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1. DEFINITIONS

In this Prospectus, unless where the context requires otherwise, the following words and abbreviations shall have the following meanings:

Acquisitions	: refers to Properties which will be purchased by AmanahRaya REIT pursuant to its Listing
AmanahRaya REIT or Fund	: AmanahRaya Real Estate Investment Trust
Antara Holiday Villas	: Antara Holiday Villas Sdn Bhd (<i>formerly known as Antara Hotel & Resorts Sdn Bhd</i>) (199165-T)
ASHRB	: Alangka-Suka Hotels and Resorts Berhad (293150-U)
AOR	: average occupancy rate determined in respect of a Property for a period of time as the average of the letted area as a proportion of the Net Lettable Area (of the relevant time) as at the last day of each month comprising the relevant period
Application	: the application for the Retail Offering by way of Application Forms or by way of Electronic Application or by way of Internet Application
Application Form(s)	: the printed application form(s) for the Application for the Retail Offering
Appraised Value	: in relation to a property, the value of that Property as appraised by the Independent Property Valuer at the respective valuation date
ARB	: Amanah Raya Berhad (344986-V)
ARJMF	: AmanahRaya-JMF Asset Management Sdn Bhd (309646-H)
ASHVSB	: Alor Setar Holiday Villa Sdn Bhd (334660-M)
Auditor	: BDO Binder (AF0206) or such other firm of auditors of AmanahRaya REIT as may be appointed from time to time
Authority	: any government or any agency, authority, bureau, central bank, commission, department or instrumentality of any such government, or any court, arbitrator, regulatory body, administrative agency or other tribunal having or purporting to have jurisdiction over a Person at law
Authorised Investments	: subject to the provisions of the REIT Guidelines, the following investments in which the AmanahRaya REIT may invest in:- (a) Real Estate; (b) Single-Purpose Companies; (c) Real-Estate-Related Assets; (d) Liquid Assets; (e) Non-Real Estate Related Assets; (f) asset-backed securities; and any other investment not covered by paragraphs (a) to (f) above but specified as a permissible investment in the REIT Guidelines or as otherwise permitted by the SC from time to time
Bursa Depository/Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)

I. DEFINITIONS (*Cont'd*)

Cash Consideration	: the portion of the Purchase Consideration which is payable to the Vendor in cash amounting to RM208,050,000
CDS	: Central Depository System
CDS Account	: an account established at Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor as permitted under the Depositories Act or the Rules of the Depository
Central Depositories Act	: the Securities Industry (Central Depositories) Act, 1991 or any statutory modifications, amendments or re-enactment thereof for the time being in force
CI Holdings	: C.I. Holdings Berhad (37918-A)
CIMB	: CIMB Investment Bank Berhad, (<i>formerly known as Commerce International Merchant Bankers Berhad</i>) (18417-M)
CIMB Trustee	: CIMB Trustee Berhad, (<i>formerly known as Bumiputra-Commerce Trustee Berhad</i>) (167913-M)
CIMB Lease	: Lease agreement entered into between the Vendor and CIMB dated 26 September 2006 for the lease of part of Wisma Amanah Raya Berhad over a 9 year period
Closing Date	: means in relation to the Retail Offering Units to be underwritten by the Retail Underwriters, a date which is:- (a) not later than the third (3 rd) Market Day after the last date for receipt of the application for the Retail Offer Units; and (b) which shall not be later than a date falling three (3) months from the date of the Retail Underwriting Agreement; or such other later date as the Offeror and the Managing Underwriter may agree upon
Collection Account	: the bank account opened and maintained or to be opened and maintained by CIMB Trustee pursuant to the Loan Facility
Companies Act	: Companies Act, 1965 and includes any amendments thereto from time to time
Completion Date	: the date of completion of the sale and purchase of the Properties pursuant to the Sale and Purchase Agreements, being the Listing Date
Consideration Units	: 128,800,000 Units to be issued to the Vendor and/or its nominees at RM1.00 per Unit to be credited as fully paid as part payment of the Purchase Consideration
Deed	: the deed dated 10 October 2006 made between the Trustee and us constituting AmanahRaya REIT and any other supplemental deed thereto
Depositor	: a holder of a CDS Account
DI	: distributable income as described in Section 7.5 of this Prospectus
Distribution Period	: each consecutive Half Year in each Financial Year PROVIDED THAT:-

1. DEFINITIONS (Cont'd)

- (a) the first Distribution Period shall commence on the Listing Date and end on 30 June 2007; and
- (b) the last Distribution Period shall end on the expiry of the Duration of the REIT
- or such other intervals as the Manager may determine in accordance with the Deed
- Duration of the REIT : the term of AmanahRaya REIT as defined in the Deed
- ECM Libra Avenue : ECM Libra Avenue Securities Sdn Bhd, (*formerly known as Avenue Securities Sdn Bhd*) (682-X)
- Electronic Application : an application for the Units through Participating Financial Institutions
- EURO RSCG : EURO RSCG Partnership (M) Sdn Bhd (58115-W)
- Facility Agreement : the agreement dated 11 January 2007 entered into amongst the Trustee, the Lenders, the Lead Arranger and Malaysian National Insurance Berhad (as the security agent) in respect of the Loan Facility
- Fixed Operating Costs : certain operating costs which covers the following categories of expenses in respect of the Properties, other than those that are the sole responsibility of and payable by the tenants/Lessees/licensees or other occupants of the Properties under the Tenancies/Leases/licences pursuant to the Property Management Agreement:-
- (a) charges for the supply of water, gas, electricity, telephone, disposal of sewerage and all other utility services related to the Properties (including usage charges);
- (b) the normal costs of operating, maintaining, testing and repairing the sanitary, sprinklers or other fire protection equipment, lighting, heating, cooling, air conditioning or ventilation equipment, lifts, escalators, signs, public address and sound systems, building automated system, generators, roller shutters, closed circuit television and any other security systems installed or supplied to the Properties from time to time;
- (c) the costs relating to the maintenance of the landscaping forming part of the Properties;
- (d) the costs relating to the cleaning of the Properties, the disposal of garbage, waste and refuse from the Properties and the control and prevention of pests within the Properties;
- (e) the costs for the provision of security services in connection with the Properties; and

1. DEFINITIONS (Cont'd)

- (f) all costs of engaging on-site staff and contractors (if any) for the provision of maintenance, security, cleaning, protection and other services referred to in sub-paragraphs (b), (c), (d) and (e) above for the Properties from time to time.

and excludes expenses falling under Property Costs.

- Financial Year(s) or FY : the period commencing on 1 January and ending on 31 December in each year during the Duration of the REIT PROVIDED THAT:-
- (a) the first Financial Year shall be the period commencing on the date of the establishment of the REIT and ending on 31 December in the year the AmanahRaya REIT is established; and
- (b) the last Financial Year shall be the period commencing on 1 January and ending on the expiry of Duration of the REIT
- First Distribution Period : the period commencing on the Listing Date and ending on 30 June 2007 in which the first distribution of income of AmanahRaya REIT is made to entitled unitholders
- Forecast : AmanahRaya REIT's profit forecast for the FY ending 31 December 2007
- FRS : Financial Reporting Standards issued by the Malaysian Accounting Standards Board including any amendments thereto
- GST : any value added, consumption, goods and services or other such tax imposed on goods and services in Malaysia
- Gross Asset Value : as at any time, the sum of (a) the value of all REIT Assets obtained or determined by the Manager in accordance with the Deed, and (b) any other amounts which, in the opinion of the Manager in consultation with the Auditors, if appropriate, should be included for the purpose of making a fair and reasonable determination of the gross value of AmanahRaya REIT on an undiscounted basis, having regard to approved accounting standards prescribed by the Financial Reporting Act 1997
- Gross Receipts : in respect of each of the Properties where applicable, the gross annual rent and shall be deemed to include all rents (but excluding rental and utility deposits), premiums, licence fees, service charges and other income or revenue derived or reserved from the Leases and the proceeds of any payment under any insurance policy against loss of rent or other income from the Properties
- Half Year : the 6 month period commencing on 1 January and ending on 30 June (both dates inclusive) or commencing on 1 July and ending on 31 December (both dates inclusive)
- HVAS : Holiday Villa Alor Setar
- HVL : Holiday Villa Langkawi

1. DEFINITIONS (Cont'd)

Income of the REIT	: all rents, interest, dividends, distributions, licence fees, service charges and other receipts considered by the Manager to be in the nature of income in accordance with the applicable approved accounting standards in Malaysia where accrued, due or receivable or received and not previously accounted for that period
Independent Property Valuer	: Colliers, Jordan Lee & Jaafar Sdn Bhd (59901-U)
Institutional Offering	: the offering of 119,599,000 Offering Units, comprising:- <ul style="list-style-type: none">• 73,600,000 Offering Units pursuant to Offer For Sale; and• 45,999,000 Offering Units pursuant to the Public Issue, subject to reallocation, to selected institutional investors for subscription at Institutional Offer Price
Institutional Offer Price	: RM0.94 per Offering Unit being the initial price payable by the applicants pursuant to the Institutional Offering
Internet Application	: Internet application for the Units via www.maybank2u.com.my , www.eipocimb.com or www.rhbbank.com.my
Issue Price	: the price at which new Units may be issued pursuant to the Deed
Issuing House / MIDFCCS	: MIDF Consultancy and Corporate Services Sdn Bhd (11324-H)
ITA	: Income Tax Act, 1967
KWB	: Kumpulan Wang Bersama
Latest Practicable Date	: 29 December 2006, being the latest practicable date for the purposes of ascertaining certain information contained in this Prospectus
Lead Arranger	: ECM Libra Capital Sdn Bhd (579116-A)
Lead Manager	: Aseambankers Malaysia Berhad (15398-H)
Lease Agreement	: an agreement between parties outlining terms and conditions in relation to a Lease
Lease(s)	: rental agreement(s) between two parties with a term of more than 3 years
Lenders	: Malaysia National Insurance Bhd (9557-T) and Mayban Life Assurance Berhad (235175-H)
Lessee(s)	: Lessee(s) of the Properties namely:- <ul style="list-style-type: none">• ASHVSB for HVAS;• LHVSb for HVL;• CI Holdings for Permanis Factory;• SEG International for SEGi College;• SEG International for Blocks A & B, South City Plaza;• ARB for Wisma AmanahRaya; and• CIMB for Wisma Amanah Raya Berhad
Lessor	: ARB as trustee for KWB

1. DEFINITIONS *(Cont'd)*

LHVSB	: Langkawi Holiday Villa Sdn Bhd (<i>formerly known as Crystal Hill Sdn Bhd</i>) (188867-V)
Liabilities of the REIT	: includes all amounts payable by the AmanahRaya REIT, accrued expenses and taxes and any appropriate provisions for contingencies which should be taken into account in determining the liabilities of the AmanahRaya REIT
Listing	: admission to the Official List and the listing of and quotation for 184,000,000 Units on the Main Board of Bursa Securities
Listing Date	: the date, on which the Units are first listed and from which dealings therein are permitted to take place on Bursa Securities
Listing Requirements	: the listing requirements of Bursa Securities
Loan Facility	: RM168,000,000 term loan facility granted by the Lenders to part finance the acquisition of the Properties
Majority Retail Underwriters	: means collectively, 4 or more Retail Underwriters who have agreed to underwrite not less than 50% of the total Retail Offering
Malaysian Public	: Malaysian citizens, companies, societies, co-operatives and institutions
Manager	: AmanahRaya-JMF Asset Management Sdn Bhd (309646-H)
Manager's Fee	: an amount equal to 0.3% per annum of the Net Asset Value (excluding any GST payable), accruing daily and payable to the Manager monthly in arrears, such fees not exceeding 1% of the Net Asset Value, as set out in the Deed
Managing Underwriter	: ECM Libra Avenue
Market Day	: a day on which Bursa Securities is open for trading in securities and the Units are tradable thereon
Market Price	: the price of the Units, on a per Unit basis on any Market Day being the volume weighted average price of the Units in the five trading days of the Bursa Securities immediately preceding such Market Day or, if the Manager believes such calculation does not provide a fair reflection of the market price, an amount determined by the Manager in consultation with the Auditors, if appropriate, and taking into account, the valuation determined by an approved valuer, if any, as being the fair market price of a Unit, in accordance with the Deed
MASB	: Malaysian Accounting Standards Board

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1. DEFINITIONS (Cont'd)

Master Lease(s) : refers to any of the following agreements and any supplemental agreements or letters of variation thereto entered into between the Vendor and the respective Lessees in connection with the lease of the Properties:-

No.	Master Lessee	Date	Property under lease
1.	ASHVSB agreement	20 February 2006	HVAS
	ASHVSB supplemental	21 April 2006	HVAS
	ASHVSB Letter of Variation	5 December 2006	HVAS
2.	LHVSBS agreement	20 February 2006	HVL
	LHVSBS supplemental	21 April 2006	HVL
	LHVSBS Letter of Variation	5 December 2006	HVL
3.	CI Holdings	5 December 2006	Permanis Factory
4.	SEG International	15 May 2006	SEGi College
5.	SEG International	21 August 2006	Blocks A & B, South City Plaza
6.	ARB	26 October 2006	Wisma AmanahRaya

Master Lessee(s) : refer to ASHVSB, LHVSBS, CI Holdings, SEG International and/or ARB

Master Tenant : in respect of Wisma UEP, the entity who has entered into a master tenancy agreement with the Vendor

MK : Malik & Kamaruzaman Property Management Sdn Bhd (721939-X)

Net Asset Value of the REIT or NAV : the Total Asset Value of the AmanahRaya REIT less the Liabilities of the REIT at the valuation point, except that, for the purpose of computing the annual manager fee and the annual trustee fee, the Net Asset Value of the REIT should be inclusive of the manager fee and the trustee fee for the relevant day

Net Lettable Area or NLA : area in a building that is available for leasing, excluding common areas, and is usually the area in respect of which rent is payable

Net Property Income : as at any day, the Net Revenue less (a) Property Costs and (b) Fixed Operating Costs

Net Revenue : Gross Receipts less allowance for bad debts

1. DEFINITIONS (Cont'd)

Novation Agreement(s)	: the agreements dated 22 December 2006 entered into between the Vendor / the Trustee, the Master Lessees and Master Tenant (as applicable) for the assignment and transfer of the lease/tenancy in respect of the Properties
NEP	: NEP Holdings (Malaysia) Berhad (334843-V)
NLC	: National Land Code (1950) and any amendments thereto from time to time
Occupancy Arrangements	: Lease/Tenancy arrangements concerning the Properties including all Master Leases, CIMB Lease and all Tenancy Arrangements
Occupants	: all occupants of the Properties including Master Lessees, CIMB, Tenants and Sub-tenants
Offer For Sale	: offer for sale by the Offeror of 73,600,000 Offering Units to selected institutional investors
Offering	: the Offering Units to be offered under the Public Issue and the Offer For Sale
Offering Units	: 128,799,000 Units being offered comprising:- <ul style="list-style-type: none">• 55,199,000 new Units offered pursuant to the Public Issue; and• 73,600,000 Units offered pursuant to the Offer For Sale
Offeror	: ARB as trustee of KWB, being the offeror of 73,600,000 Units pursuant to the Offer For Sale
Ordinary Resolution	: a resolution passed at a meeting of the Unitholders duly convened and held by a majority of the persons voting thereat upon a show of hands in accordance with the provisions of the Deed
Participating Financial Institutions	: refers to the participating financial institutions for the Electronic Application as listed in Section 21.1.6 of this Prospectus
Person	: an individual, partnership, corporation, unincorporated association, joint venture, Authority or any other entity
Projections	: AmanahRaya REIT's profit projections for the Financial Years 2008 and 2009
Properties	: collectively, HVAS; HVL; Permanis Factory; SEGi College; Blocks A & B, South City Plaza; Wisma AmanahRaya; Wisma Amanah Raya Berhad and Wisma UEP and "Property" means any one of the aforesaid properties
Principal Adviser	: ECM Libra Avenue
Placement Agent	: Aseambankers Malaysia Berhad (15938-H)

1. DEFINITIONS (Cont'd)

Property Costs	: all costs and expenses relating to each of the Properties which do not form part of the lessee or tenants' expenses incurred under their respective lease/tenancy obligations, including without limitation, quit rent, assessment, insurance premiums and costs of a replacement/capital nature or relating to non-routine repairs, service charges and other expenses properly and reasonably incurred by the Property Manager on behalf of the Trustee in accordance with the instructions of the Manager or as otherwise provided in the Property Management Agreement, other than Fixed Operating Costs
Promoter Units	: 1,000 Units issued on 29 November 2006 to the Manager at RM1.00 each paid in cash for the purpose of constituting AmanahRaya REIT
Property Management Agreement	: the agreement dated 22 December 2006 made between us, the Trustee and the Property Manager pursuant to which the Property Manager will provide certain property management services for the Properties
Property Management Fees	: an amount equal to the aggregate of:- (a) five per centum (5%) of the annual Gross Receipts (excluding GST) on the first RM30,000; (b) three per centum (3%) of the annual Gross Receipts (excluding GST) on the residue up to RM100,000; and (c) two per centum (2%) of the annual Gross Receipts (excluding GST) on the residue exceeding RM100,000 payable to the Property Manager pursuant to the Property Management Agreement (excluding any GST payable), subject to such discount as may be permitted under the Valuers, Appraisers and Estate Agents Act 1981 and any rules made hereunder
Property Manager	: MK
Public Issue	: issuance of 55,199,000 Offering Units by AmanahRaya REIT comprising:- <ul style="list-style-type: none">• 45,999,000 new Units to the selected institutional investors for subscription at Institutional Offer Price; and• 9,200,000 new Units to the Malaysian Public for subscription via balloting at Retail Offer Price
PTCA	: Public Trust Corporation Act 1995
Purchase Consideration	: the sum of RM336,850,000 payable to the Vendor under the Sale and Purchase Agreements which shall be satisfied by way of the (a) Cash Consideration and (b) Consideration Units
Register	: the Register of Unitholders maintained pursuant to the Deed
REIT	: Real Estate Investment Trust

1. DEFINITIONS (Cont'd)

REIT Assets	: the total assets of the AmanahRaya REIT including all its Authorised Investments and other assets (after consulting with the Auditor) to be in the nature of assets in accordance with the applicable approved accounting standards in Malaysia, for the time being held and/or deemed to be held upon trust under the Deed
REIT Guidelines	: the Guidelines on Real Estate Investment Trusts (3 rd edition, 3 January 2005) issued by the SC including any amendments or reissue
Remittance Date	: a date no later than 3 Market Days before the Listing Date where each Retail Underwriter has to remit such amount payable in respect of such Retail Offering Units which not been fully or validly applied for, less any of its Retail Underwriter's commissions pursuant to the Retail Underwriting Agreement, which is outstanding and payable by the Offeror to it under clause 2.9 of the Retail Underwriting Agreement at the time of such remittance
Reporting Accountants	: BDO Binder (AF 0206)
Retail Offering	: the offering of 9,200,000 Offering Units, subject to reallocation, to the Malaysian Public via balloting at the Retail Offer Price
Retail Offer Price	: RM0.895 per Offering Unit being the initial price payable by the applicants pursuant to the Retail Offering
Retail Underwriters	: Affin Securities Sdn Bhd (431338-P) AmInvestment Bank Berhad, (formerly known as AmMerchant Bank Berhad) (23742-V) CIMB Investment Bank Berhad, (formerly known as Commerce International Merchant Bankers Berhad) (18417-M) ECM Libra Avenue K&N Kenanga Bhd (15678-H) Mayban Securities Sdn Bhd (165630-M) OSK Securities Berhad (14152-V)
Retail Underwriting Agreement	: the retail underwriting agreement dated 15 December 2006 between us, the Trustee, the Managing Underwriter and the Retail Underwriters for the retail underwriting of the Retail Offering
RM	: Ringgit Malaysia
Roof Top Tenants	: shall include roof top tenants of Wisma Amanah Raya Berhad which are:- (a) Celcom (Malaysia) Berhad (157469-A) ("Celcom") (b) Digi Telecommunications Sdn Bhd (201283-M) ("Digi") (c) Maxis Broadband Sdn Bhd (234053-D) ("Maxis")
RPGT	: real property gains tax
RPGT Act	: Real Property Gains Tax Act, 1976
Sale and Purchase Agreements or SPAs	: the agreements dated 6 December and 22 December 2006 entered into between the Vendor and the Trustee for the sale and purchase of the Properties and any supplemental agreements or letters of variation thereto

1. DEFINITIONS (Cont'd)

SC	:	Securities Commission
SCA	:	the Securities Commission Act 1993 of Malaysia and includes any amendments thereto from time to time
SEG International	:	SEG International Berhad (145998-U)
Sime UEP	:	Sime UEP Development Sdn Bhd (56669-W)
Specified Documents	:	means collectively:- <ul style="list-style-type: none"> (a) the Sale and Purchase Agreements; (b) the Deed; (c) the Retail Underwriting Agreement; and (d) the Facility Agreement
sq ft	:	square feet
sq m	:	square metres
Sub-Placement Agent	:	ECM Libra Avenue Securities Sdn Bhd (<i>formerly known as Avenue Securities Sdn Bhd</i>) (682-X)
Sub-tenant(s)	:	parties who have entered into a tenancy arrangement with Master Lessees, CIMB and/or Tenants
Tax Advisor	:	BDO Binder Tax Services Sdn Bhd (114863-K)
Tenancy(ies)	:	rental agreement between 2 parties of a term of less than 3 years
Tenancy Arrangement(s)	:	refers to any of the following tenancy arrangements entered into between the Vendor and the Tenants in respect of the tenancy of the Properties as well as any supplemental letters in relation thereto:-

No.	Tenant	Date	Property under lease
1.	EURO RSCG	4 April 2006	7th floor of Wisma Amanah Raya Berhad
2.	Sime UEP	16 June 2004	Wisma UEP
3.	Celcom	27 April 2006	Roof top of Wisma Amanah Raya Berhad
4.	Celcom (Indoor)	13 June 2006	Wisma Amanah Raya Berhad
5.	Digi	3 November 2006	Roof top of Wisma Amanah Raya Berhad
6.	Maxis	31 December 2005	Roof top of Wisma Amanah Raya Berhad

Tenant(s)	:	EURO RSCG, Sime UEP and Roof Top Tenants
Total Asset Value	:	the value of the assets of the REIT, as determined in accordance with the Deed
Trustee	:	CIMB Trustee, the trustee of AmanahRaya REIT

1. DEFINITIONS *(Cont'd)*

Trustee Fee	: an amount equal to 0.04% per annum of the Net Asset Value, accruing daily and payable to the Trustee monthly in arrears, such fees not exceeding 0.1% per annum of the Net Asset Value, as set out in the Deed
Unit(s)	: undivided interests in AmanahRaya REIT
Unitholder	: the persons for the time being registered in the Register as the holders of the Units (except for the Depository) and whose names appear as Depositors on the record of Depositors
Unit Trust Guidelines	: the Guidelines on Unit Trust Funds (3rd edition dated 1 April 2003 and updated on 30 September 2003) issued by the SC including any amendments or reissue
VAEA Act	: Valuers, Appraisers and Estate Agents Act 1981 and includes any amendments thereto from time to time
Vendor	: ARB as trustee for KWB, being the vendor of the Properties pursuant to the Acquisitions
Year of Completion	: in respect of each of the Properties, the year in which the certificate of practical completion was obtained

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2. CORPORATE DIRECTORY

MANAGER : AmanahRaya-JMF Asset Management Sdn Bhd

Registered Office and Principal Place of Business : 15th Floor, Wisma AmanahRaya
No. 2, Jalan Ampang
50450 Kuala Lumpur

Tel: 03-2078 1373

Fax: 03-2078 2399

Website: www.amanahrayajmf.com

BOARD OF DIRECTORS

Name	Age	Address	Position
Tan Sri Datuk (Dr) Arshad bin Ayub	77	No. 25, Jalan Permata 7/1 40000 Shah Alam Selangor Darul Ehsan	Independent Non-Executive Director/Chairman
Datuk Mohamed Azahari bin Mohamed Kamil	46	55, Persiaran Bruas Damansara Heights 50490 Kuala Lumpur	Managing Director/Chief Executive Officer
Ahmad Kamal bin Abdullah Al-Yafii	67	No. 2, Jalan 7/2 Petaling Jaya 46050 Selangor Darul Ehsan	Deputy Chairman
Datuk Mohamed Adnan bin Ali	64	No. 28, Jalan SS 3/80 47300 Petaling Jaya Selangor Darul Ehsan	Independent, Non-Executive Director
Dato' Ahmad Rodzi bin Pawanteh	49	VR-G-7, Villa Ruby Tiara Ampang, Jalan Ampang, 68000 Ampang Selangor Darul Ehsan	Non-Executive Director
Sharizad binti Juma'at	46	56 Jalan Hilir 5 Taman Sri Angsana Hilir 55100 Kuala Lumpur	Executive Director
Sudirman bin Masduki	54	No. 20, Jalan SS 12/1B 47500 Subang Jaya Selangor Darul Ehsan	Non-Executive Director
Tai Siong Choi	55	17, Jalan Nusantara Duta Nusantara 50480 Kuala Lumpur	Executive Director
Tuan Haji Rozan bin Mohd Sa'at	47	35, Jalan Padi Huma Satu Bandar Baru Uda 81200 Johor Baru Johor Darul Takzin	Non-Executive Director
Datin Paduka Siti Sa'diah Sheikh Bakir	54	No. 7, Persiaran Titiwangsa 3 53200 Kuala Lumpur	Independent, Non-Executive Director

2. CORPORATE DIRECTORY (Cont'd)

- INVESTMENT COMMITTEE** : Datuk Yahya bin Ya'acob (Independent)
Sudirman bin Masduki (Non-Independent)
Mahadzir Azizan (Independent)
Dato' Mani Usilappan (Independent)
Tengku Dato' Hasmuddin Tengku Othman (Independent)
- MANAGEMENT TEAM** : Datuk Mohamed Azahari bin Mohamed Kamil (Managing Director/Chief Executive Officer)
Tai Siong Choi, (Executive Director/Chief Investment Officer, Equity)
Sharizad binti Juma'at (Executive Director/Chief Investment Officer, Fixed Income / Property)
Azlan bin Hussin (General Manager, Equity)
Lee Wei Chung (General Manager, Equity)
Azlan bin Azizuddin (General Manager, Marketing / Client Services)
Tai Ai Nghoh (General Manager, Finance & Operations)
Lee Lay Chan, (Senior Manager, Research)
Mohd Zamri bin Shariff (Senior Manager, Managing Director's Office)
Loh May Yee (Manager, Compliance and Audit)
Haszeri bin Hussin (General Manager, Fixed Income)
Husin bin Jidin (Manager, Head of Property & Facility Management)
Abas bin Abd Jalil (Manager, Head of Property Investment)
- COMPANY SECRETARY** : Zainul Abidin bin Haji Ahmad
LS0008854
8, Lorong Setiabistari 5
Bukit Damansara
50490 Kuala Lumpur

Tel: 03-2055 7388
Fax: 03-2078 8187
- PRINCIPAL BANKER** : CIMB Bank Berhad (13491-P)
Jalan Raja Chulan Branch
Level 1, Menara Olympia
52000 Kuala Lumpur

Tel: 03-2032 2060
Fax: 03-2026 7090
- LENDERS** : Mayban Life Assurance Berhad (235175-H)
L15, MaybanLife Tower
Dataran Maybank
1, Jalan Maarof
59000 Kuala Lumpur

Tel: 03-2297 1888
Fax: 03-2283 2934

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

Tel: 03-2176 9000
Fax: 03-2782 5643

2. CORPORATE DIRECTORY (Cont'd)

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

Tel: 03-2698 5522
Fax: 03-2692 5202
- TRUSTEE** : CIMB Trustee Berhad, (*formerly known as Bumiputra-
Commerce Trustee Berhad*) (167913-M)
Level 3, Wisma Amanah Raya Berhad
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur

Tel: 03-2092 2717
Fax: 03-2072 4023
Website: www.cimb.com
- REGISTRAR AND TRANSFER
OFFICE** : Symphony Share Registrars Sdn Bhd (378993-D)
Level 26, Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur

Tel: 03-2721 2222
Fax: 03-2721 2530
- AUDITORS AND REPORTING
ACCOUNTANTS** : BDO Binder (AF 0206)
12th Floor, Menara Uni.Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur

Tel: 03-2616 2888
Fax: 03-2616 3190
- TAX ADVISOR** : BDO Binder Tax Services Sdn Bhd (114863-K)
12th Floor, Menara Uni.Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur

Tel: 03-2616 2888
Fax: 03-2616 3195
- INDEPENDENT PROPERTY
VALUER AND PROPERTY
MARKET CONSULTANT** : Colliers, Jordan Lee & Jaafar Sdn Bhd (59901-U)
Level 6, Block G (North)
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Tel: 03-2095 5811
Fax: 03-2095 5843

2. CORPORATE DIRECTORY (Cont'd)

- ISSUING HOUSE** : MIDF Consultancy and Corporate Services Sdn Bhd (11324-H)
12th Floor, MIDF Building
195A Jalan Tun Razak
50400 Kuala Lumpur

Tel: 03-2161 3355
Fax: 03-2161 7161
- LEAD ARRANGER FOR THE LOAN FACILITY** : ECM Libra Capital Sdn Bhd (579116-A)
3rd Floor, Wisma Genting
Jalan Sultan Ismail
50250 Kuala Lumpur

Tel: 03-2178 1888
Fax: 03-2031 9826
- PRINCIPAL ADVISER FOR THE OFFERING, MANAGING UNDERWRITER FOR THE RETAIL OFFERING AND SUB-PLACEMENT AGENT FOR THE INSTITUTIONAL OFFERING** : ECM Libra Avenue Securities Sdn Bhd, (*formerly known as Avenue Securities Sdn Bhd*) (682-X)
1st, 2nd & 3rd Floor, Wisma Genting
Jalan Sultan Ismail
50250 Kuala Lumpur

Tel: 03-2178 1888
Fax: 03-2031 9826
- LEAD MANAGER AND PLACEMENT AGENT FOR THE INSTITUTIONAL OFFERING** : Aseambankers Malaysia Berhad (15398-H)
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Tel: 03-2059 1888
Fax: 03-2070 6521
- RETAIL UNDERWRITERS FOR THE RETAIL OFFERING** : Affin Securities Sdn Bhd (431338-P)
Ground, Mezzanine & 3rd Floor, Chulan Tower
No. 3, Jalan Conlay
50450 Kuala Lumpur

Tel: 03-2143 8668
Fax: 03-2142 5671

AmInvestment Bank Berhad,
(*formerly known as AmMerchant Bank Berhad*) (23742-V)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur

Tel: 03-2078 2633/44/55
Fax: 03-2070 8596

2. CORPORATE DIRECTORY (Cont'd)

**RETAIL UNDERWRITERS FOR
THE RETAIL OFFERING
(Cont'd)**

CIMB Investment Bank Berhad,
*(formerly known as Commerce International Merchant Bankers
Berhad)* (18417-M)
10th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur

Tel: 03-2084 8888
Fax: 03-2094 3566

ECM Libra Avenue Securities Sdn Bhd
(formerly known as Avenue Securities Sdn Bhd) (682-X)
1st, 2nd & 3rd Floor, Wisma Genting
Jalan Sultan Ismail
50250 Kuala Lumpur

Tel: 03-2178 1888
Fax: 03-2031 9826

K&N Kenanga Bhd (15678-H)
Suite 801, 8th Floor, Kenanga International
Jalan Sultan Ismail
50250 Kuala Lumpur

Tel: 03-2164 9080
Fax: 03-2161 4990

Mayban Securities Sdn Bhd (165630-M)
Level 5-10, Mayban Life Tower
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

Tel: 03-2297 8888
Fax: 03-2282 5136

OSK Securities Berhad (14152-V)
20th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur

Tel: 03-2333 8333
Fax: 03-2175 3333

**SOLICITORS FOR THE
OFFERING**

: Shahrizat Rashid & Lee
Level 12, Menara Milenium,
8 Jalan Damanlela,
Damansara Heights,
50490 Kuala Lumpur

Tel: 03-2710 5555
Fax: 03-2710 3104

2. CORPORATE DIRECTORY (Cont'd)

**SOLICITORS TO THE
MANAGING UNDERWRITER
AND LEAD ARRANGER** : Albar & Partners
6th Floor, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Tel: 03-2078 5588
Fax: 03-2070 0103

**SOLICITORS TO THE
TRUSTEE** : Raja, Darryl & Loh
18th Floor, Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur

Tel: 03-2694 9999
Fax: 03-2698 4759

LISTING SOUGHT : Main Board of Bursa Securities

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3. KEY DATA

THIS IS ONLY A SUMMARY OF THE SALIENT INFORMATION ON AMANAHRAYA REIT AND THE OFFERING EXTRACTED FROM THE FULL TEXT OF THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN THE UNITS AND IF NECESSARY, CONSULT YOUR OWN PROFESSIONAL ADVISERS.

YOU SHOULD ALSO NOTE THE FOLLOWING:-

- **THE RENTAL YIELDS OF THE PROPERTIES (AS WELL AS OTHER REAL ESTATE OR INVESTMENTS THAT AMANAHRAYA REIT MAY INVEST IN THE FUTURE) ARE NOT EQUIVALENT TO THE YIELD OF THE UNITS;**
- **THE CURRENT RENTAL RECEIPTS AND YIELDS OF THE PROPERTIES (AS WELL AS OTHER REAL ESTATE OR INVESTMENTS THAT AMANAHRAYA REIT MAY INVEST IN THE FUTURE) MAY NOT SUSTAIN;**
- **THE VALUE OF THE PROPERTIES (AS WELL AS OTHER INVESTMENTS THAT AMANAHRAYA REIT MAY INVEST IN THE FUTURE) MAY RISE AS WELL AS FALL; AND**
- **UNIT PRICES AND DISTRIBUTIONS PAYABLE, IF ANY, MAY GO DOWN AS WELL AS UP.**

3.1 Introduction

AmanahRaya REIT is an initiative undertaken by ARB, a subsidiary of Minister of Finance Incorporated. AmanahRaya REIT was constituted by the Deed which came into effect on 20 October 2006. The investment objective of AmanahRaya REIT is to provide stable distributions per unit with the potential for sustainable long term growth of such distributions and the NAV per unit.

In achieving the investment objectives of the AmanahRaya REIT, we intend to employ the following strategies:-

(a) Operating strategy

This strategy is aimed at improving the operational efficiency and maximising the growth and performance of AmanahRaya REIT.

(b) Acquisition growth strategy

We will continue to identify properties to be acquired by AmanahRaya REIT as long as the target properties meet our key investment objective and investment criteria. The strategy is to acquire yield accretive assets or good quality properties with strong recurring rental income that will provide Unitholders with regular and stable distributions and to achieve medium to long-term growth in the NAV per Unit.

(c) Capital management and financing strategy

We will actively manage the capital structure by balancing the composition of new Units and loans of AmanahRaya REIT. We adopt an optimal combination of debt and equity to fund future acquisitions and enhancement works on the Properties of AmanahRaya REIT subject to the borrowing limits as prescribed by the REIT Guidelines.

For further information on our strategies see Section 7 of this Prospectus. You may also refer to Section 14 of this Prospectus for more information about our company.

3. KEY DATA (Cont'd)

Upon successful completion of the acquisition of the Properties, the AmanahRaya REIT will initially own 8 properties with an aggregate market value of RM341.8 million. The Properties acquired are set out as follows:-

- (a) HVAS;
- (b) HVL;
- (c) Permanis Factory;
- (d) SEGi College;
- (e) Blocks A & B, South City Plaza;
- (f) Wisma AmanahRaya;
- (g) Wisma Amanah Raya Berhad; and
- (h) Wisma UEP.

3.2 Further information on AmanahRaya REIT

Name of fund	: AmanahRaya REIT
Category of fund	: REIT
Type of fund	: Income and growth
Investor profile	: AmanahRaya REIT should appeal to investors with a long term investment horizon seeking constant streams of sustainable income distribution and long term capital growth resulting from an appreciation in the underlying real estate value.
Approved fund size	: 184,000,000 Units
	Further increases of the size of AmanahRaya REIT beyond 184,000,000 Units will be subject to the approval of SC and other relevant Authorities and, if required, approvals of the Unitholders. The Manager may, in accordance with the provisions of the SCA, the REIT Guidelines, the Listing Requirements and any other applicable regulatory requirements, issue or offer Units by any method permitted under the REIT Guidelines and upon such terms as determined by the Manager.
Board lot	: 100 Units per board lot
Minimum initial investment	: 100 Units
Minimum additional investment	: 100 Units or a multiple thereof
Transfer of Units	: You may transfer some or all of your Units in AmanahRaya REIT to another investor through the CDS by placing your orders through an Authorised Depository Agent as listed in Section 21 of this Prospectus. All transfers of Units must be effected in accordance with the Central Depositories Act, the business rules of the Bursa Depository including the procedure manual referred to in the rules.

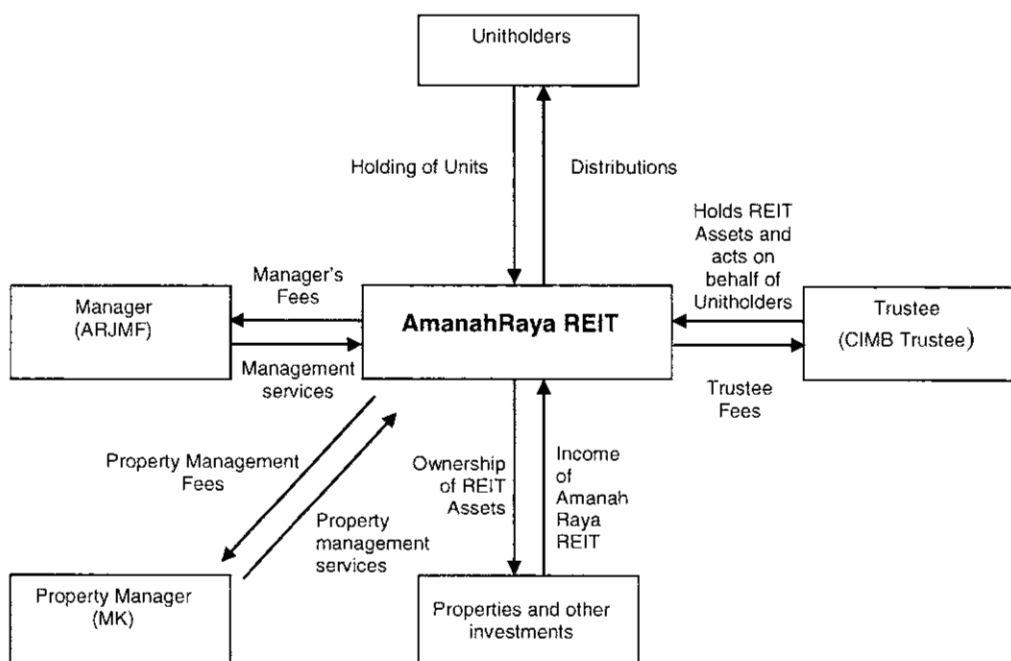
3. KEY DATA (Cont'd)

Repurchase of Units : Repurchase of units is subject to AmanahRaya REIT ceases to be listed or is suspended from trading for a continuous period of 90 days subsequent to the listing of AmanahRaya REIT on Bursa Securities.

Under this situation, a Unitholder may issue a repurchase request (pursuant to the Deed) to us to repurchase all or any of the Unitholder's Units. The repurchase request must specify the number of Units required to be repurchased and shall be delivered to any of our office or any other place as shall be notified by us.

3.3 Overview of AmanahRaya REIT Structure

The following illustrates the structure of AmanahRaya REIT at the Completion Date:-



3.3.1 Manager

We are responsible for the management of AmanahRaya REIT's investment portfolio and the administration of AmanahRaya REIT.

We were incorporated in Malaysia under the Companies Act on 28 July 1994. Our principal activities include fund management services, corporate and investment advisory services, share placement services and cash management and treasury services. As at the Latest Practicable Date, our authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 2,000,000 shares are paid up.

Our appointment has been approved by the SC on 4 August 2006.

For further details on us, see Section 14 of this Prospectus.

3. KEY DATA (Cont'd)

3.3.2 Property Manager

The property manager of AmanahRaya REIT is MK. MK will provide property management services to the Properties owned by AmanahRaya REIT.

MK was incorporated under the Companies Act on 23 January 2006 to assume the property management functions of the partnership of W M Malik & Kamaruzaman ("WMK"). WMK was a firm of chartered surveyors-valuers established in Malaysia in 1968 involved in providing professional services in asset valuation, real estate agency, property consultancy, project management and property management. As at the Latest Practicable Date, the authorised share capital of the Property Manager is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 10,000 is paid up.

The Property Manager is registered with the Board of Valuers, Appraisers and Estate Agents Malaysia under the VAEA Act to provide property management services under the registration number PM (1) 0024.

For further details on the Property Manager, see Section 15 of this Prospectus.

3.3.3 Trustee

The trustee of AmanahRaya REIT, CIMB Trustee, will be responsible for the safeguard of the rights and interests of the Unitholders.

CIMB Trustee was incorporated in Malaysia on 19 January 1988 and is registered as a trust company under the Trust Companies Act 1949. As at the Latest Practicable Date, the authorised share capital of the Trustee is RM500,000 comprising 100,000 ordinary shares of RM5.00 each, all of which are fully paid up.

The Trustee has been approved by the SC.

For further details on the Trustee, see Section 16 of this Prospectus.

3.3.4 Vendor

The Vendor, ARB as trustee for KWB, was established as the Department of Public Trustee and Official Administrator on 1 May 1921. The Department of Public Trustee and Official Administrator was corporatised on 29 May 1995 and on 1 August 1995 commenced its operations as Amanah Raya Berhad under section 3 of the PTCA.

Section 25 of the PTCA provides that "all capital moneys available for investment which are held by the Corporation after the appointed date shall form the KWB and shall be invested in any investments permitted by law for the investment of trust funds." The Corporation is defined under Section 2 of the PTCA as Amanah Raya Berhad.

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3. KEY DATA (Cont'd)

3.4 Overview of the Properties**3.4.1 The Properties**

A summary of AmanahRaya REIT's portfolio of Properties is as follows (as at the Latest Practicable Date):-

A. HVAS

Description	: A commercial property comprising a 4-star hotel with 155-rooms in Alor Setar and is located within a 21-storey commercial complex with sub-basement level known as City Plaza.
Postal address	: Lot 162 & 163, Jalan Tunku Ibrahim, 05000 Alor Setar, Kedah Darul Aman
Age of building	: 9 years (calculated from the date the certificate of fitness is obtained)
Gross floor area	: 150,000 sq ft
NLA	: Not applicable. It is a single-tenant property and for this purpose we have taken the net lettable area to be equal to the gross floor area.
Appraised Value	: RM31.00 million
Purchase price	: RM31.00 million
Master Lessee	: ASHVSB

B. HVL

Description	: A commercial property comprising a 4-star hotel with 238-rooms and is located in Pantai Tengah, Langkawi, Kedah Darul Aman
Postal address	: Lot 1698, Pantai Tengah, Mukim Kedawang, 07000 Langkawi, Kedah Darul Aman
Age of building	: 13 years (calculated from the date the certificate of fitness is obtained)
Gross floor area	: 183,190 sq ft
NLA	: Not applicable. It is a single-tenant property and for this purpose we have taken the net lettable area to be equal to the gross floor area.
Appraised Value	: RM55.00 million
Purchase price	: RM55.00 million
Master Lessee	: LHVSB

3. KEY DATA (Cont'd)

C. Permanis Factory

Description	: An industrial property comprising a single storey factory with an integral double-storey office, a bottle manufacturing plant, a single-storey warehouse with an integral double-storey office, a single-storey sales office building with canteen, a double-storey office building with storage areas and other ancillary buildings/structures located within Kawasan Perusahaan Seksyen 13, Bandar Baru Bangi, which is approximately 24 kilometres to the south-east of the Kuala Lumpur city centre
Postal address	: Lots 5 & 7, Jalan P/5 & Jalan P/6 Kawasan Perusahaan Seksyen 13, 43650 Bandar Baru Bangi, Selangor Darul Ehsan
Age of building	: 17 years (calculated from the date the certificate of fitness is obtained) An extension annexed to the single-storey warehouse forming part of the Property (which was fully constructed on 31 January 2005) is 1 year old.
Gross floor area	: 202,223 sq ft
NLA	: Not applicable. It is a single-tenant property and for this purpose we have taken the net lettable area to be equal to the gross floor area.
Appraised Value	: RM24.00 million
Purchase price	: RM23.55 million
Master Lessee	: CI Holdings

D. SEGi College

Description	: A commercial property comprising a 12-storey building with 3 levels of basement car parks located within the renowned commercial and residential zone of USJ and Subang Jaya, Selangor Darul Ehsan
Postal address	: SEGi College, Persiaran Kewajipan, USJ 1, 47600 Subang Jaya, Selangor Darul Ehsan
Age of building	: 1 year (calculated from the date the certificate of fitness is obtained)
Gross floor area	: 280,575 sq ft
NLA	: 131,387 sq ft
Appraised Value	: RM52.50 million
Purchase price	: RM52.50 million
Master Lessee	: SEG International

3. KEY DATA (Cont'd)

E. Blocks A & B, South City Plaza

Description	: A commercial property comprising 2 blocks of 5 ½ - storey office buildings within the development known as South City Plaza. South City Plaza is located within Taman Serdang Perdana, Selangor Darul Ehsan
Postal address	: Block A and Block B, South City Plaza, Persiaran Serdang Perdana, Taman Serdang Perdana, Section 1, 43300 Seri Kembangan, Selangor Darul Ehsan
Age of building	: 3 years (calculated from the date the certificate of fitness is obtained)
Gross floor area	: 72,205 sq ft
NLA	: 66,606 sq ft
Appraised Value	: RM18.30 million
Purchase price	: RM18.30 million
Master Lessee	: SEG International

F. Wisma AmanahRaya

Description	: A commercial property comprising a 15-storey purpose-built office building with 2 basement levels, located within the older and established portion of the central business district area of the Kuala Lumpur city centre
Postal address	: Wisma AmanahRaya, No. 2, Jalan Ampang, 50450 Kuala Lumpur
Age of building	: 41 years (calculated from the date of completion)
Gross floor area	: 235,000 sq ft
NLA	: 166,902 sq ft
Appraised Value	: RM70.00 million
Purchase price	: RM68.00 million
Master Lessee	: ARB

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3. KEY DATA (Cont'd)

G. Wisma Amanah Raya Berhad

Description	: A commercial property comprising a 5-storey purpose-built office building with 6 lower ground levels and 4 levels of car park, located within the renowned commercial zone of Damansara Heights, approximately 4 kilometres west of Kuala Lumpur city centre
Postal address	: No. 15, Jalan Sri Semantan 1, Off Jalan Semantan, Bukit Damansara, 50490 Kuala Lumpur
Age of building	: 7 years (calculated from the date the temporary certificate of fitness is obtained)
Gross floor area	: 170,000 sq ft
NLA	: 125,227 sq ft
Appraised Value	: RM55.00 million
Purchase price	: RM53.00 million
Lessee/Tenants	: <ul style="list-style-type: none">• CIMB;• EURO RSCG; and• Roof Top Tenants.

H. Wisma UEP

Description	: A commercial property comprising an 11-storey purpose-built office building with 3 levels of basement car park, located within the township of UEP Subang Jaya, Selangor Darul Ehsan
Postal Address	: Jalan USJ 10/1A, Pusat Perniagaan USJ 10, 47620 Subang Jaya, Selangor Darul Ehsan
Age of building	: 9 years (calculated from the date the certificate of fitness is obtained)
Gross floor area	: 198,499 sq ft
NLA	: 90,541 sq ft
Appraised Value	: RM36.00 million
Purchase price	: RM35.50 million
Tenant	: Sime UEP

For more information on the Properties, see Section 8 of this Prospectus.

3. KEY DATA (Cont'd)

3.4.2 Valuation

The Independent Property Valuer has valued the Properties at an aggregate market value of RM341.80 million. The valuations were primarily conducted based on income and comparison approaches. In applying the said valuation approaches to value the Properties, the Independent Property Valuer has considered the income/cash flow arising from the Properties and recent sales/leasing transactions involving comparable properties in the vicinity of the respective Properties.

For further details of the valuations of the Properties, see Section 12 of this Prospectus.

3.4.3 Security

The Loan Facility granted by the Lenders to part finance the acquisition of the Properties is subject to the following security arrangements:-

- (a) First fixed legal charge over the Properties where there is an issuance of separate individual issue documents of title and in the case where there is no issuance of separate individual issue documents of title, an assignment of the Properties;
- (b) Assignment of relevant fire insurance policies covering the Properties to the satisfaction of the Lenders; and
- (c) Assignment and charge over the Collection Account and all monies standing to the credit therein.

For further details of the Loan Facility, see Section 4.7 of this Prospectus.

3.5 Summary of risk factors

You should rely on your own evaluation, consult your respective advisers and consider carefully the risks involved before buying any of the Units which are the subject of this Prospectus. The risks to be considered include, among others, the following:

- (a) Risks relating to AmanahRaya REIT's organisation and operating environment;
 - Economic and political risks;
 - Changes to regulatory regimes;
 - Certain regulations that apply to other securities and investments in Malaysia do not apply to the Units and AmanahRaya REIT;
 - Performance of AmanahRaya REIT is subject to the success of the investment strategy and policy implemented by the Manager;
 - The Manager's operations are subject to regulation;
 - There are limitations on AmanahRaya REIT's ability to borrow;
 - AmanahRaya REIT will be exposed to risks of loan financing;
 - AmanahRaya REIT's dependence on key executives of the Manager;
 - Non-compliance risks involving the Manager;
 - The Manager's experience in property investment; and
 - Future investment opportunities.

3. KEY DATA (Cont'd)

- (b) Risks relating to investment in real estate;
- There are general risks attached to investments in real estate;
 - There may be uninsured and under-issued losses;
 - AmanahRaya REIT may be adversely affected by the illiquidity of real estate investments;
 - The Properties or part thereof may be acquired compulsorily;
 - Subsequent disposal of the Properties; and
 - Geographical risks of the domestic market.
- (c) Risks relating to AmanahRaya REIT's Properties; and
- Transfer of the Properties may not be registered;
 - The sale price for a Property may be less than its current valuation or the purchase consideration paid by AmanahRaya REIT;
 - Risks of single-tenant and Master Lease arrangements;
 - Defects relating to the Properties may adversely affect AmanahRaya REIT's financial condition;
 - Absence of hotel management in the event hotel management agreements are not renewed; and
 - Risk arising from the exercise of buy-back options granted to HVAS and HVL properties.
- (d) Risks relating to an investment in the Units.
- The price of the Units may decline after the Offering;
 - Distributions to Unitholders will be subject to cash flow;
 - Unitholders have no right to require the redemption of their Units;
 - Substantial holdings;
 - Failure and/or delay in the Listing;
 - The actual performance of AmanahRaya REIT and the Properties could differ materially from the forward-looking statements in this Prospectus;
 - Future dilution of the NAV of the Units; and
 - Delisting from Bursa Securities.

For further details of the principal risks of investing in AmanahRaya REIT, see Section 5 of this Prospectus.

3. KEY DATA (Cont'd)

3.6 Fees, charges and expenses

THERE ARE FEES, CHARGES AND EXPENSES INVOLVED IN AN INVESTMENT IN AMANAHRAYA REIT. YOU ARE ADVISED TO CONSIDER THE FEES, CHARGES AND EXPENSES WHICH MAY BE INVOLVED BEFORE INVESTING IN AMANAHRAYA REIT.

Save for the fees and charges highlighted in Section 6.9, Unitholders do not directly bear any other fees when purchasing the Units. Other fees involved in an investment in AmanahRaya REIT are as follows:-

(a) Fees and charges imposed by the Manager:-

Manager's Fee	0.3% per annum of the NAV (excluding any GST payable), accruing daily and payable to the Manager monthly in arrears
----------------------	---

Except for expenses incurred for the general overhead and the cost for services which we are expected to provide, or falling within our normal expertise, we have the right to be reimbursed the fees, costs, charges, expenses and other outgoings incurred that are directly related and necessary to the business of AmanahRaya REIT as allowed under the Deed.

We are further entitled to be reimbursed for all costs incurred in the course of exercising our powers and in fulfilling our obligations and in relation to the administration and management of AmanahRaya REIT under the Deed. These costs include, amongst others, those incurred in communicating with Unitholders and maintaining AmanahRaya REIT's listing status on Bursa Securities and building operating expenses not paid by tenants.

We may charge a Unitholder fees for performing any service or undertaking any task at the request of the Unitholder where no obligation to perform that service or undertake that task is expressly provided for in the Deed, the SCA, the REIT Guidelines or the Unit Trust Guidelines.

The Deed further provides that the Manager's Fee may be payable up to 1.00% per annum of the NAV (excluding any GST payable) of the AmanahRaya REIT and the maximum management fee may only be varied upwards with the prior approval of the Trustee and the Unitholders in accordance with the Deed.

(b) Fees imposed by the Trustee:-

Trustee Fee	0.04% per annum of the NAV, accruing daily and payable to the Trustee monthly in arrears
--------------------	--

Except for expenses incurred for the general overhead and the cost for services which the Trustee is expected to provide, or falling within the normal expertise of the Trustee, the Trustee has the right to be reimbursed the fees, costs, charges, expenses and other outgoings incurred by it that are directly related and necessary to the business of AmanahRaya REIT as allowed under the Deed.

The Deed further provides that the Trustee Fee may be payable up to 0.10% per annum of the NAV (excluding any GST payable) of AmanahRaya REIT.

The Trustee will be entitled to additional fee for services performed which are outside its scope of duties and responsibilities as provided for in the Deed, the SCA, the REIT Guidelines, the Unit Trust Guidelines, the Listing Requirements and any applicable regulatory requirements. This is provided that such additional remuneration and scope of duties and responsibilities shall not exceed the prevailing market rate and shall be subject to the agreement of the Manager.

3. **KEY DATA (Cont'd)**

(c) Fees imposed by the Property Manager:-

Annual Property Management Fee

An amount equal to the aggregate of:

- (a) five per centum (5%) of the annual Gross Receipts (excluding GST) on the first RM30,000;
- (b) three per centum (3%) of the annual Gross Receipts (excluding GST) on the residue up to RM100,000; and
- (c) two per centum (2%) of the annual Gross Receipts (excluding GST) on the residue exceeding RM100,000

payable to the Property Manager pursuant to the Property Management Agreement (excluding any GST payable), subject to such discount as may be permitted under the VAEA Act.

(d) Other expenses directly/indirectly related to the operation of AmanahRaya REIT

There are direct/indirect expenses involved in the operation of the AmanahRaya REIT including but not limited to auditor's fees, valuation fees, other professional fees, fees and interest in relation to the Loan Facility and other direct administrative costs such as printing, posting and other general expenses.

In addition, AmanahRaya REIT is responsible for the Property Costs and the Fixed Operating Costs (wherever applicable). These expenses are to be deducted from the Gross Receipts.

For further information on the permitted charges to AmanahRaya REIT, see Sections 6.9 of this Prospectus.

For charges directly incurred by investors when purchasing or selling Units, see Section 6.9 of this Prospectus.

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3. KEY DATA (Cont'd)

3.7 Information on the Offering**3.7.1 Units**

	No. of Units
Fund size approved by SC	<u>184,000,000</u>
Issue of new Promoter Units	1,000
Issue of new Units to the Vendor pursuant to the Acquisitions	128,800,000
New Units to be issued pursuant to the Public Issue	55,199,000
Total Units in issue upon Listing	<u>184,000,000</u>
Pursuant to the Offer for Sale	<u>73,600,000</u>

There is only 1 class of Units in AmanahRaya REIT. The Offering Units will rank equally in all respects with the existing Units in issue, including voting rights and rights to all distributions and/or allotments that may be declared, paid or made after the date of allotment and issuance of the Units.

For further information on the Offering, please refer to Section 4 of this Prospectus.

3.7.2 Issue Price

Issue price per Retail Offering Unit (RM)	0.895
Issue price per Institutional Offering Unit (RM)	0.94

3.7.3 Proforma NAV

Proforma NAV (RM'000) (after deducting the estimated listing expenses of RM6.1 million)	174,183
Proforma NAV per Unit (RM) (based on the enlarged Units in issue of 184,000,000 Units)	0.95

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3. KEY DATA (Cont'd)

3.7.4 Proposed Utilisation of proceeds

The Public Issue is expected to raise gross proceeds of approximately RM51,473,060 arising from the issuance of 55,199,000 new Units. These proceeds shall entirely accrue to AmanahRaya REIT. Together with the proceeds arising from the issuance of Promoter Units of RM1,000, the proceeds arising from Public Issue shall be utilised as follows:-

	Application of proceeds RM'000	Timeframe for utilisation
Part finance the Acquisitions ⁽¹⁾	40,050	Immediate
Estimated listing expenses ⁽²⁾	6,091	Immediate
Working capital and/or investment in permitted securities ⁽³⁾	5,333	Within 18 months
Total	<u>51,474</u>	

Notes:-

- (1) *The balance of the Purchase Consideration for the Acquisitions will be settled via the issuance of Consideration Units and the proceeds raised from the Loan Facility.*
- (2) *Details are set out in Section 4.8 of this Prospectus.*
- (3) *Working capital funds will be invested in investment permitted by the Deed, the SCA, REIT Guidelines or other investment permitted by the SC.*

For further details of the utilisation of proceeds see Section 4.8 of this Prospectus.

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3. KEY DATA (Cont'd)

3.8 Financial highlights

The highlights of the financial information of AmanahRaya REIT are set out in the ensuing sub-sections. The proforma historical financial information presented below should be read in conjunction with Section 10 of this Prospectus.

3.8.1 Proforma Historical Financial Information

The summary below sets out a summary of the proforma combined income statements of the Properties for the past 5 financial years ended 31 December 2005 and 10-months period ended 31 October 2006.

	Financial Years ended 31 December					10-months ended 31 October
	2001	2002	2003	2004	2005	2006
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net revenue	10,816	14,339	14,814	13,286	10,408	14,704
<i>Less: Property operating expenses</i>						
Property cost	1,142	1,569	1,597	1,555	1,657	1,024
Operating cost	2,899	3,866	3,839	6,203	6,207	1,531
Total property operating expenses	4,041	5,435	5,436	7,758	7,864	2,555
Net property income	6,775	8,904	9,378	5,528	2,544	12,149

The above summary is prepared based on the unaudited management accounts, audited financial statements and other relevant information furnished by the following companies who owned the Properties in the past, as well as the Vendor:-

Properties	Previously owned by
HVAS	ASHVSB
HVL	LHVS
Permanis Factory	Permanis Sdn Bhd
SEGi College	Shaw Commercial Institution Sdn Bhd
Blocks A & B, South City Plaza	Block A - Binary Mark Sdn Bhd Block B - Prestige Front Sdn Bhd
Wisma AmanahRaya	Biogenics Sdn Bhd
Wisma Amanah Raya Berhad	Vendor
Wisma UEP	Sime UEP

For further detail on the proforma historical financial information, please refer to Sections 10.1 and 10.10 of this Prospectus.

3. KEY DATA (Cont'd)

3.8.2 Proforma Balance Sheet

The summary below sets out the proforma balance sheet of AmanahRaya REIT as at the date AmanahRaya REIT is established, illustrating the effects of the acquisition of the Properties, the drawdown of the Loan Facility and the application of proceeds arising from the Offering.

	As at date of establishment of AmanahRaya REIT	Proforma I Acquisition of the Properties	Proforma II After Proforma I and drawdown of Loan Facility	Proforma III After Proforma II and utilisation of Listing proceeds
	RM'000	RM'000	RM'000	RM'000
NON CURRENT ASSET				
Investment properties	-	336,850	336,850	336,850
	-	336,850	336,850	336,850
CURRENT ASSET				
Cash and bank balances	1	1	1	5,333
	1	1	1	5,333
CURRENT LIABILITY				
Other payable	-	208,050	40,050	-
	-	208,050	40,050	-
Net current (liability)/ asset	-	(208,049)	(40,049)	5,333
	1	128,801	296,801	342,183
FINANCED BY:				
Units in issue	1	128,801	128,801	180,274
Less: Estimated listing expenses	-	-	-	(6,091)
	1	128,801	128,801	174,183
NON CURRENT LIABILITY				
Bank borrowings	-	-	168,000	168,000
	1	128,801	296,801	342,183
NAV	1	128,801	128,801	174,183
No. of Units in issue (‘000)	1	128,801	128,801	184,000
NAV per Unit (RM)	1.00	1.00	1.00	0.95

The proforma balance sheet has been prepared based on the principal bases and assumptions set out in Section 10.13 of this Prospectus (Reporting Accountant's Letter on the proforma balance sheet as at its date of establishment). We advise you to read Section 10.13 together with the proforma balance sheet set out above.

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3. KEY DATA (Cont'd)

3.8.3 Profit Forecast and Projections

The summary below sets out AmanahRaya REIT's profit forecast and projections for the Financial Years 2007, 2008 and 2009.

	Financial Year ending 31 December		
	Forecast	Projections	
	2007	2008	2009
	RM'000	RM'000	RM'000
Gross Revenue	19,987	22,933	23,677
Property operating expenses:-			
Properties costs			
- Quit rent	(10)	(11)	(11)
- Assessment	(297)	(340)	(340)
- Property manager's fee	(400)	(459)	(489)
- Properties maintenance	(343)	(397)	(402)
- Insurance	(32)	(37)	(37)
- Service charge	(128)	(151)	(156)
Total property operating expenses	<u>(1,210)</u>	<u>(1,395)</u>	<u>(1,435)</u>
Net Property Income	<u>18,777</u>	<u>21,538</u>	<u>22,242</u>
Interest income	78	90	94
Trust expenses	(8,373)	(9,618)	(9,768)
Earnings before tax	10,482	12,010	12,568
Taxation	-	-	-
Earnings after taxation	<u>10,482</u>	<u>12,010</u>	<u>12,568</u>

Please refer to Sections 10.5, 10.11 and 10.12 of this Prospectus for further details on the profit forecast and projections, Reporting Accountants' letter on the profit forecast and projections as well as the principal bases and assumptions upon which the profit forecast and projections of AmanahRaya REIT are made of. We advise you to read Sections 10.5, 10.11 and 10.12 of this Prospectus together with the profit forecast and projections set out above.

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3. KEY DATA (Cont'd)

3.8.4 Distribution forecast

Barring any unforeseen circumstances, it is our intention to distribute to Unitholders 100% of the DI for Financial Years 2007, 2008 and 2009. Thereafter, we will distribute at least 95% of the DI for each of the financial years ahead. We may amend the distribution policy at any time by giving notice to Unitholders.

A summary of the forecast and projected distributions for Financial Years 2007, 2008 and 2009 are as follows:-

	Forecast FY 2007	Projection FY 2008	Projection FY 2009
Distribution per Unit (Sen)	6.51 [^]	6.53	6.83
Distribution yield based on the Retail Offer Price (%)	7.27 [^]	7.29	7.63
Distribution yield based on the Institutional Offer Price (%)	6.93 [^]	6.94	7.27
Distribution rate (%)	100	100	100
Distribution cover (times)	1.00	1.00	1.00

Note:-

[^] Indicates annualised figures. Annualised distribution yield has been computed by extrapolating on a monthly basis, the revenue and expenses of AmanahRaya REIT from the Completion Date to 31 December 2007.

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3. KEY DATA (Cont'd)

3.9 Ownership and management

Prior to the date of this Prospectus, there are only 1,000 Units in circulation, all of which are held by us as Promoter Units. We intend to dispose of all the Promoter Units on the Market Day immediately following the Listing.

The unitholdings of the substantial Unitholders, our Directors and key management after the Offering are as follows:-

Substantial Unitholders:-	Designation	Before the Offering				After the Offering			
		Direct		Indirect		Direct		Indirect	
		No. of Units '000	%	No. of Units '000	%	No. of Units '000	%	No. of Units '000	%
ARB	Not applicable	128,800 ⁽¹⁾	100	-	-	55,200	30.0	-	-
Minister of Finance Inc	Not applicable	-	-	-	-	-	-	55,200 ⁽²⁾	30.0
Directors:-									
Tan Sri Datuk (Dr) Arshad bin Ayub	Independent Non-Executive Director/ Chairman	-	-	-	-	-	-	-	-
Datuk Mohamed Azahari bin Mohamed Kamil	Managing Director / Chief Executive Officer	-	-	-	-	-	-	-	-
Ahmad Kamal bin Abdullah Al-Yafii	Deputy Chairman	-	-	-	-	-	-	-	-
Datuk Mohamed Adnan bin Ali	Independent Non-Executive Director	-	-	-	-	-	-	-	-
Dato' Ahmad Rodzi bin Pawanteh	Non-Executive Director	-	-	-	-	-	-	-	-
Sharizad Binti Juma'at	Executive Director	-	-	-	-	-	-	-	-
Sudirman bin Masduki	Non-Executive Director	-	-	-	-	-	-	-	-
Tai Siong Choi	Executive Director	-	-	-	-	-	-	-	-
Tuan Haji Rozan bin Mohd Sa'at	Non-Executive Director	-	-	-	-	-	-	-	-

3. KEY DATA (Cont'd)

Directors:-	Designation	Before the Offering				After the Offering				
		Direct		Indirect		Direct		Indirect		
		No. of Units '000	%	No. of Units '000	%	No. of Units '000	%	No. of Units '000	%	
Datin Paduka Siti Sa'diah Sheikh Bakir	Independent Non-Executive Director	-	-	-	-	-	-	-	-	
Key management:-										
Datuk Mohamed Azahari Bin Mohamed Kamil	Managing Director / Chief Executive Officer	-	-	-	-	-	-	-	-	
Tai Siong Choi	Executive Director	-	-	-	-	-	-	-	-	
Sharizad Binti Juma'at	Executive Director	-	-	-	-	-	-	-	-	
Tai Ai Ngoh	General Manager Finance	-	-	-	-	-	-	-	-	
Azlan Azizuddin	General Manager Marketing	-	-	-	-	-	-	-	-	
Lee Lay Chan	General Manager Research	-	-	-	-	-	-	-	-	
Lee Wei Chung	General Manager Equity Investment	-	-	-	-	-	-	-	-	
Haszeri Hussin	General Manager Fixed Income and Money Market	-	-	-	-	-	-	-	-	
Mohd Zamri Shariff	Senior Manager- Managing Director's Office	-	-	-	-	-	-	-	-	
Cheow Ming Liang	Senior Investment Analyst	-	-	-	-	-	-	-	-	
Sharifah Sidek	Senior Manager Fixed Income and Money Market	-	-	-	-	-	-	-	-	
Zulkifli Ishak	Fund Manager	-	-	-	-	-	-	-	-	

3. KEY DATA (Cont'd)

	Designation	Before the Offering				After the Offering			
		Direct		Indirect		Direct		Indirect	
		No. of Units '000	%	No. of Units '000	%	No. of Units '000	%	No. of Units '000	%
Key management:-									
Mushida Mohammad	Senior Manager Equity Investment	-	-	-	-	-	-	-	-
Wong Shyh Yik	Senior Portfolio Manager Equity Investment	-	-	-	-	-	-	-	-
Loh May Yee	Manager Compliance and Legal	-	-	-	-	-	-	-	-
Roslina Ramza	Legal officer Compliance and Legal	-	-	-	-	-	-	-	-
Abas Bin Abd Jalil	Head of Property Investment Unit	-	-	-	-	-	-	-	-
Husin Jidin	Head of Property Investment Unit	-	-	-	-	-	-	-	-
Goh Tse Mein	Analyst Property Investment Unit	-	-	-	-	-	-	-	-
Ida Azura Ahmad Zamri	Executive Property Investment Unit	-	-	-	-	-	-	-	-
Razlan Bin Raghazil	Executive Property Investment Unit	-	-	-	-	-	-	-	-

Note:-

(1) Units held pursuant to the Acquisitions

(2) Deemed interested by virtue of its direct substantial shareholdings in ARB

4. STRUCTURE OF THE OFFERING

4.1 The Offering

4.1.1 Particulars of the Offering

The Offering comprises the following:-

(i) Public Issue

A total of 55,199,000 new Units representing approximately 30.0% of the total size of AmanahRaya REIT will be offered as follows:-

- (a) 45,999,000 new Units, representing approximately 25.0% of the total size of AmanahRaya REIT, will be placed to selected institutional investors for subscription pursuant to the Institutional Offering; and
- (b) 9,200,000 new Units, representing 5.0% of the total size of AmanahRaya REIT, will be offered to the Malaysian Public via balloting pursuant to the Retail Offering; and

(ii) Offer For Sale

The offer for sale by the Offeror of 73,600,000 Units, representing approximately 40.0% of the total size of AmanahRaya REIT, to selected institutional investors by way of private placement pursuant to the Institutional Offering.

The completion of the Retail Offering and Institutional Offering are inter-conditional and subject to the minimum total proceeds of RM51.47 million to be raised from the Public Issue. The minimum total proceeds have been determined based on the minimum estimated level of funds required by AmanahRaya REIT.

If the Retail Offering and Institutional Offering are not completed, monies paid in respect of any application for the Offering Units will be returned to the applicants without interest. AmanahRaya REIT will be terminated thereafter.

The Offering Units under the Retail Offering have been fully underwritten and the salient details of which are set out under Section 4.10 of this Prospectus. With respect to the Institutional Offering, the Placement Agent will identify and procure places to ensure the successful placement of the total number of units offered under the Institutional Offering.

4.1.2 Units issued

The total Units issued pursuant to the Offering are summarised as follows:-

	No. of Units
Fund size approved by SC	<u>184,000,000</u>
Issue of new Promoter Units	1,000
Issue of new Units to the Vendor pursuant to the Acquisitions	128,800,000
New Units to be issued pursuant to the Public Issue	55,199,000
Total Units in issue upon Listing	<u>184,000,000</u>
Pursuant to the Offer for Sale	<u>73,600,000</u>

4. STRUCTURE OF THE OFFERING (Cont'd)

There is only 1 class of Units in AmanahRaya REIT. The Offering Units will rank equally in all respects with the existing Units in issue, including voting rights and rights to all distributions and/or allotments that may be declared, paid or made after the date of allotment and issuance of the Units.

At every Unitholders' meeting, each Unitholder shall be entitled to vote in person or by proxy at any meeting of Unitholders. Upon any question decided by a show of hands, each Unitholder present in person or by proxy shall have 1 vote. Upon any question decided by a poll each Unitholder present in person or by proxy shall have 1 vote for each Unit it holds.

For further details on the rights attached to the Units such as voting, distribution and other rights as a Unitholder, see Section 18 of this Prospectus.

On the date of establishment of the AmanahRaya REIT, 1,000 Units were issued at an issue price of RM1.00 per Unit to us as Promoter Units for the purpose of constituting AmanahRaya REIT. We will dispose of all of these Promoter Units on the market day immediately following the Listing.

4.2 Additional details relating to Retail Offering and Institutional Offering

Investors may apply for Units under the Retail Offering or indicate an interest for Units under the Institutional Offering, but not under both. Investors may only receive Units under either the Institutional Offering or the Retail Offering, but not under both. The Retail Offering is open to the Malaysian Public. The Institutional Offering will involve the selective marketing of Units to institutional investors and other investors anticipated to have a sizeable demand for such Units. Selected investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares, units and other securities, and corporate entities which regularly invest in shares, units and other securities.

Allocation of the Offering Units pursuant to the Institutional Offering will be determined by the Lead Manager and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investors are likely to buy further, and/or hold or sell, its Offering Units after the listing of the Units on the Bursa Securities. Such allocation is intended to result in a distribution of the Institutional Offering on a basis which would lead to the establishment of a solid Unitholder base to the benefit of AmanahRaya REIT and the Unitholders as a whole.

Allocation of Offering Units to applicants under the Retail Offering will be based solely on the level of valid applications received under the Retail Offering. In the event of an over-subscription, acceptance of applications by Malaysian Public shall be subject to ballot to be conducted in a manner as approved by our Directors. Due consideration will be given to the desirability of distributing the Offering Units to a reasonable number of applicants with a view to broadening the investor base and establishing an adequate market for the Units.

For details relating to procedures for application and acceptance for the Offering pursuant to the Retail Offering, see Section 21 of this Prospectus. Selected institutional investors who express interest for the Offering Units under the Institutional Offering should comply with the procedures set out in accordance with the separate instructions specified by the Lead Manager.

4. STRUCTURE OF THE OFFERING (Cont'd)

4.3 Clawback and re-allocation

The allocation of Units between the Retail Offering and the Institutional Offering is subject to adjustment by the Managing Underwriter and the Lead Manager. In the event that the Retail Offering is over-subscribed and there is a corresponding under-subscription in the Institutional Offering, Units may be clawed back from the Institutional Offering and reallocated to the Retail Offering. In the event the Institutional Offering is over-subscribed and there is a corresponding under-subscription in the Retail Offering, Units may be clawed back from the Retail Offering and reallocated to the Institutional Offering.

4.4 Basis of arriving at the Retail Offer Price

We, together with our Principal Adviser and Retail Underwriters, have determined and agreed upon the issue price of the Offering Units after taking into consideration of the following factors:-

- (a) the financial history and conditions of the Properties;
- (b) the prospects of the Properties;
- (c) forecast and projected distribution yields of AmanahRaya REIT;
- (d) prevailing capital and property market conditions and sentiments; and
- (e) proforma NAV per Unit upon Listing of RM0.95.

The applicants under the Retail Offering will pay the Retail Offer Price of RM0.895 per Unit which is approximately a 5% discount from the Institutional Offer Price.

You should note that the price of the Units upon the Listing is subject to the vagaries of the market forces and other uncertainties which may affect the price of the Units when they are traded.

4.5 Purpose of the Offering

The Offering is undertaken for the following purposes:-

- (i) to part finance the acquisition of the Properties;
- (ii) to allow prospective Unitholders participation in the assets and growth of a unique investment vehicle;
- (iii) to provide an opportunity for the Malaysian Public to participate in AmanahRaya REIT;
- (iv) to provide prospective Unitholders opportunity to invest in a REIT that will provide sustained returns and capital appreciation in the long term and to participate in the future growth prospects of AmanahRaya REIT;
- (v) to provide AmanahRaya REIT access to the capital market to raise funds for future acquisition and growth of AmanahRaya REIT;
- (vi) to provide additional funds to meet the present and future working capital requirements of AmanahRaya REIT; and
- (vii) to obtain a listing of and quotation for the entire issued Units of AmanahRaya REIT on the Main Board of Bursa Securities.

4. STRUCTURE OF THE OFFERING (Cont'd)

4.6 Listing scheme

In conjunction with and as an integral part of the listing of and quotation for the entire AmanahRaya REIT Units on the Main Board of Bursa Securities, we undertook /will undertake the Listing Scheme as follows:-

(i) Acquisitions of Properties

On 6 December and 22 December 2006, Trustee and ARJMF signed the SPAs with the Vendor for the acquisition of the Properties for a total consideration of RM336.85 million. The details of the acquisitions are as follows:-

Property	Purchase Price (RM'million)	Appraised Value (RM'million)	Satisfied via cash (RM)	Satisfied via Units
HVAS	31.00	31.00	208,050,000	128,800,000
HVL	55.00	55.00		
Permanis Factory	23.55	24.00		
SEGi College	52.50	52.50		
Blocks A & B, South City Plaza	18.30	18.30		
Wisma AmanahRaya	68.00	70.00		
Wisma Amanah Raya Berhad	53.00	55.00		
Wisma UEP	35.50	36.00		

The Acquisitions of Properties will be satisfied via cash consideration of RM40,050,000 paid via the proceeds raised from the Offerings and RM168,000,000 raised from bank borrowings ("Cash Consideration") and issuance of 128,800,000 new Units at issue price of RM1.00 per Unit ("Consideration Units").

Save for Permanis Factory, Wisma AmanahRaya, Wisma Amanah Raya Berhad and Wisma UEP which was purchased at a discount of 1.88%, 2.86%, 3.64% and 1.39% respectively from the open market value, the purchase consideration of HVAS, HVL, SEGi College and Blocks A & B, South City Plaza was arrived at on a willing buyer willing seller basis based on the valuation performed by the Independent Property Valuer.

The net book value of the Properties is RM336.85 million.

(ii) Public Issue

Please refer to Section 4.1.1(i) of this Prospectus for details of Public Issue.

(iii) Offer For Sale

Please refer to Section 4.1.1(ii) of this Prospectus for details of Offer For Sale.

(iv) Proposed Listing and Quotation on the Main Board of Bursa Securities

We will make an application to Bursa Securities for admission to the Official List and the listing of and quotation for the total issued Units and units to be issued pursuant to the Public Issue in AmanahRaya REIT comprising 184,000,000 Units on the Main Board of Bursa Securities. The Board Lot sizes for the total issued Units of AmanahRaya REIT upon its listing will be standardised at 100 Units per Board Lot.

4. STRUCTURE OF THE OFFERING (Cont'd)

4.7 Loan Facility

The Loan Facility, which was arranged by ECM Libra Capital Sdn Bhd, was granted by the Lenders to the Trustee on 11 January 2007. The Loan Facility is a 4 year term loan facility at a fixed interest rate of 5.25% per annum subject to all conditions precedent as contained in the facility agreement for the Loan Facility have been fulfilled or unless otherwise waived by the Lenders. The Lenders may at the request of the Trustee on behalf of AmanahRaya REIT extend the tenure of the Loan Facility for a further 2 year period.

The Loan Facility is secured against the following:-

- (a) first fixed legal charge over the Properties with individually issued documents of title;
- (b) first party legal assignment of all AmanahRaya REIT's rights, title, interest and benefits in and under the Properties without individually issued documents of title;
- (c) assignment and charge over the collection account which is opened by AmanahRaya REIT to receive all income and receivables from the Properties, including, without limitations, all rental proceeds and other income deriving from the Properties; and
- (d) assignment of all policies and contracts of insurance to cover damages and losses as a result of fire in respect of the Properties.

4.8 Utilisation of proceeds

The Public Issue is expected to raise gross proceeds of approximately RM51,473,060 arising from the issuance of 55,199,000 new Units. These proceeds shall entirely accrue to AmanahRaya REIT. Together with the proceeds arising from the issuance of Promoter Units of RM1,000, the proceeds arising from Public Issue shall be utilized as follows:-

	Application of proceeds RM'000	Timeframe for utilisation
Part finance the Acquisitions ⁽¹⁾	40,050	Immediate
Estimated listing expenses ⁽²⁾	6,091	Immediate
Working capital and/or investment in permitted securities ⁽³⁾	5,333	Within 18 months
Total	<u>51,474</u>	

Notes:-

(1) The balance of the Purchase Consideration for the Acquisitions will be settled via the issuance of Consideration Units and the proceeds raised from the Loan Facility.

(2) The breakdown of the estimated listing expenses is set out as follows:-

	RM'000
Underwriting fees, brokerage fees and commission	3,482
Professional fees	1,455
Regulatory fees	100
Advertising, printing and marketing	1,054
Total	<u>6,091</u>

(3) Working capital funds will be invested in investment permitted by the Deed, the SCA, REIT Guidelines or other investment permitted by the SC.

4. STRUCTURE OF THE OFFERING *(Cont'd)*

4.9 Brokerage, underwriting commissions and placement fee

(a) Brokerage

AmanahRaya REIT will bear the brokerage in respect of the Public Issue at the rate of 1.0% of the Retail Offer Price in respect of successful applications which bear the stamp of ECM Libra Avenue, participating organizations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

(b) Underwriting commissions

Pursuant to the Retail Underwriting Agreement, the Managing Underwriter has agreed to underwrite the Units under the Retail Offering at an underwriting commission and a managing underwriting commission of 1.5% and 0.3% respectively, based on the Retail Offer Price for each Unit being underwritten. The commissions will be borne by the AmanahRaya REIT.

(c) Placement fee

AmanahRaya REIT will bear the placement fee and Lead Manager's fee of 1.2% and 0.3% respectively based on the Institutional Offer Price for each Unit in respect of the 45,999,000 Units made available to Institutional Investors by way of private placement, partially out of the Public Issue.

The Vendor will bear the placement fee and Lead Manager's fee of 1.2% and 0.3% respectively based on the Institutional Offer Price for each Unit in respect of the 73,600,000 Units made available to the Institutional Investors by way of private placement pursuant to the Offer For Sale.

4.10 Salient terms of the Retail Underwriting Agreement

The Retail Underwriting Agreement was entered into between the Managing Underwriter and the Retail Underwriters, Trustee and us on 15 December 2006 to severally and jointly underwrite up to 9,200,000 Retail Offering Units ("Retail Underwritten Units") under the Retail Offering subject to the clawback and reallocation, for the underwriting commission calculated at the rate of 1.5% of the Retail Offer Price multiplied by the Retail Underwritten Units.

The salient terms of the Retail Underwriting Agreement are as follows:-

4.10.1 Conditions Precedent: The obligations of the Retail Underwriters under the Retail Underwriting Agreement are subject to the fulfilment of the following conditions precedent to the satisfaction of the Retail Underwriters on or prior to the Closing Date (as defined in the Retail Underwriting Agreement):-

- (a) Bursa Securities agreeing in principle to the admission of the Units to the Official List of Bursa Securities;
- (b) the registration and lodgement of the Prospectus with the SC in accordance with the requirements of the SCA and the lodgement of the Prospectus with Companies Commission of Malaysia;
- (c) the execution of all relevant legal documents;
- (d) all the conditions precedents to the Sale and Purchase Agreements and the Facility Agreement have been fulfilled or otherwise waived save and except for those conditions precedent which can only be fulfilled after the Closing Date; and

4. STRUCTURE OF THE OFFERING (Cont'd)

- (e) all other necessary approvals and consents required in relation to the Retail Offering save and except for the final approval of Bursa Securities having been obtained and are in full force and effect until the Closing Date.

4.10.2 Non-Fulfillment of Conditions Precedent: If any of the foregoing conditions precedent is not satisfied by the Closing Date, the Managing Underwriter, acting under the instructions of the Majority Retail Underwriters, shall thereupon be entitled, subject to clause 5.2 of the Retail Underwriting Agreement, to terminate the Retail Underwriting Agreement by notice in writing to the Offeror and in that event the parties thereto shall, save and except for the costs and expenses incurred prior to or in connection with such termination, in particular the costs and expenses referred to in clause 8.3 of the Retail Underwriting Agreement, and any rights or liabilities of the Offeror or the Retail Underwriters under clause 3 of the Retail Underwriting Agreement, be released and discharged from their respective obligations thereunder PROVIDED THAT the Retail Underwriters may in their absolute discretion waive compliance with any provisions of clause 5.1 of the Retail Underwriting Agreement.

4.10.3 Terminating Events: Notwithstanding anything herein contained, the Managing Underwriter, as the case may be, acting under the instructions of the Majority Retail Underwriters, may at any time before the Remittance Date by notice in writing to the Offeror terminate its obligations under the Retail Underwriting Agreement if:-

- (a) there is any material breach by the Offeror and/or the Trustee of the warranties, representations or undertakings herein set out, which is not being capable of remedy or, if capable of remedy, is not remedied by the Offeror and/or the Trustee within thirty (30) days of written notice of such breach being given to by the Offeror and/or the Trustee or where the period between the date when the said written notice is given to the Offeror and/or the Trustee, and the Remittance Date is shorter than thirty (30) days, is not remedied within such shorter period;
- (b) any breach of any of the obligations of any party under the Specified Documents (other than the Managing Underwriter to the Retail Underwriting Agreement), which has a material adverse effect and if the breach is capable of remedy, is not remedied within the timeframe specified in the Specified Documents;
- (c) the termination of any of the Specified Documents;
- (d) if in the reasonable opinion of the Managing Underwriter, after prior consultation with the Offeror and the Trustee to the extent that is practicable, any of the following shall have occurred:-
 - (i) any event beyond the reasonable control of the Managing Underwriter (including without limitation to acts of government, war (whether war declared or not), acts of warfare, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war, hijacking, terrorism, riot, uprising against constituted authority, civil commotion, disorder, rebellion, organized armed resistance to the government, insurrection, revolt, military or usurped power, sabotage, strikes, lockouts, natural catastrophe including but not limited to earthquakes, fire, explosion, floods, storm, lightning tempest, accident, or other Acts of God), which interfere with the Properties and/or has or is likely to have the effect of rendering any material part of the Retail Underwriting Agreement incapable of performance or which would have or can be reasonably expected to

4. STRUCTURE OF THE OFFERING *(Cont'd)*

- materially and adversely affect the success of the Retail Offering and the distribution or sale of the Units;
- (ii) any change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates that would have or can be reasonably expected to materially and adversely affect the success of the Retail Offering and the distribution or sale of the Units;
 - (iii) any change in law, regulation, directive, policy or ruling in any jurisdiction which would have or can reasonably be expected to materially and adversely affect the success of the Retail Offering and the distribution or sale of the Units;
 - (iv) any government acquisition of any of the Properties, which would have or can be, reasonably expected to materially and adversely affect the success of the Retail Offering and the distribution or sale of the Units;
 - (v) any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities due to exceptional financial circumstances or otherwise, which would have or can be reasonably expected to materially and adversely affect the success of the Retail and the distribution or sale of the Units;
 - (vi) any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or otherwise) or in the earnings, business, operations or trading position or prospects of the AmanahRaya REIT, which would have or can be reasonably expected to materially and adversely affect the success of the Retail Offering and the distribution or sale of the Units;
 - (vii) any of the tax rulings on stamp duty or other tax matters obtained by the AmanahRaya REIT or the Manager or the Offeror in connection with the Retail Offering is revoked or varied, which would have or can be reasonably expected to materially and adversely affect the success of the Retail Offering and the distribution or sale of the Units;
 - (viii) any tax law or other change or development involving a change or prospective change in taxation which would have or can be reasonably expected to materially and adversely affect the success of the Retail Offering and the distribution or sale of the Units on the Retail Offer and/or the Retail Offering, the AmanahRaya REIT or the Units (or the transfer of any Units) or an investment in the Units;

For the avoidance of doubt and notwithstanding the prior consultation with the Offeror and the Manager, the Managing Underwriter's right of termination under clause 5.2 (d) of the Retail Underwriting Agreement shall not be affected by the prior consultation with the Offeror and the Manager for any reason whatsoever;

- (e) the approval of Bursa Securities for the admission of the AmanahRaya REIT to the official list of the Main Board of the Bursa Securities or for the listing of and quotation for the Units on the Main Board of the Bursa Securities is withdrawn or procured but subject to the conditions not reasonably acceptable to the Managing Underwriter; or
- (f) the listing of and quotation for the Units do not take place within three (3) months from the date of the Prospectus or such extended date as may be

4. STRUCTURE OF THE OFFERING (Cont'd)

agreed by the Managing Underwriter acting reasonably for any reason whatsoever.

- 4.10.4 Consequence of Termination:** Upon receipt of such notice of termination from the Managing Underwriter by the Offeror in accordance with the Retail Underwriting Agreement, the said agreement shall be terminated and the obligations of the Managing Underwriters and the Retail Underwriters under the Retail Underwriting Agreement shall be discharged accordingly whereupon the said agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of the Retail Underwriting Agreement save and except that the Offeror shall remain liable for the payment of the retail underwriting commissions and shall remain liable in respect of its obligations and liabilities for the payment of costs and expenses already incurred prior to or in connection with such termination and for the payment of any taxes, duties or levies, and for any antecedent breach.

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5. RISK FACTORS

AN INVESTMENT IN THE UNITS INVOLVES SIGNIFICANT RISKS. IN EVALUATING AN INVESTMENT IN AMANAHRAYA REIT AND BEFORE DECIDING TO INVEST IN THE UNITS, YOU SHOULD CAREFULLY CONSIDER ALL INFORMATION CONTAINED IN THIS PROSPECTUS INCLUDING BUT NOT LIMITED TO THE GENERAL AND SPECIFIC RISKS OF THE FOLLOWING INVESTMENT CONSIDERATIONS. YOU SHOULD ALSO SEEK PROFESSIONAL ADVICE FROM YOUR RELEVANT ADVISERS ABOUT YOUR PARTICULAR CIRCUMSTANCES.

SINCE AMANAHRAYA REIT IS A COLLECTIVE INVESTMENT SCHEME THAT OFFERS LONG TERM RETURNS, YOU SHOULD NOT EXPECT TO OBTAIN SHORT-TERM GAINS. YOU SHOULD BE AWARE THAT THE PRICE OF THE UNITS AND THE INCOME FROM THEM, MAY RISE OR FALL. YOU SHOULD ALSO NOTE THAT YOU MAY NOT GET BACK YOUR ORIGINAL INVESTMENTS AND THAT YOU MAY NOT RECEIVE ANY DISTRIBUTIONS.

5.1 Risks relating to AmanahRaya REIT's organisation and operating environment

5.1.1 Potential conflicts of interest between AmanahRaya REIT and KWB

We, ARJMF, currently act as the asset manager of KWB, managing over RM5.2 billion of funds, as at Latest Practicable Date, invested in equities, debt securities, properties and other investments. We are also the Manager of AmanahRaya REIT. Hence, the investment strategies and activities of AmanahRaya REIT may be influenced by the interests of ARJMF in adhering to the investment mandate of KWB. There can be no assurance that conflicts of interest will not occur between KWB and AmanahRaya REIT in future including competition for tenants and lessees as well as acquisition for properties. Additionally, other than the Properties, we may in future acquire other properties from KWB. As at the Latest Practicable Date, KWB owns, in its portfolio, 10 properties with a total book value of approximately RM399.0 million. For information relating to the related-party transactions between AmanahRaya REIT and KWB and related parties of the aforementioned parties, see Section 17 of this Prospectus.

We will endeavour to avoid conflicts of interest and ensure that AmanahRaya REIT is not disadvantaged in such situations. Where conflict of interest does arise, we believe it will be mitigated by the following:-

- (a) comply with AmanahRaya REIT's policy in dealing with conflict of interest as set out in Section 14.13 of this Prospectus;
- (b) presence of the Investment Committee within AmanahRaya REIT to independently review all investments that we recommend;
- (c) obtain property valuations from independent property valuers, where any property acquisitions give rise to conflict of interest situations; and
- (d) comply with all the requirements applicable to such conflict of interest transactions as set out in the Deed, the Listing Requirements, requirements of the SC concerning REITs which include providing adequate disclosure in future prospectuses or other public documents issued by AmanahRaya REIT.

5.1.2 Risks of loan financing

In acquiring the Properties, AmanahRaya REIT will assume a Loan Facility amounting to RM168 million to part finance the Acquisitions. The Loan Facility represents 49.9% of the total asset value of AmanahRaya REIT upon Listing and will be secured against the Properties.

5. RISK FACTORS (Cont'd)

AmanahRaya REIT faces the following risks in assuming the Loan Facility:-

- (a) Economic downturns and increasing interest rates;
- (b) Inability to repay borrowings resulting in the Properties charged to the relevant lenders to be foreclosed or forced sold at depressed values;
- (c) Inability to refinance existing debts or unable to obtain the terms of refinancing of the Properties that are better than the terms of AmanahRaya REIT's existing borrowings;
- (d) Reduce AmanahRaya REIT's capacity to raise new financing via either additional loans or issuance of new units; and
- (e) Covenants contained in loan agreements may restrict us from optimally managing and administering AmanahRaya REIT.

All of the above factors are likely to increase interest payments while reducing the cash available for the management and administration of the Properties. In cases where cash flow is insufficient to meet repayment obligations, lenders may take foreclosure action and the NAV of AmanahRaya REIT may decline. As a consequence, your distributions may be affected and you may face potential capital loss in your investments.

Notwithstanding the above, we will endeavour to maintain sufficient cash flow at all times taking into account of the debt levels, operational requirements of the Properties and the distributions to Unitholders.

5.1.3 Borrowing limits

Borrowings by AmanahRaya REIT are limited by the REIT Guidelines to no more than 50% of its total asset value at the time the borrowings are incurred unless prior approval of the Unitholders has been obtained. Upon Listing, the borrowing level of AmanahRaya REIT will be 49.9%. Since AmanahRaya REIT's capacity to borrow is limited, AmanahRaya REIT may face insufficient cash flow which might otherwise been resolved via borrowings as well as inability to fund capital expenditure required for the Properties.

Nevertheless, we believe that AmanahRaya REIT's ability to finance future acquisitions will not be hindered as it will still be able to raise funds via either one of the following:-

- (a) issuance of new units;
- (b) internally generated funds; or
- (c) a combination of debt financing as well as item (a) or (b) above while ensuring that the borrowing limit is not breached.

5.1.4 No established operating history

AmanahRaya REIT which was constituted by the Deed came into effect on 20 October 2006 and hence does not have any prior operating history. Meanwhile, we, the Manager, were incorporated on 28 July 1994 and are principally involved in the provision of fund management services involving single or multiple asset classes such as equity and fixed income. Since both AmanahRaya REIT and the Manager do not have prior experience in managing REITs or property investments, investors are not able to assess AmanahRaya REIT's past performance to gain insight into its potential future performance.

5. RISK FACTORS (Cont'd)

Notwithstanding the above, we believe that we have the necessary experience and skill in managing AmanahRaya REIT since we have a group of personnel with experience in property investment and management. For information on the profiles of our key management team, see Section 14 of this Prospectus.

5.1.5 Dependence on key executives

The performance of AmanahRaya REIT is dependent upon the ability of our Board of Directors and senior executives as well as their continued service. The loss of these individuals may have adverse consequences in the operations and financial performance of AmanahRaya REIT.

We will endeavour to mitigate the above by adopting continuous development of able and competent personnel within our organization and establishing a management succession plan to ensure a sustained strong performance of AmanahRaya REIT.

5.1.6 Changes in investment policies of AmanahRaya REIT

We may change AmanahRaya REIT's investment policies in future if we find that the policies adopted no longer meet the investment objectives of AmanahRaya REIT. This may be due to changing industry environment which renders our investment policies to be unsuitable. However, as with any other investment decisions, there is no assurance that the selected investment policies will better meet the investment objectives of AmanahRaya REIT.

5.1.7 Our investment strategies may not be implemented successfully

We intend to implement investment strategies that cover the operations, finance and acquisitions of AmanahRaya REIT in order to achieve its investment objectives. Although we endeavour to achieve the said investment objectives to the best of our abilities, we may not be able to implement our investment strategies successfully. Our ability to implement AmanahRaya REIT's investment strategies can be affected by factors such as the availability of quality real estate for sale, intensifying competition amongst potential real estate buyers as well as changes in laws and regulations relating to real estate.

5.1.8 Our business operations are subject to regulation

Our business operations are subject to regulations and our appointment as Manager is subject to the approval of the SC. We can provide no assurance that we will continue indefinitely as Manager of AmanahRaya REIT. If we are removed as Manager by the SC, AmanahRaya REIT will need to appoint a new manager. The appointment of another manager may adversely affect the performance of AmanahRaya REIT.

We, as Manager, will endeavour to manage AmanahRaya REIT in a professional manner and in compliance with all regulations at all times.

5.1.9 Changes in regulatory climate

AmanahRaya REIT is subject to changes in legislations, regulations and guidelines in Malaysia including the SCA, Unit Trust Guidelines and the REIT Guidelines which may be revised or amended from time to time. Such changes may have a material adverse effect on our ability to carry out AmanahRaya REIT's investment strategies and hence may adversely affect the financial and operational performance of AmanahRaya REIT.

5. RISK FACTORS *(Cont'd)*

5.2 Risks relating to investment in real estate

5.2.1 General risks involved in investments in real estate

Investments in real estate are subject to various risks, including:-

- (a) adverse changes in national, political or economic environment;
- (b) adverse local market conditions;
- (c) the financial conditions of tenants, buyers and sellers of properties;
- (d) changes in availability of loan financing;
- (e) changes in interest rates and other operating expenses;
- (f) changes in environmental laws and regulations, zoning laws and other governmental rules and fiscal policies;
- (g) changes in energy prices;
- (h) changes in the relative popularity of property types and locations leading to an oversupply of space or a reduction in tenant demand for a particular type of property in a given market;
- (i) competition among property owners for lessees and tenants;
- (j) inadequate insurance protection;
- (k) inability of the property manager to provide or procure the provision of adequate maintenance and other services;
- (l) illiquidity of real estate investments;
- (m) strong dependence on cash flow for the maintenance of, and improvements to, the properties; and
- (n) acts of God and other factors.

Many of the above factors may cause fluctuations in, amongst others, occupancy rates, collection of rental income or operating expenses causing a negative effect on the value of real estate and income derived from real estate.

Although we have effective financial and operating measures to mitigate the aforementioned risks, there is no assurance that any developments impacting the real estate industry will not materially affect AmanahRaya REIT.

5.2.2 Increasing operating and other expenses

Increasing operating and other expenses without any corresponding increase in rental revenue may also have an adverse effect on the earnings of the AmanahRaya REIT. Among some of the factors that could increase the operating and other expenses are as follows:-

- (a) increases in energy costs, sub-contracted service costs, insurance premiums, property management and REIT management fees, utility charges as well as property taxes and other statutory charges;

5. RISK FACTORS (Cont'd)

- (b) increase in the rate of inflation;
- (c) changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies; and
- (d) defects affecting the Properties which need to be rectified, leading to unforeseen capital expenditure.

However, 6 out of 8 Properties under AmanahRaya REIT are subject to long term lease agreements and lessees of the said Properties are responsible for the maintenance and upkeep of the Properties at their own costs. As such, the effect of increasing operating and other expenses on the earnings of the AmanahRaya REIT is significantly reduced.

Notwithstanding the above, we shall strive to minimize the operating and other expenses by, amongst others, adopting cost minimisation initiatives and, where possible, combining resources to achieve economies of scale.

5.2.3 Uninsured or under-insured losses

All the Properties are currently insured against losses arising from fire and public liability which are standard industry practice. However, there is no assurance that insurance against some or all of these risks will in the future continue to be available, or be available in amounts that are equal to the full market value or replacement cost of the insured assets. In addition, there can be no assurance that the particular risks will continue to be insurable or insurable on an economically feasible basis.

In ensuring such risks are mitigated, we will review and ensure adequate coverage for AmanahRaya REIT's assets on a continuous basis.

5.2.4 Illiquidity of real estate investments

Investments in property and real estate are relatively illiquid. This illiquidity restricts AmanahRaya REIT to respond to changes in property market, economic, financial or other conditions. During adverse market conditions, AmanahRaya REIT will not likely be able to dispose its Properties on short notice and may even have to dispose at significantly depressed prices. Such situation may have an adverse effect on AmanahRaya REIT's financial condition and results of operations and therefore distributions to you.

5.2.5 Compulsory acquisition

The Malaysian Government has the power to acquire compulsorily any land in Malaysia pursuant to the provisions of applicable legislation including the Land Acquisition Act, 1960 for certain purposes. In the event of any compulsory acquisition of property in Malaysia, the amount of compensation to be awarded is based on the fair market value of a property and is assessed on the basis prescribed in the Land Acquisition Act, 1960 and other relevant laws. If any of the Properties were acquired compulsorily by the Malaysian Government at a point in time when the market value of the Properties has decreased, the level of compensation paid to AmanahRaya REIT may be less than the price which AmanahRaya REIT paid. This may have an adverse effect on the price of the Units.

5. RISK FACTORS *(Cont'd)*

5.3 Risks relating to AmanahRaya REIT's properties

5.3.1 Buyback options granted to certain lessees

Pursuant to the Lease Agreements entered into between the Vendor and the respective lessees ("Said Lessees") of HVAS and HVL ("Said Properties"), the Said Lessees are entitled to an option to buyback the Said Properties. Upon exercise of the buyback option within 6 months from the expiry of the said leases, the Said Lessees shall be entitled to purchase the Said Properties at a price equivalent to the then prevailing market value determined by a valuer acceptable to both the Lessor and the Said Lessees. The buyback option shall also be subject to other terms and conditions to be mutually agreed upon which shall not deviate substantially from a standard sale and purchase agreement and the then prevailing regulatory requirements.

The buyback option above may pose the following risks that may have an adverse impact on the earnings and distributions of the AmanahRaya REIT:-

- (a) in the event that the buyback options above are exercised by any of the Said Lessees during a period where the real estate industry is experiencing a downturn and that property prices are at depressed levels, AmanahRaya REIT may have no choice but to dispose the Said Properties and suffer substantial capital losses; and
- (b) as the Said Properties collectively represents 32.2% of the total Appraised Value of the Properties, proceeds arising from the disposal Said Properties, if not reinvested or distributed to Unitholders immediately, may cause a reduction in earnings and possibly a reduction in the AmanahRaya REIT's overall yield and distribution per Unit.

The above risk is mitigated as follows:-

- (a) as the buyback option in respect of the Said Properties is to be sold at a price equivalent to the then prevailing market value which shall be determined by a valuer acceptable to both Lessor and the said Lessees, the buy-back option would not have an impact on the sale price of the Said Properties; and
- (b) as highlighted in Section 3.1 of this Prospectus, we intend to expand the AmanahRaya REIT through new acquisitions from existing suitable properties owned by KWB and others within a reasonable period of time. As such, the percentage representing the Said Properties in relation to the total Appraised Value of the Properties will be reduced accordingly.

5.3.2 Registered leases do not affect the rights, interest and benefits of AmanahRaya REIT's ownership of the Properties

In conjunction with the Listing, AmanahRaya REIT has entered into the Sale and Purchase Agreements with the Vendor to acquire the Properties for an aggregate purchase price of RM336.85 million. However, since most of the Properties are subject to Lease Agreements exceeding 3 years, Lessees can choose to register their interests in the respective Properties pursuant to the NLC. By registering their interests, Lessees will be accorded with rights and remedies provided under the NLC in addition to the contractual rights and remedies set out in the Lease Agreements.

Pursuant to the NLC, a lessee of a registered lease will be entitled to, inter-alia, the following:-

5. RISK FACTORS (Cont'd)

- The rights of the lessee under the registered lease takes priority over the rights of a lessee under a non-registered lease;
- The lessee is entitled to maintain its lease rights on the property against any subsequent purchasers of the said property as may be provided under a lease agreement; and
- The details pertaining to a registered lease will be recorded on land searches conducted at the relevant land office and therefore will give notice to subsequent purchasers of the relevant lessee's interest over its leased property.

In addition to the above, a lessee under a registered lease may also be entitled to manage and maintain a property pursuant to the VAEA Act. Under the VAEA Act, no person shall act as a property manager unless he is a registered valuer or appraiser and has been issued with an authority to practice. However, this requirement does not apply to registered owner of a property and a lessee whose interest is registered under the NLC. Management of property based businesses such as hotel is also excluded from the aforesaid requirement.

However, a lessee who intends to register its lease is required to pay a registration fee which shall be determined by the respective local land office.

Properties which are currently under registered leases are set out in Section 8.1.2 of this Prospectus.

On the other hand, a lessee under a non-registered lease is only entitled to all the rights and remedies set out in the respective lease agreements. Although the NLC provides for the recognition of the operation of contractual transactions, in so far as land dealings are concerned, a non-registered lease does not vest an interest in the lease under the NLC. However, a non-registered lease is still good and valid as an agreement for a lease and is enforceable under the contract.

Notwithstanding the above, the Solicitors for the Offering are of the view that the registration of the Properties of AmanahRaya REIT will not affect any rights, interest and benefits of ownership of the AmanahRaya REIT over the Properties. However, in the absence of a registered lease, AmanahRaya REIT will carry out the obligations of the lessor and enjoy the rights, benefits and interest under the terms of the respective lease arrangement. The Solicitors for the Offering's opinion on this matter is set out in Section 5.5 of this Prospectus.

As mentioned above, a lessee under a registered lease may also be entitled to manage and maintain a property. Almost all of the Lessees do not manage but only maintain and upkeep their respective Properties which are different from the scope and responsibilities of the Property Manager, save and except for HVAS and HVL which are special in nature.

As such, the Property Manager may seem to take on a slightly lesser role for those Properties.

For more details on the lease agreements entered into between the Vendor and the respective lessees, see Section 9 of this Prospectus.

5.3.3 Property management functions of AmanahRaya REIT

The management of the Properties will be conducted by MK which was duly appointed by AmanahRaya REIT and approved by the Trustee. The property management services

5. RISK FACTORS *(Cont'd)*

provided shall include, amongst others, maintaining and administering existing leases and tenancies, conducting marketing services, maintaining records and property accounts as well as conducting repairs and maintenance of the Properties. For further details of the function and fees charged by the Property Manager, see Sections 3.6 and 15 of this Prospectus.

The property management function is also partly performed by the Lessees themselves. The overlap in the property management function is only restricted to the general maintenance and upkeep of the relevant Properties under lease save for the Wisma Amanah Raya Berhad property. Pursuant to the Lease Agreements, the specific functions required to be performed by the relevant Lessees involve, amongst others, the following:-

- Maintaining and cleaning of the exterior and interior of the Property and all additions thereto including, the walls, pipes, drains in good tenantable repair and condition;
- Cleaning of all internal common areas including entrance hall, lift lobbies, stairwells, corridors and toilets;
- Performing pest control and garbage disposal services;
- Maintaining, operating and conducting required repairs on building equipment and fixtures including fire fighting/protection plant and equipment, sprinklers, smoke detectors, fire doors and frames, lifts, escalators and air-conditioning equipment;
- Security of all common areas of the Properties; and
- Payment of utilities including water and electricity.

The Properties whose property maintenance and upkeep are performed by the Lessees themselves are HVAS, HVL, Permanis Factory, SEGi College and Wisma AmanahRaya. The leases in respect of Blocks A and B, South City Plaza cannot be registered until strata titles have been issued. Notwithstanding that the leases have not been registered, the Lessees would continue to maintain and upkeep the Property under the purview of the Lessor.

For Blocks A and B of South City Plaza, the maintenance and upkeep does not fall within the function of property management as it is carried out without a fee and the Lessee does not have management control over the Property which control is at the absolute discretion of the Lessor. The powers of the Lessors in relation to the management of the Property has been delegated to MK pursuant to the terms of the Property Management Agreement.

The above property management arrangement is a consequence of the following:-

- (i) The requirement to appoint a property manager for the REIT in compliance with VAEA Act;
- (ii) Lessees are entitled to exercise their rights to manage the Properties as explained in Section 5.3.2 above. Arising from this, rental payments pursuant to the Lease Agreements (save for the Wisma Amanah Raya Berhad property) were derived after deducting the estimated outgoings of the relevant Properties which include quit rent, assessment, insurance and property maintenance expenses. The aforesaid property outgoings are borne by the relevant Lessees themselves.

5. RISK FACTORS (Cont'd)

However, the aforementioned property management arrangement subjects AmanahRaya REIT to the following risks and disadvantages:-

- (a) Since Lessees are required to conduct property maintenance and upkeep of the relevant Properties at their own costs, the works performed by Lessees may not be conducted sufficiently in the interest to preserve the long term condition of the Properties' building structure and equipment. Such situation may result in higher future operating costs and expenses;
- (b) Although the Lease Agreements provide that the Lessor be allowed to enter the relevant Properties and conduct all necessary repairs or maintenance as and when required, urgent repairs may not be conducted on a timely manner owing to the requirement to furnish Lessees with adequate notices to enter the relevant Properties. This may cause AmanahRaya REIT to incur additional costs arising from unscheduled major repairs; and
- (c) AmanahRaya REIT indirectly incurs additional property management costs arising from the overlap of property management functions namely additional general maintenance and upkeep of the Properties that needs to be done in order to preserve the long term condition of the Properties' building structure and equipments.

Notwithstanding the above, the risks presented by the overlapping property management function can be mitigated by the following:-

- The Property Manager together with the relevant Lessees shall be directly accountable for the maintenance and upkeep of all the Properties under lease. Pursuant to the Property Management Agreement and the Lease Agreements (save for the Lease Agreement for the Wisma Amanah Raya Berhad property), AmanahRaya REIT is entitled for the following in the event that either the Property Manager and the relevant Lessees:
 - Lessor is entitled to terminate the services of the Property Manager; and
 - Lessor is entitled to claim any costs incurred by the Lessor in respect of property repairs and maintenance from the relevant Lessees via deposits held by Lessor.
- ARJMF's Property Maintenance Unit shall periodically monitor the performance of the property maintenance and upkeep functions conducted by the Property Manager and the relevant Lessees.

Even though the overlapping property management function may present risks and disadvantages, it is, nevertheless, a necessity to preserve AmanahRaya REIT's distinct feature involving its stable and robust rental income over the long term characterized by long term lease agreements. The maintenance and upkeep functions of the Properties by the Lessees have no influence over the rental arrangements for the Properties, of which were determined on the basis of long term lease tenures and reflected the desired yield levels to the Lessors.

5.3.4 Dependence of lessees and tenants

Out of the 8 Properties under AmanahRaya REIT, 7 are leased/tenanted to single lessee/tenants which represent 82.5% of the total NLA. As such, the income of the AmanahRaya REIT can be adversely affected with the loss of any of the said lessees or

5. RISK FACTORS (Cont'd)

tenant. AmanahRaya REIT is particularly susceptible to such loss of income arising from the following:-

- downturn in the business of Lessees and tenants causing them to delay or default in making rental payments;
- property vacancy arising from non-renewal of expiring leases/tenancies and inability of AmanahRaya REIT to substitute outgoing lessees or tenants in a timely manner; and
- rental rates and terms of the lease and tenancy renewed are not as favourable as prior terms.

However, such risks can be minimised owing to the following:-

- (a) Out of a total of 8 Properties, 5 are subject to Lease arrangements secured against rental deposits amounting to between 1 to 3 years of rental payments in the form of either cash deposit or bank guarantee. AmanahRaya REIT will have the right to call on the deposits in the event of default of rental payments.
- (b) The remaining 3 Properties of AmanahRaya REIT namely Wisma AmanahRaya, Wisma Amanah Raya Berhad and Wisma UEP whose lease/tenancy arrangement are secured against little or no deposits, because of the credibility of the current lessees/tenants, are located in strategic commercial areas that can easily attract reputable lessees/tenants.
- (c) Save for lease/tenancy arrangements with lessees/tenants of Wisma Amanah Raya Berhad and Wisma UEP, all other lease arrangements do not allow for early termination unless the lessees defaulted in their lease payments.

The above allows AmanahRaya REIT a high level of predictability in their timing and amount of rental income hence allowing AmanahRaya REIT sufficient time to minimize or eliminate loss of income arising from long periods of property vacancy.

5.3.5 Properties can only be sold subject to lease

Pursuant to the long term lease agreements entered into between the Lessor and the respective Lessees of the Properties, the Lessor can only dispose the Properties without prejudicing the rights and benefits of the relevant Lessees. The Properties currently subject to long term lease agreements are HVAS, HVL, Permanis Factory, SEGi College, Blocks A & B, South City Plaza, Wisma AmanahRaya and Wisma Amanah Raya Berhad. In the event that AmanahRaya REIT intends to dispose any of the said Properties for whatsoever reasons, the potential purchasers is required to assume AmanahRaya REIT's position as a party to the Lease Agreements. This may discourage potential purchasers for the Properties. Nonetheless, certain potential purchasers may take a different view and be tempted to acquire the Properties as these Properties would have a steady stream of income assured from the relevant established lessees whose identity and credibility are known.

5.3.6 Transfer of the Properties may not be registered

Under the Malaysian land registration system, the legal title in real property does not pass until the relevant instrument of transfer has been duly registered in the relevant land registry of title in favour of the transferee. Based on current practices, it is common that the period between the date of presentation of instruments of transfer and the registration thereof could take several months. Once the instrument of transfer is eventually

5. RISK FACTORS (*Cont'd*)

registered, the said instrument will be dated on the date the instrument is presented for transfer. The transferee will only become the registered and legal owner of the property upon the endorsement of the name of the transferee as the registered owner on the titles to the property. The risk of non-registration is not a risk which is unique to REITs.

As at the Latest Practicable Date, the individual documents of title for HVAS and Blocks A & B, South City Plaza ("Untitled Properties") is pending issuance by the relevant land offices while the remaining Properties ("Titled Properties") have individual land titles. The relevant instrument of transfer of the Titled Properties will only be presented to the relevant land offices for registration after the conditions precedent of the Sale and Purchase Agreement are met. Meanwhile, the relevant instrument of transfer of the Untitled Properties will only be presented when the respective individual documents of title are eventually issued. As such, there is no assurance that the instrument of transfer will be registered on or before the Listing. If the said instrument is not registered, it may be necessary to terminate and wind up AmanahRaya REIT in accordance with the relevant provisions of the Deed.

Notwithstanding the above, this risk can be mitigated by the following:-

- (a) In the event that the Trustee has not been registered as the proprietor of the Properties by the Completion Date, the Vendor shall grant the Trustee with a power of attorney to do all that is necessary to enable the Trustee to deal with the Properties as if it is the rightful owner of the Properties. The Solicitors shall cause the said power of attorney to be registered with the registry of the High Court in Malaya at Kuala Lumpur, the respective Registrar of Land and in the books of any other authorities and companies as may be necessary or desirable.
- (b) The Trustee shall take appropriate steps to ensure that the transfer instruments including the deed of assignment for Untitled Properties in respect of the Properties are fit for registration or assignment (as the case maybe) and that there are no restraints on dealings which could prevent the registration of the transfer of the Properties at the time of presentation of the relevant instrument of transfer for registration at the relevant land offices.
- (c) The Trustee shall take appropriate steps to ensure that the deed of assignments for Untitled Properties are fit for assignment and that there are no restrictions which could prevent assignment of the Untitled Properties.

5.3.7 Subsequent sale price of the Properties

The valuation of the Properties does not guarantee or indicate a sale price, either at present or in the future. Further, sale price may differ substantially from the Appraised Value of the Properties due to illiquidity of real estate investments as illustrated in Section 5.2.4 above. As such, there is no guarantee or assurance that AmanahRaya REIT will be able to sell a Property at any time, or that the sale price is higher or lower than the Property's present valuation or the price at which the Property was injected into AmanahRaya REIT.

5.3.8 Hidden building or equipment defects

There may be hidden defects in the building structure or equipment of the Properties that AmanahRaya REIT may not be aware of. Such defects need to be rectified and may require special repair and maintenance expenses, capital expenditure or payment of damages to third parties affected by such defects. The cost of such unforeseen expenditure may be high and could potential have an adverse effect on the earnings and distribution of the AmanahRaya REIT.

5. RISK FACTORS (Cont'd)

Although an engineering due diligence was conducted on all the Properties save for Wisma Amanah Raya Berhad as it was acquired by the Vendor upon completion. There is no assurance that the Properties will not have any such hidden defects.

5.3.9 AmanahRaya REIT's financial performance is influenced by existing property market condition

The financial performance of the Properties can be affected by existing property market conditions such as changes in demand and emergence of new properties. At any given market condition, demand can outstrip supply and vice versa. Each condition will affect the occupancy and the rental rate of the Properties. In cases where competition for tenants and lessees are intense, owners of such properties may need to incur additional capital expenditure in order to achieve certain competitive advantage over other properties in their vicinity to attract and retain tenants/lessees. This may have an unfavourable impact on AmanahRaya REIT's earnings and distribution.

5.4 Risks relating to an investment in the Units

5.4.1 The price of the Units may decline after the Offering

The Institutional Offer Price and the Retail Offer Price of the Units may not be indicative of the market price for the Units after completion of the Offering. The Units may trade at prices below the Retail Offer Price after the Offering and may trade at prices higher or lower than the attributable NAV per Unit.

The trading price of the Units may be volatile and will depend on many factors including:-

- (a) the market value of AmanahRaya REIT's assets;
- (b) the perceived prospects of AmanahRaya REIT's business and investments and the Malaysian real estate market;
- (c) differences between AmanahRaya REIT's actual financial results and those expected by investors and analysts;
- (d) analysts' recommendations or projections;
- (e) broad market fluctuations, including weakness of the equity market;
- (f) increases in interest rates;
- (g) the perceived attractiveness of the Units against those of other investment instruments including those not related to the real estate sector;
- (h) the balance of buyers and sellers of the Units;
- (i) the future size of AmanahRaya REIT;
- (j) liquidity of the Malaysian REIT market; and
- (k) AmanahRaya REIT's ability to successfully implement its investment strategies.

5. RISK FACTORS (Cont'd)

In addition, investments in the Units are not guaranteed and there is no assurance that Unitholders can recoup the amount invested. If AmanahRaya REIT is terminated or liquidated, it is possible that investors may lose all or part of their investments in the Units.

5.4.2 Distributions to Unitholders will be subject to availability of cash

Distributions to Unitholders are primarily dependent on the Net Property Income of the Properties. Net Property Income is a function of the receipt of all rental income after deducting all relevant Property Costs such as quit rent, assessment and insurance premiums and Fixed Operating Costs such as utilities and maintenance charges. In the event that AmanahRaya REIT is unable to generate sufficient Net Property Income and that AmanahRaya REIT is unable to borrow funds from the market, the distributions to the Unitholders will be affected.

In view of the above, there is no assurance that AmanahRaya REIT will be able to maintain distributions to Unitholders. Further, there is no assurance that AmanahRaya REIT is able to make increase its distributions to Unitholders since operating costs of the Properties could increase over time thus offsetting any increase in rental that AmanahRaya REIT may enjoy in future.

5.4.3 No redemption of Units

Unitholders have no right to require the redemption of their Units while the Units are listed on Bursa Securities. Accordingly, Unitholders may only be able to liquidate or dispose of their Units by selling such Units to third parties in the secondary market.

5.4.4 Failure and/or delay in the Listing

The success of the listing exercise is also exposed to the risk that it may fail or be delayed should any of the following events occur:-

- (a) the Retail Underwriters exercising their rights pursuant to the Retail Underwriting Agreement to discharge themselves from their obligations thereunder;
- (b) the minimum gross proceeds of approximately RM51.47 million is not successfully raised via the Offering;
- (c) selected placees fail to subscribe for their portion of the Units;
- (d) AmanahRaya REIT is unable to meet the public spread requirements that at least 25% of the total number of Units must be held by a minimum of 1,000 public holding no less than 100 Units in AmanahRaya REIT;
- (e) the Loan Facility cannot be drawn down; or
- (f) the approvals of Bursa Securities, SC or any other relevant authorities for the Listing are revoked, withdrawn or cancelled.

Although we will endeavour to ensure the success of the Offering and Listing, there is no assurance that the aforementioned factors will not cause a delay in or abortion of the Listing.

5.4.5 Forward-looking statements

Certain statements in this Prospectus are based on historical data which may not be reflective of future results, and others are forward-looking in nature which are subject to uncertainties and contingencies.

5. RISK FACTORS *(Cont'd)*

All forward-looking statements are based on forecast, projections and assumptions made by us, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied in such forward-looking statements.

Such factors include, amongst others, general economic and business conditions, competition, the impact of new laws and regulations affecting AmanahRaya REIT and the real estate industry, changes in interest rates and changes in foreign exchange rates. In light of these uncertainties, the inclusion of forward-looking statements in this Prospectus should not be regarded as a representation or warranty by our advisers or us that the plans and objectives of AmanahRaya REIT will be achieved.

Given the risks and uncertainties that may cause AmanahRaya REIT's actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Prospectus, we advise you not to place undue reliance on those statements. We are not warranting to representing to you that AmanahRaya REIT's actual future results, performance or achievements will be as stated in those statements.

5.4.6 Dilution of the NAV per Unit

Where there is new issue of Units, the issue price may be above, at or below the current NAV per Unit of AmanahRaya REIT. Where new Units are issued at less than the existing NAV per Unit, the NAV per Unit of existing Units will be diluted.

Notwithstanding the above, all issue of Units must also comply with the relevant provisions of the Deed, the Listing Requirements, requirements of the SC relating to REITs and any other applicable regulatory requirements.

5.4.7 Delisting from Bursa Securities

Bursa Securities imposes certain requirements for the continued listing of securities, including the Units, on Bursa Securities. Investors cannot be assured that AmanahRaya REIT will continue to meet the requirements necessary to maintain the listing of Units on the Main Board of Bursa Securities or that Bursa Securities will not modify the Listing Requirements. AmanahRaya REIT may be terminated if the Units are delisted from Bursa Securities.

5.4.8 Changes in accounting standards

The audited financial statements of AmanahRaya REIT will be prepared in compliance with the provisions of the Deed, requirements of the SC relating to REITs, the SCA and applicable approved accounting standards in Malaysia. The MASB, as part of its program to fully converge with international financial reporting standards, has introduced a number of Malaysian Financial Reporting Standards or revised MASB Standards ("FRS"), which are effective for accounting periods beginning on or after 1 January 2006.

The above changes as well as any further changes to MASB Standards may result in significant changes in the preparation and presentation of AmanahRaya REIT's results in future. In Section 7.5 of this Prospectus, DI has been defined to address the significant proposed changes thus far, which may potentially impact AmanahRaya REIT's results. However, there can be no assurance that future changes to accounting standards will not affect the ability of AmanahRaya REIT to make distributions to Unitholders or that such distributions will be inline with those as disclosed in Section 10 of this Prospectus.

5. RISK FACTORS (Cont'd)

5.4.9 Taxation

Pursuant to the Income Tax Act, 1967, all taxable income of AmanahRaya REIT for a year of assessment is exempted from tax provided 90% or more of the taxable income of AmanahRaya REIT for that year of assessment is distributed to the unitholders. Where AmanahRaya REIT distributes such income to unitholders (other than resident companies), AmanahRaya REIT shall upon distributing the income deduct therefrom tax at applicable withholding tax rates and pay the amount so withheld to the Malaysian Inland Revenue Board.

If the 90% distribution condition is not complied with, the income of AmanahRaya REIT for that year of assessment whether distributed or not to the unitholders will be subject to tax at 27%. The unitholders will be entitled to utilize the tax paid by AmanahRaya REIT as a set-off against the tax payable by them

However, the relevant sections in the Income Tax Act, 1967 applicable to REITs, either in part or in whole, may be revoked or amended in future.

For details of the taxation on AmanahRaya REIT and Unitholders, please refer to Section 11 of this Prospectus.

5.4.10 Profit forecast and projections

This Prospectus contains profit forecast and projections in respect of AmanahRaya REIT that have been prepared based on assumptions that are subject to uncertainties and contingencies but to which our Board of Directors believes to be reasonable. For example, the profit forecast and projections assume that the Properties are able to achieve a certain level of occupancy and average rental rates, which are higher than the past occupancies and average rental rates. Given the inherent uncertainties underlying the profit forecast and projections of AmanahRaya REIT, there can be no assurance that the profit forecast and projections of AmanahRaya REIT contained in this Prospectus will be achieved. The actual results may be materially different from the profit forecast and projections of AmanahRaya REIT. You are deemed to have read and understood the assumptions and uncertainties underlying the profit forecast and projections of AmanahRaya REIT.

5.4.11 Property yield on real estate investments is not equivalent on yield on the Units

Property yield depends on the amount of Net Property Income (calculated as the amount of revenue generated by the properties concerned, less the expenses incurred in maintaining, operating, managing and leasing the properties compared against the current value of the properties). Yield on the Units, however, depends on the distributions payable on the Units as compared with the purchase price of the Units. While there may be some correlation between these two yields, they are not the same and will vary accordingly for investors who purchase Units in the secondary market at a market price that differs from the Retail Offer Price and the Institutional Offer Price.

5. RISK FACTORS (Cont'd)

5.5 Solicitor's opinion

Shahrizat Rashid & Lee

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(Please Quote Our Reference When Replying)

19 December 2006

Amanah Raya-JMF Asset Management Sdn Bhd
Tingkat 9, Wisma Amanah Raya,
No. 2, Jalan Ampang,
50450, Kuala Lumpur

Attn: Datuk Mohamed Azahari

Dear Sirs,

Re: Proposed ARB Real Estate Investment Trust ("Proposed ARB REIT")

We refer to the above matter and to your request for our legal opinion on the effect of the registered leases on the rights interest and benefit of ownership of AmanahRaya Real Estate Investment Trust ("ARB REIT") over the properties to be injected into ARB REIT ("REIT Properties").

The Law

Section 216 of the National Land Code stipulates that where any land is transferred subject to any lease, charge or tenancy, every provision express or implied of the lease, charge or tenancy so long as the land is vested in the transferee will be enforceable by or against the transferee as if he were a party to that lease, charge or tenancy. The transferor will assign all obligations under the lease, charge or tenancy to the transferee.

Opinion

- i. As the ARB REIT will be purchasing the relevant REIT Properties subject to registered leases, it would assume all obligations of Amanah Raya Berhad (as trustee for Kumpulan Wang Bersama) as lessor of the respective properties.
- ii. Pursuant to the existing lease arrangements, a lessee however has the right to possession of the property or any part of the property which is leased to the lessee. It is important to note however that the lessee acquires only an interest in the property and not title to the same. The ownership of the property would remain vested in the registered proprietor, which in this case, would be the trustee of the ARB REIT.
- iii. Accordingly, the registration of the leases would not have an effect on the rights, interests and benefit of ownership of ARB REIT over the REIT Properties. However, these rights, interest and benefits will be subject to the lease.

We trust the above is of assistance.

Yours faithfully,



Siempre Abanca

KHAI LAR WONG & EVERSHEDS

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19 December 2006

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Tingkat 9, Wisma Amanah Raya,
No. 2, Jalan Ampang,
50450, Kuala Lumpur

Attn: Datuk Mohamed Azahari

Dear Sirs,

Re: Proposed ARB Real Estate Investment Trust ("Proposed ARB REIT")

We refer to the above matter and to your request for our legal opinion on compliance with the requirement of sub-clause 10.03(6) of the Guidelines on Real Estate Investment Trusts ("REIT Guidelines") in relation to encumbrances.

The Law

Clause 10.03(6) of the REIT Guidelines provides that:-

"Unless otherwise approved by the Securities Commission ("SC"), all real estates shall be free from all encumbrances at the time of acquisition, except for charges entered by financial institutions, trustees and management company in relation to the loan facilities extended".

Legal Position

- i. The term "encumbrance" is not defined in the NLC nor the REIT Guidelines issued by the SC. However, encumbrance is defined in the legal dictionary as "a liability which burdens property".
- ii. It appears from the above definition that an encumbrance would normally include interests which hinders the right of the owner to deal with his land or to enjoy his land in the normal way, which would include charges and caveats.
- iii. Specific to the properties to be injected into the ARB REIT ("REIT Properties"), in addition to the charges and caveats on the REIT Properties, there are currently options granted to the respective Lessees/option holders with respect to the sell back. Pursuant thereto, the ARB REIT is under an obligation to sell the property to the option holder upon exercise of the option.

Shahira Haniff

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Josephine Sun Sze Pin
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Sharmila Annie Ramani

Penang

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Ong Wee En
Lim Chai Loy
Mohd Aziz Bin Azizam
Lam Tse Heung
Norliza Binti Ali
Jayakumaran A/L Thiagarajan
Ayleswary A/P Bathamanathan
Kang Hwey Leing
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Shahrizat Rashid & Lee

- iv. Notwithstanding that some of the REIT Properties are subject to sell back options, ARB REIT would remain the legal or beneficial owner of the properties, with all rights, interest and benefits governed by the respective sale and purchase agreements and lease agreements attached.
- v. The sell back option is a contractual right granted under the respective sale and purchase agreements and lease agreements but would not hinder the rights of the ARB REIT to deal with the REIT Properties, including the right to transfer the REIT Properties. These rights are however subject to the sell back options.
- vi. To further emphasise on the ability and right of ARB REIT to deal with the REIT Properties, it is a term of the Novation Agreement to be entered into by each of the lessees that ARB REIT shall be entitled to sell or reassign its interest in the lease to any party without the prior consent of the tenant or lessee.
- vii. It is also a term under the Novation Agreement that to the extent that the provisions of respective lease agreements or novation agreements conflict with the provisions of this Agreement, the terms of the Novation Agreement shall prevail.
- viii. It is noteworthy that compliance with Paragraph 10.03(6) of the REIT Guidelines would depend on whether the SC exercises its discretionary authority to approve such acquisition, as the REIT Guidelines specifically provide for the SC to approve such acquisition.
- ix. As the submission to the SC clearly discloses the actual nature of the real properties acquired by ARB REIT and as the approval conditions imposed by the SC have been addressed in the respective Novation Agreements, we are of the view that it amounts to compliance with the requirement of Paragraph 10.03(6) of the REIT Guidelines.

We trust the above is of assistance.

Yours faithfully,

