



CONDENSED FINANCIAL STATEMENTS

FIRST QUARTER ENDED 30 JUNE 2014

<u>Contents</u>	<u>Page</u>
Condensed Statement of Comprehensive Income	1
Condensed Statement of Financial Position	2
Condensed Statement of Changes In Net Asset Value	3
Condensed Statement of Cash Flows	4
Notes to the Financial Statements	5 to 11

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For The First Quarter Ended 30 June 2014

	Current Year Quarter 30.06.2014 RM'000	Preceding Year Corresponding Quarter 30.06.2013 RM'000	Current Year To Date 30.06.2014 RM'000	Preceding Year To Date 30.06.2013 RM'000
Gross revenue	27,489	28,445	27,489	28,445
Property expenses	(9,987)	(9,078)	(9,987)	(9,078)
Net property income	17,502	19,367	17,502	19,367
Interest income	48	60	48	60
Other income	4	10	4	10
	17,554	19,437	17,554	19,437
Administrative expenses				
Manager's fee	(1,554)	(1,565)	(1,554)	(1,565)
Trustee's fee	(85)	(83)	(85)	(83)
Valuation fee	(72)	(66)	(72)	(66)
Auditors' remuneration	(8)	(6)	(8)	(6)
Tax agent's fee	(3)	(3)	(3)	(3)
Others expenses	(236)	(447)	(236)	(447)
Interest expense	(4,858)	(4,775)	(4,858)	(4,775)
	(6,816)	(6,945)	(6,816)	(6,945)
Net trust income	10,738	12,492	10,738	12,492
Change in fair value of investment properties		-	-	-
(Loss)/gain arising from measuring non-current financial liabilities at amortized cost	(121)	592	(121)	592
Income before taxation	10,617	13,084	10,617	13,084
Taxation	-	-	-	-
Income for the period	10,617	13,084	10,617	13,084
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	10,617	13,084	10,617	13,084
Distribution adjustment	121	(592)	121	(592)
Total income available for distribution	10,738	12,492	10,738	12,492
Total comprehensive income for the period is made up as follows:-				
- Realized	10,738	12,492	10,738	12,492
- Unrealized	(121)	592	(121)	592
	10,617	13,084	10,617	13,084
Number of Units In Circulation (Unit) ('000)	686,402	686,402	686,402	686,402
Basic Earnings Per Unit (EPU) (sen)	1.55	1.91	1.55	1.91

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

As At 30 June 2014

	As At 30.06.2014 (Unaudited) RM'000	As At 31.03.2014 (Audited) RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,305,291	1,301,900
Current Assets		
Receivables	15,619	7,896
Deposits with financial institution	3,763	4,165
Cash and bank balances	3,587	131
	22,969	12,192
TOTAL ASSETS	1,328,260	1,314,092
LIABILITIES		
Non-Current Liabilities		
Rental deposits	11,684	12,164
Borrowings	456,400	424,000
	468,084	436,164
Current Liabilities		
Payables	5,051	8,691
Rental deposits	14,750	14,294
Borrowings	4,000	5,079
	23,801	28,064
TOTAL LIABILITIES	491,885	464,228
NET ASSET VALUE	836,375	849,864
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	636,625	636,625
Undistributed income - Realized	12,094	25,462
Undistributed income - Unrealized	187,656	187,777
	836,375	849,864
Number of Units In Circulation (Unit) ('000)	686,402	686,402
Net Asset Value per unit (RM)		
- Before income distribution	1.2185	1.2381
- After income distribution	1.2009	1.2011

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014 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 2014

	Unitholders' Capital RM'000	← Distributable → Undistributed Income		Unitholders' Fund RM'000
		Realized RM'000	Unrealized RM'000	
<u>Current Year To Date</u>				
As At 1 April 2014	636,625	25,462	187,777	849,864
Total comprehensive income for the period	-	10,738	(121)	10,617
<u>Unitholders' transactions</u>				
Distribution to Unitholders - Final FYE 2013/14 (Net)	-	(24,106)	-	(24,106)
As At 30 June 2014	<u>636,625</u>	<u>12,094</u>	<u>187,656</u>	<u>836,375</u>
<u>Preceding Year To Date</u>				
As At 1 April 2013	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 - Final FYE 2012/13	-	(25,054)	-	(25,054)
As At 30 June 2013	<u>636,625</u>	<u>12,740</u>	<u>175,568</u>	<u>824,933</u>

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

For The First Quarter Ended 30 June 2014

	Current Period To Date 30.06.2014 RM'000	Preceding Period To Date 30.06.2013 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Income before taxation	10,617	13,084
<i>Adjustment for :-</i>		
Interest income	(48)	(60)
Impairment loss on trade receivables	118	218
Interest expenses	4,858	4,775
Loss/(gain) arising from measuring non-current financial liabilities measured at amortized cost	121	(592)
Operating income before working capital changes	15,666	17,425
Changes in working capital		
(Increase)/decrease in receivables	(7,842)	110
Decrease in payables	(3,665)	(136)
(Decrease)/increase in rental deposits	(144)	673
Net cash generated from operating activities	4,015	18,072
CASH FLOW FROM INVESTING ACTIVITIES		
Upgrade/enhancement of investment properties	(3,391)	(3,182)
Interest received	48	60
Net cash used in investing activities	(3,343)	(3,122)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(4,833)	(4,802)
Distributions to Unitholders	(24,106)	(25,054)
Drawdown of borrowings	31,321	7,682
Net cash generated from/(used in) financing activities	2,382	(22,174)
Net change in cash and cash equivalents	3,054	(7,224)
Cash and cash equivalents at the beginning of year	4,296	12,761
Cash and cash equivalents at the end of year	7,350	5,537
CASH AND CASH EQUIVALENTS COMPRISE :-		
Cash and bank balances	3,587	5,378
Deposits with financial institution	3,763	159
	7,350	5,537

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2014

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 Malaysian Financial Reporting Standards (“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 2014 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 2014. 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 2014.

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.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2014

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.

A8. INCOME DISTRIBUTION PAID

During the quarter under review, the Trust had on 12 June 2014, paid a final income distribution of 3.70 sen per unit, amounting to RM25,396,859 for the six-month period from 1 October 2013 to 31 March 2014.

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 2014.

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 2014.

A13. REALIZED AND UNREALIZED INCOME DISCLOSURE

The breakdown of undistributed income into realized and unrealized as at 30 June 2014 are summarized as below:-

	As At 30.06.2014 RM'000	As At 31.03.2014 RM'000
<i>Realized</i>		
Distributable undistributed income	12,094	25,462
<i>Unrealized</i>		
Cumulative net change arising from the fair value of investment properties	186,545	186,545
Gain arising from measuring non-current financial liabilities at amortized cost	1,111	1,232
	187,656	187,777
	199,750	213,239

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2014

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

B1. REVIEW OF PERFORMANCE

For the current quarter ended 30 June 2014, the Trust recorded gross revenue and net property income of RM27.5 million and RM17.5 million respectively. Net realized income after taxation for the quarter was RM10.7 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 2014, the Trust's composition of investment portfolio is as follow:-

	Cost of Investment ¹ As At 30.06.2014 RM'000	Market Value ² As At 30.06.2014 RM'000	% Market Value To Net Asset Value As At 30.06.2014 %
AmBank Group Leadership Centre	24,441	24,443	2.9%
Bangunan AmBank Group	189,508	240,121	28.7%
Menara AmFIRST	63,862	69,500	8.3%
Menara AmBank	234,505	310,632	37.1%
Wisma AmFIRST	95,465	111,249	13.3%
The Summit Subang USJ	289,031	314,846	37.6%
Prima 9	72,924	77,000	9.2%
Prima 10	61,774	68,000	8.1%
Kompleks Tun Sri Lanang	87,247	89,500	10.7%
	<u>1,118,757</u>	<u>1,305,291</u>	

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

2 Based on latest revaluation undertaken in March 2014 and capital expenditure incurred during the period from 1 April 2014 to 30 June 2014.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2014

B4. CHANGES IN NET ASSET VALUE AND UNIT PRICE

	As at 30.06.2014 RM'000	As at 31.03.2014 RM'000
Net Asset Value ("NAV")	836,375	849,864
NAV Per Unit (RM)		
- Before income distribution	1.2185	1.2381
- After income distribution	1.2009	1.2011
Closing Unit Price Per Unit (RM)	0.945	0.975

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 office market is to remain challenging as supply continues to outstrip demand. The average vacancy rate in the city centre is expected to increase marginally in 2014, as a result of new supply. At an aggregated level, following an increase in completions this year, 2014 will also see more activity. This will be reflected in the vacancy rate, which is anticipated to rise before declining as development completions plateau and demand firms, potentially taking vacancy down.

Despite limited rental growth prospects, average capital values are expected to increase marginally in the short to medium term, underpinned by several factors such as higher land and construction costs. Furthermore, the lack of available stock for sale could result in prospective investors matching potential vendors' relatively high price expectations.

Factors such as the rising cost of living, subsidy rationalization, electricity tariff hikes and a rise in property tax pose challenges to the industry, but are not expected to be severely detrimental to retailers. The demand for essential goods remains steady. Notwithstanding, the recent hike in OPR could affect retail sales.

Retail space, especially in lifestyle malls, will become increasingly competitive as numerous new mixed-use developments have incorporated retail centres as key components. With the increased level of competition for tenants, retail malls require niche positioning for sustainability.

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 reasonable occupancy and stable rental income. The increasing affluence of the urban population and growing middle-income population in the Klang Valley will continue to support domestic spending.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2014

B6. PROSPECTS

The office market is expected to be challenging due to supply and demand imbalances. The Manager will therefore continue to take proactive measures and increase leasing efforts in order to improve the performance of the portfolio assets to maximize returns to unitholders.

The Summit Subang USJ, which is currently undergoing a repositioning exercise, will impact the Trust's earnings for the financial year ending 31 March 2015 due to tenants' relocation and improvement in tenant mix until its full completion targeted in July 2015 upon which, the Trust is expected to register positive rental reversion and growth.

The Manager will continue to adopt active operating and capital management strategy to maintain the Trust's performance for the financial year ending 31 March 2015 in view of the recent hikes in the overnight policy rate and property expenses.

Barring any unforeseen circumstances, the Manager expects the Trust to deliver a satisfactory performance for the financial year ending 31 March 2015.

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.

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 financial year ended 30 June 2014, a total of approximately RM3.4 million has been incurred for upgrading and enhancement of the investment properties where the bulk amount was spent on refurbishment and upgrading of AmBank Group Leadership Centre, Menara AmBank, Wisma AmFIRST and Bangunan AmBank Group.

B12. SOFT COMMISSION

During the quarter ended 30 June 2014, the Manager did not receive any soft commission from its broker or dealer by virtue of transaction conducted by the Trust.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2014

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 30 June 2014, 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 2014 is calculated based on 0.04% per annum of the net asset value.

B16. UNITS HELD BY RELATED PARTIES

As at 30 June 2014, 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	173,397
Amcorp Group Berhad	41,779	39,481
Jadeline Capital Sdn Bhd	36,968	34,935
AmLife Insurance Berhad on behalf of Life Fund	11,200	10,584
AmGeneral Insurance Berhad on behalf of Shareholders' Fund	8,635	8,160
AmGeneral Insurance Berhad on behalf of General Fund	750	709
(b) Acting Chief Executive Officer ("CEO") of the Manager		
- Zuhairy bin Md Isa ¹	7	7

1. 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 RM0.945 per unit as at 30 June 2014.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2014

B17. TAXATION

Pursuant to 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 2015.

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

	Current Period 30.06.2014 RM'000	Preceding Corresponding Period 30.06.2013 RM'000
Current tax expense	-	-
Reconciliation of effective tax expense		
Net Income before taxation	10,617	13,083
Income tax using Malaysian tax rate of 25% (2013: 25%)	2,654	3,271
Effects of non-deductible expenses	77	46
Effects of income exempted from tax	(2,731)	(3,317)
Tax expense	-	-

B18. INCOME DISTRIBUTION

During the current quarter under review, the Trust had on 12 June 2014, paid a final income distribution of 3.70 sen per unit for the six-month financial period from 1 October 2013 to 31 March 2014, totaling RM25,396,859, 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%)

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 2014 and of its financial performance and cash flows for the period ended as at 30 June 2014 and duly authorized for release by the Board of Directors of the Manager on 28 August 2014.