years	Economic Indicators		
	Gross Domestic Product (%)	Inflation Rate (%)	Unemployment Rate (%)
2016	4.4	2.1	3.4
2017	5.8	3.7	3.4
2018	4.8	1.0	3.3
2019	4.3	0.7	3.3
2020(e)	-5.6	-1.2	4.5
2021(f)	6.0 - 7.5	2.5 - 4.0	4.6
1Q2020	0.7	0.9	3.5
2Q2020	-17.1	-2.6	5.1
3Q2020	-2.6	-1.4	4.7
4Q2020(p)	-3.4	-1.5	4.8

Sources: Department of Statistics Malaysia / Bank Negara Malaysia

Notes:

(e) = Estimates; (p) = Preliminary data; (f) = Forecast

(1) Gross Domestic Product (GDP) at constant 2015

(2) Inflation rate at constant 2010

The fresh wave of COVID-19 pandemic since September 2020 led to sharper economic contraction with gross domestic product (GDP) shrinking 3.4% in the fourth quarter (1Q2020: +0.7%; 2Q2020: -17.1% and 3Q2020: -2.6%). Malaysia's economy contracted 5.6% for all of 2020, its worst performance since the Asian financial crisis in 1998 and was below the government's earlier projection of -3.5% to -5.5%.

The impact of the prolonged nationwide movement control order ("MCO"), implemented since 18 March 2020 and the subsequent phases of MCO coupled with the recent reinforced MCO 2.0 to contain the spread of the novel coronavirus, is reflected in the country's poor economic performance as measures such as travel restrictions, enforced business closures and restricted social activities left many businesses and economic sectors struggling to stay afloat.

For 2021, the economy is expected to rebound between 6.0% and 7.5%, supported mainly by the recovery of economic and trade activities globally and domestically. As the rollout of COVID-19 vaccines gets underway, more business activities and services sector are allowed to reopen during the current phase of MCO 2.0 subject to conditions and standard operating procedures ("SOPs") set by the relevant authorities.

The continuation of large-scale infrastructure projects such as the under-construction East Coast Rail Line ("ECRL"), Mass Rapid Transit Sungai Buloh-Serdang-Putrajaya Line ("MRT2"), Light Rail Transit Bandar Utama-Klang Line ("LRT3"), and Pan Borneo Highway will provide additional lift to the nation's economic growth. To further cushion the severe impact of the pandemic, the government has unveiled various stimulus packages such as PENJANA (short term economic recovery plan), PRIHATIN Supplementary Initiative Package, PRIHATIN Economic Stimulus Package ("ESP") and PERMAI Assistance Package in addition to the various initiatives under Budget 2021 which aim to provide targeted support to the vulnerable groups.

In 2020, the country's unemployment rate was estimated at 4.5%, the highest since 1995 due to the unprecedented crisis caused by the COVID-19 outbreak. The mobility restrictions affected employment activity, resulting in the unemployment rate edging upwards from April to June 2020, particularly in the travel and tourism related industries.

Market Report

1.1 Economic Indicators (Contd.)

Malaysia registered a deflation (-1.2%) in 2020, the first time in five decades, primarily due to lower global oil and commodity prices coupled with tiered electricity tariff rebates since April 2020 and suppressed domestic demand amongst other factors. Bank Negara Malaysia (“BNM”) has forecast that headline inflation will average higher between 2.5% and 4.0% in 2021, mainly on improved global oil prices.

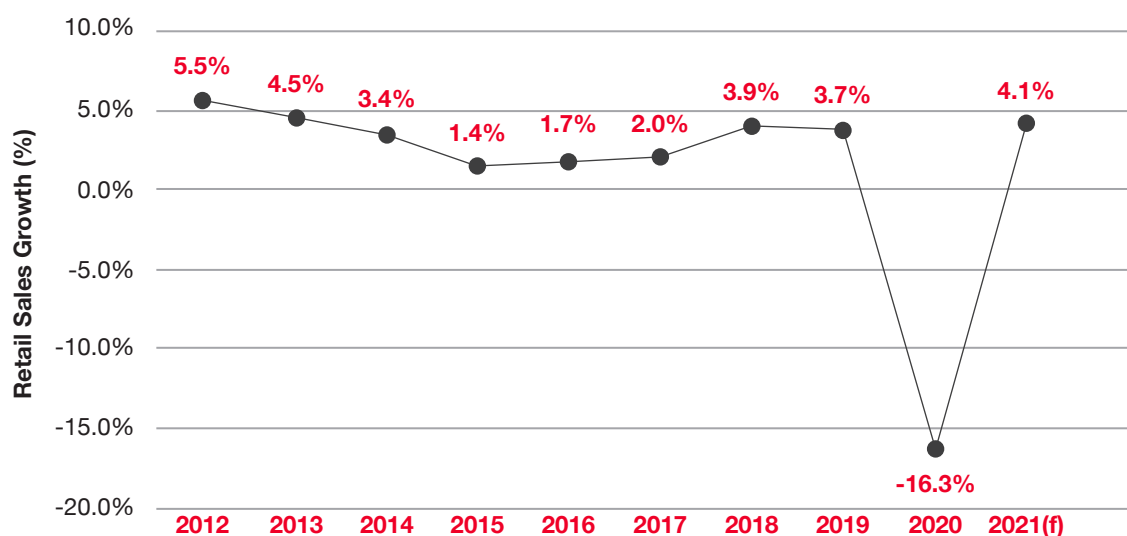
The central bank cut the overnight policy rate (“OPR”) by 25 basis points to 1.75% on 7 July 2020, its fourth revision in 2020 to provide a more accommodative monetary environment to support the country’s economy.

1.2 Impact of COVID-19

1.2.1 Retail Performance: Weak sentiment and movement restrictions lead to fall in footfall

The onset of the COVID-19 pandemic in early 2020, leading to the country been placed under various phases of MCO since 18 March 2020, continues to disrupt trade activities. Malaysia’s retail industry registered its worst performance in two decades with sales growth contracting 16.3% on the year (2019: 3.7%).

Chart 1: Malaysia - Retail Sales Growth, 2012 to 2021(f)



Sources: Malaysia Retailers Association (“MRA”) / Knight Frank Research

Note: (f) = Forecast

Following the rollout of COVID-19 vaccines and with gradual easing of restrictions, retail sales is forecast to expand 4.1% in 2021.

The MIER Consumer Sentiments Index (“CSI”) was recorded at 85.2 points in 4Q2020, 6.3 points lower on the quarter (3Q2020: 91.5 points); the ninth consecutive quarter since 4Q2018 where the index has remained below the 100-point threshold. This reflects subdued consumer spending on concerns of economic recession, rising unemployment and lower disposable income amid the unprecedented crisis.

Market Report

1.1 Economic Indicators (Contd.)

1.2 Impact of COVID-19 (Contd.)

1.2.2 E-Commerce: The silver lining amid the pandemic

The pandemic, which has a sudden and significant impact on lives, economies and societies globally, has altered the retail landscape. The hospitality, tourism, and aviation-related segments are being hit the hardest evident by cancellations of flights, tour packages, and hotel bookings following travel bans and closure of borders. Similarly, there is industry shifts in the retail segment due to changes in consumer shopping behaviours, some permanent and this has led to the flourishing of e-commerce industry. Many business-to-consumer ("B2C") firms were forced to quickly adapt to online retailing services due to lockdowns and movement restrictions in many markets.

The growth in the adoption of online retailing was evident in key markets across Asia-Pacific, averaging at circa 14% in 2020 compared to the previous year.

Malaysia's online retailing grew by 17% in 2020, the third-fastest among the countries reviewed. Moving forward, there is much potential for higher growth as the country's overall online penetration stands at only 5%. Post COVID-19, the trend is expected to shift towards omnichannel retailing.

Table 2: Selected Markets - Online Retail Penetration / Annual Growth, 2020(e)

Market	Estimated Online Retail Penetration, end 2020	Estimated Annual Online Retail Growth
Chinese Mainland	33%	12%
South Korea	30%	20%
Australia	15%	13%
Japan	12%	20%
Singapore	10%	11%
Vietnam	8%	8%
Indonesia	6%	13%
India	5%	8%
Malaysia	5%	17%
Thailand	4%	11%
Philippines	2%	17%
Average		14%

Source: Knight Frank Research

Note: (e) = Estimates

Market Report

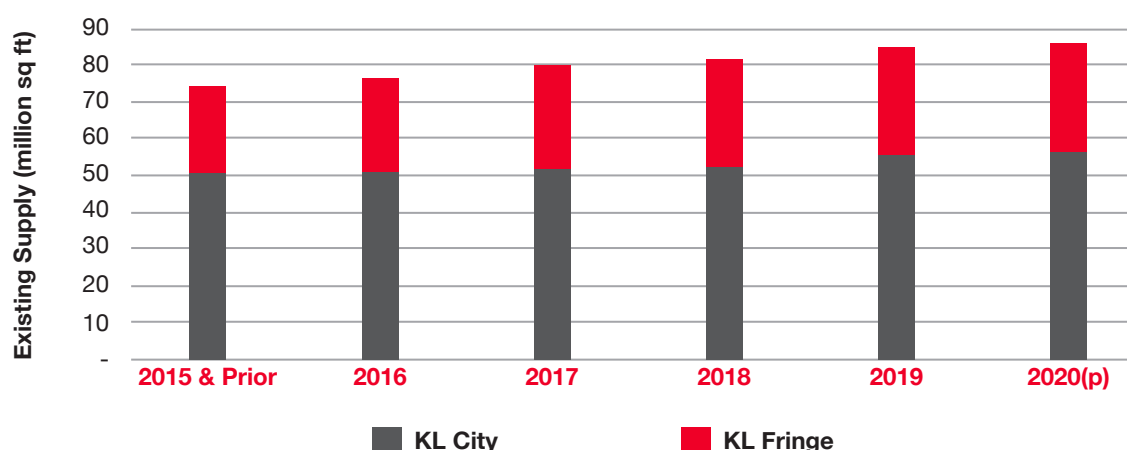
2.0 OFFICE MARKET OVERVIEW

2.1 Kuala Lumpur

2.1.1 Supply

The supply of office space in Kuala Lumpur has grown steadily over the years. Between 2015 and 2020, office supply in KL Fringe grew at a Compound Annual Growth Rate ("CAGR") of circa 4.4%, outpacing KL City's CAGR of 2.0%.

Chart 2: KL City & KL Fringe - Cumulative Supply of Purpose-Built Office Space, 2015 & Prior to 2020(p)



Source: Knight Frank Research
Note: (p) = Preliminary data

The bulk of existing office supply comes from KL City, recorded at about 65.6% or 56.1 million sq ft whilst the remaining office stock of 29.4 million sq ft or 34.4% is located in KL Fringe. 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.

In 2020, two buildings were completed in KL City, namely Menara Hap Seng 3 (circa 201,000 sq ft NLA) and Menara TCM (circa 372,000 sq ft NLA).

A high impending supply of circa 10.8 million sq ft is expected to enter the market in the near term (2021 and 2022).

2.1.2 Occupancy

In KL City, amid growing imbalance in supply and demand, the overall occupancy rate of office buildings continued to weaken from 73.6% in 2019 to 69.4% in 2020.

Meanwhile, in KL Fringe, with sustained demand and no notable new completion, the overall occupancy rate improved to post at 86.0% (2019: 85.1%).

Amid the unprecedented COVID-19 crisis, the Kuala Lumpur office market saw negative absorption of circa 257,000 sq ft in the first three quarters of 2020 as there were lesser leasing activities due to movement restrictions and as most companies hold off on any decisions to add space.

Market Report

2.0 OFFICE MARKET OVERVIEW (CONTD.)

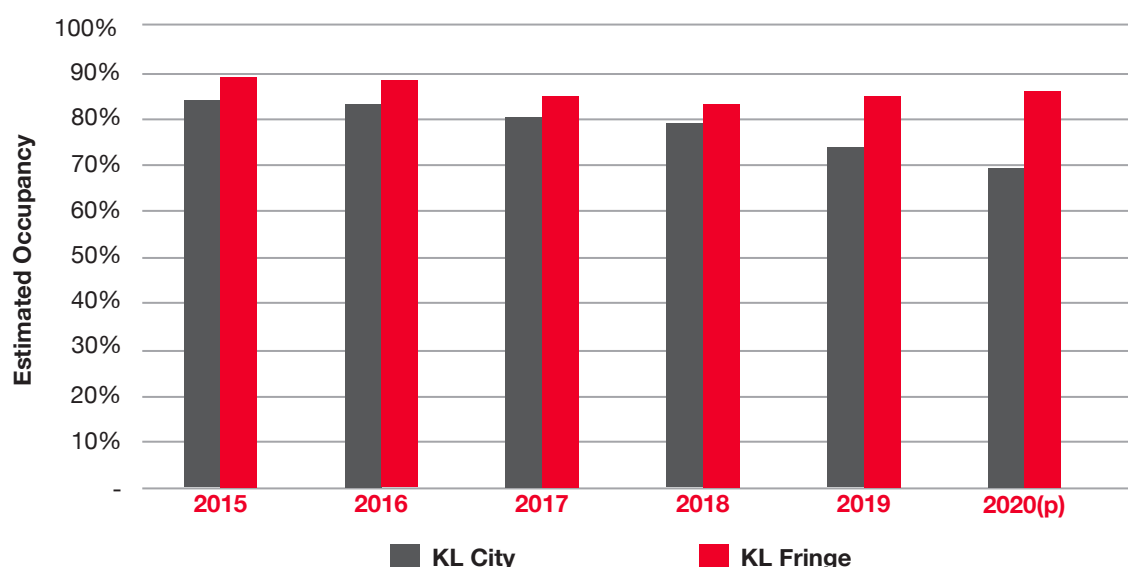
2.1 Kuala Lumpur (Contd.)

2.1.2 Occupancy (Contd.)

On a positive note, the recent completion of Menara TCM with 372,000 sq ft of net lettable area at Jalan Tun Razak, contributed to a positive net absorption of at least 43,000 sq ft during 4Q2020.

For the whole year of 2020, the Kuala Lumpur office market experienced a negative net absorption of circa 214,000 sq ft.

Chart 3 : KL City & KL Fringe - Overall Occupancies of Purpose-Built Office Space, 2015 to 2020(p)



Source: Knight Frank Research
Note: (p) = Preliminary data

2.1.3 Rental Rates

Similar to the occupancy trend, the average rental rate of prime office space in KL City (Prime A+ and Grade A) was lower on the year to record at RM8.06 per sq ft per month (2019: RM8.17 per sq ft per month).

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

The average rental rate for Prime A+ office space in the New CBD, which has continued to hold steady at circa RM11.94 per sq ft per month since 2015, dropped to RM11.27 per sq ft per month in 2019. In 2020, amid the pandemic outbreak, it dipped further to RM10.68 per sq ft per month following the emerging 'work from home' ("WFH") trend.

Meanwhile, the average rental rates of Grade A office space in the New CBD and Old CBD were also lower at RM6.45 per sq ft and RM5.33 per sq ft per month respectively in 2020 (2019: New CBD - RM6.66 per sq ft per month; Old CBD - RM5.43 per sq ft per month).

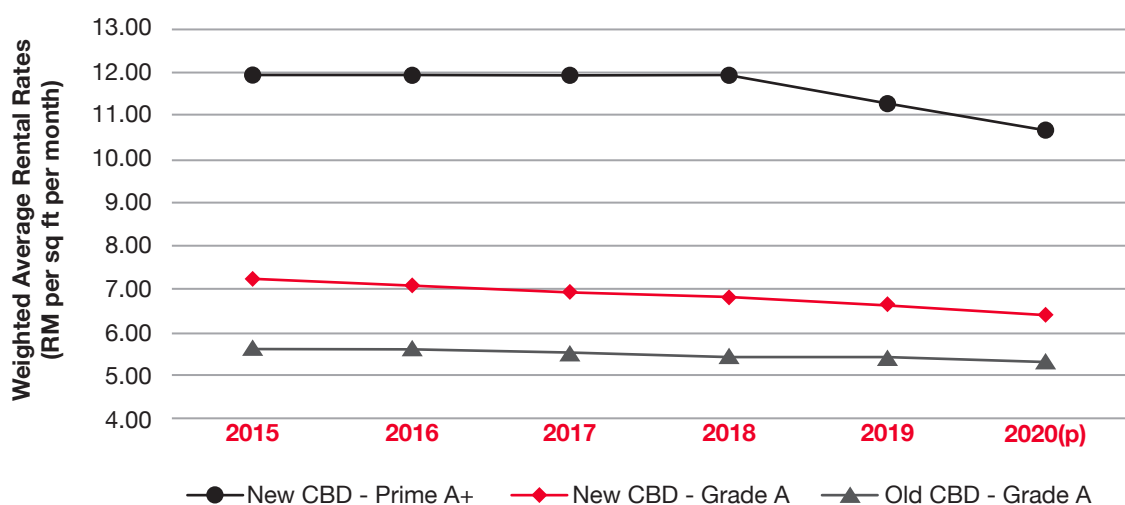
Market Report

2.0 OFFICE MARKET OVERVIEW (CONTD.)

2.1 Kuala Lumpur (Contd.)

2.1.3 Rental Rates (Contd.)

Chart 4: KL City - Average Achievable Rental Rates of Prime Office Space, 2015 to 2020(p)



Source: Knight Frank Research

Notes:

(p) = Preliminary data

(1) GT refers to Golden Triangle; CBD refers to Central Business District

(2) **Prime A+:** Iconic buildings located within prime or main address that 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.

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

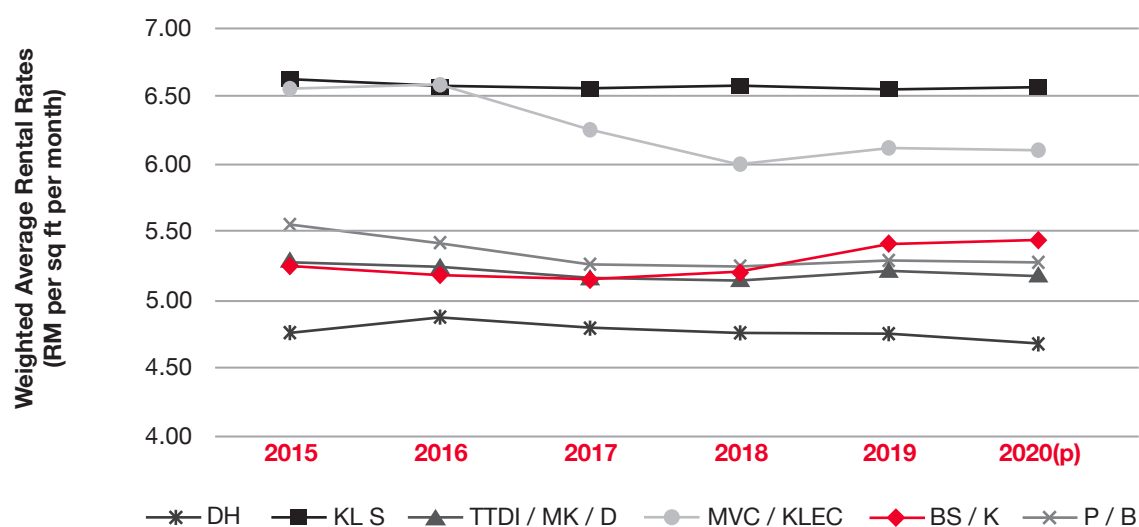
Market Report

2.0 OFFICE MARKET OVERVIEW (CONTD.)

2.1 Kuala Lumpur (Contd.)

2.1.3 Rental Rates (Contd.)

Chart 5: KL Fringe - Average Achievable Rental Rates of Purpose-Built Office Space in Selected Localities, 2015 to 2020(p)



Source: Knight Frank Research

Notes:

(p) = Preliminary data

(1) DH – Locality of Damansara Heights;

(2) KLS – Locality of Kuala Lumpur Sentral;

(3) TTDI / MK / D – Locality of TTDI/Mont Kiara/Dutamas;

(4) MVC / KLEC – Locality of Mid Valley City/KL Eco City;

(5) BS / K – Bangsar South/Kerinchi;

(6) P / B – Pantai/Bangsar

In KL Fringe, there were marginal increments in the average monthly rental rates in the sub-markets of KL Sentral and Bangsar South / Kerinchi at RM7.14 per sq ft (2019: RM7.10 per sq ft) and RM5.57 per sq ft (RM5.53 per sq ft) respectively. In the locality of Pantai / Bangsar, the average monthly rental remained resilient at RM5.84 per sq ft while in other decentralised office locations, the average monthly rental rates were generally lower and range between RM5.37 per sq ft and RM6.10 per sq ft.

2.2 Selangor

2.2.1 Supply

The supply of purpose-built office space in Selangor has also increased steadily since 2015. As of 2020, the cumulative supply of office space in Selangor stood at approximately 23.9 million sq ft, depicting a CAGR of circa 6.2% (2015: 17.7 million sq ft).

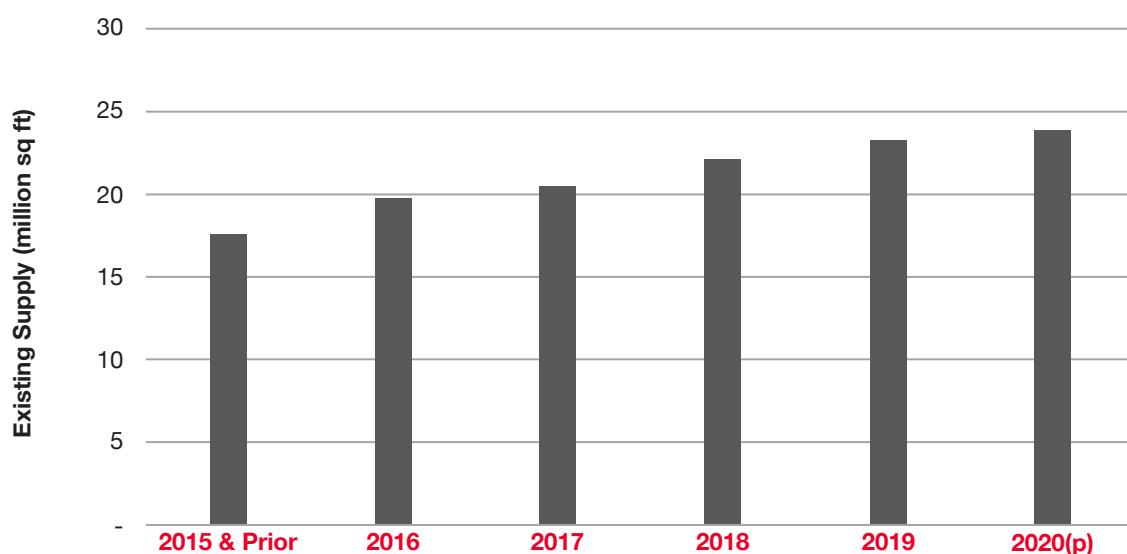
Market Report

2.0 OFFICE MARKET OVERVIEW (CONTD.)

2.2 Selangor (Contd.)

2.2.1 Supply (Contd.)

Chart 6: Selangor - Cumulative Supply of Purpose-Built Office Space, Pre-2015 to 2020(p)



Source: Knight Frank Research
Note: (p) = Preliminary data

Notable office completions in 2020 include Sumurwang Tower at I-City (circa 285,000 sq ft NLA) and Menara Star 2 of Pacific Star (circa 251,000 sq ft NLA).

Office buildings slated for completion in 2021 include Quill 9 Annex, Imazium @ Uptown and Blocks G and J of Empire City. Collectively, they are expected to add another 1.1 million sq ft to the existing stock.

2.2.2 Occupancy

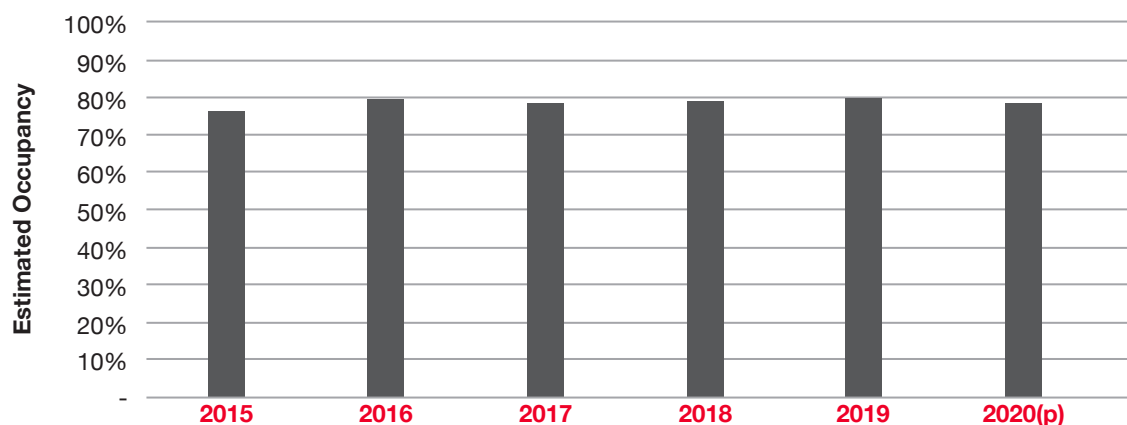
Since 2015, the overall occupancy rate of purpose-built office space in Selangor has remained fairly steady at above the 75.0% mark. It peaked at 79.4% in 2019 before declining to 78.2% in 2020 due to challenges amid the prolonged pandemic.

2.0 OFFICE MARKET OVERVIEW (CONTD.)

2.2 Selangor (Contd.)

2.2.2 Occupancy (Contd.)

Chart 7: Selangor - Overall Occupancies of Purpose-Built Office Space, 2015 to 2020(p)



Source: Knight Frank Research

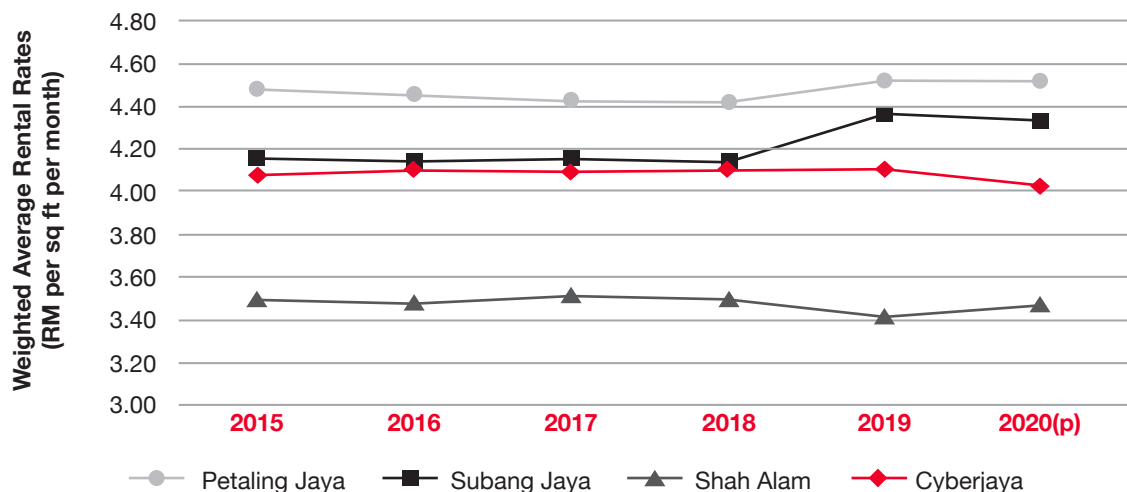
Note: (p) = Preliminary data

All the office sub-markets in Selangor, namely Petaling Jaya, Subang Jaya, Shah Alam and Cyberjaya experienced lower occupancy rates in 2020. Among the localities, Shah Alam saw the most significant decline to 80.2% (2019: 88.8%) following the completion of Sumurwang Tower at i-City which has to date, achieved circa 25% occupancy.

2.2.3 Rental Rates

The overall average monthly rental rate of purpose-built office space in Selangor declined from RM4.31 per sq ft per month in 2019 to RM4.28 per sq ft in 2020.

Chart 8: Selangor - Average Achievable Rental Rates of Purpose-Built Office Space in Selected Localities, 2015 to 2020(p)



Source: Knight Frank Research

Note: (p) = Preliminary data

Market Report

2.0 OFFICE MARKET OVERVIEW (CONTD.)

2.2 Selangor (Contd.)

2.2.3 Rental Rates (Contd.)

In Petaling Jaya, the average monthly rental rate remained resilient at RM4.52 per sq ft while in Subang Jaya and Cyberjaya, the rates were lower at RM4.33 per sq ft (2019: RM4.36 per sq ft) and RM4.03 per sq ft (2019: RM4.10 per sq ft) respectively.

As for Shah Alam, despite contributing to higher vacancy in the sub-market, the recent completion of Sumurwang Tower, a 32-storey dual-compliant Grade A corporate office tower at i-City, raised the overall average rental rate for the locality to RM3.47 per sq ft per month (2019: RM3.41 per sq ft per month).

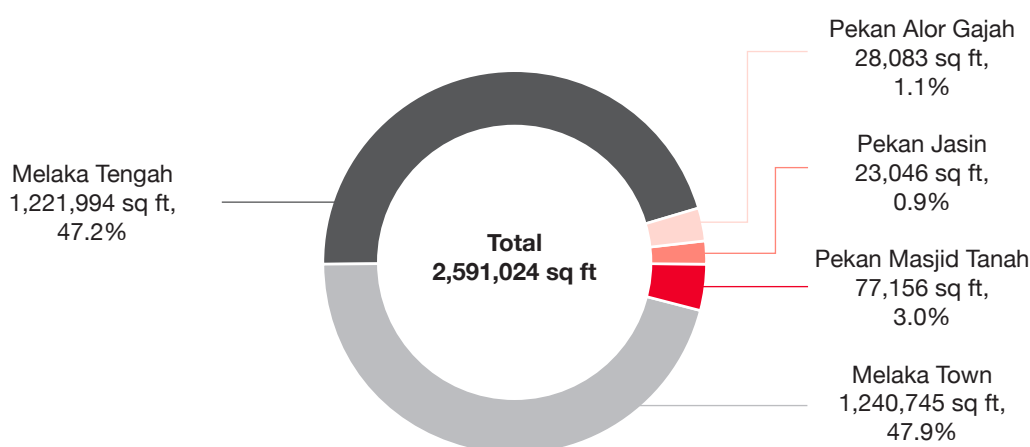
2.3 Melaka

2.3.1 Supply

As of 2020, the cumulative supply of purpose-built office space in Melaka stood at circa 2.6 million sq ft (excluding government buildings). No notable completions have been recorded since 2016.

The concentration of private office supply is fairly distributed between Melaka Tengah and Melaka Town with circa 1.2 million sq ft each (about 47.9% and 47.2% share of total office stock in the state). Collectively, Pekan Jasin, Pekan Masjid Tanah and Pekan Alor Gajah constitute the remaining office supply with approximately 128,284 sq ft or 5.0% share.

Chart 9: Melaka - Cumulative Existing Supply of Purpose-Built Office Space, as of 2020(p)



Source: NAPIC

Notes: (p) = Preliminary data

The above supply includes privately owned purpose-built office buildings (excluding government buildings)

Market Report

2.0 OFFICE MARKET OVERVIEW (CONTD.)

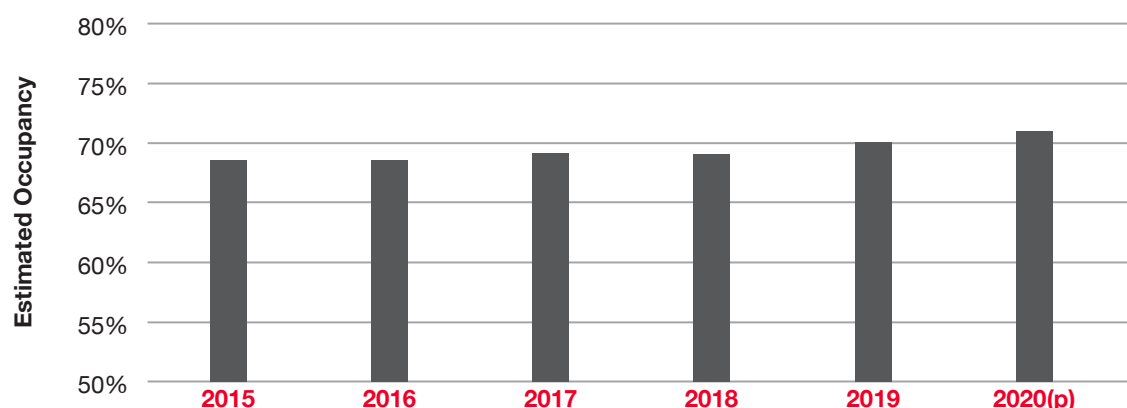
2.3 Melaka (Contd.)

2.3.2 Occupancy

In the privately-owned office segment, the overall occupancy rate improved marginally to record at 71.0% in 2020 (2019: 70.1%), mainly attributed to improved occupancy in Melaka Tengah's offices (2020: 63.8%).

Office space in Pekan Alor Gajah are generally fully taken up while in Pekan Masjid Tanah, the occupancy rate has constantly hovered above the 90.0% mark. Meanwhile, in Melaka Town and Pekan Jasin, the average occupancies continue to range between 75% and 79%.

Chart 10: Melaka - Overall Occupancies of Purpose-Built Office Space, 2015 to 2020(p)



Source: NAPIC

Note: (p) = Preliminary data

2.3.3 Rental Rates

Generally, the gross rentals of selected existing office buildings in prime Central Town area continued to hold steady.

Table 3 : Melaka - Rental Range of Selected Office Buildings in Central Town, 2020(p)

Name of Building / Location	Rental Range (RM per sq ft / month)
Bangunan Graha Maju Jalan Hang Tuah	1.60 – 2.20
Bangunan Graha Peladang Jalan Hang Tuah	1.50 – 2.20
Bangunan Tabung Haji Jalan Bandar 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

Market Report

2.0 OFFICE MARKET OVERVIEW (CONTD.)

2.4 Market Outlook

In the near term, the trend of working from home amid movement restrictions to contain the spread of COVID-19, will further depress the office market in the country, especially in Kuala Lumpur where there is a growing imbalance between supply and demand.

As for Melaka, with no impending supply in the near to medium term, the office market is expected to remain resilient with both rental and overall occupancy levels holding steady.

Amid the prolonged pandemic, organisations continue to adapt and rethink their strategies in the face of a constantly evolving environment, including planning workspace commitments. Corporations that have been adopting the hybrid working model since the start of the MCO may consider this model beneficial and be the go-to model moving forward. Landlords will work to support the arrangement by providing a more purposeful office for physical interaction and collaboration space with other flex offices for staff to work remotely. Office is here to stay with a tweak to its purpose where health and safety will remain top of mind for occupiers.

More organisations have also started to consider co-working and flexible workspace in their real estate planning as it allows them flexibility to control their space requirements and length of term. The ability to scale up or scale down the workforce depending on business needs gives comfort and security to organisations as they try to keep afloat amid market uncertainties.

Meanwhile, co-working groups with multiple locations are reviewing their portfolios to identify centres which are non-performing. For short term relief, they may either seek rent waivers from landlords or enter into revenue share agreements, before making the ultimate decision to shut down the non-performing locations.

Looking ahead, landlords will continue to focus on asset management and leasing strategies that are centred on cost optimisation and tenant retention to overcome the challenging operating environment. Reconfiguration of office space is expected to lead to an increase in sublet or new space in the market as organisations address the need for cost optimisation.

3.0 RETAIL MARKET OVERVIEW

3.1 Selangor

3.1.1 Supply

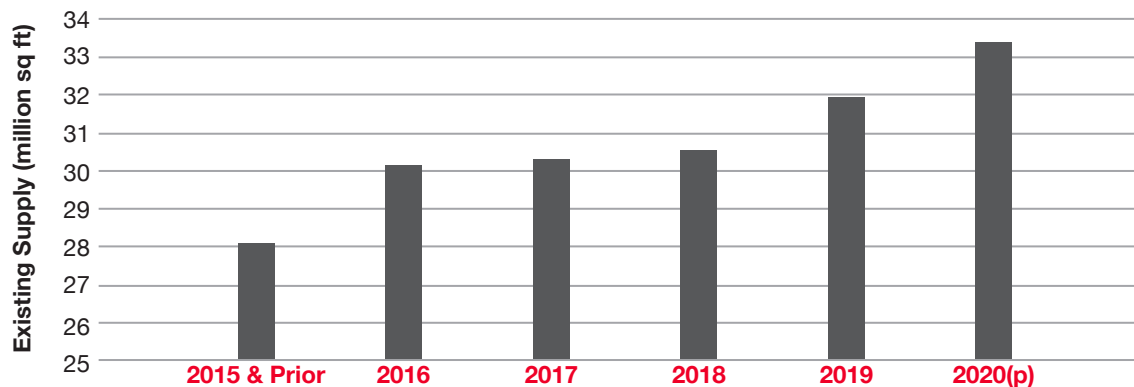
As of 2020, the cumulative supply of retail space in Selangor stood at circa 33.42 million sq ft following the completion of Tropicana Gardens Mall in Kota Damansara, KIPMALL Desa Coalfields in Sungai Buloh and Quayside @ Twentyfive 7 in Kota Kemuning with combined lettable area of approximately 1.47 million sq ft.

3.0 RETAIL MARKET OVERVIEW (CONTD.)

3.1 Selangor (Contd.)

3.1.1 Supply (Contd.)

Chart 11: Selangor - Cumulative Supply of Retail Space, Pre-2015 to 2020(p)



Source: Knight Frank Research

Notes:

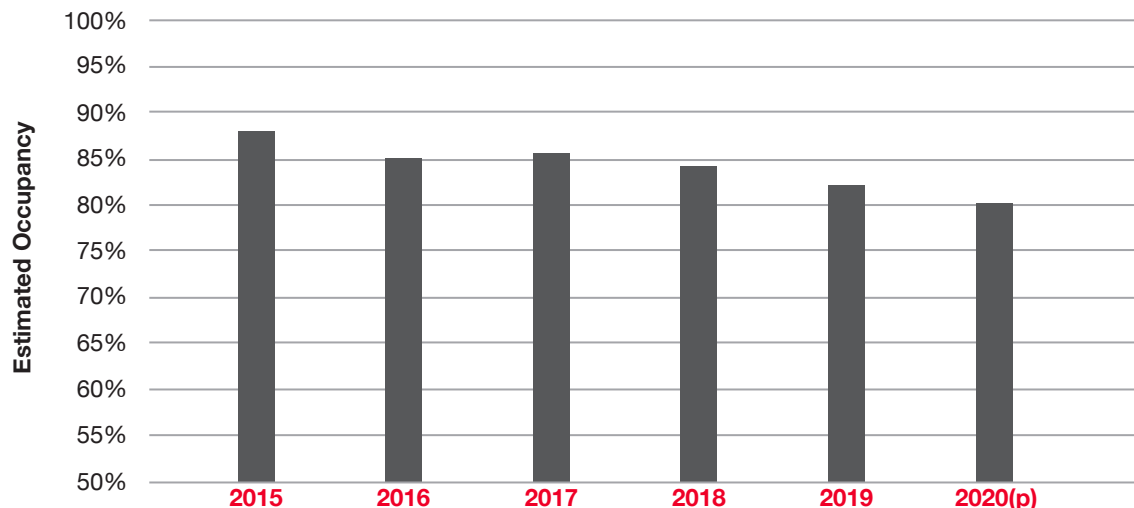
(p) = Preliminary data

(1) The above supply excludes standalone hypermarket

3.1.2 Occupancy

The average occupancy rate of shopping centres in the state peaked at 87.9% in 2015 and has since continued to downtrend. Up until 2019, the average occupancy remained firm above the 82.0% threshold, despite a high supply pipeline of retail space coming into the market. However, with the economic fallout from COVID-19, countless businesses have permanently shut their doors, and this has led to the state's retail sector recording a lower overall occupancy rate of 80.2% in 2020 (source: NAPIC).

Chart 12: Selangor - Average Occupancy Rates of Shopping Centres, Arcades and Hypermarkets, 2015 to 2020(p)



Source: NAPIC

Note: (p) = Preliminary data

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 4: Selangor - Rental Levels of Retail Space in Selected Shopping Centres, 2020(p)

Shopping Centre	Location	Floor Level	Rental Range (RM per sq ft / month)
1 Utama Shopping Centre	Bandar Utama	Lower Ground	11.90 - 36.70
		Ground	19.50 - 35.00
		1	18.70 - 34.10
		2	19.00 - 22.00
Sunway Pyramid Shopping Mall	Bandar Sunway	Lower Ground 2	16.80 - 33.10
		Lower Ground 1	13.60 - 45.30
		Ground	21.60 - 43.80
		1	17.50 - 29.90
Subang Parade	Subang Jaya	Lower Ground	7.80 - 26.20
		Ground	11.20 - 25.50
Central I-City	Shah Alam	Lower Ground	6.00 - 17.00
		Ground	10.00 - 23.00
		1	8.00 - 30.00
		2	6.00 - 16.00
		3	8.00 - 13.00
IOI Mall	Bandar Puchong	Ground	6.00 - 22.20
		1	4.80 - 43.20
		2	17.20 - 32.20
Melawati Mall	Taman Melati	Lower Ground	5.60 - 18.80
		Ground	8.60 - 32.60
		1	5.00 - 8.60
		2	6.10 - 18.60
		3	9.30 - 22.60
		4	5.30 - 18.10
		5	5.40 - 18.10
		6	5.60 - 10.60

Note: (p) = Preliminary data

Market Report

3.0 RETAIL MARKET OVERVIEW (CONTD.)

3.1 Selangor (Contd.)

3.1.3 Rental Rates (Contd.)

Prominent shopping centres in Selangor, namely 1 Utama Shopping Centre and Sunway Pyramid Shopping Mall command high rental rates ranging from RM11.90 per sq ft to RM45.30 per sq ft per month depending on the location / orientation / positioning of the retail lot within the mall, floor level, unit sizing and other factors.

Newer built shopping centres with more modern facilities and amenities such as Central i-City and Melawati Mall, have competitive rental rates ranging from RM5.30 per sq ft to RM32.60 per sq ft per month.

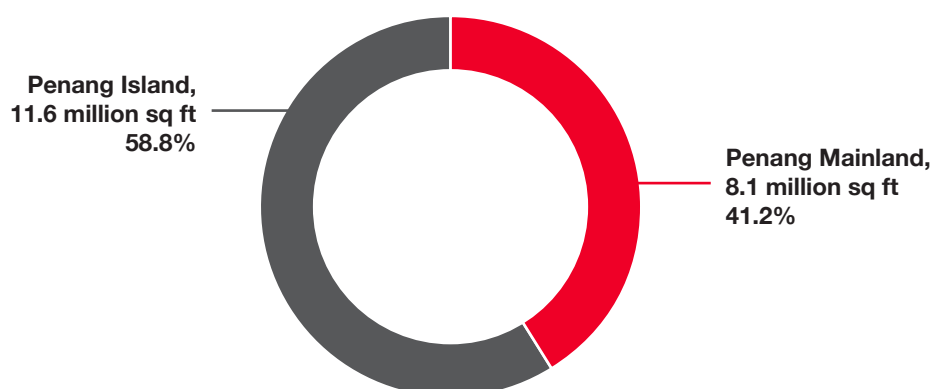
Meanwhile, rental levels of neighbourhood shopping centres which cater to the needs of local communities, such as Subang Parade and IOI Puchong, remained firm and range from RM6.00 per sq ft to RM28.00 per sq ft per month.

3.2 Penang

3.2.1 Supply

The cumulative supply of retail space in Penang was recorded at 19.7 million sq ft as of 2020 (source: NAPIC). Penang Island accounted for 58.8% share (11.6 million sq ft) of the total supply while the remaining 41.2% share (8.1 million sq ft) are located in Penang Mainland area.

Chart 13: Penang - Existing Supply of Shopping Centres, Arcades and Hypermarkets as of 2020(p)



Note: (p) = Preliminary data

TF Value Mart in Balik Pulau was the only notable opening in 2020. The superstore chain's first outlet in Penang and the 33rd nationwide, offers an estimated floor area of 80,000 sq ft.

Market Report

3.0 RETAIL MARKET OVERVIEW (CONTD.)

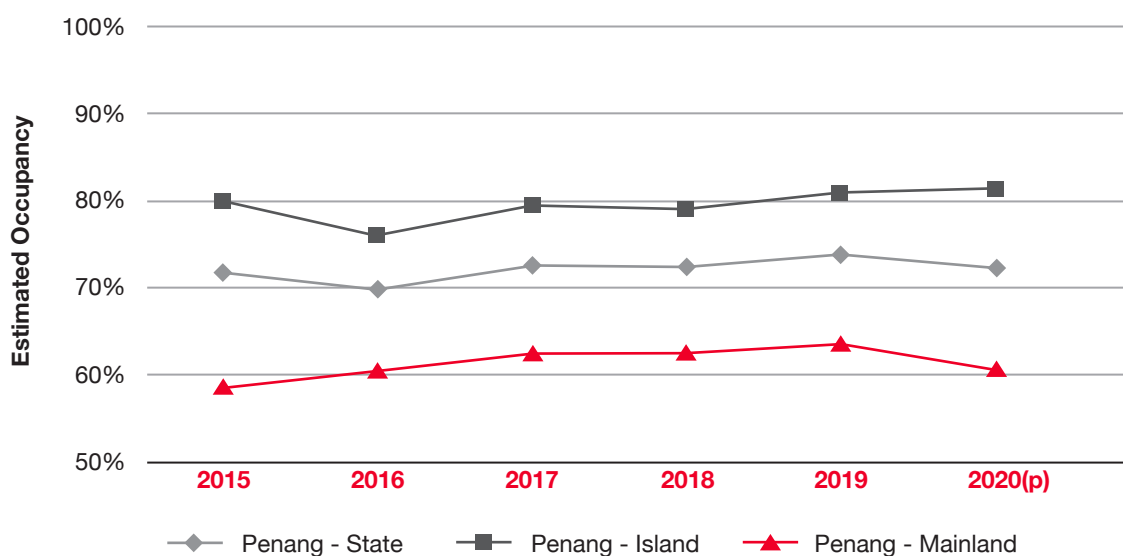
3.2 Penang (Contd.)

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 since 2015 and peaked at 73.8% in 2019.

However, in 2020, the overall average occupancy rate dipped to 72.8%. In Penang Mainland, higher vacancy in the locality of Kepala Batas led to occupancy dropping to 60.6% (2019: 63.7%) while in Penang Island, it continued to remain resilient at 81.3% (2019: 80.9%).

Chart 14: Penang - Average Occupancy Rate of Shopping Centres, Arcades and Hypermarkets, 2015 to 2020(p)



Source: NAPIC

Note: (p) = Preliminary data

Market Report

3.0 RETAIL MARKET OVERVIEW (CONTD.)

3.2 Penang (Contd.)

3.2.3 Rental Rates

In 2020, amid the pandemic, rental rates of retail space in selected established shopping centres in the central town prime area on Penang Island continued to hold firm.

Table 5: Penang - Rental Levels of Retail Space in Selected Shopping Centres, 2020(p)

Shopping Centre	Floor	Rental Range (RM per sq ft / month)
Gurney Plaza	Ground Floor	13.70 – 53.90
	First Floor	12.10 – 47.00
	Second Floor	4.90 – 52.00
	Third to Fourth Floor	5.40 – 31.50
Gurney Paragon	LG	6.70 – 12.40
	First Floor	12.80 – 31.70
	Second Floor	12.70 – 27.40
	Third to Sixth floor	4.40 – 19.40
1 st Avenue	Ground Floor	10.00 – 32.80
	Second Floor	6.90 – 11.00
	Third to Fourth Floor	4.90 – 7.40

Note: (p) = Preliminary data

The rental rates generally range from RM4.40 per sq ft to RM53.90 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.

3.3 Market Outlook

The economic fallout from the COVID-19 outbreak continues to have unprecedented effect on the retail landscape. Despite gradual recovery of footfall in shopping centres during the conditional and recovery phases of the movement control order (CMCO and RMCO), retail sales remain weak due to cautious consumer spending amid the economic downturn. The recent resurgence of COVID-19 cases and subsequent reinforcement of MCO 2.0 in all states except Sarawak has thwarted the gradual recovery of the industry.

In Budget 2021, the Government has reduced the employee's EPF contribution from 11% to 9% effective 1 January 2021 in addition to the 1% reduction in the income tax rate for the RM50,001 to RM70,000 bracket effective from 2021 (current tax rate is 14%). The reduction in both EFP contribution and income tax rate is set to increase the disposable income of individuals, helping to ease their financial burden during this trying time.

To cushion the severe impact of the novel coronavirus, the government has launched a few economic stimulus packages including PRIHATIN, PENJANA, Prihatin Supplementary Initiative Package ("Kita Prihatin"). The latest two stimulus packages, namely the RM15 billion Malaysian Economic and Rakyat Protection Assistance ("PERMAI") and RM20 billion Strategic Programme to Empower the People and the Economy (PEMERKASA), which were unveiled in January and March 2021 respectively, aim to safeguard the welfare of the people and support the business community while driving economic recovery and strengthening the country's competitiveness.

Market Report

3.0 RETAIL MARKET OVERVIEW (CONTD.)

3.3 Market Outlook (Contd.)

Prior to the implementation of the COVID-19 Bill in October 2020, landlords of selected shopping centres have provided relief to their tenants by offering various rental waiver initiatives. Pending the commercial rollout of COVID-19 vaccine by 1H2021, there is potential for subsequent waves of infection that will dampen business confidence and impact rental collection, tenancy renewals, rental revisions and take-up rates. Hence, there is a need for continued measures in terms of rental, marketing and promotional support to rebuild businesses and lift consumer sentiment.

Shopping centres are expected to embrace a new normal, with tighter security measures and heightened hygiene and sanitation practices. With the focus on less contact with surfaces and among people, there is a foreseeable trend of more shopping centres and retailers embracing technological innovations to improve shopper traffic while reassuring consumer safety.

The new norm brought upon by the pandemic is set to have lasting impact. Changing consumer behaviour have pushed retailers to adopt e-commerce and strategically connect to their consumer through multiple channels. The booming e-commerce business, which appears to be a silver lining consequential to the pandemic, has also accelerated the growth of last-mile delivery and food delivery services.

The short-term outlook for the sector remains cloudy but there are windows of opportunities in the mid to longer term with the right data, key insights and value.

Sustainability Statement

ABOUT THIS REPORT

With the fourth sustainability statement, we reiterate our commitment to sustainable development. This statement provides a transparent overview of our approach to manage key risks and opportunities arising from business operations, and also serves as an important channel of communication to our stakeholders on our Economic, Environmental and Social (“EES”) performance and initiatives throughout the financial year.

Due to the COVID-19 pandemic, we are aware that stakeholders’ concerns and priorities might have shifted. As such, we conducted a materiality assessment to better understand the shift, address changes and retain the trust of key stakeholders. Further information on the materiality assessment can be found on page 71 of this Annual Report. To further strengthen our commitment to sustainability, we expanded our material matters to include water consumption as we are cognisant of the importance of a clean and continuous water supply to our operations.

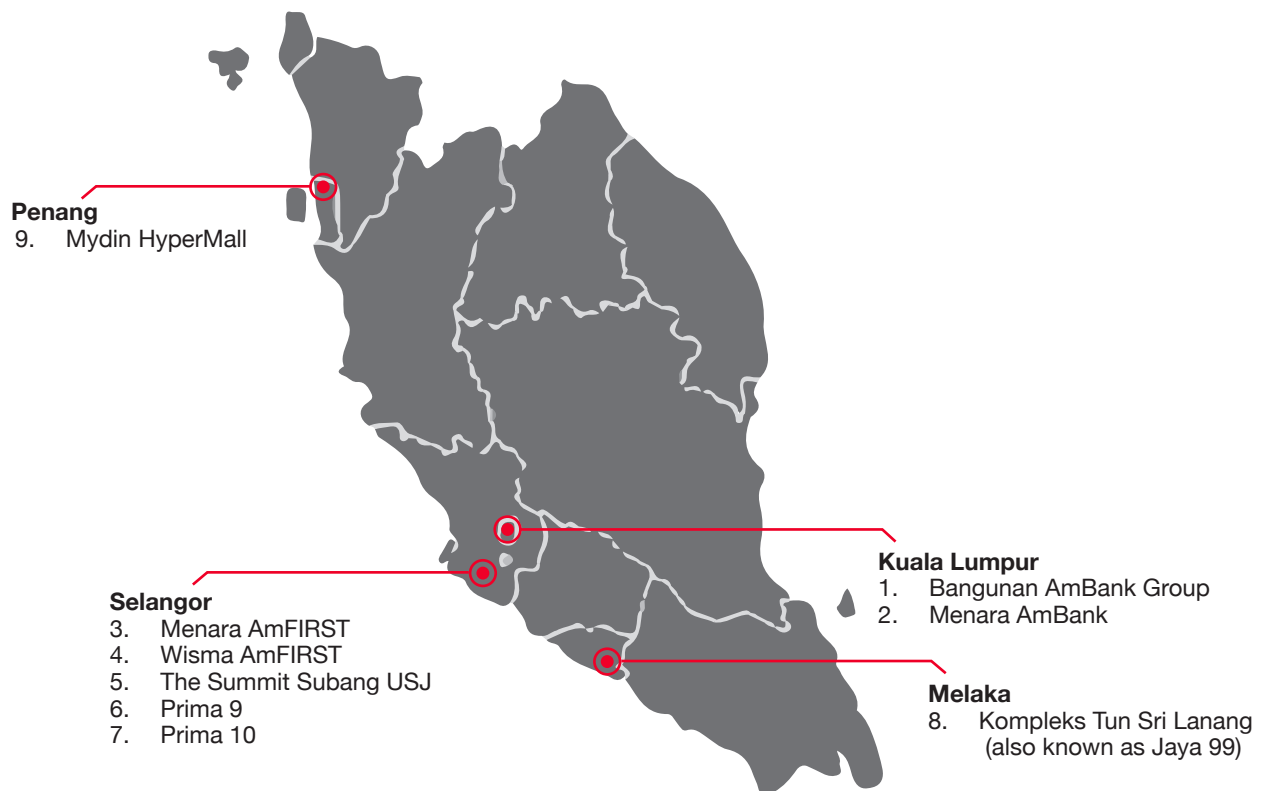
Year on year, we strive to illustrate maturity in our management approach of EES matters and reporting. Where applicable, we will disclose three (3) years of quantitative data for comparability and to highlight any progress made.



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, for the reporting period from 1 April 2020 to 31 March 2021 ("FY2021").



No	Property	Location	Gross Floor Area (m ²)
1.	Bangunan AmBank Group	Kuala Lumpur	69,392
2.	Menara AmBank	Kuala Lumpur	84,331
3.	Menara AmFIRST	Petaling Jaya	35,610
4.	Wisma AmFIRST	Kelana Jaya	57,992
5.	The Summit Subang USJ	Subang Jaya	198,853
6.	Prima 9	Cyberjaya	24,540
7.	Prima 10	Cyberjaya	20,502
8.	Kompleks Tun Sri Lanang (also known as Jaya 99)	Melaka	47,979
9.	Mydin HyperMall	Bukit Mertajam	107,512

Note

Details of our properties are disclosed in the Asset Profile, pages 36 to 45 of this annual report.

Sustainability Statement

REPORTING FRAMEWORK

This statement has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), specifically with reference to the Sustainability Reporting Guidelines (2nd Edition, 2018). The indicators that we have used for the reporting of our performance are taken from the Global Reporting Initiative ("GRI") Standards. All GRI disclosures included in this report can be found in the GRI content index on pages 90 to 93.

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

MANAGING SUSTAINABILITY

Sustainability Policy

We established our sustainability policy in FY2019 and it outlines commitment to embed sustainable practices throughout our entire value chain. These guiding principles will support our efforts to meet our short to long-term aspirations in a sustainable manner.

Our Sustainability Policy Tenets



Conduct business activities with high ethical integrity in a transparent manner



Drive a greater awareness in preserving and conserving the environment for the future generation.

Develop and foster a safe and healthy working environment for the Manager's 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.



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



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

Explore feasible opportunities to safeguard and minimise any adverse impacts to the environment from our operations and activities such as practices on responsible waste and effluent management.



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



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



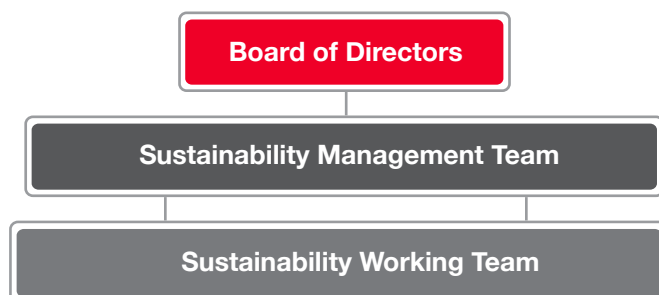
Encourage the adoption of sustainable principles and practices.

Sustainability Statement

MANAGING SUSTAINABILITY (CONTD.)

Sustainability Governance Structure

Our sustainability governance structure provides a foundation for anchoring sustainability throughout our operations. Sustainability is spearheaded by the Board, providing sustainability direction and overseeing the overall implementation of the sustainability initiatives throughout the business operations. The Sustainability Management Team and Sustainability Working Team support the Board by implementing initiatives and monitoring the sustainability performance.



Roles and Responsibilities


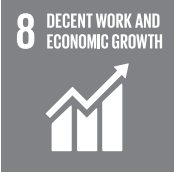




Board of Directors	Sustainability Management Team	Sustainability Working Team
<ul style="list-style-type: none"> Issues final approval to sustainability related policies and strategies proposed by the Sustainability Management Team. Monitors overall progress of sustainability strategies and policies. 	<ul style="list-style-type: none"> Ensures the disclosures of the sustainability statement is prepared in accordance to the Main Market Listing Requirements by Bursa Securities and align with Sustainability Reporting Guide and GRI standards. Develops sustainability strategies. Identifies and recommends any changes in sustainability policies, standards and procedures and its implementation, whenever required. Ensures compliance with sustainability guidelines and regulatory requirements. Endorses material issues identified by the Sustainability Working Team. 	<ul style="list-style-type: none"> Assists the Sustainability Management Team in recommending proposed sustainability statement in the Annual Report. Assists the Sustainability Management Team in fulfilling its oversight responsibilities relating to the sustainability strategy, policy and practices. Implements sustainability related strategies for managing the EES risks and opportunities. Collects data, monitors and manages EES risks. Identifies relevant material matters. Reports results or status of sustainability implementation on a regular basis.

Sustainability Statement

MANAGING SUSTAINABILITY (CONTD.)

United Nations Sustainable Development Goals (“UNSDGs”)

As a responsible corporate citizen, we understand our role in contributing towards global efforts for sustainable development. Our initiatives have been mapped to the UNSDGs to demonstrate our commitment to ensure our business activities are in line with the global sustainable development targets.

SDG	SDG Targets	How We Contribute in FY2021
 <p>4 QUALITY EDUCATION</p>	<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"> • Provided employees with 39 different training programmes with a total of 620 hours of training.
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<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 value</p>	<ul style="list-style-type: none"> • Established Code of Ethics and Code of Conduct to guide employees on professional conduct. • Provided employees with benefits and opportunities for career development.
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<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"> • Installed a green chiller system at Menara AmFIRST in FY2017. • Replaced conventional lighting with LED and other energy saving initiatives. • Achieved cost savings of RM10 million since FY2017 through energy reduction.
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<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"> • Invested in infrastructure upgrades, refurbishing and maintenance works. • Provided recycling bins at selected properties.
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>SDG Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources.</p>	<ul style="list-style-type: none"> • Comply with all regulations pertaining to waste management. • Diverted 5,400 kg of recyclables from the landfill. • Decreased energy consumption by 22.8% compared to FY2020. • Decreased water consumption by 14.4% compared to FY2020.
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>SDG Target 16.5: Substantially reduce corruption and bribery in all their forms.</p>	<ul style="list-style-type: none"> • Conducted 80 hours of training on anti-bribery and corruption. • Zero cases of corruption recorded.

Sustainability Statement

MANAGING SUSTAINABILITY (CONTD.)

Stakeholder Engagement

Our stakeholders are of paramount importance and we take great efforts to ensure we engage with them to better understand their interests and expectations. As they influence our business, we aim to have meaningful dialogue with our stakeholders to address their concerns.



Unitholders or Investors

How We Engage	Areas of Interest	How We Respond
<ul style="list-style-type: none"> Annual General Meeting Annual Report Quarterly Results Company Website Investor's Briefing Enquiry channel via Corporate website 	<ul style="list-style-type: none"> Financial performance 	<ul style="list-style-type: none"> Regular engagement sessions with investors such as financial results announcements and Annual General Meeting



Trustee

How We Engage	Areas of Interest	How We Respond
<ul style="list-style-type: none"> Regular reporting Annual General Meeting One-to-one meeting 	<ul style="list-style-type: none"> Annual total return Sustainable growth Fund stability 	<ul style="list-style-type: none"> Policies and guidelines on governance and control Responsible investment



Tenants

How We Engage	Areas of Interest	How We Respond
<ul style="list-style-type: none"> Fire drill Occupational Safety Health ("OSH") awareness seminar Notices One-to-one meeting 	<ul style="list-style-type: none"> Building safety Building services and amenities provided 	<ul style="list-style-type: none"> Conducted annual unannounced fire drill Provision of safety and health training



Suppliers

How We Engage	Areas of Interest	How We Respond
<ul style="list-style-type: none"> Evaluation Performance reviews One-to-one meeting 	<ul style="list-style-type: none"> Transparent procurement process 	<ul style="list-style-type: none"> Fair evaluation prior to appointment of suppliers Suppliers' performance evaluation

Sustainability Statement

MANAGING SUSTAINABILITY (CONTD.)

Stakeholder Engagement (Contd.)



Regulatory Authorities and Statutory Bodies

How We Engage	Areas of Interest	How We Respond
<ul style="list-style-type: none"> Regular reporting One-to-one meeting Audits Participation in industry association as a member of Malaysian REIT Managers Association ("MRMA") 	<ul style="list-style-type: none"> Non-compliance Labour practices Environmental regulations 	<ul style="list-style-type: none"> Policies and guidelines on governance and control Dedicated Compliance Officer



Employees

How We Engage	Areas of Interest	How We Respond
<ul style="list-style-type: none"> Learning and development Induction training Employee satisfaction survey Performance appraisal Staff meetings Company newsletter 	<ul style="list-style-type: none"> Job benefits Career development Safe work environment 	<ul style="list-style-type: none"> Training and development opportunities provided to employees Provision of benefits for employees



Local Communities

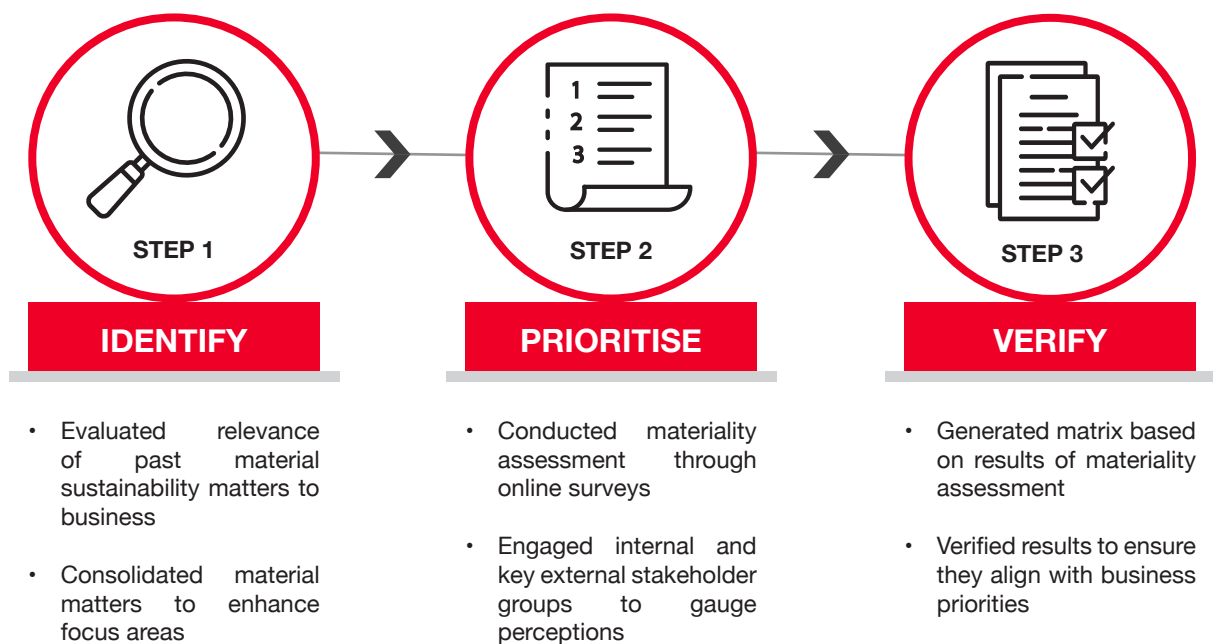
How We Engage	Areas of Interest	How We Respond
<ul style="list-style-type: none"> Community events Donations 	<ul style="list-style-type: none"> Social contributions 	<ul style="list-style-type: none"> Organised CSR programmes Provided aid or donation to underprivileged groups including those with special needs

Sustainability Statement

MATERIALITY

The COVID-19 pandemic impacted and continues to impact economies across the world as well as the local economy. In light of this, we decided to conduct a materiality reassessment to reevaluate the priorities of our material sustainability matters and to focus our efforts accordingly.

Similar to last year, this year materiality reassessment gathered the views and perceptions of both internal and external stakeholders. We conducted the reassessment using an online platform for easy and safe distribution of the surveys. The materiality reassessment consisted of three (3) steps as shown below.

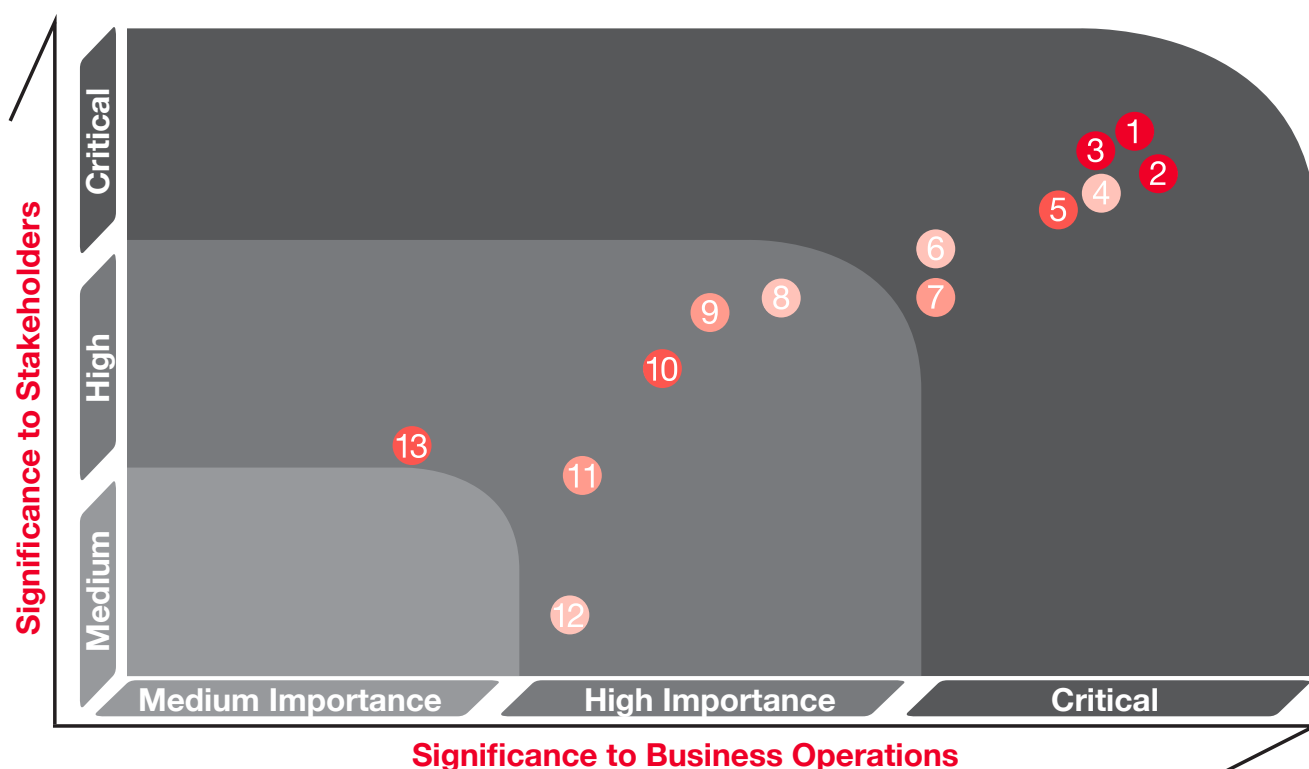


Sustainability Statement

MATERIALITY (CONTD.)

Our list of seventeen (17) material sustainability matters from FY2020 was reviewed and consolidated into thirteen (13) material sustainability matters to focus on the key matters. Similar to last year, we engaged key external stakeholders to obtain a more accurate understanding of their interests and concerns.

This year we have consolidated some of our material sustainability matters to refine our sustainability focus areas. As such, material sustainability matters: Anti-Bribery, Anti-Corruption and Anti-Money Laundering have been consolidated with Ethics and Integrity, and Procurement Process has been grouped under the Supply Chain Management.







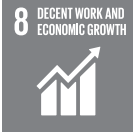





Material Sustainability Matters			
Governance	Economic	Environmental	Social
1. Ethics and Integrity 2. Regulatory Compliance 3. Corporate Governance	5. Financial Performance 10. Supply Chain Management 13. Local Community Investments	7. Energy Consumption 9. Water Consumption 11. Waste Management	4. Occupational Safety and Health 6. Employee Benefits 8. Training and Development 12. Contribution to Society

Our top five (5) material sustainability matters are similar to last year, while Occupational Health and Safety has risen in importance due to greater concern for workplace safety amidst the COVID-19 pandemic.

Sustainability Statement

MATERIALITY (CONTD.)

We have mapped our material sustainability matters to the relevant stakeholders impacted, corresponding GRI indicators and UNSDGs to further demonstrate their interlinkages.

Material Sustainability Matters	GRI Indicators	Stakeholders	UNSDGs
Governance			
Ethics and Integrity	<ul style="list-style-type: none"> 102-16 102-17 205-2 	<ul style="list-style-type: none"> Investors Trustee Employees 	 
Regulatory Compliance	<ul style="list-style-type: none"> 307-1 419-1 	<ul style="list-style-type: none"> Regulatory Authorities and Statutory Bodies Investors Trustee Customers 	 
Corporate Governance	<ul style="list-style-type: none"> 102-29 102-32 	<ul style="list-style-type: none"> Investors Trustee Employees 	 
Economic			
Financial Performance	<ul style="list-style-type: none"> 201-1 201-4 	<ul style="list-style-type: none"> Investors Trustee 	
Supply Chain Management	<ul style="list-style-type: none"> 204-1 	<ul style="list-style-type: none"> Suppliers 	 
Local Community Investments	<ul style="list-style-type: none"> 203-1 	<ul style="list-style-type: none"> Local communities Trustee Tenants 	

Sustainability Statement

MATERIALITY (CONTD.)

Material Sustainability Matters	GRI Indicators	Stakeholders	UNSDGs
Environmental			
Energy Consumption	<ul style="list-style-type: none"> • 302-1 • 302-3 • 302-4 	<ul style="list-style-type: none"> • Local Communities • Tenants • Investors 	<div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>
Water Consumption	<ul style="list-style-type: none"> • 303-5 	<ul style="list-style-type: none"> • Local Communities • Tenants • Investors 	<div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>
Water Management	<ul style="list-style-type: none"> • 306-2 • 306-4 	<ul style="list-style-type: none"> • Local Communities • Investors • Regulatory Authorities and Statutory Bodies 	<div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>
Social			
Occupational Safety and Health	<ul style="list-style-type: none"> • 403-1 • 403-2 • 403-4 • 403-5 • 403-6 • 403-9 	<ul style="list-style-type: none"> • Employees • Tenants • Regulatory Authorities and Statutory Bodies 	<div>8 DECENT WORK AND ECONOMIC GROWTH</div>
Employee Benefits	<ul style="list-style-type: none"> • 401-1 • 402-2 • 405-1 	<ul style="list-style-type: none"> • Employees 	<div>8 DECENT WORK AND ECONOMIC GROWTH</div>
Stakeholder Concerns	Non-GRI	<ul style="list-style-type: none"> • All Stakeholders 	<div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div>
Training and Development	<ul style="list-style-type: none"> • 404-1 • 404-2 	<ul style="list-style-type: none"> • Employees 	<div>4 QUALITY EDUCATION</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div>
Contribution to Society	<ul style="list-style-type: none"> • 413-1 	<ul style="list-style-type: none"> • Local Communities 	<div>11 SUSTAINABLE CITIES AND COMMUNITIES</div>

Sustainability Statement

GOVERNANCE

Business integrity is imperative to the success of any organisation as it lays the foundation of how business is conducted. We are committed to upholding good organisational practices and conduct. Through transparency and accountability, we aim to foster a strong relationship with our stakeholders; **one built on mutual trust.**

Material Sustainability Matters

- Ethics and Integrity
- Corporate Governance
- Regulatory Compliance

UNSDGs



Corporate Governance

We operate on a foundation of sound corporate governance and risk management practices to ensure the integrity of our business. It is only through stringent measures and best practices that we are able to safeguard the interest of our Unitholders and other stakeholders and create long-term sustainable value.

We have an extensive system of policies, processes, training and communications to set the tone for ethical business conduct. Our governance framework is designed to meet best practices and guide the employees to ensure they practice ethical behavior throughout.

The Manager's Risk Management Committee is responsible for identifying risks including EES risks and to effectively mitigate these risks. Furthermore, independent from our business activities, AmBank Group's Internal Audit Department conducts audits to evaluate the capability of the implemented controls and its effectiveness.

Our practices are guided by the Malaysian Code on Corporate Governance 2017 and further information on our corporate governance practices can be found on pages 95 to 106 of this Annual Report.



ZERO

fine and regulatory non-compliance



80 HOURS

of training on anti-bribery and anti-corruption

Regulatory Compliance

Compliance with the relevant regulations and legislation is necessary for holding the license to operate and we align our practices accordingly. We are committed to enforcing an effective internal control system that ensures compliance to all relevant laws and regulations.

The Trust is governed by the SC's Listed REIT Guidelines and we conduct various training and briefings for staff to keep abreast of the latest updates on these regulations. Compliance and Risk is the department within the Manager responsible for regulatory compliance and performs quarterly compliance checks.

Sustainability Statement

GOVERNANCE (CONTD.)

Ethics and Integrity

We are committed to maintain a business environment that prioritises integrity, transparency and accountability. Our Code of Conduct, Code of Ethics, along with other internal policies of AmBank Group outline how employees are expected to behave at the workplace, and provides guidance on conflict of interest matters, among others. Our Code of Ethics highlights six (6) key principles to abide by:

					
Compliant	Responsible	Ethical	Accurate	Trustworthy	Equitable
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

We encourage employees and stakeholders to report any suspected or actual incidents of unethical or unlawful behavior through our Whistleblowing channel. Our Whistleblowing policy describes the procedure in the event of misconduct and the process for investigation and resolution. The policy states that the whistleblower's identity is to remain anonymous to avoid reprisal.

Anti-Corruption

We have zero tolerance for any form of bribery and corruption including offering, accepting, or soliciting unauthorised payments. All gifts or rewards received, are tracked and reported to the CEO for monitoring. It is then recorded in the Gift Registry in which the Compliance Unit shall evaluate and audit the register.

The AmBank Group's Anti-Bribery and Corrupt Practices Policy is the guiding policy and we have reiterated it to the employees. To strengthen our measures, we conducted training on anti-bribery and anti-corruption for employees, including those that newly joined to ensure that the employees are familiar with anti-money laundering measures. These sessions outlined the necessary steps and precautions to be undertaken in the case of money laundering and how to avoid such misconduct entirely.

Sustainability Statement

ECONOMIC

We recognise our role in contributing to the nation's economic growth. Our business model prioritises financial transparency, investing in our properties, and ensuring a sustainable supply chain, to deliver long-term value to our stakeholders.

Material Sustainability Matters

- Financial Performance
- Local Community Investment
- Supply Chain Management

UNSDGs



Financial Performance

We strive to deliver long-term sustainable returns to our Unitholders and investors. We believe that while we generate economic value through our operations, we also contribute towards nation development by creating direct and indirect employment opportunities.

FY2021 faced unprecedented challenges as the COVID-19 pandemic caused an economic slowdown throughout the country. Following an entity-wide risk assessment, we have identified that the pandemic posed high inherent and residual risk to business operations. To mitigate the adverse impacts of the pandemic, we have established the various initiatives as presented below.

- 1 Rental Rebate Programme for tenants impacted by the pandemic
- 2 Discretionary and non-essential CAPEX is contained, with limited budget for new CAPEX
- 3 Distribution of 90% of realised net income
- 4 Competitive and flexible tenancy packages

Sustainability Statement

ECONOMIC (CONTD.)

Leveraging on our continuity strategy and business plan, we generated a total of RM107.3 million in revenue while The Manager generated a total revenue of RM7.1 million.

RM	AmFIRST REIT	The Manager
Economic value generated (Revenue)	107.3 million	7.1 million
Operating costs	83.0 million	5.0 million
Employee wages and benefits	Not applicable as all employees are under the Manager	3.9 million
Payments made to providers of capital (income distribution)	19.4 million	1.5 million
Payments to government (taxes)	Not applicable as REIT is exempted	0.6 million
Community investments	Immaterial	Nil
Economic value retained (profits)	2.1 million	Nil

Local Community Investment

Strategic investments are necessary to upgrade our facilities and ensure that our properties operate at an optimum level for sustainable economic growth. As such, in FY2021, our total capital expenditure was approximately RM4.2 million. This includes upgrading infrastructure, building new facilities, refurbishing our properties and maintenance works.



100% VENDORS
engaged were local

Supply Chain Management

We strive to maximise value along our supply chain while maintaining a good relationship with our vendors and meeting business objectives. We accomplish this through a diligent pre-appointment screening process, regular performance evaluations and local sourcing. Our pre-appointment selection process includes screening vendors in terms of track record, cost-effectiveness and quality of goods and services while the monthly performance evaluations look into the areas of quality of service, punctuality, response to emergency and technical knowledge.

Under normal circumstances, we would require vendors to be registered as a panel vendor prior to appointment. However, due to the current market situation, we have given opportunities to non-registered vendors to undertake work that is valued below RM5,000.

Local Procurement

As a responsible corporate citizen, we give priority to local suppliers as it not only contributes to the local economy, but also minimises environmental impact by reducing fuel emissions. In FY2021, we engaged a total of 435 vendors, all based in Malaysia.

Sustainability Statement

ENVIRONMENTAL

We have taken measures to mitigate our environmental impacts as much as possible to conserve the state of the planet. We are constantly identifying practices or initiatives to implement that help us conserve our consumption use and manage our waste generation to decrease our environmental footprint.

Our environmental quantitative data excludes Mydin HyperMall, Bukit Mertajam as it is fully managed by the master lessee as part of the lease terms signed under the sale and leaseback agreement.

Material Sustainability Matters

- Energy Consumption
- Waste Management
- Water Consumption

UNSDGs



Energy Consumption

Through effective management and monitoring practices, we are able to determine areas that can be improved, implement new initiatives to reduce energy consumption and costs. We embarked on energy optimisation initiatives in 2017 to identify areas to reduce consumption. These ongoing initiatives include replacing conventional lighting to LED lighting, adjusting the air-conditioning temperatures and limiting its use during non-operating hours, and utilising the minimum number of lifts needed during building non-operation hours. Through these efforts, we have managed to reduce our energy consumption by 26.7% in FY2020, compared to FY2017. These initiatives along with some forms of discount in electricity costs have led to savings of close to RM10 million across the last four (4) years. We expect to further decrease our energy consumption as we have installed a new chiller system at The Summit Hotel which is expected to improve performance efficiency and increase savings in the following years.

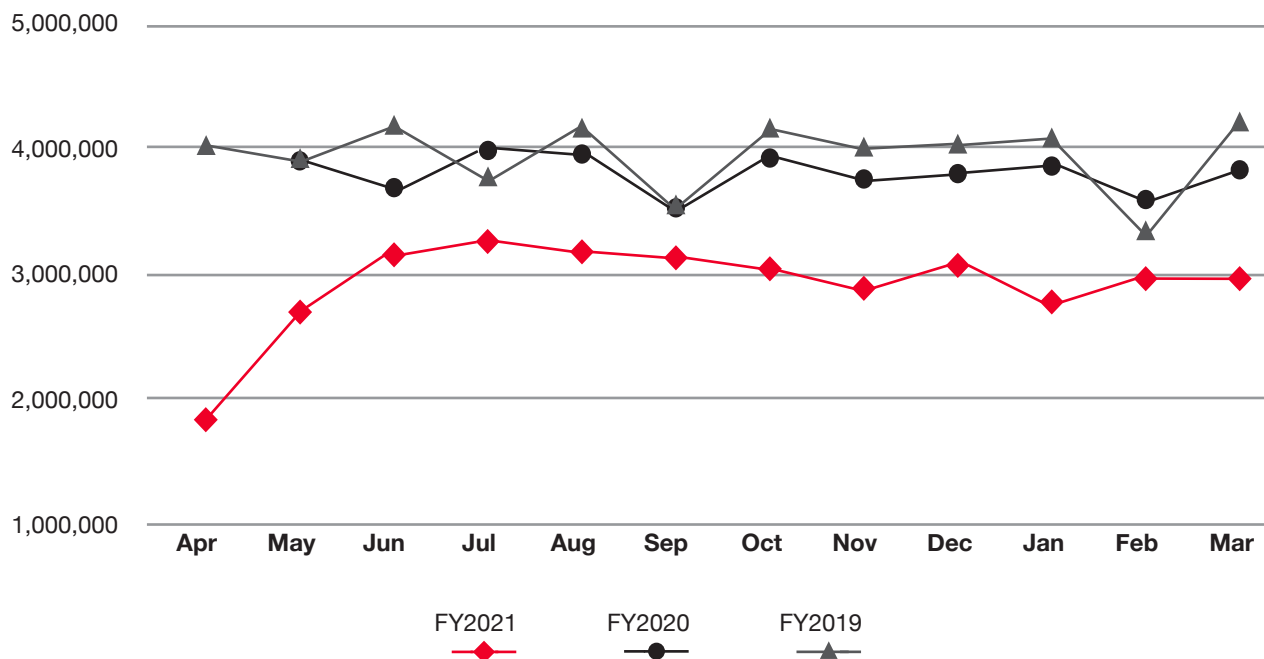
While there has been a decrease in our energy consumption this year, this was partly attributed to the temporary closure of businesses during the MCO imposed by the government and rebates given by Tenaga Nasional Berhad. During the MCO, only essential services were allowed to operate, and therefore this decrease can be due to the inactivity of tenants at our properties. This year, we recorded a 22.8% decrease in electricity used.

We participated in this year's Earth Hour which took place on 27 March 2021 from 8:30 p.m. to 9:30 p.m where our buildings operated with 10% lighting with only essential lighting switched on. This worldwide movement is organised by the World Wide Fund for Nature ("WWF") and is held annually with the aim to minimise energy consumption where participants are encouraged to turn off non-essential lighting for one (1) hour, showing a commitment to protecting the planet.

Sustainability Statement

ENVIRONMENTAL (CONTD.)

Energy Consumption (kWh)



	FY2021	FY2020	FY2019
Total Consumption (kWh)	34,802,563	45,070,313	46,483,023

Energy Intensity by Property (kWh/m²)

Property	FY2021	FY2020	FY2019
Bangunan AmBank Group	69.9	76.3	80.9
Menara AmBank	75.1	85.6	89.4
Menara AmFIRST	42.3	49.2	46.4
Wisma AmFIRST	51.0	62.9	57.7
The Summit Subang USJ	79.5	112.3	117.7
Prima 9 and 10	67.3	101.3	101.6
Jaya 99	15.7	19.3	21.0

Sustainability Statement

ENVIRONMENTAL (CONTD.)

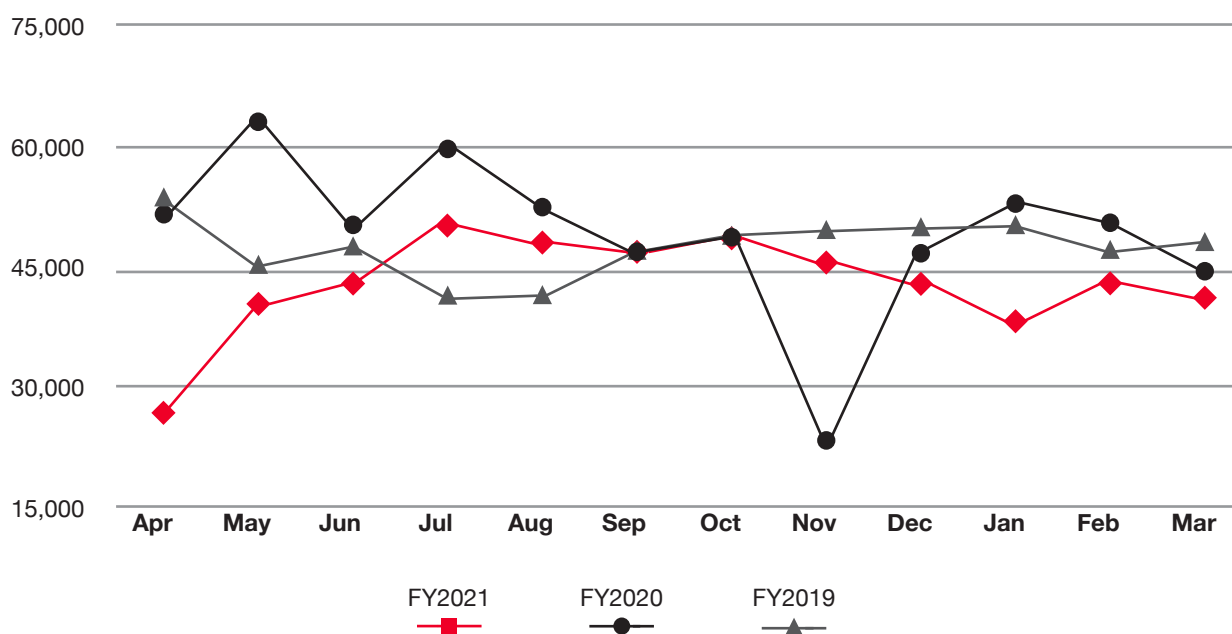
Water Efficiency

We do our part in minimising excess water consumption by adopting best practices across our properties. By monitoring our consumption, we are able to identify and implement potential water-saving measures to responsibly use water.

The health and safety of our tenants, the employees and visitors are of utmost importance especially since the pandemic. Proper hygiene practices are imperative to combat the spread of the virus and it has been our priority to ensure the cleanliness of our facilities to safeguard the health of our tenants, employees and visitors.

In FY2021, the overall water consumption decreased by 14.4% as compared to FY2020 due to the temporary closure of businesses during the MCO.

Water Consumption (m³)



Water Consumption by Property (m³)

Property	FY2021	FY2020	FY2019
Bangunan AmBank Group	55,644	35,944	69,511
Menara AmBank	103,200	119,815	94,941
Menara AmFIRST	11,204	17,749	15,152
Wisma AmFIRST	33,842	45,831	33,864
The Summit Subang USJ	216,497	268,092	273,380
Prima 9 and 10	4,736	11,154	9,228
Jaya 99	58,391	66,507	49,176
Total	483,514	565,092	545,252

Sustainability Statement

ENVIRONMENTAL (CONTD.)

Waste Management

The improper disposal of waste poses a threat to the environment and public health. We are cognisant of the relevant waste regulations and we ensure that our waste is handled in a proper manner.

We strictly adhere to the Solid Waste and Public Cleansing Management Act 2007 (Act 672) and the respective local authority's waste management guidelines. The Act requires segregating solid waste to avoid contamination of recyclable items and to reduce the amount of municipal waste sent to landfills. The types of solid waste generated by our tenants include paper and boxes, plastic items, aluminium cans, food waste, electronic equipment, and old furniture, among others. To encourage recycling, we have provided recycling bins at Bangunan AmBank Group, Menara AmBank, Wisma AmFIRST and Menara AmFIRST.

Other initiatives to minimise waste generation include communication of internal documents via established electronic platforms where hard copy documents are converted into an electronic copies. This ensures that our documents are easily accessible while reducing unnecessary paper waste. Also, all documents requires a hard copy, are printed in black ink and printed double-sided.

Recyclable waste is collected at the properties, which is then collected by contractors to transport it to the appropriate recycling facilities. In FY2021, we managed to collect a total 5,400 kg of recyclables. Through this initiative, we aim to lessen any negative impact on the environment while safeguarding public health.

Amount of Recyclable Waste Collected in FY2021

Property	Type of Recyclable Waste (kg)			Total
	Paper	Plastic	Metal	
Bangunan AmBank Group	1,250	30	90	1,370
Menara AmBank	2,701	113	104	2,918
Menara AmFIRST	528	75	5	608
Wisma AmFIRST	386	34	-	420
Prima 9 and 10	62	14	3	79
Jaya 99	3	2	-	5
Total	4,930	268	202	5,400

Sustainability Statement

SOCIAL

We are committed to providing a positive and engaging working environment for employees and taking an active role in the betterment of the communities in which employees live and work.

Material Sustainability Matters

- Occupational Health and Safety
- Employee Benefits
- Stakeholder Concerns
- Training and Development
- Contribution to Society

UNSDGs

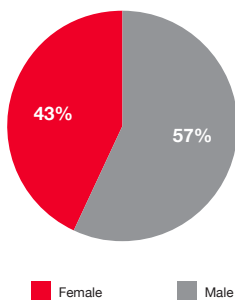


We strive to cultivate an inclusive culture that attracts top talent and creates an environment that fosters collaboration, innovation and diversity.

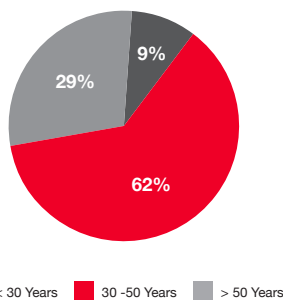
Currently, women represent approximately 43% of the workforce with 19% are in the managerial positions. We continue to provide equal opportunities and evaluate employees based on merit.

EMPLOYEE DISTRIBUTION

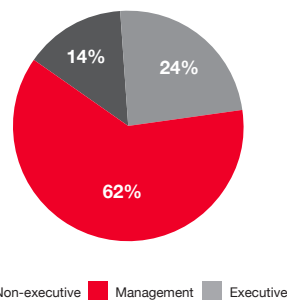
GENDER



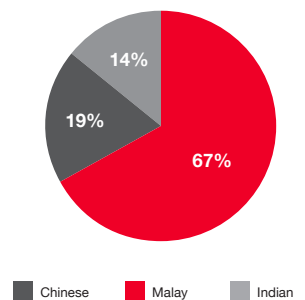
AGE



EMPLOYEE CATEGORY



ETHNICITY



EMPLOYEE TURNOVER AND HIRES

	FY2019	FY2020	FY2021
TURNOVER RATE	39%	24%	0%
NEW HIRES	9	4	1
RESIGNATION	8	5	0

Sustainability Statement

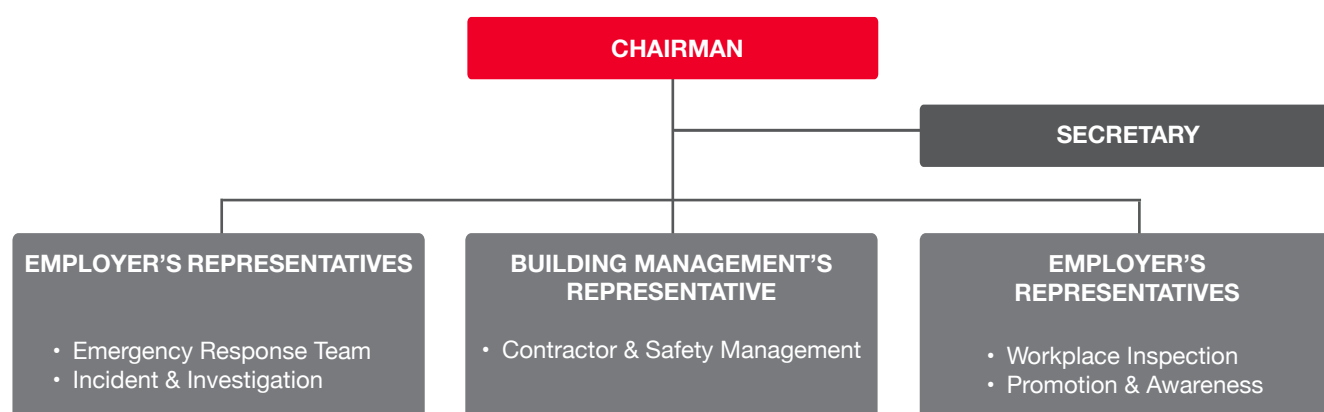
SOCIAL (CONTD.)

Occupational Health and Safety

Safeguarding the health and safety of the employees is important, and our yearly target is to achieve zero accidents and fatalities at the workplace. In FY2021, we recorded a total of 296,652 employee work hours, with zero fatalities and injuries. This can be attributed to our strict adherence to the Occupational Health and Safety Act 1994 and our effective management system which include emergency response plans, occupational health and safety policies and procedures, proactive risk identification and management, and safety training programmes.

Each appointed Property Manager has their own emergency response plan to manage the building occupants and their own teams. Moreover, Menara AmBank, Bangunan AmBank Group and Wisma AmFIRST are guided by AmBank Group's Safety and Health Policy. This policy highlights our commitment to preventing and eliminating workplace hazards.

We have established occupational safety and health ("OSH") committees consisting of a chairman, secretary, employer's representatives, employee's representatives and a building management representative. Clearly defined roles are assigned to every committee member to promote a sense of responsibility and ensure effectiveness. The OSH committees conduct four (4) meetings a year to discuss and review safety procedures.



Roles and Responsibilities of the OSH Committee:

- Reviewing the effectiveness of safety and health programmes conducted.
- Analysing all reports on accidents, dangerous occurrences and occupational disease occurring at the workplace.
- Report any unsafe or unhealthy conditions or practices at the workplace.
- Evaluating safety and health policies and to make any recommendations for any revisions of the policies.

Identifying and managing work-related hazards is a priority as we are aware that any operation inherently involves potential safety risks and hazards. As such, we conduct the Hazard Identification, Risk Assessment and Determining Control ("HIRADC") assessment to identify safety hazards, existing controls, risk level and recommend further control measures. This assessment is based on two (2) key factors, the severity of an injury or illness resulting from a hazard and the likelihood of the injury or illness occurring.

We have identified that emergency events such as fires pose the largest threat to business operations and are of medium inherent risk. The mitigation controls we have in place such as fire drills, emergency evacuation procedures, business continuity plans and a comprehensive insurance coverage, help address safety risks such as fires.

Sustainability Statement

SOCIAL (CONTD.)





















Occupational Health and Safety (Contd.)

Providing employees with adequate safety training is crucial to promote safe work practices within our operations. In FY2021, employees underwent the following training programmes:

- Safety and Health in the Workplace.
- ISO 45001:2018 Standard Awareness.
- OSH Committee Roles and Responsibilities Training.
- Hazard Identification, Risk Assessment, Determining Control.

COVID-19 Measures

We have made our best efforts to minimise the disruptions of COVID-19 to the business operations. During the MCO, the safety of our tenants, employees and visitors remained our utmost concern. To prevent the spread of the contagion, we prioritised complying with government's directives and have also introduced various internal SOPs at the workplace.






COVID-19 Internal SOPs				
 <ul style="list-style-type: none"> • MySejahtera check-in at business entrances. 	 <ul style="list-style-type: none"> • Installation of thermal scanning at several buildings. 	 <ul style="list-style-type: none"> • Temperature screening at entrances. 	 <ul style="list-style-type: none"> • Self-declaration screening form provided to all visitors. 	 <ul style="list-style-type: none"> • No access to individual with symptoms or travel history to high risk countries.
 <ul style="list-style-type: none"> • Limited number of people in lifts. 	 <ul style="list-style-type: none"> • Swab test to all cleaners and security guards. 	 <ul style="list-style-type: none"> • Cleaners and security guards to wear face masks and shields at all times. 	 <ul style="list-style-type: none"> • Change the cleaning products to chemical disinfectant. 	 <ul style="list-style-type: none"> • Keep the number of staff at the premises to a minimum.
 <ul style="list-style-type: none"> • No congressional prayers in the Surau and occupant must bring their own prayer mats. 	 <ul style="list-style-type: none"> • Disinfection of heavy traffic surfaces three (3) times a day. 	 <ul style="list-style-type: none"> • Stricter SOPs for renovation works. 	 <ul style="list-style-type: none"> • Regular disinfectant misting exercises. 	 <ul style="list-style-type: none"> • Work-from-home arrangement, split team arrangement and shorter working hours.
 <ul style="list-style-type: none"> • Provided hand sanitiser and encourage staffs to 'self-sanitise' 	 <ul style="list-style-type: none"> • Actively promote a wider usage of electronic platforms. 	 <ul style="list-style-type: none"> • Travel restriction guided by the advice from the Health Authority. 	 <ul style="list-style-type: none"> • Physical distancing notices and floor markings. 	 <ul style="list-style-type: none"> • Restriction to food court for visitors.

Sustainability Statement

SOCIAL (CONTD.)

Employee Benefits

The Manager recognises that providing attractive and competitive benefits is key to retaining talent. As such, employees' needs are met with a comprehensive benefits scheme. We are also aware of the potential impacts of COVID-19 on the employees and aim to facilitate any difficulties that may arise by adapting to the current circumstances. As such, we have extended the number of paid compassionate leave days to ten (10) working days.

LEAVE	MEDICAL	INSURANCE	RETIREMENT	OTHERS
 <ul style="list-style-type: none"> • Annual • Maternity • Paternity • Sick • Haj • Compassionate* • Marriage 	 <ul style="list-style-type: none"> • Inpatient • Outpatient • Executive Screening Programme • Dental • Optical 	 <ul style="list-style-type: none"> • Personal accident • Term life 	 <ul style="list-style-type: none"> • EPF/PRS contribution 	 <ul style="list-style-type: none"> • Claims: Phone bill, mileage, transport, club membership • Allowance: Meal, relocation, subsistence, travel, laundry • Product: Staff credit card, housing, vehicle loan

*Compassionate leave includes paternity leave, death of immediate family member(s), natural disaster and serious illness of immediate family member(s)

Sustainability Statement

SOCIAL (CONTD.)

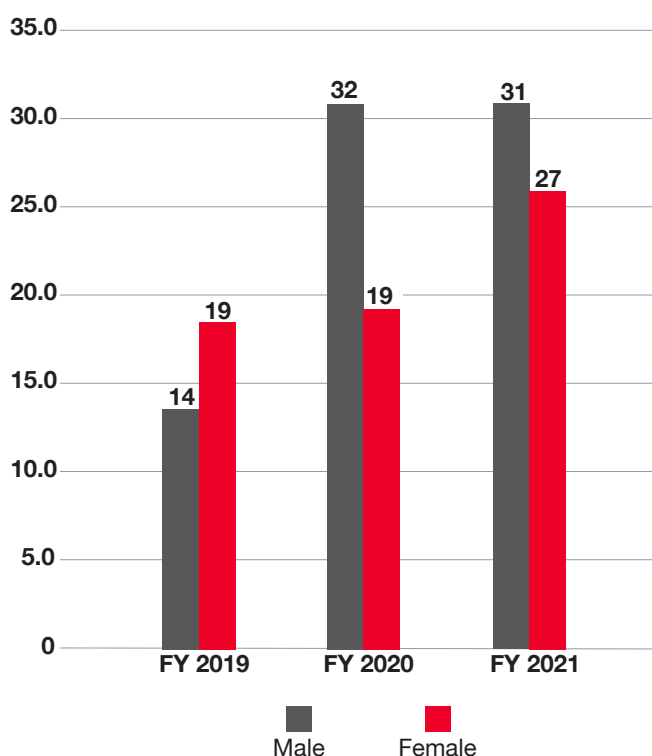
Training and Development

Investing in professional and personal capacity building is an important facet to sustainable business growth as it increases the competencies of employees while providing higher job satisfaction and retaining key talents. The Manager focuses on providing technical and non-technical training in the areas of business and financial management, health and safety, and security awareness.

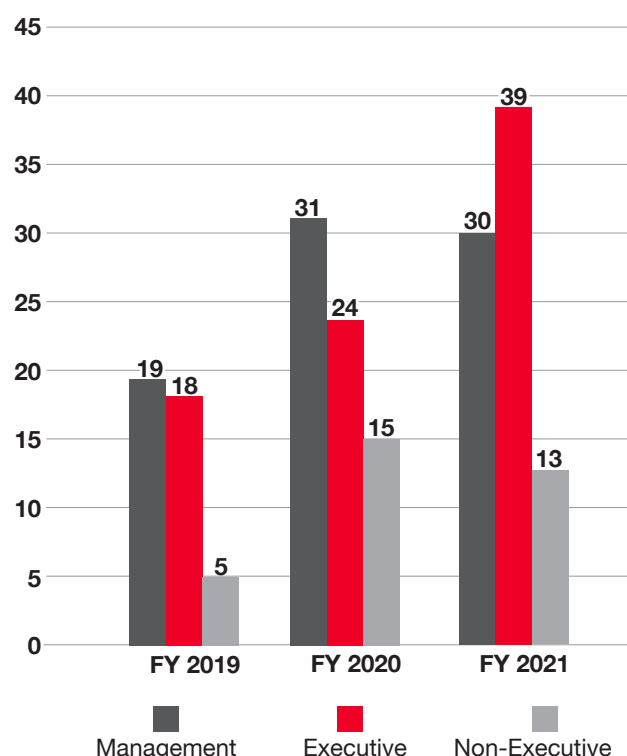
In light of COVID-19, businesses are concerned about the impact of the pandemic, including new management guidelines, transition to online platforms, and uncertainties pertaining to the local economy. Hence, we have engaged external organisers to provide the employees with sufficient knowledge and training to adapt to the current circumstances.

In FY2021, we recorded a total of 628 training hours with an average of 29.9 hours per employee as compared to 649 training hours recorded in FY2020 and all training were conducted online. A breakdown of training hours by gender and employment category can be found in the graphs below.

Average training hours by gender from FY2019 to FY2021



Average training hours by employment category from FY2019 to FY2021



Sustainability Statement

SOCIAL (CONTD.)

Contribution to Society

We are conscious of our role in societal development and strive to positively impact the communities in which we operate. In FY2021, we collaborated with The Summit Subang USJ's Management Corporation to conduct a variety of programmes. Summaries of the programmes can be found below.

Wushu Training (1 July 2020 – 30 September 2020)



- Training for kids under JKP Zon3.
- More than 40 kids participated in the program.

Blood Donation (19 January, 2 February, 26 July & 27 August 2020)



- Annual event for The Summit Subang USJ, organised by NGO and Pusat Darah Negara.
- Around 100 to 200 customers participated in the program.

Malaysia Day Fun for Senior Citizen Dance Carnival (16 September 2020)



- Senior Citizen Line Dance event in conjunction with Hari Malaysia and jointly organised with JKP Zon3 and Senior Citizen Association where more than 200 senior citizen participated in the program

Wishing Well (National Kidney Foundation) 2015 - 2021 (6 years)



- The campaign was organised by National Kidney Foundation where more than 200 residents participated in the program.

Hari Raya Gift to Sri Tanjung USJ 16 Resident (May 2020)



- A CSR project for Hari Raya and was jointly organised with JKP Zon3 and Sri Tanjung USJ 16 Resident where more than 200 residents participated in the program.

CONCLUSION

Businesses globally have faced the challenges brought on by the COVID-19 pandemic. We recognise the short, medium and long-term value of building an organisational culture and mindset that prioritises sustainability. Business as usual is no longer an option and we are adapting to be competitive and to meet changing stakeholder expectations. We are proud of our team's efforts to work together to overcome the challenges we faced this year.

Sustainability Statement

APPENDIX

The Manager's Employee Profile from FY2018 to FY2021

Category	Age Group						Diversity					
	Below 30 years		30 – 50 years		Above 50 years		Chinese		Indian		Malay	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
FY2021												
Management	-	-	5	2	4	2	2	2	1	-	6	2
Executive	-	1	2	2	-	-	-	-	1	-	1	3
Non-Executive	-	1	1	1	-	-	-	-	-	1	1	1
FY2020												
Management	-	-	4	2	3	2	2	2	1	-	4	2
Executive	1	2	2	1	-	-	-	-	1	-	2	3
Non-Executive	-	1	1	1	-	-	-	-	-	1	1	1
FY2019												
Management	-	-	9	4	-	-	4	2	2	-	2	2
Executive	-	2	2	1	-	-	-	1	-	1	2	2
Non-Executive	1	1	-	1	-	-	-	-	-	1	1	1
FY2018												
Management	-	-	9	4	1	-	4	3	1	-	3	2
Executive	1	1	1	1	-	-	1	-	1	-	2	1
Non-Executive	1	1	1	1	-	-	-	-	-	1	-	3

Sustainability Statement

GRI CONTENT INDEX

GRI Disclosure	Description	Section	Page Number
GRI 102: General Disclosure	Organisational Profile		
	102-1: Name of the organisation	About AmFIRST REIT; Fund Information	5; 8
	102-2: Activities, brands, products and services	About AmFIRST REIT; Asset Profile; Scope and Boundary	5; 36 to 45; 65
	102-4: Location of operations	Asset Profile; Scope and Boundary	36 to 45; 65
	102-9: Supply chain	Supply Chain Management	78
	Ethics and Integrity		
	102-16: Values, principles standards and norms of behaviour	Corporate Governance and Ethics and Integrity	75 and 76
	102-17: Mechanisms for advice and concerns about ethics	Ethics and Integrity	75 and 76
	Governance		
	102-18: Governance structure	Sustainability Governance Structure	67
	102-19: Delegating authority	Sustainability Governance Structure	67
	102-20: Executive level responsibility for economic, environmental and social topics	Sustainability Governance Structure	67
	102-26: Role of highest governance body in setting purpose, values and strategy	Sustainability Governance Structure	67
	102-29: Identifying and managing economic, environmental and social topics	Sustainability Governance Structure	67
	102-32: Highest governance body's role in sustainability reporting	Sustainability Governance Structure	67

Sustainability Statement

GRI CONTENT INDEX (CONTD.)

GRI Disclosure	Description	Section	Page Number
GRI 102: General Disclosure (Contd.)	Stakeholder engagement		
	102-40: List of stakeholder groups	Stakeholder Engagement	69 to 70; 73 to 74
	102-42: Identifying and selecting stakeholders	Stakeholder Engagement	69 to 71
	102-43: Approach to stakeholder engagement	Stakeholder Engagement	69 to 71
	102-44: Key topics and concerns raised	Stakeholder Engagement	69 to 71
	Reporting Practice		
	102-46: Defining report content and topic boundaries	Scope and boundary	65
	102-47: List of material sustainability matters	Materiality	72 to 74
	102-50: Reporting period	Scope and boundary	65
	102-53: Contact point for questions regarding the report	Feedback	66
	102-55: GRI Content Index	GRI Content Index	90 to 93
GRI 103: Management approach	103-2: Management approach	Corporate Governance, Financial Performance, Supply Chain Management, Energy Consumption, Waste Management, Training and Development, Stakeholder Concerns	Throughout Sustainability Statement
GRI 200: Economic	Economic Performance		
	201-1: Direct economic value generated and distributed	Financial Performance	77 to 78; 124 to 128
	201-4: Financial assistance received from the government	Financial Performance	9; 28; 46; 62

Sustainability Statement

GRI CONTENT INDEX (CONTD.)

GRI Disclosure	Description	Section	Page Number
GRI 200: Economic (Contd.)	Indirect Economic Impacts		
	203-1: Infrastructure investments and services supported	Local Community Investment	78
	Procurement Practices		
	204-1: Proportion of spending on local suppliers	Local Procurement	78
	Anti-Corruption		
	205-2: Communication and training about anti-corruption policies and procedures	Anti-corruption	76
GRI 300: Environmental	Energy		
	302-1: Energy consumption within the organisation	Energy Consumption	79 to 80
	302-3: Energy intensity	Energy Consumption	79 to 80
	302-4: Reduction of energy consumption	Energy Consumption	79 to 80
GRI 300: Environmental	Water and Effluents		
	303-5: Water consumption	Water Consumption	81
	Waste		
	306-2: Management of significant waste related impacts 306-4: Waste diverted from disposal	Waste Management	82
GRI 400: Social	Employment		
	401-1: New employee hires and employee turnover	New Hires and Resignations	83
	401-2: Benefits provided to full time employees that are not provided to part time or temporary employees	Employee Benefits	86

Sustainability Statement

GRI CONTENT INDEX (CONTD.)

GRI Disclosure	Description	Section	Page Number
GRI 400: Social (Contd.)	Occupational Health and Safety		
	403-1: Occupational health and safety management system	Occupational Health and Safety	84 to 85
	403-2: Hazard identification, risk assessment and incident investigation ("HIRARC")	Occupational Health and Safety	85
	403-4: Worker participation, consultation and communication on occupational health and safety	Occupational Health and Safety	84
	403-5: Worker training on occupational health and safety	Occupational Health and Safety	85
	403-6: Promotion on worker health	Occupational Health and Safety; COVID-19	24
	403-9: Work-related injuries	Occupational Health and Safety	84
	Training and Education		
	404-1: Average hours of training per year per employee	Training and Development	87
	404-2: Programmes for upgrading employee skills and transition assistance programmes	Training and Development	87
	Diversity and Equal Opportunity		
	405-1: Diversity of governance bodies and employees	Equality, Diversity and Inclusivity	83
	Occupational Health and Safety		
	413-1: Operations with local community engagement, impact assessments and development programs	Contribution to Society	88

Corporate Governance



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

Principle A Board Leadership and Effectiveness

Principle B Effective Audit and Risk Management

Principle C Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

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

BOARD AND KEY MANAGEMENT LEADERSHIP

The Manager's shareholders critically 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 delivers sustainable performance.

CODE OF ETHICS, CODE OF CONDUCT, WHISTLEBLOWER PROTECTION POLICY AND NO GIFT POLICY

The Code of Ethics as well as the Code of Conduct ("Codes") have 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 Code of Ethics 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 Whistleblower Protection 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 as at when launched and attend refresher courses conducted by the Compliance Department.

The Whistleblower Protection Policy provides an independent reporting channel for all staffs and stakeholders. External parties can always have access via Email 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 ombudsperson.

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 key areas such as regulatory compliance and internal policies are complied with accordingly.

Finally, the Internal audit function is undertaken by the Group Internal Audit Department (“GIAD”) which is independent of the Manager and REIT’s business and operations, and reports directly to the Audit Committee. The GIAD performs independent assessment of the adequacy and effectiveness of the Manager’s risk management, 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.

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. The Chairman encourages active participation and all parties are free to express their opinions in the Board meetings or informal discussions with the Management Team.

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 Team 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 Team 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 these 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. The roles and responsibilities of the Company Secretaries includes guiding and advising 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 where 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 Meetings	Percentage of Attendance (%)
Soo Kim Wai	Chairman / Non-Independent Non-Executive Director	4	100%
Tan Sri Mazlan bin Mansor (Appointed on 2 February 2021)	Independent Non-Executive Director	1	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%
Christopher Yap Huey Wen (Appointed on 15 September 2020)	Non-Independent Non-Executive Director	2	100%
YM Raja Nazirin Shah bin Raja Mohamad	Executive Director / Chief Executive Officer	4	100%
Seohan Soo (Resigned on 1 September 2020)	Non-Independent Non-Executive Director	2	100%

Note: All attendances reflected were the number of meetings attended during the Directors' tenure of service for FY2021.

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, 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 four (4) 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 of 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.

Statement of Corporate Governance

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

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

- **Compliant** - Comply with all relevant laws and regulations
- **Responsible** - Manage conflict of interest with honesty and integrity
- **Ethical** - Practice honesty and integrity in everything we do
- **Accurate** - Ensure completeness and accuracy of financial records
- **Trustworthy** - Protect the confidentiality and sensitivity of information
- **Equitable** - Treat each other and our community with respect

The code includes reporting of unlawful or unethical behavior through established procedures including Whistleblower Protection Policy 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 Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009"), which was effective from 1 June 2020, the Manager has adequate procedures and in compliance with 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 follows:

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

Practice 3.2

The Whistleblower Protection Policy and procedure were adopted by the Board and are currently in place. The purpose is to report the following improper conduct, 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.

Statement of Corporate Governance

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

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.

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

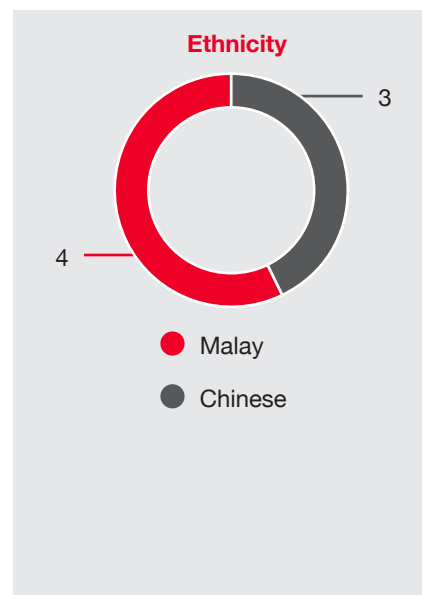
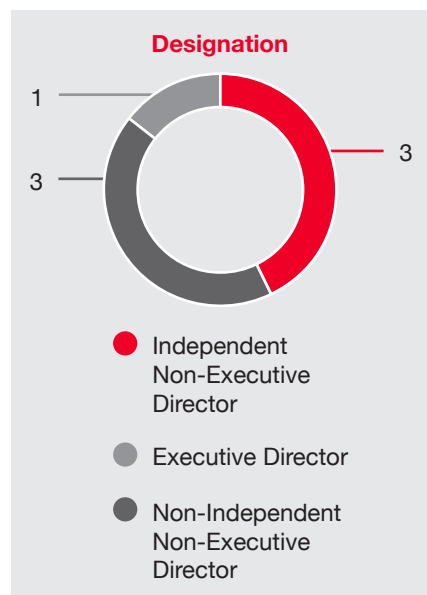
The Manager's Board retains its Board composition with at least one-third (1/3) of independent directors and is of the view that the decisions that the Board makes are objective and in the best interest of all stakeholders.

The Board has seven (7) members comprising six (6) Non-Executive Directors and one (1) Executive Director. Three (3) of the Board members are Independent Directors (representing more than 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 118 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 29 to 32 of this Annual Report. The Board is of the view that its current composition comprises individuals who, as a group, provide the necessary core competencies and that the current Board size is appropriate and effective, taking into consideration the nature and scope of AmFIRST REIT's operations.

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



Statement of Corporate Governance

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, two of the Manager's current independent directors have both served for approximately 4 years and 9 months whereas the newly appointed independent director has only served for 3 months since his appointment in February 2021.

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 Resource. The Board places significance on the merit as well as the role which objective criteria 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, legal, 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.

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.

Practice 7.2

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

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

Statement of Corporate Governance

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

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 112 to 113 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 three-fourths (3/4) composition of Independent Directors. The inclusion of a Non-Independent Director who represents one-fourth (1/4) 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.

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 FY2021 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.

Statement of Corporate Governance

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 are 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 107 to 111 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.

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

En. Shamsul holds a BSc (Hons) Finance & Accounting from University of Salford, Manchester as well as Masters in Business Administration from University of Strathclyde, Scotland. En. Shamsul is also a Chartered Banker, a Certified Bank Auditor and a Qualified Risk Auditor. More recently, En. Shamsul completed the Cybersecurity Fundamentals Certification and has also been conferred with the Certified Professional in Financial Crime Compliance title. En. Shamsul is a member of the Institute of Internal Auditors Malaysia (IIAM), the Asian Institute of Chartered Bankers (AICB) and the Institute of Enterprise Risk Practitioners (IERP). He is also the current Chairman of AICB's Chief Internal Auditors Networking Group (CIANG).

Statement of Corporate Governance

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

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 governance, 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 email and 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.)

	8th AGM	7th AGM	6th AGM
Financial Year	2020	2019	2018
Date of Notice of AGM	30 June 20	31 May 19	31 May 18
Date of AGM	10 Aug 20	22 Jul 19	25 Jul 18
Notice period in no. of days (including Saturday, Sunday and Public Holiday as well as excludes dates of Notice and AGM)	40	51	54

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.

At the 8th AGM dated 10 August 2020, the Manager has fully leveraged on technology to facilitate greater shareholder participation by conducting a virtual AGM with Remote Participation Electronic Voting ("RPEV") features.

The meeting platform was <https://web.lumiagm.com/> which was broadcasted from Symphony Square Auditorium located at Petaling Jaya, Selangor. In addition, to ensure the virtual AGM is conducted in an appropriate manner, Boardroom Corporate Services Sdn. Bhd. was appointed as an independent scrutineer to ensure the electronic voting process, RPEV, was conducted accordingly and in order.

The Minority Shareholders Watch Group ("MSWG") recommended that the independent moderators should be present to moderate the Questions and Answers ("Q&A") session in a fair, objective and impartial manner to ensure that all relevant questions are answered. With this regard, the Manager had procured services from a professional firm namely KPMG Management & Risk Consulting Sdn. Bhd. to moderate the questions posted by Unitholders to the Board of Directors during the allocated Q&A session.

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. 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 AC and Board, 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 AC and 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.

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.

Statement on Risk Management and Internal Control

RISK MANAGEMENT (CONTD.)

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.

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.

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.

Statement on Risk Management and Internal Control

INTERNAL CONTROL (CONTD.)

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 FY2021. 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 and 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.

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;
 - (c) transacted at a price that is supported by valuation report;
 - (d) is transacted at a price assessed as follows:
 - (i) for acquisitions: not more than one hundred and ten percent (110%) the value assessed in the valuation report; and
 - (ii) for disposal: not less than ninety percent (90%) of the value assessed in the valuation report.

Statement on Risk Management and Internal Control

INTERNAL CONTROL (CONTD.)

Dealings with Related Parties (Contd.)

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 FY2021 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 118 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.

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.

Statement on Risk Management and Internal Control

WHISTLEBLOWER PROTECTION POLICY (THE “POLICY”)

The Manager has a policy in place 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 Annual Report 2021. 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 four (4) members, all of whom are Non-Executive Directors, of which three (3) 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

Tan Sri Mazlan Bin Mansor
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 roles 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.)

- (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.

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 FY2021, the AC had met a total of four (4) times. The attendance of the AC members to the AC meetings held for the FY2021 are as follows:-

Directors	Designation	Number of AC Meeting	Percentage of Attendance (%)
Dato' Wong Nam Loong	Independent Non-Executive Director	4	100
Tan Sri Mazlan Bin Mansor (Appointed on 2 February 2021)	Independent Non-Executive Director	1	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 FY2021 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 activities 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 and Quality Assessment Review on Group Internal Audit Department, 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 and approved 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.
- (xv) Reviewed the findings of thematic review and key takeaways pertaining to effectiveness of Internal Audit function of listed issuers, which was co-published by Bursa Malaysia and Institute of Internal Auditors Malaysia.

Audit Committee Report

INTERNAL AUDIT

- (i) The internal audit function is undertaken by AmBank GIAD, headed by the Group Chief Internal Auditor (“GCIA”), En. Shamsul Bahrom Mohamed Ibrahim.
- (ii) The GCIA does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company.
- (iii) GIAD is independent of the activities and operations of the Manager, and reports directly to the AC.
- (iv) 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.
- (v) GIAD’s activities conform with the Institute of Internal Auditors (IIA)’s International Standards for the Professional Practice of Internal Auditing as well as standards and requirements set out by the relevant Regulators, such as Bank Negara Malaysia and the Securities Commission on the internal audit function.
- (vi) 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.
- (vii) GIAD undertook the following activities during FY2021:
 - 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 governance, risk management and internal controls over the business activities and operations.
 - Prepared the audit report on the results of the review, incorporating the overall assessment and conclusion of the review, detailed audit observations, recommendations to enhance existing processes and internal controls and management responses on the agreed action plan to address the recommendations.
 - The audit report was discussed with the Management and tabled and deliberated at the AC meeting.
 - Performed follow-up with the Management on the status of resolution of audit issues and recommendations, and tabled updates on the status at each AC meeting, until the full resolution of the issues are highlighted.

Directors'

Responsibility Statement

The Board is responsible to ensure that the financial statements for the FY2021 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 2021 and of its financial performance and cash flows for the financial year then ended.

In preparing the financial statements for the FY2021, 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 2021

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 2021.

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"), the Second Restated Deed dated 13 September 2013 ("Second Deed") and the Third Restated Deed dated 12 June 2020 ("Third Deed" or the "Deed")) by the Manager and the Trustee, Maybank Trustees Berhad. The Third Deed superseded the Original Deed, the First Deed and the Second 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 2021, the Manager's fee consists of base fee of 0.3% (FY2020 : 0.3%) per annum and performance fee of 3.0% (FY2020 : 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 at page 164.

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
YM Raja Nazirin Shah bin Raja Mohamad
Christopher Yap Huey Wen (Appointed on 15 September 2020)
Tan Sri Mazlan bin Mansor (Appointed on 2 February 2021)
Seohan Soo (Resigned on 1 September 2020)

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.

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 2021.

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 2021.

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 2021 are as follows:

	FY2021
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

YM RAJA NAZIRIN SHAH BIN RAJA MOHAMAD

Kuala Lumpur, Malaysia
19 April 2021

Investor Relations and Communications

The Manager is committed to maintaining timely, effective and consistent communication with our stakeholders, including Unitholders, prospective investors, analysts and media to ensure that they are provided with relevant information on financial and operational performances, major developments and outlook, amongst other things, to enable them to make informed decisions. We are constantly working towards sound investor relations practice, greater transparency and corporate governance.

STAKEHOLDERS ENGAGEMENT

During the financial year, the Management has reached out to the stakeholders through various communication platforms in order to enable them to keep abreast on AmFIRST REIT's performance and outlook.

Annual General Meeting ("AGM")

AGM is an important event each year and serves as the primary platform for the Unitholders to effectively engage with the Board and the Management in order to gain insights on the business activities and financial position and enables the Unitholders to provide constructive feedback and raise their concerns directly to the Board and the Management.

It also provides a platform to the Board and the Management in updating the Unitholders on the latest development and strategic direction of AmFIRST REIT.

On 10 August 2020, AmFIRST REIT held its Eighth AGM and its first fully virtual AGM through live streaming and online voting via Remote Participation Electronic Voting ("RPEV") where 216 Unitholders and Proxies participated in this virtual AGM.

In line with MCGG Practice 12.1, the Notice of AGM was issued more than 28 days prior to the AGM.

The Notice was advertised in one nationally circulated Bahasa Malaysia and English daily press newspapers and in writing to Bursa Securities.

A wide range of questions were received from the Unitholders and Proxies where responses were provided by the Board and the Management during the AGM. Pursuant to the recommendation by the Minority Shareholders Watch Group ("MSWG") on the appointment of an independent moderator at the virtual AGM, the Manager has appointed KPMG Management & Risk Consulting Sdn Bhd as the moderator for its first fully virtual AGM to ensure that the question and answer session is conducted in an objective and transparent manner.

The full list of questions and answers of the AGM are made available at AmFIRST REIT's corporate website at www.amfirstreit.com.my.

The Ninth Annual General Meeting will continue to be conducted via live streaming and RPEV and is scheduled on Wednesday, 7 July 2021.

Bursa Securities

The Manager makes disclosures pursuant to the Main Market Listing Requirements of Bursa Securities. These include annual reports, quarterly financial results, corporate presentations and any other material announcements.

Financial Results

The Company announces its quarterly financial result to Bursa Securities on the same day the quarterly financial results are approved by the Board.

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

Investor Relations and Communications

Meetings

We provide a one-to-one or group meetings to institutional investors, fund managers and analyst on quarterly and yearly basis upon requests 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.

Malaysian REIT Managers Association (“MRMA”)

The Manager’s active involvement in the industry-related association 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 benchmarkings against international best practices and favorable regulatory regime.

AmFIRST REIT’s FY2022 TENTATIVE FINANCIAL CALENDAR

July 2021

- Ninth Annual General Meeting

Aug 2021

- 1st Quarter
FY2022 Financial Results

Nov 2021

- 2nd Quarter
FY2022 Financial Results

Feb 2022

- 3rd Quarter
FY2022 Financial Results

Apr 2022

- 4th Quarter
FY2022 Financial Results

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. Up-to-date and historical 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.

The corporate website contains a dedicated page for our stakeholders to submit their enquiry.

Our stakeholders can also download our mobile app “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:-

YM Raja Nazirin Shah bin Raja Mohamad

Executive Director / Chief Executive Officer
Email: rajanazirinshah@ambankgroup.com
Telephone No: +603 7969 1780

Mr Chong Hong Chuon

Chief Financial Officer
Email: chong-hong-chuon@ambankgroup.com
Telephone No: +603 7955 8277

Encik Zuhairy bin Md Isa

Deputy Chief Executive Officer
Email: zuhairy-isa@ambankgroup.com
Telephone No: +603 7955 8026

Encik Abdul Rahman bin Mohd Joned

Vice President 2, Finance
Email: rahman-joned@ambankgroup.com
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Financial Statement

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Statement of Financial Position

As at 31 March 2021

	Note	2021 RM	2020 RM
ASSETS			
Non-current assets			
Investment properties	5 and 7	1,628,488,553	1,647,139,816
Right-of-use assets	6	304,516	146,955
Receivables	7	23,895,001	20,902,016
		1,652,688,070	1,668,188,787
Current assets			
Receivables	7	16,302,501	6,886,582
Deposits with financial institution	8	2,487,993	2,969,390
Cash and bank balances		2,241,595	1,101,065
		21,032,089	10,957,037
TOTAL ASSETS		1,673,720,159	1,679,145,824
UNITHOLDERS' FUNDS			
Unitholders' capital	15	636,624,829	636,624,829
Undistributed income		187,007,255	204,119,441
TOTAL UNITHOLDERS' FUNDS		823,632,084	840,744,270
LIABILITIES			
Non-current liabilities			
Rental deposits	9	12,497,381	15,568,226
Deferred tax liabilities	10	2,069,098	2,421,029
Borrowings	11	697,114,132	446,903,865
Lease liabilities	13	129,037	20,302
		711,809,648	464,913,422
Current liabilities			
Payables	14	5,794,688	8,306,080
Rental deposits	9	14,702,562	12,375,712
Borrowings	11	117,587,501	351,765,592
Derivatives	12	-	910,180
Lease liabilities	13	193,676	130,568
		138,278,427	373,488,132
TOTAL LIABILITIES		850,088,075	838,401,554
TOTAL UNITHOLDERS' FUNDS AND LIABILITIES		1,673,720,159	1,679,145,824
NET ASSET VALUE		823,632,084	840,744,270
NUMBER OF UNITS IN CIRCULATION		686,401,600	686,401,600
NET ASSET VALUE PER UNIT			
- before proposed final distribution		1.1999	1.2249
- after proposed final distribution		1.1857	1.2100

The accompanying notes are an integral part of the financial statements.

Statement of Comprehensive Income

For the financial year ended 31 March 2021

	Note	2021 RM	2020 RM
Revenue	16	107,303,059	120,682,003
Property expenses	17	(42,334,138)	(44,117,162)
Net rental income		64,968,921	76,564,841
Interest income		63,530	85,453
Changes in fair value of investment properties	5	(22,861,634)	(4,372,157)
Loss on financial liabilities measured at amortised cost		(440,266)	(289,664)
Fair value gain on derivatives		910,180	530,800
Other income		373,940	253,735
		43,014,671	72,773,008
Administrative expenses			
Manager's fee	18	(7,087,725)	(7,327,213)
Trustee's fee	19	(335,940)	(336,254)
Valuation fee		(139,000)	(207,872)
Auditors' remuneration		(53,500)	(53,500)
Tax agent's fee		(19,186)	(9,116)
Other expenses	20	(4,004,679)	(899,044)
		(11,640,030)	(8,832,999)
Operating profits		31,374,641	63,940,009
Finance cost:			
Interest on lease liabilities		(18,790)	(13,266)
Interest expense		(28,982,959)	(37,918,246)
		(29,001,749)	(37,931,512)
Profit before taxation		2,372,892	26,008,497
Taxation	21	351,931	(2,421,029)
Profit for the financial year after taxation, representing total comprehensive income for the financial year		2,724,823	23,587,468
Total comprehensive income for the financial year is made up as follows:			
- Realised		21,513,349	25,493,074
- Unrealised		(18,788,526)	(1,905,606)
		2,724,823	23,587,468

The accompanying notes are an integral part of the financial statements.

Statement of Comprehensive Income

For the financial year ended 31 March 2021

	Note	2021	2020
Earnings per unit (Realised) (sen)	22		
- after manager's fee		3.13	3.71
- before manager's fee		2.10	2.65
Income distribution (RM)	23		
Interim income distribution of 1.40 sen per unit paid on 28 December 2020 (2020: 1.86 sen per unit paid on 20 December 2019)		9,609,622	12,767,068
Proposed final income distribution of 1.42 sen per unit payable on 27 May 2021 (2020: Final income distribution of 1.49 sen per unit paid on 25 June 2020)		9,746,903	10,227,387
		19,356,525	22,994,455
Income distribution per unit* (sen)			
- Interim		1.40	1.86
- Final		1.42	1.49
		2.82	3.35

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

	2021	2020
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%

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Net Asset Value

For the financial year ended 31 March 2021

	Non-Distributable Unitholders' Capital RM	Distributable/Non-Distributable Undistributed Income Realised Income RM	Unrealised Income/(loss) RM	Unitholders' Funds RM
As at 1 April 2020	636,624,829	15,392,593	188,726,848	840,744,270
Total comprehensive income/(loss) for the financial year	-	25,513,349	(18,788,526)	2,724,823
	636,624,829	36,905,942	169,938,322	843,469,093
Unitholders' transactions				
Distributions to Unitholders (Note 23) relating to the financial year ended:				
- 2020 final	-	(10,227,387)	-	(10,227,387)
- 2021 interim	-	(9,609,622)	-	(9,609,622)
	-	(19,837,009)	-	(19,837,009)
As at 31 March 2021	636,624,829	17,068,933	169,938,322	823,632,084
As at 1 April 2019	636,624,829	17,286,947	190,632,454	844,544,230
Total comprehensive income/(loss) 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 (Note 23) relating to the financial year ended:				
- 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

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

For the financial year ended 31 March 2021

	Note	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,372,892	26,008,497
Adjustments for:			
Accrued unbilled rental income	16	(4,375,610)	(4,646,444)
Interest income		(63,530)	(85,453)
Interest on lease liabilities		18,790	13,266
Interest expense		28,982,959	37,918,246
Depreciation of right-of-use assets	6	277,396	184,699
Allowance of ECL	20	2,934,393	343,358
Changes in fair value of investment properties		22,861,634	4,372,157
Loss on financial liabilities measured at amortised cost		440,266	289,664
Fair value gain on derivatives		(910,180)	(530,800)
Operating profit before working capital changes		52,539,010	63,867,190
Changes in working capital:			
(Increase)/decrease in receivables		(10,967,687)	3,764,390
(Decrease)/increase in payables		(2,249,920)	1,709,883
Decrease in rental deposits		(1,184,261)	(267,730)
Net cash generated from operating activities		38,137,142	69,073,733
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment properties	5	-	(1,371,421)
Enhancement cost on investment properties	5	(4,210,371)	(7,809,292)
Interest income		63,530	85,453
Net cash used in investing activities		(4,146,841)	(9,095,260)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(29,244,432)	(38,175,606)
Distributions paid to Unitholders		(19,837,009)	(27,387,428)
Drawdown of borrowings (net)		16,032,176	14,312,534
Payment of lease liabilities	13	(281,903)	(194,050)
Net cash used in financing activities		(33,331,168)	(51,444,550)
Net increase in cash and cash equivalents		659,133	8,533,923
Cash and cash equivalents at the beginning of the financial year		4,070,455	(4,463,468)
Cash and cash equivalents at the end of the financial year		4,729,588	4,070,455
Cash and cash equivalents included in the statement of cash flows comprise the following:			
Cash and bank balances		2,241,595	1,101,065
Deposits with financial institution	8	2,487,993	2,969,390
		4,729,588	4,070,455

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

AmFIRST Real Estate Investment Trust ("AmFIRST REIT" or the "Trust") was constituted pursuant to the execution of a Deed dated 28 September 2006 ("Original Deed") (as amended by the First Supplemented, Revised and Restated Trust Deed dated 15 December 2006 ("First Deed"), the Second Restated Deed dated 13 September 2013 ("Second Deed") and the Third Restated Deed dated 12 June 2020 ("Third Deed") executed between the Manager, AmREIT Managers Sdn Bhd and the Trustee, Maybank Trustees Berhad. The Third Deed has superseded the Original Deed, the First Deed and the Second Deed. The Manager, incorporated in Malaysia, is a wholly-owned subsidiary of AmREIT Holdings Sdn Bhd. AmREIT Holdings Sdn Bhd is 70% owned by AmInvestment Group Berhad and 30% owned by Amcorp Properties Berhad.

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

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

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

The registered office of the Manager is located at 22nd Floor, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur. The principal place of business of the Manager is located at Penthouse, Menara AmFIRST, No. 1, Jalan 19/3, 46300 Petaling Jaya, Selangor.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the Directors on 19 April 2021.

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.

In the preparation of these financial statements, the Manager has made an assessment of the ability of Trust to continue as going concern. Based on the assessment, the Manager is not aware of any material uncertainties related to events or condition that may cast significant doubt upon the Trust's ability to continue as going concern. Hence, these financial statements have been prepared on a going concern basis.

2.2 Statement of compliance

The financial statements of the Trust has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"). The Trust also complies with the provision of the Deed and the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts ("SC's Listed REITs Guidelines").

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

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies has been consistently applied to all years presented, other than where new policies have been adopted.

2.4a Investment properties

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

Notes to the Financial Statements

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4a Investment properties (Contd.)

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

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

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

2.4b Leases

The determination of whether an arrangement is, or contains, a lease is based on 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

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 (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 resolve the underlying asset 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. Lease payments on short-term leases and leases of low-value assets are recognised as expense in the statement of comprehensive income.

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.

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.

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:

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(iii) “Day 1” profit or loss (Contd.)

- 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.

2.4d Financial Instruments - Classification and subsequent measurement

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.

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.

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(iii) Financial liabilities at amortised cost (Contd.)

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.

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.

Notes to the Financial Statements

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4f Fair value measurement (Contd.)

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4g Impairment of financial assets (Contd.)

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.

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 cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. 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 (3) months.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term funds with original maturity of less than three (3) months and net of outstanding bank overdrafts.

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.

Notes to the Financial Statements

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4I 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.

2.4I(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.

2.4I(ii) Revenue - 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. One off rental rebate arising from the COVID-19 pandemic have been net-off from the rental income as disclosed in Note 16.

2.4I(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.

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 (Contd.)

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 expenses

The Manager's and Trustee's fees are recognised in the statement of comprehensive income as the services are delivered and performance obligations met. The Trust assesses whether the individual element of service in the agreement are separate performance obligations. When the agreement include multiple performance obligations, the transaction price which are stipulated in the agreement is charged to each performance obligation.

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 determined by the Manager. Interim distributions are deducted from unitholders' funds when they are paid.

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

2.4p 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.

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 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.

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.

Notes to the Financial Statements

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4q Earnings per Unit (Contd.)

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.

2.4r Net Asset Value ("NAV") per Unit

	2021 RM	2020 RM
NAV computation:		
NAV before proposed final income distribution	823,632,084	840,744,270
Less: proposed final income distribution (Note 23)	(9,746,903)	(10,227,387)
NAV after proposed final income distribution	813,885,181	830,516,883
Number of units in circulation	686,401,600	686,401,600
NAV per unit:		
- before proposed final income distribution	1.1999	1.2249
- after proposed final income distribution	1.1857	1.2100

2.4s Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker who is responsible for allocating resources and assessing performance of the operating segments. This has been identified as the Chief Executive Officer of the Manager that makes strategic decisions.

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 amendments to published standards:

- Amendments to References to the Conceptual Framework in MFRS Standards
- Definition of a Business (Amendments to MFRS 3)
- Definition of Material (Amendments to MFRS 101 and MFRS 108)
- Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)
- Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4)
- Early adoption of COVID-19-Related Rent Concessions (Amendment of MFRS 16)

The adoption of these amendments to published standards did not have any material impact on the financial statements of the Trust. The Trust did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments to published standards.

Notes to the Financial Statements

3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

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

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

(a) 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"). 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 which these published standards and interpretations refer to. The adoption of these amendments did not result in any impact to the financial statements of the Trust.

(b) 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 adoption of these amendments did not result in any impact to the financial statements of the Trust as there was no business combination or asset acquisition that occurred during the current financial year.

(c) 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 adoption of these amendments did not result in any impact to the financial statements of the Trust.

(d) 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 no longer present.

The relief provided by the amendments requires the Trust to assume that the interest rate on which the hedged cash flows are based does not change as a result of the reform. The Trust uses derivative instrument i.e. interest rate swap to hedge its risk associated with interest rates. This derivative instrument have expired on 19 October 2020 as disclosed in Note 12, hence these amendments did not result to any financial impact to the financial statements of the Trust.

(e) Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4)

The amendments extended the temporary exemption that allows insurers to continue to apply MFRS 139 Financial Instruments: Recognition and Measurement (instead of adopting MFRS 9 Financial Instruments) if their activities are "predominantly connected with insurance" by another 2 years, in light of the deferral of the 2-year deferral of the effective date of MFRS 17 Insurance Contracts to annual periods beginning on or after 1 January 2023.

The above amendments are not applicable to the Trust's financial statements.

Notes to the Financial Statements

3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

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

(f) Early adoption of COVID-19-Related Rent Concessions (Amendment of MFRS 16)

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19 pandemic related rent concessions that reduce lease payments due on or before 30 June 2021. The amendment is effective 1 June 2020 but early application is permitted in financial statements not yet authorised for issue as at 28 May 2020.

For the financial year ended 31 March 2021, the Trust has not received any rent concessions from the lessors for the lease of the premises as a direct consequence of the COVID-19 pandemic and the ensuing Movement Control Order ("MCO") enforced by the Government of Malaysia. However, the Trust plan to adopt the amendment in financial year ending 31 March 2022 when the amendments become effective.

3.2 Standards issued but not yet effective

The following are new standard and amendments to published standards 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
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to MFRS 116)	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137)	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3)	1 January 2022
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
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
Definition of accounting estimates (Amendments to MFRS 108)	1 January 2023
MFRS 101, <i>Classification of liabilities as current or non current</i>	1 January 2023
Disclosure of accounting policies (Amendment to MFRS 101)	1 January 2023

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.

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

Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

The amendments address issues that arise from the implementation of interest rate benchmark reforms, focusing on issues that affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR").

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 2022 (Contd.)

Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16) (Contd.)

The amendments, among others, include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. In applying the practical expedient, an entity is required to first identify and account for modifications to the instrument by updating the effective interest rate without adjusting the carrying amount. As a result, no immediate gain or loss is recognised.

The amendments are mandatory and effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

The discontinuation of London Interbank Offer Rate ("LIBOR") by end 2021 and the transition to alternative RFRs could pose challenges to the Trust as the transition away from LIBOR is expected to bring about significant legal, valuation, accounting, risk management and system implication.

However, The Trust did not expect the adoption of these amendments would result in any impact as the Trust is not in the financial institution sectors.

(ii) Amendments to published standards effective for financial year ending 31 March 2023

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to MFRS 116)

The amendments clarify that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset, and prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such samples, together with the costs of producing them, shall be recognised in profit or loss.

The amendments are applied retrospectively from annual reporting period beginning on or after 1 January 2022 but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Early adoption is permitted.

Adoption of these amendments would not result in any material impact to the Trust's financial statements as the Trust did not expect any proceeds before its intended use from any property, plant and equipment.

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137)

The amendments explain that the direct cost of fulfilling a contract for the purpose of determining the unavoidable costs of meeting the entity's contractual obligations comprises the incremental costs of fulfilling that contract (e.g. direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (e.g. an allocation of the depreciation charge for an asset used to fulfil the contract). The amendments also clarify that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

The Trust did not expect the adoption of these amendments would result in any impact to the Trust's financial statements.

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 2023 (Contd.)

Reference to the Conceptual Framework (Amendments to MFRS 3)

The amendments updated MFRS 3 *Business Combinations* to refer to the revised Conceptual Framework for Financial Reporting ("Conceptual Framework") in order to determine what constitutes an asset or a liability in a business combination. In addition, a new exception is added in MFRS 3 in connection with liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying MFRS 3 should instead refer to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* or IC Interpretation 21 *Levies*, rather than the Conceptual Framework.

The amendments are applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

The Trust did not expect the adoption of these amendments would result in any impact to the Trust's financial statements.

Annual Improvements to MFRS Standards 2018-2020

The Annual Improvements to MFRS Standards 2018-2020 include minor amendments affecting 2 MFRSs, as summarised below:

(1) MFRS 9 *Financial Instruments*

The amendment clarified that costs or fees paid to third parties shall not be included in the 10% test for derecognition of financial liabilities.

(2) MFRS 16 *Leases*

An illustrative example that accompanies MFRS 16 has been amended to remove the illustration of payments from the lessor relating to leasehold improvements to overcome any potential confusion about the treatment of lease incentives.

The Trust did not expect the adoption of these amendments would result in any impact to the Trust's financial statements.

(iii) New standard and amendments to published standards effective for financial year ending 31 March 2024

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 2023. Early adoption is permitted. The amendments are not expected to result in any impact as the Trust present all assets and liabilities in the statements of financial position in order of liquidity.

Notes to the Financial Statements

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with MFRS and IFRS required the Trust 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

Allowance of ECL

Arising from the macro-economic contraction resulted by the COVID-19 pandemic, the Trust has recognised additional ECL which is inherently subjective due to forward-looking nature of the assumptions made, most notable around the assessment over the likelihood tenants having the ability to pay rent as demanded, as well as the likelihood of rental deferrals and the rental free being offered to tenants as a result of the COVID-19 pandemic. The ECL recognised therefore is subject to a degree of uncertainties which may not prove to be accurate given the uncertainties caused by COVID-19 pandemic. Specific allowance for ECL have been provided for tenants with high probabilities of default resulted from the COVID-19 pandemic.

The Trust applies a simplified approach in calculating ECL by 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.

Exemption of current year's income tax expense

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967 under the Finance Act 2006 which was gazetted on 31 December 2006, where in the basis period for a year of assessment, 90% or more of the total income of the Trust is distributed to its Unitholders, the total income of the Trust for that year of assessment shall be exempted from tax. 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:

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

The Trust carries its investment properties at fair value, with changes in fair values being recognised in statement of comprehensive income. The Trust had engaged independent professional valuers to determine the fair value. The Income Approach by Investment Method was used to derive the market value of the subject properties. The Market/Comparison Method is adopted as a guide and supportive method to the Income Approach by Investment Method and the independent professional valuers have taken into consideration of all pertinent factors and based upon analysis of relevant market data to derive the opinion of market value of the investment properties. The independent professional valuers have considered the impact of COVID-19 pandemic and the effects were reflected accordingly in the key assumptions used in determining the fair value of the investment properties. There has been no change in the valuation methodology used for the investment property as a result of COVID-19 pandemic.

The estimated fair value may differ from the actual selling price at which the investment properties could be sold. Actual realisation of net assets could differ from the valuation used in the financial statements and the difference could be significant.

The determined fair value of the investment properties by the independent professional valuers is most sensitive to the estimated yield rates. The range of the term yield rate and the reversion yield rate used in the valuation are 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)	
	2021 RM	2020 RM
Yield rate		
+0.25%	(56,550,000)	(58,150,000)
-0.25%	63,600,000	60,850,000

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

5. INVESTMENT PROPERTIES

	2021 RM	2020 RM
As at beginning of the financial year	1,647,139,816	1,642,331,260
Acquisition	-	1,371,421
Enhancements	4,210,371	7,809,292
Changes in fair value:		
- Based on valuation report	(19,610,371)	274,287
- Accrued unbilled rental income	(3,251,263)	(4,646,444)
As at end of the financial year	1,628,488,553	1,647,139,816

Notes to the Financial Statements

5. INVESTMENT PROPERTIES (CONTD.)

The carrying amount of the investment properties for the financial years ended 31 March 2021 and 31 March 2020 is based on the market value determined based on valuations, adjusted with accrued rental income as required by MFRS 140, as follows:

	2021 RM	2020 RM
Investment properties - based on valuation report	1,651,100,000	1,666,500,000
Investment properties - accrued unbilled rental income (Note 7)	(22,611,447)	(19,360,184)
Carrying amount	1,628,488,553	1,647,139,816

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 2021 and 31 March 2020.

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

Description of property	Valuation technique	Term yield ¹	Reversion yield ²
(i) Menara AmBank	Investment method	6.00%	6.50%
(ii) Bangunan AmBank Group	Investment method	6.00%	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	6.25%	6.50%
(vii) Prima 10	Investment method	6.25%	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 as at 31.3.2021 RM	Carrying amount investment as at 31.3.2021 RM	% of valuation to net asset value as at 31.3.2021 %	Cost of investment as at 31.3.2020 RM	Carrying amount as at 31.3.2020 RM	% of valuation to net asset value as at 31.3.2020 %
(i) Menara AmBank	Freehold	Kuala Lumpur	Office	263,684,692	322,000,000	39.10	262,581,961	322,000,000	38.30
(ii) Bangunan AmBank Group	Leasehold@	Kuala Lumpur	Office	201,021,151	265,900,000	32.28	200,451,028	265,700,000	31.60
(iii) Menara AmFIRST	Freehold	Petaling Jaya	Office	65,237,504	66,200,000	8.04	65,237,504	66,000,000	7.85
(iv) Wisma AmFIRST	Leasehold#	Kelana Jaya	Office	94,964,183	118,000,000	14.33	94,941,183	117,900,000	14.02
(v) The Summit Subang USJ	Freehold	Subang Jaya	Commercial Office, Hotel, and Retail Mall	377,061,437	357,400,000	43.39	374,590,620	374,000,000	44.48
(vi) Prima 9	Freehold	Cyberjaya	Office	73,239,407	73,200,000	8.89	73,239,407	73,200,000	8.71
(vii) Prima 10	Freehold	Cyberjaya	Office	62,368,328	65,800,000	7.99	62,348,828	65,700,000	7.81
(viii) Jaya 99	Leasehold^	Melaka	Office	88,443,886	104,600,000	12.70	88,419,686	104,000,000	12.37
(ix) Mydin HyperMall*	Freehold	Penang	Hypermall	254,123,504	255,388,553	31.01	254,123,504	258,639,816	30.76
				1,480,144,092	1,628,488,553		1,475,933,721	1,647,139,816	

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 RM22,611,447 (2020: RM19,360,184) have been excluded from the carrying amount of Mydin HyperMall.

Notes to the Financial Statements

6. RIGHT-OF-USE ASSETS

	2021 RM Retail space	2020 RM Retail space
Cost		
As at beginning of the financial year	331,654	-
Addition	434,957	331,654
As at end of the financial year	766,611	331,654
Accumulated depreciation		
As at beginning of the financial year	184,699	-
Depreciation charged for the financial year	277,396	184,699
As at end of the financial year	462,095	184,699
Carrying amount	304,516	146,955

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

7. RECEIVABLES

	2021 RM	2020 RM
<i>Non-Current</i>		
Accrued unbilled rental income (a) (Note 5)	23,735,794	19,360,184
Less: Allowance for ECL (d)	(1,124,347)	-
Accrued unbilled rental income, net (a) (Note 5)	22,611,447	19,360,184
Accrued lease receivable (b)	1,283,554	1,541,832
Total	23,895,001	20,902,016
<i>Current</i>		
Trade receivables (c)	13,265,724	3,575,794
Less: Allowance for ECL (d)	(2,422,864)	(612,818)
Trade receivables, net	10,842,860	2,962,976
Accrued lease receivable (b)	1,532,729	255,422
Other receivables, deposits and prepayments	3,926,912	3,668,184
Total	16,302,501	6,886,582

- (a) Accrued unbilled rental income consist of unbilled incremental lease rental receivable from Mydin Mohamed Holdings 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 RM434,662 (2020: RM228,248) which are subject to normal trade terms.

(d) The movement in allowance for ECL is as follow:

	2021 RM	2020 RM
As at beginning of the financial year	612,818	269,460
Charge during the financial year (Note 20)	2,934,393	343,358
As at end of the financial year	3,547,211	612,818

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 and Mydin Mohamed Holdings Bhd, 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.

8. DEPOSITS WITH FINANCIAL INSTITUTION

	2021 RM	2020 RM
Placements with a licensed bank with original maturity of less than three months	2,487,993	2,969,390

The amount of RM1,487,993 (2020: RM1,459,287) has been pledged to a financial institution for a term loan facility and revolving credit facility of RM57.0 million (2020: RM57.0 million) and RM85.0 million (2020: RM85.0 million) respectively, as disclosed in Note 11. The entire deposits have been placed with a financial institution related to the Manager of the Trust as disclosed in Note 27.

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

9. RENTAL DEPOSITS

	2021 RM	2020 RM
<i>Non-current liabilities</i>		
Payable after 12 months	12,497,381	15,568,226
<i>Current liabilities</i>		
Payable within 12 months	14,702,562	12,375,712
	27,199,943	27,943,938

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:

	2021 RM	2020 RM
<i>Non-current liabilities</i>		
Payable after 12 months	4,907,639	10,104,991
<i>Current liabilities</i>		
Payable within 12 months	6,731,070	1,211,923
	11,638,709	11,316,914

Other balances with companies related to the Manager are as disclosed in Note 27.

10. DEFERRED TAX LIABILITIES

	2021 RM	2020 RM
As at beginning of the financial year	2,421,029	-
Recognised in profit or loss (Note 21)	(351,931)	2,421,029
As at end of the financial year	2,069,098	2,421,029

The deferred tax liabilities relate 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 amounts 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.

The tax rate used was based on the Finance Act 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

	2021 RM	2020 RM
<i>Current liabilities:</i>		
Syndicated term loan	-	250,000,000
Revolving credit	118,100,000	102,500,000
Loan transaction costs subject to amortisation	(512,499)	(734,408)
	117,587,501	351,765,592
<i>Non-Current liabilities:</i>		
Term loan	307,850,000	307,850,000
Syndicated term loan	250,000,000	-
Revolving credit	140,000,000	140,000,000
Loan transaction costs subject to amortisation	(735,868)	(946,135)
	697,114,132	446,903,865
Total borrowings	814,701,633	798,669,457

Term Loan Facilities

- (i) RM57.0 million (2020: RM57.0 million) is secured by way of a lien holder's caveat over Menara AmFIRST.
- (ii) RM85.85 million (2020: RM85.85 million) is secured by way of first party legal charge over Jaya 99.
- (iii) RM165.0 million (2020: RM165.0 million) is secured by way of first party legal charge over Menara AmBank.

Syndicated term loan

- (i) RM250.0 million (2020: RM250.0 million) is secured by way of first party legal charge over Mydin and Prima 10.

Revolving credit

- (i) RM4.0 million (2020: RM4.0 million) are secured by way of a lien holder's caveat over Menara AmFIRST.
- (ii) RM85.0 million (2020: RM85.0 million) is secured by way of a lien holder's caveat over Wisma AmFIRST.
- (iii) RM140.0 million (2020: RM140.0 million) is secured by way of a lien holder's caveat over The Summit Subang USJ.
- (iv) RM60 million (2020: RM60 million) 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).

Borrowings with companies related to the Manager of the Trust are disclosed in Note 27.

12. DERIVATIVES

	2021 RM	2020 RM
Interest rate swap contracts:		
- Non-current	-	-
- Current	-	910,180
	-	910,180

Notes to the Financial Statements

12. DERIVATIVES (CONTD.)

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 has expired during the current financial year on 19 October 2020.

13. LEASE LIABILITIES

	2021 RM Retail space	2020 RM Retail space
As at beginning of the financial year	150,870	331,654
Addition	434,441	-
Finance cost - interest charged during the year	19,305	13,266
Payment of lease liabilities	(281,903)	(194,050)
As at end of the financial year	322,713	150,870
<u>Lease liability maturity table</u>		
Within 1 year	193,676	130,568
One to two year	129,037	20,302
As at end of the financial year	322,713	150,870

The weighted-average incremental discounted borrowing rate used to recognise the lease liabilities was 3.5% per annum (2020: 4.0%). The finance cost is charged to statement of comprehensive income over the lease period based on a constant rate of interest on the remaining balance of the liability for each period.

There were no variable lease payments, 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:

	2021 RM Retail space	2020 RM Retail space
Within 1 year	193,676	139,748
More than 1 year	144,258	22,257
As at end of the financial year	337,934	162,005

14. PAYABLES

	2021 RM	2020 RM
Trade payables	57,832	1,291,434
Deposit payable	-	1,500,000
Loan interest and commitment fee payable	774,879	1,036,352
Accrued Manager's fee	564,076	607,204
Accrued Trustee's fee	27,454	27,946
Accrued property managers' fees and salaries	426,610	477,908
Other payables and accruals	3,943,837	3,365,236
	5,794,688	8,306,080

Notes to the Financial Statements

15. UNITHOLDERS' FUNDS

Number of units in circulation:

	2021 Unit	2020 Unit
At 1 April/31 March	686,401,600	686,401,600

Issued and fully paid:

	2021 RM	2020 RM
At 1 April/31 March	636,624,829	636,624,829

As at 31 March 2021, 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 units in the Trust as follows:

	2021		2020	
	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	77,982,884	183,489,138	74,313,101
Yayasan Azman Hashim	77,947,353	33,127,625	77,947,353	31,568,678
AmMetLife Insurance Berhad on behalf of Life Fund	11,200,000	4,760,000	11,200,000	4,536,000
Azman bin Hashim	849,076	360,857	849,076	343,876
AmGroup Foundation	2,560	1,088	2,560	1,037

The market value is determined by multiplying the number of units with the market closing price of RM0.425 per unit as at 31 March 2021 (31 March 2020: RM0.405 per unit) as published in Bursa Malaysia.

16. REVENUE

	2021 RM	2020 RM
Rental income:		
- Realised	101,159,781	107,593,097
- Unrealised (in relation to accrued unbilled rental income) (Note 23)	4,375,610	4,646,444
- Rental rebate given in relation to MCO	(4,161,892)	-
Car park income	5,852,457	8,234,941
Other income	77,103	207,521
	107,303,059	120,682,003

Notes to the Financial Statements

16. REVENUE (CONTD.)

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.

In response to the significant economic disruption brought on by the COVID-19 pandemic and measures taken to contain its spread through MCO as implemented by the Government of Malaysia, the Trust has given rental rebates to help businesses and tenants to weather this difficult period.

17. PROPERTY EXPENSES

Included in property expenses are the following:

	2021 RM	2020 RM
Property management fees and reimbursements*	4,553,343	4,743,082
Rates and assessment	6,005,350	5,415,362
Quit rent	441,423	416,481

* Property management fees 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% (2020: 0.30%) per annum and performance fee of 3.1% (2020: 3.00%) per annum.

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% (2020: 0.04%) per annum on the net asset value.

Notes to the Financial Statements

20. OTHER EXPENSES

Included in other expenses are:

	2021 RM	2020 RM
Allowance on ECL on (Note 7(d)):		
- trade receivables	1,810,046	343,358
- accrued lease receivable	1,124,347	-
	2,934,393	343,358
Professional fees	566,320	220,516
Printing and stationery	231,671	91,720
AGM expenses	108,919	98,814
Share registrar fees	87,278	86,296
Other trust expenses	76,098	58,340
	1,070,286	555,686
Total other expenses	4,004,679	899,044

21. TAXATION

	2021 RM	2020 RM
Current tax expense	-	-
Deferred tax relating to the origination and reversal temporary differences (Note 10)	(351,931)	2,421,029
	(351,931)	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% (2020: 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:

	2021 RM	2020 RM
Profit before taxation	2,372,892	26,008,497
Taxation at statutory tax rate of 24% (2020: 24%)	569,494	6,242,039
Effects of non-deductible expenses	2,901,179	630,408
Effect of fair value adjustment on investment properties not subject to tax	5,486,792	1,049,318
Effects of income exempted from tax	(8,957,465)	(7,921,765)
Deferred tax recognised at different tax rate	-	2,421,029
Deferred tax from origination of temporary difference	(351,931)	-
	(351,931)	2,421,029

Notes to the Financial Statements

22. EARNINGS PER UNIT

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

	2021	2020
Net realised income for the financial year (RM)	21,513,349	25,493,074
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)	3.13	3.71

Earnings per unit before manager's fee is computed based on net realised 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.

	2021	2020
Net realised income for the financial year (RM)	21,513,349	25,493,074
Add back: Manager's fee (RM)	7,087,725	7,327,213
Net adjusted income for the financial year before manager's fee (RM)	28,601,074	32,820,287
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)	4.17	4.78

23. INCOME DISTRIBUTION

In respect of the current financial year ended 31 March 2021, the Manager had paid an interim income distribution of 1.40 sen per unit for the six-month financial period from 1 April 2020 to 30 September 2020 of RM9,609,622 and has proposed a final income distribution of 1.42 sen per unit for the six-month financial period from 1 October 2020 to 31 March 2021 of RM9,746,903 payable on 27 May 2021. The total distribution of RM19,356,525 in respect of the financial year ended 31 March 2021 is in line with the objectives of AmFIRST REIT to deliver regular and stable distributions to Unitholders.

In prior 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 a final income distribution of 1.49 sen per unit for the six-month financial period from 1 October 2019 to 31 March 2020 amounting to RM10,227,387 to its Unitholders.

Notes to the Financial Statements

23. INCOME DISTRIBUTION (CONTD.)

The total income distribution of 2.82 sen per unit for the financial year ended 31 March 2021 is from the following sources:

	2021 RM	2020 RM
Net revenue (Note 16)	107,303,059	120,682,003
Less: Unrealised gross revenue derived from accrued unbilled rental income recognised on straight-line method (Note 16)	(4,375,610)	(4,646,444)
Interest income	63,530	85,453
Other income	373,940	253,735
	103,364,919	116,374,747
Less: Expenses	(82,975,917)	(90,881,673)
Add: Impairment on accrued unbilled rental income (unrealised)	1,124,347	-
	21,513,349	25,493,074
Add: Undistributed income at beginning of the financial year	5,165,526	2,666,904
	26,678,875	28,159,978
Less: Undistributed income at end of the financial year	(7,322,350)	(5,165,526)
	19,356,525	22,994,452
Distribution per unit (sen)	2.82	3.35

24. PORTFOLIO TURNOVER RATIO

	2021	2020
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.

There was no acquisition nor disposal of investment in the current financial year.

25. MANAGEMENT EXPENSE RATIO

	2021	2020
Management Expense Ratio ("MER") (%)	1.39	1.05

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:

	2021 RM	2020 RM
Approved but not contracted for: Investment properties	1,210,000	4,140,641
Approved and contracted for: Investment properties	971,837	2,369,331

(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:

	2021 RM	2020 RM
Not later than one year	90,652,428	97,490,633
Later than one year and not later than five years	157,106,622	139,609,542
Later than five years	393,549,692	444,049,431
	641,308,742	681,149,606

27. TRANSACTIONS AND BALANCES WITH THE COMPANIES RELATED TO THE MANAGER

Other than as disclosed in the respective notes, the other balances and transactions arising from transactions with companies related to the Manager as at end of the financial year include:

Transactions with companies related to the Manager:

	2021 RM	2020 RM
Rental earned from AmBank Group	38,652,202	39,045,278
Interest earned from AmBank (M) Berhad	63,530	85,453
Finance cost paid to AmBank (M) Berhad	13,283,347	18,214,251
Loan facilities fees	100,000	75,631
Insurance premium paid to AmGeneral Insurance Berhad	591,107	620,164

Balances with companies related to the Manager:

	2021 RM	2020 RM
AmBank Group		
Bank balances and deposits placed with AmBank (M) Berhad	2,776,696	3,963,453
Rental receivable from AmBank Group (Note 7(c))	434,662	228,248
Bank borrowings from AmBank (M) Berhad (Note 11)	355,100,000	369,500,000
Rental deposits received from the AmBank Group (Note 9)	11,638,709	11,316,914

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.

Financial instruments measured at fair value:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31 March 2021				
Financial liabilities measured at fair value				
Derivatives	-	-	-	-
31 March 2020				
Financial liabilities measured at fair value				
Derivatives	-	910,180	-	910,180

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 REITs Guidelines, are set out below. It is not the Trust's policy to engage in speculative transactions.

AmFIRST REIT is exposed to financial risks arising from operations and the use of financial instruments. The key financial risks include interest rate, credit and liquidity risks.

Notes to the Financial Statements

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

(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:

	2021 RM	2020 RM
Financial assets:		
<i>Floating rate instrument</i>		
Deposits with financial institution	2,487,993	2,969,390
Financial liabilities:		
<i>Floating rate instrument</i>		
Term loan	556,601,633	556,169,456
Revolving credit	258,100,000	242,500,000
	814,701,633	798,669,456
Interest rate swap contracts	-	910,180

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 borrowing which is not hedged. The Trust has performed the following interest rate sensitivity analysis to show the Trust's sensitivity to interest rates exposure:

	Profit or loss	
	25 basis point Increase RM	25 basis point Decrease RM
2021		
Floating rate instruments	(2,039,875)	2,039,875
IRS swap contract	-	-
	(2,039,875)	2,039,875
2020		
Floating rate instruments	(2,000,875)	2,000,875
IRS swap contract	250,000	(250,000)
	(1,750,875)	1,750,875

Notes to the Financial Statements

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

(ii) Effective interest rates and maturity

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	Maturity date > 1 - 5 years RM
2021				
Financial assets				
Deposits with financial institution	1.88	2,487,993	2,487,993	-
Financial liabilities				
Term loans	3.20	556,601,633	(512,499)	557,114,132
Revolving credit facilities	3.11	258,100,000	118,100,000	140,000,000
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

(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 rental income earned from the AmBank Group and Mydin Mohamed Holdings Bhd which formed 54.0% (2020: 49.7%) of the total gross revenue or total gross receivables, 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.

Notes to the Financial Statements

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

(iii) Credit risk (Contd.)

The Trust's credit risk profile of its trade receivables as at the reporting date is tabled as follows:

	Gross RM	Rental rebate RM	Net of rebate RM	Allowances for ECL RM	Net RM
2021					
Non-Current					
Accrued unbilled rental income	23,735,794	-	23,735,794	(1,124,347)	22,611,447
Current					
Trade receivable					
Current	433,931	(95,842)	338,089	(9,068)	329,021
Past due 30 - 60 days	3,069,351	-	3,069,351	(95,983)	2,973,368
Past due 61 - 90 days	1,811,265	(75,723)	1,735,542	(74,837)	1,660,705
Past due more than 90 days	9,682,591	(1,559,849)	8,122,742	(2,242,976)	5,879,766
	14,997,138	(1,731,414)	13,265,724	(2,422,864)	10,842,860
2020					
Non-Current					
Accrued unbilled rental income	19,360,184	-	19,360,184	-	19,360,184
Current					
Trade receivable					
Current	1,464,694	-	1,464,694	(63,973)	1,400,721
Past due 30 - 60 days	583,958	-	583,958	(123,857)	460,101
Past due 61 - 90 days	610,678	-	610,678	(13,192)	597,486
Past due more than 90 days	916,464	-	916,464	(411,796)	504,668
	3,575,794	-	3,575,794	(612,818)	2,962,976

All of the Trust's other receivables are neither past due nor impaired.

(iv) Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting its financial obligations as they fall due.

The Trust manages its liquidity risk by maintaining a portion of its resources in deposits and balances with financial institutions to meet estimated commitments arising from financial liabilities.

Notes to the Financial Statements

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

(iv) Liquidity risk (Contd.)

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

	Within one year RM	1 - 5 years RM	Total RM
2021			
Rental deposits	14,915,505	13,335,952	28,251,457
Payables	28,977,173	56,790,313	85,767,486
Borrowings	118,100,000	697,850,000	815,950,000
Derivatives	-	-	-
Lease liabilities	193,676	144,258	337,934
Total financial liabilities	162,186,354	768,120,523	930,306,877
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

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%. On 12 August 2020, the Securities Commission Malaysia announced that it will temporarily increase the gearing limit for Malaysian real estate investment trusts from 50% to 60% until 31 December 2022.

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.

	2021 RM	2020 RM
Total borrowings (Note 11)	814,701,633	798,669,457
Total assets	1,673,720,159	1,679,145,824
Gearing ratio (%)	48.7%	47.6%

Borrowings which are payable after twelve month from the reporting date represents 86% (2020: 56%) of total borrowings.

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.

The Plaintiffs have since appealed against the decision of the Striking Out Application to the Court of Appeal ("Appeal"). The hearing of the Appeal which was initially fixed on 3 November 2020 has been postponed to 4 March 2021. Subsequently, it has been further postponed to 26 October 2021.

The Plaintiffs have since appealed against the decision of the Striking Out Application to the Court of Appeal ("Appeal"). The hearing of the Appeal which was initially fixed on 4 March 2021 has been postponed to 26 October 2021.

The SMT Proceedings and the proceedings before the High Court are stayed pending the disposal of the Appeal. The case management before the High Court which was fixed on 8 March 2021 was also postponed to 27 October 2021 for parties to update the High Court on the status of the Appeal.

32. OPERATING SEGMENT

The key objective of the Trust 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. The investment properties owned by the Trust are similar in terms of economic characteristic and nature of services. Therefore, the Manager of the Trust are of the view that there is only one operating segment, namely leasing of investment properties.

The statement of financial position and statement of comprehensive income as presented in this financial statement forms the operating segment information for the business of leasing of investment properties. Hence, no other operating segment information has been prepared.

There are no geographical segment information as all the investment properties of the Trust are located in Malaysia.

Statement by the Directors of the Managers

We, Soo Kim Wai and , 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 124 to 164 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 2021 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
19 April 2021

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 124 to 164 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

CHONG HONG CHUON
(MIA 18174)
Chief Financial Officer

SUBSCRIBED AND SOLEMNLY DECLARED by the abovenamed Chong Hong Chuon, at Kuala Lumpur, Malaysia on 19 April 2021.

Before me:

Commissioner for Oaths

Trustee's Report

To the Unitholders of AmFIRST Real Estate Investment Trust

We have acted as the Trustee of AmFIRST Real Estate Investment Trust ("Trust") for the financial year ended 31 March 2021. To the best of our knowledge, AmREIT Managers Sdn Bhd ("Management Company") has managed the Trust in accordance with the roles and responsibilities and limitation imposed on the investment powers of the Management Company and the Trustee under the Deed, the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws during the financial year ended 31 March 2021.

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 2021 are in line with and are reflective of the objectives of the Trust.

For Maybank Trustees Berhad

BERNICE LAU KAM MUN
Head, Operations

Kuala Lumpur, Malaysia
19 April 2021

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 2021, 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 124 to 164.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Trust as at 31 March 2021, 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.

Valuation of investment properties

As at 31 March 2021, the carrying amount of the Trust's investment properties amounted to RM1,628,488,553 which represents 97% 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, including COVID-19 considerations. The Trust had engaged an external valuer to determine the fair value of the investment properties at the reporting date.

Independent Auditors' Report

to the Unitholders of AmFIRST Real Estate Investment Trust

Report on the audit of the financial statements (Contd.)

Key audit matters (Contd.)

Valuation of investment properties (Contd.)

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 have assessed the reasonableness of the property data used in the valuation to available market data;
- 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.

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.

Independent Auditors' Report

to the Unitholders of AmFIRST Real Estate Investment Trust

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 (Contd.)

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) & AF 0039

Lee Pei Yin
No. 03189/05/2021 J
Chartered Accountant

Chartered Accountants

Kuala Lumpur, Malaysia
19 April 2021

Analysis of Unitholders

Thirty (30) Largest Unitholders As at 7 May 2021

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	33,171,200	4.83
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.	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt an for DBS Bank Ltd (SFS)	5,406,000	0.79
7.	Lim Soon Huat	5,122,272	0.75
8.	Seng Siaw Wei	5,000,000	0.73
9.	Tan Kim Chuan	4,498,100	0.66
10.	AMSEC Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Ng Bee Lan	4,400,000	0.64
11.	CGS-CIMB Nominees (Asing) Sdn Bhd Exempt an for CGS-CIMB Securities (Singapore) Pte. Lte. (Retail Clients)	3,426,993	0.50
12.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (NP-Other-REITS)	3,075,300	0.45
13.	Lim Kew Seng	2,315,080	0.34
14.	Oh Eng Cheng	2,190,000	0.32
15.	Radhakrishnan A/L Menon	2,050,000	0.30
16.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (AP-REITS)	2,000,000	0.29
17.	Yeow Ewe Chuan	2,000,000	0.29
18.	Kenanga Nominees (Asing) Sdn Bhd Exempt an for Phillip Securities Pte Ltd (Client Account)	1,935,060	0.28
19.	Wong Soh Har @ Wong Yin Teck	1,850,000	0.27
20.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA International Real Estate Securities Portfolio of DFA Investment Dimensions Group Inc	1,788,940	0.26
21.	Wing Kwong @ Chan Wing Kwong	1,761,424	0.26
22.	Goh Siew Cheng	1,680,000	0.24
23.	Chan Chor Yook	1,635,000	0.24
24.	Yeap Ah Kau @ Yeap Chan Too	1,600,000	0.23
25.	Koh Song Leang	1,525,000	0.22
26.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Sun Yick	1,500,045	0.22
27.	Tan Teck Peng	1,300,000	0.19
28.	Lucky Star Pte. Ltd	1,257,600	0.18
29.	Ong Mor See	1,230,955	0.18
30.	Abdul Rahim Bin Bidin	1,230,200	0.18
Total		374,728,560	54.60

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

Analysis of Unitholders

Distribution Schedule of Unit As at 7 May 2021

Category	No. of Unitholders	No. of Holdings	% of Holdings
Less than 100	809	25,470	0.00
100 to 1,000	3,238	2,011,131	0.29
1,001 to 10,000	5,384	24,105,804	3.51
10,001 to 100,000	3,063	103,218,505	15.04
100,001 to less than 5% of the issued units	671	295,604,199	43.07
5% and above the issued units	2	261,436,491	38.09
Total	13,167	686,401,600	100.00

Classification of Unitholders As at 7 May 2021

Category of Unitholders	No. of Unitholders		No. of Holdings		% of Holdings	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1. Individuals	10,754	176	261,763,807	7,986,838	38.14	1.16
2. Body Corporate						
a. Banks / Finance / Companies	4	-	183,991,218	-	26.81	-
b. Investment Trusts / Foundation / Charities	3	-	78,291,661	-	11.41	-
c. Industrial and Commercial Companies	139	6	16,553,923	1,570,209	2.41	0.23
3. Government Agencies / Institutions	1	-	11,421	-	0.00	-
4. Nominees	1,984	100	118,222,358	18,010,165	17.22	2.62
Total	12,885	282	658,834,388	27,567,212	95.99	4.01

Breakdown of Unit Holding As at 7 May 2021

Category	No. of Unitholders	No. of Holdings
5,000 and below	7,784	12,347,975
5,001 to 10,000	1,647	13,794,430
10,001 to 50,000	2,520	62,741,641
50,001 to 500,000	1,096	155,199,391
500,001 and above	120	442,318,163
Total	13,167	686,401,600

Corporate Directory

BOARD OF DIRECTORS OF THE MANAGER

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

Y Bhg Dato' Wong Nam Loong
Independent Non-Executive Director

Y Bhg Tan Sri Mazlan bin Mansor
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 Christopher Yap Huey Wen
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, Malaysia
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, Malaysia
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, Malaysia
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, Malaysia
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 Centrepont South
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
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
[202006000003 (LLP0022760-LCA) &
AF0039]
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia
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, Malaysia
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, Malaysia
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, Malaysia
Telephone No. : 603-2070 8833
Facsimile No. : 603-2715 9442

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, 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

[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"), the Second Restated Deed dated 13 September 2013 ("Second Deed") and the Third Restated Deed dated 12 June 2020 ("Third Deed" or the "Deed")) entered into between AmREIT Managers Sdn Bhd and Maybank Trustees Berhad, companies incorporated under the Companies Act, 1965]

NOTICE OF THE NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **Ninth Annual General Meeting ("9th AGM") of the Unitholders of AmFIRST Real Estate Investment Trust ("AmFIRST REIT")** will be conducted on a fully virtual basis through live streaming and online voting via Remote Participation Electronic Voting ("RPEV") facilities for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this notice.

Meeting Platform : <https://web.lumiagm.com>
Day and Date : Wednesday, 7 July 2021
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 2021 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 ("PROPOSED AUTHORITY")**

**ORDINARY
RESOLUTION NO. 1**

"THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant regulatory authorities, where such approval is required, authority be and is hereby given to the Board of Directors of AmREIT Managers Sdn Bhd (the "Manager") (the "Directors") to allot and issue new units in AmFIRST REIT ("New Units") from time to time to such persons and for such purposes as the Directors may in their absolute discretion deem fit and in the best interest of AmFIRST REIT and its Unitholders, provided that the aggregate number of New Units issued, when aggregated with the number of Units in AmFIRST REIT to be issued pursuant to this resolution during the preceding twelve (12) months, does not exceed 20% of the total number of units issued of AmFIRST REIT:

AND THAT the Proposed Authority shall be effective and continue to be in force from the date of receipt of all relevant authorities' approval or the date the unitholders pass this resolution, whichever may be the later, until:

- (a) the conclusion of the next AGM of the unitholders at which time it shall lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the unitholders is required by law to be held; or
- (c) the Proposed Authority is revoked or varied by the unitholders in a unitholders' meeting;

Whichever occurs first;

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 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 of AmFIRST REIT and to deal with all matters relating thereto;

AND FURTHER THAT authority be and is hereby given to the Director and the Trustee, acting for and on behalf of AmFIRST REIT, to give effect to take all such steps and do all acts, deeds and things in any manner (including execute such documents as may be required) as they may deem necessary or expedient to implement, finalise, complete and to give full effect to the Proposed Authority."

Notice of Ninth Annual General Meeting

3. **ENHANCED GENERAL MANDATE FOR RIGHTS ISSUE OF UP TO 50% OF THE TOTAL NUMBER OF ISSUED UNITS IN AmFIRST REIT ON PRO RATA BASIS (“ENHANCED RIGHTS ISSUE MANDATE”)**

ORDINARY RESOLUTION NO. 2

“THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approval of the relevant regulatory authorities, where such approval is required, authority be and is hereby given to Directors for the following:

- (a) to provisionally or otherwise to allot and issue new units in AmFIRST REIT by way of a rights issue of up to 50% of the total number of issued units of AmFIRST REIT (“Rights Units”) on pro rata basis to the Unitholders of AmFIRST REIT whose names appear on the Record of Depositors of AmFIRST REIT as at the close of business on an entitlement date to be determined and announced later by the Directors;
- (b) to determine the issue price of the Rights Units, which shall not be priced at more than a 30% discount to the theoretical ex-rights price of the units;
- (c) to do all such acts and things including but not limited to the application to Bursa Malaysia Securities Berhad for the listing of and quotation for the Rights Units;

THAT the Enhanced Rights Issue Mandate shall be effective and continue to be in force from the date the Unitholders pass this resolution until 31 December 2021;

THAT any Rights Units which are not taken up shall be made available for excess applications to the entitled Unitholders who have applied for the excess Rights Units; and are intended to be allocated on a fair and equitable basis to be determined by the Directors;

THAT any fractional entitlements of the Rights Units arising from the rights issue, if any, shall be disregarded and dealt with in such manner as the Directors shall in their absolute discretion deem fit and expedient, and is in the best interest of AmFIRST REIT;

THAT authority be and is hereby given to the Directors and the Trustee, acting for and on behalf of AmFIRST REIT to utilise the proceeds of the rights issue pursuant to the Enhanced Rights Issue Mandate and be authorised with full power to vary the manner and/or purposes of utilisation of such proceeds in such manner as the Directors and the Trustee, may at their absolute discretion, deem fit, necessary, expedient and/or in the best interest of AmFIRST REIT, subject to the approval of the relevant authorities, where required;

THAT the Rights Units will, upon allotment and issuance, be of the same class and rank *pari passu* in all respects with each other and the then existing Units, save and except that the Rights Units will not be entitled to any distributable income, rights, allotments and/or any other distributions which may be declared, made or paid to the Unitholders of AmFIRST REIT, the entitlement date of which is prior to or on the date of allotment of the Rights Units;

AND FURTHER THAT the Directors and the Trustee, acting for and on behalf of AmFIRST REIT be and are hereby authorised to sign and execute all documents, enter into any arrangements, agreements and/or undertakings with any party or parties, do all things as may be required to give effect to the Enhanced Rights Issue Mandate with full powers to assent to any conditions, variations, modifications and/or amendments including to vary the manner and/or the purpose of the utilisation of proceeds arising from the Enhanced Rights Issue Mandate, if necessary, in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem fit, necessary and/or expedient to implement, finalise and give full effect to the Enhanced Rights Issue Mandate in the best interest of AmFIRST REIT.”

Notice of Ninth Annual General Meeting

**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
31 May 2021

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 - Enhanced General Mandate for Rights Issue of up to 50% of the Total Number of Units Issued of AmFIRST REIT on Pro Rata Basis ("Enhanced Rights Issue Mandate")

The Securities Commission Malaysia and Bursa Malaysia Securities Berhad had on 10 November 2020 introduced a temporary relief measure allowing listed issuers to undertake secondary fund raising via an enhanced general mandate for a rights issue of shares or units of up to 50% of the total number of issued shares (excluding treasury shares) or issued units, as the case may be, on a pro rata basis. The enhanced general mandate for rights issue is subject to certain conditions including, inter alia, that the issue price of the shares or units shall not be priced at more than a 30% discount to the theoretical ex-rights price of the shares or units, and the eligible listed issuer must procure irrevocable letter(s) of undertaking from its existing controlling Unitholders, as the case may be, to subscribe for their full entitlements under the rights issue exercise. The enhanced general mandate may be utilised by an eligible listed issuer to issue new rights shares or units until 31 December 2021.

The Directors, having considered the current economic climate affected by the COVID-19 pandemic and future financial needs of AmFIRST REIT, is of the opinion that the Enhanced Rights Issue Mandate is in the best interest of AmFIRST REIT and its unitholders as the Enhanced Rights Issue Mandate provides flexibility to AmFIRST REIT in terms of fund raising options to meet AmFIRST REIT's funding requirements for working capital, repay borrowings and/or future acquisitions; and enables AmFIRST REIT to raise funds via a rights issue in an expeditious manner without delay and incurring additional costs to convene a separate general meeting to seek unitholders' approval for a rights issue of units.

NOTES:

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

- (i) In light of the current ongoing COVID-19 pandemic and having regard to the well-being and the safety of our Unitholders, the 9th AGM will be conducted via RPEV facilities through live streaming and online voting using RPEV facilities by registering online with Boardroom Smart Investor Portal at <https://boardroomlimited.my>. Please follow the procedures provided in the Administrative Guide for the 9th AGM in order to register, participate and vote remotely via the RPEV facilities.
- (ii) With RPEV facilities, a Unitholder may exercise his/her right to participate (including to pose questions to the Directors) and vote at the 9th 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 9th 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 of COVID-19 pandemic situation in Malaysia, we may be required to change the arrangements of our 9th AGM at short notice. Kindly check the website or announcements of AmFIRST REIT for the latest updates on the status of the 9th AGM.

Notice of Ninth Annual General Meeting

2. Proxy

- (i) Since the 9th 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 on 7 July 2021, 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 9th 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 9th 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, at Ground 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 email 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 Boardroom 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 9th AGM, AmFIRST REIT shall be requesting from Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 30 June 2021. In respect of the deposited securities, only Unitholders whose names appear in the Record of Depositors of AmFIRST REIT on 30 June 2021 shall be entitled to participate and vote at the 9th AGM or appoint the Chairman of the Meeting as Proxy to participate and vote on such depositors' behalf.

4. Registration of Unitholders/Proxies

Registration of Unitholders/Proxies is opened from 10:00 a.m. Monday, 31 May 2021 up to 10:00 a.m. Monday, 5 July 2021. Please follow the procedures provided in the Administrative Guide for the 9th AGM in order to register, participate and vote remotely via the RPEV facilities.

5. Voting

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in the Notice of the 9th 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 9th 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"), the Second Restated Deed dated 13 September 2013 ("Second Deed") and the Third Restated Deed dated 12 June 2020 ("Third Deed" or the "Deed")) entered into between AmREIT Managers Sdn Bhd and Maybank Trustees Berhad, companies incorporated under the Companies Act, 1965]

**ADMINISTRATIVE GUIDE FOR THE NINTH ANNUAL GENERAL MEETING
OF THE UNITHOLDERS OF AmFIRST REAL ESTATE INVESTMENT TRUST ("AmFIRST REIT")**

Meeting Platform : <https://web.lumiagm.com/>
Day and Date : **Wednesday, 7 July 2021**
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 Ninth Annual General Meeting ("**9th AGM**") of AmFIRST REIT will be conducted fully virtual via the Meeting Platform, as the safety of our Unitholders, Board of Directors, staffs and other stakeholders who will attend the 9th 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 RPEV 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 9th AGM. Alternatively, you may also appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 9th AGM.

Kindly ensure that you are connected to the internet at all times in order to participate and vote when the virtual 9th 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 at the locations of the remote 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 2021 at <https://ir2.chartnexus.com/amfirstreit/reports.php>
2. Notice of the 9th AGM, Proxy Form and Administrative Guide at <https://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.

Broadcast Venue

Unitholders are not allowed to participate in the 9th AGM at the Broadcast Venue as the venue is only meant to facilitate the conduct of the virtual 9th AGM. Unitholders who turn up at the Broadcast Venue would be requested to leave the venue.

Entitlement to Participate in the 9th AGM

In respect of deposited securities, only Unitholders whose names appear on the Record of Depositors on 30 June 2021 (General Meeting Record of Depositors) shall be eligible to participate the meeting or appoint proxy(ies) to participate and vote on his/her behalf.

Administrative Guide for the Ninth Annual General Meeting

Form(s) of Proxy

Unitholders are encouraged to go online, participate, and vote at the 9th 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).

You may download the Proxy Form from our website at <https://ir2.chartnexus.com/amfirstreit/agm.php>

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.

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 forty-eight (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> <ol style="list-style-type: none"> Access website https://boardroomlimited.my Click <<Login>> and click <<Register>> to sign up as a user. Complete registration and upload softcopy of MyKad (front and back) or Passport in JPEG, PNG or PDF format. Please enter a valid email address and wait for email verification from Boardroom. Your registration will be verified and approved within one (1) business day and an email notification will be provided.




Administrative Guide for the Ninth Annual General Meeting

Steps for registration for remote participation and electronic voting (Contd.)

Procedure	Action
Before the day of the AGM (Contd.)	
2. Submit Request for Remote Participation	<p>Registration for remote access will be opened at 10:00 a.m. on Monday, 31 May 2021. Please note that the closing time to submit your request is at 10:00 a.m. on Monday, 5 July 2021 (forty-eight (48) hours before the commencement of the AGM).</p> <p>Individual Members</p> <ol style="list-style-type: none"> Log in to https://boardroomlimited.my using your User ID and Password given above. Select "VIRTUAL MEETING" from main menu and select the correct Corporate Event "AmFIRST REAL ESTATE INVESTMENT TRUST 9TH ANNUAL GENERAL MEETING". Read and agree to the terms and conditions. Enter your CDS Account Number and thereafter submit your request. <p>Corporate Unitholders, Authorised Nominee and Exempt Authorised Nominee</p> <ol style="list-style-type: none"> 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. Please provide a copy of Corporate Representative's MyKad (Front and Back) or Passport in JPEG, PNG or PDF as well as his/her email address.
3. Email Notification	<ol style="list-style-type: none"> You will receive notification(s) from Boardroom that your request(s) has/have been received and is/are being verified. Upon system verification against the General Meeting Record of Depositors as at 30 June 2021, 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.
On the day of the AGM	
4. Login to Meeting Platform	<ol style="list-style-type: none"> The Meeting Platform will be opened for login one (1) hour before the commencement of the AGM. The Meeting Platform can be accessed via one of the following:- <ol style="list-style-type: none"> Scan the QR Code provided in the email notification; Navigate to the website at https://web.lumiagm.com/ Insert the Meeting ID number and sign in with the user ID and password provided to you via the email notification in Step 3(c).

Administrative Guide for the Ninth Annual General Meeting

Steps for registration for remote participation and electronic voting (Contd.)

Procedure	Action
On the day of the AGM (Contd.)	
5. Participate	<p><i>[Note: Questions submitted online via Meeting Platform will be moderated before being sent to the Chairman to avoid repetition. Minority Shareholder Watchdog Group's questions and answers will be presented during the 9th AGM.]</i></p> <ol style="list-style-type: none"> If you would like to view the live webcast, select the broadcast icon.  If you would like to ask a question during the AGM, please select the messaging icon.  Type your message within the chat box, once completed click the send button.
6. Voting	<ol style="list-style-type: none"> Once voting has been opened, the polling icon  will appear with the resolutions and your voting choices. To vote, please select your voting direction from the options provided. A confirmation message will appear to show your vote has been received. To change your vote, please select another voting direction. If you wish to cancel your vote, please press "Cancel".
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.

No Distribution of Door Gifts/Food and Beverages Voucher

There will be no distribution of door gifts and food and beverages voucher to Unitholders.

Enquiries

If you have any enquiries on the RPEV 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

Administrative Guide for the Ninth Annual General Meeting

Submission of questions before and during the meeting

- 1) Typed text in the Meeting Platform.
- 2) Unitholders may submit questions in advance on the AGM resolutions and Annual Report FY2021 commencing from 31 May 2021 and in any event no later than 10:00 a.m., 5 July 2021 via Boardroom Smart Investor Portal at <https://boardroomlimited.my> by logging in and select “SUBMIT QUESTION” to pose questions (“Pre-AGM Meeting Questions”).

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"), the Second Restated Deed dated 13 September 2013 ("Second Deed") and the Third Restated Deed dated 12 June 2020 ("Third Deed" or the "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) _____

with email address _____ mobile phone no. _____
being a Unitholder of AmFIRST Real Estate Investment Trust ("**AmFIRST REIT**") hereby appoints:-

First Proxy "A"

Full Name:	NRIC No./Passport No.:	Full Address:	Telephone No.:	Proportion of Unitholdings Represented	
				No. of Units	%

and/or failing *him/her,

Second Proxy "B"

Full Name:	NRIC No./Passport No.:	Full Address:	Telephone No.:	Proportion of Unitholdings Represented	
				No. of Units	%

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 Ninth Annual General Meeting ("**9th 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 : **Wednesday, 7 July 2021**
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 _____, 2021.

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

* 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 9th AGM will be conducted via RPEV facilities through live streaming and online voting using RPEV facilities by registering online with Boardroom Smart Investor Portal at <https://boardroomlimited.my>. Please follow the procedures provided in the Administrative Guide for the 9th AGM in order to register, participate and vote remotely via the RPEV facilities.
- (ii) With RPEV facilities, a Unitholder may exercise his/her right to participate (including to pose questions to the Directors) and vote at the 9th 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 9th 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 9th AGM at short notice. Kindly check the website or announcements of AmFIRST REIT for the latest updates on the status of the 9th AGM.

2. Proxy

- (i) Since the 9th 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 on 7 July 2021, 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 9th 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 9th 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 at Ground 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 email 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 Boardroom 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 9th AGM, AmFIRST REIT shall be requesting from Bursa Malaysia Depository Sdn. Bhd., to issue a General Meeting Record of Depositors as at 30 June 2021. In respect of the deposited securities, only Unitholders whose names appear in the Record of Depositors of AmFIRST REIT on 30 June 2021 shall be entitled to participate and vote at the 9th 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. Wednesday, 30 June 2021 up to 10:00 a.m. Monday, 5 July 2021. Please follow the procedures provided in the Administrative Guide for the 9th AGM in order to register, participate and vote remotely via RPEV facilities.

5. Voting

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in the Notice of the 9th 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 9th 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
Ground 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 9TH 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 email address and wait for Boardroom's email verification.
- e. Your registration will be verified and approved within one (1) business day and an email 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. email address) and password.
- c. Go to "E-PROXY LODGEMENT" and browse the Meeting List for **AmFIRST REIT's 9th 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 2021**.

Name of Unitholder :	
NRIC No. / Passport No. / Company No. :	
CDS Account No. :	
Address :	
Contact No. / Email Address :	
Signature of Unitholder :	

Contact details of AmREIT for a printed copy of the Annual Report 2021 and the designate person to answer queries relating to the use of the electronic format are as follows:-

- **Telephone No.** : 03-7955 8120 through Encik Abdul Rahman bin Mohd Joned.
- **Facsimile No.** : 03-7955 8360/80.
- **Email 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 2021** will be sent to Unitholder within seven (7) market days from the date of receipt of your written or verbal request.

AmFIRST REIT – Annual Report 2021 may also be downloaded at <https://ir2.chartnexus.com/amfirstreit/reports.php>

OUR ANNUAL REPORT

Download here



The softcopy of our Annual Report 2021 is available at <https://ir2.chartnexus.com/amfirstreit/reports.php>



Download our Mobile App “**AmFIRST REIT**” from Google Play and App Store to view our Annual Report 2021



Scan the QR Code to view our Annual Report 2021 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 Darul Ehsan
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
Annual Report 2021
is available at
[https://ir2.chartnexus.com/
amfirstreit/reports.php](https://ir2.chartnexus.com/amfirstreit/reports.php)



Download our
Mobile App
“AmFIRST REIT” from
Google Play and
App Store to view our
Annual Report 2021



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to view our
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