

10. FINANCIAL INFORMATION OF AMANAHRAYA REIT

10.1 Unaudited proforma consolidated historical financial statements

The summary of the above for the past 5 FYs ended 31 December 2005 and the 10-months period ended 31 October 2006 set out below is prepared based on the unaudited management accounts, audited financial statements and other information furnish by the following companies who owned the Properties at that point in time as well as ownership by 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 |

The summarised proforma consolidated historical financial statements of the Properties set out below are based on the extracts of the accounting records of the respective companies which owned the Properties at that point in time as well as ownership by the Vendor. The summary below has been presented for illustrative purposes only on the assumption that the Properties had been in existence as a single entity or group throughout the period/years under review and based on the representation of our Directors. The table below sets out AmanahRaya REIT's unaudited proforma consolidated historical financial information for the past 5 FYs ended 31 December 2005 and the 10-months period ended 31 October 2006.

The objective of the unaudited proforma consolidated historical financial information of AmanahRaya REIT is to show what the total returns might have been had AmanahRaya REIT existed at an earlier date, as described above. However, the unaudited proforma consolidated historical financial information of AmanahRaya REIT is not necessarily indicative of the total returns that would have been attained had AmanahRaya REIT actually existed earlier. The unaudited proforma consolidated historical financial information, because of its nature, may not give a true picture of AmanahRaya REIT's actual total return.

| | Financial Years ended 31 December | | | | | 10 months ended 31 October |
|--|--|------------------------|------------------------|------------------------|------------------------|---|
| | 2001 RM'000 | 2002 RM'000 | 2003 RM'000 | 2004 RM'000 | 2005 RM'000 | 2006 RM'000 |
| <i>Net Revenue</i> ⁽¹⁾ | | | | | | |
| Rental income | 10,592 | 14,115 | 14,588 | 13,058 | 10,207 | 14,455 |
| Car park income | 224 | 224 | 226 | 228 | 201 | 249 |
| | <u>10,816</u> | <u>14,339</u> | <u>14,814</u> | <u>13,286</u> | <u>10,408</u> | <u>14,704</u> |

10. FINANCIAL INFORMATION OF AMANAHRAYA REIT (Cont'd)

| | Financial Years ended 31 December | | | | | 10 months ended 31 October |
|--|-----------------------------------|----------------|----------------|----------------|----------------|----------------------------------|
| | 2001 RM'000 | 2002 RM'000 | 2003 RM'000 | 2004 RM'000 | 2005 RM'000 | 2006 RM'000 |
| Less: Property operating expenses | | | | | | |
| <u>Property costs</u> ⁽²⁾ | | | | | | |
| Assessment and quit rent | 904 | 1,268 | 1,274 | 1,286 | 1,387 | 835 |
| Insurance | 238 | 301 | 323 | 269 | 270 | 189 |
| | <u>1,142</u> | <u>1,569</u> | <u>1,597</u> | <u>1,555</u> | <u>1,657</u> | <u>1,024</u> |
| <u>Operating Costs</u> | | | | | | |
| Utilities expenses ⁽³⁾ | 839 | 1,051 | 950 | 953 | 685 | 109 |
| Security ⁽³⁾ | 328 | 429 | 356 | 424 | 231 | 102 |
| Cleaning and sewerage charges ⁽³⁾ | 193 | 218 | 193 | 154 | 57 | 1 |
| Repair, maintenance and building expenses ⁽⁴⁾ | 582 | 765 | 729 | 1,412 | 1,539 | 668 |
| Salaries and wages ⁽³⁾ | 137 | 249 | 460 | 394 | 331 | 258 |
| Depreciation ⁽⁵⁾ | 621 | 905 | 907 | 1,042 | 917 | 393 |
| Management fees ⁽³⁾ | 199 | 249 | 244 | 226 | 97 | - |
| Impairment loss on investment property ⁽⁶⁾ | - | - | - | 1,598 | - | - |
| Relocation costs ⁽⁷⁾ | - | - | - | - | 2,350 | - |
| | <u>2,899</u> | <u>3,866</u> | <u>3,839</u> | <u>6,203</u> | <u>6,207</u> | <u>1,531</u> |
| Total property operating expenses | <u>4,041</u> | <u>5,435</u> | <u>5,436</u> | <u>7,758</u> | <u>7,864</u> | <u>2,555</u> |
| Net Property Income | <u>6,775</u> | <u>8,904</u> | <u>9,378</u> | <u>5,528</u> | <u>2,544</u> | <u>12,149</u> |

Notes:-

(1) Net revenue

No rental (no rental paid as the owner of the buildings was occupying the premises) and car park revenue is recognised for the owner occupied Properties as it is not applicable to estimate the proforma revenue for the 5 financial years ended 31 December 2005 and 10 month financial period ended 31 October 2006 given that there is no reasonable basis to determine historical rental rate.

(2) Property costs

Future quit rent, assessment and insurance will be borne by the Master Lessees in accordance with the Lease Agreements except for Wisma Amanah Raya Berhad which will be borne by AmanahRaya REIT.

(3) Operating costs

All these costs refer to expenses incurred in operating the properties' activities. No such expenses were included for owner occupied Properties.

Future expenses of these costs will be borne by the Master Lessee.

10. FINANCIAL INFORMATION OF AMANAHRAYA REIT (Cont'd)

(4) Repair, maintenance and building expenses

Future repair, maintenance and building expenses will be borne by the Master Lessees in accordance with the Lease Agreements except for Wisma Amanah Raya Berhad and Wisma UEP which will be borne by AmanahRaya REIT.

(5) Depreciation

Certain Properties were classified as property, plant and equipment for the 5 financial years ended 31 December 2005 and 10 month financial period ended 31 October 2006. Accordingly, the said Properties were subject to depreciation.

However, for AmanahRaya REIT, the Properties will be classified as investment properties and will not be depreciated but are subject to impairment review in accordance with Malaysian Financial Reporting Standard 140 Investment Property.

(6) Impairment loss on Investment Properties

The impairment loss was in respect of fair value adjustment on the Wisma Amanah Raya Berhad, during the financial year ended 31 December 2004.

(7) Relocation cost

The relocation cost was incurred to compensate an ex-tenant of Wisma Amanah Raya Berhad for the early termination of tenancy.

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10. FINANCIAL INFORMATION OF AMANAHRAYA REIT (Cont'd)

10.2 Analysis of revenue and occupancy rates by properties

| | Financial Years ended 31 December | | | | | 10 months ended 31 October 2006 |
|--|-----------------------------------|----------------|----------------|----------------|----------------|--|
| | 2001 RM'000 | 2002 RM'000 | 2003 RM'000 | 2004 RM'000 | 2005 RM'000 | RM'000 |
| HVAS* | | | | | | |
| Revenue | - | - | - | - | - | 738 |
| Occupancy rate (%) | 66.1 | 64.2 | 59.8 | 55.3 | 63.4 | 65.7 |
| HVL* | | | | | | |
| Revenue | - | - | - | - | - | 1,110 |
| Occupancy rate (%) | 66.6 | 53.2 | 48.6 | 66.6 | 56.9 | 67.6 |
| Permanis Factory* | | | | | | |
| Revenue | - | - | - | - | - | 661 |
| Occupancy rate (%) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Blocks A & B, South City Plaza*** | | | | | | |
| Revenue | - | - | - | 346 | 475 | 800 |
| Occupancy rate (%) | - | - | - | 58.0 | 100.0 | 100.0 |
| Wisma AmanahRaya | | | | | | |
| Revenue | 6,557 | 9,836 | 9,836 | 7,377 | 4,506 | 4,756 |
| Occupancy rate (%) | 100.0 | 100.0 | 100.0 | 62.1 | 93.0 | 100.0 |
| Wisma Amanah Raya Berhad | | | | | | |
| Revenue | 2,822 | 2,978 | 3,473 | 3,716 | 3,327 | 2,891 |
| Occupancy rate (%) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Wisma UEP | | | | | | |
| Revenue | 1,437 | 1,525 | 1,505 | 1,847 | 2,100 | 1,750 |
| Occupancy rate (%) | 95.9 | 95.9 | 100.0 | 100.0 | 93.7 | 93.7 |
| SEGi College** | | | | | | |
| Revenue | - | - | - | - | - | 1,998 |
| Occupancy Rate (%) | - | - | - | - | - | 100.0 |
| Total | 10,816 | 14,339 | 14,814 | 13,286 | 10,408 | 14,704 |

Notes:-

* Vendor only acquired HVAS, HVL and Permanis Factory in 2006.

** SEGi College was completed in January 2006.

*** South City Plaza was completed in 2002.

10. **FINANCIAL INFORMATION OF AMANAHRAYA REIT (Cont'd)**

Commentaries of the past performance of the Properties

FY ended ("FYE") 31 December 2001

Rental income during the year was attributed from Wisma AmanahRaya, Wisma Amanah Raya Berhad and Wisma UEP. Net revenue during the year recorded was RM10.8 million and the property operating expenses was RM4.0 million. The net property income during the year was RM6.8 million.

FYE 31 December 2002

Net revenue increased to RM14.3 million due to the 5-year revision of rental rates of Wisma AmanahRaya where Standard Chartered Bank (M) Berhad ("Standard Chartered") occupied the whole buildings at the time.

Standard Chartered had occupied Wisma AmanahRaya for many years and moved out in 2004. The increase in revenue in 2002 was also due to a rental adjustment in Wisma Amanah Raya Berhad.

FYE 31 December 2003

Net revenue recorded during the year was RM14.8 million and the property operating expenses was RM5.4 million. The net property income recorded an increase of 5.3% to RM9.4 million as a result of 16.6% increase in rental income from Wisma Amanah Raya Berhad.

FYE 31 December 2004

Net revenue recorded during the year decreased 10.3% to RM13.3 million. The main reason was due to Standard Chartered decision to discontinue leasing 3rd floor to 15th floor of Wisma AmanahRaya in September. Although South City Plaza started to generate rental income since 2003, it only attributed 2.6% of the total net property income. Total net property income decreased by 41.1% or RM3.85 million during the year. Total operating expenses during the year was RM7.8 million.

FYE 31 December 2005

Net property income further deteriorated by 54.0% to RM2.5 million as compared to RM5.5 million in 2004. The low net property income was mainly due to the departure of Standard Chartered and the relevant floors were only taken up in July when ARB and its subsidiaries leased the vacant space. Furthermore, the delay in the relocation of ARB's headquarters from Wisma Amanah Raya Berhad to Wisma AmanahRaya resulted in the delay of CIMB to occupy Wisma Amanah Raya Berhad. Two months free rental were also given to secure new tenant. Total operating expenses during the year was RM7.9 million.

10 months period ended 31 October 2006

Due to changes in ownership in 6 of the properties, (excluding Wisma Amanah Raya Berhad and Wisma UEP) when the acquisitions by the Vendor were completed from the respective vendors in 2006, some of the properties were owner occupied and upon being owned by the Vendor, the properties were generating rental income. The rentals of the 6 properties received by the Vendor were on a net basis with no expenses, based on the lease agreements.

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10. FINANCIAL INFORMATION OF AMANAHRAYA REIT (Cont'd)

10.3 Proforma balance sheets

The proforma balance sheets of AmanahRaya REIT as at date of establishment set out below are provided for illustrative purpose only:

| | As at date of establishment (unaudited) RM'000 | Proforma I RM'000 | Proforma II RM'000 | Proforma III 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 |
| UNITHOLDERS' FUNDS | | | | |
| Units in issue | 1 | 128,801 | 128,801 | 180,274 |
| Estimated listing expenses | - | - | - | (6,091) |
| | 1 | 128,801 | 128,801 | 174,183 |
| NON- CURRENT LIABILITY | | | | |
| Borrowings | - | - | 168,000 | 168,000 |
| | 1 | 128,801 | 296,801 | 342,183 |
| Net asset value (RM'000) | 1 | 128,801 | 128,801 | 174,183 |
| Number of units in issue ('000) | 1 | 128,801 | 128,801 | 184,000 |
| Net asset value ("NAV") per unit (RM) | 1.00 | 1.00 | 1.00 | 0.95 |

The proforma balance sheets have been prepared based on the principal bases and assumptions set out in section 10.13 of this Prospectus (Reporting Accountants' Letter on the proforma balance sheet). We advise you to read section 10.13 of this Prospectus together with the proforma balance sheet set out above.

10.4 Significant accounting policies

The following significant accounting policies will be adopted by AmanahRaya REIT:-

(a) Basis of preparation

The financial statements of the AmanahRaya REIT will be prepared under the historical cost convention except for the revaluation of investment properties.

The financial statements will comply with the provisions of the Companies Act 1965 and applicable MASB approved accounting standards in Malaysia.

10. FINANCIAL INFORMATION OF AMANAHRAYA REIT (Cont'd)

(b) Investment properties

Investment properties, which are property held to earn rental and/or for capital appreciation, is stated at its fair value at the balance sheet date which reflects market conditions at the balance sheet date. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

Gains or losses arising from changes in the fair value of investment property are included in profit and loss for the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the income statement in the year of retirement or disposal.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances, bank overdrafts, deposits and other short-term highly liquid investment that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(d) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date. Current tax expense also includes other taxes, such as real property gain taxes payable on disposal of properties.

Deferred tax, which includes deferred tax liabilities and assets, is provided for, using the liability method at current tax rate in respect of all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible taxable temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

(e) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue from rental of investment properties are recognised on an accrual basis.

(f) Impairment of assets

At each balance sheet date, AmanahRaya REIT reviews the carrying amount of its assets to determine whether there are any indications of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying values of the asset. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted cash flows.

10. FINANCIAL INFORMATION OF AMANAHRAYA REIT (Cont'd)

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

All reversal of an impairment loss are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal is treated as a revaluation increase.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

(g) Interest-bearing financing facilities

Interest-bearing financing facilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceed (net of transaction costs) and the settlement or redemption of the facilities is recognised over the term of the financing in accordance with AmanahRaya REIT's accounting policy for financing costs.

Financing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income on the temporary investment of specific financing pending their expenditure on qualifying assets is deducted from the financing costs eligible for capitalisation.

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10. FINANCIAL INFORMATION OF AMANAHRAYA REIT (Cont'd)

10.5 Profit Forecast and Projections

The table below sets out AmanahRaya REIT's profit forecast from the Completion Date to 31 December 2007 and profit projections for the FYs ending 31 December 2008 and 2009. The Reporting Accountants' letters on the forecast and projections are set out in sections 10.11 and 10.12 of this Prospectus.

| | FYs ending 31 December | | |
|---|------------------------|-----------------|-----------------|
| | 2007 | 2008 | 2009 |
| | Forecast | Projection | Projection |
| | RM'000 | RM'000 | RM'000 |
| Gross Receipts | | | |
| - Rental Revenue | 19,726 | 22,635 | 23,379 |
| - Car Park Income | 261 | 298 | 298 |
| Total Gross Receipts / Net Revenue | 19,987 | 22,933 | 23,677 |
| Property Operating Expenses | | | |
| Property 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 | 1,210 | 1,395 | 1,435 |
| Net Property Income | 18,777 | 21,538 | 22,242 |
| Interest Income | 78 | 90 | 94 |
| Trust Expenses | | | |
| - Trustee Fees | 61 | 70 | 70 |
| - Administration Expenses | 95 | 159 | 309 |
| - Manager's Fee | 480 | 548 | 548 |
| - Facility Agent Fee | 19 | 21 | 21 |
| - Finance Charges | 7,718 | 8,820 | 8,820 |
| Total Trust Expenses | 8,373 | 9,618 | 9,768 |
| Net Income Before Tax | 10,482 | 12,010 | 12,568 |
| Distributable Income | 10,482 | 12,010 | 12,568 |
| Distribution to Unitholders | (10,482) | (12,010) | (12,568) |
| Net Income Retained | - | - | - |

The profit forecast and projections have been prepared based on the principal bases and assumptions set out in sections 10.11 and 10.12 of this Prospectus (Reporting Accountants' Letters on the profit forecast and projections). We advise you to read sections 10.11 and 10.12 of this Prospectus together with the profit forecast and projections set out above.

10. FINANCIAL INFORMATION OF AMANAHRAYA REIT (Cont'd)

10.6 Forecast and Projected revenue, property operating expenses and Net Property Income of the Properties

All properties are assumed to be fully leased based on the assumption that none of the lease agreements are terminated up until 2009 and that Sime UEP takes up the option to renew its tenancy for another 3 years:-

(i) HVAS

Barring any unforeseen circumstances, our board of directors ("Board") forecasts and projects that the revenues, property operating expenses (excluding the property manager's fee) and net property income of HVAS from the Completion Date to 31 December 2007 and for the FYs ending 31 December 2008 and 2009 are as follows:-

| | FYs ending 31 December | | |
|--|------------------------|-----------------------|-----------------------|
| | 2007 | 2008 | 2009 |
| | Forecast RM'000 | Projections RM'000 | Projections RM'000 |
| Revenue | 1,817 | 2,077 | 2,124 |
| Property operating expenses ¹ | - | - | - |
| Net property income | <u>1,817</u> | <u>2,077</u> | <u>2,124</u> |

Note:-

1. ASHVSB will bear all outgoings on the property.

(ii) HVL

Barring any unforeseen circumstances, our Board forecasts and projects that the revenues, property operating expenses (excluding the property manager's fee) and net property income of HVL from Completion Date to 31 December 2007 and for the FYs ending 31 December 2008 and 2009 are as follows:-

| | FYs ending 31 December | | |
|--|------------------------|-----------------------|-----------------------|
| | 2007 | 2008 | 2009 |
| | Forecast RM'000 | Projections RM'000 | Projections RM'000 |
| Revenue | 3,224 | 3,685 | 3,754 |
| Property operating expenses ¹ | - | - | - |
| Net property income | <u>3,224</u> | <u>3,685</u> | <u>3,754</u> |

Note:-

1. LHVSB will bear all outgoings on the property.

10. FINANCIAL INFORMATION OF AMANAHRAYA REIT (Cont'd)

(iii) Permanis Factory

Barring any unforeseen circumstances, our Board forecasts and projects that the revenues, property operating expenses (excluding the property manager's fee) and net property income of Permanis Factory from the Completion Date to 31 December 2007 and for the FYs ending 31 December 2008 and 2009 are as follows:-

| | FYs ending 31 December | | |
|--|------------------------|-------------|-------------|
| | 2007 | 2008 | 2009 |
| | Forecast | Projections | Projections |
| | RM'000 | RM'000 | RM'000 |
| Revenue | 1,389 | 1,587 | 1,587 |
| Property operating expenses ¹ | - | - | - |
| Net property income | 1,389 | 1,587 | 1,587 |

Note:-

1. *CI Holdings shall bear all service and maintenance charges on the property.*

(iv) SEGi College

Barring any unforeseen circumstances, our Board forecasts and projects that the revenues, property operating expenses (excluding the property manager's fee) and net property income of SEGi College from the Completion Date to 31 December 2007 and for the FYs ending 31 December 2008 and 2009 are as follows:-

| | FYs ending 31 December | | |
|--|------------------------|-------------|-------------|
| | 2007 | 2008 | 2009 |
| | Forecast | Projections | Projections |
| | RM'000 | RM'000 | RM'000 |
| Revenue | 2,747 | 3,139 | 3,224 |
| Property operating expenses ¹ | - | - | - |
| Net property income | 2,747 | 3,139 | 3,224 |

Note:-

1. *SEG International will bear all outgoings on the property.*

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10. FINANCIAL INFORMATION OF AMANAHRAYA REIT (Cont'd)

(v) Blocks A & B, South City Plaza

Barring any unforeseen circumstances, our Board forecasts and projects that the revenues, property operating expenses (excluding the property manager's fee) and net property income of Blocks A & B, South City Plaza from the Completion Date to 31 December 2007 and for the FYs ending 31 December 2008 and 2009 are as follows:-

| | FYs ending 31 December | | |
|--|------------------------|-----------------------|-----------------------|
| | 2007 | 2008 | 2009 |
| | Forecast RM'000 | Projections RM'000 | Projections RM'000 |
| Revenue | 1,055 | 1,206 | 1,248 |
| Property operating expenses ¹ | - | - | - |
| Net property income | 1,055 | 1,206 | 1,248 |

Note:-

1. SEG International will bear all outgoings on the property.

(vi) Wisma AmanahRaya

Barring any unforeseen circumstances, our Board forecasts and projects that the revenues, property operating expenses (excluding the property manager's fee) and net property income of Wisma AmanahRaya from the Completion Date to 31 December 2007 and for the FYs ending 31 December 2008 and 2009 are as follows:-

| | FYs ending 31 December | | |
|--|------------------------|-----------------------|-----------------------|
| | 2007 | 2008 | 2009 |
| | Forecast RM'000 | Projections RM'000 | Projections RM'000 |
| Revenue | 4,732 | 5,408 | 5,808 |
| Property operating expenses ¹ | - | - | - |
| Net property income | 4,732 | 5,408 | 5,808 |

Note:-

1. ARB will bear all outgoings on the property.

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10. FINANCIAL INFORMATION OF AMANAHRAYA REIT (Cont'd)

(vii) Wisma Amanah Raya Berhad

Barring any unforeseen circumstances, our Board forecasts and projects that the revenues, property operating expenses (excluding the property manager's fee) and net property income of Wisma Amanah Raya Berhad from the Completion Date to 31 December 2007 and for the FYs ending 31 December 2008 and 2009 are as follows:-

| | FYs ending 31 December | | |
|--|------------------------|-------------|-------------|
| | 2007 | 2008 | 2009 |
| | Forecast | Projections | Projections |
| | RM'000 | RM'000 | RM'000 |
| Revenue | 3,185 | 3,731 | 3,832 |
| Property operating expenses ¹ | (626) | (726) | (736) |
| Net property income | 2,559 | 3,005 | 3,096 |

Note:-

1. CIMB will bear the daily property management and maintenance, whilst ARB shall only bear the quit rent assessments, insurance and major repair.

(viii) Wisma UEP

Barring any unforeseen circumstances, our Board forecasts and projects that the revenues, property operating expenses (excluding the property manager's fee) and net property income of Wisma UEP from the Completion Date to 31 December 2007 and for the FYs ending 31 December 2008 and 2009 are as follows:-

| | FYs ending 31 December | | |
|--|------------------------|-------------|-------------|
| | 2007 | 2008 | 2009 |
| | Forecast | Projections | Projections |
| | RM'000 | RM'000 | RM'000 |
| Revenue | 1,838 | 2,100 | 2,100 |
| Property operating expenses ¹ | (184) | (210) | (210) |
| Net property income | 1,654 | 1,890 | 1,890 |

Note:-

1. Sime UEP will bear all of the service and maintenance charges and any related capital expenditure. ARB shall be responsible for the costs of major repairs/replacements involving mechanical and electrical equipment as well as major plumbing.

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10. FINANCIAL INFORMATION OF AMANAHRAYA REIT (Cont'd)

10.7 Sensitivity analysis

The profit forecast and projections included in this Prospectus are based on the principal bases and assumptions that have been outlined in Sections 10.11 and 10.12 of this Prospectus. The profit forecast and projections are also subject to a number of risks as outlined in Section 5 of this Prospectus.

You should be aware that future events cannot be predicted with any certainty and that deviation from the figures forecasted or projected in this Prospectus are to be expected. Depicted below is the impact on AmanahRaya REIT's profit and distribution as a result of changes in rental income. The assumptions for rental revenue have been set out in Sections 10.11 and 10.12 of this Prospectus.

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

| | 5% above Base case RM'000 | Base case RM'000 | 5% below Base case RM'000 |
|----------------------------------|--|-----------------------------|--|
| FY 31 December 2007 | | | |
| Net Income | 11,452 | 10,482 | 9,513 |
| % change | +9.25% | - | -9.25% |
| Distribution yield (%) | | | |
| Retail yield [^] | 7.95% | 7.27% | 6.60% |
| Institutional yield [^] | 7.57% | 6.93% | 6.29% |
| [^] Annualised | | | |
| FY 31 December 2008 | | | |
| Net Income | 13,123 | 12,010 | 10,898 |
| % change | +9.26% | - | -9.26% |
| Distribution yield (%) | | | |
| Retail yield | 7.97% | 7.29% | 6.62% |
| Institutional yield | 7.59% | 6.94% | 6.30% |
| FY 31 December 2009 | | | |
| Net Income | 13,716 | 12,568 | 11,420 |
| % change | +9.13% | - | -9.13% |
| Distribution yield | | | |
| Retail yield | 8.33% | 7.63% | 6.93% |
| Institutional yield | 7.93% | 7.27% | 6.60% |

10. FINANCIAL INFORMATION OF AMANAHRAYA REIT (Cont'd)

10.8 Directors' commentary and analysis

Seven (7) out of the eight (8) properties within the AmanahRaya REIT portfolio are secured with long term leases and their respective rental step-up structures. Based on the foregoing our Directors expect the revenue for FYs ending 2007 to 2009 to remain stable. Terms of the aforementioned leases provide for outgoing expenses of all the properties with the exception of Wisma Amanah Raya Berhad and Wisma UEP to be borne by the Lessees, and as such the projected expenses are expected to be minimised. Operating strategies and various internal procedures are in place to sustain the stability of income by reducing lessee/tenant turnover as well as improving returns in line with the REIT investment objectives.

Our Directors confirm that the profit forecast and projections of AmanahRaya REIT and the underlying bases and assumptions stated herein have been reviewed by the Directors after due and careful inquiries, and that the Directors, having taken into account the future prospects of the industry, the future direction of AmanahRaya REIT and its level of gearing, liquidity and working capital requirements, are of the opinion that the profit forecast and projections of AmanahRaya REIT are fair and reasonable.

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

10.9 Distribution Forecast and Projections

Based on the profit forecast and projections of AmanahRaya REIT and the total Units in issue of 184,000,000 Units, our Directors anticipate that they will be in a position to propose a distribution of 100% of AmanahRaya REIT's net income for FYs 31 December 2007 to 31 December 2009, as follows:-

| | FYs ending 31 December | | |
|--|----------------------------|------------------------------|------------------------------|
| | 2007 Forecast RM'000 | 2008 Projection RM'000 | 2009 Projection RM'000 |
| Distribution to Unitholders | 10,482 | 12,010 | 12,568 |
| Gross Distribution per Unit (sen) | 6.51 [^] | 6.53 | 6.83 |
| Gross Distribution Yield based on the Institutional Offer Price of RM0.94 per Unit (%) | 6.93 [^] | 6.94 | 7.27 |
| Gross Distribution Yield based on the Retail Offer Price of RM0.895 per Unit (%) | 7.27 [^] | 7.29 | 7.63 |
| Distribution Rate (%) | 100 | 100 | 100 |
| Distribution cover (times) | 1.0 | 1.0 | 1.0 |

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.

Please refer to section 7.5 of this Prospectus for our distribution policy.

10. FINANCIAL INFORMATION OF AMANAHRAYA REIT (Cont'd)

10.10 Reporting Accountant's Letter on Unaudited Proforma Consolidated Historical Financial Information

BDO Binder (AF 0206)
Chartered Accountants

12th Floor Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur Malaysia
Telephone : (603) 2616 2888
Telefax : (603) 2616 3190, 2616 3191
Website : www.bdobinder.com

Date: 22 DEC 2006

The Board of Directors

AmanahRaya – JMF Asset Management Sdn Bhd
Level 8, Wisma Amanah Raya Berhad
No. 2, Jalan Ampang
50450 Kuala Lumpur

Dear Sirs

**AMANAHRAYA REAL ESTATE INVESTMENT TRUST (“AMANAHRAYA REIT”)
UNAUDITED PROFORMA CONSOLIDATED HISTORICAL FINANCIAL
INFORMATION**

We report on the compilation of the unaudited proforma consolidated historical financial information of AmanahRaya REIT as set out in the accompanying statement in connection with the proposed listing of and quotation for AmanahRaya REIT's units (“Units”) on the Main Board of Bursa Malaysia Securities Berhad through the implementation of the following:

1. Acquisitions of the following Subject Properties from Amanah Raya Berhad (as trustee for Kumpulan Wang Bersama (“KWB”)), for a total consideration of RM336.85 million as tabled below:

| <u>Subject Properties</u> | <u>Consideration</u> RM'000 |
|---------------------------------|--------------------------------|
| Wisma AmanahRaya | 68,000 |
| Wisma Amanah Raya Berhad | 53,000 |
| SEGi College | 52,500 |
| Wisma UEP | 35,500 |
| Permanis Factory | 23,550 |
| Block A & B of South City Plaza | 18,300 |
| Holiday Villa Alor Setar | 31,000 |
| Holiday Villa Langkawi | 55,000 |
| | <hr/> |
| | 336,850 |

The total consideration is to be satisfied by issuance of 128,800,000 new Units in AmanahRaya REIT at RM1.00 each to Amanah Raya Berhad and cash consideration of RM208,050,000 to be raised via issuance of new Units and borrowings to part finance the acquisitions.



2. The Initial Public Offering (“IPO”)

The IPO of 128,799,000 Units representing undivided interest in AmanahRaya REIT comprising:

- (i) Public Issue of 55,199,000 units comprising:
 - 45,999,000 new Units available by way of private placement to selected institutional investors at an institutional offer price of RM0.94 per unit; and
 - 9,200,000 new Units available for application by Malaysian public at the retail offer price of RM0.895 per unit payable in full upon application.
- (ii) Offer for sale of 73,600,000 Units available by way of private placement to selected institutional investors at the institutional offer price of RM0.94 per unit.

3. Listing of and quotation for the entire enlarged fund size on the Main Board of Bursa Malaysia Securities Berhad.

On the basis of information provided by AmanahRaya-JMF Sdn. Bhd. (“ARJMF”) we have compiled, in accordance with the Malaysian Approved Standard on Auditing, AI 4410, Engagement to Compile Financial Information, the unaudited proforma consolidated historical financial information for the financial years ended 31 December 2001 to 2005 and 10 months financial period ended 31 October 2006. The Directors of ARJMF are responsible for this financial information. We have not audited or reviewed this financial information and accordingly express no assurance thereon.

The accompanying unaudited proforma consolidated historical financial information and this letter have been prepared solely for the inclusion in the Prospectus in connection with the aforementioned proposed listing. This letter is not to be reproduced, referred to in any other document, or used for any other purposes without our prior written consent.

Yours faithfully

BDO Binder

BDO Binder
AF: 0206
Chartered Accountants

AMANAHRAYA REAL ESTATE INVESTMENT TRUST (“AmanahRaya REIT”)

**UNAUDITED PROFORMA CONSOLIDATED HISTORICAL FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2001 TO 2005 AND
10 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2006**

1.0 Introduction

AmanahRaya REIT was established on 10 October 2006 pursuant to the Deed entered into between AmanahRaya-JMF Asset Management Sdn. Bhd. (“the Manager” or ARJMF) and CIMB Trustee (“the Trustee”).

AmanahRaya REIT proposes to acquire the following subject properties from the present owner, Amanah Raya Berhad (“ARB”) as trustee for Kumpulan Wang Bersama (“KWB”) (referred to as “the Vendor”)

| <u>Subject Properties</u> | <u>Consideration</u> RM'000 |
|---------------------------------|--------------------------------|
| Wisma AmanahRaya | 68,000 |
| Wisma Amanah Raya Berhad | 53,000 |
| SEGi College | 52,500 |
| Wisma UEP | 35,500 |
| Permanis Factory | 23,550 |
| Block A & B of South City Plaza | 18,300 |
| Holiday Villa Alor Setar | 31,000 |
| Holiday Villa Langkawi | 55,000 |
| | <hr/> |
| | 336,850 |
| | <hr/> |

AmanahRaya REIT is making an initial public offering of 128,799,000 Units representing undivided interest in AmanahRaya REIT comprising:

- (i) Public Issue of 55,199,000 units comprising:
 - 45,999,000 new Units available by way of private placement to selected institutional investors at an institutional offer price of RM0.94 per unit; and
 - 9,200,000 new Units available for application by Malaysian public at the retail offer price of RM0.895 per unit payable in full upon application.
- (ii) Offer for sale of 73,600,000 Units available by way of private placement to selected institutional investors at the institutional offer price of RM0.94 per unit.

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2.0 Bases of Compilation

The unaudited proforma consolidated historical financial information set out in this report, expressed in Ringgit Malaysia (“RM”), is presented for illustrative purposes only on the assumption that the Properties had been in existence as a single entity or group throughout the period under review and based on the representation of the Directors of ARJMF who are of the opinion that the proforma consolidated financial information set out in the report are directly related to the operation of the Properties.

The unaudited proforma consolidated financial information for the financial years ended 31 December (“FY”) 2001 to 2005 and 10 months financial period ended 31 October 2006 has been compiled based on extracts of financial records (as detailed down in item 2.1 to 2.8) of the respective companies which owned the Properties at one point of time

The objective of the unaudited proforma consolidated historical financial information of AmanahRaya REIT is to show what the total returns might have been had AmanahRaya REIT existed at an earlier date, as described above. However, the unaudited proforma consolidated historical financial information of AmanahRaya REIT is not necessarily indicative of the total returns that would have been attained had AmanahRaya REIT actually existed earlier. The unaudited proforma consolidated historical financial information, because of its nature, may not give a true picture of AmanahRaya REIT’s actual total return.

2.1 Wisma Amanah Raya Berhad

The revenue and expenses related to this property was extracted based on the following financial records of the companies which owned the property at one point of time provided to us by the Directors of ARJMF.

| <u>Owned by</u> | <u>Periods of compilation</u> | <u>Financial records</u> |
|-----------------------|--|--|
| ARB as trustee of KWB | • FYs 2001 – 2005 | Based on the audited financial statements of KWB for the respective FYs and the relevant financial records for the same periods. |
| | • 10 months period ended 31 October 2006 | Based on the unaudited accounts of KWB for the financial period ended 31 October 2006 |

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2.2 Wisma Amanah Raya Berhad

The revenue and expenses related to this property was extracted based on the following financial records of the companies which owned the property at one point of time provided to us by the Directors of ARJMF.

| <u>Owned by</u> | <u>Periods of compilation</u> | <u>Financial records</u> |
|------------------------------|--|--|
| Biogenic Sdn. Bhd. | <ul style="list-style-type: none"> FYs 2001 – 2004 From 1 January 2005 to 31 October 2005 | Based on the extracts of unaudited financial information represented by Biogenic Sdn. Bhd. for the respective financial period. |
| ARB (as the trustee for KWB) | <ul style="list-style-type: none"> From 1 November 2005 to 31 December 2005 From 1 January 2006 to 31 October 2006 | <p>Based on the audited financial statements of KWB for the FY 2005 and the relevant financial records for the same period.</p> <p>Based on the unaudited accounts of KWB for the financial period</p> |

2.3 Wisma UEP

The revenue and expenses related to this property was extracted based on the following financial records of the companies which owned the property at one point of time provided to us by the Directors of ARJMF.

| <u>Owned by</u> | <u>Periods of compilation</u> | <u>Financial records</u> |
|---|--|---|
| Sime UEP Development Sdn. Bhd. ("Sime UEP") | <ul style="list-style-type: none"> FYs 2001 – 2003 From 1 January 2004 to 12 September 2004 | Based on the extracts of unaudited financial information for the financial year ended 30 June 2001, 2002, 2003, 2004 and 2005 represented by Sime UEP and have been time apportioned in order to be coterminous with the financial year end of AmanahRaya REIT with the assumption that all the income and expenses were earned and incurred evenly throughout the periods. |
| ARB (as the trustee for KWB) | <ul style="list-style-type: none"> From 13 September 2004 to 31 December 2004 From 1 January 2004 to 31 October 2006 | <p>Based on the audited financial statements of KWB for the FY 2004 and the relevant financial records for the same period.</p> <p>Based on the unaudited accounts of KWB for the financial period</p> |

2.4 SEGi College

The revenue and expenses related to this property was extracted based on the following financial records of the companies which owned the property at one point of time provided to us by the Directors of ARJMF.

| <u>Owned by</u> | <u>Periods of compilation</u> | <u>Financial records</u> |
|-------------------------------------|---|---|
| Shaw Commercial Institute Sdn. Bhd. | <ul style="list-style-type: none"> From 1 January 2006 to 21 May 2006 | The property was only completed in January 2006. Therefore, the compilation of financial information is based on the unaudited management accounts of Shaw Commercial Institute Sdn. Bhd. for the financial period ended 21 May 2006. |
| ARB (as the trustee for KWB) | <ul style="list-style-type: none"> From 21 May 2006 to 31 October 2006 | Based on the unaudited accounts of KWB for the financial period |

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2.5 Permanis Factory

As this is an owner occupied properties, no rental and car park revenue is applicable for this compilation purpose. The expenses related to this property were extracted based on the following financial records of the companies which owned the property at one point of time provided to us by the Directors of ARJMF.

| <u>Owned by</u> | <u>Periods of compilation</u> | <u>Financial records</u> |
|------------------------------|---|--|
| Permanis Sdn. Bhd. | <ul style="list-style-type: none"> • FYs 2001 – 2005 • From 1 January 2006 to 31 May 2006 | <p>Based on the audited financial statements of Permanis Sdn. Bhd. for the financial year ended 30 June 2001, 2002, 2003, 2004, 2005 and 2006 and have been time apportioned in order to be coterminous with the financial year end of AmanahRaya REIT with the assumption that all the income and expenses were earned and incurred evenly throughout the periods.</p> <p>Based also on the relevant financial records for the same periods</p> |
| ARB (as the trustee for KWB) | <ul style="list-style-type: none"> • From 1 June 2006 to 31 October 2006 | Based on the unaudited accounts of KWB for the financial period |

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2.6 Block A & B of South City Plaza

The revenue and expenses related to this property was extracted based on the following financial records of the companies which owned the property at one point of time provided to us by the Directors of ARJMF.

| <u>Owned by</u> | <u>Periods of compilation</u> | <u>Financial records</u> |
|---|--|--|
| <u>Block A</u> Binary Mark Sdn. Bhd. <u>Block B</u> Prestige Front Sdn. Bhd. | <ul style="list-style-type: none"> FYs 2001 – 2005 From 1 January 2006 to 21 August 2006 | <p>Based on the audited financial statements of the respective companies for the respective FYs and the relevant financial records for the same periods.</p> <p>Based on the unaudited accounts of the respective companies for the financial period ended 31 August 2006 and the representation of the management of these companies.</p> |
| ARB (as the trustee for KWB) | <ul style="list-style-type: none"> From 22 August 2006 to 31 October 2006 | Based on the unaudited accounts of KWB for the financial period |

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2.7 Holiday Villa Alor Setar

As this is an owner occupied properties, no rental and car park revenue in applicable for this compilation purpose. The expenses related to this property were extracted based on the following financial records of the companies which owned the property at one point of time provided to us by the Directors of ARJMF.

| <u>Owned by</u> | <u>Periods of compilation</u> | <u>Financial records</u> |
|---|--|---|
| Alor Setar Holiday Villa Sdn. Bhd. ("ASHVSB") | <ul style="list-style-type: none"> FYs 2001 – 2005 | Based on the audited financial statements of ASHVSB for the respective FYs and the relevant financial records for the same periods. |
| | <ul style="list-style-type: none"> From 1 January 2006 to 22 June 2006 | Based on the unaudited accounts of ASHVSB for the financial period ended 30 June 2006 and the representation of the management of ASHVSB. |
| ARB (as the trustee for KWB) | <ul style="list-style-type: none"> From 23 June 2006 to 31 October 2006 | Based on the unaudited accounts of KWB for the financial period |

2.8 Holiday Villa Langkawi

As this is an owner occupied properties, no rental and car park revenue in applicable for this compilation purpose. The expenses related to this property were extracted based on the following financial records of the companies which owned the property at one point of time provided to us by the Directors of ARJMF.

| <u>Owned by</u> | <u>Periods of compilation</u> | <u>Financial records</u> |
|--|--|--|
| Langkawi Holiday Villa Sdn. Bhd. ("LHVSB") | <ul style="list-style-type: none"> FYs 2001 – 2005 | Based on the audited financial statements of LHVSB for the respective FYs and the relevant financial records for the same periods. |
| | <ul style="list-style-type: none"> From 1 January 2006 to 12 July 2006 | Based on the unaudited accounts of LHVSB for the financial period ended 31 July 2006 and the representation of the management of ASHVSB. |
| ARB (as the trustee for KWB) | <ul style="list-style-type: none"> From 13 July 2006 to 31 October 2006 | Based on the unaudited accounts of KWB for the financial period |

10. FINANCIAL INFORMATION OF AMANAHRAYA REIT (Cont'd)

3.0 **Unaudited Proforma Consolidated Historical Financial Information**

Based on the basis of compilation stated above, the unaudited proforma consolidated historical financial information of the Properties for the financial years ended 31 December 2001 to 2005 and 10 months financial period ended 31 October 2006 is set out as follows:-

| | Financial Years ended 31 December | | | | | Financial period ended 31 October |
|--|-----------------------------------|----------------|----------------|----------------|----------------|-----------------------------------|
| | 2001 RM'000 | 2002 RM'000 | 2003 RM'000 | 2004 RM'000 | 2005 RM'000 | 2006 RM'000 |
| <u>Net Revenue⁽¹⁾</u> | | | | | | |
| Rental Income | 10,592 | 14,115 | 14,588 | 13,058 | 10,207 | 14,455 |
| Car park income | 224 | 224 | 226 | 228 | 201 | 249 |
| | <u>10,816</u> | <u>14,339</u> | <u>14,814</u> | <u>13,286</u> | <u>10,408</u> | <u>14,704</u> |
| Less: Property operating expenses | | | | | | |
| <u>Property cost⁽²⁾</u> | | | | | | |
| Assessment and quit rent | 904 | 1,268 | 1,274 | 1,286 | 1,387 | 835 |
| Insurance | 238 | 301 | 323 | 269 | 270 | 189 |
| | <u>1,142</u> | <u>1,569</u> | <u>1,597</u> | <u>1,555</u> | <u>1,657</u> | <u>1,024</u> |
| <u>Operating Cost</u> | | | | | | |
| Utilities expenses ⁽³⁾ | 839 | 1,051 | 950 | 953 | 685 | 109 |
| Security ⁽³⁾ | 328 | 429 | 356 | 424 | 231 | 102 |
| Cleaning and sewerage charges ⁽³⁾ | 193 | 218 | 193 | 154 | 57 | 1 |
| Repair, maintenance and building expenses ⁽⁴⁾ | 582 | 765 | 729 | 1,412 | 1,539 | 668 |
| Salaries and wages ⁽³⁾ | 137 | 249 | 460 | 394 | 331 | 258 |
| Depreciation ⁽⁵⁾ | 621 | 905 | 907 | 1,042 | 917 | 393 |
| Management fees ⁽³⁾ | 199 | 249 | 244 | 226 | 97 | - |
| Impairment loss on investment property ⁽⁶⁾ | - | - | - | 1,598 | - | - |
| Relocation costs ⁽⁷⁾ | - | - | - | - | 2,350 | - |
| | <u>2,899</u> | <u>3,867</u> | <u>3,839</u> | <u>6,203</u> | <u>6,207</u> | <u>1,531</u> |
| Total property operating expenses | <u>4,041</u> | <u>5,435</u> | <u>5,436</u> | <u>7,758</u> | <u>7,864</u> | <u>2,555</u> |
| Net property income | <u>6,775</u> | <u>8,904</u> | <u>9,378</u> | <u>5,528</u> | <u>2,544</u> | <u>12,149</u> |

Notes:

(1) Net revenue

No rental and car park revenue is recognised for the owner occupied Properties such as Permanis Factory, Holiday Villa Alor Setar and Holiday Villa Langkawi as it is not applicable to estimate the proforma revenue for the five (5) financial years ended 31 December 2005 and 10 month financial period ended 31 October 2006 given that there is no reasonable basis to determine historical rental rate.

10. **FINANCIAL INFORMATION OF AMANAHRAYA REIT (Cont'd)**

(2) *Property costs*

Future quit rent, assessment and insurance will be borne by the Master Lessees in accordance with the Lease Arrangement except for Wisma Amanah Raya Berhad which will be borne by AmanahRaya REIT.

(3) *Operating costs*

All these costs refer to expenses incurred in operating the properties' activities. No such expenses were included in the compilation for owner occupied Properties.

Future expense of these costs will be borne by the Master Lessees.

(4) *Repair, maintenance and building expenses*

Future repair, maintenance and building expenses will be borne by the Master Lessees in accordance with the Lease Arrangements except for Wisma Amanah Raya Berhad and Wisama UEP which will be borne by AmanahRaya REIT.

(5) *Depreciation*

Certain Properties were classified as property, plant and equipment for the five (5) financial years ended 31 December 2005 and 10 month financial period ended 31 October 2006. Accordingly, the Properties were subject to depreciation.

However, for AmanahRaya REIT, the Properties will be classified as investment properties and will not be depreciated but are subject to impairment review in accordance with Malaysian Financial Reporting Standard 140 Investment Property.

(6) *Impairment loss on Investment Properties*

The impairment loss was in respect of fair value adjustment on the Wisma Amanah Raya Berhad, during the financial year ended 31 December 2004.

(7) *Relocation cost*

The relocation cost was incurred to compensate an ex-tenant of Wisma Amanah Raya Berhad for the early termination of tenancy.

The extraction of expenses above consists of expenses directly related to the operations of the Properties. The Property Income does not include the expenses specifically incurred by a REIT, e.g. trustee fees, manager fees and property management fees etc, as the AmanahRaya REIT has not been established.

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10.11 Reporting Accountants' Letter on Profit Forecast for the Financial Year Ending 31 December 2007



BDO Binder (AF 0206)
Chartered Accountants

12th Floor Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur Malaysia
Telephone : (603) 2616 2888
Telefax : (603) 2616 3190, 2616 3191
Website : www.bdobinder.com

Date: 22 DEC 2006

The Board of Directors
AmanahRaya – JMF Asset Management Sdn Bhd
Level 8, Wisma Amanah Raya Berhad
No.2, Jalan Ampang
50450 Kuala Lumpur

Dear Sirs

**AMANAHRAYA REAL ESTATE INVESTMENT TRUST (“AMANAHRAYA REIT”)
PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007**

We have reviewed the profit forecast for the financial year ending 31 December 2007 of AmanahRaya REIT as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the Malaysian Approved Standard on Auditing, AI 3400, The Examination of Prospective Financial Information. The profit forecast has been prepared for inclusion in the Prospectus in connection with the proposed listing of and quotation for AmanahRaya REIT's units (“Units”) on the Main Board of Bursa Malaysia Securities Berhad through the implementation of the following:

1. Acquisitions of the following Subject Properties from Amanah Raya Berhad (as trustee for Kumpulan Wang Bersama (“KWB”)), for a total consideration of RM336.85 million as tabled below:

| <u>Subject Properties</u> | <u>Consideration</u> |
|---------------------------------|----------------------|
| | RM'000 |
| Wisma AmanahRaya | 68,000 |
| Wisma Amanah Raya Berhad | 53,000 |
| SEGi College | 52,500 |
| Wisma UEP | 35,500 |
| Permanis Factory | 23,550 |
| Block A & B of South City Plaza | 18,300 |
| Holiday Villa Alor Setar | 31,000 |
| Holiday Villa Langkawi | 55,000 |
| | <hr/> |
| | 336,850 |

The total consideration is to be satisfied by issuance of 128,800,000 new Units in AmanahRaya REIT at RM1.00 each to Amanah Raya Berhad and cash consideration of RM208,050,000 to be raised via issuance of new Units and borrowings to part finance the acquisitions.



2. The Initial Public Offering (“IPO”)

The IPO of 128,799,000 Units representing undivided interest in AmanahRaya REIT comprising:

- (i) Public Issue of 55,199,000 units comprising:
 - 45,999,000 new Units available by way of private placement to selected institutional investors at an institutional offer price of RM0.94 per unit; and
 - 9,200,000 new Units available for application by Malaysian public at the retail offer price of RM0.895 per unit payable in full upon application.
- (ii) Offer for sale of 73,600,000 Units available by way of private placement to selected institutional investors at the institutional offer price of RM0.94 per unit.

3. Listing of and quotation for the entire enlarged fund size on the Main Board of Bursa Malaysia Securities Berhad (“Proposed Listing”).

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all materials respects, are properly prepared on the basis of assumptions made by the Directors of the Manager and are presented on a basis consistent with the accounting policies to be adopted by AmanahRaya REIT. The Directors of the Manager are solely responsible for the preparation and presentation of the profit forecast and the assumptions on which the profit forecast are based.

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

Subject to the matter stated in the preceding paragraph:

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors of the Manager, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit forecast; and
- (ii) in our opinion, the profit forecast, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the Directors of the Manager and are presented on a basis consistent with the accounting policies to be adopted by AmanahRaya REIT.



The accompanying profit forecast and this letter have been prepared solely for the purpose stated above in connection with the aforementioned proposals. This letter is not to be reproduced, referred to in any other document, or used for any other purposes without our prior written consent.

Yours faithfully

BDO Binder

BDO Binder
AF: 0206
Chartered Accountants

A handwritten signature in black ink, appearing to read 'James Chan Kuan Chee'.

James Chan Kuan Chee
2271/10/07 (J)
Partner

Kuala Lumpur

**AMANAHRAYA REAL ESTATE INVESTMENT TRUST (“AmanahRaya REIT”)
PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2007 TOGETHER
WITH THE PRINCIPAL BASES AND ASSUMPTIONS THERETO**

The Directors of the Manager forecast that, barring unforeseen circumstances, the earnings before and after tax of AmanahRaya REIT for the financial year ending 31 December 2007 will be as follows:

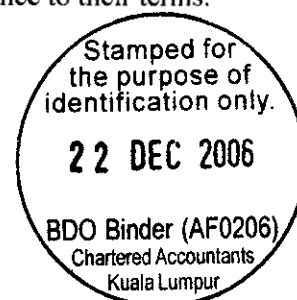
| | 1.1.2007 to 31.12.2007 |
|---------------------------------|---------------------------------------|
| | RM'000 |
| Revenue | <u>19,987</u> |
| Earnings before taxation | 10,482 |
| Taxation | <u>-</u> |
| Earnings after taxation | 10,482 |
| Distribution to Unitholders | <u>(10,482)</u> |
| Earnings retained | <u>-</u> |
| Number of Units in issue ('000) | <u>184,000</u> |
| Distribution per Unit (sen) | <u>5.70</u> |

The principal bases and assumptions upon which the profit forecast have been made are set out below:

1. **Rental Revenue**

Rental revenue is recognised in the income statement when it accrues and is based on the assumption that AmanahRaya REIT has the right to receive lease payment from all properties comprising Wisma AmanahRaya, Wisma Amanah Raya Berhad, SEGi College, Wisma UEP, Permanis Factory, Block A & B of South City Plaza, Holiday Villa Alor Setar and Holiday Villa Langkawi (“Subject Properties”) by 16 February 2007.

The profit forecast are based on current lease agreements, taking into account that all the lease agreements are enforceable and will be performed in accordance to their terms.



2. **Interest Income**

It is assumed that surplus funds will be placed in the money market to earn interest income at prevailing rate of 1.5% per annum.

3. **Quit Rent, Assessment and Insurance**

It is assumed that quit rent, assessment and insurance for the Subject Properties will be paid by the master lessees except for Wisma Amanah Raya Berhad. Quit rent, assessment and insurance for Wisma Amanah Raya Berhad is assumed to remain at current rate.

4. **Bad and Doubtful Debts**

There will be no bad debts written off or provision for doubtful debts need to be made during forecasted period.

5. **Trustee's Fee**

The forecasted trustee's fee is assumed to be at 0.04% of the net asset value of the AmanahRaya REIT.

6. **Property Management Fee**

Property management fee will be payable at the following rate:

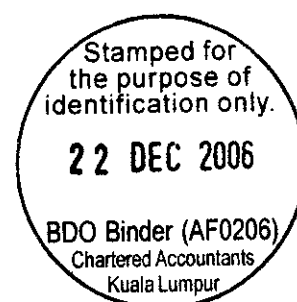
- (i) 5% per annum of the first RM30,000 of the annual Gross Receipts relating to the Properties;
- (ii) 3% per annum of the next RM30,001 to RM100,000 of the annual Gross Receipts relating to the Properties; and
- (iii) 2% per annum of over the amounts above RM100,000 of the annual Gross Receipts relating to the Properties

The property management fee may be subject to discount in accordance with the Valuers, Appraisers and Estate Agents Act, 1981.

The property management fee is subject to 5% government service tax.

7. **REIT Management Fee**

REIT management fee is forecasted to be payable at the rate of 0.3% of the net asset value of AmanahRaya REIT. The REIT management fee is subject to 5% government service tax.



8. **Service Charges**

There will be no service charges for the Subject Properties other than Wisma Amanah Raya Berhad. Service charge for Wisma Amanah Raya Berhad is based on the rate set out in the lease agreement.

9. **Repair and Maintenance Expenses**

There will be no repair and maintenance expenses incurred for the Subject Properties other than Wisma UEP and Wisma Amanah Raya Berhad. The repair and maintenance expenses for Wisma UEP and Wisma Amanah Raya Berhad are provided for annually based on the following:

| | |
|--------------------------|----------------|
| Wisma UEP | 10% of revenue |
| Wisma Amanah Raya Berhad | 5% of revenue |

It is assumed that there will be no significant fluctuation in the repair and maintenance expenses incurred with the estimation made by the Directors of the Manager and there will be no major defects, repair or refurbishment work to be done in the forecast period.

10. **Administration Expenses**

The administration expenses for the financial year ending 2007 is forecasted to be RM87,500. Administration expenses include expenses such as accounting, audit and tax advisory fees, costs associated with the preparation and distribution reports to Unitholders, investor communications costs and other miscellaneous expenses. It is assumed that there will be no significant fluctuation in the administration expenses incurred with the estimation made by the Directors of the Manager in the profit forecast period.

11. **Finance Cost**

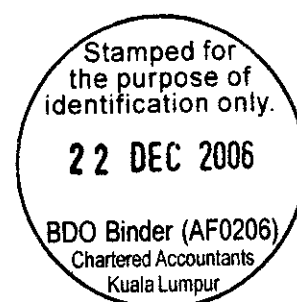
AmanahRaya REIT will be obtaining borrowings of RM168,000,000 on 16 February 2007. An annual interest rate of 5.25% will be charged on the borrowings and it is expected that no principal repayment would be made during the forecast period.

12. **Taxation**

There will be no significant changes in the tax regulations or other levies from current levels. The taxation of the AmanahRaya REIT is based on the statutory tax rate of 27% on the remaining balance of the undistributed income.

13. **Distribution to Unitholders**

The entire earnings before taxation for the financial year ending 31 December 2007 are assumed to be equal to the distributable income and will be distributed to Unitholders.



14. **Properties Value**

In accordance with Malaysian Financial Reporting Standards 140 Investment Properties - Fair value model, all changes in the fair value of the Subject Properties are required to be recognised in the income statement. The Directors of the Manager have assumed that there will be no material fluctuations on the market value of the Subject Properties during the forecast period.

15. **Other Assumptions**

- the existing terms and conditions of contracts and agreements entered into by AmanahRaya REIT will remain in force;
- there will be no forfeiture of existing lease agreements and it is assumed that lease agreements expiring in the profit forecast period will be renewed at the lease rates provided for in the agreements;
- there will be no significant changes in the prevailing economic and political conditions in Malaysia which will adversely affect the operations of AmanahRaya REIT;
- there will be no significant changes in the Subject Properties which will adversely affect the management of AmanahRaya REIT;
- there will be no material changes in the present legislation, Government policies or regulations, the regulations of Bursa Malaysia Securities Berhad and the Securities Commission and guidelines of the other regulatory authorities which will affect the activities of AmanahRaya REIT;
- there will be continuity in the existing key personnel and management, and there will be no material changes in the existing accounting, management and operating policies adopted by AmanahRaya REIT;
- there will be no significant change in the current principal activities, composition and structure of the AmanahRaya REIT apart from the acquisition of the Subject Properties;
- there will be no major proceedings against AmanahRaya REIT which will adversely affect the activities or performance of AmanahRaya REIT or give rise to any contingent liabilities which will materially affect the financial position or business of AmanahRaya REIT;
- it is assumed that insurance coverage on the Subject Properties of AmanahRaya REIT against fire and other risks are sufficient;
- there will be no significant changes in the rate of inflation; and
- the acquisition of the Subject Properties will be completed on 16 February 2007 upon completion of the Proposed Offering and Proposed Listing on the same day as well.



10. FINANCIAL INFORMATION OF AMANAHRAYA REIT (Cont'd)

10.12 Reporting Accountants' Letter on Profit Projections for the Financial Years Ending 31 December 2008 and 2009

BDO Binder (AF 0206)
Chartered Accountants

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1008 Jalan Sultan Ismail
50250 Kuala Lumpur Malaysia
Telephone : (603) 2616 2888
Telefax : (603) 2616 3190, 2616 3191
Website : www.bdobinder.com

Date: 22 DEC 2006

The Board of Directors
AmanahRaya – JMF Asset Management Sdn Bhd
Level 8, Wisma Amanah Raya Berhad
No.2, Jalan Ampang
50450 Kuala Lumpur

Dear Sirs

**AMANAHRAYA REAL ESTATE INVESTMENT TRUST (“AMANAHRAYA REIT”)
PROFIT PROJECTIONS FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2008
AND 2009**

We have reviewed the profit projections of AmanahRaya REIT for the financial years ending 31 December 2008 and 2009 as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the Malaysian Approved Standards on Auditing, AI 3400, The Examination of Prospective Financial Information. The profit projections have been prepared for inclusion in the Prospectus in connection with the proposed listing of and quotation for AmanahRaya REIT's units (“Units”) on the Main Board of Bursa Malaysia Securities Berhad through the implementation of the following:

1. Acquisitions of the following Subject Properties from Amanah Raya Berhad (as trustee for Kumpulan Wang Bersama (“KWB”)), for a total consideration of RM336.85 million as tabled below:

| <u>Subject Properties</u> | <u>Consideration</u> RM'000 |
|---------------------------------|--------------------------------|
| Wisma AmanahRaya | 68,000 |
| Wisma Amanah Raya Berhad | 53,000 |
| SEGi College | 52,500 |
| Wisma UEP | 35,500 |
| Permanis Factory | 23,550 |
| Block A & B of South City Plaza | 18,300 |
| Holiday Villa Alor Setar | 31,000 |
| Holiday Villa Langkawi | 55,000 |
| | <hr/> |
| | 336,850 |
| | <hr/> |

The total consideration is to be satisfied by issuance of 128,800,000 new Units in AmanahRaya REIT at RM1.00 each to Amanah Raya Berhad and cash consideration of RM208,050,000 to be raised via issuance of new Units and borrowings to part finance the acquisitions.



2. The Initial Public Offering (“IPO”)

The IPO of 128,799,000 Units representing undivided interest in AmanahRaya REIT comprising:

(i) Public Issue of 55,199,000 units comprising:

- 45,999,000 new Units available by way of private placement to selected institutional investors at an institutional offer price of RM0.94 per unit; and
- 9,200,000 new Units available for application by Malaysian public at the retail offer price of RM0.895 per unit payable in full upon application.

(ii) Offer for sale of 73,600,000 Units available by way of private placement to selected institutional investors at the institutional offer price of RM0.94 per unit.

3. Listing of and quotation for the entire enlarged fund size on the Main Board of Bursa Malaysia Securities Berhad (“Proposed Listing”).

Our review has been undertaken to enable us to form an opinion as to whether the profit projections, in all material respects, are properly prepared on the basis of assumptions made by the Directors of the Manager and are presented on a basis consistent with the accounting policies to be adopted by AmanahRaya REIT. The Directors of the Manager are solely responsible for the preparation and presentation of the profit projections and the assumptions on which the projections are based.

The projections cover an extended future period of time for which there are inherent risks and, therefore, should be treated with caution. Due to the extended future period of time, there is an inherent limitation on the ability of the Directors of the Manager to make best-estimate assumptions. The Directors in preparing the projections have, therefore out of necessity, based them on hypothetical assumptions about future events and management actions which are not necessarily expected to take place. As such, these projections may not be appropriate for other purposes. Even if the events anticipated under the hypothetical assumptions occur, actual results are likely to be different from the projections since other anticipated events frequently do not occur as expected and the variations could be material. Since the projections are based on hypothetical assumptions, we are not in a position to, and we do not, express any opinion as to whether the profit projections will be achieved.



Subject to the matter stated in the preceding paragraph:

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors of the Manager, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit projections; and
- (ii) in our opinion, the profit projections, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the Directors of the Manager and are presented on a basis consistent with the accounting policies to be adopted by AmanahRaya REIT.

The accompanying projections and this letter have been prepared solely for the purpose stated above in connection with the aforementioned proposals. This letter is not to be reproduced, referred to in any other document, or used for any other purposes without our prior written consent.

Yours faithfully

BDO Binder

BDO Binder
AF: 0206
Chartered Accountants

A handwritten signature in black ink, appearing to read 'James Chan Kuan Chee'.

James Chan Kuan Chee
2271/10/07 (J)
Partner

Kuala Lumpur

**AMANAHRAYA REAL ESTATE INVESTMENT TRUST (“AmanahRaya REIT”)
PROFIT PROJECTIONS FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2008
AND 2009 TOGETHER WITH THE PRINCIPAL BASES AND ASSUMPTIONS
THERETO**

The Directors of the Manager project that, barring unforeseen circumstances, the earnings before and after tax of AmanahRaya REIT for the financial years ending 31 December 2008 and 2009 will be as follows:

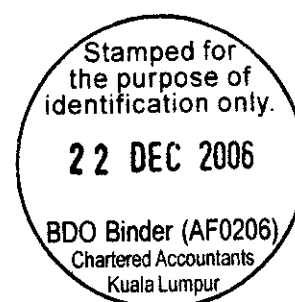
| | 2008 | 2009 |
|---------------------------------|-----------------|-----------------|
| | RM'000 | RM'000 |
| Revenue | <u>22,933</u> | <u>23,677</u> |
| Earnings before taxation | 12,010 | 12,568 |
| Taxation | <u>-</u> | <u>-</u> |
| Earnings after taxation | 12,010 | 12,568 |
| Distribution to Unitholders | <u>(12,010)</u> | <u>(12,568)</u> |
| Earnings retained | <u>-</u> | <u>-</u> |
| Number of Units in issue ('000) | <u>184,000</u> | <u>184,000</u> |
| Distribution per Unit (sen) | <u>6.53</u> | <u>6.83</u> |

The principal bases and assumptions upon which the profit projections have been made are set out below:

1. **Rental Revenue**

Rental revenue is recognised in the income statement when it accrues and is based on the assumption that AmanahRaya REIT has the right to receive lease from all properties comprising Wisma AmanahRaya, Wisma Amanah Raya Berhad, SEGi College, Wisma UEP, Permanis Factory, Block A & B of South City Plaza, Holiday Villa Alor Setar and Holiday Villa Langkawi (“Subject Properties”) by 16 February 2007.

The profit projections are based on current lease agreements, taking into account that all the lease agreements are enforceable and will be performed in accordance to their terms.



2. **Interest Income**

It is assumed that surplus funds will be placed in the money market to earn interest income at prevailing rate of 1.5% per annum.

3. **Quit Rent, Assessment and Insurance**

It is assumed that quit rent, assessment and insurance for the Subject Properties will be paid by the master lessees except for Wisma Amanah Raya Berhad. Quit rent, assessment and insurance for Wisma Amanah Raya Berhad is assumed to remain at current rate.

4. **Bad and Doubtful Debts**

There will be no bad debts written off or provision for doubtful debts need to be made during the projected periods.

5. **Trustee's Fee**

The projected trustee's fee is assumed to be at 0.04% per annum of the net asset value of AmanahRaya REIT.

6. **Property Management Fee**

Property management fee will be payable at the following rates:

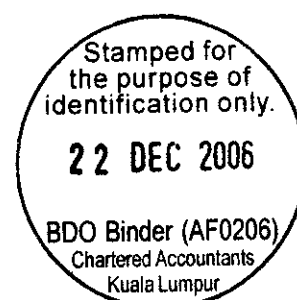
- (i) 5% per annum of the first RM30,000 of the annual Gross Receipts relating to the Properties;
- (ii) 3% per annum of the next RM30,001 to RM100,000 of the annual Gross Receipts relating to the Properties; and
- (iii) 2% per annum of over the amounts above RM100,000 of the annual Gross Receipts relating to the Properties

The property management fee may be subject to discount in accordance with the Valuers, Appraisers and Estate Agents Act, 1981.

The property management fee is subject to 5% government service tax.

7. **REIT Management Fee**

REIT management fee is projected to be payable at the rate of 0.3% per annum of the net asset value of AmanahRaya REIT. The REIT management fee is subject to 5% government service tax.



8. **Service Charges**

There will be no service charges for the Subject Properties other than Wisma Amanah Raya Berhad. Service charge for Wisma Amanah Raya Berhad is based on the rate set out in the lease agreement.

9. **Repair and Maintenance Expenses**

There will be no repair and maintenance expenses incurred for the Subject Properties other than Wisma UEP and Wisma Amanah Raya Berhad. The repair and maintenance expenses for Wisma UEP and Wisma Amanah Raya Berhad are provided for annually based on the followings:

| | |
|--------------------------|----------------|
| Wisma UEP | 10% of revenue |
| Wisma Amanah Raya Berhad | 5% of revenue |

It is assumed that there will be no significant fluctuation in the repair and maintenance expenses incurred with the estimation made by the Directors of the Manager and there will be no major defects, repair or refurbishment work to be done in the projection periods.

10. **Administration Expenses**

The administration expenses for financial years ending 2008 and 2009 is projected to be RM150,000 and RM300,000 respectively. Administration expenses include expenses such as accounting, audit and tax advisory fees, costs associated with the preparation and distribution reports to Unitholders, investor communications costs and other miscellaneous expenses. It is assumed that there will be no significant fluctuation in the administration expenses incurred with the estimation made by the Directors of the Manager in the projection periods.

11. **Finance Cost**

AmanahRaya REIT will be obtaining borrowings of RM168,000,000. An annual interest rate of 5.25% will be charged on the borrowings and it is expected that no principal repayment would be made for the period under projections.

12. **Taxation**

There will be no significant changes in the tax regulations or other levies from current levels. The taxation of the AmanahRaya REIT is based on the statutory tax rate of 26% on remaining balance of the undistributed income.

13. **Distribution to Unitholders**

The entire earnings before taxation for the financial years ending 31 December 2008 and 2009 are assumed to be equal to the distributable income and will be distributed to Unitholders.

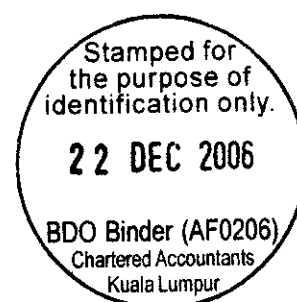


14. **Properties Value**

In accordance with Malaysian Financial Reporting Standards 140 Investment Properties – Fair value model, all changes in the fair value of the Subject Properties are required to be recognised in the income statement. The Directors of the Manager have assumed that there will be no material fluctuations on the market value of the Subject Properties during the projected periods.

15. **Other Assumptions**

- the existing terms and conditions of contracts and agreements entered into by AmanahRaya REIT will remain in force;
- there will be no forfeiture of existing lease agreements and it is assumed that lease agreements expiring in the projection periods will be renewed at the lease rates provided for in the agreements;
- there will be no significant changes in the prevailing economic and political conditions in Malaysia which will adversely affect the operations of AmanahRaya REIT;
- there will be no significant changes in the property which will adversely affect the property management of AmanahRaya REIT;
- there will be no material changes in the present legislation, Government policies or regulations, the regulations of Bursa Malaysia Securities Berhad and the Securities Commission and guidelines of the other regulatory authorities which will affect the activities of AmanahRaya REIT;
- there will be continuity in the existing key personnel and management, and there will be no material changes in the existing accounting, management and operating policies adopted by AmanahRaya REIT;
- there will be no significant change in the current principal activities, composition and structure of the AmanahRaya REIT apart from the acquisition of the Subject Properties;
- there will be no major proceedings against AmanahRaya REIT which will adversely affect the activities or performance of AmanahRaya REIT or give rise to any contingent liabilities which will materially affect the financial position or business of AmanahRaya REIT;
- it is assumed that insurance coverage on the Subject Properties of AmanahRaya REIT against fire and other risks are sufficient;
- there will be no significant changes in the rate of inflation; and
- the acquisition of the Subject Properties will be completed on 16 February 2007 upon completion of the Proposed Offering and Proposed Listing on the same day as well.



10.13 Reporting Accountants' Letter on Proforma Balance Sheets as at Date of Establishment



BDO Binder (AF 0206)
Chartered Accountants

12th Floor Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur Malaysia
Telephone : (603) 2616 2888
Telefax : (603) 2616 3190, 2616 3191
Website : www.bdobinder.com

Date: 22 DEC 2006

The Board of Directors
AmanahRaya – JMF Asset Management Sdn Bhd
Level 8, Wisma Amanah Raya Berhad
No.2, Jalan Ampang
50450 Kuala Lumpur

Dear Sirs

AMANAHRAYA REAL ESTATE INVESTMENT TRUST (“AmanahRaya REIT”)
PROFORMA BALANCE SHEETS AS AT DATE OF ESTABLISHMENT

We have reviewed the presentation of the proforma balance sheets of AmanahRaya REIT as at date of establishment, together with the notes thereon as set out in the accompanying statement (which we have stamped for the purpose of identification), for which the Directors of AmanahRaya - JMF Asset Management Sdn Bhd (“the Manager”) are solely responsible, for inclusion in the Prospectus in connection with the proposed listing of and quotation for AmanahRaya REIT’s units (“Units”) on the Main Board of Bursa Malaysia Securities Berhad through the implementation of the following:

1. Acquisitions of the following Subject Properties from Amanah Raya Berhad (“ARB”) (as trustee for Kumpulan Wang Bersama (“KWB”)), for a total consideration of RM336.85 million as tabled below:

| <u>Subject Properties</u> | <u>Consideration</u> RM'000 |
|---------------------------------|--------------------------------|
| Wisma AmanahRaya | 68,000 |
| Wisma Amanah Raya Berhad | 53,000 |
| SEGi College | 52,500 |
| Wisma UEP | 35,500 |
| Permanis Factory | 23,550 |
| Block A & B of South City Plaza | 18,300 |
| Holiday Villa Alor Setar | 31,000 |
| Holiday Villa Langkawi | 55,000 |
| | <hr/> |
| | 336,850 |
| | <hr/> |

The total consideration is to be satisfied by issuance of 128,800,000 new Units in AmanahRaya REIT at RM1.00 each to Amanah Raya Berhad and cash consideration of RM208,050,000 to be raised via issuance of new Units and borrowings to part finance the acquisitions.



2. The Initial Public Offering (“IPO”)

The IPO of 128,799,000 Units representing undivided interest in AmanahRaya REIT comprising:

- (i) Public Issue of 55,199,000 units comprising:
 - 45,999,000 new Units available by way of private placement to selected institutional investors at an institutional offer price of RM0.94 per unit; and
 - 9,200,000 new Units available for application by Malaysian public at the retail offer price of RM0.895 per unit payable in full upon application.
- (ii) Offer for sale of 73,600,000 Units available by way of private placement to selected institutional investors at the institutional offer price of RM0.94 per unit.

3. Listing of and quotation for the entire enlarged fund size on the Main Board of Bursa Malaysia Securities Berhad.

In our opinion,

- (i) the proforma balance sheets of AmanahRaya REIT as at date of establishment which are prepared for illustrative purposes only, have been properly compiled on the basis set out in the notes to the proforma balance sheets and such basis is consistent with the proposed accounting policies to be adopted in the preparation of the financial statements of AmanahRaya REIT; and
- (ii) the adjustments are appropriate for the purposes of the proforma balance sheets.

The accompanying proforma balance sheets and this letter have been prepared solely for the purposes stated above in connection with the aforementioned proposals. This letter is not to be reproduced, referred to in any other document, or used for any other purposes without our prior written consent.

Yours faithfully

BDO Binder

BDO Binder
AF: 0206
Chartered Accountants

James Chan Kuan Chee
2271/10/07 (J)
Partner

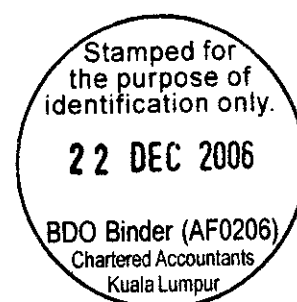
Kuala Lumpur

AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT")

Proforma Balance Sheets
as at Date of Establishment

The proforma balance sheets of AmanahRaya REIT as at date of establishment set out below are provided for illustrative purpose only:

| | As at date of establishment (unaudited) RM'000 | Proforma I RM'000 | Proforma II RM'000 | Proforma III 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 asset/(liability) | 1 | (208,049) | (40,049) | 5,333 |
| | 1 | 128,801 | 296,801 | 342,183 |
| UNITHOLDERS' FUNDS | | | | |
| Units in issue | 1 | 128,801 | 128,801 | 180,274 |
| Estimated listing expenses | - | - | - | (6,091) |
| | 1 | 128,801 | 128,801 | 174,183 |
| NON- CURRENT LIABILITY | | | | |
| Borrowings | - | - | 168,000 | 168,000 |
| | 1 | 128,801 | 296,801 | 342,183 |
| Net asset value (RM'000) | 1 | 128,801 | 128,801 | 174,183 |
| Number of units in issue ('000) | 1 | 128,801 | 128,801 | 184,000 |
| Net asset value ("NAV") per unit (RM) | 1.00 | 1.00 | 1.00 | 0.95 |



**NOTES TO PROFORMA BALANCE SHEETS
AS AT ESTABLISHMENT DATE**

(1) BASIS OF PREPARATION

The proforma balance sheets of AmanahRaya REIT are based on the assumptions that AmanahRaya REIT is in existence on the date of establishment. The accounting policies, basis and assumptions used in the preparation of the proforma balance sheets are consistent with the proposed accounting policies to be adopted in the preparation of the financial statements of AmanahRaya REIT.

(2) PROFORMA BALANCE SHEETS

The proforma balance sheets are prepared for illustrative purpose only and after incorporating the transactions referred to in (A) to (C) as though they were effected on the date of establishment.

(A) PROFORMA I

Proforma I incorporates the effect of the acquisitions of the following Subject Properties. These Subject Properties will be acquired from Amanah Raya Berhad as trustee of Kumpulan Wang Bersama, for a total purchase consideration of RM336,850,000 to be satisfied by the issuance of 128,800,000 new units of AmanahRaya REIT ("Units") at an issue price of RM1.00 per unit and cash consideration of RM208,050,000.

| <u>Subject Properties</u> | <u>Consideration</u> |
|---------------------------------|----------------------|
| | RM'000 |
| Wisma AmanahRaya | 68,000 |
| Wisma Amanah Raya Berhad | 53,000 |
| SEGi College | 52,500 |
| Wisma UEP | 35,500 |
| Permanis Factory | 23,550 |
| Block A & B of South City Plaza | 18,300 |
| Holiday Villa Alor Setar | 31,000 |
| Holiday Villa Langkawi | 55,000 |
| | 336,850 |



(B) PROFORMA II

Proforma II incorporates the effects of Proforma I and the procurement of a 4 years term loan facility of RM168 million at a fixed interest rate of 5.25% per annum which will be used to part finance the acquisition of properties.

(C) PROFORMA III

Proforma III incorporates the effects of Proforma II and the issuance of 55,199,000 new Units in AmanahRaya REIT in the following manner:-

- (i) 45,999,000 new Units available by way of private placement to selected institutional investors at an institutional offer price of RM0.94 per unit; and
- (ii) 9,200,000 new Units available for application by Malaysian public at the retail offer price of RM0.895 per unit payable in full upon application.

It is estimated that the proceeds from the proposed issuance of new Units will be used to settle the estimated listing expenses, which will be borne by AmanahRaya REIT. The estimated listing expenses comprise of followings:

| | RM'000 |
|--|---------------|
| Underwriting fees, brokerage fees and commission | 3,482 |
| Professional fees | 1,455 |
| Regulatory fees | 100 |
| Miscellaneous expenses | 1,054 |
| | <hr/> |
| Total | <u>6,091</u> |





BDO Binder Tax Services Sdn Bhd
(114863-K)
Tax Consultants

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Telefax : (603) 2616 3195
Website : www.bdobinder.com

Private and Confidential

16 JAN 2007

The Board of Directors
AmanahRaya-JMF Asset Management Sdn Bhd
Level 8, Wisma AmanahRaya
2, Jalan Ampang
50450 Kuala Lumpur

Dear Sirs,

1. Taxation of AmanahRaya REIT and Unit Holders

This letter has been prepared for inclusion in the Prospectus of AmanahRaya Real Estate Investment Trust (“AmanahRaya REIT”) to be issued in relation to the offer of units in AmanahRaya REIT and the listing of the units on the Main Board of Bursa Malaysia Securities Berhad.

The purpose of this letter is to provide prospective purchasers of the units in AmanahRaya REIT with an overview of the Malaysian tax consequences of the acquisition, ownership and disposal of the units.

This letter is based on the Malaysian tax laws and the relevant interpretations thereof, current as at the date of this letter, which may be subject to change, possibly with retrospective effect. This letter is not an advice and prospective purchasers of the units are advised to consult their own professional advisers concerning the tax consequences of their particular situation.

2 Taxation of AmanahRaya REIT

2.1 Income Tax

AmanahRaya REIT, approved by the Securities Commission as a real estate investment trust, is a unit trust for Malaysian tax purposes. The taxation of AmanahRaya REIT is governed principally by Sections 61 and 63C of the Income Tax Act 1967 (the “Act”).



Interest income and profits earned by AmanahRaya REIT from the following are exempt from tax:

- any savings certificates issued by the Government;
- securities or bonds issued or guaranteed by the Government;
- debentures, other than convertible loan stock, approved by the Securities Commission;
- Bon Simpanan Malaysia issued by the Central Bank of Malaysia;
- a bank or financial institution licensed under the Banking and Financial Institutions Act 1989 or the Islamic Banking Act 1983;
- income received from sources outside Malaysia; or
- exempt dividends received from Malaysian resident companies.

The gross rental income of AmanahRaya REIT is treated as business income. As such all expenses wholly and exclusively incurred in the production of the gross rental income are deductible against the gross rental income. AmanahRaya REIT is eligible for capital allowances on capital expenditure incurred on the acquisition of plant and machinery used for the purpose of its business. Where AmanahRaya REIT also incurs capital expenditure on the construction or purchase of a building for use as an industrial building, AmanahRaya REIT is also eligible to claim for industrial building allowance. However, the limitation to this special treatment is that the unabsorbed expenses or unutilized capital allowances and/or industrial building allowance for the current year are not allowed for set-off against other sources of income of AmanahRaya REIT. Further, the rental losses and unabsorbed capital allowances/ industrial building allowance cannot be carried forward to the following year for offset against the future rental income of AmanahRaya REIT.

The income received or profits earned by AmanahRaya REIT unless specifically exempted under the Act or by way of specific exemption orders is subject to Malaysian income tax at the rate of 27%. Where, however, 90% or more of the taxable income of AmanahRaya REIT is distributed to unit holders in a basis period (generally the financial year) for a year of assessment, all the taxable income of AmanahRaya REIT for that year of assessment shall be exempt from income tax pursuant to Section 61A (1) of the Act.



Where AmanahRaya REIT distributes income that is exempt from tax under Section 61A (1) to the unit holders (other than resident companies), AmanahRaya REIT shall upon distributing the income deduct therefrom tax at the following rates:

| Type of unit holder | Rate of tax |
|--------------------------------------|-------------|
| Resident and non-resident individual | 15% |
| Non-resident company | 27% |
| Local institutional investor | 15% |
| Foreign institutional investor | 20% |

AmanahRaya REIT shall within one month after distributing the income to the unit holders pay the amount of tax so withheld to the Malaysian Inland Revenue Board (MIRB). Failure to do so will result in AmanahRaya REIT being liable for a 10% penalty on the amount of withholding tax unpaid.

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 unit holders will be subject to tax at 27%, while the unit holders are eligible to claim tax credit.

Taxable dividend income received by AmanahRaya REIT which would have been subjected to tax deduction at source at the rate of 27% will be available for set off either wholly or partly against the tax liability of AmanahRaya REIT. Any excess of the tax deducted over the tax liability will be refundable to AmanahRaya REIT.

2.2 Stamp Duty

Pursuant to the Stamp Duty (Exemption) (No 4) Order 2004, all instruments of transfer of real property to AmanahRaya REIT approved by the Securities Commission are exempted from stamp duty.



2.3 Real Property Gains Tax (“RPGT”)

Capital gains from the realisation of investments by AmanahRaya REIT will not be liable to income tax. However, the gains from the sale of real property or shares in “real property companies” [as defined under the Real Property Gains Tax Act 1976 (“RPGT Act”)] will be subject to real property gains tax, where applicable, under the RPGT Act. The rates of real property gains tax applicable on the gain accruing on the disposal of the chargeable asset by AmanahRaya REIT are as follows:

| Category of disposal | Rate of tax |
|---|-------------|
| Disposal within two years after the date of acquisition | 30% |
| Disposal in the third year after the date of acquisition | 20% |
| Disposal in the fourth year after the date of acquisition | 15% |
| Disposal in the fifth year after the date of acquisition | 05% |
| Disposal in the sixth year after the date of acquisition | NIL |

3. Taxation of the Unit Holders

3.1 Taxable Income of AmanahRaya REIT Distributed in the Same Basis Period

The distribution of the income of AmanahRaya REIT to the unit holders for a year of assessment exempted under Section 61A (1) of the Act must be made not later than two months after the close of the financial year which forms the basis period for a year of assessment of AmanahRaya REIT. Such income distributed by AmanahRaya REIT is subject to tax at the unit holders’ level as follows:

- **Non-Corporate Unit Holders**

Both resident and non-resident individuals that receive income distributed by AmanahRaya REIT which is exempt from tax, will be subject to withholding tax of 15% for a period of five years commencing from year of assessment 2007. As it is a final tax, the individuals are not required to declare the income received from AmanahRaya REIT in their tax return.



- **Corporate Unit Holders**

Resident companies that receive income distributed by AmanahRaya REIT which is exempt from tax, will be subject to income tax at the rate 27%. However, corporate unit holders resident in Malaysia with paid-up share capital in respect of ordinary shares of RM2.5 million and less is subject to a tax rate of 20% on chargeable income up to RM500,000.00. The chargeable income in excess of RM500,000.00 is taxed at the corporate rate of 27%.

Corporate unit holders who are not tax resident of Malaysia will be subject to a final withholding tax at the rate of 27% for a period of five years commencing from year of assessment 2007. Non-resident unit holders may also be subject to tax in their respective tax jurisdictions. Depending on the provisions of the relevant tax legislation and any existing double tax treaties with Malaysia, the Malaysian tax suffered may be claimable against the income subjected to tax in that foreign tax jurisdiction.

- **Institutional Investors**

Foreign institutional investors (pension fund, collective investment funds or such other person approved by the Minister of Finance) will be subject to a final withholding tax of 20%. Local institutional investors other than a unit holder which is a resident company will also be subject to a final withholding tax of 15%. The rates of tax are applicable only for a period of 5 years commencing from year of assessment 2007.

3.2 Failure to comply with 90% Distribution Rule

The income would be subject to income tax at AmanahRaya REIT's level at the rate of 27% if the 90% distribution rule is not complied with. The income distributed to unit holders that is not exempted at AmanahRaya REIT will be taxed on the unit holders at their respective tax rates. However, the unit holders will be entitled to utilize the tax paid by AmanahRaya REIT as a set-off against the tax payable by them as provided under Section 110 of the Act.




3.3 Tax Exempt Income and/or Capital Gains of AmanahRaya REIT

The distribution of the tax exempt income and capital gains which are non-taxable at AmanahRaya REIT's level will continue to be non-taxable at the unit holders' level. Foreign exempt income distributed to resident corporate unit holders can be further paid out as tax exempt dividend to its shareholders.

Any gains realized by the unit holders (other than dealers in securities, financial institutions or insurance companies) on the transfer or sale of the units in AmanahRaya REIT are treated as capital gains which are not subject to Malaysian income tax or capital gains tax.

Yours faithfully,
BDO BINDER TAX SERVICES SDN BHD


RAYMOND KHOO
Director