

AmFIRST Real Estate Investment Trust



ANNUAL REPORT 2007

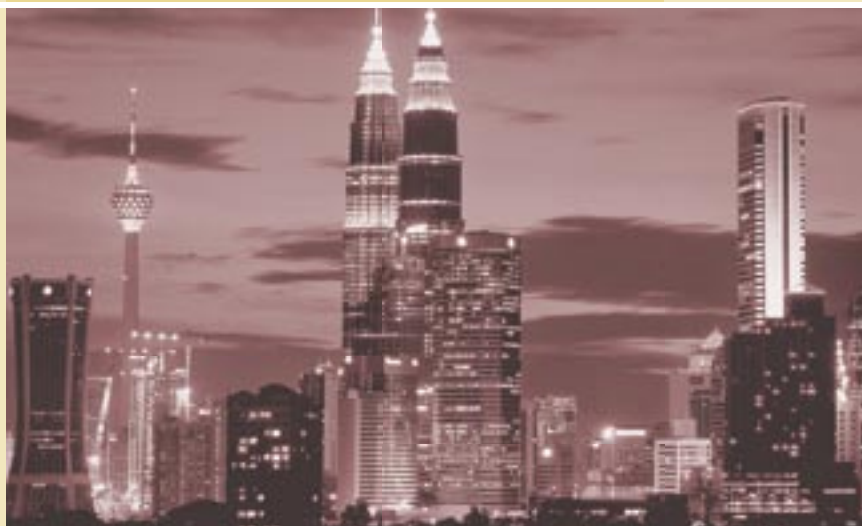


Manager:

Am ARA REIT Managers Sdn Bhd (730964-X)

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Salient Features

Item	Brief Description
Name of Fund	AmFIRST REIT
Category of Fund	Real Estate
Type of Fund	Income and growth
Investment Objective	The key objective for AmFIRST REIT 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.
Investment Strategies	<p>The principal strategies are as follows:-</p> <ul style="list-style-type: none"> • 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; • active asset management; • improve rental rates while maintaining high occupancy rates; • attract new tenants and explore expansion needs of existing tenants; • raise the profile and visibility of the portfolio of properties through proactive marketing, advertising and promotional efforts; • develop close tenant-landlord relationships to optimise tenant retention; • monitor and minimise property expenses; • enhance the overall portfolio through the acquisition of properties that meet the Manager's investment criteria; and • employ an appropriate conservative capital structure with debt and equity financing policies.
Authorised Investments	<ul style="list-style-type: none"> • at least 75% of AmFIRST REIT's total assets shall be invested in real estate, single-purpose companies, real estate-related assets or liquid assets; • at least 50% of AmFIRST REIT's total assets must be invested in real estate or single-purpose companies; and • the remaining 25% of AmFIRST REIT's total assets may be invested in other assets (i.e. real estate-related assets, non-real estate-related assets or asset-backed securities).
Borrowing Limit	Up to 50% of the Total Asset Value of AmFIRST REIT at the time the borrowings are incurred
Investors' Profile	AmFIRST REIT may appeal to investors with a long term investment horizon seeking sustainable distribution of income and long term capital growth
Approved Fund Size	429,001,000 Units
Distribution Policy	<p>Distributions will be paid on a semi-annual basis (or such other intervals as the Manager shall determine) within two (2) months after AmFIRST REIT's book closure date. The Manager shall distribute all or such lower percentage as determined by the Manager in its absolute discretion of the distributable income of AmFIRST REIT.</p> <p>Barring any unforeseen circumstances, it is the intention of the Manager to distribute 100% of the distributable income of AmFIRST REIT for the financial period ended 31 March 2007 and the 3 financial years ending 31 March 2008 to 31 March 2010. Thereafter, the Manager intends to distribute at least 90% of the distributable income for each year or such other intervals as determined by the Manager at their discretion.</p>
Revaluation Policy	The properties will be revalued at least once every three (3) years from the date of last valuation.

Board of Directors and Management / Corporate Information

BOARD OF DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

Y.Bhg. Dato' Azlan Hashim

Non-Independent Non-Executive Chairman

Mr. Cheah Tek Kuang

Non-Independent Non-Executive Director

Mr. Lim Hwee Chiang

Non-Independent Non-Executive Director

Dato' Teo Chiang Quan

Independent Non-Executive Director

Tuan Haji Mohd Salleh Akram

Independent Non-Executive Director

Ms. Pushpa Rajadurai

Alternate Director to Mr. Cheah Tek Kuang

Mr. Ang Meng Huat, Anthony

Alternate Director to Mr. Lim Hwee Chiang

COMPANY SECRETARY

Ravindra Kumar Thambimuthu

MANAGEMENT

Anthony Ooi Kwee Yang

Acting Chief Executive Officer

Yusri Kamaruzaman bin Mohd Yusof

Chief Operating Officer

Panneer Selvam Narayanan

Head, Finance

Zety Fazilah binti Baharuddin

Investor Relations Manager

CORPORATE DIRECTORY

MANAGER

Am ARA REIT MANAGERS SDN BHD (730964-X)

Registered address :

22nd Floor, Bangunan AmBank Group

No 55, Jalan Raja Chulan, 50200 Kuala Lumpur

Tel: 03-2078 2633 / 44 Fax: 03-2078 2842

TRUSTEE

Mayban Trustees Bhd (5004-P)

34th Floor, Menara Maybank

100, Jalan Tun Razak, 50050 Kuala Lumpur

AUDITORS

Ernst & Young

Public Accountants

PROPERTY MANAGERS

Jones Lang Wootton

Rahim & Co. Chartered Surveyers Sdn Bhd

SOLICITORS

Shook Lin & Bok

Syed Alwi, Ng & Co

TAXATION ADVISER

PricewaterhouseCoopers

BANKER

Malayan Banking Berhad

UNIT REGISTRAR

Symphony Share Registrars Sdn Bhd

Level 26, Menara Multi-Purpose, Capital Square,

No 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur

Tel: 03-2721 2222 Fax: 03-2721 2531

BURSA MALAYSIA STOCK NAME AND CODE

AmFIRST / 5120

GENERAL ENQUIRIES

Please contact :-

Am ARA REIT Managers Sdn Bhd (730964-X)

16th Floor, Bangunan AmBank Group

No 55, Jalan Raja Chulan, 50200 Kuala Lumpur

Tel: 03-2026 9102/3 Fax: 03-2732 0644



Profile of Directors

Y.Bhg. Dato' Azlan Hashim

Non-Independent Non-Executive Chairman

Dato' Azlan Hashim, a Malaysian, aged 64, joined the Board on 24 August 2006 and has been the Deputy Chairman of AmProperty Trust Management Berhad and sits as the Chairman of the Board of Am Securities Sdn Bhd and AmInternational (L) Ltd since 1989. He is the Chairman of the Group Information Technology Committee and a member of the Company's Nomination, Audit and Examination, and Remuneration Committees.

Dato' Azlan served the Malaysian 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 and Co., and was a Senior Partner there prior to joining the AMDB Berhad's Board in 1982.

Dato' Azlan is currently the Executive Vice-Chairman of Amcorp Group Berhad (formerly known as Arab-Malaysian Corporation Berhad). He also serves on the Board of AMDB Berhad, Metrod (M), Paramount Corporation Berhad, Sapura Industrial Berhad, Kesas Holdings Berhad, Kumpulan Perangsang Selangor Berhad, Syarikat Permodalan & Perusahaan Selangor Berhad and Global Carriers Berhad. He is a Trustee of AmGroup Foundation.

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, a Malaysian, aged 59, was appointed to the Board on 24 August 2006 and he is currently the Group Managing Director of AMMB Holdings Berhad. He joined AmMerchant Bank Berhad from January 2002 to December 2004 before assuming the office of Group Managing Director in AMMB Holdings Berhad. He remains as Non-Independent Non-Executive Director of AmMerchant Bank Berhad.

His directorships in other public listed companies include AmInvestment Group Berhad (AIGB), AmBank (M) Berhad, AmIslamic Bank Berhad (formerly known as AMBB Capital Berhad, formerly known as AmBank Berhad), AmAssurance Berhad and Cagamas Berhad. He currently serves on the Board of Employees' Provident Fund, Bursa Malaysia Securities Berhad and is the Alternate Chairman of the Malaysian Investment Banking Association. He is also the Chief Executive Officer of AmBank (M) Berhad.

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



Mr. Cheah Tek Kuang
Non-Independent Non-Executive Director



Mr. Lim Hwee Chiang
Non-Independent Non-Executive Director

Mr. Lim Hwee Chiang, a Singaporean, aged 51, was appointed to the Board on 24 August 2006. Mr. Lim holds an Engineering degree (First Class Honours), a Master of Science degree, as well as a Diploma in Business Administration from the National University of Singapore.

Mr. Lim is the Group Chief Executive Officer and Director of the ARA Group of companies, including ARA Asset Management (Singapore) Limited, the Manager of Fortune REIT listed in Singapore, ARA Trust Management (Suntec) Limited, the Manager of Suntec REIT listed in Singapore and ARA Asset Management (Prosperity) Ltd, the Manager of Prosperity REIT listed in Hong Kong.

Mr. Lim has over 26 years of experience in real estate. From 1997 to 2002, Mr. Lim was an Executive Director of GRA (Singapore) Private Limited ("GRA"), which is a wholly-owned subsidiary of Prudential (US) Real Estate investors. From 1996 to 1997, prior to joining GRA, he was the Founder and Managing Director of The Land Managers, a Singapore-based property and consulting firm specialising in feasibility studies, marketing and leasing management in Singapore, Hong Kong and China. Mr. Lim was the General Manager of Singapore Labour Foundation Management Services Pte Ltd for 5 years from 1991 to 1995. Mr. Lim worked for DBS Land Limited (now known as CapitaLand Limited after its merger with Pidemco Land Pte Ltd), a public listed real estate development and investment company in Singapore for 10 years, from 1981 to 1990.

Mr. Lim sits on the boards of Teckwah Industrial Corporation Limited and Inter-Roller Engineering Limited (as an independent director and a member of the audit committee for both companies), both of which are publicly listed companies in Singapore. He is also the Vice President of Hong Kong-Singapore Business Association.

Board of Directors (cont'd)



Dato' Teo Chiang Quan
Independent Non-Executive Director

Dato' Teo Chiang Quan, a Malaysian, aged 57, was appointed to the Board on 24 August 2006. Dato' Teo joined Paramount Corporation Berhad ("PCB") as a Director on 19 January 1977. He started to play an active role in the management of PCB when he first served as Chief Executive Officer of the PCB group's insurance division from 1981 to 1991.

He was also instrumental in ensuring the successful merger of the PCB group's insurance operations with Jerneh Insurance Bhd (JIB). In 1989, Dato' Teo assumed the position of Group Managing Director and Group Chief Executive Officer of PCB and has since then transformed the PCB group into a reputable and financially sound diversified group. Dato' Teo has successfully completed the Harvard Business School Owner/President Management Program in 2004.

Tuan Haji Mohd Salleh Akram, a Malaysian, aged 58, was appointed to the Board on 24 August 2006. He graduated upon passing the final professional examination of the Royal Institution of Chartered Surveyors United Kingdom in 1974. He had, in 1973 obtained the Diploma in Land Use Control from the North-East London Polytechnic (now part of East London University) and he is a Fellow of The Royal Institution of Chartered Surveyors, United Kingdom as well as a Fellow of the Institution of Surveyors, Malaysia. 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.

As a professional graduate and Federal scholar, he served as a Valuation Officer in the Valuation Division, Federal Treasury, Ministry of Finance from April 1974 and saw postings in Selangor, Penang and Johor and 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 chartered surveying firm providing professional services in valuation of properties including plant and machinery, real estate agency, property management and property consultancy.



Tuan Haji Mohd Salleh Akram
Independent Non-Executive Director

Board of Directors (cont'd)

Ms Pushpa Rajadurai, a Malaysian, aged 48, was appointed to the Board on 24 August 2006. Ms Pushpa joined AmMerchant Bank in May 1989 and has more than 19 years experience in corporate finance and financial consultancy related work.

She was appointed as the Executive Director of AmMerchant Bank on 1 January 2005. She was previously the Director/Head of Corporate Finance involved in both the equity and equity-linked business of the merchant bank. Her extensive corporate advisory service covers both the Malaysian and overseas markets and her client portfolio extended to all sectors of the economy. She is a Fellow of the Chartered Association of Certified Accountants and a member of the Malaysian Institute of Accountants. Prior to joining AmMerchant Bank, she was attached with Coopers and Lybrand (now known as PricewaterhouseCoopers).

She is presently on the Boards of AmInvestment Group Berhad, AmMerchant Bank, Malaysian Ventures Management Incorporated Sdn Bhd, AMMB Consultant Sdn Bhd, AmInternational (L) Ltd, Malaysian Ventures (Two) Sdn Bhd, PT AmCapital Indonesia, AmPrivate Equity Sdn Bhd and AmTrustee Berhad. She also holds the position of chairperson for the Corporate Finance Committee of the Malaysian Investment Banking Association. She is actively involved in market development and work extensively with all the regulatory bodies in the country at consultative forums.



Ms. Pushpa Rajadurai
Alternate Director to Mr. Cheah Tek Kuang



Mr. Ang Meng Huat, Anthony
Alternate Director to Mr. Lim Hwee Chiang

Mr. Ang, a Singaporean, aged 52, was appointed to the Board on 24 August 2006. He is a fellow of the Chartered Management Institute. Mr. Ang holds a Master of Business Administration from the European Institution of Business Administration (INSEAD) on a scholarship from the Singapore and French governments and a Bachelor of Science in Mechanical Engineering degree (First Class Honours) from the Imperial College in London.

Mr. Ang is the Director, Business and Corporate Development of the ARA Group. He has over 26 years of experience in international marketing and business development, general and operational management in manufacturing, venture capital and real estate fund management. Mr. Ang was the Executive Vice President of GIC Real Estate Pte Ltd ("GICRE") where he was responsible for all corporate developments and services for GICRE's worldwide operations. His other professional experiences included senior positions as the Executive Director of Majulah Connection Limited, a global business networking organization; Senior Vice President of Vertex Management, a leading global venture capital company; Executive Director and Group General Manager of Armstrong Industrial Corporation Limited, a Singapore listed group with over 15 regional manufacturing operations in several Asian countries. Mr. Ang started his career with the Singapore Economic Development Board where he served for 14 years, including 6 years in the USA as the Regional Director of their North American Operations.

Mr. Ang sits on the boards of Armstrong Industrial Corporation Limited and Ei-Nets Limited, both of which are publicly listed companies in Singapore.

Board of Directors (cont'd)

Attendance At Board Of Director's Meetings

The Board currently comprises seven Directors of which three are non-independent non-executive, two are independent non-executive and two alternate Directors.

During the financial period, the Board met three times. The number of meetings attended by each director is as follow:-

Directors	Number of Board meetings held during Directors' tenure in office	Number of meetings attended by Directors
Y. Bhg. Dato' Azlan Hashim	3	2
Mr Cheah Tek Kuang	3	3*
Mr Lim Hwee Chiang	3	3
Y.Bhg. Dato' Teo Chiang Quan	3	3
Tuan Haji Mohd Salleh Akram	3	3

* 1 out of the 3 meetings was attended by his alternate Director, Ms Pushpa Rajadural.

Family Relationship with any Director and/or Substantial Unitholder

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 the brother of Tan Sri Dato' Sri Azman Hashim, a substantial unitholder through AmEquities Sdn Bhd, RCE Synergy Sdn Bhd and AmcorpGroup Berhad.

Conflict of Interest

Save for the director's interest in AmFIRST REIT (as disclosed under Director's Interest 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 period under review.

Convictions for Offences

None of the Directors have 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 period under review.

Directors' Training

All the Directors have met with the prescribed Continuous Education Programme through attendance of in-house and external programmes to enable them to discharge their duties and responsibilities effectively.

In addition, all Directors are encouraged to attend seminars, conferences and various training programmes to keep abreast with developments in the real estate industry.

Profile of Acting CEO

Anthony Ooi Kwee Yang
Acting Chief Executive Officer



Mr Ooi, a Malaysian, aged 64, was appointed as Acting Chief Executive Officer and Chief Investment Officer on 5 October 2006. Mr Ooi has many years of international and business experience in the finance, investment and commerce sectors. Mr Ooi was previously a consultant involved in advising, promoting and investing in selected pre-IPO companies for listing in SGX or Bursa Malaysia.

From 1980 to 1986, Mr Ooi was the Director and General Manager of Great Pacific Finance Ltd, a deposit-taking company in Singapore. The company was sold to DBS Bank of Singapore in 1986 as part of the Singapore Government's policy to consolidate the financial institutions in Singapore.

From 1978 to 1980, he was based in London as the Manager of the London branch of United Overseas Bank (UOB) of Singapore. Prior to that, he was the Banking Manager with AMDB Bank in Malaysia. He also held the position of Investment Officer with the Private Investment Co for Asia (PICA), an equity investment company, which focused on investments in developing countries in Asia from 1971 to 1976 before moving on the Asian development Bank based in Manila, the Philippines, as a Control Officer for 2 years.

Mr Ooi began his career in 1966 with Jardine Waugh Ltd, a British trading company under the Jardine Matheson Group, where he worked for 6 years.

Mr Ooi graduated from the University of Singapore and holds a degree in the Bachelor of Economics. He also studied Banking in Citibank Middle East and North Africa Training Schools in Athens, Greece as well as Management in Asian Institute of Management in Manila, the Philippines.

Family Relationship with any Director and/or Substantial Unitholder.

Mr Ooi has no relationship with any other Directors or substantial unitholders.

Conflict of Interest

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

Conviction for Offences

Mr Ooi has not been convicted of offences within the past 10 years.

Chairman's Statement



On behalf of the Board of Directors of Am ARA REIT Managers Sdn Bhd (Am ARA or "the Manager"), I have great pleasure in presenting to you the inaugural Annual Report of AmFIRST Real Estate Investment Trust ("AmFIRST REIT") for the financial year ended 31 March 2007.

ECONOMIC OVERVIEW

The Malaysian economy continues to be resilient in tandem with strong global growth despite earlier concerns associated with rising oil prices. Growth in the Asian region continues to expand, driven by strong domestic demand and supported by increasing intra-regional trade.

The growth momentum in Malaysia remains strong, driven by robust domestic demand, burly export performance, favorable financing and stable labour market conditions. The transition from Ringgit peg to a managed float has helped boost investor and consumer confidence, increasing our economic flexibility and seeing Real GDP expand at a strong pace of 5.8 % in 2006.

The manufacturing, services and agriculture sectors continue to be the main engine for growth, while mining and construction experienced a recovery during the year. The services sector continued to drive growth of 5.7% in 2006, supported by steady expansion in the wholesale, retail trade, hotels and restaurants, transport, storage and communication sub-sectors, while manufacturing grew by 7.3%.

The construction sector grew 0.7% in 2006 and continued to spur its effects on the property sub-sectors such as the residential, business and commercial properties sectors. The occupancy rate of office space in the Klang Valley remained high encouraged by the stronger performance of the private sector.

With 2.3 million sq ft of new office space entering the market in 2006, the total office space available in the Klang Valley reached 65.5 million sq ft. Vacancy rates hovered around 14.0% whilst average prime rents in Kuala Lumpur increased to between RM5 and RM7 per sq ft by year-end. It was the listing of Real Estate Investment Trusts that energetically stirred the transaction of commercial buildings in 2006.

CORPORATE DEVELOPMENT

AmFIRST Real Estate Investment Trust was established by a trust deed entered into on 28 September 2006 between Am ARA REIT Managers Sdn Bhd and Mayban Trustees Berhad, as manager and trustee, respectively.

Am ARA REIT Managers Sdn Bhd was incorporated on 20 April 2006 and is wholly-owned by Am ARA REIT Holdings Sdn Bhd. Am ARA REIT Holdings is 70.0% owned by AmInvestment Group Berhad and 30.0% by ARA Asset Management (Malaysia) Limited, which is in turn a wholly-owned subsidiary of ARA Asset Management Limited.

AmFIRST REIT's initial public offering (IPO) was launched on 9 November 2006, offering a total of 429,000,000 units under retail and institutional offers. Proceeds raised from the IPO were utilized for the acquisition of Bangunan AmBank Group, Menara AmBank and AmBank Group Leadership Centre. AmFIRST REIT was listed on 21 December 2006 on the Main Board of Bursa Malaysia Securities Berhad.

Chairman's Statement (cont'd)

OPERATIONS REVIEW

The Trust currently manages four properties, from which three are located within the Golden Triangle namely Bangunan AmBank Group, AmBank Group Leadership Centre and Menara AmBank. The fourth building, Menara Merais, is located in Petaling Jaya. The four buildings were acquired and transferred to AmFIRST REIT upon completion of the listing exercise on 21 December 2006. The Fund is currently in the midst of acquiring its fifth building, Kelana Brem Tower, which is a 16-storey twin tower office building in Kelana Jaya. Upon completion of the acquisition, AmFIRST REIT will manage a total of 1,323,260 sq ft of office space, making it one of the largest office space managers in the Klang Valley.

For the financial year ended 31 March 2007, the four office buildings owned by AmFIRST REIT achieved excellent occupancy rates ranging between 92.0% and 99.0%, higher than the average occupancy rate of between 84.0% and 86.0% in the Klang Valley.

AmFIRST REIT generated an average net yield of 7.5% compared with the industry average of between 6.0% and 8.0% during the financial year ended 31 March 2007. The net yield is expected to improve further in tandem with the rising property market sector.

Financial Performance

For the financial period from 21 December 2006 to 31 March 2007, AmFIRST REIT achieved a net property income of RM10.1 million, representing 1.8% increase against the forecast RM9.9 million. This increase was mainly attributed to lower property expenses during the period under review.

AmFIRST REIT recorded income after taxation of RM8.3 million, which is in accordance with the forecast income as disclosed in the Prospectus.

Income Distribution

The Board of Directors of Am ARA REIT Managers Sdn Bhd and the Trustee have approved an income distribution of 1.946 sen per unit for the financial year ended 31 March 2007. This represents a distribution yield of approximately 7.0% based on the IPO price of RM1.00 per unit.

PROSPECTS

The Malaysian economy is expected to strengthen in 2007 and forecast to grow at 6.0%, supported by sustained global growth and resilient domestic demand, compared with 5.9% in 2006, according to Bank Negara Malaysia. It was noted that the GDP growth would be broad-based as the mining and construction sectors, which contracted in 2006, were expected to register positive growth. The services and manufacturing sectors would continue to drive growth, expanding at a higher rate than the overall GDP growth.

The services sector would benefit from the positive effects of the Visit Malaysia 2007 tourist promotion campaign and new activities. Bank Negara forecast the mining sector to grow 2.8% in 2007 and construction by 3.0%. However, the agriculture sector is expected to expand at a slower pace of 3.2%, manufacturing by 6.6% and services by 6.3%. The average inflation rate is expected to moderate to between 2.0% and 2.5% from 3.6% in 2006.

Consistent with favorable growth, domestic expenditure is expected to increase by 7.1% while the private sector by 7.2%. Private consumption expenditure is slated to increase by 6.4% whilst public consumption will remain firm at 5.4%.

The construction sector is anticipated to grow at 3.7% spurred by the acceleration in civil engineering activities, following the implementation of new infrastructure projects under the Ninth Malaysia Plan. Activities in the residential and non-residential sub-sectors are envisaged to remain active, supported by sustained demand for housing as well as buoyant business and industrial activities.

Property Market

The property market is expected to remain stable in 2007 with the residential sector, the mainstay of the property market that has predominantly been focusing on "pocket development" of niche high-end projects in major towns nationwide, to perform well. The abolishment of Real Property Gains Tax coupled with stable interest rates will help boost the sales and demand for residential housing sub-sectors, i.e. apartments and condominiums.

More favorable changes to the Guidelines on Real Estate Investment Trusts issued by the Securities Commission in 2006, together with the tax incentives tabled in the 2007 Budget, will witness the emergence of REITs as a viable and attractive alternative investment vehicle for income-producing real estate and hence the healthy demand for investment-grade properties is expected to continue into 2007.

Investment activity in the office property market is likely to increase as more property trusts seek yield-driven investments but yield for prime, fully let office buildings are expected to decrease in 2007. Demand for prime retail accommodation is expected to remain healthy and signifies continued confidence by retailers. Consumer spending is also expected to grow. Visit Malaysia Year 2007 will give a boost to the shopping industry.

Rental levels for prime retail accommodation are poised to increase marginally over the next 6 to 12 months, while rental for secondary retail accommodation is expected to be stable.

AmFIRST REIT

In 2007, we expect another year of growth led by more acquisitions, proactive asset management, stable occupancy and higher rental buoyed by positive economic growth. There are still good values in some of the properties in Kuala Lumpur which we are interested in acquiring, particularly in the Golden Triangle and the Klang Valley. We will remain pro-active in our acquisition to build up a stable and yield accretive generating assets for AmFIRST REIT.

Dato' Azlan Hashim
Chairman

25 May 2007



BANGUNAN AmBANK GROUP

BANGUNAN AmBANK GROUP

Bangunan Ambank Group is situated within “Golden Triangle District of Kuala Lumpur” where it is among the attractive building due to the location along Jalan Raja Chulan. This area is surrounded by multi purpose built offices Wisma MPL, Menara Weld, Wisma Goldhill, Menara Boustead, Menara Affin, Menara ING, Plaza See Hoy Chan and Bangunan Amanah Capital.

ADDRESS	Bangunan AmBank Group, No. 55, Jalan Raja Chulan 50200 Kuala Lumpur	DATE OF ACQUISITION	21 st December 2006
TITLE DETAILS	Sited on the land held under Title No. Pajakan Negeri 4512, Lot No. 1200, Section 57, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	COST OF ACQUISITION	RM180,152,206
PROPERTY TYPE/ USE	Commercial Office Building	OCCUPANCY RATES	97%
EXISTING USE	Commercial Office	AVERAGE RENTAL RECEIVED	RM1,632,000 per month
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	AVERAGE MAINTENANCE COST	RM405,000 per month
AGE	21 years	THREE MAJOR TENANTS	1. AHB Group 2. Messrs Shok Lin & Bok 3. Messrs Syed Alwi, Ng & Co
STATUS OF HOLDING	Leasehold 99 years expiring on 3 June 2084 with remaining lease period of 78 years	MAJOR CAPITAL EXPENDITURE	Nil
AVERAGE LEASE PERIOD	3 years	ENCUMBRANCES	None
NET LETTABLE AREA	360,166 sq. ft.	LIMITATION IN TITLE/ INTEREST	None
PARKING SPACE	522 car parking bays	LATEST VALUATION	RM180,000,000
		BASIS OF VALUATION	Comparison and Investment Method
		DATE OF LAST VALUATION	7 March 2006
		FAIR VALUE ADJUSTMENT	Nil
		NET BOOK VALUE	RM180,152,206

Property Portfolio (cont'd)



MENARA AmBANK

MENARA AmBANK

MENARA AmBANK is situated in the heart of Kuala Lumpur and to the north of Kuala Lumpur City Centre ('KLCC'). It is surrounded mainly with high-rise office buildings, retail complexes, high rise condominiums/ service apartments, hotels and parks.



ADDRESS	Menara AmBank, No. 8 Jalan Yap Kwan Seng 50450 Kuala Lumpur
TITLE DETAILS	Sited on the land held under Title No. Grn 52468, Lot No. 140, Section 44, Town and District of Kuala Lumpur, Wilayah Persekutuan
PROPERTY TYPE/ USE	Commercial Office Building
EXISTING USE	Commercial Office
DESCRIPTION OF PROPERTY	46-storey office building comprising a 38-storey office tower block, a 1-level canteen and a 7-level car park
AGE	11 years
STATUS OF HOLDING	Freehold
AVERAGE LEASE PERIOD	3 years
NET LETTABLE AREA	458,882 sq. ft.
PARKING SPACE	795 car parking bays
DATE OF ACQUISITION	21 December 2006
COST OF ACQUISITION	RM230,163,542
OCCUPANCY RATES	99%
AVERAGE RENTAL RECEIVED	RM1,907,000 per month
AVERAGE MAINTENANCE COST	RM510,000 per month
MAJOR CAPITAL EXPENDITURE	Nil
THREE MAJOR TENANTS	1. AmBank (M) Bhd 2. MBF Cards (M) Sdn Bhd 3. Acer Sales & Services Sdn Bhd
ENCUMBRANCES	None
LIMITATION IN TITLE/ INTEREST	None
LATEST VALUATION	RM230,000,000
BASIS OF VALUATION	Comparison and Investment Method
DATE OF LAST VALUATION	7 March 2006
FAIR VALUE ADJUSTMENT	Nil
NET BOOK VALUE	RM230,163,542



MENARA MERAIS

MENARA MERAIS

MENARA MERAIS represents a landmark building in Petaling Jaya as it is the only high rise building in the area. It is situated at Jalan 19/3, within Section 19, Petaling Jaya where its immediate locality comprises purpose built offices, warehouses, hotel, industrial/ showroom premises and several rows of shop offices.

ADDRESS	Menara Merais No. 1, Jalan 19/3 Section 19/3 46300 Petaling Jaya Selangor Darul Ehsan	COST OF ACQUISITION	RM57,080,705
TITLE DETAILS	Sited on the land held under Title No. GRN 6312, Lot No. 1153, Section 57, Town and District of Kuala Lumpur, Wilayah	OCCUPANCY RATES	91%
PROPERTY TYPE/ USE	Commercial Office Building	AVERAGE RENTAL RECEIVED	RM462,000 per month
EXISTING USE	Commercial Office	AVERAGE MAINTENANCE COST	RM158,000 per month
DESCRIPTION OF PROPERTY	22-storey purpose-built office building comprising a 3-level basement car park and 1 block of 2-storey mechanical block and a TNB sub station	THREE MAJOR TENANTS	1. Merck Sharp & Dohme (I.A) Corporation 2. KAO (M) Ssd Bhd 3. AGFA Film (Asean) Sdn Bhd
AGE	11 years	MAJOR CAPITAL EXPENDITURE	Nil
STATUS OF HOLDING	Freehold	ENCUMBRANCES	Private caveat entered by AmBank (M) Berhad
AVERAGE LEASE PERIOD	3 years	LIMITATION IN TITLE/ INTEREST	None
NET LETTABLE AREA	159,002 sq. ft.	LATEST VALUATION	RM58,000,000
PARKING SPACE	324 car parking bays	BASIS OF VALUATION	Comparison and Investment Method
DATE OF ACQUISITION	21 December 2006	DATE OF LAST VALUATION	7 March 2006
		FAIR VALUE ADJUSTMENT	Nil
		NET BOOK VALUE	RM57,080,705



AmBANK GROUP LEADERSHIP CENTRE

AmBANK GROUP LEADERSHIP CENTRE

Ambank Group leadership Centre is situated within 'Golden Triangle' which is surrounded by the Bukit Nanas Recreational Park, Menara SMI, Menara Pan Global and Plaza Atrium. The Kuala Lumpur Tower is located within short walking and the only Learning Centre in this vicinity.



ADDRESS	AmBank Group Leadership Centre Jalan Punchak, off Jalan P. Ramlee 50250 Kuala Lumpur	OCCUPANCY RATES	83%
TITLE DETAILS	Sited on the land held under Title No.GRN 6312, Lot No.1153, Section 57, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	AVERAGE RENTAL RECEIVED	RM146,000 per month
PROPERTY TYPE/ USE	Commercial Office Building	AVERAGE MAINTENANCE COST	RM68,000 per month
EXISTING USE	Commercial Office	MAJOR CAPITAL EXPENDITURE	Nil
DESCRIPTION OF PROPERTY	14-storey office building comprising a 10-storey office tower block, a penthouse and a 3-level car park	THREE MAJOR TENANTS	1. AmInvestment Bank Bhd 2. Jade San Realty Sdn Bhd 3. BZ Bees Florist
AGE	18 years	ENCUMBRANCES	None
STATUS OF HOLDING	Freehold	LIMITATION IN TITLE/ INTEREST	None
AVERAGE LEASE PERIOD	3 years	LATEST VALUATION	RM19,000,000
NET LETTABLE AREA	57,801 sq. ft.	BASIS OF VALUATION	Comparison and Investment Method
PARKING SPACE	57 car parking bays	DATE OF LAST VALUATION	7 March 2006
DATE OF ACQUISITION	21 December 2006	FAIR VALUE ADJUSTMENT	Nil
COST OF ACQUISITION	RM19,056,513	NET BOOK VALUE	RM19,056,513

Performance Data

i) Portfolio Composition of the Trust

	As at 21 December 2006 %	As at 31 March 2007 %
Menara AmBank	47.3	45.9
Bangunan AmBank Group	37.0	35.9
Menara Merais	11.8	11.4
AmBank Group Leadership Centre	3.9	3.8
	100.0	97.0
Deposits with financial institution	-	3.0
	100.0	100.0

ii) Net asset Value and Unit information

Total net asset value (RM'000)	426,801	435,221
Units in circulation (No of units'000)	429,100	429,100
Net asset value per unit (RM)	0.99	1.01
Highest traded price for the period (RM)	N/A	1.00
Lowest traded price for the period (RM)	N/A	0.86

iii) Performance of the Trust Since Commencement

Total return (%)	N/A	(7.8)
- Capital growth (%)	N/A	(10.0)
- Income distribution (%)	N/A	2.16
Income distribution per unit (sen)		
- Gross		1.946
- Net		1.946
Management expense ratio (%)		0.31
Portfolio turnover ratio (times)		0.77

Note: Total return is based on the actual income distribution and the net change in the weighted average market price during the financial period, over the weighted average market price during the financial period.

iv) Average Annual Return for the Financial Period Ended 31 March 2007

	AmFIRST REIT (%)	KLCI (%)
Since launch (21 December 2006)	(7.8)	37.1%

Corporate Governance

Am ARA REIT Managers Sdn Bhd (Am ARA or the Manager), as the Manager of AmFIRST Real Estate Investment Trust (AmFIRST REIT), has adopted an overall corporate governance framework that is designed to meet best practice principles and which recognizes that an effective corporate governance culture is critical to the performance of the Manager and consequently, the success of AmFIRST REIT, which it manages.

In particular, the Manager has an obligation to act honestly, with due care and diligence, and in the best interest of unitholders. This obligation ties in with the Manager's prime responsibility in managing the assets and liabilities of AmFIRST REIT for the benefit of unitholders.

THE MANAGER OF AmFIRST REIT

The Manager's primary responsibility is to manage and administer AmFIRST REIT in accordance with the investment policy of AmFIRST REIT for the benefit of the unitholders. Amongst others, the Manager will be responsible for the following:

- Determining the investment policies of AmFIRST REIT
- Formulating strategic direction of AmFIRST REIT
- Developing business plans for investments in the short, medium and long-term, and the budget of AmFIRST REIT
- Formulating AmFIRST REIT's risk management policies
- Recommending acquisition, divestment or asset enhancement of AmFIRST REIT's assets to the trustee
- Devising the leasing strategies and managing tenants
- Ensuring compliance with the applicable provisions of the Deed constituting AmFIRST REIT (Deed), the Securities Commission Acts 1993, the Securities Commission (SC) Guidelines on Real Estate Investment Trusts (REITs), SC Guidelines on Unit Trust Funds, the Listing Requirements of Bursa Malaysia Securities Berhad and other relevant legislations
- Supervising the Property Manager
- Performing any other duties and obligations as provided under the Deed, SC Guidelines on REITs and SC Guidelines on Unit Trust Funds

AmFIRST REIT, 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 the Manager. All directors and employees of the Manager are remunerated by the Manager and not AmFIRST REIT.

DIRECTORS OF THE MANAGER

The Board

The Manager is led and managed by an experienced Board with a wide and variety 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 recognize the key role they play in charting the strategic direction, development and control of the Manager and have adopted the six primary responsibilities as listed in the Code as well as the roles and duties set out in the REIT Guidelines, which facilitate the discharge of the Director's stewardship responsibilities.

Board Balance

The Board currently comprises 3 non-independent non-executive directors, two independent non-executive directors and two alternate directors. The profiles of the members of the Board are provided in pages 4 to 8 of the Annual Report.

The Chairman leads the Board and is responsible for the vision and strategic directions of the Manager as well as to monitor progress on implementation of Key Performance Areas and strategic developments.

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

Board Meetings

Board meetings are scheduled at least four (4) times per annum to review the operations of AmFIRST REIT and to approve the interim and annual financial statements of AmFIRST REIT. Additional meetings are held as and when urgent issues and important decisions need to be taken between the scheduled meetings.

Since the listing of AmFIRST REIT on 21 December 2006, the Board met 3 times during the financial period ended 31 March 2007.

Access to and Supply of Information and Advice

All Board members are supplied with information on a timely manner. Board reports are circulated prior to Board meetings and the reports provide among others, financial and corporate information, significant operational, financial and corporate issues, performance of AmFIRST REIT and management's proposals which require the approval of the Board.

All directors have access to the advice and services of the Company Secretary as well as to independent professional advice.

Corporate Governance (cont'd)

Appointment to the Board

The Board has decided that 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 on-going responsibility of the entire Board.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for ensuring the proper maintenance of accounting records for AmFIRST REIT. The Directors are satisfied that in preparing the financial statement of AmFIRST REIT for the financial period ended 31 March 2007, AmFIRST REIT has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standard has been followed in the preparation of the financial statements.

Internal Control

The Board has overall responsibility for maintaining a system of internal control that covers financial and operation controls and risk management. The system provide reasonable but not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

Relationship with 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 Auditor is approved by the Trustee.

RELATED PARTY TRANSACTIONS 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 to the Securities Commission Guidelines on REITs, The Deed and the Listing Requirement of Bursa Malaysia Securities Berhad.

The Board will consider AmFIRST REIT's best interest in relation to decision affecting it when they vote as a member of the Board. In addition, the Directors, and Acting 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 risk to the assets of AmFIRST REIT, and acts upon any comments of the Auditors. In assessing business risk, the Board considers the economic environment and the property industry risk.

COMMUNICATION WITH UNITHOLDERS

The Board acknowledges the importance of regular communication with unitholders and investors via annual reports, circulars and quarterly financial reports. Various announcements were also made during the period, through which unitholders and investors can have an overview of AmFIRST REIT's performance and operation.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility ("CSR") is part of the organizational 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 REIT'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 encouraged staffs to be environmentally friendly and adopt cost saving measure.

Report by the Directors of the Manager

For The Financial Period Ended 31 March 2007

The Directors of Am ARA REIT Managers Sdn. Bhd. ("Am ARA" or the "Manager"), the Manager of AmFIRST Real Estate Investment Trust ("AmFIRST REIT or 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 period from 21 December 2006 (date of commencement) to 31 March 2007.

THE TRUST, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The Trust was constituted pursuant to the execution of a Trust 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, Mayban Trustees Berhad. 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 which is in turn a wholly-owned subsidiary of ARA Asset Management Limited, a member of the Cheung Kong Group based in Hong Kong. The principal activity of the Manager is to manage real estate investment trusts. There has been no significant change in the nature of this activity during the period.

MANAGER'S INVESTMENT OBJECTIVES AND STRATEGIES

Am ARA is a professional manager. 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 REIT'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 minimising 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 maximise growth:-

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

(ii) Acquisition Strategy

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

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

The Manager is expected to benefit from the network of the Sponsor and its shareholder, ARA Asset Management (Malaysia) Limited, which is a wholly-owned subsidiary of ARA Asset Management Limited ("ARA Group"). The 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. The 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 staff 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 REIT.

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

Report by the Directors of the Manager

For The Financial Period Ended 31 March 2007 (cont'd)

(iii) Capital Management Strategy

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

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

INVESTMENT POLICIES AND COMPLIANCE WITH REIT GUIDELINES

(i) Permitted Investments and Restrictions

AmFIRST REIT 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 REIT Guidelines or otherwise permitted by the SC.

AmFIRST REIT will not be extending loans and any other credit facilities to any party, entering 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 under the REIT Guidelines.

(ii) Portfolio Composition

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

- (a) at least 75% of AmFIRST REIT's total assets shall be invested in real estate, single-purpose companies whose principal assets comprise real estate, real estate-related assets and/or liquid assets;
- (b) at least 50% of AmFIRST REIT's total assets must be invested in real estate and/or single-purpose companies whose principal assets comprise real estate; and
- (c) the remaining 25% of AmFIRST REIT's total assets may be invested in real estate-related assets, non real estate-related assets and/or asset-backed securities.

(iii) Diversification

AmFIRST REIT will seek to diversify its real estate portfolio by property type and location. AmFIRST REIT will focus on investing in real estate which are primarily used for commercial purposes. However, the Trust may also look into other properties used for other purposes that will provide attractive risk-adjusted returns.

(iv) Gearing

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

Report by the Directors of the Manager

For The Financial Period Ended 31 March 2007 (cont'd)

REVIEW OF PERFORMANCE

	As at 31 March 2007	As at Commencement
Net asset value (RM'000)	435,221	426,801
Units in circulation (units) ('000)	429,001	429,001
Net asset value per unit (RM)	1.01	0.99
Market price per unit (RM)	0.89	n/a
Highest traded price per unit during the period (RM)	1.00	n/a
Lowest traded price per unit during the period (RM)	0.86	n/a

Comparison of results

	Actual RM'000	Prospectus * RM'000
Total revenue	13,891	14,028
Income before taxation	8,349	8,338
Income after taxation	8,349	8,338
Income distribution	8,349	8,338
Earnings per unit (sen)	1.946	1.944
Distribution per unit (sen)	1.946	1.944
Distribution yield (%) @		
- based on IPO price (RM1.00)	7.03%	7.02%
- based on closing price (RM0.895)	7.86%	7.85%

* for comparison purpose, the figures are adjusted based on number of days from 21 December 2006 to 31 March 2007.

@ annualised

AmFIRST REIT met its projected earnings and distribution for the period ended 31 March 2007.

DISTRIBUTION OF INCOME

In respect of the current financial period ended 31 March 2007, the Manager proposes an income distribution of 1.946 sen per unit, totalling RM8,348,693 which is in line with the objectives of AmFIRST REIT to deliver regular and stable distributions to unitholders.

This proposed distribution per unit of 1.946 sen represents an annualised yield approximately 7.9% based on the closing price of RM0.895 as at 31 March 2007.

The effect of the income distribution in terms of NAV per unit as at 31 March 2007 is as follows:

	RM
NAV per unit - before distribution	1.014
NAV per unit - after distribution	0.995

Report by the Directors of the Manager

For The Financial Period Ended 31 March 2007 (cont'd)

INVESTMENT OF THE TRUST

AmFIRST REIT's composition of investment as at 31 March 2007 is as follows:

	RM million	%
Stated at cost		
Menara AmBank	230.2	45.9%
Bangunan AmBank Group	180.2	35.9%
Menara Merais	57.1	11.4%
AmBank Group Leadership Centre	19.1	3.8%
	<hr/>	<hr/>
	486.5	97.0%
At fair value		
Deposits with financial institution	15.3	3.04%
	<hr/>	<hr/>
	501.7	100.0%

There are no significant changes in the assets allocation since the commencement date.

BREAKDOWN OF UNIT HOLDINGS

	Number of Unitholders	Number of Units Holdings
5,000 and below	12,542	15,963,186
5,001 to 10,000	838	6,870,037
10,001 to 50,000	789	18,105,152
50,001 to 500,000	261	35,651,079
500,001 and above	40	352,411,546
	<hr/>	<hr/>
	14,470	429,001,000

DIRECTORS OF THE MANAGER

The names of the Directors of the Manager who served on the Board at the date of this report are:

Dato' Azlan Hashim (Chairman) (Appointed on 24 August 2006)

Cheah Tek Kuang (Appointed on 24 August 2006)

Lim Hwee Chiang (Appointed on 24 August 2006)

Mohd Salleh Akram (Appointed on 24 August 2006)

Dato' Teo Chiang Quan (Appointed on 24 August 2006)

Pushpa Rajadurai (Alternate to Cheah Tek Kuang) (Appointed on 24 August 2006)

Anthony Ang Meng Huat (Alternate to Lim Hwee Chiang) (Appointed on 24 August 2006)

DIRECTORS' BENEFITS

Neither at the end of the Period, nor at any time during the Period, 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.

Since the establishment of the Trust, 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 any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Report by the Directors of the Manager

For The Financial Period Ended 31 March 2007 (cont'd)

DIRECTORS' INTEREST

According to the register of Directors' shareholdings, the interests of Directors of the Manager in office at the end of the financial period ended 31 March 2007 are as follows:

	At date of commencement	Bought	Sold	At 31 March 2007
Dato' Azlan Hashim	75,000	-	-	75,000
Cheah Tek Kuang	1,000	-	-	1,000

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

MANAGER'S FEES AND COMMISSION

Pursuant to the Trust Deed, the Manager's fees consist of a base fee (excluding any taxes payable) of up to 0.5% per annum of the total asset value (For the period from 21 December 2006 (commencement date) to 31 March 2007 and the next 3 financial years ending 31 March 2010, the base fee shall be fixed at 0.3% per annum) and a performance fee (excluding any taxes payable) of 3% per annum of the net property income, but before deduction of property management fees.

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 REIT 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 REIT (pro-rated if applicable to the proportion of the interest in real estate or single-purpose company purchased or sold).

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

OTHER STATUTORY INFORMATION

- (a) Before the income statement and balance sheet of the Trust were made out, the Manager took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
 - to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (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:
- it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Trust; and
 - 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.
- (e) At the date of this report, there does not exist:
- 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
 - 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:
- 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

Report by the Directors of the Manager

For The Financial Period Ended 31 March 2007 (cont'd)

- (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

Proposed acquisition of Kelana Brem Towers

On 15 November 2006, the Trust had entered into an agreement with Brem Holding Berhad to acquire an office building, namely Kelana Brem Towers ("KBT") for a total consideration of RM85,000,000 on a willing-buyer willing-seller basis valued by an independent valuers, Rahim & Co Chartered Surveyors Sdn Bhd at RM88,000,000 using investment and comparison methods.

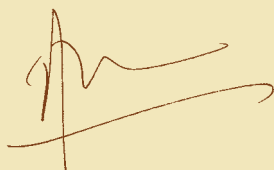
The building is erected on a piece of 99-year leasehold land expiring 19 February 2094 located in Petaling Jaya. It is a two (2) 16-storey purpose built office towers which are connected at Level 1 to Level 5 and 1 Level basement carpark. The certificate of Fitness for Occupation was issued on 10 November 2001.

The proposed acquisition is pending approval of the Selangor State Authorities.

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 Hashim



Mohd Salleh Akram


Kuala Lumpur, Malaysia

Date : 4 May 2007

Statement by the Directors of the Manager

We, Dato' Azlan Hashim and Mohd Salleh 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 28 to 40 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 2007 and of the results and the cash flows of the Trust for the financial period then ended.

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



Dato' Azlan Hashim



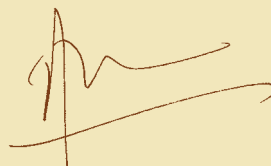
Mohd Salleh Akram

Kuala Lumpur, Malaysia
Date: 4 May 2007

Statutory Declaration

I, Dato' Azlan Hashim, being the director of the Manager 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 28 to 40 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 Dato' Azlan Hashim)
at Kuala Lumpur in Wilayah Persekutuan)
on 4 May 2007)



Dato' Azlan Hashim

Before me:



Commissioner for Oaths

Trustee's Report

To the Unitholders of AmFIRST Real Estate Investment Trust

We have acted as Trustee of AmFIRST Real Estate Investment Trust ("the Trust") for the period ended 31 March 2007. To the best of our knowledge, Am ARA REIT Managers Sdn. Bhd., the Manager, has managed the Trust in accordance with the limitations imposed on the investment powers of the management company and the trustee under the Deed, other applicable provisions of the Deed, the Securities Commission's Guidelines on Real Estate Investment Trusts, the Securities Commission Act 1993 and other applicable laws during the financial period ended 31 March 2007.

We are of the opinion that the recommended net income distribution of 1.946 sen per unit for the financial period is in line with and is reflective of the objectives of the Trust.

For Mayban Trustees Berhad



Quek Yen Leng
Head, Accounts and Administration

Kuala Lumpur, Malaysia
Date: 4 May 2007

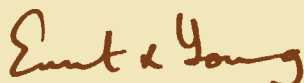
Report of the Auditors to The Unitholders of AmFIRST Real Estate Investment Trust

We have audited the financial statements set out on pages 28 to 40. These financial statements are the responsibility of the directors of the Managers of the Trust. Our responsibility is to express an opinion on the financial statements based on our audit.

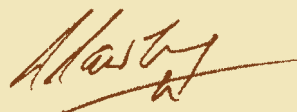
It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with applicable Securities Commission's Guidelines on Real Estate Investment Funds and for no other purposes. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors of the Managers, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements have been properly 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 Funds so as to give a true and fair view of the financial position of the Trust as at 31 March 2007 and of the results and the cash flows of the Trust for the period then ended.



Ernst & Young
AF: 0039
Chartered Accountants



Lim Saw Keng
No. 2215/10/07(J)
Partner

Kuala Lumpur, Malaysia
Date: 4 May 2007

Balance Sheet

as at 31 March 2007

	Note	2007 RM
ASSETS		
INVESTMENTS		
Investment properties	5	486,458,966
Deposits with financial institutions	6	15,252,715
		501,711,681
OTHER ASSETS		
Trade and other receivables	7	12,561,980
Cash and bank balances		1,176,307
		13,738,287
TOTAL ASSETS		515,449,968
LIABILITIES		
Trade and other payables	8	4,691,173
Rental deposits	9	10,037,691
Borrowings	10	65,500,000
Total liabilities (excluding Net Asset Value attributable to Unitholders)		80,228,864
NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS	11	435,221,104
NUMBER OF UNITS IN CIRCULATION		429,001,000
NET ASSET VALUE PER UNIT		
- before proposed final distribution		1.014
- after proposed final distribution		0.995

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

Income Statement

For The Period from 21 December 2006 (date of commencement) to 31 March 2007

		21.12.2006 to 31.3.2007
	Note	RM
Gross revenue	12	13,890,622
Property expenses	13	(3,822,207)
Net rental income		<u>10,068,415</u>
Interest income		72,298
		<u>10,140,713</u>
Administrative expenses		
Manager's fee	14	732,435
Trustee's fee	15	48,399
Valuation fee		21,000
Auditors' remuneration		10,000
Tax agent's fees		5,900
Others		99,073
Interest expense		875,214
		<u>1,792,021</u>
Income before taxation		8,348,692
Taxation	16	-
Income for the period		<u>8,348,692</u>
Net income for the period is made up as follows:-		
Realised		8,348,692
Unrealised		-
		<u>8,348,692</u>
Earnings per unit (sen)		
- after managers' fees		1.95
- before managers' fees		2.12
Net income distribution		
Proposed final income distribution of 1.946 sen per unit payable on 31 May 2007	18	<u>8,348,692</u>

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

Statement of Changes in Net Asset Value

For The Period from 21 December 2006 (date of commencement) to 31 March 2007

	Unitholders' capital RM	Distributable Undistributed income RM	Unitholders' fund RM
At 21 December 2006 (date of commencement)	1,000	-	1,000
Proceed from initial public offering	429,000,000	-	429,000,000
Listing expenses	(2,128,588)	-	(2,128,588)
Net income for the year (Note 18)	-	8,348,692	8,348,692
At 31 March 2007	426,872,412	8,348,692	435,221,104

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

Cash Flow Statement

For The Period from 21 December 2006 (date of commencement) to 31 March 2007

	21.12.2006 to 31.3.2007 RM
CASH FLOW FROM OPERATING ACTIVITIES	
Income before taxation	8,348,692
Adjustments for:	
Interest income from placements with financial institutions	(72,298)
Interest expense	875,214
Operating profit before working capital changes	<u>9,151,608</u>
(Increase)/Decrease in working capital	
Trade and other receivables	(12,561,980)
Trade and other payables	4,691,173
Rental deposits	10,037,691
Net cash generated from operating activities	<u>11,318,492</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of investment properties	(486,458,966)
Interest income	72,298
Net cash used in investing activities	<u>(486,386,668)</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Interest paid	(875,214)
Proceeds from issue of units	429,000,000
Proceeds from borrowings	65,500,000
Establishment & issue expenses	(2,128,588)
Net cash used in financing activities	<u>491,496,198</u>
Net increase in cash and cash equivalents	16,428,022
Cash and cash equivalents at 21 December 2006 (date of establishment)	1,000
Cash and cash equivalents at 31 March 2007	<u>16,429,022</u>
CASH AND CASH EQUIVALENTS	
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:	
Cash and bank balances	1,176,307
Deposits with financial institutions	15,252,715
	<u>16,429,022</u>

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

Notes to The Financial Statements

31 March 2007

1. GENERAL INFORMATION

The Trust was constituted pursuant to the execution of a Trust Deed dated 28 September 2006 by the Manager, Am ARA REIT Managers Sdn Bhd, and the Trustee, 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 member which in turn a wholly subsidiary of ARA Asset Management Limited a member of the Cheung Kong Group based in Hong Kong.

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

The key objectives of AmFIRST REIT 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 investment.

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

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors on 4 May 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and comply with applicable Financial Reporting Standards in Malaysia, applicable provisions of the Trust Deed and the Companies' Act 1965 and the Securities Commission's Guidelines on Real Estate Investment Funds.

Most of the new and revised FRSs which are mandatory for the companies with financial periods beginning on or after 1 January 2006 are not relevant to the Trust. Those FRSs that are relevant do not give rise to any significant effects on the financial statements of the Trust.

The Trust had not adopted the following FRSs which are not relevant except possibly for FRS 139:

FRS	Effective for financial periods beginning on/after
FRS 139 - Financial Instruments: Recognition and Measurement	Effective date deferred
FRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 119 ²⁰⁰⁴ : Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operations	1 July 2007
IC Interpretation 1: Changes in Existing, Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129 ²⁰⁰⁴ Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

Notes to The Financial Statements

31 March 2007 (cont'd)

(b) Investment properties

Investment properties consist of freehold and leasehold land buildings held to earn rental income or for capital appreciation or both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. In compliance with the Securities Commission's Guidelines on Real Estate Investment Trusts, real property are to be revalued at least once in every 3 years from the last valuation. All revaluation need to be approved by the Securities Commission.

Any gains or loss arising from changes in the fair values of investment properties are recognised in the income statement for the period in which they arise.

(c) Trade and other receivables

Trade and other receivables are carried at anticipated realisable values. Known bad debts are written off and specific provisions are made for any debts considered to be doubtful of collection.

(d) Cash and Cash Equivalents

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

(e) Other payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(f) Provisions

A provision is recognised 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.

(g) Borrowings

Interest bearing borrowing is recorded at the amount of proceeds received.

(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 taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet 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 recognised for all taxable temporary differences and deferred tax assets are recognised 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 utilised. Deferred tax is not recognised 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 realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Notes to The Financial Statements

31 March 2007 (cont'd)

(i) Impairment of Assets

At each balance sheet 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 the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased.

The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(j) Revenue

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

(k) Expenses

(i) Property expenses

Property expenses consist of property management fees, quit rent, assessment and other outgoings in relation to investment properties where such expenses are the responsibility of AmFIRST REIT.

(ii) Interest expense

Interest expense is recognised in the income statement in the period which they are incurred.

(iii) Listing expenses

Listing expenses represent expenses incurred for the listing of AmFIRST REIT on the Main Board 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 recognised on an accrual basis.

5. INVESTMENT PROPERTIES

Description of Property	Status of land	Location	Existing Use	Acquisition Cost RM	Indicative Valuation*** RM	% of valuation to Net asset value
(i) Menara AmBank*	Freehold	Kuala Lumpur	Office	230,169,542	230,000,000	52.8
(ii) Bangunan AmBank Group* [@]	Leasehold	Kuala Lumpur	Office	180,152,206	180,000,000	41.4
(iii) Menara Merais**	Freehold	Petaling Jaya	Office	57,080,705	58,000,000	13.3
(iv) AmBank Group Leadership Centre*	Freehold	Kuala Lumpur	Office	19,056,513	19,000,000	4.4
				<u>486,458,966</u>	<u>487,000,000</u>	

* The properties were valued 7 March 2006 by C H Williams Talhar & Wong Sdn. Bhd., an independent professional valuers using open market valuation.

** The properties were valued 8 March 2006 by C H Williams Talhar & Wong Sdn. Bhd., an independent professional valuers using open market valuation.

*** The indicative valuation were obtained in connection with the acquisition of the properties by AmFIRST REIT.

[@] The leasehold land is expiring on 3 June 2084.

Notes to The Financial Statements

31 March 2007 (cont'd)

6. DEPOSITS WITH FINANCIAL INSTITUTION

	2007 RM
Placements maturing within three months placed with a licensed bank	15,252,715

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

7. TRADE AND OTHER RECEIVABLES

	2007 RM
Trade receivables	762,571
Other receivables, deposits and prepayments	11,799,409
	<u>12,561,980</u>

Included in trade receivables are rental outstanding from companies related to the Manager amounting to RM21,452 and are subject to normal trade term.

Included in other receivables, deposits and prepayment are deposit of RM8,500,000 paid upon the acceptance of offer for sale from Brem Holdings Berhad for the proposed acquisition of Kelana Brem Towers (Note 25).

8. TRADE AND OTHER PAYABLES

	2007 RM
Trade payables	1,854,602
Other payables and accrued expenses	2,836,571
	<u>4,691,173</u>

Included in other payables and accrued expenses is amount owing to the Manager and Trustee of RM732,435 and RM48,399 respectively which are unsecured and interest free.

9. RENTAL DEPOSITS

	2007 RM
Payable within 12 months	1,523,466
Payable after 12 months	8,514,225
	<u>10,037,691</u>

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

	2007 RM
Payable within 12 months	648,070
Payable after 12 months	6,696,934
	<u>7,345,004</u>

Notes to The Financial Statements

31 March 2007 (cont'd)

10. BORROWINGS (SECURED)

	2007 RM
Term loan	57,000,000
Revolving credit facility	8,500,000
	65,500,000

Term loan is secured by way of lien holder caveat over Menara Merais for a tenure of 3 years with fixed interest of 5% per annum.

Revolving credit facility is secured for proposed acquisition of Kelana Brem Towers as explained in Note 25. The facility bears interest ranging from 4.50% to 4.60% per annum.

11. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

Net asset value attributable to unitholders is represented by:

	2007 RM
Unitholders' capital	426,872,412
Undistributed income (Note 18)	8,348,692
	435,221,104
Unitholders' capital comprised:	
Authorised:	
At 21 December 2006 (date of establishment)/ 31 March 2007	429,001,000
Issued and fully paid:	
At date of establishment	1,000
Issue of new units	429,000,000
Listing expenses (Note 19)	(2,128,588)
	426,872,412

As at 31 March 2007, the Manager did not hold any units in AmFIRST REIT. However, the parties related to the Manager who hold units in AmFIRST REIT are as follows:

	No. of units	% of total units
Direct unitholdings of directors of the Manager		
Dato' Azlan Hashim	75,000	0.02%
Cheah Tek Kuang	1,000	0.00%
Unitholdings of companies related to the Manager		
AmEquities Sdn. Bhd.	80,000,000	18.65
RCE Synergy Sdn. Bhd.	35,063,526	8.17
AmcorpGroup Berhad	28,029,696	6.53
AmBank (M) Berhad	21,400,000	4.99
AmAssurance Berhad on behalf of General Fund	20,986,000	4.89
AmInvestment Bank Berhad	20,233,786	4.72
AmAssurance Berhad on behalf of Life Non Par Fund	12,707,500	2.96
AmAssurance Berhad on behalf of Life Fund	8,216,400	1.92
AmAssurance Berhad on behalf of Shareholders' Fund	995,600	0.23

Notes to The Financial Statements

31 March 2007 (cont'd)

12. GROSS REVENUE

	21.12.2006 to 31.3.2007 RM
Gross rental income	13,163,359
Carpark income	659,087
Other income	68,176
	<hr/>
	13,890,622
	<hr/>

13. PROPERTY EXPENSES

Included in property expenses are the following:

	21.12.2006 to 31.3.2007 RM
Property management fee	389,438
Land assessment	1,036,761
Quit rent	20,487
	<hr/>

The property management fee is based on a scaled fee as prescribed under the Valuers, Appraisers and Estate Agent Act 1981 with permissible discount.

14. MANAGER'S FEE

Pursuant to the Trust Deed, the Manager's fee consist of a base fee up to 0.5% per annum of the Total Asset Value of the Fund (excluding any taxes payable) and a performance fee of 3% per annum of net property income (excluding any taxes payable), accruing monthly but before deduction of property management fee. The Manager's fee is for the period from 21 December 2006 to 31 March 2007.

15. TRUSTEE'S FEE

Pursuant to the Trust Deed, the Trustee's fee is entitled to receive a fee up to 0.10% per annum of the net asset value. The Trustee's fee is for the period from 21 December 2006 to 31 March 2007.

16. TAXATION

	21.12.2006 to 31.3.2007 RM
Current tax expense	-
	<hr/>
Reconciliation of effective tax expense	
Income before taxation	8,348,692
	<hr/>
Income tax using Malaysian tax rate of 27%	2,254,147
Non-deductible expenses	18,124
Effect of income exempted from tax	(2,272,271)
	<hr/>
Tax expense	-
	<hr/>

Notes to The Financial Statements

31 March 2007 (cont'd)

17. EARNINGS PER UNIT

- (a) The earnings after manager's fee is computed based on net income for the period and on 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 period and on the number of units in issue of 429,001,000

18. INCOME DISTRIBUTION

In respect of the current financial period ended 31 March 2007, the Manager proposes an income distribution of 1.946 sen per unit, totalling RM8,348,693 which is in line with the objectives of AmFIRST REIT to deliver regular and stable distributions to unitholders.

The financial statements of the current financial year do not reflect this proposed final income distribution. Such distribution will be accounted for in the statement of changes in equity in the financial year ending 31 March 2008.

The effect of the income distribution in terms of NAV per unit as at 31 March 2007 is as follows:

	21.12.2006 to 31.3.2007 RM
Distribution to unitholders is from the following sources:-	
Net rental income	10,068,415
Interest income	72,298
Less: Expenses	(1,792,021)
	<hr/> 8,348,692 <hr/>

19. ESTABLISHMENT AND ISSUE EXPENSES

	21.12.2006 to 31.3.2007 RM
Brokerages and commissions	474,438
Professional fees	378,660
Miscellaneous expenses	1,275,490
	<hr/> 2,128,588 <hr/>

These expenses have been deducted directly against the unitholders' funds. Included in the professional fees are non-audit fees paid to the auditors amounting to RM127,000 for acting as independent reporting accountants with respect to the issuance and placement of additional units in AmFIRST REIT.

20. PORTFOLIO TURNOVER RATIO

	21.12.2006 to 31.3.2007
Portfolio Turnover Ratio ("PTR") (Times)	<hr/> 0.31 <hr/>

The calculation of PTR is based on the average of total acquisition and total disposal of investments in AmFIRST REIT for the period calculated on a weekly basis.

Notes to The Financial Statements

31 March 2007 (cont'd)

21. MANAGEMENT EXPENSE RATIO

	21.12.2006 to 31.3.2007
Management expense ratio ("MER") (%)	0.77

The calculation of MER is based on total fees of AmFIRST REIT 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 period. Since the average net asset value is calculated on a weekly basis, comparison of MER of AmFIRST REIT with other real estate investment trusts which use a different basis of calculation may not be an accurate comparison.

22. CAPITAL COMMITMENT

As at 31 March 2007, AmFIRST REIT has a capital commitment amounting to RM76,500,000 in respect of the acquisition of a property (Note 25).

23. TRANSACTIONS WITH COMPANIES RELATED TO THE MANAGER

	21.12.2006 to 31.3.2007 RM
Rental earned from AMMB Holdings Berhad and its subsidiaries and associates ("AmBank Group")	9,725,582
Interest earned from AmBank Berhad and AmInvestment Bank Berhad	72,298
Insurance premium paid and payables to AmAssurance Berhad	137,813

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.

Also included in the financial statements are the following balances with companies related to the Manager:

	2007 RM
Cash and bank balances, and deposits placed with AmBank (M) Berhad	16,429,022
Rentals deposits received from the AmBank Group	7,345,004

24. FINANCIAL INSTRUMENTS

AmFIRST REIT operates within clearly defined guidelines as set out in the Securities Commission's Guidelines for Real Estate Investment Trusts ("the Guidelines"). These Guidelines have been formulated with the objective of providing a regulatory framework that would protect the interests of the investing public. AmFIRST REIT's risk management policies, which ensure compliance with the spirit of the Guidelines, are set out below. It is not the Trust's policy to engage in speculative transactions.

(a) Interest rate risk

AmFIRST REIT's exposures to changes in interest rates 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.

(b) Credit risk

At balance sheet date, there were no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of financial asset.

(c) Liquidity risk

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.

Notes to The Financial Statements

31 March 2007 (cont'd)

(d) 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 balance sheet date and the periods in which they mature.

	Effective interest rate %	Total	Within 1 year	1-5 years
Financial assets				
Deposits with licensed bank	3.20	15,252,715	15,252,715	
Financial liabilities				
Term Loan	5.00	57,000,000		57,000,000
Revolving credit	4.55	8,500,000	8,500,000	

In respect of cash and cash equivalents, trade and other receivables and trade and other payables, the carrying amounts approximate fair value due to relatively short term nature of these financial instruments.

25 SIGNIFICANT EVENTS

On 15 November 2006, the Trust had entered into an agreement with Brem Holding Berhad to acquire an office building, namely Kelana Brem Towers ("KBT") for a total consideration of RM85,000,000 on a willing-buyer willing-seller basis valued by an independent valuers, Rahim & Co Chartered Surveyors Sdn Bhd at RM88,000,000 using investment and comparison methods.

The building is erected on a piece of 99-leasehold land expiring 19 February 2094 located in Petaling Jaya. It is a two (2) 16-storey purpose built office towers which are connected at Level 1 to Level 5 and 1 Level basement carpark. The certificate of Fitness for Occupation was issued on 10 November 2001.

The proposed acquisition is pending approval of the Selangor State Authorities.

26. COMPARATIVE FIGURES

No comparative figures are presented as this is the first financial statements prepared by AmFIRST REIT.

Analysis of Unit Holders

As at 31 March 2007

THIRTY (30) LARGEST UNITHOLDERS AS AT 31 MARCH 2007

Nos.	Names	Unitholdings	%
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMEQUITIES SDN BHD	80,000,000	18.65
2.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR RCE SYNERGY SDN BHD (KLM)	35,063,526	8.17
3.	AMCORPGROUP BERHAD	28,029,696	6.53
4.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMMERCHANT BANK BHD FOR NG BEE LAN (9917-2101)	24,900,000	5.80
5.	AM NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD	21,400,000	4.99
6.	AMMB NOMINEES (TEMPATAN) SDN BHD AMASSURANCE BERHAD (GENERAL FUND 1/149-0)	20,986,000	4.89
7.	AM NOMINEES (TEMPATAN) SDN BHD AMINVESTMENT BANK BERHAD	20,233,786	4.72
8.	EMPLOYEES PROVIDENT FUND BOARD	20,000,000	4.66
9.	AMMB NOMINEES (TEMPATAN) SDN BHD AMASSURANCE BERHAD (LIFE NON PAR FUND 7/929-6)	12,707,500	2.96
10.	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG BERSAMA	10,225,880	2.38
11.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMMERCHANT BANK BHD FOR CHUA SAW YEAN (9041-1101)	9,000,000	2.10
12.	AMMB NOMINEES (TEMPATAN) SDN BHD AMASSURANCE BERHAD (LIFE FUND 1/148-1)	8,216,400	1.92
13.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR AMERICAN INTERNATIONAL ASSURANCE COMPANY LIMITED	7,753,460	1.81
14.	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD	5,349,700	1.25
15.	CIMB NOMINEES (TEMPATAN) SDN BHD	5,068,920	1.18
16.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMMERCHANT BANK BHD FOR CONTRAIL SDN BHD (9502-1101)	5,000,000	1.17
17.	AMSEC NOMINEES (TEMPATAN) SDN BHD LIM OI WAH (8197-1501)	5,000,000	1.17
18.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PRUDENTIAL ASSURANCE MALAYSIA BERHAD	4,088,800	0.95
19.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMMERCHANT BANK BHD FOR CHUNG SHAN KWANG (9040-1101)	3,000,000	0.70
20.	AMSEC NOMINEES (TEMPATAN) SDN BHD MALAYSIAN HARMONY TOUR & TRAVEL SDN BHD (8118-1101)	3,000,000	0.70
21.	ALLIANZ LIFE INSURANCE MALAYSIA BERHAD	2,752,700	0.64
22.	ALLIANZ GENERAL INSURANCE MALAYSIA BERHAD	2,723,200	0.63
23.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR ERSTE BANK DER OESTERREICHISCHEN SPARKASSEN AG	2,248,200	0.52
24.	TAY HONG PENG	2,000,000	0.47
25.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMMERCHANT BANK BHD FOR LOKE KOK SHING @ LOKE KWOK KHEONG (9117-1101)	2,000,000	0.47
26.	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD PUBLIC SMALLCAP FUND	1,750,000	0.41
27.	VALUECAP SDN BHD	1,285,396	0.30
28.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMMERCHANT BANK BHD FOR WAN CHAN BUN (8094-1101)	1,000,000	0.23
29.	AMMB NOMINEES (TEMPATAN) SDN BHD AMASSURANCE BERHAD (SHAREHOLDERS' FUND 1/150-3)	995,600	0.23
30.	GOH BENG BENG	800,000	0.19
	Total	346,578,764	80.79

Analysis of Unit Holders

As at 31 March 2007 (cont'd)

LIST OF SUBSTANTIAL UNITHOLDERS (5% AND ABOVE)

Nos.	Names	Unitholdings	%
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMEQUITIES SDN BHD	80,000,000	18.65
2.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR RCE SYNERGY SDN BHD (KLM)	35,063,526	8.17
3.	AMCORPGROUP BERHAD (Prudential Equity Income Fund)	28,029,696	6.53
4.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMMERCHANT BANK BHD FOR NG BEE LAN (9917-2101)	24,900,000	5.80
Total		167,993,222	39.15

DISTRIBUTION SCHEDULE OF UNITS AS AT 31 MARCH 2007

Size of Unitholdings	No. of Unitholders	No. of Units	%
Less than 100	471	22,879	0.01
100 to 1,000	8,181	5,332,682	1.76
1001 to 10,000	4,728	17,477,662	11.52
10,001 to 100,000	921	28,147,123	17.68
100,001 to less than 5% of issued units	165	210,027,432	69.03
5% and above of issued units	4	167,993,222	-
Total	14,470	429,001,000	100.00

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