

**CONDENSED FINANCIAL STATEMENTS**

**FIRST QUARTER ENDED 30 JUNE 2013**

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# AmFIRST REAL ESTATE INVESTMENT TRUST

## UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME For The First Quarter Ended 30 June 2013

	Current Year Quarter 30.06.2013 RM'000	Preceding Year Corresponding Quarter 30.06.2012 RM'000	Current Year To Date 30.06.2013 RM'000	Preceding Year To Date 30.06.2012 RM'000
<b>Gross revenue</b>	28,445	26,610	28,445	26,610
Property expenses	(9,078)	(8,974)	(9,078)	(8,974)
<b>Net property income</b>	19,367	17,636	19,367	17,636
Interest and other income	70	49	70	49
	19,437	17,685	19,437	17,685
<b>Administrative expenses</b>				
Manager's fee	(1,565)	(1,445)	(1,565)	(1,445)
Trustee's fee	(83)	(61)	(83)	(61)
Valuation fee	(66)	(71)	(66)	(71)
Auditors' remuneration	(6)	(5)	(6)	(5)
Tax agent fee	(3)	(3)	(3)	(3)
Others expenses	(447)	(287)	(447)	(287)
Interest expense	(4,775)	(5,934)	(4,775)	(5,934)
	(6,945)	(7,806)	(6,945)	(7,806)
<b>Net trust income</b>	12,492	9,879	12,492	9,879
Gain/(loss) arising from measuring non-current financial liabilities at amortized cost	592	(62)	592	(62)
<b>Income before taxation</b>	13,084	9,817	13,084	9,817
Taxation	-	-	-	-
<b>Income for the period</b>	13,084	9,817	13,084	9,817
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	13,084	9,817	13,084	9,817
<b>Total comprehensive income for the period is made up as follows:-</b>				
- Realized	12,492	9,879	12,492	9,879
- Unrealized	592	(62)	592	(62)
	13,084	9,817	13,084	9,817
<b>Units in circulation (Unit) ('000)</b>	686,402	429,001	686,402	429,001
<b>Basic earnings Per Unit (EPU) (sen)</b>	1.91	2.29	1.91	2.29

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes.

# AmFIRST REAL ESTATE INVESTMENT TRUST

## UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

As At 30 June 2013

	As At 30.06.2013 (Unaudited) RM'000	As At 31.03.2013 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Investment properties	1,280,407	1,277,226
<b>Current Assets</b>		
Receivables	7,274	7,602
Deposit with financial institution	5,378	11,741
Cash and bank balances	159	1,020
	12,811	20,363
<b>TOTAL ASSETS</b>	1,293,218	1,297,589
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Rental deposits	16,248	10,482
Borrowings	338,000	338,000
	354,248	348,482
<b>Current Liabilities</b>		
Payables	7,482	7,646
Rental deposits	10,473	16,158
Borrowings	96,082	88,400
	114,037	112,204
<b>TOTAL LIABILITIES</b>	468,285	460,686
<b>NET ASSET VALUE</b>	<b>824,933</b>	<b>836,903</b>
<b>FINANCED BY:</b>		
<b>UNITHOLDERS' FUNDS</b>		
Unitholders' capital	636,625	636,625
Undistributed income - Realized	12,740	25,302
Undistributed income - Unrealized	175,568	174,976
	<b>824,933</b>	<b>836,903</b>
<b>Number Of Units In Circulation ('000)</b>	<b>686,402</b>	<b>686,402</b>
<b>Net Asset Value per unit (RM)</b>		
- before income distribution	1.2018	1.2193
- after income distribution	1.1833	1.1828

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes.

# AmFIRST REAL ESTATE INVESTMENT TRUST

## UNAUDITED CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE For The First Quarter Ended 30 June 2013

	Distributable			Unitholders' Fund RM'000
	Unitholders' Capital RM'000	Undistributed Income		
		Realized RM'000	Unrealized RM'000	
<b><u>Current Year To Date</u></b>				
<b>As At 1 April 2013</b>	636,625	25,302	174,976	836,903
Total comprehensive income for the period	-	12,492	592	13,084
<u>Unitholders' transactions</u>				
Distribution to Unitholders	-	(25,054)	-	(25,054)
<b>As At 30 June 2013</b>	<u>636,625</u>	<u>12,740</u>	<u>175,568</u>	<u>824,933</u>
<b><u>Preceding Year To Date</u></b>				
<b>As At 1 April 2012</b>	426,873	20,792	170,100	617,765
Total comprehensive income for the period	-	9,879	(62)	9,817
<u>Unitholders' transactions</u>				
Distribution to Unitholders	-	(20,721)	-	(20,721)
<b>As At 30 June 2012</b>	<u>426,873</u>	<u>9,950</u>	<u>170,038</u>	<u>606,861</u>

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 2013 and the accompanying explanatory notes.

# AmFIRST REAL ESTATE INVESTMENT TRUST

## UNAUDITED CONDENSED STATEMENT OF CASH FLOWS For The First Quarter Ended 30 June 2013

	Current Year To Date 30.06.2013 RM'000	Preceding Year To Date 30.06.2012 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before taxation	13,084	9,817
Adjustment for :-		
Interest income	(70)	(104)
Impairment/ (Reversal) of impairment loss on trade receivables	218	(90)
Interest expenses	4,775	5,934
(Gain)/loss arising from measuring non-current financial liabilities measured at amortized cost	(592)	62
Operating income before working capital changes	17,415	15,619
<b>Changes in working capital</b>		
Decrease in receivables	110	67
Decrease in payables	(136)	(831)
Increase/(decrease) in rental deposits	673	(345)
<b>Net cash generated from operating activities</b>	18,062	14,510
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Upgrade/enhancement of investment properties	(3,182)	(2,254)
Interest received	70	104
<b>Net cash used in investing activities</b>	(3,112)	(2,150)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(4,802)	(6,345)
Distributions to Unitholders	(25,054)	(20,721)
Drawdown of borrowings	7,682	7,200
<b>Net cash used in financing activities</b>	(22,174)	(19,866)
<b>Net change in cash and cash equivalents</b>	(7,224)	(7,506)
<b>Cash and cash equivalents at the beginning of period</b>	12,761	10,270
<b>Cash and cash equivalents at the end of period</b>	5,537	2,764
<b>CASH AND CASH EQUIVALENTS COMPRISE :-</b>		
Deposit with financial institution	5,378	2,453
Cash and bank balances	159	311
	5,537	2,764

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes.

# **AmFIRST REAL ESTATE INVESTMENT TRUST**

## **NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2013**

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### **EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134 AND INTERNATIONAL ACCOUNTING STANDARD (“IAS”) 34**

#### **A1. BASIS OF PREPARATION**

These condensed financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by Malaysian Accounting Standard Board (“MASB”) and with IAS 34: Interim Financial Reporting, Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), applicable provisions of the Deed and the Securities Commission’s (“SC”) Guidelines on Real Estate Investment Trusts.

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 2013 except for the adoption of the relevant new MFRSs, amendments to MFRSs and IC Interpretations that are effective for annual period beginning on or after 1 April 2013. The adoption of new MFRSs, amendment to MFRSs and IC interpretations does not have any material impact on the financial results of the Trust.

#### **A2. DECLARATION OF AUDIT QUALIFICATION**

There was no audit qualification on the financial statements for the year ended 31 March 2013.

#### **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 material unusual items affecting the amounts reported for 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, cancellation, repurchase, resale and repayment of debt and equity securities for the quarter under review.

#### **A7. SEGMENT INFORMATION**

No segment information is prepared as the Trust’s activities are predominantly in one reportable segment and its assets are located in Malaysia.

# AmFIRST REAL ESTATE INVESTMENT TRUST

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2013

### A8. INCOME DISTRIBUTION PAID

During the quarter under review, the Trust had on 31 May 2013, paid a final income distribution of 3.65 sen per unit, amounting to RM25,053,655 for the six-month period from 1 October 2012 to 31 March 2013.

### A9. MATERIAL SUBSEQUENT EVENTS

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

### A10. 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 686,401,600 units as at 30 June 2013.

### A11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

### A12. 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 2013.

### A13. REALIZED AND UNREALIZED INCOME DISCLOSURE

The breakdown of undistributed income into realized and unrealized as at 30 June 2013 are summarized as below:-

	As At 30.06.2013 RM'000	As At 31.03.2013 RM'000
<i>Realized</i>		
Distributable undistributed income	12,740	25,302
<i>Unrealized</i>		
Cumulative net change arising from the fair value of investment properties	174,217	174,217
Gain arising from measuring non-current financial liabilities at amortized cost	1,351	759
	175,568	174,976
	188,308	200,278

# AmFIRST REAL ESTATE INVESTMENT TRUST

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2013

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

#### B1. REVIEW OF PERFORMANCE

For the first three months ended 30 June 2013 of the financial year ending 31 March 2014, the Trust recorded gross revenue and net property income of RM28.4 million and RM19.4 million respectively, representing an increase of 6.9% and 9.8% respectively as compared to preceding corresponding period. The improved results were mainly attributable to the contribution from Kompleks Tun Sri Lanang (also known as Jaya 99) which the acquisition was completed on 1 November 2012.

With higher net property income coupled with interest saving arising from the repayment of bank borrowings via proceeds raised from the rights issue, the Trust has recorded RM12.5 million realized and distributable net income for the current period, an increase of 26.4% as compared to the preceding corresponding period of RM9.9 million.

#### B2. CHANGES IN THE STATE OF AFFAIRS

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

#### B3. CHANGES IN PORTFOLIO COMPOSITION

There were no material changes in the portfolio composition of AmFIRST REIT for the quarter under review. As at 30 June 2013, the Trust's composition of investment portfolio is as follow:-

	Cost of Investment <sup>1</sup> As At 30.06.2013 RM'000	Valuation <sup>2</sup> As At 30.06.2013 RM'000	% Total Real Estate Portfolio To Net Asset Value As At 30.06.2013 %
Bangunan AmBank Group	187,049	238,083	28.9%
AmBank Group Leadership Centre	19,719	22,065	2.7%
Menara AmFIRST	63,862	68,000	8.2%
Menara AmBank	232,224	310,000	37.6%
Wisma AmFIRST	92,849	112,701	13.7%
The Summit Subang USJ	288,617	305,332	37.0%
Prima 9	72,898	75,000	9.1%
Prima 10	61,746	62,000	7.5%
Kompleks Tun Sri Lanang	87,226	87,226	10.6%
	<u>1,106,190</u>	<u>1,280,407</u>	

1 Cost of investment comprised purchase consideration paid and capital expenditure incurred since acquisition.

2 Based on valuation as at 31 March 2013 and the capital expenditure incurred during the period from 1 April 2013 to 30 June 2013.



# AmFIRST REAL ESTATE INVESTMENT TRUST

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2013

### B4. CHANGES IN NET ASSET VALUE AND UNIT PRICE

	As at 30.06.2013 RM'000	As at 31.03.2013 RM'000
Net Asset Value ("NAV")	824,933	836,903
NAV Per Unit (RM)		
- Before income distribution	1.2018	1.2193
- After income distribution	1.1833	1.1828
Closing Unit Price Per Unit (RM)	1.04	1.08

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.

### B5. REVIEW OF COMMERCIAL PROPERTY MARKET

The commercial office market segment remains challenging as supply continues to outstrip demand; however, market rental remained resilience with mixed performance in occupancy level for difference grade and location of the offices. Notwithstanding, the Trust's office portfolio occupancies and rentals remain stable.

The overall retail sector remains resilient sustained by strong domestic demand, rising levels of disposable income and strong inbound tourism. The Trust's retail component is enjoying high occupancy and positive rental reversion.

### B6. PROSPECTS

The additional contribution from the newly acquired properties and improvement in overall occupancies of the existing properties under the portfolio is expected to continue to boost the net income of the Trust.

The Manager will continue actively manage the property portfolio to extract value whilst explore various potential acquisitions to grow the Trust. Barring any unforeseen circumstances, the Manager expects the Trust continue to deliver sustainable performance for the financial year ending 31 March 2014.

### B7. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

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

### B8. CIRCUMSTANCES AFFECTING INTEREST OF UNITHOLDERS

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

### B9. CHANGES IN MATERIAL LITIGATION

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

# AmFIRST REAL ESTATE INVESTMENT TRUST

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2013

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### **B10. STATUS OF CORPORATE PROPOSALS**

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

On behalf of the Manager, AmInvestment Bank Berhad had on 28 May 2013, announced that the Manager proposed to undertake the following:-

- (a) Proposed amendment to the relevant clause in the deed dated 28 September 2006 as amended by the first supplemented, revised and restated deed dated 15 December 2006 entered into between the Manager and Trustee constituting AmFIRST REIT (“First Restated Deed”) to allow the Manager to be paid either in the form of new units in AmFIRST REIT, cash or a combination thereof for its base fee and performance fee; and
- (b) Proposed amendments to certain clauses in the First Restated Deed to be aligned with the applicable laws, regulations and guidelines governing the real estate investment trusts and to provide for amendments which are administrative and/or technical in nature.

(Collectively referred to as “Proposed Amendments”)

In relation to the above, the Manager also proposes to restate the First Restated Deed in its entirety as a new deed governing AmFIRST REIT (“Second Restated Deed”) with effect from the date of registration of the Second Restated Deed with the Securities Commission Malaysia (“SC”).

The Proposed Amendments have been approved by the Unitholders at the First Annual General Meeting held on 9 July 2013 and the Second Restated Deed is currently pending for lodgment with the SC. An announcement will be made upon lodgment of the Second Restated Deed with the SC.

### **B11. MAJOR MAINTENANCE COSTS AND CAPITAL EXPENDITURE**

During the current quarter ended 30 June 2013, a total of approximately RM3.2 million has been incurred for upgrading and enhancement of the investment properties where the bulk amount was spent on refurbishment and upgrading of Wisma AmFIRST.

### **B12. SOFT COMMISSION**

During the quarter ended 30 June 2013, the Manager did not receive any soft commission from its broker or dealer by virtue of transaction conducted by the Trust.

### **B13. REVENUE RECOGNITION**

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Trust and the revenue can be reliably measured. Rental income arising from operating leases on investment properties is accounted for on straight-line basis over the lease term.

# AmFIRST REAL ESTATE INVESTMENT TRUST

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2013

### B14. 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 current quarter ended 30 June 2013, the Manager's fee consists of a base fee of 0.30% per annum and performance fee of 3.0% per annum.

### B15. 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 current quarter ended 30 June 2013 is calculated based on 0.04% per annum of the net asset value.

### B16. UNITS HELD BY RELATED PARTIES

As at 30 June 2013, 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 Unit 000	Market Value RM'000
<b>(a) Unitholdings of companies related to the Manager</b>		
AmBank (M) Berhad	168,551	175,293
Amcorp Group Berhad	41,779	43,450
Jadeline Capital Sdn Bhd	36,968	38,447
AmInvestment Bank Berhad	14,938	15,536
AmLife Insurance Berhad on behalf of Life Fund	11,200	11,648
AmGeneral Insurance Berhad on behalf of Shareholders' Fund	10,000	10,400
AmGeneral Insurance Berhad on behalf of General Fund	4,800	4,992
<b>(b) Indirect unitholdings of Directors of the Manager</b>		
- Lim Hwee Chiang <sup>1</sup>	36,968	38,447
<b>(c) Chief Executive Officer ("CEO") of the Manager</b>		
- Lim Yoon Peng <sup>2</sup>	92	96

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

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

Mr Lim Yoon Peng had retired as CEO with effect from 1 August 2013. En Zuhairy Md Isa is appointed as an Acting CEO with effect from 1 August 2013. As at the date of this report, En Zuhairy has an interest of 7,400 units of AmFIRST REIT held under Malacca Equity Nominees (Tempatan) Sdn Bhd.

The market value is determined by multiplying the number of units with the closing unit price of RM1.04 per unit as at 30 June 2013.

# AmFIRST REAL ESTATE INVESTMENT TRUST

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2013

### B17. 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 unitholders, the total income of the Trust for that year of assessment shall be exempted from tax.

There will be no tax payable for the Trust as the Trust intends to distribute at least 90% of the distributable income to unitholders for the financial year ending 31 March 2014.

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

	Current Period 30.06.2013 RM'000	Preceding Corresponding Period 30.06.2012 RM'000
Current tax expense	-	-
<b>Reconciliation of effective tax expense</b>		
Net Income before taxation	13,083	9,817
Income tax using Malaysian tax rate of 25% (2012: 25%)	3,271	2,454
Effects of non-deductible expenses	46	17
Effect of measuring non-current financial liabilities at amortized cost	148	(15)
Effects of income exempted from tax	(3,456)	(2,456)
Tax expense	-	-

### B18. INCOME DISTRIBUTION

During the current quarter under review, the Trust had on 31 May 2013, paid a final income distribution of 3.65 sen per unit for the six-month financial period from 1 October 2012 to 31 March 2013, totaling RM25,053,655, which is in line with the objectives of AmFIRST REIT to deliver regular and stable distribution to unitholders.

Pursuant to the amended Section 109D of the Income Tax Act, 1967, the following withholding tax rates will be deducted for distribution made to the following categories 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, to tax at prevailing corporate tax rate)
- Non-resident corporate (withholding tax at 25%)

# AmFIRST REAL ESTATE INVESTMENT TRUST

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2013

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### B19. BASIC EARNINGS PER UNIT (“EPU”)

	Quarter Ended		Year Ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
Net income (RM'000)	13,084	9,817	13,084	9,817
Number of units in circulation ('000)	686,402	429,001	686,402	429,001
Basic EPU per unit (sen)	1.91	2.29	1.91	2.29

The total number of units in issue had increased from 429,001,000 to 686,401,600 arising from the issuance and listing of 257,400,600 Rights Units on the Main Market of Bursa Securities on 7 August 2012.

For the current quarter period ended 30 June 2013, the basic EPU was diluted as a result of the enlarged unit in circulation pursuant to the Rights Issue.

### B20. STATEMENT BY THE DIRECTORS OF THE MANAGER

In the opinion of the Board of Directors of the Manager, this quarterly report has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by Malaysian Accounting Standard Board (“MASB”) and with IAS 34: 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 30 June 2013 and of its financial performance and cash flows for the period ended as at 30 June 2013 and duly authorized for release by the Board of Directors of the Manager on 27 August 2013.