

AMANAH RAYA
REAL ESTATE INVESTMENT TRUST

Enhancing Value In Trust

AMANAH RAYA ■ REIT

Managed by AmanahRaya-JMF Asset Management Sdn. Bhd.
(309646-H)

Level 7 & 8, Wisma AmanahRaya, No. 2, Jalan Ampang, 50450 Kuala Lumpur.

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MS ISO 9001: 2000 REG NO. AR 4086

INTERIM REPORT 2007

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CORPORATE DIRECTORY

MANAGER

AmanahRaya-JMF Asset Management Sdn. Bhd. (309646-H)
(Incorporated in Malaysia)

MANAGER'S REGISTERED OFFICE

Level 15, Wisma AmanahRaya
No.2, Jalan Ampang
50450 Kuala Lumpur.

PRINCIPAL PLACE OF BUSINESS

Level 7 & 8, Wisma AmanahRaya
No.2, Jalan Ampang
50450 Kuala Lumpur.

BOARD OF DIRECTORS OF THE MANAGER

Independent Non-Executive Directors

Tan Sri Datuk Arshad bin Ayub
(Chairman)

Datuk Mohamed Adnan bin Ali

Tuan Haji Ahmad Kamal bin Abdullah Al-Yafii
(Re-designated from Non-Independent to Independent on 4 May 2007)

Datin Paduka Siti Sa'adiyah binti Sh.Bakir
(resigned on 5 May 2007)

Non-Independent Directors

Dato' Ahmad Rodzi bin Pawanteh

Datuk Mohamed Azahari bin Mohamed Kamil
(Managing Director)

Tai Siong Choi
(Executive Director)

Tuan Haji Rozan bin Mohd Sa'at

Sharizad binti Jumaat
(Executive Director)

Alina binti Hashim
*(Alternate Director to Dato' Ahmad Rodzi bin Pawanteh)
(Appointed on 4 May 2007)*

COMPANY SECRETARIES OF THE MANAGER

Zainul Abidin bin Haji Ahmad

Chu Kum Yoon (f)

See Siew Cheng (f)

INVESTMENT COMMITTEE OF AMANAHRAYA REIT

Datuk Yahya bin Ya'acob
(Chairman/Independent)

Tengku Dato' Hasmuddin Tengku Othman
(Independent)

Dato' Mani Usilappan
(Independent)

Mahadzir bin Azizan
(Independent)

Sudirman bin Masduki
(Non-Independent)

AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

Datuk Mohamed Adnan bin Ali
(Chairman)

Dato' Ahmad Rodzi bin Pawanteh

Tuan Haji Rozan bin Mohd Sa'at

Alina binti Hashim
(Alternate Director to Dato' Ahmad Rodzi bin Pawanteh)

CORPORATE DIRECTORY

MANAGEMENT TEAM

Datuk Mohamed Azahari bin Mohamed Kamil
(Managing Director)

Tai Siong Choi
(Executive Director, Equity)

Sharizad binti Jumaat
(Executive Director, Fixed Income/Property)

Tai Ai Nghoh
(General Manager, Operation and Finance)

Azlan Azizuddin
(General Manager, Marketing & Client Services)

Lee Lay Chan
(General Manager, Research)

Lee Wei Chung
(General Manager, Equity Investment Unit)

Mohd Zamri bin Shariff
(General Manager, Managing Directors' Office)

Abas bin Abd Jalil
(Senior Manager, Property Investment)

Fakru Radzi bin Ab Ghani
(Manager, Property Investment)

Husin bin Jidin
(Manager, Property and Facility Management)

Rizal bin Abdullah
(Manager, Compliance/Legal)

Zaffarin bin Hj Zanal
(Manager, Risk Management)

PROPERTY MANAGER

Malik & Kamaruzaman Property Management Sdn Bhd
(721939-X)
3rd Floor, Wisma Yakin
Jalan Melayu
50100 Kuala Lumpur

REGISTRAR AND TRANSFER OFFICE

Symphony Share Registrars Sdn Bhd *(378993-D)*
Level 26, Menara Multi-Purpose
Capital Square, No.8, Jalan Munshi Abdullah
50100 Kuala Lumpur

TRUSTEE

CIMB Trustee Berhad *(167913 M)*
(formerly known as Bumiputra-Commerce Trustee Berhad)
Level 3, Wisma Amanah Raya
Jalan Semantan, Damansara Heights
50490 Kuala Lumpur

PRINCIPAL FINANCIERS OF THE FUND

Mayban Life Assurance Berhad *(235175-H)*
L15, Mayban Life Tower
Dataran Maybank, 1, Jalan Maarof
59000 Kuala Lumpur

Malaysia National Insurance Berhad *(9557-T)*
Level 26, Tower 1, MNI Twins
11, Jalan Pinang
50450 Kuala Lumpur

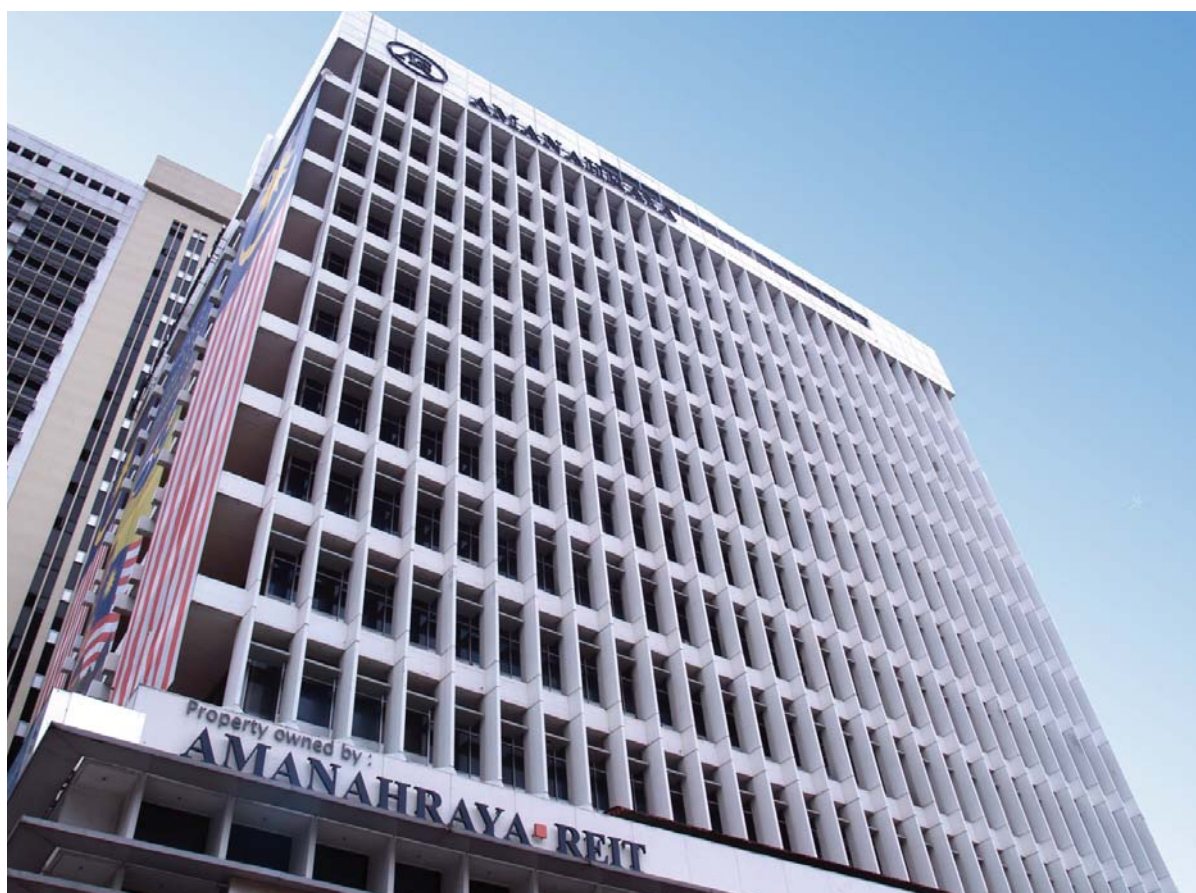
AUDITORS

BDO Binder *(AF 0206)*
12th Floor, Menara Uni.Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur

BURSA MALAYSIA STOCK CODE

ARREIT 5127

PROPERTY PORTFOLIO



About AmanahRaya REIT

AMANAHRAYA REIT (“ARREIT”) is an initiative undertaken by Amanah Raya Berhad (“ARB”), a corporation wholly-owned by the Minister of Finance Incorporated. ARREIT has a diverse portfolio encompassing hospitality, industrial, education and commercial properties with a market capitalisation of RM341.8 million (as at 30 June 2007).

Property	Appraised Value	% of Total Real Estate Portfolio
Holiday Villa Alor Setar	RM31,000,000	9.1%
Holiday Villa Langkawi	RM55,000,000	16.1%
Permanis Factory	RM24,000,000	7.0%
SEGi College, Subang Jaya	RM52,500,000	15.4%
Block A & B, South City Plaza	RM18,300,000	5.4%
Wisma AmanahRaya	RM70,000,000	20.5%
Wisma Amanah Raya Berhad	RM55,000,000	16.0%
Wisma UEP	RM36,000,000	10.5%

The principal investment strategies of ARREIT are to provide stable distributions per unit with the potential for sustainable long term growth of such distributions and it’s Net Asset Value (“NAV”) per unit.

PROPERTY PORTFOLIO (CONTINUED)

About AmanahRaya-JMF Asset Management Sdn Bhd

AmanahRaya-JMF Asset Management Sdn Bhd (“ARJMF”), the manager for ARREIT, was formed through a merger between AmanahRaya Asset Management Sdn Bhd and JMF Asset Management Sdn Bhd which was concluded on 18 August 2005. As at 30 June 2007, the authorised and paid up share capital of ARJMF is RM5,000,000 and RM2,000,000 respectively.

Key Investment Highlights Of ARREIT Property Portfolio

- **Long term lease arrangements.**

With the exception of Wisma UEP all other properties are being leased for a period of at least six (6) years to a maximum of fifteen (15) years. The long term lease arrangements provides added security as this mitigates the risk to secure new lessees/tenants frequently. The rental for the entire lease for all lessee/tenants have been pre-determined on a gradual increase at every rent reviews.

- **Security Deposits.**

All lessee/tenants of ARREIT are required to provide a substantial security deposit in the form of amongst others cash deposit, bank guarantee or a combination of both. The deposit is not an advance rental and is required as a safety measure for ARREIT; should any of the lessees/tenants not be able to fulfill the provisions set out in their respective lease/tenancy arrangements,

- **“Triple Net” Lease.**

Most of the properties have “triple net” lease arrangements whereby the lessees/tenants is fully responsible to bear the cost of the property maintenance and statutory payment themselves .

- **Single Lessees/ Tenants.**

With the exception of Wisma Amanah Raya Berhad, all the properties are being leased/ tenanted on a master lease arrangement. This makes dealing with each property less complicated as ARREIT only has to deal with a single party or the master lessee.

- **Alignment of interest with vendor and capital growth strategies.**

As the vendor for the ARREIT is closely associated with the Manager, property held in the vendor’s portfolio may be injected into ARREIT. This provides for a more effective and efficient method of acquisitions as oppose to ARREIT having to source and purchase properties directly from the market.

- **Tax transparency.**

ARREIT is exempted from Malaysian Income Tax for a year of assessment provided ninety per cent (90%) or more of its taxable income for that year of assessment is distributed to the unit holders pursuant to Section 61A of the Income Tax Act 1967. Distributions made by ARREIT to corporate unit holders resident in Malaysia are not subjected to withholding tax in Malaysia.

PROPERTY PORTFOLIO (CONTINUED)



WISMA AMANAHRAYA

No.2, Jalan Ampang,
50450 Kuala Lumpur.



WISMA UEP

Jalan USJ 10/1A,
Pusat Perniagaan USJ 10,
47620 Subang Jaya,
Selangor Darul Ehsan.



HOLIDAY VILLA LANGKAWI

Lot 1698,
Pantai Tengah,
Mukim Kedawang,
07000 Langkawi,
Kedah Darul Aman.



HOLIDAY VILLA ALOR SETAR

Lot 162 & 163,
Jalan Tunku Ibrahim,
05000 Alor Setar,
Kedah Darul Aman.

PROPERTY PORTFOLIO (CONTINUED)

BLOCK A & B, SOUTH CITY PLAZA

South City Plaza,
Persiaran Serdang Perdana,
Taman Serdang Perdana,
Section 1,
43300 Seri Kembangan,
Selangor Darul Ehsan.



PERMANIS FACTORY

Lots 5 & 7, Jalan P/5 & Jalan P/6,
Kawasan Perusahaan Seksyen 13,
43650 Bandar Baru Bangi,
Selangor Darul Ehsan.



SEGI COLLEGE

Persiaran Kewajipan, USJ 1,
47600 Subang Jaya,
Selangor Darul Ehsan.



WISMA AMANAH RAYA BERHAD

No. 15, Jalan Sri Semantan 1,
Off Jalan Semantan,
Bukit Damansara,
50490 Kuala Lumpur.



MANAGING DIRECTOR'S STATEMENT

For the financial period ending 30 June 2007



Datuk Mohamed Azahari Kamil
Managing Director
AmanahRaya-JMF Asset Management Sdn Bhd

"On behalf of the Board of Directors of AmanahRaya-JMF Asset Management Sdn Bhd (the "Manager"), I have the pleasure of presenting you the interim report and unaudited financial statements of AmanahRaya Real Estate Investment Trust ("ARREIT") for the period ended 30 June 2007".

At The Onset

ARREIT made its debut for the listing on Bursa Securities Malaysia Berhad on 26 February 2007 with a total asset size of RM337 million.

As at 30 June 2007, the total asset size remained the same with the existing eight (8) properties strategically located in prime areas of Klang Valley, Alor Setar and Langkawi. The properties include Wisma AmanahRaya; Wisma Amanah Raya Berhad; Wisma UEP; SEGi College; Block A&B, South City Plaza; Permais Factory; Holiday Villa Alor Setar and Holiday Villa Langkawi.

The properties reflect the underpinning strategy of ARREIT which focuses on diversification in terms of sector allocation and geographical locations which could provide a natural hedging of any adverse impact on any specific industry sector as well as locality.

ARREIT aims to grow its asset size to between RM1 billion and RM2 billion by 2008. It intends to further strengthen its current portfolio by actively seeking for accretive asset acquisitions locally and abroad. It will continue to look for assets with clear income stream and high growth potential over the long term. The Manager will continue with its proactive asset management strategy and innovative asset enhancement work.

Financial Highlights

ARREIT's objective has always been to provide stable and sustainable distribution to its unitholders over the long term. For the period under review, ARREIT achieved a total revenue of RM7.96 million and income after taxation of RM4.34 million, meeting the projections of the Trust as stipulated in its initial public offering (IPO) prospectus dated 26 January 2007.

Strong rental income is visible from the existing leases through irrevocable bank standing instruction for the payment of rental on the seventh (7th) day of the month. Continuous strategic asset enhancement work at all existing properties would contribute to the higher gross revenue achieved.

Further Expansion

ARREIT is extending its position to become one of the largest REIT in Malaysia through the recently announced acquisition scheme of high yielding and diversified

MANAGING DIRECTOR'S STATEMENT

properties in Malaysia. The proposed acquisition scheme was announced on 8 June 2007 and this initiative would further enhance the size of ARREIT by RM304 million to a total size of more than RM630 million.

The scheme includes proposed acquisition of the following properties:

1. Tamadam Bonded Warehouse Complex, Port Klang, Selangor
2. Silverbird Complex, Shah Alam, Selangor
3. AIC Factory, Shah Alam, Selangor
4. SEGi College, Kota Damansara Main Campus, Selangor
5. Gurun Warehouse Complex, Kedah

To partly finance the acquisition of the said properties, ARREIT has planned an issuance of an additional 100 million new units to the investors.

Operations Review

During the period under review, all existing properties of AmanahRaya REIT performed at an optimum level, commanding low and cost effective maintenance as well as a healthy rental income stream.

As at to date, the occupancy rates across all properties have reached 100% level. The unique leaseback arrangement with the master lessees for all properties has provided a clear visible long-term rental income to the unitholders with a gradual increase of the rental rate over time. It protects unitholders of any uncertainty in terms of the fluctuation of the maintenance costs i.e. statutory expenses and other general maintenance, involving the properties.

Strategic Asset Enhancement

Only within a short span of time after the listing of AmanahRaya REIT, the Manager has already lined up some asset enhancement works on the Trust's existing property portfolio. The initiative includes the expansion of facilities at Permanis Factory and proposed building of additional villas and new swimming pool for Holiday Villa Resort Langkawi.

In the case of Permanis factory, the extension work of the production area has already been constructed and

almost near to completion. The extension work will increase the net lettable area and definitely contribute a higher rental income which the Trust should be able to enjoy in the near future.

The rest of the enhancement works involved for other properties include replacement of existing Mechanical & Electrical equipment and re-instating the buildings to a much better condition.

Future Growth

In Malaysia, commercial office and industrial assets will still be the growth sector at the back of a growing interest and higher yield. In particular, the commercial office sector has garnered a national average occupancy rate of 80.1% as well as a growing industrial demand in the country which has seen an upward trend.

Furthermore, with greater incentives introduced by the Government of Malaysia, the Manager remains bullish on growing its high yielding and value accretive assets.

With a positive outlook of the Malaysian property sector in general, coupled with aggressive and proactive asset and capital management and long term acquisition plan locally and internationally, the Manager is upbeat about better growth prospects as well as strong, consistent returns of ARREIT.

Additionally, at Amanah Raya Group level, several projects were initiated to move downstream, creating more assets for future injections into the Trust. A case at hand is Al-Nibras, an Islamic Real Estate Development Fund, a recent collaborative effort between Amanah Raya and Kuwait Finance House, which is focusing on real estate development projects in Malaysia and the region.



DATUK MOHAMED AZAHARI MOHAMED KAMIL

Date: 27 August 2007

MANAGER'S REPORT

The Directors of AmanahRaya-JMF Asset Management Sdn Bhd, Manager of AmanahRaya Real Estate Investment Trust ("ARREIT" or "Trust") has the pleasure in presenting their Report to the Unitholders of ARREIT together with the unaudited financial statements of ARREIT for the financial period ended 30 June 2007.

Principal Activity

The Manager's principal activities, besides being the Manager of ARREIT, include fund management services, corporate and investment advisory services, share placement services and cash management and treasury services. There has been no significant change in the nature of business during the financial period.

The Trust and Its Investment Objective

ARREIT was established on 10 October 2006 pursuant to a trust deed ("Deed") dated the same between the Manager and CIMB Trustee Berhad ("Trustee") which classified it as a real property fund.

ARREIT was listed on the Bursa Malaysia Securities Berhad on 26 February 2007. The investment objective of ARREIT is to invest in a diverse portfolio of properties with the potential for capital growth and strong recurring rental yields hence generating attractive level of return to Unitholders.

The Manager in a bid to further enhance the existing portfolio had on 8 June 2007 announced the proposed acquisition of properties as part of its growth strategy by continuously providing property with consistent return to the Trust. As a result of this, the Manager has proposed to acquire five (5) additional properties with the forecasted dividend per unit approximately to 7.44 sen in year 2008, 7.64 sen in year 2009 and 8.19 sen in year 2010 respectively.

Benchmark Relevant to the Trust

	<i>Period ended 30 June 2007</i>
Management Expense Ratio ("MER")	2.05%

MER is calculated based on the total of all the fees and expenses incurred by ARREIT for the financial period and deducted directly from the income (including manager's fee, trustee's fee, interest expense and other professional fees and expenses), all the expenses not recovered from and/or charged to the Trust (including repair & maintenance of properties and miscellaneous expenses), to the average net asset value of the Trust during the financial period calculated on a daily basis.

Since the adoption of the MER calculation varies among real estate investment trusts, there is no benchmark in providing an accurate comparison of ARREIT's MER against others real estate investment trusts.

Review of Performance

	<i>As At 30 June 2007</i>
Total Net Asset Value (RM)	174,183,060
Units in Circulations (units)	184,000,000
Net Asset Value per unit (RM)	0.9466
Market Value per unit (RM) as at 30 June 2007	0.9400
Highest Traded Price for the four months period (RM)	1.0500
Lowest Traded Price for the four months period (RM)	0.8250

MANAGER'S REPORT (CONTINUED)

Results of Trust's Performance

	RM
Total Gross Income	7,961,529
Total Property Expenses	370,933
Total Income	7,590,596
Total Non-Property Expenses	3,249,339
Income before taxation and net appreciation on fair value of of investment properties	4,341,257
Net appreciation on fair value of investment properties	-
Income Before Taxation	4,341,257
Income After Taxation	4,341,257
Earnings per Unit after Tax (sen)	
- after manager fee	2.36
- before manager fee	2.46
Distribution per Unit (DPU) (sen)	2.39

The Manager is pleased to report that for the financial period ended 30 June 2007, the revenue totalling to RM7,961,529, comprising gross rental income of RM7,818,598 and interest income of RM142,931.

Net Asset Value

Analysis of net asset value since the date of inception for the financial period 30 June 2007 of the Trust:

	As at 30 June 2007	Since Date of inception
Total net asset value ("NAV")		
- before provision for income distribution	0.9702	0.9466
- after provision for income distribution	0.9466	N/A

In line with listing requirements, the NAV has been announced weekly with Bursa Malaysia and published on their website for public review.

MANAGER'S REPORT (CONTINUED)

Investment Strategies and Policies

Investment Strategies

During the financial period, the Manager continued to carry out the following investment strategies in order to achieve the business and investment objectives of ARREIT:

1. Operating Strategy

The operating strategy is mainly geared towards preserving and enhancing the value of the Properties as well as achieving sustainable growth in rental income via the following:

a. Actively monitor the maintenance and upkeep of the properties under lease

The Manager has been working closely with the Property Manager in order to monitor the maintenance and upkeep of the properties conducted by relevant lessee. Although the maintenance and upkeep of the properties are the responsibility of the lessee, the constant monitoring is required to ensure the long term quality and the physical condition of the building is preserved.

b. Foster close relationship with lessee/tenant and ensure the delivery of high quality services to them

The Manager has been fostering close relationship with the lessees/tenants of the properties which has resulted in both parties understanding each party's needs and requirements. By encouraging close relationship with the lessee/tenant, the Manager has consistently delivered prompt responses and tailored solutions to achieve high lessee/tenant's satisfactions.

c. Enhance Property Value

The Manager has worked closely with the Property Manager to constantly find ways to enhance the value of the properties via internal and external improvements. In determining appropriate improvements to be undertaken, the financial analyses and market studies will be conducted to ensure that any improvements made will increase the value of the properties.

d. Improve financial performance of the properties

In ensuring that ARREIT sustain its potential earnings, expiring leases are replaced without delay and that re-negotiated rental rates are lock-in at good rates with step-ups that will compensate for expected future rental rate increases. More importantly, marketing efforts is in place to ensure that ARREIT is able to replace outgoing lessees/tenants without disruption of income.

MANAGER'S REPORT (CONTINUED)

The above objectives can be achieved by adopting the following approaches:

- Commence negotiations with lessees/tenants whose leases/tenancies are about to expire;
- Adopt marketing strategies emphasising on the Properties' competitive strengths to maximize lessee's/tenant's interests and raise public awareness;
- Pursuing leads from real estate agents and/or referrals;
- Providing the lessees/tenants with properties which are competitively priced rental rates with pre-determined step-up that will sufficiently compensate the ARREIT over the long term; and
- Ensure that the lessees/tenants of the Properties possess good credit rating and are able to make timely rental payments as and when they fall due in order to ensure that cash flow of ARREIT is well managed.

2. Acquisition Strategy

Before investment proposals are presented to the Investment Committee for endorsement, the Manager will assess the appeal of the real estate based on a rigorous prescribed process.

All potential acquisitions will undergo a desktop evaluation on the pre-determined acquisition criteria consistent with ARREIT's investment objectives. A summary of the acquisition's criteria are as follows:

a. Location

The location of the potential properties will be evaluated in particular to its proximity to public transport, major roads and highways, populated commercial districts and residential areas. Thus, reducing the mobility barriers for lessee/tenants.

b. Price and Yield

All investment proposals are subject to vigorous scrutiny based on our investment's criteria which takes into account the price, yields and the tenure of the potential acquisitions. Considerations will also be given to the expected future economic environment, market demand for short and long term lease/tenancy. The analysis will be focusing on to ensure that the terms of the acquisitions allow the current value of the portfolio to be at least maintained while enhancing accretion and/ or the overall quality of the portfolio.

c. Building Condition

The condition of the properties will be evaluated mostly via periodical physical inspections and checks. Some of the aspects focused include the building age and size, building interior and exterior condition, defects (particularly hidden defects), mechanical and electrical equipments, civil and structural conditions as well as building systems conditions such as security and fire protection systems, and also on the compliances with local rules and regulations.

MANAGER'S REPORT (CONTINUED)

d. Diversity in Portfolio

ARREIT has planned to add-on more geographical and sectoral diversity to ARREIT's current portfolio or properties. We believe that further diversification can cushion the impact of any adverse development in a particular sector or country, hence providing a reliable flow of income to ARREIT. As such, the potential acquisition of properties coming from various any segments will be evaluated.

After conducting the above criteria as well as conducting the necessary analyses, studies, inspection and checks, the recommendation will be forwarded to the Investment Committee for further evaluation.

3. Capital Management Strategies

As per our capital management and financing strategies, we plan to manage the capital structure by balancing the composition of new units and loans for future acquisitions and enhancement work on the properties to optimise returns to unit holders.

The strategies employed in achieving this were set out as follows:

- a. source for the most favourable terms of funding while maintaining a comfortable level of loan service capability;
- b. diversify sources of funding;
- c. manage cash flows by matching inflows from lessees/tenants with outflows arising from financial obligations;
and
- d. manage the interest rate exposure.

In addition to the above, the Manager will also comply with the provisions of the Deed and all applicable rules and guidelines prescribed by the Securities Commission ("SC") relating to the financing of ARREIT. In or case, ARREIT has achieved a debt level of 49.87% of the total asset level.

MANAGER'S REPORT (CONTINUED)

Investment Policies

The Manager will continue to comply with the SC on ARREIT's Guidelines and other applicable guidelines as imposed by SC and other relevant bodies from time to time and the Deed, including:

- a) to invest in investment permitted by the SC and other relevant bodies; and
- b) to ensure the investment portfolio requirements and limits imposed by the ARREIT's Guidelines and/or the Deed are adhered to.

The Manager will also ensure that ARREIT will not be involved in:

- a) extending loans and credit facilities to any party;
- b) entering into forward purchases or forward sales in any currencies or any foreign contract; or
- c) property development unless the development has met the criteria imposed by the REIT's Guidelines

Composition of Investment Portfolio

As at balance sheet, ARREIT's composition of investment portfolio is as below:

	RM	%
Real Estate		
Hospitality		
• Holiday Villa Alor Setar	31,000,000	8.9
• Holiday Villa Langkawi	55,000,000	15.8
Education		
• SEGi College	52,500,000	15.1
Commercial		
• Blocks A & B, South City Plaza	18,300,000	5.3
• Wisma AmanahRaya	68,000,000	19.6
• Wisma Amanah Raya Berhad	53,000,000	15.3
• Wisma UEP	35,500,000	10.2
Industrial		
• Permanis Factory	23,550,000	6.8
	336,850,000	97.0
Others		
Deposit with Licensed Financial Institutions	10,604,763	3.0
Total	347,454,763	100.0

MANAGER'S REPORT (CONTINUED)

Composition of Investment Portfolio (Continued)

The details of real estate owned by the Trust as at the balance sheet date are as follow:

1 Holiday Villa Alor Setar

Address/Location	Lot 162 & 163, Jalan Tunku Ibrahim, 05000 Alor Setar, Kedah Darul Aman.
Title details	Geran 7040 and H.S.(D) 1100/85, Section 5, Town of Alor Setar, District of Kota Setar, Kedah Darul Aman.
Property type	Hospitality.
Description	A commercial property comprising a 4-star hotel with 155-rooms in Alor Setar and is located within a 21-storey commercial complex with sub-basement level known as City Plaza.
Age of property	9 years (calculated from the date of the certificate of fitness obtained)
Tenure	Freehold for Geran 7040 and leasehold interest for 99-year for H.S.(D) 1100/85 expiring on 23 March 2084.
Unexpired lease term	Approximately 77 years.
Tenancy period	10 years commencing 23 June 2006 and rent to increase every 3 years.
Gross floor area	150,000 sq. ft.
Net lettable area	Not applicable.
Existing use	Hotel and commercial complex.
Parking spaces	44 bays.
Date of acquisitions	26 February 2007.
Cost of acquisition	RM31,000,000.00
Sole lessee	Antara Holiday Villa Sdn Bhd.
Occupancy rates	100%
Current rental received	RM173,083.33 per month
Maintenance cost and capital expenditure	No maintenance cost incurred during the financial period and capital expenditure will be absorbed by lessee in accordance to lease agreement dated 20 February 2006 as and when incurred.

MANAGER'S REPORT (CONTINUED)

Composition of Investment Portfolio (Continued)

2 Holiday Villa Langkawi

Address/Location	Lot 1698, Pantai Tengah, Mukim Kedawang, 07000 Langkawi, Kedah Darul Aman.
Title details	Lot No. P.T. 344, P.T. 107 & P.T. 108, Town of Padang Mat Sirat, District of Langkawi, Kedah Darul Aman.
Property type	Hospitality.
Description	Commercial property comprising a 4-star hotel with 238-rooms located in Pantai Tengah, Langkawi.
Age of property	13 Years (calculated from the year of certificate of fitness is obtained)
Tenure	Freehold.
Unexpired lease term	Not Applicable.
Tenancy period	10 years commencing from 13 July 2006 with 2 rent reviews which is on 4th and 8th year.
Gross Floor Area	183,190 sq.ft.
Net lettable area	Not Applicable. It is a single tenant property and for this purpose we have taken up the net lettable area to be equal to the gross floor area.
Existing use	Resort Hotel.
Parking spaces	55 bays.
Date of acquisitions	26 February 2007.
Cost of acquisition	RM55,000,000.00.
Sole lessee	Langkawi Holiday Villa Sdn Bhd.
Occupancy rates	100%
Current rental received	RM307,083.33 per month
Maintenance cost and capital expenditure	No expenses on the maintenance cost as LHVSB will bear all cost of property management and maintenance, quit rent, assessments, insurance and all other related capital expenditure during the tenure.

MANAGER'S REPORT (CONTINUED)

Composition of Investment Portfolio (Continued)

3 Permanis Factory

Address/Location	Lots 5 & 7, Jalan P/5 and P/6, Kawasan Perusahaan Seksyen 13, Bandar Baru Bangi, Selangor.
Title details	H.S. (M) 13244A & H.S.(M) 13245A, P.T.20104 & P.T.20105 within Section 13, Bandar Baru Bangi, Mukim of Kajang, District of Hulu Langat, State of Selangor.
Property type	Industrial.
Description	Permanis Factory comprises of a single storey factory, bottle manufacturing plant, a warehouse, 2 office buildings and other ancillary buildings/structure located within Kawasan Perusahaan Seksyen 13, Bandar Baru Bangi.
Age of property	17 Years (calculated from the year of certificate of fitness is obtained)
Tenure	Leasehold interest for 99 years expiring on 9 February 2089.
Unexpired lease term	Approximately 81.5 years.
Tenancy period	10 years commencing 31 May 2006 and rent to increase every 5 years.
Gross Floor Area	202,233 sq.ft.
Net lettable area	Not Applicable. It is a single tenant property and for this purpose we have taken up the net lettable area to be equal to the gross floor area.
Existing use	Factory.
Parking spaces	Car park sheds (gross floor area 1,481 sq.ft) Motorcycle parking shed (gross floor area of 824 sq.ft.)
Date of acquisitions	26 February 2007.
Cost of acquisition	RM23,550,000.00
Sole lessee	C.I. Holdings Berhad.
Occupancy rates	100%
Current rental received	RM132,250.00 per month
Maintenance cost and capital expenditure	No maintenance cost incurred during the financial period and capital expenditure will be absorbed by lessee in accordance to lease agreement dated 5 December 2006 as and when incurred.

MANAGER'S REPORT (CONTINUED)

Composition of Investment Portfolio (Continued)

4 SEGi College

Address/Location	Persiaran Kewajipan USJ 1, 47600 Subang Jaya, Selangor.
Title details	Geran 43527, Lot No. 13, Pekan Subang Jaya, District of Petaling, State of Selangor.
Property type	Educational.
Description	12-storey commercial building with 3 Level basement carpark located within the renowned commercial and residential zone of USJ and Subang Jaya.
Age of property	1 Year (calculated from the year of certificate of fitness is obtained).
Tenure	Freehold.
Unexpired lease remaining period	Not Applicable.
Tenancy period	15 Years commencing 22 May 2006 and rent to increase every 3 years.
Net lettable area	131, 387 sq.ft.
Existing use	Higher Learning Institution and training centre.
Parking spaces	206 bays.
Date of acquisitions	26 February 2007.
Cost of acquisition	RM52,500,000.00
Sole lessee	SEG International Bhd
Occupancy rates	100%
Current rental received	RM261,625.00 per month
Maintenance cost and capital expenditure	No maintenance cost incurred during the financial period and capital expenditure will be absorbed by lessee in accordance to lease agreement dated 15 May 2006 as and when incurred.
Easement	ARREIT has purchased the property subject to an easement granted on the land by a Deed of Easement dated 20 December 2001 entered into between Wismuda Sdn Bhd, Warisan Megah Sdn Bhd, Integrated Logistics Berhad and Heitech Padu Berhad.

MANAGER'S REPORT (CONTINUED)

Composition of Investment Portfolio (Continued)

5 Block A & B, South City Plaza

Address/Location	South City Plaza, Persiaran Serdang Perdana, Taman Sedang Perdana, Section 1, 43300 Seri Kembangan, Selangor.
Title details	Developed on land held under Master Title Pajakan Negeri 7393, Lot 1, Pekan Serdang, District of Petaling, Selangor (previously known as H.S.(D) 32218, Mukim and District of Petaling, State of Selangor.
Property type	Commercial.
Description	Two (2) blocks (Block A and Block B) of 5 ½-storey office buildings within an integrated development known as South City Plaza.
Age of property	3 Years (calculated from the year of certificate of fitness is obtained).
Unexpired lease term (master lot)	Approximately 86 years.
Tenancy period	10 years commencing 21 August 2006 and rent to increase every 3 years.
Net lettable area	66,606 sq.ft.
Existing use	Block A is used as an institution of higher learning and Block B is currently used as an office block.
Parking spaces	The property does not have any carparks but shares the usage of 1,766 parking bays with the developer and owner of the individual units within South City development.
Date of acquisitions	26 February 2007.
Cost of acquisition	RM18,300,000.00
Sole lessee	SEG International Bhd
Occupancy rates	100%
Current rental received	RM100,500.00 per month
Maintenance cost and capital expenditure	No maintenance cost incurred during the financial period and capital expenditure will be absorbed by lessee in accordance to lease agreement dated 21 August 2006 as and when incurred.

MANAGER'S REPORT (CONTINUED)

Composition of Investment Portfolio (Continued)

6 Wisma AmanahRaya

Address/Location	No. 2, Jalan Ampang, 50450 Kuala Lumpur.
Title details	Pajakan Negeri (WP) 25414, Lot No. 21, and Pajakan Negeri (WP) 25415, Lot No. 22, Section 32, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.
Property type	Commercial.
Description	Commercial property comprising a 15-storey purpose built office building with 2 basement levels.
Age of property	41 Years (based on Valuation Report.)
Tenure	Leasehold interest for 99 Years expiring on 10 June 2065.
Unexpired lease remaining period	58 Years.
Tenancy period	6 Years commencing 26 October 2006 with one rent review after 3 years.
Net lettable area	166,902 sq.ft.
Existing use	Office Building.
Parking spaces	59 Parking Bays.
Date of acquisitions	26 February 2007.
Cost of acquisition	RM68,000,000.00
Sole lessee	Amanah Raya Berhad.
Occupancy rates	100%
Current rental received	RM450,635.40 per month
Maintenance cost and capital expenditure	No maintenance cost incurred during the financial period and capital expenditure will be absorbed by lessee in accordance to lease agreement dated 26 October 2006 as and when incurred.

MANAGER'S REPORT (CONTINUED)

Composition of Investment Portfolio (Continued)

7 Wisma Amanah Raya Berhad

Address/Location	No. 15, Jalan Sri Semantan 1, Off Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur.
Title details	Title Nos. H.S.(D) 83465 and 79671, P.T.Nos 6 and 7, Mukim and District of Kuala Lumpur.
Property type	Commercial.
Description	Commercial Property comprising 5-storey purpose built office buildings with 6 lower ground levels inclusive 4-level car park.
Age of property	7 Years (calculated from year certificate of fitness obtained).
Tenure	Leasehold interest for 99 years expiring 2072.
Unexpired lease remaining period	65 years.
Tenancy period	9 years commencing 1 November 2006 with rent to increase every year.
Net lettable area	125,227 sq.ft.
Existing use	Office building.
Parking spaces	261 parking bays.
Date of acquisition	26 February 2007.
Cost of acquisition	RM53,000,000.00
Major Tenant	CIMB Investment Bank Berhad.
Occupancy rates	100%
Current rental received	RM303,481.00 per month
Maintenance cost and capital expenditure	As at 30 June 2007, we have spent a total of RM142,859 to replace carbon filter at the Sewerage Treatment Plant, re-installation of Fire Alarm System and replacement of window panel.

MANAGER'S REPORT (CONTINUED)

Composition of Investment Portfolio (Continued)

8 Wisma UEP

Address/Location	Jalan USJ10/1A, Pusat Perniagaan USJ 10, 47620 Subang Jaya, Selangor.
Title details	Title Nos. H.S.(D) 52531, P.T. 11303, Mukim of Damansara, District of Petaling, Selangor.
Property type	Commercial.
Description	Commercial property comprising an 11-storey office building with 3 levels of basement car park.
Age of property	9 years (calculated from the year Certificate of Fitness is obtained).
Tenure	Freehold.
Unexpired lease remaining period	Not Applicable.
Tenancy period	3 Years commencing on 16 September 2004.
Net lettable area	90,541 sq.ft.
Existing use	Office.
Parking spaces	178 Parking Bays.
Date of acquisitions	26 February 2007.
Cost of acquisition	RM35,500,000.00
Sole tenant	Sime UEP Properties Bhd.
Occupancy rates	98%
Current rental received	RM175,000.00 per month
Maintenance cost and capital expenditure	As at 30 June 2007, we have spent a total of RM67,779.00 for replacement of waterproofing system and major repair on the chilled water pumps.

MANAGER'S REPORT (CONTINUED)

Review of Property Market

Office Sector

Generally, office sector continue to remain healthy with both capital and rental are on an upward trend. The improving market sector is due to introduction of several government incentives and growing demand from the service sector. The expansion of existing real estate investment trusts and also establishment of new trusts have also created strong demand for such property due to its high-yielding factor.

The national average occupancy rate for year 2006 recorded at 80.1%. Nine states achieved average occupancy rates at or exceeding the national average of 80.1% including Kuala Lumpur and Selangor. In the case of ARREIT, all the four (4) office buildings which are Wisma AmanahRaya, Wisma AmanahRaya Berhad, Wisma UEP and Block A & B, South City Plaza are all enjoying a 100% physical occupancy.

Besides Kuala Lumpur's Golden Triangle and Central Business District (CBD), demand for office spaces in selective suburbans have continue to grow. Those locations include KL Sentral, Damansara Heights, Mid Valley development and Petaling Jaya. These alternative locations have been attractive because of better and newer buildings, less degree of congestion and availability of comprehensive infrastructures.

Some of the latest values of prime office buildings are as follows :-

Property	Location	Valuation Mode	Values	Analysis
The Icon	Jalan Tun Razak	Sold to Koperasi Permodalan Felda	RM174,000,000	RM715
Proposed Office Tower	KL Sentral	Sold to CIMB-Mapletree	RM404,000,000	RM663
Block 1A	KL Sentral	Sold to EPF	RM80,036,250	RM525
Menara Commerce	Along Jalan Raja Laut	Offered for Sale	RM440,000,000	RM700

Source : Announcements in Bursa Malaysia

Some of the latest asking rentals of prime office spaces within Kuala Lumpur are as follows :-

Property	Gross Rental Rate (RM/sf)	Property	Gross Rental Rate (RM/sf)
Menara Maxis	7.70	Menara Citibank	7.20
Menara Prudential	7.00	Menara Standard Chartered	5.50
Menara IMC	7.00	Menara MNI Twins	5.50
Menara Dion	7.00	Menara Millenium	5.50
Rohas Perkasa	5.00	Menara HLA	6.50

Source : Knight Frank

MANAGER'S REPORT (CONTINUED)

Investment interest for prime office space is expected to remain strong particularly for the purpose of injection into investment vehicles and real estate investment trusts.

Industrial Sector

In year 2006, Selangor lead the rest of the state in terms of volume of transactions recording about 40% of the total transactions of 6,972. By type, terraced factory warehouse was the most sought-after type capturing 41.5% of the market share followed by vacant industrial plots which accounted for 29.5%.

On the movements of industrial property market, it is looking good besides the listing of Atrium REIT and with other big property investors are also showing appetite for industrial properties. Some of the big transactions include Mapletree Investment Pte Ltd purchasing a major industrial land parcel of 25 acres in Section 23, Shah Alam for the development of a logistic hub at RM36 per sq. ft. and Quill Group purchasing a 30 acres site at Section 26, Shah Alam at RM31.50 per sq. ft.

The industrial sub-sector is expected to benefit from the Government's effort to spearhead and promote the global halal industry. The Halal Industry Development Corporation established under the Prime Minister's Department will coordinate and ensure the integrated and comprehensive development of the industry. In addition, the industrial cluster developments outlined in the 9th Malaysia Plan will further stimulate the growth in the manufacturing sector.

The Northern Corridor Economic Region (NCER) which planned to further enhance the existing infrastructure will surely boost the manufacturing sector. Butterworth is expected to become the transportation hub for that part of the region.

The sentiment in the industrial market is expected to remain positive in view of the still accommodative financial facilities backed by the confidence of stable national economic growth in the near future. However, all industry players are urged to exercise due care in new developments in view of the softening primary market performance, increasing number of unsold units as well as the abundant future supply of the country. The State Government has embarked on a mission to attract more technology-based industries, which would need the expansion of industries and also attracting new investments.

Infrastructure spending would be a catalyst of growth and invigorate developers in these favoured sites, especially Shah Alam, Klang and Puchong areas, where the accessibility system is good.

Hotel Sector

The arrival of tourist into Malaysia has been on a rising trend since year 2004. Last year alone, number of tourist arrivals has recorded a record high of 17.55 million. As for this year, in tandem with the Visit Malaysia Year 2007, the government is expecting to achieve a target of 20 million tourist arrivals.

ASEAN countries formed the bulk of total tourist arrivals. This is evidenced in the first half of 2006 whereby tourists from ASEAN countries accounted for about 78% of the total tourist arrivals followed by China and Japan.

Based on the tourist expenditure pattern, 33% of the expenditure attributed to accommodation. This definitely has enhanced the performance of hotel industry in terms of higher occupancy and average room rates.

MANAGER'S REPORT (CONTINUED)

The latest announcement by the government on building another new low-cost carrier terminal (LCCT) is an effort to boost the tourism industry as the industry is regarded as a key driver in the development of the services sector.

Furthermore, there will be several opening of grand shopping malls in the country which include The Garden and The Pavillion, which surely will attract more tourists to Malaysia.

Total number of hotels has increased from 1,492 in year 2000 and as at December 2006 it has reached 2,269 hotels. In terms of occupancy, the national average percentage has improved from 59.2% in year 2000 to 63.5% in year 2005.

As for two hotels in ARREIT, Holiday Villa Alor Setar and Langkawi, occupancy rates for both hotels for the year ended 2006 have recorded at 66% and 69% respectively. For year 2007, average occupancy rates for both hotels have improved. From January 2007 until month end June, the average occupancy rate for both hotels have improved to 78.12% and 75.01% respectively.

Education Sector

The capacity of existing universities are still not sufficient after several phases of expansion been made in order to provide greater access to higher education. As for that reason, the government has encourage the private sector participation in providing quality education in terms of setting up more private universities and colleges that offers quality courses.

With the service industry becoming one of the fastest growing sectors in world market, education institutions offering quality courses are essential in order to meet the market demand. The rising trend of number of tertiary education institutions as shown in the table below:

Institution	2000	2005
Public		
University	11	11
University College	0	6
Polytechnic	11	20
Community College	0	34
Private		
University	5	11
University College	0	11
Branch Campus	3	5

Source: Ministry of Higher Education

MANAGER'S REPORT (CONTINUED)

One of the main agenda in the 9th Malaysia Plan is to focus on human resource development which encourages private sector participation in the provision of quality education and training. Ministry of Higher Learning has projected that by year 2010, 40% of people from the age group between 17-23 years will participate in tertiary education.

SEGi College which is one of the recognized private college in the country has opened their main campus in Kota Damansara in July this year despite just started their Subang Jaya branch slightly more than a year ago. Their Subang Branch has already achieved about 2,800 number of students within that short period of time.

Looking at the trend of student in-take, there is a quite a fair amount of foreign students entering local institutions. As for SEGi College, about 10-15% of their students are foreign students. The students are from various countries mainly from the Republic of China, Indonesia, Middle East and Africa.

(Source: JPPH Property Market Report 2006, 9th Malaysia Plan, Star and NST 2007 publications and CIMB Investment Research Report)

Distribution of Income

There is no income distribution made during the financial period. A provision to distribute approximately 100% of the distributable income for the financial year ending 31 December 2007 was made by the Manager in accordance with the provision in the Prospectus dated 26 January 2007. An amount of RM4,341,257 had been retained in the provision for distributable income which represents 100% of distributable income as at 30 June 2007. This provision is for the sole purpose of distribution of income for the financial year ending 31 December 2007.

The effect of the provision for income distribution in terms of net asset value per unit as at 30 June 2007 is as follows:

	Before provision allocated RM	After provision allocated RM
Net asset value per unit	0.9702	0.9466

Breakdown of Unitholdings

The analysis of unitholdings of ARREIT as at 30 June 2007:

Unit Class	No. of unitholders	%	No. of unitholding	%
5,000 and below	1,294	76.43	2,688,100	1.46
5,001 - 10,000	150	8.86	1,292,300	0.70
10,001 - 50,000	136	8.03	3,556,600	1.93
50,001 - 500,000	87	5.14	17,078,800	9.28
500,001 and above	26	1.54	159,384,200	86.63
	1,693	100.00	184,000,000	100.00

There is no exercise to split unit being carried out during the financial period and a proposal for new issuance of units is disclosed as in Note 21 to the financial statements.

MANAGER'S REPORT (CONTINUED)

Directors

Directors who have served since commencement are:

Independent Non-Executive Directors

Director	Alternate Director
Tan Sri Datuk Arshad bin Ayub (Chairman)	-
Datuk Mohamed Adnan bin Ali	-
Datin Paduka Siti Sa'adiyah binti Sh.Bakir (resigned on 5 May 2007)	-
Tuan Haji Ahmad Kamal bin Abdullah Al-Yafii (re-designated from Non-Independent to Independent on 4 May 2007)	-

Non-Independent Directors

Director	Alternate Director
Dato' Ahmad Rodzi bin Pawanteh	Alina binti Hashim (appointed on 4 May 2007)
Datuk Mohamed Azahari bin Mohamed Kamil (Managing Director)	-
Tai Siong Choi (Executive Director)	-
Tuan Haji Rozan bin Mohd Sa'at	-
Sharizad binti Jumaat (Executive Director)	-

Director's Benefit

During the financial period ended 30 June 2007, no arrangement subsisted to which AmanahRaya-JMF Asset Management Sdn Bhd is a party, with the object/(s) of enabling the Directors of the Manager to acquire benefits by means of the acquisition of units in ARREIT or any other body corporate.

For the financial period ended 30 June 2007, no Director of the Manager has received or become entitled to receive any benefit by reason of a contract made by AmanahRaya-JMF Asset Management Sdn Bhd for ARREIT, or a related corporation with the Director of the Manager or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the notes to the financial statements.

Save as disclosed above, Directors of the Manager who held office at the end of the financial period under review did not have any interest in the units of ARREIT.

Manager's Remuneration

Pursuant to the Deed dated 10 October 2006, the Manager is entitled to receive from the Trust:

- i. A base fee (exclusive of GST, if any) of up to a maximum of 1.0% per annum of the net asset value of ARREIT calculated on daily basis and payable to the Manager in monthly arrears.
- ii. Any increase in the maximum permitted level of the Manager's fee by way of approval from Trustee and Unitholders through a resolution of not less than 2/3 of all Unitholders passed at the Unitholders' meeting.

MANAGER'S REPORT (CONTINUED)

For the financial period ended 30 June 2007, the Manager's fee was RM181,224 representing 0.10% of net asset value of ARREIT after deducting provision for income distribution. No soft commission was received by the Manager during the financial period.

Expenses incurred for general overheads and cost of services which the Manager is expected to provide, or expenses falling within the normal expertise of the Manager, the Manager has the right to be reimbursed the fee, costs, charges, expenses and outgoings incurred by it that are directly related and necessary to the business of the Trust.

Soft Commission

During the financial period under review, the Manager did not receive any soft commission from its broker or any parties by virtue of transactions conducted by the Trust.

Reserves and Provisions

There were no material transfers to and from reserves or provisions during the financial period ended 30 June 2007 other than those disclosed in the Statement of Changes in Net Asset Value.

Information on the Financial Statements

In arriving at the financial statements of ARREIT the Manager took reasonable steps:

- a. To ascertain that proper action has been taken in relation to the writing off of bad debts and making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts; and
- b. To ensure that any current assets which were unlikely to realise their values in the accounting records of ARREIT in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Manager is not aware of any circumstances:

- a. Which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of ARREIT inadequate to any substantial extent; or
- b. Which would render the values attributed to current assets in the financial statements of ARREIT misleading; or
- c. Which have arisen which render adherence to the existing method of valuation of assets or liabilities of ARREIT misleading or inappropriate.

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

- a. Any charge on the assets of ARREIT which has arisen since the end of the financial period which secures the liability of any other person, except as disclosed in Note 7 to the financial statements; or

MANAGER'S REPORT (CONTINUED)

b. Any contingent liability of ARREIT which has arisen since the end of the financial period.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial period of which, in the opinion of the Directors of AmanahRaya-JMF Asset Management Sdn Bhd, will affect the ability of ARREIT to meet its obligations as and when they fall due.

Other Statutory Information

The Directors of AmanahRaya-JMF Asset Management Sdn Bhd state that:

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements of ARREIT which would render any amount stated in the financial statements misleading.

In their opinion,

- a. the results of the operations of ARREIT during the period under review were not substantially affected by any item, transaction or event of material and unusual nature; and
- b. there has not arisen in the interval between the end of the period under review and the date of this report, any item, transaction or event of material and unusual nature likely to affect substantially the results of the operations of ARREIT for the financial period in which this report is made.

Significant Events

The Board of AmanahRaya-JMF Asset Management Sdn Bhd had on 8 June 2007, announced to Bursa Malaysia the proposal to acquire properties and issuance & placement of 100 million new units as referred to in Note 21 of the financial statements.

Signed on behalf of the Board of
AmanahRaya-JMF Asset Management Sdn Bhd
In accordance with the resolution of Directors



Datuk Mohamed Azahari bin Mohamed Kamil

Dated: 27 August 2007

Kuala Lumpur

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STATEMENT BY MANAGER

We, DATUK MOHAMED AZAHARI BIN MOHAMED KAMIL and SHARIZAD BINTI JUMAAT, being the two (2) Directors of AMANAHRAYA-JMF ASSET MANAGEMENT SDN BHD, do hereby state that the accompanying unaudited financial statements are drawn up in accordance with applicable approved Accounting Standards in Malaysia, the provision of the Companies Act, 1965, the Securities Commission's Guidelines on Real Estate Investment Trust and the provisions of the Trust Deed dated 10 October 2006 so as to give a true and fair view of the state of affairs of AMANAHRAYA REAL ESTATE INVESTMENT TRUST as at 30 June 2007 and the results of operations and cash flows of AMANAHRAYA REAL ESTATE INVESTMENT TRUST for the financial period ended on that date.

Signed on behalf of the Board of
AmanahRaya-JMF Asset Management Sdn Bhd
In accordance with a resolution of the Directors



Datuk Mohamed Azahari bin Mohamed Kamil



Sharizad binti Jumaat

Dated: 27 August 2007
Kuala Lumpur

STATUTORY DECLARATION

I, DATUK MOHAMED AZAHARI BIN MOHAMED KAMIL, being the Director primarily responsible for the financial management of AMANAHRAYA REAL ESTATE INVESTMENT TRUST, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying unaudited financial statements are 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.

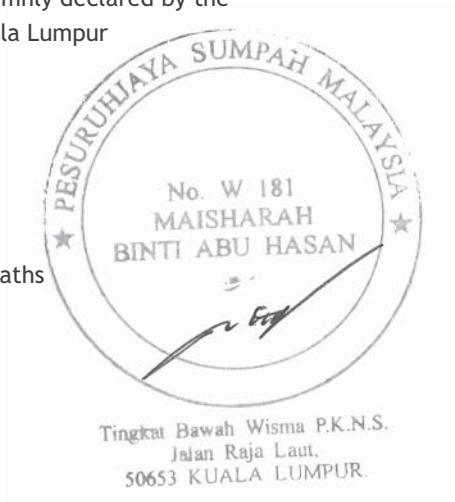


Datuk Mohamed Azahari bin Mohamed Kamil

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur on 27 August 2007

Before me:

Commissioner for Oaths



TRUSTEE'S REPORT

To the Unitholders of AMANAHRAYA REAL ESTATE INVESTMENT TRUST,

We have acted as Trustee of AMANAHRAYA REAL ESTATE INVESTMENT TRUST for the financial period ended 30 June 2007. To the best of our knowledge, AMANAHRAYA-JMF ASSET MANAGEMENT SDN BHD (the "Manager") has managed AMANAHRAYA REAL ESTATE INVESTMENT TRUST in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Trust Deed, other applicable provisions of the Trust Deed, the Securities Commission's Guidelines on Real Estate Investment Trusts, the Securities Commission Act 1993 and other applicable laws during the financial period then ended.

For **CIMB TRUSTEE BERHAD** (Company No. 167913 M)
(Formerly known as Bumiputra-Commerce Trustee Berhad)



KHOO LENG KEE
Chief Operating Officer
Kuala Lumpur, Malaysia

BALANCE SHEET AS AT 30 JUNE 2007 (UNAUDITED)

	Note	AS AT 30.6.2007 RM
INVESTMENTS		
Investment Properties	3	336,850,000
Deposits with Licensed Financial Institutions	4	10,604,763
		347,454,763
CURRENT ASSETS		
Trade and Other receivables	5	227,149
Cash and Bank Balances	4	176,131
Money Placement (Security Deposit)		14,888,467
		15,291,747
TOTAL ASSETS		362,746,510
LIABILITIES		
Trade and other payables	6	16,125,550
Borrowings	7	168,096,643
Provision for income distribution	8	4,341,257
		188,563,450
NET ASSET VALUE ("NAV")		174,183,060
FINANCED BY:		
UNITHOLDERS' FUND		
Unitholders' capital	9	174,183,060
Undistributed income		-
Total unitholders' fund		174,183,060
NUMBER OF UNITS IN CIRCULATIONS ('000)		184,000,000
NET ASSET VALUE (NAV) PER UNIT (RM)		
- before provision for income distribution		0.9702
- after provision for income distribution		0.9466

The financial statements form an integral part of disclosure notes and should be read in conjunction with the notes set out on pages 39 to 50.

INCOME STATEMENT

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2007 (UNAUDITED)

	Note	26.2.2007 TO 30.6.2007 RM
Gross rental income for the period	10	7,818,598
Property expenses	11	(370,933)
Net rental income for the period		7,447,665
Interest income		142,931
Total income for the period		7,590,596
Trust expense for the period		
Manager's fee	1(b)	(181,224)
Trustee's fee	1(c)	(24,163)
Administrative expense		(47,583)
Interest expenses		(2,996,369)
Total trust expense for the period		(3,249,339)
Net trust income for the period		4,341,257
Net appreciation on fair values of investment properties		-
Income before taxation		4,341,257
Taxation	12	-
Income after taxation		4,341,257
Provision for income distribution		(4,341,257)
Net income retained		-
Net income for the period is made up as follows:		
Realised		4,341,257
Unrealised		-
Net income for the period		4,341,257
Earnings per unit (sen)	13	
- before manager fee		2.46
- after manager fee		2.36

The financial statements form an integral part of disclosure notes and should be read in conjunction with the notes set out on pages 39 to 50.

STATEMENT OF CHANGES IN NET ASSET VALUE

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2007 (UNAUDITED)

	Unitholder's Capital RM	<i>Distributable</i> Undistributed Income RM	<i>Distributable</i> Provision for Income Distribution RM	Total RM
Net assets as at 26 February 2007	-	-	-	-
Operation for the period ended 30 June 2007				
Net income for the period	-	4,341,257	-	4,341,257
Movement in revaluation reserves	-	-	-	-
<i>Increase in net assets resulting from operations</i>	-	4,341,257	-	4,341,257
Unitholders' transactions				
Proceed from creation of units	180,274,060	-	-	180,274,060
Distribution to unitholders - Provision	-	-	(4,341,257)	(4,341,257)
Listing expenses	(6,091,000)	-	-	(6,091,000)
<i>Increase in net assets resulting from Unitholders' transactions</i>	174,183,060	-	(4,341,257)	169,841,803
Net assets as at 30 June 2007	174,183,060	4,341,257	(4,341,257)	174,183,060

(Note 9)

The financial statements form an integral part of disclosure notes and should be read in conjunction with the notes set out on pages 39 to 50.

CASH FLOW STATEMENT

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2007 (UNAUDITED)

26.2.2007 TO
30.6.2007
RM

Cash Flows from Operating Activities

Income before taxation	4,341,257
Adjustment for:-	
Interest expense	2,996,369
Interest income	(142,931)
Operating income before working capital changes	7,194,695

Changes in Working Capital:-

Increase in trade and other receivables	(227,149)
Increase in money placement (security deposits)	(14,888,467)
Increase in trade and other payables	16,125,550

Net Cash Generated From Operating Activities	8,204,629
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Cash Flows From Investing Activities

Interest received	142,931
Purchase of investment property	(336,850,000)

Net Cash Used In Investing Activities	(336,707,069)
--	----------------------

Cash Flows From Financing Activities

Listing expenses	(6,091,000)
Proceed from issuance of units	180,274,060
Proceed from borrowings	168,000,000
Repayment of bank borrowings - interest paid	(2,899,726)

Net Cash Generated From Financing Activities	339,283,334
---	--------------------

Net Increase/ (Decrease) In Cash and Cash Equivalents	10,780,894
--	-------------------

Cash and Cash Equivalents at Beginning of the Period	-
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Cash and Cash Equivalents at End of the Period	10,780,894
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Cash and Cash Equivalents Comprise:-

Cash and bank balances	176,131
Deposits with financial institutions	10,604,763

10,780,894

The financial statements form an integral part of disclosure notes and should be read in conjunction with the notes set out on pages 39 to 50.

NOTES TO THE FINANCIAL STATEMENTS

These notes are an integral part of the financial statements. The financial statements were approved and authorised for use by the Directors of the Manager on 27 August 2007.

1. GENERAL

AmanahRaya Real Estate Investment Trust (“ARREIT or “Trust””) is a Malaysian-domiciled real estate investment trust constituted pursuant to Deed dated 10 October 2006 (“the Deed”) between AmanahRaya-JMF Asset Management Sdn Bhd (the “Manager”) and CIMB Trustee Berhad (the “Trustee”). The Deed is regulated by the Security Commission Act, 1993, The Securities Commission’s Guidelines on Real Estate Investment Trust, the Listing Requirement of Bursa Malaysia Securities Berhad, the Rules of the Depository and taxation laws and rulings.

ARREIT was formally admitted to the Main Board of Bursa Malaysia Securities Berhad on 26 February 2007.

The principal activity of ARREIT is to invest in a diverse portfolio of properties with the objective of achieving an attractive level of return from rental income and for long-term capital growth.

ARREIT has entered into several service agreements in relation to the management of ARREIT and its property operations. The fee structure of these services is as follows:

(a) Property management fees

The Property Manager, Malik & Kamaruzaman Property Management, is entitled to a property management fee in respect of the management of the investment properties own by ARREIT as provided in the Deed. The fee is determined by a guaranteed scale based on the gross annual rental income as provided in the provisions of the revised Valuers, Appraisers and Estate Agents Act, 1981 as required by the Securities Commission’s Guidelines on Real Estate Investment Trusts. The property management fees are payable monthly in arrears.

(b) Manager’s fees

Pursuant to the Deed, the Manager is entitled to receive a fee of up to a maximum of 1.0% per annum of the Net Asset Value of ARREIT. The Manager’s fee is payable in arrears, calculated and accrues daily. The Manager’s fees for four (4) months ended 30 June 2007 of RM181,224 is 0.1% of the Net Asset Value of ARREIT.

(c) Trustee’s fees

Pursuant to the Deed, the Trustee is entitled to receive a fee of up to a maximum of 0.1% per annum of the Net Asset Value of ARREIT. The Trustee’s fee is payable in arrears, calculated and accrues daily. Total Trustee fee of RM24,163 has been paid for period ended 30 June 2007.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable Financial Reporting Standards (“FRS”) including related Interpretations promulgated by the Malaysia Accounting Standards Board (“MASB”).

(a) Basis of accounting

The financial statements of ARREIT are prepared in Malaysian Ringgit. They are prepared on historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Deed, Securities Commission’s Guidelines on Real Estate Investment Trust and Securities Commission Act 1993.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of accounting (Continued)

The preparation of financial statements in conformance with FRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

(b) Investment properties

Investment properties are properties which are held either for rental income or for capital appreciation or for both. Investment properties are stated at fair value as at balance sheet date.

Any gain or loss arising from a change in fair value is recognized in the income statement for the period in which it arises. Rental income from investment property is accounted for as described in Note 10.

It is ARREIT's practice to appraise the investment properties at least once every three (3) year, by independent professional valuers based on open market value. Any surplus arising there from will be incorporated in the financial statements.

(c) Trade and other receivables

Trade and other receivables are stated at cost less impairment losses for bad and doubtful debts.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits with licensed financial institutions.

(e) Liabilities

Trade and other payables are stated at cost. Interest-bearing borrowings are recorded at the amount of proceeds received.

(f) Provisions

A provision is recognized when it is probable that an outflow of resources embodying benefits 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) Provision for Income Distribution

Provision for income distribution is recognized when any distribution declared, determined or publicly recommended by the Directors of the Manager and approved by the Trustee.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Impairment of Assets

The carrying amounts of the assets (other than investment properties and deferred tax assets) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognized in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flow are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no

impairment loss had been recognized. The reversal is recognized in the income statement, unless it reverses an impairment loss on revalued asset, in which case it is taken to equity.

(i) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognized for the initial recognition of assets or liabilities that at the end of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

(j) Revenue

i) Rental income

Rental income consists of rental income from letting of lots, car park and other associated income, is recognized on a straight-line and accrual basis over the term of rent.

ii) Interest income

Interest income is recognized in the income statement as it accrues, taking into the account the effective yield on the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Expenses

i) Property Expenses

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

Property management fees are recognized on an accrual basis using the applicable formula, stipulated in Note 1(a).

ii) Interest Expense

All interest and other costs incurred in connection with borrowings are expense as incurred.

(l) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial instruments carried on the balance sheet include cash at bank, deposit with financial institutions, receivables, payables and borrowing. The recognition methods adopted are disclosed in the respective accounting policy, where applicable. Distribution to holders of financial instruments classified as equity is charged directly to equity.

The face values of the assets (less any estimated credit adjustment) and financial liabilities with a maturity period less than one (1) year are assumed to approximate to their fair values.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. INVESTMENT PROPERTIES

DESCRIPTION OF PROPERTY	TENURE OF LAND	TERM OF LEASE YEAR	REMAINING TERM OF LEASE YEAR	LOCATION	EXISTING USE	OCCUPANCY RATES AS AT 30 JUNE 2007 %	FAIR VALUE AS AT 30 JUNE 2007 RM	ACQUISITION COST RM	% OF VALUATION TO NET ASSET VALUE AS AT 30 JUNE 2007
Holiday Villa Alor Setar *	Freehold Leasehold	N/A 99 Years	N/A Expiring 2084	Alor Setar	Hotel	100.00% (N)	31,000,000.00	31,000,000.00	17.8%
Holiday Villa Langkawi #	Freehold	N/A	N/A	Pulau Langkawi	Hotel	100.00% (N)	55,000,000.00	55,000,000.00	31.6%
SEGi College @	Freehold	N/A	N/A	Subang Jaya	Learning Institute	100.00%	52,500,000.00	52,500,000.00	30.1%
Blocks A & B, South City Plaza ^	Leasehold	99 Years	Expiring 2093	Subang Jaya	Office (Block A) College (Block B)	100.00%	18,300,000.00	18,300,000.00	10.5%
Wisma AmanahRaya ~	Leasehold	99 Years	Expiring 2065	Kuala Lumpur	Office	100.00%	70,000,000.00	68,000,000.00	40.2%
Wisma Amanah Raya Berhad `	Leasehold	99 Years	Expiring 2072	Kuala Lumpur	Office	100.00%	55,000,000.00	53,000,000.00	31.5%
Wisma UEP **	Freehold	N/A	N/A	Subang Jaya	Office	100.00%	36,000,000.00	35,500,000.00	20.7%
Permanis Factory ^**	Leasehold	99 Years	Expiring 2089	Bdr Baru Bangi	Industrial Warehouse	100.00%	24,000,000.00	23,550,000.00	13.8%
							<u>341,800,000.00</u>	<u>336,850,000.00</u>	

Investment Properties

- * The properties were valued on 16th December 2005 by Colliers, Jordan Lee & Jaafar Sdn Bhd, an independent firm of professional valuers using Discounted Cash Flow and Comparison methods of valuation.
- # The properties were valued on 16th December 2005 by Colliers, Jordan Lee & Jaafar Sdn Bhd, an independent firm of professional valuers using Discounted Cash Flow and Comparison methods of valuation
- @ The properties were valued on 15th November 2005 by Colliers, Jordan Lee & Jaafar Sdn Bhd, an independent firm of professional valuers using Investment and Comparison methods of valuation.
- ^ The properties were valued on 2nd December 2005 by Colliers, Jordan Lee & Jaafar Sdn Bhd, an independent firm of professional valuers using Investment and Comparison methods of valuation.
- ~ The properties were valued on 15th November 2005 by Colliers, Jordan Lee & Jaafar Sdn Bhd, an independent firm of professional valuers using Investment and Comparison methods of valuation.
- ` The properties were valued on 15th November 2005 by Colliers, Jordan Lee & Jaafar Sdn Bhd, an independent firm of professional valuers using Investment and Comparison methods of valuation.
- ** The properties were valued on 1st December 2005 by Colliers, Jordan Lee & Jaafar Sdn Bhd, an independent firm of professional valuers using Cost and Investment methods of valuation.

(N) The average occupancy rate for both Holiday Villa Alor Setar and Langkawi from the month January until month end June is approximately at 78.12% and 75.01% respectively

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. CASH AND BANK BALANCES AND DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

30.6.2007
RM

Deposits with licensed financial institutions	10,604,763
Cash and bank balances	176,131
	<hr/>
	10,780,894
	<hr/>

Interest yield for deposits placed with licensed financial institutions ranging between 3.4% to 3.5% per annum and calculated on a daily basis.

5. TRADE AND OTHER RECEIVABLES

30.6.2007
RM

Trade receivables	71,022
Other receivables, deposits and prepayments	156,127
Money placement	14,888,467
	<hr/>
	15,115,616
	<hr/>

Money placement comprise of rental deposit received from lessee/tenants which placed with financial institutions and interest yield from money placement ranging from 3.5% to 5.0% per annum and calculated on a daily basis.

In accordance to lease agreement, the interest earned from money placement rightfully will be transferred to lessee/tenants in the events of lease termination.

6. TRADE AND OTHER PAYABLES

30.6.2007
RM

Trade payables*	107,209
Other payables and accrued expenses	464,595
Tenants deposits	15,553,746
	<hr/>
	16,125,550
	<hr/>

*Included in Trade payables are amount due to the Manager and the Trustee amounting to RM50,748.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. BORROWINGS

30.6.2007
RM'000

Short Term Borrowings	168,096,643
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Short term borrowings have a tenure of five (5) years at a fixed rate interest at 5.25% per annum. The proceeds from borrowings mainly for the purpose of financing the acquisition of the properties as disclosed in Note 3.

The short term borrowings are secured by way of legal charge over all of the properties of the Trust.

The short term borrowings shall be repaid in one lump sum on 28 February 2011 and the interest is payable monthly.

8. PROVISION FOR INCOME DISTRIBUTION

30.6.2007
RM'000

At beginning of financial period	-
Provision made during the financial period	4,341,257
Distribution paid	-
	<hr/>
At end of financial period	4,341,257

9. UNITHOLDERS' CAPITAL

30.6.2007
RM

At beginning of financial period/date of inception	-
Issue of new units:	
128,801,000 units @ RM1.00	128,801,000
45,999,000 units @ RM0.94	43,239,060
9,200,000 units @ RM0.895	8,234,000
Listing expenses (Note 15)	(6,091,000)
	<hr/>
	174,183,060

As at 30 June 2007, the Manager, Directors of the Manager and related parties did not hold any units in ARREIT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. GROSS RENTAL INCOME

	26.2.2007 TO 30.6.2007 RM
Rental Income	7,716,433
Car park income	102,165
Other income	-
	<hr/> 7,818,598 <hr/>

11. PROPERTY EXPENSES

	26.2.2007 TO 30.6.2007 RM
Assessment and Quit rent	120,026
Service contracts and maintenance	133,876
Property management fees	56,000
Insurance	8,549
Others	52,482
	<hr/> 370,933 <hr/>

12. TAX EXPENSES

The Trust provided approximately 100% of the distributable income to unitholders, which is exempted from tax pursuant to section 61A(1) of Income tax Act 1967 under the Finance Act 2006, thus the Trust has not provided any tax estimation and tax payable during the financial period.

A reconciliation of income tax expenses applicable to income before taxation is at the statutory income tax rate to income tax expense at effective income tax rate of the Trust is as follow:

	26.2.2007 TO 30.6.2007 RM
Income before taxation	4,341,257
Taxation at Malaysian Statutory tax rate @27%	1,172,139
Non-deductible expence	6,524
Effect of tax exempt income	(38,591)
Effect of income distribution exempted from tax	(1,140,072)
	<hr/> - <hr/>
Tax expences	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. EARNINGS PER UNIT

- i. The earnings per unit after Manager's fee is calculated based on the net income from inception date to end of June 2007 of RM4,341,257 to the number of units in circulation during the period of 184,000,000.
- ii. The earnings per unit before Manager's fee is calculated based on the net income before Manager's fee from inception date to end of June 2007 of RM4,522,481 to the number of units in circulation during the period of 184,000,000.

14. DISTRIBUTION TO UNIT HOLDERS

	26.2.2007 TO 30.6.2007 RM
Gross rental income	7,818,598
Interest income - tax exempted	142,931
	<hr/>
Expenses	7,961,529 (3,620,272)
	<hr/>
	4,341,257
	<hr/>
Provision for income distribution	4,341,257
Gross provision for distribution per unit (sen)	2.36
	<hr/>
Net provision for distribution per unit (sen)	2.36
	<hr/>

Withholding tax of 27%, 20% and 15% will be deducted from non-resident company, non-resident institutional investor and non-resident other than company and institutional investor respectively for the distribution to be made to Unitholders.

15. LISTING EXPENSES

	26.2.2007 TO 30.6.2007 RM
Brokerage and commissions	3,478,384
Professional fees	1,287,189
Miscellaneous expenses	1,325,427
	<hr/>
	6,091,000
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. PORTFOLIO TURNOVER RATIO

	26.2.2007 TO 30.6.2007 RM
Portfolio Turnover Ratio ("PTR") (times)	1.91

The calculation of Portfolio Turnover Ratio ("PTR") is based on the average of total acquisitions and total disposals of investment in ARREIT for the period ended 30 June 2007 to the average net asset value during the period calculated on a daily basis.

17. MANAGEMENT EXPENSE RATIO

	26.2.2007 TO 30.6.2007 RM
Management expense ratio ("MER") (%)	2.05

The calculation of the MER is based on the total fees of ARREIT incurred, including Manager's fees, Trustee fees, audit fees, tax agent fees and administrative expenses and provision for doubtful debts, to the average net asset value during the period. Since the net asset value is calculated on a daily basis, comparison of the MER of ARREIT with other real estate investment trusts which uses different basis of calculation may not be an accurate comparison.

18. SIGNIFICANT RELATED PARTY TRANSACTIONS

	26.2.2007 TO 30.6.2007 RM
Acquisition cost of properties paid to holding company of the Manager	336,850,000
Pre-listing expenses payable to holding company of the Manager	21,071
Pre-listing expenses paid to holding company of the Manager	6,069,929

19. FINANCIAL INSTRUMENTS & RISK MANAGEMENT

Financial risks management objectives and policies

Exposure to credit, interest rate and liquidity risk arises in the normal course of ARREIT's business. ARREIT has written risk management policies and guidelines which sets out their overall business strategies and its general risk management philosophy.

Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. FINANCIAL INSTRUMENTS & RISK MANAGEMENT (Continued)

Interest rate risk

ARREIT's exposure to changes in interest rates relates to 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 net interest expense could be affected by adverse movements in interest rates.

Liquidity risk

The Manager monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to finance the Trust's operations and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observed the Security Commission's Guidelines on Real Estate Investment Trusts concerning limits on total borrowings.

Effective interest rates and re-pricing 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 RM	2007 WITHIN 1 YEAR RM	2 - 5 YEARS RM	AFTER 5 YEARS RM
Financial assets					
Deposits with licensed banks	3.4% - 3.5%	10,604,763	10,604,763	-	-
Financial liabilities					
Short term borrowings	5.25%	168,096,643	3,697,151	17,712,493	146,686,999

Recognised financial instruments

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

20. COMPARATIVE FIGURE

There is no comparative figure as the Trust only commenced its activities on 26 February 2007.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. SUBSEQUENT EVENTS

The Board of **AmanahRaya-JMF Asset Management Sdn Bhd** had on 8 June 2007, announced to Bursa Securities Malaysia Berhad the proposal to acquire the following properties and its valuation:

	Valuation Price (RM)
1. Tamadam Bonded Warehouse Complex, Port Klang, Selangor;	29,500,000.00
2. Silverbird Complex, Shah Alam, Selangor;	94,700,000.00
3. AIC Factory, Shah Alam, Selangor.	20,000,000.00
4. SEGi College, Kota Damansara Main Campus, Selangor	149,000,000.00
5. Gurun Warehouse Complex, Kedah.	24,000,000.00
	<hr/> <hr/> 371,200,000.00

To part finance the acquisition of the said properties, ARREIT has planned an issuance of an additional 100 million new units to the investors.

The Proposed Acquisitions are in line with the Manager's objectives, which are to provide the unitholders with stable distribution and to achieve growth in net asset value per unit of the ARREIT by acquiring yield accretive assets and good quality properties with strong recurring rental income. The Proposed Acquisitions are also in line with the growth strategy of ARREIT.

22. BANK GUARANTEE

Since the inception of the ARREIT, the Manager has received a rental deposit from tenants in the form of bank guarantee letter which are contracted to but not provided for in the financial statements as follows:

Tenants	Property	26.2.2007 TO 30.6.2007 RM
SEG International Berhad	SEGi College	9,418,500
	Block A & B, South City Plaza	2,412,000
		<hr/> <hr/> 11,830,500

The bank guarantee is secured against the annual rental amount of three (3) years for SEGi College and two (2) years for Block A & B, South City Plaza.

The bank guarantees are unconditional, irrevocable and guaranteed to be paid to ARREIT in the event of default of the lease agreement by the lessees/tenants.

UNITHOLDERS' STATISTICS

Analysis of Unitholdings

Distribution of Unitholders as at 30 June 2007

Unit Class	No. of unitholders	%	No. of unitholding	%
Less than 100	-	-	-	-
100 - 1,000	599	35.38	576,900	0.31
1,001 - 10,000	845	49.91	3,403,500	1.85
10,001 - 100,000	173	10.22	6,947,100	3.78
100,001 and above	76	4.49	173,072,500	94.06
	1,693	100.00	184,000,000	100.00

There is no exercise to split units being carried out during the financial period and a proposal for new issuance of units is disclosed as in Note 21.

Classification of Unitholders as at 30 June 2007

Category of Unitholder	No. of Holders			No. of securities hold		
	Malaysian Bumiputra	Non-Bumiputra	Foreign	Malaysian Bumiputra	Non-Bumiputra	Foreign
1) Individual	505	966	11	3,178,300	8,334,500	860,200
2) Body Corporate						
a. Banks/finance companies	-	2	-	-	157,000	-
b. Investments trust/foundation /charities	-	-	-	-	-	-
c. Other types of companies	2	11	-	4,000	8,787,900	-
3) Government agencies /Institutions	-	-	-	-	-	-
4) Nominees	111	41	44	87,349,500	17,148,800	58,179,800
	618	1,020	5	90,531,800	34,428,200	59,040,000
		1,693			184,000,000	

UNITHOLDERS' STATISTICS (CONTINUED)

Analysis of Unitholdings - (Continued)

Thirty Largest of Unitholders as at 30 June 2007

Unitholders	No. of unit	Percentage
1) Amanah Raya Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Bersama	74,820,200	40.66%
2) Cartaban Nominees (Asing) Sdn Bhd - Royal Bank of Scotland Plc	28,000,000	15.22%
3) HSBC Nominees (Tempatan) Sdn Bhd - Nomura Asset Management Malaysia for Employee Provident Fund	9,781,000	5.32%
4) Citigroup Nominees (Asing) Sdn Bhd - CB Singapore GW for NTUC Income Insurance Co-operative Ltd (Lifepar)	9,000,000	4.89%
5) Citigroup Nominees (Asing) Sdn Bhd - Exempt an American International Assurance Company Limited	5,440,000	2.96%
6) Citigroup Nominees (Asing) Sdn Bhd - CB Singapore GW for American International Assurance Co Ltd (SLF PAR)	5,000,000	2.72%
7) Cartaban Nominees (Asing) Sdn Bhd - Petronas for Petronas Retirement Benefit Scheme	3,734,100	2.03%
8) MCIS Zurich Insurance Berhad	2,250,000	1.22%
9) MCIS Zurich Insurance Berhad	2,250,000	1.22%
10) Amanah Raya Nominees (Tempatan) Sdn Bhd - For ARSM Trust Fund	2,036,600	1.11%
11) Kurnia Insurance (Malaysia) Berhad	2,000,000	1.09%
12) Citigroup Nominees (Asing) Sdn Bhd - Goldman Sachs International	1,616,500	0.88%
13) Citigroup Nominees (Asing) Sdn Bhd - CBSGP GW for AIG International Fund-Singapore Bond Fund	1,200,000	0.65%
14) Citigroup Nominees (Asing) Sdn Bhd - CB Singapore GW for AIA Regional Fixed Income Fund	1,100,000	0.60%
15) Frank Wen-King Tsao	1,063,800	0.58%

UNITHOLDERS' STATISTICS (CONTINUED)

Analysis of Unitholdings - (Continued)

Thirty Largest of Unitholders as at 30 June 2007 (Continued)

Unitholders	No. of unit	Percentage
16) Johari Bin Mat	1,000,000	0.54%
17) Citigroup Nominees (Asing) Sdn Bhd - American Home Assurance Company	1,000,000	0.54%
18) Citigroup Nominees (Asing) Sdn Bhd - CBSGP GW for AIG International Fund-Acorns of Asia Balanced Fund	1,000,000	0.54%
19) HSBC Nominees (Tempatan) Sdn Bhd - HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	1,000,000	0.54%
20) CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Ahmad bin Muhamed (PB)	1,000,000	0.54%
21) HSBC Nominees (Tempatan) Sdn Bhd - HSBC (Malaysia) Trustee Berhad for Singular Asia Flexible Fund	1,000,000	0.54%
22) State Insurance Brokers Sdn Bhd	1,000,000	0.54%
23) CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Mohamad Azmadi Bin Fadzil (PB)	992,000	0.54%
24) Sim Seow Heng	700,000	0.38%
25) CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for The Meng Teck (PB-IU)	700,000	0.38%
26) Citigroup Nominees (Asing) Sdn Bhd - CB Singapore GW for American International Assurance Co Ltd (AIA Growth FD)	700,000	0.38%
27) MCIS Zurich Insurance Berhad	500,000	0.27%
28) HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Texas Instruments Malaysian Employee Retirement Plan (Retirement Fund)	500,000	0.27%
29) Antara Holiday Villas Sdn Bhd	500,000	0.27%
30) Mayban Nominees (Tempatan) Sdn Bhd - AmanahRaya-JMF Asset Management Sdn Bhd for Syed Zaid Bin Syed Jaffar Albar	500,000	0.27%
	161,384,200	87.69

