



ENHANCING
VALUE



AmanahRaya Real Estate Investment Trust ANNUAL REPORT 2010

AmanahRaya-REIT Managers Sdn Bhd (856167-A)

(The Manager of AmanahRaya Real Estate Investment Trust)

Level 2, Wisma AmanahRaya

No.2, Jalan Ampang

50508 Kuala Lumpur

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www.amanahrayareit.com.my



ENHANCING VALUE



This year's Annual Report cover portrays a potter shaping a piece of clay on a potter's wheel, a process which requires considerable skill and experience. Like a competent craftsman crafting an exquisite piece of art, AmanahRaya-REIT Managers Sdn Bhd ("ARRM") too continues to expertly manage the many properties within our asset portfolio, deftly enhancing their value while delivering high returns to our unitholders. Be these the assets in our hospitality, higher education, office building, industrial or retail clusters, we continue to enhance the value of these existing assets by leveraging on core values which call for us to be Responsible and Effective, to maintain Integrity and to be Trustworthy. Going forward, ARRM has set its sights on growing the value of the AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT") portfolio to RM1.5 billion by injecting profitable new assets into our asset portfolio.

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Core Values

A M A N A H

R

Responsible

ARRM is committed to nurturing and growing the many properties we have within our portfolio. We believe in taking full responsibility for and being accountable for the many decisions we make in our business operations. As a result of astute financial management skills, expert insights and strong market experience, our portfolio and reputation continues to grow from strength to strength.

E

Effective

ARRM's integrated approach to the REIT business continues to propel us forward in an effective manner. In having the most diversified REIT in the market, we are spreading our risks and protecting ourselves from a downturn in any one sector. By ensuring long-term leasing arrangements, pre-determined rental increments and a host of other measures to safeguard ourselves, we are effectively securing effective cash flows and mitigating our risk.





I

ntegrity

ARRM's commitment to upholding the tenets of integrity, transparency and accountability is evident in the strong operational policies, guidelines and internal controls that ensure good corporate governance is in place. Well aware of our obligation to act honestly, with due care and diligence, and in the best interests of AmanahRaya REIT unitholders, we have adopted stringent regulatory measures and transparent marketplace practices.

T

rustworthy

ARRM's good track record these last few years has shown that we are a capable and trustworthy entity that is committed to enhancing unitholder value. From setting in place an Independent Investment Committee to consider property acquisitions, to spelling out our Distribution Policy, ARRM's people have set their sights on delivering strong returns in a credible manner.

Corporate Directory

MANAGER

AmanahRaya-REIT Managers Sdn Bhd (856167-A)
(Incorporated in Malaysia)

MANAGER'S REGISTERED OFFICE

Level 11, Wisma AmanahRaya
No.2, Jalan Ampang
50508 Kuala Lumpur
Tel: 03 2055 7424
Fax: 03 2078 8187

PRINCIPAL PLACE OF BUSINESS

Level 2, Wisma AmanahRaya
No.2, Jalan Ampang
50508 Kuala Lumpur
Tel: 03 2078 0898
Fax: 03 2026 6322

BOARD OF DIRECTORS OF THE MANAGER

Independent Non-Executive Directors

Tan Sri Dato' Ahmad Fuzi Bin Abdul Razak (*Chairman*)
Dato' Abdul Mutalib Bin Mohamed Razak
Datuk Syed Hussian Bin Syed Junid

Non-Independent Non-Executive Directors

Dato' Ahmad Rodzi Bin Pawanteh
Datin Aminah Binti Pit Abd Raman
Sharizad Binti Juma'at
Alina Binti Hashim
Shahrol Anuwar Bin Sarman
Abas Bin Abd Jalil

COMPANY SECRETARIES OF THE MANAGER

Zainul Abidin Bin Haji Ahmad
Chu Kum Yoon (f)
See Siew Cheng (f)
Jerry Jesudian a/l Joseph Alexander

INDEPENDENT INVESTMENT COMMITTEE

Datuk Yahya Bin Ya'acob (*Chairman*)
Tengku Dato' Seri Hasmuddin Bin Tengku Othman
Dato' Mani Usilappan (resigned on 15 November 2010)
Mahadzir Bin Azizan
S. Elias Bin Abd. Rahman Alhabshi

AUDIT COMMITTEE

Datin Aminah Binti Pit Abd Raman (*Chairperson*)
Datuk Syed Hussian Bin Syed Junid
Alina Binti Hashim

MANAGEMENT TEAM

Adenan Bin Md Yusof (*Chief Operating Officer / Principal Officer*)
Lim Jin Eng (*Head, Operations & Finance*)
Fakru Radzi Bin Ab Ghani (*Head, Real Estate Investment*)
Siti Adilah Binti Aziz (*Head, Property Management*)
Azmanira Binti Ariff (*Head, Legal*)
Nor Hakim Bin Ismail (*Compliance Officer*)

PROPERTY MANAGER

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

I.M. Global Property Consultants (001639648-V)
24-1, First Floor, Wisma IMG
Jalan 1/76C, Desa Pandan
55100 Kuala Lumpur

REGISTRAR AND TRANSFER OFFICE

Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor
Tel: 03 7841 8000
Fax: 03 7841 8008

TRUSTEE

CIMB Trustee Berhad (167913M)
Level 5, Bangunan CIMB
Jalan Semantan, Damansara Heights
50490 Kuala Lumpur
Tel: 03 2084 8888
Fax: 03 2092 2717

PRINCIPAL FINANCIERS OF THE FUND

Affin Bank Berhad (25046-T)
17th Floor, Menara Affin
80, Jalan Raja Chulan
50200 Kuala Lumpur



AUDITORS

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

BURSA MALAYSIA STOCK CODE

ARREIT 5127
(Listed on the Main Market on 26 February 2007)





responsible

ARRM is committed to nurturing and growing the many properties we have within our portfolio. We believe in taking full responsibility for and being accountable for the many decisions we make in our business operations. As a result of astute financial management skills, expert insights and strong market experience, our portfolio and reputation continues to grow from strength to strength.

About AmanahRaya REIT

AmanahRaya Real Estate Investment Trust (“AmanahRaya REIT”) is a real estate investment trust initiative undertaken by Amanah Raya Berhad (“ARB”), a corporation wholly owned by the government of Malaysia. AmanahRaya REIT is an income and growth fund. 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 through investment in portfolio of diversified sectors.

AmanahRaya REIT was listed on the Main Board (currently known as Main Market) of Bursa Malaysia Securities Berhad on 26 February 2007 with eight (8) anchor properties with a total book value of RM337 million. Following the corporate exercise in 2007, a further five (5) properties were injected into AmanahRaya REIT. Subsequently, AmanahRaya REIT had another corporate exercise in 2010 with the injection of two (2) properties with a total book value of RM227,285,000. As at 31 December 2010, AmanahRaya REIT’s portfolio includes properties with a total book value of RM686.332 million. Properties of AmanahRaya REIT are of diversified sectors comprising industrial, office, hotel, institutions and retail mall.

In respect of the financial years 2007, 2008 and 2009, the Manager of AmanahRaya REIT had distributed 100% of its distributable income to the unitholders. From 2010 onwards, the Manager of AmanahRaya REIT shall, with the approval of the Trustee on or before the distribution date for each distribution period, distribute at least 95% (or such other percentage as determined by the Manager of AmanahRaya REIT in its absolute discretion) of the distributable income of AmanahRaya REIT provided always that the distributable income and distributable amount shall be subject to the availability of funds and in compliance with applicable laws and requirements. Each distribution shall be paid every quarter and the Manager of AmanahRaya REIT may amend the distribution policy at any time by giving notice to unitholders. The distribution strategy is to ensure that there will be sufficient reserves for asset enhancement or major repairs (if any) to ensure capital growth to the properties and rental.

In reviewing the performance of AmanahRaya REIT, the following performance indicators or benchmarks are referred to:-

- Management expense ratio (“MER”);
- Total returns;
- Average annual return;
- Distribution yield; and
- Net asset value

ABOUT AMANAHRAYA-REIT MANAGERS SDN BHD

AmanahRaya REIT is managed by AmanahRaya-REIT Managers Sdn Bhd (“ARRM”), a wholly owned subsidiary of ARB. ARRM was formed on 8 May 2009 and took over the management of AmanahRaya REIT on 7 September 2009 upon the registration of the Second Supplemental Deed of AmanahRaya REIT with the Securities Commission from the former Manager i.e. AmanahRaya-JMF Asset Management Sdn Bhd (presently known as AmanahRaya Investment Management Sdn Bhd). As at 31 December 2010, the authorised share capital of ARRM is RM5 million and the paid-up share capital is RM1.5 million.

ARRM is principally responsible for the management of AmanahRaya REIT’s investment strategies to meet its investment objectives.

AMANAHRAYA ■ REIT

Property Profile

Holiday Villa
Alor Star

Holiday Villa
Langkawi

Permanis Factory

SEGI College
Subang Jaya

Block A & B South
City Plaza

Wisma Amanah Raya,
Jalan Ampang

Wisma Amanah Raya
Berhad, Jalan Sematan

Komena Nasional
Distribution Centre 11

AIC Factory

Silver Bird Factory

Surun Automotive
Warehouse

Property Portfolio

AMANAHRAYA REAL ESTATE INVESTMENT TRUST INVESTMENT PORTFOLIO FUND'S INVESTMENTS (as at 31 December 2010)

| | Real Estate(s) | Location | Type of Building | Cost of Acquisition (RM '000) | Appreciation in Value (RM '000) | Occupancy | Unexpired Lease / Tenancy Period (approximate) | Investment in Real Estate Value* (RM '000) (a) | Value over Total Asset Value (%) (a/b) |
|---------------------------|---|--|---------------------------|----------------------------------|------------------------------------|-----------|---|---|---|
| Hospitality | Holiday Villa Alor Setar | Alor Setar, Kedah | Hotel | 31,000 | 3,000 | 100% | 5.50 yrs | 34,000 | 3.41% |
| | Holiday Villa Langkawi | Langkawi, Kedah | Resort Hotel | 55,000 | 3,310 | 100% | 5.50 yrs | 58,310 | 5.84% |
| Higher Education Building | SEGi College, Subang Jaya | Subang Jaya, Selangor | Higher Education Building | 52,500 | 1,500 | 100% | 10.50 yrs | 54,000 | 5.41% |
| | SEGi University College, Kota Damansara | Petaling Jaya, Selangor | Higher Education Building | 145,000 | 7,000 | 100% | 7.00 yrs | 152,000 | 15.23% |
| Office Building | Block A & B, South City Plaza | Seri Kembangan, Selangor | Office Building | 18,300 | 1,200 | 100% | 5.30 yrs | 19,500 | 1.95% |
| | Wisma AmanahRaya | Jalan Ampang, Kuala Lumpur | Office Building | 68,000 | 5,000 | 100% | 1.70 yrs | 73,000 | 7.31% |
| | Wisma Amanah Raya Berhad | Damansara Heights, Kuala Lumpur | Office Building | 53,000 | 7,000 | 100% | 4.00 yrs | 60,000 | 6.01% |
| | Wisma UEP | Subang Jaya, Selangor | Office Building | 35,500 | 3,500 | 100% | 0.50 yrs | 38,000 | 3.81% |
| | Dana13, Dana 1 Commercial Centre | Ara Damansara, Petaling Jaya, Selangor | Office Building | 99,000 | 0 | 100% | 9.30 yrs | 99,120 | 9.93% |
| Industrial | Permanis Factory | Bandar Baru Bangi, Selangor | Industrial Factory | 27,550 | 672 | 100% | 5.50 yrs | 28,222 | 2.83% |
| | Kontena Nasional Distribution Centre 11 | Port Klang, Selangor | Bonded Warehouse | 28,500 | 1,000 | 100% | 8.50 yrs | 29,500 | 2.96% |
| | AIC Factory | Shah Alam, Selangor | Industrial Factory | 19,200 | 800 | 100% | 5.30 yrs | 20,000 | 2.00% |
| | Silver Bird Factory | Shah Alam, Selangor | Industrial Complex | 92,000 | 3,000 | 100% | 5.20 yrs | 95,000 | 9.52% |
| | Gurun Automotive Warehouse | Gurun, Kedah | Industrial Warehouse | 23,970 | 830 | 100% | 7.00 yrs | 24,800 | 2.48% |
| Retail | Selayang Mall | Selayang, Selangor | Retail Mall | 128,000 | 0 | 100% | 6.00 yrs | 128,165 | 12.84% |

Total Investments Real Estate-Related Assets

| | | |
|--------------------------------------|---------|--------|
| Real Estate-Related Assets | 913,617 | 91.53% |
| Non-Real Estate-Related Assets | 81,484 | 8.16% |
| Others (Trade and Other Receivables) | 3,092 | 0.31% |
| Total Asset Value (RM'000) (b) | 998,193 | 100% |

*Based on the latest valuation (November 2008)

Key Investment Highlights of AmanahRaya REIT Property Portfolio

Diversified Portfolio of Properties

AmanahRaya Real Estate Investment Trust (“AmanahRaya REIT”) is considered the most diversified REIT in the market comprising properties from various sectors such as, industrial, hotel, retail and institutions (education). Such diversification makes AmanahRaya REIT resilient to a downfall of a single sector which could affect entirely on the rental income of the Trust. Such diversification also offers flexibility and opportunity to AmanahRaya REIT to acquire good assets offered in the market.

Long Term Lease Arrangements

With the exception of Wisma UEP, all other properties are being leased for a period of at least six (6) years to a maximum of fifteen (15) years with an average remaining lease of 6 years. The long term lease arrangements provide added security as this mitigates the risk to secure new lessees/tenants frequently. The rentals for the entire lease for all lessee/tenants have been pre-determined on a gradual increase at every rent reviews which mitigate the risk of low or stagnant rental during unfavourable economic condition.

Security Deposits

All lessees/tenants of AmanahRaya REIT provide substantial security deposits in the form of cash deposit or bank guarantee. These deposits are required as a safety measure for AmanahRaya REIT; should any of the lessees/tenants not being able to fulfil the provisions set out in their respective lease/tenancy arrangements. Such deposit will give continuous income to AmanahRaya REIT whilst effort is made to secure new tenant or lessee.

“Triple Net” Lease

Most of the properties have “triple net” lease arrangements whereby the lessee/tenant is fully responsible to bear the cost of the property expenses themselves, which include maintenance and operation costs, statutory costs and insurance.

Restoration Deposit

Such deposit is required for industrial properties for the purpose of removing machineries for the premises to be tenantable, should the leases ceased due to the Lessee’s default.

Reputable Lessees/ Tenants

All the properties are being leased/tenanted by a reputable companies, mostly public listed. This makes AmanahRaya REIT’s rental incomes more stable.

Corporate Governance

AmanahRaya REIT has established an Independent Investment Committee for the purpose of having good corporate governance in terms of considering property acquisitions by AmanahRaya REIT.

Alignment of Interest With Vendor and Capital Growth Strategies

The Manager is related to Amanah Raya Berhad, which is the trustee for Kumpulan Wang Bersama (“KWB”). This gives the privilege to the Manager to select the best properties held under KWB’s portfolio to be injected into AmanahRaya REIT. This is also an advantage as the transaction process can be done more effectively and efficiently.

Distribution Policy

AmanahRaya REIT had distributed 100% of its distributable Income to the unit holders in respect of financial year 2007, 2008 and 2009. From 2010 onwards, the Manager of AmanahRaya REIT shall, with the approval of the Trustee on or before the distribution date for each distribution period, distribute at least 95% (or such percentage as determined by the Trust in its absolute discretion) of the distributable income (net income before tax) or the distributable amount (Distributable income and adjustments required under the prescribed statutory laws and any additional amount which the Manager has in its discretion).

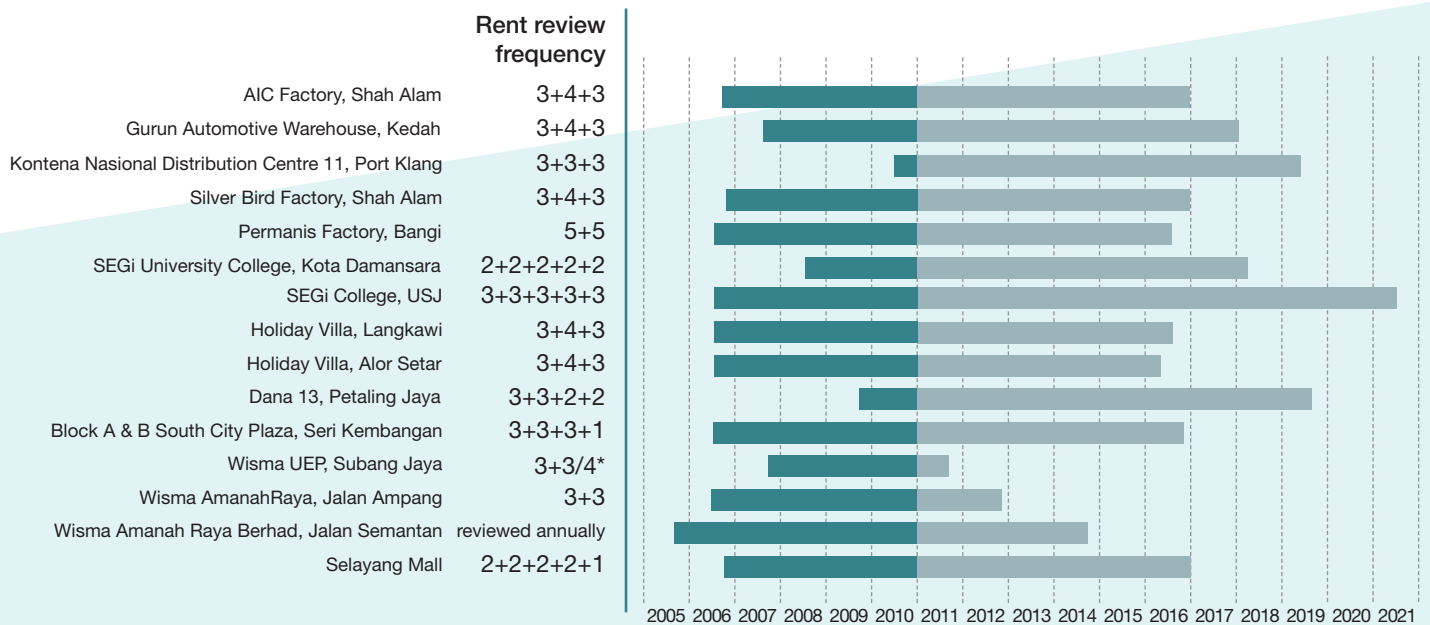
Financial Highlights of AmanahRaya REIT

1.0 Snapshot of AmanahRaya REIT as at 31 December 2010

| | |
|--|---|
| Total Asset Value | Gearing Ratio |
| RM913.617 million | 36.36% |
| Sector | Highest Price (2010) |
| Office, Institutional (education), Industrial, Hotel and Retail | RM0.945 per unit (18 November 2010) |
| Total Number of Properties | Lowest Price (2010) |
| 15 properties | RM0.83 per unit (26 May 2010) |
| Total Units Issued | Price as at 31 December 2010 |
| 573,219,858 | RM0.935 per unit |
| Market Capitalisation | DPU (actual) for 2010 |
| RM535.96 million | 7.4398 sen per unit |
| Average 3 month Trading Volume (units) (Oct-Dec 2010) | Total Number of Unitholders |
| 155,244.64 | 2,383 |
| Net Asset Value ("NAV") Per Unit | Substantial Unitholders |
| RM0.9744 | Kumpulan Wang Bersama – 53.38% Royal Bank of Scotland – 6.68% Perbadanan Kemajuan Negeri Selangor – 5.65% |

Property Portfolio

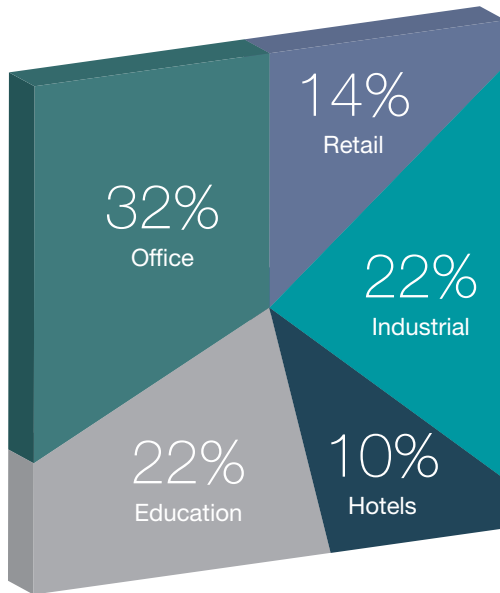
2.0 Well Structured Lease Profile



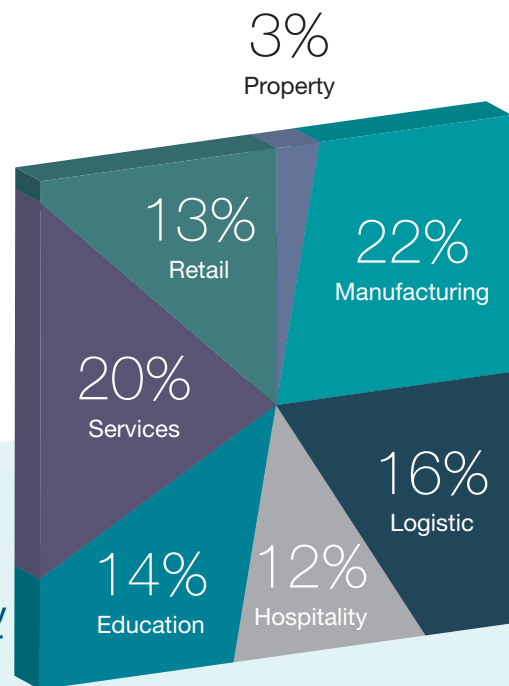
* Sime UEP Development Sdn Bhd as the master lessee of Wisma UEP has extended their tenancy with AmanahRaya REIT

■ Running Lease ■ Remaining Lease

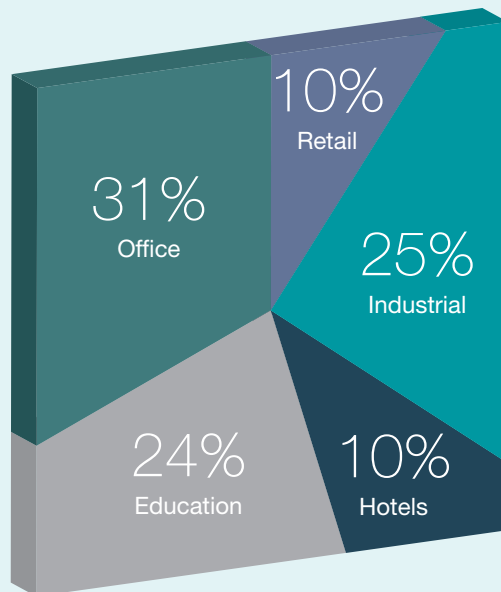
Property Portfolio



3.0 Asset Value Based on Property Sector

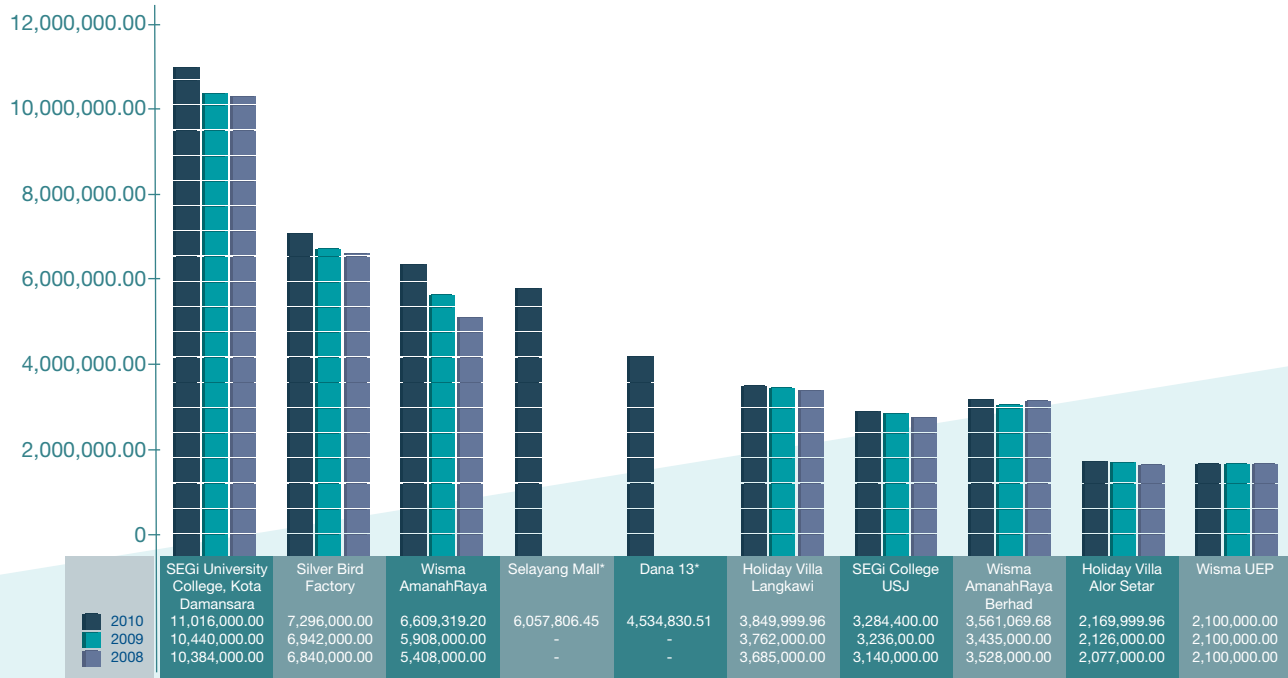


4.0 Usage of Lettable Area by Lessee's Business Sector



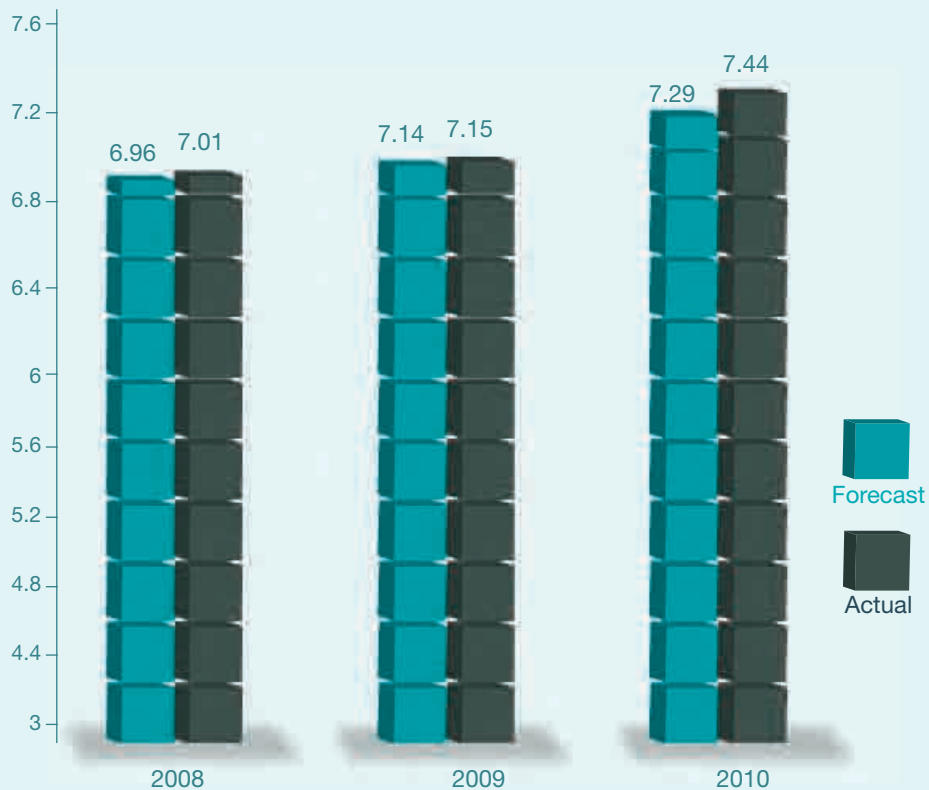
5.0 Gross Income Based on Property Sector

6.0 AmanahRaya REIT: Top Ten Tenants



* Newly injected properties

7.0 Distribution Per Unit (sen)

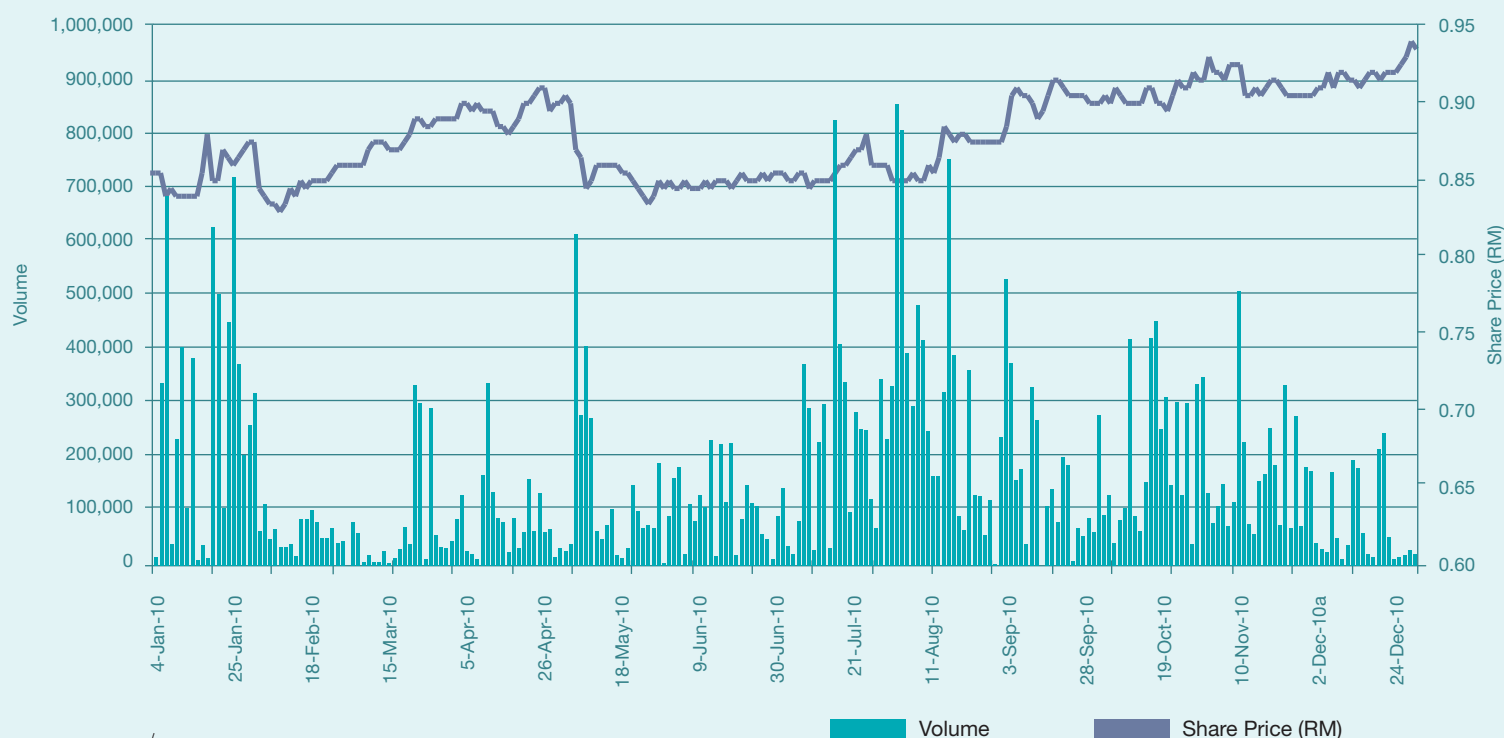


Property Portfolio

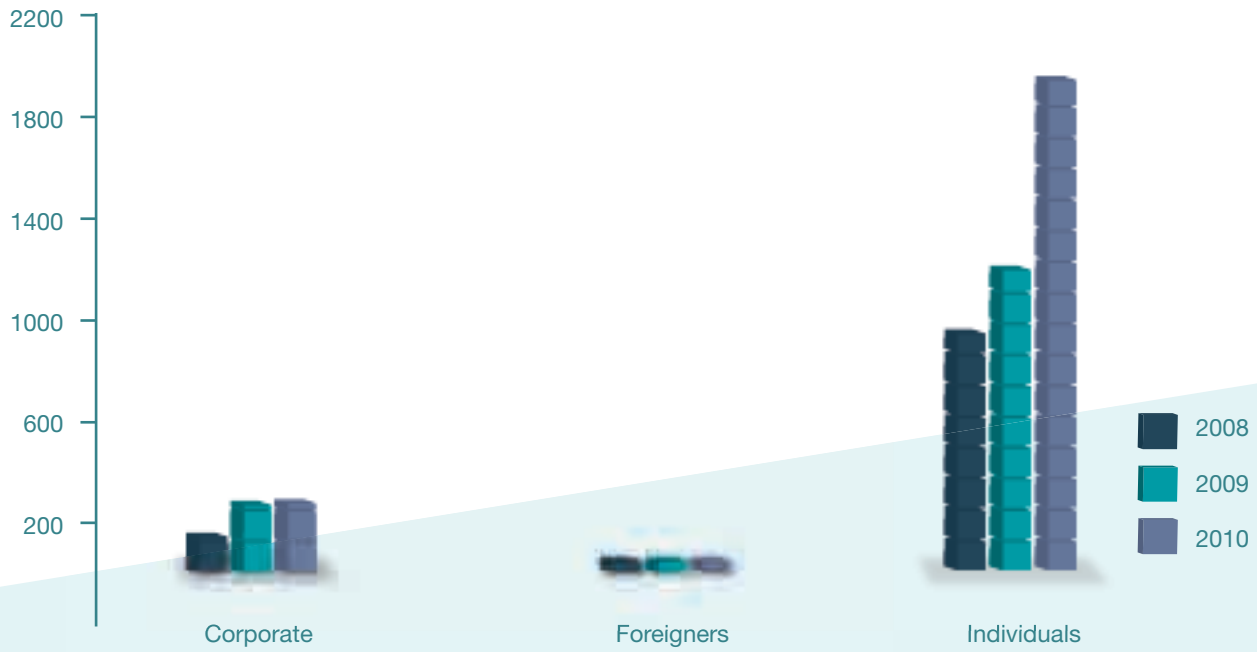
8.0 AmanahRaya REIT Share Price Performance vs KLCI as at 31 December 2010



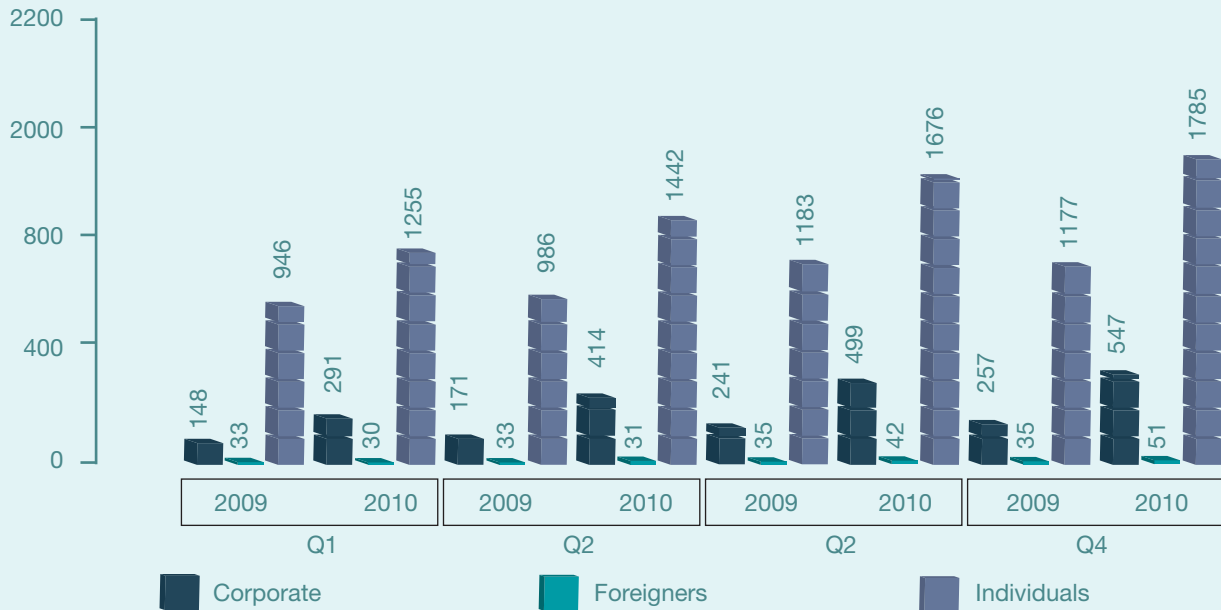
9.0 AmanahRaya REIT Volume and Share Price Analysis for 2010



10.0 AmanahRaya REIT Yearly Movement of Unitholders



11.0 AmanahRaya REIT Quarterly Movement of Unitholders



Overview of 15 Properties Under the AmanahRaya REIT



Holiday Villa

Alor Setar



Address

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

Location

The property is located within the Central Business District of Alor Setar. Neighbouring the location are government and commercial buildings such as Majlis Bandaraya Alor Setar, KWSP, Bank Simpanan Nasional, Menara Sentosa and Universiti Tun Abdul Razak.

Alor Setar is the capital city of Kedah and one of the region's oldest cities. It is a distribution center for manufacturing and agricultural products such as paddy, and the royal seat of the Kedah state since the establishment of this city.

Title details

Lot 162 & 163, held under Geran 7040 and H.S.(D) 1100/85 respectively, Section 5, Town of Alor Setar, District of Kota Setar, Kedah Darul Aman

Property type

Hotel

Description

A commercial property comprising a 4-star hotel with 155-rooms in Alor Setar located within a 21-storey commercial complex with sub-basement level known as City Plaza

Age of property

Approximately 16 years

Tenure of Master Title

Freehold for Geran 7040 and 99-year leasehold for H.S.(D) 1100/85

Unexpired lease period

H.S.(D) 1100/85 – approximately 74 years

Lease period

10 years commencing from June 2006

Gross Floor Area

150,000 sq.ft

Net lettable area

Not applicable

Existing use

Used as a hotel under the brand name of Hotel Holiday Villa

Parking spaces

44 parking bays

Date of acquisition

26th February 2007

Cost of acquisition

RM31,000,000.00

Valuation as at November 2008

RM34,000,000.00

Valuer

Hakimi & Associates Sdn Bhd

Net Book Value

RM34,000,000.00

Master Lessee

Alor Setar Holiday Villa Sdn Bhd

Occupancy Rate

100%

Net rental (per month)

RM180,833.33

Next Rent Review

June 2013

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd

Holiday Villa

Langkawi

**Address**

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

Location

The property is located along one of the most popular beaches known as Pantai Tengah. Along the same stretch are Langkawi Beach Resort, Aseania Seaview Resort, Sunset Beach Resort, Moonlight Bay Resort, Tanjung Mali Beach Resort and Pelangi Beach Resort, to name a few. Langkawi International Airport is located 6 km to north of the property.

Title details

Lot No. P.T. 344, P.T. 107 & P.T. 108, Town of Padang Mat Sirat, District of Langkawi, Kedah Darul Aman

Property type

Resort Hotel

Description

A purpose-built 4-star resort hotel with 238-rooms located in Pantai Tengah, Langkawi

Age of property

Approximately 18 years

Tenure

Freehold

Unexpired lease period

Not Applicable

Lease period

10 years commencing from July 2006

Gross Floor Area

183,190 sq.ft.

Net lettable area

Not Applicable

Existing use

Used as a resort hotel under the brand name of Hotel Holiday Villa

Parking spaces

55 parking bays

Date of acquisition

26th February 2007

Cost of acquisition

RM55,000,000.00

Valuation as at November 2008

RM58,310,000.00

Valuer

Hakimi & Associates Sdn Bhd

Net Book Value

RM58,310,000.00

Master Lessee

Langkawi Holiday Villa Sdn Bhd

Occupancy Rate

100%

Net rental (per month)

RM320,833.33

Next Rent Review

July 2013

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd

SEGi College

Subang Jaya



Address

SEGi College, Persiaran Kewajipan USJ 1, 47600 Subang Jaya, Selangor Darul Ehsan

Location

It is located within one of the Commercial Business District of Subang Jaya under zone USJ 1, Subang Jaya. Subang Jaya is an integrated mixed development comprising residential, commercial and industrial developments mainly developed by the Sime UEP. It is located about 15 kilometres to south-west of Kuala Lumpur city centre.

Landmark development located next to the property is the Summit City an integrated development comprising retail complex, office block and a 4-star hotel. In a larger neighbourhood, there are several prominent commercial buildings which include Subang Parade, Sunway Pyramid, Sunway Medical Centre and Sheraton Hotel.

Title details

Geran 43527, Lot No. 13, Pekan Subang Jaya, District of Petaling, State of Selangor

Property type

Higher learning institution building

Description

A 12-storey purpose-built commercial building with 3 basement car park levels which is used as a Higher Learning Institution premises

Age of property

Approximately 4 years

Tenure

Freehold

Unexpired lease period

Not Applicable

Lease period

15 years commencing from May 2006

Gross Floor Area

280,575 sq. ft.

Net lettable area

131,387 sq. ft.

Existing use

Used as a higher learning institution and training centre under the brandname of SEGi College

Parking spaces

206 parking bays

Date of acquisition

26th February 2007

Cost of acquisition

RM52,500,000.00

Valuation as at November 2008

RM54,000,000.00

Valuer

Hakimi & Associates Sdn Bhd

Net Book Value

RM54,000,000.00

Master Lessee

SEG International Bhd

Occupancy Rate

100%

Net rental (per month)

RM273,700.00

Next Rent Review

May 2012

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd

SEGi University College

Kota Damansara



Address

SEGi University College (Malaysia Main Campus), No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor

Location

SEGi University College is located within a new development known as Taman Sains Selangor 1, an emerging high-technology industry estate in Kota Damansara. Kota Damansara is an integrated self-contained township developed by Selangor State Development Corporation (PKNS) located approximately 25 kilometres to the west of Kuala Lumpur city centre.

Notable commercial buildings within the neighbourhood included Tropicana Medical Centre, Sri KDU Kota Damansara and Kelab Golf Seri Selangor.

Title details

Developer's Lot No. 9, Mukim Sungai Buloh, District of Petaling, State of Selangor Darul Ehsan

Property type

Higher learning institution building

Description

An institutional complex comprising 7-storey administrative block and 5-storey academic block

Age of property

Approximately 4 years

Tenure

Leasehold for 99 years

Unexpired lease period

95 years

Lease period

10 years commencing from January 2008

Gross Floor Area

337,710 sq.ft.

Net lettable area

211,194 sq.ft.

Existing use

Used as a university campus under the brandname of SEGi University College

Parking spaces

334 car parking bays and 808 motorcycle parking bays

Date of acquisition

28th December 2007

Cost of acquisition

RM145,000,000.00

Valuation as at November 2008

RM152,000,000.00

Valuer

Rahim & Co Surveyors Sdn Bhd

Net Book Value

RM152,000,000.00

Master Lessee

SEG International Bhd

Occupancy Rate

100%

Net rental (per month)

RM918,000.00

Next Rent Review

January 2012

Block A & B South City Plaza

Seri Kembangan



Address

Block A & B, South City Plaza, Persiaran Serdang Perdana, Taman Sedang Perdana, Section 1, 43300 Seri Kembangan, Selangor

Location

The property is part of the commercial development known as South City Plaza, comprising retail complex, office block and hotel cum service apartments. It is located within the locality known as Seri Kembangan, a located about 15 kilometres to the south of Kuala Lumpur city centre.

Prominent development within the neighbourhood is the Mines Resort City which comprises of Mines Beach resort & Spa, Mines Waterfront Business Park, Palace of the Golden Horses, Mines International Exhibition City Centre, The Mines Resort and Golf Country Club and Mines Shopping Fair.

Title details

Developed on land held under Master Title Pajakan Negeri 7393, Lot 1, Pekan Serdang, District of Petaling, Selangor (previously known as H.S.(D) 32218, Mukim and District of Petaling, State of Selangor

Property type

Office building

Description

Two (2) blocks (Block A and Block B) of 5 ½-storey purpose-built commercial buildings within a development known as South City Plaza.

Age of property

Approximately 6 years

Tenure of Master Title

Leasehold for 99 years

Unexpired lease period

Approximately 83 years

Lease period

10 years commencing from August 2006

Gross Floor Area

72,505 sq. ft.

Net lettable area

66,606 sq.ft.

Existing use

Block A is used as a higher learning centre of SEGi College and Block B is currently used as an office of Diamond Energy Water

Parking spaces

The property does not have any car park but shares the usage of 1,766 parking bays with the developer and owner of the individual units within the South City development

Date of acquisition

26th February 2007

Cost of acquisition

RM18,300,000.00

Valuation as at November 2008

RM19,500,000.00

Valuer

Hakimi & Associates Sdn Bhd

Net Book Value

RM19,500,000.00

Master Lessee

SEG International Bhd

Occupancy Rate

100%

Net rental (per month)

RM111,000.00

Next Rent Review

August 2012

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd

Wisma AmanahRaya

Jalan Ampang



Address

Wisma AmanahRaya, No. 2, Jalan Ampang, 50508 Kuala Lumpur

Location

The property is located within the Central Business District of Kuala Lumpur where most financial institutions are located including Standard Chartered Bank, Bank Muamalat, HSBC Bank, OCBC Bank, CIMB Bank and AIA Insurance and Maybank.

Within close proximity to the property is the Light Railway Transit (LRT) station connecting the locality to other major areas such as Kuala Lumpur City Centre (KLCC) and Kuala Lumpur Sentral Station (the centre of all public transports at Klang Valley). Within the immediate vicinity of the property are also several heritage buildings which include Bangunan Sultan Abdul Samad, High Court, Dataran Merdeka and the Royal Selangor Club.

Title details

Pajakan Negeri (WP) 25414, Lot No. 21, and Pajakan Negeri (WP) 25415, Lot No. 22, Section 32, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur

Property type

Office building

Description

A 15-storey purpose built office building with 2 basement levels

Age of property

Approximately 44 years

Tenure

Leasehold for 99 years

Unexpired lease period

Approximately 55 years

Lease period

6 years commencing from August 2006

Gross Floor Area

235,000 sq.ft.

Net lettable area

166,902 sq.ft.

Existing use

Used as Amanah Raya Berhad office headquarters

Parking spaces

59 parking bays

Date of acquisition

26th February 2007

Cost of acquisition

RM68,000,000.00

Valuation as at November 2008

RM73,000,000.00

Valuer

Hakimi & Associates Sdn Bhd

Net Book Value

RM73,000,000.00

Master Lessee

Amanah Raya Berhad

Occupancy Rate

100%

Net rental (per month)

RM550,776.60

Next Rent Review

August 2012

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd

Wisma Amanah Raya Berhad

Jalan Semantan



Address

Wisma Amanah Raya Berhad, No. 15,
Jalan Sri Semantan 1, Damansara
Heights, 50490 Kuala Lumpur

Location

Wisma Amanah Raya Berhad is located
within the commercial area of the
exclusive residential area of Damansara
Heights. Damansara Heights is located
approximately 4 kilometres to the south-
west of Kuala Lumpur city centre.

Some of the prominent commercial
buildings within the same commercial
area are premises of Institution of Bank
of Malaysia, CIMB Bank, Shell
Malaysia, KPMG and Manulife.

Title details

Title Nos. H.S.(D) 83465 and 79671,
P.T.Nos 6 and 7, Mukim and District of
Kuala Lumpur

Property type

Office building

Description

A 5-storey purpose-built office building
with 6 lower ground levels inclusive 4-
level car park

Age of property

Approximately 12 years

Tenure

Leasehold for 99 years

Unexpired lease period

62 years

Lease period

9 years commencing from November
2005

Gross Built-up Area

170,000 sq.ft.

Net lettable area

125,227 sq.ft.

Existing use

Used as offices for CIMB Group of
Companies

Parking spaces

261 parking bays

Date of acquisition

26 February 2007

Cost of acquisition

RM53,000,000.00

Valuation as at November 2008

RM60,000,000.00

Valuer

Hakimi & Associates Sdn Bhd

Net Book Value

RM60,000,000.00

Master Lessee

CIMB Investment Bank Berhad

Occupancy Rate

100%

Net rental (per month)

RM321,740.64

Next Rent Review

November 2011

Property Manager

Malik & Kamaruzaman Property
Management Sdn Bhd

Wisma UEP

Subang Jaya



Address

Wisma UEP, Jalan USJ10/1A, Pusat Perniagaan USJ 10, 47620 Subang Jaya, Selangor Darul Ehsan

Location

Wisma UEP is located within the Commercial Business District of Subang Jaya under section USJ 10. Subang Jaya is an integrated mixed development comprising of residential, commercial and industrial developments mainly developed by the Sime UEP. It is located about 15 kilometres to south-west of Kuala Lumpur city centre.

Nearby to the property is the local council's office which is Majlis Perbandaran Subang Jaya. In a larger neighbourhood, there are several prominent commercial buildings which include Summit City, Subang Parade, Sunway Pyramid, Sunway Medical Centre and Grand Dorsett Subang Hotel.

Title details

Title Nos. H.S.(D) 52531, P.T. 11303, Mukim of Damansara, District of Petaling, Selangor

Property type

Office building

Description

A 11-storey purpose-built office building with 3 level of basement car park

Age of property

Approximately 14 years

Tenure

Freehold

Unexpired lease period

Not Applicable

Tenancy period

3 years commencing from September 2007 with tenancy extension until June 2011

Gross Floor Area

198,499 sq. ft.

Net lettable area

90,541 sq.ft.

Existing use

Most of the spaces are used as Sime Darby Property Berhad's offices with other tenants such as HSBC Bank Berhad and Kenanga Investment Bank Berhad

Parking spaces

178 parking bays

Date of acquisition

26th February 2007

Cost of acquisition

RM35,500,000.00

Valuation as at November 2008

RM38,000,000.00

Valuer

Hakimi & Associates Sdn Bhd

Net Book Value

RM38,000,000.00

Master Lessee

Sime UEP Properties Bhd

Occupancy Rate

100%

Net rental (per month)

RM175,000.00

Next Rent Review

Nil (Tenancy to expire in June 2011)

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd

Dana13, Dana 1 Commercial Centre

Petaling Jaya



Address

Dana13, Dana 1 Commercial Centre,
Jalan PJU 1A/46, Off Jalan Lapangan
Terbang Subang, 47301 Petaling Jaya,
Selangor Darul Ehsan

Location

The property is situated within Dana 1 Commercial Centre, a newly completed commercial development by Puncakdana Sdn Bhd. Dana 1 comprises 152 units of two to five storey shopoffices and a 13 storey stratified office building with basement car park level as well as a serviced apartment block. The property is located about 35 kilometres due south-west of Kuala Lumpur city centre.

Generally, the neighbourhood of the property comprises a mixture of residential and commercial developments which includes commercial shopoffices, offices buildings, condominiums, apartments, flats, and clubhouse as well a golf course.

Title details

Developed on the Parent Lot 59214, Mukim of Damansara, District of Petaling, Selangor Darul Ehsan, held under Master Title No PN 8024.

Property type

Office building

Description

A 13-storey stratified office building which forms part of Dana 1 Commercial Centre.

Age of property

Approximately 1.25 years

Tenure

Leasehold interest for a term of 99 years expiring on 4th September 2097

Unexpired lease period

Approximately 87 years

Lease period

10 years commencing from September 2009

Gross Floor Area

(333,438.60 square feet)

Net lettable area

(268,850 square feet)

Existing use

Office Block

Parking spaces

The property has been allocated with 300 bays within Dana 1 commercial centre

Date of acquisition

7th May 2010

Cost of acquisition

RM99,000,000.00

Valuation as at November 2009

RM107,800,000.00

Valuer

DTZ Nawawi Tie Leung

Net Book Value

RM99,120,000.00

Master Lessee

Symphony Assets Sdn Bhd

Occupancy Rate

100%

Net rental (per month)

RM591,470.00

Next Rent Review

September 2012

Permanis Factory

Bangi



Address

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

Location

The property is located within Bangi Industrial Area under Section 13 of Bandar Baru Bangi, a mixed development comprising residential, commercial and industrial developments. Bandar Baru Bangi is located about 25 kilometres to the south-east of Kuala Lumpur city centre.

Notable premises within the same section of the property are premises of Carrier International Sdn Bhd, Denso (Malaysia) Sdn Bhd and Y.S.P Industries (Malaysia) Sdn Bhd, to name a few. It is about 3 kilometres to the south of Bandar Baru Bangi town centre which is located in Section 9.

Title details

H.S.(M) 13244A & H.S.(M) 13245A, P.T.20104 & P.T.20105 within Section 13, Bandar Baru Bangi, Mukim of Kajang, District of Hulu Langat, State of Selangor

Property type

Industrial factory

Description

A single storey warehouse located within Kawasan Perusahaan Seksyen 13, Bandar Baru Bangi

Age of property

Approximately 23 years

Tenure

Leasehold for 99 years

Unexpired lease period

79 years

Lease period

10 years commencing from June 2006

Gross Built-up Area

202,233 sq.ft.

Net lettable area

Not applicable

Existing use

Used as a manufacturing factory producing soft drinks / fruit juices.

Parking spaces

Car park and motorcycle parking sheds are available within the compound of the property

Date of acquisition

26th February 2007

Cost of acquisition

RM23,550,000.00

Valuation as at November 2008

RM28,222,000.00
(inclusive of upgrading works undertaken on the property)

Valuer

Hakimi & Associates Sdn Bhd

Net Book Value

RM28,222,000.00

Master Lessee

C.I. Holdings Berhad

Occupancy Rate

100%

Net rental (per month)

RM157,250.00

Next Rent Review

June 2011

Property Manager

Malik & Kamaruzaman Property Management Sdn Bhd

Kontena Nasional Distribution Centre 11

Port Klang



Address

KNDC11, Lot No. 11614, North Klang Industrial Area, 42000 Port Klang, Selangor

Location

Kontena Nasional is located within an industrial area known as North Klang Straits Industrial Area, Port Klang. The area is located approximately about 15 kilometres from Klang town centre.

Some of the prominent premises within the same area are of Ayamas, Nichiden Seimitsu (M) Sdn Bhd, Scott & English Electronics Sdn Bhd, Behn Meyer & Co. (M) Sdn Bhd and Johann Frieght.

Title details

Lot No. 11614 held under PN 4564 and Lot No. PT 21596 held under H.S.(M) 19795, all situated in Mukim and District of Klang, State of Selangor

Property type

Industrial Warehouse

Description

Warehouse Complex comprising 12 units of single-storey warehouses and 2 units of guard house

Age of property

Approximately 1.25 years

Tenure

Lot No. 11614 – Leasehold for 60 years
Lot No. PT 21596 – Leasehold for 99 years

Unexpired lease period

Lot No. 11614 – approximately 57 years
Lot No. PT 21596 – approximately 79 years

Lease period

9 years commencing from June 2010

Gross Built Up Area

237,033 sq.ft.

Existing use

Used as a bonded warehouse

Parking spaces

Available within the compound of the property

Date of acquisition

28th December 2007

Cost of acquisition

RM28,500,000.00

Valuation as at November 2008

RM29,500,000.00

Valuer

Rahim & Co Surveyors Sdn Bhd

Net Book Value

RM29,500,000.00

Master Lessee

Kontena Nasional Berhad

Occupancy Rate

100%

Net rental (per month)

RM179,250.00

Next Rent Review

June 2013

Property Manager

IM Global Property Consultants

AIC Factory

Shah Alam



Address

Wisma AIC, Lot 1&3, Persiaran Kemajuan, Seksyen 16, 40200 Shah Alam, Selangor Darul Ehsan

Location

Wisma AIC is located within an industrial zone of Section 16 of Shah Alam, Selangor. Shah Alam, the capital city of Selangor, is located about 30 kilometres to the south-west of Kuala Lumpur city centre.

Some of the prominent industrial premises within the same section are Matsushita Electronic Devices, Lafarge Malayan Cement, Enersave, HL Industries and CCM Fertilisers.

Title details

Lot No. PT 611 held under HSD No. 97328 and Lot No PT 612 held under HSD No. 97329, both situated in Town of Shah Alam, District of Petaling, State of Selangor

Property type

Industrial factory

Description

An industrial complex comprising a 3-storey office block annexed with a single storey factory and a single storey factory with canteen and a guard house

Age of property

Approximately between 7 to 15 years

Tenure

Leasehold for 99 years

Unexpired lease period

Approximately 84 years

Lease period

10 years commencing from September 2006

Gross Built Up Area

159,708 sq.ft.

Existing use

A factory manufacturing electronic products and semi-conductor

Parking spaces

Available within the compound of the property

Date of acquisition

28th December 2007

Cost of acquisition

RM19,200,000.00

Valuation as at November 2008

RM20,000,000.00

Valuer

Rahim & Co Surveyors Sdn Bhd

Net Book Value

RM20,000,000.00

Master Lessee

AIC Corporation Berhad

Occupancy Rate

100%

Net rental (per month)

RM118,750.00

Next Rent Review

September 2013

Property Manager

IM Global Property Consultants

Silver Bird Factory

Shah Alam



Address

Silver Bird Complex, Lot 72, Persiaran Jubli Perak, Seksyen 21, 40000 Shah Alam, Selangor Darul Ehsan

Location

SilverBird Complex is located within the industrial zone of section 21 of Shah Alam. The immediate surrounding is designated for industrial developments including prominent industrial premises like Nippon Electrics Glass (M) Sdn Bhd, Panasonic, JVC Malaysia, DHL and TNT Logistics (M) Sdn Bhd.

Section 21 is located about 4 kilometres from Shah Alam city centre and about 30 kilometres to the south-west of Kuala Lumpur city centre.

Title details

Lot No. PT 93, held under HSD No. 232293, Pekan Baru Hicom (formerly Mukim of Damansara), District of Petaling, State of Selangor

Property type

Industrial Complex

Description

A factory complex comprising a 2-storey office block annexed to a single storey factory together with single storey canteen, archives, gallery, security houses and others

Age of property

Approximately 6 years

Tenure

Freehold

Unexpired lease period

Not Applicable

Lease period

10 years commencing from October 2006

Gross Built-up Area

279,010 sq.ft.

Existing use

Bread and confectionary manufacturing under the brand name of High 5

Parking spaces

Available within the compound of the property

Date of acquisition

28th December 2007

Cost of acquisition

RM92,000,000.00

Valuation as at November 2008

RM95,000,000.00

Valuer

Rahim & Co Surveyors Sdn Bhd

Net Book Value

RM95,000,000.00

Master Lessee

Standard Confectionary Berhad

Occupancy Rate

100%

Net rental (per month)

RM608,000.00

Next Rent Review

October 2013

Property Manager

IM Global Property Consultants

Gurun Automotive Warehouse

Gurun

**Address**

NAZA Warehouse, Lot 61B, Kawasan Perindustrian Gurun, 08800 Gurun, Kedah Darul Aman

Location

NAZA Warehouse is located within Gurun Industrial Estate, a new heavy industrial estate accommodating the premises such as Petronas Urea Fertilizer Plant, NAZA Automotive Manufacturing and Assembly Plant, Sapura Automotive Industries Sdn Bhd, KIA Auto Accessories Sdn Bhd and ACE Polymers (M) Sdn Bhd.

Title details

Lot No. 61B (Part of Lot No. PT 6736), Town of Gurun, District of Kuala Muda, State of Kedah Darul Aman

Property type

Industrial Warehouse

Description

An Industrial complex, comprising a single-storey warehouse and single storey office building

Age of property

Approximately 4 years

Tenure

Leasehold for 60 years

Unexpired lease period

Approximately 55 years

Lease period

10 years commencing from December 2007

Gross Built-up Area

214,450 sq. ft.

Existing use

Used as a warehouse to store NAZA motor vehicles parts

Parking spaces

Available within the compound of the property

Date of acquisition

28th December 2007

Cost of acquisition

RM23,970,000.00

Valuation as at November 2008

RM24,800,000.00

Valuer

Rahim & Co Surveyors Sdn Bhd

Net Book Value

RM24,800,000.00

Master Lessee

Teras Globalmas Sdn Bhd

Occupancy Rate

100%

Net rental (per month)

RM169,787.50

Next Rent Review

December 2014

Property Manager

IM Global Property Consultants

Selayang Mall

Selayang



Address

Lot 384451, Jalan SU 9, Taman Selayang Utama, 68100 Batu Caves, Selangor Darul Ehsan

Location

The property is located within Taman Selayang Utama, a medium-sized housing scheme situated off the south side of the Selayang-Kepong Expressway at about 17 kilometres due north-west of Kuala Lumpur City Centre.

Generally, the neighbourhood comprises a mixture of residential and commercial developments. Retail complexes within a 5 kilometres radius of the property include the Selayang Capital Chopping Complex, Desa Shopping Complex and Metro Prima Shopping Complex. Prominent landmarks in the neighborhood include Selayang General Hospital, Forest Reserve Institute of Malaysia (FRIM), Selayang Municipal Council (MPS) and Gombak District Land Office

Title details

Lot 38451, Bandar Selayang, District of Gombak, Selangor Darul Ehsan, held under Title No PM 11660.

Property type

Shopping Complex

Description

A 6-storey shopping complex with a basement level

Age of property

Approximately 14 years

Tenure

Freehold

Unexpired lease period

Not Applicable

Lease period

10 years commencing from December 2006

Gross Floor Area

(861,530 square feet)

Net lettable area

(379,685 square feet)

Existing use

Used as a shopping complex under the brand name of Selayang Mall

Parking spaces

900 parking bays.

Date of acquisition

7th May 2010

Cost of acquisition

RM128,000,000.00

Valuation as at November 2009

RM132,000,000.00

Valuer

DTZ Nawawi Tie Leung

Net Book Value

RM128,165,000.00

Master Lessee

Seal Incorporated Berhad

Occupancy Rate

100%

Net rental (per month)

RM776,000.00

Next Rent Review

January 2012

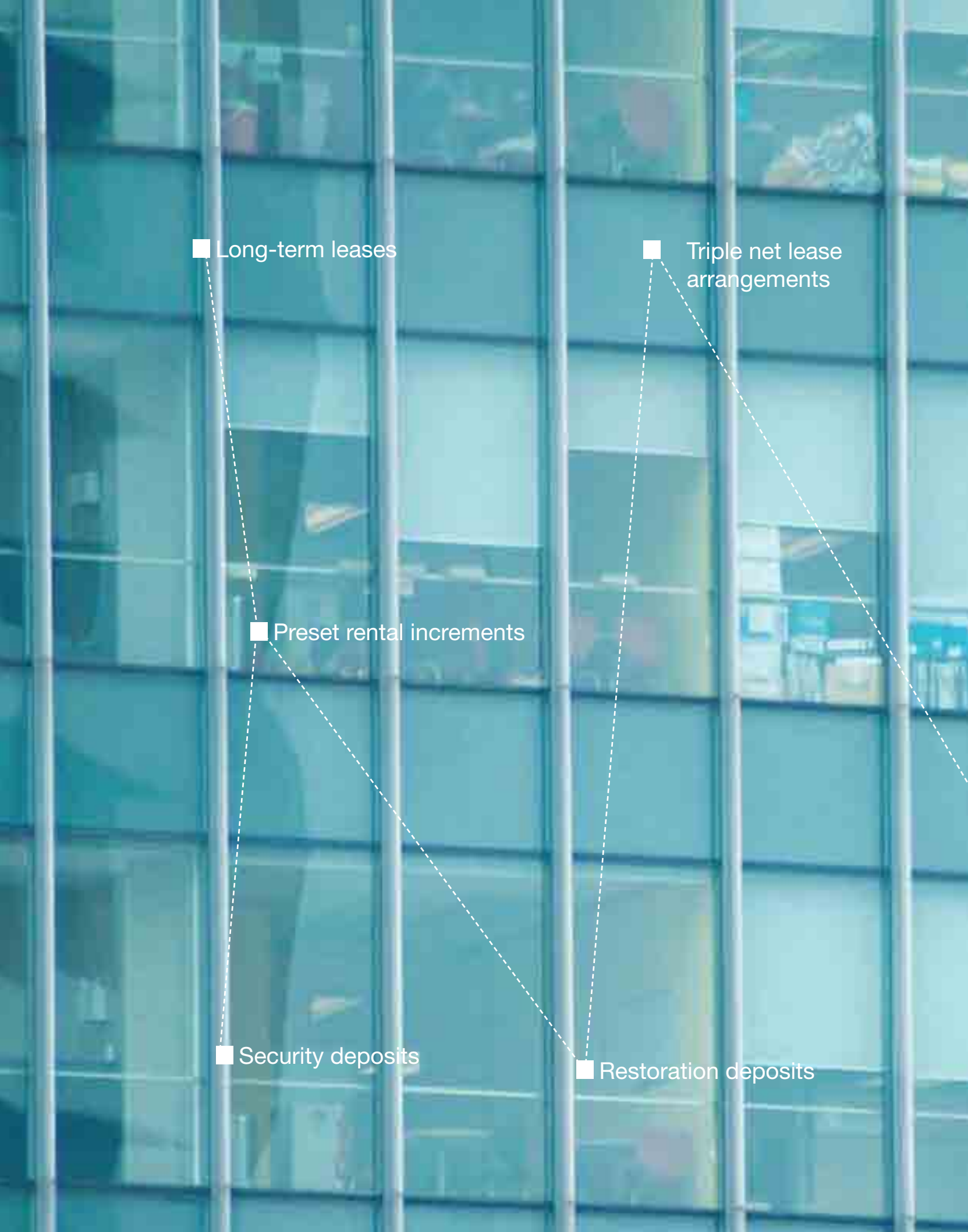
■ Long-term leases

■ Triple net lease arrangements

■ Preset rental increments

■ Security deposits

■ Restoration deposits



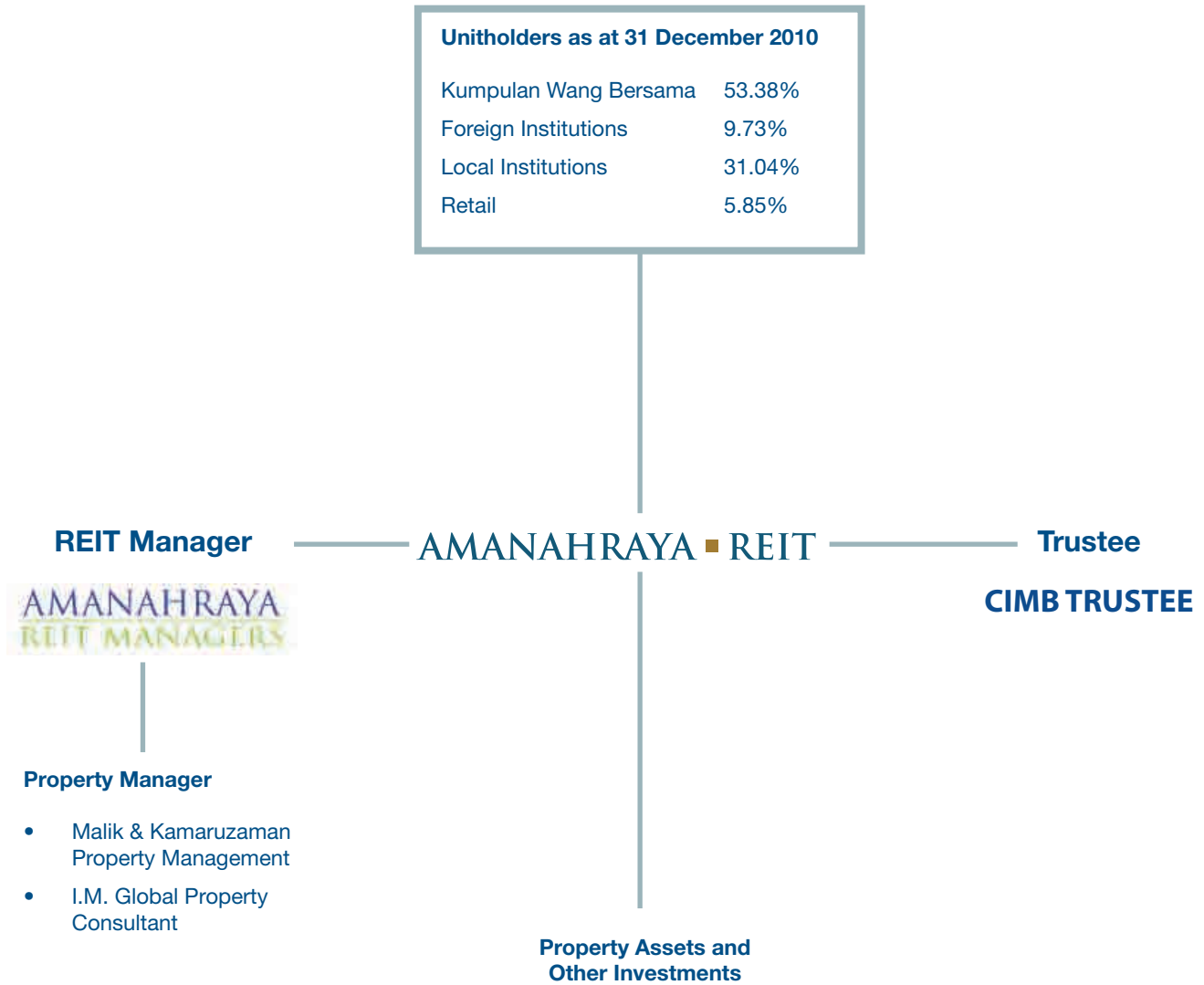


Effective

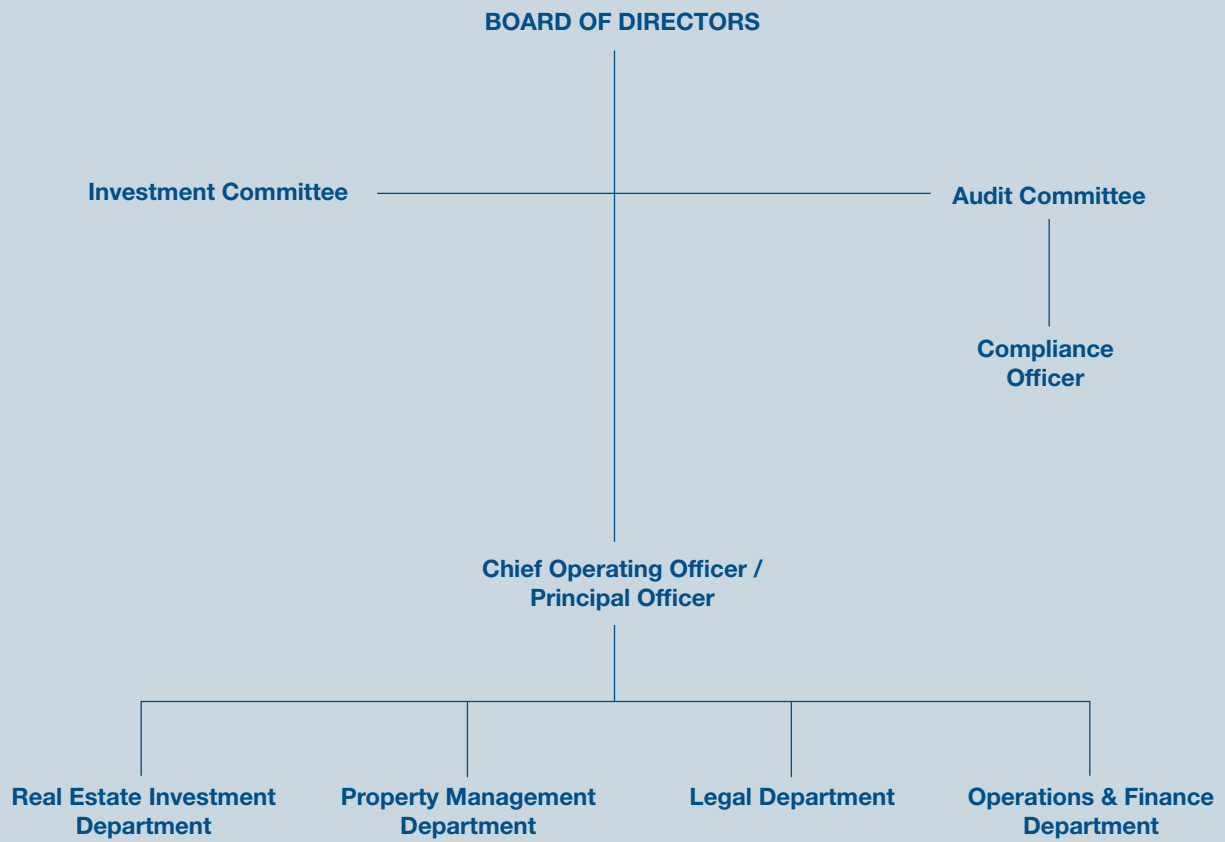
ARRM's integrated approach to the REIT business continues to propel us forward in an effective manner. In having the most diversified REIT in the market, we are spreading our risks and protecting ourselves from a downturn in any one sector. By ensuring long-term leasing arrangements, pre-determined rental increments and a host of other measures to safeguard ourselves, we are effectively securing effective cash flows and mitigating our risk.

■ Reputable
lessees/
tenants

Corporate Structure



Organisational Chart



Board of Directors



Tan Sri Dato' Ahmad Fuzi
Abdul Razak

Dato' Abdul Mutalib
Mohamed Razak

Datuk Syed Hussian
Syed Junid

Datin Aminah Pit
Abd Raman



Dato' Ahmad Rodzi
Pawanteh

Puan Sharizad
Juma'at

Puan Alina
Hashim

Encik Shahrol Anuwar
Sarman

Encik Abas
Abd Jalil

Profile of The Board of Directors

Tan Sri Dato' Ahmad Fuzi Bin Abdul Razak (Independent, Non-Executive)

Tan Sri Dato' Ahmad Fuzi Bin Abdul Razak, a Malaysian, aged 62, was appointed to the Board of AmanahRaya-REIT Managers Sdn Bhd on 8 May 2009.

Tan Sri Ahmad Fuzi was previously the Secretary General of the Ministry of Foreign Affairs Malaysia.

Tan Sri Ahmad Fuzi had previously also served as Director General, Institute of Diplomacy and Foreign Relations Malaysia; Ambassador-at-Large; Malaysia's Representative to the ASEAN High Level Task Force (HLTF) on the Drafting of the ASEAN Charter and Malaysia's Representative to the High Level Panel (HLP) on the Drafting of the Terms of Reference of the ASEAN Human Rights Body.

He was formerly Member, the Board of BERNAMA; PROTON; the Malaysian-Thailand Joint Authority (MTJA); the Maritime Institute of Malaysia (MIMA); the Board of Advisors, Institute of Diplomacy and Foreign Relations (IDFR); the Board of Trustee, World Islamic Economic Forum (WIEF); International Advisory Panel (IAP) of the WIEF; Chairman, AmanahRaya Capital Group Sdn Bhd; Chairman, AI-Nibras Limited and Independent Non-Executive Director, LCL Corporation Berhad.

Tan Sri Ahmad Fuzi is currently the Secretary General of the World Islamic Economic Forum Foundation (WIEF); Chairman, Seremban Engineering Berhad; Executive Chairman, AsiaEP Bhd; Chairman, PKT Logistics (M) Sdn Bhd; Non-Executive Chairman, Sofgen Sdn Bhd; Chairman, Leisure Guide Publishing Sdn Bhd; Independent Non-Executive Director, Puncak Niaga Holdings Berhad; Non-Executive Director, Management Development Institute of Singapore; Member, Board of Trustees, F3 Strategies Berhad; and Member, Advisory Board, Asia Pacific Entrepreneurship Award (APEA).

Tan Sri Ahmad Fuzi is also a Distinguished Fellow, Institute of Strategic and International Studies (ISIS); Distinguished Fellow, Institute of Diplomacy and Foreign Relations; Deputy Chairman, Malaysian Member Committee of the Council for Security Cooperation in the Asia Pacific (CSCAP Malaysia); Member, Board of Trustees, MERCY, Malaysia; President, Association of Former Malaysian Ambassadors (AFMA) and Advisor, High School Bukit Mertajam Alumni Malaysia.

He holds a Bachelor of Arts Degree (Honours) from the University of Malaya (1972) and a Certificate in Diplomacy (Foreign Service Course) from the University of Oxford (1974).

In recognition of his service to the nation, he was awarded the AMN (1979), the JSM (1999), the DSPN (1999), the DMPN (2002) and the PSM (2003).





Dato' Ahmad Rodzi Bin Pawanteh
(Non-Independent, Non-Executive)

Dato' Ahmad Rodzi Bin Pawanteh, a Malaysian, aged 55, was appointed to the Board of AmanahRaya-REIT Managers Sdn Bhd on 8 May 2009.

Dato' Ahmad Rodzi is a member of the Chartered Institute of Marketing, UK and also a Registered Financial Planner.

Dato' Ahmad Rodzi is currently the Group Managing Director of the Amanah Raya Berhad since July 2004. He also serves as a Director of Amanah Raya Berhad Group, Al Nibras Limited and Safeena (L) Ltd. Dato' Ahmad Rodzi was formerly the Director and Exco of KUB Malaysia Berhad from 2002 to 2004. Whilst in KUB Group, he also served as the Head of Food & Beverage Division of KUB Malaysia Berhad and concurrently the Executive Director of KUB Power Sdn Bhd from 2003 to 2004.

Dato' Ahmad Rodzi holds an MBA in General Management from the Southern Cross University, Australia and an MBA in Banking & Finance from the University of Hull, UK. He graduated from the University of Malaya with a Bachelor of Economics (Honours) in Accounting and also from the University of Wolverhampton, UK with a Bachelor of Laws (Honours).



Datuk Syed Hussian Bin Syed Junid
(Independent, Non-Executive)

Datuk Syed Hussian Bin Syed Junid, a Malaysian, aged 50, was appointed to the Board of AmanahRaya-REIT Managers Sdn Bhd on 8 May 2009. He is also a Member of the Audit Committee.

Datuk Syed Hussian started his career with The American Malaysian Insurance Sdn Bhd as a Trainee Executive in 1982 in which he was later promoted as the Regional Manager covering Penang, Perlis, Kedah and Perak in 1989. He is currently a Senior Director of the Business Operations & Sales Support Asia, Western Digital Sdn Bhd.

Datuk Syed Hussian has an extensive experience in insurance industry and entrepreneurship. He holds a Diploma in Insurance from The Association for Overseas Scholarship Tokyo in 1988 and a Certificate in Insurance from the Institut Teknologi MARA in 1982.

Profile of The Board of Directors



Dato' Abdul Mutalib Bin Mohamed Razak
(Independent, Non-Executive)

Dato' Abdul Mutalib Bin Mohamed Razak, a Malaysian, aged 68, was appointed to the Board of AmanahRaya-REIT Managers Sdn Bhd on 8 May 2009.

Dato' Abdul Mutalib was the Secretary / Legal Advisor to the Urban Development Authority (UDA) from 1972 to 1975. He then went into private practice under the name Messrs Mutalib, Sundra & Low, later renamed Mutalib, Wan & Co, of which he is currently the Principal Partner. In 1984, Dato' Mutalib was appointed Trustee Director of Yayasan Pembangunan Ekonomi Islam Malaysia (YPEIM), a post he held until 1988. He was also the Secretary of Yayasan Bumiputra Pulau Pinang Berhad from 1980 to 1990 and Deputy Chairman of Setron (M) Berhad from 1987 to 1990.

Dato' Mutalib was the Chairman of Media Prima Berhad from 2003 to 2009. Whilst in Media Prima Group, he was also the Chairman of its subsidiaries namely Metropolitan TV Sdn Bhd (8TV), Natseven TV Sdn Bhd (ntv7), Ch-9 Media Sdn Bhd (TV9), Max - Airplay Sdn Bhd (Fly.FM) and Synchronsound Studio Sdn Bhd (Hot.FM).

Dato' Abdul Mutalib currently sits on the Board of MARDEC Berhad, The New Straits Times Press (M) Berhad and also the President of Tribunal for Consumer Claims Malaysia.

Dato' Abdul Mutalib obtained his Bachelor of Arts (Honours) degree in Political Science from the University of Singapore in 1967 and was called to the Bar at the Honourable Society of Lincoln's Inn, London in 1971.



Datin Aminah Binti Pit Abd Raman
(Non-Independent, Non-Executive)

Datin Aminah Binti Pit Abd Raman, a Malaysian, aged 63, was appointed to the Board of AmanahRaya-REIT Managers Sdn Bhd on 8 May 2009 and is the Chairperson of the Audit Committee.

Datin Aminah began her career as Administrative and Diplomatic Officer in 1972. In the government sector, she served as Director of the Planning and Development Division for the Ministry of Domestic Trade and Consumer Affairs in 1991, where she was directly involved in corporate planning at the ministerial level. She also served as the Deputy Director of Administration at the University Hospital Kuala Lumpur in 1986.

After serving the government for 23 years, Datin Aminah embarked on a career in private sector where she was attached to Hong Leong Bank Berhad from 1994 to March 2002 as the General Manager for the Economics and Islamic Banking Division.

Datin Aminah was a Director of Amanah Raya Berhad and currently a Director of AmanahRaya Trustees Berhad and AmanahRaya Investment Bank (Labuan) Ltd. She is also currently a Member of the Operation Review Panel of the Suruhanjaya Pencegahan Rasuah Malaysia (SPRM).

Datin Aminah graduated with a Bachelor of Economics (Honours) from the Monash University, Australia in 1971, and a Post-Graduate Diploma in Business Studies from the London School of Economics and Political Science in 1985.



Alina Binti Hashim
(Non-Independent, Non-Executive)

Alina Binti Hashim, a Malaysian, aged 45, was appointed to the Board of AmanahRaya-REIT Managers Sdn Bhd on 2 July 2009 and also a Member of the Audit Committee.

Alina is currently the Group Chief Operating Officer of the Amanah Raya Berhad. She was previously the Head of Accounts & Money Market Department, Finance and Administration Department (Islamic Banking Division) and Credit Control Administration Department of Southern Finance Berhad from 1992 to 2004. She later had a brief stint as a Manager, Finance and Administration at Utusan Publication & Distributors Sdn Bhd in 2004.

Alina is currently sits in the Board of Amanah Raya Berhad Group and Safeena (Labuan) Ltd. She was the Vice-President of the Malaysian Association of Accounting Administrators and Council Member of the Malaysian Institute of Accountants.

Alina graduated from the Monash University, Melbourne with a degree in Business Accounting. She also holds a Chartered Accountant certificate from the Malaysian Institute of Accountants, Certified Practicing Accountant certificate from Australia (CPA Australia) and Certified Financial Planner certificate from the Financial Planning Association of Malaysia.



Sharizad Binti Juma'at
(Non-Independent, Non-Executive)

Sharizad Binti Juma'at, a Malaysian, aged 51, was appointed to the Board of AmanahRaya-REIT Managers Sdn Bhd on 8 May 2009.

Sharizad has been in the fund management industry for over 20 years where she has vast experience in the area of fixed income and equities. She started her career with the Permodalan Nasional Berhad (PNB) as a Research Analyst and later joined the Employees Provident Fund (EPF) as an Investment Analyst. During her tenure in EPF, she was the Head of Treasury for 10 years managing a portfolio of fixed income. Subsequently, she was promoted to lead the Equity Investment Department and her last position was Head of Equity Investment of EPF.

She is currently the Managing Director / Chief Executive Officer of the AmanahRaya Investment Management Sdn Bhd formerly known as AmanahRaya-JMF Asset Management Sdn Bhd ("ARJMF"), a licensed fund manager under Capital Markets & Services Act.

Sharizad has extensive experience in financial analysis, equity investment, portfolio management, credit evaluation, fixed income investment and structured products. Her involvement in property investment began when ARJMF initiated AmanahRaya REIT and became the REIT Manager in 2006. Her exposure in AmanahRaya REIT involves property acquisitions and property investments.

Sharizad currently serves on several Companies and Funds under the Amanah Raya Berhad Group.

Sharizad holds an MBA in Finance from the Michigan State University, East Lansing, Michigan, USA and a Bachelor of Science (Honours) in Biochemistry from the Universiti Kebangsaan Malaysia. Sharizad hold a Capital Markets & Services Representatives License.

Profile of The Board of Directors



Shahrol Anuwar Bin Sarman
(Non-Independent, Non-Executive)

Shahrol Anuwar Bin Sarman, a Malaysian, aged 38, was appointed to the Board of AmanahRaya-REIT Managers Sdn Bhd on 18 May 2010.

Shahrol Anuwar joined the Malaysian Diplomatic and Administrative Service in 1996. His first assignment with the Government of Malaysia was as Assistant Secretary of the Loans Management and Finance Policy Division at the Ministry of Finance, Malaysia from 1996 to 2002. From 2002 to 2003 Shahrol Anuwar furthered his studies in Wales, United Kingdom. Upon returning from his studies, he was assigned as Assistant Director, Head of Finance and Accounts Unit of the Human Resource Management & Administration at the Anti-Corruption Agency Malaysia from 2003 to 2004.

Shahrol Anuwar was later appointed as the Principal Assistant Secretary at the Timber Industry Division of the Ministry of Plantation Industries and Commodities, Malaysia where he served from 2004 to 2006. Prior to his current position, Shahrol Anuwar served as the Principal Assistant Secretary of Administration and Finance Division at the Chief Minister's Department, Melaka from 2006 to 2007.

Shahrol Anuwar is currently the Senior Private Secretary to the Secretary General of Treasury at the Ministry of Finance, Malaysia.

Shahrol Anuwar holds a Master in Business Administration from the Cardiff University, Wales, United Kingdom, a Bachelor of Business Administration in Finance and a Diploma in Banking, both from the Universiti Teknologi MARA. He also holds a Diploma in Public Administration from the National Institute of Public Administration Malaysia.



Abas Bin Abd Jalil
(Non-Independent, Non-Executive)

Abas Bin Abd Jalil, a Malaysian, aged 30, was appointed to the Board of AmanahRaya-REIT Managers Sdn Bhd ("ARRM") on 18 May 2010.

He joined Amanah Raya Berhad ("AmanahRaya") in early 2005 and served in various capacities within the Group mainly in property investment. He was responsible in setting up the Property Investment Department of AmanahRaya-JMF Asset Management Sdn. Bhd. (currently known as AmanahRaya Investment Management Sdn. Bhd. where he was the Head of Property Investment & REIT since 2007. Abas rose through the ranks in AmanahRaya and was appointed as the Chief Operating Officer of ARRM from its inception until May 2010. Currently Abas is the Chief Operating Officer of the AmanahRaya Capital Group Sdn Bhd being responsible in supervising the international businesses and private equity funds of AmanahRaya Group.

Abas had established the investment policy, expanded and administered the overall property investment and management activities of the Kumpulan Wang Bersama and the AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT"). His experience in Real Estate investment includes dealing in various transactions, fund structuring and fundraising activities in South East Asia, Middle East, China, Hong Kong and North America. He has been directly involved in the listing of the AmanahRaya REIT in Bursa Malaysia and completed various transactions of property investment for the AmanahRaya Group and funds with total acquisition value of more than RM 1.5 billion.

He started his career with the Golden Hope Properties Sdn Bhd before joining Tenaga Nasional Berhad ("TNB") in the Group's Property Services Department. During his services with TNB, he administered the property space planning & management of TNB's HQ complex and major buildings throughout Malaysia comprising various commercial buildings, warehouse, yards and institutional properties.

Abas holds a Bachelor of Science Degree in Property Management from the Universiti Teknologi Malaysia. He had delivered presentations at international conferences in Kuala Lumpur, Hong Kong, Jeddah, Seoul, Hanoi and Kazan.

Family Relationship with any Director and/or Substantial Unitholder

None of the Directors of the Manager has any family relationship with any other Directors or substantial unitholders.

Conflict of Interest

No conflict of interest has arisen between the Directors and AmanahRaya REIT during the financial year under review.

Convictions for Offences

None of the Directors have been convicted for offences within the past 10 years.

Attendance at Board of Director's Meetings

The Board currently comprises of nine Directors, of which three are independent non-executive and six non-independent non executive.

During the financial year, the Board met 4 times. The number of meetings attended by each Director is as follow:-

| Directors | Number of Board meetings held during Directors' tenure in office | Number of meetings attended by Directors |
|--|--|--|
| Tan Sri Dato' Ahmad Fuzi Bin Abdul Razak | 4 | 4 |
| Dato' Abdul Mutalib Bin Mohamed Razak | 4 | 4 |
| Datuk Syed Hussian Bin Syed Junid | 4 | 3 |
| Datin Aminah Binti Pit Abd Raman | 4 | 4 |
| Dato' Ahmad Rodzi Bin Pawanteh | 4 | 3 |
| Puan Sharizad Binti Juma'at | 4 | 4 |
| Puan Alina Binti Hashim | 4 | 4 |
| Encik Shahrol Anuwar Bin Sarman* | 2 | 2 |
| Encik Abas Bin Abdul Jalil* | 2 | 2 |

* appointed on 18 May 2010





ntegrity

ARRM's commitment to upholding the tenets of integrity, transparency and accountability is evident in the strong operational policies, guidelines and internal controls that ensure good corporate governance is in place. Well aware of our obligation to act honestly, with due care and diligence, and in the best interests of AmanahRaya REIT unitholders, we have adopted stringent regulatory measures and transparent marketplace practices.

Message from the Chairman

DEAR UNITHOLDERS,

On behalf of the Board of Directors of AmanahRaya-REIT Managers Sdn. Bhd. (“ARRM”), the Manager of AmanahRaya Real Estate Investment Trust (“AmanahRaya REIT”), it is a great pleasure for me to present the Annual Report and audited financial statement of AmanahRaya REIT for the financial period ended 31 December, 2010.



“ AmanahRaya Real Estate Investment Trust (AmanahRaya REIT) also made headlines with several acquisitions in the year 2010. It reached a new milestone by almost surpassing the RM1.0 billion mark in terms of its total asset value with the acquisition of Selayang Mall and Dana 13 Office Block back in May 2010. ”

Overview

The year 2010 started with a very positive note on the economy as Malaysia recorded a GDP growth of 11% in the first quarter. In the second quarter of 2010, Malaysia recorded a slower GDP growth at 8.8% as uncertainty of the global economy was still looming. The Malaysian economy ended the year 2010 with average GDP growth of about 5.6%. During the year, interest rate increased by 50 basis points.

During the year 2010, the Government initiated several major initiatives to sustain the momentum of economic growth. The Economic Transformation Plan (ETP) was introduced to transform Malaysia into a high income nation with emphasis given to twelve (12) areas under the National Key Result Areas (NKRA). The Greater Kuala Lumpur

Master Plan and Mass Rapid Transit (MRT) were the two major projects identified under the NKRA and if implemented would provide a positive impact to real estate investment.

Overall property market continued to improve with values of some sectors reaching the level recorded prior to the global economic downturn of 2008.

In 2010 we saw the ringgit appreciating by 6.6% from RM 3.35 to RM 3.13 against the US Dollar. This augured well with the equity market as foreign investors were net buyers of Malaysia's equity market to take advantage of the capital gain opportunity and ringgit appreciation. FBM KLCI surpassed the 1500-points psychological barrier in October and closed for the year 2010 at 1518.9 points with an overall increase of about 14%.

2010 was also an interesting year for the Real Estate Investment Trust ("REIT") sector as interest on REIT picked up especially after the listing of Sunway REIT and Capital Mall with a total asset value of RM3.2 billion and RM 2.6 billion respectively.

Operations Review

AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT") also made headlines with several acquisitions in the year 2010. It reached a new milestone by almost surpassing the RM1.0 billion mark in terms of its total asset value with the acquisition of Selayang Mall and Dana 13 Office Block back in May 2010. Currently the total asset value is at RM998 million. The acquisition of Selayang Mall was the first retail mall injected into

Message from the Chairman

“ AmanahRaya REIT will continue with its effort to look for high yielding properties with secured and sustainable income coupled with growth prospect. AmanahRaya REIT will also focus its attention in acquiring quality properties at good locations. ”

AmanahRaya REIT, thus diversifying its portfolio further. In September 2010, it made another major acquisition by acquiring three more commercial properties from Perbadanan Kemajuan Negeri Selangor (PKNS). The acquisition also marked the entry of PKNS into REIT by becoming the second largest unitholder of AmanahRaya REIT. Nonetheless, the acquisition is currently pending the Securities Commission's approval.

During the year under review, AmanahRaya REIT portfolio continued to perform well. Due to its strong leasing structure, most of the properties recorded 100% occupancy rate with no default in rental collection. The Management managed to secure Kontena National (KN) as the anchor tenant for the bonded warehouse in Port Klang replacing Tamadam Bonded Warehouse Berhad. The bonded warehouse has now been renamed as Kontena Nasional Distribution Centre 11 (KNDC11) to reflect KN as the master lessee. The Management also managed to prolong the lease of Sime Darby Property as the master tenant of Sime UEP Building in Subang Jaya, which expired in September 2010 to June 2011.

Financial Performance

AmanahRaya REIT continued to perform well and managed to distribute dividend per unit (DPU) RM0.073 for 2010 as compared to RM0.072 in the previous year. Revenue grew by 28% to RM59.51 million against RM46.52 million recorded in the previous year and net income increased by 34% to RM41.40 million against RM30.88 million in the previous year.

Outlook

Moving forward, we foresee that the global economy will continue to recover albeit at a gradual pace. However we expect that AmanahRaya REIT will continue to perform well in terms of its financial performance in 2011. AmanahRaya-REIT Managers Sdn Bhd, as the manager of AmanahRaya REIT, will adopt a cautious stand on future acquisition as the property market is expected to be in a consolidation mode in certain sectors. AmanahRaya REIT will continue with its effort to look for high yielding properties with secured and sustainable income coupled with growth prospect. AmanahRaya REIT will also focus its attention in acquiring quality properties at good locations.

Change in Boardroom and Chief Operating Officer

In May 2010, AmanahRaya REIT Managers Sdn Bhd saw a change in the boardroom with the appointment of two new board members, Encik Shahrol Anuwar bin Sarman and Encik Abas bin Abd Jalil as Non-Independent and Non-Executive Directors. Shahrol Anuwar is currently the Senior Private Secretary to the Secretary General of Treasury at the Ministry of Finance, Malaysia while Abas, who was formerly the Chief Operating Officer of AmanahRaya-REIT Managers, is now the Chief Operating Officer of AmanahRaya Capital Group Sdn Bhd.

Simultaneously, Encik Adenan bin Md Yusof was appointed to assume the position as the new Chief Operating Officer of AmanahRaya-REIT Managers Sdn Bhd. Although new to the post, Adenan is a familiar figure in AmanahRaya Group as he has been assisting the Group Managing Director in property and investment matters undertaken by the Group since 2009.

The change in the boardroom and appointment of the new Chief Operating Officer brought about greater dynamism in the overall management of AmanahRaya-REIT Managers Sdn Bhd in 2010, and further interesting developments should be repeated for both, AmanahRaya-REIT Managers Sdn Bhd and AmanahRaya REIT in the prevailing year.

Appreciation

On behalf of the Board, I would like to take this opportunity to record my sincere appreciation to the stakeholders of AmanahRaya REIT especially the Management and Staff for their relentless commitment in ensuring continued good performance and growth of AmanahRaya REIT. I also would like to record my sincere appreciation to the tenants and business partners for their confidence and support over the years and to Y. Bhg. Dato' Mani Usilapan who has resigned as the Investment Committee Member for his tremendous contribution to AmanahRaya REIT.

Last but not least, I would like to thank the Unitholders for their continued loyalty, support and confidence in AmanahRaya REIT. The number of Unitholders has significantly risen in 2010. This is indeed a testament to the progress and optimism placed in AmanahRaya REIT's direction. AmanahRaya REIT will continue to focus on measures to ensure sustainable growth and good corporate governance to demonstrate the significance and value of AmanahRaya REIT. We look forward to your continuous support as AmanahRaya REIT's moves forward.

TAN SRI DATO' AHMAD FUZI BIN ABDUL RAZAK

Chairman



AmanahRaya REIT Investment Committee Members



Datuk Yahya Bin Ya'acob
Chairman

Datuk Yahya Bin Ya'acob, a Malaysian, aged 67, was appointed as an Independent Investment Committee Member on 27 December 2006.

He has served in various positions in government departments and ministries, including as the Secretary General of the Ministry of Information and the Secretary General of the Ministry of Works. He is a director of various companies, including listed companies such as IJM Corporation Berhad, LBI Capital Berhad, Damansara Realty Berhad and Emas Kiara Industries Berhad.

Datuk Yahya holds a Bachelor of Arts (Honours) and a Diploma in Public Administration both from the University of Malaya. He also holds a Master's degree in Business Management from the Asian Institute of Management, the Philippines.



Tengku Dato' Seri Hasmuddin Bin Tengku Othman

Tengku Dato' Seri Hasmuddin Bin Tengku Othman, a Malaysian, aged 49, was appointed as an Independent Investment Committee Member on 27 December 2006.

He is a practicing lawyer and is currently the principal partner of Messrs Hisham, Sobri & Kadir. His areas of expertise include the various aspects of Islamic banking and finance, corporate banking and project financing, corporate matters, corporate Muamalat Islamic banking and litigation as well as matters relating to Syariah.

He is a director of a number of companies, including Aliran Ihsan Resources Berhad, Bank Muamalat Malaysia Berhad, HSK Corporate Advisory & Consultancy Sdn Bhd, Institut Jantung Negara Sdn Bhd.

He is also an Advisor to Gabungan Perbankan Islam Malaysia (AIBIM), Advisor for Skim Projek Usahawan Dalam Bidang Peruncitan (PROSPER) and Task Force member on Islamic Finance for Labuan IOFC.

Tengku Dato' Seri Hasmuddin holds a Bachelor of Laws (Honours) from the University of Malaya and was admitted to the Bar in 1987.



Mahadzir Bin Azizan

Mahadzir Bin Azizan, a Malaysian, aged 62, was appointed as an Independent Investment Committee Member on 27 December 2006.

He has held key positions both in private and public sector. After graduation he joined the Judicial and Legal Service of the Malaysian Government as a Deputy Public Prosecutor and Federal Counsel and subsequently ventured into the private sector and served the Malaysian International Shipping Corporation (MISC) as Assistant Company Secretary & Legal Adviser and later as Director of Corporate Affairs, Island & Peninsular Berhad, the property arm of the Permodalan Nasional Berhad (PNB) for 23 years.

Mahadzir currently serves on the Boards of the following companies; ECM Libra Financial Group Berhad, ECM Libra Investment Bank Berhad, Avenue Invest Berhad, Syarikat Takaful Malaysia Berhad, Tabung Haji Properties Sdn Bhd.

Mahadzir is a Barrister-at-Law from the Honourable Society of Lincoln's Inn, London.



S. Elias Bin Abd Rahman Alhabshi

S. Elias Bin Abd Rahman Alhabshi, a Malaysian, aged 68, was appointed as an Independent Investment Committee Member on 30 July 2008.

A seasoned banker, S. Elias has vast experience in banking industry and has served both local and international banking institutions and this includes Bank Bumiputra Malaysia Berhad, ASEAN Finance Operation, Merrill Lynch & Co. and Hong Leong Group. He was also the former Group Executive Director of Realmild (M) Sdn. Bhd.

Currently he is the Director of BIMB Holdings Berhad and a Member of the Investment Panel for the Lembaga Tabung Haji.

S. Elias holds a Master of Management (with distinction) from the Asian Institute of Management, the Philippines.

Conflict of Interest

No conflict of interest has arisen between the Investment Committee Members and AmanahRaya REIT during the financial year under review.

Convictions for Offences

None of the Investment Committee Members have been convicted for offences within the past 10 years.

Attendance at Investment Committee Members' Meetings

The Investment Committee currently comprises of five Members of which all are independent and non-executive.

During the financial year, the Investment Committee met three times. The number of meetings attended by each current Member is as follows:-

| Investment Committee Members | Number of Investment Committee meetings held during the Members' tenure in office | Number of meetings attended by Members |
|--|---|--|
| Datuk Yahya Bin Ya'acob | 3 | 3 |
| Dato' Mani Usilappan <i>(resigned on 15 November 2010)</i> | 3 | 3 |
| Tengku Dato' Seri Hasmuddin Bin Tengku Othman | 3 | 3 |
| Mahadzir Bin Azizan | 3 | 3 |
| S. Elias Bin Abd. Rahman Alhabshi | 3 | 3 |





rustworthy

ARRM's good track record these last few years has shown that we are a capable and trustworthy entity that is committed to enhancing unitholder value. From setting in place an Independent Investment Committee to consider property acquisitions, to spelling out our Distribution Policy, ARRM's people have set their sights on delivering strong returns in a credible manner.

Statement of Corporate Governance

AmanahRaya Real Estate Investment Trust (“AmanahRaya REIT”) was established on 10 October 2006 pursuant to a trust deed (“Deed”) entered into between AmanahRaya Investment Management Sdn Bhd formerly known as AmanahRaya-JMF Asset Management Sdn Bhd (“ARJMF” or “former Manager”) and CIMB Trustee Berhad (the “Trustee”). AmanahRaya REIT had been listed on the Main Board of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) since 26 February 2007.

On 7 September 2009, AmanahRaya-REIT Managers Sdn Bhd (“ARRM” or Manager”) a wholly own subsidiary of Amanah Raya Berhad took over the management of AmanahRaya REIT from the former Manager.

ARRM as the Manager of AmanahRaya REIT has established operational policies and guidelines to ensure that effective corporate governance is adopted throughout the organisation and its activities.

ARRM has an obligation to act honestly, with due care and diligence, and in the best interest of AmanahRaya REIT’s unitholders. This obligation ties in with the Manager’s responsibility in managing the assets and liabilities of AmanahRaya REIT for the benefit of unitholders, and the Manager will endeavour to continue enhancing returns to unitholders.

In ensuring the implementation and operation of good corporate governance, ARRM is guided by the measures recommended by the Securities Commission’s Guidelines on Real Estate Investment Trusts (“REIT Guidelines”), the Malaysian Code on Corporate Governance (Revised 2007) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

THE MANAGER OF AMANAHRAYA REIT

AmanahRaya REIT is externally managed by the Manager and as a result has no employees. The Manager has appointed experienced and well qualified personnel to handle its day to day operations. All Directors and employees of the Manager are remunerated by the Manager and not by the Fund.

The Manager will be responsible for the following:

- development of business plans, strategic and investment policies for AmanahRaya REIT;

- provide recommendations on the acquisition, divestment or enhancement of AmanahRaya REIT’s assets to the Trustee;
- monitor compliance to all legislation, rules and guidelines issued by the Securities Commission and Bursa Malaysia as well as AmanahRaya REIT’s Deed;
- ensure appropriate record keeping;
- formulate risk management policies; and
- supervision of the Property Managers.

DIRECTORS OF THE MANAGER

The Board

The Board of Directors of the Manager (the “Board”) is responsible for the effective stewardship and control of the Manager.

This responsibility of the Board, at the minimum, includes:

- the formulation of corporate policies and strategies;
- overseeing and evaluating the conduct of the Manager’s activities;

- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; and
- reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals and major capital expenditure.

Board Balance

The Board currently has nine Directors, where all are Non-Executive Directors. Of all the members, three are Independent Directors to ensure compliance with the requirement for at least one-third of the Board to be independent.

The Chairman leads the Board and is responsible for the vision and strategic direction of the Manager.

The Chief Operating Officer is responsible for implementing the policies and decisions of the Board, overseeing the day-to-day operations, setting the plan and direction, benchmark and targets for the Manager, tracking compliance and progress of the operation, initiating innovative business ideas to create competitive edge and development of asset enhancement strategies with the aim of enhancing unitholders' return.

Board Meetings

Board meetings are scheduled at least once every quarter and four Board meetings were conducted in the year 2010.

Access to and Supply of Information and Advice

All Board members are supplied with information on a timely manner. Board reports are circulated prior to Board meetings and the reports provide among others, financial and corporate information, significant operational, financial and corporate issues, performance of AmanahRaya REIT and management's proposals which require the approval of the Board.

All Directors have access to the advice and services of the Audit Committee, Compliance Department, Internal Auditor, Company Secretary as well as to independent professional advice.

CORPORATE GOVERNANCE

Appointment to the Board

All new nominations received are accessed and approved by the entire Board in line with its policy of ensuring nominees are persons of sufficient calibre and experience.

Committees under the Board

The Board has established the following committees to assist it in discharging its duties in relation to AmanahRaya REIT. The committees are:

- The Audit Committee; and
- The Investment Committee.

Directors' Training

For the financial year 2010, the Directors had attended an in-house Directors' Workshop on Enterprise Risk Management Awareness which was organised by AmanahRaya Group Risk Management Department.

Two of the newly appointed Directors had also successfully completed the Directors' Mandatory Accreditation Programme organised by Bursatara Sdn Bhd.

AUDIT COMMITTEE

The Audit Committee ("AC") was formed on 9 June 2009. It operates under the delegated authority from the Board and in-line with the Malaysian Code on Corporate Governance (Revised 2007), consists of three Non-Executive Directors.

Duties and responsibilities of the AC include:

The duties and responsibilities of the Committee are as follows:

- to review all the internal and external reports on Company's operations and portfolio under management and ensure compliance with all relevant laws and regulations;
- to initiate investigation of any activity within its terms of reference and to seek any information it requires from the management and/or any employee;
- to obtain external legal or other independent professional advice, opinion and/or reports and to secure the attendance of external parties with relevant experience and expertise whenever necessary;
- to review with the external auditors the audit plan, scope of the audit and areas of audit for the Company;

Statement of Corporate Governance

- discuss and highlight any problem arising from the audit and/or any other matters raised by the external auditors;
- to review the external auditors' management letters and reports and Company's management response;
- to review the audit report prepared by the external auditors;
- to make appropriate recommendations to the Board on matters relating to resignations, dismissals, and replacements of external auditors;
- the review and report the adequacy of the scope, functions and resources of the internal audit function and authorise it to carry the audit works;
- to review all the financial results and financial statements of the Company and all portfolios under management;
- to review and highlight any related-party transactions within the Company and all portfolios under management;
- to ensure the Company's policy, strategy and operations are in compliance with all relevant laws and regulations; and

- to perform any other operational functions as may be agreed by the Board.

The Audit Committee Meetings are scheduled at least once every quarter.

Four Audit Committee Meetings were held in 2010.

INVESTMENT COMMITTEE

The Investment Committee ("IC") for AmanahRaya REIT was formed on 4 August 2006. It operates under the delegated authority from the Board and is represented by fully-independent members from various fields including legal, banking and property.

The duties and responsibilities of the IC include:

- to review, deliberate and decide on any investment to be made by AmanahRaya REIT as recommended by the management;
- to review, assess and decide on any asset acquisition, disposal and fund raising exercise to be undertaken by the AmanahRaya REIT before being presented to the Board of Directors for final approval;

- to review and deliberate the following reports:

- Property Market and Outlook Report
- AmanahRaya REIT's Performance Report

- to ensure that AmanahRaya REIT is managed in accordance with:-

- its investment objectives;
- its Trust Deed;
- its Prospectus;
- the Securities Commission's REIT Guidelines and other securities laws; and
- its internal investment restrictions and policies.

- to recommend to the Board the appropriate strategies to achieve proper performance of AmanahRaya REIT in accordance with the investment policies;
- to ensure the strategies selected are properly and efficiently implemented by the management or its fund management delegate (if any);
- to actively monitor, measure and evaluate the performance of the management company or its fund management delegate (if any); and
- to carry out other duties as may be determined from time to time by the Board.

The Investment Committee Meetings are scheduled at least once every quarter.

Three IC meetings were held in 2010.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for ensuring the proper maintenance of accounting records for AmanahRaya REIT and that appropriate accounting policies had been consistently applied.

Internal Control

The Board has overall responsibility of maintaining a system of internal control that covers financial and operational controls and risk management. The system provides reasonable assurance against material misstatement of management and financial information or against financial losses and fraud.

Relationship with Auditors

An external auditor, independent of the Management and Trustee has been appointed. The appointment has been nominated by the Manager, and approved by the Trustee. The remuneration of the Auditor is approved by the Trustee.

Compliance Department

The Manager has a designated compliance officer working towards ensuring the compliance with all legislation, rules and guidelines issued by the Securities Commission and Bursa Malaysia as well as AmanahRaya REIT's Deed.

RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

The Manager has established procedures that will ensure related party transactions and conflicts of interest are managed in full compliance to the Securities Commission's REIT Guidelines, AmanahRaya REIT's Deed and the Listing Requirement of Bursa Malaysia.

Among the policies adopted by the Manager to deal with potential conflicts of interest issues include:

- transactions on an arm's length basis and on normal commercial terms which are no more favourable than those extended to related third parties;
- AmanahRaya REIT's cash or other liquid assets should be placed in a current or deposit account of institutions licensed or approved to accept deposits; and

- the Manager may not act as principal in the sale and purchase of real estate, securities and any other Assets to and from AmanahRaya REIT.

RISK ASSESSMENT AND MANAGEMENT OF BUSINESS RISK

The Manager operates within overall guidelines and specific parameters set by the Board. Responsibility for managing risk lies initially with the AmanahRaya Group Risk Management Department, working within the overall strategy outlined by the Board.

COMMUNICATION WITH UNITHOLDERS

The Board acknowledges the importance of regular communication with unitholders and investors via annual reports, circulars and quarterly financial reports. Various announcements were also made throughout 2010 which unitholders and investors can have an overview of AmanahRaya REIT's performance and operation. Additionally, the Chief Operating Officer regularly meets with analysts, institutional unitholders and investors.

Corporate Calender



23 January
2010

REIT Retail Roadshow Melaka.



19 April
2010

AmanahRaya REIT Unitholders' meeting at Holiday Villa Hotel & Suites Subang on the acquisition of Selayang Mall and Block D13 Dana 1 Commercial Centre.



8 May
2010

REIT Retail Roadshow Kuching Sarawak.



21 May
2010

Signing Ceremony on the lease of Kontena Nasional Distribution Centre 11 (formerly known as Tamadam Bonded Warehouse).

Corporate Calender



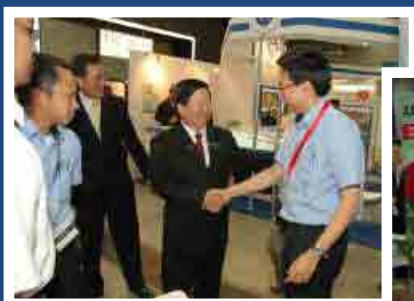
May
2010

Commencement of renovation works on Holiday Villa Langkawi by the Lessee.



29 June
2010

Commencement of external and internal painting works on Kontena Nasional Distribution Centre 11 (formerly known as Tamadam Bonded Warehouse).



16 & 17 July
2010

Investor Expo 2010 at KLCC Convention Centre.



2 September
2010

Signing Ceremony on the sale and purchase and lease of three properties of PKNS; Kompleks PKNS Shah Alam, SACC Mall Shah Alam and Menara PKNS Petaling Jaya.



23 October
2010

REIT Retail Roadshow Johor Bahru, Johor.



6 November
2010

The Manager's Corporate Social Responsibility Project sponsoring the Terry Fox Run 2010 for cancer research.

Profile of The Chief Operating Officer



ADENAN BIN MD YUSOF
*Chief Operating Officer /
Principal Officer*

Adenan Bin Md Yusof, a Malaysian, aged 47, was appointed as Chief Operating Officer of AmanahRaya-REIT Managers Sdn Bhd (“ARRM”) on 18 May 2010.

Upon graduation, Adenan works for two of the largest architectural practice in the US i.e. Harry Weese and Associates and Lohan Associates where he gained tremendous design experience on various building types from residential to 5 star hotel and office building and exposure to project management.

After almost 3 years of working in Chicago, Adenan came back to Malaysia and joined Perunding Alam Bina, a medium size architectural practice in Kuala Lumpur as Architect. Thereafter, in 1993, Adenan had the opportunity to join KLCC Berhad (“KLCCB”) and worked on the

prestigious Petronas Twin Tower project. At KLCCB, he managed to gain valuable knowledge and experience in managing big projects.

Adenan later joined Amanah Capital Partners Berhad (“Amanah Capital”) in January 1995, and thereafter promoted to Senior Manager and heading the property division. He was responsible in overseeing all property investment under the Group. With vast experience in project management, at Amanah Capital, he managed to complete two major projects i.e. The Menara UMNO Pulau Pinang and the Kirana/Ascott Kuala Lumpur, a high-end condominium project. Adenan gained valuable knowledge and experience in developing high end properties following the completion of Kirana and Ascott projects. He later joined a consultancy firm, Mediconsult Sdn. Bhd. where he was responsible in completing a teaching hospital in Semarang, Indonesia.

In early 2003 Adenan joined KUB Malaysia Berhad as General Manager and thereafter was seconded to KUB Realty Sdn. Bhd., the property arm of KUB. Adenan left KUB and joined Terengganu Incorporated, a State investment arm in January 2008 to head its property investment division. As the Group General Manager, he was responsible in drafting a strategic plan for property investment.

Prior to joining ARRM, he was the Assistant General Manager at the Group Managing Directors’ Office of Amanah Raya Berhad where he assisted the Group Managing Director in all matters related to property activities and investment undertaken by the Group. He was also responsible for the restructuring and streamlining of the property related companies within the Group.

Adenan holds a Bachelor of Architecture from the Illinois Institute of Technology, Chicago, Illinois, USA.

The Management Team



**Fakru Radzi
Bin Ab Ghani**
*(Head, Real
Estate Investment)*

Lim Jin Eng
*(Head, Operations
& Finance)*

**Azmanira
Binti Ariff**
(Head, Legal)

**Siti Adilah
Binti Aziz**
*(Head, Property
Management)*

**Nor Hakim
Bin Ismail**
*(Compliance
Officer)*

Manager's Report

The Directors of AmanahRaya-REIT Managers Sdn Bhd, Manager of AmanahRaya Real Estate Investment Trust (“AmanahRaya REIT” or “Trust”) have the pleasure in presenting their Annual Report to the Unitholders of AmanahRaya REIT together with the audited financial statements of AmanahRaya REIT for the financial year ended 31 December 2010.

Our principal activity is to act as the Manager of AmanahRaya REIT to manage and administer AmanahRaya REIT on behalf of the unitholders in accordance to the Trust Deed dated 10 October 2006 (as varied by Supplemental Trust Deed dated 4 January 2007) and the Second Supplemental Trust Deed dated 27 August 2009 (collectively referred to “the Deed”) and guidelines as imposed by the Securities Commission and Bursa Malaysia. Our main role is to ensure stable and sustainable return to unitholders from real estate investments.

The financial highlights for the 2010 are as follows:

- Distribution per unit (“DPU”) rose from 7.1550 sen in 2009 to 7.3209 sen in 2010, representing an increase of 2.32%.
- Increase in net income available for distribution of RM39,331,076 during the financial year as compared to RM30,877,928 in the year 2009 even though the distribution payout has been reduced from 100% to 95% of the total net distributable income.
- 5% of the net distributable income has been retained for refurbishment purposes on some of the investment properties.
- Increase in total assets of RM998 million from RM748 million of 2009 due to the additional properties purchased during the financial year.
- Refinancing of an existing borrowing amounting to RM168 million from interest rate of 5.25% to 4.45% per annum has reduced the interest expenses incurred for the borrowing.

The operation highlights for the 2010 are:

- Ability to obtain replacement for tenant of Tamadam Bonded Warehouse i.e. Kontena Nasional Berhad after the existing tenant, Tamadam Bonded Warehouse Berhad opted for early termination of the lease.
- Successful completion of the proposed acquisition of properties known as “Selayang Mall” and “Dana 13” for purchase consideration of RM128 million and RM99 million respectively.
- An increase in approved fund size of AmanahRaya REIT from 431,553,191 units to 573,219,858 units.
- Successful extension of the tenure for an existing borrowing amounting to RM85 million and shall be repayable in one lump sum in May 2015.
- During the financial year, the Manager has proposed the following:
 - i) Acquisition of 3 properties from Perbadanan Kemajuan Negeri Selangor (“PKNS”) for a total purchase consideration of RM270 million

- ii) Placement of up to a maximum of 695,947,131 units in AmanahRaya REIT to raise proceeds of RM108 million
- iii) Increase in existing approved fund size of AmanahRaya REIT

THE TRUST AND ITS INVESTMENT OBJECTIVE

AmanahRaya REIT was established on 10 October 2006 pursuant to a trust deed (“Deed”) between the Manager and CIMB Trustee Berhad (“Trustee”). AmanahRaya REIT is classified as a real estate fund and was listed on the Bursa Malaysia Securities Berhad on 26 February 2007. The objective of AmanahRaya REIT is to provide stable distributions per unit with the potential for sustainable long-term growth mainly through investment in properties of diversified sectors.

AmanahRaya REIT has achieved its objective for Financial Year 2010 through a diligent management and focused strategies in managing the Trust.

FINANCIAL REVIEW

Review of Performance

| | 2010 | 2009 | 2008 | 2007 |
|--|-------------|-------------|-------------|-------------|
| Total Net Asset Value (RM) | 558,567,955 | 440,103,776 | 440,104,122 | 404,967,451 |
| Units in Circulations (units) | 573,219,858 | 431,553,191 | 431,553,191 | 431,553,191 |
| Net Asset Value Per Unit (RM) | 0.9744 | 1.0198 | 1.0198 | 0.9384 |
| Highest Net Asset Value Per Unit (RM) | 1.0690 | 1.0650 | 1.0198 | 0.9466 |
| Lowest Net Asset Value Per Unit (RM) | 0.9705 | 1.0198 | 0.9345 | 0.9384 |
| Market Value Per Unit (RM) as at 31 December | 0.94 | 0.86 | 0.73 | 0.99 |
| Highest Traded Price for the Twelve Months Period (RM) | 0.95 | 0.90 | 0.99 | 1.05 |
| Lowest Traded Price for the Twelve Months Period (RM) | 0.83 | 0.68 | 0.72 | 0.83 |

Results of AmanahRaya REIT's Performance

| | 2010 | 2009 | 2008 | 2007 |
|--|--------------|--------------|--------------|-------------|
| Total Gross Rental Income | 59,509,971 | 46,519,068 | 45,560,808 | 19,272,059 |
| Total Property Expenses | (1,785,571) | (1,716,710) | (1,448,058) | (728,823) |
| Net Rental Income | 57,724,400 | 44,802,358 | 44,112,750 | 18,543,236 |
| Interest and Other Income | 2,607,949 | 455,510 | 721,095 | 382,960 |
| Total Non-Property Expenses | (18,931,550) | (14,380,556) | (14,579,537) | (8,279,563) |
| Earnings Before Taxation | 41,400,799 | 30,877,312 | 30,254,308 | 10,646,633 |
| Net appreciation on Fair Value of Investment Properties | – | – | 36,812,000 | – |
| Earnings Before Taxation | 41,400,799 | 30,877,312 | 67,066,308 | 10,646,633 |
| Taxation* | NIL | NIL | NIL | NIL |
| Earnings After Taxation | 41,400,799 | 30,877,312 | 67,066,308 | 10,646,633 |
| Earnings Per Unit (EPU) after Taxation (sen) (Realised + Unrealised) | 7.8962 | 7.1550 | 15.5407 | 5.6872 |
| EPU yield (%) (Based on Closing Market Price) | 8.40 | 8.32 | 21.29 | 5.74 |
| Distribution Per Unit (DPU) (sen) | 7.3209 | 7.1550 | 7.0105 | 5.4412 |
| Distribution Per Unit (DPU)(sen)(annualised)** | N/A | N/A | N/A | 6.5294 |
| Distribution Yield (%) | 7.79 | 8.32 | 9.60 | 5.50 |
| MER (%) | 0.59 | 0.38 | 0.46 | 0.44 |
| Annual Total Return*** (%) | 20.59 | (10.67) | 7.54 | 4.44 |

* The Trust distributed at least 95% of the realised and distributable income and thus, its total income for the year is exempted from tax pursuant to Section 61A(1) of Income Tax Act, 1967 under the Finance Act, 2006.

** Based on AmanahRaya REIT's operational results for the financial period 2007 commencing from 26 February 2007 annualised over the 12 months of the calendar year 2007.

*** Based on movement in weighted average unit price & actual gross income distribution.

Note:

The net asset value per unit of the Fund is largely determined by market factors. Therefore past performance is not necessarily indicative of future performance and that unit prices and investment returns may fluctuate

Manager's Report

FUND'S PERFORMANCE

The Manager is proud to register another sterling result in 2010 where the Trust had increased its Total Gross Rental Income, Distribution Per Unit and Net Income Distribution by RM12,990,903, 0.1659 sen per unit and 27.93% respectively.

As at 31 December 2010, the Trust's income totalled to RM62,117,920 comprising gross rental income of RM59,509,971, interest income of RM580,889 (RM567,984 is tax exempt and RM12,905 is non-tax exempt) and other income of RM2,027,060 compared to year 2009 where the Trust's income totalled to RM46,974,578 with gross rental income stood at RM46,519,068 and interest income of RM455,510 (RM446,578 is tax exempt and RM8,932 is non-tax exempt) representing an increase of 32.24% for the total registered income.

AmanahRaya REIT incurred a total expenses of RM20,717,121 (of which only 8.62% were attributed to property expenses) as compared to RM16,097,266 (10.66% were attributed to property expenses) in the previous financial year – an increase of 28.70% for the total registered total expenses. All of our properties are on a 'triple-net' lease arrangement whereby all property related expenses have been absorbed by tenants/lessees with exception of Wisma Amanah Raya Berhad, Jalan Semantan and Wisma UEP.

INCOME DISTRIBUTION

During the financial year ended 31 December 2010, the Trust has paid the first interim income distribution of RM8,025,588 on 27 May 2010 representing 1.8597 sen per unit in respect of the first quarter of 2010, second interim income distribution of RM11,462,667 on 26 August 2010 representing 1.9997 sen per unit in respect of the second quarter of 2010 and third interim income distribution of RM10,245,715 on 21 December 2010 representing 1.7874 sen per unit in respect of the third quarter of 2010.

The fourth and final income distribution of RM9,597,106 has been declared at 1.6741 sen per unit payable on 6 April 2011 in respect of the three months period ended December 2010.

| | 2010 | 2009 | 2008 | 2007 |
|---|--------------|--------------|--------------|--------------|
| Income distribution per unit (sen) | | | | |
| • First interim income distribution | 1.8597 | 3.4190 | 3.5758 | 2.3700 |
| • Second interim income distribution | 1.9997 | – | – | 2.8149 |
| • Third interim income distribution | 1.7874 | – | – | 0.2563 |
| • Proposed fourth and final income distribution | 1.6741 | 3.7360 | 3.4347 | – |
| | <hr/> 7.3209 | <hr/> 7.1550 | <hr/> 7.0105 | <hr/> 5.4412 |

The total income distribution for the financial year ended 31 December 2010 totalling to RM39,331,076 of which RM567,984 was tax-exempted income. The combination represents 7.3209 sen per unit and distribution yield based on the closing price of RM0.935 on 31 December 2010 was at 7.83%.

NET ASSET VALUE

Analysis of net asset value since the date of inception for the financial year 31 December 2010 of the Trust:

| | 2010 | 2009 | 2008 | 2007 |
|---|--------|--------|--------|--------|
| Total net asset value ("NAV") RM: | | | | |
| • before provision for income distributions | 0.9912 | 1.0572 | 1.0542 | 0.9530 |
| • after provision for income distributions | 0.9744 | 1.0198 | 1.0198 | 0.9384 |

UNITS IN ISSUE

As at 31 December 2010, the total number of units issued was 573,219,858. The Manager had on the date of this report proposed an increase in the existing approved fund size of AmanahRaya REIT of 573,219,858 units to 695,947,131 units to be issued under the Proposed Placement as highlighted in the Corporate Proposal and Development section.

GEARING

As at 31 December 2010, AmanahRaya REIT's total debt of RM362,965,282 is a medium term debt with maturity in 2015.

| | 2010 | 2009 | 2008 | 2007 |
|-------------------|-------|-------|-------|-------|
| Gearing ratio (%) | 36.36 | 33.82 | 33.62 | 32.03 |

The Manager had on the date of this report proposed to undertake the following transaction:

- to raise additional debt through new direct borrowing amounting to RM163,500,000 at the interest rate of 4.85% per annum to part finance the Proposed Acquisitions of three (3) PKNS properties. The tenure for the new direct borrowing will be five (5) years from the date of drawdown.

RELATED PERFORMANCE INDICATORS AND BENCHMARKS

| | 2010 | 2009 | 2008 | 2007 |
|------------------------------------|-------|---------|------|------|
| Total return (%)* | 20.59 | (10.67) | 7.54 | 4.44 |
| Asset Portfolio Turnover (times)** | 0.43 | – | – | 1.78 |

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

** Asset Portfolio Turnover is based on the average of total acquisitions and total disposals of investment in AmanahRaya REIT for the financial year ended 31 December 2010 to the average net asset value for the financial year calculated on a daily basis.

Manager's Report

BENCHMARK RELEVANT TO AMANAHRAYA REIT

| | 2010 | 2009 | 2008 | 2007 |
|-----------------------------------|------|------|------|------|
| Management Expense Ratio ("MER")* | 0.59 | 0.38 | 0.46 | 0.44 |

* The calculation of MER is based on the total expenses incurred by AmanahRaya REIT, including Manager's fee, Trustee's fee, audit fees, tax agent's fee and administrative expenses, to the average net asset value of the Trust for the financial year calculated on a daily basis.

CORPORATE PROPOSAL AND DEVELOPMENT

Acquisition in 2010

In the year 2010, the Manager has added two more properties into AmanahRaya REIT's portfolio. Dana 13 a newly completed office tower and Selayang Mall were acquired at RM99 million and RM128 million respectively. Following the acquisition, the total asset value of AmanahRaya REIT's almost nearing the RM1 billion mark. Acquisition of the properties was financed through issuance of new shares and borrowings based on 51:49 ratio.

Both the properties are strategically located within established suburban areas of Selayang and Petaling Jaya with good connectivity to major highways and supported by strong catchment in terms of population base and business activities.

Selayang Mall and Dana 13 office tower provide a continuous rental income to AmanahRaya REIT for the next 6 to 9 years as the lease with the respective lessees were structured with guaranteed rental income with irrevocable lease. For the year under review, the two properties contributed a total rental income of RM10.59 million.

The Selayang Mall is AmanahRaya REIT's maiden acquisition on retail property. The property was only acquired by AmanahRaya REIT from the sponsor after it underwent asset enhancement exercise that changed the image to a more vibrant mall. The mall contributes about 10.2% of AmanahRaya REIT's total rental income. Dana 13 is the fifth office building acquired by AmanahRaya REIT. It contributes about 7.6% of AmanahRaya REIT total rental income.

In October 2010 we had announced a major acquisition which involved Perbadanan Kemajuan Negeri Selangor ("PKNS"). AmanahRaya REIT has agreed to purchase 3 properties owned by PKNS at purchase consideration of RM270 million. The 3 properties are as follows:

1. Menara PKNS, Petaling Jaya
2. Kompleks PKNS, Shah Alam
3. SACC Mall, Shah Alam.

Also following the acquisition, PKNS will become the second largest unitholders of AmanahRaya REIT after Kumpulan Wang Besama ("KWB"). The acquisition will also marked AmanahRaya REIT strategic alliance with PKNS whereby AmanahRaya REIT would be able to rely on PKNS as "sponsor". PKNS being one of the largest property owner in Malaysia would be able to provide the pipeline of properties to be injected to AmanahRaya REIT portfolio in the future. As at 31 December 2010, the acquisition has yet to obtain the Securities Commission's approval.

INVESTMENT STRATEGIES AND POLICIES

Acquisition Strategy

As always been the practise of the Manager, the Manager will assess the appeal of the property based on a rigorous prescribed process prior to investment proposals being presented to the Investment Committee for endorsement.

All potential acquisitions will undergo an evaluation using pre-determined acquisition criteria consistent with AmanahRaya REIT's investment objectives. A summary of the acquisition's criteria are as follows:

a. Location

The location of the potential property(ies) is evaluated with particular reference to its connectivity to major roads and highways, populated commercial districts and residential areas as well as availability to public transportation.

b. Price and Yield

All investment proposals are subject to vigorous scrutiny based on our investment's criteria which take into account the price and yields to be derived from the potential acquisition. Consideration is also given to the tenure, expected future economic environment and the market demand for short and long term leases. The analysis focuses on ensuring that the terms of the acquisitions allow the current value of the portfolio to be at least, maintained, while enhancing accretion and/or the overall quality of the portfolio. For most property acquisitions, the purchase prices are below market value (refer to Property Portfolio section), thus delivering immediate appreciation in the values upon completion of the transactions. If the property is on a sale and leaseback, the guaranteed return by the lessee shall not be artificial but to be reflective of the market rental rate for such lettable spaces.

c. Building Condition

The condition of the properties is evaluated mostly via physical inspections and checks. This focus is on, among others, the building's age and size, interior and exterior condition, defects (particularly hidden defects), mechanical and electrical equipments, civil and structural conditions as well as building systems conditions such as security and fire protection systems, and compliance with local rules and regulations. Engineering due diligence exercises, which include examining the condition of the mechanical and electrical equipment as well as the structural condition are conducted by the Manager's appointed engineers.

d. Diversity in Portfolio

Planned increase in the geographical and sectoral diversity of AmanahRaya REIT's current portfolio in order to cushion the impact of any adverse development in a particular sector or locality, providing a reliable flow of income to AmanahRaya REIT. The potential acquisition of properties coming from various segments will be carefully evaluated. The Manager is well aware of the property market conditions and would capitalise on any rising rental and capital values of any high performing sectors.

Manager's Report

INVESTMENT STRATEGIES AND POLICIES (continued)

Acquisition Strategy (continued)

e. Tenant/Lessee profile

Financial analysis of the prospective tenants / lessees are conducted to determine whether they have good financial standing to serve the rentals during the tenancy or lease period. This is very critical especially for property to be tenanted / or leased by a single party.

After applying the above criteria and conducting the necessary analysis, studies, inspection and checks, the recommendation is then forwarded to the Investment Committee of AmanahRaya REIT for further evaluation and onward recommendation to the Board.

Operating Strategy

Most of AmanahRaya REIT leases are structured base on master lessee/triple net arrangement whereby the master lessees would bear all cost of maintenance, authority charges and insurances except capital expenditures such as replacement of equipments, enhancement or expansion work. However, Wisma UEP and Wisma Amanah Raya Berhad, Jalan Semantan are not on such arrangement.

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

a. Actively monitoring on the maintenance and upkeep of the properties which are under lease

The Manager is working closely with the appointed Property Managers in maintaining and upkeeping of the properties which are the responsibility of the respective Lessee. Although the maintenance and upkeep of the properties are the responsibility of the Lessee based on 'triple net' lease agreement, constant monitoring is required to ensure that the long term quality and physical condition of the buildings are preserved. Periodical checks on each property has been conducted every 3 months by our Property Managers of which they will identify property management issues and recommend action(s) to be undertaken by the Lessee/Manager vide their report submitted to the Manager. Throughout all of our joint inspection with the Property Managers, the maintenance and upkeep of the properties are to the satisfactory level whereby there has not been any major defects to the properties with only minor defects which mostly has been rectified by the Lessee during the financial year.

b. Fostering close relationships with Lessees and ensuring the delivery of high quality services to them

For single tenanted properties, the Manager would consider reviewing any proposal from the tenant/lessee for any capital expenditure to be made by the Trust which potentially could benefit the lessee operationally and benefit the Trust in terms of giving additional rental income whilst providing growth in capital values.

c. Enhance Property Value

In 2010 total maintenance and statutory expenses was at RM1,456,012 about 2.5% of total rental received.

At Kontena Nasional Distribution Centre 11 ("KNDC 11"), formerly known as Tamadam Bonded Warehouse, we spent in total RM588,000 on asset enhancement which includes repainting the whole warehouse and replacing chillers for the cold rooms.

As safety of tenants is our utmost priority, we had installed a monitoring equipment to monitor soil movement at Wisma Amanah Raya Berhad, Jalan Semantan at a total cost of RM480,000. The monitoring equipment is necessary to provide us with the warning signals so that immediate action can be taken ahead of possible disaster i.e. landslide.

In May 2010 Holiday Villa Langkawi started a major refurbishment work to refurbish all the rooms. The work is still in progress and anticipated to be completed in Jun 2011. The cost of refurbishment is being borne by Holiday Villa.

For the year under review, we retained 5% of the nett income for asset enhancement exercise to be undertaken in 2011.

d. Improve financial performance of the properties

In ensuring that AmanahRaya REIT sustain its potential earnings, new rental rates are immediately imposed to the Lessees at every rent review dates. During the financial year, rentals of 3 properties have been revised upwards which is shown in the table below:-

| No. | Property | Preceding Rental | Current Rental | % of Increment | Date of Review |
|-----|---|------------------|----------------|----------------|----------------|
| 1. | Wisma Amanah Raya Berhad, Jalan Semantan | 320,738 | 333,741 | 4.05 | Nov 2010 |
| 2. | Gurun Automotive Warehouse | 159,800 | 169,788 | 6.25 | Dec 2010 |
| 3. | SEGi University College, Kota Damasara | 870,000 | 918,000 | 5.52 | Jan 2010 |

Capital Management Strategies

To optimise returns to unitholders, we plan to finance future property acquisitions and enhancements by means of a balance of issuance of new AmanahRaya REIT units and loan financing.

The strategies employed in achieving this are as follows:

- sourcing for the most favourable funding terms;
- diversifying our sources of funding;
- managing cash flows by matching inflows from lessees with outflows arising from financial obligations; and
- manage the interest rate exposure.

In addition to the above, the Manager will also comply with the provisions of the Deed and all applicable rules and guidelines prescribed by the Securities Commission relating to the financing of AmanahRaya REIT. As at 31 December 2010, AmanahRaya REIT has achieved a debt level of 36.43% of the total asset level.

Manager's Report

Investment Policies

The Manager will continue to comply with the Deed, the Securities Commission's Guidelines on Real Estate Investment Trusts and other applicable guidelines imposed by the Securities Commission and other relevant bodies, including:

- a. Investing in areas as permitted by the Securities Commission and other relevant bodies;
- b. Ensuring that the investment portfolio requirements and limits imposed by the Deed and the Securities Commission's Guidelines on Real Estate Investment Trusts are adhered to;
- c. Not involved in extending loans and credit facilities to any party;
- d. Not entering into forward purchases or forward sales in any currencies or any foreign contract; or
- e. Not entering into any property development unless the development has met the criteria imposed by Securities Commission's Guidelines on Real Estate Investment Trusts.

MANAGER'S REMUNERATION

Pursuant to the Deed, the Manager is entitled to receive from the AmanahRaya REIT:

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

During the financial year, the Manager's fee has been increased from 0.30% to 0.60% of net asset value of AmanahRaya REIT, amounting to RM2,496,731.

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

SIGNIFICANT EVENTS OCCURED DURING THE YEAR

The following events took place as at the date of this report:

1. On 7 May 2010, AmanahRaya-REIT Managers Sdn Bhd (“The Manager”) has announced for AmanahRaya REIT on the completion of the following:
 - a. Private Placement of 141,666,667 number of new units in AmanahRaya REIT (“Placement Units”) to raise proceeds of RM119,000,000 at an issue price of RM0.84 per placement unit, to investor(s) for the purposes of part financing the proposed acquisitions by AmanahRaya REIT from the KWB of the following properties:
 - i. a piece of leasehold land held under PM 11660, Lot 38451, Bandar Selayang, District of Gombak, Selangor Darul Ehsan, on which is erected a six (6)-storey shopping complex with a basement level, known as “Selayang Mall”, for an indicative purchase consideration of RM128,000,000; and
 - ii. a thirteen (13)-storey stratified office building which forms part of the Dana 1 Commercial Centre, which is held under the parent title Pajakan Negeri 8024, Lot 59214, Mukim Damansara, District of Petaling, Selangor Darul Ehsan, known as “Dana 13”, for an indicative purchase consideration of RM99,000,000.
 - b. Increase in the existing approved fund size of AmanahRaya REIT of 431,553,191 units by 141,666,667 of Placement Units issued under the Private Placement.
2. AmanahRaya REIT also undertook the following transactions:
 - a. Raised additional debt through new direct borrowing amounting to RM111,230,000 at interest rate of 4.55% per annum to part financing the Acquisitions. The tenure for the new direct borrowing will be five (5) years from the date of drawdown.
 - b. Refinanced the existing borrowing amounting to RM168,000,000 at an interest rate of 4.45% per annum for a tenure of five (5) years from the date of drawdown.
 - c. Extended the tenure of the existing borrowing amounting to RM85,000,000 which is repayable in one lump sum in May 2015.
3. On 10 June 2010, Tamadam Bonded Warehouse Berhad have mutually agreed for early termination of the lease which has a remaining period of about 7 years with CIMB Trustee Berhad (“the Trustee”) and Kontena Nasional Berhad has been identified as replacement for the registered owner of Tamadam Bonded Warehouse. The commencement of the lease by Kontena Nasional Berhad was on 14 June 2010.
4. On 2 September 2010, AmanahRaya-REIT Managers Sdn. Bhd. (“The Manager”) on behalf of AmanahRaya REIT made the following announcements:
 - a. Proposed acquisitions by CIMB Trustee Berhad, on behalf of AmanahRaya REIT, of 3 parcels of leasehold land located in District of Petaling, Selangor Darul Ehsan together with the buildings erected thereon for a total purchase consideration of RM270,000,000;
 - b. Proposed increase in the existing approved fund size of AmanahRaya REIT from 573,219,858 units in AmanahRaya REIT to up to a maximum of 695,947,131 units; and
 - c. Proposed disposal by Kumpulan Wang Bersama, a fund under the trusteeship of Amanah Raya Berhad of 69,612,855 units in AmanahRaya REIT to Perbadanan Kemajuan Negeri Selangor (“PKNS”) at total consideration of RM66,132,212 or RM0.95 per unit. This proposed transaction shall take effect upon completion of (i) and (ii).

Manager's Report

5. The Manager had participated in public awareness program via roadshows throughout Malaysia. The public awareness program creates public appetite for AmanahRaya REIT's unit which has increased the number of unitholdings and unit price of AmanahRaya REIT.
6. As at 31 December 2010, the number of unit holders has increased by 62.21% representing a total of 2,383 unitholders in 2010 compared to total of 1,469 unitholders in 2009.

MOVING FORWARD

Asset Enhancement

Moving forward, we plan to carry out asset enhancement exercise mainly to two of our properties Wisma AmanahRaya, Jalan Ampang and Selayang Mall.

The Manager intends to upgrade the common toilets and lift system at Wisma AmanahRaya, Jalan Ampang and Selayang Mall respectively.

Both asset enhancement exercise will utilise the 5% retained earnings of 2010 and 2011 totalling at approximately RM4.7 million.

Silver Bird Factory will be expanded to cater for Silver Bird business expansion. The expansion estimated at RM10 million is expected to be funded by bank borrowings.

At our Gurun Automotive Warehouse, construction of domestic water tank and fencing to the canteen and car park area will be carried out by the Master Lessee at its own cost.

Acquisition

Regard to acquisition we plan to increase AmanahRaya REIT total asset value to RM1.5 billion from the current RM998.2 million. However acquisition will depend on the market condition and ultimately the interest of unitholders will be a priority in any acquisition event.

Financial Performance

Bearing unforeseen circumstances such as adverse market condition we expect AmanahRaya REIT to perform well. DPU is expected to be in the region of 7.0 to 7.5 sen should investment environment remain as in 2010.

SOFT COMMISSION

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

RESERVES AND PROVISIONS

There were no material transfers to and from reserves or provisions during the financial year ended 31 December 2010 other than those disclosed in the Statement of Changes in Net Asset Value.

INFORMATION ON THE FINANCIAL STATEMENTS

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

- a. to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there are no known bad debts and that no allowance for doubtful debts is required.
- b. to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Company, have been written down to an amount which they might be expected so to realise.

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

- a. that would require the writing off of bad debts, or the allowance for doubtful debts in the financial statements of the Company; or
- b. which would render the values attributed to current assets in the financial statements of AmanahRaya REIT misleading; or
- c. which have arisen which render adherence to the existing method of valuation of assets or liabilities of AmanahRaya REIT misleading or inappropriate.
- d. not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of AmanahRaya REIT misleading.

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

- a. any charge on the assets of AmanahRaya REIT which has arisen since the end of the financial year which secures the liability of any other person, except as disclosed in Note 5 to the financial statements; or
- b. any contingent liability of AmanahRaya REIT which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year of which, in the opinion of the Manager, will affect the ability of AmanahRaya REIT to meet its obligations as and when they fall due.

OTHER STATUTORY INFORMATION

The Manager state that:

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

In their opinion,

- a. the results of the operations of AmanahRaya REIT during the financial year under review were not substantially affected by any item, transaction or event of material and unusual nature; and

Manager's Report

- b. there has not arisen in the interval between the end of the financial under review and the date of this report, any item, transaction or event of material and unusual nature likely to affect substantially the results of the operations of AmanahRaya REIT for the financial year in which this report is made.

AUDITORS

The auditors, Messrs BDO, have indicated their willingness to accept re-appointment.

This concludes the Manager's Report

For and on behalf of AmanahRaya-REIT Managers Sdn Bhd signed in accordance with a resolution of the Directors.



Tan Sri Dato' Ahmad Fuzi Bin Abdul Razak



Sharizad Binti Juma'at

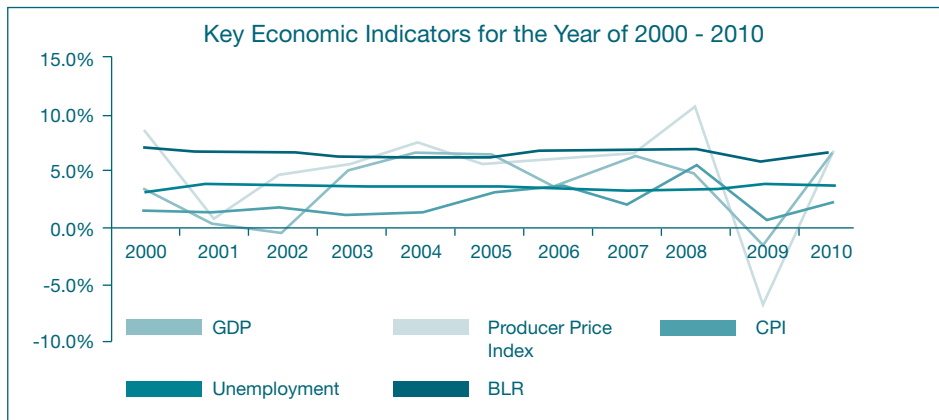
Kuala Lumpur
11 February 2011

PROPERTY MARKET OVERVIEW

1. Overview of Malaysian Economy in 2010

As the global economic crisis hit most Southeast Asian countries during the 2008/09 financial crisis, Malaysia too felt the blow as the GDP growth for 2008 dipped to 4.6% compared to 6.3% in 2007. The nation's economy dwindled further in the first half of 2009 due to a lacklustre external demand, with exports declining by 16.3% year-on-year. Private consumption was also affected due to lower disposable income. It did show in the GDP growth as it marked -1.7%, the worst after the previous economic downturn in 1998.

Chart 1: Key Economic Indicators, 2000 - 2010

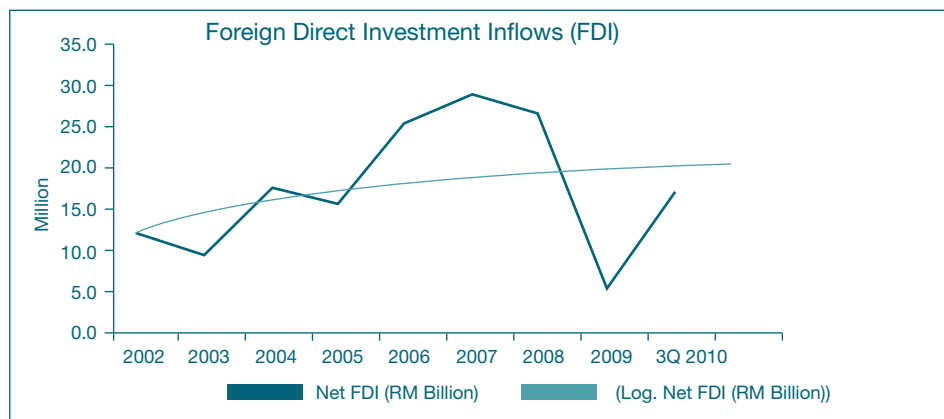


Source: Bank Negara Report, Q3 2010

In 2010, the Malaysian economy showed a positive growth of 10.1% in Q1 2010, further growth of 8.9% in 2Q 2010 and 5.3% in Q3 2010 quarter-on-quarter shored up by strong external and domestic demand and supported by private sector spending. Bank Negara Malaysia increased the Base Lending Rate (BLR) three times in 2010; the latest revised rate was at 6.3%. This was a pre-emptive move by the central bank to cool down the rising residential property price, among others.

Net inflows of Foreign Direct Investment (FDI) leapt to RM17.1 billion for the period of January to September 2010 compared to RM5 billion recorded for the whole year of 2009, indicating a remarkable increase of 242% from the previous year. FDI continued to be broad-based and channeled mainly into the financial, insurance, manufacturing and oil and gas sector. The amount was a clear reflection of increase in confidence in the Malaysian economy.

Chart 2: Foreign Direct Investment Inflows



Source: Bank Negara Annual Report, 1H 2010 Malaysian Industrial Development Authority (MIDA)

With further liberalization of financial market by Bank Negara Malaysia, several offshore fund houses and foreign banks had indicated their interests in obtaining the necessary licenses. This will give a further boost to the demand for office space, especially in Kuala Lumpur hotspots. The government’s Economic Transformation Program is the much anticipated second wind for the economy to sail further and higher in the next five years.

2. Retail Sector

A higher disposable income, low unemployment rate and strong tourism industry of the country have significantly contributed to the positive outlook of the local retail sector. Aligned with that, the strong initiatives by the government as manifested in the Economic Transformation Programme, of which Wholesale & Retail is one of the National Key Economic Areas (NKEAs), will further drive economic activities throughout the country.

Currently, the total Net Lettable Area (NLA) of retail space in Malaysia is 112.7 million sf, with 22.6 million sf in Kuala Lumpur and 26.8 million sf in Selangor. In 2010, three new shopping malls were opened in Kuala Lumpur and Selangor namely Fahrenheit 88 in Jalan Bukit Bintang, Jusco Mahkota Cheras in Cheras and Empire Shopping Gallery in Subang contributing to more than 850,000 sf of new retail space. Optimism among retailers was reflected in the high occupancy rate achieved by these malls upon opening, Fahrenheit 88 at 90%, Jusco Mahkota Cheras at 95% and Empire Shopping Gallery at 97%. Also, there is a note of confidence observed by the retailers with the number of incoming and planned supply of retail centers within the next five years. Between 2011 and 2015, the market is expected to see the addition of fourteen new complexes to be opened in Kuala Lumpur and Selangor, which will contribute to additional 4.5 million sf of retail space.

In terms of demand, the year 2010 had seen quite a stable market with the average occupancy rate of 83.8% in Kuala Lumpur and 86.6% in Selangor. The occupancy rate in Selayang declined from 89.6% (1H2009) to 84.4% (1H2010). While Selayang Mall recorded an occupancy rate of 95.0%, other malls within 10km radius also recorded high occupancy rate of between 95.0% and 100.0%.

2. Retail Sector (Continue)

Rental performance for selected retail malls in Kuala Lumpur as well as in Seri Kembangan and Selayang was stable in 2010 compared to 2009. Monthly rental rate in Seri Kembangan and Selayang ranged from RM2.66 psf to RM14.00 psf and RM1.30 psf to RM11.98 psf respectively.

In terms of capital value, there were several transactions in 2010 in the Klang Valley as shown in Table 1 below with prices ranging from RM724 psf (The Mines) and RM1,886 psf (Starhill).

Table 1: Transactions of Selected Retail Centres within Klang Valley in 2010

| Property | Vendor | Purchaser | Consideration | RM (psf) |
|-------------------|------------------------|----------------------------|---------------|----------|
| Starhill Gallery | Starhill REIT | Starhill Global REIT | 629 Mill | 1,886 |
| Lot 10 | Starhill REIT | Starhill Global REIT | 401 Mill | 1,346 |
| 1 Mont Kiara | Aseana Properties | Ara Asian Dragon Fund | 333 Mill | 1,332 |
| The Mines | Mutual Streams | CapitaMalls Malaysia Trust | 540 Mill | 724 |
| Sungei Wang Plaza | Vast Winners | CapitaMalls Malaysia Trust | 740 Mill | 1,626 |
| Sunway Pyramid | Sunway Pyramid Sdn Bhd | Sunway REIT | 2.3 Bill | 1,528 |

Source: Rahim & Co. Research

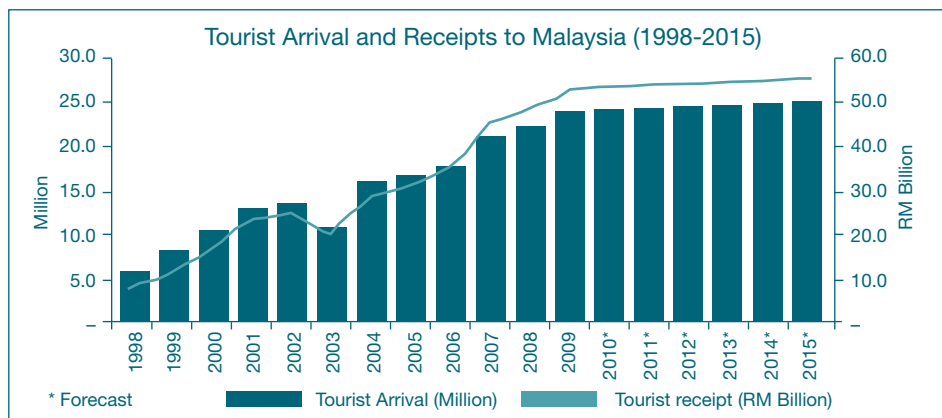
Net yield for retail centers in the Klang Valley is estimated to range from 5.5% to 7.0%.

Of late, the proliferation of retail-skewed REITs is a sign of the capital market investment renewed confidence in this almost perpetual income-generating sector. Retail properties vis-a-vis other sectors; tend to preserve its income generating function in almost any state of economic health. With respect to the outlook for 2011, suburban retail properties will continue to lead the overall growth in tandem with the growth of population in new townships.

3. Hotel Sector

In Malaysia, tourism industry has continued to play a vital role towards the country's economic growth. This is proven by Malaysia ranked as one of the top 10 in tourist arrivals and top 15 in global receipts. Tourism industry is also one of the twelve NKEAs identified by the government as one of the key economic drivers. By 2020, Malaysia is expected to receive 36 million tourist arrivals and RM168 billion tourist receipts. Its importance is crucial to drive a sustainable development towards Malaysian economic growth and provide income or job opportunities to the people in the country.

Chart 3: Tourist Arrival and Receipts, 1998 - 2015



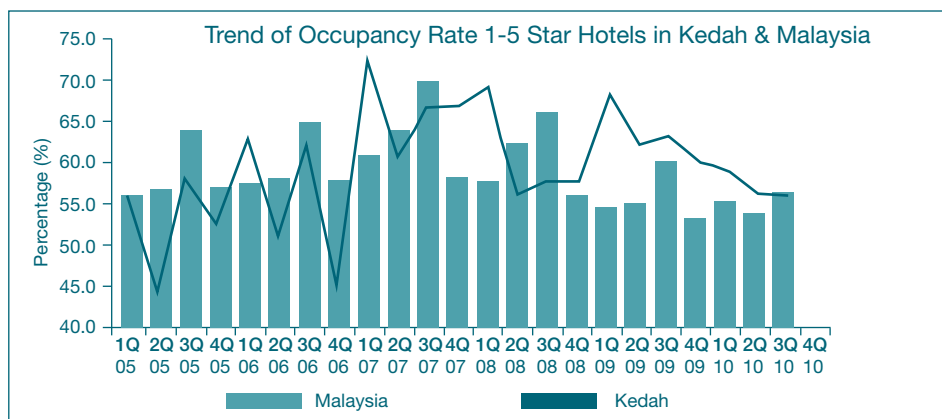
Source: Tourism Malaysia

In 2010, main tourist arrivals were from China and India with the number of tourist arrivals registered at 830,186 and 735,259 respectively. Currently, Singapore's Silk Air, Malaysia Airlines and Air Asia operate more than 30 flights per week between Singapore and Langkawi. This facility provide more opportunity to increase tourist arrival to Kedah.

Between 1H 2009 and 1H 2010, supply of hotel rooms in Malaysia increased only by 1.1% from 163,475 rooms to 165,247 rooms in the first half of 2010. During the same period, supply of hotel rooms in Kedah decreased by 1.9% from 9,766 rooms to 9,578 rooms.

The trend of occupancy rate in Malaysia as well as Kedah fluctuated for the past five years with the highest occupancy rate in the country recorded at 70.1% in Q3 2007 and in Kedah at 74.0% in Q1 2007. As of Q3 2010, the overall occupancy rate for Malaysia and Kedah was 56.5% and 55.9% respectively (Chart 4). In Alor Setar, occupancy rates of selected hotels range from 65% to 80% and in Langkawi, the rates range from 60% to 87% (Table 2).

Chart 4: Overall Occupancy Rate of Hotels in Malaysia & Kedah



Source: Leisure Property Stock Report

Table 2: Occupancy Rates of Selected Hotels in Alor Setar and Langkawi, 2010

| Hotel | Location | Occupancy Rate in 2010 (%) |
|------------------------------------|-----------------|-----------------------------------|
| Holiday Villa | Alor Setar | 80 |
| The Regency Hotel | Alor Setar | 80 |
| Hotel Grand Crystal | Alor Setar | 65 |
| Sentosa Regency Hotel | Alor Setar | 80 |
| Andaman Langkawi Resort | Langkawi | 82 |
| The Datai Langkawi Resort | Langkawi | 87 |
| The Westin Langkawi Resort & Spa | Langkawi | 60 |
| Meritus Pelangi Beach Resort & Spa | Langkawi | 75 |
| Four Season Resort | Langkawi | 80 |
| Tanjung Rhu Resort | Langkawi | 87 |

Source: Rahim & Co. Research

Based on Leisure Property Stock Report, average room rates in Langkawi range between RM65 to RM1,800 per night meanwhile Alor Setar offered higher average room rates at about RM240 to RM10,000 per night. As of Q3 2010, the overall average room rate in Langkawi was RM665, an increase of 15.0% compared to the previous year at RM576. The rate was higher compared to other nearby tourist destinations, such as Batu Ferringhi (RM365) and Georgetown (RM193). According to Tourism Malaysia, there was growing number of foreign tourists to Kedah over the last few years. The percentage of foreign tourists increased from 43% (1,656,767 tourists) in 2008 to 51% (1,941,678 tourists) in 2009. Currently, various promotions and campaigns are carried out in order to attract foreign tourists, especially from China, India and Middle East. Langkawi would remain as one of the hotspots for hospitality investment as there are potentials for higher room rate and occupancy rate due to the growing tourism industry in the northern states.

4. Office Sector

As of Q4 2010, the total supply of office space in purposed-built office (PBO) buildings in the Klang Valley was 96.5 million sf, of which about 59 million sf was located in Kuala Lumpur and the remaining 37.5 million sf was in Selangor. Compared to the previous year, the total supply in Kuala Lumpur and Selangor increased by 2.9% and 1.4% respectively. The year 2010 saw the completion of four new office buildings supplying a total of 849,000 sf of office space, namely Quill 6, Menara Kencana, BDRB Tower and Gateway Corporate Suites. All these newly completed buildings have managed to secure tenants since completion with occupancy rates of 100% for Quill 6, 30% for Menara Kencana, 50% for BRDB Tower and 20% for Gateway Corporate Suites.

Due to the increasing supply, the overall average occupancy rate of PBOs declined slightly from 96.0% in Q4 2009 to 95.0% in Q4 2010. As shown in Table 3 below, occupancy rates of selected PBOs within AmanahRaya REIT locality range from 80.0% to 100.0%, indicating demand for office space was strong within these areas.

The increasing supply of office space also resulted in slight decline in average rental rate as owners continued to offer attractive rates to maintain higher occupancy rates. The average rental rate was at RM6.13 psf per month in Q4 2010, compared to RM6.47 psf per month during its peak in 2007/08. Within the vicinity of AmanahRaya REIT property area, Table 3 shows the rental rate as at 2010, where it ranges from minimum of RM3.30 psf to maximum of RM9.00 psf per month.

PROPERTY MARKET OVERVIEW



Table 3: Occupancy and Rental Rates of Selected PBOs within AmanahRaya REIT Locality, 2010

| Name of Building | Location | Occupancy Rate (%) | Rental Rate (RM psf) |
|-------------------------|------------------|--------------------|----------------------|
| Menara Citibank | Jalan Ampang | 95 | 8.00 |
| Menara Maxis | Jalan Ampang | 100 | 9.00 |
| Wisma Selangor Dredging | Jalan Ampang | 95 | 6.00 |
| Sunway Tower | Jalan Ampang | 80 | 6.00 |
| Menara Safuan | Jalan Ampang | 85 | 6.00 |
| Bangunan Am Finance | Jalan Ampang | 97 | 6.00 |
| Kenanga International | Jalan Ampang | 100 | 6.50 |
| Menara IMC | Jalan Ampang | 96 | 7.50 |
| Plaza OSK | Jalan Ampang | 95 | 5.50 |
| Menara Great Eastern | Jalan Ampang | 95 | 4.80 |
| Menara CMY | Jalan Ampang | 100 | 5.00 |
| Subang Hi-Tech | Subang Jaya | 85 | 3.50 |
| Wisma Consplant 1 | Subang Jaya | 82 | 3.80 |
| Wisma Consplant 2 | Subang Jaya | 82 | 3.80 |
| Wisma UEP | Subang Jaya | 80 | 3.30 |
| Menara Summit | Subang Jaya | 70 | 3.30 |
| Menara Manulife | Damansara Height | 97 | 5.50 |
| Menara Millenium | Damansara Height | 90 | 5.00 |
| Menara HP | Damansara Height | 94 | 4.00 |
| Bangunan Malaysia RE | Damansara Height | 98 | 4.00 |
| Wisma E&C | Damansara Height | 95 | 4.50 |
| Wisma Chase Perdana | Damansara Height | 95 | 4.00 |
| Plaza Damansara | Damansara Height | 90 | 3.50 |
| The Mines | Seri Kembangan | 100 | 3.50 |

Source: Rahim & Co. Research

In terms of average capital value, based on several transactions recorded in 2010, there was an improvement after a sharp decline between 2008/09 by 19% (from RM877 psf to RM710 psf) to RM775 psf. Table 4 shows some of the notable transactions recorded in 2010. Net yield is estimated to be between 6.0% to 7.0%.

Table 4: Selected Transactions of PBOs, 2010

| Office Building | Tenure | NLA (sf) | Consideration (RM) | RM psf |
|------------------------|-----------|----------|--------------------|--------|
| Wisma UOA Damansara II | Freehold | 296,850 | 211 million | 711 |
| Menara UOA Bangsar | Leasehold | 312,298 | 289 million | 925 |
| Wisma Time | Freehold | 171,611 | 78 million | 455 |
| Menara PanGlobal | Leasehold | 400,000 | 160 million | 400 |
| Wisma KLIH | Freehold | 55,208 | 58 million | 1,051 |

Source: Rahim & Co. Research

In the next five years, an estimated 14.5 million sf of new office space will be completed, of which about 27.0% will be located in the suburbs. With the growth of new townships, office market in the city center would have to compete with new suburban commercial developments. This is fuelled by the vast improvement in suburban accessibility through major highways. With the economic recovery anticipated to continue in the 2H 2011 and the positive effects of the ETP expected to be felt, the office market may stabilize in the short term but continue to be challenging in the long term. As Kuala Lumpur is still one of the lowest in terms of cost of occupation, supported by well-developed infrastructure and favorable government policies, for example, incentives given to MSC-status companies, it will continue to be a favorable office location.

5. Industrial Sector

As one of the largest contributors to the Malaysian economy, the manufacturing sector has continued to play a major role in the country's economic development. However, industrial property sector constitutes a small sector of the overall property market. In 2010, industrial property transactions were only 2.5% of the total transactions valued at only 10.0% of the total transactions. Compared to 1H 2009, the volume of transactions increased by 29.3% in 1H 2010 from 3,596 transactions to 4,648 transactions. During the same period, value of transactions increased by 44.0% from RM3.06 billion to RM4.40 billion. Such positive trend was also noted in the increase of manufacturing sales value between 2009 and 2010 by 15.0%, which showed a general recovery of the manufacturing sector after a slowdown in 2008.

As at Q3 2010, the total supply of industrial properties in Malaysia was 92,889 units, of which Selangor and Kedah contributed about 36.9% and 3.2% of the total supply respectively. In addition, there were 2,074 units of incoming supply and 1,935 units of planned supply in Selangor, whereas in Kedah, there were 233 units of incoming supply and 3,598 units of planned supply.

PROPERTY MARKET OVERVIEW



Table 5: Supply of Industrial Properties

| Location | Existing Stock | Incoming Supply | Planned Supply |
|----------|----------------|-----------------|----------------|
| Selangor | 34,317 | 2,074 | 1,935 |
| Kedah | 3,015 | 233 | 3,598 |
| Malaysia | 92,889 | 7,065 | 22,707 |

Source: Property Market Report

Rental rates of selected industrial properties where AmanahRaya REIT properties are located remained unchanged between 2009 and 2010 due to long term tenancy contracts of a period between five to ten years.

Table 6: Rental Rates of Industrial Properties Within AmanahRaya REIT Locality

| Area | Property Address | Type of Industrial | B/Up (sf) | Asking Rental (RM/sf), 4Q 2009 | Asking Rental (RM/sf), 4Q 2010 | % Change |
|-----------|-------------------------|--------------------|-----------------|--------------------------------|--------------------------------|----------|
| Shah Alam | Bukit Kemuning | Warehouse | 20,000 - 40,000 | 1.30 - 1.40 | 1.30 - 1.40 | Stable |
| | Section 15 | Warehouse | 13,500 - 18,000 | 1.10 - 1.20 | 1.11 - 1.40 | 17 |
| | Bukit Jelutong | Warehouse | 30,000 - 50,000 | 1.90 - 2.10 | 1.90 - 2.10 | Stable |
| | Temasya Industrial Park | Factory | 10,000 - 20,000 | 1.60 - 1.80 | 1.80 - 2.00 | 11 |
| | Section 27 | Terraced | 4,000 - 6,000 | 1.00 - 1.15 | 1.20 - 1.30 | 13 |
| | Hicom Glenmarie | Detached | 30,000 - 43,000 | 1.40 - 1.50 | 1.40 - 1.50 | Stable |
| Bangi | Bandar Baru Bangi | Factory | 55,000 - 60,000 | - | 1.51 - 1.52 | - |
| | Bandar Baru Bangi | Factory | 5,000 - 12,000 | - | 1.21 - 1.36 | - |
| Klang | Telok Gong | Warehouse | 52,000 - 68,000 | - | 0.73 - 1.00 | - |
| | Telok Gong | Factory | 56,000 - 65,000 | - | 0.67 - 0.80 | - |

Source: Rahim & Co. Research

Table 7: Transactions of Industrial Properties Within AmanahRaya REIT Locality, 2010

| | Description | Mukim | Location Date | Transaction | Vendor | Purchaser | Consideration (RM - Mill) |
|---------------|---------------------|---------------|-----------------------|-------------|--|----------------------------------|---------------------------|
| DAMANSARA | Vacant Lot | DAMANSARA | Bkt Jelutong | Mar-10 | The New Straits Times Press (Malaysia) Bhd | Megah Selesa Development Sdn Bhd | 15.9 (73.00 psf) |
| | Vacant Lot | DAMANSARA | Sek 26, Shah Alam | Feb-10 | Quill Industrial Properties Sdn Bhd | Multi Synergy Group Sdn Bhd | 45.5 (54.45 psf) |
| | 2-Storey Detached | DAMANSARA | Temasya Ind Park | Apr-10 | Temadya Development Co. Sdn Bhd | Platinum Paradise Sdn Bhd | 16.5 (323.36 psf) |
| | 2-Storey Detached | DAMANSARA | Temasya Ind Park | Jun-10 | Temasya Development Co | Optimum Global Resources Sdn Bhd | 16.2 (312.86 psf) |
| | Vacant Lot | DAMANSARA | Bkt Jelutong | Jul-10 | Uro Chemo-Pharma Sdn Bhd | Kelang Lama Land Sdn Bhd | 19.0 (81.00 psf) |
| | 3-Storey Detached | DAMANSARA | Ss 8, Sungei Way | Jul-10 | Sony Precision Engineering Sdn Bhd | Perfect Bonanza Sdn Bhd | 20.5 (446.97 psf) |
| PETALING JAYA | Vacant Lot | Petaling Jaya | Sek 19 P Jaya | Sep-10 | World Equipment Sdn Bhd | Quill Lot 7 Sdn Bhd | 17.2 (395.96 psf) |
| | 4.5-Storey Detached | Petaling Jaya | Sek 51/51a | Sep-10 | Cartrade Sdn Bhd | Cartrade Group Sdn Bhd | 16.0 (155.78 psf) |
| | 3-Storey Detached | Petaling Jaya | Sek 51/51a | Aug-10 | Salcon Buildings Services Sdn Bhd | The Store | 20.0 (155.78 psf) |
| SHAH ALAM | 2-Storey Detached | Shah Alam | Sek 15, Shah Alam | May-10 | Yong Kam Fook Plastic Industries Sdn Bhd | Ace Taipan Development Sdn Bhd | 17.5 (178.64 psf) |
| | 1.5-Storey Detached | Shah Alam | Sek 15, Shah Alam | May-10 | Dutaland Berhad | Niro Ceramic (M) Sdn Bhd | 24.0 (412.38 psf) |
| | 1-Storey Detached | Shah Alam | Sek 15, Shah Alam | Oct-10 | Tobacco Importers & Manufacturers Sdn Bhd | Nestle Manufacturing (M) Sdn Bhd | 36.0 (381.03 psf) |
| | Vacant Lot | Kelang | Syit 100a | May-10 | Sumatec Corpotion Sdn Bhd | Gb Land Sdn Bhd | 18.7 (43.00 psf) |
| KAPAR | 1-Storey Detached | Kapar | Syit 90b | May-10 | Guocera Tile Industries Sdn Bhd | Jaya Nets Sdn Bhd | 17.2 (120.45 psf) |
| | Warehouse | Kapar | Syit 83c | Jul-10 | Ong Kok Bee @ Ong Leong Chai | Delpro Construction Sdn Bhd | 14.5 (19.41 psf) |
| KAJANG | Warehouse | Kajang | Sek 13 Bdr Baru Bangi | Jun-10 | Bayplex Realty Sdn Bhd | Permanis Sdn Bhd | 29.5 (217.83 psf) |

Source: JPPH

6. Education Sector

The increasing number of foreign students in Malaysia shows sign of confidence in the quality of tertiary level education. In order to meet this growing demand, a proliferation of private institutions is seen in Petaling Jaya and Sunway. Hence, this has created an increase in demand for commercial buildings to be used as education centres.

Table 8: Total Number of Institutions of Higher Learning in Malaysia

| Institution | | Year 2010 | |
|--|--|------------------------|----------|
| List of Public Higher Learning Institutions in Malaysia (IPTA) | | Number of Institutions | |
| University | | 20 | |
| Polytechnic | | 27 | |
| Community College | | 59 | |
| List of Private Higher Learning Institutions (IPTS) | | Malaysia | Selangor |
| University | | 24 | 16 |
| University College | | 21 | 11 |
| College | | 417 | 94 |

Source: Rahim & Co. Research

In 2010, there were about 533,000 foreign students in the IPTA and IPTS and the total number of students in local higher learning institutions was at about 1.08 million.

Table 9: Total Number of Students Enrolled in Selected Programmes

| | | Total in IPTA & IPTS in Selected Programmes | | | |
|------|-----------|---|---------|---------|---------|
| | | PhD | Masters | Degree | Total |
| IPTA | Entries | 2,835 | 13,329 | 93,937 | 110,101 |
| | Enrolment | 23,238 | 70,624 | 439,167 | 533,029 |
| IPTS | Graduates | 934 | 8,327 | 56,080 | 65,341 |

Source: Ministry of Higher Education

Table 12: Ranking of Foreign Students' Origin, 2010

| Ranking | IPTS | Enrolment | Percentage (%) |
|---------|--------------|---------------|----------------|
| 1 | Indonesia | 4,021 | 11.1 |
| 2 | China | 4,020 | 11.1 |
| 3 | Iran | 2,996 | 8.3 |
| 4 | Nigeria | 1,416 | 3.9 |
| 5 | Yemen | 1,413 | 3.9 |
| 6 | Botswana | 1,397 | 3.9 |
| 7 | Bangladesh | 1,060 | 2.9 |
| 8 | Sudan | 976 | 2.7 |
| 9 | Pakistan | 857 | 2.4 |
| 10 | Sri Lanka | 807 | 2.2 |
| | Others | 17,167 | 47.5 |
| | TOTAL | 36,130 | 100 |

Source: Ministry of Higher Education

Students from Indonesia and China made up the majority of foreign students enrolled in IPTS in 2010 comprising about 22.2% of the total foreign students. As of June 2010, there were 5% and 9% foreign students enrolled in IPTA and IPTS.

7. Outlook for 2011

In Malaysia, the economy is expected to stage a strong recovery in 2010, growing by 6.8%. However, this relatively rapid rise reflects the rebound from the contraction in 2009. Economic growth is projected to moderate to 5.2% y-o-y in 2011, before rising to 5.5% in 2012 (MIER). However, a projection by Economist Intelligence Unit is a bit pessimistic, growth will average 4.9% a year during 2011 - 2014.

Private consumption and investment will remain the main drivers of growth in 2011-2014 and exports of goods and services are expected to grow by a rate of 9.0% a year for the same period of time. The services sector will be the largest contributor to the economy due to the government's aim to become a high-income nation by 2020. Even so, the industrial sector will still form a good size part of the economic sector, but is expected to remain smaller than the services sector through 2014. The contribution of agriculture will be important as the production of palm oil will help raise incomes for rural families.

Structural impediments in net exports will drag down overall GDP growth in 2011, while domestic demand is likely to remain strong due to supportive government policies. Fiscal policy will be tightened as the government strives to balance its budget by 2020. Monetary policy will also be tightened as domestic demand remains healthy in the forecast period. The annual rate of inflation is expected to average a subdued 3% in 2010 - 2014. Government efforts to rationalise the country's extensive subsidy scheme will exert an upward influence on prices in the forecast period.

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With an anticipated GDP growth within the potential level of 5.0% - 6.0% by the government, coupled with manageable Consumer Price Index (CPI) forecast of 2.8% y-o-y in 2011; the Bank Negara Malaysia (BNM) is expected to lift the Overnight Policy Rate (OPR) marginally higher to 3.00% by end-2011. As the economy gathers momentum in 2012, CPI may breach BNM's implicit target of 3.0% prompting further hikes in OPR to 3.25%.

As the Ringgit strengthens against the USD, the greenback is projected to hit 3.05 in 2011 on larger capital inflows while improving macroeconomic fundamentals will see an average RM/USD of 2.95 in 2012.

Despite the relatively fast growth of merchandise imports vis-a-vis exports, Malaysia will continue to post substantial trade and current-account surpluses in the future ahead.

The outlook of industrial property in 1H 2011 is expected to be rosy propped by the Economic Transformation Programme (ETP), the economic recovery and the shortage of industrial land in Kuala Lumpur and Selangor. Opportunities are abound for property developers to cater to industry related to the seven key sector manufacturing areas namely: oil & gas, ICT, palm oil and its derivatives, medical devices, advanced electrical and electronic and Halal products and of course industrial parks. Despite the year end, the market for new launches of prime condominiums remains active, with developer focusing on smaller units. encouraging take up rates were noted in the few new high end launches such as Vipod and Quattro indicating that buying sentiments remain positive.

Overall, the average price of high end condominiums in Kuala Lumpur was stable with a marginal decline of around 0.17% on-quarter to RM599 psf for the fourth quarter; last year, while the average rent decline 2% from the previous quarter to RM3.58 psf per month. Capital value appreciation is set to move northward underline by the plethora of new launches.

Office fundamentals are on the mend, particularly in downtown areas, with visible signs of improvements in suburban areas. Completion continue to hasten encouraged by strong demand and good credit availability are encouraging development activities. The main driver of capital value is the impact of falling yields, reflecting investors renewed interest in property. The recovery in performance was an investor-led phenomenon, supported by a strong income return.

Retail space continues to face substantial demand-side encouragement namely arise retail sales following low unemployment, high consumer confidence levels, and increased discretionary spending. The emerging popularity of sub urban malls is expected to sustain in 2011 and 2012 as satellite townships continue to be populated and anchor tenants are characterized by upscale coffee joints attracting younger working adult with strong spending power.

Demand for lodging continues to recover, driven by improved business and leisure travel. Occupancy and revenue per available room are expected to arise driven by strong tourist arrivals from the Middle East. The appreciation of Ringgit against the greenback will not hamper a tourist spending or hotel occupancy level as competition among hotels will offer attractive room rates without sacrificing service quality.

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Statement By Directors Of The Manager

In the opinion of the Directors of the Manager, the financial statements set out on pages 97 to 143 have been drawn up in accordance with the provisions of Novation Agreement dated 27 August 2009 in respect of the Trust Deed dated 10 October 2006 (as varied by Supplemental Trust Deed dated 4 January 2007) and the Second Supplemental Trust Deed dated 27 August 2009, the Securities Commission's Guidelines on Real Estate Investment Trusts, applicable securities laws and applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT" or "Trust") as at 31 December 2010 and of financial performance and cash flows of the Trust for the financial year then ended.

Signed on behalf of the Manager,
AmanahRaya-REIT Managers Sdn. Bhd.,
In accordance with a resolution of the Directors of the Manager



Tan Sri Dato' Ahmad Fuzi Bin Abdul Razak
Director



Sharizad Binti Juma'at
Director

Kuala Lumpur

Statutory Declaration

I, ADENAN BIN MD YUSOF, being the officer of the Manager, AmanahRaya-REIT Managers Sdn. Bhd., primarily responsible for the financial management of AmanahRaya Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 97 to 143 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed at Kuala Lumpur in the Federal Territory
on 11 February 2011



Adenan Bin Md Yusof

Before me,

Commissioner for Oaths



Tingkat 10, Wisma AmanahRaya
No. 2, Jalan Ampang
50450 Kuala Lumpur.

Report Of The Trustee To The Unitholders Of AmanahRaya Real Estate Investment Trust

We have acted as Trustee of AmanahRaya Real Estate Investment Trust (“AmanahRaya REIT” or “Trust”) for the financial year ended 31 December 2010. To the best of our knowledge, AmanahRaya–REIT Managers Sdn Bhd (the “Manager”) has managed AmanahRaya REIT for the financial year then ended:

- (a) In accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Trust Deed, other applicable provisions of the Trust Deed, the Securities Commission’s Guidelines on Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) The procedures and processes employed by the Manager to value the units of AmanahRaya REIT are adequate and that such valuation is carried out in accordance with the Trust Deed and any other regulatory requirements; and
- (c) The creation of units are carried out in accordance with the Trust Deed and other regulatory requirements.

We also confirm that the income distributions declared and paid during the financial year ended 31 December 2010 are in line with and are reflective of the objectives of the AmanahRaya REIT. Four distributions have been declared for the financial year ended 31 December 2010 as follows:-

- 1) First interim income distribution of 1.8597 sen per unit paid on 27 May 2010;
- 2) Second interim income distribution of 1.9997 sen per unit paid on 26 August 2010;
- 3) Third interim income distribution of 1.7874 sen per unit paid on 21 December 2010;
- 4) Proposed fourth and final income distribution of 1.6741 sen per unit payable on 6 April 2011.

For and on behalf of the Trustee,
CIMB TRUSTEE BERHAD (Company No. 167913 M)



KHOO LENG KEE
Chief Operating Officer

Kuala Lumpur, Malaysia

Independent Auditors' Report To The Unitholders Of AmanahRaya Real Estate Investment Trust

(Established in Malaysia)

Report on the Financial Statements

We have audited the financial statements of AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT" or "Trust"), which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flow for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 97 to 143.

Directors of AmanahRaya-REIT Managers Sdn. Bhd.'s Responsibility for the Financial Statements

The Directors of AmanahRaya-REIT Managers Sdn. Bhd. ("the Manager") of AmanahRaya REIT are responsible for the preparation and fair presentation of these financial statements in accordance with the provision of the Novation Agreement dated 27 August 2009 in respect of the Trust Deed dated 10 October 2006 (as varied by Supplemental Trust Deed dated 4 January 2007) and the Second Supplemental Trust Deed dated 27 August 2009, the Securities Commission's Guidelines on Real Estate Investment Trusts, applicable securities laws and applicable approved Financial Reporting Standards in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to AmanahRaya REIT's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AmanahRaya REIT's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors of the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report To The Unitholders Of AmanahRaya Real Estate Investment Trust (Established in Malaysia)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the provision of the Novation Agreement dated 27 August 2009 in respect of the Trust Deed dated 10 October 2006 (as varied by Supplemental Trust Deed dated 4 January 2007) and the Second Supplemental Trust Deed dated 27 August 2009, the Securities Commission's Guidelines on Real Estate Investment Trusts, applicable securities laws and applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the AmanahRaya REIT as at 31 December 2010 and of its financial performance and cash flow for the Trust for the financial year then ended.

The supplementary information set out in Note 13 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the unitholders of AmanahRaya REIT, as a body, in accordance with the Securities Commission's Guidelines on Real Estate Investment Trusts and for no other purpose. We do not assume responsibility to any other person for the content of this report.



BDO
AF : 0206
Chartered Accountants

Kuala Lumpur



Hiew Kim Loong
2858/08/12 (J)
Chartered Accountant

Statement Of Financial Position

as at 31 December 2010

| | Note | 2010 RM | 2009 RM |
|---|------|--------------------|--------------------|
| ASSETS | | | |
| Non-current asset | | | |
| Investment properties | 5 | 913,617,000 | 686,332,000 |
| Current assets | | | |
| Trade and other receivables | 6 | 3,091,644 | 1,508,132 |
| Security deposits in trust accounts and financial institution | 7 | 60,668,261 | 36,044,675 |
| Deposits placed with licensed financial institutions | 8 | 20,476,774 | 24,114,386 |
| Cash and bank balances | | 339,439 | 1,707 |
| | | 84,576,118 | 61,668,900 |
| TOTAL ASSETS | | 998,193,118 | 748,000,900 |
| LIABILITIES | | | |
| Non-current liability | | | |
| Borrowings | 9 | 362,965,282 | 253,000,000 |
| Current liabilities | | | |
| Trade and other payables | 10 | 67,062,775 | 38,773,992 |
| Provision for income distributions | 11 | 9,597,106 | 16,123,132 |
| | | 76,659,881 | 54,897,124 |
| TOTAL LIABILITIES | | 439,625,163 | 307,897,124 |
| NET ASSET VALUE ("NAV") | | 558,567,955 | 440,103,776 |
| FINANCED BY: | | | |
| UNITHOLDERS' FUND | | | |
| Unitholders' capital | 12 | 519,685,915 | 403,291,776 |
| Undistributed income | 13 | 38,882,040 | 36,812,000 |
| TOTAL UNITHOLDERS' FUND | | 558,567,955 | 440,103,776 |
| NUMBER OF UNITS IN CIRCULATIONS (UNITS) | | 573,219,858 | 431,553,191 |
| NAV PER UNIT (RM) | | | |
| – before provision for income distributions | | 0.9912 | 1.0572 |
| – after provision for income distributions | | 0.9744 | 1.0198 |

The accompanying notes form an integral part of the financial statements.

Statement Of Comprehensive Income

for the financial year ended 31 December 2010

| | Note | 2010 RM | 2009 RM |
|---|-------|---------------------|---------------------|
| Gross revenue | 14 | 59,509,971 | 46,519,068 |
| Property operating expenses | 15 | (1,785,571) | (1,716,710) |
| Net rental income | | 57,724,400 | 44,802,358 |
| Interest income | | 580,889 | 455,510 |
| Other income | | 2,027,060 | – |
| Total income | | 60,332,349 | 45,257,868 |
| Trust expenses | | | |
| Manager's fee | 16 | (2,496,731) | (1,356,614) |
| Trustee's fee | 17 | (240,463) | (180,882) |
| Auditors' remuneration | | (75,000) | (65,000) |
| Tax agent's fee | | (7,200) | (4,500) |
| Administrative expenses | | (294,751) | (128,560) |
| Valuation fees | | (15,737) | – |
| Corporate exercise expenses | 22(b) | (675,428) | – |
| Interest expenses | 18 | (15,126,240) | (12,645,000) |
| Total trust expenses | | (18,931,550) | (14,380,556) |
| Income before taxation | 19 | 41,400,799 | 30,877,312 |
| Taxation | | – | – |
| Net income/Total comprehensive income for the financial year | | 41,400,799 | 30,877,312 |
| Net income for the financial year is made up as follows: | | | |
| Realised | | 41,400,799 | 30,877,312 |
| Unrealised | | – | – |
| | | 41,400,799 | 30,877,312 |
| Earnings per unit (sen) | 20 | | |
| – before manager's fee | | 8.3723 | 7.4693 |
| – after manager's fee | | 7.8962 | 7.1550 |

The accompanying notes form an integral part of the financial statements.

Statement Of Comprehensive Income for the financial year ended 31 December 2010

| | Note | 2010 RM | 2009 RM |
|---|------|-------------------|-------------------|
| Net income distribution* | 21 | | |
| – First interim income distribution of 1.8597 sen per unit paid on 27 May 2010 (2009: 3.4190 sen per unit paid on 28 August 2009) | | 8,025,588 | 14,754,796 |
| – Second interim income distribution of 1.9997 sen per unit paid on 26 August 2010 | | 11,462,667 | – |
| – Third interim income distribution of 1.7874 sen per unit paid on 21 December 2010 | | 10,245,715 | – |
| – Proposed final income distribution of 1.6741 sen per unit payable on 6 April 2011(2009: 3.7360 sen per unit paid on 25 February 2010) | | 9,597,106 | 16,123,132 |
| | | 39,331,076 | 30,877,928 |
| Income distribution per unit (sen)* | 21 | | |
| – First interim income distribution | | 1.8597 | 3.4190 |
| – Second interim income distribution | | 1.9997 | – |
| – Third interim income distribution | | 1.7874 | – |
| – Proposed final income distribution | | 1.6741 | 3.7360 |
| | | 7.3209 | 7.1550 |

* Withholding tax will be deducted for distributions made for the following types of unitholders:

| | Withholding tax rate 2010 | 2009 |
|----------------------------|------------------------------|------------------|
| Resident corporate | Nil [^] | Nil [^] |
| Resident non-corporate | 10% | 10% |
| Non-resident individual | 10% | 10% |
| Non-resident corporate | 25% | 25% |
| Non-resident institutional | 10% | 10% |

[^] No withholding tax; tax at prevailing tax rate

The accompanying notes form an integral part of the financial statements.

Statement Of Changes In Net Asset Value

for the financial year ended 31 December 2010

| | Note | — Undistributed income — | | | Total unitholders' fund RM |
|---|------|--------------------------|-----------------------------|-----------------------------------|----------------------------|
| | | Unitholders' capital RM | Distributable - realised RM | Non-distributable - unrealised RM | |
| At 1 January 2010 | | 403,291,776 | – | 36,812,000 | 440,103,776 |
| Operations for the financial year ended 31 December 2010 | | | | | |
| Total comprehensive income for the financial year | | – | 41,400,799 | – | 41,400,799 |
| Increase in net asset resulting from operations | | – | 41,400,799 | – | 41,400,799 |
| Unitholders' transactions | | | | | |
| Proceeds from issuance of units | 12 | 119,000,000 | – | – | 119,000,000 |
| Distributions to unitholders: | 11 | | | | |
| – paid | | – | (29,733,970) | – | (29,733,970) |
| – provision | | – | (9,596,789) | – | (9,596,789) |
| Equity transaction costs | | (2,605,861) | – | – | (2,605,861) |
| Increase in net assets resulting from unitholders' transactions | | 116,394,139 | (39,330,759) | – | 77,063,380 |
| At 31 December 2010 | | 519,685,915 | 2,070,040 | 36,812,000 | 558,567,955 |

The accompanying notes form an integral part of the financial statements.

Statement Of Changes In Net Asset Value for the financial year ended 31 December 2009

| | Note | — Undistributed income — | | | Total unitholders' fund RM |
|---|------|-------------------------------|-----------------------------------|---|-------------------------------------|
| | | Unitholders' capital RM | Distributable - realised RM | Non- distributable - unrealised RM | |
| At 1 January 2009 | | 403,291,776 | 346 | 36,812,000 | 440,104,122 |
| Operations for the financial year ended 31 December 2009 | | | | | |
| Total comprehensive income for the financial year | | - | 30,877,312 | - | 30,877,312 |
| Increase in net asset resulting from operations | | - | 30,877,312 | - | 30,877,312 |
| Unitholders' transactions | | | | | |
| Distributions to unitholders: | 11 | | | | |
| - paid | | - | (14,754,796) | - | (14,754,796) |
| - provision | | - | (16,122,862) | - | (16,122,862) |
| Decrease in net assets resulting from unitholders' transactions | | - | (30,877,658) | - | (30,877,658) |
| At 31 December 2009 | | 403,291,776 | - | 36,812,000 | 440,103,776 |

The accompanying notes form an integral part of the financial statements.

Statement Of Cash Flow

for the financial year ended 31 December 2010

| | Note | 2010 RM | 2009 RM |
|--|------|---------------|--------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Income before taxation | | 41,400,799 | 30,877,312 |
| Adjustments for: | | | |
| Interest expense | 18 | 15,126,240 | 12,645,000 |
| Interest income | | (580,889) | (455,510) |
| Operating income before working capital changes | | 55,946,150 | 43,066,802 |
| Increase in trade and other receivables | | (1,583,512) | (828,648) |
| (Increase)/Decrease in security deposits in trust accounts and financial institution | | (24,623,586) | 6,575,020 |
| Increase/(Decrease) in trade and other payables | | 28,288,783 | (5,830,188) |
| Net cash from operating activities | | 58,027,835 | 42,982,986 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Interest received | | 580,889 | 455,510 |
| Purchase of investment properties | 5 | (227,285,000) | – |
| Net cash (used in)/generated from investing activities | | (226,704,111) | 455,510 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Distributions paid to unitholders | 11 | (45,856,785) | (29,577,355) |
| Repayment of term loan | | (168,000,000) | – |
| Net proceeds from term loan | | 277,965,282 | – |
| Proceeds from issuance of units | 12 | 119,000,000 | – |
| Equity transaction costs | | (2,605,861) | – |
| Interest paid | 18 | (15,126,240) | (12,645,000) |
| Net cash from/(used in) financing activities | | 165,376,396 | (42,222,355) |
| Net (decrease)/increase in cash and cash equivalents | | (3,299,880) | 1,216,141 |
| Cash and cash equivalents at beginning of financial year | | 24,116,093 | 22,899,952 |
| Cash and cash equivalents at end of financial year | | 20,816,213 | 24,116,093 |
| CASH AND CASH EQUIVALENTS | | | |
| Cash and cash equivalents included in the statement of cash flow comprise the following statement of financial position amounts: | | | |
| Cash and bank balances | | 339,439 | 1,707 |
| Deposits placed with licensed financial institutions | | 20,476,774 | 24,114,386 |
| | | 20,816,213 | 24,116,093 |

The accompanying notes form an integral part of the financial statements.

Notes To The Financial Statements

31 December 2010

1. GENERAL INFORMATION

AmanahRaya Real Estate Investment Trust (“AmanahRaya REIT” or “Trust”) is a Malaysian-domiciled real estate investment trust constituted pursuant to the Novation Agreement dated 27 August 2009 with respect to the Trust Deed dated 10 October 2006 (varied by Supplemental Trust Deed dated 4 January 2007) and the Second Supplemental Trust Deed dated 27 August 2009 (collectively referred to “the Deed”) between AmanahRaya-REIT Managers Sdn. Bhd. (“the Manager”) and CIMB Trustee Berhad (“the Trustee”). The Deed is regulated by the Securities Commission’s Guidelines on Real Estate Investment Trusts, the Listing Requirements of Bursa Malaysia Securities Berhad, the Rules of the Depository and taxation laws and rulings. AmanahRaya REIT will continue its operations until such time as determined by the Trustee and the Manager as provided under the provision of Clause 26 of the Trust Deed dated 10 October 2006. AmanahRaya REIT is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Manager of AmanahRaya REIT is located at Level 11, Wisma AmanahRaya, No. 2, Jalan Ampang, 50508 Kuala Lumpur.

The principal place of the Manager of business of AmanahRaya REIT is located at Level 2, Wisma AmanahRaya, No. 2, Jalan Ampang, 50508 Kuala Lumpur.

AmanahRaya REIT is principally engaged in investment of a diversified portfolio of properties with the objectives of achieving an attractive level of return from rental income and for long term capital growth. There has been no significant change in the nature of this activity during the financial year.

The financial statements are presented in Ringgit Malaysia (“RM”), which is the Trust’s functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors of the Manager, AmanahRaya-REIT Managers Sdn. Bhd., on 11 February 2011.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of AmanahRaya REIT have been prepared in accordance with the provisions of Novation Agreement dated 27 August 2009 with respect to the Trust Deed dated 10 October 2006 (varied by Supplemental Trust Deed dated 4 January 2007) and the Second Supplemental Trust Deed dated 27 August 2009, the Securities Commission’s Guidelines on Real Estate Investment Trusts, applicable securities laws and applicable approved Financial Reporting Standards (“FRSs”) in Malaysia.

2.2 Basis of accounting

The financial statements of AmanahRaya REIT have been prepared under the historical cost convention except as otherwise stated in the financial statements.

Notes To The Financial Statements

31 December 2010

2. BASIS OF PREPARATION (continued)

2.2 Basis of accounting (continued)

The preparation of financial statements requires the Directors of the Manager to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors of the Manager are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 2.3 and 2.4 to the financial statements. Although these estimates and assumptions are based on the Manager's best knowledge of current events and actions, actual results could differ from those estimates.

The estimates and underlying assumptions are assessed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised and in any future periods affected.

2.3 Judgement made in applying the accounting policies

There are no judgements made by management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements apart from those involving estimates, which are dealt with below.

2.4 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Fair values of investment properties

The fair values of investment properties are determined by an independent firm of professional valuers. Significant judgement is involved in determining the fair values by using investment, cost and comparison methods of valuation as disclosed in Note 5 to the financial statements.

(ii) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Trust for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Trust based on its size and its business risk.

(iii) Deferred tax liabilities

No deferred tax liabilities arose from fair value gains to the investment properties as it is the intention of the Trust to hold the real estate properties for long term investments. In the event that the Trust decides to dispose of any real estate properties, any gain on such disposal of real properties in which the holding period is within 5 years from the date of acquisition of the real properties will be subject to real property gains tax at the rate of 5%.

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

3.1 New FRS adopted during the current financial year

- (a) FRS 8 *Operating Segments* and the consequential amendments resulting from FRS 8 are mandatory for annual financial periods beginning on or after 1 July 2009.

FRS 8 sets out the requirements for the disclosure of information on the Trust's operating segments, products and services, the geographical areas in which it operates and its customers.

The requirements of this Standard are based on the information about the components of the Trust that management uses to make decisions about operating matters. This Standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Trust's chief operating decision maker in order to allocate resources to the segment and assess its performance.

There is no impact upon adoption of this Standard during the financial year.

- (b) FRS 4 *Insurance Contracts* and the consequential amendments resulting from FRS 4 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 4 replaces the existing FRS 202₂₀₀₄ *General Insurance Business* and FRS 203₂₀₀₄ *Life Insurance Business*. FRS 4 is not relevant to the Trust's operations.
- (c) FRS 7 *Financial Instruments: Disclosures* and the consequential amendments resulting from FRS 7 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 7 replaces the disclosure requirements of the existing FRS 132 *Financial Instruments: Disclosure and Presentation*.

This Standard applies to all risks arising from a wide array of financial instruments and requires the disclosures of the significance of financial instruments for an entity's financial position and performance.

- (d) FRS 123 *Borrowing Costs* and the consequential amendments resulting from FRS 123 are mandatory for annual periods beginning on or after 1 January 2010.

This Standard removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. However, capitalisation of borrowing costs is not required for assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale.

There is no impact upon adoption of this Standard during the financial year.

- (e) FRS 139 *Financial Instruments: Recognition and Measurement* and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.

FRS 139 sets out the new requirement for the recognition and measurement of the Trust's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Trust determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010.

Notes To The Financial Statements

31 December 2010

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

3.1 New FRS adopted during the current financial year (continued)

- (e) FRS 139 *Financial Instruments: Recognition and Measurement* and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010. (continued)

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss and loans and receivables, held to maturity investments, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

- (i) Loans and receivables

Prior to 1 January 2010, loans and receivables were stated at gross receivables less allowance for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method. Gains and losses arising from the derecognition of the loans and receivables, amortisation and impairment losses are recognised in the income statement.

The Trust's financial assets include cash and short-term deposits, receivables, security deposits in trust accounts and financial institutions.

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Trust's financial liabilities include trade and other payables, loans and borrowings, and are initially measured at fair value and subsequently at amortised cost using effective interest rate method.

- (f) Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* is mandatory for annual periods beginning on or after 1 January 2010. These Amendments are not relevant to the Trust's operations.
- (g) Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations* are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 2 is not relevant to the Trust's operations.

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

3.1 New FRS adopted during the current financial year (continued)

- (h) IC Interpretation 9 *Reassessment of Embedded Derivatives* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the subsequent reassessment of embedded derivatives unless there is a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required by the host contract.

There is no impact upon adoption of this Interpretation during the financial year.

- (i) IC Interpretation 10 *Interim Financial Reporting and Impairment* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

There is no impact upon adoption of this Interpretation during the financial year.

- (j) The following IC Interpretations are mandatory for annual periods beginning on or after 1 January 2010.

| | |
|----------------------|---|
| IC Interpretation 11 | <i>FRS 2 – Group and Treasury Share Transaction</i> |
| IC Interpretation 13 | <i>Customer Loyalty Programmes</i> |
| IC Interpretation 14 | <i>FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> |

The above IC Interpretations are not relevant to the Trust's operations.

- (k) FRS 101 *Presentation of Financial Statements* is mandatory for annual periods beginning on or after 1 January 2010.

FRS 101 sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

This Standard introduces the titles 'statement of financial position' and 'statement of cash flows' to replace the current titles 'balance sheet' and 'cash flow statement' respectively. A new statement known as the 'statement of comprehensive income' is also introduced in this Standard whereby all non-owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

This Standard also introduces a new requirement to present a statement of financial position as at the beginning of the earliest comparative period if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

Notes To The Financial Statements

31 December 2010

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

3.1 New FRS adopted during the current financial year (continued)

- (k) FRS 101 *Presentation of Financial Statements* is mandatory for annual periods beginning on or after 1 January 2010. (continued)

Additionally, FRS 101 requires the disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income, and the presentation of dividends recognised as distributions to owners together with the related amounts per share in the statement of changes in equity or in the notes to the financial statements.

This Standard introduces a new requirement to disclose information on the objectives, policies and processes for managing capital based on information provided internally to key management personnel as defined in FRS 124 *Related Party Disclosures*. Additional disclosures are also required for puttable financial instruments classified as equity instruments.

Following the adoption of this Standard, the Trust has reflected the new format of presentation and additional disclosures warranted in the primary financial statements and relevant notes to the financial statements.

- (l) Amendments to FRS 139, FRS 7 and IC Interpretation 9 are mandatory for annual periods beginning on or after 1 January 2010.

These amendments permit reclassifications of non-derivative financial assets (other than those designated at fair value through profit or loss upon initial recognition) out of the fair value through profit or loss category in rare circumstances. Reclassifications from the available-for-sale category to the loans and receivables category are also permitted provided there is intention and ability to hold that financial asset for the foreseeable future. All of these reclassifications shall be subjected to subsequent reassessments of embedded derivatives.

These amendments also clarifies the designation of one-sided risk in eligible hedged items and streamlines the terms used throughout the Standards in accordance with the changes resulting from FRS 101.

There is no impact upon adoption of these Amendments during the financial year.

- (m) Amendments to FRS 132 *Financial Instruments: Presentation* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments require certain puttable financial instruments, and financial instruments that impose an obligation to deliver to counterparties a pro rate share of the net assets of the entity only on liquidation to be classified as equity.

Puttable financial instruments are defined as financial instruments that give the holder the right to put the instrument back to the issuer for cash, or another financial asset, or are automatically put back to the issuer upon occurrence of an uncertain future event or the death or retirement of the instrument holder.

There is no impact upon adoption of these Amendments during the financial year.

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

3.1 New FRS adopted during the current financial year (continued)

(n) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010.

Amendment to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarifies that the disclosure requirements of this FRS specifically apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations. There is no impact upon adoption of this Amendment during the financial year.

Amendment to FRS 8 clarifies the consistency of disclosure requirement for information about profit or loss, assets and liabilities. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 107 *Statement of Cash Flows* clarifies the classification of cash flows arising from operating activities and investing activities. Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale, and the related cash receipts, shall be classified as cash flows from operating activities. Expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities. There is no impact upon adoption of this Amendment during the financial year.

Amendment to FRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* clarifies that only Implementation Guidance issued by the MASB that are integral parts of FRSs is mandatory. There is no impact upon adoption of this Amendment during the financial year.

Amendment to FRS 110 *Events after the Reporting Period* clarifies the rationale for not recognising dividends declared after the end of the reporting period but before the financial statements are authorised for issue. There is no impact upon adoption of this Amendment during the financial year.

Amendment to FRS 116 *Property, Plant and Equipment* removes the definition pertaining the applicability of this Standard to property that is being constructed or developed for future use as investment property but do not yet satisfy the definition of 'investment property' in FRS 140 Investment Property. This amendment also replaces the term 'net selling price' with 'fair value less costs to sell', and clarifies that proceeds arising from routine sale of items of property, plant and equipment shall be recognised as revenue in accordance with FRS 118 Revenue rather than FRS 5. There is no impact upon adoption of this Amendment during the financial year.

Amendment to FRS 117 *Leases* removes the classification of leases of land and buildings, and instead requires assessment of classification based on the risks and rewards of the lease itself. The re-assessment of land elements of unexpired leases shall be made retrospectively in accordance with FRS 108. There is no impact upon adoption of this Amendment during the financial year.

Amendment to FRS 118 *Revenue* clarifies reference made on the term 'transaction costs' to the definition in FRS 139. There is no impact upon adoption of this Amendment during the financial year.

Amendment to FRS 119 *Employee Benefits* clarifies the definitions in the Standard by consistently applying settlement dates within twelve (12) months in the distinction between short-term employee benefits and other long-term employee benefits. This amendment also provides additional explanations on negative past service cost and curtailments. There is no impact upon adoption of this Amendment during the financial year.

Notes To The Financial Statements

31 December 2010

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

3.1 New FRS adopted during the current financial year (continued)

- (n) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010.
(continued)

Amendment to FRS 123 *Borrowing Costs* clarifies that interest expense calculated using the effective interest rate method described in FRS 139 qualifies for recognition as borrowing costs. There is no impact upon adoption of this Amendment during the financial year.

Amendment to FRS 139 removes the scope exemption on contracts for contingent consideration in a business combination. Accordingly, such contracts shall be recognised and measured in accordance with the requirements of FRS 139. There is no impact upon adoption of this Amendment during the financial year.

Amendment to FRS 140 clarifies that properties that are being constructed or developed for future use as investment property are within the definition of 'investment property'. This amendment further clarifies that if the fair value of such properties cannot be reliably determinable but it is expected that the fair value would be readily determinable when construction is complete, the properties shall be measured at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier. There is no impact upon adoption of this Amendment during the financial year.

The following Amendments are not relevant to the Trust's operations.

| | |
|-----------------------|---|
| Amendments to FRS 120 | <i>Accounting for Government Grants and disclosure of Government Assistance</i> |
| Amendments to FRS 127 | <i>Consolidated and Separate Financial Statements</i> |
| Amendments to FRS 128 | <i>Investments in Associates</i> |
| Amendments to FRS 129 | <i>Financial Reporting in Hyperinflationary Economies</i> |
| Amendments to FRS 131 | <i>Interest in Joint Ventures</i> |
| Amendments to FRS 136 | <i>Impairment of Assets</i> |
| Amendments to FRS 138 | <i>Intangible Assets</i> |

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

3.1 New FRS adopted during the current financial year (continued)

- (o) Amendments to FRS 132 is mandatory for annual periods beginning on or after 1 January 2010 in respect of the transitional provisions in accounting for compound financial instruments.

These amendments remove the transitional provisions in respect of accounting for compound financial instruments issued before 1 January 2003 pursuant to FRS 132₂₀₀₄ Financial Instruments: *Disclosure and Presentation*. Such compound financial instruments shall be classified into its liability and equity components when FRS 139 first applies.

There is no impact upon adoption of these amendments during the financial year.

- (p) Amendments to FRS 139 is mandatory for annual periods beginning on or after 1 January 2010.

These amendments remove the scope exemption on contracts for contingent consideration in a business combination. Accordingly, such contracts shall be recognised and measured in accordance with the requirements of FRS 139.

There is no impact upon adoption of these amendments during the financial year.

3.2 New FRS not adopted

- (a) FRS 1 *First-time Adoption of Financial Reporting Standards* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 1 and shall be applied when the Trust adopts FRSs for the first time via the explicit and unreserved statement of compliance with FRSs. An opening FRS statement of financial position shall be prepared and presented at the date of transition to FRS, whereby:

- (i) All assets and liabilities shall be recognised in accordance with FRSs;
- (ii) Items of assets and liabilities shall not be recognised if FRSs do not permit such recognition;
- (iii) Items recognised in accordance with previous GAAP shall be reclassified in accordance with FRSs; and
- (iv) All recognised assets and liabilities shall be measured in accordance with FRSs.

All resulting adjustments shall therefore be recognised directly in retained earnings at the date of transition to FRSs.

The Trust does not expect any impact on the financial statements arising from the adoption of this Standard.

- (b) FRS 3 *Business Combinations* is mandatory for annual periods beginning on or after 1 July 2010. FRS 3 is not relevant to the Trust's operations.

Notes To The Financial Statements

31 December 2010

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

3.2 New FRS not adopted (continued)

- (c) FRS 127 *Consolidated and Separate Financial Statements* is mandatory for annual periods beginning on or after 1 July 2010. FRS 127 is not relevant to the Trust's operations.
- (d) The following Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010 except for Amendments to FRS 132 which is mandatory for annual periods beginning on or after 1 March 2010.

| | |
|-----------------------------------|---|
| Amendments to FRS 2 | <i>Share-based Payments</i> |
| Amendments to FRS 5 | <i>Non-current Assets Held for Sale and Discontinued Operations</i> |
| Amendments to FRS 132 | <i>Financial Instruments: Presentation</i> |
| Amendments to FRS 138 | <i>Intangible Assets</i> |
| Amendments to IC Interpretation 9 | <i>Reassessment of Embedded Derivatives</i> |

Amendments to FRS 132 also clarifies that rights, options or warrants to acquire a fixed number of the Trust's own equity instruments for a fixed amount of any currency shall be classified as equity instruments rather than financial liabilities if the Trust offers rights, options and warrants pro rata to all of its own existing owners of the same class of its own non-derivative equity instruments. The Trust does not expect any impact on the financial statements arising from the adoption of these Amendments.

Amendments to IC Interpretation 9 clarifies that embedded derivatives in contracts acquired in a business combination, combination of entities or business under common controls, or the formation of a joint venture are excluded from this Interpretation. The Trust does not expect any impact on the financial statements arising from the adoption of this Amendment.

Other Amendments are not relevant to the Trust's operations.

- (e) The following IC Interpretations are mandatory for annual periods beginning on or after 1 July 2010.

| | |
|----------------------|--|
| IC Interpretation 12 | <i>Service Concession Arrangements</i> |
| IC Interpretation 16 | <i>Hedges of a Net Investment in a Foreign Operation</i> |
| IC Interpretation 17 | <i>Distributions of Non-cash Assets to Owners</i> |

The above IC Interpretations are not relevant to the Trust's operations.

- (f) IC Interpretation 4 *Determining whether an Arrangement contains a Lease* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation requires the determination of whether an arrangement is, or contains, a lease based on an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset. This assessment shall be made at the inception of the arrangement and subsequently reassessed if certain condition(s) in the Interpretation is met.

The Trust does not expect any impact on the financial statements arising from the adoption of this amendment because there are no arrangements dependent on the use of specific assets in the Trust.

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

3.2 New FRS not adopted (continued)

- (g) The following Amendment to FRSs and IC Interpretations are mandatory for annual periods beginning on or after 1 January 2011 except for Amendments to IC Interpretation 15 which is mandatory for annual periods beginning on or after 1 January 2012.

| | |
|----------------------|--|
| Amendment to FRS 2 | <i>Group Cash-settled Share-based Payment Transactions</i> |
| IC Interpretation 15 | <i>Agreements for the Construction of Real Estate</i> |
| IC Interpretation 18 | <i>Transfer of Assets from Customers</i> |

The above Amendment to FRS and IC Interpretations are not relevant to the Trust's operations.

- (h) Amendment to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters* is mandatory for annual periods beginning on or after 1 January 2011.

This amendment permits a first-time adopter of FRSs to apply the exemption of not restating comparatives for the disclosures required in Amendments to FRS 7.

The Trust does not expect any impact on the financial statements arising from the adoption of this amendment.

- (i) Amendments to FRS 1 *Additional Exemptions for First-time Adopters* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments permits a first-time adopter of FRSs to apply the exemption of not restating the carrying amounts of oil and gas assets determined under previous GAAP. The Trust does not expect any impact on the financial statements arising from the adoption of these amendments.

- (j) Amendments to FRS 7 *Improving Disclosures about Financial Instruments* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments require enhanced disclosures of fair value of financial instruments based on the fair value hierarchy, including the disclosure of significant transfers between Level 1 and Level 2 of the fair value hierarchy as well as reconciliations for fair value measurements in Level 3 of the fair value hierarchy.

By virtue of the exemption provided under paragraph 44G of FRS 7, the impact of applying these amendments on the financial statements upon first adoption of FRS 7 as required by paragraph 30(b) of FRS 108 are not disclosed.

- (k) *Improvements to FRSs (2010)* are mandatory for annual periods beginning on or after 1 January 2011.

Amendments to FRS 1 clarifies that FRS 108 does not apply to changes in accounting policies made upon adoption of FRSs until after the first FRS financial statements have been presented. If changes in accounting policies or exemptions in this FRS are used, an explanation of such changes together with updated reconciliations shall be made in each interim financial report. Entities whose operations are subject to rate regulation are permitted the use of previously revalued amounts as deemed cost. The Trust does not expect any impact on the financial statements arising from the adoption of this amendment.

Notes To The Financial Statements

31 December 2010

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

3.2 New FRS not adopted (continued)

- (k) Improvements to FRSs (2010) are mandatory for annual periods beginning on or after 1 January 2011. (continued)

Amendments to FRS 7 clarifies that quantitative disclosures of risk concentrations are required if the disclosures made in other parts of the financial statements are not readily apparent. The disclosure on maximum exposure to credit risk is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk. The Trust expects to improve the disclosures on maximum exposure to credit risk upon adoption of these amendments.

Amendments to FRS 101 clarify that a statement of changes in equity shall be presented as part of a complete set of financial statements. The Trust does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 132 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. The Trust does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 134 clarify that updated information on significant events and transactions since the end of the last annual reporting period shall be included in the Trust's interim financial report. Although the Trust does not expect any impact on the financial statements arising from the adoption of these amendments, it is expected that additional disclosures would be made in the quarterly interim financial statements of the Trust.

Amendments to FRS 139 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. The Trust does not expect any impact on the financial statements arising from the adoption of these amendments.

- (l) *Improvements to FRSs (2010)* and *IC Interpretations* are mandatory for annual periods beginning on or after 1 January 2011 except for Amendments to IC Interpretation 14 which is mandatory for annual periods beginning on or after 1 July 2011.

| | |
|-----------------------------------|---|
| Amendment to FRS 3 | <i>Business Combinations</i> |
| Amendment to FRS 121 | <i>The Effects of Changes in Foreign Exchange Rates</i> |
| Amendment to FRS 128 | <i>Investment in Associates</i> |
| Amendment to FRS 131 | <i>Investment in Joint Ventures</i> |
| Amendment to IC Interpretation 13 | <i>Customer Loyalty Programmes</i> |
| Amendment to IC Interpretation 14 | <i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> |

The above Amendments to FRSs and IC Interpretations are not relevant to the Trust's operations.

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

3.2 New FRS not adopted (continued)

- (m) IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* is mandatory for annual periods beginning on or after 1 July 2011.

This Interpretation applies to situations when equity instruments are issued to a creditor to extinguish all or part of a recognised financial liability. Such equity instruments shall be measured at fair value, and the difference between the carrying amount of the financial liability extinguished and the consideration paid shall be recognised in profit or loss.

The Trust does not expect any impact on the financial statements arising from the adoption of this Interpretation.

- (n) FRS 124 *Related Party Disclosures* and the consequential amendments to FRS 124 are mandatory for annual periods beginning on or after 1 January 2012.

This revised Standard simplifies the definition of a related party and eliminates certain inconsistencies within the superseded version. In addition to this, transactions and balances with government-related entities are broadly exempted from the disclosure requirements of the Standard.

The Trust expects to reduce related party disclosures in respect of transactions and balances with government-related entities upon adoption of this Standard.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Trust. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value. The fair value of investment properties are the prices at which the properties could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of investment properties reflect market conditions at the end of the reporting period, without any deduction for transaction costs that may be incurred on sales or other disposal.

Fair value of investment properties are arrived at by reference to market evidence of transaction prices for similar properties. It is performed by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit and loss for the year in which it arises.

Investment properties are derecognised when either they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment properties is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit and loss in the year of the retirement or disposal.

Notes To The Financial Statements

31 December 2010

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Leases

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Trust are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Trust's incremental borrowing rate is used. Any initial direct costs incurred by the Trust are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Assets leased out under operating lease are presented on the statement of financial position according to the nature of the assets.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.3 Financial instruments

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Financial instruments (continued)

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Trust.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Trust.

Financial instruments are recognised on the statement of financial position when the Trust has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial asset classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial asset classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial asset classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such items are recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

Notes To The Financial Statements

31 December 2010

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Trust has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loan and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Trust's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Financial instruments (continued)

(a) Financial assets (continued)

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such items are recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Notes To The Financial Statements

31 December 2010

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Financial instruments (continued)

(b) Financial liabilities (continued)

(ii) Other financial liabilities (continued)

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.4 Impairment of financial assets

The Trust assesses whether there is any objective evidence that a financial asset is impaired at each reporting period.

(a) Loans and receivables

The Trust collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

4.5 Income taxes

Income taxes include all taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes and real property gains taxes payable on disposal of properties.

Taxes in the income statement for the financial year comprise current and deferred tax.

4.5.1 Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Income taxes (continued)

4.5.1 Current tax (continued)

Current tax for the current and prior periods is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the reporting period.

4.5.2 Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

Deferred tax will be recognised as income or expense and included in the profit or loss for the year unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting period.

4.6 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Notes To The Financial Statements

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Provisions (continued)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Trust has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.7 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Trust or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Trust does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Trust. The Trust does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

4.8 Revenue recognition

Revenue is measured at fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Trust, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Trust's activity as follows:

(a) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

(b) Interest income

Interest income is recognised as it accrues, using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Expenses

(a) Property operating expenses

Property operating expenses consist of property management fees, quit rents, assessment, and other outgoings in relation to investment properties where such expenses are the responsibilities of the Trust. Property management fees are recognised on an accrual basis.

(b) Interest expense

All borrowing costs are recognised in the income statements using the effective interest method, in the year in which they are incurred.

(c) Establishment expenses and equity transaction costs

Establishment expenses represent expenses incurred in establishing and listing the Trust.

Transaction costs of an equity transaction are accounted for as a deduction from unitholders' capital.

(d) Manager's and Trustee's fees

The Manager's and Trustee's fees are recognised on an accrual basis.

5. INVESTMENT PROPERTIES

| | 2010 RM | 2009 RM |
|----------------------------|--------------------|--------------------|
| At 1 January | 686,332,000 | 686,332,000 |
| Additions (Note 32 (1)) | 227,285,000 | – |
| At 31 December | <u>913,617,000</u> | <u>686,332,000</u> |
| Included in the above are: | | |
| Land and buildings | <u>913,617,000</u> | <u>686,332,000</u> |

Included in additions during the year are expenditure directly attributable to the purchase of investment properties amounted to RM285,000.

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5. INVESTMENT PROPERTIES (continued)

| Description of property | Tenure of land | Term of lease year | Location | Existing use | Occupancy rates as at 31 December 2010 % | Fair value as at 31 December 2010 RM | Cost as at 31 December 2010 RM | % of fair value to Net Asset Value as at 31 December 2010 |
|---|--------------------------------|--|----------------|---------------------------------------|--|--------------------------------------|--------------------------------|---|
| Holiday Villa Alor Setar (1) | Freehold Leasehold | N/A 99 years expiring 2084 | Alor Setar | Hotel | 100 | 34,000,000 | 31,000,000 | 6.09 |
| Holiday Villa Langkawi (2) | Freehold | N/A | Pulau Langkawi | Hotel | 100 | 58,310,000 | 55,000,000 | 10.44 |
| SEGI College (3) | Freehold | N/A | Subang Jaya | College | 100 | 54,000,000 | 52,500,000 | 9.67 |
| Block A & B, South City Plaza (4) | Leasehold | 99 years expiring 2093 | Seri Kembangan | Office (Block A) College (Block B) | 100 | 19,500,000 | 18,300,000 | 3.49 |
| Wisma AmanahRaya (4)* | Leasehold | 99 years expiring 2065 | Kuala Lumpur | Office | 100 | 73,000,000 | 68,000,000 | 13.07 |
| Wisma Amanah Raya Bernad (4)* | Leasehold | 99 years expiring 2072 | Kuala Lumpur | Office | 100 | 60,000,000 | 53,000,000 | 10.74 |
| Wisma UEP (5) | Freehold | N/A | Subang Jaya | Office | 100 | 38,000,000 | 35,500,000 | 6.80 |
| Permanis Factory (6) | Leasehold | 99 years expiring 2089 | Bdr Baru Bangi | Industrial factory | 100 | 28,222,000 | 27,550,000 | 5.05 |
| Silver Bird Factory (7)* | Freehold | N/A | Shah Alam | Industrial complex | 100 | 95,000,000 | 92,000,000 | 17.01 |
| AIC Factory (8)* | Leasehold | 99 years expiring 2094 | Shah Alam | Industrial factory | 100 | 20,000,000 | 19,200,000 | 3.58 |
| SEGI University College (7)* | Leasehold | 99 years expiring 2106 | Kota Damansara | College/Campus | 100 | 152,000,000 | 145,000,000 | 27.21 |
| Gurun Automotive Warehouse (9) | Leasehold | 60 years expiring 2065 | Gurun, Kedah | Industrial warehouse | 100 | 24,800,000 | 23,970,000 | 4.44 |
| Kontena Nasional Distribution Centre 11 (10) (formerly known as Tamadam Bonded Warehouse) | Leasehold (Land A) (Land B) | 60 years expiring 2067 99 years expiring 2089 | Port Klang | Bonded warehouse | 100 | 29,500,000 | 28,500,000 | 5.28 |
| Selayang Mall (11)* | Leasehold | 99 years expiring 2079 | Selayang Utama | Retail Mall | 100 | 128,165,000 | 128,165,000 | 22.95 |
| Dana 13 (12)* | Leasehold | 99 years expiring 2097 | Petaling Jaya | Office | 100 | 99,120,000 | 99,120,000 | 17.75 |
| | | | | | | 913,617,000 | 876,805,000 | |

5. INVESTMENT PROPERTIES (continued)

| Description of property | Tenure of land | Term of lease year | Location | Existing use | Occupancy rates as at 31 December 2009 % | Fair value as at 31 December 2009 RM | Cost as at 31 December 2009 RM | % of fair value to Net Asset Value as 31 December 2009 |
|------------------------------------|--------------------------------|--|----------------|---------------------------------------|--|--------------------------------------|--------------------------------|--|
| Holiday Villa Alor Setar (1)* | Freehold Leasehold | N/A 99 years expiring 2084 | Alor Setar | Hotel | 100 | 34,000,000 | 31,000,000 | 7.73 |
| Holiday Villa Langkawi (2)* | Freehold | N/A | Pulau Langkawi | Hotel | 100 | 58,310,000 | 55,000,000 | 13.25 |
| SEGi College (3)* | Freehold | N/A | Subang Jaya | College | 100 | 54,000,000 | 52,500,000 | 12.27 |
| Block A & B, South City Plaza (4)* | Leasehold | 99 years expiring 2093 | Seri Kembangan | Office (Block A) College (Block B) | 100 | 19,500,000 | 18,300,000 | 4.43 |
| Wisma AmanahRaya (4)* | Leasehold | 99 years expiring 2065 | Kuala Lumpur | Office | 100 | 73,000,000 | 68,000,000 | 16.59 |
| Wisma AmanahRaya Berhad (4)* | Leasehold | 99 years expiring 2072 | Kuala Lumpur | Office | 100 | 60,000,000 | 53,000,000 | 13.63 |
| Wisma UEP (5)* | Freehold | N/A | Subang Jaya | Office | 100 | 38,000,000 | 35,500,000 | 8.63 |
| Permanis Factory (6)* | Leasehold | 99 years expiring 2089 | Bdr Baru Bangi | Industrial factory | 100 | 28,222,000 | 27,550,000 | 6.41 |
| Silver Bird Factory (7)* | Freehold | N/A | Shah Alam | Industrial complex | 100 | 95,000,000 | 92,000,000 | 21.59 |
| AIC Factory (8)* | Leasehold | 99 years expiring 2094 | Shah Alam | Industrial factory | 100 | 20,000,000 | 19,200,000 | 4.54 |
| SEGi University College (7)* | Leasehold | 99 years expiring 2106 | Kota Damansara | College/Campus | 100 | 152,000,000 | 145,000,000 | 34.54 |
| Gurun Automotive Warehouse (9) | Leasehold | 60 years expiring 2065 | Gurun, Kedah | Industrial warehouse | 100 | 24,800,000 | 23,970,000 | 5.64 |
| Tamadam Bonded Warehouse (10) | Leasehold (Land A) (Land B) | 60 years expiring 2067 99 years expiring 2089 | Port Klang | Bonded warehouse | 100 | 29,500,000 | 28,500,000 | 6.70 |
| | | | | | | 686,332,000 | 649,520,000 | |

* The properties were charged to financial institutions for banking facilities granted to AmanahRaya REIT (Note 9). The pledging of assets of AmanahRaya REIT was conducted pursuant to the Trust Deed dated 10 October 2006 under Clause 11, sub-clause 11.2 and is not prejudicial to the interest of the unitholders.

Notes To The Financial Statements

31 December 2010

5. INVESTMENT PROPERTIES (continued)

- a. The fair value of the investment properties as at 31 December 2010 were derived from the Directors of the Manager's assessment based on indicative value obtained from latest valuation conducted by independent firm of professional valuers in November 2008 (item 1 to 10) and November 2009 (item 11 and 12). The properties were valued by the followings appointed valuers adopting the suitable valuation approaches depending on the type of properties.

| Item | Property | Valuer | Method of Valuation |
|------|--|---|-------------------------------------|
| (1) | Holiday Villa Alor Setar | Hakimi & Associates Sdn. Bhd. | Discounted Cash Flow and Comparison |
| (2) | Holiday Villa Langkawi | Hakimi & Associates Sdn. Bhd. | Discounted Cash Flow and Comparison |
| (3) | SEGi College | Hakimi & Associates Sdn. Bhd. | Investment and Comparison |
| (4) | Block A & B, South City Plaza, Wisma AmanahRaya and Wisma AmanahRaya Berhad | Hakimi & Associates Sdn. Bhd. | Investment and Comparison |
| (5) | Wisma UEP | Hakimi & Associates Sdn. Bhd. | Investment and Comparison |
| (6) | Permanis Factory | Hakimi & Associates Sdn. Bhd. | Cost and Comparison |
| (7) | Silver Bird Factory and SEGi University College | Rahim & Co Chartered Surveyors Sdn. Bhd. | Investment and Comparison |
| (8) | AIC Factory | Rahim & Co Chartered Surveyors Sdn. Bhd. | Investment and Comparison |
| (9) | Gurun Automotive Warehouse | Rahim & Co Chartered Surveyors Sdn. Bhd. | Investment and Comparison |
| (10) | Kontena Nasional Distribution Centre 11 (formerly known as Tamadam Bonded Warehouse) | Rahim & Co Chartered Surveyors Sdn. Bhd. | Investment and Comparison |
| (11) | Selayang Mall | DTZ Nawawi Tie Leung Property Consultants Sdn. Bhd. | Investment and Comparison |
| (12) | Dana 13 | DTZ Nawawi Tie Leung Property Consultants Sdn. Bhd. | Investment and Comparison |

- b. Except for Block A & B South City Plaza, Holiday Villa Alor Setar, Land B of Kontena Nasional Distribution Centre, Gurun Warehouse, SEGi Campus College and Dana 13 pending for the issuance of separate individual title, the title deeds of other properties have been registered under the name of the Trustee.
- c. All investment properties are leased / rented to third parties except for Wisma AmanahRaya which is leased to the holding company of the Manager.
- d. Investment properties are leased out with different tenure of leases ranging between 3 to 15 years (Note 29). Thirteen (13) (2009: Twelve (12)) of the properties contain an initial non-cancellable period of 3 years to 15 years. Subsequent renewals are negotiated with the lessees. No contingent rents are charged.

6. TRADE AND OTHER RECEIVABLES

| | 2010 RM | 2009 RM |
|---|------------------|------------------|
| Trade receivable | 1,177,075 | 1,085,402 |
| Other receivables, deposits and prepayments | 1,914,569 | 422,730 |
| | <u>3,091,644</u> | <u>1,508,132</u> |

The ageing analysis of trade receivables of the Trust are as follows:

| | 2010 RM | 2009 RM |
|-------------------------------|------------------|------------------|
| Neither past due nor impaired | 717,000 | 190,277 |
| Past due, not impaired | | |
| 31 to 60 days | 179,250 | 179,025 |
| 61 to 90 days | - | - |
| 91 to 120 days | 179,250 | 716,100 |
| More than 121 | 101,575 | - |
| Past due and impaired | | |
| | 460,075 | 895,125 |
| | - | - |
| | <u>1,177,075</u> | <u>1,085,402</u> |

Receivable that are neither past due nor impaired

Trade receivable that are neither past due nor impaired are creditworthy debtors with good payment records with the Trust.

None of the trade receivable of the Trust that are neither past due nor impaired have been renegotiated during the financial year.

Receivable that are past due but not impaired

This represents rental receivable from a tenant, which has been fully recovered in January 2011.

Notes To The Financial Statements

31 December 2010

7. SECURITY DEPOSITS IN TRUST ACCOUNTS AND FINANCIAL INSTITUTION

| | 2010 RM | 2009 RM |
|---|-------------------|-------------------|
| Security deposits placed with ITA-ARB (Note 25(b)) | 59,619,891 | 35,195,207 |
| Security deposit placed with licensed financial institution | 1,048,370 | 849,468 |
| | <u>60,668,261</u> | <u>36,044,675</u> |

Security deposits in trust accounts and financial institution consist of security deposits received from Lessees together with the accumulated interests which are placed into the Institutional Trust Account of Amanah Raya Berhad (“ITA-ARB”) and licensed financial institution with interest rates ranging from 2.20% to 4.25% (2009: 2.25% to 5.00%) per annum (Note 10(b)).

Pursuant to the lease agreements, Lessees will be entitled to the interest earned from security deposits in trust accounts and financial institution. The Trust has the right to deduct from the security deposits in the event of default or arrears in rental payment within stipulated period in the lease agreement from the date of rental payment due or whereby any early termination caused by the Lessees.

During the financial year, the Trust has received an amount of RM27,960,000 from Seal Incorporation Berhad as security deposits upon completion of the acquisition of the Selayang Mall. This amount is placed with ITA-ARB.

In last financial year, Silver Bird Factory had withdrawn RM7,296,000 from security deposits placed with ITA-ARB and replaced it with unconditional and irrevocable bank guarantee. This bank guarantee shall remain in force for a period of two (2) years and subject to renewal as and when it is falls due.

8. DEPOSITS PLACED WITH LICENSED FINANCIAL INSTITUTIONS

The deposits are placed with licensed financial institutions at interest rates ranging from 1.80% to 3.05% (2009: 1.99% to 2.30%) per annum.

9. BORROWINGS-SECURED

| | 2010 RM | 2009 RM |
|---------------------------------|--------------------|--------------------|
| Non-current liabilities: | | |
| Term loan I | 85,000,000 | 85,000,000 |
| Term loan II | 167,219,698 | 168,000,000 |
| Term loan III | 110,745,584 | – |
| | <u>362,965,282</u> | <u>253,000,000</u> |

9. BORROWINGS-SECURED (continued)

In the previous financial year, term loans I and II had tenures of four (4) years. It was repayable in one lump sum on 28 February 2011 and borne fixed interest rates of 4.50% per annum and 5.25% per annum respectively.

During the financial year, AmanahRaya REIT undertook the following transactions:

- (a) Term loan I bears an interest rate of 4.50% per annum. The tenure of the term loan I is extended and shall be repayable in one lump sum in May 2015.
- (b) Term loan II is refinanced with a lower interest rate of 4.45% per annum for a tenure of five (5) years from date of drawdown and shall be repayable in one lump sum in March 2015.

Included in the term loan II are transaction costs incurred for the refinancing arrangement amounting to RM918,002. As at 31 December 2010, an amount of RM137,700 has been amortised to profit or loss as disclosed in Note 18 to the financial statements.

- (c) Term loan III was drawdown to part finance the acquisitions of properties as disclosed in Note 32(1). Term loan III bears an interest rate of 4.55% per annum and has a tenure of five (5) years and shall be repayable in one lump sum in May 2015.

Included in the term loan III are transaction costs incurred for the financing arrangement amounting to RM558,942. As at 31 December 2010, an amount of RM74,526 has been amortised to profit or loss as disclosed in Note 18 to the financial statements.

The proceeds from the term loan are mainly used for the purpose of financing the acquisition of the properties as disclosed in Note 5 to the financial statements.

The term loans are secured by way of first legal charge on certain properties of the Trust (Note 5).

The term loan interests are payable in arrears on a monthly basis.

10. TRADE AND OTHER PAYABLES

| | 2010 RM | 2009 RM |
|-------------------------------------|-------------------|-------------------|
| Trade payables | 358,127 | 275,204 |
| Other payables and accrued expenses | 9,381,088 | 5,142,713 |
| Tenant deposits | 57,323,560 | 33,356,075 |
| | <u>67,062,775</u> | <u>38,773,992</u> |

Notes To The Financial Statements

31 December 2010

10. TRADE AND OTHER PAYABLES (continued)

- (a) Included in trade payables are amount due to the Manager and the Trustee amounting to RM312,021 (2009: RM209,597).
- (b) Included in tenant deposits are security deposits of RM57,021,666 (2009: RM33,057,481) received from Lessees which are placed with Institutional Trust Account of Amanah Raya Berhad ("ITA-ARB") and financial institutions as disclosed in Note 7 to the financial statements.
- (c) Included in other payables and accrued expenses are interest of RM3,646,595 (2009: RM2,987,194) generated from security deposits placed with ITA-ARB and financial institutions as disclosed in Note 7 to the financial statements.
- (d) Since the inception of the AmanahRaya REIT, the Manager has received a rental deposit from tenants by way of bank guarantee which are contracted to but not recognised for in the financial statements as follows:

| Tenants | Property | Amount RM | Remarks |
|--------------------------|---|-------------------|--------------------------------------|
| SEG International Berhad | SEGi College | 9,853,200 | Equivalent to three (3) years rental |
| | SEGi University College, Kota Damansara | 22,032,000 | Equivalent to two (2) years rental |
| | Block A & B, South City Plaza | 2,664,000 | Equivalent to two (2) years rental |
| Silver Bird Group Berhad | Silver Bird Factory/ Industrial Complex | 14,592,000 | Equivalent to two (2) years rental |
| Kontena Nasional Berhad | Bonded Warehouse | 2,648,300 | Equivalent to one (1) year rental |
| Symphony House Berhad | Dana 13 | 7,097,640 | Equivalent to one (1) year rental |
| Total | | 58,887,140 | |

The bank guarantees are unconditional, irrevocable and guaranteed to be paid to AmanahRaya REIT in the event of default of the lease agreement by the Lessees.

11. PROVISION FOR INCOME DISTRIBUTIONS

| | 2010 RM | 2009 RM |
|-----------------------------------|------------------|-------------------|
| At 1 January | 16,123,132 | 14,822,829 |
| Provisions made during the year | 39,330,759 | 30,877,658 |
| Distribution paid during the year | (45,856,785) | (29,577,355) |
| | <u>9,597,106</u> | <u>16,123,132</u> |

In respect of the financial year ended 31 December 2010, the Manager proposed a fourth and final income distribution of 1.6741 sen (2009: 3.7360 sen) per unit totalling RM9,597,106 (2009: RM16,123,132).

12. UNITHOLDERS' CAPITAL

| | 2010 Number of units | 2009 Number of units |
|---|----------------------------|----------------------------|
| Authorised: | | |
| At beginning of the financial year | 431,553,191 | 431,553,191 |
| Increased during the financial year (Note 32(1)) | 141,666,667 | - |
| | <u>573,219,858</u> | <u>431,553,191</u> |
| | | |
| | 2010 RM | 2009 RM |
| Issued and fully paid: | | |
| At beginning of the financial year | 403,291,776 | 403,291,776 |
| Issuance and placement of new units for purchase of properties | | |
| - 141,666,667 units @ RM0.84 each (Note 32 (1)) | 119,000,000 | - |
| Equity transaction costs (Note 22(a)) | (2,605,861) | - |
| | <u>519,685,915</u> | <u>403,291,776</u> |

Notes To The Financial Statements

31 December 2010

12. UNITHOLDERS' CAPITAL (continued)

The Manager and Directors of the Manager did not hold any units in AmanahRaya REIT. However, parties related to the holding company of the Manager held units in AmanahRaya REIT as follows:

| | 2010 | | |
|---------------------------------|----------------------|-----------------------------|--------------------|
| | Number of units held | Percentage of total units % | Market value RM |
| Kumpulan Wang Bersama | 305,985,908 | 53.38 | 286,096,824 |
| AmanahRaya Investment Bank Ltd. | 2,400,000 | 0.42 | 2,244,000 |
| AmanahRaya Capital Sdn. Bhd. | 2,032,600 | 0.35 | 1,900,481 |
| | 310,418,508 | 54.15 | 290,241,305 |

| | 2009 | | |
|---------------------------------|----------------------|-----------------------------|--------------------|
| | Number of units held | Percentage of total units % | Market value RM |
| Kumpulan Wang Bersama | 275,194,291 | 63.77 | 235,291,119 |
| AmanahRaya Investment Bank Ltd. | 2,400,000 | 0.56 | 2,052,000 |
| AmanahRaya Capital Sdn. Bhd. | 2,032,600 | 0.47 | 1,737,873 |
| | 279,626,891 | 64.80 | 239,080,992 |

The market value of the units held by the parties related to the holding company of the Manager is determined by using closing market value of the Trust as at 31 December 2010 of RM0.935 (2009: RM0.855) per unit.

13. UNDISTRIBUTED INCOME

| | 2010 RM | 2009 RM |
|------------|-------------------|-------------------|
| Realised | 2,070,040 | – |
| Unrealised | 36,812,000 | 36,812,000 |
| | 38,882,040 | 36,812,000 |

The unrealised income relates to the cumulative net change arising from the fair value adjustments to the investment properties.

14. GROSS REVENUE

| | 2010 RM | 2009 RM |
|-----------------|-------------------|-------------------|
| Rental income | 59,196,771 | 46,374,255 |
| Car park income | 313,200 | 144,813 |
| | <u>59,509,971</u> | <u>46,519,068</u> |

15. PROPERTY OPERATING EXPENSES

| | 2010 RM | 2009 RM |
|-----------------------------------|------------------|------------------|
| Assessment and quit rent | 351,185 | 351,188 |
| Service contracts and maintenance | 984,733 | 453,252 |
| Property management fees | 367,600 | 258,600 |
| Insurance | 64,701 | 55,667 |
| Consultancy fees | – | 585,073 |
| Others | 17,352 | 12,930 |
| | <u>1,785,571</u> | <u>1,716,710</u> |

The Property Managers, Malik Kamaruzaman Property Management Sdn. Bhd. and IM Global Property Consultants, are entitled to property management fees in respect of the management of the investment properties owned by AmanahRaya REIT as provided in the Trust Deed. The fees are determined by a guaranteed scale based on the gross annual rental income as provided in the provisions of the revised Valuers, Appraisers and Estate Agents Act, 1981 as required by the Securities Commission's Guidelines on Real Estate Investment Trusts. The property management fees are payable monthly in arrears with permissible discounts.

During the previous financial year, consultancy fees and other related costs amounted to RM585,073 were incurred for the Trust's property affected by natural disaster occurred at Wisma AmanahRaya Berhad.

16. MANAGER'S FEE

Pursuant to the Deed, the Manager is entitled to receive a fee of up to a maximum of 1.0% per annum of the Net Asset Value of AmanahRaya REIT. The Manager's fee is payable in arrears, calculated and accrued daily. However, the Manager has only been charging at the rate of 0.3% to 0.6% (2009: 0.3%) per annum of the Net Asset Value.

Notes To The Financial Statements

31 December 2010

17. TRUSTEE'S FEE

Pursuant to the Deed, the Trustee is entitled to receive a fee of up to a maximum of 0.1% per annum of the NAV of the Trust. The Trustee's fee is payable in arrears, calculated and accrued daily. However, the Trustee has only been charging at the rate of 0.05% (2009: 0.04%) per annum of the Net Asset Value.

18. INTEREST EXPENSE

| | 2010 RM | 2009 RM |
|---|-------------------|-------------------|
| Amortisation on transaction costs of borrowings | 212,226 | – |
| Interest on term loans | 14,914,014 | 12,645,000 |
| | <u>15,126,240</u> | <u>12,645,000</u> |

19. TAXATION

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Trust are as follows:

| | 2010 RM | 2009 RM |
|---|--------------|-------------|
| Income before taxation | 41,400,799 | 30,877,312 |
| Income tax using Malaysian tax rate at 25% (2009: 25%) | 10,350,200 | 7,719,328 |
| Non-deductible expenses | 361,232 | 78,486 |
| Effect of interest income not subject to tax | (141,996) | (111,645) |
| Effect of other income not subject to tax | (504,290) | – |
| Effect of income distribution exempted from tax | (10,065,146) | (7,686,169) |
| | <u>–</u> | <u>–</u> |

Pursuant to Section 61A(1) of Income Tax Act, 1967 under the Finance Act, 2006, where in the basis period for a year of assessment, 90% or more of the total income of the Trust is distributed to its unitholders, the total income of the Trust for that year of assessment shall be exempted from tax.

The Trust distributed 95% (2009: 100%) of the realised and distributable income and thus, its total income for the year is exempted from tax.

20. EARNINGS PER UNIT

The earnings per unit before Manager's fee of 8.3723 sen (2009: 7.4693 sen) is calculated based on the net income after taxation before deduction of manager's fees for the financial year of RM43,897,530 (2009: RM32,233,926 and on the weighted average number of units in circulation during the financial year of 524,315,748 (2009: 431,553,191).

The earnings per unit after Manager's fee of 7.8962 sen (2009: 7.1550 sen) is calculated based on the net income after taxation of RM41,400,799 (2009: RM30,877,312) for the financial year and on the weighted average number of units in circulation during the financial year of 524,315,748 (2009: 431,553,191).

21. DISTRIBUTIONS TO UNITHOLDERS

Distributions to unitholders are from the following sources:

| | 2010 RM | 2009 RM |
|---|----------------------------|----------------------------|
| Gross rental income | 59,509,971 | 46,519,068 |
| Interest income | 580,889 | 455,510 |
| Other income | 2,027,060 | – |
| | <hr/> | <hr/> |
| Less: Expenses | 62,117,920 (20,717,121) | 46,974,578 (16,097,266) |
| | <hr/> | <hr/> |
| Distributions from previous year undistributed income | 41,400,799 | 30,877,312 |
| Underpayment in prior year* | – 317 | 346 270 |
| | <hr/> | <hr/> |
| Total income available for distribution | 41,401,116 | 30,877,928 |
| Undistributed income | (2,070,040) | – |
| | <hr/> | <hr/> |
| | 39,331,076 | 30,877,928 |
| | <hr/> | <hr/> |
| Distribution per unit (sen) | 7.3209 | 7.1550 |

* As proposed in previous financial year, the second and final distribution of RM16,123,132 would be paid for the financial year ended 31 December 2009. However, an amount of RM16,122,815 was paid as against the proposed amount of RM16,123,132. The shortfall of RM317 will be distributed to the unitholders and payable on 6 April 2011.

As proposed in 2008, the second and final distribution of RM14,822,829 would be paid for the financial year ended 31 December 2008. However, an amount of RM14,822,559 was paid as against the proposed amount of RM14,822,829. The shortfall of RM270 was distributed to the unitholders and paid on 25 February 2010.

Notes To The Financial Statements

31 December 2010

22. TRANSACTION COSTS RELATING TO ACQUISITION OF SELAYANG MALL AND DANA 13

- (a) The equity transaction costs were incurred in relation to the issuance and placement of new units for the acquisition of Selayang Mall and Dana 13 as disclosed in Note 32(1) to the financial statements.
- (b) Other transaction costs not directly attributable to the issuance and placement of new units for the said corporate exercises as disclosed in Note 32 (1) and Note 32 (4) to the financial statements amounting to RM675,428 were expensed off to the income statement.

23. PORTFOLIO TURNOVER RATIO

| | 2010 | 2009 |
|---|------|------|
| Portfolio Turnover Ratio ("PTR")(times) | 0.43 | – |

The calculation of PTR is based on the average of total acquisitions and total disposals of investment in AmanahRaya REIT for the year to the average net asset value of the Trust for the financial year calculated on a daily basis.

Since the basis of calculating PTR may vary among real estate investment trusts, there is no sound basis for providing an accurate comparison of PTR of AmanahRaya REIT against other real estate investment trusts.

24. MANAGEMENT EXPENSE RATIO

| | 2010 | 2009 |
|-------------------------------------|------|------|
| Management expense ratio ("MER")(%) | 0.59 | 0.38 |

The calculation of the MER is based on the total expenses of AmanahRaya REIT incurred, including Manager's fees, Trustee's fees, audit fees, tax agent's fees and administrative expenses, to the average net asset value of the Trust for the financial year calculated on a daily basis.

Since the basis of calculating MER may vary among real estate investment trusts, comparison of MER of AmanahRaya REIT with other real estate investment trusts may not be an accurate comparison.

25. TRANSACTIONS WITH COMPANY RELATED TO THE MANAGER

- (a) Identities of related parties

Parties are considered to be related to the Manager if the Manager has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Manager and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

25. TRANSACTIONS WITH COMPANY RELATED TO THE MANAGER (continued)

- (b) In addition to the transactions detailed elsewhere in the financial statements, the Manager and the Trust had the following transactions with related parties during the financial year:

| | 2010 RM | 2009 RM |
|--|-------------------|-------------------|
| Rental received and receivable from holding company of the Manager | 6,609,319 | 5,908,331 |
| Security deposits from Lessees placed with holding company of the Manager (Note 7) | <u>59,619,891</u> | <u>35,195,207</u> |

The related party transactions described above were entered into in the normal course of business and are based on negotiated and mutually agreed terms.

26. TRANSACTIONS WITH BROKERS/DEALERS

There were no transactions made with brokers/dealers during the financial year.

27. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Manager is to ensure that the Trust would be able to continue as going concerns while maximising the returns to unitholders through a balance of issuance of new AmanahRaya REIT units and loan financing. The overall strategy of the Manager remains unchanged from financial year ended 31 December 2009.

The Manager manages the capital structure of the Trust and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Manager may adjust the income distribution to unitholders or issue new units. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2010 and 31 December 2009.

The Manager will also comply with the provisions of the Deed and all applicable rules and guidelines prescribed by the Securities Commission relating to the financing of AmanahRaya REIT.

The Manager monitors capital using a gearing ratio, which is total borrowings divided by total assets.

Notes To The Financial Statements

31 December 2010

27. FINANCIAL INSTRUMENTS (continued)

(a) Capital management (continued)

| | 2010 RM | 2009 RM |
|------------------|-------------|-------------|
| Total borrowings | 362,965,282 | 253,000,000 |
| Total assets | 998,193,118 | 748,000,900 |
| Gearing ratio | 36.36% | 33.82% |

(b) Financial instruments

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

(i) Categories of financial instruments

| 2010 | Loans and receivables RM |
|--|---|
| Financial assets | |
| Trade and other receivables | 3,091,644 |
| Security deposits in Trust accounts and financial institutions | 60,668,261 |
| Cash and cash equivalents | 20,816,213 |
| | <hr/> 84,576,118 |
| | Other financial liabilities RM |
| Financial liabilities | |
| Borrowings | 362,965,282 |
| Trade and other payables | 67,062,775 |
| | <hr/> 430,028,057 |

27. FINANCIAL INSTRUMENTS (continued)

(c) Determination of fair value

Methods and assumptions used to estimate fair value

The fair value of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, and trade and other payables, are reasonable approximation of fair value, due to their short-term nature.

- (ii) Fixed rate bank borrowings

The fair value of the borrowings is determined using estimated future cash flows discounted at market related rate for similar instruments at the balance sheet date.

28. FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES

The Trust's financial risk management objective is to optimise value creation for unitholders whilst minimising the potential adverse impact arising from fluctuations in interest rate and the unpredictability of the financial markets.

The Trust has written risk management policies and guidelines which sets out its overall business strategies and general risk management philosophy. The Trust is exposed mainly to credit risk, interest rate risk and liquidity risk arises in the normal course of the Trust's business. Information on the Trust of the related exposures is detailed below:

(i) Credit risk

The Trust is exposed to credit risk mainly from receivables. The Trust extends credit to its tenants based upon established credit evaluation and credit control and monitoring guidelines. The maximum exposure to credit risk is represented by the carrying amount of financial assets.

The Trust has no major concentration of credit risk as at end of the reporting period other than an amount of RM460,075 owing by a tenant which has been past due but not impaired (Note 6). The Trust does not anticipate the carrying amount of the receivable at the end of the reporting period to be significantly different from the values that would eventually be received as the amount has been fully recovered subsequent to the balance sheet date.

The Trust seeks to invest cash assets safely and profitably with placement of such assets with creditworthy licensed banks and financial institutions. In respect of deposits placed in Trust accounts and financial institutions in Malaysia, the Directors of the Manager believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Notes To The Financial Statements

31 December 2010

28. FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Credit risk (continued)

Exposure to credit risk

At the reporting date, the Trust's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 6 to the financial statements.

(ii) Liquidity and cash flow risk

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

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Trust's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

| | On demand or within one year RM | One to five years RM | Over five years RM | Total RM |
|---|--|----------------------------|--------------------------|-------------|
| 2010 | | | | |
| Financial liabilities | | | | |
| Trade and other payables | 67,062,775 | - | - | 67,062,775 |
| Borrowings | - | 362,965,282 | - | 362,965,282 |
| Total undiscounted financial liabilities | 67,062,775 | 362,965,282 | - | 430,028,057 |

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Trust's financial instruments will fluctuate because of changes in market interest rates.

The Trust's exposure to fluctuation in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. Interest rate exposure which arises from borrowing is managed through the use of fixed rate debt with long term tenure.

28. FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

In respect of interest-bearing financial assets and interest-bearing liabilities, the following table set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Trust's financial instruments that are exposed to interest rate risk:

| | Average effective interest rate (per annum) % | Within 1 year RM | 1-5 years RM | Total RM |
|---|---|------------------------|--------------------|-------------|
| At 31 December 2010 | | | | |
| Fixed rate | | | | |
| Borrowings (Note 9) | 4.45 - 4.55 | – | 362,965,282 | 362,965,282 |
| Floating rate | | | | |
| Deposits placed with licensed financial institutions (Note 8) | 1.80 - 3.05 | 20,476,774 | – | 20,476,774 |
| At 31 December 2009 | | | | |
| Fixed rate | | | | |
| Borrowings (Note 9) | 4.50 - 5.25 | – | 253,000,000 | 253,000,000 |
| Floating rate | | | | |
| Deposits placed with licensed financial institutions (Note 8) | 1.99 - 2.30 | 24,114,386 | – | 24,114,386 |

Notes To The Financial Statements

31 December 2010

29. OPERATING LEASES

Leases whereby AmanahRaya REIT is the Lessor

The Trust leases out its investment properties with different tenure of leases (Note 5). The future minimum lease payments under non-cancellable leases are as follows:

| | 2010 RM | 2009 RM |
|---------------------------|--------------------|--------------------|
| Not later than one year | 63,509,179 | 46,679,440 |
| Between two to five years | 242,481,691 | 180,641,113 |
| Later than five years | 111,906,739 | 108,519,319 |
| | <u>417,897,609</u> | <u>335,839,872</u> |

30. OPERATING SEGMENT

As the principal activity of AmanahRaya REIT is to invest in properties currently all located in Malaysia with the primary objective to derive rental income, there are no risk and returns distinguishable between business and geographical segments. No operating segment reporting is thus presented.

31. CAPITAL COMMITMENT

Capital expenditure in respect of the following has not been provided for in the financial statements:

| | 2010 RM | 2009 RM |
|---|-------------|-------------|
| Authorised but not contracted for: | | |
| - Acquisition of investment properties (Note 32(4)) | 270,000,000 | 227,000,000 |

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(1) On 15 January 2010, AmanahRaya-REIT Managers Sdn. Bhd. ("The Manager") has announced for AmanahRaya REIT on the following proposed transactions:

- i) Proposed placement of such number of new units in AmanahRaya REIT ("Placement Units") to raise proceeds of RM119,000,000 at issue price of RM0.84 per unit to investors for the purposes of part financing the acquisitions by AmanahRaya REIT from Kumpulan Wang Bersama of the following properties:
 - (a) A piece of leasehold land held under PM 11660, Lot 38451, Bandar Selayang, District of Gombak, Selangor Darul Ehsan, on which is erected a six (6)-storey shopping complex with a basement level, known as "Selayang Mall", for a purchase consideration of RM128,000,000; and

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

- (b) A thirteen (13)-storey stratified office building which forms part of the Dana 1 Commercial Centre, which is held under the parent title Pajakan Negeri 8024, Lot 59214, Mukim Damansara, District of Petaling, Selangor Darul Ehsan, known as “Dana 13”, for a purchase consideration of RM99,000,000.

(Collectively, the “Acquisitions”)

- ii) Proposed increase in the existing approved fund size of AmanahRaya REIT of 431,553,191 units to 573,219,858 units.

The above Acquisitions and transactions were completed by 7 May 2010.

- (2) On 3 March 2010, the Trust has disposed off a piece of land measuring 844 square meters or 9,085 square feet (“the Subject Land”) located on the front of The SEGi College, Subang Jaya for the purposes of the extension of Light Rail Transit (“LRT”) Kelana Jaya (Phase II) under the Land Acquisition Act 1960 to the Selangor State Government. The Trust received compensation of RM2,017,160 for the compulsory acquisition. As advised by the Trust’s professional valuer, the abovementioned land acquisition did not involve any portion of the main building or structure within the SEGI College. As such, the land acquisition has not resulted in the reduction of Gross Floor Area and the Net Lettable Area of the investment property. Thus, there is no change in the annual rental income generated from the investment property and its market value. Therefore, the entire compensation was recognised as other income.
- (3) On 10 June 2010, Tamadam Bonded Warehouse Berhad and the Trustee have mutually agreed for early termination of the lease of Tamadam Bonded Warehouse, which has a remaining period of approximately 7 years. Kontena Nasional Berhad has been identified as replacement by the registered owner of Tamadam Bonded Warehouse and the Manager. The commencement of the lease by Kontena Nasional Berhad was on 14 June 2010.
- (4) On 2 September 2010, CIMB Trustee Berhad, the trustee of AmanahRaya REIT, on behalf of AmanahRaya REIT, entered into a conditional sale and purchase agreement with Perbadanan Kemajuan Negeri Selangor (“PKNS”) to acquire the following properties:
 - (i) Proposed acquisitions by CIMB Trustee Berhad, on behalf of AmanahRaya REIT, of 3 parcels of leasehold land located at District of Petaling, Selangor Darul Ehsan together with the buildings erected thereon for a total purchase consideration of RM270,000,000;
 - (ii) Proposed increase in the existing approved fund size of AmanahRaya REIT from 573,219,858 units in AmanahRaya REIT to 695,947,131 units; and
 - (iii) Proposed disposal by Kumpulan Wang Bersama, a fund under the trusteeship of Amanah Raya Berhad of 69,612,855 units in AmanahRaya REIT to Perbadanan Kemajuan Negeri Selangor (“PKNS”) at total consideration of RM66,132,212.25 or RM0.95 per unit. This proposed transaction shall take effect upon completion of (i) and (ii).

The above proposals are pending approval from relevant authorities.

Unitholders' Statistics

Analysis of Unitholdings

Distribution of Unitholders as at 31 December 2010

| Unit Class | No. of Unitholders | % | No. of Unitholding | % |
|---|--------------------|--------|--------------------|--------|
| Less than 100 | 6 | 0.25 | 140 | 0.00 |
| 100 – 1,000 | 377 | 15.82 | 347,345 | 0.06 |
| 1,001 – 10,000 | 1,224 | 51.36 | 6,875,615 | 1.20 |
| 10,001 – 100,000 | 648 | 27.19 | 22,927,100 | 4.00 |
| 100,001 to less than 5% of approved fund size | 128 | 5.37 | 543,069,658 | 94.74 |
| 5% and above the approved fund size | 0 | 0.00 | 0 | 0.00 |
| | 2,383 | 100.00 | 573,219,858 | 100.00 |

The units in circulation has been increased from 431,553,191 to 573,219,858 during the financial year. A proposal for new issuance of units is disclosed in Note 32.

Classification of Unitholders as at 31 December 2010

| Category of Unitholder | No. of Holders | | | No. of Securities | | |
|---|----------------|-------------------------|---------|-------------------|-------------------------|------------|
| | Bumiputra | Malaysian Non-Bumiputra | Foreign | Bumiputra | Malaysian Non-Bumiputra | Foreign |
| 1) Individual | 193 | 1,592 | 19 | 2,166,300 | 31,010,500 | 361,800 |
| 2) Body Corporate | | | | | | |
| a. Banks/finance companies | 6 | 3 | 1 | 319,294,958 | 262,300 | 100,000 |
| b. Investments trust/foundation/charities | 0 | 0 | 0 | 0 | 0 | 0 |
| c. Other types of companies | 9 | 33 | 0 | 13,814,700 | 25,049,500 | 0 |
| 3) Government agencies/Institutions | 2 | 0 | 0 | 52,360,000 | 0 | 0 |
| 4) Nominees | 312 | 182 | 31 | 9,517,800 | 63,618,800 | 55,663,200 |
| | 522 | 1,810 | 51 | 397,153,758 | 119,941,100 | 56,125,000 |

Analysis of Unitholdings (continued)

List of Thirty Largest Unitholders as at 31 December 2010

| Unitholders | No. of unit | Percentage |
|---|-------------|------------|
| 1. Amanah Raya Berhad - Kumpulan Wang Bersama | 305,985,908 | 53.38 |
| 2. Cartaban Nominees (Asing) Sdn Bhd - Royal Bank of Scotland Plc | 38,295,000 | 6.68 |
| 3. Perbadanan Kemajuan Negeri Selangor | 32,360,000 | 5.65 |
| 4. Citigroup Nominees (Tempatan) Sdn Bhd - Allianz Life Insurance Malaysia Berhad (P) | 25,794,800 | 4.50 |
| 5. Citigroup Nominees (Tempatan) Sdn Bhd - Exempt an for American International Assurance Berhad | 21,514,200 | 3.75 |
| 6. Lembaga Tabung Angkatan Tentera | 20,000,000 | 3.49 |
| 7. Kurnia Insurans (Malaysia) Berhad | 12,000,000 | 2.09 |
| 8. Amanah Raya Berhad - Amanah Raya Berhad - 1818 | 11,006,450 | 1.92 |
| 9. Citigroup Nominees (Asing) Sdn Bhd - CB Spore for NTUC Income Insurance Co-Operative Limited (LIFEP-PRO-REIT) | 9,000,000 | 1.57 |
| 10. Kurnia Insurans (Malaysia) Berhad | 7,773,200 | 1.36 |
| 11. Cahya Mata Sarawak Berhad | 5,000,000 | 0.87 |
| 12. Koperasi Permodalan Felda Malaysia Berhad | 5,000,000 | 0.87 |
| 13. Citigroup Nominees (Asing) Sdn Bhd - CB Spore GW for American International Assurance Company Limited (AIA SG PAR YLD) | 5,000,000 | 0.87 |
| 14. AmanahRaya Investment Bank Ltd | 2,400,000 | 0.42 |
| 15. Citigroup Nominees (Tempatan) Sdn Bhd - MCIS Zurich Insurance Berhad (Gen FD) | 2,400,000 | 0.42 |
| 16. Citigroup Nominees (Tempatan) Sdn Bhd - MCIS Zurich Insurance Berhad (LIFE PAR FD) | 2,100,000 | 0.37 |

Unitholders' Statistics

Analysis of Unitholdings (continued)

List of Thirty Largest Unitholders as at 31 December 2010 (continued)

| Unitholders | No. of unit | Percentage |
|---|--------------------|--------------|
| 17. Amanah Raya Berhad - Amanah Raya Capital Sdn Bhd | 2,032,600 | 0.35 |
| 18. Citigroup Nominees (Tempatan) Sdn Bhd - MCIS Zurich Insurance Berhad (ANN FD) | 1,645,200 | 0.29 |
| 19. Citigroup Nominees (Asing) Sdn Bhd - CBHK PBGHK for Sable Investment Corporation | 1,063,800 | 0.19 |
| 20. Mayban Nominees (Tempatan) Sdn Bhd - Mohd Iskandar Lau Bin Abdullah | 1,036,500 | 0.18 |
| 21. Johari Bin Mat | 1,000,000 | 0.17 |
| 22. SEG Equity Sdn Bhd | 1,000,000 | 0.17 |
| 23. HSBC Nominees (Tempatan) Sdn Bhd - HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak | 1,000,000 | 0.17 |
| 24. State Insurance Brokers Sdn Bhd | 1,000,000 | 0.17 |
| 25. Citigroup Nominees (Tempatan) Sdn Bhd - Chartis Malaysia Insurance Berhad | 1,000,000 | 0.17 |
| 26. Citigroup Nominees (Tempatan) Sdn Bhd - MCIS Zurich Insurance Berhad (SHH FD) | 992,800 | 0.17 |
| 27. Malaysian Rating Corporation Berhad | 951,500 | 0.17 |
| 28. Citigroup Nominees (Tempatan) Sdn Bhd - MCIS Zurich Insurance Berhad (GRP LIFE FD) | 825,000 | 0.14 |
| 29. Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Pee Siew Boon (8057713) | 669,800 | 0.12 |
| 30. HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Liew Sun Yick | 600,000 | 0.10 |
| | 520,446,758 | 90.77 |

Additional Disclosure

ADDITIONAL INFORMATION PURSUANT TO LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no proceeds received during the current financial year.

2. SHARE BUY-BACKS DURING THE FINANCIAL YEAR

The Fund did not carry out any share buy-backs exercise during the financial year ended 31 December 2010.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

The Fund did not issue any warrants or convertible securities for the financial year ended 31 December 2010.

4. AMERICAN DEPOSITORY RECEIPTS (ADR)/ GLOBAL DEPOSITORY RECEIPT (GDR)

The Fund has not sponsored any ADR/GDR programme during the financial year ended 31 December 2010.

5. SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Fund and / or the Manager during the financial year ended 31 December 2010

6. NON-AUDIT FEES

There is no non-audit fee paid by the Fund to the auditors during the financial year ended 31 December 2010.

7. PROFIT GUARANTEES

There were no profit guarantees given by the Manager during the financial year ended 31 December 2010.

8. MATERIAL CONTRACTS

There were no material contracts which had been entered into by the fund involving the interest of Directors and major Unitholders, either still subsisting at the end of the financial year ended 31 December 2010 or entered into since the end of the previous financial period.

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