



CONDENSED FINANCIAL STATEMENTS

FOURTH QUARTER ENDED 31 MARCH 2019

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AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 31.3.2019 RM'000	Preceding Year Corresponding Quarter 31.3.2018 RM'000	Current Year To Date 31.3.2019 RM'000	Preceding Year To Date 31.3.2018 RM'000
Gross revenue	29,266	28,838	116,583	114,099
Property expenses	(10,497)	(9,329)	(41,287)	(38,059)
Net property income	18,769	19,509	75,296	76,039
Interest income	14	51	111	135
Other income	149	(22)	192	219
	18,932	19,538	75,599	76,394
Administrative expenses				
Manager's fee	(1,855)	(1,873)	(7,404)	(7,436)
Trustee's fee	(85)	(86)	(339)	(345)
Valuation fee	(30)	(48)	(196)	(200)
Auditors' remuneration	(16)	(21)	(57)	(54)
Tax agent's fee	(2)	-	(14)	(8)
Provision/(write back) of impairment loss on trade receivables	74	235	(60)	397
Others expenses	9	(285)	(501)	(796)
Interest expense	(9,603)	(9,513)	(38,823)	(37,266)
	(11,508)	(11,590)	(47,394)	(45,708)
Realised net income	7,424	7,947	28,205	30,686
Change in fair value of investment properties	(6,229)	(20,537)	(6,229)	(20,537)
Unrealised (loss)/gain on revaluation of derivative	(142)	425	259	883
Unrealised gain on financial liabilities measured at amortised cost	200	396	58	298
Profit before taxation	1,253	(11,769)	22,293	11,330
Taxation	-	-	-	-
Profit for the financial period	1,253	(11,769)	22,293	11,330
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	1,253	(11,769)	22,293	11,330
Total comprehensive income for the year is made up as follows:-				
- Realised	7,424	7,947	28,205	30,686
- Unrealised	(6,171)	(19,716)	(5,912)	(19,356)
	1,253	(11,769)	22,293	11,330
Basic Earnings Per Unit (EPU) (sen)				
- Realised	1.08	1.16	4.11	4.47
- Unrealised	(0.90)	(2.87)	(0.86)	(2.82)
	0.18	(1.71)	3.25	1.65

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 31.3.2019 (Unaudited) RM'000	As At 31.03.2018 (Audited) RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,657,045	1,650,060
Accrued lease receivable	2,392	3,178
	1,659,437	1,653,238
Current Assets		
Trade receivables	5,431	2,046
Accrued lease receivable	900	1,168
Other receivables, deposits and prepayments	3,813	3,987
Deposits with financial institution	1,418	2,898
Cash and bank balances	847	1,048
	12,409	11,147
TOTAL ASSETS	1,671,846	1,664,385
LIABILITIES		
Non-Current Liabilities		
Rental deposits	15,670	13,688
Borrowings	695,357	633,042
Derivatives	396	764
	711,423	647,494
Current Liabilities		
Trade payables	197	1,340
Other payables and accruals	6,656	6,999
Rental deposits	12,252	12,252
Borrowings	95,729	146,000
Derivatives	1,045	936
	115,879	167,527
TOTAL LIABILITIES	827,302	815,021
NET ASSET VALUE	844,544	849,364
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	636,625	636,625
Undistributed income - Realised	17,287	16,194
Undistributed income - Unrealised	190,632	196,545
	844,544	849,364
Number of Units In Circulation (Unit) ('000)	686,402	686,402
Net Asset Value (NAV) per unit (RM)		
- Before income distribution	1.2304	1.2374
- After income distribution	1.2091	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 year	-	28,205	(5,912)	22,293
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- 2018 Final	-	(14,277)	-	(14,277)
- 2019 Interim	-	(12,836)	-	(12,836)
As At 31 March 2019	636,625	17,286	190,633	844,544
<u>Preceding 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

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 31.3.2019 RM'000	Preceding Year To Date 31.3.2018 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	22,293	11,330
<i>Adjustment for :-</i>		
Interest income from placement with financial institution	(111)	(135)
Interest expense	38,823	37,266
Provision for/(Write back of) impairment loss on trade receivables	60	(393)
Trade receivables written-off	-	-
Change in fair value of investment properties	6,229	20,537
Loss on financial liabilities measured at amortised cost	(58)	(298)
Unrealised gain on revaluation of derivatives	(259)	(883)
Operating profit before working capital changes	66,977	67,424
Changes in working capital		
Increase in receivables	(2,217)	(198)
(Decrease)/Increase in payables	(542)	(977)
Increase in rental deposits	2,040	480
Net cash generated from operating activities	66,258	66,729
CASH FLOW FROM INVESTING ACTIVITIES		
Enhancement of investment properties	(13,214)	(7,797)
Interest income	111	135
Net cash used in investing activities	(13,103)	(7,662)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(39,767)	(36,825)
Distributions paid to Unitholders	(27,113)	(29,172)
Drawdown of borrowings (net)	12,044	3,899
Net cash used in from financing activities	(54,836)	(62,098)
Net decrease in cash and cash equivalents	(1,681)	(3,031)
Cash and cash equivalents at the beginning of year	3,946	6,977
Cash and cash equivalents at the end of year	2,265	3,946
Cash and cash equivalents included in the statement of cash flows comprise of the following:		
Deposits with financial institution	1,418	2,898
Cash and bank balances	847	1,048
	2,265	3,946

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 Fourth Quarter Ended 31 March 2019

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 Malaysia'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.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2019

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 a final income distribution of 2.13 sen per unit for the six-month period from 1 October 2018 to 31 March 2019 amounting to RM14,620,354, to be payable on 29 May 2019 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 31 March 2019.

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 2019.

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 2019

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 Listed Real Estate Investment Trusts 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 31.3.2019 RM'000	% Valuation to Net Asset Value As At 31.3.2019
Bangunan AmBank Group ⁽ⁱ⁾	Leasehold	Kuala Lumpur	Office	180,152	262,200	31.0%
Menara AmFIRST ⁽ⁱⁱ⁾	Freehold	Petaling Jaya	Office	57,081	321,500	38.1%
Menara AmBank ⁽ⁱⁱⁱ⁾	Freehold	Kuala Lumpur	Office	230,170	65,840	7.8%
Wisma AmFIRST ^(iv)	Leasehold	Kelana Jaya	Office	86,051	117,900	14.0%
The Summit Subang USJ ^(v)	Freehold	Subang Jaya	Mixed Commercial Complex	278,719	369,400	43.7%
Prima 9 ^(vi)	Freehold	Cyberjaya	Office	72,897	72,600	8.6%
Prima 10 ^(vi)	Freehold	Cyberjaya	Office	61,747	65,700	7.8%
Kompleks Tun Sri Lanang ^(vii)	Leasehold	Melaka	Office	87,226	103,905	12.3%
Mydin HyperMall, Bukit Mertajam ^(viii)	Freehold	Penang	Retail	254,107	278,000	32.9%
				1,308,150	1,657,045	

- (i) This property was revalued on 19 February 2019 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 24 January 2019 by KGV International Property Consultants (PG) Sdn Bhd ("KGV"), independent professional valuers.
- (iii) This property was revalued on 19 February 2019 by Cheston.
- (iv) This property was revalued on 1 March 2019 by KGV. The leasehold land will expire on 19 February 2094.
- (v) This property was revalued on 22 February 2019 by Cheston.
- (vi) These two (2) properties were revalued on 1 March 2019 by KGV.
- (vii) The property was revalued on 1 March 2019 by KGV. The leasehold land will expire on 7 October 2109.
- (viii) This property was revalued on 7 March 2019 by KGV.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2019

A13. REALISED AND UNREALISED INCOME DISCLOSURE

The breakdown of undistributed income into realised and unrealised as at 31 March 2019 is summarised as below: -

	As at 31.3.2019 RM'000	As at 31.3.2018 RM'000
<u>Realised</u>		
Distributable undistributed income	17,287	16,194
<u>Unrealised</u>		
Cumulative net change in fair value of investment properties	190,292	196,521
Unrealised loss on revaluation of derivatives	(1,441)	(1,700)
Unrealised gain on financial liabilities measured at amortised cost	1,781	1,724
	<u>190,632</u>	<u>196,545</u>
Total	207,919	212,739

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
For The Fourth Quarter Ended 31 March 2019

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 (4Q FY2019 vs 4Q FY2018)

	Current Year Quarter 31.3.2019	Preceding Year Quarter 31.3.2018	Changes	
	RM'000	RM'000	RM'000	%
Gross Revenue	29,266	28,838	428	1.5%
Property Expenses	(10,497)	(9,329)	(1,168)	-12.5%
Net Property Income	18,769	19,509	(740)	-3.8%
Interest & Other Income	163	29	134	461.6%
Non-Property Expenses	(1,905)	(2,078)	173	8.3%
Interest Expenses	(9,603)	(9,513)	(90)	-0.9%
Realised Net Income	7,424	7,947	(523)	-6.6%
Change in fair value of investment properties	(6,229)	(20,537)	14,308	69.7%
Unrealised (loss)/gain on revaluation of derivatives	(142)	425	(567)	-133.5%
Unrealised gain on financial liabilities measured at amortised cost	200	396	(196)	-49.5%
Profit for the financial quarter	1,253	(11,769)	13,022	110.6%

For the current quarter ended 31 March 2019, gross revenue increased by 1.5% as compared to preceding year quarter mainly contributed by higher average occupancy at Prima 10, Wisma AmFIRST, The Summit Retail, The Summit Office and Menara AmFIRST. However, the increase was partially offset by lower average occupancy at Menara AmBank and Jaya99.

Property expenses increased by 12.5% mainly attributable to the increase in the service charges at The Summit Subang USJ with effect from 1 September 2018.

Overall, the realised net income for the current year quarter decreased by 6.6% to RM7.4 million whilst profit for the current year quarter recorded RM1.2 million after the unrealised fair value adjustment particularly the unrealised loss on fair value adjustment of investment properties of RM6.2 million.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2019

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

Financial Year to Date Results (FY2019 vs FY2018)

	Current Year To Date 31.3.2019	Preceding Year To Date 31.3.2018	Changes	
	RM'000	RM'000	RM'000	%
Gross Revenue	116,583	114,099	2,484	2.2%
Property Expenses	(41,287)	(38,059)	(3,228)	-8.5%
Net Property Income	75,296	76,039	(743)	-1.0%
Interest & Other Income	303	354	(51)	-14.4%
Non-Property Expenses	(8,571)	(8,442)	(129)	-1.5%
Interest Expenses	(38,823)	(37,266)	(1,557)	-4.2%
Realised Net Income	28,205	30,686	(2,481)	-8.1%
Change in fair value of investment properties	(6,229)	(20,537)	14,308	69.7%
Unrealised gain on revaluation of derivatives	259	883	(624)	-70.7%
Unrealised gain on financial liabilities measured at amortised cost	58	298	(240)	-80.5%
Profit for the financial year	22,293	11,330	10,963	96.8%

For the financial year to date, gross revenue was higher by 2.2% as compared to preceding financial year, mainly contributed by a full occupancy in Prima 9 effective from 1 October 2017 and higher average occupancy at Prima 10, Wisma AmFIRST, The Summit Retail and The Summit Office. However, the increase was partially offset by lower gross revenue in Menara AmBank as a result of lower average occupancy.

Property expenses were higher by 8.5% as compared to the preceding year to date mainly due to the increase in the service charges at The Summit Subang USJ with effect from 1 September 2018 coupled with higher strata parcel quit rent for the Summit Subang USJ, higher electricity charges and higher leasing commission.

Non-property expenses were higher by 1.5% mainly due to 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.

Interest expense was higher by 4.2% mainly due to increase in borrowing to finance the various asset enhancement initiatives as well as increase in interest cost as a result of the higher cost of fund.

Overall, the realised net income for the financial year to date decreased by 8.1% to RM28.2 million whilst profit for the financial year increased by 96.8% mainly due to lower unrealised loss on fair value adjustment of investment properties.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
For The Fourth Quarter Ended 31 March 2019

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

Quarterly Results (4Q FY2019 vs 3Q FY2019)

	Current Year Quarter 31.3.2019	Immediate Preceding Quarter 31.12.2018	Changes	
	RM'000	RM'000	RM'000	%
Gross Revenue	29,266	29,639	(373)	-1.3%
Property Expenses	(10,497)	(11,317)	820	7.2%
Net Property Income	18,769	18,322	447	2.4%
Interest & Other Income	163	40	123	310.6%
Non-Property Expenses	(1,905)	(2,169)	264	12.2%
Interest Expenses	(9,603)	(9,696)	93	1.0%
Realised Net Income	7,424	6,497	927	14.3%
Change in fair value of investment properties	(6,229)	-	(6,229)	-100.0%
Unrealised (loss)/gain on revaluation of derivatives	(142)	40	(182)	-451.7%
Unrealised gain on financial liabilities measured at amortised cost	200	136	64	47.1%
Profit for the financial quarter	1,253	6,673	(5,420)	-81.2%

Compared to the immediate preceding quarter, the gross revenue was lower by 1.3% resulted by lower average occupancy at Menara AmBank.

Property expenses were lower by 7.2% mainly due to lower repair & maintenance expenses.

Overall, the realised net income for the current quarter increased by 14.3% to RM7.4 million.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2019

B3. PROSPECTS

As at 31 March 2019, the overall occupancy of the Trust's portfolio stood at 86.7%. With the new tenancies secured for Wisma AmFIRST, Menara AmFIRST, The Summit Retail and The Summit Office, the overall committed occupancy of the Trust's portfolio is expected to further improve to 89.0%.

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 2020.

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 31 March 2019, the Trust's composition of investment portfolio is as follow:-

	Cost of Investment # As At 31.3.2019 RM'000	Valuation As At 31.3.2019 RM'000	% Valuation To Net Asset Value As At 31.3.2019 %
Bangunan AmBank Group	196,926	262,200	31.0%
Menara AmBank	262,076	321,500	38.1%
Menara AmFIRST	64,998	65,840	7.8%
Wisma AmFIRST	94,680	117,900	14.0%
The Summit Subang USJ	370,013	369,400	43.7%
Prima 9	73,239	72,600	8.6%
Prima 10	62,329	65,700	7.8%
Kompleks Tun Sri Lanang (Jaya 99)	88,369	103,905	12.3%
Mydin HyperMall, Bukit Mertajam	254,124	278,000	32.9%
	1,466,753	1,657,045	

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 Fourth Quarter Ended 31 March 2019

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 31.3.2019	As at 31.3.2018
Net Asset Value ("NAV") (RM'000)	844,544	849,364
NAV Per Unit (RM)		
- Before income distribution	1.2304	1.2374
- After income distribution	1.2091	1.2166
Closing Unit Price Per Unit (RM)	0.535	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 31 March 2019			
Secured			
Term Loan	307,850	-	307,850
Revolving Credit	390,000	89,000	479,000
	697,850	89,000	786,850
Unsecured			
Overdraft	-	6,729	6,729
Loan transaction costs subject to amortisation	(2,493)	-	(2,493)
Total Borrowings	695,357	95,729	791,086
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 Fourth Quarter Ended 31 March 2019

B9. BORROWINGS AND DEBT SECURITIES – CONTD.

All the bank borrowings are denominated in Ringgit Malaysia.

As at 31 March 2019, the Trust's gearing ratio stood at 47.3% and the Trust has total Interest Rate Swap contract of RM200.0 million to mitigate the exposure of volatile interest rate movements. Effectively, 32.5% of the total borrowing has been hedged with fixed interest rate.

The Trust maintained a competitive weighted average interest cost of 4.80% (including the cost of hedging of the interest rate swap contract of RM200.0 million) as at 31 March 2019.

B10. DERIVATIVE

	Notional Value as at 31 March 2019	Fair Value as at 31 March 2019 RM'000	
	RM'000	Asset	Liability
<u>Maturity of Interest Rate Swap contract</u>			
- Less than 1 year	100,000	-	1,045
- 1 year to 3 years	100,000	-	396
- 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 Fourth Quarter Ended 31 March 2019

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 31 March 2019, the Manager's fee consists of a base fee of 0.3% 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 31 March 2019, 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 31 March 2019, 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	98,167
Yayasan Azman Hashim	41,779	22,352
Amcorp Group Berhad	36,168	19,350
AmMetLife Insurance Berhad on behalf of Life Fund	11,200	5,992

The market value is determined by multiplying the number of units with the closing unit price of RM0.535 per unit as at 31 March 2019.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2019

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 31.3.2019 RM'000	Preceding Corresponding Year 31.3.2018 RM'000
Current tax expense	-	-
<i>Reconciliation of effective tax expense</i>		
Income before taxation	22,293	11,330
Income tax using Malaysian tax rate of 24% (2018 : 24%)	5,350	2,719
Effects of non-deductible expenses	433	399
Effects of fair value adjustment on investment properties not subject to tax	1,495	4,929
Effects of income exempted from tax	(7,278)	(8,047)
Tax expense	-	-

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2019

B15. INCOME DISTRIBUTION

The Board of Director of the Manager of AmFIRST REIT, has declared a final income distribution of 2.13 sen per unit for the six-month period from 1 October 2018 to 31 March 2019 amounting to RM14,620,354, payable on 29 May 2019 to the Unitholders registered in the Record of Depositors on 10 May 2019.

The final income distribution for the six-month period ended 31 March 2019 is from the following sources: -

	1.4.2018	1.4.2017
	To	To
	31.3.2019	31.3.2018
	RM'000	RM'000
Rental income	116,583	114,099
Interest income	111	135
Other income	192	219
Total income	116,886	114,453
Less : Total expenses (before manager's fees)	(81,277)	(76,331)
Net income before taxation (before manager's fees)	35,609	38,122
Less : Manager's fees	(7,404)	(7,436)
Net income before taxation	28,205	30,686
Less : Taxation	-	-
Realised net income after taxation	28,205	30,686
Add : Undistributed realised income brought forward	1,917	60
Total income available for distribution	30,122	30,746
Less : Interim income distribution	(12,836)	(14,552)
Total income available for distribution	17,286	16,194
Less : Proposed final income distribution	(14,620)	(14,277)
Undistributed realised income carried forward	2,666	1,917
Number of unit in circulation ('000)	686,402	686,402
Interim income distribution per unit (Sen)	1.87	2.12
Final income distribution per unit (Sen)	2.13	2.08
Total income distribution per unit (Sen)	4.00	4.20

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.

By way of application dated 17 April 2018, AmFIRST REIT Trustees applied to the High Court to strike out the Plaintiffs’ claim (“Striking Out Application”).

The Striking Out Application was heard on 27, 29, 30 August 2018 and 10 October 2018 and subsequently fixed for decision on 12 December 2018.

Following the decision on 12 December 2018 (and a further clarification date on 18 January 2019), the High Court’s decision in respect of Striking Out Application are as follows:-

- (a) The Plaintiffs’ claims (except the 5th Plaintiff) against AmFIRST REIT Trustees are stayed pending the disposal of related claims currently pending in the Strata Management Tribunal between the Plaintiffs and the MC; and
- (b) The 5th Plaintiff’s claim against AmFIRST REIT Trustees is struck out.

The Plaintiffs have since appealed against the decision of Striking Out Application to the Court of Appeal on 2 January 2019 (“Appeal”). The next case management before the Court of Appeal is fixed on 12 June 2019.

In the meantime, the proceedings at the High Court had been fixed for case management on 24 May 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 31 March 2019 and of its financial performance and cash flows for the period ended 31 March 2019 and duly authorised for release by the Board of Directors of the Manager on 19 April 2019.