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AmFIRST Real Estate Investment Trust

Annual Report 2009



Manager
Am ARA REIT Managers Sdn Bhd
(730964-X)



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Financial Highlights

FUND PERFORMANCE

Summary of portfolio composition of the Trust since the listing date on 21 December 2006 are as follow:-

	2009	2008	2007
Investment properties (%)	97.37	98.11	96.96
Cash and others (%)	2.63	1.89	3.04
	100.00	100.00	100.00

The abovementioned percentages are based on the total market value of investment properties plus cash.

Summary of performance of the Trust since the listing date on 21 December 2006 are as follow:-

BALANCE SHEET as at 31 March	2009	2008	2007 ₁
Assets Under Management (AUM) (RM'000)	980,000	835,990	486,459
Total Asset Value (RM'000)	1,022,747	876,714	515,450
Total Net Asset Value (NAV) (RM'000)	568,415	426,873	426,872
Units in Circulation (Units) (000)	429,001	429,001	429,001
Total Borrowings (RM'000)	402,000	395,606	65,500
Gearing Ratio (%)	39.31	45.12	12.71
Net Asset Value per unit (RM)			
- As at 31 March	1.32	1.00	1.00
- Lowest NAV during the year	1.00	1.00	1.00
- Highest NAV during the year	1.32	1.00	1.00
Market Price per unit (RM) as at 31 March	0.85	0.87	0.89
Highest Traded Price for the year (RM)	0.95	1.00	1.00
Lowest Traded Price for the year (RM)	0.74	0.83	0.86

INCOME STATEMENT for the financial year/period ended 31 March	2009	2008	2007 ₁
Total Gross Income (RM'000)	93,081	57,853	13,891
Total Property Expenses (RM'000)	31,788	17,209	3,822
Net Rental Income (RM'000)	61,293	40,644	10,069
Interest/Other Income (RM'000)	284	416	72
Changes in fair value of investment properties (RM'000)	141,534	-	-
Total Income (RM'000)	203,111	41,060	10,141
Total Non-Property Expenses (RM'000)	24,040	9,747	1,792
Total Net Income (RM'000)	179,071	31,313	8,349
Consisting of :			
- Realized income after taxation	37,537	31,313	8,349
- Unrealized income after taxation	141,534	-	-
Earnings per unit (EPU) (sen)	41.74	7.30	7.03 ₂
- Realized	8.75	7.30	7.03 ₂
- Unrealized	32.99	-	-
Distribution per unit (DPU) (sen)	8.75	7.30	7.03 ₂
- Interim	4.27	3.62	-
- Final	4.48	3.68	7.03 ₂

Financial Highlights (Cont'd)

FUND PERFORMANCE

INCOME STATEMENT for the financial year/period ended 31 March (cont'd)	2009	2008	2007 ₁
Distribution yield (based on closing market price) (%)	10.29	8.39	7.89 ₂
DPU Growth (%)	19.86	3.84	-
EPU yield (based on closing market price) (%) - Realized	10.29	8.39	7.89 ₂
Management Expense Ratio (MER) (%) ₃	1.56	0.88	0.77
Portfolio Turnover Ratio (PTR) (%)	-	0.80	0.31
TOTAL RETURN			
Total return (%)	7.88	6.05	(3.54)
- Capital Growth	(2.30)	(2.25)	(11.00)
- Income Distribution	10.18	8.30	7.46
AVERAGE ANNUAL RETURN			
	%		
One year	7.88		
Since listing date (21 December 2006)	3.46		

AUM has increased from RM835,990,441 as at 31 March 2008 to RM980,000,000 as at 31 March 2009.

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

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

Total return is based on the actual gross income distribution and net change in average market price at the beginning and end of the financial year, over the average market price of AmFIRST for the respective financial years.

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

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

Notes:-

1. AmFIRST was listed on 21 December 2006. Thus, the Income Statement was related to a period from 21 December 2006 to 31 March 2007.
2. Annualized for the period from 21 December 2006 to 31 March 2007.
3. Based on total fees including the Manager's fees, Trustee's fees, audit fees, tax agent's fees and administrative expenses, to the average net asset value during the financial year.

Financial Highlights (Cont'd)

FUND PERFORMANCE



Total Revenue

61% ▲



Income After Taxation (Realized)

20% ▲



Earnings Per Unit (Realized)

20% ▲



Distribution Per Unit

20% ▲



Total Asset Value

17% ▲



Net Asset Value

33% ▲



Gearing

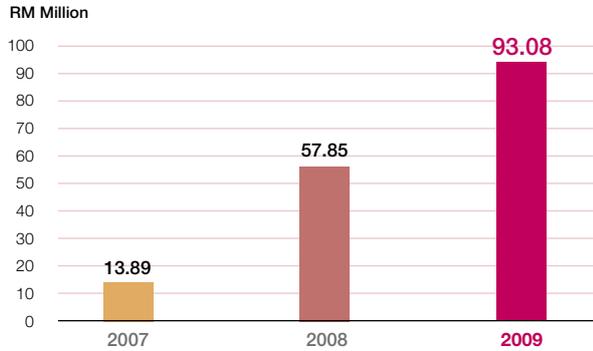
13% ▼

Note: Performance FY 2009 vs FY 2008.

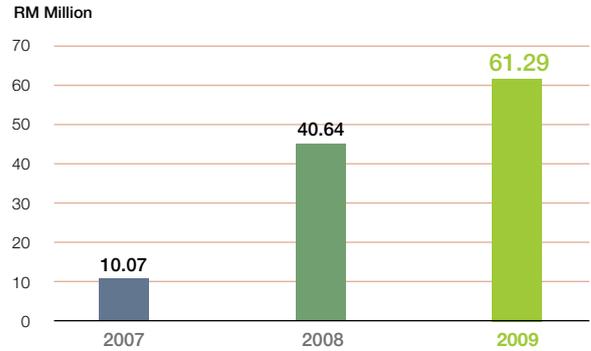
Financial Highlights (Cont'd)

2008 - 09 ACHIEVEMENT AT A GLANCE

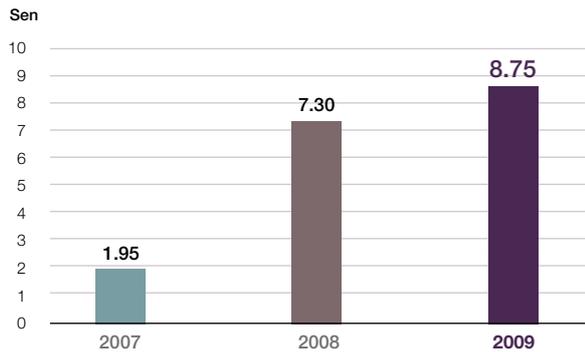
TOTAL REVENUE



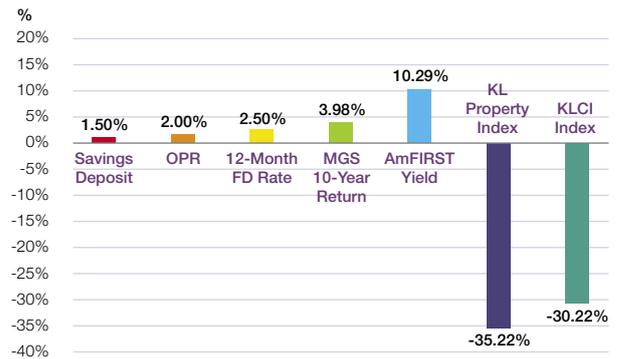
NET PROPERTY INCOME



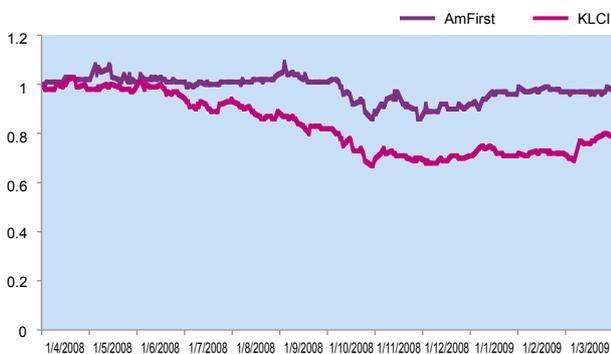
DPU



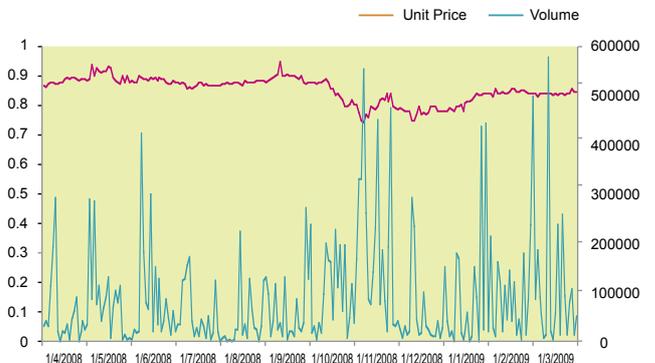
COMPARABLE RETURNS



AMFIRST versus KLCI



UNIT PRICE versus VOLUME



Source: Bloomberg (as at 14/5/09)

Salient Features

ITEM	BRIEF DESCRIPTION
Name of Fund	AmFIRST
Category of Fund	Real Estate
Type of Fund	Income and growth
Investment Objective	The key objective for AmFIRST is to own and invest in real estate whether directly or indirectly through the ownership of single-purpose companies whose principal assets comprise real estate and real estate-related assets.
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.
Authorized Investments	<p>Invest in real estates, single-purpose companies, real estate-related assets, non-real estate related assets and liquid assets;</p> <p>At least 50% of AmFIRST's total assets must be invested in real estate and/or single-purpose companies at all times; and</p> <p>Investment in non-real estate-related assets and/or liquid assets must not exceed 25% of AmFIRST's total assets.</p>
Borrowing Limit	Up to 50% of the total asset value of AmFIRST at the time the borrowings are incurred.
Investors' Profile	AmFIRST 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 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.</p> <p>Barring any unforeseen circumstances, it is the intention of the Manager to distribute 100% of the distributable income of AmFIRST 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 Profile

Y.Bhg. Dato' Azlan Hashim

Non-Independent Non-Executive Chairman

Dato' Azlan Hashim, a Malaysian, aged 67, joined the Board of Am ARA REIT Managers Sdn Bhd on 24 August 2006. Dato' Azlan is a Fellow of the Institute of Chartered Accountants (Ireland), Economic Development Institute (World Bank, Washington) and Institute of Bankers Malaysia.

Dato' Azlan, a qualified Chartered Accountant, served with the Malayan Railways from 1966 to 1971, and was its Chief Accountant for two years. In 1972, he became a partner of a public accounting firm, Azman Wong Salleh & Co. and was a Senior Partner of the firm prior to joining the board of AMDB Berhad in 1982.

He is the Deputy Chairman of AMMB Holdings Berhad and Chairman of AmInternational (L) Limited and PT AmCapital Indonesia. He is currently the Non-Executive Director of AmFraser Securities Pte Ltd & AmFraser International Pte Ltd. He also sits on the Boards of Kumpulan Perangsang Selangor Berhad, Kumpulan Hartanah Selangor Berhad, Global Carriers Berhad, Paramount Corporation Berhad, Sapura Industrial Berhad, Kesas Holdings Berhad, Metrod (M) Berhad and Syarikat Permodalan & Perusahaan Selangor Berhad. He is also Executive Chairman of Global Carriers Berhad.



Board of Directors Profile (Cont'd)



Mr. Cheah Tek Kuang

Non-Independent Non-Executive Director

Mr. Cheah Tek Kuang, a Malaysian, aged 62, was appointed to the Board of Am ARA REIT Managers Sdn Bhd on 24 August 2006. He is currently the Group Managing Director ("Group MD") of AMMB Holdings Berhad and a member of Group Information Technology Committee.

He joined AmInvestment Bank Berhad ("AmInvestment Bank") in 1978 and held various senior positions before being promoted to Managing Director in 1994. He became the Group MD of AmInvestment Bank from January 2002 to December 2004 before assuming the office of Group MD in AMMB Holdings Berhad. He remains a Non-Independent Non-Executive Director of AmInvestment Bank.

His directorships in other public companies includes Bursa Malaysia Berhad and Cagamas Berhad. He is an Investment Panel Member of Employees Provident Fund Board and a Member of the Kumpulan Wang Persaraan. He also currently serves as a Council Member of the Association of Banks in Malaysia and is the Alternate Chairman of the Malaysian Investment Banking Association.

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

Dato' Teo Chiang Quan

Independent Non-Executive Director

Dato' Teo Chiang Quan, a Malaysian aged 59, was appointed to the Board of Am ARA REIT Managers Sdn Bhd 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 of the Group's insurance division from 1981 to 1991.

Under his stewardship, the insurance division grew from a company with a single branch to a respectable and well-capitalized insurance company with 11 branches. He was also instrumental in ensuring the successful merger of the Group's insurance operations with Jerneh Insurance Bhd (JIB).

Dato' Teo assumed the position of Group Managing Director and Group Chief Executive Officer of PCB from 1989 to 2008, when he relinquished the post to assume the position of Executive Deputy Chairman.

Dato' Teo has participated in the Harvard Business School Owner/President Program, OPM 33, a three week per year Executive Education Program from 2002 to 2004. He also completed the "HEC/Oxford University Executive Program" in October 2006. He holds a Honorary Doctorate from Middlesex University, United Kingdom.

Tuan Haji Mohd Salleh Akram

Independent Non-Executive Director

Tuan Haji Mohd Salleh Akram, a Malaysian, aged 60, was appointed to the Board of Am ARA REIT Managers Sdn Bhd on 24 August 2006. He is a Member of the Royal Institution of Chartered Surveyors United Kingdom since 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 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. He became the Kelantan State Director of Valuation in 1975 until 1977 followed by a stint as the Deputy Regional Director of Valuation Selangor Region.

In April 1980, he left the Treasury to join a chartered valuation firm and later became one of the founder directors upon its incorporation as a private limited professional company. On 1 July 1988, he commenced AKRAM & Co., a chartered surveying firm providing professional services in valuation of properties including plant and machinery, real estate agency, property management and property consultancy.

Board of Directors Profile (Cont'd)



Mr. Lim Hwee Chiang

Non-Independent Non-Executive Director

Mr. Lim Hwee Chiang, a Singaporean, aged 52, was appointed to the Board of Am ARA REIT Managers Sdn Bhd on 24 August 2006. Mr. Lim is the Group Chief Executive Officer and an Executive Director of Singapore-listed ARA Asset Management Limited, ARA Asset Management (Singapore) Limited - the manager of Singapore-listed Fortune REIT, ARA Trust Management (Suntec) Limited - the manager of Singapore-listed Suntec REIT and ARA Asset Management (Prosperity) Limited, the manager of Hong Kong-listed Prosperity REIT. In addition, Mr. Lim is an Independent Director and Member of the Audit Committee of Teckwah Industrial Corporation Limited. He is also the Vice President of the Hong Kong-Singapore Business Association and a Board Member of the Asian Public Real Estate Association as well as the Valuation Review Board of the Ministry of Finance, Singapore.

Mr. Lim has over 28 years of experience in real estate. From 1997 to 2002, prior to founding ARA, Mr. Lim was an Executive Director of GRA (Singapore) Private Limited, a wholly-owned subsidiary of Prudential (US) Real Estate Investors. From 1996 to 1997, he founded and was the Managing Director of The Land Managers (S) Pte. Ltd., a Singapore-based property and consulting firm specializing in feasibility studies, marketing and leasing management in Singapore, Hong Kong and China. Mr. Lim was the General Manager of the Singapore Labour Foundation Management Services Pte. Ltd. from 1991 to 1995, and was with DBS Land Limited (now part of CapitaLand Limited) from 1981 to 1990.

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

Ms. Pushpa Rajadurai

Alternate Director to Mr. Cheah Tek Kuang

Ms. Pushpa Rajadurai, a Malaysian aged 51, was appointed to the Board of Am ARA REIT Managers Sdn Bhd on 24 August 2006. Ms. Pushpa joined AmInvestment Bank in May 1989 and has more than 20 years experience in corporate finance and financial consultancy related work.

She is currently the Managing Director, Relationship Banking and Regional Business of AmBank Group. She is responsible for corporate and institutional banking, group corporate strategy and group regional business.

She was the Executive Director of AmInvestment Bank Berhad since 1 January 2005. Prior to that, she was the Director/Head of Corporate Finance involved in both the equity and equity-linked business of the investment bank.

She is a Fellow of the Chartered Association of Certified Accountants and a Member of the Malaysian Institute of Accountants. Prior to joining AmInvestment Bank Berhad, she was attached with PricewaterhouseCoopers.

She is presently on the Boards of AmInvestment Bank Berhad, Malaysian Ventures Management Incorporated Sdn Bhd, AmCapital (B) Sdn Bhd, AmInternational (L) Ltd, 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 the capital market development in the industry and work extensively with all the regulatory bodies in the country at consultative forums.

Mr. Michael Lim Poh Kok

Alternate Director to Mr. Lim Hwee Chiang

Mr. Michael Lim Poh Kok, a Singaporean, aged 52, was appointed to the Board of Am ARA REIT Managers Sdn. Bhd. on 29 June 2007. Mr. Lim holds the position of Director, Risk Management, in Singapore-listed ARA Asset Management Limited ("ARA"). He is also a director of ARA Strategic Capital I Pte Ltd., the manager of the ARA Asian Asset Income Fund.

Prior to joining ARA, from 2000 to 2006, Mr. Lim was a senior credit controller with the Oversea-Chinese Banking Corporation ("OCBC"). As a senior credit controller, he was a risk-partner to the bank's real estate lending units. He also held the position of real estate specialist credit signer of OCBC with industry-specialist approving authority for the bank's domestic and international real estate loans.

Mr. Lim was the head of the recruitment marketing and scholarship unit in the Ministry of Education from 1998 to 2000, and managed his own property agency and consultancy company from 1997 to 1998. Mr. Lim began his career in the banking and finance sector in 1981.

Mr. Lim holds a Bachelor of Business Administration (Honours) from the National University of Singapore.

Chairman's Statement

Dear Unitholders,

On behalf of the Board of Directors of AmARA REIT Managers Sdn Bhd, the Manager of AmFIRST Real Estate Investment Trust ("AmFIRST" or "the Trust"), I have the pleasure of presenting to you the Annual Report and Audited Financial Statements of AmFIRST for the Financial Year Ended 31 March 2009.



OVERVIEW

Despite the current global economic and financial slowdown, we are pleased to inform Unitholders that AmFIRST performed creditably and registered another year of solid results for the financial year 2009. Both distributable income and distribution per unit ("DPU") grew substantially and outperformed our earnings forecast.

This is underpinned by the fundamentals of our portfolio and our proactive tenant relations strategy, which have not only enabled us to increase rental income, but also diversify our tenant mix at AmFIRST's maiden retail mall at The Summit Subang USJ.

Listed with four initial properties namely Bangunan AmBank Group, Menara AmBank, AmBank Group Leadership Centre and Menara Merais, located within the Kuala Lumpur Golden Triangle and Petaling Jaya, our portfolio has grown to include two other properties namely Kelana Brem Towers and The Summit Subang USJ, located within a good catchment area in Kelana Jaya and Subang Jaya respectively. Our assets under management ("AUM") have grown from the initial RM486 million to RM980 million as at 31 March 2009, through a combination of acquisitions and revaluation gains during the year under review.

OPERATIONS REVIEW

AmFIRST's portfolio of six properties is well diversified, comprising office, retail, car parks and hotel. This spreads the sectoral risks as well as the geographical coverage across the various property sectors. During the year under review, all six properties enjoyed good and stable occupancy levels, especially the three office buildings within the Kuala Lumpur Golden Triangle area, which saw an average occupancy level above 90%.

During the year, we continued to be active in our asset enhancement strategy. Various upgrading and refurbishment works were undertaken at AmBank Group Leadership Centre, Menara AmBank and The Summit Subang USJ, to enhance the quality of the assets. This had helped us to maintain and attract quality tenants.

Meanwhile, the refurbishment and upgrading works on The Summit Subang USJ is an on-going exercise and it is our aim to transform the property into a preferred shopping destination in the area.

FINANCIAL PERFORMANCE

For the year under review, both gross revenue and distributable income exceeded those of financial year ended 31 March 2008 by 60.89% and 19.86%, respectively. The substantial growth in gross revenue and distributable income was largely due to improved rental income contribution from Kelana Brem Towers and The Summit Subang USJ. Additional revenue and earnings came from new lettings as well as from the positive rental reversion from tenancy renewals during the year under review. On a portfolio basis, tenancy renewals saw a positive reversion of 10.59%.

AmFIRST has employed prudent capital management and active interest rate management strategies. The reduction in Overnight Policy Rate ("OPR") by 150 basis point to 2.0% has benefited and will continue to benefit AmFIRST by reducing its borrowing cost. As at 31 March 2009, AmFIRST's gearing stood at 39.31% with the cost of borrowings remaining within the forecast average cost of debt of not more than 4.27% per annum.

As at 31 March 2009, AmFIRST recognized a revaluation gains of RM142 million for its six properties and this is a testimony of the quality assets in its portfolio.

Chairman's Statement (Cont'd)

DISTRIBUTION TO UNITHOLDERS

On 8 May 2009, the Board of Directors of Am ARA REIT Managers Sdn Bhd declared a final income distribution per unit ("DPU") of 4.48 sen payable from the distributable income for the period 1 October 2008 to 31 March 2009. The final income distribution will be paid on 29 May 2009.

The final income distribution, coupled with the interim income distribution of 4.27 sen per unit, paid on 28 November 2008, represents a total DPU of 8.75 sen per unit for the financial year 2009, which has exceeded the financial year 2008 DPU of 7.30 sen by 19.86%.

The total DPU of 8.75 sen represents distribution yield of 10.29%, based on AmFIRST's closing price of RM0.85 per unit on 31 March 2009, the last trading day of the financial year.

To promote a vibrant and competitive REITs industry locally and regionally, the Government, during the financial year under review, had unveiled in the 2009 Budget that REIT's final withholding tax on foreign institutional investors be reduced from 20% to 10% and on individuals, from 15% to 10% from 1 January 2009 to 31 December 2011. As such, both our foreign institutional as well as individual investors will benefit and be taxed based on the lower tax regime.

Total Income Distribution of 18 sen per unit and 32% increase in NAV

AmFIRST is pleased to advise Unitholders that from 21 December 2006 till 31 March 2009, we have declared income distribution totaling 18 sen per unit, an 18% return (based on IPO price of RM1.00 per unit) over a period of 27 months. In addition, the Net Asset Value per unit has risen to RM1.32. We have demonstrated to all our Unitholders again we can steadily achieve attractive yield and grow their investment.

OUTLOOK

On Economy

Looking ahead, year 2009 will be a challenging period for all sectors - with the economy projected to grow between -1% to 1% as compared with 4.6% in 2008, in tandem with the slowdown in the global economy.

However, the economy is expected to see a lift in the second half of the year, supported by the two economic stimulus packages being laid out by the government, though the anticipated recovery would also be dependent on the prospects of the global economy and the outcome of the measures introduced by countries affected by the downturn.

The present low Overnight Policy Rate of 2.0% to stimulate growth announced by Bank Negara will provide some breathing space for companies in managing their debts. The much-awaited Financial Guarantee Institution, to be launched by the Government in mid-May will help companies with lower ratings to have access to funds through the bond market. The reactivation of Corporate Debt Restructuring Committee, which is said to be a pre-emptive measure, will provide companies affected by the turmoil, a platform to workout feasible debt restructuring schemes without having to resort to legal proceedings.

In addition, the inherent strength of the Malaysian economy - as reflected in the strong financial sector and comparatively lower debt level among the people, businesses and the Government, would enable the economy to withstand the impact of the external challenges and be able to recover quickly when the global economic and financial situation stabilizes.

On REITs and Property Market

Global financial woes and slowing domestic economic growth had affected market sentiment adversely in the last quarter of 2008 but office market fundamentals remained strong. Lower vacancy rates prompted asking rentals in prime buildings to rise to an average of RM7.10 psf or by about 9.2%.

This robust sentiment however, will not spill over to 2009, as prospective tenants will resist paying premium rents and will be reluctant to commit to new space, preferring to ride out the economic crisis.

Despite the fact that half of the new space coming onto the market this year is already pre-let, there will probably be a moderate "leasing war" led by less well-located buildings to the detriment of better quality properties. Landlords currently quoting RM6.80 to RM7.50 psf for new buildings will take a pragmatic view when there are opportunities to secure major tenancies. Looking ahead, REITs are expected to focus on cost saving and income protection by retaining tenants in 2009.

It is too early to say with any certainty where yields and capital values will settle this year. However, capital values for commercial real estate appears to have peaked in 2008 with investment yields expected to trend north and easing investment activity the most likely scenario going forward.

There were no major new office space last year, only a fraction of about one million sq. ft. was added. Another 1.5 million sq. ft. will come on stream this year, including The Icon along Jalan Tun Razak, which offers 500,000 sq. ft. of lettable area.

Meanwhile, demand for retail space in new developments was weak as retailers opted to open new outlets in existing well-established retail centres. Other retailers, particularly hypermarkets, local brands and smaller retailers were still looking to expand this year. Newly opened major shopping malls such KL Pavilion, Gardens and Sunway Pyramid 2 have gradually filled-up by tenants who had signed leases in 2007. The city registered a retail vacancy rate of 8.80%, as compared with the suburbs which registered only 3.70%.

Three new retail centres in the suburbs, namely AEON AU2, Giant and Tropicana Mall added a total of 984,000 sq. ft. of new space to the market in the fourth quarter of 2008. The new supply has yet to have any significant impact on the performance of the existing retail centres. A number of planned retail developments were cancelled or delayed during the review period resulting in a 20% contraction in upcoming supply in 2009 and 2010.

On AmFIRST

AmFIRST will continue to focus on its core strategy of pro-active asset management of its existing property portfolio to maximize earnings for our Unitholders. Pro-active asset management and prudent capital management will continue to be our key priorities for the next financial year.

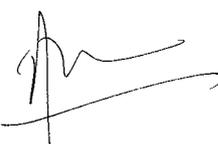
APPRECIATION

As AmFIRST moves into another financial year and strives to deliver stable earnings growth, on behalf of the Board of Directors, I would like to thank our Unitholders, tenants, regulatory bodies, analysts, fund managers, bankers, advisers, consultants and our staff for your continuing support to AmFIRST. I also wish to express my earnest gratitude to my fellow Directors for their wisdom and contribution.

During the financial year under review, the Manager witnessed the departure of Acting Chief Executive Officer, Mr. Anthony Ooi Kwee Yang, who retired in August 2008. On behalf of the Board of Directors, I wish to thank him for all his contributions and effort in growing AmFIRST's assets from the initial four properties to six.

In addition, I would like to welcome Mr. Lim Yoon Peng as the new Chief Executive Officer of Am ARA REIT Managers Sdn Bhd. He brings with him a wealth of experience in the property and M-REIT industry.

Sincerely



Dato' Azlan Hashim

Chairman

Management Team

1. MR. LIM YOON PENG Chief Executive Officer

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

Mr. Lim or fondly known as YP in Malaysian REIT's industry, has over 30 years of extensive financial management and accounting experience and has held senior positions in various multinational companies from UK, Australia and Malaysia. He spent four years as the Financial Controller cum Company Secretary of Victoria Investments & Properties Pty Ltd, a group of companies involved in property investment and development in Melbourne, Australia.

Being one of the pioneers in Malaysian REITs industry, Mr. Lim was invited as speaker on a number of regional and international REITs conferences. He has also conducted a REIT workshop for a local financial institution and was the sole representative from the M-REIT industry to make a joint presentation to the Minister in the Prime Minister's Department to seek a reduction in the withholding tax on REIT's income distribution, which was adopted in the 2009 Budget. He has also contributed a series of articles on the development of Malaysian REITs in several accountancy and other trade journals.

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

Family Relationship with any Director and/or substantial Unitholders.

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

Conflict of Interest

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

Conviction of Offences

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



Management Team (Cont'd)

2. **PANNEER SELVAM NARAYANAN** Head of Finance

Panneer was appointed as Head of Finance of Am ARA REIT Managers Sdn Bhd ("Am ARA REIT") in April 2007. Prior to that, he was the Finance Manager responsible for financial matters relating to AmFIRST namely the review of financial and management reporting, capital management, treasury and risk management. He is also the designated Compliance Officer for statutory and regulatory matters. He was also involved in the reconstitution of AmFIRST Property Trust and was instrumental in the listing of AmFIRST.

Prior to joining Am ARA REIT, he was the Accounts Manager of AmProperty Trust Management Berhad, the Manager of AmFIRST Property Trust and was responsible for the financial matters of the Trust. During his tenure with the Trust, he had been involved in various discussions with the Ministry of Finance and Inland Revenue Board, with regards to taxation and accounting issues of the REIT industry.

He has worked with several subsidiaries of public listed companies for more than five years in the area of finance and accounting.

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

3. **ZUHAIRY MD. ISA** Head of Asset Management

Zuhairy was appointed as the Head of Asset Management of Am ARA REIT Managers Sdn Bhd ("Am ARA REIT") on 15 April 2008. He is responsible for overseeing the management, leasing and the implementation of organic growth strategies to enhance the performance of AmFIRST property portfolio.

He has more than 14 years of related working experience prior to joining Am ARA REIT. His last position was Assistant Vice President II with MIDF Property Bhd, heading the Leasing and Marketing Department for Klang Valley Region. He was also responsible in handling the land and development matters throughout Malaysia as well as in Indonesia. He also served as Director for the subsidiaries involved in logistics in Malaysia and property development in Indonesia.

He graduated from the University of Newcastle Upon-Tyne, United Kingdom with Postgraduate Diploma and Bachelor of Arts (Hons) degree, both in Town Planning where he also had a stint as a Trainee Planner with the South Tyneside Metropolitan Borough Council, United Kingdom.

4. **CARRIE CHUA MOOI CHU** Tenancy Manager

Carrie Chua Mooi Chu was appointed as Tenancy Manager of Am ARA REIT Managers Sdn Bhd ("Am ARA REIT") on 3 October 2008. Her main responsibility is the marketing and leasing of space in the AmFIRST's portfolio as well as overseeing the Tenant Care Program. She also oversees tenancy related matters, including supervising and monitoring the appointed Property Managers.

Prior to joining Am ARA REIT, she was the Complex Manager of The Summit Subang USJ. She was responsible for the planning and implementation of creative and effective leasing strategies to ensure greater leasing of promotion space, better retail mix and effective shopping programs to enhance revenue. Her duty also includes ensuring timely collection to achieve target.

She has more than 10 years of experience ranging from Sales and Marketing, managing retail mall, establishing good rapport and networking with tenants from all trades. Carrie holds an LCCI in Business Accounting and Diploma in Secretarial from Systematic College and has worked in several public listed companies, mainly in marketing division.

5. **ZETY FAZILAH BAHARUDDIN** Investor Relations Manager

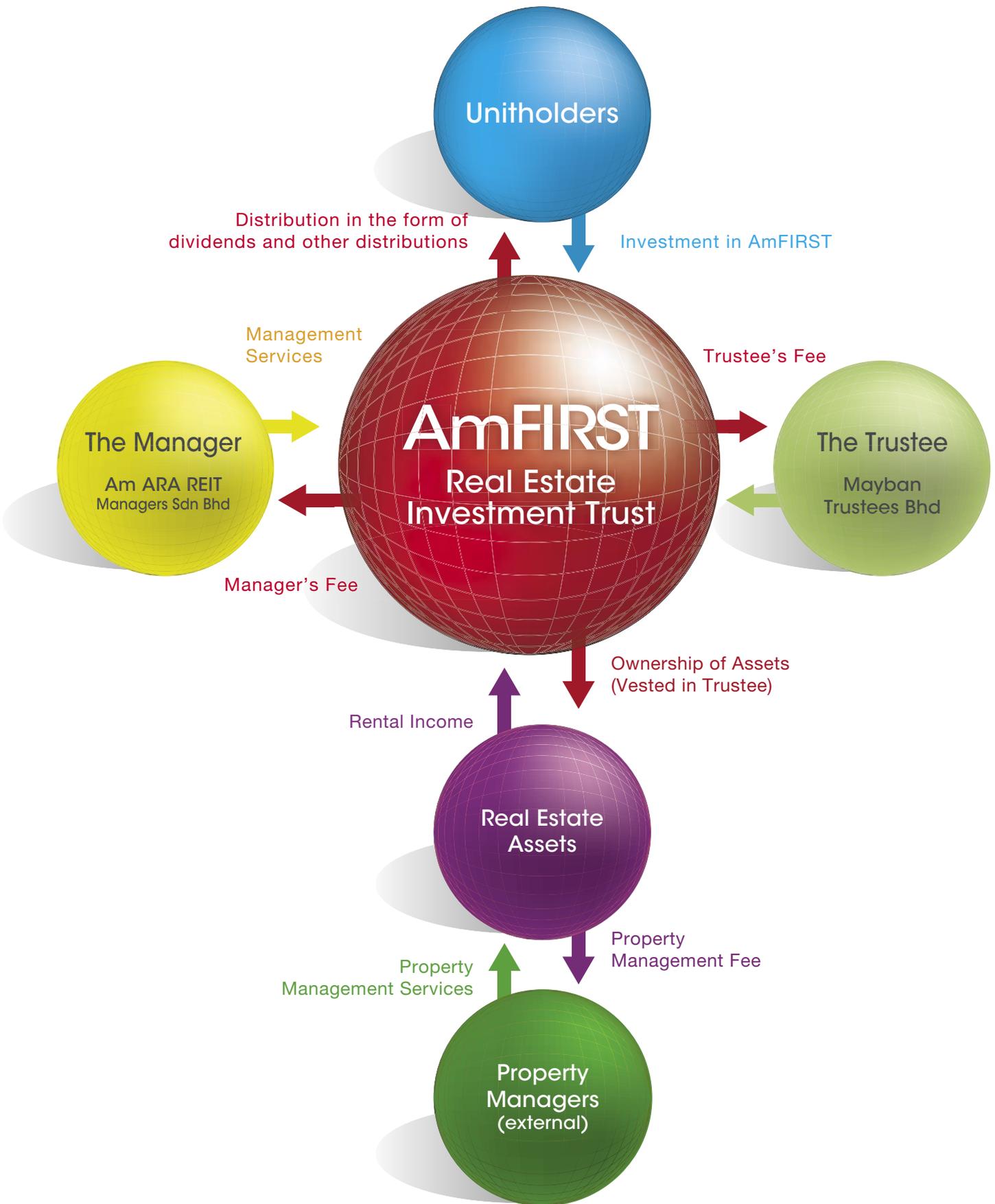
Zety was appointed as Investor Relations Manager of Am ARA REIT Managers Sdn Bhd ("Am ARA REIT") on 15 May 2007. She is responsible for coordinating, communicating and liaising with unitholders, potential unitholders, fund managers, analysts and media to create value on AmFIRST and providing customer service.

Prior to joining Am ARA REIT, she was a Corporate Communications Manager of Telekom Malaysia Berhad, Malaysian Business (TM Net). Prior to this, she was with Perbadanan Nasional Berhad (PNS), an agency under the Ministry of Entrepreneur and Cooperative Development (MECD), responsible in promoting franchise business in Malaysia and marketing local brands that deemed fit for franchise overseas.

Zety started her career as Journalist with The Business Times, a wholly-owned subsidiary of The New Straits Times Press (M) Berhad in 1996, covering the oil and gas, property, plantations and energy sector, before joining Petronas Dagangan Berhad as Assistant Manager at the Group Brand Communications Department.

She graduated from the University of Wollongong, New South Wales, Australia with Master of Arts (Hons) in International Relations, majoring in Politics and Diplomacy. She also holds a Bachelor of Arts degree in Journalism from Universiti Teknologi MARA (formerly known as Institut Teknologi MARA).

AmFIRST Structure



Corporate Governance

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

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

The following sections describe the Manager’s main Corporate Governance Practices and Policies which are guided by measures recommended in the Guidelines on Real Estate Investment Trust issued by the Securities Commission (“SC REIT Guidelines”), the Malaysian Code on Corporate Governance (“Code”) and the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) (“Bursa Listing Requirements”).

THE MANAGER OF AMFIRST

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

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

Other functions and responsibilities of the Manager are as follows:

- Investment Strategy – formulate and implement AmFIRST’s investment strategy, including determining the location, sub-sector, market risk, type and other characteristic of AmFIRST’s property portfolio.
- Acquisition and Divestment – make recommendations to and co-ordinate with the Trustee and implement the acquisition of new assets and divestment of AmFIRST’s existing investments.
- Asset Management – supervise and oversee the management of AmFIRST’s properties including preparing property plans on an annual basis for review by the Directors of the Manager which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanation of major variances to previous forecasts, written commentary on key issues and underlying assumptions on rental rates, occupancy costs and any other relevant assumptions. The purpose of these plans is to explain the performance of AmFIRST’s assets.
- Financing – formulate plans for equity and debt financing for AmFIRST’s funding requirements.

- Accounting Records – keep books and prepare or cause to be prepared accounts and annual reports, including annual budgets for AmFIRST.
- Supervisory Services – supervise day-to-day administrative service as AmFIRST’s representative, including administrative services relating to meetings of Unitholders when such meetings are convened.
- Investor Relations – Co-ordinate, communicate and liaise with Unitholders / Investors.
- Compliance Management – supervise all regulatory filings on behalf of AmFIRST, and ensure that AmFIRST is in compliance with the applicable provisions of the Securities Commission Act, the SC REIT Guidelines, Bursa Listing Requirements, the Trust Deed, and all relevant contracts.

The Manager endeavors to carry on and conduct AmFIRST’s business in a proper and efficient manner and to conduct all transactions with, or on behalf of AmFIRST, on arms length basis.

The Manager also manages and supervises the service providers including the property managers Rahim & Co. Chartered Surveyors, ReGroup, Jones Lang Wootton and DTZ Nawawi Tie Leung (“property manager”), who perform day-to-day property management functions for AmFIRST’s properties pursuant to the property management agreement signed for each property.

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