



CONDENSED FINANCIAL STATEMENTS

FIRST QUARTER ENDED 30 JUNE 2019

<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 - 15

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 30.6.2019 RM'000	Preceding Year Corresponding Quarter 30.6.2018 RM'000	Current Year To Date 30.6.2019 RM'000	Preceding Year To Date 30.6.2018 RM'000
Gross revenue	29,135	28,595	29,135	28,595
Property expenses	(11,153)	(9,581)	(11,153)	(9,581)
Net property income	<u>17,982</u>	<u>19,014</u>	<u>17,982</u>	<u>19,014</u>
Interest income	13	37	13	37
Other income	65	17	65	17
	<u>18,060</u>	<u>19,068</u>	<u>18,060</u>	<u>19,068</u>
Administrative expenses				
Manager's fee	(1,830)	(1,850)	(1,830)	(1,850)
Trustee's fee	(84)	(84)	(84)	(84)
Valuation fee	(63)	(40)	(63)	(40)
Auditors' remuneration	(14)	(13)	(14)	(13)
Tax agent's fee	(3)	(4)	(3)	(4)
Provision of impairment loss on trade receivables	(59)	(183)	(59)	(183)
Others expenses	(204)	(180)	(204)	(180)
Interest expense	(9,602)	(9,685)	(9,602)	(9,685)
	<u>(11,859)</u>	<u>(12,039)</u>	<u>(11,859)</u>	<u>(12,039)</u>
Realised net income	6,201	7,029	6,201	7,029
Unrealised gain on revaluation of derivative	61	170	61	170
Unrealised gain/(loss) on financial liabilities measured at amortised cost	383	(231)	383	(231)
Profit before taxation	6,645	6,968	6,645	6,968
Taxation	-	-	-	-
Profit for the financial period	6,645	6,968	6,645	6,968
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	<u>6,645</u>	<u>6,968</u>	<u>6,645</u>	<u>6,968</u>
Total comprehensive income for the period is made up as follows:-				
- Realised	6,201	7,029	6,201	7,029
- Unrealised	444	(61)	444	(61)
	<u>6,645</u>	<u>6,968</u>	<u>6,645</u>	<u>6,968</u>
Basic Earnings Per Unit (EPU) (sen)				
- Realised	0.90	1.02	0.90	1.02
- Unrealised	0.06	(0.01)	0.06	(0.01)
	<u>0.96</u>	<u>1.01</u>	<u>0.96</u>	<u>1.01</u>

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	As At 30.6.2019 (Unaudited) RM'000	As At 31.3.2019 (Audited) RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,659,896	1,657,045
Right-of-use assets	275	-
Accrued lease receivable	1,801	2,392
	1,661,972	1,659,437
Current Assets		
Trade receivables	5,225	5,431
Accrued lease receivable	884	900
Other receivables, deposits and prepayments	2,440	3,813
Deposits with financial institution	1,429	1,418
Cash and bank balances	1,007	847
	10,985	12,409
TOTAL ASSETS	1,672,957	1,671,846
LIABILITIES		
Non-Current Liabilities		
Rental deposits	19,003	15,670
Borrowings	697,037	695,357
Derivatives	968	396
Lease liabilities	93	-
	717,101	711,423
Current Liabilities		
Trade payables	1,213	197
Other payables and accruals	6,463	6,656
Lease liabilities	182	-
Rental deposits	8,493	12,252
Borrowings	102,523	95,729
Derivatives	412	1,045
	119,286	115,879
TOTAL LIABILITIES	836,387	827,302
NET ASSET VALUE	836,570	844,544
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	636,625	636,625
Undistributed income - Realised	8,868	17,287
Undistributed income - Unrealised	191,077	190,632
	836,570	844,544
Number of Units In Circulation (Unit) ('000)	686,402	686,402
Net Asset Value (NAV) per unit (RM)		
- Before income distribution	1.2188	1.2304
- After income distribution	1.2098	1.2091

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements statements for the financial year ended 31 March 2019 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 2019	636,625	17,287	190,632	844,544
Total comprehensive income for the period	-	6,201	444	6,645
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- 2019 Final	-	(14,619)	-	(14,619)
As At 30 June 2019	636,625	8,869	191,076	836,570
<u>Preceding Period To Date</u>				
As At 1 April 2018	636,625	16,194	196,545	849,364
Total comprehensive income for the period	-	30,686	(19,356)	11,330
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- 2018 Final	-	(14,620)	-	(14,620)
As At 30 June 2018	636,625	32,261	177,188	846,074

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 2019 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

	Current Year To Date 30.6.2019 RM'000	Preceding Year To Date 30.6.2018 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,645	6,968
<i>Adjustment for :-</i>		
Interest income from placement with financial institution	(13)	(37)
Interest expense	9,602	9,685
Provision for impairment loss on trade receivables	59	180
(Gain)/Loss in on financial liabilities measured at amortised cost	(383)	231
Unrealised loss on revaluation of derivatives	(61)	(170)
Operating profit before working capital changes	15,849	16,857
Changes in working capital		
Decrease in receivables	2,127	431
Increase in payables	873	282
Decrease in rental deposits	(43)	(184)
Net cash generated from operating activities	18,806	17,385
CASH FLOW FROM INVESTING ACTIVITIES		
Enhancement of investment properties	(2,851)	(3,382)
Interest income	13	37
Net cash used in investing activities	(2,838)	(3,345)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(9,604)	(9,713)
Distributions paid to Unitholders	(14,619)	(14,277)
Drawdown of borrowings (net)	8,475	9,594
Payment of lease liabilities	(49)	-
Net cash used in from financing activities	(15,797)	(14,396)
Net increase/(decrease) in cash and cash equivalents	171	(355)
Cash and cash equivalents at the beginning of period	2,265	3,946
Cash and cash equivalents at the end of period	2,436	3,591
Cash and cash equivalents included in the statement of cash flows comprise of the following:		
Deposits with financial institution	1,429	2,921
Cash and bank balances	1,007	670
	2,436	3,591

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 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 condensed financial statements do not include all of the information required for a full financial statement and should be read in conjunction with the annual financial statements for the financial year ended 31 March 2019.

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 2019 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 2019 as follow:

- MFRS 16 *Leases*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*

The adoption of these 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 2019 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.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2019

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.

A8. INCOME DISTRIBUTION PAID

During the quarter under review, the Trust had on 29 May 2019, paid a final income distribution of 2.13 sen per unit, amounting to RM RM14,620,354 for the six-month period from 1 October 2018 to 31 March 2019.

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

There were no significant events subsequent to the current quarter ended 30 June 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 30 June 2019.

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 2019.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 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 30.6.2019 RM'000	As at 31.3.2019 RM'000
<u>Realised</u>		
Distributable undistributed income	8,869	17,287
<u>Unrealised</u>		
Cumulative net change in fair value of investment properties	190,292	190,292
Unrealised loss on revaluation of derivatives	(1,380)	(1,441)
Unrealised gain on financial liabilities measured at amortised cost	2,164	1,781
	191,076	190,632
Total	199,945	207,919

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 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 (1Q FY2020 vs 1Q FY2019)

	Current Year Quarter 30.6.2019	Preceding Year Quarter 30.6.2018	Changes	
	RM'000	RM'000	RM'000	%
Gross Revenue	29,135	28,595	540	1.9%
Property Expenses	(11,153)	(9,581)	(1,572)	-16.4%
Net Property Income	17,982	19,014	(1,032)	-5.4%
Interest & Other Income	78	54	24	44.3%
Non-Property Expenses	(2,257)	(2,355)	98	4.2%
Interest Expenses	(9,602)	(9,685)	84	0.9%
Realised Net Income	6,201	7,029	(828)	-11.8%
Unrealised gain on revaluation of derivatives	61	170	(109)	-64.1%
Unrealised gain/(loss) on financial liabilities measured at amortised cost	383	(231)	614	266.2%
Profit for the financial quarter	6,645	6,968	(323)	-4.6%

For the current quarter ended 30 June 2019, gross revenue increased by 1.9% as compared to preceding year quarter mainly contributed by higher occupancy at Wisma AmFIRST, Prima 10, Menara AmFIRST and The Summit Office. However, the increase was partially offset by lower occupancy at Menara AmBank and Jaya 99.

Property expenses increased by 16.4% mainly attributable to the increase in the service charges at The Summit Subang USJ with effect from 1 September 2018 as well as higher utilities expenses.

Overall, the realised net income for the current year quarter decreased by 11.8% to RM6.2 million whilst profit for the current year quarter recorded RM6.6 million, a drop by 4.6% as compared to RM6.9 million reported for the same period of last financial year.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2019

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

Quarterly Results (1Q FY2020 vs 4Q FY2019)

	Current Year Quarter 30.6.2019	Immediate Preceding Quarter 31.3.2019	Changes	
	RM'000	RM'000	RM'000	%
Gross Revenue	29,135	29,266	(131)	-0.4%
Property Expenses	(11,153)	(10,497)	(656)	-6.2%
Net Property Income	17,982	18,769	(787)	-4.2%
Interest & Other Income	78	163	(85)	-52.1%
Non-Property Expenses	(2,257)	(1,905)	(352)	-18.5%
Interest Expenses	(9,602)	(9,603)	1	0.0%
Realised Net Income	6,201	7,424	(1,223)	-16.5%
Change in fair value of investment properties	-	(6,229)	6,229	100.0%
Unrealised gain/(loss) on revaluation of derivatives	61	(142)	203	143.0%
Unrealised gain on financial liabilities measured at amortised cost	383	200	183	91.5%
Profit for the financial quarter	6,645	1,253	5,392	430.3%

Compared to the immediate preceding quarter, the gross revenue was marginally lower by 0.4% due to lower gross revenue in The Summit Retail.

Property expenses were higher by 6.3% mainly due to Service Tax on the maintenance charge at The Summit Subang USJ and higher repair & maintenance expenses.

Higher non-property expenses were mainly due to allowance for impairment loss on trade receivables in the current quarter as opposed to reversal of impairment loss of trade receivables in the immediate preceding quarter.

Overall, the realised net income for the current quarter decreased by 16.5% to RM6.2 million.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2019

B3. PROSPECTS

As at 30 June 2019, the overall occupancy of the Trust's portfolio stood at 86.9% and expected to improve to 87.4% with new tenancies secured for The Summit Retail and Wisma AmFIRST.

In anticipation of the challenging outlook of the office and retail market, the Manager will continue to adopt more aggressive 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 30 June 2019, the Trust's composition of investment portfolio is as follow:-

	Cost of Investment # As At 30.6.2019 RM'000	Valuation As At 30.6.2019 RM'000	% Valuation To Net Asset Value As At 30.6.2019 %
Bangunan AmBank Group	198,445	263,719	31.5%
Menara AmBank	262,149	321,573	38.4%
Menara AmFIRST	65,070	65,912	7.9%
Wisma AmFIRST	94,839	118,059	14.1%
The Summit Subang USJ	371,034	370,422	44.3%
Prima 9	73,239	72,600	8.7%
Prima 10	62,329	65,706	7.9%
Kompleks Tun Sri Lanang (Jaya 99)	88,369	103,905	12.4%
Mydin HyperMall, Bukit Mertajam	254,124	278,000	33.2%
	1,469,598	1,659,896	

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 First Quarter Ended 30 June 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 30.6.2019	As at 31.3.2019
Net Asset Value ("NAV") (RM'000)	836,570	844,544
NAV Per Unit (RM)		
- Before income distribution	1.2188	1.2304
- After income distribution	1.2098	1.2091
Closing Unit Price Per Unit (RM)	0.505	0.535

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 June 2019			
Secured			
Term Loan	307,850	-	307,850
Revolving Credit	390,000	104,000	494,000
	697,850	104,000	801,850
Unsecured			
Loan transaction costs subject to amortisation	(813)	(1,477)	(2,290)
Total Borrowings	697,037	102,523	799,560

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

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2019

B9. BORROWINGS AND DEBT SECURITIES – CONTD.

All the bank borrowings are denominated in Ringgit Malaysia.

As at 30 June 2019, the Trust's gearing ratio stood at 47.8% and the Trust has total Interest Rate Swap contract of RM200.0 million to mitigate the exposure of volatile interest rate movements. Effectively, 24.9% of the total borrowing is hedged via Interest Rate Swap.

The Trust maintained a competitive weighted average interest cost of 4.64% (including the cost of hedging of the interest rate swap contract of RM200.0 million) as at 30 June 2019.

B10. DERIVATIVE

	Notional Value as at 30 June 2019	Fair Value as at 30 June 2019 RM'000	
	RM'000	Asset	Liability
<u>Maturity of Interest Rate Swap contract</u>			
- Less than 1 year	100,000	-	412
- 1 year to 3 years	100,000	-	968
- 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.

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 June 2019, the Manager's fee consists of a base fee of 0.3% per annum and performance fee of 3.0% per annum.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2019

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 June 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 30 June 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	92,662
Yayasan Azman Hashim	77,947	39,363
AmMetLife Insurance Berhad on behalf of Life Fund	11,200	5,656

The market value is determined by multiplying the number of units with the closing unit price of RM0.505 per unit as at 30 June 2019.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 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 30 June 2019.

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

	Current Year 30.6.2019 RM'000	Preceding Corresponding Year 30.6.2018 RM'000
Current tax expense	-	-
<i>Reconciliation of effective tax expense</i>		
Income before taxation	6,645	6,968
Income tax using Malaysian tax rate of 24% (2018 : 24%)	1,595	1,672
Effects of non-deductible expenses	125	76
Effects of income exempted from tax	(1,720)	(1,748)
Tax expense	-	-

B15. INCOME DISTRIBUTION

During the current quarter under review, the Trust had on 29 May 2019, paid a final income distribution of 2.13 sen per unit for the six-month financial period from 1 October 2018 to 31 March 2019, totaling RM14,620,354.

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%)

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2019

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 (“SMT Proceedings”); 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 14 October 2019.

In the meantime, pursuant to parties’ consent order dated 1 March 2019, the SMT Proceedings are stayed pending the disposal of the Appeal. Given that the proceedings before the High Court are stayed pending the disposal of the SMT Proceedings (which is now stayed pending the disposal of the Appeals), the High Court fixed the next case management on 21 August 2019 for parties to update the High Court on the status of the Appeal.

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 June 2019 and of its financial performance and cash flows for the period ended 30 June 2019 and duly authorised for release by the Board of Directors of the Manager on 16 August 2019.