



CONDENSED FINANCIAL STATEMENTS

SECOND QUARTER ENDED 30 SEPTEMBER 2022

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AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

| | Current Year Quarter 30.9.2022 RM'000 | Preceding Year Corresponding Quarter 30.9.2021 RM'000 | Current Year To Date 30.9.2022 RM'000 | Preceding Year To Date 30.9.2021 RM'000 |
|--|---|--|---|---|
| Gross revenue | | | | |
| - Realised | 25,912 | 22,911 | 50,460 | 47,894 |
| - Unrealised (in relation to unbilled lease rental receivable) | 755 | 755 | 1,511 | 1,511 |
| | 26,667 | 23,667 | 51,971 | 49,405 |
| Property expenses | (12,000) | (10,779) | (23,223) | (21,327) |
| Net property income | 14,667 | 12,888 | 28,748 | 28,078 |
| Interest income | 26 | 11 | 35 | 25 |
| Other income | 20 | 3 | 23 | 14 |
| Change in fair value of investment properties | (755) | (755) | (1,511) | (1,511) |
| Impairment loss on fair value of non-current asset held for sale | (4,652) | - | (4,652) | - |
| Unrealised gain on revaluation of derivative | 775 | - | 775 | - |
| Unrealised loss on financial liabilities measured at amortised cost | 618 | (131) | 572 | (293) |
| | 10,699 | 12,015 | 23,990 | 26,313 |
| Administrative expenses | | | | |
| Manager's fee | (1,692) | (1,632) | (3,361) | (3,329) |
| Trustee's fee | (80) | (82) | (161) | (164) |
| Valuation fee | (112) | (34) | (171) | (70) |
| Auditors' remuneration | (14) | (13) | (28) | (27) |
| Tax agent's fee | (4) | (3) | (8) | (6) |
| Allowance of ECL | 539 | (244) | 269 | (1,027) |
| Others expenses | (277) | (115) | (416) | (240) |
| Interest expense | (7,849) | (6,762) | (14,746) | (13,447) |
| | (9,489) | (8,886) | (18,622) | (18,310) |
| Profit before taxation | 1,210 | 3,129 | 5,368 | 8,003 |
| Taxation | - | - | - | - |
| Profit for the financial period | 1,210 | 3,129 | 5,368 | 8,003 |
| Other comprehensive income, net of tax | - | - | - | - |
| Total comprehensive income for the period | 1,210 | 3,129 | 5,368 | 8,003 |
| Total comprehensive income for the period is made up as follows:- | | | | |
| - Realised | 4,469 | 3,260 | 8,673 | 8,296 |
| - Unrealised | (3,259) | (131) | (3,305) | (293) |
| | 1,210 | 3,129 | 5,368 | 8,003 |
| Number of units in circulation (Unit) ('000) | 686,402 | 686,402 | 686,402 | 686,402 |
| Basic Earnings Per Unit (EPU) (sen) | | | | |
| - Realised | 0.65 | 0.47 | 1.26 | 1.21 |
| - Unrealised | (0.47) | (0.02) | (0.48) | (0.04) |
| | 0.18 | 0.45 | 0.78 | 1.17 |

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

| | As At 30.9.2022 (Unaudited) RM'000 | As At 31.3.2022 (Audited) RM'000 |
|---|---|---|
| ASSETS | | |
| Non-Current Assets | | |
| Investment properties | 1,543,036 | 1,608,747 |
| Asset held for sale | 59,948 | - |
| Right-of-use assets | 175 | 181 |
| Accrued unbilled lease receivables | 28,268 | 26,757 |
| Accrued lease receivable | - | 609 |
| | 1,631,427 | 1,636,294 |
| Current Assets | | |
| Receivables | 19,325 | 19,550 |
| Deposits with financial institution | 6,337 | 1,518 |
| Cash and bank balances | 859 | 3,913 |
| | 26,521 | 24,981 |
| TOTAL ASSETS | 1,657,948 | 1,661,275 |
| LIABILITIES | | |
| Non-Current Liabilities | | |
| Rental deposits | 16,994 | 13,626 |
| Borrowings | 611,528 | 697,526 |
| Deferred tax liability | 1,236 | 1,236 |
| Lease liabilities | 23 | 23 |
| | 629,781 | 712,411 |
| Current Liabilities | | |
| Payables | 11,237 | 7,399 |
| Lease liabilities | 117 | 166 |
| Rental deposits | 7,752 | 11,863 |
| Borrowings | 205,192 | 117,687 |
| | 224,298 | 137,115 |
| TOTAL LIABILITIES | 854,079 | 849,526 |
| NET ASSET VALUE | 803,869 | 811,749 |
| FINANCED BY: | | |
| UNITHOLDERS' FUNDS | | |
| Unitholders' capital | 636,625 | 636,625 |
| Undistributed income - Realised | 17,450 | 22,025 |
| Undistributed income - Unrealised | 149,794 | 153,099 |
| | 803,869 | 811,749 |
| Number of Units In Circulation (Unit) ('000) | 686,402 | 686,402 |
| Net Asset Value (NAV) per unit (RM) | | |
| - Before income distribution | 1.1711 | 1.1826 |
| - After income distribution | 1.1597 | 1.1633 |

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements statements for the financial year ended 31 March 2022 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 Year To Date</u> | | | | |
| As at 1 April 2022 | 636,625 | 22,025 | 153,099 | 811,749 |
| Total comprehensive income for the period | - | 8,673 | (3,305) | 5,368 |
| <u>Unitholders' transactions</u> | | | | |
| Income distribution to Unitholders | | | | |
| - FY2022 Final | - | (13,248) | - | (13,248) |
| As at 30 September 2022 | 636,625 | 17,450 | 149,794 | 803,869 |
| <u>Preceding Year To Date</u> | | | | |
| As at 1 April 2021 | 636,625 | 17,069 | 169,938 | 823,632 |
| Total comprehensive income for the period | - | 8,296 | (293) | 8,003 |
| <u>Unitholders' transactions</u> | | | | |
| Income distribution to Unitholders | | | | |
| - FY2021 Final | - | (9,747) | - | (9,747) |
| As at 30 September 2021 | 636,625 | 15,617 | 169,645 | 821,888 |

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 2022 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

| | Current Period To Date 30.9.2022 RM'000 | Preceding Period To Date 30.9.2021 RM'000 |
|---|--|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 5,368 | 8,003 |
| <i>Adjustment for :-</i> | | |
| Unbilled lease receivable | (1,511) | (1,511) |
| Interest income from placement with financial institution | (35) | (25) |
| Interest on lease liability | 4 | 6 |
| Interest expense | 14,742 | 13,441 |
| Depreciation of right-of-use assets | 102 | 105 |
| Allowance of ECL | (269) | 1,027 |
| Impairment loss on non-current asset held for sale | 4,652 | - |
| Change in fair value of investment properties | 1,511 | 1,511 |
| Loss on financial liabilities measured at amortised cost | (572) | 293 |
| Unrealised fair value gain on derivatives | (775) | - |
| Operating profit before working capital changes | 23,218 | 22,850 |
| Changes in working capital | | |
| Decrease/(Increase) in receivables | 1,879 | (3,677) |
| Increase in payables | 3,521 | 327 |
| Decrease in rental deposits | (172) | (1,541) |
| Net cash generated from operating activities | 28,446 | 17,959 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Enhancement of investment properties | (400) | (554) |
| Interest income | 35 | 25 |
| Net cash used in investing activities | (365) | (529) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest paid | (14,464) | (13,469) |
| Distributions paid to Unitholders | (13,248) | (9,747) |
| Drawdown of borrowings (net) | 1,506 | 2,781 |
| Payment of lease liabilities | (108) | (122) |
| Net cash used in from financing activities | (26,315) | (20,557) |
| Net decrease in cash and cash equivalents | 1,766 | (3,127) |
| Cash and cash equivalents at the beginning of the year | 5,430 | 4,730 |
| Cash and cash equivalents at the end of the period | 7,196 | 1,603 |
| Cash and cash equivalents included in the statement of cash flows comprise of the following: | | |
| Deposits with financial institution | 6,337 | 1,503 |
| Cash and bank balances | 859 | 100 |
| | 7,196 | 1,603 |

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 September 2022

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 2022.

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 2022 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 2022.

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 2022 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.

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.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 September 2022

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

On 1 July 2022, an announcement was made for the proposed disposal of a property, known as Menara AmFIRST, a 22-storey office building with three (3) levels of basement car parks erected on a freehold land held under H.S.(M) 9104, PT 29649, Mukim Sungai Buloh, District of Petaling, State of Selangor to Forever Backup Sdn Bhd for a cash consideration of RM62,000,000.

The Manager has further announced that the Sale and Purchase Agreement of the above proposed disposal has been completed on 15 November 2022.

Save for the above, there was no significant event subsequent to the current quarter ended 30 September 2022.

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 1.14 sen per unit for the six-month period from 1 April 2022 to 30 September 2022, amounting to RM7,824,878 representing approximately 90% of the realised distributable net income for the six-month period ended 30 September 2022, to be payable on 28 December 2022 as disclosed in note B15 below.

A10. VALUATION OF INVESTMENT PROPERTIES

The carrying value of investment properties as at 30 September 2022 is based on the valuation of independent registered valuers from the previous audited financial statements for the financial year ended 31 March 2022 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 September 2022.

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 2022

A13. REALISED AND UNREALISED INCOME DISCLOSURE

The breakdown of undistributed income into realised and unrealised as at 30 September 2022 was summarised as below: -

| | As at 30.9.2022 RM'000 | As at 31.3.2022 RM'000 |
|---|------------------------------|------------------------------|
| <u>Realised</u> | | |
| Distributable undistributed income | 17,450 | 22,025 |
| <u>Unrealised</u> | | |
| Cumulative net change in fair value of investment properties | 134,910 | 136,421 |
| Unrealised loss on revaluation of derivatives | 775 | - |
| Unrealised gain on financial liabilities measured at amortized cost | 1,796 | 1,224 |
| Unrealised income - Unbilled lease receivable | 18,201 | 16,690 |
| Impairment loss on fair value on non-current asset held for sale | (4,652) | - |
| Provision for deferred tax on change in fair value of investment properties | (1,236) | (1,236) |
| | 149,794 | 153,099 |
| Total | 167,244 | 175,124 |

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 September 2022

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 FY2023 vs 2Q FY2022)

| | Current Year Quarter | Preceding Year Quarter | Changes | |
|--|----------------------|------------------------|----------------|---------------|
| | 30.9.2022 | 30.9.2021 | RM'000 | % |
| Gross revenue | | | | |
| - Realised | 25,912 | 22,911 | 3,001 | 13.1% |
| - Unrealised (unbilled lease rental receivable) | 755 | 755 | - | 0% |
| | 26,667 | 23,666 | 3,001 | 12.7% |
| Property expenses | (12,000) | (10,779) | (1,221) | -11.3% |
| Net property income | 14,667 | 12,887 | 1,780 | 13.8% |
| Interest and other income | 46 | 14 | 32 | 232% |
| Change in fair value of investment properties | (755) | (755) | - | 0% |
| Impairment loss on fair value of non-current asset held for sale | (4,652) | - | (4,652) | -100% |
| Unrealised gain on revaluation of derivatives | 775 | - | 775 | 100% |
| Unrealised gain/(loss) on financial liabilities measured at amortised cost | 618 | (131) | 749 | 571% |
| | 10,699 | 12,015 | (1,316) | -11.0% |
| Non-property expenses | (1,640) | (2,124) | 484 | 22.8% |
| Interest expense | (7,849) | (6,762) | (1,087) | -16.1% |
| Profit before taxation | 1,210 | 3,129 | (1,919) | -61.3% |
| Taxation | - | - | - | 0% |
| Profit after taxation | 1,210 | 3,129 | (1,919) | -61.3% |
| Profit after taxation is made up as follow: | | | | |
| - Realised | 4,469 | 3,260 | 1,209 | 37.1% |
| - Unrealised | (3,259) | (131) | (3,128) | -2383% |
| | 1,210 | 3,129 | (1,919) | -61.3% |

For the current quarter ended 30 September 2022, realised gross revenue increased by 13.1% compared to preceding year corresponding quarter mainly due to higher average occupancy rate recorded in The Summit Retail and Office, Wisma AmFIRST and Menara AmBank coupled with absence of rental rebates and higher carpark income for the current quarter under review.

Property expenses were higher by 11.3% mainly due to higher utility costs caused by higher electricity surcharge as well as higher repair and maintenance costs.

On 1 July 2022, the Trust announced the proposed disposal of Menara AmFIRST for a cash consideration of RM62,000,000 which was pending completion as at 30 September 2022. The Trust has recognised an impairment loss arising from the transfer of Menara AmFIRST from investment properties to non-current assets held for sale at lower of its carrying amount and fair value less costs to sell amounted to RM4.65 million.

Non-property expenses were lower by 22.8% mainly due to reversal of provision for ECL in the current quarter as a result of improvement in collection.

Interest expenses was higher by 16.1% due to increase in cost of debts as a result of various hike in OPR in May 2022, July 2022 and September 2022.

Overall, the Trust recorded a lower profit after taxation of RM1.2 million for the current quarter under review.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 September 2022

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

Financial Period to Date Results (YTD) ended 30 September 2022 vs YTD ended 30 September 2021)

| | Current Period To Date 30.9.2022 | Preceding Period To Date 30.9.2021 | Changes | |
|--|----------------------------------|------------------------------------|----------------|---------------|
| | RM'000 | RM'000 | RM'000 | % |
| Gross revenue | | | | |
| - Realised | 50,460 | 47,894 | 2,566 | 5.4% |
| - Unrealised (unbilled lease rental receivable) | 1,511 | 1,511 | - | 0% |
| | 51,971 | 49,405 | 2,566 | 5.2% |
| Property expenses | (23,223) | (21,327) | (1,896) | -8.9% |
| Net property income | 28,748 | 28,078 | 670 | 2.4% |
| Interest and other income | 58 | 39 | 19 | 49.3% |
| Change in fair value of investment properties | (1,511) | (1,511) | - | 0% |
| Impairment loss on fair value of non-current asset held for sale | (4,652) | - | (4,652) | -100% |
| Unrealised gain on revaluation of derivatives | 775 | - | 775 | 100% |
| Unrealised gain/(loss) on financial liabilities measured at amortised cost | 572 | (293) | 865 | 296% |
| | 23,990 | 26,313 | (2,323) | -8.8% |
| Non-property expenses | (3,876) | (4,863) | 987 | 20.3% |
| Interest expense | (14,746) | (13,447) | (1,299) | -9.7% |
| Profit before taxation | 5,368 | 8,003 | (2,635) | -32.9% |
| Taxation | - | - | - | 0% |
| Profit after taxation | 5,368 | 8,003 | (2,635) | -32.9% |
| Profit after taxation is made up as follow: | | | | |
| - Realised | 8,673 | 8,296 | 377 | 4.5% |
| - Unrealised | (3,305) | (293) | (3,012) | -1029% |
| | 5,368 | 8,003 | (2,635) | -32.9% |

For the 6-month financial year period ended 30 September 2022, the Trust achieved higher realised gross revenue of RM50.5 million compared to RM47.9 million in the same period of last financial year. The increase was mainly due to improvement in occupancy rate in The Summit Retail and Office, Prima 9, Wisma AmFIRST and Menara AmBank coupled with absence of rental rebates in current financial period under review.

Property expenses increased by 8.9% compared to the preceding financial period mainly due to higher utility costs caused by higher electricity surcharge as well as higher repair and maintenance costs.

Non-property expenses were lower by 20.3% mainly due to reversal of provision for ECL in the current period as a result of improvement in collection compared to provision for ECL in the same period of last financial year.

Interest expense was higher by 9.7% mainly due to increase in cost of debts as a result of various hike in OPR in May 2022, July 2022 and September 2022. The weighted average interest cost as at 30 September 2022 was 3.98% against 3.18% as at 31 September 2021.

Overall, the Trust recorded a profit after taxation of RM5.4 million for the first half period ended 30 September 2022 compared to profit after taxation of RM8.0 million in the same period of last financial year. However, excluded the unrealised adjustments, the Trust generated higher realised net income of RM8.7 million compared to RM8.3 million in the same period of last financial year.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 September 2022

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

Quarterly Results (2Q FY2023 vs 1Q FY2023)

| | Current Year Quarter | Immediate Preceding Quarter | Changes | |
|--|----------------------|-----------------------------|----------------|---------------|
| | 30.9.2022 | 30.6.2022 | RM'000 | % |
| Gross Revenue | | | | |
| - Realised | 25,912 | 24,548 | 1,364 | 5.6% |
| - Unrealised (unbilled lease rental receivable) | 755 | 755 | - | 0% |
| | 26,667 | 25,303 | 1,364 | 5.4% |
| Property Expenses | (12,000) | (11,223) | (777) | -6.9% |
| Net Property Income | 14,667 | 14,080 | 587 | 4.2% |
| Interest and other income | 46 | 11 | 35 | 326% |
| Change in fair value of investment properties | (755) | (755) | - | 0% |
| Impairment loss on fair value of non-current asset held for sale | (4,652) | - | (4,652) | -100% |
| Unrealised gain on revaluation of derivatives | 775 | - | 775 | 100% |
| Unrealised gain/(loss) on financial liabilities measured at amortised cost | 618 | (45) | 663 | 1458% |
| | 10,699 | 13,291 | (2,592) | -19.5% |
| Non-property expenses | (1,640) | (2,236) | 596 | 26.7% |
| Interest expense | (7,849) | (6,897) | (952) | -13.8% |
| Profit before taxation | 1,210 | 4,158 | (2,948) | -70.9% |
| Taxation | - | - | - | 0% |
| Profit after taxation | 1,210 | 4,158 | (2,948) | -70.9% |
| Profit after taxation is made up as follow: | | | | |
| - Realised | 4,469 | 4,203 | 266 | 6.3% |
| - Unrealised | (3,259) | (45) | (3,214) | -7069% |
| | 1,210 | 4,158 | (2,948) | -70.9% |

Realised gross revenue for the current quarter under review was higher by 5.6% compared to the immediate preceding quarter mainly due to improvement in average occupancy rate in The Summit Retail and Office, Prima 9, Wisma AmFIRST and Menara AmBank.

Property expenses were higher by 6.9% mainly due to higher repair and maintenance expenses.

Non-property expenses were lower by 26.7% mainly due to reversal of provision for ECL in the current quarter as a result of improvement in collection.

Overall, the Trust recorded a profit after taxation of RM1.2 million in the current quarter compared to RM4.2 million in immediate preceding quarter. However, excluded the unrealised adjustments, the Trust generated higher realised net income of RM4.5 million in the current quarter compared to RM4.2 million in the immediate preceding quarter.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 September 2022

B3. PROSPECTS

The overall office occupancy and rental rates continue to face downward pressures amidst widening imbalances between supply and demand as well as more organisations especially MNCs, continue to re-evaluate their workplace strategies.

The retail sector has seen recovery in footfall and retail sales, but rising inflation and interest rate coupled with slower economic growth and supply chain disruptions may dampen consumer sentiments.

The Manager will continue to adopt appropriate strategies and operation measures to sustain the financial performance of the Trust for the financial year ending 31 March 2023.

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

As at 30 September 2022, the Trust's composition of investment portfolio is as follow:

| | Cost of Investment # As At 30.9.2022 | Valuation As At 30.9.2022 | % Valuation to Net Asset Value As At 30.9.2022 |
|-----------------------------------|--|---------------------------------|--|
| | RM'000 | RM'000 | % |
| Bangunan AmBank Group | 201,021 | 266,400 | 33.1% |
| Menara AmBank | 263,819 | 322,447 | 40.1% |
| Wisma AmFIRST | 95,280 | 113,700 | 14.1% |
| The Summit Subang USJ | 378,755 | 357,894 | 44.5% |
| Prima 9 | 73,328 | 73,100 | 9.1% |
| Prima 10 | 62,447 | 62,050 | 7.7% |
| Kompleks Tun Sri Lanang (Jaya 99) | 88,444 | 100,813 | 12.5% |
| Mydin HyperMall, Bukit Mertajam | 281,636 | 274,900 | 34.2% |
| | 1,444,730 | 1,571,304 | |
| Accrued unbilled rental income ^ | (28,268) | (28,268) | |
| | 1,416,462 | 1,543,036 | |

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.

B5. CHANGES IN PORTFOLIO COMPOSITION – CONTD.

On 1 July 2022, the Trust announced the proposed disposal of Menara AmFIRST for a cash consideration of RM62,000,000. The Trust has transferred Menara AmFIRST from investment properties to non-current assets held for sale at lower of its carrying amount and fair value less costs to sell during the current quarter under review. The proposed disposal was completed on 15 November 2022.

Save for the above, there were no other changes in the portfolio composition during the quarter under review.

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

On 1 July 2022, an announcement was made for the proposed disposal of a property, known as Menara AmFIRST, a 22-storey office building with 3 levels of basement car parks erected on a freehold land held under H.S.(M) 9104, PT 29649, Mukim Sungai Buloh, District of Petaling, State of Selangor to Forever Backup Sdn Bhd for a cash consideration of RM62,000,000. The proposed disposal was completed on 15 November 2022.

Save for the above, there were no other 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 30.9.2022 | As at 31.3.2022 |
|----------------------------------|--------------------|--------------------|
| Net Asset Value ("NAV") (RM'000) | 803,869 | 811,749 |
| NAV Per Unit (RM) | | |
| - Before income distribution | 1.1711 | 1.1826 |
| - After income distribution | 1.1597 | 1.1633 |
| Closing Unit Price Per Unit (RM) | 0.360 | 0.380 |

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

AmFIRST REAL ESTATE INVESTMENT TRUST

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For the Second Quarter Ended 30 September 2022

B9. BORROWINGS AND DEBT SECURITIES

| | Non-current | Current | Total |
|--|----------------|----------------|----------------|
| | RM'000 | RM'000 | RM'000 |
| <u>As at 30 September 2022</u> | | | |
| Secured | | | |
| Term Loan | 222,000 | 85,850 | 307,850 |
| Revolving Credit | 390,000 | 119,400 | 509,400 |
| | <u>612,000</u> | <u>205,250</u> | <u>817,250</u> |
| Unsecured | | | |
| Loan transaction costs subject to amortisation | (472) | (58) | (530) |
| Total Borrowings | 611,528 | 205,192 | 816,720 |
| <u>As at 30 September 2021</u> | | | |
| Secured | | | |
| Term Loan | 557,850 | - | 557,850 |
| Revolving Credit | 140,000 | 120,600 | 260,600 |
| | <u>697,850</u> | <u>120,600</u> | <u>818,450</u> |
| Unsecured | | | |
| Loan transaction costs subject to amortisation | (942) | (25) | (967) |
| Total Borrowings | 696,908 | 120,575 | 817,483 |

All the bank borrowings are denominated in Ringgit Malaysia.

As at 30 September 2022, the Trust's gearing ratio stood at 49.3% with total borrowings of RM817 million.

The weighted average interest cost (including the cost of hedging of the interest rate swap contract of RM50.0 million) as at 30 September 2022 was 3.99%. The Trust has entered into 5-year Interest Rate Swap contract with notional amount of RM50.0 million, which effectively hedged 5.7% of the total borrowings.

B10. DERIVATIVE

| | As at 30 September 2022 | | |
|---|-------------------------|------------|-----------|
| | Notional Value | Fair Value | |
| | RM'000 | Asset | Liability |
| <u>Maturity of Interest Rate Swap contract</u> | | | |
| - Less than 1 year | - | - | 162 |
| - 1 year to 3 years | - | 588 | - |
| - More than 3 years | 50,000 | 348 | - |

On 19 July 2022, the Trust entered into a 5-year Interest Rate Swap ("IRS") forward contract with a notional amount of RM50.0 million 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 3.62% per annum in exchange of the 3-month Kuala Lumpur Interbank Offered Rate (KLIBOR).

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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 2022, 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 2022, the Trustee's fee is calculated based on 0.03% per annum of the net asset value.

B13. UNITS HELD BY RELATED PARTIES

As at 30 September 2022, 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 | 66,056 |
| Yayasan Azman Hashim | 77,947 | 28,061 |
| AmMetLife Insurance Berhad on behalf of Life Fund | 11,200 | 4,032 |
| Azman bin Hashim | 849 | 306 |
| AmGroup Foundation | 3 | 1 |

The market value is determined by multiplying the number of units with the closing unit price of RM0.36 per unit as at 30 September 2022.

AmFIRST REAL ESTATE INVESTMENT TRUST

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For the Second Quarter Ended 30 September 2022

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 Unitholders, 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 2023.

| | Current Year 30.9.2022 RM'000 | Preceding Corresponding Year 30.9.2021 RM'000 |
|--|--|---|
| Income before taxation | 5,368 | 8,003 |
| Income tax using Malaysian tax rate of 24% (2021 : 24%) | 1,288 | 1,921 |
| Effects of non-deductible expenses | 2,498 | 216 |
| Effects of fair value adjustment on investment properties not subject to tax | 363 | 363 |
| Effects of income exempted from tax | (4,149) | (2,500) |
| 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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For the Second Quarter Ended 30 September 2022

B15. INCOME DISTRIBUTION

The Board of Director of the Manager of AmFIRST REIT, declared an interim income distribution of 1.14 sen per unit for the six-month period from 1 April 2022 to 30 September 2022 amounting to RM7,824,978 representing approximately 90% of the realised distributable net income for the six-month period from 1 April 2022 to 30 September 2022, payable on 28 December 2022 to the Unitholders registered in the Record of Depositors on 7 December 2022.

The interim income distribution for the six-month period ended 30 September 2022 is from the following sources:

| | Current Year To Date 30.9.2022 RM'000 | Preceding Year To Date 30.9.2021 RM'000 |
|--|---|---|
| Gross revenue | | |
| - Realised | 50,460 | 47,894 |
| - Unrealised (in relation to accrued unbilled rental receivables) | 1,511 | 1,511 |
| | 51,971 | 49,405 |
| Interest income | 35 | 25 |
| Other income | 23 | 14 |
| Change in fair value of investment properties | (1,511) | (1,511) |
| Impairment loss on fair value of non-current asset held for sale | (4,652) | - |
| Unrealised gain on revaluation of derivatives | 775 | - |
| Unrealised gain/(loss) on financial liabilities measured at amortised cost | 572 | (293) |
| Total income | 47,213 | 47,640 |
| Less : Total expenses (before manager's fees) | (38,484) | (36,308) |
| Net income before taxation (before manager's fees) | 8,729 | 11,332 |
| Less : Manager's fees | (3,361) | (3,329) |
| Net income before taxation | 5,368 | 8,003 |
| Less : Taxation | - | - |
| Net income after taxation | 5,368 | 8,003 |
| Less : Distribution adjustment (unrealised) | 3,305 | 293 |
| Total realised net income for the period | 8,673 | 8,296 |
| Undistributed realised income brought forward, 1 April | 8,777 | 7,322 |
| Total realised net income for the period | 8,673 | 8,296 |
| Total income available for distribution | 17,450 | 15,618 |
| Less : Interim income distribution | (7,825) | (7,482) |
| Undistributed realised income carried forward | 9,625 | 8,136 |
| Number of unit in circulation ('000) | 686,402 | 686,402 |
| Interim income distribution per unit (Sen) | 1.14 | 1.09 |

AmFIRST REAL ESTATE INVESTMENT TRUST

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B15. INCOME DISTRIBUTION – CONTD.

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

(i) **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**

On 28 February 2018, Swan Property Sdn Bhd and 14 others (the “Plaintiffs”) instituted legal proceedings against the The Summit Management Corporation (“MC”) (as the 1st Defendant) and Maybank Trustees Berhad (“MTB”) (as the 2nd Defendant) in the Kuala Lumpur High Court (“Civil Suit”). The Plaintiffs alleged that the MC has breached certain statutory and fiduciary duties and the MC and MTB have conspired to injure them in relation to a refurbishment and renovation exercise carried out at The Summit Subang USJ building.

By way of two (2) applications dated 10 April 2018 and 17 April 2018, the MC and MTB applied to the High Court to strike out the Plaintiffs’ claim (“Striking Out Applications”).

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 Applications was as follows:

- (a) The Plaintiffs’ claims (except the 5th Plaintiff) against MTB are stayed pending the disposal of related claims currently pending in the Strata Management Tribunal between the Plaintiffs and the MC (“SMT Proceedings”);
- (b) The 5th Plaintiff’s claim against MTB was struck out; and
- (c) The Plaintiffs’ claims against the MC were struck out.

The Plaintiffs filed four (4) Appeals to the Court of Appeal against the decision of the Striking Out Applications (“Appeals”). All four (4) Appeals were heard on 26 October 2021 and dismissed with costs on 9 December 2021 in favour of the MC and MTB.

On 7 January 2022, the 2nd Plaintiff in the Swan Property Group namely Looi Seow Leng (“Looi”) filed an application in the Federal Court for leave to appeal against the decision of the Court of Appeal (“Leave Application”).

Looi’s Notice of Motion and Affidavit in Support were served on 19 January 2022. The MC and MTB then filed their Affidavits in Reply and the respective Affidavits in Reply were served on Looi’s solicitors on 4 February 2022. Both Leave Applications were fixed for case management before the Federal Court on 25 February 2022.

B16. MATERIAL LITIGATION – CONTD.

- (i) **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– contd.**

On 3 March 2022, the Plaintiffs' Civil Suit before the High Court against MTB was struck out by the Court with liberty to be reinstated subject to the final decision of the Federal Court above.

During the case management on 16 June 2022, the Federal Court fixed the hearing of Looi's leave applications on 15 September 2022. Both parties filed their respective written submissions, bundle of authorities and a common core bundle on 8 June 2022. The Federal Court then fixed the next case management on 2 September 2022.

On 15 September 2022, the Federal Court allowed both of Looi's Leave Applications against the MC and MTB on the same questions of law. Both appeals are now registered under Federal Court Civil Appeals and the first case management for both appeals was on 7 November 2022. Looi has now filed an Application in Appeal 90 to consolidate both the Appeals. This Application is fixed for Hearing on 18 January 2023 and both the Appeals are fixed for further Case Management on the same date.

- (ii) **Shah Alam High Court Originating Summons ("OS") between Ho Phoy Kwang & Ho Phoy Chuin ("Plaintiffs") and The Summit Subang USJ Management Corporation ("Defendant" or the "MC")**

On 30 April 2021, the Plaintiffs filed the OS against the Defendant MC seeking inter alia the following reliefs:

- (a) A declaration that any proposed resolution determining different rates of maintenance charges for different parcels in the commercial building known as The Summit Subang USJ ("The Summit") passed at any Annual General Meetings or Extraordinary General Meeting convened before the judgment of the Court, is ultra vires the Strata Titles Act 1985 ("STA") and Strata Management Act 2013 ("SMA"), unlawful, null and void ab initio.
- (b) A declaration that a single maintenance charge rate per share unit per month be imposed in proportion to the allocated share units for each parcel in The Summit for each respective management periods from 1 January 2013 to 31 August 2018, 1 September 2018 to 31 August 2019, 1 September 2019 to 30 September 2020, 1 October 2020 to 31 October 2020 and between 1 November 2020 until the date before the next management period commences.
- (c) An order under Section 76 of the SMA that an administrator for the Defendant be appointed for a fixed period of time.

On 12 July 2021, the MC filed an application to convert the OS into a Writ action ("Conversion of OS to Writ").

B16. MATERIAL LITIGATION – CONTD.

(ii) Shah Alam High Court Originating Summons (“OS”) between Ho Phoy Kwang & Ho Phoy Chuin (“Plaintiffs”) and The Summit Subang USJ Management Corporation (“Defendant” or “MC”)– contd.

On 7 September 2021, Maybank Trustees Berhad (“MTB”) filed an application to intervene in the OS and be added as the 2nd Defendant.

On 17 September 2021, a group of owners in The Summit known as Swan Property Sdn Bhd & 13 others (“Swan Property Group”) filed an application to intervene in the OS and be added as Plaintiffs.

On 8 December 2021, the Shah Alam High Court allowed MTB’s application to intervene and be added as the 2nd Defendant in the OS and allowed the Swan Property Group to be added as Defendants.

On 21 December 2021, MTB filed an application to add itself as a party to the MC’s application to convert the OS into a Writ action (conversion application).

On 26 April 2022, the High Court dismissed the MC’s conversion application. However, the Court gave the MC liberty to cross examine the deponents of the affidavits.

On 9 May 2022, the MC filed a Notice of Appeal to the court of Appeal against the dismissal of the conversion application. At the case management on 26 July 2022, the Court of Appeal fixed the hearing of the appeal on 18 September 2023 and the next case management is on 5 September 2023.

On 18 May 2022, the MC filed a Notice of Application for Stay of Proceedings of the OS pending the full and final disposal of its appeal to the Court of Appeal. On 17 August 2022 the Court dismissed the MC’s stay application.

On 20 May 2022, the MC and MTB filed a Notice of Application for Intention to Cross-Examine Deponents of the Affidavits.

The Court fixed the hearing of the Notice of Application for Intention to cross-examine Deponents on 17 January 2023.

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 2022 and of its financial performance and cash flows for the year ended 30 September 2022 and duly authorized for release by the Board of Directors of the Manager on 18 November 2022.