



## CONDENSED FINANCIAL STATEMENTS

SECOND QUARTER ENDED 30 SEPTEMBER 2016

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| <b><u>Contents</u></b>                            | <b><u>Page</u></b> |
|---|--------------------|
| Condensed Statement of Comprehensive Income       | 1                  |
| Condensed Statement of Financial Position         | 2                  |
| Condensed Statement of Changes In Net Asset Value | 3                  |
| Condensed Statement of Cash Flows                 | 4                  |
| Notes to the Financial Statements                 | 5 - 12             |

# AmFIRST REAL ESTATE INVESTMENT TRUST

## UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

|  | Current<br>Year<br>Quarter<br>30.09.2016<br>RM'000 | Preceding<br>Year<br>Corresponding<br>Quarter<br>30.09.2015<br>RM'000 | Current<br>Year<br>To Date<br>30.09.2016<br>RM'000 | Preceding<br>Year<br>To Date<br>30.09.2015<br>RM'000 |
|--|--|---|--|--|
| <b>Gross revenue</b>   | 27,992   | 24,702  | 55,665   | 49,588   |
| Property expenses  | (9,921)  | (10,080)  | (20,085)   | (19,444)   |
| <b>Net property income</b>   | 18,071   | 14,622  | 35,580   | 30,144   |
| Interest income  | 24   | 23  | 61   | 54   |
| Other income   | 32   | 17  | 82   | 22   |
|  | 18,127   | 14,662  | 35,723   | 30,220   |
| <b>Administrative expenses</b>   |  |   |  |  |
| Manager's fee  | (1,822)  | (1,511)   | (3,615)  | (3,031)  |
| Trustee's fee  | (87)   | (84)  | (174)  | (168)  |
| Valuation fee  | (92)   | (69)  | (174)  | (155)  |
| Auditors' remuneration   | (15)   | (14)  | (30)   | (36)   |
| Tax agent's fee  | (4)  | (3)   | (24)   | (9)  |
| Others expenses  | (490)  | 829   | (658)  | (551)  |
| Interest expense   | (8,922)  | (6,325)   | (17,781)   | (12,344)   |
|  | (11,432)   | (7,177)   | (22,456)   | (16,294)   |
| <b>Realised income</b>   | 6,695  | 7,485   | 13,267   | 13,926   |
| Unrealised gain/(loss) on revaluation of derivative                        | (876)  | 1,463   | (1,369)  | 2,033  |
| Unrealised gain/(loss) on financial liabilities measured at amortised cost | (404)  | 32  | (417)  | (27)   |
| <b>Profit before taxation</b>  | 5,415  | 8,980   | 11,481   | 15,932   |
| Taxation   | -  | -   | -  | -  |
| <b>Profit for the financial period</b>                                     | 5,415  | 8,980   | 11,481   | 15,932   |
| Other comprehensive income, net of tax                                     | -  | -   | -  | -  |
| <b>Total comprehensive income for the period</b>                           | 5,415  | 8,980   | 11,481   | 15,932   |
| <b>Total comprehensive income for the period is made up as follows:-</b>   |  |   |  |  |
| - Realised   | 6,695  | 7,485   | 13,267   | 13,926   |
| - Unrealised   | (1,280)  | 1,495   | (1,786)  | 2,006  |
|  | 5,415  | 8,980   | 11,481   | 15,932   |
| <b>Basic Earnings Per Unit (EPU) (sen)</b>                                 |  |   |  |  |
| - Realised   | 0.98   | 1.09  | 1.93   | 2.03   |
| - Unrealised   | (0.19)   | 0.22  | (0.26)   | 0.29   |
|  | 0.79   | 1.31  | 1.67   | 2.32   |

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes.

# AmFIRST REAL ESTATE INVESTMENT TRUST

## UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

|   | As At<br>30.09.2016<br>(Unaudited)<br>RM'000 | As At<br>31.03.2016<br>(Audited)<br>RM'000 |
|---|--|--|
| <b>ASSETS</b>                                       |  |  |
| <b>Non-Current Assets</b>                           |  |  |
| Investment properties                               | 1,638,549                                    | 1,627,800                                  |
| <b>Current Assets</b>                               |  |  |
| Trade receivables                                   | 2,914  | 2,973                                      |
| Other receivables, deposits and prepayments         | 29,631                                       | 52,581                                     |
| Deposits with financial institution                 | 9,158  | 9,020                                      |
| Cash and bank balances                              | 436  | 35,758                                     |
|   | 42,139                                       | 100,332                                    |
| <b>TOTAL ASSETS</b>                                 | 1,680,688                                    | 1,728,132                                  |
| <b>LIABILITIES</b>                                  |  |  |
| <b>Non-Current Liabilities</b>                      |  |  |
| Rental deposits                                     | 13,342                                       | 16,649                                     |
| Borrowings  | 674,093                                      | 648,516                                    |
| Derivatives   | 3,849  | 3,087                                      |
|   | 691,284                                      | 668,252                                    |
| <b>Current Liabilities</b>                          |  |  |
| Trade payables                                      | 1,354  | 510  |
| Other payables and accruals                         | 14,557                                       | 17,275                                     |
| Rental deposits                                     | 11,593                                       | 12,869                                     |
| Borrowings  | 90,658                                       | 149,000                                    |
| Derivatives   | 1,546  | 938  |
|   | 119,708                                      | 180,593                                    |
| <b>TOTAL LIABILITIES</b>                            | 810,992                                      | 848,845                                    |
| <b>NET ASSET VALUE</b>                              | <b>869,696</b>                               | <b>879,287</b>                             |
| <b>FINANCED BY:</b>                                 |  |  |
| <b>UNITHOLDERS' FUNDS</b>                           |  |  |
| Unitholders' capital                                | 636,625                                      | 636,625                                    |
| Undistributed income - Realised                     | 13,306                                       | 21,111                                     |
| Undistributed income - Unrealised                   | 219,765                                      | 221,551                                    |
|   | <b>869,696</b>                               | <b>879,287</b>                             |
| <b>Number of Units In Circulation (Unit) ('000)</b> | <b>686,402</b>                               | <b>686,402</b>                             |
| <b>Net Asset Value (NAV) per unit (RM)</b>          |  |  |
| - Before income distribution                        | 1.2670                                       | 1.2810                                     |
| - After income distribution                         | 1.2477                                       | 1.2503                                     |

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes.

# AmFIRST REAL ESTATE INVESTMENT TRUST

## UNAUDITED CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

|   | ← Undistributed Income → |                    |                      |                      |
|---|--------------------------|--------------------|----------------------|----------------------|
|   | Unitholders'<br>Capital  | Realised<br>Income | Unrealised<br>Income | Unitholders'<br>Fund |
|   | RM'000                   | RM'000             | RM'000               | RM'000               |
| <b><u>Current Period To Date</u></b>      |                          |                    |                      |                      |
| <b>As At 1 April 2016</b>                 | 636,625                  | 21,111             | 221,551              | 879,287              |
| Total comprehensive income for the period | -                        | 13,267             | (1,786)              | 11,481               |
| <u>Unitholders' transactions</u>          |                          |                    |                      |                      |
| Distribution to Unitholders               |                          |                    |                      |                      |
| - 2016 final                              | -                        | (21,072)           | -                    | (21,072)             |
| <b>As At 30 September 2016</b>            | <u>636,625</u>           | <u>13,306</u>      | <u>219,765</u>       | <u>869,696</u>       |
| <b><u>Preceding Period To Date</u></b>    |                          |                    |                      |                      |
| <b>As At 1 April 2015</b>                 | 636,625                  | 16,799             | 188,173              | 841,597              |
| Total comprehensive income for the period | -                        | 13,926             | 2,006                | 15,932               |
| <u>Unitholders' transactions</u>          |                          |                    |                      |                      |
| Distribution to Unitholders               |                          |                    |                      |                      |
| - 2015 final                              | -                        | (16,748)           | -                    | (16,748)             |
| <b>As At 30 September 2015</b>            | <u>636,625</u>           | <u>13,977</u>      | <u>190,178</u>       | <u>840,781</u>       |

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes.

# AmFIRST REAL ESTATE INVESTMENT TRUST

## UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

|   | Current<br>Period To Date<br>30.09.2016<br>RM'000 | Preceding<br>Period To Date<br>30.09.2015<br>RM'000 |
|---|---|---|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |   |   |
| Profit before taxation  | 11,481  | 15,932  |
| <i>Adjustment for :-</i>  |   |   |
| Interest income from placement with financial institution   | (61)  | (54)  |
| Interest expense  | 17,781  | 12,344  |
| (Reversal)/provision of impairment loss on trade receivables  | (5)   | 103   |
| Unrealised loss on financial liabilities measured at<br>amortised cost                                  | 417   | 27  |
| Unrealised loss/(gain) on revaluation of derivatives  | 1,369   | (2,033)   |
| Operating profit before working capital changes   | 30,982  | 26,319  |
| <b>Changes in working capital</b>   |   |   |
| Decrease/ (Increase) in receivables   | 23,015  | (30,898)  |
| Decrease in payables  | (2,143)   | (901)   |
| Decrease in rental deposits   | (5,000)   | (1,718)   |
| <b>Net cash generated from/(used in) operating activities</b>   | 46,854  | (7,198)   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>  |   |   |
| Enhancement of investment properties  | (10,749)  | (15,309)  |
| Interest income   | 61  | 54  |
| <b>Net cash used in investing activities</b>  | (10,688)  | (15,255)  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>  |   |   |
| Interest paid   | (17,513)  | (12,272)  |
| Distributions paid to Unitholders   | (21,072)  | (16,748)  |
| (Repayment)/Drawdown of borrowings (net)  | (32,765)  | 50,524  |
| <b>Net cash (used in)/generated from financing activities</b>   | (71,350)  | 21,504  |
| <b>Net decrease in cash and cash equivalents</b>  | (35,184)  | (949)   |
| <b>Cash and cash equivalents at the beginning of period</b>   | 44,778  | 4,703   |
| <b>Cash and cash equivalents at the end of period</b>   | 9,594   | 3,754   |
| <b>Cash and cash equivalents included in the statement<br/>of cash flows comprise of the following:</b> |   |   |
| Cash and bank balances  | 436   | 200   |
| Deposits with financial institution   | 9,158   | 3,554   |
|   | 9,594   | 3,754   |

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes.

## **AmFIRST REAL ESTATE INVESTMENT TRUST**

### **NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

**For The Second Quarter Ended 30 September 2016**

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#### **EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134 AND INTERNATIONAL ACCOUNTING STANDARD (“IAS”) 34**

##### **A1. BASIS OF PREPARATION**

The condensed financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by Malaysian Accounting Standard Board (“MASB”), IAS 34: Interim Financial Reporting, Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), applicable provisions of the Second Restated Deed (the “Deed”) dated 13 September 2013 and the Securities Commission’s (“SC”) Guidelines on Real Estate Investment Trusts.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those adopted in the preparation of audited financial statements of AmFIRST Real Estate Investment Trust (“AmFIRST REIT” or the “Trust”) for the financial year ended 31 March 2016 except for the adoption of the relevant new MFRSs, amendments to MFRSs and IC Interpretations that are effective for annual period beginning on or after 1 April 2016. The adoption of new MFRSs, amendment to MFRSs and IC interpretations does not have any material impact on the financial results of the Trust.

##### **A2. DECLARATION OF AUDIT QUALIFICATION**

The audited financial statements of the Trust for the preceding financial year ended 31 March 2016 was not qualified.

##### **A3. SEASONALITY AND CYCLICALITY OF OPERATIONS**

The operations of the Trust are not affected by material seasonal or cyclical fluctuation.

##### **A4. UNUSUAL ITEMS**

There were no material unusual items affecting the amounts reported for the quarter under review.

##### **A5. CHANGES IN ESTIMATES**

There were no changes in estimates that have had a material effect for the quarter under review.

##### **A6. ISSUANCE, CANCELLATION, REPURCHASE AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

There were no issuances, cancellation, repurchase, resale and repayment of debt and equity securities for the quarter under review.

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2016

#### A7. SEGMENTAL INFORMATION

No segmental information is prepared as the Trust's activities are predominantly in one reportable segment and its assets are located in Malaysia.

#### A8. INCOME DISTRIBUTION PAID

There was no income distribution paid during the quarter under review.

The Board of Director of the Manager of AmFIRST REIT, has declared an interim income distribution of 1.93 sen per unit for the six month period from 1 April 2016 to 30 September 2016 amounting to RM13,247,551, representing approximately 100% of the realized distributable net income for the six-month period ended 30 September 2016, payable on 13 December 2016 as disclosed in note B20 below.

#### A9. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE CURRENT QUARTER

There were no significant events subsequent to the current quarter ended 30 September 2016.

#### A10. CHANGES IN THE COMPOSITION OF THE TRUST

There were no changes in the composition of the Trust during the quarter under review, and the fund size stands at 686,401,600 units as at 30 September 2016.

#### A11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to be disclosed.

#### A12. VALUATION OF INVESTMENT PROPERTIES

The valuations of investment properties have been brought forward from the previous audited financial statements for the year ended 31 March 2016.

#### A13. REALISED AND UNREALISED INCOME DISCLOSURE

The breakdown of undistributed income into realised and unrealised as at 30 September 2016 is summarised as below: -

|   | As At<br>30.9.2016<br>RM'000 | As At<br>31.3.2016<br>RM'000 |
|---|------------------------------|------------------------------|
| <b><u>Realised</u></b>  |                              |                              |
| Distributable undistributed income                                  | 13,306                       | 21,111                       |
| <b><u>Unrealised</u></b>  |                              |                              |
| Cumulative net change in fair value of investment properties        | 223,626                      | 223,626                      |
| Unrealised loss on revaluation of derivative                        | (5,394)                      | (4,025)                      |
| Unrealised gain on financial liabilities measured at amortised cost | 1,534                        | 1,950                        |
|   | <b>233,071</b>               | <b>242,662</b>               |

# AmFIRST REAL ESTATE INVESTMENT TRUST

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2016

### ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### B1. REVIEW OF PERFORMANCE

The Trust recorded gross revenue and net property income of RM55.7 million and RM35.6 million respectively for the six-month period ended 30 September 2016, an increase of 12.3% and 18.0% respectively as compared to the preceding year's corresponding period mainly due to additional revenue from the newly acquired property, Mydin HyperMall and higher occupancy and rental reversion in Menara AmBank. However, the increase was partially offset by lower revenue from Prima 10, The Summit Subang USJ and Wisma AmFIRST as a result of lower occupancy as well as exclusion of AmBank Group Leadership Centre upon its divestment on 31 March 2016.

Interest expense for the six-month period ended 30 September 2016 of RM17.8 million was higher by 44.0% as compared to the preceding year's corresponding period as a result of the additional borrowing to finance the acquisition of Mydin HyperMall and various asset enhancement initiatives of the existing properties.

Overall distributable realised net income from operation for the six-month period ended 30 September 2016 was RM13.3 million, marginally lower by RM0.6 million or 4.7% as compared to preceding year's corresponding period.

#### B2. CHANGES IN THE STATE OF AFFAIRS

There was no material change in the state of affairs of the Trust for the quarter under review.

#### B3. MATERIAL CHANGE IN THE INCOME BEFORE TAXATION FOR THE CURRENT QUARTER AS COMPARED TO THE IMMEDIATE PRECEDING QUARTER

|  | <b>Current<br/>Quarter<br/>Ended<br/>30.9.2016<br/>RM'000</b> | <b>Immediate<br/>Preceding<br/>Quarter<br/>Ended<br/>30.6.2016<br/>RM'000</b> |
|--|---|---|
| Realised income  | <b>6,695</b>  | 6,572   |
| Unrealised (loss)/income                                   |   |   |
| - Loss on financial liabilities measured at amortised cost | <b>(404)</b>  | (12)  |
| - Loss on revaluation of derivatives                       | <b>(876)</b>  | (493)   |
| <b>Income Before Taxation</b>                              | <b>5,415</b>  | 6,067   |



## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2016

#### B4. CHANGES IN PORTFOLIO COMPOSITION

There were no material changes in the portfolio composition of AmFIRST REIT for the quarter under review. As at 30 September 2016, the Trust's composition of investment portfolio is as follow:-

|                         | Cost of<br>Investment #<br>As At<br>30.9.2016<br>RM'000 | Valuation<br>As At<br>30.9.2016<br>RM'000 | % Valuation<br>To<br>Net Asset<br>Value<br>As At<br>30.9.2016<br>% |
|-------------------------|---|---|--|
| Bangunan AmBank Group   | 193,088   | 259,243                                   | 29.8%  |
| Menara AmBank           | 258,053   | 320,154                                   | 36.8%  |
| Menara AmFIRST          | 64,660  | 73,245                                    | 8.4%   |
| Wisma AmFIRST           | 94,455  | 114,049                                   | 13.1%  |
| The Summit Subang USJ   | 327,508   | 352,713                                   | 40.5%  |
| Prima 9                 | 73,224  | 74,500                                    | 8.5%   |
| Prima 10                | 61,855  | 68,160                                    | 7.8%   |
| Kompleks Tun Sri Lanang | 87,822  | 101,468                                   | 11.6%  |
| Mydin HyperMall         | 254,124   | 275,016                                   | 31.6%  |
|                         | <u>1,414,789</u>  | <u>1,638,549</u>                          |  |

# Cost of investment comprised purchase consideration paid, incidental cost of acquisition and capital expenditure incurred since acquisition.

#### B5. CHANGES IN NET ASSET VALUE AND UNIT PRICE

|                                  | As at<br>30.9.2016<br>RM'000 | As at<br>31.3.2016<br>RM'000 |
|----------------------------------|------------------------------|------------------------------|
| Net Asset Value ("NAV")          | <b>869,696</b>               | 879,287                      |
| NAV Per Unit (RM)                |                              |                              |
| - Before income distribution     | <b>1.2670</b>                | 1.2810                       |
| - After income distribution      | <b>1.2477</b>                | 1.2503                       |
| Closing Unit Price Per Unit (RM) | <b>0.805</b>                 | 0.750                        |

The NAV per Unit after income distribution is calculated after taking into consideration the income distribution of approximately 100% of the realised distributable income at the end of the reporting period.

#### B6. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

There was no issuance of new units for the quarter under review.

## **AmFIRST REAL ESTATE INVESTMENT TRUST**

### **NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2016**

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#### **B7. CHANGES IN MATERIAL LITIGATION**

There was no material litigation as at the date of this report.

#### **B8. CIRCUMSTANCES AFFECTING INTEREST OF UNITHOLDERS**

There were no unusual circumstances which materially affect the interest of the unitholders for the quarter under review.

#### **B9. REVIEW OF COMMERCIAL PROPERTY MARKET**

The prevailing slow economy continues to negatively impact the overall office and retail market. Tenants are not expanding. Instead, we see several requests to downsize the existing premises due to unfavourable business performance. The lethargic demand and ongoing supply continues to exert downward pressure on rental and occupancy rates.

Mindful of the tight market conditions, the Manager continues to push and vary appropriate leasing and marketing strategies to improve the occupancy while focusing on completing the asset enhancement initiatives and enhancing good service level to improve the marketability of the buildings in attracting new tenants and retain existing tenants.

#### **B10. PROSPECTS**

The recently acquired Mydin HyperMall will provide a full year's contribution to the Trust's performance in the current financial year.

The refurbishment exercise to The Summit Retail Podium has been completed and we have managed to secure the tenancy of a major international tenant taking up substantial space. This tenant has set the target to commence business in December 2016.

The renovation works at Menara AmBank to accommodate the existing tenant from AmBank Group Leadership Centre has also been completed and the tenant has moved in to occupy the premises.

The Manager will continue to strengthen the operation initiatives and step up leasing effort to ensure the properties under the Trust's portfolio deliver improved results.

Barring any unforeseen circumstances, the Manager expects the Trust to deliver a moderate performance for the financial year ending 31 March 2017.

#### **B11. MAJOR MAINTENANCE COSTS AND CAPITAL EXPENDITURE**

During the quarter ended 30 September 2016, a total of approximately RM4.4 million has been incurred for upgrading and enhancement of the investment properties where the bulk of the amount was spent on Menara AmBank and The Summit Subang USJ.

#### **B12. SOFT COMMISSION**

During the quarter ended 30 September 2016, the Manager did not receive any soft commission from its broker or dealer by virtue of transaction conducted by the Trust.

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2016

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#### B13. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Trust and the revenue can be reliably measured. Rental income arising from operating leases on investment properties is accounted for on straight-line basis over the lease term.

#### B14. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals previously announced but not completed as at the date of this report.

#### B15. MANAGER'S FEE

Pursuant to the Deed constituting AmFIRST REIT, the Manager's fee consist of a base fee up to 0.50% per annum of the total asset value of the Trust (excluding any taxes payable) and a performance fee of 3.0% per annum of net property income (excluding any taxes payable), accruing monthly but before deduction of property management fee.

For the current quarter ended 30 September 2016, the Manager's fee consists of a base fee of 0.30% per annum and performance fee of 3.0% per annum.

#### B16. TRUSTEE'S FEE

Pursuant to the Deed constituting AmFIRST REIT, the Trustee is entitled to receive a fee up to 0.10% per annum of the net asset value of the Trust.

For the current quarter ended 30 September 2016, the Trustee's fee is calculated based on 0.03% per annum of the net asset value.

#### B17. UNITS HELD BY RELATED PARTIES

As at 30 September 2016, the Manager did not hold any units in AmFIRST REIT. However, the parties related to the Manager who holds units in AmFIRST REIT are as follows:

|  | Number<br>of Unit<br>000 | Market<br>Value<br>RM'000 |
|--|--------------------------|---------------------------|
| <b>(a) Unitholdings of individual/companies related to the Manager</b> |                          |                           |
| AmBank (M) Berhad  | 183,489                  | 147,709                   |
| Yayasan Azman Hashim   | 41,779                   | 33,632                    |
| Jadeline Capital Sdn Bhd   | 36,168                   | 29,115                    |
| AmMetLife Insurance Berhad on behalf of Life Fund                      | 11,200                   | 9,016                     |
| Azman bin Hashim   | 849                      | 683                       |
| <b>(b) Deputy Chief Executive Officer of the Manager</b>               |                          |                           |
| - Zuhairy bin Md Isa <sup>1</sup>                                      | 7                        | 6                         |

1. Direct interest held through nominees account registered in the name of Malacca Equity Nominees (Tempatan) Sdn Bhd.

The market value is determined by multiplying the number of units with the closing unit price of RM0.805 per unit as at 30 September 2016.

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2016

#### B18. TAXATION

Pursuant to Section 61A of the Income Tax Act, 1967, where in the basis period for a year of assessment, 90% or more of the total income of the Trust is distributed to unit holders, the total income of the Trust for that year of assessment shall be exempted from tax.

There will be no tax payable for the Trust as the Trust intends to distribute at least 90% of the total income to unit holders for the financial year ending 31 March 2017.

Reconciliation between the applicable income tax expense and the effective income tax expense of the Trust is as follows:-

|  | <b>Current<br/>Year<br/>30.9.2016<br/>RM'000</b> | Preceding<br>Corresponding<br>Year<br>30.9.2015<br>RM'000 |
|--|--|---|
| Current tax expense                                    | -  | -   |
| <b>Reconciliation of effective tax expense</b>         |  |   |
| Income before taxation                                 | <b>11,481</b>                                    | 15,932  |
| Income tax using Malaysian tax rate of 24% (2015: 25%) | <b>2,755</b>                                     | 3,983   |
| Effects of non-deductible expenses                     | <b>532</b>                                       | 95  |
| Effects of income exempted from tax                    | <b>(3,287)</b>                                   | 4,078   |
| Tax expense  | -  | -   |

#### B19. DERIVATIVE

|                                    | Fair Value<br>as at 30 September 2016 |                     |
|------------------------------------|---------------------------------------|---------------------|
|                                    | Asset<br>RM'000                       | Liability<br>RM'000 |
| <u>Interest Rate Swap contract</u> |                                       |                     |
| Non-current                        | -                                     | 3,849               |
| Current                            | -                                     | 1,545               |

- (i) On 6<sup>th</sup> January 2015, the Trust entered into a 5-year Interest Rate Swap ("IRS") forward contract 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. In this IRS contract, the Trust pays a fixed rate of 4.25% per annum in exchange of the 3-month Kuala Lumpur Interbank Offered Rate (KLIBOR).
- (ii) On 18<sup>th</sup> January 2016, the Trust entered into a second 5-year Interest Rate Swap ("IRS") contract with a notional amount of RM100,000,000 to further hedge the Trust's floating interest rate exposure. In this IRS contract, the Trust pays a fixed rate of 4.09% per annum in exchange of the 3-month Kuala Lumpur Interbank Offered Rate (KLIBOR).

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2016

#### B20. INCOME DISTRIBUTION

The Board of Director of the Manager of AmFIRST REIT, has declared an interim income distribution of 1.93 sen per unit for the six month period from 1 April 2016 to 30 September 2016 amounting to RM13,247,551, representing approximately 100% of the realized distributable net income for the six-month period ended 30 September 2016, payable on 13 December 2016 as disclosed below:-

Pursuant to the amended Section 109D of the Income Tax Act, 1967, the following withholding tax rates will be deducted for distribution made to the following categories of unitholders:

- Resident and non-resident individuals (withholding tax at 10%)
- Resident and non-resident institution investors (withholding tax at 10%)
- Resident companies (no withholding tax, to tax at prevailing corporate tax rate)
- Non-resident corporate (withholding tax at 24%)

The interim income distribution for the six-month period ended 30 September 2016 is from the following sources:-

|  | <b>01.04.2016<br/>To<br/>30.09.2016<br/>RM'000</b> | 01.04.2015<br>To<br>30.09.2015<br>RM'000 |
|--|--|--|
| Rental income  | 55,665   | 49,588                                   |
| Interest income  | 61   | 54                                       |
| Other income   | 82   | 22                                       |
| Total income   | <b>55,808</b>                                      | 49,664                                   |
| Less : Total expenses (before manager's fees)            | <b>(38,926)</b>                                    | (32,707)                                 |
| Net income before taxation (before manager's fees)       | <b>16,882</b>                                      | 16,957                                   |
| Less : Manager's fees                                    | <b>(3,615)</b>                                     | (3,031)                                  |
| Net income before taxation                               | <b>13,267</b>                                      | 13,926                                   |
| Less : Taxation  | -  | -  |
| Realized net income after taxation                       | <b>13,267</b>                                      | 13,926                                   |
| Add : Distributable undistributed income brought forward | <b>39</b>  | 51                                       |
| Total income available for distribution                  | <b>13,306</b>                                      | 13,977                                   |
| <b>Less : Proposed Interim income distribution</b>       | <b>(13,248)</b>                                    | (13,934)                                 |
| Distributable undistributed income carried forward       | <b>58</b>  | 43                                       |
| <b>Number of unit in circulation ('000)</b>              | <b>686,402</b>                                     | 686,402                                  |
| <b>Interim income distribution per unit (Sen)</b>        | <b>1.93</b>  | 2.03                                     |

#### B21. STATEMENT BY THE DIRECTORS OF THE MANAGER

In the opinion of the Board of Directors of the Manager, this quarterly report has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by Malaysian Accounting Standard Board ("MASB"), IAS 34: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of AmFIRST REIT as at 30 September 2016 and of its financial performance and cash flows for the period ended 30 September 2016 and duly authorised for release by the Board of Directors of the Manager on 14 November 2016.