



CONDENSED FINANCIAL STATEMENTS

FIRST QUARTER ENDED 30 JUNE 2023

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AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 30.6.2023 RM'000	Preceding Year Corresponding Quarter 30.6.2022 RM'000	Current Year To Date 30.6.2023 RM'000	Preceding Year To Date 30.6.2022 RM'000
Gross revenue				
- Realised	24,042	24,548	24,042	24,548
- Unrealised (in relation to unbilled lease rental receivable)	755	755	755	755
	24,797	25,303	24,797	25,303
Property expenses	(10,888)	(11,223)	(10,888)	(11,223)
Net property income	13,909	14,080	13,909	14,080
Interest income	13	8	13	8
Other income	10	3	10	3
Change in fair value of investment properties	(755)	(755)	(755)	(755)
Unrealised loss on revaluation of derivative	(136)	-	(136)	-
Unrealised gain/(loss) on financial liabilities measured at amortised cost	42	(45)	42	(45)
	13,083	13,291	13,083	13,291
Administrative expenses				
Manager's fee	(1,618)	(1,669)	(1,618)	(1,669)
Trustee's fee	(80)	(81)	(80)	(81)
Valuation fee	(36)	(59)	(36)	(59)
Auditors' remuneration	(18)	(14)	(18)	(14)
Tax agent's fee	(4)	(4)	(4)	(4)
Allowance of ECL	(314)	(270)	(314)	(270)
Others expenses	(224)	(139)	(224)	(139)
Interest expense	(8,335)	(6,897)	(8,335)	(6,897)
	(10,629)	(9,133)	(10,629)	(9,133)
Profit before taxation	2,454	4,158	2,454	4,158
Taxation	-	-	-	-
Profit for the financial year	2,454	4,158	2,454	4,158
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	2,454	4,158	2,454	4,158
Total comprehensive income for the period is made up as follows:				
- Realised	2,549	4,203	2,549	4,203
- Unrealised	(95)	(45)	(95)	(45)
	2,454	4,158	2,454	4,158
Number of units in circulation (Unit) ('000)	686,402	686,402	686,402	686,402
Basic Earnings Per Unit (EPU) (sen)				
- Realised	0.37	0.61	0.37	0.61
- Unrealised	(0.01)	(0.01)	(0.01)	(0.01)
	0.36	0.60	0.36	0.60

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2023 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	As At 30.6.2023 (Unaudited) RM'000	As At 31.3.2023 (Audited) RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,543,111	1,543,421
Right-of-use assets	780	669
Accrued unbilled lease receivables	30,534	29,780
	1,574,425	1,573,870
Current Assets		
Receivables	7,215	8,529
Other receivables, deposits and prepayments	3,120	6,052
Deposits with financial institution	1,560	1,551
Cash and bank balances	909	1,656
	12,804	17,788
TOTAL ASSETS	1,587,229	1,591,658
LIABILITIES		
Non-Current Liabilities		
Rental deposits	15,238	15,238
Borrowings	249,838	309,823
Deferred tax liability	1,261	1,261
Lease liabilities	585	585
	266,922	326,907
Current Liabilities		
Payables	6,699	7,199
Lease liabilities	209	91
Rental deposits	8,395	8,283
Borrowings	508,384	444,304
	523,687	459,877
TOTAL LIABILITIES	790,609	786,784
NET ASSET VALUE	796,620	804,874
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	636,625	636,625
Undistributed income - Realised	5,030	13,189
Undistributed income - Unrealised	154,965	155,060
	796,620	804,874
Number of Units In Circulation (Unit) ('000)	686,402	686,402
Net Asset Value (NAV) per unit (RM)		
- Before income distribution	1.1606	1.1726
- After income distribution	1.1606	1.1570

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements statements for the financial year ended 31 March 2023 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

	← Undistributed Income →			
	Unitholders' Capital RM'000	Realised Income RM'000	Unrealised Income RM'000	
<u>Current Year To Date</u>				
As at 1 April 2023	636,625	13,189	155,060	804,874
Total comprehensive income for the period	-	2,549	(95)	2,454
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- FY2023 Final	-	(10,708)	-	(10,708)
As at 30 June 2023	636,625	5,030	154,965	796,620
<u>Preceding Year To Date</u>				
As at 1 April 2022	636,625	22,025	153,099	811,749
Total comprehensive income for the period	-	4,203	(45)	4,158
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- FY2022 Final	-	(13,248)	-	(13,248)
As at 30 June 2022	636,625	12,980	153,054	802,659

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 2023 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

	Current Period To Date 30.6.2023 RM'000	Preceding Period To Date 30.6.2022 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,454	4,158
<i>Adjustment for :-</i>		
Unbilled lease receivable	(755)	(755)
Interest income from placement with financial institution	(13)	(8)
Interest on lease liability	15	2
Interest expense	8,320	6,895
Depreciation of right-of-use assets	46	47
Allowance of ECL	314	270
Change in fair value of investment properties	755	755
(Gain)/Loss on financial liabilities measured at amortised cost	(42)	45
Unrealised fair value gain on derivatives	136	-
Operating profit before working capital changes	11,230	11,409
Changes in working capital		
Decrease in receivables	3,793	3,413
Decrease in payables	(363)	(410)
Increase/(Decrease) in rental deposits	153	(247)
Net cash generated from operating activities	14,813	14,165
CASH FLOW FROM INVESTING ACTIVITIES		
Enhancement of investment properties	(445)	(62)
Interest income	13	8
Net cash used in investing activities	(432)	(54)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(8,452)	(6,821)
Distributions paid to Unitholders	(10,708)	(13,248)
Drawdown of borrowings (net)	4,096	5,603
Payment of lease liabilities	(55)	(50)
Net cash used in from financing activities	(15,119)	(14,516)
Net decrease in cash and cash equivalents	(738)	(405)
Cash and cash equivalents at the beginning of the year	3,207	5,430
Cash and cash equivalents at the end of the period	2,469	5,025
Cash and cash equivalents included in the statement of cash flows comprise of the following:		
Deposits with financial institution	1,560	1,526
Cash and bank balances	909	3,499
	2,469	5,025

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2023 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the First Quarter Ended 30 June 2023

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 2023.

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 2023 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 2023.

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 2023 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 First Quarter Ended 30 June 2023

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 under review.

A9. INCOME DISTRIBUTION PAID

During the quarter under review, the Trust had on 31 May 2023, paid a final income distribution of 1.56 sen per unit, amounting to RM10,707,865 for the six-month period from 1 October 2022 to 31 March 2023.

A10. VALUATION OF INVESTMENT PROPERTIES

The carrying value of investment properties as at 30 June 2023 is based on the valuation of independent registered valuers from the previous audited financial statements for the financial year ended 31 March 2023 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 2023.

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 2023

A13. REALISED AND UNREALISED INCOME DISCLOSURE

The breakdown of undistributed income into realised and unrealised as at 30 June 2023 was summarised as below:

	As at 30.6.2023 RM'000	As at 31.3.2023 RM'000
<u>Realised</u>		
Distributable undistributed income	10,320	18,479
Capital loss from disposal of investment properties	(4,652)	(4,652)
Cumulative net change in fair value of investment property	(638)	(638)
	5,030	13,189
<u>Unrealised</u>		
Cumulative net change in fair value of investment properties	133,699	134,455
Unrealised gain on revaluation of derivatives	466	603
Unrealised gain on financial liabilities measured at amortized cost	1,595	1,552
Unrealised income - Unbilled lease receivable	20,466	19,711
Provision for deferred tax on change in fair value of investment properties	(1,261)	(1,261)
	154,965	155,060
Total	159,995	168,249

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the First Quarter Ended 30 June 2023

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 FY2024 vs 1Q FY2023)

	Current Year	Preceding Year	Changes	
	Quarter 30.6.2023	Quarter 30.6.2022	RM'000	%
Gross revenue				
- Realised	24,042	24,548	(506)	-2.1%
- Unrealised (unbilled lease rental receivable)	755	755	-	0%
	24,797	25,303	(506)	-2.0%
Property expenses	(10,888)	(11,223)	335	3.0%
Net property income	13,909	14,080	(171)	-1.2%
Interest and other income	23	11	12	112%
Change in fair value of investment properties	(755)	(755)	-	0%
Unrealised loss on revaluation of derivatives	(136)	-	(136)	-100%
Unrealised gain/(loss) on financial liabilities measured at amortised cost	42	(45)	87	191.4%
	13,083	13,291	(208)	-1.6%
Non-property expenses	(1,980)	(1,966)	(14)	-0.7%
Allowance of ECL on trade receivables	(314)	(270)	(44)	-16.3%
Interest expense	(8,335)	(6,897)	(1,438)	-20.9%
Profit before taxation	2,454	4,158	(1,704)	-41.0%
Taxation	-	-	-	0.0%
Profit after taxation	2,454	4,158	(1,704)	-41.0%
Profit after taxation is made up as follow:				
- Realised net income from operation	2,549	4,203	(1,654)	-39.4%
- Unrealised	(95)	(45)	(50)	-110.2%
	2,454	4,158	(1,704)	-41.0%

For the current quarter ended 30 June 2023, realised gross revenue was lower by 2.1% compared to preceding year corresponding quarter mainly due to disposal of Menara AmFIRST effective from 15 November 2022. Excluding Menara AmFIRST, the Trust registered a higher realised gross revenue by 2.4% contributed by higher average occupancy at The Summit Retail, The Summit Office and Prima 9.

Property expenses were lower by 3.0% mainly due to the disposal of Menara AmFIRST. The lower property expenses were partly offset by higher electricity charges arising from higher tariff charges effective January 2023.

Interest expenses was higher by 20.9% due to increase in cost of debts as a result of various hike in OPR during May 2022 to May 2023 totaling to 125 basis points.

Overall, the Trust recorded a profit after taxation of RM2.5 million for the current quarter under review, compared to RM4.1 million in the same period of last financial year.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the First Quarter Ended 30 June 2023

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

Quarterly Results (1Q FY2024 vs 4Q FY2023)

	Current Year Quarter	Immediate Preceding Quarter	Changes	
	30.6.2023	31.3.2023	RM'000	%
Gross Revenue				
- Realised	24,042	24,918	(876)	-3.5%
- Unrealised (unbilled lease rental receivable)	755	755	-	0%
	24,797	25,673	(876)	-3.4%
Property Expenses	(10,888)	(9,941)	(947)	-9.5%
Net Property Income	13,909	15,732	(1,823)	-11.6%
Interest and other income	23	21	2	9.5%
Change in fair value of investment properties	(755)	(337)	(418)	-124.0%
Unrealised (loss)/gain on revaluation of derivatives	(136)	345	(481)	-139.4%
Unrealised gain/(loss) on financial liabilities measured at amortised cost	42	(227)	269	118.5%
	13,083	15,534	(2,451)	-15.8%
Non-property expenses	(1,980)	(1,934)	(46)	-2.4%
(Allowance)/Reversal of ECL on trade receivables	(314)	351	(665)	-189.5%
Interest expense	(8,335)	(8,113)	(222)	-2.7%
Profit before taxation	2,454	5,838	(3,384)	-58.0%
Taxation	-	(25)	25	-100%
Profit after taxation	2,454	5,813	(3,359)	-57.8%
Profit after taxation is made up as follow:				
- Realised net income from operation	2,549	5,301	(2,752)	-51.9%
- Unrealised	(95)	512	(607)	-118.5%
	2,454	5,813	(3,359)	-57.8%

Realised gross revenue for the current quarter under review was lower by 3.5% compared to the immediate preceding quarter mainly due to lower average occupancy at Wisma AmFIRST and Menara AmBank due to non-renewal of tenancy and downsizing of space by tenants.

Property expenses were higher by 9.5% mainly due to one month rebate of service charge for The Summit Subang USJ received in the immediate preceding quarter.

Interest expenses was higher by 2.7% due to increase in cost of debts as a result of the hike in OPR in May 2023 by 25 basis points.

Overall, the Trust recorded a lower profit after taxation of RM2.5 million in the current quarter compared to RM5.8 million in immediate preceding quarter.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the First Quarter Ended 30 June 2023

B3. PROSPECTS

The office market remains competitive amidst widening imbalances between supply and demand.

Retail sector is favorable with upward trend in footfall and retail sale, however, the rising inflation and interest rate as well as economic uncertainty may dampen consumer sentiments.

At the Trust's level, the increase in the operating costs arising from higher utility charges due to the high electricity tariff, implementation of higher minimum wages and rising interest rate 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 30 June 2023, the Trust's composition of investment portfolio is as follow:

	Cost of Investment ¹ As At 30.6.2023 RM'000	Valuation As At 30.6.2023 RM'000	% Valuation to Net Asset Value As At 30.6.2023 %
Bangunan AmBank Group	201,284	266,521	33.5%
Menara AmBank	264,067	322,483	40.5%
Wisma AmFIRST	95,387	114,046	14.3%
The Summit Subang USJ	380,175	359,855	45.2%
Prima 9	73,451	72,022	9.0%
Prima 10	62,492	61,610	7.7%
Kompleks Tun Sri Lanang (Jaya 99)	88,499	101,107	12.7%
Mydin HyperMall, Bukit Mertajam	254,124	276,000	34.6%
	1,419,479	1,573,644	
Accrued unbilled rental income ²	-	(30,534)	
	1,419,479	1,543,110	

¹ Cost of investment comprised purchase consideration paid, incidental cost of acquisition and capital expenditure incurred since acquisition.

² 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 2023

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 30.6.2023	As at 31.3.2022
Net Asset Value ("NAV") (RM'000)	796,620	804,874
NAV Per Unit (RM)		
- Before income distribution	1.1606	1.1726
- After income distribution	1.1606	1.1570
Closing Unit Price Per Unit (RM)	0.330	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 30 June 2023			
Secured			
Term Loan	-	250,850	250,850
Revolving Credit	250,000	257,600	507,600
	250,000	508,450	758,450
Unsecured			
Loan transaction costs subject to amortisation	(162)	(65)	(228)
Total Borrowings	249,838	508,385	758,222
As at 31 March 2023			
Secured			
Term Loan	-	250,850	250,850
Revolving Credit	310,000	193,600	503,600
	310,000	444,450	754,450
Unsecured			
Loan transaction costs subject to amortisation	(177)	(146)	(323)
Total Borrowings	309,823	444,304	754,127

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For the First Quarter Ended 30 June 2023

B9. BORROWINGS AND DEBT SECURITIES – CONTD.

All the bank borrowings are denominated in Ringgit Malaysia.

As at 30 June 2023, the Trust's gearing ratio stood at 47.8% with total borrowings of RM758.2 million.

As at 30 June 2023, the weighted average interest cost (including the cost of hedging of the interest rate swap contract of RM150.0 million) was 4.43%.

B10. DERIVATIVE

	As at 30 June 2023		
	Notional Value	Fair Value	
	RM'000	Asset	Liability
<u>Maturity of Interest Rate Swap contract</u>			
- Less than 1 year	-	93	-
- 1 year to 3 years	-	250	-
- More than 3 years	150,000	123	-

- (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).

With the above two (2) IRS contracts in place, the Trust has effectively hedged 20% of its borrowings with a weighted average term of 4.4 years.

B11. MANAGER'S FEE

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

For the current quarter ended 30 June 2023, 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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the First Quarter Ended 30 June 2023

B12. TRUSTEE'S FEE

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

For the current quarter ended 30 June 2023, 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 June 2023, 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	60,551
Yayasan Azman Hashim	77,947	25,723
Azman bin Hashim	849	280
AmGroup Foundation	3	1

The market value is determined by multiplying the number of units with the closing unit price of RM0.33 per unit as at 30 June 2023.

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 2024.

	Current Year 30.6.2023 RM’000	Preceding Corresponding Year 30.6.2022 RM’000
Income before taxation	2,454	4,158
Income tax using Malaysian tax rate of 24% (2021 : 24%)	589	998
Effects of non-deductible expenses	830	946
Effects of fair value adjustment on investment properties not subject to tax	181	181
Effects of income exempted from tax	(1,601)	(2,125)
Deferred tax from origination of temporary difference	-	-
Tax expense	-	-

B15. INCOME DISTRIBUTION

During the current quarter under review, the Trust had on 31 May 2023, paid a final income distribution of 1.56 sen per unit for the six-month financial period from 1 October 2022 to 31 March 2023 amounted to RM10,707,865.

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 Summit Management Corporation (“MC”) (as the 1st Defendant) and Maybank Trustees Berhad (“MTB”) (as the 2nd Defendant) in Kuala Lumpur High Court Suit No. WA-22NCC-82-02/2018 (“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 applications dated 10 April 2018 and 17 April 2018, the MC and MTB respectively applied to the High Court to strike out the Plaintiffs’ claim (“Striking Out Applications”).

After hearing the parties on the Striking Out Applications, on 12 December 2018 the High Court decided 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 three (3) appeals to the Court of Appeal against the decision of the Striking Out Applications (“Appeals to the CA”). All three (3) Appeals to the CA were heard on 26 October 2021 and dismissed with costs on 9 December 2021 (“Court of Appeal’s Decisions”). As a result, the High Court’s decision at (a), (b) and (c) above were maintained.

On 7 January 2022, only the 2nd Plaintiff, namely one Looi Seow Leng (“Looi”) pursued the matter further and filed applications in the Federal Court for leave to appeal against the decision of the Court of Appeal in respect of (a) and (c) above (“Looi’s FC Leave Applications”).

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.**

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

In the meantime, on 3 March 2022, the Plaintiffs' Civil Suit before the High Court against the MC and MTB was struck out by the High Court with liberty to be reinstated subject to the decision of the Federal Court ordering for remittance to the High Court.

On 15 September 2022, the Federal Court allowed Looi's FC Leave Applications. Following therefrom, Looi's appeals to the Federal Court were registered as Federal Court Civil Appeal No. 02(i)-89-09/2022(W) and Federal Court Civil Appeal No. 02(i)-90-09/2022(W) (collectively, "Looi's Federal Court Appeals").

Looi's Federal Court Appeals were heard on 10 April 2023. After hearing the parties, the Federal Court allowed Looi's Federal Court Appeals and set aside the Court of Appeal's Decisions in respect of (a) and (c). The Federal Court also remitted the matter back to the High Court for trial as it did not deem it proper that the questions of law posed by Looi be answered by way of an Order 18 Rule 19, Rules of Court 2012 striking out application.

The Federal Court in arriving at its decision noted that on 23 September 2022, the Strata Management Tribunal had struck out the MC's claims filed on or about 20 December 2017. In view thereof, the Federal Court ordered the case be remitted to the High Court for the full trial of the action, thereby, allowed Looi's Federal Court Appeals.

Following the outcome of Looi's Federal Court Appeals, Looi's case at the High Court was first called up for case management before the High Court on 2 May 2023. During subsequent case management on 9 August 2023, upon the request of parties' respective solicitors, the High Court gave directions on filing of applications to amend pleadings. The next case management is fixed on 21 September 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.

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.

- (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”).

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 1st Plaintiff was cross examined on the averments in her Affidavits with regards to prayers 5-7 of the OS and upon completion of the cross-examination, the Court gave the following directions :

- (i) Both parties are to file their main submissions by 28 July 2023;
- (ii) Both parties are to file their respective submissions in reply by 18 August 2023;
- (iii) The decision on prayers 5-7 of the OS is on 23 August 2023 .

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the First Quarter Ended 30 June 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 June 2023 and of its financial performance and cash flows for the year ended 30 June 2023 and duly authorized for release by the Board of Directors of the Manager on 22 August 2023.