



CONDENSED FINANCIAL STATEMENTS

FIRST QUARTER ENDED 30 JUNE 2015

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AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 30.06.2015 RM'000	Preceding Year Corresponding Quarter 30.06.2014 RM'000	Current Year To Date 30.06.2015 RM'000	Preceding Year To Date 30.06.2014 RM'000
Gross revenue	24,887	27,489	24,887	27,489
Property expenses	(9,364)	(9,987)	(9,364)	(9,987)
Net property income	15,523	17,502	15,523	17,502
Interest income	31	25	31	25
Other income	5	27	5	27
	15,559	17,554	15,559	17,554
Administrative expenses				
Manager's fee	(1,521)	(1,554)	(1,521)	(1,554)
Trustee's fee	(84)	(85)	(84)	(85)
Valuation fee	(86)	(72)	(86)	(72)
Auditors' remuneration	(22)	(8)	(22)	(8)
Tax agent's fee	(6)	(3)	(6)	(3)
Others expenses	(1,379)	(236)	(1,379)	(236)
Interest expense	(6,020)	(4,858)	(6,020)	(4,858)
	(9,118)	(6,816)	(9,118)	(6,816)
Net trust income	6,441	10,738	6,441	10,738
Unrealized gain on revaluation of derivative	570	-	570	-
Loss from initial recognition, net of amortization of financial liabilities	(59)	(121)	(59)	(121)
Income before taxation	6,952	10,617	6,952	10,617
Taxation	-	-	-	-
Income for the year	6,952	10,617	6,952	10,617
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	6,952	10,617	6,952	10,617
Distribution adjustment	(510)	121	(510)	121
Total income available for distribution	6,442	10,738	6,442	10,738
Total comprehensive income for the period is made up as follows:-				
- Realized	6,441	10,738	6,441	10,738
- Unrealized	511	(121)	511	(121)
	6,952	10,617	6,952	10,617
Number of units in circulation (Unit) ('000)	686,402	686,402	686,402	686,402
Basic earnings per unit (EPU) (sen)	1.01	1.55	1.01	1.55

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2015 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	As At 30.06.2015 (Unaudited) RM'000	As At 31.03.2015 (Audited) RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,341,112	1,332,200
Current Assets		
Receivables	57,424	33,228
Deposits with financial institution	4,157	4,197
Cash and bank balances	130	506
	61,711	37,931
TOTAL ASSETS	1,402,823	1,370,131
LIABILITIES		
Non-Current Liabilities		
Rental deposits	11,749	10,540
Borrowings	316,800	365,200
Derivative	868	1,419
	329,417	377,159
Current Liabilities		
Payables	8,127	9,046
Rental deposits	13,301	15,617
Borrowings	218,686	126,100
Derivative	593	613
	240,707	151,375
TOTAL LIABILITIES	570,124	528,534
NET ASSET VALUE	832,699	841,597
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	636,625	636,625
Undistributed income - Realized	7,390	16,799
Undistributed income - Unrealized	188,684	188,173
	832,699	841,597
Number of Units In Circulation (Unit) ('000)	686,402	686,402
Net Asset Value per unit (RM)		
- Before income distribution	1.2131	1.2261
- After income distribution	1.2038	1.2017

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2015 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	
<u>Current Period To Date</u>				
As At 1 April 2015	636,625	16,799	188,173	841,597
Total comprehensive income for the period	-	6,441	511	6,952
<u>Unitholders' transactions</u>				
Distribution to Unitholders - Final FYE 2014/15	-	(15,850)	-	(15,850)
As At 30 June 2015	<u>636,625</u>	<u>7,390</u>	<u>188,684</u>	<u>832,699</u>
<u>Preceding 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	-	(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>

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 2015 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

	Current Year To Date 30.06.2015 RM'000	Preceding Year To Date 30.06.2014 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Income before taxation	6,952	10,617
<i>Adjustment for :-</i>		
Interest income	(31)	(48)
Impairment loss on trade receivables	1,105	118
Interest expenses	6,020	4,858
Unrealised gain on revaluation of derivative	(570)	-
Gain from initial recognition, net amortisation of financial liabilities	59	121
Operating income before working capital changes	13,535	15,666
Changes in working capital		
Increase in receivables	(25,301)	(7,842)
Decrease in payables	(928)	(3,665)
Decrease in rental deposits	(1,166)	(144)
Net cash (used in)/generated from operating activities	(13,860)	4,015
CASH FLOW FROM INVESTING ACTIVITIES		
Enhancement of investment properties	(8,912)	(3,391)
Interest received	31	48
Net cash used in investing activities	(8,881)	(3,343)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(6,011)	(4,833)
Distributions paid to Unitholders	(15,850)	(24,106)
Drawdown of borrowings	44,186	31,321
Net cash generated from financing activities	22,325	2,382
Net change in cash and cash equivalents	(416)	3,054
Cash and cash equivalents at the beginning of period	4,703	4,296
Cash and cash equivalents at the end of period	4,287	7,350
CASH AND CASH EQUIVALENTS COMPRISE :-		
Cash and bank balances	130	3,587
Deposits with financial institution	4,157	3,763
	4,287	7,350

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2015 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2015

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 2015 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 2015. 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 2015.

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, CANCELLATION, REPURCHASE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuances, cancellation, repurchase, resale and repayment of debt and equity securities for the quarter under review.

A7. SEGMENT INFORMATION

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

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2015

A8. INCOME DISTRIBUTION PAID

During the quarter under review, the Trust had on 30 June 2015, paid a final income distribution of 2.44 sen per unit, amounting to RM16,748,199 for the six-month period from 1 October 2014 to 31 March 2015.

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 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 30 June 2015 are summarized as below:-

	As At 30.06.2015 RM'000	As At 31.03.2015 RM'000
<u>Realized</u>		
Distributable undistributed income	7,390	16,799
<u>Unrealized</u>		
Cumulative net change arising from the fair value of investment properties	188,886	188,886
Change in fair value of derivative	(1,461)	(2,031)
Gain arising from measuring non-current financial liabilities at amortized cost	1,259	1,318
	188,684	188,173
	<u>196,074</u>	<u>204,972</u>

A13. 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 2015.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2015

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 period ended 30 June 2015 declined by 9.5% or RM2.6 million over that of the corresponding financial period to RM24.9 million. The decline was mainly due to lower occupancy rate at Prima 9, The Summit Retail and Menara AmBank. The occupancy at The Summit Retail is 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 decreased by 6.2% or RM0.6 million as compared with the corresponding period substantially due to lower electricity charges and facility management fees.

Interest expenses were higher by 23% 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.

As a result of the above, the Trust's net income after taxation for the quarter ended 30 June 2015 registered a decrease of 34.5% or RM3.7 million to RM7.0 million compared to the corresponding period of last year of RM10.6 million.

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

The Trust recorded a net income before taxation of RM7.0 million for the current quarter, a drop by 13.1% compared to the immediate preceding quarter mainly due to the impact in gross revenue 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 First Quarter Ended 30 June 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 30 June 2015, the Trust's composition of investment portfolio is as follow:-

	Cost of Investment ¹ As At 30.06.2015 RM'000	Market Value ² As At 30.06.2015 RM'000	% Market Value To Net Asset Value As At 30.06.2015 %
AmBank Group Leadership Centre	26,163	22,800	2.7%
Bangunan AmBank Group	191,906	257,000	30.9%
Menara AmFIRST	63,910	71,700	8.6%
Menara AmBank	246,751	310,000	37.2%
Wisma AmFIRST	94,283	112,000	13.5%
The Summit Subang USJ	306,433	320,200	38.5%
Prima 9	73,224	77,000	9.3%
Prima 10	61,830	68,000	8.2%
Kompleks Tun Sri Lanang	87,726	93,500	11.2%
	<u>1,152,226</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 30.06.2015 RM'000	As at 31.03.2015 RM'000
Net Asset Value ("NAV")	<u>832,699</u>	<u>841,597</u>
NAV Per Unit (RM)		
- Before income distribution	1.2131	1.2261
- After income distribution	<u>1.2024</u>	<u>1.2017</u>
Closing Unit Price Per Unit (RM)	<u>0.885</u>	<u>0.935</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. To mitigate this risk, the on-going and completed refurbishment works will help to support rent and occupancy and overcome the pull factor arising from tenants being offered relocation proposals to new buildings with favourable terms.

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 with more malls entering the softer retail market. Retailers have experienced a slowdown in retail sales as consumer remains cautious on spending. This will translate to downward pressure on occupancy and rents similar to the commercial office market.

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 sustain 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 Summit and Wisma AmFIRST while the competitive market in Cyberjaya requires more intense and innovative marketing efforts. The Manager expects to conclude the strategic asset acquisition, Mydin Hypermall Penang in the 3rd Quarter of 2015. 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 First Quarter Ended 30 June 2015

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 ending 31 March 2016.

Save for the 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 30 June 2015, a total of approximately RM8.9 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 Menara AmBank, The Summit Subang USJ and Bangunan AmBank Group.

B13. SOFT COMMISSION

During the quarter ended 30 June 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 30 June 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 First Quarter Ended 30 June 2015

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.

For the current quarter ended 30 June 2015, the Trustee's fee is calculated based on 0.04% per annum of the net asset value.

B17. UNITS HELD BY RELATED PARTIES

As at 30 June 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
(a) Unitholdings of companies related to the Manager		
AmBank (M) Berhad	183,489	162,388
Amcorp Group Berhad	41,779	36,974
Jadeline Capital Sdn Bhd	36,168	32,009
AmMetLife Insurance Berhad on behalf of Life Fund	11,200	9,912
(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 RM0.885 per unit as at 30 June 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 ending 30 June 2015.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 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 30.06.2015 RM'000	Preceding Corresponding Year 30.06.2014 RM'000
Current tax expense	-	-
Reconciliation of effective tax expense		
Net Income before taxation	6,952	10,617
Income tax using Malaysian tax rate of 25% (2014: 25%)	1,738	2,654
Effects of non-deductible expenses	62	77
Effects of income exempted from tax	(1,800)	(2,731)
Tax expense	-	-

B19. DERIVATIVE

	Derivative Liability (RM'000)	
	Current Year 30.06.2015 RM'000	Preceding Corresponding Year RM'000
<u>Interest Rate Swap contract</u>		
Non-current	868	-
Current	593	-

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

During the current quarter under review, the Trust had on 30 June 2015, paid a final income distribution of 2.44 sen per unit for the six-month financial period from 1 October 2014 to 31 March 2015, totaling RM16,748,199, which is in line with the objectives of AmFIRST REIT to deliver regular and stable distribution to unitholders.

Pursuant to the amended Section 109D of the Income Tax Act, 1967, the following withholding tax rates will be deducted for distribution made to the following categories of unitholders:

- Resident and non-resident individuals (withholding tax at 10%)
- Resident and non-resident institution investors (withholding tax at 10%)
- Resident companies (no withholding tax, to tax at prevailing corporate tax rate)
- Non-resident corporate (withholding tax at 25%)

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2015

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 30 June 2015 and of its financial performance and cash flows for the period ended as at 30 June 2015 and duly authorized for release by the Board of Directors of the Manager on 12 August 2015.