

# **AmFIRST REAL ESTATE INVESTMENT TRUST**

## **NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

Reporting Quarter Ended 30th June 2008

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### **EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRS)**

**134**

#### **A1. BASIS OF PREPARATION**

These condensed financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 134 and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in its most recent Audited Financial Statements for the financial year ended 31st March 2008.

#### **A2. DECLARATION OF AUDIT QUALIFICATION**

There was no audit qualification on the financial statements for the year ended 31st March 2008.

#### **A3. SEASONALITY AND CYCLICALITY OF OPERATIONS**

The operations of the Trust are not subjected to seasonal or cyclical fluctuation.

#### **A4. UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during 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, CANCELLATIONS, REPURCHASES AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

There were no issuances or repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the quarter under review.

**A7. INCOME DISTRIBUTION PAID**

	Total RM'000	Per Unit (Sen)
Income distribution for the financial period ended 31st March 2008, paid on 30th May 2008.	<u>15,769</u>	<u>3.676</u>

**A8. SEGMENT INFORMATION**

Segmental reporting is not applicable.

**A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT BROUGHT FORWARD**

The valuations of land and buildings have been brought forward without amendment from the financial statements for the year ended 31st March 2008.

**A10. MATERIAL SUBSEQUENT EVENTS**

There are no material events subsequent to the end of the reporting quarter.

**A11. CHANGES IN THE COMPOSITION OF THE TRUST**

There were no changes in the composition of the Trust during the quarter under review.

**A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets to be disclosed.

**EXPLANATORY NOTES PURSUANT TO APPENDIX 9B  
OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. REVIEW OF PERFORMANCE**

The Trust's revenue increased significantly by 76% from RM12.8 million recorded for the corresponding quarter of last year to RM22.5 million for the current quarter mainly due to contribution of income from the newly acquired property, the Summit Subang USJ. Consequently, the net income after taxation improved from RM7.5 million to RM9.6 million or an increase of 28% for the quarter under review.

**B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER**

For the current quarter, gross rental income was recorded at RM22.5 million, registering a significant increase of 52% over the gross rental income for the preceding quarter. This resulted in the Trust achieving net income after tax of RM9.6 million, an increase of RM1.9 million or 25% against the result for the preceding quarter. The higher income was contributed by the recently acquired asset – The Summit Subang USJ.

**B3. CURRENT YEAR PROSPECTS**

The Trust expects to continue to enjoy organic growth from positive rental reversion. For the current quarter, the portfolio achieved rental revision of 15% from renewal of leases. The average occupancy of the three office buildings located in the Golden Triangle area was 94% as at the end of the quarter. Another 280,000 sf of office space in these three buildings are due for tenancy renewal from the next quarter till end of the current financial year (ending 31 March 2009).

The latest acquisition, The Summit Subang USJ, will continue to contribute positively to the income of the Trust. The Trust plans to appoint professional consultants to re-position this asset to further improve its competitive standing and performance.

In the meantime, plans for upgrading works to one of the buildings are being finalized and the works are expected to commence within this financial year. This would improve the quality of the building, its competitive position and its tenants mix.

Barring any unforeseen circumstances, the Board of Directors of the Manager is of the opinion that the Trust is expected to achieve its forecasted profit for the financial year ending 31 March 2009 as disclosed in the Prospectus.

**B4. VARIANCE OF PROFIT FORECAST OR PROFIT GUARANTEE**

Not applicable for this quarter.

## **B5. TAXATION**

Pursuant to the new tax system for Real Estate Investment Trust (“REITs”), the undistributed income from REITs is exempted from income tax provided that at least 90% of their income is distributed to unitholders with effect from the year assessment 2007.

Barring unforeseen circumstances, there was no tax payable as the Trust intends to distribute 100% of the distributable income to unitholders for the financial year ending 31 March 2009.

## **B6. SALES OF UNQUOTED INVESTMENT AND/OR PROPERTIES**

There were no sales of unquoted investments and/or properties during quarter under review.

## **B7. QUOTED INVESTMENTS**

There were no purchases or disposals of quoted investment during the quarter under review.

## **B8. STATUS OF CORPORATE PROPOSALS**

There is no corporate proposal announced but not completed at the date not earlier than 7 days from the issue of this report.

## **B9. BORROWINGS (INTEREST BEARING)**

The Trust’s borrowings as at the end of the reporting quarter are tabled below: -

	RM'000
<b><u>Long-term borrowing</u></b>	
Term loan (secured)	147,000
<b><u>Short-term borrowing</u></b>	
Revolving credit facility (secured)	253,127
	<u>400,127</u>

The borrowings were obtained to finance the acquisition of Menara Merais, Kelana Brem Tower and The Summit Subang USJ.

## **B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no off balance sheet financial instruments as at the date of this report.

## **B11. CHANGES IN MATERIAL LITIGATION**

There was no material litigation as at the date of this report.

**B12. INCOME DISTRIBUTION**

No income distribution was declared during the quarter under review.

**B13. EARNINGS PER UNIT**

	Current year quarter 30.06.2008	Current year- to-date 30.06.2008
(a) Basic earnings per unit		
Net income for the period (RM'000)	9,601	9,601
Number of units in circulation ('000)	429,001	429,001
Basic earning per unit (sen)	<u>2.238</u>	<u>2.238</u>
(b) Diluted earnings per unit	<u>Not applicable</u>	<u>Not applicable</u>