



AmFIRST

Real Estate Investment Trust

CONDENSED FINANCIAL STATEMENTS

SECOND QUARTER ENDED 30 SEPTEMBER 2020

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AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 30.9.2020 RM'000	Preceding Year Corresponding Quarter 30.9.2019 RM'000 Restated	Current Year To Date 30.9.2020 RM'000	Preceding Year To Date 30.9.2019 RM'000 Restated
Gross revenue				
- Realised	27,271	29,118	53,027	58,253
- Unrealised (in relation to unbilled lease rental receivable)	1,162	1,162	2,323	2,323
	28,433	30,280	55,350	60,576
Property expenses	(10,720)	(10,872)	(21,521)	(22,025)
Net property income	17,713	19,408	33,829	38,551
Interest income	16	17	35	30
Other income	23	127	24	192
Change in fair value of investment properties	(1,162)	(1,162)	(2,323)	(2,323)
Unrealised gain on revaluation of derivative	255	202	395	263
Unrealised (loss)/gain on financial liabilities measured at amortised cost	(161)	(180)	(418)	203
	16,684	18,412	31,542	36,916
Administrative expenses				
Manager's fee	(1,798)	(1,839)	(3,564)	(3,668)
Trustee's fee	(84)	(84)	(168)	(168)
Valuation fee	(35)	(79)	(71)	(142)
Auditors' remuneration	(14)	(14)	(27)	(28)
Tax agent's fee	(3)	(3)	(7)	(6)
Impairment loss on trade receivables	(300)	7	(953)	(52)
Others expenses	(496)	(189)	(635)	(393)
Interest expense	(7,432)	(9,625)	(15,507)	(19,227)
	(10,162)	(11,826)	(20,932)	(23,685)
Profit before taxation	6,522	6,586	10,610	13,231
Taxation	-	-	-	-
Profit for the financial period	6,522	6,586	10,610	13,231
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	6,522	6,586	10,610	13,231
Total comprehensive income for the period is made up as follows:-				
- Realised	6,428	6,564	10,633	12,765
- Unrealised	94	22	(23)	466
	6,522	6,586	10,610	13,231
Number of units in circulation (Unit) ('000)	686,402	686,402	686,402	686,402
Basic Earnings Per Unit (EPU) (sen)				
- Realised	0.94	0.96	1.55	1.86
- Unrealised	0.01	-	-	0.07
	0.95	0.96	1.55	1.93

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 30.9.2020 (Unaudited) RM'000	As At 31.3.2020 (Audited) RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,645,892	1,647,140
Right-of-use assets	420	147
Accrued unbilled lease receivables	21,683	19,360
Accrued lease receivable	865	1,542
	1,668,860	1,668,189
Current Assets		
Receivables	18,019	6,887
Deposits with financial institution	1,476	2,969
Cash and bank balances	3,209	1,101
	22,704	10,957
TOTAL ASSETS	1,691,564	1,679,146
LIABILITIES		
Non-Current Liabilities		
Rental deposits	16,105	15,568
Borrowings	490,829	446,904
Deferred tax liability	2,421	2,421
Lease liabilities	207	20
	509,562	464,913
Current Liabilities		
Payables	5,780	8,306
Lease liabilities	222	131
Rental deposits	12,110	12,376
Borrowings	322,247	351,766
Derivatives	516	910
	340,875	373,489
TOTAL LIABILITIES	850,437	838,402
NET ASSET VALUE	841,127	840,744
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	636,625	636,625
Undistributed income - Realised	15,798	15,392
Undistributed income - Unrealised	188,704	188,727
	841,127	840,744
Number of Units In Circulation (Unit) ('000)	686,402	686,402
Net Asset Value (NAV) per unit (RM)		
- Before income distribution	1.2254	1.2249
- After income distribution	1.2114	1.2100

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements 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
<u>Current Period To Date</u>				
As At 1 April 2020	636,625	15,392	188,727	840,744
Total comprehensive income for the period	-	10,633	(23)	10,610
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- 2020 Final	-	(10,227)	-	(10,227)
As At 30 September 2020	636,625	15,798	188,704	841,127
<u>Preceding 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

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 30.9.2020 RM'000	Preceding Year To Date 30.9.2019 RM'000 Restated
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	10,610	13,231
<i>Adjustment for :-</i>		
Unbilled lease receivable	(2,323)	(2,323)
Interest income from placement with financial institution	(35)	(30)
Interest on lease liability	9	-
Interest expense	15,498	19,227
Depreciation of right-of-use assets	162	91
Impairment loss on trade receivables	953	52
Change in fair value of investment properties	2,323	2,323
Loss/(Gain) in on financial liabilities measured at amortised cost	418	(203)
Unrealised gain on revaluation of derivatives	(395)	(263)
Operating profit before working capital changes	27,220	32,105
Changes in working capital		
(Increase)/decrease in receivables	(11,399)	2,929
(Decrease)/Increase in payables	(2,179)	(114)
Decrease in rental deposits	(147)	(284)
Net cash generated from operating activities	13,495	34,636
CASH FLOW FROM INVESTING ACTIVITIES		
Enhancement of investment properties	(1,076)	(4,707)
Acquisition of right-of-use assets	(443)	(323)
Interest income	35	30
Net cash used in investing activities	(1,484)	(5,000)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(15,401)	(19,497)
Distributions paid to Unitholders	(10,227)	(14,620)
Drawdown of borrowings (net)	14,406	6,678
Payment of lease liabilities	(174)	(97)
Net cash used in from financing activities	(11,396)	(27,536)
Net increase in cash and cash equivalents	615	2,100
Cash and cash equivalents at the beginning of the period	4,070	2,265
Cash and cash equivalents at the end of the period	4,685	4,365
Cash and cash equivalents included in the statement of cash flows comprise of the following:		
Deposits with financial institution	1,476	1,439
Cash and bank balances	3,209	2,926
	4,685	4,365

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 Second Quarter Ended 30 September 2020

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 Second Quarter Ended 30 September 2020

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 September 2020.

A9. 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 1.40 sen per unit for the six-month period from 1 April 2020 to 30 September 2020, amounting to RM9,609,622 representing approximately 90% of the realised distributable net income for the six-month period ended 30 September 2020, to be payable on 28 December 2020 as disclosed in note B15 below.

A10. VALUATION OF INVESTMENT PROPERTIES

The carrying value of investment properties as at 30 September 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 Second Quarter Ended 30 September 2020

A13. REALISED AND UNREALISED INCOME DISCLOSURE

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

	As at 30.9.2020 RM'000	As at 31.3.2020 RM'000
<u>Realised</u>		
Distributable undistributed income	15,798	15,393
<u>Unrealised</u>		
Cumulative net change in fair value of investment properties	178,950	181,273
Unrealised loss on revaluation of derivatives	(515)	(910)
Unrealised gain on financial liabilities measured at amortized cost	1,074	1,492
Unrealised income - Unbilled lease receivable	11,616	9,293
Provision for deferred tax on change in fair value of investment properties	(2,421)	(2,421)
	188,704	188,727
Total	204,502	204,120

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 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 (2Q FY2021 vs 2Q FY2020)

	Current Year Quarter	Preceding Year Quarter	Changes	
	30.9.2020	30.9.2019 Restated	RM'000	%
Gross revenue				
- Realised	27,271	29,118	(1,847)	-6.3%
- Unrealised (unbilled lease rental receivable)	1,162	1,162	-	0%
	28,433	30,280	(1,847)	-6.1%
Property expenses	(10,720)	(10,872)	152	1.4%
Net property income	17,713	19,408	(1,695)	-8.7%
Interest & other income	39	144	(105)	-72.9%
Change in fair value of investment properties	(1,162)	(1,162)	-	0%
Unrealised gain on revaluation of derivatives	255	202	53	26.2%
Unrealised loss on financial liabilities measured at amortised cost	(161)	(180)	19	10.5%
	16,684	18,412	(1,728)	-9.4%
Non-property expenses	(2,730)	(2,201)	(529)	-24.0%
Interest expense	(7,432)	(9,625)	2,193	22.8%
Profit before taxation	6,522	6,586	(64)	-1.0%
Taxation	-	-	-	0%
Profit after taxation	6,522	6,586	(64)	-1.0%
Profit after taxation is made up as follow:				
- Realised	6,428	6,564	(136)	-2.1%
- Unrealised	94	22	72	328.7%
	6,522	6,586	(64)	-1.0%

For the current quarter ended 30 September 2020, realised gross revenue declined by 6.3% as compared to preceding year corresponding quarter mainly due to the rental rebate given on case-by-case basis to tenants impacted by Covid-19 pandemic, coupled with lower occupancy at Wisma AmFIRST, Jaya 99 and The Summit Retail as well as lower monthly rental income from The Summit Hotel.

The unrealised revenue is derived from the unbilled incremental lease income receivable from Mydin Mohamed Holding Bhd's 30 years' lease agreement recognised on straight-line basis.

Property expenses were lower by 1.4% mainly attributable to lower electricity charges.

Non-property expenses were higher by 24% mainly due to higher provision for impairment loss on trade receivables.

Interest expense was lower by 22.8% mainly due to lower cost of debts as a result of reduction in Overnight Policy Rate ("OPR").

Overall, the profit after taxation for the current quarter was marginally lower by 1.0% to RM6.5 million as compared to RM6.6 million of preceding year corresponding quarter.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2020

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

Financial Year to Date Results (YTD ended 30 September 2020 vs YTD ended 30 September 2019)

	Current Year To Date 30.9.2020	Preceding Year To Date 30.9.2019 Restated	Changes	
	RM'000	RM'000	RM'000	%
Gross revenue				
- Realised	53,027	58,253	(5,226)	-9.0%
- Unrealised (unbilled lease rental receivable)	2,323	2,323	-	0.0%
	55,350	60,577	(5,226)	-8.6%
Property expenses	(21,521)	(22,025)	504	2.3%
Net property income	33,829	38,551	(4,722)	-12.2%
Interest & other income	59	222	(163)	-73.4%
Change in fair value of investment properties	(2,323)	(2,323)	-	0.0%
Unrealised gain on revaluation of derivatives	395	263	132	50.2%
Unrealised (loss)/gain on financial liabilities measured at amortised cost	(418)	203	(621)	-306.1%
	31,542	36,916	(5,374)	-14.6%
Non-property expenses	(5,425)	(4,458)	(967)	-21.7%
Interest expense	(15,507)	(19,227)	3,720	19.3%
Profit before taxation	10,610	13,231	(2,621)	-19.8%
Taxation	-	-	-	0.0%
Profit after taxation	10,610	13,231	(2,621)	-19.8%
Profit after taxation is made up as follow:				
- Realised	10,633	12,765	(2,132)	-16.7%
- Unrealised	(23)	466	(489)	-105.0%
	10,610	13,231	(2,621)	-19.8%

For the six-month period ended 30 September 2020, the Trust's realised gross revenue of RM53.0 million was lower by 9.0% or RM5.2 million as compared to preceding year to date. The decrease was mainly due to the rental rebate given on case-by-case basis to tenants impacted by Covid-19 pandemic, coupled with lower occupancy at Wisma AmFIRST, The Summit Retail and Jaya 99 as well as lower monthly rental income from The Summit Hotel.

Property expenses were lower by 2.3% as compared to the preceding year to date mainly due to lower electricity charges.

Non-property expenses were higher by 21.7% mainly due to higher provision for impairment loss on trade receivables.

Interest expense was lower by 19.3% mainly due to lower cost of debts as a result of reductions in OPR.

Overall, the Trust recorded profit after taxation for current year to date of RM10.6 million, lower by 19.8% as compared to preceding year to date.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2020

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

Quarterly Results (2Q FY2021 vs 1Q FY2021)

	Current Year Quarter 30.9.2020	Immediate Preceding Quarter 30.6.2020	Changes	
	RM'000	RM'000	RM'000	%
Gross Revenue				
- Realised	27,271	25,756	1,515	5.9%
- Unrealised (unbilled lease rental receivable)	1,162	1,162	-	0%
	28,433	26,918	1,515	5.6%
Property Expenses	(10,720)	(10,802)	82	0.8%
Net Property Income	17,713	16,116	1,597	9.9%
Interest & Other Income	39	20	19	95.0%
Change in fair value of investment properties	(1,162)	(1,162)	-	0%
Unrealised gain on revaluation of derivatives	255	140	115	82.1%
Unrealised loss on financial liabilities measured at amortised cost	(161)	(256)	95	37.1%
	16,684	14,858	1,826	12.3%
Non-property expenses	(2,730)	(2,696)	(34)	-1.3%
Interest expense	(7,432)	(8,074)	642	8.0%
Profit before taxation	6,522	4,088	2,434	59.5%
Taxation	-	-	-	0%
Profit after taxation	6,522	4,088	2,434	59.5%
Profit after taxation is made up as follow:				
- Realised	6,428	4,204	2,224	52.9%
- Unrealised	94	(116)	210	181.4%
	6,522	4,088	2,434	59.5%

The realised gross revenue for the current quarter under review was higher by 5.9% as compared to immediate preceding quarter. The increase was mainly due to higher rental rebate given to tenants in the immediate preceding quarter in relation the various phases of MCO enforced resulted from the Covid-19 pandemic. Lower rental rebate was given in the current quarter as most business activities were allowed to resume.

Interest expense decreased by 8.0% mainly due to lower cost of debts as a result of reduction in OPR.

Overall, the profit after taxation for the current quarter was higher by 59.5% to RM6.5 million as compared to RM4.1 million of the immediate preceding quarter.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2020

B3. PROSPECTS

The financial performance and asset valuation of the Trust are expected to be negatively impacted by the Covid-19 pandemic. The Trust's gross revenue is affected by the rental rebate given to tenants impacted by Covid-19 and lower occupancy caused by non-renewal of tenancies. However, the Trust is benefiting from the interest saving arising from the various OPR cut and electricity discount which could 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 preserve 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 September 2020, the Trust's composition of investment portfolio is as follow:-

	Cost of Investment # As At 30.9.2020	Valuation As At 30.9.2020	% Valuation to Net Asset Value As At 30.9.2020
	RM'000	RM'000	%
Bangunan AmBank Group	200,829	266,078	31.6%
Menara AmBank	262,847	322,265	38.3%
Menara AmFIRST	65,238	66,000	7.8%
Wisma AmFIRST	94,941	117,900	14.0%
The Summit Subang USJ	375,023	374,432	44.5%
Prima 9	73,239	73,200	8.7%
Prima 10	62,349	65,700	7.8%
Kompleks Tun Sri Lanang (Jaya 99)	88,420	104,000	12.4%
Mydin HyperMall, Bukit Mertajam	254,123	278,000	33.1%
	1,477,009	1,667,575	
Accrued unbilled rental income	-	(21,683)	
	1,477,009	1,645,892	

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' 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.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 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 30.9.2020	As at 31.3.2020
Net Asset Value ("NAV") (RM'000)	841,127	840,744
NAV Per Unit (RM)		
- Before income distribution	1.2254	1.2249
- After income distribution	1.2114	1.2100
Closing Unit Price Per Unit (RM)	0.405	0.405

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

B9. BORROWINGS AND DEBT SECURITIES

	Non-current	Current	Total
	RM'000	RM'000	RM'000
<u>As At 30 September 2020</u>			
Secured			
Term Loan	307,850	250,000	557,850
Revolving Credit	184,000	72,500	256,500
	491,850	322,500	814,350
Unsecured			
Loan transaction costs subject to amortisation	(1,021)	(253)	(1,274)
Total Borrowings	490,829	322,247	813,076
<u>As at 31 March 2020</u>			
Secured			
Term Loan	307,850	250,000	557,850
Revolving Credit	140,000	102,500	242,500
	447,850	352,500	800,350
Unsecured			
Loan transaction costs subject to amortisation	(946)	(735)	(1,681)
Total Borrowings	446,904	351,765	798,669

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Second Quarter Ended 30 September 2020

B9. BORROWINGS AND DEBT SECURITIES (CONTD.)

All the bank borrowings are denominated in Ringgit Malaysia.

As at 30 September 2020, the Trust's gearing ratio stood at 48.1% 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 September 2020, the Trust maintained a competitive weighted average interest cost of 3.44% (including the cost of hedging of the interest rate swap contract of RM100.0 million).

B10. DERIVATIVE

	Notional Value as at 30 September 2020	Fair Value as at 30 September 2020 RM'000	
	RM'000	Asset	Liability
<u>Maturity of Interest Rate Swap contract</u>			
- Less than 1 year	100,000	-	516
- 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 September 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 September 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 Second Quarter Ended 30 September 2020

B13. UNITS HELD BY RELATED PARTIES

As at 30 September 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
Unitholdings of parties related to the Manager		
AmBank (M) Berhad	183,489	74,313
Yayasan Azman Hashim	77,947	31,569
AmMetLife Insurance Berhad on behalf of Life Fund	11,200	4,536
Azman bin Hashim	849	344
AmGroup Foundation	3	1

The market value is determined by multiplying the number of units with the closing unit price of RM0.405 per unit as at 30 September 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 September 2020.

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

	Current Period 30.9.2020 RM’000	Preceding Corresponding Period 30.9.2019 RM’000
Income before taxation	10,610	13,231
Income tax using Malaysian tax rate of 24% (2020 : 24%)	2,546	3,175
Effects of non-deductible expenses	309	311
Effects of income exempted from tax	(2,855)	(3,486)
Deferred tax on Real Property Gain Tax ("RPGT") on fair value gain on investment properties	-	-
Tax expense	-	-

AmFIRST REAL ESTATE INVESTMENT TRUST

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B15. INCOME DISTRIBUTION

The Board of Director of the Manager of AmFIRST REIT, has declared an interim income distribution of 1.40 sen per unit for the six-month period from 1 April 2020 to 30 September 2020 amounting to RM9,609,622 representing approximately 90% of the realised distributable net income for the six-month period from 1 April 2020 to 30 September 2020, payable on 28 December 2020 to the Unitholders registered in the Record of Depositors on 9 December 2020.

The interim income distribution for the six-month period ended 30 September 2020 is from the following sources: -

	Current Year To Date 30.9.2020	Preceding Year To Date 30.9.2019
	RM'000	RM'000
Rental income	55,350	60,576
Less : Unrealised gross revenue derived from unbilled lease receivable	(2,323)	(2,323)
	53,027	58,253
Interest income	35	30
Other income	24	192
Total income	53,086	58,475
Less : Total expenses (before manager's fees)	(38,889)	(42,042)
Net income before taxation (before manager's fees)	14,197	16,433
Less : Manager's fees	(3,564)	(3,668)
Net income before taxation	10,633	12,765
Less : Taxation	-	-
Realised net income after taxation	10,633	12,765
Add : Undistributed realised income brought forward	5,165	2,667
Total income available for distribution	15,798	15,432
Less : Proposed interim income distribution	(9,610)	(12,767)
Undistributed realised income carried forward	6,188	2,665
Number of unit in circulation ('000)	686,402	686,402
Interim income distribution per unit (Sen)	1.40	1.86

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 2020

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 the Striking Out Application to the Court of Appeal (“Appeal”). The hearing of the Appeal which was initially fixed on 3 November 2020 has been postponed to 4 March 2021.

In the meantime, the SMT Proceedings and the proceedings before the High Court are stayed pending the disposal of the Appeal. The case management before the High Court which was fixed on 10 November 2020 was also postponed to 8 March 2021 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 September 2020 and of its financial performance and cash flows for the period ended 30 September 2020 and duly authorized for release by the Board of Directors of the Manager on 20 November 2020.