



CONDENSED FINANCIAL STATEMENTS

FIRST QUARTER ENDED 30 JUNE 2016

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AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter 30.06.2016 RM'000	Preceding Year Corresponding Quarter 30.06.2015 RM'000	Current Year To Date 30.06.2016 RM'000	Preceding Year To Date 30.06.2015 RM'000
Gross revenue	27,673	24,887	27,673	24,887
Property expenses	(10,164)	(9,364)	(10,164)	(9,364)
Net property income	17,509	15,523	17,509	15,523
Interest income	37	31	37	31
Other income	51	5	51	5
	17,597	15,559	17,597	15,559
Administrative expenses				
Manager's fee	(1,793)	(1,521)	(1,793)	(1,521)
Trustee's fee	(87)	(84)	(87)	(84)
Valuation fee	(82)	(86)	(82)	(86)
Auditors' remuneration	(15)	(22)	(15)	(22)
Tax agent's fee	(21)	(6)	(21)	(6)
Others expenses	(167)	(1,379)	(167)	(1,379)
Interest expense	(8,860)	(6,020)	(8,860)	(6,020)
	(11,025)	(9,118)	(11,025)	(9,118)
Net trust income	6,572	6,441	6,572	6,441
Unrealised gain/(loss) on revaluation of derivative	(493)	570	(493)	570
Unrealised loss on financial liabilities measured at amortised cost	(12)	(59)	(12)	(59)
Profit before taxation	6,067	6,952	6,067	6,952
Taxation	-	-	-	-
Profit for the financial period	6,067	6,952	6,067	6,952
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	6,067	6,952	6,067	6,952
Total comprehensive income for the period is made up as follows:-				
- Realised	6,572	6,441	6,572	6,441
- Unrealised	(505)	511	(505)	511
	6,067	6,952	6,067	6,952
Number of units in circulation (Unit) ('000)	686,402	686,402	686,402	686,402
Basic Earnings Per Unit (EPU) (sen)				
- Realised	0.96	0.94	0.96	0.94
- Unrealised	(0.07)	0.07	(0.07)	0.07
	0.89	1.01	0.89	1.01

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	As At 30.06.2016 (Unaudited) RM'000	As At 31.03.2016 (Audited) RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,634,158	1,627,800
Current Assets		
Trade receivables	1,180	2,973
Other receivables, deposits and prepayments	27,382	52,581
Deposits with financial institution	9,090	9,020
Cash and bank balances	393	35,758
	38,045	100,332
TOTAL ASSETS	1,672,203	1,728,132
LIABILITIES		
Non-Current Liabilities		
Rental deposits	14,231	16,649
Borrowings	666,099	648,516
Derivatives	3,461	3,087
	683,791	668,252
Current Liabilities		
Trade payables	1,354	510
Other payables and accruals	13,597	17,275
Rental deposits	10,518	12,870
Borrowings	97,604	149,000
Derivatives	1,057	938
	124,130	180,593
TOTAL LIABILITIES	807,921	848,845
NET ASSET VALUE	864,282	879,287
FINANCED BY:		
UNITHOLDERS' FUNDS		
Unitholders' capital	636,625	636,625
Undistributed income - Realised	6,611	21,111
Undistributed income - Unrealised	221,046	221,551
	864,282	879,287
Number of Units In Circulation (Unit) ('000)	686,402	686,402
Net Asset Value (NAV) per unit (RM)		
- Before income distribution	1.2591	1.2810
- After income distribution	1.2495	1.2503

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

	← Undistributed Income →			
	Unitholders' Capital	Realised Income	Unrealised Income	Unitholders' Fund
	RM'000	RM'000	RM'000	RM'000
<u>Current Period To Date</u>				
As At 1 April 2016	636,625	21,111	221,551	879,287
Total comprehensive income for the period	-	6,572	(505)	6,067
<u>Unitholders' transactions</u>				
Distribution to Unitholders				
- 2016 final	-	(21,072)	-	(21,072)
As At 30 June 2016	636,625	6,611	221,046	864,282
<u>Preceding 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				
- 2015 final	-	(15,850)	-	(15,850)
As At 30 June 2015	636,625	7,390	188,684	832,699

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 2016 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

	Current Period To Date 30.06.2016 RM'000	Preceding Period To Date 30.06.2015 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,067	6,952
<i>Adjustment for :-</i>		
Interest income from placement with financial institution	(37)	(31)
Interest expense	8,860	6,020
Provision of impairment loss on trade receivables	(88)	1,105
Unrealised loss on financial liabilities measured at amortised cost	12	59
Unrealised gain/(loss) on revaluation of derivatives	493	(570)
Operating profit before working capital changes	15,307	13,535
Changes in working capital		
Decrease/ (Increase) in receivables	27,079	(25,301)
Decrease in payables	(2,653)	(928)
Decrease in rental deposits	(4,781)	(1,166)
Net cash generated from / (used in) operating activities	34,952	(13,860)
CASH FLOW FROM INVESTING ACTIVITIES		
Enhancement of investment properties	(6,358)	(8,912)
Interest income	37	31
Net cash used in investing activities	(6,321)	(8,881)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(9,041)	(6,011)
Distributions paid to Unitholders	(21,072)	(15,850)
Repayment of borrowings	(60,000)	-
Drawdown of borrowings (net)	26,187	44,186
Net cash (used in) / generated from financing activities	(63,926)	22,325
Net decrease in cash and cash equivalents	(35,295)	(416)
Cash and cash equivalents at the beginning of year	44,778	4,703
Cash and cash equivalents at the end of period	9,483	4,287
Cash and cash equivalents included in the statement of cash flows comprise of the following:		
Cash and bank balances	393	130
Deposits with financial institution	9,090	4,157
	9,483	4,287

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2016

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 2016 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 2016. 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 2016 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 First Quarter Ended 30 June 2016

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

During the quarter under review, the Trust had on 30 May 2016, paid a final income distribution of 3.07 sen per unit, amounting to RM21,072,529 for the six-month period from 1 October 2015 to 31 March 2016.

A9. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE CURRENT QUARTER

There were no significant events subsequent to the current quarter ended 30 June 2016.

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 2016.

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 from the previous audited financial statements for the year ended 31 March 2016.

A13. REALISED AND UNREALISED INCOME DISCLOSURE

The breakdown of undistributed income into realised and unrealised as at 30 June 2016 are summarised as below: -

	As At 30.6.2016 RM'000	As At 31.3.2016 RM'000
<u>Realised</u>		
Distributable undistributed income	6,611	21,111
<u>Unrealised</u>		
Cumulative net change in fair value of investment properties	223,626	223,626
Unrealised loss on revaluation of derivative	(4,518)	(4,025)
Unrealised gain on financial liabilities measured at amortised cost	1,938	1,950
	227,657	242,662

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 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 gross revenue and net property income of RM27.7 million and RM17.5 million respectively for the current quarter ended 30 June 2016, an increase of 11.2% and 12.8% respectively as compared to the preceding year's corresponding quarter. The increase was mainly due to additional contribution from Mydin HyperMall of which the acquisition was completed on 29 January 2016.

Interest expense was higher by 47.2% as compared to the preceding year's corresponding quarter as a result of the additional borrowing to finance the acquisition of Mydin HyperMall and various asset enhancement initiatives of the existing properties.

Realized net income from operation was RM6.6 million, an increase of 2.0% as compared to preceding year's corresponding quarter.

However, net income after taxation was lower by 12.7% or RM6.1 million as compared to RM6.9 million reported during the same quarter a year earlier mainly due to the unrealised loss on revaluation of derivatives.

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 30.6.2016 RM'000	Immediate Preceding Quarter Ended 31.3.2016 RM'000
Realised income	6,572	18,276
Unrealised (loss)/income		
- Changes in fair value of investment properties	-	31,377
- Gain/(loss) on financial liabilities measured at amortised cost	(12)	680
- Loss on revaluation of derivatives	(493)	(2,937)
Income Before Taxation	6,067	47,396

Included in the realised income for the immediate preceding quarter was a gain on disposal of AmBank Group Leadership Centre of RM12.2 million of which the disposal was completed on 31 March 2016. Excluding this one-off gain on disposal, the realised income in respect of current quarter of RM6.6 million is higher by 8.6% as compared to realised income of RM6.1 million in the immediate preceding quarter due to the additional contribution from Mydin HyperMall.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2016

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 2016, the Trust's composition of investment portfolio is as follow:-

	Cost of Investment # As At 30.6.2016 RM'000	Valuation As At 30.6.2016 RM'000	% Valuation To Net Asset Value As At 30.6.2016 %
Bangunan AmBank Group	193,039	259,194	30.0%
Menara AmBank	255,066	317,168	36.7%
Menara AmFIRST	64,611	73,196	8.5%
Wisma AmFIRST	94,406	114,082	13.2%
The Summit Subang USJ	326,321	351,527	40.7%
Prima 9	73,224	74,500	8.6%
Prima 10	61,855	68,030	7.9%
Kompleks Tun Sri Lanang	87,799	101,445	11.7%
Mydin Hypermall	254,124	275,016	31.8%
	<u>1,410,445</u>	<u>1,634,158</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 30.6.2016 RM'000	As at 31.3.2016 RM'000
Net Asset Value ("NAV")	864,282	879,287
NAV Per Unit (RM)		
- Before income distribution	1.2591	1.2810
- After income distribution	1.2496	1.2503
Closing Unit Price Per Unit (RM)	0.750	0.750

The NAV per Unit after income distribution is calculated after taking into consideration 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 issuance 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 unitholders for the quarter under review.

B9. REVIEW OF COMMERCIAL PROPERTY MARKET

Overall office and retail market continued to be soft. Demand growth continue to lag net supply which exerted pressure on rental and occupancy rate.

Mindful of the challenges of the tight market conditions, the Manager have implemented various leasing and marketing strategies to improve the occupancy while focusing on completing the asset enhancement initiatives and enhancing good service level to improve the marketability of the buildings in attracting new tenants and retain existing tenants.

B10. PROSPECTS

The recently acquired Mydin HyperMall will provide a full year's contribution for the Trust in the current financial year.

The refurbishment exercise to The Summit Retail Podium is nearing completion and we have managed to secure the tenancy of a major international tenant taking up substantial space.

The renovation works at Menara AmBank to accommodate the existing tenant from AmBank Group Leadership Centre are nearing completion and will be ready to accept the new occupation by the next quarter.

The Manager will continue to strengthen the operation and initiate more intense leasing effort to ensure the properties under the Trust's portfolio deliver improved results.

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

B11. MAJOR MAINTENANCE COSTS AND CAPITAL EXPENDITURE

During the quarter ended 30 June 2016, a total of approximately RM6.3 million has been incurred for upgrading and enhancement of the investment properties where the bulk of the amount was spent on The Summit Subang USJ and Menara AmBank.

B12. SOFT COMMISSION

During the quarter ended 30 June 2016, the Manager did not receive any soft commission from its broker or dealer by virtue of transaction conducted by the Trust.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2016

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 30 June 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 30 June 2016, the Trustee's fee is calculated based on 0.03% per annum of the net asset value.

B17. UNITS HELD BY RELATED PARTIES

As at 30 June 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
(a) Unitholdings of individual/companies related to the Manager		
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
Azman bin Hashim	849	637
(b) Deputy Chief Executive Officer of the Manager		
- Zuhairy bin Md Isa ¹	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 30 June 2016.

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 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 ending 31 March 2017.

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

	Current Year 30.6.2016 RM'000	Preceding Corresponding Year 30.6.2015 RM'000
Current tax expense	-	-
Reconciliation of effective tax expense		
Income before taxation	6,067	6,952
Income tax using Malaysian tax rate of 24% (2015: 25%)	1,456	1,738
Effects of non-deductible expenses	55	62
Effects of income exempted from tax	(1,511)	(1,800)
Tax expense	-	-

B19. DERIVATIVE

	Fair Value as at 30 June 2016	
	Asset RM'000	Liability RM'000
<u>Interest Rate Swap contract</u>		
Non-current	-	3,461
Current	-	1,056

- (i) On 6th 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 18th 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).

AmFIRST REAL ESTATE INVESTMENT TRUST

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS For The First Quarter Ended 30 June 2016

B20. INCOME DISTRIBUTION

During the current quarter under review, the Trust had on 30 May 2016, paid a final income distribution of 3.07 sen per unit for the six-month financial period from 1 October 2015 to 31 March 2016, totaling RM21,072,529.

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%)

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 30 June 2016 and of its financial performance and cash flows for the period ended 30 June 2016 and duly authorised for release by the Board of Directors of the Manager on 25 August 2016.