



CONDENSED FINANCIAL STATEMENTS

FOURTH QUARTER ENDED 31 MARCH 2018

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AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 31.03.2018 RM'000	Preceding Year Corresponding Quarter 31.03.2017 RM'000	Current Year To Date 31.03.2018 RM'000	Preceding Year To Date 31.03.2017 RM'000
Gross revenue	28,838	28,568	114,099	111,539
Property expenses	(9,329)	(9,544)	(38,059)	(38,737)
Net property income	19,509	19,024	76,040	72,802
Interest income	51	24	135	109
Other income	(22)	41	219	148
	19,538	19,089	76,394	73,059
Administrative expenses				
Manager's fee	(1,873)	(1,862)	(7,436)	(7,314)
Trustee's fee	(86)	(87)	(345)	(348)
Valuation fee	(48)	85	(200)	(180)
Auditors' remuneration	(21)	(15)	(54)	(61)
Tax agent's fee	(0)	(7)	(8)	(40)
Reversal of provision for impairment loss on trade receivables	235	76	397	178
Others expenses	(285)	(408)	(796)	(1,280)
Interest expense	(9,513)	(9,008)	(37,266)	(36,125)
	(11,591)	(11,226)	(45,708)	(45,170)
Realised net income	7,947	7,863	30,686	27,889
Change in fair value of investment properties	(20,537)	(6,568)	(20,537)	(6,568)
Unrealised gain on revaluation of derivative	425	286	883	1,442
Unrealised gain/(loss) on financial liabilities measured at amortised cost	396	(323)	298	(524)
Profit before taxation	(11,769)	1,258	11,330	22,239
Taxation	-	-	-	-
Profit for the financial period	(11,769)	1,258	11,330	22,239
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	(11,769)	1,258	11,330	22,239
Total comprehensive income for the year is made up as follows:-				
- Realised	7,947	7,863	30,686	27,889
- Unrealised	(19,716)	(6,605)	(19,356)	(5,650)
	(11,769)	1,258	11,330	22,239
Basic Earnings Per Unit (EPU) (sen)				
- Realised	1.16	1.15	4.47	4.06
- Unrealised	(2.87)	(0.96)	(2.82)	(0.82)
	(1.71)	0.19	1.65	3.24

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	As At 31.03.2018 (Unaudited) RM'000	As At 31.03.2017 (Audited) RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,650,060	1,662,800
Accrued lease receivable	3,178	4,112
	1,653,238	1,666,912
Current Assets		
Trade receivables	2,046	1,742
Accrued lease receivable	1,168	156
Other receivables, deposits and prepayments	3,987	3,778
Deposits with financial institution	2,898	2,818
Cash and bank balances	1,048	4,159
	11,147	12,653
TOTAL ASSETS	1,664,385	1,679,565
LIABILITIES		
Non-Current Liabilities		
Rental deposits	13,688	12,086
Borrowings	633,042	686,143
Derivatives	764	1,283
	647,494	699,512
Current Liabilities		
Trade payables	1,340	230
Other payables and accruals	6,999	8,645
Rental deposits	12,252	13,672
Borrowings	146,000	89,000
Derivatives	936	1,300
	167,527	112,847
TOTAL LIABILITIES	815,021	812,359
NET ASSET VALUE	849,364	867,206
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	636,625	636,625
Undistributed income - Realised	16,194	14,680
Undistributed income - Unrealised	196,545	215,901
	849,364	867,206
Number of Units In Circulation (Unit) ('000)	686,402	686,402
Net Asset Value (NAV) per unit (RM)		
- Before income distribution	1.2374	1.2634
- After income distribution	1.2166	1.2421

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

	← Undistributed Income →			
	Unitholders' Capital	Realised Income	Unrealised Income	Unitholders' Funds
	RM'000	RM'000	RM'000	RM'000
<u>Current Period To Date</u>				
As At 1 April 2017	636,625	14,680	215,901	867,206
Total comprehensive income for the year	-	30,686	(19,356)	11,330
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- 2017 final	-	(14,620)	-	(14,620)
- 2018 Interim	-	(14,552)	-	(14,552)
As At 31 March 2018	636,625	16,194	196,545	849,364
<u>Preceding Period To Date</u>				
As At 1 April 2016	636,625	21,111	221,551	879,287
Total comprehensive income for the year	-	27,889	(5,650)	22,239
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- 2016 final	-	(21,073)	-	(21,073)
- 2017 interim	-	(13,247)	-	(13,247)
As At 31 March 2017	636,625	14,680	215,901	867,206

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 2017 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

	Current Year To Date 31.03.2018 RM'000	Preceding Year To Date 31.03.2017 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	11,330	22,239
<i>Adjustment for :-</i>		
Interest income from placement with financial institution	(135)	(109)
Interest expense	37,266	36,125
Write back of impairment loss on trade receivables	(393)	(98)
Change in fair value of investment properties	20,537	6,568
(Gain)/Loss on financial liabilities measured at amortised cost	(298)	524
Unrealised gain on revaluation of derivatives	(883)	(1,442)
Operating profit before working capital changes	67,424	63,807
Changes in working capital		
(Increase)/Decrease in receivables	(198)	23,743
Decrease in payables	(977)	(8,750)
Increase/(Decrease) in rental deposits	480	(4,284)
Net cash generated from operating activities	66,729	74,516
CASH FLOW FROM INVESTING ACTIVITIES		
Enhancement of investment properties	(7,797)	(19,447)
Interest income	135	109
Net cash used in investing activities	(7,662)	(19,338)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(36,825)	(36,286)
Distributions paid to Unitholders	(29,172)	(34,320)
Drawdown/(Repayment) of borrowings (net)	3,899	(22,373)
Net cash used in from financing activities	(62,098)	(92,979)
Net decrease in cash and cash equivalents	(3,031)	(37,801)
Cash and cash equivalents at the beginning of year	6,977	44,778
Cash and cash equivalents at the end of year	3,946	6,977
Cash and cash equivalents included in the statement of cash flows comprise of the following:		
Deposits with financial institution	2,898	2,818
Cash and bank balances	1,048	4,159
	3,946	6,977

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2018

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134

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"), 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 2017 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 2017. 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 2017 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.

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.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2018

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 a final income distribution of 2.08 sen per unit for the six-month period from 1 October 2017 to 31 March 2018, amounting to RM14,277,153, representing approximately 94% of the realized distributable net income for the six-month period ended 31 March 2018, to be payable on 25 May 2018 as disclosed in note B17 below.

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

There were no significant events subsequent to the current quarter ended 31 March 2018.

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 31 March 2018.

A11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2018

A12. VALUATION OF INVESTMENT PROPERTIES

During the quarter under review, a revaluation exercise was undertaken for all investment properties pursuant to clause 10.02(b)(i) of the Guidelines on Real Estate Investment Trust issued by the Securities Commission Malaysia and MFRS 140.

Description of Property	Tenure of Land	Location	Existing Use	Initial Acquisition Cost RM'000	Valuation As At 31.3.2018 RM'000	% Valuation to Net Asset Value As At 31.3.2018
Bangunan AmBank Group ⁽ⁱ⁾	Leasehold	Kuala Lumpur	Office	180,152	260,000	30.2%
Menara AmFIRST ⁽ⁱⁱ⁾	Freehold	Petaling Jaya	Office	57,081	72,000	8.4%
Menara AmBank ⁽ⁱⁱⁱ⁾	Freehold	Kuala Lumpur	Office	230,170	321,500	37.3%
Wisma AmFIRST ^(iv)	Leasehold	Kelana Jaya	Office	86,051	114,000	13.2%
The Summit Subang USJ ^(v)	Freehold	Subang Jaya	Mixed Commercial Complex	278,719	365,060	42.4%
Prima 9 ^(vi)	Freehold	Cyberjaya	Office	72,897	73,200	8.5%
Prima 10 ^(vi)	Freehold	Cyberjaya	Office	61,747	66,300	7.7%
Kompleks Tun Sri Lanang ^(vii)	Leasehold	Melaka	Office	87,226	102,000	11.8%
Mydin Hypermall ^(viii)	Freehold	Penang	Retail	254,107	276,000	32.1%
				1,308,150	1,650,060	

- (i) This property was revalued on 29 January 2018 by Cheston International (KL) Sdn Bhd ("Cheston"), independent professional valuers. The leasehold land will expire on 3 June 2084.
- (ii) This property was revalued on 21 February 2018 by Rahim & Co, independent professional valuers.
- (iii) This property was revalued on 30 January 2018 by Cheston.
- (iv) This property was revalued on 26 February 2018 by Rahim & Co. The leasehold land will expire on 19 February 2094.
- (v) This property was revalued on 2 March 2018 by Rahim & Co.
- (vi) These two properties were revalued on 30 January 2018 by Cheston.
- (vii) The property was revalued on 29 January 2018 by Cheston. The leasehold land will expire on 7 October 2109.
- (viii) The property was revalued on 5 February 2018 by Cheston.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2018

A13. REALISED AND UNREALISED INCOME DISCLOSURE

The breakdown of undistributed income into realised and unrealised as at 31 March 2018 is summarised as below: -

	As At 31.03.2018 RM'000	As At 31.3.2017 RM'000
<u>Realised</u>		
Distributable undistributed income	16,194	14,680
<u>Unrealised</u>		
Cumulative net change in fair value of investment properties	196,521	217,058
Unrealised loss on revaluation of derivatives	(1,700)	(2,583)
Unrealised gain on financial liabilities measured at amortised cost	1,724	1,426
	196,545	215,901
Total	212,739	230,581

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2018

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

B1. FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE

Quarter Results (4Q FY2018 vs 4Q FY2017)

	Current Year Quarter 31.03.2018	Preceding Year Quarter 31.03.2017	Changes	
	RM'000	RM'000	RM'000	%
Gross Revenue	28,838	28,568	270	0.9%
Property Expenses	(9,329)	(9,544)	215	2.3%
Net Property Income	19,509	19,024	485	2.5%
Interest & Other Income	29	65	(36)	-55.3%
Non-Property Expenses	(2,077)	(2,217)	140	6.3%
Interest Expenses	(9,513)	(9,008)	(505)	-5.6%
Realised Net Income	7,948	7,864	84	1.1%
(Loss)/Profit for the financial period	(11,769)	1,259	(13,028)	-1034.8%

Gross revenue increased by 0.9% mainly due to full occupancy in Prima 9 effective from 1 October 2017 as well as higher rental and carpark income in The Summit Subang USJ.

Property expenses were lower by 2.3% mainly attributable to lower electricity charges as well as lower repair and maintenance cost in some of the properties within the portfolio.

Non-property expenses were lower by 6.3% due to reversal of provision for impairment of loss on trade receivable in the current year quarter as opposed to provision for impairment loss in the preceding quarter.

For the current quarter, the Trust reported an improved realised net income by 1.1% whilst the Trust reported a loss for the financial quarter of RM11.8 million as compared to net profit of RM1.3 million reported during the preceding quarter mainly due to loss on revaluation of investment properties of RM20.5 million.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
For The Fourth Quarter Ended 31 March 2018

B1. FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE (CONTD.)

Financial Year to Date Results (FY2018 vs FY2017)

	Current Year To Date 31.03.2018	Preceding Year To Date 31.03.2017	Changes	
	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 & Other Income	354	257	97	37.7%
Non-Property Expenses	(8,443)	(9,045)	602	6.7%
Interest Expenses	(37,266)	(36,125)	(1,141)	-3.2%
Realised Net Income	30,685	27,889	2,796	10.0%
Profit for the financial period	11,330	22,239	(10,909)	-49.1%

For the financial year to date, gross revenue was higher by 2.3% as compared to preceding year to date, mainly contributed by higher average occupancy rate in The Summit Retail and Prima 9. However, the increase was partially offset by the lower average occupancy in Menara AmFIRST and Wisma AmFIRST.

Property expenses was 1.8% lower as compared to the preceding year to date, mainly attributable to lower electricity expense in some of the properties within the portfolio.

Non-property expenses were lower by 6.7% mainly due to lower provision for impairment on receivables and reversal of overprovision of valuation fees.

Interest expense was higher by 3.2% mainly due to increase in borrowing to finance the various asset enhancement initiatives as well as increase in interest cost as a result of increased in cost of fund.

Overall, realised net income for the FY2018 has improved by 10.0% to RM30.7 million whilst profit for the financial period drop by 49.1% to RM11.3 million mainly due to loss on revaluation of investment properties of RM20.5 million.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2018

B2. FINANCIAL REVIEW FOR CURENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

Quarter Results (4Q FY2018 vs 3Q FY2018)

	Current Year Quarter 31.03.2018	Immediate Preceding Quarter 31.12.2017	Changes	
	RM'000	RM'000	RM'000	%
Gross Revenue	28,838	29,456	(618)	-2.1%
Property Expenses	(9,329)	(9,679)	350	3.6%
Net Property Income	19,509	19,777	(268)	-1.4%
Interest & Other Income	29	122	(93)	-76.2%
Non-Property Expenses	(2,077)	(2,370)	293	12.4%
Interest Expenses	(9,513)	(9,369)	(144)	-1.5%
Realised Net Income	7,948	8,160	(212)	-2.6%
(Loss)/Profit for the financial period	(11,769)	9,190	(20,959)	-228.1%

Compared to the immediate preceding quarter, the gross revenue of was lower by 2.1% mainly due to decreased in average occupancy at Menara AmBank and Wisma AmFIRST.

Property expenses were lower by 3.6% mainly attributable to lower repair and maintenance expenses in some of the properties within the portfolio.

Non-property expenses were lower by 12.4% mainly due to the reversal of provision for impairment on trade receivables.

Quarter to quarter, the realised net income for the current quarter decreased by 2.6%.

B3. CHANGES IN THE STATE OF AFFAIRS

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

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2018

B4. CHANGES IN PORTFOLIO COMPOSITION

There were no material changes in the portfolio composition of AmFIRST REIT for the quarter under review. As at 31 March 2018, the Trust's composition of investment portfolio is as follow:-

	Cost of Investment # As At 31.03.2018 RM'000	Valuation As At 31.03.2018 RM'000	% Valuation To Net Asset Value As At 31.03.2018 %
Bangunan AmBank Group	194,332	260,000	30.6%
Menara AmBank	259,611	321,500	37.9%
Menara AmFIRST	64,840	72,000	8.5%
Wisma AmFIRST	94,680	114,000	13.4%
The Summit Subang USJ	362,417	365,060	42.9%
Prima 9	73,239	73,200	8.6%
Prima 10	62,329	66,300	7.8%
Kompleks Tun Sri Lanang	87,967	102,000	12.0%
Mydin HyperMall	254,124	276,000	32.5%
	<u>1,453,539</u>	<u>1,650,060</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 31.03.2018	As at 31.03.2017
Net Asset Value ("NAV") (RM'000)	849,364	867,206
NAV Per Unit (RM)		
- Before income distribution	1.2374	1.2634
- After income distribution	1.2166	1.2421
Closing Unit Price Per Unit (RM)	0.60	0.81

The NAV per Unit after income distribution is calculated after taking into consideration the final income distribution of approximately 94% of the realised distributable income at the end of the reporting period.

B6. NUMBER OF UNIT IN CIRCULATION AND ISSUANCE OF NEW UNITS

The total number of unit in circulation is 686,401,600 unit. There was no issuance of new units during the quarter under review.

B7. 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. 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 the 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.

B8. CIRCUMSTANCES AFFECTING INTEREST OF UNITHOLDERS

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

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2018

B9. PROSPECTS

As at 31 March 2018, the overall occupancy of the Trust's portfolio is 84.4%. The overall committed occupancy of the Trust's portfolio is expected to improve to 87.5%, mainly contributed by new tenancies signed up in The Summit Office and Retail.

The Manager will continue to adopt appropriate leasing and marketing strategies to increase the overall occupancy of the Trust's portfolio and to manage expenses in order to improve the net income and hence, the income distribution to unitholders.

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

B10. STATUS OF CORPORATE PROPOSALS

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

B11. BORROWINGS AND DEBT SECURITIES

	As at 31.03.2018		
	Long term RM'000	Short term RM'000	Total RM'000
Secured			
Term Loan	335,850	57,000	392,850
Revolving Credit	298,500	89,000	387,500
	<u>634,350</u>	<u>146,000</u>	<u>780,350</u>
Unsecured			
Loan transaction costs subject to amortisation	(1,308)	-	(1,308)
Total Borrowings	<u>633,042</u>	<u>146,000</u>	<u>779,042</u>

	As at 31.03.2017		
	Long term RM'000	Short term RM'000	Total RM'000
Secured			
Term Loan	392,850	-	392,850
Revolving Credit	295,000	89,000	384,000
	<u>687,850</u>	<u>89,000</u>	<u>776,850</u>
Unsecured			
Loan transaction costs subject to amortisation	(1,707)	-	(1,707)
Total Borrowings	<u>686,143</u>	<u>89,000</u>	<u>775,143</u>

All the bank borrowings are denominated in Ringgit Malaysia.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2018

B11. BORROWINGS AND DEBT SECURITIES (CONTD.)

As at 31 March 2018, the Trust has RM87.0 million fixed rate bank loan and total Interest rate swap contract of RM200.0 million to mitigate the exposure of volatile interest rate movements. Effectively, 36.5% of the total borrowing has been hedged with fixed interest rate.

The Trust maintained a competitive weighted average interest cost of 4.85% (including the cost of hedging of the interest rate swap contract of RM200.0 million) as at 31 March 2018.

B12. DERIVATIVE

	Notional Value as at 31 March 2018 RM'000	Fair Value as at 31 March 2018 RM'000	
		Asset	Liability
<u>Maturity of Interest Rate Swap contract</u>			
- Less than 1 year	-	-	-
- 1 year to 3 years	200,000	-	1,700-
- More than 3 years	-	-	-

- (i) On 6th 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). This 5-year IRS is expiry on 5 January 2020.
- (ii) On 18th January 2016, the Trust entered into a second 5-year 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). This 5-year IRS is expired on 17 January 2021.

B13. 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 31 March 2018, the Manager's fee consists of a base fee of 0.30% per annum and performance fee of 3.0% per annum.

B14. 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 31 March 2018, the Trustee's fee is calculated based on 0.03% per annum of the net asset value.

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B15. UNITS HELD BY RELATED PARTIES

As at 31 March 2018, the Manager and all the directors 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 of Holdings (‘000)	Market Value RM’000
Unitholdings of parties related to the Manager		
AmBank (M) Berhad	183,489	110,093
Yayasan Azman Hashim	41,779	25,068
Jadeline Capital Sdn Bhd	22,518	13,511
Amcorp Group Berhad	13,650	8,190
AmMetLife Insurance Berhad on behalf of Life Fund	11,200	6,720

The market value is determined by multiplying the number of units with the closing unit price of RM0.60 per unit as at 31 March 2018.

B16. TAXATION

Pursuant to the amendment of 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 2018.

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

	Current Year 31.03.2018 RM’000	Preceding Corresponding Year 31.03.2017 RM’000
Current tax expense	-	-
Reconciliation of effective tax expense		
Income before taxation	11,329	22,239
Income tax using Malaysian tax rate of 24% (2017: 24%)	2,719	5,337
Effects of non-deductible expenses	399	348
Effects of fair value adjustment on investment properties not subject to tax	4,929	(1,576)
Effects of income exempted from tax	(8,047)	(4,109)
Tax expense	-	-

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B17. INCOME DISTRIBUTION

The Board of Director of the Manager of AmFIRST REIT, has declared a final income distribution of 2.08 sen per unit for the six-month period from 1 October 2017 to 31 March 2018 amounting to RM14,277,153, representing approximately 94% of the realized distributable net income for the six-month period from 1 October 2017 to 31 March 2018, payable on 25 May 2018 to the Unitholders registered in the Record of Depositors on 10 May 2018.

The final income distribution for the six-month period ended 31 March 2018 is from the following sources: -

	01.04.2017 To 31.03.2018 RM'000	01.04.2016 To 31.03.2017 RM'000
Rental income	114,099	111,539
Interest income	135	109
Other income	219	148
Total income	114,453	111,796
Less : Total expenses (before manager's fees)	(76,331)	(76,593)
Net income before taxation (before manager's fees)	38,122	35,203
Less : Manager's fees	(7,436)	(7,314)
Net income before taxation	30,686	27,889
Less : Taxation	-	-
Realised net income after taxation	30,686	27,889
Add : Undistributed realised income brought forward	60	39
Total income available for distribution	30,746	27,928
Less : Interim income distribution	(14,552)	(13,248)
Total income available for distribution	16,194	14,680
Less : Proposed final income distribution	(14,277)	(14,620)
Undistributed realised income carried forward	1,917	60
Number of unit in circulation ('000)	686,402	686,402
Interim income distribution per unit (Sen)	2.12	1.93
Final income distribution per unit (Sen)	2.08	2.13
Total income distribution per unit (Sen)	4.20	4.06

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%)

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B18. 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 31 March 2018 and of its financial performance and cash flows for the period ended 31 March 2018 and duly authorised for release by the Board of Directors of the Manager on 20 April 2018.