



AmFIRST

Real Estate Investment Trust

Annual Report 2023



This Annual Report 2023 is printed on environmentally friendly paper.

IN THIS REPORT



11TH ANNUAL GENERAL MEETING

BROADCAST VENUE

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia.

DAY AND DATE

Thursday, 20 July 2023

TIME

10:00 a.m.

01

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- 1 Our Mission and Core Values
- 1 FY2023 at a Glance
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Annual Report 2023 online



Scan the QR Code to view the
11th AGM's documents

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.



QUALITY ASSET



ACQUISITION



ASSET
ENHANCEMENT
INITIATIVES



ENGAGEMENT



RISK MANAGEMENT



TRANSPARENCY



PRUDENT CAPITAL
MANAGEMENT



SUSTAINABILITY

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

FY2023 at a Glance

Asset Under Management

RM1,543.4 million

(31.3.2022 : RM1,608.7 million)

NAV Per Unit

RM1.1570

(31.3.2022 : RM1.1633)

Closing Unit Price

33.0 sen

(31.3.2022 : 38.0 sen)

Gross Revenue

RM103.4 million

(FY2022 : RM99.6 million)

Net Rental Income

RM58.9 million

(FY2022 : RM59.3 million)

Realised Net Profit

RM17.5 million¹

(FY2022 : RM22.2 million)

¹ Before the effect of realised loss on disposal of Menara AmFIRST

Gearing

47.4%

(31.3.2022 : 49.1%)

DPU Per Unit

2.70 sen

(FY2022 : 3.02 sen)

FIVE-YEAR

FINANCIAL HIGHLIGHTS

	FY2023 RM'000	FY2022 RM'000	FY2021 RM'000	FY2020 RM'000	FY2019 RM'000
SUMMARY OF FINANCIAL POSITION					
Investment Properties	1,543,421	1,608,747	1,628,489	1,647,140	1,642,331
Total Asset Value	1,591,658	1,661,275	1,673,720	1,679,146	1,671,846
Net Asset Value ("NAV")	804,874	811,749	823,632	840,744	844,544
Borrowings	754,127	815,214	814,702	798,669	791,085
Gearing (%)	47.38	49.07	48.68	47.56	47.32
Units in Circulation (Units) ('000)	686,402	686,402	686,402	686,402	686,402
NAV per Unit (RM)					
- Before proposed final income distribution	1.1726	1.1826	1.1999	1.2249	1.2304
- After proposed final income distribution	1.1570	1.1633	1.1857	1.2100	1.2091
- Highest NAV during the year (ex-distribution)	1.1853	1.2055	1.2340	1.2347	1.2438
- Lowest NAV during the year (ex-distribution)	1.1570	1.1643	1.1857	1.2071	1.2091
SUMMARY OF COMPREHENSIVE INCOME					
Revenue	103,429	99,647	107,303	120,682	121,229
Net Property Income	58,911	59,255	64,969	76,565	79,942
Profit for the financial year, consisting of:					
- Realised net income from operation	17,526	22,185	21,513	25,493	28,205
- Realised capital loss from disposal of investment property	(4,652)	-	-	-	-
- Unrealised	1,324	(16,840)	(18,788)	(1,906)	(5,912)
Total	14,198	5,345	2,725	23,587	22,293
DISTRIBUTION PER UNIT ("DPU") (SEN)					
- Interim	1.14	1.09	1.40	1.86	1.87
- Final	1.56	1.93	1.42	1.49	2.13
Total	2.70	3.02	2.82	3.35	4.00
Distribution Yield (based on respective closing market price) (%)	8.18	7.95	6.64	8.27	7.48
Management Expense Ratio ("MER") (%) ¹	0.90	0.76	1.39	1.05	1.01
Portfolio Turnover Ratio ("PTR") (Times) ²	0.08	-	-	-	-

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

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

FIVE-YEAR

FINANCIAL HIGHLIGHTS

	FY2023 RM'000	FY2022 RM'000	FY2021 RM'000	FY2020 RM'000	FY2019 RM'000
UNIT PRICE PERFORMANCE (RM)					
- As at 31 March	0.330	0.380	0.425	0.405	0.535
- Highest traded price during the year	0.410	0.445	0.460	0.545	0.615
- Lowest traded price during the year	0.320	0.365	0.380	0.355	0.515
- Average traded price during the year ³	0.361	0.403	0.412	0.477	0.57
- Average volume traded per day (Units) ('000)	301	198	317	374	121

TOTAL RETURN (%) ⁴

Change in Unit Price	(14.08)	(11.18)	4.82	(27.66)	(11.45)
Income Distribution	7.61	7.50	6.80	7.13	7.05
Total Return	(6.47)	(3.68)	11.62	(20.53)	(4.41)

AVERAGE ANNUAL RETURN (%) ⁵

One year	(6.5)
Three years	0.5
Five years	(4.7)
Since the listing date (21 December 2006)	0.4

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

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

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

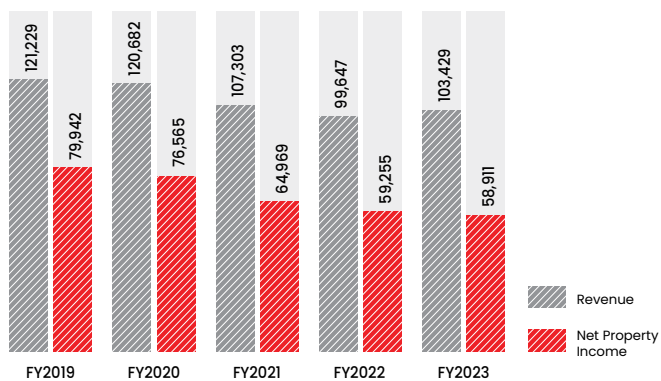
Past performance is not necessarily indicative of future performance, unit prices and investment returns may fluctuate.

FIVE-YEAR

FINANCIAL HIGHLIGHTS

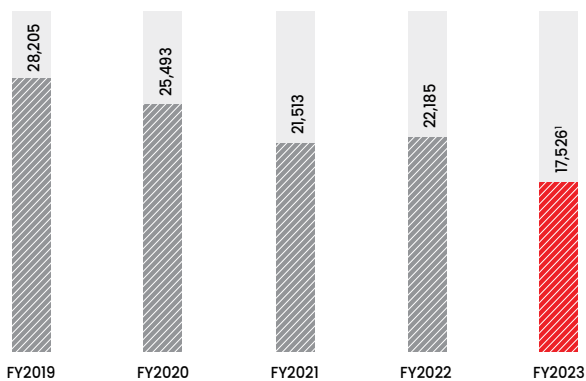
Revenue and Net Property Income

(RM'000)



Realised Net Income

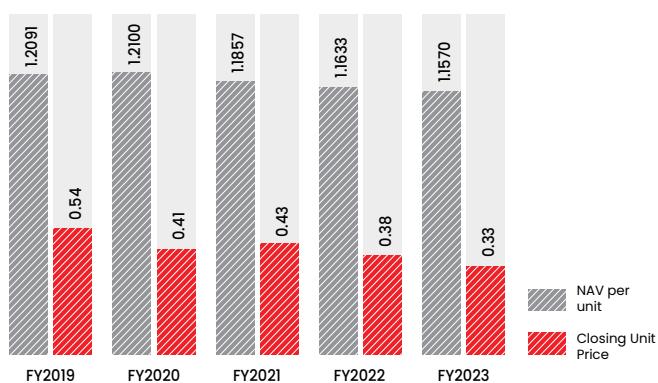
(RM'000)



¹ Before the effect of realised loss on disposal of Menara AmFIRST

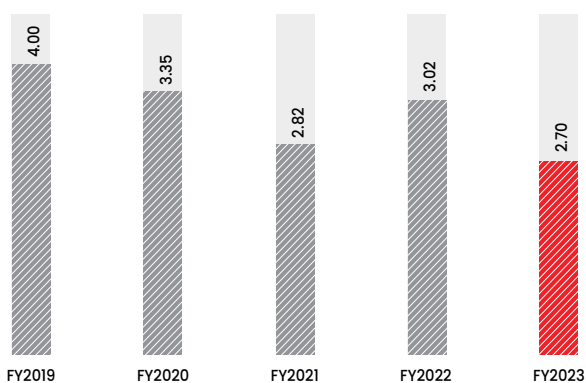
NAV Per Unit (after proposed income distribution) and Closing Unit Price

(RM)



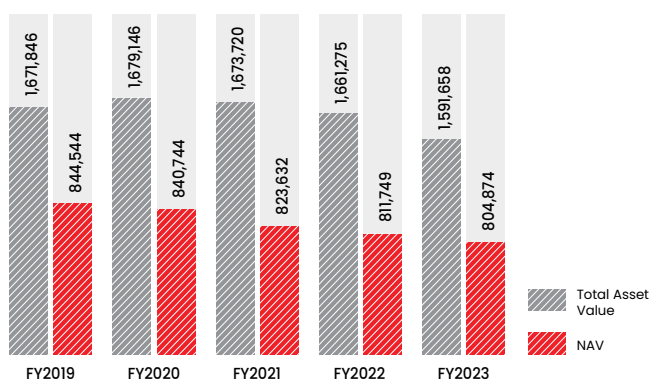
Distribution Per Unit

(Sen)



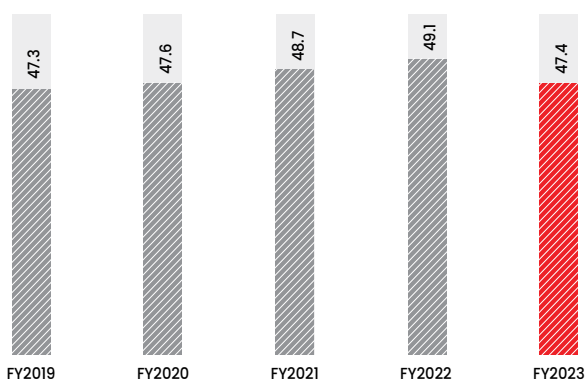
Total Asset Value and NAV

(RM'000)



Gearing

(%)



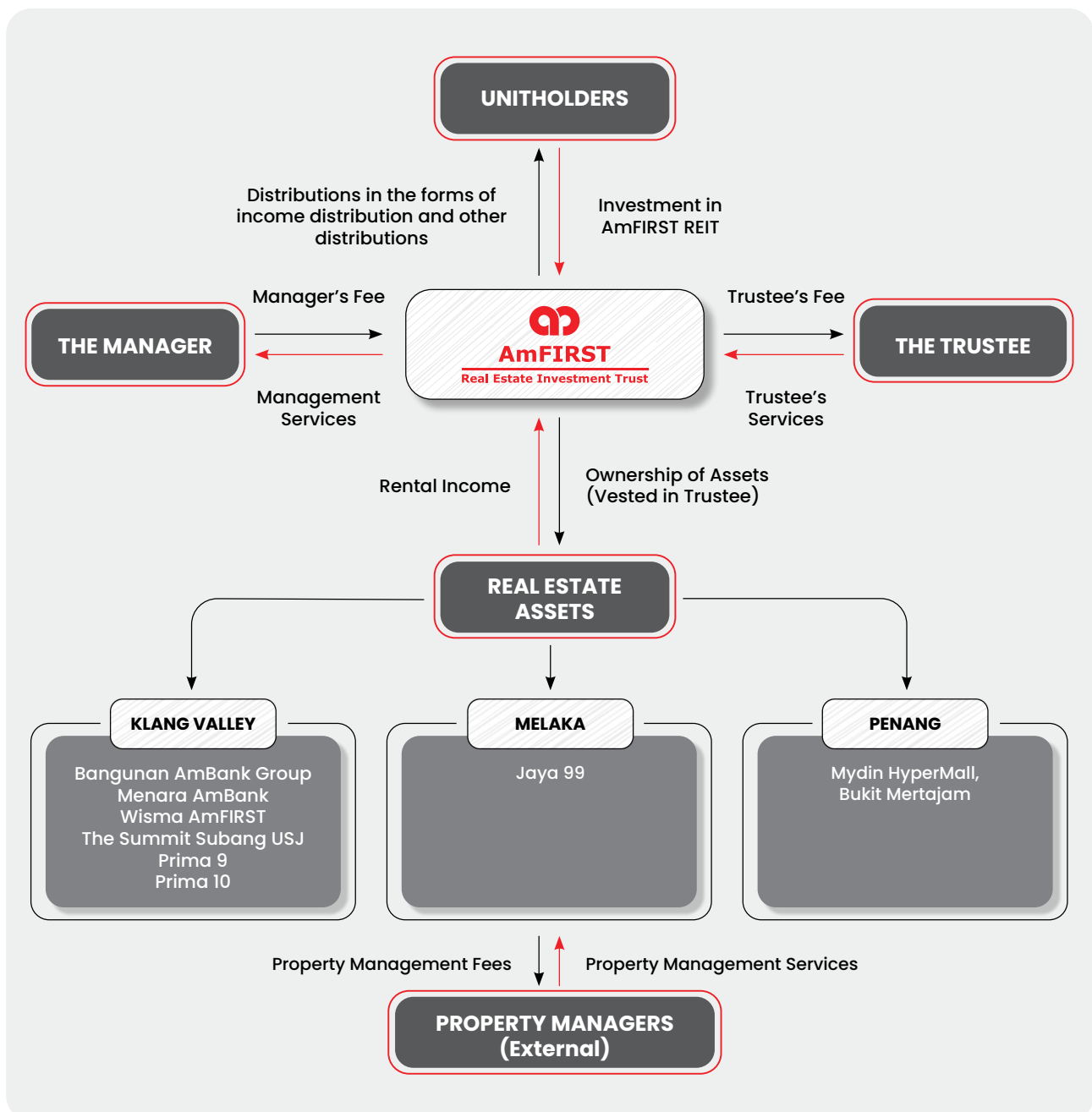
ABOUT

AmFIRST REIT

AmFIRST Real Estate Investment Trust (“AmFIRST REIT” or the “Trust”) is a real estate investment trust established in Malaysia and constituted 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 Malaysia”) on 21 December 2006.

The principal activity of AmFIRST REIT is to own and invest in a portfolio of commercial properties in major growth areas in Malaysia.



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 Policies

Permitted Investments and Restrictions

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

Portfolio Composition

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

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

Diversification

AmFIRST REIT 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.

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") are permitted to temporarily increase the gearing limit from 50% to 60% of the total asset value. This temporary increase in gearing limit had expired on 31 December 2022.

FUND

INFORMATION

Item	Brief Description
Investment Strategies	<p>Operating Strategy</p> <p>The Manager's operating strategy is to continue to enhance the performance of the existing properties by increasing yields and returns through retaining existing tenants, reducing vacancy levels, adding and / or optimising lettable space at the properties, minimising interruptions in rental income and operational costs, and maintaining satisfactory service levels to tenants.</p> <p>The following key operating and management principles will be applicable:</p> <ul style="list-style-type: none"> • 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. <p>Acquisition/Divestment Strategy</p> <p>The Manager's acquisition strategy for AmFIRST REIT is based on the following criteria:</p> <ul style="list-style-type: none"> • Yield-accretive. • Good location. • Healthy tenants mix and occupancy level. • Value-add opportunities. • Quality building and facilities specifications. <p>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.</p> <p>Capital Management Strategy</p> <p>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:</p> <ul style="list-style-type: none"> • 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.

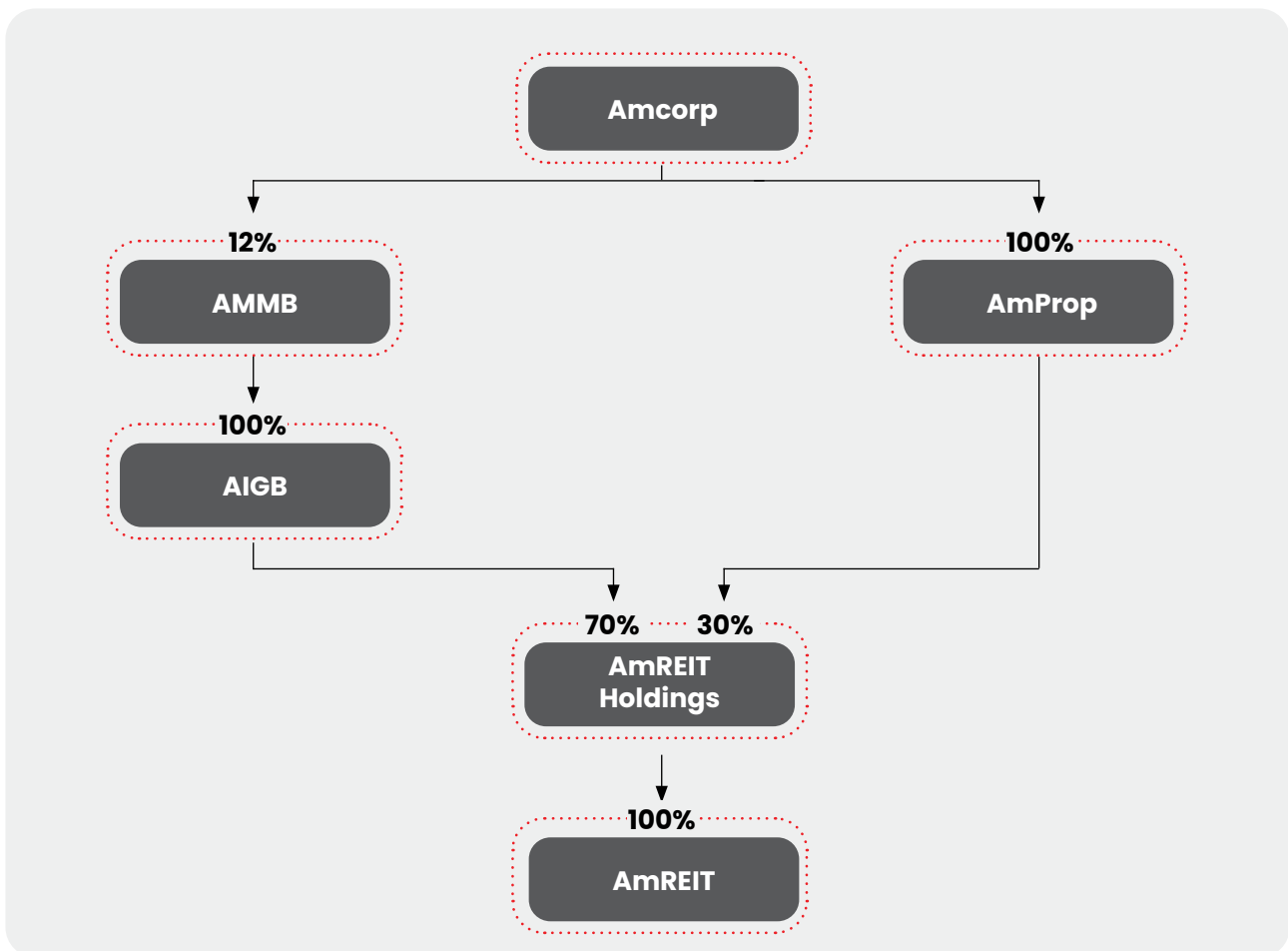
FUND

INFORMATION

Item	Brief Description
Permissible Investments	<ul style="list-style-type: none"> • Invest in real estate, non-real estate assets and cash, deposit and money market instruments. • At least 75% of AmFIRST REIT's total assets must be invested in real estate that generates recurring rental income at all times.
Borrowing's 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	<ul style="list-style-type: none"> • Income distributions will be paid on a semi-annual basis (or such other intervals as determined by the Manager). • The Manager intends to distribute at least 90% of the distributable income for each financial year.
Revaluation Policy	The properties are revalued annually pursuant to Malaysian Financial Reporting Standard 140 and Clause 10.02(b)(i) of the SC's Listed REIT Guidelines ¹⁷).

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 the Trust'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 Malaysia. 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 include Islamic banking, general insurance, life insurance, family takaful, stock broking, futures broking, investment advisory and management services in unit trusts and real estate investment trust. There have been no significant changes in the nature of the principal activities.

AmProp is a wholly owned subsidiary of Amcorp Group Berhad ("Amcorp"), which is also a substantial shareholder of AMMB, the ultimate holding company of AmREIT.

Amcorp is an established investment holding company incorporated in Malaysia that is involved in many facets of businesses, with its core in financial services and property development and investment. In financial services, it mainly provides personal loans through strategic tie-ups with business partners which employ a unique distribution collection mechanism. The property division involves in projects both in Malaysia as well as other prime cities overseas such as London, Hong Kong, Shanghai, Madrid and Singapore. Amcorp also invests in the business of renewable energy generation, and mechanical and electrical engineering.

OUR BOARD

AND COMMITTEE



SOO KIM WAI
Chairman/Non-Independent
Non-Executive Director



62



DATO' WONG NAM LOONG
Independent Non-Executive Director



73

Date of Appointment	19 August 2015	15 August 2016
Length of Service	7 years 8 months	6 years 8 months
Board Meeting Attendance	4/4	4/4
Board Committee	<ul style="list-style-type: none"> • Audit Committee • Management Appointment Committee 	<ul style="list-style-type: none"> • Chairman of the Audit Committee • Management Appointment Committee
Academic/ Professional Qualification(s)	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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 Entities	<ul style="list-style-type: none"> • Director, AMMB Holdings Berhad. • Director, RCE Capital Berhad. • Director, Amcorp Global Limited. 	Nil
Present Appointment(s)	Group Managing Director of Amcorp Group Berhad.	<ul style="list-style-type: none"> • Managing Director, Temasya Mentari Sdn Bhd. • Managing Director, Richmond Crescent Sdn Bhd. • Managing Director, The Esquire Kitchen Sdn Bhd.
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 started his career with Messrs Shook Lin & Bok as an Advocate and Solicitor. 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. Dato' Wong subsequently becomes a property developer. He also acquired several food and beverage businesses, namely, The Esquire Kitchen Sdn Bhd and Grand Imperial Group.

OUR BOARD

AND COMMITTEE



DATO' ABDULLAH THALITH BIN MD THANI

Independent Non-Executive Director



68



JAS BIR KAUR A/P LOL SINGH

Independent Non-Executive Director



65

Date of Appointment	15 August 2016	19 May 2023
Length of Service	6 years 8 months	Not Applicable ¹
Board Meeting Attendance	4/4	Not Applicable ¹
Board Committee	<ul style="list-style-type: none"> Audit Committee Management Appointment Committee 	Nil
Academic/ Professional Qualification(s)	<ul style="list-style-type: none"> Degree in B. Surveying (Property Management) from Universiti Teknologi Malaysia. Master of Science (Business Studies) from University of Salford. 	<ul style="list-style-type: none"> Degree in Economics and Business Administration (Analytical Economics) from University Malaya. Masters in Science (Finance) from the University of Strathclyde, Glasgow, Scotland. Second Master of Managerial Psychology (part-time) from HELP University, Kuala Lumpur. Certified Professional Coach (Corporate Coach Academy) and a certified mediator under Malaysian Mediation Centre.
Present Directorship(s) in Listed Entities	Director of Amway (Malaysia) Holdings Berhad.	Nil
Present Appointment(s)	Nil	Nil
Relevant Experience	<p>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.</p>	<p>Throughout her career, Madam Jas Bir Kaur had held senior positions at Bank Negara Malaysia, Securities Commission Malaysia and Value Partners Hong Kong, an asset management company listed on the Hong Kong Stock Exchange.</p> <p>She is an Independent Non-Executive Director of AmFunds Management Berhad. She is also the Chairperson of the Investment Committee of AmFunds Management Berhad and AmIslamic Funds Management Sdn Bhd.</p> <p>She is currently on the panel of mediators for Securities Industry Dispute Resolution Centre ("SIDREC"). She currently sits on the boards of Pacific Trustees Berhad and Federation of Investment Managers Malaysia ("FIMM").</p>

¹ Not applicable as the length of service and meeting attendance were calculated up to 31 March 2023. Madam Jas Bir Kaur was appointed to the Board of AmREIT on 19 May 2023.

OUR BOARD

AND COMMITTEE



AZLAN BAQEE BIN ABDULLAH
Non-Independent Non-Executive Director



60



CHRISTOPHER YAP HUEY WEN
Non-Independent Non-Executive Director



50

Date of Appointment	22 February 2018	15 September 2020
Length of Service	5 years 3 months	2 years 7 months
Board Meeting Attendance	4/4	4/4
Board Committee	Nil	Nil
Academic/ Professional Qualification(s)	Bachelor of Science in Business Administration (Major Accounting and Finance) California State University, Chico.	Bachelor of Science, Business Administration, St. Cloud State University, United States of America.
Present Directorship(s) in Listed Entities	Nil	Nil
Present Appointment(s)	<ul style="list-style-type: none"> Chief Operating Officer, Amcorp Properties Berhad ("AmProp"). Chairman of EXCO, AmREIT. Non-Independent Non-Executive Director of AmBank Islamic Berhad and Member of its Board Credit Committee. Industry Advisory Panel for Azman Hashim International Business School at University Teknologi Malaysia (UTM). 	Managing Director Business Banking, AmBank Group.
Relevant Experience	<p>Encik Azlan Baqee joined Amcorp Group Berhad (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 Highrise development projects, Amcorp Trade Centre in Petaling Jaya, development of the 400 acres Kayangan Heights in Shah Alam, the 1,000 acres Sibu Jaya Township in Sarawak, and various other mid-sized projects throughout Malaysia. In 2007, Encik Azlan Baqee was appointed as Chief Operating Officer of AmProp, a wholly owned subsidiary of Amcorp. Apart from expanding AmProp 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, 10.3 MW Gemas Solar Power Plant and 20MW Sg Liang Mini Hydro Power Plant in Malaysia.</p> <p>Encik Azlan Baqee is board member of various subsidiaries within Amcorp and AmProp. He is also an Exco member for Amcorp Global Limited listed in SGX as well as the Non-Independent Non-Executive Director of AmREIT Holdings.</p>	<p>Mr Christopher Yap holds more than two (2) decades of financial services experience across various banks, mainly in the areas of Business Banking and SME Banking. In AmBank Group, his core focus is growing the Small and Medium-Sized Enterprises (SMEs) and Commercial Banking segments. Since his appointment, the division has achieved a compound annual growth rate of 22.3%.</p>

OUR MANAGEMENT TEAM



CHONG HONG CHUON

Acting Chief Executive Officer/
Chief Financial Officer



50



ZUHAIRY BIN MD. ISA

Deputy Chief Executive Officer



53



JAYASURAES NAIDU A/L SUBRAMANIAM

Vice President, Compliance & Risk



50



MOHAMMAD ASHRAF BIN SHAMSHIRI

Vice President, Operations



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All senior management of the Manager in office at the end of FY2023 have:



no family relationship with any Directors or major unitholders of AmFIRST REIT



no conflict of interest with AmFIRST REIT



not been convicted of any offences within the past five (5) years



not been imposed with any penalty by the relevant regulatory bodies.

OUR

MANAGEMENT TEAM

CHONG HONG CHUON

Date of Appointment

2 November 2015

Present Directorship(s) in Listed Entities

Nil

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.

On 1 December 2022, he was re-appointed as Acting Chief Executive Officer of AmREIT.

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.

ZUHAIRY BIN MD. ISA

Date of Appointment

8 January 2015

Present Directorship(s) in Listed Entities

Nil

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 of AmREIT 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 Chief Executive Officer of AmREIT and currently responsible for the investment strategies and property portfolio planning for AmFIRST REIT.

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 is the current Chairman of The Summit Subang USJ Management Corporation representing AmFIRST REIT, spearheading the management and operations of the mixed integrated strata development. He was the Vice Chairman of the MRMA for 2014 and 2015 and is currently a committee member.

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

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.

OUR

MANAGEMENT TEAM

JAYASURAES NAIDU A/L SUBRAMANIAM

Date of Appointment

4 May 2015

Present Directorship(s) in Listed Entities

Nil

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-five (26) years of related working experience 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 semiconductor company based in Singapore. He was the Head of Finance and Risk Management for the Singapore Group of Companies. He was later promoted to General Manager to helm the Singapore and China Operations.

He holds a Bachelor Degree in Accountancy (Hons) from University Putra Malaysia and is a Certified Internal Auditor 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.

MOHAMMAD ASHRAF BIN SHAMSHIRI

Date of Appointment

19 September 2022

Present Directorship(s) in Listed Entities

Nil

Relevant Experience

En Mohammad Ashraf Bin Shamshiri joined AmREIT on 19 September 2022 as Vice President of Operations. He and his team are responsible for managing eight (8) buildings owned by AmFIRST REIT.

He has 20 years of technical working experience with real estate and banking background.

He began his career with Savills (KL) Sdn Bhd (formerly known as Regroup Associates Sdn Bhd) for five (5) years delving in commercial and residential real estate agency, valuations and property management.

Before joining AmREIT, he was with CIMB Bank Berhad, where he joined the Group Administration & Property Management Department as well at the Branch Network Services Department. There, he spent fifteen (15) years assisting and managing around 300 branch tenancies, troubleshooting branch operations and maintenance concerns, assisting corporate exercises as well as execution of several nationwide projects. He also performed the role of Designated Compliance Officer during his last seven (7) years with the Branch Network Services Department.

He obtained a Bachelor of Science in Estate Management from Universiti Teknologi MARA and a Higher Diploma in Land Management from De Montfort University Leicester, United Kingdom.



Soo Kim Wai
Chairman

A MESSAGE FROM OUR CHAIRMAN

Dear Unitholders,

On behalf of the Board of Directors (the “Board”) of AmREIT Managers Sdn Bhd, the Manager of AmFIRST REIT (the “Manager”), I am pleased to present AmFIRST REIT’s Annual Report and Audited Financial Statements for the financial year ended 31 March 2023 (“FY2023”).”

ECONOMY OVERVIEW

The global economy has rebounded since the transition to the COVID-19 endemic phase in 2022 with the recovery of most economic sectors and businesses. Notwithstanding this, there are new concerns emerging from heightened geopolitical tensions and relentless inflation that caused many central banks to adopt rigorous monetary tightening policies with aggressive interest rate hikes.

On the domestic front, Malaysia’s economic growth gained momentum in 2022, supported by strong domestic demand and improved labour market. On the back of escalating inflationary pressures, Bank Negara Malaysia (“BNM”) has shifted to monetary policy normalisation by gradually increasing the Overnight Policy Rate (“OPR”) from the low of 1.75% to 2.75% in 2022 before another 25-bps hike in May 2023, bringing the OPR back to pre-pandemic levels of 3.00%. The rise in interest rates and financing costs have compressed the earnings of many business sectors including REITs.

PROPERTY MARKET REVIEW

The National Property Information Centre (“NAPIC”) reported that the strong economic growth last year bolstered the growth in the property market with total property transaction value hitting RM179 billion in 2022, the highest ever value recorded by NAPIC.

Nonetheless, the Klang Valley office market remains challenging amid oversupply and lack of major catalysts to boost office demand. Some tenants are downsizing their office spaces as they continue to embrace the hybrid working model. The recovery in the leasing market is expected to remain sluggish as new office supply will cause further downward pressures on occupancy and rental rates.

The retail sector recorded a strong recovery in 2022 as retail sales achieved double-digit growth, with the highest expansion recorded in 3Q2022. The retail sector should continue to see further improvement in 2023, but the growth pace could be affected by lower consumers’ purchasing power as a result of rising prices and interest rates.

A MESSAGE FROM

OUR CHAIRMAN



Average Portfolio Occupancy

82.6%

(31.3.2022: 78.9%)



Gross Revenue

RM103.4 million

(FY2022: RM99.6 million)



Distribution Per unit

2.70 sen

(FY2022: 3.02 sen)

FINANCIAL REVIEW

Against the backdrop of economic recovery following the resumption of business activities, the Trust has generated higher gross revenue of RM103.4 million for FY2023, an increase of RM3.8 million or 3.8% compared to the previous year as a result of the higher overall occupancy and cessation of rental rebates. The average portfolio occupancy of the Trust's asset portfolio has improved from 78.9% as at 31 March 2022 to 82.6% as at 31 March 2023, contributed by higher occupancy recorded at The Summit Retail and Office, Prima 9 and Wisma AmFIRST.

Despite the improvement in gross revenue, the Trust generated lower net realised income of RM17.5 million for FY2023 compared to last financial year's income of RM22.2 million. The increase in revenue was weighed down by higher property expenses arising from higher utility charges and building services costs as well as increase in interest expense during the financial year.

The interest rate market was very volatile as BNM continues to tighten its monetary policy with various hikes in OPR. To manage the interest rate exposure, the Trust has entered into two interest rate swap contracts totaling RM150 million which effectively hedged 20% of the total gearing into a fixed rate borrowings. We are closely monitoring the interest rate market and will consider additional hedging if the fixed rate is favourable.

During the financial year, the Trust has paid an interim income distribution of 1.14 sen per unit. Together with the declared final income distribution of 1.56 sen per unit, the Trust is distributing a total income of 2.70 sen per unit for FY2023, lower by 10.6% compared to 3.02 sen per unit for FY2022.

RATIONALISATION OF ASSET PORTFOLIO

As part of our effort to reduce the gearing level of the Trust, we have successfully completed the disposal of Menara AmFIRST on 15 November 2022. This disposal is in line with the Trust's strategy to divest low yielding assets with limited scope for growth. The net proceeds from the disposal of Menara AmFIRST have been fully utilised to repay borrowings and to reduce the gearing level from 49.1% to 47.4%.

We will continue to pursue the strategy to rationalise the existing asset portfolio by divesting non-core and low yielding assets and replacing them with other asset classes of higher yields to diversify and improve the performance of the Trust's asset portfolio.

AWARD AND RECOGNITION

During the financial year, we were honoured that The Summit Retail Mall was awarded a bronze medal at The Edge Malaysia Best Managed & Sustainable Property Awards 2022 under the main category of "10 Years and Above Retail-Strata". This award is a testament to our recognition by the property management industry.

The Summit Retail Mall has seen improved occupancy with several new tenancies including an indoor theme park operator which opened in September 2022 and a soon-to-open renowned supermarket chain. Together with other new offerings such as a virtual golf simulator and F&B outlets, we will continue our efforts to position The Summit Subang USJ as a preferred neighborhood mall catering to the local community.



A MESSAGE FROM

OUR CHAIRMAN

SUSTAINABILITY EFFORT AND REPORTING

This year, we continued to make progress in our sustainability journey through the implementation of various initiatives in line with our aspiration to support the national goal of achieving Net Zero Emissions by 2050.

As a Trust, our primary concern is the energy consumption at our buildings. During the financial year, we conducted regular energy audits to determine ways to reduce energy consumption and to lower operating costs. These include a “de-lamping” exercise, minimising chillers’ utilisation and replacing conventional lightings with LED lightings in selected properties of the Trust’s asset portfolio.

We have also revisited our Sustainability Policy to realign our commitments and include emerging climate-related risks in the policy. In line with our commitment in upholding good governance, integrity and ethical standards in conducting our business, we continuously review, assess and monitor every facet of our operations to ensure full compliance.

MOVING FORWARD

The Malaysian economy is projected to continue its post-pandemic recovery supported by resilient domestic demand as public spending and private consumption are projected to improve albeit at a relatively moderate pace as compared to last year. However, the growth outlook remains subject to downside risks, mainly from escalation of geopolitical tensions, higher-than-anticipated inflation, a sharp tightening in financial market conditions and expectations of a global recession.

Against this backdrop, we will navigate the challenges ahead with caution and will adopt appropriate strategies and operation measures to enhance the performance of the Trust’s asset portfolio and to mitigate the impact of rising cost.

CHANGES IN THE BOARDROOM

On behalf of the Board, I am pleased to welcome Madam Jas Bir Kaur A/P Lol Singh who was appointed as an Independent Non-Executive Director of the Manager on 19 May 2023.

I would like to express our appreciation to YM Raja Nazirin Shah Bin Raja Mohamad who has resigned as Chief Executive Officer and Executive Director on 1 December 2022 to pursue other opportunities. We thank YM Raja Nazirin for his leadership and contributions during his tenure with us and wish him well in his future undertakings.

IN APPRECIATION

On behalf of the Board, I would like to express our gratitude to our Unitholders, Trustee, regulators, tenants and business partners for your continued support and assistance over the years.

To the members of the Board and management, my sincere appreciation for your contributions and commitment as we strive to improve the performance of AmFIRST REIT.

Sincerely,

Soo Kim Wai
Chairman

MANAGEMENT

DISCUSSION AND ANALYSIS

PORTFOLIO REVIEW

The Trust owns a diverse portfolio, comprising of offices, a mixed integrated development which consists of office, retail, car parks and hotel and a hypermall located in the Klang Valley (including Cyberjaya), Melaka and Penang.



8

PROPERTIES



3.1 MILLION SQ FT
OF NET LETTABLE AREA



RM1.57 BILLION
IN FAIR VALUE

During FY2023, the Manager had completed the disposal of Menara AmFIRST for a net consideration of RM62.0 million. The decision to divest Menara AmFIRST was made after taking into consideration the age, existing low-yields and limited scope for growth of the asset. More importantly, it is an opportunity to dispose the asset to repay the existing borrowings with the objective of optimising the high gearing level of the Trust.

After the disposal of Menara AmFIRST, the Trust owns eight (8) properties with a total NLA of approximately 3.1 million sq ft, totalling a fair value of RM1.57 billion.

The Trust will continue with its investment strategy to restructure its asset portfolio with divestment of non-core and low yielding assets to lower down the gearing before acquiring high-yielding class of assets with the objective to diversify and improve the asset portfolio performance.



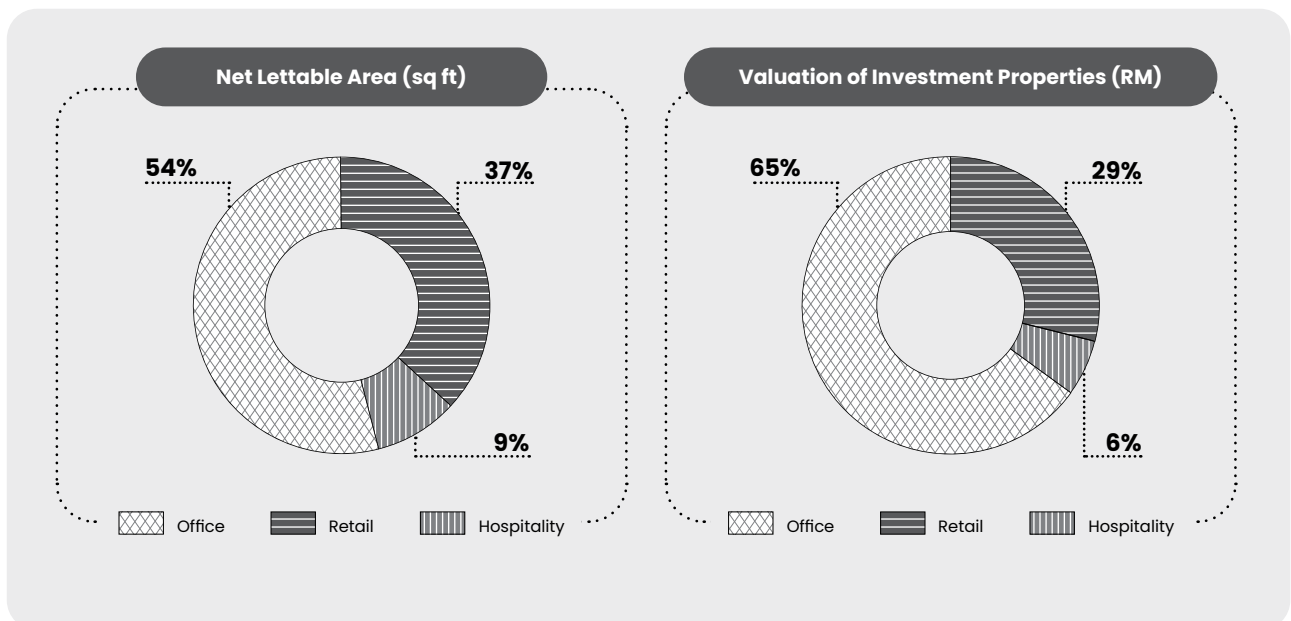
MANAGEMENT

DISCUSSION AND ANALYSIS

Composition of Investment Properties

Properties	Location	Sector	Net Lettable		
			Area (sq ft)	Latest Valuation RM'000	%
Bangunan AmBank Group	Kuala Lumpur	Office	360,166	266,500 ¹	6.9
Menara AmBank	Kuala Lumpur	Office	458,450	322,400	20.5
Wisma AmFIRST	Kelana Jaya	Office	285,560	114,000	7.2
The Summit Subang USJ	Subang Jaya	Mixed Development	993,668	359,600	22.9
Prima 9	Cyberjaya	Office	111,150	72,000	4.6
Prima 10	Cyberjaya	Office	100,272	61,600	3.9
Jaya 99	Melaka	Office	225,912	101,100	6.4
Mydin HyperMall	Bukit Mertajam	Retail	536,507	276,000	17.6
Total			3,071,685	1,573,200	100.0

¹The figure for latest valuation for Mydin HyperMall was before the adjustment for accrued unbilled rental income of RM29.8 million



MANAGEMENT

DISCUSSION AND ANALYSIS

LEASING MANAGEMENT



82.6%
Overall Portfolio Average
Occupancy Rate



87.9%
Tenant Retention Rate



122,673 sq ft
New Tenants



+2.2%
Positive Rental Reversion

Since the full reopening of the economy in April 2022, businesses have resumed operations and more employees have returned to the office. The overall demand for offices has improved despite some companies continuing to embrace the hybrid working model as many companies still preferred to retain physical office presence in the key business districts.

Amidst the market recovery, the overall portfolio occupancy rate has increased by 3.7% to 82.6% as at 31 March 2023 from 78.9% recorded as at 31 March 2022.

During FY2023, the Manager retained most of the tenants that were due for renewal through active engagement with the tenants. At the same time, the Manager managed to sign-up some new tenants and this has pushed-up the occupancy rates in particular for The Summit Retail, The Summit Office, Wisma AmFIRST and Prima 9.

Bangunan AmBank Group

Bangunan AmBank Group maintained its high occupancy of 98.3%, where AmBank Group remains as the anchor tenant, occupying approximately 83% of the NLA with weighted average lease expiry ("WALE") of 2.5 years.

Menara AmBank

The occupancy rate was unchanged at 73.9%. AmBank Group remains as anchor tenant, occupying approximately 67% of the NLA with WALE of 2.0 years.

The office demand in KL city center remains lacklustre due to the oversupply and low demand amidst pressure on tenants' preference to new offices in KL fringe and decentralised areas.

To attract new tenants and retain existing ones, the Manager is intensifying leasing efforts by offering competitive rental rates. The Manager has adopted several strategies to attract new tenants including offering flexible leasing arrangements that cater to the trend of companies embracing a hybrid work model. Additionally, the Manager is exploring the possibility of co-working spaces to attract broader range of tenants.

MANAGEMENT

DISCUSSION AND ANALYSIS

LEASING MANAGEMENT (CONT'D.)

Wisma AmFIRST

The occupancy rate improved by 2.0% to 89.8% as at 31 March 2023 from 87.8% recorded as at 31 March 2022, attributed to approximately 28,200 sq ft of new tenancies.

AmBank Group remains the anchor tenant, occupying approximately 42% of the NLA with WALE of 2.0 years.

Since the resumption of economy, the Manager has received more leasing enquiries for office space both from existing tenants seeking additional space for business expansion requirement as well as from prospective tenants for its strategic location and good accessibility to and from many major highways.

The Summit Retail

The Retail segment has resurged after transitioning to the endemic phase since April 2022.

During FY2023, the Manager had secured several new tenants with total spaces taken-up of approximately 73,200 sq ft, riding on the recovery post pandemic. These have resulted in improved occupancies from 60.8% as at 31 March 2022 to 72.3% as at 31 March 2023.

One of the new tenants is Fun-X World, who has taken-up a considerable space to operate as a theme park and their tenancy commenced in July 2022. They have signed-up the tenancies before the pandemic, but the renovations have been deferred due to the pandemic. The renovation resumed after the economic opened-up and Fun-X World had their soft launch in September 2022. Since their opening, Fun-X World has received good responses from the market with encouraging number of visitors.

The occupancy at The Summit Retail is expected to improve in the coming month with both footfall and sales registered by tenants showing positive signs of improvement from month-to-month since the transition to endemic in April 2022.

There are few committed new tenancies that are expected to commence in FY2024 and these include a supermarket and a virtual golf operator which would be regarded as the new anchor tenants for the mall.

The Manager has been working hard on getting the new supermarket to take-up the dedicated space since the last tenant moved out. However, the pandemic has delayed the process of filling-up the vacancy. With the on-boarding of this new supermarket and the virtual golf operator, the Manager is anticipated that more shoppers would be attracted to the mall.

In addition, The Summit Management Corporation is anticipated to sign-up a new anchor tenant to take-up a substantial portion of the common areas where they will set-up an F&B corner operating a string of outlets in the mall.

All these new tenancies will elevate the tenants' mix and offering which will eventually further boost the footfall and vibrancy of the mall.

Besides, the Manager has also taken steps to enhance the facilities of the mall in order to improve the convenience and shopping experience of shopper including the introduction of a cashless parking system with license plate recognition to ease vehicles entering and exiting the mall.

The performance of The Summit Retail is expected to improve significantly with all the new tenancies and the soon to open renowned supermarket chain and other new offerings.



MANAGEMENT

DISCUSSION AND ANALYSIS

LEASING MANAGEMENT (CONT'D.)

The Summit Office

Despite the soft demand for office space, the Manager managed to secure approximately 11,000 sq ft of new tenancies which have improved the occupancy rate from 65.5% as at 31 March 2022 to 73.4% as at 31 March 2023.

The marketability of The Summit Office is expected to be boosted by the improved occupancy and offerings at The Summit Retail.

The Summit Hotel

The rental collection from the current lease of the hotel is based on a percentage sharing of the total gross revenue of the hotel.

During the pandemic, The Summit Hotel was operated as one of the designated quarantine hotels. With the transition from pandemic to endemic, The Summit Hotel is now generating revenue from the recovering of room occupancy from government, corporate and leisure guest as well as higher F&B revenue from the increased demand of MICE activities.

Jaya 99

The occupancy rate has declined slightly by 1.0% to 73.8% from 74.8% reported one year earlier. The drop in the occupancy rate was mainly due to non-renewal of tenancies.

The Manager is intensifying their marketing efforts to attract new tenants and is exploring renting for various potential usage of spaces such as event operators as well as co-working space providers.

Prima 9

The occupancy rate improved by 2.8% to 46.7% from 43.9% recorded as at 31 March 2022. The increase was attributed to a new tenancy signed-up during the year, occupying spaces of approximately 3,000 sq ft.

Medical Device Authority, Ministry of Health Malaysia remains the anchor tenant, occupying 41% of the NLA.

The Manager will continue to engage the existing tenants for potential additional spaces for their business expansion and offers flexible rental packages to attract prospective tenants in order to fill-up the vacancy.

Prima 10

Occupancy rate remains healthy at 83.9%, unchanged from one year earlier.

RBC Investor Services (M) Sdn Bhd remains the key tenant, occupying approximately 76% of the NLA with WALE of 2.80 years.

Mydin HyperMall, Bukit Mertajam

Mydin HyperMall is fully leased to Mydin Mohamed Holdings Berhad for thirty (30) years commencing from 1 February 2016 to 31 January 2046. Pursuant to the lease rental agreement, the lease rental receivable is incremental by 10% every five (5) years from the commencement date of 1 February 2016 up to the term of 30 years. This uncancellable operating lease provides revenue stability to the Trust.

As at 31 March 2023, the remaining lease term stood at about 23 years.



MANAGEMENT

DISCUSSION AND ANALYSIS

LEASING MANAGEMENT (CONT'D.)

Occupancy Rate by Building

	Overall Portfolio Occupancy		Committed Occupancy As at 31st March 2023
	As at 31st March 2023	As at 31st March 2022	
Bangunan AmBank Group	98.3%	98.3%	93.4%
Menara AmBank	73.9%	73.9%	70.1%
Menara AmFIRST ¹	N/A	66.4%	N/A
Wisma AmFIRST	89.8%	87.8%	89.8%
The Summit - Office	73.4%	65.5%	73.4%
The Summit - Retail	72.0%	60.8%	76.7%
Prima 9	46.7%	43.9%	46.7%
Prima 10	83.8%	83.9%	83.8%
Jaya 99	73.8%	74.8%	75.7%
Mydin HyperMall, Bukit Mertajam	100.0%	100.0%	100.0%
Overall Portfolio	82.6%	78.9%	82.4%

¹The property was disposed on 15 November 2022.

MANAGEMENT

DISCUSSION AND ANALYSIS

LEASING MANAGEMENT (CONT'D.)

Tenancy Renewal and Rental Reversion

Amidst the challenging business environment, the Manager managed to achieve a commendable tenant retention rate of 87.9% with total 578,581 sq ft renewed out of the total 657,921 sq ft that had expired in FY2023. The strategies implemented to assist tenants in the difficult period has contributed substantially to retaining the existing tenants. In FY2023, the Trust recorded an overall positive rental reversion of 2.2%, mainly attributed by positive rental renewals for the tenancies in office building.

Tenancy Expiry Profile

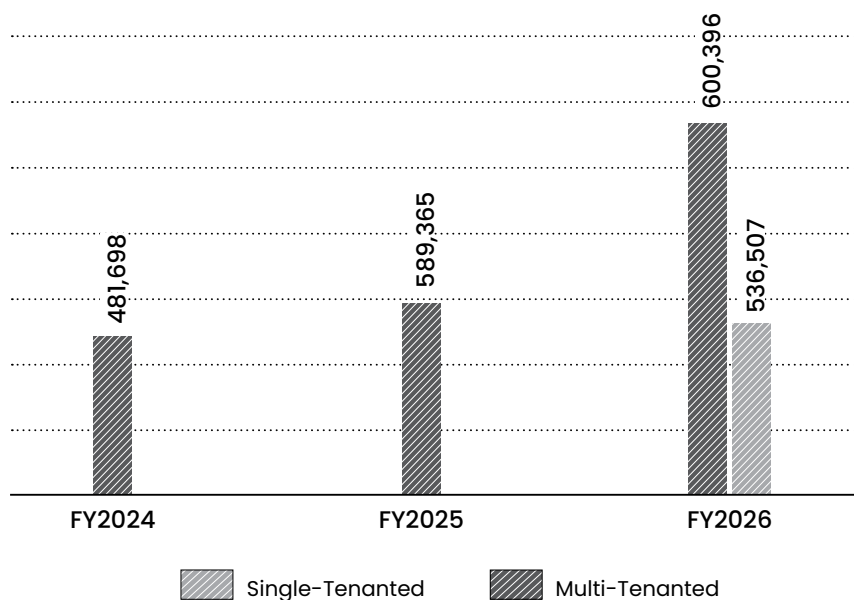
As at 31 March 2023, the total leased area due for renewal over the next three (3) years was 2.2 million sq ft, representing 72.0% of the total NLA of 3.1 million sq ft.

In the immediate FY2024, 481,698 sq ft or 21.8% of the net lettable space are due for renewal.

	Tenancy Expiry Profile	
	(sq ft)	%
FY2024	481,698	21.8
FY2025	589,365	26.7
FY2026	1,136,903	51.5
Total	2,207,966	100.0

Single-Tenanted / Multi Tenanted

Approximately 24.3% of the tenancies comprises long-term leases in single-tenanted property while the remaining tenancies comprises of multi-tenanted properties.



MANAGEMENT

DISCUSSION AND ANALYSIS

LEASING MANAGEMENT (CONT'D.)

Tenants' Trade Mix Analysis

The Trust has a well spread-out tenant base across various business sectors which includes banking, hypermarket, services, technology, logistic, healthcare and consumer staples. This augurs well in its efforts to diversify risk exposure.

Tenant Mix for Office Component

Category	% Net Lettable Area
Banking & Financial Institutions	54.7
Services & Others	24.9
Tele-communication / IT / Electronic / Electrical	6.4
Health / Personal Care	4.9
Advocates & Solicitors	2.9
Logistic	2.9
Construction	2.1
Education / Enrichment / College	0.9
Food & Beverages	0.3
Total	100.0

Tenant Mix for Retail Component

Category	% Net Lettable Area
Anchor (Hypermarket)	39.1
Entertainment / Karaoke / Cinema / Bowling	20.4
Home & Living / Home Deco / Electrical / DIY	16.7
Education / Enrichment / College	9.5
Food & Beverages	5.4
Services & Others	3.0
Fashion Apparel	2.6
Hobbies / Jewelry / Optical / Time Piece / Gifts & Specialty	2.1
Health / Personal Care / Beauty	1.2
Total	100.0

MANAGEMENT

DISCUSSION AND ANALYSIS

LEASING MANAGEMENT (CONT'D.)

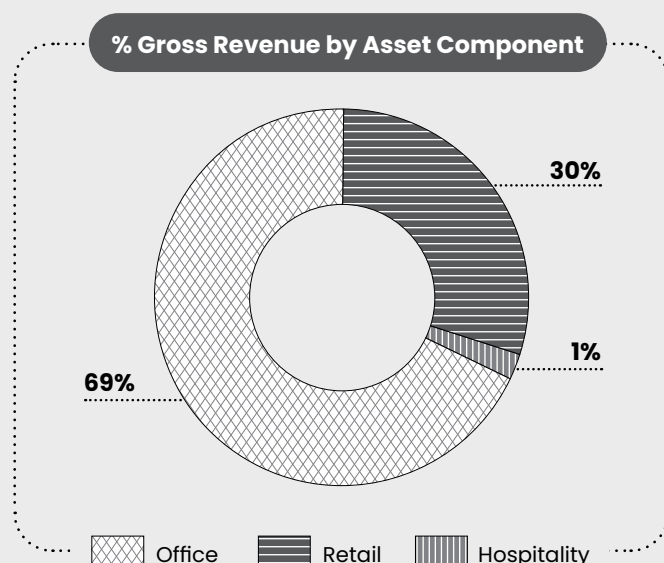
Key Tenants

The Trust's top ten (10) tenants by rental income in the portfolio contributes 72.8% to the total rental income in FY2023.

Names	Trade Sectors	%
AmBank Group	Banking & Financial Institutions	38.3
Mydin Mohamed Holdings Berhad	Hypermarket	20.2
RBC Investor Services (M) Sdn Bhd	Services	3.6
Prudential Assurance Malaysia Berhad	Services	2.6
Medical Device Authority, Ministry of Health Malaysia	Services	2.0
Sudong Sdn Bhd	Services	1.5
Shook Lin & Bok	Services	1.4
Summit Hotels Management Sdn Bhd	Hospitality	1.3
AIA Berhad	Services	1.0
Home Product Center (Malaysia) Sdn Bhd	Home & Living/Home Deco /Electrical/DIY	0.9
Total		72.8

AmBank Group continues to remain as the top contributor accounting for 38.3% of the total rental income generated in FY2023.

The asset portfolio of the Trust consists of seven (7) offices which contributed 69% of the total gross revenue of the Trust while the two (2) retail malls (The Summit Retail and Mydin HyperMall Bukit Mertajam) and The Summit Hotel contributed 30% and 1% of the total gross revenue of the Trust in FY2023 respectively.



MANAGEMENT

DISCUSSION AND ANALYSIS

ASSET MANAGEMENT

Property day-to-day operations

The uncertain pace of economic recovery coupled with the escalation in cost of doing business from the implementation of minimum wages to high energy cost have played a role in the Manager's effort to manage both the building maintenance and operations costs. The Manager had to review the current costs in maintaining day-to-day operations of its properties to ensure cost optimisation without compromising the service level whilst at the same time focusing on energy savings and reducing operation cost.

Particularly, the recent increase in electricity tariff by Tenaga Nasional Berhad due to the revision of the Imbalance Cost Pass-Through ("ICPT") from RM0.037 per kilowatt hour ("KWH") to RM0.20 KWH effective from 1 January 2023 has significantly increased the energy cost of running the buildings. To manage the cost, the Manager has to adopt a more meticulous approach in addressing energy utilisation and implement more ESG initiatives as a cost saving initiative.

The Manager has embarked on various initiatives in ensuring that the properties are in line with the Sustainable Development Goals 2030. In May 2022, in line with AmBank Group's initiatives, Menara AmBank was awarded with the Energy Management Gold Standard ("EMGS") 1-Star certification, being the certification under the ASEAN Energy Management System ("AEMAS"), based on excellence in the energy management.

The Manager is on a continuous path of focusing on energy efficient initiatives via LED lights replacement and renewable energy measures. The Manager has also conducted an energy audit for its properties with the objective to identify further energy savings opportunities.

Meanwhile, the implementation of higher minimum wages imposed on 1 May 2022 has also impacted on the maintenance cost of all the building services including the service providers such as cleaning and security as well as maintenance of various facilities and amenities of the buildings. In order to manage the building operation expenses more efficiently, the Manager together with the property manager have conducted thorough review on the deployment of service providers and meticulously scrutinised on the maintenance cost components to ensure cost optimisation without compromising on the service level to the occupant of the buildings.

Asset Enhancement Initiatives ("AEIs")

During FY2023, the Manager had undertaken various AEIs to improve the Trust's properties with the objective to preserve and improve the quality of its assets, hence the services provided to the tenants. These includes value-added maintenance and upkeeping of the properties, as well as asset enhancement programs with the objective of increasing the marketability of the properties.

In ensuring a safer and more efficient revenue collection stream, the Manager is reviewing its current operation system for implementation of cashless and varied digital payment systems. At present, the Manager has awarded the carpark management for The Summit to a cashless and digital payment system to ease and enhance the efficiency of the carpark collection. In addition to the new carpark payment system in The Summit, a partner has been identified to set-up electric vehicle charging stations for shoppers that require such amenities.

The Manager is also in the midst of installing panic buttons and adding more CCTV within its assets to provide its occupants, tenants and customers with a better sense of safety and security when they are within the premises.

For the Summit Hotel, the Manager has awarded the replacement and modernisation of the lifts to a renowned lift manufacturer as part of the asset enhancement exercise.

In ensuring tenants comfort and convenience, the Manager has also upgraded the Surau in Menara AmBank, Bangunan AmBank Group, Wisma AmFIRST and Prima 9 accordingly.

MANAGEMENT

DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONT'D.)

Selected Financial Information

	Financial Year Ended		Changes	
	2023 RM'000	2022 RM'000	RM'000	%
Gross revenue				
- Realised	100,408	96,626	3,782	3.9
- Unrealised (in relation to unbilled lease rental receivable) ¹	3,021	3,021	-	-
	103,429	99,647	3,782	3.8
Property expenses	(44,518)	(40,392)	(4,126)	(10.2)
Net property income	58,911	59,225	(344)	(0.6)
Change in fair value of investment properties	(2,603)	(21,991)	19,338	87.9
Capital loss on disposal of investment property	(4,652)	-	(4,652)	(100.0)
Interest expenses	(31,234)	(26,803)	(4,431)	(16.5)
Non-property expenses	(7,243)	(6,191)	(1,052)	(17.9)
Profit before taxation	14,223	4,512	9,711	215.2
Taxation	(25)	833	(858)	(103.0)
Profit after taxation	14,198	5,345	8,853	165.6
<i>Profit after taxation is made up as follows:</i>				
- Realised net income from operations	17,526	22,185	(4,659)	(21.0)
- Realised capital loss on disposal of investment properties	(4,652)	-	(4,652)	(100.0)
- Unrealised	1,324	(16,840)	18,164	107.9
	14,198	5,345	8,853	165.6
Distribution per unit ("DPU") (Sen)				
- Interim	1.14	1.09	0.05	4.6
- Final	1.56	1.93	(0.37)	(19.2)
	2.70	3.02	(0.32)	(10.6)
Distribution Ratio (%), over realised net income	106%	93%	n/a	13%
Closing Unit Price (RM)	0.330	0.380	(0.05)	(13.2)
Distribution Yield (%) based on respective Closing Unit Price	8.18%	7.95%	N/A	0.2%

¹ This relates to the accrued unbilled rental income from Mydin Mohamed Holdings Berhad in respect of the 30 years' operating lease agreement as required by MFRS 140 Investment Properties and MFRS 16 Leases, recognised on straight-line basis.

MANAGEMENT

DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONT'D.)

Gross Revenue

The Trust achieved higher realised gross revenue of RM100.4 million, an increase of 3.9% compared to RM96.6 million reported in the previous financial year. The increase was mainly due to the improvement in the occupancy rates of The Summit Retail, The Summit Office, Prima 9, Wisma AmFIRST and Menara AmBank coupled with absence of rental rebates in current financial year under review. However, the increase was partially offset by the exclusion of gross revenue from Menara AmFIRST as a result of the disposal of the property effective from 15 November 2022.

The gross revenue includes the unrealised income in relation to the accrued unbilled rental income pursuant to the requirement of MFRS 16 Leases.

Property Expenses

Property expenses increased by RM4.1 million or 10.2% year-on-year to RM44.5 million mainly due to lower rebate on service charges from The Summit Subang USJ Management Corporation, higher utility expenses caused by higher electricity surcharge as well as higher repair and maintenance costs incurred.

Below is the breakdown of the property expenses by component:

	Financial Year Ended		Changes	
	2023 RM'000	2022 RM'000	RM'000	%
Service Charge - The Summit Subang USJ	11,781	10,710	1,071	10.0
Building maintenance expenses	10,164	9,961	203	2.0
Utilities expense	9,535	7,842	1,693	21.6
Assessment and rates	5,555	5,508	47	0.9
Property management fee and reimbursement	4,410	4,572	(162)	(3.5)
Other property expenses	2,595	1,321	1,274	96.4
Quit rent	478	478	-	-
Total property expenses	44,518	40,392	4,126	10.2
% of gross revenue	43.0%	40.5%	-	2.5%

Interest Expenses

Interest expenses increased by RM4.4 million or 16.5% compared to the previous financial year. The increase was mainly due to higher cost of debt caused by the various hikes in the policy rate during the current financial year under review.

Non-Property Expenses

Increase in non-property expenses by 9.1% year-on-year mainly due to lower reversal of provision for impairment loss on trade receivables of RM1.2 million compared to a reversal of a provision of RM2.1 million a year earlier.

MANAGEMENT

DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONT'D.)

Changes in Fair Value of Investment Properties

Pursuant to Chapter 10, Section 10.02(b)(i) of SC's Listed REIT Guidelines, the Trust conducted the revaluation of all of its eight (8) investment properties and recorded a net appreciation in investment properties of RM0.4 million (before the effect of accrued unbilled rental income) compared to the revaluation deficit of RM17.8 million (before the effect of accrued unbilled rental income and reversal of ECL on accrued unbilled rental income) recorded in last financial year when the net property income of the asset portfolio was impacted by the COVID-19 pandemic.

	As at 31st March 2023		Change	
	Fair Value RM'000	NBV ³ RM'000	RM'000	%
Office	1,029,200	1,028,818	382	0.03
Retail ¹	456,000	455,576	424	0.09
Hospitality ²	88,000	88,388	(388)	(0.4)
Fair Value as at 31 March, as per valuation report	1,573,200	1,572,782	418	0.03
Less : Accrued unbilled lease receivables	(29,779)	(26,758)	(3,021)	11.3
Carrying amount as at 31 March	1,543,421	1,546,024	(2,603)	16.8

¹ Comprised of The Summit Retail and Mydin HyperMall, Bukit Mertajam

² The Summit Hotel

³ includes CAPEX incurred up to 31 March 2023

Profit after taxation

Overall, the Trust recorded a profit after taxation of RM14.2 million which made up of realised net income of RM17.5 million, realised capital loss of RM4.6 million from the disposal of Menara AmFIRST and other unrealised gain of RM1.3 million.

The profit after taxation was after the provision for deferred taxation of RM0.03 million arising from the current year revaluation gain of the assets under the portfolio. This provision for deferred taxation was made for the deferred tax liability for the Real Property Gain Tax exposure on the cumulative fair value gain of investment properties that are expected to be realised through sale.

Excluding the unrealised fair value gain/(loss) and realised capital loss from the disposal of Menara AmFIRST, the Trust generated lower realised net income available for income distribution of RM17.5 million compared to RM22.2 million in the preceding financial year.

MANAGEMENT

DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONT'D.)

Profit after taxation (Cont'd.)

	Financial Year Ended		Change	
	2023 RM'000	2022 RM'000	RM'000	%
Realised income from operations	17,526	22,185	(4,659)	(21.0)
Realised capital loss from disposal of investment property	(4,652)	-	(4,652)	(100.0)
Unrealised gain/(loss)				
- Changes in fair value of investment properties	417	(17,845)	18,262	102.3
- Fair Value adjustment on derivative financial instruments	603	-	603	100.0
- Gain on financial liabilities measures at amortised cost	329	172	157	91.3
- Provision for deferred taxation	(25)	833	(858)	(103.0)
	1,324	(16,840)	18,164	107.9
Profit after taxation	14,198	5,345	8,853	165.6

Income Distribution

The Trust has declared a final income distribution of 1.56 sen per unit amounting to RM10.7 million payable on 30 May 2022. Including the interim income distribution of 1.14 sen or RM7.8 million, the Trust distributed total income distribution of 2.70 sen or RM18.5 million for FY2023 compared to 3.02 sen or RM20.7 million in FY2022. The lower income distribution for FY2023 was mainly caused by lower net realised income impacted mainly by higher property expenses and interest costs.

	Financial Year Ended		Change	
	2023 RM'000	2022 RM'000	RM'000	%
Distributions				
Interim income distribution	7,825	7,482	343	4.6
Final income distribution	10,708	13,247	(2,539)	(19.2)
Total distributions	18,533	20,729	(2,196)	(10.6)
Distributions (sen)				
Interim income distribution	1.14	1.09	0.05	4.6
Final income distribution	1.56	1.93	(0.37)	(19.2)
Total distributions	2.70	3.02	(0.32)	(10.6)
% distributions over realised net income¹	106%	93%	-	13.0

¹ Total income distribution for the current financial year include the utilisation of distributable undistributed income brought forward as at 1 April 2022.

MANAGEMENT

DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONT'D.)

Key Financial Position

	As at 31st March 2023 RM'000	As at 31st March 2022 RM'000	Change %
Investment properties	1,543,421	1,608,747	(4.1)
Trade receivables	8,529	12,267	(13.5)
Total asset value	1,591,658	1,661,275	(4.2)
Borrowings	754,127	815,214	(7.5)
Net asset value ("NAV")	804,874	811,749	(0.8)
Gearing (%)	47.38	49.07	(1.7)
Closing unit price (RM)	0.330	0.380	(13.2)
Units in circulation (Units) ('000)	686,402	686,402	-
Market capitalisation	226,513	260,833	(13.2)
NAV per Unit (RM)			
- Before proposed final distribution	1.1726	1.1826	(0.8)
- After proposed final distribution	1.1570	1.1633	(0.5)

MANAGEMENT

DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONT'D.)

Investment Properties

The carrying value for the eight (8) investment properties stood at RM1,543.4 million. The asset value is marginally lower by 4.0% compared to the last financial year mainly attributable to the exclusion of Menara AmFIRST upon its disposal.

On 15 November 2022, the Trust completed the disposal of Menara AmFIRST for a cash consideration of RM62.0 million.

For the current financial year, the Trust spent a total RM1.9 million in capital expenditures mainly at The Summit Retail.

Trade Receivables

Trade receivables significantly reduced by RM3.7 million or 30.5%, to RM8.5 million, compared to one year earlier. Most of these trade receivables were arising from the rental instalment or deferment scheme offered to tenants impacted by COVID-19 with the objective to assist on tenants' business sustainability. With the improved collection, the gross trade receivables have significantly reduced and the Trust has continued to reverse the provision for impairment made as the debt recovered through the settlement scheme from tenants on the outstanding rental.

Total Borrowings

Total borrowings were RM754.1 million, a decrease by RM61.1 million or 7.5% compared to RM815.2 million as at 31 March 2022 mainly due to the repayment of borrowings post disposal of Menara AmFIRST. The net proceeds of RM59.9 million from the disposal of Menara AmFIRST have been fully utilised to repay the borrowings, hence reduced the gearing of the Trust.

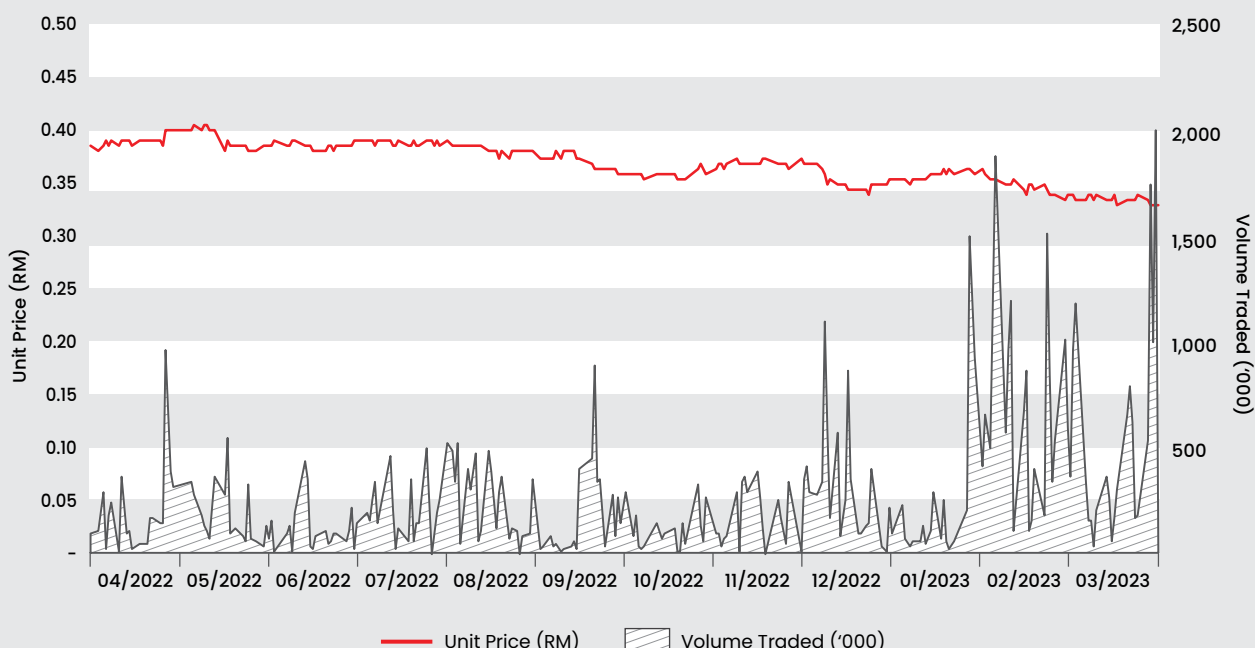
Net Asset Value

Net asset value stood at RM804.9 million which translated to NAV Per Unit of RM1.1726 representing a marginal decrease of 0.9% compared to 31 March 2022.

Unit Price and Market Capitalisation

Unit price registered a decrease by 13.2% from the opening price as at 1 April 2022 of RM0.38 to a closing price of RM0.33 as at 31 March 2023. Based on the closing unit price of RM0.33 and 686,401,600 units in circulation, market capitalisation as at 31 March 2023 was RM226.5 million.

FY2023 UNIT PRICE AND TRADING PERFORMANCE



MANAGEMENT

DISCUSSION AND ANALYSIS

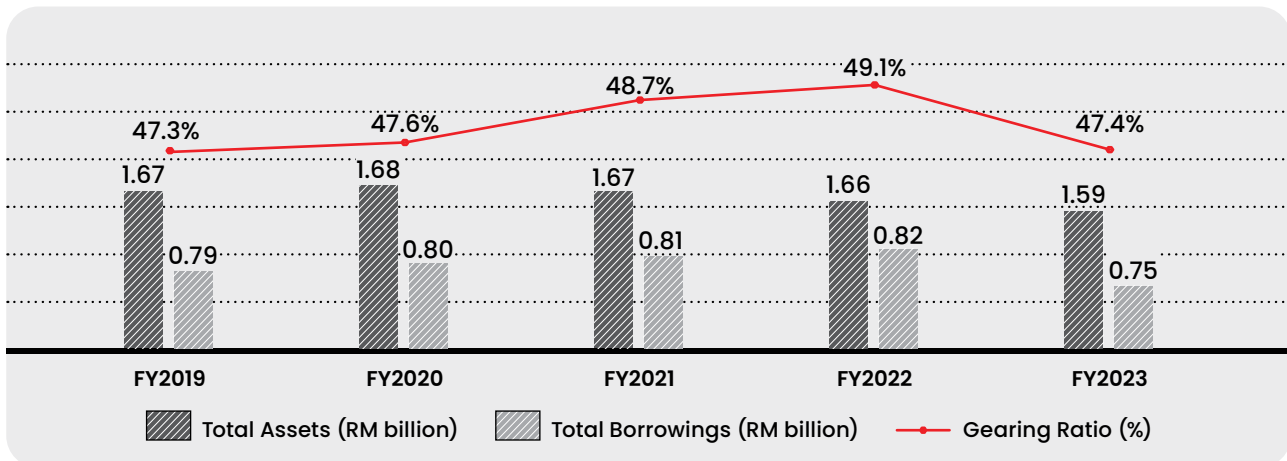
CAPITAL AND INTEREST RATE MANAGEMENT

Prudent Capital Management

The Trust's capital management strategy is to have a balanced funding structure and diversify funding sources that will optimise the returns to Unitholders and these strategies are continuously assessed and reviewed.

As of 31 March 2023, the Trust had outstanding borrowings of RM754.1 million, represent a gearing of 47.4% over total asset value of RM1,591.7 million, compared to preceding year gearing level of 49.1%. Decrease in the gearing level was mainly due to repayment of borrowings from the disposal net proceeds of Menara AmFIRST. Based on gearing of 47.4%, the debt headroom stood at RM83.4 million before reaches the 50% regulated gearing limit set by the Securities Commission Malaysia.

The Manager continues to explore various means of optimising gearing level which include limiting the discretionary capital expenditure in order not to strain further the gearing level and continues pursuing 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.



Debt Maturity Profile

The Manager actively reviews the maturity profile of its borrowings to manage the refinancing risk and will consider the 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. As at 31 March 2023, the weighted average debt maturity was approximately 1.4 years.

	As at 31st March 2023			
	Syndicated Term Loan ¹ RM'000	Term Loan ¹ RM'000	Revolving Credit Facilities RM'000	Total RM'000
Year of Maturity:				
FY2024	-	250,704	253,600	504,304
FY2026	249,823	-	-	249,823
Total borrowings	249,823	250,704	253,000	754,127

¹ Gross amount less transaction costs.

MANAGEMENT

DISCUSSION AND ANALYSIS

CAPITAL AND INTEREST RATE MANAGEMENT (CONT'D.)

Interest Rate Management

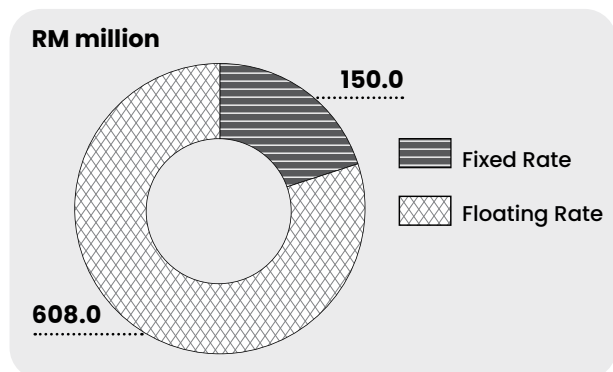
As at 31 March 2023, the Trust's weighted average interest rate stood at 4.22%.

All the Trust's bank borrowings are currently at floating rate to enjoy lower short-term rate, but the Manager is cognizant on the risk exposure to the interest rate hike on these bank borrowings. Hence, to hedge portion of the borrowings exposure, the Trust has entered into interest rate swap ("IRS") via fixed rate of 5-years IRS contract, in exchange of the 3-month Kuala Lumpur Interbank Offered Rate ("KLIBOR").

On 19 July 2022, the Trust entered into a 5-year IRS contract with a notional amount of RM50.0 million to hedge its floating interest rate exposure. In this IRS contract, the Trust pays a fixed rate of 3.62% per annum in exchange of the 3-month KLIBOR.

On 7 February 2023, the Trust entered into another 5-year IRS contract with notional amount of RM100.0 million to further hedge the Trust's borrowings. In this IRS contract, the Trust pays a fixed rate of 3.57% per annum in exchange of the 3-month KLIBOR.

With the above two (2) IRS contracts in place, the Trust has effectively hedged 20% of its borrowings with a weighted average term of debts of 4.6 years.



With 20% of total borrowings hedged via IRS contract, based on the interest cost sensitivity analysis, it reveals that with every 25-bps increase/(decrease) in interest rate with all other variables held constant will cause a corresponding increase/(decrease) of RM1.5 million of the Trust's net income.

Moving forward, to manage the interest rate exposure in the volatile market, the Manager will keep a manageable level of floating rate borrowings to benefit the lower floating short-term rate and at the same time continue to monitor the interest rate market for opportunities to lock-in favorable fixed rate to hedge the interest rate exposure through the IRS contracts.

Cash Flow / Liquidity

For the period from 1 April 2022 to 31 March 2023, the Trust generated a negative cash flow of RM2.2 million.

Net operating cash flow (before the payment of interest expenses of RM31.2 million) improved by RM6.6 million or 14.2%, to RM53.2 million particularly due to the higher collection of trade receivables.

A positive net inflow in investing activities amounting to RM58.1 million consisted primarily of the net proceeds from disposal of Menara AmFIRST which amount to RM59.9 million.

Meanwhile, cash used in financing activities of RM113.5 million consisted of repayment of term loan and revolving credit facilities of RM61.0 million, payment of interest on borrowings (net) of RM31.2 million and distributions paid to the Unitholders of RM21.1 million.

On a net cumulative basis, the Trust registered a negative net cash flow of RM2.2 million during the current financial year, a decreased compared to previous financial year, largely attributable to the repayment of borrowings, higher interest payments and income distribution. This has resulted to decrease in the cash and cash equivalent to RM3.2 million as at 31 March 2023.

At the end of the reporting year, the Trust reported cash and cash equivalents of RM3.2 million, consisted of bank balance and deposits with financial institution of RM1.7 million and RM1.5 million respectively. The remaining undrawn banking facilities was amount to RM65.4 million, comprised of revolving credit and overdraft facilities, which will be utilised to finance any future funding needs of the Trust.

MANAGEMENT

DISCUSSION AND ANALYSIS

RISK MANAGEMENT

The Manager recognises that it has the responsibility to manage risks effectively to safeguard the Trust from potential losses, damages or failures due to uncertain action or event in order to achieve its goals and objectives. 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.

(i) Endemic Risk (A transition from 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.

On 8 March 2022, the Government announced the "Transition to Endemic" phase effective from 1 April 2022, with all restrictions on business operating hours removed. Unfortunately, the pandemic has greatly affected local as well as global businesses. Hence during the pandemic, the Manager came up with the necessary action plans such as providing rental rebates and marketing incentives to ensure Trust's risks are mitigated. The actions taken during the pandemic has ensured that majority tenants were able to sustain with continued tenancy.

(ii) Interest Rate Risk

BNM have increased the OPR from 1.75% to 2.75% during the period from May 2022 to November 2022. Amid an environment of rising interest rate, it is increasingly challenging to mitigate the rising cost of debt.

As at 31 March 2023, the Trust's exposure in interest rate risk stems from its borrowings of RM754.1 million. The Trust has entered RM150.0 million IRS contract to swap floating rate for fixed rate and effectively hedged 20% of the total bank borrowings of RM754.1 million into a fixed rate borrowings.

Any hike in interest rate will result in higher interest cost and will reduce the net income of the Trust. In contrast, low interest rates will benefit the Trust.

The Manager closely monitors the interest rate environment and explore opportunity to hedge portion of the borrowings exposure into a fixed rate via IRS or fixed rate loan.

(iii) 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 distributions, 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.

MANAGEMENT

DISCUSSION AND ANALYSIS

RISK MANAGEMENT (CONT'D.)

(iii) Capital and Liquidity Risk (Cont'd.)

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. The Trust's 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.

The Manager regularly reviews its capital and liquidity management strategy to ensure that its 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.

(iv) 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 offering 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 COVID-19 pandemic has impacted the businesses of the tenants. The Manager had 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. With the end of the pandemic, the trade receivables of the Trust have reduced significantly as the Trust recovered the outstanding rent through the settlement of various instalment schemes and therefore improved collections.

(v) Acquisition and Investment Risk

Acquisition and investment risks refer to imperil of assets or investments not being yield accretive, affecting the overall performance of the Trust. 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. Detail due diligence will be conducted prior to acquisition.

On 15 November 2022, the Manager completed the disposal of Menara AmFIRST where the proceeds were used to reduce the gearing and provides headroom to the Trust to consider acquiring yield accretive assets.

(vi) 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.

MANAGEMENT

DISCUSSION AND ANALYSIS

RISK MANAGEMENT (CONT'D.)

(vi) Valuation Risk (Cont'd.)

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.

Following the country's transition to the endemic phase of COVID-19 with more employees gradually coming back to physical workplace, such risk exposure on valuation has reduced with sign of improve market occupancy and rental rates. As at 31 March 2023, the Trust recorded a fair value gain of RM0.4 million (before the effect of accrued unbilled rental income of RM3.0 million).

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 tenants' trade mix, organising promotional activities within the properties are being implemented to further attract customers and potential tenants.

(vii) Tenant Concentration Risk

Generally, the Trust has a broad mix of tenants across its properties. Nevertheless, as reported in the tenants' trade 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 FY2023, the Trust's top ten (10) tenants generated 72.9% (FY2022: 74.9%) of the total rental income, of which 38.3% (FY2022: 38.8%) is by AmBank Group and 20.2% (FY2022: 21.0%) is by Mydin Mohamed Holdings Berhad, while the remaining eight (8) tenants have a relatively lower percentage ranging from 0.9% to 3.6%.

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

(viii) Market Risk

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

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

(ix) Operation Risk

The Manager is managing eight (8) properties which make up the asset portfolio. Apart from building structures, these properties require constant attention on air-conditioning systems, vertical transportation systems, CCTV systems and fire-fighting systems etc. Naturally, 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 as well as external factors such as structural damage due to leakage, electrical power surge, etc. 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 properties where deemed required.

MANAGEMENT

DISCUSSION AND ANALYSIS

RISK MANAGEMENT (CONT'D.)

(x) Regulatory and Compliance Risk

The Manager is licensed under Capital Markets and Services Act 2007 while the Trust is listed in Bursa Malaysia. 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 the Trust. 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.

(xi) Climate Change Risk

As reported by the United Nations in its Causes and Changes of Climate Change, the growing energy demand for heating and cooling, as well as increased electricity consumption for lighting, appliances, and connected devices, has contributed to a rise in energy-related carbon-dioxide emissions from properties in recent years. These has resulted to increase in greenhouse gasses that causes global warming and change into extreme weather. The world is now warming faster than at any point in recorded history. Warmer temperatures over time are changing weather patterns and disrupting the usual balance of nature. This poses many risks to human beings and all other forms of life on Earth.

The Manager on its part took cognizance of the importance of the crucial climate change phenomenon and embedded as a risk element that must be addressed in its operations. Appropriate measures are taken to mitigate in powering the Trust's properties. Some of the key efforts taken are use of energy saving devices such as LED lightings in its common areas, reduce usage of electricity throughout the properties where it is not necessary as well as continuous effort in identifying and assessing in procuring energy saving parts or equipment.

The Manager have also put in place mitigating controls to ensure that in the event there is an extreme change in weather resulting in unwarranted flood, there are appropriate equipment such as water pumps are placed in the car park basements to mitigate damages on assets and human lives during flood.

PROSPECTS

The office market remains competitive amidst widening imbalances between supply and demand as more organisations especially MNCs, continue to re-evaluate their workplace strategies.

The retail sector has seen recovery in footfall and retail sales, however rising inflation coupled with expected slower economic growth may dampen consumer sentiments.

At the Trust's level, the increase in the operating costs arising from higher utility charges due to the increase in electricity tariff, implementation of higher minimum wages and rising interest rate environment will lower the net realised income of the Trust.

The Manager will adopt appropriate strategies and operation measures in order to improve revenue and to mitigate the impact of rising cost to sustain the financial performance of the Trust in the next reporting period.

ASSET

PROFILE

BANGUNAN AmBANK GROUP (“BAG”)

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

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

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

Location

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 61 years)

Encumbrance

Nil

Year of Completion

1987

Age of Building

36 years

Net Lettable Area

360,166 sq ft

Existing Use

Commercial Office

Car Park

522

Number of Tenant

11

Date of Acquisition

21 December 2006

Acquisition Cost

RM180.2 million

Latest Revaluation

RM266.5 million

Date of Revaluation

3 January 2023

Occupancy Rate

98.3%

Gross Revenue

RM21.9 million

Net Rental Income

RM14.3 million

Major Capital Expenditure

RM0.2 million

Average Tenancy Period

3 years

Independent Valuer

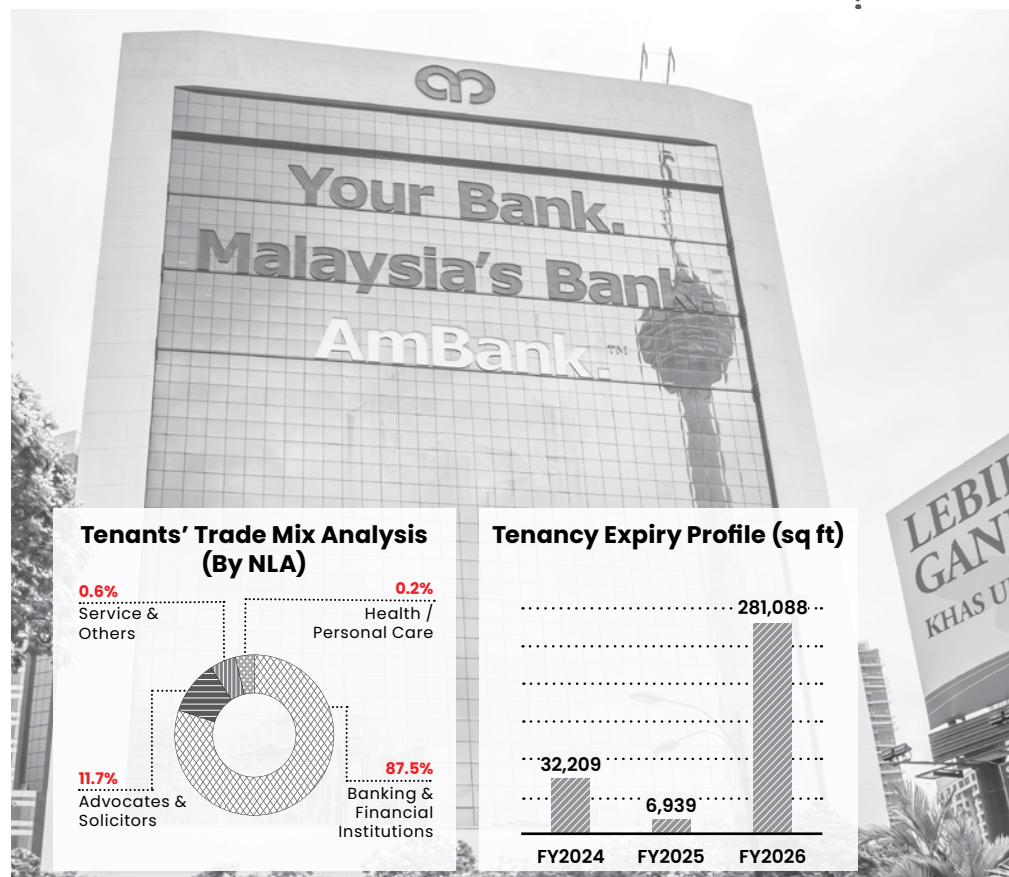
Messrs Cheston International
(KL) Sdn Bhd

Major Tenant

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

Property Manager

Knight Frank Property
Management Sdn Bhd



ASSET

PROFILE

MENARA AmBANK (“MAB”)

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

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

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

Location

No. 8, 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 and Second Party Legal Charge

Year of Completion

1997

Age of Building

26 years

Net Lettable Area

458,450 sq ft

Existing Use

Commercial Office

Car Park

557

Number of Tenant

15

Date of Acquisition

21 December 2006

Acquisition Cost

RM230.2 million

Latest Revaluation

RM322.4 million

Date of Revaluation

3 January 2023

Occupancy Rate

73.9%

Gross Revenue

RM20.6 million

Net Rental Income

RM11.0 million

Major Capital Expenditure

RM0.2 million

Average Tenancy Period

3 years

Independent Valuer

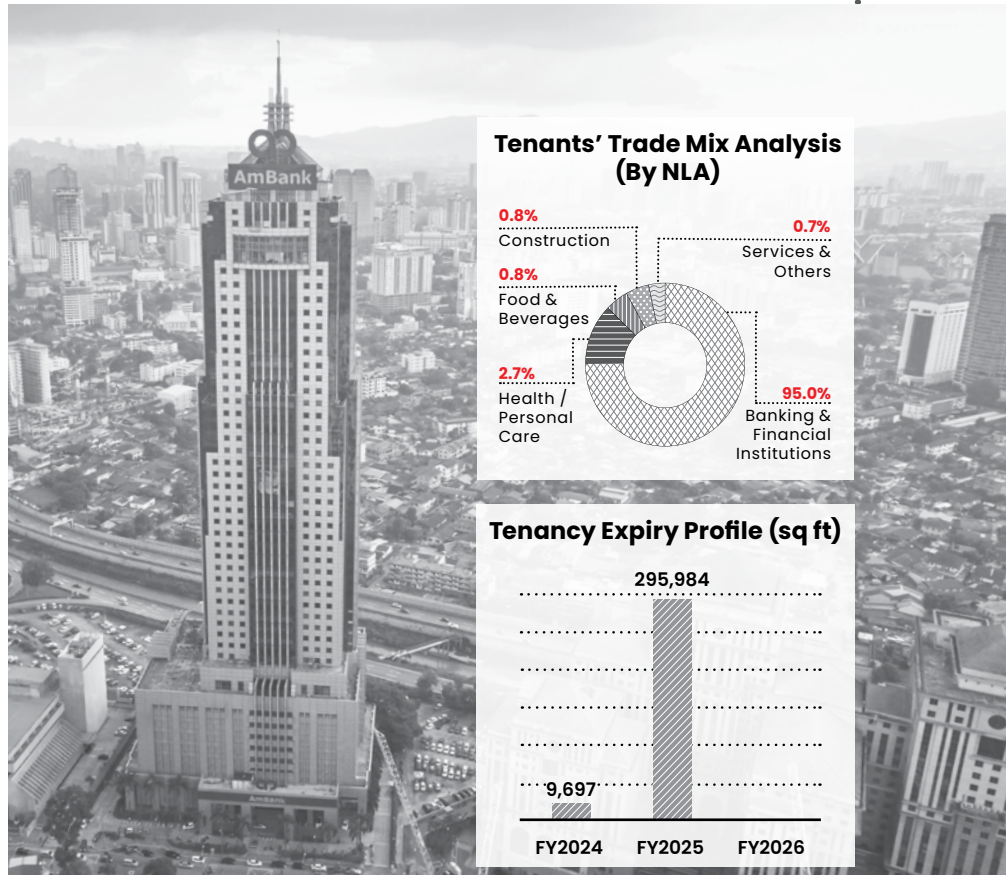
Messrs Cheston International
(KL) Sdn Bhd

Major Tenant

- AmBank Group
- Samsung Engineering (M) Sdn Bhd

Property Manager

Knight Frank Property
Management Sdn Bhd



ASSET

PROFILE

WISMA AmFIRST (“WA”)

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

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

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

Location

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

Description of Property

Two blocks 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 71 years)

Encumbrance

Lien Holder's Caveat

Year of Completion

2001

Age of Building

22 years

Net Lettable Area

285,560 sq ft

Existing Use

Commercial Office

Car Park

645

Number of Tenant

27

Date of Acquisition

21 June 2007

Acquisition Cost

RM86.1 million

Latest Revaluation

RM114.0 million

Date of Revaluation

3 January 2023

Occupancy Rate

89.8%

Gross Revenue

RM9.5 million

Net Rental Income

RM4.9 million

Major Capital Expenditure

Nil

Average Tenancy Period

3 years

Independent Valuer

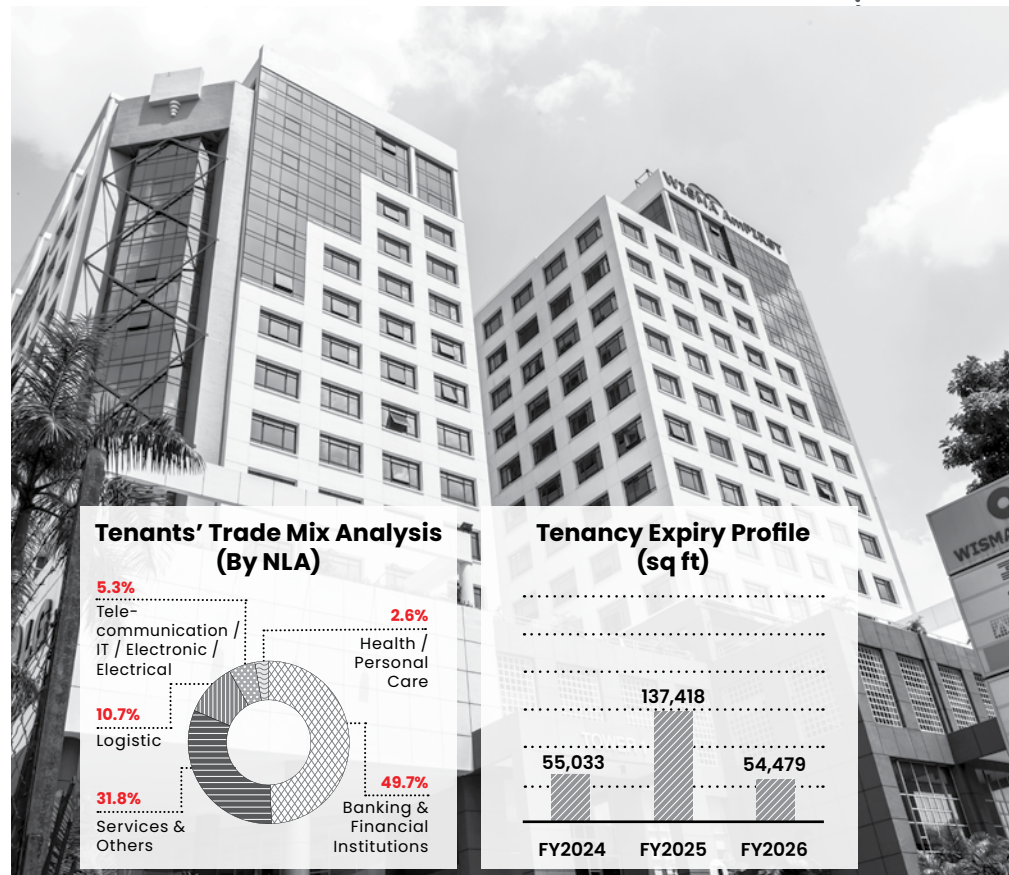
Messrs Cheston International
(KL) Sdn Bhd

Major Tenant

- AmBank Group
- Kimberly-Clark Trading (M) Sdn Bhd
- Swisslog Malaysia Sdn Bhd
- Expeditors (Malaysia) Sdn Bhd
- Asian Business Software Solutions Sdn Bhd

Property Manager

Savills (KL) Sdn Bhd



ASSET

PROFILE

PRIMA 9

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

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

Location

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

14 years

Net Lettable Area

111,150 sq ft

Existing Use

Commercial Office

Car Park

418

Number of Tenant

3

Date of Acquisition

30 November 2011

Acquisition Cost

RM72.9 million

Latest Revaluation

RM72.0 million

Date of Revaluation

16 January 2023

Occupancy Rate

46.7%

Gross Revenue

RM2.4 million

Net Rental Income

RM1.3 million

Major Capital Expenditure

RM0.1 million

Average Tenancy Period

2 - 3 years

Independent Valuer

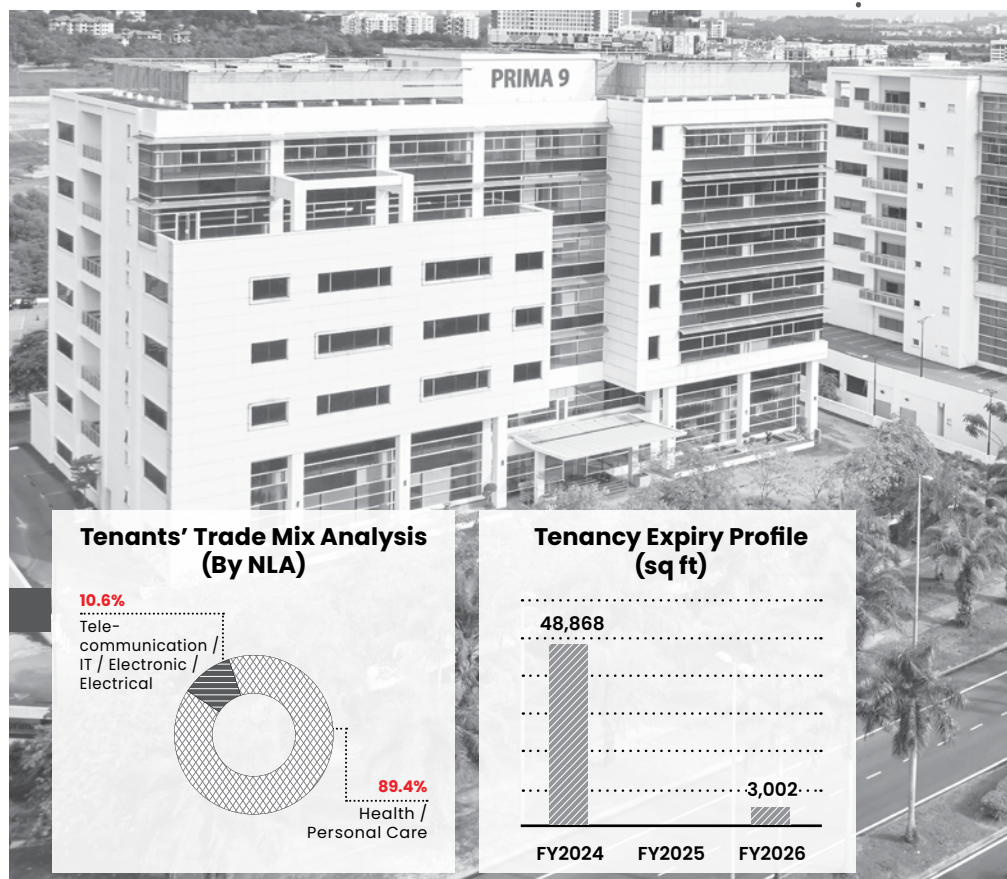
Messrs KGV International
Property Consultants (M) Sdn
Bhd

Major Tenant

- Medical Device Authority – Ministry of Health Malaysia
- Accord Innovations Sdn Bhd
- Quest Software Technology Systems Sdn Bhd

Property Manager

Savills (KL) Sdn Bhd



ASSET

PROFILE

PRIMA 10

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

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

Location

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

13 years

Net Lettable Area

100,272 sq ft

Existing Use

Commercial Office

Car Park

317

Number of Tenant

2

Date of Acquisition

30 November 2011

Acquisition Cost

RM61.7 million

Latest Revaluation

RM61.6 million

Date of Revaluation

16 January 2023

Occupancy Rate

83.9%

Gross Revenue

RM4.0 million

Net Rental Income

RM2.3 million

Major Capital Expenditure

RM0.1 million

Average Lease Period

3 – 4 years

Independent Valuer

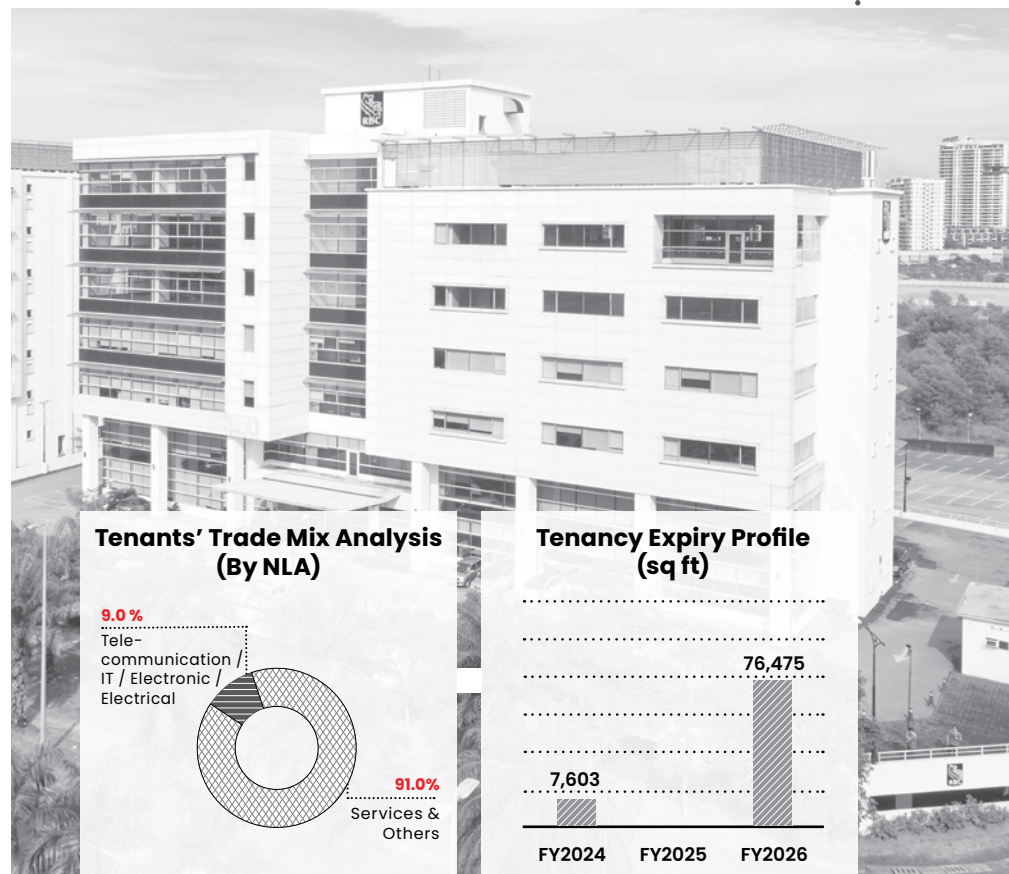
Messrs KGV International
Property Consultants (M) Sdn
Bhd

Major Tenant

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

Property Manager

Savills (KL) Sdn Bhd



ASSET

PROFILE

JAYA 99

Jaya 99 is located along Jalan Tun Sri Lanang, approximately 800 metres north of Melaka town. The immediate locality is commercial in character and comprises of purpose-built office and commercial buildings, local and international hotels, shopping complexes and shop offices.

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

Location

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 86 years)

Encumbrance

First Party Legal Charge

Year of Completion

2011

Age of Building

12 years

Net Lettable Area

225,912 sq ft

Existing Use

Commercial Office

Car Park

551

Number of Tenant

10

Acquisition Date

1 November 2012

Acquisition Cost

RM87.2 million

Latest Valuation

RM101.1 million

Date of Valuation

16 January 2023

Occupancy Rate

73.8%

Gross Revenue

RM6.5 million

Net Rental Income

RM3.5 million

Major Capital Expenditure

Nil

Average Tenancy Period

2 - 3 years

Independent Valuer

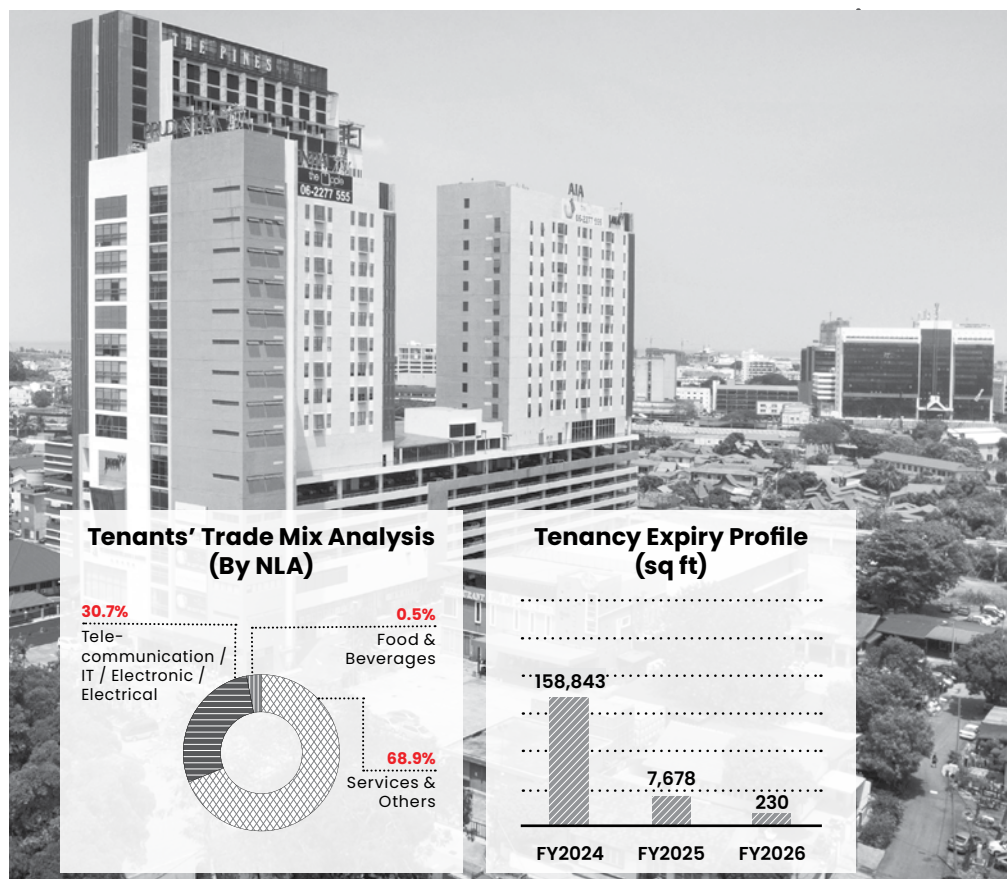
Messrs KGV International
Property Consultants (M) Sdn
Bhd

Major Tenant

- Prudential Assurance Malaysia Berhad
- Sudong Sdn Bhd
- AIA Berhad

Property Manager

Rahim & Co. International Sdn
Bhd



ASSET

PROFILE

MYDIN HYPERMALL

Mydin HyperMall is strategically located along Jalan Baru which is the main service road connecting Bukit Mertajam and Butterworth towns, Penang. These are currently the two (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 Lingkar Luar Butterworth and North-South Expressway.

Location

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

8 years

Net Lettable Area

536,507 sq ft

Existing Use

Commercial Retail

Parking Bay

Car park - 1,527
Motorcycle - 1,058

Number of Tenant

1

Date of Acquisition

29 January 2016

Acquisition cost

RM254.1 million

Latest Revaluation

RM276.0 million¹

¹ Before the effect of accrued unbilled rental income

Date of Revaluation

16 January 2023

Occupancy Rate

100.0%

Gross Revenue

RM20.9 million

Net Rental Income

RM20.8 million

Major Capital Expenditure

Nil

Lease Period

30 years from 1 February 2016
(Remaining uncancellable lease term of 23 years)

Independent Valuer

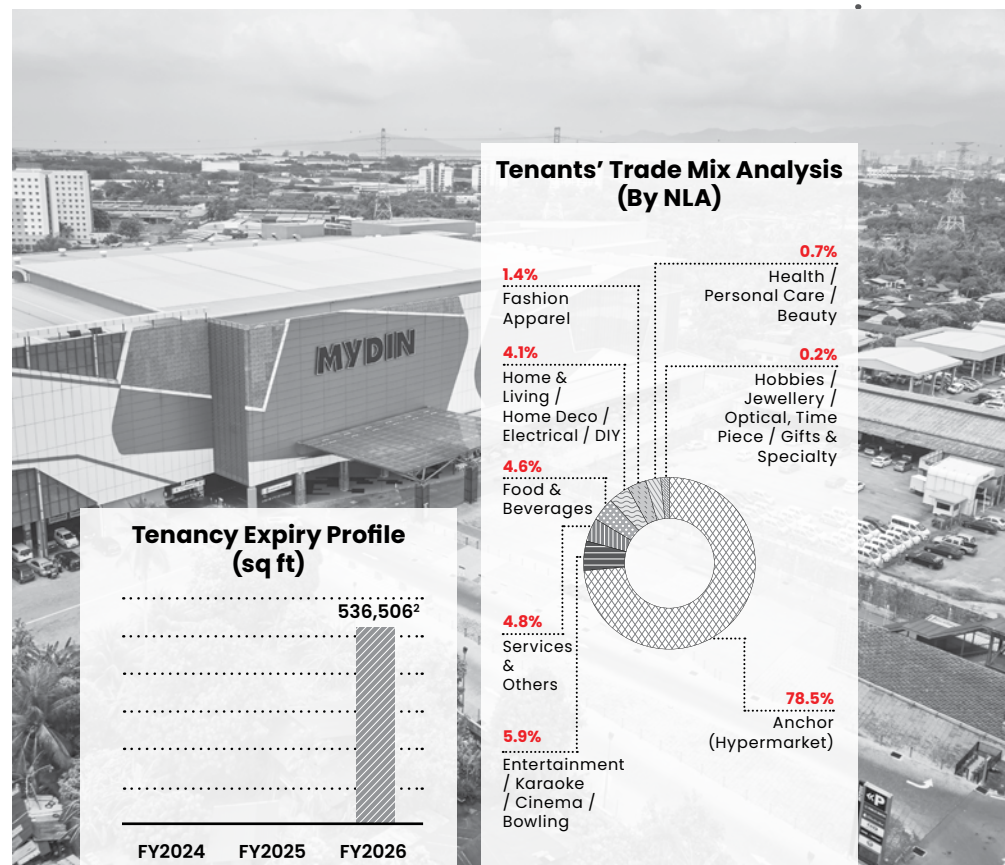
Messrs KGV International
Property Consultants (M) Sdn
Bhd

Master Lessee

Mydin Mohamed Holdings
Berhad

Property Manager

Savills (KL) Sdn Bhd



² 30 years uncancellable operating lease agreement commencing from 1 February 2016 and expiring 31 January 2046.

ASSET

PROFILE

THE SUMMIT SUBANG USJ (“THE SUMMIT”)

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

The immediate locality is commercial in character comprising purpose-built office and commercial buildings, showrooms, service apartments / condominiums, hotels and shop offices. Prominent landmarks in the locality include Kompleks 3C MPSJ, Majlis Perbandaran Subang Jaya (MPSJ) and Balai Polis USJ (USJ 8).

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

Location

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 3-level of basement car parks 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 and 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 Hotel Subang Jaya and a stratified 3-level basement car park known as The Summit Subang USJ Car Park being part of The Summit Subang USJ.

Land Title (Parent Lot)

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

Tenure

Freehold

Encumbrance

Lien Holder's Caveat

Year of Completion

1998

Age of Building

25 years

Net Lettable Area

- Retail – 571,623 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 Tenant

- Retail – 44
- Office – 12
- Hotel – 1

Date of Acquisition

31 March 2008

Acquisition Cost

RM280.1 million

Latest Revaluation

RM359.6 million

Date of Revaluation

3 January 2023

Occupancy Rate

- Retail – 72.0%
- Office – 73.4%



ASSET PROFILE

Gross Revenue
RM15.0 million

Net Rental Income
(RM0.1 million)

Major Capital Expenditure
RM1.2 million

Average Tenancy Period
1 to 3 years

Independent Valuer
Messrs Cheston International
(KL) Sdn Bhd

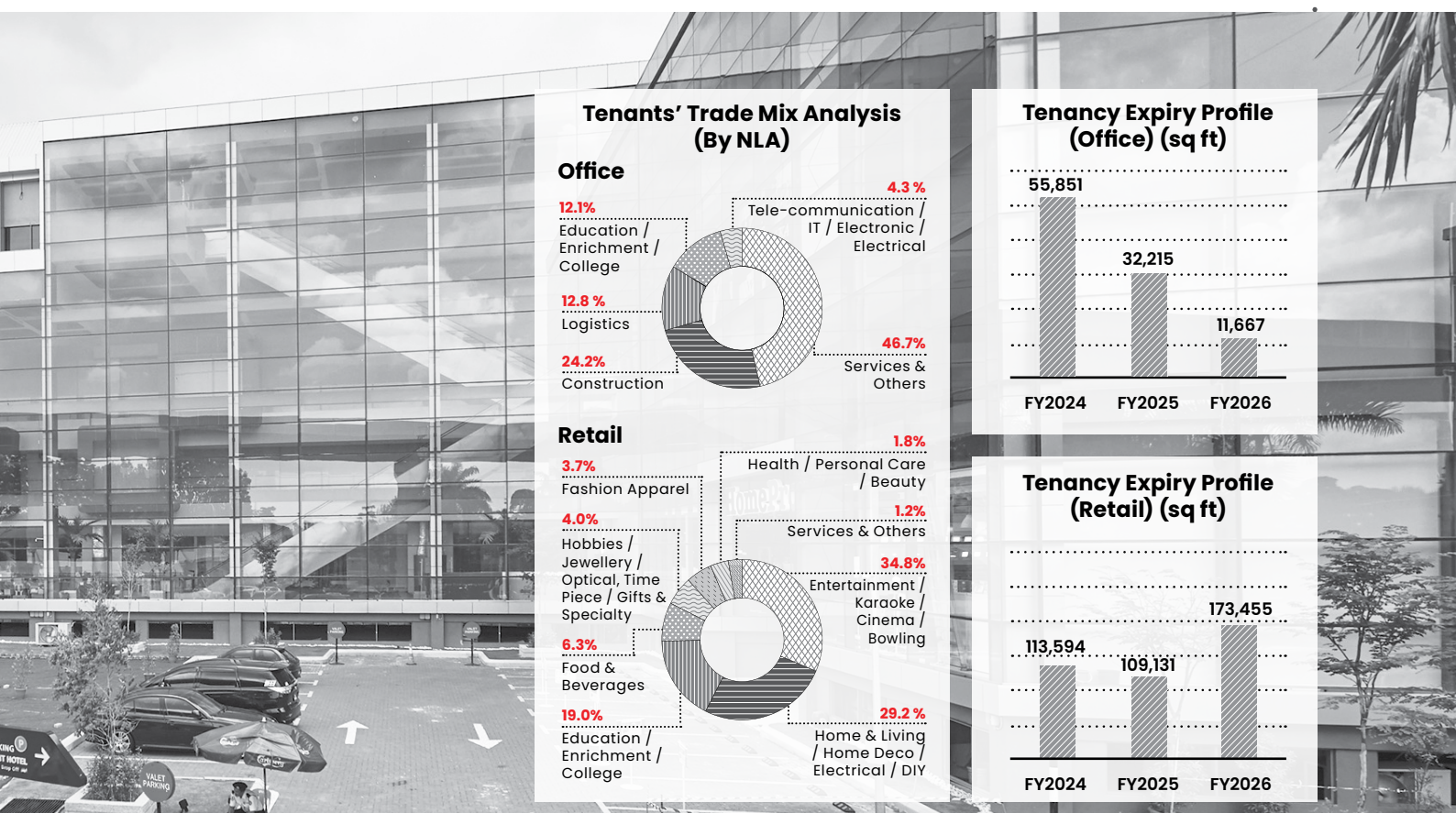
Major Tenant Retail

- Home Product Center (M) Sdn Bhd
- Fun-X World Sdn Bhd
- Golden Screen Cinemas Sdn Bhd
- IMC Education Sdn Bhd
- Global One World Bowlers Sdn Bhd

Major Tenant Office

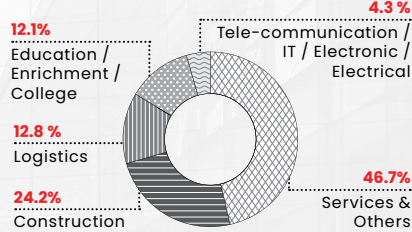
- Salcon Resources Sdn Bhd
- Bakat Pintar Sdn Bhd
- MS Tower (MYS) Sdn Bhd
- CMA CGM (M) Sdn Bhd
- REKA Advisory Sdn Bhd

Property Manager
Knight Frank Property Management Sdn Bhd

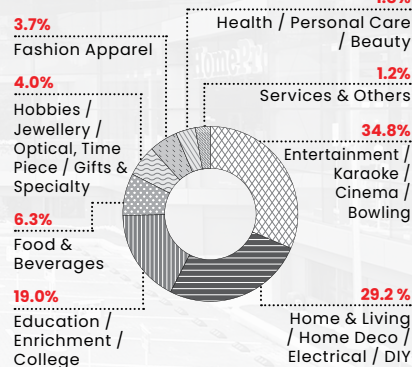


Tenants' Trade Mix Analysis (By NLA)

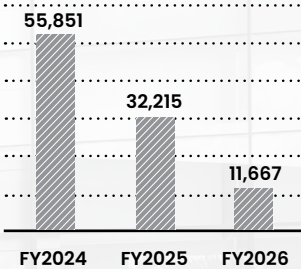
Office



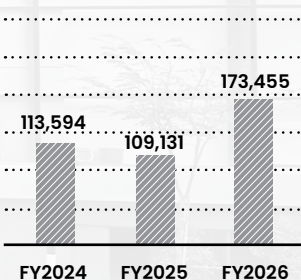
Retail



Tenancy Expiry Profile (Office) (sq ft)



Tenancy Expiry Profile (Retail) (sq ft)



INDEPENDENT

MARKET REPORT

1.0 MARKET INDICATIONS

1.1 Economic Indicators

Table 1: Malaysia – Key Economic Indicators, 2018 to 2023⁽¹⁾

Year	Economic Indicators: Annual Change (%)		
	Gross Domestic Product ⁽¹⁾ (%)	Inflation Rate ⁽²⁾ (%)	Unemployment Rate (%)
2018	4.8	1.0	3.3
2019	4.4	0.7	3.3
2020	-5.5	-1.2	4.5
2021 ^(e)	3.1	2.5	4.6
2022 ^(p)	8.7	3.3	3.9
2023 ^(f)	4.0 ~ 5.0	2.8 ~ 3.8	~3.5
1Q2022 ^(p)	5.0	2.2	4.1
2Q2022 ^(p)	8.9	2.8	3.9
3Q2022 ^(p)	14.2	4.5	3.7
4Q2022 ^(p)	7.0	3.9	3.6

Sources: Department of Statistics Malaysia / BNM

Notes:

(1) ^(p) = Preliminary data ^(f) = Forecast ^(e) = Estimates

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

(3) Inflation rate at constant 2010

Malaysia's transition to the endemic phase since 1 April 2022 has been positive for the economy and real estate market.

The country's economy expanded 8.7% in 2022, higher than both earlier estimates of 5.3% - 6.3% and 6.5% - 7.0%. This is despite moderation in gross domestic product (GDP) from a high of 14.2% in 3Q2022 to 7.0% in 4Q2022 (1Q2022: 5.0% and 2Q2022: 8.9%). Malaysia's economic recovery is supported by robust domestic demand and improving labour market conditions as well as on-going policy support. The central bank expects full-year GDP growth to moderate to between 4% and 5% in 2023 amid a global slowdown.

Headline inflation moderated to 3.9% in 4Q2022 (3Q2022: 4.5%) mainly due to the dissipating base effects and in line with the easing of global commodity prices. For the full year of 2022, it increased to 3.3% (2021: 2.5%) while core inflation averaged higher at 3.0% from 0.7% in 2021. BNM expects headline inflation to remain elevated at 2.8% to 3.8% in 2023 amid lingering cost and demand pressures.

Malaysia's unemployment rate continues to decline to record at 3.6% in 4Q2022 (3Q2022: 3.7% and 2Q2022: 3.9%) as labour demand continuously expands to accommodate the capacity for business operations as more economic activities resume. For the full year of 2022, the unemployment rate stood at 3.9%. It is forecasted to improve further to circa 3.5% for 2023.

On the lending front, due to the positive growth prospect of the Malaysian economy, BNM raised the OPR by 25-bps from 2.75% to 3.0% on 3 May 2023. This follows the fourth rate-hike on 3 November 2022, and will likely influence purchasing decisions due to higher borrowing costs.

INDEPENDENT

MARKET REPORT

1.0 MARKET INDICATIONS (CONT'D.)

1.1 Economic Indicators (Cont'd.)

The recently concluded general election (GE15), which resulted in the formation of a unity government, is expected to steer the country towards better political stability and this augurs well to cement Malaysia's position as an attractive investment destination. Looking ahead, with better economic prospects, the country's property market is expected to be sustained.

The central bank expects full-year GDP growth to moderate to between 4% and 5% in 2023 amid a global slowdown.

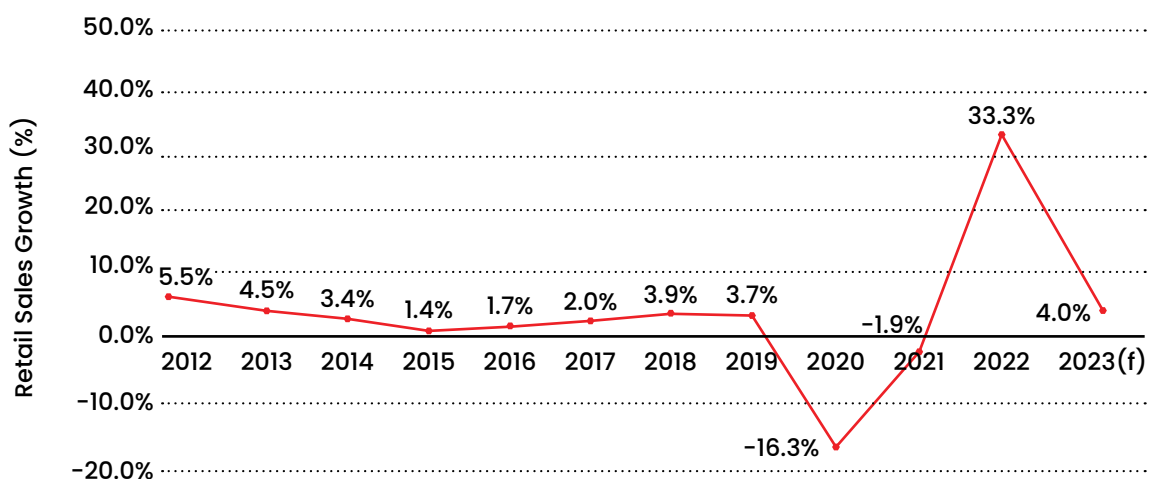
1.2 MALAYSIA: RETAIL PERFORMANCE

1.2.1 Retail Performance Above Expectation

The onset of the COVID-19 pandemic in early 2020, which led to the enforcement of Movement Control Order (MCO) and the subsequent phases of conditional and recovery MCO (CMCO and RMCO), severely disrupted the retail industry. The country's retail sales registered a deep contraction of -16.3% in 2020, its worst performance since the Asian Financial Crisis (1998: -20.0%).

Despite the re-imposition of various phases of lockdown in 2021, there was improvement in Malaysia's retail industry, it posted a smaller annual contraction of 1.9% for 2021. The reopening of the country's international borders and revival of the economy following Malaysia's transition to the endemic phase on 1 April 2022 brought relief to the heavily impacted retail sector. For the entire year of 2022, retail sales growth was recorded at 33.3%, slightly below the earlier forecast of 41.6%. The full year growth was supported by robust quarterly growth of 18.3%, 62.5%, 96.0% and 13.7% in 1Q2022, 2Q2022, 3Q2022 and 4Q2022 respectively. For 2023, Retail Group Malaysia revised its annual retail sales growth upwards to 4.0% from 3.5% previously due to the recovery in domestic tourism and festivities.

Chart 1: Malaysia - Retail Sales Growth, 2012 to 2023^(f)



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

Note:

^(f) = Forecast

The MIER Consumer Sentiments Index (CSI) surpassed the 100-point optimism threshold to register at 108.9 points in 1Q2022. This was driven by the improvement in household income and labour market. In 2Q2022, however, the CSI plummets 23 points q-o-q to register at 86.0 points below the optimism threshold mainly due to the inflationary pressure which led to cautious spending. During 3Q2022, the CSI rose to 98.4 points as consumers make more spending plans and it further improved to 105.3 points in 4Q2022.

INDEPENDENT

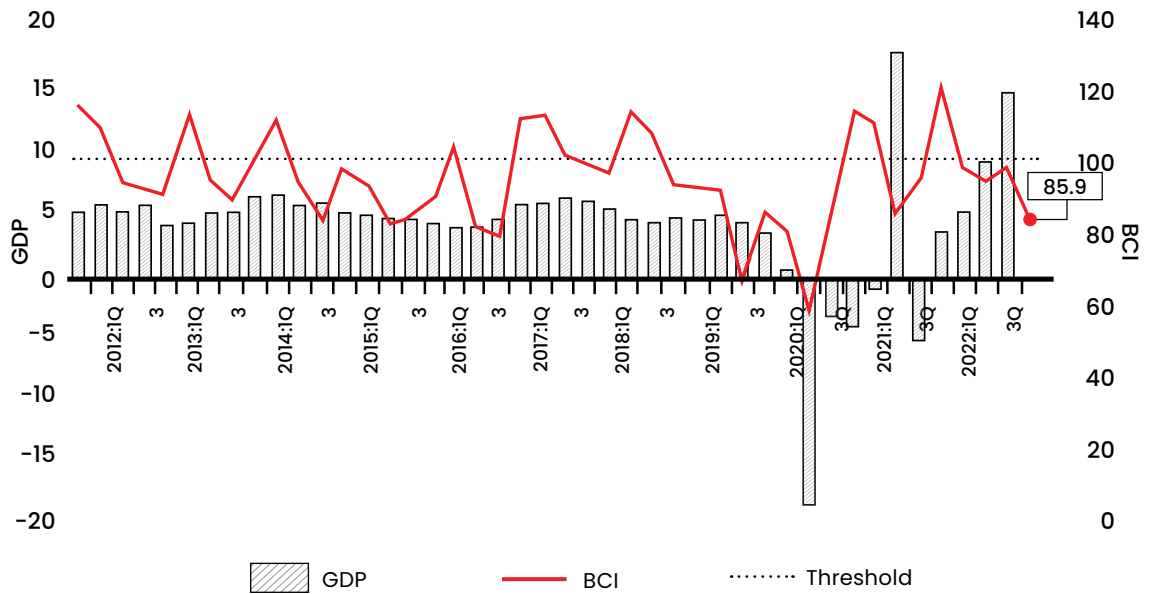
MARKET REPORT

1.0 MARKET INDICATIONS (CONT'D.)

1.2 MALAYSIA: RETAIL PERFORMANCE (CONT'D.)

1.2.2 Return of Manufacturers' Confidence

Chart 2: Malaysia – Business Conditions Index (BCI), 2012 to 4Q2022



Source: Malaysian Institute of Economic Research (MIER)

The Business Conditions Index (BCI) weakened to 85.9 points in 4Q2022 (3Q2022: 99.8 points; 2Q2022: 96.2 points), following sharp decline in sales as domestic and external orders fell.

INDEPENDENT

MARKET REPORT

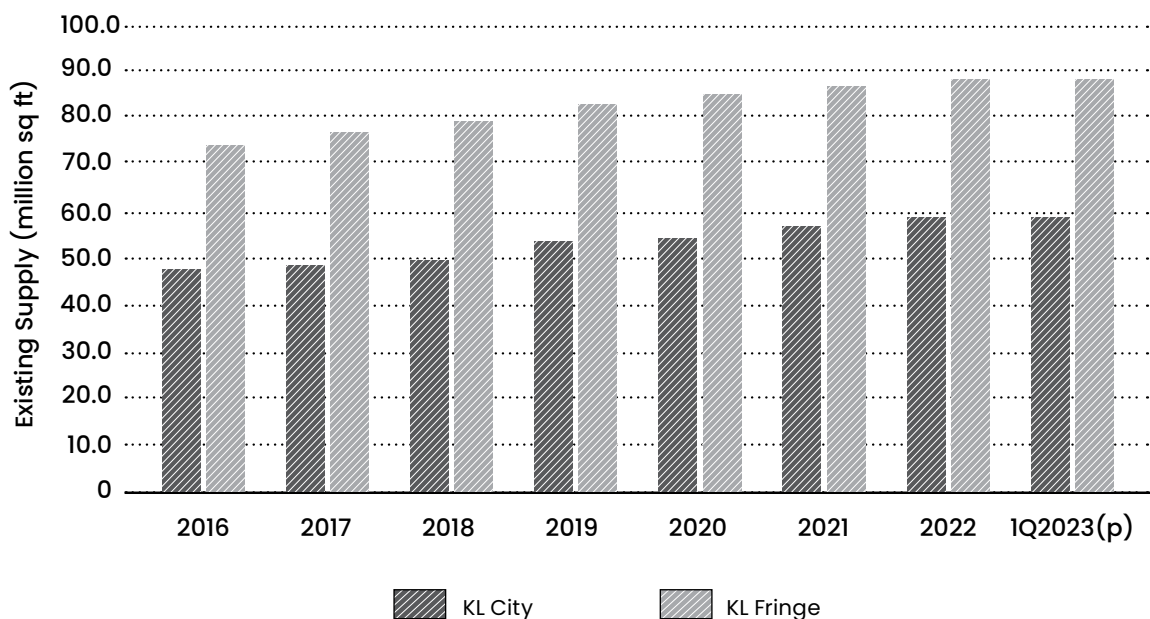
2.0 OFFICE MARKET OVERVIEW

2.1 Kuala Lumpur

2.1.1 Supply

The supply of office space in Kuala Lumpur has grown steadily over the years. Between 2016 and 1Q2023, office supply in KL City grew at a Compound Annual Growth Rate (CAGR) of circa 3.2%, outpacing KL Fringe's CAGR of 3.1%.

Chart 3: KL City & KL Fringe – Cumulative Supply of Purpose-Built Office Space, 2016 to 1Q2023^(p)



Source: Knight Frank Research

Note:

^(p) = Preliminary data

The bulk of existing office supply comes from KL City, recorded at about 65.7% or 58.0 million sq ft whilst the remaining office stock of 30.3 million sq ft or 34.3% 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 2022, five buildings were completed in KL City, namely Affin Tower (circa 613,000 sq ft NLA), The Stride Strata Office (circa 433,000 sq ft NLA), UOB Tower 2 (circa 387,200 sq ft NLA), Pavilion Embassy Corporate Tower (circa 360,000 sq ft NLA) and Pavilion Embassy Corporate Suites (circa 360,000 sq ft NLA). Meanwhile, three buildings were completed in KL Fringe, namely RAC Sentral (circa 170,100 sq ft NLA), The MET Corporate Towers (circa 628,800 sq ft NLA) and Platinum TNB (circa 536,800 sq ft NLA).

During 1Q2023, there was only one completion, namely Pavilion Damansara Heights Corporate Towers 6, 7, 8 & 9 (Phase 1) in KL Fringe (total NLA of circa 378,400 sq ft).

A high impending supply of circa 4.4 million sq ft is expected to enter the market by end of 2023.

INDEPENDENT

MARKET REPORT

2.0 OFFICE MARKET OVERVIEW (CONT'D.)

2.1 Kuala Lumpur (Cont'd.)

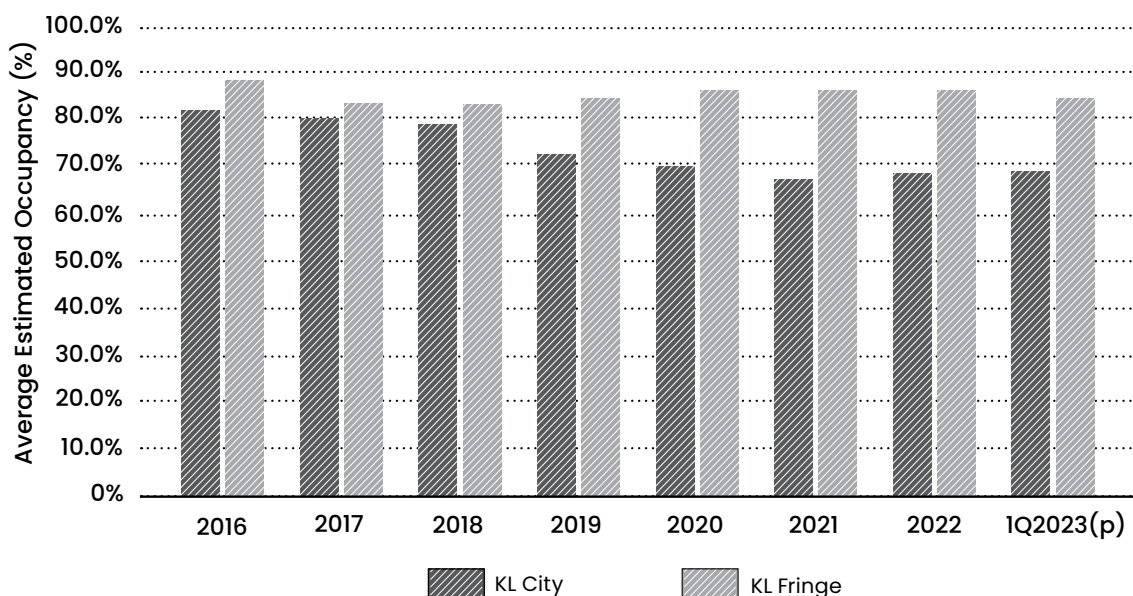
2.1.2 Occupancy

Despite the growing imbalance in supply and demand, the overall occupancy rate of office buildings in KL City improved slightly from 67.3% in 2022 to 67.7% in 1Q2023.

Following the completion of Pavilion Damansara Heights (Phase 1), the overall occupancy rate for KL Fringe declined slightly to 85.1% in 1Q2023 (2022: 86.5%).

The Kuala Lumpur office market saw positive absorption of circa 1,052,000 sq ft in 2022 as the country enters the endemic phase, supported by the resumption of all economic activities and improved labour market. The positive absorption was mainly contributed by the commendable take-up of office space located in both KL City and KL Fringe; namely New CBD, Mid Valley City / KL Eco City and KL Sentral.

Chart 4: KL City & KL Fringe – Overall Occupancies of Purpose-Built Office Space, 2016 to 1Q2023^(p)



Source: Knight Frank Research

Note:

^(p) = Preliminary data

2.1.3 Rental Rates

The average rental rate of prime office space in KL City (Prime A+ and Grade A) was slightly lower in 1Q2023 to record at RM7.81 per sq ft per month (2022: RM7.83 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 monthly rental rate for Prime A+ office space in the New CBD, which has continued to hold steady at circa RM11.94 per sq ft since 2016, dropped to RM11.02 per sq ft and RM10.68 per sq ft in 2019 and 2020 respectively. It dipped further to RM10.29 per sq ft in 2020 amid the prolonged pandemic.

INDEPENDENT

MARKET REPORT

2.0 OFFICE MARKET OVERVIEW (CONT'D.)

2.1 Kuala Lumpur (Cont'd.)

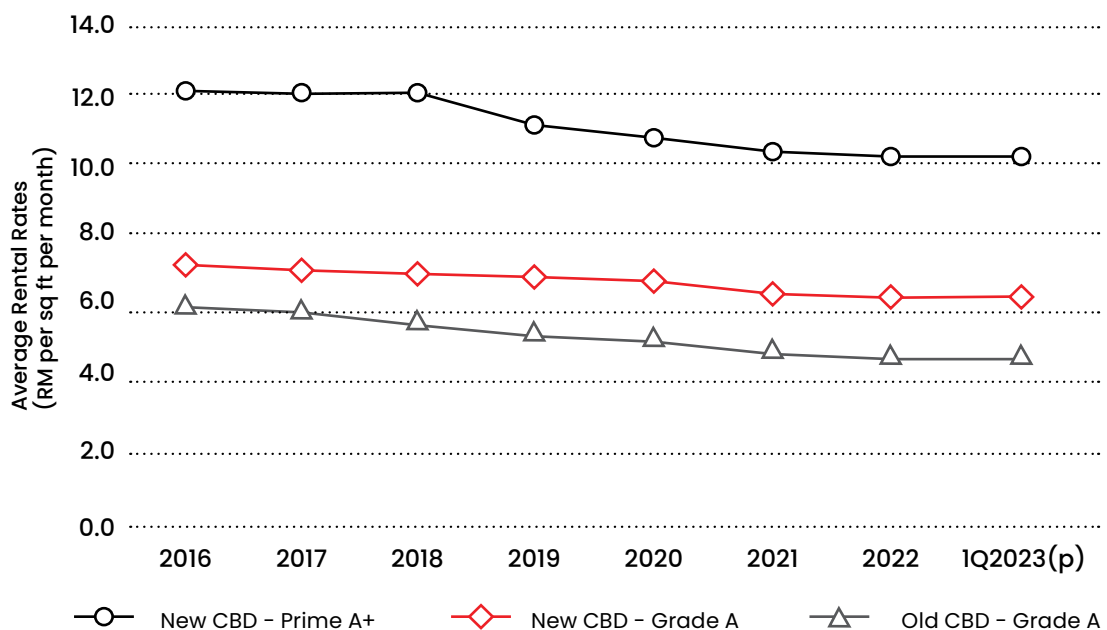
2.1.3 Rental Rates (Cont'd.)

In 2022, with new completions and the implementation of hybrid work model in more companies, the average monthly rental rate was further driven down to RM10.16 per sq ft and it remained unchanged in 1Q2023.

Similarly, the average rental rates of Grade A office space in the New CBD and Old CBD were also lower at RM6.23 per sq ft and RM4.60 per sq ft per month respectively in 2022 (2021: New CBD - RM6.34 per sq ft per month; Old CBD - RM4.76 per sq ft per month).

As for 1Q2023, the average rental rate for Grade A office space in the New CBD remained unchanged at RM6.23 per sq ft. However, in the Old CBD, it was marginally lower at RM4.58 per sq ft.

Chart 5: KL City – Average Achievable Rental Rates of Prime Office Space, 2016 to 1Q2023^(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.

In 1Q2023, there were marginal improvements in the average monthly rental rates of Grade A office space in the selected sub-markets of KL Fringe - KL Sentral, Mid Valley City / KL Eco City and Pantai / Bangsar at RM7.06 per sq ft (2022: RM7.04 per sq ft), RM6.06 per sq ft (2022; RM6.05 per sq ft) and RM5.11 per sq ft (2022: RM5.09 per sq ft) respectively.

Meanwhile, in the sub-markets of Damansara Heights, Bangsar South / Kerinchi and Taman Tun Dr Ismail / Mont Kiara / Dutamas, the average monthly rental rates remained stable in 1Q2023.

INDEPENDENT

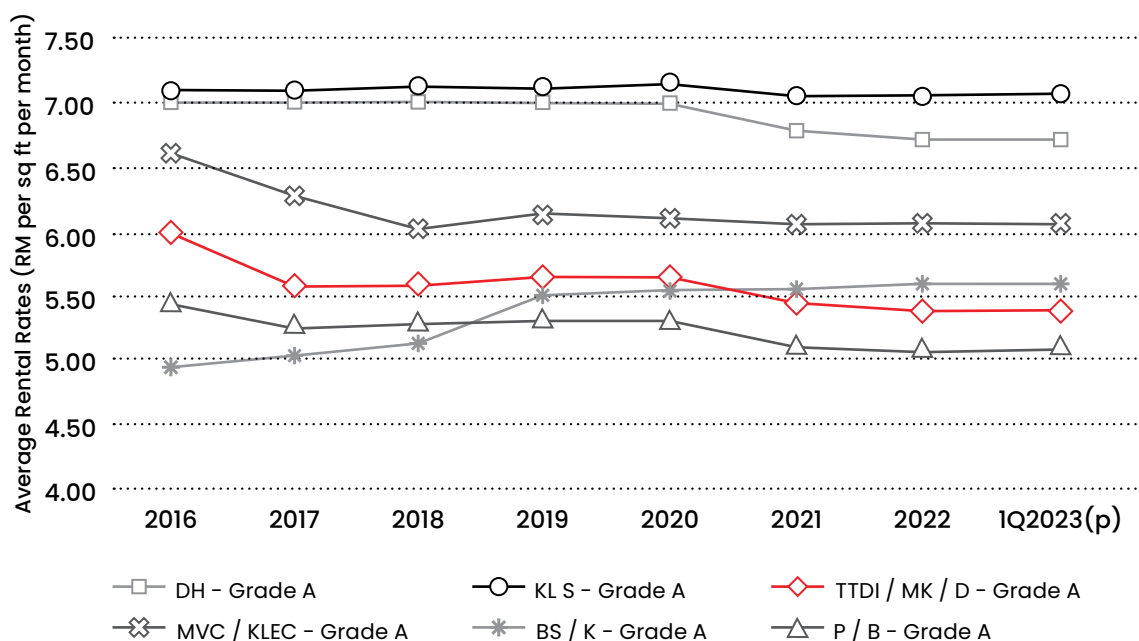
MARKET REPORT

2.0 OFFICE MARKET OVERVIEW (CONT'D.)

2.1 Kuala Lumpur (Cont'd.)

2.1.3 Rental Rates (Cont'd.)

Chart 6: KL Fringe – Average Achievable Rental Rates of Grade A Purpose-Built Office Space in Selected Localities, 2016 to 1Q2023^(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 Taman Tun Dr. Ismail/Mont Kiara/Dutamas;

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

(5) BS / K – Bangsar South/Kerinci; and

(6) P / B – Pantai/Bangsar

2.2 Selangor

2.2.1 Supply

The supply of purpose-built office space in Selangor has also increased steadily since 2016. As of 1Q2023, the cumulative supply of office space in Selangor stood at approximately 26.0 million sq ft, depicting a CAGR of circa 4.8% (2016: 19.4 million sq ft).

There were two notable office completions in Selangor in 2022, namely Block G @ Empire City (circa 138,000 sq ft NLA) and Block J of Empire City (HCK Tower) (circa 456,000 sq ft NLA). The Office Tower @ Atwater (circa 370,000 sq ft NLA) is slated for completion in 2023.

The Office Tower @ Atwater (circa 370,000 sq ft NLA) is slated for completion in 2023.

INDEPENDENT

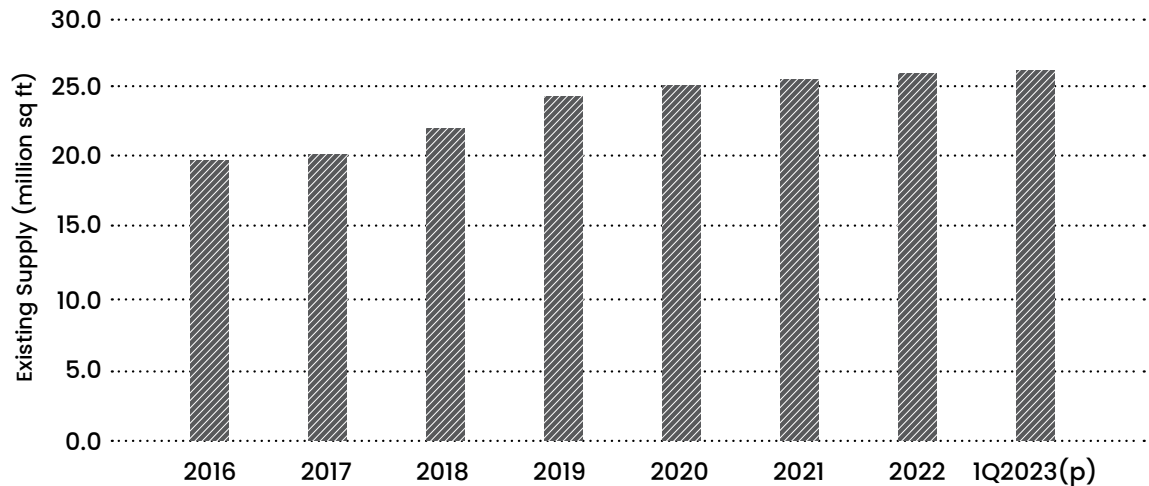
MARKET REPORT

2.0 OFFICE MARKET OVERVIEW (CONT'D.)

2.2 Selangor (Cont'd.)

2.2.1 Supply (Cont'd.)

Chart 7: Selangor – Cumulative Supply of Purpose-Built Office Space, 2016 to 1Q2023^(p)



Source: Knight Frank Research

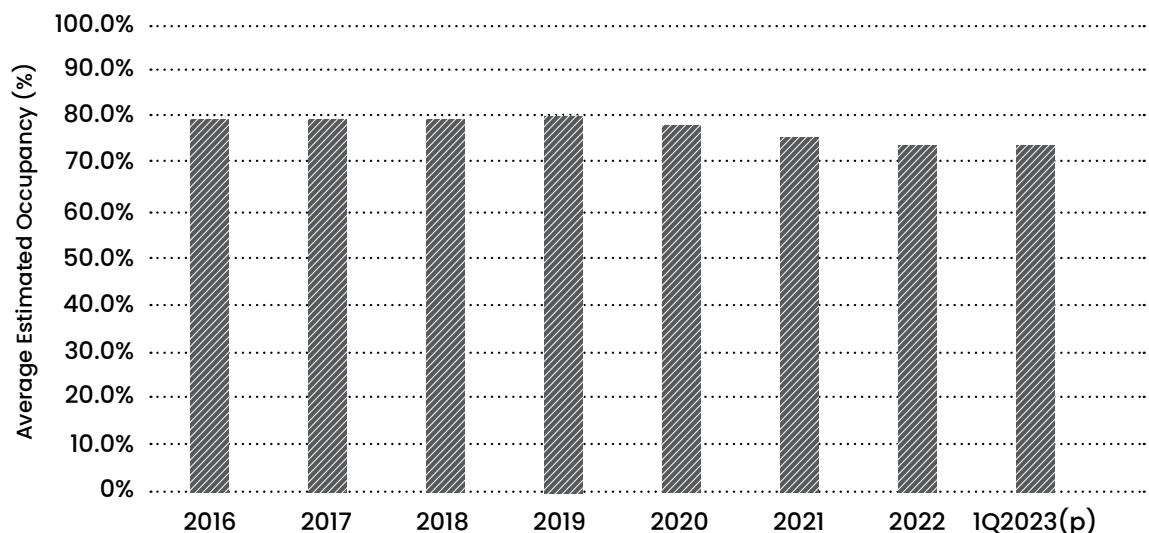
Note:

^(p) = Preliminary data

2.2.2 Occupancy

Since 2016, 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 78.0% in 2020 due to challenges amid the prolonged pandemic. In 2021, the overall occupancy rate declined to record at 75.2% and it dropped further to 73.6% and 73.2% in 2022 and 1Q2023. This may be partially due to the downsizing of office space as more businesses implement the hybrid work model post-pandemic coupled with tenants exploring prestigious office address in the city centre.

Chart 8: Selangor – Overall Occupancies of Purpose-Built Office Space, 2016 to 1Q2023^(p)



Source: Knight Frank Research

Note:

^(p) = Preliminary data

INDEPENDENT

MARKET REPORT

2.0 OFFICE MARKET OVERVIEW (CONT'D.)

2.2 Selangor (Cont'd.)

2.2.2 Occupancy (Cont'd.)

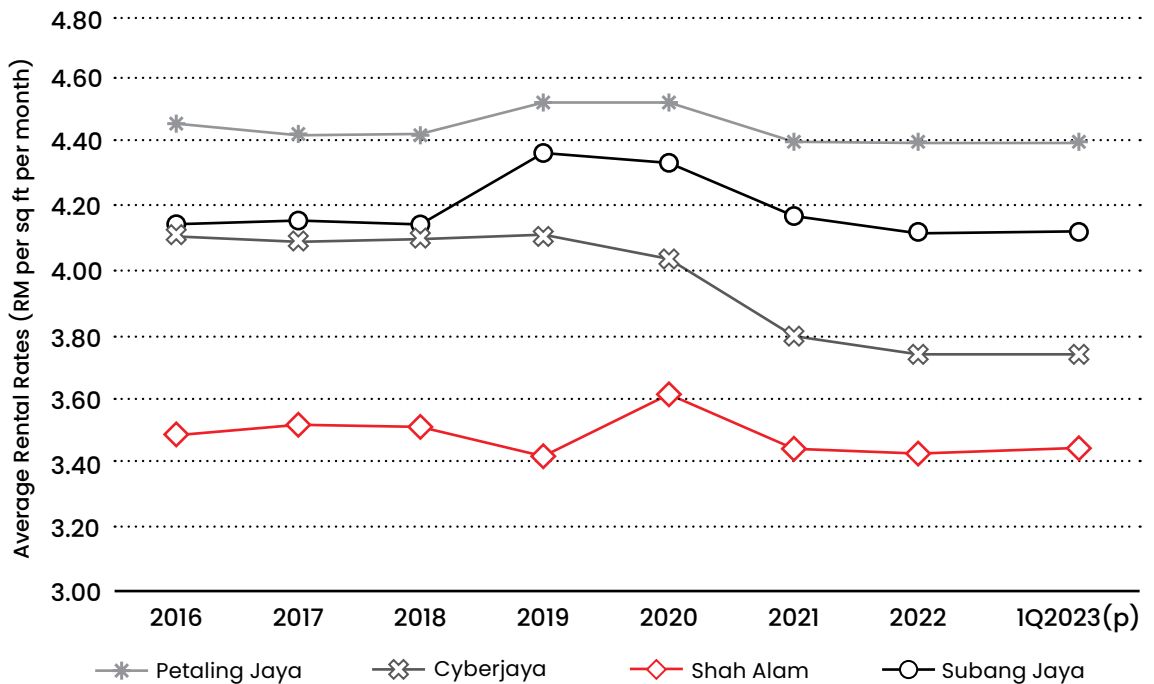
Most of the office sub-markets in Selangor, namely Petaling Jaya, Subang Jaya and Cyberjaya experienced lower occupancies in 2022. In contrast, the occupancy for Shah Alam improved during the year with Maybank unveiling its new office space at Mercu Maybank in i-City, Shah Alam (14 floors totalling circa 162,000 sq ft) as part of its business continuity plan.

For the whole year of 2022, the Selangor office market saw a positive net absorption of circa 65,500 sq ft contributed by higher level of leasing activity and tenant movements.

2.2.3 Rental Rates

The overall average monthly rental rate of purpose-built office space in Selangor increased marginally from RM4.09 per sq ft per month in 2022 to RM4.10 per sq ft per month in 1Q2023.

Chart 9: Selangor – Average Achievable Rental Rates of Purpose-Built Office Space in Selected Localities, 2016 to 1Q2023(p)



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

In 1Q2023, the average monthly rental rates in the locality of Subang Jaya and Cyberjaya were relatively stable at RM4.11 per sq ft and RM3.72 per sq ft respectively as compared to 2022. While in Petaling Jaya and Shah Alam, the rates improved slightly to RM4.40 per sq ft (2022: RM4.39 per sq ft) and RM3.42 per sq ft (2022: RM3.41 per sq ft) respectively.

INDEPENDENT

MARKET REPORT

2.0 OFFICE MARKET OVERVIEW (CONT'D.)

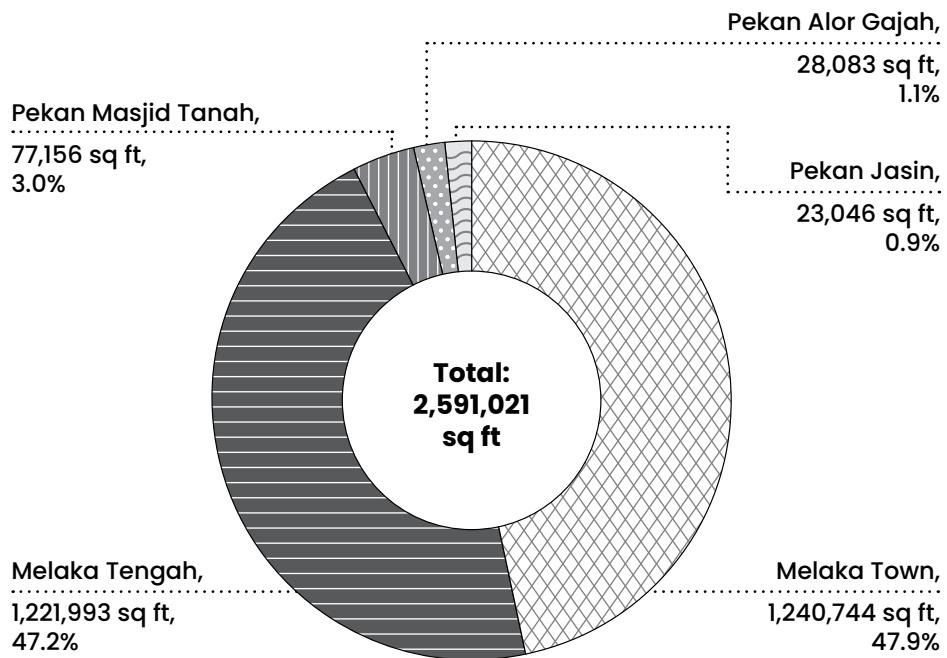
2.3 Melaka

2.3.1 Supply

As of 2022, 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 in the state is fairly distributed between Melaka Town and Melaka Tengah with circa 1.2 million sq ft each (about 47.9% and 47.2% share of the state's total office stock). 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 10: Melaka – Cumulative Existing Supply of Purpose-Built Office Space, as of 2022^(p)



Source: NAPIC / Knight Frank Research

Note:

^(p) = Preliminary data

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

2.3.2 Occupancy

In the privately-owned office segment, the overall occupancy rate improved to 76.6% in 2022 (2021: 71.0%).

The office spaces 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 70.0% and 77.0%.

INDEPENDENT

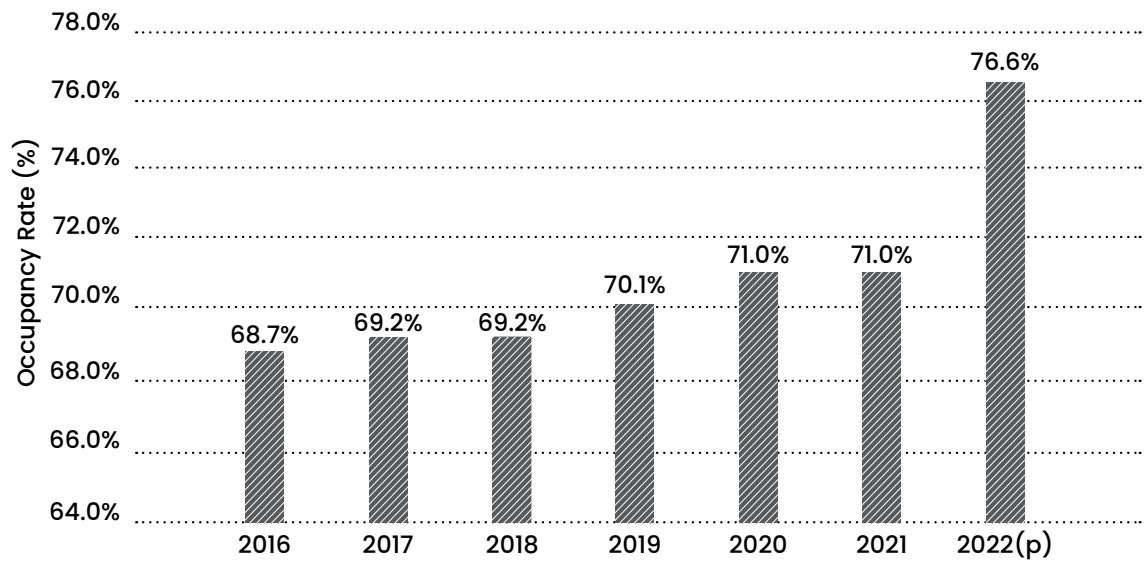
MARKET REPORT

2.0 OFFICE MARKET OVERVIEW (CONT'D.)

2.3 Melaka (Cont'd.)

2.3.2 Occupancy (Cont'd.)

Chart 11: Melaka – Overall Occupancies of Purpose-Built Office Space, 2016 to 2022^(p)



Source: NAPIC / Knight Frank Research

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 2: Melaka – Rental Range of Selected Office Buildings in Central Town, 2022

Name of Building / Location	Rental Range (RM per sq ft / month)
Bangunan Graha Maju Jalan Hang Tuah	1.30 – 2.20
Bangunan Tabung Haji Jalan Bandar Kaba	0.80 – 2.10
Bangunan Risda Jalan Tun Sri Lanang	1.90 – 2.00
Jaya 99 Jalan Tun Sri Lanang	2.50 – 2.70

Sources: NAPIC / Knight Frank Research

INDEPENDENT

MARKET REPORT

2.0 OFFICE MARKET OVERVIEW (CONT'D.)

2.4 Market Outlook

The unprecedented COVID-19 crisis has compelled many organisations to rethink their standard operating mode while embracing technology such as cloud-based IT solutions and communication channels in their business operations.

Co-working services, consumer staple, and healthcare related businesses continue to be active in the office market as they assess their real estate needs - looking at options to either consolidate their portfolios or acquire and expand. In contrast, there has been mass global tech layoffs recently due to the slowing economy and customer pullback on spending. However, overall activity in the tech sector is still dynamic with smaller and medium sized firms seizing the opportunities to expand their footprint.

With more employees gradually going back to the physical workplace following normalisation of all economic sectors, selected real estate investment trusts (REITs) and landlords of well-located buildings which are dated and older are shifting their focus on asset management and asset enhancement initiatives by refurbishing / revamping their office buildings. Post pandemic, the priority remains focus on health and safety with initiatives that include improving the indoor environment quality (IEQ) and incorporating technologies to promote "touchless" access.

In the short to medium term, the Klang Valley office market remains challenging amid looming supply and limited tenant pool coupled with lack of major catalysts to boost office demand.

In KL City, with more organisations especially multinationals (MNCs) embracing business continuity planning such as working from home and split-team / hybrid arrangement coupled with "flight to quality", there is downward pressure on both occupancy and rental levels.

Nonetheless, KL City continues to be the core of the Malaysian office market with most foreign interests choosing to have their initial office set-ups in a central KL location as prime KL City address is more recognisable on a global level. With the high impending office supply expected in 2023 and beyond, the overall demand for office space will continue to be outpaced by existing and incoming supply although the growing number of MNC companies looking to set up their operations in premium or grade A office space provides cushion to the oversupplied office market.

In this tenant-led market, more landlords are motivated to offer attractive leasing packages that are centred on tenant retention to improve market competitiveness and attract new occupiers. Typical incentives may include rent-free period, refurbishment cost amortisation, flexible tenancy terms and space usage.

Meanwhile, the decentralised office market in KL Fringe is expected to hold steady and resilient supported by strong domestic and regional occupier demand. The well-connected office locations enhanced by improved road connectivity and integrated rail infrastructure coupled with the availability and convenience of a wide array of amenities continue to sustain demand. Good quality decentralised office space with attractive rental and leasing packages remains favourable and continues to capture the market demand.

Moving forward, the increasing awareness about different aspects of Environmental, Social and Governance (ESG) has led to higher interests towards green buildings. Green-rated buildings are becoming increasingly important as organisations seek to meet their sustainability goals.

More occupiers, especially MNCs, are seeking facilities that support and complement their sustainability initiatives by improving resource efficiency and lowering carbon footprints. To remain competitive and appealing to potential occupiers, landlords are implementing ESG initiatives and aligning them with industry standards.

Buildings embracing green technology that are certified by the Malaysian Green Technology Corporation ("MGTC") qualify for tax incentives which also support the agenda of Sustainable Development Goals (SDGs) 2030. The existing tax incentives will be extended to include Rainwater Collection and Utilisation System project.

INDEPENDENT

MARKET REPORT

2.0 OFFICE MARKET OVERVIEW (CONT'D.)

2.4 Market Outlook (Cont'd.)

Meanwhile, the new Malaysia Digital (MD) status, which was introduced by the Malaysia Digital Economy Corporation (MDEC) to succeed the MSC status, continues to drive SME interests both globally and locally. The revised Bill of Guarantees (BOG) allows a wider range of businesses to become eligible for incentives in the form of grants, tax benefits, etc. and this is deemed positive for the office market.

Overall, the Kuala Lumpur office market is seen sustaining the pandemic with landlords continuing to offer incentives such as rent-free period, refurbishment cost amortisation, flexible tenancy terms and space usage to remain competitive in the market.

In the medium to longer term, the Selangor office market is expected to remain relatively resilient supported by a wider pool of tenants / occupiers, attractive rental and leasing packages as well as improved rail network that continue to drive demand for office space in these decentralised locations.

As for Melaka, given the stagnant supply of office space in recent years, the occupancy and rental levels are expected to hold steady.

INDEPENDENT

MARKET REPORT

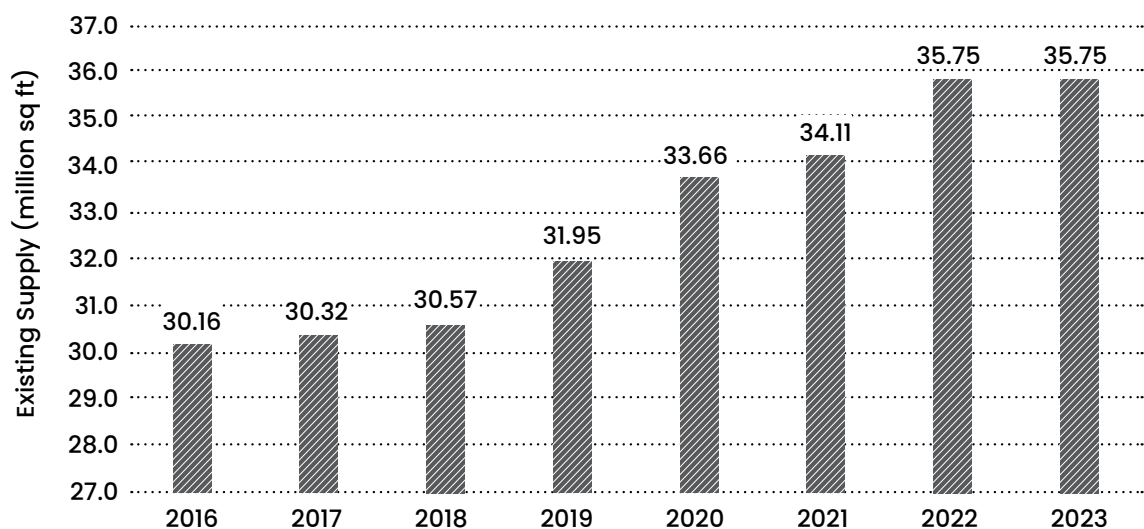
3.0 RETAIL MARKET OVERVIEW

3.1 Selangor

3.1.1 Supply

The cumulative supply of retail space in Selangor stood at circa 35.75 million sq ft as of 1Q2023. Notable completions in 2022 include IOI City Mall Phase 2 (NLA: 1.0 million sq ft), Ecohill Walk Mall (NLA: 170,000 sq ft) and Megahrise Mall (NLA: 142,000 sq ft). There was no new completion in 1Q2023.

Chart 12: Selangor – Cumulative Supply of Retail Space, 2016 to 1Q2023



Source: Knight Frank Research

Note:

Putrajaya supply is included in Selangor and the above supply excludes standalone hypermarket.

KSL Esplanade Mall, with NLA totalling circa 650,000 sq ft, is anticipated to be soft launched in May 2023.

Table 3: Selangor – Retail Centre Scheduled for Completion / Opening, 2023

Shopping Centre	Location	Estimated NLA (sq ft)
KSL Esplanade Mall	Klang	650,000
Total		650,000

Source: Knight Frank Research

Note:

Putrajaya supply is included in Selangor and the above supply excludes standalone hypermarket.

3.1.2 Occupancy

The average occupancy rate of shopping centres in the state peaked at 85.5% in 2015 and has since continued to downtrend, recording at 77.6% in 2022. It is, however, noteworthy to mention that the average occupancy for Selangor has continued to hover close to the 80.0% threshold despite the high supply pipeline of retail space coming into the market and the challenging business landscape (source: NAPIC).

INDEPENDENT

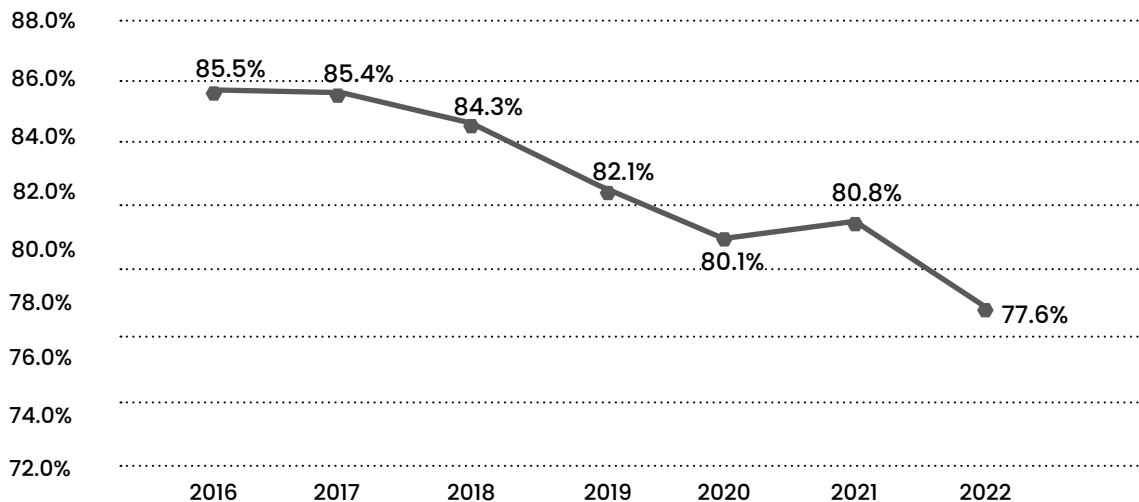
MARKET REPORT

3.0 RETAIL MARKET OVERVIEW (CONT'D.)

3.1 Selangor (Cont'd.)

3.1.2 Occupancy (Cont'd.)

Chart 13: Selangor – Average Occupancy Rates of Shopping Centres, Arcades and Hypermarkets, 2016 to 2022^(p)



Sources: NAPIC / Knight Frank Research

Note: ^(p) = Preliminary data

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, 2022

Shopping Centre	Location	Floor Level	Rental Range (RM per sq ft / month)
1 Utama Shopping Centre	Bandar Utama	Lower Ground	12.00 – 41.00
		Ground	12.50 – 34.00
		1	12.50 – 38.00
		2	7.00 – 31.00
Sunway Pyramid Shopping Mall	Bandar Sunway	Lower Ground	13.60 – 35.80
		Ground	31.80 – 45.30
		1	22.60 – 36.80
		2	21.50 – 43.80
Subang Parade	Subang Jaya	3	17.50 – 58.60
		Lower Ground	7.80 – 20.60
		Ground	12.00 – 23.40
Central I-City	Shah Alam	1	4.00 – 10.20
		Lower Ground	6.00 – 17.00
		Ground	10.00 – 23.00
		1	8.00 – 30.00
IOI Mall	Bandar Puchong	2	6.00 – 16.00
		Ground	9.00 – 33.30
		1	6.00 – 16.50
		2	9.30 – 15.00
Melawati Mall	Bandar Puchong	Lower Ground	5.60 – 18.80
		Ground	8.60 – 32.60
	Taman Melati	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		

Sources: NAPIC / Knight Frank Research

INDEPENDENT

MARKET REPORT

3.0 RETAIL MARKET OVERVIEW (CONT'D.)

3.1 Selangor (Cont'd.)

3.1.3 Rental Rates (Cont'd.)

Prominent shopping centres in Selangor, namely 1 Utama Shopping Centre and Sunway Pyramid Shopping Mall command high rental rates ranging from RM7.00 per sq ft to RM58.60 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 RM5.00 per sq ft to RM32.60 per sq ft per month.

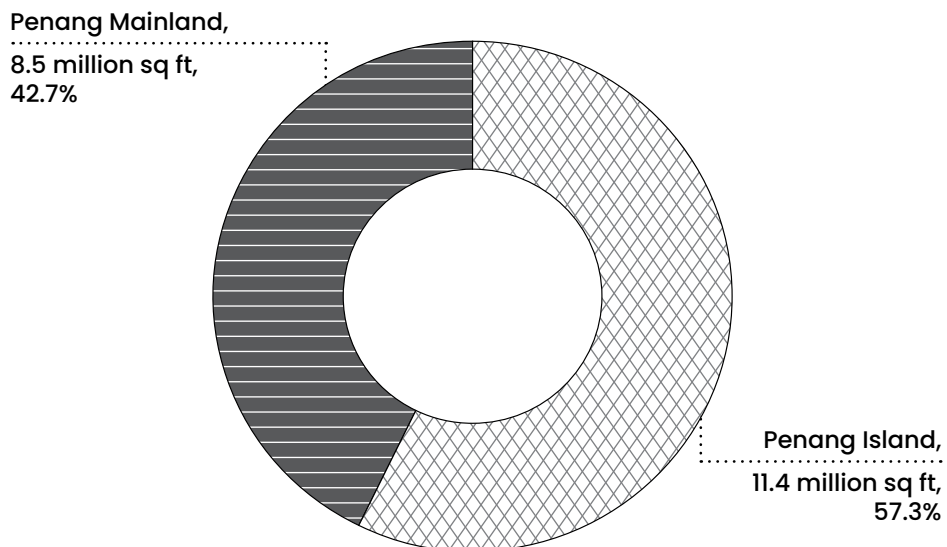
Meanwhile, rental levels of neighbourhood shopping centres which cater to the needs of local communities, such as Subang Parade and IOI Mall, remained firm and range from RM4.00 per sq ft to RM33.30 per sq ft per month.

3.2 Penang

3.2.1 Supply

The cumulative supply of retail space in Penang was recorded at 19.9 million sq ft as of 2022 (source: NAPIC). Penang Island accounted for 57.3% share (11.4 million sq ft) of the total retail stock while the remaining 42.7% share (8.5 million sq ft) comes from Penang Mainland.

Chart 14: Penang - Existing Supply of Shopping Centres, Arcades and Hypermarkets, 2022^(p)



Sources: NAPIC / Knight Frank Research

As for incoming supply, there is only one retail centre scheduled for completion in Penang in 2023, namely Sunshine Mall with total NLA estimated at 142,000 sq ft.

INDEPENDENT

MARKET REPORT

3.0 RETAIL MARKET OVERVIEW (CONT'D.)

3.2 Penang (Cont'd.)

3.2.1 Supply (Cont'd.)

Table 5: Penang – Retail Centre Scheduled for Completion / Opening, 2023

Shopping Centre	Location	Estimated NLA (sq ft)
Sunshine Mall	Farlim	142,000
Total		142,000

Source: Knight Frank Research

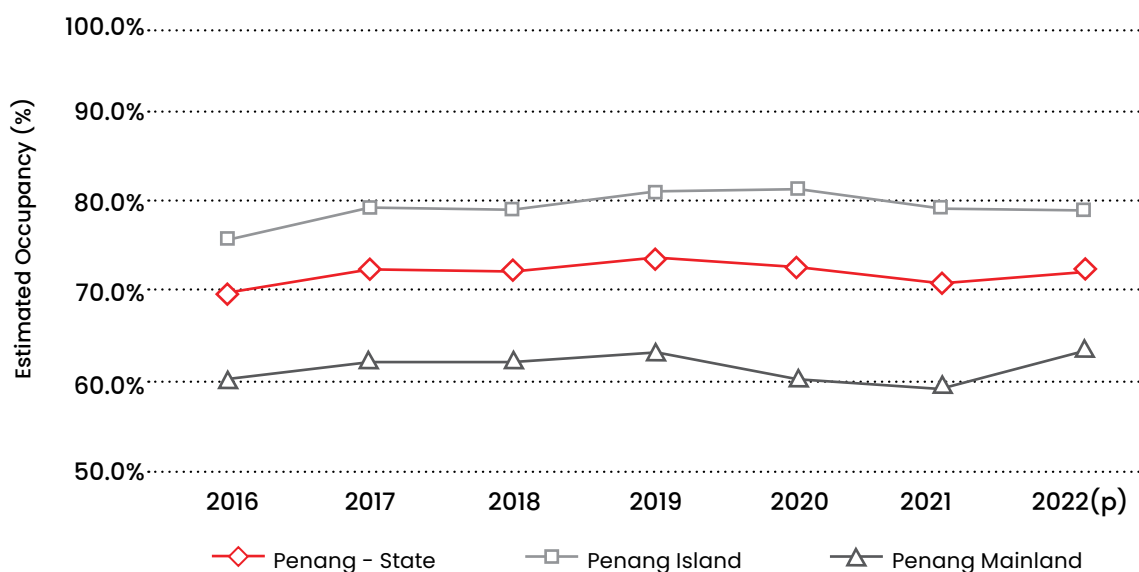
3.2.2 Occupancy

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 2016 and it peaked at 73.8% in 2019.

In 2021, the overall average occupancy rate dipped to 70.9% amid the unprecedented pandemic. Higher vacancies in the localities of Kepala Batas, Tasek Gelugor and Perai, led to an overall decline in the occupancy of Penang Mainland, dropping to 59.7% (2020: 60.6%), while in Penang Island, the occupancy rate also dipped to 79.4% (2020: 81.3%).

In 2022, following reopening of the country's international borders and resumption of all economic and social activities coupled with rising footfall, the average occupancy rate of malls in Penang improved to 72.6%.

Chart 15: Penang – Average Occupancy Rate of Shopping Centres, Arcades and Hypermarkets, 2016 to 2022^(p)



Sources: NAPIC / Knight Frank Research
Note: (p) = Preliminary data

INDEPENDENT

MARKET REPORT

3.0 RETAIL MARKET OVERVIEW (CONT'D.)

3.2 Penang (Cont'd.)

3.2.3 Rental Rates

In 2022, the rental rates of retail space in selected established shopping centres in the central town prime area on Penang Island remained stable.

The rental rates range from as low as RM2.30 per sq ft to as high as RM52.50 per sq ft per month, depending on factors such as location and condition of the mall, floor level and size of retail lots amongst others.

Table 6: Penang – Rental Rates of Selected Shopping Centres, 2022

Shopping Centre	Floor	Rental Range (RM per sq ft / month)
Gurney Plaza	Ground	12.20 – 52.50
	1	6.00 – 50.00
	2	6.50 – 48.50
	3	4.00 – 37.10
	4	7.00 – 22.80
Gurney Paragon	Lower Ground	4.80 – 18.60
	1	7.90 – 22.50
	2	10.60 – 25.00
	3	4.80 – 13.80
	4	6.50 – 20.10
	5	4.10 – 15.40
1 st Avenue	6	5.90 – 12.50
	Lower Ground	2.70 – 7.20
	Ground	9.90 – 37.00
	1	3.00 – 19.30
	2	6.50 – 11.50
	3	2.30 – 7.90
	4	5.00

Sources: NAPIC / Knight Frank Research

3.3 Market Outlook

There is newfound optimism for the retail market, following the country's transition to the endemic phase on 1 April 2022. With the resumption of economic activities, there is an expectation for better employment opportunities, and subsequently improvement in consumers' disposable income. The MIER Consumer Sentiments Index (CSI) continued to post quarterly improvements to record at 105.3 points in 4Q2022 (3Q2022: 98.4 points and 2Q2022: 86.0 points), above the 100-point optimism threshold.

Since the relaxation of movement restrictions, shopping malls have seen encouraging recovery in footfall and retail sales. For the full year of 2022, the country's retail sales growth improved to 33.3% and is forecasted to grow by 4.0% in 2023.

Moving forward, under Budget 2023 which was re-tabled in February 2023, the government will allocate RM100 million under the SME Digitalisation Grant Scheme to boost digitalisation and RM53.5 million to boost eCommerce activities under eTRADE 2.0, MARA's Business Digitalisation Program, e-commerce ecosystem preparation program and e-commerce adoption program.

The accelerated e-commerce growth during the pandemic is here to stay. Driven by changing consumer behaviour, mall operators / landlords and retailers continue to enhance their omnichannel strategies to provide consumers with a seamless shopping experience, in which physical and digital platforms co-exist and complement one another.

INDEPENDENT

MARKET REPORT

3.0 RETAIL MARKET OVERVIEW (CONT'D.)

3.3 Market Outlook (Cont'd.)

Mall operators / landlords and retailers have also embarked on asset enhancement initiatives besides promoting experiential retail, thematic stores, and promotional events to differentiate the shopping experience from online retail and lure consumers to physical stores. Safety, health and wellbeing are expected to remain at the forefront despite the relaxation of COVID-19 measures to cater to the more conscious, safety-focused consumers.

Digital payment services / e-wallet, which has gained traction amid the pandemic, is projected to gather further momentum.

Moving forward, global geopolitical tensions, climate-change related disasters, supply chain disruptions and rising inflationary pressure continue to pose unrelenting challenges to the retail sector, clouding consumer sentiments and weigh on their purchasing power. Nonetheless, with the country's newly formed government pledging to prioritise the issue of rising cost of living, and backed by steady domestic demand, the local retail sector is expected to remain favourable and despite the increasing supply of retail space, rental reversion is expected to trend upwards.

SUSTAINABILITY

STATEMENT

OUR SUSTAINABILITY PROGRESS



We are pleased to present our Sustainability Statement for FY2023 (the "Statement") which stated our Environmental, Social and Governance ("ESG") performance, corporate governance, addressing risks arising from climate change and human capital management amongst others.

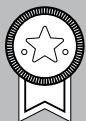
During the financial year, we carried out several initiatives in line with our aspiration to achieve decarbonisation of our operations, such as conducting an Energy Audit for Menara AmBank to identify further energy savings opportunities. Our long-term commitment to ensuring energy efficiency in Menara AmBank has been rewarded with 1-star certification under the Energy Management Gold Standard ("EMGS"). We also conducted a delamping exercise as part of a strategy to decrease our energy consumption while simultaneously maintaining optimal light levels. Our sustainability efforts for the year also include minimising chiller utilisation and replacing 90% of conventional lighting with LED lighting in some of the properties under the asset portfolio of the Trust.



ENERGY AUDIT



REPLACEMENT OF 90% CONVENTIONAL LIGHTING TO LED



MENARA AMBANK AWARDED WITH 1-STAR CERTIFICATION UNDER THE ENERGY MANAGEMENT GOLD STANDARD



REVISED SUSTAINABILITY POLICY TO INCLUDE CLIMATE-RELATED RISK

We also revisited our Sustainability Policy to realign our commitments with our enhanced sustainability strategy which now includes consideration for emerging climate-related risks. In addition, we conducted a materiality assessment for fiscal year 2023, identifying and prioritising the most relevant sustainability matters to gain deeper insights into our operating environment and enhance the more effective allocation of resources. Based on this assessment, we developed the materiality matrix, which maps the material matters in order of importance as we evolve to meet changing expectations and standards. In line with our commitment to upholding integrity and ethical standards in the conduct of business, we conducted assessments throughout every facet of our operations for corruption-related risks. We also engaged solely local suppliers throughout our business operations and held numerous interactive community events and activities consistently throughout the reporting period. We keep track of the progress of our sustainability efforts by reporting to the Board on a quarterly basis.

We are cognisant of the effects that the built environment has on the environment, human health, and the local community. As responsible corporate citizens, we are committed to creating and enacting sustainable business practices that benefit our stakeholders and the communities in which we operate.

SUSTAINABILITY

STATEMENT

We defined this Statement's content and material ESG topics by applying the four (4) reporting principles established in the GRI Standards:



ENGAGING STAKEHOLDERS

We defined the content and context of this Statement through internal management deliberations and key stakeholder engagement to ensure a comprehensive overview of all stakeholders' expectations and interests.



SUSTAINABILITY CONTEXT

We are presenting our business operations and performance in the context of ESG standards at local and international levels.



MATERIALITY

This Statement discloses material issues identified through internal discussions within management and stakeholder engagement that were determined to have the most significant impact on our business.



COMPLETENESS

Facets of the material topics, such as initiatives and boundaries of datapoints, within the reporting period are encompassed in this Statement.

Using our 3-Year Sustainability Roadmap that we developed in 2022 as a cornerstone, we will continue to hone our approach to sustainability and provide our stakeholders with greater transparency regarding our commitment to sustainability.



SUSTAINABILITY

STATEMENT

ABOUT THIS REPORT

Reporting Scope and Period

This Statement pertains to the period from 1 April 2022 to 31 March 2023 (“FY2023”) and discloses information on the ESG performance of eight (8) properties comprising approximately 3.1 million sq ft of net lettable area.



No.	Properties	Location	Gross Floor Area (m ²)
1.	Bangunan AmBank Group	Kuala Lumpur	69,362
2.	Menara AmBank	Kuala Lumpur	84,331
3.	Wisma AmFIRST	Kelana Jaya	57,992
4.	The Summit Subang USJ	Subang Jaya	198,937
5.	Prima 9	Cyberjaya	21,538
6.	Prima 10	Cyberjaya	17,292
7.	Jaya 99	Melaka	46,782
8.	Mydin HyperMall	Bukit Mertajam	105,812

SUSTAINABILITY

STATEMENT

ABOUT THIS REPORT (CONT'D.)

Reporting Framework

This Statement has been prepared with reference to Bursa Malaysia's Main Market Listing Requirements and Bursa Malaysia's 3rd Edition Sustainability Reporting Guide. To structure the format and content of our ESG disclosures, we referred to the Global Reporting Initiative ("GRI") Standards, the United Nations Sustainable Development Goals ("UN SDGs" or "SDGs") and TCFD Recommendations.



REPORTING GUIDELINES

Bursa Malaysia's Sustainability Reporting Guide (3rd Edition)



REPORTING STANDARDS

Global Reporting Initiatives ("GRI") Standards



CONTRIBUTIONS TO GLOBAL INITIATIVES

UN Sustainable Development Goals ("UN SDGs")



CLIMATE-RELATED DISCLOSURE RECOMMENDATIONS

Task Force on Climate-Related Financial Disclosures

Data Assurance

All data contained in this Statement has been internally sourced, verified and validated by the respective business divisions and information owners. Moving forward, we remain diligent in continuously improving the data collection and analysis processes to enhance data accuracy and quality, as well as improve disclosures.

Feedback

The Statement is available on our corporate website at <https://www.amfirstreit.com.my>. We welcome stakeholders remark(s) and suggestion(s) for improvement. Please direct all comments to:

Name : Mr Chong Hong Chuon
 Designation : Acting Chief Executive Officer/Chief Financial Officer
 Email : chong-hong-chuon@ambankgroup.com

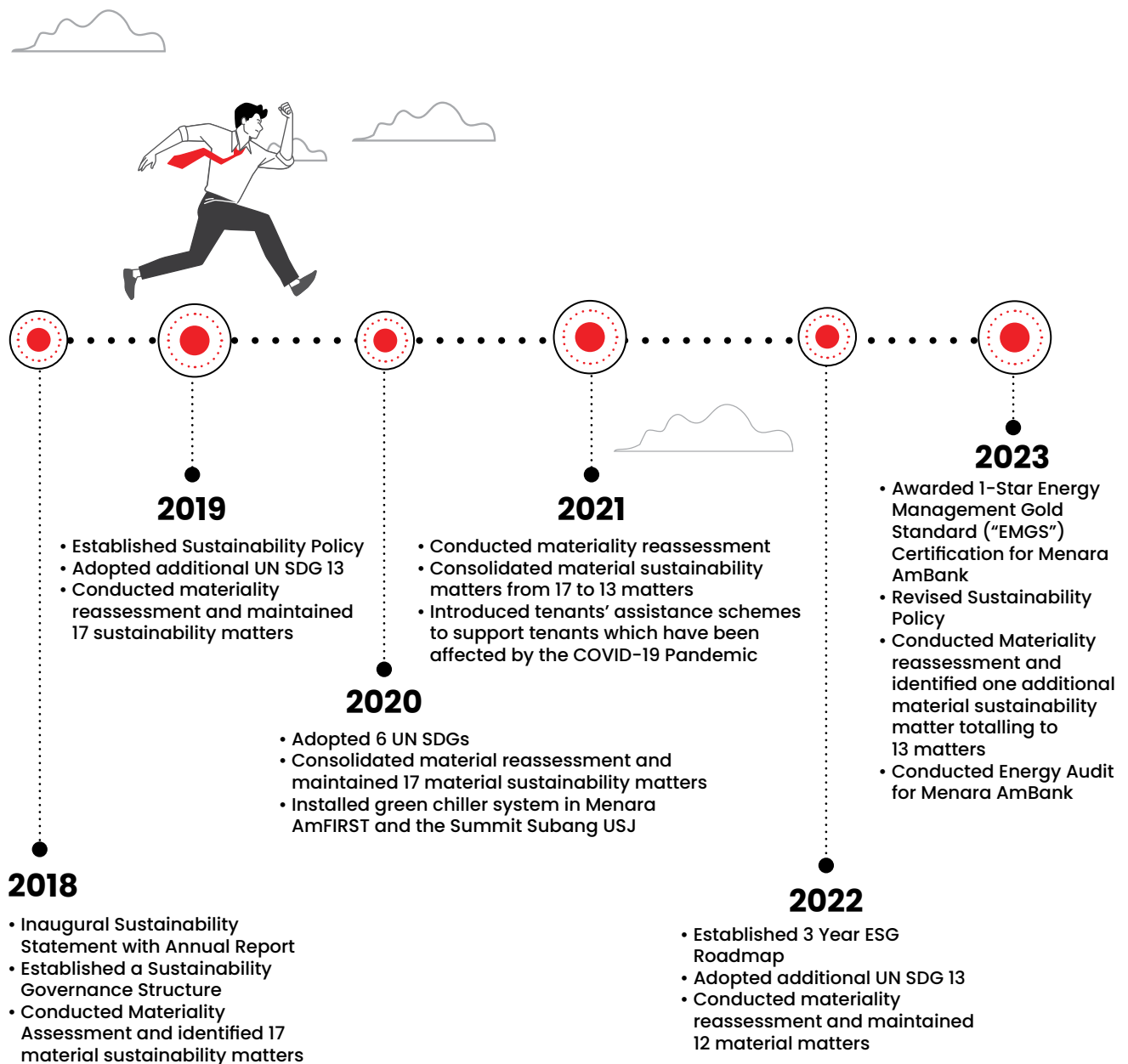
Name : Abdul Rahman Bin Mohd Joned
 Designation : Vice President, Finance
 Email : rahman-joned@ambankgroup.com

SUSTAINABILITY

STATEMENT

OUR ESG JOURNEY

Throughout our efforts to promote the national goal of achieving Net Zero greenhouse gas (“GHG”) emissions by 2050, we endeavour to implement relevant strategies and activities that have lasting and positive impacts. While this Statement signifies our 6th year of sustainability reporting, we charted our ESG journey accomplishments for inspiration on how to move forward as we explore ways to enhance all of our efforts.



SUSTAINABILITY

STATEMENT

SUSTAINABILITY HIGHLIGHTS

In line with our ESG Roadmap, we have performed with a focused approach to enhancing our initiatives within each pillar: **Strong Governance**, **Social Responsibility** and **Environmental Stewardship**. We implemented additional sustainability measures in FY2023 that enabled us to achieve further progress.



Installation of LED lighting
90% of lighting in Mydin HyperMall switched from conventional lighting to LED



Good Maintenance Practices
ensuring efficient energy use by maintenance practices on utilities to be at optimal usage on a regular basis



Earth Hour
enforced monthly "Earth Hour 2022" where all non-essential light is turned-off for one hour



Conducted Energy Audit
to understand energy consumption patterns and identify further energy savings opportunities



Utilisation of Sensor controlled LED
to curtail our energy use by minimising unnecessary power use



"Delamping" Exercise
within an overlit location



EMGS Certification
awarded with 1-star certification of EMGS in Menara AmBank



100%
operations assessed for corruption-related risks

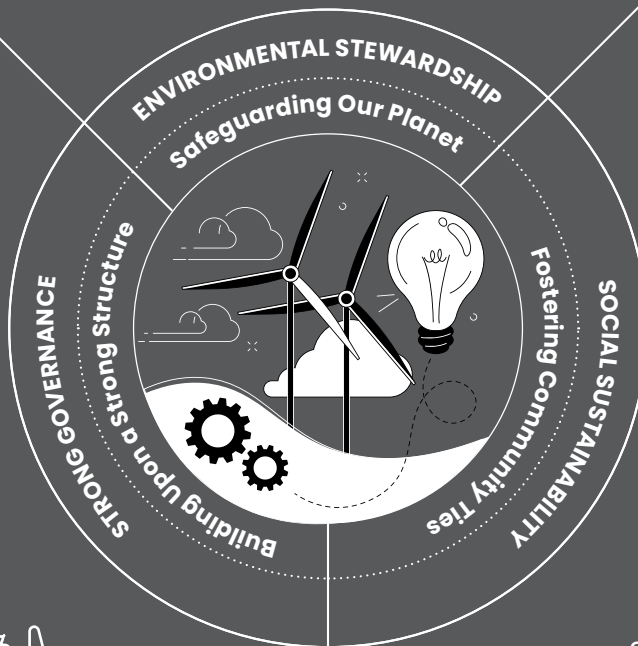


31.54
average training hours per employee



ZERO
non-compliance with environmental, social or economic laws and regulations

SAFEGUARDING OUR PLANET



22
community events and activities



ZERO
confirmed incidence of corruption

SUSTAINABILITY

STATEMENT

OUR SUSTAINABILITY APPROACH

The ESG Framework guides the strategic planning, administration, and direction of ESG practices, advancing sustainability across operations. The framework is founded upon three (3) pillars: **Good Governance, Social Responsibility, and Environmental Stewardship**, which link material sustainability matters to the UN SDGs. It functions to facilitate our progress towards sustainability, to the long-term benefit of our key stakeholders.

Mission

We focus on delivering sustainable long-term income distribution and investment performance of our diversified portfolio of commercial real estate

Core Values



Respect



Excellence



Integrity



Teamwork

ESG Pillars



STRONG GOVERNANCE



SOCIAL RESPONSIBILITY



ENVIRONMENTAL STEWARDHIP

Material Matters

- Ethics and Integrity
- Corporate Governance
- Risk Management and Regulatory Compliance
- Data Privacy and Cybersecurity

- Economic Performance
- Occupational Health and Safety
- Capacity Building
- Employee Diversity and Inclusivity
- Supply Chain Management
- Contribution to Society

- Energy Use and Climate Change
- Water Management
- Waste Management

Stakeholder Groups

Unitholders or investors



Regulatory Authorities and Statutory Bodies



Employees



Tenants



Suppliers/Property Managers



Local Communities



Our Commitments



Reporting Framework



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



FTSE4Good

SUSTAINABILITY

STATEMENT

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”) REPORTING RECOMMENDATIONS

We support the global efforts to improve the management of climate-related risk disclosures by beginning to adopt the TCFD Recommendations. We are cognisant that to fully comply, we will have to progressively integrate the tenets of the recommendations into our overall sustainability strategy. We strive to provide consistent and transparent climate-related exposures to assess our resilience and address the climate-related exposures of our business.

GOVERNANCE



The Board has oversight on climate-related risks and opportunities for our operations.

The Sustainability Management Team (“SMT”) bears responsibility for assisting the Board in assessing and in the strategic management of climate-related risks and opportunities.

STRATEGY



We conducted a materiality reassessment that provided the basis for our climate and sustainability strategies.

We are guided by our established Sustainability Policy in performing sustainable business operations and this year, we revised the Sustainability Policy to include climate risk considerations.

RISK MANAGEMENT



ESG risk considerations are integrated into our risk management framework where the Board is supported by our Risk Management Committee (“RMC”) in managing risks in a systematic and consistent manner. Through our risk management processes, we identify and assess the main climate-related risks to which we are exposed.

METRICS AND TARGETS



We identified two (2) material matters related to climate change which are Energy Use and Climate Change and Waste Management. Based on the material matters, we disclosed our Scope 2 GHG emissions and are aiming to assess our Scope 1 and Scope 3 GHG emissions next year.

We have established a 3-Year Sustainability Roadmap with a set of KPIs to reduce our emissions and waste generation that we target to achieve by the year 2025.

SUSTAINABILITY

STATEMENT

SUPPORT OF THE UN SDGS

The seventeen (17) Sustainable Development Goals (“SDGs”) are a call to action for addressing global challenges faced by our people and planet. To exemplify our commitment to the UN SDGs and their call for a “Decade of Action,” in addition to our support for the 12th Malaysia Plan, 2021–2025 (“12th Malaysia Plan”), we have adopted seven (7) SDGs that are most relevant to our industry and to which we can make a substantial contribution. We outlined our key sustainability initiatives for FY2023 linked to the relevant SDGs. We remain committed to further aligning our efforts and initiatives with the UN SDGs.

4
QUALITY
EDUCATION



- Investing in our employees’ career development through training programmes to equip them with valuable skills
- Provision of competitive compensation and benefits package for employees
- Compliance to relevant labour

8
DECENT WORK AND
ECONOMIC GROWTH



- Provision of competitive compensation and benefits package for employees
- Protect labour rights by providing a safe, conducive and thriving workplace for all our employees

9
INDUSTRY, INNOVATION
AND INFRASTRUCTURE



- Energy saving initiatives
- Supporting local businesses through our procurement activities

11
SUSTAINABLE CITIES
AND COMMUNITIES



- Segregate office waste to be recycled by vendors
- Provision of recycling bins in properties

12
RESPONSIBLE
CONSUMPTION
AND PRODUCTION



- Implementation of energy efficient upgrades to utilities
- Practice responsible energy, water and waste management to reduce our resource consumption

13
CLIMATE
ACTION



- Scope 2 GHG emissions monitoring
- Board oversight on our climate-related risks and opportunities
- Integrating climate considerations into our business activities
- Educating employees on sustainability issues, including climate change through ESG trainings

16
PEACE, JUSTICE
AND STRONG
INSTITUTIONS














- Assessed 100% of operations for corruption risk
- Maintained compliance with relevant laws and regulations
- Upholding high standards of integrity and sound business ethics

SUSTAINABILITY

STATEMENT

OUR 3-YEAR ESG ROADMAP

In the last financial year, we established a comprehensive Roadmap directing our actions towards achieving our strategic sustainability goals for three (3) concurrent reporting periods. Driven by the ESG pillars, the Roadmap identified our key areas of focus for integrating sustainability into our operations more effectively and serves as a guide to optimise our sustainability activities over the next three (3) years to meet our targets.

OUR ESG ROADMAP FY2023 TO FY2025		
Sustainability Matters	ESG Priorities	SDG Alignment
 <p>STRONG GOVERNANCE</p> <p>Upholding the highest standards of ethics and principles; strengthening corporate governance practices; and implementing risk management procedures</p>	<ul style="list-style-type: none"> • Ethics and Integrity • Corporate Governance • Risk Management and Regulatory Compliance • Data Privacy and Cybersecurity 	 
 <p>SOCIAL RESPONSIBILITY</p> <p>Stakeholder engagements; including our employees and the community</p>	<ul style="list-style-type: none"> • Economic Performance • Occupational Health and Safety • Capacity Building • Employee Diversity and inclusivity • Contribution to Society 	  
 <p>ENVIRONMENTAL STEWARDSHIP</p> <p>Efficient use of natural resources, minimising the impacts of our business operations on the environment and emphasis on carbon emission reduction</p>	<ul style="list-style-type: none"> • Energy Use and Climate Change • Waste Management • Water Management • Supply Chain Management 	  

To track our performance, we have chosen major priority areas for each of the three (3) pillars reflecting the ESG performance metrics. Our commitment to the UN SDGs served as the foundation for the targeted area.

SUSTAINABILITY

STATEMENT

KEY ESG PERFORMANCE INDICATORS

Our Key Performance Indicators (“KPIs”), which are based on our 3-Year ESG Roadmap, serve as distinct measures of development and performance within our three (3) ESG pillars.

Focus Area	FY2025 Targets	FY2023 Performance
STRONG GOVERNANCE		
Ethics and Integrity	To provide at least two (2) hours of ethics training for all employees	Achieved eight (8) hours of training and refreshers on AmBank Group Code of Ethics
Regulatory Compliance	To achieve zero recorded incidence of non-compliance	Zero cases of non-compliance with relevant laws or regulations
Risk Management	To conduct at least two (2) risk assessments throughout reporting period	Risk profile register was reviewed on semi-annual basis
SOCIAL RESPONSIBILITY		
Occupational Health and Safety	To have 100% of employees participate in OHS-related training	100% of employees participated in the ‘Safety and Health in Workplace’ programme
Capacity Building	To maintain an average of 30 hours of training for all employees	Achieved 31.54 training hours per employee
Employee Diversity and Inclusivity	To organise at least four (4) annual engagement activities for employees	Conducted five (5) employee engagement activities
Contribution to Society	To pledge at least RM10,000 towards charitable causes	Hosted 22 community programmes
ENVIRONMENTAL STEWARDSHIP		
Climate Change	To reduce carbon emissions by 3% year-on-year from FY2018 baseline.	24% reduction in Scope 2 GHG emissions compared to 2018 ¹
Waste Management	To divert at least 5 tonnes of waste generated year-on-year from landfill	A total of 2.9 tonnes of waste recycled and diverted from landfill
Water Management	To reduce overall water intensity by 2% year-on-year from FY2018 baseline.	2% reduction in overall water intensity compared to FY2018

¹ Achieved reduction in Scope 2 GHG emissions is influenced by lower overall average occupancy in FY2023 compared to the baseline year of FY2018 and lower electricity consumption from Menara AmFIRST due to the disposal of the said property on 15 November 2022.

SUSTAINABILITY

STATEMENT

SUSTAINABILITY GOVERNANCE STRUCTURE

GRI 2-9 | 2-12 | 2-13 | 2-14

Our sustainability governance structure enables us to implement the sustainability strategy, manage goal-setting and reporting processes, strengthen relations with external stakeholders and ensure overall accountability.

The responsibility for overall leadership and oversight of ESG practices resides with the Board. The Board is assisted by the Sustainability Management Team which drives the efficient implementation of strategies and policies. At the operational level, the Sustainability Working Team ("SWT") is in charge of managing all affairs related to our ESG practices, including data collection and monitoring of sustainability initiatives.



THE BOARD

- Oversee progress of sustainability strategies, material sustainability matters, policies and targets.
- Ensure ESG-related risks and opportunities are incorporated into the Trust's strategy and risk management including climate-related risks and opportunities.
- Review and provide final approval for sustainability-related policies and strategies proposed by the Sustainability Management Team.



**SUSTAINABILITY
MANAGEMENT
TEAM**

- Develop the overarching sustainability strategy.
- Identify and recommend any change in sustainability policies, standards and procedures and its implementation.
- Identify and recommend compliance with sustainability guidelines and regulatory requirements.
- Endorse the material issues identified by SWT.
- Assess and manage ESG-related risks and opportunities including climate-related risks and opportunities.
- Oversee the strategic management of material sustainability matters and implementation of initiatives.



**SUSTAINABILITY
WORKING TEAM**

- Implement strategies and initiatives for managing ESG risks and opportunities within day-to-day operations.
- Implement any change in the sustainability policies, standards and procedures and its implementation.
- Collect data, monitor and manage ESG risks.
- Report the results or status of sustainability action plans to SMT on a periodic basis.
- Identify the material sustainability matters that are relevant to the Trust's business operations and its stakeholders.
- Address the sustainability material matters and efforts to address the materiality issues, especially those of high priority.

SUSTAINABILITY

STATEMENT

STAKEHOLDER ENGAGEMENT

We communicate with our valued stakeholders consistently through various channels, address their concerns, and align our business strategy with their key priorities. These multi-faceted insights facilitate the enhancement of our sustainability strategies and ESG performance for the economy, society, and the environment.

Stakeholder	Engagement Channels	Key Concerns	How we address them
Unitholders and Investors	<ul style="list-style-type: none"> • Annual General Meeting • Annual Report • Quarterly Results • Company Website • Investor Briefing • Enquiry channel 	<ul style="list-style-type: none"> • Financial Performance • Income Distribution • Unit Price 	Regular engagement sessions with investors are organised to communicate critical issues.
Tenants	<ul style="list-style-type: none"> • Fire drills • Occupational Safety and Health (“OSH”) awareness seminars • Office Notices • One-to-one meetings • Enquiry channel 	<ul style="list-style-type: none"> • Building safety • Provision of building services and amenities 	We conduct surprise fire drills to help our tenants understand the basics of fire prevention. Safety and health trainings are also provided to safeguard their wellbeing.
Trustee	<ul style="list-style-type: none"> • Regular reporting • Annual General Meeting • One-to-one meetings 	<ul style="list-style-type: none"> • Annual total return • Sustainable growth • Fund stability 	We establish robust policies and guidelines on governance and control to ensure ethical behaviour and promote responsible investment.
Employees	<ul style="list-style-type: none"> • Learning and development • Induction training • Satisfaction survey • Performance appraisal • Staff meetings • Company newsletter • Team Building 	<ul style="list-style-type: none"> • Job benefits • Career development • Safe work environment 	To attract and retain talented employees, we provide career advancement and upskilling opportunities, as well as competitive benefits.
Regulatory Authorities and Statutory Bodies	<ul style="list-style-type: none"> • Regular reporting • One-to-one meetings • Audits • Participation in industry associations such as the Malaysian REIT Managers Association (“MRMA”) 	<ul style="list-style-type: none"> • Non-compliance • Labour practices • Environmental regulations 	We appointed a dedicated Compliance Officer to review our compliance with relevant regulations. We also implemented governance policies and guidelines, in line with the applicable regulatory requirements.
Suppliers	<ul style="list-style-type: none"> • Evaluation • Performance review • One-to-one meetings • Monthly meetings • Site visit 	<ul style="list-style-type: none"> • Transparent procurement process 	We conduct supplier due diligence in a fair and transparent manner prior to their appointment. The supplier’s performance is also evaluated to improve supply chain efficiency.
Local Communities	<ul style="list-style-type: none"> • Community events • Donations 	<ul style="list-style-type: none"> • Social contributions 	We organised Corporate Social Responsibility (“CSR”) programmes and provided aid or donations to underprivileged groups, including those with special needs.

SUSTAINABILITY

STATEMENT

MATERIALITY ASSESSMENT

GRI - 3-1

Our annual materiality assessment is a methodical approach to identifying material topics that have the greatest impact on our stakeholders and business operations. Periodical materiality assessments provide an in-depth understanding of our material issues, enabling us to align our sustainability framework with specific priority areas and offering an intuitive and focused approach to sustainability.

The assessment ensures that our material sustainability matters remain relevant to changing stakeholder expectations and offers insight on addressing key sustainability issues throughout our business operations.

Internal and external stakeholder groups were consulted to determine the relative importance of the identified ESG focus area. Utilising a weighted stakeholder ranking method to rank each material matter, we obtained the assessment results depicted in the following matrix.



Reviewing Material Matters

Identified key ESG issues through benchmark research and stakeholder feedback. Identified materiality matters were aligned with Bursa Malaysia’s Enhanced Reporting Guide’s requirements.



Prioritising Material Matters

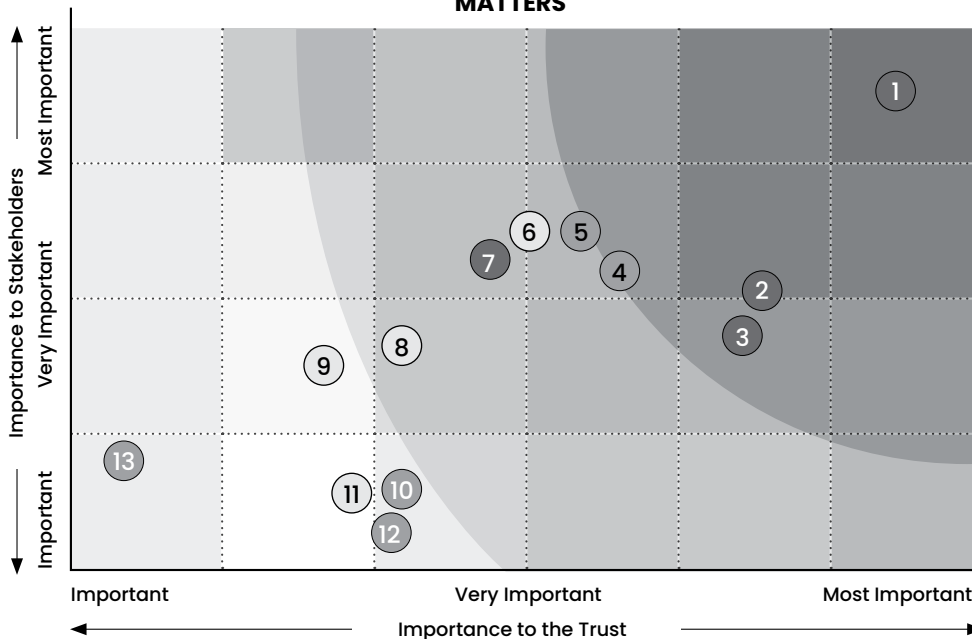
Internal and external stakeholders were provided with online survey forms to rank the importance of each material matter.



Verification of Materiality Matrix

The outcomes were tabulated and verified by the SMT and approved by the Board.

OUR MATERIAL SUSTAINABILITY MATTERS



- STRONG GOVERNANCE**
- 1. Ethics and Integrity
- 2. Corporate Governance
- 3. Risk Management and Regulatory Compliance
- 7. Data Privacy and Cybersecurity
- SOCIAL RESPONSIBILITY**
- 4. Occupational Health and Safety
- 5. Economic Performance
- 10. Capacity Building
- 12. Employee Diversity and Inclusivity
- 13. Contribution to Society

- ENVIRONMENTAL STEWARDSHIP**
- 6. Energy Use and Climate Change
- 8. Water Management
- 9. Waste Management
- 11. Supply Chain Management

We included Data Privacy and Cybersecurity as a new material sustainability matter to align with the latest Bursa Malaysia’s requirements and our efforts in increasing cybersecurity awareness within the Manager’s workforce. The remaining material matters from FY2022 remain relevant to our current operations and we will continue the enhancements throughout our ESG journey.














SUSTAINABILITY

STATEMENT

OUR MATERIAL SUSTAINABILITY MATTERS

GRI - 3-2







On the basis of the insights gleaned from our materiality assessment and ESG Roadmap, we classified the thirteen (13) material matters under each of the three (3) pillars of our sustainability strategy.

Pillar	Material Matter	Description	Stakeholder	UN SDGs
 <p>Strong Governance</p>	Ethics and Integrity	The management systems by which we operate to align with the interests of our stakeholders.	<ul style="list-style-type: none"> • Unitholders/ Investors • Trustees • Employees 	
	Corporate Governance	Conducting business operations consistently, according to moral values and relevant ethical guidelines.	<ul style="list-style-type: none"> • Unitholders/ Investors • Trustees • Employees 	
	Risk Management and Regulatory Compliance	The process by which risk and opportunities to our capital and earnings are identified and controlled.	<ul style="list-style-type: none"> • Regulatory Authorities and Statutory Bodies • Unitholders/ Investors • Customers 	 
	Data Privacy and Cybersecurity	Implementing measures to eliminate risks of data leaks and breaches.	<ul style="list-style-type: none"> • Employees • Tenants • Regulatory Authorities and Statutory Bodies 	
 <p>Social Responsibility</p>	Economic Performance	The value offered to our stakeholders and the local economy as a direct result of business activities.	<ul style="list-style-type: none"> • Unitholders/ Investors • Trustees 	
	Occupational Health and Safety	Providing for the health, safety, and wellbeing of employees in ways that address key workplace challenges.	<ul style="list-style-type: none"> • Regulatory Authorities and Statutory Bodies • Employees • Tenants 	
	Capacity Building	Enabling employees to develop competencies and skills that can make them more efficient in the performance of their duties.	<ul style="list-style-type: none"> • Employees 	 
	Employee Diversity and Inclusivity	Engagement activities to foster good relations between employees and create a conducive environment.	<ul style="list-style-type: none"> • Employees 	
	Contribution to Society	In-kind or monetary contribution and community development initiatives that bring positive, measurable change to local communities.	<ul style="list-style-type: none"> • Local communities 	

SUSTAINABILITY

STATEMENT

OUR MATERIAL SUSTAINABILITY MATTERS (CONT'D.)

Pillar	Material Matter	Description	Stakeholder	UN SDGs
 Environmental Stewardship	Energy Use Climate and Change	Efforts undertaken to address the issue of climate change and energy efficiency within our business operations.	<ul style="list-style-type: none"> • Unitholders/ Investors • Tenants • Local communities 	 
	Water Management	The activity of planning and managing the optimal use of water within our buildings.	<ul style="list-style-type: none"> • Unitholders/ Investors • Tenants • Local communities 	
	Waste Management	The responsibility of managing waste generated from our operations, such as collection, disposal and recycling.	<ul style="list-style-type: none"> • Unitholders/ Investors • Regulatory Authorities and Statutory Bodies • Local communities 	
	Supply Chain Management	Managing the flow of goods and services that bring value to customers.	<ul style="list-style-type: none"> • Suppliers/ Property Managers 	

SUSTAINABILITY

STATEMENT

STRONG GOVERNANCE

GRI - 102 | 102-30



Material Sustainability Matters

- **Corporate Governance**
- **Ethics and Integrity**
- **Risk Management and Regulatory Compliance**
- **Data Privacy and Cybersecurity**

We are dedicated to building the trust and confidence of our stakeholders through policies and compliances that are essential to our management and operations and are the basis of good governance and transparency. The Board, management, and employees support these essential components that impact and guide the incorporation of sustainability into our ESG initiatives for long-term success. To uphold the highest practicable levels of business ethics in our day-to-day operations, the Manager's employees strictly adhere to the core values of **Respect, Excellence, Integrity, and Teamwork**.

Corporate Governance

The Board leads the ESG activities through good governance and decisions and is ultimately responsible for ensuring that these improvements are integrated throughout the organisation. The Board also implements appropriate policies, procedures, and monitoring to ensure management functions effectively and in a responsible manner in all its activities. The Board is cognisant of their crucial



role and the importance of corporate governance in ensuring accountability of the Board and management, in addition to the implementation of pertinent internal controls and a risk management process as a measure of prevention and mitigation where applicable.

As a subsidiary of AmBank Group, the Manager adopts the Group Nomination and Remuneration ("GNRC") Terms of Reference, which form the policy for addressing gender diversity on the Board and senior management, where applicable.

Directors and senior management's level and composition are considered to attract and retain the right talent to drive the company's long-term objectives. All remuneration policies and decisions are made through a transparent and independent process.

The requirements of the Code are included in our governance framework, and both authority and accountability have been very clearly delineated. We engage auditors to carry out an independent review of our internal control systems on a yearly basis to determine the framework's effectiveness.

Our enduring success is under the complete purview of the Board in addition to embedding a conducive culture and good conduct. The Board, with the assistance of an independent Compliance and Risk Department, formulates the guidelines and policies that serve to safeguard us from illegal acts.

The detailed disclosure of our corporate governance overview and practices can be found in the Statement on Corporate Governance on pages 107 to 121 of this Annual Report.

SUSTAINABILITY

STATEMENT

STRONG GOVERNANCE (CONT'D.)

Ethics and Integrity

GRI 2-23 | 2-24 | 2-25 | 2-26 | 205-1 | 205-2 | 205-3

The Manager is guided by AmBank Group’s ethical standards, which are guided by a comprehensive set of policies that encompass business practices set upon a foundation of responsibility, inclusivity and conscientiousness. Compliance oversight and the biennial review of all corporate policies, procedures, and controls are the responsibility of the Board with assistance from the relevant Board Committee.

Code of Conduct – Code of Ethics

The Manager is committed to professionalism and business integrity across the organisation and a Code of Conduct is in place with specific guidelines for employee conduct in the workplace or when interacting with stakeholders. Our Code of Ethics is also outlined, including the values and six (6) key principles that we adhere to:

 <p>Responsible</p> <ul style="list-style-type: none"> • Manage conflict of interest with honesty and integrity 	 <p>Compliance</p> <ul style="list-style-type: none"> • Comply with all relevant laws and regulations 	 <p>Ethical</p> <ul style="list-style-type: none"> • Practise honesty and integrity in everything we do
 <p>Accurate</p> <ul style="list-style-type: none"> • Ensure completeness and accuracy of financial records 	 <p>Trustworthy</p> <ul style="list-style-type: none"> • Protect the confidentiality and sensitivity of information 	 <p>Equitable</p> <ul style="list-style-type: none"> • Treat each other and our community with respect

AmBank Group Code of Ethics and Refresher	
Employee participation	14
Total Training hours	8

Sexual Harassment

This reporting year, the Manager also initiated an awareness drive on Sexual Harassment through notices for the employees, with support from the Compliance and Risk Department in an advisory capacity for any further clarification or assistance.

Anti-Bribery and Corrupt Practices (“ABCP”) Policy

We have a strictly zero-tolerance approach against all forms of bribery or corruption in our conduct. Our ABCP Policy defines what is expected of all employees in regard to inappropriate monetary transactions. It is mandatory for any received gifts or rewards to be recorded in the Gift Registry for audit by the Compliance Unit.



86%
of the Manager’s employees received anti-corruption training in FY2023

SUSTAINABILITY

STATEMENT

STRONG GOVERNANCE (CONT'D.)

Ethics and Integrity (Cont'd.)

GRI 2-23 | 2-24 | 2-25 | 2-26 | 205-1 | 205-2 | 205-3

Anti-Bribery and Corrupt Practices ("ABCP") Policy (Cont'd.)

The scope of our internal corruption risk assessment in FY2023 included major transactions, compliance personnel, key control tests, and the whistleblowing channel. Throughout the reporting period, no major risk of corruption was identified, and the current procedures were assessed as successful in preventing and identifying any instances of material corruption.

In addition, we conduct the required due diligence on potential business partners in accordance with established policies and procedures. "Know Your Customer ("KYC")" verification is performed prior to any commercial transactions to protect us from potential fraud or money laundering activities.

Whistleblower Protection Policy ("WPP")

Via our whistleblower channels, we continue to promote accountability and transparency. Without fear of retribution, all stakeholders are urged to file a Report of Concern on any witnessed potential improper conduct or malpractice. The Whistleblower Protection Policy offers anonymity and protection to any whistleblower who files a complaint in good faith and cooperates with the investigation.

A dedicated email address is available on our corporate website for stakeholders to reach the Compliance and Risk Department directly. Stakeholders may also invoke the Whistleblower Protection Policy where it is deemed appropriate to protect their identity for confidentiality and safety reasons.

The Manager appointed an Ombudsperson(s) in FY2022 to mediate any recorded dispute. Employees may contact the designated Management Ombudsperson via a dedicated email address at AmREITManagement-Ombudsperson@ambankgroup.com. Employees whose concerns have not been appropriately addressed elsewhere may direct their complaints to the Board Ombudsperson or relevant regulatory authorities.

ABCP, Whistleblower and No Gift Policies 2022	
Employee participation	16
Total Training hours	12

Policy Training and Communication

All policies that are applicable to ethical business practices are published on our website under the corporate governance section at https://www.amfirstreit.com.my/corporate_governance.php to offer clear communication and accessibility. All employees are made aware of any policy updates or changes via:

- Onboarding of new hires and periodic briefings when necessary;
- Sending email notifications whenever the policies are amended or updated; and
- Implementing company-wide training on the Code of Conduct and Know Your Customer ("AML/KYC") procedures.

	AmBank Group Code of Conduct	AML/KYC
Employee participation	13	16
Total Training hours	26	12

SUSTAINABILITY

STATEMENT

RISK MANAGEMENT AND REGULATORY COMPLIANCE

Risk Management

The Board bears the responsibility for establishing a sound risk management approach that includes ESG risk considerations as they contribute towards the creation of long-term value for our stakeholders. Maintaining a robust risk management process is an integral part of our business at both the strategic and operational levels. Our risk management framework is guided by AmBank Group's Operational Risk Policy where the Board is supported by the RMC in managing risks in a systematic and consistent manner.

Comprised of the Chief Executive Officer and Department Heads, the RMC is supported by the Head of Compliance and the Risk Department in identifying key risks impacting our operations, including ESG-related risks. The risk impact, key risk indicator, inherent risk level, mitigating controls, and residual risk level of identified risks will be evaluated. To identify high-risk items, an appropriate risk rating level is assigned to each item based on its assessed impact and probability, which are documented in the Risk Profile Register and routinely updated and reported to the Board every six (6) months for review and feedback.

Identified Key Risks	Material Matters	Potential Impacts	Our Approach
Occupancy and Rental	<u>Economic performance</u> Improving tenancy and occupancy rate.	<ul style="list-style-type: none"> • Loss of rental income • Poor economic performance 	Offered attractive rental package and provided appropriate rebate to help tenant sustain tenancy.
Interest Rate Management	<u>Economic performance</u> Management against fluctuations in interest rates.	<ul style="list-style-type: none"> • Poor economic performance 	Utilising hedging mechanism by purchasing fixed interest rate instrument in order to hedge against the fluctuation in interest rate.
Gearing Level	<u>Economic performance</u> Maintaining optimal gearing level to attract investors.	<ul style="list-style-type: none"> • Reduced investor confidence. • Poor economic performance 	Divestment of property to reduce borrowings and managing costs for both CAPEX and OPEX.
Divestment and Acquisition	<u>Economic performance</u> Improving economic performance through divestment and acquisition.	<ul style="list-style-type: none"> • Poor economic performance 	Maintaining stringent adherence to regulatory requirements, best governance practices and continuously exploring divesting low yielding assets.

SUSTAINABILITY

STATEMENT

RISK MANAGEMENT AND REGULATORY COMPLIANCE (CONT'D.)

Risk Management (Cont'd.)

Identified Key Risks	Material Matters	Potential Impacts	Our Approach
Capital Liquidity and Liquidity Management	<u>Economic performance</u> Ensuring good liquidity management to manage any potential financial disruptions.	<ul style="list-style-type: none"> Poor economic performance 	Monitoring of financial position, debt profile, cash flows and maintaining compliance with loan covenants.
Climate Risk	<u>Energy use and climate change</u> Identifying and addressing our climate-related risks and opportunities from our operations.	<ul style="list-style-type: none"> Operational disruptions 	Commencing Board oversight on climate-related risks to our operations.

Regulatory Compliance

We are committed to conducting business in line with all relevant laws and rules that are upheld by governmental authorities. To ensure stringent regulatory compliance is maintained, our Compliance and Risk Department conducts regular key control testing and quarterly compliance checks. For this financial year, we maintained our record of zero cases of material non-compliance with laws or regulations relevant to our business operations.

We operate in a regulated environment where we strive to ensure the employees understand applicable laws, regulations and regulatory requirements. The Manager provides training sessions and refresher courses, both for new and current employees. Besides this, the Board and the employees are obliged to undergo a mandatory affirmation of the Code every year to ensure knowledge remains current and to show their commitment to maintaining a strong compliance posture.

DATA PRIVACY AND CYBERSECURITY

We believe that protecting data privacy and bolstering cybersecurity resilience are essential to gaining the confidence of our stakeholders. We strive to emphasise data security procedures to protect our organisation and employees from cyberthreats. All employees are subject to the strictest standards of privacy and confidentiality. We monitor our cybersecurity framework, analyse any threats and incidents that may have an impact on our business, and continuously enhance our cybersecurity capabilities to close any gaps and mitigate risks.

Employees were trained on the most recent cybersecurity threats and best practises. Throughout the coming year, we will keep safeguarding, monitoring, and responding to possible cybersecurity risks.

Employee Training on Data Privacy and Cybersecurity in FY2023



AmBank Group
Cybersecurity
Awareness



AmBank Group
Phishing
Awareness

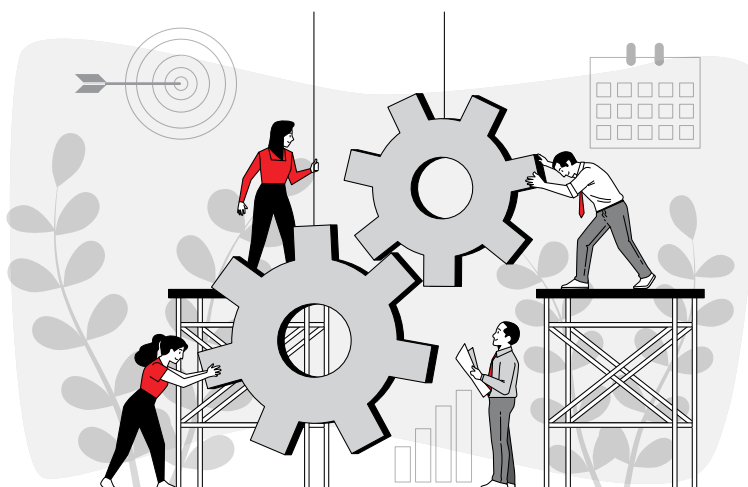


AmBank Group
Cybersecurity (Level
1)- Fundamental for
Bankers

SUSTAINABILITY

STATEMENT

SOCIAL RESPONSIBILITY



Material Sustainability Matters

- Occupational Health and Safety
- Economic Performance
- Capacity Building
- Employee Diversity and Inclusivity
- Contribution to Society

Economic Performance GRI 201-1

Our economic performance impacts directly on our ability to provide long-term value for our Unitholders and investors. Steady economic growth enables us to attract more investments, create employment opportunities, and give back to our local communities.

	AmFIRST REIT	The Manager
Total revenue	103.4 million	6.7 million
Employee remuneration (Wages, Benefits etc.)	Not applicable as all employees are under the Manager	4.5 million
Income distributions/ dividends to providers of capital	18.5 million	0.5 million
Government tax	Distribution of more than 90% of the total income, hence fully exempted from tax for the year of assessment pursuant to Section 61A(1) of the Income Tax Act 1965	0.3 million
Retained profits	Nil	0.2 million

The nature of our business necessitates that property maintenance is essential for tenant satisfaction, which has an immediate impact on our economic performance.

SUSTAINABILITY

STATEMENT

SOCIAL RESPONSIBILITY (CONT'D.)

Occupational Health and Safety

GRI 403-1 | 403-2 | 403-4 | 403-5 | 403-9 | 403-10

The Manager is committed to providing a safe and healthy working environment for all employees and adheres to AmBank Group's Safety and Health ("OSH") Policy when ensuring workplace health and safety. The OSH Policy outlines the Manager's commitment to maintaining strict adherence to the Occupational Safety and Health Act 1994 as part of the Manager's dedication to eliminating the risk of workplace accidents or injuries. The OSH Policy is made accessible to both internal and external stakeholders by bulletin board postings in the office and in common areas of the buildings.

The Manager's Hazard Identification, Risk Assessment and Determining Control ("HIRADC") procedures define its approach to managing workplace safety hazards. HIRADC procedures are in effect for each Property Manager's respective properties. Regular assessments are conducted in accordance with applicable regulations to identify potential risks and hazards and implement the necessary mitigation measures. The Manager's employees are encouraged to raise any safety-related concerns, including non-compliance and non-conformance issues, through the safety and health system.

The Manager provides annual Occupational Health and Safety ("OSH") training to all employees to enhance their safety awareness.

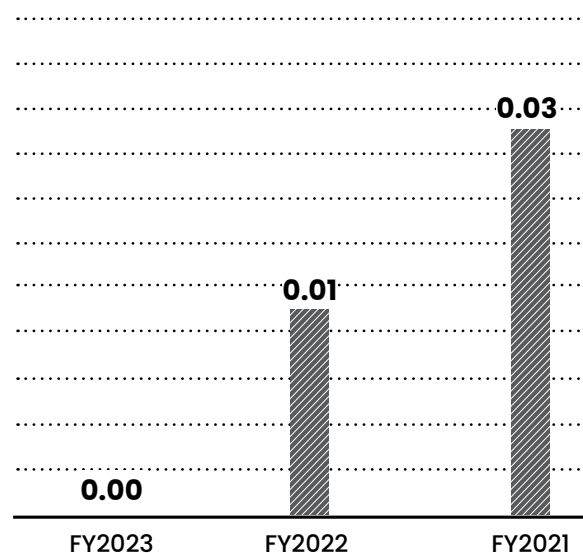
Work Related Injuries	FY2023	FY2022	FY2021
Fatalities	0	0	0
High-consequence work-related injuries	0	0	1
Recordable work-related injuries	2	1	2
Lost-time injuries	0	1	2
Rate of recordable work-related injuries	0.20	0.01	0.03

*Data includes our employees and stakeholders.

As a result of strict enforcement of health and safety policies and monitoring of operations, zero work-related fatalities were maintained and zero high-consequence injuries¹ or lost-time injuries for FY2023. There were two (2) recorded minor work-related injuries that did not cause any lost time.



Lost Time Incident Rate (LTIR)



¹High-consequence injury refers to work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six (6) months.

SUSTAINABILITY

STATEMENT

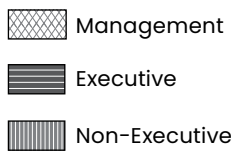
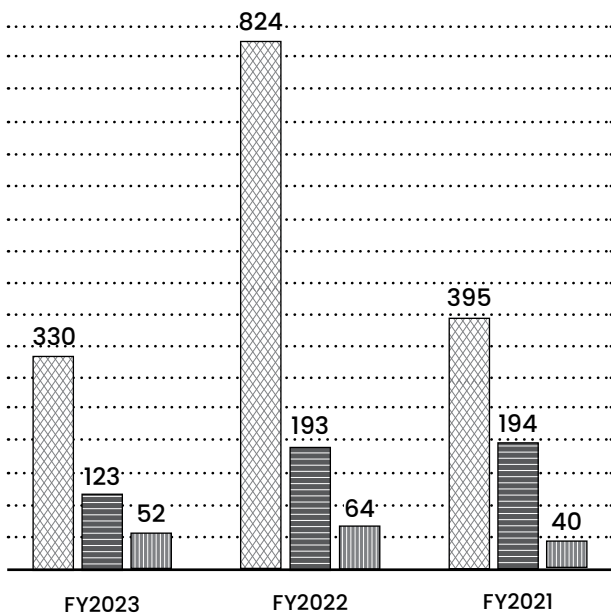
SOCIAL RESPONSIBILITY (CONT'D.)

Capacity Building GRI 401-1 | 404-2

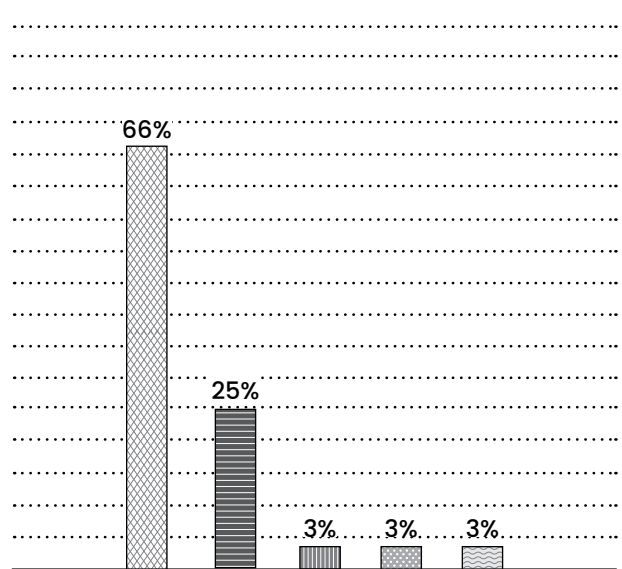
We recognise the importance of developing workforce capabilities as we firmly believe that the employees are the drive behind our operations and that their knowledge and performance are critical for our business continuity. Equipping employees with the appropriate capabilities, skills and experience enables us to increase productivity and develop a high-performance team.

We encourage continual learning and development for the employees by providing group-wide learning and development programmes. The types of training programmes offered range from technical to non-technical, such as leadership, ESG, safety and soft skills, to promote holistic development while ensuring the workforce remains competent with evolving business needs.

Total Training Hours by Employee Category



Type of Training attended by Employees



SUSTAINABILITY

STATEMENT

SOCIAL RESPONSIBILITY (CONT'D.)

Employee Diversity and Inclusivity GRI 405-1

The Manager values diversity and inclusion in its workforce as they offer a wider range of perspectives that will encourage creativity and innovation, which will enable adaptation to changing market demands. The Manager strives to ensure all its employees feel appreciated for their presence and contributions to the organisation by providing equal opportunities to all employees at all levels regardless of their age, gender, religious affiliation or disability.

Workforce Breakdown



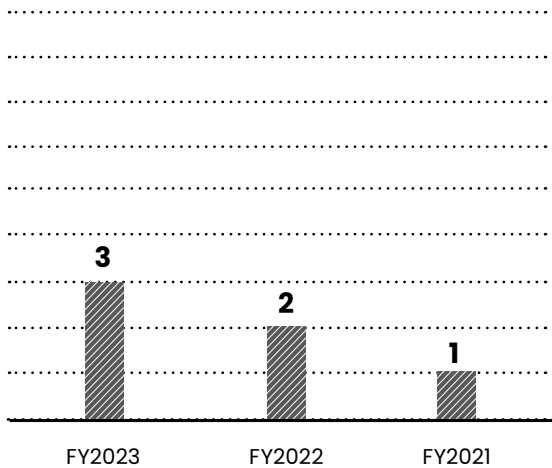
SUSTAINABILITY

STATEMENT

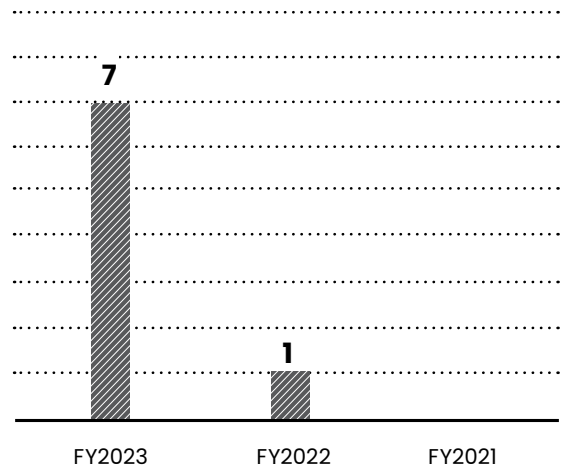
SOCIAL RESPONSIBILITY (CONT'D.)

Employee Diversity and Inclusivity (Cont'd.) GRI 405-1

New Hire in FY2023



Employee Turnover in FY2023



As part of employee relations management, the Manager ensures that all employees work in a safe environment and are treated with respect, dignity, and non-discrimination in accordance with labour standards. Maintaining strict compliance with labour laws ensures the protection of employee rights. As such, a policy prohibiting employees from working more than five (5) consecutive hours without a break of at least thirty (30) minutes is in place. Excessive hours are monitored to ensure compliance with the law.



Achieved
41%

Female representation in our workforce.



12%

of women at the management level.

In addition to ensuring fair workplace conditions, the Manager provides benefit packages to full-time employees to increase employee satisfaction. Additionally, the Manager recognises the importance of prioritising the employee's needs, health, and safety above and beyond regulatory compliance to ensure job satisfaction and retention.

This year, we achieved 41% female representation in our workforce with 12% of women at the management level. To further highlight the Manager's support for gender inclusivity, new benefits designed specifically to benefit and empower women in the workforce were introduced this year.

SUSTAINABILITY

STATEMENT

NEW BENEFITS, CHANGES AND ENHANCEMENTS

Employee Benefits

Our organisation's long-term growth hinges on our ability to meet the needs of the employees, and we endeavour to engage with them to learn about their concerns. This year, we conducted five (5) employee engagement activities, of which two (2) were team-building activities, as part of our efforts to strengthen workplace relationships and promote a more collaborative work environment. The Manager is gradually establishing employee engagement channels to encourage cohesion and a sense of belonging among the workforce, which will have a positive impact on the working environment.



Standard Accommodation - entitlement for overseas business travel

Allowances allocated for business travels to ASEAN countries (excluding Singapore and Brunei) and other countries respectively



Revision in eligibility and medical coverage benefit - new eligibility definition and coverage

- Employee's children
- Employee's spouses
- Outpatient and hospitalisation coverage limit for Group 5



Revision in Maternity Benefits

- 1. New maternity coverage:**
Up to two (2) confinements
- 2. Entitlement of maternity leave:**
In addition to existing entitlement (98 calendar days), female employees are allowed to extend their maternity leave up to 3 months
- 3. Time-off for pregnant employees**
Employees are allowed to leave one (1) hour earlier before end of normal work hours when they are in their 28th week or pregnancy and above



Leave

- Annual Leave
- Parental leave
- Sick leave
- Hajj Compassionate
- Marriage



Insurance

- Personal Accident
- Term Life



Medical

- Inpatient
- Outpatient
- Executive Screening Programme
- Dental
- Optical



Benefits

- Claims - Phone bill, mileage, transport, club membership
- Allowance - Meal, relocation, subsistence, travel, laundry
- Product - staff credit card, housing, vehicle loan



Retirement Fund

- Employees Provident Fund ("EPF")/Private Retirement Scheme ("PRS") Contribution

SUSTAINABILITY

STATEMENT

CONTRIBUTION TO SOCIETY

GRI 413-1

We engaged with society by conducting community events which also helped us build stronger relationships with the community.

Through our community events, we reached out to communities in need, which included the underprivileged and single mothers to help ease financial burdens and provide moral support in the current challenging economic landscape. This fiscal year, we hosted 22 community events at The Summit Subang USJ. Among the most prominent of these were the four (4) highlighted in this section.

ENRICHING OUR COMMUNITY



CSR Raya Buka Puasa

We invited the underprivileged children from the nearby orphanages for a movie at Golden Screen Cinema followed by a Hari Raya Buka Puasa dinner at our hotel, The Summit Hotel. We also invited the authorities from the local council Majlis Bandaraya Subang Jaya, Police Department and the Fire and Rescue Department from Subang Jaya for the dinner.



Bazaarlah

We collaborated with Persatuan Bantu to host an event where single mothers with micro businesses were invited to set-up booths at The Summit Subang USJ.



Summit Comeback Fest

We hosted a two-week fest where single mothers with businesses are invited to open booths at The Summit Subang USJ and contributed RM2,000 to assist the single mothers with their capital start-up for this event.



Charity Food Fair

We hosted a charity food bazaar where we organised food booths and food trucks at The Summit Subang USJ. The money raised from this bazaar went to the underprivileged children's education fund.

SUSTAINABILITY

STATEMENT

ENVIRONMENTAL STEWARDSHIP



Material Sustainability Matters

- **Energy use and Climate Change**
- **Water Management**
- **Waste Management**

We are aware of the growing climate issue and strive to play our role in supporting our national 12th Malaysia Plan goal to become a carbon-neutral country by 2050. On top of being conscious of our carbon footprint, we are also progressively exploring initiatives that can be implemented to minimise our other environmental impacts such as reducing our resource consumption and adopting responsible waste management practices. Our sustainability efforts extend to our supply chain where we integrate ESG values into our procurement practices to create shared benefits for the industry and region as a whole.

Energy Use and Climate Change GRI 302-1 | 305-2

Electricity use is one of the leading sources of our GHG emissions. Through continually monitoring our energy consumption, we identified key improvement areas and enacted several energy saving initiatives across our business operations to address these gaps.



Among the new initiatives carried out this financial year with the objective of reducing our carbon footprint:



Delamping exercise: removal of lights within an overlit location.



Utilisation of sensor-controlled LED: replaced LED lighting at our carpark with sensor-controlled LED tubes triggered by movement, which has successfully curtailed our energy use by minimising unnecessary power use.



Chiller usage optimisation: a cutdown on excessive chiller usage to save energy



Conversion to LED lighting: achieved 90% conversion of conventional lighting to LED lighting.



Good maintenance practices: we monitor the loading capacity of the chiller units and adjust it for optimal usage on a regular basis. We also have good maintenance practices in place for our cooling systems where we changed the chiller oil, cleaned our air-conditioning condensers, and replaced the VSD in our air-conditioning units.



Air-conditioning optimisation: air-conditioning units were fitted with variable speed drives ("VSD") that control motor speed and regulate temperature between 21°C– 24°C and set to auto mode which varies fan speed according to room temperature.



Promoting environmental awareness: our properties participated in a monthly "Earth Hour 2022" where all non-essential lights were turned off for one (1) hour.

SUSTAINABILITY

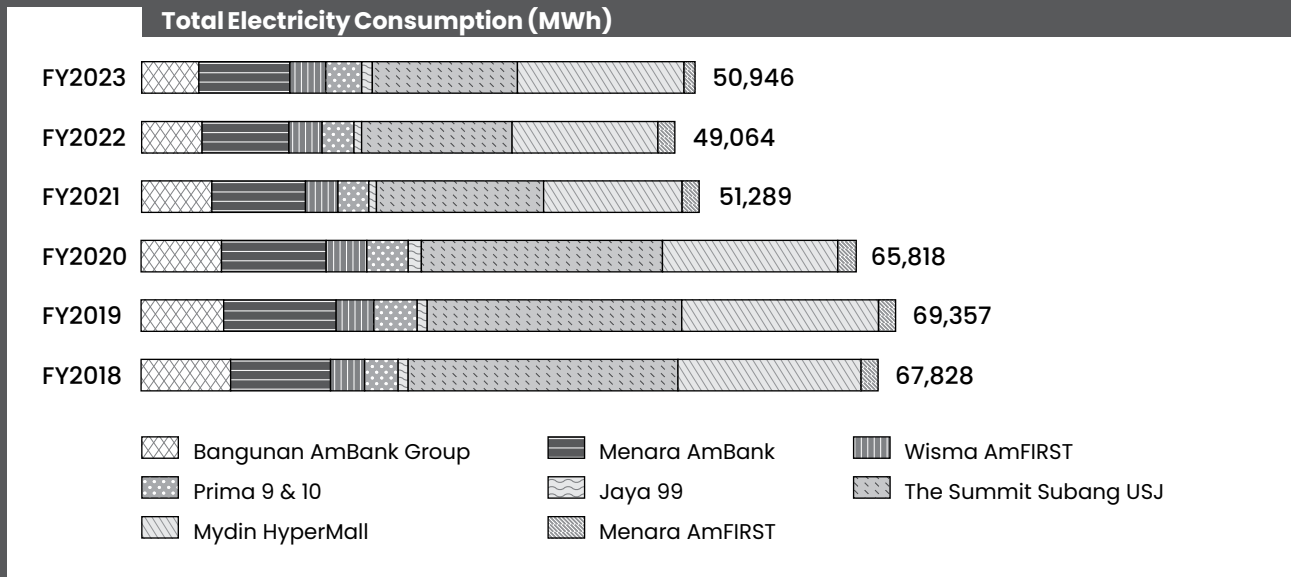
STATEMENT

ENVIRONMENTAL STEWARDSHIP (CONT'D.)

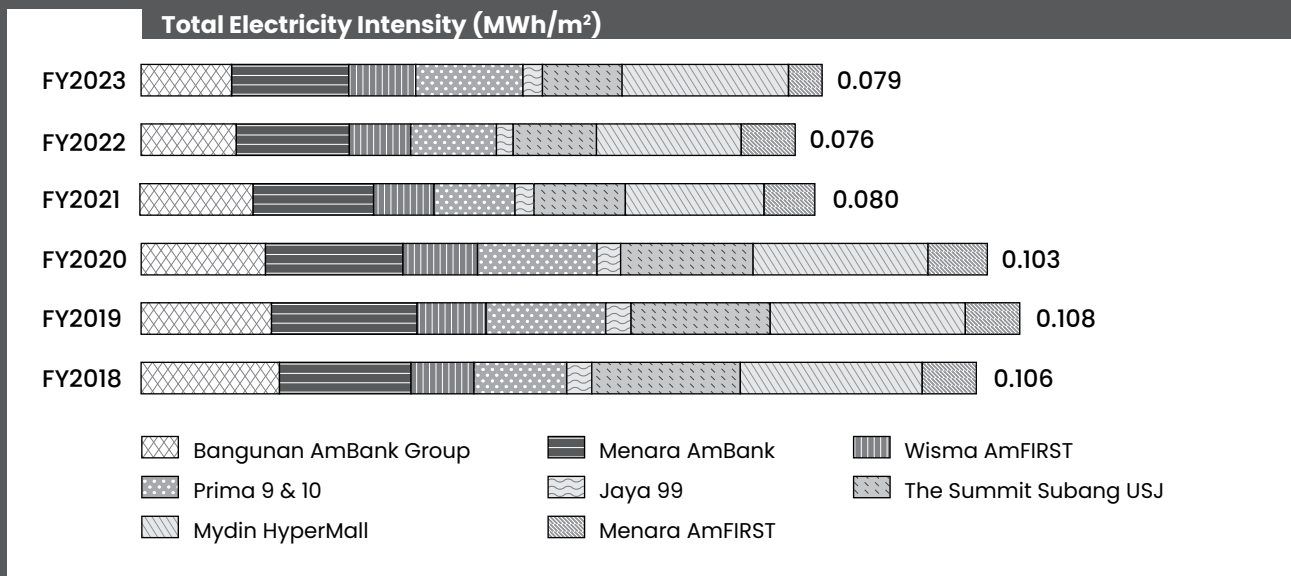
Energy Use and Climate Change (Cont'd.)

GRI 302-1 | 305-2

Figures included in this Statement associated with energy intensity in FY2023 will differ from those in our previous statement, as we did not take the tenanted floor area into account in our previous reporting. As such, to ensure transparency and meaningful disclosure, this data has since been corrected for accuracy as of FY2023.



FY2023 recorded a total of 50,946 MWh for electricity consumption, a 3.8% increase compared to FY2022. The increase was attributed to the low electricity consumption recorded in FY2022 which in turn was due to compliance with the National Recovery Plan (“NRP”). From the beginning of the financial year until September 2021, operations were halted per the NRP and only resumed at full capacity from October 2021 to December 2021, naturally leading to decreased electricity consumption.



Prima 10 recorded a 26% increase in electricity consumption due to the increase in the number of building occupants following a tenant’s relocation exercise. The increase in electricity consumption recorded in Mydin HyperMall was attributed to the opening of more stores and more events being organised during the reporting period.

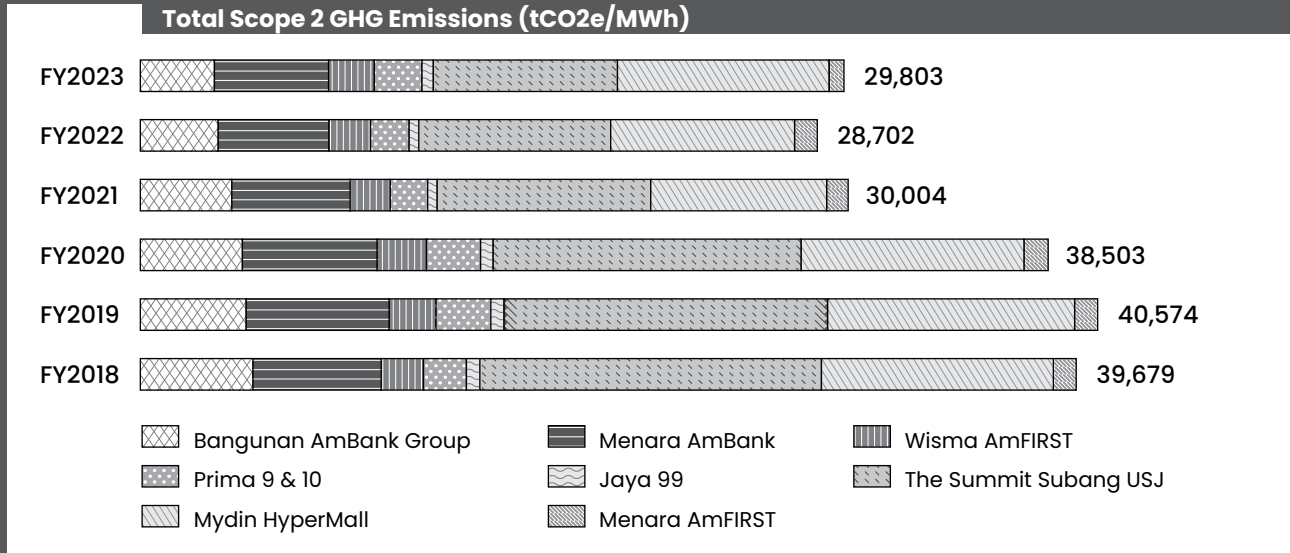
SUSTAINABILITY

STATEMENT

ENVIRONMENTAL STEWARDSHIP (CONT'D.)

Energy Use and Climate Change (Cont'd.)

GRI 302-1 | 305-2



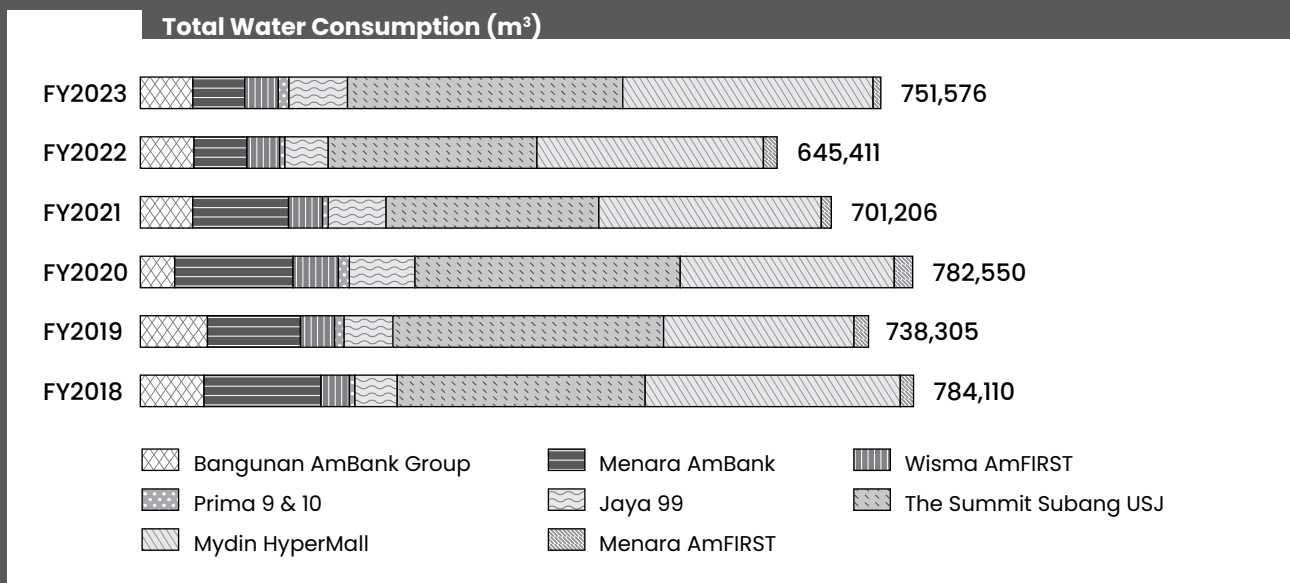
Relative to our increasing electricity consumption, our Scope 2 GHG emissions have increased by 1,101 tCO₂e/MWh. During the financial year, we conducted an Energy Audit and its results will guide us in implementing further energy efficiency measures to reduce our GHG emissions. We are aware of our responsibility to strive for decarbonisation and will continue to explore initiatives that could be implemented to lower our emissions in the following year.

Water Management

GRI 303-1 | 303-5

By nature of our business operations, our business is not a water-intensive business. Nevertheless, we recognise the importance of optimal water management to effectively address water scarcity and reduce waste. Our current water management plan consists of daily monitoring of our water consumption and a monthly assessment of our consumption records, allowing us to keep abreast of our water consumption and trends across years.

We are keen to implement more possible water-saving initiatives that will minimise any potential impact moving forward.



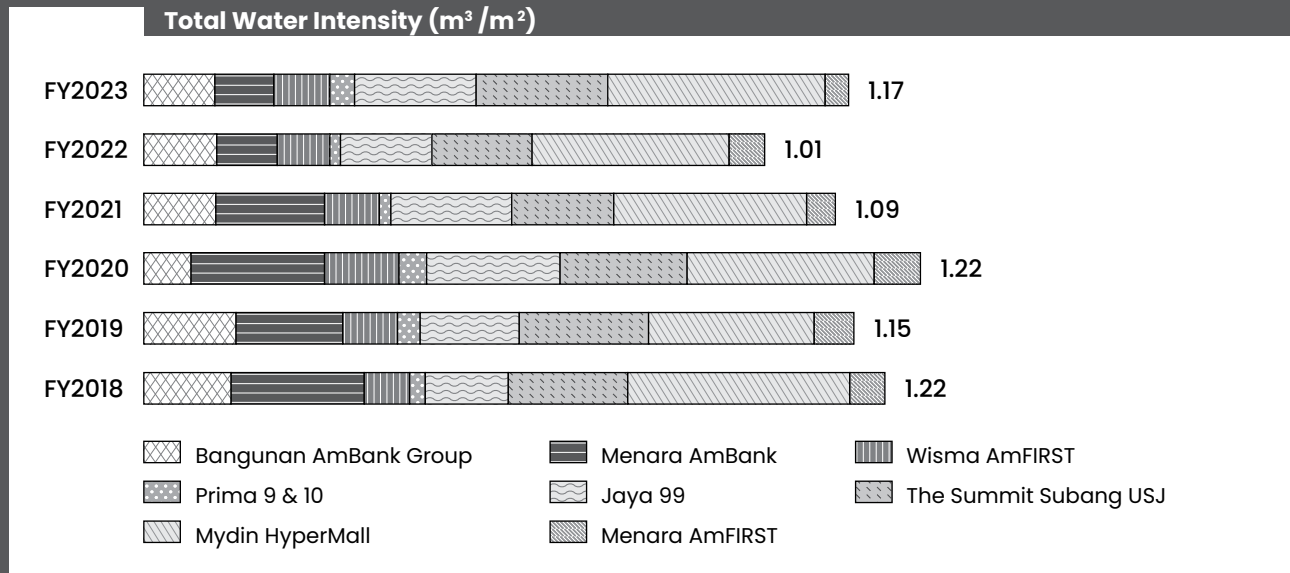
SUSTAINABILITY

STATEMENT

ENVIRONMENTAL STEWARDSHIP (CONT'D.)

Water Management (Cont'd.)

GRI 303-1 | 303-5



Our data encompasses the water consumption of all our properties. This year, we recorded a total of 751,576 m³ of water consumed across our properties, 106,165 m³ more than in FY2022, a 16.4% difference. The increase in water consumption was attributed to the increase in the number of building occupants in Prima 10 and increase in the average occupancy at The Summit Subang USJ.

Waste Management

306-3 | 306-4

As we grow, we become increasingly cognisant of our resource consumption and the importance of addressing waste generation. Our staunch belief is that responsible waste management is fundamental to the well-being of both community and environment, and that implementing the proper initiatives is the key to achieving this.

We retained several initiatives that serve to instil good waste management habits among the employees and office tenants. One (1) of these initiatives includes expanding the accessibility of recycling bins in Jaya 99 to encourage recycling habits. Additionally, in collaboration with AmBank Group, we continue to discourage single-use plastic in the following three (3) office properties: Bangunan AmBank Group, Menara AmBank and Wisma AmFIRST. We also discouraged employees from carrying their packed lunch in plastic bags through the use of well-placed reminder notices and provided reusable containers to support this endeavour.

We are currently in the midst of improving our data collection system for waste. Though we are unable to disclose the total amount of waste generated this reporting year, we have ensured strict adherence to the relevant waste-related regulations. Furthermore, we maintained the incentives for our office cleaners to segregate and record all collected recyclable waste before it is sent to the vendor for further processing, facilitating our recycling measures.

We endeavour to provide accurate data on our waste generation in the coming years.

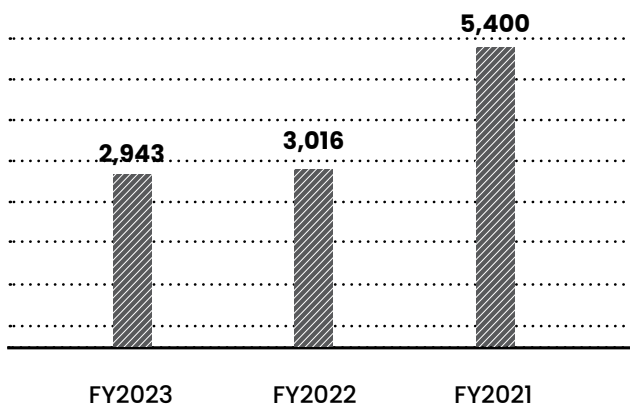
SUSTAINABILITY

STATEMENT

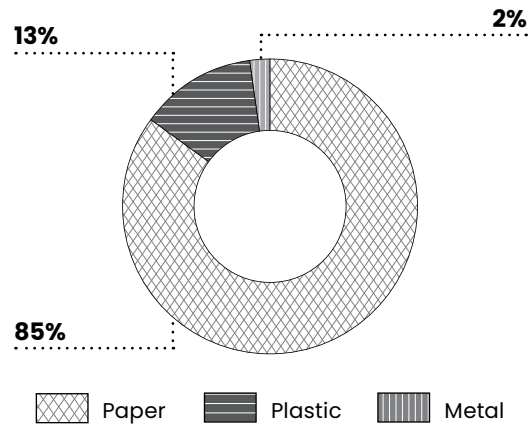
ENVIRONMENTAL STEWARDSHIP (CONT'D.)

Waste Management (Cont'd.) 306-3 | 306-4

Total Recycled Waste (kg)



Recycled Waste by Type



In FY2023, we recorded a total of 2,943 kg in recycled waste comprising paper, plastic and metal waste, a 73 kg reduction compared to the previous year.

Paper is one of the material resources that we consume significantly in our daily operations. As such, we are taking measures to reduce our paper usage by transitioning towards paperless processes through the digitalisation of our internal processes across our operations as we shift towards paperless transactions and processes. We practice sharing documents digitally through online platforms and encourage everyone to use double-sided printing wherever possible.

Paper accounted for 85% of the waste recycled, followed by plastic at 13% and metal at 2%.

Supply Chain Management GRI 204-1

As the providers of the products and services that support our daily operations, our suppliers are an essential component of our business. Therefore, it is crucial that we ensure our suppliers are in line with our sustainability agenda.

We enlist two (2) types of suppliers: goods suppliers and service suppliers. They are selected on a merit basis, appointed based on expertise in their given trade, and required to register and submit relevant quotations prior to engagement. Suppliers are first assessed by our appointed Property Managers who are tasked with the evaluation of contracted suppliers. These Property Managers are subsequently assessed, with such assessments conducted annually to ensure continued competency.

Engagement priority is given to vendors that display, promote or embed green initiatives in their work operations. By being discerning in our choice of vendors, we ensure that we procure sustainable goods and services.

In this reporting year, all vendors engaged were local suppliers.



100%
vendors engaged were local suppliers.

CONCLUSION

We understand that sustainability is a commitment, and we aim to continuously work to strengthen our ESG performance at every level.

We look forward to creating long-term value for our stakeholders and making significant strides towards a sustainable future.

SUSTAINABILITY

STATEMENT

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SUSTAINABILITY

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GRI CONTENT INDEX (CONT'D.)

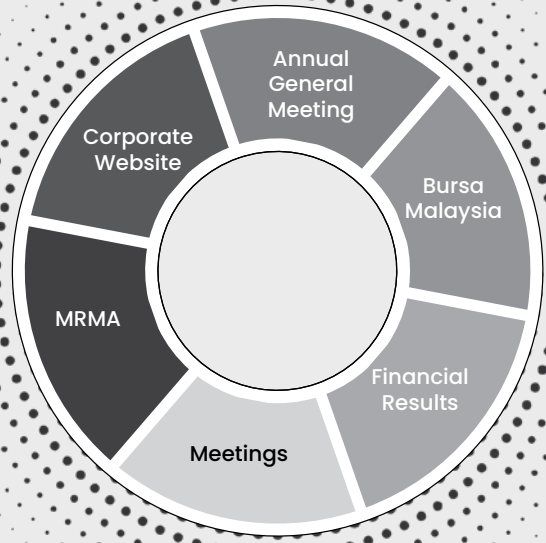
GRI Standards	Disclosures		Page
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INVESTOR RELATIONS AND COMMUNICATIONS

ENGAGING WITH OUR STAKEHOLDERS

Engagement with our stakeholders is important in helping us to better understand their priorities as we continue to evolve in our business strategies.

Throughout the financial year, we have reached out to our stakeholders through various communication platforms in order to enable them to keep abreast on the Trust's performance and outlook.



Annual General Meeting

AGM is an important event each year and serves as the primary platform for 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.

On 21 July 2022, the Trust held its Tenth AGM fully virtual through live streaming and online voting via RPEV.

In line with MCCG Practice 13.1, the Notice of Tenth AGM was issued more than 28 days prior to the AGM.

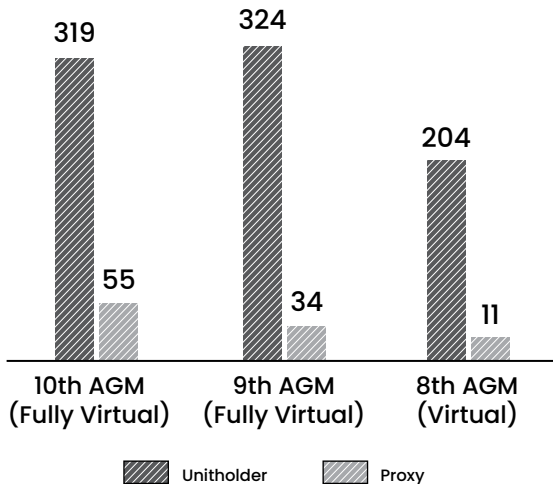
Notice of Tenth AGM was advertised in one (1) nationally circulated Bahasa Malaysia and English daily press newspapers and in writing to Bursa Malaysia.

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

The full list of questions and answers of the AGM are made available at the corporate website at <https://ir2.chartnexus.com/amfirstreit/agm.php>.

The Eleventh Annual General Meeting will be conducted virtual through live streaming and online voting via Remote Participation Electronic Voting ("RPEV") facilities at Broadcast Venue located at 12th Floor Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 20 July 2023.

No. of Participants



INVESTOR RELATIONS

AND COMMUNICATIONS

Bursa Malaysia

The Manager make disclosures on an immediate basis pursuant to the Main Market Listing Requirements of Bursa Malaysia. These include annual report, quarterly financial results, corporate presentations and any other material announcements.

Financial Results

The Manager announces the Trust's quarterly financial results to Bursa Malaysia on the same day the quarterly financial results are approved by the Board.

Quarterly corporate presentations are published in an investor-friendly manner to provide additional information on the Trust's latest financial and operational performances. The corporate presentations are available on the corporate website immediately following the announcement made to Bursa Malaysia.

Meetings

The Manager provides a one-to-one / 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 this participation. Through MRMA, members cohesively strive to achieve progressive growth of the Malaysian REITs' market by developing common benchmarking against international best practices and favourable regulatory regime.

En Zuhairy Bin Md Isa, the Deputy Chief Executive Officer of the Manager, is currently the committee member of MRMA.

Corporate Website

Comprehensive information and updates relating to the Trust are also made accessible to the public on the corporate website at www.amfirstreit.com.my. Up-to-date and historical information such as announcements to Bursa Malaysia, unit price performance, media releases, annual reports, corporate presentation and other developments are archived on the corporate website.

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

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

Stakeholders can also download the mobile app "AmFIRST REIT" to obtain up-to-date information about the Trust.

The Trust's latest online annual report is not only offered for desktop computers but also optimised for tablet computers and smartphones, hence, increasing its accessibility to the mobile devices' users.

INVESTOR RELATIONS

AND COMMUNICATIONS

FY2024 Tentative Financial Calendar

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

July 2023

Annual General Meeting

11th Annual General Meeting

August 2023

Results

1Q FY2024 Financial Results

November 2023

Results

2Q FY2024 Financial Results

December 2023

Income Distribution

1H FY2024 Interim Income Distribution

February 2024

Results

3Q FY2024 Financial Results

April 2024

Results

4Q FY2024 Financial Results

FEEDBACK AND ENQUIRIES

The Manager welcome feedback from the investors so that the Manager can further improve the interaction with the investing community.

Please feel free to contact the dedicated team of the Manager via the followings:

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Acting Chief Executive Officer/Chief Financial Officer

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Telephone No: +603 7955 8780

Encik Zuhairy Bin Md Isa

Deputy Chief Executive Officer

Email: zuhairy-isa@ambankgroup.com

Telephone No: +603 7955 8780

Encik Abdul Rahman Bin Mohd Joned

Vice President, Finance

Email: rahman-joned@ambankgroup.com

Telephone No: +603 7955 8120

STATEMENT ON CORPORATE GOVERNANCE

OVERVIEW STATEMENT

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 2021 (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. In addition, real estate investment trusts in particular are provided with specific exemptions as stipulated in clause 8.36 of Chapter 8 in MMLR. 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. 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 staff, 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 post pandemic 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 is 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.

STATEMENT ON

CORPORATE GOVERNANCE

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. The six (6) key principles 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 and when launched and attend refresher courses conducted by the Compliance & Risk Department.

The Whistleblower Protection Policy provides an independent reporting channel for all staffs and stakeholders. External parties are able to have access via email or contact the designated Compliance Officer for lodgement 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 channelling the same to specified ombudsperson.

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 Acting 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 & Risk Department’s role is also to assess key areas, such as regulatory compliance and internal policies are complied with accordingly. The Department reports its activities to the Board on quarterly basis and the Compliance Officer has direct reporting to the Board.

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, and the status of resolution of key audit findings are also monitored by the Audit Committee.

STATEMENT ON

CORPORATE GOVERNANCE

APPLICATION OF SPECIFIC PRACTICES FOR EACH PRINCIPLE

Although not mandatory, the Manager sets 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 programmes
- system of internal control and policies

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

PRACTICE 1.2

The Chairman of the Board, Mr Soo Kim Wai, a Non-Independent Non-Executive Director, leads the Board objectively and ensures its effectiveness. 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 (including Acting 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 Mr. Chong Hong Chuon is the Acting Chief Executive Officer. This is to ensure appropriate segregation of duties, authority and accountability.

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

The Chairman 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 Acting 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.

STATEMENT ON

CORPORATE GOVERNANCE

APPLICATION OF SPECIFIC PRACTICES FOR EACH PRINCIPLE (CONT'D.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

PRACTICE 1.4

The practice recommends that the Chairman should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

The Manager does not have a Nomination or Remuneration Committee, however the Chairman is a member of the Group Nomination and Remuneration Committee (GNRC) established at the Group level. He is also a member of the Audit Committee by virtue of being as the most suitable and appropriate candidate that satisfies the MMLR's Chapter 15, Clause 15.09(1)(c). As the MCCG Guidance 1.4 outlines that having the same person assuming the positions of Chairman of the Board and being a member of the Audit Committee may impair the objectivity of the Chairman, the Manager of the Board manages the objectivity by ensuring the Chairman of the Board would abstain from deliberation and decision making at the relevant meetings if there is any potential conflict of interest.

PRACTICE 1.5

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 Committee's meetings and are responsible for the accuracy and adequacy of records of the proceedings of the Board and the Board Committee's meetings and resolutions.

PRACTICE 1.6

The Company Secretaries, namely Ms. Chan Sau Leng and Ms. Ruzeti Emar Binti Mohd Rosli from Boardroom Corporate Services Sdn. Bhd. 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 Committee so that they have time to review matters to be discussed. 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.

Directors	Designation	Number of Board Meetings	Percentage of Attendance (%) ¹
Soo Kim Wai	Chairman / Non-Independent Non-Executive Director	4	100%
Dato' Abdullah bin Md Thani	Independent Non-Executive Director	4	100%
Dato' Wong Nam Loong	Independent Non-Executive Director	4	100%
Azlan Baqee bin Abdullah	Non-Independent Non-Executive Director	4	100%
Christopher Yap Huey Wen	Non-Independent Non-Executive Director	4	100%
YM Raja Nazirin Shah bin Raja Mohamad (Ceased as member on 1 December 2022)	Executive Director / Chief Executive Officer	3	100%
Jas Bir Kaur a/p Lol Singh (Appointed as member on 19 May 2023)	Independent Non-Executive Director	N/A ²	N/A ²

¹ All attendances reflected were the number of meetings attended during the Directors' tenure of service for FY2023.

² Not applicable as Madam Jas Bir Kaur was appointed to the Board of AmREIT on 19 May 2023.

STATEMENT ON

CORPORATE GOVERNANCE

APPLICATION OF SPECIFIC PRACTICES FOR EACH PRINCIPLE (CONT'D.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

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

The Board is primarily responsible for providing oversight and stewardship of the Manager. The Board is to ensure the protection and enhancement of Unitholders' value and safeguarding the stakeholders' interests including securing long-term financial results. The Board also have sound and sufficient knowledge as well as expertise to enable effective governance and oversight. Each member of the Board has a duty to act in the best interest of the Manager.

The Manager has an Audit Committee, 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 three (3) members of the Board and the committee meets on a quarterly basis together with other key management staff.

In addition, the Board has established an EXCO which was formed to support the Board to assess, deliberate and approve operational decisions expeditiously. The EXCO comprises four (4) members who are representatives of the Manager's shareholders. The EXCO meeting is held on a monthly basis and is attended by the Chief Executive Officer or Acting Chief Executive Officer, Heads of Departments and key support staff.

Both the Audit Committee and the EXCO minutes are tabled quarterly to the Board. The minutes comprise key deliberations, recommendations to the Board and decisions made.

The Board has specifically formed Management Appointment Committee comprising not less than three (3) Board members which is chaired by an Independent Director to assess and recommend the candidates for Executive Director (Licensing Director), CEO and other key senior officers, namely Head of Investment, Head of Finance, Compliance Officer/Head of Compliance, Head of Operations and Head of Leasing to the Board of Directors (the "Board").

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

STATEMENT ON

CORPORATE GOVERNANCE

APPLICATION OF SPECIFIC PRACTICES FOR EACH PRINCIPLE (CONT'D.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

PRACTICE 3.1 (CONT'D.)

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 briefings and assessment conducted by the Compliance & Risk Department. The Manager's staff are required to complete the refresher course periodically to ensure staff understands what is required of them and are able to apply it when they are discharging their duties.

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 is 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.

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 The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

PRACTICE 4.1

On 11 February 2019, the Board with the recommendation from the Management approved and issued its initial Sustainability Policy Version 1.0 ("Policy") and subsequently reviewed and updated the policy on 24 November 2021. The well approved and documented Policy is meant to create the Manager's commitment in managing Environment, Social and Governance ("ESG") elements in addressing sustainability risks and opportunities in a systematic manner.

STATEMENT ON

CORPORATE GOVERNANCE

APPLICATION OF SPECIFIC PRACTICES FOR EACH PRINCIPLE (CONT'D.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

PRACTICE 4.1 (CONT'D.)

Guided by the Manager's core values, AmFIRST REIT's approach towards sustainability emphasises on the following pillars: Compliant, Responsible, Ethical, Accurate, Trustworthy and Equitable (C.R.E.A.T.E). These values are inculcated in our working culture to always be compliant, responsible, accurate, equitable and ethical in managing our ESG risks to gain trust amongst our stakeholders towards building a sustainable business.

The Senior Management appointed a consulting firm, namely AGV Environment Sdn. Bhd. that has vast experience and are familiar with the ESG requirements to guide the Manager in implementing the ESG initiatives. There is a proper Sustainability Governance Structure which was implemented as required under the Policy to ensure these are followed through accordingly.

In summary, the Manager has established a 3-Tiered Governance Structure which comprises of:

- a. Board of Directors
- b. Sustainability Management Team ("SMT") with reporting responsibilities to the Board of Directors; and
- c. Sustainability Working Team ("SWT") with reporting responsibilities to SMT.

PRACTICE 4.2

Under the said Policy, the Management has a set of responsibilities to assist the Board to ensure those strategies, priorities and targets are communicated to relevant parties. Annually, a detailed disclosure on the qualitative and quantitative sustainability performance related to ESG risks and opportunities are to be made in the Sustainability Statement which is included in this Annual Report on pages 69 to 103.

PRACTICE 4.3

On annual basis the Board are kept abreast with sustainability issues relevant to its business by its Management and its consultant. The Board members too on their own accord keep themselves abreast of ESG issues and where applicable will address it in their Board, Audit Committee as well as in EXCO meetings so that the ESG initiatives are practiced accordingly.

PRACTICE 4.4

Currently the Manager's performance management system incorporates the governance aspect for each staff as a key performance indicator ("KPI"). The Manager would look into incorporating the other components namely Environment and Social KPIs in FY 2024 with the rollout of Sustainability Program for FY2024 onwards.

PRACTICE 4.5 [STEP UP]

As the Board understood the importance of the ESG programme, the Board approved and the Manager established a designated Sustainability Management Team as outlined in the said Policy. The efforts are further coordinated with the assistance of Finance staff.

Intended Outcome

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

PRACTICE 5.1

The Manager relies on the established terms of reference and policies of the Group in terms of the governance in ensuring an effective Board comprising right balance of mix of skills, experienced and competent directors, composition of independent and non-independent directors and the maximum tenure of nine (9) years of an independent director. The Board was cognisant of the Group's policies and practices in upholding good corporate governance. None of the Independent Directors had reached the nine-year tenure of service and all the Non-Executive Directors are subject to the yearly re-election by rotation at the annual general meeting of the Manager.

STATEMENT ON

CORPORATE GOVERNANCE

APPLICATION OF SPECIFIC PRACTICES FOR EACH PRINCIPLE (CONT'D.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

PRACTICE 5.2

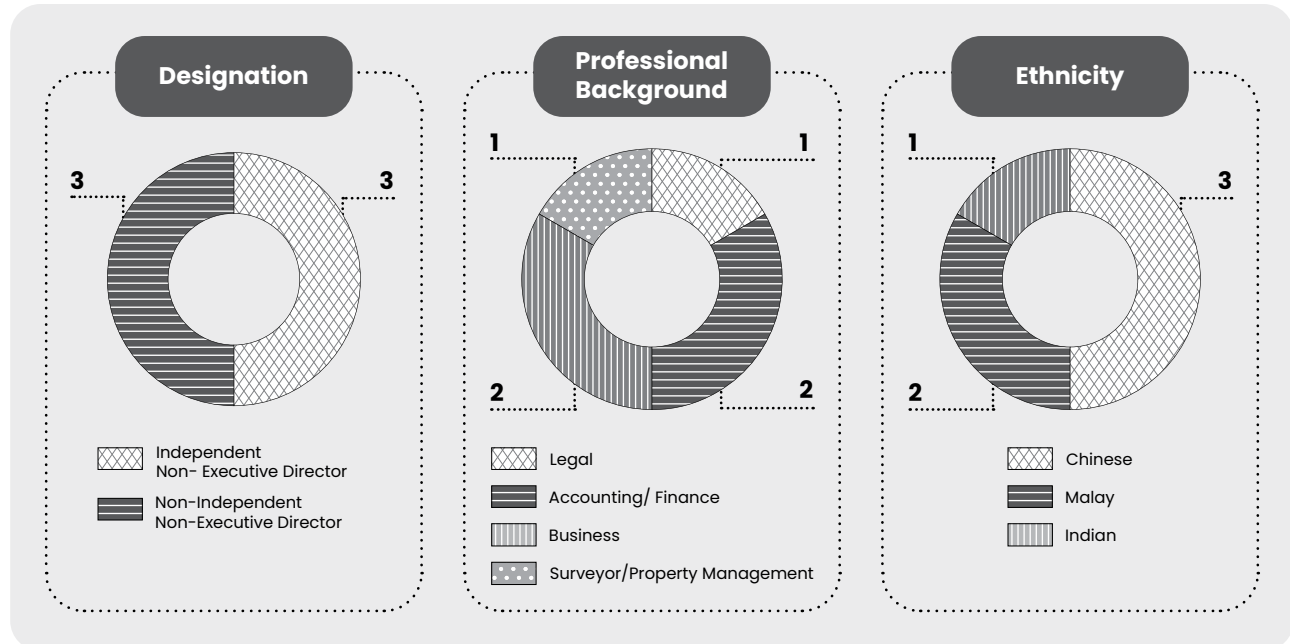
The Manager's Board retains its Board composition with at least one-third (1/3) of independent Directors and is of the view that the decisions that the Board makes are objective and in the best interests of all stakeholders.

As of this report date the Board has six (6) members comprising six (6) Non-Executive Directors. Three (3) of the Board members are Independent Directors (1/2 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 134 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 10 to 12 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 ON

CORPORATE GOVERNANCE

APPLICATION OF SPECIFIC PRACTICES FOR EACH PRINCIPLE (CONT'D.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

PRACTICE 5.3

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") and the approval of the Board. The two-tier voting process for the purposes of retaining an independent Director beyond nine (9) years as recommended by MCGG is not applicable for the Manager as the Manager is a limited company.

PRACTICE 5.4 [STEP UP]

The Manager has adopted the policy which limits the tenure of its independent Directors to nine (9) years. The policy has been complied diligently, and this was demonstrated in prior years, where independent Directors had stepped down after nine (9) years of service. As of this Annual Report date, the current two independent Directors of the Manager have both served for approximately 6 years and 9 months.

PRACTICE 5.5

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 established Management Appointment Committee to recommend the appointment of Executive Director (Licensing Director), CEO and other key senior officers to the Board of Directors (the "Board"). 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 Malaysia, 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 5.6

The Group has various approaches and sources to identify candidates for the appointment of Directors. Apart from the common method of obtaining 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 5.7

The appointment and reappointment of the Directors are the responsibility of the Manager's shareholders and not the Unitholders. Practice 5.5 and 5.6 sets out the due process involved to ensure they are able to discharge their duties once they are onboarded as Directors of the Manager.

PRACTICE 5.8

GNRC 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 ON

CORPORATE GOVERNANCE

APPLICATION OF SPECIFIC PRACTICES FOR EACH PRINCIPLE (CONT'D.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

PRACTICE 5.9

The Board takes cognisance of having more women Directors on the Board. The Code's requirement is for the Board to comprise 30% women Directors. In addition, the Guidelines on Corporate Governance for Capital Market Intermediaries has outlined that the Board of CMSL Holder must undertake the necessary measures to ensure the board comprises at least 30% women directors. The Guidelines of Listed REITs was updated and requires the management company to have at least one (1) women director with effect from 1 June 2023. As of the annual report date, the Board has appointed a woman director.

PRACTICE 5.10

The Manager discloses its gender diversity data in the Employee Diversity and Inclusivity section in its Sustainability Statement on page 93 to 94 of this Annual Report. The Manager provides equal opportunities and evaluate employee based on merit.

Intended Outcome

6.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors.

PRACTICE 6.1

The Manager took note of practice 6.1 on the recommended practice to conduct a formal and objective annual evaluation to determine the effectiveness of the Board, its Board Committee and each individual Director even though this practice note is not applicable to REIT entities.

Intended Outcome

7.0 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 7.1

The Manager acknowledges the need to ensure a fair and equitable remuneration mechanism for the Directors and Senior Management, which commensurate with the demands and performance of the Manager, and also the individual's responsibilities. The Manager utilises the AmBank Group's Human Resource remuneration policies and procedures which were implemented Group wide. The remuneration scheme that the Manager adopted from its Group reflects and considers level of position, years of experience, competency, different roles, complexity of functions, market conditions and other criteria that may be considered on a case-to-case basis. There is systematic performance management system with key performance indicators agreed upfront for annual appraisals for staffs. Staffs are required to undergo semi-annual performance review with respective Heads of Departments. This is to ensure that staffs are made known on their progress and appropriate corrective actions can be taken. The entire process is overseen by Group Human Resource.

The policy and procedures are periodically reviewed by the AmBank Group's Group Human Resources and reflected accordingly in the AmBank Group's internal portal for all the staff's reference.

PRACTICE 7.2

GNRC performs the function that a remuneration committee would otherwise perform, namely it recommends a formal and transparent procedure for developing the remuneration policy for Directors, Senior Management and staff of the Manager (where applicable and if required). The Terms of Reference of the GNRC is published in AmBank Group's corporate website at www.ambankgroup.com.

STATEMENT ON

CORPORATE GOVERNANCE

APPLICATION OF SPECIFIC PRACTICES FOR EACH PRINCIPLE (CONT'D.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

Intended Outcome

8.0 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 8.1

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 the Board Committee. 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 8.2 AND 8.3 [STEP UP]

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

Intended Outcome

9.0 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 9.1

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 on pages 127 to 128 of this Annual Report.

PRACTICE 9.2

The Board takes cognisance of matters pertaining to independence and conflict of interest. It is imperative that the functions of Board Committee 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 three 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 9.3

It is the Audit Committee's responsibility to review the appointment and resignation of external auditors as well as 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.

STATEMENT ON

CORPORATE GOVERNANCE

APPLICATION OF SPECIFIC PRACTICES FOR EACH PRINCIPLE (CONT'D.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

PRACTICE 9.4 [STEP UP]

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

PRACTICE 9.5

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 FY2023 were, on areas relating to Anti-Money Laundering, Cyber Security Awareness Program, Leadership Perspectives Forum on Board Effectiveness, Business Recovery and Resilience, Sustainability Awareness, SC's Audit Oversight Board forum, Bursa's Enhanced Sustainability Reporting Framework, National Budget 2023 and ESG Essentials, These trainings were arranged by the Group Learning and Development Department of the ultimate holding company of the Manager and regulators as well as professional establishments.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Intended Outcome

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

PRACTICE 10.1

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 10.2

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 122 to 126 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.

STATEMENT ON

CORPORATE GOVERNANCE

APPLICATION OF SPECIFIC PRACTICES FOR EACH PRINCIPLE (CONT'D.)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D.)

PRACTICE 10.3 [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 (including Acting Chief Executive Officer) and Heads of Departments of the Manager. There is requirement to report the risks affecting the Trust on half yearly basis to the Audit Committee and the Board.

Intended Outcome

11.0 Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

PRACTICE 11.1

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 reports independently to the Audit Committee.

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 on the internal audit function.

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

PRACTICE 11.2

GIAD is headed by the Group Chief Internal Auditor, Encik Shamsul Bahrom bin Mohamed Ibrahim ("Encik Shamsul"), who has over 24 years of comprehensive internal auditing and management experience in the financial services industry.

En. Shamsul holds a BSc (Hons) Finance & Accounting from the University of Salford, Manchester as well as Masters in Business Administration (MBA) from the University of Strathclyde, Scotland. En. Shamsul is a Chartered Banker (CB), a Qualified Risk Auditor (QRA), a Certified Fraud Examiner (CFE) and a Chartered Professional in Islamic Finance (CPIF). En. Shamsul has completed the Cybersecurity Fundamentals Certification (CSX-f) and the Asian Institute of Chartered Bankers' (AICB) Certification for Bank Auditor (CBA). He has also been awarded the ICA Professional Postgraduate Diploma in Financial Crime Compliance (Prof. Pg. Dip. FCC) from the International Compliance Association (ICA).

En. Shamsul is a member of the Institute of Internal Auditors Malaysia (IIAM), the Asian Institute of Chartered Bankers (AICB), the Chartered Institute of Islamic Finance Professionals (CIIF) and the Institute of Enterprise Risk Practitioners (IERP). He is also the current Chairman of AICB's Chief Internal Auditors Networking Group (CIANG).

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 Manager's 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 the audit reviews, 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 the Management action plans, until full resolution.

STATEMENT ON

CORPORATE GOVERNANCE

APPLICATION OF SPECIFIC PRACTICES FOR EACH PRINCIPLE (CONT'D.)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D.)

PRACTICE 11.2

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 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

12.0 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 12.1

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

13.0 Unitholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at General Meetings.

PRACTICE 13.1

The Board through its Management and Company Secretary strictly complies with the issuance of Annual General Meeting ("AGM") notice to the Unitholders. The Manager gives more than 28 days' notice prior to the meeting. The number of days of notice provided for the past three (3) years were as follow:

	10th AGM	9th AGM	8th AGM
Financial Year	2022	2021	2020
Date of Notice of AGM	31 May 2022	31 May 21	30 June 20
Date of AGM	21 July 2022	7 July 21	10 Aug 20
Notice period in no. of days (including Saturday, Sunday & Public Holiday)	50	36	40

STATEMENT ON

CORPORATE GOVERNANCE

APPLICATION OF SPECIFIC PRACTICES FOR EACH PRINCIPLE (CONT'D.)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D.)

PRACTICE 13.2

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 shall be posted on the Trust's corporate website for Unitholders' reference.

PRACTICE 13.3

AmFIRST REIT's 10th AGM on 21 July 2022 was held fully virtual via Remote Participation and Electronic Voting ("RPEV"), to facilitate greater Unitholders' participation. The meeting platform was <https://meeting.boardroomlimited.my> which was broadcasted from Symphony Square Auditorium located at Petaling Jaya, Selangor.

The Manager through its outsourced Company Secretary utilises Lumi's technology which is the dominant player globally in the provision of software and real-time audience engagement technology to facilitate annual general meetings for companies. Lumi's technology runs on a secure dedicated network and encrypted cloud-based servers.

PRACTICE 13.4

The Chairman of the Board together with the Chief Executive Officer interact and provide detailed presentation of the company's financial and non-financial performance which includes the company's long-term strategies. The Unitholders are given sufficient opportunity to pose questions during the general meeting and all the questions are addressed accordingly. The detailed presentation as well as the questions and answers are in the official website of AmFIRST REIT.

PRACTICE 13.5

The general meeting which was broadcasted from Symphony Square Auditorium located at Petaling Jaya, Selangor via <https://meeting.boardroomlimited.my>, had all the necessary infrastructure and tools to support the broadcast of the general meeting and the Lumi AGM technology had the capability to allow participation and voting by Unitholders. Prior to the AGM, the Manager has issued the Administrative Guide together with the Notice of Meeting to all Unitholders, of which both documents were part of the Annual Report 2022, so that they are aware of the required procedures in participating the AGM. This was to ensure participation by Unitholders was seamless.

In addition, to ensure the fully virtual AGM is conducted in an independent and transparent manner, Boardroom Share Registrars Sdn. Bhd. was appointed as the Poll Administrator to conduct the polling process whereas Commercial Quest Sdn. Bhd. was appointed as an Independent Scrutineer to verify the poll results.

Questions submitted online via meeting platform were moderated before being sent to the Chairman to avoid repetition. 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. In this regard, the Manager appointed KPMG Management & Risk Consulting Sdn. Bhd. as the Independent Moderator to moderate the questions posted by Unitholders to the Board during the allocated Q&A session.

PRACTICE 13.6

The Minutes of the general meeting is made available to all Unitholders within 30 days after the AGM in the corporate website of AmFIRST REIT for their information.

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 ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and in line with the guidance of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") issued by Bursa Malaysia.

RISK MANAGEMENT

The Board with the assistance of the Manager's Audit Committee (the "AC") 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 AC on a half-yearly basis or as and when required. In this respect, the AC assists the Board in providing independent 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 senior management level was established to assist the AC in assessing the adequacy of internal control and risk management. The Risk Management Committee comprises of the Acting 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 Defence ("FLOD"), Second Line of Defence ("SLOD") and Third Line of Defence ("TLOD"). The FLOD comprises 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 (CONT'D.)

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 Group Internal Audit Department ("GIAD") of AmBank Group forms the TLOD which independently evaluates and assesses the adequacy and effectiveness of the designed risk management process 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 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 fulfil and discharge its responsibilities. The Head of GIAD reports directly to the AC.

GIAD conducts independent risk-based audits 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 highlighted in audit reports 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.

STATEMENT ON

RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL (CONT'D.)

Internal Audit Function (Cont'd.)

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

External Auditors

The Board maintains a transparent relationship throughout their association with the external auditors. The appointment of external auditors, who were nominated by the Manager, is approved by the Trustee. The external auditors appointed must be independent of the Manager and the Trustee. The remuneration of the external auditors is approved by the Trustee based on the Manager's recommendation.

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

The Trustee had appointed EY as the external auditors to conduct the statutory audit for the FY2023 with the recommendation from the Manager. EY had provided a written confirmation to the AC that 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 reports to the Board in compliance with the Securities Commission's Guidelines on the Listed REITs. The Compliance Officer works towards ensuring the compliance with all regulations and guidelines issued by SC, Bursa Malaysia, 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 the 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 MMLR. 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 Management would have to demonstrate to the AC that the transactions are undertaken on normal commercial terms, which may include (where applicable) obtaining quotations from parties unrelated to the Manager or obtaining a valuation from an independent valuer. All related party transactions are subject to review by the AC prior to Board's notation.

STATEMENT ON

RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL (CONT'D.)

Dealings with Related Parties (Cont'd.)

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 in accordance with the Deed 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.

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, the Directors, Acting Chief Executive Officer and Management of the Manager are expected to act with honesty and integrity at all times.

Role of the Audit Committee on 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 MMLR. 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 FY2023 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 favourable 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 133 of the Manager's Report) and the transactions with companies related to the Manager (as disclosed in Note 27 of the notes to the financial statements within this Annual Report), no conflict of interest has arisen during the financial year under review.

STATEMENT ON

RISK MANAGEMENT AND INTERNAL CONTROL

TRADING IN THE TRUST'S UNITS

The Manager adopts best practices and issues policies to its Directors and employees which prohibit dealings in the Trust's units while in possession of material unpublished price-sensitive information. Under the MMLR, the Directors and employees of the Manager are prohibited from dealing in the Trust's units during the period commencing 30 calendar days before the targeted date of announcement of the Trust's quarterly results to Bursa Malaysia, up to the date of announcement of the Trust's quarterly results. However, in contrast to MMLR's 30 calendar days closed period requirement, the Manager regularly notifies its Directors and employees on the maximum closed period of two (2) 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 MMLR and the related policies of the Manager. They are also made aware of the applicability of the insider trading laws at all times and appropriate disclosures of their trading activities if there are any. There were no dealings in the Trust's units during the closed periods by the Directors or employees of the Manager reported during the financial year up to the date of this Report.

WHISTLEBLOWER PROTECTION POLICY (THE "POLICY")

The Manager 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 concerns 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 Acting 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 2023 as required by Paragraph 15.23 of the MMLR of Bursa Malaysia. 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 Board had adopted in reviewing the adequacy and integrity of the system of internal controls of the Manager. 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 (“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.

As of this report date, the AC comprises three (3) members, all of whom are Non-Executive Directors, which two (2) members are Independent Directors.

The AC Chairman is an Independent Non-Executive Director.

COMPOSITION AND MEETING ATTENDANCE

The AC meets 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. A total of four (4) meetings were held during FY2023. The attendance of the AC members to the AC meetings held for the FY2023 are as follows:

Name of AC Members	Designation	Number of AC Meetings	Percentage of Attendance (%)
Dato’ Wong Nam Loong	Chairman / Independent Non-Executive Director	4	100%
Dato’ Abdullah Thalith bin Md Thani	Independent Non-Executive Director	4	100%
Soo Kim Wai	Non-Independent Non-Executive Director	4	100%

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 are 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 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 in the management and protection of 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.

AUDIT

COMMITTEE REPORT

TERMS OF REFERENCE (CONT'D.)

The AC is governed by the Terms of Reference as listed below (Cont'd.):

Primary Roles and Responsibilities (Cont'd.)

- iv. To review the quarterly and annual financial statements of the Trust prior to the approval by the Board in particular, with reference to:
 - a. changes in or implementation of major accounting policy;
 - b. significant and unusual events; and
 - c. compliance with accounting standards and other regulatory requirements
- v. To review and approve the scope of audits, audit plans and audit reports of both the external and internal auditors.
- vi. To evaluate the adequacy and effectiveness of the Manager's control systems through the review of the reports of both the external and internal auditors that highlight internal accounting, organisational and operating control weaknesses and to determine that appropriate corrective actions are being taken by the Manager.
- vii. To ensure the adequacy of the scope, functions and resources of the internal audit functions and that they have the necessary authority to carry out their works.
- 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 work 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.

SUMMARY OF ACTIVITIES OF THE AC

The activities of the AC for the FY2023 are as listed below:

- i. 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 Group Internal Audit Department ("GIAD"), deliberated on and approved GIAD's Annual Audit Plan for the Manager.
- iii. Deliberated on GIAD's reports and 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 and approved the external auditor's 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. The external auditors had one (1) private session 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.

AUDIT

COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE AC (CONT'D.)

The activities of the AC for the FY2023 are as listed below (Cont'd.):

- 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 Malaysia.
- 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 conflict of interest situation that may arise, including any transaction, procedure or course of conduct that raises question of the Manager's integrity.
- xi. Reviewed the implications of 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.

INTERNAL AUDIT

- i. The internal audit function is undertaken by AmBank (M) Berhad's GIAD, headed by the Group Chief Internal Auditor ("GCIA"), En. Shamsul Bahrom bin 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 BNM 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 are to assess the adequacy and effectiveness of the risk management and systems of internal controls governing the activities carried out by the Manager.

AUDIT

COMMITTEE REPORT

INTERNAL AUDIT (CONT'D.)

vii. GIAD undertook the following activities during FY2023:

- 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 highlighted.

DIRECTORS'

RESPONSIBILITY STATEMENT

The Board is responsible to ensure that the financial statements for the FY2023 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 2023 and of its financial performance and cash flows for the financial year then ended.

In preparing the financial statements for the FY2023, 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 2023

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 2023.

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 100% 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 2023, the Manager's fee consists of base fee of 0.30% (FY2022 : 0.30%) per annum and performance fee of 3.0% (FY2022 : 2.9%) 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 0.50% 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 pages 179 to 181.

MANAGER'S

REPORT

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.

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
Yap Huey Wen
YM Raja Nazirin Shah Bin Raja Mohamad (Resigned on 1 December 2022)
Jas Bir Kaur a/p Lol Singh (Appointed on 19 May 2023)

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 2023.

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 2023.

MANAGER'S

REPORT

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.

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 2023 are as follows:

	FY2023
Audit Fee	68,000
Non-Audit Fees	11,000

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.

MANAGER'S

REPORT

OTHER STATUTORY INFORMATION (CONT'D.)

- 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.

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

AZLAN BAQEE BIN ABDULLAH

Kuala Lumpur, Malaysia
22 May 2023

Financial Statements



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STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note	2023 RM	2022 RM
ASSETS			
Non-current assets			
Investment properties	5 and 7	1,543,421,319	1,608,746,762
Derivatives	9	417,710	-
Right-of-use assets	6	668,620	181,376
Receivables	7	29,155,619	27,366,214
		1,573,663,268	1,636,294,352
Current assets			
Receivables	7	14,602,203	19,549,540
Derivatives	9	184,996	-
Deposits with financial institution	8	1,551,122	1,518,697
Cash and bank balances		1,656,177	3,912,534
		17,994,498	24,980,771
TOTAL ASSETS		1,591,657,766	1,661,275,123
UNITHOLDERS' FUNDS			
Unitholders' capital	15	636,624,829	636,624,829
Undistributed income		168,249,575	175,123,729
TOTAL UNITHOLDERS' FUNDS		804,874,404	811,748,558
LIABILITIES			
Non-current liabilities			
Rental deposits	10	15,237,881	13,626,027
Deferred tax liabilities	11	1,260,797	1,236,011
Borrowings	12	249,885,337	697,526,631
Lease liabilities	13	585,154	23,091
		266,969,169	712,411,760
Current liabilities			
Payables	14	7,198,335	7,399,077
Rental deposits	10	8,283,331	11,862,641
Borrowings	12	504,241,294	117,687,501
Lease liabilities	13	91,233	165,586
		519,814,193	137,114,805
TOTAL LIABILITIES		786,783,362	849,526,565
TOTAL UNITHOLDERS' FUNDS AND LIABILITIES		1,591,657,766	1,661,275,123
NET ASSET VALUE		804,874,404	811,748,558
NUMBER OF UNITS IN CIRCULATION		686,401,600	686,401,600
NET ASSET VALUE PER UNIT			
- before proposed final distribution		1.1726	1.1826
- after proposed final distribution		1.1570	1.1633

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	2023 RM	2022 RM
Revenue	16	103,428,901	99,646,741
Property expenses	17	(44,517,799)	(40,392,174)
Net rental income		58,911,102	59,254,567
Interest income		76,071	41,858
Changes in fair value of investment properties	5	(2,603,550)	(21,990,713)
Gain on financial liabilities measured at amortised cost		328,515	172,154
Fair value gain on derivatives		602,707	-
Loss on disposal of investment property	5	(4,652,468)	-
Other income		37,640	28,446
		52,700,017	37,506,312
Administrative expenses			
Manager's fee	18	(6,688,449)	(6,808,456)
Trustee's fee	19	(321,390)	(328,580)
Valuation fee		(196,800)	(237,910)
Auditors' remuneration		(68,870)	(60,130)
Tax agent's fee		(10,918)	(20,284)
Other expenses	20	43,078	1,264,043
		(7,243,349)	(6,191,317)
Operating profit		45,456,668	31,314,995
Finance cost:			
Interest on lease liabilities		(11,407)	(13,520)
Interest expense		(31,222,099)	(26,789,409)
		(31,233,506)	(26,802,929)
Profit before taxation		14,223,162	4,512,066
Taxation	21	(24,786)	833,087
Profit for the financial year after taxation, representing total comprehensive income for the financial year		14,198,376	5,345,153
Total comprehensive income for the financial year is made up as follows:			
- Realised income		17,526,514	22,184,834
- Realised loss on disposal		(4,652,468)	-
- Unrealised income		1,324,330	(16,839,681)
		14,198,376	5,345,153

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	2023 RM	2022 RM
Earnings per unit (realised) (sen)	22		
- after manager's fee		2.55	3.23
- before manager's fee		1.58	2.24
Income distribution (RM)	23		
Interim income distribution of 1.14 sen per unit unit paid on 28 December 2022 (2022: 1.09 sen per unit paid on 29 December 2021)		7,824,980	7,481,779
Proposed final income distribution of 1.56 sen per unit payable on 31 May 2023 (2022: Final income distribution of 1.93 sen per unit paid on 31 May 2022)		10,707,865	13,247,550
		18,532,845	20,729,329
Income distribution per unit* (sen)			
- Interim		1.14	1.09
- Final		1.56	1.93
		2.70	3.02

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

	2023	2022
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 2023

	Non-distributable unitholders' capital RM	Distributable realised income RM	Non- distributable unrealised income RM	Unitholders' funds RM
As at 1 April 2022	636,624,829	22,025,088	153,098,641	811,748,558
Total comprehensive income for the financial year	-	12,874,046	1,324,330	14,198,376
Realisation of the unrealised loss (Note 5)	-	(637,504)	637,504	-
	636,624,829	34,261,630	155,060,475	825,946,934
Unitholders' transactions				
Distributions to Unitholders (Note 23) relating to the financial year ended:				
- 2022 final	-	(13,247,550)	-	(13,247,550)
- 2023 interim	-	(7,824,980)	-	(7,824,980)
	-	(21,072,530)	-	(21,072,530)
As at 31 March 2023	636,624,829	13,189,100	155,060,475	804,874,404
As at 1 April 2021	636,624,829	17,068,933	169,938,322	823,632,084
Total comprehensive income/ (loss) for the financial year	-	22,184,834	(16,839,681)	5,345,153
	636,624,829	39,253,767	153,098,641	828,977,237
Unitholders' transactions				
Distributions to Unitholders (Note 23) relating to the financial year ended:				
- 2021 final	-	(9,746,900)	-	(9,746,900)
- 2022 interim	-	(7,481,779)	-	(7,481,779)
	-	(17,228,679)	-	(17,228,679)
As at 31 March 2022	636,624,829	22,025,088	153,098,641	811,748,558

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		14,223,162	4,512,066
<i>Adjustments for:</i>			
Accrued unbilled rental income	7	(3,021,443)	(3,021,444)
Interest income		(76,071)	(41,858)
Interest on lease liabilities	13	11,407	13,520
Interest expense		31,222,099	26,789,409
Depreciation of right-of-use assets	6	201,266	220,552
Reversal of ECL	20	(1,177,932)	(2,058,444)
Changes in fair value of investment properties		2,603,550	21,990,713
Gain on financial liabilities measured at amortised cost		(328,515)	(172,154)
Loss on disposal of investment property	5	4,652,468	-
Fair value gain on derivatives		(602,707)	-
Operating profit before working capital changes		47,707,284	48,232,360
<i>Changes in working capital:</i>			
Decrease/(increase) in receivables		7,357,307	(1,638,364)
(Decrease)/increase in payables		(259,914)	1,512,989
Decrease in rental deposits		(1,638,941)	(1,539,121)
Net cash generated from operating activities		53,165,736	46,567,864
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from disposal of investment property	5	59,947,532	-
Enhancement cost on investment properties	5	(1,878,107)	(2,248,922)
Interest income		76,071	41,858
Net cash generated from/(used in) investing activities		58,145,496	(2,207,064)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(31,162,926)	(26,698,009)
Distributions paid to Unitholders	23	(21,072,530)	(17,228,679)
Net (repayment)/drawdown of borrowings		(61,087,501)	512,499
Payment of lease liabilities	13	(212,207)	(244,968)
Net cash used in financing activities		(113,535,164)	(43,659,157)
Net (decrease)/increase in cash and cash equivalents		(2,223,932)	701,643
Cash and cash equivalents at the beginning of the financial year		5,431,231	4,729,588
Cash and cash equivalents at the end of the financial year		3,207,299	5,431,231
Cash and cash equivalents included in the statement of cash flows comprise the following:			
Cash in bank		1,647,177	3,903,534
Cash in hand		9,000	9,000
Deposits with financial institution	8	1,551,122	1,518,697
		3,207,299	5,431,231

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 Suite 101-2, Level 1, Tower 2, Wisma AmFIRST, Jalan Stadium SS 7/15, SS 7, 47301 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 12 May 2023.

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 have been consistently applied to all years presented, other than where new policies have been adopted.

NOTES

TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (Cont'd.)

2.4a Investment properties

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

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

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. Gain or 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.

NOTES

TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (Cont'd.)

2.4b Leases (Cont'd.)

2.4b(ii) The Trust as a lessee (Cont'd.)

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.

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 less any lease incentives received (if any). Where applicable, the cost of right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term of the assets, as follows:

Retail space	1 to 3 years
--------------	--------------

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.

NOTES

TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (Cont'd.)

2.4c Financial instruments – initial recognition and measurement (Cont'd.)

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 at:

- 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 include trade receivables, cash and bank balances and deposits with financial institution.

NOTES

TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (Cont'd.)

2.4d Financial instruments – classification and subsequent measurement (Cont'd.)

2.4d(ii) Financial assets and financial liabilities at fair value through profit or loss: derivatives

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

2.4d(iii) Financial liabilities at amortised cost

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

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

2.4e Derecognition of financial assets and financial liabilities

2.4e(i) Financial assets

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

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

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

NOTES

TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (Cont'd.)

2.4e Derecognition of financial assets and financial liabilities (Cont'd.)

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 derivatives, and non-financial assets such as investment properties, at fair value at the end of each reporting period.

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

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

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

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

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

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

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

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

- Level 1: Quoted (unadjusted) market prices in active markets or identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES

TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (Cont'd.)

2.4f Fair value measurement (Cont'd.)

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 Financial instruments - expected credit losses

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

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

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

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.

NOTES

TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (Cont'd.)

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 or economic resources is remote.

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

2.4l Recognition of income and expenses

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

2.4l(i) Interest/financing income and similar income and expense

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

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

2.4l(ii) 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 has been netted off from the rental income as disclosed in Note 16.

NOTES

TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (Cont'd.)

2.4I Recognition of income and expenses (Cont'd.)

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.

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.

Property expenses are recognised on an accrual basis.

NOTES

TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (Cont'd.)

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 includes 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.

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.

NOTES

TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (Cont'd.)

2.4p Taxation (Cont'd.)

2.4p(ii) Deferred tax (Cont'd.)

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.

NOTES

TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (Cont'd.)

2.4q Earnings per unit

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

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

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

2.4r Net asset value ("NAV") per unit

	2023 RM	2022 RM
NAV computation:		
NAV before proposed final income distribution	804,874,404	811,748,558
Less: Proposed final income distribution (Note 23)	(10,707,865)	(13,247,550)
NAV after proposed final income distribution	794,166,539	798,501,008
Number of units in circulation	686,401,600	686,401,600
NAV per unit:		
- before proposed final income distribution	1.1726	1.1826
- after proposed final income distribution	1.1570	1.1633

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:

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to MFRS 116)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137)
- Reference to the Conceptual Framework (Amendments to MFRS 3)
- Annual Improvements to MFRS Standards 2018-2020

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 (CONT'D.)

3.1 Adoption of amendments and annual improvements to standards (Cont'd.)

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

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

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

The amendments explain that, for the purpose of determining the unavoidable costs of meeting the entity's contractual obligations, the direct cost of fulfilling a contract 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 fulfill 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 adoption of these amendments did not result in any impact to the financial statements of the Trust.

(c) 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 adoption of these amendments did not result in any impact as there is no business combination or asset acquisition occurred during the financial year 31 March 2023.

(d) Annual Improvements to MFRS Standards 2018-2020

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

(i) MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

When a subsidiary adopts MFRS at a later date than its parent, MFRS 1 permits the subsidiary to measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to MFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. The amendment expanded the above by allowing the subsidiary to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to MFRS. The adoption of these amendments did not result in any impact as the Trust do not have any subsidiary.

NOTES

TO THE FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.1 Adoption of amendments and annual improvements to standards (Cont'd.)

(d) Annual Improvements to MFRS Standards 2018–2020

The Annual Improvements to MFRS Standards 2018–2020 include minor amendments as summarised below (Cont'd.):

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

(iii) MFRS 141 *Agriculture*

The amendment removed the requirement for entities to exclude cash flows for taxation when measuring fair value to align with the requirement in the standard to discount cash flows on a post-tax basis. The adoption of this amendment did not result in any impact as the Trust is not in the agriculture business.

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
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17 <i>Insurance Contracts</i>)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 <i>Income Taxes</i>)	1 January 2023
Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 <i>Leases</i>)	1 January 2024
<i>Non-current Liabilities with Covenants</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2024
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> (Amendments to MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investments in Associates and Joint Ventures</i>)	To be determined by MASB

NOTES

TO THE FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.2 Standards issued but not yet effective (Cont'd.)

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.

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

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)

The amendments clarified that the initial exemption rule from recognising deferred taxes does not apply to transactions where both an asset and a liability are recognised at the same time resulting in equal amounts of taxable and deductible temporary differences. This essentially means that lessees would not be able to apply the initial exemption rule in MFRS 112 for the assets and liabilities arising from leases.

The amendments are applied from annual reporting period beginning on or after 1 January 2023. Early adoption is permitted. The Trust currently adopted the policy not to recognise deferred taxes on leases as the Trust is tax exempted from income tax pursuant to the amendment of Section 61A of the Income Tax Act, 1967 under the Finance Act 2006 which was gazetted on 31 December 2006, where in the basis period for a year of assessment, 90% or more of the total income of the Trust is distributed to its unitholders, the total income of the Trust for that year of assessment shall be exempted from tax. The Trust do not anticipate any additional deferred taxes on temporary differences associated with right-of-use assets, lease liabilities and decommissioning obligations that would need to be recognised when the amendments become effective.

(b) Amendments to published standards effective for financial year ending 31 March 2025

Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 Leases)

The amendments clarified that, in subsequently measuring the lease liability, seller-lessee determines lease payments and revised leased payments in a way that does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are applied from annual reporting period beginning on or after 1 January 2024. Early adoption is permitted.

Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)

The amendments clarified that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date.

The amendments are applied from annual reporting period beginning on or after 1 January 2024. Early adoption is permitted.

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 recognising 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 has 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 (CONT'D.)

4.2 Key sources of estimation uncertainty (Cont'd.)

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 of investment properties. The Income Approach by investment method is usually the preferred method used for valuing REIT properties as it provides the best indication of the worth of the property. However, Comparison Method may also be used as an appropriate method based on the professional valuer's opinion in specific circumstances such as the effects from COVID 19. The professional valuers will generally use the Market/Comparison method as a guide and supportive method to the Income Approach by investment method if used and vice-versa. 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 a change in the valuation methodology adopted 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)	
	2023 RM	2022 RM
Yield rate		
+ 0.25%	(49,526,000)	(45,797,151)
- 0.25%	54,113,000	48,767,637

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

NOTES

TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES

	2023 RM	2022 RM
As at beginning of the financial year	1,608,746,762	1,628,488,553
Enhancements	1,878,107	2,248,922
Disposal	(64,600,000)	-
Changes in fair value:		
- Based on valuation report	417,893	(17,844,922)
- Accrued unbilled rental income	(3,021,443)	(4,145,791)
As at end of the financial year	1,543,421,319	1,608,746,762

The carrying amount of the investment properties for the financial years ended 31 March 2023 and 31 March 2022 is based on the market value determined based on valuations, adjusted with accrued rental income as required by MFRS 140, as follows:

	2023 RM	2022 RM
Investment properties - based on valuation report	1,573,200,000	1,635,504,000
Investment properties - accrued unbilled rental income (Note 7)	(29,778,681)	(26,757,238)
Carrying amount	1,543,421,319	1,608,746,762

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 2023 and 31 March 2022.

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%	6.25%
(ii) Bangunan AmBank Group	Investment method	6.00%	6.50%
(iii) Wisma AmFIRST	Investment method	6.00%	6.25%
(iv) The Summit Subang USJ ³	Investment method	6.00%	5.00% - 6.25%
(v) Prima 9	Investment method	6.00%	6.50%
(vi) Prima 10	Investment method	5.70%	6.00%
(vii) Jaya 99	Investment method	6.00%	6.50%
(viii) Mydin HyperMall	Investment method	6.50%	7.00%

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES (CONT'D.)

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.

³ The valuation of The Summit Subang USJ is based on the Term yield and Reversion yield as below:

Description of property	Valuation technique	Term yield ¹	Reversion yield ²
The Summit Subang Shopping Mall	Investment method	6.00%	6.25%
Menara Summit	Investment method	6.00%	6.25%
The Summit Hotel Subang USJ	Investment method	6.50%	N/A
The Summit Subang USJ Carpark	Investment method	N/A	5.00%

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

Disposal of Menara AmFIRST:

The Trust has entered into a sale and purchase agreement (“SPA”) on 1 July 2022 to dispose Menara AmFIRST to Forever Backup Sdn Bhd (“FBSB” or the “Purchaser”) at a selling price of RM62,000,000. The selling price is approximately 4% below the fair value of RM64,600,000 as appraised by Rahim & Co International Sdn Bhd, an independent firm of registered valuers, in its valuation report dated 28 March 2022.

The disposal price was arrived at, on a willing-buyer and willing-seller basis after various round of negotiations. The decision to accept the disposal price of RM62.0 million was after taking into consideration the age and limited scope for growth of the asset coupled with the opportunity to dispose the asset to repay existing borrowings for optimum gearing level.

The transaction was completed on 15 November 2022 with net loss on disposal of RM4,652,468 computed as below:

	RM
Selling price	62,000,000
Less: Incidental cost of disposal	(2,052,468)
Disposal proceeds	59,947,532
Less: Total cost of investment	(65,237,504)
Less: Fair value adjustment	637,504
Net book value	(64,600,000)
Net loss on disposal	(4,652,468)
Real property gain tax at 10%	-
Net loss after tax	(4,652,468)

NOTES

TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES (CONT'D.)

The breakdown of investment properties is as follows:

Description of properties	Land title	Location	Existing use	Cost of investment as at 31.3.2023 RM	Carrying amount as at 31.3.2023 RM	% of valuation to net asset value as at 31.3.2023 %	Cost of investment as at 31.3.2022 RM	Carrying amount as at 31.3.2022 RM	% of valuation to net asset value as at 31.3.2022 %
(i) Menara AmBank	Freehold	Kuala Lumpur	Office	263,984,640	322,400,000	40.06	263,806,771	322,350,000	39.71
(ii) Bangunan AmBank Group	Leasehold [@]	Kuala Lumpur	Office	201,262,612	266,500,000	33.11	201,021,151	266,400,000	32.82
(iii) Menara AmFIRST**	Freehold	Petaling Jaya	Office	-	-	-	65,237,504	64,600,000	7.96
(iv) Wisma AmFIRST	Leasehold [#]	Kelana Jaya	Office	95,340,100	114,000,000	14.16	95,279,800	113,700,000	14.01
(v) The Summit Subang USJ	Freehold	Subang Jaya	Commercial Office, Hotel and Retail Mall	379,919,934	359,600,000	44.68	378,754,615	357,650,000	44.06
(vi) Prima 9	Freehold	Cyberjaya	Office	73,429,305	72,000,000	8.95	73,328,205	73,100,000	9.01
(vii) Prima 10	Freehold	Cyberjaya	Office	62,481,498	61,600,000	7.65	62,397,578	62,000,000	7.64
(viii) Jaya 99	Leasehold [^]	Melaka	Office	88,492,026	101,100,000	12.56	88,443,886	100,804,000	12.42
(ix) Mydin HyperMall*	Freehold	Penang	HyperMall	254,123,504	246,221,319	30.59	254,123,504	248,142,762	30.57
				1,419,033,619	1,543,421,319		1,482,393,014	1,608,746,762	

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 RM29,778,681 (2022: RM26,757,238) have been excluded from the carrying amount of Mydin HyperMall.

** The asset has been disposed on 15 November 2022 (Note 5).

NOTES TO THE FINANCIAL STATEMENTS

6. RIGHT-OF-USE ASSETS

	2023 RM Retail space	2022 RM Retail Space
Cost		
As at beginning of the financial year	864,023	766,611
Addition	688,510	97,412
As at end of the financial year	1,552,533	864,023
Accumulated depreciation		
As at beginning of the financial year	682,647	462,095
Depreciation charged for the financial year	201,266	220,552
As at end of the financial year	883,913	682,647
Carrying amount	668,620	181,376

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

7. RECEIVABLES

	2023 RM	2022 RM
<i>Non-current</i>		
Accrued unbilled rental income (a)	29,778,681	25,632,891
Less: Allowance for ECL (d)	-	1,124,347
Accrued unbilled rental income, net (a) (Note 5)	29,778,681	26,757,238
Accrued lease receivable (b)	(623,062)	608,976
Total	29,155,619	27,366,214
<i>Current</i>		
Trade receivables (c)	8,840,238	13,755,781
Less: Allowance for ECL (d)	(310,835)	(1,488,767)
Trade receivables, net	8,529,403	12,267,014
Accrued lease receivable (b)	791,516	2,216,848
Other receivables, deposits and prepayments	5,281,284	5,065,678
Total	14,602,203	19,549,540

- (a) Accrued unbilled rental income consist of unbilled incremental lease rental receivable from Mydin Mohamed Holdings Berhad ("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.

NOTES TO THE FINANCIAL STATEMENTS

7. RECEIVABLES (CONT'D.)

- (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.
- (c) Included in trade receivables are rental outstanding from companies related to the Manager amounting to RM374,810 (2022: RM407,248) which are subject to normal trade terms.
- (d) The movement in allowance for ECL is as follow:

	2023 RM	2022 RM
As at beginning of the financial year	1,488,767	3,547,211
Reversal during the financial year (Note 20)	(1,177,932)	(2,058,444)
As at end of the financial year	310,835	1,488,767

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 Berhad, there is no significant concentration of credit risk.

In view of the transition to the endemic phases, the Trust is anticipating improvement in business performance of tenants in tandem with the opening of all economic sectors. The Trust will closely monitor tenant's payment obligation and assess the ECL accordingly should tenant has demonstrated evident of financial distress in future. The ECL is computed based on estimated expected future cash flows as disclosed in Note 2.4g.

8. DEPOSITS WITH FINANCIAL INSTITUTION

	2023 RM	2022 RM
Placements with a licensed bank with original maturity of less than three months	1,551,122	1,518,697

The amount of RM1,551,122 (2022: RM1,518,697) has been pledged to a financial institution for a term loan facility and revolving credit facility of RM57.0 million (2022: RM57.0 million) and RM85.0 million (2022: RM85.0 million) respectively, as disclosed in Note 12. The entire deposits have been placed with a financial institution related to the Manager of the Trust as disclosed in Note 27. The RM57.0 term loan has been redeemed on 15 November 2022 with the disposal proceeds from Menara AmFIRST.

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

NOTES TO THE FINANCIAL STATEMENTS

9. DERIVATIVES

	2023 RM	2022 RM
Interest rate swap contracts:		
- Non-current	417,710	-
- Current	184,996	-
	602,706	-

On 19 July 2022, The Trust has entered into a new 5-year IRS contract with AmBank (M) Berhad with a notional amount of RM50,000,000 to hedge the Trust's floating interest rate for fixed rate. In this contract, The Trust pays fixed rate of 3.62% per annum on the notional amount in exchange of the 3-month KLIBOR.

On 7 February 2023, 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 3.57% per annum on the notional amount in exchange of the 3-month KLIBOR.

10. RENTAL DEPOSITS

	2023 RM	2022 RM
<i>Non-current liabilities</i>		
Payable after 12 months	15,237,881	13,626,027
<i>Current liabilities</i>		
Payable within 12 months	8,283,331	11,862,641
	23,521,212	25,488,668

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

	2023 RM	2022 RM
<i>Non-current liabilities</i>		
Payable after 12 months	10,266,796	5,332,471
<i>Current liabilities</i>		
Payable within 12 months	940,783	6,075,181
	11,207,579	11,407,652

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

NOTES

TO THE FINANCIAL STATEMENTS

11. DEFERRED TAX LIABILITIES

	2023 RM	2022 RM
As at beginning of the financial year	1,236,011	2,069,098
Recognised in profit or loss (Note 21)	24,786	(833,087)
As at end of the financial year	1,260,797	1,236,011

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 14 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying values at the reporting date unless the property is held with the objective to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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.

12. BORROWINGS

	2023 RM	2022 RM
<i>Current liabilities:</i>		
Term loan	250,850,000	-
Revolving credit	253,600,000	118,100,000
Loan transaction costs subject to amortisation	(208,706)	(412,499)
	504,241,294	117,687,501
<i>Non-Current liabilities:</i>		
Term loan	-	307,850,000
Syndicated term loan	250,000,000	250,000,000
Revolving credit	-	140,000,000
Loan transaction costs subject to amortisation	(114,663)	(323,369)
	249,885,337	697,526,631
Total borrowings	754,126,631	815,214,132

NOTES TO THE FINANCIAL STATEMENTS

12. BORROWINGS (CONT'D.)

Term Loan Facilities

- (i) RM57.0 million (2022: RM57.0 million) secured by way of a lien holder's caveat over Menara AmFIRST have been redeemed on 15 November 2022 from the proceeds of disposal of Menara AmFIRST.
- (ii) RM85.85 million (2022: RM85.85 million) is secured by first party legal charge over Jaya 99.
- (iii) RM165.0 million (2022: RM165.0 million) is secured by way of first party legal charge over Menara AmBank.

Syndicated term loan

- (i) RM250.0 million (2022: RM250.0 million) is secured by first party legal charge over Mydin and Prima 10.

Revolving credit

- (i) RM4.0 million (2022: RM4.0 million) are secured by way of a lien holder's caveat over Menara AmFIRST have been redeemed on 14 October 2022.
- (ii) RM85.0 million (2022: RM85.0 million) is secured by way of a lien holder's caveat over Wisma AmFIRST.
- (iii) RM140.0 million (2022: RM140.0 million) is secured by way of a lien holder's caveat over The Summit Subang USJ.
- (iv) RM60.0 million (2022: RM60.0 million) is secured by way of second party legal charge over Menara AmBank.

Bank overdraft

The Trust has an overdraft facility with drawdown limit of RM34 million (2022: RM34 million), repayable on demand. The Trust overdraft draft balance as of 31 March 2023 is Nil (2022: Nil).

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.

13. LEASE LIABILITIES

	2023 RM Retail space	2022 RM Retail Space
As at beginning of the financial year	188,677	322,713
Addition	688,510	97,412
Finance cost - interest charged during the year	11,407	13,520
Payment of lease liabilities	(212,207)	(244,968)
As at end of the financial year	676,387	188,677
<u>Lease liability maturity table</u>		
Within 1 year	91,233	165,586
More than one year	585,154	23,091
As at end of the financial year	676,387	188,677

NOTES TO THE FINANCIAL STATEMENTS

13. LEASE LIABILITIES (CONT'D.)

The weighted-average incremental discounted borrowing rate used to recognise the lease liabilities was 3.5% per annum (2022: 3.5%). 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:

	2023 RM Retail space	2022 RM Retail Space
Within 1 year	126,447	171,236
More than 1 year	724,377	24,192
As at end of the financial year	850,824	195,428

14. PAYABLES

	2023 RM	2022 RM
Trade payables	1,079,271	211,569
Loan interest and commitment fee payable	925,453	866,281
Accrued Manager's fee	564,248	551,077
Accrued Trustee's fee	26,890	27,133
Accrued property managers' fees and salaries	862,160	668,003
Accrued property expenses	3,325,131	4,883,604
Other payables and accruals	415,182	191,410
	7,198,335	7,399,077

15. UNITHOLDERS' FUNDS

Number of units in circulation:

	2023 RM	2022 RM
At 1 April/31 March	686,401,600	686,401,600

Issued and fully paid:

	2023 RM	2022 RM
At 1 April/31 March	636,624,829	636,624,829

NOTES TO THE FINANCIAL STATEMENTS

15. UNITHOLDERS' FUNDS (CONT'D.)

As at 31 March 2023, 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:

	2023		2022	
	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	60,551,416	183,489,138	69,725,872
Yayasan Azman Hashim	77,947,353	25,722,626	77,947,353	29,619,994
AmMetLife Insurance Berhad on behalf of Life Fund	8,412,300	2,776,059	11,200,000	4,256,000
Azman bin Hashim	849,076	280,195	849,076	322,649
AmGroup Foundation	2,560	845	2,560	973

The market value is determined by multiplying the number of units with the market closing price of RM0.33 per unit as at 31 March 2023 (31 March 2022: RM0.38 per unit) as published in Bursa Malaysia.

16. REVENUE

	2023 RM	2022 RM
Rental income		
- Realised	94,147,909	94,346,849
- Unrealised (in relation to accrued unbilled rental income) (Note 23)	3,021,443	3,021,444
- Rental rebate given in relation to MCO	(761)	(3,116,977)
Car park income	6,042,612	5,317,297
Other income	217,698	78,128
	103,428,901	99,646,741

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 Movement Control Order ("MCO") as implemented by the Government of Malaysia, the Trust has given rental rebates to help businesses and tenants to overcome this difficult period.

NOTES

TO THE FINANCIAL STATEMENTS

17. PROPERTY EXPENSES

Included in property expenses are the following:

	2023 RM	2022 RM
Property management fees and reimbursements*	4,409,787	4,571,688
Rates and assessment	5,554,954	5,507,882
Quit rent	477,923	477,528

* Property management fees were 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 is RM6,688,449 (2022: RM6,808,456) which consists of a base fee of 0.30% (2022: 0.30%) per annum and performance fee of 3.0% (2022: 2.90%) 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 RM321,390 (2022: RM328,580) is calculated based on 0.04% (2022: 0.04%) per annum on the net asset value.

20. OTHER EXPENSES

Included in other expenses are:

	2023 RM	2022 RM
Reversal of ECL on (Note 7(d)):		
- trade receivables	(1,177,932)	(934,097)
- accrued lease receivable	-	(1,124,347)
	(1,177,932)	(2,058,444)
Professional fees	371,666	466,252
Printing and stationery	162,120	153,053
AGM expenses	61,253	59,808
Share registrar fees	94,404	86,097
Other trust expenses	445,411	29,191
	1,134,854	794,401
Total other expenses	(43,078)	(1,264,043)

NOTES TO THE FINANCIAL STATEMENTS

21. TAXATION

	2023 RM	2022 RM
Deferred tax relating to the origination and reversal of temporary differences (Note 11)	24,786	(833,087)

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% (2022: 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:

	2023 RM	2022 RM
Profit before taxation	14,223,162	4,512,066
Taxation at statutory tax rate of 24% (2022: 24%)	3,413,559	1,082,896
Effects of non-deductible expenses	2,790,870	2,299,378
Effect of fair value adjustment on investment properties not subject to tax	624,852	5,277,771
Effects of income exempted from tax	(6,829,281)	(8,660,045)
Deferred tax from origination of temporary difference	24,786	(833,087)
	24,786	(833,087)

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.

	2023 RM	2022 RM
Net realised income for the financial year (RM)	17,526,514	22,184,834
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)	2.55	3.23

NOTES TO THE FINANCIAL STATEMENTS

22. EARNINGS PER UNIT (CONT'D.)

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.

	2023 RM	2022 RM
Net income for the financial year (RM)	17,526,514	22,184,834
Add back: Manager's fee (RM) (Note 18)	6,688,449	6,808,456
Net adjusted income for the financial year before Manager's fee (RM)	24,214,963	28,993,290
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)	3.53	4.22

23. INCOME DISTRIBUTION

In respect of the current financial year ended 31 March 2023, the Manager had paid an interim income distribution of 1.14 sen per unit for the six-month financial period from 1 April 2022 to 30 September 2022 of RM7,824,980 and has proposed a final income distribution of 1.56 sen per unit for the six-month financial period from 1 October 2022 to 31 March 2023 of RM10,707,865 payable on 31 May 2023. The total distribution of RM18,532,843 in respect of the financial year ended 31 March 2023 is in line with the objectives of AmFIRST REIT to deliver regular and stable distributions to Unitholders.

In prior year ended 31 March 2022, the Manager had paid an interim income distribution of 1.09 sen per unit for the six-month financial period from 1 April 2021 to 30 September 2021 of RM7,481,779 and a final income distribution of 1.93 sen per unit were proposed and approved for payment for the six-month financial period from 1 October 2021 to 31 March 2022 amounting to RM13,247,550 to its Unitholders.

The total income distribution of 2.70 sen (2022: 3.02 sen) per unit for the financial year ended 31 March 2023 is from the following sources:

	2023 RM	2022 RM
Net revenue (Note 16)	103,428,901	99,646,741
Less: Unrealised gross revenue derived from accrued unbilled rental income recognised on straight-line method (Note 16)	(3,021,443)	(3,021,444)
Interest income	76,071	41,858
Other income	37,640	28,446
	100,521,169	96,695,601
Less: Expenses	(82,994,654)	(73,386,420)
Add: Impairment on accrued unbilled rental income (unrealised)	-	(1,124,347)
	17,526,515	22,184,834
Add: Undistributed income at beginning of the financial year	8,777,856	7,322,350
Total income available for distribution	26,304,370	29,507,184
Less: Undistributed income at end of the financial year	(7,771,526)	(8,777,856)
Total income distribution	18,532,845	20,729,328
Distribution per unit (sen)	2.70	3.02

NOTES TO THE FINANCIAL STATEMENTS

23. INCOME DISTRIBUTION (CONT'D.)

The total income distributed during the financial year ended 31 March 2023 and 31 March 2022 were as follow:

	2023 RM	2022 RM
FY2023 Interim income distribution : 1.14 sen per unit (2022: 1.09 sen per unit)	7,824,980	7,481,779
FY2022 Final income distribution : 1.93 sen per unit (2021: 1.42 sen per unit)	13,247,550	9,746,900
	21,072,530	17,228,679

24. PORTFOLIO TURNOVER RATIO

	2023 RM	2022 RM
Portfolio Turnover Ratio ("PTR") (Times)	0.08	-

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.

The Trust has disposed Menara AmFIRST with carrying value of RM64.6 million as disclosed in Note 5 of the financial statement. There was no acquisition of investment property in the current financial year.

25. MANAGEMENT EXPENSE RATIO

	2023 RM	2022 RM
Management Expense Ratio ("MER") (%)	0.90	0.76

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.

26. COMMITMENTS

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

	2023 RM	2022 RM
Approved but not contracted for: Investment properties	2,137,212	533,659
Approved and contracted for: Investment properties	-	1,194,742

NOTES TO THE FINANCIAL STATEMENTS

26. COMMITMENTS (CONT'D.)

(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:

	2023 RM	2022 RM
Not later than one year	93,395,339	61,457,687
Later than one year and not later than five years	162,764,384	132,513,700
Later than five years	379,618,730	471,577,218
	635,778,453	665,548,605

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:

	2023 RM	2022 RM
Rental earned from AmBank Group	39,647,249	38,679,199
Interest earned from AmBank (M) Berhad	76,071	41,858
Finance cost paid to AmBank (M) Berhad	13,263,314	11,447,292
Loan facilities fees	47,260	49,621
Insurance premium paid to AmGeneral Insurance Berhad	604,527	584,962

Balances with companies related to the Manager:

	2023 RM	2022 RM
AmBank Group		
Bank balances and deposits placed with AmBank (M) Berhad	2,799,760	3,804,004
Rental receivable from AmBank Group (Note 7(c))	374,810	407,248
Bank borrowings from AmBank (M) Berhad (Note 12)	293,600,000	355,100,000
Rental deposits received from the AmBank Group (Note 10)	11,207,579	11,407,652

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.

	Note
Financial assets at amortised cost	
Receivables	(i)
Deposits with financial institution	(i)
Cash and bank balances	(i)
Financial assets at FVTPL	
Derivatives	(ii)
Financial liabilities at amortised cost	
Payables	(i)
Rental deposits	(iii)
Borrowings	(iii)

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) Derivative assets

Fair value is estimated by discounting the expected future cashflows of the IRS to the present value using prevailing market interest rate.

(iii) Rental deposits and borrowings

Fair value is estimated by discounting the expected future cash flows at the market incremental lending rate for similar types of borrowings and payables at the reporting date.

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.

(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.

NOTES

TO THE FINANCIAL STATEMENTS

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(i) Interest rate risk (Cont'd.)

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:

	2023 RM	2022 RM
Financial assets:		
<i>Floating rate instrument</i>		
Deposits with financial institution	1,551,122	1,518,697
Interest rate swap contracts	602,706	-
Financial liabilities:		
<i>Floating rate instrument</i>		
Term loan	250,703,931	307,353,898
Syndicated term loan	249,822,700	249,760,234
Revolving credit	253,600,000	258,100,000
	754,126,631	815,214,132

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 of loss	
	25 basis point Increase RM	25 basis point Decrease RM
2023		
Floating rate instruments	(1,761,125)	1,761,125
Interest rate swap contract	250,000	(250,000)
	(1,511,125)	1,511,125
2022		
Floating rate instruments	(2,039,875)	2,039,875

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(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	Maturity date	
			Within 1 year RM	> 1 - 5 years value RM
2023				
Financial asset				
Deposits with financial institution	2.26	1,551,122	1,551,122	-
Derivative	(0.03)	602,706	184,996	417,710
Financial liabilities				
Term loans	4.14	250,703,931	250,703,931	-
Syndicated term loan	4.43	249,822,700	(62,637)	249,885,337
Revolving credit facilities	4.12	253,600,000	253,600,000	-
2022				
Financial asset				
Deposits with financial institution	2.01	1,518,697	1,518,697	-
Financial liabilities				
Term loans	3.12	307,353,898	(350,033)	307,703,931
Syndicated term loan	3.32	249,760,234	(62,466)	249,822,700
Revolving credit facilities	3.11	258,100,000	118,100,000	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 Berhad which formed 58.5% (2022: 59.8%) 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 (CONT'D.)

(iii) Credit risk (Cont'd.)

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	Allowance for ECL RM	Net RM
2023					
Non-current					
Accrued unbilled rental income	29,778,681	-	29,778,681	-	29,778,681
Current					
Trade receivable					
Current	439,171	-	439,171	(11,406)	427,765
Past due					
30 - 60 days	711,986	-	711,986	(21,404)	690,582
Past due					
61 - 90 days	314,999	-	314,999	(11,678)	303,321
Past due more than 90 days	7,374,082	-	7,374,082	(266,347)	7,107,735
	8,840,238	-	8,840,238	(310,835)	8,529,403
2022					
Non-Current					
Accrued unbilled rental income	25,632,891	-	25,632,891	1,124,347	26,757,238
Current					
Trade receivable					
Current	390,612	-	390,612	(9,908)	380,704
Past due					
30 - 60 days	1,746,132	-	1,746,132	(52,508)	1,693,624
Past due					
61 - 90 days	66,902	-	66,902	(13,728)	53,174
Past due more than 90 days	12,729,229	(1,177,094)	11,552,135	(1,412,623)	10,139,512
	14,932,875	(1,177,094)	13,755,781	(1,488,767)	12,267,014

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

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(iv) Liquidity risk

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

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

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

	Within one year RM	1 - 5 years RM	Total RM
2023			
Rental deposits	8,428,060	16,645,335	25,073,395
Payables	33,373,121	20,086,712	53,459,833
Borrowings	504,450,000	250,000,000	754,450,000
Lease liabilities	126,447	724,377	850,824
Total financial liabilities	546,377,628	287,456,424	833,834,052
2022			
Rental deposits	11,862,641	13,626,027	25,488,668
Payables	31,717,513	34,506,537	66,224,050
Borrowings	118,100,000	697,850,000	815,950,000
Lease liabilities	171,236	24,192	195,428
Total financial liabilities	161,851,390	746,006,756	907,858,146

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 12.

	2023 RM	2022 RM
Total borrowings (Note 12)	754,126,631	815,214,132
Total assets	1,591,657,766	1,661,275,123
Gearing ratio (%)	47.4%	49.1%

Borrowings which are payable after twelve-month (non-current liabilities) from the reporting date represents 33% (2022: 86%) of total borrowings.

NOTES

TO THE FINANCIAL STATEMENTS

31. MATERIAL LITIGATION

(i) 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

On 28 February 2018, Swan Property Sdn Bhd and 14 others (the "Plaintiffs") instituted legal proceedings against The Summit Management Corporation (the "MC") (as the 1st Defendant) and the Trustee of AmFIRST REIT, Maybank Trustees Berhad, ("AmFIRST REIT Trustee" or "MTB") (as the 2nd Defendant) in the Kuala Lumpur High Court ("Civil Suit"). The Plaintiffs alleged that the MC has breached certain statutory and fiduciary duties; and the MC and AmFIRST REIT Trustee have conspired to injure them in relation to a refurbishment and renovation exercise carried out at The Summit Subang USJ building.

By way of two (2) applications dated 10 April 2018 and 17 April 2018, the MC and MTB applied to the High Court to strike out the Plaintiffs' claim ("Striking Out Applications").

Following the decision on 12 December 2018 (and a further clarification date on 18 January 2019), the High Court's decision in respect of the Striking Out Applications was as follows:

- (a) The Plaintiffs' claims (except the 5th Plaintiff) against AmFIRST REIT Trustee are stayed pending the disposal of related claims pending in the Strata Management Tribunal between the Plaintiffs and the MC ("SMT Proceedings");
- (b) The 5th Plaintiff's claim against AmFIRST REIT Trustee was struck out; and
- (c) The Plaintiffs' claims against the MC were struck out.

The Plaintiffs filed four (4) Appeals to the Court of Appeal against the decision of the Striking Out Applications ("Appeals"). All four (4) Appeals were heard on 26 October 2021 and dismissed with costs on 9 December 2021 in favour of the MC and MTB.

On 7 January 2022, the 2nd Plaintiff in the Swan Property Group namely Looi Seow Leng ("Looi") filed an application in the Federal Court for leave to appeal against the decision of the Court of Appeal ("Leave Application").

Leave Applications were fixed for case management before the Federal Court on 25 February 2022.

On 3 March 2022, the Plaintiffs' Civil Suit before the High Court against MTB was struck out by the Court with liberty to be reinstated subject to the final decision of the Federal Court above.

On 15 September 2022, the Federal Court allowed both of Looi's Leave Applications against the MC and MTB on the same questions of law. Both appeals are now registered under Federal Court Civil Appeals and the first case management for both appeals was on 7 November 2022. Looi has now filed an Application in her Appeals to consolidate both the Appeals.

On 18 January 2023, Federal Court dismissed the Appellant's consolidation application and further ordered both appeals by the Appellant against the Management Corporation and MTB be heard on the same day with a common core bundle filed.

The case management on 31 January 2023 was to regularise the appeals, which appeals are fixed for hearing by way of zoom on 10 April 2023 at 9.00 am.

The Appeals came up for hearing on 10 April 2023 and the Federal Court allowed both appeals, set aside the Order of the Court of Appeal and remitted the matter back to the High Court for trial as it did not deem it proper to answer the questions of law posed by the Appellant on an Order 18 Rule 19, Rules of Court, 2012 striking out application.

NOTES TO THE FINANCIAL STATEMENTS

31. MATERIAL LITIGATION (CONT'D.)

(i) 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 (Cont'd.)

The Federal Court in arriving at its decision was of the opinion that on 23 September 2022, the Strata Management Tribunal had struck out the MC's claims filed by them on or about 20 December 2017 and pursuant to Section 106 of the Strata Management Act, 2013, as the MC's claims had been struck out by the Tribunal, the Claim filed by the Appellant via High Court Suit No. WA-22NCC-82-02/2018 was remitted back to the High Court pursuant to the Order of the High Court dated 12 December 2018.

The High Court has fixed the next case management on 24 May 2023 for parties to update the High Court on the status of the sealed orders before the Federal Court and for further directions from the High Court.

(ii) Shah Alam High Court Originating Summons ("OS") between Ho Phoy Kwang & Ho Phoy Chuin ("Plaintiffs") and The Summit Subang USJ Management Corporation ("Defendant")

On 30 April 2021, the Plaintiffs filed the OS against the Defendant seeking inter alia the following reliefs:

- (a) A declaration that any proposed resolution determining different rates of maintenance charges for different parcels in the commercial building known as The Summit Subang USJ ("The Summit") passed at any Annual General Meetings or Extraordinary General Meeting convened before the judgment of the Court, is ultra vires the Strata Titles Act 1985 ("STA") and Strata Management Act 2013 ("SMA"), unlawful, null and void ab initio.
- (b) A declaration that a single maintenance charge rate per share unit per month be imposed in proportion to the allocated share units for each parcel in The Summit for each respective management periods from 1 January 2013 to 31 August 2018, 1 September 2018 to 31 August 2019, 1 September 2019 to 30 September 2020, 1 October 2020 to 31 October 2020 and between 1 November 2020 until the date before the next management period commences.
- (c) An order under Section 76 of the SMA that an administrator for the Defendant be appointed for a fixed period of time.

On 12 July 2021, the MC filed an application to convert the OS into a Writ action ("Conversion of OS to Writ").

On 7 September 2021, Maybank Trustees Berhad as Trustee of AmFIRST REIT ("MTB") filed an application to intervene in the OS and be added as the 2nd Defendant.

On 17 September 2021, a group of owners in The Summit known as Swan Property Sdn Bhd and 13 others ("Swan Property Group") filed an application to intervene in the OS and be added as Plaintiffs.

On 8 December 2021, the Shah Alam High Court allowed MTB's application to intervene and be added as the 2nd Defendant in the OS and allowed the Swan Property Group to be added as Defendants.

On 21 December 2021, MTB filed an application to add itself as a party to the MC's application to convert the OS into a Writ action (conversion application).

On 26 April 2022, the High Court dismissed the MC's conversion application. However, the Court gave the MC liberty to cross-examine the deponents of the affidavits.

NOTES TO THE FINANCIAL STATEMENTS

31. MATERIAL LITIGATION (CONT'D.)

(ii) **Shah Alam High Court Originating Summons (“OS”) between Ho Phoy Kwang & Ho Phoy Chuin (“Plaintiffs”) and The Summit Subang USJ Management Corporation (“Defendant”) (Cont’d.)**

On 9 May 2022, the MC filed a Notice of Appeal to the Court of Appeal against the dismissal of the conversion application. At the case management on 26 July 2022, the Court of Appeal fixed the hearing of the appeal on 18 September 2023 and the next case management is on 5 September 2023.

On 18 May 2022, the MC filed a Notice of Application for Stay of Proceedings of the OS pending the full and final disposal of its appeal to the Court of Appeal. On 17 August 2022, the Court dismissed the MC’s stay application.

On 20 May 2022, the MC and MTB filed a Notice of Application for Intention to Cross-Examine Deponents of the Affidavits.

The Court fixed the hearing of the Notice of Application for Intention to cross-examine the Plaintiffs on 17 January 2023 but was vacated as the Judicial Commissioner hearing the matter was elevated to a High Court Judge on the same day.

The case management for the hearing of the Notice of Application for Intention to cross-examine the Plaintiffs was on 27 April 2023.

The hearing of the Notice of Application for Intention to cross-examine Plaintiff is now fixed for trial on 19 May 2023 and on 14 June 2023.

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 form 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 MANAGER

We, Soo Kim Wai and Azlan Bagee Bin Abdullah being two of the Directors of the Manager, do hereby state that, in the opinion of the Directors of the Manager, the financial statements of AmFIRST Real Estate Investment Trust (the "Trust") as set out on pages 137 to 181 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 2023 and of the results and the cash flows of the Trust for the financial year then ended.

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

SOO KIM WAI

AZLAN BAQEE BIN ABDULLAH

Kuala Lumpur, Malaysia
12 May 2023

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 137 to 181 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)
Acting Chief Executive Officer

SUBSCRIBED AND SOLEMNLY DECLARED by the abovenamed Chong Hong Chuon, at Petaling Jaya, Malaysia on 12 May 2023.

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 2023. 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 2023.

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 2023 are in line with and are reflective of the objectives of the Trust.

For Maybank Trustees Berhad

Norhazliana Binti Mohammed Hashim
Head, Unit Trust and Corporate Operations

Kuala Lumpur, Malaysia
12 May 2023

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 2023, 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 137 to 181.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Trust as at 31 March 2023, 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 2023, the carrying amount of the Trust's investment properties amounted to 1,543,421,319 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 (Cont'd.)

Valuation of investment properties (Cont'd.)

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.

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF AmFIRST REAL ESTATE INVESTMENT TRUST

Report on the audit of the financial statements (Cont'd.)

Responsibilities of the Manager and Trustee for the financial statements (Cont'd.)

In preparing the financial statements of the Trust, the Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Trust as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Trust, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Trust or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Trust, including the disclosures, and whether the financial statements of the Trust represent the underlying transactions and events in a manner that achieves fair presentation.

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.

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF AmFIRST REAL ESTATE INVESTMENT TRUST

Report on the audit of the financial statements (Cont'd.)

Responsibilities of the Manager and Trustee for the financial statements (Cont'd.)

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
Chartered Accountants

Kuala Lumpur, Malaysia
12 May 2023

Lee Pei Yin
No. 03189/05/2023 J
Chartered Accountant

ANALYSIS OF UNITHOLDERS

Thirty (30) Largest Unitholders As at 5 May 2023

No.	Names	No. of Holdings	% of Holdings
1.	AmBank (M) Berhad *	183,489,138	26.73
2.	Yayasan Azman Hashim *	77,947,353	11.36
3.	DFN Resources Sdn Bhd	7,142,900	1.04
4.	Seng Siaw Wei	6,100,000	0.89
5.	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt an for DBS Bank Ltd (SFS)	5,406,000	0.79
6.	Lim Soon Huat	5,122,272	0.75
7.	Neoh Choo EE & Company Sdn. Berhad	4,700,000	0.68
8.	Tan Kim Chuan	4,648,100	0.68
9.	AMSEC Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Ng Bee Lan (9917-2101)	4,400,000	0.64
10.	CGS-CIMB Nominees (Asing) Sdn Bhd Exempt an for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	3,365,393	0.49
11.	Lim Kew Seng	2,315,080	0.34
12.	Tew Peng Hwee @ Teoh Peng Hwee	2,200,000	0.32
13.	Ong Ah How @ Ong Beng Hwa	2,185,000	0.32
14.	Oh Eng Cheng	2,165,000	0.32
15.	Kenanga Nominees (Asing) Sdn Bhd Exempt an for Phillip Securities Pte Ltd (Client Account)	2,079,707	0.30
16.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Sun Yick	2,050,045	0.30
17.	Tan Lye Huat	2,000,000	0.29
18.	Yeap Ah Kau @ Yeap Chan Tooi	2,000,000	0.29
19.	Yeow Ewe Chuan	2,000,000	0.29
20.	Wong Soh Har @ Wong Yin Teck	1,850,000	0.27
21.	Dev Kumar Menon	1,800,000	0.26
22.	Kwang King Chuan	1,800,000	0.26
23.	On Thiam Chai	1,800,000	0.26
24.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA International Real Estate Securities Portfolio of DFA Investment Dimensions Group Inc	1,788,940	0.26
25.	Ong Chin Teik	1,764,000	0.26
26.	Wing Kwong @ Chan Wing Kwong	1,711,424	0.25
27.	Bina Sharine Menon	1,650,000	0.24
28.	Chan Chor Yook	1,635,000	0.24
29.	Tew Soo Chim	1,606,800	0.23
30.	Yu Teong Eau @ Yew Teong Eau	1,600,000	0.23
Total		340,322,152	49.58

* Substantial Unitholders hold more than 5% of the unit in circulation.

ANALYSIS OF UNITHOLDERS

Distribution Schedule of Unit As at 5 May 2023

Category	No. of Unitholders	No. of Holdings	% of Holdings
Less than 100	824	25,346	0.0
100 to 1,000	3,136	1,936,276	0.3
1,001 to 10,000	5,303	24,207,004	3.5
10,001 to 100,000	3,268	112,982,573	16.5
100,001 to less than 5% of the issued units	742	285,813,910	41.6
5% and above the issued units	2	261,436,491	38.1
Total	13,275	686,401,600	100.0

Classification of Unitholders As at 5 May 2023

Category of Unitholders	No. of Unitholders		No. of Holdings		% of Holdings	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1. Individual	10,752	175	298,493,090	8,690,358	43.5	1.3
2. Body Corporate						
a. Banks / Finance / Companies	3	-	151,880	-	0.0	-
b. Investment Trusts / Foundation / Charities	3	-	78,291,661	-	11.4	-
c. Industrial and Commercial Companies	140	6	206,511,437	1,499,384	30.1	0.2
3. Government Agencies / Institutions	1	-	11,421	-	-	-
4. Nominees	2,106	89	74,863,970	17,888,399	10.9	2.6
Total	13,005	270	658,323,459	28,078,141	95.9	4.1

Breakdown of Unit Holding As at 5 May 2023

Category	No. of Unitholders	No. of Holdings
5,000 and below	7,572	11,960,147
5,001 to 10,000	1,691	14,208,479
1,001 to 10,000	2,667	67,790,018
50,001 to 500,000	1,207	168,800,323
500,001 and above	138	423,642,633
Total	13,275	686,401,600

CORPORATE

DIRECTORY

MANAGER

AmREIT Managers Sdn Bhd
Registration No. 200601011214
(730964-X)

Registered Office
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
Suite 101-2, Level 1, Tower 2
Wisma AmFIRST, Jalan SS7/15
47301 Petaling Jaya
Selangor, Malaysia
Telephone No.: 603-7955
8780/8782
Facsimile No.: 603-7955
8360/80
Website: www.amfirstreit.com.my

BOARD OF DIRECTORS

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

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

**Y Bhg Dato' Abdullah Thalith
Bin Md Thani**
Independent
Non-Executive Director

**Madam Jas Bir Kaur
A/P Lol Singh**
Independent
Non-Executive Director

**Encik Azlan Bagee Bin
Abdullah**
Non-Independent
Non-Executive Director

Mr Christopher Yap Huey Wen
Non-Independent
Non-Executive Director

AUDIT AND EXAMINATION COMMITTEE

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

**Y Bhg Dato' Abdullah Thalith
Bin Md Thani**
Independent Non-Executive
Director

Mr Soo Kim Wai
Non-Independent
Non-Executive Director

MANAGEMENT APPOINTMENT COMMITTEE

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

**Y Bhg Dato' Abdullah Thalith
Bin Md Thani**
Independent Non-Executive
Director

Mr Soo Kim Wai
Non-Independent
Non-Executive Director

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

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

PROPERTY MANAGERS

**Knight Frank Property
Management
Sdn Bhd**
Registration No. 201601040834
(1211775-H)
Level 10, Menara Southpoint
Mid Valley City, Lingkaran Syed
Putra, 59200 Kuala Lumpur
Malaysia
Telephone No.: 603-2289 9688
Facsimile No.: 603-2289 9788

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

**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

CORPORATE

DIRECTORY

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, Menara TH 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

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
 Malaysia**
 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 Supplemental, 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 ELEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **Eleventh Annual General Meeting (“11th AGM” or the “Meeting”)** of the **Unitholders of AmFIRST Real Estate Investment Trust (“AmFIRST REIT”)** will be conducted virtually 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://meeting.boardroomlimited.my>
(Domain Registration No. with MYNIC - D6A357657)
Day and Date : **Thursday, 20 July 2023**
Time : **10:00 a.m.**
Broadcast Venue : **12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia**

AGENDA

AS ORDINARY BUSINESS

- To receive the Audited Financial Statements for the financial year ended 31 March 2023 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:

- | | |
|--|--|
| <ol style="list-style-type: none"> 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:

- 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
- the expiration of the period within which the next AGM of the unitholders is required by law to be held; or
- 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 THE ELEVENTH

ANNUAL GENERAL MEETING

**By Order of the Board of
AmREIT MANAGERS SDN. BHD.**
Registration No. 20060101214 (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 2023

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.

NOTES:

1. Remote Participation and Electronic Voting

- (i) 11th AGM will be conducted virtually through live streaming and online voting via RPEV facilities by registering online with Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>.
- (ii) Please follow the procedures provided in the Administrative Guide for the 11th AGM in order to register, participate and vote remotely via the RPEV facilities.
- (iii) With RPEV facilities, a Unitholder may exercise his/her right to participate (including to pose questions to the Directors) and vote at the meeting, at the comfort of your home/office.
- (iv) Unitholders may use the query box facility to submit questions real time during the AGM.
- (v) The broadcast venue of the meeting 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.

2. Proxy

- (i) Since the meeting will be conducted virtually if a Unitholder entitled to attend and vote at a meeting is not able to participate at the meeting on 20 July 2023, 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 ("Form of Proxy").
- (ii) A Unitholder entitled to attend and vote at the meeting 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 meeting shall have the same rights as the Unitholder to speak at the meeting.
- (iii) A Unitholder shall not be entitled to appoint more than two (2) proxies to attend and vote at the meeting. 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 meeting and shall be entitled to appoint another person (whether a Unitholder or not) as its proxy to attend and vote. The Form of Proxy 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 the 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 who 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.

NOTICE OF THE ELEVENTH

ANNUAL GENERAL MEETING

NOTES:

2. Proxy (Cont'd.)

- (vii) The appointment of Proxy may be made in a hardcopy form or by electronic means as follows:

In Hardcopy Form

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

By Electronic Means

The Form of Proxy 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://investor.boardroomlimited.com> by logging in and selecting "Submit e-Proxy Form" under "AmFIRST REAL ESTATE INVESTMENT TRUST 11TH ANNUAL GENERAL MEETING" from the list of Corporate Meetings 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 Form of Proxy 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 meeting, AmFIRST REIT shall be requesting from Bursa Malaysia Depository Sdn. Bhd., to issue a General Meeting Record of Depositors as at 13 July 2023. In respect of the deposited securities, only Unitholders whose names appear in the Record of Depositors of AmFIRST REIT on 13 July 2023 shall be entitled to participate and vote at the meeting 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 5:00 p.m. Wednesday, 31 May 2023 up to 10:00 a.m. Tuesday, 18 July 2023. Please follow the procedures provided in the Administrative Guide for the 11th 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 meeting 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 meeting, 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.

5. 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 ELEVENTH ANNUAL GENERAL MEETING OF THE UNITHOLDERS OF AmFIRST REAL ESTATE INVESTMENT TRUST (“AmFIRST REIT”)

Meeting Platform : <https://meeting.boardroomlimited.my>
(Domain Registration No. with MYNIC - D6A357657)

Day and Date : Thursday, 20 July 2023

Time : 10:00 a.m.

Broadcast Venue : 12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Dear Unitholders,

The forthcoming Eleventh Annual General Meeting (“11th AGM” or the “Meeting”) of AmFIRST REIT will be conducted virtually through live streaming at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

In line with the Malaysian Code on Corporate Governance Practice 13.3, by conducting a virtual AGM, this would facilitate greater Unitholders’ participation as it facilitates Remote Participation and 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 the Manager) and vote at the meeting. Alternatively, you may also appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the meeting.

Kindly ensure that you are connected to the internet at all times in order to participate and vote when the meeting 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 corporate website:

1. Annual Report 2023 at <https://ir2.chartnexus.com/amfirstreit/reports.php>
2. Notice of the 11th AGM, Form of Proxy 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 the number/email address provided in the enquiry section of this document. Any request for the printed copy AGM 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 meeting at the broadcast venue as the broadcast venue is only meant to facilitate the conduct of the virtual meeting. Unitholders who turn up at the broadcast venue would be requested to leave the venue.

Entitlement to Participate the Meeting

In respect of deposited securities, only Unitholders whose names appear on the Record of Depositors on 13 July 2023 (General Meeting Record of Depositors) shall be eligible to participate at the meeting or appoint proxy(ies) to participate and vote on his/her behalf.

ADMINISTRATIVE GUIDE

FOR THE ELEVENTH ANNUAL GENERAL MEETING

Form of Proxy

Unitholders are encouraged to go online, participate, and vote at the meeting 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 Form of Proxy.

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

Please ensure that the original Form of Proxy is deposited at our Share Registrar's office at Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia 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 Form of Proxy by electronic means through Boardroom Smart Investor Portal ("BSIP") at <https://investor.boardroomlimited.com> to login and deposit your Form of Proxy electronically, also forty-eight (48) hours before the meeting.

Revocation of Proxy

If you have submitted your Form of Proxy and subsequently decide to appoint another person or wish to participate in the meeting 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 meeting 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.

Procedure	Action
Before the day of the meeting	
1. Register Online with Boardroom Smart Investor Portal ("BSIP")	<p>[Note: If you have already signed up with BSIP, you are not required to register. You may proceed to Step 2.]</p> <ol style="list-style-type: none"> Access BSIP at https://investor.boardroomlimited.com 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. You will receive an email from BSIP for email address verification. Click "Verify Email Address" to proceed with the registration. Once your email address is verified, you will be re-directed to BSIP for verification of your mobile number. Click "Request OTP Code" and an OTP code will be sent to the registered mobile number. Click "Enter" to enter the OTP code to complete the process. Your registration will be verified and approved within one (1) business day and an email notification will be provided. You can login to BSIP at https://investor.boardroomlimited.com with the email address and password that you have provided during the registration to proceed with the next step.



ADMINISTRATIVE GUIDE

FOR THE ELEVENTH ANNUAL GENERAL MEETING

Procedure	Action
Before the day of the meeting (Cont'd.)	
<p>2. Submit Request for Remote Participation</p>	<p>Registration for remote access will be opened at 5:00 p.m. on Wednesday, 31 May 2023. Please note that the closing time to submit your request is at 10:00 a.m. on Tuesday, 18 July 2023 (forty-eight (48) hours before the commencement of the meeting).</p> <p>Individual Unitholders</p> <ol style="list-style-type: none"> Access BSIP at https://investor.boardroomlimited.com using your User ID (registered email address) and Password. Select "AmFIRST REAL ESTATE INVESTMENT TRUST 11TH ANNUAL GENERAL MEETING" from the list of Corporate Meetings and click "Enter". Click on "Register for RPEV". Read and accept the General Terms and Conditions by clicking "Next". Enter your CDS Account Number and thereafter submit your request. <p>e-Proxy Lodgment – Individual Unitholders</p> <ol style="list-style-type: none"> Access BSIP at https://investor.boardroomlimited.com using your User ID (registered email address) and Password. Select "AmFIRST REAL ESTATE INVESTMENT TRUST 11TH ANNUAL GENERAL MEETING" from the list of Corporate Meetings and click "Enter". Click on "Submit e-Proxy Form". Read and accept the General Terms and Conditions by clicking "Next". Enter your CDS Account Number and indicate the number of securities. Appoint your proxy(ies) or the Chairman of the Meeting and enter the required particulars for your proxy(ies). Indicate your voting instructions – FOR or AGAINST or ABSTAIN. If you wish to have your proxy(ies) to act upon his/her discretion, please indicate DISCRETIONARY. Review and confirm your proxy(ies) appointment. Click "Apply". Download or print the e-Proxy Form acknowledgement. <p>Corporate Unitholders, Authorised Nominee and Exempt Authorised Nominee</p> <p><i>Note for Corporate Shareholder. If you are the authorised representative for more than one (1) corporate shareholder, kindly click the home button and select "Edit Profile" in order to add Company name.</i></p> <p>For Corporate Shareholder (via email)</p> <ol style="list-style-type: none"> Write in to bsr.helpdesk@boardroomlimited.com by providing the name of shareholder, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative of Form of Proxy to submit the request. Please provide a copy of the Corporate Representative's or Proxy Holder's MyKad (front and back) or Passport in JPEG, PNG or PDF format together with his/her email address.


ADMINISTRATIVE GUIDE

FOR THE ELEVENTH ANNUAL GENERAL MEETING

Procedure	Action
Before the day of the meeting (Cont'd.)	
	<p><u>For Authorised Nominee and Exempt Authorised Nominee</u></p> <p>a. <u>Via Boardroom Smart Investor Portal</u></p> <p>(i) Login to https://investor.boardroomlimited.com using your User ID and Password from Step 1 above</p> <p>(ii) Select "AmFIRST REAL ESTATE INVESTMENT TRUST 11TH ANNUAL GENERAL MEETING" from the list of Corporate Meeting and click "Enter"</p> <p>(iii) Click on "Submit e-Proxy Form".</p> <p>(iv) Select the company you would like to be represented (if more than one).</p> <p>(v) Proceed to download the file format "Submission of Form of Proxy".</p> <p>(vi) Prepare the file for the appointment of proxy(ies) by inserting the required data.</p> <p>(vii) Proceed to upload the duly completed Proxy Appointment file.</p> <p>(viii) Review and confirm your proxy(ies) appointment and click "Submit".</p> <p>(ix) Download or print the e-Proxy Form as acknowledgement.</p> <p>b. <u>Via Email</u></p> <p>(i) Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Shareholder, CDS Account Number accompanied with the Form of Proxy to submit in request.</p> <p>(ii) Please provide a copy of the Proxy Holder's MyKad (front and back) or Passport in JPEG, PNG or PDF format together with his/her email address.</p>
3. Email Notification	<p>a. You will receive notification(s) from Boardroom that your request(s) has/have been received and is/are being verified.</p> <p>b. Upon system verification against the General Meeting Record of Depositors as at 13 July 2023, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.</p> <p>c. 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.</p>
On the day of the meeting	
4. Login to Meeting Platform	<p>a. The Meeting Platform will be opened for login one (1) hour before the commencement of the meeting.</p> <p>b. The Meeting Platform can be accessed via one of the following:</p> <ul style="list-style-type: none"> ▶ Scan the QR Code provided in the email notification; ▶ Navigate to the website at https://meeting.boardroomlimited.my <p>c. 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).</p>
5. Participate	<p><i>[Note: Questions submitted online via Meeting Platform will be moderated before being sent to the Chairman to avoid repetition. Minority Shareholders Watch Group's questions and answers will be presented during the meeting.]</i></p> <p>a. If you would like to expand the live webcast, select the broadcast icon. </p> <p>b. If you would like to ask a question during the meeting, please select the messaging icon. </p> <p>c. Type your message within the chat box, once completed click the send button.</p>

ADMINISTRATIVE GUIDE

FOR THE ELEVENTH ANNUAL GENERAL MEETING

Procedure	Action
On the day of the meeting (Cont'd.)	
6. Voting	a. Once voting has been opened, the polling icon  will appear with the resolutions and your voting choices. b. To vote, please select your voting direction from the options provided. A confirmation message will appear to show your vote has been received. c. To change your vote, please select another voting direction. d. 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 meeting, 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 gifts or voucher to be distributed to Unitholders and Proxies who participate at the meeting.

Enquiries

If you have any enquiry on the RPEV facilities (technical assistance) prior to the meeting, 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

Submission of questions before and during the meeting

- 1) Typed text in the Meeting Platform.
- 2) Unitholders may submit questions in advance on the meeting resolutions and Annual Report 2023 commencing from 31 May 2023 and in any event no later than 10:00 a.m., 18 July 2023 via BSIP at <https://investor.boardroomlimited.com> 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:		Proportion of Unitholdings Represented	
		No. of Units	%
NRIC No./Passport No.:			
Full Address:			
Email Address:		Telephone no.:	

and/or failing *him/her,

Second Proxy “B”

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

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 Eleventh Annual General Meeting (“11th AGM” or the “Meeting”) of AmFIRST REIT to be conducted virtually through live streaming and online voting via Remote Participation Electronic Voting (“RPEV”) on the following Meeting Platform, set out below and at any adjournment thereof:

Meeting Platform : <https://meeting.boardroomlimited.my>
 (Domain Registration No. with MYNIC - D6A357657)
 Day and Date : **Thursday, 20 July 2023**
 Time : **10:00 a.m.**
 Broadcast Venue : **12th Floor, Menara Symphony
 No. 5, Jalan Prof. Khoo Kay Kim
 Seksyen 13, 46200 Petaling Jaya
 Selangor Darul Ehsan**

No.	Resolution	For	Against
1	Ordinary Resolution No. 1		

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 _____, 2023.

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

* Delete if not applicable

NOTES:

1. Remote Participation and Electronic Voting

- (i) 11th AGM will be conducted virtually via RPEV facilities through live streaming and online voting using RPEV facilities by registering online with Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>.
- (ii) Please follow the procedures provided in the Administrative Guide for the 11th AGM in order to register, participate and vote remotely via the RPEV facilities.
- (iii) With RPEV facilities, a Unitholder may exercise his/her right to participate (including to pose questions to the Directors) and vote at the meeting, at the comfort of your home/office.
- (iv) Unitholders may use the query box facility to submit questions real time during the AGM.
- (v) The broadcast venue of the meeting 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.

2. Proxy

- (i) Since the meeting will be conducted virtually via RPEV, if a Unitholder entitled to attend and vote at a meeting is not able to participate at the meeting on 20 July 2023, 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 ("Form of Proxy").
- (ii) A Unitholder entitled to attend and vote at the meeting 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 meeting shall have the same rights as the Unitholder to speak at the meeting.
- (iii) A Unitholder shall not be entitled to appoint more than two (2) proxies to attend and vote at the meeting. 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 meeting and 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 the 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 who 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 Form of Proxy 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 the meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor. The Form of Proxy shall be deposited at the office of the Share Registrar of AmFIRST REIT at Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia no later than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote, and in default the Form of Proxy shall not be treated as valid.

By Electronic Means

The Form of Proxy 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 Lodgement") through Boardroom Smart Investor Portal ("BSIP") at <https://investor.boardroomlimited.com> by logging in and selecting "Submit e-Proxy Form" under "AmFIRST REAL ESTATE INVESTMENT TRUST 11TH ANNUAL GENERAL MEETING" from the list of Corporate Meetings 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 Form of Proxy 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 meeting, AmFIRST REIT shall be requesting from Bursa Malaysia Depository Sdn. Bhd., to issue a General Meeting Record of Depositors as at 13 July 2023. In respect of the deposited securities, only Unitholders whose names appear in the Record of Depositors of AmFIRST REIT on 13 July 2023 shall be entitled to participate and vote at the meeting 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 5:00 p.m. Wednesday, 31 May 2023 up to 10:00 a.m. Tuesday, 18 July 2023. Please follow the procedures provided in the Administrative Guide for the 11th 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 11th 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 meeting, 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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The Registrar for AmFIRST Real Estate Investment Trust
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

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ANNEXURE

TO THE FORM OF PROXY

Dear Unitholders,

We are pleased to inform you that as a Unitholder, you have the option to submit your Form of Proxy 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 Form of Proxy 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 FORM OF PROXY OF THE 11th AGM (E-PROXY LODGEMENT)

Step 1 – Register online with BSIP (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 BSIP at <https://investor.boardroomlimited.com>
- b. Click "**Register**" to sign up as a user.
- c. Complete registration and upload softcopy of MyKad (front and back) or Passport in JPEG, PNG, or PDF format.
- d. You will receive an email from BSIP for email address verification. Click "**Verify Email Address**" to proceed with the registration.
- e. Once your email address is verified, you will be re-directed to BSIP for verification of your mobile number. Click "**Request OTP Code**" and an OTP code will be sent to the registered mobile number. Click "**Enter**" to enter the OTP code to complete the process.
- f. Your registration will be verified and approved within one (1) business day and an email notification will be provided. You can login to BSIP at <https://investor.boardroomlimited.com> with the email address and password that you have provided during the registration to proceed with the next step.

Step 2 – e-Proxy lodgement

- a. Login to <https://investor.boardroomlimited.com> using your User ID (registered email address) and Password.
- b. Select "**AmFIRST REAL ESTATE INVESTMENT TRUST 11TH ANNUAL GENERAL MEETING**" from the list of Corporate Meetings and click "**Enter**".
- c. Click on "**Submit e-Proxy Form**".
- d. Read and accept the General Terms and Conditions by clicking "**Next**".
- e. Enter your CDS Account Number and indicate the number of securities.
- f. Appoint your proxy(ies) or the Chairman of the Meeting and enter the required particulars for your proxy(ies).
- g. Indicate your voting instructions – **FOR** or **AGAINST** or **ABSTAIN**. If you wish to have your proxy(ies) to act upon his/her discretion, please indicate **DISCRETIONARY**.
- h. Review and confirm your proxy(ies) appointment.
- i. Click "**Apply**".
- j. Download or print the e-Proxy Form acknowledgement.

Note for Corporate Shareholder: If you are the authorised representative for more than one (1) corporate shareholder, kindly click the home button and select "Edit Profile" in order to add Company name.

For Corporate Shareholder (via email)

- a. Write in to bsr.helpdesk@boardroomlimited.com by providing the name of shareholder, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative of Form of Proxy to submit the request.
- b. Please provide a copy of the Corporate Representative's or Proxy Holder's MyKad (front and back) or Passport in JPEG, PNG or PDF format together with his/her email address.

ANNEXURE

TO THE FORM OF PROXY

For Authorised Nominee and Exempt Authorised Nominee

a. Via Boardroom Smart Investor Portal

- (i) Login to <https://investor.boardroomlimited.com> using your User ID and Password from Step 1 above
- (ii) Select "**AmFIRST REAL ESTATE INVESTMENT TRUST 11TH ANNUAL GENERAL MEETING**" from the list of Corporate Meeting and click "Enter"
- (iii) Click on "**Submit e-Proxy Form**".
- (iv) Select the company you would like to be represented (if more than one).
- (v) Proceed to download the file format "Submission of Form of Proxy".
- (vi) Prepare the file for the appointment of proxy(ies) by inserting the required data.
- (vii) Proceed to upload the duly completed Proxy Appointment file.
- (viii) Review and confirm your proxy(ies) appointment and click "Submit".
- (ix) Download or print the e-Proxy Form as acknowledgement.

b. Via email

- (i) Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Shareholder, CDS Account Number accompanied with the Form of Proxy to submit in request.
- (ii) Please provide a copy of the Proxy Holder's MyKad (front and back) or Passport in JPEG, PNG or PDF format together with his/her email address.

Step 3 – Email Notification

- a. You will receive a notification from Boardroom that your request has been received and is being verified.
- b. Upon system verification of your registration against the AGM's Record of **Depositor as at 13 July 2023**, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
- c. You will also receive your remote access User ID and Password along with an email from Boardroom if your registration is approved
- d. You are encouraged to submit your request **at least forty-eight (48) hours before the commencement of AGM, i.e, by Tuesday, 18 July 2023 at 10:00 a.m.**, to avoid any delay in the registration process.

REQUEST FORM

To : AmREIT Managers Sdn Bhd (“AmREIT”)

Please send to me/us a printed copy of AmFIRST REIT – Annual Report 2023.

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

Contact details for a printed copy of the Annual Report 2023 and the designated person to answer queries relating to the use of the electronic format are as follow:

- **Telephone No.** : 03-7955 8120 through Encik Abdul Rahman Bin Mohd Joned.
- **Facsimile No.** : 03-7955 8360/80.
- **Email Address** : rahman-joned@ambankgroup.com
- **Mailing Address** : Suite 101-2, Level 1, Tower 2, Wisma AmFIRST, Jalan SS7/15, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia

The printed copy of **AmFIRST REIT – Annual Report 2023** will be sent to Unitholder within one (1) month from the date of receipt of your written or verbal request.

AmFIRST REIT – Annual Report 2023 may also be downloaded at <https://ir2.chartnexus.com/amfirstreit/reports.php>.

OUR ANNUAL REPORT



Scan the QR Code to view our Annual Report 2023 online



Download our Mobile App “AmFIRST REIT” from Google Play to view our Annual Report 2023



The softcopy of our Annual Report 2023 is available at <https://ir2.chartnexus.com/amfirstreit/reports.php>.

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AmREIT Managers Sdn Bhd
Registration No. 200601011214 (730964-X)
The Manager for AmFIRST Real Estate Investment Trust
Suite 101-2, Level 1, Tower 2
Wisma AmFIRST, Jalan SS7/15
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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