



AmFIRST

Real Estate Investment Trust

CONDENSED FINANCIAL STATEMENTS

FIRST QUARTER ENDED 30 JUNE 2021

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AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 30.6.2021 RM'000	Preceding Year Corresponding Quarter 30.6.2020 RM'000	Current Year To Date 30.6.2021 RM'000	Preceding Year To Date 30.6.2020 RM'000
Gross revenue				
- Realised	24,983	25,756	24,983	25,756
- Unrealised (in relation to unbilled lease rental receivable)	755	1,162	755	1,162
	25,738	26,918	25,738	26,918
Property expenses	(10,548)	(10,802)	(10,548)	(10,802)
Net property income	15,190	16,116	15,190	16,116
Interest income	14	19	14	19
Other income	10	1	10	1
Change in fair value of investment properties	(755)	(1,162)	(755)	(1,162)
Unrealised gain on revaluation of derivative	-	140	-	140
Unrealised (loss)/gain on financial liabilities measured at amortised cost	(161)	(256)	(161)	(256)
	14,298	14,858	14,298	14,858
Administrative expenses				
Manager's fee	(1,697)	(1,766)	(1,697)	(1,766)
Trustee's fee	(82)	(84)	(82)	(84)
Valuation fee	(36)	(36)	(36)	(36)
Auditors' remuneration	(13)	(13)	(13)	(13)
Tax agent's fee	(3)	(4)	(3)	(4)
Impairment loss on trade receivables	(784)	(653)	(784)	(653)
Others expenses	(124)	(139)	(124)	(139)
Interest expense	(6,685)	(8,074)	(6,685)	(8,074)
	(9,424)	(10,771)	(9,424)	(10,770)
Profit before taxation	4,874	4,088	4,874	4,088
Taxation	-	-	-	-
Profit for the financial year	4,874	4,088	4,874	4,088
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	4,874	4,088	4,874	4,088
Total comprehensive income for the period is made up as follows:-				
- Realised	5,035	4,204	5,035	4,204
- Unrealised	(161)	(116)	(161)	(116)
	4,874	4,088	4,874	4,088
Number of units in circulation (Unit) ('000)	686,402	686,402	686,402	686,402
Basic Earnings Per Unit (EPU) (sen)				
- Realised	0.73	0.61	0.73	0.61
- Unrealised	(0.02)	(0.02)	(0.02)	(0.02)
	0.71	0.59	0.71	0.59

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	As At 30.6.2021 (Unaudited) RM'000	As At 31.3.2021 (Audited) RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,628,173	1,628,488
Right-of-use assets	250	305
Accrued unbilled lease receivables	23,367	22,612
Accrued lease receivable	464	1,284
	1,652,254	1,652,689
Current Assets		
Receivables	16,776	16,301
Deposits with financial institution	1,495	2,488
Cash and bank balances	2,875	2,242
	21,146	21,031
TOTAL ASSETS	1,673,400	1,673,720
LIABILITIES		
Non-Current Liabilities		
Rental deposits	12,827	12,497
Borrowings	696,805	697,114
Deferred tax liability	2,069	2,069
Lease liabilities	172	302
	711,873	711,982
Current Liabilities		
Payables	6,493	5,794
Lease liabilities	85	21
Rental deposits	14,152	14,703
Borrowings	122,037	117,588
	142,767	138,106
TOTAL LIABILITIES	854,641	850,088
NET ASSET VALUE	818,759	823,632
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	636,625	636,625
Undistributed income - Realised	12,357	17,069
Undistributed income - Unrealised	169,777	169,938
	818,759	823,632
Number of Units In Circulation (Unit) ('000)	686,402	686,402
Net Asset Value (NAV) per unit (RM)		
- Before income distribution	1.1928	1.1999
- After income distribution	1.1928	1.1857

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021 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 2021	636,625	17,069	169,938	823,632
Total comprehensive income for the period	-	5,035	(161)	4,874
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- 2021 Final	-	(9,747)	-	(9,747)
As at 30 June 2021	636,625	12,357	169,777	818,759
<u>Preceding Period To Date</u>				
As at 1 April 2020	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)
- 2021 Interim	-	-	-	-
As at 30 June 2020	636,625	9,370	188,610	834,605

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 2021 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

	Current Year To Date 30.6.2021 RM'000	Preceding Year To Date 30.6.2020 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	4,874	4,088
<i>Adjustment for :-</i>		
Unbilled lease receivable	(755)	(1,162)
Interest income from placement with financial institution	(14)	(19)
Interest on lease liability	3	4
Interest expense	6,682	8,070
Depreciation of right-of-use assets	55	81
Impairment loss on trade receivables	784	653
Change in fair value of investment properties	755	1,162
Loss on financial liabilities measured at amortised cost	161	256
Unrealised gain on revaluation of derivatives	-	(140)
Operating profit before working capital changes	12,545	12,993
Changes in working capital		
Increase in receivables	(439)	(4,991)
Increase in payables	720	766
Decrease in rental deposits	(382)	(200)
Net cash generated from operating activities	12,444	8,568
CASH FLOW FROM INVESTING ACTIVITIES		
Enhancement of investment properties	(440)	(602)
Acquisition of right-of-use assets	-	(443)
Interest income	14	19
Net cash used in investing activities	(426)	(1,026)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(6,703)	(8,093)
Distributions paid to Unitholders	(9,747)	(10,227)
Drawdown of borrowings (net)	4,141	14,203
Payment of lease liabilities	(69)	(91)
Net cash used in from financing activities	(12,378)	(4,208)
Net (decrease)/increase in cash and cash equivalents	(360)	3,334
Cash and cash equivalents at the beginning of the period	4,730	4,070
Cash and cash equivalents at the end of the period	4,370	7,404
Cash and cash equivalents included in the statement of cash flows comprise of the following:		
Deposits with financial institution	1,495	2,987
Cash and bank balances	2,875	4,417
	4,370	7,404

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the First Quarter Ended 30 June 2021

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 2021.

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 2021 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 2021.

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 2021 was not qualified.

A3. SEASONALITY AND CYCLICALITY OF OPERATIONS

The operations of the Trust are not affected by material seasonal or cyclical fluctuation.

A4. UNUSUAL ITEMS

There were no material unusual items affecting the amounts reported for the quarter under review.

A5. CHANGES IN ESTIMATES

There were no changes in estimates that have had a material effect for the quarter under review.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the First Quarter Ended 30 June 2021

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 2021.

A9. INCOME DISTRIBUTION PAID

During the quarter under review, the Trust had on 27 May 2021, paid a final income distribution of 1.42 sen per unit, amounting to RM9,746,900 for the six-month period from 1 October 2020 to 31 March 2021.

A10. VALUATION OF INVESTMENT PROPERTIES

The carrying value of investment properties as at 30 June 2021 is based on the valuation of independent registered valuers from the previous audited financial statements for the financial year ended 31 March 2021 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 30 June 2021.

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 2021

A13. REALISED AND UNREALISED INCOME DISCLOSURE

The breakdown of undistributed income into realised and unrealised as at 30 June 2021 is summarised as below: -

	As at 30.6.2021 RM'000	As at 31.3.2021 RM'000
<u>Realised</u>		
Distributable undistributed income	12,357	17,069
<u>Unrealised</u>		
Cumulative net change in fair value of investment properties	159,167	158,411
Unrealised loss on revaluation of derivatives	-	-
Unrealised gain on financial liabilities measured at amortized cost	890	1,052
Unrealised income - Unbilled lease receivable	11,789	12,544
Provision for deferred tax on change in fair value of investment properties	(2,069)	(2,069)
	169,777	169,938
Total	182,134	187,007

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For the First Quarter Ended 30 June 2021

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 FY2022 vs 1Q FY2021)

	Current Year	Preceding Year	Changes	
	Quarter 30.6.2021	Quarter 30.6.2020	RM'000	%
Gross revenue				
- Realised	24,983	25,756	(773)	-3.0%
- Unrealised (unbilled lease rental receivable)	755	1,162	(407)	-35%
	25,738	26,918	(1,180)	-4.4%
Property expenses	(10,548)	(10,802)	254	2.4%
Net property income	15,190	16,116	(926)	-5.7%
Interest & other income	24	20	4	20.5%
Change in fair value of investment properties	(755)	(1,162)	407	35%
Unrealised gain on revaluation of derivatives	-	140	(140)	-100.2%
Unrealised loss on financial liabilities measured at amortised cost	(161)	(256)	95	37.1%
	14,298	14,858	(560)	-3.8%
Non-property expenses	(2,739)	(2,696)	(43)	-1.6%
Interest expense	(6,685)	(8,074)	1,389	17.2%
Profit before taxation	4,874	4,088	786	19.2%
Taxation	-	-	-	0.0%
Profit after taxation	4,874	4,088	786	19.2%
Profit after taxation is made up as follow:				
- Realised	5,035	4,204	831	19.8%
- Unrealised	(161)	(116)	(45)	-38.6%
	4,874	4,088	786	19.2%

For the current quarter ended 30 June 2021, realised gross revenue declined by 3.0% as compared to preceding year corresponding quarter mainly due to lower average occupancy at Prima 9, The Summit Retail and Jaya 99 coupled lower monthly rental income from The Summit Hotel and Carpark.

Property expenses were lower by 2.4% largely due to lower repair and maintenance charges.

Interest expense was lower by 17.2% mainly due to lower cost of debts as a result of full impact of the various reduction in Overnight Policy Rate ("OPR") in 2020.

Overall, the Trust recorded a higher realised net income of RM5.0 million for the current quarter as compared to RM4.2 million in the preceding year corresponding quarter.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the First Quarter Ended 30 June 2021

ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD - CONTD.

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

Quarterly Results (1Q FY2022 vs 4Q FY2021)

	Current Year Quarter	Immediate Preceding Quarter	Changes	
	30.6.2021	31.3.2021	RM'000	%
Gross Revenue				
- Realised	24,983	23,664	1,319	5.6%
- Unrealised (unbilled lease rental receivable)	755	891	(136)	-15%
	25,738	24,555	1,183	4.8%
Property Expenses	(10,548)	(10,882)	334	3.1%
Net Property Income	15,190	13,673	1,517	11.1%
Interest & Other Income	24	211	(187)	-88.7%
Change in fair value of investment properties	(755)	(19,377)	18,622	96%
Unrealised loss on financial liabilities measured at amortised cost	(161)	(4)	(157)	-3600%
	14,298	(5,497)	19,795	360.1%
Non-property expenses	(2,739)	(3,163)	424	13.4%
Interest expense	(6,685)	(6,599)	(86)	-1.3%
Profit before taxation	4,874	(15,259)	20,133	131.9%
Taxation	-	352	(352)	-100%
Profit after taxation	4,874	(14,907)	19,781	133%
Profit after taxation is made up as follow:				
- Realised	5,035	4,355	680	15.6%
- Unrealised	(161)	(19,262)	19,101	99.2%
	4,874	(14,907)	19,781	133%

The realised gross revenue for the current quarter under review was higher by 5.6% as compared to the immediate preceding quarter mainly due to lower rental rebate and waiver given to tenants impacted by COVID-19 pandemic.

Property expenses were lower by 3.1% as compared to the immediate preceding quarter mainly due to lower repair and maintenance charges.

The Trust conducted the annual revaluation of all the investment properties in the immediate preceding quarter and recorded fair value loss of RM22.9 million. The current quarter changes in fair value of investment is related to reversal of the unbilled lease rental receivable.

Non-property expenses were lower by 13.4% mainly due to lower provision for impairment loss.

Interest expense increased marginally by 1.3% mainly due to additional borrowings incurred to finance the working capital.

Overall, the Trust recorded a higher realised net income of RM5.0 million for the current quarter as compared to RM4.4 million recorded in the immediate preceding quarter.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For the First Quarter Ended 30 June 2021

B3. PROSPECTS

Amidst the ongoing COVID-19 pandemic, the office market is expected to remain subdued due to weak demand and oversupply. In the meantime, the retail and hospitality sectors are expected to remain challenging as its recovery are dependent on the revival of economic activities, re-opening of international borders and consumers' sentiment.

The Manager will continue to monitor the operations closely and adopt appropriate business strategies to sustain the financial performance of the Trust for the financial year ending 31 March 2022.

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 2021, the Trust's composition of investment portfolio is as follow:

	Cost of Investment # As At 30.6.2021 RM'000	Valuation As At 30.6.2021 RM'000	% Valuation to Net Asset Value As At 30.6.2021 %
Bangunan AmBank Group	201,021	265,900	32.5%
Menara AmBank	263,685	322,000	39.3%
Menara AmFIRST	65,238	66,200	8.1%
Wisma AmFIRST	95,249	118,285	14.4%
The Summit Subang USJ	377,127	357,466	43.7%
Prima 9	73,328	73,289	9.0%
Prima 10	62,368	65,800	8.0%
Kompleks Tun Sri Lanang (Jaya 99)	88,444	104,600	12.8%
Mydin HyperMall, Bukit Mertajam	254,124	278,000	34.0%
	1,480,584	1,651,540	
Accrued unbilled rental income [^]	-	(23,367)	
	1,480,584	1,628,173	

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.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For the First Quarter Ended 30 June 2021

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 30.6.2021	As at 31.3.2021
Net Asset Value ("NAV") (RM'000)	818,759	823,632
NAV Per Unit (RM)		
- Before income distribution	1.1928	1.1999
- After income distribution	1.1928	1.1857
Closing Unit Price Per Unit (RM)	0.40	0.425

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 RM'000	Current RM'000	Total RM'000
As at 30 June 2021			
Secured			
Term Loan	557,850	-	557,850
Revolving Credit	140,000	122,100	262,100
	697,850	122,100	819,950
Unsecured			
Loan transaction costs subject to amortisation	(1,045)	(63)	(1,108)
Total Borrowings	696,805	122,037	818,842
As at 30 June 2020			
Secured			
Term Loan	307,850	-	307,850
Revolving Credit	140,000	366,500	506,500
	447,850	366,500	814,350
Unsecured			
Loan transaction costs subject to amortisation	(1,108)	(369)	(1,477)
Total Borrowings	446,742	366,131	812,873

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For the First Quarter Ended 30 June 2021

B9. BORROWINGS AND DEBT SECURITIES - CONTD.

All the bank borrowings are denominated in Ringgit Malaysia.

As at 30 June 2021, the Trust's gearing ratio stood at 48.9%.

As at 30 June 2021, the Trust maintained a competitive weighted average interest cost of 3.18%.

All borrowings were on a floating rate basis.

B10. 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 2021, the Manager's fee consists of a base fee of 0.3% per annum and performance fee of 3.0% per annum.

B11. 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 2021, the Trustee's fee is calculated based on 0.03% per annum of the net asset value.

B12. UNITS HELD BY RELATED PARTIES

As at 30 June 2021, 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	73,396
Yayasan Azman Hashim	77,947	31,179
AmMetLife Insurance Berhad on behalf of Life Fund	11,200	4,480
Azman bin Hashim	849	340
AmGroup Foundation	3	1

The market value is determined by multiplying the number of units with the closing unit price of RM0.40 per unit as at 30 June 2021.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the First Quarter Ended 30 June 2021

B13. 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 2022.

	Current Year 30.6.2021 RM'000	Preceding Corresponding Year 30.6.2020 RM'000
Income before taxation	4,874	4,088
Income tax using Malaysian tax rate of 24% (2020 : 24%)	1,170	981
Effects of non-deductible expenses	129	87
Effects of fair value adjustment on investment properties not subject to tax	181	-
Effects of income exempted from tax	(1,480)	(1,068)
Deferred tax on Real Property Gain Tax ("RPGT") on fair value gain on investment properties	-	-
Tax expense	-	-

B14. INCOME DISTRIBUTION

During the current quarter under review, the Trust had on 27 May 2021, paid a final income distribution of 1.42 sen per unit for the six-month financial period from 1 October 2020 to 31 March 2021 totaling RM9,746,900.

Pursuant to the amended Section 109D of the Income Tax Act, 1967, the following withholding tax rates will be deducted for distribution made to the following categories of Unitholders:

- Resident and non-resident individuals (withholding tax at 10%)
- Resident and non-resident institution investors (withholding tax at 10%)
- Resident companies (no withholding tax, to tax at prevailing corporate tax rate)
- Non-resident corporate (withholding tax at 24%)

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the First Quarter Ended 30 June 2021

B15. 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 4 March 2021 has been postponed to 26 October 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 8 March 2021 was also postponed to 27 October 2021 for parties to update the High Court on the status of the Appeal.

B16. 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 2021 and of its financial performance and cash flows for the year ended 30 June 2021 and duly authorized for release by the Board of Directors of the Manager on 23 August 2021.