

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

Reporting Quarter Ended 31st March 2009

EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (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.

In the previous financial years, the proposed final distribution in respect each financial year were only reflected in Unitholders' funds as an appropriation of undistributed income only when it had been approved by the Directors of the Manager and the Trustee after the financial year end.

In the current financial year, the Manager has obtained the Trustee's approval for the final proposed distribution prior to the financial year end and accordingly, the proposed final distribution in respect of the financial year ended 31 March 2009 had been reflected in Unitholders' funds as of that date. Correspondingly, management is of the opinion that proposed final distribution for the previous financial years should be reflected in Unitholders' funds in the year in which they relate to for better comparison purposes as well as to be consistent with the industry's practice. Accordingly, certain comparatives have been restated, as follows:-

	As previously stated RM	Restatement RM	As restated RM
<u>Effects on the Balance Sheet as at 31 March 2008:</u>			
Provision for income distribution	-	15,769,250	15,769,250
Total liabilities	434,071,805	15,769,250	449,841,055
Net asset value	442,642,656	(15,769,250)	426,873,406
<u>Effects on the Statement of Changes in Net Asset Value:</u>			
Undistributed income as at 31 March 2007	8,348,692	(8,348,692)	-
Undistributed income as at 31 March 2008	15,769,250	(15,769,250)	-

Except as stated above, 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

Save except as explained in Note A9, 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.	15,769	3.68
Income distribution for the financial period ended 30th September 2008, paid on 28th November 2008.	<u>18,310</u>	<u>4.27</u>

A8. SEGMENT INFORMATION

Segmental reporting is not applicable.

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT BROUGHT FORWARD

During the quarter under review, a revaluation exercise was undertaken for all six (6) properties of AmFIRST REIT pursuant to the requirement of the Securities Commission's Guidelines and FRS 140. The revaluation has resulted in a surplus of RM141,534,127 and has been incorporated into the financial statements of AmFIRST REIT as at 31 March 2009. The details of the said revaluation carried out are tabled as follows:

Description of Property	Tenure of land	Location	Existing Use	Acquisition Cost	Valuation	Revaluation surplus
				RM	RM	value
Menara AmBank	Freehold	Kuala Lumpur	Office	232,042,687	292,000,000	59,957,314
Bangunan AmBank Group	Leasehold	Kuala Lumpur	Office	180,152,206	226,000,000	45,847,794
Menara Merais	Freehold	Petaling Jaya	Office	57,080,705	62,000,000	4,919,295
AmBank Group Leadership Centre	Freehold	Kuala Lumpur	Office	19,652,236	20,000,000	347,764
Kelana Brem Tower	Leasehold	Kelana Jaya	Office	86,050,991	105,000,000	18,949,009
The Summit Subang USJ	Freehold	Subang Jaya	Mixed Commercial Complex	263,487,048	275,000,000	11,512,952
				<u>838,465,873</u>	<u>980,000,000</u>	<u>141,534,127</u>

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 63% from RM14,812,853 recorded for the corresponding quarter of last year to RM24,191,179 for the current quarter mainly due to contribution of income from the acquisition of The Summit Subang USJ that was completed on 31st March 2008. Consequently, the realized net income after taxation and available for distribution improved from RM7,716,774 to RM10,187,945 or an increase of 32% for the quarter under review.

Year-To-Date Result

For the financial year ended 31st March 2009, the Trust recorded total gross rental income of RM93,080,961 against RM57,853,430 for the last financial year, an improvement of 61% or RM35,227,531. The improvement was derived mainly from the contribution of income from Kelana Brem Tower and The Summit Subang USJ. Consequently, this has resulted in higher realized net income after taxation by 20% to RM37,536,764 – up from RM31,312,615 for the last financial year.

Change in fair value of investment properties

As explained in Note A9, the net change in fair value (revaluation surplus) of RM141,534,127 was recognized as income in the income statement for the current financial year under review. Accordingly, the income after taxation rose from RM31,312,615 recorded in the last year to RM179,070,892 (combination of both realized and unrealized income) for the current financial year.

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

	Current Quarter 01.01.2009 TO 31.03.2009 RM	Preceding Quarter 01.10.2008 TO 31.12.2008 RM
Gross rental income	24,191,179	23,508,997
Net profit before taxation #	151,722,072	9,039,108
Taxation	-	-
Net profit after taxation	151,722,072	9,039,108
# Net profit before taxation is made up as follows:		
Realised	10,187,945	9,039,108
Unrealised	141,534,127	-
	151,722,072	9,039,108

B2. MATERIAL CHANGES IN INCOME BEFORE TAXATION FOR THE QUARTERS AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER (CONT'D)

For the current quarter, gross rental income was recorded at RM24,191,179, a slight increase of RM682,182 over the gross rental income for the preceding quarter.

Realised net income after taxation increased to RM10,187,945 as compared to RM9,039,108 in the preceding quarter arising from new lettings, renewal of tenancies at higher rental rates and lower borrowing cost.

B3. FUTURE YEAR PROSPECTS

The ensuing financial year ending 31 March 2010 will be a challenging year due to volatility and uncertainty of the global economy. However, the Manager expects AmFIRST REIT to continue to experience a stable stream of income based on current tenancy profile and the diversity of tenants mix. We also intend to upgrade some of our properties to remain competitive in the market and to maintain or increase from the current level of occupancy rates.

Barring any unforeseen deterioration in the external economic environment, the Manager expects AmFIRST REIT to maintain its strong performance for the financial year ending 31st March 2010 and to exceed its forecast as disclosed in the Prospectus.

B4. VARIANCE OF PROFIT FORECAST OR PROFIT GUARANTEE

	ACTUAL RM	FORECAST RM
Net profit before and after taxation #	<u>179,070,891</u>	<u>31,706,220</u>
# Net profit before and after taxation is made up as follows:		
Realised	37,536,764	31,706,220
Unrealised	<u>141,534,127</u>	<u>-</u>
	<u>179,070,891</u>	<u>31,706,220</u>

Realised net profit before and after taxation have exceeded by 18.4% from the forecast for the financial year ended 31 March 2009 which was published in the initial public offering prospectus dated 9 November 2006 mainly due to the contribution of income from acquisition of Kelana Brem Tower and The Summit Subang USJ.

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.

There is no tax payable as AmFIRST REIT intends to distribute 100% of the distributable income to unitholders for the financial year ended 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 (totaling 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 fulfillment 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 the date of this report.

B12. INCOME DISTRIBUTION

	2009	2008
Interim income distribution per unit paid for the six-month period ended 30 September 2008		
- RM'000	18,310	15,544
- Per unit (sen)	4.27	3.62
Final income distribution per unit payable for the six-month period ended 31 March 2009		
- RM'000	19,219	15,769
- Per unit (sen)	4.48	3.68
Annual income distribution		
- RM'000	37,529	31,313
- Per unit (sen)	8.75	7.30

Notice is hereby given that the final income distribution for the six-month ended 31 March 2009 will be paid on 29 May 2009 to Unitholders whose names appear in the Record of Depositors of the Trust on 25 May 2009. Withholding tax will be deducted for distribution made to the following types 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. Subject to corporate tax at prevailing rate)
- Non-resident companies (Withholding tax at 25% for the Year of Assessment 2009).

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

- (a) Units transferred into the Depositors Securities Account before 4.00 pm., on 25 May 2009 in respect of ordinary transfers; and
- (b) 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 31.03.2009	Current year- to-date 31.03.2009
(a) Basic earnings per unit		
Net income for the year (RM'000)	151,722	179,071
Number of units in circulation ('000)	429,001	429,001
Basic earning per unit (sen)	<u>35.37</u>	<u>41.74</u>
(b) Diluted earnings per unit	<u>Not applicable</u>	<u>Not applicable</u>