



CONDENSED FINANCIAL STATEMENTS

SECOND QUARTER ENDED 30 SEPTEMBER 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 - 17

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 30.9.2019 RM'000	Preceding Year Corresponding Quarter 30.9.2018 RM'000	Current Year To Date 30.9.2019 RM'000	Preceding Year To Date 30.9.2018 RM'000
Gross revenue	29,118	29,084	58,253	57,679
Property expenses	(10,872)	(9,891)	(22,025)	(19,473)
Net property income	18,246	19,193	36,228	38,206
Interest income	17	29	30	66
Other income	127	17	192	34
	18,390	19,239	36,450	38,306
Administrative expenses				
Manager's fee	(1,839)	(1,858)	(3,668)	(3,708)
Trustee's fee	(84)	(85)	(168)	(169)
Valuation fee	(79)	(60)	(142)	(100)
Auditors' remuneration	(14)	(13)	(28)	(27)
Tax agent's fee	(3)	(4)	(6)	(7)
Provision of impairment loss on trade receivables	7	114	(52)	(69)
Others expenses	(189)	(237)	(394)	(417)
Interest expense	(9,625)	(9,840)	(19,227)	(19,525)
	(11,826)	(11,982)	(23,685)	(24,021)
Realised net income	6,564	7,257	12,765	14,285
Unrealised gain on revaluation of derivative	202	190	263	360
Unrealised gain/(loss) on financial liabilities measured at amortised cost	(180)	(48)	203	(278)
Profit before taxation	6,586	7,399	13,231	14,367
Taxation	-	-	-	-
Profit for the financial period	6,586	7,399	13,231	14,367
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	6,586	7,399	13,231	14,367
Total comprehensive income for the period is made up as follows:-				
- Realised	6,564	7,257	12,765	14,285
- Unrealised	22	142	466	82
	6,586	7,399	13,231	14,367
Number of units in circulation (Unit) ('000)	686,402	686,402	686,402	686,402
Basic Earnings Per Unit (EPU) (sen)				
- Realised	0.96	1.06	1.86	2.08
- Unrealised	-	0.02	0.07	0.01
	0.96	1.08	1.93	2.09

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 30.9.2019 (Unaudited) RM'000	As At 31.3.2019 (Audited) RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,661,752	1,657,045
Right-of-use assets	231	-
Accrued lease receivable	1,971	2,392
	1,663,954	1,659,437
Current Assets		
Trade receivables	3,396	5,431
Accrued lease receivable	395	900
Other receivables, deposits and prepayments	3,793	3,813
Deposits with financial institution	1,439	1,418
Cash and bank balances	2,926	847
	11,949	12,409
TOTAL ASSETS	1,675,903	1,671,846
LIABILITIES		
Non-Current Liabilities		
Rental deposits	16,872	15,670
Borrowings	696,088	695,357
Derivatives	218	396
Lease liabilities	48	-
	713,226	711,423
Current Liabilities		
Trade payables	141	197
Other payables and accruals	5,998	6,656
Lease liabilities	185	-
Rental deposits	10,563	12,252
Borrowings	101,675	95,729
Derivatives	960	1,045
	119,522	115,879
TOTAL LIABILITIES	832,748	827,302
NET ASSET VALUE	843,155	844,544
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	636,625	636,625
Undistributed income - Realised	15,432	17,287
Undistributed income - Unrealised	191,098	190,632
	843,155	844,544
Number of Units In Circulation (Unit) ('000)	686,402	686,402
Net Asset Value (NAV) per unit (RM)		
- Before income distribution	1.2284	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	-	12,765	466	13,231
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- 2019 Final	-	(14,620)	-	(14,620)
As At 30 September 2019	636,625	15,432	191,098	843,155
<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	-	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

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 30.9.2019 RM'000	Preceding Year To Date 30.9.2018 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	13,231	14,367
<i>Adjustment for :-</i>		
Interest income from placement with financial institution	(30)	(66)
Interest expense	19,227	19,525
Depreciation of right-of-use assets	91	-
Provision for impairment loss on trade receivables	52	69
(Gain)/Loss in on financial liabilities measured at amortised cost	(203)	278
Unrealised gain on revaluation of derivatives	(263)	(360)
Operating profit before working capital changes	32,105	33,813
Changes in working capital		
Decrease/(Increase) in receivables	2,929	(1,778)
(Decrease)/Increase in payables	(114)	751
Decrease/Increase in rental deposits	(284)	239
Net cash generated from operating activities	34,636	33,025
CASH FLOW FROM INVESTING ACTIVITIES		
Enhancement of investment properties	(4,707)	(5,460)
Acquisition of right-of-use assets	(323)	-
Interest income	30	66
Net cash used in investing activities	(5,000)	(5,393)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(19,497)	(20,208)
Distributions paid to Unitholders	(14,620)	(14,277)
Drawdown of borrowings (net)	6,678	8,200
Payment of lease liabilities	(97)	-
Net cash used in from financing activities	(27,536)	(26,286)
Net increase in cash and cash equivalents	2,100	1,346
Cash and cash equivalents at the beginning of period	2,265	3,946
Cash and cash equivalents at the end of period	4,365	5,292
Cash and cash equivalents included in the statement of cash flows comprise of the following:		
Deposits with financial institution	1,439	2,944
Cash and bank balances	2,926	2,348
	4,365	5,292

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 Second Quarter Ended 30 September 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 Second Quarter Ended 30 September 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

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 1.86 sen per unit for the six-month period from 1 April 2019 to 30 September 2019, amounting to RM12,767,059 representing approximately 100% of the realised distributable net income for the six-month period ended 30 September 2019, to be payable on 20 December 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 30 September 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 September 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 Second Quarter Ended 30 September 2019

A13. REALISED AND UNREALISED INCOME DISCLOSURE

The breakdown of undistributed income into realised and unrealised as at 30 September 2019 is summarised as below: -

	As at 30.9.2019 RM'000	As at 31.3.2019 RM'000
<u>Realised</u>		
Distributable undistributed income	15,432	17,287
<u>Unrealised</u>		
Cumulative net change in fair value of investment properties	190,292	190,292
Unrealised loss on revaluation of derivatives	(1,178)	(1,441)
Unrealised gain on financial liabilities measured at amortised cost	1,984	1,781
	191,098	190,632
Total	206,530	207,919

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 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 (2Q FY2020 vs 2Q FY2019)

	Current Year Quarter 30.9.2019	Preceding Year Quarter 30.9.2018	Changes	
	RM'000	RM'000	RM'000	%
Gross Revenue	29,118	29,084	34	0.1%
Property Expenses	(10,872)	(9,891)	(981)	-9.9%
Net Property Income	18,246	19,193	(947)	-4.9%
Interest & Other Income	144	46	98	213.0%
Non-Property Expenses	(2,201)	(2,142)	(59)	-2.8%
Interest Expenses	(9,625)	(9,840)	215	2.2%
Realised Net Income	6,564	7,257	(693)	-9.5%
Unrealised gain on revaluation of derivatives	202	190	12	6.3%
Unrealised loss on financial liabilities measured at amortised cost	(180)	(48)	(132)	-274.2%
Profit for the financial quarter	6,586	7,399	(813)	-11.0%

For the current quarter ended 30 September 2019, gross revenue increased marginally by 0.1% 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, The Summit Retail and Jaya 99.

Property expenses increased by 9.9% 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.

Interest expense was lower by 2.2% mainly due to lower cost of fund as a result of reduction in the Overnight Policy Rate by 25 basis points in May 2019.

Overall, the realised net income for the current quarter ended 30 September 2019 decreased by 9.5% to RM6.6 million whilst profit for the current year quarter decreased by 11.0% to RM6.6 million as compared to the correspondence quarter of last financial year.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2019

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

Financial Year to Date Results (YTD ended 30 September 2019 vs YTD ended 30 September 2018)

	Current Year To Date 30.9.2019	Preceding Year To Date 30.9.2018	Changes	
	RM'000	RM'000	RM'000	%
Gross Revenue	58,253	57,679	574	1.0%
Property Expenses	(22,025)	(19,473)	(2,552)	-13.1%
Net Property Income	36,228	38,206	(1,978)	-5.2%
Interest & Other Income	222	100	122	121.7%
Non-Property Expenses	(4,458)	(4,496)	38	0.8%
Interest Expenses	(19,227)	(19,525)	298	1.5%
Realised Net Income	12,765	14,285	(1,520)	-10.6%
Unrealised gain on revaluation of derivatives	263	360	(97)	-26.9%
Unrealised gain/(loss) on financial liabilities measured at amortised cost	203	(278)	481	173.1%
Profit for the financial period	13,231	14,367	(1,136)	-7.9%

In the first half of the current financial year, the Trust's gross revenue improved 1.0% to RM58.3 million mainly contributed by higher average occupancy at Wisma AmFIRST, Prima 10, Menara AmFIRST and The Summit Office. However, the increase was partially offset by lower gross revenue in Menara AmBank, The Summit Retail and Jaya 99 as a result of lower average occupancy.

Property expenses increased by 13.1% 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 as well as higher utilities expenses.

Interest expense marginally decreased by 1.5% mainly due to lower cost of fund as a result of a reduction in the Overnight Policy Rate by 25 basis points in May 2019.

Overall, the Trust recorded realised net income for the first half of the current financial year of RM12.8 million whilst profit for the first half of the current financial year is RM13.2 million.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2019

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

Quarterly Results (2Q FY2020 vs 1Q FY2020)

	Current Year Quarter 30.9.2019	Immediate Preceding Quarter 30.6.2019	Changes	
	RM'000	RM'000	RM'000	%
Gross Revenue	29,118	29,135	(17)	-0.1%
Property Expenses	(10,872)	(11,153)	281	2.5%
Net Property Income	18,246	17,982	264	1.5%
Interest & Other Income	144	78	66	84.5%
Non-Property Expenses	(2,201)	(2,257)	56	2.5%
Interest Expenses	(9,625)	(9,602)	(23)	-0.2%
Realised Net Income	6,564	6,201	363	5.8%
Unrealised gain on revaluation of derivatives	202	61	141	232.7%
Unrealised (loss)/gain on financial liabilities measured at amortised cost	(180)	383	(563)	146.9%
Profit for the financial quarter	6,586	6,645	(59)	-0.9%

The gross revenue remains flat as compared to immediate preceding quarter with no significant change in overall occupancy of the asset portfolio.

Property expenses were lower by 2.5% mainly due to assessment rebate received.

Overall, the realised net income for the current quarter increased by 5.8% to RM6.6 million as compared to RM6.2 million of immediate preceding quarter.

B3. PROSPECTS

As at 30 September 2019, the overall occupancy of the Trust's portfolio stood at 86.3% and expected to improve slightly to 86.6% with new tenancies secured for The Summit Retail and Menara AmFIRST.

In anticipation of the challenging outlook of the office and retail market, the Manager will continue to focus on aggressive leasing and marketing strategies to increase the overall occupancy of the Trust's portfolio.

Barring any unforeseen circumstances, the Manager expects the Trust to deliver moderate performance for the financial year ending 31 March 2020.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 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 2019, the Trust's composition of investment portfolio is as follow:-

	Cost of Investment # As At 30.9.2019 RM'000	Valuation As At 30.9.2019 RM'000	% Valuation To Net Asset Value As At 30.9.2019 %
Bangunan AmBank Group	198,627	263,901	31.3%
Menara AmBank	262,313	321,738	38.2%
Menara AmFIRST	65,070	65,912	7.8%
Wisma AmFIRST	94,869	118,090	14.0%
The Summit Subang USJ	372,500	371,886	44.1%
Prima 9	73,239	72,600	8.6%
Prima 10	62,329	65,720	7.8%
Kompleks Tun Sri Lanang (Jaya 99)	88,369	103,905	12.3%
Mydin HyperMall, Bukit Mertajam	254,124	278,000	33.0%
	1,471,440	1,661,752	

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.

B7. STATUS OF CORPORATE PROPOSALS

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

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
For The Second Quarter Ended 30 September 2019

B8. CHANGES IN NET ASSET VALUE AND UNIT PRICE

	As at	As at
	30.9.2019	31.3.2019
Net Asset Value ("NAV") (RM'000)	843,155	844,544
NAV Per Unit (RM)		
- Before income distribution	1.2284	1.2304
- After income distribution	1.2098	1.2091
Closing Unit Price Per Unit (RM)	0.495	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	Short term	Total
	RM'000	RM'000	RM'000
As At 30 September 2019			
Secured			
Term Loan	307,850	-	307,850
Revolving Credit	390,000	102,000	492,000
	697,850	102,000	799,850
Unsecured			
Loan transaction costs subject to amortisation	(1,762)	(325)	(2,087)
Total Borrowings	696,088	101,675	797,763

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 Second Quarter Ended 30 September 2019

B9. BORROWINGS AND DEBT SECURITIES – CONTD.

All the bank borrowings are denominated in Ringgit Malaysia.

As at 30 September 2019, the Trust's gearing ratio stood at 47.6% and the Trust has total Interest Rate Swap contract of RM200.0 million to mitigate the exposure of volatile interest rate movements. Effectively, 25.1% of the total borrowing is hedged via Interest Rate Swap.

The Trust maintained a competitive weighted average interest cost of 4.62% (including the cost of hedging of the interest rate swap contract of RM200.0 million) as at 30 September 2019.

B10. DERIVATIVE

	Notional Value as at 30 September 2019	Fair Value as at 30 September 2019 RM'000	
	RM'000	Asset	Liability
<u>Maturity of Interest Rate Swap contract</u>			
- Less than 1 year	100,000	-	217
- 1 year to 3 years	100,000	-	961
- More than 3 years	-	-	-

- (i) On 6 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 18 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 September 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 Second Quarter Ended 30 September 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 September 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 September 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	90,827
Yayasan Azman Hashim	77,947	38,584
AmMetLife Insurance Berhad on behalf of Life Fund	11,200	5,544

The market value is determined by multiplying the number of units with the closing unit price of RM0.495 per unit as at 30 September 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 Unitholders for the financial year ending 31 March 2020.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2019

B14. TAXATION – CONTD.

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

	Current Year 30.9.2019 RM'000	Preceding Corresponding Year 30.9.2018 RM'000
Current tax expense	-	-
<i>Reconciliation of effective tax expense</i>		
Income before taxation	13,231	14,367
Income tax using Malaysian tax rate of 24% (2018 : 24%)	3,175	3,448
Effects of non-deductible expenses	311	199
Effects of income exempted from tax	(3,486)	(3,647)
Tax expense	-	-

B15. INCOME DISTRIBUTION

The Board of Director of the Manager of AmFIRST REIT, has declared an interim income distribution of 1.86 sen per unit for the six-month period from 1 April 2019 to 30 September 2019 amounting to RM12,767,059 representing approximately 100% of the realised distributable net income for the six-month period from 1 April 2019 to 30 September 2019, payable on 20 December 2019 to the Unitholders registered in the Record of Depositors on 4 December 2019.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2019

B15. INCOME DISTRIBUTION – CONTD.

The interim income distribution for the six-month period ended 30 September 2019 is from the following sources: -

	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Quarter	To Date	To Date
	30.9.2019	30.9.2018	30.9.2018	30.9.2019
	RM'000	RM'000	RM'000	RM'000
Rental income	29,118	29,084	58,253	57,679
Interest income	17	29	30	66
Other income	127	17	192	34
Total income	29,262	29,130	58,475	57,779
Less : Total expenses (before manager's fees)	(20,859)	(20,015)	(42,042)	(39,786)
Net income before taxation (before manager's fees)	8,403	9,115	16,433	17,993
Less : Manager's fees	(1,839)	(1,858)	(3,668)	(3,708)
Net income before taxation	6,564	7,257	12,765	14,285
Less : Taxation	-	-	-	-
Realised net income after taxation	6,564	7,257	12,765	14,285
Add : Undistributed realised income brought forward	3,366	1,917	2,667	1,917
Total income available for distribution	9,930	9,174	15,432	16,202
Less : Proposed interim income distribution	-	-	(12,767)	(12,836)
Undistributed realised income carried forward	9,930	9,174	2,665	3,366
Number of unit in circulation ('000)			686,402	686,402
Interim income distribution per unit (Sen)			1.86	1.87

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 Second Quarter Ended 30 September 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**”). Case managements have since been fixed and are ongoing.

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 Appeal), case managements have been fixed for parties to update the High Court on the status of the Appeal. These case managements are also ongoing.

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 2019 and of its financial performance and cash flows for the period ended 30 September 2019 and duly authorised for release by the Board of Directors of the Manager on 15 November 2019.