



AmFIRST REAL ESTATE INVESTMENT TRUST

CONDENSED FINANCIAL STATEMENTS

THIRD QUARTER ENDED 31 DECEMBER 2011

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AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME For The Third Quarter Ended 31 December 2011

	Current Year Quarter 31.12.2011 RM'000	Preceding Year Corresponding Quarter 31.12.2010 RM'000	Current Year To Date 31.12.2011 RM'000	Preceding Year To Date 31.12.2010 RM'000
Gross revenue	24,649	22,226	70,827	69,424
Property expenses	(8,160)	(8,603)	(23,068)	(24,383)
Net property income	16,489	13,623	47,759	45,041
Interest and other income	21	54	99	214
Compensation from land acquisition	-	1,891	-	3,781
	16,510	15,568	47,858	49,036
Administrative expenses				
Manager's fee	(1,405)	(1,144)	(3,925)	(3,709)
Trustee's fee	(59)	(58)	(179)	(174)
Valuation fee	(45)	(32)	(135)	(96)
Auditors' remuneration	(4)	(4)	(11)	(11)
Tax agent fee	(3)	(3)	(9)	(9)
Others expenses	(271)	(269)	(835)	(3,249)
Interest expense	(5,011)	(3,791)	(13,768)	(10,936)
	(6,798)	(5,301)	(18,862)	(18,184)
Net Trust Income	9,712	10,267	28,996	30,852
Gain arising from measuring non-current financial liabilities measured at amortized cost	350	91	17	91
Net income before taxation	10,062	10,358	29,013	30,943
Taxation	-	-	-	-
Income for the period	10,062	10,358	29,013	30,943
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	10,062	10,358	29,013	30,943
Total comprehensive income for the period is made up as follows:-				
- Realized	9,712	10,267	28,996	30,852
- Unrealized	350	91	17	91
	10,062	10,358	29,013	30,943
Earnings per unit (sen)				
- Basic	2.35	2.41	6.76	7.21
- Diluted	N/A	N/A	N/A	N/A
Distribution per unit (sen)				
- Interim	4.48	4.81	4.48	4.81
- Final	-	-	-	-
	4.48	4.81	4.48	4.81

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

As At 31 December 2011

	As At 31.12.2011 (Unaudited) RM'000	As At 31.03.2011 (Audited) RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,164,608	1,024,000
Current Assets		
Receivables, prepayments and deposits	7,093	7,439
Fixed deposits with licensed bank	2,417	12,958
Cash and bank balances	1,644	865
	11,154	21,262
TOTAL ASSETS	1,175,762	1,045,262
LIABILITIES		
Non-Current Liabilities		
Rental deposits	14,890	10,720
Borrowings	303,000	298,000
	317,890	308,720
Current Liabilities		
Payables	6,033	10,024
Rental deposits	10,254	11,533
Borrowings	247,000	109,000
	263,287	130,557
TOTAL LIABILITIES	581,177	439,277
NET ASSET VALUE	594,585	605,985
FINANCED BY:		
UNITHOLDERS' FUND		
Unitholders' capital	426,873	426,873
Undistributed income	167,712	179,112
	594,585	605,985
Number of units in circulation ('000)	429,001	429,001
Net Asset Value ("NAV") per unit (RM)		
- before income distribution	1.3860	1.4125
- after income distribution	1.3632	1.3631

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE For The Third Quarter Ended 31 December 2011

	Unitholders' Capital RM'000	Distributable Undistributed Income RM'000	Non Distributable Income RM'000	Unitholders' Fund RM'000
<u>Current Year To Date</u>				
As At 1 April 2011	426,873	21,211	157,901	605,985
Total comprehensive income for the period	-	28,996	17	29,013
<i>Unitholders' transactions</i>				
Distribution to Unitholders	-	(40,413)	-	(40,413)
As At 31 December 2011	426,873	9,794	157,918	594,585
<u>Preceding Year To Date</u>				
As At 1 April 2010	426,873	96	153,676	580,645
Add : Effects of adopting amended FRS 110	-	20,935		20,935
Add : Effects of adopting FRS 139	-	-	613	613
As at 1 April 2010, as re-stated	426,873	21,031	154,289	602,193
Total comprehensive income for the period	-	30,851	91	30,942
<i>Unitholders' transactions</i>				
Distribution to Unitholders	-	(41,570)	-	(41,570)
As At 31 December 2010	426,873	10,312	154,380	591,565

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS For The Third Quarter Ended 31 December 2011

	Current Year To Date 31.12.2011 RM'000	Preceding Year To Date 31.12.2010 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Net income before taxation	29,013	30,943
<i>Adjustment for :-</i>		
Interest income from placements with license bank	(83)	(204)
Impairment loss/(Reversal of impairment loss) on trade receivables	141	(263)
Trade receivables written-off	-	95
Interest expenses	13,768	10,936
Gain arising from measuring non-current financial liabilities measured at amortized cost	(17)	(91)
Operating income before working capital changes	42,822	41,416
Changes in working capital		
Decrease in receivables	206	5,178
Decrease in payables	(4,240)	(287)
Increase in rental deposits	2,887	3,485
Net cash generated from operating activities	41,675	49,792
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investment properties	(134,582)	-
Upgrade / enhancement in investment properties	(6,026)	(5,309)
Interest income	83	204
Net cash used in investing activities	(140,525)	(5,105)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(13,499)	(11,456)
Distributions to Unitholders	(40,413)	(41,570)
Drawdown/(Repayment) of borrowings	143,000	(6,000)
Net cash generated from/(used in) financing activities	89,088	(59,026)
Net change in cash and cash equivalents	(9,762)	(14,339)
Cash and cash equivalents at the beginning of period	13,823	25,244
Cash and cash equivalents at the end of period	4,061	10,905

A CASH AND CASH EQUIVALENTS COMPRISE :-

Fixed deposit with licensed bank	2,417	9,942
Cash and bank balances	1,644	963
	4,061	10,905

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Third Quarter Ended 31 December 2011

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 Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those adopted in the preparation of Audited Financial Statements of AmFIRST Real Estate Investment Trust (“AmFIRST REIT” or the “Trust”) for the financial year ended 31 March 2011.

A2. DECLARATION OF AUDIT QUALIFICATION

There was no audit qualification on the financial statements for the year ended 31 March 2011.

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 items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

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. SEGMENT INFORMATION

Segmental reporting is not applicable.

A8. INCOME DISTRIBUTION PAID

During the quarter under review, the Trust had on 30 November 2011, paid an interim income distribution of 4.48 sen per unit, amounting to RM19,219,245 for the six-month period from 1 April 2011 to 30 September 2011.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Third Quarter Ended 31 December 2011

A9. VALUATION OF INVESTMENT PROPERTIES

The valuations of investment properties have been brought forward without any amendment from the previous audited financial statements for the year ended 31 March 2011.

A10. MATERIAL SUBSEQUENT EVENTS

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

A11. CHANGES IN THE COMPOSITION OF THE TRUST

There were no changes in the composition of the Trust during the quarter under review, and the fund size stands at 429,001,000 units.

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

A13. REALIZED AND UNREALIZED INCOME DISCLOSURE

The breakdown of undistributed income into realized and unrealized as at 31 December 2011 are summarized as below:-

	As At 31.12.2011 RM'000	As At 31.03.2011 RM'000
<i>Realized</i>		
Distributable undistributed income	9,794	21,211
<i>Unrealized</i>		
Cumulative net change arising from the fair value of investment properties	156,925	156,925
Gain arising from measuring non-current financial liabilities at amortized cost	993	976
	157,918	157,901
	<u>167,712</u>	<u>179,112</u>

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Third Quarter Ended 31 December 2011

ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. REVIEW OF PERFORMANCE

For the nine-month period ended 31 December 2011, the Trust recorded gross revenue and net property income of RM70.83 million and RM47.76 million respectively, representing an increase of 2.0% and 6.0% respectively as compared to preceding year's correspondence period.

The realized net income of RM29.0 million for the nine-month period ended 31 December 2011 was 7.1% higher than the preceding year to date of RM27.07 million (excluding the compensation of RM 3.78 million arising from land acquisition recorded in the preceding year to date).

These improved results were mainly due to additional contribution from the newly acquired investment properties as well as improved occupancy and lower property expenses from the existing investment properties.

B2. MATERIAL CHANGES IN QUARTER RESULTS

There were no material changes in the net income for the quarter under review as compared to the immediate preceding quarter.

B3. CHANGES IN THE STATE OF AFFAIRS

There was no material change in the state of affairs of the Trust for the quarter under review.

B4. CHANGES IN PORTFOLIO COMPOSITION

The acquisition of Prima 9 and Prima 10, CyberJaya were completed on 30 November 2011 in accordance with the terms and conditions stipulated in the Sale and Purchase Agreements.

Except as disclosed above, there was no material change in the portfolio composition of the Trust for the quarter under review. As at 31 December 2011, the Trust's composition of investment portfolio is as follow:-.

Real Estate	Type	Cost of Investment* RM'000	Market Value RM'000	Market Value As % of NAV
Bangunan AmBank Group **	Commercial Office	185,622	231,000	38.9%
AmBank Group Leadership Centre**	Commercial Office	19,586	20,700	3.5%
Menara AmFIRST **	Commercial Office	63,862	64,000	10.8%
Menara AmBank **	Commercial Office	232,079	299,000	50.3%
Kelana Brem Towers **	Commercial Office	86,051	111,000	18.7%
The Summit Subang USJ **	Mixed Commercial	285,543	298,300	50.2%
Prima 9 #	Commercial Office	72,856	72,000	12.1%
Prima 10 #	Commercial Office	61,726	61,000	10.3%
		<u>1,007,325</u>	<u>1,157,000</u>	

* Cost of investment comprised purchase consideration and capital expenditure incurred during the period.

** Based on latest valuation as at 31 March 2011

Based on latest valuation as at 12 April 2011

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Third Quarter Ended 31 December 2011

B5. CHANGES IN NET ASSET VALUE AND UNIT PRICE

	As At 31.12.2011 RM'000	As At 31.03.2011 RM'000
Net Asset Value ("NAV")	594,585	605,985
NAV Per Unit (RM)		
- Before income distribution	1.3860	1.4125
- After income distribution	1.3632	1.3631
Closing Unit Price Per Unit (RM)	1.16	1.18

The NAV per Unit after income distribution is calculated after taking into consideration for income distribution of approximately 100% of the realized distributable income at the end of the reporting period.

B6. REVIEW OF COMMERCIAL PROPERTY MARKET

Commercial office market remains soft with concerns of oversupply of office spaces in certain location in anticipation of substantial new supply in the pipeline.

The retail sector remains active with high occupancy in established shopping malls, however, the heightened uncertainties in the economy may discourage the consumer spending and pose challenges to the retail sector.

B7. PROSPECTS

The Manager will continue to proactively manage the properties under the portfolio in order to safeguard the income stream of the Trust whilst pursue strategic yield accretive acquisition opportunities to grow the Trust.

Barring any unforeseen circumstances, the Manager expects the Trust to perform satisfactory for the financial year ending 31 March 2012.

B8. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

There were no issuances of new units for the quarter under review.

B9. CIRCUMSTANCES AFFECTING INTEREST OF UNITHOLDERS

There were no unusual circumstances which materially affect the interest of the Unitholders for the quarter under review.

B10. CHANGES IN MATERIAL LITIGATION

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

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Third Quarter Ended 31 December 2011

B11. STATUS OF CORPORATE PROPOSALS

Save as disclosed below, there were no corporate proposals announced but not completed at the latest practicable date of this report:

- (a) On 10 June 2011, an announcement was made for the proposed acquisition by AmFIRST REIT of all that piece of land held under Geran 207783, Lot 23582 in the Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan together with two office buildings, consisting of a seven storey building with two levels of basement car park identified as Prima 9 for a cash consideration of RM72,000,000 and a seven storey building with two levels of basement car park identified as Prima 10 for a cash consideration of RM61,000,000 from Complete Event Sdn Bhd.

The acquisition was completed on 30 November 2011 in accordance with the terms and conditions stipulated in the Sale and Purchase Agreements.

- (b) On behalf of the Board of Directors of the manager of AmFIRST REIT (“Board”), AmInvestment Bank Berhad had on 10 August 2011, announced that AmFIRST REIT proposed to undertake the following:-

- (i) a renounceable rights issue on the basis of three (3) new Units for every five (5) existing Units at an entitlement date to be determined later; and
- (ii) proposed increase in the existing approved fund size of AmFIRST REIT of 429,001,000 Units to 686,401,600 Units.

(collectively, referred to as the “Proposals”)

On 8 November 2011, AmInvestment Bank Berhad, on behalf of the Board, had announced the submission of application to the Securities Commission in respect of the Proposals. As at the date of this report, the Proposals are pending approval from the SC.

B12. MAJOR MAINTENANCE COSTS AND CAPITAL EXPENDITURE

For the nine-month period ended 31 December 2011, a total of approximately RM6.0 million has been incurred for upgrading and enhancement of the investment properties where the bulk amount was spent on the renovation and upgrading of common area in Bangunan AmBank Group.

B13. SOFT COMMISSION

During the quarter ended 31 December 2011, the Manager did not receive any soft commission from its broker or dealer by virtue of transaction conducted by the Trust.

B14. REVENUE RECOGNITION

Rental and interest income are recognized on an accrual basis.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Third Quarter Ended 31 December 2011

B15. MANAGER'S FEE

Pursuant to the Deed constituting AmFIRST REIT, the Manager's fee consist of a base fee up to 0.5% per annum of the total asset value of the Trust (excluding any taxes payable) and a performance fee of 3.0% per annum of net property income (excluding any taxes payable), accruing monthly but before deduction of property management fee.

For the quarter ended 31 December 2011, the Manager's fee consists of a base fee of 0.30% per annum and performance fee of 3.0% per annum.

B16. TRUSTEE'S FEE

Pursuant to the Deed constituting AmFIRST REIT, the Trustee is entitled to receive a fee up to 0.10% per annum of the net asset value of the Trust. The Trustee's fee for the quarter ended 31 December 2011 is calculated based on 0.04% per annum of the net asset value.

B17. UNITS HELD BY RELATED PARTIES

As at 31 December 2011, the Manager did not hold any units in AmFIRST REIT. However, the parties related to the Manager who holds units in AmFIRST REIT are as follows:

	Number of Units 000	Market Value RM'000
(a) Unitholdings of companies related to the Manager		
AmEquities Sdn Bhd	80,000	92,800
Amcorp Group Berhad	26,112	30,290
AmBank (M) Berhad	25,344	29,399
Jadeline Capital Sdn Bhd	23,105	26,802
AmInvestment Bank Berhad	9,336	10,830
AmLife Insurance Berhad on behalf of Life Non Par	4,500	5,220
AMG Insurance Berhad on behalf of General Fund	3,000	3,480
AmLife Insurance Berhad on behalf of Life Fund	2,500	2,900
(b) Direct unitholdings of Directors of the Manager		
Cheah Tek Kuang	1	1
(c) Indirect unitholdings of Directors of the Manager		
Lim Hwee Chiang #	23,105	26,802
(d) Chief Executive Officer of the Manager		
Lim Yoon Peng *	50	58

By virtue of Mr. Lim Hwee Chiang's indirect interest in Jadeline Capital Sdn Bhd.

*Deemed interest by virtue of his spouse's unitholding in AmFIRST REIT

The market value is determined by multiplying the number of units with the closing unit price of RM1.16 per unit as at 31 December 2011.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Third Quarter Ended 31 December 2011

B18. TAXATION

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967, where in the basis period for a year of assessment, 90% or more of the total income of the Trust is distributed to unitholder, the total income of the Trust for that year of assessment shall be exempted from tax.

There will be no tax payable as the Trust intends to distribute at least 90% of the distributable income to unitholders for the financial year ending 31 March 2012.

Reconciliation between the applicable income tax expense and the effective income tax expense of the Trust is as follows:-

	Current Period Ended 31.12.2011 RM'000	Preceding Corresponding Period Ended 31.12.2010 RM'000
Current tax expense	-	-
Reconciliation of effective tax expense		
Net Income before taxation	29,013	30,943
Income tax using Malaysian tax rate of 25% (2010 : 25%)	7,253	7,736
Effects of non-deductible expenses	46	50
Effect of measuring non-current financial liabilities at amortized cost	4	22
Effects of income exempted from tax	(7,303)	(7,808)
Tax expense	-	-

B19. INCOME DISTRIBUTION

No income distribution was declared during the quarter under review

B20. STATEMENT BY THE DIRECTORS OF THE MANAGER

In the opinion of the Directors of the Manager, this quarterly report has been prepared in accordance with FRS 134 : Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of AmFIRST REIT as at 31 December 2011 and of its financial performance and cash flows for the period ended on that date and duly authorized for released by the Board of the Manager on 22 February 2012.