



CONDENSED FINANCIAL STATEMENTS

THIRD QUARTER ENDED 31 DECEMBER 2022

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AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 31.12.2022 RM'000	Preceding Year Corresponding Quarter 31.12.2021 RM'000	Current Year To Date 31.12.2022 RM'000	Preceding Year To Date 31.12.2021 RM'000
Gross revenue				
- Realised	25,029	24,992	75,489	72,886
- Unrealised (in relation to unbilled lease rental receivable)	755	755	2,266	2,266
	<u>25,784</u>	<u>25,747</u>	<u>77,755</u>	<u>75,152</u>
Property expenses	(11,353)	(10,684)	(34,576)	(32,011)
Net property income	14,431	15,063	43,179	43,141
Interest income	33	8	67	33
Other income	1	2	27	17
Loss on disposal of investment property	(4,652)	-	(4,652)	-
Change in fair value of investment properties	(755)	(755)	(2,266)	(2,266)
Impairment loss on fair value of non-current asset held for sale	4,652	-	-	-
Unrealised (loss)/gain on revaluation of derivative	(517)	-	257	-
Unrealised loss on financial liabilities measured at amortised cost	(17)	(95)	555	(388)
	<u>13,176</u>	<u>14,223</u>	<u>37,167</u>	<u>40,537</u>
Administrative expenses				
Manager's fee	(1,651)	(1,720)	(5,012)	(5,049)
Trustee's fee	(80)	(82)	(241)	(246)
Valuation fee	(14)	(35)	(185)	(105)
Auditors' remuneration	(13)	(13)	(41)	(40)
Tax agent's fee	(4)	(3)	(12)	(10)
Allowance of ECL	558	358	827	(669)
Others expenses	(580)	(253)	(997)	(493)
Interest expense	(8,375)	(6,752)	(23,121)	(20,199)
	<u>(10,159)</u>	<u>(8,500)</u>	<u>(28,782)</u>	<u>(26,811)</u>
Profit before taxation	3,017	5,723	8,385	13,726
Taxation	-	-	-	-
Profit for the financial period	3,017	5,723	8,385	13,726
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	<u>3,017</u>	<u>5,723</u>	<u>8,385</u>	<u>13,726</u>
Total comprehensive income for the period is made up as follows:-				
- Realised	3,551	5,818	7,573	14,114
- Unrealised	(534)	(95)	812	(388)
	<u>3,017</u>	<u>5,723</u>	<u>8,385</u>	<u>13,726</u>
Number of units in circulation (Unit) ('000)	686,402	686,402	686,402	686,402
Basic Earnings Per Unit (EPU) (sen)				
- Realised	0.52	0.85	1.10	2.06
- Unrealised	(0.08)	(0.01)	0.12	(0.06)
	<u>0.44</u>	<u>0.84</u>	<u>1.22</u>	<u>2.00</u>

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 31.12.2022 (Unaudited) RM'000	As At 31.3.2022 (Audited) RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,542,476	1,608,747
Right-of-use assets	126	181
Accrued unbilled lease receivables	29,024	26,757
Accrued lease receivable	-	609
	1,571,626	1,636,294
Current Assets		
Receivables	14,481	19,550
Deposits with financial institution	1,543	1,518
Cash and bank balances	1,922	3,913
	17,946	24,981
TOTAL ASSETS	1,589,572	1,661,275
LIABILITIES		
Non-Current Liabilities		
Rental deposits	15,864	13,626
Borrowings	389,807	697,526
Deferred tax liability	1,236	1,236
Lease liabilities	58	23
	406,965	712,411
Current Liabilities		
Payables	7,148	7,399
Lease liabilities	72	166
Rental deposits	7,609	11,863
Borrowings	368,717	117,687
	383,546	137,115
TOTAL LIABILITIES	790,511	849,526
NET ASSET VALUE	799,061	811,749
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	636,625	636,625
Undistributed income - Realised	7,887	22,025
Undistributed income - Unrealised	154,549	153,099
	799,061	811,749
Number of Units In Circulation (Unit) ('000)	686,402	686,402
Net Asset Value (NAV) per unit (RM)		
- Before income distribution	1.1641	1.1826
- After income distribution	1.1641	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	-	7,573	812	8,385
Realisation of unrealised loss on disposal	-	(638)	638	-
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- FY2022 Final	-	(13,248)	-	(13,248)
- FY2023 Interim	-	(7,825)	-	(7,825)
As at 31 December 2022	636,625	7,887	154,549	799,061
<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	-	14,114	(388)	13,726
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- FY2021 Final	-	(9,747)	-	(9,747)
- FY2022 Interim	-	(7,482)	-	(7,482)
As at 31 December 2021	636,625	13,954	169,549	820,129

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 31.12.2022 RM'000	Preceding Period To Date 31.12.2021 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	8,385	13,726
<i>Adjustment for :-</i>		
Unbilled lease receivable	(2,267)	(2,266)
Interest income from placement with financial institution	(67)	(33)
Interest on lease liability	6	9
Interest expense	23,115	20,190
Depreciation of right-of-use assets	151	145
Allowance of ECL	(827)	914
Loss on disposal of investment property	4,652	-
Change in fair value of investment properties	2,266	2,266
Loss on financial liabilities measured at amortised cost	(555)	388
Unrealised fair value gain on derivatives	(257)	-
Operating profit before working capital changes	34,602	35,339
Changes in working capital		
Decrease/(Increase) in receivables	6,762	(2,608)
Increase in payables	(420)	837
Decrease in rental deposits	(1,461)	(1,623)
Net cash generated from operating activities	39,483	31,945
CASH FLOW FROM INVESTING ACTIVITIES		
Enhancement of investment properties	(596)	(1,438)
Net proceeds from disposal of investment property	59,948	-
Interest income	67	33
Net cash generated from/(used in) investing activities	59,419	(1,405)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(22,944)	(20,110)
Distributions paid to Unitholders	(21,073)	(17,229)
(Repayment)/Drawdown of borrowings (net)	(56,690)	7,910
Payment of lease liabilities	(160)	(165)
Net cash used in from financing activities	(100,867)	(29,594)
Net (decrease)/increase in cash and cash equivalents	(1,965)	946
Cash and cash equivalents at the beginning of the year	5,430	4,730
Cash and cash equivalents at the end of the period	3,465	5,676
Cash and cash equivalents included in the statement of cash flows comprise of the following:		
Deposits with financial institution	1,543	1,511
Cash and bank balances	1,922	4,165
	3,465	5,676

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 Third Quarter Ended 31 December 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 Third Quarter Ended 31 December 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

There was no significant event subsequent to the current quarter ended 31 December 2022.

A9. INCOME DISTRIBUTION PAID

During the quarter under review, the Trust had on 28 December 2022, paid an interim income distribution of 1.14 sen per unit, amounting to RM7,824,980 for the six-month period from 1 April 2022 to 30 September 2022.

A10. VALUATION OF INVESTMENT PROPERTIES

The carrying value of investment properties as at 31 December 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 31 December 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 Third Quarter Ended 31 December 2022

A13. REALISED AND UNREALISED INCOME DISCLOSURE

The breakdown of undistributed income into realised and unrealised as at 31 December 2022 was summarised as below:

	As at 31.12.2022 RM'000	As at 31.3.2022 RM'000
<u>Realised</u>		
Distributable undistributed income	13,177	22,025
Capital loss from disposal of investment properties	(4,652)	-
Cumulative net change in fair value of investment properties	(638)	-
	7,887	22,025
<u>Unrealised</u>		
Cumulative net change in fair value of investment properties	134,792	136,421
Unrealised gain on revaluation of derivatives	257	-
Unrealised gain on financial liabilities measured at amortized cost	1,780	1,224
Unrealised income - Unbilled lease receivable	18,956	16,690
Provision for deferred tax on change in fair value of investment properties	(1,236)	(1,236)
	154,549	153,099
Total	162,436	175,124

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For the Third Quarter Ended 31 December 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 (3Q FY2023 vs 3Q FY2022)

	Current Year Quarter	Preceding Year Quarter	Changes	
	31.12.2022	31.12.2021	RM'000	%
Gross revenue				
- Realised	25,029	24,992	37	0.1%
- Unrealised (unbilled lease rental receivable)	755	755	-	0%
	25,784	25,747	37	0.1%
Property expenses	(11,353)	(10,684)	(669)	-6.3%
Net property income	14,431	15,063	(632)	-4.2%
Interest and other income	34	10	24	239%
Loss on disposal of investment property	(4,652)	-	(4,652)	-100%
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 loss on revaluation of derivatives	(517)	-	(517)	-100%
Unrealised loss on financial liabilities measured at amortised cost	(17)	(95)	78	82%
	13,176	14,223	(1,047)	-7.4%
Non-property expenses	(1,784)	(1,748)	(36)	-2.1%
Interest expense	(8,375)	(6,752)	(1,623)	-24.0%
Profit before taxation	3,017	5,723	(2,706)	-47.3%
Taxation	-	-	-	0%
Profit after taxation	3,017	5,723	(2,706)	-47.3%
Profit after taxation is made up as follow:				
- Realised net income from operation	3,551	5,818	(2,267)	-39.0%
- Unrealised	(534)	(95)	(439)	-460%
	3,017	5,723	(2,706)	-47.3%

For the current quarter ended 31 December 2022, realised gross revenue was marginally higher by 0.1% compared to preceding year corresponding quarter mainly due to higher average occupancy rates recorded in The Summit Retail and Office, Prima 9 and Menara AmBank coupled with absence of rental rebates and higher carpark income for the current quarter under review. However, the increase was offset partially by lower gross revenue at Menara AmFIRST due to the disposal of the property on 15 November 2022.

Property expenses were higher by 6.3% mainly due to higher utility expenses caused by higher electricity surcharge as well as higher repair and maintenance costs.

Interest expenses was higher by 24.0% due to increase in cost of debts as a result of various hike in OPR during May 2022 to November 2022.

Overall, the Trust recorded a lower profit after taxation of RM3.0 million for the current quarter under review.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the Third Quarter Ended 31 December 2022

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

Financial Period to Date Results (YTD) ended 31 December 2022 vs YTD ended 31 December 2021)

	Current Period To Date 31.12.2022	Preceding Period To Date 31.12.2021	Changes	
	RM'000	RM'000	RM'000	%
Gross revenue				
- Realised	75,489	72,886	2,603	3.6%
- Unrealised (unbilled lease rental receivable)	2,266	2,266	-	0%
	77,755	75,152	2,603	3.5%
Property expenses	(34,576)	(32,011)	(2,565)	-8.0%
Net property income	43,179	43,141	38	0.1%
Interest and other income	94	50	44	88.8%
Loss on disposal of investment property	(4,652)	-	(4,653)	-100.0%
Change in fair value of investment properties	(2,266)	(2,266)	-	0%
Impairment loss on fair value of non-current asset held for sale	-	-	-	-100%
Unrealised gain on revaluation of derivatives	257	-	257	100%
Unrealised gain/(loss) on financial liabilities measured at amortised cost	555	(388)	943	243%
	37,167	40,537	(3,370)	-8.3%
Non-property expenses	(5,661)	(6,612)	951	14.4%
Interest expense	(23,121)	(20,199)	(2,922)	-14.5%
Profit before taxation	8,385	13,726	(5,341)	-38.9%
Taxation	-	-	-	0%
Profit after taxation	8,385	13,726	(5,341)	-38.9%
Profit after taxation is made up as follow:				
- Realised net income from operation	12,225	14,114	(1,889)	-13.4%
- Realised capital loss from disposal of investment properties	(4,652)	-	(4,652)	-100.0%
- Unrealised	812	(388)	1,200	309%
	8,385	13,726	(5,342)	-38.9%

The Trust achieved higher realised gross revenue of RM75.5 million, an increase of 3.6% compared to RM72.9 million reported in the same period of last financial year. The increase was mainly due to improvement in occupancy rates in The Summit Retail and Office, Prima 9 and Menara AmBank coupled with absence of rental rebates in current financial period under review. However, the increase was partly offset by lower gross revenue at Menara AmFIRST due to the completion of the disposal on 15 November 2022.

Property expenses increased by 8.0% mainly due to higher utility costs arising from higher electricity surcharge as well as higher repair and maintenance costs.

Interest expense was higher by 14.5% mainly due to increase in cost of debts as a result of various hikes in OPR during May 2022 to November 2022. The weighted average interest cost as at 31 December 2022 was 4.31% against 3.19% as at 31 December 2021.

The divestment of Menara AmFIRST for a cash consideration of RM62 million was completed on 15 November 2022, resulted to a net disposal capital loss of RM4.6 million.

Overall, the Trust recorded a profit after taxation of RM8.4 million compared to RM13.7 million in the same period of last financial year.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the Third Quarter Ended 31 December 2022

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

Quarterly Results (3Q FY2023 vs 2Q FY2023)

	Current Year Quarter	Immediate Preceding Quarter	Changes	
	31.12.2022	30.9.2022	RM'000	%
Gross Revenue				
- Realised	25,029	25,912	(883)	-3.4%
- Unrealised (unbilled lease rental receivable)	755	755	-	0%
	25,784	26,667	(883)	-3.3%
Property Expenses	(11,353)	(12,000)	647	5.4%
Net Property Income	14,431	14,667	(236)	-1.6%
Interest and other income	34	46	(12)	-26%
Loss on disposal of investment property	(4,652)	-	(4,652)	-100%
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)	9,304	200%
Unrealised gain/(loss) on revaluation of derivatives	(517)	775	(1,292)	-100%
Unrealised gain/(loss) on financial liabilities measured at amortised cost	(17)	618	(635)	-103%
	13,176	10,699	2,477	23.2%
Non-property expenses	(1,784)	(1,640)	(144)	-8.8%
Interest expense	(8,375)	(7,849)	(526)	-6.7%
Profit before taxation	3,017	1,210	1,807	149.3%
Taxation	-	-	-	0%
Profit after taxation	3,017	1,210	1,807	149.3%
Profit after taxation is made up as follow:				
- Realised	3,551	4,469	(918)	-20.5%
- Unrealised	(534)	(3,259)	2,725	84%
	3,017	1,210	1,807	149.3%

Realised gross revenue for the current quarter under review was lower by 3.4% compared to the immediate preceding quarter mainly due to the disposal of Menara AmFIRST which was completed on 15 November 2022 and lower rental in Wisma AmFIRST.

Property expenses were lower by 5.4% mainly due to the exclusion of property expenses of Menara AmFIRST after disposal completed on 15 November 2022.

In the second quarter for the current financial year, the Trust recognised a capital loss on disposal of Menara AmFIRST amounted to RM4.6 million.

Overall, the Trust recorded a higher profit after taxation of RM3.0 million in the current quarter compared to RM1.2 million in immediate preceding quarter.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For the Third Quarter Ended 31 December 2022

B3. PROSPECTS

The office market remains competitive amidst widening imbalances between supply and demand as more organisations especially MNCs, continue to re-evaluate their workplace strategies.

The retail sector has seen recovery in footfall and retail sales, however rising inflation coupled with expected slower economic growth may dampen consumer sentiments.

At the Trust's level, despite higher gross revenue from improvement in overall occupancy, the increase in the operating costs arising from higher utility charges due to the increase in electricity tariff, implementation of higher minimum wages and rising interest rate environment will lower the net realised income of the Trust.

The Manager will continue to adopt appropriate strategies and operation measures in order to improve revenue and to mitigate the impact of rising cost to sustain the financial performance 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

As at 31 December 2022, the Trust's composition of investment portfolio is as follow:

	Cost of Investment # As At 31.12.2022 RM'000	Valuation As At 31.12.2022 RM'000	% Valuation to Net Asset Value As At 31.12.2022 %
Bangunan AmBank Group	201,180	266,559	33.4%
Menara AmBank	263,940	322,484	40.4%
Wisma AmFIRST	95,280	113,700	14.2%
The Summit Subang USJ	378,999	357,894	44.8%
Prima 9	73,328	73,100	9.1%
Prima 10	62,447	62,049	7.8%
Kompleks Tun Sri Lanang (Jaya 99)	88,453	100,813	12.6%
Mydin HyperMall, Bukit Mertajam	254,124	274,900	34.4%
	1,417,751	1,571,499	
Accrued unbilled rental income ^	(29,023)	(29,023)	
	1,388,728	1,542,476	

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 Third Quarter Ended 31 December 2022

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 31.12.2022	As at 31.3.2022
Net Asset Value ("NAV") (RM'000)	799,061	811,749
NAV Per Unit (RM)		
- Before income distribution	1.1641	1.1826
- After income distribution	1.1641	1.1633
Closing Unit Price Per Unit (RM)	0.355	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.

B9. BORROWINGS AND DEBT SECURITIES

	Non-current RM'000	Current RM'000	Total RM'000
As at 31 December 2022			
Secured			
Term Loan	-	250,850	250,850
Revolving Credit	390,000	118,100	508,100
	390,000	368,950	758,950
Unsecured			
Loan transaction costs subject to amortisation	(193)	(233)	(426)
Total Borrowings	389,807	368,717	758,524
As at 31 December 2021			
Secured			
Term Loan	557,850	-	557,850
Revolving Credit	140,000	125,600	265,600
	697,850	125,600	823,450
Unsecured			
Loan transaction costs subject to amortisation	(839)	-	(839)
Total Borrowings	697,011	125,600	822,611

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For the Third Quarter Ended 31 December 2022

B9. BORROWINGS AND DEBT SECURITIES – CONTD.

All the bank borrowings are denominated in Ringgit Malaysia.

As at 31 December 2022, the Trust's gearing ratio stood at 47.7% with total borrowings of RM758.5 million.

The weighted average interest cost (including the cost of hedging of the interest rate swap contract of RM50.0 million) as at 31 December 2022 was 4.31%.

On 19 July 2022, the Trust has entered into 5-year Interest Rate Swap ("IRS") contract with notional amount of RM50.0 million.

On 7 February 2023, the Trust entered into another 5-year IRS contract with a notional amount of RM100.0 million which has effectively hedged a total RM150 million or 20% of the borrowings.

B10. DERIVATIVE

	As at 31 December 2022		
	Notional Value	Fair Value	
	RM'000	Asset	Liability

Maturity of Interest Rate Swap contract

- Less than 1 year	-	-	-
- 1 year to 3 years	-	163	-
- More than 3 years	50,000	94	-

- (i) 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).
- (ii) On 7 February 2023, the Trust entered into a 5-year Interest Rate Swap ("IRS") forward contract with a notional amount of RM100.0 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 3.57% per annum in exchange of the 3-month Kuala Lumpur Interbank Offered Rate (KLIBOR).

B11. MANAGER'S FEE

Pursuant to the Deed constituting AmFIRST REIT, the Manager's fee consists of a base fee up to 0.50% per annum of the total asset value of the Trust (excluding any taxes payable) and a performance fee of 3.0% per annum of net property income (excluding any taxes payable), accruing monthly but before deduction of property management fee.

For the current quarter ended 31 December 2022, the Manager's fee consists of a base fee of 0.3% per annum and performance fee of 3.0% per annum.

AmFIRST REAL ESTATE INVESTMENT TRUST

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B12. TRUSTEE'S FEE

Pursuant to the Deed constituting AmFIRST REIT, the Trustee is entitled to receive a fee up to 0.10% per annum of the net asset value of the Trust.

For the current quarter ended 31 December 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 31 December 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	65,139
Yayasan Azman Hashim	77,947	27,671
AmMetLife Insurance Berhad on behalf of Life Fund	11,200	3,976
Azman bin Hashim	849	301
AmGroup Foundation	3	1

The market value is determined by multiplying the number of units with the closing unit price of RM0.355 per unit as at 31 December 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 31.12.2022 RM’000	Preceding Corresponding Year 31.12.2021 RM’000
Income before taxation	8,385	8,003
Income tax using Malaysian tax rate of 24% (2021 : 24%)	2,012	1,921
Effects of non-deductible expenses	3,497	216
Effects of fair value adjustment on investment properties not subject to tax	544	363
Effects of income exempted from tax	(6,053)	(2,500)
Tax expense	-	-

B15. INCOME DISTRIBUTION

During the current quarter under review, the Trust had on 28 December 2022, paid an interim income distribution of 1.14 sen per unit for the six-month financial period from 1 April 2022 to 30 September 2022, totaling RM7,824,980.

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”).

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.**

Leave Applications were fixed for case management before the Federal Court on 25 February 2022.

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.

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 were on 7 November 2022. Looi has now filed an Application in Appeal to consolidate both the Appeals.

On 18 January 2023, Federal Court dismissed the Appellant's consolidation application and further ordered both appeals by the Appellant against the Management Corporation and MTB be heard on the same day with a common core bundle filed.

The case management on 31 January 2023 to regularize the appeals have fixed for the hearing date for both appeals on 10 April 2023.

- (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.

The Court has vacated the hearing on 17 January 2023 and parties are in the midst of rescheduling the hearing date.

B17. STATEMENT BY THE DIRECTORS OF THE MANAGER

In the opinion of the Board of Directors of the Manager, this quarterly report has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by Malaysian Accounting Standard Board (“MASB”), IAS 34: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of AmFIRST REIT as at 31 December 2022 and of its financial performance and cash flows for the year ended 31 December 2022 and duly authorized for release by the Board of Directors of the Manager on 21 February 2023.