

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

Reporting Quarter Ended 31st December 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

	Total RM'000	Per Unit (Sen)
Income distribution for the financial period ended 30th September 2008, paid on 28th November 2008.	<u>18,310</u>	<u>4.268</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.

**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 by 54% from RM15,223,316 recorded for the corresponding quarter of last year to RM23,508,997 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 RM8,050,897 to RM9,039,108 or an increase of 12% for the quarter under review.

Year-To-Date Result

As for the nine-month period ended 31st December 2008, the Trust recorded total gross rental income of RM68,889,782 against RM43,040,384 for the same period of last financial year, an improvement of 60% or RM25,849,398. 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 in an increase in net income after taxation by 16% to RM27,348,819 – up from RM23,594,589 for the corresponding period of the last financial year.

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

	Current Quarter 01.10.2008 TO 31.12.2008 RM	Preceding Quarter 01.07.2008 TO 30.09.2008 RM
Gross rental income	23,508,997	22,858,378
Net profit before taxation	9,039,108	8,709,450
Taxation	-	-
Net profit after taxation	9,039,108	8,709,450

For the current quarter, gross rental income was recorded at RM23,508,997, a slight increase of RM650,619 over the gross rental income for the preceding quarter.

Net income after taxation increased to RM9,039,108 as compared to RM8,709,450 in the preceding quarter arising from new lettings and renewals of tenancies at higher rental rates.

B3. CURRENT YEAR PROSPECTS

The Trust expects to continue to enjoy stable stream of income based on current structure of tenancy profile and tenants mix. Barring any unforeseen deterioration in the external economic environment, the Manager expects the Trust to maintain its 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 of 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

On 19 January 2009, two (2) announcements were made to Bursa Malaysia Securities Berhad on the proposed acquisitions of three (3) floors of office space (totalling to 36,166 square feet) at Menara Summit for a total purchase consideration of RM11.23 million.

With this acquisition, AmFIRST would own twelve (12) out of the thirteen (13) floors of offices at Menara Summit, or 144,667 square feet out of the total office strata area of 156,723 square feet – working out to 92% ownership of the total office space.

The proposed acquisitions are subject to fulfilment of respective condition precedents as stipulated in Sale and Purchase Agreements.

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

No income distribution was declared during the quarter under review.

B13. EARNINGS PER UNIT

	Current year quarter 31.12.2008	Current year- to-date 31.12.2008
(a) Basic earnings per unit		
Net income (RM'000)	9,039	27,349
Number of units in circulation ('000)	429,001	429,001
Basic earning per unit (sen)	<u>2.107</u>	<u>6.375</u>
(b) Diluted earnings per unit	<u>Not applicable</u>	<u>Not applicable</u>