

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

Reporting Quarter Ended 30th September 2008

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 Chapter 9 Part K 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

There was no income distribution paid during the quarter under review.

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.

**ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.22
OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B1. REVIEW OF PERFORMANCE

Quarter Result

The Trust's gross rental income increased significantly by 52% from RM14,994,882 recorded for the corresponding quarter of last year to RM22,858,378 for the current quarter mainly due to contribution of income from the new acquisition of The Summit Subang USJ that was completed on 31st March 2008. Consequently, the net income after taxation improved from RM8,054,186 to RM8,709,450 or an increase of 8% for the quarter under review.

Half-Year Result

As for the six-month period ended 30th September 2008, The Trust recorded total gross rental income of RM45,380,785 against RM27,817,068 for the same period of last financial year, an improvement of 63% or RM17,563,717. The improvement was derived mainly from the contribution of income from Kelana Brem Tower and the new acquisition of The Summit Subang USJ. This has resulted to increase in net income after taxation by 18% or RM2,766,019 from corresponding period of last year.

B2. MATERIAL CHANGES IN INCOME BEFORE TAXATION FOR THE QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER

	Current Quarter 01.07.2008 TO 30.09.2008 RM	Preceding Quarter 01.04.2008 TO 30.06.2008 RM
Gross rental income	22,858,378	22,522,406
Net profit before taxation	8,709,450	9,600,611
Taxation	-	-
Net profit after taxation	8,709,450	9,600,611

For the current quarter, gross rental income was recorded at RM22,858,378, a slight increase by RM335,972 over the gross rental income for the preceding quarter.

Net income after taxation declined by 9% to RM8,709,450 as compared to RM9,600,611 in the preceding quarter, mainly due to higher electricity charges resulted from increase in electricity tariff which took effect from 1st July 2008.

B3. CURRENT YEAR PROSPECTS

The Trust expects to continue to enjoy organic growth from positive rental reversions and office market outlook. Barring any unforeseen deterioration in the external economic environment, the Manager expects the Trust to maintain strong performance for the remaining period of the financial year ending 31st March 2009 and to exceed its forecast 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 is no tax payable as the Trust intends to distribute 100% of the distributable income to unitholders for the financial year ending 31st 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 was no corporate proposal announced during the quarter under review..

B9. BORROWINGS (INTEREST BEARING)

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

	RM'000
<u>Long-term borrowing</u>	
Term loan (secured)	147,000
<u>Short-term borrowing</u>	
Revolving credit facility (secured)	255,000
	<u>402,000</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

	01.04.2008 TO 30.09.2008	01.04.2007 TO 30.09.2007
Number of units in issue ('000)	429,001	429,001
Net income after taxation (RM'000)	18,310	15,544
Proposed interim income distribution (RM'000)	18,310	15,544
Distribution Per Unit (DPU) (Sen)	4.268	3.623

Notice is hereby given that the income distribution for the six-month ended 30 September 2008 will be paid on 28th November 2008 to Unitholders whose names appear in the Record of Depositors of the Trust on 19th November 2008. Withholding tax will be deducted for distribution made to the following types of Unitholders:-

- Resident and non-resident individuals (Withholding tax at 15%)
- Resident and non-resident institution investors (Withholding tax at 20%)
- Resident companies (No withholding tax. Tax at prevailing rate)
- Non-resident companies (Withholding tax at 25%).

A depositor shall qualify for the entitlement only in respect of:-

- Units transferred into the Depositors Securities Account before 4.00 pm., on 19th November 2008 in respect of ordinary transfers; and
- Unit bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

B13. EARNINGS PER UNIT

	Current year quarter 30.09.2008	Current year- to-date 30.09.2008
(a) Basic earnings per unit		
Net income (RM'000)	8,709	18,310
Number of units in circulation ('000)	429,001	429,001
Basic earning per unit (sen)	<u>2.030</u>	<u>4.268</u>
(b) Diluted earnings per unit	<u>Not applicable</u>	<u>Not applicable</u>