



## CONDENSED FINANCIAL STATEMENTS

FIRST QUARTER ENDED 30 JUNE 2020

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# AmFIRST REAL ESTATE INVESTMENT TRUST

## UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 30.6.2020 RM'000	Preceding Year Corresponding Quarter 30.6.2019 RM'000 Restated	Current Year To Date 30.6.2020 RM'000	Preceding Year To Date 30.6.2019 RM'000 Restated
<b>Gross revenue</b>				
- Realised	25,756	29,135	25,756	29,135
- Unrealised (in relation to unbilled lease rental receivable)	1,162	1,162	1,162	1,162
	26,918	30,297	26,918	30,297
Property expenses	(10,802)	(11,153)	(10,802)	(11,153)
<b>Net property income</b>	16,116	19,144	16,116	19,144
Interest income	19	13	19	13
Other income	1	65	1	65
Change in fair value of investment properties	(1,162)	(1,162)	(1,162)	(1,162)
Unrealised gain on revaluation of derivative	140	61	140	61
Unrealised (loss)/gain on financial liabilities measured at amortised cost	(256)	383	(256)	383
	14,858	18,504	14,858	18,504
<b>Administrative expenses</b>				
Manager's fee	(1,766)	(1,830)	(1,766)	(1,830)
Trustee's fee	(84)	(84)	(84)	(84)
Valuation fee	(36)	(63)	(36)	(63)
Auditors' remuneration	(13)	(14)	(13)	(14)
Tax agent's fee	(4)	(3)	(4)	(3)
Impairment loss on trade receivables	(653)	(59)	(653)	(59)
Others expenses	(140)	(204)	(140)	(204)
Interest expense	(8,074)	(9,602)	(8,074)	(9,602)
	(10,770)	(11,859)	(10,770)	(11,859)
<b>Profit before taxation</b>	4,088	6,645	4,088	6,645
Taxation	-	-	-	-
<b>Profit for the financial period</b>	4,088	6,645	4,088	6,645
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	4,088	6,645	4,088	6,645
<b>Total comprehensive income for the period is made up as follows:-</b>				
- Realised	4,204	6,201	4,204	6,201
- Unrealised	(116)	444	(116)	444
	4,088	6,645	4,088	6,645
<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	0.61	0.90	0.61	0.90
- Unrealised	(0.02)	0.06	(0.02)	0.06
	0.59	0.96	0.59	0.96

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 and the accompanying explanatory notes.

# AmFIRST REAL ESTATE INVESTMENT TRUST

## UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	As At 30.6.2020 (Unaudited) RM'000	As At 31.3.2020 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Investment properties	1,646,581	1,647,140
Right-of-use assets	501	147
Accrued unbilled lease receivables	20,522	19,360
Accrued lease receivable	921	1,542
	1,668,525	1,668,189
<b>Current Assets</b>		
Receivables	11,854	6,887
Deposits with financial institution	2,987	2,969
Cash and bank balances	4,417	1,101
	19,258	10,957
<b>TOTAL ASSETS</b>	1,687,783	1,679,146
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Rental deposits	16,205	15,568
Borrowings	446,741	446,904
Deferred tax liability	2,421	2,421
Lease liabilities	252	20
	465,619	464,913
<b>Current Liabilities</b>		
Trade payables	379	1,291
Other payables and accruals	8,227	7,015
Lease liabilities	255	131
Rental deposits	11,795	12,376
Borrowings	366,132	351,766
Derivatives	771	910
	387,559	373,489
<b>TOTAL LIABILITIES</b>	853,178	838,402
<b>NET ASSET VALUE</b>	<b>834,605</b>	<b>840,744</b>
<b>FINANCED BY:</b>		
<b>UNITHOLDERS' FUNDS</b>		
Unitholders' capital	636,625	636,625
Undistributed income - Realised	9,370	15,393
Undistributed income - Unrealised	188,610	188,726
	<b>834,605</b>	<b>840,744</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	1.2159	1.2249
- After income distribution	1.2023	1.2100

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 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 2020</b>	636,625	15,393	188,726	840,744
Total comprehensive income for the period	-	4,204	(116)	4,088
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- 2020 Final	-	(10,227)	-	(10,227)
<b>As At 30 June 2020</b>	<b>636,625</b>	<b>9,370</b>	<b>188,610</b>	<b>834,605</b>
<b><u>Preceding 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	-	6,201	444	6,645
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- 2019 Final	-	(14,619)	-	(14,619)
<b>As At 30 June 2020</b>	<b>636,625</b>	<b>8,869</b>	<b>191,076</b>	<b>836,570</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 2020 and the accompanying explanatory notes.

# AmFIRST REAL ESTATE INVESTMENT TRUST

## UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

	Current Year To Date 30.6.2020 RM'000	Preceding Year To Date 30.6.2019 RM'000 Restated
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,088	6,645
<i>Adjustment for :-</i>		
Unbilled lease receivable	(1,162)	(1,162)
Interest income from placement with financial institution	(19)	(13)
Interest on lease liability	4	-
Interest expense	8,070	9,602
Depreciation of right-of-use assets	81	-
Impairment loss on trade receivables	653	59
Change in fair value of investment properties	1,162	1,162
Loss/(Gain) in on financial liabilities measured at amortised cost	256	(383)
Unrealised gain on revaluation of derivatives	(140)	(61)
Operating profit before working capital changes	12,993	15,849
<b>Changes in working capital</b>		
(Increase)/decrease in receivables	(4,991)	2,127
Increase in payables	766	873
Decrease in rental deposits	(200)	(43)
<b>Net cash generated from operating activities</b>	8,568	18,806
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Enhancement of investment properties	(602)	(2,851)
Acquisition of right-of-use assets	(443)	-
Interest income	19	13
<b>Net cash used in investing activities</b>	(1,026)	(2,838)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(8,093)	(9,604)
Distributions paid to Unitholders	(10,227)	(14,619)
Drawdown of borrowings (net)	14,203	8,475
Payment of lease liabilities	(91)	(49)
<b>Net cash used in from financing activities</b>	(4,208)	(15,797)
<b>Net increase in cash and cash equivalents</b>	3,334	171
<b>Cash and cash equivalents at the beginning of the period</b>	4,070	2,265
<b>Cash and cash equivalents at the end of the period</b>	<b>7,404</b>	<b>2,436</b>
<b>Cash and cash equivalents included in the statement of cash flows comprise of the following:</b>		
Deposits with financial institution	2,987	1,429
Cash and bank balances	4,417	1,007
	<b>7,404</b>	<b>2,436</b>

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 and the accompanying explanatory notes.

## **AmFIRST REAL ESTATE INVESTMENT TRUST**

### **NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2020**

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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 Third Restated Deed (the "Deed") dated 12 June 2020 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 2020.

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 2020 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 2020.

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 2020 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**

Save and except for disclosure in Note A8, 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 2020**

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

There were no significant events subsequent to the current quarter ended 30 June 2020.

#### **A9. INCOME DISTRIBUTION PAID**

During the quarter under review, the Trust had on 25 June 2020, paid a final income distribution of 1.49 sen per unit, amounting to RM10,227,384 for the six-month period from 1 October 2019 to 31 March 2020.

#### **A10. VALUATION OF INVESTMENT PROPERTIES**

The carrying value of investment properties as at 30 June 2020 is based on the valuation of independent registered valuers from the previous audited financial statements for the financial year ended 31 March 2020 and subsequent capital expenditure incurred up to the reporting date.

#### **A11. 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 2020.

#### **A12. 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 First Quarter Ended 30 June 2020

### A13. REALISED AND UNREALISED INCOME DISCLOSURE

The breakdown of undistributed income into realised and unrealised as at 30 June 2020 is summarised as below: -

	As at 30.6.2020 RM'000	As at 31.3.2020 RM'000
<b><u>Realised</u></b>		
Distributable undistributed income	9,370	15,393
<b><u>Unrealised</u></b>		
Cumulative net change in fair value of investment properties	180,112	181,273
Unrealised loss on revaluation of derivatives	(771)	(910)
Unrealised gain on financial liabilities measured at amortized cost	1,236	1,492
Unrealised income - Other	10,454	9,293
Provision for deferred tax on change in fair value of investment properties	(2,421)	(2,421)
	188,610	188,727
<b>Total</b>	<b>197,980</b>	<b>204,120</b>



# AmFIRST REAL ESTATE INVESTMENT TRUST

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2020

### 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 FY2021 vs 1Q FY2020)

	Current Year Quarter 30.6.2020	Preceding Year Quarter 30.6.2019 Restated	Changes	
	RM'000	RM'000	RM'000	%
<b>Gross revenue</b>				
- Realised	25,756	29,135	(3,379)	-11.6%
- Unrealised (in relation to unbilled lease rental receivable)	1,162	1,162	-	0%
	<b>26,918</b>	<b>30,297</b>	<b>(3,379)</b>	<b>-11.2%</b>
Property expenses	(10,802)	(11,153)	351	3.1%
<b>Net property income</b>	<b>16,116</b>	<b>19,144</b>	<b>(3,028)</b>	<b>-15.8%</b>
Interest & other income	20	78	(58)	-74.2%
Change in fair value of investment properties	(1,162)	(1,162)	-	0%
Unrealised gain on revaluation of derivatives	140	61	79	130.4%
Unrealised (loss)/gain on financial liabilities measured at amortised cost	(256)	383	(639)	-166.7%
	14,858	18,504	(3,646)	-19.7%
Non-property expenses	(2,696)	(2,257)	(439)	-19.4%
Interest expenses	(8,074)	(9,602)	1,528	15.9%
<b>Profit before taxation</b>	<b>4,088</b>	<b>6,645</b>	<b>(2,557)</b>	<b>-38.5%</b>
Taxation	-	-	-	0%
<b>Profit after taxation</b>	<b>4,088</b>	<b>6,645</b>	<b>(2,557)</b>	<b>-38.5%</b>
Profit after taxation is made up as follow:				
- Realised	4,204	6,201	(1,997)	-32.2%
- Unrealised	(116)	444	(560)	-126.1%
	<b>4,088</b>	<b>6,645</b>	<b>(2,557)</b>	<b>-38.5%</b>

For the current quarter ended 30 June 2020, realised gross revenue decreased by 9.4% as compared to preceding year quarter mainly due to lower carpark income and rental rebate given to affected tenants on case-by-case basis in relation to the various phases of MCO enforced arising from Covid-19 pandemic.

The unrealised revenue refers to the unbilled incremental lease income receivable from Mydin Mohamed Holding Bhd ("Mydin")'s 30 years' operating lease agreement recognised on straight-line basis.

Property expenses were lower by 3.1% mainly attributable to lower utilities charges.

Interest expense was lower by 15.9% mainly due to lower cost of debts as a result of reduction in the Overnight Policy Rate.

Overall, the profit after taxation for the current quarter was RM4.7 million as compared to RM6.6 million in the correspondence quarter of last financial year.

# AmFIRST REAL ESTATE INVESTMENT TRUST

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2020

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

#### Quarterly Results (1Q FY2021 vs 4Q FY2020)

	Current Year Quarter 30.6.2020	Immediate Preceding Quarter 31.3.2020	Changes	
	RM'000	RM'000	RM'000	%
<b>Gross Revenue</b>				
- Realised	25,756	28,783	(3,027)	-10.5%
- Unrealised (in relation to unbilled lease rental receivable)	1,162	4,646	(3,484)	-75.0%
	<b>26,918</b>	<b>33,429</b>	<b>(6,511)</b>	<b>-19.5%</b>
Property Expenses	(10,802)	(11,013)	211	1.9%
<b>Net Property Income</b>	<b>16,116</b>	<b>22,416</b>	<b>(6,300)</b>	<b>-28.1%</b>
Interest & Other Income	20	70	(50)	-71.5%
Change in fair value of investment properties	(1,162)	(4,372)	3,210	-73.4%
Unrealised gain on revaluation of derivatives	140	(146)	286	196.3%
Unrealised loss on financial liabilities measured at amortised cost	(256)	(304)	48	15.8%
	14,858	17,664	(2,806)	-15.9%
Non-property expenses	(2,696)	(2,177)	(519)	-23.8%
Interest expenses	(8,074)	(9,063)	989	10.9%
<b>Profit before taxation</b>	<b>4,088</b>	<b>6,424</b>	<b>(2,336)</b>	<b>-36.4%</b>
Taxation	-	(2,421)	2,421	100.0%
<b>Profit after taxation</b>	<b>4,088</b>	<b>4,003</b>	<b>85</b>	<b>2.1%</b>
Profit after taxation is made up as follow:				
- Realised	4,204	6,599	(2,394)	-36.3%
- Unrealised	(116)	(2,596)	2,480	95.5%
	<b>4,088</b>	<b>4,003</b>	<b>85</b>	<b>2.1%</b>

The realised gross revenue was lower by 8.3% as compared to immediate preceding quarter mainly due to lower carpark income and rental rebate given to affected tenants on case-by-case basis in relation to the various phases of MCO enforced arising from Covid-19 pandemic.

Property expenses were lower by 1.9% mainly attributable to the lower utilities charges.

Interest expense decreased by 10.9% mainly due to lower cost of debts as a result of reduction in the Overnight Policy Rate.

Overall, the profit after taxation for the current quarter was RM4.7 million as compared to RM4.0 million of the immediate preceding quarter.

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2020

#### B3. PROSPECTS

The financial performance and asset valuation of the Trust are expected to be negatively impacted by the Covid-19 pandemic. Gross revenue is impacted by rental rebate given to tenants and lower occupancy rate. However, the interest saving arising from OPR cut and electricity discount will help to cushion the impact to the net income of the Trust for the financial year ending 31 March 2021.

The Manager will continue to monitor the operations closely and adopt appropriate business strategies to manage the financial sustainability of the Trust.

#### 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 2020, the Trust's composition of investment portfolio is as follows:-

	Cost of Investment # As At 30.6.2020	Valuation As At 30.6.2020	% Valuation to Net Asset Value As At 30.6.2020
	RM'000	RM'000	%
Bangunan AmBank Group	200,779	266,029	31.9%
Menara AmBank	262,793	322,211	38.6%
Menara AmFIRST	65,238	66,000	7.9%
Wisma AmFIRST	94,941	117,900	14.1%
The Summit Subang USJ	374,653	374,063	44.8%
Prima 9	73,239	73,200	8.8%
Prima 10	62,349	65,700	7.9%
Kompleks Tun Sri Lanang (Jaya 99)	88,420	104,000	12.5%
Mydin HyperMall, Bukit Mertajam	254,124	278,000	33.3%
	<b>1,476,536</b>	<b>1,667,103</b>	
Accrued unbilled rental income ^	-	(20,522)	
	<b>1,476,536</b>	<b>1,646,581</b>	

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

^ Accrued unbilled rental income refers to unbilled incremental lease rental receivable from Mydin Mohamed Holdings Berhad ("Mydin")'s 30 years' operating lease agreement commencing from 1 February 2016 and expiring 31 January 2046. Pursuant to the lease agreement dated 11 January 2016, the lease rental receivable from Mydin is incremental by 10% every 5 years from the commencement date of 1 February 2016 up to the term of 30 years. This operating lease rental income is recognised on straight-line basis over the lease term of 30 years.

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2020

#### 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.

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

	As at 30.6.2020	As at 31.3.2020
Net Asset Value ("NAV") (RM'000)	834,605	840,744
NAV Per Unit (RM)		
- Before income distribution	1.2159	1.2249
- After income distribution	1.2023	1.2100
Closing Unit Price Per Unit (RM)	0.42	0.405

The NAV per Unit after income distribution is calculated after taking into consideration the income distribution of approximately 100% of the realized distributable income at the end of the reporting period.

#### B9. BORROWINGS AND DEBT SECURITIES

	Non-current RM'000	Current RM'000	Total RM'000
<b>As At 30 June 2020</b>			
<b>Secured</b>			
Term Loan	307,850	-	307,850
Revolving Credit	140,000	366,500	506,500
	447,850	366,500	814,350
<b>Unsecured</b>			
Loan transaction costs subject to amortisation	(1,108)	(369)	(1,477)
<b>Total Borrowings</b>	<b>446,742</b>	<b>366,131</b>	<b>812,873</b>
<b>As at 31 March 2020</b>			
<b>Secured</b>			
Term Loan	307,850	-	307,850
Revolving Credit	140,000	352,500	492,500
	447,850	352,500	800,350
<b>Unsecured</b>			
Loan transaction costs subject to amortisation	(946)	(734)	(1,681)
<b>Total Borrowings</b>	<b>446,904</b>	<b>351,766</b>	<b>798,669</b>

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2020

#### B9. BORROWINGS AND DEBT SECURITIES (CONTD)

All the bank borrowings are denominated in Ringgit Malaysia.

As at 30 June 2020, the Trust's gearing ratio stood at 48.2% and the Trust has total Interest Rate Swap contract of RM100.0 million to mitigate the exposure of volatile interest rate movements. Effectively, 12.3% of the total borrowings are hedged via Interest Rate Swap.

As at 30 June 2020, the Trust maintained a competitive weighted average interest cost of 3.60% (including the cost of hedging of the interest rate swap contract of RM100.0 million).

#### B10. DERIVATIVE

	Notional Value as at 30 June 2020	Fair Value as at 31 June 2020 RM'000	
	RM'000	Asset	Liability
<b><u>Maturity of Interest Rate Swap contract</u></b>			
- Less than 1 year	100,000	-	771
- 1 year to 3 years	-	-	-
- More than 3 years	-	-	-

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 expiring on 19 October 2020.

#### 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 2020, 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 30 June 2020, the Trustee's fee is calculated based on 0.03% per annum of the net asset value.

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2020

#### B13. UNITS HELD BY RELATED PARTIES

As at 30 June 2020, the Manager and all the directors did not hold any units in AmFIRST REIT. Below are the parties related to the Manager who holds units in AmFIRST REIT:

	Number of Holdings (‘000)	Market Value RM’000
<b>Unitholdings of parties related to the Manager</b>		
AmBank (M) Berhad	183,489	77,065
Yayasan Azman Hashim	77,947	32,738
AmMetLife Insurance Berhad on behalf of Life Fund	11,200	4,704
Azman bin Hashim	849	357
AmGroup Foundation	3	1

The market value is determined by multiplying the number of units with the closing unit price of RM0.420 per unit as at 30 June 2020.

#### 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 ended 30 June 2020.

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

	Current Period 30.6.2020 RM’000	Preceding Corresponding Period 30.6.2019 RM’000
Income before taxation	4,088	6,645
Income tax using Malaysian tax rate of 24% (2019 : 24%)	981	1,595
Effects of non-deductible expenses	87	125
Effects of income exempted from tax	(1,068)	(1,720)
Deferred tax on Real Property Gain Tax ("RPGT") on fair value gain on investment properties	-	-
<b>Tax expense</b>	-	-

**B15. INCOME DISTRIBUTION**

During the current quarter under review, the Trust had on 25 June 2020, paid a final income distribution of 1.49 sen per unit for the six-month financial period from 1 October 2019 to 31 March 2020 totaling RM10,227,384.

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 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 the Striking Out Application to the Court of Appeal (“Appeal”). The Appeal fixed for hearing on 3 November 2020.

In the meantime, the SMT Proceedings and the proceedings before the High Court are stayed pending the disposal of the Appeal. A case management before the High Court has been fixed on 10 November 2020 for parties to update the High Court on the status of the Appeal.

## **AmFIRST REAL ESTATE INVESTMENT TRUST**

### **NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2020**

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#### **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 2020 and of its financial performance and cash flows for the period ended 30 June 2020 and duly authorized for release by the Board of Directors of the Manager on 24 August 2020.