

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

Reporting Quarter Ended 30th September 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 Main Market 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 2009.

A2. DECLARATION OF AUDIT QUALIFICATION

There was no audit qualification on the financial statements for the year ended 31st March 2009.

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 2009, paid on 29th May 2009.	<u>19,219</u>	<u>4.48</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 2009.

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

For the financial quarter ended 30th September 2009, the Trust recorded total gross revenue of RM24,570,565 against RM22,858,378 for the corresponding quarter of last year, an improvement of 7%. The improvement was derived mainly from new lettings and renewal of tenancies at higher rental rates.

These coupled with lower interest expenses as a result of reduction in cost of borrowings contributed to higher net income after taxation by 19% to RM10,350,822 compared to RM8,709,450, recorded in the last corresponding quarter.

Half-Year Result

As for the six-month period ended 30th September 2009, The Trust posted total gross revenue of RM48,225,040, a 6% growth over total gross revenue of RM45,380,785 achieved for the same period of last year.

The better result was largely due to new lettings and higher rental renewal rates. These together with lower interest expenses have resulted in higher net income after taxation by 14% or RM2,617,160 as compared with the corresponding period of last year.

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

There was no material change in net income after taxation for the quarter as compared with immediate preceding quarter.

B3. CURRENT YEAR PROSPECTS

The ensuing financial year ending 31st March 2010 will be a challenging year although recovery of global economy has started. Amidst any unforeseen circumstances, AmFIRST REIT is expected to continue to generate a stable stream of income based on current tenancy profile and the diversity of tenants mix.

On enhancement front, Menara Merais upgrading work is expected to complete by end of November 2009. Enhancement plans for other properties are scheduled to be carried out in near future. The enhancement plans will position the properties to remain competitive in the market and to increase its current level of occupancy.

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

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.

There is no tax payable as AmFIRST REIT intends to distribute 100% of the distributable income to unitholders for the financial year ending 31st March 2010.

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 19th January 2009, two (2) announcements were made to Bursa Malaysia Securities Berhad on the proposed acquisitions of three (3) floors of office space located at level 14, 15 and 16 at Menara Summit (totaling to 36,166 square feet) for a total purchase consideration of RM11.23 million.

The acquisitions on level 15 and 16 was completed on 15th June 2009 whilst level 14 was completed on 8th September 2009 in accordance with the terms and conditions stipulated in the Sale and Purchase Agreements.

With the above acquisitions, AmFIRST REIT owned 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 or 92% ownership of the total office space.

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)	158,000
<u>Short-term borrowing</u>	
Revolving credit facility (secured)	255,000
	<u>413,000</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 proposed/paid for the six-month period ended 30th September		
- RM'000	20,892	18,310
- Per unit (sen)	4.87	4.27

Notice is hereby given that the interim income distribution for the six-month period ended 30th September 2009 will be paid on 30th November 2009 to Unitholders whose names appear in the Record of Depositors of the Trust on 24th November 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).

B12. INCOME DISTRIBUTION (CONT'D)

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

- (a) Units transferred into the Depositors Securities Account before 4.00 pm., on 24th November 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 30.09.2009	Current year- to-date 30.09.2009
(a) Basic earnings per unit		
Net income for the period (RM'000)	10,351	20,927
Number of units in circulation ('000)	429,001	429,001
Basic earning per unit (sen)	<u>2.41</u>	<u>4.88</u>
(b) Diluted earnings per unit	<u>Not applicable</u>	<u>Not applicable</u>