



## CONDENSED FINANCIAL STATEMENTS

THIRD QUARTER ENDED 31 DECEMBER 2019

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# AmFIRST REAL ESTATE INVESTMENT TRUST

## UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 31.12.2019 RM'000	Preceding Year Corresponding Quarter 31.12.2018 RM'000	Current Year To Date 31.12.2019 RM'000	Preceding Year To Date 31.12.2018 RM'000
<b>Gross revenue</b>	29,000	29,639	87,252	87,317
Property expenses	(11,080)	(11,317)	(33,104)	(30,790)
<b>Net property income</b>	17,920	18,322	54,148	56,527
Interest income	24	30	54	97
Other income	23	10	216	44
	17,967	18,362	54,418	56,668
<b>Administrative expenses</b>				
Manager's fee	(1,832)	(1,841)	(5,500)	(5,549)
Trustee's fee	(84)	(85)	(252)	(254)
Valuation fee	(40)	(66)	(182)	(166)
Auditors' remuneration	(14)	(13)	(43)	(40)
Tax agent's fee	1	(5)	(6)	(12)
Impairment loss on trade receivables	(92)	(66)	(143)	(134)
Others expenses	(137)	(93)	(531)	(511)
Interest expense	(9,641)	(9,696)	(28,868)	(29,220)
	(11,840)	(11,865)	(35,525)	(35,886)
<b>Realised net income</b>	6,127	6,497	18,893	20,782
Unrealised gain on revaluation of derivative	414	40	676	401
Unrealised gain/(loss) on financial liabilities measured at amortised cost	(189)	136	14	(143)
<b>Profit before taxation</b>	6,352	6,673	19,583	21,040
Taxation	-	-	-	-
<b>Profit for the financial period</b>	6,352	6,673	19,583	21,040
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	6,352	6,673	19,583	21,040
<b>Total comprehensive income for the period is made up as follows:-</b>				
- Realised	6,127	6,497	18,893	20,782
- Unrealised	225	176	690	258
	6,352	6,673	19,583	21,040
<b>Number of units in circulation (Unit) ('000)</b>	686,402	686,402	686,402	686,402
<b>Basic Earnings Per Unit (EPU) (sen)</b>				
- Realised	0.89	0.95	2.75	3.03
- Unrealised	0.03	0.03	0.10	0.04
	0.92	0.98	2.85	3.07

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 31.12.2019 (Unaudited) RM'000	As At 31.3.2019 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Investment properties	1,665,295	1,657,045
Right-of-use assets	189	-
Accrued lease receivable	1,606	2,392
	1,667,090	1,659,437
<b>Current Assets</b>		
Trade receivables	3,393	5,431
Accrued lease receivable	496	900
Other receivables, deposits and prepayments	909	3,813
Deposits with financial institution	2,953	1,418
Cash and bank balances	1,823	847
	9,574	12,409
<b>TOTAL ASSETS</b>	1,676,664	1,671,846
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Rental deposits	15,635	15,670
Borrowings	696,254	695,357
Derivatives	-	396
Lease liabilities	30	-
	711,919	711,423
<b>Current Liabilities</b>		
Trade payables	52	197
Other payables and accruals	6,640	6,656
Lease liabilities	165	-
Rental deposits	12,171	12,252
Borrowings	108,212	95,729
Derivatives	765	1,045
	128,005	115,879
<b>TOTAL LIABILITIES</b>	839,924	827,302
<b>NET ASSET VALUE</b>	<b>836,740</b>	<b>844,544</b>
<b>FINANCED BY:</b>		
<b>UNITHOLDERS' FUNDS</b>		
Unitholders' capital	636,625	636,625
Undistributed income - Realised	8,793	17,287
Undistributed income - Unrealised	191,322	190,632
	<b>836,740</b>	<b>844,544</b>
<b>Number of Units In Circulation (Unit) ('000)</b>	<b>686,402</b>	<b>686,402</b>
<b>Net Asset Value (NAV) per unit (RM)</b>		
- Before income distribution	1.2190	1.2304
- After income distribution	1.2062	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
<b><u>Current Period To Date</u></b>				
<b>As At 1 April 2019</b>	636,625	17,287	190,632	844,544
Total comprehensive income for the period	-	18,893	690	19,583
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- 2019 Final	-	(14,620)	-	(14,620)
- 2020 Interim	-	(12,767)	-	(12,767)
<b>As At 31 December 2019</b>	<b>636,625</b>	<b>8,793</b>	<b>191,322</b>	<b>836,740</b>
<b><u>Preceding Period To Date</u></b>				
<b>As At 1 April 2018</b>	636,625	16,194	196,545	849,364
Total comprehensive income for the period	-	20,782	258	21,040
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- 2018 Final	-	(14,277)	-	(14,277)
- 2019 Interim	-	(12,836)	-	(12,836)
<b>As At 31 December 2018</b>	<b>636,625</b>	<b>9,863</b>	<b>196,803</b>	<b>843,291</b>

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 31.12.2019 RM'000	Preceding Year To Date 31.12.2018 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	19,583	21,040
<i>Adjustment for :-</i>		
Interest income from placement with financial institution	(54)	(97)
Interest expense	28,868	29,220
Depreciation of right-of-use assets	134	-
Impairment loss on trade receivables	143	134
(Gain)/Loss in on financial liabilities measured at amortised cost	(14)	143
Unrealised gain on revaluation of derivatives	(676)	(401)
Operating profit before working capital changes	47,984	50,039
<b>Changes in working capital</b>		
Decrease/(increase) in receivables	5,988	(1,401)
Increase/(decrease) in payables	323	(919)
Decrease/(increase) in rental deposits	(101)	1,399
<b>Net cash generated from operating activities</b>	54,194	49,118
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of investment property	(1,350)	-
Enhancement of investment properties	(6,900)	(10,404)
Acquisition of right-of-use assets	(323)	-
Interest income	54	97
<b>Net cash used in investing activities</b>	(8,519)	(10,307)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(29,011)	(29,789)
Distributions paid to Unitholders	(27,387)	(27,113)
Drawdown of borrowings (net)	13,381	16,434
Payment of lease liabilities	(146)	-
<b>Net cash used in from financing activities</b>	(43,163)	(40,468)
<b>Net increase in cash and cash equivalents</b>	2,511	(1,657)
<b>Cash and cash equivalents at the beginning of period</b>	2,265	3,946
<b>Cash and cash equivalents at the end of period</b>	4,776	2,289
<b>Cash and cash equivalents included in the statement of cash flows comprise of the following:</b>		
Deposits with financial institution	2,953	1,408
Cash and bank balances	1,823	881
	4,776	2,289

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 Third Quarter Ended 31 December 2019

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#### 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 Third Quarter Ended 31 December 2019**

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#### **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 20 December 2019, paid an interim income distribution of 1.86 sen per unit, amounting to RM12,767,068 for the six-month period from 1 April 2019 to 30 September 2019.

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

There were no significant events subsequent to the current quarter ended 31 December 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 December 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 Third Quarter Ended 31 December 2019****A13. REALISED AND UNREALISED INCOME DISCLOSURE**

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

	As at 31.12.2019 RM'000	As at 31.3.2019 RM'000
<b><u>Realised</u></b>		
Distributable undistributed income	8,793	17,287
<b><u>Unrealised</u></b>		
Cumulative net change in fair value of investment properties	190,292	190,292
Unrealised loss on revaluation of derivatives	(765)	(1,441)
Unrealised gain on financial liabilities measured at amortised cost	1,795	1,781
	<u>191,322</u>	<u>190,632</u>
<b>Total</b>	<b>200,115</b>	<b>207,919</b>



# AmFIRST REAL ESTATE INVESTMENT TRUST

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Third Quarter Ended 31 December 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 (3Q FY2020 vs 3Q FY2019)

	Current Year Quarter 31.12.2019	Preceding Year Quarter 31.12.2018	Changes	
	RM'000	RM'000	RM'000	%
<b>Gross Revenue</b>	<b>29,000</b>	<b>29,639</b>	<b>(639)</b>	<b>-2.2%</b>
Property Expenses	(11,080)	(11,317)	237	2.1%
<b>Net Property Income</b>	<b>17,920</b>	<b>18,322</b>	<b>(402)</b>	<b>-2.2%</b>
Interest & Other Income	47	40	7	17.7%
Non-Property Expenses	(2,199)	(2,169)	(30)	-1.4%
Interest Expenses	(9,641)	(9,696)	55	0.6%
<b>Realised Net Income</b>	<b>6,127</b>	<b>6,497</b>	<b>(370)</b>	<b>-5.7%</b>
Unrealised gain on revaluation of derivatives	414	40	374	928.3%
Unrealised (loss)/gain on financial liabilities measured at amortised cost	(189)	136	(325)	-239.4%
<b>Profit for the financial quarter</b>	<b>6,352</b>	<b>6,673</b>	<b>(321)</b>	<b>-4.8%</b>

For the current quarter ended 31 December 2019, gross revenue decreased by 2.2% as compared to preceding year quarter mainly due to lower occupancy at The Summit Retail and Menara AmBank as well as lower average rental rates at Bangunan AmBank Group. However, the decrease in revenue have cushioned by higher occupancy achieved in Wisma AmFIRST, Prima 10, Menara AmFIRST and The Summit Office.

Property expenses decreased by 2.1% mainly attributable to lower repair and maintenance expenses.

Interest expense was lower by 0.6% 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 31 December 2019 decreased by 5.7% to RM6.1 million whilst profit for the current year quarter decreased by 4.8% to RM6.4 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 Third Quarter Ended 31 December 2019

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

##### Financial Year to Date Results (YTD ended 31 December 2019 vs YTD ended 31 December 2018)

	Current Year To Date 31.12.2019	Preceding Year To Date 31.12.2018	Changes	
	RM'000	RM'000	RM'000	%
<b>Gross Revenue</b>	<b>87,252</b>	<b>87,317</b>	<b>(65)</b>	<b>-0.1%</b>
Property Expenses	(33,104)	(30,790)	(2,314)	-7.5%
<b>Net Property Income</b>	<b>54,148</b>	<b>56,527</b>	<b>(2,379)</b>	<b>-4.2%</b>
Interest & Other Income	270	141	129	91.6%
Non-Property Expenses	(6,657)	(6,666)	9	0.1%
Interest Expenses	(28,868)	(29,220)	352	1.2%
<b>Realised Net Income</b>	<b>18,893</b>	<b>20,782</b>	<b>(1,889)</b>	<b>-9.1%</b>
Unrealised gain on revaluation of derivatives	676	401	275	68.6%
Unrealised gain/(loss) on financial liabilities measured at amortised cost	14	(143)	157	109.8%
<b>Profit for the financial period</b>	<b>19,583</b>	<b>21,040</b>	<b>(1,457)</b>	<b>-6.9%</b>

For the nine-month period ended 31 December 2019, the Trust's gross revenue was marginally lower by 0.1% to RM87.3 million as compared to preceding year to date. The Trust recorded higher occupancy at Wisma AmFIRST, Menara AmFIRST, Prima 10 and The Summit Office, however, the increased in revenue was offset by lower occupancy at The Summit Retail and Menara AmBank as well as lower average rate at Bangunan AmBank Group.

Property expenses increased by 7.5% 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 as well as higher utilities expenses.

Interest expense decreased by 1.2% 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 of RM18.9 million whilst profit for the financial period was RM19.6 million.

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Third Quarter Ended 31 December 2019

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

##### Quarterly Results (3Q FY2020 vs 2Q FY2020)

	Current Year Quarter 31.12.2019	Immediate Preceding Quarter 30.9.2019	Changes	
	RM'000	RM'000	RM'000	%
<b>Gross Revenue</b>	<b>29,000</b>	<b>29,118</b>	<b>(118)</b>	<b>-0.4%</b>
Property Expenses	(11,080)	(10,872)	(208)	-1.9%
<b>Net Property Income</b>	<b>17,920</b>	<b>18,246</b>	<b>(326)</b>	<b>-1.8%</b>
Interest & Other Income	47	144	(97)	-67.4%
Non-Property Expenses	(2,199)	(2,201)	2	0.1%
Interest Expenses	(9,641)	(9,625)	(16)	-0.2%
<b>Realised Net Income</b>	<b>6,127</b>	<b>6,564</b>	<b>(437)</b>	<b>-6.7%</b>
Unrealised gain on revaluation of derivatives	414	202	212	105.0%
Unrealised loss on financial liabilities measured at amortised cost	(189)	(180)	(9)	-5.0%
<b>Profit for the financial quarter</b>	<b>6,352</b>	<b>6,586</b>	<b>(234)</b>	<b>-3.6%</b>

Gross revenue was marginally lower by 0.4% as compared to immediate preceding quarter mainly due to slight decreased in average occupancy at Wisma AmFISRT.

Property expenses were higher by 1.9% mainly due to one-off assessment rebate received in 2Q FY2020.

Overall, the realised net income for the current quarter was RM6.1 million as compared to RM6.6 million of immediate preceding quarter.

#### B3. PROSPECTS

As at 31 December 2019, the overall occupancy of the Trust's portfolio stood at 85.0% and expected to improve slightly to 85.5% with new tenancies secured for Menara AmFIRST and Wisma AmFIRST.

The office and retail market is expected to remain challenging. 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 Third Quarter Ended 31 December 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 31 December 2019, the Trust's composition of investment portfolio is as follow:-

	Cost of Investment # As At 31.12.2019	Valuation As At 31.12.2019	% Valuation to Net Asset Value As At 31.12.2019
	RM'000	RM'000	%
Bangunan AmBank Group	200,248	265,522	31.7%
Menara AmBank	262,383	321,808	38.5%
Menara AmFIRST	65,238	66,080	7.9%
Wisma AmFIRST	94,869	118,090	14.1%
The Summit Subang USJ	374,154	373,540	44.6%
Prima 9	73,239	72,600	8.7%
Prima 10	62,329	65,720	7.9%
Kompleks Tun Sri Lanang (Jaya 99)	88,399	103,935	12.4%
Mydin HyperMall, Bukit Mertajam	254,124	278,000	33.2%
	<b>1,474,983</b>	<b>1,665,295</b>	

# 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 Third Quarter Ended 31 December 2019

**B8. CHANGES IN NET ASSET VALUE AND UNIT PRICE**

	As at 31.12.2019	As at 31.3.2019
Net Asset Value ("NAV") (RM'000)	836,740	844,544
NAV Per Unit (RM)		
- Before income distribution	1.2190	1.2304
- After income distribution	1.2062	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
<b><u>As At 31 December 2019</u></b>			
<b>Secured</b>			
Term Loan	307,850	-	307,850
Revolving Credit	390,000	108,500	498,500
	697,850	108,500	806,350
<b>Unsecured</b>			
Loan transaction costs subject to amortisation	(1,596)	(288)	(1,884)
<b>Total Borrowings</b>	<b>696,254</b>	<b>108,213</b>	<b>804,466</b>

**As at 31 March 2019**

<b>Secured</b>			
Term Loan	307,850	-	307,850
Revolving Credit	390,000	89,000	479,000
	697,850	89,000	786,850
<b>Unsecured</b>			
Overdraft	-	6,729	6,729
Loan transaction costs subject to amortisation	(2,493)	-	(2,493)
<b>Total Borrowings</b>	<b>695,357</b>	<b>95,729</b>	<b>791,086</b>

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Third Quarter Ended 31 December 2019

#### B9. BORROWINGS AND DEBT SECURITIES – CONTD.

All the bank borrowings are denominated in Ringgit Malaysia.

As at 31 December 2019, the Trust's gearing ratio stood at 48.0% 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 borrowings 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 31 December 2019.

#### B10. DERIVATIVE

	Notional Value as at 31 December 2019	Fair Value as at 31 December 2019 RM'000	
	RM'000	Asset	Liability
<b><u>Maturity of Interest Rate Swap contract</u></b>			
- Less than 1 year	-	-	-
- 1 year to 3 years	100,000	-	765
- 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 31 December 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 Third Quarter Ended 31 December 2019

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#### 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 December 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 December 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
<b>Unitholdings of parties related to the Manager</b>		
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 31 December 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 Third Quarter Ended 31 December 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 31.12.2019 RM'000	Preceding Corresponding Year 31.12.2018 RM'000
Current tax expense	-	-
<b><i>Reconciliation of effective tax expense</i></b>		
Income before taxation	19,583	21,040
Income tax using Malaysian tax rate of 24% (2018 : 24%)	4,700	3,448
Effects of non-deductible expenses	449	199
Effects of income exempted from tax	(5,149)	(3,647)
<b>Tax expense</b>	-	-

#### B15. INCOME DISTRIBUTION

During the current quarter under review, the Trust had on 20 December 2019, paid an interim income distribution of 1.86 sen per unit for the six-month financial period from 1 April 2019 to 30 September 2019, totaling RM12,767,068.

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 Third Quarter Ended 31 December 2019

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#### 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 1<sup>st</sup> Defendant) and the trustee of AmFIRST REIT, Maybank Trustees Berhad, (“AmFIRST REIT Trustees”) (as the 2<sup>nd</sup> 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 5<sup>th</sup> 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 5<sup>th</sup> 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 hearing of the Appeal is fixed on 1 July 2020.

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.

#### 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 December 2019 and of its financial performance and cash flows for the period ended 31 December 2019 and duly authorised for release by the Board of Directors of the Manager on 24 February 2020.