



CONDENSED FINANCIAL STATEMENTS

THIRD QUARTER ENDED 31 DECEMBER 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 13

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For The Third Quarter Ended 31 December 2014

	Current Year Quarter 31.12.2014 RM'000	Preceding Year Corresponding Quarter 31.12.2013 RM'000	Current Year To Date 31.12.2014 RM'000	Preceding Year To Date 31.12.2013 RM'000
Gross revenue	26,811	28,230	81,203	84,480
Property expenses	(10,523)	(8,957)	(29,957)	(27,185)
Net property income	16,288	19,273	51,246	57,295
Interest income	25	45	73	121
Other income	44	82	126	118
	16,357	19,400	51,445	57,534
Administrative expenses				
Manager's fee	(1,522)	(1,567)	(4,615)	(4,677)
Trustee's fee	(85)	(84)	(254)	(250)
Valuation fee	(89)	(60)	(159)	(187)
Auditors' remuneration	(8)	(6)	(23)	(27)
Tax agent's fee	(3)	(3)	10	(9)
Others expenses	(261)	(114)	(576)	(358)
Interest expense	(5,409)	(4,824)	(15,599)	(14,390)
	(7,377)	(6,658)	(21,216)	(19,898)
Net trust income	8,980	12,742	30,229	37,636
Gain/(loss) arising from measuring non-current financial liabilities at amortized cost	87	(69)	108	389
Income before taxation	9,067	12,673	30,337	38,025
Taxation	-	-	-	-
Income for the period	9,067	12,673	30,337	38,025
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	9,067	12,673	30,337	38,025
Distribution adjustment	(87)	69	(108)	(389)
Total income available for distribution	8,980	12,742	30,229	37,636
Total comprehensive income for the period is made up as follows:-				
- Realized	8,980	12,742	30,229	37,636
- Unrealized	87	(69)	108	389
	9,067	12,673	30,337	38,025
Number of units in circulation (Unit) ('000)	686,402	686,402	686,402	686,402
Basic earnings per unit (EPU) (sen)	1.32	1.85	4.42	5.54
Distribution per unit (DPU) (sen)				
- Interim	-	-	3.09	3.65

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 31 December 2014

	As At 31.12.2014 (Unaudited) RM'000	As At 31.03.2014 (Audited) RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,322,929	1,301,900
Current Assets		
Receivables	27,048	7,896
Deposits with financial institution	3,483	4,165
Cash and bank balances	4,649	131
	35,180	12,192
TOTAL ASSETS	1,358,109	1,314,092
LIABILITIES		
Non-Current Liabilities		
Rental deposits	9,193	12,164
Borrowings	359,500	424,000
	368,693	436,164
Current Liabilities		
Payables	6,168	8,691
Rental deposits	16,942	14,294
Borrowings	131,600	5,079
	154,710	28,064
TOTAL LIABILITIES	523,403	464,228
NET ASSET VALUE	834,706	849,864
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	636,625	636,625
Undistributed income - Realized	10,196	25,462
Undistributed income - Unrealized	187,885	187,777
	834,706	849,864
Number of Units In Circulation (Unit) ('000)	686,402	686,402
Net Asset Value per unit (RM)		
- Before income distribution	1.2161	1.2381
- After income distribution	1.2012	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 Third Quarter Ended 31 December 2014

	← Distributable →			
	Unitholders' Capital RM'000	Undistributed Income		
		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	-	30,229	108	30,337
<u>Unitholders' transactions</u>				
Distribution to Unitholders				
- Final FYE 2013/14	-	(25,397)	-	(25,397)
- Interim FYE 2014/15	-	(20,098)		(20,098)
As At 31 December 2014	<u>636,625</u>	<u>10,196</u>	<u>187,885</u>	<u>834,706</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	-	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	<u>636,625</u>	<u>12,831</u>	<u>175,365</u>	<u>824,821</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 Third Quarter Ended 31 December 2014

	Current Period To Date 31.12.2014 RM'000	Preceding Period To Date 31.12.2013 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Income before taxation	30,337	38,025
<i>Adjustment for :-</i>		
Interest income	(73)	(121)
Impairment/(Reversal on impairment) loss on trade receivables	15	(353)
Trade receivables written-off	85	-
Interest expenses	15,599	14,390
Gain arising from measuring non-current financial liabilities measured at amortized cost	(108)	(389)
Operating income before working capital changes	45,855	51,552
Changes in working capital		
(Increase)/decrease in receivables	(19,251)	3,088
Decrease in payables	(2,644)	(44)
(Decrease)/increase in rental deposits	(214)	228
Net cash generated from operating activities	23,746	54,824
CASH FLOW FROM INVESTING ACTIVITIES		
Upgrade/enhancement of investment properties	(21,029)	(6,015)
Interest received	73	121
Net cash used in investing activities	(20,956)	(5,894)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(15,478)	(14,438)
Distributions to Unitholders	(45,497)	(50,106)
Drawdown of borrowings	62,021	7,698
Net cash generated from/(used in) financing activities	1,046	(56,846)
Net change in cash and cash equivalents	3,836	(7,916)
Cash and cash equivalents at the beginning of period	4,296	12,761
Cash and cash equivalents at the end of period	8,132	4,845
CASH AND CASH EQUIVALENTS COMPRISE :-		
Cash and bank balances	4,649	4,518
Deposits with financial institution	3,483	327
	8,132	4,845

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 Third Quarter Ended 31 December 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.

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 2014

A8. INCOME DISTRIBUTION PAID

During the quarter under review, the Trust had on 23 December 2014, paid an interim income distribution of 3.09 sen per unit, amounting to RM21,209,809 for the six-month period from 1 April 2014 to 30 September 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 31 December 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 31 December 2014 are summarized as below:-

	As At 31.12.2014 RM'000	As At 31.03.2014 RM'000
<i>Realized</i>		
Distributable undistributed income	10,196	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	1,340	1,232
	187,885	187,777
	198,081	213,239

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Third Quarter Ended 31 December 2014

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

B1. REVIEW OF PERFORMANCE

Gross revenue for the nine-month financial period ended 31 December 2014 declined by 4% or RM3.3 million over that of the corresponding financial period to RM81.2 million. The decline was mainly due to lower occupancy rate at The Summit Retail from 87% to 74% impacted by the ongoing refurbishment exercise and relocation of tenants. The refurbishment and rebranding of The Summit Retail is expected to be completed by the first quarter of 2016.

Property expenses increased by RM2.8 million or 10% over that of the corresponding period substantially arising from the hikes in electricity tariff and annual assessment for properties located in Kuala Lumpur City Centre effective from 1 January 2014.

Interest expenses was higher by 8% mainly due to the additional borrowing incurred to finance the ongoing refurbishments coupled with increase in the cost of borrowing due to the increase in the overnight policy rate (“OPR”) by 25 basis points in July 2014.

As a result of the above, the Trust’s realized net income after taxation for the financial period ended 31 December 2014 registered a decrease of 20% or RM7.4 million to RM30.2 million compared to the previous financial period of RM37.6 million.

B2. MATERIAL CHANGE IN THE INCOME BEFORE TAXATION FOR THE CURRENT QUARTER AS COMPARED TO THE IMMEDIATE PREDEING QUARTER

The Trust recorded a net income before taxation of RM9.1 million for the current quarter, a drop by 15% compared to the immediate preceding quarter mainly due to increase in property expenses as explained in Note B1 and higher impairment loss on trade receivables.

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.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Third Quarter Ended 31 December 2014

B4. 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 2014, the Trust's composition of investment portfolio is as follow:-

	Cost of Investment ¹ As At 31.12.2014 RM'000	Market Value ² As At 31.12.2014 RM'000	% Market Value To Net Asset Value As At 31.12.2014 %
AmBank Group Leadership Centre	25,871	25,872	3.1%
Bangunan AmBank Group	190,518	241,141	28.9%
Menara AmFIRST	63,909	69,548	8.3%
Menara AmBank	237,924	314,051	37.6%
Wisma AmFIRST	94,216	110,001	13.2%
The Summit Subang USJ	301,646	327,460	39.2%
Prima 9	72,924	77,000	9.2%
Prima 10	61,829	68,056	8.2%
Kompleks Tun Sri Lanang	87,547	89,800	10.8%
	<u>1,136,384</u>	<u>1,322,929</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 current period.

B5. CHANGES IN NET ASSET VALUE AND UNIT PRICE

	As at 31.12.2014 RM'000	As at 30.09.2014 RM'000
Net Asset Value ("NAV")	<u>834,706</u>	<u>845,738</u>
NAV Per Unit (RM)		
- Before income distribution	1.2161	1.2321
- After income distribution	<u>1.2012</u>	<u>1.2012</u>
Closing Unit Price Per Unit (RM)	<u>0.910</u>	<u>0.970</u>

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.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Third Quarter Ended 31 December 2014

B6. REVIEW OF COMMERCIAL PROPERTY MARKET

The office market remains challenging with continuous new supply coming on stream to add further to the existing imbalance demand supply market. This is expected to exert downward pressure on the occupancy and rents.

For retail market, the consumer spending should remain relatively resilient with some moderation due to anticipation of stronger inflationary pressures in the economy plus the soon-to-be implemented GST. Retail space, especially in lifestyle malls, will become increasingly competitive as numerous new mixed-use developments have incorporated retails centres as key components. With the increased level of competition for tenants, retail malls require niche positioning for sustainability. The Manager is moderate on retail sales performance as the recent interest rate hike, government's on-going subsidy rationalization measures and implementation of GST in April 2015 may affect consumer's spending power.

B7. PROSPECTS

In view of the challenging business operating environment arising from the oversupply situation, the Manager will retain present tenants and continue to take proactive measures and increase leasing efforts as well as adopt active operating and capital management strategy in order to improve the performance and returns to unit holders.

For the financial year ending 31 March 2015, the Trust earnings is expected to be impacted due to the ongoing repositioning exercise at The Summit Subang USJ which includes tenants' relocation and improvement in tenant mix until its full completion targeted by the first quarter of 2016 upon which, the Trust is expected to register positive rental reversion and growth.

The Manager has recently received encouraging commitment from prospective tenants to take up office space in both Menara AmFIRST and Wisma AmFIRST. The Manager expects to conclude a strategic asset acquisition in the next financial year. Both of these developments will have a positive impact on the performance of the Trust moving forward.

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

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 unit holders for the quarter under review.

B10. 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 Third Quarter Ended 31 December 2014

B11. STATUS OF CORPORATE PROPOSALS

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

B12. MAJOR MAINTENANCE COSTS AND CAPITAL EXPENDITURE

During the current financial period ended 31 December 2014, a total of approximately RM21.0 million has been incurred for upgrading and enhancement of the investment properties where the bulk of the amount was spent on refurbishment and upgrading of The Summit Subang USJ and AmBank Group Leadership Centre.

B13. SOFT COMMISSION

During the quarter ended 31 December 2014, the Manager did not receive any soft commission from its broker or dealer by virtue of transaction conducted by the Trust.

B14. 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.

B15. MANAGER'S FEE

Pursuant to the Deed constituting AmFIRST REIT, the Manager's fee consist of a base fee up to 0.50% 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 2014, 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 current quarter ended 31 December 2014 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 2014

B17. UNITS HELD BY RELATED PARTIES

As at 31 December 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	166,975
Amcorp Group Berhad	41,779	38,019
Jadeline Capital Sdn Bhd	36,608	33,313
AmLife Insurance Berhad on behalf of Life Fund	11,200	10,192
(b) Deputy Chief Executive Officer of the Manager		
- Zuhairy bin Md Isa ¹	7	6

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 RM0.910 per unit as at 31 December 2014.

B18. 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 unit holders, 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 unit holders for the financial year ending 31 March 2015.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Third Quarter Ended 31 December 2014

B18. TAXATION – Contd.

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

	Current Period 31.12.2014 RM'000	Preceding Corresponding Period 31.12.2013 RM'000
Current tax expense	-	-
Reconciliation of effective tax expense		
Net Income before taxation	30,337	38,025
Income tax using Malaysian tax rate of 25% (2013: 25%)	7,584	9,506
Effects of non-deductible expenses	65	125
Effects of income exempted from tax	(7,649)	(9,631)
Tax expense	-	-

B19. DERIVATIVE FINANCIAL INSTRUMENTS

The Trust had on 6 January 2015 entered into a 5-year forward start interest rate swap with a notional amount of RM100 million to exchange floating interest rate for fixed interest rate in order to minimize the exposure from fluctuation of interest rate whereby the Trust pays a fixed rate of interest of 4.25% per annum and receives interest at a variable rate equal to KLIBOR. Further details as below:

Trade Date	:	6 January 2015
Effective Date	:	31 March 2015
Termination Date	:	31 December 2019

An interest rate swap is a derivative in which one party exchanges a stream of interest payments for another party's stream of cash flow.

B20. INCOME DISTRIBUTION

During the current quarter under review, the Trust had on 23 December 2014, paid an interim income distribution of 3.09 sen per unit for the six-month financial period from 1 April 2014 to 30 September 2014, totaling RM21,209,809, 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 Third Quarter Ended 31 December 2014

B21. 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 2014 and of its financial performance and cash flows for the period ended as at 31 December 2014 and duly authorized for release by the Board of Directors of the Manager on 27 February 2015.