

# AmFIRST Real Estate Investment Trust

## BLUEPRINT FOR GROWTH

Annual Report 2012



Manager  
AmARA REIT Managers Sdn Bhd (730964-X)



## ABOUT AMFIRST

AmFIRST Real Estate Investment Trust (“AmFIRST” or the “Trust”) is one of the largest Malaysia-based commercial REIT with exposure to office, retail and hotel sector in the Klang Valley and Cyberjaya. AmFIRST currently manages eight properties, of which three are located within the Kuala Lumpur Golden Triangle area and one each in Petaling Jaya, Kelana Jaya and Subang Jaya and two in Cyberjaya. AmFIRST currently manages over 2.5 million sq ft of real estate space.



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## THE MANAGER

Am ARA REIT Managers Sdn Bhd ("Am Ara" or the "Manager") was incorporated in Malaysia on 20 April 2006 and is wholly-owned by Am ARA REIT Holdings Sdn Bhd, and in turn is 70% owned by AmInvestment Group Berhad ("AIGB") and 30% owned by ARA Asset Management (Malaysia) Limited.

AIGB is a wholly-owned subsidiary of AMMB Holdings Berhad whilst ARA Asset Management (Malaysia) Limited is a wholly owned subsidiary of Singapore-based ARA AmFIRST (Singapore) Pte Ltd; a wholly-owned subsidiary of ARA Asset Management Limited ("ARA") and an affiliate of the Cheung Kong Group based in Hong Kong.

### OUR PARTNER - ARA ASSET MANAGEMENT LIMITED

ARA is an Asian real estate fund management company listed on the Main Board of the Singapore Stock Exchange. ARA's total Asset Under Management ("AUM") as at 31 March 2012 was SGD 20.8 billion.

ARA's business is focused on the following primary segments:-

- REITs – The ARA Group is one of the largest REIT managers in Asia ex-Japan and currently manages six REITs listed in three countries namely, Fortune REIT dual-listed in Singapore and Hong Kong, Suntec REIT and Cache Logistics Trust listed in Singapore, Hui Xian REIT and Prosperity REIT listed in Hong Kong, and AmFIRST listed in Malaysia;
- Private Funds – The ARA Group manages several private funds investing in real estate and real estate-related securities in Asia;
- Real estate management services – The ARA Group provides property management services and manages the award-winning Suntec Singapore International Convention & Exhibition Centre; and
- Corporate finance advisory services – The ARA Group has an in-house advisory arm providing corporate finance advisory services to related corporations.

### OUR MISSION

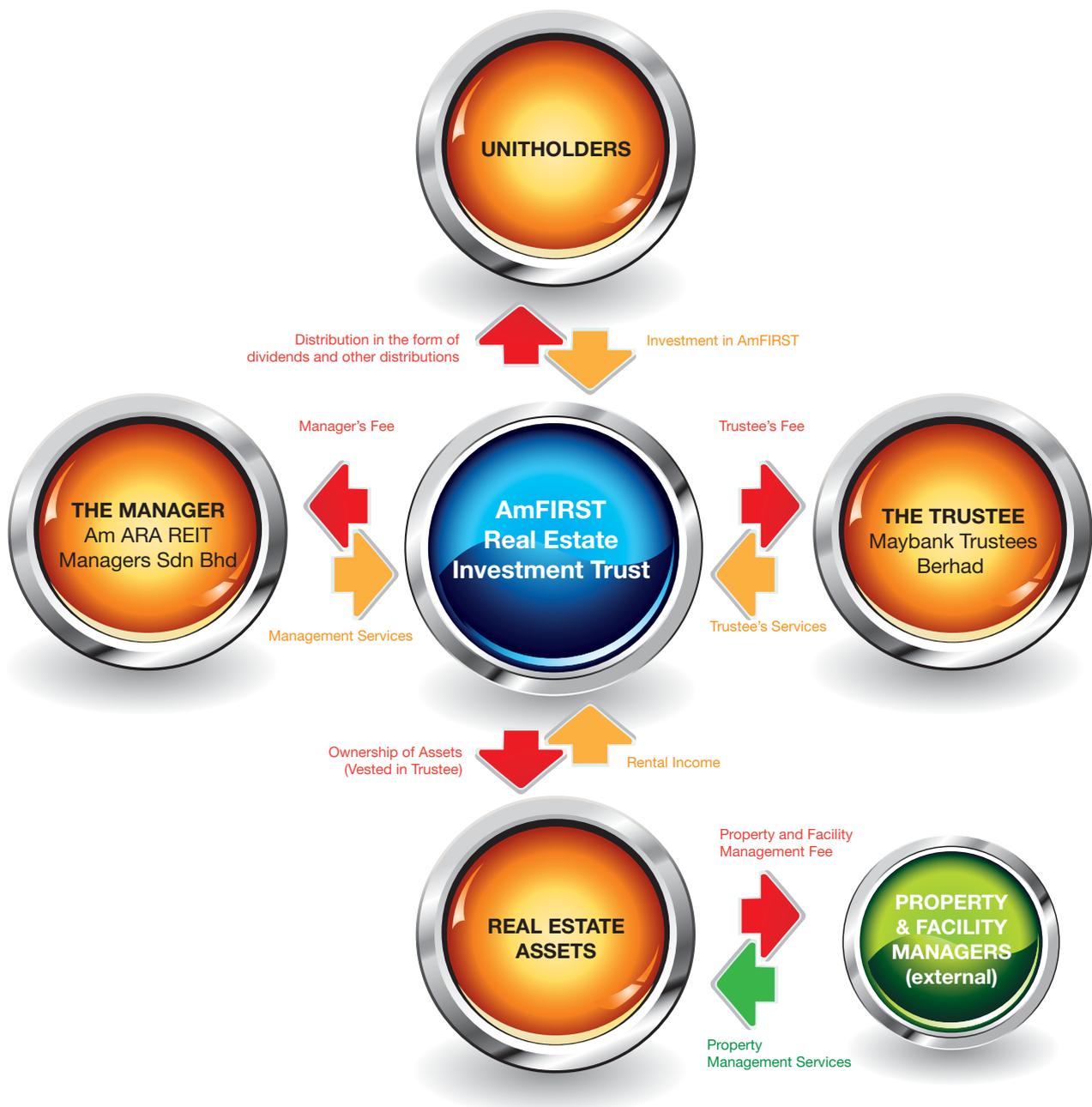
We aspire to distribute sustainable and superior income distributions to all our unitholders through our diversified portfolio of income-producing real estate focusing on commercial properties through proactive asset management, prudent capital and risk management and continually enhancing the capital value of the portfolio.

### OUR CORE VALUES

Respect  
Excellence  
Integrity  
Teamwork

The above core values demonstrate that we are proactive and resourceful in developing investment and asset management strategies for the benefit of all unitholders. We believe in transparency and respect to go far in creating long-term, trusting relationships with all our stakeholders. We always believe in maintaining our integrity in order to uphold our good reputation in the REIT industry. As a team, we are collaborative, working together as an efficient and dynamic unit to deliver exceptional service that others will benchmark against us.

## AmFIRST STRUCTURE



## FUND INFORMATION

Item	Brief Description
<b>Name of Fund</b>	AmFIRST
<b>Category of Fund</b>	Real Estate Investment Trust
<b>Type of Fund</b>	Income and growth
<b>Investment Objective</b>	<p>The key objective for AmFIRST is to own and invest in real estate whether directly or indirectly through the ownership of single-purpose companies whose principal assets comprise real estate and real estate-related assets in order to:</p> <ul style="list-style-type: none"> <li>• deliver regular and stable distribution to unitholders; and</li> <li>• achieve long-term growth in the net asset value per unit</li> </ul>
<b>Investment Strategies</b>	<p>The principal strategies are as follows:-</p> <ul style="list-style-type: none"> <li>• Invest in income-producing real estate and real estate-related assets directly and/or indirectly through the ownership of single-purpose companies whose principal assets comprise real estate;</li> <li>• Active asset management;</li> <li>• Improve rental rates while maintaining high occupancy rates;</li> <li>• Attract new tenants and explore expansion needs of existing tenants;</li> <li>• Raise the profile and visibility of properties portfolio through proactive marketing, advertising and promotional efforts;</li> <li>• Develop close tenant-landlord relationships to optimizing tenant retention;</li> <li>• Monitor and minimize property expenses;</li> <li>• Enhance the overall portfolio through acquisition of properties that meet the Manager's investment criteria; and</li> <li>• Employ prudent capital management strategy via optimizing capital structure with debt and equity financing policies.</li> </ul>
<b>Authorized Investments</b>	<ul style="list-style-type: none"> <li>• Invest in real estates, single-purpose companies, real estate-related assets, non-real estate-related assets and liquid assets;</li> <li>• At least 50% of AmFIRST's total assets must be invested in real estate and/or single-purpose companies at all times; and</li> <li>• Investment in non-real estate-related assets and/or liquid assets must not exceed 25% of AmFIRST's total assets</li> </ul>
<b>Borrowing Limit</b>	Up to 50% of the total assets value of AmFIRST at the time the borrowings are incurred
<b>Investors' Profile</b>	AmFIRST may appeal to investors with a long term investment horizon seeking sustainable distribution of income and long term capital growth
<b>Approved Fund Size</b>	429,001,000 units
<b>Distribution Policy</b>	<p>Income distributions will be paid on a semi-annual basis (or such other intervals as the Manager shall determine).</p> <p>The Manager intends to distribute at least 90% of the distributable income for each financial year.</p>
<b>Revaluation Policy</b>	The properties will be revalued annually pursuant to Financial Reporting Standard ("FRS") 140 and at least once every three (3) years from the date of last valuation pursuant to Clause 10.03 of the Guidelines on Real Estate Investment Trust issued by Securities Commission ("SC")("SC REIT Guidelines").



## CHAIRMAN'S STATEMENT



### “DEAR UNITHOLDERS,

On behalf of the Board of Directors of Am ARA REIT Managers Sdn Bhd, the Manager of AmFIRST Real Estate Investment Trust (“AmFIRST” or the “Trust”), I am pleased to present to you the Annual Report and Audited Financial Statements of the Trust for the financial year ended 31 March 2012.”

AmFIRST has posted a strong performance for its sixth financial year ended 31 March 2012, registered higher Gross Revenue and Net Income from its operations and concluded the acquisition of two (2) new properties worth RM133 million. Subsequently on 30 April 2012, at the Unitholders’ Meeting of the Trust, unanimous approval was obtained from its unitholders to increase the fund size to 686,401,600 units via a three (3) for five (5) Renounceable Rights Issue by creation of 257,400,600 new units. The support given by our loyal unitholders base will give AmFIRST greater financial capacity to capitalize on potential growth opportunities and will allow AmFIRST to act more quickly when pursuing acquisitions of income- producing properties.

### Market Overview

Although the Malaysian economy grew by 5.1% in 2011, it was a turbulent year for global economies and capital markets. Besides the tsunami and earthquake that struck Japan in March 2011, there were other disruptive natural disasters that struck many countries across the globe. The sovereign debt crisis of Eurozone countries has gone on unabated for almost two years. A double dip recession is looming across Eurozone countries and economies are struggling with continuing budget deficits, high unemployment and facing credit rating risks. A fierce debate has developed over the best strategy to resolve European woes - austerity or growth policy. Reforms will take time and meanwhile the economies remain fragile. Whilst the European economies are on shaky ground, there are signs of some recovery in the other major economies such as the United States as well as China. Such encouraging signs point to a possible stronger external demand which will continue to support growth, especially in the emerging economies albeit at a slower pace.

## CHAIRMAN'S STATEMENT (CONT'D)

Moving forward, it is expected that the Malaysia GDP will grow in the range of 4% to 5% in 2012. This is supported by the domestic demand which is driven by continued household and business spending as well as higher public sector expenditures. The roll-out of major Economic Transformation Program, particular in the oil & gas and energy sectors as well as infrastructure projects such as MRT and LRT extensions, in the coming months plus the moderating inflationary pressures would also be positive for the domestic economy in 2012. Bank Negara's moves to maintain Overnight Policy Rate at 3% is part of measures to further stimulate the economy to cushion any adverse global uncertainty and volatility.

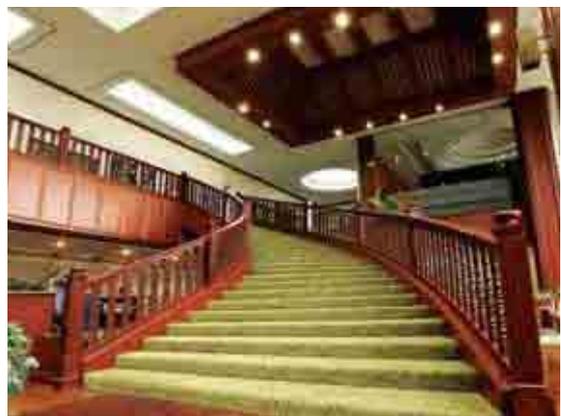
The Kuala Lumpur's office market is facing an imminent oversupply and new supply will continue to plague the market this year. Development activities in Petaling Jaya and the outer fringes of Kuala Lumpur will feel the impact of this spill over effect and in the short term, demand is not likely to keep up with the new supply. The retail sector outlook in the Klang Valley remains fair for 2012 with projected national retail sales growth and higher occupancies achieved but with new major malls opening and being planned may see this sector encountering a saturation point soon.

### Operation Review

During the year, the Trust added two (2) properties, Prima 9 and Prima 10, located at Cyberjaya, to its portfolio. The Trust now has eight (8) investment properties under its portfolio consisting of a net lettable area of 2.5 million sq.ft. as well as 5,000 car parks. The average occupancy as at 31 March 2012 has risen to 89% from 83% as at 31 March 2011. The successful on-going leasing and marketing strategies implemented during the year is still underway to improve further the occupancy.

For the financial year ended 31 March 2012, the Trust revalued its investment portfolio and registered a total value of RM1.18 billion compared to RM1.02 billion in the corresponding year. The positive fair value gain of RM12.2 million on revaluations achieved was attributed to the increase in occupancies and positive rental reversions of some properties during the year.

We have continued our focus on asset enhancements as these are imperative to maintain the properties in good conditions as part of our tenants' retention strategy. We have planned further enhancements for two (2) of our properties next year, that is Menara AmBank and Wisma AmFIRST.



## CHAIRMAN'S STATEMENT (CONT'D)

**Financial Review**

The Trust registered an increase of Gross Revenue by RM 9.4 million (10.7%) to RM97.9 million as compared to the corresponding year. The newly acquired properties, Prima 9 and Prima 10 contributed RM4.4 million, from 1 December 2011 till 31 March 2012, and the balance of RM 5.0 million was attributed to increased revenue from rising occupancies and positive rental reversions during the year. Net Rental Income and Net Income rose by 16.5% and 19.5% to RM65.9 million and RM52.1 million respectively on year-on-year.

The realized income available for distribution was RM39.9 million as compared to RM41.7 million in the preceding year. However, taking away the extraordinary 'one-off' land compensation award of RM5.7 million received in FY 2010/2011, the Trust has registered a marked improvement in 'core' realizable earnings growth of 10.6%.

**Distribution to Unitholders**

On 30 April 2012, the Board of Directors of Am ARA declared a final income distribution of 4.83 sen per unit for the period from 1 October 2011 to 31 March 2012, which will be paid on 31 May 2012. The final income distribution, coupled with the interim income distribution of 4.48 sen, paid on 30 November 2011, represents a total distribution per unit of 9.31 sen per unit for the financial year ended 31 March 2012. The total DPU of 9.31 sen per unit translated to a distribution yield of 7.82% based on AmFIRST's closing price of RM1.19 per unit as at 30 March 2012. The Trust will continue to maintain an income distribution policy of at least 90% of the distributable income for each financial year although current DPU is close to 100% of distributable income.



## CHAIRMAN'S STATEMENT (CONT'D)



### Prospects

Due to the challenging office market segment within Klang Valley, we believe yield accretive acquisition opportunities will be challenging. Therefore, we will consider exploring such opportunities in other geographical areas such as major growth townships across Peninsula Malaysia to diversify our investment portfolio. Besides, we will continue to drive asset enhancement initiatives which will provide the organic growth for the Trust.

The Malaysian economy is expected to register positive growth in 2012 and coupled with improving business sentiments and higher domestic investment activities, this will bode well for demand of office space. We are confident of extending the strong performance we have achieved into next financial year.

### Acknowledgements

I would like to thank my fellow Board members for their valuable guidance, advice and contributions throughout the year. My appreciation also extends to the management and staff for their dedication, execution of strategies and teamwork to enable AmFIRST to achieve another successful year and working towards completion of the Rights Issue exercise which is expected to be completed in next financial year.

In addition, I like to thank our unitholders, tenants, business associates, bankers, consultants for their continued support for AmFIRST.

Sincerely,

A handwritten signature in black ink, appearing to be 'Azlan Hashim', written over a light blue horizontal line.

**Dato' Azlan Hashim**

Chairman

21 May 2012

## MESSAGE FROM CEO



“We have delivered another set of solid results amid an uncertain environment. We distributed a total income distribution of 9.31 sen per unit for the financial year ended 31 March 2012 and based on the closing price of RM1.19 per unit; translated to a gross distribution yield of 7.8%. We have obtained unitholders’ mandate at our Unitholders’ Meeting held on 30 April 2012 for the proposed three (3) for five (5) Renounceable Rights Issue and Proposed Increase in Fund Size. This will enable the Trust to reduce its gearing in order to create additional headroom to make new acquisitions to further grow the Fund. The endorsement by all Unitholders will create the platform and blueprint for AmFIRST growth in future.”

### Achievements for 2011/2012

#### Portfolio Performance

- Completion of the acquisition of Prima 9 and Prima 10, located at Cyberjaya on 30 November 2011 for a total cash consideration of RM133 million;
- Number of investment properties increased from 6 to 8;
- AUM rose by 15% to RM1.18 billion;
- Average occupancy increased from 83.4% to 89.0%; and
- Obtained approval from authorities to rename Kelana Brem Towers to Wisma AmFIRST, further boosting the profile of AmFIRST through this rebranding exercise.

#### Financial Performance

- Gross Revenue and Net Property Income improved by 10.7% and 16.5% respectively to RM97.9 million and RM65.9 million;
- Registered a fair value gain on investment properties of RM12.2 million as compared to corresponding year of RM3.2 million, pushed up NAV per unit by 2.85 sen to RM1.39 sen (after income distribution); and
- Excluding the ‘one-off’ LRT compensation received in FY 2010/2011, the realized ‘core’ income available for distribution rose from RM 36.1 million to RM40.0 million, an increase of 11.0%;

## MESSAGE FROM CEO (CONT'D)

### Unit Price Performance

- Unit price rose to RM1.19 since IPO; and
- Liquidity surged from 68 million units to 88 million units transacted during the year.

### Capital Management

- On 30 April 2012, the first Unitholders Meeting was held to seek unitholders' approval for a three (3) for five (5) Rights Issue and Proposed Increased Fund Size of which was unanimously approved. This was the 1<sup>st</sup> Rights Issue undertaken by a M-REITs;
- The Rights involves issuance of 257, 400,600 Units, at a price to be fixed by the Board at a later date, based on a discount up to 20% to the Theoretical Ex-Rights Price ("TERP"). We hope to implement and complete this rights issue exercise by end of 1<sup>st</sup> half of FY 2012/2013;
- The proceeds will be utilized to pare down borrowings and reduce the gearing of the Trust from 47% to 28%, thereby creating sufficient headroom to gear up in future to respond immediately to potential yield accretive and strategic acquisitions.

### Prospects and Strategic Directions

Since the listing of AmFIRST on 21 December 2006 to 31 March 2012, we have delivered rising and sustainable DPU totaling up to 46.8 sen per unit and unit price has increased from RM1.00 per unit to RM1.19 per unit as at 31 March 2012. This was achieved via our focus on organic growth and new acquisitions.

In order for AmFIRST to deliver sustainable long term growth in DPU and NAV, it is vital for the Fund to grow the AUM through new accretive acquisitions. We will continue to focus on commercial offices and to identify potential properties in high growth areas, targeting buildings backed by long leases and quality tenants. We have demonstrated via the recent acquisition of Prima 9 and Prima 10 that we are capable of seeking high yield properties to grow the Fund.

We are now in a position to grow the Fund after mandate received from Unitholders for a three (3) for five (5) Rights Issue and increase in Fund Size to 686,401,600 units at the Unitholders' Meeting held on 30 April 2012. Upon implementation of the Rights Issue, which is expected to complete in 1<sup>st</sup> half of FY 2012/2013, the present gearing of 46% will drop to about 28%, giving the Fund sufficient headroom to acquire about approximately RM500 million worth of properties before the permitted gearing threshold is reached.



Increasing the unitholders base via this proposed Rights Issue will not only strengthen our Balance Sheet but will also enable us to optimize the Fund Structure as well as effectively manage the overall cost of borrowings. This will also boost the market capitalization of AmFIRST and with more units in circulation, we can expect improved liquidity and marketability of AmFIRST's Units as well.

As part of our active asset management strategy, we will continue to be proactive in carrying out asset enhancements initiatives. The improved occupancies during the year resulted from these asset enhancement initiatives as well as the effective leasing and marketing strategies that we have implemented during the year. We are confident to further improve the overall occupancy rate for this coming financial year. During the year, we have incurred enhancements cost totaling RM 8.9 million, the bulk of which was spent on the renovation and upgrading at Bangunan AmBank Group whilst the balance was for Wisma AmFIRST. For the coming year, we have plans to spend another RM 3.0 million and RM 25.0 million at Wisma AmFIRST and Menara AmBank respectively. We are in the process of formalizing the final stages of the repositioning of The Summit, and this involves upgrading the interiors, amenities and common areas as well as the exterior façade. The commencement will depend on the timing of approval obtained from the other joint owners of The Summit as well as the timeframe required to complete the LRT construction.

We will also vigorously examine ways to reduce and contain direct property expenses through implementing integrated facilities management.

Backed by our experienced management team and solid business fundamentals and investment strategies, we are confident to deliver another set of strong performance for the coming year through new acquisitions and organic growth for AmFIRST's Unitholders. In addition, Unitholders of REITs have also been provided with positive news that the 10% withholding tax announced in the 2012 Malaysian Budget will continue to be maintained from 2012 till 2016 whilst normal corporate tax remain at prevailing level.

Sincerely,

**Lim Yoon Peng**  
Chief Executive Officer  
21 May 2012

## KEY MILESTONES

**9  
MAY 2011**

AmFIRST declared a final income distribution of 4.94 sen per unit for the six-month period from 1 October 2010 to 31 March 2011.

**10  
JUNE 2011**

AmFIRST announced the Proposed Acquisition of Prima 9 and Prima 10, two (2) recently constructed office buildings that are strategically located at Jalan Persiaran Apec, CyberJaya, for a total cash consideration of RM133.0 million.

**10  
AUGUST 2011**

AmFIRST announced the proposed renounceable rights issue on the basis of three (3) rights unit for every five (5) existing unit and proposed increase in existing approved fund size.

**18  
OCTOBER 2011**

AmFIRST proposed an interim income distribution of 4.48 sen per unit for the six-month period from 1 April 2011 to 30 September 2011.

**30  
NOVEMBER 2011**

AmFIRST announced the completion of the Acquisition of Prima 9 and Prima 10, in Cyberjaya.

**8  
MARCH 2012**

AmFIRST announced that, SC had via its letter dated 7 March 2012, approved the increase in fund size by up to 257,400,600 new units from 429,001,000 Units to 686,401,600 Units and the listing and quotation for the new units on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

**13  
MARCH 2012**

AmFIRST announced that an application has been submitted to Bursa Securities in relation to the listing of and quotation for the new units to be issued pursuant to the Proposed Rights Issue on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

**3  
APRIL 2012**

AmFIRST announced that Bursa Securities has vide its letter dated 2 April 2012, approved the listing of and quotation for 257,400,600 new units to be issued pursuant to the Rights Issue.

**26  
APRIL 2012**

AmFIRST proposed a final income distribution of 4.83 sen per unit for the six-month period from 1 October 2011 to 31 March 2012.

**30  
APRIL 2012**

AmFIRST announced that all the resolutions (as set out in the Notice of the Unitholders' Meeting of AmFIRST dated 9 April 2012) have been approved by the unitholders of AmFIRST.

## FINANCIAL REVIEW

### STATEMENT OF FINANCIAL POSITION as at 31 March

	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000
Investment Properties	1,179,844	1,024,000	1,008,000	980,000	835,990
Total Asset Value	1,198,542	1,045,262	1,044,202	1,022,747	876,714
Net Asset Value (NAV)	617,765	605,985	601,580	587,635	426,873
Borrowings	550,000	407,000	413,000	402,000	395,606
Gearing (%)	45.89	38.94	39.55	39.31	45.12
Units in Circulation (Units) ('000)	429,001	429,001	429,001	429,001	429,001
NAV per Unit (RM)					
- Before Income Distribution	1.4400	1.4125	1.4023	1.3698	1.0398
- After Income Distribution	1.3917	1.3631	1.3535	1.3250	0.9950
- Highest NAV during the year (ex-distribution)	1.3917	1.3631	1.3535	1.3250	0.9950
- Lowest NAV during the year (ex-distribution)	1.3617	1.3533	1.3250	1.0000	0.9950

### STATEMENT OF COMPREHENSIVE INCOME for the financial year ended 31 March

	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000
Gross Revenue	97,980	88,539	98,188	93,081	57,853
Property Expenses	(32,100)	(32,011)	(34,549)	(31,788)	(17,209)
Net Rental Income	65,880	56,528	63,639	61,293	40,644
Interest/Other Income	210	5,955	649	284	416
Changes in fair value of investment properties	12,241	3,248	12,142	141,534	-
(Loss)/Gain arising from measuring non-current financial liabilities measured at amortized cost	(42)	364	-	-	-
Non-Property Expenses	78,289 (26,097)	66,095 (20,733)	76,430 (22,373)	203,111 (24,040)	41,060 (9,747)
Net Income for the year	52,192	45,362	54,057	179,071	31,313
Net Income for the year, consisting of:					
- Realized	39,994	41,750	41,915	37,537	31,313
- Unrealized	12,198	3,612	12,142	141,534	-
Earnings per Unit (EPU) (sen)	12.17	10.57	12.60	41.74	7.30
- Realized	9.32	9.73	9.77	8.75	7.30
- Unrealized	2.85	0.84	2.83	32.99	-
Distribution per Unit (DPU) (sen)	9.31	9.75	9.75	8.75	7.30
- Interim	4.48	4.81	4.88	4.27	3.62
- Final	4.83	4.94	4.87	4.48	3.68

## FINANCIAL REVIEW (CONT'D)

## STATEMENT OF COMPREHENSIVE INCOME for the financial year ended 31 March (cont'd)

	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000
Distribution Yield (based on respective closing market price) (%)	7.82	8.41	8.86	10.29	8.39
Management Expense Ratio (MER) (%) <sup>1</sup>	1.06	0.95	1.63	1.56	0.88
Portfolio Turnover Ratio (PTR) (Times) <sup>2</sup>	0.22	0.01	0.03	-	0.80

## UNIT PRICE PERFORMANCE

Unit Price per Unit (RM)					
- As at 31 March	1.19	1.16	1.10	0.85	0.87
- Highest Traded Price during the year	1.22	1.24	1.11	0.95	1.00
- Lowest Traded Price during the year	1.11	1.10	0.85	0.74	0.83
- Average Traded Price during the year <sup>3</sup>	1.18	1.13	0.98	0.86	0.88

## ANNUAL TOTAL RETURN

Total Return (%) <sup>4</sup>	10.5	13.9	35.6	7.8	6.0
Average Annual Return (%) <sup>5</sup>				<b>2012</b>	<b>2011</b>
One year				10.51	14.08
Since listing date (21 December 2006)				12.40	12.78

## Note

<sup>1</sup> The calculation of MER is based on total fees of AmFIRST incurred, including the Manager's fees, Trustee's fees, audit fees, tax agent's fees and administrative expenses, to the average net asset value during the financial year.

<sup>2</sup> The calculation of PTR is based on the average of total acquisition and total disposal of investments in AmFIRST for the financial year.

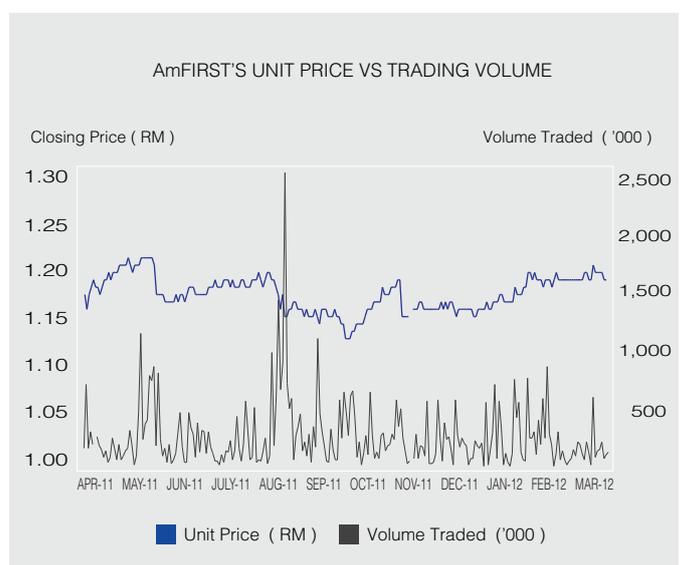
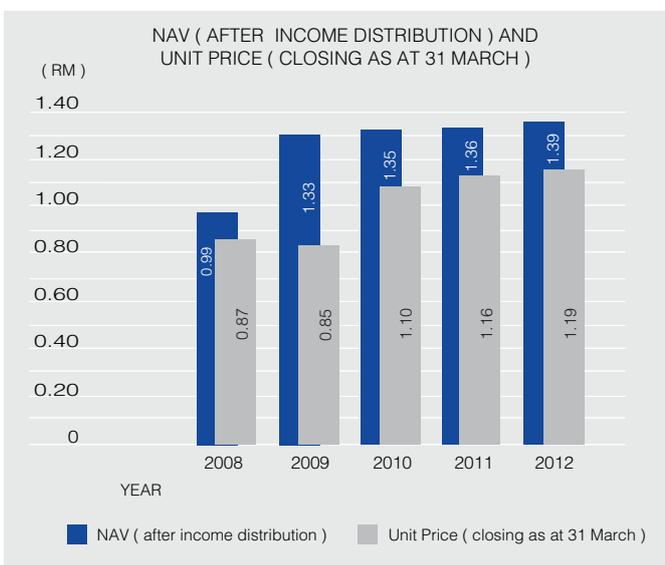
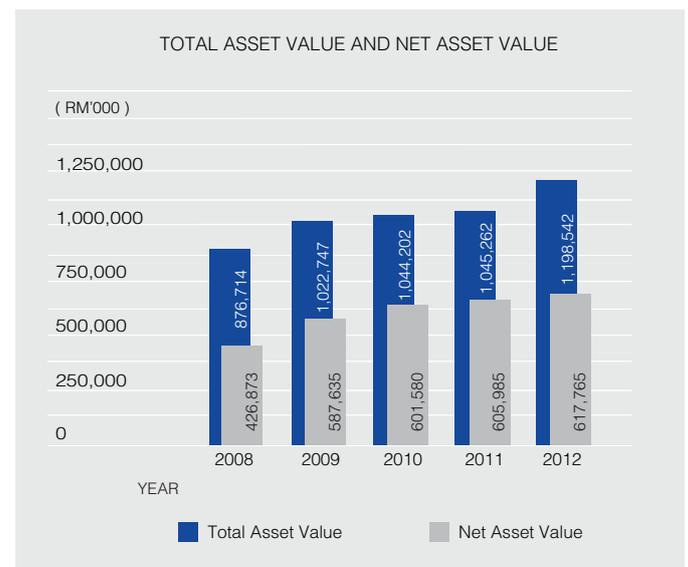
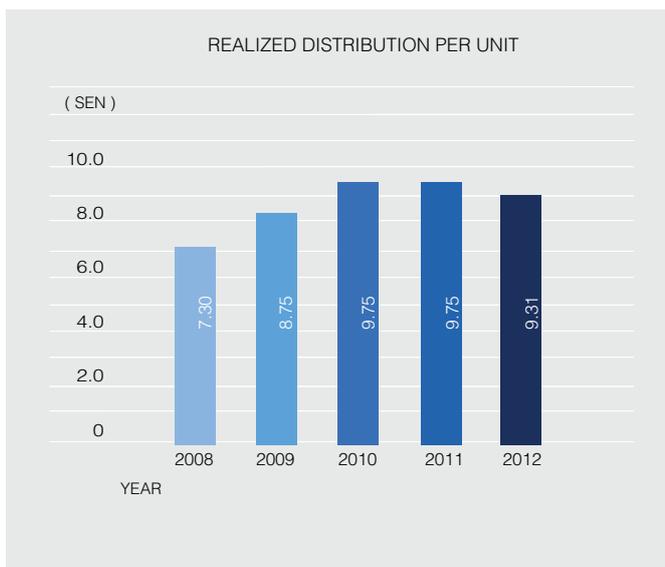
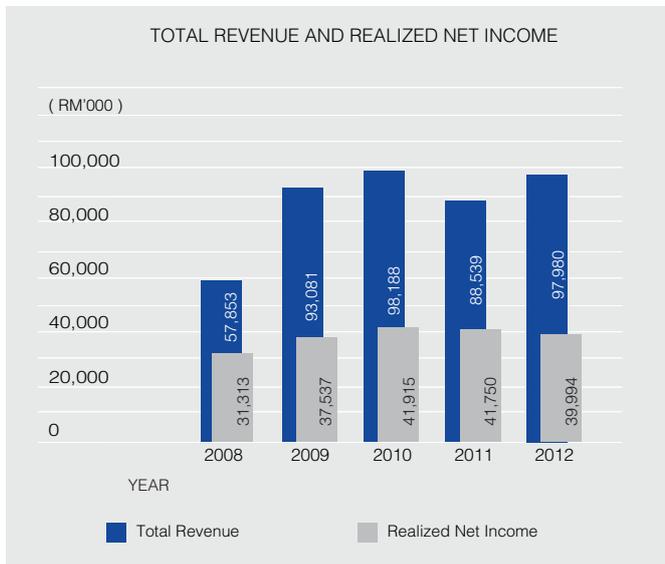
<sup>3</sup> Average traded price during the year is calculated based on average of opening price and closing price of the financial year.

<sup>4</sup> Total return is based on the actual gross income distribution and net change in unit price at the beginning and end of the financial year, over the average unit price of the respective financial year.

<sup>5</sup> Average Annual Return is computed based on total return per unit for the period averaged over number of years.

Past performance is not necessarily indicative of future performance, unit prices and investment returns may fluctuate.

FINANCIAL REVIEW (CONT'D)



## OPERATION REVIEW

### PROPERTY PORTFOLIO REVIEW

During the year under review, the Trust's investment portfolio has grown from six (6) properties to eight (8) properties spreading from Kuala Lumpur City Centre, Petaling Jaya and Subang Jaya to Cyberjaya. The two (2) new additions to the portfolio, namely Prima 9 and Prima 10, each is a 7-storey office building, contributed to the increase in the Net Lettable Area from 2,352,362 sq.ft. last year to 2,523,874 sq.ft. as at the end of year under review.

Correspondingly, the Asset Under Management grew by RM155.84 million from RM1.02 billion to RM1.18 billion resulted from the above acquisitions, the asset enhancements carried out during the year and the fair value adjustments of RM12.2 million. The increase in fair value adjustments is attributable to the improved occupancies as well as positive rental reversions in some of the properties.

### Asset Under Management (RM)



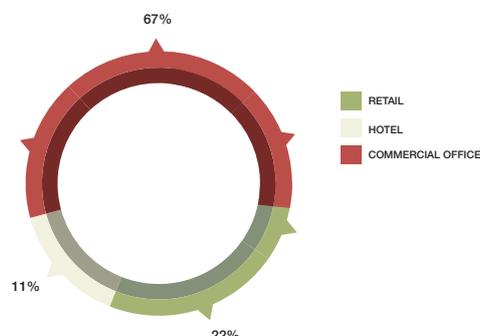
### Asset Under Management (Net Lettable Area)



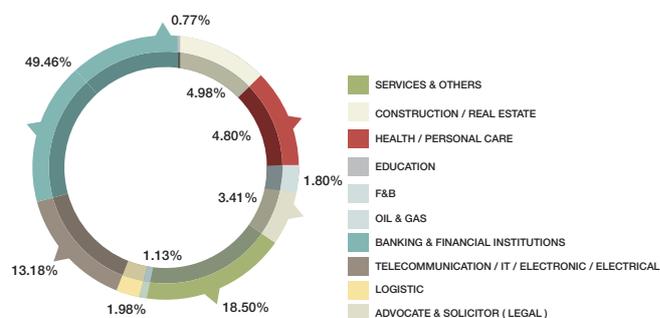
- BAG : Bangunan AmBank Group
- AGLC : AmBank Group Leadership Centre
- MA : Menara AmFIRST (formerly known as Menara Merais)
- MAB : Menara AmBank
- WA : Wisma AmFIRST (formerly known as Kelana Brem Towers)

## OPERATION REVIEW (CONT'D)

Portfolio Diversification (By NLA)



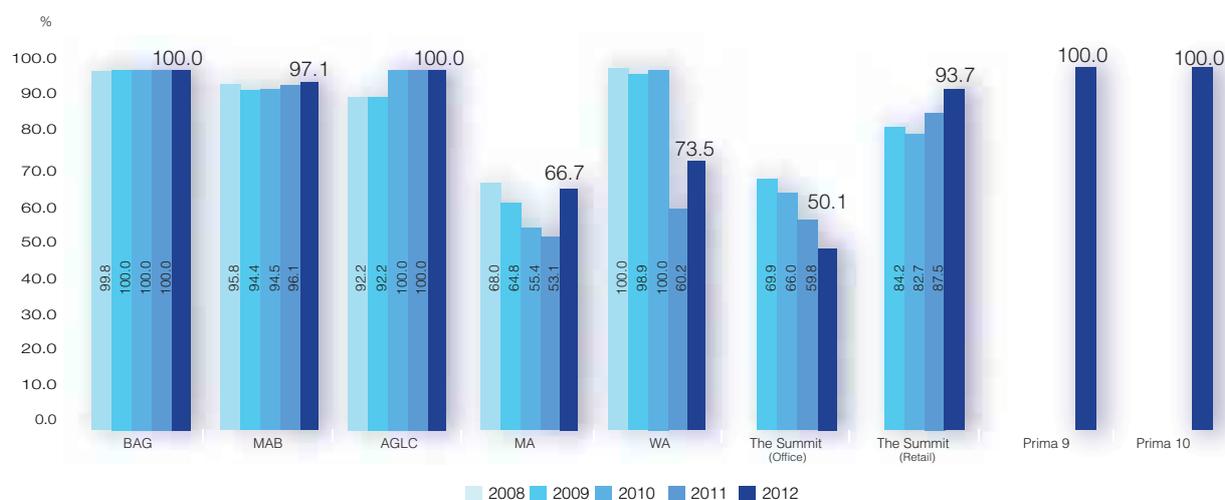
Tenant Diversification - Office (By Sector)



### Tenancy Management

The strategies and efforts employed in boosting the portfolio's occupancy level resulted in the improved portfolio's average occupancy from 83% last year to 89% as at the end of year under review. These will be continued in the coming years to ensure further improvement not only the level of occupancy but also the Trust's revenue.

### Occupancy Rate



### Ten (10) Largest Tenants Based on Rental Income

Names	Trade Sector	% of Total Rental Income
1. AmBank Group	Banking & Financial Institution	45.86%
2. Xperential Dynamics Sdn Bhd	Hospitality	8.15%
3. Shook Lin & Bok	Advocates & Solicitors (Legal)	2.54%
4. RBC Dexia Investor Services Sdn Bhd	Services & Others	1.86%
5. Hewlett-Packard Multimedia Sdn Bhd	IT	1.80%
6. Germanischer Lloyd GLM Sdn Bhd	Oil & Gas	1.75%
7. Kimberly-Clark Trading (M) Sdn Bhd	Trading & Products	1.54%
8. Pantai Medical College	Education	1.06%
9. Golden Screen Cinema Sdn Bhd	Amusement & Entertainment	1.00%
10. Graceful Lifestyle	Amusement & Entertainment	0.97%

## OPERATION REVIEW (CONT'D)

### Asset Enhancement Initiatives

The current financial year also saw the implementation of the asset enhancement initiatives at Bangunan AmBank Group and Wisma AmFIRST which will be fully completed in the coming financial year. In tandem with the leasing effort, asset enhancement initiatives which form part of the value creation and tenants' retention strategy as well as attracting new tenants will continue to be undertaken towards the portfolio's remaining properties such as Menara AmBank and Wisma AmFIRST. This is important in order to ensure the relevancy and marketability of the Trust's portfolio.

### Revitalisation of The Summit Subang USJ

As part of the mixed development comprising of a retail mall, an office tower and a hotel, we continue to bring in more brands and anchor tenants which are relevant to the community's need. More importantly, this will boost the shopping mall's retail mix and standard to appeal to shoppers. During the year, new leases have contributed to the improved occupancy rate as well as presence of new brands in the retail mall. We have also successfully renewed 180,009 sq. ft. of leases and some of these retailers have also refurbished and expanded their outlets. With the active asset management employed, the occupancy rate of the retail mall had further improved to 94% as at 31 March 2012. Moving forward, lease repositioning and brand strengthening continue to be the top priority for the retail mall.

The Summit Hotel Subang USJ, a 4-star rated hotel which is fully leased to a hotel operator continued to attract patrons particularly from Shah Alam, Subang Airport customers complemented by the vibrant shopping mall.

For the office tower, our top priority remain to fill up the vacancy at Menara Summit with good profile tenants. During the year, two new leases were concluded which brought substantial office patrons to the retail mall. Despite the macro challenges in office sector, we will continue to employ aggressive marketing strategy to boost up the office occupancy.

The planned repositioning for The Summit Subang USJ is expected to take shape within the next financial year upon the formation of the Management Corporation of the stratified property. This will better position The Summit Subang USJ retail and office components in anticipating increase competitions within the area. The recently commenced LRT extension works will disrupt the property's operations, however, this will certainly be compensated by better connectivity upon the expected completion in the 1<sup>st</sup> Quarter 2013.



## OPERATION REVIEW (CONT'D)

### NEW ACCRETIVE ACQUISITION

During the financial year, the Manager acquired two (2) properties; namely Prima 9 and Prima 10 located in Cyberjaya via debt financing. The combined cost of acquisitions of RM134.64 million had contributed to a strong growth in the Asset Under Management (AUM) by 15%, from RM1.024 billion as of 31 March 2011.

These acquisitions were in line with AmFIRST strategy to acquire high quality yield accretive assets to provide unitholders with sustainable income distributions as well as to achieve long term growth in Net Asset Value.

Our acquisition strategy centred on commercial assets with the following key criterias:

- Yield accretive with potential for capital appreciation
- Strategic location in high growth areas of Malaysia
- Special purpose built offices with long lease (i.e. MNC tenants)

The Manager is actively exploring various potential acquisitions and will acquiring assets which meet our investment criteria.



## OPERATION REVIEW (CONT'D)

### Acquisition of Prima 9 and Prima 10

Prima 9 and Prima 10 are both 7-storey office tower with 2-level of basement carpark, prominently located along Jalan Persiaran Apec, Cyberjaya. These two new properties located next to one another were completed in May 2009 and March 2010 respectively. The acquisitions have added to the quality of assets held by AmFIRST.

The properties were leased to reputable MNCs committed to long-term business operations in Cyberjaya.

Cyberjaya is being developed into an IT and multimedia hub, and is part of Multimedia Super Corridor (MSC). Cyberjaya has progressed and gained in prominence and this is evident from the number of MNCs that have chosen Cyberjaya as their preferred location for business and outsourcing services, including the setting up of global operational centres by leading companies such as HSBC, Dell, Hewlett-Packard, Shell, BMW, DHL, Ericsson and IBM.

Salient features of the acquisitions:

Particular	Prima 9	Prima 10
Land area (sq ft)	67,996	58,416
Net Lettable Area (sq ft)	111,224	100,272
Tenure	Freehold	Freehold
Age of building	3 years	2 years
Tenant/Lessee	80% tenanted by Hewlett-Packard Multimedia Sdn Bhd and 20% tenanted by Prima Properties Management Sdn Bhd	100% tenanted by RBC Dexia Investors Services Sdn Bhd
Purchase Price	RM72 million	RM61 million



## OPERATION REVIEW (CONT'D)



## CAPITAL MANAGEMENT

We aim to optimize the Trust's capital structure and cost of capital by using a combination of debt and equity funding for acquisitions and asset enhancements.

As at 31 March 2012, the Fund has in total RM550,000,000 secured facility comprising of RM57,000,000 Term Loan with three (3) years fixed rate at 4.50% per annum and RM101,000,000 Term Loan based on variable rates representing 28.72% and RM392,000,000 Revolving Credit facility representing 71.28% of the total secured facility.

The variable rates for the Term Loan and Revolving Credit range between 3.77% to 4.53% per annum during the financial year ended 31 March 2012. Details of AmFIRST's borrowings are as shown below:

	2012 RM'000	2011 RM'000
Total borrowings (RM'000)	550,000	407,000
Term loan (fixed rate)	57,000	57,000
Term loan (floating rate)	101,000	101,000
Revolving credit (floating rate)	392,000	249,000
	550,000	407,000
Term loan (fixed rate)	10.36%	14.00%
Term loan (floating rate)	18.36%	24.82%
Revolving credit (floating rate)	71.28%	61.18%
	100.00%	100.00%
Gearing	45.89%	38.94%
Interest rate	3.77 - 4.53%	3.07 - 4.50%

## Funding for the New Acquisition

During the year, we funded the new acquisitions, Prima 9 and Prima 10, Cyberjaya and other asset enhancements via debt financing. The additional debt financing had increased the total borrowing of the Fund to RM550 million, represent a gearing level of 45.89% as at 31 March 2012, which is close to the permitted limit of 50% under the SC REIT Guidelines.

## OPERATION REVIEW (CONT'D)

### Proposed Rights Issue

As part of our proactive capital management strategy, we have undertaken a fund raising exercise via Rights Issue on the basis of three (3) new units in the Fund for every five (5) existing units in the Fund ("Rights Issue") and to increase the existing fund size from 429,001,000 Units to 686,401,600 Units ("Increase in Fund Size") (collectively referred to as "Proposals").

A substantial portion of the Rights proceeds will be utilized for the repayment of existing bank borrowings that were incurred more than one (1) year ago to finance past acquisitions. This will reduced our current gearing level and provide the Fund with sufficient headroom to gear up in the future for any potential strategic acquisitions.

The Rights Issue is considered the most appropriate mean of fund raising to raise sufficient fund to reduce our current gearing level. This will provide the entitled unitholders with an equitable and attractive opportunity to subscribe for the Rights Units at a discount to the prevailing market price and allow the entitled unitholders to participate in the Rights Issue on a pro-rata basis and mitigate dilution of the unitholders' unitholding in the Fund. The discount on the issue price of the Rights Units is also intended to reward unitholders for their continuous support to the Fund.

The issue price of the Rights Units is expected to be fixed at a discount of not more than 20% to the Theoretical Ex-Right Price of the Units immediately before the price fixing date.

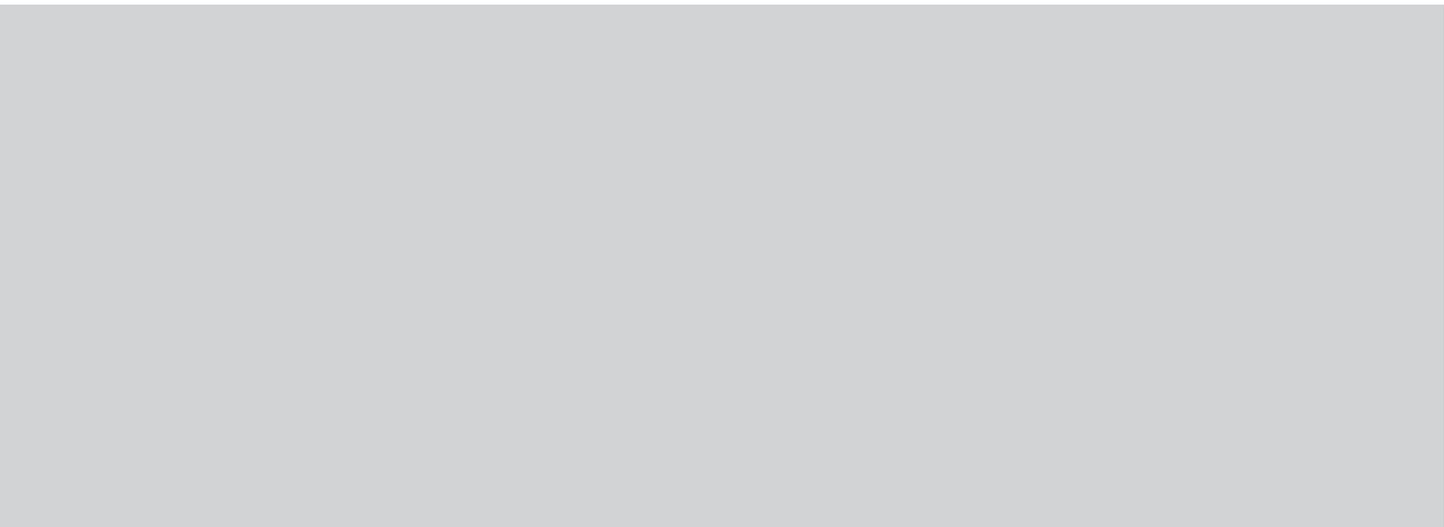
The Securities Commission Malaysia had vide its letter dated 7 March 2012, approved the Increase in Fund Size pursuant to the Rights Issue and the listing of and quotation for the Rights Units on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

Bursa Securities had vide its letter dated 2 April 2012, given its approval for the listing of and quotation for the Rights Units on the Main Market of Bursa Securities.

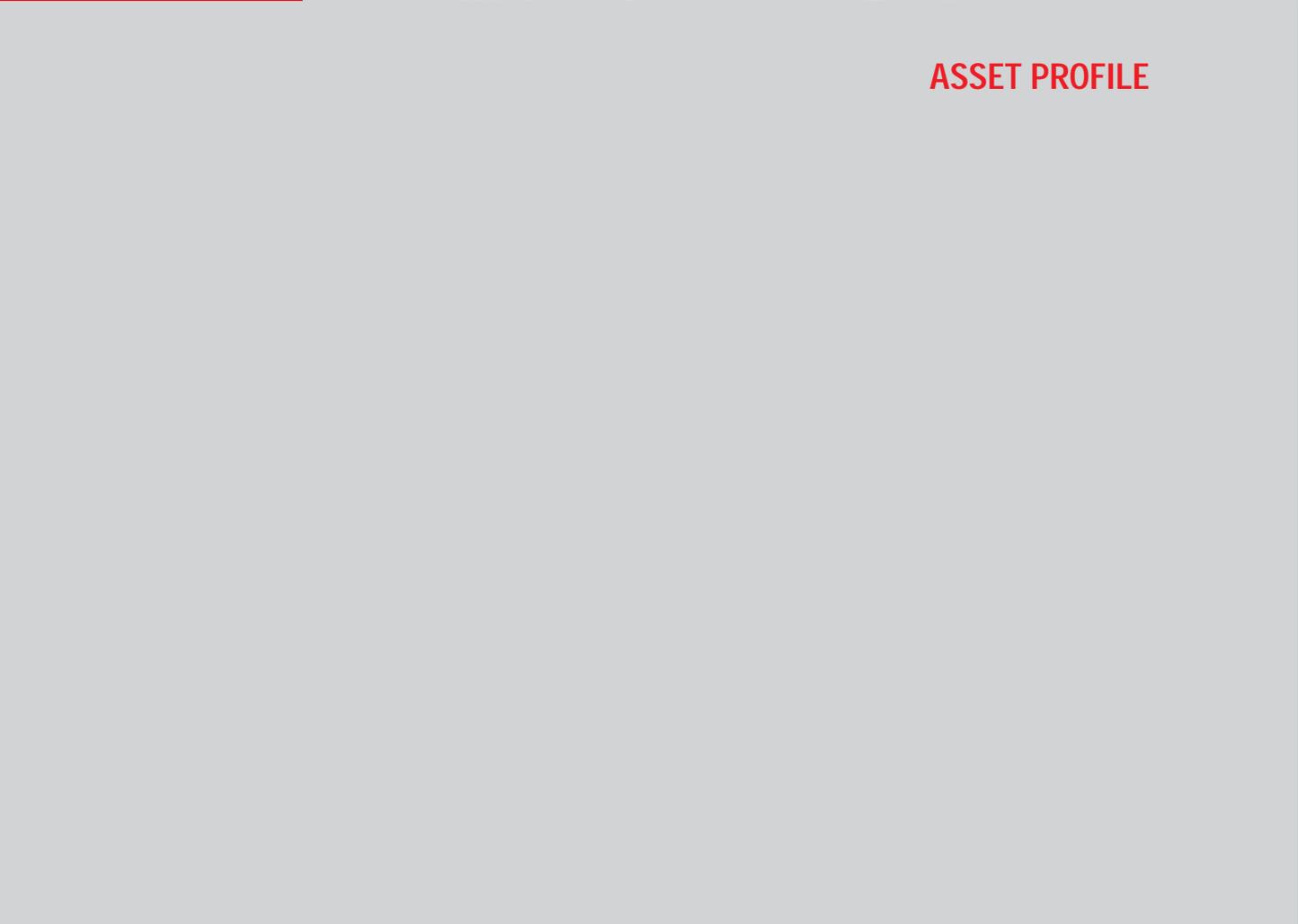
Subsequently, the Proposals have been approved by the unitholders at the Unitholders' Meeting held on 30 April 2012. Barring any unforeseen circumstances, the Proposals are expected to be completed by the 1<sup>st</sup> half of FY2012/2013.

Upon completion of the Rights Issue, the additional units are expected to enhance the liquidity and marketability of the Fund's units on the Main Market of Bursa securities. Post Rights Issue, the Fund will have additional debt headroom of approximately RM500 million to gear up in the future to response immediately to yield accretive acquisitions to grow its AUM and, hence, further increase the income distribution for unitholders.

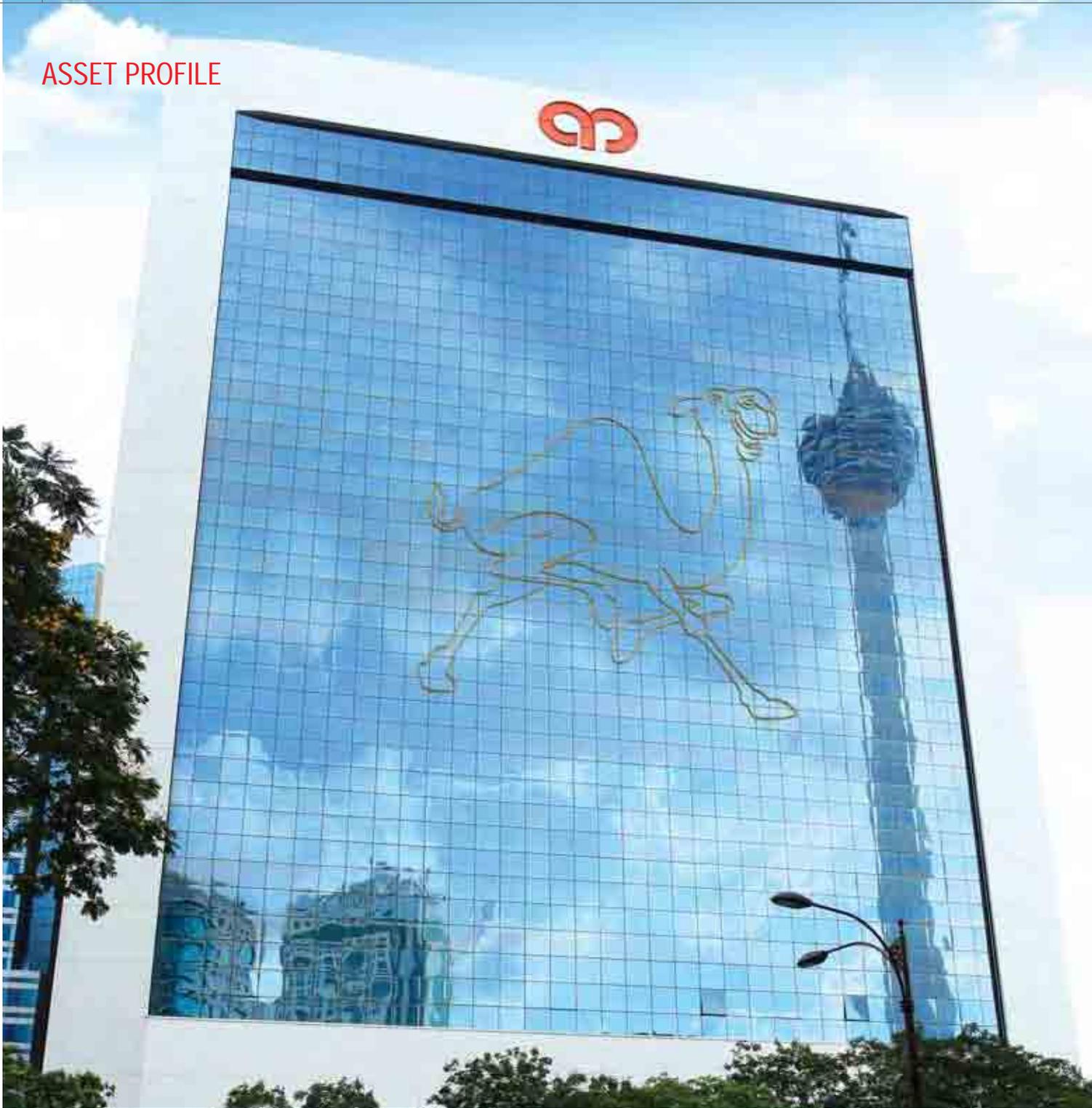




**ASSET PROFILE**



## ASSET PROFILE

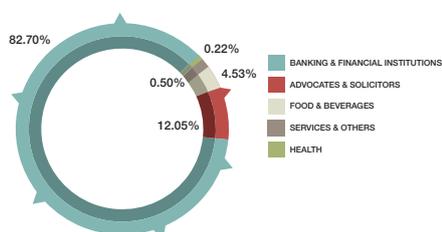
**BANGUNAN AmBANK GROUP (“BAG”)**

Bangunan AmBank Group is located within the prime commercial centre of the Kuala Lumpur Golden Triangle, which is predominantly characterized by modern high-rise office buildings, international class hotels, exclusive shopping complexes and luxury condominiums/service apartments. The 26-storey office building is situated at Jalan Raja Chulan and it is easily accessible from all parts of Kuala Lumpur.

## ASSET PROFILE (CONT'D)

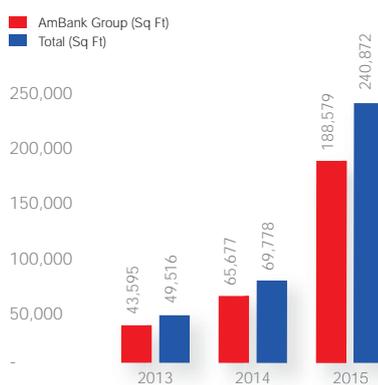


### TENANT TRADE MIX ANALYSIS



CATEGORY	SQ FT	%
Banking & Financial Institutions	297,851	82.70%
Advocates & Solicitors	43,407	12.05%
Food & Beverages	16,330	4.53%
Services & Others	1,798	0.50%
Health	780	0.22%
<b>TOTAL</b>	<b>360,166</b>	<b>100.00%</b>

### TENANCY RENEWAL PROFILE



Financial Year Ending 31 March

FYE	AmBank Group (sq ft)	%	Total (sq ft)	%
2013	43,595	88.04%	49,516	13.75
2014	65,677	94.12%	69,778	19.37
2015	188,579	78.29%	240,872	66.88
<b>TOTAL</b>	<b>297,851</b>	<b>82.70%</b>	<b>360,166</b>	<b>100.00</b>

### BANGUNAN AmBANK GROUP

#### LOCATION

Bangunan AmBank Group  
No. 55, Jalan Raja Chulan  
50200 Kuala Lumpur

#### DESCRIPTION OF PROPERTY

26-storey office building comprising a 21-storey office tower block, a 1-level cafeteria, gymnasium and a multi-purpose hall, 4-upper level car park and 3-basement car park

#### LAND TITLE

Title No. Pajakan Negeri 4512  
Lot No. 1200 Section 57  
Town and District of Kuala Lumpur  
State of Federal Territory of Kuala Lumpur

#### TENURE

Leasehold 99 years expiring on 3 June 2084 (unexpired term of approximately 72 years)

#### ENCUMBRANCES

Nil

#### YEAR OF COMPLETION

1987

#### AGE

25 years

#### NET LETTABLE AREA

360,166 sq. ft.

#### EXISTING USE

Commercial Office

#### CAR PARK

522

#### NO OF TENANTS

9

#### ACQUISITION COST

RM180.15 million

#### LATEST REVALUATION

RM237.50 million

#### DATE OF REVALUATION

15 March 2012

#### OCCUPANCY RATE

100.00%

#### GROSS REVENUE

RM22.88 million

#### NET PROPERTY INCOME

RM16.63 million

#### MAJOR CAPITAL EXPENDITURE

RM5.30 million

#### AVERAGE LEASE PERIOD

3 years

#### VALUER

Rahim & Co Chartered Surveyors  
Sdn Bhd

#### MAJOR TENANTS

AmBank Group  
Shook Lin & Bok  
Syed Alwi, Ng & Co.



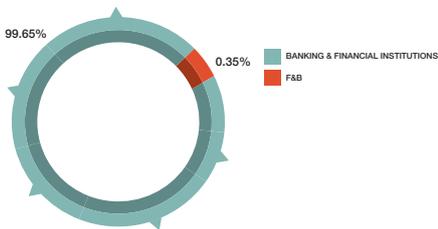
## AmBANK GROUP LEADERSHIP CENTRE ("AGLC")

AmBank Group Leadership Centre is a 13-storey office building located at Lorong P. Ramlee within the prime business district of Kuala Lumpur Golden Triangle. It is situated within a short walking distance to one of Kuala Lumpur's famous tourist attraction, the KL Tower. The surrounding is developed with multi-storey office towers, shopping complexes, hotels and high-rise high-end condominiums. It is easily accessible via Jalan Raja Chulan or Jalan Sultan Ismail and Jalan P. Ramlee.

ASSET PROFILE (CONT'D)



TENANT TRADE MIX ANALYSIS



CATEGORY	SQ FT	%
Banking & Financial Institutions	57,601	99.65%
F&B	200	0.35%
<b>TOTAL</b>	<b>57,801</b>	<b>100.00%</b>

TENANCY RENEWAL PROFILE



FYE	AmBank Group (sq ft)	%	Total (sq ft)	%
2013	15,024	98.69%	15,224	26.34%
2014	-	-	-	-
2015	42,577	100.00%	42,577	73.66%
<b>TOTAL</b>	<b>57,601</b>	<b>99.65%</b>	<b>57,801</b>	<b>100.00</b>

AmBANK GROUP LEADERSHIP CENTRE

LOCATION

AmBank Group Leadership Centre  
Lorong P. Ramlee  
50250 Kuala Lumpur

DESCRIPTION OF PROPERTY

13-storey office building comprising a 10-storey office tower block, a penthouse and a 3-level car park

LAND TITLE

Title No. GERAN 6312  
Lot No. 1153, Section 57  
Town and District of Kuala Lumpur  
State of Federal Territory of Kuala Lumpur

TENURE

Freehold

ENCUMBRANCES

Nil

YEAR OF COMPLETION

1990

AGE

22 years

NET LETTABLE AREA

57,801 sq. ft.

EXISTING USE

Commercial Office

CAR PARK

57

NO OF TENANTS

2

ACQUISITION COST

RM19.05 million

LATEST REVALUATION

RM20.70 million

DATE OF REVALUATION

15 March 2012

OCCUPANCY RATE

100.00%

GROSS REVENUE

RM2.30 million

NET PROPERTY INCOME

RM1.32 million

MAJOR CAPITAL EXPENDITURE

None

AVERAGE LEASE PERIOD

3 years

VALUER

Rahim & Co Chartered Surveyors  
Sdn. Bhd

MAJOR TENANTS

AmBank Group  
Juara Saji



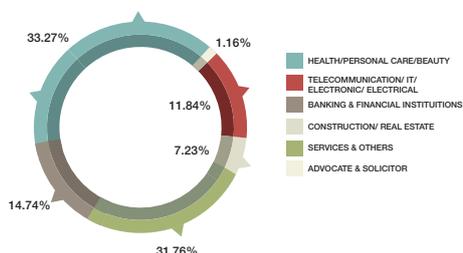
## **MENARA AmFIRST (“MA”) (formerly known as Menara Merais)**

Menara AmFIRST is a landmark building in Petaling Jaya, as it is one of the tallest high rise building in the area. It is located at Jalan 19/3, Section 19 Petaling Jaya. Its immediate locality is made up of mainly purpose-built factories, warehouses and prominent showroom premises. Over the past few years, the traditional industrial area of Petaling Jaya has been experiencing a shift from accommodating industrial based premises to limited commercial, office and service-based premises. Today, Menara AmFIRST is surrounded by integrated commercial development such as Jaya 33, 32 Square and Jaya One. This 22-storey building is easily accessible from Kuala Lumpur, Subang Jaya, Shah Alam and Klang via the Federal Highway. It is also accessible from Kuala Lumpur via Jalan Duta, Jalan Semantan in Damansara and the Sprint Highway.

## ASSET PROFILE (CONT'D)

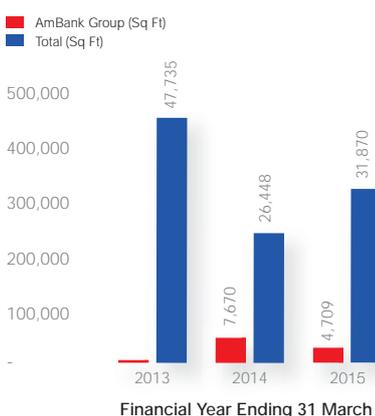


### TENANT TRADE MIX ANALYSIS



CATEGORY	SQ FT	%
Health/Personal Care/Beauty	35,279	33.27%
Telecommunication/ It/ Electronic/ Electrical	12,557	11.84%
Banking & Financial Institutions	15,631	14.74%
Construction/ Real Estate	7,671	7.23%
Services & Others	33,680	31.76%
Advocate & Solicitor	1,235	1.16%
<b>TOTAL</b>	<b>106,053</b>	<b>100.00%</b>

### TENANCY RENEWAL PROFILE



FYE	AmBank Group (sq ft)	%	Total (sq ft)	%
2013	-	-	47,735	45.01
2014	7,670	29.00	26,448	24.94
2015	4,709	14.78	31,870	30.05
<b>TOTAL</b>	<b>12,379</b>	<b>11.67</b>	<b>106,053</b>	<b>100.00</b>

### MENARA AmFIRST

(formerly known as MENARA MERAIS)

#### LOCATION

Menara AmFIRST  
No. 1, Jalan 19/3  
46300 Petaling Jaya  
Selangor Darul Ehsan

#### DESCRIPTION OF PROPERTY

22-storey purpose-built office building comprising a 3-level basement car park

#### LAND TITLE

Title No. HSM 9104  
PT No 29649  
Mukim of Sungai Buloh  
District of Petaling  
State of Selangor Darul Ehsan

#### TENURE

Freehold

#### ENCUMBRANCES

Lien Holder's Caveat

#### YEAR OF COMPLETION

1994

#### AGE

18 years

#### NET LETTABLE AREA

159,001 sq. ft.

#### EXISTING USE

Commercial Office

#### CAR PARK

324

#### NO OF TENANTS

25

#### ACQUISITION COST

RM57.08 million

#### LATEST REVALUATION

RM67.80 million

#### DATE OF REVALUATION

19 March 2012

#### OCCUPANCY RATE

66.70%

#### GROSS REVENUE

RM5.44 million

#### NET PROPERTY INCOME

RM3.45 million

#### MAJOR CAPITAL EXPENDITURE

Nil

#### AVERAGE LEASE PERIOD

2-3 years

#### VALUER

DTZ Nawawi Tie Leung Property Consultants Sdn Bhd

#### MAJOR TENANTS

KAO (M) Sdn Bhd  
Perfect Pentagon Sdn Bhd  
United Group Infrastructure (M) Sdn Bhd  
Groupon Sdn Bhd  
Am Trustee Bhd.



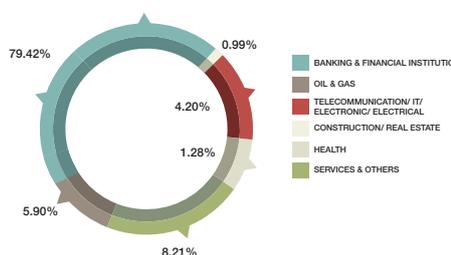
## MENARA AmBANK (“MAB”)

Menara AmBank is located along Jalan Yap Kwan Seng and within the heart of the Kuala Lumpur Golden Triangle. It is situated about 0.5km from the KLCC and is easily accessible from city centre via Jalan Ampang and Jalan Yap Kwan Seng. Alternatively, it is accessible via Jalan Tun Razak. The nearest light rail transit station, Putra-KLCC Station is located within walking distance from the building. This 46-storey prominent office building is surrounded by high-rise office buildings, prime retail complexes, luxurious high-rise condominiums and service apartments as well as international hotels.

## ASSET PROFILE (CONT'D)

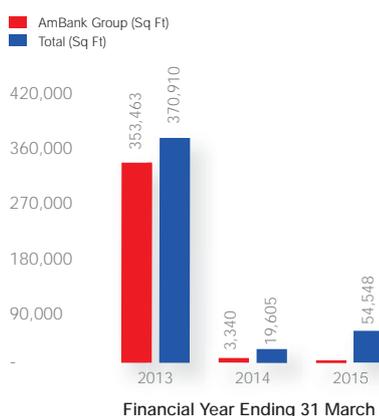


### TENANT TRADE MIX ANALYSIS



CATEGORY	SQ FT	%
Banking & Financial Institutions*	353,463	79.42%
Oil & Gas	26,251	5.90%
Telecommunication/ It/ Electronic/ Electrical	18,712	4.20%
Construction/ Real Estate	4,415	0.99%
Health	5,689	1.28%
Services & Others	36,533	8.21%
<b>TOTAL</b>	<b>445,063</b>	<b>100.00%</b>

### TENANCY RENEWAL PROFILE



FYE	AmBank Group (sq ft)	%	Total (sq ft)	%
2013	353,463	95.30%	370,910	83.34
2014	3,340	17.04%	19,605	4.40
2015	-	-	54,548	12.26
<b>TOTAL</b>	<b>356,803</b>	<b>80.17%</b>	<b>445,063</b>	<b>100.00</b>

### MENARA AmBANK

#### LOCATION

No.8, Menara AmBank  
Jalan Yap Kwan Seng  
50450 Kuala Lumpur

#### DESCRIPTION OF PROPERTY

46-storey office building comprising a 38-storey office tower block, a 1-level canteen and a 7-level car park

#### LAND TITLE

Title No. Geran 52468  
Lot No. 140, Section 44  
Town and District of Kuala Lumpur  
State of Federal Territory of Kuala Lumpur

#### TENURE

Freehold

#### ENCUMBRANCES

First Party First Legal Charge

#### YEAR OF COMPLETION

1997

#### AGE

15 years

#### NET LETTABLE AREA

458,187 sq. ft.

#### EXISTING USE

Commercial Office

#### CAR PARK

776

#### NO OF TENANTS

21

#### ACQUISITION COST

RM230.16 million

#### LATEST REVALUATION

RM306.00 million

#### DATE OF REVALUATION

15 March 2012

#### OCCUPANCY RATE

97.14%

#### GROSS REVENUE

RM26.55 million

#### NET PROPERTY INCOME

RM19.00 million

#### MAJOR CAPITAL EXPENDITURE

Nil

#### AVERAGE LEASE PERIOD

3 years

#### VALUER

Rahim & Co Chartered Surveyors  
Sdn Bhd

#### MAJOR TENANTS

AmBank Group  
Germanischer Lloyd (M) Sdn Bhd  
Acer Sales & Services Sdn Bhd



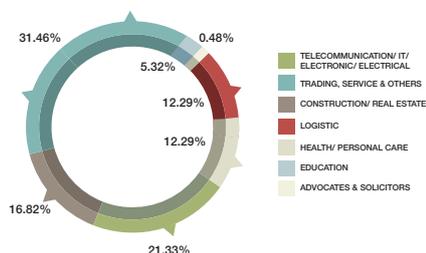
## Wisma AmFIRST ("WA") (formerly known as Kelana Brem Towers)

Wisma AmFIRST is located within SS7, Kelana Jaya and it is easily accessible from Kuala Lumpur city centre via the North Klang Valley Expressway (NKVE), Lebuhraya Damansara-Puchong (LDP) and Federal Highway. The office building comprises of two 16-storey purpose-built office towers sitting atop a 5-storey podium block and one level basement car park. Other prominent properties located in the close proximity include the Kelana Jaya Recreational Park, Kelana Jaya Centre Court Sports Complex, Kelana Jaya Commercial Centre and prominent residential area.

## ASSET PROFILE (CONT'D)

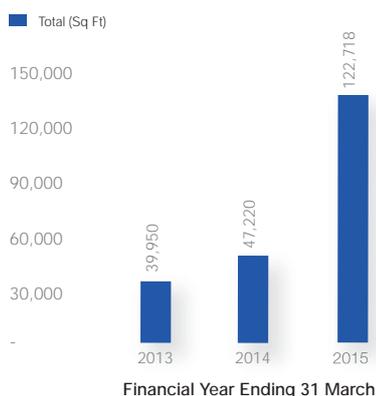


### TENANT TRADE MIX ANALYSIS



CATEGORY	SQ FT	%
Telecommunication/ IT/ Electronic/ Electrical	44,769	21.33%
Trading, Service & Others	66,040	31.46%
Construction/ Real Estate	35,312	16.82%
Logistic	25,796	12.29%
Health/ Personal Care	25,800	12.29%
Education	11,171	5.32%
Advocates & Solicitors	1,000	0.48%
<b>TOTAL</b>	<b>209,888</b>	<b>100.00%</b>

### TENANCY RENEWAL PROFILE



FYE	Total (sq ft)	%
2013	39,950	19.03
2014	47,220	22.50
2015	122,718	58.47
<b>TOTAL</b>	<b>209,888</b>	<b>100.00</b>

### WISMA AmFIRST (formerly known as Kelana Brem Towers)

#### LOCATION

Wisma AmFIRST  
Jalan SS 7/15 (Jalan Stadium)  
47301 Kelana Jaya  
Selangor Darul Ehsan

#### DESCRIPTION OF PROPERTY

16-storey office building comprising of 2 towers, a 5-storey podium block and 1-level basement car park and a 1-level canteen

#### LAND TITLE

Title No. HSM 8547  
Lot No. PT 5135  
Mukim of Damansara  
District of Petaling  
State of Selangor Darul Ehsan

#### TENURE

99-year leasehold interest expiring on 19<sup>th</sup> February 2094 (unexpired term of approximately 82 years)

#### ENCUMBRANCES

Lien Holder's Caveat

#### YEAR OF COMPLETION

2001

#### AGE

11 years

#### NET LETTABLE AREA

285,461 sq. ft.

#### EXISTING USE

Commercial Office

#### CAR PARK

645

#### NO OF TENANTS

28

#### ACQUISITION COST

RM86.05 million

#### LATEST REVALUATION

RM111.00 million

#### DATE OF REVALUATION

29 March 2012

#### OCCUPANCY RATE

73.53%

#### GROSS REVENUE

RM7.29 million

#### NET PROPERTY INCOME

RM4.84 million

#### MAJOR CAPITAL EXPENDITURE

RM1.3 million

#### AVERAGE LEASE PERIOD

2-3 years

#### VALUER

CB Richard Ellis (Malaysia) Sdn Bhd

#### MAJOR TENANTS

Kimberly-Clark Trading (M) Sdn Bhd  
LG Electronics (M) Sdn Bhd  
Gapurna Sdn Bhd  
Welch Allyn (M) Sdn Bhd

## ASSET PROFILE (CONT'D)

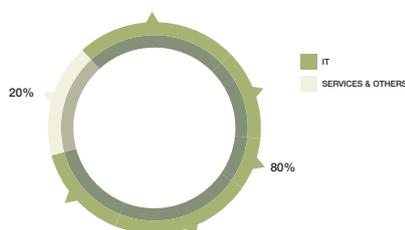
**PRIMA 9**

Prima 9 is a 7-storey office building with two levels of basement car park and situated within the Flagship Zone of Cyberjaya, an IT and multimedia hub. Cyberjaya is a planned township that form part of Multimedia Super Corridor in Malaysia, which is defined as an area measuring 15km by 50km running south of Kuala Lumpur City Centre to the Kuala Lumpur International Airport. It is easily accessible from Kuala Lumpur City Centre via Kuala Lumpur – Putrajaya highway and other major highways.

## ASSET PROFILE (CONT'D)

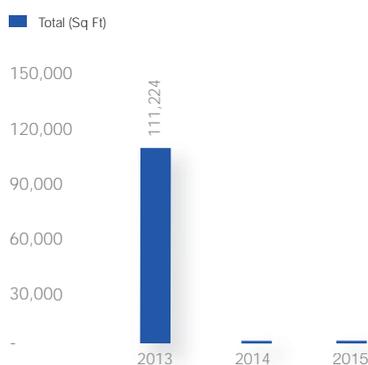


### TENANT TRADE MIX ANALYSIS



CATEGORY	SQ FT	%
IT	89,370	80.00%
Services & Others	21,854	20.00%
<b>TOTAL</b>	<b>111,224</b>	<b>100.00%</b>

### TENANCY RENEWAL PROFILE



FYE	Total (sq ft)	%
2013	111,224	100.00
2014	-	-
2015	-	-
<b>TOTAL</b>	<b>111,224</b>	<b>100.00</b>

### PRIMA 9

#### LOCATION

Prima 9  
Prima Avenue II, Block 3547  
Persiaran Apec  
63000 CyberJaya  
Selangor Darul Ehsan

#### DESCRIPTION OF PROPERTY

A 7-storey office tower with  
2 levels of basement car park

#### LAND TITLE

Title No. GRN 207783  
Lot 23582  
Mukim of Dengkil  
District of Sepang  
State of Selangor Darul Ehsan

#### TENURE

Freehold

#### ENCUMBRANCES

Nil

#### YEAR OF COMPLETION

2009

#### AGE

3 years

#### NET LETTABLE AREA

111,224 sq. ft.

#### EXISTING USE

Commercial Office

#### CAR PARK

374

#### NO OF TENANTS

2

#### ACQUISITION COST

RM72.89 million

#### LATEST VALUATION

RM72.00 million

#### DATE OF VALUATION

12 April 2011

#### OCCUPANCY RATE

100.00%

#### GROSS REVENUE

RM2.39 million\*

#### NET PROPERTY INCOME

RM2.24 million\*

#### MAJOR CAPITAL EXPENDITURE

Nil

#### AVERAGE LEASE PERIOD

3 years

#### VALUER

C H Williams Talhar & Wong Sdn Bhd

#### MAJOR TENANTS

Hewlett-Packard Multimedia Sdn Bhd  
Prima Properties Management Sdn Bhd

\* For the period from 1 December 2011 to 31 March 2012.

## ASSET PROFILE (CONT'D)

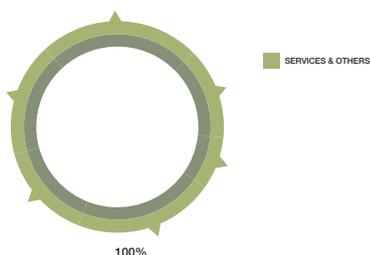
**PRIMA 10**

Prima 10 is a 7-storey office building with two levels of basement car park and situated within the Flagship Zone of Cyberjaya, an IT and multimedia hub. Cyberjaya is a planned township that form part of Multimedia Super Corridor in Malaysia, which is defined as an area measuring 15km by 50km running south of Kuala Lumpur City Centre to the Kuala Lumpur International Airport. It is easily accessible from Kuala Lumpur City Centre via Kuala Lumpur – Putrajaya highway and other major highways.

## ASSET PROFILE (CONT'D)

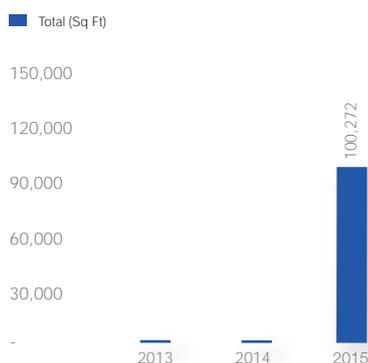


### TENANT TRADE MIX ANALYSIS



CATEGORY	SQ FT	%
Services & Others	100,272	100.00%
<b>TOTAL</b>	<b>100,272</b>	<b>100.00%</b>

### TENANCY RENEWAL PROFILE



FYE	Total (sq ft)	%
2013	-	-
2014	-	-
2015	100,272	100.00
<b>TOTAL</b>	<b>100,272</b>	<b>100.00</b>

### PRIMA 10

#### LOCATION

Prima 10  
Prima Avenue II  
Block 3544, Persiaran Apec  
63000 Cyberjaya  
Selangor Darul Ehsan

#### DESCRIPTION OF PROPERTY

A 7-storey office tower with  
2 levels of basement car park

#### LAND TITLE

Title No. GRN 207774  
Lot 23589  
Mukim of Dengkil  
District of Sepang  
State of Selangor Darul Ehsan

#### TENURE

Freehold

#### ENCUMBRANCES

Nil

#### YEAR OF COMPLETION

2010

#### AGE

2 years

#### NET LETTABLE AREA

100,272 sq. ft.

#### EXISTING USE

Commercial Office

#### CAR PARK

324

#### NO OF TENANTS

1

#### ACQUISITION COST

RM61.75 million

#### LATEST VALUATION

RM61.00 million

#### DATE OF VALUATION

12 April 2011

#### OCCUPANCY RATE

100.00%

#### GROSS REVENUE

RM1.90 million\*

#### NET PROPERTY INCOME

RM1.52 million\*

#### MAJOR CAPITAL EXPENDITURE

Nil

#### AVERAGE LEASE PERIOD

3 years

#### VALUER

C H Williams Talhar & Wong Sdn Bhd

#### MAJOR TENANTS

RBC Dexia Investors Services (M)  
Sdn Bhd

\* For the period from 1 December 2011 to 31 March 2012.



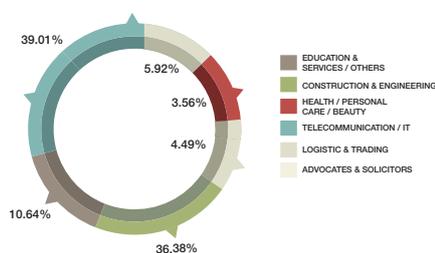
## THE SUMMIT SUBANG USJ (“THE SUMMIT”)

The Summit Subang USJ is located within one of the commercial hubs of UEP Subang Jaya and one of the major townships in the Klang Valley. The Summit Subang USJ is an integrated commercial complex, which comprises of a 13-storey office tower and a 17-storey hotel tower, both located atop a 6-storey retail podium. Located about 35 km from Kuala Lumpur city centre, it is accessible via the Federal Highway or the New Pantai Expressway, which will eventually intersect with Persiaran Kewajipan. Alternatively, it is also accessible from the Lebuhraya Shah Alam via the Kewajipan Interchange. Lebuhraya Shah Alam forms part of the Kuala Lumpur Middle Ring Road II and is connected to three major highways namely the North-South Expressway, Puchong-Damansara Expressway and North-South Expressway Central Link.

## ASSET PROFILE (CONT'D)

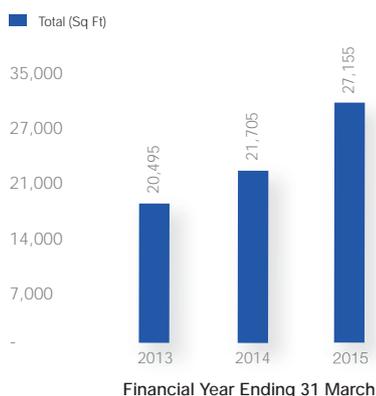


### TENANT TRADE MIX ANALYSIS - OFFICE



CATEGORY	SQ FT	%
Education & Services / Others	7,382	10.64%
Construction & Engineering	25,231	36.38%
Health / Personal Care / Beauty	2,471	3.56%
Telecommunication / IT	27,055	39.01%
Logistic & Trading	3,110	4.49%
Advocates & Solicitors	4,102	5.92%
<b>Total</b>	<b>69,354</b>	<b>100.00%</b>

### TENANCY RENEWAL PROFILE - OFFICE



FYE	Total (sq ft)	%
2013	20,495	29.55
2014	21,705	31.30
2015	27,155	39.15
<b>TOTAL</b>	<b>69,354</b>	<b>100.00</b>

### THE SUMMIT SUBANG USJ

#### LOCATION

The Summit Subang USJ  
Persiaran Kewajipan, USJ 1  
47600 UEP Subang Jaya  
Selangor Darul Ehsan

#### DESCRIPTION OF PROPERTY

A 13-storey office tower, a 6-storey retail podium, a 332-room 4 star rated hotel and 1,966 car parking bays

#### LAND TITLE

Title No. GRN 43528  
Lot 14, Pekan Subang Jaya  
District of Petaling  
State of Selangor Darul Ehsan

#### TENURE

Freehold

#### ENCUMBRANCES

Nil

#### YEAR OF COMPLETION

1998

#### AGE

14 years

#### NET LETTABLE AREA

Retail - 599,474 sq ft  
Office - 138,475 sq ft  
Hotel - 286,600 sq ft

#### EXISTING USE

Commercial Office, Hotel and Retail Mall

#### CAR PARK

1966

#### NO OF TENANTS

Retail - 108  
Office - 17

#### ACQUISITION COST

RM278.72 million

#### LATEST REVALUATION

RM302.20 million

#### DATE OF REVALUATION

15 March 2012

#### OCCUPANCY RATE

Retail - 93.73%  
Office - 50.10%  
Hotel - 100.00%

#### GROSS REVENUE

RM 29.22 million

#### NET PROPERTY INCOME

RM16.89 million

#### MAJOR CAPITAL EXPENDITURE

RM2.3 million

#### AVERAGE LEASE PERIOD

1 to 3 years

#### VALUER

Rahim & Co Chartered Surveyors  
Sdn Bhd

#### MAJOR TENANTS - OFFICE

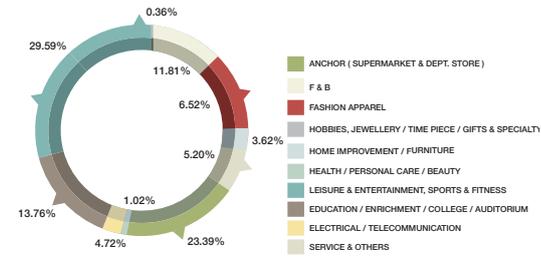
Salcon Resources Sdn Bhd  
Teledynamics Sdn Bhd  
CIB Net Station Sdn Bhd

#### MAJOR TENANTS - RETAIL

Point B!  
Giant Supermarket  
Best Denki  
Popular Bookstore  
Pantai Education Medical College  
Fitness First  
Golden Screen Cinemas  
Ampang Superbowl  
Ace Hardware  
Adidas Factory Outlet  
Reject Shop

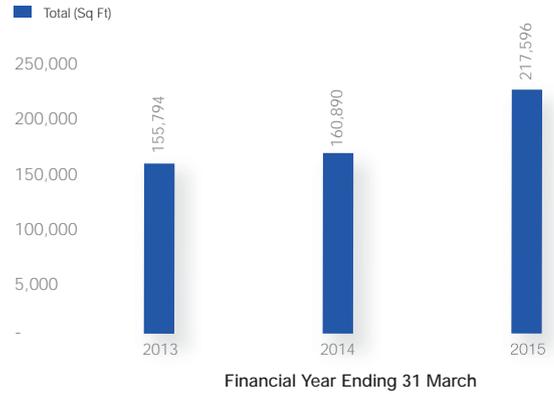
**ASSET PROFILE (CONT'D)**

**TENANT TRADE MIX ANALYSIS - RETAIL MALL**



CATEGORY	SQ FT	%
Anchor (Supermarket & Dept. Store)	124,963	23.39%
F&B	63,115	11.81%
Fashion Apparel	34,824	6.52%
Hobbies, Jewellery/Time Piece/Gifts & Specialty	1,948	0.36%
Electrical/Telecommunication	25,240	4.72%
Health/Personal Care/Beauty	5,436	1.02%
Leisure & Entertainment, Sports & Fitness	158,099	29.59%
Education/Enrichment/College/Auditorium	73,509	13.76%
Services & Others	27,781	5.20%
Home Improvement/Furniture	19,365	3.62%
<b>Total</b>	<b>534,280</b>	<b>100.00%</b>

**TENANCY RENEWAL PROFILE - RETAIL MALL**



FYE	Total (sq ft)	%
2013	155,794	29.16
2014	160,890	30.11
2015	217,596	40.73
<b>TOTAL</b>	<b>534,280</b>	<b>100.00</b>

**THE SUMMIT HOTEL**

DESCRIPTION	2011	2012
Rating	4-star	4-star
No. of Rooms	332	332
Net Rental Received by AmFIRST	RM7.20mil	RM7.40mil

**EVENTS AND PROMOTION - RETAIL MALL**



## ASSET PROFILE (CONT'D)

### RETAILERS TESTIMONIAL - RETAIL MALL



- "We opened our USJ flagship store at The Summit USJ in October 2011. We are optimistic about the growth and our brand presence here." – **Original Classic**, Managing Director, Phang Kong Chiong.



- "Although we are aggressively expanding our presence internationally, Malaysia still remain closest to our hearts, and we are very happy to rejoin The Summit USJ and open our 213th outlet in the country at this prime spot, catering to its suburban population." - Dato' Steven Sim, Founder, Group CEO, **Secret Recipe Cakes & Café**.



- "We have just completed our "transformation" fit out and realigned our product range to specially cater to The Summit USJ's patrons. We are thankful to our customers support for the past 8 years of our presence here." – **Hoops Station**, Official Nike Basketball specialty shop, Managing Director, Teo Poh Chye.



- "GSC Summit has been serving our loyal customers for the past 7 years here and we are pleased to be a landmark to the USJ community and continue to grow our Box office with the mall." - **Golden Screen Cinema**.



- "21,000 sq. ft. indoor air conditioned paintball field, first in Malaysia with two thematic combat halls. Located on Level 4 blending well into Level 4's "sports zone" together with "Hoop Station", an indoor tournament grade twin basketball courts and 400 seating capacity auditorium." – **Dome Paintball**, Managing Director, Vincent Kok.



- "We completed our expansion in November 2011. The newly fit out 16,000 sq. ft. are able to house events up to 120 tables, as one of the larger Chinese Restaurant in USJ" – Stanley Yap, Group Managing Director, **Dynasty Dragon Seafood Restaurants**.



- "We are naturally pleased that the complex has been successfully made-over in the last two years. The transformation has given the complex a new vibrancy and brought in bigger crowds. Our store has benefitted from the heavier traffic and we look forward to growing this strategic partnership with The Summit USJ." - **GCH Retail (M) Sdn Bhd**.



- "We are pleased to enjoy a conducive atmosphere at The Summit where all our students' needs are taken care of, such as public transport, supplies of accommodation, food, sports, and leisure activities." Leong Sat Sing, CEO, **Imperia College**.

## INVESTOR RELATIONS

### Investor Relations

As the Manager for AmFIRST, we maintain a timely and consistent communication with stakeholders including unitholders, prospective investors, analysts, and the media. We make timely disclosures, including corporate proposals and other material announcements to Bursa Malaysia under its listing requirements.

We are committed to maintaining an effective engagement with stakeholders and will continue to strive towards enhancing investor relation practices, transparency and corporate governance leading to raising the level of awareness and understanding of the Fund's financial performance and business strategies.

The principal contact is the Chief Executive Officer and is assisted by the Head, Finance and supported by the other senior management team.

On 30 April 2012, we held our first Unitholders' Meeting to seek unitholders' approval for the Proposed Rights Issue and Proposed Increased in Fund Size. Prior to the unitholders' meeting, the management team held several group presentations and face-to-face meetings with our existing unitholders, both institutional and retail investors, throughout West and East Malaysia. At the Unitholders Meeting held at Kuala Lumpur, it was attended by 343 unitholders, in person or by proxies and we received unanimous support for both the proposals.



### Website

The Fund's website had undergone major revamp in 2011 with the objective to improve the presentation in order to serve better our investment community as the avenue to access updated information of the Fund. The website is consistently updated with current financial and corporate information including quarterly financial results, annual reports, press releases, corporate presentations and other key information and announcements made. User can access the website at [www.amfirstreit.com.my](http://www.amfirstreit.com.my).

### Feedback and Enquiries

We welcome feedback from our investors so that we can make continuous improvement to further improve our interaction with our investing community. Please feel free to contact us via the following:

Lim Yoon Peng  
Chief Executive Officer  
([yplim@ambankgroup.com](mailto:yplim@ambankgroup.com))

Chong Hong Chuon  
Head, Finance  
([chong-hong-chuon@ambankgroup.com](mailto:chong-hong-chuon@ambankgroup.com))

# Hartanah ke-7

AmFirst Reit perkukuh kedudukan melalui dua aset bernilai RM133

>> Oleh Shanty Nur Shaffizan  
Shanty

AMARA Real Managers Sdn Bhd, pengartu di na pelajaran anasah harta, AmFirst Real Estate Investment Trust (AmFirst Reit) menyempatkan proses perolehan dua bangunan komersial Prima 9 dan 10 yang terletak atas segak di Jalan Permaran Spas, Cyberjaya bernilai RM133 juta.

Ketua Pegawai Operasinya, Lim Yoon Peng berkata, perolehan baru itu meningkatkan nilai asetnya kepada RM4.16 bilion, atau peningkatan 13 peratus.

"Kedua-dua bangunan ini, kini disewa svaskat multi-masalah bagi tempoh jangka



lim pasaran," katanya pada piala menandatangani per-

PERJANJIAN (rangka) antara dua pertukaran dokumen am Kotira Pegawai Eksekutif Ma Trustees Berh Badrul Ismail dengan Pang Eksekutif Pri Avenue, CM Chong, semal

Local | Firm | Business | Sports | Lifestyle | Culture | Lifestyle

## AmFirst REIT has RM500m for assets

Penyertaan 1 May 2012: RM500m  
Last updated on 1 May 2012 11:14 AM  
Eva Yeong  
eva.yeong@theedgeline.com



KUALA LUMPUR (May 1, 2012) AmFirst REIT will invest up to RM500 million in growth areas such as Penang, Malacca and Johor to grow its portfolio. This was announced by AmFirst REIT CEO Lim Yoon Peng.

"Definitely, we're looking at several assets but right now we're doing some research at this point in time we cannot disclose the location and size of the asset," he said.

# AmFirst REIT has up to RM500m for new assets

Looking at Penang, Malacca and Johor for yield-attractive properties

By EVA YEONG  
The Edge

AMARA Real Managers Sdn Bhd, pengartu di na pelajaran anasah harta, AmFirst Real Estate Investment Trust (AmFirst REIT) menyempatkan proses perolehan dua bangunan komersial Prima 9 dan 10 yang terletak atas segak di Jalan Permaran Spas, Cyberjaya bernilai RM133 juta.

"Definitely, we're looking at several assets but right now we're doing some research at this point in time we cannot disclose the location and size of the asset," he said.

Speaking to reporters after a methodology meeting to approve a rights issue yesterday, he said it will have leeway to buy up to RM500 million in assets after the rights issue has been implemented.

The rights issue is expected to be listed in mid-July.

As of June 30, the trust is expected to have gross proceeds of RM2.8 billion, of which RM2.4 billion will be used to repay bank borrowings and the remainder for expenses.

"When the proceeds come in, we will reduce our bank borrowings and our gearing will decline from 60% to 30%. When we're done in 2012, we will be able to leverage our asset acquisition by another RM500 million before we hit the 60% threshold imposed by the Securities Commission," Lim said.

He added AmFirst will focus on yield-attractive properties such as hotels, multi-story office buildings, and industrial properties.

buildings. It will focus on commercial office and industrial properties in hotel or industrial properties in the region.

AmFirst REIT's portfolio comprises eight properties in the Klang Valley and Cyberjaya worth a combined RM4.16 billion with total net leasable area of 1.4 million sq ft and average occupancy rate of 94% as of March 31.

Lim said its strategy is to focus on commercial assets in high-growth areas especially special purpose built office with long lease (MNC tenant), premium capital management such as strengthening balance sheet via capital raising and active asset management such as asset refinancing and consolidating leasing activities to attract quality tenants to increase occupancy.

Commenting on the glia in office space market, "It is mainly in KL city centre areas where new developments have taken place but you'll find that to go and buy smaller properties in KL city centre will be very challenging simply because asking prices are high and yields do not match the price. The trust will only look at yield-attractive acquisition or at least the buildings are fully occupied or above 80% occupancy."

Lim said the rights issue will result in current savings of RM20 million. Combined with investment and distribution income of RM20 million, he said AmFirst REIT is confident of achieving over 10% return on asset value in the next 12 months.



Lim Yoon Peng, CEO of AmFirst REIT, speaking at a press conference.

## Refreshing Neighbourhood M

The revitalising of the neighbourhood is a key objective of the AmFirst REIT's strategy. The trust is looking at several assets but right now we're doing some research at this point in time we cannot disclose the location and size of the asset.

# Revitalising The Summit USJ

## Am Ara 產託 擬斥5億收購資產

吉隆坡 30 日讯：大马第一产託 (AMFIRST, 5120) 主要板产託) 今年7月发行附加股筹资，其管理 Am Ara 产託管理 (Am Ara REIT Managers Sdn Bhd) 计划，出价5亿令吉在巴生谷收购资产。Am Ara 产託管理总执行长林永平 (林爵) 指出，若以大马第一产託附加股每股定价85仙，估计约可筹集2亿1,579万令吉，其中1亿1,474万令吉将用以提借款。

“此举有助减低负债比率，有助推动公司成长，不但是在回购或策略收购方面，都可及时做出反应。截至今年3月，”

# 大馬第一信託 擬購5億資產

(吉隆坡30日讯) 大马第一信託 (AMFIRST, 5120) 主要板产业投资信托组) 计划以5亿令吉在全马主要城市商业办公楼，增加其资产规模。

公司首席执行官林永平在股东大会后透露，公司排除在巴生河流域、马六甲、檳城等具有发展潜力的域物色办公楼，预计收购总值约5亿令吉。

“公司将以办公楼现有的商业价值及高租用率收购考量，但详细情形需待筹资完成后才可正式对外布。”

针对旗下产业 MERAIS 大厦及格拉那柏年大楼去年对的低租用率问题，他表示截至今年3月31日，两个商

# AmFirst REIT may buy

Dragon Fund (ADF). "The usually keeps the properties period of between three and years before disposing them a profit. ADF will offer to sell properties to third-party buyer or AmFirst (REIT)," Lim said.

by Chong Jin Hun  
FJ@edgeline.com

PETALING JAYA: AmFirst Real Estate Investment Trust (AmFirst REIT), one of two Malaysian REIT to propose a rights issue

## BOARD OF DIRECTORS



### Y. BHG. DATO' AZLAN HASHIM

Non-Independent Non-Executive Chairman

Y Bhg Dato' Azlan Hashim, a Malaysian, aged 70, joined the Board of Am ARA REIT Managers Sdn Bhd on 24 August 2006.

Dato' Azlan is the Deputy Chairman of AMMB Holdings Berhad. He is currently the Non-Executive Chairman of AmFraser International Pte Ltd, AmFraser Securities Pte Ltd, AmInternational (L) Ltd and PT. AmCapital Indonesia. He also serves on the Boards of Metrod Holdings Berhad, Paramount Corporation Berhad, Sapura Industrial Berhad, Kesas Holdings Berhad and Global Carriers Berhad. He is a Trustee of AmGroup Foundation.

Dato' Azlan served the Malayan Railways from 1966 to 1971, where he was the Chief Accountant for two years. In 1972, he became a Partner of a public accounting firm, Azman Wong Salleh & Co., and was a Senior Partner there prior to joining Amcorp Properties Berhad's Board from 1982 to July 2007.

Dato' Azlan is a Fellow of the Institute of Chartered Accountants (Ireland), Economic Development Institute, World Bank, Washington D.C., USA and Institute of Bankers Malaysia. He is also a Certified Public Accountant.

## BOARD OF DIRECTORS (CONT'D)



### MR. CHEAH TEK KUANG

Non-Independent Non-Executive Director

Mr Cheah Tek Kuang, a Malaysian, aged 64, was appointed to the Board of Am ARA REIT Managers Sdn Bhd on 24 August 2006. He is currently the Advisor to the Chairman's office, AMMB Holdings Berhad ("AMMB"). He was the Group Managing Director of AMMB, a position he held since 1 January 2005 until his retirement from AMMB on 2 April 2012.

Mr Cheah joined AmlInvestment Bank Berhad ("AmlInvestment Bank") in 1978 and held various senior positions. In 1994, he was promoted to Managing Director, and he became the Group Managing Director of AmlInvestment Bank from January 2002 to December 2004 before assuming the office of Group Managing Director in AMMB. He currently sits on the Board of AmBank (M) Berhad, Amlslamic Bank Berhad as a Non-Independent Non-Executive Director/Deputy Chairman and AmlInvestment Bank Board as a Non-Independent Non-Executive Director.

His directorships in other public companies include Bursa Malaysia Berhad and Cagamas Berhad. He is a member of the Investment Panel of Retirement Fund Incorporated (Kumpulan Wang Persaraan {Diperbadankan}). He is also the Alternate Chairman of Malaysian Investment Banking Association.

Mr Cheah has a Bachelor of Economics (Honours) degree from the University of Malaya and is a Fellow of the Institute of Bankers Malaysia.



### Y BHG DATO' TEO CHIANG QUAN

Independent Non-Executive Director

Y Bhg Dato' Teo Chiang Quan, a Malaysian, aged 63, was appointed to the Board of Am ARA REIT Managers Sdn Bhd on 24 August 2006.

Dato' Teo is an entrepreneur and is the controlling shareholder of Paramount Corporation Berhad (Paramount), a progressive investment holding company listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa) with diverse interest and strong positions in property development, construction and education. He was the Managing Director and Chief Executive Officer of Paramount for 20 years before relinquishing his post in 2008 to assume the position of Executive Deputy Chairman.

Dato' Teo is also the Chairman of the board of ECS ICT Berhad (ECS), a company listed on the Main Market of Bursa Malaysia Securities Berhad and an MSC status company. ECS is principally involved in the distribution of Information and Communications Technology products in Malaysia.

## BOARD OF DIRECTORS (CONT'D)

**TUAN HAJI SALLEH AKRAM**

Independent Non-Executive Director

Tuan Haji Mohd Salleh Akram, a Malaysian, aged 63, was appointed to the Board of Am ARA REIT Managers Sdn Bhd on 24 August 2006.

He had, in 1973 obtained the Diploma in Land Use Control from the North-East London Polytechnic (now part of East London University) and passed the Final Examinations of the Royal Institution of Chartered Surveyors (General Practice Sector) in 1974. He is a Fellow of The Royal Institution of Chartered Surveyors, United Kingdom (FRICS) as well as a Fellow of the Royal Institution of Surveyors, Malaysia (FRISM). He is also a Registered Valuer & Estate Agent with the Board of Valuers, Appraisers & Estate Agents, Malaysia as well as a Life Member of the Institute of Directors, Malaysia.

He served as a Valuation Officer in the Valuation Division, Federal Treasury, Ministry of Finance from April 1974 till 1980 and saw postings in Selangor, Penang, Johor and Kelantan. He became the Kelantan State Director of Valuation in 1975 until 1977 followed by a stint as the Deputy Regional Director of Valuation Selangor Region.

In April 1980, he left the Treasury to join a chartered valuation firm and later became one of the founder directors upon its incorporation as a private limited professional company. On 1 July 1988, he commenced AKRAM & Co., a sole proprietor chartered surveying firm providing professional services mainly in the valuation of properties including plant and machinery, and property consultancy. The practice had since 1 March 2011 continued as a private limited company, Akram Real Estate Professionals & Co. Sdn. Bhd.

**MR. LIM HWEE CHIANG**

Non-Independent Non-Executive Director

Mr. Lim Hwee Chiang, a Singaporean, aged 55, was appointed to the Board of Am ARA REIT Managers Sdn Bhd on 24 August 2006.

Mr Lim Hwee Chiang is the Group Chief Executive Officer and Executive Director of ARA Asset Management Limited ("ARA") since its establishment. He is a Non-Executive Director of ARA Asset Management (Fortune) Limited, ARA Trust Management (Suntec) Limited, ARA Asset Management (Prosperity) Limited, Am ARA REIT Managers Sdn. Bhd., ARA-CWT Trust Management (Cache) Limited, APN Property Group Limited listed in Australia and Hui Xian Asset Management Limited. Mr Lim is also the Chairman of APM Property Management Pte. Ltd., Suntec Singapore International Convention & Exhibition Services Pte. Ltd. and the management council of The Management Corporation Strata Title Plan No. 2197 (Suntec City). In addition, Mr Lim is an Independent Director, Chairman of the remuneration committee and share options scheme committee and member of the audit and nominating committee of Singapore-listed Teckwah Industrial Corporation Limited. He is also the Vice President of the Hong Kong-Singapore Business Association, the Senior Vice President of the Asia Pacific Real Estate Association, a council member of the Singapore Chinese Chamber of Commerce & Industry and a member of the Valuation Review Board of the Ministry of Finance of Singapore.

Mr Lim has more than 30 years of experience in real estate and is a recipient of multiple prestigious awards. His recent accolades include Outstanding CEO of the Year 2011 - Singapore Business Awards and top three ranking in the Best CEO for the Property & REITs Category in Asia in 2010, awarded by the Singapore Business Times and DHL, and Thomson Reuters Extel Asia IR Survey respectively.

Mr Lim holds a Bachelor of Engineering (First Class Honours) in Mechanical Engineering, a Master of Science in Industrial Engineering, as well as a Diploma in Business Administration, each from the National University of Singapore.

## BOARD OF DIRECTORS (CONT'D)



### MS. PUSHPA RAJADURAI

Alternate Director to Mr. Cheah Tek Kuang

Ms. Pushpa Rajadurai, a Malaysian, aged 54, was appointed to the Board of Am ARA REIT Managers Sdn Bhd on 24 August 2006.

Ms. Pushpa is currently the Managing Director of Corporate & Institutional Banking of AmBank Group. She was previously Executive Director of AmlInvestment Bank Berhad, the investment banking arm of AmlInvestment Bank Group.

Her extensive banking (corporate & investment) experience covers both the Malaysian and overseas markets and her client portfolio extends to all sectors of the economy, both public and private corporates and government entities.

She presently holds the position of chairperson for the Corporate Finance Committee of the Malaysian Investment Banking Association. She also chairs the Annual Dialogue with Singapore Investment Banking Association. She is actively involved in market development and works extensively with the regulators at consultative forums. She was on the Board of the Malaysian Exchange of Securities Dealing and Automated Quotation (MESDAQ) until the merger was completed with Bursa Malaysia Securities Berhad.

She holds various directorships in the AmBank Group, which includes the trustee services, venture capital management, offshore banking, stockbroking and investment banking and private equity.

She is a Fellow Member of the Chartered Association of Certified Accountants United Kingdom and a registered accountant with the Malaysian Institute of Accountants.



### MR. ANTHONY ANG MENG HUAT

Alternate Director to Mr. Lim Hwee Chiang

Mr. Anthony Ang Meng Huat, a Singaporean, aged 57, was re-appointed to the Board of Am ARA REIT Managers Sdn Bhd on 1 August 2009. He is presently Chief Executive Officer, a Board member and Responsible Officer of ARA Asset Management (Fortune) Limited. Mr. Ang is also a Board member of ARA Asia Dragon Limited. He is also an Independent Non-Executive Director of Armstrong Industrial Corporation Limited.

Prior to joining Am ARA REIT Managers Sdn Bhd, Mr. Ang held various senior positions with GIC Real Estate Pte. Ltd., a global real estate fund management company, Armstrong Industrial Corporation Limited, Vertex Management Pte. Ltd., a Singapore-based global venture capital company, and Majulah Connection Limited, a global business networking and consulting organization. Mr. Ang began his career with the Singapore Economic Development Board where he served for 14 years, including 6 years in the United States as the regional director of their North American operations.

Mr. Ang holds a Bachelor of Science degree (Mechanical Engineering) with First Class Honours from the Imperial College, London University, and obtained a Master of Business Administration from the European Institution of Business Administration (INSEAD) in 1982 on a scholarship from the Singapore and French governments. Mr. Ang is a fellow of the Chartered Management Institute (United Kingdom) and a Council Member of the Chartered Management Institute Singapore.

## MANAGEMENT TEAM



## MANAGEMENT TEAM (CONT'D)

### 1 LIM YOON PENG

Chief Executive Officer

Mr. Lim Yoon Peng was appointed as Chief Executive Officer of Am ARA REIT Managers Sdn Bhd on 15 August 2008. He is responsible for the strategic direction, investment objectives and operations of AmFIRST. Prior to joining Am ARA, he was the Chief Financial Officer of Axis-REIT Managers Berhad, responsible for the finance and risk management functions including business and investment strategies, regulatory compliance, acquisition analysis as well as capital management.

YP Lim has over 30 years of extensive financial management and accounting experience and has held senior positions in various multinational companies from UK, Australia and Malaysia. He spent four years as the Financial Controller cum Company Secretary of Victoria Investment and Properties Pty Ltd, a group of companies involved in property investment and development in Melbourne, Australia before returning to Malaysia in 2005.

Being one of the pioneers in Malaysian REIT industry, Mr. Lim is a speaker at a number of regional and international REITs conferences. He has also contributed a series of articles on the development of Malaysian REITs in several accountancy and other trade journals.

### 2 ZUHAIRY MD. ISA

Head, Asset Management

Zuhairy joined Am ARA REIT Managers Sdn Bhd on 15 April 2008. He graduated from the University of Newcastle Upon-Tyne, United Kingdom with Postgraduate Diploma and Bachelor of Arts (Hons) degree, both in Town Planning where he also had a stint as a Trainee Planner with the South Tyneside Metropolitan Borough Council, United Kingdom.

He has more than 15 years of related working experience prior to joining Am ARA. His last position was Assistant Vice-President II with MIDF Property Berhad, heading the Leasing and Marketing Department for Klang Valley region. He was also responsible in handling the land development matters throughout Malaysia as well as Indonesia. He also served as Director for the subsidiaries involved in logistics in Malaysia and property development in Indonesia.

Mr. Lim is a Fellow Member of The Chartered Association of Certified Accountants, UK and a Member of the Malaysian Institute of Accountants, and Fellow Member of CPA Australia. In September 2007, he was featured by ACCA Malaysia as one of the 50 Malaysian CFOs holding strategic position in a leading industry in Malaysia. He is also the Vice-Chairman of the Malaysian REIT Managers Association.

#### Other directorship of Public Companies

Mr. Lim has no other directorship with any public companies.

#### Family relationship with any Director and/or substantial Unitholders

Mr. Lim has no relationship with any Director or substantial Unitholders.

#### Conflict of Interest

No conflict of interest has arisen during the financial year under review.

#### Conviction of Offences

Mr. Lim has not been convicted of offences with the past 10 years.

Zuhairy is responsible for overseeing the management, leasing and the implementation of organic growth strategies to enhance the performance of AmFIRST's portfolio as well as planning and implementing the asset enhancement initiatives.

## MANAGEMENT TEAM (CONT'D)

### 3 CHONG HONG CHUON

Head, Finance

Chong Hong Chuon joined Am ARA REIT Managers Sdn Bhd on 9 May 2011 and is responsible for the full spectrum of financial matters relating to AmFIRST and this includes financial and management reporting, capital management, treasury and risk management. He is also the designated Compliance Officer for all statutory and regulatory matters.

He began his career in the auditing field and has 15 years of extensive financial and management accounting experience. Prior to joining Am ARA, he was with Hong Leong Group where he was involved in property investment and management division. His last position with the group was Group Financial Controller, where he was responsible for the financial and compliance function of the REIT which includes provide financial performance review, business

planning and forecast as well as devise capital and risk management strategies. In addition, he is actively involved in evaluating acquisition opportunities, asset management and investor relations.

Chong holds a Master of Science in Financial Management from Robert Gordon University, UK and is a member of the Association of Chartered Certified Accountants, UK and Malaysian Institute of Accountants.

### 4 PANNEER SELVAM NARAYANAN

Head, Investment

Panneer was appointed as Head, Investment of Am ARA REIT Managers Sdn Bhd effective from May 2011. He is primarily responsible to develop investment strategies and to pursue acquisition origination including asset identification, structuring, negotiating, due diligence and completion of transaction. He is also jointly in charge with the Head, Asset Management for the planning and implementation of asset enhancement initiatives for AmFIRST's investment properties.

Prior to his current position, he was the Head, Finance responsible for financial matters relating to AmFIRST involving the review of financial and management reporting, capital management, treasury, risk management and compliance matters.

He was instrumental in the reconstitution of the 17-year old listed property trust in Malaysia, AmFirst Property Trust prior to listing of AmFIRST on Bursa Malaysia in December 2006. He was the Finance Manager then and also served various positions with several public listed related companies for more than 5 years in the areas of cost management, credit risk management and audit.

Panneer holds a Bachelor of Commerce (Hons) degree in Accounting from University of Tasmania, Australia. He is also a Fellow Member of Institute of Public Accountants (Australia).

### 5 CARRIE CHUA MOOI CHU

Senior Tenancy Manager

Carrie Chua joined Am ARA REIT Managers Sdn Bhd on 3 October 2008. She is responsible for the marketing and leasing of space involving negotiating for new and existing tenancies, and property management of the AmFIRST's portfolio. In addition, she handles the tenancy related matter, supervising the appointed Property Managers and preparation of all tenancy agreement as well as overseeing the Tenants Care Program.

She has more than 15 years of extensive real estate experience in various aspect of real estate management, ranging from sales and marketing, and managing retail mall. She has worked in several public listed companies, mainly in sales and marketing division.

Carrie holds an LCCI in Business Accounting and Diploma in Secretarial from Systematic College.

## MANAGEMENT TEAM (CONT'D)

### 6 LUM YOUK LEE

Operations and Complex Manager

Lum Youk Lee joined Am ARA REIT Managers Sdn Bhd on 2 February 2010. He is responsible to the performance of both the commercial and retail components of The Summit Subang USJ, to manage and reposition the asset. He has 15 years of extensive work experience in high-rise property construction and excellent knowledge and skills in the management of commercial, retail and residential properties. He brings with him a wealth of experience that will blend seamlessly into the range of AmFIRST diverse property portfolio and this includes design, construction, leasing and marketing, asset refurbishment, building due diligence and facility and energy efficiency management.

An Engineer by profession, Lum holds a Master in Business Administration from Charles Stuart University, Australia and a Bachelor of Science degree in Mechanical Engineering from University of South Alabama, USA, a Member of Board of Engineers Malaysia (BEM) and Advisor to Mechanical Engineering Technical Division (METD) of The Institution of Engineers Malaysia (IEM). At the invitation of these associations, he holds regular speaking engagement on their behalf.

### 7 ABDUL RAHMAN MOHD JONED

Manager, Finance

Abdul Rahman was appointed as Assistant Manager, Finance of Am ARA REIT Managers Sdn Bhd in June 2007 and was promoted to Manager, Finance in 2010. He is responsible for the financial related matters relating to AmFIRST and involved in the preparation of financial and management report.

Abdul Rahman has more than 10 years of related working experience prior to joining Am ARA. His last position was Assistant Accountant with Chase Perdana Berhad, a public listed company, responsible in the preparation of financial and management report of the company and its subsidiaries.

He started his career as auditors with Abu Bakar Rajudin & Co and was responsible in auditing, accounting, taxation, secretarial and due diligence work.

He graduated from Universiti Teknologi MARA with a Degree in Accountancy (Hons). He is also a member of the Malaysian Institute of Accountants.

### 8 ANUAR HUSIN

Manager, Asset Management

Anuar joined Am ARA REIT Managers Sdn Bhd as its Property Executive on 15 April 2007. He holds both a Master in Property Investment and a Bachelor of Science (Hons) in Estate Management from Universiti Teknologi MARA.

He began his career in 2002 as a Valuer with MN Associates Sdn Bhd undertaking real estate valuations relating to mortgage, insurance and for auction purposes. In 2003, he joined Raine & Horne International Zaki & Partners Sdn Bhd as Senior Valuer at their Subang Jaya branch. He later left to join Malaysia Building Society Berhad ("MBSB") as its Senior Property Executive taking charge of the management and maintenance of MBSB's property assets nationwide as well as the set-up of new branches until he left in early 2007.

Currently, Anuar reports to our Head, Asset Management and is responsible for overseeing AmFIRST's investment properties in relation to operational matter, safety and health and tenancy management including undertaking acquisition analysis relating to valuation. He directly supervises all the Facility and Property Managers of the Fund.

## MARKET REPORT



### 1 Property Market Overview

#### 1.1 Retail Sector

The retail sector outlook in the Klang Valley remains fair with projected national retail sale growth for 2012 at 6%, compared to 6.5% in 2011. Economic uncertainties and slowing growth have however impacted the Consumer Sentiment Index, the main barometer of consumer spending with the index dropping to a two years low of 106.3 points as at Q4 2011 as concerns over job prospect increased. This is however still above the benchmark 100 points, separating optimism and pessimism, amongst the population.

Tourist spending is also likely to be affected with the poor external environments such as in Europe, the political crises in the Middle East and the cutting back of unprofitable routes by the MAS, the national airline. However, cushioning the market has been the year Budget that has been "people" friendly, with funds being generously disbursed to the lower income households as well as students. In addition, the recent revision in the civil service remuneration scheme (an increase of 7%-13% from January 2012) and a proposed minimum wage scheme will benefit the retail sector in the coming months.

Generally, occupancy level has been maintained with average vacancy at 91% for Kuala Lumpur and 86% for areas outside of the capital on total stock of about 46 mil sq ft. Last year, some 3.7 mil sq ft was added to stock and some of the major malls completed are listed in Table 1.1 of which 2 out of 8 malls are located outside Kuala Lumpur:

**Table 1.1**  
**New Malls Completed in 2011 in Klang Valley**

Building name	Address	Net Floor Area (sq ft)
Southgate	Sungei Besi	200,00
Viva Home	Jln Loke Yew	688,000
Scotts Garden	Jalan Klang Lama	520,000
Citta Mall	Ara Damansara	424,400
Space U8	Shah Alam	619,000
1 Shamelin Shopping Mall	Cheras	420,000
Suria KLCC extension (Lot C)	KLCC	140,000
Solaris 2 (Publika@Dutamas)	Duta Mas	300,000
KL Festival City	Jalan Genting Klang	450,000
<b>TOTAL (2011)</b>		<b>3,761,400</b>

Nevertheless, there continue to be signs that the market is at or close to saturation point as some malls start cannibalising into each other's catchment areas, and a few of the new malls are experiencing low leasing up rate upon completion. This have not deters new malls being planned, and some of the major malls under construction and being planned will provide 10.4 mil sq ft in the next 3 years. Other major malls planned include those at KL Metropolis, Warisan Merdeka and KL International Financial District.

## MARKET REPORT (CONT'D)



**Table 1.2**  
**Proposed New Malls in the Klang Valley**

Building name	Address	Net Floor Area (sq ft)
Setia Alam Mall	Shah Alam	700,000
The Paradigm	Kelana Jaya	500,000
Nu Sentral	Brickfields	700,000
Jaya Supermarket Sect 14	Sect 14 PJ	260,000
Bangi Getaway Shopping Complex	Bangi	475,000
KLIA2	KLIA	350,000
<b>TOTAL IN 2012</b>		<b>2,985,000</b>
IOI City Mall in Putrajaya	IOI Resort, Putrajaya	1,300,000
Sunway Velocity	Jalan Peel	800,000
The Strand Mall	Kota Damansara	309,000
M Square Shopping Centre	Puchong Perdana	380,000
Sunway Pyramid (extension)	Sunway	50,000
<b>TOTAL IN 2013</b>		<b>2,839,000</b>
Damen	Subang Jaya	400,000
Empire City	Damansara Perdana	1,000,000
Bousted Retail	Jalan Cochrane	1,200,000
Pavillion (extension)	Jalan Bukit Bintang	300,000
Glomac Damansara	Damansara	350,000
<b>TOTAL IN 2014</b>		<b>3,250,000</b>
The Place (One City)	Subang Jaya	150,000
I-City	Shah Alam	850,000
KLCC (expansion)	KLCC	300,000
<b>TOTAL IN 2015</b>		<b>1,300,000</b>

Investors' interest in the retail sector is at a high point, as evidenced by the success of the listing of Pavilion REIT, and the continued search for deals even at secondary cities and towns. The Pavilion Mall was injected for listing at a price of RM2,390 per sq ft reflecting a yield of 6.37%. This success has also spurred other major owners of mall assets such as KrisAssets to plan a REIT listing during this year for their Midvalley and The Gardens Malls. This listing could test new and lower yield level.

Within the Klang Valley, Citta Mall, a newly completed mall was sold at RM276 mil reflecting a RM577 psf, whilst Hektar REIT purchased 2 malls in Sungei Petani and Kulim, both in Kedah at a price of per sq ft and RM348 per sq ft respectively. The yield reflected was only 5.3% and 6.7% respectively. With demand from two specialised retail sector REITs, and other major REITs, demand for good retail assets are currently well sought with few if any availability in the open market.

## MARKET REPORT (CONT'D)



**Table 1.3**  
**Sales of Malls**

Mall	Price (RM Mil)	NLA	Price (Per sq ft)
East Coast Mall	310	441,342	702
Ipoh Parade	250	584,758	428
Klang Parade	110	696,145	158
Seremban Parade	60	317,607	189
Tesco Tanjung Sri Pinang	134	269,418	497
Pavilion Mall	3190	1,335,119	2,389
Landmark Central Shopping Centre	98	281,298	348
Central Square Shopping Centre	83	300,782	276
Citta Mall	245	424,467	577

Rental trend in prime assets continue to grow within a single digit range around the 5% mark, given greater competitions, unlike past years. Overall, average gross rental rates range widely between RM10-25 per sq ft/month. Rentals for secondary properties are likely to experience lower or stagnant growth, due to their eroding market shares and the need to retain tenants, as new malls enter their catchment markets.

Driving retail sale over the longer term will be the Economic Transformation Programme that envisages a growth in GNI per capita from US\$7,000 to US\$15,000 by 2020 supported by continued urbanisation, higher labour productivity (The ETP envisage a greater Kuala Lumpur Area with a population of 10 mil. by 2020), and tourists spending.

## 1.2 Office Sector

The Kuala Lumpur office market is facing an imminent oversupply with average occupancy starting to falter to a current 86%, as at Q1, a decline of 6.5% YoY. New significant supply since 2011 and expected completion for this year will tip the market toward a tenant market, in the light of slower economic growth, and its negative impact on expansion by the business services sector. Since the Q3 2011, with the eruption of the European Debt Crisis, expansion plans are being reviewed or aborted to take cognizance of the external uncertainties.

Absorption rate for the whole of 2011 was strong, registering 3.2 mil. sq ft, which partially commensurate with strong completion, compared to 424,000 sq ft in 2010, a 7.5 times increase.

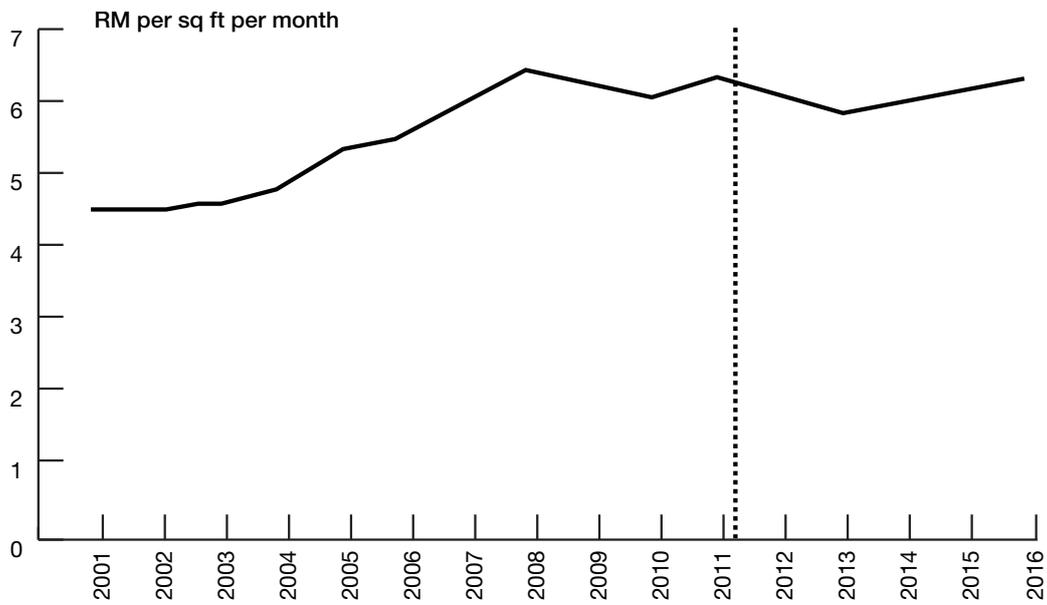
New supply will continue to plague the market this year with a slower rate of expansion over the following two years. Nevertheless, planned office projects by Government linked entities appeared to be going ahead, and this could only add to aggravate the situation in the mid-term. Projects such as Kuala Lumpur International Financial District and Warisan Merdeka will have landmark office towers and these are likely to be launch soon, assuming no change to the present government or its policy. These projects are however likely to come into the market earliest by 2016 given their mega scales of the projects.

Rental has been holding steady in the past 3 years, showing some resilience for the past 12 months despite pending weaknesses. Average prime rent is at RM6.25 per sq ft/m, with secondary rent at RM4.18 per sq ft/m. Prime rental rates, under current projected demand/supply scenario, are projected to decline under pressure of new supply to a low of RM5.70 per sq ft/m by 2013 before recovering from 2014 onwards.

MARKET REPORT (CONT'D)



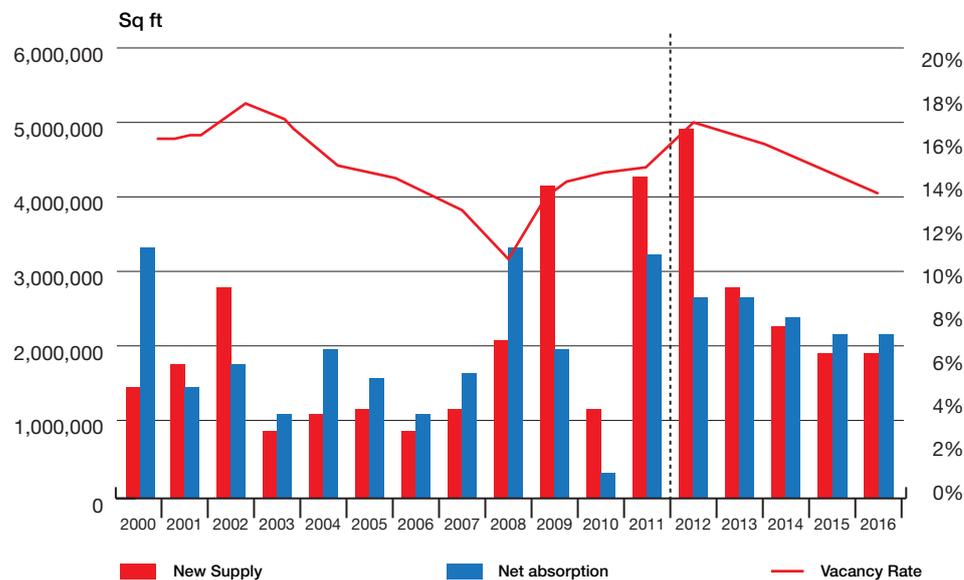
**Chart 1.1**  
Trend in Prime Rental and Projection



In terms of pricing, average capital value of prime office is holding stable at RM807 per sq ft, with transactions being recorded at between RM550 to RM1,000 per sq ft. We also noted that stratified office at Q Sentral, KI Sentral, were reportedly sold at around RM1,450 per sq ft.

Whilst the concentration of the commercial office market is in Kuala Lumpur, development activities in Petaling Jaya and the outer fringes of Kuala Lumpur will feel the impact of this, from spill over effects as well as because of new developments in these areas. In the shorter term, demand is not likely to keep up with new supply leading to lower occupancy and lower rentals.

**Chart 1.2**  
Projected Office Supply and Demand in Kuala Lumpur



## MARKET REPORT (CONT'D)



## 1.2.1 Petaling Jaya

Petaling Jaya has been attracting office users who wanted a less central location, to avoid the traffic of the city as well as to attract employees from a solid white collar population. In Petaling Jaya, office developments have active in the last 5 years, with current stock registered at 17.2 mil sq ft and a relatively low average occupancy of 76%. Over 2011, about 446,000 sq ft of space were completed after peaking at 2.5 mil sq ft in 2009. However new supply for 2012 remain high at a projected 1.6 mil sq ft, with another 2.3 mil sq ft by 2014.

However unlike Kuala Lumpur, office supply in Petaling Jaya are mainly in the form of stratified properties, and small office suites. A new office sub-location emerging is Kota Damansara where several projects such as Sunway Nexis, Cascade and The Strand have been reported to be selling well, whilst the Oasis at Ara Damansara is another office location to watch, with some 500,000 sq ft just completed.

PJ New Town is also to see a revival with the proposed redevelopment been planned around the area dubbed PJ Sentral, which will see major 4 commercial offices, residential tower and a hotel being proposed on a 10 acre site but construction work have yet to start.

**Table 1.4**  
**New Office Supply in Petaling Jaya**

Building Name	Completion Year	Net Floor Area (sf)
VSQ (Tower 1 & 2)	2012	319,314
Point 92	2012	159,000
PJ City Development	2012	160,000
Menara Mudajaya	2012	100,000
Plaza 33 (Jaya 33 Phase 2)	2012	400,000
Oasis The Capital Blks C, D, E	2012	500,000
Garden Office @Encorp Strand	2013	350,000
Sunway Nexis Biz suite and flex suite	2013	297,000
Cascade	2013	270,000
The Ascent, Paradigm	2013	350,000
The Pinnacles	2013	560,000
Atria Twin SOFO Towers	2014	240,000

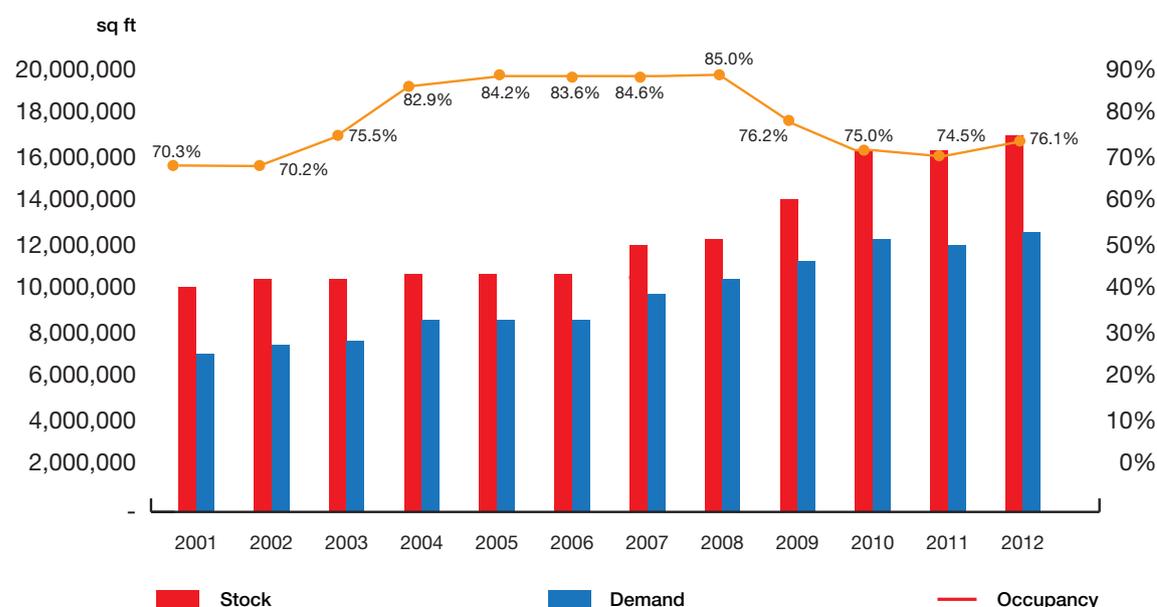
Rental rates in Petaling Jaya are stable with a range of RM3.50 – RM5.50 per sq ft/month, with the highest rates recorded at 1 First Avenue, and KPMG Tower, both at Bandar Utama. In general, the average rate is about RM4.20 psf. Due to its close proximity to each other, the rental dynamic of PJ will be closely tied with KL and this will be reflected in increasing downward pressure on rents, with more pressure on the former due to the higher base vacancy.

Sales of enbloc offices in Petaling Jaya last year reflects mainly owner occupation requirement rather than pure investment by institutional investors. PJ Trade Centre Block D was sold to MMC/Gamuda at RM595 per sq ft, whilst Point 92, an office under construction, was sold at around RM600 per sq ft to OBYU, an oil and gas company.

MARKET REPORT (CONT'D)



**Chart 1.3**  
Demand and Supply of Offices – Petaling Jaya



**1.2.2 Cyberjaya**

Cyberjaya’s key advantage is being one of several MSC locations within Malaysia, but this has been eroded in recent years with the establishment and availability of more designated MSC cybercentres within office buildings both in KL as well as other locations within the country such as Penang, Johor and Malacca. The location can also meet requirements for larger floor plates, especially for BPO’s needs that may not be met in Kuala Lumpur.

Nevertheless, Cyberjaya has seen an increased office development pace with more public sector demand spill over from Putrajaya into private owned buildings, as well as the entry of more developers with new launches of speculative office buildings to cater to a steady growth in demand.

Total current stock is estimated at 7.5 mil sq ft, with 772,000 sq ft added in 2011.

There is a growing interest among developers to tap on the sales of stratified units following the successful sale of soho units in Cyberjaya in the last 12 months. In the next three years, approximately 3.3 million sq ft office space will be added to the current stock from eight major projects. Within this 3-year period, 2015 alone will see about 2 million sq ft office space or 62% of the new supply will enter the market as compared to 711,000 sq ft (21%) in 2013 and 565,000 sq ft (17%) in 2014.

## MARKET REPORT (CONT'D)



These projects are listed in the following table:-

**Table 1.5**  
**Future Office Supply in Cyberjaya**

No.	Project	NLA (sf)	Expected completion year
1	Shaftsbury Square - iTech Tower	188,000	2013
2	Quill 18	523,000	2013
3	Shaftsbury Square 2 Office Towers	400,000	2014
4	Office Tower at Glomac Cyberjaya 2	165,000	2014
5	Office Tower at Pan'gaea	135,000	2015
6	Office Tower 5 at Sky Park @ Cyberjaya	219,000	2015
7	Office Tower 6 at Sky Park @ Cyberjaya	123,000	2015
8	MKN Embassy Techzone (Phase 3A - 4 Blocks )	1,588,000	2015
		<b>3,341,000</b>	

Source: DTZ Consulting & Research, February 2012

Demand in Cyberjaya has been fairly bullish with occupancy stable at a high level of 89% in the last 3 years despite strong growth in new supply. An additional 772,000 sq ft was added last year. However, due to the many proposed speculative offices being developed, demand may not be able to match and occupancy in the near future and the market is likely to experience downward pressure.

Currently four completed major buildings are empty, namely MKN Embassy Techzone Blocks C, D and the newly completed Blocks I and J which will have a minimal impact on the occupancy rate during the review period. We forecast that occupancy rate will remain stable in 2012 but slide lower post 2013 due to the completion of new supply.

In the last two to three years, we have seen spill over effect from government demand from Putrajaya to Cyberjaya e.g. MAMPU, MOSTI, Inland Revenue, Bank Negara etc., filling up some office space.

Shell Shared Service Centre (SSSC) has expanded its presence in Cyberjaya early 2011 by taking up the whole of 360,000 sq ft space at Bangunan Lestari Kumpulan Emkay whilst IBM has committed to establish a new Global Delivery Centre that will involve 3,000 new skilled jobs. The establishments of the HP and DELL campuses have been an anchor to catalyze further development of similar training centres in Cyberjaya.

With the continued promotion of Cyberjaya as the key cybercity in Malaysia, we expect to see the continued growth in the number of MSC companies and the demand for office space to correspondingly increase whilst complemented by the smaller domestic service companies which are expected to supplement commercial activities as the catchment population start to grow to a critical mass.

Rental is still maintained at about RM4.50-RM4.80 per sq ft, but is likely to see a softening going forward.

MARKET REPORT (CONT'D)



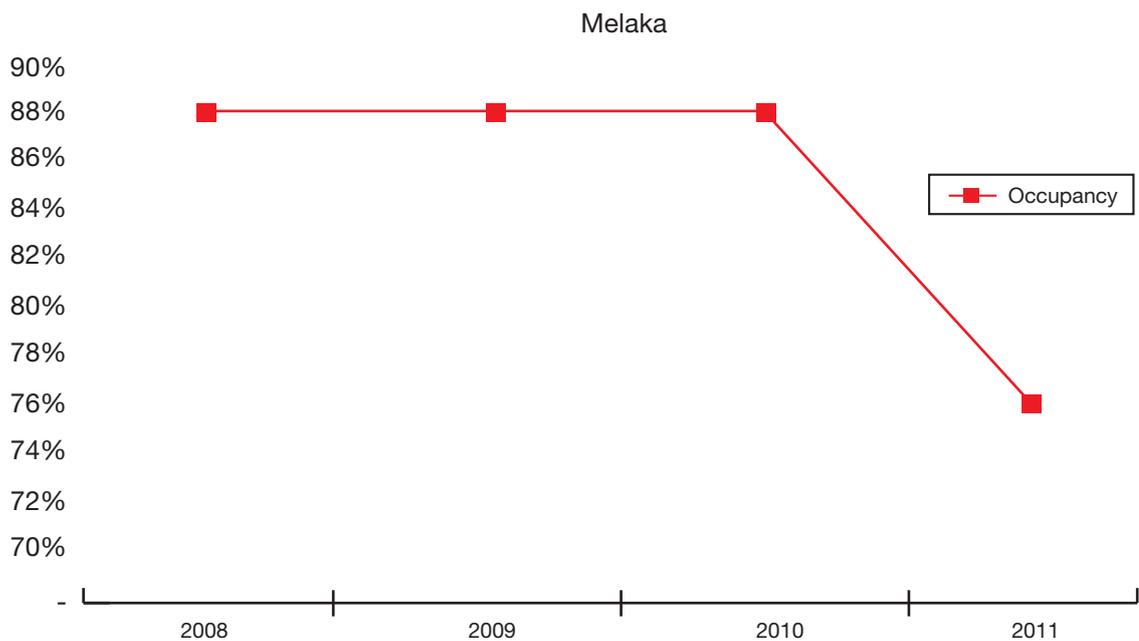
1.2.3 Malacca

Malacca does not have a significant office market, with a total stock of about 3.9 mil sq ft within the state. Of this, 94% are located within Melaka Town and Melaka Tengah district and predominantly driven by demand from the public sector.

In 2011, new completions in two buildings in Melaka Town added 277,000 sq ft whilst in Melaka Tengah, similarly 2 new buildings added 248,000 sq ft. to stock. As a result, average occupancy in Melaka Town declined from 88.4% in 2010 to 76.7% in 2011, whilst occupancy in Melaka Tengah registered a marginal increase from 87.4% to 88.8%.

Rental is generally stable at between RM1.30 – RM2.00 per sq ft/m. with little prospect for upward movement in the near future as the commercial office users does not have any anticipated major growth in the short to medium term, although the tourism sector is enjoying new investments and will be the key driver for the future economic growth. At this rental level, the office market present little opportunity for new prime major office developments in the state. However, development of stratified offices may have some potential as sale units.

Table 1.6  
Office Occupancy Trend - Malacca



Source: NAPIC/DTZ Consulting & Research, February 2012

## MARKET REPORT (CONT'D)



## 1.2.4 Penang

Despite the relatively strong economic growth in the state and enjoying the highest foreign direct investment, the office market in Penang is stable but continued to be weak, with relatively low occupancy. Average occupancy on a state-wide basis slide to 75.4% in 2011 as compared to 78.4% the previous year. Within George Town, the city CBD, occupancy registered 73.4%, as compared to 77.6% the previous year.

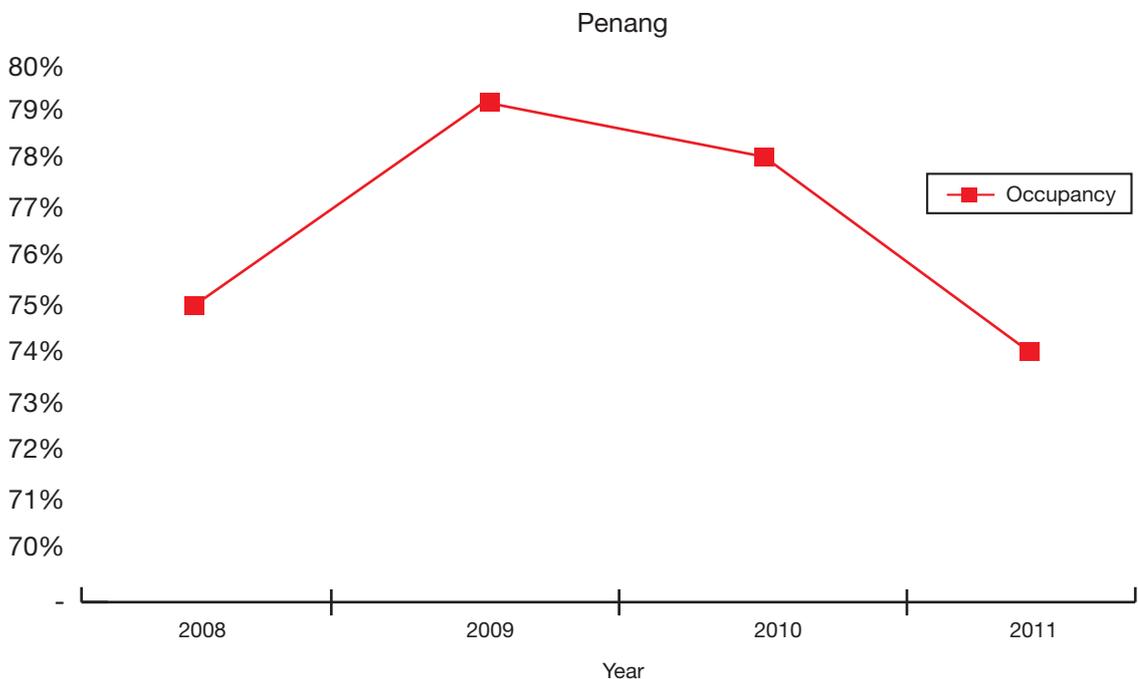
Reflecting this, overall new take up of space recorded for the whole year in the state was only about 354,000 sq ft, compared to 763,000 sq ft the preceding year.

In term of the overall stock, within George Town, there is a total of 7.6 million sq ft of purposed built office space which comprises some 64% of the state's total stock and this remained unchanged for the last year, with no significant new supply being under construction or planned.

On the rent front, the rental rate has remained stable with a range of RM1.80 – RM2.50 per sq ft/m, with minimal movement for the past few years.

Generally the prospect for the office market remains relatively abysmal and the development motivation will be for owner occupation, and given the low economic of investing in the sector, there is very low interest in developing new office unless for owner occupation and this prospect is not expected to change in the short to medium term.

**Table 1.7**  
Office Occupancy Trend - Penang



Source: NAPIC/DTZ Consulting & Research, February 2012

## CORPORATE GOVERNANCE

Am ARA REIT Managers Sdn Bhd ("Am ARA") as the Manager of AmFIRST Real Estate Investment Trust ("AmFIRST"), recognizes that an effective corporate governance culture is essential to protect the best interest of the unitholders, as well as critical to the performance of the Manager and consequently, the success of AmFIRST.

As a result, the Manager has adopted a good corporate governance framework that is designed to meet the best practice principles. In particular, the Manager has an obligation to act honestly, with due care and diligence, and in the best interests of the unitholders.

The following sections describe the Manager's main Corporate Governance Practices and Policies which are guided by measures recommended in the Guidelines on Real Estate Investment Trust issued by the Securities Commission ("SC REIT Guidelines").

### THE MANAGER OF AMFIRST

Am ARA, as the Manager of AmFIRST, has general powers of management over the assets of AmFIRST. Its main responsibility is to manage the assets and liabilities of AmFIRST for the benefit of its unitholders, with a view to provide long-term and sustainable distribution of income to its unitholders and to achieve long-term growth in the net asset value per unit, so as to provide competitive investment return to its unitholders.

The primary role of the Manager is to set the strategic directions of AmFIRST and make recommendations to Maybank Trustees Berhad ("Trustee"), as Trustee of AmFIRST on the acquisition or divestment of assets of AmFIRST in accordance with its stated investment strategy. The research, analysis and evaluation required for this purpose is co-ordinated and carried out by the Manager. The Manager is also responsible for the risk management of AmFIRST.

Other functions and responsibilities of the Manager are as follows:

- Investment Strategy – formulate and implement AmFIRST's investment strategy, including determining the location, sub-sector, market risk, type and other characteristic of AmFIRST's property portfolio.
- Acquisition and Divestment – make recommendations and co-ordinate with the Trustee and implement the acquisition of new assets and divestment of AmFIRST's existing investments.
- Asset Management – supervise and oversee the management of AmFIRST's properties including preparing property plans on an annual basis for review by the Directors of the Manager which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanation of major variances to previous forecasts, written commentary on key issues and underlying assumptions on rental rates, occupancy costs and any other relevant assumptions. The purpose of these plans is to explain the performance of AmFIRST's assets.
- Financing – formulate plans for equity and debt financing for AmFIRST's funding requirements.
- Accounting Records – keep books and prepare or cause to be prepared accounts and annual reports, including annual budget for AmFIRST.
- Supervisory Services – supervise day-to-day administrative service as AmFIRST's representative, including administrative services relating to meetings of unitholders when such meetings are convened.
- Investor Relations – co-ordinate, communicate and liaise with unitholders / Investors.
- Compliance Management – supervise all regulatory filings on behalf of AmFIRST, and ensure that AmFIRST is in compliance with the applicable provisions of SC REIT Guidelines, Deed, and all relevant contracts.

The Manager endeavors to carry on and conduct AmFIRST's business in a proper and efficient manner and to conduct all transactions with, or on behalf of AmFIRST, on arms length basis. The Manager also manages and supervises the service providers including the property and facility managers, who perform day-to-day property management functions for AmFIRST's properties pursuant to the property management agreement signed for each property.

## CORPORATE GOVERNANCE (CONT'D)

AmFIRST constituted as a trust, is externally managed by the Manager and accordingly, it has no personnel of its own. The Manager appoints experienced and well qualified management personnel to handle the day-to-day operations of AmFIRST. All employees of the Manager are not remunerated by AmFIRST. Am ARA is appointed as the Manager of AmFIRST in accordance with the terms of the Deed dated 28 September 2006, which outlines the circumstances under which the Manager can be retired.

### DIRECTORS OF THE MANAGER

#### The Board

The Manager is led and managed by an experienced Board of Directors ("Board") with a wide and varied range of expertise. This broad spectrum of skills and experience gives added strength to the leadership, thus ensuring the Manager is under the guidance of an accountable and competent Board. The Directors recognised the key role played in charting the strategic direction, development and control of the Manager and have adopted the primary responsibilities as listed in the SC REIT Guidelines as well as the roles and duties set out in the SC REIT Guidelines, which facilitate the discharge of the Directors' stewardship responsibilities.

#### Board Balance

The Board has five (5) members comprising three (3) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors. More than one-third of Directors are considered independent which complies with paragraph 15.02 of Bursa Listing Requirements, which requires at least one-third of the Board members to be Independent Directors. The profiles of the members of the Board are provided in pages 53 to 56 of the Annual Report.

The Chief Executive Officer is responsible for the day-to-day operations and he works with the Board to determine the overall business, investment and operational strategies for AmFIRST and ensures that they are implemented as planned and in accordance with the Deed, and SC REIT Guidelines. In addition, the Chief Executive Officer is also responsible for the overall planning in respect of the future strategic development and growth of AmFIRST.

The Board focuses mainly on strategy, financial performance and critical business issues, including:-

- The strategic business plans
- Key financial performance indicators
- Principal risks and their management
- Succession planning for senior management
- Investors and unitholders relations programs
- Systems of internal control

### BOARD MEETINGS

Board meetings are scheduled at least four (4) times per annum to review the operations of AmFIRST and to approve the annual financial statements of AmFIRST. Additional meetings are held as and when urgent issues and important decisions need to be taken between the scheduled meetings. The Board met four (4) times during the financial year ended 31 March 2012. The number of meetings attended by each Director are as follows:

Directors	Designation	Attendance
Dato' Azlan Hashim	Non-Independent Non-Executive Chairman	4
Cheah Tek Kuang	Non-Independent Non-Executive Director	3
Dato' Teo Chiang Quan	Independent Non-Executive Director	4
Tuan Haji Mohd Salleh Akram	Independent Non-Executive Director	4
Lim Hwee Chiang	Non-Independent Non-Executive	3

## CORPORATE GOVERNANCE (CONT'D)

### Access to and Supply of Information and Advice

All Board members are supplied with information on a timely manner. The Agenda together with the full set of Board papers containing information relevant to the Board meetings are circulated to the Directors prior to the Board meetings. There is sufficient time for the Directors to review and seek clarification where necessary prior to meeting being held and this process enables the Directors to make better and informed decisions.

All Directors have access to the advice and services of the Company Secretary and have the right to seek independent professional advice when necessary in discharging their duties, making acquisition decisions and complying with relevant legislations and regulations.

### Appointment to the Board

The Board as a whole will serve as the Nominating Committee. All new nominations received are assessed and approved by the entire Board in line with its policy of ensuring nominees are persons of sufficient caliber and experience. The process of assessing the Directors is an-going responsibility of the entire Board.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Board is responsible for ensuring that the financial statements are drawn up in accordance with the provisions of the Companies Act 1965, and applicable approved accounting standards in Malaysia. The Directors are satisfied that in preparing the financial statements of AmFIRST for the financial year ended 31 March 2012, AmFIRST has applied consistently, suitable accounting policies and supported by reasonable and prudent judgments and estimates.

### Internal Control

The Board is responsible for maintaining a system of internal control that covers financial and operational controls and risk management. The system provides reasonable but not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

### Relationship with Auditors

The Board maintains a transparent relationship throughout their association with the external auditors. The appointment of external auditors, who may be nominated by the Manager, is approved by the Trustee. The auditors appointed must be independent of the Manager and Trustee. The remuneration of the auditors is approved by the Trustee.

### Related Party Transaction and Conflict of Interest

The Manager will establish procedures that will ensure that related party transactions and conflicts of interest are undertaken in full compliance with the SC REIT Guidelines and the Deed.

The Board will consider AmFIRST's best interest in relation to decision affecting it when they vote as a member of the Board. In addition, the Directors and Chief Executive Officer of the Manager are expected to act with honesty and integrity at all times.

### Risk Assessment and Management of Business Risk

The Manager operates within overall guidelines and specific parameters set by the Board. Each transaction is comprehensively analyzed to understand the risk involved. Responsibility for managing risk lies initially with the business unit concerned, working within the overall strategy outlined by the Board.

The Board reviews the assets risks of AmFIRST, and act upon any comments of the auditors. In assessing business risk, the Board considers the economic environment and the property industry risk.

## CORPORATE GOVERNANCE (CONT'D)

### Communication with Unitholders

The Board acknowledges the importance of regular communication with unitholders and investors to ensure that they are well informed of the activities and performance of AmFIRST. The communication channels are via AmFIRST's website, annual reports, quarterly financial reports and the various disclosures and announcements released on Bursa Malaysia's website.

### Corporate Responsibility

Corporate Responsibility ("CR") is part of the organization way of succeeding in business, and is, in essence, a set of transparent and ethical actions to give back, nurture and aid in the progress of the various environments in which the corporation operates. This is to contribute to the partners, customers and sources without which the organization would not be able to succeed and prosper.

As part of our responsibility to the market place, AmFIRST's business transactions, deals and relationships with all its groups of customers, suppliers and partners are executed with the highest concern for transparency and ethical conduct, guided by high corporate governance standards. At the workplace, we encourage staff to be environmentally friendly and adopt cost saving measures.

## OTHER INFORMATION

### Family Relationship with any Director and/or substantial Unitholders

None of the Directors of the Manager has any family relationship with any other Directors or major unitholders, except for Dato' Azlan Hashim, who is a brother of Tan Sri Azman Hashim, a substantial unitholders of AmFIRST.

### Conflict of Interest

Save for Directors' interests in AmFIRST (as disclosed under Director's interests in the Manager's Report) and the transactions with companies related to the Manager (as disclosed in the notes to the financial statements), no conflict of interest has arisen during the financial year under review.

### Convictions for Offences

None of the Directors has been convicted for offences within the past 10 years.

### Material Contracts

There were no material contracts entered by the Trust that involved the Directors of the Manager or substantial unitholders of the Trust during the financial year under review.

### Directors' Training

All Directors are encouraged to attend briefings, seminars, conferences and continuous education programs to keep abreast with the current developments in the industry.

During the year, the Directors attended various courses / seminars in relation to their responsibilities and developments in the industry. Among the courses / seminars attended include Forbes Global CEO Conference, Bank Negara Malaysia – The 1st Asian Central Banks' Watchers Conference (Asian Perspective on World Finance), The World Economy and its Implication on Malaysia, Impact on Latest Amendment on VAEA Act – The New Valuation Standard & Practices in Property Management, MIBA – The New Age of Compliance Direction – Setting the Standards, Bursa IPO Seminar 2011, Leading Through Innovation, Seminar on Building Costs, 10th Annual REIW Asia 2011, UBS Conference Talk – "Embracing Asia", 4th Corporate Summit – Corporate Governance & Directors, Case Study Approach to SFC Regulatory Framework, BMB – Invest Malaysia 2011, 16th Asia Oil & Gas Conference, Leadership Programme – Leaders' Sharing Session and Dialogue on Leadership Competencies for AmBank Group Senior Management Team.



## FINANCIAL STATEMENTS

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## REPORT BY THE DIRECTORS OF THE MANAGER

The Directors of Am ARA REIT Managers Sdn Bhd, ("Am ARA" or "the Manager"), the Manager of AmFIRST Real Estate Investment Trust ("AmFIRST" or the "Trust"), have pleasure in presenting their report to the Unitholders of the Trust together with the audited financial statements of the Trust for the financial year ended 31 March 2012.

### THE TRUST, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The Trust was constituted pursuant to the execution of a Deed dated 28 September 2006 (as amended by the Supplemented, Revised and Restated Trust Deed dated 15 December 2006) by the Manager and the Trustee, Maybank Trustees Berhad (formerly known as Mayban Trustees Berhad)("Deed"). The principal activity of the Trust is to own and invest in a portfolio of commercial properties in major growth areas of Malaysia, primarily in the Klang Valley.

The Manager, incorporated in Malaysia, is a wholly-owned subsidiary of Am ARA REIT Holdings Sdn Bhd. Am ARA REIT Holdings Sdn Bhd is 70% owned by AmInvestment Group Berhad and 30% owned by ARA Asset Management (Malaysia) Limited, a wholly-owned subsidiary of ARA AmFirst (Singapore) Pte. Ltd., which is in turn a wholly-owned subsidiary of ARA Asset Management Limited ("ARA Group"), an affiliate of the Cheung Kong Group based in Hong Kong. Am ARA is a professional manager and its principal activity is to manage real estate investment trusts. There has been no significant change in the nature of this activity during the financial year.

### TERM OF THE TRUST

The Trust has no fixed termination date. However, the Deed does provide for a number of circumstances under which the Trust may be terminated.

### MANAGER'S INVESTMENT OBJECTIVES AND STRATEGIES

The Manager's investment objectives are to deliver regular and stable distributions to Unitholders and to achieve long-term growth in the net asset value per unit through proactive management of the Trust's portfolio of assets and acquisition of yield accretive properties.

The Manager intends to achieve AmFIRST's investment objectives through three key strategies:-

#### (i) Operating Strategy

Am ARA's operating strategy is to continue to enhance the performance of the existing properties by increasing yields and returns through retaining existing tenants, reducing vacancy levels, adding and/or optimising office space at the properties and minimizing interruptions in rental income and operational costs. Am ARA expects to apply the following key operating and management principles in order to continue to manage the properties efficiently, to increase the yields of the properties and to maximize growth:-

- Improve rental rates;
- Establish close relationships with tenants to optimize tenant retention;
- Diversify tenants base;
- Review tenant mix and re-configure existing space;
- Maintain the quality of the properties;
- Maximize the performance of each property;
- Improve operating efficiencies and economies of scale; and
- Raise the profile of the properties.

## REPORT BY THE DIRECTORS OF THE MANAGER (CONT'D)

### MANAGER'S INVESTMENT OBJECTIVES AND STRATEGIES (CONT'D)

#### (ii) Acquisition Strategy

The Manager intends to pursue an acquisition strategy for AmFIRST to increase net property income and the asset growth based on the following criteria:

- Yield-accretive;
- Healthy tenant mix and occupancy level;
- Good location;
- Value adding opportunities; and
- Good building and facilities specifications.

The Manager expects to benefit from the network of the sponsor and its Joint Venture Partner, ARA Asset Management (Malaysia) Limited, which is part of the ARA Group. ARA Group is a leading real estate fund management house in Asia. It has a strong presence in the region, with investments in many parts of Asia. ARA Group possesses expertise in identifying opportunities in the development of the Asian real estate industry, and is dedicated to the real estate fund management business. Its key staffs have been involved with many corporate restructurings in Asia involving real estate assets. Their experience and network will provide an edge to the Manager in its efforts to grow AmFIRST.

AmFIRST intends to hold the properties on a long-term basis. In the future where the Manager considers that any property has reached a stage that offers only limited scope for growth, it may consider selling the property and using the proceeds for alternative investments in properties that meet the Manager's investment criteria.

#### (iii) Capital Management Strategy

The Manager's strategy for the management of AmFIRST's capital structure involves adopting and maintaining an appropriate debt-equity structure with gearing level to be maintained within the prescribed limits and utilizing an active interest rate management policy to manage the risks associated with interest rate fluctuations. The Manager believes that this strategy will:-

- Optimize Unitholders' returns;
- Maintain operating flexibility when considering capital expenditure requirements; and
- Enable AmFIRST to maintain financing flexibility in the funding of future acquisitions.

### INVESTMENT POLICIES AND COMPLIANCE WITH REIT GUIDELINES

#### (i) Permitted Investments and Restrictions

AmFIRST is allowed to invest in real estate, single-purpose companies whose principal assets comprise real estate, real estate-related or non real estate-related assets, liquid assets, asset-backed securities, listed or unlisted debt securities, and any other investment which is permissible under the Securities Commission ("SC") Guidelines on Real Estate Investment Trusts ("REITs") ["REITs Guidelines"] or otherwise permitted by the SC.

AmFIRST will not extend loans and any other credit facilities to any party, enter into forward purchases or sales in any currency or any foreign-exchange contracts unless these instruments are in compliance with the Exchange Control Act 1953. The Trust will also not be involved in property development, except in the case where the development is made with a view of purchasing the real estate upon completion and having met the criteria stipulated under the REITs Guidelines.

## REPORT BY THE DIRECTORS OF THE MANAGER (CONT'D)

## INVESTMENT POLICIES AND COMPLIANCE WITH REIT GUIDELINES (CONT'D)

## (ii) Portfolio Composition

AmFIRST's investments may be allocated in the following manner, as prescribed by the REITs Guidelines:

- (a) invest in real estates, single-purpose companies, real estate-related assets, non-real estate-related assets and or liquid assets;
- (b) at least 50% of AmFIRST's total assets must be invested in real estate and/or single-purpose companies at all times; and
- (c) investment in non-real estate-related assets and/or liquid assets must not exceed 25% of AmFIRST's total assets.

## (iii) Diversification

AmFIRST will seek to diversify its real estate portfolio by property type and location. AmFIRST will focus on investing in real estate which are primarily used for commercial purposes.

## (iv) Gearing

AmFIRST is able to leverage on borrowings to make permitted investments which will enhance the returns to Unitholders. Under the REIT Guidelines, AmFIRST is permitted to procure borrowings of up to 50%, or any other percentage as stipulated by the REITs Guidelines from time to time, of its total asset value.

Summary of AmFIRST's current and historical gearing is as shown below:

	2012	2011	2010	2009
Gearing (%)	45.89	38.94	39.55	39.31

There is capacity for an additional RM98,541,682 debt financing before reaching the 50% threshold under the SC's Guidelines on REITs.

The Manager will be utilizing additional credit facilities or the issuance of any new Units to further pursue its acquisitions.

## REVIEW OF PERFORMANCE

	As at 31 March 2012	As at 31 March 2011
Net asset value (RM'000)	617,765	605,985
Units in circulation (units) (000)	429,001	429,001
Net asset value per Unit (RM)		
- Before proposed final distribution	1.4400	1.4125
- After proposed final distribution	1.3917	1.3631
Market price per Unit at close of financial year (RM)	1.19	1.16
Highest traded price per Unit during the financial year (RM)	1.23	1.24
Lowest traded price per Unit during the financial year (RM)	1.10	1.10

## REPORT BY THE DIRECTORS OF THE MANAGER (CONT'D)

### DISTRIBUTION OF INCOME

In respect of the current financial year ended 31 March 2012, the realized total income available for distribution was RM39,993,847 translated to 9.32 sen per unit.

During the financial year, AmFIRST made an interim income distribution of 4.48 sen per unit totalling to RM19,219,245 for the six-month financial period ended 30 September 2011, which was paid on 30 November 2011.

A proposed final income distribution in respect of the six-months financial period from 1 October 2011 to 31 March 2012 amounting to 4.83 sen per unit (of which 4.81 sen per unit is taxable and 0.02 sen per unit is tax exempt), totalling to RM20,720,748, was recommended by the Manager and approved by the Trustee. This final income distribution shall be paid on 31 May 2012 to all Unitholders.

This is in line with the objective of AmFIRST to deliver regular and stable distributions to Unitholders.

### INVESTMENTS OF THE TRUST

AmFIRST's composition of investments as at 31 March 2012 is as follows:

	RM million	% of Investment
<b>At fair value</b>		
Bangunan AmBank Group	237.5	20.0
AmBank Group Leadership Centre	20.7	1.7
Menara AmFIRST (formerly known as Menara Merais)	67.8	5.7
Menara AmBank	306.0	25.8
Wisma AmFIRST (Formerly known as Kelana Brem Towers)	111.0	9.3
The Summit Subang USJ	302.2	25.4
Prima 9	72.9	6.1
Prima 10	61.7	5.2
	1,179.8	99.2
Deposits with financial institutions	9.2	0.8
	1,189.0	100.0

The values of investment properties have increased by RM155.8 million in the current financial year ended 31 March 2012. The net effect is due to acquisitions of Prima 9 and Prima 10 in CyberJaya, increase in fair values on the revaluation of all six (6) investment properties and refurbishment of Bangunan AmBank Group, The Summit Hotel, Wisma AmFIRST (formerly known as Kelana Brem Towers) and Menara AmBank.

### BREAKDOWN OF UNIT HOLDINGS AS AT 31 MARCH 2012

	Number of Unitholders	Number of Units
5,000 and below	8,908	13,203,759
5,001 to 10,000	1,193	10,234,897
10,001 to 50,000	1,424	36,158,278
50,001 to 500,000	662	103,157,494
500,001 and above	58	266,246,572
	12,245	429,001,000

## REPORT BY THE DIRECTORS OF THE MANAGER (CONT'D)

## DIRECTORS OF THE MANAGER

The Directors of the Manager in office since the date of the last report and at the date of this report are:

Dato' Azlan bin Hashim  
Cheah Tek Kuang  
Dato' Teo Chiang Quan  
Tuan Haji Mohd Salleh bin Akram  
Lim Hwee Chiang  
Pushpa Rajadurai (Alternate Director to Cheah Tek Kuang)  
Anthony Ang Meng Huat (Alternate Director to Lim Hwee Chiang)

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any arrangement, to which the Manager or the Trust was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Manager or any other body corporate or of the acquisition of units of the Trust.

During and at the end of the financial year, no Director of the Manager has received or become entitled to receive a benefit (other than benefits which accrue from the fee paid to the Manager or from transactions made with companies related to the Manager as shown in the notes to the financial statements of the Trust) by reason of a contract made by the Manager or the Trust or a related corporation with the Director or with a firm in which he is a member, or with a company in which he has a substantial financial interest, other than for the related party transactions as shown in Note 21 to the financial statements of the Trust.

## DIRECTORS' INTEREST

The interests in the Trust of the Directors of the Manager in office at the end of the financial year ended 31 March 2012 are as follows:

## DIRECT INTEREST

<i>In the Trust</i>	As at 01.04.2011	Number of units in the Trust		As at 31.03.2012
		Bought	Sold	
Cheah Tek Kuang	1,000	-	-	1,000

## INDIRECT INTEREST

<i>In the Trust</i>	Name of Company	As at 01.04.2011	Number of units in the Trust		As at 31.03.2012
			Bought	Sold	
Lim Hwee Chiang	Jadeline Capital Sdn Bhd	53,700,000	-	(30,595,000)	23,105,000

None of the other Directors of the Manager in office at the end of the financial year had any interest in the Trust during the financial year.

## REPORT BY THE DIRECTORS OF THE MANAGER (CONT'D)

### MANAGER'S FEES AND COMMISSION

Pursuant to the Deed, the Manager's fee consists of a base fee (excluding any taxes payable) of up to 0.5% per annum of the total asset value and a performance fee (excluding any taxes payable) of 3% per annum of the net property income, but before deduction of property management fees. The Manager fees for the period from 1 April 2011 to 31 March 2012 consists of a base fee of only 0.3% per annum.

In addition, the Manager will also be entitled to an acquisition fee of 1% of the acquisition price of any real estate or single-purpose company whose principal assets comprise real estate for any acquisition by AmFIRST and a divestment fee of 0.5% of the sale price of any real estate or single-purpose company whose principal assets comprise real estate, sold or divested by AmFIRST (pro-rated if applicable to the proportion of the interest in real estate or single-purpose company purchased or sold).

During the financial year, the Manager did not receive any soft commission (i.e. goods and services) from its broker, by virtue of transactions conducted by AmFIRST.

### OTHER STATUTORY INFORMATION

- (a) Before the statement of comprehensive income and statement of financial position of the Trust were made out, the Manager took reasonable steps:-
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realize their value as shown in the accounting records in the ordinary course of business had been written down to their estimated realizable values.
- (b) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or financial statements of the Trust which would render:
  - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts made in the financial statements of the Trust inadequate to any material extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Trust misleading.
- (c) At the date of this report, the Manager is not aware of any circumstances which have arisen, which would render adherence to the existing method of valuation of assets or liabilities of the Trust misleading or inappropriate.
- (d) At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Trust which would render any amount stated in the financial statements misleading.

## REPORT BY THE DIRECTORS OF THE MANAGER (CONT'D)

### OTHER STATUTORY INFORMATION (CONT'D)

(e) At the date of this report, there does not exist:

- (i) any charge on the assets of the Trust which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Trust which has arisen since the end of the financial year.

(f) In the opinion of the Directors of the Manager:

- (i) no contingent or other liability of the Trust has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Trust to meet its obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Trust for the financial year in which this report is made.

### SIGNIFICANT EVENTS

The significant events are as disclosed in Note 23 to the financial statements.

### AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors of the Manager.



**DATO' AZLAN BIN HASHIM**



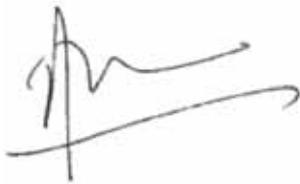
**TUAN HAJI MOHD SALLEH BIN AKRAM**

Kuala Lumpur, Malaysia  
Date : 26 April 2012

## STATEMENT BY THE DIRECTORS OF THE MANAGER

We, Dato' Azlan bin Hashim and Tuan Haji Mohd Salleh bin Akram, being two of the Directors of the Manager, do hereby state that, in the opinion of the Directors of the Manager, the financial statements of AmFIRST Real Estate Investment Trust (the "Trust") as set out on pages 76 to 98 are drawn up in accordance with applicable Financial Reporting Standards in Malaysia, applicable provisions of the Trust Deed and the Securities Commission's Guidelines on Real Estate Investment Trusts so as to give a true and fair view of the financial position of the Trust as at 31 March 2012 and of the results and the cash flows of the Trust for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors of the Manager.



**DATO' AZLAN BIN HASHIM**



**TUAN HAJI MOHD SALLEH BIN AKRAM**

Kuala Lumpur, Malaysia  
Date : 26 April 2012

## STATUTORY DECLARATION

I, Chong Hong Chuon, being the officer primarily responsible for the financial management of AmFIRST Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 76 to 99 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
the abovenamed Chong Hong Chuon  
at Kuala Lumpur in Wilayah Persekutuan  
on 26 April 2012



**CHONG HONG CHUON**

Before me:



Commissioner for Oaths

## TRUSTEE'S REPORT

To the unitholders of AmFIRST Real Estate Investment Trust

We have acted as the Trustee of AmFIRST Real Estate Investment Trust ("the Trust") for the financial year ended 31 March 2012. To the best of our knowledge, Am ARA REIT Managers Sdn. Bhd. has managed the Trust in accordance with the roles and responsibilities and limitation imposed on the management company under the Deed, the Securities Commission's Guidelines on Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws during the financial year ended 31 March 2012.

We are of the opinion that the recommended final income distribution of 4.83 sen per unit for the six-month financial period ended 31 March 2012 is in line with and is reflective of the objectives of the Trust.

For Maybank Trustees Berhad  
(formerly known as Mayban Trustees Berhad)



**Jennifer Wong Chee Mun**  
Head, Operations

Kuala Lumpur, Malaysia  
Date : 26 April 2012

## Independent Auditors' Report

To the unitholders of AmFIRST Real Estate Investment Trust

### Report on the financial Statements

We have audited the financial statements of AmFIRST Real Estate Investment Trust, which comprise the statement of financial position as at 31 March 2012, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 76 to 98.

### Manager's and Trustee's responsibility for the financial statements

The Manager of the Trust is responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards in Malaysia and the Securities Commission's Guidelines on Real Estate Investment Trusts and for such internal control as the Manager determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable fair presentation of these financial statements.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors of the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

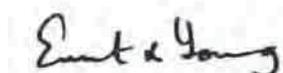
### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Financial Reporting Standards in Malaysia and the Securities Commission's Guidelines on Real Estate Investment Trusts so as to give a true and fair view of the financial position of the Trust as at 31 March 2012 and of its financial performance, changes in net asset value and cash flows for the financial year then ended.

### Other matters

The supplementary information as disclosed in page 99, is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors of the Manager are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the Unitholders of the Trust, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**Ernst & Young**  
AF: 0039  
Chartered Accountants



**Yap Seng Chong**  
No. 2190/12/13 (J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
Date : 26 April 2012

## STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Note	2012 RM	2011 RM
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Investment properties	3	1,179,844,124	1,024,000,000
<b>Current Assets</b>			
Receivables	4	8,427,773	7,438,847
Deposits with financial institutions	5	9,234,533	12,957,966
Cash and bank balances		1,035,252	864,852
		18,697,558	21,261,665
<b>TOTAL ASSETS</b>		<b>1,198,541,682</b>	<b>1,045,261,665</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Rental deposits	6	9,491,562	10,719,959
Borrowings	7	163,000,000	298,000,000
		172,491,562	308,719,959
<b>Current Liabilities</b>			
Payables	8	5,357,192	10,003,462
Rental deposits	6	15,928,009	11,553,393
Borrowings	7	387,000,000	109,000,000
		408,285,201	130,556,855
<b>TOTAL LIABILITIES</b>		<b>580,776,763</b>	<b>439,276,814</b>
<b>NET ASSET VALUE</b>		<b>617,764,919</b>	<b>605,984,851</b>
<b>FINANCE BY UNITHOLDERS' FUNDS</b>			
Unitholders' capital	9	426,873,406	426,873,406
Undistributed income	9	190,891,513	179,111,445
		617,764,919	605,984,851
<b>NUMBER OF UNITS IN CIRCULATION</b>		<b>429,001,000</b>	<b>429,001,000</b>
<b>NET ASSET VALUE PER UNIT</b>			
- before proposed final distribution		1.4400	1.4125
- after proposed final distribution		1.3917	1.3631

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2012

	Note	2012 RM	2011 RM
<b>Gross revenue</b>	10	97,979,826	88,538,863
Property expenses	11	32,099,718	32,011,135
<b>Net rental income</b>		65,880,108	56,527,728
Interest income		104,102	272,939
Compensation from land acquisition		91,154	5,671,552
Change in the fair value of investment properties		12,240,585	3,248,284
(Loss)/gain arising from measuring non-current financial liabilities at amortized cost		(42,198)	364,103
Other income		15,859	11,021
		78,289,610	66,095,627
<b>Administrative expenses</b>			
Manager's fee	12	5,375,899	4,933,345
Trustee's fee	13	239,204	234,445
Valuation fee		271,609	150,000
Auditors' remuneration		20,000	15,000
Tax agent's fee		12,000	12,000
Other expenses	14	458,699	673,976
Interest expense		19,719,965	14,714,616
		26,097,376	20,733,382
<b>Income before taxation</b>		52,192,234	45,362,245
<b>Taxation</b>	15	-	-
<b>Income for the financial year</b>		52,192,234	45,362,245
<b>Other comprehensive income, net of tax</b>		-	-
<b>Total comprehensive income for the year</b>		52,192,234	45,362,245
<b>Total comprehensive income for the year is made up as follow:</b>			
- Realized		39,993,847	41,749,858
- Unrealized		12,198,387	3,612,387
		52,192,234	45,362,245

## STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

For the financial year ended 31 March 2012

	Note	2012 RM	2011 RM
<b>Earnings per unit (sen)</b>	16		
- after manager's fee		12.17	10.57
- before manager's fee		13.42	11.72
<hr/>			
<b>Net income distribution</b>	17		
Interim income distribution of 4.48 sen per unit paid on 30 November 2011 (2010 : 4.81 sen paid on 30 November 2010)		19,219,245	20,634,935
Proposed final income distribution of 4.83 sen per unit payable on 31 May 2012 (2011: Final income distribution of 4.94 sen per unit paid on 31 May 2011)		20,720,748	21,192,649
		<hr/>	<hr/>
		39,939,993	41,827,584
<hr/>			
<b>Income distribution per unit * (sen)</b>			
- Interim		4.48	4.81
- Final		4.83	4.94
		<hr/>	<hr/>
		9.31	9.75
<hr/>			

\* Withholding tax will be deducted for distributions made to the following types of Unitholders

	2012	2011
Resident individual	10%	10%
Non-resident individual	10%	10%
Resident institutional investors	10%	10%
Non-resident institutional investors	10%	10%
Resident companies (No withholding tax. Subject to prevailing corporate tax rate)	Nil	Nil
Non-resident companies	25%	25%
<hr/>		

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF CHANGES IN NET ASSET VALUE

For the financial year ended 31 March 2012

	Unitholders' Capital RM	Distributable Undistributed Income RM	Non Distributable Income RM	Unitholders' Fund RM
<b>2012</b>				
<b>As at 1 April 2011</b>	<b>426,873,406</b>	<b>21,210,950</b>	<b>157,900,495</b>	<b>605,984,851</b>
Total comprehensive income for the year	-	39,993,847	12,198,387	52,192,234
	426,873,406	61,204,797	170,098,882	658,177,085
<b>Unitholders' transactions</b>				
Distribution to Unitholders				
- 2011 final	-	(21,192,649)	-	(21,192,649)
- 2012 interim	-	(19,219,245)	-	(19,219,245)
- Underprovision of previous year distribution	-	(272)	-	(272)
	-	(40,412,166)	-	(40,412,166)
<b>As at 31 March 2012</b>	<b>426,873,406</b>	<b>20,792,631</b>	<b>170,098,882</b>	<b>617,764,919</b>
<b>2011</b>				
<b>As at 1 April 2010</b>	<b>426,873,406</b>	<b>21,031,223</b>	<b>154,288,108</b>	<b>602,192,737</b>
Total comprehensive income for the year	-	41,749,858	3,612,387	45,362,245
	426,873,406	62,781,081	157,900,495	647,554,982
<b>Unitholders' transactions</b>				
Distribution to Unitholders	-	(41,570,184)	-	(41,570,184)
Overprovision of previous year distribution	-	53	-	53
	-	(41,570,131)	-	(41,570,131)
<b>As at 31 March 2011</b>	<b>426,873,406</b>	<b>21,210,950</b>	<b>157,900,495</b>	<b>605,984,851</b>

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2012

	2012 RM	2011 RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before taxation	52,192,234	45,362,245
<i>Adjustments for:</i>		
Interest income from placements with financial institutions	(104,102)	(272,939)
Interest expense	19,719,965	14,714,616
Reversal of impairment loss	(456,537)	(354,197)
Trade receivables written-off	174,855	187,662
Change in fair value of investment properties	(12,240,585)	(3,248,284)
Loss/(gain) arising from measuring non-current financial liabilities at amortized cost	42,198	(364,103)
Operating profit before working capital changes	59,328,028	56,025,000
<i>Changes in working capital:</i>		
(Increase)/decrease in receivables	(707,244)	3,685,752
Decrease in payables	(4,252,539)	(1,000,166)
Increase in rental deposits	3,104,021	4,348,591
<b>Net cash generated from operating activities</b>	<b>57,472,266</b>	<b>63,059,177</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investment properties	(134,651,300)	(6,868,000)
Enhancements of investment properties	(8,952,239)	(5,883,716)
Interest income	104,102	272,939
<b>Net cash used in investing activities</b>	<b>(143,499,437)</b>	<b>(12,478,777)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(20,113,696)	(14,431,801)
Distribution paid to Unitholders	(40,412,166)	(41,570,184)
Drawdown/(repayment) of borrowings	143,000,000	(6,000,000)
<b>Net cash generated from/(used in) financing activities</b>	<b>82,474,138</b>	<b>(62,001,985)</b>
Net decrease in cash and cash equivalents	(3,553,033)	(11,421,585)
Cash and cash equivalents as at the beginning of the financial year	13,822,818	25,244,403
Cash and cash equivalents as at the end of the financial year	10,269,785	13,822,818
Cash and cash equivalents included in the cash flow statement comprise the following:		
Cash and bank balances	1,035,252	864,852
Deposits with financial institutions	9,234,533	12,957,966
	10,269,785	13,822,818

The accompanying notes form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Trust was constituted pursuant to the execution of a Deed dated 28 September 2006 by the Manager, Am ARA REIT Managers Sdn Bhd, and the Trustee, Maybank Trustees Berhad (formerly known as Mayban Trustees Berhad). The Manager, incorporated in Malaysia, is a wholly-owned subsidiary of Am ARA REIT Holdings Sdn Bhd. Am ARA REIT Holdings Sdn Bhd is 70% owned by AmInvestment Group Berhad and 30% owned by ARA Asset Management (Malaysia) Limited, a wholly-owned subsidiary of ARA AmFIRST (Singapore) Pte. Ltd., which is in turn a wholly-owned subsidiary of ARA Asset Management Limited, which is an affiliate of the Cheung Kong Group based in Hong Kong.

AmFIRST was listed on the Main Market of Bursa Malaysia Securities Berhad on 21 December 2006.

The key objectives for AmFIRST is to own and invest in real estate whether directly or indirectly through the ownership of single-purpose companies whose principal assets comprise real estate and real estate-related assets.

The registered office of the Manager is located at 22nd Floor, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial statements are prepared under the historical cost convention unless otherwise indicated in the accounting policies below, and comply with applicable Financial Reporting Standards in Malaysia (FRSs), applicable provisions of the Deed and applicable SC's Guidelines on REITs.

The financial statements are presented in Ringgit Malaysia (RM), which is also the Trust's functional currency.

#### (i) Adoption of new and revised financial reporting standards ("FRSs")

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following FRSs, Amendments to FRSs, IC Interpretations and Technical Release:

- FRS 1, First-time Adoption of Financial Reporting Standards
- Amendments to FRS 1, Limited Exemption from Comparative FRS 7, Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters
- Amendments to FRS 2, Share-based Payment and Group Cash-settled Share-based Payment Transactions
- FRS 3, Business Combinations
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 7, Improving Disclosures about Financial Instruments
- FRS 127, Consolidated and Separate Financial Statements
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 4, Determining Whether an Arrangement contains a Lease
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 12, Service Concession Arrangements
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distributions of Non-cash Assets to Owners
- IC Interpretation 18, Transfers of Assets from Customers
- Amendments to FRSs contained in Improvements to FRSs (2010)
- TR i-4, Shariah Compliant Sale Contract

Adoption of the above FRSs, Amendments to FRSs, IC Interpretations and Technical Release did not have any effect on the financial performance, position or presentation of financials of the Trust.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Basis of preparation (cont'd)

##### (ii) Malaysian Financial Reporting Standards ("MFRS")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer.

The Trust will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2013. In presenting its first MFRS financial statements, the Trust will be required to restate the financial position as at 1 April 2012 to amounts reflecting the application of MFRS Framework.

The Trust has started a preliminary assessment of the differences between FRS and accounting standards under the MFRS Framework and are in the process of assessing the financial effects of the differences. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 March 2012 could be different if prepared under the MFRS Framework.

The Trust expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2013.

#### (b) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purpose, or sale in the ordinary course of business.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment properties at the time the cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Investment properties are stated at fair value which reflects market condition at the reporting date. The fair value is arrived at by reference to market evidence of transaction prices or price which the properties could be exchanged between knowledgeable, willing parties in an arms-length transaction. Gains and losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognized upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognized in profit or loss.

#### (c) Financial assets

Financial assets are recognized in the statements of financial position when, and only when, the Trust becomes a party to the contractual provisions of the financial instrument. When financial assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Trust determines the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. As at the reporting date, the Trust only has financial assets classified as loans and receivables.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (c) Financial assets (cont'd)

##### Loans and receivables

Financial assets with fixed and determinable payments that are not quoted in an active market are classified as loans and receivables. Receivables are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, and through the amortization process.

A financial asset is derecognized when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognized in profit or loss.

#### (d) Impairment of financial assets

The Company assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

##### Financial assets carried at amortized cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognized in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date. The amount of reversal is recognized in profit or loss.

#### (e) Financial liabilities

Financial liabilities are recognized in the statement of financial position when, and only when, the Trust becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. As at the reporting date, the Trust only has financial liabilities classified as "other financial liabilities" which are carried at amortized cost.

Financial liabilities are recognized initially at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (e) Financial liabilities (cont'd)

A financial liability is derecognized when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognitions of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

#### (f) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and deposits with licensed financial institutions.

#### (g) Provisions

A provision is recognized when it is probable that an outflow of resources embodying economic benefit will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

#### (h) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income tax payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized. Deferred tax is not recognized if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognized in the income statement, except when it arises from a transaction which is recognized directly in equity, in which case the deferred tax is also charged or credited directly in equity.

#### (i) Impairment of non-financial assets

At each reporting date, the Manager reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is charged to profit or loss. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversal is recognized in profit or loss.

#### (j) Revenue

Rental income and interest income are recognized on an accrual basis.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## (k) Expenses

(i) Property expenses

Property expenses consist of property management fees, quit rent, assessment and other outgoings in relation to investment properties.

(ii) Interest expense

Interest expense is recognized in profit or loss in the period which they are incurred.

(iii) Listing expenses

Listing expenses represent expenses incurred for the listing of AmFIRST on the Main Market of Bursa Malaysia Securities Berhad. The expenses are deducted directly against the Unitholders' capital.

(iv) Manager's and Trustee's fees

The Manager's and Trustee's fees are recognized on an accrual basis.

(l) **Functional and presentation currency**

The financial statements of the Trust are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Trust's functional currency.

## 3. INVESTMENT PROPERTIES

	2012 RM	2011 RM
As at beginning of the year	1,024,000,000	1,008,000,000
Acquisitions	134,651,300	6,868,000
Enhancements	8,952,239	5,883,716
Change in fair value	12,240,585	3,248,284
As at 31 March	1,179,844,124	1,024,000,000

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. INVESTMENT PROPERTIES (CONT'D)

Description of property	Tenure of land	Location	Existing use	Acquisition cost as at 31.3.2012 RM	Valuation as at 31.3.2012 RM	% of Valuation to net asset value as at 31.3.2012 %	Valuation as at 31.3.2011 RM	% of Valuation to net asset value as at 31.3.2011 %
(i) Menara AmBank*	Freehold	Kuala Lumpur	Office	230,169,542	306,000,000	49.53	299,000,000	49.34
(ii) Bangunan AmBank Group*@	Leasehold	Kuala Lumpur	Office	180,152,206	237,500,000	38.45	231,000,000	38.12
(iii) Menara AmFIRST ** (formerly known as Menara Merais)	Freehold	Petaling Jaya	Office	57,080,705	67,800,000	10.98	64,000,000	10.56
(iv) AmBank Group Leadership Centre*	Freehold	Kuala Lumpur	Office	19,056,513	20,700,000	3.35	20,700,000	3.42
(v) Wisma AmFIRST *** # (formerly known as Kelana Brem Towers)	Leasehold	Kelana Jaya	Office	86,050,991	111,000,000	17.97	111,000,000	18.32
(vi) The Summit Subang USJ *	Freehold	Subang Jaya	Mixed Commercial Complex	278,719,366	302,200,000	48.92	298,300,000	49.23
(vii) Prima 9 ****	Freehold	Cyberjaya	Office	72,897,514	72,897,514	11.80	-	-
(viii) Prima 10 ****	Freehold	Cyberjaya	Office	61,746,610	61,746,610	10.00	-	-
				<u>985,873,447</u>	<u>1,179,844,124</u>		<u>1,024,000,000</u>	

\* The properties were revalued on 15 March 2012 by Rahim & Co Chartered Surveyors Sdn. Bhd., an independent professional valuers using comparison and investment method.

\*\* The properties were revalued on 19 March 2012 by DTZ Nawawi Tie Leung Property Consultants Sdn Bhd, an independent professional valuers using comparison and investment method.

\*\*\* The properties were revalued on 29 March 2012 by CB Richard Ellis (M) Sdn Bhd, an independent professional valuers using comparison and investment method.

\*\*\*\* The properties were valued on 12 April 2011 by CH William Talhar & Wong, an independent professional valuers using comparison and investment method, in connection with the acquisition of the properties by the Trust.

@ The leasehold land will expire on 3 June 2084.

# The leasehold land will expire on 19 February 2094.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4. RECEIVABLES

	2012 RM	2011 RM
<b>Trade receivables</b>		
Third parties	4,791,358	5,090,851
Related companies (a)	531,930	627,499
	5,323,288	5,718,350
<i>Less : Allowance for impairment</i>		
Third parties	(1,345,870)	(1,808,864)
Related companies	(6,457)	-
	(1,352,327)	(1,808,864)
<b>Trade receivables, net</b>	3,970,961	3,909,486
<b>Other receivables, deposits and prepayments, net (b)</b>	4,456,812	3,529,361
<b>Total receivables, net</b>	8,427,773	7,438,847

(a) Included in trade receivables are rental outstanding from companies related to the Manager amounting to RM531,930 (2011: RM627,499) which are subject to normal trade terms.

(b) In 2011, included in other receivables was an amount of RM1,877,241 placed by the Trust with the Joint Management Board of The Summit Subang USJ ("JMB") to facilitate future improvements to the podium retail mall. The facilities' improvement were completed in 2012. In 2012, included in other receivables was the advances to the JMB for the proposed re-development of The Summit Shopping Mall amounting to RM937,214 (2011: Nil).

The Trust's primary exposure to credit risk arises through its trade receivables. The Trust's trading terms with its tenants are mainly on credit. The credit period is generally for a period of 7 days as stipulated in the tenancy agreement. The Trust seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Trust's trade receivables relate to a large number of diversified customers, and other than the AmBank Group, there is no significant concentration of credit risk.

## 5. DEPOSITS WITH FINANCIAL INSTITUTIONS

	2012 RM	2011 RM
Placements maturing within three months placed with a licensed bank	8,078,805	12,957,966
Placements maturing more than three months placed with a licensed bank	1,155,728	-
	9,234,533	12,957,966

The deposits have been placed with a financial institution related to the Manager of the Trust.

Details of the interest rate and maturity of the deposits is disclosed in Note 22 (b)(ii).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 6. RENTAL DEPOSITS

	2012 RM	2011 RM
<i>Non-current</i>		
Payable after 12 months	9,491,562	10,719,959
<i>Current</i>		
Payable within 12 months	15,928,009	11,553,393
	25,419,571	22,273,352

Included in the above are rental deposits received from companies related to the Manager amounting to:

	2012 RM	2011 RM
<i>Non-current</i>		
Payable after 12 months	3,481,923	5,728,793
<i>Current</i>		
Payable within 12 months	7,205,069	4,397,555
	10,686,992	10,126,348

## 7. BORROWINGS

	2012 RM	2011 RM
<i>Current</i>		
Term Loan (Fixed rate)	57,000,000	-
Term Loan (Floating rate)	71,000,000	-
Revolving Credit (Floating rate)	259,000,000	109,000,000
	387,000,000	109,000,000
<i>Non-Current</i>		
Term Loan (Fixed rate)	-	57,000,000
Term Loan (Floating rate)	30,000,000	101,000,000
Revolving Credit (Floating rate)	133,000,000	140,000,000
	163,000,000	298,000,000
Total borrowings	550,000,000	407,000,000

A term loan of RM57.0 million and a revolving credit of RM4.0 million are secured by way of a lien holder caveat over Menara AmFIRST (formerly known as Menara Merais). A revolving credit of RM85.0 million is secured by way of a lien holder caveat over Wisma AmFIRST (formerly known as Kelana Brem Towers). A revolving credit of RM210.0 million is secured by a first party first legal charge over Menara AmBank.

Details of the interest rate and maturity of the borrowings are disclosed in Note 22(b)(ii).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 8. PAYABLES

	2012 RM	2011 RM
Trade payables	3,880,447	6,723,253
Other payables and accruals	1,476,745	3,280,209
	5,357,192	10,003,462

Included in other payables and accruals are amounts owing to the Manager and Trustee of RM474,905 (2011: RM419,551) and RM20,882 (2011: RM20,089) respectively and a retention sum in relation to the acquisition of The Summit Subang USJ of RM74,345 (2011: RM901,502) which are unsecured, interest free and repayable upon fulfillment of conditions stipulated in the Sale and Purchase Agreement.

## 9. UNITHOLDERS' FUNDS

Unitholders' funds are represented by:

	2012 RM	2011 RM
Unitholders' capital *	426,873,406	426,873,406
Undistributed income	20,792,631	21,210,950
Undistributed unrealized income	170,098,882	157,900,495
	617,764,919	605,984,851

\*Netted off from unitholders' capital in the prior year were establishment and listing expenses as follows:

	RM
Brokerages and commissions	474,438
Professional fees	378,660
Miscellaneous expenses	1,274,496
	2,127,594

Number of units in circulation:

	2012 Number of units	2011 Number of units
Authorized, at beginning and end of the year	429,001,000	429,001,000
Issued and fully paid:		
At beginning and end of the financial year	429,001,000	429,001,000

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 9. UNITHOLDERS' FUNDS (CONT'D)

	2012		2011	
	Number	Market RM	Number	Market RM
<b>Unitholdings of companies related to the Manager</b>				
AmEquities Sdn Bhd	80,000,000	95,200,000	80,000,000	92,800,000
AmCorp Group Berhad	26,112,096	31,073,394	27,329,696	31,702,447
AmBank (M) Berhad	25,344,486	30,159,938	25,344,486	29,399,604
Jadeline Capital Sdn Bhd	23,105,000	27,494,950	53,700,000	62,292,000
RCE Synergy Sdn Bhd	-	-	33,563,526	38,933,690
AmInvestment Bank Berhad	9,336,226	11,110,109	1,000	1,160
AmLife Insurance Berhad on behalf of Life Non Par Fund	4,500,000	5,355,000	321,800	373,288
AmG Insurance Berhad on behalf of General Fund	3,000,000	3,570,000	-	-
AmLife Insurance Berhad on behalf of Life Fund	2,500,000	2,975,000	264,300	306,588
<b>Direct unitholdings of Directors of the Manager</b>				
Cheah Tek Kuang	1,000	1,190	1,000	1,160
<b>Indirect unitholdings of Directors of the Manager</b>				
Lim Hwee Chiang #	23,105,000	27,494,950	53,700,000	62,292,000
<b>Chief Executive Office of the Manager</b>				
Lim Yoon Peng*	50,000	59,500	50,000	58,000

# By virtue of Mr Lim Hwee Chiang's indirect interest in Jadeline Capital Sdn Bhd.

\* Deemed interest by virtue of his spouse's unitholding in AmFIRST.

## 10. GROSS REVENUE

	2012 RM	2011 RM
Gross rental income	90,500,375	82,456,741
Carpark income	7,213,133	5,967,822
Other income	266,318	114,300
	<b>97,979,826</b>	<b>88,538,863</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**11. PROPERTY EXPENSES**

Included in property expenses are the following:

	2012 RM	2011 RM
Property management fee*	2,381,853	2,594,000
Rates and assessment	4,874,818	4,605,536
Quit rent	144,963	140,223

\* Property management fee was charged by property managers in accordance with the Valuers, Appraisers and Estate Agent Act 1981 with permissible discount.

**12. MANAGER'S FEE**

Pursuant to the Deed, the Manager is entitled to receive 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 3.00% per annum of net property income (excluding any taxes payable), accruing monthly but before deduction of property management fee. The Manager fees for the period from 1 April 2011 to 31 March 2012 consists of a base fee of only 0.30% per annum.

**13. TRUSTEE'S FEE**

Pursuant to the Deed, the Trustee is entitled to receive a fee up 0.10% per annum of the net asset value. The Trustee's fee for the period from 1 April 2011 to 31 March 2012, is calculated based on 0.04% per annum on the net asset value.

**14. OTHER EXPENSES**

Included in other expenses are:

	2012 RM	2011 RM
Trade receivables written-off	174,855	187,662
Reversal of impairment loss on trade receivables	(456,537)	(354,197)

**15. TAXATION**

	2012 RM	2011 RM
Current tax expense	-	-
<b>Reconciliation of effective tax expense</b>		
Income before taxation	52,192,234	45,362,245
Income tax using Malaysian tax rate of 25% (2011: 25%)	13,048,059	11,340,561
Effects of non-deductible expenses	50,501	160,897
Effect of fair value adjustment on investment properties not subject to tax	3,060,146	812,071
Effects of income exempted from tax	(16,158,706)	(12,313,529)
Tax expense	-	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 16. EARNINGS PER UNIT

- (a) The earnings after Manager's fee is computed based on net income for the financial year divided by the number of units in issue of 429,001,000.
- (b) The earnings before Manager's fee is computed based on net income for the financial year, adding back Manager's fees for the year, divided by the number of units in issue of 429,001,000.

## 17. INCOME DISTRIBUTION

In respect of the current financial year ended 31 March 2012, the Manager proposes a final income distribution of 4.83 sen per unit for the six-month period from 1 October 2011 to 31 March 2012, totalling RM20,720,748 which is in line with the objectives of AmFIRST to deliver regular and stable distributions to Unitholders.

	2012 RM	2011 RM
<b>Distribution to Unitholders is from the following sources:-</b>		
Gross revenue	97,979,826	88,538,863
Interest income	104,102	272,939
Compensation from land acquisition	91,154	5,671,552
Other income	15,859	11,021
	98,190,941	94,494,375
Less: Expenses	(58,197,094)	(52,744,517)
	39,993,847	41,749,858
Add: Distributable undistributed income as at 1 April	18,301	96,027
	40,012,148	41,845,885
Less: Distributable undistributed income, as at 31 March	(72,155)	(18,301)
	39,939,993	41,827,584
	9.31	9.75
Gross distribution per unit (sen)		
	9.31	9.75
Net distribution per unit (sen)		

## 18. PORTFOLIO TURNOVER RATIO

	2012	2011
Portfolio Turnover Ratio ("PTR") (Times)	0.22	0.01

The calculation of PTR is based on the average of total acquisitions and total disposals of investments in the Trust for the financial year calculated to the average net asset value during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 19. MANAGEMENT EXPENSE RATIO

	2012	2011
Management Expense Ratio ("MER") (%)	1.06	0.95

The calculation of MER is based on total fees of the Trust incurred, including the Manager's fee, Trustee's fee, audit fee, tax agent's fee and administrative expenses, to the average net asset value during the financial year. Comparison of MER of the Trust with other real estate investment trusts which use different basis of calculation may not be an accurate comparison.

## 20. CAPITAL COMMITMENT

	2012 RM	2011 RM
<u>Approved but not contracted for</u> Investment properties	3,558,644	4,644,217
<u>Approved and contracted for</u> Investment properties	2,405,266	-

## 21. TRANSACTIONS WITH THE COMPANIES RELATED TO THE MANAGER

	2012 RM	2011 RM
Rental earned from AMMB Holdings Berhad and its subsidiaries and associates ("AmBank Group")	41,458,244	40,651,886
Interest earned from AmBank (M) Berhad	104,102	272,939

Other than as disclosed in the respective notes, the other balances and transactions with companies related to the Manager include:

	2012 RM	2011 RM
<b><u>AmBank Group</u></b>		
Bank balances and deposits placed with AmBank (M) Berhad	10,261,266	13,822,818
Rentals deposits received from the AmBank Group	10,686,992	10,126,348
<b><u>Am ARA REIT Managers Sdn Bhd</u></b>		
1% acquisition fees paid to the Manager	1,330,000	68,000

The above transactions have been entered into in the normal course of business and have been established under terms and conditions that are no less favourable than those arranged with independent third parties.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**22. FINANCIAL INSTRUMENTS**

AmFIRST operates within clearly defined guidelines as set out in the REITs Guidelines. The REITs Guidelines have been formulated with the objective of providing a regulatory framework that would protect the REITs interests of the investing public. AmFIRST's risk management policies, which ensure compliance with the spirit of the REITs Guidelines, are set out below. It is not the Trust's policy to engage in speculative transactions.

**(a) Fair value of financial instruments by classes**

The following are classes of financial instruments which are not carried at fair values but carrying amounts which are reasonable approximations of their fair value:

	2012 RM	2011 RM
<b>Loans and receivables</b>		
Receivables	8,427,773	7,438,847
Deposits with financial institutions	9,234,533	12,957,966
Cash and bank balances	1,035,252	864,852
	18,697,558	21,261,665
<b>Financial liabilities at amortised cost:</b>		
Payables	5,357,192	10,003,462
Rental deposits	25,419,571	22,273,352
Borrowings	550,000,000	407,000,000
	580,776,763	439,276,814

The following methods and assumptions were used to estimate the fair values of financial assets and liabilities as at the reporting date:

**(i) Cash and bank balances, deposits with financial institutions, receivables and payables**

The carrying values of these financial assets and financial liabilities approximate their fair value due to the short-term maturity of these instruments.

**(ii) Rental deposits and borrowings**

Fair value is estimated by discounting expected future cash flows at the market incremental lending rate for similar types of borrowings and payables at the reporting date.

**(b) Financial risk management objectives and policies**

AmFIRST is exposed to financial risks arising from operations and the use of financial instruments. The key financial risks include interest rate, credit and liquidity risks.

**(i) Interest rate risk**

AmFIRST's exposure to changes in interest rates relate primarily to interest-earning financial assets and interest bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which interest expense could be affected by adverse movements in interest rate.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 22. FINANCIAL INSTRUMENTS (CONT'D)

## (b) Financial risk management objectives and policies (cont'd)

## (i) Interest rate risk (cont'd.)

The interest rate profile of AmFIRST's significant interest bearing financial instruments, based on carrying amounts as at the end of reporting period is as follows:

	2012 RM	2011 RM
<b>Financial assets:</b>		
<i>Floating rate instrument</i>		
Deposits with financial institutions	9,234,533	12,957,966
<b>Financial liabilities:</b>		
<i>Fixed rate instrument</i>		
Term Loan	57,000,000	57,000,000
<i>Floating rate instrument</i>		
Term Loan	101,000,000	101,000,000
Revolving credit	392,000,000	249,000,000
	493,000,000	350,000,000

## (ii) Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest bearing liabilities, the following table indicates their effective interest rates at the reporting date and the periods in which they mature.

	Effective interest rate %	Total RM	Within 1 year RM	> 1-5 years RM
<b>2012</b>				
<b>Financial assets</b>				
Deposits with licensed bank	2.40 - 3.00	9,234,533	9,234,533	-
<b>Financial liabilities</b>				
Term loans	3.77 - 4.53	158,000,000	128,000,000	30,000,000
Revolving credit facilities	3.77 - 4.33	392,000,000	259,000,000	133,000,000
<b>2011</b>				
<b>Financial assets</b>				
Deposits with licensed bank	2.25 - 2.85	12,957,966	12,957,966	-
<b>Financial liabilities</b>				
Term loans	3.08 - 4.50	158,000,000	-	158,000,000
Revolving credit facilities	3.07 - 3.90	249,000,000	109,000,000	140,000,000

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 22. FINANCIAL INSTRUMENTS (CONT'D)

## (b) Financial risk management objectives and policies (cont'd)

## (iii) Credit risk

Credit risk is the risk of loss that may arise on the outstanding financial assets should a counterparty default on its obligation.

As at the reporting date, other than the amount due from the AmBank Group, the Trust does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

The Trust's credit risk profile of its trade receivables as at the reporting date is tabled as follows:

	Gross RM	Individual Impairment RM	Net RM
<b>2012</b>			
Current	2,680,575	-	2,680,575
Past due but not impaired:			
Past due 30 - 60 days	646,442	-	646,442
Past due 61 - 90 days	591,768	-	591,768
Impaired:			
Past due more than 90 days	1,404,503	(1,352,327)	52,176
	5,323,288	(1,352,327)	3,970,961
<b>2011</b>			
Current	2,606,403	(15,530)	2,590,873
Past due but not impaired:			
Past due 30 - 60 days	1,004,034	(15,530)	988,504
Past due 61 - 90 days	230,026	(15,530)	214,496
Impaired:			
Past due more than 90 days	1,877,887	(1,762,274)	115,613
	5,718,350	(1,808,864)	3,909,486

All of the Trust's other receivables are neither past due nor impaired.

Movement in the allowance for the impairment of receivables is as follows:

	2012 RM	2011 RM
As at beginning of the year	1,808,864	2,163,061
Less: Reversal of impairment loss for the year	(456,537)	(354,197)
As at 31 March	1,352,327	1,808,864

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 22. FINANCIAL INSTRUMENTS (CONT'D)

## (b) Financial risk management objectives and policies (cont'd)

## (iv) Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting its financial obligations as they fall due.

The Trust manages its liquidity risk by maintaining a portion of its resources in deposits and balances with financial institutions to meet estimated commitments arising from financial liabilities.

The table below summarizes the maturity profile of the Trust's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Within one year RM	More than one year RM	Total RM
<b>2012</b>			
Rental deposits	15,928,009	9,491,562	25,419,571
Payables	5,357,192	-	5,357,192
Borrowings	387,000,000	163,000,000	550,000,000
<b>Total financial liabilities</b>	<b>408,285,201</b>	<b>172,491,562</b>	<b>580,776,763</b>
<b>2011</b>			
Rental deposits	11,553,393	10,719,959	22,273,352
Payables	10,003,462	-	10,003,462
Borrowings	109,000,000	298,000,000	407,000,000
<b>Total financial liabilities</b>	<b>130,556,855</b>	<b>308,719,959</b>	<b>439,276,814</b>

## 23. SIGNIFICANT EVENTS

## (a) Acquisition of investment properties

On 10 June 2011, an announcement was made for the proposed acquisition by AmFIRST of all that piece of land held under Geran 207783, Lot 23582 in the Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan together with two office buildings, consisting of a seven storey building with two levels of basement car park identified as Prima 9 for a cash consideration of RM72,000,000 and a seven storey building with two levels of basement car park identified as Prima 10 for a cash consideration of RM61,000,000 from Complete Event Sdn Bhd.

The acquisition was completed on 30 November 2011 in accordance with the terms and conditions stipulated in the Sale and Purchase Agreements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 23. SIGNIFICANT EVENTS (CONT'D)

**(b) Proposed renounceable rights issue and proposed increase in the existing approved fund size**

On behalf of the Board of Directors of the Manager of AmFIRST ("Board"), AmInvestment Bank Berhad had on 10 August 2011, announced that AmFIRST proposed to undertake the following:

- (i) a renounceable rights issue on the basis of three (3) new Units for every five (5) existing Units at an entitlement date to be determined later ("Proposed Rights Issue"); and
- (ii) proposed increase in the existing approved fund size of AmFIRST from 429,001,000 Units to 686,401,600 Units.

(collectively, referred to as the "Proposals")

The SC had, vide its letter dated 7 March 2012, approved the following:-

- (i) the proposed increase in fund size pursuant to the Proposed Rights Issue; and
- (ii) the listing of and quotation for the Rights Units on the Main Market of Bursa Malaysia Securities Berhad.

Bursa Malaysia Securities Berhad had, vide its letter dated 2 April 2012, given its approval for the listing of and quotation for the Rights Units to be issued pursuant to the Proposed Rights Issue on the Main Market of Bursa Securities.

The Proposals have been approved by the unitholders at the Unitholders' Meeting which was held on 30 April 2012.

## 24. CAPITAL MANAGEMENT

The Trust's objective when managing capital are to safeguard the Trust's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize unitholders value.

Management monitors capital based on gearing ratio. Under the REITs Guidelines, the Trust is required to maintain a gearing ratio not exceeding 50%.

The gearing ratio is calculated as gross borrowings divided by total assets, based on the latest valuations. Gross borrowings refer to the gross interest-bearing borrowings as set out in Note 7 to the financial statements.

	2012 RM	2011 RM
Total borrowings	550,000,000	407,000,000
Total assets	1,198,541,682	1,045,261,665
Gearing	45.9%	38.9%

## SUPPLEMENTARY INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD

## DISCLOSURE ON REALIZED AND UNREALIZED INCOME

	2012 RM	2011 RM
<b>Realized</b>		
Distributable undistributed income	20,792,631	21,210,950
<b>Unrealized</b>		
Cumulative net change arising from the fair value of investment properties	169,164,644	156,924,059
Gain arising from measuring non-current financial liabilities at amortized cost	934,238	976,436
	<hr/> 190,891,513	<hr/> 179,111,445

The disclosure of realized and unrealized income is pursuant to the Directive dated 25 March 2010 issued by Bursa Malaysia Securities Berhad with regard to the disclosure of realized and unrealized profits or losses.

## ANALYSIS OF UNITHOLDERS

As at 31 March 2012

### THIRTY (30) LARGEST UNITHOLDERS AS AT 31 MARCH 2012

Nos.	Names	Unitholdings	%
1.	AMSEC Nominees (Tempatan) Sdn Bhd* AmEquities Sdn Bhd	80,000,000	18.65
2.	Amcorp Group Bhd*	26,112,096	6.09
3.	AmBank (M) Berhad*	25,344,486	5.91
4.	UOBM Nominees (Tempatan) Sdn Bhd* Pledged Securities For Jadeline Capital Sdn Bhd	23,105,000	5.39
5.	Valuecap Sdn Bhd	19,207,196	4.48
6.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For American International Assurance Berhad	14,504,820	3.38
7.	AmInvestment Bank Berhad	9,336,226	2.18
8.	AMSEC Nominees (Tempatan) Sdn Bhd AmLife Insurance Berhad (on behalf of Life Non Par)	4,500,000	1.05
9.	AMSEC Nominees (Tempatan) Sdn Bhd BNDM Incorporated Holdings Sdn Bhd	4,314,200	1.01
10.	AMSEC Nominees (Tempatan) Sdn Bhd Richard Wee Liang Huat (8470-1502)	4,314,100	1.01
11.	Tan Beng Guan	3,840,000	0.90
12.	Nam Heng Oil Mill Company Sdn Berhad	3,008,000	0.70
13.	Lim Soon Huat	3,007,000	0.70
14.	AMSEC Nominees (Tempatan) Sdn Bhd AMG Insurance Berhad (FM-AMAB-GF)(on behalf on General Fund)	3,000,000	0.70
15.	AMSEC Nominees (Tempatan) Sdn Bhd Ng Bee Lan (9917-2101)	2,750,000	0.64
16.	AMSEC Nominees (Tempatan) Sdn Bhd AmLife Insurance Berhad (on behalf of Life Fund)	2,500,000	0.58
17.	AMSEC Nominees (Tempatan) Sdn Bhd Eng Guan Chan Sdn Berhad (9613-1101)	2,000,000	0.47
18.	Wong Taek Boon @ Guan Taek Boon	1,788,888	0.42
19.	Mayban Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For MAAKL Value Fund (950290)	1,527,900	0.36

## ANALYSIS OF UNITHOLDERS (CONT'D)

As at 31 March 2012

THIRTY (30) LARGEST UNITHOLDERS (CONT'D)  
AS AT 31 MARCH 2012

Nos.	Names	Unitholdings	%
20.	Mok Teck Liang	1,414,800	0.33
21.	Lim Kew Seng	1,296,800	0.30
22.	Wing Kwong @ Chan Wing Kwong	1,237,900	0.29
23.	Tan Ka Leh	1,050,000	0.24
24.	Ramanathan A/L L. Manickavasagan	1,030,000	0.24
25.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Sdn Bhd for MAAKL Progress Fund (4082)	1,015,000	0.24
26.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Sdn Bhd for MAAKL Dividend Fund (5311-401)	1,006,000	0.23
27.	HwangDBS Investment Bank Berhad IVT (JBD)	1,006,000	0.23
28.	Chow Soi Wah	1,000,000	0.23
29.	Radhakrishnan A/L Menon	1,000,000	0.23
30.	Yap Ah Ngah @ Yap Neo Nya	1,000,000	0.23
<b>TOTAL</b>		<b>246,216,412</b>	<b>57.41</b>

\* Substantial Unitholders (5% and above)

DISTRIBUTION SCHEDULE OF UNITS  
AS AT 31 MARCH 2012

Size of Unitholdings	No. of Unitholders	No. of Units	%
Less than 100	503	23,045	0.01
100 to 1,000	5,108	3,417,043	0.80
1,001 to 10,000	4,490	19,998,568	4.66
10,001 to 100,000	1,758	62,280,163	14.51
100,001 to less than 5% of issued units	359	100,065,769	23.33
5% and above of issued units	27	243,216,412	56.69
<b>Total</b>	<b>12,245</b>	<b>429,001,000</b>	<b>100.00</b>

## CORPORATE DIRECTORY

### MANAGER

Am ARA REIT Managers Sdn Bhd (730964-X)

### REGISTERED OFFICE:

22<sup>nd</sup> Floor, Bangunan AmBank Group  
No. 55, Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel : 03 – 2036 2633  
Fax : 03 – 2032 1914

### BUSINESS ADDRESS:

Penthouse, Menara AmFIRST  
(Formerly known as Menara Merais)  
No. 1, Jalan 19/3  
46300 Petaling Jaya  
Selangor  
Tel : 03 – 7955 8780/8782  
Fax : 03 – 7955 8360/80  
Website : www.amfirstreit.com.my

### BOARD OF DIRECTORS OF THE MANAGER

#### Dato' Azlan Hashim

Non-Independent Non-Executive Chairman

#### Cheah Tek Kuang

Non-Independent Non-Executive Director

#### Dato' Teo Chiang Quan

Independent Non-Executive Director

#### Tuan Haji Mohd Salleh Akram

Independent Non-Executive Director

#### Lim Hwee Chiang

Non-Independent Non-Executive Director

#### Pushpa Rajadurai

(Alternate Director to Cheah Tek Kuang)

#### Anthony Ang Meng Huat

(Alternate Director to Lim Hwee Chiang)

### COMPANY SECRETARY

Koid Phaik Gunn (MAICSA 7007433)

### TRUSTEE

Maybank Trustees Bhd (5004-P)  
(Formerly known as Mayban Trustees Berhad)  
34<sup>th</sup> Floor, Menara Maybank  
100, Jalan Tun Perak  
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Tel : 03 – 2074 7389  
Fax : 03 – 2070 9378

### PROPERTY MANAGERS

Malik & Kamaruzaman Property Management Sdn Bhd  
CB Richard Ellis (M) Sdn Bhd  
DTZ Nawawi Tie Leung Property Consultants Sdn Bhd

### AUDITORS

Ernst & Young  
Chartered Accountants  
Level 23A, Menara Milenium, Jalan Damanlela  
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Tel : 03 – 7495 8000  
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### TAX ADVISER

PricewaterhouseCoopers Taxation Services Sdn Bhd  
Level 10, 1 Sentral, Jalan Travers  
Kuala Lumpur Sentral  
P.O. Box 10192, 50706 Kuala Lumpur  
Tel : 03 – 2173 1188  
Fax : 03 – 2173 1288

### BANKERS

AmBank (M) Berhad  
Level 18, Menara Dion, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : 03 – 2026 3939  
Fax : 03 – 2026 6855

Bangkok Bank Berhad  
105, Jalan Tun HS Lee  
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Fax : 03 – 2173 7300

### UNIT REGISTRAR

Symphony Share Registrars Sdn Bhd  
Level 6, Symphony House  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan



Manager  
AmARA REIT Managers Sdn Bhd (730964-X)

Penthouse, Menara AmFIRST  
(Formerly known as Menara Merais)  
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