

6. GENERAL INFORMATION ON REITS

6.1 Introduction to REITs

A REIT is a collective investment scheme that invests primarily in income-producing real estate and real estate related assets and uses the income from the properties, net of expenses, to provide returns to its unitholders.

The key objective of a REIT is to provide unitholders with stable distributions per unit with the potential for sustainable long-term growth of such distributions.

The manager of a REIT aims to achieve the REIT's objective by optimising the performance of the REIT and enhancing the quality of the portfolio of real estate assets through the manager's investment and business strategies.

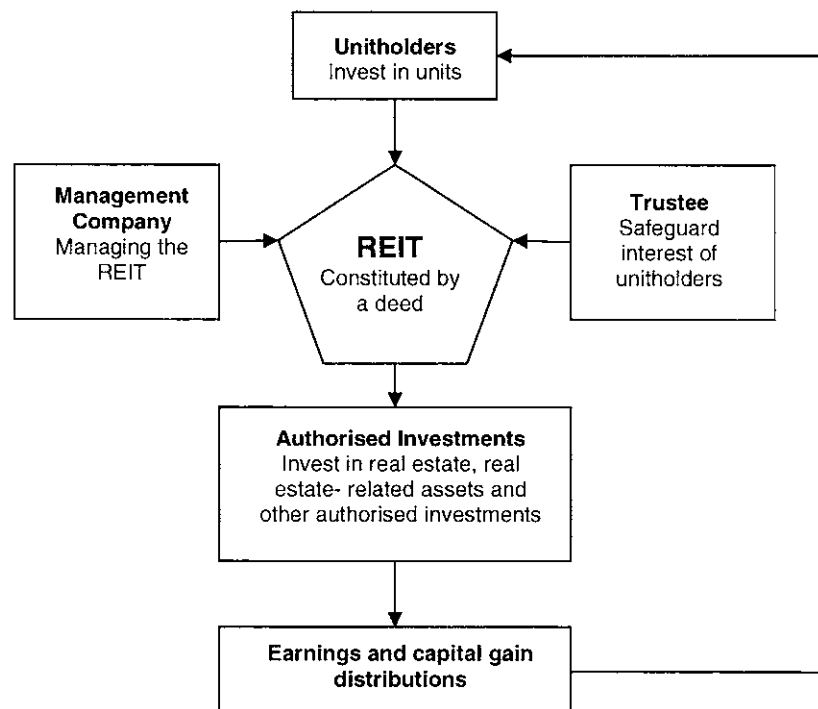
6.2 Structure and organisation of REITs

A REIT's structure is very similar to that of a unit trust, with an independent trustee and a management company. A REIT is initially created by a trust deed being entered into by the trustee and manager of the REIT. This deed, which has to be registered and approved by the SC, outlines:-

- (a) the rights, duties and obligations of the management company, trustee and the unitholders; and
- (b) the terms and conditions for the management and administration of the REIT.

A REIT's objective is to provide unitholders and/or investors with regular returns derived from the earnings and capital gains made from its real estate, real estate-related and other authorised investments.

The basic structure of a REIT is illustrated below:-



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6.3 The regulatory regime

The principal legislation governing the establishment and operation of REITs in Malaysia is the SCA, REIT Guidelines, Unit Trust Guidelines, Central Depositories Act and the Listing Requirements (in the case of listed REITs), which must be complied with at all times subject to any waivers and/or exemptions granted by the SC and/or other relevant Authorities from time to time.

Under the SCA and the REIT Guidelines, certain proposals, such as the following require the approval of the SC:-

- (a) establishment of the REIT;
- (b) appointing of trustee and REIT manager (including its chief executive officer and directors of the Manager); and
- (c) issuing of new units under an existing REIT.

A REIT is also governed by a deed, which incorporates the covenants required under the SCA and the REIT Guidelines. The deed must also be registered with the SC.

6.4 Main parties of a REIT

The main parties of a REIT are as follows:-

(a) Manager

The Manager is obliged under the Deed, SCA and REIT Guidelines to manage and administer the REIT in a proper, diligent and efficient manner and observe high standards of integrity and fair dealing in managing the REIT to the exclusive interests of the unitholders. The manager is independent of the trustee.

Its responsibilities include, managing and administrating the REIT in line with the investment objectives and strategies, strategic direction and risk management policies of the REIT. The manager will also have to manage the assets of the REIT in accordance with the trust deed, REIT Guidelines, the SCA and any other applicable laws.

(b) Trustee

The Trustee is a trust company registered under the Trust Companies Act, 1949. The trustee is obliged under the trust deed, SCA and REIT Guidelines to act as the custodian for all the assets owned by the REIT and, among others, to safeguard the interests of the unitholders. The trustee must ensure that the manager administers the REIT in accordance with the objectives of the REIT and the provisions of the trust deed, SCA and REIT Guidelines.

It is a requirement that the trustee be independent of the management company and the REIT. Its actions should be governed by the provisions provided for in the trust deed and must carry out its duties with due care, skill, diligence and vigilance.

(c) Unitholder

Every unit held in relation to the REIT represents an undivided interest in the REIT. The rights of the unitholder include the entitlement to receive distributions from the REIT and such other rights, interests and entitlements as stated in the deed. However, a unitholder has no equitable or proprietary interest in the underlying assets of the REIT.

6. GENERAL INFORMATION ON REITS (Cont'd)

6.5 General benefits of investing in REITs

The following are some of the general benefits of investing in REITs:-

(a) Stable and predictable income

REITs generally provide investors with predictable and stable income streams. This is because most of the REITs' income is derived from investment grade real estate assets which generate recurring cash flows. Tax incentives, pursuant to the ITA introduced by the government also plays a big part in encouraging REITs to make full dividend payouts annually.

(b) Diversification opportunity with a smaller capital outlay

Typically, most individual investors who intend to have direct investment exposure to real estate is subject to the constraint of and availability of investment capital. REITs allow investors to avoid such constraints and offers investors the opportunity to invest in a broad range of real estate-related assets via a collective pooling of funds.

(c) Professional management

REITs provide investors an opportunity to buy into real estate that is maintained and operated by experienced and professional property manager(s) whose primary role is to increase the value of real estate by maximising the operating income of the property assets and increase capital appreciation in the REIT. As an added comfort to investors, such property manager(s) are overseen by an independent trustee and are regulated on an ongoing basis by the SC.

(d) Liquidity

Investments in units of a listed REIT are highly liquid and can be easily bought or sold through the stock exchange like shares of other public listed companies. Accordingly, investments in REITs, especially listed REITs, are more liquid than investments in physical properties.

(e) Inflation hedge

The values of real estate and rental rates are generally expected to increase during periods of inflation. Therefore, investments in REITs are, to an extent, safeguarded against the long-term effects of inflation.

(f) Capital appreciation potential

REITs have a potential for capital appreciation via an increase in the values of the underlying properties held in its portfolio.

(g) Ownership of high quality real estate

A REIT is also an effective means of gaining investment exposure to large, commercial properties. Depending on the quality of the real estate, holding REIT units is akin to holding stakes in high-grade real estate, which may otherwise have been difficult or impossible for a retail investor to hold without a large investment.

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6. GENERAL INFORMATION ON REITS (Cont'd)

(h) Transparent operating and management policies

The management company is required to adhere to the investment objectives and strategies prescribed in the deed. Most REITs operate along a straightforward and easily understandable business model. By increasing rents or occupancy rates, higher levels of income may be generated. In addition, an independent trustee will safeguard the interest of the unitholders by monitoring and supervising the management company in the management and administration of the REIT. Therefore, investments in REITs generally offer greater earnings transparency and better corporate governance.

Apart from the general benefits disclosed above, you should also note that investing in REITs is subject to certain risks as described in Sections 5 and 6.6 of this Prospectus.

6.6 Risks of investing in REITs**(a) General Risks**

Economic, political and regulatory risks impact the economic environment and therefore the performance of the real estate industry, and consequently the financial performance of the REIT. These uncertainties may arise in Malaysia as well as other countries, both of which may adversely impact the REIT.

The performance of the REIT is dependent on the performance of the manager. Poor management of the REIT may jeopardise your investments through loss of capital and non-compliance of the manager and others associated with the fund, with the deed of the fund, REIT Guidelines, or the internal policies, procedures and controls, all of which may affect the investment of unitholders.

(b) Investment Risks

The price of the REIT is subject to volatility as it is closely linked with the performance of the equity markets. The equity markets are subject to changes in many factors, including but not limited to economic growth, capital flows, fiscal and monetary policies and interest rates. These ever changing factors consequently mean that dividend distribution is not guaranteed.

As real estate assets are physical in nature. They are therefore liable to suffer physical damage caused by fires, floods, earthquakes or other causes, which will result in the loss of income which may not be fully compensated by its insurance policies. Other factors which may affect the earnings potential of real estate assets include but are not limited to the following:-

- vacancies, caused by expiry or termination of leases;
- inadequacy of insurance cover;
- changes to tax regulations and other government policies and/or legislations;
- insolvency of lessees or tenants;
- changes to the terms of lease renewals or new leases which are unfavourable compared with existing arrangements; and
- competition for tenants from other real estates which may adversely affect rental levels and occupancy rate.

6. GENERAL INFORMATION ON REITS (Cont'd)

REITs may also invest in the following assets:-

- single-purpose companies;
- real estate-related assets;
- liquid assets;
- non-real estate related assets; and
- asset backed securities.

Stock market related investments made by the REIT may also be affected by the following risks:-

- Fluctuations in the market that affect price and NAV of the REIT. A particular stock may also be subject to its own unique set of risks which impact its price and value. There may also be a liquidity risk, if a REIT has a large portfolio of stocks which are illiquid, to dispose of these assets the REIT may have to sell off the stocks at a discount therefore affecting the value of the REIT.

REITs which invest in debt-related investments will be subject to the:-

- Fluctuations of bond prices and interest rates. A rise in interest rates would cause a fall in bond prices and result in a fall in NAV of the REIT. Debt-related investments of the REIT would also be subject to credit risk, in the event the issuer of the debt instrument is unable to make timely payment of interest and principal. The value of the debt instrument may fall accordingly, thereby decreasing the NAV of the REIT.

6.7 Comparison with other forms of investments

Every type of investment carries a form of risk-return trade-off. Some of the investments available to investors are as follows:-

(a) Investing in real estate

Investments in real estate typically require a large capital outlay, which therefore restricts many investors from participating. This large capital outlay limits the investor's ability to diversify risk. Furthermore, these types of investments are more commonly less liquid as compared to investments in marketable share or bonds and may be difficult to sell off in a timely manner.

(b) Investing in shares

Investments in equities or shares can deliver higher returns than most other asset classes over the long-term. However, the price of a share is generally more volatile than other asset classes. The share price may fall for many reasons such as general market and economic conditions, risks associated with specific businesses or company specific risks. Company specific risks are inherent in a particular company's performance due to factors that are related to that company. Hence, a company's returns may differ from that of the market. Additionally, investments in shares may not provide regular distributions as compared to investments in REITs.

6. GENERAL INFORMATION ON REITS (Cont'd)

(c) Investing in bonds

Investments in bonds are subject to risks which include credit risk and interest rate risks. These types of investments usually provide a fixed rate of return and a stable stream of income. Bonds are generally considered to be less risky than shares but riskier than cash or fixed deposits.

(d) Investments in cash and fixed deposits

Investments in cash and bank deposits with licensed institutions are considered to be relatively risk free while the underlying risks of investing in REITs are generally higher in comparison. However, investments in REITs could potentially benefit from a moderately higher rate of return as compared to investments in bank deposits, especially in a low interest rate environment. Additionally, investments in bank deposits will not yield capital gains. As such, at times of high inflation, such investments may not provide a positive real return.

(e) Investing in financial derivative products

Financial derivative products may be used to manage an investors' exposure to unexpected fluctuations in the commodity, equity and bond markets and derives its value from underlying instruments such as interest rates, indices and share prices. This form of investment may be volatile and therefore has high investment risks. Investors may be able to earn very high returns or losses without large capital outlays.

6.8 Investor profile

REITs may appeal to an investor who understands the risks related to the real estate industry and REITs, has long term investment objectives with moderate risk appetite and seeks regular distribution income and long term capital appreciation.

6.9 Fees and charges

Investors may incur the following fees and charges upon the purchase, sale and holding of their investment in REITs (so long as the units are listed).

Payable directly by Unitholders

Charges	(%/RM)
Bursa Securities clearing fee	0.04% of the transaction value, subject to a maximum of RM500.00 per transaction
Brokerage	A percentage of the transaction value as prescribed by the authorised depository agents subject to a minimum of RM12.00 per transaction
Stamp duty	0.1% of the transaction value as stated in the contract notes, subject to a maximum of RM200.00 per transaction

6. GENERAL INFORMATION ON REITS (Cont'd)

Payable indirectly by Unitholders

In addition to the costs of maintaining and operating the properties and other income producing assets and the costs of administration of the REIT, the REIT shall incur the following costs:-

Managers fees	The manager receives this fee for managing the REIT
Property managers fees	The property manager receives this fee for managing the properties. The fee is based on a certain graduated scale as provided in the Seventh Schedule of the Valuers, Appraisers and Estate Agents (Amendment) Rules 2002
Trustee fees	The trustee receives this fee for acting as trustee and custodian of the assets and to safeguard the interests of the unitholders
Other fund expenses	The REIT will bear all property operating expenses, including auditors' fees and expenses, fees for valuation of any investments, taxation, advisers' fees and expenses as well as administration expenses. Administration expenses include costs incurred for the convening of any unitholders' meeting, as well as the preparation of the deed and any report pertaining to the REIT to the unitholders. A listed REIT also bears all expenses relating to the listing exercise, which includes the underwriting commissions, placement fees, brokerage, stamp duty (if any) and registration fees in respect of units issued pursuant to the public offering

6.10 Performance indicators and benchmarks

In reviewing the performance of the REIT, you may consider the following definitions of fund returns or performance indicators:-

(a) Management expense ratio ("MER")

The MER of a REIT is the total of all fees incurred in a financial year and deducted directly from that REITs income (*including the annual management fee, the annual trustee fee, the auditors' fees and other professional fees*) and all the expenses not recovered from and/or charged to the REIT (*including the costs of printing, stationary and postage*) expressed as a percentage of the average value of the fund.

The MER is a useful way to compare costs of investments in a REIT with the costs of other investments of similar nature. The MER of a REIT is calculated as follows:-

$$\text{MER} = \frac{\text{Fees + non-recoverable expenses}}{\text{Average value of a REIT calculated on a daily basis}} \times 100$$

6. GENERAL INFORMATION ON REITS (Cont'd)

(b) Total returns

Total return is computed based on the actual gross income distribution and the net change in the weighted average market price for the year, over the weighted average market price of the REIT for the respective year.

(c) Average annual return

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

(d) Distribution yield

The ratio of distribution paid to unitholders from the REIT's distributable income to the price paid by an investor for the units of a REIT or the prevailing market price of the units of a REIT, as the case may be.

(e) Net asset value

The net "market value" of a company's assets, including but not limited to its properties, after subtracting all its liabilities and obligations.

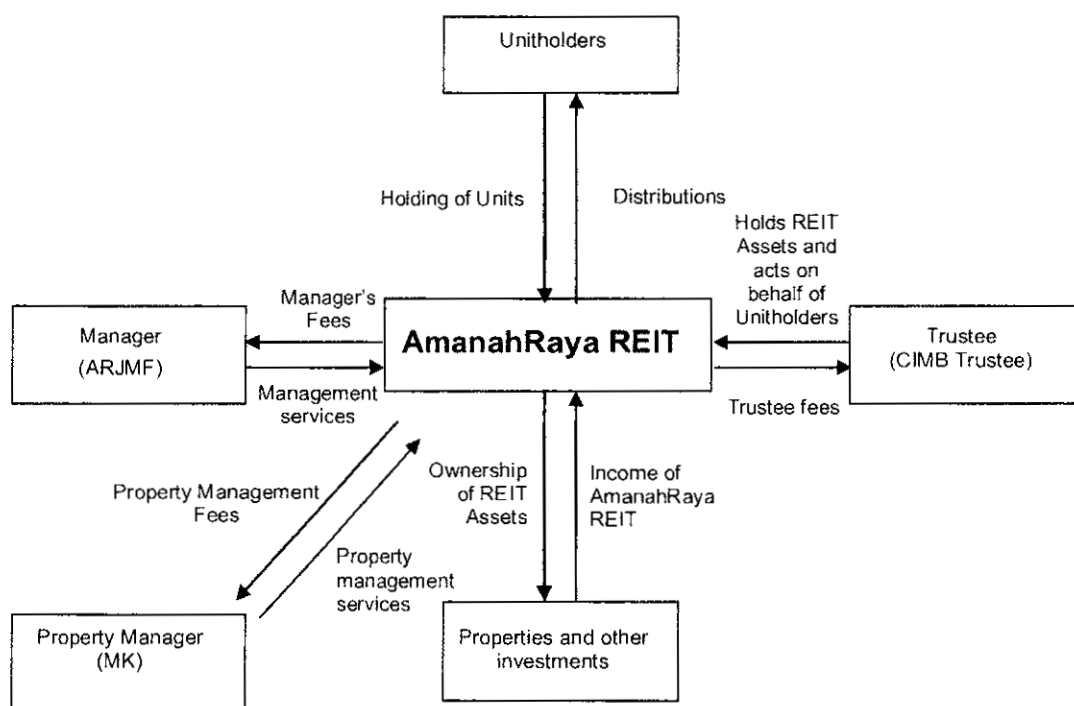
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7. AMANAHRAYA REIT

7.1 Introduction

AmanahRaya REIT which was constituted by the Deed came into effect on 20 October 2006, which sets out the terms and conditions for the managing and administration of AmanahRaya REIT. For further details on the terms and conditions of the Deed, see Section 18 of this Prospectus.

The AmanahRaya REIT is principally governed by the SC under the SCA, REIT Guidelines and Unit Trust Guidelines. The structure and organisation of AmanahRaya REIT is set out below:-



The AmanahRaya REIT will initially acquire 8 properties with an aggregate appraised market value of RM341.80 million. The Properties acquired are set out as follows:-

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

7. AMANAHRAYA REIT (Cont'd)

7.2 Investment objective and strategies

The investment objective of AmanahRaya REIT is to provide stable distributions per unit with the potential for sustainable long term growth of such distributions and the NAV per unit.

However, in the event that material changes are required to be made to the investment objective of AmanahRaya REIT, a resolution is required to be passed by no less than 2/3 of all Unitholders that are present in person or represented by proxy and voting at the Unitholders' meeting (or such other majority as may be required under the REIT Guidelines).

In achieving AmanahRaya REIT's investment objectives, we plan to implement the following strategies:-

7.2.1 Operating strategy

Managing the day-to-day operations of the Properties is a critical aspect in attaining the investment objectives of the AmanahRaya REIT. Our operating strategy is mainly geared towards preserving and enhancing the value of the Properties as well as achieving sustainable growth in rental income via the following:-

(a) Actively monitor the maintenance and upkeep of the Properties under lease

We will work closely with the Property Manager to monitor the maintenance and upkeep activities of the Properties conducted by the relevant Lessees. Although the maintenance and upkeep of the Properties are solely the responsibility of most lessees, the constant monitoring is required to ensure that the long term quality and physical condition of the building is preserved. We will oversee and monitor all maintenance and upkeep activities conducted by the lessee via periodic reports from the Property Manager covering various aspects including cleanliness, security, sanitary, fire protection system, building automation system, air conditioning or ventilation systems and tenant's fitting out works.

(b) Foster close relationship with lessees/tenants and ensure delivery of high quality services to them

We will also be fostering close relationship with the Lessees/Tenants of the Properties which will help us in understanding their needs and requirements. By encouraging close relationships with our lessees/tenants, we expect to consistently deliver prompt responses and tailor solutions to meet their requirements to achieve high lessees/tenants satisfaction. Specific examples are maintenance & repair, provision of utilities and facilities, rent rate negotiation and collection etc. Such responses and solutions are critical in tenant retention i.e. minimizing the turnover of tenancies. ARJMF will also be able to assist the lessees with regards to applications and approvals with government agencies and local authorities.

(c) Enhance property value

We will work with the Property Manager to constantly find ways to enhance the value of the Properties via internal and external improvements. In determining the appropriate improvements to be undertaken, we will conduct detailed financial analyses and market studies to ensure that any improvements made will improve the value and yield of the Properties. Such improvements may include refurbishment works, remodeling as well as renovation and extensions to the existing improvements.

(d) Improving financial performance of the Properties

We believe that it is an opportunity for AmanahRaya REIT to improve its earnings potential by ensuring that its expiring Leases are replaced without delay and that re-negotiated rental rates are lock-in at good rental rates with step-ups that will compensate for expected future rental rate increases.

We aim to market the Properties and its competitive strength to maximize Lessee/Tenant interest and raise public profile. More importantly, marketing is required to ensure that AmanahRaya REIT is able to replace outgoing Lessees without disruption of income.

We intend to achieve the above by adopting the following approaches:-

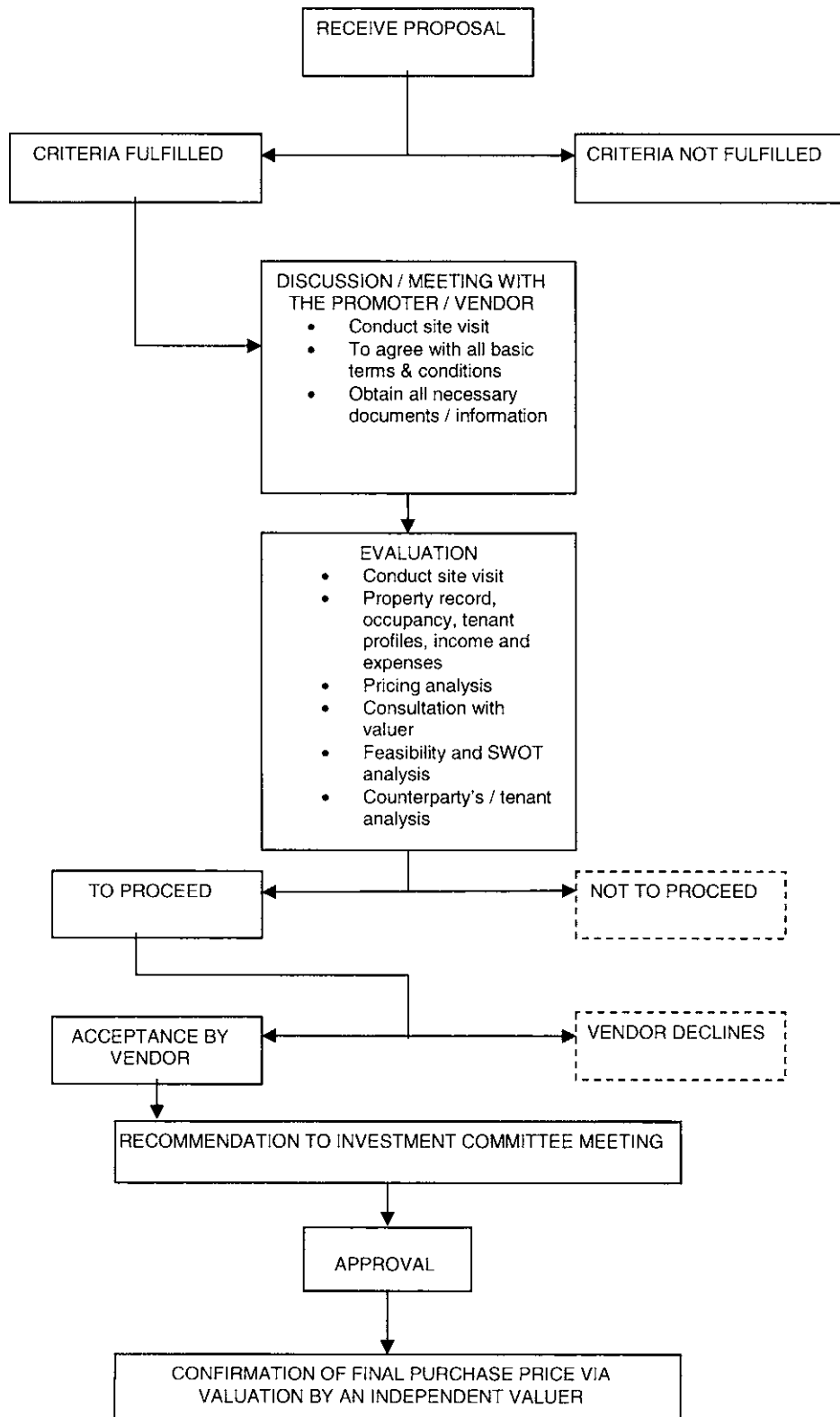
- commence negotiations with Lessees/Tenants whose Leases/tenancies are about to expire;
- adopt marketing strategies to emphasise the Properties' competitive strength to maximize Lessee/Tenant interest and raise public profile;
- pursue leads from real estate agents and/or via referrals;
- offer Lessees/Tenants with competitively priced rental rates with pre-determined step-up that will sufficiently compensate the AmanahRaya REIT over the long term; and
- ensure that the Lessees/Tenants of the Properties possess good credit rating and are able to make timely rental payments as and when they fall due.

7.2.2 Acquisition growth strategy

Another important aspect in growing the value of AmanahRaya REIT's portfolio of properties over the long term is to acquire more properties. In implementing this strategy, we will be sourcing for properties that have potential for capital growth and have strong and recurring rental yields. Each potential acquisition will undergo our evaluation process which is summarised as follows:-

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7. AMANAHRAYA REIT (Cont'd)



7. AMANAHRAYA REIT (Cont'd)

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

(a) Location

We will evaluate the location of the potential properties in particular its proximity to public transport, major roads and highway, populated commercial districts and residential areas.

(b) Price and yields

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

(c) Building condition

We will also evaluate the condition of the potential properties mostly via physical inspections and checks. Some of the aspects that we focus on include building age and size, building interior and exterior condition, building defects particularly hidden defects, mechanical and electrical equipments, civil and structural conditions as well as building systems conditions such as security systems and fire protection systems. In addition, we will also conduct checks on compliance with local rule and regulations.

(d) Diversity in portfolio

We plan to add more geographical and sectoral diversity to AmanahRaya REIT's current portfolio or properties. We believe that the further diversification can cushion the impact of any adverse development in a particular sector or country, hence providing a reliable flow of income to the AmanahRaya REIT. As such, we will evaluate potential acquisition of properties coming from various any segments including commercial and industrial segments as well as properties located overseas.

After considering the above criteria as well as conducting the necessary analyses, studies, inspection and checks, a recommendation will be formulated. Any recommendations for purchase of a property under evaluation will be forwarded to the Investment Committee for their evaluation.

We will constantly be sourcing for leads on potential investment opportunities from various parties including leading real estate and property management participants. We are also expecting some deal flows from ARB in view that it manages a large portfolio of properties on behalf of KWB. KWB will hold 30% of the Units and therefore ARJMF as the manager for KWB has access to quality properties which may be injected into AmanahRaya REIT.

7. AMANAHRAYA REIT (Cont'd)

7.2.3 Capital management and financing strategy

As per our capital management and financing strategy, we plan to manage the capital structure by balancing the composition of new Units and loans for future acquisitions and enhancement work on the Properties to optimise returns to Unitholders.

The strategies we employ in achieving this are set out as follows:-

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

In addition to the above, we will also comply with the provisions of the Deed and all applicable rules and guidelines prescribed by the SC relating to the financing of a REIT. The REIT Guidelines provides that the maximum debt level of a REIT must not exceed 50% of its total assets. In the case of AmanahRaya REIT, it will achieve a debt level of 49.87% of its total asset level upon its Listing.

7.3 Investment policy and compliance with REIT Guidelines

The investment policy of AmanahRaya REIT is governed by the REIT Guidelines and other requirements permitted by the SC from time to time. As such, the investment policies including limits and restrictions of AmanahRaya REIT will continue to evolve to capitalise on any regulatory change. As at the date of this Prospectus, the relevant guidelines and requirements include the following:-

(a) Permitted investments and restrictions

AmanahRaya REIT shall be allowed to invest in any of these investments:-

- (i) real estate, meaning physical land and those human-made items which are attached to the land;
- (ii) single purpose companies, which mean unlisted companies whose principal assets comprise real estate;
- (iii) real estate-related assets, which include units of other real estate investment trusts, listed securities of and issued by property companies, listed or unlisted debt securities of and issued by property companies, and mortgage-backed securities;
- (iv) non-real estate related assets, which means:-
 - listed shares issued by non-property companies;
 - debt securities issued by, or fully guaranteed by the Government of Malaysia; and

- commercial paper or other debt securities issued by companies or institutions with a credit rating of not less than A or P1 by Rating Agency Malaysia Berhad and not less than A or MARC-1 by Malaysian Rating Corporation Berhad;
- (v) liquid assets, which mean cash; deposits with licensed institutions and/or other institutions licensed or approved to accept deposits; and any other instrument capable of being converted into cash within 7 days as may be approved by the trustee;
- (vi) asset-backed securities; and
- (vii) any other investments specified in the REIT Guidelines from time to time as permissible investments for a REIT or which the SC otherwise permits.

In addition, we will also ensure that AmanahRaya REIT will not be involved in any of the following activities for any purpose as set out in the REIT Guidelines:-

- (i) extension of loans or any other credit facilities to any party;
- (ii) entering into forward purchases or forward sales in any currency or money including Malaysian Ringgit or any foreign-exchange contracts of whatsoever nature unless AmanahRaya REIT has acquired or owns foreign real estates in its portfolio and its participation in these instruments are in compliance with the Exchange Control Act 1953; and
- (iii) property development, except in the case where the development is made with a view of purchasing the real estate upon completion and having met the criteria set out in the REIT Guidelines.

In the event AmanahRaya REIT diversifies its investment portfolio to other authorised investments (other than real estate assets), the basis of valuation for such investments shall be carried out in accordance with the provisions of the Deed and the REIT Guidelines.

(b) Portfolio composition

Unless approved by the SC, AmanahRaya REIT's investment will be allocated in the following manner:-

- (i) at least 75% of the total assets of AmanahRaya REIT shall be invested in real estate, single-purpose companies, real estate-related assets or liquid assets;
- (ii) at least 50% of the total assets of AmanahRaya REIT must be invested in real estate or single-purpose companies; and
- (iii) the remaining 25% of the total assets of AmanahRaya REIT may be invested in other permitted investments;

or such other limits as may be prescribed by the SC or the REIT Guidelines from time to time.

7. AMANAHRAYA REIT (Cont' d)

(c) Valuation frequency

The real estate assets shall be revalued at least once every three (3) years from the last valuation date or as the REITs Guidelines may stipulate. However, a revaluation exercise may be conducted more frequently to meet other applicable laws and requirements such as the Malaysian accounting standard of FRS140 where yearly revaluation may be carried out to meet criteria.

(d) Investment limits and restrictions on real estate and non real estate related assets

Investment made by AmanahRaya REIT in real estate-related assets and non-real estate related assets will be subject to the following limits:-

(i) Holding of investments and investment spread:-

- the value of AmanahRaya REIT's holding of the securities of, and the securities relating to, any single issuer must not exceed 5% of the total assets of AmanahRaya REIT; and
- value of AmanahRaya REIT's holdings of the securities of, and the securities relating to, any group of companies must not exceed 10% of the total assets of AmanahRaya REIT;

(ii) Investment concentration

- AmanahRaya REIT's holding of any class of security of any single issuer must not exceed 10% of the security issued.

In determining compliance with any limit or restriction, the holding of an investment and/or other instrument by AmanahRaya REIT may exclude entitlement accruing on the investment and/or instrument held. Notwithstanding the aforesaid, the entitlement shall not be exercised if the exercise results in the breach of any limit or restriction under this part.

7.4 Gearing level and minimum liquid assets

The total borrowings of AmanahRaya REIT shall not exceed 50% of its total assets at the time the borrowings are incurred unless prior approval of the Unitholders has been obtained.

For details on the proposed borrowings of AmanahRaya REIT, see Section 4.7 of this Prospectus.

We will adhere to the REIT Guidelines on the permitted and restricted investments in relation to liquid assets. Liquid assets will be held in the form of cash, deposits with licensed institutions and/or other institutions licensed or approved to accept deposits, or any other instrument capable of being converted into cash within 7 days as may be approved by the Trustee.

7. AMANAHRAYA REIT (Cont'd)

7.5 Distribution policy

We will make distributions to you for the FY 2007, 2008 and 2009. Each distribution shall be paid every half yearly save for the First Distribution Period. We may amend our distribution policy at any time by giving notice to you.

Based on the provisions of the Deed, the Distributable Amount to be paid to you is determined as follows:-

Distributable Amount = DI + C

Where:

DI : is the net income before tax of the AmanahRaya REIT for any Distribution Period determined in accordance with the applicable approved accounting standards in Malaysia after taking into account of certain adjustments;

C : is any additional amount which the Manager has in its discretion determined is to be distributed. This may include amounts up to the equivalent of any realised/unrealised property gains/losses, realised/unrealised fair value gains/losses on financial instruments, realised/unrealised gains/losses on other assets, and any amount previously not distributed.

Any gains in capital nature to be distributed, if any, will be the net amount after deduction of the required tax payment.

In respect of the FY 2007, 2008 and 2009, we will distribute 100% of DI and thereafter, we shall, with the approval of the Trustee on or before the Distribution Date (referring to a Market Day falling within 2 months from the expiry of each relevant Distribution Period which shall be a date not later than prescribed applicable laws and requirements to the REIT from time to time including section 2(1) of the SCA, REIT Guidelines, Listing Requirements, the Rules of the Depository, taxation laws, rulings and guidelines, and the approval letter from the SC) for each Distribution Period, distribute at least 95% (or such other percentage as determined by us in our absolute discretion) of DI provided always that the DI and the Distributable Amount shall subject to the availability of funds and in compliance with the applicable laws and requirements including the compliance with the gearing level prescribed by the REIT Guidelines and any applicable borrowing covenants.

Adjustments as stated above refers to the adjustment of the following effects:-

- (i) reversals of impairment provisions;
- (ii) realised/unrealised gains/losses on disposal of assets;
- (iii) unrealised revaluation gains/losses;
- (iv) realised/unrealised fair value gains/losses on financial instruments;
- (v) deferred tax charges or credits in respect of property valuation movements;
- (vi) depreciation charges/amortisation of assets;
- (vii) capital allowance;
- (viii) non-tax allowable expenses;

7. AMANAHRAYA REIT (Cont'd)

- (ix) other non-cash gains/losses; and
- (x) any other adjustments that may be allowed by the ITA.

Any monies payable to you under the Deed which remain unclaimed after a period of one (1) year shall be accumulated in a special account and lodged with the registrar of Unclaimed Moneys by us or the Trustee. The Trustee shall maintain a record of all unclaimed moneys at its principal place of business in accordance with the provisions of the Unclaimed Moneys Act 1965.

7.6 Other information**7.6.1 Mode of distribution to Unitholders**

You will receive distributions paid in respect of the Units by a non-negotiable cheque sent to your registered address.

7.6.2 Means by which Unitholders can keep track of developments of fund

You can keep track of the developments of AmanahRaya REIT through annual reports, interim reports and announcements made to Bursa Securities.

7.6.3 Means by which Unitholders can keep track of the market price per Unit / NAV per Unit

You will be able to keep track of the market price per Unit through the website of Bursa Securities and the daily Malaysian newspapers (in English and Bahasa Malaysia). AmanahRaya REIT will also be providing you with an annual report and interim report each year on its performance which will also include information on the NAV per unit.

AmanahRaya REIT's annual report will be issued to you within two (2) months of the end of each Financial Year.

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8. INFORMATION ON PROPERTIES

8.1 Overview of Properties

8.1.1 Purchase price and valuation of the Properties

A total of 8 properties will form the initial property portfolio of AmanahRaya REIT, carrying a total market value of approximately RM341.80 million as valued by the Independent Property Valuer. The proposed portfolio of properties comprises a total of 5 purpose-built offices, 2 hospitality properties and an industrial property. The mix of the type of properties will provide you with investment exposure to a well-diversified income from a property based portfolio. The table below set out the summary of the Properties:-

Property	Purchase price (RM'million)	Appraised Value (RM'million)	Gross floor area (sq ft)	NLA (sq ft)
HVAS	31.00	31.00	150,000	150,000
HVL	55.00	55.00	183,190	183,190
Permanis Factory	23.55	24.00	202,223	202,223
SEGi College	52.50	52.50	280,575	131,387
Blocks A & B, South City Plaza	18.30	18.30	72,205	66,606
Wisma AmanahRaya	68.00	70.00	235,000	166,902
Wisma Amanah Raya Berhad	53.00	55.00	170,000	125,227
Wisma UEP	35.50	36.00	198,499	90,541
Total	336.85	341.80	1,491,692	1,116,076

The valuations conducted on the above Properties were primarily based on income and comparison approaches. In applying the said valuation approaches to the value of the Properties, the Independent Property Valuer has considered the income/cash flow arising from the Properties and recent sales/leasing transactions of comparable properties that occurred in the vicinity of the respective Properties.

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

8.1.2 Lease Agreements and Tenancy Arrangements

As at the Latest Practicable Date, the Vendor has entered into the following Lease Agreements and Tenancy Arrangements set out below:-

Property	Lessee/ Tenant	Lease/ tenancy period & expiry	Area tenanted/ leased
HVAS	ASHVSB	10-year lease expiring in 2016	Entire Property
HVL	LHVS	10-year lease expiring in 2016	Entire Property
Permanis Factory	CI Holdings	10-year lease agreement expiring in 2016	Entire Property
SEGi College	SEG International	15-year lease agreement expiring in 2021	Entire Property

8. INFORMATION ON PROPERTIES (Cont'd)

Property	Lessee/ Tenant	Lease/ tenancy period & expiry	Area tenanted/ leased
Blocks A & B, South City Plaza	SEG International	10-year lease agreement expiring in 2016	Entire Property
Wisma AmanahRaya	ARB	6-year lease agreement expiring in 2012	Entire Property
Wisma Amanah Raya Berhad	CIMB	9-year lease agreement expiring in 2014	109,574 sq ft or 87.5% of the total NLA of the Property
	EURO RSCG	2-year tenancy arrangement expiring in 2008	15,653 sq ft or 12.5% of the total NLA of the Property
	Roof Top Tenants	3-year tenancy arrangements expiring between October 2007 and February 2009	Roof top area of the Wisma AmanahRaya Berhad building
Wisma UEP	Sime UEP	3-year tenancy arrangement expiring in 2007	Entire Property

The above Lease Agreements/Tenancy Arrangements were entered into between the Vendor and the respective Lessees and Tenants. Upon completion of the Sale and Purchase Agreements, the aforesaid agreements/arrangements will be assigned and transferred to AmanahRaya REIT pursuant to the Novation Agreements. For the salient terms of the Lease Agreements entered into between the Vendor and the respective Lessees, see Section 9 of this Prospectus.

A lessee under a lease agreement with duration of over 3 years is entitled to register the lease under NLC and be entitled to the rights and remedies provided under the NLC. As at the Latest Practicable Date, lessees of Permanis Factory, SEGi College, Wisma AmanahRaya and Wisma Amanah Raya Berhad have opted to register their respective Leases with the relevant land offices while Lessee of HVL has opted not to register its lease. Lessees of HVAAS and Blocks A & B, South City Plaza cannot register their leases as the land on which the relevant Properties are located have not been individually issued with documents of title. For details on risks arising from registered leases, see Section 5.3 of this Prospectus.

8.1.3 Occupancy rate

The table below set out the average occupancy rates of the Properties over the past 5 financial years ended 31 December 2005:-

Properties	Financial Years ended 31 December					Latest Practicable Date ⁽¹⁾
	2001	2002	2003	2004	2005	
	%	%	%	%	%	%
HVAAS ⁽²⁾	66.1	64.2	59.8	55.3	63.4	65.67
HVL ⁽²⁾	66.6	53.2	48.6	66.6	56.9	67.57
Permanis Factory	100.0	100.0	100.0	100.0	100.0	100.00
SEGi College ⁽³⁾	N/A	N/A	N/A	N/A	N/A	100.00
Blocks A & B, South City Plaza ⁽⁴⁾	N/A	N/A	N/A	100.0	100.0	100.00

8. INFORMATION ON PROPERTIES (Cont'd)

Properties	Financial Years ended 31 December					Latest Practicable Date ⁽¹⁾
	2001	2002	2003	2004	2005	
Wisma AmanahRaya ⁽⁵⁾	100.0	100.0	100.0	62.0	93.0	100.0
Wisma Amanah Raya Berhad	100.0	100.0	100.0	100.0	100.0	100.0
Wisma UEP	95.9	95.9	100.0	100.0	93.7	93.7

Notes:-

- (1) Financial period from 1 January 2006 to the Latest Practicable Date.
(2) Reflects the average room occupancy rate of the hotel business operated by the lessee.
(3) SEGi College was completed in January 2006.
(4) Blocks A & B, South City Plaza was only completed in October 2003.
(5) The property was fully occupied by Standard Chartered Bank Malaysia Berhad as its corporate office for the past 10 years until it shifted to its new premises in September 2004.
N/A Not available

Save for Wisma Amanah Raya Berhad, every Property above is leased entirely to a single lessee or tenant. Lessees such as Permanis Factory and SEGi College have fully occupied the Properties for themselves while the lessees and tenant of Blocks A & B, South City Plaza, Wisma Amanah Raya Berhad and Wisma UEP have sub-tenanted part of the NLA to other parties. The remaining Properties namely HVA and HVL are currently being operated as hotels. The occupancy rates of all the Properties under AmanahRaya REIT are summarised in the table above.

HVA and HVL occupancy rates reflect average hotel room occupancy rates for the corresponding year. The fall in occupancy in 2004 for Wisma AmanahRaya is due to Standard Chartered Bank Malaysia Berhad moving out its corporate office from the premises.

For further information on the respective property, you should refer to Sections 8.2 to 8.9 of this Prospectus.

8.1.4 Encumbrances

The Properties will be charged for the benefit of the Lenders as securities for the Loan Facility. The charges will be created simultaneously with the transfer of the Properties pursuant to the provisions of the Sale and Purchase Agreements.

8.1.5 Insurance

All the Properties are fully insured against the risks of fire and public liability in order to protect AmanahRaya REIT from the potential loss of rent arising from such events. Pursuant to the Novation Agreements, the insurers shall include the Trustee (on behalf of AmanahRaya REIT) as a party to all the insurance policies effected to insure the Properties.

Save for Wisma Amanah Raya Berhad, all Lessees of the Properties are obliged to make payments for the insurance premiums for the property which they lease.

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8. INFORMATION ON PROPERTIES *(Cont'd)*

8.2 HVAS

8.2.1 Description



HVAS is a commercial property comprising a 4-star hotel with 155-rooms in Alor Setar and is located within a 21-storey commercial complex with sub-basement level known as City Plaza. As at the Latest Practicable Date, HVAS is the only 4-star hotel in Alor Setar. HVAS bears the postal address of Lot 162 & 163, Jalan Tunku Ibrahim, 05000 Alor Setar, Kedah Darul Aman.

The City Plaza complex is located at the junction of Jalan Tunku Ibrahim with Jalan Kolam Air within the city center of Alor Setar. The building is situated within a neighbourhood which is predominantly pre-war and modern commercial properties; and is within the vicinity of landmarks such as Majlis Bandaraya Alor Setar Building, the State Library, Bangunan Ukir and Wisma Persekutuan. Annexed to the City Plaza, to the north is another shopping complex known as Kompleks MPKS.

The entire Property is currently leased to ASHVSB for a 10-year period expiring on 22 June 2016.

Further details of HVAS are summarised as follows:-

Title particulars : Geran 7040 and H.S.(D) 1100/85, Section 5, Town of Alor Setar, District of Kota Setar, Kedah Darul Aman

Hotel amenities and services : Guest rooms:-

- A remote controlled television set with selected ASTRO channels
- IDD telephone
- Coffee and tea making facilities
- Refrigerator/ mini bar refrigerator
- In-room safe deposit box
- Furniture and fittings

Facilities and amenities:-

- 24 hours coffee house
- A Chinese restaurant
- Swimming pool
- Banquet/convention facilities
- Health and fitness centre

No. of car parks : 44 car parking bays

8. INFORMATION ON PROPERTIES (Cont'd)

Age of building : 9 years (calculated from the year certificate of fitness is obtained)

Tenure :

Title	Tenure
Geran 7040	Freehold
H.S.(D) 1100/85	Leasehold interest for 99 years expiring on 23 March 2084

Category of land use : Building

Existing use : Hotel and commercial complex

Gross floor area : 150,000 sq ft (as at the Latest Practicable Date)

NLA : Not applicable. It is a single-tenant property and for this purpose we have taken the net lettable area to be equal to the gross floor area.

Appraised Value : RM 31.00 million

Purchase price : RM 31.00 million

Valuation date : 16 December 2005. HVAS shall be revalued at least once every three (3) years, or at such other times as required under the applicable approved accounting standards

Restriction in interest : For Grant 7040:

"Prohibited from conducting any calculation on the said land without prior approval from the Kedah State Council"

For H.S.(D) 1100/85:

- (i) Prohibited from conducting any calculation without prior approval from the State Council with the exception of charge and sub lease
- (ii) Kota Setar Municipal Council is allowed to lease, charge and issue a sub-lease of the land to any individual/corporation or financial institution for a period not exceeding 60 years

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8. INFORMATION ON PROPERTIES (Cont'd)

8.2.2 Hotel lease agreement

Currently, ASHVSB has entered into lease agreements with the Vendor on 20 February 2006 and 21 April 2006 to lease the entire HVAS property. Upon completion of the acquisition of the Property, ASHVSB will continue to lease the Property pursuant to the Novation Agreement. A summary of the terms and conditions of the lease are as follows:-

Master Lessee : ASHVSB

Duration : 10 years commencing from 23 June 2006

Rental

Year	RM per month
1 to 3	173,083.33
4 to 7	180,833.33
8 to 10	188,583.33

Security/guarantee :

- RM4,340,000 cash paid by ASHVSB as security deposit; and
- Letter of guarantee dated 20 February 2006 issued by ASHRB (as the holding company of ASHVSB) which unconditionally and irrevocably guarantees ASHVSB's obligations pursuant to the lease agreements dated 20 February 2006

Outgoings : ASHVSB is required to pay, amongst others, the following:-

- all outgoings on the commencement of the lease including but not limited to quit rent, assessment, tax, electricity, water, gas and other charges which are incurred on the Property or payable to any municipal or local authority during the lease; and
- costs to maintain or upkeep the outer and inner structure of the Property at its own costs

Option to buyback :

- ASHVSB will have an option to buyback the Property at the purchase price equivalent to the then prevailing market value of the Property;
- The value of the Property shall be determined by a valuer acceptable to the Vendor; and
- The buyback is subject to ASHVSB receiving a written notice of the exercise of the option to buyback at least 6 months before the expiry of the lease (or extended lease which is renewed in the manner set out below)

Renewal :

- If the ASHVSB does not exercise the above option to buyback upon expiry of the lease on 22 June 2016, the Vendor shall grant to ASHVSB an option to renew the lease for a further term of 10 years commencing from the expiry of the lease;
- The rental rates of the extended lease above shall be based upon the then prevailing market rental rate as determined by a valuer acceptable to the Vendor subject to certain requirements; and
- The renewal is subject to the Vendor receiving a written notice of the exercise of the option to renew at least 6 months preceding the expiry of the lease

For details of the other salient terms and conditions of the lease agreement, see Section 9 of this Prospectus.

8. INFORMATION ON PROPERTIES (Cont'd)

8.2.3 Hotel management

AHVSB has been managing HVAS since 26 June 1995. Its appointment has recently been extended for another period of 10 years expiring in 2017.

Although AmanahRaya REIT will be the owner of the HVAS property after the Completion Date, all income arising from the hotel business managed by Antara Holiday Villas is for the benefit of ASHVSB.

HVAS is operated by Antara Holiday Villas under the brand name of 'Holiday Villa'. 'Holiday Villa' is an international brand name founded in the year 1987 by ASHRB.

8.2.4 Capital expenditure

ASHVSB has indicated that it plans to refurbish and upgrade the hotel within the next 5 years to provide better facilities and convenience for hotel guests. These proposed capital expenditures amount to RM3,300,000 and include but are not limited to, refurbishing and upgrading guestrooms and mechanical and electrical upgrading works. All expenses associated with the refurbishment and upgrading works will be either financed by AmanahRaya REIT or jointly financed by both ASHVSB and AmanahRaya REIT on terms and conditions to be mutually agreed upon and the rental shall be increased accordingly. Save for the above proposed refurbishment and upgrade, we do not foresee any major capital expenditure to be incurred by AmanahRaya REIT in the immediate future.

8.3 HVL

8.3.1 Description



HVL is a commercial property comprising a 4-star hotel with 238-rooms and is located in Pantai Tengah, Langkawi. HVL bears the postal address of Lot 1698, Pantai Tengah, Mukim Kedawang, 07000 Langkawi, Kedah Darul Aman.

HVL is strategically located on the south-western coastline of the main Langkawi Island and is situated along Jalan Teluk Baru, within a locality known as Pantai Tengah. Among the hotels situated in the vicinity of the Property include Langkawi Beach Resort, Aseania Seaview Resort, Sunset Beach Resort, Moonlight Bay Resort, Tanjung Mali Beach Motel, The Lanai, Pelangi Beach Resort, Sandy Bay Resort and Cenang Beach Resort. The Langkawi International Airport and the venue of the Langkawi International Maritime and Aerospace Exhibition (LIMA) are situated about 6 kilometres north of the Property. The town of Kuah, which is the commercial and administrative centre for Langkawi Island, is situated about 22 km to the north-east of the hotel.

8. INFORMATION ON PROPERTIES (Cont'd)

Further details of HVL are summarised as follows:-

Title particulars : Lot Nos: P.T. 344, P.T. 107, PT 108, Town of Padang Mat Sirat, District of Langkawi, Kedah Darul Aman

Hotel amenities and services : Rooms and suites:-

- 1 remote controlled television set with selected ASTRO channels
- 1 IDD telephone
- Coffee/tea making facilities
- Refrigerator/mini bar
- Furniture and fittings

Recreational facilities:-

- Swimming pool and wading pool
- Ladies indoor pool
- Open air jacuzzi
- Tennis courts
- Table tennis
- Fitness and health centre
- Kiddies room
- Internet room
- Water sports activities
- Balinese Spa

Food and beverage outlets:-

- A 24-hour restaurant
- An Italian restaurant
- Lobby lounge
- Karaoke and discotheque
- Pool bar and sunset terrace
- Tropical beach and snack bar

Conference facilities:-

- Able to accommodate 300 persons for meeting and conventions

Other services:-

- Snorkeling and diving
- Golf and fishing
- Island excursion and sight seeing
- Baby sitting
- Tour and car rental

No. of car parks : 55

Age of building : 13 years (calculated from the year certificate of fitness is obtained)

Tenure : Freehold

Category of land use : Building

Existing use : Hotel

Gross floor area : 183,190 sq ft (as at the Latest Practicable Date)

8. INFORMATION ON PROPERTIES (Cont'd)

NLA : Not applicable. It is a single-tenant property and for this purpose we have taken the net lettable area to be equal to the gross floor area.

Land area :	Title No.		Land area (sq ft)
	H.S.(M) 286		87,392.19
	H.S.(M) 667		362,280.93
	H.S. (M) 668		15,930.59

Appraised value : RM55.00 million

Purchase price : RM55.00 million

Valuation date : 16 December 2005. HVL shall be revalued at least once every 3 years, or at such other times as required under the applicable approved accounting standards

Restriction in interest : Title No. H.S.(M) 286, Title No. H.S.(M) 667 and H.S.(M) 668

"The owner is prohibited from conducting any dealings on the land for development as commercial property unless the owner builds and maintains a road reserve built of stone and tar in accordance with the requirements of Jabatan Kerja Raya as well as build drainage to the satisfaction of the local authorities and receives the approval from Jabatan Kerja Raya or receives a guarantee from the local authorities and Jabatan Kerja Raya that the roads and drainage will be completed"

8.3.2 Hotel Management

Antara Holiday Villas is currently the hotel manager of the HVL hotel and it has been the managing the Property since 31 December 1991. Its appointment has recently been extended for another period of 10 years expiring in 2016.

Although AmanahRaya REIT will be the owner of the HVL property after the Completion Date, all income arising from the hotel business managed by Antara Holiday Villas is for the benefit of LHVSB.

8.3.3 Hotel lease agreement

Currently, LHVSB has entered into lease agreements with the Vendor on 20 February 2006 and 21 April 2006 to lease the entire HVL property. Upon completion of the acquisition of the Property, LHVSB will continue to lease the Property pursuant to the Novation Agreement. A summary of the terms and conditions of the lease are as follows:-

Master Lessee : LHVSB

Duration : 10 years commencing from 13 July 2006

Rental :	Year		RM per month
	1 to 3		307,083.33
	4 to 7		320,833.33
	8 to 10		334,583.33

Security deposit : RM7,700,000 in cash was paid by LHVSB as security deposit

8. INFORMATION ON PROPERTIES (Cont'd)

- Outgoings : LHVSB is required to pay, amongst others, the following:-
- all outgoings from the commencement of the lease including but not limited to quit rent, assessment, tax, utility and other charges which are incurred on the Property or payable to any municipal or local authority during the lease;
 - for maintenance or upkeep of the outer and inner structure of the Property or the land areas surrounding the Property; and
 - premium for insurance policy to protect the Property against risks such as fire, damages, death or injury
- Option to Buyback :
- LHVSB will have an option to buyback the Property at the purchase price equivalent to the then prevailing market value of the Property;
 - The value of the Property shall be determined by a valuer acceptable to the Vendor; and
 - The buyback is subject to LHVSB receiving a written notice of the exercise of the option to buyback at least 6 months before the expiry of the lease (or extended lease which is renewed in the manner set out below)
- Renewal :
- If the LHVSB does not exercise the above option to buyback upon expiry of the lease on 20 April 2016, the Vendor shall grant to LHVSB an option to renew the lease for a further term of 10 years commencing from the expiry of the lease;
 - The rental rates of the extended lease above shall be based upon the then prevailing market rental rate as determined by a valuer acceptable to the Vendor subject to certain requirements; and
 - The renewal is subject to the Vendor receiving a written notice of the exercise of the option to renew at least 6 months preceding the expiry of the lease

For details of the other salient terms and conditions of the lease agreement, see Section 9 of this Prospectus.

8.3.4 Capital expenditure

Expenses associated with the refurbishment and upgrading works is jointly financed by the Lessor on the mutually agreed terms and conditions and the rental will be increased accordingly. LHVSB has indicated that it plans to refurbish and upgrade the hotel within the next 5 years to provide better facilities and convenience for hotel guests. The proposed capital expenditures amount to RM7,000,000 and include, but are not limited to, construction of a new villa as well a refurbishments and upgrades to guestrooms. All expenses associated with the refurbishment and upgrading works will be either financed by AmanahRaya REIT or jointly financed by both LHVSB and AmanahRaya REIT on terms and conditions to be mutually agreed upon and the rental shall be increased accordingly. Save for the above proposed refurbishment and upgrade, we do not foresee any major capital expenditure to be incurred by AmanahRaya REIT in the immediate future.

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8. INFORMATION ON PROPERTIES (Cont'd)

8.4 Permanis Factory

8.4.1 Description



Permanis Factory is an industrial property comprising a single-storey factory, a bottle manufacturing plant, a warehouse, 2 office buildings and other ancillary buildings/structures. Permanis Factory bears the postal address of Lots 5 and 7, Jalan P/5 and Jalan P/6, Kawasan Perusahaan Seksyen 13, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.

The Property is located within the industrial area of Kawasan Perusahaan Seksyen 13, Bandar Baru Bangi and is approximately 24 kilometres to the south-east of the Kuala Lumpur city centre. The Property also lies about 10 kilometres from the Bangi town centre. Bangi town centre comprises of residential and commercial properties, government offices, district hospital and schools.

Properties in the immediate vicinity are predominantly industrial in nature, comprising mainly vacant industrial lands and purpose-built detached factories. Prominent industrial companies having presence in the surrounding area are Topaire Sdn Bhd, Carrier International Sdn Bhd, Hitachi Electronics Products (M) Sdn Bhd, Sanko Kasei (M) Sdn Bhd, Sony Logistics (M) Sdn Bhd and Matsushita Electric Co. (M) Bhd.

Other notable landmarks nearby include Universiti Kebangsaan Malaysia campus, Bangi Golf Resort and Hotel Equatorial Bangi.

Further details of Permanis Factory are summarised as follows:-

Title particulars	:	H.S.(M) 13244A and H.S.(M) 13245A, P.T. 20104 and P.T. 20105 respectively, both within Section 13, locality of Bandar Baru Bangi, Mukim of Kajang, District of Hulu Langat, State of Selangor
No. of car parks	:	Car park sheds (gross floor area of 1,481 sq ft) Motorcycle parking shed (gross floor area of 824 sq ft)
Age of building	:	17 years (calculated from the year certificate of fitness is obtained) An extension annexed to the single-storey warehouse forming part of the Property (which was fully constructed on 31 January 2005) is 1 year old
Tenure	:	Leasehold interest for 99 years expiring on 9 February 2089

8. INFORMATION ON PROPERTIES (Cont'd)

Category of land use	:	Industrial						
Existing use	:	Factory						
Gross floor area	:	202,223 sq ft						
NLA	:	Not applicable. It is a single-tenant property and for this purpose we have taken the net lettable area to be equal to the gross floor area.						
Land area	:	<table border="1"><thead><tr><th>Title No.</th><th>Land area (sq ft)</th></tr></thead><tbody><tr><td>H.S.(M) 13244A</td><td>119,791.56</td></tr><tr><td>H.S.(M) 13245A</td><td>297,083.93</td></tr></tbody></table>	Title No.	Land area (sq ft)	H.S.(M) 13244A	119,791.56	H.S.(M) 13245A	297,083.93
Title No.	Land area (sq ft)							
H.S.(M) 13244A	119,791.56							
H.S.(M) 13245A	297,083.93							
Appraised value	:	RM24.00 million						
Purchase price	:	RM23.55 million						
Valuation date	:	1 December 2005. Permanis Factory shall be revalued at least once every 3 years, or at such other times as required under the applicable approved accounting standards						
Restriction in interest	:	"This land cannot be sold, leased, charged or have the ownership transferred by any means without the consent of State Authority"						

8.4.2 Lease agreement

CI Holdings is currently the lessee of the entire Permanis Factory property pursuant to a lease agreement entered between CI Holdings and the Vendor on 24 November 2005. Upon completion of the acquisition of the Property, CI Holdings will continue to lease the Property pursuant to the Novation Agreement. A summary of the terms and conditions of the lease are as follows:-

Master Lessee	:	CI Holdings						
Duration	:	10 years commencing from 31 May 2006						
Rental	:	<table border="1"><thead><tr><th>Year</th><th>RM per month</th></tr></thead><tbody><tr><td>1 to 5</td><td>132,250.00</td></tr><tr><td>6 to 10</td><td>136,084.00</td></tr></tbody></table>	Year	RM per month	1 to 5	132,250.00	6 to 10	136,084.00
Year	RM per month							
1 to 5	132,250.00							
6 to 10	136,084.00							
Security deposit	:	RM1,587,000 in cash was paid by CI Holdings as security deposit						
Outgoings	:	CI Holdings is required to pay, amongst others, the following:- <ul style="list-style-type: none">• all utility charges, charges imposed by the relevant authority including but not limited to quit rent and assessment as well as maintenance charges including building repairs, fire insurance and/or other related capital expenditure or any costs incurred; and• cost to maintain and upkeep the interior and exterior of the Property including the main drains and pipes in good and tenable repair and condition						

8. INFORMATION ON PROPERTIES (Cont'd)

- Right of lessee : • The Vendor shall grant CI Holdings the first right to purchase the Property at the purchase price to be determined by the Vendor; and
- If the Property were sold to parties other than CI Holdings, the Vendor shall ensure that such sale shall include the lease and shall not prejudice the rights and benefits of the CI Holdings pursuant to the aforesaid lease agreement
- Renewal : • Lessee shall have the option to renew the lease of the Property upon the expiry of the term of the lease for a further term of 10 years at the rental, terms and rate to be mutually agreed by both parties; and
- CI Holdings shall give a notice in writing at least 6 months before the expiry of the lease term

For details of the other salient terms and conditions of the lease agreement, see Section 9 of this Prospectus.

8.4.3 Capital expenditure

We do not foresee any major capital expenditure to be incurred by AmanahRaya REIT in the immediate future.

8.5 SEGi College**8.5.1 Description**

SEGi College is a commercial property comprising a 12-storey building with 3 levels of basement car park which has been recently completed in January 2006. SEGi College bears the postal address of Persiaran Kewajipan, USJ 1, 47600 Subang Jaya, Selangor Darul Ehsan.

SEGi College is located within the renowned commercial and residential zone of USJ and Subang Jaya and is sited approximately 15 kilometres to the south-west of the Kuala Lumpur city centre.

8. INFORMATION ON PROPERTIES (Cont'd)

The properties in the immediate vicinity of the SEGi College property comprise predominantly office buildings, a shopping complex, industrial premises, detached houses, double-storey linked houses, blocks of condominiums/apartments and vacant development lands. Prominent landmarks in the immediate vicinity include Menara Hei Tech Village, The Summit Subang USJ shopping complex, The Summit hotel, Maxis Logistics warehouse and Giant Hypermarket.

Further details of SEGi College are summarised as follows:-

Title particulars	:	Geran 43527, Lot No. 13, Pekan Subang Jaya, District of Petaling, State of Selangor
Amenities and services	:	Emergency power supply <ul style="list-style-type: none">equipped with a standby generator set to cater the essential lighting and power services
		Lifts <ul style="list-style-type: none">6 lifts inclusive of a 'Bomba' lift
		Air-conditioning system <ul style="list-style-type: none">centralised air conditioning systemsplit air conditioning units of ceiling/wall mounted
		Fire fighting <ul style="list-style-type: none">full range of fire fighting facilities comprising of hose reel system, wet riser system, automatic sprinkler system, smoke detectors, fire alarm with break glass system, fire extinguishers, staircases, exit signs and emergency lights
		Security system <ul style="list-style-type: none">closed circuit television, card access, security guards and a guardhouse
		Telecommunication Services <ul style="list-style-type: none">broadband data and telephone services
No. of car parks	:	206 parking bays
Age of building	:	Approximately 1 year (calculated from the year certificate of fitness is obtained)
Tenure	:	Freehold
Category of land use	:	Building
Existing use	:	Higher learning institution and training center
Gross floor area	:	280,575 sq ft (as at the Latest Practicable Date)
NLA	:	131,387 sq ft (as at the Latest Practicable Date)
Land area	:	5,671 sq m
Appraised value	:	RM52.5 million
Purchase price	:	RM52.5 million

8. INFORMATION ON PROPERTIES (Cont'd)

Valuation date : 15 November 2005. SEGi College shall be revalued at least once every 3 years, or at such other times as required under the applicable approved accounting standards

Restriction in interest : Nil

8.5.2 Lease agreement

SEG International is currently the lessee of the entire SEGi College property pursuant to a lease agreement entered into between SEG International and the Vendor on 15 May 2006. Upon completion of the acquisition of the Property by AmanahRaya REIT, SEG International will continue to lease the Property from AmanahRaya REIT pursuant to the Novation Agreement. A summary of the terms and conditions of the lease are as follows:-

Master Lessee : SEG International

Duration : 15 years commencing from 22 May 2006

Rental :	Year	RM per month
	1 to 3	261,625
	4 to 6	273,700
	7 to 9	301,875
	10 to 12	330,050
	13 to 15	342,125

Security deposit : RM9,418,500 was issued as a security deposit by SEG International via a bank guarantee letter

Outgoings : SEG International will pay for, amongst others, the following:-

- cost of maintenance and upkeep of the Property including utility charges such as water and electricity, air-conditioning, building plant and equipment as well as the exterior and windows of the Property;
- quit rent and assessments;
- insurance coverage; and
- any other related capital expenditure

First Right of Refusal :

- The Vendor has granted SEG International the first right of refusal for the purchase of the Property by giving the lessee a written offer stating such intent and the proposed purchase price for such sale; and
- The right is subject to SEG International having complied and performed all its obligations pursuant to the lease agreement

For details of the other salient terms and conditions of the lease agreement, see Section 9 of this Prospectus.

8.5.3 Capital Expenditure

We do not foresee any major capital expenditure to be incurred by AmanahRaya REIT in the immediate future.

8. INFORMATION ON PROPERTIES *(Cont'd)*

8.5.4 Easement

The AmanahRaya REIT has purchased the Property subject to an easement granted on the land by a Deed of Easement dated 20 December 2001 entered into between Wismuda Sdn Bhd, Warisan Megah Sdn Bhd, Integrated Logistics Berhad and Heitech Padu Berhad (“Parties”). The Deed of Easement grants the Vendor, SEG International and the Parties rights to pass or repass the easement area including but not limited to, passing and repassing the access road constructed on the easement area and allowing access to Jalan Kewajipan via the public road.

8.6 Blocks A & B, South City Plaza

8.6.1 Description



Block A,
South City Plaza

Block B,
South City Plaza

Blocks A & B, South City Plaza is a commercial property comprising 2 blocks of 5½-storey office buildings within an integrated development known as South City Plaza. The Property bears the postal address of Block A and Block B, South City Plaza, Persiaran Serdang Perdana, Taman Serdang Perdana, Section 1, 43300 Seri Kembangan, Selangor Darul Ehsan.

South City Plaza which bears direct frontage onto Persiaran Serdang Perdana, is strategically situated within Taman Serdang Perdana. It is highly visible to traffic from Lebuhraya Kuala Lumpur – Seremban. South City Plaza is located approximately 9 kilometres to the south-east of the Petaling Jaya new town centre and about 12 kilometres to the south of the Kuala Lumpur city centre.

The immediate locality and surrounding is a fast developing area, developed with international class hotels, shopping complexes, business/technology parks, apartments/condominiums and residential houses and sports and recreational facilities.

Prominent landmarks/developments within the locality include the apartment scheme of Perdana Selatan, Cheong Hin Commercial Centre, the Selangor Turf Club; the hospitality premises of the Palace of Golden Horses, Mines Beach Hotel and Mint Hotel; as well as the high-end residential development by Country Heights Holdings Berhad within The Mines Resort & Golf Club, the Mines Waterfront Business Centre, Mines Shopping Fair, Mines Wonderland and the site of Malaysia International Exhibition & Convention Centre.

8. INFORMATION ON PROPERTIES (Cont'd)

Further details of South City Plaza are summarised as follows:-

Title particulars	:	The block titles for the Property have not been issued. The Property, forming part of South City Plaza, is developed on land held under master title Pajakan Negeri 7393, Lot 1, Pekan Serdang, District of Petaling, State of Selangor (previously known as H.S.(D) 91640, P.T. 32218, Mukim and District of Petaling, State of Selangor Darul Ehsan)
Amenities and services provided	:	Emergency power supply <ul style="list-style-type: none">• Emergency power supply system Air-conditioning system <ul style="list-style-type: none">• Block A is equipped with split unit air-conditioners• Block B is equipped with cassette type and split unit air-conditioners Lifts <ul style="list-style-type: none">• Both Block A and Block B are equipped with 2 lifts each Fire protection <ul style="list-style-type: none">• Fire fighting system including automatic water sprinklers, smoke detectors, fire hose reels, fire extinguishers, break glass fire alarm, external hydrants, fire exists, wet risers systems and carbon dioxide system for electricity sub-stations Security system <ul style="list-style-type: none">• Round the clock surveillance supplemented by 24-hour closed-circuit television system
No of car parks	:	The Property does not have car parking bays but shares the usage of 1,766 parking bays with the developer and owner of the other individual units within the South City Plaza development
Age of building	:	3 years (calculated from the year the first temporary certificate of fitness is obtained) which was last obtained on 8 August 2006
Tenure	:	Leasehold (expiring on 9 November 2093)
Category of land use	:	Building
Existing use	:	Block A is used as an institution of higher learning and Block B is currently used as an office block
Gross floor area	:	72,205 sq ft
NLA	:	66,606 sq ft
Appraised value	:	RM18.30 million
Purchase price	:	RM18.30 million

8. INFORMATION ON PROPERTIES (Cont'd)

- Valuation date : 2 December 2005. Blocks A & B, South City Plaza shall be revalued at least once every 3 years, or at such other times as required under the applicable approved accounting standards
- Restriction in interest : "This land cannot be sold, leased, charged or have its ownership transferred by any means without prior approval from the State Authority."

8.6.2 Lease Agreement

SEG International is currently the lessee of the entire Blocks A & B, South City Plaza property pursuant to a lease agreement entered into between SEG International and the Vendor on 21 August 2006. Upon completion of the acquisition of the Property by AmanahRaya REIT, SEG International will continue to lease the Property from AmanahRaya REIT pursuant to the Novation Agreement. A summary of the terms and conditions of the lease are as follows:-

- Master Lessee : SEG International
- Duration of lease : 10 years commencing from 21 August 2006
- Rental :
- | Year | RM per month |
|--------|--------------|
| 1 to 3 | 100,500 |
| 4 to 6 | 111,000 |
| 7 to 9 | 120,000 |
| 10 | 130,500 |
- Security deposit : RM2,412,000 was paid by SEG International as security deposit via a bank guarantee letter
- Outgoings : SEG International will pay for, amongst others, the following:-
- cost of maintenance and upkeep of the Property including utility charges such as water and electricity, air-conditioning, building plant and equipment as well as the exterior and windows of the Property;
 - quit rent and assessments;
 - insurance coverage; and
 - any other related capital expenditure
- First Right of Refusal :
- The Vendor has granted to SEG International the first right of refusal for the purchase of the Property by giving the lessee a written offer stating such intent and the proposed purchase price for such sale; and
 - The right is subject to SEG International having complied and performed all its obligations pursuant to the lease agreement

For details of the other salient terms and conditions of the lease agreement, see Section 9 of this Prospectus.

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8. INFORMATION ON PROPERTIES (Cont'd)

8.6.3 Sub-Tenant information

SEG International has currently sub-let the Property to the following parties:-

Sub-Tenant	Sector	Expiry date	Renewal	Percentage of total NLA
NEP	Trading	30 September 2007	Renewal option for further 2 years	49.6% (100% of Block B)

8.6.4 Capital expenditure

We do not foresee any major capital expenditure to be incurred by AmanahRaya REIT in the immediate future.

8.7 Wisma AmanahRaya

8.7.1 Description



Wisma AmanahRaya is a commercial property comprising a 15-storey purpose-built office building with 2 basement levels. The Property bears the postal address of No. 2, Jalan Ampang, 50450 Kuala Lumpur, Malaysia.

Wisma AmanahRaya is located within the older and established portion of the central business district area of the Kuala Lumpur city centre. It fronts onto Jalan Ampang at its south-eastern boundary. Among the buildings that are located in the vicinity of the Property are Bangunan Takaful Malaysia, Bangunan Bank Muamalat, Bangunan Lee Rubber, Menara OCBC, Menara Tun Razak and Bangunan Dewan Bandaraya Kuala Lumpur. Prominent shopping establishments close to the Property are Globe Silk Store, Semua House and Menara City One.

Further details of Wisma AmanahRaya are summarised as follows:-

- Amenities and services :
- Air-conditioning and ventilation
 - Centralised system cooled by 2 hermetic centrifugal chillers
 - Automated air-conditioning system

8. INFORMATION ON PROPERTIES (Cont'd)

Fire protection

- Fire fighting system includes automatic water sprinklers, dry risers, carbon dioxide system, smoker detectors and break glass fire alarms, fire hose reels, portable fire extinguishers and fire exit signage

Lifts

- 4 passenger lifts
- 2 escalators used between the ground floor and first floor

Emergency power supply

- 2 diesel generator sets

Security

- Round the clock surveillance complemented with closed circuit television monitoring system

No. of car parks	:	59 parking bays
Age of building	:	41 years (based on valuation report)
Title particular	:	Title Nos. Pajakan Negeri (WP) 25414, Lot No. 21 and Pajakan Negeri (WP) 25415, Lot No. 22, within Section 32, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Tenure	:	Leasehold interest for 99 years expiring on 10 June 2065
Existing use	:	Office building
Gross floor area	:	235,000 sq ft
NLA	:	166,902 sq ft
Land area	:	2,368.58 sq m for Title No. Pajakan Negeri (WP) 25414 and 161.09 sq m for Title No. Pajakan Negeri (WP) 25415
Appraised value	:	RM70.00 million
Purchase price	:	RM68.00 million
Valuation date	:	15 November 2005. Wisma AmanahRaya shall be revalued at least once every 3 years, or at such other times as required under the applicable approved accounting standards
Restriction in interest	:	Nil

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8. INFORMATION ON PROPERTIES (Cont'd)

8.7.2 Lease agreement

ARB is currently the lessee of the entire Wisma AmanahRaya property pursuant to a lease agreement entered into between ARB and the Vendor on 26 October 2006. Upon completion of the acquisition of the Property by AmanahRaya REIT, ARB will continue to lease the Property from AmanahRaya REIT pursuant to the Novation Agreement. A summary of the terms and conditions of the lease are as follows:-

Master Lessee : ARB

Rental :	Year from commencement of lease	Payment per month
	1 to 3	(RM) 450,635.40
	4 to 6	550,776.60

Duration of lease : 6 years commencing from 26 October 2006

Outgoings : ARB shall bear all services and maintenance charges (where applicable) including without limitation service charges, statutory payments, insurances, capital expenditure and/or any other payments/costs related to the Property

Renewal : ARB has the right to renew the lease for a further term of 6 years from the date of expiry of the lease subject to certain conditions

For more details on the lease agreement above, see Section 9 of this Prospectus.

8.7.3 Sub-lessee information

As at the Latest Practicable Date, ARB has sub-leased 24.2% of the total NLA of the Property to a tenant. Details of the said tenancy are as follows:-

Sub-Tenant	Sector	Expiry date	Renewal option	Percentage of total NLA
Standard Chartered Bank Malaysia Berhad	Banking	3 May 2011	None	24.2%

8.7.4 Capital expenditure

We do not foresee any major capital expenditure to be incurred by AmanahRaya REIT in the immediate future.

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8. INFORMATION ON PROPERTIES *(Cont'd)*

8.8 Wisma Amanah Raya Berhad

8.8.1 Description



Wisma Amanah Raya Berhad is a commercial property comprising a 5-storey purpose-built office building with 6 lower ground levels inclusive of 4-level car park and cafeteria facilities. The Property bears the postal address of No. 15, Jalan Sri Semantan 1, Off Jalan Semantan, Bukit Damansara, 50490 Kuala Lumpur.

The Property is located within the renowned commercial hub zone of Damansara Heights, approximately 4 kilometres west of the Kuala Lumpur city centre. It has frontages onto Jalan Semantan on the south-eastern border and Jalan Sri Semantan 1 on the western border.

Properties in the immediate vicinity comprise predominantly office buildings, blocks of condominiums and detached houses. Notable office buildings in the vicinity include Wisma CIMB, Bangunan Commerce Square, Bangunan Institute Bank-Bank Malaysia, Wisma Prima, Wisma Socfin, Wisma UOA Damansara, Wisma Damansara, Menara Milenium, Pusat Bandar Damansara and Wisma Manulife. Notable condominium schemes in the immediate locality include Indah Damansara, Damansara Endah, Damansara Villa and Bangsar Puteri. Nearby established residential areas include Damansara Heights, Taman Duta, Taman SA, Bukit Bandaraya and Bangsar Baru.

Further details of Wisma Amanah Raya Berhad is summarised as follows:-

Title particulars : Title Nos. H.S.(D) 83465 and 79671, P.T. Nos. 6 and 7 respectively, both within Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur

Amenities and services : Emergency power supply

- standby emergency generator

Air-conditioning system

- water-cooled split systems with 3-zone control on each office floor
- insulated ducts concealed in the ceiling space area used to distribute conditioned air to each zone

Lifts

- 4 units of passenger lifts
- 1 service lift

8. INFORMATION ON PROPERTIES (Cont'd)

Fire protection systems

- fully automated sprinklers, smoke detectors, fire hose reels, fire extinguishers, break glass fire alarm, external hydrants and wet risers systems

Building Automation System

- The Building Automation System is a computerized central supervision and control system which monitors the functioning of mechanical and electrical services of the building

Security system

- Round-the-clock guard surveillance

No. of car parks : 261 parking bays

Age of building : 7 years (calculated from the year certificate of fitness is obtained)

Tenure :	Title No.	Tenure
	H.S.(D) 83465	Leasehold interest for 99 years expiring on 21 September 2072
	H.S.(D) 79671	Leasehold interest for 99 years expiring on 29 April 2072

Category of land use : Building

Existing use : Office building

Gross floor area : 170,000 sq ft

NLA : 125,227 sq ft

Land area :	Title No.	Land area (sq m)
	H.S.(D) 83465	1,661.60
	H.S.(D) 79671	1,462.00

Appraised value : RM55.00 million

Purchase price : RM53.00 million

Valuation date : 15 November 2005. Wisma Amanah Raya Berhad shall be revalued at least once every 3 years, or at such times as required under the applicable approved accounting standards

Restriction in interest : "This land that has been leased is not transferable or may be leased for a period of 15 years without prior approval from the State Authority."

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8. INFORMATION ON PROPERTIES (Cont'd)

8.8.2 Lease agreement

CIMB is currently the lessee of the 87.48% of the total NLA of the Wisma Amanah Raya Berhad property pursuant to a lease agreement entered into between CIMB and the Vendor on 1 October 2005. Upon completion of the acquisition of the Property by AmanahRaya REIT, CIMB will continue to lease the Property from AmanahRaya REIT pursuant to the Novation Agreement. A summary of the terms and conditions of the lease are as follows:-

Master Lessee : CIMB

Duration : 9 years commencing from 1 November 2005

Security deposit : RM707,068.05 in cash was paid by CIMB as the security and utilities deposit

Rental :

Year	RM
1	213,589.35
2	221,064.98
3	228,802.25
4	236,810.33
5	247,466.80
6	258,602.80
7	270,239.93
8	283,751.92
9	297,939.52

Outgoings : CIMB shall, at its own cost and expense, throughout the lease period, carry out maintenance, cleaning and general servicing of the mechanical and electrical items of the Property (which excludes any capital replacements costs and/or any mechanical and electrical repair and replacement costs for capital expenditure)

First Right of Refusal :

- If the Vendor intends to sell the Property during the lease period, the Vendor shall grant to the Lessee the first right of refusal
- The Vendor shall first inform CIMB of the same in writing to which CIMB shall be given 45 business days from the date of receipt of the said notification to provide a reply as to whether CIMB intends to purchase the Property

For more details on the lease agreement above, see Section 9 of this Prospectus.

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8. INFORMATION ON PROPERTIES (Cont'd)

8.8.3 Lessee/Tenant information

As at the Latest Practicable Date, the Wisma Amanah Raya Berhad property has 5 lessee/tenants. Details relating to the said lessee/tenants are as follows:-

Lessee/ Tenant	Business sector	Lease/tenancy period and expiry	Percentage of total NLA %	Percentage of gross rent %	Periodic review	Option to renew
CIMB	Banking	9 years expiring on 31 October 2014	87.48	82.71	Lease payments will increase between 3.5% to 5.0% every year	-
EURO RSCG	Advertising	2 years expiring on 31 July 2008	12.52	14.19	-	-
Maxis *	Tele- communications	3 years expiring on 31 December 2008	-	-	Rental increment of 10% upon renewal of tenancy	Option for another 2 terms of 3 years each
Digi *	Tele- communications	3 years expiring on 14 October 2007	-	-	-	Option for another 5 terms
Celcom *	Tele- communications	3 years expiring on 28 February 2009	-	-	-	-
Celcom *	Tele- communications	3 years expiring on 31 August 2008	-	-	Rental increment of 10% upon renewal of tenancy	Option for another 1 term of 3 years

Note:-

* The above tenancies do not occupy any NLA as the Tenants are utilizing the roof top of the Wisma Amanah Raya Berhad building for placement of their telecommunication equipment. Maxis and Celcom are also renting specific areas within the building for similar purposes.

8.8.4 Capital expenditure

We do not foresee any major capital expenditure to be incurred by AmanahRaya REIT in the immediate future.

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8. INFORMATION ON PROPERTIES *(Cont'd)*

8.9 Wisma UEP

8.9.1 Description



Wisma UEP is a commercial property comprising an 11-storey office building with 3 levels of basement car park. The Property bears the postal address of Jalan USJ 10/1A, Pusat Perniagaan USJ 10, 47620 Subang Jaya, Selangor Darul Ehsan.

Wisma UEP is located in USJ 10 (commonly referred to as Taipan Triangle), within the township of UEP Subang Jaya. This township forms part of the development of Sime UEP Properties Berhad which comprises the township of Subang Jaya, Putra Heights, Bukit Lanchong Estate, Taman Perindustrian UEP Subang Jaya, Seafield Estate, Jalan Acob Estate and Bukit Rajah Estate.

The Property bears direct frontage onto Jalan USJ 10/1A and a side frontage onto Jalan USJ 10/1B. Facing the building is the intersection of Persiaran Perpaduan and Persiaran Bakti. The Property is located approximately 18 kilometres and 11 kilometres south-west of the Kuala Lumpur city centre and the Petaling Jaya new town centre respectively.

The Property is located within a commercial, residential and industrial precinct within USJ Subang Jaya. Properties in the immediate vicinity comprise predominantly office buildings, a shopping complex, 4-storey shop/offices and 2-storey linked houses and industrial premises. Notable commercial developments located within the vicinity include Wisma Hei Tech Village, The Summit Shopping-cum-Entertainment Complex, Giant Hypermarket, The Summit Hotel and SEGi College. The premises of Majlis Perbandaran Subang Jaya is located diagonally opposite the Property. Notable housing areas located within the vicinity include the residential areas of USJ 5, USJ 6, USJ 9 and USJ 11. Notable industrial areas located within the vicinity include Sg. Penaga Industrial Park, Ultramine Industrial Park and Taman Industri Subang.

Further details of Wisma UEP are summarised as follows:-

Title particulars : Title No. H.S.(D) 52531 , P.T. 11303, Mukim of Damansara, District of Petaling, State of Selangor

Amenities and services : Emergency power supply

- Generator set

Air-conditioning system

- Air-conditioning system comprising 3 chillers, 6 compressors and 4 condensers

8. INFORMATION ON PROPERTIES (Cont'd)

Lifts

- 3 passenger lifts
- 1 'Bomba' lift

Fire fighting system

- Fire fighting system such as automatic sprinkler system, smoke detectors, dry/wet risers, fire extinguishers, hose reels, break glass, fire alarm, fire rated doors, exit signs and fire escape staircases

Security system

- Consists 24-hours security patrolling

No. of car parks	:	178 parking bays
Age of building	:	9 years (calculated from the year certificate of fitness is obtained)
Tenure	:	Freehold
Category of land use	:	Building
Existing use	:	Office building
Gross floor area	:	198,499 sq ft
NLA	:	90,541 sq ft
Provisional land area	:	2,767.31 sq m
Appraised value	:	RM36.00 million
Purchase price	:	RM35.50 million
Valuation date	:	15 November 2005. Wisma UEP shall be revalued at least once every 3 years, or at such other times as required under the applicable approved accounting standards
Restrictions in interest	:	Nil

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8. INFORMATION ON PROPERTIES (Cont'd)

8.9.2 Tenant and Sub-Tenant information

Sime UEP is currently the tenant of the entire Wisma UEP property pursuant to a Tenancy Arrangement entered into between Sime UEP and the Vendor on 16 June 2004. Upon completion of the acquisition of the Property by AmanahRaya REIT, Sime UEP will continue to lease the Property from AmanahRaya REIT pursuant to the Novation Agreement. A summary of the tenancy is set out as follows:-

Tenant	Sector	Expiry date	Renewal option	Percentage of total NLA
Sime UEP ⁽¹⁾	Property development	15 September 2007	Option to renew the tenancy for another period of 3 years	62.3%

Note:-

(1) The additional tenure will be renewed with the same terms and conditions at the same rental rate

As at the Latest Practicable Date, Sime UEP has sub-let approximately 31.4% of the total NLA of the Property to 4 other parties. Details of the Sub-tenants of the Wisma UEP property are set out as follows:-

Sub-tenant	Sector	Percentage of total NLA
HSBC Bank Malaysia Berhad	Financial institution	8.3%
Boehringer Ingelheim (M) Sdn Bhd	Pharmaceutical	11.2%
Goldtech Access Sdn. Bhd.	Printing Services	4.0%
K&N Kenanga Berhad	Financial services	7.9%

8.9.3 Capital expenditure

We do not foresee any major capital expenditure to be incurred by AmanahRaya REIT in the immediate future.

8.10 Salient terms of sales and purchase agreements ("SPA")

Properties that have titles will be included in one SPA which has been signed between Vendor and Trustee. The properties with title include:-

- HVL;
- Permanis Factory;
- Wisma Amanah Raya Berhad;
- Wisma AmanahRaya;
- Wisma UEP; and
- SEGi College.

Properties without titles which include HVAS and Blocks A & B, South City Plaza will each have an individual SPA signed between Vendor and Trustee.

The terms of all the above mentioned SPAs are similar except that for properties with titles the transfer of land will take place through a memorandum of transfer and for properties without titles the transfer will be through a deed of assignment.

8. INFORMATION ON PROPERTIES (Cont'd)

The salient terms of the SPA are summarised below:-

- (i) The sale and purchase of the Property under the SPA shall be effected by way of a registration of the Trustee (holding on trust for the REIT) as the legal owner of the Property subject to the conditions and restrictions-in-interest expressed or implied in the document of title to the Property but otherwise free of any interest (save for the interests outlined in each property's lease agreement), lien, charge and Security Interest (means any mortgage, charge (whether fixed or floating), pledge, lien, interest, hypothecation, or other security arrangement or interest of any kind).
- (ii) The SPA for properties with titles is conditional upon and subject to the fulfillment of certain conditions on or before the expiry of the Approval Period (means period of 3 months from the date of the SPA or such other extended period as may be mutually agreed between Vendor and Trustee). The conditions precedent are inter alia as follows:-
 - (a) the approval of the SC and Foreign Investment Committee ("FIC") through the SC of the application by us for the implementation of the REIT and for the public offering of the Offer Units having been obtained by the Trustee;
 - (b) the approval of FIC to the acquisition of the Property by the Trustee;
 - (c) the relevant state authorities' consent to the charging of the Properties in favour of the Trustee's financiers having been obtained by the Trustee;
 - (d) the completion of the sale and purchase executed by the Vendor and the respective owners of the Properties contemplated under each of the sale and purchase agreements in accordance with their respective terms thereof subject to the Trustee's solicitors receiving written confirmation from the Vendor's solicitors that each of the sale and purchase agreements has been completed;
 - (e) the due diligence exercise in respect of the acquisition of the Properties, including but not limited to the review of the property files, by the Trustee's solicitors having been completed to the satisfaction of the Trustee within seven (7) days from the date of the SPAs unless otherwise mutually extended by the parties. For purposes of the due diligence exercise, the Vendor shall grant the Trustee access to the documents to facilitate the completion of the exercise;
 - (f) the relevant state authorities' consent to the transfer of the Properties, if applicable, to the Trustee having been obtained by the Vendor. The Vendor shall be deemed to have obtained the relevant state authorities' consent when all conditions imposed by the relevant state authorities, if any, have been duly complied and the consent become unconditional;
 - (g) the consent by and/or notification to the existing lessees and/or tenants (where applicable) to the transfer of the Properties to the Trustee having been obtained by the Vendor;
 - (h) a written confirmation and undertaking from the Trustee's financier addressed to the Vendor undertaking to release the Loan Facility to the Vendor or the Vendor's nominees towards settlement of the Purchase Consideration on the Listing having been issued to the Vendor;
 - (i) a written confirmation from the Trustee of receipt of the duly executed deed(s) of novation of the Tenancy Arrangements and Leases by the Vendor and the existing tenants/lessees novating to the Trustee all rights, interests and obligations of the Vendor in respect of and arising out of the Tenancy Arrangements and Leases; and
 - (j) An irrevocable and unconditional written undertaking from the Vendor to refund all monies paid including all or any part of the Purchase Consideration paid to the

8. INFORMATION ON PROPERTIES *(Cont'd)*

Vendor in accordance with the terms of the SPAs in the event that the transfer or assignment in favour of the Trustee cannot be effected or is invalid for any reason whatsoever.

If any of the conditions precedent are not fulfilled by the expiry of the Approval Period, any party may rescind the SPA forthwith by written notice to the other party.

- (iii) In the event that either the SPA for Properties with title and without title or such part thereof is not completed or is terminated due to any reason whatsoever including the failure to secure the Loan Facility or to proceed with the Listing on or prior to the Listing Date and the Trustee informs the Vendor in writing that such non-completion or termination would adversely affect its ability to proceed with the REIT then the SPA shall be deemed to be terminated with the following consequences:-
- (a) the Property sold to the Trustee prior to the Listing Date shall be deemed to have been re-transferred absolutely to the Vendor as at the Listing Date; and
 - (b) the Trustee shall return to the Vendor all documents delivered to the Trustee pursuant to the agreement and all other documents forwarded by the Vendor in their custody.
- (iv) In the event that the Trustee has not been registered as the proprietor of the Properties or the deed of assignment has not been effected and/or the Trustee has not been registered with the developer as the proprietor of the Properties by the Completion Date, the Vendor shall grant the Trustee with a power of attorney to do all that is necessary to enable the Trustee to deal with the Properties as if it is the rightful owner of the Properties. The Trustee's solicitors shall cause the power of attorney to be registered with the registry of the High Court in Malaya at Kuala Lumpur, the respective Registrar of Land and in the books of any other authorities and companies as may be necessary or desirable.
- (v) Non-completion by Vendor
- In the event the Vendor fails for any reason whatsoever to complete the sale of the Property pursuant to the SPA save and except due to the default of the Trustee, the Trustee shall be entitled to specific performance of the sale and purchase hereunder of the Property, and all costs incurred thereby shall be borne by the Vendor.
- (vi) Non-completion by Trustee
- In the event the Trustee fails for any reason whatsoever to complete the sale and purchase of the Property, except due to the default of the Vendor, the Vendor shall be entitled at its option to specific performance of the sale and purchase hereunder of the Property and all costs incurred thereby shall be borne by the Trustee.

8.11 Salient terms of the Novation Agreements

Each property will have a separate Novation Agreement but all containing similar terms. The only difference between these agreements is the recognition of the respective agreements as a Lease or Tenancy. The only tenanted properties are the 7th floor and the roof top of Wisma Amanah Raya Berhad; and Wisma UEP. The remaining properties are leased.

The salient terms of the Novation Agreements are extracted below:-

8.11.1 Assignment and transfer

In consideration of the purchase of the property by the Trustee and Vendor are being released from and discharged of all its obligations under the respective Tenancy/Lease Agreements and the Trustee acquiring the rights, title, interest and benefits under and in the respective Tenancy/Lease Agreements and assuming the

8. INFORMATION ON PROPERTIES (Cont'd)

entire responsibility for and undertaking to carry out, discharge, observe and perform all whatsoever agreements, covenants, liabilities, stipulations, terms and conditions on the part of the Vendor agreed to be carried out, discharged, performed and observed under and pursuant to the terms and conditions of the respective Tenancy/Lease Agreements, the Vendor agrees to transfer and assign to the Trustee and the Trustee agrees to accept the assignment and transfer of all rights, title, interests, benefits, advantages, privileges, chooses in action and liabilities vested in the Vendor under, in, to or pursuant to the respective Tenancy/Lease Agreements on the Listing Date as if the Trustee were an original party to the respective Tenancy/Lease Agreements.

Subject to the rights of the Tenant/Lessee under the respective Tenancy/Lease Agreements, the Trustee shall be entitled to sell or reassign its interest in the Tenancy/Lease to any party without the prior consent of the Tenant/Lessee.

8.11.2 Security deposits

The Vendor agrees that with effect from the Listing Date, all its rights and interest in and to the deposits previously paid by the Tenant/Lessee to the Vendor pursuant to the Tenancy/Lease Agreements (if any) are assigned absolutely to the Trustee. The Trustee hereby agrees to refund to the Tenant/Lessee the deposits at the end of the term of the respective Tenancy/Lease Agreements, to the extent that the same has been delivered to the Trustee on the Listing Date, upon the terms as set out in the respective Tenancy/Lease Agreements without interest and less any sum which may have fallen due in respect of any antecedent breach or breaches of the terms and conditions in the respective Tenancy/Lease Agreements and/or the Novation Agreements and/or fallen due to the proper authorities in respect of utilities used and/or consumed by the Tenant/Lessee.

8.11.3 Indemnity by the Vendor

The Vendor undertakes and covenants to indemnify and keep the Trustee and/or the Tenant/Lessee so indemnified against any actions proceedings claims demand penalty costs charges and expenses incurred by the Trustee and/or the Tenant/Lessee by reason of the non-observance and /or non-performance by the Vendor of its obligations under and pursuant to the respective Tenancy/Lease Agreements or otherwise in relation thereto prior to the Listing Date.

8.11.4 Trustee's covenant

The Trustee covenants with the Vendor and the Tenant/Lessee that with effect from the Listing Date and thereafter during the remainder of the term of the respective Tenancy/Lease Agreements and subject only to the terms and conditions of the Novation Agreements, the Trustee shall acquire all rights, title, interest, risk and benefits under the respective Tenancy/Lease Agreements and assume all obligations and liabilities of the Vendor to be performed under the respective Tenancy/Lease Agreements.

9. SALIENT TERMS OF LEASE AGREEMENTS

9.1 HVAS and HVL

The Lease Agreements entered into between the respective Lessees of HVAS and HVL properties and the Vendor as the Lessor are set out as follows:-

- Lease agreement dated 20 February 2006 between the Lessor and ASHVSB as the Lessee for the HVAS property;
- Supplemental lease agreement dated 21 April 2006 between the Lessor and ASHVSB as the Lessee for the HVAS property;
- Lease agreement dated 20 February 2006 between the Lessor and LHVS as the Lessee for the HVL property;
- Supplemental lease agreement dated 21 April 2006 between the Lessor and LHVS as the Lessee for HVL; and
- Variation letters dated 5 December 2006 for both the sale and purchase agreements dated 20 February 2006 and supplemental sale and purchase agreements dated 21 April 2006; and the aforementioned Lease Agreements for both HVAS and HVL.

The salient terms of the above agreements are set out as follows:-

9.1.1 Agreement to lease

The Lessor has agreed to lease out the Property and the Lessee has agreed to accept a lease of the Property on an as is where is basis free from all encumbrances and with legal possession together with all fixtures or fixed assets including major mechanical and electrical equipments which are attached to the Property and are necessary for the operation of the Property as a hotel and subject to any conditions express or implied and restrictions in the strata document of titles when issued, affecting the same in the Lease Agreements.

9.1.2 Duration

The Lessor agrees to lease to the Lessee the Property for a term of 10 years ("**HV Lease Term**") commencing from the date of completion of the sale and purchase agreement* which shall be such date as confirmed by the Lessor to the Lessee in writing ("**Completion Date**") and subject to the terms and conditions contained in the Lease Agreements.

Note:-

* Refers to the either of the following:-

- (a) sale and purchase agreement entered into between ASHVSB and the Vendor on 20 February 2006 wherein the Vendor purchased HVAS property from ASHVSB; or
- (b) sale and purchase agreement entered into between Azman Shah Bin Haron (as trustee for LHVS) and the Vendor on 20 February 2006 wherein the Vendor purchased the HVL property from Azman Shah Bin Haron (as trustee for LHVS).

9.1.3 Deposit

The Lessee shall upon execution of the Lease Agreement, pay to the Lessor a sum* ("**HV Deposit**") as security deposit for payment of the rent and for the due observance and performance by the Lessee of all the covenants, terms and conditions contained in the Lease Agreement. The Lessor shall place the HV Deposit into an Institutional Trust Account ("**ITA**") under the name of the Lessee to be administered by the Lessor and all interests accrued thereon together with all benefits and dividends (if any) shall be for the absolute benefit of the Lessee and the HV Deposit shall not be treated as payment of rent and shall be returned to Lessee together with all interest earned thereon, the benefits and dividends (if any) from the ITA at the expiry or determination or termination of the Lease Agreement and surrender possession, less such deductions as shall be due and owing by the Lessee

9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

to the Lessor and the Lessee herein agree and irrevocably authorise the Lessor for the said deductions pursuant to the Lease Agreement.

Note:-

* Refers to RM4,340,000 in respect of HVAS property and RM7,000,000 in respect of HVL property.

9.1.4 Outgoings and maintenance

The Lessee's covenants with the Lessor are as follows:-

- (a) to promptly pay all outgoings on the Property from the commencement of the lease including but not limited to quit rent, assessment, tax, electricity, water, gas, telephone, telex, facsimile, Indah Water charges, rates and any other utilities which are incurred on the Property or payable to any municipal or local authority during the lease and to ensure at the Lessee's costs and expense that there shall be no disruption of such supply or services;
- (b) to cause or ensure at the Lessee's cost and expense that all the agents, invitees, servants, contractors, employees, authorized persons of the Lessee to conduct themselves so as to accord with the rules and regulations prescribed by the Lessor or its agent for the proper management of the Property;
- (c) to maintain or upkeep the outer and inner structure of the Property or the land areas surrounding the Property at the Lessee's cost and expense including but not limited to the flooring, interior plaster or other surface material, rendering on walls and ceilings, doors, windows, electrical wires, drains, pipes, cables, lifts, water closets, basins, sinks, fixtures and fittings, the patio, garden, tennis court and swimming pool in clean, hygienic, neat, free from obstruction, good and tenantable repair and to replace or repair any part of the Property and the fixtures and fittings therein which shall be broken or damaged due to the malicious, negligent or careless acts or omission of the Lessee, its servants, agents, guests, invitees or otherwise failing which, the Lessor shall rectify or repair the same and all costs and expenses that shall be incurred by the Lessor in connection therewith shall be payable by the Lessee forthwith upon demand;
- (d) to permit the Lessor or the Lessor's duly authorized agents at all reasonable times during the lease with or without workmen or others to enter upon the Property or any part thereof to view the condition thereof and to do such works and things as may be required for any repairs, alterations or any other part of the Property within the time stipulated in the Lessor's notice for rectification or repair failing which, the Lessor shall rectify or repair the same and all costs and expenses that shall be incurred by the Lessor in connection therewith shall be payable by the Lessee forthwith upon demand;
- (e) to ensure the Property and all buildings under construction or hereafter to be erected on the Property with a reputable insurance company for an insurance policy or policies for a sum to be insured that is equivalent to the prevailing market value to protect the Property against fire or any damage or death or injury to any person using or entering or occupying or within the vicinity of the Property (hereinafter referred to as "such policy or policies") with the endorsement of the Lessor as the insured and absolute beneficiary of such policy or policies and the Lessee shall pay promptly the premium or any increased in premium for such policy or policies as when it is due;
- (f) to be responsible and keep insured at the Lessee's cost and expense and to cover for public liability, fire, damage and consequential losses all of the

9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

- Lessee's goods, stock in trade, property or assets found or stored or located in and around the Property;
- (g) to ensure at the Lessee's cost and expense that all ashes, waste and refuse on the Property shall be disposed in designated areas as shall comply with any laws, statutes, by-laws, ordinance, regulations or any competent authorities for the time being applicable thereto and not to accumulate or allow or permit any ashes, waste, refuse or sewerage or effluent from any building or drain to pollute the air or sewers or any part of the Property;
 - (h) to ensure that none of the facilities for drainage or supply of electricity, water, gas, telephone, telex, facsimile, Indah Water charges, lifts, cables and any other utilities including but not limited to cisterns, sewers, pipes, drains, wires, cables, duct and aerials serving the Property are obstructed, terminated, diverted or interfered in any way;
 - (i) not to add, renovate or construct anything in or on the Property without the prior written approval of the Lessor; and
 - (j) to inform the Lessor of any meetings in relation to the management of the Property including but not limited to all the tender processes, renovation works, major repairs, maintenance monthly reporting, property management accounts or any related matters ("such meetings") which the Lessor deems as necessary to enable the Lessor to monitor the operations and management of the Property and to allow the Lessor or its appointed party to be represented in the property management committee or in the property management team or unit including if the Lessor decides to attend or call for any such meetings, the Lessee shall call and arrange for the Lessor's attendance in such meetings provided always that such attendance by the Lessor shall not exceed once in every 3 months.

9.1.5 Lease renewal

- (a) In the event that the Lessee does not exercise the Option to Buyback (as defined in section 9.1.6 below) upon the expiry of the Lease in accordance with paragraph 9.1.5 of the Lease Agreements, the Lessor shall grant to the Lessee an option to renew the lease ("Extended HV Lease") for a further term of 10 years commencing from the expiry of the Lease and the rates of rental of the Extended HV Lease shall be based upon the then prevailing market rental of properties similar to the Property as determined by a valuer acceptable to the Lessor which shall be in compliance with the REIT Guidelines and taking into consideration the rates of rental paid by the Lessee to the Lessor prior to the Extended HV Lease **provided always** that the Lessor shall have received the written notice of the exercise of the option to renew at least 6 months preceding the expiry of the lease and **provided always** that the renewal of the lease under the exercise of the option to renew shall also be subject to the terms and conditions to be mutually agreed upon by the parties to the Lease Agreement which would be similar to the terms and conditions as agreed in the Lease Agreement (save and except for the rates of rental of the Extended HV Lease), the then prevailing regulatory requirements, the enhancement costs referred to in section 9.1.5(e) and the rate of rental paid by the Lessee to the Lessor prior to the Extended HV Lease and the Lessee shall prior to the further renewal pay to the Lessor a sum equivalent to the difference between the 2 years rental at the revised rate (if any) and the 2 years rental at the previous rate towards the additional HV Deposit. The parties to the Lease Agreement agree that the valuation fees and expenses to be paid to the said valuer shall be borne equally by the Lessor and the Lessee;

9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

- (b) The Lessee shall not withdraw the said notice of exercise of option (if so issued by the Lessee) without the prior consent of the Lessor otherwise, the Lessor irrevocably forfeit the existing sum of HV Deposit;
- (c) In the event of any dispute in respect of the then prevailing market rental as determined by the valuer as described in section 9.1.5(e) below, the parties agree that the rates of rental applicable for the Extended HV Lease shall be determined based on a valuation undertaken by Jabatan Penilaian dan Perkhidmatan Harta, Ministry of Finance and the result of such valuation shall be accepted by the parties to the Lease Agreement;
- (c) If the Lessee exercises its rights to renew the lease, the Lessor shall finance the costs of refurbishing and upgrading the hotel to ensure that the hotel to achieve an official rating of "four (4) star". For the avoidance of doubt, the financing of the costs of refurbishing and upgrading the hotel by the Lessor shall be made only once; and
- (d) The Lessor shall, if it is agreeable, at any time during the lease or the Extended HV Lease upon its receipt of a written proposal from the Lessee and after conducting an evaluation of the said written proposal within a reasonable period of time, on terms and subject to conditions to be mutually agreed between the Lessee and the Lessor, finance or jointly finance with the Lessee the costs of enhancement of the hotel by increasing the number of hotel rooms or construct new buildings or additional facilities on the Property. In the event that the Lessor finances or jointly finances the costs of enhancement of the hotel, the rental payable by the Lessee to the Lessor shall be increased proportionately to the aggregate of the rental payment applicable at any point of time during the lease or the Extended HV Lease and the rental increment. For the purpose of this section 9.1.4(e), the rental increment shall be calculated as follows:-

A x the monies disbursed by the Lessor for the costs of enhancement of the hotel;

whereby A shall be the rate per annum as follows:-

During the lease:-

<u>Year</u>	<u>A</u>
1 to 3	6.7%
4 to 7	7.0%
8 to 10	7.3%

During the Extended Lease:-

'A' shall be the rate to be mutually determined and agreed by the parties hereto and set out in the agreement documenting the terms of the Extended HV Lease.

For the avoidance of doubt, the revised rental shall take effect upon the completion of the enhancement of the hotel and the decision on the financing or jointly financing the enhancement costs shall be at the Lessor's absolute discretion.

9.1.6 Buyback option

The Lessor shall grant to the Lessee an option to buyback the Property ("**Option to Buyback**") at the purchase price equivalent to the then prevailing market value of the Property as determined by a valuer acceptable to the Lessor subject to the Lessor having received the written notice of the exercise of the Option to Buyback at least 6

9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

months preceding the expiry of the lease or the Extended HV Lease **and provided always that** the purchase by the Lessee from the Lessor under the exercise of the Option to Buyback shall be subject also to the terms and conditions to be mutually agreed upon which shall not deviate substantially from a standard sale and purchase agreement and the then prevailing regulatory requirements and the Lessee shall not withdraw the said notice of exercise of option (if so issued by the Lessee) without the prior consent of the Lessor.

For the avoidance of doubt, the parties further agree that the valuation to be undertaken by the said valuer to determine the then prevailing market value of the Property shall, to the extent permitted under the REIT Guidelines, be based on the Discounted Cash Flow Method and the Comparable Method adopted by Colliers Jordan Lee & Jaafar (PG) Sdn Bhd to arrive at the value of the Property and to determine the purchase price as provided in the sale and purchase agreements as amended by the supplemental sale and purchase agreements for both HVAS and HVL prevailing on or about the date of the Lease Agreements and the valuation fees and expenses to be paid to the said valuer shall be borne equally by the Lessor and the Lessee.

9.1.7 Assignment

The parties have executed the Novation Agreement which provides that subject to the rights of the Lessee under the Lease Agreement, AmanahRaya REIT shall be entitled to sell or reassign its interest in the lease to any party without the prior consent of the Lessee.

The Lessee further agrees that it shall not sell or reassign its interest in the lease to any party without the prior written consent of AmanahRaya REIT and AmanahRaya REIT's agent or manager, which consent shall not be unreasonably withheld.

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9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

9.2 Permanis Factory

The salient terms of the Lease Agreement dated 18 January 2006 between the Vendor as the Lessor and CI Holdings as the Lessee are as follows:-

9.2.1 Agreement to lease

The Lessor hereby lets and the Lessee hereby takes a lease of the Property upon the terms and conditions contained in the Lease Agreement.

9.2.2 Duration

The lease of the Property granted hereby shall be for a fixed term of 10 years commencing on the completion date of the Permanis SPA* ("Permanis Lease Term").

Note:-

* *Refers to sale and purchase agreement entered into between Permanis Sdn Bhd and the Vendor on 18 January 2006 wherein the Vendor purchased the Permanis property from Permanis Sdn Bhd.*

9.2.3 Deposit

The Lessee covenants with the Lessor to pay to the Lessor on the commencement of the lease the sum of RM1,587,000 equivalent to 1 year's rental as a deposit and which deposit shall be deposited into an ITA under the name of the Lessee and to be administered by the Lessor as security for the due performance and observance by the Lessee of the covenants and conditions contained in the Lease Agreement.

9.2.4 Outgoings and maintenance

The Lessee's covenants with the Lessor are as follows:-

- (a) to pay all charges for the supply of water and electricity, telephone charges, sewerage charges imposed by Indah Water or other charges imposed by the relevant authority incurred in the operation and activity of the Lessee now or hereinafter levied by the relevant authorities on the Property including but not limited to quit rent, assessment and maintenance charges including building repairs, fire insurance and/or other related capital expenditure or any costs incurred thereof;
- (b) to pay all outgoings and/or any increment on any service charges, rates, taxes, assessment or other outgoings levied or to be levied by the Government, City Hall, Town Board or such other relevant authorities imposed upon the Lessor due to the nature of the business carried out by the lessee which renders the Lessor liable to pay any amount greater than the amount of service charges, rates, taxes, assessment or other outgoings payable in respect of the Property at the commencement of this lease;
- (c) to permit the Lessor and/or all such persons with written authority from the Lessor or the Lessor's agents at reasonable times of the day and at reasonable intervals to view the Property or any part or parts thereof and thereupon the Lessor or its authorized agent may serve upon the Lessee notice in writing specifying any repair or works necessary to be done and require the Lessee forthwith to execute the same and if the Lessee shall not within 30 days after the service of such notice proceed diligently with the execution of such repairs or works therein to permit the Lessor his workmen or agents to enter upon the Property to execute such repair or works and the cost thereof shall be a debt due from the Lessee to the Lessor and shall be forthwith recoverable by action;

9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

- (d) not to make or permit any alterations in or additions whatsoever to the Property without prior written consent of the Lessor having first obtained which consent shall not unreasonably be withheld and (if necessary) the local authority thereof and in the event such approval and licence being given, to carry out at the Lessee's own expense of such alterations or additions and at the end of the Permanis Lease Term or the Permanis Extended Term, as defined in section 9.2.5 (if so required by the Lessor) to substantially reinstate the Property, at the cost of the Lessee, to the same condition as it was in at the date of the grant of this lease or to its original conditions (fair wear and tear excepted), such reinstatement to be carried out under the supervision of the Lessor;
- (e) to give notice to the Lessor of any defect in the Properties which might give rise to an obligation on the Lessor to do or refrain from doing any act or thing in order to comply with the provisions of the lease or the duty of care impose on the Lessor pursuant to the law or otherwise and at times to display and maintain all notices which the Lessor may from time to time reasonably require to be displayed;
- (f) to keep the Property, its interior including the Lessor's fitting and fixtures therein and the doors and windows thereof in clean, good and tenable repair and condition (fair wear and tear excepted);
- (g) to replace from time to time the Lessor's fixtures and fittings in the Property which may be or become beyond repair at any time during or at the expiration of the Permanis Lease Term or the Permanis Extended Term (as the case may be);
- (h) not to use or permit or suffer to be used the lavatories, toilets, sinks, drainage, plumbing facilities or other facilities in the Property for any purposes other than that for which they were constructed or provided and not to deposit or permit to be deposited therein any sweepings, rubbish or other matter and promptly at the cost of the Lessee to make good any damage thereto caused by misuse by the Lessee and/or its agents, visitors or any other persons permitted by the Lessee;
- (i) to fully maintain, upkeep and provide security to the Property and to pay and settle all outgoings, costs and expenses to the contractor or any third party appointed by the Lessee towards the cost of maintenance, provision of services, upkeep and security provided for the Property;
- (j) to keep and maintain the interior and exterior of the Property including the main drains and pipes in good and tenable repair and condition and to pay for all the capital expenditure in keeping and maintaining the Property. Further, the Lessee shall upkeep the property management of the Property including the land area of which the Lessor shall be updated on the property management and maintenance accounts of the Property; and
- (k) at the Lessee's own costs and expenses to engage such firm of pest exterminators and to take such steps as may be necessary to rid the Property of termites/white ants.

9.2.5 Lease renewal

The parties in the Lease Agreement agree that the Lessee shall have the option to renew the lease of the Property upon the expiry of the Permanis Lease Term for a further term of 10 years ("**Permanis Extended Term**") at the rental, terms and rate

9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

to be mutually agreed by both the parties **provided always** that notice in writing is given at least 6 months before the expiration of the Permanis Lease Term.

9.2.6 First right of refusal

- (a) In the event that the Lessor is desirous of selling the Property during the continuance of the Permanis Lease Term or the Permanis Extended Term, as the case may be, the Lessor shall give the Lessee first option to purchase the Property at the purchase price to be determined by the Lessor **provided that** if the Lessee shall decline the option the Lessor shall be at liberty to sell the Property to other parties **provided always that** the Lessor shall ensure that such sale shall include the lease hereby created so as to ensure and not to prejudice the rights and benefits of the Lessee under the Lease Agreement.
- (b) notwithstanding anything to the contrary hereof, the Lessor shall have all the right to sell the Property to the REIT established by the Lessor or to its nominees without first having to give to the Lessee the first right of refusal as stated in section 9.2.6(a) above, in which sale shall be subject to the Lease Agreement.

9.2.7 Early termination

The parties in the Lease Agreement agree that

- (a) in the event that the Property or any part thereof shall at any time during the Permanis Lease Term be damaged or destroyed by fire or by any event so as to become unfit for occupation or use then and **provided always** that such aforesaid fire or event shall not have been caused by the willful and malicious acts of the Lessee its servants and agents, the rental reserved or a fair and just proportion thereof according to the nature and extent of the damage sustained shall be suspended and cease to be payable until the Property shall have been rendered fit for occupation and use **provided always** that if in the event that the Lessor shall be unable to restore or render the Property fit for occupation within 3 months from the date thereof, the Lessee shall have an option either to terminate the lease created or to continue suspending and ceasing payment of the rental reserved or a proportionate part thereof according to the extent of damage or destruction until the date the Property shall be rendered fit for occupation or use by the Lessor. In the event the Lessee decides to terminate this lease, the Lessor shall within 14 days thereof, refund the Deposit (with interest earned thereon) to the Lessee less all payment due and payable under the Lease Agreement.
- (b) save for section 9.2.6(a) above, the Lessee shall not terminate the lease before the expiry of the Permanis Lease Term failing which the Lessee shall pay to the Lessor a sum equivalent to the rental for the whole of the unexpired period of the Permanis Lease Term as liquidated damages without prejudice to the other rights to claim by the Lessor for any antecedent breach by the Lessee.

9.2.8 Rental revision after refurbishment

The parties to the Lease Agreement expressly agree that upon the written request from the Lessee, the Lessor, at its sole discretion, shall jointly bear the cost of upgrading and/or enhancement and/or increasing the lettable area of the Property during the Permanis Lease Term or the Permanis Extended Term, as the case may be, subject to the increment of the rental at a rate to be mutually agreed by the parties. Such increment or rental shall take effect immediately upon the Lessor's disbursement of its portion of the said cost.

9. SALIENT TERMS OF LEASE AGREEMENTS *(Cont'd)*

9.2.9 Assignment

The Lessee covenants with the Lessor that it shall not assign, sublet or part with the possession of the Property or any part thereof to any party or its subsidiary and/or associate companies without the prior written consent of the Lessor which consent shall not be unreasonable withheld.

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9. SALIENT TERMS OF LEASE AGREEMENTS *(Cont'd)*

9.3 SEGi College

The salient terms of the lease agreement dated 15 May 2006 between the Vendor as the Lessor and SEG International as the Lessee are as follows:-

9.3.1 Agreement for lease

In consideration of the Lessor agreeing to enter into the SCISB SPA* and the Lessee agreeing to pay rent and other monies payable to the Lessor under the Lease Agreement and further agreeing to duly observe, comply and perform the terms and conditions of the Lease Agreement, the Lessor agrees to grant and the Lessee agrees to accept the lease of the Property for a term of 15 years ("**SCISB Lease Term**") commencing from the completion of the SCISB SPA subject to the terms and conditions of the Lease Agreement.

Note:-

* Refers to sale and purchase agreement entered into between Shaw Commercial Institution Sdn Bhd ("**SCISB**") and the Vendor on 20 February 2006 wherein the Vendor purchased the SEGi College property from SCISB.

9.3.2 Deposit

The Lessee shall at all times during the SCISB Lease Term procure and maintain unconditional and irrevocable bank guarantee(s) in favour of the Lessor, for an amount equivalent to 3 years' rent ("**SEGi Bank Guarantee**") by way of a security deposit, as security for the due observance and performance by the Lessee of the terms and conditions of the Lease Agreement. The Lessor may at any time make a demand or call on the SEGi Bank Guarantee for such sum as may be sufficient whether by way of compensation for any damages or otherwise for which the Lessee may be liable under the terms hereof but without prejudice to the Lessor's right to any further sum for which the Lessee may be liable hereunder.

9.3.3 Outgoings and maintenance

- (a) The Lessee shall solely bear, pay and discharge all the quit rent, rates, and assessment imposed on and payable in respect of the Property. The Lessee shall within 7 days of the said payment, deposit with the Lessor receipts and all other relevant documents evidencing the said payment by the Lessee.
- (b) The Lessee acknowledges that the Lessee shall be fully responsible, at its own cost and expense, for the maintenance and upkeep of the Property, including without limitation to the generality of the foregoing, services and maintenance charges (where applicable), building repairs, outgoings like quit rent and assessments, insurance coverage on the Property and any other related capital expenditure whatsoever and howsoever incurred. For the avoidance of doubt and notwithstanding any other provisions of the Lease Agreement, the Lessor shall not be liable and nothing in the Lease Agreement shall make the Lessor liable for the same and the Lessee shall fully indemnify the Lessor for any non-compliance of such covenants.
- (c) It is expressly agreed that the Lessee shall be fully responsible, at its own costs and expense, for the general and total maintenance of the Property and the facilities enjoyed and available in the Property, in particular without limitation to the generality for the foregoing, all those duties and obligations set out in Schedule 4 of the Lease Agreement and the Lessee further agrees that it shall fully indemnify and save harmless the Lessor for all actions, demands, claims, liabilities, losses, damages or expenses or proceedings suffered or incurred by the Lessor as a result of the Lessee's breach of or non-compliance with any of such duties and obligations. As such duties and obligations are borne and undertaken by the Lessee as aforesaid, no service

9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

charges will be levied by the Lessor in respect of these general maintenance of the Property and facilities therein.

Schedule 4 of the Lease Agreement sets out the following duties and responsibilities of the Lessee:-

- (i) Maintaining the exterior and windows of the Property and all additions thereto including the roof, main structure, walls, pipes and the main drains and the boundary walls and fences in good tenable repair and condition.
 - (ii) Cleaning of all internal common areas including entrance hall, lift lobbies, stairwells, corridors (outside leased areas) and toilets.
 - (iii) Garbage disposal from a pre-determined location in the common areas of each floor.
 - (iv) Pest control services to the common areas to the Property.
 - (v) Maintenance, repair and operation of all fire fighting/protection plant and equipment, sprinklers, smoke detectors, fire doors and frames, lifts, escalators, air-conditioning equipment, electrical systems (transformers, switchgear, power cables, risers) pressurization fans, building systems, vertical and horizontal Information Technology cabling, plumbing systems, drains, boundary walls and fences, toilet fixtures, cleaning of exterior wall panels, windows, common areas.
 - (vi) Air-conditioning to the Property.
 - (vii) Provision of passenger/service lifts.
 - (viii) Security of all common areas.
 - (ix) Utilities:-
 - Water.
 - Electricity for air-conditioning system including Air Handling Units, perimeter/exterior lighting, toilets/non tenanted areas, lifts, fire alarm, building security and building control system.
- (d) Without in any way affecting the obligation of the Lessee to maintain the Property under the Lease Agreement, upon receiving prior reasonable notice from the Lessor, the Lessee shall permit the Lessor, its agents, employees, contractors and all persons authorized by it with or without workmen or others and with or without appliances at all reasonable times to enter upon the Property to view the condition thereof and take inventories of the Lessor's fixtures and fittings therein. The Lessor may serve upon the Lessee notice in writing specifying any repairs or work necessary to be done or replacement necessary to be made to comply with the Lessee's covenants to carry out any structural or external repairs to the Property or to other portions of any building which the Property forms a part or to any contiguous building not conveniently accessible otherwise than from or through the Property and other covenants to repair the Property herein contained and require the Lessee forthwith to execute diligently such repair work or make such replacements; and if the Lessee shall default and fail to perform and observe the notice within 5 days after the receipt of such notice then it shall be lawful for the Lessor to enter (without prejudice to the Lessor's right for re-entry and all other rights contained in the Lease Agreement) upon the Property and execute such repairs or make such replacements and the cost thereof shall

9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

be a debt due and payable on demand by the Lessee to the Lessor and be forthwith recoverable from the Lessee **provided always** that the Lessor shall use all reasonable endeavours not to interfere with the Lessee's use of the Property in the exercise of the rights granted in the Lease Agreement.

- (e) The Lessee shall:-
- (i) keep in good repair and tenable condition the main structure of walls, floors and roofs of the Property and the common areas, provided that the manner in which such areas shall be maintained and the reasonable expenditure thereon shall be at the absolute discretion of the Lessor.
 - (ii) keep and maintain the interior of the Property (in addition to the main structure and any part of any building's common systems located in the Property) including generally the flooring and interior plaster or other surface material on walls and ceilings, and the Lessor's fixtures and equipment and other fixtures therein including doors, windows, glass, shutters, locks, installations and fittings for lights, of which the Lessee has exclusive use as the sole occupant or is otherwise in control of its occupation or use or the Lessee ought to have secured control of its occupation or use where the Lessee sublets any or any part or any portion of the Property in clean and in good and tenable condition (fair wear and tear excepted) to the satisfaction of the Lessor and of the relevant Government agencies. The Lessee shall replace or repair any of the aforesaid items and any part of the Property and the Lessor's fixtures and fittings therein which may be broken or damaged or become defective due to any act, default, omission or negligence of the Lessee, its servants, agents or invitees.

9.3.4 Insurance

The Lessee, at its own costs and expense, shall take and maintain or ensure sufficient and adequate insurance coverage which is to the reasonable satisfaction of the Lessor with reputable insurance companies covering risks including inter alia:-

- (a) keep the building and property and fixtures and equipment insured against fire or damage by fire and such other risks as the Lessor may from time to time prescribe and shall deem suitable, with an insurance company acceptable to the Lessor for an amount satisfactory to the Lessor including without limitation to re-instatement/replacement cost; and
- (b) public liability, fire and any other claims in respect of any injuries caused to any employees, visitors or invitees or persons lawfully present in the Property.

The Lessee shall promptly submit copies of the aforesaid insurance policies to the Lessor every year and shall keep the Lessor notified in the event of cancellation or modification and renewal of the said policies of insurance.

9.3.5 Rights of first refusal

- (a) Subject to section 9.3.5(b) below and subject further to the Lessee having complied with and performed all its obligations in the Lease Agreement in the event during the SCISB Lease Term, the Lessor wishes to sell or otherwise dispose of the Property, the Lessor hereby agrees to grant to the Lessee the right of first refusal, by the Lessor giving to the Lessee a written offer stating such intent and the proposed purchase price for such sale or disposal.

9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

If the Lessee rejects such offer or does not communicate its intent to enter into negotiation with the Lessor in writing within 14 days from the date of such written offer, the Lessor shall be at liberty to sell the Property to any third party within 6 months on terms no less favourable than those being offered to the Lessee upon such rejection or upon the expiry of the aforesaid period, whichever is earlier.

If the Lessee accepts the offer in writing or communicates its intent in writing to enter into negotiation with the Lessor within the aforesaid period, which acceptance shall be subject to such other terms and conditions to be mutually agreed in a formal contract, the parties shall enter into negotiation within 14 days from the acceptance of the offer with a view to execution of the sale and purchase agreement.

In the event the parties cannot agree on the terms and/or the formal sale and purchase agreement shall not be executed within 1 month thereafter, the Lessor shall be entitled to sell the Property to any third party within 6 months on terms no less favourable than those being offered to the Lessee during the aforesaid negotiations. This Lease shall survive any such sale to any third party.

This right of first refusal hereby granted shall not be applicable and shall not extend beyond the SCISB Lease Term. For the avoidance of doubt, the right of first refusal hereby granted shall not be enforceable and no longer applicable if the Lease Agreement is terminated pursuant to the terms and conditions hereunder.

- (b) Notwithstanding paragraph 9.3.5(a) above, in the event if the Lessor wishes to sell or otherwise dispose of the Property for the purposes of establishment of a REIT, the parties hereby agree that the Lessor shall be at liberty to sell the Property to any third party pursuant to the REIT subject to this Lease Agreement.

9.3.6 Assignment

- (a) The Lessor may assign or charge the benefit of and full right to enforce all its rights under or granted pursuant to the Lease Agreement.
- (b) The Lessee shall not have the right to assign or charge its rights and obligations under the Lease Agreement unless the consent of the Lessor is first had and obtained.

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9. SALIENT TERMS OF LEASE AGREEMENTS *(Cont'd)*

9.4 Blocks A & B, South City Plaza ("SCP")

The salient terms of the lease agreement dated 21 August 2006 between the Vendor as the Lessor and SEG International as the Lessee are as follows:-

9.4.1 Agreement for lease

In consideration of the Lessor agreeing to enter into the SCP SPAs* and the Lessee agreeing to pay the rent and other monies payable to the Lessor under the Lease Agreement and further agreeing to duly observe, comply and perform the terms and conditions hereinafter contained, the Lessor agrees to grant and the Lessee agrees to accept the lease of the Property for a term of 10 years ("**SCP Lease Term**") commencing from the date of completion of the SCP SPAs subject to the terms and conditions of the Lease Agreement.

* Refers to the following:-

- (a) sale and purchase agreement entered into between Binary Mark Sdn Bhd ("**BMSB**") and the Vendor on 20 February 2006 wherein the Vendor purchased the Block A of the South City Plaza property from BMSB; and
- (b) sale and purchase agreement entered into between Prestige Front Sdn Bhd ("**PFSB**") and the Vendor on 20 February 2006 wherein the Vendor purchased the Block B of the South City Plaza property from PFSB.

9.4.2 Deposit

The Lessee shall at all times during the SCP Lease Term procure and maintain unconditional and irrevocable bank guarantee(s) in favour of the Lessor issued by a bank or a licensed financial institution and in form and substance acceptable to the Lessor, for an amount equivalent to 2 years' rent ("**SCP Bank Guarantee**") by way of a security deposit, as security for the due observance and performance by the Lessee of the terms and conditions of the Lease Agreement. The Lessor may at any time make a demand or call on the SCP Bank Guarantee for such sum as may be sufficient whether by way of compensation for any damages or otherwise for which the Lessee may be liable under the terms of this Lease Agreement but without prejudice to the Lessor's right to any further sum for which the Lessee may be liable in the Lease Agreement.

9.4.3 Outgoings and maintenance

- (a) The Lessee shall solely bear, pay and discharge all the quit rent, rates taxes, assessment and other charges imposed on and payable in respect of the Property and the use of the Property and the area which is shared by the other buildings within the Property's vicinity ("**Common Property**") to the appropriate Authorities and/or the developer of this property. The Lessee shall within 7 days of the said payment, deposit with the Lessor receipts and all other relevant documents evidencing the said payment by the Lessee. The Lessee expressly covenants and undertakes to pay to Pujian Development Sdn Bhd ("**SCP Developer**") all such charges and outgoings as shall be payable to the SCP Developer pursuant to the terms of the first Sales and Purchase Agreement signed between the SCP Developer and purchasers ("**Principal SPA**") and the first Deed of Mutual Covenants signed between the SCP Developer and the purchasers ("**Principal Deed of Mutual Covenants**") and/or the ("**Deed of Mutual Covenants**"), as the case may be, and further agrees and undertakes to fully indemnify and save harmless the Lessor against all actions, demands, claims, liabilities, losses, damages or expenses suffered or incurred by the Lessor as a result of the Lessee's breach of or non-compliance with the above obligation.
- (b) The Lessee acknowledges that the Lessee shall be fully responsible, at its own cost and expense, for the maintenance and upkeep of the Property,

9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

including without limitation to the generality of the foregoing, services and maintenance charges (where applicable), building repairs, outgoings like quit rent and assessments, insurance coverage on the Property and any other related capital expenditure whatsoever and howsoever incurred. For the avoidance of doubt and notwithstanding any other provisions of the Lease Agreement, the Lessor shall not be liable and nothing in the Lease Agreement shall make the Lessor liable for the same and the Lessee shall fully indemnify the Lessor for any non-compliance of such covenants.

- (c) It is expressly agreed that the Lessee shall be fully responsible, at its own costs and expense, for the general and total maintenance of the Property and the facilities enjoyed and available in the Property, in particular without limitation to the generality for the foregoing, all those duties and obligations set out in Schedule 3 of the Lease Agreement and the Lessee further agrees that it shall fully indemnify and save harmless the Lessor for all actions, demands, claims, liabilities, losses, damages or expenses or proceedings suffered or incurred by the Lessor as a result of the Lessee's breach of or non-compliance with any of such duties and obligations. As such duties and obligations are borne and undertaken by the Lessee as aforesaid, no service charges will be levied by the Lessor in respect of these general maintenance of the Property and facilities therein.

Schedule 3 of the Lease Agreement sets out the following duties and responsibilities of the Lessee:-

- (i) Maintaining the exterior and windows of the Property and all additions thereto including the roof, main structure, walls, pipes and the main drains and the boundary walls and fences in good tenable repair and condition.
- (ii) Cleaning of all internal common areas including entrance hall, lift lobbies, stairwells, corridors (outside leased areas) and toilets.
- (iii) Garbage disposal from a pre-determined location in the common areas of each floor.
- (iv) Pest control services to the common areas to the Property.
- (v) Maintenance, repair and operation of all fire fighting/protection plant and equipment, sprinklers, smoke detectors, fire doors and frames, lifts, escalators, air-conditioning equipment, electrical systems (transformers, switchgear, power cables, risers) pressurization fans, building systems, vertical and horizontal Information Technology cabling, plumbing systems, drains, boundary walls and fences, toilet fixtures, cleaning of exterior wall panels, windows, common areas.
- (vi) Air-conditioning to the Property.
- (vii) Provision of passenger/service lifts.
- (viii) Security of all common areas.
- (ix) Utilities:-
 - Water.
 - Electricity for air-conditioning system including Air Handling Units, perimeter/exterior lighting, toilets/non tenanted areas, lifts, fire alarm, building security and building control system.

9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

- (d) Without in any way affecting the obligation of the Lessee to maintain the Property under the Lease Agreement, upon receiving prior reasonable notice from the Lessor, the Lessee shall permit the Lessor, its agents, employees, contractors and all persons authorized by it with or without workmen or others and with or without appliances at all reasonable times to enter upon the Property to view the condition thereof and take inventories of the Lessor's fixtures and fittings therein. The Lessor may serve upon the Lessee notice in writing specifying any repairs or work necessary to be done or replacement necessary to be made to comply with the Lessee's covenants to carry out any structural or external repairs to the Property or to other portions of any building which the Property forms a part or to any contiguous building not conveniently accessible otherwise than from or through the Property and other covenants to repair the Property herein contained and require the Lessee forthwith to execute diligently such repair work or make such replacements; and if the Lessee shall default and fail to perform and observe the notice within 5 days after the receipt of such notice then it shall be lawful for the Lessor to enter (without prejudice to the Lessor's right for re-entry and all other rights herein contained) upon the Property and execute such repairs or make such replacements and the cost thereof shall be a debt due and payable on demand by the Lessee to the Lessor and be forthwith recoverable from the Lessee **provided always** that the Lessor shall use all reasonable endeavours not to interfere with the Lessee's use of the Property in the exercise of the rights granted under this paragraph.
- (e) The Lessee shall:-
- (i) keep in good repair and tenantable condition the main structure of walls, floors and roofs of the Property and the Common Property, provided that the manner in which such areas shall be maintained and the reasonable expenditure thereon shall be at the absolute discretion of the Lessor.
 - (ii) keep and maintain the interior of the Property (in addition to the main structure and any part of any building's common systems located in the Property) including generally the flooring and interior plaster or other surface material on walls and ceilings, and the Lessor's fixtures and equipment and other fixtures therein including doors, windows, glass, shutters, locks, installations and fittings for lights, of which the Lessee has exclusive use as the sole occupant or is otherwise in control of its occupation or use or the Lessee ought to have secured control of its occupation or use where the Lessee sublets any or any part or any portion of the Property in clean and in good and tenantable condition (fair wear and tear excepted) to the satisfaction of the Lessor and of the relevant Government agencies. The Lessee shall replace or repair any of the aforesaid items and any part of the Property and the Lessor's fixtures and fittings therein which may be broken or damaged or become defective due to any act, default, omission or negligence of the Lessee, its servants, agents or invitees.

9.4.4 Lessee's compliance with the Deed of Mutual Covenants

The Lessee hereby agrees, covenants and undertakes to perform and comply with all its obligations or the obligations of the Lessor, as the case may be, in accordance with the terms of the Deed of Mutual Covenants in respect of the use and enjoyment of the Property and the Common Property and shall fully indemnify and save harmless the Lessor against all actions, demands, claims, liabilities, losses, damages or expenses or proceedings suffered or incurred by the Lessor as a result of the Lessee's breach of or non-compliance with any such duties and obligations.

9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

9.4.5 Insurance

The Lessee, at its own costs and expense, shall take and maintain or ensure sufficient and adequate insurance coverage which is to the reasonable satisfaction of the Lessor with reputable insurance companies covering risks including inter alia:-

- (a) keep the Property insurance against fire or damage by fire and such other risks as the Lessor may from time to time prescribe and shall deem suitable, with an insurance company acceptable to the Lessor for an amount satisfactory to the Lessor including without limitation to reinstatement/replacement cost new with the Lessor's interest as loss payee and owner endorsed thereon; and
- (b) public liability, fire and any other claims in respect of any injuries caused to any employees, visitors or invitees or persons lawfully present in the Property.

The Lessee shall promptly submit copies of the aforesaid insurance policies to the Lessor every year and shall keep the Lessor notified in the event of cancellation or modification and renewal of the said policies of insurance.

9.4.6 Rights of first refusal

- (a) Subject to section 9.4.6(b) below and subject further to the Lessee having complied with and performed all its obligations in the Lease Agreement in the event during the SCP Lease Term, the Lessor wishes to sell or otherwise dispose of the Property, the Lessor hereby agrees to grant to the Lessee the right of first refusal, by the Lessor giving to the Lessee a written offer stating such intent and the proposed purchase price for such sale or disposal.

If the Lessee rejects such offer or does not communicate its intent to enter into negotiation with the Lessor in writing within 14 days from the date of such written offer, the Lessor shall be at liberty to sell the Property to any third party within 6 months on terms no less favourable than those being offered to the Lessee upon such rejection or upon the expiry of the aforesaid period, whichever is earlier.

If the Lessee accepts the offer in writing or communicates its intent in writing to enter into negotiation with the Lessor within the aforesaid period, which acceptance shall be subject to such other terms and conditions to be mutually agreed in a formal contract, the parties shall enter into negotiation within 14 days from the acceptance of the offer with a view to execution of the sale and purchase agreement.

In the event the parties cannot agree on the terms and/or the formal sale and purchase agreement shall not be executed within 1 month thereafter, the Lessor shall be entitled to sell the Property to any third party within 6 months on terms no less favourable than those being offered to the Lessee during the aforesaid negotiations. This Lease shall survive any such sale to any third party.

This right of first refusal hereby granted shall not be applicable and shall not extend beyond the SCP Lease Term. For the avoidance of doubt, the right of first refusal hereby granted shall not be enforceable and no longer applicable if the Lease Agreement is terminated pursuant to the terms and conditions of the Lease Agreement.

- (b) Notwithstanding section 9.4.6(a) above, in the event if the Lessor wishes to sell or otherwise dispose of the Property for the purposes of establishment of a REIT, the parties hereby agree that the Lessor shall be at liberty to sell the

9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

Property to any third party pursuant to the REIT subject to the Lease Agreement.

9.4.7 Assignment

- (a) The Lessor may assign or charge the benefit of and full right to enforce all its rights under or granted pursuant to the Lease Agreement.
- (b) The Lessee shall not have the right to assign or charge its rights and obligations under the Lease Agreement unless the consent of the Lessor is first had and obtained.

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9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

9.5 Wisma AmanahRaya

The salient terms of the lease agreement dated 26 October 2006 between the Vendor as the Lessor and Amanah Raya Berhad as the Lessee are as follows:-

9.5.1 Agreement to lease

In consideration of the lease rental which shall be paid in accordance with the terms of the Lease Agreement, the Lessor hereby grants the lease to the Lessee for the duration of 6 years together with all rights attaching thereto with effect from 26 October 2006 and the Lessee hereby takes the lease upon the terms and subject to the conditions set out in the Lease Agreement.

9.5.2 Outgoings and maintenance

- (a) The Lessee shall bear and pay or otherwise be responsible for all costs of all services and maintenance charges (where applicable) including without limitation service charges, statutory payments, insurance, capital expenditure and/or any other payments/costs related to the Property during the lease term payable in respect of the Property during the lease term.
- (b) The Lessee confirms that it has paid to the utility providers all deposits for water, gas, telephone, electricity and all other utility supplies to the Property, and the Lessee shall promptly pay to the utility providers all the utilities charges incurred by the Lessee in respect of the Property at the Lessee's own costs and expenses.
- (c) The Lessee shall guarantee to upkeep the property management of the Property including within the perimeter land area set out in the Lease Agreement.
- (d) The Lessee shall keep the Lessor consistently and periodically updated on all matters with respect to the building management and maintenance pertaining to the Property during the tenure of the lease term.
- (e) The Lessee shall:-
 - (i) keep the Common Property, the interior flooring and interior plaster or other surface material on walls and ceilings of the Property and the Lessor's fixtures and fittings thereon including doors, windows, glass shutters, lock fastenings, electric wires, exhaust fans, installations and fitting for light and power and other fixtures and addition thereto in good and tenantable repair maintenance (fair wear and tear excepted) and if any of the aforesaid items and the Lessor's fixtures and fittings therein shall be broken and damaged by negligent or reckless act or omissions of the Lessee or his servants, agents, invitees or licensees and further that if any damage is caused to the Lessor or to any person whomsoever directly or indirectly through the said damaged condition the Lessee shall be wholly responsible therefore to repair the same at its own costs and shall fully indemnify the Lessor against all claims, actions, and legal proceedings whatsoever made upon the Lessor by any person in respect thereof.
 - (ii) pay for the cost of and replacement of light fittings, and general upkeep the Property.

9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

- (iii) be responsible for the general cleaning upkeep and maintenance of the Property. In the event that this covenant be breached the Lessor is entitled without prejudice to its rights under the Lease Agreement to serve a notice on the Lessee directing that such cleaning, upkeep and maintenance be carried out and if the Lessee shall not within 14 days after the service of such notice proceed diligently with such cleaning and upkeep, then to permit the Lessor, its servants or agents to enter upon the such part of the Property as are necessary to carry out such cleaning, upkeep and maintenance. The costs and expenses thereof shall be a debt due from the Lessee to the Lessor and forthwith recoverable by action.

9.5.3 Insurance

Throughout the lease term, the Lessee shall keep the Property insured in the joint names of the Lessor and the Lessee against loss or damage by fire and such other risks as the Lessee may at its discretion, if it deems fit, up to its full insurable value thereof with a licensed insurance company, and shall not do or permit or suffer to be done anything whereby any such insurance may be rendered void or voidable. The Lessee shall at its own costs and expenses at all times during the lease term be responsible for insuring the Lessee's property machinery or equipment or goods within the Property. The Lessee shall have no recourse against the Lessor for any damage suffered by the Lessee as a result of any failure by the Lessee to effect any insurance in respect of the Lessee's property machinery or equipment or goods. In the event that the Property or any part of the Property is to suffer any damage or loss claimable under the insurance policy or policies, it is expressly agreed that the compensation amount paid under such insurance policy or policies shall be solely utilized for the purposes of reconstruction/repair/reinstatement of the Property.

9.5.4 Lease renewal

- (a) Provided that the Lessee has paid the lease rental hereby reserved and performed all the stipulations and covenants to be observed up to the expiration of the term of the lease, the Lessee shall have the right to renew the lease for a further term of 6 years ("WA Extended Term") from the date of expiry of the term **provided that** the Lessee shall notify the Lessor in writing not less than 6 months before expiration of the term hereby granted stating whether or not the Lessee wishes to renew the lease for the aforesaid WA Extended Term.
- (b) Upon the exercise by the Lessee of its right of renewal as provided under section 9.5.4(a), the Lessor shall grant the lease of the Property for the duration of the WA Extended Term at renewed yearly lease rental determined pursuant to section 9.5.4(c).
- (c) The new lease rental in respect of the WA Extended Term shall be the prevailing market rate which shall be determined as follows:-
 - (i) upon the exercise by the Lessee of its right under section 9.5.4(a) to renew the lease, the Lessee shall indicate to the Lessor by way of a renewal notice in writing ("Renewal Notice") the Lessee's view of the prevailing market rate for the new lease rental of the Property;
 - (ii) the Lessor and the Lessee shall within 14 days ("Fourteen Day Period") of the date of the Lessee's Renewal Notice reach an agreement as to the prevailing market rate for the WA Extended Term. If the Lessor and the Lessee shall then agree in writing on the prevailing market rate, the prevailing market rate shall be that which is agreed; and

9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

- (iii) in the event that the Lessor and the Lessee are unable to reach agreement within the Fourteen Day Period on the prevailing market rate, then the prevailing market rate shall be the prevailing market rate as determined by a firm of licensed property valuers mutually appointed by the Lessor and the Lessee, whose determination shall, save for any manifest error, be conclusive and binding on the Lessor and the Lessee.
- (d) In the event that the lease renewed pursuant to sections 9.5.4(a) to 9.5.4(c) above, the Lessor and the Lessee shall each execute a fresh lease agreement and Form 15A NLC based on the agreed new lease rental and have the same presented and registered with the relevant authorities.

9.5.5 Property upgrade

Upon the Lessor's receipt of an official written request by the Lessee and subject to mutual agreement thereof by both parties, the Lessor shall bear the costs of enhancement or upgrading or increasing the NLA of the Property subject to increment of the lease rental to be mutually agreed between the Lessor and the Lessee based on the market rate. The lease rental increment shall take effect immediately upon disbursement of the moneys by the Lessor towards such upgrading as proposed by the Lessee in its written official request as aforesaid.

9.5.6 Assignment

The Lessee is prohibited from assigning to any party of its benefit and interest or otherwise any of its obligations or liability under the terms of the Lease Agreement unless a written consent allowing such assignment is obtained from the Lessor, which consent shall be at the absolute discretion of the Lessor.

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9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

9.6 Wisma Amanah Raya Berhad

The salient terms of the lease agreement dated 26 September 2006 between the Vendor as the Lessor and CIMB as the Lessee are as follows:-

9.6.1 Agreement to lease

Subject to the fulfillment of the conditions precedent in accordance with the terms and conditions as contained in the Lease Agreement, the Lessor hereby grants and the Lessee hereby accepts the grant of a lease to use the Property during the 9 year period commencing from 1 November 2005 ("WAB Lease Term"), on the terms and conditions contained in the Lease Agreement.

9.6.2 Deposit

On or before the execution of the Lease Agreement, the Lessee shall pay to the Lessor by way of deposit the total sums of RM707,068.05 as security and for the due and punctual observance and performance by the Lessee of the Lessee's obligations set out in the Lease Agreement which shall be retained in an interest bearing account with a licensed financial institution provided that if the lease rent shall be increased in accordance with the scheduled increase (if any) set out in the Lease Agreement (stated in item 6 of the First Schedule of the Lease Agreement or in accordance with Clause 4 of the Lease Agreement), the deposit shall be increased proportionately and the Lessee shall within 14 business days upon receipt of a written notification from the Lessor pay such additional deposit required by the Lessor.

9.6.3 Existing tenancies

- (a) The Lessor shall maintain its position as landlord in respect of the Existing Tenancies in relation to the roof top of the Property throughout the WAB Lease Term.

Upon re-delivery of vacant possession of the 7th floor of the Property or any part thereof by the existing tenant to the Lessor, during the WAB Lease Term, the Lessor shall grant to the Lessee the first right of refusal by first informing the Lessee of the same in writing to which the Lessee shall be given 14 business days from the date of receipt of the said notification to provide a reply and upon expiry thereof with no reply forthcoming from the Lessee, it shall then be presumed that the Lessee does not intend to let the said 7th floor and the Lessor shall deal with the same as it deems fit.

- (b) In the event the Lessee takes occupation of the 7th floor pursuant to section 9.6.3 (b) above:-

- (i) the monthly lease rent payable for the 7th floor shall be at the same rate that the Property is subjected to as at the commencement date of the lease in respect of the 7th floor, which is in accordance with the calculation of rent revision rate set out as follows:-

Year	Rent revision rate
1	RM1.95 per sq ft per month
2 to 4	Increase of 3.5% per annum
5 to 7	Increase of 4.5% per annum
8 to 9	Increase of 5.5% per annum

- (ii) the Lessor shall provide the Lessee with a rent free period of 2 months from the commencement date of the lease in respect of the 7th floor;

9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

- (iii) the Lessor's obligation to pay the service charge in relation to the 7th floor of the Property to the Lessee at the incremental rate shall cease;
- (iv) the Lessor shall continue to be liable to pay the service charge in relation to the roof top of the Property at the incremental rate throughout the WAB Lease Term;
- (v) the terms of the lease shall substantially be upon the same terms and conditions as are provided in this Lease Agreement; and

upon execution of a formal supplemental lease agreement by the parties, the said 7th floor would be deemed to form part and parcel of the Property and the existing lease between the Lessor and the Lessee accordingly.

9.6.4 Outgoings and maintenance

Lessee's covenants on outgoings and maintenance are as follows:-

- (a) Payment of lease rent and utilities

To pay to the Lessor on the day and in the manner provided in the Lease Agreement, the lease rent and all utility charges including water, electricity and sewerage charges and all other sums, if any due and payable in respect of the Property shall be paid directly to the respective authority.

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9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

(b) Maintenance of the Property

The Lessee shall, at its own cost and expense, throughout the WAB Lease Term, carry out maintenance, cleaning and general servicing of the mechanical and electrical items of the Property (which excludes any capital replacements costs and/or any mechanical and electrical repair and replacement costs for capital expenditure) and keep the Property in good tenable repair and condition (fair wear and tear excepted) (including the common area of the building and exterior area of the building) ("**Maintenance Works**"), which in this respect, the Lessee shall not be required to obtain any prior consent of the Lessor.

(c) Inspection and repair of Property

To allow the Lessor and/or its employees or agents with 2 business days' prior written notice and at a reasonable time to enter upon, view and inspect the condition of the Property provided that such entry and/or inspection shall not unreasonably interfere with the day-to day operations of the Lessee or any sub-tenants of the Lessee upon the Property. The Lessor may serve upon the Lessee a notice in writing of any defect for want of repair of which the Lessee is responsible under Maintenance Works and require the Lessee as soon as reasonably practicable, not being less than 14 business days, forthwith to execute such maintenance work; and if the Lessee shall default after the service of such notice then the Lessee hereby agrees that the Lessor shall be authorized to execute the required repairs on its behalf and at its reasonable and necessary costs. Any expenses and costs of carrying out such repair/rectification works shall be payable by the Lessee to the Lessor within 14 business days of receipt of a notice of demand from the Lessor or otherwise deductible from the deposits with the Lessee's written consent.

Lessor's covenants on outgoings and maintenance are as follows:-

- (a) The Lessor shall, at its own costs and expenses, maintain and keep the items of its responsibility including building structure and fabric, wall, doors and windows (other than occupier negligence), central air-condition system, sewerage treatment plant, fire fighting system, lifts, generator set system, water supply, electricity supply and telecom MDF room in good and tenable repair and condition throughout the WAB Lease Term.
- (b) That the Lessor at its own cost and expense promptly pay and discharge all existing and future rates, assessment and taxes and quit rent charged or imposed on the Property respectively by the relevant authority including penalties (if any).

9.6.5 Insurance

- (a) Lessor covenants with the Lessee to effect and keep current during the currency of the Lease Agreement, adequate insurance cover, in its capacity as building owner, with a licenced insurance company in respect of damage to or loss to the Property, the fixtures and fittings by fire, water, theft and such other risks deemed necessary by the Lessor and to keep the same fully insured against all liabilities for a sufficient and adequate value and to pay all premium necessary for such purpose. If the Lessor shall fail to effect or maintain such insurance, it shall be lawful (but not obligatory) for the Lessee to effect the same in the full insurable value thereof and all money expended by the Lessee shall be a debt due from the Lessor and shall be payable upon demand.

9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

- (b) Lessor covenants with the Lessee to effect and keep current during the currency of the Lease Agreement, a public liability policy, in its capacity as building owner, covering public risk and liabilities to third parties on the Property with a licensed insurance company for an amount to be determined by the Lessor but of a sufficient and adequate value.
- (c) The Lessee covenants with the Lessor to effect and keep current during the currency of the Lease Agreement, adequate insurance cover in its capacity as occupier and manager, with a licenced insurance company in respect of damage to or loss to the Property or any goods on the Property by fire, water, theft and such other risks required by the Lessor and to keep the same fully insured against all liabilities which may give rise to a claim by the Lessor and to pay all premium necessary for such purpose. If the Lessee shall fail to effect or maintain such insurance, it shall be lawful (but not obligatory) for the Lessor to effect the same in the full insurable value thereof and all money expended by the Lessor shall be a debt due from the Lessee and shall be payable upon demand.
- (d) The Lessee covenants with the Lessor to effect and keep current during the currency of the Lease Agreement, a public liability policy, in its capacity as occupier and manager, covering public risk and liabilities to third parties on the Property with a licensed insurance company for an amount to be determined by the Lessee but of a sufficient and adequate value taking into account of the nature of its business.

9.6.6 First right of refusal

In the event the Lessor intends to sell the Property or any part thereof during the WAB Lease Term, the Lessor shall grant to the Lessee the first right of refusal. The Lessor shall first inform the Lessee of the same in writing to which the Lessee shall be given 45 business days from the date of receipt of the said notification to provide a reply as to whether the Lessee intends to purchase the Property. Upon expiry of the said 45 business days with no reply forthcoming from the Lessee, it shall then be presumed that the Lessee does not intend to purchase the Property and the Lessor shall deal with the Property as it deems fit.

9.6.7 Early termination***Early termination by Lessee***

- (a) The Lessee shall be entitled to terminate its existing tenancies with the Lessor in respect of the 8th and upper level floors of the Property co-terminously with the date the lease agreement commences. All deposits paid by the Lessee to the Lessor under the existing tenancies shall be refunded to the Lessee within 14 business days from the date of such termination.
- (b) Notwithstanding anything hereinbefore contained in the Lease Agreement, the Lessee may terminate the Lease Agreement at any time after the expiry of the 3rd year of the lease by giving 1 year prior notice in writing subsequent to the said 3rd year.
- (c) Then on the expiration of such notice as aforesaid, the Lease Agreement shall cease and determine and the Lessee shall deliver possession of the Property in accordance with section 9.6.7(b) and all rents and money paid by the Lessee in advance (if any) shall be repayable by the Lessor to the Lessee forthwith free from any interest within 14 days thereof and neither of the parties shall have any further claims against the other save and except for any antecedent breach.

9. SALIENT TERMS OF LEASE AGREEMENTS (Cont'd)

Early termination by Lessor

Notwithstanding anything hereinbefore contained in the Lease Agreement, the Lessor may terminate the Lease Agreement at any time after the expiry of the 3rd year of the lease by giving 2 years prior notice in writing subsequent to the said 3rd year.

9.6.8 Assignment

The Lessee shall not transfer, assign or otherwise dispose or deal with the lease or create in any way any encumbrance over the lease without the prior written consent of the Lessor, whose consent shall not be unreasonably withheld. Notwithstanding the provision herein, the Lessor shall grant its consent where such dealings are with the Lessee's related corporations (as defined under the Companies Act).

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