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## CONDENSED FINANCIAL STATEMENTS

FOURTH QUARTER ENDED 31 MARCH 2016

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# AmFIRST REAL ESTATE INVESTMENT TRUST

## UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 31.03.2016 RM'000	Preceding Year Corresponding Quarter 31.03.2015 RM'000	Current Year To Date 31.03.2016 RM'000	Preceding Year To Date 31.03.2015 RM'000
<b>Gross revenue</b>	26,032	26,049	99,794	106,889
Property expenses	(9,543)	(10,314)	(38,702)	(40,271)
<b>Net rental income</b>	16,489	15,735	61,092	66,618
Interest income	40	33	118	106
Other income	612	42	642	532
Gain on disposal of investment property	12,223	-	12,223	-
	29,364	15,810	74,075	67,256
<b>Administrative expenses</b>				
Manager's fee	(1,788)	(1,512)	(6,323)	(6,127)
Trustee's fee	(85)	(84)	(337)	(338)
Valuation fee	41	(5)	(198)	(164)
Auditors' remuneration	(3)	(28)	(54)	(51)
Tax agent's fee	(7)	(3)	(16)	7
Others expenses	(661)	(832)	(1,448)	(1,406)
Interest expense	(8,585)	(5,633)	(27,342)	(21,233)
	(11,088)	(8,097)	(35,718)	(29,312)
<b>Net trust income</b>	18,276	7,713	38,357	37,944
Change in fair value of investment properties	31,377	2,340	31,377	2,340
Unrealised loss on revaluation of derivative	(2,937)	(2,031)	(1,994)	(2,031)
Unrealised gain/(loss) from initial recognition, net of amortisation of financial liabilities	680	(21)	632	87
<b>Profit before taxation</b>	47,396	8,001	68,372	38,340
Taxation	-	-	-	-
<b>Profit for the financial year</b>	47,396	8,001	68,372	38,340
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive income for the year</b>	47,396	8,001	68,372	38,340
<b>Total comprehensive income for the year is made up as follows:-</b>				
- Realised	18,276	7,713	38,357	37,944
- Unrealised	29,120	288	30,015	396
	47,396	8,001	68,372	38,340
<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>				
- Realised	2.66	1.12	5.59	5.53
- Unrealised	4.24	0.04	4.37	0.06
	6.90	1.16	9.96	5.59
<b>Income distribution per unit (DPU) (sen)</b>				
- Interim	-	-	2.03	3.09
- Final	3.07	2.44	3.07	2.44

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 31.03.2016 (Unaudited) RM'000	As At 31.03.2015 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Investment properties	1,627,800	1,332,200
<b>Current Assets</b>		
Trade receivables	2,973	3,263
Other receivables, deposits and prepayments	52,581	29,965
Deposits with financial institution	9,020	4,197
Cash and bank balances	35,758	506
	100,332	37,931
<b>TOTAL ASSETS</b>	1,728,132	1,370,131
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Rental deposits	16,649	10,540
Borrowings	648,516	365,200
Derivative	3,087	1,419
	668,252	377,159
<b>Current Liabilities</b>		
Trade payables	510	1,775
Other payables and accruals	17,275	7,270
Rental deposits	12,870	15,617
Borrowings	149,000	126,100
Derivative	938	613
	180,593	151,375
<b>TOTAL LIABILITIES</b>	848,845	528,534
<b>NET ASSET VALUE</b>	<b>879,287</b>	<b>841,597</b>
<b>FINANCED BY:</b>		
<b>UNITHOLDERS' FUNDS</b>		
Unitholders' capital	636,625	636,625
Undistributed income - Realised	21,111	16,799
Undistributed income - Unrealised	221,551	188,173
	<b>879,287</b>	<b>841,597</b>
<b>Number of Units In Circulation (Unit) ('000)</b>	<b>686,402</b>	<b>686,402</b>
<b>Net Asset Value (NAV) per unit (RM)</b>		
- Before income distribution	1.2810	1.2261
- After income distribution	1.2503	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

	Undistributed Income			Unitholders' Fund
	Unitholders' Capital	Realised Income	Unrealised Income	
	RM'000	RM'000	RM'000	
<b><u>Current Year To Date</u></b>				
<b>As At 1 April 2015</b>	636,625	16,799	188,173	841,597
Total comprehensive income for the year	-	38,357	30,015	68,372
Realisation of unrealised loss on disposal	-	(3,363)	3,363	-
<u>Unitholders' transactions</u>				
Distribution to Unitholders				
- 2015 final	-	(16,748)	-	(16,748)
- 2016 Interim	-	(13,934)	-	(13,934)
<b>As At 31 March 2016</b>	<b>636,625</b>	<b>21,111</b>	<b>221,551</b>	<b>879,287</b>
<b><u>Preceding Year To Date</u></b>				
<b>As At 1 April 2014</b>	636,625	25,462	187,777	849,864
Total comprehensive income for the year	-	37,944	396	38,340
<u>Unitholders' transactions</u>				
Distribution to Unitholders				
- 2014 final	-	(25,397)	-	(25,397)
- 2015 interim	-	(21,210)	-	(21,210)
<b>As At 31 March 2015</b>	<b>636,625</b>	<b>16,799</b>	<b>188,173</b>	<b>841,597</b>

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 31.03.2016 RM'000	Preceding Year To Date 31.03.2015 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	68,372	38,340
<i>Adjustment for :-</i>		
Interest income from placement with financial institution	(118)	(106)
Interest expense	27,342	21,233
Provision of impairment loss on trade receivables	47	312
Change in fair value of investment properties	(31,377)	(2,340)
Gain from initial recognition, net amortisation of financial liabilities	(632)	(87)
Realised gain on disposal of investment property	(12,223)	-
Unrealised loss on revaluation of derivative	1,994	2,032
Operating profit before working capital changes	53,405	59,382
<b>Changes in working capital</b>		
Increase in receivables	(14,973)	(23,144)
Increase in payables	8,188	216
Increase/(decrease) in rental deposits	3,994	(213)
<b>Net cash generated from operating activities</b>	50,614	36,241
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of investment property	(254,107)	-
Deposit on acquisition of investment property	-	(2,500)
Enhancement of investment properties	(33,014)	(27,960)
Net proceeds from disposal of investment property	27,721	-
Interest income	118	106
<b>Net cash used in investing activities</b>	(259,282)	(30,354)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(26,791)	(21,095)
Distributions paid to Unitholders	(30,682)	(46,607)
Drawdown of borrowings (net)	306,216	62,221
<b>Net cash generated from/(used in) financing activities</b>	248,743	(5,481)
<b>Net increase in cash and cash equivalents</b>	40,075	407
<b>Cash and cash equivalents at the beginning of year</b>	4,703	4,296
<b>Cash and cash equivalents at the end of year</b>	44,778	4,703
<b>Cash and cash equivalents included in the statement of cash flows comprise of the following:</b>		
Cash and bank balances	35,758	506
Deposits with financial institution	9,020	4,197
	44,778	4,703

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 Fourth Quarter Ended 31 March 2016**

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#### **EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134 AND INTERNATIONAL ACCOUNTING STANDARD (“IAS”) 34**

##### **A1. BASIS OF PREPARATION**

The condensed financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by Malaysian Accounting Standard Board (“MASB”), 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 Second Restated Deed (the “Deed”) dated 13 September 2013 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**

The audited financial statements of the Trust for the preceding financial year ended 31 March 2015 was not qualified.

##### **A3. SEASONALITY AND CYCLICALITY OF OPERATIONS**

The operations of the Trust are not affected by material 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.

## **AmFIRST REAL ESTATE INVESTMENT TRUST**

### **NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2016**

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#### **A7. SEGMENTAL INFORMATION**

No segmental 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**

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 3.07 sen per unit for the six-month period from 1 October 2015 to 31 March 2016 amounting to RM21,072,529, representing approximately 100% of the realized distributable net income for the six-month period ended 31 March 2016, payable on 30 May 2016 as disclosed in note B20 below.

#### **A9. SIGNIFICANT EVENTS**

- (i) On 15 April 2015, an announcement was made for the proposed acquisition of all those six (6) pieces of freehold 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 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.

The Manager has announced that the proposed acquisition has been completed on 29 January 2016.

- (ii) On 15 December 2015, an announcement was made for the proposed disposal of a 13-storey office building comprising of a 10-storey office block, a penthouse and a 3-level car park known as AmBank Group Leadership Center located at Jalan Puncak, off Jalan P Ramlee, 50250 Kuala Lumpur to Techvance Properties Management Sdn Bhd for a cash consideration of RM36,000,000.

The Manager has announced that the Sale and Purchase Agreement of the above proposed disposal has been completed on 31 March 2016.

Save for the above, there was no material event since the last annual reporting period.

#### **A10. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE CURRENT QUARTER**

There were no significant events subsequent to the current quarter ended 31 March 2015

#### **A11. 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 2016.

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2016

#### A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

#### A13. VALUATION OF INVESTMENT PROPERTIES

During the quarter under review, a revaluation exercise was undertaken for all 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'000	Valuation As At 31.03.2016 RM'000	% Valuation to Net Asset Value As At 31.03.2016
Bangunan AmBank Group <sup>(i)</sup>	Leasehold	Kuala Lumpur	Office	180,152	259,000	29.5%
Menara AmFIRST <sup>(ii)</sup>	Freehold	Petaling Jaya	Office	57,081	72,500	8.2%
Menara AmBank <sup>(iii)</sup>	Freehold	Kuala Lumpur	Office	230,170	314,000	35.7%
Wisma AmFIRST <sup>(iv)</sup>	Leasehold	Kelana Jaya	Office	86,051	114,000	13.0%
The Summit Subang USJ <sup>(v)</sup>	Freehold	Subang Jaya	Mixed Commercial Complex	278,719	349,400	39.7%
Prima 9 <sup>(vi)</sup>	Freehold	Cyberjaya	Office	72,897	74,500	8.5%
Prima 10 <sup>(vi)</sup>	Freehold	Cyberjaya	Office	61,747	68,000	7.7%
Kompleks Tun Sri Lanang <sup>(vii)</sup>	Leasehold	Melaka	Office	87,226	101,400	11.5%
Mydin Hypermall <sup>(viii)</sup>	Freehold	Penang	Retail	254,107	275,000	31.3%
				<b>1,308,150</b>	<b>1,627,800</b>	

- (i) This property was revalued on 11 March 2016 by Rahim & Co Chartered Surveyors Sdn Bhd ("Rahim & Co"), independent professional valuers. The leasehold land will expire on 3 June 2084.
- (ii) This property was revalued on 14 March 2016 by Rahim & Co.
- (iii) This property was revalued on 15 March 2016 by Rahim & Co.
- (iv) This property was revalued on 19 February 2016 by Cheston International (KL) Sdn Bhd ("Cheston"), independent professional valuers. The leasehold land will expire on 19 February 2094.
- (v) This property was revalued on 10 March 2016 by Rahim & Co.
- (vi) These two properties were revalued on 18 February 2016 by Cheston.
- (vii) This property was revalued on 22 February 2016 by Cheston. The leasehold land will expire on 7 October 2109.
- (viii) The property was revalued on 29 February 2016 by Cheston.



**AmFIRST REAL ESTATE INVESTMENT TRUST****NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
For The Fourth Quarter Ended 31 March 2016****A14. REALISED AND UNREALISED INCOME DISCLOSURE**

The breakdown of undistributed income into realised and unrealised as at 31 March 2016 are summarised as below:-

	As At 31.3.2016 RM'000	As At 31.12.2015 RM'000
<b><u>Realised</u></b>		
Distributable undistributed income	21,111	6,899
<b><u>Unrealised</u></b>		
Cumulative net change arising from the fair value of investment properties	223,626	188,886
Change in fair value of derivative	(4,025)	(1,088)
Gain arising from measuring non-current financial liabilities at amortised cost	1,950	1,269
	242,662	195,966

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2016

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

##### B1. REVIEW OF PERFORMANCE

The Trust registered a gross revenue and net property income of RM99.8 million and RM61.1 million respectively for the current financial year, a declined by 6.7% and 8.3% respectively as compared to the preceding corresponding year. The decrease was mainly due to lower occupancy rate of Prima 9 and Menara AmBank coupled with the rental reduction given to tenants of the Summit Retail Podium and Summit Hotel as rebate for the temporary business disruption by the on-going refurbishment works.

The proposed acquisition of Mydin Hyprmall has been completed on 29 January 2016 and starts to generate positive net rental income to the Trust.

Interest expense was higher by 28.8% as compared to the preceding correspondence year as a result of the additional borrowing to finance the acquisition of Mydin Hypermall and various asset enhancement initiatives of the existing properties.

The proposed disposal of AmBank Group Leadership Centre had been completed and generated a net gain of RM12.2 million. After taking into account the realisation of the unrealised fair value adjustment of RM3.3 million, the net realised gain arising from the disposal is RM8.4 million.

For the financial year ended 31 March 2016, profit for the year was RM68.4 million comprising realised income of RM38.3 million and unrealised income of RM30.0 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. MATERIAL CHANGE IN THE INCOME BEFORE TAXATION FOR THE CURRENT QUARTER AS COMPARED TO THE IMMEDIATE PRECEDING QUARTER

	Current Quarter Ended 31.3.2016 RM'000	Immediate Preceding Quarter Ended 31.12.2015 RM'000
Realised income	18,276	6,157
Unrealised income	29,120	(1,111)
	<b>47,396</b>	<b>5,046</b>

Excluding the net gain on disposal of AmBank Group Leadership Centre of RM12.2 million, the realised income from operation for the current quarter was RM6.1 million, a marginal decrease of 1.7% as compared to the immediate preceding quarter.

The unrealised income of RM29.1 million for the current quarter was mainly derived from the revaluation surplus arising from the fair value adjustment of the investment properties.

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2016

#### B4. CHANGES IN PORTFOLIO COMPOSITION

The acquisition of Mydin Hypermall Bukit Mertajam has been completed on 29 January 2016 in accordance with the terms and conditions stipulated in the Sale and Purchase Agreement.

The Sale and Purchase Agreement of the disposal of AmBank Group Leadership Centre has been completed on 31 March 2016.

Except as disclosed above, there were no material changes in the portfolio composition of AmFIRST REIT for the quarter under review. As at 31 March 2016, the Trust's composition of investment portfolio is as follow:-

	Cost of Investment # As At 31.3.2016 RM'000	Valuation As At 31.3.2016 RM'000	% Valuation To Net Asset Value As At 31.3.2016 %
Bangunan AmBank Group	192,845	259,000	29.5%
Menara AmFIRST	63,915	72,500	8.2%
Menara AmBank	251,898	314,000	35.7%
Wisma AmFIRST	94,406	114,000	13.0%
The Summit Subang USJ	324,195	349,400	39.7%
Prima 9	73,224	74,500	8.5%
Prima 10	61,830	68,000	7.7%
Kompleks Tun Sri Lanang	87,754	101,400	11.5%
Mydin Hypermall	254,107	275,000	31.3%
	<u>1,404,174</u>	<u>1,627,800</u>	

# Cost of investment comprised purchase consideration paid and incidental cost of acquisition as well as the capital expenditure incurred since the acquisitions.

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

	As at 31.3.2016 RM'000	As at 31.12.2015 RM'000
Net Asset Value ("NAV")	879,287	832,591
NAV Per Unit (RM)		
- Before income distribution	1.2810	1.2130
- After income distribution	1.2503	1.2029
Closing Unit Price Per Unit (RM)	0.750	0.735

The NAV per Unit after income distribution is calculated after taking into consideration for the income distribution of approximately 100% of the realised distributable income at the end of the reporting period.

**B6. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS**

There were no issuances of new units for the quarter under review.

**B7. CHANGES IN MATERIAL LITIGATION**

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

**B8. CIRCUMSTANCES AFFECTING INTEREST OF UNITHOLDERS**

There were no unusual circumstances which materially affect the interest of the unit holders for the quarter under review.

**B9. REVIEW OF COMMERCIAL PROPERTY MARKET**

The office market remains subdued with looming supply casting a shadow on rental and occupancy rates. With an increasing mismatch between supply and demand, competition for tenants will increase, which will lead to more pressure on rental and occupancy levels.

The retail property market continues to be competitive with more retail malls coming on stream. The retailers had experienced a much slower growth in sales as consumer sentiment was dampened due to the rising cost of living and the economy slowdown, thereby forcing some retailers to reduce or consolidate retail space.

To enhance the marketability of the Trust's portfolio, the Manager have carried out various asset enhancement initiatives on the properties within the portfolio to improve their competitiveness in retaining existing tenants and attracting new tenants.

**B10. PROSPECTS**

The performance of the Trust had been affected by lower occupancy in some of the office buildings, especially in Cyberjaya, coupled with lower rental revenue from The Summit Subang USJ caused by the temporary business disruption due to the on-going refurbishment works.

The refurbishment of The Summit Retail Podium has been delayed and is expected to complete by 2nd Quarter of the financial year ending 31 March 2017. In anticipation of the newly refurbished mall, the Manager had received acceptance from an international retailer for a substantial space of 86,000 sf in The Summit Retail Podium, which will act as the catalyst for future positive occupancy and rental reversion with improve tenancy mix.

With the completion of the disposal of AmBank Group Leadership Centre, the current vacancy in Menara AmBank will be addressed by the impending relocation of the tenants from AmBank Group Leadership Centre.

The Manager will continue to initiate more intense leasing effort and proactive market measures to improve the occupancy of the properties under the Trust's portfolio.

Barring any unforeseen circumstances, the Manager expects the Trust to deliver a moderate performance for the financial year ending 31 March 2017.

## **AmFIRST REAL ESTATE INVESTMENT TRUST**

### **NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2016**

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#### **B11. MAJOR MAINTENANCE COSTS AND CAPITAL EXPENDITURE**

During the quarter ended 31 March 2016, a total of approximately RM11.0 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 Menara AmBank.

#### **B12. SOFT COMMISSION**

During the quarter ended 31 March 2016, the Manager did not receive any soft commission from its broker or dealer by virtue of transaction conducted by the Trust.

#### **B13. REVENUE RECOGNITION**

Revenue is recognised 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. STATUS OF CORPORATE PROPOSALS**

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

#### **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 2016, 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.

For the current quarter ended 31 March 2016, the Trustee's fee is calculated based on 0.03% per annum of the net asset value.

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2016

#### B17. UNITS HELD BY RELATED PARTIES

As at 31 March 2016, 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	137,617
Yayasan Azman Hashim	41,779	31,334
Jadeline Capital Sdn Bhd	36,168	27,126
AmMetLife Insurance Berhad on behalf of Life Fund	11,200	8,400
<b>(b) Deputy Chief Executive Officer of the Manager</b>		
- Zuhairy bin Md Isa <sup>1</sup>	7	5

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 RM0.750 per unit as at 31 March 2016.

#### 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 total income to unit holders for the financial year ended 31 March 2016.

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

	Current Year 31.3.2016 RM'000	Preceding Corresponding Year 31.3.2015 RM'000
Current tax expense	-	-
<b>Reconciliation of effective tax expense</b>		
Income before taxation	68,372	38,340
Income tax using Malaysian tax rate of 24% (2015: 25%)	16,409	9,585
Effects of non-deductible expenses	429	755
Effect of fair value adjustment on investment properties not subject to tax	7,531	585
Effects of income exempted from tax	(24,369)	(10,925)
Tax expense	-	-

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2016

#### B19. DERIVATIVE

	Fair Value as at 31 March 2016	
	Asset RM'000	Liability RM'000
<u>Interest Rate Swap contract</u>		
Non-current	-	3,087
Current	-	938
		<hr/>

- (i) On 6<sup>th</sup> January 2015, the Trust 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 a fixed rate of 4.25% per annum in exchange of the 3-month Kuala Lumpur Interbank Offered Rate (KLIBOR).
- (ii) On 18<sup>th</sup> January 2016, the Trust entered into a second 5-year Interest Rate Swap ("IRS") contract with a notional amount of RM100,000,000 to further hedge the Trust's floating interest rate exposure. In this IRS contract, the Trust pays a fixed rate of 4.09% per annum in exchange of the 3-month Kuala Lumpur Interbank Offered Rate (KLIBOR).

#### B20. INCOME DISTRIBUTION

The Board of Director of the Manager of AmFIRST REIT, has declared a final income distribution of 3.07 sen per unit for the six-month period from 1 October 2015 to 31 March 2016 amounting to RM21,072,529, representing approximately 100% of the realized distributable net income for the six-month period ended 31 March 2016, payable on 30 May 2016 as disclosed below: -

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 24%)

## AmFIRST REAL ESTATE INVESTMENT TRUST

### NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The Fourth Quarter Ended 31 March 2016

#### B20. INCOME DISTRIBUTION – CONTD.

The final income distribution for the six-month period ended 31 March 2016 is from the following sources:-

	<b>01.04.2015 To 31.03.2016 RM'000</b>	01.04.2014 To 31.03.2015 RM'000
Rental income	99,794	106,889
Interest income	118	106
Net gain from disposal of investment property	12,223	-
Other income	642	532
<b>Total income</b>	<b>112,777</b>	<b>107,527</b>
Less : Total expenses (before manager's fees)	(68,097)	(63,456)
Net income before taxation (before manager's fees)	44,680	44,071
Less : Manager's fees	(6,323)	(6,127)
Net income before taxation	38,357	37,944
Less : Taxation	-	-
Realised net income after taxation	38,357	37,944
Add : Undistributed realised income brought forward	51	64
Less : Realisation of unrealised loss <sup>(i)</sup>	(3,363)	-
Total income available for distribution	35,045	38,008
Less : Interim income distribution	(13,934)	(21,209)
<b>Total income available for distribution</b>	<b>21,111</b>	<b>16,799</b>
<b>Less : Proposed final income distribution</b>	<b>(21,073)</b>	<b>(16,748)</b>
Undistributed realised income carried forward	38	51
Number of unit in circulation ('000)	686,402	686,402
<b>Interim income distribution per unit (Sen)</b>	<b>2.03</b>	3.09
<b>Final income distribution per unit (Sen)</b>	<b>3.07</b>	2.44
<b>Total income distribution per unit (Sen)</b>	<b>5.10</b>	5.53

(i) This is related to the realisation of the unrealised revaluation loss of AmBank Group Leadership Centre, which was disposed during the financial year.

#### 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"), 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 2016 and of its financial performance and cash flows for the period ended 31 March 2016 and duly authorised for release by the Board of Directors of the Manager on 21 April 2016.