



CONDENSED FINANCIAL STATEMENTS

THIRD QUARTER ENDED 31 DECEMBER 2013

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AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For The Third Quarter Ended 31 December 2013

	Current Year Quarter 31.12.2013 RM'000	Preceding Year Corresponding Quarter 31.12.2012 RM'000	Current Year To Date 31.12.2013 RM'000	Preceding Year To Date 31.12.2012 RM'000
Gross revenue	28,230	27,715	84,480	81,155
Property expenses	(8,957)	(9,102)	(27,185)	(26,709)
Net property income	19,273	18,613	57,295	54,446
Interest income	53	36	143	305
Other income	74	1	96	1
	19,400	18,650	57,534	54,752
Administrative expenses				
Manager's fee	(1,567)	(1,511)	(4,677)	(4,405)
Trustee's fee	(84)	(83)	(250)	(220)
Valuation fee	(60)	(66)	(187)	(197)
Auditors' remuneration	(6)	(5)	(27)	(15)
Tax agent's fee	(3)	(7)	(9)	(13)
Others expenses	(114)	(418)	(358)	(951)
Interest expense	(4,824)	(4,442)	(14,390)	(15,164)
	(6,658)	(6,532)	(19,898)	(20,965)
Net trust income	12,742	12,118	37,636	33,787
(Loss)/Gain arising from measuring non-current financial liabilities at amortized cost	(69)	90	389	324
Income before taxation	12,673	12,208	38,025	34,111
Taxation	-	-	-	-
Income for the period	12,673	12,208	38,025	34,111
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	12,673	12,208	38,025	34,111
Distribution adjustment	69	(90)	(389)	(324)
Income available for distribution	12,742	12,118	37,636	33,787
Total comprehensive income for the period is made up as follows:-				
- Realized	12,742	12,118	37,636	33,787
- Unrealized	(69)	90	389	324
	12,673	12,208	38,025	34,111
Units In Circulation (Unit) ('000)	686,402	686,402	686,402	566,593*
Basic Earnings Per Unit (EPU) (sen)	1.85	1.78	5.54	6.02
Distribution Per Unit (DPU) (sen) - Interim	-	-	3.65	3.16

* Based on weighted average of unit in circulation.

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 31 December 2013

	As At 31.12.2013 (Unaudited) RM'000	As At 31.03.2013 (Audited) RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,283,241	1,277,226
Current Assets		
Receivables	4,866	7,602
Deposit with financial institution	4,518	11,741
Cash and bank balances	327	1,020
	9,711	20,363
TOTAL ASSETS	1,292,952	1,297,589
LIABILITIES		
Non-Current Liabilities		
Rental deposits	13,403	10,482
Borrowings	392,400	338,000
	405,803	348,482
Current Liabilities		
Payables	7,554	7,646
Rental deposits	13,076	16,158
Borrowings	41,698	88,400
	62,328	112,204
TOTAL LIABILITIES	468,131	460,686
NET ASSET VALUE	824,821	836,903
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	636,625	636,625
Undistributed income - Realized	12,831	25,302
Undistributed income - Unrealized	175,365	174,976
	824,821	836,903
Units In Circulation (Unit) ('000)	686,402	686,402
Net Asset Value per unit (RM)		
- Before income distribution	1.2017	1.2193
- After income distribution	1.1828	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 Third Quarter Ended 31 December 2013

	← Distributable →			
	Unitholders' Capital RM'000	Undistributed Income		
	Realized RM'000	Unrealized RM'000		
<u>Current Year To Date</u>				
As At 1 April 2013	636,625	25,302	174,976	836,903
Total comprehensive income for the period	-	37,636	389	38,025
<u>Unitholders' transactions</u>				
Distribution to Unitholders				
- Final FYE 2012/13	-	(25,053)	-	(25,053)
- Interim FYE 2013/14	-	(25,054)	-	(25,054)
As At 31 December 2013	636,625	12,831	175,365	824,821
<u>Preceding Year To Date</u>				
As At 1 April 2012	426,873	20,793	170,099	617,765
Total comprehensive income for the period	-	33,787	324	34,111
<u>Unitholders' transactions</u>				
Issuance of Rights Unit	213,642	-	-	213,642
Issuing expenses	(3,871)	-	-	(3,871)
Distribution to Unitholders				
- Final FYE 2011/12	-	(20,721)	-	(20,721)
- Interim FYE 2012/13	-	(21,690)	-	(21,690)
As At 31 December 2012	636,644	12,169	170,423	819,236

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 Third Quarter Ended 31 December 2013

	Current Year To Date 31.12.2013 RM'000	Preceding Year To Date 31.12.2012 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Income before taxation	38,025	34,111
<i>Adjustment for :-</i>		
Interest income	(143)	(305)
(Reversal)/ impairment loss on trade receivables	(353)	126
Trade receivables written-off	-	176
Interest expenses	14,390	15,164
Gain arising from measuring non-current financial liabilities measured at amortized cost	(389)	(324)
Operating income before working capital changes	51,530	48,948
Changes in working capital		
Decrease/(increase) in receivables	3,088	(1,085)
(Decrease)/ increase in payables	(44)	5,873
Increase/(decrease) in rental deposits	228	(427)
Net cash generated from operating activities	54,802	53,309
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of investment properties	-	(86,000)
Incidental costs on acquisition of investment properties	-	(1,226)
Upgrade/enhancement of investment properties	(6,015)	(3,442)
Interest received	143	305
Net cash used in investing activities	(5,872)	(90,363)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(14,438)	(15,617)
Proceeds from issuance of Rights Unit	-	213,642
Issuing expenses	-	(3,872)
Distributions to Unitholders	(50,106)	(42,411)
Repayment of borrowings	7,698	(209,600)
Drawdown of borrowings	-	87,537
Net cash (used in)/ generated from financing activities	(56,846)	29,679
Net change in cash and cash equivalents	(7,916)	(7,376)
Cash and cash equivalents at the beginning of period	12,761	10,270
Cash and cash equivalents at the end of period	4,845	2,894
CASH AND CASH EQUIVALENTS COMPRISE :-		
Deposit with financial institution	4,518	2,489
Cash and bank balances	327	405
	4,845	2,894

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 Third Quarter Ended 31 December 2013

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 Third Quarter Ended 31 December 2013

A8. INCOME DISTRIBUTION PAID

During the quarter under review, the Trust had on 5 December 2013, paid an interim income distribution of 3.65 sen per unit, amounting to RM25,053,655 for the six-month period from 1 April 2013 to 30 September 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 31 December 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 31 December 2013 are summarized as below:-

	As At 31.12.2013 RM'000	As At 31.03.2013 RM'000
<i>Realized</i>		
Distributable undistributed income	12,831	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	1,148	759
	175,365	174,976
	188,196	200,278

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For The Third Quarter Ended 31 December 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 nine-month period ended 31 December 2013, the Trust recorded gross revenue and net property income of RM84.5 million and RM57.3 million respectively, representing an increase of 4% and 5% respectively as compared to preceding corresponding period. The improved results were mainly attributable to the additional 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 RM37.6 million realized and distributable net income for the current period, an increase of 11% as compared to the preceding corresponding period of RM33.8 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 31 December 2013, the Trust's composition of investment portfolio is as follow:-

	Cost of Investment ¹ As At 31.12.2013 RM'000	Valuation ² As At 31.12.2013 RM'000	% Valuation To Net Asset Value As At 31.12.2013 %
Bangunan AmBank Group	188,106	239,139	29.0%
AmBank Group Leadership Centre	20,008	22,354	2.7%
Menara AmFIRST	63,862	68,000	8.2%
Menara AmBank	232,227	310,003	37.6%
Wisma AmFIRST	94,117	113,968	13.8%
The Summit Subang USJ	288,786	305,503	37.0%
Prima 9	72,925	75,027	9.1%
Prima 10	61,746	62,000	7.5%
Kompleks Tun Sri Lanang	87,247	87,247	10.6%
	<u>1,109,024</u>	<u>1,283,241</u>	

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

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

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Third Quarter Ended 31 December 2013

B4. CHANGES IN NET ASSET VALUE AND UNIT PRICE

	As at 31.12.2013 RM'000	As at 31.03.2013 RM'000
Net Asset Value ("NAV")	824,821	836,903
NAV Per Unit (RM)		
- Before income distribution	1.2017	1.2193
- After income distribution	1.1828	1.1828
Closing Unit Price Per Unit (RM)	1.00	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

Although there is a concern of an oversupply in the commercial office market segment, office rental remained resilient with mixed performance in occupancy level for different grade and location of the offices. The Trust's office portfolio occupancies and rentals remain stable.

The overall retail sector remains resilient sustained by strong domestic demand. Retail sales remained buoyant with continued local and international interest for investments in the sector. The Trust's retail component is enjoying high occupancy and stable rental income.

B6. PROSPECTS

The additional contribution from the acquired properties and improvement in overall occupancies of the existing properties under the portfolio is expected to maintain the net income of the Trust for the financial year ending 31 March 2014.

The Manager will continue to actively manage the property portfolio to extract value whilst exploring various potential acquisitions to grow the Trust. Barring any unforeseen circumstances, the Manager expects the Trust to 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.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Third Quarter Ended 31 December 2013

B9. CHANGES IN MATERIAL LITIGATION

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

B10. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the latest practicable date of this report.

B11. MAJOR MAINTENANCE COSTS AND CAPITAL EXPENDITURE

During the current period ended 31 December 2013, 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 refurbishment and upgrading of Wisma AmFIRST and Bangunan AmBank Group.

B12. SOFT COMMISSION

During the quarter ended 31 December 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.

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 31 December 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 31 December 2013 is calculated based on 0.04% per annum of the net asset value.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Third Quarter Ended 31 December 2013

B16. UNITS HELD BY RELATED PARTIES

As at 31 December 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
(a) Unitholdings of companies related to the Manager		
AmBank (M) Berhad	183,489	183,489
Amcorp Group Berhad	41,779	41,779
Jadeline Capital Sdn Bhd	36,968	36,968
AmLife Insurance Berhad on behalf of Life Fund	11,200	11,200
AmGeneral Insurance Berhad on behalf of Shareholders' Fund	9,550	9,550
AmGeneral Insurance Berhad on behalf of General Fund	4,800	4,800
(b) Indirect unitholdings of Directors of the Manager		
- Lim Hwee Chiang ¹	36,968	36,968
(c) Acting Chief Executive Officer ("CEO") of the Manager		
- Zuhairy Md Isa ²	7	7

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

2. Direct interest held through nominees account registered in the name of Malacca Equity Nominees (Tempatan) Sdn Bhd.

The market value is determined by multiplying the number of units with the closing unit price of RM1.00 per unit as at 31 December 2013.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Third Quarter Ended 31 December 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 31.12.2013 RM'000	Preceding Corresponding Period 31.12.2012 RM'000
Current tax expense	-	-
Reconciliation of effective tax expense		
Net income before taxation	38,025	34,111
Income tax using Malaysian tax rate of 25% (2012: 25%)	9,506	8,528
Effects of non-deductible expenses	125	56
Effect of measuring non-current financial liabilities at amortized cost	(97)	(81)
Effects of income exempted from tax	(9,534)	(8,503)
Tax expense	-	-

B18. INCOME DISTRIBUTION

During the quarter under review, the Trust had on 5 December 2013, paid an interim income distribution of 3.65 sen per unit, amounting to RM25,053,655 for the six-month period from 1 April 2013 to 30 September 2013.

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 Third Quarter Ended 31 December 2013

B19. BASIC EARNINGS PER UNIT (“EPU”)

	Quarter Ended		Period Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Net income for the period (RM'000)	12,673	12,208	38,025	34,111
Number of units in circulation ('000)	686,402	686,402	686,402	566,593*
Basic EPU per unit (sen)	1.85	1.78	5.54	6.02

* Based on weighted average of unit in circulation. 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 period ended 31 December 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 31 December 2013 and of its financial performance and cash flows for the period ended as at 31 December 2013 and duly authorized for release by the Board of Directors of the Manager on 11 February 2014.