



CONDENSED FINANCIAL STATEMENTS

SECOND QUARTER ENDED 30 SEPTEMBER 2018

<u>Contents</u>	<u>Page</u>
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 - 16

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 30.09.2018 RM'000	Preceding Year Corresponding Quarter 30.09.2017 RM'000	Current Year To Date 30.09.2018 RM'000	Preceding Year To Date 30.09.2017 RM'000
Gross revenue	29,084	27,754	57,679	55,805
Property expenses	(9,891)	(9,346)	(19,473)	(19,051)
Net property income	19,193	18,408	38,206	36,754
Interest income	29	23	66	50
Other income	17	91	34	154
	19,239	18,522	38,306	36,958
Administrative expenses				
Manager's fee	(1,858)	(1,840)	(3,708)	(3,678)
Trustee's fee	(85)	(86)	(169)	(173)
Valuation fee	(60)	(45)	(100)	(98)
Auditors' remuneration	(13)	(6)	(27)	(19)
Tax agent's fee	(4)	(4)	(7)	(8)
Provision for impairment loss on trade receivables	114	50	(69)	313
Others expenses	(236)	(252)	(416)	(332)
Interest expense	(9,840)	(9,300)	(19,525)	(18,383)
	(11,982)	(11,483)	(24,021)	(22,378)
Realised net income	7,257	7,039	14,285	14,580
Unrealised gain/(loss) on revaluation of derivative	190	124	360	(342)
Unrealised (loss)/gain on financial liabilities measured at amortised cost	(48)	355	(278)	(327)
Profit before taxation	7,399	7,518	14,367	13,911
Taxation	-	-	-	-
Profit for the financial period	7,399	7,518	14,367	13,911
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	7,399	7,518	14,367	13,911
Total comprehensive income for the year is made up as follows:-				
- Realised	7,257	7,039	14,285	14,580
- Unrealised	142	479	82	(669)
	7,399	7,518	14,367	13,911
Basic Earnings Per Unit (EPU) (sen)				
- Realised	1.06	1.03	2.08	2.12
- Unrealised	0.02	0.07	0.01	(0.10)
	1.08	1.10	2.09	2.02

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	As At 30.09.2018 (Unaudited) RM'000	As At 31.03.2018 (Audited) RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,655,520	1,650,060
Accrued lease receivable	2,594	3,178
	1,658,114	1,653,238
Current Assets		
Trade receivables	3,782	2,046
Accrued lease receivable	1,168	1,168
Other receivables, deposits and prepayments	4,543	3,987
Deposits with financial institution	2,944	2,898
Cash and bank balances	2,348	1,048
	14,785	11,147
TOTAL ASSETS	1,672,899	1,664,385
LIABILITIES		
Non-Current Liabilities		
Rental deposits	11,339	13,688
Borrowings	391,742	633,042
Derivatives	527	764
	403,608	647,494
Current Liabilities		
Trade payables	1,936	1,340
Other payables and accruals	5,581	6,999
Rental deposits	16,008	12,252
Borrowings	395,500	146,000
Derivatives	812	936
	419,837	167,527
TOTAL LIABILITIES	823,445	815,021
NET ASSET VALUE	849,454	849,364
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	636,625	636,625
Undistributed income - Realised	16,202	16,194
Undistributed income - Unrealised	196,627	196,545
	849,454	849,364
Number of Units In Circulation (Unit) ('000)	686,402	686,402
Net Asset Value (NAV) per unit (RM)		
- Before income distribution	1.2375	1.2374
- After income distribution	1.2188	1.2166

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 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 2018	636,625	16,194	196,545	849,364
Total comprehensive income for the period	-	14,285	82	14,367
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- 2018 final	-	(14,277)	-	(14,277)
As At 30 September 2018	636,625	16,202	196,627	849,454
<u>Preceding Period To Date</u>				
As At 1 April 2017	636,625	14,680	215,901	867,206
Total comprehensive income for the period	-	14,580	(669)	13,911
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- 2017 final	-	(14,620)	-	(14,620)
As At 30 September 2017	636,625	14,640	215,232	866,497

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 2018 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

	Current Year To Date 30.09.2018 RM'000	Preceding Year To Date 30.09.2017 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	14,367	13,911
<i>Adjustment for :-</i>		
Interest income from placement with financial institution	(66)	(50)
Interest expense	19,525	18,383
Provision for/(Write back of) impairment loss on trade receivables	69	(313)
Loss on financial liabilities measured at amortised cost	278	327
Unrealised (gain)/loss on revaluation of derivatives	(360)	342
Operating profit before working capital changes	33,813	32,600
Changes in working capital		
Increase in receivables	(1,778)	(898)
Increase in payables	751	466
Increase/(Decrease) in rental deposits	239	(629)
Net cash generated from operating activities	33,025	31,540
CASH FLOW FROM INVESTING ACTIVITIES		
Enhancement of investment properties	(5,460)	(3,714)
Interest income	66	50
Net cash used in investing activities	(5,394)	(3,664)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(20,208)	(18,384)
Distributions paid to Unitholders	(14,277)	(14,620)
Drawdown of borrowings (net)	8,200	1,605
Net cash used in from financing activities	(26,285)	(31,399)
Net increase/(decrease) in cash and cash equivalents	1,346	(3,523)
Cash and cash equivalents at the beginning of year	3,946	6,977
Cash and cash equivalents at the end of year	5,292	3,454
Cash and cash equivalents included in the statement of cash flows comprise of the following:		
Deposits with financial institution	2,944	596
Cash and bank balances	2,348	2,858
	5,292	3,454

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 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 Listed 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 2018 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 2018. 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 2018 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 Second Quarter Ended 30 September 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 an interim income distribution of 1.87 sen per unit for the six-month period from 1 April 2018 to 30 September 2018, amounting to RM12,835,710 representing approximately 90% of the realised distributable net income for the six-month period ended 30 September 2018, to be payable on 21 December 2018 as disclosed in note B15 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 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 30 September 2018.

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 financial year ended 31 March 2018.

A13. REALISED AND UNREALISED INCOME DISCLOSURE

The breakdown of undistributed income into realised and unrealised as at 30 September 2018 is summarised as below: -

	As At 30.09.2018 RM'000	As At 31.03.2018 RM'000
<u>Realised</u>		
Distributable undistributed income	16,202	16,194
<u>Unrealised</u>		
Cumulative net change in fair value of investment properties	196,521	196,521
Unrealised loss on revaluation of derivatives	(1,339)	(1,700)
Unrealised gain on financial liabilities measured at amortised cost	1,445	1,724
	196,627	196,545
Total	212,829	212,739

AmFIRST REAL ESTATE INVESTMENT TRUST

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

Quarterly Results (2Q FY2019 vs 2Q FY2018)

	Current Year Quarter 30.09.2018	Preceding Year Quarter 30.09.2017	Changes	
	RM'000	RM'000	RM'000	%
Gross Revenue	29,084	27,754	1,330	4.8%
Property Expenses	(9,891)	(9,346)	(545)	-5.8%
Net Property Income	19,193	18,408	785	4.3%
Interest & Other Income	46	114	(68)	-59.8%
Non-Property Expenses	(2,142)	(2,183)	41	1.9%
Interest Expenses	(9,840)	(9,300)	(540)	-5.8%
Realised Net Income	7,257	7,039	218	3.1%
Unrealised gain on revaluation of derivatives	190	124	66	-53.0%
Unrealised (loss)/gain on financial liabilities measured at amortised cost	(48)	355	(403)	113.6%
Profit for the financial period	7,399	7,518	(119)	-1.6%

For the second quarter ended 30 September 2018, gross revenue increased by 4.8% as compared to preceding year quarter mainly contributed by full occupancy in Prima 9 effective from 1 October 2017 and higher average occupancy at The Summit Retail, The Summit Office and Prima 10. However, the increase was partially offset by lower gross revenue in Menara AmBank, Menara AmFIRST and Wisma AmFIRST as a result of lower average occupancy.

Property expenses were higher by 5.8% mainly attributable to increase in the service charges at The Summit Subang USJ with effect from 1 September 2018.

Non-property expenses were lower by 1.9% mainly due to higher reversal of provision for impairment loss on trade receivable in the current year quarter as opposed to the preceding year quarter.

Interest expense was higher by 5.8% mainly due to increase in borrowing to finance the various asset enhancement initiatives as well as increase in interest cost as a result of increase in OPR and higher cost of fund.

Overall, realised net income for the current year quarter increased by 3.1% whilst profit for the current year quarter reduced by 1.6% to RM7.4 million mainly due to unrealised loss on financial liabilities measured at amortised cost.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2018

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

Financial Year to Date Results (1st Half FY2019 vs 1st Half FY2018)

	Current Year To Date 30.09.2018	Preceding Year To Date 30.09.2017	Changes	
	RM'000	RM'000	RM'000	%
Gross Revenue	57,679	55,805	1,874	3.4%
Property Expenses	(19,473)	(19,051)	(422)	-2.2%
Net Property Income	38,206	36,754	1,452	4.0%
Interest & Other Income	100	204	(104)	-51.0%
Non-Property Expenses	(4,496)	(3,995)	(501)	-12.5%
Interest Expenses	(19,525)	(18,383)	(1,142)	-6.2%
Realised Net Income	14,285	14,580	(295)	-2.0%
Unrealised gain/(los) on revaluation of derivatives	360	(342)	702	205.4%
Unrealised loss on financial liabilities measured at amortised cost	(278)	(327)	49	15.1%
Profit for the financial period	14,367	13,911	456	3.3%

For the financial year to date, gross revenue was higher by 3.4% as compared to preceding year to date, mainly contributed by a full occupancy in Prima 9 effective from 1 October 2017 and higher average occupancy at The Summit Retail, The Summit Office and Prima 10. However, the increase was partially offset by lower gross revenue in Menara AmBank, Menara AmFIRST and Wisma AmFIRST as a result of lower average occupancy.

Property expenses were higher by 2.2% as compared to the preceding year to date mainly attributable to increase in the service charges at The Summit Subang USJ with effect from 1 September 2018.

Non-property expenses were higher by 12.5% mainly due to higher provision for impairment loss on trade receivables in the current financial year to date as opposed to reversal of provision for impairment loss on trade receivables in the preceding financial year to date.

Interest expense was higher by 6.2% mainly due to increase in borrowing to finance the various asset enhancement initiatives as well as increase in interest cost as a result of higher cost of fund.

Overall, the realised net income for the financial year to date decreased by 2.0% to RM14.3 million whilst profit for the financial period increased by 3.3% to RM14.4 million.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2018

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

Quarterly Results (2Q FY2019 vs 1Q FY2019)

	Current Year Quarter 30.09.2018	Immediate Preceding Quarter 30.06.2018	Changes	
	RM'000	RM'000	RM'000	%
Gross Revenue	29,084	28,595	489	1.7%
Property Expenses	(9,891)	(9,581)	(310)	-3.2%
Net Property Income	19,193	19,014	179	0.9%
Interest & Other Income	46	54	(8)	-15.1%
Non-Property Expenses	(2,142)	(2,354)	212	9.0%
Interest Expenses	(9,840)	(9,685)	(155)	-1.6%
Realised Net Income	7,257	7,029	228	3.2%
Unrealised gain on revaluation of derivatives	190	170	20	-11.5%
Unrealised loss on financial liabilities measured at amortised cost	(48)	(231)	183	79.1%
Profit for the financial period	7,399	6,968	431	6.2%

Compared to the immediate preceding quarter, the gross revenue of was higher by 1.7% mainly due to higher average occupancy at The Summit Office, Wisma AmFIRST and Menara AmBank.

Property expenses were higher by 3.2% mainly attributable to increase in the service charges at The Summit Subang USJ with effect from 1 September 2018.

Non-property expenses were lower by 9.0% mainly due to reversal of provision for impairment loss on trade receivables in the current quarter as opposed to provision for impairment loss in the immediate preceding quarter.

Interest expense was higher by 1.6% mainly due to increase in borrowing to finance the various asset enhancement initiatives.

Quarter to quarter, realised net income for the current quarter increased by 3.2% whilst profit for the current quarter was RM7.4 million, higher by 6.2% as opposed to the immediate preceding quarter.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2018

B3. PROSPECTS

As at 30 September 2018, the overall occupancy of the Trust's portfolio is 85.9%. The overall committed occupancy of the Trust's portfolio is expected to improve to 89.3%, mainly contributed by new tenancies signed up in Wisma AmFIRST, Menara AmFIRST and The Summit Retail. The Manager will continue to adopt appropriate leasing and marketing strategies to increase the overall occupancy of the Trust's portfolio 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.

B4. CHANGES IN THE STATE OF AFFAIRS

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

B5. 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 2018, the Trust's composition of investment portfolio is as follow:-

	Cost of Investment # As At 30.09.2018 RM'000	Valuation As At 30.09.2018 RM'000	% Valuation To Net Asset Value As At 30.09.2018 %
Bangunan AmBank Group	195,647	261,315	30.8%
Menara AmBank	260,808	322,697	38.0%
Menara AmFIRST	64,998	72,157	8.5%
Wisma AmFIRST	94,680	114,000	13.4%
The Summit Subang USJ	364,836	367,480	43.3%
Prima 9	73,239	73,200	8.6%
Prima 10	62,329	66,300	7.8%
Kompleks Tun Sri Lanang (Jaya 99)	88,338	102,371	12.1%
Mydin HyperMall, Bukit Mertajam	254,124	276,000	32.5%
	1,458,999	1,655,520	

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

B6. NUMBER OF UNIT LISTED AND ISSUANCE OF NEW UNITS

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

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2018

B7. STATUS OF CORPORATE PROPOSALS

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

B8. CHANGES IN NET ASSET VALUE AND UNIT PRICE

	As at 30.09.2018	As at 31.03.2018
Net Asset Value ("NAV") (RM'000)	849,454	849,364
NAV Per Unit (RM)		
- Before income distribution	1.2375	1.2374
- After income distribution	1.2188	1.2166
Closing Unit Price Per Unit (RM)	0.595	0.600

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.

B9. BORROWINGS AND DEBT SECURITIES

	Long term RM'000	Short term RM'000	Total RM'000
As At 30 September 2018			
Secured			
Term Loan	142,850	-	142,850
Revolving Credit	250,000	395,500	645,500
	392,850	395,500	788,350
Unsecured			
Overdraft	-	-	-
Loan transaction costs subject to amortisation	(1,108)	-	(1,108)
Total Borrowings	391,742	395,500	787,242
As at 31 March 2018			
Secured			
Term Loan	335,850	57,000	392,850
Revolving Credit	298,500	89,000	387,500
	634,350	146,000	780,350
Unsecured			
Overdraft	-	-	-
Loan transaction costs subject to amortisation	(1,308)	-	(1,308)
Total Borrowings	633,042	146,000	779,042

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2018

B9. BORROWINGS AND DEBT SECURITIES – CONTD.

All the bank borrowings are denominated in Ringgit Malaysia.

As at 30 September 2018, the Trust's gearing ratio stood at 47.1% and 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 30 September 2018.

B10. DERIVATIVE

	Notional Value as at 30 September 2018	Fair Value as at 30 September 2018 RM'000	
	RM'000	Asset	Liability
<u>Maturity of Interest Rate Swap contract</u>			
- Less than 1 year	-	-	-
- 1 year to 3 years	200,000	-	1,340
- 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.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2018

B11. MANAGER'S FEE

Pursuant to the Deed constituting AmFIRST REIT, the Manager's fee consists 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 2018, the Manager's fee consists of a base fee of 0.30% per annum and performance fee of 3.0% per annum.

B12. 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 2018, the Trustee's fee is calculated based on 0.03% per annum of the net asset value.

B13. UNITS HELD BY RELATED PARTIES

As at 30 September 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	109,176
Yayasan Azman Hashim	41,779	24,859
Amcorp Group Berhad	27,300	16,244
AmMetLife Insurance Berhad on behalf of Life Fund	11,200	6,664

The market value is determined by multiplying the number of units with the closing unit price of RM0.595 per unit as at 30 September 2018.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2018

B14. 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 2019.

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

	Current Year 30.09.2018 RM'000	Preceding Corresponding Year 30.09.2017 RM'000
Current tax expense	-	-
<i>Reconciliation of effective tax expense</i>		
Income before taxation	14,367	13,911
Income tax using Malaysian tax rate of 24% (2017 : 24%)	3,448	3,339
Effects of non-deductible expenses	199	84
Effects of income exempted from tax	(3,647)	(3,423)
Tax expense	-	-

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2018

B15. INCOME DISTRIBUTION

The Board of Director of the Manager of AmFIRST REIT, has declared an interim income distribution of 1.87 sen per unit for the six-month period from 1 April 2018 to 30 September 2018 amounting to RM12,835,710 representing approximately 90% of the realised distributable net income for the six-month period from 1 April 2018 to 30 September 2018, payable on 21 December 2018 to the Unitholders registered in the Record of Depositors on 5 December 2018.

The interim income distribution for the six-month period ended 30 September 2018 is from the following sources: -

	01.04.2018	01.04.2017
	To	To
	30.09.2018	30.09.2017
	RM'000	RM'000
Rental income	57,679	55,805
Interest income	66	50
Other income	34	154
Total income	57,779	56,009
Less : Total expenses (before manager's fees)	(39,786)	(37,751)
Net income before taxation (before manager's fees)	17,993	18,258
Less : Manager's fees	(3,708)	(3,678)
Net income before taxation	14,285	14,580
Less : Taxation	-	-
Realised net income after taxation	14,285	14,580
Add : Undistributed realised income brought forward	1,917	60
Total income available for distribution	16,202	14,640
Less : Proposed Interim income distribution	(12,836)	(14,552)
Undistributed realised income carried forward	3,366	88
Number of unit in circulation ('000)	686,402	686,402
Interim income distribution per unit (Sen)	1.87	2.12

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%)

B16. MATERIAL LITIGATION

Legal Proceedings Instituted by Swan Property Sdn Bhd & 14 Others VS. The Summit Subang USJ Management Corporation and Maybank Trustees Berhad (as Trustee for AmFIRST Real Estate Investment Trust by way of Kuala Lumpur High Court Suit No. WA-22NCC-82-02/2018 (“Kuala Lumpur Suit”))

On 28 February 2018, Swan Property Sdn Bhd and 14 others (the “**Plaintiffs**”) instituted legal proceedings against The Summit Subang USJ Management Corporation (the “**MC**”) (as the 1st Defendant) and the trustee of AmFIRST REIT, Maybank Trustees Berhad, (“**AmFIRST REIT Trustees**”) (as the 2nd Defendant) in the Kuala Lumpur High Court vide Suit No. WA-22NCC-82-02/2018 (“**Civil Suit**”). The Plaintiffs claimed that the MC has breached certain statutory and fiduciary duties; and the MC and AmFIRST REIT Trustees have conspired to injure them in relation to a refurbishment and renovation exercise of the retail podium / shopping mall of The Summit Subang USJ.

The solicitors representing AmFIRST REIT Trustees take the view that AmFIRST REIT Trustees has credible defence against the Plaintiffs’ claims.

By way of application dated 17 April 2018, AmFIRST REIT Trustees applied to the Court to strike out the Plaintiffs’ claim. AmFIRST REIT Trustees’ striking out application was heard on 27, 29, 30 August 2018 and 10 October 2018 and is fixed for decision on 29 November 2018.

Subject to the outcome of AmFIRST REIT Trustees’ striking out application, the 4-day trial which was initially fixed from 12 November 2018 to 15 November 2018 has been vacated and is now fixed from 14 to 17 January 2019 and 30 January 2019.

B17. 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 2018 and of its financial performance and cash flows for the period ended 30 September 2018 and duly authorised for release by the Board of Directors of the Manager on 15 November 2018.