



CONDENSED FINANCIAL STATEMENTS

SECOND QUARTER ENDED 30 SEPTEMBER 2023

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AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 30.9.2023 RM'000	Preceding Year Corresponding Quarter 30.9.2022 RM'000	Current Year To Date 30.9.2023 RM'000	Preceding Year To Date 30.9.2022 RM'000
Gross revenue				
- Realised	24,939	25,912	48,981	50,460
- Unrealised (in relation to unbilled lease rental receivable)	755	755	1,511	1,511
	25,694	26,667	50,492	51,971
Property expenses	(11,060)	(12,000)	(21,949)	(23,223)
Net property income	14,634	14,667	28,543	28,748
Interest income	8	26	21	35
Other income	8	20	18	23
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 loss on revaluation of derivative	887	775	751	775
Unrealised gain/(loss) on financial liabilities measured at amortised cost	(28)	618	14	572
	14,754	10,699	27,836	23,990
Administrative expenses				
Manager's fee	(1,637)	(1,692)	(3,255)	(3,361)
Trustee's fee	(80)	(80)	(160)	(161)
Valuation fee	(36)	(112)	(71)	(171)
Auditors' remuneration	(15)	(14)	(33)	(28)
Tax agent's fee	(4)	(4)	(8)	(8)
Allowance of ECL	69	539	(245)	269
Others expenses	(339)	(276)	(562)	(416)
Interest expense	(8,747)	(7,849)	(17,082)	(14,746)
	(10,788)	(9,488)	(21,416)	(18,622)
Profit before taxation	3,966	1,211	6,420	5,368
Taxation	-	-	-	-
Profit for the financial year	3,966	1,211	6,420	5,368
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	3,966	1,211	6,420	5,368
Total comprehensive income for the period is made up as follows:				
- Realised	3,106	4,470	5,656	8,674
- Unrealised	860	(3,259)	764	(3,306)
	3,966	1,211	6,420	5,368
Number of units in circulation (Unit) ('000)	686,402	686,402	686,402	686,402
Basic Earnings Per Unit (EPU) (sen)				
- Realised	0.45	0.65	0.82	1.26
- Unrealised	0.13	(0.47)	0.11	(0.48)
	0.58	0.18	0.93	0.78

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 30.9.2023 (Unaudited) RM'000	As At 31.3.2023 (Audited) RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,543,187	1,543,421
Right-of-use assets	734	669
Accrued unbilled lease receivables	31,289	29,780
	1,575,210	1,573,870
Current Assets		
Receivables	5,920	8,529
Other receivables, deposits and prepayments	7,284	6,052
Deposits with financial institution	1,567	1,551
Cash and bank balances	479	1,656
	15,250	17,788
TOTAL ASSETS	1,590,460	1,591,658
LIABILITIES		
Non-Current Liabilities		
Rental deposits	17,009	15,238
Borrowings	475,850	309,823
Deferred tax liability	1,261	1,261
Lease liabilities	612	585
	494,732	326,907
Current Liabilities		
Payables	5,785	7,199
Lease liabilities	142	91
Rental deposits	6,866	8,283
Borrowings	282,349	444,304
	295,142	459,877
TOTAL LIABILITIES	789,874	786,784
NET ASSET VALUE	800,586	804,874
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	636,625	636,625
Undistributed income - Realised	8,137	13,189
Undistributed income - Unrealised	155,824	155,060
	800,586	804,874
Number of Units In Circulation (Unit) ('000)	686,402	686,402
Net Asset Value (NAV) per unit (RM)		
- Before income distribution	1.1664	1.1726
- After income distribution	1.1581	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	-	5,656	764	6,420
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- FY2023 Final	-	(10,708)	-	(10,708)
As at 30 September 2023	636,625	8,137	155,824	800,586
<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	-	8,674	(3,306)	5,368
<u>Unitholders' transactions</u>				
Income distribution to Unitholders				
- FY2022 Final	-	(13,248)	-	(13,248)
As at 30 September 2022	636,625	17,451	149,793	803,869

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 30.9.2023 RM'000	Preceding Period To Date 30.9.2022 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,420	5,368
<i>Adjustment for :-</i>		
Unbilled lease receivable	(1,511)	(1,511)
Interest income from placement with financial institution	(21)	(35)
Interest on lease liability	15	4
Interest expense	17,067	14,742
Depreciation of right-of-use assets	-	102
Allowance/(Reversal) of ECL	245	(269)
Impairment loss on non-current asset held for sale	-	4,652
Change in fair value of investment properties	1,511	1,511
Gain on financial liabilities measured at amortised cost	(14)	(572)
Unrealised fair value gain on derivatives	(751)	(775)
Operating profit before working capital changes	22,961	23,218
Changes in working capital		
Decrease in receivables	1,884	1,878
Decrease in payables	(1,411)	3,521
Increase/(Decrease) in rental deposits	368	(172)
Net cash generated from operating activities	23,802	28,445
CASH FLOW FROM INVESTING ACTIVITIES		
Enhancement of investment properties	(1,277)	(400)
Interest income	21	35
Net cash used in investing activities	(1,256)	(365)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(17,070)	(14,464)
Distributions paid to Unitholders	(10,708)	(13,248)
Drawdown of borrowings (net)	4,073	1,506
Payment of lease liabilities	(2)	(108)
Net cash used in from financing activities	(23,707)	(26,314)
Net decrease in cash and cash equivalents	(1,161)	1,766
Cash and cash equivalents at the beginning of the year	3,207	5,430
Cash and cash equivalents at the end of the period	2,046	7,196
Cash and cash equivalents included in the statement of cash flows comprise of the following:		
Deposits with financial institution	1,567	6,337
Cash and bank balances	479	859
	2,046	7,196

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 Second Quarter Ended 30 September 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 Second Quarter Ended 30 September 2023

A7. SEGMENTAL INFORMATION

No segmental information was 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

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 0.82 sen per unit for the six-month period from 1 April 2023 to 30 September 2023, amounting to RM5,654,655 representing 100% of the realised distributable net income for the six-month period ended 30 September 2023, to be payable on 28 December 2023 as disclosed in note B15 below.

A10. VALUATION OF INVESTMENT PROPERTIES

The carrying value of investment properties as at 30 September 2023 was 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 September 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 Second Quarter Ended 30 September 2023

A13. REALISED AND UNREALISED INCOME DISCLOSURE

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

	As at 30.9.2023 RM'000	As at 31.3.2023 RM'000
<u>Realised</u>		
Distributable undistributed income	13,427	18,479
Capital loss from disposal of investment properties	(4,652)	(4,652)
Cumulative net change in fair value of investment property	(638)	(638)
	8,137	13,189
<u>Unrealised</u>		
Cumulative net change in fair value of investment properties	132,944	134,455
Unrealised gain on revaluation of derivatives	1,354	603
Unrealised gain on financial liabilities measured at amortized cost	1,566	1,552
Unrealised income - Unbilled lease receivable	21,221	19,711
Provision for deferred tax on change in fair value of investment properties	(1,261)	(1,261)
	155,824	155,060
Total	163,961	168,249

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 September 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 : 2Q FY2024 vs 2Q FY2023

	Current Year Quarter	Preceding Year Quarter	Changes	
	30.9.2023	30.9.2022	RM'000	%
Gross revenue				
Realised	24,939	25,912	(973)	-3.8%
Unrealised (unbilled lease rental receivable)	755	755	-	0%
	25,694	26,667	(973)	-3.6%
Property expenses	(11,060)	(12,000)	940	7.8%
Net property income	14,634	14,667	(33)	-0.2%
Interest and other income	16	46	(30)	-65.7%
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	887	775	112	14.5%
Unrealised (loss)/gain on financial liabilities measured at amortised cost	(28)	618	(646)	-105%
	14,754	10,699	4,055	37.9%
Non-property expenses	(2,110)	(2,178)	68	3.1%
Reversal of ECL on trade receivables	69	539	(470)	-87.2%
Interest expense	(8,747)	(7,849)	(898)	-11.4%
Profit before taxation	3,966	1,211	2,755	227%
Taxation	-	-	-	0%
Profit after taxation	3,966	1,211	2,755	227%
Profit after taxation is made up as follow:				
- Realised net income from operation	3,106	4,470	(1,364)	-30.5%
- Unrealised	860	(3,259)	4,119	126%
	3,966	1,211	2,755	227%

For the current quarter under review, realised gross revenue was lower by 3.8% compared to preceding year corresponding quarter mainly due to disposal of Menara AmFIRST effective from 15 November 2022 and lower average occupancy at Wisma AmFIRST and Menara AmBank due to non-renewal and downsizing of tenancies. Notwithstanding, the Trust registered higher average occupancy at The Summit Retail and Office including Jaya 99, which has partially offset the above reduction in revenue.

Property expenses were lower by 7.8% mainly due to the disposal of Menara AmFIRST and lower repair and maintenance expenses.

Interest expenses was higher by 11.4% due to increase in cost of debts resulted from increase in OPR in November 2022 and May 2023 by 25 basis points each.

Overall, the Trust recorded a realised net income of RM3.1 million for the current quarter under review, compared to RM4.5 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 2023

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

Financial Year to Date Results (YTD) : 6-month financial period ended 30 September 2023 vs 6-month financial period ended 30 September 2022

	Current Year To Date 30.9.2023	Preceding Year To Date 30.9.2022	Changes	
	RM'000	RM'000	RM'000	%
Gross revenue				
Realised - Existing 8-Properties	48,981	48,272	709	1.5%
Realised - Menara AmFIRST	-	2,188	(2,188)	-100%
Unrealised (unbilled lease rental receivable)	1,511	1,511	-	0%
	50,492	51,971	(1,479)	-2.8%
Property expenses	(21,949)	(23,223)	1,274	5.5%
Net property income	28,543	28,748	(205)	-0.7%
Interest and other income	39	58	(19)	-32.5%
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	751	775	(24)	-3.1%
Unrealised gain on financial liabilities measured at amortised cost	14	572	(558)	-97.6%
	27,836	23,990	3,846	16.0%
Non-property expenses	(4,089)	(4,145)	56	1.4%
(Allowance)/Reversal of ECL on trade receivables	(245)	269	(514)	-191%
Interest expense	(17,082)	(14,746)	(2,336)	-15.8%
Profit before taxation	6,420	5,368	1,052	19.6%
Taxation	-	-	-	0%
Profit after taxation	6,420	5,368	1,052	19.6%
Profit after taxation is made up as follow:				
- Realised net income from operation	5,656	8,674	(3,018)	-35%
- Unrealised	764	(3,306)	4,070	123%
	6,420	5,368	1,052	20%

The Trust reported a higher realised gross revenue from the existing eight (8) properties of RM49.0 million, an increase by 1.5% compared to RM48.3 million reported in the same period of last financial year. The increase was contributed by higher gross revenue from The Summit Office and Retail, Prima 9 and Jaya 99 attributed by higher average occupancy. However, the increase was partly offset by lower gross revenue due to lower average occupancy at Wisma AmFIRST and Menara AmBank resulted from non-renewal and downsizing of tenancies.

Property expenses were lower by 5.5% mainly due to the exclusion of property expenses from Menara AmFIRST as a result of the disposal of the property effective from 15 November 2022 as well as lower repair and maintenance expenses. The above decrease was partially offset by higher electricity expenses arising from higher electricity surcharge.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 September 2023

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

Financial Year to Date Results : 6-month financial period ended 30 September 2023 vs 6-month financial period ended 30 September 2022 – contd.

Interest expense was higher by 15.8% mainly due to increase in cost of debts as a result of various hikes in OPR from May 2022 to May 2023. The weighted average interest cost as at 30 September 2023 was 4.51% against 3.99% as at 30 September 2022.

Overall, the Trust recorded lower realised net income of RM5.7 million during the current period compared to RM8.7 million recorded in the same period of last financial year.

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

Quarterly Results : 2Q FY2024 vs 1Q FY2024

	Current Year Quarter	Immediate Preceding Quarter	Changes	
	30.9.2023	30.6.2023	RM'000	%
Gross Revenue				
Realised - Existing 8-Properties	24,939	24,042	897	3.7%
Unrealised (unbilled lease rental receivable)	755	755	-	0%
	25,694	24,797	897	3.6%
Property Expenses	(11,060)	(10,888)	(172)	-1.6%
Net Property Income	14,634	13,909	725	5.2%
Interest and other income	16	23	(7)	-30.1%
Change in fair value of investment properties	(755)	(755)	-	0%
Impairment loss on fair value of non-current asset held for sale	-	-	-	0%
Unrealised gain/(loss) on revaluation of derivatives	887	(136)	1,023	750%
Unrealised gain/(loss) on financial liabilities measured at amortised cost	(28)	42	(70)	-167%
	14,754	13,083	1,671	12.8%
Non-property expenses	(2,110)	(1,980)	(130)	-6.6%
Reversal/(Allowance) of ECL on trade receivables	69	(314)	383	122%
Interest expense	(8,747)	(8,335)	(412)	-4.9%
Profit before taxation	3,966	2,454	1,512	61.6%
Taxation	-	-	-	0%
Profit after taxation	3,966	2,454	1,512	61.6%
Profit after taxation is made up as follow:				
- Realised net income from operation	3,106	2,549	557	21.8%
- Unrealised	860	(95)	955	1010%
	3,966	2,454	1,512	61.6%

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

Quarterly Results : 2Q FY2024 vs 1Q FY2024 – contd.

Realised gross revenue for the current quarter under review was higher by 3.7% compared to the immediate preceding quarter mainly due to higher average occupancy at The Summit Retail.

Property expenses were higher by 1.6% mainly due to higher repair and maintenance expenses.

Interest expenses was higher by 4.9% 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 higher realised net income of RM3.1 million in the current quarter compared to RM2.5 million in immediate preceding quarter.

B3. PROSPECTS

The office market remains competitive amidst widening imbalances between supply and demand. More organisations especially MNCs continue to re-evaluate their workplace strategies and focus on flexible spaces.

Meanwhile, the retail sector is expected to moderate as slowdown in the global economy filter through and pent-up consumer demand eases.

At the Trust's level, overall occupancy of the asset portfolio has shown improvement, however, the increase in the operating costs arising from higher utility charges due to the increase in the electricity tariff and higher 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.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For the Second Quarter Ended 30 September 2023

B5. CHANGES IN PORTFOLIO COMPOSITION

As at 30 September 2023, the Trust's composition of investment portfolio was as follow:

	Cost of Investment ¹ As At 30.9.2023 RM'000	Valuation As At 30.9.2023 RM'000	% Valuation to Net Asset Value As At 30.9.2023 %
Bangunan AmBank Group	201,284	266,764	33.3%
Menara AmBank	264,067	322,696	40.3%
Wisma AmFIRST	95,387	114,125	14.3%
The Summit Subang USJ	380,175	360,031	45.0%
Prima 9	73,451	72,093	9.0%
Prima 10	62,492	61,625	7.7%
Kompleks Tun Sri Lanang (Jaya 99)	88,499	101,142	12.6%
Mydin HyperMall, Bukit Mertajam	254,124	276,000	34.5%
	1,419,479	1,574,476	
Accrued unbilled rental income ²	-	(31,289)	
	1,419,479	1,543,187	

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.

B6. NUMBER OF UNIT LISTED AND ISSUANCE OF NEW UNITS

The total number of units in circulation as at 30 September 2023 was 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.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For the Second Quarter Ended 30 September 2023

B8. CHANGES IN NET ASSET VALUE AND UNIT PRICE

	As at 30.9.2023	As at 31.3.2022
Net Asset Value ("NAV") (RM'000)	800,586	804,874
NAV Per Unit (RM)		
- Before income distribution	1.1664	1.1726
- After income distribution	1.1581	1.1570
Closing Unit Price Per Unit (RM)	0.335	0.380

The NAV per Unit after income distribution was calculated after taking into consideration the income distribution of the realised distributable income at the end of the current quarter.

B9. BORROWINGS AND DEBT SECURITIES

	Non-current RM'000	Current RM'000	Total RM'000
<u>As at 30 September 2023</u>			
Secured			
Term Loan	335,850	165,000	500,850
Revolving Credit	140,000	117,600	257,600
	<u>475,850</u>	<u>282,600</u>	<u>758,450</u>
Unsecured			
Loan transaction costs subject to amortisation	-	(250)	(251)
Total Borrowings	475,850	282,350	758,199
<u>As at 31 March 2023</u>			
Secured			
Term Loan	-	250,850	250,850
Revolving Credit	310,000	193,600	503,600
	<u>310,000</u>	<u>444,450</u>	<u>754,450</u>
Unsecured			
Loan transaction costs subject to amortisation	(177)	(146)	(323)
Total Borrowings	309,823	444,304	754,127

All the bank borrowings were denominated in Ringgit Malaysia.

The Trust's gearing ratio stood at 47.7% with total borrowings of RM758.2 million.

The weighted average interest cost (including the cost of hedging of the interest rate swap contract of RM150.0 million) was 4.51%.

The weighted average debt maturity was approximately 2.6 years.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 September 2023

B10. DERIVATIVE

	As at 30 September 2023		
	Notional Value	Fair Value	
	RM'000	Asset	Liability
<u>Maturity of Interest Rate Swap contract</u>			
- Less than 1 year	-	83	-
- 1 year to 3 years	-	1,054	-
- More than 3 years	150,000	216	-

- (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 4.2 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 September 2023, 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 2023, the Trustee's fee was calculated based on 0.03% per annum of the net asset value.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For the Second Quarter Ended 30 September 2023

B13. UNITS HELD BY RELATED PARTIES

As at 30 September 2023, the Manager and all the directors did not hold any units in AmFIRST REIT. Below were 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	61,469
Yayasan Azman Hashim	77,947	26,112
Azman bin Hashim	849	284
AmGroup Foundation	3	1

The market value was determined by multiplying the number of units with the closing unit price of RM0.335 per unit as at 30 September 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 30.9.2023 RM’000	Preceding Corresponding Year 30.9.2022 RM’000
Income before taxation	6,420	5,368
Income tax using Malaysian tax rate of 24% (2022 : 24%)	1,541	1,288
Effects of non-deductible expenses	1,194	2,498
Effects of fair value adjustment on investment properties not subject to tax	363	363
Effects of income exempted from tax	(3,098)	(4,149)
Deferred tax from origination of temporary difference	-	-
Tax expense	-	-

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 September 2023

B15. INCOME DISTRIBUTION

The Board of Director of the Manager of AmFIRST REIT, declared an interim income distribution of 0.82 sen per unit for the six-month period from 1 April 2023 to 30 September 2023 amounting to RM5,654,655 representing 100% of the realised distributable net income for the six-month period from 1 April 2023 to 30 September 2023, payable on 28 December 2023 to the Unitholders registered in the Record of Depositors on 8 December 2023.

The interim income distribution for the six-month period ended 30 September 2023 was derived from the following sources:

	Current Year To Date 30.9.2023 RM'000	Preceding Year To Date 30.9.2022 RM'000
Gross revenue		
- Realised	48,981	50,460
- Unrealised (in relation to accrued unbilled rental receivables)	1,511	1,511
	50,492	51,971
Interest income	21	35
Other income	18	23
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	751	775
Unrealised gain on financial liabilities measured at amortised cost	14	572
Total income	49,785	47,213
Less : Total expenses (before manager's fees)	(40,110)	(38,484)
Net income before taxation (before manager's fees)	9,675	8,729
Less : Manager's fees	(3,255)	(3,361)
Net income before taxation	6,420	5,368
Less : Taxation	-	-
Net income after taxation	6,420	5,368
Less : Distribution adjustment (unrealised)	(764)	3,306
Total realised net income for the period	5,656	8,674
Undistributed realised income brought forward, 1 April	7,771	8,777
Total realised net income for the period	5,656	8,674
Total income available for distribution	13,427	17,451
Less : Proposed interim income distribution	(5,655)	(7,825)
Undistributed realised income carried forward	7,772	9,626
Number of unit in circulation ('000)	686,402	686,402
Interim income distribution per unit (Sen)	0.82	1.14

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the Second Quarter Ended 30 September 2023

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 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.**

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. Looi and the MC had respectively filed applications to amend their pleadings. These applications are still pending and the case is currently being case managed by the Court. The last case management date was on 10 November 2023. The Court will E-mail the parties further directions including the next case management 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 the “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 2023, 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 .

On 23 August 2023 prior to the learned High Court Judge delivering his decision, 2 recent Court of Appeal cases namely “SCP Assets” and “Pearl Suria” were brought to the attention of the Learned High Court Judge. The High Court judge then proceeded to postpone the decision to 25 October 2023 pending written grounds of the Court of Appeal in the above 2 cases and the conversion appeal fixed for 18 September 2023.

On 18 September 2023, Court of Appeal decided as follows:

- (i) The appeal was dismissed;
- (ii) But parties are given liberty to cross examine all deponents of affidavits and on its full contents; and
- (iii) Court of Appeal fixed a case management date before the High Court of Shah Alam.

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 the “MC”) – contd.**

On 26 September 2023, during case management by e-review before Shah Alam High Court, following our update on the Court of Appeal’s decision, the Judge instructed parties to vary the Court of Appeal order dated 18 September 2023.

On 29 September 2023, during case management the learned High Court Judge once again instructed parties to vary the order of 18 September 2023.

On 12 October 2023, the MC filed the Application to the Court of Appeal to vary the order 18 September 2023.

The hearing to vary the order of 18 September 2023 is fixed before The Court of Appeal on 30 November 2023 and the case management before the High Court of Shah Alam is fixed on 14 December 2023 to update on the outcome of the Court of appeal hearing.

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 2023 and of its financial performance and cash flows for the financial period ended 30 September 2023 and duly authorized for release by the Board of Directors of the Manager on 21 November 2023.