



AmFIRST

Real Estate Investment Trust

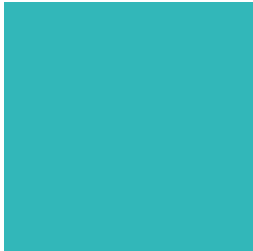
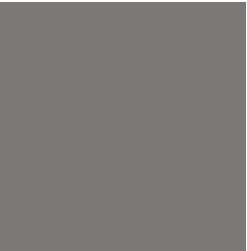
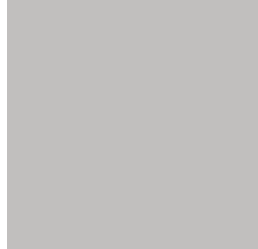
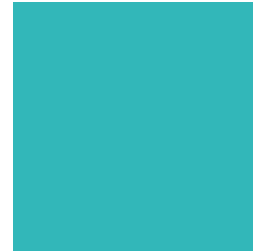
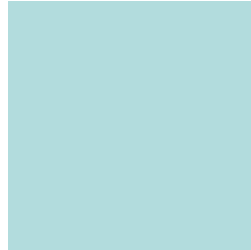
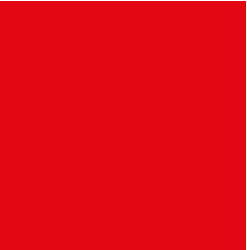


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Bangunan AmBank Group


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 **THE SIXTH ANNUAL GENERAL MEETING ("AGM") OF THE UNITHOLDERS OF AmFIRST REAL ESTATE INVESTMENT TRUST ("AmFIRST REIT")**

VENUE :
 Taming Sari 1 & 2, Ground Floor
 The Royale Chulan Kuala Lumpur
 5 Jalan Conlay, 50450 Kuala Lumpur

DATE :
 Wednesday, 25 July 2018

TIME :
 10.00 a.m.



FY2018 HIGHLIGHTS



ASSET
UNDER MANAGEMENT

RM1,650.1 million
(31.3.2017 : RM1,662.8 million)



GROSS
REVENUE

RM114.1 million
(FY2017 : RM111.5 million)



CLOSING
UNIT PRICE

60.0 sen
(31.3.2017 : 81.0 sen)



NET
PROPERTY INCOME

RM76.0 million
(FY2017 : RM72.8 million)



GEARING

46.8%
(31.3.2017 : 46.2%)



REALISED
NET PROFIT

RM30.7 million
(FY2017 : RM27.9 million)



NAV
PER UNIT

RM1.2166
(31.3.2017 : RM1.2421)



DPU
PER UNIT

4.20 sen
(FY2017 : 4.06 sen)



FIVE-YEAR FINANCIAL HIGHLIGHTS

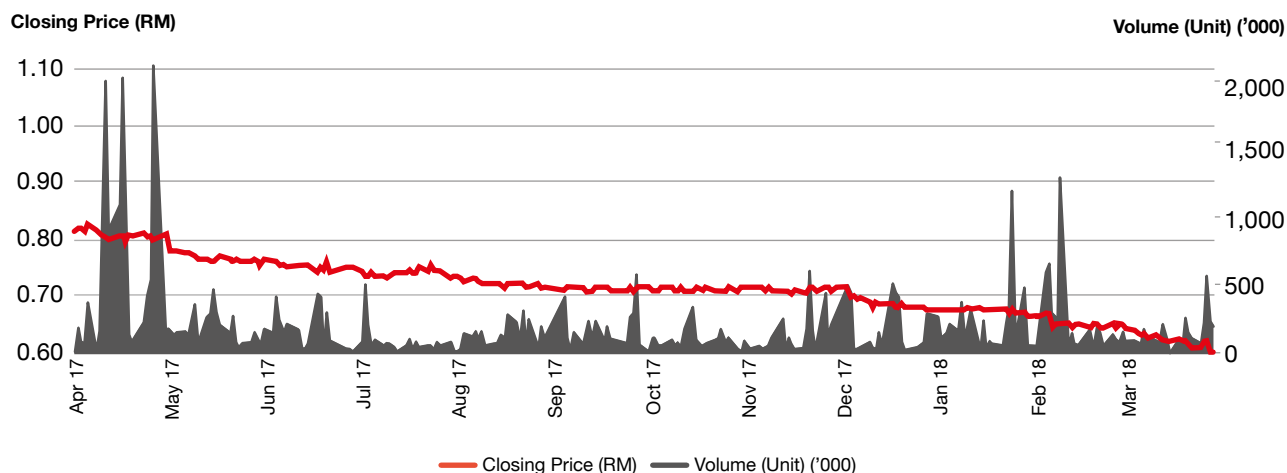
	FY2018 RM'000	FY2017 RM'000	FY2016 RM'000	FY2015 RM'000	FY2014 RM'000
SUMMARY OF FINANCIAL POSITION					
Investment Properties	1,650,060	1,662,800	1,627,800	1,332,200	1,301,900
Total Asset Value	1,664,385	1,679,565	1,728,132	1,370,131	1,314,092
Net Asset Value ("NAV")	849,364	867,206	879,287	841,597	849,864
Borrowings	779,042	775,143	797,516	491,300	429,079
Gearing (%)	46.8	46.2	46.2	35.9	32.7
Units in Circulation (Units) ('000)	686,402	686,402	686,402	686,402	686,402
NAV per Unit (RM)					
- Before proposed final distribution	1.2374	1.2634	1.2810	1.2261	1.2381
- After proposed final distribution	1.2166	1.2421	1.2503	1.2017	1.2011
- Highest NAV during the year (ex-distribution)	1.2716	1.2514	1.2810	1.2488	1.2381
- Lowest NAV during the year (ex-distribution)	1.2166	1.2228	1.2115	1.2161	1.1967
SUMMARY OF COMPREHENSIVE INCOME					
Gross Revenue	114,099	111,539	99,794	106,889	112,793
Net Property Income	76,040	72,802	61,092	66,619	76,475
Profit for the financial year, consisting of:-					
- Realised	30,686	27,889	38,358	37,944	50,267
- Unrealised	(19,356)	(5,650)	30,015	396	12,801
	11,330	22,239	68,373	38,340	63,068
Distribution per Unit ("DPU") (sen)					
- Interim	2.12	1.93	2.03	3.09	3.65
- Final	2.08	2.13	3.07	2.44	3.70
	4.20	4.06	5.10	5.53	7.35
Distribution Yield (based on respective closing market price) (%)	7.00	5.01	6.80	5.91	7.54
Management Expense Ratio ("MER") (%) ¹	0.98	1.04	0.99	0.96	0.88
Portfolio Turnover Ratio ("PTR") (Times) ²	-	-	0.14	-	-

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

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

FIVE-YEAR FINANCIAL HIGHLIGHTS

UNIT PRICE AND TRADING PERFORMANCE (FY2018)



FY2018 FY2017 FY2016 FY2015 FY2014

UNIT PRICE PERFORMANCE (RM)

- As at 31 March	0.60	0.81	0.75	0.94	0.98
- Highest Traded Price during the year	0.825	0.86	0.95	1.00	1.09
- Lowest Traded Price during the year	0.60	0.73	0.71	0.85	0.91
- Average Traded Price during the year ³	0.71	0.79	0.84	0.95	1.03
- Average Volume Traded per day (Units) ('000)	192	193	289	272	384

TOTAL RETURN (%)⁴

Change in Unit Price	(29.79)	7.69	(21.96)	(4.19)	(10.22)
Income Distribution	5.96	5.21	6.05	5.79	7.15
Total Return	(23.83)	12.90	(15.91)	1.60	(3.07)

Average Annual Return (%)⁵

One year	(23.83)
Three years	(8.95)
Five years	(5.66)
Since listing date (21 December 2006)	3.39

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.

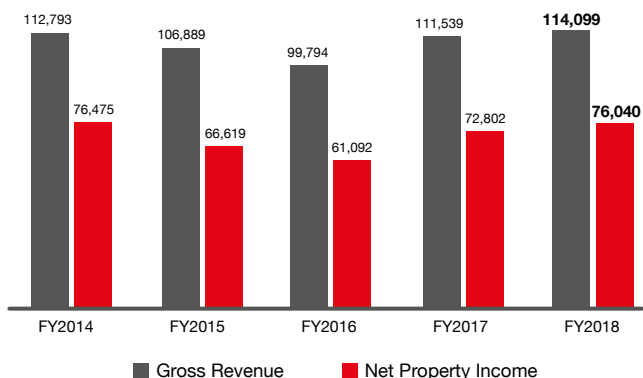
⁵ Average Annual Return is computed based on Total Return per unit for the period averaged over number of years.

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

FIVE-YEAR FINANCIAL HIGHLIGHTS

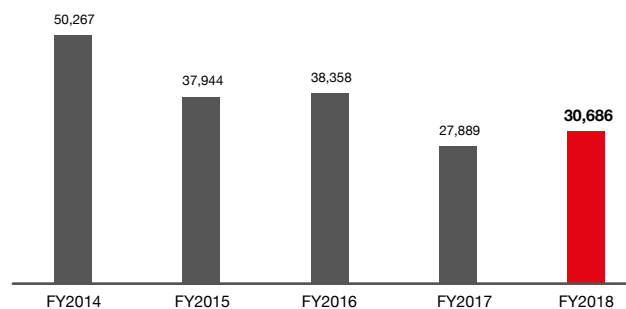
Gross Revenue and Net Property Income

RM'000



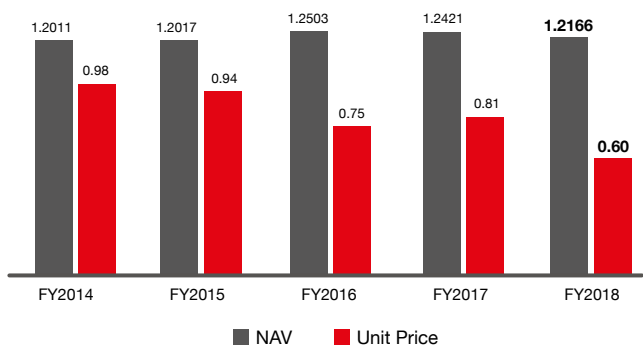
Realised Net Income

RM'000



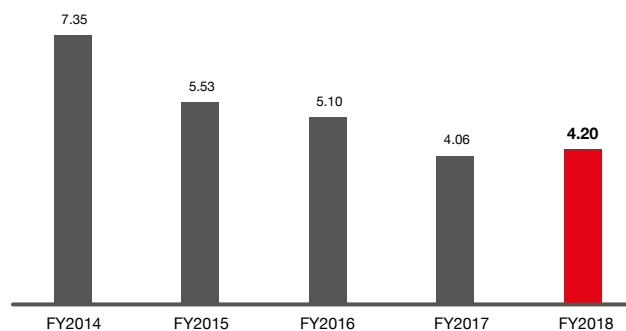
NAV Per Unit (after proposed income distribution) and Closing Unit Price

RM



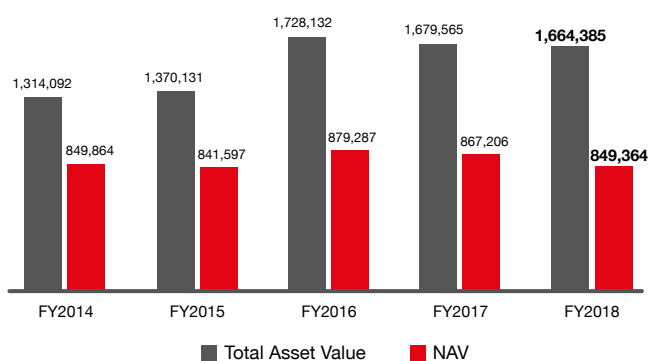
Distribution Per Unit

Sen Per Unit



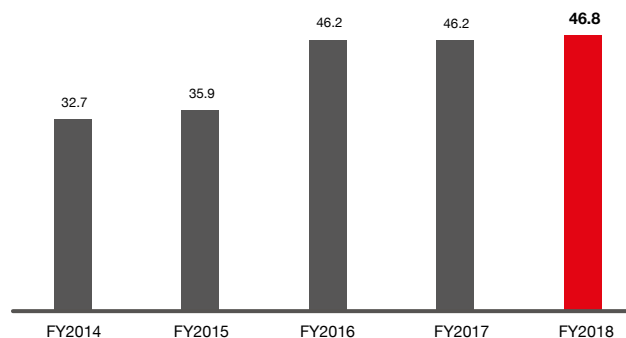
Total Asset Value and NAV

RM'000



Gearing

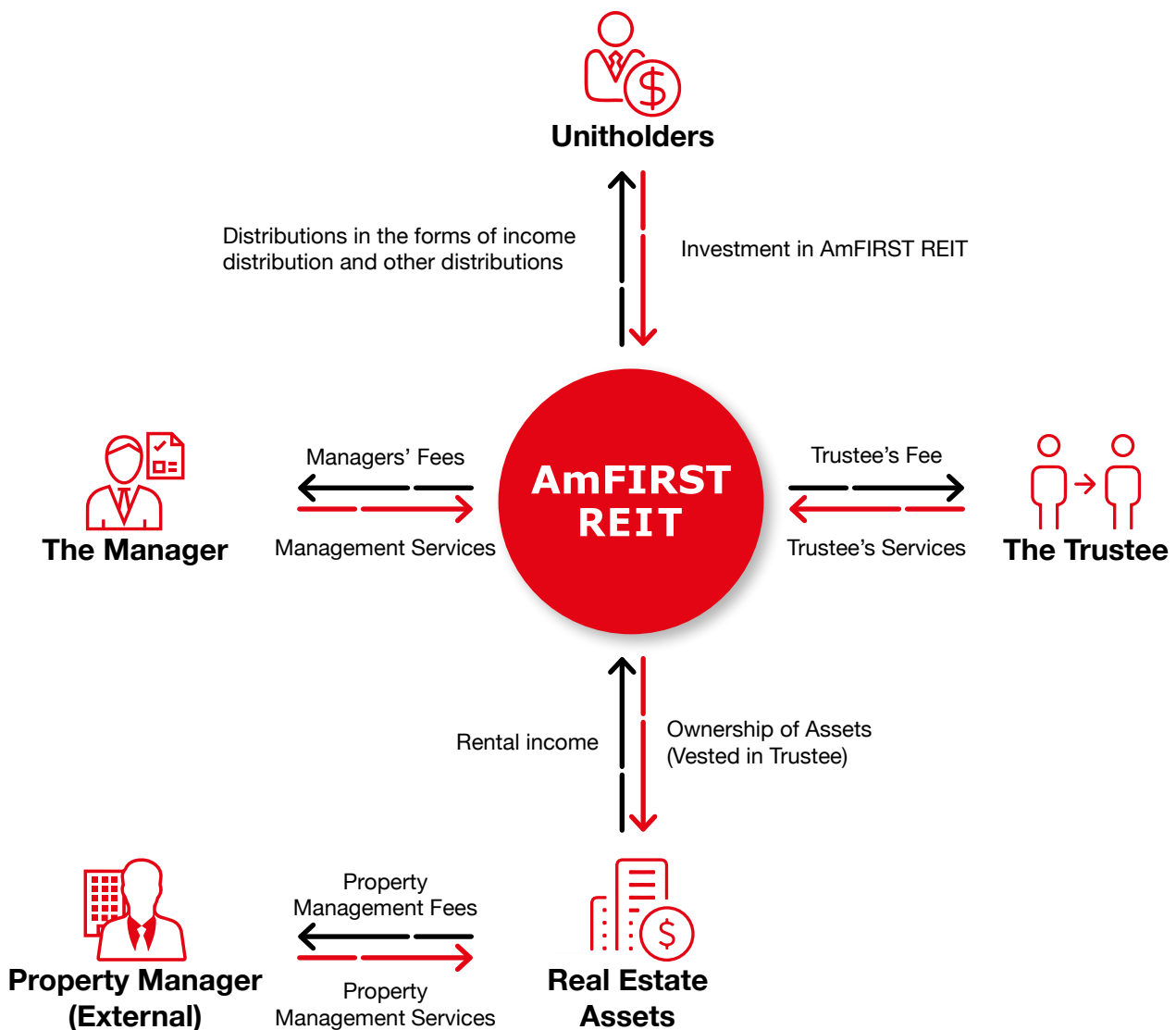
%



ABOUT AmFIRST REIT

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

AmFIRST REIT is one of the largest Malaysian-based commercial real estate investment trusts and owns a diverse portfolio of nine (9) properties located in Klang Valley (including Cyberjaya), Melaka and Penang, with a total Net Lettable Area (“NLA”) of 3.2 million sq ft as at 31 March 2018.



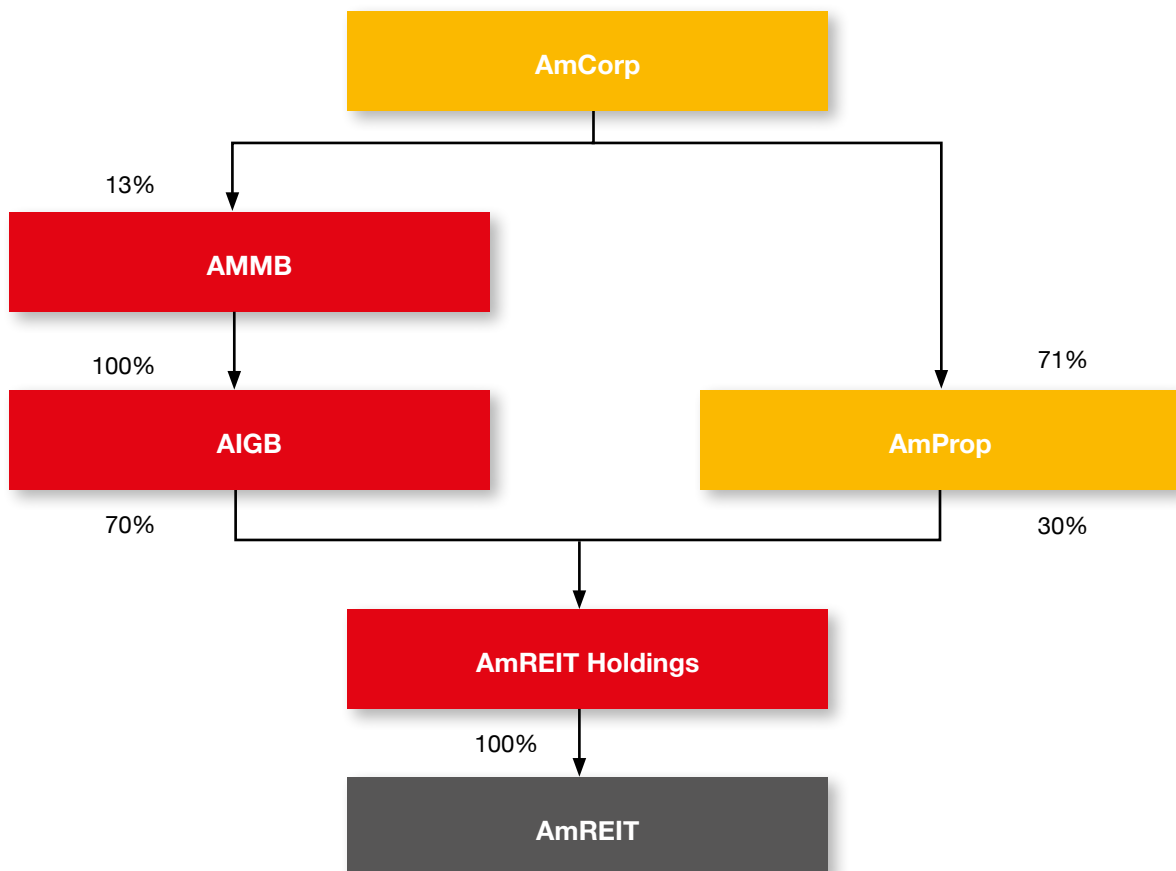
ABOUT THE MANAGER

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

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

AIGB is a wholly owned subsidiary of AMMB Holdings Berhad ("AMMB"). AMMB is a public limited liability company incorporated and domiciled in Malaysia, and listed on the main market of Bursa Securities. The principal activity of AMMB is that of investment holding and its subsidiaries provide a wide range of retail banking, wholesale banking, investment banking, Islamic banking and related financial services which also include underwriting of general insurance, stock and share-broking, futures broking, investment advisory and asset, real estate investment trust and unit trusts management.

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



MISSION AND CORE VALUES

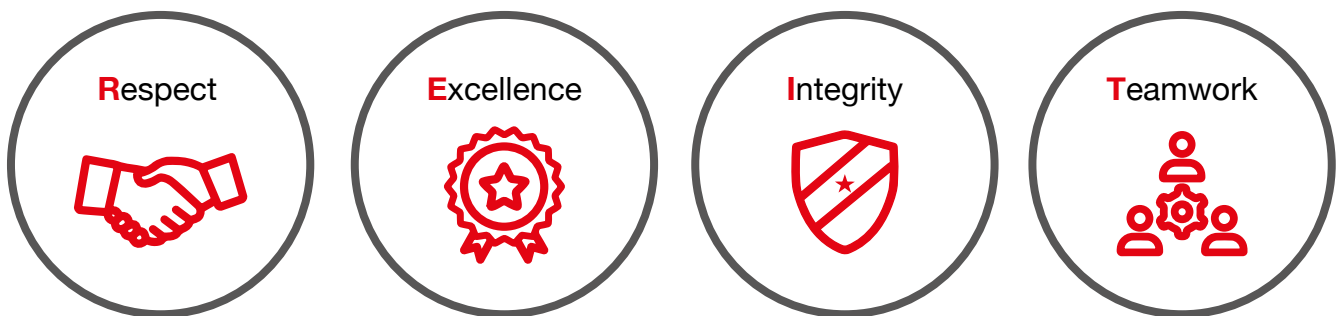
OUR MISSION

In everything we do, 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
ENGAGEMENT	SUSTAINABILITY
TRANSPARENCY	RISK MANAGEMENT
PRUDENT CAPITAL MANAGEMENT	ASSET ENHANCEMENT INITIATIVES

OUR CORE VALUES

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



FUND INFORMATION

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

CHAIRMAN'S STATEMENT



“Dear Stakeholders,

It is my pleasure to present to you the Annual Report for AmFIRST Real Estate Investment Trust (“AmFIRST REIT” or the “Trust”) and Audited Financial Statements for the financial year ended 31 March 2018 (“FY2018”), on behalf of the Board of Directors (the “Board”) and management of AmREIT Managers Sdn Bhd (formerly known as Am ARA REIT Managers Sdn Bhd), the Manager of AmFIRST REIT (the “Manager”).”

Soo Kim Wai
Chairman

Gross revenue

RM114.1
million

up by 2.3% y-o-y

Realised Net Income

RM30.7
million

up by 10.0% y-o-y

PERFORMANCE OVERVIEW

For the last one (1) year, the economic and property market environment faced various challenges and several uncertainties, particularly the headwind arising from the oversupply scenario in the office and retail sectors. We had to ensure that AmFIRST REIT maintain sustainable financial performance under challenging and competitive market condition.

Addressing the challenges head-on, AmFIRST REIT recorded a higher gross revenue of RM114.1 million, which increased by 2.3% as compared to FY2017. We are pleased to announce that the overall realised net income has improved to RM30.7 million, an increase of 10.0%, mainly due to the higher rental income contributed by the higher occupancy of the portfolio, especially at Prima 9 and The Summit-Retail. However, the profit for the financial year decreased to RM11.3 million mainly due to revaluation deficit of RM20.5 million arising from changes in the fair value of investment properties.

CHAIRMAN'S STATEMENT

PERFORMANCE OVERVIEW (CONTD.)

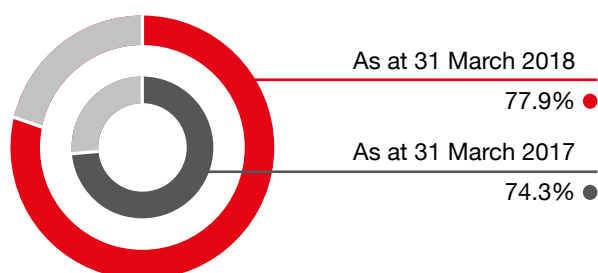
Our efforts to increase the occupancy of the properties in Cyberjaya and The Summit Subang USJ have yielded good results. We have successfully entered into a tenancy to occupy the whole building, with option to purchase, for our Prima 9 property. The vacant building has since been occupied and contributing to our rental income effective October 2017. The Summit Subang USJ's occupancy, especially The Summit-Retail component, has seen the occupancy increased to 77.9% as at 31 March 2018 as compared to 74.3% as at 31 March 2017 whilst committed occupancy as at 31 March 2018 improved to 87.7% with few new sizeable tenancies pending commencement.

Occupancy

Prima 9



The Summit-Retail



This has proven that the Asset Enhancement Initiatives (“AEIs”) that we have undertaken, together with the intensified leasing efforts and proactive cost management, are bearing good fruits. AmFIRST REIT came through a difficult year to deliver sustainable financial performance despite the challenging and soft property market. The Board remains committed to ensure sustainable performance, with good governance, effective engagement with stakeholders, adherence to compliance requirements and sound operational strengths, being the key pillars that underpin the long-term growth of AmFIRST REIT.

“We have successfully entered into a tenancy to occupy the whole building, with option to purchase, for our Prima 9 property. The vacant building has since been occupied and contributing to our rental income effective October 2017.”

SUSTAINABILITY REPORTING

We showcase our commitment to sustainability reporting as prescribed by Bursa Securities in the Sustainability Reporting Guide (the “Guide”) by including our inaugural sustainability statement in this annual report. The statement discloses the Manager’s approach to managing our material sustainability matters in the context of material economic, environmental and social (“EES”) risks and opportunities. As the Manager of the Trust, our priorities will always be our stakeholders and the performance of the Trust. We therefore steer our overall business operations towards improving our sustainability performance by disclosing our sustainability initiatives and efforts in the Sustainability Statement through the formulation of a governance structure, materiality matrix, stakeholder engagement table and sustainability narratives of our EES risks and opportunities. By outlining our current efforts, we provide our stakeholders a glimpse of our commitment to sustainability, with respect to diversifying our funds and portfolio, and build a stepping stone for our future goals at ensuring sustainable growth and development of the Trust.

CHAIRMAN'S STATEMENT

PROPERTY AND ECONOMIC OVERVIEW

The Malaysian economy continued to show steady growth, registering a GDP growth of 5.9% (2016 : 4.2%), mainly fuelled by private sector spending and an increase in exports in 2017 amidst the weakened ringgit, rising inflation and low crude oil prices. The domestic financial markets have been resilient. The ringgit has strengthened to better reflect the economic fundamentals. Banking system liquidity remains sufficient with financial institutions continuing to operate with strong capital and liquidity buffers.

The property market remained generally soft but stable even as large supplies entered the market, especially in the retail and office sectors. The office sector, which experienced relatively slower growth, continued to be resilient with a demand for strategically located office buildings. The retail sector however, went through a challenging time due to oversupply with many new malls entering the market.

The hospitality sector witnessed a moderate trend. In light of the lesser transactions shown in recent years, the trend is expected to remain steady during the year, although the average value is expected to be slightly higher. Nevertheless, the Manager believes that this sector will remain challenging with slower economic growth amidst increased competition with 5,294 rooms likely to enter the market within the next 2 years.

KEY MILESTONES

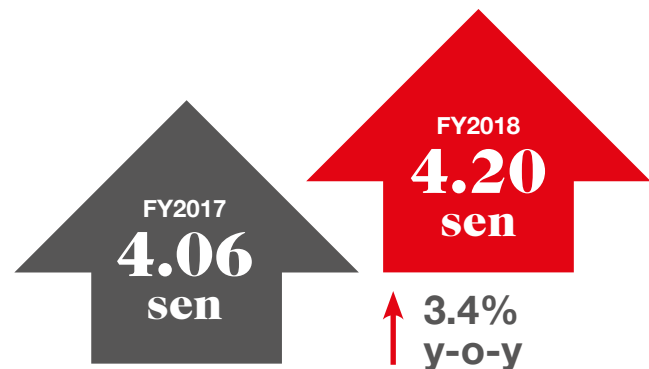
Formation of a strategic partnership of the Manager with AmProp, a prominent property, contracting and renewable energy company listed on Bursa Securities.

January 2018 marked a key development for the Manager, as AmProp completed its acquisition for the 30% issued share capital in AmREIT Holdings, being the holding company of the Manager, from ARA Asset Management (Malaysia) Limited. AmProp is a 71% owned subsidiary of AmCorp. Meanwhile, AmCorp has acquired 13,650,000 units of AmFIRST REIT from Jadeline Capital Sdn Bhd via a Direct Business Transaction.

These transactions mark the formation of a strategic partnership of the Manager with AmCorp, a prominent property, contracting and renewable energy company listed on Bursa Securities.

DISTRIBUTION TO UNITHOLDERS

Full Year DPU



During the year under review, the Manager declared a DPU of 4.20 sen, which was an improvement when compared to the DPU of 4.06 sen in the preceding financial year. The total DPU of 4.20 sen represents approximately 94% of the realised distributable net profit for the year and it translates to a distribution yield of 7.0% based on AmFIRST REIT's closing price of 60.0 sen as at 31 March 2018.

REVISION ON REGULATORY REQUIREMENTS

Bursa Securities and SC have taken proactive measures to liberalise the M-REITs market through the issuance of the revised Guidelines on Listed Real Estate Investment Trusts and update on the Main Market Listing Requirements. The revisions, are aimed at improving market efficiency and efficacy as well as to enhance risk management and corporate governance practices, thereby bringing benefits to both the REITs as well as to protect investors' interest.

CHAIRMAN'S STATEMENT

AWARD AND RECOGNITION

FY2018 has been a rewarding year. We are honoured for AmFIRST REIT to be nominated and won the “Best in Transparency” (Group B – Market capitalisation RM500 million – RM950 million) at the Best Under Billion Awards 2017. The award is a signature event of Focus Malaysia, a business and investment weekly for corporate leaders, investors and local business community.



We wish to express our sincere gratitude to the esteemed awarding body for their acknowledgement. This award is recognition of our continuous effort to engage with our Unitholders, the investment community and other stakeholders.

MOVING FORWARD

The economy is showing positive growth for the year 2018. The consensus forecast for Malaysian economic growth in 2018 is within the range of 5.5% to 5.8%, with the prospect of stable inflation and low unemployment.

Moving forward, we will continue to implement our strategies on divestment, reducing vacancy and cost containment in order to deliver sustainable financial results to the Unitholders.

CHANGES IN BOARDROOM

On behalf of the Board, I am pleased to welcome Encik Azlan Baqee bin Abdullah, who was appointed as a Non-Independent and Non-Executive Director on 22 February 2018.

I would also like to express our gratitude to Mr Thomas Kong Tai Meng, who had served as Non-Independent Non-Executive Director of AmREIT. Mr Kong resigned from the Board of AmREIT on 5 January 2018.

“We are honoured for AmFIRST REIT to be nominated and won the “Best in Transparency” (Group B – Market capitalisation RM500 million – RM950 million) at the Best Under Billion Awards 2017.”

IN APPRECIATION

I wish to take this opportunity to express my sincere gratitude to members of the Board and the Management team for their continued dedication and commitment in delivering an improved performance for our Unitholders.

Last but not least, the Trust's achievements would not be possible without the support of all our stakeholders. To the trustee, regulators, analysts, bankers, advisers, property managers, facility manager, business partners and members of the press, we thank you for your continued invaluable support and assistance during the year. Finally, to our Unitholders and tenants, your loyalty and belief in us will undoubtedly spur us to work harder and we look forward to your continued support.

Sincerely,
Soo Kim Wai
Chairman

20 April 2018

MANAGEMENT DISCUSSION AND ANALYSIS



OVERVIEW OF AmFIRST REIT

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

The principal activity of the Trust is to own and invest in a portfolio of commercial properties in major growth areas of Malaysia. As at 31 March 2018, AmFIRST REIT owns a diverse portfolio of nine (9) properties located in the Klang Valley (including Cyberjaya), Melaka and Penang, with a total net lettable area of 3.2 million sq ft.

Investment Objectives

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

Investment Policies

(i) Permitted Investments and Restrictions

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

(ii) Portfolio Composition

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

- (a) Invest in real estate, non-real estate-related assets and cash, deposit and money market instruments.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF AmFIRST REIT (CONTD.)

Investment Policies (Contd.)

(ii) Portfolio Composition (Contd.)

- (b) At least 75% of a REIT's total asset value must be invested in real estate that generates recurrent rental income at all times.

(iii) Diversification

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

(iv) Gearing

AmFIRST REIT is able to leverage on borrowings to make permitted investments that will enhance the returns to Unitholders. Under the SC's REITs Guidelines, AmFIRST REIT is permitted to procure borrowings not exceeding 50% of its total asset value.

Investment Strategies

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

(i) Operating Strategy

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

The following key operating and management principles will be applicable :

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

(ii) Acquisition / Divestment Strategy

The Manager's acquisition strategy for AmFIRST REIT to increase net rental income and asset growth will be based on the following criteria:-

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

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

(iii) Capital Management Strategy

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF AmFIRST REIT (CONTD.)

Investment Portfolio

There were no material changes in the portfolio composition of AmFIRST REIT during FY2018. AmFIRST REIT's composition of investments as at 31 March 2018 is as tabulated below: -

Investment Properties	Location	Valuation RM'000	%
Bangunan AmBank Group	Kuala Lumpur	260,000	15.8
Menara AmBank	Kuala Lumpur	321,500	19.5
Menara AmFIRST	Petaling Jaya	72,000	4.4
Wisma AmFIRST	Kelana Jaya	114,000	6.9
The Summit Subang USJ	Subang Jaya	365,060	22.1
Prima 9	Cyberjaya	73,200	4.4
Prima 10	Cyberjaya	66,300	4.0
Kompleks Tun Sri Lanang (also known as Jaya 99)	Melaka	102,000	6.2
Mydin HyperMall	Bukit Mertajam	276,000	16.7
Total		1,650,060	100.0

FINANCIAL REVIEW

	FY2018	FY2017	Change	
	RM'000	RM'000	RM'000	%
Gross Revenue	114,099	111,539	2,560	2.3
Property Expenses	(38,059)	(38,737)	678	1.8
Net Property Income	76,040	72,802	3,238	4.4
Interest and Other Income	354	257	97	37.7
Total Income	76,394	73,059	3,335	4.6
Non-property Expenses	(8,442)	(9,045)	603	6.7
Interest Expenses	(37,266)	(36,125)	(1,141)	-3.2
Realised Net Income	30,686	27,889	2,797	10.0
<u>Unrealised Gain / (Loss)</u>				
Change in Fair Value of Investment Properties	(20,537)	(6,568)	(13,969)	-212.7
Unrealised Gain on Revaluation of Derivative	883	1,442	(559)	-38.8
Unrealised Gain / (Loss) on Financial Liabilities Measured at Amortised Cost	298	(524)	822	>100
Total Comprehensive Income For The Year	11,330	22,239	(10,909)	-49.1
<u>Distribution per Unit ("DPU") (sen)</u>				
- Interim	2.12	1.93		
- Final	2.08	2.13		
	4.20	4.06	0.14	3.4
Closing Unit Price (RM)	0.60	0.81	(0.21)	-25.9
Distribution Yield (based on respective closing price)	7.0%	5.0%		

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTD.)

Gross Revenue

For the FY2018, the Trust recorded higher gross revenue by 2.3% as compared to FY2017, mainly contributed by higher average occupancy rate in The Summit Retail and full occupancy of Prima 9 effective 1 October 2017. However, the increase was partially offset by lower average occupancy in Menara AmFIRST and Wisma AmFIRST due to non-renewal of few tenancies that expired during the financial year.

Property Expenses

Property expenses for FY2018 were 1.8% lower as compared to that for FY2017, mainly attributable to lower electricity expense in some of the properties within the portfolio.

Net Property Income

Net property income has improved to RM76.0 million or an increase of 4.4% y-o-y as a result of the improved gross revenue and lower property expenses.

Interest Expense

Interest expense of RM37.3 million for FY2018 was higher by 3.2%, mainly due to increase in borrowings to finance the various AELs as well as increase in interest cost as a result of higher cost of fund.

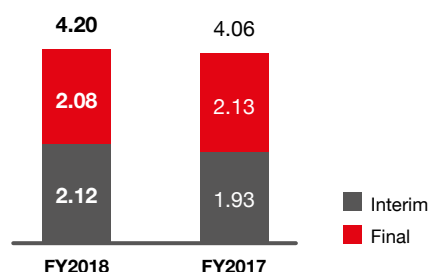
Net profit for the financial year

Overall, realised net income for the FY2018 has improved by 10.0% to RM30.7 million. However, the total comprehensive income for FY2018, after taking into account the unrealised gain / (loss), has dropped to RM11.3 million, mainly due to revaluation deficit of RM20.5 million arising from the revaluation of investment properties.

Income Distribution

The total DPU of 4.20 sen per unit was higher by 3.4% as compared to 4.06 sen per unit in FY2017, in line with the Trust's investment objective of delivering regular and stable income distributions to Unitholders.

The Trust had paid an interim income distribution of 2.12 sen per unit and has declared a final income distribution of 2.08 sen per unit in respect of FY2018. Adding the interim and final income distribution, the total income distribution was 4.20 sen per unit, translated to a distribution yield of 7.0% based on the closing unit price of 60.0 sen as at 31 March 2018.



The total DPU of 4.20 sen per unit was higher by 3.4% as compared to 4.06 sen per unit in FY2017, in line with the Trust's investment objective of delivering regular and stable income distributions to Unitholders.

The total DPU of 4.20 sen per unit or a total paid out of RM28.8 million represents approximately 94% of the realised distributable net profit for FY2018. With the 94% distribution ratio, there will be cash conserved of approximately RM1.9 million to fund the ongoing capital expenditure in order not to strain the gearing level further. The Manager reviews the distribution ratio from time to time by taking into consideration the capital expenditure requirement together with the prevailing gearing level. However, the policy remains to distribute at least 90% of the distributable income for each financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTD.)

Key Financial Position	As at	As at	Change
	31 March 2018	31 March 2017	
	RM'000	RM'000	%
Investment Properties	1,650,060	1,662,800	(0.8)
Total Asset Value	1,664,385	1,679,565	(0.9)
Trade Receivables	2,046	1,742	17.5
Borrowings	779,042	775,143	0.5
Net Asset Value (NAV)	849,364	867,206	(2.1)
Gearing (%)	46.8%	46.2%	0.6
NAV per Unit (RM)			
- Before proposed final distribution	1.2374	1.2634	(2.1)
- After proposed final distribution	1.2166	1.2421	(2.1)
Market Capitalisation	411,841	555,985	(25.9)
Units in Circulation (Units) ('000)	686,402	686,402	-
Unit Price (RM)	0.60	0.81	(25.9)

Total Asset Value and Asset Under Management

As at 31 March 2018, Total Asset Value was RM1,664.4 million, a decrease of 0.9% as compared to that recorded as at 31 March 2017. This is mainly due to the net deficit on revaluation of investment properties of RM20.5 million recorded at the end of FY2018.

The Trust's investment properties, representing approximately 99% of the total asset value, decreased by RM12.7 million or 0.8% from RM1,662.8 million to RM1,650.6 million. The decrease was attributable to the net revaluation deficit of RM20.5 million arising from the revaluation exercise conducted at the end of FY2018. The revaluation deficit of RM20.5 million or 1.2% of the total investment properties was mainly arising from the decrease in valuation of The Summit Retail and Hotel.

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

Trade Receivables

Trade receivables increased by 17.5% y-o-y partly due to lower provision for impairment of trade receivables.

Total Borrowings

As at 31 March 2018, the Trust's total borrowings was RM779.0 million, increased by RM3.9 million as compared to the total borrowings of RM775.1 million as at 31 March 2017, mainly due to drawdown of revolving credit facilities to finance the AELs incurred during the financial year.

NAV per Unit

NAV per Unit stood at RM1.2166 (after proposed final income distribution) as at 31 March 2018, representing a diminution of 2.1% as compared to RM1.2421 as at 31 March 2017, mainly caused by the revaluation deficit on the investment properties of RM20.5 million recorded in FY2018.

Unit Price and Market Capitalisation

During the financial year, unit price registered a decrease of 25.9% from the opening price of RM0.81 as at 1 April 2017 to a closing price of RM0.60 as at 31 March 2018, enlarging the trading discount to approximately 50.7% to the NAV per unit of RM1.2166 as at 31 March 2018. Based on the unit price of RM0.60 and 686,401,600 units in circulation, market capitalisation as at 31 March 2018 was RM411.8 million, lower by 25.9% as compared to the market capitalisation of RM555.9 million as at 31 March 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTD.)

Capital Management

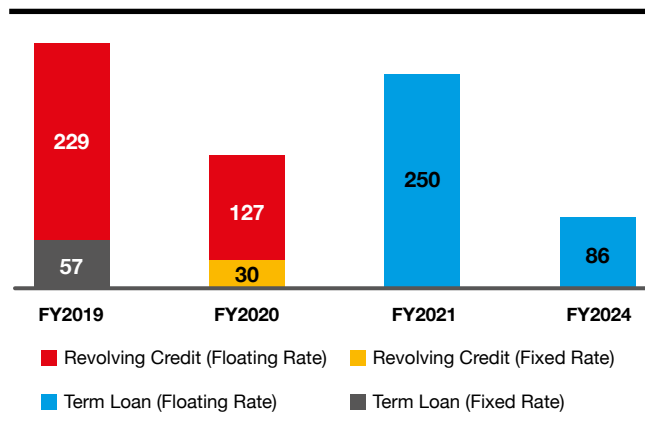
As at 31 March 2018, the Trust's total borrowings comprise of term loans and revolving credit facilities from licensed financial institutions as below: -

	As at 31 March 2018	As at 31 March 2017
	RM'000	RM'000
Term Loan	392,850	392,850
Revolving Credit	387,500	384,000
Less : Transaction cost subject to amortisation	(1,308)	(1,707)
Total Borrowings	779,042	775,143
Total Asset Value	1,664,385	1,679,565
Gearing (%)	46.8%	46.2%

Total borrowings of RM779.0 million as at 31 March 2018 represent a gearing of 46.8% over Total Asset Value of RM1,664.4 million, an increase of 0.6% from the preceding year. Based on this gearing of 46.8%, the Trust has a debt headroom of approximately RM106.3 million before it exceeds the gearing threshold of 50% as permitted under the SC's REITs Guidelines.

The Manager is exploring opportunities to lower the gearing level via strategic divestment of non-core and non-performing assets within the property portfolio. On a longer term, the Manager intends to maintain a prudent financial structure by keeping the gearing level at 35% - 40%.

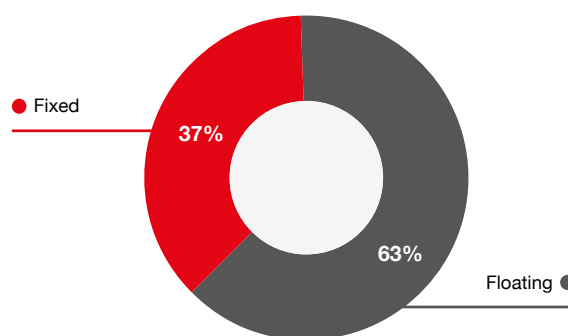
The Trust reviews its loan profile closely to diversify the refinancing risks and keep a well-spread debt maturity profile. The loan maturity profile for the Trust as at 31 March 2018 was as follows: -



As at 31 March 2018, the weighted average maturity was approximately two (2) years with 36.7% or RM286.0 million of the Trust's debt maturing in FY2019.

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

Interest Rate Management



As at 31 March 2018, the Trust has RM87.0 million fixed rate bank loans and total Interest Rate Swap ("IRS") contracts of RM200.0 million to mitigate the exposure to volatile interest rate movements. Effectively, 37% of the total borrowings are not subject to interest rate volatility due to either the loans are with fixed rate or hedged via IRS contracts and balance 63% of the total borrowings of the Trust is subject to variable interest rate movement, which fluctuates in tandem with variable cost of funds charged by the banks.

Effectively, 37% of the total borrowings are not subject to interest rate volatility due to either the loans are with fixed rate or hedged via IRS contracts

As at 31 March 2018, the Trust maintained a competitive average interest cost of 4.85% (including the cost of hedging arising from the IRS contracts). Interest cost sensitivity analysis reveals that with 37% of the borrowings being fixed via fixed interest rate or hedged via IRS contracts, a 25 basis-point increase or decrease (with all other variables held constant) will cause a corresponding decrease or increase of RM1.2 million of the Trust's net income.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTD.)

Cash Flow / Liquidity

As at 31 March 2018, the Trust has cash and bank balances of RM1.0 million and deposits with financial institution of RM2.9 million.

Based on the Statement of Cash Flows for FY2018, the Trust has generated net cash from operating activities of RM66.7 million (before the payment of interest expenses of RM36.8 million) and utilised cash for investing activities of RM7.7 million primarily for enhancements or AEIs of investment properties. The net cash used by the Trust in financing activities of RM62.1 million comprising of the interest paid net of RM36.8 million, distributed income distribution totaling RM29.2 million net drawdown of bank borrowings of RM3.9 million during the financial year under review.

On a net basis, the Trust has a net decrease of cash and cash equivalent of RM3.0 million for FY2018, which reduced the cash and cash equivalent to RM3.9 million as at 31 March 2018.

As at 31 March 2018, the Trust has undrawn banking facilities of RM86.0 million, comprising of revolving credit and overdraft facilities to finance any future funding needs of the Trust.

“We have secured a shared office operator at The Summit-Office, occupying 12,000 sq ft and they planned to open in 3rd quarter of 2018. With this, the occupancy will further improve to 81.4%.”

OPERATIONS REVIEW

Leasing Management

The overall portfolio occupancy rate as at 31 March 2018 was 84.4% compared to 82.6% as at 31 March 2017.

	As at 31 March 2018	As at 31 March 2017
Bangunan AmBank	99.6%	99.6%
Menara AmBank	82.4%	90.5%
Menara AmFIRST	58.7%	62.0%
Wisma AmFIRST	66.6%	78.6%
The Summit - Office	72.7%	64.4%
The Summit - Retail	77.9%	74.3%
Prima 9	100.0%	-
Prima 10	60.1%	60.1%
Jaya 99	93.4%	100.0%
Mydin HyperMall	100.0%	100.0%
Overall Portfolio*	84.4%	82.6%

*excluded The Summit-Hotel

The market remained challenging in FY2018 as more retail and office spaces entered the market amidst soft demand due to low business sentiment. We continued to work on the strategy of increasing occupancy levels with aggressive marketing packages and rental rates while retaining the present tenants.

Following which are updates on the progress made on assets highlighted in previous financial year; namely Prima 9, The Summit-Retail, The Summit-Office and Menara AmFIRST.

(i) Prima 9

We have secured a tenant to occupy the entire building with effect from 1 October 2017.

(ii) The Summit - Retail

In tune with the advertising and promotion activities, the average monthly footfall into the mall had maintained around 550,000 shoppers. In general, we observed that business volumes for most retailers have grown.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW (CONTD.)

Leasing Management (Contd.)

(ii) The Summit - Retail (Contd.)

We have recently secured three (3) major tenants for the mall; an indoor child play center with modern games and simulations for children (36,000 sq ft), a child learning center (27,000 sq ft) and a modern concept food station (21,000 sq ft). With these new tenancies, the occupancy will improve further to 90.8%.

The above new tenants will provide differentiation from other surrounding malls, providing us avenues to attract new shoppers and continue to stay relevant against the backdrop of a challenging retail mall market.

(iii) The Summit - Office

The office occupancy has improved as compared to last year, attributed to the intense marketing efforts and engagement of existing tenants.

We have secured a shared office operator at The Summit-Office, occupying 12,000 sq ft and they planned to open in 3rd quarter of 2018. With this, the occupancy will further improve to 81.4%.

The positive synergy of office, mall, hotel, ample parking space and accessibility to the newly completed LRT station, have boosted the marketability of the office space.

(iv) Menara AmFIRST

In spite of the aggressive marketing efforts and having addressed the issue of carpark limitation, the occupancy slides from 62.0% to 58.7%.

With the effort in tenant engagement, we have retained 13 tenants out of 16 cases for renewal. The main reasons for the non-renewal were a need for space consolidation and closing of business.

As more offices are coming into the market, the competition will be more intense. As a result, we need to explore out-of-the-box marketing efforts and introducing non-standard services that may appeal to the community.

We have recently secured three (3) major tenants for the mall; an indoor child play center with modern games and simulations for children (36,000 sq ft), a child learning center (27,000 sq ft) and a modern concept food station (21,000 sq ft). With these new tenancies, the occupancy will improve further to 90.8%.

Tenancy Expiry Profile

As of 31 March 2018, the total leased area due for renewal over the next three (3) years is 1.94 million sq ft, representing 66% of the total NLA of 2.94 million sq ft. The portfolio tenancy expiry profile is as follows:

FY	All Buildings Total (sq ft)	%
2019	691,070	35.7
2020	585,743	30.2
2021	661,942	34.1
TOTAL	1,938,755	100.0

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW (CONTD.)

Tenancy Renewal and New Tenancy

During FY2018, 708,499 sq ft was renewed out of 805,818 sq ft of space that are due for renewal, representing a renewal rate of 87.9%. One of the key factors behind this lower renewal rate is due to the termination of tenancy by KFM Holdings Sdn Bhd and MyTv Broadcasting from our Wisma AmFIRST's Building.

Tenancy Renewal and % Rental Reversion as at 31 March 2018

Properties	Total Due for Renewal sq ft	Total Space Renewed sq ft	Rental Reversion %
Bangunan AmBank Group	226,845	226,845	-
Menara AmBank	4,036	401	-
Menara AmFIRST	55,056	49,950	+0.4
Wisma AmFIRST	153,519	112,759	+1.5
The Summit - Retail	123,334	95,744	+3.4
The Summit - Office	59,239	55,298	+7.0
Prima 9 #	-	-	-
Prima 10 #	-	-	-
Jaya 99 - Office *	151,593	148,719	+2.8
Jaya 99 - Retail *	32,196	18,783	+3.9
Mydin HyperMall #	-	-	-
Total	805,818	708,499	+1.4

* Jaya 99 is under a rental guarantee by the property vendor.
not due for renewal for FY2018.

Tenancy Mix Analysis

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

Tenant Mix for Office Component

Category	% of NLA
Banking & Financial Institutions	45.0
Services & Others	26.5
Logistic	11.6
Tele-communication / IT / Electronic / Electrical	6.2
Health / Personal Care	4.1
Advocates & Solicitors (Legal)	3.1
Food & Beverages	2.1
Education / Enrichment / College / Auditorium	1.1
Construction / Real Estate	0.3
Total NLA	100.0

Tenant Mix for Retail Component

Category	% of NLA
Anchor (Supermarket & Dept. Store)	42.3
Entertainment / Karaoke / Cinema / Bowling	15.3
Home & Living / Home Deco / Electrical / DIY	11.5
Education / Enrichment / College / Training Centre	8.9
Services & Others & Real Estate	8.9
Food & Beverages	7.4
Sports Apparel & Accessories / Equipment / Fitness Centre	2.2
Fashion Apparel	1.5
Beauty Retail & Services / Personal Care / Health	1.0
Hobbies / Pet Shop / Toy Shop / Music	0.9
IT Centre / Tele-communication	0.1
Total NLA	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW (CONTD.)

Key Tenants

The top 10 largest tenants by rental income in the portfolio contributed 67.3% to the total rental income of the Trust in FY2018.

Names	Trade Sector	%
AmBank Group	Banking & Financial Institutions	36.6
Mydin Mohamed Holdings Berhad	Hypermarket	14.2
RBC Investor Services (Malaysia) Sdn Bhd	Services	3.2
The Summit Hotels Management Sdn Bhd	Hospitality	2.4
Prudential Assurance Malaysia Berhad	Services	2.4
Medical Device Authority - Ministry of Health Malaysia	Services	2.3
Shook Lin & Bok	Advocates & Solicitors	1.9
Kimberly-Clark Trading (M) Sdn Bhd	Trading	1.8
Sudong Sdn Bhd	Services	1.5
IMC Education Sdn Bhd	Education	1.0
Total		67.3

AmBank Group continues to remain as the top revenue contributor to the Trust, accounting for 36.6% of the total rental income.

Asset Enhancement Initiatives

During the financial year, most of the AElS which commenced and reported last year had been completed.

For The Summit-Hotel and Office, the façade repainting had been completed together with The Summit-Hotel water tanks waterproofing improvement, facilities deck planter box drainage system upgrading and car parks repainting.

Over at Menara AmBank, the building façade enhancement with LED lighting strips and RGB screen had been completed together with the new Building Automation System, air conditioning ducts decontamination and enhancement to the common corridors to keep the building design current. As for the passenger lifts modernisation, all the 15 numbers of the low, mid and high zones lifts have been completed except for the Bomba lift which is in progress and is expected to be completed within this year.

As for Bangunan AmBank Group, the cleaning and decontamination of all the air conditioning AHUs had been carried out to improve the efficiency of the air conditioning system.

Jaya 99 on the other hand, went through a rejuvenating makeover by having the façade repainted, ensuring the building presence continued to be felt in the heart of Melaka.

On the planned capital expenditures for enhancing the assets' value and competitiveness, upgrading works to the lifts at Bangunan AmBank Group, Menara AmBank's car park and The Summit-Office will begin this financial year. Other planned AElS will consist of improving the security systems at The Summit-Car Park, upgrading of lift lobbies and washrooms at The Summit-Office and The Summit-Hotel HVAC systems.

MANAGEMENT DISCUSSION AND ANALYSIS

RISK MANAGEMENT

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

Risk management is an integral part of the Manager's corporate governance and has been embedded in the management processes as part of the Manager's overall framework to deliver continuous improvement for the Trust. The Manager has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Trust throughout the financial year under review.

(a) Interest Rate Risk

As at 31 March 2018, the Trust's exposure in interest rate risk stems from its borrowings at 46.8% gearing level and that 63% of its loans are subject to floating rate loans. An adverse interest rate movement will result in higher interest cost and reduce the net income of the Trust.

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

As at 31 March 2018, 37% of the loan exposure has been hedged via fixed rate term loan and IRS from financial institutions. The Trust has entered into two (2) 5-year IRS contracts with a notional amount of RM100.0 million each and has RM87.0 million fixed rate term loan as means to mitigate the interest rate exposures.

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

(b) Capital and Liquidity Risk

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

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

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

- (i) Effective cash flow and treasury management.
- (ii) Ongoing financial monitoring and interest rate management.
- (iii) Regular review of compliance with loan covenants.
- (iv) Relationship management with bankers, investors and sponsors.
- (v) Reduction of gearing via strategic divestment of low yielding assets.

The Manager regularly reviews its capital and liquidity management strategy to ensure that the Trust's capital and liquidity management objectives are met.

(c) Credit Risk

Credit risk is the risk of reduction in net income due to high provision for impairment loss or bad debts write-off and high legal cost incurred to pursue recovery of outstanding receivables from the tenants.

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

RISK MANAGEMENT (CONTD.)

(d) Acquisition and Investment Risk

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

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

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

(e) Valuation Risk

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

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

(f) Tenant Concentration Risk

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

For FY2018, our top ten (10) tenants generated 67.3% of the total rental income, of which 36.6% is by AmBank Group and 14.2% is by Mydin Mohamed Holdings Berhad, while the remaining eight (8) tenants have a relatively lower percentage ranging from 1% to 3%.

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

(g) Market Risk

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

The Manager has great challenges ahead in both retaining and securing new tenants. The Manager has re-strategised and enhanced its focus to address adverse risks arising from the market over-supply and stiff competition. Amongst others, the key strategy rolled out was to retain existing tenants by upgrading service level and meeting tenants needs.

(h) Operation Risk

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

RISK MANAGEMENT (CONTD.)

(i) Regulatory and Compliance Risk

The Manager is licensed under Capital Markets & Services Act 2007. Hence, it is subject to strict adherence of the requirements of the Act as well as SC's REITs Guidelines. In addition, as the Manager is a subsidiary of a financial institution, namely, AmBank Group, it is also subject to regulatory requirements of Bank Negara Malaysia. There is great emphasis of compliance on various regulations such as anti-money laundering, personal data protection, securities trading and anti-corruption, amongst others. In addition, SC and Bursa Securities have recently issued the revised SC's REITs Guidelines and amended Listing Requirements affecting REITs. The amendments were effective on 9 April 2018 onwards except for specific provisions where reasonable implementation dates are provided for by Bursa Securities. In this respect, the Manager has always adopted and implemented some of the key practices prior to the enforcement of these rules.

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

With the revision of the SC's REITs Guidelines, the Manager would need to address the risk of breaching the borrowing limit which was set out as 50% of total assets. As of 31 March 2018 the gearing ratio was 46.8%. The Manager is taking relevant steps to reduce the gearing ratio. Such steps may include divestment of low yielding real estate assets, retaining part of distributable income and possibility of issuance of new units to repay the borrowings.

PROSPECTS

The retail and office market is expected to remain challenging, given the increasing supply and prevailing weak demand. More commercial retail and office properties are expected to be completed within the next one to two years, which will provide more downward pressure on the rental and occupancy levels.

We constantly review the opportunities and risks presented by the competitive market conditions and adopt aggressive leasing and marketing strategies to increase the overall occupancy of the Trust's portfolio. As at 31 March 2018, the overall occupancy of the Trust's portfolio was 84.4%. The overall committed occupancy of the Trust's portfolio is expected to improve to 87.5%, contributed by new tenancies signed up in The Summit-Office and Retail which will commence mostly in the second half of FY2019.

The challenge ahead remains to ensure tenant retention and further filling up of low occupancy buildings while ensuring effective cost containment measures are being taken to control the maintenance expenses.

Barring any unforeseen circumstances, the Manager expects the Trust to deliver a moderate performance for the financial year ending 31 March 2019.

As at 31 March 2018, the overall occupancy of the Trust's portfolio was 84.4%. The overall committed occupancy of the Trust's portfolio is expected to improve to 87.5%, contributed by new tenancies signed up in The Summit-Office and Retail which will commence mostly in the second half of FY2019.

BOARD OF DIRECTORS



SOO KIM WAI

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

Date of Appointment	19 August 2015
Length of Tenure as Director (as at 20 April 2018)	2 years 8 months
Board Meeting Attendance in FY2018	4/4
Board Committee Membership of the Manager	Audit Committee

Academic/Professional Qualification(s)

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

Directorship(s)

Present Directorship(s)

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

Present Appointment(s)

- Group Managing Director of AmCorp.

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

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

Relevant Experience

Mr Soo joined AmCorp in 1989 as Senior Manager of Finance, and has since held various senior positions before he was promoted to his current appointment. Prior to that, he was attached with Plantation Agencies Sdn Bhd from 1985 to 1989 and in the accounting profession for five (5) years with Deloitte KassimChan from 1980 to 1985.



DATO' WONG NAM LOONG

Independent Non-Executive Director Malaysian, Age 68, Male

Date of Appointment	15 August 2016
Length of Tenure as Director (as at 20 April 2018)	1 year 8 months
Board Meeting Attendance in FY2018	4/4
Board Committee Membership of the Manager	Audit Committee (Chairman)

Academic/Professional Qualification(s)

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

Directorship(s)

Present Directorship(s)

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

Past Directorship(s)

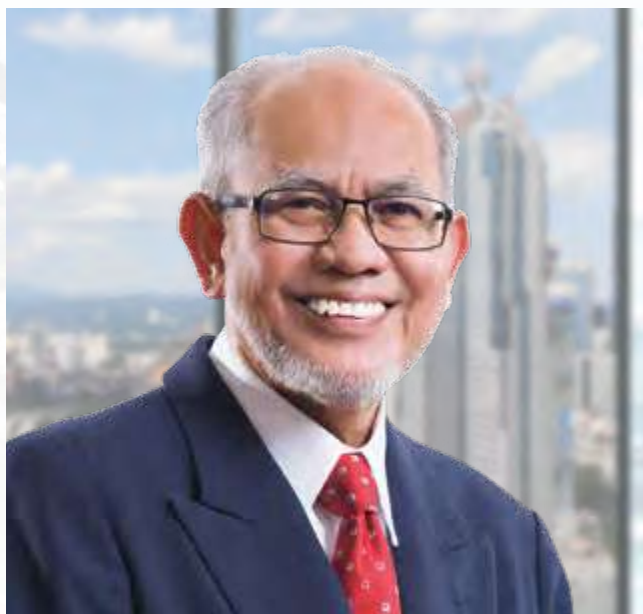
- Managing Director of Homestake Development Sdn Bhd (1976 to 1985).
- Managing Director of Desa Permai Sdn Bhd (1986 to 1989).
- Executive Director of Scientex-Quatari (M) Sdn Bhd (1990 to 2003).
- Executive Director of Scientex Development Sdn Bhd (1991 to 1995).
- Executive Director of Arab-Malaysian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

Relevant Experience

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

Save as disclosed, none of the Directors of the Manager in office at the end of FY2018 (i) has any interest in AmFIRST REIT (ii) has been imposed of any public sanction and / or penalty by the relevant regulatory bodies (iii) has any family relationship with any Director and/or major shareholder of AmFIRST REIT (iv) has conflict of interest with AmFIRST REIT and (v) has been convicted of any offence within the past five (5) years.

BOARD OF DIRECTORS



DATO' ABDULLAH THALITH BIN MD THANI
Independent Non-Executive Director
 Malaysian, Age 63, Male

Date of Appointment	15 August 2016
Length of Tenure as Director (as at 20 April 2018)	1 year 8 months
Board Meeting Attendance in FY2018	4/4
Board Committee Membership of the Manager	Audit Committee

Academic/Professional Qualification(s)

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

Directorship(s)

Present Directorship(s)

- Director of Amway (Malaysia) Holdings Berhad.

Present Appointment(s)

Nil

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

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

Relevant Experience

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



YM RAJA TEH MAIMUNAH BINTI RAJA ABDUL AZIZ
Non-Independent Non-Executive Director
 Malaysian, Age 50, Female

Date of Appointment	21 March 2017
Length of Tenure as Director (as at 20 April 2018)	1 year 1 month
Board Meeting Attendance in FY2018	3/4
Board Committee Membership of the Manager	Nil

Academic/Professional Qualification(s)

- Bachelor of Laws LL.B (Hons) from University of East London, United Kingdom.
- Honorary Doctorate of Laws from University of East London, United Kingdom.

Directorship(s)

Present Directorship(s)

- Board member of Islamic Banking and Finance Institute Malaysia.
- Board member of Am Funds Management Berhad.
- Board member of AmIslamic Funds Management Sdn Bhd.
- Board member of AmInvestment Group Berhad.
- Board member of AmREIT Holdings Sdn Bhd.

Present Appointment(s)

- Chief Executive Officer of AmInvestment Bank Berhad.
- Managing Director of Wholesale Banking of AmBank Group.

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

- Managing Director/CEO of Hong Leong Islamic Bank.
- Board member of Hong Leong MSIG Takaful Berhad

Relevant Experience

YM Raja Teh Maimunah has over 23 years of experience in banking and finance, namely Islamic banking, digital banking and investment banking covering Islamic retail and wholesale banking, digital payment solutions, equity and debt origination, mergers and acquisition, private placements, proprietary investments, initial public offerings and secondary offerings, asset backed securitisation, debt and restructuring.

She has held several senior positions i.e. Managing Director / CEO of Hong Leong Islamic Bank, COO of Digital Innovation and Transaction Banking of the Hong Leong Banking Group, Global Head Islamic Markets of Bursa Securities, Chief Corporate Officer & Head of International Business at Kuwait Finance House (Malaysia), Seniro Director at Bank Alkhair Bahrain, Associate Director at CIMB Investment Bank and Senior Vice President of Investment Banking at RHB Investment Bank.

YM Raja Teh Maimunah has received various awards and accolades including the 'Most Influential Brand Leader' from World Brand Congress in 2016, 'Most Enterprising Islamic Bank Women CEO of the Year 2016' by Global Brands Magazine, Women Icons Malaysia 2017 at the Women Icons Summit & Awards and Top 10 Malaysian Women in Finance Institutions - Top Asia Corporate in 2017 by Top 10 of Malaysia.

BOARD OF DIRECTORS



WONG KHIM CHON

Executive Director/Chief Executive Officer
Malaysian, Age 58, Male

Date of Appointment	8 January 2015
Date of Resignation <i>(as announced to Bursa Securities on 25 April 2018)</i>	27 July 2018
Length of Tenure as Director <i>(as at 20 April 2018)</i>	3 year 3 months
Board Meeting Attendance in FY2018	4/4
Board Committee Membership of the Manager	Nil

Academic/Professional Qualification(s)

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

Directorship(s)

Present Directorship(s)

Nil.

Present Appointment(s)

- Chairman of the Management Committee of The Summit Subang USJ's Management Corporation since 1 April 2017.

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

- Vice Chairman of the Management Board of The Malaysian REIT Managers Association (MRMA) in 2016.

Relevant Experience

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

Prior to joining AmREIT, he was attached with Hap Seng Land Sdn Bhd, a wholly owned subsidiary of Hap Seng Consolidated Berhad, a well-diversified public listed group of companies with business activities in both East and Peninsular Malaysia as Senior General Manager, Property from 2010 to 2014. He was the Head of Property Management and Leasing Department, responsible for the group's investment properties in Peninsular Malaysia, in addition to overseeing the Sales and Marketing Department for commercial and residential properties in the Property Development Business Unit.



AZLAN BAQEE BIN ABDULLAH

Non-Independent Non-Executive Director
Malaysian, Age 55, Male

Date of Appointment	22 February 2018
Length of Tenure as Director <i>(as at 20 April 2018)</i>	1 month
Board Meeting Attendance in FY2018	N/A [Appointed on 22 February 2018]
Board Committee Membership of the Manager	N/A

Academic/Professional Qualification(s)

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

Directorship(s)

Present Directorship(s)

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

Present Appointment(s)

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

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

- EXCO of KESAS (2007 to 2011).

Relevant Experience

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

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

SENIOR MANAGEMENT TEAM



Wong Khim Chon

Executive Director / Chief Executive Officer

Mr Wong Khim Chon, a Malaysian, Male, aged 58, was appointed to the Board of AmREIT, on 8 January 2015. He is currently the Chief Executive Officer of AmREIT.

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

Prior to joining AmREIT, he was attached with Hap Seng Land Sdn Bhd, a wholly owned subsidiary of Hap Seng Consolidated Berhad, a well-diversified public listed group of companies with business activities in both East and Peninsular Malaysia as Senior General Manager, Property from 2010 to 2014. He was the Head of Property Management and Leasing Department, responsible for the group's investment properties in Peninsular Malaysia, in addition to overseeing the Sales and Marketing Department for commercial and residential properties in the Property Development Business Unit.

Mr Wong held the post of Vice Chairman of the MRMA in 2016.

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



Zuhairy bin Md Isa

Deputy Chief Executive Officer

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

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

On 8 January 2015, he was redesignated to Deputy CEO of the Manager and currently responsible for the investment strategies and property portfolio planning of AmFIRST REIT. He currently holds the Capital Market Services Representative's License under the Capital Markets and Services Act 2007 since April 2014.

Encik Zuhairy has more than fifteen (15) years of related working experience prior to joining AmREIT. His last position was Assistant Vice-President II with MIDF Property Berhad, heading the Leasing and Marketing Department for Klang Valley region. He was also responsible in handling the land development matters throughout Malaysia as well as Indonesia. He also served as a director for the subsidiaries involved in logistics in Malaysia and property development in Indonesia, namely MIEL Logistics Sdn Bhd and PT Miel Nusantara Development.

Presently, Encik Zuhairy has been appointed as the Council Member of the of The Summit Subang USJ's Management Corporation representing AmFIRST REIT, spearheading the management, operations and also the planned repositioning of the mall. He was the Vice Chairman of the MRMA for 2014 and 2015.

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

SENIOR MANAGEMENT TEAM



Chong Hong Chuon
Chief Financial Officer

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

Mr Chong started his career as an auditor and has over nineteen (19) years of extensive financial and management accounting experience in real estate industry particularly real estate investment trust. His last position was General Manager, Finance of Tropicana Corporation Berhad. Prior to joining Tropicana Corporation Berhad, he was the Head 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.



Heong Kim Meng
Vice President 1, Marketing & Leasing, Asset Management

Mr Heong Kim Meng joined AmREIT on 6 June 2014 as Head Asset Management. He is primarily responsible for the properties management, marketing and leasing of properties as well as planning and implementation of asset enhancement initiatives. In June 2016, he became Head of Marketing & Leasing as Management restructured the Asset Management into Operation and Marketing & Leasing separately, to streamline and meeting strategic needs.

He has more than ten (10) years of related working experience prior to joining AmREIT. His last position was General Manager of Kwong Hing Group. He was responsible for group operation and administration, mainly involved in properties management, marketing and leasing of properties and properties investment.

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

SENIOR MANAGEMENT TEAM



Ong Boon Hock

Vice President 1, Operations, Asset Management

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

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

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

He spent his career in developing his professional knowledge in Property Management particularly in Shopping Mall Management including holding a Complex Manager's post while he was with an international property consultant firm, DTZ Nawawi Tie Leung Property Consultants Sdn Bhd. He studied in the field of Institute of Chartered Secretaries and Administrators and Marketing.



Jayasuraes Naidu a/l Subramaniam

Vice President 1, Compliance & Risk

Mr Jayasuraes Naidu a/l Subramaniam joined AmREIT on 4 May 2015 as Vice President of Compliance & Risk. He is primarily responsible for compliance and risk management activities of AmREIT. He has twenty one (21) years of related working experience prior to joining AmREIT.

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 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 with Turiya Technologies Pte Ltd, a semi-conductor company based in Singapore. He was the Head of Finance and Risk Management for the Singapore Group of Companies. He was later promoted to General Manager to helm the Singapore and China Operations.

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

SENIOR MANAGEMENT TEAM



Carrie Chua Mooi Chu

Vice President 2, Tenancy Management

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

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

She has more than twenty (20) years of extensive real estate experience in various aspect of real estate management, ranging from sales and marketing, and managing retail mall. She has worked in several public listed companies, handled a variety of responsibilities in the areas of development, sales and marketing, leasing of various types of property development and retail management.

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



Abdul Rahman bin Mohd Joned

Vice President 2, Finance

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

He has more than ten (10) years of related working experience prior to joining AmREIT. His last position was Assistant Accountant with Chase Perdana Berhad, a public listed company, responsible for the preparation of financial and management reports of the company and its subsidiaries.

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

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

ASSET PROFILE



BANGUNAN AmBANK GROUP ("BAG")

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

DETAILS OF PROPERTY

Location

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

Description of Property

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

Land Title

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

Tenure

Leasehold 99 years expiring on 3 June 2084 (unexpired term of approximately 66 years)

Encumbrances

Nil

Year of Completion

1987

Age of Building

31 years

Net Lettable Area

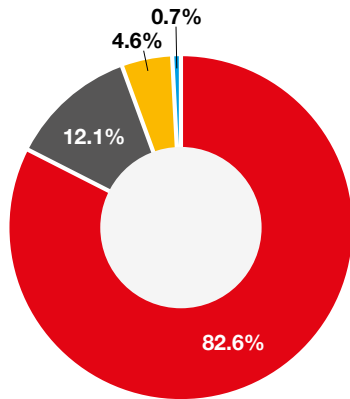
360,166 sq ft

Existing Use

Commercial Office

ASSET PROFILE

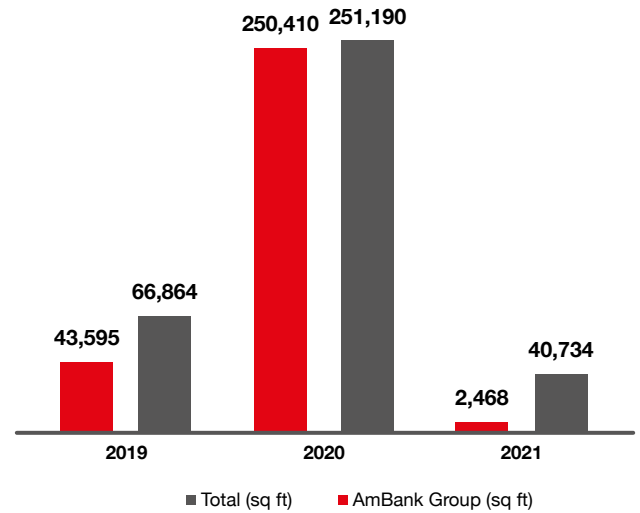
TENANTS' TRADE MIX ANALYSIS



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

Category	sq ft	%
Banking & Financial Institutions	296,473	82.6
Advocates & Solicitors	43,407	12.1
Food & Beverages	16,330	4.6
Services & Others	2,578	0.7
Total	358,788	100.0

TENANCY EXPIRY PROFILE



FY	AmBank Group (sq ft)	%	Total (sq ft)	%
2019	43,595	65.2	66,864	18.6
2020	250,410	99.7	251,190	70.0
2021	2,468	6.1	40,734	11.4
Total	296,473	82.6	358,788	100.0

Car Park
522

Number of Tenants
9

Date of Acquisition
21 December 2006

Acquisition Cost
RM180.2 million

Latest Revaluation
RM260.0 million*

Date of Revaluation
29 January 2018

Occupancy Rate
99.6%*

Gross Revenue
RM23.9 million#

Net Property Income
RM17.6 million#

Major Capital Expenditure
RM0.8 million#

Average Tenancy Period
3 years

Valuer
Messrs Cheston International
(KL) Sdn Bhd

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

Property Manager
Knight Frank Property
Management Sdn Bhd

* As at 31 March 2018

For FY2018

ASSET PROFILE



MENARA AmBANK *("MAB")*

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

DETAILS OF PROPERTY

Location

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

Description of Property

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

Land Title

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

Tenure

Freehold

Encumbrances

Lien Holder's Caveat

Year of Completion

1997

Age of Building

21 years

Net Lettable Area

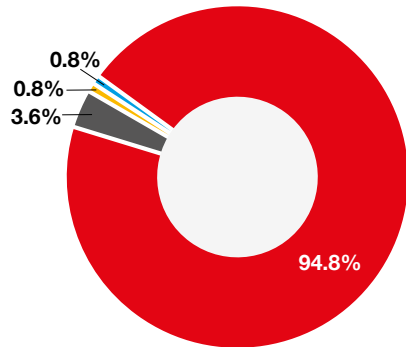
458,187 sq ft

Existing Use

Commercial Office

ASSET PROFILE

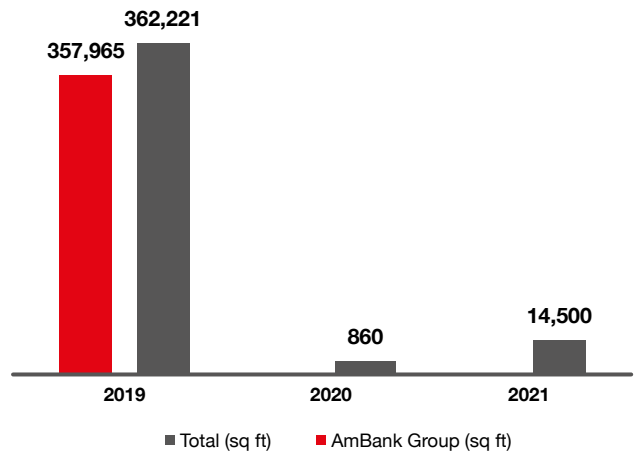
TENANTS' TRADE MIX ANALYSIS



- Banking & Financial Institutions
- Food & Beverages
- Services & Others
- Health

Category	sq ft	%
Banking & Financial Institutions	357,965	94.8
Food & Beverages	13,429	3.6
Services & Others	3,182	0.8
Health	3,005	0.8
Total	377,581	100.0

TENANCY EXPIRY PROFILE



FY	AmBank Group (sq ft)	%	Total (sq ft)	%
2019	357,965	98.8	362,221	96.0
2020	-	-	860	0.2
2021	-	-	14,500	3.8
Total	357,965	98.8	377,581	100.0

Car Park
557

Acquisition Cost
RM230.2 million

Occupancy Rate
82.4%*

Major Capital Expenditure
RM2.5 million#

Major Tenants
AmBank Group

Number of Tenants
11

Latest Revaluation
RM321.5 million*

Gross Revenue
RM24.1 million#

Average Tenancy Period
3 years

Property Manager
Knight Frank Property
Management Sdn
Bhd

Date of Acquisition
21 December 2006

Date of Revaluation
30 January 2018

Net Property Income
RM15.3 million#

Valuer
Messrs Cheston International
(KL) Sdn Bhd

* As at 31 March 2018

For FY2018

ASSET PROFILE



MENARA AmFIRST ("MA")

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

DETAILS OF PROPERTY

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

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

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

Tenure
Freehold

Encumbrances
Lien Holder's Caveat

Year of Completion
1994

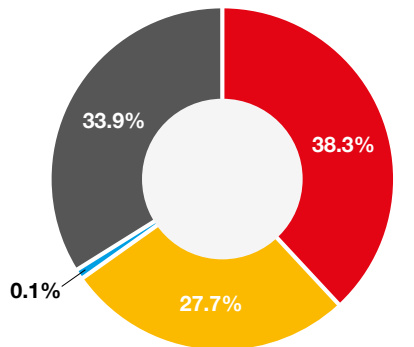
Age of Building
24 years

Net Lettable Area
156,369 sq ft

Existing Use
Commercial Office

ASSET PROFILE

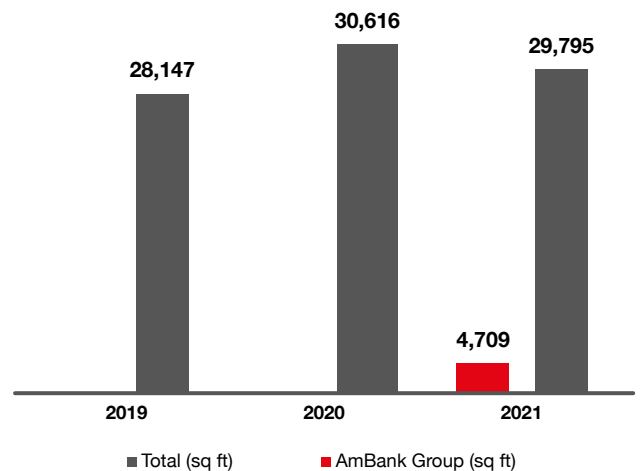
TENANTS' TRADE MIX ANALYSIS



- Health / Personal Care / Beauty
- Services & others
- Telecommunication / IT / Electronic / Electrical
- Food & Beverages

Category	sq ft	%
Health / Personal Care / Beauty	33,879	38.3
Telecommunication / IT / Electronic / Electrical	24,532	27.7
Food & Beverages	130	0.1
Services & Others	30,016	33.9
Total	88,557	100.0

TENANCY EXPIRY PROFILE



FY	AmBank Group (sq ft)	%	Total (sq ft)	%
2019	-	-	28,147	31.8
2020	-	-	30,616	34.6
2021	4,709	15.8	29,794	33.6
Total	4,709	15.8	88,557	100.0

Car Park
324

Number of Tenants
27

Date of Acquisition
21 December 2006

Acquisition Cost
RM57.1 million

Latest Revaluation
RM72.0 million*

Date of Revaluation
21 February 2018

Occupancy Rate
58.7%*

Gross Revenue
RM5.1 million#

Net Property Income
RM2.7 million#

Major Capital Expenditure
RM0.1 million#

Average Tenancy Period
1 - 3 years

Valuer
Messrs Rahim & Co
Chartered Surveyors
Sdn Bhd

Major Tenants
KAO (M) Sdn Bhd
Perfect Pentagon Sdn Bhd
Locus-T Online Sdn Bhd
Asatsu-DK (Malaysia)
Sdn Bhd
MTrustee Bhd

Property Manager
Savills (KL) Sdn Bhd

* As at 31 March 2018

For FY2018

ASSET PROFILE



WISMA AmFIRST ("WA")

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

DETAILS OF PROPERTY

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

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

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

Tenure
Leasehold of 99 years expiring on 19 February 2094 (unexpired term of approximately 76 years)

Encumbrances
Lien Holder's Caveat

Year of Completion
2001

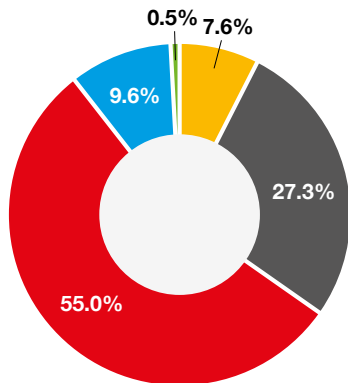
Age of Building
17 years

Net Lettable Area
284,354 sq ft

Existing Use
Commercial Office

ASSET PROFILE

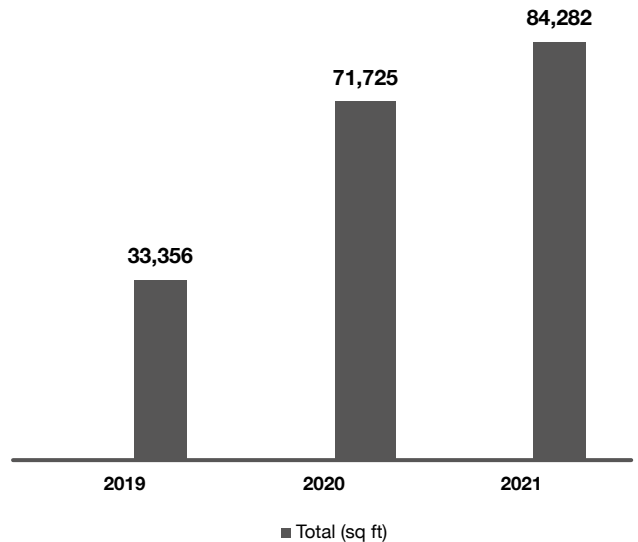
TENANTS' TRADE MIX ANALYSIS



- Telecommunication / IT / Electronic / Electrical
- Health / Personal Care
- Service & Others
- Advocates & Solicitors
- Logistic & Trading

Category	sq ft	%
Telecommunication / IT / Electronic / Electrical	14,353	7.6
Services & Others	51,617	27.3
Logistic & Trading	104,169	55.0
Health / Personal Care	18,224	9.6
Advocates & Solicitors	1,000	0.5
Total	189,363	100.0

TENANCY EXPIRY PROFILE



FY	Total (sq ft)	%
2019	33,356	17.6
2020	71,725	37.9
2021	84,282	44.5
Total	189,363	100.0

Car Park
645

Number of Tenants
24

Date of Acquisition
21 June 2007

Acquisition Cost
RM86.1 million

Latest Revaluation
RM114.0 million*

Date of Revaluation
26 February 2018

Occupancy Rate
66.6%*

Gross Revenue
RM9.2 million#

Net Property Income
RM5.4 million#

Major Capital Expenditure
Nil#

Average Tenancy Period
2 - 3 years

Valuer
Messrs Rahim & Co
International Sdn Bhd

Major Tenants
Kimberly-Clark Trading (M)
Sdn Bhd
Suruhanjaya Pengangkutan
Awam Darat
Swisslog Malaysia
Expeditors (Malaysia)
Sdn Bhd
Welch Allyn (M) Sdn Bhd

Property Manager
Savills (KL) Sdn Bhd

* As at 31 March 2018

For FY2018

ASSET PROFILE



PRIMA 9

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

DETAILS OF PROPERTY

Location

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

Description of Property

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

Land Title

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

Tenure

Freehold

Encumbrances

Nil

Year of Completion

2009

Age of Building

9 years

Net Lettable Area

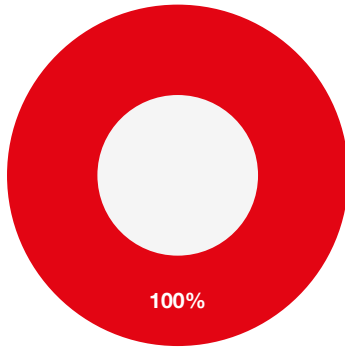
111,224 sq ft

Existing Use

Commercial Office

ASSET PROFILE

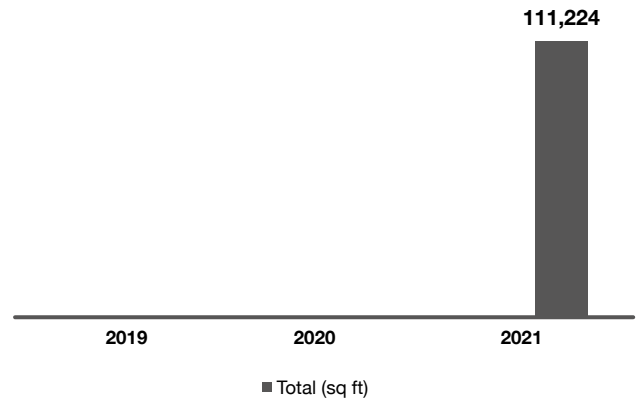
TENANTS' TRADE MIX ANALYSIS



● Services & Others

Category	sq ft	%
Services & Others	111,224	100.0
Total	111,224	100.0

TENANCY EXPIRY PROFILE



FY	Total (sq ft)	%
2019	-	-
2020	-	-
2021	111,224	100.0
Total	111,224	100.0



Car Park
414

Acquisition Cost
RM72.9 million

Occupancy Rate
100.0%*

Net Property Income
RM1.9 million#

Valuer
Messrs Cheston International (KL) Sdn Bhd

Number of Tenants
1

Latest Revaluation
RM73.2 million*

Gross Revenue
RM2.7 million#

Major Capital Expenditure
Nil#

Major Tenants
Medical Device Authority

Date of Acquisition
30 November 2011

Date of Revaluation
30 January 2018

Average Tenancy Period
3 years

Property Manager
Savills (KL) Sdn Bhd

* As at 31 March 2018

For FY2018

ASSET PROFILE



PRIMA 10

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

DETAILS OF PROPERTY

Location

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

Description of Property

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

Land Title

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

Tenure

Freehold

Encumbrances

First Party Legal Charge

Year of Completion

2010

Age of Building

8 years

Net Lettable Area

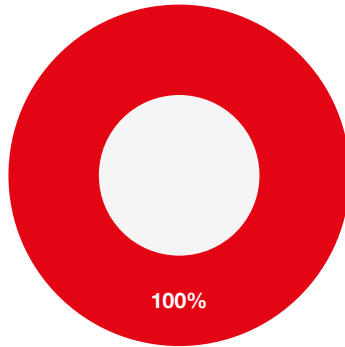
100,272 sq ft

Existing Use

Commercial Office

ASSET PROFILE

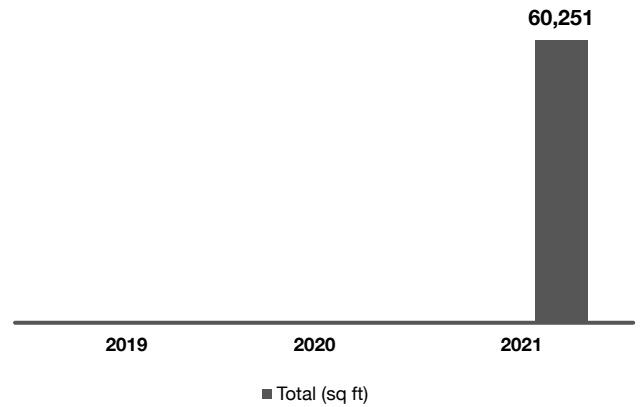
TENANTS' TRADE MIX ANALYSIS



● Services & Others

Category	sq ft	%
Services & Others	60,251	100.0
Total	60,251	100.0

TENANCY EXPIRY PROFILE



FY	Total (sq ft)	%
2019	-	-
2020	-	-
2021	60,251	100.0
Total	60,251	100.0



Car Park
322

Acquisition Cost
RM61.8 million

Occupancy Rate
60.1%*

Major Capital Expenditure
Nil#

Major Tenants
RBC Investor Services
(Malaysia) Sdn Bhd

Number of Tenants
1

Latest Revaluation
RM66.3 million*

Gross Revenue
RM3.6 million#

Average Tenancy Period
5 years

Property Manager
Savills (KL) Sdn Bhd

Date of Acquisition
30 November 2011

Date of Revaluation
30 January 2018

Net Property Income
RM2.3 million#

Valuer
Messrs Cheston International
(KL) Sdn Bhd

* As at 31 March 2018

For FY2018

ASSET PROFILE



KOMPLEKS TUN SRI LANANG

(Also known as Jaya 99)

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

DETAILS OF PROPERTY

Location

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

Description of Property

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

Land Title

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

Tenure

Leasehold 99 years
expiring on 7 October
2109 (unexpired term of
approximately 91 years)

Encumbrances

First Party Legal Charge

Year of Completion

2011

Age of Building

7 years

Net Lettable Area

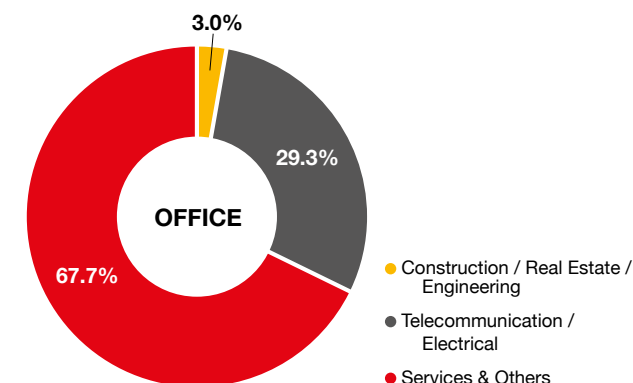
225,912 sq ft

Existing Use

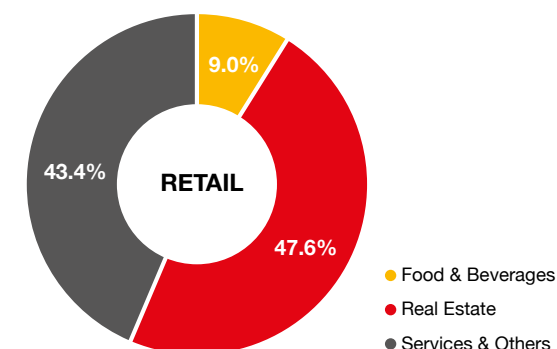
Commercial Office

ASSET PROFILE

TENANTS' TRADE MIX ANALYSIS

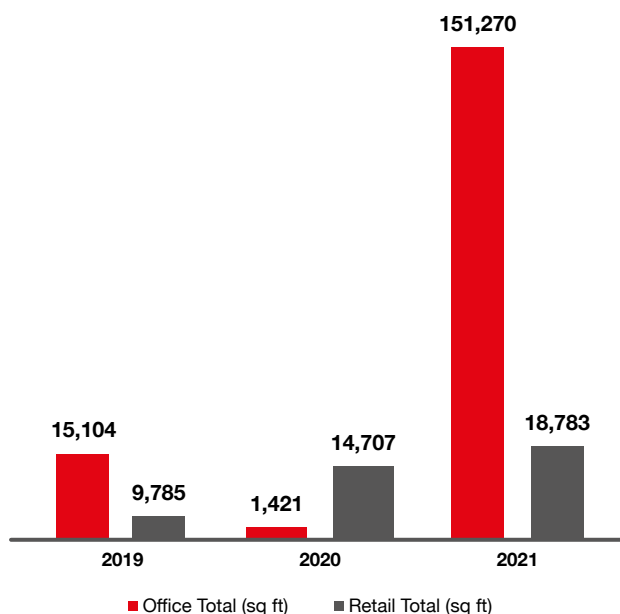


Category (Office)	sq ft	%
Construction / Real Estate / Engineering	5,038	3.0
Electrical / Telecommunication	49,170	29.3
Services & Others	113,587	67.7
Total	167,795	100.0



Category (Retail)	sq ft	%
Food & Beverages	3,902	9.0
Real Estate	20,603	47.6
Services & Others	18,770	43.4
Total	43,275	100.0

TENANCY EXPIRY PROFILE



FY (Office)	Total (sq ft)	%
2019	15,104	9.0
2020	1,421	0.8
2021	151,270	90.2
Total	167,795	100.0

FY (Retail)	Total (sq ft)	%
2019	9,785	22.6
2020	14,707	34.0
2021	18,783	43.4
Total	43,275	100.0

Car Park
551

Number of Tenants
20

Date of Acquisition
1 November 2012

Acquisition Cost
RM87.2 million

Latest Revaluation
RM102.0 million*

Date of Revaluation
29 January 2018

Occupancy Rate
93.4%*

Gross Revenue
RM8.4 million#

Net Property Income
RM5.8 million#

Major Capital Expenditure
RM0.1 million#

Average Tenancy Period
3 - 6 years

Valuer
Messrs Cheston International (KL) Sdn Bhd

Major Tenants
Prudential Assurance Malaysia Berhad
Sudong Sdn Bhd
AIA Berhad
KPMG Resources Sdn Bhd
Ernst & Young Advisory Services Sdn Bhd

Property Manager
Malik & Kamaruzaman Property Management Sdn Bhd

* As at 31 March 2018

For FY2018

ASSET PROFILE



MYDIN HYPERMALL

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

DETAILS OF PROPERTY

Location
Mydin HyperMall
Jalan Baru
14000 Bukit Mertajam
Pulau Pinang

Description of Property
3 Storey Hypermall Building,
Each Floor With A
Mezzanine Level

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

Tenure
Freehold

Encumbrances
First Party Legal Charge

Year of Completion
2015

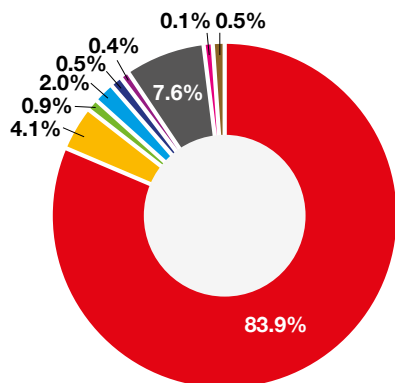
Age of Building
3 years

Net Lettable Area
536,507 sq ft

Existing Use
Commercial Retail

ASSET PROFILE

TENANTS' TRADE MIX ANALYSIS



- Anchor (Supermarket & Dept. Store)
- Food & Beverages
- Fashion Apparel / Jewellery / Accessories
- Hobbies, Jewellery / Time Piece / Gifts & Specialty
- Electrical / Telecommunication
- Health / Personal Care / Beauty / Optical
- Leisure & Entertainment, Sports & Fitness
- Services & Others
- Home Improvement / Furniture / Deco

Category	sq ft	%
Anchor (Supermarket & Dept. Store)	320,771	83.9
Food & Beverages	15,498	4.1
Fashion Apparel / Jewellery / Accessories	3,617	0.9
Hobbies, Jewellery / Time Piece / Gifts & Specialty	7,611	2.0
Electrical / Telecommunication	1,828	0.5
Health / Personal Care / Beauty / Optical	1,570	0.4
Leisure & Entertainment, Sports & Fitness	29,054	7.6
Services & Others	502	0.1
Home Improvement / Furniture / Deco	1,732	0.5
Total	382,183	100.0

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



Car Park
Car - 1,242
Motorcycle - 1,236

Number of Tenants
1 (Master Lease)

Date of Acquisition
29 January 2016

Acquisition Cost
RM254.1 million

Latest Revaluation
RM276.0 million*

Date of Revaluation
5 February 2018

Occupancy Rate
100.0%*

Gross Revenue
RM16.3 million#

Net Property Income
RM16.2 million#

Major Capital Expenditure
Nil#

Average Tenancy Period
30 years

Valuer
Messrs Cheston International
(KL) Sdn Bhd

Major Tenants
Mydin Mohamed Holdings
Bhd

Property Manager
Savills (KL) Sdn Bhd

* As at 31 March 2018

For FY2018

ASSET PROFILE



THE SUMMIT SUBANG USJ

(*"The Summit"*)

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

DETAILS OF PROPERTY

Location

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

Description of Property

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

Land Title (Parent Lot)

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

Tenure

Freehold

Encumbrances

Lien Holder's Caveat

Year of Completion

1998

Age of Building

20 years

Net Lettable Area

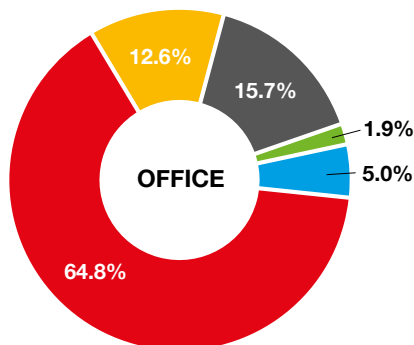
Retail - 570,661 sq ft
Office - 138,604 sq ft
Hotel - 286,600 sq ft

Existing Use

Commercial Office, Hotel
and Retail Mall

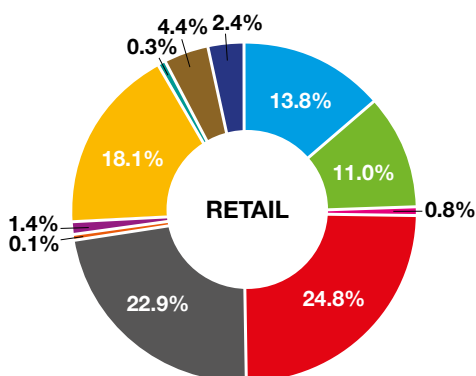
ASSET PROFILE

TENANTS' TRADE MIX ANALYSIS



- Education / Enrichment / College / Auditorium
- Electrical / Telecommunication
- Health / Personal Care / Beauty
- Logistic & Trading
- Services & Others

Category (Office)	sq ft	%
Education / Enrichment / College / Auditorium	15,838	15.7
Electrical / Telecommunication	1,950	1.9
Health / Personal Care / Beauty	5,046	5.0
Logistic & Trading	65,219	64.8
Services & Others	12,652	12.6
Total	100,705	100.0



- Anchor (Supermarket & Dept. Store)
- Food & Beverages
- Fashion Apparel
- Entertainment / Karaoke / Cinema / Bowling
- Home & Living / Home Deco / Electrical / DIY
- IT Centre / Telecommunication
- Beauty Retail & Services / Personal Care / Health
- Education / Enrichment / College / Training Centre
- Hobbies / Pet Shop / Toy Shop / Music
- Sports Apparel & Accessories / Equipment / Fitness Centre
- Services & Others

Category (Retail)	sq ft	%
Anchor (Supermarket & Dept. Store)	60,792	13.8
Food & Beverages	48,661	11.0
Fashion Apparel	3,326	0.8
Entertainment / Karaoke / Cinema / Bowling	109,538	24.8
Home & Living / Home Deco / Electrical / DIY	101,155	22.9
IT Centre / Telecommunication	495	0.1
Beauty Retail & Services / Personal Care / Health	6,286	1.4
Education / Enrichment / College / Training Centre	79,819	18.1
Hobbies / Pet Shop / Toy Shop / Music	1,409	0.3
Sports Apparel & Accessories / Equipment / Fitness Centre	19,462	4.4
Services & Others	10,273	2.4
Total	441,216	100.0

Car Park
1,966

Number of Tenants
Retail - 73
Office - 15
Hotel - 1

Date of Acquisition
31 March 2008

Acquisition Cost
RM278.7 million

Latest Revaluation
RM365.1 million*

Date of Revaluation
2 March 2018

Occupancy Rate
Retail - 77.9%*
Office - 72.7%*
Hotel - 100.0%*

Gross Revenue
RM20.9 million#

Net Property Income
RM8.8 million#

Major Capital Expenditure
RM4.3 million#

Average Tenancy Period
1 - 3 years

Valuer
Messrs Rahim & Co.
Chartered Surveyors
Sdn Bhd

Major Tenants (Office)
Salcon Engineering Berhad
NOL Global Services Centre
Sdn Bhd
Bakat Pintar Sdn Bhd

Major Tenants (Retail)
Home Product Centre (M)
Sdn Bhd
IMC Education Sdn Bhd
Golden Screen Cinemas
Sdn Bhd
GCH Retail (Malaysia) SB
Royal Departmental Store
Sdn Bhd

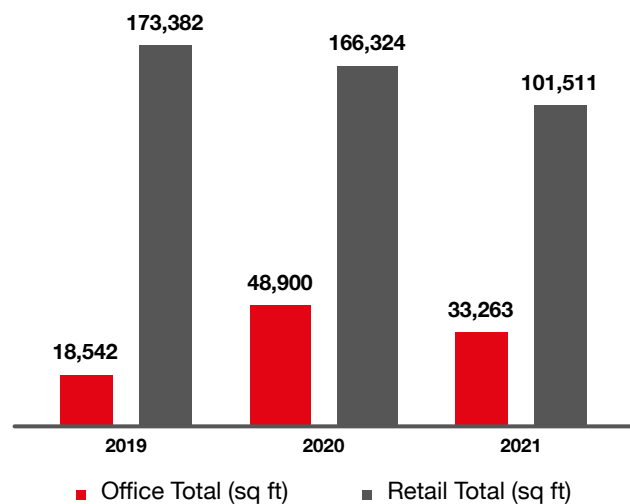
Property Manager
Knight Frank Property
Management Sdn Bhd

* As at 31 March 2018

For FY2018

ASSET PROFILE

TENANCY EXPIRY PROFILE



FY (Office)	Total (sq ft)	%
2019	18,542	18.4
2020	48,900	48.6
2021	33,263	33.0
Total	100,705	100.0

FY (Retail)	Total (sq ft)	%
2019	173,382	39.3
2020	166,324	37.7
2021	101,511	23.0
Total	441,217	100.0



MARKET REPORT



1.0 ECONOMIC INDICATORS

The Malaysian economy continued with its strong expansion in 2017 with the national gross domestic product (GDP) growing 5.9% (2016: 4.2%), underpinned by private expenditure and private consumption. On the supply side, the services and manufacturing sectors continued to be the main drivers of growth. Going forward, domestic demand is expected to remain resilient and will continue to be the key growth driver for the nation's economy. The Ministry of Finance has forecast the country's 2018 growth to remain at a sustainable level of between 5.0% and 5.5%.

The labour market conditions were also supportive with unemployment rate remaining unchanged at 3.4% in 4Q2017. For 2018, the unemployment rate is projected at 3.3%.

The Consumer Sentiment Index (CSI), as measured by the Malaysian Institution of Economic Research (MIER), improved to record at 82.6 points in 4Q2017 (3Q2017: 77.1 points). Although it is still below the 100-point threshold level of confidence, consumers are generally more optimistic about the economy and the employment outlook.

Meanwhile, inflation, as measured by the annual change in the Consumer Price Index (CPI), moderated slightly to 3.5% as of 4Q2017 (3Q2017: 3.6%).

Malaysia's tourism sector continued to remain resilient, posting positive growth in the number of tourist arrivals and receipts. As of 1H2017 (January to June), Malaysia welcomed a total of circa 13 million tourists, similar to the previous half-year with a 1.8% increase in tourist receipts to RM38 billion (1H2016: 13 million tourist arrivals with receipts of RM37 billion). The tourism targets for 2018 are 33 million arrivals with corresponding receipts of RM134 billion. The top categories of items purchased by tourists in 1H2017 are handicraft & souvenir (89.6%), followed by foodstuff (83.9%). Accommodation and shopping formed the bulk of tourist expenditure in 1H2017, accounting for some RM10 billion (25.8%) and RM12 billion (32.3%) respectively (source: Tourism Malaysia).

1.1 SERVICES SECTOR OVERVIEW

In 4Q2017, the services sector maintained its position as the dominant contributor to the country's GDP. The sector's contribution has been fairly consistent and on an annual basis, its ranges from about 52.0% to 54.4%. In 2017, contribution from the services sector accounted for 54.4% of the GDP.

Table 1: Malaysia - Services Sector Percentage Contribution to Total GDP, at Constant 2010 Prices, 2012 to 2017(p)

	2012	2013	2014	2015e	2016p	2017p ⁽¹⁾
Services (RM Million)	479,300	507,791	541,412	569,258	601,341	638,753
GDP (RM Million)	912,261	955,080	1,012,449	1,063,355	1,108,227	1,173,633
Percent of Total	52.5%	53.2%	53.5%	53.5%	54.3%	54.4%

Source : Department of Statistics, Malaysia / Ministry of Finance

Notes : e = estimated, p = preliminary

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

1.1 SERVICES SECTOR OVERVIEW (CONTD.)

Half of the contribution from the services sector in 2016 comes from the Klang Valley region, with Selangor and Wilayah Persekutuan Kuala Lumpur (WPKL) accounting for 25.2% and 24.8% share respectively. Other states with notable contribution (circa 10.0% share each) include Penang and Melaka.

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

Table 2: Services Sector - Percentage Contribution to Total GDP for WPKL, Selangor, Penang and Melaka, 2015 & 2016

Year / State	WPKL	Selangor	Penang	Melaka
2015e	88.0%	59.5%	49.1%	45.6%
2016p	87.7%	60.1%	49.2%	45.9%

Source : Department of Statistics, Malaysia

Note : e = estimated, p = preliminary

The services sector is the main key driver in the economic growth of these states / federal territory.

1.2 WHOLESALE AND RETAIL TRADE SECTOR OVERVIEW

The wholesale and retail trade sub-sector is the largest contributor to the services sector. In the fourth quarter of 2017, contribution from this sector grew by 6.8% to RM47.82 billion compared to the corresponding quarter (4Q2016: RM44.73 billion) following continued growth in household spending.

Meanwhile, the wholesale and retail trade share for 2017 expanded to 15.1% of total GDP; about 0.2% higher than the contribution recorded in 2016 (14.9%). The industry's contribution to GDP is expected to remain fairly constant underpinned by a more diversified economy structure and anchored by sustained private sector-led and domestic demand climate.

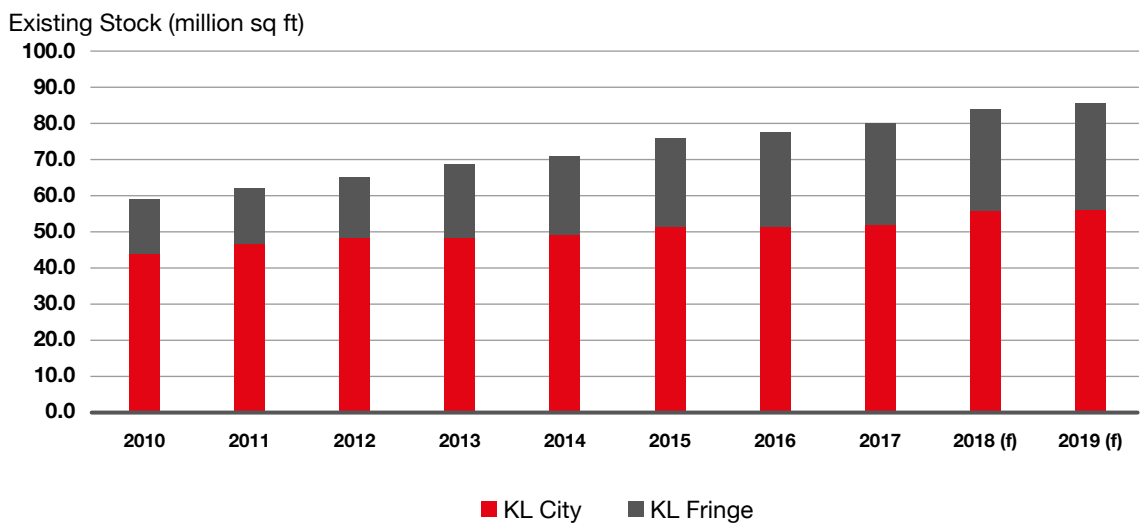
2.0 OFFICE MARKET OVERVIEW

2.1 Kuala Lumpur

2.1.1 Supply

There has been steady growth in the supply of office space in Kuala Lumpur.

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



Source: Knight Frank Research

However, since 2010, new supply from KL Fringe has been outpacing KL City, growing 9.1% annually on average in comparison to a modest 2.4% growth per annum in KL City.

As at 2017, the cumulative supply of purpose-built office space in KL City was recorded at about 51.8 million sq ft whilst in KL Fringe, it stood at about 28.1 million sq ft.

2.1.1 Supply (Contd.)

During 2017, two office buildings were completed in KL City, namely Menara Public Bank 2 (420,000 sq ft NLA) and JKG Tower (390,000 sq ft NLA) whilst in KL Fringe, five buildings were completed, namely The Pillars (700,000 sq ft NLA) and Mercu 3 (418,000 sq ft NLA) @ KL Eco City, Menara SUEZCAP 1 (384,000 sq ft NLA) and Menara SUEZCAP 2 (360,000 sq ft NLA) @ KL Gateway, and Menara KEN TTDI (300,000 sq ft NLA). Collectively, these completions contributed approximately 3.0 million sq ft of office space to the existing supply.

There is a high impending supply currently under construction and in the planning pipeline. Between 2018 and 2019, approximately 6.1 million sq ft of office space are expected to enter the market.

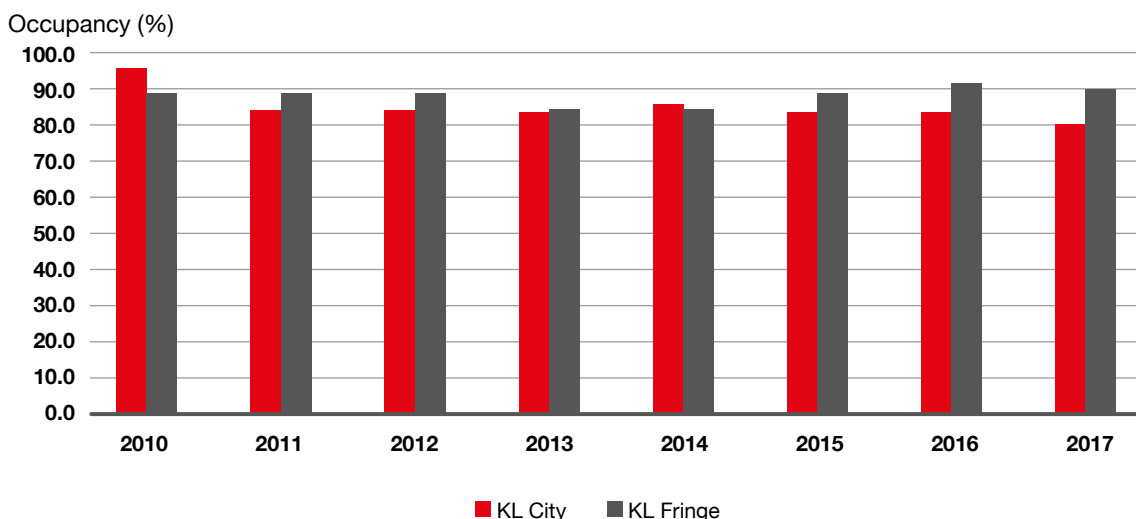
Notable office buildings slated for completion by 2018 include The Exchange 106 and Menara Prudential @ Tun Razak Exchange, and Equatorial Plaza in KL City; Southpoint Office @ Mid Valley City, Mercu 2 @ KL Eco City and Menara Etiqa in KL Fringe.

2.1.2 Occupancy

In line with higher supply pipeline and flagging demand from traditional occupiers in the Oil & Gas (O&G) and financial sectors, the overall occupancy rate of office buildings in KL City continued to decline, from 82.8% in 2016 to 80.0% in 2017.

Similarly, the overall occupancy rate in KL Fringe also faced growing pressure following completion of new buildings which have yet to achieve significant occupancy levels, namely Menara Ken TTDI and Mercu 3 @ KL Eco City. Despite improved take-ups in Wisma Guocoland @ Damansara City and Centrepoint North @ Mid Valley City, the overall occupancy for KL Fringe was also lower in 2017, analysed at 89.1% (2016: 90.8%).

Chart 2: Kuala Lumpur - Overall Occupancy of Purpose Built Office Space, 2010 to 2017

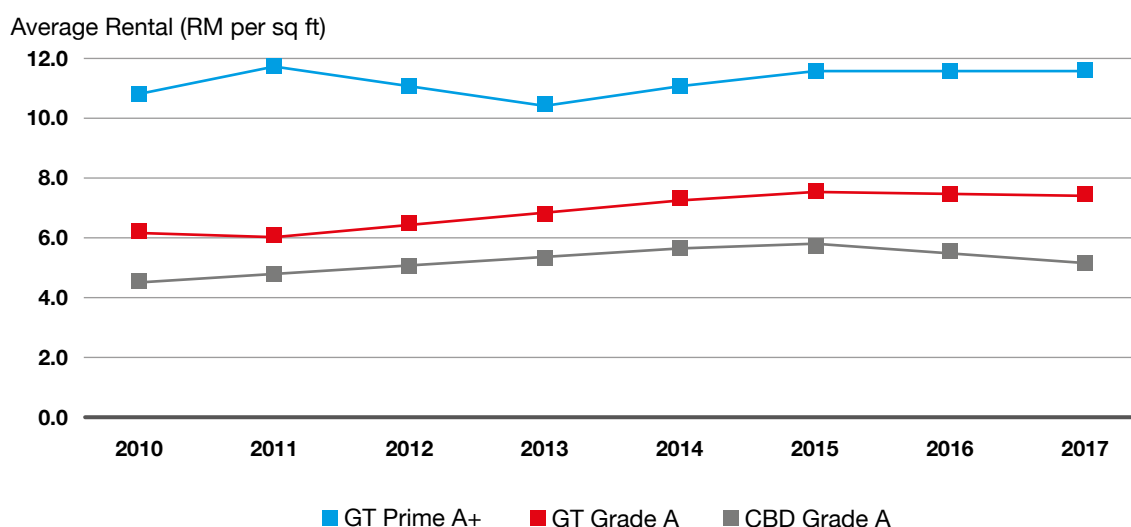


Source: Knight Frank Research

2.1.3 Rental Rates

Prime A+ and Grade A office space in the Golden Triangle of Kuala Lumpur (GT) have consistently command higher rentals when compared to similar grade A office buildings in the Central Business District (CBD).

Chart 3: KL City - Average Rental Rates of Prime Office Space, 2010 to 2017



Source : Knight Frank Research

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

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

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

The average achieved rental rates of office space in the GT and CBD of Kuala Lumpur declined to RM7.50 per sq ft and RM5.22 per sq ft per month in 2017 respectively (2016: RM7.61 per sq ft and RM5.33 per sq ft per month respectively).

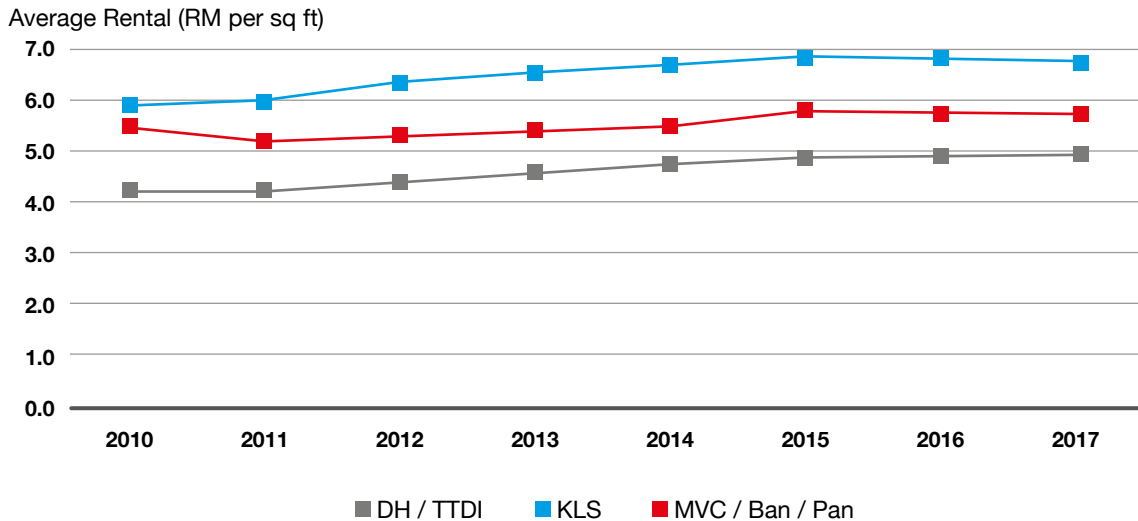
Prime A+ office space in the GT, however, continues to command higher rentals, above the RM10.00 per sq ft per month mark. As at 2017, the average rental rate for Prime A+ office space was recorded at RM11.33 per sq ft per month.

Meanwhile, in KL Fringe, rental rates generally continued to hold steady, recording at RM4.83 per sq ft and RM5.66 per sq ft per month for the localities of Damansara Heights / Taman Tun Dr. Ismail and Mid Valley City / Bangsar / Pantai respectively.

Office buildings in KL Sentral continue to record higher average rental rate in excess of RM6.50 per sq ft per month as the locality remains popular and attractive attributed to its position as the country's largest integrated transportation hub offering easy accessibility and seamless connectivity.

2.1.3 Rental Rates (Contd.)

Chart 4: KL Fringe - Average Rental Rates of Purpose-built Office Space, 2010 to 2017



Source : Knight Frank Research

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

2.1.4 Market Outlook

The tenant-led Kuala Lumpur office market is expected to remain subdued in the short to medium term as mismatch between supply and demand continues to widen. With a high incoming supply pipeline coupled with weak occupational demand, pressure continues to mount on both rental and occupancy levels.

To remain relevant and competitive in this challenging office environment, there may be opportunities for dated buildings to undergo re-positioning and redevelopment to match market demand.

On a positive note, the recent freeze on development approvals for four types of development components, including offices priced over RM1 million, may provide some relief to landlords of newly completed office buildings that have yet to achieve significant occupancy levels although it is not expected to correct the oversupplied market in the near term.

The fully operational Sungai Buloh – Kajang Mass Rapid Transit (MRT) line is expected to boost demand for offices in established and upcoming decentralised office locations.

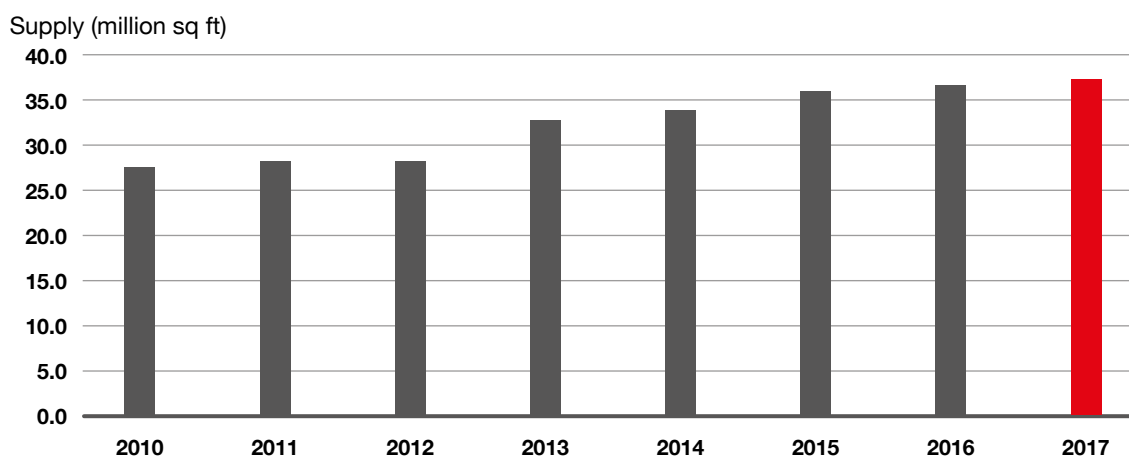
2.2 Selangor

2.2.1 Supply

As at 1H2017, the cumulative supply of purpose-built office space in Selangor stands at circa 37.0 million sq ft. There has been a steady growth in the supply of office space from 2010 to 2016, averaging at circa 4.8% per annum.

Notable office buildings completed during 1H2017 include Block G (148,000 sq ft NLA) and Block H (239,000 sq ft NLA) of Empire City in Petaling Jaya.

Chart 5: Selangor - Cumulative Supply of Purpose-Built Office Space, 2010 to 1H2017



Source : NAPIC / Knight Frank Research

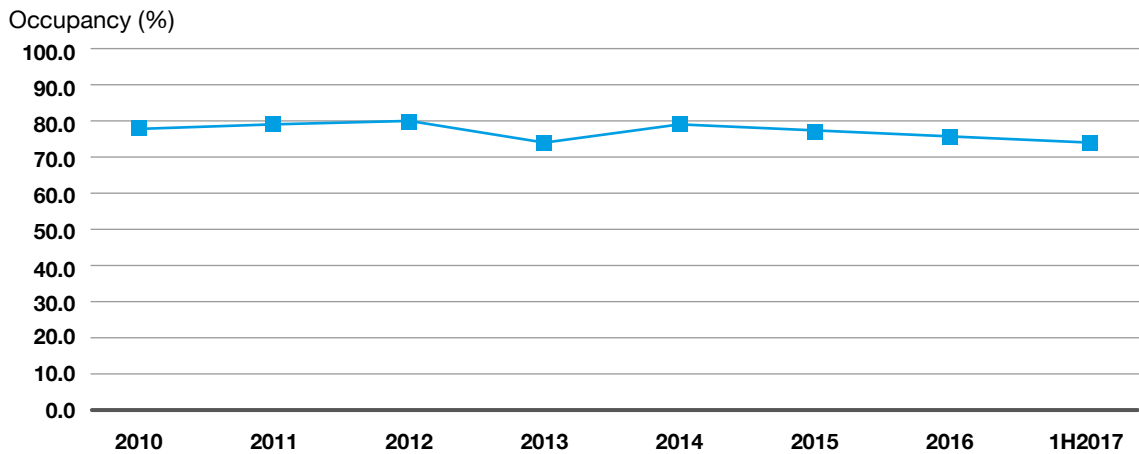
There is an impending supply of some 4.8 million sq ft of purpose-built office space currently being developed in Selangor. The majority of this incoming supply will come from the localities of Subang Jaya and Sepang, accounting for 46.5% (2.2 million sq ft) and 30.2% (1.5 million sq ft) of space respectively. Meanwhile, the localities of Petaling Jaya and Shah Alam will collectively see an additional supply of about 583,000 sq ft and 540,000 sq ft respectively.

Notable office completions in Selangor between 2018 and 2019 include Nucleus Tower (238,000 sq ft NLA), Menara Star 2 (216,000 sq ft NLA) and Tower 6 of SkyPark (178,000 sq ft NLA).

2.2.2 Occupancy

The overall occupancy rate for purpose-built office space in Selangor has consistently hovered above 75%. However, in 1H2017, it dipped marginally to record at 74.7%, impacted by the challenging office environment.

Chart 6: Selangor - Overall Occupancy of Purpose-Built Office Space, 2010 to 1H2017



Source : NAPIC

Selected established and growing office locations in the state, which include Sunway City, Bandar Utama, Shah Alam, and Kelana Jaya, continued to maintain high occupancy levels in excess of 80%.

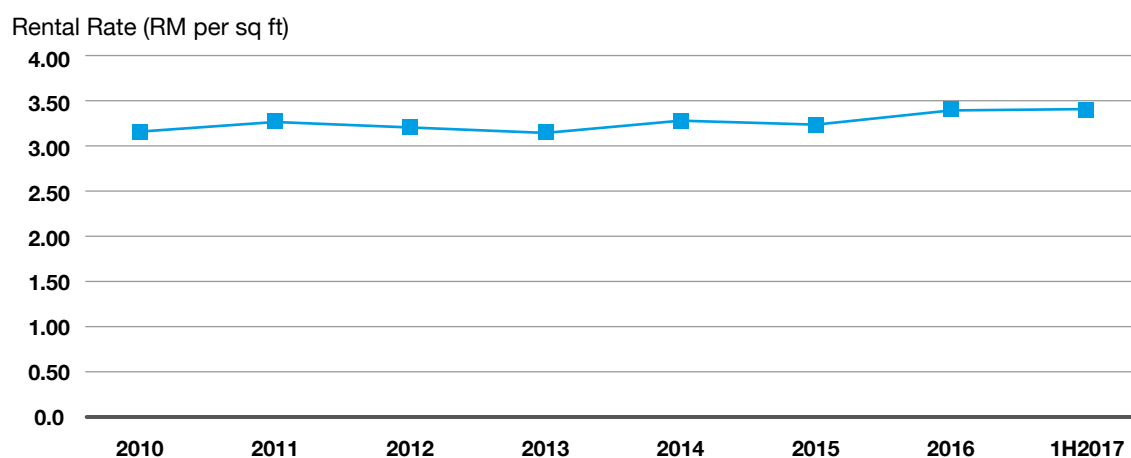
Decentralised office locations in Selangor continue to grow in popularity due to the availability of good grade office space at attractive rental rates, further supported by improved infrastructure providing easy accessibility and good connectivity via the fully operational MRT Line 1 as well as the existing LRT and KTM Komuter lines.

Strategically located along the busy Federal Highway, UOA Business Park, featuring nine mid-rise office blocks, is an example of an upcoming decentralised office location. The project, by a reputable developer, is within a short walking distance (via a connecting bridge) to the Subang KTM Komuter.

2.2.3 Rental Rates

The overall average rental rate for purpose-built office space in Selangor was recorded at RM3.34 per sq ft per month in 2016, a marginal increase from the 2015 level (RM3.30 per sq ft per month). This positive rental growth was mainly attributed to the entry of newly completed office buildings such as Block 9 of UOA Business Park, which generally command higher rents.

Chart 7: Selangor - Overall Average Rental Rate of Purpose-Built Office Space, 2010 to 1H2017



Source : NAPIC / Knight Frank Research

As of 1H2017, the overall rental rate for Selangor remained relatively stable and was recorded at RM3.36 per sq ft per month.

2.2.4 Market Outlook

In the short term, the Selangor office market is expected to remain resilient with the overall occupancy and rental levels continuing to hold steady. However, the impending new supply of some 4.8 million sq ft, with completion slated in the next few years, may heighten competition moving forward.

Notable infrastructure projects that include the fully operational Sungai Buloh – Kajang Mass Rapid Transit (MRT line 1) and the extensions to the Ampang and Kelana Jaya light rail transit (LRT) lines have improved accessibility and connectivity within the Greater Kuala Lumpur. This is expected to augur well for new and upcoming office locations along these transportation routes.

In the short term, demand for good grade dual compliant (MSC Status and GBI certified) office buildings, particularly those forming part of larger integrated mixed-use developments in these established fringe and upcoming office locations, are expected to remain strong due to limited availability of such space.

2.3 Melaka

2.3.1 Supply

The cumulative supply of purpose-built office space in Melaka stood at 4.33 million sq ft as of 1H2017. The completion of one office building in the 2H2016 added 53,863 sq ft of space to the existing stock.

Melaka Tengah constitutes circa 2.68 million sq ft or 62.0% of office supply in the state, followed by Melaka Town with 1.39 million sq ft (or 32.1%) whilst Pekan Jasin, Pekan Masjid Tanah and Pekan Alor Gajah collectively constitute the remaining space of approximately 0.26 million sq ft or 5.9%.

2.3.2 Occupancy

The overall occupancy rate of office space in the state was recorded at approximately 81.5% in 1H2017. The localities of Pekan Alor Gajah, Pekan Masjid Tanah and Pekan Jasin recorded higher occupancy levels of above 90% (source: NAPIC).

2.3.3 Rental Rates

Gross rentals of selected existing office buildings in prime Central Town area range from RM1.30 per sq ft to RM2.70 per sq ft per month.

Table 3: Melaka – Rental Range of Selected Office Buildings in Central Town, 1H2017

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

Source : NAPIC

Newer office buildings that come with improved specification and modern facilities command higher rentals.

2.3.4 Market Outlook

The Melaka office market is expected to remain stable. With no impending new supply from buildings under construction or in the planning stage, both rental and occupancy levels are expected to hold steady in the short term.

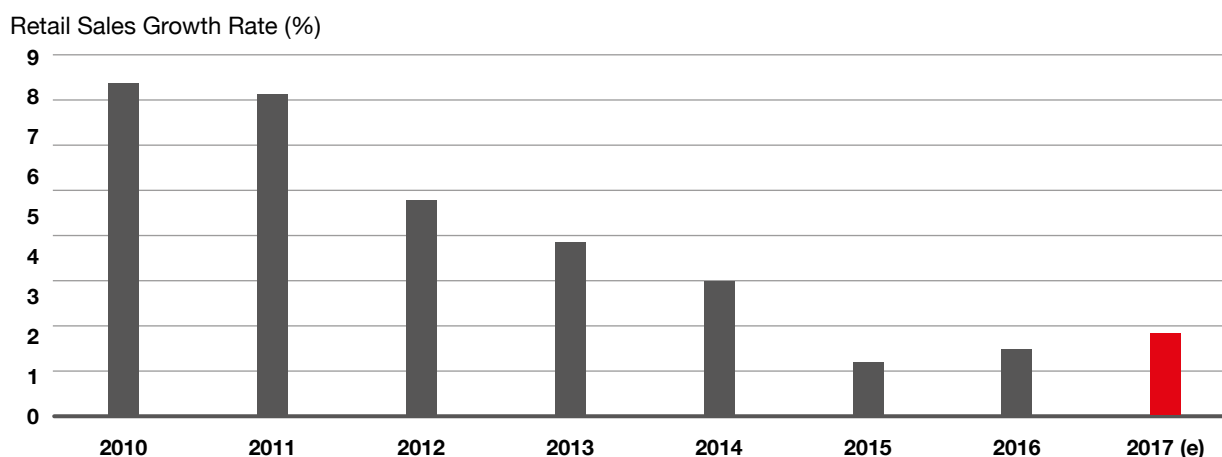
Over the mid to long term, the Hang Tuah Commercial Centre, a planned mixed-use development housing a transportation hub, tourist attractions, a hypermarket, residential and institutional components at Jalan Hang Tuah, is expected to boost the commercial sector.

Adding to that, the proposed Kuala Lumpur-Singapore High Speed Rail (HSR), which will have a station in Ayer Keroh, Melaka is expected to further spur property development in the state.

3.0 RETAIL MARKET OVERVIEW

Malaysia's retail sales growth, which has been trending down since 2011, recovered in 2016 by posting a 1.7% increase. For 2017, Retail Group Malaysia (RGM) projects retail sales to grow by 2.2%. The Malaysia Retail Chain Association (MRCA), however, is more optimistic on the industry outlook and expects the country's overall sales to grow at 4.5%.

Chart 8: Malaysia – Retail Sales Performance, 2010 to 2017(e)



Source : Malaysia Retailers Association / Retail Group Malaysia

Note : (e) = estimated

3.1 Selangor

3.1.1 Supply

As of end 2017, total retail supply for Selangor stood at circa 29.8 million sq ft. The bulk of retail space comes from the localities of Subang Jaya – Bandar Sunway (5.44 million sq ft or 18%) and Bandar Utama – Mutiara Damansara (4.84 million or 16%), the two well-known shopping districts amongst the locals and tourists.

The completion of Amerin Mall in 2017, forming part of a larger mixed-use development in Cheras Selatan, contributed 155,600 sq ft of space to the cumulative existing supply.

The first half of 2018 will see the impending completion of three shopping centres in Selangor with combined NLA of circa 2.7 million sq ft. This will increase the cumulative supply of retail space in the state to approximately 32.5 million sq ft.

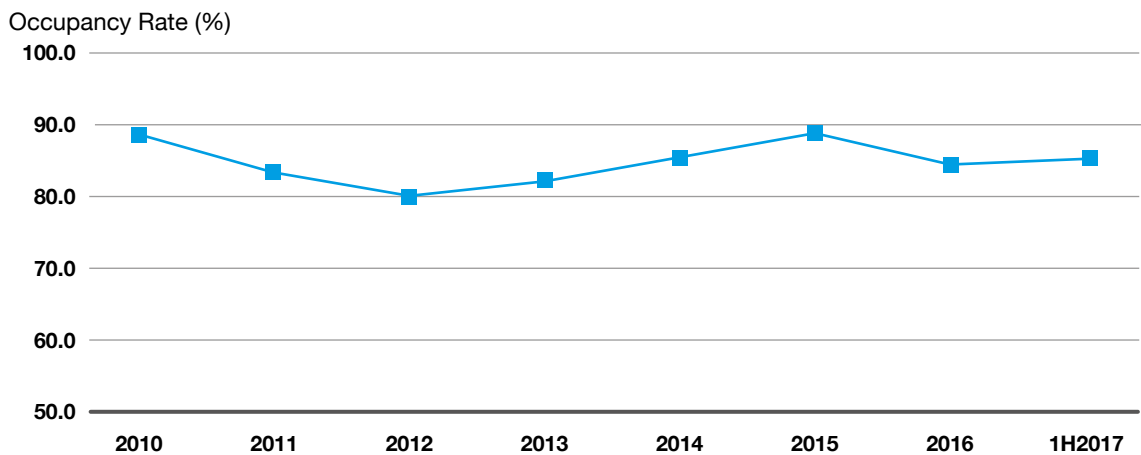
Located in Damansara Perdana, the Empire City Damansara Mall will contribute circa 2.31 million sq ft NLA, followed by Evo Shopping Mall in Bangi with a total retail space of approximately 251,000 sq ft and Pinnacle in Petaling Jaya with circa 140,000 sq ft NLA.

3.1.2 Occupancy

The average occupancies for shopping centres, arcades and hypermarkets in Selangor (excluding Putrajaya) range from about 80.3% to 87.9% per annum for the period from 2010 to 1H2017.

As of 1H2017, the average occupancy was recorded at 85.4%, a slight improvement when compared to the full year of 2016 with 84.9% occupancy.

Chart 9: Selangor – Average Occupancy Rates of Shopping Centres, Arcades and Hypermarkets, 2010 to 1H2017



Source : NAPIC

Despite the challenging market environment, the average occupancy and rentals of prime and popular shopping centres in Selangor such as 1 Utama Shopping Centre, Sunway Pyramid, The Curve at Mutiara Damansara and Subang Parade continued to hold steady.

However, at lesser established shopping centres, there is growing pressure on both occupancies and rentals amid heightened competition exacerbated by high supply pipeline and a weak retail market.

3.1.3 Rental Rates

The rental levels of selected shopping centres in Selangor from 2014 to 1H2017 are summarised in the table below.

Table 4: Rental Levels of Retail Space in Selected Shopping Centres, 1H2017

Shopping Centre	Location	Floor Level	Rental Range (RM per sq ft / month)
1 Utama Shopping Centre	Bandar Utama	Lower Ground	11.50 – 55.00
		Ground	13.00 – 25.50
		First	10.00 – 24.00
The Curve	Mutiara Damansara	Ground (Fashion Mall)	8.82
		Ground (Asian Courtyard)	10.66
		1 (Western Courtyard)	7.35
Subang Parade	Subang Jaya	Lower Ground	13.25 – 56.60
Sunway Pyramid Shopping Mall	Bandar Sunway	Oasis Boulevard	5.60 – 11.60
		Lower Ground 3	6.60 – 16.60
		Lower Ground 2	11.60 – 25.60
		Lower Ground 1	13.60 – 29.60
		Ground	21.60 – 31.60
IOI Mall	Puchong	First	13.60 – 27.60
		Ground	5.70 – 15.00
		First	9.00 – 11.00
SACC Mall	Shah Alam	Second	6.00 – 9.50
		Lower Ground	6.00 – 20.34
		Ground	4.00 – 23.00
		First	2.85 – 20.00
		Second	2.00 – 6.00
		Third	2.50 – 8.00

Source : NAPIC / Knight Frank Research

Note : Excludes space occupied by anchor and mini anchor tenants

Rental levels for popular retail malls in Selangor, namely 1 Utama Shopping Centre and Sunway Pyramid Shopping Mall, range from RM5.60 per sq ft to RM55.00 per sq ft per month.

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

3.1.4 Market Outlook

The recent completion Amerin Mall brought Selangor’s cumulative retail supply to 29.8 million sq ft. As of end 2017, the state’s retail space per capita is analysed to circa 5 sq ft per person, lower when compared to the retail space per capita for the Klang Valley region, at 7 sq ft per person.

The Selangor retail landscape is facing strong headwinds with the high impending retail stock and lacklustre retail performance.

Sales in the retail industry contracted 1.1% in 3Q2017 when compared to the corresponding period in 2016 (3Q2016: 1.9%). The Retail Group Malaysia has revised down its earlier projection of 3.7% to 2.2% from an initial projection of 5.0% for the full year of 2017.

Amid disruption arising from the e-commerce boom, mall operators and retailers are stepping up their marketing efforts and re-strategizing to continue attracting customers and improving sales. More retailers are seen to embrace the concept of clicks and mortar while selected operators are embarking on asset enhancement initiatives (AEI) to reposition their malls amid the rapidly changing retail landscape.

In the mid to longer term, the outlook for the country’s retail market is one of cautious optimism.

Malaysia continues to be on the radar for retail investment worldwide. The country is ranked third in the 2017 Global Retail Development Index (GRDI) for the second consecutive year, after China and India. Its high ranking by global management consulting company, A.T. Kearney, is attributed to the influx of tourists, higher disposable income and government investments in infrastructure, all of which had boosted the local retail scene.

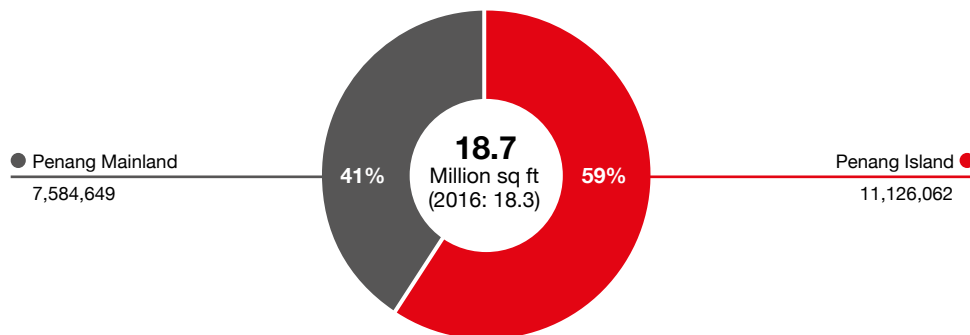
3.2 Penang

3.2.1 Supply

Existing

The supply of retail space in Penang increased by 388,342 sq ft to record at 18.7 million sq ft as of 1H2017 (2016: 18.3 million sq ft) (source: NAPIC). Penang Island accounted for 59.5% (11.1 million sq ft) of the total supply, with the remaining 40.5% (7.6 million sq ft) located in Penang Mainland area.

Chart 10: Penang – Existing Supply of Shopping Centres, Arcades and Hypermarkets, 1H2017



Source : NAPIC

3.2.1 Supply (Contd.)

Ivory Properties Group officially completed City Mall in 1H2017. Forming part of a larger mixed development in Tanjung Tokong, the mall offering circa 300,000 sq ft of retail space, is slated to open for business in 1Q2018.

In the hypermarket segment, Tesco Bertam Perdana commenced operations in March 2017. The hypermarkets in Penang Island are located within prime housing areas in the east coast region. On the mainland, Tesco Bertam Perdana and Mydin Wholesale Hypermarket Bertam are situated at Kepala Batas in Seberang Prai Utara while the other four hypermarkets in the state are located in Seberang Prai Tengah.

Table 5: Penang – Selected Existing Supply of Hypermarket Malls

Hypermarket	Area	Location	Estimated NLA / GFA (sq ft)	Estimated Year of Completion / Opening
Penang Island				
Tesco Tanjung Penang	Island	Tanjung Tokong	269,418	2011
Tesco Extra Penang	Island	Sungai Dua	N/A	2007 (formerly Makro)
Giant Bayan Baru Mall	Island	Bayan Baru	168,324	2005
Tesco Penang	Island	Jelutong	275,020	2004
Sub-total: Penang Island			> 712,762	
Penang Mainland				
Tesco Bertam Perdana	Mainland	Kepala Batas	N/A	16th March 2017
Mydin Hypermall Bukit Mertajam	Mainland	Bukti Mertajam	536,507	2015
Mydin Wholesale Hypermarket Bertam	Mainland	Kepala Batas	160,000	2014
Tesco Bukit Mertajam	Mainland	Bukti Mertajam	N/A	N/A
Tesco Extra Seberang Jaya	Mainland	Seberang Jaya	N/A	2008 (formerly Makro)
Giant Prima Prai Mall	Mainland	Perai	N/A	Mid 2000's
Sub-total: Penang Mainland			> 696,507	
Total – Penang			> 1,409,269	

Source : Knight Frank Research

Note : N/A denotes not available

3.2.1 Supply (Contd.)

Future

As of 1H2017, there are seven shopping centres under construction / planning stage in Penang, five of which are located in Penang Island accounting for circa 4.7 million sq ft. The remaining two developments are located in Seberang Jaya and Batu Kawan in Penang Mainland (0.9 million sq ft).

Table 6: Penang - Future Supply of Selected Shopping Centres

Shopping Centre	Location	Estimated NLA / GFA (sq ft)	Status / Expected Completion Year
Penang Island			
Sunshine Tower	George Town	900,000	2019
Penang Times Square Phases 3 & 4	George Town	340,000	Phase 3 – 2019 Phase 4 – n/a
Sunway Valley City Shopping Mall	Paya Terubong	1,000,000	Under Planning
The Light Waterfront Mall	Jelutong	1,500,000 (GFA)	Under Planning
Penang World City	Bayan Lepas	1,000,000	Under Planning
Sub-total: Penang Island		4,740,000	
Penang Mainland			
Ikea and Ikano Power Centre	Batu Kawan	430,000	2018
Sunway Carnival Extension	Seberang Jaya	500,000	2019
Sub-total: Penang Mainland		> 930,000	
Total – Penang		> 5,670,000	

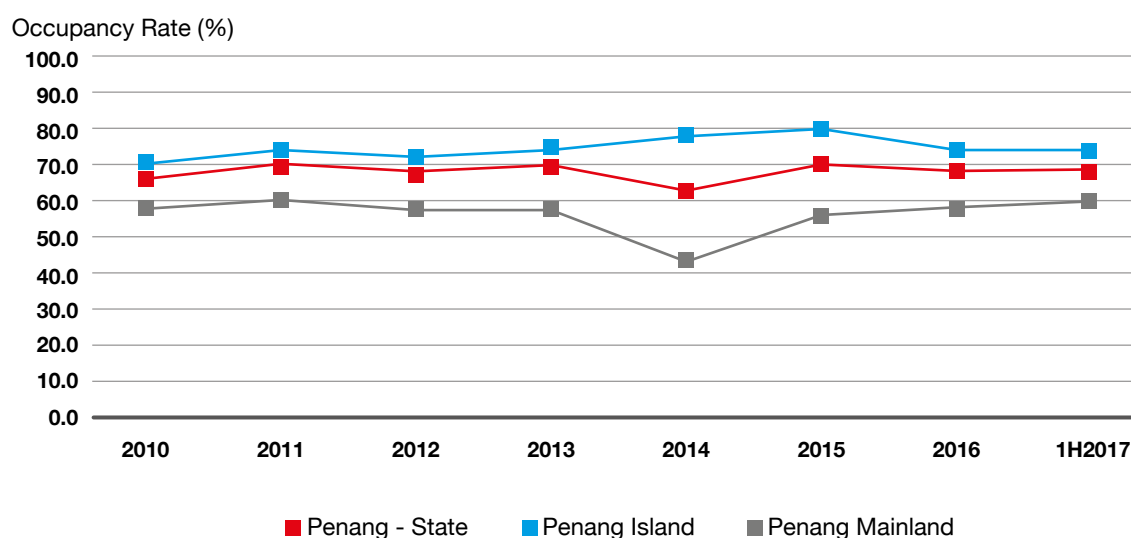
Source : Knight Frank Research

3.2.2 Occupancy

The average occupancy of retail stock (inclusive of shopping centres, arcades and hypermarkets) in Penang (include Penang Island and Penang Mainland) has been fairly stable over the years (2010 to 1H2017), ranging between 66.1% and 71.9% per annum.

The average occupancy for 1H2017 was higher at 70.5% (2016: 69.9%).

Chart 11: Penang – Average Occupancy Rates of Total Retail Stock 2010 to 1H2017



Source : NAPIC

The overall occupancy rate for Penang Island is observed to be higher, ranging from 74.0% to 80.0%. In comparison, retail stock on the mainland has lower occupancies between 45.1% and 62.5%.

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

Table 11: Penang – Occupancy Rates of Selected Shopping Centres / Hypermarket 2017

Hypermarket / Shopping Centre	Location	Estimated Occupancy Rate
Mydin Hypermall Bukit Mertajam	Bukit Mertajam, Seberang Perai Tengah	100% (fully leased to Mydin wholesale hypermarket)
Sunway Carnival	Seberang Jaya, Seberang Prai Tengah	97.6%
Gurney Plaza	George Town, Penang Island	99.0% (as of Sept 2017)

3.2.3 Rental Rates

In general, rental rates of selected established shopping centres in the central town prime area on Penang Island range from RM6.20 per sq ft to RM45.00 per sq ft per month, whilst in Seberang Prai Tengah, Plaza Bukit Mertajam (Summit) commands lower rates between RM2.10 per sq ft and RM3.30 per sq ft per month.

Table 12: Penang - Rental Rates of Selected Shopping Centres, 1H2017

Shopping Centre	Floor	Rental Range (RM per sq ft / month)
Gurney Plaza	LG	20.50 - 31.50
	Ground	12.10 - 45.00
	First Floor	10.20 - 34.00
Gurney Paragon	LG	7.10 - 15.70
	First Floor	8.50 - 23.00
	Second Floor	6.20 - 27.00
Queensbay Mall	LG	15.00 - 20.00
	Ground	24.60
	First Floor	14.00 - 30.00
	Second Floor	9.50 - 11.00
Plaza Bukit Mertajam (Summit)	Lower Ground	2.10 - 3.30

Source : NAPIC / Knight Frank Research

Note : Excludes space occupied by anchor and mini anchor tenants

3.2.4 Market Outlook

The retail sub-sector in Penang is expected to face further challenges with additional incoming supply poised to enter the market in 2019. Although prime shopping centres continue to perform well, there is mounting pressure on rentals and occupancies, particularly for secondary malls and hypermarkets, as competition heightens.

Amid the challenging retail landscape, retailers have to step up their advertising and promotional efforts to improve sales revenue while mall operators embark on AElS to improve their market positioning.

SUSTAINABILITY STATEMENT



In line with the amendments to the Main Market Listing Requirements issued by Bursa Securities, we are pleased to present our inaugural Sustainability Statement for FY2018. The aim of the Sustainability Statement is to communicate how we, AmREIT, manage AmFIRST REIT towards becoming a sustainable REIT. The statement considers material economic, environmental and social (“EES”) risks and opportunities that impact the Trust’s business operations.

We have prepared this statement in accordance to the requirements set out by the Sustainability Reporting Guide published by Bursa Securities. The format that we have adopted is in line with the Global Reporting Initiative (“GRI”) G4 Guidelines.

SCOPE AND BOUNDARY

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

SUSTAINABILITY STATEMENT

GOVERNING THE TRUST

We believe that good governance is critical for an organisation to achieve long term business sustainability. We protect the interests of our Trust, Unitholders and other stakeholders by strictly adhering to guidelines and regulatory requirements applicable to ensure that we maintain our business integrity and transparency.

Code of Ethics

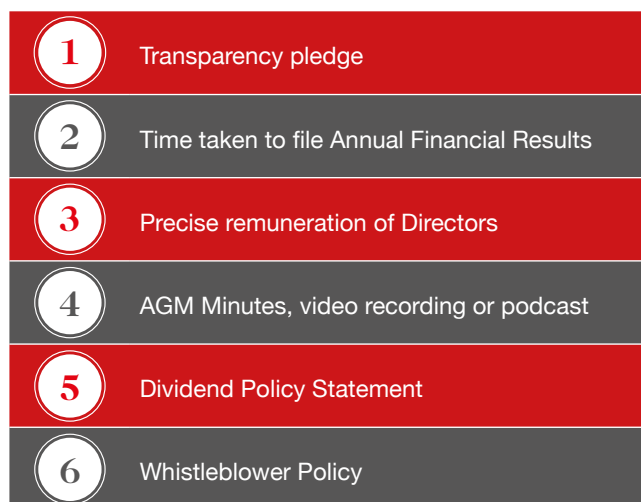
Guided by our core values, we maintain a stringent business Code of Ethics to further enhance the delivery of professional business conduct and excellent stakeholder experience.

We adopt a Code of Ethics that emphasises on key themes, (C.R.E.A.T.E), that ensures good business risk management and corporate integrity, principles that are salient in building a sustainable business.



Business Transparency

We are committed to upholding exemplary practices in corporate transparency and detailed disclosure. This is evident in our achievement on securing the 'Best in Transparency Award' in 2017 by **Focus Malaysia**¹ for which we received high scores in all six (6) of the listed award criteria.



¹ Focus Malaysia is a business and investment weekly publication catered to provide current business and corporate information to Malaysia's esteemed corporate leaders, investors and the local business community.

Anti-Corruption

We implemented the No Gift Policy in September 2017 and to ensure that all our employees are aware of this Policy, we communicated this policy to relevant internal and external parties. The policy provides guidelines to our employees with regards to professional conducts when receiving gifts such as presents, offering, advertisement, award or token of appreciation from a customer, vendor, supplier, potential employee; or potential vendor or supplier.

The importance of adhering to the policy was further communicated through face-to-face briefings with our Management team. Gifts and other forms of rewards received by our employees from our customers are thoroughly screened and registered. A copy of the registry is submitted to our CEO for approval and monitoring purposes. The registry is periodically reviewed by a Compliance Officer and the Manager's holding company to ensure that the registered gifts are in compliance to the policy.

Anti-Money Laundering Practices

The Manager, being part of the banking group, has launched the Anti-Money Laundering Policy, which was circulated and made accessible to every employee. This Policy works towards ensuring that customers who engage in unethical activities of this nature are identified in order to minimise the compliance and impact on legitimate customers.

Employees of the Manager are required to undergo the annual Anti-Money Laundering internal training and assessment course organised by the banking group. The course enhances our employees' ability to understand and manage Anti-Money Laundering matters in a professional and ethical manner.

Whistleblower Policy

Having a Whistleblower Policy in place provides a secure avenue for our employees and other stakeholders to disclose any business malpractice or misconduct within the Manager and Trust's business operations. To encourage openness and transparency, we strictly implement a Whistleblower Policy that is applicable across all management levels. Any instances of corruption, dishonest practice or fraud within our workplace can be easily reported anonymously, therefore heightening our ethical business conduct.

SUSTAINABILITY STATEMENT

GOVERNANCE STRUCTURE

In defining our path towards sustainability, we recognise the need for a dedicated sustainability governance structure that will ensure our sustainability initiatives and performance are implemented and monitored respectively.

Our sustainability governance is a two-tier structure reporting to the Board at its apex. The Sustainability Management Team (“SMT”) is headed by the CEO and supported by Head of Departments from each business division within the Manager. The Sustainability Working Team (“SWT”) is made up of supporting managers in each respective business division. The roles and responsibilities of each team are listed below:

The Board

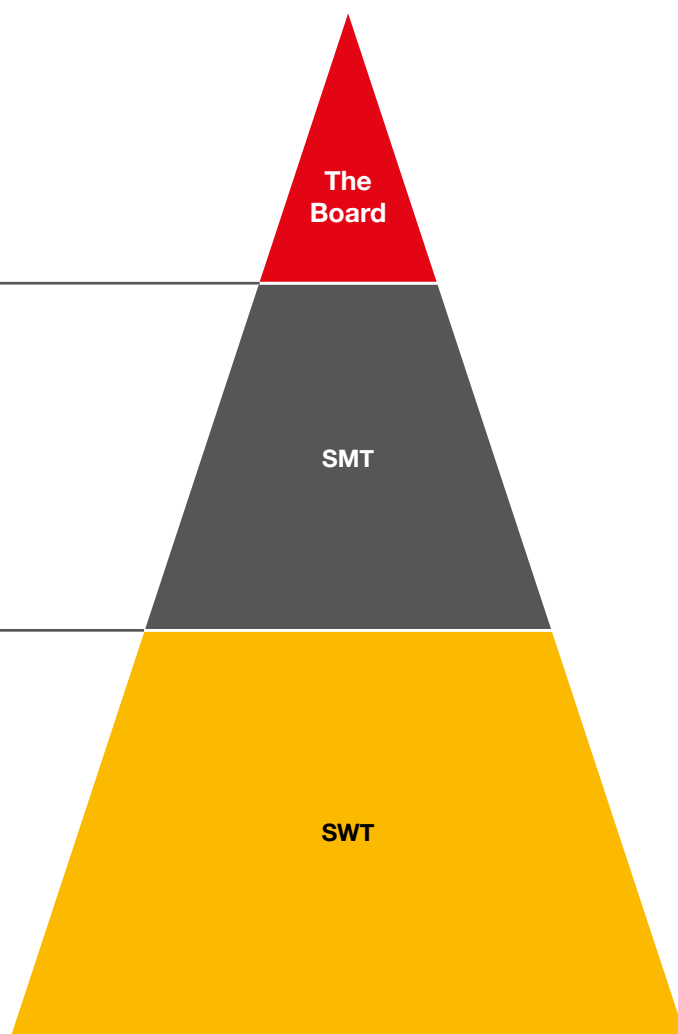
- a) Issues final approval to future sustainability policies and strategies proposed by the SMT.
- b) Monitors the overall progress of the sustainability strategies and policies applied.

SMT

- a) Develop the overarching sustainability strategy.
- b) Identify and recommend any changes in sustainability policies, standards and procedures and its implementation.
- c) Identify and recommend compliance with sustainability guidelines and regulatory requirements.
- d) Endorse the material issues identified by the SWT.
- e) Ensures the disclosure of the Sustainability Statement in the Annual Report is in accordance with Bursa Securities’s Main Market Listing Requirements.

SWT

- a) Implement sustainability related strategies for managing the EES risks and opportunities within their division or departments.
- b) Implement any change in sustainability policies, standards and procedures and its implementation.
- c) Data collection as well as monitor and manage EES risks.
- d) Report the results / status of the action plans to the SMT periodical basis.
- e) Assess the sustainability material matters and efforts to address the materiality issues, especially those of high priority.



SUSTAINABILITY STATEMENT

ENGAGING STAKEHOLDERS

We consider stakeholder engagement an essential aspect of our business as it ensures accountability and transparency. We have a diverse group of stakeholders, both internal and external, who support our business operations and we strive to engage and manage their expectations to ensure that the Trust continues to grow and deliver improved performance. Our key stakeholders and the modes of engagement that we employ are presented below:

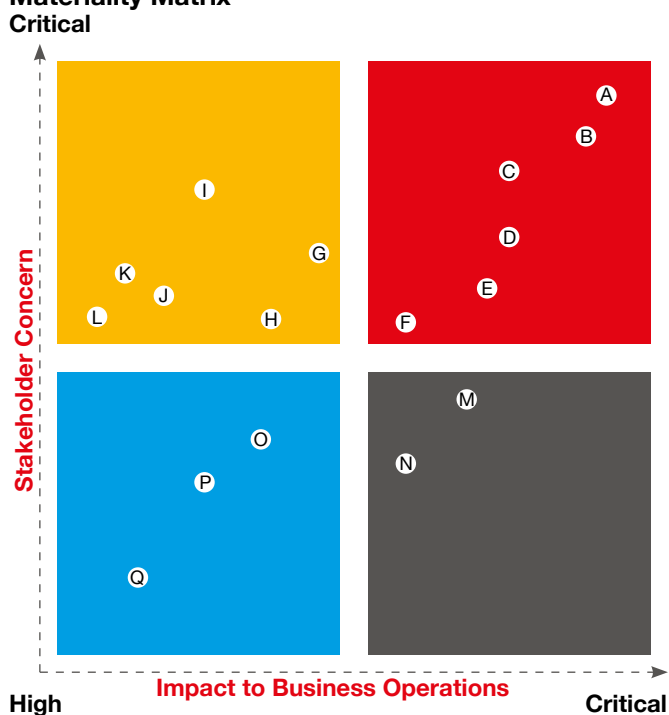
STAKEHOLDERS	AREAS OF CONCERN	METHODS OF ENGAGEMENT
 Local Communities	Social contributions	<ul style="list-style-type: none"> • Community events
 Employees	Career development	<ul style="list-style-type: none"> • Learning • Development programmes • Induction training
 Regulatory Agencies and Statutory Bodies	Labour practices, Environmental regulations, Non-compliance	<ul style="list-style-type: none"> • One-on-one meetings
 Unitholders or Investors	Financial performance	<ul style="list-style-type: none"> • Annual General Meetings • Annual Report • Quarterly results • Website • Investor's briefings
 Tenants	Building Safety Building services and amenities provided by the Manager	<ul style="list-style-type: none"> • Fire drills • OSH awareness seminar • Notices
 Suppliers	Transparent procurement process	<ul style="list-style-type: none"> • Evaluation • Performance reviews
 Trustee	Annual total return, Sustainable growth and fund stability	<ul style="list-style-type: none"> • Annual General Meetings • Investor relation events

SUSTAINABILITY STATEMENT

IDENTIFYING MATERIAL SUSTAINABILITY MATTERS

The Manager conducted a materiality assessment to identify EES issues that are material to the Trust's business operations and the level of stakeholders' concern in the context of sustainability. The material sustainability matters were then prioritised based on their importance to the Trust's business operations and impact on the various stakeholders. The outcome of the assessment is illustrated in the materiality matrix below:

Materiality Matrix



	Material Sustainability Matter	Applicable GRI Indicator
A	Corporate Governance	GRI General Standard Disclosure
B	Financial Performance	Economic Performance
C	Regulatory Compliance	Compliance
D	Investor Relations	GRI General Standard Disclosure
E	Stakeholder Concern	GRI General Standard Disclosure
F	Supply Chain	GRI General Standard Disclosure
G	Waste Management	Effluents and Waste
H	Energy Consumption	Energy
I	Anti-Money Laundering	Anti-Corruption
J	Occupational Health and Safety	Occupational Health and Safety
K	Local Community Investment	Economic Performance
L	Contribution to Society	Local Communities
M	Ethics and Integrity	GRI General Standard Disclosure
N	Anti-Corruption	Anti-Corruption
O	Employee Benefits	Diversity and Equal Opportunity
P	Training and Development	Training and Education
Q	Procurement Process	Procurement Practices

We have identified sustainability material matters that influence the way the Manager directs the Trust. This statement addresses the material matters presented in the matrix to showcase our ongoing efforts to incorporate sustainability practices within the organisation.

SUSTAINABILITY STATEMENT

OUR MARKETPLACE

In line with our objective to deliver sustainable long-term income distributions and investment performance of our diversified portfolio, we adopt sustainable business practices in the management of the Trust's properties. We are dedicated towards strengthening the economy by creating employment opportunities, investing in assets of enduring value and building strong investment returns.

Direct Economic Contribution

AmFIRST REIT recorded RM30.7 mil in realised net profit, and declared / paid a total income distribution of 4.20 sen in FY2018.

For a detailed breakdown of FY2018 financial results, five-year financial summary and direct economic value aspects, please refer to the following sections in AmFIRST REIT Annual Report FY2018:

- Five-Year Financial Summary, pages 3 to 5
- Management Discussion and Analysis, pages 14 to 26

We aim to continue to deliver regular and stable income distribution and to achieve sustainable long term growth in the net asset value of the Trust through sustainable management practices.

Investing to Improve Our Economic Performance

The Trust has invested into an asset portfolio comprising commercial properties worth RM1.6 billion that created business activities and job opportunities to the local economy where the assets are located.

Over the years, the Trust has also embarked on various AEs for the properties within the portfolio to ensure they remain relevant with enhanced value to our stakeholders. Through active asset management and the invested AEs, the asset value of the Trust has appreciated over the years, recording accumulated revaluation surplus of RM196.5 million as of 31 March 2018.

Hiring Local Talent

Our preference is to recruit suitable talent from the local economy, especially when it comes to positions within our senior management. Malaysians with the appropriate qualifications and experience, are better equipped to understand the country's socio-economic condition, cultural diversity and values, when making decisions and plans for the businesses' short, medium and long-term success.

Procurement Practices

We assess and manage our buildings proactively and recognise the importance of implementing newer innovative measures to maintain its long-term sustainability and integrity. To achieve this, our efforts include more stringent identification and selection of suppliers that demonstrate strong economic, environmental and social standards and to source quality materials, thereby ensuring a sustainable supply chain.

Our procurement practice ensures that local suppliers are given priority, whenever it is practical to do so, as we consider it important to support local businesses, their products and services, and to indirectly have a positive impact on the local economy.

SUSTAINABILITY STATEMENT

OUR ENVIRONMENT

We seek to instil environmental stewardship through various practices that are targeted to improve our building assets' structural sustainability. Resource conservation strategies, namely energy saving initiatives and waste management, that have been implemented on the buildings within the Trust's portfolio aim to assure our stakeholders that the buildings are sustainable and contribute towards long-term environmental stewardship.

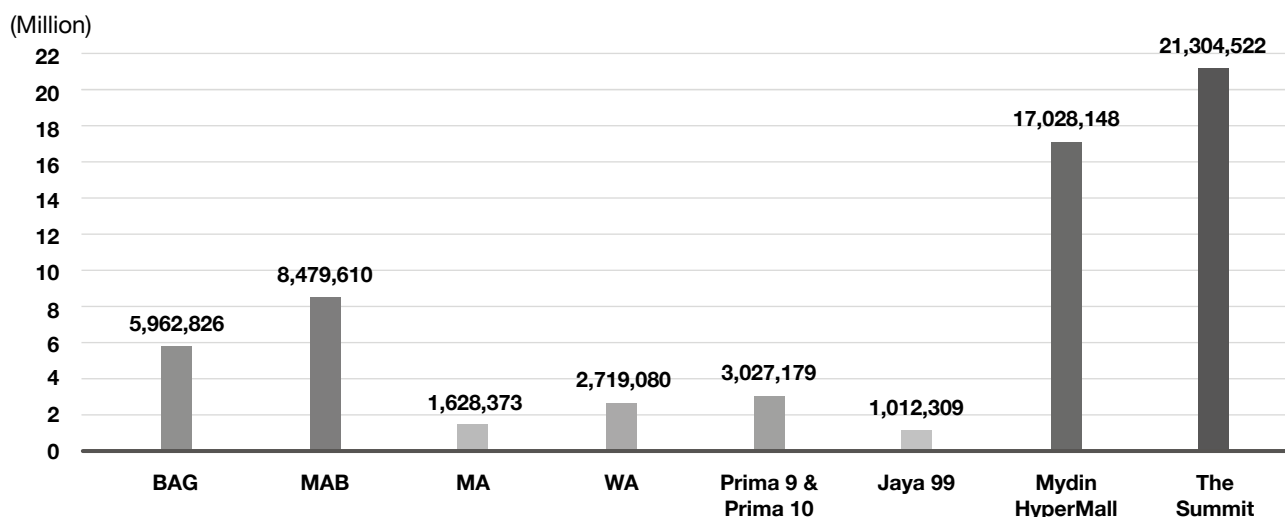
Some of the buildings were also recently refurbished to further enhance its structural integrity and upgrade its conditions under the various AEl programmes. Since inception, approximately RM145.4 million has been invested into the AEl to refurbish the Trust's property and improve its structural integrity to ensure our tenants and investors of the long-term quality of the buildings. Such efforts reflect our commitment in addressing the concerns of our stakeholders and in maintaining the quality and value of our assets.

Monitoring Energy Consumption

The Manager consistently keeps a record of its building energy consumption by monitoring the monthly electricity bills for each property. We believe that energy efficiency can be achieved through consistent monitoring of our energy utilisation before initiating efforts that are targeted towards reducing energy consumption and eliminate energy wastage in the most responsible and sustainable manner without compromising our service levels. For FY2018, all the assets have consumed a total of 59,024,886 kWh of electricity.

An illustration of the breakdown in electricity consumption of our properties for FY2018 is provided below. We remain mindful that our properties have different structural composition and occupancy which would contribute to varying levels of energy consumption values.

ANNUAL ENERGY USAGE PER BUILDING, kWh (FY2018)



SUSTAINABILITY STATEMENT

OUR ENVIRONMENT (CONTD.)

Reducing Energy Usage

We are aware of our responsibility to contribute towards the country's carbon reduction goals. The sustainable investment value of our assets also increases when we improve its structural conditions and implement environmental resource saving initiatives. Towards reducing carbon emissions and increasing energy savings, we have implemented energy saving initiatives in the properties of the Trust over the past years.

Following are the respective initiatives and measures undertaken in the properties of the Trust:

Bangunan AmBank Group	<ul style="list-style-type: none">• Replaced conventional lighting to LED lighting at carpark and common areas.• Conduct regular air handling unit ("AHU") and ducting cleaning and decontamination services to maintain equipment efficiency.• Reconfigured chiller operating hours to more efficient settings.
Menara AmBank	<ul style="list-style-type: none">• Replaced conventional lighting to LED lighting at carpark and common areas.• Conduct regular AHU and ducting cleaning and decontamination services to maintain equipment efficiency.• Installed a new Building Automation System ("BAS") to provide more control to air conditioning systems.• Configured building elevators to a Destination Control System to improve movement efficiency.
Menara AmFIRST	<ul style="list-style-type: none">• Replaced conventional lighting to LED lighting at carpark and common areas.• Replaced one (1) building chiller to improve building cooling efficiency.
Wisma AmFIRST	<ul style="list-style-type: none">• Replaced conventional lighting to LED lighting at carpark and common areas.• Installed timers to the Water Cooling Package Unit ("WCPU") air conditioning system to improve cooling efficiency.
The Summit	<ul style="list-style-type: none">• Replaced one (1) building chiller to improve building cooling efficiency.• Replaced one (1) water heating system to improve building water heating efficiency.
Jaya 99	<ul style="list-style-type: none">• Replaced conventional lighting to LED lighting at carpark and common areas.

Proactive Waste Management

As the Government strives towards implementing more proactive waste segregation and disposal methods, we aim to play a role that contribute towards the minimisation of waste sent to landfills.

We collaborate closely with our Property Managers to identify responsible waste management practices that would benefit both our stakeholders and the environmental value of our properties. We recognise that our current efforts require further support from our respective tenants and vendors to ensure that waste is disposed responsibly. We begin our waste management efforts by monitoring the amount of waste we produce before implementing strategies that will facilitate waste recycling and responsible disposal practices.

SUSTAINABILITY STATEMENT

OUR PEOPLE

Employees

Our success is built on the continuous contribution of our employees. The Manager promotes diversity, equal opportunity, skill development, safety and health awareness and teamwork within a workplace that strives to cater to its stakeholders while upholding its excellent business operations and services.

Diversity and Equal Opportunity

A fair, transparent, diverse and inclusive workplace motivates and builds a company culture that strengthens loyalty amongst our employees. We offer career advancement opportunities to deserving employees based on their performance, regardless of their gender or race.

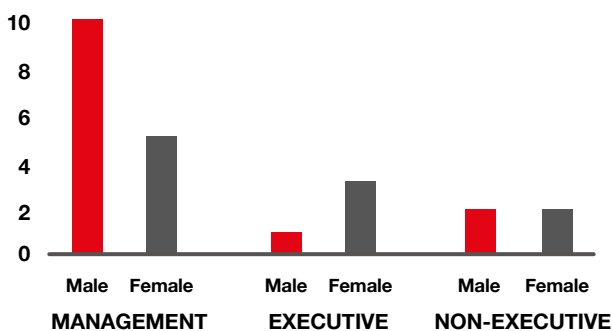
Employee Breakdown by Category

The employee distribution as shown below, reflects the gender breakdown across three employment categories: Management, Executive and Non-Executive.

These numbers as well as the overall gender distribution of the Manager which is 43% female and 57% male, reflect our practice of recruiting, retaining and promoting employees based on merit, irrespective of gender. The likelihood of conflict within the workplace environment can be minimised by creating a good balance between gender distribution across every professional level.

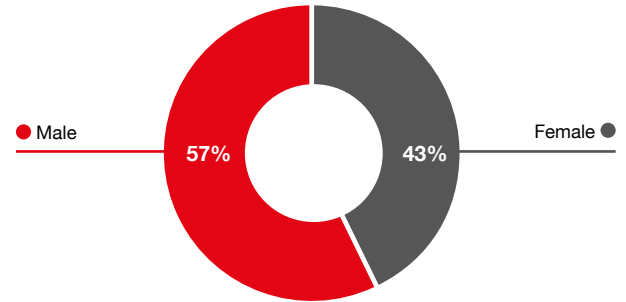
A majority of our employees lie within the 30 to 50 years' age range. To maintain our status as a reputable and unbiased Manager, our employees are employed based on their talents and capabilities to ensure that our workforce is culturally diverse and knowledgeable. We also remain mindful of hiring young talents to groom Malaysia's younger generation with skills that will not only benefit our business economy but their employability value as well.

DESIGNATION

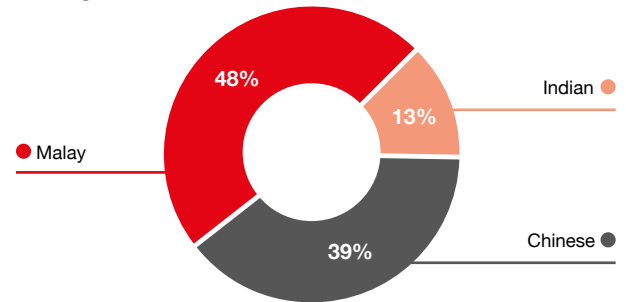


OVERALL GENDER DISTRIBUTION

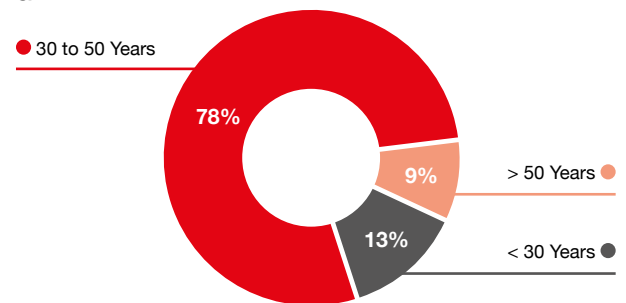
GENDER



ETHNICITY



AGE



SUSTAINABILITY STATEMENT

OUR PEOPLE (CONTD.)

Training and Development

To equip our employees with specific skill sets for the industry and to broaden their learning, we provide in-house and external training on a regular basis. We believe that investing in our employees will further solidify our business profile through the development of a strong and knowledgeable workforce that can bring value creation to its stakeholders.

The training and developmental opportunities given to our employees are to nurture their capabilities and enhance personal skills through formal in-house and external training. The training programmes that we provide cover topics related to business management, financial management, security awareness, health and safety.

For FY2018, the Manager has provided more than 796 hours of training for its employees. We ensure that our employees are provided with relevant training to improve their knowledge and thus, contribute effectively to business performance. Our employees are encouraged to achieve a minimum number of training hours to ensure that everyone is given fair opportunity to learn and grow.

Safe and Healthy Workplace

We place a strong emphasis on employee Occupational Safety and Health (“OSH”) to maintain and sustain the safety and welfare of our workforce.

We have established an OSH committee to work diligently towards ensuring the Manager and the Trust complies with the health and safety standards which include the Occupational Safety and Health Act 1994 and applicable regulations set by the Department of Occupational Safety and Health (“DOSH”).

Additionally, we also provide essential training to the committee members on their roles and responsibilities as well as the measures they need to implement to ensure safe and conducive working space for our employees. Notably, the OSH e-learning programme was introduced to our employees as an initiative to promote workplace health and safety. The topics covered in the e-learning module include potential hazards identification and the incident report mechanism in the event of an emergency.

SUSTAINABILITY STATEMENT

OUR COMMUNITY

Contributions to the Local Community

We engage and support to the local community with the aim to create a positive impact and build resilience amongst communities and businesses that need the support.

Over the years, there have been various community activities hosted at The Summit-Retail that aim to promote cultural diversity and encourage harmonious balance between Malaysia's citizens. We fully endorse these programmes and encourage community activities to be carried out at The Summit-Retail.

The following events are some of the community engagement programmes and sponsorship efforts carried out by The Summit Subang USJ Management Corporation in FY2018:



Raised fund over
RM80,000

Jom Durian
Biggest annual charity event jointly organised with Children Wish Society of Malaysia to raise funds for terminally illness children across the country. The event successfully raised over RM80,000 from corporate and individual.

Wesak Charity Drive

Annual community charity bazaar to raise fund for Buddha University Located in Bentong, Pahang. The bazaar has successfully raised more than RM100,000 during the two (2) days event.



Raised fund more than
RM100,000

Blood Donation Campaign

Jointly organised with Nutrition Matters Sdn Bhd and Malaysia Fo Guang Buddhist Association

**with
over
245**

successful donors

Children's Day Celebration 2018

Annual event organised where more than 300 kids and family turn-up.

Calligraphy Competition 2018

Annual event jointly organised with Calligraphy Association Malaysia. More than 200 participants from primary and secondary school took part to perform their calligraphy skill and technique.



Subang Jaya CNY Celebration 2018

Jointly organised with ADUN Subang Jaya, MPSJ and JKP for the community of Subang Jaya where event such as cultural performance, lion dance and dragon dance and god of prosperity appearance to entertain the public. More than thirty (30) food vendors were invited to set-up their food store to cater for variety of local street food.

Christmas Giveaway

Jointly organised with Town Council where poor families received a special Christmas's gift consist of shopping voucher from Giant and a set of pillow from Homepro.



Road Safety Advocacy 2018

Jointly organised with Road Safety Marshal Club ("RSMC") where more than 180 road safety awareness tag and goodies were distributed to drivers at our main entrance. Dato' Sri Devemany, Deputy Minister at the Prime Minister Department was invited to launch the Blind Spot Warning Sticker for heavy vehicle.

STATEMENT OF CORPORATE GOVERNANCE

AmREIT recognises the importance of having strong and effective corporate governance culture to promote and safeguard the best interests of its Unitholders and other stakeholders, thereby enhancing the credibility and reputation of the Trust. The corporate governance adopted by the Manager provides a framework of control mechanisms to support the Trust in achieving its goals. This is also critical to the performance of the Manager and consequently, the success of the Trust. The Manager has adopted a good corporate governance framework that is designed to meet the best practice principles. In particular, the Board and the Management of the Manager have the obligation to act honestly, with due care and diligence, and in the best interests of its Unitholders and other stakeholders by emphasising on the transparency of decision making process, fairness and trustworthiness in managing the Trust. The Manager also recognises the need to adapt and improve the principles and practices to meet the ongoing changes and challenges in regulatory requirements, international developments and investor expectations.



The Trust is a real estate investment trust which was established under a Trust Deed with a mandatory requirement to appoint a trustee. Maybank Trustees Berhad was appointed as the Trustee for AmFIRST REIT and the appointment was approved by the SC as prescribed under sections 288(1)(a) and 289(1) of the Capital Markets and Services Act 2007 (“CMSA”). The Trustee is required to act honestly and discharge its roles and responsibilities in accordance with the Deed, SC’s 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 SC’s REITs Guidelines, CMSA, The Malaysian Code on Corporate Governance 2017 (“MCCG 2017” or the “Code”) and the Main Market Listing Requirements of Bursa Securities (“MMLR”) as well as the Manager’s obligations as described in the Deed.

The revised MCCG 2017 published in April 2017 to promote greater internalization of corporate governance culture, is applicable to annual reports published from 2018 onward. The MMLR’s Chapter 15.25 (3) requires the Board to provide only an overview of the application of the Principles set out in MCCG 2017. However, the Manager has applied the practices under the Principles (wherever possible) during the financial year under review. With reference to the revised MCCG 2017, three (3) broad principles are 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 following sections illustrate the application of all three Principles with respective Intended Outcomes and its Practices:

STATEMENT OF CORPORATE GOVERNANCE

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.

The Board has approved and sets the Manager's Mission and Core Values as described on page 8. It outlines the necessary elements that the Board and Management should practice in discharging their obligations to Unitholders and other stakeholders.

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

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

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

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

Practice 1.2

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

Practice 1.3

The roles and responsibilities of the Chairman and Executive Director / 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 Wong Khim Chon, the Executive Director ("ED") also holds the position as the Chief Executive Officer ("CEO"). This is to ensure appropriate segregation of duties, authority and increased accountability.

The segregation ensures a clear distinction between the Chairman's responsibilities to lead and manage the Board and the ED / CEO's responsibilities to manage the Trust and the Manager.

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

STATEMENT OF CORPORATE GOVERNANCE

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

Practice 1.3 (Contd.)

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

Practice 1.4

The Board is supported by qualified and competent licensed Company Secretaries namely, Ms. Chan Sau Leng and Ms. Ruzeti Emar Binti Mohd Rosli. They are the sources of guidance and advice to the Directors on areas of corporate governance, relevant legislations, regulations and policies besides ensuring compliance with the MMLR and other regulatory requirements.

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

Practice 1.5

The Company Secretaries work with the Chairman and Management to ensure that Board papers and agenda are provided to the Directors ahead of meetings of the Board and Board Committees so that they have time to review matters to be discussed prior to the meetings. The Board papers are circulated at least five business days in advance. Meetings are usually a half-a-day event and include presentations by the Management, and when necessary, presentations by external consultants and experts on strategic issues relating to specific business areas.

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

STATEMENT OF CORPORATE GOVERNANCE

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

During the FY2018, the Board met four (4) times. Total number of meetings attended by the Board members were as follows:-

Directors	Designation	Number of Board Meeting	Percentage of Attendance (%)
Soo Kim Wai	Non-Independent Non-Executive Director / Chairman	4	100%
Dato' Wong Nam Loong	Independent Non-Executive Director	4	100%
Dato' Abdullah Thalith bin Md Thani	Independent Non-Executive Director	4	100%
YM Raja Teh Maimunah binti Raja Abdul Aziz	Non-Independent Non-Executive Director	3	75%
Wong Khim Chon	Executive Director / Chief Executive Officer	4	100%
Azlan Baqee bin Abdullah [Appointed on 22 February 2018]	Non-Independent Non-Executive Director	N/A	N/A
Mr Kong Tai Meng Thomas [Ceased as member on 5 January 2018]	Non-Independent Non-Executive Director	2	67%

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

Intended Outcome

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

Practice 2.1

Currently, the Manager has an Audit Committee of Directors, established to provide assistance to, and to review and report to the Board in relation to fulfilling the statutory responsibilities of the Manager and monitoring of the accounting and financial reporting practices of the Manager, 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 Executive Committee ("EXCO") which was formed to support the Board to assess, deliberate and approve operational decisions expeditiously. The EXCO minutes are tabled quarterly to the Board. The minutes comprise EXCO's key deliberations and decisions made. The EXCO comprises three (3) members who are representatives of the Manager's shareholders. The EXCO meeting is held on a monthly basis and attended by key management staff.

STATEMENT OF CORPORATE GOVERNANCE

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

Intended Outcome

3.0 *The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.*

The board, management, employees and other stakeholders are clear on what is considered acceptable behavior and practice in the company.

Practice 3.1

The Manager is subject to the Code of Ethics and Code of Conduct which was enforced by its 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, which every director and employee must adhere to, namely:

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

The code includes reporting of unlawful or unethical behavior through established procedures including via whistleblowing policies that are in place. Every staff are reminded periodically of the six (6) key principles through electronic learning management system executed group-wide. In addition, the Manager’s staff are required to complete the refreshing course periodically and must complete the assessment after completing the Code of Ethics course. This is to ensure staff understands what is required of them and 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 given to suppliers during transactions involving procurement process such as award of contracts or negotiations.

Practice 3.2

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

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

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

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

STATEMENT OF CORPORATE GOVERNANCE

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

Intended Outcome

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

Practice 4.1

MCCG 2017 suggests that at least half (50%) of the Board comprises independent directors. Due to the nature of the REIT structure, the Board members are appointed to be members of AmREIT and not for a listed issuer, in this case referred to as the Trust. In this respect, the Board retains its current Board composition with one-third (1/3) of independent directors and of the view that the decisions that the Board makes are objective and will be in the best interest of all stakeholders.

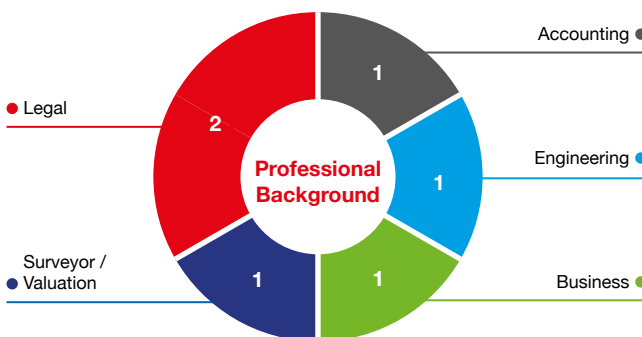
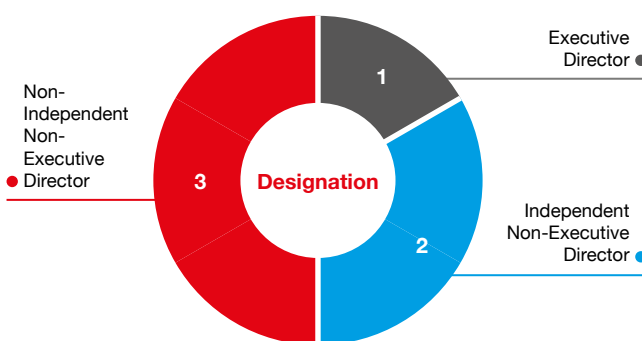
The Board has six (6) members comprising five (5) Non-Executive Directors and one (1) Executive Director, one (1) of whom is a female Director. Two (2) of the Board members are Independent Directors (1/3 of the Board) in compliance with the SC's REITs Guidelines while the Chairman of the Board is a Non-Independent 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 105 of this Annual Report. In addition to this, information on direct and indirect unitholdings related to the Manager and transactions with the companies related to the Manager are disclosed in Note 12 and Note 24 respectively, in the Notes to the Financial Statements.

The Board comprises business leaders and experienced professionals with backgrounds in fund management, property, banking, legal and finance. The profiles of the Directors are set out on pages 27 to 29 of this Annual Report. The Board is of the view that its current composition comprises individuals who, as a group, provide the necessary core competencies and that the current Board size is appropriate and effective, taking into consideration the nature and scope of AmFIRST REIT's operations.

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



STATEMENT OF CORPORATE GOVERNANCE

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENES (CONTD.)

Practice 4.2

The MCCG 2017 states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. This is in line with the Group’s existing policy which states that an Independent Non-Executive Director shall serve up to a maximum of nine (9) years (the “9-Year Rule”).

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

Practice 4.3 [A Step Up]

The Manager has adopted the policy which limits the tenure of its independent directors to nine years. The policy has been complied diligently, and this was demonstrated in August 2016, where two independent directors had stepped down after nine (9) years of service.

Practice 4.4

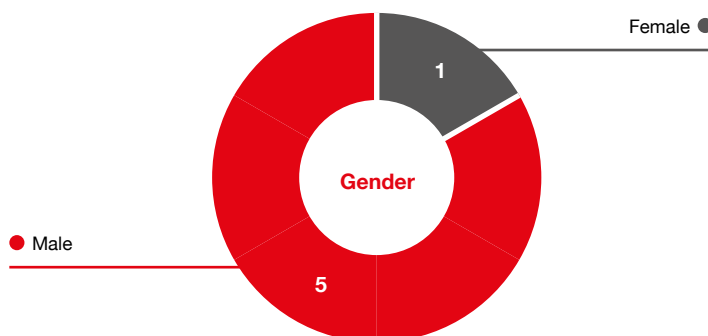
It is imperative that the Board and Senior Management are appointed based on objective criteria, merit and taking into account diversity in skills, experience, age, cultural background and gender. The Manager adopts the Group’s appointment procedures for both directors and for its staff. The Manager utilizes the resources made available by Group Human Resources. The Board places significance on the merit as well as the role which objective 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 director’s appointments, the director will be required to complete the Capital Market Director Programme (“CMDP”) as required by SC within the timeline as stipulated in SC’s Licensing Handbook. CMDP is an exclusive platform for Directors of licensed intermediaries to be equipped with the relevant knowledge, skills and abilities to meet the expected competencies required of a board. It is also designed to allow Directors to explore and deliberate on pertinent issues affecting the industry from multi stakeholders perspectives.

Practice 4.5

As a REIT Manager, the Board takes cognizance of having more women directors on the Board. MMLR requirement is for the Board of large companies to comprise 30% of women directors. Although it is not a requirement for a REIT, the Board endeavors to achieve the target. As at the annual report date, the Manager’s Board has only one woman director or 17% of the Board composition. The Board is constantly looking out for the right candidates who are able to meet the role and based on merit. The Board’s diversity in terms of gender is as follows:



STATEMENT OF CORPORATE GOVERNANCE

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENES (CONTD.)

Practice 4.6

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

Practice 4.7

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

Intended Outcome

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

Practice 5.1

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

Intended Outcome

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

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

Practice 6.1

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

Practice 6.2

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

STATEMENT OF CORPORATE GOVERNANCE

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENES (CONTD.)

Intended Outcome

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

Practice 7.1

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

The determination of the Non-Executive Directors' remuneration is a matter for the Board as a whole and is subject to the shareholders' approval of the Manager. The Directors are not involved in the approval of their own remuneration. The proposed Directors' fees for the FY2018 and its comparative figures are as follow:-

Directors	FY2018 Directors' Fees RM	FY2017 Directors' Fees RM
Soo Kim Wai	46,000	46,000
Dato' Wong Nam Loong	40,000	25,096
Dato' Abdullah Thalith bin Md Thani	40,000	25,096
YM Raja Teh Maimunah binti Raja Abdul Aziz	40,000	1,205
Azlan Baqee bin Abdullah [Appointed on 22 February 2018]	4,164	-
Kong Tai Meng Thomas [Ceased as member on 5 January 2018]	30,685	40,000
Dato' Teo Chiang Quan [Ceased as member on 16 August 2016]	-	16,721
Sr Tuan Haji Mohd Salleh bin Akram [Ceased as member on 16 August 2016]	-	16,721
Pushparani a/p A Moothathamby [Ceased as member on 23 February 2017]	-	35,945
Total	200,849	206,784

Practice 7.2

The Board opined that the top five 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 MCGG 2017 Guidance 7.2 suggests that the disclosure of how director's remuneration is measured, allows stakeholders to understand the link between senior management remuneration and the company's performance. On the contrary, due to the unique REIT structure whereby the Manager is separate from the Trust, there is no direct link between the remuneration of Management team and the Trust's performance. The remunerations were disbursed from the management fees earned by the Manager, which were predetermined at the inception of the Trust via the Trust Deed.

STATEMENT OF CORPORATE GOVERNANCE

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Intended Outcome

8.0 *There is an effective and independent Audit Committee.*

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

Practice 8.1

The Chairman of the Audit Committee, Dato' Wong Nam Loong is not the Chairman of the Board. Dato' Wong Nam Loong was appointed on 15 August 2016 as an Independent Non-Executive Director and has led the Audit Committee since then. The Chairman of the Audit Committee ensures that the Committee's primary roles and responsibilities are discharged in accordance with its Terms of Reference which is set out in the Audit Committees Report, pages 100 to 102 of this annual report.

Practice 8.2

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

Practice 8.3

It is the Audit Committee's responsibility to review the appointment of the external auditors and resignation of external auditors, negotiate and approve the annual audit fees. This is clearly outlined in the audit committee's Terms of Reference. During the annual audit plan presentation by the external auditor, the Audit Committee will assess the suitability, objectivity and independence of the external auditor. The external auditor would also confirm their independence during the meeting with the Audit Committee at the initial stages prior to the commencement of their annual audit.

Practice 8.4 [Step Up]

While the requirement of MCCG 2017 states that the Audit committee should solely comprise of Independent Directors, the Board is of the view that the AC is able to discharge its duties effectively with its two-third (2/3) composition of Independent Directors. The inclusion of a Non-Independent Director who represents one-third (1/3) of the Committee is deemed necessary to facilitate and support the Independent Directors in areas of his expertise.

Practice 8.5

The Audit Committee possesses the necessary range of skills to effectively discharge its duties. All members have good understanding of the REIT operations and its financial reporting process. Mr. Soo Kim Wai, who is an Audit Committee member possesses extensive experience in accounting field and is a member of several professional accounting bodies namely 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 relevant property related industry. Collectively, the current Audit Committee 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 FY2018 were, on areas relating to real estates, corporate leadership and governance, professional development, risk management, information technology, regulatory and compliance which are conducted by the Group Learning and Development Department of the ultimate holding company of the Manager and regulators as well as professional establishments.

STATEMENT OF CORPORATE GOVERNANCE

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

Intended Outcome

9.0 *Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.*

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

Since the inception of the Trust, the Board has established an effective risk management and internal control framework. It plays a vital function in the Manager's management of its risks and transactions. The Board through its committee is responsible for the risk management of the Trust which include but is not limited to, identifying the principal risks associated with the business activities and ensuring appropriate measures, systems and internal controls are in place to mitigate the risk exposure.

Practice 9.2

The features of risk management and internal control framework are disclosed in detail in the Statement on Risk Management and Internal Control on pages 95 to 99 of this Annual Report.

The main feature of the risk management framework is that it comprises functional roles and responsibilities established for the management of risk i.e. the First Line of Defense ("FLOD"). The FLOD comprises coordinators for Business Operational Controls ("BOC") at the Managers level and Operational Controls Coordinators ("OCC") appointed at each functional department of AmREIT. The intention of the establishment of FLOD is to establish personnel who are competent, to enhance accountability and promote proactive risk management culture.

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. In addition, although it is not mandatory for REITs to comply under with the MMLR, the Board has voluntarily adopted the best practices in corporate governance by establishing an Audit Committee and internal audit function. The internal audit function is undertaken by the Group's Internal Audit Department. The Manager also has a designated Compliance Officer to ensure compliance with regulations, internal policies and procedures. In relation to the above, external auditors has included understanding and assessing the internal control system as part of their audit.

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

Practice 9.3 [Step Up]

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

Intended Outcome

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

Practice 10.1

The Board has adopted the best practices by establishing an internal audit function, although not compulsory for a REIT under the MMLR.

The internal audit function is performed by the AmBank Group's Internal Audit Department (GIAD) operating under a charter which gives it unrestricted access to review all activities of the Group. The Head of GIAD reports independently to the Audit Committee.

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

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

STATEMENT OF CORPORATE GOVERNANCE

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

Practice 10.2

GIAD is headed by the Group Chief Internal Auditor (“GCIA”) Encik Shamsul Bahrom Mohamed Ibrahim, who has over 19 years of comprehensive internal auditing and management experience in the financial services industry. En Shamsul holds a BSc (Hons) Finance & Accounting from University of Salford, Manchester as well as Masters in Business Administration from University of Strathclyde, Scotland.

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

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

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

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

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

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

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

Intended Outcome

11.0 *There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.*

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

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

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

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

STATEMENT OF CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 12.1

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

	5th AGM	4th AGM	3rd AGM
Financial Year	2017	2016	2015
Date of Notice of AGM	31 May 17	31 May 16	29 May 15
Date of AGM	25 Jul 17	28 Jul 16	28 Jul 15
Notice period in no. of days (including Saturday, Sunday & Public Holiday)	55	58	60

Practice 12.2

All directors are required together to attend the to address any questions raised by the Unitholders.

All the questions raised with responses provided during the AGM are minuted by the Company Secretary and will be posted in the official website for Unitholders reference.

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

Practice 12.3

At all times the Board and the Senior Management encourage its Unitholders to attend its General Meetings. Where possible, electronic means were considered to facilitate Unitholders’ participation. As a start, electronic poll voting was introduced during the AGM in 2017. In the best interest of Unitholders, the Board emphasizes that the General Meetings are held at locations easily accessible within Klang Valley vicinity. The logistics are critically considered by the Senior Management team.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT

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

The Manager applies the risk management framework as a structured process in making risk-based strategies and decisions across the respective functions which consist of the following components and are incorporated within the Trust's and the Manager's Risk Profiling:

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

The Risk Profiling is reviewed by the Manager's Audit Committee of Directors (the "AC") on a half-yearly basis or as and when required.

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 action in place, developed to manage the risks to an acceptable level and monitored on a continuous basis.

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

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

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

The objectives of the establishment of FLOD are:

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL

The Board has voluntarily adopted the best practices in corporate governance by establishing an AC and internal audit function, the latter of which is undertaken by the Group's Internal Audit Department ("GIAD"), although it is not compulsory for a REIT to comply under the Listing Requirements. These efforts demonstrate that 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, against financial losses, fraud and the occurrence of unforeseeable circumstances. As part of the effective and ongoing internal control and governance processes, the Manager is reviewing on the adequacy and effectiveness of its internal control systems to ensure it 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 ("EY"), and GIAD in respect of the accounting and operational controls in their audit reports issued during the financial year. Recommendations by the said parties are implemented accordingly where required to enhance internal controls.

Internal Audit Function

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

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

The main objective of the audit reviews is to assess the adequacy and effectiveness of the Manager's system of internal control and risk management. When required, GIAD also undertakes special reviews or investigations as directed by the AC. Audit findings, recommendations and the Manager's action plans are highlighted in audit reports which are tabled to the AC. GIAD conducts follow-up and report on the status of implementation of Management action plans arising from the internal audit report.

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

External Auditors

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

External Auditors (Contd.)

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

The Trustee had appointed EY as the external auditors to conduct the statutory audit for the FY2018. EY had written to the AC confirming there is no relationship between them and the Trust and / or the Manager which may impair their independence.

Compliance Officer

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

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

Dealings with Related Parties

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

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

In dealing with any related party transactions, 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; and
- (iv) in relation to a real estate transaction:
 - (a) consented by the Trustee;
 - (b) consistent with the investment objective and strategy of the Trust; and
 - (c) transacted at a price that is supported by valuation report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Dealings with Related Parties (Contd.)

Any variation of price transacted must comply with REITs Guidelines issued by SC as described in the subsequent paragraphs.

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

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

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

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

Role of the Audit Committee for Related Party Transactions

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

If a member of the AC has an interest in a transaction, he is to disclose and abstain from participating in the review and the recommendation process in relation to the transaction. The related party transactions for the FY2018 are as disclosed in Note 24 of the notes to the financial statements within this annual report.

Dealings with Conflict of Interest

All transactions carried out for or on behalf of the Trust are executed on commercial terms and are no less favorable than arm's length transactions between independent parties. The Manager and 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 105 of the Manager's Report) and the transactions with companies related to the Manager (as disclosed in Note 24 of the notes to the financial statements within this annual report), no conflict of interest has arisen during the financial year under review.

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 Listing Requirement, the Directors and employees of the Manager are prohibited from dealing in the Trust's units during the period commencing on and from one (1) month prior to the targeted date of announcement of the Trust's quarterly results to Bursa Securities, up to one (1) full market day after the announcement of the Trust's quarterly results. The Manager regularly notifies its Directors and employees on the maximum closing period of two months which takes effect immediately on the date after the end of each financial reporting quarter. If any of such affected persons deal in the Trust's units during such closed period, they are required to comply with the conditions as set out in the Listing Requirements and the related policies of the Manager. They are also made aware of the applicability of the insider trading laws at all times and appropriate disclosures of their trading activities if there are any.

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

WHISTLEBLOWER PROTECTION POLICY (THE "POLICY")

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

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

CONCLUSION

The Board has received assurance from the Executive Director / Chief Executive Officer, Chief Financial Officer and Compliance Officer 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 2018 Annual Report. The external auditors conducted the review in accordance with the Audit and Assurance Practice Guides 3 – *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* (AAPG 3) issued by the Malaysian Institute of Accountants. The review has been conducted to assess whether this Statement is both supported by the documentation prepared by or for the Board and appropriately reflects the processes the Directors had adopted in reviewing the adequacy and integrity of the system of internal controls of the Group. AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the risk and control procedures. AAPG 3 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant matters disclosed in the Annual Report will, in fact, mitigate the risks identified or remedy the potential problems. Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes the Board has adopted in the review of the adequacy and effectiveness of the risk management and internal control.

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

AUDIT COMMITTEE REPORT

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

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

The AC Chairman is an Independent Non-Executive Director.

COMPOSITION

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

Dato’ Wong Nam Loong, Chairman

Independent Non-Executive Director

Dato’ Abdullah Thalith bin Md Thani

Independent Non-Executive Director

Soo Kim Wai

Non-Independent Non-Executive Director

The Manager is of the view that the AC members have the relevant expertise to discharge the functions of an AC. The primary role and responsibilities of the AC is to monitor and evaluate the effectiveness of the Trust and the Manager’s internal controls and to ensure that the financial statements comply with the applicable financial reporting standards. The AC has a set of terms of reference defining its scope of authority, in relation to its management of the Trust.

TERMS OF REFERENCE

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

Primary Roles and Responsibilities

- (i) To provide assistance to and to review and report to the Board of the Manager in relation to:-
 - (a) fulfilling the statutory and fiduciary responsibilities of the Manager; and
 - (b) monitoring of the accounting and financial reporting practices of the Trust and the Manager.
- (ii) To determine that the Trust and the Manager have adequate established policies, procedures and guidelines, operating and internal controls, and that they are being complied with and are operating effectively in promoting efficiency and proper conduct and protecting the assets of the Trust.
- (iii) To serve as an independent and objective party in the review of the financial information of the Trust that is presented by the Manager to the Board.

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE (CONTD.)

Primary Roles and Responsibilities (Contd.)

- (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 works deemed performed in fulfilling the AC primary responsibilities.
- (xi) To review any related party transaction and conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of the Manager's integrity.
- (xii) To review the annual appointment of the external auditors, or letter of resignation from external auditors, to negotiate and approve the annual audit fees and / or special audit fees, and evaluate basis of billings therewith.

MEETING

The AC shall meet at quarterly intervals or such other intervals as the AC shall decide. The quorum necessary for the transaction of the business of the AC shall be two (2) members. For the FY2018, the AC had met a total of four (4) times. The attendance of the AC members to the AC meetings held for the FY2018 are as follows:-

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

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE AC

The activities of the AC for the FY2018 as listed below:-

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

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible to ensure that the financial statements for the FY2018 have been prepared and drawn out in accordance with the Malaysian Financial Reporting Standards in Malaysia, International Financial Reporting Standards, applicable provisions of the Deed of AmFIRST REIT and the SC's REITs Guidelines, so as to give a true and fair view of the financial position of AmFIRST REIT as at 31 March 2018 and of its financial performance and cash flows for the financial year then ended.

In preparing the financial statements for the FY2018, 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 2018

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 2018.

THE TRUST, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The Trust was constituted pursuant to the execution of a Deed dated 28 September 2006 ("Original Deed") [as amended by the First Supplemented, Revised and Restated Trust Deed dated 15 December 2006 ("First Deed") and the Second Restated Deed dated 13 September 2013] ("Second Deed" or the "Deed") by the Manager and the Trustee, Maybank Trustees Berhad. The Second Deed superseded the Original Deed and the First Deed.

The principal activity of the Trust is to own and invest in a portfolio of commercial properties in major growth areas of Malaysia, primarily in the Klang Valley.

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

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

MANAGER'S FEES AND COMMISSION

Pursuant to the Deed, the Manager fee 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 2018, the Manager's fee consists of base fee of 0.3% (FY2017: 0.3%) per annum and performance fee of 3.0% (FY2017: 3.0%) per annum.

In addition, the Manager will also be entitled to an acquisition fee of 1% of the acquisition price of any real estate or single-purpose company whose principal assets comprise real estate for any acquisition by AmFIRST REIT and a divestment fee of 0.5% of the sale price of any real estate or single-purpose company whose principal assets comprise real estate, sold or divested by AmFIRST REIT (pro-rated, if applicable to the proportion of the interest in real estate or single-purpose company purchased or sold).

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

MATERIAL LITIGATION

There is no material litigation pending since the issuance of the last annual report up to the date of this report except for one as disclosed in Note 27 to the Financial Statements (page 143).

CHANGES IN THE STATE OF AFFAIRS

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

MATERIAL CONTRACT

There was no material contract entered by the Trust that involved the Directors of the Manager or major Unitholders of the Trust during the financial year under review.

MANAGER'S REPORT

DIRECTORS OF THE MANAGER

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

Soo Kim Wai
Dato' Wong Nam Loong
Dato' Abdullah Thalith bin Md Thani
YM Raja Teh Maimunah binti Raja Abdul Aziz
Azlan Baqee bin Abdullah (Appointed on 22 February 2018)
Wong Khim Chon
Kong Tai Meng Thomas (Resigned on 5 January 2018)

DIRECTORS' BENEFITS

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

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any arrangement to which the Manager or the Trust was a party, whereby the Directors of the Manager might acquire benefits by means of acquisition of shares or debentures of the Manager or any other body corporate, other than those arising from the scheme shares and options granted pursuant to the Executives' Share Scheme of AMMB Holdings Berhad ("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 2018.

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 2018.

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 2018 are as follows:-

	FY2018
Audit Fee	53,500
Non-Audit Fees	8,000

MANAGER'S REPORT

OTHER STATUTORY INFORMATION

- (a) Before the statement of comprehensive income and statement of financial position of the Trust were made out, the Manager took reasonable steps:-
- (i) to ascertain that proper actions 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 further allowance is required for doubtful debts; and
 - (ii) to ensure that any current asset which is 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 are expected to be realised at.
- (b) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or financial statements of the Trust which would render:
- (i) the amount written-off for bad debts or the amount of the provision for doubtful debts made in the financial statements of the Trust inadequate to any material extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Trust misleading.
- (c) At the date of this report, the Manager is not aware of any circumstances which have arisen, which would render adherence to the existing method of valuation of assets or liabilities of the Trust misleading or inappropriate.
- (d) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Trust which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Trust which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Trust which has arisen since the end of the financial year.
- (f) In the opinion of the Directors of the Manager:
- (i) no contingent or other liability of the Trust has become enforceable or is likely to become enforceable within a 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 when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Trust for the financial year in which this report is made.

AUDITORS

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

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

Soo Kim Wai

Wong Khim Chon

Kuala Lumpur, Malaysia
Date: 20 April 2018

INVESTOR RELATIONS AND COMMUNICATIONS



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

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

STAKEHOLDERS ENGAGEMENT

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

Bursa Securities

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

Annual General Meeting

On 25 July 2017, AmFIRST REIT held its Fifth Annual General Meeting ("AGM") where around 490 Unitholders (4th AGM: 470) attended the AGM.

The AGM serves as a platform for both the Manager and the Unitholders to interact. The AGM enables the Unitholders to provide constructive feedback and raise their concerns directly to the Board and the Management. It also allows the Manager to update the Unitholders on the latest development and strategic direction of AmFIRST REIT.

The Sixth Annual General Meeting is scheduled on Wednesday, 25 July 2018.

Financial Results

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

Proposed AmFIRST REIT's FY2019 Calendar

Aug 2018	1st Quarter Interim Financial Report FY2019
Nov 2018	2nd Quarter Interim Financial Report FY2019
Feb 2019	3rd Quarter Interim Financial Report FY2019
Apr 2019	4th Quarter Interim Financial Report FY2019

Meetings

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

INVESTOR RELATIONS AND COMMUNICATIONS

Malaysian REIT Managers Association (“MRMA”)

The Manager’s active involvement in industry-related associations enables us to share our voice through our participation. Mr. Wong Khim Chon, the CEO of the Manager is a member of the EXCO and Regulatory and Finance Committee of the MRMA. Through MRMA, members cohesively strive to achieve progressive growth of the M-REITs market by developing common benchmarks against international best practices and favourable regulatory regime. It is also our objective to engage with the public through investors’ education, particularly in relation to raising awareness and sharing knowledge of investment in REITs. This approach is in line with MRMA’s objectives as MRMA collaborates with Bursa Securities in providing investors education programme. Since CY2016, MRMA has committed to conducting REITs educational programme in Bursa Securities’s CPE Accredited Products@Bursa Programme nationwide.

Awards

On 13 October 2017, AmFIRST REIT was selected as a winner of Focus Malaysia’s Best Under Billion Awards (BUBA) 2017 for “Best in Transparency” Under Group B – Market capitalisation RM500 million – RM950 million.

AmFIRST REIT was selected the winner based on its score in the following six (6) factors used to determine how transparent a company is in its disclosure to the shareholders:-

1. Transparency pledge;
2. Time taken to file annual financial results;
3. Precise remuneration of directors;
4. AGM minute, video recording or podcast;
5. Dividend policy statement; and
6. Whistleblower policy.

The awards is a signature event of Focus Malaysia, a business and investment weekly for corporate leaders, investors and local business community.

Website

Comprehensive information and updates relating to AmFIRST REIT are also made accessible to the public on AmFIRST REIT’s corporate website at www.amfirstreit.com.my. Information such as announcements to Bursa Securities, share price performance, media releases, corporate presentation, annual reports and other developments are archived on AmFIRST REIT’s corporate website.

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

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

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

FEEDBACK AND ENQUIRIES

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

Mr Wong Khim Chon

Executive Director / Chief Executive Officer
E-mail: khimchon@ambankgroup.com

Encik Zuhairy bin Md Isa

Deputy Chief Executive Officer
E-mail: zuhairy-isa@ambankgroup.com

Mr Chong Hong Chuon

Chief Financial Officer
E-mail: chong-hong-chuon@ambankgroup.com

Encik Abdul Rahman bin Mohd Joned

Vice President 2, Finance
E-mail: rahman-joned@ambankgroup.com

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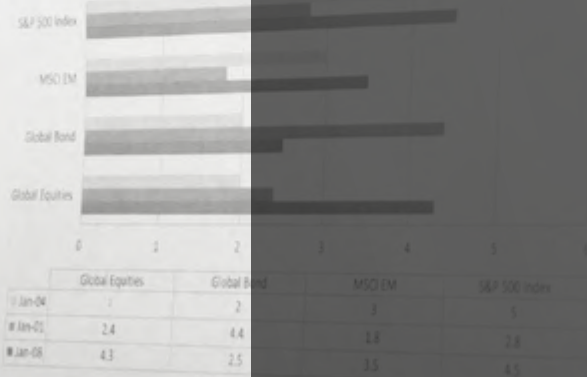
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STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 RM	2017 RM
ASSETS			
Non-Current Assets			
Investment properties	5	1,650,060,000	1,662,800,000
Receivables	6	3,177,826	4,111,816
		1,653,237,826	1,666,911,816
Current Assets			
Receivables	6	7,201,175	5,675,943
Deposits with financial institution	7	2,898,129	2,818,199
Cash and bank balances		1,047,897	4,159,386
		11,147,201	12,653,528
TOTAL ASSETS		1,664,385,027	1,679,565,344
UNITHOLDERS' FUNDS			
Unitholders' capital	12	636,624,829	636,624,829
Undistributed income	12	212,739,019	230,581,095
Total Unitholders' funds		849,363,848	867,205,924
LIABILITIES			
Non-Current Liabilities			
Rental deposits	8	13,688,025	12,085,986
Borrowings	9	633,041,935	686,142,592
Derivatives	10	764,146	1,283,345
		647,494,106	699,511,923
Current Liabilities			
Payables	11	8,339,459	8,875,134
Rental deposits	8	12,251,772	13,672,419
Borrowings	9	146,000,000	89,000,000
Derivatives	10	935,842	1,299,944
		167,527,073	112,847,497
TOTAL LIABILITIES		815,021,179	812,359,420
TOTAL UNITHOLDERS' FUNDS AND LIABILITIES		1,664,385,027	1,679,565,344
NET ASSET VALUE		849,363,848	867,205,924
NUMBER OF UNITS IN CIRCULATION		686,401,600	686,401,600
NET ASSET VALUE PER UNIT			
- before proposed final distribution		1.2374	1.2634
- after proposed final distribution		1.2166	1.2421

STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2018

	Note	2018 RM	2017 RM
Gross revenue	13	114,098,852	111,538,892
Property expenses	14	(38,058,533)	(38,737,061)
Net rental income		76,040,319	72,801,831
Interest income		134,949	108,994
Changes in fair value of investment properties	5	(20,537,067)	(6,567,797)
Gain / (loss) on financial liabilities measured at amortised cost		297,531	(524,014)
Unrealised gain on revaluation of derivatives		883,301	1,441,963
Other income		218,944	147,844
		57,037,977	67,408,821
Administrative expenses			
Manager's fee	15	(7,435,913)	(7,313,619)
Trustee's fee	16	(345,363)	(347,743)
Valuation fee		(199,662)	(179,917)
Auditors' remuneration		(53,500)	(53,500)
Tax agent's fee		(8,200)	(40,100)
Other expenses	17	(399,771)	(1,109,778)
Interest expense		(37,265,576)	(36,125,322)
		(45,707,985)	(45,169,979)
Profit before taxation		11,329,992	22,238,842
Taxation	18	-	-
Profit for the financial year, representing total comprehensive income for the year		11,329,992	22,238,842
Total comprehensive income for the year is made up as follows:			
- Realised		30,686,227	27,888,690
- Unrealised		(19,356,235)	(5,649,848)
		11,329,992	22,238,842

STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2018

	Note	2018	2017
Earnings per unit (sen)	19		
- after manager's fee		1.65	3.24
- before manager's fee		2.73	4.31
Income distribution (RM)	20		
Interim income distribution of 2.12 sen per unit paid on 21 December 2017 (FY2017: 1.93 sen per unit paid on 13 December 2016)		14,551,714	13,247,551
Proposed final income distribution of 2.08 sen per unit payable on 25 May 2018 (FY2017: Final income distribution of 2.13 sen per unit paid on 25 May 2017)		14,277,153	14,620,354
		28,828,867	27,867,905
Income distribution per unit* (sen)			
- Interim		2.12	1.93
- Final		2.08	2.13
		4.20	4.06

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

	2018	2017
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	25%	24%

STATEMENT OF CHANGES IN NET ASSET VALUE

For the Financial Year Ended 31 March 2018

	Undistributed Income			Unitholders' Funds RM
	Unitholders' Capital RM	Realised Income RM	Unrealised Income RM	
As at 1 April 2017	636,624,829	14,680,155	215,900,940	867,205,924
Total comprehensive income for the year	-	30,686,227	(19,356,235)	11,329,992
	636,624,829	45,366,382	196,544,705	878,535,916
Unitholders' transactions				
Distributions to Unitholders				
- 2017 final	-	(14,620,354)	-	(14,620,354)
- 2018 interim	-	(14,551,714)	-	(14,551,714)
	-	(29,172,068)	-	(29,172,068)
As at 31 March 2018	636,624,829	16,194,314	196,544,705	849,363,848
As at 1 April 2016	636,624,829	21,111,545	221,550,788	879,287,162
Total comprehensive income for the year	-	27,888,690	(5,649,848)	22,238,842
	636,624,829	49,000,235	215,900,940	901,526,004
Unitholders' transactions				
Distributions to Unitholders				
- 2016 final	-	(21,072,529)	-	(21,072,529)
- 2017 interim	-	(13,247,551)	-	(13,247,551)
	-	(34,320,080)	-	(34,320,080)
As at 31 March 2017	636,624,829	14,680,155	215,900,940	867,205,924

STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2018

	Note	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		11,329,992	22,238,842
<i>Adjustments for:</i>			
Interest income from placements with financial institution		(134,949)	(108,994)
Interest expense		37,265,576	36,125,322
Write back of impairment loss on trade receivables	17	(393,203)	(98,425)
Change in fair value of investment properties		20,537,067	6,567,797
(Gain) / loss on financial liabilities measured at amortised cost		(297,531)	524,014
Unrealised gain on revaluation of derivatives		(883,301)	(1,441,963)
Operating profit before working capital changes		67,423,651	63,806,593
<i>Changes in working capital:</i>			
(Increase) / decrease in receivables		(198,039)	23,743,754
Decrease in payables		(976,598)	(8,749,627)
Increase / (decrease) in rental deposits		478,923	(4,284,528)
Net cash generated from operating activities		66,727,937	74,516,192
CASH FLOWS FROM INVESTING ACTIVITIES			
Enhancements of investment properties	5	(7,797,067)	(19,446,974)
Interest income		134,949	108,994
Net cash used in investing activities		(7,662,118)	(19,337,980)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(36,824,653)	(36,285,398)
Distributions paid to Unitholders		(29,172,068)	(34,320,080)
Drawdown / (Repayment) of borrowings (net)		3,899,343	(22,373,033)
Net cash used in financing activities		(62,097,378)	(92,978,511)
Net decrease in cash and cash equivalents		(3,031,559)	(37,800,299)
Cash and cash equivalents at the beginning of the financial year		6,977,585	44,777,884
Cash and cash equivalents at the end of the financial year		3,946,026	6,977,585
Cash and cash equivalents included in the statement of cash flows comprise the following:			
Cash and bank balances		1,047,897	4,159,386
Deposits with financial institution	7	2,898,129	2,818,199
		3,946,026	6,977,585

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

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

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

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the Directors on 20 April 2018.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

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

2.2 Statement of compliance

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

2.3 Presentation of financial statements

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

2.4 Summary of significant accounting policies

2.4a Investment properties

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

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4a Investment properties (Contd.)

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

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

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

2.4b Leases

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

2.4b(i) The Trust as a lessor

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

2.4c Financial instruments - initial recognition and subsequent measurement

2.4c(i) Date of recognition

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

2.4c(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

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

2.4c(ii) Initial measurement of financial instruments (Contd.)

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

2.4c(iii) Subsequent measurement

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

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

2.4c(iii) Subsequent measurement (Contd.)

2.4c(iii)(d) “Day 1” profit or loss

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

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

2.4c(iv)(a) Financial assets

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

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

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

2.4c(iv)(b) Financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4d Fair value measurement

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

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

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

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

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

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

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

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

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

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

2.4e Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4e Impairment of financial assets (Contd.)

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

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

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

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

2.4f Offsetting financial instruments

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

2.4g Cash and cash equivalents

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

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

2.4h Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4i Contingent liabilities and contingent assets

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

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

2.4j Recognition of income and expenses

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

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

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

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

2.4j(ii) Rental income

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

2.4k Property expenses

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

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4k Property expenses (Contd.)

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

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

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

2.4l Income distribution

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

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

2.4m Taxation

2.4m(i) Current tax

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

2.4m(ii) Deferred tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (Contd.)

2.4m Taxation (Contd.)

2.4m(ii) Deferred tax (Contd.)

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

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

2.4n Earnings per Unit

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES

3.1 New and amended standards and interpretations adopted

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended standards and interpretations which became effective for the Trust on 1 April 2017:

- MFRS 107 Disclosure Initiatives (Amendments to MFRS 107)
- MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)
- Annual Improvement to MFRS 2014-2016 Cycle
- Amendments to MFRS 12 Disclosure of Interests in Other Entities: Classification of the Scope of Disclosure Requirements in MFRS 12

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

3.2 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
MFRS 2 Classification and Measurement of Shared-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 140 Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018
Annual Improvements to MFRS Standards 2014-2016 Cycle	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

3.3 Effect of adoption of standards issued but not yet effective

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

NOTES TO THE FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

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

3.3a MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

During the financial year, the Trust have performed an impact assessment on all aspects of MFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Trust in financial year ending 31 March 2019 when the Trust will adopt MFRS 9. The estimable impact from the adoption of MFRS 9 based on currently available information is insignificant.

3.3a (i) Classification and measurement of financial assets

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL). However, trade receivables without a significant financing component are initially measured at their transaction price as defined in MFRS 15 Revenue from Contracts with Customers.

Debt instruments are subsequently measured on the basis of their contractual cash flows and the business model under which the debt instruments are held. If a debt instrument has contractual cash flows that are solely payments of principal and interest on the principal outstanding and is held within a business model with the objective of holding the assets to collect contractual cash flows, it is accounted for at amortised cost. If a debt instrument has contractual cash flows that are solely payments of principle and interest on the principal outstanding and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, it is measured at fair value through other comprehensive income (FVOCI) with subsequent reclassification to profit or loss.

All other debt instruments are subsequently accounted for at FVTPL. Also, there is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.

Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in OCI (without subsequent reclassification to profit or loss).

The Trust does not expect a significant impact on its balance sheet on equity on applying the classification and measurement requirements of MFRS 9 except for receivables that meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instrument is not required.

3.3a (ii) Classification and measurement of financial liabilities

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI.

The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

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

3.3a MFRS 9 Financial Instruments (Contd.)

3.3a (ii) Classification and measurement of financial liabilities (Contd.)

All other MFRS 139 classification and measurement requirements for financial liabilities have been carried forward into MFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

The Trust does not expect a significant impact on the classification and measurement of financial liabilities upon adoption of MFRS 9.

3.3a (iii) Impairment

The impairment requirements are based on an expected credit loss (“ECL”) model that replaces the MFRS 139 incurred loss model.

The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under MFRS 15; and lease receivables under MFRS 117 Leases.

Entities are generally required to recognise either 12-months’ or life time ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For trade receivables without a significant financing component, and depending on an entity’s accounting policy choice for other trade receivables and lease receivables, a simplified approach applies whereby life time ECL are always recognised.

The measurement of ECL must reflect a probability weighted outcome, the effect of the time value of money, and based on reasonable and supportable information that is available without undue cost or effort.

Based on the impact assessment on the impairment requirements of MFRS 9, the Trust will apply the simplified approach to calculate the ECL on receivables.

3.3a (iv) Hedge accounting

Hedge effectiveness testing must be prospective and can be qualitative, depending on the complexity of the hedge.

A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measurable.

The time value of an option, the forward element of a forward contract and any foreign currency basis spread can be excluded from the designation as the hedging instrument and accounted for as costs of hedging.

More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

The Trust does not expect any impact on the hedging requirements of MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES (CONTD.)

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

3.3b Amendments to MFRS 140 : Transfer of investment property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property.

The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

3.3c MFRS 15 Revenue from Contracts with Customers

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

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

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

The adoption of MFRS 15 on required effective date of 1 April 2018 for the Trust is not expected to have material financial impact on the financial statements of the Trust.

3.3d MFRS 16 Leases

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

5. INVESTMENT PROPERTIES

	2018 RM	2017 RM
As at beginning of the year	1,662,800,000	1,627,800,000
Acquisition	-	-
Enhancements	7,797,067	41,567,797
Disposal	-	-
Change in fair value	(20,537,067)	(6,567,797)
As at end of year	1,650,060,000	1,662,800,000

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

Description of property	Valuation date	Term yield ¹	Reversion yield ²
(i) Menara AmBank	30 January 2018	6.00%	6.25%
(ii) Bangunan AmBank Group	29 January 2018	6.25%	6.50%
(iii) Menara AmFIRST	21 February 2018	6.00%	6.25%
(iv) Wisma AmFIRST	28 February 2018	6.00%	6.50%
(v) The Summit Subang USJ	2 March 2018	6.00%	6.25%
(vi) Prima 9	30 January 2018	6.25%	6.50%
(vii) Prima 10	30 January 2018	6.25%	6.50%
(viii) Jaya 99	29 January 2018	6.25%	6.75%
(ix) Mydin Bukit Mertajam	5 February 2018	6.50%	7.00%

¹ Yield that the investment properties are expected to achieve and is derived from the current average rental rate, including revision upon renewal of tenancies during the term.

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

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

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES (CONTD.)

Description of property	Land Title	Location	Existing use	Cost of Investment 31.3.2018 RM	Carrying value as at 31.3.2018 RM	% of valuation to net asset value as at 31.3.2018 %	Cost of Investment 31.3.2017 RM	Carrying value as at 31.3.2017 RM	% of valuation to net asset value as at 31.3.2017 %
(i) Menara AmBank	Freehold	Kuala Lumpur	Office	259,610,872	321,500,000	37.85	257,130,640	318,800,000	36.76
(ii) Bangunan AmBank Group	Leasehold@	Kuala Lumpur	Office	194,332,208	260,000,000	30.61	193,530,156	259,000,000	29.87
(iii) Menara AmFIRST	Freehold	Petaling Jaya	Office	64,840,511	72,000,000	8.48	64,722,797	72,500,000	8.36
(iv) Wisma AmFIRST	Leasehold#	Kelana Jaya	Office	94,679,555	114,000,000	13.42	94,626,360	114,000,000	13.15
(v) The Summit Subang USJ	Freehold	Subang Jaya	Commercial Office, Hotel and Retail Mall	362,417,524	365,060,000	42.98	358,138,423	382,200,000	44.07
(vi) Prima 9	Freehold	CyberJaya	Office	73,239,407	73,200,000	8.62	73,224,077	73,000,000	8.42
(vii) Prima 10	Freehold	CyberJaya	Office	62,329,060	66,300,000	7.81	62,305,560	66,300,000	7.65
(viii) Jaya 99	Leasehold [^]	Melaka	Office	87,966,806	102,000,000	12.01	87,940,861	102,000,000	11.76
(ix) Mydin HyperMall	Freehold	Penang	Hypermall	254,123,504	276,000,000	32.49	254,123,504	275,000,000	31.71
				1,453,539,447	1,650,060,000		1,445,742,378	1,662,800,000	

Legend:

@ The leasehold land will expire on 3 June 2084.

The leasehold land will expire on 9 February 2094.

^ The leasehold land will expire on 7 October 2109.

NOTES TO THE FINANCIAL STATEMENTS

6. RECEIVABLES

	2018 RM	2017 RM
<i>Non-Current</i>		
Accrued lease receivable (a)	3,177,826	4,111,816
<i>Current</i>		
Trade receivables (b)	2,255,497	2,348,591
Less: Allowance for impairment	(209,308)	(606,301)
Trade receivables, net	2,046,189	1,742,290
Accrued lease receivable (a)	1,168,415	156,338
Other receivables, deposits and prepayments	3,986,571	3,777,315
Total current receivables, net	7,201,175	5,675,943

(a) All leasing incentives for the new or renewed operating lease are recognised as a reduction of rental income over the lease term, on a straight-line basis. This represents the balance unamortised of the lease incentives arising from the fit-out costs and rent-free-period incentives given to lessee.

(b) Included in trade receivables are rental outstanding from companies related to the Manager amounting to RM388,332 (2017: RM241,195) which are subject to normal trade terms.

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 management. The Trust's trade receivables relate to a large number of diversified customers, and other than AmBank Group, there is no significant concentration of credit risk.

7. DEPOSITS WITH FINANCIAL INSTITUTION

	2018 RM	2017 RM
Placements with a licensed bank maturing within three months	2,898,129	2,818,199

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

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

NOTES TO THE FINANCIAL STATEMENTS

8. RENTAL DEPOSITS

	2018 RM	2017 RM
<i>Non-current</i>		
Payable after 12 months	13,688,025	12,085,986
<i>Current</i>		
Payable within 12 months	12,251,772	13,672,419
	25,939,797	25,758,405

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

	2018 RM	2017 RM
<i>Non-current</i>		
Payable after 12 months	3,976,955	6,954,138
<i>Current</i>		
Payable within 12 months	7,009,873	4,386,862
	10,986,828	11,341,000

9. BORROWINGS

	2018 RM	2017 RM
<i>Current</i>		
Term Loan	57,000,000	-
Revolving Credit	89,000,000	89,000,000
	146,000,000	89,000,000
<i>Non-Current</i>		
Term Loan	85,850,000	142,850,000
Revolving Credit	298,500,000	295,000,000
Syndicated Term Loan	250,000,000	250,000,000
Loan transaction costs subject to amortisation	(1,308,065)	(1,707,408)
	633,041,935	686,142,592
Total borrowings	779,041,935	775,142,592

NOTES TO THE FINANCIAL STATEMENTS

9. BORROWINGS (CONTD.)

A term loan facility of RM57.0 million and revolving credit facility of RM4.0 million are secured by way of a lien holder's caveat over Menara AmFIRST. A revolving credit facility of RM85.0 million is secured by way of a lien holder's caveat over Wisma AmFIRST. A revolving credit facility of RM210.0 million is secured by a lien holder's caveat over Menara AmBank. A revolving credit facility of RM140.0 million is secured by way of a lien holder's caveat over The Summit Subang USJ. A term loan facility of RM85.85 million is secured by first party legal charge over Jaya 99. The Syndicated Term Loan facility of RM250.0 million is secured by first party legal charge over Mydin and Prima 10.

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

The Trust has pledged its short term deposits of RM2,898,129 (2017: RM2,818,199) as a requirement for the RM57.0 million Term Loan Facility, RM85.0 million and RM210.0 million Revolving Credit Facilities.

10. DERIVATIVES

	2018 RM	2017 RM
Interest rate swap contracts		
- Non-Current	764,146	1,283,345
- Current	935,842	1,299,944
	1,699,988	2,583,289

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

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

11. PAYABLES

	2018 RM	2017 RM
Trade payables	1,339,828	229,513
Other payables and accruals	6,999,631	8,645,621
	8,339,459	8,875,134

Included in other payables and accruals is:

- (i) Amounts owing to the Manager and Trustee of RM621,047 (2017: RM617,702) and RM28,308 (2017: RM28,891) respectively.

NOTES TO THE FINANCIAL STATEMENTS

12. UNITHOLDERS' FUNDS

Unitholders' funds is represented by:

	2018 RM	2017 RM
Unitholders' capital	636,624,829	636,624,829
Undistributed realised income	16,194,314	14,680,155
Undistributed unrealised income	196,544,705	215,900,940
	849,363,848	867,205,924

Number of units in circulation:

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

Issued and fully paid:

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

As at 31 March 2018, the Manager and all of the directors of the Manager do not have any unitholding in the Trust. However, the parties related to the Manager held unit in the Trust as follows:

	2018		2017	
	Number of units	Market Value RM	Number of units	Market Value RM
Unitholdings of parties related to the Manager				
AmBank (M) Berhad	183,489,138	110,093,483	183,489,138	148,626,202
Yayasan Azman Hashim	41,779,353	25,067,612	41,779,353	33,841,276
Jadeline Capital Sdn Bhd	22,518,000	13,510,800	36,168,000	29,296,080
Amcorp Group Berhad	13,650,000	8,190,000	-	-
AmMetLife Insurance Berhad on behalf of Life Fund	11,200,000	6,720,000	11,200,000	9,072,000
Azman bin Hashim	849,076	509,446	849,076	687,752
AmGroup Foundation	2,560	1,536	2,560	2,074

The market value is determined by multiplying the number of units with the market closing price of RM0.600 per unit as at 31 March 2018 (31 March 2017: RM0.810 per unit).

NOTES TO THE FINANCIAL STATEMENTS

13. GROSS REVENUE

	2018 RM	2017 RM
Gross rental income	106,226,294	103,710,226
Car park income	7,516,711	7,193,003
Other income	355,847	635,663
	114,098,852	111,538,892

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

	2018 RM	2017 RM
Not later than one year	91,625,375	84,881,436
Later than one year and not later than five years	125,853,996	115,578,658
Later than five years	506,914,022	524,788,933
	724,393,393	725,249,027

14. PROPERTY EXPENSES

Included in property expenses are the following:

	2018 RM	2017 RM
Property management fee and reimbursements*	3,870,499	3,003,639
Rates and assessment	5,972,852	5,865,265
Quit rent	164,820	162,841

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

15. MANAGER'S FEE

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

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

The Manager's fee for the current financial year consists of a base fee of 0.30% (2017: 0.30%) per annum and performance fee of 3.00% (2017: 3.00%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

16. TRUSTEE'S FEE

Pursuant to the Deed, the Trustee is entitled to receive a fee up to 0.10% per annum of the net asset value. The Trustee's fee for the current financial year is calculated based on 0.04% (2017: 0.04%) per annum on the net asset value.

17. OTHER EXPENSES

Included in other expenses are:

	2018 RM	2017 RM
Write back of impairment loss on trade receivables (Note 25(b)(iii))	(393,203)	(98,425)

18. TAXATION

	2018 RM	2017 RM
Current tax expense	-	-

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

Domestic current income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.

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

	2018 RM	2017 RM
Income before taxation	11,329,992	22,238,842
Income tax using Malaysian tax rate of 24% (2017: 24%)	2,719,198	5,337,322
Effects of non-deductible expenses	398,796	348,113
Effect of fair value adjustment on investment properties not subject to tax	4,928,896	1,576,271
Effects of income exempted from tax	(8,046,890)	(7,261,706)
Tax expense	-	-

NOTES TO THE FINANCIAL STATEMENTS

19. EARNINGS PER UNIT

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

	2018	2017
Net income for the year (RM)	11,329,992	22,238,842
Number of units in circulation during the year (units)	686,401,600	686,401,600
Basic earnings per unit after manager's fee (sen)	1.65	3.24

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

	2018	2017
Net income for the year (RM)	11,329,992	22,238,842
<i>Add back:</i>		
Manager's fee (RM)	7,435,913	7,313,619
Net income for the year before manager's fee (RM)	18,765,905	29,552,461
Number of units in circulation during the year (units)	686,401,600	686,401,600
Basic earnings per unit before manager's fee (sen)	2.73	4.31

20. INCOME DISTRIBUTION

In respect of the current financial year ended 31 March 2018, the Manager had paid an interim income distribution of 2.12 sen per unit for the six-month financial period from 1 April 2017 to 30 September 2017 of RM14,551,714 and has proposed a final income distribution of 2.08 sen per unit for the six-month financial period from 1 October 2017 to 31 March 2018 totalling RM14,277,153 which is in line with the objectives of AmFIRST REIT to deliver regular and stable distributions to Unitholders. The total income distribution of 4.20 sen per unit for the financial year ended 31 March 2018 is from the following sources:

	2018 RM	2017 RM
Gross revenue	114,098,852	111,538,892
Interest income	134,949	108,994
Other income	218,944	147,844
	114,452,745	111,795,730
Less: Expenses	(83,766,518)	(83,907,040)
	30,686,227	27,888,690
Add: Undistributed income at beginning of the year	60,112	39,327
Total income available for distribution	30,746,339	27,928,017
Less: Undistributed income at end of the year	(1,917,472)	(60,112)
	28,828,867	27,867,905
Distribution per unit (sen)	4.20	4.06

NOTES TO THE FINANCIAL STATEMENTS

21. PORTFOLIO TURNOVER RATIO

	2018	2017
Portfolio Turnover Ratio ("PTR") (Times)	-	-

The calculation of PTR is based on the average of the total acquisitions and total disposals of investments in the Trust for the financial year calculated to the average net asset value during the financial year.

22. MANAGEMENT EXPENSE RATIO

	2018	2017
Management Expense Ratio ("MER") (%)	0.98	1.04

The calculation of MER is based on total fees of the Trust incurred, including the Manager's fee, Trustee's fee, auditors' remuneration, tax agent's fee and administrative expenses, to the average net asset value during the financial year. Comparison of MER of the Trust with other real estate investment trusts which use different basis of calculation may not be an accurate comparison.

23. CAPITAL COMMITMENT AND CONTINGENCIES

	2018 RM	2017 RM
Approved but not contracted for: Investment properties	23,885,960	36,004,506
Approved and contracted for: Investment properties	17,950,941	7,577,366

24. TRANSACTIONS WITH THE COMPANIES RELATED TO THE MANAGER

	2018 RM	2017 RM
Rental earned from AmBank Group	42,408,849	43,386,737
Interest earned from AmBank (M) Berhad	134,949	108,994
Interest paid to AmBank (M) Berhad	26,344,496	26,961,180
Loan Facilities fee	70,000	90,000

NOTES TO THE FINANCIAL STATEMENTS

24. TRANSACTIONS WITH THE COMPANIES RELATED TO THE MANAGER (CONTD.)

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

	2018 RM	2017 RM
AmBank Group		
Bank balances and deposits placed with AmBank (M) Berhad	3,931,113	6,958,890
Bank borrowings from AmBank (M) Berhad	544,500,000	541,000,000
Rental deposits received from the AmBank Group	10,986,828	11,341,000

The above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

25. FINANCIAL INSTRUMENTS

AmFIRST REIT operates within clearly defined guidelines as set out in the REITs Guidelines. The REITs Guidelines have been formulated with the objective of providing a regulatory framework that would protect the interests of the investing public. AmFIRST REIT's risk management policies, which ensure compliance with the spirit of the REITs Guidelines, are set out below. It is not the Trust's policy to engage in speculative transactions.

- (a) The following are classes of financial instruments that have carrying amounts which are reasonable approximations of their fair value.

Loans and receivables	Note
Receivables	(i)
Deposits with financial institution	(i)
Cash and bank balances	(i)
Financial liabilities	
Payables	(i)
Rental deposits	(ii)
Borrowings	(ii)

The following methods and assumptions were used to estimate the fair values of financial assets and liabilities as at the reporting date:

(i) Cash and bank balances, deposits with financial institution, receivables and payables

The carrying values of these financial assets and financial liabilities approximate their fair value due to the short-term maturity of these instruments.

(ii) Rental deposits and borrowings

Fair value is estimated by discounting expected future cash flows at the market incremental lending rate for similar types of borrowings and payables at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (CONTD.)

(b) Financial risk management objectives and policies

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

(i) Interest rate risk

AmFIRST REIT's exposure to changes in interest rates relate primarily to interest-earning financial assets and interest bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which interest expense could be affected by adverse movements in interest rate.

The interest rate profile of AmFIRST REIT's significant interest bearing financial instruments, based on carrying amounts as at the end of reporting period is as follows:

	2018 RM	2017 RM
Financial assets:		
<i>Floating rate instrument</i>		
Deposits with financial institution	2,898,129	2,818,199
Financial liabilities:		
<i>Fixed rate instrument</i>		
Term Loan	57,000,000	57,000,000
Revolving credit	30,000,000	30,000,000
	87,000,000	87,000,000
<i>Floating rate instrument</i>		
Term Loan	334,541,935	334,142,592
Revolving credit	357,500,000	354,000,000
	692,041,935	688,142,592
Interest rate swap contracts	1,699,988	2,583,289

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:

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (CONTD.)

(b) Financial risk management objectives and policies (Contd.)

(i) Interest rate risk (Contd.)

	Profit or loss	
	25 basis point Increase RM	25 basis point Decrease RM
2018		
Floating rate instruments	(1,733,375)	1,733,375
IRS swap Contract	500,000	(500,000)
	(1,233,375)	1,233,375
2017		
Floating rate instruments	(1,724,625)	1,724,625
IRS swap Contract	500,000	(500,000)
	(1,224,625)	1,224,625

(ii) Effective interest rates

In respect of interest-earning financial assets and interest bearing liabilities, the following table indicates their weighted average effective interest rates at the reporting date and the periods in which they mature.

	Weighted average effective interest rate %	Total RM	Within 1 year RM	> 1-5 years RM
2018				
Financial assets				
Deposits with financial institution	2.80	2,898,129	2,898,129	-
Financial liabilities				
Term loans	4.68	391,541,935	57,000,000	334,541,935
Revolving credit facilities	4.75	387,500,000	89,000,000	298,500,000
2017				
Financial assets				
Deposits with financial institution	2.80	2,818,199	2,818,199	-
Financial liabilities				
Term loans	4.43	391,142,592	-	391,142,592
Revolving credit facilities	4.32	384,000,000	89,000,000	295,000,000

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (CONTD.)

(b) Financial risk management objectives and policies (Contd.)

(iii) Credit risk

Credit risk is the risk of loss that may arise on the outstanding financial assets should a counterparty default on its obligation.

As at the reporting date, other than the amount due from the AmBank Group, the Trust does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

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

	Gross RM	Provision of Impairment Loss RM	Net RM
2018			
Current	1,309,428	(15,316)	1,294,112
Impairment			
Past due 30 - 60 days	351,874	(36,133)	315,741
Past due 61 - 90 days	28,541	(1,092)	27,449
Past due more than 90 days	565,654	(156,767)	408,887
	2,255,497	(209,308)	2,046,189
2017			
Current	1,113,797	(154,645)	959,152
Impairment			
Past due 30 - 60 days	510,212	(129,531)	380,681
Past due 61 - 90 days	186,197	(60,943)	125,254
Past due more than 90 days	538,385	(261,182)	277,203
	2,348,591	(606,301)	1,742,290

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

Movement in the allowance for the impairment of receivables is as follows:

	2018 RM	2017 RM
As at beginning of the year	606,301	784,307
Amount written off	(3,790)	(79,581)
Write back (Note 17)	(393,203)	(98,425)
As at 31 March	209,308	606,301

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (CONTD.)

(b) Financial risk management objectives and policies (Contd.)

(iv) Liquidity risk

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

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

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

	Within one year RM	1-5 years RM	Total RM
2018			
Rental deposits	12,251,772	13,688,025	25,939,797
Payables	8,339,459	-	8,339,459
Borrowings	146,000,000	633,041,935	779,041,935
Total financial liabilities	166,591,231	646,729,960	813,321,191
2017			
Rental deposits	13,672,419	12,085,986	25,758,405
Payables	8,875,134	-	8,875,134
Borrowings	89,000,000	686,142,592	775,142,592
Total financial liabilities	111,547,553	698,228,578	809,776,131

26. 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 in Malaysia's REITs Guidelines, the Trust is required to maintain a gearing not exceeding 50%.

The gearing is calculated as gross borrowings divided by total assets value of the Trust. Gross borrowings refer to the gross interest-bearing borrowings as set out in Note 9.

	2018 RM	2017 RM
Total borrowings	779,041,935	775,142,592
Total assets	1,664,385,027	1,679,565,344
Gearing ratio (%)	46.8%	46.2%

NOTES TO THE FINANCIAL STATEMENTS

27. MATERIAL LITIGATION

Legal Proceedings Instituted by Swan Property Sdn Bhd & 14 Others VS. The Summit Subang USJ Management Corporation and Maybank Trustees Berhad (as Trustee for AmFIRST Real Estate Investment Trust) by way of Kuala Lumpur High Court Suit No. WA-22NCC-82-02/2018 (“Kuala Lumpur Suit”)

On 15 December 2017, Maybank Trustees Berhad, the trustee of AmFIRST REIT (“AmFIRST REIT Trustee”) was served with a Writ of Summons and Statement of Claim dated 13 December 2017 vide Shah Alam High Court Suit No. BA-22NCvC-718-12/2017 (“Shah Alam Suit”). The Shah Alam Suit was filed by Swan Property Sdn Bhd and 14 Others (“Plaintiffs”) who named The Summit Subang USJ Management Corporation (“MC”) as the 1st Defendant and AmFIRST REIT Trustee as the 2nd Defendant.

In the Shah Alam 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 the Plaintiffs.

However, on 22 February 2018, the Plaintiffs withdrew the Shah Alam Suit with liberty to file afresh.

Given the foregoing, the Plaintiffs subsequently re-filed their claims against the MC and AmFIRST REIT Trustee at the Kuala Lumpur High Court vide Kuala Lumpur High Court Suit No. WA-22NCC-82-02/2018 (“Kuala Lumpur Suit”). A copy of the Writ of Summons and Statement of Claim of the Kuala Lumpur Suit was served on the solicitors for AmFIRST REIT Trustee on 6 March 2018. In the Kuala Lumpur Suit, again, as per the Shah Alam Suit, the MC was named as the 1st Defendant and AmFIRST REIT Trustee, the 2nd Defendant. The Plaintiffs also alleged in the Kuala Lumpur Suit that the MC has breached certain statutory and fiduciary duties; and that the MC and AmFIRST REIT Trustee have conspired to injure the Plaintiffs. As against AmFIRST REIT Trustee, the Plaintiffs have sought for damages to be assessed; alternatively, a declaration that the proprietors of the Summit USJ (including AmFIRST REIT Trustee) to bear certain renovation / refurbishment costs (to be quantified).

AmFIRST REIT Trustee is disputing the allegations against AmFIRST REIT Trustee and has appointed solicitors to defend the suit.

The solicitor representing AmFIRST REIT Trustee holds the view that there is a credible defence against the Plaintiffs’ claims and it would be difficult to prove the necessary elements required to succeed in a conspiracy to injure claim.

The next case management for the Kuala Lumpur Suit is on 16 May 2018.

STATEMENT BY THE DIRECTORS OF THE MANAGER

We, Soo Kim Wai and Wong Khim Chon, being two of the Directors of the Manager, do hereby state that, in the opinion of the Directors of the Manager, the financial statements of AmFIRST Real Estate Investment Trust (the "Trust") as set out on pages 110 to 143 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 2018 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

Kuala Lumpur, Malaysia
20 April 2018

WONG KHIM CHON

STATUTORY DECLARATION

I, Chong Hong Chuon, being the officer primarily responsible for the financial management of AmFIRST Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 110 to 143 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

CHONG HONG CHUON

(MIA 18174)
Chief Financial Officer

SUBSCRIBED AND SOLEMNLY DECLARED by the abovenamed Chong Hong Chuon, at Kuala Lumpur, Malaysia on 20 April 2018.

Before me:

Commissioner for Oaths

TRUSTEE'S REPORT

To the Unitholders of AmFIRST Real Estate Investment Trust

We have acted as the Trustee of AmFIRST Real Estate Investment Trust (“the Trust”) for the financial year ended 31 March 2018. To the best of our knowledge, AmREIT Managers Sdn Bhd (“the Management Company”) has managed the Trust in accordance with the roles and responsibilities and limitation imposed on the investment powers of the Management Company and the Trustee under the Deed, the Securities Commission Malaysia’s Guidelines on Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws during the financial year ended 31 March 2018.

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 2018 are in line with and are reflective of the objectives of the Trust.

For Maybank Trustees Berhad

BERNICE LAU KAM MUN

Head, Operations

Kuala Lumpur, Malaysia

20 April 2018

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 2018, 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 110 to 143.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Trust as at 31 March 2018, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Trust in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Trust for the current year. These matters were addressed in the context of our audit of the financial statements of the Trust as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT

To the Unitholders of AmFIRST Real Estate Investment Trust

Key audit matters (Contd.)

Risk area and rationale:

Fair value valuation of investment properties

The investment properties of the Trust as at 31 March 2018 stood at RM1,650,060,000 (31 March 2017: RM1,662,800,000) as disclosed in Note 5 to the financial statements. During the current financial year, the Trust conducted its annual revaluation for all of its investment properties using the qualified professional valuers.

The process of valuation of the investment properties involves various valuation models and assumptions that are affected by expected future market and economic conditions. There is significant measurement uncertainty involved in the revaluation.

The valuation methodology and assumptions used are described in Note 5 to the financial statements.

Valuation of interest rate swap

The interest rate swaps of the Trust as at 31 March 2018 stood at RM1,699,988 (31 March 2017: RM2,583,289) included under liabilities as disclosed in Note 10 to the financial statements. The interest rate swaps, which are derivatives are carried at fair value through profit or loss in accordance with requirements of *MFRS 139 Financial Instruments* and their fair values have been determined in accordance with requirements of *MFRS 13 Fair Value Measurement*.

The process of valuation of the interest rate swaps involves various valuation assessment and assumptions that are affected by expected future market and economic conditions, and involves the use of observable and unobservable inputs and parameters in the financial markets. There is significant measurement uncertainty involved in the valuation.

Net valuation gain or loss of interest rate swaps during the year is recognised in the profit or loss.

Our response:

Our audit procedures on revaluation of investment properties included the following:

- (i) assessed the qualifications and competencies of the professional valuers;
- (ii) reviewed the valuation methodology adopted and the underlying assumptions applied by the valuers; and
- (iii) assessed the reasonableness of the methodology and assumptions adopted.

Our audit procedures on valuation of interest rates swaps included the following:

- (i) reviewed the critical terms of the contracts;
- (ii) assessed the accuracy of the calculations performed; and
- (iii) assessed the reasonableness of the assumptions adopted, including assessing if the inputs and parameters used were observable in the financial markets.

INDEPENDENT AUDITORS' REPORT

To the Unitholders of AmFIRST Real Estate Investment Trust

Information other than the financial statements and auditors' report thereon

The Manager is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Trust and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Trust does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Trust, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Trust or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Manager and take appropriate action.

Responsibilities of the Manager and Trustee for the financial statements

The Manager is responsible for the preparation of financial statements of the Trust that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Trust that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

In preparing the financial statements of the Trust, the Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Trust as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Trust, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT

To the Unitholders of AmFIRST Real Estate Investment Trust

Auditors' responsibilities for the audit of the financial statements (Contd.)

- 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.

From the matters communicated with the directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of the Trust for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

This report is made solely to the Unitholders of the Trust, as a body, in accordance with the Securities Commission's Guidelines on Real Estate Investment Trusts in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
20 April 2018

Chan Hooi Lam
No. 02844/02/2020 J
Chartered Accountant

ANALYSIS OF UNITHOLDERS

Thirty (30) Largest Unitholders As At 7 May 2018

Nos.	Names	No. of Holdings	% of Holding
1.	AmBank (M) Berhad *	183,489,138	26.73
2.	Yayasan Azman Hashim *	41,779,353	6.09
3.	Jadeline Capital Sdn Bhd	22,518,000	3.28
4.	Valuecap Sdn Bhd	21,801,100	3.18
5.	CIMB Group Nominees (Tempatan) Sdn Bhd Yayasan Hasanah (AUR-VCAM)	20,252,700	2.95
6.	Amcorp Group Berhad	13,650,000	1.99
7.	AMSEC Nominees (Tempatan) Sdn Bhd AmMetLife Insurance Berhad (FM-AMAB-LF)	11,200,000	1.63
8.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	9,976,500	1.45
9.	Affin Hwang Investment Bank Berhad IVT (FVOCI)	9,120,020	1.33
10.	DFN Resources Sdn Bhd	7,142,900	1.04
11.	Lim Soon Huat	5,122,272	0.75
12.	Seng Siaw Wei	5,000,000	0.73
13.	Tan Kim Chuan	4,901,000	0.71
14.	AMSEC Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Ng Bee Lan (9917-2101)	4,400,000	0.64
15.	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An For DBS Bank Ltd (SFS)	3,510,000	0.51
16.	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ramanathan A/L L. Manickavasagan (Solaris-CL)	3,400,000	0.50
17.	Wing Kwong @ Chan Wing Kwong	3,213,624	0.47
18.	Cimsec Nominees (Asing) Sdn Bhd Exempt An For CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	2,679,180	0.39
19.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Liew Sun Yick	2,596,000	0.38
20.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Liew Sun Yick	2,327,900	0.34
21.	Lim Kew Seng	2,083,080	0.30
22.	Radhakrishnan A/L Menon	2,050,000	0.30
23.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA International Real Estate Securities Portfolio of DFA Investment Dimensions Group Inc	1,788,940	0.26
24.	Wong Soh Har @ Wong Yin Teck	1,720,000	0.25
25.	Oh Eng Hoe	1,600,000	0.23
26.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Kin Kheong (E-IMO)	1,600,000	0.23
27.	Labuan Reinsurance (L) Ltd	1,525,200	0.22
28.	Yap Ah Ngah @ Yap Neo Nya	1,500,000	0.22
29.	Koh Song Leang	1,465,000	0.21
30.	Affin Hwang Nominees (Asing) Sdn. Bhd. Exempt An For DBS Vickers Securities (Singapore) Pte Ltd (Clients)	1,414,578	0.21
		394,826,485	57.52

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

ANALYSIS OF UNITHOLDERS

Distribution Schedule of Unit As at 7 May 2018

Category	No. of Unitholders	No. of Holdings	% of Holdings
Less than 100	620	22,629	0.00
100 to 1,000	3,065	1,992,598	0.29
1,001 to 10,000	5,176	22,460,584	3.27
10,001 to 100,000	2,712	91,748,456	13.37
100,001 to less than 5% of the issued units	645	344,908,842	50.25
5% and above the issued units	2	225,268,491	32.82
Total	12,220	686,401,600	100.00

Classification of Unitholders As At 7 May 2018

Category of Unitholders	No. of Unitholders		No. of Holdings		% of Holdings	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1. Individuals	10,163	184	225,868,584	9,769,300	32.91	1.42
2. Body Corporate	7	-	214,913,938	-	31.31	-
a. Banks / Finance Companies						
b. Investment Trusts / Foundation / Charities	4	-	42,155,661	-	6.14	-
c. Industrial and Commercial Companies	155	7	33,903,808	24,088,209	4.94	3.51
3. Government Agencies / Institutions	1	-	11,421	-	-	-
4. Nominees	1,589	110	117,706,318	17,984,361	17.15	2.62
Total	11,919	301	634,559,730	51,841,870	92.45	7.55

Breakdown of Unit Holding As At 31 March 2018

Category	No. of Unitholders	No. of Holdings
5,000 and below	7,337	11,837,530
5,001 to 10,000	1,522	12,558,339
10,001 to 50,000	2,213	54,818,625
50,001 to 500,000	1,036	152,144,855
500,001 and above	106	455,042,251
Total	12,214	686,401,600

CORPORATE DIRECTORY

BOARD OF DIRECTORS OF THE MANAGER

Mr Soo Kim Wai

Non-Independent Non-Executive Director / Chairman

Y Bhg Dato' Wong Nam Loong

Independent Non-Executive Director

Y Bhg Dato' Abdullah Thalith bin Md Thani

Independent Non-Executive Director

YM Raja Teh Maimunah binti Raja Abdul Aziz

Non-Independent Non-Executive Director

Encik Azlan Baqee bin Abdullah

Non-Independent Non-Executive Director

Mr Wong Khim Chon

Executive Director / Chief Executive Officer



MANAGER

AmREIT Managers Sdn Bhd
(Formerly known as Am ARA REIT Managers Sdn Bhd)
(Company No. 730964-X)

REGISTERED OFFICE OF THE MANAGER

22nd Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No. : 603 – 2036 2633
Facsimile No. : 603 – 2032 1914

BUSINESS ADDRESS OF THE MANAGER

Penthouse, Menara AmFIRST
No. 1, Jalan 19/3
46300 Petaling Jaya
Selangor
Telephone No. : 603 – 7955 8780/8782
Facsimile No. : 603 – 7955 8360/80
Website: www.amfirstreit.com.my

COMPANY SECRETARIES

Ms Chan Sau Leng
(MAICSA 7012211)

Ms Ruzeti Emar Binti Mohd Rosli
(LS0009965)

Level 8, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor
Telephone No. : 603 – 7841 8000
Facsimile No. : 603 – 7841 8199

TRUSTEE

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



PROPERTY MANAGERS

Malik & Kamaruzaman Property Management Sdn Bhd

(Company No. 721939-X)
3rd Floor, Wisma Yakin
Jalan Melayu
50100 Kuala Lumpur
Telephone No. : 603 – 2698 5522
Facsimile No. : 603 – 2692 5202

Savills (KL) Sdn Bhd

(Company No. 587693-W)
Level 9, Menara Milenium
Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Telephone No. : 603 – 2092 5955
Facsimile No. : 603 – 2092 5966

Knight Frank Property Management Sdn Bhd

(Company No. 1211775-H)
Suite 10.01 Level 10 Centrepoint South
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone No. : 603 – 2289 9688
Facsimile No. : 603 – 2289 9788

AUDITORS

Messrs Ernst & Young (AF: 0039)

Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Telephone No. : 603 – 7495 8000
Facsimile No. : 603 – 2095 5332

TAX ADVISER

PricewaterhouseCoopers Taxation Services Sdn Bhd

(Company No. 464731-M)
Level 10, 1 Sentral Jalan Rakyat
Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur
Telephone No. : 603 – 2173 1188
Facsimile No. : 603 – 2173 1288

PRINCIPAL BANKER

AmBank (M) Berhad

(Company No. 5815D)
(A Member of AmBank Group)
22nd Floor, Bangunan AmBank Group
No 55, Jalan Raja Chulan
50200 Kuala Lumpur Malaysia
Telephone No. : 603 – 2036 2633
Facsimile No. : 603 – 2072 8439

Public Bank Berhad

(Company No. 6463-H)
Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur
Telephone No. : 603 – 2163 8888/8899
Facsimile No. : 603 – 2163 9917

REGISTRAR

Symphony Share Registrars Sdn Bhd

(Company No. 378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor
Telephone No. : 603 – 7849 0777 (Helpdesk)
Facsimile No. : 603 – 7841 8151/8152

STOCK EXCHANGE LISTING

Main Market of Bursa Securities

Stock Name : AmFIRST
Stock Code : 5120

NOTICE OF SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting (“AGM”) of the Unitholders of AmFIRST Real Estate Investment Trust (“AmFIRST REIT”) will be held at Taming Sari 1 & 2, Ground Floor, The Royale Chulan Kuala Lumpur, 5 Jalan Conlay, 50450 Kuala Lumpur on Wednesday, 25 July 2018 at 10.00 a.m. or at any adjournment thereof, for the following purpose:

ORDINARY BUSINESS

- (1) To receive the Audited Financial Statements for the financial year ended 31 March 2018 of AmFIRST REIT together with the Reports of the Trustee and Auditors thereon.

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

- (2) **PROPOSED AUTHORITY TO ALLOT AND ISSUE NEW UNITS PURSUANT TO PARAGRAPH 6.59 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD** **ORDINARY RESOLUTION NO. 1**

“THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and subject to the passing of Ordinary Resolution No. 2 below and the approvals being obtained from all relevant authorities and / or parties, where required, the Board of Directors of AmREIT Managers Sdn Bhd (formerly known as Am ARA REIT Managers Sdn Bhd) (the “Manager”) (the “Directors”) be and are hereby authorised to allot and issue new units in AmFIRST REIT (“Units”) from time to time to such persons and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of new Units issued, when aggregated with the number of Units to be issued pursuant to this resolution does not exceed 20% of the existing total number of units issued of AmFIRST REIT for the time being comprising 686,401,600.

AND THAT the new Units to be issued pursuant to this resolution shall, upon allotment and issuance, rank equally in all respects with the existing Units, except that the new Units will not be entitled to any distributable income, rights, benefit, entitlement and / or any other distributions that may be declared prior to the date of allotment and issuance of such new Units.

AND THAT the Directors and Maybank Trustees Berhad (the “Trustee”), acting for and on behalf of AmFIRST REIT, be and are hereby authorised to give effect to this resolution with full powers to assent to any conditions, variations, modifications and / or amendments in any manner as may be imposed by the relevant authorities or as the Manager and the Trustee may deem to be in the best interest of the Unitholders and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and to give full effect to this resolution.”

NOTICE OF SIXTH ANNUAL GENERAL MEETING

(3) PROPOSED INCREASE IN THE EXISTING TOTAL NUMBER OF UNITS ISSUED OF AmFIRST REIT FROM 686,401,600 UNITS UP TO A MAXIMUM OF 823,681,920 UNITS IN AmFIRST REIT (“UNITS”) **ORDINARY RESOLUTION NO. 2**

“THAT subject to the passing of Ordinary Resolution No.1 above and the approvals being obtained from all relevant authorities and / or parties, where required, the existing total number of units issued of AmFIRST REIT be increased from 686,401,600 Units up to a maximum of 823,681,920 Units by the creation of up to 137,280,320 new Units.

AND THAT the Directors and Maybank Trustees Berhad (the “Trustee”), acting for and on behalf of AmFIRST REIT, be and are hereby authorised to give effect to the increase in fund size with full powers to assent to any conditions, variations, modifications and / or amendments in any manner as they may deem fit in the best interest of AmFIRST REIT and / or as may be required by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as may be deemed necessary or expedient to implement, finalise and to give full effect to the increase in fund size.”

**By Order of the Board of
AmREIT MANAGERS SDN BHD (730964-X)**
(formerly known as Am ARA REIT MANAGERS SDN BHD)
The Manager of AmFIRST Real Estate Investment Trust

Chan Sau Leng (MAICSA 7012211)
Ruzeti Emar Binti Mohd Rosli (LS0009965)
Company Secretaries

Kuala Lumpur
31 May 2018

Notes:-

- (1) In respect of deposited securities, only Unitholders whose names appear in the Record of Depositors of AmFIRST REIT on 18 July 2018 shall be eligible to attend the AGM or appoint proxies to attend, vote and speak on their behalf.
- (2) A Unitholder entitled to attend and vote at the AGM is entitled to appoint another person (whether a Unitholder or not) as its proxy to attend and vote instead of him / her. There shall be no restrictions as to the qualification of the proxy. A proxy appointed to attend and vote at the AGM shall have the same rights as the Unitholder to speak at the AGM.
- (3) A Unitholder shall not be entitled to appoint more than two (2) proxies to attend and vote at the AGM. Where a Unitholder appoints two (2) proxies, the appointment shall be invalid unless the Unitholder specifies the proportions of its holdings to be represented by each proxy in the Form of Proxy.
- (4) Where a Unitholder is a corporation, its duly authorised representative shall be entitled to attend and vote at the AGM and shall be entitled to appoint another person (whether a Unitholder or not) as its proxy to attend and vote. The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation, the Form of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (5) If a Unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with units of AmFIRST REIT standing to the credit of the said securities account.
- (6) Where a Unitholder is an exempt authorised nominee which holds units in AmFIRST REIT for multiple beneficial owners in one (1) securities account (“Omnibus Account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- (7) The instrument appointing a proxy must be deposited at the registered office of the Manager at 22nd Floor, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default of this provision, the instrument of Proxy shall not be treated as valid.
- (8) **Note to Ordinary Resolution No. 1 – Proposed Authority to Allot and Issue New Units Pursuant to Paragraph 6.59 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**
Ordinary Resolution No. 1, if passed, will give the Directors, from the date of the forthcoming AGM, authority to allot and issue up to twenty percent (20%) of the existing total number of units issued of AmFIRST REIT for the time being, as and when the need or business opportunities arise which the Directors consider would be in the interest of AmFIRST REIT. This authority, unless revoked or varied at a general meeting, will expire at the next AGM.
- (9) **Note to Ordinary Resolution No. 2 – Proposed Increase in the Existing Total Number of Units Issued of AmFIRST REIT from 686,401,600 Units up to a maximum of 823,681,920 Units in AmFIRST REIT**
Ordinary Resolution No. 2, if passed, would facilitate the allotment and issuance of Units pursuant to Ordinary Resolution No. 1.

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AmFIRST

Real Estate Investment Trust

AmFIRST REAL ESTATE INVESTMENT TRUST

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

FORM OF PROXY

CDS Account No.
**CDS Account No. of Authorised Nominee
Number of Units held

*I/We (full name), _____
 (*NRIC No./Passport No./Company No _____)
 of (full address) _____

being a Unitholder of AmFIRST Real Estate Investment Trust ("AmFIRST REIT") hereby appoint:-

First Proxy "A"

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

and/or failing *him/her,

Second Proxy "B"

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

100%

or *failing him/her, *the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Sixth Annual General Meeting ("AGM") of the Unitholders of AmFIRST REIT to be held at Taming Sari 1 & 2, Ground Floor, The Royale Chulan Kuala Lumpur, 5 Jalan Conlay, 50450 Kuala Lumpur on Wednesday, 25 July 2018 at 10.00 a.m. or at any adjournment thereof.

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

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

Dated this _____ day of _____, 2018.

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

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

* Delete if not applicable

Notes:-

- In respect of deposited securities, only Unitholders whose names appear in the Record of Depositors of AmFIRST REIT on 18 July 2018 shall be eligible to attend the AGM or appoint proxies to attend, vote and speak on their behalf.
- A Unitholder entitled to attend and vote at the AGM is entitled to appoint another person (whether a Unitholder or not) as its proxy to attend and vote instead of him/her. There shall be no restrictions as to the qualification of the proxy. A proxy appointed to attend and vote at the AGM shall have the same rights as the Unitholder to speak at the AGM.
- A Unitholder shall not be entitled to appoint more than two (2) proxies to attend and vote at the AGM. Where a Unitholder appoints two (2) proxies, the appointment shall be invalid unless the Unitholder specifies the proportions of its holdings to be represented by each proxy in the Form of Proxy.
- Where a Unitholder is a corporation, its duly authorised representative shall be entitled to attend and vote at the AGM and shall be entitled to appoint another person (whether a Unitholder or not) as its proxy to attend and vote. The instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation, the Form of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
- If a Unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with units of AmFIRST REIT standing to the credit of the said securities account.
- Where a Unitholder is an exempt authorised nominee which holds units in AmFIRST REIT for multiple beneficial owners in one (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.
- The instrument appointing a proxy must be deposited at the registered office of the Manager at 22nd Floor, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default of this provision, the instrument of Proxy shall not be treated as valid.

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AmREIT Managers Sdn Bhd (730964-X)
(formerly known as Am ARA REIT Managers Sdn Bhd)
The Manager for AmFIRST Real Estate Investment Trust
22nd Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

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REQUEST FORM

To : AmREIT Managers Sdn Bhd (formerly known as Am ARA REIT Managers Sdn Bhd) (“**AmREIT**”)

Please send to me / us a printed copy of **AmFIRST REIT - Annual Report 2018**.

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

Contact details of AmREIT for a printed copy of the Annual Report 2018 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
- **E-mail Address** : rahman-joned@ambankgroup.com
- **Mailing Address** : Penthouse, Menara AmFIRST, No. 1, Jalan 19/3, 46300 Petaling Jaya, Selangor, Malaysia

The printed copy of **AmFIRST REIT - Annual Report 2018** will be sent to Unitholder within four (4) market days from the date of receipt of your written or verbal request.

AmFIRST REIT – Annual Report 2018 may also be downloaded at <http://ir.chartnexus.com/amfirstreit/reports.php>.

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AmREIT Managers Sdn Bhd (730964-X)
(formerly known as Am ARA REIT Managers Sdn Bhd)
The Manager for AmFIRST Real Estate Investment Trust
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No. 1, Jalan 19/3
46300 Petaling Jaya
Selangor
Malaysia

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To view our 2018 Annual Report, go to:
<http://ir.chartnexus.com/amfirstreit/reports.php> or
download our Mobile App to view it via mobile devices



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