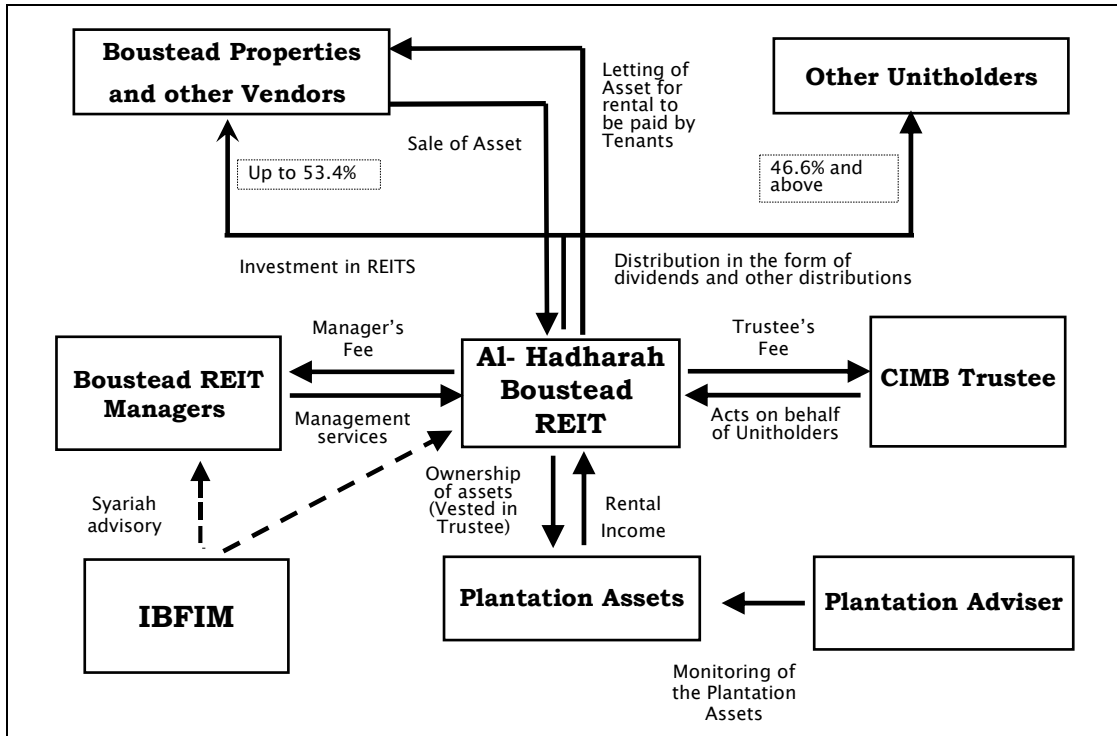


6.0 INFORMATION ON AL-HADHARAH BOUSTEAD REIT

6.1 THE FORMATION AND STRUCTURE OF THE AL-HADHARAH BOUSTEAD REIT

6.1.1 The Structure of Al-Hadharah Boustead REIT

The following diagram illustrates the structure of Al-Hadharah Boustead REIT and indicates the relationship between Al-Hadharah Boustead REIT, the Manager, the Plantation Adviser, the Trustee, the Shariah Adviser and the Unitholders:



Pursuant to the above transaction structure:

1. Al-Hadharah Boustead REIT acquires from the Vendors all the rights, interests and benefits relating to the beneficial ownership of the Plantation Assets for a total purchase consideration of RM471,900,000 upon the terms and subject to the conditions as set out in the conditional SPAs;
2. To fund the purchase consideration of the Plantation Assets, Al-Hadharah Boustead REIT issues Units to the Vendors pursuant to the acquisition of the Plantation Assets as part of the purchase consideration. The balance of the purchase consideration will be satisfied in cash based on proceeds raised from the Public Offering, which is offered to the public and institutions/investors;
3. Pursuant to the SPAs, each of the Vendors will issue a declaration of trust ("Declaration of Trust") wherein each of the Vendors will declare that it holds all the rights, interests and benefits relating to the beneficial ownership of the Plantation Assets in trust for Al-Hadharah Boustead REIT (save and except for the Malay Reserved Land);
4. Upon completion of the acquisition of the Plantation Assets, Al-Hadharah Boustead REIT lets the Plantation Assets to the respective Vendors for agreed rental payments and for agreed tenancy periods of three (3) years each, automatically renewable four (4) times up to twelve (12) years and thereafter renewable for up to an additional fifteen (15) years comprising five (5) additional terms of not more than three (3) years each (save and except for the tenancy of the Malay Reserved Land which are not automatically renewable), upon the terms and subject to the conditions as set out in the Ijarah Arrangements/SPAs;
5. The Manager appointed Mohd Jani Hashim as the Plantation Adviser to monitor the overall state and condition of all Plantation Assets.

The Fund is generally suitable for investors who understand the risks related to the plantation sector and expect to benefit from long term growth of the Fund and to receive a stable distribution of income.

THERE ARE FEES, CHARGES AND EXPENSES INVOLVED IN THE ADMINISTRATION OF THE FUND, INCLUDING BUT NOT LIMITED TO MANAGER'S FEES, PLANTATION ADVISER'S FEES AND TRUSTEE'S FEE. INVESTORS ARE ADVISED TO CONSIDER THE FEES, CHARGES AND EXPENSES BEFORE INVESTING IN THE FUND.

6.1.2 The Deed

Al-Hadharah Boustead REIT is constituted by the Deed and is principally regulated by the SCA and the REIT Guidelines.

The Deed is executed between Boustead REIT Managers as the Manager of Al-Hadharah Boustead REIT and CIMB Trustee as the Trustee of Al-Hadharah Boustead REIT to act in their respective capacities. The Deed has been registered with the SC on 14 December 2006 and lodged with the SC.

The terms and conditions of the Deed are binding on each Unitholder and persons claiming through such Unitholder as if such Unitholder were a party to the Deed and as if the Deed contains covenants by such Unitholder to observe and be bound by the provisions of the Deed and an authorisation by each Unitholder to do all such acts or things as the Deed may require the Manager and/or the Trustee to do.

6.1.3 Rights and Liabilities of Unitholders

- (a) Each Unit in Al-Hadharah Boustead REIT is of equal value and represents an undivided interest in the Fund. Units in Al-Hadharah Boustead REIT shall confer on the Unitholder the rights (amongst others) to:
- (i) receive any distributable earnings of the Fund;
 - (ii) participate in accordance with the Deed in any increase in the value of any of the investments comprised in the assets of Al-Hadharah Boustead REIT;
 - (iii) receive the fund reports and annual reports of the Fund;
 - (iv) convene, attend and vote at meetings of Unitholders; and
 - (v) such other rights, benefits, entitlements and privileges as are conferred on them or attached to them by the provisions of the Deed.
- (b) The prior approval of Unitholders (by ordinary or special resolution in a meeting as the case may be) is required for the following transactions:
- (i) Sale or disposal of any Plantation Assets of the Fund by ordinary resolution for assets not exceeding 50% of the total asset value of the Fund or by special resolution for assets exceeding 50% of the total asset value of the Fund (except on termination of the Fund);
 - (ii) Acquisition of Plantation Assets from, or disposal of Plantation Assets to a related corporation or associated person of the Manager which is proposed to be transacted at a price which is:
 - more than the value of the Plantation Assets as assessed by an independent valuer, in the case of an acquisition; and
 - less than 90% of the value of the Plantation Assets as assessed by an independent valuer, in the case of a disposal; and
 - (iii) Disposal of Plantation Assets to a related corporation or associated person of the Manager where the value of the proposed transaction exceed 5% of the total asset value of the Fund (on a per-transaction basis).
- In transactions involving a related corporation or associated person of the Manager (as set out in (ii) and (iii) above), any person who may directly or indirectly benefit from proposed transaction shall not vote on such transaction.
- (c) Without limiting the generality of Section 6.1.3 (a) and (b) above, each Unitholder acknowledges and agrees that:
- (i) it will not commence or pursue any action against the Trustee or the Manager seeking an order for specific performance or for injunctive relief in respect of the assets of the Fund or any part of the assets of the Fund and waive any rights it may otherwise have to such relief;

- (ii) if the Trustee or the Manager breaches or threatens to breach its duties and obligations to a Unitholder under the Deed, the Unitholder's recourse against the Trustee or the Manager is limited to a right to recover damages or compensation from the Trustee or the Manager in a court of competent jurisdiction; and
 - (iii) damages or compensation is an adequate remedy for such breach or threatened breach.
- (d) A Unitholder may not:
- (i) interfere or seek to interfere with the rights, powers, authority or discretion of the Manager or the Trustee or restrict the exercise of any discretion expressly conferred on the Manager or the Trustee under the Deed or the determination of any matter which, under the Deed, requires the agreement of either or both of the Manager and the Trustee;
 - (ii) exercise any rights in respect of the assets of the Fund or any part of the assets of the Fund or lodge any caveat or other notice affecting the assets of the Fund or any part of the assets of the Fund; and
 - (iii) require that any assets of the Fund or any part of the assets of the Fund be transferred to or for a benefit of a Unitholder.
- (e) The liability of a Unitholder is limited to the amount payable for any Unit.

Please refer to Section 16 of this Prospectus for further details on the salient terms of the Deed.

6.2 INVESTMENT OBJECTIVES

Al-Hadharah Boustead REIT, constituted by the Deed dated 11 December 2006, is a REIT formed to own and invest primarily in plantation estates and mills. The primary objectives of the Fund are:

- (a) to provide Unitholders with a stable distribution of income/yield; and
- (b) to achieve long-term growth in the NAV per Unit of the Fund.

Should there be any material change to the primary investment objectives of the Fund, the prior approval of the Unitholders is required by way of a resolution of not less than 2/3 of all Unitholders present, by persons or by proxies, (or such other majority as may be required under the REIT Guidelines) at a meeting duly convened and held.

6.3 STRATEGY

The Manager intends to achieve the primary objectives of the Fund through implementing its investment and growth strategies. The Manager's strategy is to invest in a portfolio of plantation estates and mills in Malaysia and will not invest in non-real estate assets upon listing of Al-Hadharah Boustead REIT.

In achieving the above, the Manager plans to adopt a combination of the following strategies:

- (a) Organic growth strategy
- (b) Acquisition growth strategy
- (c) Financing strategy

6.3.1 Organic growth strategy

The Manager's organic growth strategy entails actively managing the Plantation Assets to maximise returns through a supervisory oversight of the operations and/or improvements to the Plantation Assets to sustain and improve cashflows and net income generated from the Plantation Assets. In achieving the above, the Manager has identified the following key areas which it will focus on:

(a) Proactive asset management

The Manager intends to maximise income and distributions to Unitholders by:

- adopting a strict expense strategy to maintain its expenses within the annual budgeted amount. Further, periodic reviews will be conducted to monitor expenses against budgeted amount;
- addressing all key operational issues to ensure alignment with the strategy; and
- regularly reviewing the portfolio to ensure that the Plantation Assets and other plantation assets are consistent with Al-Hadharah Boustead REIT's investment strategy.

(b) Maintain Replanting Programme

The Manager intends to implement a replanting programme which encompasses a continuous replanting strategy and implementation of the same. The objective of the replanting programme is to ensure that the Plantation Assets will continue to produce sustainable yield and income through the replacement of older trees of 25 years with better planting materials in the form of elite tissue culture/clones. The programme will be implemented on an annual basis with an annual allocation to ensure continuous upgrading of the trees.

(c) Asset Enhancements

The Manager believes that opportunities exist for enhancements. This is achieved through precision agricultural practices which will improve productivity of the Plantation Assets. Precision agricultural practices comprise four (4) elements:-

- (i) Soil improvements;
- (ii) Palm growth improvement;
- (iii) Environmental aspects; and
- (iv) Management.

Through precision agricultural practices, it can identify shortfall in the above four (4) elements and implement best management practices to ameliorate the shortfall through short term, medium term and long term strategies. While strategies for soil improvement are long term in nature, the palms can benefit from adopting short term and medium term strategies for enhancement.

(d) Cost Effectiveness, Cost Efficiency and Excellence in Application

The Manager's operating strategy to achieve optimal plantation expenses focuses on measures to improve cost effectiveness and cost efficiency. This, combined with excellence in application ensures that plantation operating expenses for the Plantation Assets are optimized, without compromising the quality of services and facilities provided.

This strategy will be implemented through the adoption of an annual maintenance budget for all the Plantation Assets. Monthly reviews of the actual operating expenses will be conducted through the implementation of a cost control management system where the operating expenses will be itemised and any variances from the preset budgeted amount can be highlighted quickly on a monthly basis.

(e) Sustainable Agriculture

Centrifugal to the Manager's overall strategy to improve the Plantation Assets, is the concept of "Sustainable Agriculture". Sustainable Agriculture is a holistic approach to agriculture where all aspects of environment health, economic profitability and social responsibility are taken into consideration. This is not only about protecting the environment nor is it only about ensuring the earnings objectives are met.

The cornerstone of modern agriculture comprises the 3 Ps – People, Profits and Planet. This signifies the symbiotic and sharing relationship between human resources and natural resources juxtaposed with profitability.

The essence of Sustainable Agriculture has been ingrained in the operations management and administration of the Plantation Assets. The Manager is committed to develop and cement best practices that lead to business sustainability.

The adoption of "Good Agriculture Practices" which encompass a set of guidelines pertaining to replanting techniques which include zero burn, soil and water conservation management, integrated pest management and fertilizer management amongst others. In addition "Good Milling Practices" also provide exacting guidelines to ensure the mills produce products and services that are of the highest quality while adhering to principles of sustainability. This includes efficient and effective management of water, effluents and mill by-products, quality assurance and occupational health and safety.

While Good Agriculture Practices and Good Milling Practices provide a foundation towards achieving the goals of sustainable agriculture, these existing methods and practices need to be constantly updated and enhanced.

The Manager will strongly advocate the use of technology to improve processes and all aspects of operations related to sustainable agriculture.

6.3.2 Acquisition growth strategy

It is imperative that Al-Hadharah Boustead REIT adopts a strategy of continual growth in order to enhance value for the Unitholders and the Manager is instrumental in formulating and achieving the growth strategy.

The acquisition growth strategy entails selectively acquiring additional plantation estates and/or mills that provide attractive cash flows and yields, together with the potential growth in distribution per Unit and NAV per Unit. In the medium and long term, the Manager will seek to capitalise on opportunities in the Malaysian plantation sector through plantation acquisitions that meet such criteria. The Manager presently intends to focus its investment on plantation estates in Malaysia through the implementation of medium-term and long-term acquisition growth strategies to achieve stable distribution of yield and long term growth in NAV per Unit

Medium-term Growth

In the medium term, the Al-Hadharah Boustead REIT will assess acquisition opportunities both in the form of plantation assets available for acquisition from third parties as well as from within the Boustead Group.

The Boustead Group recently completed an asset backed securities (“ABS”) programme, in November 2005 whereby approximately 37,037 Ha of plantation assets were sold to Golden Crop Returns Berhad with options to buy back the plantation assets in future over three (3), five (5) and seven (7) years from issuance of the assets backed securities. The ABS structure gives the Boustead Group the opportunity to buy back approximately RM110 million of plantation assets with total hectareage of 3,771 Ha in November 2008 through the exercise of a call option.

In line with its medium-term growth strategy, Al-Hadharah Boustead REIT will contemplate the possibility of acquiring additional plantation assets which may arise from the Boustead Group’s exercise of its call options under the ABS programme.

Long-term Growth

As the Vendors and/or Boustead Group have a total plantation portfolio of up to RM1.0 billion in value, the Manager will be actively seeking out new acquisition opportunities from the Vendors and the market at large in order to continue the growth strategy for Al-Hadharah Boustead REIT.

In evaluating acquisition opportunities, the Manager will focus on the following investment criteria:

- Yield enhancements. The Manager will seek to acquire plantation estates that are expected to at least maintain or enhance the value of the Units.
- Location. The Manager will assess plantation estates which in addition to having a high yield, are well located to provide for future development potential. This in turn enables the Manager to realize capital gain for Al-Hadharah Boustead REIT when these plantation estates are subsequently sold to third parties, to reap an enhanced yield for the Unitholders.

- Value-adding opportunities. The Manager may also seek to acquire plantation estates which are below its replacement cost with the goal of improving value through active plantation management, replanting or other enhancements.
- Length of land tenancy. The Manager will actively seek plantation estates with long leasehold tenure and freehold land.
- Age of Trees. The Manager will seek plantation estates with prime yielding trees to enhance the yield profile of the existing portfolio.
- Economies of Scale. The Manager can effectively harness economies of scale through further acquisitions to lower the unit cost of production.

The Government has announced its intentions to use biodiesel as an alternative fuel for the transport industry by making it mandatory in 2007. As an option for further growth, the Manager may explore downstream acquisitions including the feasibility of acquiring investments in biodiesel and biofuel companies to add value and diversity to the portfolio to be held by Al-Hadharah Boustead REIT.

In addition, the Manager could avail itself to opportunities to access the 'Boustead Biotherm Palmass' Systems for further growth. This is in essence a novel 'zero-waste, zero-discharge' process of composting palm oil mill effluents (POME) and empty fruit bunches (EFB) into organic fertilizers using a combination of bio-drying in the thermophilic process, natural and assisted evaporations technology. This new technology utilises 100% of POME and 60% of EFB to produce compost using an advanced automated process.

The Manager intends to hold the Plantation Assets on a long-term basis. In the future, if the Manager considers that any of the Plantation Assets has reached a stage that affords a limited scope for income growth and/or its value has been maximised, the Manager may consider disposing the Plantation Assets and use the portion of the proceeds attributable to the cost of the relevant Plantation Assets to invest in new plantation assets with better potential for growth. The remaining portion of the proceeds attributable to the capital gains derived from the disposal may be distributed to Unitholders.

6.3.3 Financing strategy

The Manager will operate in accordance with the Deed and REIT Guidelines whereby the maximum level of financing of the Fund will not exceed 50% of the total asset value at the time the financing is obtained. At the point of listing, Al-Hadharah Boustead REIT will be debt-free with no financings.

The Manager intends to use a combination of Islamic financing and new issue units to fund future acquisitions and plantation enhancements. The Manager, if it deems appropriate and in compliance with the REIT Guidelines, may also adopt a hedging strategy to manage the risks associated with changes in profit rates relating to its future Islamic financing facilities.

The funding of any acquisitions or asset enhancement works undertaken may be through Islamic financings and/or through a private placement of additional Units, a rights issue or an issuance of new units to Vendors in the case of acquisitions. Such asset enhancements will only be undertaken following consideration of market conditions and the estimated impact on net income.

6.4 DISTRIBUTION POLICY

The Manager intends to distribute at least 90% of the distributable earnings for the relevant financial period/year or such other percentage and at such other intervals as determined by the Manager at its discretion.

Barring any unforeseen circumstances, it is the intention of the Manager to distribute at least 98% of the distributable earnings of Al-Hadharah Boustead REIT (other than income from capital gain) to the Unitholders for the FPE 31 December 2007 and the next two (2) FYE 31 December 2008 and 2009.

The Manager intends to make semi-annual distributions to the Unitholders with the amount calculated at 30 June and 31 December each year. However, the Board of Directors of Boustead REIT Managers may at its discretion change the frequency of distributions to be made to the Unitholders.

Such distributions will be made in cash in RM and paid within two (2) months from the Fund's financial year end/period. However, the first distribution will be for the financial period from the date of the listing of the Fund.

For these purposes, and under the terms of the Deed and in accordance with the applicable approved accounting standards, the distributable earnings will be:

- (a) the interim unaudited earnings after taxation of Al-Hadharah Boustead REIT in respect of interim distributions; and
- (b) the audited earnings after taxation of Al-Hadharah Boustead REIT, less the interim distributions, in respect of final distributions,

for the relevant period adjusted to eliminate the effects of the following applicable items which have been recorded in the income statement for the relevant financial period:

- (a) realised gains on disposal of the Plantation Assets;
- (b) fair value gains on financial instruments;
- (c) non-taxable income/ non-deductible expenses;
- (d) depreciation charges/ amortization of assets
- (e) deferred tax charges or credits in respect of plantation valuation movements; and
- (f) other non-cash items,

in each case as recorded in the income statement for the relevant distribution period.

In the event of a divestment, the Manager may use the portion of the proceeds to invest in new plantation assets with better potential for growth. The remaining portion of the proceeds (if any) derived from the disposal may be distributed to Unitholders at the discretion of the Manager, after taking into consideration the availability of cash resources and the working capital requirements of the Fund.

The Manager has the discretion to distribute any additional amounts (including capital gains) arising from any realised gains from disposal of the Plantation Assets and realised gains on financial instruments and any amount previously not distributed.

The amount of distributable earnings which the Manager can distribute for any period is subject to the availability of funds and are in compliance with the applicable laws and requirements and any applicable financing covenants in respect of any financing, if any, obtained by the Fund.

The above distribution policy is based on the current accounting policies applicable to Al-Hadharah Boustead REIT. In the event of any change in accounting policy, the Manager will review and may make changes to the distribution policy.

Any moneys payable to a Unitholder pursuant to his entitlement of the Fund's distribution which remain unclaimed after a period of one (1) year shall be accumulated in a special account and lodged with the Registrar of Unclaimed Moneys by the Manager or the Trustee. The Trustee shall maintain a record of all unclaimed moneys at its principal place of business in accordance with the provisions of the Unclaimed Moneys Act, 1965.

In addition to the above, the Manager may, pursuant to the Deed, purchase, sell or otherwise dispose of, reconstruct, exchange, vary, modify or otherwise change any investment forming part of the assets of the Fund in the interest of the Unitholders and it shall have the discretion on whether to reinvest or distribute the proceeds from any disposal of any assets of the Fund.

6.5 AUTHORISED INVESTMENTS AND GEARING LEVEL

The investments of Al-Hadharah Boustead REIT are limited to:

- (a) at least 75% of the total asset value of the Al-Hadharah Boustead REIT must be invested in Shariah-compliant plantation assets, single-purpose companies, plantation-related assets or liquid assets;
- (b) at least 50% must be invested in plantation and real estate assets and single-purpose company; and
- (c) the balance of 25% may be invested in any other authorised Shariah compliant investments.

The list of authorised investments of Al-Hadharah Boustead REIT which are Shariah compliant is as follows:

- (a) Plantation estates and mills;
- (b) Real estate (which is physical land and those human made items which are attached to the land) and including real estate which is being developed (to the extent permitted by the REIT Guidelines);
- (c) Single-purpose companies being unlisted companies whose principal assets comprise plantation estates or real estates;
- (d) Plantation estate or real estate-related assets which include units of other REITs, listed securities of and issued by plantation or property companies, listed or unlisted debt securities of and issued by plantation or property companies and mortgage-backed securities;
- (e) Liquid assets which include cash, deposits with licensed institutions and any other instrument capable of being converted into cash within 7 days as approved by the Trustee;
- (f) Non-real estate assets being listed shares issued by non-property/non-plantation companies;
- (g) Asset-backed securities; and
- (h) Any other investment not covered by item (a) to (g) above but specified as a permissible investment in the REIT Guidelines or otherwise permitted by the SC and/or the Shariah Advisory Council of the SC and/or the Shariah Adviser from time to time.

The real estates held by the Fund shall be revalued at least once every three (3) years from the last valuation date by an independent professional valuer or as the REIT Guidelines may stipulate. For purpose of complying with FRS 140, the Manager will also review the fair value of the Plantation Assets at each balance sheet date. All valuations will be conducted on the bases and methods, which are in accordance with the Asset Valuation Guidelines issued by the SC. Upon completion of the Public Offering, the investment portfolio of Al-Hadharah Boustead REIT shall only consist of the Plantation Assets.

In the event Al-Hadharah Boustead REIT diversifies its investment portfolio to other authorised investments (other than Plantation Assets), the basis of valuation for such investment shall be carried out in accordance with the provisions of the Deed and the REIT Guidelines.

In accordance with the Deed and the REIT Guidelines, the total financing of the Fund shall not exceed 50% of the total asset value of the Fund (or such other level permitted under the REIT Guidelines from time to time) at the time the financing is obtained unless the prior approval of the Unitholders has been obtained or exempted by the SC or permitted by the applicable laws and requirements. At the point of listing, Al-Hadharah Boustead REIT will be debt free.

6.6 PLANTATION ASSETS

6.6.1 Acquisition by Al-Hadharah Boustead REIT

Pursuant to the SPAs entered into between the Vendors of the Plantation Assets and the Trustee (as trustee for the Fund), Al-Hadharah Boustead REIT had agreed to acquire the following Plantation Assets for a total purchase consideration of RM471.9 million as follows:

Vendors	Name of Plantation Assets/ Location	Land area (ha)	Market Value ⁽¹⁾ (RM)	Purchase Consideration (RM)
Plantation Assets beneficially owned by the Fund upon listing of the Fund on the Main Board of Bursa Securities				
Boustead Properties Berhad	Bekoh Estate, Johor	1,226.12	34,700,000	33,510,000
	Malaya Estate, Perak	922.14	21,500,000	20,770,000
	Kulai Young Estate, Johor	816.19	42,300,000	40,850,000
	Bukit Mertajam Estate, Kedah	2,173.22	100,400,000	96,970,000
	Batu Pekaka Estate, Kedah	968.73	40,000,000	38,630,000
	Chamek Estate, Johor	816.86	22,800,000	22,020,000
Boustead Heah Joo Seang Sdn Bhd	Telok Sengat Estate and Telok Sengat Palm Oil Mill, Johor	3,712.56	152,622,000	147,400,000
		10,635.82	414,322,000	400,150,000
Plantation Assets which will be beneficially owned by the Fund within six (6) months from the date of listing of the Fund (or such other extended period as may be approved by the SC)				
Boustead Plantations Berhad	Lepan Kabu Estate and Lepan Kabu Palm Oil Mill, Kelantan ⁽²⁾	2,044.23	74,284,000	71,750,000
TOTAL		12,680.05	488,606,000	471,900,000

Note :

- (1) As per the respective valuation reports prepared by CH Williams Talhar & Wong Sdn Bhd dated 20 and 21 July 2006.
- (2) As at the Latest Practicable Date, the legal and beneficial ownership of the Lepad Kabu Estate and Lepad Kabu Palm Oil Mill has not been transferred to the Trustee.

As at the Latest Practicable Date, the transfer of the legal and beneficial ownership of all the Plantation Assets (including all rights, interest and benefits accrued thereon) to Al-Hadharah Boustead REIT is still pending completion. The transfer of the beneficial ownership was completed on 29 December 2006, except for Lepad Kabu Estate and Lepad Kabu Palm Oil Mill in Kelantan whereby the beneficial ownership of the said estate and mill (including all rights, interest and benefits accrued thereon) shall be transferred to the Trustee within six (6) months from the date of listing of the Fund (or such other extended period as may be approved by the SC), subject to the terms of the said SPA. Applications to the Estate Land Board for approval in respect of the sale and transfer of the legal ownership of the Plantation Assets (other than Lepad Kabu Estate and Lepad Kabu Palm Oil Mill) in favour of the Purchaser have been made in December 2006 to the relevant land authorities. The Vendors shall obtain the said approval of the Estate Land Board for the transfer of legal ownership of the said Plantation Assets to the Fund and present the transfer in respect of the Plantation Assets for registration within three (3) years from the completion date of the SPAs, subject to the terms of the SPAs.

Upon completion of the acquisition of the beneficial ownership of the Lepad Kabu Estate and Lepad Kabu Palm Oil Mill in Kelantan, Al-Hadharah Boustead REIT's portfolio of plantation estates shall comprise eight (8) oil palm estates and two (2) palm oil mills with market value of RM488,606,000 and total land area under valuation of 12,680.05 hectares. All these estates are involved in planting of oil palm while the palm oil mills are involved in processing of palm oil.

The purchase consideration of RM471,900,000 is to be satisfied in the following manner:-

	<u>Value of New Units RM</u>	<u>Cash Payment RM</u>	<u>Total Value RM</u>
Upon completion of acquisition of Plantation Assets excluding Lepad Kabu Estate and Lepad Kabu Palm Oil Mill (before date of listing)	180,250,000	219,900,000	400,150,000
Within six (6) months from date of listing (or such other extended period as may be approved by the SC) for the acquisition of Lepad Kabu Estate and Lepad Kabu Palm Oil Mill	71,750,000	-	71,750,000
	<u>252,000,000</u>	<u>219,900,000</u>	<u>471,900,000</u>

The aggregate purchase consideration for the Plantation Assets of RM471,900,000 was arrived at based on willing seller-willing buyer basis, after taking into consideration of the earnings potential and discount of approximately 3.42% to the aggregate appraised value of the Plantation Assets of RM488,606,000, as determined by the independent valuer, CH Williams Talhar & Wong Sdn Bhd. For details of the valuation, please refer to Section 13 of this Prospectus.

Out of the total gross proceeds to be raised from the Public Offering of RM229,680,000, RM219,900,000 shall be utilised to finance the cash portion of the purchase consideration for the Plantations Assets (except for Lapan Kabu Estate and Lapan Kabu Palm Oil Mill). The proceeds for the funding of acquisitions of the Plantation Assets are expected to be disbursed within fourteen (14) days after the listing of Al-Hadharah Boustead REIT.

6.6.2 Land matters pertaining to the establishment of Al-Hadharah Boustead REIT

Conversion of land use

The necessary applications to the relevant land authority to change the category of land use and/or express conditions imposed on certain Plantations Assets namely Malaya Estate, Bukit Mertajam Estate and Batu Pekaka Estate which carry the conditions that the land are to be used for commercial plantation/cultivation-coffee, orchard plantation/cultivation, rubber cultivation, etc. to "Agriculture" and/or "Plantation of Palm Oil" have been made in December 2006. The application for the change in the category of land use and/or express conditions for the Lapan Kabu Estate will be made upon the transfer of the said estate from Malakoff Berhad in favour of Boustead Plantations Berhad.

Kulai Young Estate

Pursuant to the SPA in relation to the acquisition of Kulai Young Estate, part of both the land held under Lot No. 2939 and Lot No. PTD 71227 which is currently used for quarry operations is not acquired by the Fund. However, the Fund acknowledges that it shall hold the said excluded land in trust for the Vendor pursuant to the acquisition of the Plantation Assets .

Bukit Mertajam Estate and Batu Pekaka Estate

Since the Trustee is not recognised as a Malay company, the transfer of the Malay Reserved Land is conditional upon:

- (a) Application to the relevant state authority, through the Pengarah Tanah & Galian of the respective state for Trustee to be recognised as a Malay company or in the alternative, exemption thereof. The Pengarah Tanah & Galian has jurisdiction to attend and decide on such decision; and
- (b) If applicable, the consent of the Estate Land Board. The latter will be applicable to lands, defined by Section 214A(11) of the National Land Code as, "...any agricultural land held under one or more than one title the area or the aggregate area of which is not less than 40 hectares and the alienated lands constituting such area are contiguous."

The beneficial interest of the said Malay Reserved Lands will accrue to the Trustee upon receipt of such declaration of the status of the Trustee or exemption thereof and the fulfillment of any other conditions precedent as set out in the said SPAs, while the registrable interest will vest with the Trustee upon consent of the Estate Land Board (if applicable).

In respect of Bukit Mertajam Estate and Batu Pekaka Estate, the relevant exemption from the Pengarah Tanah & Galian, Kedah, which has the jurisdiction over the said estates, to confirm that the Trustee need not be declared as a Malay, has been obtained on 5 September 2006.

Lepan Kabu Estate

Currently, eight (8) land titles of Lepan Kabu Estate and Lepan Kabu Palm Oil Mill are registered in the name of Malakoff Berhad and pending transfer to The Kuala Sidim Rubber Company Berhad. As at the Latest Practicable Date, the approval for transfer has been obtained from the state authority of Kelantan subject to the status of the land being leasehold status. Pursuant to the appeal to the state authority, three (3) titles have been reinstated as freehold status and the appeal in respect of remaining five (5) titles to be reinstated as freehold status is pending.

Once the appeals are successful, the registration for transfer of the said lands from Malakoff Berhad to The Kuala Sidim Rubber Company Berhad will be presented together with an application for the change of name from The Kuala Sidim Rubber Company Berhad to Kuala Sidim Berhad and thereafter Boustead Plantations Berhad.

The details of the application for transfer and the estimated timeline for the said procedures for Lepan Kabu Estate and Lepan Kabu Palm Oil Mill are set out below:

- (a) the application form for the application for consent for transfer is filled in and submitted to Kuala Krai Land Office;
- (b) An inquiry is conducted by Kuala Krai land Office within five (5) to six (6) months after the filing of the application for consent for transfer;
- (c) The said application is thereafter submitted to Pejabat Tanah & Galian, Kelantan in Kota Bharu ("PTG Kelantan") after approximately one month from the date of the inquiry;
- (d) PTG Kelantan will review and if the said application is accepted, it is sent to the State Exco Office;
- (e) State Exco Office will fix it to be tabled at its meeting;
- (f) If the said application is accepted, during the State Exco's meeting, the approval will only be issued after the confirmation of minutes during the subsequent State Exco meeting;
- (g) The file will then be sent back to PTG Kelantan;
- (h) PTG Kelantan will issue the certificate to be signed only by the authorised officer;
- (i) Once the certificate has been signed by the authorised officer, the file with the certificate is send back to Kuala Krai Land Office;
- (j) Kuala Krai Land Office will then inform the client/ solicitors.

If the Fund accepts the consent to transfer and any conditions attached herein, the process ends there. However, if the Fund decided to appeal against any conditions imposed thereon, the same procedures beginning from filling the appeal at the Kuala Krai Land Office will apply.

The beneficial interest of the Lepan Kabu Estate will accrue to the Trustee upon receipt of the consent of transfer and the fulfillment of other terms and conditions, while the registrable interest will vest with the Trustee upon receipt of the consent of the Estate Land Board.

6.6.3 Overview of Plantation Assets

Al-Hadharah Boustead REIT is the first Islamic plantation-based real estate investment trust launched in Malaysia and to be listed on the Main Board of Bursa Securities. The listing of Al-Hadharah Boustead REIT is expected to provide Malaysian investors with a new investment opportunity.

Its key investment objective is to invest primarily in plantation assets comprising oil palm estates and palm oil mills which will provide Unitholders with:

- a stable distribution of income/yield; and
- long-term growth in NAV per Unit.

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(a) **Gross income**

The historical gross income earned by the Vendors from the Plantation Assets for FYE 31 December 2005 and for nine (9) months ended 30 September 2006 is as set out below:

Plantation Assets	As at 31 December 2005		For the FYE 31 December 2005		As at 30 September 2006		For 9 months ended 30 September 2006	
	Mature Area (Ha)	Yield per hectare (MT)	Gross Income (RM'000)	Yield per hectare (MT)	Mature Area (Ha)	Yield per hectare (MT)	Gross Income (RM'000)	
Bekoh Estate, Johor	1,139.6	21	6,506		1,188.4	19	6,510	
Malaya Estate, Perak	804.4	24	5,149		727.9	22	4,156	
Kulai Young Estate, Johor	821.4	23	5,550		794.0	21	4,738	
Bukit Mertajam Estate, Kedah	2,009.6	25	14,045		2,009.6	24	13,494	
Batu Pekaka Estate, Kedah	899.4	19	4,739		899.4	21	5,075	
Chamek Estate, Johor	818.5	23	5,569		789.0	21	4,764	
Telok Sengat Estate and Telok Sengat Palm Oil Mill, Johor	2,835.4	26	33,391		3,112.5	19	27,794	
Lepan Kabu Estate and Lepan Kabu Palm Oil Mill, Kelantan	1,753.1	20	16,673		1,796.3	17	12,628	
	11,081.4	23	91,621	23	11,317.1	20	79,159	

(b) **Age Profile of Palm Trees (as at the Latest Practicable Date)**

Estate	Immature	Young Mature	Prime Mature		Total
	< 3 years	3-6 years	7-15 years	16-25 years	
	Ha	Ha	Ha	Ha	
Bukit Mertajam	-	363.9	1,167.5	478.2	2,009.6
Batu Pekaka	-	270.1	243.0	386.3	899.4
Bekoh	-	300.8	510.4	377.2	1,188.4
Chamek	13.8	272.7	414.2	102.1	802.8
Malaya	118.8*	-	247.6	480.3	846.7
Kulai Young	-	-	396.2	397.8	794.0
Lepan Kabu	189.1	127.9	1,418.3	250.1	1,985.4
Telok Sengat	400.8	758.3	1,375.0	979.2	3,513.3
TOTAL	722.5	2,093.7	5,772.2	3,451.2	12,039.6

Note:

* *In the process of replanting.*

(c) **Ijarah Arrangements**

- Under the Ijarah Arrangements, the Plantation Assets are let back to the Vendors as Tenants for a cumulative tenure of up to thirty (30) years.
- The Ijarah Arrangement for each of the estates and mills shall take the form of a three (3)-year tenancy which are automatically renewable four (4) times up to twelve (12) years and thereafter renewable for up to an additional fifteen (15) years comprising five (5) additional terms of not more than three (3) years each (save and except for the tenancy of the Malay Reserved Land which are not automatically renewable).
- The Ijarah Arrangements for the first two (2) tenancy periods of three (3) years each totaling (6) years cannot be terminated by the Tenants (save for any breaches by the Trustee), save and except for Malay Reserved Land.
- The tenancies of the Malay Reserved Land shall be for a period of not exceeding three (3) years. Upon expiry of the tenancies, the Tenants and the Trustee may enter into new tenancies not exceeding three (3) years on mutually agreeable terms.

Income To Al-Hadharah Boustead REIT

Under the Ijarah Arrangements, the Tenants shall be obliged to pay the following payments to Al-Hadharah Boustead REIT:-

(i) Fixed Rental

The Tenants shall pay a fixed rental amounting to an aggregate of RM41.3 million per annum to be payable on a bi-monthly basis in arrears to the Fund for the first tenancy term of three (3) years commencing from 1 January 2007. The rentals for the Plantation Assets are as follows:-

	<u>Fixed Rental</u> <u>Payment per</u> <u>annum</u> <u>RM ('000)</u>
Bekoh Estate	3,350
Malaya Estate	2,164
Kulai Young Estate	2,574
Bukit Mertajam Estate	6,983
Batu Pekaka Estate	2,330
Chamek Estate	2,700
Telok Sengat Estate and Telok Sengat Palm Oil Mill	14,815
Lepan Kabu Estate and Lepan Kabu Palm Oil Mill	6,384
Total	<u>41,300</u>

The rental payment for Lepan Kabu Estate and Lepan Kabu Palm Oil Mill would commence upon the date of completion of the SPA relating thereto, which is expected to take place within six (6) months from the date of listing of the Fund (or such other extended period as may be approved by the SC).

At the end of every three (3) years, the fixed rental shall be renewed and a new rental will be agreed between the Trustee (on recommendation of the Manager) and the Tenants. The new rental will be agreed upon with reference to the historical CPO prices, the prevailing and expected future CPO prices, the cost of production, the extraction rates, the yield per hectare and the mature area of the Plantation Assets as referred to in the relevant Ijarah Agreement(s). The formula for the fixed rental for the first tenancy terms and rental renewal is set out below:-

$$[A - B] \times [C \times D \times E]$$

Where :

- A: The amount that must be agreed between the Trustee as Landlord and the Tenants based on the average historical, prevailing and expected future crude palm oil price per MT
- B: The average projected production cost per MT for the next three (3) years
- C: The average projected yield per Ha for the next three (3) years
- D: the average projected mature Ha for the next three (3) years
- E: The average projected extraction rate for the next three (3) years

(ii) Performance Based Profit Sharing

In addition to the fixed rental, the Tenants shall also pay a yearly amount not later than two (2) months after the last business day of the financial period/year, based on an agreed formula which is correlated to the performance of CPO and FFB prices realised and the actual FFB and CPO productions of the Plantation Assets as provided for in the Ijarah Agreements. The amount will represent a 50:50 sharing between the Tenant and the Landlord of the net incremental income, based on CPO prices realised in the year when compared to the Reference CPO price of RM1,500 per MT or such other CPO price agreed for the subsequent additional tenancy terms.

The formula for the Performance Based Profit Sharing is as set out below:

$\text{Performance Based Profit Sharing} = 50\% \times \{(AX (B-C)-D)\}$
--

Where;

- A: Actual estate production (MT) of FFB and of crude palm oil;
- B: Weighted average crude palm oil price and weighted average FFB price realised during the financial year;
- C: Reference price of CPO of RM1,500.00 ("Reference Price") or such other CPO price agreed for the subsequent additional tenancy terms per MT as the Reference Price; and
- D: Selling commission, capital expenditure (not borne by the Fund) and other direct costs.

(d) Replanting Programme of the Plantation Assets

In line with industry practice, a replanting programme for continuous replanting will be implemented. The objective of the replanting programme is to enhance and sustain the overall yield production of the Plantation Assets.

Under the replanting programme, younger oil palms will progressively replace the lower-yielding palms above 25 years of age, thus ensuring a sustainable profile of high-yielding crops.

The replanting activities will be carried out by the Tenants in accordance with a replanting schedule. The replanting cost will be borne by Al-Hadharah Boustead REIT and the replanting cost is estimated at RM2.3 million to RM3.7 million per annum over the next three years.

The replanting programme for the Plantation Assets for the next three years is as below:

Estate	2007 (ha)	2008 (ha)	2009 (ha)
Bekoh Estate, Johor	-	103.6	-
Malaya Estate, Perak	69.1	116.8	82.9
Kulai Young Estate, Johor	-	-	-
Bukit Mertajam Estate, Kedah	29.7	-	-
Batu Pekaka Estate, Kedah	-	63.3	39.8
Chamek Estate, Johor	39.3	-	-
Telok Sengat Estate, Johor	118.0	135.5	124.6
Lepan Kabu Estate, Kelantan	-	107.5	61.7
Total hectares	256.1	526.7	309.0

Justification and rationale for the replanting cost to be borne by Al-Hadharah Boustead REIT

Principally, it should be noted that the Fund is structured according to the contract of leasing or Ijarah which involves the lease of the Plantation Assets from the Fund to the Tenants. From Shariah point of view, Ijarah is defined as “a contract over a desirable, known, permissible and accessible usufruct, in exchange for a known compensation.” In an Ijarah contract, the lessor must make certain that the usufruct of the leased object is accessible to the lessee thus responsible for ensuring the availability and usability of the leased object to the lessee. As such, the Fund as the lessor (and the owner) of the Plantation Assets is responsible to ensure availability and usability of the Plantation Assets leased to the Tenants.

Hence, when there is a requirement for replanting, all the associated costs must be borne by the lessor i.e. the Fund as advised by the Shariah Adviser.

In addition, replanting exercise will enhance the value of the Plantation Assets which directly benefits the Fund thus it is proper for the Fund to bear the cost.

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6.7 DETAILS OF THE PLANTATION ASSETS

Bekoh Estate

The details of the Bekoh Estate are as follows:

Vendor	:	Boustead Properties
Location	:	Approximately 13 kilometres north west of Tangkak Town, Muar, Johor
Description	:	<p>The subject property is known as Bekoh Estate with a net titled land area of 1,226.12 hectares. It is irregular in shape and is divided into forty three (43) fields for management purposes.</p> <p>The planted area is 1,188.4 hectares with the remaining 38.2 hectares under building sites, roads and unplanted hill.</p>
Category of land use	:	Nil
Tenure	:	Freehold
Existing use	:	Cultivation of oil palm
Land area (hectares)	:	1,226.12
Planted area (hectares)	:	1,188.4
Purchase Price	:	RM33,510,000
Market Value	:	RM34,700,000
Basis of valuation	:	Investment (Discounted Cash Flow) Method
Average Market Value per hectare (per acre basis)	:	RM28,301 (RM11,453)
Date of valuation	:	8 June 2006. Shall be revalued at least once every three (3) years and the next valuation shall be conducted sometime in 2009.
Express Conditions	:	Nil
Restriction in Interest	:	Nil.
Encumbrances	:	<p><u>Lease</u> An area measuring 400 square feet is leased to Lembaga Letrik Negara, Tanah Melayu for a period of 30 years expiring on 31st October 2016.</p>

Malaya Estate

The details of Malaya Estate are as follows:

Vendor	:	Boustead Properties
Location	:	<p>The subject property is located within the precinct of Kubu Gajah, Selama. It is situated in two (2) separate locality due to its two (2) separated divisions.</p> <p>The Home (Malaya) Division is located along Jalan Selama/Kubu Gajah - Bukit Merah/Taiping approximately 5 kilometres to the south-east of Kubu Gajah village or approximately 17 kilometres to the south of Selama town.</p> <p>The Lumboh Kluang Division is located within the locality of Kampung Lembah Keluang. It is situated off Jalan Selama/Kubu Gajah - Bagan Serai approximately 1.5 kilometres to the south-west of Kubu Gajah village or approximately 13 kilometres to the south of Selama town.</p>
Description	:	The estate is divided into 24 fields and further subdivided into 2 divisions namely, Home (Malaya) Division and Lumboh Kluang Division) for management purposes.
Category of land use	:	Agriculture/Nil
Tenure	:	Freehold
Existing use	:	Cultivation of oil palm
Land area (hectares)	:	922.14
Planted area (hectares)	:	727.9
Purchase Price	:	RM20,770,000
Market Value	:	RM21,500,000
Basis of valuation	:	Investment (Discounted Cash Flow) Method
Average Market Value per hectare (per acre basis)	:	RM23,311 (RM9,434)
Date of valuation	:	13 June 2006. Shall be revalued at least once every three (3) years and the next valuation shall be conducted sometime in 2009
Express Condition	:	<p><u>Lot Nos. 206, 208 and 213</u> Tanaman Komersial – Kopi</p> <p><u>Lot Nos. 206A, 209, 215, 507, 510, 544, 521, 720, 723, 750 and 751</u> Tanaman Komersial – Kelapa</p> <p><u>Lot Nos. 207, 212, 267, 268, 463, 471, 1365, 216, 556, 1275 (34-15), 279, 282, 284, 285, 430-432, 474, 591, 594-597, 721, 722, 875-878, 898, 900-903, 649, 710, 717/718, 1241, 1245 and 1830</u> Tanaman Dusun-Dusun</p>

Lot Nos. 778-781, 1267 and 1425
Tanaman Komersial – Getah/Kelapa Sawit

Lot No. 542
Tanaman Komersial – Getah

Lot No. 540
Tanaman Ubi Kayu tidak dibenarkan

Remaining Lots
Not stated

Encumbrances : Lot No 170
Nombor Perserahan: 31269/1994 Jil. 21 Fol. 17 Pajak
Sebahagian Tanah kepada TENAGA NASIONAL BERHAD
bagi tempoh masa selama 30 tahun mulai dari 15 November
1993 dan berakhir pada 14 November 2023 didaftarkan pada
6 Oktober 1994

Kulai Young Estate

The details of Kulai Young Estate are as follows:

Vendor : Boustead Properties

Location : Along Jalan Alor Bukit, about 15 kilometers north of Pekan
Nenas town

Description : Kulai Young Estate is an oil palm estate with an original
titled area of 1,036.5567 Ha. It is rectangular in shape with
a net titled area of about 1,022.8976 Ha. Part of both land
under Lot No. 2939 and Lot No. 71227 and the entire Lot
Nos. PTD 71221, 71222, 71223, 71224, 71225, 71226,
71228 and 71230 encompassing a combined land area of
206.7 Ha which comprise of quarry land/others will not be
included as part of the Plantation Assets to be acquired by
the Fund.

Category of land use : Lot Nos. 3564 and 2939
Tiada

Lot Nos. 71229
Agriculture

Tenure : Freehold

Existing use : Cultivation of oil palm

Land area (hectares) : 816.19

Planted area (hectares) : 794.00

Purchase Price : RM40,850,000

Market Value : RM42,300,000

Basis of valuation : Investment (Discounted Cash Flow) Method and
Comparison Method (for the portion with development
potential)

Average Market Value per hectare (per acre basis)	:	RM51,826 (RM20,974)
Date of valuation	:	6 June 2006. Shall be revalued at least once every three (3) years and the next valuation shall be conducted sometime in 2009.
Express Conditions	:	<u>Lot Nos. 3564 and 2939</u> Tiada <u>Lot Nos PTD 71229</u> i) Tanah ini hendaklah ditanam dengan tanaman Getah/Kelapa Sawit/Dusun ii) Pemilik tanah hendaklah sepanjang masa mengambil langkah-langkah menurut perintah yang dikehendaki oleh Pentadbir Tanah menjaga tanah ini daripada hakisan
Restriction in Interest	:	Nil
Encumbrances	:	Nil

Bukit Mertajam Estate

The details of Bukit Mertajam Estate are as follows:

Vendor	:	Boustead Properties
Location	:	Along the Kulim – Mahang main road (Kelang Baru Division) and Batu Puteh – Labu Besar/Karangan main road (Batu Puteh Division), Kulim, Kedah
Description	:	There are two (2) divisions within Bukit Mertajam estate. A brief description of each division are as follows:

Kelang Baru Division

It comprises thirty seven (37) lots of land viz Lot Nos. PTA, PTB, 15 to 20, 60, 71 143, 147, 270, 274, 277, 318 to 320, 476, 478, 479, 481, 482, 621, 741, 742, 744, 749, 752, 858, 911, 1241, 1244, 1311, 1313, 1314 and 1316; forming the section of the subject property along the southern and northern side of the Kulim-Mahang main road.

As a whole, the subject property is irregular in shape.

Batu Puteh Division

It comprises nine (9) lots of land viz Lot Nos. 3,3 to 8, 55 and 467; forming the section of the subject property along the north and south side of Jalan Batu Puteh – Labu Besar/Karangan main road and east-west of Jalan Batu Puteh – Padang Meha main road.

As a whole, the subject property is irregular in shape.

Category of land use	:	i) Pertanian/Kebun Getah ii) Pertanian/Kelapa Sawit iii) Pertanian/Dusun iv) Bangunan/Utk. Kem Masa Hadapan
Tenure	:	Freehold
Existing use	:	Cultivation of oil palm
Land area (hectares)	:	2,173.22
Planted area (hectares)	:	2,009.6
Purchase Price	:	RM96,970,000
Market Value	:	RM100,400,000
Basis of valuation	:	Investment (Discounted Cash Flow) Method and Comparison Method (for the portion with development potential)
Average Market Value per hectare (per acre basis)	:	RM46,199 (RM18,696)
Date of valuation	:	12 June 2006. Shall be revalued at least once every three (3) years and the next valuation shall be conducted sometime in 2009.
Express Condition	:	<u>Lot Nos. 911, 1241, 270, 274, 741, 742, 749, 71, 60, 318, 319, 320, 476, 478, 479, 481, 482, 621, 1244, PTA, 15, 17, 18, 20, 752, 858, 1313, 1314, 1316, 3 (HSD 47425), 4, 5-8</u> Kebun Getah <u>Lot No. PTB</u> Tanaman Getah <u>Lot No. 143</u> Getah <u>Lot Nos. 16 and 19</u> Dusun <u>Lot No. 147</u> Kelapa Sawit <u>Lot No. 744</u> Rubber Plantation <u>Lot No. 1311</u> Utk. Kem Masa Hadapan <u>Remaining Lots</u> Not stated

Restrictions In Interest : Kelang Baru Division

Lot No. 143

Jika pada mana-mana masa didapati dengan puas hati State Council mana-mana orang bukan melayu ada mempunyai faedah dalam tanah yang tuannya seorang melayu iaitu Tanah Simpanan bagi orang melayu lain daripada yang bersangkutan dengan pajak yang diberi di bawah undang-undang ini atau lain daripada gadaian yang telah di Register maka haknya di dalam tanah ini akan dibatalkan oleh State Council.

Lot Nos. 476, 479, 481 and 482

Jika pada mana-mana masa didapati dengan puas hati State Council mana-mana orang bukan melayu ada mempunyai faedah di dalam tanah yang tuannya seorang melayu itu tanah simpanan bagi orang melayu lain yang bersangkutan dalam pajak yang diberi di bawah undang-undang ini atau lain daripada gadaian yang telah di register, maka haknya di dalam tanah ini akan dibatalkan oleh State Council.

Lot No. 478

Jika pada mana-mana masa didapati dengan puas hati state council mana-mana orang bukan melayu ada mempunyai faedah di dalam tanah yang tuannya seorang melayu itu tanah simpanan bagi orang melayu lain yang bersangkutan dalam pajak yang diberi di bawah undang-undang ini atau lain daripada gadaian yang telah di register, maka haknya didalam tanah itu akan dibatalkan oleh State Council.

Lot No. 1311

Ditegah tuan tanah membuat sebarang perkiraan (dealings) di atas tanah yang hendak dimajukan sebagai tapak perumahan itu melainkan tuan tanah bina dan peliharakan simpanan jalan itu dan taruh batu dan tar menurut taraf Jabatan Kerja Raya serta perbuat parit-parit dengan sepuas hati Penguasa Tempatan serta mendapat sokongan daripada Jabatan Kerja Raya atau ada jaminan daripada Penguasa Tampatan dan Jabatan Kerja Raya bahawa jalan-jalan dan parit-parit itu dapat disempurnakan.

Encumbrances

: Lot No. 1316

Perserahan No. 1933/1979 Jilid 3 Folio 90 Pajakan Sebahagian Tanah Kepada Lembaga Letrik Negara Tanah Melayu bagi tempoh masa selama 30 tahun mulai dari 1 Jun 1979 dan berakhir pada 31 Mei 2009 didaftarkan pada 8 September 1979.

Batu Pekaka Estate

The details of Batu Pekaka Estate as follows:

Vendor	:	Boustead Properties
Location	:	Along the Sungai Petani/Baling main road, about 18 kilometres from Sungai Petani town
Description	:	Batu Pekaka Estate is divided into 28 blocks of oil palm plantation. The subject property is irregular in shape and generally gently undulating in terrain
Category of land use	:	<u>Lot Nos. 7371 to 7373, 246, 86, 239 & 242</u> Agriculture <u>Lot Nos. 1617 & 2568</u> Not stated
Tenure	:	Freehold
Existing use	:	Cultivation of oil palm
Land area (hectares)	:	968.73
Planted area (hectares)	:	899.4
Purchase Price	:	RM38,630,000
Market Value	:	RM40,000,000
Basis of valuation	:	Investment (Discounted Cash Flow) Method and Comparison Method (for the portion with development potential)
Average Market Value per hectare (per acre basis)	:	RM41,291 (RM16,710)
Date of valuation	:	6 June 2006. Shall be revalued at least once every three (3) years and the next valuation shall be conducted sometime in 2009.
Express Condition	:	<u>Lot Nos. 7371 to 7373, 246, 1617, 2568 & 242</u> Kebun Getah <u>Lot Nos. 86 & 239</u> Not stated <u>Lot No. 7372</u> Tiada boleh diikat atau tiada boleh ada diatas tanah ini apa-apa bangunan yang lain daripada bangunan yang berkenaan dengan tanaman getah. Ditegah daripada menanamkan pokok-pokok atau mengusahakan atau membiarkan tumbuh di atas tanah ini melainkan benda-benda "materials" daripada jenis (Hevea Brasiliensis) (atau lain-lain pokok yang mengeluarkan getah) yang dibenarkan oleh Kepala Pekerjaan Tanaman.

Lot No. 2568

Tidak boleh didirikan atau dibangunkan sebarang kilang atau apa-apa jenis factory diatas tanah ini melainkan dengan surat kebenaran daripada Kepala Pekerjaan Tanah.

Hendaklah ditanam dengan anak-anak getah yang dibeli daripada kerajaan atau pokok-pokok getah yang adasedia itu hendaklah dikahwinkan dengan benda-benda (materials) yang dibeli daripada kerajaan atau ditanamkan diatas tanah ini dengan biji-biji yang dibeli daripada kerajaan.

Maka syarat surat keterangan ini tiada boleh boleh ditanamkan pokok-pokok ubi kayu diatas tanah ini.

Tiada boleh diikat atau dibina apa-apa bangunan lain daripada bangunan yang berkenaan dengan tanaman getah.

Ditegah daripada menanamkan pokok-pokok atau mengusahakan atau membiarkan tumbuh di atas tanah ini melainkan benda-benda "materials" daripada jenis chevea (brasiliensis) (atau lain-lain pokok yang mengeluarkan getah) yang dibenarkan oleh kepala pekerjaan tanaman.

Encumbrances : Lot Nos. 7371 and 7373
Part of land leased to Lembaga Letrik Negara Tanah Melayu vide No. Per. 1223/1972, Jld. 3, Fol. 31 dated 24/12/1972 for 30 years expiring on 31/10/2002.

Others

Nil

Chamek Estate

The details of Chamek Estate are as follows:

Vendor : Boustead Properties

Location : It is located along the eastern side of the train tracks next to Kampung Chamek

Description : The property is irregular in shape and is generally flat in terrain

Category of land use : Nil

Tenure : Freehold

Existing use : Cultivation of oil palm

Land area (hectares) : 816.86

Planted area (hectares) : 802.80

Purchase Price : RM22,020,000

Market Value	:	RM22,800,000
Basis of valuation	:	Investment (Discounted Cash Flow) Method
Average Market Value per hectare (per acre basis)	:	RM27,912 (RM11,296)
Date of valuation	:	9 June 2006. Shall be revalued at least once every three (3) years and the next valuation shall be conducted sometime in 2009.
Express Condition	:	Tiada
Encumbrances	:	Nil

Telok Sengat Estate

The details of Telok Sengat Estate are as follows:

Vendor	:	Boustead Heah Joo Seang Sdn Bhd, a subsidiary of Boustead Holdings
Location	:	It is located along both sides of the metalled road leading to Telok Sengat village about 28.8 kilometers south-east of Kota Tinggi town
Description	:	Telok Sengat Estate comprises sixty six (66) parcels of land which are irregular in shape and has a variable terrain generally ranging from flat to undulating.
Category of land use	:	<u>Lot Nos. 77, 83, 84, 95, 97-104, 106, 113-115, 117 and 431</u> Agriculture
		<u>Lot Nos. 61-63, 96, 121, 196, 337, 345, 346, 415, 776, 865, 1185, 1293, 1333 and 1357</u> Nil
		<u>The remaining lots</u> Not stated
Tenure	:	Freehold
Existing use	:	Cultivation of oil palm
Land area (hectares)	:	3,693.32
Planted area (hectares)	:	3,513.30
Purchase Price	:	RM138,590,000
Market Value	:	RM143,500,000
Basis of valuation	:	Investment (Discounted Cash Flow) Method and Comparison Method (for the portion with development potential)

Average Market Value per hectare (per acre basis) : RM38,854 (RM15,724)

Date of valuation : 8 June 2006. Shall be revalued at least once every three (3) years and the next valuation shall be conducted sometime in 2009.

Express Conditions : Lot Nos. 77, 83, 84, 95, 97-104, 106, 113-115, 117 and 431
i) Tanah ini hendaklah ditanam dengan tanaman Getah
ii) Pemilik tanah hendaklah sepanjang masa mengambil langkah-langkah menurut perintah yang dikehendaki oleh Pentadbir Tanah menjaga tanah ini daripada hakisan

Lot No. 434

The cultivation of rubber, African oil palm, tapioca and pineapple is prohibited.

Lot No. 460

This grant is subject to the condition that the grantee shall, within five (5) years from the date hereof, bring into cultivation not less than one quarter of the total area comprised therein.

Lot nos. 706, 875 and 885

For rubber cultivation and other forms of agriculture to be approved by the Commissioner of Lands and Mines.

Lot Nos. 61-63, 96, 121, 196, 337, 345, 346, 415, 776, 865, 1185, 1291, 1293, 1333 and 1357

Nil

The remaining lots

None stated.

Encumbrances : Nil

Telok Sengat Palm Oil Mill

The details of Telok Sengat Palm Oil Mill are as follows:

Vendor : Boustead Heah Joo Seang Sdn Bhd, a subsidiary of Boustead Holdings

Location : Telok Sengat Palm Oil Mill, P.O.Box 513, 81909 Kota Tinggi, Johor

Description	:	The subject property comprises the lands (palm oil mill site, effluent treatment plant site, raw water pond site, staff quarters site and workers' quarters site), buildings (within palm oil mill site, raw water pond site, staff quarters site and workers' quarter site) plant and machinery (within palm oil mill site) for the Telok Sengat Palm Oil Mill. The subject property is held under part of Parent Lot No. 1292, Mukim of Johor Lama, District of Kota Tinggi, State of Johor.
Category of land use	:	Nil
Tenure	:	Freehold
Existing use	:	Processing of oil palm
Land Area (hectares)	:	19.24
Mill capacity (MT/ hour)	:	30
Purchase Price	:	RM8,810,000
Market Value (oil palm mill)	:	RM9,122,000
Basis of valuation	:	Depreciated Replacement Cost Method
Date of valuation	:	8 June 2006. Shall be revalued at least once every three (3) years and the next valuation shall be conducted sometime in 2009.
Express Conditions	:	Nil
Encumbrances	:	Nil

Lepan Kabu Estate

The details of Lepan Kabu Estate are as follows:

Vendor	:	Boustead Plantations Berhad
Location	:	At the 75 th kilometer post Kota Bharu/Gua Musang main road, Kuala Krai, Kelantan
Description	:	The subject property comprise eleven (11) parcels of oil palm land known as Lot Nos. 1, 4, 5, 298, 302 & 691, Mukim of Kuala Pahi and Lot Nos. 97, 735, 1483, 1484 & 1541, Mukim of Manek Urai, all in the District of Kuala Krai, State of Kelantan. It is operated and managed as Lepan Kabu Estate together with Lepan Kabu Palm Oil Mill Ladang Lepan Kabu is an agricultural plantation with oil palm being the main cultivation and a small portion planted with teak.
Category of land use	:	Nil

Tenure	:	Freehold
Existing use	:	Cultivation of oil palm
Land area (hectares)	:	2,036.23
Planted area (hectares)	:	1,985.4
Purchase Price	:	RM67,610,000
Basis of valuation	:	Investment (Discounted Cash Flow) Method
Market Value	:	RM70,000,000
Average Market Value per hectare (per acre basis)	:	RM34,377 (RM13,912)
Date of valuation	:	12 July 2006. Shall be revalued at least once every three (3) years and the next valuation shall be conducted sometime in 2009.
Express Conditions	:	<p><u>Lot Nos. 1, 1483 & 1484</u> Not stated</p> <p><u>Lot Nos. 4 & 5</u> Dusun sahaja</p> <p><u>Lot No. 97 & 1541</u> Kelapa Sawit</p> <p><u>Lot Nos. 298, 302 & 691</u> Getah dan Kelapa Sawit sahaja</p> <p><u>Lot No 735</u> Getah sahaja</p>
Encumbrances	:	<p><u>For Lot No. 691</u> Pajakan Sebahagian Tanah kepada National Union of Plantation Workers sebahagian 3 ekar bagi tempoh selama 30 tahun mulai 1 Januari 1974 dan berakhir pada 31 Disember 2003 didaftarkan pada 5 April 1975.</p> <p><u>All other lots</u> Nil</p>
Restriction in Interest	:	<p><u>Lot Nos. 298, 302 & 691</u></p> <p>Tanah yang terkandung dalam hakmilik ini tidak boleh dipindahmilik, digadai, diberi pajakan atau dibuat sebarang perkiraan melainkan mendapat kebenaran Pihak Berkuasa Negeri.</p> <p>Tanah yang terkandung dalam hakmilik ini dikecualikan bagi maksud Gadaian tanah in kepada Bank atau Institusi Kewangan yang disenaraikan di dalam Jadual D Enakmen Rizab Melayu Kelantan 1930 dan Jadual 26A Enakmen Tanah Kelantan 1938 bagi membolehkan tuan tanah mendapatkan pinjaman sendiri.</p>

Lepan Kabu Palm Oil Mill

The details of Lepan Kabu Palm Oil Mill are as follows:

Vendor	:	Boustead Plantations Berhad
Location	:	Kampung Kuala Pahi, 18000, Kuala Krai, Kelantan
Description	:	The subject property comprises the lands (palm oil mill site, effluent treatment plant site, raw water pond site, staff quarters site and workers' quarters site), buildings (within palm oil mill site, staff quarters site) plant and machinery (within palm oil mill site) for the Lepan Kabu Palm Oil Mill. The subject property is held under part of Parent Lot Nos. 298 and 691, Mukim of Kuala Pahi, District of Kuala Krai, State of Kelantan.
Category of land use	:	Nil
Tenure	:	Freehold
Existing use	:	Processing of oil palm
Land Area (hectares)	:	8.00
Mill Capacity (MT/hour)	:	20
Purchase Price	:	RM4,140,000
Market Value	:	RM4,284,000
Basis of valuation	:	Depreciated Replacement Cost Method
Date of valuation	:	12 July 2006. Shall be revalued at least once every three (3) years and the next valuation shall be conducted sometime in 2009.
Express Conditions	:	Getah & Kelapa Sawit
Restriction in Interest	:	Tanah yang terkandung dalam hakmilik ini tidak boleh dipindahmilik, diberi pajak, digadai atau sebarang urusaniaga melainkan mendapat kelulusan Pihak Berkuasa Negeri. Tanah yang terkandung dalam hakmilik ini dikecualikan bagi maksud Gadaian tanah ini kepada Bank atau Institusi Kewangan yang disenaraikan di dalam Jadual D Enakmen Rizab Melayu Kelantan 1930 dan Jadual 26A Enakmen Tanah Kelantan 1938 bagi membolehkan tuan tanah mendapatkan pinjaman sendiri.
Encumbrances	:	Nil

6.8 SALIENT TERMS OF THE SPA(s) AND IJARAH AGREEMENTS

6.8.1. SPA(s)

The salient terms of the SPA(s) between the Vendors and the Trustee, on behalf of Al-Hadharah Boustead REIT are as follows:-

The following sets out some of the salient terms of the SPAs:-

- (a) the Vendors have agreed to sell and the Trustee (acting as a trustee for the Fund) has agreed to purchase the Plantation Assets free from all encumbrances subject to the lease and to all conditions, express or implied, and restrictions in the documents of title to the Plantation Assets;
- (b) the purchase consideration of the Plantation Assets will be settled partly by way of Units to be issued by the Fund and partly by cash (other than Lepad Kabu Estate and Lepad Kabu Palm Oil Mill which will be fully settled by Units). The cash consideration will be settled by way of the proceeds arising from the Public Offering. The cash portion of the purchase consideration will be settled by the Fund within fourteen (14) days from the date of listing and quotation of the Units on the Main Board of Bursa Securities (which fourteen (14) days shall not be later than two (2) months from the completion date of the SPAs) and the balance of the purchase consideration (not settled in cash) will be settled by the Fund after the completion date of the SPAs but prior to the listing of the Units. In the case of the Lepad Kabu Estate, the purchase consideration will be fully settled by the Fund by way of procuring the crediting of such number of Units to the relevant Vendor on the completion date of the SPA in respect of the sale and purchase of the Lepad Kabu Estate;
- (c) the SPAs are subject to various conditions precedent as stipulated in the SPAs as follows:-
 - (i) the approval of the SC (Equity Compliance Unit) to the sale and purchase contemplated under the SPAs having been obtained on terms acceptable to the Vendors and the Trustee, each acting reasonably, which approval was obtained on 22 November 2006;
 - (ii) the approval of SC for:-
 - (aa) the proposed establishment of the Al-Hadharah Boustead REIT pursuant to the Deed on terms acceptable to the Manager comprising the issuance of the Units, the appointment of the Manager and the Purchaser as trustee of the Al-Hadharah Boustead REIT;
 - (bb) the proposed appointment of the Directors and Chief Executive Officer, the members of the Investment Committee of Al-Hadharah Boustead REIT and the Shariah Adviser;
 - (cc) the Public Offering;
 - (dd) the proposed admission, listing and quotation of the Units to be issued by Al-Hadharah Boustead REIT on the Main Board of Bursa Securities;

(ee) the proposed exemptions / variations from the Guidelines of Real investment Trusts issued by the SC on 3 January 2005;

which was obtained on 22 November 2006;

- (iii) the approval to the sale of the Plantation Assets to the Trustee at the purchase consideration as set out above and on the terms contained in the SPAs from the shareholders of the Vendors and where applicable, the shareholders of the holding company of the Vendors which is listed on the Bursa Securities having been obtained, which was obtained on 23 November 2006;
 - (iv) the endorsement by the Shariah adviser on the structure of the transaction as contemplated under the SPAs, the Ijarah Agreements and the Declaration of Trust;
 - (v) the Purchaser being satisfied that the Vendors have made applications to the Estate Land Board for its approval to the sale and transfer of the Plantation Assets to the Trustee; and
 - (vi) the Purchaser being satisfied that the Vendors have make all necessary applications to the relevant land authority to change the category of land use and/or express conditions imposed on the Plantations Assets as referred to in the SPAs.
- (d) the SPAs are further subject to various conditions subsequent, including the obtaining of the consent of the Estate Land Board pursuant to the National Land Code for the sale and transfer of the Plantation Assets by the Tenants to the Fund. The Tenants shall forthwith upon the execution of the SPAs, submit, amongst others, all necessary applications to the Estate Land Board and obtain the said approval of the Estate Land Board for the transfer of the Plantation Assets to the Fund and present the transfer in respect of the Plantation Assets for registration within three (3) years from the completion date of the SPAs;
- (e) if for any reason the sale and purchase of any of the Plantation Assets shall not take place in accordance with the SPAs, the parties may (but shall not be obliged to do so) subject always to the approval of the SC, consider a partial sale of the Plantation Assets to the Trustee on such terms and conditions acceptable to the SC and the parties;
- (f) the Vendors have made specific representations and warranties in respect of its ownership of the Plantation Assets, which survive the completion of the SPAs;
- (g) in the event that the conditions subsequent referred to above are not obtained within the stipulated period, the Vendors, Boustead Holdings or any subsidiary of Boustead Holdings may substitute or procure the substitution of the affected Plantation Assets ("Affected Plantation Assets") with a new plantation asset(s) or pay a cash sum equivalent to the purchase consideration of the Affected Plantation Assets or a combination of new assets and cash to the Trustee, failing which the agreement on the sale of the Affected Plantation Assets (but not all the Plantation Assets) shall be terminated;

- (h) in the event that the transfer of the Plantation Assets cannot for any reason whatsoever not attributable to the Vendors or the Trustee, be registered in favour of the Trustee and in such event if a substitution of the said Affected Plantation Assets is not possible, the parties shall do all things as are within their reasonable control to procure the registration of the transfer within a stipulated period from the date of the parties being notified of such non-registration of the transfer, failing which the Trustee shall forthwith be entitled to terminate the agreements in respect of the sale and purchase of the relevant Plantation Assets which cannot be transferred (but not the other unaffected Plantation Assets);
- (i) upon termination of the SPAs or the agreements in respect of the sale of the Affected Plantation Assets, the relevant Tenants shall refund a sum equivalent to the purchase consideration (in the event that the same shall have been paid to the relevant Tenants of the Affected Plantation Assets) to the Fund and subject to the receipt of the said purchase consideration by the Trustee, the declaration of trust, the power of attorney and the memorandum/memoranda of deposit in respect of the Affected Plantation Assets shall forthwith be terminated whereupon the titles shall be returned to the relevant Tenants and the possession of the Affected Plantation Assets shall be re-delivered to the said Tenants; and
- (j) upon the execution of the SPAs, the Trustee shall be entitled to lodge private caveats on the titles to the Plantation Assets (save and except in the case of Lapan Kabu Estate and Lapan Kabu Palm Oil Mill which comprise certain parcels of Malay Reserved Land where no private caveats will be lodged).

6.8.2 Ijarah Agreement(s)

The Ijarah Arrangement as envisaged under the Ijarah Agreements will take effect on the completion date of the SPAs.

The following sets out some of the salient terms of the Ijarah Agreements:-

- (a) the Trustee as Landlord lets the Plantation Assets to the Vendors as Tenants for a term of three (3) years commencing from 1 January 2007 ("Term") subject to the terms and conditions of the Ijarah Agreements. In the case of Lapan Kabu Estate and Lapan Kabu Palm Oil Mill, the term of three (3) years will commence from the completion date of the SPA relating to Lapan Kabu Estate and Lapan Kabu Palm Oil Mill;
- (b) in consideration of the letting of the Plantation Assets by the Landlord to the Tenants for the Term and subject to the provisions of the Ijarah Agreements, the Tenants shall pay to the Landlord the following payments in arrears:-
 - (i) Fixed Rent as set out in the Ijarah Agreements which shall be payable in arrears on a two-monthly basis and on the last business day of every two (2) calendar months. The first payment of the Fixed Rent shall be due and payable immediately on the last market day of the second calendar month immediately after the commencement date of the Term and thereafter on the last market day of every two (2) months.
 - (ii) a yearly amount calculated in accordance with the formula set out in the Ijarah Agreements on the last business day of each financial period/year of the Fund and payable not later than the expiry of two (2) months thereof. The first payment of the Performance-Based Profit Sharing shall be due and payable not later than the expiry of two (2) months after the last business day of the financial year during which the purchase consideration payment date occurs.

- (c) On the date of receipt of the purchase consideration by the Tenant as vendor under the SPA in relation to the Plantation Assets, the Tenant shall pay one (1) month's rental deposit as security for the due performance and observances by the Tenant of all the several covenants, conditions, stipulations and agreements on the part of the Tenant under the Ijarah Agreements;
- (d) in the event that the Landlord shall, at any time during the continuance of the Term, desire to sell in whole or in part of the Plantation Assets ("**Offer Property**"), the Landlord hereby covenants with the Tenants that the Landlord shall give the Tenants or Boustead Holdings any/or any of the subsidiaries of Boustead Holdings ("BHB Group Companies) as may be notified by the Tenants to the Landlord in writing, the first right of refusal to purchase the Offer Property by giving notice to the Tenants or any of the BHB Group Companies of such desire to sell at the prevailing market price and upon such other terms and conditions as may be mutually agreed between the parties. The Tenants or as the case may be any of the BHB Group Companies, shall within fourteen (14) days of receipt of such notice make an offer to purchase the Offer Property failing which the Landlord shall be free to sell the said Offer Property to any third party at any price subject to the applicable REIT Guidelines or where the first right of refusal is not exercised due to the Tenants not accepting the price offered, at the price not lower than the price offered to the Tenants or any of the BHB Group Companies.
- (e) in the event that any Plantation Assets is substituted by another plantation asset or any Plantation Assets is disposed off by the Landlord, the tenancy of the affected Plantation Assets envisaged under the Ijarah Agreements shall be deemed varied accordingly to the extent of the substitution or disposals of the affected Plantation Assets;
- (f) if :-
 - (i) the event referred to in paragraph (e) above, the rent shall be adjusted accordingly in accordance with a formula set out in the Ijarah Agreements to reflect a sum equivalent to the value of the rent proportionate to the ratio of the value of the substituted property or as the case may be, the portion of the rent that is attributable to the Offer Property; or
 - (ii) the Landlord carry out or cause to be carried out the development or construction of any major infrastructure, major mill upgrades, new mills and/or buildings on the Plantation Assets involving a sum in excess of RM1.0 million per transaction, the rent shall be adjusted accordingly to reflect a sum equivalent to the cost of financing incurred in relation thereto based on the base financing rate of Malayan Banking Berhad plus one (1) per cent;

- (g) in the case of the tenancy of the Plantation Assets (other than the Malay Reserved Land), either party may serve a notice on the other at least three (3) months before expiration of the term of the tenancy to renew the tenancy of the Plantation Assets (save and except for the Malay Reserved Land) and in any of this case, if the Landlord is satisfied that there is no existing breach or non-observance of any of the covenants on the part of the Tenants under the Ijarah Agreements or if there is such a breach or non-observance, the breach or non-observance of which is not, in the opinion of the Landlord, material, the Ijarah Agreements shall upon the expiry of the term be automatically renewed for up to twelve (12) years comprising four (4) additional tenancy term of not exceeding three (3) years each and thereafter, for an additional fifteen (15) years comprising five (5) tenancy terms of not exceeding three (3) years each, at such rent as may be mutually agreed between the Landlord (at the recommendation of the Manager) calculated based on the following formula:

$[A - B] \times [C \times D \times E]$
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Where:

- A: The amount that must be agreed between the Landlord and the Tenants based on the average historical, prevailing and expected future crude palm oil price per MT
- B: The average projected production cost per MT for the next three (3) years
- C: The average projected yield per hectare for the next three (3) years
- D: The average projected mature hectares for the next three (3) years
- E: The average projected extraction rate for the next three (3) years
- (h) the Landlord covenants, amongst others, with the Tenants that during the term of the tenancy, the Landlord shall, at the costs and expenses of the Fund:-
- pay all existing and future quit rent, assessment, tax, rates and any other outgoings payable to local and municipal councils, and other authorities in respect of the Plantation Assets;
 - insure or pending the transfer of the Plantation Assets in favour of the Landlord, cause the Tenants to take up workman's compensation Takaful coverage and Takaful coverage in respect of the Plantation Assets and all buildings erected on the Plantation Assets against fire or any damage or death or injury to any person using or entering or occupying the premises of the Plantation Assets; and
 - replant or cause to replant, the crops in the Plantation Assets in accordance with such replanting programmes acceptable to the Landlord and the Tenants (at the recommendation of the Manager).
- (i) if the SPAs are terminated in accordance with the terms of the SPAs or if the Tenants is in breach of the terms of the Ijarah Agreements, the Landlord shall be entitled to terminate the Ijarah Agreements. In this respect, where the Ijarah Agreements are terminated due to any breach by the Tenants of the terms therein contained, the Landlord shall be entitled to re-enter upon the Plantation Assets and forfeit the security deposit; and

- (j) in the case of the tenancy of the Plantation Assets (other than the Malay Reserved Land), the Tenants shall not be entitled to terminate the Ijarah Agreements during the first two (2) tenancy terms unless the Landlord shall be in material breach of the terms of the Ijarah Agreements.

6.9 INDUSTRY OVERVIEW

6.9.1 Developments in the Malaysian Economy

Real GDP expanded by 5.8% (2Q: 6.2%) in the third quarter of 2006, indicating underlying strength in the economy. The growth was supported by sustained growth in the services and manufacturing sectors, and higher growth in the agriculture sector. Growth in the manufacturing sector was reflected by expansion in export-oriented industries and improvement in the domestic oriented industries. Meanwhile, growth in the services sector was broad based, supported by continued consumer demand, tourism, finance and trade-related activities. Similarly, growth in the agriculture sector was supported by a wide range of activities, including the key industrial crops such as palm oil and rubber as well as food-based commodities such as paddy, fish, fruits and vegetables, induced by weather-related factors and attractive commodity prices. Construction activity remained stable, while the mining sector declined due to lower crude oil production.

Quarterly GDP by Kind of Economic Activity at 1987 Prices					
	2005		2006		
	3Q	4Q	1Q	2Q	3Q
	Annual Change (%)				
Agriculture	1.7	-1.5	7.4	5.6	6.2
Mining	3.4	-2.0	-1.3	-1.2	-1.2
Manufacturing	3.5	7.9	8.5	8.4	7.1
Construction	-1.4	-0.6	-1.8	-0.5	-0.4
Services	7.3	5.9	5.9	6.6	6.5
Real GDP (Ann. Chg.)	5.3	5.2	5.9	6.2	5.8
Real GDP (Preceding Chg.)	3.8	1.8	-2.2	2.7	3.3

Source: Department of Statistics, Malaysia

(Sources: *Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2006* – Bank Negara Malaysia website)

6.9.2 Overview and outlook of the agriculture sector in Malaysia

The agriculture sector continued on its strong growth momentum for the third consecutive quarter, rising by 6.2% (1Q: 7.4%; 2Q: 5.6%), underpinned by a wide range of activities including palm oil, rubber, paddy, fisheries, fruits and vegetables. In the agriculture sector, crude palm oil production reached a new high of 4.52 million tonnes during the quarter, surpassing the previous peak of 4.09 million tonnes recorded in the corresponding period of 2004. The strong expansion of 10.6% (2Q: 7.4%) was largely due to an encouraging rise in yields of fresh fruit bunches (FFB) at 5.66 tonnes per hectare (2Q: 5.14 tonnes per hectare) induced by the favourable weather conditions which accelerated harvesting activities.

Performance in the Agriculture Sector					
	2005		2006		
	3Q	4Q	1Q	2Q	3Q
	Annual Change (%)				
Value Added (at 1987 prices)	1.7	-1.5	7.4	5.6	6.2
Production ¹					
<i>Of which:</i>					
Crude palm oil	0.2	-6.0	-5.4	7.4	10.6
Crude palm kernel oil	7.8	-5.4	-8.9	6.7	11.5
Rubber	4.4	-3.8	24.7	7.6	8.1
Fish	-5.6	-1.7	8.0	9.3	5.9
Livestock	4.4	30.4	22.7	16.9	9.8
Cocoa	-19.0	-7.8	24.1	52.4	17.8
Exports (RM million)	-0.1	3.2	4.5	3.3	20.4
<i>Of which:</i>					
Palm oil					
('000 tonnes)	4.0	-0.2	2.7	-4.9	11.4
(RM/tonne)	-13.5	-8.2	-4.6	1.0	11.7
(RM million)	-10.0	-8.4	-2.0	-4.0	24.5
Palm kernel oil					
('000 tonnes)	-14.3	-2.1	-45.8	-23.3	58.7
(RM/tonne)	-5.8	-12.4	-12.4	-19.6	-10.1
(RM million)	-19.2	-14.2	-52.6	-38.3	42.7
Rubber					
('000 tonnes)	4.4	-0.2	3.0	5.1	-4.1
(Sen/kilogramme)	13.0	28.7	43.9	53.9	59.5
(RM million)	18.0	28.4	48.2	61.7	53.0
Sawn timber					
('000 cu.metres)	9.1	-0.8	-19.6	-15.1	-8.0
(RM/cu.metre)	5.7	23.5	37.2	17.6	11.1
(RM million)	15.3	22.4	10.3	-0.1	2.2
Saw logs					
('000 cu.metres)	-4.4	1.6	-19.4	-23.0	-21.6
(RM/cu.metre)	14.7	17.0	18.1	9.9	7.7
(RM million)	9.7	18.8	-4.8	-15.4	-15.6
Cocoa beans					
('000 tonnes)	-77.6	-5.6	101.1	1.6	321.3
(RM/tonne)	18.6	3.5	0.1	1.4	4.4
(RM million)	-73.4	-2.3	101.2	3.1	339.8

¹ In '000 tonnes, except for saw logs in '000 cubic metres and livestock in numbers slaughtered (Peninsular Malaysia only)

Source: Malaysian Palm Oil Board (MPOB)
Malaysian Rubber Board (MRB)
Fisheries Department, Malaysia
Malaysian Cocoa Board (MCB)
Veterinary Services Department, Malaysia

(Sources: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2006 – Bank Negara Malaysia website)

6.9.3 CPO prices bullish in the 3rd and 4th Quarter of 2006

The data produced by the Malaysian palm Oil Board on the production of CPO shows a 25% increase in the 2nd quarter to 1.34 MT. Export of palm oil in the 2nd quarter of 2006 increased to 1.17 MT, (14% increase from 1st quarter of 2006). Palm oil stocks at the end of the 2nd quarter of 2006 decreased to 1.58 million tonnes (0.6% decrease from previous quarter of 2006).

The forecast price of domestic CPO are likely to range between RM1,520 and RM1,540 a tonne in 3rd quarter of 2006 from RM1,410 in the last quarter. Meanwhile, price of domestic CPO is also expected to continue the upward trend through the 4th quarter of 2006. This is driven by the growing demand of exports of palm oil as a result of expected biodiesel production in the 4th quarter of 2006, forecasted to be between 200,000 to 250,000 tonnes. This may result in the price of CPO in the 4th quarter to increase to between RM1,610 and RM1,630 a tonne.

(Source: <http://mpob.gov.my> Quarterly report on oils and fats for second quarter 2006)

6.9.4 Outlook of the Palm Oil and Biofuel Sector in Malaysia

As the world's largest palm oil producer and exporter, Malaysia is now looked upon as the pioneer palm biofuel producer. Malaysia has embarked on a comprehensive palm biofuel programme since 1982 and has successfully established the use of palm methyl esters and the blend of processed palm oil (5%) with petroleum diesel (95%) as a suitable fuel for the transport and industrial sectors. Homegrown indigenous palm biodiesel production technologies, including winter palm biodiesel, have also been successfully developed. These products and technologies can be further developed for the world market.

(Source: the National Biofuel Policy – Ministry of Plantation Industries and Commodities Malaysia – 21 March 2006)

Production of CPO is expected to increase by 4.3% to 15.6 million tonnes in 2006 (2005:7.1%; 14.96 million tonnes), partly due to the anticipated uptrend in oil palm production in the second half of the year. High CPO prices, seasonal upcycle, yield improvement and expansion in matured areas are expected to contribute towards higher production. Production of CPO increased by 2.1% in the first seven months (January – July 2005: 17%) and is expected to expand further towards the end of the year. Improved agronomic practices and higher yielding clones resulted in improved agronomic average yield per hectare of fresh fruit bunches (FFB) to 10.72 tonnes during the first seven months of 2006 (January – July 2005: 10.64 tonnes FFB yield per hectare). The total cultivated area of oil palm is expected to increase by 3% to 4.1 million hectares in 2006, with 90% comprising matured areas. New areas coming into maturity from estates are mainly in Sabah (43,600 hectares), Sarawak (17,800 hectares) and Johor (19,000 hectares). Of the total planted area, 60% is owned by private sector, 30% by smallholders organized under the Federal Land Development Authority (FELDA) and FELCRA Berhad while the rest are owned by independent smallholders.

Other than for edible and industrial uses, palm oil is increasingly being promoted as a renewable source of energy. Selected Government agencies have started initial trials using ENVO Diesel, a diesel blend with 5% palm olein. Should these trials show promising results, more vehicles will be brought into this programme. In addition, several companies have collaborated with the Malaysia Palm Oil Board (MPOB) to set up plants to produce palm oil-based biodiesel (methyl ester) for export.

CPO is expected to trade at a relatively high price, averaging RM1,500 per tonne in 2006 (2005: RM1,394). Despite high stock levels, the price of CPO trended upwards averaging RM1,422 per tonne during the first seven months of 2006, compared to RM1,385 per tonne in the corresponding period of 2005. This is on account of tight supply of world vegetable oils and fats amidst rising demand from China and Europe as well as increasing demand for palm oil-based biodiesel. The stocks of palm oil stood at a record high of 1.65 million tonnes as at end-June 2006 (end-June 2005: 1.19 million tonnes). However, the stock is envisaged to decline as local demand and exports of CPO are expected to increase, following greater use of CPO as feedstock for biodiesel. In addition, exports of palm oil are also expected to increase following compulsory labeling of trans-fatty acids in food products in the US beginning January 2006 as food manufacturers switch to palm oil which is free from trans-fatty acids.

Oil Palm Area and Palm Oil Production 2005-2006

	2005	2006 ¹	Change (%)	
			2005	2006 ¹
Planted areas ('000 hectares)	4,051	4,172	4.5	3.0
Matured areas ('000 hectares)	3,631	3,740	5.2	3.0
Production ('000 tonnes)				
Crude Palm Oil	14,962	15,600	7.1	4.3
Palm Kernel Oil	1,843	1,860	12.2	0.9
Yield (tonnes/hectare) ²	18.9	19.0	1.6	0.6

¹ Estimate

² Fresh fruit bunches yield

(Source: Ministry of Plantation Industries and Commodities)

The biodiesel programme was initiated as early as 1982 when the Malaysia Palm Oil Board (MPOB) pioneered the technology to convert palm oil to biodiesel. Its 3,000-tonne capacity pilot plant, launched in October 1985, supplied palm biodiesel for field trials on vehicles that proved successful. Subsequently, MPOB developed and patented indigenous palm oil-based biofuel production technologies, including technology for producing palm biodiesel for cold weather. Spurred by the success, the Government mandated the Ministry of Plantation Industries and Commodities (KPPK) to spearhead measures to develop palm oil-based biofuel for local consumption and exports. To facilitate the production and use of palm oil-based biofuel, a National industrial Biofuel Policy is being formulated. The policy which encompasses the formulation of a national industrial Biofuel Act as well as the provision of various incentives to encourage private sector involvement, is scheduled to be tabled in Parliament by end of 2006. The policy is underpinned by five strategic thrusts:

THRUST 1: BIOFUEL FOR TRANSPORT

Diesel for land and sea transport will be a blend of 5% processed palm oil and 95% petroleum diesel. This will be branded as ENVO Diesel and will be made available throughout the country

THRUST 2: BIOFUEL FOR INDUSTRY

ENVO Diesel will also be supplied to the industrial sector, to be used amongst others, for firing boilers in manufacturing, construction machinery and generators.

THRUST 3: BIOFUEL FOR TECHNOLOGIES

Research, development and commercialization of biofuel technologies (including technologies for extraction of minor components therein) will be effected and adequately funded by both the government and private sectors, including venture capitalists to enable increased use of biofuel.

THRUST 4: BIOFUEL FOR EXPORT

Worldwide interest reflects the important role of biofuels in energy for sustainable development. Malaysia will have an edge to supply the growing global demand for biofuel. The establishment of plants for producing biofuel for export will be encouraged and facilitated.

THRUST 5: BIOFUEL FOR CLEANER ENVIRONMENT

The use of biofuel will reduce the use of fossil fuels, minimise the emission of green house gases (carbon dioxide), carbon monoxide, sulphur dioxide and particulates. Increased use of biofuel will enhance the quality of the environment.

The National Biofuel Policy will provide the strategic direction and guide the development of biofuel industry while ensuring Malaysia's position as the centre for global palm oil industry. Towards this end, efforts are being intensified to fully realize the objectives of the Policy to make palm oil a new sources of renewable energy in coming years.

(Source: www.treasury.gov.my – Economic report 2005/2006 – Economic Performance and Prospects)

6.10 PROSPECTS AND FUTURE PLANS OF AL-HADHARAH BOUSTEAD REIT

Prospects

The Directors of the Manager believe that the liberalization introduced under the revised REIT Guidelines (which were issued on 3 January 2005) coupled with the tax exemption of REITs gazetted in December 2004 and the new tax incentives relating to REITs as announced in the 2007 Budget, will encourage the growth of listed REITs in the country.

The prospects of Al-Hadharah Boustead REIT are mainly dependent on the growth of the Malaysian economy, the plantation sector, global commodity market, as well as the development of REITs in Malaysia. The Plantation Assets to be acquired by the Fund have encouraging long-term prospects for the following reasons:

- (i) Demand from China is expected to augment further, underpinned by its growing population and the lifting of import quotas for palm oil according to the World Trade Organisation's guidelines;
- (ii) There is greater health awareness on the negative effects of trans-fatty acids. Transfat labeling requirements in the US which took effect on 1 January 2006, coupled with the European Union's aversion to genetically modified organisms, weigh in favorably for CPO as more food companies switch over from soybean oil.

- (iii) Escalating petroleum prices have spurred the usage of biofuels. For instance, the European Commission in May 2003 issued a directive on the promotion of the use of bio-diesel and proposed a plan to eventually achieve 20% replacement of fossil fuels with non-fossil fuels by 2020.

The Plantation Assets which are mainly located in Peninsular Malaysia have good development potential that can be realised as future capital gain.

With the experienced management team of the Manager in the palm oil industry, cost-effective plantation management and encouraging long-term prospects in the palm oil industry, the Manager believes that the current environment augers well for Al-Hadharah Boustead REIT and this in turn will enhance its ability to improve its future earnings.

Future Plans

With the establishment of the Plantation Assets, the Al-Hadharah Boustead REIT is confident of the future prospects for the palm oil industry. In order to ensure a sustainable and stable distribution income/yield and long term growth of NAV per Unit to the Unitholders, the Manager intends to undertake the following plans:

- (a) working closely with the Tenants and the Plantation Adviser to implement an effective and prudent replanting programme and capital expansion programme to improve the production yield of the estates and efficiencies of the mills; and
- (b) continuously seeking for higher yield plantation assets to complement the Fund's existing portfolio of Plantation Assets.

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7. FINANCIAL INFORMATION OF AL-HADHARAH BOUSTEAD REIT

7.1 HISTORICAL FINANCIAL INFORMATION

7.1.1 Proforma Income Statements for FYE 31 December 2001 to 2005 and nine (9) months period ended 30 September 2006

The unaudited proforma income statements of Al-Hadharah Boustead REIT have been prepared based on the information extracted from the Vendors' audited financial statements for the past five (5) years ended 31 December 2005 and the unaudited management accounts for the nine (9) months period ended 30 September 2006 assuming that all the Plantation Assets have been beneficially owned by the Fund throughout the financial years/period under review based on representations of the Directors of Boustead Holdings and Boustead Properties that the revenue and expenses stated below are directly related to the operations of the Plantation Assets.

	<----- Financial year ended 31 December----->					9 months ended 30 September 2006
	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)	2004 (RM'000)	2005 (RM'000)	(RM'000)
Revenue						
-Rental income	-	-	-	-	-	-
Operating expenses						
-Replanting cost	2,001	2,138	2,278	1,914	1,975	1,324
-Depreciation	1,292	1,217	1,181	1,149	902	602
-Quit rent and assessment	698	704	703	701	701	843
-Insurance	417	444	438	478	435	345
Total expenses	4,408	4,503	4,600	4,242	4,013	3,114

Notes:

No rental revenue is recognized for the financial years/period under review as the Plantation Assets were occupied and used by the respective Vendors.

The above operating expenses consist of expenses directly related to the operations of the Plantation Assets. Since Al-Hadharah Boustead REIT was newly established, the unaudited proforma income statements do not include the expenses specifically incurred by Al-Hadharah Boustead REIT, such as trustee fee, management fee etc, and the purpose of this proforma income statements is mainly to illustrate the past performance of the Plantation Assets. The unaudited proforma income statements of Al-Hadharah Boustead REIT are prepared and presented for illustrative purposes only and are not indicative of the actual performance that would have been attained had Al-Hadharah Boustead REIT actually existed in the financial years/period under review.

7.1.2 Analysis of the Plantation Assets' Past Performance

The FFB productions of the Plantation Assets for the past five (5) financial years ended 31 December 2005 and the nine (9) months ended 30 September 2006 are as follows:

	<----- Financial year ended 31 December----->					9 months ended 30 September 2006
	2001	2002	2003	2004	2005	
Oil palm estates						
FFB production (MT)	223,241	213,436	252,223	251,622	256,051	230,128
Mature plantation area (Ha)	9,947	10,161	10,493	10,879	11,081	11,317
FFB yield per Ha (MT/Ha)	22.4	21.0	24.0	23.1	23.1	20.3

The production of CPO and PK of the two (2) palm oil mills for the past five (5) financial years ended 31 December 2005 and the nine (9) months ended 30 September 2006 are as follows:

	<----- Financial year ended 31 December----->					9 months ended 30 September 2006
	2001	2002	2003	2004	2005	
Palm oil mills						
FFB processed (MT)	167,969	168,570	176,418	197,127	193,184	157,482
Output (MT)						
CPO	31,313	32,038	33,277	37,909	37,388	30,071
PK	9,257	9,290	9,728	10,308	9,971	7,702
Extraction Rates (%)						
CPO	18.6	19.0	18.9	19.2	19.4	19.1
PK	5.5	5.5	5.5	5.2	5.2	4.9

7.2 FUTURE FINANCIAL INFORMATION

7.2.1 Profit forecast projections and assumptions

Barring any unforeseen circumstances, the Directors of Boustead REIT Managers forecast and project the earnings after taxation and the distribution to Unitholders for the FPE 31 December 2007 and the two (2) FYE 31 December 2008 to 31 December 2009 will be as follows:

	Forecast ⁽¹⁾ FPE 2007 RM'000	← Projections → FYE 2008 RM'000		FYE 2009 RM'000
Revenue				
Rental income ⁽²⁾	38,108	41,300		41,300
Other income				
Profit earned from investment	200	298		293
	38,308	41,598		41,593
Less:				
Plantation Operating Expenses				
Replanting costs	2,329	3,707		3,252
Quit rent and assessment	976	1,017		1,017
Takaful contribution	369	435		435
Plantation Adviser's fee	200	200		200
	3,874	5,359		4,904
Plantation operating income	34,434	36,239		36,689
Non-Plantation Operating Expenses				
Manager's fee	1,310	1,418		1,418
Trustee's fee	130	142		142
Registrar's fee	12	12		12
Company secretary's fee	6	6		6
Shariah adviser's fee	12	12		12
Other operating expenses ⁽³⁾	112	132		278
	1,582	1,722		1,868
Earnings before taxation	32,852	34,517		34,821
Taxation	-	-		-
Earnings after taxation	32,852	34,517		34,821

Notes:

- (1) The first financial period for the Fund shall commence from 14 December 2006 being the date of establishment of the Fund to 31 December 2007.
- (2) The rental contribution from the Lepadu Estate and Lepadu Palm Oil Mill is assumed to commence on 1 July 2007.
- (3) Valuation fee of RM 200,000 estimated and included for FYE 2009.

The profit forecast and projections have been prepared on the bases and assumptions set out in Section 7.3 of this Prospectus.

7.2.2 The Manager's Directors Analysis and Commentary on the Profit Forecast and Projections

The Directors of the Manager expect that the revenue of Al-Hadharah Boustead REIT to be stable for the FPE 31 December 2007 and FYE 31 December 2008 to 31 December 2009 based on the fixed rental from the Tenants in accordance with the Ijarah Arrangements/SPAs. There will be no significant changes in the plantation and non-plantation operating expenses as most of the costs are either fixed in nature such as quit rent and assessment, Takaful contributions, Plantation Adviser's fee and REIT's fees. The Manager will be able to achieve its primary objectives of the Fund through the implementation of investment and growth strategies as detailed in Section 6.3 and the long term prospects of the Plantation Assets to be acquired by the Fund as detailed in Section 6.10.

The Directors of the Manager confirm that the profit forecast and projections of Al-Hadharah Boustead REIT and the underlying bases and assumptions stated herein have been reviewed by the Directors after due and careful inquiries, and that the Directors, having taken into account the future prospects of the industry, the future direction of Al-Hadharah Boustead REIT and its level of gearing, liquidity and working capital requirements as well as the underlying bases and assumptions used in preparing the profit forecast and projections, are of the opinion that the profit forecast and projections of Al-Hadharah Boustead REIT are fair and reasonable.

Nevertheless, the underlying bases and assumptions used in preparing the profit forecast and projections cover future periods for which there are inherent risks, and therefore, should be treated with caution. These bases and assumptions are subject to significant uncertainties and contingencies, which are often outside the control of the directors of the Manager. Therefore, certain assumptions used in the preparation of the profit forecast and projections may differ significantly from the date of this Prospectus and this may have a material impact on the profit forecast and projections.

7.2.3 Distribution Forecast and Projections

Barring any unforeseen circumstance, the Manager intends to distribute at least 98% of the distributable earnings of Al-Hadharah Boustead REIT (other than income from capital gains) to the Unitholders for FPE 31 December 2007. Based on the profit forecast and projections set out in Section 7.2.1 of this Prospectus, the Board of Directors forecasts and projects that the distributions to the Unitholders for FPE 31 December 2007 and the two (2) FYE 31 December 2008 and 2009 to be as follows:

	Forecast FPE 2007 ⁽¹⁾	Projection FYE 2008	Projection FYE 2009
Distribution per Unit	7.38 sen	7.38 sen	7.38 sen
No. of Units in issue	436,126,000 ⁽²⁾	472,001,000	472,001,000
Gross distribution yield per Unit ⁽³⁾			
- based on Retail Price of RM0.99 per Unit	7.45 %	7.45 %	7.45 %
- based on Institutional Price of RM1.05 per Unit	7.03 %	7.03 %	7.03 %

(1) *The first financial period of the Fund shall commence from 14 December 2006 being the date of establishment of the Fund to 31 December 2007.*

- (2) *The weighted average number of Units in issue of 436.126 million Units is computed assuming the 71.75 million Units in relation to Lepad Kabu Estate and Lepad Kabu Palm Oil Mill are issued on 1 July 2007*
- (3) *The profit forecast and projections set out in Section 7.2.1 of this Prospectus and the directors' forecast and projections of distribution to the Unitholders above, assumes that no performance-based profit sharing is payable by the Tenants during the period/years under review in accordance with the Ijarah Arrangements. The Fund shall receive fixed rental of RM41.3 million per annum during the first 3-year tenancy period. Any downward movement in CPO prices will not have an impact on the fixed rental payable by the Tenants. Nevertheless, the Fund is entitled to receive an annual performance based profit sharing which is correlated to any upside in CPO and FFB prices. Such performance based profit sharing is payable in the event that CPO prices rise above RM1,500 per MT ("Reference CPO Price")*

7.2.4 Sensitivity Analysis

The profit forecast and projections included in this Prospectus are based on a number of assumptions that have been outlined in Section 7.3 of this Prospectus. The profit forecast and projections are also subject to a number of risks as disclosed in Section 4 of this Prospectus.

The investors should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast or projected in this Prospectus are to be expected. The impact of changes in income/rental payment on Al-Hadharah Boustead REIT's earnings after taxation and distribution yield are set out below. The assumptions for rental income have been set out in Section 7.3 of this Prospectus.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges presented. Movements in other variables may offset or compound the effect of change in any variable beyond the extent shown.

The sensitivity analysis based on a variation in the CPO price of RM100 per MT and 5% in plantation operating costs on our forecast and projected earnings after tax is set below:-

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(a) A variation of RM100 per MT from the Reference CPO price of RM1,500 per MT¹

Earnings after taxation	FPE 2007		FYE 2008		FYE 2009	
	RM'000	% Change	RM'000	% Change	RM'000	% Change
Earnings after taxation	32,852	-	34,517	-	34,821	-
+ RM 100 per MT (i.e. RM1,600 per MT)	34,850	6.1	36,783	6.6	36,834	5.8
- RM 100 per MT (i.e. RM1,400 per MT)	32,852	-	34,517	-	34,821	-

Gross distribution yield	FPE 2007 %	FYE 2008 %	FYE 2009 %
Gross distribution yield - based on Retail Price of RM0.99 per Unit	7.45	7.45	7.45
+ RM 100 per MT (i.e. RM1,600 per MT)	7.87	7.94	7.88
- RM 100 per MT (i.e. RM1,400 per MT)	-	-	-
Gross distribution yield - based on Institutional Price of RM1.05 per Unit	7.03	7.03	7.03
+ RM 100 per MT (i.e. RM1,600 per MT)	7.42	7.49	7.43
- RM 100 per MT (i.e. RM1,400 per MT)	-	-	-

(b) A variation of 5% in plantation operating costs borne by the Fund²

Earnings after taxation	FPE 2007		FYE 2008		FYE 2009	
	RM'000	% Change	RM'000	% Change	RM'000	% Change
Earnings after taxation	32,852	-	34,517	-	34,821	-
+ 5%	32,658	-0.6	34,246	-0.8	34,573	-0.7
- 5%	33,047	0.6	34,787	0.8	35,070	0.7

¹ Pursuant to the Ijarah Arrangements, the Fund shall receive fixed rental of RM41.3 million per annum during the first 3-year tenancy period. Any downward movement in CPO prices will not have an impact on the fixed rental payable by the Tenants. Nevertheless, the Fund is entitled to receive an annual performance based profit sharing which is correlated to any upside in CPO and FFB prices. Such performance based profit sharing is payable in the event that CPO prices rise above RM1,500 per MT.

² Pursuant to the Ijarah Agreements the Fund is responsible to bear certain plantation operating costs such as replanting cost, quit rent assessment, Takaful contributions and the Plantation Adviser's fees. A 5% variation to the plantation operating costs will have minimal impact on the net profit after tax of the Fund.

Gross distribution yield	FPE 2007	FYE 2008	FYE 2009
	%	%	%
Gross distribution yield - based on Retail Price of RM0.99 per Unit	7.45	7.45	7.45
+ 5%	7.41	7.39	7.40
- 5%	7.49	7.51	7.51
Gross distribution yield - based on Institutional Price of RM1.05 per Unit	7.03	7.03	7.03
+ 5%	6.99	6.97	6.98
- 5%	7.07	7.08	7.08

Based on the above illustration, the sensitivity analysis demonstrates that our forecast and projected earnings after tax and distribution yield based on the Retail Price and Institutional Price are not sensitive to the reduction in CPO prices by RM100 per MT as the Fund will receive fixed rentals from the Tenants.

Conversely, if the CPO prices rise by RM100 to RM1,600 per MT, it would have a positive impact on the forecast and projected profit after tax and distribution yield based on the Retail Price and Institutional Price of the Fund

A 5% increase in the plantation operating costs would have a minimal impact on the profit after taxation of the Fund in view of the fixed rental receivable by the Fund per annum. As illustrated above, the Fund will be in a position to maintain reasonable distributions during the period/years under review despite a 5% increase in the plantation operating costs.

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7.3 REPORTING ACCOUNTANTS' LETTERS ON THE PROFIT FORECASTS AND PROJECTIONS



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Reporting Accountants' Report on Profit Forecast (for inclusion in the Al-Hadharah Boustead REIT Prospectus)

14 December 2006

The Board of Directors
Boustead REIT Managers Sdn. Bhd.
(Formerly known as Emas Jeep Sdn. Bhd.)
28th Floor Menara Boustead
No. 69 Jalan Raja Chulan
50200 Kuala Lumpur

Dear Sirs

AL-HADHARAH BOUSTEAD REIT ("Al-Hadharah Boustead REIT") PROFIT FORECAST FOR THE FINANCIAL PERIOD ENDING FROM THE PROPOSED DATE OF ESTABLISHMENT OF 14 DECEMBER 2006 TO 31 DECEMBER 2007 ("Forecast")

We have reviewed the profit forecast of the proposed Al-Hadharah Boustead REIT for the financial period ending 31 December 2007, as set out in the accompanying statement (which is stamped for the purpose of identification), in accordance with the professional standard in Malaysia applicable to the review of forecasts, AI 3400 "Examination of Prospective Financial Information". The Forecast is prepared for inclusion in the Al-Hadharah Boustead REIT Prospectus in connection with the following exercises:

1. Al-Hadharah Boustead REIT will issue 252,000,000 Units as part of the purchase consideration for the proposed acquisitions of the following Plantation Assets at RM1.00 per Unit in two tranches:
 - (a) The first tranche consists of 180,250,000 Units relating to the proposed acquisitions of Bekoh Estate, Kulai Young Estate, Bukit Mertajam Estate, Batu Pekaka Estate, Chamek Estate, Malaya Estate, Telok Sengat Estate and Telok Sengat Palm Oil Mill.
 - (b) The additional Units consist of 71,750,000 Units relating to the acquisition of Lapan Kabu Estate and Lapan Kabu Oil Mill which is anticipated to be acquired by Al-Hadharah Boustead REIT on 1 July 2007.
2. The proposed initial public offering of 220,000,000 new Units representing undivided interests in Al-Hadharah Boustead REIT comprising the following:
 - 20,000,000 Issue Units made to the Malaysian public at the retail price of RM0.99 per Issue Unit payable in full upon application;

- 2,000,000 Issue Units made available for application by the eligible Directors and employees of Boustead REIT Managers Sdn. Bhd. ("the Manager") and Investment Committee members of Al-Hadharah Boustead REIT, Directors and employees of Boustead Estates Agency Sdn. Bhd. and the Directors of Boustead Holdings Berhad and Boustead Properties Berhad (collectively the promoters of the Al-Hadharah Boustead REIT) at the retail price of RM0.99 per Issue Unit payable in full upon application; and
- 198,000,000 Issue Units made to institutional and selected investors at the institutional price of RM1.05 per Issue Unit payable in full upon application.

Our review has been undertaken to enable us to form an opinion as to whether the Forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors of the Manager as set out in the accompanying statement (which we have stamped for the purpose of identification) and is presented on a basis consistent with the accounting policies adopted by the Managers and complies with the applicable Malaysian Financial Reporting Standards ("Malaysian FRS") as at the date of this report. The Directors of the Manager are solely responsible for the preparation and presentation of the Forecast and the assumptions on which the Forecast is based.

The Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which the Manager expects to take place and the actions which the Manager expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the Forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the Forecast since anticipated events frequently may not occur as expected and the variations could be material.

Subject to the matters stated in the preceding paragraphs:

- (a) nothing has come to our attention which causes us to believe that the assumptions made by the Directors of the Manager, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit forecast;
- (b) in our opinion, the Forecast of earnings after taxation, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors of the Manager and is presented on a basis consistent with the accounting policies to be adopted and disclosed by Al-Hadharah Boustead REIT and relevant presentation principles of Malaysian FRS as at the date of this report.

The accompanying Forecast and this letter are prepared solely for inclusion in the Al-Hadharah Boustead REIT Prospectus in connection with the abovementioned Al-Hadharah Boustead REIT. This letter should not be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully



Ernst & Young
AF:0039
Chartered Accountants

Kuala Lumpur, Malaysia



Thomas Arundel Andrew Scott
No. 1060/03/08
Partner

Boustead REIT Managers Sdn. Bhd.
(Formerly known as Emas Jeep Sdn. Bhd.)
(Company No. 90953-K)

**AL-HADHARAH BOUSTEAD REIT (“Al-Hadharah Boustead REIT”)
ASSUMPTIONS OF THE PROFIT FORECAST FOR THE FINANCIAL PERIOD ENDING FROM
THE PROPOSED DATE OF ESTABLISHMENT OF 14 DECEMBER 2006 TO 31 DECEMBER 2007**

Barring any unforeseen circumstances and on the bases and assumptions set out below, the Directors of Boustead REIT Managers Sdn. Bhd. (“the Manager”) prepared and present the accompanying profit forecast of Al-Hadharah Boustead REIT for the financial period ending 31 December 2007 to illustrate the earnings that would arise as follows:

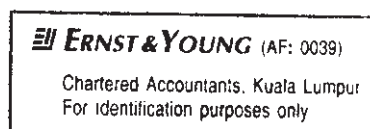
Summarised Forecast Income Statement:

	Forecast * 2007 RM'000
Gross revenue	38,108
Earnings before taxation	32,852
Taxation	-
Earnings after tax	32,852
Distribution to Unitholders	32,194

* The first financial period for Al-Hadharah Boustead REIT shall commence from the proposed date of establishment of 14 December 2006 to 31 December 2007.

The principal bases and assumptions used in the preparation of the profit forecast are as follows:

1. The Al-Hadharah Boustead REIT will issue 252,000,000 Units as part of the purchase consideration for the proposed acquisitions of the following Plantation Assets at RM1.00 per Unit in two tranches:
 - (a) The first tranche consists of 180,250,000 Units relating to the proposed acquisitions of Bekoh Estate, Kulai Young Estate, Bukit Mertajam Estate, Batu Pekaka Estate, Chamek Estate, Malaya Estate, Telok Sengat Estate and Telok Sengat Palm Oil Mill.
 - (b) The additional Units consist of 71,750,000 Units relating to the acquisition of Lapan Kabu Estate and Lapan Kabu Oil Mill which is anticipated to be acquired by Al-Hadharah Boustead REIT on 1 July 2007.
2. The proposed initial public offering of 220,000,000 new Units representing undivided interests in Al-Hadharah Boustead REIT comprising the following:
 - 20,000,000 Issue Units made to the Malaysian public at the retail price of RM0.99 per Issue Unit payable in full upon application;



- 2,000,000 Issue Units made available for application by the eligible Directors and employees of Boustead REIT Managers Sdn. Bhd. (“the Manager”) and Investment Committee members of Al-Hadharah Boustead REIT, Directors and employees of Boustead Estates Agency Sdn. Bhd. and the Directors of Boustead Holdings Berhad and Boustead Properties Berhad (collectively the promoters of the Al-Hadharah Boustead REIT) at the retail price of RM0.99 per Issue Unit payable in full upon application; and
 - 198,000,000 Issue Units made to institutional and selected investors at the institutional price of RM1.05 per Issue Unit payable in full upon application.
3. There will be no significant changes to the prevailing economy and politics in Malaysia and elsewhere that will directly or indirectly affect the performance of the Al-Hadharah Boustead REIT.
 4. The Forecast has been prepared in accordance with the applicable Malaysian FRS at the date of this report.
 5. There will be no material changes to the present legislation, including taxation guidelines of the regulatory authorities that will affect the activities of the Al-Hadharah Boustead REIT or the market which it operates.
 6. The inflation rate will remain at the current level and there will be no material fluctuations in the prevailing foreign currencies against Ringgit Malaysia.
 7. There will be no major dispute or any other abnormal factors which will adversely affect the operations of Al-Hadharah Boustead REIT.
 8. The Plantation Assets are expected to be let back to the vendors pursuant to the Ijarah arrangement between the vendors and the trustee of Al-Hadharah Boustead REIT upon completion on the sale of the Plantation Assets. The vendors consist of Boustead Properties Berhad, Boustead Heah Joo Seang Sdn. Bhd. and Boustead Plantations Berhad. The rent takes the form of 3-year tenancy agreements with clauses for renewal as contained in the relevant agreements save except for the Malay Reserved Lands. The rent rates are based on the reference Crude Palm Oil (“CPO”) price of RM1,500 per metric tonne. At the reference price of RM1,500 per metric tonne, there will be no performance-based profit sharing in the forecast period.
 9. In accordance with the Ijarah agreements, the proposed rent for the financial period ending 31 December 2007 will be RM38,108,000. During the period between the date of completion of Sale and Purchase Agreements of the Plantation Assets (excluding Lapan Kabu Estate and Oil Mill) to the commencement of the Ijarah agreements, the vendors bear all costs until the commencement of the Ijarah agreements.
 10. Replanting costs are assessed individually on each estate based on the replanting programme of the Plantation Assets. The replanting programme is based on the maturity and the age profile of the oil palm trees in each estate. It is assumed that there will be no significant changes in the replanting expenses for the forecast period.
 11. It is assumed that quit rent and assessment for the period under review are consistent with year 2006.
 12. Takaful contribution on fire, public liability and equipment all risk in the forecast period is assumed to be consistent with the current insurance policies at the date of this report.

13. The Manager's base fee is calculated at the proposed rate of up to 0.3% per annum of the Net Asset Value ("NAV").
14. There are no performance fee, acquisition fee, divestment fee and other fees relating to the Al-Hadharah Boustead REIT for the forecast period.
15. Trustee's fee is calculated at the proposed rate of 0.03% of NAV.
16. Profit earned from investment is calculated at the profit rate of 2.5% per annum.
17. It is assumed that 98% of forecast earnings of Al-Hadharah Boustead REIT will be distributed within two months after the end of the period of assessment.
18. There is no tax assumed during the forecast period on the basis that Al-Hadharah Boustead REIT would distribute at least 90% of its income within 2 months from the end of the year of assessment. This also assumes that the relevant 2007 Budget proposals will be gazetted. In this circumstance, no tax liabilities arise for any remaining balance of the undistributed earnings where the above conditions are met.
19. It is assumed that no capital expenditure will be made during the forecast period. Only major mill upgrades, major capital expenditures, new mills, buildings and infrastructure above RM1 million per transaction are to be borne by the Al-Hadharah Boustead REIT to offset against the undistributed earnings in the forecast period.
20. The Plantation Assets are not depreciated and are carried at cost on initial recognition. It is assumed that there will be no significant impairment in the carrying amount of the properties held by Al-Hadharah Boustead REIT during the forecast period.

Reporting Accountants' Report on Profit Projections
(for inclusion in the Al-Hadharah Boustead REIT Prospectus)

14 December 2006

The Board of Directors
(Formerly known as Emas Jeep Sdn. Bhd.)
Boustead REIT Managers Sdn. Bhd.
28th Floor Menara Boustead
No. 69 Jalan Raja Chulan
50200 Kuala Lumpur

Dear Sirs

**AL-HADHARAH BOUSTEAD REIT ("Al-Hadharah Boustead REIT")
PROFIT PROJECTIONS ("Projections") FOR THE TWO YEARS ENDING
31 DECEMBER 2008 AND 31 DECEMBER 2009**

We have reviewed the profit projections of Al-Hadharah Boustead REIT, as set out in the accompanying Appendix named Al-Hadharah Boustead REIT Profit Projections (which are stamped for the purpose of identification), in accordance with the professional standard in Malaysia applicable to the review of projections, AI 3400. The Projections are prepared for inclusion in the Al-Hadharah Boustead REIT Prospectus in connection with the following exercises:

1. Al-Hadharah Boustead REIT will issue 252,000,000 Units as part of the purchase consideration for the proposed acquisitions of the following Plantation Assets at RM1.00 per Unit in two tranches:
 - (a) The first tranche consists of 180,250,000 Units relating to the proposed acquisitions of Bekoh Estate, Kulai Young Estate, Bukit Mertajam Estate, Batu Pekaka Estate, Chamek Estate, Malaya Estate, Telok Sengat Estate and Telok Sengat Palm Oil Mill.
 - (b) The additional Units consist of 71,750,000 Units relating to the acquisition of Lepad Kabu Estate and Lepad Kabu Oil Mill which is anticipated to be acquired by Al-Hadharah Boustead REIT on 1 July 2007.
2. The proposed initial public offering of 220,000,000 new Units representing undivided interests in Al-Hadharah Boustead REIT comprising the following:
 - 20,000,000 Issue Units made to the Malaysian public at the retail price of RM0.99 per Issue Unit payable in full upon application;

- 2,000,000 Issue Units made available for application by the eligible Directors and employees of Boustead REIT Managers Sdn. Bhd. ("the Manager") and Investment Committee members of Al-Hadharah Boustead REIT, Directors and employees of Boustead Estates Agency Sdn. Bhd. and the Directors of Boustead Holdings Berhad and Boustead Properties Berhad (collectively the promoters of the Al-Hadharah Boustead REIT) at the retail price of RM0.99 per Issue Unit payable in full upon application; and
- 198,000,000 Issue Units made to institutional and selected investors at the institutional price of RM1.05 per Issue Unit payable in full upon application.

Our review has been undertaken to enable us to form an opinion as to whether the Projections, in all material respects, are properly prepared on the basis of the assumptions made by the Directors of the Manager as set out in the accompanying statement (which we have stamped for the purpose of identification) and are presented on a basis consistent with the accounting policies adopted by the Managers and complies with the applicable Malaysian Financial Reporting Standards ("Malaysian FRS") as at the date of this report. The Directors of the Manager are solely responsible for the preparation and presentation of the Projections and the assumptions on which the Projections are based.


A projection, in this context, means prospective financial information prepared on the basis of assumptions that include hypothetical assumptions as to future events and the manager's actions that are not necessarily expected to occur. As such, these projections may not be appropriate for other purposes. Even if the events anticipated under the hypothetical assumptions occur, actual results are likely to be different from the projections since other anticipated events frequently do not occur as expected and the variations could be material.

Subject to the matters stated in the preceding paragraphs:

- (a) nothing has come to our attention which causes us to believe that the assumptions made by the Directors of the Manager, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit projections;
- (b) the Projections of earnings after taxation, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the Directors of the Manager and are presented on a basis consistent with the accounting policies to be adopted and disclosed by Al-Hadharah Boustead REIT and relevant presentation principles of Malaysian FRS as at the date of this report.


The accompanying Projections and this letter are prepared solely for inclusion in the Al-Hadharah Boustead REIT Prospectus in connection with the abovementioned Al-Hadharah Boustead REIT. This letter should not be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully



Ernst & Young
AF:0039
Chartered Accountants

Kuala Lumpur, Malaysia



Thomas Arundel Andrew Scott
No. 1060/03/08
Partner

Boustead REIT Managers Sdn. Bhd.
(Formerly known as Emas Jeep Sdn. Bhd.)
(Company No. 90953-K)

**AL-HADHARAH BOUSTEAD REIT (“Al-Hadharah Boustead REIT”)
ASSUMPTIONS OF THE PROFIT PROJECTIONS FOR TWO YEARS ENDING 31
DECEMBER 2008 AND 31 DECEMBER 2009**

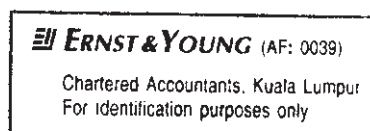
Barring any unforeseen circumstances and on the bases and assumptions set out below, the Directors of Boustead REIT Managers Sdn. Bhd. (“the Manager”) prepared and present the accompanying profit projections for the two years ending 31 December 2008 and 31 December 2009 to illustrate the earnings that would arise as follows:

Summarised Projected Income Statements:

	Year Ending 31 December	
	2008	2009
	RM'000	RM'000
Gross revenue	41,300	41,300
Earnings before taxation	34,517	34,821
Taxation	-	-
Earnings after tax	34,517	34,821
Distribution to unitholders	34,823	34,821

The principal bases and assumptions used in the preparation of the profit projections are as follows:

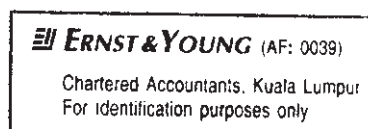
1. Al-Hadharah Boustead REIT will issue 252,000,000 Units as part of the purchase consideration for the proposed acquisitions of the following Plantation Assets at RM1.00 per Unit in two tranches:
 - (a) The first tranche consists of 180,250,000 Units relating to the proposed acquisitions of Bekoh Estate, Kulai Young Estate, Bukit Mertajam Estate, Batu Pekaka Estate, Chamek Estate, Malaya Estate, Telok Sengat Estate and Telok Sengat Palm Oil Mill.
 - (b) The additional Units consist of 71,750,000 Units relating to the acquisition of Lapan Kabu Estate and Lapan Kabu Oil Mill which is anticipated to be acquired by Al-Hadharah Boustead REIT on 1 July 2007.
2. The proposed initial public offering of 220,000,000 new Units representing undivided interests in Al-Hadharah Boustead REIT comprising the following:
 - 20,000,000 Issue Units made to the Malaysian public at the retail price of RM0.99 per Issue Unit payable in full upon application;



- 2,000,000 Issue Units made available for application by the eligible Directors and employees of Boustead REIT Managers Sdn. Bhd. (“the Manager”) and Investment Committee members of Al-Hadharah Boustead REIT, Directors and employees of Boustead Estates Agency Sdn. Bhd. and the Directors of Boustead Holdings Berhad and Boustead Properties Berhad (collectively the promoters of the Al-Hadharah Boustead REIT) at the retail price of RM0.99 per Issue Unit payable in full upon application; and
 - 198,000,000 Issue Units made to institutional and selected investors at the institutional price of RM1.05 per Issue Unit payable in full upon application.
3. There will be no significant changes to the prevailing economy and politics in Malaysia and elsewhere that will directly or indirectly affect the performance of the Al-Hadharah Boustead REIT.
 4. The Projections have been prepared in accordance with the applicable Malaysian FRS at the date of this report.
 5. There will be no material changes to the present legislation, including taxation guidelines of the regulatory authorities that will affect the activities of the Al-Hadharah Boustead REIT or the market which it operates.
 6. The inflation rate will remain at the current level and there will be no material fluctuations in the prevailing foreign currencies against Ringgit Malaysia.
 7. There will be no major dispute or any other abnormal factors which will adversely affect the operations of Al-Hadharah Boustead REIT.
 8. The Plantation Assets are expected to be let back to the vendors pursuant to the Ijarah arrangement between the vendors and the trustee of Al-Hadharah Boustead REIT upon completion on the sale of the Plantation Assets. The vendors consist of Boustead Properties Berhad, Boustead Heah Joo Seang Sdn. Bhd. and Boustead Plantations Berhad. The rent takes the form of 3-year tenancy agreements with clauses for renewal as contained in the relevant agreements save except for the Malay Reserved Lands. The rent rates are based on the reference Crude Palm Oil (“CPO”) price of RM1,500 per metric tonne. At the reference price of RM1,500 per metric tonne, there will be no performance-based profit sharing in the projection years.
 9. In accordance with the Ijarah agreements, the proposed rental for the financial years ending 31 December 2008 and 31 December 2009 will be as follows:

Financial Year Ending 31 December	Rental Amount RM'000
2008	41,300
2009	41,300

10. Replanting costs are assessed individually on each estate based on the replanting programme of the Plantation Assets. The replanting programme is based on the maturity and the age profile of the oil palm trees in each estate. It is assumed that there will be no significant changes in the replanting expenses for the projection years.



11. It is assumed that quit rent and assessment for the projection years under review are consistent with year 2006.
12. Takaful contribution on fire, public liability and equipment all risk in the projection years are assumed to be consistent with the current insurance policies at the date of the report.
13. The Manager's base fee is calculated at the agreed rate of up to 0.3% per annum of the Net Asset Value ("NAV").
14. There are no performance fee, acquisition fee, divestment fee and other fees relating to the Al-Hadharah Boustead REIT for the Projections.
15. Trustee's fee is calculated at an agreed rate of 0.03% of NAV.
16. Profit earned from investment is calculated at the profit rate of 2.5% per annum.
17. It is assumed that 99% of projected earnings of Al-Hadharah Boustead REIT will be distributed within two months after the end of the year of assessment.
18. There is no tax assumed during the projection years on the basis that Al-Hadharah Boustead REIT would distribute at least 90% of its income within 2 months from the end of the year of assessment. This also assumes that the relevant 2007 Budget proposals will be gazetted. In this circumstance, no tax liabilities arise for any remaining balance of the undistributed earnings where the above conditions are met.
19. It is assumed that no capital expenditure will be made during the projection years. Only major mill upgrades, major capital expenditures, new mills, buildings and infrastructure above RM1 million per transaction are to be borne by the Al-Hadharah Boustead REIT.
20. Valuation will be performed every three years to ensure that the fair value of the revalued Plantation Assets does not differ materially from the carrying amount. The next valuation is scheduled in financial year ending 31 December 2009.
21. The Plantation Assets are not depreciated and are carried at fair valuation. It is assumed that there will be no significant impairment in the carrying amount of the Plantation Assets held by Al-Hadharah Boustead REIT during the projection years.

7.4 PROFORMA BALANCE SHEETS

The table below sets out a summary of the proforma balance sheets of Al-Hadharah Boustead REIT assuming it is in existence on the date of its establishment adjusted for the effects of the completion of the acquisition by the Al-Hadharah Boustead REIT of the Plantation Assets (including the acquisition of Lepad Kabu Estate and Lepad Kabu Palm Oil Mill within six (6) months from the date of listing of the Fund or such other period as may be approved by the SC), the Public Offering and after application of the total proceeds to be raised from the Public Offering based on the Retail Price of RM0.99 per Unit and Institutional Price of RM1.05 per Unit.

The proforma balance sheets of Al-Hadharah Boustead REIT are presented for illustrative purposes only and should be read in conjunction with the notes set out in Section 7.5 of this Prospectus.

	Proforma 1	Proforma 2	Proforma 3
	RM'000	RM'000	RM'000
Non-current asset			
Investment properties	-	400,150	471,900
Current asset			
Cash and bank balances	1	281	281
	1	400,431	472,181
Current liability	-	-	-
Net current asset	1	400,431	472,181
	1	400,431	472,181
Financed by:			
Unitholders' funds	1	400,431	472,181
	1	400,431	472,181
Proforma NAV (RM'000)	1	400,431	472,181
Number of Units in issue ('000)	1	400,251	472,001
Proforma NAV per unit (RM)	1.00	1.00	1.00

Notes:

- Proforma 1* : As at the date of establishment of the Al-Hadharah Boustead REIT
- Proforma 2* : After the acquisitions of the Plantation Assets (other than Lepad Kabu Estate and Lepad Kabu Palm Oil Mill) and the Public Offering
- Proforma 3* : After the acquisition of Lepad Kabu Estate and Lepad Kabu Palm Oil Mill

The proforma balance sheets have been prepared on the bases and assumptions set out in Section 7.5 of this Prospectus.

7.5 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA BALANCE SHEETS



AF: 0039

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50734 Kuala Lumpur, Malaysia

Reporting Accountants' Report on Proforma Balance Sheets (for inclusion in the Al-Hadharah Boustead REIT Prospectus)

14 December 2006

The Board of Directors
Boustead REIT Managers Sdn. Bhd.
(Formerly known as Emas Jeep Sdn. Bhd.)
28th Floor Menara Boustead
No. 69 Jalan Raja Chulan
50200 Kuala Lumpur

Dear Sirs

AL-HADHARAH BOUSTEAD REIT ("Al-Hadharah Boustead REIT") PROFORMA BALANCE SHEETS AS AT THE PROPOSED DATE OF ESTABLISHMENT OF 14 DECEMBER 2006

We report on the proforma balance sheets set out in the attached Appendix, stamped for identification purposes, which are prepared for illustrative purposes only to provide information about how the balance sheet of Al-Hadharah Boustead REIT as at the proposed date of establishment might have been affected by the following proposals had the proposals been completed on that date:

1. Acquisition of Plantation Assets:

The proposed acquisitions by Al-Hadharah Boustead REIT of the entire interest in the Plantation Assets from Boustead Properties Berhad and Boustead Heah Joo Seang Sdn. Bhd. as set out in the proforma balance sheet as at the date of establishment.

The proposed purchase price of RM400,150,000 will be satisfied by cash of RM219,900,000 and partly by the issuance of 180,250,000 Units in Al-Hadharah Boustead REIT at RM1.00 per Unit to be credited as fully paid-up.

2. The proposed initial public offering of 220,000,000 new Units representing undivided interests in Al-Hadharah Boustead REIT comprising the following:

- 20,000,000 Issue Units made to the Malaysian public at the retail price of RM0.99 per Issue Unit payable in full upon application;
- 2,000,000 Issue Units made available for application by the eligible Directors and employees of Boustead REIT Managers Sdn. Bhd. ("the Manager") and Investment Committee members of Al-Hadharah Boustead REIT, Directors and employees of Boustead Estates Agency Sdn. Bhd. and the Directors of Boustead Holdings Berhad and Boustead Properties Berhad (collectively the promoters of the Al-Hadharah Boustead REIT) at the retail price of RM0.99 per Issue Unit payable in full upon application; and
- 198,000,000 Issue Units made to institutional and selected investors at the institutional price of RM1.05 per Issue Unit payable in full upon application.

3. Acquisition of Lepad Kabu Estate and Lepad Kabu Oil Mill

The proposed issue of 71,750,000 Units at RM1.00 per Unit in Al-Hadharah Boustead REIT as settlement of the purchase price of the Lepad Kabu Estate and Lepad Kabu Oil Mill.

It is the responsibility solely of the Directors of the Manager to prepare the proforma balance sheets in accordance with the requirements of the Securities Commission Prospectus Guidelines in respect of Public Offerings (“the Guidelines”).

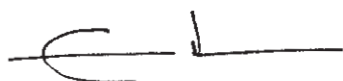
It is our responsibility to form an opinion, as required by the Guidelines, and to report our opinion to you. Our work consists primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the proforma balance sheets with the responsible officers of the Manager. Our work involved no independent examination of any of the underlying financial information.

In our opinion:

- (a) the proforma balance sheets are properly compiled on the bases stated; and
- (b) within the context of the assumed date of the establishment of Al-Hadharah Boustead REIT, the acquisitions of the Plantation Assets:
 - (i) such bases are consistent with the accounting policies adopted by Al-Hadharah Boustead REIT; and
 - (ii) the adjustments set out are appropriate for the purposes of the proforma balance sheets pursuant to the Guidelines.

The accompanying proforma balance sheets and this letter are prepared for inclusion in the Al-Hadharah Boustead REIT Prospectus in connection with the above proposals. This letter should not be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully



Ernst & Young
AF:0039
Chartered Accountants

Kuala Lumpur, Malaysia



Thomas Arundel Andrew Scott
No. 1060/03/08
Partner

Boustead REIT Managers Sdn. Bhd.
(Formerly known as Emas Jeep Sdn. Bhd.)
(Company No. 90953-K)

**AL-HADHARAH BOUSTEAD REIT (“Al-Hadharah Boustead REIT”)
PROFORMA BALANCE SHEETS AS AT THE PROPOSED DATE OF ESTABLISHMENT OF
14 DECEMBER 2006**

The Directors of Boustead REIT Managers Sdn. Bhd. (“the Manager”) prepared the proforma balance sheets for illustrative purposes and incorporate adjustments to show the effects of the following events on the assumption that they were completed at the date of establishment of Al-Hadharah Boustead REIT.

The proforma balance sheets are the sole responsibility of the Directors of Boustead REIT Managers Sdn. Bhd.

Proforma 1

For Proforma 1, the proforma balance sheet illustrates the balance sheet as at the date of establishment, of Al-Hadharah Boustead REIT upon the registration of the Deed.

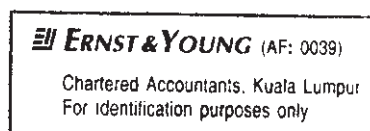
Proforma 2

Proforma 2 illustrates the position of Al-Hadharah Boustead REIT as at the date of establishment, adjusted for the impact of the acquisition of the Plantation Assets and initial public offering shown below:

1. Acquisition of Plantation Assets:

The acquisition by Al-Hadharah Boustead REIT of the entire interest in the following Plantation Assets from Boustead Properties Berhad and Boustead Heah Joo Seang Sdn. Bhd.:

Vendor	Plantation Assets	Purchase Price RM'mil
Boustead Properties Berhad	Bekoh Estate, Johor	33.51
	Malaya Estate, Perak	20.77
	Kulai Young Estate, Johor	40.85
	Bukit Mertajam Estate, Kedah	96.97
	Batu Pekaka Estate, Kedah	38.63
	Chamek Estate, Johor	22.02



Vendor	Plantation Assets	Purchase Price RM'mil
Boustead Heah Joo Seang Sdn. Bhd.	Telok Sengat Estate, Johor	138.59
	Telok Sengat Palm Oil Mill, Johor	8.81
Total		400.15

The purchase price of RM400,150,000 will be satisfied by cash of RM219,900,000 and the issuance of 180,250,000 Units in Al-Hadharah Boustead REIT at RM1.00 per Unit to be credited as fully paid-up.

2. The proposed initial public offering of 220,000,000 new Units representing undivided interests in Al-Hadharah Boustead REIT comprising the following:
- 20,000,000 Issue Units made to the Malaysian public at the retail price of RM0.99 per Issue Unit payable in full upon application;
 - 2,000,000 Issue Units made available for application by the eligible Directors and employees of Boustead REIT Managers Sdn. Bhd. and Investment Committee members of Al-Hadharah Boustead REIT, Directors and employees of Boustead Estates Agency Sdn. Bhd. and the Directors of Boustead Holdings Berhad and Boustead Properties Berhad (collectively the promoters of the Al-Hadharah Boustead REIT) at the retail price of RM0.99 per Issue Unit payable in full upon application; and
 - 198,000,000 Issue Units made to institutional and selected investors at the institutional price of RM1.05 per Issue Unit payable in full upon application.

Proforma 3

Proforma 3 illustrates the position of Al-Hadharah Boustead REIT Proforma 2 and adjusted for the impact of the acquisitions shown below:

Proposed acquisition of Lepad Kabu Estate and Lepad Kabu Oil Mill

Al-Hadharah Boustead REIT will issue 71,750,000 Units at RM1.00 per Unit to acquire Lepad Kabu Estate and Lepad Kabu Oil Mill from Boustead Plantations Berhad and the details are as follows:

Vendor	Plantation Assets	Purchase Price RM'mil
Boustead Plantations Berhad	Lepad Kabu Estate, Kelantan	67.61
	Lepad Kabu Palm Oil Mill, Kelantan	4.14
Total		71.75

Proforma Balance Sheets of Al-Hadharah Boustead REIT:

		Proforma 1 As at proposed date of establishment RM'000	Proforma 2 As at proposed date of establishment RM'000	Proforma 3 As at proposed date of establishment RM'000
	Note			
Non Current Assets				
Investment Properties	1	-	400,150	471,900
Current Asset				
Cash and Bank Balances	2	1	281	281
		1	281	281
		1	400,431	472,181
Financed by:				
Unitholders' funds	3	1	400,431	472,181
		1	400,431	472,181
Proforma NAV (RM'000)		1	400,431	472,181
Number of Units in issue ('000)		1	400,251	472,001
Net asset value per Unit (RM)		1.00	1.00	1.00

Notes to the Proforma Balance Sheets:

1. Investment Properties

The investment properties of Al-Hadharah Boustead REIT relate to Plantation Assets comprising 8 estates and 2 palm oil mills. The investment properties are recorded at the purchase price of RM471,900,000 based on the market value valuation performed by an Independent Property Valuer after taking into consideration a discount of 3.42% to the aggregate market value of the Plantation Assets of RM488,606,000.

The Plantation Assets are not depreciated and are carried at fair valuation. It is assumed that there will be no significant impairment in the carrying amount of the Plantation Assets held by Al-Hadharah Boustead REIT during the projection years.

2. Cash and Bank Balances

The movements in cash and bank balances of the Al-Hadharah Boustead REIT are as follows:

	RM'000
Pre unaudited financial statements as at the proposed date of establishment	1
Proceeds from the public issues	229,680
To part finance the purchase of Plantation Assets	(219,900)
Estimated listing expenses	(9,500)
Proformas 2 and 3	<u>281</u>

3. Unitholders' funds

	Issue Price RM per unit	Proforma 1 RM'000	Proforma 2 RM'000	Proforma 3 RM'000
Units issued as at proposed date of establishment:				
- 1,000 Units	RM1.00	1	1	1
Units issued towards settlement of purchase consideration for the acquisition:				
- 180,250,000 Units	RM1.00	-	180,250	180,250
- 71,750,000 Units	RM1.00	-	-	71,750
Units issued in connection with the Initial Public Offer:				
- 22,000,000 Units	RM0.99	-	21,780	21,780
- 198,000,000 Units	RM1.05	-	207,900	207,900
Less : Listing expenses		-	(9,500)	(9,500)
		1	400,431	472,181