



## CONDENSED FINANCIAL STATEMENTS

FOURTH QUARTER ENDED 31 MARCH 2015

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# AmFIRST REAL ESTATE INVESTMENT TRUST

## UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 31.3.2015 RM'000	Preceding Year Corresponding Quarter 31.3.2014 RM'000	Current Year To Date 31.3.2015 RM'000	Preceding Year To Date 31.3.2014 RM'000
<b>Gross revenue</b>	26,049	28,313	106,889	112,793
Property expenses	(10,314)	(9,133)	(40,271)	(36,318)
<b>Net property income</b>	15,735	19,180	66,618	76,475
Interest income	33	28	106	141
Other income	42	27	532	153
	15,810	19,235	67,256	76,769
<b>Administrative expenses</b>				
Manager's fee	(1,512)	(1,568)	(6,127)	(6,245)
Trustee's fee	(84)	(84)	(338)	(333)
Valuation fee	(5)	(67)	(164)	(254)
Auditors' remuneration	(28)	(8)	(51)	(35)
Tax agent's fee	(3)	(3)	7	(12)
Others expenses	(832)	(91)	(1,406)	(451)
Interest expense	(5,633)	(4,782)	(21,233)	(19,171)
	(8,097)	(6,603)	(29,312)	(26,501)
<b>Net trust income</b>	7,713	12,632	37,944	50,268
Change in fair value of investment properties	2,340	12,328	2,340	12,327
Unrealized loss on revaluation of derivative	(2,031)	-	(2,031)	-
(Loss)/gain from initial recognition, net of amortization of financial liabilities	(21)	85	87	473
<b>Income before taxation</b>	8,001	25,045	38,340	63,068
Taxation	-	-	-	-
<b>Income for the year</b>	8,001	25,045	38,340	63,068
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive income for the year</b>	8,001	25,045	38,340	63,068
Distribution adjustment	(288)	(12,413)	(396)	(12,800)
<b>Total income available for distribution</b>	7,713	12,632	37,944	50,268
<b>Total comprehensive income for the year is made up as follows:-</b>				
- Realized	7,713	12,632	37,944	50,268
- Unrealized	288	12,413	396	12,800
	8,001	25,045	38,340	63,068
<b>Number of units in circulation (Unit) ('000)</b>	686,402	686,402	686,402	686,402
<b>Basic earnings per unit (EPU) (sen)</b>	1.17	3.65	5.59	9.19
<b>Distribution per unit (DPU) (sen)</b>				
- Interim	-	-	3.09	3.65
- Final	2.44	3.70	2.44	3.70

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 31.3.2015 (Unaudited) RM'000	As At 31.03.2014 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Investment properties	1,332,200	1,301,900
<b>Current Assets</b>		
Receivables	33,228	7,896
Deposits with financial institution	4,197	4,165
Cash and bank balances	506	131
	37,931	12,192
<b>TOTAL ASSETS</b>	1,370,131	1,314,092
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Rental deposits	10,540	12,164
Borrowings	365,200	424,000
Derivative	1,419	-
	377,159	436,164
<b>Current Liabilities</b>		
Payables	9,045	8,691
Rental deposits	15,617	14,294
Borrowings	126,100	5,079
Derivative	613	-
	151,375	28,064
<b>TOTAL LIABILITIES</b>	528,534	464,228
<b>NET ASSET VALUE</b>	<b>841,597</b>	<b>849,864</b>
<b>FINANCED BY:</b>		
<b>UNITHOLDERS' FUNDS</b>		
Unitholders' capital	636,625	636,625
Undistributed income - Realized	16,799	25,462
Undistributed income - Unrealized	188,173	187,777
	<b>841,597</b>	<b>849,864</b>
<b>Number of Units In Circulation (Unit) ('000)</b>	<b>686,402</b>	<b>686,402</b>
<b>Net Asset Value per unit (RM)</b>		
- Before income distribution	1.2261	1.2381
- After income distribution	1.2017	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

	Unitholders' Capital RM'000	← Distributable →		Unitholders' Fund RM'000
		Undistributed Income Realized RM'000	Unrealized RM'000	
<b><u>Current Year To Date</u></b>				
<b>As At 1 April 2014</b>	636,625	25,463	187,776	849,864
Total comprehensive income for the year	-	37,944	396	38,340
<u>Unitholders' transactions</u>				
Distribution to Unitholders				
- Final FYE 2013/14	-	(25,397)	-	(25,397)
- Interim FYE 2014/15	-	(21,210)		(21,210)
<b>As At 31 March 2015</b>	<u>636,625</u>	<u>16,800</u>	<u>188,172</u>	<u>841,597</u>
<b><u>Preceding 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 year	-	50,268	12,800	63,068
<u>Unitholders' transactions</u>				
Distribution to Unitholders				
- Final FYE 2012/13	-	(25,054)	-	(25,054)
- Interim FYE 2013/14		(25,053)		(25,053)
<b>As At 31 March 2014</b>	<u>636,625</u>	<u>25,463</u>	<u>187,776</u>	<u>849,864</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

	Current Year To Date 31.3.2015 RM'000	Preceding Year To Date 31.3.2014 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before taxation	38,340	63,068
<i>Adjustment for :-</i>		
Interest income	(106)	(141)
Provision/(Reversal) on impairment loss on trade receivables	312	(399)
Interest expenses	21,233	19,171
Change in fair value of investment properties	(2,340)	(12,327)
Unrealised loss on revaluation of derivative	2,031	-
Gain from initial recognition, net amortisation of financial liabilities	(87)	(473)
Operating income before working capital changes	59,383	68,899
<b>Changes in working capital</b>		
(Increase)/decrease in receivables	(23,144)	106
Increase/(decrease) in payables	216	1,425
(Decrease)/increase in rental deposits	(213)	290
<b>Net cash generated from operating activities</b>	36,242	70,720
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Deposit on acquisition of investment properties	(2,500)	-
Upgrade/enhancement of investment properties	(27,960)	(12,347)
Interest received	106	141
<b>Net cash used in investing activities</b>	(30,354)	(12,206)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(21,095)	(19,551)
Distributions to Unitholders	(46,607)	(50,107)
Drawdown of borrowings	62,221	2,679
<b>Net cash used in financing activities</b>	(5,481)	(66,979)
<b>Net change in cash and cash equivalents</b>	407	(8,465)
<b>Cash and cash equivalents at the beginning of year</b>	4,296	12,761
<b>Cash and cash equivalents at the end of year</b>	4,703	4,296
<b>CASH AND CASH EQUIVALENTS COMPRISE :-</b>		
Cash and bank balances	506	131
Deposits with financial institution	4,197	4,165
	4,703	4,296

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 Fourth Quarter Ended 31 March 2015**

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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 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 Fourth Quarter Ended 31 March 2015

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#### A8. INCOME DISTRIBUTION PAID

There was no income distribution paid during the quarter under review.

The Board of Director of the Manager of AmFIRST REIT, has declared a final income distribution of 2.44 sen per unit for the six month period from 1 October 2014 to 31 March 2015 amounting to RM16,748,199, representing approximately 100% of the realized distributable net income for the six-month period ended 31 March 2015, payable on 30 June 2015 as disclosed in note B20 below.

#### 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 March 2015.

#### A11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

#### A12. REALIZED AND UNREALIZED INCOME DISCLOSURE

The breakdown of undistributed income into realized and unrealized as at 31 March 2015 are summarized as below:-

	As At 31.03.2015 RM'000	As At 31.03.2014 RM'000
<u>Realized</u>		
Distributable undistributed income	16,799	25,462
<u>Unrealized</u>		
Cumulative net change arising from the fair value of investment properties	188,886	186,545
Change in fair value of derivative	(2,031)	-
Gain arising from measuring non-current financial liabilities at amortized cost	1,318	1,232
	188,173	187,777
	<u>204,972</u>	<u>213,239</u>

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2015

#### A13. VALUATION OF INVESTMENT PROPERTIES

During the quarter under review, a revaluation exercise was undertaken for all nine (9) investment properties pursuant to clause 10.03 of the Guidelines on Real Estate Investment Trust issued by the Securities Commission Malaysia and MFRS 140.

Description of Property	Tenure of Land	Location	Existing Use	Initial Acquisition Cost RM	Market Value As At 31.03.2015 RM	% Market Value to Net Asset Value As At 31.03.2015
AmBank Group Leadership Centre ^	Freehold	Kuala Lumpur	Office	19,056,513	22,800,000	2.7%
Bangunan AmBank Group ^^	Leasehold@	Kuala Lumpur	Office	180,152,206	257,000,000	30.5%
Menara AmFIRST *	Freehold	Petaling Jaya	Office	57,080,705	71,700,000	8.5%
Menara AmBank **	Freehold	Kuala Lumpur	Office	230,169,542	310,000,000	36.8%
Wisma AmFIRST ***	Leasehold #	Kelana Jaya	Office	86,050,991	112,000,000	13.3%
The Summit Subang USJ ***	Freehold	Subang Jaya	Mixed Commercial Complex	278,719,366	320,200,000	38.1%
Prima 9 ∞	Freehold	Cyberjaya	Office	72,897,514	77,000,000	9.2%
Prima 10 ∞	Freehold	Cyberjaya	Office	61,746,610	68,000,000	8.1%
Kompleks Tun Sri Lanang ≠	Leasehold ¥	Melaka	Office	87,225,783	93,500,000	11.1%
				<b>1,073,099,230</b>	<b>1,332,200,000</b>	

^ The property was revalued on 3 March 2015 by Cheston International (KL) Sdn Bhd, an independent professional valuers using comparison and investment method.

^^ The property was revalued on 13 March 2015 by Rahim & Co Chartered Surveyors Sdn Bhd, an independent professional valuers using comparison and investment method.

\* The property was revalued on 10 March 2015 by Rahim & Co Chartered Surveyors Sdn Bhd, an independent professional valuers using comparison and investment method.

\*\* The property was revalued on 16 March 2015 by Rahim & Co Chartered Surveyors Sdn Bhd, an independent professional valuers using comparison and investment method.

\*\* These properties were revalued on 12 March 2015 by Rahim & Co Chartered Surveyors Sdn Bhd, an independent professional valuers using comparison and investment method.

∞ These properties were revalued on 11 March 2015 by Cheston International (KL) Sdn Bhd, an independent professional valuers using comparison and investment method.

≠ The property was revalued on 6 March 2015 by Cheston International (KL) Sdn Bhd, an independent professional valuers using comparison and investment method.

@ The leasehold land will expire on 3 June 2084.

# The leasehold land will expire on 19 February 2094.

¥ The leasehold land will expire on 7 October 2109.



**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 financial year ended 31 March 2015 declined by 5% or RM5.9 million over that of the corresponding financial year to RM106.9 million. The decline was mainly due to lower occupancy rate at The Summit Retail 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 11% or RM4.0 million as compared with the corresponding year 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 11% mainly due to increase in the cost of borrowing resulted from the increase in the overnight policy rate ("OPR") by 25 basis points in July 2014 coupled with the additional borrowing incurred to finance the ongoing refurbishments coupled with.

As a result of the above, the Trust's realized net income after taxation for the financial year ended 31 March 2015 registered a decrease of 25% or RM12.3 million to RM37.9 million compared to the previous financial year of RM50.3 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 RM8.0 million for the current quarter, a drop by 12% 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 Fourth Quarter Ended 31 March 2015

#### 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 March 2015, the Trust's composition of investment portfolio is as follow:-

	Cost of Investment <sup>1</sup> As At 31.03.2015 RM'000	Market Value <sup>2</sup> As At 31.03.2015 RM'000	% Market Value To Net Asset Value As At 31.03.2015 %
AmBank Group Leadership Centre	26,163	22,800	2.7%
Bangunan AmBank Group	190,842	257,000	30.5%
Menara AmFIRST	63,910	71,700	8.5%
Menara AmBank	239,937	310,000	36.8%
Wisma AmFIRST	94,216	112,000	13.3%
The Summit Subang USJ	305,570	320,200	38.1%
Prima 9	73,224	77,000	9.2%
Prima 10	61,830	68,000	8.1%
Kompleks Tun Sri Lanang	87,622	93,500	11.1%
	<u>1,143,314</u>	<u>1,332,200</u>	

- 1 Cost of investment comprised purchase consideration paid and capital expenditure incurred since the acquisitions.
- 2 Based on latest revaluation undertaken in March 2015 and capital expenditure incurred during the current year.

#### B5. CHANGES IN NET ASSET VALUE AND UNIT PRICE

	As at 31.03.2015 RM'000	As at 31.12.2014 RM'000
Net Asset Value ("NAV")	<u>841,597</u>	<u>834,706</u>
NAV Per Unit (RM)		
- Before income distribution	1.2261	1.2161
- After income distribution	<u>1.2017</u>	<u>1.2012</u>
Closing Unit Price Per Unit (RM)	<u>0.935</u>	<u>0.910</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.

**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 recently implemented GST. 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 Manager is moderate on retail sales performance as the recent interest rate hike, government's ongoing subsidy rationalization measures and implementation of GST in April 2015 may affect consumer's spending.

**B7. PROSPECTS**

In view of the challenging business environment arising from the oversupply of office and retail space in addition to the disruption caused by the AEs being implemented, the Manager will retain existing tenants and continue to take proactive measures, increase leasing efforts as well as adopt active operating and capital management strategy to improve the portfolio performance and returns to Unitholders.

The Manager has recently received encouraging commitment from prospective tenants to take up office space in both Menara AmFIRST and Wisma AmFIRST while the competitive market in Cyberjaya requires sustained effort. The Manager expects to conclude the strategic asset acquisition, Mydin Hypermall Penang as mentioned in Note B11, in the next financial year. The acquisition 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 2016.

**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 Fourth Quarter Ended 31 March 2015**

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#### **B11. STATUS OF CORPORATE PROPOSALS**

On 15 April 2015, an announcement was made for the proposed acquisition of all those six (6) pieces of land held under GM 136, GRN 1929, GM 929, GM 338, GM 342 and HSM 1158, lot nos. 850, 1186, 1511, 1611, 1619 and 3424 respectively, in the Mukim 06, District of Seberang Perai Tengah, State of Pulau Pinang ("Lands") together with a three (3) storey Hypermall building, each floor with a mezzanine level together with 1,242 car park bays and 1,236 motorcycle bays identified as Mydin Hypermall which is currently being built on the aforesaid lands for a cash consideration of RM250,000,000 from Mydin Wholesale Cash And Carry Sdn Bhd (Company no. 275715-K) ("Proposed Acquisition")

The Proposed Acquisition is pending the fulfillment of condition precedents as stipulated in the Sale and Purchase Agreement dated 15 April 2015. The Proposed Acquisition is expected to conclude in the second quarter of financial year 2016.

Save except as above, there were no other corporate proposals previously announced but not completed as at the date of this report.

#### **B12. MAJOR MAINTENANCE COSTS AND CAPITAL EXPENDITURE**

During the current financial period ended 31 March 2015, a total of approximately RM27.9 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, Menara AmBank and AmBank Group Leadership Centre.

#### **B13. SOFT COMMISSION**

During the quarter ended 31 March 2015, 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 March 2015, the Manager's fee consists of a base fee of 0.30% per annum and performance fee of 3.0% per annum.

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2015

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#### 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 March 2015 is calculated based on 0.04% per annum of the net asset value.

#### B17. UNITS HELD BY RELATED PARTIES

As at 31 March 2015, 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	183,489	171,562
Amcorp Group Berhad	41,779	39,063
Jadeline Capital Sdn Bhd	36,168	33,817
AmMetLife Insurance Berhad on behalf of Life Fund	11,200	10,472
<b>(b) Deputy Chief Executive Officer of the Manager</b>		
- Zuhairy bin Md Isa <sup>1</sup>	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 RM0.935 per unit as at 31 March 2015.

#### 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 ended 31 March 2015.

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2015

#### B18. TAXATION – Contd.

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

	Current Year 31.03.2015 RM'000	Preceding Corresponding Year 31.03.2014 RM'000
Current tax expense	-	-
<b>Reconciliation of effective tax expense</b>		
Net Income before taxation	38,340	63,068
Income tax using Malaysian tax rate of 25% (2014: 25%)	9,585	15,767
Effects of non-deductible expenses	755	85
Effect of fair value adjustment on investment properties not subject to tax	585	3,082
Effects of income exempted from tax	(10,925)	(18,934)
Tax expense	-	-

#### B19. DERIVATIVE

	Derivative Liability (RM'000)	
	Current Year 31.03.2015 RM'000	Preceding Corresponding Year RM'000
<u>Interest Rate Swap contract</u>		
Non-current	1,419	-
Current	613	-

The Trust has entered into a 5-year Interest Rate Swap ("IRS") forward contract with a notional amount of RM100,000,000 to hedge the Trust's floating interest rate for fixed rate in order to mitigate the risk on fluctuating interest rate. In this IRS contract, the Trust pays 4.25% fixed rate in exchange of the 3-month KLIBOR.

#### B20. INCOME DISTRIBUTION

The Board of Director of the Manager of AmFIRST REIT, has declared a final income distribution of 2.44 sen per unit for the six month period from 1 October 2014 to 31 March 2015 amounting to RM16,748,199, representing approximately 100% of the realized distributable net income for the six-month period ended 31 March 2015, payable on 30 June 2015 as disclosed below:-

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2015

#### B20. INCOME DISTRIBUTION – Contd.

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%)

The final income distribution for the six-month period ended 31 March 2015 is from the following sources:-

	<b>01.04.2014 To 31.03.2015 RM'000</b>	<b>01.04.2013 To 31.03.2014 RM'000</b>
Rental income	106,889	112,793
Interest income	106	141
Other income	532	153
Total income	107,527	113,087
Less : Total expenses (before manager's fees)	(63,456)	(56,574)
Net income before taxation (before manager's fees)	44,071	56,513
Less : Manager's fees	(6,127)	(6,245)
Net income before taxation	37,944	50,268
Less : Taxation	-	-
Realized net income after taxation	37,944	50,268
Add : Distributable undistributed income brought forward	65	248
Total income available for distribution	38,009	50,516
Less : Interim income distribution	(21,209)	(25,054)
Total income available for distribution	16,800	25,462
<b>Less : Proposed final income distribution</b>	<b>(16,748)</b>	<b>(25,397)</b>
Distributable undistributed income carried forward	52	65
<b>Number of unit in circulation ('000)</b>	<b>686,402</b>	686,402
<b>Final income distribution per unit (Sen)</b>	<b>2.44</b>	3.70

#### 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 March 2015 and of its financial performance and cash flows for the period ended as at 31 March 2015 and duly authorized for release by the Board of Directors of the Manager on 28 May 2015.